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INDIANA GAMING COMMISSION

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FIRST QUARTER 2011

BUSINESS MEETING

MARCH 17, 2011

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The Indiana Gaming Commission First Quarter 2011  
Business Meeting, reported by Kathleen Andrews, RPR,  
Notary Public in and for the County of Hamilton, State  
of Indiana, held at the Indiana Government Center  
South, 402 West Washington Street, Indianapolis,  
Indiana, commencing at 1:00 p.m. on March 17, 2011.

ASSOCIATED REPORTING, INC.  
Two Market Square Center, Suite 940  
251 East Ohio Street  
Indianapolis, Indiana 46204  
(317) 631-0940

APPEARANCES

On Behalf of the Gaming Commission:

Tim Murphy, Chairman

Tom Swihart, Commissioner

Mary Shy, Commissioner

Marc Fine, Commissioner

Robert Morgan, Commissioner

V. Sue Shields, Commissioner

Ernest Yelton, Executive Director

Jennifer Reske, Deputy Director

Adam Packer, General Counsel

Tami Timberman-Wright, Administrative Assistant

1           CHAIRMAN MURPHY: Good afternoon, everyone,  
2 and welcome to the First Quarter 2011 meeting of  
3 the Indiana Gaming Commission. I'll first call the  
4 roll of the commissioners.

5           Commissioner Swihart.

6           COMMISSIONER SWIHART: Present.

7           CHAIRMAN MURPHY: Commissioner Fine.

8           COMMISSIONER FINE: Present.

9           CHAIRMAN MURPHY: Commissioner Shy.

10          COMMISSIONER SHY: Present.

11          CHAIRMAN MURPHY: Commissioner Morgan.

12          COMMISSIONER MORGAN: Present.

13          CHAIRMAN MURPHY: Commissioner Shields.

14          COMMISSIONER SHIELDS: Present.

15          CHAIRMAN MURPHY: All Commissioners are  
16 present, and we have a quorum. The first order of  
17 business will be the approval of the minutes of the  
18 last meeting.

19          Commissioners, you've been supplied in your  
20 material with those minutes. Are there any  
21 questions?

22          COMMISSIONER SHIELDS: Only the spelling of my  
23 name.

24          CHAIRMAN MURPHY: Can we get that corrected  
25 for the record? Thank you. Is there a motion?

1 COMMISSIONER SWIHART: So moved as corrected.

2 CHAIRMAN MURPHY: As corrected.

3 COMMISSIONER SHY: I'll second.

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

7 (Chorus of ayes.)

8 CHAIRMAN MURPHY: Opposed?

9 The minutes are unanimously approved. The  
10 next item of business is the report of the  
11 Executive Director. Executive Director Yelton.

12 EXECUTIVE DIRECTOR YELTON: Thank you,  
13 Mr. Chairman. Members of the Commission.

14 First of all, I'll extend an apology that  
15 we're having our meeting today on St. Patrick's Day  
16 and 20 minutes, half an hour after Butler has  
17 tipped off, and the degree is supposed to be 70.  
18 But I will confess the idea of this meeting was  
19 totally Ms. Reske's. So feel free to talk with her  
20 after the meeting.

21 MS. RESKE: If you know me, you know that's  
22 not true.

23 EXECUTIVE DIRECTOR YELTON: I'll begin my  
24 report with our typical staff update. Once again,  
25 we are fortunate to have interns from the Indiana

1 University School of Law at Indianapolis. First of  
2 all, we have Anthony Jenkins. Anthony, will you  
3 stand, please.

4 Anthony comes from Hazlehurst, Mississippi,  
5 and holds a Bachelor Degree from Alcorn State and a  
6 Master's in Sports Administration from Ball State.

7 We also have Eric Doll. Eric. He is a  
8 lifelong Hoosier from Indianapolis and received his  
9 undergraduate degree from the Indiana University.

10 Tammy Timberman-Wright has been my  
11 administrative assistant since I arrived here in  
12 2002. Recently, she was promoted as our new  
13 Voluntary Exclusion Program and Patron Complaint  
14 Director, and accordingly will be serving as our  
15 meeting secretary today for the last time. So,  
16 Tammy, congratulations on your promotion.

17 Please welcome Takisha Body. Takisha. She's  
18 our latest Background Financial Investigator. She  
19 earned her degree in Finance from Indiana  
20 University, and is a member of the Institute of  
21 Auditors. Prior to coming to the IGC, she had been  
22 a Senior Internal Auditor for the Indianapolis  
23 Airport Authority for the last ten years.

24 Also, I'd like to introduce Derek Young.  
25 Derek. He's the newest addition to our legal

1 staff. Derek received his Bachelor's Degree in  
2 Psychology from Ball State and was awarded his JD  
3 from Valparaiso. He comes to us from the Division  
4 of Child Services, where he was its attorney for  
5 Perry and Spencer Counties. Welcome aboard, Derek.

6 Finally, I'm pleased to announce that we have  
7 obtained approval for our eighth Gaming Agent  
8 Academy. We've begun the process of hiring 30 new  
9 agents for service at all the various casinos in  
10 Indiana and plan to have them on site by the first  
11 week in September.

12 Since our last meeting, our Background and  
13 Financial Investigations Division has completed the  
14 reinvestigation reports on French Lick Resort &  
15 Casino, and suppliers IGT, Paltronics and Gemaco.  
16 All those reports have been submitted to you in  
17 advance, and Directors Garth Brown and Danielle  
18 Leek are here should you have any questions on  
19 those reinvestigation reports.

20 Seeing none, I'll move on to legislation, what  
21 there is to report. During the first chamber  
22 action, four gaming bills passed the Senate, were  
23 sent to the House where a stalemate, as you well  
24 know, continues to prevent it from conducting any  
25 of its business.

1 SB 325 codifies our emergency rules on local  
2 development agreements. Later this afternoon  
3 you'll be presented with amended rules for adoption  
4 which mirror the language that currently exists in  
5 325.

6 Senate Bill 47 was suggested by the Indiana  
7 Casino Association per Mr. Smith. It would permit  
8 removal of naval crews, as well as granting  
9 permanently moored status under our supervision and  
10 approval. Card tournaments would be conducted on  
11 casino property abutting the boats, and certain  
12 alcohol restrictions would be relaxed.

13 Senate Bill 36 would modify existing law and  
14 permit one entity the right to own both racinos in  
15 Anderson and Shelbyville.

16 And finally, Senate Bill 340 is a proposal in  
17 Charity Gaming that was proposed by not-for-profits  
18 from the Fort Wayne area. It would provide for  
19 several changes. And we are currently working  
20 closely with its author and sponsor to minimize any  
21 potential adverse regulatory impact.

22 Since the November Commission meeting, the IGC  
23 staff has added 21 individuals to the Exclusion  
24 List, which effectively and permanently bars those  
25 patrons from entering any casino in Indiana.

1           The following individuals were observed either  
2 past-posting or pinching their bets while at an  
3 Indiana casino: Meshawn Garrison, Theresa Norkus,  
4 DeAngelo Crenshaw, Michael Eve, and Aaron Brooks.

5           The following individuals were observed taking  
6 illegal possession of the TITO, casino chips, or  
7 U.S. currency in excess of the amount of \$500 while  
8 at a casino: Steven Logothetis, Kenneth Burch,  
9 Torrey Angry, Beverly Jackson, Shanai Burnett,  
10 Carolyn Reynolds, and Cecil Richey.

11           The following is a summary of the remaining  
12 individuals added:

13           Kyle Sanders and Angela Stouffer were observed  
14 moving bets, failing to pick up losing tip bets,  
15 and paying tip bets that were not winning bets  
16 while employed as dealers at Belterra Casino. Both  
17 employees were terminated from their employment as  
18 a result of their actions.

19           Robert Panitch was observed removing cards  
20 from the table while playing poker at the Horseshoe  
21 Hammond Casino.

22           Jazzlynn McCrary was observed making a series  
23 of \$1,000 withdrawals at the Majestic Star Casino  
24 using a fraudulent credit card.

25           While employed as a cashier supervisor at the

1 Blue Chip Casino, Wanda Adams was observed and  
2 admitted to overpaying her son-in-law \$479 upon  
3 cashing out three TITO tickets.

4 Julie Craig was observed and admitted to  
5 providing false identification and Social Security  
6 numbers while completing an IRS W-9 form while at  
7 the Blue Chip Casino at Michigan City.

8 Mike Waseleski, a former employee of Ameristar  
9 and Horseshoe Hammond, was federally indicted and  
10 found guilty as a result of his participation in a  
11 conspiracy to defraud the casino while working as a  
12 dealer at Ameristar. Waseleski would perform false  
13 shuffles, a technique which results in the cards  
14 being dealt in the exact same order as the prior  
15 shuffle, while other members of the conspiracy  
16 would place and win large bets while playing  
17 baccarat.

18 Shawn Hollingsworth was observed removing  
19 cards from the table while playing poker at the  
20 Horseshoe Southern Indiana Casino.

21 And Kin Chan was observed marking cards with  
22 his thumbnail while playing Blackjack at Belterra  
23 Casino.

24 For the year 2011, the IGC has placed 13  
25 patrons on the Exclusion List, bringing the total

1 to 223 individuals who are barred from Indiana  
2 casinos and racinos.

3 On February 18, the Bankruptcy Court confirmed  
4 Centaur's reorganization plan. The plan does not  
5 represent the final structure of the company as it  
6 will emerge from bankruptcy. Rather, it's a  
7 framework for handling the reorganization.

8 Commission staff has not received applications  
9 for transfer from the proposed owners of the post-  
10 bankruptcy Centaur. And because ownership and  
11 control interests are still subject to change, it's  
12 too early to make any definitive statements about  
13 who may need to be licensed. However, preliminary  
14 discussions have occurred with the Horse Racing  
15 Commission to coordinate licensing efforts for the  
16 new owners.

17 On March 10, the Bankruptcy Court confirmed  
18 Majestic Star's reorganization plan. Majestic  
19 Star's plan provides for the makeup of a new  
20 five-member board of managers, current senior  
21 management staying in place, and that distribution  
22 of interests to the new interest holders not occur  
23 in violation of relevant gaming regulations.

24 It is significant to note that confirmation  
25 was received in part because of an agreement

1 reached between the City of Gary and the creditors  
2 as to the local development agreement. Also of  
3 note in the bankruptcy, the Lake County Assessor's  
4 Office is contesting Majestic Star's valuation of  
5 the vessels.

6 Commission staff awaits the outcome of  
7 mediation on the valuation, which is scheduled for  
8 late April and could have an outcome on Majestic  
9 Star's tax liability.

10 Finally, a recap of our waiver summaries since  
11 our last meeting. The Casino Association members  
12 were granted relief from a requirement that a  
13 security officer who begins completing the manually  
14 paid jackpot must complete the process of  
15 witnessing, escorting, and signing the appropriate  
16 documentation to verify the manually paid jackpot  
17 was completed. Relief was granted, but the number  
18 of security officers are limited to two.

19 Ameristar was granted relief from canceling  
20 poker cards. The casino closed its poker room and  
21 wished to give the cards to its employees.

22 Horseshoe Hammond's request to allow a  
23 security officer to participate in the bill  
24 validator drop as a runner only was granted. Once  
25 designated as a runner, the security officer will

1 continue that role until the end of the drop  
2 process. Security officers will also be allowed to  
3 place the empty bill validator boxes on the casino  
4 floor. While doing either function, the security  
5 officers will be allowed to remain in their  
6 security uniforms. And the security officers will  
7 participate in those positions only when needed.

8 Horseshoe Southern Indiana received waivers  
9 allowing the distribution of the cards bearing the  
10 property's former name, Caesars Indiana, to the  
11 public without canceling the cards. The cards are  
12 a different color than the current cards being used  
13 and have the old Caesars logo on them. It was also  
14 allowed to reduce the number of the secondary set  
15 of valued chips for the 25 cent chip from 50  
16 percent to 15 percent.

17 Horseshoe Hammond and Horseshoe Southern  
18 Indiana were granted waivers allowing jackpots over  
19 \$200 to \$1,199.99 to be witnessed and verified by a  
20 security employee or supervisory level or above  
21 level employee of an independent gaming department,  
22 and were granted relief from the requirement that  
23 the security officer be present during the tip  
24 counting process. The tips are counted in a room  
25 off the casino floor that has dedicated camera

1 coverage.

2 Indiana Live and Majestic Star are allowed to  
3 place dedicated coverage on progressive displays  
4 showing incrementation when the display reads a  
5 minimum of \$40,000. The revenue audit department  
6 will be responsible for daily verification of the  
7 incremented amounts.

8 And finally, Majestic Star's request to allow  
9 progressive links to live table games on more than  
10 one casino because of the two, was granted.

11 And, that Mr. Chairman and members of the  
12 Commission, concludes the Executive Director's  
13 report.

14 CHAIRMAN MURPHY: Any questions on the report  
15 for the Executive Director?

16 Thank you, Executive Director Yelton.

17 We'll move on to old business; which there is  
18 none. And following that, patron matters and Angie  
19 Bunton.

20 MS. BUNTON: Good afternoon, Commissioners.  
21 You have before you 43 orders regarding the  
22 Voluntary Exclusion Program. Pursuant to the rules  
23 of the program, the identity of the Voluntary  
24 Exclusion Program participants must remain  
25 confidential. Pursuant to 68 IAC 6-3-2(g), a

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

6 Under orders 2011-01 through 2011-43, a total  
7 sum of \$57,378.74 was forfeited by John Does 1  
8 through 43. These winnings were collected by  
9 Ameristar, Blue Chip, Belterra, French Lick,  
10 Hollywood, Hoosier Park, Horseshoe Hammond,  
11 Horseshoe South, Indiana Live, and Majestic Star.  
12 These winnings were withheld as required by  
13 Commission regulation. Commission staff recommends  
14 that you approve the remittance of these winnings  
15 for John Does 1 through 43.

16 CHAIRMAN MURPHY: Commissioners, are there any  
17 questions of Ms. Bunton? If not, is there a motion  
18 to approve orders 2011-1 through 2011-43?

19 COMMISSIONER MORGAN: Motion to approve.

20 COMMISSIONER SHIELDS: Second.

21 CHAIRMAN MURPHY: It's been moved and  
22 seconded. All those in favor?

23 (Chorus of ayes.)

24 CHAIRMAN MURPHY: Opposed?

25 Orders 2011-1 through 43 are approved.

1 Thank you, Ms. Bunton.

2 Next up will be Joe Hoage and the voluntary  
3 exclusion appeals.

4 MR. HOAGE: Thank you, Mr. Chairman. Members  
5 of the Commission.

6 The first order you have before you today is  
7 Order No. 2011-44, which is an appeal of John Doe  
8 57's voluntary exclusion remittance.

9 No. 57 submitted a one-year application for  
10 VEP list on June 7, 2008, at the Horseshoe Hammond  
11 Casino in Hammond, Indiana. On April 25, 2010,  
12 No. 57 was then apprehended at the same casino,  
13 after having won an \$1800 jackpot. The money was  
14 forfeited according to the terms of the agreement,  
15 and on June 17, 2010, the Commission approved the  
16 remittance of the \$1800 under order No. 2010-91.

