

INDIANA GAMING COMMISSION

THIRD QUARTER 2013

BUSINESS MEETING

SEPTEMBER 12, 2013

The Indiana Gaming Commission Third Quarter 2013 Business Meeting, reported by Kathleen Andrews, RPR, held at the Indiana Government Center South Auditorium, 402 West Washington Street, Indianapolis, Indiana, commencing at 2:00 p.m. on September 12, 2013.

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251 EAST OHIO STREET, SUITE 940
INDIANAPOLIS, IN 46204
(317)631-0940
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APPEARANCES

ON BEHALF OF THE GAMING COMMISSION:

MATT BELL, CHAIRMAN

MARC FINE, VICE CHAIRMAN (Present via phone.)

TIM MURPHY, COMMISSIONER

CRISTOPHER JOHNSTON, COMMISSIONER

ROBERT MORGAN, COMMISSIONER

ERNEST YELTON, EXECUTIVE DIRECTOR

JENNIFER RESKE, DEPUTY DIRECTOR

JOBY JERRELS, GENERAL COUNSEL

TRACE ESTES, ADMIN. ASSISTANT TO ERNEST YELTON

1 CHAIRMAN BELL: Good afternoon. My name is
2 Matt Bell, and it is my honor to chair the
3 Commission. We will call the September 12 meeting
4 of the Indiana Gaming Commission to order and will
5 begin with the roll call of Commission members.

6 Commissioner Morgan?

7 COMMISSIONER MORGAN: Here.

8 CHAIRMAN BELL: Commissioner Johnston?

9 COMMISSIONER JOHNSTON: Here.

10 CHAIRMAN BELL: Commissioner Murphy?

11 COMMISSIONER MURPHY: Present.

12 CHAIRMAN BELL: With us today, and we'll beg
13 that you bear with us, we will be making our maiden
14 voyage in an electronic participation by a
15 director. With us via telephone is Commissioner
16 Fine.

17 Commissioner Fine, are you present?

18 COMMISSIONER FINE: I am present.

19 CHAIRMAN BELL: Thank you.

20 EXECUTIVE EXECUTIVE DIRECTOR YELTON: Were
21 those of you in the back room able to hear?

22 PARTICIPANT: Yes.

23 CHAIRMAN BELL: Very good. Having called the
24 meeting to order and called the roll, we will now
25 look and consider the June 27, 2013, minutes of the

1 Indiana Gaming Commission.

2 Commissioners, the meeting minutes have been
3 provided to you so that you might have an
4 opportunity to review them. At this time I would
5 entertain any discussion or motion toward the
6 disposition of the minutes.

7 COMMISSIONER MURPHY: I move the minutes be
8 approved.

9 COMMISSIONER MORGAN: Second the motion.

10 CHAIRMAN BELL: The minutes have been moved
11 for approval and seconded. All those in favor,
12 signify by saying aye.

13 (Chorus of ayes.)

14 CHAIRMAN BELL: All opposed, same sign.

15 Thank you. The minutes are approved.

16 The Chair would recognize Executive Director
17 Yelton for his report.

18 EXECUTIVE EXECUTIVE DIRECTOR YELTON: Thank
19 you, Mr. Chair, and members of the Commission.

20 First of all, for a staff update, I'd like for
21 you all to join me in welcoming our newest
22 financial investigator, Bill Murray. Bill comes to
23 us with over 25 years of experience in the
24 financial services industry. During that time he
25 has been responsible for preparing, reviewing, and

1 analyzing financial reports and other financial
2 information for American United Life Insurance
3 Company and the Huntington Asset Services.

4 Welcome.

5 With reinvestigations, the Background and
6 Financial Investigation Division has completed its
7 reinvestigation of Magestic Star, Gaming Partners
8 International, NRT, and Indiana Grand. Those
9 reports have been previously submitted to members
10 of the Commission; however, Directors Leek and
11 Brown are here today, if you have any questions on
12 those reports.

13 Any questions?

14 COMMISSIONER JOHNSTON: No, sir.

15 EXECUTIVE DIRECTOR YELTON: Mr. Fine, any
16 questions?

17 COMMISSIONER FINE: No, sir.

18 EXECUTIVE DIRECTOR YELTON: Since the June
19 Commission meeting, the IGC staff has added six
20 individuals to our exclusion list, which bars those
21 patrons from entering any casino in the State of
22 Indiana. Of those six individuals, one was placed
23 on the exclusion list for capping bets while at an
24 Indiana casino, five were placed on the exclusion
25 list for taking illegal possession of a TITO,

1 casino chips, U.S. currency, all of which would be
2 in excess of approximately \$500, or making
3 fraudulent cash withdrawals while at a casino.

4 For the year 2013 we have placed 46 patrons on
5 the exclusion list, bringing the total to 368
6 individuals.

7 Our licensees have kept Chris busy this last
8 quarter with waiver requests. Several have been
9 granted. The Casino Association was granted relief
10 from the requirement to provide a secure place to
11 store weapons.

12 Belterra received a waiver from the
13 requirement that the Occupational License signature
14 and number must be written on the multiple
15 transaction log, as Belterra uses an automated
16 system which tracks this information. It will also
17 be allowed to use a surveillance log to record the
18 information that was required on the back of the
19 photograph on the MTLs and the CTRs.

20 Blue Chip was allowed a one time waiver to
21 purchase slot machines from a supplier who's
22 licensed in the State of Indiana but not licensed
23 to sell slot machines, since the casino was
24 purchasing the machines from a sister property in
25 Illinois, and the granting rules there require

1 casinos to sell only to a licensed supplier. It
2 was also permitted to reduce the number of security
3 officers on the drop from five to four.

4 Horseshoe Hammond and Horseshoe Southern
5 Indiana were both granted relief from the
6 maintenance of found cash equivalents valued at \$5
7 or less. The casino will no longer have to record
8 or track found money, TITO tickets or chips in the
9 amount of \$5 or less. However, any cash
10 equivalents over \$5 will continue to be maintained
11 pursuant to current rules.

