

GAMING COMMISSION BUSINESS MEETING
JUNE 7, 2006

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5 The above-captioned business meeting was
6 stenographically taken down by me, Robin L. Helton,
7 a notary public in and for the County of Marion,
8 State of Indiana, at 1:00 p.m., on June 7, 2006, at
9 the Indianapolis Marriott Downtown, Indiana
10 Ballroom, 350 West Maryland Street, Indianapolis,
11 Indiana, and the following transcript is a true and
12 accurate transcript of the proceedings held.
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19 **CIRCLE CITY REPORTING**
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A P P E A R A N C E S

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COMMISSION MEMBERS PRESENT:

- Harold Calloway, Chairman
- Donald Raymond Vowels
- Tim Murphy
- Tim Fesko
- Bryan Robinson
- William Barrett
- Earnest Yelton, Executive Director
- Phil Sicuso, General Counsel
- Jennifer Arnold, Deputy Director
- Kevin Mahan, Superintendent
- Tami Timberland, Secretary

1 CHAIRMAN CALLAWAY: Good afternoon. Welcome to
2 the June 7th Indiana Gaming Commission meeting.
3 Before I have a roll call, I would like to
4 introduce the new commissioner. It is my pleasure
5 to introduce our newest commissioner, Bill Barrett.
6 Commissioner Barrett is an attorney and a partner
7 in the law firm of Williams, Hewitt, Barrett &
8 Wilkowski in Greenwood, Indiana. He's a cum laude
9 graduate of Indiana University School of Law and
10 has clerked for the Court of Appeals, Judge John
11 Baker and Tax Court Judge Tom Fisher. Commissioner
12 Barrett also serves as litigation counsel for
13 Johnson County. Commissioner Barrett replaced
14 Commissioner Scott Newman who resigned as his other
15 increase demand on his business, Criminal Forensic
16 Laboratory. Welcome, Mr. Barrett.

17 COMMISSIONER BARRETT: Thank you,
18 Mr. Chairman.

19 COMMISSIONER CALLAWAY: At this time we would
20 like to have a roll call vote then. Don Vowels.

21 COMMISSIONER VOWELS: Don Vowels, Evansville.

22 COMMISSIONER CALLAWAY: Marya Rose. Tim
23 Fesko.

24 COMMISSIONER FESKO: Yes, Tim Fesko, Lake
25 County.

1 COMMISSIONER CALLAWAY: Tim Murphy. Bryan
2 Robinson. William Barrett.

3 COMMISSIONER BARRETT: William Barrett,
4 Greenwood.

5 COMMISSIONER CALLAWAY: I'm Harold Callaway
6 from Evansville. We are going to delay the
7 approval of the minutes until we have another
8 commissioner here. Don was not at our last
9 meeting, therefore, we need at least four
10 commissioners to vote in the affirmative in order
11 for something to pass.

12 Now, we will have a report of the executive
13 director.

14 EXECUTIVE DIRECTOR YELTON: Thank you, Mr.
15 Chair. I will begin the executive director's
16 report on our staffing issues within the
17 commission. Since we last met, Jenny Chels has
18 retired as our director of compliance. And Nathan
19 Battinich resigned as our IT programmer. I'm
20 pleased to announce our new appointments, which
21 came from within the agency. Chris Gray -- Chris,
22 will you stand -- is now serving as our compliance
23 director. And Larry Rhoades -- Larry, thank you --
24 was promoted to Chris' position as lead field
25 auditor of our northern boats.

1 We are also very fortunate this year to have
2 three interns from the governor's summer program.
3 Returning for his second year -- after the first
4 year we weren't sure he was going to come back,
5 we're glad he did -- Dan Becker. Dan just
6 graduated from Cornell and will be beginning law
7 school at Duke University this August.

8 Next is Joe Cooper. Joe is from Walkerton,
9 Indiana, and next year he will be a senior at
10 Walbash College majoring in English.

11 And last, but certainly not least, we have
12 Mindy Westerick. Mindy is from Auburn and is
13 studying political science at the University of
14 Indianapolis where she will be a senior next year.

15 We also have new hires both in charity gaming
16 and in the investigation and enforcement divisions
17 of the agency. And we will make those
18 introductions during those particular agenda
19 presentations.

20 I will report that when I became executive
21 director in January of 2005, soaking wet, we had a
22 staff of 30. Today, we have a staff of 125. And
23 at the conclusion of the transition of the Indiana
24 State Police, as well as charity gaming, we will
25 probably have a staff membership of somewhere

1 between 180 and 185 individuals.

2 Secondly, we have a report on litigation,
3 which at this time is fortunately very brief.
4 Another 90-day stay was stipulated in the Laport
5 County action that was brought by the City of East
6 Chicago for a judicial review of our administrative
7 action in approving the license transfer from
8 Harris to Resorts. We predict that will expire on
9 or about July 17th. At this time we do not
10 anticipate any further extensions and intend to
11 request the court to rule on our pending motion to
12 dismiss on expiration of the stay.

13 Additionally, an individual has filed in
14 Dearborn County Court an adverse possession action
15 claiming a portion of the land that is owned by
16 Argosy. The IGC was named as an additional party
17 defendant in a peripheral role and the Attorney
18 General has filed a motion to dismiss on our
19 behalf, which should be ruled upon very soon.

20 Next, as we've indicated to you before, the
21 Indiana Gaming Commission is the first nationally
22 in the industry to conduct a disparity study for
23 women and minority business enterprises. And
24 spearheading that event, that effort, has been our
25 Deputy Director, Jenny Arnold. And I'm going to

1 ask Jenny to give you an update on the progress of
2 the disparity study.

3 DEPUTY DIRECTOR ARNOLD: Thank you, Executive
4 Director Yelton. Good afternoon, Commissioners.
5 As the Executive Director just said, we have
6 contacted Ford disparity studies. Our research is
7 going to be done to the center of urban policy
8 environment here in Indianapolis. And if the study
9 finds that minorities in business are
10 underutilized, the statute requires the commission
11 to establish utilization goals for the riverboat.
12 The majority of work to date has focused on
13 gathering and organizing data from the riverboat.
14 Although we have experienced several setbacks, the
15 data base now has information on over 10,000
16 vendors with whom the riverboats have done business
17 since 2003. Some of the data has been delivered to
18 our research review, and he is in the process of
19 performing a tests analysis. Please, don't ask me
20 what that means.

21 At the direction of our advisory group, we
22 have worked to develop a significant outreach
23 effort. We've had encouraging input from both NBE
24 and WBE firms, as well as non NBE and non WBE
25 firms. We intend, with the assistance of the

1 casino association, to send out a statewide press
2 release regarding the study. And outreach meetings
3 will be held in Evansville, Lawrenceburg, East
4 Chicago and Indianapolis. We are really hoping
5 that the business community will take an active
6 interest in this study, because without significant
7 input from them, it will be very difficult to
8 arrive at an accurate conclusion. At this point we
9 hope to complete the study by the end of the year.
10 Thank you.

11 EXECUTIVE DIRECTOR YELTON: Thank you, Jenny.

12 For those of you who have been keeping score,
13 the bidding war for the acquisition of Aztar now
14 has a victor. The bidding began with Pinnacle
15 Entertainment offering to purchase Aztar stock in
16 the four properties at the respectful rate of \$38
17 per share. Then Resorts Colony and Ameristar
18 entered the fray, upping the anti considerably.
19 Lake LaVerne (phonetic), which is Kentucky-based
20 Columbia Entertainment, pushed the bar to an
21 all-time high cash offer of \$54 per share, which
22 rumor has it now that Jim Brown has passed Larry
23 Kinzer as the most wealthy GM in the State of
24 Indiana. Sorry.

25 In any event, William Yung, and that's

1 Y-u-n-g, the sole owner of Columbia, travelled to
2 Indianapolis and introduced himself to me and the
3 staff and explained the corporation to us.
4 Columbia is currently licensed in Nevada,
5 Mississippi, New Jersey and Louisiana, and has a
6 pending application in Illinois. Without any
7 commitment, members of the commission, we are
8 aiming for our meeting in November for
9 consideration of the petition to transfer
10 ownership.

11 I do want to bring you an update on Blue Sky.
12 The operating agent contract with Blue Sky provided
13 for it to conclude its financial arrangements by
14 February 1st. The package included a \$270,000,000
15 bond issue and revolver up to and including
16 \$30,000,000. Representatives of Blue Sky contacted
17 us indicating that the financing would not be
18 consummated by that date and asked for a waiver.
19 General counsel, Phil Sicuso, researched this issue
20 and discovered while the commission could not
21 extend a waiver, it could decide not to recommend
22 any action. Accordingly, we agreed not to take any
23 affirmative action on the issue until May 1st and
24 Blue Sky was so notified.

25 While the bonds were sold successfully, the

1 terms of the revolver were not as attractive as
2 hoped, and it was not executed. We subsequently
3 notified Blue Sky that it was in default of the
4 original contractual term on the financing deadline
5 and also in default in our letter of forbearance.
6 We added that the recommended result of this breach
7 would be presented to the commission at its
8 September meeting, which it will.

9 I can, however, today report that the revolver
10 has been fully executed with Ortex, Orex,
11 (phonetic) excuse me, and is scheduled to close now
12 on the June 30th. We will, however, report this
13 issue to you at the next meeting.

14 On a further note Blue Sky has confirmed that
15 it is still on schedule for the opening of the
16 casino during probably the very first part of the
17 month of November of this year.

18 Additionally, as executive director, I'm
19 required to report to you all waivers that were
20 executed by me during the last quarter, or at least
21 before our last meeting. We had several waivers
22 that applied to all the votes. First of all, we
23 granted a waiver approving a separate shipment of
24 boot proms from slot machines instead of the
25 EPROMs. Boot proms are part of the new technology

1 on slot machines that are offered by IGT. We
2 granted a waiver to allow only poker room viewers
3 to hold their own tokens as opposed to pulling them.
4 Also, waivers were granted for all of the licensees
5 to cash cage checks written to patrons by licensees
6 or other Indiana riverboats. Checks written to
7 patrons by sister properties and checks written to
8 entertainment vendors.

9 Next, all votes were granted relief from
10 storing the entire PAR sheet in the electronic
11 gaming device, and they will be required to store
12 only that part of the PAR sheet containing the
13 exact EPROM and hold a percentage, and that
14 electronic copy or hard copy of the entire PAR
15 sheet will be readily available on site.

16 Due to the purchase of Trump by Majestic Star,
17 Majestic Star I and Majestic Star II asked for and
18 received several waivers. First, they were granted
19 relief from having a security guard in the VIP
20 room, which has a boarding ramp onto the vessel,
21 and these patrons would have already passed through
22 the main turnstiles. We granted a waiver allowing
23 Majestic Star II to utilize the equipment of
24 Majestic Star I and shared credit practices and
25 policies. Two riverboats will be using the same

1 playing cards, value chips, non-value chips,
2 promotional chips, table layouts, and roulette and
3 big six wheels. The two riverboats will also have
4 one credit policy and one marker bank.

5 Additionally, Majestic Star requested and
6 received relief from various regulations relating
7 to token acceptance of the EGDs; fill amounts and
8 probe level, token acceptor, hopper mechanism, drop
9 box process, jet sort testing, comparison of actual
10 token drop system, internal audit observing and
11 testing, and hopper fills and credits.

12 Also, Majestic received a waiver from
13 investigating negative chip float inventories on
14 the individual riverboats, but will be required to
15 do an investigation report to the commission if any
16 of the consolidated float is negative. They were
17 also granted a relief to transfer of a waiver --
18 excuse me. We transferred a waiver that we
19 previously granted to Trump Casino approving the
20 discontinuation of drop door meters displaying when
21 a door has been opened in a ticket machine.

22 Finally, Majestic Star asked and received a
23 waiver from various regulations as they apply to
24 the hopper fills and manual fills, fill slips,
25 audit verification and review and internal audit

1 review and verification of fill slips.

2 Caesars asked and received three waivers. The
3 first is to allow the management employees to
4 receive a bonus in its contacts to the Midwest
5 Regional Poker Championship Promotion. They were
6 also allowed -- we allowed their dealers to accept
7 currency as tips only during the term of play. And
8 finally, they received a waiver to allow the table
9 game supervisors to withdrawal front money for the
10 patrons.

11 Grand Victoria received a request to destroy
12 redeemed TITO tickets after a 90 day retention
13 period. Argosy is allowed to have six spots for
14 wagering on their blackjack layouts. And finally,
15 Resorts received authority to allow drop team
16 members to enter the soft count after the count has
17 begun.

18 And that concludes all of the waivers that
19 have been granted since our last meeting, as well
20 as the executive director's report. Mr. Chair.

21 CHAIRMAN CALLOWAY: Thank you, Mr. Yelton.
22 Are there any questions for the executive director?

23 COMMISSIONER VOWELS: I have a couple of
24 thoughts here. The situation with Blue Sky, my
25 understanding is that the Lauth Group has had

1 financing in place but there was a side agreement
2 with the Cook Group that if it wasn't in place by
3 April 15th, that 25 percent of the Lauth Group's
4 interest would transfer to the Cook Group. The
5 first concern I have is that's in violation of the
6 statute that does not allow a transfer of an
7 ownership interest to another entity even if it is
8 within the licensee, without the approval of the
9 Gaming Commission, or even to the degree that they
10 hypothecated this license.

11 EXECUTIVE DIRECTOR YELTON: At this point in
12 time, there has been no determination as to whether
13 or not there has been any shift and over shift.
14 That is still under debate.

15 COMMISSIONER VOWELS: Has there been
16 litigation in reference to that or not?

17 EXECUTIVE DIRECTOR YELTON: No. It's my
18 understanding there is arbitration.

19 COMMISSIONER VOWELS: So there is a
20 disagreement between the two parties at this point?

21 EXECUTIVE DIRECTOR YELTON: It's my
22 understanding there is.

23 COMMISSIONER VOWELS: Also, I have a concern
24 about the failure to obtain financing, and it's
25 been since last summer. And the Lauth Group has

1 failed to obtain financing. It's hard to say the
2 following lawyers to the Cook Group, but the Cook
3 Group went out of their way to say that the
4 West Baden Hotel had the opportunity to apply for a
5 license when this French Lick license opened up and
6 they agreed to do that. I'm sure there are taxes
7 involved in the 35 something million dollars for
8 the West Baden Hotel, but they didn't have to do
9 that. Now they have partnered up with the Lauth
10 Group in a form that we are all aware of the Cook
11 Group's involvement in that, but it appears to me
12 they are getting farther and farther sucked into
13 something that they didn't want to get into in the
14 first place. We are well aware that the Cook Group
15 has a lot of money. And I assume that since Lauth
16 has not -- Blue Sky has told us that they've moved
17 forward on the project, that it's actually the Cook
18 Group, I assume, that is paying for this.

19 Since we set the precedent with the concern
20 about Trump and subsequent bankruptcy, which the
21 gaming commission was aware of when the license was
22 granted to them in the summer of 2005, I'm
23 concerned if we did not set a precedent or revisit
24 this license about the Lauth Group having almost a
25 year and still unable to obtain financing.

1 What is the gaming commissions position on all
2 of that?

3 EXECUTIVE DIRECTOR YELTON: First of all,
4 Mr. Vowels, I'm not sure what you are saying,
5 "Lauth is unable to gain financing." This is Blue
6 Sky, not individuals. And the \$270,000,000 bond
7 issue was sold on favorable terms. There has
8 always been a controversy as to whether or not the
9 revolver was necessary or not necessary. It has
10 been the position of the gaming commission that it
11 was going to be necessary and we were going to
12 consider it and we asked Dr. Sullivan to consider
13 it as well when she did her recommendations to the
14 members of the commission.

15 Even in light of our thoughts that we needed
16 to consider the revolver, we always knew that
17 revolver -- if it were to be used, would be used at
18 the very end, if not after opening. So when we
19 come back with a recommendation at the next
20 meeting, the reality of the delay in getting the
21 final revolver approved is most definitely a breach
22 of what we have asked them to do. We have yet to
23 see any adverse impact of that delay on the project
24 itself. I don't know if that answers your
25 question.

1 COMMISSIONER VOWELS: I guess it does. The
2 bottom line, they haven't been able to get
3 financing. We had a problem with Trump, but we
4 don't seem to have a problem with Blue Sky; is that
5 incorrect?

6 EXECUTIVE DIRECTOR YELTON: I see it as two
7 separate issues. Obviously, we think it's an issue
8 or we would not have said we're going to bring it
9 to the board for consideration.

10 COMMISSIONER VOWELS: Has Dr. Sullivan done
11 any further analysis of this project since the
12 license was granted last year?

13 EXECUTIVE DIRECTOR YELTON: Yes. She did --

14 GENERAL COUNSEL SICUSO: Her last analysis was
15 for the last commission meeting where we actually
16 -- the commission approved their amended financing
17 package at that time. That's when the overall
18 indebtedness was increased from \$270,000,000 to
19 \$300,000,000. So her last analysis was in early
20 2006.

21 EXECUTIVE DIRECTOR YELTON: It did include
22 both of these amounts.

23 COMMISSIONER CALLAWAY: So what is Cook --
24 what are their concerns with Lauth?

25 EXECUTIVE DIRECTOR YELTON: I don't know how

1 to define "concerns." You will probably have to
2 ask Cook that and we will certainly put them on the
3 agenda for the next meeting. If there is -- I know
4 there is an internal dispute between the two
5 organizations, as Mr. Vowels has indicated; one of
6 the contractual terms between them on the date of
7 the financing. That has not been resolved. We
8 have received every assurance, of which I am
9 accepting at this point in time is true, that this
10 dispute will not impact the construction opening or
11 financing of the project as proposed.

12 GENERAL COUNSEL SICUSO: I think one point
13 that needs to be addressed is that the financing
14 has closed except for the \$30,000,000 portion of
15 the revolver.

16 EXECUTIVE DIRECTOR YELTON: It's been fully
17 executed. I mean, they don't close until the end
18 of June. So all the money is there. It's just a
19 question of it didn't get there, all of it, in the
20 time frame that we gave them to do so.

21 CHAIRMAN CALLOWAY: Well, nobody called me
22 from the commission office, but I think I read in
23 the paper where Cook and Lauth had a disagreement,
24 and you said they were going to arbitration.

25 EXECUTIVE DIRECTOR YELTON: Correct, that's my

1 understanding.

