BEFORE THE INDIANA GAMING COMMISSION

PUBLIC MEETING

TRANSCRIPT OF PROCEEDINGS

DATE: June 13, 1997

PLACE: Indiana Government Center Auditorium
       402 West Washington Street
       Indianapolis, Indiana

REPORTED BY: Kathleen L. Cast, Notary Public

MEMBERS OF THE COMMISSION

Alan I. Klineman, Chairman
Thomas F. Milcarek
David E. Ross, Jr., M.D.
Donald R. Vowels
Ann Marie Bochnowski
Robert W. Sundwick
Robert Swan

ALSO PRESENT

John J. Thar, Executive Director,
and Members of the Staff

BAYNES & SHIREY REPORTING SERVICE
Bank One Center/Circle Center
111 Monument Circle
Suite 582
Indianapolis, Indiana 46204-5105
(317) 231-9004
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MR. KLINEMAN: We'll call to order the meeting of the Indiana Gaming Commission. I want to apologize. We're running a little bit late. In fact, we're also shy one Commissioner. Commissioner Bochnowski has called. She's on the road, and she will be here probably in a half hour or so.

And to accommodate a request that she made and being fair to everybody, we are going to reorder our agenda a little bit, and we're going to take up the question of Crawford and Switzerland County as the last item. Rather than as an early item under old business, we will take up that matter after we've concluded the new business.

So with that, let the record show that all of the Commissioners are here and present except for Commissioner Bochnowski, who will be joining us in progress. And we, therefore, have a quorum to proceed.

Under the reordered agenda, the next item would be the approval of the minutes. We've all received copies of them. The last meeting of the Commission was on?

MR. THAR: April 15th.
MR. KLINEMAN: April 15th. It was up at the Robert A. Pasture Marina in East Chicago, Indiana.

Do I hear a motion to approve the minutes of the meeting of April 15th?

MR. MILCAREK: I'll move.

MR. KLINEMAN: Is there a second?

DR. ROSS: Second.

MR. KLINEMAN: Okay. Any discussion?

Hearing none, all those in favor say aye.

(Unanimous approval)

MR. KLINEMAN: Contrary?

The minutes are approved.

The next item is a report of Mr. Thar, Executive Director.

MR. THAR: Thank you, Mr. Chairman.

Good morning, Commissioners. The first report would be with regard to riverboats and what's going on. Casino Aztar in Evansville, SPEA has completed and it has been distributed to you for the meeting today the first annual report which will be completed with regard to each of the licensees.

This report, for anyone who is interested, will be available for public
viewing or purchase at either the archives or at SPEA by contacting Laura Littlepage.

From a staff point of view, we believe the report is very complementary in terms of showing that Aztar in the first year of its operation has met every promise it said in would in terms of financial incentives to the city, it has strived very hard to meet all of its hiring goals, probably has been, I think, an exemplary corporate citizen down in Evansville. So we were pleased to see the results of that report.

SPEA will now be turning their attention to Trump and Majestic Star in Gary, as well as Empress in Hammond, for the next annual report as to how each of the licensees are doing.

Argosy Casino in Lawrenceburg, their permanent vessel is just about complete. They are anticipating the delivery date in the first part of August and have tentatively scheduled -- targeted the last week of August to open their permanent boat for gaming.

So staff is presently working with
them to target either the Monday or Tuesday before Labor Day Weekend as the date to do their test cruise on their permanent vessel.

By the same token with regard to Blue Chip up in Michigan City, they are targeting a mid August opening of their facility. They have completed and signed an economic development agreement with Michigan City, and today we'll be considering their bond and the recommendation from staff to accept the bond amount that has been proposed.

If I did not mention, we're targeting somewhere around August 12th as the day to commence the opening and test cruise of their riverboat, which is a Tuesday.

With regard to Majestic Star, they also are in the process of acquiring their permanent vessel. Their dates are not quite as firm as Argosy and Blue Chip at this point in time. They hope the delivery of their vessel will be some time in September, with a late September to a mid October opening date of that permanent vessel.

With regard to Caesars in Harrison County, they have started their schools for
the training of dealers and other personnel. And they are, in fact, using the Playhouse, in which we held the Harrison County hearings down there, as the facility to do that training.

The next item would be litigation concerning the suit Empire brought against the Commission and for which Argosy Gaming, Indiana Gaming Co. LP intervened. This was a suit setting forth quite a few different reasons why Argosy should not have gotten the license for Lawrenceburg.

Most of all of the legal work done was done by the Commission's lawyers, headed by Kay Fleming, and the rest of the legal staff. In my opinion, they did an excellent job. And we got a decision, a recommended decision from the administrative law judge I think yesterday. So I'll turn it over to Kay to explain.

MS. KAY FLEMING: Thank you.

Empire had filed a request on the hearing of the denial of this application in November of 1996. The matter was assigned to Bernard L. Pylitt as the administrative law
The Commission filed a motion for partial summary judgment on January 21st, 1997. And Argosy and Indiana Gaming Co., who were the intervenors, filed a motion to dismiss and a motion for summary judgment on January 21st, 1997. Reply and response briefs were subsequently submitted by all of the parties.

On January 21st, 1997, Empire also filed its discovery plan seeking discovery from the intervenors rather than from the Commission. Argosy then moved for a protective order on February 28th, 1997.

The administrative law judge held oral arguments on all of the pending motions on May 29th, 1997. And, yesterday, the administrative law judge faxed in the findings of undisputed facts and conclusions of law as well as recommended orders on all of the pending motions concerning discovery, summary judgment and dismissal.

The administrative law judge has recommended that Argosy's motion to dismiss be denied. The administrative law judge
further ordered that or recommended that the
motion for partial summary judgment which was
filed by the Commission be granted, and that
would render Argosy's motion for summary
judgment moot.

Finally, the administrative law judge
recommends that Argosy be granted the
protective order and that Empire's request
for discovery not be allowed.

Pursuant to the administrative orders
and procedures that each of the parties will
have fifteen days from the date that the
orders are mailed to file objections with the
Commission on those recommended orders.

So at the next business meeting,
we'll place this on the agenda for the
Commission to make a final decision whether
or not they will accept the administrative
law judge's recommended orders or whether
they will review that further.

MR. THAR: What issue remains?

MS. KAY FLEMING: That only remaining
issue is and the reason that the Commission's
motion for partial summary judgment, we
termed it as such because Empire can still
seek a denial of its -- a hearing on the
denial of its application and try to
demonstrate to the administrative law judge
that it should have been awarded the license
and that it was the better company. So that
is the only issue remaining, and it is up to
Empire to pursue that.

MR. THAR: Thank you. Again, I'd
like to say that the legal work done on
behalf of the Commission was just excellent,
as was the oral argument done by Miss
Fleming.

With regard to a move, the Commission
Staff has been actively pursuing moving its
office space. It has been determined that
there is not any space large enough for the
growth of the staff within the Government
Center Complex.

We are in the process now of signing
a lease and the lease procedures to get it
signed which would put us on the ninth floor
of the National City Bank Building, Southeast
Tower. It used to be known as Merchant's
Bank Plaza, or sometimes referred to as the
Hyatt Hotel area.
That lease has been signed by the bank and by me and is in the process of going through the state government to get the necessary signatures. Assuming the lease is signed relatively promptly, the target date for the move is presently somewhere around October 1 of this year.

The staff has spent most of its time, aside from getting ready for this meeting and the other meetings that I previously mentioned with regard to the riverboats, has been spending quite a bit of time on disciplinary matters, which since they are not on the agenda today cannot really be discussed.

Secondly, from an audit point of view, Frank Brady is not here today because he started a fairly aggressive program of making sure that the auditors visit the boats on a relatively regular basis to check those items. They are, in fact, in the process of checking a boat today.

The final item is with regard to the state police. I'd like to introduce to the Commissioners as well as the public Major
Richard Shelton. Stand up for a second.

Under the new superintendent, Mel Carraway, he has determined and announced what he would like to see is the state police gaming portion become a division in and of itself. Presently right now, it's more of a group for which people are being assigned to temporary duty or sometimes permanent duty.

But the appointment of Major Shelton as the major is the first step in making that a division in and of itself. We've had the opportunity to work with Dick now for about six or seven weeks, and he's been a real pleasure and addition to the Indiana State Police Gaming Division. So we welcome you.

MAJOR SHELTON: Thank you.

MR. THAR: That would conclude my report. Are there any questions?

MR. KLINEMAN: Any questions of Mr. Thar?

I have one. You alluded to disciplinary matters. Are we seeing a great increase of these filings, or is it just probably going to be a normal type of thing that the Commission will deal with on through
the years?

MR. THAR: I think it's going to be
more of the normal kind of thing the
Commission will be dealing with, although it
may get a little bit more. Presently, we're
looking at in round figures somewhere between
ninety-five hundred and ten thousand licensed
employees. And out of that, if we have one
or two that go askew every month, the
percentage is still low.

But it's going to have to be
anticipated that those types of numbers,
we're going to see disciplinary actions in
those areas, as well as potential
disciplinary actions with the licensee
themselves as they struggle to coordinate
their internal controls with our rules and do
that with I guess what you would call new
employees who are not used to the regulatory
requirements of casino gaming as a business.

MR. KLINEMAN: Okay.

MR. THAR: Any other questions?

MR. KLINEMAN: Well, I, too, want to
add my welcome to Major Shelton. We're glad
to have you here. We've enjoyed working with
the state police. I'm happy to say that one of the early decisions this Commission made was to decide whether we were going to create our own, quote, police force or whether we were going to utilize the expertise that's available in the Indiana State Police.

And I'm happy to say that we made, I think, a complete correct decision in asking the state police to become our watch dogs, and it's worked out very well. And I want to congratulate all the people who have been part of that decision, because we have had absolutely no complaints, and we're very pleased with everything that's been done.

The next item, having reordered our agenda, would be the new business. The first item in that category are the bond reductions. And I guess there are two or three of those, and I presume Kay is going to handle this.

MR. THAR: Yes, she will.

MS. KAY FLEMING: We have two requests for bond reductions, the first being for Casino Aztar. On April 10th, 1997, May 9th, 1997, and June 9th, 1997, they made
identical payments. They made in each month a payment to downtown revitalization in the amount of eighty-three thousand three hundred and thirty-three dollars and thirty-three cents, and an identical payment in each of those months to economic development in the amount of sixteen thousand six hundred sixty-six dollars and sixty-seven cents, and identical payments in each of those three most to the Pigeon Creek Greenway in the amount of four thousand one hundred sixty-six dollars and sixty-seven cents.

Therefore, they made a total payment in each month that could be reduced from their letter of credit in the amount of one hundred four thousand one hundred sixty-seven dollars and sixty-seven cents. Total payments, three hundred twelve thousand five hundred dollars and one cent, which their letter of credit can be reduced in that amount.

MR. KLINEMAN: Everybody understands what we're doing. We, of course, when we grant a license, require that bonds be put up to make sure that the licensee does fulfill
items which they have said they will perform, etcetera.

And as they go ahead and complete these items or at least make partial completion of these items, they are entitled to ask us to reduce the amount of the bond obligation. So that's where we are.

I guess Pigeon Creek Greenway must be getting pretty green by now.

MR. SWAN: It's pretty brown and murky at the moment.

MR. KLINEMAN: Yes. Well, we're doing everything we can to make it green.

Do I hear a motion to approve the reduction of the letter of credit for Casino Aztar in the amount of three hundred and twelve thousand five hundred dollars and one cent?

MR. SWAN: So moved.

MR. KLINEMAN: And is there a second?

MR. MILCAREK: I'll second.

MR. KLINEMAN: All those in favor of the action say aye.

(Unanimous approval)

MR. KLINEMAN: Contrary?
The action is adopted.

Next item, Miss Fleming?

