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INDIANA GAMING COMMISSION

INDIANA GAMING COMMISSION
THIRD QUARTER 2010
BUSINESS MEETING
September 16, 2010

The Indiana Gaming Commission Third Quarter 2010 Business Meeting, taken by Wendi K. Sulkoske, Notary Public, in and for the County of Hendricks, State of Indiana, held in the History Reference Room, Indiana State Library, 315 West Ohio Street, Indianapolis, Indiana, commencing at 1:00 p.m. on September 16, 2010.

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APPEARANCES

On behalf of the Indiana Gaming Commission:

Tim Murphy, Chairman

Ernest Yelton, Executive Director

Tom Swihart, Commissioner

Mary Shy, Commissioner

Robert Morgan, Commissioner

Marc Fine, Commissioner

Jennifer Reske, Deputy Director

Phil Sicuso, General Counsel

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September 16, 2010

CHAIRMAN MURPHY: Good afternoon, everyone and welcome to the third quarter of the Indiana Gaming Commission. The meeting is now called to order.

The first order of business will be to call the roll of commissioners.

Commissioner Swihart?

COMMISSIONER SWIHART: Present.

CHAIRMAN MURPHY: Commissioner Fine?

COMMISSIONER FINE: Present.

CHAIRMAN MURPHY: Commissioner Shy?

COMMISSIONER SHY: Here.

CHAIRMAN MURPHY: Commissioner Morgan?

COMMISSIONER MORGAN: Present.

CHAIRMAN MURPHY: Commissioner Shields?

Commissioner Shields is absent. All other Commissioners are present and we have a quorum.

The first order of business will be to approve the minutes of the last meeting.

Are there any questions, Commissioners?

COMMISSIONER MORGAN: Move to approve.

CHAIRMAN MURPHY: Is there a second?

COMMISSIONER SHY: I will second.

1 CHAIRMAN MURPHY: It has been moved and
2 seconded. All those in favor of approval signify
3 by saying aye.

4 (Commission members indicated aye.)

5 CHAIRMAN MURPHY: Opposed?

6 (No verbal response by Commissioners.)

7 CHAIRMAN MURPHY: The minutes are approved.
8 Next up will be the report of the Executive
9 Director and Executive Director Yelton.

10 EXECUTIVE DIRECTOR YELTON: Thank you,
11 Chairman Murphy and members of the Commission.

12 Our new staffing report will be
13 reintroducing you to many familiar faces. First of
14 all, we have appointed Danielle Leek, Danielle,
15 stand, please, as our Director of Financial
16 Investigations. Danielle has served as our
17 Financial Investigator within the division since
18 2007.

19 Our latest background investigator is
20 Nicholas Moline. Nicholas served as our student
21 and summer intern from the I.U. School of Law last
22 year and he joins us and is probably anxiously
23 awaiting his results from the bar exam.

24 Next is Ericka Plummer. Ericka? There you
25 are. After a stint with Charity Gaming, Ericka has

1 been greeting you as our receptionist since 2009.
2 But she has now been promoted as our VEP
3 coordinator and will be reporting to the members of
4 the Commission after this meeting.

5 We do welcome a newcomer to our fold,
6 Justin Armstrong. Justin? Justin is our new
7 assistant director of the Athletic Division. And
8 he comes to us from the city of Brownsburg where he
9 served in its Parks division. Welcome.

10 Finally, Tropicana has announced the
11 selection of its new general manager, Ward Shaw,
12 who would like to have the opportunity to introduce
13 himself to the Members of the Commission. Ward?

14 MR. SHAW: Executive Director Yelton and
15 Mr. Chairman and members of the Commission, my name
16 is Ward Shaw. I just started at Casino Aztar in
17 Evansville just over two months ago. I'm certainly
18 happy to be here and get started with our property
19 there as part of Tropicana Entertainment.

20 I just wanted to have a chance to introduce
21 myself and let you know that we are certainly
22 looking forward to continuing our success there at
23 Casino Aztar.

24 I have spent my first couple months
25 understanding our business there and helping our

1 customers and employees think about some of the
2 things that we are planning for the upcoming future
3 and certainly reconnecting some of our
4 relationships within the community there as well.
5 So I'm excited to be there. I am happy to answer
6 any questions that you have.

7 COMMISSIONER MORGAN: Good luck.

8 EXECUTIVE DIRECTOR YELTON: Reinvestigation
9 reports for Harrah's, NRT and Gaming Partners
10 International have already previously been provided
11 to all of you. Directors Brown and Leek from the
12 Background Financial Investigation Division are
13 here if you have any questions.

14 So any questions, members of the Commission?

15 (No verbal response by Commissioners.)

16 EXECUTIVE DIRECTOR YELTON: Pursuant to
17 68 IAC 2-3.5, the Gaming Commission issues
18 certificates of registration to junketeer and
19 junket operator applicants who meet the criteria
20 that have been previously established by the
21 Commission, by our rules as well.

22 The certificate of registration may be
23 renewed annually if the junketeer or junket
24 operator submits the appropriate payment not fewer
25 than thirty days prior to the certificate

1 expiration date.

2 Since our last meeting, the Commission has
3 renewed four junketeer certificates of registration
4 and three junket operator certificates of
5 registration. No new certificates have been issued
6 since June.

7 Since the June Commission meeting our staff
8 has added thirty individuals to our Exclusion List
9 which effectively and permanently bars those
10 patrons from entering any casino in the state of
11 Indiana.

12 The following individuals were observed
13 either past-posing or pinching their bets while at
14 Indiana casinos: David Wilson, Alberta Howard,
15 Rolando Almenares-Imbert, Christopher Lovell,
16 Dontay Smith, Victor Cousins, Jr., John Branum, and
17 James Chambers.

18 The following individuals were observed
19 taking illegal possession of TITO, casino chips, or
20 United States currency in excess of \$500 while at
21 an Indiana casino: Aimie Crowder,
22 Anthony Williams, Billy Tidwell, Beverly Ryan,
23 Pamela Wynn, Deborah Moore, Tiffany Kirksey and
24 Cathy Bruggeman.

25 Yue Yun Wu was observed illegally resetting

1 her tiles while paying "Pai Gow Tiles" at Horseshoe
2 Southern Indiana. It is probably a good thing I
3 don't do that, because I don't understand resetting
4 tiles so I would probably be accused of the same
5 thing.

6 Keith Acus made a fraudulent claim for
7 winnings on a slot machine while at Hollywood.

8 Keith Alexander, Bukkiah Chodosh, Laniqua
9 Gaines and Patricia Davis conspired to make
10 fraudulent withdrawals from the casino cage at
11 Horseshoe Hammond.

12 Randi Wagner, a dealer at Majestic Star, was
13 observed taking possession of casino chips while
14 working and passing them to Jason Green who would
15 redeem the chips.

16 Leon Jackson, while employed as a floor
17 supervisor at Grand Victoria, was observed taking
18 illegal possession of casino chips.

19 Kimberly Mondray was observed cashing in
20 high denomination chips and placing the proceeds in
21 Jackson's vehicle while parked at the Grand
22 Victoria garage.

23 Larry Green, Roderick Dee and Daniel Jones
24 were observed at Casino Aztar, Belterra Casino and
25 Grand Victoria manipulating or conspiring to

1 manipulate the bill validator at various slot
2 machines in an attempt to gain extra credits.

3 William Sagester was observed placing
4 magnets in and around different slot machines at
5 Hollywood in an effort to manipulate the machine to
6 gain a greater pay out.

7 All of the individuals in this last group
8 have been criminally charged.

9 So far in 2010 the IGC staff has placed
10 fifty-three partons on the exclusion list which now
11 contains 189 individuals.

12 Finally, on our waiver summary, the Casino
13 Association has granted a waiver to all its members
14 allowing two security officers to complete the
15 process of witnessing, escorting, and signing the
16 appropriate documentation to verify manually paid
17 jackpots.

18 The Association members must submit and
19 receive approval of internal controls describing
20 the procedures that will be followed before
21 implementation.

22 French Lick's request was approved to place
23 dedicated coverage on progressive displays showing
24 incrementation when the display reads a minimum of
25 \$40,000. The revenue audit department will be

1 responsible for daily verification of the
2 incremented amounts.

3 Horseshoe Hammond was granted a waiver
4 allowing the bill validator count process to
5 proceed before the transference of the table drop
6 to the main bank. The waiver also allows the
7 transfer of the table and bill validator drops to
8 the main bank without a security escort due to the
9 direct access to the main bank from an adjoining,
10 interior door.

11 And Mr. Chair, Members of the Commission,
12 that will conclude the Executive Director's report
13 for this meeting. Any questions?

14 (No verbal response by Commissioners.)

15 CHAIRMAN MURPHY: Thank you, Mr. Executive
16 Director. There being no old business, we will
17 move on to patron matters and Angela Bunton.

18 MISS BUNTON: Good afternoon,
19 Commissioners. You have before you twenty-four
20 orders regarding the Voluntary Exclusion Program.
21 Pursuant to the rules of the program, the
22 identities of the Voluntary Exclusion Program
23 participants must remain confidential.

24 Pursuant to 68 IAC 6-3-2(g), a participant
25 in the program agrees that if he or she violates

1 the terms of the program and enters the gaming area
2 of a facility under the jurisdiction of the
3 Commission, they will forfeit any jackpot or thing
4 of value won as a result of a wager.

5 Under Orders 2010-128 through 151, the total
6 sum of \$34,332.46 was forfeited by John Does 69
7 through 92. These winnings were collected at
8 Aztar, Grand Victoria, Hollywood, Hoosier Park,
9 Horseshoe Southern Indiana, Indiana Live and
10 Majestic Star. These winnings were withheld as
11 required by the Commission regulations.

12 Commission staff recommends that you approve
13 the remittance of these winnings for John Does 69
14 through 92.

15 CHAIRMAN MURPHY: Do the Commissioners have
16 any questions for Miss Bunton? If not, is there a
17 motion to approve Orders 2010-128 through 151?

18 COMMISSIONER FINE: So moved.

19 COMMISSIONER SHY: Second.

20 CHAIRMAN MURPHY: It has been moved and
21 seconded. All those in favor say aye.

22 (Commissioners responded aye.)

23 CHAIRMAN MURPHY: Opposed?

24 (No audible response from Commissioners.)

