

**ORDER 2011-122  
IN RE SETTLEMENT AGREEMENT  
INDIANA GAMING COMPANY, L.P.  
11-HW-02**

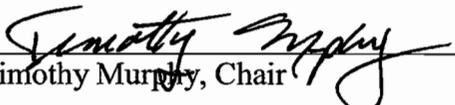
After having reviewed the attached Settlement Agreement, the Indiana Gaming Commission hereby:

Approves  
APPROVES OR DISAPPROVES

the proposed terms of the Settlement Agreement.

**IT IS SO ORDERED THIS THE 2nd DAY OF JUNE, 2011.**

**THE INDIANA GAMING COMMISSION:**

  
Timothy Murphy, Chair

ATTEST:

  
Marc Fine, Secretary

**STATE OF INDIANA  
INDIANA GAMING COMMISSION**

<b>IN RE THE MATTER OF:</b>	)	
	)	<b>SETTLEMENT</b>
<b>INDIANA GAMING COMPANY, L.P.</b>	)	<b>11-HW-02</b>
	)	

**SETTLEMENT AGREEMENT**

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Ernest E. Yelton and Indiana Gaming Company, L.P. (“Hollywood”) (collectively, the “Parties”), desire to settle this matter prior to the initiation of a disciplinary proceeding pursuant to 68 IAC 13-1-18(a). The Parties stipulate and agree that the following facts are true:

**FINDINGS OF FACT**

**COUNT I**

1. 68 IAC 2-3-9.2 (b) states riverboat licensees must advise the enforcement agent, on a form prescribed or approved by the commission, when the occupational licensee’s employment with the riverboat licensee is terminated for any reason. The forms must be submitted to the enforcement agent within fifteen (15) days of the occurrence of the change or action.
2. On November 11, 2010, November 16, 2010 and February 21, 2011 Gaming Agents received termination paperwork on three employees. The employees were terminated on October 28, 2010, September 28, 2010 and February 4, 2011 respectively.

**COUNT II**

3. According to the approved tournament submission upon completion of the tournament, an IGC Agent will be contacted requesting the return of the tournament area to “regular play”.
4. On November 10, 2010 at the completion of a table game tournament, the IGC Agents were not notified to approve the table games to be returned to regular play.

### COUNT III

5. 68 IAC 15-6-1(c)(4) "Patron" means an individual who:
  - (A) boards the riverboat to participate in a gambling excursion; and
  - (B) is not entitled to receive a tax-free pass.
6. 68 IAC 15-6-2(a)(3)(A) states whether or not a riverboat licensee or operating agent chooses to observe flexible scheduling, all patrons boarding or exiting the riverboat shall pass through an approved patron counting system.
7. On December 7, 2010 a Gaming Agent was notified by a Security Supervisor that a patron was allowed to enter the casino through gate two, which is located at the back of the casino and enters into the back of the house. The patron claimed to have permission to do this from the Poker Room Manager. The Poker Room Supervisor met the patron at the gate and escorted him to the Poker Room. The Poker Room Manager denied telling or giving the patron permission to enter through gate two. The Agent interviewed the Valet employee ("VE") who parked the patron's vehicle. The VE stated that the patron informed him that he had permission from the Poker Room Manager to enter the casino through gate two. The VE told the patron he did not know where gate two was. The patron told the VE he knew the way and to ride with him and then the VE could drive the vehicle back and park it. Supplemental reports from three employees, (the VE, a Security Officer and a Poker Room Supervisor) all state the patron told them that the Poker Room Manager had given him permission to enter through gate two.

### COUNT IV

8. 68 IAC 10-1-6.1(b) states at least thirty (30) business days before a riverboat licensee plans to offer a live gaming device tournament, the riverboat licensee must submit the rules of tournament play to the commission for approval. No live gaming device tournament may be offered until approved by the commission.
9. On February 17, 2011 several Commission employees were notified by the Director of Security and Regulatory Affairs that the casino had conducted numerous blackjack tournaments without Commission approval. A Gaming Agent investigated the incident and found that since December 2010 the casino had conducted a blackjack tournament every Thursday without approval from the Commission. The Agent spoke to the Director of Security and Regulatory Affairs who stated the duties to request the approval for the blackjack tournaments were given to a Compliance Administrator and she did not read the e-mail correctly thinking that the tournaments were submitted and approved. The Compliance Administrator thought the table games department would contact her when she needed to submit another blackjack tournament. The Agent also spoke to a Casino Manager who informed the Agent that the last time he had received

confirmation of a blackjack tournament approval was in April 2010. Since the table games did not get consistent updates on the approvals for the blackjack tournaments they operated as though they were approved.

