

**ORDER 2017-207
IN RE SETTLEMENT AGREEMENT**

**THE MAJESTIC STAR CASINO, LLC and THE MAJESTIC STAR CASINO II,
LLC
17-MS-04**

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

APPROVED

APPROVES OR DISAPPROVES

the proposed terms of the Settlement Agreement.

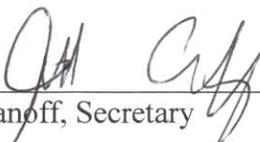
IT IS SO ORDERED THIS THE 16th DAY OF NOVEMBER, 2017.

THE INDIANA GAMING COMMISSION:



Cris Johnston, Chair

ATTEST:



Joseph Svetanoff, Secretary

**STATE OF INDIANA
INDIANA GAMING COMMISSION**

IN RE THE MATTER OF:)	
)	SETTLEMENT
THE MAJESTIC STAR CASINO, LLC and)	17-MS-04
THE MAJESTIC STAR CASINO II, LLC)	
)	

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Sara Gonso Tait and The Majestic Star Casino, LLC and The Majestic Star Casino II, Inc. (together referred to herein as “Majestic Star”) (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 11-1-3(c)(4) states that no casino licensee or casino license applicant may use an internal control procedure unless the internal control procedure has been approved, in writing, by the executive director.
2. 68 IAC 13-1-1(b)(2)(3) states the Commission may initiate an investigation or a disciplinary action, or both, against a licensee if the Commission has reason to believe the licensee is not complying with licensure conditions or is not complying with this Act or this title.
3. Majestic Star Internal Control Procedures, MSC IV, E-1, describes the bill validator collection process.
4. On August 26, 2017, a Gaming Agent was observing the bill validator (BV) drop process when he noticed a male patron had entered the drop area and was playing a slot machine near the BV cart. Two Slot Attendants were also observed in the drop area. A Security Officer eventually noticed the patron and two slot attendants and requested they leave the drop area.
5. 68 IAC 11-3-6(c)(2) states the drop box shall be opened by the appropriate soft count team member, and the entire contents of the drop box shall be emptied onto the soft count table.
6. 68 IAC 11-3-6(c)(12) states that once the drop boxes have been counted, the soft count team shall complete the master gaming report or the bill validator report.

(13) Upon completion of the master gaming report, the soft count team members not performing the job of recorder shall run totals of the table count slips and compare that information to the totals recorded on the master gaming report. The casino licensee shall investigate variances of two percent (2%) or more. The reason for the variance, if known, shall be entered on the master gaming report. If the reason is not known, this shall be noted. The casino licensee may require investigations for variances of less than the threshold amount.

(14) Variances of two percent (2%) or more that are not reconciled through subdivision (13) shall be investigated by the accounting director or designee. The results of the investigation shall be recorded on the master gaming report. The accounting director or designee shall sign and date the master gaming report. The casino licensee may require investigations for variances of less than the threshold amount.

(15) After the results of the count process have been reconciled, the members of the soft count team shall sign and date the appropriate section of the master gaming report or the bill validator report.

(16) After reconciliation has been completed by the soft count team, the main bank cashier shall be contacted. The main bank cashier shall complete an independent physical inventory of all of the currency, coins, and chips in the presence of at least one (1) soft count team member. The main bank cashier shall not have access to the master gaming report or the bill validator report until after the completion of the independent physical inventory.

(17) Discrepancies between the independent physical inventory and the totals entered on the master gaming report or the bill validator report shall be investigated by independent recounts conducted by the casino licensee. If the master gaming report or the bill validator report was erroneous, it shall be voided and a new master gaming report or the bill validator report generated with the appropriate signatures. A voided copy of the master gaming report or the bill validator report shall be retained and attached to the completed and signed copy of the new master gaming report or bill validator report.

(18) After reconciliation of the master gaming report, the bill validator report, and the physical inventory conducted by the main bank cashier, the main bank cashier shall verify the accuracy of and sign and date the master gaming report and the bill validator report in the appropriate section. When the main bank cashier signs the master gaming report and the bill validator report, the main bank assumes responsibility for the currency, coins, and chips.

(19) All currency and chips shall be transported to the main bank for use during the gaming day. Transportation from the soft count room to the main bank shall be: (A) made by occupational licensees designated in section 2 of this rule; and (B) observed by at least one (1) security officer. The amount transferred shall be added to the main bank's accountability sheet. One (1) copy of the master gaming report and the bill validator report shall be forwarded to the main bank.

(20) The remaining amount of currency and coin may be deposited with the casino licensee's external bank.

(21) The original table count slips, drop verification report, bill validator verification report, master gaming report, and bill validator report, with the

appropriate tapes attached, shall be forwarded to the accounting department upon completion of the soft count process and after the currency, coin, and chips have been appropriately transferred or deposited.

(22) The currency counter in the soft count room shall be monitored by the central computer system for purposes of recording the amounts collected from each live gaming device and bill validator drop box. The information sent to the central computer system shall be printed out in the accounting department as a backup. The backup printouts shall be maintained by the accounting department for at least one (1) month. Electronic archival data shall be maintained for a period of one (1) year.

(23) states in accordance with 68 IAC 15-7-3, the revenue auditor or the equivalent shall trace the total of the bill-in meter readings as recorded by the bill acceptor flash report to the actual count performed by the soft count team to determine variances. The casino licensee shall require the investigation of all variances. The results of the investigation shall be recorded and reported to the head of the accounting department and the commission audit staff.