2 CHAIRMAN CALLOWAY: So that being the case,
3 then you don't see where there is some concern from
4 Cook?

5 EXECUTIVE DIRECTOR YELTON: Again, you are
6 going to have to define "concern." There is an
7 issue between them and they are in the process of
8 attempting to resolve it. And just because there
9 is an issue between them, we have seen nothing that
10 has impacted the project at all.

11 CHAIRMAN CALLOWAY: I wasn't on the commission
12 when we had the situation with Trump, so how does
13 that parallel with that or does it?

14 EXECUTIVE DIRECTOR YELTON: Well, there are
15 some similarities but there are obviously some
16 great differences. The Trump organization was in
17 reorganizational bankruptcy and giving no
18 assurances that they would ever commence the
19 project which they had not received a contract for.
20 And it was through investigations and conclusion by
21 this commission that they were not going to be able
22 to give a commitment that would satisfactorily
23 satisfy the members of this commission that we
24 would have a completed project and a financially
25 viable project. This is -- like I said, we have

1 seen nothing between this issue between the two
2 groups that has impacted the project in any fashion
3 whatsoever.

4 CHAIRMAN CALLOWAY: As chairman of the
5 commission, I would like to be informed on the
6 steps that are being taken here so when people at
7 home ask me what's going on, I at least have some
8 semblance of knowledge of what is happening other
9 than reading it in the paper.

10 Any other questions?

11 COMMISSIONER VOWELS: I have nothing further.
12 Not on that issue.

13 Real quick on this Columbia Sussex purchase of
14 Aztar in Evansville.

15 EXECUTIVE DIRECTOR YELTON: Yes.

16 COMMISSIONER VOWELS: Chairman CHAIRMAN
17 CALLOWAY: And
18 I -- I guess we don't run in the same circles,
19 Harold, because I never see you in Evansville, and
20 the only time I see you is when we come up here.
21 So we haven't had any discussion about --

22 CHAIRMAN CALLOWAY: You don't hang out in the
23 hood, do you?

24 COMMISSIONER VOWELS: Actually, Harold, I
25 don't think you hang out in the hood, either. This

1 is our new vice chairman of the republican party in
2 Evansville. You can figure that one out later.

3 But, anyway, Columbia Sussex, they were denied
4 the license in Missouri. The bottom line is,
5 Harold and I being in Evansville is going to have
6 to listen to a lot of whining from the people who
7 live there unless we are fully apprised of
8 everything about William Yung and Columbia Sussex.

9 EXECUTIVE DIRECTOR YELTON: May I start by
10 saying one thing?

11 COMMISSIONER VOWELS: Yes.

12 EXECUTIVE DIRECTOR YELTON: They were never
13 denied a license.

14 COMMISSIONER VOWELS: Okay. Well, has
15 Missouri shared their information with this
16 commission?

17 EXECUTIVE DIRECTOR YELTON: No. We asked for
18 that information and they refused to give it to us
19 until there was finality of selection and an
20 application has been filed. Now that has been
21 done. And I don't know that we have followed up on
22 the request, but we were denied the first time we
23 asked.

24 COMMISSIONER VOWELS: Finality of the
25 application here in Indiana or --

1 EXECUTIVE DIRECTOR YELTON: The finality of
2 the bidding process, which we believe to be
3 concluded, and the actual filling of the
4 application with us, which has now been done. In
5 fact, even Pinnacle Entertainment had filed an
6 application with us with a nonrefundable \$50,000
7 fee, which they probably regret now. But with the
8 \$78 billion, they are probably okay with it.

9 So, Don, I can't answer if we followed up.
10 This was just recently done in the last week to 10
11 days, and we've been very occupied with today's
12 meeting and tomorrow's meeting. It may not have
13 been done.

14 COMMISSIONER VOWELS: Okay. We have done
15 these transfers before and I have read all of the
16 materials that were sent to me, and I'm sure all
17 the other commissioners have. It's not that our
18 hometown is highlighted any differently, but the
19 reality of it is, we are going to be living with
20 this thing, so I would really like to feel more
21 comfortable in knowing just what happened in
22 Missouri before Columbia Sussex is going to get my
23 vote for the transfer. So just a quick note on
24 that.

25 EXECUTIVE DIRECTOR YELTON: I assure you that

1 will be done. We probably share the very same
2 concerns. While it was not denied, it was
3 withdrawn.

4 COMMISSIONER VOWELS: Okay. And being on this
5 commission, we all know that sometimes things are
6 phrased in ways that are hence to other commissions
7 and maybe they aren't. But I really want to be
8 able to eyeball that very specifically when it
9 comes up.

10 EXECUTIVE DIRECTOR YELTON: I assure you, you
11 will have that opportunity.

12 COMMISSIONER VOWELS: I don't have any other
13 questions.

14 CHAIRMAN CALLOWAY: Thank you. Now we will
15 have a report from the superintendent division of
16 gaming.

17 SUPERINTENDENT MAHAN: Thank you,
18 Mr. Chairman, and good afternoon commissioners. I
19 do apologize for not being at the March 9th meeting
20 of the Blue Chip Casino. As you learned from
21 Deputy Director Arnold, who gave my report at that
22 meeting, I was in a training session with our first
23 recruit class of gaming at the Law Enforcement
24 Academy.

25 Since that last report, I'm pleased to

1 announce that the -- Indiana's first gaming agent
2 academy recruit class graduated on March 29th.
3 This recruit class is a very diverse group of
4 people coming from many different backgrounds and
5 experiences. Once they graduated from the academy,
6 they then completed a three-week on-site field
7 training at Majestic Star I and II.

8 I do want to publically thank the Majestic
9 Star management team for working with us and also
10 helping us design and implement the field training
11 program. We kind of invented the wheel, so to
12 speak, when it came to this type of training and I
13 couldn't have been any happier with the outcome.

14 I would also like to publically thank
15 Mike Smith with the casino association. I know he
16 went out of his way to assist us in gathering a lot
17 of table games and things like that. And also
18 Mr. Kinzer from Argosy in the loaning of a lot of
19 the table games and things. So we set up our own
20 little casino at the Indiana Law Enforcement
21 Academy for a week-long training and we thank you
22 for your cooperation.

23 By this time the 19 agents now have over two
24 months under their belts of providing enforcement
25 regulatory activity to MS 1 and 2, and again, we

1 are just very proud of their efforts.

2 Regulatory and compliance matters up there
3 have been dealt with in a professional, timely and
4 consistent manner. And the slot machines are being
5 EPROM and put on the gaming floor at a much more
6 rapid pace. We are also now providing
7 24-hour-a-day badges at MS 1 and MS 2. That was
8 not only a welcome reception to the management team
9 but also to the employees there as well.

10 I know that in talking with many different
11 people, there has been some concerns over how this
12 transition is going to take place with this new
13 division. However, I do encourage any of the other
14 nine general managers who are sitting in the ranks,
15 kind of waiting for this transition, feel free to
16 contact Majestic Star, talk with their management
17 team, and I think you will find out they are very
18 pleased with how smoothe things went.

19 Last Wednesday, the 31st, we just began our
20 second recruit training class at the Indiana Law
21 Enforcement Academy. Currently, there are 31
22 individuals who are in the class, and once they are
23 trained they will be placed on Casino Aztar, Blue
24 Sky and Caesars. They are scheduled to graduate on
25 July 25th, and they will begin their three-week

1 training on July 26th. We just made conditional
2 offers of employment to 23 other individuals who
3 will be assigned to Belterra and Grand Victoria
4 Casinos. They will begin their training on June
5 26th, and they are scheduled to graduate on August
6 18th. They will then begin their three-week
7 training on the 21st of August. It was our goal in
8 this process to also include Argosy with the third
9 recruit class, but for reasons beyond our control,
10 we were unfortunately unable to accomplish that
11 goal.

12 Therefore, the plan of action from here is to
13 return back to Lake County, who will be hiring for
14 Horseshoe and Resorts. We are posting the
15 positions -- the gaming agent positions in the
16 state job bank beginning June 14th, and we hope to
17 graduate this class at the end of November. After
18 the first of the year, we are then going to finish
19 up with Blue Chip and Argosy, in what will be the
20 fifth gaming agent class. If all goes well, we
21 should have all 11 casinos transitioned by early
22 spring.

23 As you can imagine, this has been a very
24 monumental task in creating this new agency for the
25 State of Indiana. Although we have run into just a

1 few roadblocks along the way, I can tell you that
2 the executive staff and the people that are also
3 working for me are very pleased with the outcome as
4 to what we are seeing up to this point.

5 At this time, I would like to introduce to you
6 our investigative team that has been with us since
7 last October with eight months under their belt,
8 having inherited a backlog of investigations which
9 needs to be completed. This group of 13
10 individuals have worked extremely hard. On
11 average, they are completing a PD 1 investigation
12 every 23 days, and it is taking on average three
13 months to complete a level one from start to
14 finish.

15 From looking at past results and from looking
16 at the industry nationwide, it appears the
17 investigators are not only working in a
18 professional and thorough manner, but they are also
19 working very efficiently and in a timely manner as
20 well.

21 As you may remember, it was our vision to not
22 only have people with law enforcement experience
23 doing these investigations, but we also wanted to
24 bring experts in the field of finance as well.
25 With this set up, we have five teams which we have

1 crossed-trained as investigators and has proven to
2 be very successful.

3 If you just stand to be recognized. I know in
4 the past you have met Garth Brown. Garth is our
5 director of background investigations. His
6 investigators are Larry Bostic, Angela Brooks --
7 Angela is on vacation, Bill Peevler, Ann Popcheff
8 and Doug Smiley. Also, in the past you've had the
9 opportunity to meet Jim Beebe, Jim is our director
10 of financial investigations. His investigators are
11 David Charlesworth, Joel DeCapua, Mike Hathaway,
12 Glen Lloyd and Tom Piskorowski. Again, I would
13 like to publically thank them for all the work and
14 effort they have put forth and it's very much
15 appreciated.

16 Also, working out of the investigation section
17 is Darrell Segó. Darrell is our executive
18 administrator who comes to us from the Indiana
19 State Police. Darrell has a vast amount of
20 knowledge and experience in the gaming
21 investigations. And we appreciate Darrell being on
22 board as well.

23 There are just two other individuals I would
24 like to introduce real quickly; Sherry Green,
25 Sherry is my administrative secretary, and Coleta

1 Holmes. Coleta is the secretary to the enforcement
2 section. Again, I thank you for being here and we
3 appreciate all of the effort that you are doing
4 with putting the new agency together. That's the
5 end of my report.

6 I do want everyone to know my door is always
7 open and I always take my phone calls and return my
8 e-mails. So I will be happy to take any questions.

9 CHAIRMAN CALLOWAY: Are there any questions
10 for the superintendent? I have a question. We
11 have a disparity study going according to Ms.
12 Arnold here. And when all of your people stood up,
13 I don't see us doing what we asked other people to
14 do. You have no minority and one lady that is in a
15 clerical position, I guess, on your team as I see
16 it here. So how do you feel about us as an office
17 doing what we are asking casinos to do?

18 SUPERINTENDENT MAHAN: I also mentioned an
19 Angela Brooks, who's not here, and is also a
20 minority. She is doing a very, very good job. I
21 can also tell you that that is something that we
22 are very sensitive to throughout the entire hiring
23 process. And I can also tell you I do have the
24 pictures coming from the recruit class of the 19
25 individuals from the Majestic Star 1 and II; and

1 out of the 19 individuals, over half of them are
2 women or minority.

3 DEPUTY DIRECTOR ARNOLD: Mr. Chairman, may I
4 add, we have also hired a consulting firm to help
5 us increase our recruitment of minorities and
6 women. We also recognize it's been a great
7 challenge and we, obviously, have not been able to
8 address it to our satisfaction.

9 CHAIRMAN CALLOWAY: I appreciate that. I know
10 we all believe in the all American team, we are all
11 Americans here. And as well as if you visit these
12 casinos, the patrons are significantly minority
13 oriented. So we have a whole bunch of other
14 people, police and other minority folk out there,
15 and that is something we need to look at.

16 Any other questions?

17 EXECUTIVE DIRECTOR YELTON: May I add one
18 thing? Although -- I'm not in disagreement with
19 you, Mr. Chair, but I do want to point out, the
20 disparity study is not about employment goals. The
21 disparity study is only about purchasing goods and
22 services. They are two separate issues, but that
23 doesn't mean -- I still agree with you, but the
24 disparity study would have nothing to do with
25 hiring practices.

1 CHAIRMAN CALLOWAY: I thought I had a pretty
2 good understanding of what the disparity study was,
3 I appreciate you clearing it up for me.

4 Any old business?

5 EXECUTIVE DIRECTOR YELTON: No, Mr. Chair,
6 there is no old business.

7 CHAIRMAN CALLOWAY: New business?

8 EXECUTIVE DIRECTOR YELTON: Yes, we've got two
9 emergency rules we are proposing to you. In three
10 weeks congratulations will be in order, you will
11 become the proud parents of charity gaming. And we
12 have offered positions to two individuals to help
13 us in performing these responsibilities. These
14 positions have been approved by the Department of
15 Personnel and they are presently pending over in
16 the office of management and budget.

17 First of all, we have asked to be our director
18 of charity gaming Mr. Mark Mitchell. Mark comes to
19 us from the Department of Revenue. He's presently
20 the director of their Criminal Investigation
21 Department Division. And, ironically, in his first
22 life he was an Indiana State Police officer as a
23 lieutenant with the gaming commission, in charge of
24 all of the enforcement officers on the boat. Thank
25 you, Mark.

1 Secondly, we have asked Diane Freeman to be
2 our director of compliance and licensing. Diane
3 comes, also, from the Indiana Department of Revenue
4 and probably has a record of 28 years of service
5 there. And while Diane has been an expert in
6 almost all aspects of the Department of Revenue,
7 she has always been attached to charity gaming
8 since it began in 1992, and is considered an upmost
9 expert in that field.

10 We have executed a memorandum of understanding
11 with the Department of Revenue which allows Diane
12 and Mark to work out of our offices for about two
13 weeks now. And they have been assisting us in
14 preparation of the transfer to us.

15 However, some time ago the Department of
16 Revenue undertook to rewrite its regulations that
17 pertain to charity gaming, somewhat like we are
18 doing now, to conform with the actual practices of
19 regulating the entities in the industry. One of
20 those particular regulations included a 10 percent
21 assessment against gross proceeds of a qualified
22 organization. As a result of that one regulation,
23 litigation ensued and the Court had determined that
24 the Department of Revenue had failed to
25 procedurally comply with the rule making process

1 and it invalidated their attempt to promulgate new
2 rules.

3 After words, the Department of Revenue -- we
4 started the process to finish but never quite did,
5 so we are faced with a series of inadequate rules
6 for us to be able to appropriately regulate charity
7 gaming. So our legal department, with the
8 assistance of Mark and Diane, reviewed those
9 proposed rules and pulled those out that only will
10 affect charity gaming in the fashion in which it's
11 being regulated today, and will not be changing
12 anything dramatically, at all, in the process of
13 the practice of what revenue is doing as to what we
14 will do after the July 1st deadline.

15 Now, there is one exception. The prior law
16 had an event that specifically allowed us what they
17 refer to as water races. And some of you may have
18 heard them referred to as rubber duck races. What
19 that entails is where -- a qualified organization
20 will have an event where people will purchase a
21 numbered rubber duck. And literally hundreds of
22 these are released into a body of water at the same
23 time. And there is a predetermined spot downstream
24 that the first rubber duck that passes wins. And
25 although they are not used extensively in the State

1 of Indiana, those qualified organizations which do
2 support these and sponsor these do rely on their
3 revenues for their charitable purposes.

4 Representative Webstone removed that from the
5 bill and asserted a provision that allows the
6 commission to approve new gaming events. It was
7 his feeling that the members of the legislature had
8 probably a limited amount of time to consider
9 issues and considering new games by charity gaming
10 was one he did not see as a priority and saw better
11 vested with this body. So during the process of
12 Senate Bill 100, I assured those people who were
13 very interested in water races that as far as we
14 saw, we would have no hesitation but to recommend
15 its adoption at our very first meeting.

16 The law as written in 100 allows us to make
17 rules prior to July 1st. In order to do so, we
18 have sat down with their counsel and copied
19 language from the original statute that is also
20 included in this emergency rule. So in essence,
21 it's reaffirming the practice that has existed in
22 revenue as far as regulating charitable gaming,
23 with the addition of approving water races, which,
24 in fact, they are approved today, July 1st it will
25 go out. In fact, some have already been scheduled

1 and revenue has been kind enough to give them a
2 number because it's required for them to put their
3 number on their adversemments when they advertise
4 for it, although it will happen after July 1st. So
5 we would respectfully ask the commission for
6 positive approval for the request for the emergency
7 rule on charity gaming.

8 CHAIRMAN CALLOWAY: You've heard the
9 recommendation from the executive director
10 regarding resolution 2006-24, emergency rule
11 regarding conduct of charity gaming under Indiana
12 Code 4-32.2.

13 COMMISSIONER VOWELS: I have just a couple of
14 general questions. What is the organizational
15 structure of this new entity that we have?

16 EXECUTIVE DIRECTOR YELTON: We don't have one.
17 We are in the process of developing one. The
18 agreement was made in the very beginning, and we're
19 honoring it now. There are certain employees in
20 the Department of Revenue who are solely paid
21 through charitable gaming money. Maybe I should
22 preface this, all of these expenses come out of
23 charity gaming and will not come out of our budget
24 at all. We will have a new budget. The agreement
25 was that no state individual will lose his or her

1 job as a result of this transfer.

2 Mark and Diane are in the process right now of
3 identifying those individuals. Then when they are
4 totally identified -- we have sent them a list
5 Monday or Tuesday, and John Eckert, who is their
6 executive director, is in Arkansas all week and we
7 were hoping to get an e-mail back by Friday so we
8 would know. We are looking at two basic divisions;
9 one would be the enforcement division and one would
10 be the licensing and compliance division. We are
11 looking at maybe anywhere around 16 to 18
12 additional employees.

13 COMMISSIONER VOWELS: Okay. But you are going
14 to be the executive director of the whole --

15 EXECUTIVE DIRECTOR YELTON: Yes.
16 Structurally, Mark will be on the same level as
17 Phil, Jenny and Kevin.

18 COMMISSIONER VOWELS: Does he get paid three
19 times the salary, then?

20 EXECUTIVE DIRECTOR YELTON: He's worth every
21 penny of it.

22 COMMISSIONER VOWELS: Figure out what those
23 three make and that's what you should get. I will
24 back you on it. Okay.