12 The Title 31 casino audit or review audit
13 personnel for each of the casinos may directly pick
14 up the CTR/MTL photos from the surveillance.
15 Surveillance will write the guest name, location,
16 amount, employee requesting the photo, and sign
17 with a badge number. The Title 31 review audit
18 will match the photograph to the CTR/MTL
19 information and sign the photo instead of the
20 departments signing themselves.

21 In EZ Pai Gow Poker, the dealer will be
22 allowed to cut the cards in place of the players
23 only when an automatic shuffler is not being used.
24 Both casinos will be allowed to pay winning hands
25 once they've been exposed and will have the option

1 to advise the novice players of the house way if
2 they should foul their hands, allowing the player
3 to re-set their hand to match the house way. This
4 would not obviously guarantee a win to the player.
5 It would generally only be offered to novice
6 players at the discretion of the table game
7 supervisor or above.

8 Finally, both received waivers from the
9 inspection of playing cards by sorting the cards
10 sequentially by suit and inspecting the sides of
11 the cards for crimps, bends, cuts, shavings, and
12 other defects that would affect the integrity and
13 fairness of the game for preshuffled cards, cards
14 of six and eight deck shoes, used for Baccarat
15 games.

16 The casino will continue to verify quantity
17 and suit and quality of one of every 10 preshuffled
18 shoes. Also, the cards will be monitored when
19 dealing, and if irregularities are detected, the
20 cards will be removed from play and a normal
21 investigation conducted.

22 Horseshoe Hammond was allowed to use
23 "Horseshoe Casino" and "Hammond, Indiana" on the
24 roulette chips instead of "Horseshoe Hammond, LLC."

25 Horseshoe Southern Indiana received a waiver

1 to place the d/b/a name of "Horseshoe Southern
2 Indiana" on the table game layouts instead of the
3 proper legal name of "Caesars Riverboat Casino,
4 LLC."

5 And, finally, Majestic Star was granted a
6 one-time waiver to borrow and use chips from
7 Heartland Poker to complete a tournament that was
8 in the process of being conducted. At the end of
9 the tournament the chips will be and have been
10 returned to Heartland Poker.

11 With that, Mr. Chairman, and Commissioners, I
12 conclude my report. I'd be happy to answer any
13 questions, should there be any.

14 CHAIRMAN BELL: Thank you, Director Yelton.
15 Are there questions from the Commissioners for the
16 Executive Director?

17 COMMISSIONER JOHNSTON: None.

18 CHAIRMAN BELL: Hearing none, we will proceed.
19 Old business before the Commission?

20 Seeing none, we will proceed to new business
21 before the Commission.

22 Also seeing none, I am going to invite Tammy
23 Timberman-Wright to address patrons and voluntary
24 exclusions. Ms. Timberman-Wright.

25 MS. TIMBERMAN-WRIGHT: Good afternoon,

1 Commissioners and Executive Staff. You have before
2 you 26 orders regarding the Voluntary Exclusion
3 Program. Pursuant to the rules of the program, the
4 identities of the Voluntary Exclusion Program
5 participants must remain confidential.

6 Pursuant to 68 IAC 6-3-2(g), a participant in
7 a program agrees that if he or she violates the
8 terms of the program and enters the gaming area of
9 the facility under the jurisdiction of the
10 Commission, they will forfeit any jackpot or thing
11 of value won as a result of a wager.

12 Under Orders 2013-123 through 2013-148, a
13 total sum of \$30,943.21 was forfeited by John Does
14 68 through 93. These winnings were collected at
15 Blue Chip, Hollywood, Hoosier Park, Horseshoe,
16 Horseshoe Southern Indiana, and Indiana Grand.
17 These winnings were withheld as required by
18 Commission regulations.

19 Commission staff recommends that you approve
20 the remittance of these winnings from John Does 68
21 through 93.

22 CHAIRMAN BELL: Thank you,
23 Ms. Timberman-Wright.

24 Questions from the Commission? Hearing none,
25 the Chair would entertain a motion in regards to

1 the disposition of Orders 2013-123 through
2 2013-148.

3 COMMISSIONER MORGAN: Motion to approve.

4 COMMISSIONER MURPHY: Second.

5 CHAIRMAN BELL: The Orders have been moved and
6 seconded to be approved en masse. All those in
7 favor of approving Orders 2013-123 through
8 2013-148, please signify by saying aye.

9 (Chorus of ayes.)

10 CHAIRMAN BELL: All opposed, same sign.

11 Thank you. The orders are passed. Thank you.

12 The Chair would recognize Derek Young to
13 present Order 2013-149.

14 MR. YOUNG: Thank you. You have with you
15 Order 2013-149, which concerns the renewal of
16 supplier licenses pursuant to Indiana Code 4-33 and
17 68 IAC 2-2. The Commission has previously approved
18 a permanent supplier's license for the following:
19 Gaming Partner International USA, Incorporated;
20 GEMACO, Incorporated; Multimedia Games,
21 Incorporated, and PokerTek.

22 A supplier's license is valid for a period of
23 one year. Pursuant to IC 4-33-7-8 and 68 IAC
24 2-2-8, a supplier's license must be renewed
25 annually with a \$7,500 renewal fee. Each of these

1 licensees has requested renewal of their license
2 and has paid the appropriate renewal fees.
3 Commission staff recommends that you approve the
4 renewal of the licenses of these suppliers.

5 CHAIRMAN BELL: Thank you, Mr. Young.

6 Questions from the Commission in regard to
7 Order 2013-149?

8 Hearing none, is there a motion in regard to
9 Order 2013-149?

10 COMMISSIONER JOHNSTON: Move the approval of
11 Order 149.

12 COMMISSIONER MORGAN: Second the motion.

13 CHAIRMAN BELL: The order has been moved and
14 seconded. All those in favor of approving Order
15 2013-149, please signify by saying aye.

