

**ORDER 2017-101
IN RE SETTLEMENT AGREEMENT
THE MAJESTIC STAR CASINO, LLC
17-MS-02**

After having reviewed the attached Settlement Agreement, the Indiana Gaming Commission hereby:


APPROVED

APPROVES OR DISAPPROVES

the proposed terms of the Settlement Agreement.

IT IS SO ORDERED THIS THE 29th DAY OF JUNE, 2017.

THE INDIANA GAMING COMMISSION:



Cris Johnston, Chair

ATTEST:



Joseph Svetanoff, Secretary

**STATE OF INDIANA
INDIANA GAMING COMMISSION**

IN RE THE MATTER OF:)	
)	SETTLEMENT
THE MAJESTIC STAR CASINO, LLC)	17-MS-02
)	

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Sara Gonso Tait and The Majestic Star Casino, LLC and The Majestic Star Casino II, Inc. (together referred to herein as “Majestic Star”) (collectively, the “Parties”) desire to settle this matter prior to the initiation of a disciplinary proceeding pursuant to 68 IAC 13-1-18(a). The Parties stipulate and agree that the following facts are true:

FINDINGS OF FACT

COUNT I

1. 68 IAC 11-3-1(a)(9) states the soft count team means a team of the casino licensee’s employees that consists of at least one employee of the soft count department and one soft count supervisor, manager, lead or equivalent.
2. 68 IAC 11-3-6(a) states the soft count process shall be neither commenced nor continued unless at least three (3) members of the soft count team are present in the soft count room.
3. 68 IAC 11-3-6(c)(3) states that the soft count team shall handle drop boxes in the following manner. The inside of the empty drop box shall be held up for full view by the surveillance camera, and at least one (1) member of the soft count team shall verify that the drop box is empty.
4. Majestic Star Internal Control Procedures, IV-f-2, describe what constitutes the soft count team and specific procedures to be followed by the count team.
5. During the drop/count process on February 1, 2017, only four soft count employees were present and available. The soft count on The Majestic Star Casino (MSI) and Majestic Star Casino II (MSII) never included three soft count team members, as required by Title 68 and Majestic Star’s internal controls. The soft count team only included a Count Room Supervisor and Count Attendant in the MSI soft count room after 12:12 p.m.
6. On February 1, 2017, a Gaming Agent observed the soft count process in both soft count rooms and found on several occasions bill validator (BV) boxes were not being shown to surveillance cameras to ensure that they were empty.

7. The Director of Regulatory Compliance notified a Gaming Agent that this incident had been planned by the Count Room team due to staffing concerns, as a mass text was sent to inform the Count Room team to call off for the first of the month drop.

COUNT II

8. 68 IAC 1-1-13.7 states that the central computer system means one (1) or more computer systems that meeting the following requirements: (1) is connected to all electronic gaming devices in the casino to record and contemporaneously monitor the activities of each electronic gaming device, including, but not limited to the following or equivalent: (A) the opening of any door of the electronic gaming device, (2) Is capable of contemporaneously monitoring the activities of the live gaming devices, including, but not limited to, the following or the equivalent: (A) table fills, (B) Table Credits, (3) Is capable of tracking the activities of the live gaming devices, including, but not limited to, the following or the equivalent: (A) table game inventories, (B) Employee gratuity deposit accounting, (4) Is capable of contemporaneously monitoring the activities of the main bank and all cages, including, but not limited to, the following or the equivalent: (A) manual payouts, (C) Table Credits and fills.
9. 68 IAC 1-5-1 states a casino or supplier licensee shall provide a written notice to the executive director as soon as the casino or supplier licensee becomes aware of the following: (1) a violation or apparent violation of a rule of the commission by any of the following: (A) the casino or supplier licensee. (B) A substantial owner, key person, or employee of the casino or supplier licensee. (C) A person acting, or authorized to act, on behalf of or in furtherance of the interests of the casino or supplier licensee or an affiliate of the licensee.
10. On January 30, 2017, a Slot Tech notified a Gaming Agent that a section of slot machines in the forward section on the second level of Majestic Star II had gone down. The Gaming Agent and Slot Tech observed that these slot machines stated "Not Rating" on the ACSC (the casino's central computer system) section of the machines. The Slot Tech was unable to bring up any history on the slot machines since they were not communicating with the ACSC. This affected all machines in the forward section and a majority of the machines in the aft section on the same floor. The Gaming Agent requested the machines be shut down until the issue with ACSC was resolved. Approximately an hour later, a Slot Supervisor notified the Gaming Agent that the issue had been resolved by the IT Department.
11. During the course of this investigation, it was determined that on the second Tuesday of every month, from 2:00 a.m. to 6:00 a.m., Majestic Star conducts a "system maintenance" where the ACSC is shut down by the IT Department. During the shutdown, no casino personnel has access to the ACSC. According to the Slot Supervisor, if a jackpot is won during this time patrons contact a Slot

Attendant who obtains ID from the patron and the jackpot is manually paid out. The information on the winner of the jackpot is not verified to make sure they are not a VEP, Statewide Exclusion, Child Support Obligor until the next day by the Audit Department. Investigation revealed that this practice has gone on for several years.