25 That's interesting. I saw this coming. I was

1 talking a little bit ago about Columbia Sussex. If
2 that doesn't pan out in Evansville, the whining we
3 would have to listen to. All of us know people
4 involved in church, bingos, and raffles, and this
5 and that. And my sister has already bugged me
6 about this. I told her to call Indianapolis or the
7 attorneys who gets paid to represent the Catholic
8 Diocese in Evansville. So this will be
9 interesting.

10 EXECUTIVE DIRECTOR YELTON: Bear in mind,
11 Mr. Vowels, I did not raise my hand to volunteer
12 the commission on this issue.

13 COMMISSIONER VOWELS: There was talk of this
14 over the years. It makes sense if the State of
15 Indiana started yesterday, I guess. I understand
16 your difficulty with it and I don't envy you, what
17 you have got to deal with.

18 EXECUTIVE DIRECTOR YELTON: Thank you.

19 COMMISSIONER VOWELS: I don't have anything
20 further. I would have a motion to approve --

21 CHAIRMAN CALLOWAY: A second?

22 COMMISSIONER FESCO: Second.

23 CHAIRMAN CALLOWAY: It's been moved in second
24 that Resolution 2006-26 be passed.

25 GENERAL COUNSEL SICUSO: Excuse me. Mr.

1 Chair, that's 2006-24, for the record.

2 CHAIRMAN CALLOWAY: Yes, I'm sorry, 2006-24.

3 (COMMISSION MEMBERS VOTED AYE)

4 (NONE OPPOSED)

5 CHAIRMAN CALLOWAY: Thank you.

6 EXECUTIVE DIRECTOR YELTON: Next is 2006-25.

7 In following up what Commissioner Vowels just said,
8 after July 1st we will be solely responsible for
9 the license and regulating, at least last year, in
10 excess of 2600 charity gaming license. Now, we are
11 focused in making this transition as seamless as
12 possible and we want to make sure that the customer
13 service that the commission provides is extremely
14 user friendly. Although we are approaching, like I
15 indicated, sort of a lift and drop, because we
16 don't have the time to redevelop the wheel here or
17 reinvent the wheel, we are fully aware there is
18 going to be some really unexpected issues that will
19 arise to the commission that we have not been able
20 to anticipate.

21 So in anticipation of this occurring, the
22 legislature did provide in the act that the
23 commission could delegate the executive authority
24 -- direct executive authority to fulfill the
25 regulatory and statutory responsibilities of the

1 commission. And in order for us to get this up and
2 running by the 1st of July, we feel we would like
3 to ask for an emergency rule, and if you would do
4 so, where you would authorize the executive
5 director to act on behalf of the commission in
6 regards to charity gaming so we do not have to have
7 special meeting after special meeting in order to
8 meet all of these goals.

9 I do assure you that I do not expect this to
10 be a blanket permanent grant of authority. As we
11 see issues that we think are substantive policy
12 issues, that those would not be determined as long
13 as we have time to bring them before the
14 commission. But until we are up and running, we
15 are asking for latitude and authority to be able to
16 act as necessary for us to acquire this
17 jurisdiction. Accordingly, we are asking your
18 favor in consideration of Resolution 2006-25 which
19 does so.

20 COMMISSIONER VOWELS: The executive director
21 of charity gaming and there was one over at the
22 Department of Revenue; is that right?

23 EXECUTIVE DIRECTOR YELTON: Not actually.
24 Their structure is very strange.

25 COMMISSIONER VOWELS: They didn't have a board

1 of people to roll into and ask a bunch of annoying
2 questions?

3 EXECUTIVE DIRECTOR YELTON: No, they did not
4 have a board.

5 COMMISSIONER VOWELS: Okay. I have read what
6 you prepared here. Again, I don't envy you. My
7 thought is that this gives you blanket ability to
8 do what you need to do because a lot of these
9 things are going to be very significant and come up
10 in a very quick amount of time that has to be
11 addressed. And maybe it's not reinventing the
12 wheel but it's pretty close to it. I think what I
13 would feel more comfortable with is if this granted
14 the executive director to exercise all gaming
15 powers and duties inferred upon this commission by
16 that Senate Enrolled Act. If we granted it until
17 July 1, 2007, and then revisited it next spring if
18 you need an extension rather than just a complete
19 confirming of all of those powers. Maybe I'm out
20 of line.

21 EXECUTIVE DIRECTOR YELTON: No, I think that's
22 very reasonable. I would hope by that point in
23 time I would understand what I feel like I should
24 have the responsibility for and what the commission
25 should.

1 COMMISSIONER VOWELS: Does your salary get
2 doubled for doing this?

3 EXECUTIVE DIRECTOR YELTON: Unfortunately not.

4 COMMISSIONER VOWELS: This isn't working out
5 for anybody.

6 EXECUTIVE DIRECTOR YELTON: No.

7 COMMISSIONER BARRETT: As a follow-up to that
8 question, as I understand the legislation, there is
9 authority to begin work prior to July 1. Should
10 the effective date of this authority granted to you
11 be today rather than July 1 of '06; is there a
12 reason to wait?

13 EXECUTIVE DIRECTOR YELTON: It should be
14 today.

15 COMMISSIONER VOWELS: Section 4 on the back
16 page. Do you have a problem with having authority
17 starting today?

18 EXECUTIVE DIRECTOR YELTON: I would like it
19 today. I see that, July 1.

20 GENERAL COUNSEL SICUSO: Yes, we will have to
21 change that.

22 EXECUTIVE DIRECTOR YELTON: It needs to be
23 today. Thank you, Commissioner Barrett.

24 COMMISSIONER VOWELS: That would have been a
25 nice surprise.

1 EXECUTIVE DIRECTOR YELTON: Oh, it sure would
2 be.

3 COMMISSIONER VOWELS: Then what I would
4 propose is beginning June 7, 2006 and July 1, 2007.

5 CHAIRMAN CALLOWAY: Is that a motion?

6 COMMISSIONER VOWELS: I will make the motion
7 in reference to that.

8 COMMISSIONER BARRETT: I will second it.

9 CHAIRMAN CALLOWAY: It's been moved to second.

10 (COMMISSION MEMBERS VOTED AYE)

11 (NONE OPPOSED)

12 GENERAL COUNSEL SICUSO: Members of the
13 commission, I'm going to address six resolutions.
14 The first two involve emergency rules. Resolution
15 2006-26 would approve an emergency rule that -- as
16 a waiver provision to 68 IAC 1-7-1, which would
17 permit the commission or the executive director to
18 waive on a case-by-case basis the rules of general
19 prohibition against weapons on board a riverboat.
20 The emergency rule also deletes any references to
21 the term "excursion," which has become an obsolete
22 term since the introduction of dockside gaming in
23 Indiana.

24 I understand the emergency rule you've
25 received in your packets may not have been entirely

1 clear on the two things that this emergency rule
2 does. We are actually making very few changes to
3 the regulations in itself, those are the only two
4 changes. The proposed waiver provisions derive
5 primarily from an issue that has come up recently,
6 which is the fact that the Indiana riverboats --
7 most of them hire outside companies to bring on
8 board the vessels and service the ATMs large
9 amounts of cash. And those companies are insured
10 by insurance companies that require the people that
11 carry that cash to also carry a firearm or weapon
12 as a means to protect those assets. So the weapons
13 prohibition that exist in the current rule has
14 created a large burden not only on the riverboats
15 and the ATM companies but also on riverboat
16 personnel, security personnel, Indiana State
17 Police, and our gaming agents who, at times, has
18 been required to provide armed escorts for several
19 hours at a time.

20 So this waiver that is being proposed is not a
21 blanket approval of ATM service companies or anyone
22 to carry a firearm on board, its simply adds an
23 explicit waiver provision which under certain
24 circumstances could be used by the executive
25 director or the commission to allow companies to

1 carry a firearm. The resolution also finds that
2 the need for this proposed emergency rule is
3 immediate and substantial, such that regular
4 rule-making procedures would be inaccurate to
5 address the need, that the emergency rule would
6 address the need. So commission staff recommends
7 that you approve Resolution 2006-27. Any
8 questions? Excuse me, Resolution 2006-26.

9 CHAIRMAN CALLOWAY: If there are no
10 questions --

11 COMMISSIONER BARRETT: I do have a question.

12 CHAIRMAN CALLOWAY: Okay. Mr. Barrett.

13 COMMISSIONER BARRETT: The requirement that
14 the courier be licensed to carry a firearm, what
15 would be the permitting authority; a license under
16 Indiana law or --

17 GENERAL COUNSEL SICUSO: It's an interesting
18 question, and it's not one that I can answer
19 easily, because I know of at least one company, an
20 Illinois company, that comes to the northern
21 Indiana riverboats. And in Illinois they are not
22 required to carry a firearm license to do this job.
23 So that's something that this resolution doesn't
24 address. It's an issue that the commissioner or
25 the executive director will have to address before

1 granting a waiver.

2 COMMISSIONER BARRETT: In your opinion, does
3 the resolution, by its terms, require that the
4 person -- each individual person have a current
5 license by the state or by the federal government?

6 GENERAL COUNSEL SICUSO: To carry a firearm?

7 COMMISSIONER BARRETT: Yes.

8 GENERAL COUNSEL SICUSO: I would not say that
9 this resolution requires that. I'm not sure if the
10 law requires it, to be honest. I'm not sure if
11 Indiana law would require an ATM company from
12 Illinois to work in Indiana without its individuals
13 having a firearms permit in Indiana, but it's
14 something, obviously, we have to check on.

15 COMMISSIONER BARRETT: I didn't mean to say
16 that they would have to have one from Indiana.

17 GENERAL COUNSEL SICUSO: Okay.

18 COMMISSIONER BARRETT: But the law in Indiana
19 is that a person other than a law enforcement
20 officer, judicial officer, which is to carry a
21 firearm, he or she has to be licensed, whether that
22 license is from another state or from this state.
23 I guess my question is whether -- regardless of the
24 company, the individual who actually has the weapon
25 and has the money would have been licensed by a

1 state licensing agent or by the federal government,
2 and will that license be current?

3 GENERAL COUNSEL SICUSO: If that's the rule of
4 the commission. We will do whatever the law
5 requires in Indiana before we issue a waiver to
6 allow that. If that is, indeed, the law in
7 Indiana, then that is what we will require before
8 we issue a waiver.

9 COMMISSIONER VOWELS: Okay. If a guy is over
10 in Illinois and he's got a gun, he can legally
11 carry that gun, and he comes across the border to
12 Indiana, and he's not here in the capacity of this,
13 but the fact that he has a license in his own state
14 and he gets stopped by the police and they don't --
15 he's not charged with carrying a handgun without a
16 permit because he has an Illinois license, I would
17 assume that Illinois has some sort of licensing
18 mechanism for guns for their citizens and if a
19 security officer comes across the border and comes
20 and gets the money, then everything is kosher; is
21 that --

22 GENERAL COUNSEL SICUSO: I would assume. I
23 think there is also a provision -- we started to
24 research this but we haven't been able to finish.
25 I think there is an exception for what is called an

1 express company. And these companies might fall
2 under that definition and, therefore, not be
3 required to hold a license. So that's something
4 that we begun to explore, but --

5 COMMISSIONER BARRETT: But express companies
6 typically have bonds. Are ATMs bonded?

7 GENERAL COUNSEL SICUSO: The companies we have
8 looked at are bonded.

9 COMMISSIONER BARRETT: What animates my
10 question is that the people who are currently
11 allowed to have weapons on board a vessel are
12 people who have been through a process that a law
13 enforcement officer has to go through. People who
14 are hired by a private company, if there is some
15 loophole legally in Indiana law that would allow
16 those people not to be vetted by a governmental
17 agency, whether it be the Indiana State Police or
18 agency or one of the other state or federal
19 agencies, I would have to have a significant level
20 of confidence in their company that did the vetting
21 before I would sign off on the idea of those people
22 having a weapon on a boat.

23 GENERAL COUNSEL SICUSO: Understood.

24 COMMISSIONER BARRETT: I'm not sure the
25 resolution grasps that concept.

1 GENERAL COUNSEL SICUSO: Sure. The resolution
2 is merely intended to grant the executive director
3 or the commission authority to grant waivers. And
4 I guess what I'm presuming in the resolution is
5 that we follow the law and that we set up a series
6 of standards that have to be met before any company
7 has been granted a waiver. And that's what has not
8 been developed yet. So if you prefer to have, as a
9 part of such a resolution, a series of steps which
10 the commission would have to consider before
11 granting a waiver, we could wait. But what I'm
12 presenting today is that we do not grant such a
13 waiver until that vetting process was developed.

14 COMMISSIONER BARRETT: Thank you.

15 COMMISSIONER VOWELS: Commissioner Barrett, is
16 your concern for the safety of the people -- I
17 mean, is that where you're coming from? I'm trying
18 to figure it out. My thought is if one of the
19 gaming companies handed over a lot of money to a
20 company, their vetting process is probably more
21 efficient than ours. But where are you coming from
22 on the concern about the suspenders approach?

23 COMMISSIONER BARRETT: Well, I don't know if it
24 has dealt with suspenders, because I don't know
25 what I'm talking about is suspenders. Beyond that,

1 yes -- to answer your question, yes, I'm concerned
2 about the safety of anybody within the range of
3 that weapon.

4 COMMISSIONER VOWELS: Okay.

5 GENERAL COUNSEL SICUSO: One of the reasons
6 that this has come up is that it seems like the
7 casinos are the only places of business where these
8 people are not allowed to go with their weapons.
9 They can walk into a bank, into our building in
10 Indiana, and this is just meant to address that.
11 Additionally, the removal of the word "excursion"
12 from this rule also would add a little bit of
13 context, because when the weapons prohibition was
14 first drafted in these regulations, the assumption
15 was that you want to prevent people getting on
16 board of these boats that are going out on -- in
17 the river for a cruise and not being able to get at
18 that riverboat or the people on there if something
19 were to happen with these weapons. Now that we are
20 docksided and removing the word "excursion" here,
21 we are preventing these weapons from being on,
22 basically, in a building. And it's creating a
23 situation where these express companies, for lack
24 of a better word, are not able to conduct their
25 business in one place and that is casinos.

1 COMMISSIONER BARRETT: How long has the
2 excursion been removed? How long has it gone to
3 dockside?

4 GENERAL COUNSEL SICUSO: 2002 is what Jenny is
5 telling me. I don't know the exact date.

6 DEPUTY DIRECTOR ARNOLD: The operators probably
7 know better than I.

8 GENERAL COUNSEL SICUSO: 2003.

9 CHAIRMAN CALLOWAY: Mr. Barrett, let me ask you
10 a question. What would be the difference in these
11 guys coming on the boat with a weapon than the same
12 guys going into a bank or to a grocery store to
13 pick up money and take them?

14 COMMISSIONER BARRETT: Well, sitting in this
15 seat, the immediate answer -- and I'm not trying to
16 be flippant, but the immediate answer is that this
17 commission has no authority over banks and grocery
18 stores. I'm mindful of our obligation and
19 integrity, and within the integrity I include
20 bodily safety of the people involved. All I'm
21 trying to ask counsel is the scope of the waiver,
22 for lack of a better term, and he answered that
23 question for me. I don't have any further
24 questions on that point.

25 COMMISSIONER VOWELS: Phill, that section 2 of

1 the public rule document, does that mean that if we
2 adopted this resolution -- well, I know this thing
3 has to go through all the process of being one of
4 our many regulations, but if we adopted this
5 resolution, does that mean next week that they can
6 take the gun onto the boat and pick up the money?
7 It doesn't have to wait until this is through --

8 GENERAL COUNSEL SICUSO: It means if the
9 executive director or the commission wanted to
10 grant a waiver next week, then a companies employee
11 could. This does nothing. All it does is grant
12 authority.

13 EXECUTIVE DIRECTOR YELTON: Grant the waiver.

14 GENERAL COUNSEL SICUSO: Grant the waiver, yes.
15 This is not an express or blanket approval for
16 companies to come on board. It simply sets up a
17 system by which the commission can allow it.

18 COMMISSIONER VOWELS: Okay. So it's been
19 almost three years since the dockside. So
20 essentially, they have had this problem for the
21 last three years?

22 GENERAL COUNSEL SICUSO: Yes. We are trying to
23 get to the bottom of what has happened --

24 COMMISSIONER VOWELS: Do they wait until
25 another boat goes by?

1 GENERAL COUNSEL SICUSO: I don't know if I want
2 to ask.

3 COMMISSIONER VOWELS: I guess the question I
4 have and if -- it lays liability on the casino
5 companies, if my assumption is correct. I don't
6 assume, though, a few weeks ago you laid awake at
7 night and think, well, boy, these poor guys can't
8 carry guns on the boat. Did someone else bring
9 this to your attention?

10 GENERAL COUNSEL SICUSO: Oh, yes.

11 COMMISSIONER VOWELS: Was it the gaming
12 company?

13 GENERAL COUNSEL SICUSO: It was a situation
14 that arose at one of the riverboats, yes.

15 COMMISSIONER VOWELS: What I'm trying to say
16 here is if we agree to this and somebody got a job
17 with one of these companies and goes in and shoots
18 somebody, I want the casinos to be sued because
19 it's their idea; is that where we are standing
20 here?

21 GENERAL COUNSEL SICUSO: It's now on the
22 record.

23 COMMISSIONER VOWELS: I'm always concerned
24 about public safety but I'm concerned about
25 liability, too. I have no real problem with what

1 you have written up here.

2 COMMISSIONER MURPHY: Phill, I have a quick
3 question. From a practical standpoint, do you plan
4 on exercising the authority?

5 GENERAL COUNSEL SICUSO: In a practical sense,
6 personally, I would think that a casino is a place
7 of business that is not necessarily so different
8 from anywhere else where these people enter to do
9 their jobs. As long as the company undergoes
10 sufficient vetting process, then they should be
11 allowed to carry weapons on a riverboat rather than
12 have some sort of protection from the state.

13 COMMISSIONER MURPHY: What part of the
14 process -- in other words, what part of the
15 process, doing a background on a specific company
16 that is granted the waiver?