25 CHAIRMAN MURPHY: Orders 2010-128 through

1 151 are approved. Thank you, Ms. Bunton.

2 Patron exclusion matters, Joe Hoage.

3 MR. HOAGE: Thank you, Mr. Chairman,
4 Commissioners.

5 You have before you Order Number 2010-152,
6 which is an appeal of John Doe Number 36's
7 voluntary exclusion remittance. Number 36
8 submitted an application for a five-year voluntary
9 exclusion on July 4, 2007 at the Ameristar Casino
10 in East Chicago, Indiana. On May 19, 2010, 36 was
11 apprehended at the Ameristar with \$5,000 in casino
12 chips. The money was forfeited according to the
13 terms of the VEP agreement. And on July -- June
14 11, 2009, the Commission approved remittance of
15 \$5,000 under Order Number 2010-70.

16 Within the required period of time, John Doe
17 36 submitted a letter of appeal to the Commission.
18 36's main argument was that of the \$5,000 that was
19 in his possession that day, \$1,500 of that was the
20 money obtained not as a result of wagers made, but
21 he or she was holding it for a family member who
22 was with him or her that day.

23 Under the terms of the VEP program, the IGC
24 is only authorized to receive monies that were won
25 or obtained as the result of wagers made.

1 After reviewing 36's written appeal, the
2 case report submitted by IGC agents, and speaking
3 with 36 personally, and in the interest of avoiding
4 a extensive, long and unproductive evidentiary
5 hearing, Commission staff entered into settlement
6 negotiations with Number 36 prior to filing with
7 the Administrative Law Judge. An agreement was
8 made that the IGC would refund \$500 of the \$5,000
9 taken from 36 with the Commission retaining the
10 remaining balance.

11 Number 36 will remain on the VEP list until
12 the natural expiration of that term, and at which
13 time he or she will be required to make a written
14 request to the Commission to be removed from that
15 list and ultimately 36's appeal will be dismissed
16 as a result of the settlement entered into by the
17 parties.

18 With that said, you have before you an order
19 approving the settlement agreement entered into by
20 the Commission staff and 36 and we would ask that
21 you approve that order at this time.

22 CHAIRMAN MURPHY: That is Order 2010-152?

23 MR. HOAGE: Yes, sir.

24 CHAIRMAN MURPHY: Thank you. Do the
25 Commissioners have any questions of Mr. Hoage? If

1 not, is there a motion to approve?

2 COMMISSIONER MORGAN: Motion to approve.

3 COMMISSIONER SWIHART: Second.

4 CHAIRMAN MURPHY: It has been moved and
5 seconded. All those in favor signify by saying
6 aye.

7 (Commissioners indicated aye.)

8 CHAIRMAN MURPHY: Opposed?

9 (No verbal response by Commissioners.)

10 CHAIRMAN MURPHY: Order 2010-152 is
11 approved.

12 MR. HOAGE: Next up would be Order Number
13 2010-153. On March 8, 2009 Kyle Pharms, a patron
14 at the Blue Chip Casino in Michigan City, Indiana
15 was observed taking unauthorized possession of
16 three TITO tickets worth approximately \$1,700 from
17 another patron. Pharms was arrested and charged
18 with one count of theft as a D felony to which he
19 ultimately pled guilty to conversion, an A
20 misdemeanor, and was required to make restitution
21 as part of his probation.

22 On May 28, 2009 the Executive Director took
23 action pursuant to IC 4-33-4-7(a) to exclude Pharms
24 from all gaming facilities in Indiana. Pharms
25 appealed the Executive Director's decision within

1 the appropriate time line and the matter was
2 deferred to an Administrative Law Judge.

3 On May 14, 2010, Commission staff filed a
4 Motion for Default Judgment in the matter as a
5 result of Pharms' failure to attend the telephonic
6 pretrial conference. Pharms requested a hearing on
7 the Commission's motion, which was then set for
8 June 11, 2010, at which time Pharms failed to
9 appear at that hearing as well.

10 On June 23, 2010 the ALJ ultimately granted
11 the Commission's Motion for Default Judgment and
12 issued Findings of Fact and Conclusions of Law with
13 that matter.

14 According to AOSA, if there were no
15 objections to the ALJ's order with Findings of Fact
16 and Recommendation, the Commission is required to
17 affirm and since the Default Judgment was entered
18 in this matter, Pharms is not allowed or eligible
19 to file an objection.

20 So at this time, Commission staff has
21 prepared an order confirming the ALJ's decision
22 which, if you would grant here today, would grant,
23 would affirm the Motion for Default Judgment
24 entered into Kyle Pharms by the Administrative Law
25 Judge.

1 CHAIRMAN MURPHY: Do the Commissioners have
2 any questions of Mr. Hoage regarding 2010-153? If
3 not, is there a motion to approve?

4 COMMISSIONER SHY: Move to approve.

5 COMMISSIONER FINE: Seconded.

6 CHAIRMAN MURPHY: It has been moved and
7 seconded. All those in favor signify by saying
8 aye.

9 (Commissioners responded aye.)

10 CHAIRMAN MURPHY: Opposed?

11 (No verbal response by Commissioners.)

12 CHAIRMAN MURPHY: Order 2010-153 is
13 approved. Thank you, Mr. Hoage.

14 We will move on to license, Occupational
15 License matters.

16 MR. HOAGE: Before you is 2010-154 with
17 regard to a settlement agreement entered into by
18 Commission staff and William Ponsock. Mr. Ponsock
19 is a level two security shift guard at the Grand
20 Victoria Casino. On May 9, 2010 Mr. Ponsock failed
21 to follow Grand Victoria internal controls when he
22 responded to a security request from the casino's
23 cage regarding a patron presenting false
24 identification.

25 According to Grand Victoria internal

1 controls, Section 6.1 provides that all security
2 department personnel will notify Indiana Gaming
3 Commission agents immediately of any violation of
4 IGC rules, regulations, or state statues.

5 Mr. Ponsock failed to contact IGC regarding
6 the investigation, and upon being questioned
7 afterward regarding the conduct during the
8 investigation he made misstatements to the
9 Commission agents regarding his interaction with
10 the patron and his handling of the identification
11 that was presented.

12 Commission staff initiated settlement
13 negotiations with Mr. Ponsock prior to filing
14 disciplinary actions against him. As part of those
15 negotiations, he agreed to a voluntary two day
16 relinquishment of his occupational license. The
17 relinquishment was served as a de facto suspension
18 without the adverse affects that the license
19 suspension would have on his license and it would
20 still allow him to gain an occupational license in
21 Indiana or any other jurisdiction should he leave
22 the employment of Grand Victoria.

23 Accordingly, the Commission staff now has
24 presented to you an order that would approve this
25 resolution which would make Mr. Ponsock have a two

1 day relinquishment of his employment at Grand
2 Victoria. We would ask that you approve that order
3 at this time.

4 CHAIRMAN MURPHY: Do the Commissioners have
5 any questions of Mr. Hoage? Mr. Hoage, I have one.

6 MR. HOAGE: Okay.

7 CHAIRMAN MURPHY: There is a reference in
8 the second paragraph to Mr. Troy. Is that just --

9 MR. HOAGE: Of Mr. Troy? Yeah, I believe
10 that would be a scriber error.

11 EXECUTIVE DIRECTOR YELTON: Or -- yes.

12 CHAIRMAN MURPHY: I just wanted to make
13 sure. Is there a motion to approve?

14 COMMISSIONER MORGAN: Motion to approve.

15 COMMISSIONER SWIHART: Second.

16 CHAIRMAN MURPHY: It has been moved and
17 seconded. All those in favor signify by saying
18 aye.

19 (Commissioners responded aye.)

20 CHAIRMAN MURPHY: Opposed?

21 (No audible response from Commissioners.)

22 CHAIRMAN MURPHY: Order 2010-154 is
23 approved. Thank you, Mr. Hoage.

24 MR. HOAGE: Thank you.

25 CHAIRMAN MURPHY: We will move on to

1 supplier matters and Adam Packer.

2 MR. PACKER: Thank you, Mr. Chairman,
3 Commissioners. Order 155 is regarding
4 Elektroncek d.d. Elektroncek d.d is a supplier
5 licensee that manufacturers multi-station game
6 devices. Elektroncek is co-owned by two parent
7 companies, Elektroncek Group and Aristocrat.
8 Elektroncek Group has proposed acquiring all of
9 Aristocrat's shares in Elektroncek d.d.

10 Ordinarily when an entity seeks to acquire
11 ownership interest in a supplier or casino licensee
12 the entity requesting the acquisition must go
13 through the transfer process. And for companies
14 that are not publically traded, that process is
15 outlined in 68 IAC 5-2.

16 But the Electroncek case is a little bit
17 different than the ordinary transfer acquisition
18 type case because Electroncek Group, the acquiring
19 party, has already been investigated as part of
20 Electroncek's investigation.

21 A little bit of background, Elektroncek
22 applied for licensure in 2007. And as part of that
23 investigation, Commission Investigation staff not
24 only investigated Elektroncek d.d., but also
25 investigated parent companies because they were

1 both substantial owners of Elektroncek d.d.

2 And Electroncek Group, as part of its role
3 as the substantial owner of Elektroncek d.d., has
4 been under an obligation since Elektroncek got its
5 license to maintain suitability, to provide the
6 Commission with updates that would affect its
7 suitability.

8 And so the ordinary motivation for doing a
9 transfer application, transfer investigation, is
10 not present in this case because, unlike an outside
11 entity that is seeking to come in and be licensed,
12 Elektroncek Group has already gone through the
13 process as part of Elektroncek d.d.'s
14 investigation.

15 So with that as background, Elektroncek
16 Group has requested a waiver of the provisions of
17 68 IAC 5-2 that would allow it to go forward with
18 the acquisition of Aristocrat's shares without
19 going through the transfer application and
20 subsequent transfer investigation process.

21 68 IAC 5-2 contains a waiver provision that
22 states that the Commission may waive any provision
23 of the transfer rule if application of that
24 provision would be unnecessary or burdensome and
25 the waiver would be in the best interest of the

1 gaming industry and the public and, as long as the
2 underlying principle of the rule is upheld.

