

## RESOLUTION 2008-40

### A RESOLUTION ADOPTING AN EMERGENCY RULE REGARDING JUNKETEERS

The Indiana Gaming Commission ("Commission") adopts the following resolution pursuant to the authority granted to it under IC 4-33, IC 4-35, and pursuant to 68 IAC 1-2-6.

The Commission has considered the following factors:

1. Pursuant to IC 4-33-4-3 IC 4-35-4-2, and IC 4-22-2-37.1, the Commission has the authority to adopt emergency rules. The Commission is to commence formal rulemaking procedures after the adoption of the emergency rule regarding junketeers.
2. Current administrative rules require junketeers to hold a supplier's license.
3. Through research and due diligence, the Commission has been made aware that junketeer registration through supplier licensing is cumbersome and prohibitively expensive. The effect is there are currently no junketeers holding a supplier's license.
4. To protect the State's interest in the gaming industry and to increase revenue, there exists an immediate need to attract high net worth patrons to Indiana casinos. The emergency rule attached to this Resolution is intended to address this issue.
5. To realize an immediate and sustained increase in revenue, the attached proposed emergency rule allows for an easier junketeer registration system and modest registration fee while maintaining strict suitability standards that would not compromise the integrity of gaming.
6. Pursuant to IC 4-33-4-3(a)(8), the Commission finds its need for a rule that: (1) creates a registration process for junketeers, an important part of the casino gambling industry; (2) does not subject junketeers to the fee structure of a supplier license; and (3) allows the State and its casinos to realize a sustainable increase in revenue without changing the casino tax structure, to be so immediate and substantial that the rulemaking procedures under IC 4-22-2-24 through IC 4-22-2-36 are inadequate to address the need, but that the attached emergency rule is likely to address these concerns.
7. While the emergency rule is in effect, the Commission will proceed with the formal rulemaking procedures set forth in IC 4-22-2 so that the new rule may be formally adopted before the emergency rule expires.
8. Once adopted by the Commission, Commission staff will follow appropriate procedures to publish the emergency rule. The emergency rule will become effective upon filing with the Legislative Services Agency, and will continue to be effective for ninety (90) days thereafter. If necessary, the Commission will renew the effectiveness of the emergency rule for an additional ninety (90) days pending completion of the formal promulgation process.

**NOW, THEREFORE, BE IT RESOLVED BY THE INDIANA GAMING COMMISSION, THAT THE FOLLOWING RESOLUTION IS ADOPTED:**

**SECTION 1: SCOPE**

This resolution applies to all persons subject to the authority granted to the Commission by the General Assembly in Indiana Code 4-33 and 4-35.

**SECTION 2: DEFINITIONS**

The definitions set forth in IC 4-33-2, IC 4-35 and 68 IAC apply to this resolution.

**SECTION 3: ADOPTION OF THE EMERGENCY RULE**

Pursuant to IC 4-22-2-37.1, the Commission adopts the attached rule as an emergency rule for the initial ninety (90) day period as well as for the optional ninety (90) day extension period. The Commission further adopts any stylistic, grammatical, typographical, or other non-substantive changes that the Commission or the Legislative Services Agency may make to this emergency rule. The Commission shall submit file the adopted rule and submit it for publication with Legislative Services Agency.

**SECTION 4: EFFECTIVE DATE**

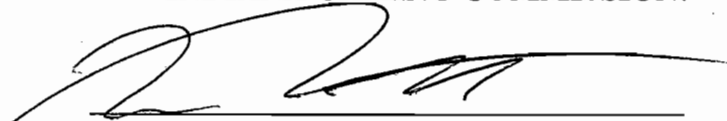
The emergency rule adopted in section 3 of this resolution is to become effective upon filing with the publisher.

**SECTION 5: EXPIRATION DATE**

This resolution expires upon the final expiration of the emergency rule adopted herein.

**ADOPTED, THIS THE 31<sup>st</sup> DAY OF MARCH, 2008.**

**THE INDIANA GAMING COMMISSION:**

  
\_\_\_\_\_  
William W. Barrett, Chair

ATTEST:

  
\_\_\_\_\_  
Tom Swihart, Secretary

**TITLE 68 INDIANA GAMING COMMISSION**

**Emergency Rule**  
LSA Document 08-\_\_\_\_\_(E)

**DIGEST**

Temporarily adds a rule for junketeer registration to 68 IAC 2. Temporarily amends 68 IAC 2-2-1 to strike the reference to junketeer. Authority: IC 4-33-4-3(a)(8). Effective April 1, 2008.

