

INDIANA GAMING COMMISSION

ANNUAL REPORT TO THE GOVERNOR

FISCAL YEAR 2003



September 1, 2003

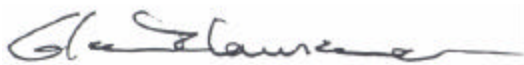
Dear Governor O'Bannon,

In keeping with our statutory obligation, I am pleased to submit to you the Indiana Gaming Commission's *Annual Report To The Governor- Fiscal Year 2003* which outlines the activities of the Indiana Gaming Commission (IGC) during FY 2003.

Fiscal Year 2003 was a year of significant change in the regulation of riverboat casino gaming. This report provides revenue information which includes the first eleven months of flexible scheduling and the impact of the new graduated tax structure. In addition to reporting on the regular activities of the IGC, this report also outlines the recent legislative changes impacting this agency.

Thank you for your acceptance of this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn R. Lawrence", followed by a vertical line.

Glenn R. Lawrence
Executive Director

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MEMBERS OF THE COMMISSION



Left to right: Thomas Milcarek, Ann Marie Bochnowski, Dale Gettelfinger, Donald Vowels; Marya Rose; Dr. Maurice Ndukwu

Donald R. Vowels (Chair) of Evansville, Indiana, is presently engaged in the private practice of law with the law firm of Keating, Bumb, Vowels, LaPlante and Kent, PC. He is also a member of the Vanderburgh County Election Board. Mr. Vowels is an original Commission member, appointed in September 1993.

Ann Marie Bochnowski (Vice-Chair) of Munster, Indiana, is Vice-President of Public Relations for the Northern Indiana Arts Association and also serves on education boards and foundations. Ms. Bochnowski is an original Commission member, appointed in September 1993.

Thomas F. Milcarek (Secretary) is a life long resident of LaPorte County and is the Secretary of the Commission. He is Manager of Material Handling and Warehousing for Weil-McClain Co., where he has worked since 1970. He is a member of the Michigan City Urban Enterprise Association and is Secretary of the Michigan City Park Board and is active in many civic organizations. Mr. Milcarek was appointed to the Commission in June of 1994.

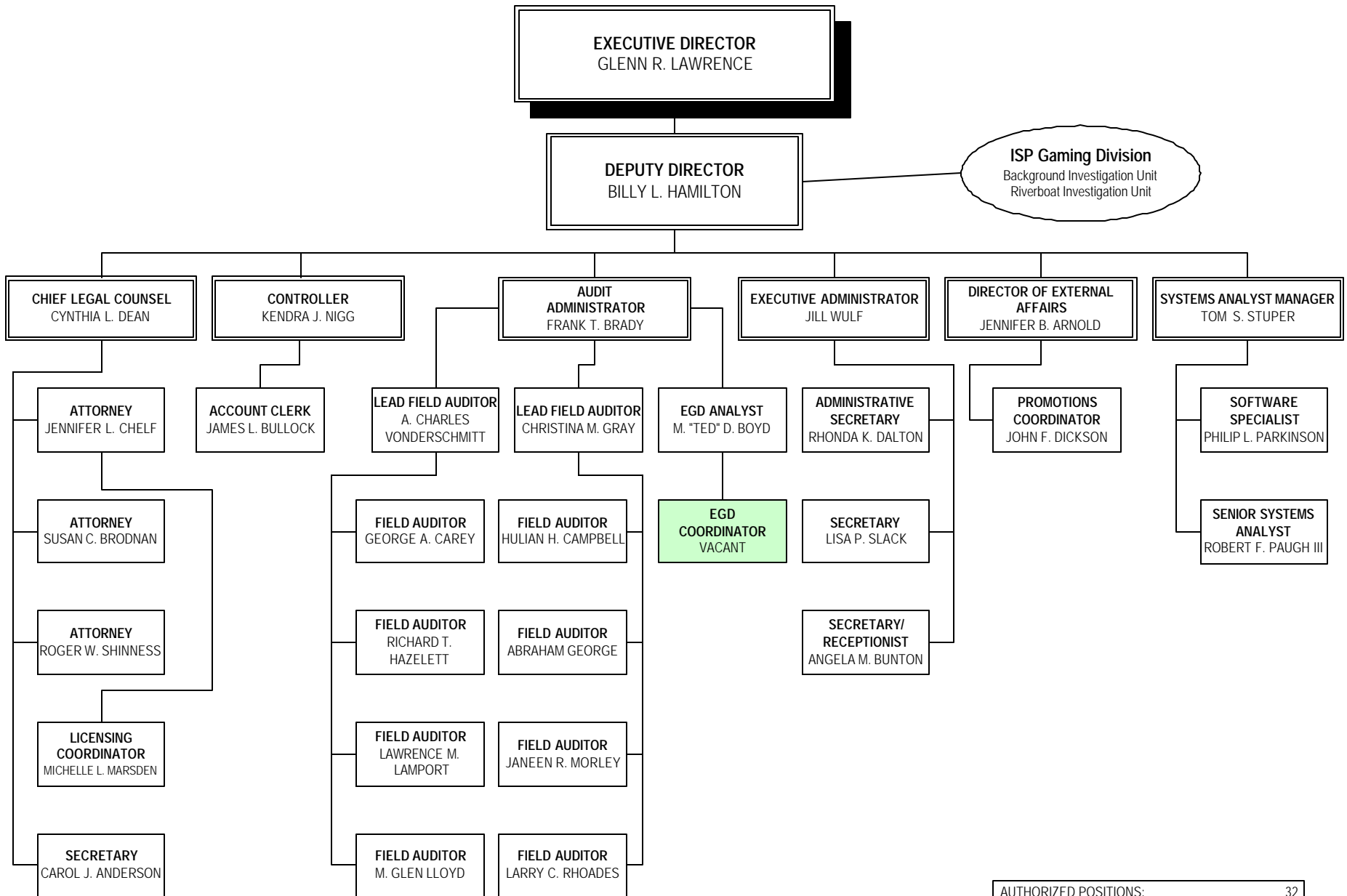
Dale Gettelfinger of Floyds Knob, Indiana, is a Certified Public Accountant and an attorney. Mr. Gettelfinger is President and CEO of Monroe Shine and Co., Inc., an independent certified public accounting firm. He is active in many professional, community, and civic organizations. Mr. Gettelfinger was appointed to the Commission in September 2001.