16 (Chorus of ayes.)

17 CHAIRMAN BELL: All opposed, same sign. Thank
18 you.

19 Mr. Young, if you would continue, please.

20 MR. YOUNG: Before you now is Order 2013-150,
21 which approves the transfer of ownership of WMS
22 Gaming, Incorporated, to Scientific Games
23 Corporation.

24 Under 68 IAC 5-1, supplier licensees must
25 comply with certain requirements to transfer an

1 ownership interest, including a suitability
2 investigation. Scientific Games recently notified
3 Commission staff of its planned acquisition of WMS
4 Industries, Incorporated. WMS Gaming,
5 Incorporated, is an Indiana supplier licensee and
6 wholly-owned subsidiary of WMS Industries.
7 Following this acquisition, WMS Industries will be
8 a wholly-owned subsidiary of Scientific Games.

9 Commission staff has completed its background
10 and financial investigation of Scientific Games and
11 its key persons pursuant to IC 4-33, 4-35 and 68
12 IAC. Commission staff has determined that
13 Scientific Games has substantially complied with
14 Indiana statutes and regulations and has satisfied
15 the requirements for transfer of ownership under 68
16 IAC 5-1.

17 Commission staff respectfully recommends the
18 Commission approve order 2013-150, which approves
19 the transfer of ownership requirements to
20 Scientific Games.

21 CHAIRMAN BELL: Thank you, Mr. Young.

22 Questions from the Commission for Mr. Young?

23 I would like to pose a question to Ms. Sabol,
24 if I might. I would like to ensure that given the
25 amended order, that this is consistent with the

1 needs presented.

2 MS. SABOL: Yes, it is.

3 CHAIRMAN BELL: Thank you very much.

4 Further discussion from the Commission? If
5 not, is there a motion in regard to Order 2013-150?

6 COMMISSIONER MORGAN: Motion to approve.

7 COMMISSIONER MURPHY: Second.

8 CHAIRMAN BELL: The order has been moved and
9 seconded for approval. All those in favor of
10 approving Order 2013-150, please signify by saying
11 aye.

12 (Chorus of ayes.)

13 CHAIRMAN BELL: All opposed, same sign. Thank
14 you. The order is passed.

15 Mr. Young, please continue.

16 MR. YOUNG: Thank you. Before you now is
17 Order 2013-151, which waives the transfer
18 requirements of 68 IAC 5-1 because the transferee
19 has previously been investigated, which renders the
20 transfer requirements impractical and burdensome.

21 Bally Gaming, Incorporated, an Indiana
22 supplier licensee, is a wholly-owned subsidiary of
23 Bally Technologies, Incorporated. Bally Gaming
24 recently notified Commission staff of its intention
25 to acquire SHFL Entertainment, Incorporated, which

1 is another Indiana supplier licensee. Following
2 the acquisition, SHFL will be a wholly-owned
3 subsidiary of Bally Gaming.

4 Under 68 IAC 5-1, publicly traded supplier
5 licensees must comply with certain requirements to
6 transfer ownership interest, including a
7 suitability investigation. Compliance with these
8 requirements is time consuming and costly to both
9 the applicant and the Commission, and because Bally
10 has been previously investigated and found suitable
11 by the Commission, is under an ongoing duty to
12 remain suitable under these standards, and because
13 after this transfer Bally retains ownership
14 interest, Commission staff believes a waiver is
15 appropriate and recommends that the Commission
16 approve Order 2013-151, which will waive the
17 transfer of ownership requirements for Bally
18 Gaming.

19 CHAIRMAN BELL: Thank you, Mr. Young.

20 Questions from the Commission? Hearing none,
21 is there a motion in regard to Order 2013-151?

22 COMMISSIONER JOHNSTON: Move its approval.

23 COMMISSIONER MURPHY: Second.

24 CHAIRMAN BELL: The order has been moved for
25 approval and seconded. All those in favor of

1 approving Order 2013-151, please signify by saying
2 aye.

3 (Chorus of ayes.)

4 CHAIRMAN BELL: All opposed, same sign. The
5 order is passed.

6 Please continue.

7 MR. YOUNG: Thank you. Order 2013-152 waives
8 the transfer requirements of 68 IAC 5-2 because the
9 transferee has previously been investigated, which
10 renders the transfer requirements impractical and
11 burdensome.

12 Crib Goch Investment, Ltd., a wholly-owned
13 holding company, currently holds ownership interest
14 in Pata-Pata AB, which wholly owns TCS John Huxley
15 Europe, Ltd., an Indiana supplier licensee.

16 Tristan Sjoberg is the sole owner of Crib Goch.
17 Mr. Sjoberg recently informed the Commission that
18 he wished to transfer Crib Goch's ownership
19 interest in Pata-Pata to himself, which would
20 eliminate Crib Goch's involvement in the group of
21 TCS-involved entities. Following the transfer, the
22 ownership interest in TCS currently held by Crib
23 Goch will be held individually instead by
24 Mr. Sjoberg.

25 Under 68 IAC 5-2, privately held supplier

1 licensees must comply with certain requirements to
2 transfer an ownership interest, including a
3 suitability investigation. Compliance with these
4 requirements is time consuming and costly to both
5 the applicant and the Commission. And because
6 Mr. Sjoberg has been previously investigated and
7 found suitable by the Commission, is under an
8 ongoing duty to remain suitable under these
9 standards, and because after the transfer he will
10 retain the ownership interest, Commission staff
11 believes a waiver is appropriate and recommends
12 that the Commission approve Order 2013-152, which
13 will waive the transfer of ownership requirements
14 for Mr. Sjoberg.