MS. KAY FLEMING: Yes. That is a request to reduce the surety bond that was posted by Grand Victoria Casino and Resort. On June 9th, 1997, Grand Victoria made the following payments to the city of Rising Sun. They made a payment to the redevelopment plan in the amount of five hundred forty-five thousand nine hundred sixty-eight dollars, a payment to the tourism obligation in the amount of forty-four thousand three hundred seventy dollars, and a payment to the treatment plant in the amount of twenty thousand six hundred forty-six dollars, bringing their total payments to six hundred ten thousand nine hundred eighty-four thousand dollars. And that would be applicable pursuant to the bond for reduction.

MR. KLINEMAN: Do any of you have any questions? We have, again, the action on the request to reduce the bond. Do I hear a motion to adopt this action?

MR. SUNDWICK: I'll move.
MR. KLINEMAN: And is there a second?

MR. VOWELS: I'll second.

MR. KLINEMAN: Any discussion?

Hearing none, all those in favor say aye.

(Unanimous approval)

MR. KLINEMAN: Contrary?

The action is adopted.

The next is a resolution concerning the bond which is to be posted by Blue Chip Casinos in Michigan City. And Mr. Thar, I guess, will tell us about that.

MR. THAR: As we're all aware, as we've done with regard to each company as it starts to get ready to open, there's a statutory provision that they must get a bond on file in an amount suitable to the Commission and be approved by a company, a surety company, if they choose to be insured, is also approved by the Commission, and that that bond must be on file at least sixty days before they commence regularly scheduled gaming excursions.

In this particular instance, the staff has met with representatives of Blue
Chip Casino, Inc., as well as discussed certain concepts with the administration of Michigan City, as well as concluded it all with a major conference call between -- with the casino company, the Michigan mayor and her aides from Michigan City and the staff.

It has resulted in the staff recommending to the Commission that a bond in the amount of seven million five hundred thousand dollars be recommended as the amount of bond that needs to be posted by Blue Chip Casino, Inc. at least sixty days before they commence regularly scheduled activities, gaming excursions.

And they have indicated that they want to do it with a surety bond and guaranty, and they are presently working with our outside counsel, Virginia McCarty, on getting approval.

And welcome, Miss Bochnowski.

MS. BOCHNOWSKI: Thank you.

MR. THAR: Thanks for your efforts.

To make sure that the surety company is one that does business here in Indiana. They intend to post that bond today subject
to Commission approval.

The bond in the amount of seven and a half million dollars is basically arrived at in the following way. Three hundred thousand dollars of that bond will be pegged to secure payments by Blue Chip with regard to a promissory note which covers a mortgage on a parcel of real estate that they promised to give to the city at the end of three years commonly known up in the Michigan City area as the Smith brothers property; one hundred thousand dollars is to secure the construction, installation and paving of A Street. That is to be done after the hotel and other construction is completed. One point six million dollars is to secure annual guaranteed minimum payments to Michigan City to the endowment corporation. Three million dollars is to secure the start and construction of their hotel. And a half million dollars is to secure the construction of the parking garage, and two million dollars is to secure all other obligations to the state, city of Michigan City, Michigan City Port Authority and other aggrieved
parties. That totals up to seven point five million dollars.

Are there any questions?

MR. KLINEMAN: Does anyone have anything concerning this matter? It's really the normal thing that we do. And I guess we negotiate the particular items to be covered by the bond and the amount. Is that what we do?

MR. THAR: What we try to do is take a look at the certificate of suitability, what the company's obligations are, bond those obligations to the extent that they had not already been fulfilled, and also to the extent that maybe it's not what does it take to finish a hotel, but what does it take in the city's eyes to level a hotel if somebody was to come in and take over that for that purpose, how much money would it take for the city to make that land again reusable for economic development purposes.

From the city's point of view and our point of view, this is the minimum amount of bond which we can be comfortable with.

Always the casino companies desire that the
bond be lower. So that's kind of how we arrive at that.

MR. KLINEMAN: I was just looking at the three million dollars for the two hundred room hotel. I guess that would be to construct it, not to level it.

MR. THAR: It would hopefully be enough money that if something amiss happened up there that it could be finished or torn down.

MR. KLINEMAN: Anybody else have any questions? Hearing none, we need a motion on the resolution concerning the posting of a seven million five hundred thousand dollar bond for Blue Chip Casino, Inc.

Do I hear a motion?

DR. ROSS: I'll make that motion.

MR. KLINEMAN: And is there a second?

MR. VOWELS: I'll second.

MR. KLINEMAN: Any discussion on this? Hearing none, all those in favor of Resolution 1997-16 say eye.

(Unanimous approval)

MR. KLINEMAN: Contrary?

The resolution is adopted.
The next one concerns the Empress Hammond, Empress Casino Hammond Corporation Bank of America Secured Credit Facility. I presume Mr. Thar knows about that.

MR. THAR: I do for a change. This Commission in January approved Empress' fifty million dollar revolving credit facility in the form of certain payments so they could accomplish and complete the construction of improvements to the parking garage.

They are now approaching the Commission and asking two things, two primary things. The first is we have a rule with regard to these types of debt facilities that we have a minimum of two meetings, unless the Commission decides to waive that rule. They are asking us to waive the two meeting rule and decide this issue today.

And the issue they ask us to decide today is as follows. With regard to their fifty million dollar revolving credit facility, they would like to increase that, under identical terms, substantially identical terms, by ten million dollars to sixty million dollars.
The amount of funds available under the borrowing would be thirty-one point one two five million dollars. The funds would be utilized to retire the qualified interguarantor loan for the Empress Casino Joliet in the amount of nineteen point six million due June 30th of this year, and eleven point five two five million for general corporate and capital expenditures. The maturity date of the revolving credit facility would be extended to June 30th, 2000.

There are representatives of Empress here, as there were from Blue Chip, by the way, if anybody has any questions for them on the bond, to discuss or answer any questions the Commission may have with regard to their request for increasing their revolving credit facility to sixty million dollars.

In our discussions with them and working through the term sheet, which is attached, one of the things which Empress Hammond has done is changed their credit facility so that it is more solely just Empress Hammond rather than Empress Hammond.
and Empress Joliet. So part of the reason to do this is to pay off any loans to Joliet so that Empress Hammond stands on its own.

    MS. BOCHNOWSKI: The qualified interguarantor loan, is that from the Joliet operation? I don't quite understand what that means.

    MR. THAR: Yes. I would ask Mike Hansen and Joe Costello, I believe, are here. Mike is general counsel; Joe Costello is chief financial officer. Rather than me speak for them.

    MR. KLINEMAN: Would you state your name, Mike, for the record?

    MR. MIKE HANSEN: Yes. Mike Hansen, general counsel Empress Casino Hammond. With me is Jack Costello, our chief financial officer.

    MR. JOHN COSTELLO: Yes. As far as the nineteen point six million, that was a qualified -- what we call a qualified interguarantor loan that the affiliated, Empress Casino Joliet, lent Empress Casino Hammond for their start-up phase.

    MS. BOCHNOWSKI. Okay. So this is
just a way of making them stand alone.

MR. JOHN COSTELLO: That's correct.

We're going to retire that nineteen point six million which comes due June 30th.

MR. THAR: John, I apologize for calling you Joe.

Is there anything about the representations I've made to the Commission that you'd like to correct on the record?

MR. JOHN COSTELLO: No.

MR. KLINEMAN: Does anyone else have any questions? Hearing none, I guess we're prepared then to go forward concerning Resolution 1997-17, a resolution concerning the Empress Casino Hammond Corporation Bank of America Secured Credit Facility.

Do I hear a motion to adopt that resolution?

MR. SWAN: I so move.

MR. KLINEMAN: And Mr. Thar's pointing out to me that we have some blanks in Section 3. We have the request that we waive the two meeting rule, so that would be approved or denied inserted in that blank.

And the next sentence is the actual approval,
and it has a blank for approved or denied.

So Mr. Swan, Commissioner Swan, can
we insert the word approving the waiver and
approving the facility in your motion?

MR. SWAN: Yes.

MR. KLINEMAN: Okay. Is there a
second to that motion?

DR. ROSS: Second.

MR. KLINEMAN: Any further
discussion? Hearing none, all those in favor
say aye.

(Unanimous approval)

MR. KLINEMAN: Contrary?

The resolution is adopted and the
facility approved.

While you're here, I want to say that
we have continued to receive reports
concerning your equal opportunity employment
and equal opportunity vending program in
Hammond. From what I read, I think you're
fullfilling the requests that have been made
by the law and by this Commission. I
encourage you to continue. But it's looking
pretty good.

MR. MIKE HANSEN: Thank you very
much. We will be continuing.

MR. KLINEMAN: All right. Thank you.

The next item on our agenda is the --

are the rules.

MS. KAY FLEMING: Thank you. First, we have Resolution 1997-18 which adopts rules for publication as proposed rules. The rules that we are adopting for publication as soon as all of the requirements of IC 4-22 are met are as follows. Article 3, Rule 4, the challenge of a designation of a certified minority or women's business enterprise; Rule 5, appeals for denials of certification and for challenges to certifications of minority and women business enterprise.

And then we are adopting amendments to the following rules, specifically 68 IAC 1-2-5.1, which concerns requests to address the Commission, and Article 3, Rule 2, the certification, process and procedures for minority and women business enterprises.

Are there any questions with respect to those rules?

MR. KLINEMAN: Any questions of Miss Fleming? Hearing none, we have before us
Resolution 1997-18. Concerning those rules, do I hear a motion to adopt that resolution?

MR. VOWELS: I'll move.

MR. KLINEMAN: And is there a second?

MR. MILCAREK: Second.

MR. KLINEMAN: Any discussion?

Hearing none, all those in favor say aye.

(Unanimous approval)

MR. KLINEMAN: Contrary?

The resolution is adopted.

The next one is Resolution 1997-19.

MS. KAY FLEMING: Yes. This adopts rules which have been published in the Indiana Register as proposed rules, and we have accepted and considered both public and written comment on these rules. There is a long list of those. If these are adopted as final rules, they will be sent to the attorney general for the attorney general's approval.

Specifically we are adopting 68 IAC 1-13, reporting of interest in a license; 68 IAC 1-14, gaming enforcement, reimbursable expenses for troopers and other state police personnel; 68 IAC 2-2-1, suppliers license
required; 68 IAC 2-3-1, occupational license required; 68 IAC 2-3-1.1, surveillance department requirements; 68 IAC 2-3-4, applications for occupational licensees; 68 IAC 2-3-9, which concerns a duty to maintain suitability and need to disclose by occupational licensees; 68 IAC 2-6-1, general provisions for electronic gaming devices; 68 IAC 2-6-5, security and audit specifications of electronic gaming devices; 68 IAC 2-6-6, electronic gaming device inventory requirements and conversion notification; 68 IAC 8-1-2, the general provision of the excursion rule; 68 IAC 9-1-15.1, post tender restrictions for commission members; 68 IAC 9-4-2, restriction on gaming by members, employees and agents; 68 IAC 9-4-5, restriction on gaming by owner employee of riverboat; 68 IAC 10-1-6.1, conducting of live gaming device tournaments; 68 IAC 11-7-4.1, the maintenance of keys by the master of the vessel; 68 IAC 12-1-4, required surveillance; 68 IAC 12-1-5, surveillance system coverage; 68 IAC 12-1-6, surveillance system requirements; 68 IAC
14-3-4, the removal of cards or dice; 68 IAC 13-1-1, the applicability and general provision of accounting records and procedures; 68 IAC 15-2-2, cash transactions; 68 IAC 15-6-2, admissions; 68 IAC 15-8-1, which is the applicability of general provisions of the internal audit requirements; 68 IAC 15-11-3.1, reserve hopper fill requirements; and 68 IAC 17-1-1, the general provisions for the movement of electronic gaming devices.