17 Within the required period of time 57  
18 submitted a letter of appeal of the Commission's  
19 decision, and the matter was assigned to an  
20 administrative law judge. 57's main argument was  
21 that he had only signed up for a one-year term in  
22 the Voluntary Exclusion Program, and therefore his  
23 participation in the program had expired in June,  
24 2009.

25 His argument, though, as we argued before the

1 administrative law judge, is contrary to the terms  
2 of the program that were detailed in this  
3 application, which requires that those patrons  
4 signing up for a one or a five-year term under the  
5 VEP program must make a written request to be  
6 removed from the program before they are allowed  
7 back into the casino.

8 The matter was heard upon a motion for summary  
9 judgment before the administrative law judge, and  
10 the administrative law judge granted Commission  
11 staff's motion on November 12, 2010.

12 With that said, you have before you the order  
13 approving the ALJ's decision, which would have the  
14 effect of denying 57's appeal of your June, 2010,  
15 order, and Commission staff would ask you to  
16 approve that order at this time.

17 CHAIRMAN MURPHY: Any questions of Mr. Hoage  
18 regarding Order 2011-44? If not, is there a motion  
19 to approve the order?

20 COMMISSIONER SHY: Move to approve.

21 COMMISSIONER SWIHART: Second.

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

25 (Chorus of ayes.)

1 CHAIRMAN MURPHY: Opposed?

2 Order 2011-44 is approved. Thank you,  
3 Mr. Hoage.

4 MR. HOAGE: Moving on to 2011-45, which is an  
5 appeal of John Doe 75's voluntary exclusion  
6 remittance.

7 No. 75 submitted an application for lifetime  
8 exclusion on February 23, 2007, at the Argosy  
9 Casino in Lawrenceburg, Indiana. On June 30, 2010,  
10 No. 75 was apprehended at the Hollywood Casino,  
11 which is the now name of the Argosy Casino, after  
12 having won an \$8,000 jackpot. The money was  
13 forfeited according to the terms of the VEP  
14 agreement, and on September 16, 2010, the  
15 Commission approved the remittance under Order No.  
16 2010-134.

17 Within the required period of time No. 75  
18 submitted a letter of appeal, and the matter was  
19 assigned to an administrative law judge. The  
20 administrative law judge set a telephonic  
21 preliminary hearing on October 22, 2010, which 75  
22 failed to attend. Commission staff thereafter  
23 filed a Motion for Default Judgment, which again 75  
24 failed to make a written response to that motion,  
25 and the ALJ granted Commission staff default

1 judgment on November 8, 2010.

2 The order before you now on 2011-45 would deny  
3 75's appeal of your September order. And because  
4 default judgment was entered in the matter by the  
5 administrative law judge, you are required by the  
6 terms of AOPA to approve the order at this time.

7 CHAIRMAN MURPHY: Any questions of Mr. Hoage  
8 regarding order 2011-45? If not, is there a motion  
9 to approve?

10 COMMISSIONER MORGAN: Motion to approve.

11 COMMISSIONER SWIHART: Second.

12 CHAIRMAN MURPHY: It's been moved and  
13 seconded. All those in favor, aye.

14 (Chorus of ayes.)

15 CHAIRMAN MURPHY: Opposed?

16 Order 2011-45 is approved.

17 MR. HOAGE: 2011-46 is an appeal of John Doe  
18 No. 100's voluntary exclusion remittance. No. 100  
19 submitted an application for lifetime exclusion on  
20 February 15, 2010, at the Horseshoe Hammond Casino  
21 in Hammond, Indiana. On July 31, 2010, he was  
22 apprehended at the same casino with \$1,021 in  
23 casino chips in his possession. The money was  
24 forfeited according to the terms of the VEP  
25 agreement, and on November 10, 2010, the Commission

1 approved the remittance under Order 2010-182.

2 Within the required period of time No. 100  
3 submitted a letter of appeal of the Commission's  
4 decision, and the matter was then assigned to an  
5 administrative law judge. No. 100's main argument  
6 was that of the \$1,021 that was in his possession  
7 at that time, \$500 of that money was not obtained  
8 as a result of wagers made. And as evidence, he  
9 submitted a bank statement which detailed a \$500  
10 personal ATM withdrawal the day of the occurrence  
11 of when it was forfeited at the Horseshoe Hammond  
12 Casino.

13 Under the terms of the VEP agreement, the  
14 Indiana Gaming Commission is only authorized to  
15 seize monies that are won or obtained as a result  
16 of the wagers made. And after a review of No.  
17 100's written appeal, the case report submitted by  
18 Commission agents, and speaking with No. 100, in  
19 the interest of avoiding a potentially long and  
20 unproductive evidentiary hearing, the Commission  
21 staff entered into settlement negotiations with No.  
22 100 and came to the agreement that IGC would refund  
23 \$500 to No. 100, with the Commission retaining the  
24 \$521 balance, and No. 100 would remain a lifetime  
25 member of the VEP list. On January 11, 2011, the

1 ALJ approved the terms of our settlement agreement.

2 With that said, the order before you would  
3 have the effect of approving the settlement  
4 agreement entered into by the Commission staff and  
5 No. 100, and we ask that you approve this order at  
6 this time.

7 CHAIRMAN MURPHY: Any questions of Mr. Hoage  
8 regarding Order 2011-46? If not, is there a motion  
9 to approve the order?

10 COMMISSIONER SHIELDS: So moved.

11 COMMISSIONER SWIHART: Second.

12 CHAIRMAN MURPHY: It's been moved and  
13 seconded. All those in favor, signify by saying  
14 aye.

15 (Chorus of ayes.)

16 CHAIRMAN MURPHY: Opposed?

17 Order 2011-46 is approved. Thank you,  
18 Mr. Hoage.

19 We'll move on now to patron matters and,  
20 Mr. Hoage, if you'll continue.

21 MR. HOAGE: I'll be here for a while.

22 Order No. 2011-47 is an appeal of John  
23 Branum's placement on the Commission's Exclusion  
24 List. On July 7, 2010, John Branum was placed on  
25 the Commission's Exclusion List after being

1 observed allegedly past-posting his bets while  
2 playing craps at the Blue Sky Casino in French  
3 Lick, Indiana. Branum was charged with one count  
4 of cheating at a gambling game as a D-felony in the  
5 Orange County Superior Court, to which he entered  
6 into a diversion agreement with the prosecutor.

7 On July 14, 2010, Branum filed an appeal in  
8 this matter, and the administrative law judge was  
9 assigned. Branum's main argument was that he  
10 lacked the requisite intent to defraud the casino,  
11 was unfamiliar with the rules of the game. At 70  
12 years of age, he had never been arrested, charged,  
13 or convicted of any crime prior to this incident in  
14 his life, and he had never been disciplined by any  
15 gaming commission or casino as a result of his  
16 actions in a casino prior to this event.

17 After appearing before the ALJ for a  
18 preliminary hearing, the parties entered into a  
19 settlement discussion, at which a settlement was  
20 reached where Branum would agree to withdraw his  
21 appeal of his placement on the Exclusion List, and  
22 in exchange he would be allowed to petition the  
23 Commission for removal from the Exclusion List  
24 after one year of his original placement on the  
25 list.

1           Just to clarify, Branum is now and currently  
2 will remain on the list until such time that he  
3 petitions the Commission to be removed, at which  
4 time you will then be able to make a decision  
5 whether to allow him to be removed from the list.  
6 He would be eligible to do that on July 7, 2011.

7           On January 5, 2011, the ALJ reviewed the  
8 settlement agreement entered into by the parties  
9 and issued an order approving of the agreement.

10          With that said, you have an order before you  
11 approving the settlement agreement, and Commission  
12 staff would ask that you approve that at this time.

13          CHAIRMAN MURPHY: Questions of Mr. Hoage  
14 regarding order 2011-47? If not, is there a motion  
15 to approve the order?

16          COMMISSIONER SHIELDS: So moved.

17          COMMISSIONER SHY: Second.

18          CHAIRMAN MURPHY: It's been moved and  
19 seconded. All those in favor?

20          (Chorus of ayes.)

21          CHAIRMAN MURPHY: Opposed?

22          Order 2011-47 is approved. Thank you,  
23 Mr. Hoage. Continue.

24          MR. HOAGE: 2011-48 is an appeal of Beverly  
25 Ryan's placement on the Commission Exclusion List.

1 On May 2, 2010, Ryan was observed, via video  
2 surveillance, taking unauthorized possession of a  
3 TITO ticket worth approximately \$902 from another  
4 patron while at the Horseshoe Hammond Casino. On  
5 August 2 Ryan was placed on the Commission  
6 Exclusion List. She appealed the decision within  
7 the appropriate period of time, and the matter was  
8 assigned to an administrative law judge.

9 On January 7, 2011, Ryan failed to attend a  
10 telephonic pretrial hearing in this matter. As a  
11 result of her absence, Commission staff filed a  
12 Motion for Default Judgment, to which Ryan failed  
13 to submit a written response as required by AOPA.  
14 And the ALJ granted the Commission staff's default  
15 judgment on February 7, 2011.

16 Pursuant to AOPA, since a default judgment was  
17 entered in the matter, you are required to approve  
18 the order that is before you at this time, which  
19 would have the effect of denying Ryan's appeal of  
20 her placement on the Commission Exclusion List, and  
21 she would not be eligible to petition for removal  
22 from that list until March of 2014.

23 The Commission staff would ask you that you  
24 approve that order, or actually the Commission  
25 staff would inform you that you have to approve

1           that order.

2           EXECUTIVE DIRECTOR YELTON:   Respectfully.

3           CHAIRMAN MURPHY:   Respectfully, thank you,  
4           yes.

5           Any questions of Mr. Hoage regarding Order  
6           2011-48?

7           COMMISSIONER SHY:   I have a question.   What  
8           was the amount?

9           MR. HOAGE:   \$902.

10          COMMISSIONER SHY:   We have a different amount.

11          CHAIRMAN MURPHY:   657?

12          COMMISSIONER SHY:   Yes, 657 is what we have.

13          CHAIRMAN MURPHY:   Do you know which one is  
14          correct?

15          MR. HOAGE:   Actually, I believe the \$902  
16          originally was caught that night, and she admitted  
17          to taking the \$902 ticket.   She was able to repay  
18          650 some odd dollars of that ticket, which remained  
19          a balance of 350.   She was given multiple  
20          opportunities to repay that.   She never did.   I'm  
21          sorry.   That's where the discrepancy is.

22          CHAIRMAN MURPHY:   That's where the discrepancy  
23          is.   Makes sense.   Is there a motion to approve  
24          order 2011-48?

25          COMMISSIONER SWIHART:   So moved.

1 COMMISSIONER SHY: I'll second.

2 CHAIRMAN MURPHY: It's been moved and  
3 seconded. All those in favor, signify by saying  
4 aye.

5 (Chorus of ayes.)

6 CHAIRMAN MURPHY: Opposed?

7 Order 2011-48 is approved.

8 We'll now move on to Occupational Licensees,  
9 and Mr. Hoage will continue.

10 MR. HOAGE: 2011-49 is an order regarding  
11 Rodney Westbrook's occupational license. On or  
12 about August 27, 2003, Westbrook submitted a Level  
13 3 occupational license application and was issued a  
14 temporary Level 3 license to work as a utility  
15 porter at the Majestic Star Casino. He was later  
16 issued a permanent occupational license in 2003,  
17 which has been renewed every year thereafter.

18 On January 28, 2007, Westbrook was charged  
19 with public intoxication as an A-misdemeanor in the  
20 East Chicago City Court. On August 16, 2007,  
21 Westbrook was charged with possession of marijuana  
22 as an A-misdemeanor, again in the East Chicago City  
23 Court. On October 19, 2007, Westbrook entered into  
24 a diversion agreement to both charges, and the case  
25 was successfully dismissed thereafter, after he

1 completed the terms of the diversion agreement,  
2 which usually involves some sort of community  
3 service and the payment of fines and costs.

4 Now, pursuant to 68 IAC 2-3-9.1, all  
5 occupational licensees are required to notify the  
6 Commission in writing anytime the licensee has been  
7 arrested, indicted, charged, convicted, or pled  
8 guilty to any felony or misdemeanor within 10  
9 calendar days of that event. Mr. Westbrook never  
10 informed the Commission of either 2007 arrests, and  
11 the Commission was made aware of the incidents in  
12 2010 by local law enforcement.

13 In lieu of a disciplinary action being filed  
14 in the matter, Commission staff offered a  
15 settlement agreement to Westbrook, which would  
16 require him to voluntarily relinquish his  
17 occupational license for a period of two days. He  
18 would not be eligible to take vacation or paid  
19 leave time during that two-day voluntary  
20 relinquishment. On January 3, 2011, Westbrook  
21 agreed to the terms of the settlement that is now  
22 before you.

23 The order before you would approve that  
24 settlement agreement entered into by the parties,  
25 and Commission staff would ask that you approve the

1 order at this time.

2 CHAIRMAN MURPHY: Questions for Mr. Hoage  
3 regarding order 2011-49? If not, is there a motion  
4 to approve?

5 COMMISSIONER MORGAN: Motion to approve.

6 COMMISSIONER SHIELDS: Second.

7 CHAIRMAN MURPHY: It's been approved and  
8 seconded. All those in favor?

9 (Chorus of ayes.)

10 CHAIRMAN MURPHY: Opposed?

11 Order 2011-49 is approved. We'll now move on  
12 to revocation. Revocation of what?

13 MR. HOAGE: Occupational licenses.

14 CHAIRMAN MURPHY: Occupational licenses, okay.

15 MR. HOAGE: 2011-50, we're concerned with Kyle  
16 Cambridge's occupational license. On September 7,  
17 2010, Cambridge pled guilty to operating a vehicle  
18 while intoxicated with a prior conviction, as a  
19 D-felony, in the Hancock Superior Court. Cambridge  
20 was sentenced to 10 days in the Hancock County  
21 jail, 90 days home detention, a one year driver's  
22 license suspension, probation, and costs.

23 As a result of his felony conviction,  
24 Cambridge has failed to maintain suitability for  
25 licensure by violating Indiana Code 4-33-8-3, which

1 forbids the issuance of an occupational license to  
2 any individual who has been convicted of a felony  
3 under the laws of the State of Indiana or any other  
4 state or jurisdiction.

5           Thereafter, on September 22, 2010, the  
6 Commission staff filed a disciplinary complaint  
7 before the administrative law judge, seeking to  
8 revoke Cambridge's occupational license due to his  
9 failure to maintain suitability for licensure.  
10 Cambridge filed an answer to the Commission's  
11 complaint, but thereafter failed to appear at the  
12 telephonic pretrial hearing on November 19, 2010.  
13 The Commission then filed a Motion for Default  
14 Judgment, which the ALJ later approved after  
15 Cambridge failed to file a written response to the  
16 Commission's motion.

17           You now have before you the order affirming  
18 the ALJ's decision on the Commission's Motion for  
19 Default in this matter, which has the effect of  
20 revoking Mr. Cambridge's occupational license. And  
21 again, respectfully, according to AOPA, you must  
22 enter the order approving the ALJ's decision at  
23 this time.

24           CHAIRMAN MURPHY: Thank you for that. Are  
25 there any questions on order 2011-50? If not, is

1           there a motion to approve order 2011-50?

2           COMMISSIONER SHY: I move to approve.

3           COMMISSIONER MORGAN: Second.

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

7           (Chorus of ayes.)