17 GENERAL COUNSEL SICUSO: No. Then I believe
18 liability might attach. You know, it's more like
19 requiring a company to set forth what they do,
20 assumption that those steps would be followed. And
21 if they are, then these people would be able to
22 carry a weapon on board.

23 CHAIRMAN CALLOWAY: You heard the request of
24 "Resolution 2006-26, A Resolution Adopting An
25 Emergency Rule Regarding Weapons On A Riverboat."

1 What is your pleasure -- need a motion.

2 COMMISSIONER BARRETT: Move it to be approved
3 as written.

4 COMMISSIONER MURPHY: I second.

5 CHAIRMAN CALLOWAY: Move second to Resolution
6 2006-26 be approved.

7 (COMMISSION MEMBERS VOTED AYE)

8 (NONE OPPOSED)

9 GENERAL COUNSEL SICUSO: The next resolution
10 2006-27 involving another emergency rule regarding
11 gaming agents. If approved, this resolution would
12 adopt an emergency rule which does three things.
13 First, it defines the terms "enforcement agent" and
14 "gaming agent" which are not currently in the
15 regulations. Second, it removes and replaces
16 references to an obsolete term "commission agent"
17 throughout Title 68. Third, it amends the
18 regulations which addresses in a way -- excuse me.
19 It amends the portion of the regulation which
20 addresses reinversable (sic) expenses for the
21 Indiana State Police in a manner which includes the
22 gaming agents.

23 Due, in part, to the fact that the commission's
24 gaming agents have already been placed on Majestic
25 Star I and II riverboats, and that before the

1 commission next meets we will have at least three
2 more riverboats fully staffed by gaming agents.
3 This resolution also finds that the need for the
4 proposed emergency rules immediate and substantial
5 such as a regular rulemaking procedures would be
6 inadequate to address the stated need and that the
7 emergency rule would be likely to address that
8 need. With that background, the staff recommends
9 that you approve Resolution 2006-27.

10 COMMISSIONER CALLOWAY: Any questions of Phil
11 on Resolution 2006-27? Now we're going to
12 entertain a motion to accept the recommendation.
13 Approve Resolution 2006-27?

14 COMMISSIONER MURPHY: So move.

15 COMMISSIONER BARRETT: Second.

16 COMMISSIONER CALLOWAY: All of those in favor,
17 let me know by a vote sign of aye.

18 (COMMISSION MEMBERS VOTED AYE)

19 COMMISSIONER CALLOWAY: Those opposed?

20 (NONE)

21 GENERAL COUNSEL SICUSO: 2006-28 deals with
22 various bagging requirements and procedures that
23 currently exist in the regulations, specifically at
24 68 IAC 2-3. If approved, this resolution would
25 waive any requirement or procedure in that rule

1 which might be construed to do three things.

2 First, any prohibition against the issuance of
3 a single identification badge serve as a riverboat
4 employee's temporary and permanent gaming license.

5 Second, anything in the regulation which would
6 require the issuance of a separate and distinct
7 temporary versus permanent identification badge.

8 Third, anything in the regulation which would
9 require an employee's identification badge to
10 display the dates on which the person's
11 occupational license was granted -- excuse me,
12 issued or the date on which it would expire.

13 As a recommendation of your staff, the issuance
14 of separate identification badges for temporary and
15 permanent licensees is actually an unnecessary and
16 inefficient practice which burdens the commission's
17 enforcement agents by forcing them to process the
18 licenses and badges twice and takes away from their
19 ability to spend time in law enforcement and
20 regulatory functions that are supposed to be their
21 primary concern.

22 The staff proposes a gradual implementation of
23 this single badge system for temporary and personal
24 occupational licensees in a way that would make
25 this resolution apply only to riverboats on which

1 the gaming agents have replaced the Indiana State
2 Police.

3 If you have no further questions, the
4 commission staff recommends that you approve
5 Resolution 2006-28.

6 COMMISSIONER VOWELS: I will move to approve.

7 MR. MURPHY: Second.

8 CHAIRMAN CALLOWAY: It's been ruled in the
9 second that we approve Resolution 2006-28. All
10 those in favor let me know by a vote of aye.

11 (COMMISSION MEMBERS VOTED AYE)

12 CHAIRMAN CALLOWAY: Those opposed?

13 (NONE)

14 GENERAL COUNSEL SICUSO: 2006-29 applies to
15 individuals who are seeking an occupational license
16 to work on or for multiple riverboats, where those
17 riverboats are owned by a common ultimate parent.

18 The commission's current regulations may be
19 interpreted as prohibiting a Level I licensee from
20 managing the gambling operations of more than one
21 riverboat, even where those riverboats have a
22 common ultimate owner.

23 Additionally, current regulations and
24 procedures require occupational licensees with job
25 responsibilities associated with multiple

1 riverboats to undergo a full licensing procedure at
2 each riverboat, thus requiring multiple
3 applications, multiple application fees, and
4 multiple annual licensing fees.

5 If approved, the resolution would authorize the
6 executive director to waive, upon request of an
7 occupational licensee or a riverboat licensee, any
8 regulations in 68 IAC 2-3 which -- for the purpose
9 of allowing occupational licensees seeking to work
10 for more than one riverboat to do three things.

11 One, perform job duties pertaining to the
12 management of gambling operations for two such
13 riverboats.

14 Two, to submit only one application, one
15 application fee, one annual fee, and be subjected
16 only to one initial licensing investigation. So
17 that's two things and not three things.

18 With that background, the commission staff
19 recommends approval of this resolution.

20 (COMMISSION MEMBERS VOTED AYE)

21 CHAIRMAN CALLOWAY: Those opposed?

22 (NONE)

23 GENERAL COUNSEL: If approved, Resolution
24 2006-30 would authorize the executive director to
25 waive all or part of the regulations and procedures

1 in 68 IAC 4-1-6 and 4-1-7, requiring certain
2 riverboat and supplier licensees to file multiple
3 copies of various documents that they have filed
4 with the Security and Exchange Commission.

5 It is the opinion of the commission staff that
6 greater efficiencies can be achieved by allowing
7 our financial and background investigators to track
8 this information and these documentations through
9 various electronic means that the SEC or other
10 third-party service vendors offer.

11 Commission staff recommends approval of
12 2006-30.

13 COMMISSIONER VOWELS: So you will still be
14 getting this information but just not --

15 GENERAL COUNSEL SICUSO: Not the paper, yeah.

16 CHAIRMAN CALLOWAY: Any questions regarding
17 Resolution 2006-30? If no, we will entertain a
18 motion to approve staff's recommendation.

19 COMMISSIONER VOWELS: I'll move to approve.

20 MR. MURPHY: Second.

21 CHAIRMAN CALLOWAY: Move in second. All those
22 in favor, let me know by a vote of aye.

23 (COMMISSION MEMBERS VOTED AYE)

24 CHAIRMAN CALLOWAY: Those opposed?

25 (NONE)

1 GENERAL COUNSEL SICUSO: If approved,
2 Resolution 2006-31 will authorize the executive
3 director to issue temporary supplier licenses to
4 qualified applicants. Although this function has
5 been traditionally handled by the full commission,
6 the staff believes that given the large amount of
7 time that passes between meetings, it would be more
8 efficient to handle granting of temporary supplier
9 licenses at staff level, especially in light of the
10 fact that the commission already does this for all
11 occupational licensees and the fact that we expect
12 an influx of new supplier applications, given the
13 fact that the commission recently adopted and fully
14 promulgated a rule which allows digital
15 surveillance technology to be placed on the
16 riverboats. And we've received a number of
17 inquiries from potential supplier licensees who
18 will need to be licensed for that.

19 Pursuant to the resolution prior to issuing a
20 temporary license, the executive director would be
21 required to determine that a preliminary
22 investigation has been completed and that the
23 investigation had not revealed any information
24 which would prevent a finding of suitability.

25 The resolution also requires that the executive

1 director will report all incidences of granting of
2 a temporary supplier license at the next scheduled
3 business meeting.

4 With that, we recommend approval of Resolution
5 2006-31.

6 CHAIRMAN CALLOWAY: We had an explanation of
7 Resolution 2006-31 by the staff. Are there any
8 questions? If not, we will entertain a motion to
9 accept the staff's recommendation.

10 COMMISSIONER: So moved.

11 COMMISSIONER: Second.

12 CHAIRMAN CALLOWAY: Move in second. All of
13 those in favor, let it be known by a vote of the
14 sign of aye.

15 (COMMISSION MEMBERS VOTED AYE)

16 CHAIRMAN CALLOWAY: Those opposed?

17 (NONE)

18 CHAIRMAN CALLOWAY: Okay. Moving on,
19 Angie Bunton.

20 ANGIE BUNTON: Good afternoon. You have before
21 you five orders regarding the voluntary exclusion
22 program, John Doe #4, John Doe #5,
23 John Doe #6, John Doe #7 and John Doe #8. Pursuant
24 to the rules, all participants must remain
25 confidential. Pursuant to 68 IAC 6-3-2(g), a

1 participant in the program agrees that if he or she
2 violates the terms of the program and enters the
3 gaming facility under the jurisdiction of the
4 Commission agrees to forfeit any jackpot or thing
5 of value won as a result of a wager.

6 Under order 2006-32, John Doe #4 won \$2,313.90
7 at Argosy Casino. Argosy withheld the winnings as
8 required by Commission regulations. Commission
9 staff recommends that you approve the remittance of
10 these winnings as a fine levied against John Doe
11 #4.

12 Under order 2006-33, John Doe #5 won \$1,350.
13 And under order 2006-34, John Doe #6 won \$1,557 at
14 Horseshoe Casino. Horseshoe withheld the winnings,
15 as required by Commission regulations.

16 Commission staff recommends you approve
17 remittance of these winnings as fines levied
18 against John Doe #5 and John Doe #6.

19 Under order 2006-35, John Doe #7 won \$1,285 at
20 Majestic Star Casino and Majestic Star withheld the
21 winnings as required by Commission regulations.

22 Commission staff recommends that you approve
23 the remittance as a fine levied against John Doe
24 #7.

25 Under order 2006-36, John Doe #8 won \$4,500 at

1 Resorts East Chicago. Resorts withheld the
2 winnings as required by Commission regulations.
3 Commission staff recommends that you approve the
4 remittance of these winnings as fines levied
5 against John Doe #8.

6 CHAIRMAN CALLOWAY: You've heard the
7 recommendation of the staff regarding order 2006-32
8 through order 2006-37. Any questions? If not, the
9 Chair will entertain a motion to accept staff's
10 recommendation.

11 COMMISSIONER VOWELS: I will move to accept.

12 COMMISSIONER BARRETT: By going through only
13 number 8, we only got to 36, not 37.

14 GENERAL COUNSEL SICUSO: I think you are right.

15 EXECUTIVE DIRECTOR YELTON: That is correct.

16 COMMISSIONER VOWELS: What do you think, Angie?

17 GENERAL COUNSEL SICUSO: You covered 32 through
18 36; right?

19 EXECUTIVE DIRECTOR YELTON: Did you intend to
20 leave 37 out?

21 ANGIE BUNTON: Nine is a separate issue.

22 CHAIRMAN CALLOWAY: So let me ask for a motion
23 for order 2006-32 through 2006-36?

24 COMMISSIONER VOWELS: I move.

25 MR. MURPHY: Second.

1 CHAIRMAN CALLOWAY: Moves to second. All of
2 those in favor, let me know by a vote of aye.

3 (COMMISSION MEMBERS VOTED AYE)

4 CHAIRMAN CALLOWAY: Those opposed?

5 (NONE)

6 CHAIRMAN CALLOWAY: You have number 9 now;
7 right?

8 ANGIE BUNTON: Right. You have before you an
9 order regarding the voluntary exclusion program and
10 John Doe #9. Pursuant to the rules of the program,
11 the identity of the individual must remain
12 confidential.

13 On November 17, 2005, the commission approved
14 an order concerning John Doe #9 remitting the
15 jackpot at Argosy Casino. This order approved
16 remittance of the jackpot through the commission as
17 a fine levied against John Doe #9.

18 On November 18, 2005, the commission sent a
19 letter to John Doe #9 advising him of the
20 Commission's order and his rights to appeal.

21 On December 5, 2005, a letter was received from
22 John Doe #9 appealing the Commission's order and
23 requesting a hearing. The appeal was submitted to
24 an Administrative Law Judge. Prior to the hearing
25 being conducted, the Commission moved for a summary

1 judgment which was granted and the hearing was
2 vacated. The Administrative Law Judge found that
3 John Doe #9 was lawfully under the voluntary
4 exclusion list and that his jackpot was properly
5 levied as a fine against him.

6 The commission staff recommends that you adopt
7 the recommendation of the Administrative Law Judge.

8 COMMISSIONER BARRETT: I have only one
9 question. The document that we have in front of
10 us, the proposed findings, the exact document, is
11 that document public documents or confidential?
12 The reason I ask, if you take a look at the
13 distribution list, John Doe is listed by name.

14 GENERAL COUNSEL SICUSO: What document is that?

15 COMMISSIONER BARRETT: From March 30th.

16 GENERAL COUNSEL SICUSO: That's from the ALJ?

17 EXECUTIVE DIRECTOR YELTON: Did you bring any
18 Wite-out with you?

19 COMMISSIONER BARRETT: I guess for a
20 preliminary matter, I would vote to approve the
21 recommendation and vote, also, to remove -- also
22 the distribution list be redacted to comply with
23 the regulations.

24 CHAIRMAN CALLOWAY: Okay. You heard the motion
25 from Commissioner Barrett. Is there a second?

1 COMMISSIONER VOWELS: I will second.

2 CHAIRMAN CALLOWAY: Okay. Been moved to second
3 that order 2006-37 be approved with the amendments
4 as indicated. All of those in favor, let me know
5 by a vote sign of aye.

6 (COMMISSION MEMBERS VOTED AYE)

7 CHAIRMAN CALLOWAY: Those opposed?

8 (NONE)

9 CHAIRMAN CALLOWAY: Thank you.

10 Okay. We are going to take a couple of minutes
11 break here. We have two fellows up here I know
12 that's over 50 and we have to have a break every
13 hour.

14 (AT THIS TIME THERE WAS A BRIEF RECESS TAKEN,
15 AFTER WHICH THE FOLLOWING PROCEEDINGS WERE HAD:)

16 CHAIRMAN CALLOWAY: Just a little bit of an
17 adjustment to the commissioners. We did not
18 approve the minutes when we started because we were
19 one shy. So at this time the Chair will entertain
20 a motion to approve the minutes from our previous
21 meeting. Don can't make the motion and I will
22 second because he wasn't there. All those in
23 favor, let me know by a vote of sign of aye.

24 (COMMISSIONER MEMBERS VOTED AYE)

25 CHAIRMAN CALLOWAY: Those opposed?

1 (NONE)

2 COMMISSIONER BARRETT: Mr. Chairman, for the
3 record, I will excuse on that oath since I was not
4 a member at the time.

5 COMMISSIONER VOWELS: And if the record will
6 reflect the same thing with me, because I wasn't
7 there.

8 CHAIRMAN CALLOWAY: In addition, we had a
9 couple of commissioners that came in after we
10 started and I would like them to introduce
11 themselves at this time.

12 COMMISSIONER ROBINSON: Thank you for the
13 notice here.

14 MR. MURPHY: No, I'm actually Tim Murphy.

15 MR. FESKO: I was for a moment.

16 COMMISSIONER ROBINSON: I'm Bryan Robinson,
17 Vice Chairman from Greenville.

18 CHAIRMAN CALLOWAY: Thank you.

19 Okay. Let's get back to the task at hand.
20 Adam Packer.

21 ADAM PACKER: Thank you, Mr. Chairman. I will
22 be presenting the exclusion list development since
23 the last commission meeting. Also, a little bit of
24 an introduction, I guess. I think I was introduced
25 in absentia at the last commission meeting. I was

1 at the law enforcement academy participating in the
2 the gaming training for gaming agents. So it's
3 nice to meet you -- actually, hi, nice to meet you.

4 COMMISSIONER VOWELS: What's your name again?

5 ADAM PACKER: Adam Packer.

6 CHAIRMAN CALLOWAY: And you work for us; is
7 that right?

8 ADAM PACKER: That's right.

9 GENERAL COUNSEL SICUSO: He's a member of the
10 legal staff.

11 COMMISSIONER VOWELS: Can you tell us a little
12 about yourself?

13 ADAM PACKER: Sure. I was born in a small
14 town -- no. Okay.

15 First, on the exclusion list there is only one
16 matter before you, the exclusion of Robert Wilson.
17 This has just gone to an Administrative Law Judge
18 on November 9th. Mr. Wilson was observed in the
19 past posting bets at Belterra Casino in 2004. The
20 executive director took action on May 6, 2005 to
21 exclude him from riverboat gambling facilities. He
22 petitioned for a hearing. The hearing was held
23 November 9, 2005 at the Belterra Casino. The ALJ
24 submitted her Findings of Facts and Conclusions of
25 Law on March 1, 2006. Those were attached, I

1 believe, in your packets.

2 The commission staff is recommending that the
3 commission affirm the finding of the ALJ and issue
4 an order to that effect.

5 CHAIRMAN CALLOWAY: What did you say he did?
6 What did Rob Wilson do?

7 ADAM PACKER: He was past posting his bets,
8 which means that he was adding money or putting a
9 bet onto the gaming table after the outcome of the
10 game had already been determined.

11 CHAIRMAN CALLOWAY: Oh.

12 ADAM PACKER: I believe it was roulette. And
13 after the ball had gone into -- after the dice had
14 set, he was dropping chips on the table.

15 CHAIRMAN CALLOWAY: They won't let you get away
16 with that in a casino.

17 ADAM PACKER: Unfortunately, he was caught.

18 COMMISSIONER VOWELS: Unfortunately for him.

19 CHAIRMAN CALLOWAY: Yeah. Do you have a
20 recommendation regarding Robert Wilson, order
21 2006-38; what's your pleasure?

22 COMMISSIONER VOWELS: I move to -- it appears
23 that we would be affirming the Findings of Facts by
24 the ALJ, and I will move to affirm the exclusion of
25 Robert Wilson.