Are there any questions concerning these rules?

MR. SWAN: I have one question, Kay. We're looking at 9-4-2, restrictions on gaming by members, employees and agents.

MS. KAY FLEMING: Yes.

MR. SWAN: Help me out with the employee part of that. As a Commissioner and as self-employed, I have employees.

MS. FLEMING: No. The employees would be the employees of the Commission and Commission Staff.

MR. SWAN: I can't control my employees.
MS. FLEMING: No.

MR. SWAN: And the members' spouses, does that apply to them?

MS. FLEMING: Yes.

MR. SWAN: That's not nearly as important as it originally was.

MS. FLEMING: No, it's not.

MR. SUNDWICK: We won't bring that up today.

MR. KLINEMAN: Any other questions or comments concerning these rules? I don't know whether it's harder to write them or to read them all off to this Commission, but I thank you for both tasks. You did outstanding work.

MS. KAY FLEMING: Thank you.

MR. KLINEMAN: Okay. We have before us Resolution 1997-19. Do I hear a motion to adopt that resolution?

MR. VOWELS: I'll move.

MR. KLINEMAN: And is there a second?

MR. SUNDWICK: Second.

MR. KLINEMAN: All right. Any further discussion?

It's been moved and seconded to adopt
Resolution 1997-19. All those in favor say aye.

(Unanimous approval)

MR. KLINEMAN: Contrary?

The resolution is adopted.

The next item, temporary supplier's licenses, Mr. Hannon?

MR. FLOYD HANNON: The temporary supplier's license for today is Alliance Gaming. This application was started as Bally Gaming International, Incorporated in December of 1994.

We initiated an investigation of Bally's and found it was involved in a criminal case in New Orleans involving distribution of slot machines in that state. We could not take action on the license until that matter was resolved. On that issue and other responding, we reached a point of resolution where we felt it was time to proceed.

The company was taken over by Alliance Gaming. That bought up a number of different issues. We have worked through those issues now to a point where we can
state that there is no statutory reason why
Alliance should not receive a temporary
license.

Alliance is a publicly traded company
licensed in several jurisdictions. They plan
to sell electronic gaming machines bearing
the Bally name in Indiana. They have agreed
to two conditions regarding their license.

One is that they pay all the costs of
the Bally and Alliance investigation to date,
and second that they would not be looked at
as a permanent license prior to January of
next year. We would like to see them operate
for a while under our rules to see how that
works out.

Based on that, we would recommend
Alliance be granted a temporary supplier's
license.

MR. KLINEMAN: Mr. Hannon, would you
explain again the January date that you're
talking about? I don't see it in the
resolution as such.

MR. THAR: Page 2, Section 4,
Paragraph 3.

MR. KLINEMAN: Okay. I missed it.
No action will be taken towards the issuance of the license prior to January 1st, prior to January of 1998.

Would the temporary then expire?

MR. HANNON: We would like to see them operate under the temporary license for a period of time before we ask you to issue a permanent license.

MR. KLINEMAN: Okay.

MR. HANNON: We would ask that you not vote on a permanent license before January of '98. They agreed to that condition.

MR. KLINEMAN: Okay. I understand. Anyone else have any questions? We're granting them a temporary license, and we're basically saying that we're not going to give them a permanent one until they've operated for a while, at least through January of 1998. And so the temporary one will be good until we take any further action at that time, and we'll have more information. I guess that's what they wanted.

So we have before us Resolution 1997-20, a resolution concerning a temporary
supplier's license to Alliance Gaming Corporation.

Do I hear a motion to adopt that resolution?

DR. ROSS: I'll make that motion.

MR. KLINEMAN: Is there a second?

MR. MILCAREK: I'll second.

MR. KLINEMAN: Any further discussion? Hearing none, all those in favor of Resolution 1997-20 say aye.

(Unanimous approval)

MR. KLINEMAN: Contrary?

The resolution is adopted.

The next item on our agenda are occupational license matters. I guess Miss Fleming will be at bat for that.

MS. FLEMING: Thank you. We have two matters before the Commission today. The first, Christine Kezler had applied to be a blackjack dealer for the Showboat, and she applied for a request for felony waiver.

The Commission Staff denied it on its face because Miss Kezler had been convicted of the offense of possession of cocaine in 1996 in Broward County, Florida. Pursuant to
IC 4-33-8-11, she could not be eligible to receive the waiver for a period of ten years from the discharge of her probation, imprisonment or parole. So the Commission staff determined she was not eligible.

Miss Kezler wanted to appeal that matter to an administrative law judge. It was assigned to Bernard L. Pylitt. Pursuant to a telephone prehearing, Miss Kezler was explained -- explained her case, and she admitted that she had been convicted in 1996 of a possession of cocaine.

The administrative law judge explained to her the requirements of the statute that she had to have been discharged from probation, parole or imprisonment for a period of ten years, at which time she indicated she would like to withdraw her appeal.

The administrative jaw judge issued an order to that effect which would dismiss the appeal, and the Commission will have to take final action on whether or not it will allow her to withdraw her appeal. And then she would not be eligible to receive a waiver
until at least 2006, depending on whether or not she had been placed on probation.

MR. KLINEMAN: We have a Commission action concerning this matter. We have two blanks. We have a blank -- the first blank says, After reviewing the foregoing, the Commission, and we need to have the word adopt or rejects the recommendation of the administrative law judge. And the next blank is denies or approves.

And this is a request to withdraw. So if you wish to approve the request to withdraw the waiver, then in that blank would be the word 'approves'. It's really backwards where we usually end up.

But do I hear a motion to adopt the Commission action and insert -- I guess the first blank would be adopts and the second blank would be approves?

MR. VOWELS: I'll move.

MS. BOCHNOWSKI: Second.

MR. KLINEMAN: Is there a second?

MS. BOCHNOWSKI: Yeah.

MR. KLINEMAN: A second by Miss Bochnowski.
Any further discussions? Hearing none, all those in favor of adoption of the action say aye.

(Unanimous approval)

MR. KLINEMAN: Contrary?

The action is adopted.

The next item is the felony waiver for David O. --

MS. KAY FLEMING: Jernigan.

MR. KLINEMAN: -- Jernigan, II.

MS. KAY FLEMING: Mr. Jernigan applied to be a first mate for the Argosy Casino. Mr. Jernigan was convicted of a felony offense of possession of marijuana in Louisiana in January of 1984.

The Commission had previously appointed me as the hearing officer for such matters, and I conducted a hearing with Mr. Jernigan I believe in December of 1996. No. Excuse me. That would be April 2nd, 1997. I got my dates mixed up.

Mr. Jernigan had initially indicated to the Commission on his application and his request for a waiver that he had received a pardon in the state of Louisiana. However,
Deana Garner, one of the staff attorneys for the Commission, reviewed the matter and determined that in Louisiana there is an automatic first offender's pardon that restores certain rights, but it does not restore you to the position of innocent, to the status of innocent.

So it just reasserts or reestablishes some of your rights that are taken away with a felony conviction, but does not wipe out the conviction. Therefore, we proceeded with a hearing and reviewed Mr. Jernigan's record.

Mr. Jernigan had also been arrested for the offenses of assault and for theft in Louisiana, and in 1995 received a driving while intoxicated conviction.

One of the rules that has been promulgated by the Commission indicates that an applicant in his duties to operate or navigate a riverboat must not have violated any criminal statute involving drugs or alcohol or both in any jurisdiction.

As a result of Mr. Jernigan's record and his various convictions and the duties that he will perform as a first mate, the
Commission -- the hearing officer recommends that his request for a felony waiver be denied, which would also result in the denial of his application for an occupational license.

If the Commission does adopt the recommendation, Mr. Jernigan will have the opportunity to appeal the matter to an administrative law judge.

MR. KLINEMAN: Okay. We've heard the explanation, and attached to the Commission Order is a full report from Kay Fleming. We have before us the Commission Order, which also involves inserting some language in the blanks.

First, does anyone have any other questions of Miss Fleming concerning this particular matter?

MR. VOWELS: Just to clarify a couple things. This first offender pardon, from what I'm reading and we've all discovered here, what it looks likes here is that even with that first offender pardon, he may be charged and punished with a second or multiple offenses under state law. So it
sounds like what we look at as a perpetual offender status?

MS. KAY FLEMING: Yes.

MR. VOWELS: Is that the way you saw it?

MS. KAY FLEMING: Yes. And we also have an opinion from the Louisiana Attorney General with regard to a similar matter where a person applied for a license in Louisiana to work on a riverboat, and they pointed to the first offender pardon. And the attorney general contended the first offender pardon does not restore the status to innocent; therefore, they were not eligible to work aboard a riverboat.

MR. VOWELS: So the term pardon doesn't mean a pardon as we normally think of that.

MS. KAY FLEMING: That's correct.

MR. VOWELS: And this other thing in 1995, the drunken driving, I assume that's a misdemeanor.

MS. KAY FLEMING: Yes, it is a misdemeanor.

MR. VOWELS: And do you anticipate
something happening with that?

MS. KAY FLEMING: He advised me
during the hearing that he expects that that
will be expunged. And that was a conviction
in Louisiana.

MR. VOWELS: But he wants the first
mate's job on this boat, right?

MS. KAY FLEMING: Right.

MR. KLINEMAN: I guess I did come up
with the question of expunging of these
convictions, particularly the driving while
intoxicated, does our rule really cover that
sort of situation?

MS. KAY FLEMING: He has not had that
conviction expunged. He's just advising he
expects it will be. And we do not take that
into account since it's speculation.

MR. KLINEMAN: Okay. Well, I guess
my question would be if, in fact, it is
expunged because he has counseling, alcohol
or substance abuse counseling, which I
presume would be the reason they would
expunge it, would he still be ineligible to
become a first mate?

MS. KAY FLEMING: Pursuant to the
rules, yes, because he still has the conviction for distribution of marijuana. And the rule says that anyone who operates or navigates a riverboat cannot have been convicted of any substance or alcohol abuse offense in any jurisdiction. And there is no time limit on that.

MR. KLINEMAN: I guess why I'm really raising the question, if states are in the business of expunging convictions based upon subsequent actions by the parties, should our rule be beefed up to cover that, or do you think we're okay?

MS. KAY FLEMING: We have not had that situation. That's something we can review. We have not discussed that internally, so we could do that and report back to you.

MR. KLINEMAN: I think if we really want to have an absolute rule, we're probably missing something here. If we want to go along with the fact that people as a result of counseling, etcetera, do become rehabilitated, I guess we want to go the other way. It might be a little open
question we might want to take a look at.

MR. VOWELS: I think it boils down to conviction. In Morgan County, the drunk driving, a subsequent drunk driving, could he be eligible for reckless driving?

MS. KAY FLEMING: Yes.

MR. VOWELS: So a subsequent conviction would be reckless driving.

MS. KAY FLEMING: Yes.

MR. VOWELS: And, I mean, I would think of it in terms of conviction. And this expunging, it's hard to tell from state to state what that means.

MR. KLINEMAN: Okay. We have before us the order with the blanks. And if you agree with Miss Fleming's review of the situation, you would insert the word 'adopts' in the first blank, and you then would put 'denies' in the second blank the request for felony waiver.

Do I hear a motion to adopt that order?

MR. VOWELS: I'll move for adopt and deny.

MS. BOCHNOWSKI: I'll second.
MR. KLINEMAN: It's been moved and seconded to adopt the Commission Order. All those in favor say aye.

(Unanimous approval)

MR. KLINEMAN: Contrary?

The action is adopted.

Next is the extension of temporary occupational licenses. And I think Mr. Hannon.

MR. HANNON: In a nutshell, we have got temporary licenses that have been out there over a year. We're not prepared yet by our system to issue the permanent occupational licenses. We've asked you to extend them for as to our date specific.