3 The underlying principle of the rule is that
4 a company seeking to get an ownership interest in a
5 licensee must be suitable. Well, Elektroncek Group
6 has already been determined to be suitable. So
7 that issue has already been put to rest. And the
8 burdensome process would be the application
9 process.

10 And since Electroncek is the leading
11 company, with the translation of documents,
12 international travel, et cetera, we have already
13 gone through that with the initial licensure, so it
14 is not necessary in this case.

15 And for those reasons, Commission staff
16 agrees with the petition for waiver and recommends
17 that waiver to you. If the Commission approves the
18 waiver, it will allow this deal to close without
19 any further action being taken by the Indiana
20 regulators.

21 So with all that in mind I prepared an order
22 for you that would waive the provisions of the
23 transfer rule for purposes of this transaction.
24 I'm happy to take any questions.

25 CHAIRMAN MURPHY: Questions of

1 Mr. Packer?

2 COMMISSIONER MORGAN: I have one question.
3 How many occasions have we used this waiver in the
4 past?

5 MR. PACKER: I will lean on the experience
6 of Mr. Brown for that. Do you know?

7 MR. BROWN: Good afternoon. I'm not aware
8 of ever having used this before, especially in this
9 case. That is why we had to kind of work through
10 it a little bit because we had never seen basically
11 a supplier buy itself back.

12 COMMISSIONER MORGAN: That is what I
13 thought. I wanted to ask.

14 CHAIRMAN MURPHY: Any other questions? If
15 not, is there a motion to approve Order 2010-155?

16 COMMISSIONER SWIHART: Move to approve.

17 COMMISSIONER SHY: Second.

18 CHAIRMAN MURPHY: It has been moved and
19 seconded. All those in favor signify by saying
20 aye.

21 (Commissioners indicated aye.)

22 CHAIRMAN MURPHY: Opposed?

23 (No verbal response from Commissioners.)

24 CHAIRMAN MURPHY: Order 2010-155 is
25 approved. Thank you, Mr. Packer.

1 MR. PACKER: Thank you.

2 CHAIRMAN MURPHY: We will move on next to
3 renewals and Sherry Green.

4 MS. GREEN: Good afternoon. You have
5 before you Order 2010-156 concerning the renewal of
6 supplier licenses. Pursuant to Indiana Code 4-33
7 and 68 IAC 2-2, the Commission has previously
8 approved a permanent supplier license for the
9 following six companies: Gaming Partners
10 International, U.S.A., GEMACO, Inc., Global
11 Surveillance Associates, Incorporated, NRT
12 Technology Corporation, PokerTek, Incorporated, and
13 Western Money Systems.

14 A supplier's license is valid for a period
15 of one year. Pursuant to IC 4-33-7-8 and
16 68 IAC 2-2-8, a supplier's license must be renewed
17 annually and payment of \$7,500 for the annual
18 renewal fee must be remitted. Each of these
19 licensees has requested renewal of their licenses
20 and has paid the appropriate renewal fees. The
21 Commission staff recommends that you approve the
22 renewal of the licenses for these six companies.

23 CHAIRMAN MURPHY: Are there any questions
24 of Miss Green? If not, is there a motion to
25 approve Order 2010-156?

1 COMMISSIONER MORGAN: Motion to approve.

2 COMMISSIONER SHY: Second.

3 CHAIRMAN MURPHY: It has been moved and
4 seconded. All those in favor?

5 (Commissioners responded aye.)

6 CHAIRMAN MURPHY: Opposed?

7 (No verbal response by Commissioners.)

8 CHAIRMAN MURPHY: Order 2010-156 is
9 approved. Thank you, Miss Green.

10 MS. GREEN: Thank you.

11 CHAIRMAN MURPHY: Next up will be
12 disciplinary action and Chris Gray.

13 MS. GRAY: Good afternoon, Commissioners.
14 You have before you a settlement agreement with
15 Bally, Order 2010-157, wherein the supplier
16 violated the rule requiring EPROMs to be
17 transported separately from the shipment of the
18 slot machine. Bally has agreed to a monetary
19 settlement of \$5,000 in lieu of disciplinary
20 action. The Commission staff recommends that you
21 approve Order 2010-157.

22 CHAIRMAN MURPHY: Any questions of
23 Miss Gray? If not, is there a motion to approve
24 Order 2010-157?

25 COMMISSIONER MORGAN: Move to approve.

1 COMMISSIONER FINE: Move to second.

2 CHAIRMAN MURPHY: It has been moved and
3 approved. All those in favor signify by saying
4 aye.

5 (Commissioners responded aye.)

6 CHAIRMAN MURPHY: Opposed?

7 (No verbal response by Commissioners.)

8 CHAIRMAN MURPHY: Order 2010-157 is
9 approved. Thank you, Miss Gray.

10 MS. GRAY: Thank you.

11 CHAIRMAN MURPHY: The next item on the
12 agenda is casinos and Phil Sicuso.

13 MR. SICUSO: Thank you, Mr. Chair. The
14 first order up for consideration is 2010-158, which
15 relates to the reclassification of equity in
16 Harrah's Entertainment, Inc. which is the parent
17 company of two licensees, Horseshoe Hammond and
18 Horseshoe Southern Indiana.

19 It is my understanding that Michael Cohen is
20 here from the Harrah's corporate offices and is
21 prepared to address the Commission on that issue if
22 you wish to address that at this time.

23 CHAIRMAN MURPHY: Mr. Cohen, are you in the
24 room? Thank you.

25 MR. COHEN: Mr. Chairman and members of the

1 Commission, Mr. Yelton and Trustees, Mr. Sicuso,
2 thank you for taking time today for the opportunity
3 to address the Commission. I'm Michael Cohen. I
4 am with Harrah's Entertainment in Las Vegas. We
5 are here today to ask for your approval for the
6 reclassification of the equity interest of Harrah's
7 Entertainment. We are asking for the
8 reclassification for a couple reasons.

9 One is to consummate a debt for equity
10 exchange that we have pending. The second is to
11 allow Harrah's to use equity as a financing tool,
12 once again, and for setting Harrah's on a path
13 towards becoming a publically traded company again.

14 The background of Harrah's equity structure
15 was in January 2008 Harrah's was purchased by two
16 large private equity firms, TPG and Apollo. And at
17 that time we put in an equity structure where we
18 had two classes of common stock. One was a voting
19 common stock, which has no economic value, and one
20 is a non-voting common stock for the economic plot.

21 All of the voting stock and the voting
22 control of the company was put in place of a
23 company called Hamlet Holdings, LLC. That entity
24 is comprised of three members of TPG and Apollo
25 that are both, all licensed by the Commission. The

1 non-voting stock is held by TPG, Apollo, their
2 co-investors and management company.

3 When we put this structure in place when the
4 company did not have a publicly-traded equity, we
5 always knew that some day that we would unwind the
6 structure. That is why we are here before you
7 today.

8 As you know, in the last few years there has
9 been quite an economic downturn, as we all know.
10 And Harrah's has undertaken a number of
11 transactions to shore up its balance sheet through
12 these. Through these transactions, we have reduced
13 our debt by over \$4 billion, reduced our annual
14 interest expense by over \$100 million and extended
15 our maturity so that we have no maturing maturity
16 until 2015.

17 In continuation of these balance sheet
18 numbers Harrah's undertook in June a debt for
19 equity exchange where we offer holders of 2015,
20 2016 and 2017 on the secured notes of Harrah's to
21 swap that for equity of the company, and at the
22 same time Harrah's raised \$550 million in cash for
23 the sale of these notes.

24 As a condition to closing of this debt for
25 equity exchange, we are required to reclassify our

1 common stock to have a voting common stock just
2 like Harrah's used to have when it was publically
3 traded and like every other publically traded
4 company.

5 So the specifics of the reclassification is
6 that we are restructuring this common stock. We
7 will eliminate the voting common stock that has no
8 economics. And we will take the non-voting common
9 stock that has the economics and convert it to this
10 new class of voting common stock.

11 That, again, it will look like a voting
12 stock of any publicly-traded company. Hamlet
13 Holdings, which currently controls Harrah's, will
14 have an irrevocable proxy that will regulate its
15 voting and dispositive control over 89 percent of
16 the stock of Harrah's. TPG, Apollo, and their
17 co-investors will sign this proxy. So effective
18 control of Harrah's still lies with the same folks
19 that you have licensed.

20 In conclusion, you know, the, we all have
21 seen the difficult economic environment. Harrah's
22 is trying to shore up its balance sheet and give
23 time for the economy, enough time to recover. The
24 last few years Harrah's has only had one financing
25 source to be able to do that. Through this

1 transaction and this reclassification, we will have
2 the flexibility to raise equity capital going
3 forward as well.

4 Thank you for your consideration on this. I
5 will be happy to answer any questions.

6 CHAIRMAN MURPHY: Mr. Cohen, just to be
7 clear, the only matter before us for consideration
8 today is the reclassification of the equity?

9 MR. COHEN: That is correct.

10 CHAIRMAN MURPHY: That is what you
11 understand?

12 Mr. COHEN: Yes, that's correct.

13 CHAIRMAN MURPHY: Any other questions for
14 Mr. Cohen? If not, is there a motion to approve
15 Order 2010-158?

16 COMMISSIONER MORGAN: Move to approve.

17 COMMISSIONER FINE: Second the motion.

18 CHAIRMAN MURPHY: It has been moved and
19 second. All those in favor signify by saying aye.

20 (Commissioners responded aye.)

21 CHAIRMAN MURPHY: Opposed?

22 (No verbal response by Commissioners.)

23 CHAIRMAN MURPHY: Order 2010-158 is
24 approved. Thank you, Mr. Cohen.

25 MR. COHEN: Thank you.

1 CHAIRMAN MURPHY: Next we will move on to
2 renewals. Mr. Sicuso.

3 MR. SICUSO: Thank you, Mr. Chair. I would
4 like to handled Order 2010-159 to 160 together if
5 you don't mind. 159 is in reference to Blue Chip
6 Casino, LLC and 160 is Grand Victoria Casino and
7 Resort, L.P., both wish to be granted a one-year
8 renewal pursuant to those orders.

9 The staff has confirmed that each of these
10 licensees have requested the renewal in a timely
11 manner and paid the \$5,000 annual renewal fee. The
12 staff's opinion is that both licensees are in
13 substantial compliance with the gaming laws and
14 their licenses should be renewed.