1 COMMISSIONER BARRETT: May I ask a question?
2 How long is the exclusion for?

3 ADAM PACKER: It's permanent.

4 CHAIRMAN CALLOWAY: Move in second. All of
5 those in favor, let me know by a vote of aye.

6 (COMMISSIONER MEMBERS VOTED AYE)

7 CHAIRMAN CALLOWAY: Those opposed?

8 (NONE)

9 CHAIRMAN CALLOWAY: Adam?

10 ADAM PACKER: Okay. Moving on to the next
11 matter; occupational matters. There have been some
12 changes to the list since the packets were mailed.
13 Michael McEnelly, who is the third item on the list
14 for 2006-41 -- it was a settlement agreement, but
15 Mr. McEnelly has not ever returned the signed copy
16 of the settlement agreement so we will put it off
17 until the next commission meeting.

18 In addition, Gary Johnson, who's order is
19 2006-43, and Jimmy Verta, who's order was 2006-44,
20 have been taken off the schedule. So those matters
21 will not come before the commission today.

22 First, the occupational license matter that is
23 coming before you today is Monique Johnson. She
24 obtained a permanent occupational license prior to
25 a full investigation of her application being

1 completed because of what we assumed was a glitch
2 in the occupational licensing system. She had
3 failed to disclose a previous felony conviction on
4 her application. Once we discovered that, we took
5 action to discipline her license. We filed a
6 complaint and submitted it to the Administrative
7 Law Judge. During the pendency of the hearing,
8 before a hearing was actually held, Ms. Johnson was
9 terminated from her employment, and so I moved the
10 ALJ to withdraw our complaint. The ALJ issued and
11 recommended an order granting our motion to
12 withdraw the complaint, disciplinary action. And I
13 ask you today to approve that ALJ order and enter
14 an order to that effect.

15 COMMISSIONER VOWELS: Is there any way she can
16 get a job at another place other than Majestic Star
17 where this will pop up?

18 ADAM PACKER: It will pop up. The fact that
19 she was terminated from her employment will come
20 up, obviously. And then if she were to get a job
21 at another casino, she would have to file a
22 complete application. The glitch has been fixed in
23 the occupational licensing system. And, also, we
24 know about the felony conviction now, so she would
25 not get a license if she was to apply for another

1 one somewhere down the road.

2 COMMISSIONER VOWELS: What was the glitch and
3 how is it caught now?

4 ADAM PACKER: I was not employed with the
5 commission when the glitch existed. My
6 understanding is that it would move a person's
7 application to the permanent licensing step in the
8 process without any intermediate steps. There were
9 one or two people who got occupational licenses
10 without investigations being completed. I believe
11 Ms. Johnson is the last of the bunch to be fixed.

12 COMMISSIONER VOWELS: I don't have any other
13 questions.

14 CHAIRMAN CALLOWAY: You heard the report
15 regarding Monique Johnson, order 2006-39. Do we
16 have a motion to approve the ALJs recommendation?

17 COMMISSIONER MURPHY: So move.

18 CHAIRMAN CALLOWAY: Moved by Tim. Second?

19 COMMISSIONER VOWELS: Second.

20 CHAIRMAN CALLOWAY: All those in favor, let me
21 know by aye.

22 (COMMISSION MEMBERS VOTED AYE)

23 CHAIRMAN CALLOWAY: Those opposed?

24 (NONE)

25 ADAM PACKER: The next occupational license

1 matter will be 2006-40, Adam Combs. Mr. Combs on
2 December 5, 2005, notified the commission about an
3 arrest that occurred on December 24, 2004. This
4 was a misdemeanor charge. He was under an
5 obligation to inform us within 10 days of that
6 arrest. Under the regulations, he, obviously, did
7 not do so. It was almost a year later that he
8 informed the commission about that arrest. He
9 admitted to the commission staff that he knew that
10 he had an obligation to disclose the arrest and
11 still failed to do so.

12 We have negotiated a settlement agreement,
13 prior to taking this in front of ALJ, for a two-day
14 unpaid suspension as a result of his failure to
15 disclose a misdemeanor arrest. At this point, we
16 would recommend the commission to approve that
17 settlement agreement.

18 COMMISSIONER VOWELS: I will move to approve.

19 COMMISSIONER MURPHY: Why two days, are you
20 trying to send a message to this individual -- a
21 suspension for two days?

22 ADAM PACKER: Yes. It's to send a message.

23 GENERAL COUNSEL SICUSO: There are a couple of
24 factors to consider in a case like this. This is
25 something that we think is actually prevalent,

1 failure to report these types of things. We have
2 made an effort to get all of the riverboats to
3 communicate with all the occupational licensees and
4 remind them that they have an obligation to tell
5 the staff when they have been arrested within 10
6 days.

7 So we look at two things, the underlined
8 offense -- here it is a misdemeanor, so it really
9 has nothing to do with his suitability for a
10 license. We also look at how long it took them to
11 actually report the arrest and whether they knew
12 about their obligation. So from a point of about
13 two months ago, I believe, when a subsequent
14 reminder went out to all occupational licensees.
15 And we now consider every occupational licensee in
16 Indiana to at least be aware of this obligation.
17 And this is one of the additional ones. And he
18 claims to not know and that's one of the factors we
19 took into the two days.

20 COMMISSIONER BARRETT: What is the range of
21 sanctions that is available?

22 GENERAL COUNSEL SICUSO: Unlimited but for
23 monetary fines. We cannot fine an occupational
24 licensee. We can do virtually anything we like.

25 COMMISSIONER ROBINSON: I have a question.

1 CHAIRMAN CALLOWAY: Go ahead, Mr. Robinson.

2 COMMISSIONER ROBINSON: To his knowledge of the
3 10-day requirement of notification, he admitted
4 that he knew at that time or later?

5 ADAM PACKER: I don't remember when -- if he
6 knew at the time that he was arrested that he
7 needed to do it or if he knew it sometime later on.
8 Do you remember, Andrew?

9 ANDREW KLINGER: If I may jump in. In this
10 particular case, I believe Mr. Combs was not
11 necessarily aware of his duty to report it at the
12 time he was arrested. However, he subsequently --
13 essentially admitted in a letter to us that he was
14 aware that this policy had been posted. I think
15 this was maybe in November of last year. But he
16 still, subsequently, did not report the offense
17 until later during his renewal period, which was
18 more than a month after he was aware of the policy.
19 So at the time he reported, it he was aware of the
20 policy and it was still well beyond the 10-day
21 period.

22 COMMISSIONER ROBINSON: When a licensee goes to
23 work on a casino boat, does the operator ever
24 require that notification of that policy be given
25 to employees when they are hired; do you know?

1 ADAM PACKER: It is now posted in the human
2 resource office and other places where the
3 employees would be.

4 COMMISSIONER ROBINSON: So they don't
5 necessarily get a hard copy?

6 ANDREW KLINGER: It's also posted right outside
7 the office of the gaming agent, which is where the
8 badges are processed and the employees are
9 processed.

10 COMMISSIONER ROBINSON: So this guy had every
11 opportunity?

12 ANDREW KLINGER: Yes.

13 COMMISSIONER VOWELS: Was he surprised when his
14 relicensing came up -- was that the first time he
15 brought it to anybody's attention?

16 ADAM PACKER: That was when he first brought it
17 to our attention. And I think he brought it to our
18 attention by notifying the gaming agent on board
19 the boat and then it was passed back to us. So
20 it's not like we found out through the gaming
21 agent, he did volunteer the information. But after
22 a significant delay.

23 COMMISSIONER MURPHY: Does the notification
24 requirement include something like a traffic ticket
25 or arrest?

1 ANDREW KLINGER: I don't believe it does. I
2 think it's just misdemeanors.

3 GENERAL COUNSEL SICUSO: It does not include
4 that.

5 COMMISSIONER VOWELS: The bottom line is he
6 committed a misdemeanor offense of criminal
7 recklessness on Christmas Eve. Does alcohol have
8 anything to do with it?

9 ADAM PACKER: I don't have the court paperwork.

10 COMMISSIONER BARRETT: Is the disciplinary
11 proceeding for the offense or for failure to
12 report?

13 ADAM PACKER: For the failure to report. The
14 severity of the offense is actually consciously not
15 taken into consideration when determining the
16 violation unless it were to be a felony, which
17 would then render him unsuitable for a license.
18 Because the violation of the regulation stems from
19 his failure to report and not from the misdemeanor
20 offense. That's what our obligation is.

21 COMMISSIONER BARRETT: Does the jurisdiction
22 extend sanctions for misdemeanors?

23 ADAM PACKER: For misdemeanors, no. Just for a
24 felony.

25 COMMISSIONER VOWELS: I don't want to spend too

1 much time on it, but I just want to understand. So
2 if an occupational licensee commits battery on a
3 patron right outside the boat, that might be --
4 reflect his ability to conduct his job. Now, if he
5 doesn't get fired, that's a different question.
6 But we would not be able to look at that, the facts
7 of that offense, in determining appropriate
8 sanctions?

9 ADAM PACKER: In determining appropriate
10 sanctions for a violation of a failure to report,
11 no, but his license could be at risk for his
12 character -- you know, the acts that would impugn
13 his character.

14 COMMISSIONER BARRETT: So it could be gotten to
15 through another procedural mechanism?

16 ADAM PACKER: That's my recollection.

17 COMMISSIONER BARRETT: I understand.

18 COMMISSIONER ROBINSON: Mr. Chairman and
19 members of the commission, we need to determine if
20 someone is being not forthright in an application
21 working on one of these properties in Indiana, is
22 this a suitable punishment, where someone else
23 knows they have made the same disclosure a two-day
24 suspension, that is scary. That is a determination
25 we need to make, because failure to notify of a

1 situation like this is a very important material
2 fact. As the gentleman down the table said, we are
3 trying to clean this up, other abuses. We need to
4 determine if two days is suitable or not. I'm not
5 inclined to agree that it is.

6 CHAIRMAN CALLOWAY: Well -- Mr. Vowels motioned
7 and I would second it, anyway.

8 So how did you come by the two days?

9 ADAM PACKER: There was an extensive discussion
10 among the three of us, as I remember. I think
11 there was a concern that a harsher sentence which
12 was considered by commission staff -- in many
13 cases, because these people have low incomes would
14 be a significant fine and could push them into
15 bankruptcy or push them into financial situations.
16 That's something that we didn't feel, as staff,
17 that a failure to report would justify that severe
18 of a financial punishment.

19 There was a discussion sometime in the future
20 enacting a system of monetary fines for this, but
21 we currently don't have that authority. So we have
22 to get to the discipline through this process and
23 this, in our opinion, was the fairest way to do it,
24 bouncing both the severity of the punishment toward
25 the person, impacting their life in a negative way

1 for something that -- it's not a critical
2 regulatory violation.

3 CHAIRMAN CALLOWAY: I tend to agree with you, a
4 lot of these individuals are on the lower end of
5 the social economic ladder, I guess. And to take
6 two or three days from them would make a
7 difference, I think, in their lives.

8 ADAM PACKER: That was our conclusion.

9 GENERAL COUNSEL SICUSO: The other thing to
10 consider here, this person is a Level 3 licensee,
11 the lowest level. He's a janitor, if I remember
12 right. His job merely required this person to walk
13 on the riverboat. That's why he is licensed. And
14 so when we come up with penalties like this, we
15 also consider the level of licensure. This person
16 does not handle money. He, basically, cleans up.
17 He needs to walk on the boat. So that's a factor
18 we took into consideration.

19 COMMISSIONER BARRETT: Let me close the loop on
20 what I started to ask earlier. You addressed this
21 in your opening comment. The severity of the
22 underlying offense is or is not related to an A
23 misdemeanor -- or arrested for an A misdemeanor, or
24 didn't report it in 10 days; do you look at all at
25 the severity of the underlying offense because

1 there are misdemeanors and there are misdemeanors.

2 GENERAL COUNSEL SICUSO: My conclusion would be
3 that, yes, you look at the severity of the
4 underlying offense. When determining a settlement
5 negotiation whether we could actually take that
6 into account when we take this to an ALJ in a
7 formal complaint, I'm not so sure what the ALJ
8 would say. But if we're negotiating a settlement
9 agreement, we need to take that into consideration.
10 And that's what we did here. It never reached a
11 formal proceeding.

12 COMMISSIONER VOWELS: Do you know if he had
13 any other prior record other than this?

14 ADAM PACKER: I might have something.

15 COMMISSIONER VOWELS: The only reason I ask --
16 and I will wait until you tell me whether you know
17 or not.

18 ADAM PACKER: I have a copy of his occupational
19 license information page and at the time this was
20 printed, which was just after he reported, it says
21 he does not have an arrest record.

22 COMMISSIONER VOWELS: All I was going to say,
23 put in the context of someone who the Chairman
24 referred to as lower social economic status -- and
25 Phil talked about the fact of -- what his job, in

1 particular, is. And I don't know what his
2 educational background is. I would assume at least
3 a high school education. The court system is very
4 confusing, the rules and regulations of an
5 administrative agency can be very daunting, even to
6 lawyers. My thought is that your handling of this
7 resolution is appropriate because an ALJ could say
8 no harm no foul and maybe a probation period and no
9 suspension. And that's just like any legal action
10 where you are intimately involved in it and
11 evaluate the situation and evaluate what the
12 possibility of a stronger outcome in front of a
13 hearing officer would be, taking into consideration
14 the economic status of this man that lost two days
15 of income. And that's what your proposal is;
16 right?

17 ADAM PACKER: Yes.

18 COMMISSIONER VOWELS: And it begins tomorrow?

19 ADAM PACKER: It would begin at a time to be a
20 arranged by Mr. Combs and the human resource
21 department.

22 COMMISSIONER VOWELS: I thought I saw something
23 in here that says it would begin two days after
24 this, but I don't care. So again, I think that
25 your resolution is appropriate given the fact there

1 is no prior record. And I believe he will get the
2 message. And being off work for a couple of days,
3 the people that work with him will wonder where he
4 was and he will tell them when he gets back and
5 word will get out. But if you've got any of this
6 stuff that pops up, you need to tell them. Was he
7 working prior to this Christmas Eve? Was he an
8 employee at the time it happened; do you know?

9 GENERAL COUNSEL SICUSO: I believe he was.

10 ANDREW KLINGER: I don't know if he was
11 actually working that night, but he was an
12 employee.

13 ADAM PACKER: He was licensed at that time?

14 CHAIRMAN CALLOWAY: You know, "As often as you
15 do it to the least of what you do it unto me," is a
16 verse that I heard. So this would be one of the
17 least of us and we don't want to be guilty of that,
18 I don't think.

19 Do you entertain a motion to accept staff
20 recommendation?

21 COMMISSIONER VOWELS: I will move to approve.

22 COMMISSIONER MURPHY: I will second it.

23 CHAIRMAN CALLOWAY: Move in second. All those
24 in favor, let it be known by a vote of a sign of
25 aye.

1 (COMMISSION MEMBERS VOTED AYE)

2 CHAIRMAN CALLOWAY: Those opposed?

3 (NONE)

4 ADAM PACKER: The last occupational license
5 matter is 2006-42. It's a request for revocation
6 of temporary license and denial application for an
7 occupational license of Brenda Wilson. Brenda
8 Wilson was issued a Level 2 temporary occupational
9 license on or about September 21, 2006. She
10 disclosed some criminal arrest on her application
11 but failed to disclose at least one, and it was a
12 1973 arrest and conviction in California for
13 forgery. The commission may not issue an
14 occupational license to an individual that has been
15 convicted of a felony. This forgery charge and
16 conviction was a felony. Therefore, exercise of
17 its authority to revoke this license -- commission
18 staff revoked her license on May 19th, 2006.

19 At this point, the commission staff recommends
20 that you approve the revocation and denial of her
21 license. But before I turn it over to any
22 questions, I was made aware by Ms. Wilson that she
23 intended to speak at the commission meeting today.
24 I don't believe she's -- oh, she is here. At this
25 time I can turn the floor over to Ms. Wilson and

1 allow her to address the commission.

2 CHAIRMAN CALLOWAY: Ms. Wilson.

3 BRENDA WILSON: Hello, this is a little
4 intimidating but I will get through it.

5 COMMISSION ROBINSON: Do you live in Floyd
6 County?

7 BRENDA WILSON: Yes.

8 COMMISSIONER ROBINSON: We are practically
9 neighbors.

10 COMMISSIONER VOWELS: Are you aware that there
11 is a procedure by which you can ask this commission
12 to waive this felony so you can keep your license?

13 BRENDA WILSON: Yes.

14 COMMISSIONER VOWELS: Do you want to jump in?

15 ADAM PACKER: I want to jump in on that. In
16 the revocation letter I explained to Ms. Wilson
17 that because of the character of her conviction of
18 forgery, which is a crime of misrepresentation, and
19 so she is ineligible for a felony waiver, I did
20 inform her about the appeal process, though. And
21 she has told me that she intends to do that if the
22 commission accepts the recommendation of the staff.

23 COMMISSIONER VOWELS: Okay. I have not looked
24 at the statute in a long time of the rules and
25 regulations. Does the statute talk about felony

1 convictions and the waiver, but there is a specific
2 exception in our ability to waive the felony bar in
3 crimes of dishonesty like forgery?

4 ADAM PACKER: Yes. There are three categories,
5 I believe, of felonies that fall within the felony
6 waiver -- and the crimes of misrepresentation are
7 not considered for the felony waiver process.
8 There are certain crimes you have to wait five
9 years, certain crimes you have to wait 10 years,
10 and certain crimes where you're not eligible for a
11 felony waiver at all.

12 COMMISSIONER VOWELS: Federal offenses are the
13 forever banned; is that right or not?

14 ADAM PACKER: It's not whether it's federal or
15 not, but it's a crime against misrepresentation and
16 fraud.

17 COMMISSIONER VOWELS: Okay. So just explain to
18 me what the procedure would be. She is here. This
19 is the first time we have ever seen someone in
20 front of us, that I can recall, that addresses the
21 commission. And that's fine, she can talk to us
22 here in a second. But the procedure would be what
23 after today? Let's just assume that we have a
24 discussion and the staff's recommendation is
25 approved -- approve the revocation and deny her

1 occupational license. And then she can file an
2 appeal with ALJ; is that right?

3 ADAM PACKER: Yes. She would file appeal of
4 the commission's action.

5 COMMISSIONER VOWELS: Right. To the ALJ. And
6 the ALJ could do what if the statute prevents
7 waivers on this sort of offense?