#### COUNT V

10. 68 IAC 14-7-4 (a) before the initial use of the roulette wheel at a roulette table, the wheel shall be inspected and balanced by or in the presence of an enforcement agent using a balancing level.
  - (b) Before opening a roulette table for gaming activity each gaming day, the pit boss or the equivalent shall inspect the roulette table and roulette wheel to ensure compliance with this rule.
  - (c) The pit boss or the equivalent shall inspect the following:
    - (1) The wheel for any magnet or contrivance that would affect the integrity or fairness of the game.
    - (2) The wheel with the use of a level to verify the wheel is balanced and rotating freely and evenly.
    - (3) All parts to ensure that they are secure and free from movement.
    - (4) The roulette ball by passing it over a magnet or compass to ensure its nonmagnetic quality.
    - (5) The layout and signage to ensure compliance with 68 IAC 14-7-3(c) [*section 3(c) of this rule*] if a double zero (00) roulette wheel is being used as a single zero (0) roulette wheel.
11. On November 24, 2010 a Gaming Agent was contacted by a Senior Table Games Manager regarding the opening of a Roulette table. The Manager had instructed a Table Games Supervisor to open a Roulette table and approximately twenty minutes later realized that the wheel and ball had not been inspected prior to opening.

#### COUNT VI

12. 68 IAC 11-4-4(e) states the pit boss or the equivalent shall place the opener on the live gaming device tray in a manner that the amounts on the opener may be read through the cover, and lock the transparent live gaming device tray lid in place.
13. On December 23, 2010 a Gaming Agent was notified by Security Dispatch that a poker table float lid was left unsecured. The lid was placed over the chips, but was not locked. The float was unsecured for approximately six hours.

## COUNT VII

14. 68 IAC 14-3-8(a) each riverboat licensee must maintain a log in the pit area containing information about card and dice removal and transfer to the card and dice cancellation room. Such log shall track the following information:
  - (1) The date.
  - (2) The number of decks of cards removed from play.
  - (3) The number of individual dice removed from play.
  - (4) Game from which the cards or dice were removed.
  - (5) Printed name, signature, and license number of the pit manager responsible for removal.
  
15. On February 15, 2011, a Gaming Agent was contacted by a Senior Table Games Manager regarding an error discovered in the cancelled deck of cards. The error was discovered in pit 5 when the Manager was removing new decks of cards from the podium and discovered a cancelled deck of cards in the bottom of the box. The cards were from gaming day February 13, 2011 from a table located in pit 3. Surveillance reviewed coverage and could not determine how the cancelled cards got from Pit 3 to Pit 5. The cards bagged for destruction were checked for a possible new deck being inadvertently placed in a bag and none were found. All of the cards in the card and dice room were inventoried and balanced with the log. All of the cards in the podiums were checked and none were missing. A Casino Manager informed the Agent that on February 14, 2011 a Table Games Supervisor was conducting a card change and noted that the number of cancelled decks in the log did not match the physical number of decks in the podium. The Supervisor thought that someone had made an error when counting, so without verifying, she changed the Commission approved log.

## COUNT VIII

16. 68 IAC 11-3-1(a)(3) states "currency collection team" means a team of the riverboat licensee's employees that consists of at least three (3) occupational licensees, at least one (1) of whom is a security officer. The currency collection team shall be responsible for collecting the drop boxes at least one (1) time per day and placing empty drop boxes on the live gaming devices and in each bill validator.
  
17. 68 IAC 11-3-2(a) states the casino licensee shall submit to the enforcement agent a list of employees authorized to participate in the currency collection process and the soft count. These employees must hold an occupational license, Level 2 or higher. Amendments to the list of employees authorized to participate in the currency collection process and the soft count must be submitted to the enforcement agent after any amendments. The casino licensee must submit an employee's name to an enforcement agent before the employee participates in currency collection or the soft count.