8           CHAIRMAN MURPHY: Opposed?

9           Order 2011-50 is approved. Thank you,  
10 Mr. Hoage.

11          MR. HOAGE: Thank you.

12          CHAIRMAN MURPHY: The next item on the agenda  
13 is Supplier Licenses, and Adam Packer.

14          MR. PACKER: Thank you, Mr. Chair.

15          Orders 2011-51 through 53 will come before you  
16 all at once. They are all orders that would issue  
17 a permanent supplier license to three new companies  
18 that are supplying goods and services to Indiana  
19 casinos and are required to obtain licensure.

20          On or about August 3, 2010, DigiDeal  
21 Corporation submitted a supplier license  
22 application. DigiDeal manufactures and distributes  
23 electronic table games. Staff issued temporary  
24 license to DigiDeal on September 7, 2010, and this  
25 temporary license allowed DigiDeal to begin

1 supplying electronic table games to Indiana  
2 casinos.

3 On June 3, 2010, Lightning Poker submitted a  
4 supplier license application. Lightning Poker  
5 manufactures electronic poker tables and other  
6 kinds of prop machines. Staff issued a temporary  
7 license to Lightning Poker on July 19, 2010, and  
8 this temporary license allowed Lightning Poker to  
9 begin selling its products to Indiana casinos.

10 On April 7, 2010, Technical Security  
11 Integration, Incorporated, or TSI, submitted a  
12 supplier license application. TSI designs, sells,  
13 installs and services security and surveillance  
14 equipment. Staff issued a temporary license to TSI  
15 on April 26, 2010. This temporary license allowed  
16 TSI to begin selling its products to Indiana  
17 casinos.

18 Commission staff has completed comprehensive  
19 background and financial investigations of all  
20 three of these companies and their substantial  
21 owners and key persons. Commission staff could  
22 find no derogatory information that would affect  
23 the applicants' suitability and has recommended  
24 that they be found suitable for licensure.

25 You've had an opportunity to review staff's

1 final reports. Garth Brown and Danielle Leek from  
2 the Investigations Division are here to answer any  
3 questions, if you have any, regarding the final  
4 reports or the investigations of these companies.

5 Staff recommends that the Commission grant  
6 supplier licenses to DigiDeal, Lightning Poker, and  
7 TSI by approving Orders 51 through 53.

8 CHAIRMAN MURPHY: Any questions of Mr. Packer  
9 regarding the orders? If not, is there a motion to  
10 approve Orders 2011-51 through 53?

11 COMMISSIONER MORGAN: Motion to approve.

12 COMMISSIONER FINE: Second.

13 CHAIRMAN MURPHY: It's been moved and  
14 seconded. All those in favor, signify by saying  
15 aye.

16 (Chorus of ayes.)

17 CHAIRMAN MURPHY: Opposed?

18 Order 2011-51 through 53 are approved. Thank  
19 you, Mr. Packer.

20 MR. PACKER: Thank you.

21 CHAIRMAN MURPHY: The next item on the agenda  
22 will be supplier renewals, to be presented by  
23 Sherry Green.

24 MS. GREEN: Good afternoon. You have before  
25 you Order 2011-54, concerning the renewal supplier

1 licenses. Pursuant to Indiana Code 4-33 and 68 IAC  
2 2-2, the Commission has previously approved the  
3 permanent supplier's licenses for the following 11  
4 companies:

5 AC Coin, Incorporated; Bally Gaming,  
6 Incorporated; Data Financial, Incorporated; DEQ  
7 Systems Corporation; Electroncek; IGT; Incredible  
8 Technologies, Incorporated; Midwest Game Supply  
9 Company; Patriot Gaming and Electronics,  
10 Incorporated; TCS John Huxley; WMS Gaming,  
11 Incorporated.

12 A supplier's license is valid for a period of  
13 one year. Pursuant to IC 4-33-7-8 and 68 IAC  
14 2-2-8, a supplier's license must be renewed  
15 annually, and payment of \$7500 for the annual  
16 renewal fee must be remitted. Each of these  
17 licensees have requested renewal of their licenses  
18 and have paid the appropriate renewal fee.

19 The Commission staff respectfully recommends  
20 that you approve the renewal of the licenses for  
21 the 11 suppliers.

22 CHAIRMAN MURPHY: Do the Commissioners have  
23 any questions for Ms. Green? If not, is there a  
24 motion to approve Order 2011-54?

25 COMMISSIONER SWIHART: So moved.

1 COMMISSIONER SHY: Second.

2 CHAIRMAN MURPHY: It's been moved and  
3 seconded. All those in favor, signify by saying  
4 aye.

5 (Chorus of ayes.)

6 CHAIRMAN MURPHY: Opposed?

7 Order 2011-54 is approved. Thank you.

8 The next item on the agenda will be  
9 Disciplinary Actions and Chris Gray.

10 MS. GRAY: Good afternoon, Commissioners. You  
11 have before you a settlement agreement with  
12 Bally's, Order 2011-55, wherein the supplier sent  
13 sensitive parts that were not approved prior to  
14 being shipped. Bally's has agreed to a monetary  
15 settlement of \$5,000 in lieu of disciplinary  
16 action. The Commission staff recommends that you  
17 approve order 2011-55.

18 CHAIRMAN MURPHY: Any questions of Ms. Gray on  
19 Order 2011-55? If not, is there a motion to  
20 approve the order?

21 COMMISSIONER MORGAN: Motion to approve.

22 COMMISSIONER SHIELDS: Second.

23 CHAIRMAN MURPHY: It's been moved and  
24 seconded. All those in favor, signify by saying  
25 aye.

1 (Chorus of ayes.)

2 CHAIRMAN MURPHY: Opposed?

3 Order 2011-55 is approved. Thank you.

4 MS. GRAY: Order 2011-56 is a settlement  
5 agreement with Gaming Partners International,  
6 wherein the supplier shipped table layouts without  
7 approval. Gaming Partners International has agreed  
8 to a monetary settlement of \$3,000 in lieu of  
9 disciplinary action. The Commission staff  
10 recommends that you approve order 2011-56.

11 CHAIRMAN MURPHY: Any questions of Ms. Gray  
12 regarding order 2011-56? If not, is there a motion  
13 to approve the order?

14 COMMISSIONER SHY: I move to approve.

15 COMMISSIONER SWIHART: Second.

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

19 (Chorus of ayes.)

20 CHAIRMAN MURPHY: Opposed?

21 Order 2011-56 is approved.

22 MS. GRAY: Order 2011-57 is a settlement  
23 agreement with Lottomatica/Gtech, wherein software  
24 that was not ordered or approved was shipped to an  
25 Indiana casino. Lottomatica/Gtech has agreed to a

1 monetary settlement of \$1,500 in lieu of  
2 disciplinary action.

3 The Commission staff recommends that you  
4 approve order 2011-57.

5 CHAIRMAN MURPHY: Any questions of Ms. Gray  
6 regarding Order 2011-57? If not, is there a motion  
7 to approve the order?

8 COMMISSIONER SWIHART: Motion to approve.

9 COMMISSIONER MORGAN: Second.

10 CHAIRMAN MURPHY: It's been moved and  
11 seconded. All those in favor, signify by saying  
12 aye.

13 (Chorus of ayes.)

14 CHAIRMAN MURPHY: Opposed?

15 Order 2011-57 is approved.

16 MS. GRAY: Order 2011-58 is a settlement  
17 agreement with US Playing Card, wherein the  
18 supplier sent cards that did not meet rules  
19 regarding the specification of playing cards. US  
20 Playing Card has agreed to a monetary settlement of  
21 \$2,000 in lieu of disciplinary action.

22 The Commission staff recommends that you  
23 approve order 2011-58.

24 CHAIRMAN MURPHY: Any questions of Ms. Gray  
25 regarding the order? If not, is there a motion to

1 approve Order 2011-58?

2 COMMISSIONER MORGAN: Motion to approve.

3 COMMISSIONER SHY: Second.

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

7 (Chorus of ayes.)

8 CHAIRMAN MURPHY: Opposed?

9 Order 2011-58 is approved. Thank you  
10 Ms. Gray.

11 We'll now move on to Casino matters and  
12 renewals and Adam Packer.

13 MR. PACKER: Thank you, Mr. Chair. Order 59  
14 is regarding Hollywood's renewal.

15 The Commission renewed Hollywood's riverboat  
16 owner's license on March 4 of 2010, which renewed  
17 the license through December 9, 2010. On  
18 November 29 of 2010, Hollywood requested renewal.  
19 On December 8, 2010, the Executive Director issued  
20 an interim renewal of Hollywood's license, which is  
21 effective until such time as the Commission is able  
22 to consider the renewal at the subsequent  
23 Commission meeting. I've provided the interim  
24 renewal to you.

25 Today is the first Commission meeting since

1 the Executive Director has issued Hollywood's  
2 interim renewal, so it is appropriate at this time  
3 for the Commission to consider the matter of the  
4 renewal of Hollywood's riverboat owner's license,  
5 and that is the reason for agenda item No. 59.

6 Mr. Chairman.

7 CHAIRMAN MURPHY: Ms. Gray.

8 MS. GRAY: Early in January Commission Audit  
9 Director Frank Brady and I expressed serious  
10 concerns with the second version of a corrective  
11 action plan submitted by Hollywood. The plan was  
12 accepted, however, to allow Hollywood, as a  
13 licensed operator, the chance to take the actions  
14 it deemed appropriate in resolving its numerous  
15 compliance issues.

16 At the end of January the Commission asked for  
17 an update on the plan and has since carried on  
18 consistent dialogue with management. Several  
19 factors led staff to conclude that the plan was not  
20 successful.

21 You will note that there are two settlement  
22 agreements for Hollywood in your packet. Regarding  
23 the first, in the normal course of business a  
24 Commission Compliance Committee meeting was held at  
25 the beginning of December, and three

1 noncontroversial violations were noted. These  
2 violations have scheduled fines, and a settlement  
3 agreement was written.

4 In the period between the November meeting and  
5 the end of February, several additional violations  
6 occurred. Action was not immediately taken,  
7 however, because the IGC wanted Hollywood to have  
8 time to show the effectiveness of their plan.

9 In late February, staff concluded that  
10 Hollywood's plan had not and could not succeed, and  
11 sent a second settlement agreement with 16 counts.  
12 Information regarding each of those counts has been  
13 provided to you for review.

14 It should also be noted that four other  
15 issues, not included in this settlement agreement,  
16 are pending. Information regarding these matters  
17 has also been provided to you.

18 Immediately after the second settlement  
19 agreement was sent, the Commission was contacted by  
20 a representative stating that corporate was now  
21 aware that the plan was not effective and would be  
22 undertaking more direct corrective action. Former  
23 Gaming Commission Executive Director Jack Thar has  
24 been retained to assist the corporate office in  
25 implementing these actions.

1           The casino has temporarily moved an employee  
2 exclusively in the compliance position until the  
3 casino hires a compliance manager. The corporate  
4 office is also conducting an interim investigation  
5 regarding the above-mentioned violations and  
6 issues.

7           The Commission feels that the company as a  
8 whole is now dedicated to an improvement of  
9 compliance at the casino, and we are cautiously  
10 optimistic that at the June meeting we will have  
11 better news to report regarding Hollywood.

12           CHAIRMAN MURPHY: Ms. Gray, one question for  
13 you. When you said several counts, would you  
14 recite how many counts there were.

15           MS. GRAY: In the first one, there were three.  
16 In the second settlement, there were 16. And then  
17 we've had four that are pending.

18           CHAIRMAN MURPHY: Subsequent to the 16?

19           MS. GRAY: Yes.

20           CHAIRMAN MURPHY: So that's a total of 23.

21           Before we proceed, is there anyone present  
22 from Hollywood that would be interested in speaking  
23 to this matter?

24           EXECUTIVE DIRECTOR YELTON: Mr. Thar is here.  
25 I believe he's been working with Frank and Chris.

1           CHAIRMAN MURPHY: The Chair recognizes  
2 Mr. Thar.

3           MR. THAR: Thank you, Chairman Murphy,  
4 Executive Director Yelton, members of the  
5 Commission.

6           I have with me today Mr. Tony Rodio, I'd like  
7 to introduce, who is the general manager of the  
8 property down at Hollywood, and also Mr. Mark  
9 Mason, who you are familiar with in his former dual  
10 role of head of security and head of compliance at  
11 the property.

12           Mr. Mason is now the full-time interim  
13 compliance director to oversee the corrective  
14 action plan and steps that Hollywood is taking with  
15 regard to the compliance issues which have been  
16 before this Commission for a somewhat extended  
17 period of time.

18           I want to point out that the Chief Executive  
19 Officer of Penn National, the parent company of  
20 Hollywood, Mr. Tim Wolmott, is very much aware  
21 now -- it's at his desk -- of the compliance issues  
22 that have been brought to the attention of the  
23 property through the staff of the Indiana Gaming  
24 Commission, and this is being handled at the  
25 highest levels in the most serious way.

1           Mr. Tom Auriemma, who is the head of  
2           regulatory and compliance matters at a  
3           vice-president level at corporate, has presently  
4           assigned Mr. Jim Valvasey to come out to the  
5           property. I will be meeting with him tomorrow at  
6           the property.

7           The first step that corporate is doing in  
8           conjunction with the property is an in-depth  
9           investigation with regard to the allegations  
10          contained in Complaint No. 1 of this year, the  
11          16-count complaint which we have discussed with  
12          members of the Gaming Commission staff, and going  
13          backwards with regard to the exceptions that have  
14          been noted this year as pointed out by Mr. Brady,  
15          as well as taking a look at the prior two years.  
16          The reason being that we want to find where the  
17          patterns are.

18          It has been determined that Hollywood has done  
19          an excellent job in the past of determining what  
20          the facts are that led to a particular violation.  
21          What we've been somewhat remiss in is what is the  
22          corrective action that we're going to take in order  
23          to minimize and eliminate this happening again.  
24          There is no question that a lot of these are human  
25          error. What can the company do both at the

1 property level and at the corporate level to make  
2 these in-house procedures more standard and more  
3 consistent so that the people can flow with it a  
4 little bit better.

5 I know that there is no lack of effort at  
6 Hollywood with regard to wanting to succeed under  
7 Mr. Rodio's direction. Compliance has been at a  
8 high level.

9 What they have found themselves in, so you can  
10 understand this, is they are working so hard to try  
11 to comply that they've gotten scared of making an  
12 error, and as such they are not performing in their  
13 jobs naturally. So we hope that as a part of our  
14 background investigation into all of these  
15 complaints, figuring out where the patterns lie,  
16 putting in procedures that will simplify and make  
17 it easier for the people in the normal course of  
18 their job to comply, we'll be able to cure and  
19 address more thoroughly these compliance matters.

20 Mr. Rodio and Mr. Mason are both here to  
21 answer any direct questions that the Commission may  
22 have with regard to what is going on, to the extent  
23 you prefer to hear from them rather than me.

24 I notice that this has come up during the  
25 course of this particular renewal. I would ask

1           that this particular renewal go ahead for this  
2           reason: This is what generally would be described  
3           as an administrative renewal, and the Commission  
4           staff is presently undertaking an extensive  
5           investigation with regard to the three-year renewal  
6           that would come up in December.