15 CHAIRMAN BELL: Thank you, Mr. Young.

16 Questions from the Commission? Hearing none,
17 the Chair would entertain a motion with regard to
18 Order 2013-152.

19 COMMISSIONER MORGAN: Motion to approve the
20 order.

21 COMMISSIONER JOHNSTON: Second.

22 CHAIRMAN BELL: The order has been moved and
23 seconded. All those in favor of approving Order
24 2013-152, please signify by saying aye.

25 (Chorus of ayes.)

1 CHAIRMAN BELL: All opposed, same sign.

2 Thank you. The order has passed. Thank you,
3 Mr. Young.

4 The Chair recognizes Chris Gray to present
5 Order 2013-153 and 2013-154. Ms. Gray.

6 MS. GRAY: Good afternoon, Commissioners and
7 executive staff. Order 2013-153 is a settlement
8 agreement with Global Cash Access, wherein the
9 supplier failed to timely submit four Level 1
10 applications. Global Cash Access has agreed to a
11 monetary settlement of \$6,000 in lieu of
12 disciplinary action. The Commission staff
13 recommends that you approve Order 2013-153.

14 CHAIRMAN BELL: Thank you, Ms. Gray.

15 Questions from the Commission in regard to
16 Order 2013-153? Hearing none, is there a motion in
17 regard to Order 2013-153?

18 COMMISSIONER MURPHY: I move the order.

19 COMMISSIONER MORGAN: Second the motion.

20 CHAIRMAN BELL: The order has been moved and
21 seconded for approval. All those in favor of
22 approving Order 2013-153, please signify by saying
23 aye.

24 (Chorus of ayes.)

25 CHAIRMAN BELL: All those opposed, same sign.

1 Thank you. The order has passed. Please
2 continue.

3 MS. GRAY: Order 2013-154 is a settlement
4 agreement with NRT Technologies, wherein the
5 supplier failed to timely submit a Level 1
6 application. NRT Technologies has agreed to a
7 monetary settlement of \$3,000 in lieu of
8 disciplinary action. Commission staff recommends
9 that you approve Order 2013-154.

10 CHAIRMAN BELL: Thank you, Ms. Gray.
11 Questions from the Commission in regard to Order
12 154? Hearing none, is there a motion in regard to
13 the disposition of 154?

14 COMMISSIONER JOHNSTON: So moved.

15 COMMISSIONER MORGAN: Second the motion.

16 CHAIRMAN BELL: The Order has been moved for
17 approval and seconded. All those in favor of
18 approving Order 2013-154, please signify by saying
19 aye.

20 (Chorus of ayes.)

21 CHAIRMAN BELL: All opposed, same sign.

22 Thank you. The order has passed. Thank you,
23 Ms. Gray.

24 Mr. Young, if you would continue with Order
25 2013-155.

1 MR. YOUNG: Thank you. Order 2013-155
2 concerns a settlement agreement between Commission
3 staff and a Level 2 occupational licensee. On
4 December 30, 2006, the licensee submitted a request
5 for voluntary exclusion, requesting a five-year
6 participation in the Voluntary Exclusion Program.

7 On October 31, 2012, the licensee was issued a
8 permanent Level 2 occupational license to work at
9 Horseshoe Hammond Casino.

10 On May 11, 2013, the licensee was discovered
11 on the gaming floor at Blue Chip Casino in Michigan
12 City, Indiana. At that time the licensee remained
13 a member of the Voluntary Exclusion Program and
14 also held an occupational license, permitting her
15 to work at Horseshoe Hammond Casino.

16 Pursuant to 68 IAC 6-3-2(a), a participant of
17 the VEP agrees to refrain from entering the gaming
18 area at all Indiana casinos except for the purpose
19 of carrying out employment duties.

20 In lieu of a disciplinary action being filed,
21 Commission staff offered the licensee a settlement
22 agreement, which would have her voluntarily
23 relinquish her occupational license for a period of
24 three working days. She would not be eligible to
25 use vacation or other paid leave time during the

1 three-day voluntary relinquishment. She has agreed
2 to the terms of the settlement.

3 The order before you approves the settlement
4 agreement entered into by the parties, and
5 Commission staff respectfully recommends you
6 approve the order at this time.

7 CHAIRMAN BELL: Thank you, Mr. Young.
8 Questions from the Commission? Hearing none, is
9 there a motion in regard to Order 2013-155?

10 COMMISSIONER MORGAN: Motion to approve the
11 order.

12 COMMISSIONER JOHNSTON: Second.

13 CHAIRMAN BELL: The order has been moved for
14 approval and seconded. All those in favor of
15 approving Order 2013-155, please signify by saying
16 aye.

17 (Chorus of ayes.)

18 CHAIRMAN BELL: All opposed, same sign.

19 Thank you. The order has passed. Thank you,
20 Mr. Young.

21 Mr. Jerrells, Order 2013-156.

22 MR. JERRELLS: Yes, Mr. Chair. Staff would
23 respectfully request the Commission withdraw the
24 order at this time for consideration from the
25 agenda.

1 CHAIRMAN BELL: Very good. Consent from the
2 Commission to withdraw the order?

3 COMMISSIONER MORGAN: Yes.

4 COMMISSIONER JOHNSTON: Yes.

5 CHAIRMAN BELL: Order 2013-156 has been
6 withdrawn.

7 Commissioner Fine, consent to withdraw Order
8 2013-156 from the agenda?

9 COMMISSIONER FINE: Yes.

10 CHAIRMAN BELL: Thank you very much. Thank
11 you.

12 Continuing, the Chair recognizes Jeff
13 Neuenschwander to present Order 2013-157.

14 MR. NEUENSCHWANDER: Thank you. Mr. Chair,
15 members of the Commission, executive staff. Order
16 2013-157 is a financing request by Blue Sky.

17 Blue Sky presented a financing request to
18 Commission staff on June 12 and 13. They didn't
19 request an interim approval. As you know, most of
20 our financing requests are handled through an
21 interim approval process where the Executive
22 Director consults with the Chair, a financial
23 analyst, and an interim approval letter is issued.