15 So we do recommend you approve Orders
16 2010-159 and 160.

17 CHAIRMAN MURPHY: Any questions of
18 Mr. Sicuso on the two orders? If not, is there a
19 motion to approve Orders 2010-159 and 160?

20 COMMISSIONER SHY: Move to approve.

21 COMMISSIONER FINE: Second.

22 CHAIRMAN MURPHY: It has been moved and
23 second. All those in favor signify by saying aye.
24 (Commissioners responded aye.)

25 CHAIRMAN MURPHY: Opposed?

1 (No audible response from Commissioners.)

2 CHAIRMAN MURPHY: Orders 2010-159 and 160
3 are approved.

4 MR. SICUSO: Mr. Chair, Orders 2010-161 and
5 162 as they are drafted relate to the annual
6 renewals of the Majestic Star Casinos. It is my
7 understanding that -- before I give the staff
8 recommendation, it is my understanding that several
9 individuals from Gary have requested and been
10 granted some time to address the Commission. I
11 think now might be an appropriate time to address
12 that.

13 CHAIRMAN MURPHY: Thank you. I understand
14 the Honorable Mayor Rudy Clay is in the room.
15 Would you like to speak?

16 MAYOR CLAY: First, I would like to thank
17 you for the moment and the opportunity. Certainly
18 I thank the Executive Director, Mr. Yelton. Thank
19 you for the opportunity to speak here. We have
20 actually been trying to resolve this issue over the
21 last couple months because we think resolving it
22 would be better than turning the lights out on
23 Majestic I and turning the lights out on Majestic
24 II. That would impact not only Gary, but the state
25 and county as it relates to funding.

1 I think it is in the best interest to
2 resolve this. We have been working extremely hard
3 to try to do this. And the issue is, of course,
4 that a segregated fund that is sitting there, we
5 are saying that we would like to have the
6 segregated, the money that is in the segregated
7 fund returned to the city. And there is also the
8 issue of property taxes and we are asking Majestic
9 I and II to put that issue on the fast track with
10 the appeals board that is in the county.

11 I don't think they have a problem with that.
12 So, you know, as mayor of the city it is really my
13 job to try to kind of bring this together. So all
14 we are saying to the Gaming Commission here is we
15 would like for you to listen to our attorney and I
16 do not want to take too much of your time here. I
17 would like to have an opportunity to come up with
18 some of the issues. His name is Mike Howell.

19 CHAIRMAN MURPHY: Sure.

20 MAYOR CLAY: Okay. Mike?

21 MR. HOWELL: Thank you, Mayor, Honorable
22 Commission members, Director Yelton and staff.
23 Thank you for the opportunity to address you today.
24 The history of the city of Gary and Majestic
25 Casinos is legend. Most of that history has been

1 very positive.

2 Unfortunately in the last few years there
3 has been a dispute developing out of the local
4 development agreement which has stopped money
5 flowing into the city, which leaves the city as
6 well as all of the municipalities in Indiana
7 financially stressed.

8 The issues revolving around the local
9 development agreements relate to the economic
10 development impact in the community, which is one
11 of the primary statutory concerns of this
12 Commission for licenses and selecting appropriate
13 operators. So these issues are ultimately germane
14 here. We had originally petitioned to be able to
15 bring those issues in front of you.

16 But since that time, we have had requests
17 from a few constituencies here, including even
18 Commission staff to move forward to try to resolve
19 these disputes in good faith negotiations outside.
20 Those negotiations have commenced. They are
21 ongoing. They were ongoing as recently as a few
22 minutes ago.

23 Progress is being made on resolving the
24 disputes between the parties. And these
25 discussions have been undertaken because we desire

1 to resolve them. We believe the casinos desire to
2 resolve them. But more importantly, the casino is
3 in its own process of restructuring its debt
4 operations. And as a result of that, there likely
5 will be a new ownership of the casino coming
6 forward.

7 The city of Gary will have a fresh start in
8 that relationship going forward as much as the
9 Majestic will observe and obtain its own fresh
10 start from its creditors as part of that process.

11 Because of our desire to resolve these
12 issues and bring money to the city as promptly as
13 possible, the city has listened to various
14 constituencies in its negotiations and has
15 determined that today it will not object to
16 licensure of the Majestic, but it does reserve its
17 complaints and objection to raise in any kind of
18 suitability dispute should these negotiations not
19 come to prompt fruition.

20 Because of the nature of these issues, the
21 need for speedy resolution and the likelihood that
22 there is a restructuring in place of going forward
23 that will bring the casino back in front of this
24 Commission, we do agree today not to pursue those
25 objections. We reserve all of our rights based on

1 our understanding that we could bring in front of
2 this Commission a suitability objection should it
3 not be resolved in a timely fashion.

4 Based upon those conditions, we won't take
5 any further of your time today.

6 CHAIRMAN MURPHY: Thank you, Mr. Howell.
7 Thank you, Mr. Mayor.

8 I understand we have had two requests to
9 speak today about the Majestic Star renewal from
10 Mr. Macarthur Drake and Councilman Pratt.

11 MR. PRATT: Members of the Commission.

12 CHAIRMAN MURPHY: Excuse me, are you
13 Mr. Drake?

14 MR. PRATT: I'm Councilman Roy Pratt.

15 CHAIRMAN MURPHY: Mr. Pratt, you have five
16 minutes. Thank you.

17 Mr. PRATT: I would like to have
18 Council Lady Brown brought up because she is here.
19 I will only take three and she will take two, if
20 that is possible?

21 CHAIRMAN MURPHY: That will be fine.

22 MR. PRATT: Mr. Chairman, I got up this
23 morning and read the paper and Mr. Sidel in the
24 Tribune, and I was encouraged when I read that our
25 governor, Governor Mitch Daniels, had said in

1 April, he was quoted that the Majestic Star and
2 Mr. Barden has serious problems.

3 And then I got discouraged when I read down
4 below that some gentleman who represents the
5 casino, and I thought was speaking for the
6 Commission, indicated that our chances of getting
7 what we want from the resolution that we sent to
8 you was slim to none.

9 But I'm going to take the opportunity to say
10 that I think that once you hear the facts from Mr.,
11 from our attorney, and once you analyze what has
12 been sent to you in terms of what has happened, you
13 will agree with us that the citizens of Gary need
14 some help.

15 Let me go through this quickly and say to
16 you that three years ago I was asked by some
17 members of the press, Why are you here? And I
18 responded, I'm here to speak of the resolution that
19 the members of the Gary Town Council sent to this
20 Commission requesting that Mr. Barden not receive
21 the license of Mr. Donald Trump.

22 However, the Commission decided to issue the
23 license to Mr. Barden, although we had pointed out
24 that allowing Mr. Barden two licenses would give
25 him a monopoly in Gary. Further, we had newspaper

1 reports of the Majestic Star having financial
2 problems.

3 In 1988 I introduced the idea of casinos for
4 Gary. It was supposed to be an economic tool to
5 help Gary achieve some financial stability.

6 In 1995 we were awarded with two licenses
7 because we had introduced the idea of the casino,
8 and we were the most economic stressed city in the
9 state.

10 Mr. Barden failed to uphold his original
11 development agreement and he failed to pay his
12 property tax of over \$20 million. Our council
13 resolution is here asking that you do not renew the
14 license and give it to a developer, or developers,
15 and allow the city to negotiate like all of the
16 other cities with casinos in Indiana to select a
17 developer who will actually uphold their
18 development agreement and pay their taxes so that
19 Gary can reap the benefits that casinos were
20 originally intended to provide for the state and
21 the local communities of Indiana.

22 Mr. Barden has completely derailed the drive
23 to improve the economic stability of Gary. He has
24 driven the whole economic development plan into a
25 ditch. So we are here asking that you take the

1 keys away so that we, the citizens of Gary, and the
2 Indiana Gaming Commission can pull this failure, we
3 can put this failure in reverse, get out of the
4 ditch and start anew.

5 Thank you, Mr. Chairman. Thank you. Are
6 there any questions?

7 EXECUTIVE DIRECTOR YELTON: Yes. Excuse
8 me, Councilman Pratt. In light of your opening
9 statements, have you now learned that
10 Mr. Fiegenbaum is not a member of the Commission
11 and he does not speak for the Commission?

12 MR. PRATT: I didn't know. You probably
13 saw the article.

14 EXECUTIVE DIRECTOR YELTON: I did read the
15 article.

16 MR. PRATT: Coming down here it said we had
17 slim to no chance. So, you know, I assure you that
18 Mr., when you hear Attorney Drake you will also
19 know that there are some people who are claiming to
20 have, to speak for this Commission, or to speak for
21 the auditor, the state, Lake County auditor in
22 Lake County and they do not.

23 And you will hear a statement from the
24 auditor theirselves, and not an organization, who
25 says that Mr. Barden has not paid his taxes.

1 EXECUTIVE DIRECTOR YELTON: I just want to
2 make that clear, Councilman.

3 MR. PRATT: I appreciate that.

4 CHAIRMAN MURPHY: Thank you, Mr. Pratt.

5 MS. BROWN: Thank you. Good morning. I
6 thank you for this opportunity to address the
7 Commission. Thank you very much. My name is
8 Mary Brown. I'm a city councilwoman for the city
9 of Gary. I represent the third district. And I
10 just wanted to talk for a few minutes about the
11 kinds of things that had happened to the citizens
12 of our city because of the lack of revenue that we
13 have not received from the boats that we had hoped
14 to be able to receive.

15 As I said, I serve as a district council
16 representative, so consequently, I'm in very close
17 contact with the constituency in our city. As you
18 know, we are at this moment in the city of Gary in
19 distress. We are the only city in the state who
20 has appealed for the discretion of the appeal board
21 because we are in distress. We are in dire need of
22 infrastructure for our city, for demolition because
23 we have so many abandoned buildings in our city.
24 We are not able to provide, on a basis that we
25 perhaps should, basic services for the citizens of

1 the community.

2 We had hoped, we meaning the citizens of the
3 city of Gary, had hoped that monies that came into
4 our city from the casino revenue would certainly
5 give us an opportunity to provide some of these
6 basic services that the citizens of our community
7 are so deserving of.