Marya M. Rose of Indianapolis, Indiana, is Vice President, General Counsel and Corporate Secretary of Cummins, Inc. in Columbus, Indiana. Ms. Rose served as an Executive Assistant to both Governors Bayh and O'Bannon prior to taking her present position at Cummins. Ms. Rose was appointed to the Commission in June 2002.

Dr. I. Maurice Ndukwu of Chesterton, Indiana practices Pulmonology and Critical Care Medicine at The Medical Group in Michigan City. Dr. Ndukwu was appointed to the Commission in June 2003.

The Indiana Gaming Commission is composed of seven individuals appointed by the Governor for a three-year staggered term. Three members must be from counties contiguous to Lake Michigan, three from counties contiguous to the Ohio River, and one member cannot be from any of the previously described counties. No more than four members may be affiliated with the same political party. One member must be experienced in law enforcement, one must be a certified public accountant, and one must be an attorney. All must have a reasonable knowledge of the practices, procedures and principles of gambling.

INDIANA GAMING COMMISSION STAFF



AUTHORIZED POSITIONS:	32
EMPLOYED:	31
VACANT (Due to SRIP):	01

THE YEAR IN REVIEW

This tenth annual report of the Indiana Gaming Commission (IGC) recounts a year of significant change in the regulation of riverboat casino gaming. Flexible scheduling was implemented, which removed the statutory cruising requirement, allowing riverboat licensees to conduct gaming while docked. While increased regulatory duties associated with rising casino win and attendance continued to impact the agency, several new legislative changes also increased the responsibilities of the IGC.

In 2003, the legislature created the possibility of a casino in Orange County. This once again directs the IGC's focus to operator selection after several years of singularly focusing on regulation. The creation of a state-wide self-exclusion list was welcomed by the IGC as an initiative to address problem gambling and will require significant time and resources as a database is created and administrative rules are promulgated. These and other legislative initiatives increase the responsibilities of the IGC in every aspect of regulatory oversight.

Change of Reporting Period

This report marks the first time the IGC has reported revenues and activities on a fiscal year basis. In order to comply with the law effective at that time, the IGC submitted an interim annual report in March 2003. Public Law (P.L.) 188-2003, however, changed the due date of the IGC's annual report from March 1 to September 1, enabling the IGC to report on a fiscal, not calendar, year basis. This change was requested by the IGC and allows the IGC to report in a manner consistent with other jurisdictions. Reporting on a fiscal year basis also more accurately reflects the impact of

gaming revenue, as the state budget and graduated tax structure are statutorily calculated according to the fiscal year beginning on July 1 and ending on June 30. As a result of this change, this annual report, in some cases, includes information from January 2002 through June 2003. In some cases, however, information reported in the interim report is not repeated here. Each section will clearly note the time period covered.

Legislation

In addition to flexible scheduling and the implementation of a graduated tax system approved by the legislature in 2002, the Second Regular Session of the 112th General Assembly produced several gaming initiatives which impacted the activities of the IGC. Most notable are a law allowing a casino in Orange County and the creation of a state-wide self-exclusion program. The following is a summary of these laws and other significant gaming-related legislation approved in 2003.

Orange County - P.L. 92-2003 (HB 1902)

- Subject to approval of a local question, this law allows the IGC to enter into a contract with an agent for the operation of a casino in Orange County.
- An operating agent's contract may remain valid for up to 20 years. The operating agent will have all of the responsibilities of a casino licensee.
- In addition to the process previously employed by the IGC in selecting applicants, this legislation requires the IGC to generate requests for proposals. During this process, the IGC will determine the selection criteria for an operating

agent and will work closely with the applicants, the Historic Hotel Preservation Commission (HHPC), created in this legislation, and other various entities to develop this facility. The bill specifies that the IGC and the HHPC must jointly decide on a location for the casino and on the exterior of the facility.