7. 68 IAC 15-7-3(b) requires variances or discrepancies to be investigated, recorded, and reported to the head of the accounting department or its equivalent and the commission staff.
8. On September 6, 2017, the Security Manager and Director of Cage Operations approached a Gaming Agent in reference to Soft Count collecting 44 "hot" boxes (meaning boxes containing cash and TITO's) from slot machines on the casino floor. The Gaming Agent then reviewed an email providing notice from Majestic Star's Director of Compliance that on September 2, 2017, 44 "hot" boxes were not removed from the collection cart to be counted. They were instead left on the cart until September 4, 2017, when they were placed back into slot machines on the floor.

The Director of Compliance advised she became aware of this issue on September 5, 2017 when the Operations Controller advised the Director of Compliance that 44 boxes had not been counted on September 2, 2017. A Gaming Agent contacted the Operations Controller for more information. The Operations Controller stated that on September 4, 2017 she was notified of a variance by the Income Audit Supervisor. The casino initially believed this to be a meter error and called Bally to investigate. On September 5, 2017, it was determined there were no meter errors. The Operations Controller then reviewed the paperwork for the drop that occurred on September 2, 2017 and discovered two sections of the paperwork had not printed. One of these sections that did not print would have shown that the 44 boxes had not been counted. When the Gaming Agent asked why these sections did not print, the Operations Controller stated there had been an error on the first section of the report that started to print 60 pages, so the print job was cancelled, resulting in the remaining sections not printing. It was determined that the Income Audit Clerk cancelled the print. An emergency drop was requested and completed on September 6, 2017 to rectify this issue.

9. Surveillance coverage of the September 2, 2017 count process showed a Dual Rate Count Supervisor removing boxes from the bottom row of the drop cart to be counted, while a Count Room Attendant began removing boxes from the middle row of the drop cart to be counted. The 44 "hot" boxes were never pulled from the top row of the drop cart. On September 4 2017, Surveillance coverage showed the cart containing the 44 hot boxes had been taken to the casino floor. Each hot box was removed from the cart and placed by the machine that the currency collection team was going to place the drop box in. The hot boxes were unsecured on the casino floor for approximately three (3) hours.
10. The casino also completed the Meter Variance Investigation Worksheet that showed no variances for gaming day September 1, 2017. The worksheet was not accurate as 44 boxes were not counted. The 44 boxes contained currency and TITO's totaling \$141,749.
11. Majestic Star Internal Control Procedures, MSC II, S-1 describes the procedures for emergency bill validator drop boxes.
12. On August 4, 2017, Surveillance notified a Gaming Agent that a violation had occurred. A Security Supervisor and Slot Tech were performing an emergency drop. The BV box was removed from the electronic gaming device by the Slot Tech but the Security Supervisor realized he did not have the appropriate key to the soft count room. The Security Supervisor left the hot BV box with the Slot Tech with no Security present while he went to Key Watcher to retrieve the key. Once he returned with the appropriate key, the hot box was taken to the soft count room.

COUNT II

13. 68 IAC 11-1-3(c)(4) states that no casino licensee or casino license applicant may use an internal control procedure unless the internal control procedure has been approved, in writing, by the executive director.
14. 68 IAC 13-1-1(b)(2)(3) states the Commission may initiate an investigation or a disciplinary action, or both, against a licensee if the Commission has reason to believe the licensee is not complying with licensure conditions or is not complying with this Act or this title.
15. Majestic Star's Promotional Submission, #MA-2017-088 Sunday and Monday Envelope Drawings describe the rules of play for a promotion taking place in Majestic Star's Baccarat Room.
16. On September 26, 2017, a Casino Shift Manager advised Gaming Agents of a violation of a current promotion taking place in the Baccarat Room. The rules

stated that a patron playing Baccarat could earn entries into a drawing based on specific winning Baccarat wagers they had placed in the course of play. After winning an entry, the patron would complete the entry form and the entry form would be placed in a drum in the Baccarat Room, where the drawings occurred five times a day. The patron whose name was selected from the drawing drum picked an envelope that had various prizes from \$100 to \$3,000. The entries stayed in the drum for the entire day they were won and were removed at the end of the last drawing.

The Gaming Agent was advised that one patron had won the “envelope drawing” approximately six (6) times during a three (3) day period. An Assistant Shift Manager felt this amount of wins was unusual and requested a surveillance review. The Gaming Agent reviewed the Surveillance coverage, which showed a Dealer continuously giving the patron numerous drawing entries even though the patron did not earn each entry pursuant to the stated promotional rules. Surveillance revealed that there were many instances when no players at the table won any of the eligible bets to earn entry forms, however, the Dealer would pass out entries to all the players at the table, including the patron in question.

17. On September 25, 2017, the Dealer was shown covering up a stack of entry forms with a scorecard. The Dealer passed the entry forms, covered by the scorecard, to the patron in an effort to conceal her funneling the entries to the patron without him appropriately winning them. The Dealer also covered a stack of entries with a seat holder card and passed it along with numerous entries to the patron.
18. On September 25, 2017, the Casino Shift Manager removed 133 entry forms from the barrel filled out by the patron. The patron was not observed playing any hand that earned an entry form into the drawings on the that date.. The patron won a total of \$3,300 during the drawings on the September 18, 24 and 25, 2017, winning two times on each day.

TERMS AND CONDITIONS

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

Majestic Star shall pay to the Commission a total of \$13,300 (\$10,000 for Count I and \$3,300 for Count II) 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 in the

findings above. If the Commission subsequently discovers facts that give rise to additional or separate violations, the Commission may pursue disciplinary action for such violations even if the subsequent violations are similar or related to an incident described in the findings above.

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, Majestic Star agrees to promptly remit payment in the amount of \$13,300 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 Majestic Star.

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

Sara Gonso Tait, Executive Director
Indiana Gaming Commission

11/15/17

Date

Barry J. Cregan, General Manager
The Majestic Star Casino, LLC
The Majestic Star Casino II, Inc.

11/6/17

Date