

**INDIANA GAMING COMMISSION
REGULAR BUSINESS MEETING**

11:00 a.m., September 6, 1996

**Auditorium
Indiana Government Center South
402 West Washington Street**

PRESENT: Commission members Alan Klineman, Chair; Donald Vowels, Secretary; Thomas F. Milcarek; David E. Ross, Jr., M.D.; Robert W. Sundwick; Robert Swan; Staff members Jack Thar, Floyd Hannon, Kay Fleming, Kendra Nigg, A. Charles Vonderschmitt, Jill Copenhaver, Michelle Marsden, Pam Ayres and members of the public.

Call to Order and Roll Call

Chair Alan Klineman called the meeting to order at approximately 11:25 a.m., noting that Commissioner Ann Bochnowski was not present in person because of a family emergency but would attempt a telephone hook-up. A quorum was present.

Approval of the Minutes

Upon motion by Dr. David Ross, second by Don Vowels, the minutes of the August 20, 1996 meeting were unanimously approved as distributed.

Report of the Executive Director

Executive Director Jack Thar reported that last week he and two members of the Indiana Gaming Commission (IGC) staff, i.e., Chief Counsel Kay Fleming and Staff Attorney Cynthia Dean, went to Evansville as an interim step to hear appeals from individuals who have had their occupational licenses rescinded because of various omissions on their applications. He explained that staff took this informal step to see if issues could be resolved before the appeals were heard by an Administrative Law Judge. Mr. Thar indicated that they met with ten individuals who appeared for approximately thirty minutes each to clarify and explain their particular situations and to answer questions submitted to them. Also present from Casino Aztar were an employment director and any persons each individual wanted to be in attendance. Mr. Thar reported that as yet no resolution has taken place. He proposed that in the event staff determines, before the administrative law judge hearing takes place, that an individual should be allowed to go back to work and his occupational license reinstated, the staff be allowed to make that decision. Any individual who is reinstated and his job is no longer available should have the immediate right to go before the administrative law judge. Mr. Thar indicated he will present the results of these determinations at the next IGC meeting.

Executive Director Thar also reported that at the end of the last IGC meeting Commissioner Bob Swan had proposed that in the event Indiana Gaming Company, LP, (Argosy) was unable to get a temporary operation up and going by a given date, a fine be imposed that would be the equivalent of a tax that one could anticipate from the riverboat on a daily basis. At the last meeting, Mr. Thar explained, the Commission previously decided that staff could discuss with Argosy what the proposed solution would be.

Distributing a fax of Argosy's written proposal received by Commission staff on Wednesday, Mr. Thar announced that the Indiana Gaming Company, LP, has indicated they will pay to the Indiana Gaming Commission, as agent for the State, the sum of \$75,000.00 per day as an imputed gaming-win tax, beginning on the latter of December 1, 1996, or fifteen days after the licensee shall receive its Army Corps of Engineer's permit. The proposal further stated this tax shall not be assessed should the Commission staff not be in a position to conduct a pre-license review of the licensee's operation for the purpose of issuing a gaming license within the time period stated above or in the event of any delay caused by an act of God, strike, war, riot, flood, lawsuit, or injunction sought by any third party or other circumstance which causes a delay over which the licensee has no reasonable control. Both Mr. Thar and Chairman Alan Klineman indicated this matter would be properly presented and discussed under **Other Business**.

Mr. Thar announced the Rising Sun Grand Victoria II opening cruises on September 16, 1996 are still on the calendar.

Mr. Thar concluded his report.

Chairman Klineman urged the Commission to grant Commission staff the authority to reinstate the above-mentioned licenses as a matter of settlement. Those individuals could then return to work if their jobs were still open and available. Chairman Klineman indicated Mr. Thar could then report to the IGC any matters where licenses have been reinstated and those matters where they have not. Mr. Klineman requested that a resolution be issued authorizing Mr. Thar to proceed with the possibility of settlement and the reinstating of occupational licenses.

ACTION: Upon motion by Bob Swan, second by Bob Sundwick, and unanimous vote of those commissioners present, a resolution was adopted to authorize Executive Director Jack Thar to conduct an interim hearing and to proceed with the possibility of a settlement and reinstatement of any occupational license before it is heard before an administrative law judge.

Old Business

Argosy's Written Proposal

Chairman Klineman reiterated the matter of the \$75,000.00 per day payment from Indiana Gaming Company, L.P. (Argosy) to be paid to the State as an imputed gaming win tax beginning

on the later of December 1, 1996, or fifteen days after the licensee receives its Corps of Engineer's Permit 404. Mr. Klineman thanked Commissioner Swan for bringing this matter to the Commission's attention.

Executive Director Jack Thar indicated that in IGC's last business meeting Argosy indicated their temporary docking facility construction should be completed around the first of November. If Argosy were to receive the Corps permit today, then the later date would be December 1.

ACTION: Upon motion by Bob Swan, second by Don Vowels, a resolution was unanimously adopted by those present concerning the Indiana Gaming Co. (Argosy) written proposal to pay to the Indiana Gaming Commission, as agent for the State, the sum of \$75,000.00 per day as an imputed gaming-win tax, beginning on the later of December 1, 1996, or fifteen days after the licensee shall receive its Army Corps of Engineer's permit. Chair Klineman asked Commission staff to draft and assign a number to this resolution and to make it a part of the permanent record.

New Business

Occupational License Issues

Chief Counsel Kay Fleming reported that on August 22, 1996, at the Buffington Harbor Pavilion, she conducted a felony review hearing on four individuals who had requested a waiver of their felony disqualification. She directed commissioners to relevant information contained in their packets.