24 In this case Blue Sky didn't request that
25 interim approval; however, they did request a

1 waiver of the two meeting rule. So they are
2 requesting that you would approve their financing
3 request today; that they can be granted permission
4 to do that today.

5 Details of the request are contained in your
6 confidential documents. You can also see the
7 report in there from the Commission financial
8 analyst. If you approve this financing, Blue Sky
9 will be allowed to proceed with that activity.

10 Rob Santa with the Cook Group is here to
11 answer any questions, if you have questions on the
12 specifics of the financing. The Commission staff
13 recommends you grant approval of a waiver of the
14 two meeting rule and also that you approve the
15 financing today.

16 CHAIRMAN BELL: Thank you, Mr. Neuenschwander.
17 Questions from the Commission?

18 COMMISSIONER MORGAN: I have one. Why would
19 the traditional way, why are we going this route in
20 this particular case?

21 MR. NEUENSCHWANDER: A lot of times when
22 licensees request interim approval, they have a
23 need to act on the financing before the Commission
24 meets, if they are trying to catch a little bit of
25 bond market or something. So the interim approval

1 process allows them to close on the financing, if
2 you, the Commission, can ratify the approval
3 request.

4 As to why they didn't request it in this case,
5 the licensee would really have to answer that.

6 COMMISSIONER MORGAN: You're saying it's a
7 timing issue in terms of financing and markets?

8 MR. NEUENSCHWANDER: I think that's one of the
9 reasons they request it usually. I'm not saying as
10 far as why this licensee did not. I can only
11 assume they didn't need to close before this
12 meeting. But a lot of times we'll get a request
13 where they can get a better deal.

14 COMMISSIONER MORGAN: But you're recommending
15 the approval?

16 MR. NEUENSCHWANDER: We do recommend the
17 approval.

18 CHAIRMAN BELL: The Chair would invite Rob
19 Santa, the chief executive director of Blue Sky, to
20 elaborate, if you could, sir.

21 MR. SANTA: Sure. Are there any specific
22 questions, members of the Commission and executive
23 staff?

24 COMMISSIONER MORGAN: Well, my only question,
25 usually there is an interim approval process, it's

1 called that way, and this is different than the
2 usual procedure.

3 MR. SANTA: The investors requested that we
4 decide and close the deal before September 20, and
5 that's primarily why we're trying to get waiver of
6 the two meeting rule.

7 COMMISSIONER MORGAN: Thank you very much. I
8 just wanted clarification on that.

9 MR. SANTA: Sure.

10 COMMISSIONER MURPHY: Now that you're up here,
11 welcome, sir.

12 MR. SANTA: Good to be here.

13 COMMISSIONER MURPHY: I was curious more than
14 anything about the piece of, actually, I guess it
15 was one of the loans that is going to be forgiven
16 after seven years. Is that related to the tax
17 credit?

18 MR. SANTA: It is. The investor in that case
19 is able to deduct the tax credit, amounting to
20 substantially more than the amount they are lending
21 into the deal; and, therefore, their return on
22 their investment is high enough that at the end of
23 seven years they're willing to put that back to
24 Blue Sky for a nominal amount, in essence getting
25 forgiveness of debt.

1 COMMISSIONER MURPHY: I wasn't clear on that,
2 but that makes sense.

3 CHAIRMAN BELL: Additional questions for
4 Mr. Santa?

5 COMMISSIONER JOHNSTON: Is that seven years a
6 set maturity, or could it occur earlier than that?

7 MR. SANTA: That is just the period of time
8 that they monetized the tax credits. The actual
9 debt will extend beyond that.

10 CHAIRMAN BELL: Any further questions?
11 Mr. Santa, thank you very much.

12 MR. SANTA: Thank you.

13 CHAIRMAN BELL: The Chair would invite
14 Mr. Neuenschwander to rejoin us. Any additional
15 questions for Mr. Neuenschwander in regard to Order
16 157?

17 COMMISSIONER JOHNSTON: I have none.

18 CHAIRMAN BELL: Hearing none, is there a
19 motion in regard to the disposition of Order 157?

20 COMMISSIONER MORGAN: Motion to approve.

21 COMMISSIONER MURPHY: Second.

22 CHAIRMAN BELL: The order has been moved for
23 approval and seconded. All those in favor of
24 approving Order 2013-157, please signify by saying
25 aye.

1 (Chorus of ayes.)

2 CHAIRMAN BELL: All opposed, same sign.

3 Thank you. The order is approved.

4 If you would continue, sir.

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

6 Order 2013-158 is a financing request by Boyd.

7 It's back to the more traditional interim approval
8 process that we are accustomed to.

9 On May 22, 2013, Boyd Gaming Corporation,
10 through counsel, requested permission to act on a
11 proposed financing issue.

12 On June 27, 2013, Boyd issued a supplemental
13 request that requested some additional flexibility
14 and some different terms on that.

15 In accordance with the procedures identified
16 in Resolution 2008-74, Commission Chair Matt Bell
17 and Executive Director Yelton considered Boyd's
18 request in its totality and consulted with
19 Commission financial analyst Stephanie Berry.
20 Director Yelton issued an interim approval letter
21 on July 10, 2013.

22 Resolution 2008-74 requires that the interim
23 approval be reported to you for consideration and a
24 final ratification or other direction from the
25 Commission. Commission staff recommends that you

1 ratify Executive Director Yelton's interim approval
2 letter.

3 CHAIRMAN BELL: Thank you, Mr. Neuenschwander.
4 Questions from the Commission for
5 Mr. Neuenschwander? The Chair would ask if
6 Mr. Erickson is in attendance today? And if so, is
7 there anything that you would want to add to the
8 discussion at this point, sir?