**SECTION 1. (a) THIS SECTION ADDS 68 IAC 2-3.5-1.**

- (b) "Junket Operator" means a person whose compensation is determined by:**
- (1) How much a person either wagers or loses; or**
  - (2) An estimate by the casino licensee or gaming operations manager as to the potential amount a patron will wager or lose.**
- (c) "Junketeer" means an individual who:**
- (1) Is a substantial owner, key person, employee, or agent of a junket operator; and**
  - (2) Conducts business with Indiana casino licensees on behalf of a junket operator.**
- (d) In order to conduct business with an Indiana casino, a junket operator and a junketeer must hold a certificate of registration issued by the commission.**
- (e) Applications for junket operator registration and junketeer registration shall not be considered by the commission unless a casino licensee submits a request to the commission for registration of the junket operator and provides evidence of conducting due diligence regarding the criminal history, character and reputation of the junket operator and any related junketeer(s).**
- (f) A casino licensee shall not enter into a business relationship with or compensate a junket operator until the commission notifies the casino licensee in writing that the junket operator has been granted a certificate of registration.**
- (g) An application for junket operator registration or junketeer registration must be on forms prescribed by the commission. An application for a junket operator registration must include the following:**
- (1) The name, address, and type of organization of the junket operator.**
  - (2) A copy of any proposed agreement between the casino licensee and the junket operator.**
  - (3) A list of persons who own, control or are employed by the junket operator and any information the commission may request regarding those individuals.**
  - (4) A list of any other jurisdiction(s) where the junket operator is licensed, registered, or conducts business.**
  - (5) A statement that the junket operator agrees to be governed and bound by the laws of the State of Indiana and the regulations of the commission.**
  - (6) A non-refundable application fee of two hundred fifty (\$250) dollars to the commission.**
  - (7) A non-refundable fee of seventy five (\$75) dollars for each junketeer who wishes to conduct business with Indiana casino licensees on behalf of the junket operator.**
- (h) The junket operator shall pay an annual registration fee of two hundred fifty (\$250) dollars and an annual registration fee of seventy five (\$75) dollars for each junketeer who conducts business on behalf of the junket operator. Payment must be remitted to the commission no less than thirty (30) days prior to the expiration of the junket operator's registration. Failure to do so may result in denial of a request for registration renewal.**

- (i) A junket operator or junketeer shall not grant the extension of credit on behalf of a casino licensee or collect or attempt to collect a debt owed to a casino licensee.
- (j) A casino licensee shall only remit payment directly to a registered junket operator.
- (k) While present at an Indiana casino, a junketeer shall at all times carry an identification badge issued by the commission and display the badge upon request by an agent of the commission or casino licensee.
- (l) A junket operator shall submit any additional information requested by the commission.
- (m) A casino licensee shall maintain a junket operator log consisting of:
  - (1) The name and registration number of the junket operator;
  - (2) The name and registration number of the junketeer;
  - (3) Date and approximate times the junketeer is present on casino licensee property; and
  - (4) Name of each patron hosted by the junket operator or junketeer.

**SECTION 2. (a) THIS SECTION ADDS 68 IAC 2-3.5-2.**

- (b) Junket operators and junketeers shall at all times conduct themselves in a manner that does not compromise the integrity of gaming in Indiana, tarnish the image and reputation of the State of Indiana, or reflect poorly on an Indiana casino licensee or a registered junket operator. In making this determination, the commission may consider:
  - (1) Criminal records;
  - (2) Suspension of licenses, registration certificates or any other adverse actions in other jurisdictions;
  - (3) Business reputation;
  - (4) Associations with businesses and individuals;
  - (5) Compliance with gaming laws and regulations in Indiana and (or) other jurisdictions; and
  - (6) Any other factors as the commission deems appropriate.
- (c) The commission may require a junket operator to apply for a supplier's license at any time pursuant to 68 IAC 2-3.5-5. The commission shall give written notice to the junket operator and any casino licensee having an agreement with the junket operator on file with the commission that the junket operator must file a supplier's license application. The commission retains jurisdiction to determine the suitability of a junket operator even if the casino licensee terminates its relationship with the junket operator or the junket operator is otherwise no longer functioning as a junket operator.
- (d) A certificate of registration does not create a property right, but is a revocable privilege granted by the state contingent upon continuing suitability for registration. If the commission determines that a registered junket operator or junketeer is no longer suitable, the commission may initiate a proceeding under 68 IAC 13 to revoke, restrict, suspend or not renew the junket operator's or junketeer's certificate of registration or take such other action as the commission deems necessary.
- (e) If the commission finds a registered junket operator or junketeer to be unsuitable, the registration of such registered junket operator or junketeer is thereupon cancelled. A casino licensee shall, upon written notification of a finding of unsuitability, immediately terminate all relationships, direct or indirect, with such junket operator or junketeer. No determination of suitability of a junket operator or junketeer shall preclude a later determination by the commission of unsuitability.

