

**ORDER 2020-51
IN RE SETTLEMENT AGREEMENT**

**HORSESHOE HAMMOND, LLC
20-HH-01**

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 10th DAY OF JULY, 2020.

THE INDIANA GAMING COMMISSION:



Michael B. McMains, Chair

ATTEST:



Joseph Svetanoff, Secretary

**STATE OF INDIANA
INDIANA GAMING COMMISSION**

IN RE THE MATTER OF:)
) **SETTLEMENT**
HORSESHOE HAMMOND, LLC) **20-HH-01**
)

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Sara Gonso Tait and Horseshoe Hammond, LLC (“Horseshoe”) (collectively, the “Parties”) desire to enter into this settlement agreement (“Agreement”) 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 2-3-8(b) provides, in relevant part, that an occupational licensee must request renewal of the license on a form prescribed by the commission no less than thirty (30) days before the expiration of the occupational license.
2. On October 7, 2019, a Gaming Agent was updating Occupational Licensing Renewals when it was determined that a Marketing Operations Representative, a level two (2) licensee, had failed to renew their license that had expired on October 3, 2019. The Marketing Operations Representative worked three (3) days on an expired license.

COUNT II

3. 68 IAC 13-1-1(b)(2) and (3) provides that 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.
4. 68 IAC 2-3-1(i) provides, in relevant part, that an Occupational license, Level 1, includes the following positions or their equivalent: (12) Any other employee of a riverboat gambling operation whom the commission deems necessary, to ensure compliance with the Act and this title, to hold an occupational license, Level 1.
5. The Commission is charged with making licensing determinations for the employees of the Indiana casinos based off the regulations outlined in the Indiana Administrative Code. The need for licensure is determined by Commission staff through job descriptions and an organizational chart submissions by the casino. Submissions must be sent to the Commission’s Gaming Administrator for review and approval.

6. On November 19, 2019, the Commission received correspondence from Horseshoe that the position of Captain, a level one (1) licensee, was being eliminated effective November 8, 2019. Horseshoe also identified that the Director of Facilities would be overseeing the departments that reported to the Captain until the new organizational structure changes were approved.

The Commission did not receive or approve a request to eliminate this position prior to this action taking place. Horseshoe executed a staff reduction without going through the required process of submitting job descriptions and organizational charts.

COUNT III

7. IC 4-38-11-1 provides that the bureau shall provide information to a certificate holder concerning persons who are delinquent in child support.
 - (b) Prior to a certificate holder disbursing a payout of six hundred dollars (\$600) or more, in winnings, from sports wagering to a person who is delinquent in child support and who is claiming the winning sports wager in person at the certificate holder's facility, the certificate holder:
 - (1) may deduct and retain an administrative fee in the amount of the lesser of:
 - (A) three percent (3%) of the amount of delinquent child support withheld under subdivision (2)(A); or
 - (B) one hundred dollars (\$100); and
 - (2) shall:
 - (A) withhold the amount of delinquent child support owed from winnings;
 - (B) transmit to the bureau:
 - (i) the amount withheld for delinquent child support; and
 - (ii) identifying information, including the full name, address, and Social Security number of the obligor and the child support case identifier, the date and amount of the payment, and the name and location of the licensed owner, operating agent, or trustee; and
 - (C) issue the obligor a receipt in a form prescribed by the bureau with the total amount withheld for delinquent child support and the administrative fee.
 - (c) The bureau shall notify the obligor at the address provided by the certificate holder that the bureau intends to offset the obligor's delinquent child support with the winnings.
 - (d) The bureau shall hold the amount withheld from the winnings of an obligor for ten (10) business days before applying the amount as payment to the obligor's delinquent child support.
 - (e) The delinquent child support required to be withheld under this section and an administrative fee described under subsection (b)(1) have priority over any secured or unsecured claim on winnings except claims for federal or state taxes that are required to be withheld under federal or state law.
8. Chapter 5, Section 2(2)(W) of the Emergency Rules for Sports Wagering provides that prior to beginning sports wagering operations, a sports wagering operator must submit for approval under 68 IAC 11 internal controls for withholding winnings from delinquent child support obligors in accordance with IC 4-38-11, including a plan for complying with IC 4-38-11 if the sports wagering operator allows the redemption of tickets via mail.