8 Mr. Barden came before the city council. He
9 said there was funding being placed into an escrow
10 account waiting on some certain things to happen
11 that he said the city had agreed to do. Our
12 concern is that those monies that are supposedly in
13 that escrow account be given to the city so that we
14 can continue to provide those basic services. But
15 based on the fact that we feel that he has treated
16 us so shabbily, we do not feel that he deserves to
17 have his license renewed. Thank you very much.

18 CHAIRMAN MURPHY: Thank you, Mrs. Brown.

19 MR. DRAKE: Good afternoon, Commissioners.
20 I'm attorney Macarthur Drake.

21 CHAIRMAN MURPHY: Mr. Drake, you have five
22 minutes. Thank you.

23 MR. DRAKE: Thank you. Good afternoon,
24 Executive Director Yelton, staff, General Counsel
25 Sicuso. Yesterday evening I sent to the Commission

1 a compilation of documents. I don't know if you
2 each have those. My intention was to try to get
3 those to you.

4 CHAIRMAN MURPHY: We did get those.
5 Mr. Drake, we got those minutes before we came over
6 for the meeting. And we have not had an
7 opportunity to look at them. However, the staff
8 will take a look at those.

9 MR. DRAKE: I think Mr. Yelton indicated
10 that he received a letter which was separate to the
11 Executive Director regarding the question that
12 concerns a number of persons in the Gary area, and
13 certainly the Gary county council, with regard to
14 delinquent taxes and the tax issue that the public
15 record indicates that Mr. Barden is involved in.

16 And I will just, if I could, I will briefly
17 indicate that the documents that we sent to the
18 Commission and ask that they be included, includes
19 the Resolution Number 2931, which is the expression
20 of the overwhelming majority of the county council
21 for the Commission not to renew the license of the
22 Majestic Star for Mr. Barden.

23 We also attached, well, we ask the
24 Commission to take administrative note of the
25 initial, the developers were two parties at that

1 time, Harvey Barden and Donald Trump, and we have
2 attached two certificates of suitability for each
3 of the original developers and we want to make
4 reference to the bankruptcy court's order in the
5 Delaware District Court that was involving the
6 bankruptcy appeal, the petition of Majestic Star,
7 and, in particular, the reference to amazing is not
8 an attempt at disrespect during the bankruptcy, but
9 there is an order that was requested by Majestic
10 Star to pay the taxes, the local and state local
11 taxes and user's fees while the matter is pending
12 which sounded like the proper thing to do.

13 However, that has not been forthcoming for
14 the city of Gary since there has been a withholding
15 of the seven percent, well, three percent from
16 Majestic I, and four percent of the annual gross,
17 adjusted gross revenue from Majestic II for some
18 two years from the city.

19 That is what the councilpersons who has
20 spoken to you are referring to when they discuss
21 the financial burden that that withholding has
22 caused and it continues to cause while the ongoing
23 concern in the city's limits continues to be
24 profitable and dollars are made there every day.
25 Nothing is coming by way of that forum to the city

1 of Gary.

2 We understand it is coming in through the
3 state through the state's division of the head tax
4 and those kinds of things, but certainly that the
5 three and seven percent, which were part of the
6 bargain and it remains part of the bargain, an
7 obligation the Majestic Star has has not been
8 forthcoming.

9 We think the suitability of the developer at
10 this point is in serious question. And we also
11 want to note that the property tax problem that the
12 Majestic has is the problem that affects all of the
13 property taxpayers in the city of Gary and
14 certainly in Lake County, Indiana. I'm sure it
15 would all over the state.

16 The documents that we have attached to our
17 compilation includes a letter from the auditor of
18 Lake County. It indicates that as of September 15,
19 2010 Majestic's delinquent taxes are \$13.2 million.
20 In fact, \$13,223,096.10. That is only the parcels.
21 Those parcels are described in the document
22 compilation that we submitted to you based on the
23 record. Those are not necessarily all of the
24 parcels. But on those parcels, some \$13.2 million
25 is delinquent.

1 And the city, based on the information we
2 get, the city of Gary is roughly forty-three
3 percent of that. And when you combine that with
4 the fact that the three and four percentiles are
5 not being paid, you can, we hope, get an idea of
6 the financial devastation that the city of Gary is
7 undergoing.

8 And, simply put, the city needs to change
9 and is requesting that this Commission uses its
10 powers set out in the statute to put the --

11 CHAIRMAN MURPHY: Mr. Drake, you have gone
12 over your time limit. I would appreciate it if you
13 would wrap up it.

14 MR. DRAKE: Certainly. We request the
15 Commission will have a chance to read it. We
16 certainly hope that the Commission considers the
17 circumstances of the city when it is making this
18 decision and will tell us by way of its rationale
19 why it decided the way it did regarding this
20 renewal. Thank you.

21 CHAIRMAN MURPHY: Thank you, Mr. Drake. Is
22 there anyone for Majestic Star that wishes to
23 respond to the, Mr. Drake and Mr. Pratt and the
24 Mayor?

25 MR. RUSTHOVEN: Thank you, Chairman and

1 Commissioners. I'm Peter Rusthoven.

2 CHAIRMAN MURPHY: Mr. Rusthoven, if I may,
3 we will, since we allowed ten minutes for the
4 combination of the other speakers, we would like to
5 give you ten minutes.

6 MR. RUSTHOVEN: I have the honor to be
7 counsel for Majestic Star. A couple quick things
8 with respect to negotiations. I agree with my
9 colleague, Mike Howell, that the negotiations are
10 proceeding. They are proceeding in good faith. We
11 are hopeful of resolving all of the issues in a
12 prompt fashion.

13 If I may, I also would like to specifically
14 thank Mayor Clay for his leadership on this. He is
15 a very tough negotiator, but an honorable one and
16 he is working very hard to get this resolved for
17 the citizens he represents. And I think he has
18 done a tremendous job of that.

19 With respect to the comments about Mr. Barden,
20 I have had the honor of knowing Mr. Barden for some
21 time and he is a very honorable man. I would
22 point to the Commission with respect to that, over
23 \$300 million in gaming tax and other revenues,
24 including economic development payments under the
25 agreements have gone to the city of Gary since the

1 beginning of casino operations there, which we are
2 very proud of.

3 We are talking about here in terms of the
4 level of payments that have been displaced
5 separately because of the disagreement, we are
6 talking about in the \$10 million range. That puts
7 this in some perspective in terms of what is going
8 on in Gary when we are talking about it.

9 Finally with respect to the property tax
10 issue, respectfully, we believe the Commission
11 staff has been provided documentation on this and
12 understands it. It gets a little confusing, but
13 really not all that much.

14 Majestic Star is current on all its property
15 taxes. A few years ago there was an enormous
16 increase, we believe without explanation, in
17 assessed evaluation.

18 We are talking about on the order of an 180
19 percent increase. Every property taxpayer in the
20 state of Indiana, that includes homeowners in Gary,
21 companies like U.S. Steel that is involved in
22 dealing with this issue, has the right to take an
23 appeal, and during the course of the appeal to
24 continue paying taxes at the prior assessed basis.
25 We have done that.

1 We are current on all property taxes. I
2 believe from 2007 to 2010 we have paid over
3 \$20 million, I believe, in property taxes. Now,
4 why do we have people saying, oh, they are
5 delinquent? Government is, sometimes its processes
6 do not always reflect everything that may really be
7 going on.

8 The computer records that are kept will show
9 and generate reports of property tax amounts due
10 under the new assessments even if it is already on
11 appeal. So periodically something will be
12 generated that says you are delinquent X amount
13 because you have not paid. But, in fact, the
14 appeal is going on. Every time that happens,
15 Majestic Star contacts the Lake County treasurer or
16 whoever and reminds the appropriate official there
17 is an appeal pending. And so we are current on
18 what we owe. That has never been an issue.

19 People say, no, they are delinquent. We are
20 not any more than a homeowner in Gary who had his
21 property assessment doubled would be required to
22 pay at the doubled rate while the appeal is going
23 on.

24 With that, I think that is far short of the
25 ten minutes. I wanted to clarify the record. We

1 appreciate the assistance of the Commission staff,
2 Mr. Yelton, Mr. Sicuso and others in working with
3 the city and with the Majestic Star and really
4 taking a very good active role in those issues. I
5 thank you. Do you have any questions?

6 CHAIRMAN MURPHY: Questions?

7 COMMISSIONER MORGAN: Yeah. You made a
8 statement of \$300 million has gone to the city of
9 Gary?

10 MR. RUSTHOVEN: Since the beginning of
11 gaming if you add up the gaming tax revenues, the
12 wage, their share of the wagering tax commission
13 and the payments we made under these agreements, I
14 know that as of a couple years ago the figure was
15 \$285 million. I think since then I think it is
16 over \$300 million.

17 COMMISSIONER MORGAN: That is excluding
18 what we are talking about here?

19 MR. RUSTHOVEN: What we are talking about
20 here is a dispute worth \$10 million.

21 MR. BARDEN: That is over and above the
22 property tax.

23 Mr. RUSTHOVEN: Yes, that is not the
24 property tax.

25 COMMISSIONER MORGAN: That was my question.

1 MR. RUSTHOVER: I'm so sorry. Mr. Barden
2 does not need a lawyer.

3 COMMISSIONER SWIHART: I have a question.
4 Have you contacted Peter Baldwin about when they
5 expect to hear your appeal?

6 MR. RUSTHOVEN: Forgive me, we have pushed,
7 I believe, for the appeal to be heard promptly. As
8 Mr. Howell indicated, one of the things we talked
9 about with the city in our negotiations is that we
10 want to push that harder.

11 COMMISSIONER SWIHART: As you know, they
12 are about two years behind.

13 MR. RUSTHOVEN: They are not a party to the
14 negotiations. We will wait for justice when it is
15 available, but we are pushing hard and we are
16 awaiting those efforts.

17 CHAIRMAN MURPHY: Thank you, Mr. Rusthoven.

18 MR. RUSTHOVEN: Thank you, Mr. Chairman.

19 CHAIRMAN MURPHY: Mr. Barden, are you here
20 to speak on behalf of the renewal?

21 MR. BARDEN: Yes, Mr. Chairman, and to
22 refute some of the comments.

23 CHAIRMAN MURPHY: You have fifteen minutes
24 regarding the renewal.

25 MR. BARDEN: Thank you. I just want to

1 make a few clarifications and perhaps what, allow
2 what has been said to be put in proper perspective.
3 I think Mr. Rusthoven, our legal counsel, has
4 covered a lot of the territory as it relates to
5 what we have given to Gary over the years and that
6 pales to what we have received in terms of profits
7 and dividends.