7           So we would ask that the present investigation  
8           of Hollywood, that national is doing with regard to  
9           their own, be blended in with regard to the  
10          background investigation as presently determined,  
11          so that presently we would have this license  
12          renewed. And the Commission can at any time take  
13          up consideration with regard to a license, have  
14          that heard any time the Commission so chooses or  
15          part of the renewal that would occur in December.

16          That would be my overall introductory  
17          statement to the Commission. We're here for any  
18          questions you may have.

19          CHAIRMAN MURPHY: I'll begin just with one  
20          question of fact. Who does the newly appointed  
21          compliance officer report to?

22          MR. THAR: The compliance officer reports to  
23          Mr. Tom Auriemma at corporate. He does not report  
24          to anybody at the property.

25          CHAIRMAN MURPHY: Thank you. Do the

1           Commissioners have any questions for Mr. Thar,  
2           Mr. Rodio, or Mr. Mason?

3           COMMISSIONER SHIELDS: I suppose I have a  
4           comment. I understand there has been a settlement  
5           agreement sent to you on behalf of your client with  
6           reference to the what, 14 counts? 16 counts? Is  
7           that correct?

8           MR. THAR: That is correct.

9           COMMISSIONER SHIELDS: And just so there is no  
10          misunderstanding, that is a recommendation of  
11          staff. It is not in any way binding on the  
12          Commission. That's your clear understanding and  
13          that of your client?

14          MR. THAR: Yes, yes. The staff is presently  
15          waiting for us to address that.

16          COMMISSIONER SHIELDS: But even if you would  
17          agree, that's not in any way binding on the  
18          Commission.

19          MR. THAR: I do understand.

20          COMMISSIONER FINE: I just want to make sure I  
21          understood you correctly. We just heard about 23  
22          violations in the last several months, and you  
23          still want us to do something on an approval type  
24          basis now?

25          MR. THAR: Yes, I would. And I would ask that

1 for this reason: We have a property that's working  
2 very hard to try to be compliant. The error that  
3 has occurred between November and now is not one of  
4 lack of effort. It's lack of execution in terms  
5 of.

6 They put forth a compliant action plan, and  
7 instead of acting on it immediately, they waited  
8 for Commission approval. And that's why I brought  
9 up this concept of they're trying so hard, they're  
10 fearful. They know that they have been less than  
11 watchful in terms of their compliance, so they've  
12 gotten scared, and they don't want to take a step  
13 until the Commission approves it.

14 And there are a lot of things that the  
15 Commission does require preapproval of, but there  
16 are a lot of things that you can start to implement  
17 and bring to the Commission and say, "This is how  
18 we're going to implement this tomorrow, if you'll  
19 approve it today." Rather than, "Here's our plan.  
20 Look it over, and we'll talk to you next week about  
21 it."

22 So it hasn't been for lack of stepping forward  
23 and taking action. There's been a certain amount  
24 of, we don't actually know which way to turn. I  
25 think that we have relaxed a bit. To put

1           somebody's license under a suspension type, not  
2           suspended in a technical test point of view, but  
3           let's just not act on it right now; we'll act on it  
4           at the next meeting, depending upon what we see  
5           happens in the interim, if this was the full  
6           background investigation, I would say that's  
7           probably exactly what you should do. But what  
8           we're asking today is, this is one that is  
9           generally an administrative approval. And that is,  
10          if there is no outstanding reason to question the  
11          suitability of a particular company, that it would  
12          be renewed.

13                 And since the investigation is being conducted  
14          actively, if I understand correctly, with regard to  
15          the license approval this coming December, and  
16          since you can take up the issue of a license at any  
17          time since this, what I would call an  
18          administrative approval, has been pending for some  
19          time, we would ask that you go ahead and approve  
20          it, with the full understanding you can call it  
21          into question at the June meeting, or you can do it  
22          as a part of the background investigation.

23                 The overall reason is this: We are dealing  
24          with a lot of people at a property. We look at  
25          this as a job, and we look at this with a certain

1 sense of Hollywood is here and national is here.  
2 It's something that is stable. To say we're not  
3 going to act on their license and leave it in kind  
4 of a suspense trial causes additional morale  
5 issues. It may allow people that are the good  
6 employees to say, "Maybe I'd better go look at a  
7 different property. Maybe I'd better look at my  
8 opportunities elsewhere."

9 So I'm saying at the stage this particular  
10 license is in, that is administrative approval  
11 stage, we are well aware that the Commission is  
12 questioning and looking very closely at the  
13 compliance factors with regard to this property.  
14 We're well aware we can be pulled in anytime the  
15 Commission decides.

16 But with regard to leaving the license  
17 suspended in some animation, we would ask that you  
18 approve it on the administrative basis with any  
19 type of qualifiers you would like to put on it.  
20 Yes, that's what we are asking.

21 CHAIRMAN MURPHY: Director Yelton has asked to  
22 speak.

23 EXECUTIVE DIRECTOR YELTON: Yes. May I  
24 please, Mr. Chairman, members of the Commission.

25 Mr. Thar, as I understand it, you said it

1 twice, that one of the issues here is because the  
2 staff at Hollywood is trying too hard because they  
3 are fearful of doing things incorrectly. Is that  
4 what you said?

5 MR. THAR: Yes, I did.

6 EXECUTIVE DIRECTOR YELTON: Help me out. When  
7 was it that you requested and Hollywood requested a  
8 meeting through my staff about that issue?

9 MR. THAR: We have not requested on that  
10 issue.

11 EXECUTIVE DIRECTOR YELTON: Oh, I beg your  
12 pardon. When did we meet about the supervisor?

13 MR. THAR: I'm missing something.

14 EXECUTIVE DIRECTOR YELTON: I have a distinct  
15 recollection of representatives from Hollywood,  
16 with Mr. Smith, asking for a meeting with us to  
17 express that very same concern and blaming the  
18 supervisor.

19 MR. THAR: No, no. That's not what I'm trying  
20 to imply here.

21 EXECUTIVE DIRECTOR YELTON: No, no. Here me  
22 out. Is that not true?

23 MR. THAR: That is true, yes.

24 EXECUTIVE DIRECTOR YELTON: And as a result,  
25 what did we do in response to that?

1 MR. THAR: You removed the supervisor.

2 EXECUTIVE DIRECTOR YELTON: When was that,  
3 Mr. Thar?

4 MR. THAR: It would have been in the fall. I  
5 don't know the exact date.

6 EXECUTIVE DIRECTOR YELTON: These last  
7 violations, did they occur after Manning was  
8 removed from the premises and a new supervisor went  
9 in there?

10 MR. THAR: Yes, they did.

11 EXECUTIVE DIRECTOR YELTON: Who else besides  
12 the supervisor did you indicate to us was causing  
13 you to be fearful?

14 MR. THAR: It's not a fear brought on by  
15 anybody at the Gaming Commission. It's a fear of  
16 the employee, that they would be terminated because  
17 they're not doing their job correctly.

18 Let me illustrate. One of the issues that has  
19 occurred is people under age getting on the vessel.  
20 Hollywood has implemented a policy that if, as a  
21 security personnel, a person under the age of 21  
22 gets on the boat and I am the person that did that,  
23 that the person came through my turn-style, they  
24 are terminated. As a consequence, security  
25 personnel do not want to work the turn-style

1           because they have a fear that a single mistake will  
2           result in termination from Hollywood. That fear  
3           stems from nothing with regard to the Commission's  
4           interactions.

5                     EXECUTIVE DIRECTOR YELTON: But you did  
6           indicate the fear existed when Manning was there.  
7           That was distinctly the reason you were there.

8                     MR. THAR: Yes.

9                     EXECUTIVE DIRECTOR YELTON: So we removed that  
10          fear for you, did we not, voluntarily, to assist  
11          you?

12                    MR. THAR: Yes.

13                    EXECUTIVE DIRECTOR YELTON: So now there is a  
14          new fear.

15                    MR. THAR: There is, yes. If I didn't make  
16          that clear, I apologize.

17                    The fear is they are trying to implement  
18          things that will bring them into compliance, and  
19          the approach has been to change what the human  
20          resource rules would be with regard to a person and  
21          the punishment if there is an error. That's from a  
22          Hollywood point of view. And in that situation it  
23          makes people not flow in their job.

24                    It's not a Commission issue. It's a Hollywood  
25          issue. And if I didn't make that clear, I

1 apologize.

2 EXECUTIVE DIRECTOR YELTON: I just wanted to  
3 make sure the Commissioners were aware of our  
4 meeting and what we did in response to your  
5 concerns.

6 MR. THAR: Yes. We did have that meeting, and  
7 the Commission did respond, and it was a very  
8 unusual step.

9 COMMISSIONER SHIELDS: I'm a little bit  
10 concerned. You are saying people are afraid they  
11 will be fired for not doing their job?

12 MR. THAR: Correct, for committing a human  
13 error one time.

14 COMMISSIONER SHIELDS: Which is just to ask  
15 for a driver's license, for example.

16 MR. THAR: For instance, yes. That happened.

17 COMMISSIONER SHY: Was that always the policy?

18 MR. THAR: No. The policy has stepped up.  
19 Correct me if I'm wrong.

20 MR. MASON: It's been the policy since I got  
21 there in 2003, so it may have been the policy all  
22 along. I don't know.

23 COMMISSIONER SWIHART: It's standard within  
24 the industry.

25 So, Mr. Thar, if I may ask, you brought up

1           renewing the license, and we've had the opportunity  
2           to go through the report thoroughly.  If we wait  
3           until June so you have, for lack of a better word,  
4           time to get your house in order and be compliant,  
5           you know, where are we going here?  I mean, what's  
6           going to happen within your organization to resolve  
7           this, so we don't deal with this anymore?

8           MR. RODIO:  If I may, first of all, if I could  
9           also address the premier issue.  Since the  
10          compliance issues reared their head in the fall, we  
11          have taken very aggressive steps in a lot of  
12          regards to make sure that the policies and  
13          procedures are clearly communicated and the  
14          expectations to our workforce.  And I think that's  
15          what Mr. That was referring to.  We have been so  
16          strict and adamant about that, that I think that by  
17          and large the line employees at Hollywood now are  
18          fearful for whether it's termination, in the case  
19          of a security guard, or other disciplinary action,  
20          depending upon the infractions, because we are so  
21          adamant about following every policy and procedure  
22          to the letter.

23          We are being more aggressive now in light of  
24          these violations than we were -- I've been there  
25          two and a half years.  In the first year I was

1           there, we didn't have any of these issues, and I  
2           feel like we are working harder towards compliance  
3           today than we were when our record was good. I  
4           know it's counter-intuitive, but that really is the  
5           case.

6           In terms of what we're doing, we've put  
7           together a compliance plan. And with the help of  
8           the staff, we feel that over time that that is  
9           going to take hold and take effect and will be  
10          positive. It's really only been in place for a  
11          couple of months, and we think that a lot of  
12          particular incidents -- I know there is one in  
13          particular that we've totally eliminated any  
14          further occurrences in terms of people working with  
15          badges that have expired.

16          So there are definitely some improvements that  
17          we're making, and I know that we're going to  
18          continue to make improvements in respect to all the  
19          other types of violations as we review the  
20          circumstances.

21          COMMISSIONER SWIHART: Mr. Chairman, it's kind  
22          of premature, I think, to make a decision, so I  
23          make a motion to table this until June.

24          CHAIRMAN MURPHY: There is a motion on the  
25          floor to table until the next meeting the renewal

1 of the license of Hollywood Casino. Is there a  
2 second?

3 COMMISSIONER SHIELDS: I second.

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

7 (Chorus of ayes.)

8 CHAIRMAN MURPHY: Opposed?

9 We will table the renewal order until the June  
10 meeting, at which time we'll revisit it. And  
11 hopefully we'll have some better news and some time  
12 to see the track record between now and then and  
13 hopefully renew at that time. Thank you.

14 We'll now move on to disciplinary actions and  
15 Chris Gray.

16 MS. GRAY: Good afternoon again,  
17 Commissioners. You have before you 11 settlement  
18 agreements concerning disciplinary actions.

19 The first settlement is with Ameristar, Order  
20 2011-60, which includes two counts. In the first  
21 count, the casino failed to secure cards not being  
22 utilized at a live gaming device. In the second  
23 count, the casino failed to timely notify the  
24 Gaming Agents of the termination of five employees.  
25 Ameristar has agreed to a total monetary settlement

1 of \$11,500 in lieu of disciplinary action. Are  
2 there any questions?

3 The second order, 2011-61, is a settlement  
4 agreement with Aztar wherein an employee was  
5 allowed to work on an expired badge. Aztar has  
6 agreed to a monetary settlement of \$1,000 in lieu  
7 of disciplinary action. Are there any questions  
8 concerning this order?

9 The third order, 2011-62, is a settlement  
10 agreement with Belterra wherein the casino failed  
11 to get identification from a patron who won a  
12 jackpot and then paid the wrong patron. Belterra  
13 has agreed to a monetary settlement of \$2,500 in  
14 lieu of disciplinary action. Are there any  
15 questions?

16 Order 2011-63 is a settlement agreement with  
17 French Lick wherein the casino violated the VEP  
18 rules. French Lick has agreed to a monetary  
19 settlement of \$1,500 in lieu of disciplinary  
20 action. Are there any questions?

21 Order 2011-64 is a settlement agreement with  
22 Grand Victoria, which includes four counts. In the  
23 first count, the casino failed to follow the  
24 approved procedures to change and refill a  
25 redemption kiosk. In the second count, the casino

1 did not secure the dice that were not being  
2 utilized at a live table game. In the third count,  
3 the casino failed to notify the Commission of a  
4 machine that was malfunctioning. And in the final  
5 count, the casino failed to notify the Commission  
6 that machines were removed from play.

7 Grand Victoria has agreed to a monetary  
8 settlement of \$10,000 in lieu of disciplinary  
9 action. Are there any questions?

10 Order 2011-65 is a settlement agreement with  
11 Hollywood involving three counts. In the first  
12 count, the casino failed to timely notify the  
13 Gaming Agents of the termination of four employees.  
14 In the second count, the casino allowed three  
15 employees to work on an expired badge. In the  
16 third count, the casino allowed an underage person  
17 on the floor on two different occasions.

18 Hollywood has agreed to a total monetary  
19 settlement of \$27,500 in lieu of disciplinary  
20 action. Are there any questions?

21 The eighth order, 2011-66, is a settlement  
22 agreement with Hoosier Park and includes four  
23 counts. In the first count, the casino failed to  
24 properly balance the redeeming kiosks and also  
25 failed to maintain accounting records. In the

1 second count, an underage person was allowed to  
2 access the casino. In the third count, the casino  
3 failed to timely notify the Gaming Agents of a  
4 termination. The fourth count violated the VEP  
5 rules.

6 Hoosier Park has agreed to a total monetary  
7 settlement of \$18,000 in lieu of disciplinary  
8 action. Are there any questions regarding this  
9 agreement?

10 Order 2011-67 is a settlement agreement with  
11 Horseshoe Hammond and includes two counts. In the  
12 first count, the VEP rule was violated. And in the  
13 second count, the casino failed to secure the  
14 assets.

15 Horseshoe Hammond has agreed to a total  
16 monetary settlement of \$8,000 in lieu of a  
17 disciplinary action. Are there any questions?

18 The tenth order, 2011-68, is a settlement  
19 agreement with Horseshoe Southern Indiana and  
20 includes two counts. In the first count, the  
21 casino allowed an underage person onto the casino  
22 floor. In the second count, an incorrect fill at a  
23 table game was not handled according to procedure.