That hasn't worked out very well for us, because the vendor who is putting our program together to track that program, track this occupational license problem, has had some problems, personal problems within their company.

So what I'd like to do is say that the occupational licenses that are now out there as temporary will be extended until the issuance of permanent licenses. They should
probably get to that within the next sixty
days or so.

MR. KLINEMAN: Okay. Any questions
concerning this? We're going to have I think
Mr. Thar said approximately ninety-five
hundred licensed people pretty soon.

MR. THAR: That's what we have now,
when you figure we're running roughly twelve
hundred or more employees that are licensed
per riverboat. So some of the riverboats,
eighty-four hundred plus.

MR. KLINEMAN: Okay. And we are
going to get some kind of computer program
that will enable us to commence final action;
is that correct?

MR. THAR: That's correct. It's been
in the works for quite some time, over a
year, and with a lot of dedication that's
been put to it since last fall.

MR. HANNON: We now identified a
position within the office that will just
handle that problem.

MR. KLINEMAN: Well, I recall some
time ago when we first got started, we went
to Illinois and went to the office of their
Gaming Board. And they showed us filing cabinets full of requests for occupational licenses that hadn't been acted upon. They were even farther behind than we apparently are right now. I think we've done a pretty good job and probably will have a complete handle on this problem pretty soon.

All right. We have before us the Resolution 1997-21, a resolution which basicallyblankly extending the temporary occupational licenses, all of those persons whose occupational license might be expired, until such time as we're in a position to issue or deny the permanent license.

Do I hear a motion to adopt Resolution 1997-21?

MR. SWAN: So moved.

MR. KLINEMAN: Is there a second?

DR. ROSS: Second.

MR. KLINEMAN: Any further discussion? Hearing none, all those in favor of that resolution say aye.

(Unanimous approval)

MR. KLINEMAN: Contrary?

The resolution is adopted.
I guess that brings us to the item of other business. Is there anything else?

MR. THAR: We do. We have another business item. And I'll turn it over to Kay. What it pertains to is that little Xerox sheet we gave you that shows us just the basic strategies of multi-deck play.

MS. BOCHNOWSKI: I'm sorry. I didn't --

MR. THAR: You didn't get one, Ann?

MS. BOCHNOWSKI: I don't know if I got one or not.

MR. THAR: These are sometimes referred to as win cards, which are utilized in some casinos and are given out by casinos which help people understand the games better.

Kay, would you explain it, please?

MR. KLINEMAN: It has to do with blackjack; this one does.

MS. FLEMING: We've had a request from a company called Gaming International, Inc. to be able to distribute these win cards to casinos in Indiana that will then distribute them to the patrons.
They cover three games, craps, roulette and blackjack. The craps and roulette win cards merely identify the odds and what your payoff will be if your bet wins. Therefore, they are have no impact on how you play the game.

The blackjack win card which we passed out, however, indicates when a player should split pairs, double down or take a hit based on what the dealer's exposed card is. And so it does give you basic game strategy.

Pursuant to IC 4-33-10-2, it is a criminal offense to use or possess with intent to use a device that assists in analyzing the strategy for playing or betting, unless it is permitted by the Commission.

So this technically is a device that does assist you in analyzing the strategy for playing the game of blackjack. And if the Commission approves this, then the casinos can distribute blackjack win cards.

Due to the lateness of putting this item on the agenda, I do not have a written document prepared to indicate that you have
approved it. But I will prepare that later and then send it to Alan and to Don for signature indicating whether or not you do approve it or whether you do not approve it.

MR. BOCHNOWSKI: This doesn't seem very sinister. But I don't know if you have other feelings about it.

MR. THAR: As a matter of fact, one of the things I forgot to mention is that we had a general manager's meeting a couple of weeks ago, and this topic of the win cards came up.

What it does is it -- we visualize it, as I believe casino managers do, as something that benefits the patron in terms of familiarizing them with the game, the basic strategy card for blackjack, which is readily available in and out of most casinos or purchaseable at casinos for use.

When the rule was designed, it was designed primarily to focus upon people who might use mechanical devices, computer type devices, or converse back and forth with another player. These type of win cards were not contemplated at the time we put that rule
together.

MS. KAY FLEMING: That's a statutory issue.

MR. THAR: Statutory issue? So in the case of the win card, from a staff point of view, we don't see any problem with the Commission allowing it. From a casino point of view, they don't see a problem with distributing them.

From a player point of view, it does give the player an opportunity, if he or she desires, to look at the strategy and decide to play it or not.

MS. BOCHNOWSKI: The only problem would be if somehow the win cards actually misled players and gave them bad information.

MR. THAR: That's true. But to my knowledge, they don't, at least the ones we've seen.

MR. KLINEMAN: This company is basically requesting that they be allowed to distribute these cards?

MR. THAR: I see see Rick Major from Empress. Do you have anything you could add to the Commission on those cards, Rick?
MR. RICK MAJOR: You summed it up.

MR. KLINEMAN: Well, I would encourage somebody, because sitting here, I kind of get the feeling that this is maybe something we don't want to do. And if you gentlemen want us to do it, you better --

MR. RICK MAJOR: Rick Major from Empress Casino. These cards are readily available. Most magazines, Casino Player and various, all publish them. They just give a good basic strategy on how to play the game and minimize the house advantage. The house advantage is still there. It's built into the game. These cards just minimize it.

MS. BOCHNOWSKI: You can buy books on all this.

MR. RICK MAJOR: Yeah. There's hundreds of them in every bookstore.

MR. VOWELS: When we play blackjack on the computer, the same stuff comes up. This doesn't apply to the computer that's in my office.

MS. BOCHNOWSKI: Uh-huh, we know.

MR. VOWELS: But this same information comes up when you play and tells
you whether you should double down or split. It's fairly accessible information. But you think it's of some benefit to the casino companies to have this?

MR. RICK MAJOR: It further advances their knowledge on the game, and it may make them more -- actually encourage them to play the game.

MS. BOCHNOWSKI: I suppose the other issue would be you wouldn't have somebody sitting there and not knowing how it works.

MR. RICK MAJOR: They will put them on the table and they will refer to them. They usually do not hold the game up.

MR. KLINEMAN: I think the thing that bothers me is the double down suggestions by this card, which I guess increases my risk. And I guess I don't ever look at it from the standpoint of increases my possibility of winning. I always look that it increases my risk.

MR. SUNDWICK: You don't play the game anyway.

MR. KLINEMAN: No, I don't. I've never won anything. It and I don't agree.
MR. STEVE NORTON: Steve Norton from Argosy. The win cards, basic strategy in blackjack, the house advantage, if you use basic strategy comes down to about half of one percent. If you don't know what you're doing and you stand every time you have a twelve and never take a chance, busting the house is like five or six percent. So it does improve dramatically the odds at the game of blackjack.

At the game of craps where these help is that players don't realize that the odds on various bets vary dramatically. If you play the line without taking three odds, it's like one point two percent. If you take the double odds, it drops down to about eight tenths of one percent. However, there are bets in craps that can have a house advantage as much as sixteen percent.

So it helps to improve the player's knowledge. And, as you probably know, some players are very afraid to play certain types of games. This gives the player a little more courage to stand up to a craps game where before they might just say let's play
the slot machine. Nobody's going to get mad at us. But if we hit the wrong thing in the blackjack table, another player might get mad at us. So it definitely helps to encourage people in the table games.

MR. THAR: There's two other things. One of the things expressed at the general manager's meeting was it connotes a certain amount of fairness on behalf of the house by allowing the player to look at these cards.

Secondly, you're just simply distributing at a casino the same thing you can pick up at a bookstore.

MS. BOCHNOWSKI: Under the situation now, somebody wouldn't be able to bring one of those books into the casino. Would that be correct?

MR. THAR: We're not talking about books right now. But they could not -- well --

MS. BOCHNOWSKI: Because if they had a chart like this, they couldn't have a book.

MR. THAR: Unless you authorized it, the Commission authorized it. Presently, it would fall under the statute.
MR. STEVE NORTON: The only down side to having the cards is it can slow down play.

MR. KLINEMAN: Well, I guess if we're going to allow the cards which are being distributed by the licensees, we ought to allow people to bring books in then and so forth.

MR. THAR: Well, we prefer to just take it one step at a time. If we have a request about books, we'll take books. Right now, we'd just like to deal with the cards.

MR. KLINEMAN: Anyone else have any comments?

MR. SWAN: I think it's a good idea.

MR. SUNDWICK: It seems like it's a win-win deal.

MR. KLINEMAN: I guess when I see the licensees are promoting it, I stop to think for a minute. Nothing personal, but --

MR. VOWELS: Well, I can see what you're saying. You get somebody go on the boats that's just going to play the slots if they're intimidated by the tables. It's to the customers' advantage to have a better chance to win and the companies' advantage to
have more people come to the tables.

MR. KLINEMAN: Like Steve said though, I've never seen a craps game where they waited for you to look at your card.

MR. RICK MAJOR: Actually, in reference to the craps table, that just states the odds of the game. We provide that in a game guide anyway.

MR. KLINEMAN: What's your feeling about these books that we're talking about, people bringing their own?

MR. RICK MAJOR: That could be cumbersome and bulky. That would be cumbersome having a book on the table, and there may be other things in the book that you may not be aware of and may not have approved.

MR. KLINEMAN: I understand. But if we would open it up to books, you would have no objection; right?

MR. THAR: Well, that raises some other issues such as to what extent would a book be utilized to block surveillance, to what extent would it be utilized to manipulate bets or take somebody else's chips. So we'd
really like to just look at the card today.

MS. BOCHNOWSKI: Books would be a problem, because we'd have to approve books book by book. We'd have to look at every book.

MS. KAY FLEMING: The document I'm drafting would be specifically limited to the small laminated cards.

MR. VOWELS: I think we should have a day when we have all the books.

MS. KAY FLEMING: I'll talk to you after the meeting about that.

MR. SUNDWICK: Why don't we just vote on the card?

MR. KLINEMAN: That's fine. Okay. Do I hear a motion to allow, would that be, the licensees to distribute win cards? Is that what they're called?

MS. KAY FLEMING: It would be to allow the use of the win cards, yes.

MR. KLINEMAN: The use of the win cards. Allow the licensees to -- that the win cards may be used during the conduct of gaming.

MR. VOWELS: We're talking about the
particular manufacturer of these win cards?

MR. THAR: There is a particular manufacturer that has made the request. But if we authorize win cards, regardless of manufacturer, so long as they contain the same kind of information as we have seen, that would be allowed to be distributed.

MR. VOWELS: As long as they're the same thing, the same type of information.

MR. THAR: Yes.

MR. VOWELS: I would then move.

MR. KLINEMAN: If we allow it. Is there a second?

MS. BOCHNOWSKI: Second.

MR. KLINEMAN: Is there any further discussion? Hearing none, all those in favor of the resolution say aye.

(Unanimous approval.)

MR. KLINEMAN: Contrary?

The resolution is adopted.

Anything further? I guess we're down to the Harrison -- or Crawford and Switzerland County matter. I welcome those people who have come from Crawford County and Switzerland County to our meeting.
I think we'll take a break, and we'll come back here at ten thirty, and we'll take up that matter.

(At this time, a break was taken.)

MR. KLINEMAN: If we can come back to order, we'll take up the item that we postponed, which we did, Ann, at your request, postponed the consideration of scheduling for the final riverboat license on the Ohio River --

MS. BOCHNOWSKI: I appreciate that.

Thank you.

MR. KLINEMAN: -- so you could be here. And I think, first, we received quite a bit of correspondence concerning this matter, and I think Mr. Thar, do you want to put on the record for us the items which have, in fact, been distributed to the Commissioners?

MR. THAR: Prior to distribution of today's pack, the Commission has previously sent to the Commission a fax letter from Players indicating that if the Commission was to reopen Crawford County, they would consider possibly putting an application in
there.