8 Most of the money that has been taken into
9 Gary has gone out the door in either one form or
10 another, to payroll taxes, to real estate taxes, to
11 state taxes. Everyone is getting two or three or
12 four hundred million dollars and we walk away with
13 peanuts, the people that invested.

14 When the Honorable Councilwoman mentioned
15 that Gary does not have money and it is affecting
16 the city in terms of Gary withholding the funds,
17 the city, I'm sorry Majestic withholding funds from
18 the city, that is probably true in terms of the
19 impact it is having.

20 However, that is the process in America, and
21 that is a rule of law, I believe, in Indiana. If
22 that, if you feel that you have been done wrong, in
23 our case, the city did not put in the roadways, not
24 one ramp, but roadways, and they cost us tens of
25 millions of dollars.

1 In fact, we may not be in bankruptcy today had
2 they put those roads in when they were supposed to
3 eight years ago. We would have been able to be
4 competitive. Eight years ago the capital markets
5 were prime for development. Eight years ago when I
6 bought this land, over eight years ago, to develop,
7 to make Gary a destination location, the
8 marketplace was ripe.

9 All we needed was a road for people to get
10 there, to get off the highway and to get back into
11 the property to see a beautiful lake and not have
12 to go under a bridge, not to be fearful of what is
13 back there in the city of Gary with its reputation,
14 if you will, and its image that existed at the
15 time.

16 Yes, after trying many, many, many years to
17 get that road completed, we finally had to take
18 some legal action. We sued the city for not
19 completing the road. It went through the court
20 process and we still are in the court process. The
21 city has appealed to the court of appeals. The
22 city has been to the supreme court of the state of
23 Indiana and they have failed.

24 We have prevailed because we are right. They
25 should have put in roads, or at least they said

1 that we could continue to withhold money. Now, as
2 an accommodation for the city, and as an
3 accommodation to try to help the people of Gary
4 continue to operate, recognizing that they are
5 stressed financially, we have said let's try to
6 settle this. Let's see if we can give the city
7 some money.

8 In fact, two years ago we advanced the city
9 over \$4 million which is practically all of the
10 money that we had withheld up to that point. At
11 that time we had some progress but not substantial
12 progress. No identification of a source of funding
13 for the final leg of the roadway. And I think it
14 was a commissioner, I don't recall, who suggested
15 looking at the money we were paying out to Gary
16 several years ago as a means of financing the road.

17 I don't know if it was a city commissioner
18 now, but I thought it was a good idea. So we tried
19 to negotiate that. However, we are here trying to
20 negotiate with the city now, and Mayor Clay has
21 been very cooperative, to get the city money. And
22 I think in a few days we will be able to announce
23 the city is going to get a substantial amount of
24 that money that is being held in a separate account
25 because the city has identified funds along with

1 the mechanism for us to apply additional funds and
2 future local development payments to finance the
3 road and to give the city some money.

4 But that is not cause for us to be beat up on
5 because we are trying to be a good corporate
6 citizen and trying to help the city of Gary. And
7 also to try and cooperate and be a good corporate
8 citizen by providing jobs.

9 And we are criticized by Councilman Pratt. I
10 know he has a personal vendetta against me. I
11 forgive him for that, I really do. I used to
12 harbor some ill feelings towards him. But I don't
13 any more. I have totally forgiven him. Whatever
14 he says going forward has no meaning because he has
15 proven by his appearance here today and by his
16 articles in the paper and press conference he
17 totally ignores the facts.

18 He was notified about the property tax and it
19 had been investigated by this Commission that we
20 were current on our taxes and that we were
21 following the law and we were doing what was
22 appropriate and right, but yet he still had a press
23 conference and grabbed the headlines. That is
24 his -- he has to live with himself.

25 So I will let him continue to squeal and talk

1 and not lower myself to that level.

2 In terms of the people of Gary, we have tried
3 to do everything we can, could do, over the last
4 fifteen years to make this a real jewel, a
5 destination location. We have not had a lot of
6 help from the city despite how much we have done
7 for the city, despite the employment. However, I
8 can say that Mayor Clay is trying to work with us
9 now. And I have been personally involved. And I
10 think someone said earlier there is going to be new
11 owners. And Mr. Pratt talked about he wants a
12 clean slate and all this.

13 The bond owners have monitored everything that
14 is going on here, the people that we owe the money
15 to. The people that lent us the money to buy
16 Trump. They are tough. They are going to be
17 tougher than I am in terms of holding Gary's feet
18 to the fire. If he thinks he is going to get away
19 and take money from these people and not live up to
20 the responsibility, he has another thing coming.

21 I'm just saying that I've appreciated my time
22 in Gary. I have appreciated my time before this
23 Commission. This Commission and the staff lived up
24 to its word with us. It has been very honorable.
25 And I am just pleased with my experience in the

1 state of Indiana.

2 Now, I would like to move on to the regular
3 part of our presentation as it relates to a quick
4 synopsis of the restructuring of the company, which
5 we are very close to resolving and to give you an
6 update on the capital investments that we made in
7 the property to keep it fresh and keep the
8 standards high and to keep the people coming. We
9 are the only company that has --

10 CHAIRMAN MURPHY: Mr. Barden, they will
11 have eight minutes when you are finished.

12 MR. BARDEN: We are the only casino company
13 in northwest Indiana that has shown an increase
14 month after month in attendance and revenue for
15 seven consecutive months. So we are doing okay.
16 Operationally, we are doing fine. It is just that
17 we have built up a lot of debt to try to make Gary
18 a destination location. Trump got away scott-free
19 and made a lot of money at the right time.

20 The marketplace collapsed on Wall Street.
21 Everything went to hell. But that's life. Now, in
22 terms of capital improvements, we have, you know,
23 these guys, I will let them talk about some of the
24 specifics and things that we have done. If you go
25 there and visit you will see the place looks pretty

1 nice. The people are coming. We are holding our
2 own.

3 The company has been in a cash position of
4 \$58 to \$59 million in cash. Obviously, that is
5 because we have not been paying the interest
6 payments which is part of the restructuring
7 process. But nevertheless, we can loosen that
8 money so we can reinvest in the property. When the
9 new owners take over, I hope they will make
10 substantial investments as I have always wanted to
11 do under the right circumstances.

12 So I think Gary has been a beneficiary of
13 our presence and hopefully it will be a beneficiary
14 of the new owners when they take over. Thank you.

15 Now I would like to call on Jon Bennett who
16 will do a quick overview of the restructuring. And
17 then after Jon Bennett we will have Mike Darley and
18 Larry Buck, our COO and general manager come up and
19 give you a quick overview of the property.

20 CHAIRMAN MURPHY: Thank you, Mr. Barden.

21 MR. BARDEN: If you have any questions of
22 me I will take them now.

23 CHAIRMAN MURPHY: Thank you, Mr. Barden,
24 Mr. Bennett, unfortunately, you have five minutes.

25 MR. BENNETT: I will keep my comments

1 short. Chairman Murphy, Commissioners, Executive
2 Director Yelton, staff, I'm Jon Bennett. I'm the
3 senior vice president and chief financial officer
4 of the Majestic Star casinos and its affiliate. I
5 would like to give you a brief update on the
6 company's restructuring efforts.

7 As you know, our restructuring began in the
8 late summer of 2008. At that time we began
9 engaging financial advisers and counsel to assist
10 us to evaluate a broad range of financial strategic
11 alternatives, even addressing company policy and
12 the financial condition and capital structure. Our
13 businesses were significantly impacted by the
14 global and financial market crisis which, among
15 other things, caused general tightening in the
16 credit markets, lower levels of equity, and lower
17 consumer and business spending, lower consumer net
18 worth and increased unemployment.

19 In addition, we were impacted by significant
20 new improvement investments and competitor casino
21 properties in the markets in which we operate. All
22 the markets in which we operate casinos are
23 extremely competitive and investment in new
24 amenities and infrastructure such as roadway
25 development, or in some cases new casinos, along

1 with increasingly aggressive marketing campaigns
2 and promotions are necessary to expand market share
3 and provide cash flows.

4 In addition, our Black Hawk facility began
5 to suffer as a result of the smoking ban that went
6 into place on January 1, 2008 and has seen its
7 share of expanded competitor casino facilities.
8 Because of the economic conditions and the
9 increasingly competitive environment in which our
10 casinos operate, our casino facilities were
11 suffering from the declining admissions and lower
12 spending on gaming activities.

13 While our casinos are viable, cash flowing
14 enterprises, our cash flow would not allow us to
15 sustain both our capital structure and allow us to
16 reinvest back into the casino properties.

17 From the summer of 2008 to November of 2009,
18 the company's management, financial advisers and
19 counsel conducted meetings and negotiated with its
20 lenders at ad hoc committees of bondholders about
21 restructuring the company's debt.

22 In addition, we met with other firms that
23 could assist us in debt restructuring and infuse
24 new capital into the company. While the work we
25 did between the summer of 2008 and November 2009

1 has to a certain degree contributed to the current
2 restructuring negotiations, it became clear in
3 2009, November 2009, that we were not going to be
4 able to negotiate an essential restructuring plan
5 outside of the chapter, outside of the
6 Chapter 11 bankruptcy filing.

7 As of November 20, 2009 the company filed
8 voluntary bankruptcy petitions. Since our filing,
9 we have continued to operate our casino properties
10 in the ordinary course in debtor's repossession.

11 We have invested back into our casino
12 facilities, which Larry Buck and Mike Darley will
13 talk about in a moment, our customers and our
14 employees. For many, our bankruptcy filing has
15 been a non-event. Our management teams have worked
16 diligently to grow the company revenue and cash
17 flow despite a continuing difficult economic and
18 competitive environment.

19 In addition, over the past number of months
20 we have continued to negotiate with our creditors
21 to achieve a central plan of restructuring. The
22 company still retains exclusivity in its
23 restructuring and a couple days ago filed a motion
24 with the court to seek an additional 120 day
25 extension to the exclusivity.

1 However, more importantly, tomorrow we plan
2 to file with the court our disclosure statement and
3 plan of reorganization. As I'm sure you can
4 appreciate, current negotiations are fast and
5 furious and we continue to work through issues.