8 ADAM PACKER: Well, this wouldn't be a waiver.
9 It wouldn't be a felony waiver, but it would be a
10 different proceeding and different procedure. It's
11 a different law and different rule for appeal of
12 commission action.

13 COMMISSIONER VOWELS: So there is still an
14 avenue where she could still be successful
15 in front of the ALJ, come back to us, and we would
16 have to approve or disapprove or deny the ALJ's
17 recommendation?

18 ADAM PACKER: That is correct. The idea is to
19 get that done -- if the process goes the way we
20 have talked about, to get that done in time for the
21 next commission meeting.

22 COMMISSIONER VOWELS: So once Ms. Wilson talks
23 to us and we all feel bad and all of that and we
24 would like to help her out, do we even have the
25 ability to do that here today?

1 ADAM PACKER: Staff's recommendation --

2 COMMISSIONER VOWELS: Legally.

3 ADAM PACKER: From a legal perspective, you
4 have no discretion in this matter at this point.

5 COMMISSIONER VOWELS: All right. Do you
6 understand all of that?

7 BRENDA WILSON: Pretty much.

8 COMMISSIONER VOWELS: So I'm not sure that we
9 can do anything favorable for you today. But as
10 long as you understand the procedure and the notice
11 that you've been given from the commission staff,
12 Mr. Chairman, I don't have a problem with her
13 telling us what she wants to tell us.

14 CHAIRMAN CALLOWAY: Carry on, Ms. Wilson.

15 BRENDA WILSON: Well, first of all, I was not
16 aware it was a felony, it's been 33 years. So
17 that's why I didn't report it, I wasn't aware of
18 that fact.

19 COMMISSIONER BARRETT: Excuse me. What is the
20 effect of this proceeding on -- a transcript of
21 this proceeding on what an ALJ reviewing it will
22 hear or see? Will the AJL only be looking at the
23 order or will the ALJ actually be reading or
24 listening to what is said today?

25 GENERAL COUNSEL SICUSO: I presume that this is

1 all on the record. Any discussions that are had
2 prior to your acting today would be part of the
3 record for appeal.

4 COMMISSIONER BARRETT: Then is the proceeding
5 before the ALJ an open proceeding -- hearing under
6 AOPA?

7 GENERAL COUNSEL SICUSO: I believe so. We have
8 separate -- we have regulations that are specific
9 to the gaming position, it lays out the process for
10 appeals, all of which is supposed to comport with
11 AOPA.

12 COMMISSIONER BARRETT: And the reason for the
13 question is whether the witness should be sworn.
14 If this is her day, she should be sworn. If her
15 day is at the ALJ, then she can be sworn then.

16 GENERAL COUNSEL SICUSO: That's a good question
17 and I hadn't considered it. I'm not so sure
18 that -- this is a public meeting, it's not a public
19 hearing where we hear witnesses. It's an
20 opportunity where we recognize this individual to
21 speak to the commission. You can hear her. We can
22 deny her the opportunity to speak. I don't believe
23 that this commission, public meeting, is subject to
24 the AOPA rules or certain rules to which you are
25 speaking.

1 COMMISSIONER BARRETT: Okay. Thank you.

2 BRENDA WILSON: Okay. It has been 33 years. I
3 was not aware it was a felony or I would have been
4 happy to disclose it. The commission had all of
5 the information about this in January. I made sure
6 and got all of the paperwork together. So I was
7 totally shocked when at the end of May I was
8 revoked.

9 Secondly, I have spent many years making sure
10 that I did not live a life of crime. When I was
11 younger, unfortunately, I was raised in a household
12 that that was their way of life. I have made sure
13 not to follow that way of life.

14 I have backing of all of my staff and bosses
15 at Caesars Indiana, so they are willing to help me
16 through this process. I really like the job, I
17 want to keep my license, and I want to clear this
18 up. I have talked to a local attorney, and he does
19 not believe I would have been convicted due to the
20 person that I was with was someone they were after.
21 And according to what he said, that was their way
22 of me not coming back to sue them. So I was just
23 aware I was released on the street and I really
24 don't remember anything other than that.

25 COMMISSIONER BARRETT: How old were you?

1 BRENDA WILSON: 20.

2 COMMISSIONER VOWELS: Are you still on your job
3 at Caesars?

4 BRENDA WILSON: I was revoked on May 22nd, so I
5 had to turn over my license.

6 COMMISSIONER VOWELS: So you aren't working
7 there now?

8 BRENDA WILSON: No.

9 CHAIRMAN CALLOWAY: What did you do at Caesars?

10 BRENDA WILSON: Executive casino host.

11 COMMISSIONER ROBINSON: What do you do?

12 BRENDA WILSON: I do a lot of different things.
13 I help people. I'm, basically, public service;
14 helping with complaints, issues, reservations,
15 telemarketing, a little bit of everything.

16 COMMISSIONER ROBINSON: These people that are
17 backing you, are they here today?

18 BRENDA WILSON: They are not, but they are
19 willing to come at any time. I wasn't aware they
20 could speak today, so I did not ask them.

21 COMMISSIONER VOWELS: You were placed on a
22 six-month probationary period sometime prior to
23 this?

24 BRENDA WILSON: January.

25 COMMISSIONER VOWELS: Of 2006?

1 BRENDA WILSON: 2006, yes. I have been working
2 there since September of 2005.

3 COMMISSIONER VOWELS: Okay. There is a typo in
4 this order, it says September 21, 2006; but
5 September 21, 2005 is when you were issued a
6 temporary occupational license?

7 BRENDA WILSON: Right.

8 COMMISSIONER VOWELS: You failed to disclose
9 several criminal arrests in the application for the
10 occupational license. After learning of these
11 omissions but before having an opportunity to
12 complete full investigation, the staff placed your
13 license on a six-month probation. And as the
14 investigation continued, the staff learned that one
15 of the arrests was a 1973 arrest for this forgery
16 in Orange County, California. If I'm reading this
17 correctly, there were other arrests that you failed
18 to disclose on your application; is that true?

19 BRENDA WILSON: There was one other in 1970.

20 COMMISSIONER VOWELS: Have you only been
21 arrested twice, then?

22 BRENDA WILSON: I have had two DUIs, 13 years
23 apart.

24 COMMISSIONER VOWELS: Okay. So that's four
25 arrests?

1 BRENDA WILSON: Yes.

2 COMMISSIONER VOWELS: When was the most recent?

3 BRENDA WILSON: November of 2004.

4 COMMISSIONER VOWELS: Did you disclose those
5 arrests and forget to disclose the 1973 arrest?

6 BRENDA WILSON: Yes, I did disclose everything
7 else.

8 COMMISSIONER VOWELS: Do you recall the penalty
9 you received in California on the 1973 arrest?

10 BRENDA WILSON: I was incarcerated for about
11 four months. And all I remember is being released.

12 COMMISSIONER VOWELS: Prior to being sentenced
13 did you post bond or was that post sent?

14 BRENDA WILSON: I did not post bond. I didn't
15 have family -- or I didn't know anyone out there.

16 COMMISSIONER VOWELS: Okay. Well, I guess my
17 question is, if a person gets arrested they get a
18 bond put on them. If they can't post a bond,
19 eventually they will plead guilty, get sentenced
20 and get time served. Were you released once you
21 were sentenced?

22 BRENDA WILSON: Yes.

23 COMMISSIONER VOWELS: Okay. So the judge
24 really didn't give you four months, it's just you
25 got stuck in jail for four months and then you were

1 released?

2 BRENDA WILSON: Yes.

3 COMMISSIONER VOWELS: In our occupation,
4 sometimes it is an easy way to resolve it. A
5 person is more than happy to plead guilty just to
6 get out of jail.

7 BRENDA WILSON: Exactly.

8 COMMISSIONER VOWELS: Is that pretty much where
9 you were in the deal back then?

10 BRENDA WILSON: I believe so.

11 COMMISSIONER VOWELS: Were you aware at the
12 time this was charged as a felony?

13 BRENDA WILSON: No, I don't remember there was
14 any discussion of a felony.

15 COMMISSIONER BARRETT: What was the 1970
16 arrest?

17 BRENDA WILSON: That was the offense against
18 property, shoplifting. Like I said, I come from a
19 parent that that was her way of life. Not to make
20 excuses, but that was what I was taught.

21 COMMISSIONER BARRETT: Did that lead to a
22 conviction?

23 BRENDA WILSON: I don't believe so.

24 COMMISSIONER VOWELS: Where was that? What
25 state?

1 BRENDA WILSON: In Indianapolis.

2 COMMISSIONER VOWELS: What county?

3 BRENDA WILSON: Marion County.

4 COMMISSIONER VOWELS: And, again, your last
5 arrest was how long ago?

6 BRENDA WILSON: 2004, November.

7 COMMISSIONER VOWELS: Was that the DUI arrest?

8 BRENDA WILSON: Yes.

9 COMMISSIONER VOWELS: Your prior DUI --

10 BRENDA WILSON: I believe '91.

11 COMMISSIONER VOWELS: Okay. Did you go through
12 a program on that one; do you remember?

13 BRENDA WILSON: I went through a program with
14 the last one in Floyd County. That has been
15 completed.

16 COMMISSIONER BARRETT: Were you a juvenile at
17 the time of the 1970 arrest?

18 BRENDA WILSON: I think I was 18. I don't
19 remember more than or less than -- around 18. I
20 think I just turned 18.

21 COMMISSIONER ROBINSON: The only arrest you did
22 not disclose on your job application was the 1973
23 arrest?

24 BRENDA WILSON: Yes.

25 COMMISSIONER ROBINSON: You disclosed the two

1 DUIS?

2 BRENDA WILSON: As far as I have a memory of.

3 ADAM PACKER: I have a copy of that
4 application. There are four arrests listed. The
5 two DUIS and two speeding tickets. The 1970
6 offense and the 1973 offense are not listed.

7 COMMISSIONER ROBINSON: And the 1970 offense
8 was in Marion County, Indiana?

9 BRENDA WILSON: Yes.

10 COMMISSIONER ROBINSON: What is your
11 explanation for not reporting it?

12 BRENDA WILSON: For not reporting it?

13 COMMISSIONER ROBINSON: Yes, the 1970 and
14 1973.

15 BRENDA WILSON: I actually did not remember.
16 And to be honest, I didn't want to remember most of
17 it.

18 COMMISSIONER VOWELS: How did you remember?
19 Did somebody bring it to your attention?

20 BRENDA WILSON: The commission notified me that
21 it was there. And they wanted me to provide proof
22 of the outcome.

23 COMMISSIONER VOWELS: Did you do that?

24 BRENDA WILSON: I did that in January.

25 COMMISSIONER VOWELS: You were actually able to

1 get documentation of that and forward that?

2 BRENDA WILSON: I did.

3 COMMISSIONER VOWELS: Okay.

4 CHAIRMAN CALLOWAY: Okay, Ms. Wilson. We
5 appreciate you coming up and having the nerve to do
6 that. Quite honestly, I think there are a lot of
7 people that are probably going to be in your
8 situation as we look at the penal system today. We
9 have a significant percentage of elements of our
10 population who is serving time, who is going to be
11 getting out and wanting jobs, and not be able to
12 get jobs because of their situation.

13 However, I have been informed by our counsel
14 that all we can do today is listen to your program.
15 It's on the record here. And lawyers will direct
16 this particular thing from here on in. We have no
17 other choice but to accept their recommendation
18 based on the law.

19 BRENDA WILSON: Okay.

20 CHAIRMAN CALLOWAY: And I really hate to use
21 that word, "based on the law," because I'm from
22 Mississippi and that's how they used to do us.
23 But the law says you can't do this. But we
24 appreciate you, and wish you a lot of luck. And
25 God is going to bless you.

1 COMMISSIONER VOWELS: What's the time frame on
2 when she can --

3 COMMISSIONER ROBINSON: Mr. Chairman, I have a
4 question, sir.

5 CHAIRMAN CALLOWAY: Okay.

6 COMMISSIONER ROBINSON: The order I have in
7 front of me says deny or approve. So we do or we
8 do not have the option?

9 GENERAL COUNSEL SICUSO: What we are advising
10 you is that you can certainly deny the order. What
11 we're saying is that we think that's contrary to
12 the law. We think you would be violating the law
13 by denying. That is your legal staff's advice.
14 But you are free to do as you please.

15 COMMISSIONER ROBINSON: That's why we make the
16 big bucks.

17 GENERAL COUNSEL SICUSO: That's why it's
18 written that way.

19 COMMISSIONER VOWELS: Let's say we get involved
20 in this recommendation and approve her license.

21 ADAM PACKER: Well, it would be a
22 reinstatement, but yes.

23 COMMISSIONER VOWELS: What person will come
24 before us and cause a problem?

25 EXECUTIVE DIRECTOR YELTON: I will. If the

1 commission is going to instruct our legal staff
2 that they are going to ignore the law, that's very
3 clear then that puts us in a very precarious
4 situation to come before this commission in the
5 future to try and enforce the laws of the State of
6 Indiana as it applies to gaming. I'm as
7 sympathetic with Ms. Wilson as the Chair and
8 everyone else is, but legal staff has made it very
9 clear that legally we see no option whatsoever here
10 for you to act. Like Phil said, you can certainly
11 ignore the law but that certainly puts us in a very
12 difficult situation in the future to make
13 recommendations to this commission.

14 COMMISSIONER BARRETT: I have a related
15 commented to the director's comment. As I listened
16 to Ms. Wilson and staff, the arrests that were
17 disclosed were misdemeanors and DUI arrests. The
18 arrests that were not disclosed were crimes of
19 dishonesty. And crimes of dishonesty are the
20 crimes that go to the heart of whether somebody is
21 fit to work in a regulated industry. And that
22 stands out very starkly in my opinion.

23 COMMISSIONER VOWELS: Well, the judge can
24 correct me if I'm wrong on this. But if we were in
25 a jury trial and your witness had a prior

1 conviction in 1973, it would not be admissible
2 because of the distance in time.

3 COMMISSIONER BARRETT: That's true.

4 EXECUTIVE DIRECTOR: That's correct.

5 COMMISSIONER BARRETT: But the failure to
6 disclose is branded.

7 BRENDA WILSON: Well, I was put on probation
8 for failure to disclose. And that's where I
9 thought the case stood.

10 EXECUTIVE DIRECTOR YELTON: I don't think the
11 issue here necessarily is her failure to disclose.
12 It's the type of crime for which she was convicted.

13 ADAM PACKER: Operation of the statute relating
14 to a crime.

15 CHAIRMAN CALLOWAY: So the Administrative Law
16 Judge has to follow the law, too, doesn't he?

17 GENERAL COUNSEL SICUSO: That's what we would
18 argue. Your legal staff -- what we are faced with
19 is that the legislature has decided to say
20 something about who can work in this industry. We
21 feel we are obligated to follow that until the
22 legislature changes their mind.

23 CHAIRMAN CALLOWAY: Thank you, Ms. Wilson. We
24 will move on.

25 COMMISSIONER VOWELS: I guess we need a motion.

1 COMMISSIONER BARRETT: I move to accept the
2 recommendation.

3 COMMISSIONER ROBINSON: I second it.

4 CHAIRMAN CALLOWAY: It's been moved and
5 seconded to accept the staff's recommendation
6 regarding this issue. All of those in favor, let
7 me know by the vote of a sign of aye.

8 (COMMISSION MEMBERS VOTED AYE)

9 CHAIRMAN CALLOWAY: Those opposed?

10 (NONE)

11 CHAIRMAN CALLOWAY: Thank you.

12 Supplier license matters, Andrew Klinger.

13 ANDREW KLINGER: Thank you, Commissioner. Good
14 afternoon, Commissioners. Hopefully, what I have
15 for you today won't be gut wrenching.

16 The first item on your agenda under supplier
17 license matters is order 2006-45, renewal of
18 suppliers' licenses. Licenses held by Giesecke &
19 Devrient America, Konami Gaming, NRT Technology,
20 ServiceMaster by Wallace, Shuffle Master and
21 Cummins-Allison Corporation. These companies have
22 requested renewal licensure and are currently in
23 compliance with Indiana Code 4-33 68 of the Indiana
24 Administrative Code. All of these suppliers have
25 submitted their renewal fee with the exception of

1 ServiceMaster by Wallace. I'm not sure exactly
2 what has happened here, but they have not submitted
3 a fee. My staff has been in communication with
4 them today and they are attempting to wire that
5 amount to our office right now. Unfortunately, at
6 this point, I do not have confirmation that that
7 has come through.

8 So my recommendation at this point would be
9 that the commission adopt the order with the
10 condition in reference to ServiceMaster by Wallace,
11 that that wire transfer actually be submitted and
12 the fee be paid, then the order should stand.

13 CHAIRMAN CALLOWAY: So what's the number for
14 the one you just spoke about? What's the number?

15 ANDREW KLINGER: Order 2006-45.

16 CHAIRMAN CALLOWAY: Any questions for Andrew?

17 COMMISSIONER VOWELS: So your thought is that
18 with approval, that ServiceMaster by Wallace is
19 sort of in a band?

20 ANDREW KLINGER: Yes. We will have to adjust
21 the resolution to add that condition that
22 ServiceMasters fee actually hasn't been paid, but I
23 understand that it is happening right now.

24 Unfortunately, I just don't have the confirmation
25 that the wire transfer has gone through. I

1 understand we may not be able to have confirmation
2 until tomorrow.

3 COMMISSIONER VOWELS: With that in mind, I will
4 move to approve order 2006-45.

5 COMMISSIONER MURPHY: Second.

6 CHAIRMAN CALLOWAY: Move in the second. All
7 those in favor, let it be known by a vote of the
8 sign of aye.

9 (COMMISSION MEMBERS VOTED AYE)

10 CHAIRMAN CALLOWAY: Those opposed?

11 (NONE)

12 ANDREW KLINGER: The next item regarding
13 suppliers is order 2006-46, which relates to a
14 regulatory violation committed by license supplier
15 Certegy Transactions Services, which is now
16 Fidelity National Information Services. Fidelity
17 and commission staff have agreed to a settlement in
18 this matter, a disciplinary action. Certegy
19 acquired the original supplier license holder,
20 which is gain cash financial, and sought four new
21 officers in this company. Certegy failed to notify
22 the commission or submit an application for
23 transfer to the commission within the 45 days of
24 the acquisition, as required in Title 68 of the
25 Administrative Code. Commission staff considers

1 this violation to be great. Essentially, we were
2 not aware of who owned this license for a period of
3 time.