9 MR. ERICKSON: No, sir. This happens at a
10 different level than I'm at.

11 CHAIRMAN BELL: Spending most of my life on
12 the bottom rung, I understand very clearly. Thank
13 you.

14 Any further discussion from the Commission in
15 regard to Order 2013-158? Hearing none, the Chair
16 would entertain a motion in regard to the
17 disposition of Order 158.

18 COMMISSIONER MORGAN: Motion to approve.

19 COMMISSIONER JOHNSTON: Second.

20 CHAIRMAN BELL: The order has been moved for
21 approval and seconded. All those in favor of
22 approving Order 2013-158, please signify by saying
23 aye.

24 (Chorus of ayes.)

25 CHAIRMAN BELL: All opposed, same sign.

1 Thank you. The order has passed.

2 If you would continue, Mr. Neuenschwander.

3 MR. NEUENSCHWANDER: Thank you, Mr. Chair.

4 Order 2013-159 concerns a financing request by
5 Caesars. On January 31 of this year Caesars
6 requested permission to act on a proposed financing
7 issue.

8 In accordance with the procedures identified
9 in Resolution 2008-74, Commission Chair Bell and
10 Executive Director Yelton considered Caesars'
11 request and consulted with Commission financial
12 analyst Dan Roberts. Chairman Bell and Director
13 Yelton agreed that the proposed debt transaction
14 should be approved, and Director Yelton issued an
15 interim approval letter on March 25, 2013. An
16 additional letter clarifying the first letter was
17 issued on April 15 2013.

18 Resolution 2008-74 requires that these
19 approvals be reported to you for consideration or
20 other action. Commission staff recommends that you
21 ratify both of the interim approval letters.

22 CHAIRMAN BELL: Thank you, Mr. Neuenschwander.

23 Questions from the Commission for Mr.
24 Neuenschwander?

25 COMMISSIONER MORGAN: I have none.

1 CHAIRMAN BELL: The Chair would recognize
2 Libby Cierzniak, if there is any additional
3 information that you believe needs to be added on
4 behalf of Caesars, ma'am.

5 MS. CIERZNIAK: I have no additional
6 information.

7 CHAIRMAN BELL: Thank you very much.

8 Hearing no further discussion in regard to
9 order 2013-159, the Chair would entertain a motion
10 in regard to the disposition of the order.

11 COMMISSIONER MURPHY: Move the order be
12 approved.

13 COMMISSIONER JOHNSTON: Second.

14 CHAIRMAN BELL: The order has been moved for
15 approval and seconded. All those in favor, please
16 signify by saying aye.

17 (Chorus of ayes.)

18 CHAIRMAN BELL: All opposed, same sign.

19 Thank you. The order has passed. Thank you,
20 Mr. Neuenschwander.

21 The Chair would recognize Chris Gray to
22 present Orders 2013-160 through Order 2013-167.
23 Ms. Gray.

24 MS. GRAY: Good afternoon again,
25 Commissioners. You have before you seven

1 settlement agreements concerning disciplinary
2 actions.

3 The first settlement is with French Lick,
4 Order 2013-161, wherein the casino began a
5 promotion prior to it being submitted and approved.
6 French Lick has agreed to a monetary settlement of
7 \$2,500 in lieu of disciplinary action. Are there
8 any questions?

9 The second order, 2013-162, is a settlement
10 agreement with Hollywood in which four bill
11 validator boxes, without the required locks, were
12 discovered during the soft count. Hollywood has
13 agreed to a monetary settlement of \$2,500 in lieu
14 of disciplinary action. Are there any questions?

15 CHAIRMAN BELL: No, ma'am.

16 MS. GRAY: Order 2013-163 is a settlement
17 agreement with Hoosier Park, wherein the casino
18 promoted an employee to a Level 1 position prior to
19 the employee submitting his application and
20 receiving a temporary Level 1 license. Hoosier
21 Park has agreed to a total monetary settlement of
22 \$4,000 in lieu of disciplinary action. Are there
23 any questions concerning this order?

24 CHAIRMAN BELL: Questions? No ma'am.

25 MS. GRAY: The fourth order, 2013-164, is a

1 settlement agreement with Horseshoe Hammond,
2 wherein the casino allowed an underage person onto
3 the casino floor on two separate occasions.
4 Horseshoe Hammond has agreed to a total monetary
5 settlement of \$13,500 in lieu of disciplinary
6 action. Are there any questions?

7 CHAIRMAN BELL: Questions? No, ma'am.

8 MS. GRAY: Order 2013-165 is a settlement
9 agreement with Indiana Grand and includes two
10 counts. In the first count an underage person was
11 allowed on the casino floor. In the second count
12 the casino conducted a promotion that was not
13 submitted to the Commission.

14 Indiana Grand has agreed to a total monetary
15 settlement of \$11,500 in lieu of disciplinary
16 action. Are there any questions?

17 CHAIRMAN BELL: No, ma'am.

18 MS. GRAY: Order 2013-166 is a settlement
19 agreement with Majestic Star and includes two
20 counts. The first count violated the requirement
21 for surveillance coverage on a table game float.
22 The second count violated the sensitive key rule.

23 Majestic Star has agreed to a total monetary
24 settlement of \$8,000 in lieu of disciplinary
25 action. Are there any questions?

1 CHAIRMAN BELL: No, ma'am.

2 MS. GRAY: The final order, 2013-167, is a
3 settlement agreement with Rising Star, wherein the
4 casino failed to note that a progressive amount was
5 not incrementing on a group of machines. Rising
6 Star has agreed to a monetary settlement of \$1,500
7 in lieu of disciplinary action. Are there any
8 questions?

9 CHAIRMAN BELL: No, ma'am.

10 MS. GRAY: The Commission staff recommends
11 that you approve Orders 2013-161 through Order
12 2013-167, each of which approves one of the
13 settlement agreements that we have just discussed.

14 CHAIRMAN BELL: Thank you, Ms. Gray. I should
15 mention that I misspoke. Order 2013-160 was
16 withdrawn prior to the beginning of our Commission
17 meeting today.

