

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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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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