Secondly, a letter from Hyatt concerning some views they have with regard to the markets and the last license. We received by faxes yesterday a fax from the National Coalition Against Legalized Gambling, John D. Wolf, requesting the Commission not to issue the fifth license on the Ohio River.

We distributed a letter from Len Krick, who is working with Crawford County in terms of trying to enhance the development down there and asking the Commission to give some consideration to some of his thoughts.

We have received a letter which was requested by me of Hilton -- I'm sorry -- of ITT Caesars as to what date, if any, they had to have a shareholders meeting by. We have also received, and I will ask information not be distributed this way in the future, letters which we, the staff anyway, does not know the contents of from different groups of Switzerland County, from Mike Jones, from two others. Staff did not get the letters, so I cannot describe what they are for the purpose
of the record.

Steve Norton with Argosy today during
the break dropped off a letter addressed to
Alan Klineman setting forth the statistical
information as it concerns other riverboat
markets, which may or may not be helpful to
the Commission in its determination on this
issue.

And I think that fairly well sums up
what has been distributed. Is there anything
in the packets that I have missed that
anybody has noticed?

MR. KLINEMAN: Well, let's first
clear up the question of the stuff that was
submitted but wasn't made available to staff.
Is that what you're talking about?

MR. THAR: Yes. Switzerland County
letters from various groups or individuals.

MR. KLINEMAN: The only two that I
have here, and maybe some of the other
Commissioners, are Switzerland County
Convention Visitors Bureau, which obviously
requests that we make a decision so that the
people can move on with their lives, make a
decision in this matter, and the letter from
Mike Jones, who is the president of the Switzerland County Council, just outlines basically some of the needs of Switzerland County which he believes could be fulfilled by granting a license to Hilton Boomtown and, of course, recommends that we go ahead and grant the license to Hilton Boomtown. I don't know if there's anything else.

MR. THAR: There should be a third letter. I don't know who it's from.

Bob, do you have it?

MR. SUNDWICK: Yes.

MS. BOCHNOWSKI: There's a letter here from Catherine Deems talking about the fact that they lost the Randall Company in Switzerland County.

MR. THAR: Could you just spell the lady's name for the court reporter?

MS. BOCHNOWSKI: D as in dog-e-e-m-s.

MR. THAR: Katherine with a K?

MS. BOCHNOWSKI: C, C-a-t-h-e-r-i-n-e, Deems, D-e-e-m-s. And the gist of her letter is that the Randall Company has closed and that was their source of the highest paying manufacturing jobs in
Switzerland County.

And then Nine West closed three
plants in the region. And so they're
concerned about the Nine West group remaining
in the community. It's basically supporting
a license in Switzerland County.

MR. KLINEMAN: I guess that completes
the record of the things that we have or
which have been received concerning this
matter.

As everyone knows, particularly those
people who are from Crawford County and from
Switzerland County, the Commission has been
reluctant to act without all the figures and
information that we believe would be
necessary to grant this last license.

In particular, we asked that the two
applicants help fund a report from SPEA,
which would indicate to the best of their
ability the effect on the existing licensees
should we grant a license in Crawford County
in one instance and in Switzerland County in
the other instance.

And that report is in draft form,
it's my understanding, and has not yet been
completed. But they are pretty far along; is that correct?

MR. THAR: They have submitted to us this week a draft of the report for an initial review. Generally we do it not to -- the purpose of our review is not to criticize or in any way change what the report would show. But sometimes you got to be a Ph.D. to read it. So we try to get the language such that people can understand what it is they're saying.

We are in the process of reviewing that now. That should be available, I would guess, within a couple weeks for distribution to the Commissioners for any questions as to what questions you have when you read the report as well as to the two applicants.

MR. KLINEMAN: Okay. Then also I think that at one time we committed ourselves that when the report was in draft form that we would submit it to the applicants so that they could correct any factual assumptions that SPEA was making if it turned out SPEA was making some factual assumptions which were not in their opinion correct.
MR. THAR: No, I don't think we agreed to that.

MR. KLINEMAN: No?

MR. THAR: No. With regard to the marketing departments, I think that they very well may see there's a lot of factual assumptions that they may not agree with or like the way the results come out.

We have agreed to distribute them for their comment. We did not agree that we would necessarily have SPEA change anything.

MR. KLINEMAN: I wasn't suggesting that. I was really trying to suggest the same thing that you said. You said it probably more accurately than I did.

But obviously if they find things that they quarrel with from a factual standpoint, they can make those comments. And that's basically what I was trying to say, but it didn't come out right.

So it's never been suggested that -- I'm sure the applicants wouldn't want SPEA in any way to compromise their independence. But anyway, we had agreed that they would also receive a draft of the document before
it became finalized.

MR. THAR: That's correct.

MR. KLINEMAN: Okay. So anyway, we still have that to go. We did say that we would visit this situation at this hour about this time, and we're here to do that. We have included in the material that Mr. Thar has recited. We do have an indication that in Crawford County that there might be some -- from one part of it, there might be some change.

Was it my understanding that Crawford County wanted to make some statement or not at this time?

MR. THAR: Jeff Lorenzo on behalf of Crawford County had called and asked if he could address the Commission on Crawford County. Likewise, I know that Bob List with Boomtown is here with some others. And depending upon what issues come up, they would also like to address the Commission.

Jeff, is it still your position that you would like to address the Commission?

MR. JEFF LORENZO: I would.

MR. KLINEMAN: Well, why don't we go
ahead with the preliminaries, and then maybe
we can see.

MR. JEFF LORENZO: Sure.

MR. KLINEMAN: Okay. Along the
preliminary lines, we still have the
situation where Hilton has made an
unfriendly, I guess, takeover proposal to
ITT, who are our licensee in Harrison County.

That situation has not yet resolved
itself. In fact, as of yesterday, it was
continuing to heat up, according to the
information that I received from Dow Jones
news retrieval.

The Hilton people had amended a
lawsuit that it has against ITT to include a
count against the directors individually and
also complaining that the actions that ITT
were taking amounted to a scorched earth
tactics, and I guess were probably asking for
some sort of relief. It might have been
injunctive, although this doesn't really cite
that.

And ITT's response, of course, was
that the Hilton actions and amended lawsuit
were totally without merit. I won't go into
some of the other adjectives that are used. But they say it's totally without merit. So that matter is heating up.

As Mr. Thar indicated, we have received as part of our material a letter from the counsel for -- one of the counsels for ITT, I guess in the capacity of general counsel, corporate secretary of Caesars World, Inc.

And the question which had been asked was what was the status of a annual meeting which was to be held by ITT. I think earlier the original lawsuit by Hilton was against -- or had a request in it that ITT be required to have an annual meeting. I guess they usually, without other things being present, would hold an annual meeting some time in the spring of each year.

And the letter we received basically indicates that ITT is a publicly traded, as we all know, NYSE listed corporation, but it's incorporated in the state of Nevada, and Nevada law then applies.

When you read the Nevada law concerning annual reports or annual meetings,
it actually would indicate that at least a period of eighteen months must expire after the last election of directors before any court even has jurisdiction concerning whether or not a meeting should be had or whether it should be postponed.

So that time, I believe, would not run out until the fall of this year. November, I guess, is probably the exact date when the eighteen months would have run.

So we have a situation with Hilton and ITT where we're not exactly sure whether or not the Boomtown Hilton proposal in Switzerland County would, in fact, if they were successful in taking over ITT, be what we would end up.

We might have a situation where if Hilton was successful in their takeover of ITT, they might do something with the Harrison County license. On the other hand, if they had the license in Switzerland County, they might choose as between those counties to go with Switzerland County.

On the other hand, they might choose to concentrate their efforts in Harrison
County and to put us in a position where they were not involved or maybe only involved to the extent of ten percent in the Switzerland County situation.

I say all that to indicate that we have a situation where the balls have not quite stopped bouncing yet. We don't have all the information, I think, that we felt we should have before we made a final decision.

We don't have the SPEA report. We have a request and an indication that maybe Crawford County would want to reopen the application procedure in Crawford County. And we have the situation in Switzerland County where because of the proposed takeover of ITT we're not exactly sure what would happen if we granted a license to Hilton at that location.

Any other Commissioners have anything to say with respect to this?

MS. BOCHNOWSKI: Well, there's also the obvious, that even without all that, we have a boat in Lawrenceburg that -- a new boat, a much bigger and newer boat and new site, etcetera. And we have got the boat,
the big Caesars boat, coming. Who knows? I mean, those are huge boats.

MR. KLINEMAN: I think that's the information that the SPEA report will address.

MS. BOCHNOWSKI: Right. But what I'm saying, I feel like you could speculate and you can make assumptions. But until it really happens, I don't know that you really know.

I think we're seeing up in Lake County where there is impact. Even though there's a huge population and everybody was talking about the huge population, the good roads, etcetera, we've made an impact on Illinois, and these boats are starting to make an impact on one another.

MR. SUNDWICK: If that were the case, we probably wouldn't put any boats in Northern Indiana because there were boats in Illinois, because we wouldn't know the impact of those boats until we did it.

MS. BOCHNOWSKI: Yeah, I guess you could say that. But, I mean, there's a difference between putting some boats and
maybe oversaturating the market.

MR. SUNDWICK: I would just think the
SPEA report would probably give us those
indications. Ohio in Cincinnati voted sixty
to forty not to have boats in Ohio waters.
Kentucky I think has indicated that they're
not interested.

So we have one of the larger markets
in the Midwest serving two boats currently.
So I think we need to kind of wait and look
at the numbers.

MR. KLINEMAN: Well, as I expressed
myself before, I think in this particular
instance, going carefully and, therefore,
slowly is probably in the best interest of
the citizens in the state of Indiana.

I think I'm rather proud of the
manner in which this Commission has acted in
respect to the licenses that we have thus far
given out. I think we have acted with all
due diligence and all deliberate speed, shall
we say, in granting the licenses we did
grant.

We were on a heavy schedule, as the
Commissioners know, in considering these
things and digesting the material which had been submitted. So we did work, as I say, in a manner that I'm proud of with respect to granting the licenses that we have granted thus far.

But we do get to this point where we still have some unknowns. And even though those people in Crawford County and Switzerland County may feel that I'm unfair, I think it is in their best interest and in the best interest of the citizens of Indiana that we continue until we've received all the information and all the balls have stopped bouncing to try to postpone this matter until such time as we do have the information which is important to us in making this final decision.

Does anyone have a suggestion on what we should do?

MR. SUNDWICK: I think we should probably set a date. I would be very interested in hearing both counties re-present, because it's been quite a while since we had an opportunity to hear their proposals, and give them an opportunity to
re-present those and set a date for a
decision some time in the future when some of
the balls start to come down.

MR. KLINEMAN: Mr. Thar, do you have
any thoughts?

MR. THAR: I have a thousand thoughts
on this issue.

MR. KLINEMAN: Do you have any you
want to tell us?

MR. THAR: None of them clear. I
think there are some countervailing issues on
both sides that need to be mentioned, if not
aired.

I think if you take -- the Commission
takes an honest look at the situation that
presently the two counties, the two
applicants are in, they're kind of in a state
of limbo, and an expensive limbo. I think a
lot of money expended to put together an
application. The amount of money expended to
keep the application alive is significant.

Companies are, therefore, entitled to
have some kind of a decision made by this
Commission in the reasonable future, as are
the counties, because they don't know how to
plan whether or not their economic
development is going to hinge on a riverboat
or something else, whether or not there's
going to be employment.

So whether the decision is to go to
County A and not County B, or whether the
decision is we're sorry, we're not going to
issue that license, I think they're entitled
to a decision in some reasonable period of
time.

Secondly is the whole issue of the
markets. The markets are speculative. Right
now, we don't know what the Cincinnati market
will really do. We have the analysis that
was done in the Kansas City market, the St.
Louis market by investment bankers and others
that show that they could handle the number
of riverboats presently placed there. We had
substantial capital investment made.

