

ORDER 2019-79

IN RE SETTLEMENT AGREEMENT

**AMERICAN GAMING SYSTEMS, LLC
19-AGS-01**

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

APPROVED

APPROVES OR DISAPPROVES

the proposed terms of the Settlement Agreement.

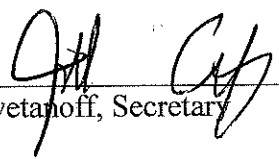
IT IS SO ORDERED THIS THE 30th DAY OF MAY, 2019.

THE INDIANA GAMING COMMISSION:



Michael B. McMains, Chair

ATTEST:



Joseph Svetanoff, Secretary

**STATE OF INDIANA
INDIANA GAMING COMMISSION**

IN RE THE MATTER OF:)
)
AMERICAN GAMING SYSTEMS, LLC) **SETTLEMENT**
) **19-AGS-01**
)

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Sara Gonso Tait and American Gaming Systems, LLC. (“AGS”) (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 to the following:

FINDINGS OF FACT

1. 68 IAC 2-2-1(c) provides that the following persons or business entities are required to hold a supplier's license: (2) All manufacturers of: (A) electronic gaming devices.
2. 68 IAC 2-2-1(g) provides that casino licensees shall not purchase goods or services covered by this rule from a person who does not hold a supplier's license issued by the commission.
3. 68 IAC 2-2-5.3 (a)(4) requires applicants for a supplier license must demonstrate a level of: (A) skill; (B) experience; (C) knowledge; and (D) ability necessary to supply the goods or services that the applicant seeks to provide.
4. Further, 68 IAC 2-2-9(a) provides that all supplier licensees have a continuing duty to maintain suitability for licensure. A supplier's license does not create a property right, but is a revocable privilege granted by the state contingent upon continuing suitability for licensure.
5. 68 IAC 2-6-2 (a) requires that the following may not be used for gaming by any casino licensee prior to the executive director, or the executive director's designee, authorizing their inclusion in the commission's online database of approved items and technologies: (1) Electronic gaming devices and any component parts material to gaming activity, including, but not limited to, the following: (A) Random number generators. (B) All game media. (C) Progressive controllers. (D) Bill changers.
6. 68 IAC 17-1-2(a) provides that at least ten (10) days before transporting electronic gaming devices, the person causing the movement of the electronic gaming device shall notify the executive director, in writing, and provide the following information:... (6) the quantity of electronic gaming devices being

transported and (7) a brief description of the electronic gaming device being transported.

7. 68 IAC 17-1-3 provides that a casino licensee, casino license applicant, or supplier licensee shall use the commission's electronic gaming device database as prescribed by the commission.
8. In accordance with 68 IAC 17-1-2(a) and 68 IAC 17-1-3, when shipping an item approved under 68 IAC 2-6-2, the supplier is required to provide the Commission with an accurate inventory of each item to be shipped and delivered, including each item's identification code in the Commission's Electronic Gaming Device System.
9. On March 29, 2019, the Commission's Deputy Director was present at Hoosier Park Casino when it was noted that a slot machine product was on the casino floor with an Alfastreet name and logo. Further inquiries at the property identified this slot machine product to be a product of AGS.
10. On March 29, 2019, the Commission's Director of Background Investigations reached out to AGS and to inquire if AGS had an affiliation with Alfastreet and to explain the relationship.
11. On March 29, 2019, the Licensing Manager responded that AGS has an agency agreement with Alfastreet, which includes territory in Indiana.
12. On April 1, 2019, the Commission's Director of Background Investigations requested a copy of the agreement with Alfastreet and inquired whether Alfastreet or AGS was the manufacturer of the slot machine product.
13. On April 2, 2019, it was determined that this slot machine product was the only product associated with Alfastreet. It was further learned that the slot machine product was on the casino floor at Horseshoe Hammond, Horseshoe South and Hoosier Park.
14. On April 2, 2019, the Commission's Deputy Director made the casinos with this slot machine product on their floor aware of the issue and requested the slot machine product to be removed from Indiana since Alfastreet does not hold a supplier's license in Indiana.
15. On April 3, 2019, the Commission Director of Background Investigations requested additional clarification from the Licensing Manager at AGS, specifically requesting who is the manufacturer of this product, AGS or Alfastreet and reminded the Licensing Manager, the Commission was still waiting on the agreement between these companies.

16. On April 3, 2019, AGS's General Counsel, Compliance Officer and Secretary responded to the Commission's Director of Background Investigations. The email stated that AGS considered itself the manufacturer of the slot machine product. While AGS presented its good faith belief that it takes full responsibility for the manufacturing, software, operation, and service of the games placed in Indiana, following its investigation, Commission staff has determined Alfastreet to be the manufacturer of this product.

TERMS AND CONDITIONS

Commission staff alleges that the acts or omissions of AGS by and through its agents as described herein constitute a breach of IC 4-33, IC 4-35, and 68 IAC. The Commission and AGS hereby agree to a monetary settlement of the alleged violations described herein in lieu of the Commission pursuing formal disciplinary action against AGS.

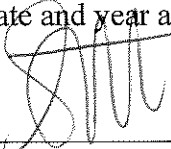
AGS shall pay to the Commission a total of \$10,000 in consideration for the Commission foregoing disciplinary action based on the facts specifically described in this Agreement. This Agreement extends only to those violations and findings of fact specifically alleged in the findings above. If the Commission subsequently discovers facts that give rise to additional or separate violations, the Commission may pursue disciplinary action for such violations even if the subsequent violations are similar or related to an incident described in the findings above.

Upon execution and approval of this Agreement, Commission staff shall submit this Agreement to the Commission for review and final action. Upon approval of the Agreement by the Commission, AGS agrees to promptly remit payment in the amount of \$10,000 and shall waive all rights to further administrative or judicial review.

This 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 Agreement. This Agreement may not be modified, supplemented, or amended, in any manner, except by written agreement signed by all Parties.

This Agreement shall be binding upon the Commission and AGS.

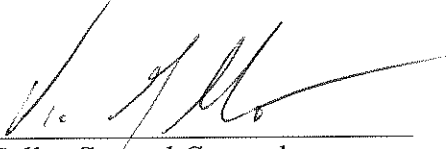
IN WITNESS WHEREOF, the Parties have signed this Settlement Agreement on the date and year as set forth below.



Sara Gonso Tait, Executive Director
Indiana Gaming Commission

5/30/19

Date



Vic Gallo, General Counsel
American Gaming Systems, LLC

5/24/19

Date