4 However, Certegy has demonstrated some
5 rehabilitation. Certegy has -- once they were
6 aware of the violation they promptly did submit and
7 transferred application. They also have since
8 established a provision of compliance and licensing
9 with an individual who is essentially tasked with
10 the job of maintaining compliance. And since this
11 original transaction, the subsequent transaction
12 between Certegy and Fidelity has taken place and
13 they did timely submit an application for transfer
14 in that situation. So staff entered into an
15 agreement with the current license holder,
16 Fidelity, to settle this matter for \$15,000. The
17 staff recommends that the commission approve the
18 settlement agreement.

19 CHAIRMAN CALLOWAY: Certegy disciplinary
20 action.

21 COMMISSIONER VOWELS: So this company bought
22 this company, they sent a letter to the commission
23 staff saying, "What do we do to maintain the
24 license?" And then they get a terrible letter
25 back?

1 ANDREW KLINGER: About four or five months
2 after the transaction was completed, they sent a
3 letter to us saying, "Oh, by the way, this
4 transaction occurred, we have changed some of the
5 officers, and so how do we stay in compliance now?"
6 We sent them a letter indicating they were in
7 violation, they needed to submit a transfer
8 application, which they did do so fairly promptly.

9 COMMISSIONER VOWELS: Okay. That would be a
10 scary letter to get back.

11 COMMISSIONER MURPHY: What type of service does
12 this company provide?

13 ANDREW KLINGER: Check cashing.

14 COMMISSIONER BARRETT: Is there a settlement
15 agreement?

16 ANDREW KLINGER: A settlement agreement has
17 been entered into between Fidelity and it only
18 requires commission approval at this point.

19 COMMISSIONER BARRETT: Have they signed it?

20 ANDREW KLINGER: No. That would not occur
21 until it's been approved by the commission.

22 EXECUTIVE DIRECTOR YELTON: It may not be in
23 your packet because this was just very recently
24 concluded.

25 ANDREW KLINGER: Yes. It occurred yesterday.

1 We have a faxed copy of it, but I don't think it's
2 in your packets.

3 COMMISSIONER VOWELS: Do we have an order
4 2006-46 physically in the room anywhere?

5 ANDREW KLINGER: It's not in the packet but
6 should be -- we should have the order here. The
7 order simply states that the commission approves
8 the terms of the settlement, which are as I've
9 explained. They essentially admit to the
10 violation, agree to pay \$15,000.

11 CHAIRMAN CALLOWAY: Any further questions? If
12 not, entertain a motion to accept or reject the
13 staff's recommendation.

14 COMMISSIONER MURPHY: I so move.

15 COMMISSIONER VOWELS: Second.

16 CHAIRMAN CALLOWAY: Move in second that we
17 accept the staff recommendation regarding order
18 2006-46. Continue.

19 ANDREW KLINGER: We will handle the next two
20 issues together.

21 CHAIRMAN CALLOWAY: Oh. All in favor, let me
22 know by a vote of a sign of aye.

23 (COMMISSION MEMBERS VOTED AYE)

24 CHAIRMAN CALLOWAY: Those opposed?

25 (NONE)

1 ANDREW KLINGER: Hopefully, we will save time
2 by dealing with the next two issues together;
3 orders 2006-47 and 48.

4 As you may recall from past meetings, there
5 were some outstanding regulatory issues relating to
6 two suppliers, Chipco and Vendingdata. When we
7 last met, the commission further extended the
8 licenses of these two suppliers until this meeting.
9 So the staff has looked into outstanding regulatory
10 issues in other jurisdictions. The investigation
11 of these issues was turned over to our new
12 background and financial investigations unit. The
13 staff in the investigations unit determined that
14 both of these suppliers are actually due for a full
15 three-year -- every three years they are due for a
16 full investigation of the licensee. These are due
17 for investigation at this time. They have
18 recommended that we incorporate investigation by
19 these outstanding regulatory issues into a full and
20 complete investigation.

21 So at this time the staff actually recommends
22 that the commission adopt both orders, which would
23 renew their licenses up to the completion of this
24 year and bring them back up to their normal
25 licensing date, while we would pursue a full

1 investigation of both companies. I will mention
2 that our investigation at this point has not
3 revealed anything that would require immediate
4 action in either case. We would like to continue
5 investigation of these and any other outstanding
6 regulatory issues in other jurisdictions as part of
7 our complete, full investigation.

8 COMMISSIONER VOWELS: This situation with
9 Vendingdata, just the timing of all of this, they
10 had a hearing in front of the Louisiana Gaming
11 Control Board on September 13, 2005, right after
12 Katrina?

13 ANDREW KLINGER: Yes. The hearing was actually
14 delayed because of the hurricane. They actually
15 entered into a settlement agreement with the
16 Indiana Gaming Control Board. It was maybe in
17 February or March. I believe it was right before
18 the last commission meeting and we had not had time
19 to process that information at that time. I think
20 our review of that settlement, at this point, did
21 not raise any immediate concerns that would require
22 immediate action. However, I believe there are
23 still some outstanding regulatory concerns that we
24 want to look at as part of a full investigation.

25 COMMISSIONER VOWELS: And Chipco was something

1 I remember -- Michelle, was that the one where
2 Former Commissioner Newman was asking questions
3 about Chipco?

4 ANDREW KLINGER: Yes. Chipco had issues, I
5 think, with several different jurisdictions. We
6 were able, to our satisfaction, resolve all of
7 those issues. The one that was outstanding at the
8 last meeting was with British Columbia. We
9 resolved that to our satisfaction. No immediate
10 action needs to be taken, but we can still consider
11 those issues in the context of a full investigation
12 into that company.

13 COMMISSIONER VOWELS: So essentially what you
14 are asking for is that these licenses be extended
15 or renewed until a certain date this fall so you
16 can complete the investigation, and then a
17 three-year investigation that will come up anyway;
18 right?

19 ANDREW KLINGER: Correct.

20 COMMISSIONER VOWELS: I don't have anything
21 further.

22 CHAIRMAN CALLOWAY: Any other questions? If
23 not, we will entertain a motion to accept the staff
24 recommendation for order 2006-47 and order 2006-48.

25 COMMISSIONER VOWELS: I will move to approve.

1 COMMISSIONER BARRETT: Second.

2 CHAIRMAN CALLOWAY: Move in second. All of
3 those in favor, let me know by the vote of the sign
4 of aye.

5 (COMMISSION MEMBERS VOTED AYE)

6 CHAIRMAN CALLOWAY: Those opposed?

7 (NONE)

8 CHAIRMAN CALLOWAY: Thank you, Andrew.

9 Chris Gray. Riverboat owner's matters,
10 disciplinary action.

11 CHRISTINA GRAY: Good afternoon,
12 Commissioners. You have before you six settlement
13 agreements that the staff and casinos have worked
14 on together to come to an agreement. The first
15 settlement is with Argosy Casino, order number
16 2006-49, where the casino violated the voluntary
17 exclusion program by allowing participants to
18 receive and redeem two game cash checks. Argosy
19 has agreed to pay a fine of \$11,000. The
20 commission staff recommends that you approve the
21 settlement agreement.

22 CHAIRMAN CALLOWAY: You heard the
23 recommendation regarding Argosy order 2006-49, are
24 there any questions?

25 COMMISSIONER BARRETT: Was that in the packet?

1 EXECUTIVE DIRECTOR YELTON: Under tab 8.

2 COMMISSIONER VOWELS: On the fourth page. I
3 will move to approve the settlement agreement.

4 COMMISSIONER MURPHY: Second.

5 CHAIRMAN CALLOWAY: Move in second. All in
6 favor, let it be known by a vote of a sign of aye.

7 (COMMISSION MEMBERS VOTED AYE)

8 CHAIRMAN CALLOWAY: Those opposed?

9 (NONE)

10 CHRISTINA GRAY: The second order number,
11 2006-50, is a settlement agreement with Aztar that
12 involves seven counts. The first count is about a
13 poker podium, where a drawer containing chips and
14 currency were kept insecure. During the program
15 audit and follow-up on it, it was noted several
16 times that the door was still being left unsecured.
17 In addition to not securing the funds, it was also
18 noted that extra chips were kept in the drawer and
19 used to force balance any variances in the poker
20 room imprest funds.

21 In the second count, a minor was allowed to
22 board the riverboat.

23 The third count violated the rule requiring all
24 persons boarding on a tax-free pass must have an
25 appropriate badge. On three different occasions,

1 patrons were allowed to board the casino by going
2 through the crew member turnstiles. All three
3 occurred while the casino was closed to the public.

4 The fourth count violates the rule requiring
5 the casino to notify the commission agent
6 immediately if the denomination of chip float
7 becomes negative. There were at least seven times
8 from May of 2005 to January of 2006 where the chip
9 float was negative and the local agents were not
10 notified.

11 The fifth count involves the licensing of
12 employees. The riverboat allowed an occupational
13 licensee to work with an expired badge on five
14 occasions.

15 The sixth count involves the violation of
16 securing the drop bucket compartments on a slot
17 machine. It was discovered that a drop bucket
18 compartment was left unlocked after it was dropped
19 two days prior.

20 The final count violates the rule that
21 requires a dedicated camera monitoring the area
22 where the cards were stored. A table game
23 assistant shift manager called surveillance to
24 request extra coverage of a pit podium. When asked
25 why, the assistant shift manager said he wanted to

1 leave the podium unlocked to allow the floor
2 supervisor access to remove decks of cards without
3 having to contact him. During their investigation,
4 the commission agents did not find that the podium
5 was left unlocked, but did discover there was no
6 dedicated camera on the podium.

7 Aztar has agreed to a total fine of \$30,000 and
8 the commission staff recommends an approval of this
9 settlement agreement.

10 CHAIRMAN CALLOWAY: Thank you. You have heard
11 the report on Aztar order 2006-50. Are there any
12 questions? This total fine is \$30,000?

13 CHRISTINA GRAY: Yes.

14 CHAIRMAN CALLOWAY: Okay. No questions. The
15 Chair would obtain a motion to accept staff
16 recommendation.

17 COMMISSIONER VOWELS: I will move to accept.

18 COMMISSIONER MURPHY: Second.

19 CHAIRMAN CALLOWAY: Move in second. All in
20 favor, let it be known by a vote of a sign of aye.

21 (COMMISSION MEMBERS VOTED AYE)

22 CHAIRMAN CALLOWAY: Those opposed?

23 (NONE)

24 CHRISTINA GRAY: Order number 2006-51 is a
25 settlement agreement with Belterra involving two

1 minors who were allowed to board the riverboat.
2 Belterra has agreed to a fine of \$13,500, as they
3 have had several incidents in the past six months.
4 The commission staff recommends the approval of the
5 settlement agreement.

6 CHAIRMAN CALLOWAY: You have the recommendation
7 of staff regarding Belterra, order 2006-51. Are
8 there any questions?

9 COMMISSIONER FESKO: Move to accept staff
10 recommendation.

11 COMMISSIONER VOWELS: Second.

12 CHAIRMAN CALLOWAY: Move in second to accept
13 the staff recommendation regarding order number
14 2006-51. All in favor, let it be known by a vote
15 of a sign of aye.

16 (COMMISSION MEMBERS VOTED AYE)

17 CHAIRMAN CALLOWAY: Those opposed?

18 (NONE)

19 CHRISTINA GRAY: Next is a settlement agreement
20 with Resorts Casino, order 2006-52, involves an
21 occupational licensed employee. There were five
22 employees who were identified working with expired
23 badges. Resorts have agreed to a fine of \$7,500.
24 The commission staff recommends that the settlement
25 agreement be approved.

1 CHAIRMAN CALLOWAY: Recommendation of the staff
2 regarding Resorts, order 2006-52. Are there
3 questions? If not, the Chair will entertain a
4 motion to accept staff's recommendation.

5 COMMISSIONER ROBINSON: Move to accept.

6 COMMISSIONER VOWELS: Second.

7 CHAIRMAN CALLOWAY: It's been moved in second.
8 All those in favor, let me know by a vote of sign
9 of aye.

10 (COMMISSION MEMBERS VOTED AYE)

11 CHAIRMAN CALLOWAY: Those opposed?

12 (NONE)

13 CHRISTINA GRAY: Order 2006-53 is a settlement
14 agreement with Caesars Indiana that includes two
15 counts. The first count violated regulations
16 receiving approval before revising associated
17 equipment, approval of patron counting equipment
18 and notifying the commission agent immediately if
19 the primary patron counting system malfunctions.

20 In August of 2005, Caesars upgraded the
21 turnstiles without written approval from the gaming
22 commission. And while they were replacing the
23 turnstiles, they lost the function of them, causing
24 a problem with the counting of patrons. The
25 security personnel began uses clickers to count the

1 patrons.

2 In the second count, a minor attending a
3 private party was allowed to board the riverboat.

4 Caesars has agreed to a total fine of \$16,500.
5 The commission staff recommends the settlement
6 agreement be approved.

7 CHAIRMAN CALLOWAY: Okay. You've heard the
8 recommendation of the staff regarding Caesars in
9 the settlement order 2006-53. Are there any
10 questions? If not, the Chair will entertain a
11 motion to accept the staff recommendation.

12 COMMISSIONER ROBINSON: Move to approve.

13 COMMISSIONER MURPHY: Second.

14 CHAIRMAN CALLOWAY: Move in the second. All
15 those in favor, let it be known by a vote of a sign
16 of aye.

17 (COMMISSION MEMBERS VOTED AYE)

18 CHAIRMAN CALLOWAY: Those opposed?

19 (NONE)

20 CHRISTINA GRAY: Finally, order number 2006-54,
21 a settlement agreement of Grand Victoria involving
22 five counts.

23 Count I is a violation of maintaining a chip
24 and token redemption log by nongaming employees.

25 Count II violated the collection of bill

1 validator boxes when an employee missed a box
2 during the drop process.

3 Count III violated an internal control
4 requiring positive and current identification from
5 a patron. Grand Victoria had a patron that
6 presented an expired driver's license when claiming
7 a jackpot. A slot shift manager ordered the
8 supervisor to change the date of a patron in the
9 computer system so that it was current.

10 Count IV violated accurately reporting
11 inventory at the end of each shift, recording all
12 overages and shortages. It also violated internal
13 controls and standard operating procedures. An
14 internal investigation by Grand Victoria discovered
15 that cage personnel were in the habit of correcting
16 wash variances by moving cash.

17 The final count, Count V, violated the
18 sensitive key regulations wherein a slot attendant
19 took home sensitive keys.

20 Grand Victoria has agreed to a total fine of
21 \$24,500. The commission staff recommends that the
22 settlement agreement be approved.

23 CHAIRMAN CALLOWAY: You heard the staff
24 recommendation regarding order 2006-54 regarding
25 Grand Victoria. Are there any questions?

1 COMMISSIONER MURPHY: Make a motion to accept
2 the staff recommendation.

3 COMMISSIONER ROBINSON: Second.

4 CHAIRMAN CALLOWAY: Move in the second to
5 accept the staff recommendation regarding order
6 2006-54. All those in favor, let it be known by a
7 vote of a sign of aye.

8 (COMMISSION MEMBERS VOTED AYE)

9 CHAIRMAN CALLOWAY: Those opposed?

10 (NONE)

11 CHRISTINA GRAY: Thank you.

12 EXECUTIVE YELTON: Members of the Commission, I
13 guess I need to apologize to Edna and Lea, both. I
14 did announce their appointments at our last meeting
15 but I had forgotten that they were both at the
16 table games training program with Superintendent
17 Mahan. And I apologize for not introducing them
18 today, but I will make it up with Lea.

19 Lea Ellingwood is one of our new staff attorneys
20 who came to us from the Department of Toxicology, I
21 believe.

22 LEA ELLINGWOOD: It is a pleasure to appear
23 before you today. In light of the fact that I am
24 the second to last or third to the last person to
25 appear on the agenda, I'm going to try to keep this

1 at or under 90 seconds.

2 CHAIRMAN CALLOWAY: We love you, love you, love
3 you.

4 LEA ELLINGWOOD: So I will talk about orders
5 2006-55 and 56 which deal with the renewal of three
6 riverboat licenses. Horseshoe Hammond and Majestic
7 Star I and II.

8 Horseshoe Hammond license will expire on June
9 19th. The license for Majestic Star I and II
10 expired on June 2nd. However, pursuant to
11 authority granted by the commission previously, the
12 Executive Director temporarily extended those
13 licenses for consideration by you today. All three
14 riverboats are in compliance with the statutes and
15 regulations. All agreed to have paid the \$5,000
16 annual renewal fee. And the staff recommends that
17 the commission renew all three licenses.

18 CHAIRMAN CALLOWAY: Okay. You heard the
19 recommendation from the staff regarding Majestic
20 Star I and II and Horseshoe regarding license
21 renewal. Any questions? If not, the Chair will
22 entertain a motion to accept the staff's
23 recommendation.

24 COMMISSIONER VOWELS: I will move on 55, 56, 57
25 to renew the license.

1 COMMISSIONER ROBINSON: Second.

2 CHAIRMAN CALLOWAY: It's been moved in the
3 second. All those in favor, let it be known by a
4 vote of a sign of aye.

5 (COMMISSION MEMBERS VOTED AYE)

6 CHAIRMAN CALLOWAY: Those opposed?

7 (NONE)

8 CHAIRMAN CALLOWAY: Horseshoe new vessel --

9 EXECUTIVE DIRECTOR YELTON: Thank you,
10 Mr. Chair.

11 As you may recall, several months ago we were
12 contacted by the corporate officials and local
13 officials from Horseshoe indicating that -- an
14 indication they may be looking towards developing a
15 new boat up north. And since we have met, their
16 Board of Directors has approved the project. It
17 has now been announced. So we've invited the
18 representatives from Harrah's to make a
19 presentation to the members of the board of the
20 commission to see their vision and their plan. We
21 are always pleased to have before us one of the
22 presidents of Harrah's, Mr. Anthony SanFilippo.

23 ANTHONY SANFILIPPO: Thank you very much. Good
24 afternoon, Chairman and Members of the Commission,
25 Judge Yelton and members of his staff. We are

1 proud and pleased to be in front of you. We have a
2 number of things that we hope you will find also
3 pleasing and it has to do with the expansion as
4 Executive Director Yelton just described, a Hammond
5 property.