18. On February 21, 2011 a Gaming Agent observed the bill validator drop and noticed eight Table Games Dealers walk through the drop area. As the Dealers walked close to the drop team, the drop team stopped what they were doing until the dealers were out of the drop area. The Agent spoke with a Senior Table Games Manager about the incident and showed him the surveillance coverage. The Manager stated that the dealers would be disciplined. Approximately fifteen minutes later the Manager spoke to the Agent in the IGC office. The Manager told the Agent that one of the Dealers told him that no one advised them of the drop being conducted and it was the security officers' fault that they walked into the drop area. The Agent reminded the Manager of the surveillance coverage and that the Agent was present when the incident occurred. The Manager replied that he would not be disciplining the Dealers until he received notification that this incident was a finable offense. Later that same day the Gaming Supervisor notified the Agent that the Dealers were disciplined.

### COUNT IX

19. 68 IAC 1-5-1(10) states any riverboat or supplier licensee shall provide a written notice to the executive director at such time as it becomes aware of any apparent criminal activity taking place on riverboat property. This information must also be submitted to an enforcement agent.
20. 68 IAC 12-1-5(d)(1)(a) states the playing surface of all gaming tables must be viewed by the surveillance system with sufficient clarity to determine all wagers.
21. On January 19, 2011 a Gaming Agent reviewing the surveillance video activity locker noted an entry on January 18, 2011. The entry indicated that the surveillance employees had reviewed a possible bet capping incident. The Agent reviewed the surveillance coverage and determined that the patron had capped his bet on two occasions. The description of the incident indicated that IGC was notified of the incident. The Agent had worked the previous day and knew he had not been contacted. He spoke to the other two Agents on duty and neither had been contacted. All three Agents were in the pavilion office during the time of the review by the surveillance employees. The Agent contacted Surveillance and inquired which Agent had been contacted by surveillance. The Agent was told that Surveillance could not contact the two Agents they called and so they left a message on the phone in the IGC boat office. The two Agents called by the Surveillance employees were not working at the time. The Surveillance employees also did not contact the Security Dispatch where the names of the Agents on duty are written each shift. The Agent also spoke to the Director of Surveillance, who stated that he was present during the incident and felt there was inconclusive surveillance coverage to make a determination whether or not cheating had occurred.

## COUNT X

22. 68 IAC 16-1-2(a) states the purpose of requiring submission of procedures for extending credit is to ensure the following:
  - (1) That markers issued by riverboat licensees are done so only in accordance with the specific or general authorization of the Act and this article.
  - (2) That the functions, duties, and responsibilities are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel, and no employee of the riverboat licensee is in a position to perpetuate and conceal errors or irregularities in the normal course of his or her duties.
  - (3) That procedures are conducted with:
    - (A) Integrity; and
    - (B) in accordance with the Act and this title.
  - (b) The riverboat licensee shall be responsible for establishing policies and procedures to extend credit to patrons. The policies and procedures shall provide that each credit transaction is promptly and accurately recorded.
  
23. Hollywood's Internal Control IV-I-2(4) and (5) states all credit authorization must be documented by signature of the authorized person. The General Manager, Director of Table Games, Senior Vice President of Finance, Casino Manager, Cage and Credit Manager, Assistant Cage Manager, Credit Manager, Cage shift Manager, Credit Administrator and Player Development are allowed to authorize credit and their limits of authorization are predetermined by the General Manager and/or Credit Committee. All positions noted above can increase previously established credit limits, these limits of authorization are predetermined by the Vice President and General Manager and/or Credit Committee. The individual extending the credit must initial the temporary extension on the Request for Limit Increase and enter their authorization code in the automated system.
  
24. Further discussions with the Cage/Credit Manager have disclosed that there is not an authorized code, but rather a password the employee entering the information uses to access the system. The casino will update their internal controls to accurately reflex the process.
  
25. On January 9, 2011 a Gaming Agent was reviewing a surveillance log and noted an entry that a patron had lost a large amount of money. The Agent spoke with the Credit Administrator about the credit line of the patron. The patron did have the credit line, but the Agent noticed an extension of credit form for the patron. The Credit Administrator stated that the patron had asked for the extension and that she had entered it into the system but was told not to bother the patron for his signature. There also was no signature in the credit authorized section of the form and the form was different then the one approved by the Gaming Commission. The Agent spoke to the Cage and Credit Manger and was told that the General Manager had given the credit increase via the phone and would sign the form

later. The Manager also stated that the Commission approved form would be used in the future.