24 Horseshoe Southern Indiana has agreed to a  
25 total monetary settlement of \$6,500 in lieu of a

1 disciplinary action. Are there any questions with  
2 this agreement?

3 Order 2011-69 is a settlement agreement with  
4 Indiana Live and includes two counts. In the first  
5 count, the casino allowed an underage person on the  
6 casino floor. The second count violated the rule  
7 regarding EPROMs.

8 Indiana Live has agreed to pay a total  
9 monetary settlement of \$6,000 in lieu of  
10 disciplinary action. Are there any questions?

11 The final order, 2011-70, is a settlement  
12 agreement with Majestic Star wherein the casino  
13 allowed an underage person onto the casino floor.  
14 Majestic Star has agreed to pay a monetary  
15 settlement of \$1,500 in lieu of disciplinary  
16 action. Are there any questions?

17 CHAIRMAN MURPHY: Are there any further  
18 questions of Ms. Gray?

19 MS. GRAY: The Commission staff recommends  
20 that you approve Orders 2011-60 through 2011-70,  
21 each of which approves one of the settlement  
22 agreements that we have just discussed.

23 CHAIRMAN MURPHY: If there are no questions,  
24 is there a motion to approve Orders 2011-60 through  
25 70?

1           COMMISSIONER MORGAN: Motion to approve.

2           COMMISSIONER SHY: I second.

3           CHAIRMAN MURPHY: It's been moved and  
4 seconded. All those in favor, signify by saying  
5 aye.

6           (Chorus of ayes.)

7           CHAIRMAN MURPHY: Opposed?

8           Orders 2011-60 through 70 are approved. Thank  
9 you, Ms. Gray.

10          MS. GRAY: Thank you.

11          CHAIRMAN MURPHY: We will request one or two  
12 minutes here before we go forward. Thank you.

13          (Brief recess.)

14          CHAIRMAN MURPHY: Pardon the interruption.  
15 Thank you for your patience. Our next item on the  
16 agenda will be the transfer of Grand Victoria, and  
17 Adam Packer will introduce the subject.

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

19          As you know, Grand Victoria Casino & Resort is  
20 owned by HGMI. HGMI has agreed to sell the  
21 operating assets of Grand Victoria Casino & Resort  
22 to Gaming Entertainment Indiana, which is a  
23 wholly-owned subsidiary of a national gaming  
24 company that is new to Indiana by the name of Full  
25 House Resorts.

1           Before we get into Full House's presentation,  
2           Mr. Chairman, HGMI has asked for a few minutes to  
3           address the Commission. I believe it's Peter  
4           Liguori who is going to be addressing the  
5           Commission.

6           CHAIRMAN MURPHY: Mr. Liguori, proceed. Thank  
7           you.

8           MR. LIGUORI: Mr. Chairman, Commissioners,  
9           Executive Director Yelton, IGC staff, and others,  
10          with your pending action of finding Full House  
11          suitable for gaming in the State of Indiana,  
12          another of the few remaining steps in the sale  
13          process of Grand Victoria will be completed. As  
14          you know, we expect to close on March 31, with Full  
15          House taking responsibility of the property as of  
16          April 1.

17          With the approach of the transition date,  
18          these are both gratifying and sad dates for me.  
19          Personally, I've had the privilege of working with  
20          the staff and team at Grand Victoria for over 13  
21          years. However, I'm also pleased that an  
22          organization such as Full House will be assuming  
23          responsibility and ownership of Grand Victoria. I  
24          have great confidence that they will successfully  
25          shepherd the property in the journey ahead.

1 I wanted to take this opportunity to thank the  
2 Commission and staff for the collaborative effort  
3 during the sales process and in support of our  
4 goals of being a successful and compliant gaming  
5 operator.

6 I'd also like to thank the City of Rising Sun  
7 and its organization, Mayor Marksberry and others,  
8 for without them, there would actually be no Grand  
9 Victoria.

10 Please know that HGMI will continue its  
11 diligent effort to ensure a smooth transition in  
12 the weeks ahead. And finally, as this will be the  
13 last time I'll be before you, I'd like to express  
14 the appreciation of myself, ownership, HGMI Gaming,  
15 for allowing us to participate in gaming in the  
16 great State of Indiana. Thank you for your time.

17 CHAIRMAN MURPHY: Mr. Liguori, on behalf of  
18 the Commission, we'd also like to thank you and  
19 Hyatt group for your contribution to gaming in the  
20 State of Indiana. Thank you.

21 MR. PACKER: Mr. Chairman, I understand that  
22 Full House has also asked for a few minutes to  
23 address the Commission. They have a presentation.  
24 I believe it's Andre Hilliou who will be addressing  
25 the Commission.

1           CHAIRMAN MURPHY: Mr. Hilliou, welcome.

2           MR. HILLIOU: Thank you, Pete. Thank you,  
3 Mr. Chairman. Members of the Commission, Judge  
4 Yelton, and members of the staff.

5           With your permission, I'd like to make a short  
6 presentation on Full House Resorts. The company  
7 was founded by Lee Iacocca and Allen Paulson, the  
8 founders of the Real Jet Company a few years back,  
9 to take advantage of some business opportunities;  
10 gaming, an important piece that they have.

11           The business model of Full House Resorts is  
12 very simple. We own and we do manage. And we are  
13 moving slowly but surely into the ownership of  
14 casinos. We trade on the New York Stock Exchange,  
15 AMEX, and we reported a record earnings last week  
16 for 2010.

17           The vision statement is simple. We provide  
18 fun and entertainment experience for our customers  
19 in a compliant, safe, and efficient operation to  
20 the State of Indiana and any state into which we do  
21 business. We try to provide superior return to our  
22 investors, security to our employees, opportunities  
23 to our partners and vendors, and support to our  
24 host community. I think that's one of the reasons  
25 that we reported record earnings last year; all of

1 us take others in consideration when we do make a  
2 business decision.

3 Our Board of Directors: Our senior board  
4 member is Lee Iacocca. And I think all of the  
5 members that we have there add value and  
6 independence to the board that we have.

7 We have Ken Adams, who is in charge of the  
8 compliance committee. And we have a CPA on board,  
9 Ms. Caracciolo, who is in charge of our audit  
10 committee. We have a really senior Board of  
11 Directors.

12 Management structure, Wes and Mark are  
13 basically in charge of the day-to-day operation.  
14 We also take compliance very, very seriously, and  
15 internal audit specifically. They both report to  
16 Mark Miller on a corporate level.

17 We have also Barth Aaron, who has been a  
18 regulator in New Jersey, and reports also to the  
19 compliance committee, which is shared by Mr. Adams.  
20 So I think that we have the right system in place  
21 to ensure that we meet the needs of the regulatory  
22 body in the State of Indiana.

23 Again, we manage and we own. We have a  
24 diversified grouping here, lead by excellent local  
25 teams, allowing us to concentrate on the unique

1 aspects and needs of each property, since all of  
2 them are different.

3 The Stockman's, we own. The FireKeepers, we  
4 manage. Harrington, we did manage. And, of  
5 course, the Grand Victoria, we hope to own and  
6 manage after April 1st.

7 The Stockman's Casino is the first property  
8 that we purchased. It is located in Fallon,  
9 Nevada. It's on the main highway, the center part  
10 of town. The casino is a market leader and highly  
11 profitable, despite the severe recession in  
12 northern Nevada. So we do quite well.

13 Midway Slots is located in Delaware between  
14 Dover and Ocean City, Maryland. We financed it, we  
15 built it, and we manage it. Under our management,  
16 earnings grew by over 10 percent over five years in  
17 a row, so it is a very successful property. As a  
18 partner, we also started a transition in 2007 for  
19 full ownership to the property to a 50 percent  
20 partner, who are currently the owner of the  
21 property. So after August of this year, I guess,  
22 the management contract will go away.

23 The FireKeepers in Michigan, we were hired by  
24 Detroit to develop the location as well as finding  
25 the financing during one of the worst financial

1 period in recent memory. It's located on Highway  
2 94, between Chicago and Detroit. It is probably  
3 one of the most successful casinos opened in the  
4 last few years, despite the fierce competitive  
5 environment -- 23 casinos in Michigan alone,  
6 commercial and native. We brought it into the  
7 market ahead of schedule and under budget.

8 We are just going to go quickly through some  
9 slides to show you what we've designed and  
10 supervised as a management team.

11 That's a very modern design, easy on the eye.  
12 Open roof again, very bright and appealing. The  
13 slot area, you can see the light above it. There  
14 is really an ever-changing light over the machines.  
15 They are synchronized with the music, providing an  
16 ever-changing environment. Wes actually was  
17 responsible for creating and implementing this  
18 concept. It is very, very well received by our  
19 customers and employees 18 months later.

20 That's the table game area, again an excellent  
21 combination and works quite well.

22 I think the key to a successful opening of a  
23 property is really a senior knowledgeable  
24 management team, and the project was well planned,  
25 and advance marketing. So I think we did the

1 basics right.

2 Keys to long-term profitability: Again,  
3 strong management team on the corporate level, on  
4 the property level. We focus on recruiting. We  
5 have an efficient operating plan and good business  
6 model, and we have a great knowledge of the local  
7 markets.

8 Now we get to the Grand Victoria. What  
9 applied to all the properties we have managed in  
10 the past also applies to the Grand Victoria.

11 If you look at the Grand Victoria, it is truly  
12 a beautiful property, really a beautiful property  
13 in need of guidance and funding. You know, as we  
14 all know, the property has been for sale for a few  
15 years, and we are very, very excited to be here  
16 today, and we are ready to take the helm of the  
17 property.

18 And we have some of the management team here  
19 who will stay with us. We are not making changes  
20 in the management team. Steve and Elaine are here.  
21 And with their co-workers, they are just going to  
22 keep on bringing the property forward.

23 That's a very well kept casino floor,  
24 reflecting on the well-trained and caring team  
25 members, taking great pride in their job. It is

1 truly a gem.

2 This is just to remind everyone -- the picture  
3 was probably taken last year. That is just to  
4 remind everyone that spring is here. It is great  
5 at Rising Sun. It is a great golf course.

6 That's just a recap of what we did. You know,  
7 we have an investment of \$53 million. \$19 million  
8 in cash. The rest is financed by Wells Fargo. The  
9 capital structure should be under two times levered  
10 after the purchase, which is quite unusual in our  
11 world. And we expect the property to be accretive  
12 to earnings this year. It speaks well to the  
13 property and the management team at Full House and  
14 at the Grand Victoria.

15 Strong market and demographics: We cannot  
16 forget there was a strong market and great  
17 demographics despite the forthcoming competition.  
18 There is competition coming from Ohio. Some of the  
19 other operators will focus on Ohio. We will focus  
20 on Indiana. The property in Indiana is really our  
21 main focus, so we will focus on the Grand Vic, and  
22 I think we will do a good job. We understand the  
23 competitive environment, and we will manage  
24 accordingly.

25 What are our plans? Well, we, of course, want

1 to improve revenue. We will look at the suite  
2 inventory to better compete for high value  
3 customers. The management team told us that we  
4 should focus on that this year and next year. We  
5 are going to try to make the Grand Victoria unique  
6 and appealing to our customers. Not that it is not  
7 appealing today, but we just want to improve.

8 We want to rebrand the property and take  
9 advantage of the advertising opportunities. We  
10 want to implement our "Customer First" approach to  
11 service. It is already a very high quality  
12 customer environment at the Grand Victoria. We  
13 want to energize the pavilion with consistent  
14 entertainment features.

15 What do we offer gaming? I think we have  
16 integrity. We have professionalism. We understand  
17 and we are committed to the regulatory process.

18 We have a strong, experienced management team,  
19 and we have been successful in past with past  
20 companies.

21 We are committed to our employees. We do  
22 realize that the employees can make or break a  
23 company. We firmly believe in that.

24 We also believe that we need to get involved  
25 in the community. We have a casino in the

1 community, and it is part of the community, so we  
2 fervently believe in that. And, of course, we like  
3 to be good neighbors.

4 What do we offer our host community? We have  
5 an experienced management team. We recognize the  
6 importance of relationships, and we've already  
7 started to build that relationship with the City of  
8 Rising Sun. Eventually, we hope to extend that to  
9 the state.

10 We understand the local market and host  
11 community are keys to that market, and truly  
12 believe in that community. So they are really a  
13 part of it, and we need to keep that in mind.

14 We understand that gaming is one aspect of the  
15 entertainment and hospitality experience. Gaming  
16 by itself will not make a casino successful. It is  
17 the entire experience that we provide -- the hotel,  
18 golfing, how do you make the employee feel  
19 comfortable, and how do you make the customer feel  
20 comfortable. If the employees are happy, the  
21 customers will be happy.

22 What do we offer our team members? I think we  
23 offer a stable and good working environment. We  
24 have an experienced management that understands  
25 what it takes to make a casino successful. We

1 value our team members who value our business ethic  
2 and goals. And I think we've have found that  
3 already with the management in place at the Grand  
4 Victoria.

5 Just to recap on Full House Resorts: We have  
6 over 100 years of experience in casino management.  
7 We wish we had less, but it is what it is.

8 We have opened and successfully operated  
9 casinos. We have developed and managed tribal  
10 casinos and commercial casinos as well. I think we  
11 are knowledgable in managing local casinos. We  
12 know what works and what does not work, and it has  
13 something to do with those how many years there.  
14 We know what the customer wants, and we know what  
15 brings revenue.

16 We have relationship with outside people. No  
17 one can be successful on their own, so we have  
18 access to funding, design, construction, and other  
19 professionals to make our casinos the best areas.

20 Well, it was a very short presentation, which  
21 I was told to make it very short. I hope it was  
22 short enough.

23 I want to thank you. And if you have any  
24 questions for any of us, I can answer the question.  
25 Mark Miller, our chief operating officer, is there,

1 and Wes Elam next to him. We have Elaine. And  
2 Steve is somewhere in the back. He is very smart.  
3 He just tries to hide.

4 CHAIRMAN MURPHY: Any questions for  
5 Mr. Hilliou?

6 COMMISSIONER SHY: I have a question. Is  
7 there anything you're ready to share about what you  
8 might do different to the property?

9 MR. HILLIOU: I think it's certainly too early  
10 to tell because it is really a collaborative effort  
11 between Steve's team and Full House Resorts.  
12 Because we are not licensed, it was very, very hard  
13 for us to start engaging, engaging the management  
14 team in a very meaningful manner.

15 But as we say, we need some improvement in the  
16 level of the rooms in order to be more competitive.  
17 And I think as we start hearing what the management  
18 team has to say, we will work very hard with them  
19 to make the property more exciting.

20 We are a firm believer in entertainment. We  
21 really are a part of the entertainment industry.  
22 We keep on calling it gaming, but gaming is really  
23 entertainment. If you just go there, you all have  
24 the same slot machines, the same tables. How do we  
25 make the property different? How do we bring

1 people from out of state to the Grand Victoria? We  
2 are going to be thinking about that very hard.  
3 Hopefully, we will do well there.

4 CHAIRMAN MURPHY: Thank you, Mr. Hilliou. On  
5 behalf of the Commission, I'd like to welcome you  
6 and your Full House associates to Indiana.