(f) Junketeer operators and junketeers have a continuing duty to notify the commission of any change in information previously submitted to the commission. Written notification must be submitted within ten (10) calendar days of the change or the occurrence of the event.

**SECTION 3. (a) THIS SECTION SUPERCEDES 68 IAC 2-2-1.**

(b) The following definitions apply throughout this rule:

(1) "Applicant" means an applicant for a supplier's license.

(2) "Riverboat license applicant" means an applicant for a riverboat owner's license that has been issued a certificate of suitability under 68 IAC 2-1-5.

(c) An application for a supplier's license shall not be processed by the commission unless the applicant has an agreement or a statement of intent with a riverboat licensee or a riverboat license applicant that the applicant will be supplying the riverboat licensee upon receiving the supplier's license. Nothing in this rule prevents a potential applicant from negotiating, prior to application for licensure, with a riverboat licensee or a riverboat license applicant to supply goods and services to a riverboat licensee once a supplier's license has been obtained.

(d) The following persons or business entities are required to hold a supplier's license:

(1) The gaming operations manager if the manager is a business entity. If the gaming operations manager is an individual, the applicant shall hold an occupational license, Level 1 under 68 IAC 2-3-1. All employees of a gaming operations manager who have any duty, authority, or function relating directly or indirectly to the gaming operation will be required to hold an occupational license in accordance with 68 IAC 2-3-1.

(2) All manufacturers of electronic gaming devices, chips, tokens, cards, dice, roulette wheels, keno balls, keno ball or number selection devices, shuffling devices, and any other equipment that the commission determines directly affects gaming shall be licensed as a supplier. All suppliers of electronic gaming devices, chips, tokens, cards, dice, roulette wheels, keno balls, keno ball or number selection devices, shuffling devices, and any other equipment that the commission determines directly affects gaming shall be manufacturers of said devices.

(3) A supplier of gaming equipment maintenance or repair.

(4) A supplier of security services, security systems, and surveillance systems.

(5) A lessor of a riverboat or dock facilities, or both, unless the lessor of the riverboat or dock facilities, or both, is a county, municipality, or political subdivision.

(6) A supplier of goods or services where payment is calculated on a percentage of a riverboat gambling operation's revenues.

(7) Any other purveyor of goods or services to a riverboat gambling operation the commission deems necessary to ensure compliance with the Act and this title.

(e) The applicant's key persons, substantial owners, and any other persons deemed necessary to allow the commission to ensure the applicant meets the statutory criteria for licensure set forth in the Act and this title must complete and submit a Personal Disclosure Form 1 under 68 IAC 2-3-1.

(f) A supplier licensee shall continue to maintain suitability for licensure. The supplier licensee is subject to action by the commission, including, but not limited to, suspension, revocation, restriction, and nonrenewal under the Act and this title.

**(g) A supplier licensee shall not distribute gaming supplies and equipment that do not conform to the standards for gaming supplies and equipment set forth in the Act and this title.**

**(h) Riverboat licensees shall not purchase goods or services covered by this rule from a person who does not hold a supplier's license issued by the commission.**

**(i) A manufacturer of electronic gaming devices, chips, tokens, cards, dice, roulette wheels, keno balls, keno ball or number selection devices, shuffling devices, or any other equipment that the commission determines directly affects gaming shall not be paid by a riverboat licensee based on a percentage of the revenue received from the use of the gaming equipment or based upon the amount of play or use that the gaming equipment receives.**

**DRAFT**