6 The company and its key creditor
7 constituency have made significant good faith
8 progress on many of the threshold issues that form
9 the basis of a confirmable reorganization plan.
10 And that hopefully our progress will be the basis
11 for a fully potential organization plan.

12 We believe that the plan will maximize the
13 value for all company's stakeholders --

14 CHAIRMAN MURPHY: Mr. Bennett, one minute.

15 MR. BENNETT: One minute. Okay.

16 -- significantly leverage the company's capital
17 structure and thus enable the company to emerge
18 from our reorganization better equipped to compete
19 in the highly challenging casino gaming
20 marketplace.

21 In the event the unanimous creditor support
22 cannot be achieved for our reorganization plan, the
23 company will endeavor to continue to pursue all
24 reasonable avenues to negotiate up to and through
25 the plan confirmation.

1 We remain cautiously optimistic that the plan
2 can be confirmed by the end of this year. And once
3 the plan is confirmed, the company and stakeholders
4 will work diligently towards substantial
5 confirmation of our reorganization and our
6 emergence from bankruptcy in 2011.

7 CHAIRMAN MURPHY: Thank you, Mr. Bennett.
8 Any questions for Mr. Bennett?

9 MR. GRAY: Mr. Chairman, if we could, we
10 will like to call to the attention of the
11 Commissioners the IC 33-6-7 which indicates that
12 the infrastructure is the responsibility of the
13 developer by statute.

14 CHAIRMAN MURPHY: Thank you, Mr. Gray.
15 Thank you. Mr. Sicuso, are we ready to move on?
16 We are out of time. In the sense of fairness, I
17 think we need to move on.

18 MR. SICUSO: 2010-161 and 162 together
19 address each license for Majestic Star, as was the
20 case with the other casinos, Majestic has submitted
21 their requests timely for renewal. And they have
22 also submitted a \$5,000 fee for each casino. The
23 investigation staff recently completed its
24 statutory three-year reinvestigation and we have
25 submitted the report for your review prior to

1 today's meeting.

2 All that combined, the staff has concluded
3 that based on what we know at this time, the
4 Majestic Star is in substantial compliance with the
5 gaming laws and we do recommend that the annual
6 renewal be granted.

7 CHAIRMAN MURPHY: Mr. Sicuso, are you
8 asking us to consider both?

9 MR. SICUSO: Yes, sir.

10 CHAIRMAN MURPHY: Okay. Order 161 and 162
11 together?

12 MR. SICUSO: Yes.

13 MR. CHAIRMAN: Any questions the
14 Commissioners have regarding, or discussion,
15 regarding 2010-161 and 162?

16 COMMISSIONER MORGAN: Mr. Sicuso, regarding
17 questions, the, any issues with escrow, it is my
18 understanding there are tax issues as far as the
19 Majestic Star?

20 MR. SICUSO: The question of whether they
21 pay their taxes?

22 COMMISSIONER MORGAN: Yes, we investigated
23 that.

24 MR. SICUSO: Based on our investigation to
25 date, our understanding is that the casino has met

1 all its tax obligations with regard to property
2 taxes as well.

3 COMMISSIONER MORGAN: Okay.

4 CHAIRMAN MURPHY: Any other questions? I
5 only have one comment. I think before we take a
6 vote on the Majestic Star renewal, it is important
7 to know that I believe that at any time the
8 Commission is, may undertake a suitability
9 examination based on what happens after today or
10 what happens in the future.

11 So we always have that option. With that,
12 if there are no more questions -- are there any
13 other questions on those orders? Thank you. We
14 have a move to approve. Is there a second?

15 COMMISSIONER FINE: Second.

16 CHAIRMAN MURPHY: It has been moved and
17 seconded. All those in favor signify by saying
18 aye.

19 (Commissioners responded aye.)

20 CHAIRMAN MURPHY: Opposed?

21 (No verbal response from Commissioners.)

22 CHAIRMAN MURPHY: It has been unanimously
23 approved Orders 2010-161 and 162. Thank you,
24 Mr. Sicuso.

25 We will move on to disciplinary matters and

1 Miss Gray.

2 MS. GRAY: Once again, good afternoon,
3 Commissioners. You have before you seven
4 settlement agreements concerning monetary
5 settlements.

6 The first settlement is with the Ameristar,
7 Order 2010-163, wherein the casino allowed an under
8 age person onto the gaming floor. Ameristar agreed
9 to a total monetary settlement of \$1,500 in lieu of
10 disciplinary action. Are there any questions?

11 The second order is Order 2010-164, is a
12 settlement agreement with Aztar including two
13 counts. In the first count the casino failed to
14 cancel two packs of playing cards.

15 In the second count, the casino failed to
16 remove the ten from a game of Spanish 21. Aztar
17 has agreed to a monetary settlement of \$4,000 in
18 lieu of disciplinary action. Are there any
19 questions concerning this order?

20 The third Order, 2010-165, is the settlement
21 agreement with Belterra and includes two counts.
22 In the first count, the casino failed to coin test
23 the machines on three different occasions before
24 the machines were put into service.

25 In the second count the casino failed to

1 timely replace the tables in the count room.
2 Belterra has agreed to a monetary settlement of
3 \$4,000 in lieu of disciplinary action. Are there
4 any questions?

5 Order 2010-166 is the settlement agreement
6 with French Lick wherein the casino allowed an
7 under age person to enter the casino. French Lick
8 has agreed to a total monetary settlement of \$1,500
9 in lieu of disciplinary action. Are there any
10 questions?

11 In Order 2010-167 Grand Victoria failed to
12 timely replace tables in the soft count room.
13 Grand Victoria has agreed to a monetary settlement
14 of \$1,500 in lieu of disciplinary action. Are
15 there any questions?

16 Order 2010-168 is a settlement agreement
17 with Hollywood involving seven counts. In the
18 first count, the casino placed a slot machine in
19 service before it was properly coin tested.

20 In the second count, the casino failed to
21 timely submit termination paperwork for five
22 employees.

23 In the third count, they violated the rule
24 requiring the employees to wear their gaming
25 badges.

1 In the fourth count, the casino violated the
2 rule regarding the storing of cards that are not
3 being utilized in a live gaming table.

4 In the fifth count, the casino did not
5 follow the procedures regarding found chips, tokens
6 or cash.

7 In the sixth count, the casino failed to
8 follow their internal control procedures for even
9 exchanges between the poker tables and the cages.

10 The seventh count violated the procedure for
11 timely verifying funds. Hollywood has agreed to a
12 monetary settlement of \$31,500 in lieu of
13 disciplinary action. Are there any questions?

14 The final Order 2010-169 is a settlement
15 agreement of Horseshoe Hammond where the casino
16 allowed an under age person on the casino floor.
17 Horseshoe Hammond has agreed to a monetary
18 settlement of \$1,500 in lieu of disciplinary
19 action. Are there any questions?

20 The casino staff recommends that you approve
21 Orders 2010-163 through 2010-169, each of which
22 approves one of the settlement agreements that we
23 have just discussed.

24 CHAIRMAN MURPHY: Are there any questions
25 of Miss Gray? If not, is there a motion to approve

1 Orders 2010-163 through 2010-169?

2 COMMISSIONER MORGAN: Motion to approve.

3 COMMISSIONER SHY: I will second.

4 CHAIRMAN MURPHY: It has been approved and
5 seconded. All those in favor signify by saying
6 aye.

7 (Commissioners responded aye.)

8 CHAIRMAN MURPHY: Opposed?

9 (No audible response by Commissioners.)

10 CHAIRMAN MURPHY: Orders 2010-163 through
11 2010-169 are approved. Thank you, Miss Gray.

12 MISS GRAY: Thank you.

13 MR. CHAIRMAN: The next item on the agenda
14 is Rules.

15 MR. NEUENSCHWANDER: Good afternoon,
16 Mr. Chairman, members of the Commission. Order
17 2010-170 concerns proposed emergency rules for
18 server-based gaming. Let me briefly give you a
19 little background. Over the last several years the
20 new technology has emerged that allows changes to a
21 gaming device including the software, the graphics
22 and even the appearance of the machine to be made
23 without physically touching or altering the device.

24 This is in contrast to current slot machines
25 which usually require a physical action such as

1 swapping the EPROM, inserting a C.D. rom or USB key
2 into the machine to change the software and usually
3 requires you to change the decoration on the
4 device, also.

5 Casinos are drawn to this new technology
6 because they can then change the game in minutes
7 without requiring the slot vending machine to be
8 physically disabled to work on it. This allows
9 them to modify the games that are available very
10 quickly based on player feedback. And they can
11 change denominations or other software changes very
12 quickly as well.

13 So far, two main types of server-based
14 systems have emerged. Each type of system utilizes
15 what the emergency rules have termed player
16 terminals. Which for practical purposes, usually
17 appear to the patron as a slot machine they are
18 used to today; although they could use different
19 types of interface in the future.

20 The first type of system, which is called a
21 server-hosted electronic gaming system, abbreviated
22 as SHEG, in that system the random number generator
23 or the main game software will reside on the server
24 and the player uses a player terminal for
25 interaction with the game.

1 In the other main type of system, the server
2 is supported by an electronic gaming system, SEG,
3 or random number generator and main gaming software
4 device on the terminal and can be updated from the
5 server.

6 The emergency rule contemplates both types
7 of systems, but so far most casinos seem to be
8 focused on the server-supported electronic gaming
9 system type. The Blue Chip Casino has requested
10 permission to use about forty of these player
11 terminals on its gaming floor to test the
12 technology.

13 The Commission staff was given a
14 demonstration of one of these machines and it is
15 very similar in appearance to a traditional slot
16 machine from a patron's point of view. However,
17 because the underlying technology is different than
18 a normal slot machine, certain regulatory issues
19 arise for the need of the emergency rules to be
20 addressed.

21 Under the proposed rules, any Indiana casino
22 wishing to use server-based technology would be
23 required to undergo the test period. The casino
24 must obtain approval for the test from the
25 Executive Director and during the test period the

1 casino will be under stringent reporting
2 requirements including the requirements to report
3 any variances to the Commission within forty-eight
4 hours and any jackpot greater than \$10,000 to the
5 Commission within twenty-four hours.