7 MR. HILLIOU: Thank you very much. We're glad  
8 to be here.

9 CHAIRMAN MURPHY: I understand that the mayor  
10 of Rising Sun, Bill Marksberry, I'd like to  
11 recognize Bill.

12 MR. MARKSBERRY: Mr. Chairman, Commissioners.  
13 Rising Sun, working with the staff here and  
14 talking about how things go, the city fully  
15 supports the transfer and looks forward to working  
16 with Full House. We believe it's a good  
17 partnership. Not that it hasn't been in the past  
18 with Steve and his team, Grand Victoria, but you  
19 always look for something new and exciting. We  
20 hope that you will bless this.

21 CHAIRMAN MURPHY: Thank you.

22 MR. PACKER: Mr. Chairman, the first order  
23 before the Commission regarding this transaction is  
24 2011-71, which if passed would approve the sale of  
25 Grand Victoria to Full House, would approve Full

1 House's financing package, and would waive the  
2 so-called two meeting requirement in 68 IAC 5-3-2  
3 that we generally waive for all of these types of  
4 financing requests.

5 The background and financial investigations  
6 division has completed its comprehensive  
7 investigation. Dr. Charlene Sullivan from Purdue  
8 has recommended approval of the financing. And  
9 staff recommends that you approve Order 71  
10 transferring the license to Full House.

11 CHAIRMAN MURPHY: Do the Commissioners have  
12 any further questions regarding Order 2011-71 of  
13 Mr. Packer or anyone who has spoken so far? If  
14 not, is there a motion to approve Order 2011-71?

15 COMMISSIONER SHY: I move to approve.

16 COMMISSIONER MORGAN: Second the motion.

17 CHAIRMAN MURPHY: It's been moved and  
18 seconded. All those in favor, signify by saying  
19 aye.

20 (Chorus of ayes.)

21 CHAIRMAN MURPHY: All those opposed, same  
22 sign.

23 Order 2011-71 is approved. Thank you,  
24 Mr. Packer.

25 MR. PACKER: Thank you, Mr. Chair.

1           There is a second order before the Commission  
2 regarding this transaction, Order 72, which if  
3 passed would terminate the HGMI-related power of  
4 attorney for Grand Victoria and simultaneously  
5 approve the Full House-related power of attorney,  
6 which has been provided to you for review, and  
7 which would name Ronald Gifford as trustee in  
8 waiting.

9           Mr. Gifford is familiar to many of you through  
10 his time as a partner at Baker & Daniels where he  
11 had some gaming clients. He has most recently been  
12 CEO of the Indy Partnership. He just left there  
13 this month to take a position as executive  
14 vice-president of the Central Indiana Corporate  
15 Partnership.

16           Ron has represented several casinos before the  
17 Gaming Commission. He is also a trustee in waiting  
18 under powers of attorney with Belterra and French  
19 Lick.

20           Staff recommends that you approve Order 72,  
21 terminating the HGMI power of attorney and  
22 implementing the new Full House power of attorney  
23 with Mr. Gifford.

24           CHAIRMAN MURPHY: Do the Commissioners have  
25 any questions of Mr. Packer regarding Order

1 2011-72? If not, is there a motion to approve the  
2 order?

3 COMMISSIONER SHIELDS: So moved.

4 COMMISSIONER MORGAN: Second.

5 CHAIRMAN MURPHY: It's been moved and  
6 seconded. All those in favor, signify by saying  
7 aye.

8 (Chorus of ayes.)

9 CHAIRMAN MURPHY: Opposed?

10 Order 2011-72 is approved. Thank you,  
11 Mr. Packer.

12 MR. PACKER: Thank you, Mr. Chairman.

13 CHAIRMAN MURPHY: Now, we'll move on to power  
14 of attorney for Indiana Live.

15 MR. PACKER: Yes. Order 73 is a replacement  
16 of the existing power of attorney at Indiana Live  
17 with the new power of attorney. The new power of  
18 attorney will name Ronald Gifford, a name that may  
19 be familiar to you from 45 seconds or so ago, as  
20 trustee in waiting for Indy Live.

21 Under Indiana Code 4-35-5-9, a casino licensee  
22 must petition the Commission for any changes to its  
23 power of attorney. That is the reason why this has  
24 come before you today.

25 Indy Live desires to change its existing power

1 of attorney to one with Mr. Gifford at the  
2 in-waiting position, and staff recommends approval  
3 of Order 73, replacing the Indy Live power of  
4 attorney.

5 CHAIRMAN MURPHY: Thank you, Mr. Packer. Any  
6 questions from the Commission on order 2011-73?

7 If not, is there a motion to approve the  
8 order?

9 COMMISSIONER SWIHART: So moved.

10 COMMISSIONER SHY: Second.

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

14 (Chorus of ayes.)

15 CHAIRMAN MURPHY: Opposed?

16 Order 2011-73 is approved. Thank you,  
17 Mr. Packer.

18 MR. PACKER: Thank you.

19 COMMISSIONER FINE: I do have one question.  
20 Is there no limit to how many positions you can  
21 serve at?

22 MR. PACKER: Well, I guess not. There isn't a  
23 statutory limit, Commissioner Fine. And Commission  
24 staff is not of the opinion at this point that  
25 Mr. Gifford has overextended himself because this

1 position really is trustee in waiting. And if  
2 something were to happen at one of these casinos  
3 that would require us to install Mr. Gifford as  
4 trustee, the other casinos would have the  
5 opportunity to amend their powers of attorney.

6 The only way that this could be an emergency  
7 would be if two of these casinos have enough  
8 problems that we are looking to install a trustee  
9 at the same time. Staff believes that that's a  
10 remote enough possibility that it's not worth  
11 getting in the way of Mr. Gifford's profitable new  
12 side business.

13 CHAIRMAN MURPHY: Any further questions of  
14 Mr. Packer? If not, we'll move on to charity  
15 gaming matters and Julien Agnew.

16 MR. AGNEW: Good afternoon, Commissioners.  
17 Before you is Order 2011-74, an order approving the  
18 decision of the Commission's administrative law  
19 judge to grant default judgment in the disciplinary  
20 action against the Crisis Center, a qualified  
21 organization located in Kokomo that was conducting  
22 charity gaming under an Annual Bingo License.

23 On September 22, 2010, Commission staff filed  
24 a complaint to revoke the Crisis Center's Annual  
25 Bingo License after Commission investigators had

1 determined that the Crisis Center had committed  
2 several charity gaming violations as well as check  
3 deception.

4 From April to August of last year, Crisis  
5 Center staff issued multiple checks to winners,  
6 charity gaming winners, from its charity gaming  
7 bank account, but the checks weren't paid and  
8 weren't honored by the Crisis Center bank. A  
9 review of the Crisis Center's accounts revealed  
10 that at least seven non-sufficient fund checks were  
11 issued each month during that period.

12 A preliminary hearing was held on November 10  
13 of last year with the Crisis Center staff,  
14 Commission staff, and the ALJ participating. The  
15 Crisis Center failed to file an answer to the  
16 Commission's complaint, so the Commission staff  
17 subsequently filed a Motion for Default Judgment.

18 On December 27 of last year, the ALJ issued a  
19 Proposed Order of Default Judgment. The Crisis  
20 Center failed to respond, and the ALJ issued an  
21 order granting default judgment on January 13 of  
22 this year.

23 The Commission will vote now on whether to  
24 approve this order. Staff recommends approval.  
25 And then your order, if you do approve it, will

1           revoke the Crisis Center's license.

2           CHAIRMAN MURPHY: Any questions of Mr. Agnew?

3           COMMISSIONER SWIHART: I have a question.

4           What's the procedure, if we approve this, to get  
5           reinstated by this organization?

6           MR. AGNEW: The organization would have to  
7           reapply. Once your decision, if you approve, their  
8           license is no longer valid, and they would have to  
9           reapply for a new license. And then it would go  
10          back through the normal investigatory process of  
11          our charity gaming staff's review.

12          This now is the second time that this  
13          organization has gone through this process. If you  
14          remember, in 2009 this organization submitted a  
15          check for its license fee to the Commission, which  
16          also came back non-sufficient funds. The  
17          Commission revoked its license after the process in  
18          front of the ALJ. And then subsequently, because  
19          they didn't have any other charity gaming  
20          violations and they made amends, we did issue a new  
21          license after that. So this is the second time  
22          where they've faced this.

23          CHAIRMAN MURPHY: Other questions from the  
24          Commission regarding the order?

25          If not, is there a motion to approve Order

1 2011-74?

2 COMMISSIONER SWIHART: So moved.

3 CHAIRMAN MURPHY: Is there a second?

4 COMMISSIONER SHY: I'll second.

5 CHAIRMAN MURPHY: It's been moved and  
6 seconded. All those in favor, signify by saying  
7 aye.

8 (Chorus of ayes.)

9 CHAIRMAN MURPHY: Opposed?

10 Order 2011-74 is approved. Thank you,  
11 Mr. Agnew.

12 Now we'll move on to the next item, which is  
13 rules, and back to Adam Packer.

14 MR. PACKER: Thank you, Mr. Chair.

15 The final rule language before you, Resolution  
16 75, would amend the internal control rules  
17 regarding soft counts. It would add a rule to the  
18 gaming equipment regulations regarding ticket in/  
19 ticket out, or TITO technology, amend the  
20 accounting rules for the purpose of recognizing,  
21 regulating TITOs, and make numerous related  
22 technical changes.

23 Regulations regarding TITO have been a long  
24 time coming. It's been a point of slight  
25 embarrassment. TITO technology has been in place

1 for several years, and instead of regulating it  
2 through administrative rule, Commission staff and  
3 the regulating entities have regulated through a  
4 collection of policies and waivers and other  
5 informal processes. TITO is a legitimate and  
6 widespread technology and has made tokens and coins  
7 essentially obsolete in the area of electronic  
8 gaming devices, and regulation of TITO deserves to  
9 be in the administrative code instead of in the  
10 informal regulatory scheme.

11 Commission staff has taken this rule through  
12 promulgation process, beginning with the posting of  
13 a Notice of Intent on August 4, 2010, and on  
14 through the proposed rule, public hearing, public  
15 comment process.

16 There was significant back and forth between  
17 Commission staff and the public on this rule. The  
18 Casino Association submitted written comments on  
19 August 23, November 1, December 4, December 6, and  
20 December 7, and Casino Aztar has submitted written  
21 comments as well.

22 The cumulative effect of all of these public  
23 comments has been the Commission staff made a  
24 number of changes to the rule between the proposed  
25 rule state filed in October and the rule document

1 that's before you today.

2 Commission staff has prepared a change list,  
3 which serves as a handy guide and actually a  
4 necessary guide under the promulgation process, to  
5 all the changes that have been made.

6 The Indiana Economic Development Corporation  
7 does not object to the economic impact of this  
8 rule. The State Budget Agency has recommended that  
9 this rule be approved. And Commission staff  
10 recommends that the Commission approve Resolution  
11 75, and therefore the TITO Rule.

12 Once approved, Commission staff will submit  
13 this rule to the Office of the Attorney General, to  
14 the Governor's office, and to the *Indiana Register*  
15 for the final approval process.

16 CHAIRMAN MURPHY: Thank you, Mr. Packer.

17 Any questions the Commissioners have regarding  
18 Resolution 2011-75?

19 If not, is there a motion to approve the  
20 resolution?

21 COMMISSIONER MORGAN: Motion to approve.

22 COMMISSIONER FINE: Second.

23 CHAIRMAN MURPHY: It's been moved and  
24 seconded. All those in favor, signify by saying  
25 aye.

1 (Chorus of ayes.)

2 CHAIRMAN MURPHY: Opposed?

3 Resolution 2011-75 is approved. Thank you,  
4 Mr. Packer.

5 MR. PACKER: Thank you, Mr. Chair.

6 The next rule before you will be Resolution  
7 2011-76, the adoption of an emergency rule  
8 regarding immediate family members of Level 1 and  
9 Level 2 licensees.

10 The compliance division recently brought to  
11 executive staff's attention concerns regarding a  
12 member of the immediate family of a Level 1  
13 licensee at one of the casinos winning valuable  
14 prizes, including a car. There was no allegation  
15 of impropriety, and compliance staff did its usual  
16 investigation, didn't find any impropriety or any  
17 proof of anything questionable going on. But  
18 patrons complained. And the Commission takes the  
19 position that the appearance of impropriety is  
20 often just as important as the impropriety itself.  
21 At the very least, it doesn't look great.

22 This emergency rule is designed to eliminate  
23 the appearance of impropriety in the least  
24 restrictive way possible. Commission staff  
25 believes that we have crafted a rule that prohibits

1 immediate family members of certain occupational  
2 licensees from winning promotional prizes above a  
3 \$500 amount. And that will be the least  
4 restrictive way of eliminating any appearance of  
5 impropriety in these promotional activities.

6 Commission staff recommends that you approve  
7 Resolution 76, which would adopt this emergency  
8 rule. Commission staff would then take comments  
9 from the public and attempt to craft the best rule  
10 possible moving forward.

11 CHAIRMAN MURPHY: Any questions from  
12 Mr. Packer regarding Resolution 2011-76?

13 If not, is there a motion to approve?

14 COMMISSIONER SHIELDS: So moved.

15 COMMISSIONER MORGAN: Second.

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

19 (Chorus of ayes.)

20 CHAIRMAN MURPHY: Opposed?

21 Resolution 2011-76 is approved.

22 Mr. Packer.

23 MR. PACKER: Thank you, Mr. Chair. The next  
24 rule before you is in the form of Resolution  
25 2011-77, the adoption of an emergency rule

1 regarding cards and dice.

2 This is another emergency rule that was  
3 brought to executive staff's attention by the  
4 Compliance Director, Ms. Gray. Ms. Gray was  
5 presenting the compliance committee's recent  
6 recommendations for disciplinary action, and among  
7 these was a recommendation to fine US Playing Card  
8 \$2,000 for shipping 70 cases of playing cards  
9 without first notifying the Commission. The  
10 compliance committee cited 68 IAC 17-2 as a basis  
11 for this fine.

12 68 IAC 17-2 does not include cards and dice.  
13 It talks about live gaming devices. And executive  
14 staff determined that the definition of live gaming  
15 devices does not encompass cards and dice.  
16 However, executive staff does believe that it is  
17 important to regulate cards and dice in this manner  
18 and to include cards and dice in many of the  
19 requirements that we currently require of live  
20 gaming devices.

21 That prompted the drafting of the rule that is  
22 before you today. Commission staff recommends  
23 approval of Resolution 2011-77, after which we  
24 would begin the promulgation of a formal rule  
25 governing cards and dice in this manner.

1           CHAIRMAN MURPHY: Do the Commissioners have  
2 any questions of Mr. Packer regarding the  
3 resolution?

4           If not, is there a motion to prove?

5           COMMISSIONER SHY: I move to approve.

6           COMMISSIONER SWIHART: Second.

7           CHAIRMAN MURPHY: It's been moved and  
8 seconded. All those in favor, signify by saying  
9 aye.

10           (Chorus of ayes.)

11           CHAIRMAN MURPHY: Opposed?

12           Resolution 2011-77 is approved.

13           Mr. Packer.

14           MR. PACKER: Thank you.

15           CHAIRMAN MURPHY: Oops. Ms. Ellingwood is  
16 next. Sorry.

17           MS. ELLINGWOOD: Thank you.

18           For your consideration, you got Resolutions  
19 2011-78 and 79 regarding professional boxing,  
20 sparring, and unarmed combat, as well as amateur  
21 mixed martial arts.