COUNT III

12. 68 IAC 12-1-6.5 states the surveillance system must audibly record the following:
(1) Soft count procedures in accordance with 68 IAC 11-3.
13. 68 IAC 11-3-3(c)(9)(A)(C) states the soft count room shall be equipped with equipment that allows the surveillance department to do the following in accordance with 68 IAC 12-1: monitor and record the entire count process and soft count room both audibly and visually, and monitor and record, both audibly and visually, any other activity or area of the soft count room deemed necessary by the commission.
14. 68 IAC 12-1-1.5(e)(f) states a casino licensee may not divert surveillance system resources or surveillance employees from their intended surveillance purposes or functions, as specified in or required by this rule, without the permission of the executive director or the executive director's designee. If a surveillance manager chooses to install a camera in the surveillance room to monitor surveillance employees, only the surveillance manager and his or her corporate supervisors shall have access to operate the camera and view the images therefrom.
15. On December 14, 2016, a Gaming Agent was notified that the server which records the audio in Majestic Star II's (MSII) soft count room was out. It was determined that the server had not been recording since December 4th. Surveillance indicated to Gaming Agents that they believe when vendors were doing maintenance the audio was accidentally unplugged and the cord was placed back in the wrong audio slot. There was no audio in the soft count room on MSII for approximately ten days. Audio had been recording in Slot Tech office during this time.
16. On January 20, 2017, a Gaming Agent was advised that the Director of Surveillance attempted to review an incident involving the soft count personnel and their response after being advised by Surveillance to make sure they properly cleared their hands, however, there was no audio recording available. A review of the past seven days of soft count coverage on The Majestic Star Casino (MSI) determined no audio recordings were present. Surveillance Agents were able to hear and see the soft count personnel during the live process, but audio was not recorded. Surveillance technical support believed the failure was because menu settings had been changed or when an encoder was replaced the settings were never reset to record sound. Since Majestic Star is only required to retain seven

days of coverage, it could not be determined how long the audio recordings had not been recorded. Majestic Star has advised that this has been corrected and a control test has been put into place to prevent a reoccurrence of this incident.

17. On December 15, 2016, a Gaming Agent was doing a random camera check in the Commission office and found that their access to the camera in the surveillance monitor room was denied. Due to what the Gaming Agent was investigating at the time, access to this camera was necessary as to not alert the surveillance department that the Agent was observing them. When the Gaming Agent and Gaming Supervisor questioned a Surveillance Tech Manager about access to this camera, the Surveillance Tech Manager advised that he was told to take away access by the Director of Surveillance. The Gaming Supervisor advised the Surveillance Tech Manager to reinstate access to the Commission and access was eventually restored.

TERMS AND CONDITIONS

Commission staff alleges that the acts or omissions of Majestic Star by and through its agents as described herein constitute a breach of IC 4-33, 68 IAC and/or Majestic Star's approved internal control procedures. The Commission and Majestic Star hereby agree to a monetary settlement of the alleged violations described herein in lieu of the Commission pursuing formal disciplinary action against Majestic Star. This agreement is being entered into to avoid the potential expense and inconvenience of disciplinary action.

Majestic Star shall pay to the Commission a total of \$16,000 (\$5,000 for Count I; \$3,500 for Count II and \$7,500 for Count III), submit a corrective action plan for Majestic Star's count and drop process utilizing the Internal Audit findings from the last four (4) quarters as a guide, and submit a formal notification to the Commission on the system maintenance of your central computer system in consideration for the Commission foregoing disciplinary action based on the facts specifically described in each count of this agreement. This agreement extends only to those violations and findings of fact, specifically alleged herein. If the Commission subsequently discovers facts that give rise to additional or separate violations, which are not described herein, the Commission may pursue disciplinary action for such violations even if the subsequent violations are similar or related to an incident described herein.

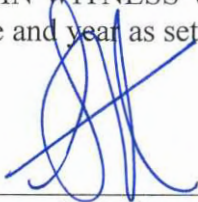
Upon execution and approval of this Settlement Agreement, Commission staff shall submit this Agreement to the Commission for review and final action. Upon approval of the Settlement Agreement by the Commission, Majestic Star agrees to promptly remit payment in the amount of \$16,000 and shall waive all rights to further administrative or judicial review.

This Settlement Agreement constitutes the entire agreement between the parties. No prior or subsequent understandings, agreements, or representations, oral or written,

not specified or referenced within this document will be valid provisions of this Settlement Agreement. This Settlement Agreement may not be modified, supplemented, or amended, in any manner, except by written agreement signed by all Parties.

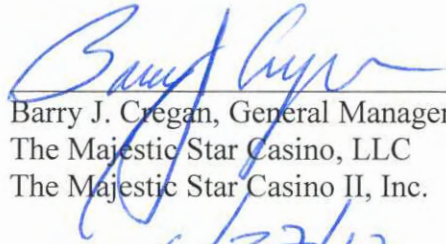
This Settlement Agreement shall be binding upon the Commission and Majestic Star.

IN WITNESS WHEREOF, the parties have signed this Settlement Agreement on the date and year as set forth below.



Sara Gonso Tait, Executive Director
Indiana Gaming Commission

6/29/17
Date



Barry J. Cregan, General Manager
The Majestic Star Casino, LLC
The Majestic Star Casino II, Inc.

6/27/17
Date