6 During the test period the Executive
7 Director reserves the right to end the use of the
8 server-based system at any time if problems or
9 circumstances should warrant it. During the
10 testing period the proposed rules require the
11 presence of a gaming agent who possesses one half
12 of a floor password in order to make substantial
13 changes to the terminal. So we still have control
14 as far as changes.

15 The state further also required to ensure
16 that patrons are given adequate notice concerning
17 software changes. A player terminal must have no
18 credits outstanding, and must not have been
19 utilized for play for four minutes, and then a
20 message indicating the change will be made to the
21 terminal must be displayed for one minute before
22 the change can be made. These are some issues the
23 rules addressed because of this new technology.

24 If approved, the new rules will be effective
25 upon filing with the publisher. The Commission

1 staff will monitor the test periods that occur
2 conducted by the casino and staff continues to
3 develop final rules.

4 Commission staff recommends that you approve
5 the emergency rules.

6 CHAIRMAN MURPHY: Any question?

7 COMMISSIONER MORGAN: I have one question
8 for you. How secure are these with someone coming
9 in, some math person without any, you know,
10 touching and passwords? Obviously, I think they
11 have thought about that.

12 MR. NEUENSCHWANDER: Thank you for the
13 question, Commissioner Morgan. They are, the
14 devices, they have a lot of password protection on
15 them. They are, also, it is important to note
16 these devices all have to be certified just as a
17 normal slot machine by the Commission in advance.

18 We also adopted as part of the rules a set of
19 standards developed by the Gaming Laboratories
20 security standards and guidelines that have to be
21 followed. So it is about a seven or eight page
22 document full of standards they have to follow that
23 include matters of security. Does that answer your
24 question?

25 COMMISSIONER MORGAN: It certainly does.

1 Thank you.

2 COMMISSIONER SHY: Will the casino have to
3 employ people with that kind of technology
4 understanding, or is the supplier doing most of
5 that?

6 MR. NEUENSCHWANDER: As far as the
7 installation?

8 COMMISSIONER SHY: As far as managing the
9 changes? Are they done by the supplier or are they
10 done by the casino?

11 MR. NEUENSCHWANDER: The changes, it is my
12 understanding that the supplier has trained the
13 casino employees to be able to make the changes.
14 They can modify, they can access this in the back
15 house and then the changes are made to the machine
16 on the floor.

17 COMMISSIONER SHY: I assume they are in
18 secured rooms?

19 MR. NEUENSCHWANDER: That is part of the
20 rules that the server has to be in a secured room.
21 Also that any computer access to the server also
22 has to be in a secured room, also.

23 CHAIRMAN MURPHY: One other question.
24 Where on the technology curve is Indiana with the
25 adoption of these machines with respect to other

1 states? Is it widely spread, widely used in
2 Las Vegas and New Jersey? Are we on the cutting
3 edge of this thing?

4 MR. NEUENSCHWANDER: It is not widely used.
5 We have looked at other states. Las Vegas, they
6 use this on a lot of the floors. It is being used
7 in a casino in St. Louis.

8 CHAIRMAN MURPHY: It's not widely used?
9 Would we put this right at its infancy? Would you
10 say that?

11 MR. NEUENSCHWANDER: It is in the early
12 stages. I think that would be safe to say.

13 MR. SICUSO: We are not the first state to
14 attempt to regulate it. There are at least a half
15 a dozen jurisdictions that have some form that --

16 CHAIRMAN MURPHY: Does it have technology
17 in active use there?

18 MR. SICUSO: Yes.

19 EXECUTIVE DIRECTOR YELTON: It is not
20 widespread. For example, in Vegas at Treasure
21 Island has just a few for an extended period of
22 time. I think is the new Casino, Aria?

23 MR. SICUSO: Aria.

24 EXECUTIVE DIRECTOR YELTON: Aria, the new
25 casino that just opened not too long ago, I think

1 Enrolled Act 1086 which transferred the duties and
2 powers related to the regulations of professional
3 boxing, sparring and unarmed combat from the State
4 Athletic Commission to the Indiana Gaming
5 Commission.

6 Under House Rule 1986, the rules of the
7 Athletic Commission became the rules of the Gaming
8 Commission. The last set of emergency rules which
9 were adopted by the Athletic Commission which would
10 otherwise continue to be effective until the end of
11 this year need technical correction including
12 changes to references to statutory references as
13 well as references to the Athletic Commission.

14 Commission staff believes that failing to
15 adopt an emergency rule making these changes may
16 cause a portion of those rules to be problematic.

17 In addition, the emergency rule also makes a
18 few necessary substitute changes including licensed
19 physicians working at these athletic events and
20 provisions under which bout results might be
21 challenged.

22 House Rule 1086, which is now codified in
23 IC 4-33-22 also transfers to the Gaming Commission
24 the responsibility of adopting rules regarding the
25 licensure of promoters and sanctioning bodies whose

1 purpose is to provide onsite regulation of amateur
2 unarmed combat.

3 Indiana Code 4-33-22-18 also requires the
4 Gaming Commission to adopt the rules regarding
5 medical testing of amateur unarmed competitors.
6 Resolution 2010-172 adopts those rules which help
7 ensure the safety of amateur fighters.

8 Staff recommends the Commission adopt
9 Resolution 2010-171 and 2010-172. Upon adoption,
10 staff will begin the regular rule adoption process
11 including public hearing and submission of the
12 rules for approval to the office of the Attorney
13 General and the Governor.

14 CHAIRMAN MURPHY: Thank you,
15 Miss Ellingwood. Are there any questions of
16 Miss Ellingwood regarding the resolutions?

17 If not, is there a motion to approve
18 Resolution 2010-171 and 2010-172?

19 COMMISSIONER SHIELDS: So moved.

20 COMMISSIONER MORGAN: Second.

21 CHAIRMAN MURPHY: It has been moved and
22 second. All those in favor signify by saying aye.

23 (Commissioners replied aye.)

24 CHAIRMAN MURPHY: Opposed?

25 (No audible response.)

1 CHAIRMAN MURPHY: Resolutions 2010-171 and
2 2010-172 are approved. Thank you.

3 MISS ELLINGWOOD: You also have before you
4 Resolution 2010-173 regarding the readoption of
5 rules set to expire on January 1, 2011. Pursuant
6 to Indiana Code 4-22-2.5 unless readopted
7 administrative rules automatically expire January 1
8 of the seventh year after the rule takes effect.
9 Every year the Legislative Services Agency sends to
10 the Commission staff a list of those rules that are
11 set to expire under this provision.

12 After receiving that list in April, the
13 Commission staff began the process of readopting
14 those rules. The statute provides an abbreviated
15 readoption process for rules that are not being
16 edited.

17 As part of this process, staff prepared a
18 notice of intent to readopt these rules and
19 submitted it to the Indiana Register which
20 published a notice on June 16, 2010.

21 The thirty day statutory period for filing
22 an objection to the abbreviated process or a
23 request for separation of the rule passed without
24 response.

25 Accordingly, Commission staff recommends the

1 Commission adopt Resolution 2010-173 thereby
2 readopting rules that would otherwise expire. Once
3 adopted, Commission staff will file a rule with the
4 Register thirty days after which the rules become
5 effective.

6 CHAIRMAN MURPHY: Any questions of the
7 Resolution from Miss Ellingwood? If not, is there
8 a motion to approve Resolution 2010-173?

9 COMMISSIONER MORGAN: Motion to approve.

10 COMMISSIONER SHY: Second.

11 CHAIRMAN MURPHY: It has been moved and
12 seconded. All those in favor signify by saying
13 aye.

14 (Commission members indicated aye.)

15 CHAIRMAN MURPHY: Opposed?

16 (No audible response.)

17 CHAIRMAN MURPHY: Resolution 2010-173 is
18 approved. The next item on the agenda is MBE and
19 WBE status.

20 MISS RESKE: Good afternoon, Commissioners.
21 As you know, the Commission has established a WBE
22 expenditure rule of 10.9 percent. Staff has
23 reviewed the 2009 purchasing data for each casino
24 and found the following: Aztar, Belterra, French
25 Lick, Grand Victoria, Hoosier Park, Horseshoe

1 Hammond, Indy Live and the Majestic Star met the
2 established goal. Ameristar, Blue Chip, Hollywood
3 and Horseshoe Southern failed to meet the goal.

4 The casinos that failed to meet the goal
5 submitted documentation of their good faith efforts
6 to comply. Based upon our review of that
7 information, the Commission staff recommends a
8 finding of good faith effort for Ameristar, Blue
9 Chip and Horseshoe Southern.

10 Resolution 2010-174 reflects this
11 recommendation. Further, staff recommends that the
12 commission defer the decision regarding Hollywood's
13 demonstration of good faith effort until the next
14 meeting, which will allow staff the opportunity to
15 engage in further dialogue in order to formulate
16 our recommendation.

17 CHAIRMAN MURPHY: Questions for Ms. Reske
18 regarding Order 2010-174? If not, Is there a
19 motion to approve?

20 COMMISSIONER FINE: So moved.

21 COMMISSIONER SHY: Second.

22 CHAIRMAN MURPHY: It has been moved and
23 seconded. All those in favor signify by saying
24 aye.

25 (Commissioners responded by saying aye.)

1 CHAIRMAN MURPHY: Opposed?

2 (No audible response.)

3 CHAIRMAN MURPHY: Order 2010-174 is
4 approved. Thank you, Miss Reske. Our next
5 meeting, regularly scheduled meeting, will be
6 November 10 at a location to be announced. So stay
7 tuned.

8 That being all of the business to come
9 before the meeting today, we stand adjourned.
10 Thank you.

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STATE OF INDIANA)
) SS
COUNTY OF HENDRICKS)

I, Wendi Kramer Sulkoske, Notary Public in
Hendricks County, Indiana, do hereby certify that the
foregoing transcript of the third quarter 2010
Indiana Gaming Commission business meeting at
1:00 p.m. on September 16, 2010, was recorded
stenographically and afterwards reduced to typewriting
by me and that the foregoing is a true and correct
transcript of said business meeting.

IN WITNESS WHEREOF, I have hereunto set my
hand and affixed my notarial seal this 4th day of
October, 2010.

Wendi Kramer Sulkoske

Wendi Kramer Sulkoske

County of Residence: Hendricks
My Commission Expires: January 2015