22           In 2010, the legislature adopted House  
23 Enrolled Act 1086, which officially transferred the  
24 regulation of professional boxing, sparring, and  
25 unarmed combat, as well as amateur mixed martial

1 arts, from the State Athletic Commission to the  
2 Indiana Gaming Commission. Shortly thereafter, you  
3 adopted emergency rules regarding the regulation of  
4 those sports. During the course of that  
5 regulation, Commission staff has come to believe  
6 that changes of those emergency rules are  
7 necessary.

8 Resolution 2011-78 adopts changes to the  
9 emergency rule regarding professional boxing,  
10 sparring, and unarmed combat. Those changes  
11 include the adoption of more specific guidelines  
12 regarding what the Commission will consider in  
13 determining professional fighter status,  
14 simplification of rules regarding officials' pay,  
15 updates to drug testing requirements, outlining  
16 rules for pankration, and technical change.

17 For those of you who don't know, pankration is  
18 a type of martial art that is what you would  
19 traditionally think of when you think of MMA, in  
20 that it includes kicking, striking and grappling.

21 Resolution 2011-79 adopts changes to emergency  
22 rules regarding amateur mixed martial arts. Those  
23 changes include adjustments to the application  
24 requirements for sanctioning bodies, pre-bout  
25 physicals, female fighter pregnancy tests, the

1 appointment of sanctioning body representatives,  
2 and testing lab requirements. These changes are  
3 consistent with the statutory design which allows  
4 the Commission to license sanctioning bodies, but  
5 leaves the administration, the regulation of those  
6 actual events to the sanctioning bodies themselves.

7 The staff respectfully requests that you adopt  
8 Resolutions 2011-78 and 2011-79, after which staff  
9 will continue the regular rule-writing process to  
10 formally adopt these rules.

11 CHAIRMAN MURPHY: Any questions of  
12 Ms. Ellingwood regarding Resolution 2011-78?

13 If not, is there a motion to approve the  
14 resolution?

15 COMMISSIONER MORGAN: Move to approve.

16 COMMISSIONER SWIHART: Second.

17 CHAIRMAN MURPHY: It's been moved and  
18 seconded. All those in favor, signify by saying  
19 aye.

20 (Chorus of ayes.)

21 CHAIRMAN MURPHY: Opposed?

22 Resolution 2011-78 is approved.

23 Thank you, Ms. Ellingwood.

24 MR. PACKER: Mr. Chair, was that only 78?

25 CHAIRMAN MURPHY: 78 and 79. I'm sorry. Do

1 we need to take a revote on that, or are we okay?

2 We only voted on 78. We'll move back to  
3 resolution 2011-79 and ask if the Commissioners  
4 have any questions of Ms. Ellingwood on that  
5 resolution.

6 COMMISSIONER MORGAN: Motion to approve.

7 COMMISSIONER SWIHART: Second.

8 CHAIRMAN MURPHY: It's been moved and  
9 seconded. All those in favor?

10 (Chorus of ayes.)

11 CHAIRMAN MURPHY: Opposed?

12 Resolution 2011-79 is approved.

13 MS. ELLINGWOOD: Thank you.

14 CHAIRMAN MURPHY: Thank you. Sorry.

15 Next up will be Jeff Neuenschwander.

16 MR. NEUENSCHWANDER: Thank you, Mr. Chairman.

17 You have before you Resolution 2011-80  
18 concerning server-based gaming.

19 At the September, 2010, Commission meeting,  
20 you approved an emergency rule concerning  
21 server-supported and server-hosted gaming. Since  
22 that time, Commission staff has worked on  
23 promulgating a permanent rule concerning  
24 server-supported and server-hosted gaming and are  
25 improving the language in the emergency rule in

1 order to implement the most effective permanent  
2 rule possible.

3 Commission staff has continued to internally  
4 develop the permanent rule, and has also consulted  
5 with the Commission's outside gaming laboratory.  
6 As a result of these efforts, significant  
7 improvements have been made since the emergency  
8 rule was passed.

9 The most significant addition to this rule is  
10 a requirement for an automated verification system  
11 that will automatically verify critical files in  
12 the server-based or server-hosted gaming system at  
13 specified intervals. Various other changes have  
14 been made to the rule. The version of the  
15 emergency rule presented to you today reflects the  
16 significant improvements that have been made during  
17 the permanent rule process.

18 It is the opinion of Commission staff that an  
19 emergency rule is appropriate in this situation  
20 because at least one Indiana casino is about to  
21 begin using server-based gaming. The original  
22 emergency rule approved by the Commission has been  
23 in effect for the allowed 180 days, but will expire  
24 on March 20, 2011, and it cannot be renewed again.

25 This version of the rule proposed to you today

1 very closely mirrors the proposed rule that has  
2 been submitted for publication by the Indiana --  
3 It's been posted to the *Register*.

4 Commission staff believes that the latest  
5 version of the rule is a significant improvement  
6 over the emergency rule that we've had since  
7 September.

8 Commission staff respectfully asks that you  
9 adopt the emergency rule before you, and in so  
10 doing find that, pursuant to Indiana Code  
11 4-32.2-3-3(b), the need for this amendment is  
12 immediate and substantial such that the  
13 non-emergency rule-making procedures are inadequate  
14 to address the need, and that the emergency rule is  
15 likely to address this need.

16 Commission staff will continue with the  
17 regular administrative rule-making process to  
18 formally adopt the server-supported gaming and  
19 server-hosted gaming rule.

20 If approved, these rules will be effective on  
21 filing with the publisher. Commission staff will  
22 monitor any test period conducted by a casino as  
23 staff continues to develop final rules.

24 The Commission staff recommends you approve  
25 this emergency rule.

1           CHAIRMAN MURPHY: Any questions of  
2 Mr. Neuenschwander regarding Resolution 2011-80?

3           If not, is there a motion to approve?

4           COMMISSIONER SWIHART: So moved.

5           CHAIRMAN MURPHY: Is there a second?

6           COMMISSIONER SHY: Second.

7           CHAIRMAN MURPHY: It's been moved and  
8 seconded. All those in favor?

9           (Chorus of ayes.)

10          CHAIRMAN MURPHY: Opposed?

11          Resolution 2011-80 is approved. Thank you,  
12 Mr. Neuenschwander. Continue.

13          MR. NEUENSCHWANDER: Thank you, Mr. Chair.  
14 The next resolution before you is 2011-81  
15 concerning local development agreements.

16          At the November, 2010, Commission meeting, you  
17 approved an emergency rule concerning local  
18 development agreements in Resolution 2010-214.  
19 Since that time, Commission staff has received  
20 comments from the public concerning the rule. One  
21 concern was that a previously approved rule might  
22 allow casinos to unilaterally request modification  
23 of a local development group.

24          Commission staff has prepared a new version of  
25 the emergency rule that addresses this concern. In

1 the new version, casinos cannot request a  
2 modification to a local development agreement until  
3 the local development agreement has been  
4 disapproved by the Commission. Once an LDA has  
5 been disapproved by the Commission, a casino is  
6 required to submit a version of a newly proposed  
7 local development agreement to the Commission for  
8 approval.

9 In addition to the major change discussed  
10 above, several minor changes have been made to the  
11 rule that we also feel improve the purposes of the  
12 rule.

13 It is also relevant to note, as Director  
14 Yelton stated earlier, that Senate Bill 325 has  
15 been introduced in the current legislative session,  
16 and the rule proposed today mirrors the language of  
17 that bill almost exactly except for minor changes  
18 due to the way the bill was structured versus an  
19 emergency rule. But the substance is the same.

20 The resolution you're considering today would  
21 authorize the new version of the emergency rule and  
22 would appeal the old version of the LDA which was  
23 previously authorized.

24 The Commission staff recommends that you  
25 approve the new emergency rule.

1           CHAIRMAN MURPHY: Any questions by the  
2 Commissioners of Mr. Neuenschwander?

3           If not, is there a motion to approve the  
4 resolution?

5           COMMISSIONER SWIHART: So moved.

6           COMMISSIONER SHY: I second.

7           CHAIRMAN MURPHY: It has been moved and  
8 seconded. All those in favor?

9           (Chorus of ayes.)

10          CHAIRMAN MURPHY: Opposed?

11          Resolution 2011-81 is approved. Thank you,  
12 Mr. Neuenschwander.

13          We'll now move on to local development  
14 agreements, and the Chair could like to recognize  
15 Tom Funk.

16          For those of you who may not know, Mr. Funk is  
17 our outside counsel for local development agreement  
18 litigation.

19          MR. FUNK: Mr. Chair, and members of the  
20 Commission.

21          Let me very briefly condense the East Chicago  
22 series of documents, which historically have been  
23 described as the local development agreement for  
24 the East Chicago Casino.

25          Under that series of documents, the licensee

1 is to pay four entities, originally: One percent  
2 of the adjusted gross revenue to the City of East  
3 Chicago, another one percent to Twin City Education  
4 Foundation, another one percent to East Chicago  
5 Community Development Foundation, and  
6 three-quarters of one percent to East Chicago  
7 Second Century.

8 By some merger or consolidation or other  
9 transaction, the two foundations have been merged  
10 or combined so that the Foundations now receive two  
11 percent.

12 This local development agreement has spawned  
13 now going on six years of litigation. It has  
14 resulted in three appeals to the Indiana Supreme  
15 Court and four opinions from the Supreme Court, and  
16 additional opinions from our intermediate Court of  
17 Appeals. The litigation is still pending.

18 One of the lawsuits was filed in 2005 by East  
19 Chicago Second Century against the City of East  
20 Chicago. That case is pending in Marion County  
21 Superior Court No. 1. It has already generated two  
22 opinions from the Indiana Supreme Court, and it  
23 currently is back at the Indiana Court of Appeals  
24 for yet another appeal on yet another issue.

25 In that case, you, the Commission, are a party

1 by way of consolidation of a separate lawsuit that  
2 had been filed against you, which has been  
3 consolidated into the Second Century versus City of  
4 East Chicago case in Marion County Superior Court  
5 No. 1. In that case, for some period of time the  
6 licensee, originally Resorts and now Ameristar, has  
7 been paying into what is called a special account  
8 or a segregated account the three-quarters of one  
9 percent which had been paid previously to East  
10 Chicago Second Century.

11 Let's stop that case right there. It's  
12 pending. It's on appeal. And Ameristar has paid  
13 and continues to pay into a segregated account the  
14 funds, which under the LDA had originally been paid  
15 to Second Century. And that redirection of funds  
16 was made by Resorts and then Ameristar pursuant to  
17 your resolution 2006-58, which had disapproved that  
18 portion of the LDA which had authorized and  
19 directed the licensee to make payments to East  
20 Chicago Second Century.

21 We move next to one of the other lawsuits.  
22 This lawsuit was filed by the Foundations against  
23 the State of Indiana. The Commission may also have  
24 been a party in that case for a very short period  
25 of time, but was appropriately dismissed. So that

1 case was then the Foundations versus the State of  
2 Indiana. Ameristar, the City of East Chicago  
3 subsequently became parties in that litigation.  
4 And the substance of that litigation when it was  
5 filed was a challenge by the Foundations to the  
6 constitutionality of a portion of the Budget Act  
7 which purported to authorize the City of East  
8 Chicago to do certain things concerning the LDA.

9 That case, of course, has also gone to the  
10 Supreme Court and has resulted in two opinions.  
11 Actually, one opinion and then a separate opinion  
12 on rehearing. That case is also pending. The  
13 Commission is not a party in that case.

14 There is in that case a pending motion by the  
15 Foundations to ask the court to direct Ameristar to  
16 relinquish and distribute the segregated fund,  
17 which has been also established in that case into  
18 which Ameristar has been paying the Foundations'  
19 two percent, to the Foundations, and also to direct  
20 Ameristar to reopen the flow of funds to the  
21 Foundations in the future until such time as a new  
22 LDA might be adopted.

23 That motion was originally filed, I believe,  
24 in December of 2010 or possibly in January of 2011.  
25 It was set for hearing by the court for

1 February 25. At the staff's request, I in turn  
2 requested that the Foundations counsel agree to  
3 continue that February 25 hearing because of a  
4 mediation which I'll get to in a moment.

5 Mr. Rusthoven, on behalf of the Foundations,  
6 courteously agreed to continue the February 25  
7 hearing, and it has been rescheduled now for May 9.  
8 And at that hearing the Foundations will be  
9 requesting, I believe, under the current motion to  
10 a disbursement of the segregated account and to  
11 reflowing future funds to the Foundations.

12 Ameristar has been, therefore, paying into two  
13 separate segregated accounts for some years the  
14 funds which had been paid to the Foundations and to  
15 Second Century under the original series of  
16 documents constituting the East Chicago Local  
17 Development Agreement.

18 The Foundations' pending motion for  
19 disbursement of the funds, in the case in which you  
20 are not a party, is being opposed. That motion is  
21 being opposed both by the Office of Attorney  
22 General, which is representing the State of  
23 Indiana, and by the City of East Chicago. So that  
24 motion is controverted and opposed. I believe  
25 there is also a legal issue who owns that account;

1           whether Ameristar owns that account, if it was  
2           Ameristar's funds which were paid into the account,  
3           or whether that account might be owned by those  
4           entities or that entity to whom the disputed  
5           payments may be paid ultimately.

6           The parties agreed in December to mediate this  
7           mess, and thankfully were able to agree upon a  
8           mediator. The parties agreed upon Sanford Brook,  
9           former Chief Judge of the Indiana Court of Appeals,  
10          as the mediator.

11          The original mediation was scheduled in  
12          January. It had to be rescheduled, and it's now  
13          scheduled for April 25 and 26. All parties will be  
14          participating in the mediation.

15          It was the staff's view that in light of the  
16          April 25, 26 mediation, and in light of what  
17          Resolution 2006-58 provided, and in light of the  
18          controverted and opposed motion of the Foundations  
19          in that case for disbursement of that account, that  
20          it would be appropriate for the Commission to  
21          consider what has been drafted, and I understand  
22          has been submitted to the Commission, as Resolution  
23          2011-82.

24          If the Commission adopts that resolution as it  
25          has been prepared, two things will result. First,

1 Ameristar will be directed to file with the  
2 Commission a proposed new LDA by your June regular  
3 business meeting, in the event the parties are  
4 unable at the April 25-26 mediation to otherwise  
5 reach an agreement on the new LDA. And secondly,  
6 the proposed resolution directs Ameristar to  
7 refrain from disbursing any of the funds in either  
8 of the two outstanding segregated accounts and also  
9 refrain from making any payments of any future  
10 amounts under the LDA to anyone other than the one  
11 percent which has been paid all along to the City  
12 of East Chicago, without further Commission  
13 approval.

14 I believe, Mr. Chairman, those conclude my  
15 remarks. And I understand that Mr. Rusthoven may  
16 be requesting an opportunity to be heard as well.  
17 I'd be happy to answer any questions.

18 CHAIRMAN MURPHY: Mr. Funk, for the record,  
19 can you tell us the dollar amounts in each of those  
20 segregated funds?