### COUNT XI

26. 68 IAC 15-10-5 states the riverboat licensee shall establish policies and procedures for the even exchange of funds between two (2) casino cashiering areas or between a casino cashiering area and token and change banks, which shall include the following:
- (1) A designation of the occupational licensee who may process the even exchange transaction.
  - (2) A description of the even exchange form and the required information and signatures. The form shall be at least a two (2) part form.
  - (3) A description of the distribution of each part of the form.
  - (4) Types of items allowed to be exchanged.
  - (5) Requirement that security personnel must accompany the transfer of the funds between locations.
27. 68 IAC 12-1-5.5 states Surveillance employees shall visually record the following events when they are known to occur on the property directly or indirectly owned or operated by a riverboat licensee or operating agent:
- (10) Movement of:
    - (A) cash;
    - (B) cash equivalents;
    - (C) tokens;
    - (D) cards;
    - (E) chips; or
    - (F) dice;on the casino floor.
28. 68 IAC 11-1-6(b) states failure to comply with approved internal control procedures may result in the initiation of a disciplinary action. Hollywood Casino Internal Control IV-E-1(A)(2)(a)(3) states the Main Bank acts as a consolidation and redemption center for the Cage, thereby receiving transfers from Cashiers when provided with properly executed Cage Buy Sheet or Emergency Currency Fill.
29. On January 5, 2011 a Gaming Commission Auditor noted that there was a variance in the High Limit Cage that occurred on December 22, 2010. The variance occurred during a transfer from the High Limit Main Banker to the Main Cage Fill Bank. The two Cage Cashiers, a Security Officer and Surveillance Agent failed to verify the transaction and note the variance.
30. On January 18, 2011 it was reported to a Gaming Commission Auditor, by a casino employee that a variance over \$5,000 occurred on January 14, 2011. The

variance occurred between a Cashier and the Main Banker during a buy. The Cashier did not include the amount of purple chips on his buy sheet. The Main Banker did not notice this, therefore when he counted down his bank at the end of his shift he had a variance over \$5,000.

### **COUNT XII**

31. 68 IAC 15-2-3(a) the riverboat licensee shall be required to maintain a log for the purpose of recording aggregated cash transactions in excess of three thousand dollars (\$3,000). The riverboat licensee shall require coordination between the pits, slots, cashiers, cages, redemption centers, and other appropriate areas to ensure all transactions in excess of three thousand dollars (\$3,000) are recorded.
  - (b) The employee witnessing the transaction is responsible for completing the log.
  - (c) The log shall include, but is not limited to, the following information:
    - (8) Photograph of the patron.
  
32. On January 10, 2011 a Table Games employee failed to record a \$10,000 transaction on the Multiple Transaction Log ("MTL") and on January 13, 2011 a Table Games employee failed to scan a photo for an MTL transaction over \$3,000.

### **COUNT XIII**

33. Pursuant to IC 4-33-9-12 and 68 IAC 1-11-1(c), a person who is less than twenty-one (21) years of age may not be present in the area of a riverboat where gambling is being conducted.
  
34. On January 29, 2011 a Gaming Agent was notified by a Security Dispatch regarding an underage person allowed on the casino floor. Surveillance review showed that she was not asked for identification at the turnstiles. The underage person was on the casino floor for approximately six hours.

### **COUNT XIV**

35. 68 IAC 1-16-1(c)(1) states the riverboat licensee or riverboat license applicant is responsible for ensuring that all aspects of the riverboat gambling operation are conducted in accordance with the Act, this title, and all other state, federal, and local laws.
  
36. On January 29, 2011 a Gaming Agent was informed by Security Dispatch that the Lawrenceburg Police Department and Indiana State Police were called to the entrance of Boogie Nights due to upset patrons waiting to get into the club. The Agent was also informed that tickets, purchased for a show in the ballroom by

200 patrons, also included admittance into Boogie Nights. When the show was over the patrons were told that they would have to wait in line with the other patrons waiting to gain entrance, since the club was at capacity. A Security Shift Supervisor informed the Agent that the General Manager had authorized several of the patrons to enter the club even though it was over capacity. Another Security Officer informed the Agent that it was not uncommon for the General Manager to do that. She also stated that the count was close to 750. According to placards mounted on the wall of the club the total capacity is 687.