And now if you look at Kansas City as
the primary one, that market is not
supporting five riverboats well,
notwithstanding the fact that business
decisions were made to invest large amounts
of capital there, notwithstanding the fact
that people believed the market was big
enough to handle it.

    For a city the size of Kansas City to
lose one riverboat or maybe two riverboats
causes a problem. For Vevay, Rising Sun to
lose one riverboat or two riverboats is more
than a problem; it's a disaster.

    So I don't know when we will have
enough information to know what those markets
will really do. My personal feeling is that
if one riverboat goes bad, it won't just be
one, it will be two. We'll end up with two
weak performers.

    Consequently, those are issues that
have to be decided. Hopefully, the SPEA
report will help us take a look at that even
better, as well as the emerging markets.

    There is the issue that the
legislature has said that there are eleven
licenses available. We know that one is a
legal impossibility. That leaves ten
licenses for this Commission to give out,
five on the river, five on the lake.

    There is no time limit with regard to
giving out those licenses. And while we are
supposed to give those licenses out so it does the most economic development not only for the area but for that region and also for the state, I sometimes question with the information we have now whether or not giving out a fifth license would, in fact, be counteractive to that directive. Maybe in determination of the fifth license could very well result in negative economic development in both the region and the state.

There's no clear answer, however, to those, and I think that's the problem. In the past, this Commission has had direction. The legislature said in Northwest Indiana, you have four licenses to go in these locations, so do it.

They didn't say that on the Ohio River. They did say they didn't want more than one boat per county, which certainly changed the way I think this Commission looked at how the boats would have aligned potentially on the Ohio River. So that has made it more difficult.

We have questions of infrastructure support for large numbers of people traveling
longer distances to get to casinos than they have to in Lake County, where you have a toll road and interstate system and four-lane highways.

And then you have the whole question of those casinos are closer together and share passengers, whereas the distance between, for instance, Vevay and Lawrenceburg is in excess of twenty-five miles, and the difference between the Crawford County location and the Harrison County location is in excess of twenty miles. So you haven't really got synergy where you got three restaurants in a row. You have a choice.

I don't know when that information will come. I don't know if the information will ever come to enable this Commission to say it is clear now from our crystal ball that this path is a better path than this path.

There's a lot to be said by moving cautiously. Particularly my greatest -- speaking as a nonvoting member, my greatest fear is whether or not the Ohio River can in the long term support five riverboats based
upon the present situation, not even the future.

MR. SUNDWICK: I think you're probably right. But we keep saying five riverboats on the Ohio River. What we're really saying is there's one boat in Evansville, there's currently one boat in the Louisville area that's been -- the application has been accepted, I guess, and now we're talking about the Cincinnati market.

And the question is is the Cincinnati market -- that's what we're talking about the fifth riverboat. Is that market capable? I think if SPEA can tell us or somebody can tell us.

The original question this Commission had was will that particular market or these two markets, Crawford County, the Louisville area, or the Cincinnati area, support those boats. That was the question a year ago.

I think what we have to do is find out the answer to that question. Listen to what these people have to say. Give them the opportunity to explain themselves. And maybe
with new information, balls may drop. We might have a very clear idea what will happen in November, in October, in that area more than we do today.

So I would propose that we set dates to give these people an opportunity to re-present their positions and then make a decision at that time. If this Commission at that time believes that that fifth riverboat shouldn't be let, if that's the opportunity of this Commission at that time, we can all sit here like lumps on a log and not do one thing at that time.

And we'll have more information than we have currently today. So I would propose that's what we should do.

MR. THAR: If I may -- I'm sorry. Go ahead.

DR. ROSS: I was just going to ask you, when do you think the SPEA report will be available to us?

MR. THAR: I think that we ought to be able to get back with SPEA to get a few directions, get some language clarifications and get that report to the Commissioners
within the next four weeks easily, and at that time distribute it to the applicants.

And then the next thing, as much of what I reported I would still differently from the way I reported the executive director's report, August is a lost month from a staff point of view because of opening Michigan City and dealing with Argosy's new riverboat. That will be in lieu of that happening on the river, what that market looks like, when you bring in what would be the largest gaming boat in the United States.

Before that, Rising Sun will be opening their permanent facility. That's another impact thing that will occur. Then in December, we will have the impact from Argosy completing their permanent facility with their permanent boat. So August is a lost month.

From somewhere in mid September to mid October, Majestic Star will be bringing in its permanent boat that we will need to open also. So that makes August certainly a loss, maybe a week or two in September, but I doubt it.
It would leave really if we were to set some firms dates, taking into account the potential for a shareholders meeting with ITT Caesars in November, of moving the hearing closer to then. I would recommend if we're going to set some hearing dates some time between mid October and mid November, depending upon the availability of the Commissioners after you've had a change to look at your schedules.

If I understand you correctly, Bob, what you would also be proposing is a full presentation again with certain time limits of each of the applicants and the counties to reappoint Commission proposals. So we would need two applicants and two counties, about a half day apiece. So it would be at least a day of Commissioners' time to do that.

MR. KLINEMAN: Before we go any further, maybe we should find out if representives of Crawford County or Hilton Boomtown and Switzerland County, Casino Magic or anybody would like to address the Commission.

State your name for the record,
please.

MR. JEFF LORENZO: Thank you, Mr. Klineman. My name is Jeff Lorenzo. I represent the good folks from Leavenworth and Crawford County.

You'll be happy to know that your preliminary discussion eliminated about four pages of what I was going to say. Let me just get to where I think we need to be, and I'll be mercifully brief. And that relates to the issue of the possibility of reopening Crawford County.

You have a letter that has been submitted, referred to earlier by Players. You have a letter from Mr. Krick who is back in the county working on behalf of himself as an independent, but working with the possibility of purchasing the Casino Magic application, Crawford County Casino Corporation, for another company, another developer.

If that's the case, we have, in essence, what happened in Switzerland County, where Pinnacle Gaming, which is still Pinnacle Gaming, but it is now sort of
wrapped around Hilton Boomtown, came to the Commission, in essence, a different applicant in that county, although you had investigated both of those entities before.

We don't know who Mr. Krick is working with on an official basis. We think we do. If that happens, this company may or may not have been investigated before, but you have to renew that investigation.

We simply want the Commission to consider the possibility of reopening. I don't think we're prepared for you to make a decision today. But on the basis of what Mr. Thar has just discussed, we may be several months down the road.

If the Commission sets a very brief window for the submission of new applications, and does so in the relatively near future, you may not have any delay with regard to the investigation either of a new entity which purchases Crawford County Casino Corporation or some other entity which has submitted a letter of interest to the commission in Crawford County.

Our goal throughout this entire
process has been to provide the Commission with as many choices as is possible. It seems to me that the broader the world of possibilities is for the Commission in terms of selection of a developer in either Switzerland or Crawford, the better it is for the state, the better it is for those local citizens of those communities.

Unfortunately, we both now have just one applicant, and, unfortunately, Casino Magic is not doing as well as we would like it to do. Mr. Floyd is here, and he is more than welcome to speak as to how Casino Magic feels about this. But our view is that the broader the world of possibilities for the Commission, the better it is for you all, the better it is for us.

So given that, given that we see some things happening here in the very near term, and I don't even want to describe them as on the horizon, but I think they're in the very near term, we would like the Commission to certainly entertain the possibility of Crawford County Casino Corporation's application being purchased by another
entity, but also the possibility of reopening for a window of thirty days.

Again, I know you're not prepared to make that decision today, but it is, I think, an issue that's going to arise in the very near future. Thank you.

MR. KLINEMAN: Thank you. Anyone else on the Crawford County side? Robert, do you have something you wish to say? Please state your name for the record.

MR. ROBERT LIST: My name is Robert List, executive vice president and corporate counsel of Boomtown. Also with me today is Mr. O. B. Murray, who is vice president of gaming for Hilton Gaming.

MR. O. B. MURRAY: Thank you.

MR. ROBERT LIST: Mr. Chairman and Members of the Commission and Mr. Thar and Staff, if I may, I would like to be heard. Once again, I appreciate the opportunity to appear before you.

In looking back through my notes, I'm not certain what it was that this Commission set as the deadline for applications for that fifth and final license down on the river. I
do know that in the fall of 1995 that there was a suggestion that it be reopened.

The Commission deliberated, debated, heard from all the interested parties and decided it would be unfair at that point to reopen and unnecessary.

And Hilton and Boomtown at that point was looking at what we considered then and still consider to be a great market opportunity for a third boat over there. So we watched this Commission carefully to decide whether we would be able to file a new application or whether it would be necessary for us to step up and make a deal with somebody.

And we were required by your decision in the fall almost two years ago to step up and buy another company, because it was the only way to get into the dance was to come in with somebody who already had a ticket.

So we committed, our two companies, nearly five million dollars in reliance on that policy that you set at that time. And since that time, we spent seven figure
numbers in pursuit of that application and in reliance on that policy that you set at that time.

Companies from the beginning of this process in Indiana, major companies, have made huge investments in the application process on the lake and on the river, always in dependence upon the guidance and the direction and the statues and the rules and policies that came from the state.

And I think that's been important to our industry, and it's certainly important to the state of Indiana to have a level of predictability for the business community when you invite people in.

I remember earlier this spring on the floor of your senate one day Senator Nugent making that argument when there was an effort to do away with this kind of license. And he stood there, and he said people who are invited in here, major corporations, publicly traded companies, whether it's in gaming or whatever it's in, ought to be able to rely upon the good faith and the integrity of a state that sets a process and puts out the
welcome mat and depends on it and spends their shareholders' dollars.

And he was right, and that's why he won that day in the senate. That's been the legislative policy. It's been the executive policy, and it's been the policy of this Commission.

And while I am certainly understanding of Crawford County's frustration with whatever dilemma they may feel exists concerning Casino Magic -- and I'm sympathetic -- the fact is that you can't change the rules because along the way there's some hardship some place. It's not fair to do that.

Players, maybe they'll come in. They sent a letter. Would they be acceptable to you? Would they be able to borrow money at the kind of rates that we're talking about? Those are questions that certainly have to be looked at.

Would the other gentleman come forward with an applicant? Who knows? There could be a thousand questions that could be asked and to which there would be no certain
answers.

So we say to you that it's time that we follow the clear-cut policy. We've relied on it. Everyone else has relied on it. It's the way the Hyatt came to this state, through a partner who already had an application pending. There's precedent for it. It's the way it's been done, and it's worked just fine.

Casino Magic has had every opportunity to bring in another partner. Their CEO appeared before you, as you recall, last August or September and described the efforts that they had made. And I think the Commission could reach its own conclusions about why it was that they had not been able to attract someone.

Businesses are like people. We like to see some predictability in our lives. So to do business in this state is what -- I think is what's at issue here, the image of your state and the image of this Commission and the dependability and predictability that's inherent in all of that.

We told you before, we had our
financing in place. We had our reserves set aside. That's been almost a year ago. And you asked us then, Will you hang in there? We said, Well, we'll to have think about it. And we've done it. We've done it. We're back again today. We appeared in February. But there are limits as to how long you can expect any reasonable company in the course of their own corporate planning to do that.

In a few minutes, Mike Jones, I think, would like an opportunity to address you also, because -- and perhaps that's more relevant to your ultimate consideration are the people of Switzerland County, because they are the folks who really -- they're losing a million dollars a month in that region in taxes that they would be getting, taxes and benefits, from these two companies, apart from the payroll.

It's put off and put off. They're just twisting slowly in the breeze. It's not fair to them. Their sheriff is here began today. The chairman of the -- the president of their town board in Vevay is here again
today.