9. 68 IAC 11-9-2(a) provides that the casino licensee or trustee shall submit to the executive director internal control procedures concerning the withholding of cash winnings from delinquent obligors in accordance with 68 IAC 11-1.
10. 68 IAC 11-1-3(c)(4) provides 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.
11. Horseshoe's approved internal control procedures, E-8 and T-22, describe its procedures for Child Support Intercept Process.
12. Gaming Agents conducted an audit of the Child Support Arrears Delinquency Registry ("CSADR") for September 2019. The results of this audit found seven (7) individuals were not searched through the CSADR system at the time sports wagering winnings in excess of \$600 was won.
13. Gaming Agents conducted an audit of CSADR for October 2019. The results of this audit found nine (9) individuals were not searched through the CSADR system at the time sports wagering winnings in excess of \$600 was won.
14. Gaming Agents conducted an audit of the CSADR for November 2019. The results of this audit found six (6) individuals were not searched through the CSADR system: one (1) at the time of a safekeeping withdrawal from the Cage and five (5) at the time sports wagering winnings in excess of \$600 was won.
15. Gaming Agents conducted an audit of the CSADR for December 2019. The results of this audit found one (1) individual was not searched through the CSADR system at the time sports wagering winnings in excess of \$600 was won.

COUNT IV

16. 68 IAC 15-12-3 provides that (a) live gaming device fills shall proceed in the following manner:
 - (1) The appropriate occupational licensee shall initiate a live gaming device fill by completing an input form. The input form is either carried to the casino cage or the information is electronically transmitted to the casino cage.
 - (2) The appropriate occupational licensee uses the input form to prepare and print a live gaming device fill slip.
 - (3) Surveillance shall be notified that a live gaming device fill is being processed.
 - (4) Based on the information contained on the fill slip, the casino cashier shall prepare the proper denomination and amount of chips and sign the fill slip. The casino cashier shall sign the fill slip, summon a security officer, and present the chips and the fill slip to the security officer.
 - (5) The security officer shall verify that the denomination and amount of chips match the amount on the fill slip. The security officer shall sign the fill slip after verifying the chips match the fill slips. The security officer who begins the live gaming device fill must

complete the process of witnessing, escorting, and signing the appropriate documentation to verify that the live gaming device fill was completed. If there is a discrepancy with the live gaming device fill, the same security officer who began the live gaming device fill must accompany the fill back to the cage to resolve the discrepancy.

(6) The casino cashier shall retain one (1) copy of the fill slip in the casino cage.

(7) The security officer shall transport the chips to the appropriate pit area.

(8) The appropriate level of occupational licensee shall count the chips that are received as a live gaming device fill to ensure the denomination and amounts received match the amount and denomination reflected on the fill slip.

(9) If the amounts in subdivision (4) agree, the occupational licensee who counted the fill shall sign the fill slip. The pit supervisor or the equivalent shall also sign the fill slip. A copy of the fill slip or the original shall be inserted into the drop box of the live gaming device that received the fill. A copy of the fill slip or the original fill slip shall be returned to the casino cage.

(10) If the amounts in subdivision (4) do not agree, the fill slip shall not be signed and the discrepancy shall be resolved in accordance with the policy and procedure submitted in accordance with section 2(b)(8) of this rule. Surveillance shall be notified and the security officer shall return the chips and the fill slip to the casino cage.

(b) The casino cashier or appropriate department shall use copies of the completed live gaming device fill slip to balance the cage. All completed live gaming device fill slips shall be used to complete the soft count.