### **COUNT XV**

37. 68 IAC 1-16-1(c)(1) states the riverboat licensee or riverboat license applicant is responsible for ensuring that all aspects of the riverboat gambling operation are conducted in accordance with the Act, this title, and all other state, federal, and local laws.
38. 68 IAC 15-6-2(a)(3) states whether or not a riverboat licensee or operating agent chooses to observe flexible scheduling:
  - (A) all patrons boarding or exiting the riverboat shall pass through an approved patron counting system; and
  - (B) the riverboat licensee or operating agent is responsible for ensuring that the approved patron counting system keeps an accurate count of the patrons who enter and exit the riverboat.
39. On February 1, 2011 the Gaming Supervisor asked a Gaming Agent to look into a report of patrons being escorted into Boogie Nights through a side door and circumventing exiting through the turnstiles. The incident was reported by the Director of Security and Regulatory Affairs. The Agent interviewed a Player Development Executive who admitted to escorting patrons through the turnstiles into the Producer's Lounge through the back of the house and into Boogie Nights. The club was at capacity when the patrons were allowed to enter. When the Agent reviewed surveillance coverage he noted that the Gourmet Restaurant Manager also escorted patrons the same way. A total of 23 patrons were escorted through the turnstiles, but never exited the casino through the turnstiles. An audit initiated as a result of this incident disclosed Hollywood was incorrectly computing their admission tax by not using the correct number for the carry-over. This has occurred since Hollywood opened in June 2009.

### **COUNT XVI**

40. 68 IAC 2-3-9.1(a) states all occupational licensees must submit, in writing, to the enforcement agent the following information:
  - (1) Name changes.
  - (2) Change of home address.

- (3) Change of home telephone number.
  - (4) The filing of a bankruptcy by the occupational licensee.
  - (5) That the occupational licensee has been arrested for, indicted of, charged with, convicted of, or plead guilty to any felony or misdemeanor offense.
  - (6) Any other information that would affect the occupational licensee's suitability to maintain a license under the Act or this rule.
- (b) The written document setting forth the information required by subsection (a) must:
- (1) set forth the name and occupational license number of the individual; and
  - (2) be submitted within ten (10) calendar days of the change or the occurrence of the event.

41. From February 8, 2011 through February 21, nine incident reports have been written regarding nine employees who failed to timely disclose updated information.

### **TERMS AND CONDITIONS**

Commission staff alleges that the acts or omissions of Hollywood by and through its agents as described herein constitute a breach of IC 4-33, 68 IAC and/or Hollywood's approved internal control procedures. The Commission and Hollywood hereby agree to a monetary settlement of the alleged violations described herein in lieu of the Commission pursuing formal disciplinary action against Hollywood. This agreement is being entered into to avoid the potential expense and inconvenience of disciplinary action.

Hollywood shall pay to the Commission \$109,000 (\$6,000 for Count I; \$2,500 for Count II; \$5,000 for Count III; \$30,000 for Count IV; \$2,500 for Count V; \$2,500 for Count VI; \$5,000 for Count VII; \$7,500 for Count VIII; \$10,000 for Count IX; \$5,500 for Count X; \$2,500 for Count XI; \$2,500 for Count XII; \$6,000 for Count XIII; \$10,000 for Count XIV; \$10,000 for Count XV and \$1,500 for Count XVI) in consideration for the Commission foregoing disciplinary action based on the facts specifically described in each count of this agreement. This agreement extends only to those violations and findings of fact, specifically alleged herein. If the Commission subsequently discovers facts that give rise to additional or separate violations, which are not described herein, the Commission may pursue disciplinary action for such violations even if the subsequent violations are similar or related to an incident described herein.

Upon execution and approval of this Settlement Agreement, Commission staff shall submit this Agreement to the Commission for review and final action. Upon approval of the Settlement Agreement by the Commission, Hollywood agrees to promptly remit payment in the amount of \$109,000 and shall waive all rights to further administrative or judicial review.

This Settlement Agreement constitutes the entire agreement between the parties. No prior or subsequent understandings, agreements, or representations, oral or written, not specified or referenced within this document will be valid provisions of this

Settlement Agreement. This Settlement Agreement may not be modified, supplemented, or amended, in any manner, except by written agreement signed by all Parties.

This Settlement Agreement shall be binding upon the Commission and Hollywood.

IN WITNESS WHEREOF, the parties have signed this Settlement Agreement on the date and year as set forth below.



Ernest E. Yelton, Executive Director  
Indiana Gaming Commission

5.26.11  
Date



Tony Rodio, General Manager  
Indiana Gaming Company, L.P.

5/23/11  
Date