Those individuals were Donald Anderson, seeking employment with the Empress Casino Hammond; Reginald McCullough, who sought employment with Trump Casino; Rosetta McKinnon, who sought employment with Majestic Star Casino; and Wayne Wright, who was seeking employment with the Trump Casino.

Ms. Fleming indicated in all four instances after reviewing their criminal history record, the application they submitted, and listening to their side of the story (a transcript of which has been provided to all commissioners), it is her recommendation that each of the requests be denied. She explained that included in commissioners' packets is an Order on Request for Felony Waiver for each of the four individuals. These will be made part of the public record. Due to the fact that the recommendation and findings of fact contain a criminal history which is confidential material, this information will not be a matter of public record and will be contained in each person's file and forwarded to an administrative law judge, if the individuals determine they want to appeal the Commission decision to deny their license.

ACTION: Upon motion by Dr. David Ross, second by Tom Milcarek, and unanimous vote of those present, the Commission adopted the recommendations and findings of fact

of the review officer, Kay Fleming, and Denied the Request for Felony Waiver of Rosetta McKinnon.

ACTION: Upon motion by Don Vowels, second by Bob Swan, and unanimous vote of those present, the Commission adopted the recommendations and findings of fact of the review officer and Denied the Request for Felony Waiver of Reginald McCullough.

ACTION: Upon motion by Tom Milcarek, second by Dr. David Ross, and unanimous vote of those present, the Commission adopted the recommendations and findings of fact of the review officer and Denied the Request for Felony Waiver of Donald Anderson.

ACTION: Upon motion by Don Vowels, second by Tom Milcarek, and unanimous vote of those present, the Commission adopted the recommendations and findings of fact of the review officer and Denied the Request for Felony Waiver of Wayne Wright.

Temporary Supplier Licenses

Deputy Director Floyd Hannon addressed the Commission. He indicated there are two companies which Commission staff are recommending be awarded temporary suppliers' licenses. The first, Casino Data Systems, is a Las Vegas Company involved in the design, manufacture and distribution of computer systems that control player tracking, casino accounting functions, slot machine systems, and progressive jackpots. Through subsidiaries, Casino Data Systems produces related products including meters, signs and graphics. It is a publicly traded company. Investigators have toured the facility and reported favorable findings. The company appears to have a strong financial base and is currently licensed or doing business under a transactional waiver or temporary license in 11 gaming jurisdictions. Mr. Hannon reported the preliminary investigation has not developed any information that would indicate the company is not licensable under the gaming statute.

Atlantic City Coin and Slot Service Company, Inc. is located in Pleasantville, New Jersey, and has been in business since 1978. It was established by Maxie Roger Seelig, who still retains ownership either directly or through trusts or family members. The company sells casino equipment including slot bases, seats, tokens, keno systems, meters, custom slot machine glass and slot machines. Mr. Hannon reported the company has developed an interactive slot machine game they are trying to market in Indiana. The company purchases new, "neutered" slot machines from IGT and adds modifications before marketing. They would be distributing only new machines in Indiana. They do recondition machines for foreign markets. The company has a sound financial base and is currently licensed to do business in ten different jurisdictions. Through touring the facility some security concerns were noted and brought to the attention of management. They are now being addressed. However, Mr. Hannon indicated, this investigation did not develop any information that would indicate that this company could not be

licensable under IGC statute.

Mr. Hannon stated that Indiana Gaming Commission staff recommend both companies be awarded a temporary license to do business until a complete investigation is accomplished.

ACTION: Upon motion by Tom Milcarek, second by Dr. David Ross, and unanimous vote of those present, the Commission adopted **Resolution 1996-50, A Resolution Granting Temporary Supplier's Licenses to A C Coin and Casino Data Systems.**

Majestic Star Local Investor Issue

Chairman Klineman indicated this matter will be addressed at a later meeting due to the unavailability of those wishing to present material.

Other Business

Casino Aztar Request for Reduction of Letter of Credit

Chief Counsel Kay Fleming reported on July 8, 1996, Casino Aztar made total payments to the City of Evansville of \$104,166.67. This amount is broken down as a payment to the downtown revitalization project of \$83,333.33, a payment to the economic development project of \$16,666.67, and a payment to the Pigeon Creek Greenway Project of \$4,166.67. On August 8, 1996, Casino Aztar made an identical payment to the City of Evansville. Ms. Fleming indicated that as a result of these payments, Casino Aztar is requesting that the Letter of Credit posted with the National City Bank in Evansville be reduced by a total of \$208,333.34. She stated she has distributed copies of payment receipts that were provided by the City of Evansville to the Commission.

ACTION: On motion by Bob Swan, second by Don Vowels, and unanimous vote of those present the Indiana Gaming Commission authorized the National City Bank to reduce the Letters of Credit posted by Casino Aztar, beginning with Letter of Credit 101, in a total amount of \$208,333.34.

Next Meeting

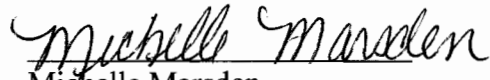
Chair Klineman indicated the next meeting of the Indiana Gaming Commission will be October 11, 1996, again in the auditorium of the Indiana Government Center South, beginning at 11:00 a.m. Indianapolis time.

Adjournment

The business meeting was adjourned to continue public hearings concerning applicants for a

riverboat license at Crawford and Switzerland Counties.

Respectfully submitted,

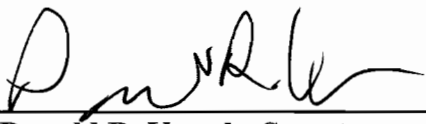

Michelle Marsden

THE INDIANA GAMING COMMISSION:



Alan I. Klineman, Chair

ATTEST:



Donald R. Vowels, Secretary