(c) If a live gaming device fill slip was erroneous, it shall be voided and a new live gaming device fill slip generated. The person voiding the fill slip shall indicate the reason the slip was voided and sign the slip. A voided live gaming device fill shall be retained and deposited into a locked accounting box.

17. On November 9, 2019, Security notified Gaming Agents of a table fill violation. A table fill was placed for \$2,000 in black \$100 chips and \$1,500 in red \$5 chips. The amount that was delivered to the table was \$2,000 in black \$100 chips and \$1,500 in green \$25 chips. This discrepancy was not caught by the Cage, Security, Dealer or Floor Supervisor and the fill was accepted by the table.
18. On December 3, 2019, a variance of \$39,995 had been reported to Gaming Agents. The variance occurred on November 29th. Surveillance conducted an investigation and it was determined that a table fill had been completed in the amount of \$180,000, however, the table fill was only requested for \$140,000. \$100,000 in gray \$5,000 chips and \$80,000 in orange \$1,000 chips was sent to the table. The table had requested \$100,000 in gray \$5,000 chips and \$40,000 in orange \$1,000 chips. This discrepancy was not caught by the Cage, Security, Dealer or Floor Supervisor and the fill was accepted by the table.
19. On December 12, 2019, a variance of \$2,000 had been reported to Gaming Agents. Surveillance conducted an investigation and it was determined that a table fill had been completed in the amount of \$4,000, however, the table fill was only requested for \$2,000. This discrepancy was not caught by the Cage, Security, Dealer or Floor Supervisor and the fill was accepted by the table.

20. On December 22, 2019, a variance of \$2,000 had been reported to Gaming Agents. Surveillance conducted an investigation and it was determined that a table fill had been completed in the amount of \$4,510, however, the table fill was only requested for \$2,510. This discrepancy was not caught by the Cage, Security, Dealer or Floor Supervisor and the fill was accepted by the table.
21. On January 3, 2020, a variance had been reported to Gaming Agents. Surveillance conducted an investigation and it was determined that a table fill had been completed in the amount of \$3,040, however, the table fill was only requested for \$1,220. This discrepancy was not caught by the Cage, Security, Dealer or Floor Supervisor and the fill was accepted by the table.

COUNT V

22. 68 IAC 15-10-4.1 provides that (a) cage inventories must be accurately reported at the conclusion of a shift on the inventory form used by the casino licensee. Overages and shortages must be recorded at the conclusion of the shift during which the variance was discovered.
 - (b) Cage variances of five hundred dollars (\$500) or two percent (2%), whichever is less, must be reported on a form approved by the commission to the following within one (1) business day after the discovery of the variance:
 - (1) The security department.
 - (2) The surveillance department.
 - (3) An enforcement agent.
 - (c) Variances of five thousand dollars (\$5,000) or more, or a variance that is of a nature that indicates criminal activity must be reported on a form approved by the commission to the following immediately:
 - (1) The security department.
 - (2) The surveillance department.
 - (3) An enforcement agent.These variances must be reported to the commission audit staff at the beginning of the next business day.
 - (d) Variances of five hundred dollars (\$500) or two percent (2%), whichever is less, or a variance that is of a nature that indicates criminal activity must be investigated by the casino licensee. The variance and the results of the investigation must be reported to the head of the accounting department or the equivalent. Unresolved variances must be investigated by the accounting director or designee. The results of the investigation shall be reported on the document provided to him or her by the cage department. Surveillance tapes or records relating to the variance must be preserved and retained by the casino licensee until the commission audit director advises that the tapes or records, or both, may be recycled. The results of an investigation into these variances must be reported to an enforcement agent. If the variance that was investigated exceeded five thousand dollars (\$5,000), the results of the investigation must also be reported to the commission audit staff.
 - (e) The casino licensee's internal auditor must review, on a quarterly basis, cage variances to ensure that the variances are appropriately and thoroughly investigated and reported.

The results of the internal auditor's review must be reflected on the quarterly internal audit report filed in accordance with 68 IAC 15-8.