18 Questions or comments from the Commission?

19 COMMISSIONER MORGAN: I have none.

20 CHAIRMAN BELL: If not, is there a motion in
21 regards to the disposition of Orders 2013-161
22 through Order 2013-167?

23 COMMISSIONER MURPHY: Move the approval.

24 COMMISSIONER JOHNSTON: Second.

25 CHAIRMAN BELL: The orders have been moved for

1 approval and seconded. All those in favor of
2 approving Orders 2013-161 through Order 2013-167,
3 please signify by saying aye.

4 (Chorus of ayes.)

5 CHAIRMAN BELL: All opposed, same sign.

6 Thank you. The orders are passed.

7 Thank you, Ms. Gray.

8 MS. GRAY: Thank you.

9 CHAIRMAN BELL: The Chair recognizes Jeff
10 Neuenschwander to present Order 2013-168.

11 MR. NEUENSCHWANDER: Thank you, Mr. Chair.

12 Orders 2013-168 through 170 relate to owners'
13 licenses, and I would like to address those as a
14 group.

15 Thank you, Mr. Chair, members of the
16 Commission. Orders 2013-168, 169 and 170 regard
17 the annual casino license and power of attorney
18 renewals for Belterra, Blue Chip Casino, and Rising
19 Star Casino. All three casinos timely submitted
20 the renewal paperwork and fees.

21 Blue Chip's renewal dates were prior to the
22 Commission meeting, but under Resolution 2003-13,
23 the Executive Director has issued an interim
24 approval to bridge the time gap between that
25 renewal date and today's meeting.

1 Belterra's license is slated to expire
2 October 22 of this year, and Rising Star's license
3 will expire on September 15 of this year.

4 The Commission has previously approved the
5 power of attorney for each of these three casinos.
6 That approval expires upon the renewal of each
7 casino's license. For that reason, all casinos
8 must either request renewal of the Commission's
9 approval of the power of attorney concurrently with
10 the request for renewal, or present the Commission
11 with a new power of attorney, naming a new
12 trustee-in-waiting.

13 Blue Chip wishes to request renewal of Maunty
14 Collins as its trustee-in-waiting, and Belterra and
15 Rising Star wish to request renewal of Ronald
16 Gifford as each of their trustee-in-waiting.

17 Staff recommends that you approve Orders
18 2013-168, 169 and 170, renewing the casino licenses
19 of Belterra, Blue Chip, and Rising Star, and also
20 approving the renewal of each power of attorney.

21 CHAIRMAN BELL: Thank you, Jeff. Questions
22 from the Commission?

23 COMMISSIONER MORGAN: I have none.

24 CHAIRMAN BELL: Hearing none, is there a
25 motion in regard to the disposition of Order

1 2013-168 to Order 2013-170?

2 COMMISSIONER MORGAN: Motion to approve the
3 orders.

4 COMMISSIONER JOHNSTON: Second.

5 CHAIRMAN BELL: The orders have been moved for
6 approval and seconded. All those in favor of
7 approving Order 2013-168 through Order 2013-170,
8 please signify by saying aye.

9 (Chorus of ayes.)

10 CHAIRMAN BELL: All opposed, same sign.

11 Thank you. The orders are passed.

12 Mr. Neuenschwander, if you would continue.

13 MR. NEUENSCHWANDER: Thank you, Mr. Chair.
14 Resolution 2013-171 concerns an emergency rule
15 concerning associated equipment.

16 This isn't the first time you've seen this.
17 We've had an emergency rule concerning this topic
18 on the books since about March, and this is
19 continuing it until the final rule, which I'm going
20 to talk about in my next resolution when it comes
21 up.

22 This rule intends to address the statutory
23 requirements of IC 4-33-7-4, which provides that a
24 person may not furnish equipment, devices, or
25 supplies to a riverboat gaming operation unless the

1 person possesses a supplier's license.

2 Specifically, this rule pertains to associated
3 equipment under 68 IAC 2-7. Associated equipment
4 is equipment that doesn't rise to the level of
5 scrutiny of gaming equipment, like a slot machine,
6 but it requires a higher level of scrutiny than
7 unrelated equipment, like the carpet or the ceiling
8 tiles at a casino. A manufacturer of this
9 equipment doesn't necessarily have to be licensed,
10 but a distributor can obtain a supplier's license
11 to furnish and perform work on the machines in lieu
12 of the manufacturer.

13 This rule lays out the requirements the
14 Commission has of a licensed distributor in order
15 to regulate more effectively the distribution of
16 associated equipment and to help ensure that the
17 regulated licensee is not jut a pass-through
18 entity.

19 In the next item we'll talk about the final
20 rule. But without the emergency rule, there will
21 be a gap in effectiveness before the final rule can
22 take effect, because the previous emergency rule
23 will expire in a couple of days on September 18.

24 Accordingly, the Commission staff respectfully
25 recommends that you approve the resolution adopting

1 the emergency rule, and that emergency rule will
2 become effective on filing.

3 So at this time staff recommends that you
4 adopt Resolution 2013-171 for the purpose of
5 ensuring the regulation of associated equipment
6 while the final rule completes the final process.

7 CHAIRMAN BELL: Thank you, Mr. Neuenschwander.

8 Questions from the Commission? Hearing none,
9 is there a motion with regard to the disposition of
10 Order 171?

11 COMMISSIONER JOHNSTON: Move to approve.

12 COMMISSIONER MURPHY: Second.

13 CHAIRMAN BELL: The resolution has been moved
14 and seconded for approval. All those in favor of
15 approving Resolution 2013-171, please signify by
16 saying aye.

17 (Chorus of ayes.)