These people went through a devastating flood this winter without the benefit of a major employer, tax revenue, economic development. So it's time that it was dealt with. It's time that due process was followed, that there was an orderly businesslike determination of this thing.

We've stayed the course. We've been steadfast. But we plead to you today to move forward, to set a date, to make a decision in fairness to these people, in fairness to the applicants. It's important and it's necessary for them.

Apart from the fact that these people have been waiting patiently. Once again, you see all these human bumper stickers, as somebody called them, up here again, busloads of people transported across the state.

Apart from their hardship, apart from their reliance on our companies, apart from the historic precedent this Commission has had in setting dates and keeping them and not reopening them and bringing things to a conclusion, apart from the concept of due
policy and public policy, there's a fundamental fairness that's at stake here. And so we ask you respectfully to make this decision, to set a date, to set a time and to bring this to a conclusion. We're anxious, we're willing, we're committed. We've got the world's largest gaming company in Hilton. We've got a great middle sized company in Boomtown.

And we're anxious to make our investment to bring this thing to a reality, and respectfully urge you to set a date in the near future and not to reopen it. Let's go with what we have. We've got a great opportunity on the table.

Mr. Murray will make a few comments as well.

MR. O. B. MURRAY: Again, O. B. Murray from Hilton Gaming, vice president of Hilton Gaming. Thank you for your time today. I appreciate it. I usually don't find myself following a governor, adding to his comments.

Earlier on, Chairman, you used the word 'might' quite a bit in reference to the
ITT situation with Hilton, in reference to the other boats opening and so forth. I think this whole industry has a lot of mights throughout.

The day the Mirage opened on the strip in Las Vegas, it changed things, to what we're doing today for Star Trek in Las Vegas, Las Vegas Hilton, there are a number of things that change in this industry all the time.

The one thing that is constantly happening now is consolidation. And the longer that the Board waits and uses the anticipation of an annual meeting, which is being put off now in the wake of a hostile takeover, which today is hostile, but takeovers, when completed, are always friendly, they're never hostile at the end of them.

As you wait and a consolidation occurs, Casino Magic, Players and a number of other companies that are smaller, any industry analyst will tell you, are always a possibility for takeover. Not any one particular company I'm pointing fingers at.
But that's a possibility. There's two
mentioned today. And that is a constant
thing in this industry that is happening for
consolidation.

So if that's the reason to hold off
for one annual meeting, who knows when the
next one might be, at whatever point, and by
setting that precedent and waiting.

As far as the number of boats at this
point and comparing the competition at this
point to Kansas City, that's not really a
level playing field to compare to at this
point.

We operate a boat in Kansas City
ourselves right now. And one of the issues
there is a minimum-maximum loss number, five
hundred dollars per patron. By doing that,
the state -- and it's been a constant debate
between the industry and the state itself
right now.

By doing that, you're limiting -- the
government there is limiting the operator's
reason to advertise and to promote to a
certain point beyond a certain area, because
your cost of doing so limits that.
Here you have a free enterprise system which allows you to compete with each other, which allows every ship to rise at the same time as more come in. And it allows people to say, oh, great, let's go down there. And maybe they're twenty miles away, but it's still a decision to say, hey, let's go here, let's go there. And you allow that to happen.

And if you keep that waiting going on, who knows what's going to happen next. Ohio two years ago had a referendum. I mean, there's all these things that can happen. And as you wait for one ship to open as a temporary, another as a permanent, consolidation occurs, because there's so many unknowns in this industry that's on the business side, that can go on for a long time.

But what this really comes back and what the governor just mentioned was that it is about the men and women of Switzerland County right now or Crawford County, whichever case. Somebody is complaining at this point.
And it's costing them a million dollars a month right now of what they are not receiving in taxes. Again, that's not including the payroll that gets out there, the indirect jobs that occur at this point and the spending as for the ripple effect. It is really a situation that is not right for the men and women of Switzerland County.

And as much as we've invested, we're in this to make money, no question about it. That's why we're in business; that's why we have people that own our companies. But this is at this point, for the delays, we can sit there and wait if we have to. We're not thrilled about it, and we very well may have to take a look at it. And if that's what the case is, as it was earlier when this was asked to us two years ago, I guess, at this point.

But a decision needs to be made for the men and women of Switzerland County and Crawford County so they can get along with their lives at this point. Thank you.

MR. KLINEMAN: Thank you.

MS. BOCHNOWSKI: I have a question
for you.

MR. O. B. MURRAY: Yes.

MS. BOCHNOWSKI: Since you're telling us not to wait, the consolidation and so on, I would assume that somewhere somebody has a plan for what you would do if this takeover is successful with regard to Indiana. Let's say everything goes your way. You get a license in Switzerland County. You're able to take over ITT. What's your plan?

MR. O. B. MURRAY: In regards to questions directly related to the ITT situation, the Hilton-ITT takeover right now, I am precluded to discuss a number of things due to SEC regulations.

Everything being said here goes out there and bounces off the wall and so forth. So I cannot add anything new to what's been going on at this point, nor do I envision a situation being able to do that at this point.

MS. BOCHNOWSKI: Okay.

MR. O. B. MURRAY: But what I can say is that in every other jurisdiction we operate and where ITT operates, Atlantic
City, Nevada, Missouri, I believe the other is Mississippi, various jurisdictions, we have worked with every commission involved and go on for whatever approvals are necessary at that point for the SEC at this point and within the jurisdictions we're already operating.

MS. BOCHNOWSKI: We may have no -- we may have no moving room because of the way the law is stated regarding ownership percentages.

MR. O. B. MURRAY: Again, I don't follow where you're --

MR. VOWELS: You would like us to make a decision. And one sticky point I have is like Miss Bochnowski just said. If you get everything you want and we got a problem, you don't get a boat in Switzerland County, we've got to figure out what's going to happen there and what your success is going to be with that hundred percent, ten percent rule, and if your corporation thought of that.

I understand the SEC limitations on what you can say, but I'm certain they
thought of that. I'm sure that came into play. So from what you're telling me here today, if everything went along according to your plan, I have no idea who's going to have that boat, Harrison County or Switzerland County, because you can't have them both. And I don't want to be boxed in by a corporate decision outside the state of Indiana telling us what it's going to be.

MR. O. B. MURRAY: I appreciate your concern. But, again, I think it's premature at this point to go into a lot of that.

MR. VOWELS: It's premature at this point for us to set a date very soon from what I understand what your request is. And part of the discussion we had earlier was let's see what happens with the November meeting or fall meeting of the stockholders.

You can't have both boats. And that should be taken into consideration when the takeover discussion was first had.

MR. ROBERT LIST: Mr. Vowels, I would also add this. There's no assurance that any license that you grant won't change hands some day.
MR. VOWELS: But that's the situation here.

MR. ROBERT LIST: That's true; it is a case of first impression for that issue. But there's no -- there's nothing in the world that would assure that Argosy wouldn't change hands, that one of the lakes on the boat -- one of the boats on the lake wouldn't. So you really can't always know what's going to happen.

MR. VOWELS: Well, this is a clear situation. Argosy decided they want to buy Aztar. There's nothing to prevent us from -- if you don't have a license in Switzerland County, if we can give it to you, maybe we have some input into it. We had four big boats and the SEC filing two days before the decision had to be made.

But that's my point. I feel that that's going to shake out somehow.

MR. O. B. MURRAY: I can reassure you as what was said from the earlier part of our comments -- Bud Seley is no longer with us; he's moved on to a great opportunity for him -- that we are committed to completing
this project. If we were granted the license tomorrow, I would see no reason why we wouldn't continue with that at this point. We are perfectly committed.

MR. VOWELS: Except for our hundred and ten percent rule.

MR. O. B. MURRAY: But the takeover hasn't taken place yet. So that if that were to be the case -- the Bally-Hilton takeover was announced just about a year ago today, as a matter of fact. And it took six months to complete at that point.

So you still have within that operating mechanism, if you gave us a license tomorrow, if it was awarded tomorrow to us hypothetically, and this situation isn't resolved with ITT until the annual meeting, if that's the case, or whatever the turning point might be when it does get resolved, whether it happens or not, then you still have six months after that.

So really what you're doing is you'll have quite a bit of time to work within that, which is what we would love to be able to have the opportunity to do, and work with
this commission to come to whatever agreement it was we had to do, knowing that that is the law and knowing that you have concern about who would operate whichever property we would be less involved than we would be opposed to a hundred percent of both. We'd love to be able to do both, but we know that's not the rule.

MR. VOWELS: I think we are reading off the same page as far as fish or cut bait. At some point in time, it's a general consensus here that we have to give this out or we don't. We don't want to prolong it anymore. So that's just another factor that I have to consider.

MR. O. B. MURRAY: Sure. I appreciate your concern and I understand your concern. But at the same time, I think if you look at the whole picture, when you hold this meeting and you got the six months that it takes to close a deal like this, a number of things that come into play.

There is more than ample opportunity to work within that. And if you were to talk to other commissions which we have gone
before with that issue where we already do
operate, I think you would see there's no
problem as far as us being able to work with
them and explain to them whatever the
situation might be.

MR. VOWELS: Within some of those
jurisdictions, do they have a similar type
rule that we have?

MR. O. B. MURRAY: I'm not aware of a
situation like that.

MR. VOWELS: Because that seems to be
the problem.

MR. O. B. MURRAY: It may not be the
rule, but it is a consideration, such as in
Atlantic City where you have a dominance in
the market by one player. That is a concern
that they do have to address.

They don't have to address it by a
law, a hundred percent and ten percent. But
they do have to address the market dollar.

MR. SUNDWICK: It seems to me we're
presupposing that Hilton Boomtown is going to
get this license. And I think we're sitting
her arguing about whether they're going to
get this license. Crawford County is
thinking why is this part of the conversation
today. Let's get on with, in fact, setting a
date here for both counties and then make
your decision at the end.

MR. KLINEMAN: I think one of the
reasons this discussion actually comes up is
because of what was expressed by Commissioner
Vowels, that maybe we don't know who we
ultimately would be doing business with
because of the Hilton-ITT problem.

And you say that would be no problem,
you'd work it out and so forth. And that's
fine. But if we're already into the
situation, then we rely upon you people
working it out. But since we're not already
in the situation, I think we're in a
situation where we're going to at least try
to have a little more clear look at this
crystal ball if we look at this a few months
from now.

MS. BOCHNOWSKI: Well, I think at the
very least -- we asked these people to pay
for the SPEA report -- at the very least, we
have to have the SPEA report and review the
SPEA report before we make a decision, you
know. Maybe we don't -- I don't know. Maybe we do or don't have to wait for this annual meeting, but we do have to wait for the SPEA report.

MR. ROBERT LIST: Mr. Chairman and Miss Bochnowski, if I may, let me just make one final observation concerning that, Chairman Klineman's note.

This Commission would not ultimately be at the mercy of who you're doing business with. You're the ones who would really make that final award of the license. Anything that Hilton would propose to do is subject to your approval. If they wanted to reduce --

MR. THAR: That's not true. Hilton could very easily say -- and it's not common speculation on the street -- if they were to take over ITT Caesars that they'd walk away from Harrison County.

They could walk away from it, in which case that means a corporate decision has changed the complexion of riverboat gaming on the river. It was not done by a body composed of people of Indiana with regard to it.
And Hilton has not addressed that in any of their corporate statements and most likely cannot address that today. But that exists, because that is an extremely expensive project.

MR. ROBERT LIST: But let me just say -- and I can say this more than from a noncompany standpoint. As a practical matter, Mr. Thar, I just can't imagine any company simply walking away from that situation.

I think what you would see if that should occur in theory, whether it was Caesars or anybody else, a transfer of that interest subject to this Commission's approval. Some other company that you would have to find suitable, proper financing and operating capability would come forward. It's highly unlikely that they would abandon the project. It's a great market. It's a great location.