6 If I may just step back a little bit. Two
7 years ago, July 1st, we merged with Horseshoe. And
8 I am very pleased to say that it has been a very
9 nice marriage. We were in front of you two years
10 ago asking for your approval. And one of the
11 things I did when I first met Rick Mazer, the then
12 and now general manager, was talk about expansion
13 plans. And Rick has a vision to expand this
14 facility that was much more modest than we have
15 been able -- we have since been able to have
16 approved by our board of directors.

17 And what was important to us, as we looked at
18 this expansion, was that we added more to the
19 facility than just gaming. And Rick is going to
20 take you through that. You will see we have added
21 a truly -- a world class entertainment venue that
22 seats 2,500 individuals for the theater-style
23 concert, 3,000 for boxing, and about 1,300 for a
24 seated dinner. We are actually partnered with an
25 entertainment firm out of Canada who designs these

1 types of venues all over the world and designed the
2 Caesars Palace Coliseum in Las Vegas, which is
3 considered a world renowned gaming. Now, we
4 purchased Caesars Entertainment last summer and
5 we're the owners of Caesars Indiana and that has
6 allowed us to get access to some other vendors,
7 like this one, to be able to build into this
8 project what we have and what we will show you. We
9 have also put in place a truly world-class buffet.
10 And Rick will show you the space for that. And we
11 have been able to on this vessel put on the very
12 first floor all of our gaming. So from a customer
13 standpoint they can enjoy gaming on one level.

14 We will show you -- in fact, you can see it
15 here, this is the existing site plan. And one of
16 these -- I'm not sure this one here -- I think it's
17 that one there, shows you how the footprint will
18 look once we have completed the facility. So it is
19 taking up much more space than we currently have
20 here. It is even deceiving by looking at the
21 renderings we're going to show you. It is a
22 footprint that takes up a large amount of space and
23 transforms this project. The cost of the project
24 is \$485,000,000, and that is a significant
25 investment for our company.

1 When we were considering this, which we have
2 been doing for the last few years, it was important
3 to us that a couple of things occur. One was the
4 stability of this state with this industry. Our
5 chairman and CEO, Gary Levin, and myself and Rick
6 requested, through Executive Director Yelton a
7 meeting with the governor to be able to sit and
8 talk about the industry and talk about his views on
9 this industry in the state. He was very positive
10 to me. He asked very good questions about the
11 industry and gave us a lot of confidence that it
12 would continue to be run and regulated in a way
13 that would allow us to go to our Board of Directors
14 and ask for \$485,000,000 and do the kind of
15 ambitious project that we have here.

16 Now, that's not the case in every jurisdiction
17 and every state that we operate in, and that is an
18 important factor for us, whether it is here
19 domestically in the United States, or whether it is
20 internationally, that we have a degree of
21 confidence in how the business is going to be
22 administered in the respective state. So we are
23 very pleased, after the discussions with both
24 Judge Yelton, as well as with the governor, to move
25 forward with this investment.

1 I'm also pleased to say today we have employee
2 a little over 2,000 on a -- 2,250 team members at
3 this property. And we believe when it's all said
4 and done that we will have another 500 team members
5 join us because of the project that we're going to
6 present to you. We are expected to have this open
7 in about two years.

8 And because of the size and complexity of this
9 project, it will take us that length of time to be
10 able to construct this project and place this
11 project in service. The way we have been able to
12 work the construction of it, the hulls, which are
13 the major part of this facility, are about --
14 \$60,000,000 worth of this facility are being
15 constructed today in the southern part of the
16 United States. There wasn't in this part of the
17 United States shipyards able to do that. And those
18 will come up towards the end of this year and that
19 will build the majority of this project from the
20 hulls up at the site.

21 We have had a wonderful working partnership
22 with Mayor Mcdermitt from Hammond in being able to
23 go through the process locally that we needed to go
24 through to be able to have this project approved
25 and accepted by not only the mayor but also the

1 city council members. And people in northwest
2 Indiana are very excited about this project coming
3 to Hammond. We will be happy to answer any
4 questions that you might have about the project.

5 We are diligently working to meet goals that
6 would both include minority-owned firms as well as
7 woman-owned firms. I mentioned that \$60,000,000 of
8 what is being built is being built in a place that
9 is highly specialized. And another \$43,000,000 is
10 slot machines for this. So over \$100,000,000 of
11 this project are items that we don't have the
12 ability to go and source it through either women or
13 minority-owned firms in the state, but what is
14 remaining we will work diligently to be
15 all-inclusive as we develop this project.

16 Rick Mazer has been the general manager of this
17 property since day one. It has known no other
18 general manager. They purchased it and turned it
19 in to Horseshoe. We will continue the Horseshoe
20 brand and only strengthen it. And Rick is now
21 going to come up and take you through a series of
22 boards that will give you an idea of the field and
23 property. As I mentioned, we continue to do a
24 detailed design work and, in fact, we will be
25 leaving here to meet with our architects and

1 designers to continue the work. I believe you will
2 get a very very good feel of what we are going to
3 be able to create and put into service in two
4 years.

5 RICK MAZER: Chairman, Commissioners,
6 Executive Director and staff. Thank you very much.
7 I'm pleased to be here for this project. This is
8 something that I have been working on for a very
9 long time. And it is great to finally get it over
10 the finish line or almost. After those comments,
11 I'm just about done. I will quickly walk you
12 through some of these elements. I will have to
13 step away.

14 This is basically what the project will look
15 like. It is in six sections. Three shipyards are
16 being designed. One is actually in Indiana, not too
17 far from you, Commissioner Vowels. I think not too
18 far from LaMar, Indiana.

19 COMMISSIONER VOWELS: I don't know where that
20 is.

21 RICK MAZER: They have two. Each of these
22 sections will be set into the Port of Indiana as
23 our harbor, where they are vertical beams placed
24 that will move inside the marina itself. They will
25 be put together and then the structure will be on

1 top. That will be what the structure pretty much
2 looks like. The box itself is -- this is an idea
3 of the box. The first floor is all gaming. This
4 is the second floor. It's 175,000 square feet of
5 space per level; just under. So altogether there
6 is about 350,000 square feet, over 300,000 is
7 public space. First floor is all gaming. The
8 second floor is really something special. The
9 gaming floor itself, this is a good idea of what
10 the gaming floor will look like, although we
11 continue to work with the details as far as the
12 actual woods we're going to use, the moldings that
13 we're going to use and things like that. Deck to
14 deck is 30 feet. So as we put the treatment in --
15 on down, we will have ceiling heights and some out
16 coves as high as 27 feet. And some areas will be
17 created to be a little smaller in order to create
18 more spaces.

19 I'll give you a general feel of the extremely
20 high level of finishes that we are going to use.
21 These finishes are equivalent, in many areas, to
22 the level of finishes -- the best I could say, it's
23 probably closest to Bellagio in Las Vegas, if you
24 have ever been there.

25 On the casino floor, in addition to just

1 gaming, we will have a couple of other elements.
2 We will have a feature bar that will be situated
3 down there. There will be a couple of them. Here
4 is an example of what our feature bar will look
5 like and continue to work with the exact details.
6 That will be located right on the casino floor.

7 On the second level, we move up, we have a
8 buffet which is a 650-seat buffet. Our existing
9 buffet is, approximately, 280 seats; so the size is
10 dramatically different. This is an idea of what
11 the buffet -- it is consistent with the buffets
12 that we have in Tunica and is consistent with what
13 Horseshoe buffet has always been.

14 One of the things we wanted to make sure of is
15 take advantage of the views. Our view along this
16 parameter -- it looks out on the marina itself.
17 And the skyline of Chicago. So what we have done
18 here is on the second floor, this is all windows,
19 which you can kind of tell in here. All of these
20 windows -- this is literally open to be able to
21 take advantage of the views and skyline of Chicago
22 on the six or seven days you can actually see it.

23 COMMISSIONER: There are a number of question.
24 Are there going to be windows on the main floor?

25 RICK MAZER: This area is a VIP lounge. And

1 that also is on the first level and it sits behind
2 the gaming. That will also have the same exact
3 views. One of the real, real pieces that are just
4 absolutely exquisite. This is a state of the art
5 facility and is our entertainment center. It is a
6 flexible space and it is absolutely an exquisite
7 theater.

8 This is an idea of how it is set up for a
9 regular stage presentation where you have a stage.
10 It has the ability to be reconfigured for a
11 sit-down gala event that will seat up to \$1,400 for
12 dinner. And also has the ability to be broken down
13 into smaller groups and a box configuration can
14 handle up to \$3,000.

15 COMMISSIONER VOWELS: This is something that
16 exists now, what we are seeing?

17 RICK MAZER: It will be built.

18 COMMISSIONER VOWELS: It looks like a
19 photograph.

20 RICH MAZER: Yes, this new computer age is
21 unbelievable.

22 COMMISSIONER VOWELS: I hear it's the thing of
23 the future.

24 RICK MAZER: It will sit here and be on the
25 vessels.

1 COMMISSIONER VOWELS: So that is a computer
2 rendering.

3 COMMISSIONER: Can I make a comment or two or
4 three.

5 First of all, I'm not familiar with this
6 property. I live fairly close to it and I've been
7 there a number of times for a number of charity
8 events hosted by Mr. Mazer. He has been a very
9 good contributor toward our community and his
10 company. They are what we call good neighbors.
11 They invite every charity that I sit on the board
12 or are involved in. They have a presence and they
13 support as many things as they possibly can, so
14 they have been very good neighbors.

15 Rick, I do have a couple of questions. This is
16 not meant to be negative, but I'm sure you have
17 already passed this thought or this thought has
18 come up with the city council and with the mayor.
19 It looks like you are going to be taking out a
20 number of boat slips in the marina to facilitate
21 this?

22 RICK MAZER: Yeah. Actually, in respect to the
23 marina, it will be 27 slips.

24 COMMISSIONER: Is that all?

25 RICK MAZER: That's it.

1 COMMISSIONER: I'm looking at your rendering
2 and it looks like a 100 or so.

3 RICK MAZER: What will happen is these slips
4 come in, but they get filled in back here. There
5 were originally slips back here that we had to take
6 out, but we will be able to fill those back in. So
7 they just get repositioned, so 27 slips.

8 COMMISSIONER: What are you doing with your old
9 gaming facility, old boat, if you want to call it
10 that?

11 RICK MAZER: It's for sale. It's a possibility
12 to get transferred to another license. Another one
13 of our areas that might have a product that is not
14 as nice as this one. It could be sold or could end
15 up at Middle Steel as scrap.

16 ANTHONY SANFLLIPPO: Explain how we're going to
17 build it and move it over.

18 RICK MAZER: What will happen, as we get in
19 here -- the best way to show it, it will get built
20 in slight. As these pieces come in, they will be
21 welded and put together at the building site so
22 there is no disruption to the existing operation.
23 Customers will not even know that this is occurring
24 unless they look. So that's the best part. We can
25 continue with our revenue streams and keep things

1 exactly the way they are until the time we are
2 ready to move this in place. Then as we come in we
3 will put these docks in. There will be some docks
4 left in here and then the rest. And that's
5 mandated as to the distance that is needed.

6 ANTHONY SANFILIPPO: We anticipate about six
7 days it will take.

8 RICK MAZER: Working with staff and hopefully
9 we hope that within a week we can make this
10 transfer smooth.

11 ANTHONY SANFILIPPO: So a few days we are down
12 we are trying to work out -- because of the way
13 this is being built on site, it will -- only what
14 it takes us to move the existing vessels out and
15 move the new one in and do all the hookups with the
16 new vessel.

17 RICK MAZER: All of the pieces will be there on
18 land and it will slide in and be enjoyed.

19 COMMISSIONER VOWELS: Has someone turned the
20 present boat on to make sure the engine still works
21 to be able to move it out?

22 RICK MAZER: They keep excellent care of it.
23 So it's not a problem.

24 EXECUTIVE DIRECTOR YELTON: In reference to
25 that, you may recall that the coast guard declined

1 certification of boats, beginning with the new boat
2 constructed by Argosy. And, again, Horseshoe would
3 be defined as a permanently moored vessel, which
4 they will not certify. As of Monday we got from
5 ADS what they propose to be the final draft of
6 maritime standards and life safety standards, which
7 we have been in discussion with the coast guard
8 about. I'm not convinced it will be the last draft
9 but we are hopeful it will be the next to the last
10 draft.

11 And hopefully, by the next meeting we will have
12 those standards adopted, in place, that will apply
13 to Argosy and Horseshoe and all of the other new
14 vessels that would follow. And, perhaps, apply, if
15 chosen, by the other existing licensees.

16 COMMISSIONER: Nice.

17 COMMISSIONER VOWELS: What is your time frame
18 again?

19 RICK MAZER: Two years.

20 COMMISSIONER VOWELS: \$485,000,000?

21 RICK MAZER: \$485,000,000.

22 COMMISSIONER: What is the start date?

23 RICK MAZER: It has been started. The shipyard
24 has already started the process. First two
25 sections will be up here in February.

1 GENERAL COUNSEL SICUSO: You told us also that
2 the financing for this is covered and complete?

3 RICK MAZER: Yeah, with an existing line of
4 credit that the company already has.

5 GENERAL COUNSEL SICUSO: So they will not be
6 coming before you for additional approval to
7 actually pay for this?

8 DEPUTY DIRECTOR JENNIFER ARNOLD: We are
9 neutral as regulators, but at the same time we are
10 here to promote economic development. And I would
11 just like to thank Harrah's for making this
12 commitment here in Indiana.

13 ANTHONY SANFILIPPO: Thank you very much.

14 COMMISSIONER VOWELS: And you mentioned this
15 earlier and I've read the publications. But one
16 reason that you feel comfortable doing that in
17 Indiana is, it appears, that the gaming legislation
18 up to this point, and what you can see in the
19 future, has been stable and not a moving target;
20 that you don't have to be as concerned here as you
21 have been in other states. You don't have to
22 comment on that so the other states think you are
23 saying anything negative, but that is a plus here.
24 And I hope that is helpful to other gaming
25 companies that operate here in Indiana, that the

1 stability is something that they can rely upon.

2 EXECUTIVE DIRECTOR YELTON: Quite candidly,
3 CEO Gary Lovman last week had an article that
4 actually ended up nationally, where he directly
5 told the State of Illinois the reason they were
6 going to invest money in Indiana and not Illinois
7 is because of the environment of the legislature
8 and this commission. He specifically said that.

9 COMMISSIONER VOWELS: Not only do I hope within
10 the industry it's understood but our legislature
11 too the value of stability.

12 ANTHONY SANFILIPPO: If I may add, we do talk
13 openly about that. And it is as described a lot
14 about economic development for us it's the same.
15 We were materially affected in Mississippi and also
16 Louisiana by Hurricanes Katrina and Rita. And
17 because of federal legislation that came out that
18 has accelerated depression in the first year of
19 anything built new, we are looking at more
20 ambitious plans in Biloxi that we normally wouldn't
21 have looked at.

22 And any type of -- whether it's incentives to
23 encourage us to build -- just like any other
24 business, it's important to us. Because our
25 capital dollars -- we're looking at not only

1 throughout the United States, but also we are
2 developing projects in Spain and the Bahamas and
3 looking at Slovenia and other places. And it's
4 helpful when states are the way Indiana has been,
5 which is a very high tax state, but at least we
6 understand or we can see what the future is or have
7 confidence in the future. It helps us make a
8 decision like this, which is a significant
9 decision.

10 When we went to our board for approval, it
11 really was a little about the project. And most of
12 the discussion was talked to us about the state.
13 Very little about what exactly you are building,
14 but much more about to invest this kind of money we
15 really want to understand your confidence in the
16 state and those that regulate in the state for us
17 to approve this type of investment.

18 COMMISSIONER VOWELS: Are you finding Slovenia
19 more stable than --

20 ANTHONY SANFILIPPO: Still trying to work
21 through that one right now.

22 COMMISSIONER VOWELS: That should send a
23 message around the continental of the United
24 States. I don't have anything else to say.

25 CHAIRMAN CALLOWAY: Anything else? Thank you

1 very much. It looks good.

2 ANTHONY SANFILIPPO: Thank you for the time.

3 CHAIRMAN CALLOWAY: Okay. Our next meeting.

4 EXECUTIVE DIRECTOR YELTON: Mr. Chair and
5 Members of the Commission, our next meeting is
6 tomorrow, June 8th. Bear in mind that we have an
7 executive session beginning on the 9th floor of the
8 National City Bank Building at 9 a.m. The meeting
9 will commence at 1:30 on the 2nd floor of the
10 Hyatt, which I believe is the Regency A and B on
11 the 2nd floor of the Hyatt Regency. We were
12 informed that during this meeting the Attorney
13 General should have his investigative report ready
14 for your examination and it will be back at the
15 office. For those of you who would like to take a
16 glance at it this evening, please feel free to come
17 back to the IGC office and, hopefully, your copies
18 will be available.

19 Our next meeting following that will be
20 September 14th at a place yet to be determined.
21 With that, Mr. Chair, I believe there is no further
22 business today.

23 CHAIRMAN CALLOWAY: Okay. We want to thank
24 everybody. You guys did a really good job. Could
25 I get a motion to adjourn?

1 COMMISSIONER MURPHY: Motion that we adjourn.

2 COMMISSIONER ROBINSON: Second.

3 CHAIRMAN CALLOWAY: Move in second we adjourn.

4 All those in favor, let me know by a vote of a sign
5 of aye.

6 (COMMISSION MEMBERS VOTED AYE)

7 CHAIRMAN CALLOWAY: Those opposed?

8 (NONE)

9 (INDIANA GAMING COMMISSION BOARD MEETING

10 ADJOURNED)

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1 STATE OF INDIANA)

2) SS:

3 COUNTY OF MARION)

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6 I, Robin L. Helton, a Notary Public in and for
7 said county and state, do hereby certify that the
8 Gaming Commission Business Meeting, June 7, 2006,
9 at 1:00 p.m., was taken down in stenograph notes
10 and afterwards reduced to typewriting under my
11 direction, and that the typewritten transcript is a
12 true record of the proceedings held.

13 IN WITNESS WHEREFORE, I have hereunto set my
14 hand and affixed my notarial seal this 20th day of
15 June, 2006.

16
17
18 _____
19 Robin L. Helton, Notary Public,
20 Residing in Marion County, Indiana

21
22
23 My Commission Expires:
24 June 6, 2009
25