18 CHAIRMAN BELL: All opposed, same sign. Thank
19 you. The resolution is passed.

20 If you would continue, Mr. Neuenschwander.

21 MR. NEUENSCHWANDER: Thank you, Mr. Chair.

22 Resolution 2013-172 adopts the final rule
23 concerning associated equipment, which is the
24 permanent version so that we don't have to do the
25 emergency rule and have a final rule on the book.

1 This rule is the final form of the emergency
2 rule you just approved. It's designed to fulfill
3 all of the legislative mandates contained in
4 IC 4-33 and 4-35.

5 The proposed final rule amends 68 IAC 2-7-1
6 regarding licensure of distributors and
7 manufacturers of associated equipment. It will
8 amend 68 IAC 2-7-2 regarding the approval of
9 associated equipment. It will amend 68 IAC 2-7-7
10 regarding revocation of approval. It will amend 68
11 IAC 2-7-10 regarding request for hearing on notice
12 of denial or revocation of approval, and will make
13 numerous technical changes to the rule.

14 Commission staff has taken the rule through
15 the promulgation process. The Indiana Register
16 posted a Notice of Intent for this rule on
17 October 31, 2012, and the proposed rule was posted
18 on May 22, 2013. A public hearing was held on
19 August 12, 2013. There were no attendees to that
20 meeting, and no public comments at the public
21 hearing. The Commission received no written
22 comments on the rule.

23 The Indiana Economic Development Council does
24 not object to the economic impact of this rule, and
25 the State Budget Agency recommends the rule be

1 approved.

2 As you are aware, Governor Pence has issued a
3 Moratorium on Regulations. However, the staff
4 notified the Office of Management and Budget that
5 this rule had been started before this moratorium
6 went into effect, and received notification we
7 could proceed with this rule.

8 At this time the staff recommends adopting
9 Resolution 2013-172, which would adopt this
10 proposed rule as a final rule and allow the final
11 rule regarding associated equipment.

12 CHAIRMAN BELL: Thank you, Mr. Neuenschwander.

13 Questions from the Commission with regard to
14 Resolution 2013-172? Hearing none, is there a
15 motion regarding the disposition of 2013-172?

16 COMMISSIONER MURPHY: I move for approval.

17 COMMISSIONER MORGAN: Second.

18 CHAIRMAN BELL: The resolution has been moved
19 for approval and seconded. All those in favor of
20 approving Resolution 2013-172, please signify by
21 saying aye.

22 (Chorus of ayes.)

23 CHAIRMAN BELL: All opposed, same sign.

24 Thank you. The resolution passes,
25 Mr. Neuenschwander.

1 MR. NEUENSCHWANDER: Thank you, Mr. Chair.

2 CHAIRMAN BELL: It is my pleasure at this
3 point to introduce a new member of the Indiana
4 gaming family and to invite him to address the
5 Commission. John Smith has joined Horseshoe
6 Southern as its general manager.

7 Mr. Smith, we welcome you to the Hoosier state
8 and to the Commission today.

9 MR. SMITH: Good afternoon. Thank you for
10 giving me the opportunity to introduce myself. My
11 name is John Smith. I am day three on the job as
12 general manager of Horseshoe Indiana and regional
13 president for our mid-north region, so I'm thrilled
14 to be here.

15 I come to you from Atlantic City, where I most
16 recently was the senior vice-president and general
17 manager of Harrah's Resort, which is one of our
18 larger, more complex properties. We have 3,000
19 team members, five towers, 2600 rooms, 2800 slots,
20 117 table games and 190,000 square foot of games in
21 the facility. Big operation.

22 I was told to, if you have any Indiana
23 affiliation, to share it. And I thought about it,
24 and day three we're still relocating, so I can't
25 tell you I'm living in Indiana. But also I went to

1 Temple University on a football scholarship. And
2 if you know Bruce Arians and Clyde Pearson, they
3 both recruited me, so I played with them at Temple
4 University.

5 And also I tell you that Notre Dame is my
6 favorite team. But the problem is that opening
7 week Temple played Notre Dame, so I was split. But
8 I couldn't lose, because if either won, I come up
9 on top.

10 I've had a number of experiences in industries
11 with IBM, GE, McKenzie, et cetera, so I come with a
12 breadth of experience, and love to bring that here.
13 I would be glad to answer any questions, if you
14 have any at this time.

15 COMMISSIONER MORGAN: Where are you planning
16 to reside?

17 MR. SMITH: We are still looking, day three.
18 We are looking at both sides of the river, in
19 Indiana and Louisville. We haven't made a decision
20 yet.

21 COMMISSIONER MORGAN: I wish you all the
22 success in the world.

23 COMMISSIONER MURPHY: Thank you.

24 CHAIRMAN BELL: Welcome. It's great to have a
25 Temple alum with the state.

1 Director Yelton is concerned with the
2 efficiency with which we have conducted this
3 meeting; that it has not lasted long enough for
4 those in attendance. If there is anyone who would
5 like to filibuster for the next hour and a half, I
6 would encourage you to do so.

7 Not seeing any volunteers --

8 EXECUTIVE DIRECTOR YELTON: I would. I'm
9 asking if Mr. Smith still has his football skills,
10 maybe he could practice his tackling on Mr. Lambert
11 and Mr. Compton.

12 CHAIRMAN BELL: See, we were that close, that
13 close.

14 The next meeting of the Indiana Gaming
15 Commission will be November 21. We will announce
16 and confirm location in advance of that meeting and
17 publish notice accordingly.

18 Any other business to come before the
19 Commission today?

20 Mr. Fine, we want to thank you for
21 participating via electronic means. We feel very
22 competent in our ability to compete in a
23 Twenty-First Century environment, given our mastery
24 of today's meeting, so thank you for your
25 participation.

1 The Chair would entertain a motion to adjourn.

2 COMMISSIONER MORGAN: Motion to adjourn.

3 COMMISSIONER: Second.

4 CHAIRMAN BELL: Moved and seconded. We stand
5 adjourned. Thank you all very much.

6 (Adjourned at 2:45 p.m.)

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