23. Chapter 10, Section 3(d) of the Emergency Sports Wagering Rules provides that if the sports wagering window net receipts for the shift, as generated by the system, does not agree with the sports wagering count sheet total plus the sports wagering inventory, the shift supervisor shall record any overage or shortage. If the count does not agree, the cashier and the shift supervisor shall attempt to determine the cause of the discrepancy in the count. Any discrepancy that cannot be resolved by the cashier and the shift supervisor shall be reported in writing to the department supervisor in charge at such time. Any discrepancy in excess of five hundred dollars (\$500) shall be reported to the commission. The report shall include:
- (1) date on which the discrepancy occurred;
 - (2) shift during which the discrepancy occurred;
 - (3) name of the cashier;
 - (4) name of the supervisor;
 - (5) window number; and
 - (6) amount of the discrepancy.
24. On September 25, 2019, Gaming Agents investigated a variance of \$20,100 on terminal 10 at the Sports Book that had occurred on September 15th. The Revenue Audit Supervisor provided that when the Cage Cashier counted the drop bag for her terminal, it totaled \$64,560.03. The expected drop per the system was \$44,460.03.
25. On September 30, 2019, Surveillance provided the results of their review to Gaming Agents. Surveillance determined that no theft had occurred but had been unable to determine the cause of the overage.

The Gaming Agent conducted an independent review of the Sports Book terminal in question via surveillance coverage and determined that the total of \$100 bills strapped on the receipt incorrectly showed \$40,000 which made the balance \$20,000 over. An adding machine input error was also discovered by the Cage Cashier. The Gaming Agent reviewed his findings with the Director of Cage Operations. The Director of Cage Operation confirmed these findings were correct. A \$100 variance remained unresolved.

Further surveillance review conducted by the Gaming Agent determined a cart containing clear sealed drop bags from the Sports Book Ticket Writers was delivered to the Cage. The Cage Cashier removed large bundles of loose currency and ran it through the currency counter. The Cage Cashier grabbed this unknown amount of non-strapped loose currency and placed it inside a large side drawer in the Cage. The Director of Cage Operations later confirmed that this drawer is used to place the verified currency from the Sports Book Terminal drop bags. The Cage Cashier left the opened clear drop bag with remaining money on the counter and exited the Cage. The Cage Cashier is seen exiting the casino through the employee entrance, leaving her IGC badge and walking off the job. A Cage Dual Rate Supervisor collected the open drop bag, placed it in a wheeled crate and exited the Cage with it.

26. On October 28, 2019, a Gaming Agent asked the Cage Dual Rate Supervisor if she recalled verifying the opened bag left behind by the Cage Cashier on the 15th of September. She recalled verifying but not which Ticket Writer the bag belonged to. The Gaming Agent showed her a copy of the drop slip for Terminal 6 and she confirmed that she had verified it. According to Accounting, Terminal 6 was short by \$23,470. The loose money placed by the Cage Cashier in the drawer was removed from Terminal 6's Ticket Writer's sealed deposit bag.
27. On November 4, 2019, a Gaming Agent was investigating a cage variance in the amount of \$1,800 that had occurred on September 19, 2019. Surveillance was advised that a strap of \$100 bills was missing eighteen (18) bills. Surveillance was able to track the strap to the main bank but no further. When the strap arrived in the main bank, it was tossed into a drawer with other straps making it impossible to further track. The surveillance review was inconclusive and unable to determine what happened to the missing eighteen (18) bills.
28. On December 4, 2019, a Gaming Agent was investigating a cage variance in the amount of \$1,600 that had occurred on November 22, 2019. It was determined that a Dual Rate Supervisor had a shortage upon balancing out a strap of currency made from the soft count department and was discovered when verified by the boat vault. Surveillance coverage was no longer available since no request had been made for a review. Since this fell below the 2% variance threshold the surveillance department did not complete a review nor was it requested to complete a review of the variance. The variance remains unresolved.
29. On December 26, 2019, a Gaming Agent was investigating an NRT variance in the amount of \$2,000 that had occurred on November 19, 2019. A Cage Supervisor re-verified all paperwork and currency associated with NRT and was unable to find the \$2,000 discrepancy from the settlement paperwork. Surveillance had no record of any investigation into this variance on the part of the surveillance department. NRT's are reconciled every seven days. Given the length of time between the reconciliation and when the variance was discovered, surveillance coverage was no longer available. A Cage Shift Manager had investigated the variance with the Accounting Department but was unable to resolve the variance.
30. On November 7 2019, a Gaming Agent was investigating a sports book variance in the amount of \$513.64 that had occurred on September 21st.
31. On September 21, 2019, the Sportsbook Supervisor was acting as a "breaker" and, at the completion of his shift, he submitted an outlet drop slip to the Cage. The drop slip indicated the total amount of currency he accumulated through his shift was \$30,676.06.. The Cage discovered a shortage of \$513.64. The variance notification was not emailed out by the Sportsbook until October 9th and surveillance coverage was no longer available to investigate the variance. The variance remains unresolved.