MR. THAR: Let's not debate the likeliness or unlikelihood. The point of the matter is that that question was posed very early on in this takeover, and it was not
addressed.

MR. KLINEMAN: Well, I think, Mr. Thar, you had something else.

MR. THAR: No, not at this time.

MR. KLINEMAN: Anyone else have anything? I guess Mike wants to say something.

MR. O. B. MURRAY: If I could just have one last point for that concern. Anything we do, if you're saying you're concerned it may not come before you as a body to vote on a situation like that, anything we do, being the world's largest gaming company, would be a direct reflection upon us anywhere else we would care to operate, as well as a company of our stature not wanting to have a situation that was not appropriate.

So that with all those concerns, even though you may not have a vote, everybody else behind me here does as well as everyone outside the building. And it's in a different format that we would always be concerned about. Thank you.

MR. KLINEMAN: Anything else?
Mr. Jones? Do you want to state your name for the record?

MR. MIKE JONES: Yes. Mike Jones, President Switzerland County Council.
Chairman Klineman, Members of the Commission, thank you, Director Thar and Staff. I come today representing -- I stand here today representing the people of Switzerland County, which we have, as you already noted, a large contingent.

We have been involved in this process since 1993, and there's been a lot of changes. One of them is that I now have to wear these to read from the podium.

Through this process, we have remained steadfast, consistent, kept the faith, while maintaining to meet all the deadlines that have been set by this Commission. It's already been noted, and I think I can speak for Crawford County as well, that the needs of our county are great.

We went through a flood just a few months ago, and the needs of our county even were magnified, needs that we do not have the resources to meet.
Switzerland County Council -- and I know we presented this to you -- have established a revenue distribution plan that we feel will address these needs. We have a strong partnership with our applicant, one that we're very proud of, one that's going to bring jobs and much needed revenue to our county.

And the issue at hand today, one of the issues seems to be reopening the process. And as to that question, while we are very sensitive to our neighbors in Crawford County --

(Noise from microphone)

MR. KLINEMAN: I don't know what's causing that.

MR. MIKE JONES: Maybe somebody's trying to get a message to me. I will be brief.

-- as to that question. And I don't think there's any position in this process that we have not been in some time during the last four years, but we are strongly opposed to reopening the application process, because we feel that an issue of fairness, a
fundamental fairness, does exist here.

We feel that it's unfair in that the deadlines have been set and met over the past four years. We feel that it sends the wrong message to businesses who are willing to invest here in Indiana.

And as Executive Director Thar mentioned, the legislature during the past two sessions have looked at many different specific changes that were proposed. And almost completely down the line, they have refused to change the rules in either of those two sessions.

And, again, I would be brief and just say that as a representative of the people of Switzerland County, we appeal to the Commission today to set a timely timetable with regards to giving out this final license, and that the process not be delayed any longer than is possible to work within your schedule.

And I guess the thing I thought about this morning, and I'll just kind of conclude with it, I think we feel it's time to bring this train to a halt and to give the license
out, again, recognizing that it should fit within your potential working schedule as well. Thank you.

MR. KLINEMAN: Thank you.

MR. JEFF LORENZO: May I have a word? Judge Lineberger in Bartholomew County many years ago told me that although I have a right to make a final argument, he had a right not to listen. So if you choose to ignore this, go ahead.

But I think Governor List makes a good point. We want to get on with it. But I'm less concerned about unfairness to Hilton Boomtown, which is a multi-billion dollar conglomerate corporation and, as they mentioned, the largest gaming company in the world.

They took a business risk. They understand those risks. They're in markets around the world. And if they expended five million dollars plus over the last couple of years, they understood that going in.

To me, the issue is about the citizens of Crawford and Switzerland Counties. And at this point, Switzerland
County's been to bat before. We have not yet come to the plate. This is their second opportunity to make a presentation to the Commission.

So we see the issue of fundamental fairness significantly different than they see it. We believe that the Commission has acted in a fair manner, and we don't anticipate that you will do anything but that.

We are more than happy to work with whatever schedule you set. If you tell us it's next week, we'll work to get there. If you tell us it's a year from now, we'll work to get there.

But it seems to me that it belies credibility to stand here and say that the process has not been fair, because I think it has, and that reopening is not fair, because I don't think it's going to -- if they want to reopen Switzerland County, that's fine with me, too.

We're not even to that point yet internally in the county, and I know you haven't reached that point either. So given
that, we would ask you to set a date, but at a schedule you're comfortable with. Thank you.

MR. KLINEMAN: Okay. Does anyone else have anything else? Let me make a suggestion. I think we kind of evolved into the situation, and I agree with Commissioner Sundwick that it's been a long time since we looked at these projects, and that we do need a time to have another presentation even though it might place a burden on the applicants.

I think we need to rehear the situation. And I guess it seems to be the consensus of opinion that we could probably schedulewise rehear this in the latter part of October or in November some time.

MR. THAR: I would like to make sure that we have opened Barden's boat, assuming we keep to the timetable -- and we're talking about September to mid October -- before going into these hearings, and then schedule the hearing after that.

So if it be your desire, I might recommend that over the next week, the staff
will contact Commissioners and give you all a chance to check your calendar for a date some time between October 15th and November 15th where we can set a hearing date for that.

We have to make sure we have a facility that's suitable for doing it. So we have to check on that stuff.

MR. KLINEMAN: Okay. Then we're talking about one day of hearings, a half day for each of the counties, between the 15th of October and the 15th of November?

MR. THAR: Give or take, yeah.

MR. KLINEMAN: Give or take. And then I would make a suggestion that we try to pick another date after we have worked on the date for the hearing, pick a date two or three weeks thereafter to come together and make a final decision.

I think that after we rehear this, I think it's time then to make a decision. As Commissioner Sundwick said, if it's to grant a license, it should be done. If it's to say we're not going to grant the fifth license, be done with it, that also could be a result. But we should move promptly and have a final
decision sometime two or three weeks after the hearing.

So kind of close in the sense that if it's the 15th of November as the hearing time, it will probably be in the early part of December for the final decision. If the hearing is the latter part of October, we might be in the middle of November for a decision. But that's what I'd like to see. And if there's a consensus of that's what we should do, we'll go ahead.

The only question I have is the question of whether or not because of the time lapse and other things that have happened whether or not we shouldn't have a time certain by which either of the applicants and either of the counties may amend their submission, and if we shouldn't set a date by which those amendments must be in.

MR. VOWELS: I suggest September 15th.

MR. KLINEMAN: Okay. It's been suggested that if there are to be any amendments of the projects, people or
whatever, that those be submitted no later than September 15th. Is that a good date?

MS. BOCHNOWSKI: I have a question on you said -- project is one thing; people is another. It sounds like you got a lot going on. Can you investigate new people between --

MR. KLINEMAN: Well, I --

MR. THAR: We got two things that we'd like to address with them that I would suggest. One is we have previously, in dealing with Boomtown particularly, told Boomtown that we would not complete their investigation with regard to their merger with Hollywood Park until it was determined whether or not they were going to be the licensee.

What we would like to do now is start that investigation if we have hearings between October 15th and November 15th, so we can at least get a leg up on that and see if there is any preliminary issue. We'd like to start that type of investigation.

Also, Hilton had changed considerably in terms of its upper management, so we'd
like to look at them. I think Casino Magic, to take another look at what's going on with their company.

    In relation to that, there's a second issue. And that's whether or not the Commission would allow amendments at this time. We would need about sixty days to take a look at any amendments.

    So if we have September 15th as a date, October 15th doesn't really work. We really have to -- if somebody is going to amend their application after they take a look at it and decide that it's going to need more work, that would probably have to be done by mid August.

    MR. VOWELS: Mid August then.

    MR. THAR: I mean, we might not get it.

    MR. VOWELS: How about you tell us later?

    MR. THAR: What we would recommend then is that any amendments, either of the present -- I assume then the Commission is saying we're not going to reopen either county.
MS. BOCHNOWSKI: But it sounds like if you're reinvestigating Hollywood -- I mean, you're not reinvestigating, but you're doing an initial investigation. Would it be possible for Casino Magic to bring in -- I mean, this isn't really reopening for somebody else to step in to that application.

MR. THAR: I think with what all has been said here, that the Commission decided what it wants to do is make a decision in the relative near future, the concept of reopening either county is now foreclosed.

MS. BOCHNOWSKI: Yeah, I agree with that.

MR. THAR: If there's going to be an amendment to Casino Magic's application, that has to be done by, say, August 15th, in whatever form or way they choose or choose not to. By the same token with respect to Hilton Boomtown, if there's to be any amendments, they have by August 15th.

In the meantime, work that we have put off, we can start doing. We put it off because the decision-making process was close, but then it's been put off.
But the second reason was at the time that Boomtown came to us and discussed the merger with Hollywood, there was no assurance that that merger would go through. It is now all but a done deal. Is that about correct?

MR. ROBERT LIST: Yes. It should be completed by the end of this month.

MR. THAR: So now there is a reason to take a look at the remainder of that as well as the remainder of Hilton and whatever is left in the Casino Magic.

So what the amendments might be to somebody's application, I don't know. But it basically leaves the situation that there will be one applicant per county, whoever that applicant might be.

MR. KLINEMAN: I agree with everything you said except the August 15th. I'm just worried that that might be a little tight. It's two months basically from today. I just wonder if there was some give in that date.

MR. ROBERT LIST: We can certainly work within that time frame. When we came in with the Pinnacle application, we put that
together in about three weeks. August 15th would be acceptable.

MR. THAR: Doug? Could you identify yourself, please? Would you identify yourself for the record?

MR. DOUG FLOYD: My name is Doug Floyd. I'm an attorney here on behalf of Casino -- or excuse me -- Crawford County Casino Corporation.

August 15th is a satisfactory date as a cutoff for amendments on our application.

MR. KLINEMAN: I stand corrected. Everyone has agreed to it. So we're talking August 15th for any amendments by either of the applicants. We are not going to reopen, as Mr. Thar has indicated, by this action. We will try to set a date by the end of this month for the hearings and the decision.

MR. THAR: How would the Commission prefer that this be done? Will it be announced at our next meeting, or will we just put it out once it's been arrived at?

MR. KLINEMAN: We should just put it out if it's been arrived at so that the applicants can get the earliest word possible
as to the dates that they're working against.

But the August 15th date is firm.

The only two dates that we're going to set
would be the October or November hearing and
the decision thereafter. Okay? Hearing no
objections.

MR. THAR: August 15th is a Friday.
I wanted to make sure it wasn't a weekend.

MR. KLINEMAN: Yeah, I was worried
about that, too. I was worried about setting
a date that makes no sense.

Okay. Anything else concerning this
matter? Let me again say for those citizens
of Switzerland County and Crawford County
that we are trying to operate within your
best interest. You may not feel that way
having made so many bus rides to Indianapolis
and back again without any decision from this
Commission.

But I couldn't agree more with what
Mr. Thar said. I agree completely with what
he said. The worst thing in the world that
we could possibly do is create some situation
where you might get the initial push as a
result of the license being granted.
But if it turned out that we had made the wrong decision or made it too rapidly without all the facts that we needed, this situation would then collapse. And you'd be a lot worse off if it collapsed than you are today. You probably don't believe that now, but you really would be from all indications.

So with that consensus by the Commission, is there anything else that needs to come before the Commission?

All right. We thank you all for being here. And with that, we'll stand adjourned.

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STATE OF INDIANA )
) SS:
COUNTY OF MARION )

I, Kathleen L. Cast, a Notary Public in and for said county and state, do hereby certify that the foregoing public meeting was taken down and transcribed by me, and that the transcript is a full, true and correct transcript to the best of my knowledge and ability.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal this 9th day of July, 1997.

[Signature]

Kathleen L. Cast, Notary Public, Residing in Marion County, Indiana

My commission expires:
February 9, 1999