

RESOLUTION 2006-58

A RESOLUTION DISAPPROVING IN PART THE EAST CHICAGO LOCAL DEVELOPMENT AGREEMENT

The Indiana Gaming Commission ("Commission") adopts the following resolution pursuant to the authority granted to it under IC 4-33 and Title 68 of the Indiana Administrative Code.

The Commission has considered the following factors:

1. The Commission, with the assistance of its legal counsel, has commenced an investigation into the local development agreement initially entered into by the City of East Chicago and Showboat Marina Partnership, and thereafter continued by subsequent riverboat licensees (the "Agreement").
2. To date, the investigation has uncovered substantial evidence to support the conclusion that operation of the portion of the Agreement requiring the riverboat licensees to make payments to East Chicago Second Century, Inc. ("Second Century") has been contrary to the stated purpose of Indiana's Riverboat Gambling Act and has failed to maintain the integrity of the riverboat gambling industry in Indiana. See IC 4-33-1-2; 68 IAC 1-4-2. The Commission has no information indicating that, to this point, RIH Acquisitions IN, LLC ("Resorts") has had knowledge of or participated in any of the conduct that forms the basis of this conclusion.
3. Continued operation of the portion of the Agreement requiring payments to Second Century would only perpetuate the inadequate economic development activities and overall undermining of the integrity of the gambling industry in Indiana that has been evidenced by the Commission's investigation.
4. 68 IAC 1-4, along with the text of Agreement itself, authorize the Commission to disapprove of the Agreement.
5. After analyzing the evidence gathered during the investigation to date, Commission staff has recommended that the Commission disapprove of the portion of the Agreement requiring the riverboat licensee(s) to make payments to Second Century. The office of the Attorney General has advised that the Commission is authorized to do so.
6. Because the majority of the investigatory documents are confidential pursuant to statute, said documents have not and may not be disclosed to the public, including Resorts. See e.g., IC 5-14-3-4; IC 6-8.1-7. The Commission expects that Resorts will consider this resolution along with the public portion of the investigatory findings to assist it in developing an appropriate action plan aimed at adequately assisting in the economic development of the City of East Chicago in a manner that fully maintains the integrity of the riverboat gambling industry in Indiana.

**NOW, THEREFORE, BE IT RESOLVED BY THE INDIANA GAMING COMMISSION,
THAT THE FOLLOWING RESOLUTION IS ADOPTED:**

SECTION 1: SCOPE

This resolution applies to RIH Acquisitions, IN LLC, D/B/A Resorts East Chicago.

SECTION 2: DEFINITIONS

The definitions set forth in IC 4-33-2 and 68 IAC apply to this resolution.

SECTION 3: COMMISSION ACTION

The Commission hereby:

DISSAPROVES OF

(DISAPPROVES OF / TAKES NO ACTION ON)

the portion of the Agreement requiring the riverboat licensee(s) to make payments to Second Century.

Resorts is invited to propose an action plan no later than June 15, 2006 which is aimed at adequately assisting in the economic development of the City of East Chicago in a manner that fully maintains the integrity of the gambling industry in Indiana. Failure to timely submit and effectuate an appropriate action plan may result in: (1) a determination under 68 IAC 1-3-3 that Resorts has not made satisfactory progress in completing its economic development activity, and/or (2) the commencement of a disciplinary action against Resorts under 68 IAC 1-13. The action plan will be subject to administrative review by the Commission.

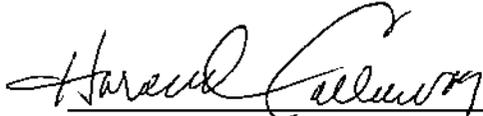
The Commission maintains continuing jurisdiction over all or part of the Agreement and the operation thereof, including any subsequent changes or amendments thereto. The Commission reserves the right to take any appropriate action with regard to the Agreement, amendments, or operation at any time.

SECTION 4: EFFECTIVE DATE

This resolution is effective immediately.

ADOPTED THIS THE 8th DAY OF JUNE, 2006.

THE INDIANA GAMING COMMISSION:



Harold Calloway, Chair

ATTEST:



Donald Vowels, Secretary