32. On November 3, 2019, a Gaming Agent was investigating a sports book variance in the amount of \$799.55 that had occurred on October 5th.
33. On October 5, 2019, a Ticket Writer submitted an outlet drop slip to the Cage. The Cage discovered a shortage of \$799.55. Surveillance advised that they had no documentation of the variance or investigating the variance. Surveillance coverage was no longer available. The variance remains unresolved.
34. On November 3, 2019, a Gaming Agent was investigating a sports book variance in the amount of \$1,800 that had occurred on September 20th. Upon balancing, a Ticket Writer was short \$1,800. The variance notification was not emailed out by the Sportsbook until October 9th and surveillance coverage was no longer available. The variance remains unresolved.

TERMS AND CONDITIONS

Commission staff alleges that the acts or omissions of Horseshoe by and through its agents as described herein constitute a breach of IC 4-33, IC 4-38, 68 IAC, the Emergency Rules for Sports Wagering, and/or Horseshoe's approved internal control procedures. The Commission and Horseshoe hereby agree to a monetary settlement of the alleged violations described herein in lieu of the Commission pursuing formal disciplinary action against Horseshoe.

Horseshoe shall pay to the Commission a total of \$41,000 (\$1,000 for Count I, \$1,500 for Count II, \$23,000 for Count III, \$7,500 for Count IV, and \$8,000 for Count V) in consideration for the Commission foregoing disciplinary action based on the facts specifically described in this Agreement. This Agreement extends only to those violations and findings of fact specifically alleged in each Count 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.

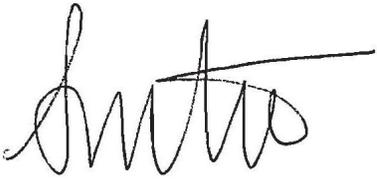
Upon execution and approval of this Agreement, Commission staff shall submit this Agreement to the Commission for review and final action. Upon approval of the Agreement by the Commission, Horseshoe agrees to promptly remit payment in the amount of \$41,000 and shall waive all rights to further administrative or judicial review.

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

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original agreement and both of which shall constitute one and the same agreement. The counterparts of this Agreement may be executed and delivered by electronic mail, facsimile, or other electronic signature by either of the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically as if the original had been received.

This Agreement shall be binding upon the Commission and Horseshoe.

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



Sara Gonso Tait, Executive Director
Indiana Gaming Commission

6/24/20

Date

Dan Nita, General Manager
Horseshoe Hammond, LLC

Date

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original agreement and both of which shall constitute one and the same agreement. The counterparts of this Agreement may be executed and delivered by electronic mail, facsimile, or other electronic signature by either of the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically as if the original had been received.

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Sara Gonso Tait, Executive Director
Indiana Gaming Commission

Dan Nita, General Manager
Horseshoe Hammond, LLC

4/6/2020

Date

Date