21 MR. FUNK: Of course I can't.

22 EXECUTIVE DIRECTOR YELTON: Mr. Chair --

23 CHAIRMAN MURPHY: Approximately?

24 EXECUTIVE DIRECTOR YELTON: Approximately,  
25 it's my recollection that maybe at the end of the

1 calendar year the account for -- and if someone  
2 knows better, please feel free to correct me -- for  
3 Second Century was roughly \$10 million. And I  
4 believe the account for the Foundations was roughly  
5 \$15 million. That's my recollection.

6 Anyone, please feel free. I've been told that  
7 that's accurate.

8 CHAIRMAN MURPHY: Do the Commissioners have  
9 any other questions of Mr. Funk at this point?

10 MR. FUNK: Thank you.

11 CHAIRMAN MURPHY: Next, we have received a  
12 request from the counsel for the East Chicago  
13 Foundations, Peter Rusthoven. The Chair would  
14 recognize Peter.

15 MR. RUSTHOVEN: Thank you, Mr. Chairman,  
16 Members of the Commission.

17 If I may go off point for just a minute, I'm  
18 happy to report that Matt Howard hit a layup with  
19 one second left, and Butler's moving to the second  
20 round.

21 (Applause.)

22 MR. RUSTHOVEN: And it's 60-58. Don't ask me  
23 how I know that. I couldn't conceive of anybody  
24 looking at an electronic device during this  
25 proceeding.

1 EXECUTIVE DIRECTOR YELTON: Did you hear  
2 anything that Mr. Funk said?

3 MR. RUSTHOVEN: I heard everything Mr. Funk  
4 said. I want to thank Mr. Funk for his quite  
5 accurate report and the Commission for its courtesy  
6 in hearing me.

7 I just want to clarify that you are talking  
8 even more about two separate accounts than even  
9 Mr. Funk explained.

10 We represent the nonprofit entities, the  
11 Foundations of East Chicago. East Chicago Second  
12 Century is a for-profit entity that was receiving  
13 .75 percent. And forgive me for repeating things,  
14 but it's important for my client that I get this on  
15 the record.

16 The reason East Chicago Second Century hasn't  
17 been getting its money is because this Commission  
18 decided, after an Attorney General investigation,  
19 they shouldn't get the money. And the reason  
20 that's being paid into escrow is because East  
21 Chicago Second Century is, as is its prerogative,  
22 taking a judicial review proceeding. And pending  
23 that judicial review proceeding, which has been  
24 consolidated with some aspect of this overall mess,  
25 the money is being paid to escrow.

1           Why is the Foundations' money being paid into  
2 a second escrow? Let me tell you about what this  
3 second suit was about, and I'll amplify just a  
4 little bit on what Mr. Funk said.

5           On the last day of the 2007 legislative  
6 session, a provision appeared in the Budget Act  
7 purporting to authorize the City of East Chicago  
8 unilaterally to change this development agreement  
9 in any way it wished, including to direct all funds  
10 that were going to us to itself. It didn't say  
11 anything about the Commission. Just the City of  
12 East Chicago could do this.

13           We filed an action challenging the  
14 constitutionality of that provision under a variety  
15 of theories, starting with impairment of the  
16 obligation of contract. The judge in the trial  
17 court toward the end of 2007 upheld the  
18 constitutionality of that statute.

19           At that time, and in connection with our  
20 appeal, we requested the escrow to protect us, so  
21 that the money that would otherwise go to us would  
22 not, pending appeal, be paid to the city. That's  
23 where that escrow comes. No order of the  
24 Commission. The Attorney General investigation  
25 didn't have any adverse recommendations to

1 not-for-profits.

2 This went all the way up to the Supreme Court.  
3 The Supreme Court, in an interesting opinion,  
4 said -- yes, "interesting" is a word that carries a  
5 lot -- we are not going to address the  
6 constitutionality of this statute because our rule  
7 is we won't address constitutional issues if we  
8 don't have to. In reaching that result, they  
9 interpreted this statute -- air quotes -- as not  
10 giving the City of East Chicago any authority at  
11 all. Rather, they interpreted the statute as  
12 simply giving the City of East Chicago the right to  
13 come to this Commission and request that it be  
14 changed.

15 East Chicago, as Commissioners who have been  
16 here for a while will know, and as staff will know,  
17 has requested the Commission to change this  
18 agreement on multiple occasions over many years,  
19 and this Commission has never done so.

20 Now we get to the escrow account, all this  
21 money. It came back and essentially the Supreme  
22 Court has said the statute doesn't change what the  
23 law was before. The city can come here and this  
24 Commission can change things, but nothing has  
25 changed in the interim. So for the last three

1 years now our client has received no money, under  
2 an agreement that remains valid, as to which the  
3 Commission has never said it wants the money to go  
4 anywhere else.

5 During that time we've tried to work  
6 diligently with the staff, cooperating with all  
7 disclosure. You can get to our audited financials  
8 with a click on our website. We've done a lot of  
9 things working with the Commission's concerns on  
10 this.

11 So our client has been without money for three  
12 years, and we are now in a situation where the  
13 escrow established for our benefit and which only  
14 covers funds which should have been paid to us over  
15 the last three years, we're trying to get that  
16 released so our client would have funds again. And  
17 we also want Ameristar to start paying us subject  
18 to the Commission approving a new agreement,  
19 subject to any provisions the Commission may want  
20 to add about how we spend it. All of these things,  
21 we try to cooperate on.

22 So, with respect to the resolution that has  
23 been proposed, respectfully we certainly agree  
24 about the mediation, which we've tried to  
25 cooperate. We certainly agree with the timing for

1 Ameristar submitting a new plan. We certainly  
2 agree that nobody should be sending any money to  
3 Second Century because that's before the  
4 Commission.

5 The part that we would respectfully ask you to  
6 reconsider is whether we may proceed, and we have  
7 deliberately, in trying to cooperate with the  
8 Commission, we've moved that hearing date to past  
9 mediation. So maybe the mediation will make it go  
10 away. But if the mediation doesn't resolve that  
11 issue, we would like you to at least consider not  
12 having in this resolution that we can't try to get  
13 funds that go back three years, at which there is  
14 no issue they were supposed to come to us now.

15 I'm happy to answer questions. I really  
16 appreciate the opportunity to address you and your  
17 kind attention.

18 CHAIRMAN MURPHY: Mr. Rusthoven, I have a  
19 question. The resolution, as I understand it, is  
20 directing Ameristar to bring us a new LDA.

21 MR. RUSTHOVEN: That's my understanding,  
22 Mr. Chairman.

23 CHAIRMAN MURPHY: How will the Foundations be  
24 adversely affected by us passing a resolution that  
25 requests a new LDA?

1           MR. RUSTHOVEN: I don't think we will be, Your  
2 Honor, and we support that part of the resolution.  
3 We are hopeful it gets resolved in mediation, but  
4 absolutely we think this needs to come to a close.  
5 We're going to participate in that mediation and  
6 will work with Ameristar. And if the Commission is  
7 there in an observing capacity, we'll work with  
8 them as well. We have no objection to that part of  
9 the resolution.

10           The only part we would like to see the  
11 Commission not do at this point -- if this  
12 mediation doesn't work out, we believe that the  
13 result of this lawsuit where the city's effort to  
14 be able to redirect all the money to itself under a  
15 statute that was added to the Budget Act, that  
16 effort has failed. And this escrow was created to  
17 protect us pending the resolution of that effort.  
18 And we would like to be able to tell the trial  
19 court in that case, okay, this is over. This money  
20 has been held in escrow. It's held for our  
21 protection. We have now effectively won in terms  
22 of the city's ability to change that in the past,  
23 so we would like those funds released to us.

24           That will have no effect on negotiations going  
25 forward, what this Commission may approve going

1 forward. We are talking about three years of  
2 funds, over three years now, where we basically had  
3 no income coming in, which has put a crimp in what  
4 the Foundations have been able to do under an  
5 agreement that is valid and in effect and that this  
6 Commission hasn't changed as to us, recognizing it  
7 may be changed going forward.

8 COMMISSIONER MORGAN: I understand your  
9 points.

10 EXECUTIVE DIRECTOR YELTON: Mr. Chair, may I  
11 make just a couple of observations, please?

12 CHAIRMAN MURPHY: Yes.

13 EXECUTIVE DIRECTOR YELTON: First of all, you  
14 can call me "Your Honor," but you ought to call  
15 him, "The Chair."

16 (Laughter.)

17 MR. RUSTHOVEN: I was told it was never wrong.  
18 Only a judge would correct me.

19 EXECUTIVE DIRECTOR YELTON: First of all,  
20 Mr. Rusthoven is absolutely correct. He has been a  
21 true gentleman and a very cooperative counsel on  
22 behalf of his client with the Commission at all of  
23 our requests and at every stage.

24 But one thing I want the Commission to be  
25 aware of -- two things. First of all, this

1 resolution is not a statement that says the  
2 Foundations will never get its money. It's a  
3 statement that says the money will not be released  
4 until further discretion and approval by you, which  
5 I would predict to be the June meeting. And if I  
6 put my old robe on, I don't think there is anything  
7 in this that would prevent Mr. Rusthoven to  
8 continue to argue in May his legal right to have  
9 that money, even in light of this resolution.

10 MR. RUSTHOVEN: I think that's correct, Your  
11 Honor. Since we're just being straightforward, the  
12 one concern I have on behalf of my client, if the  
13 Commission is going to take the position that --  
14 actually, my concern has two parts. If the  
15 Commission is going to take the position that it  
16 can say money can't come out of that escrow  
17 agreement until it says so, that raises two issues.  
18 One is legal and one is practical.

19 The legal one is this: I don't know if I'm  
20 put in a position, I'm not sure that the Commission  
21 in fact has authority over those past funds under  
22 an agreement that's been upheld.

23 And so that segues me into my practical  
24 problem. I don't want to be in a position where I  
25 have to do something to preserve my client's legal

1 rights with respect to that while I'm trying to  
2 work with the Commission. The last thing I want to  
3 do is take an appeal on one of the Commission's  
4 orders.

5 I mean, that's the dilemma I'm in right now.  
6 It's not going to happen unless the mediation fails  
7 and a judge determines in May that, yes, those past  
8 funds ought to be escrowed to us.

9 COMMISSIONER SHIELDS: Do I understand you  
10 correctly that this would be the first order  
11 impacting on the Foundations from this Commission  
12 with reference to not paying those funds?

13 MR. RUSTHOVEN: That's correct, Your Honor.  
14 She is also Your Honor.

15 EXECUTIVE DIRECTOR YELTON: You can do that.  
16 You'd better do that.

17 MR. RUSTHOVEN: That's correct.

18 CHAIRMAN MURPHY: Any other questions by the  
19 Commissioners?

20 MR. BOCK: My name is Bill Bock, and I'm  
21 counsel for the City of East Chicago.

22 CHAIRMAN MURPHY: Mr. Bock, have you requested  
23 to speak?

24 MR. BOCK: I have not because I was not aware  
25 that this resolution would be considered today.

1           CHAIRMAN MURPHY: I'll have to respectfully  
2 deny your request. Thank you, though.

3           EXECUTIVE DIRECTOR YELTON: I will add  
4 Mr. Bock sent a proposal of the new LDA on behalf  
5 of the city, which I provided to all of you, which  
6 I'm sure will be considered in the next meeting.

7           CHAIRMAN MURPHY: We have that in our  
8 possession.

9           MR. BOCK: Thank you. I had a couple of  
10 points contrary to Mr. Rusthoven, but I'll reserve  
11 those for the next meeting. Thank you.

12          CHAIRMAN MURPHY: Thank you.

13          Mr. Funk, after hearing Mr. Rusthoven's  
14 testimony here, does that change anything that you  
15 are recommending to this committee?

16          MR. FUNK: It does not, and in part because  
17 the position which the Foundations are taking in  
18 that case with the pending motion is opposed by  
19 both the Office of Attorney General and the City of  
20 East Chicago. This is not the Commission opposing  
21 that position. It is a controverted position in  
22 the litigation.

23          It also seems to me, not that justice is  
24 granted or denied by timing, but that what we're  
25 probably looking at is a relatively short deferral

1 of the May 9 hearing in that case in the event a  
2 resolution is not reached at the mediation.

3 So I respect Mr. Rusthoven's opinions, as  
4 always, and his arguments are persuasive, but I  
5 believe the Commission staff's recommendations  
6 stand, and I don't think they've been changed by  
7 that.

8 CHAIRMAN MURPHY: Would you like to put a  
9 motion on the floor?

10 MR. FUNK: I'm just your lawyer.

11 CHAIRMAN MURPHY: Do we have a motion to  
12 approve?

13 COMMISSIONER SWIHART: So moved.

14 COMMISSIONER FINE: Second.

15 CHAIRMAN MURPHY: It's been moved and  
16 seconded. All those in favor?

17 (Chorus of ayes.)

18 CHAIRMAN MURPHY: Opposed?

19 Resolution 2011-82 is approved. Thank you,  
20 Mr. Funk.

21 MR. FUNK: Thank you.

22 COMMISSIONER MORGAN: Thank you for the  
23 clarification. It was good.

24 MR. FUNK: You're welcome.

25 CHAIRMAN MURPHY: The next item on the agenda

1. will be the MBE/WBE, presented by Ms. Reske.

2. MS. RESKE: Thank you, Mr. Chairman.

3. Good afternoon, Commissioners.

4. As you know, in 2007 the Commission set a goal  
5. requiring casino licensees to make 10.9 percent of  
6. their expenditures for construction, goods, and  
7. services with women-owned businesses. Based upon  
8. data submitted by the casinos for 2010, staff is  
9. pleased to report that expenditures with WBE  
10. construction firms exceeded the established goal in  
11. the industry as a whole, and only one casino  
12. individually failed to meet the established goal.

13. Other categories, with the exception of MBE  
14. construction spending, also exceeded the capacity  
15. as determined by our disparity study.

16. Regarding MBE construction spending, the goal  
17. of 23.2 percent established at the last meeting  
18. became effective on January 1, so the Commission  
19. will not be in a position to address the 2010  
20. shortfall. At this point we can only say that 2010  
21. expenditure numbers for MBE construction further  
22. support the Commission's decision to adopt an MBE  
23. goal. And we will be watching the quarterly  
24. reports closely to assess the industry's efforts in  
25. complying with the goal.

1           Commissioners, I would also like to draw your  
2           attention to a letter received from Casino Aztar,  
3           indicating that it successfully completed its  
4           corrective action plan to remedy the 2008 WBE  
5           construction purchase deficit. The corrective  
6           action plan was approved by the Commission last  
7           March, and we are pleased that their efforts to  
8           resolve this matter concluded two years before they  
9           were required to do so.

10           With that, Mr. Chairman, I'll be happy to  
11           answer any questions.

12           CHAIRMAN MURPHY: Questions of Ms. Reske?

13           Thank you, Ms. Reske.

14           MS. RESKE: Thank you.

15           CHAIRMAN MURPHY: The next meeting is  
16           tentatively scheduled for June 23 of this year,  
17           2011. And if there is no more business to come  
18           before this Commission, I would entertain a motion  
19           to adjourn.

20           COMMISSIONER SWIHART: Move to adjourn.

21           CHAIRMAN MURPHY: Is there a second?

22           COMMISSIONER FINE: Second.

23           CHAIRMAN MURPHY: All those in favor?

24           (Chorus of ayes.)

25           (The meeting adjourned at 3:23 p.m.)