Problem Gambling - P.L. 143 - 2003 (HB 1470)

- Creates a confidential state-wide voluntary exclusion program.
- Allows the IGC to implement rules regarding the procedures and policies, including the duration, of voluntary exclusion.
- Prohibits casino licensees from cashing the checks of a person in the voluntary exclusion program and prohibits licensees from extending credit to participants.
- The IGC shall be reimbursed for the program from admission tax revenues allocated to the Division of Mental Health for the treatment and prevention of problem gambling.

Around the Clock Gaming - P.L. 224 - 2003 (HB 1001)

Requires the IGC to approve 24-hour gaming upon submission of an acceptable plan by a riverboat licensee. Such approval may be rescinded if the licensee is non-compliant with IGC rules or directives pertaining to 24-hour operations.

Supplier Fines - P.L. 143 - 2003 (HB 1470)

Raised the cap on fines levied against supplier licensees from \$5,000 to \$25,000.

Riverboat Ownership - P.L. 149 (SB 176)

Allows a riverboat owner's licensee to own two separate Indiana riverboat owner's licenses.

Taxes - P.L. 224 - 2003 (HB 1001)

- Requires licensees to pay the state a one-time tax calculated at approximately \$33 million. This amount was determined by applying the graduated tax rate to the revenue received during the month prior to the implementation of dockside gaming. Under this plan, casinos did not begin paying into the graduated tax structure at a starting point of zero, but instead began paying at the level of revenue received as of August 1, 2002, the date the graduated tax structure commenced. Half of the amount was due on July 1, 2003, and remainder is due on July 1, 2004.
- Includes a provision that boats opting out of flexible scheduling must continue to pay wagering taxes on the same schedule.
- Creates a two million dollar transfer fee for current Indiana licensees who acquire a controlling interest in a second Indiana casino licensee.
- Requires hotels, including riverboat hotels, to pay sales tax on complimentary rooms.

Fingerprints - P.L. 261 (HB 1935)

Contains language that conforms with the FBI's requirements for sharing criminal background information.

Wagering Limits

The existing law and practice do not set a wagering loss limit in Indiana.

Based upon the data contained within the reports listed below and the observance of the riverboat gaming industry in Indiana, the IGC does not have any evidence that would require the establishment of a wagering loss limit in Indiana.

- Reports from the National Gambling Impact Study Commission
- Reports from the Indiana Gambling Study Commission

Commissioners and Staff

The IGC welcomed Dr. I. Maurice Ndukwu, a physician from Chesterton, as its newest Commissioner. Dr. Ndukwu replaced Dr. David Ross, an original member of the IGC.

In regard to the IGC staff, after three and a half years of service, the Deputy Director, Billy Hamilton, gave notice that he would be retiring in August 2003.

RESOLUTIONS

The Riverboat Gambling Act requires the IGC to hold at least one meeting each quarter of the fiscal year. In FY 2003, the IGC held meetings on the following dates:

- July 29, 2002
- September 27, 2002
- November 15, 2002
- January 10, 2003
- April 7, 2003

During these meetings, the IGC passed 40 resolutions. The topics covered are categorized as follows:

Issues Concerning Supplier's Licenses	10
Adoption of Rules and Amendments	2
Issues Concerning Financing	5
Issues Concerning Lease Agreements	1
Approval of Table Games	10
Riverboat Owner's License Renewal	1
Acquisition of Ownership Interests	1
Transfer of Ownership Interests	2
Flexible Scheduling	1
Grant of Authority to Executive Director	6
Issues Concerning Merchant Mariner's Documents	1

EXCLUSIONS

Pursuant to IC 4-33-4-7, the IGC may place an individual on an exclusion list if the individual violates the Riverboat Gambling Act, or if the IGC determines that the individual's reputation or conduct may call into question the honesty or integrity of the riverboat gaming operation or interfere with its orderly conduct.

There are currently 62 individuals on the exclusion list. Fourteen of the individuals were added to the exclusion list during FY 2003 for the following reasons:

- Seven individuals were arrested at Indiana riverboats for engaging in the practice of using shaved, foreign, or improper tokens in slot machines in an attempt to defraud the riverboat licensee.
- Two individuals were arrested at an Indiana riverboat for past posting bets on a table game after the outcome of the game had been determined in an attempt to defraud the riverboat licensee.

- One individual was arrested at an Indiana riverboat for removing losing bets on a table game after the outcome of the game had been determined in an effort to defraud the riverboat licensee.
- Two individuals, one patron and one employee, were arrested at an Indiana riverboat for cheating at a table game in an effort to defraud the riverboat licensee.
- One individual was excluded from Indiana riverboats due to a criminal conviction in another state. The individual was convicted of stealing community funds for personal gambling use at several casinos, including Indiana riverboats.
- One individual was evicted from an Indiana riverboat for switching cards after the hand had been set in a table game in an effort to defraud the riverboat licensee.

PROMOTIONS

In order to maintain the integrity of riverboat gaming in Indiana, all promotional activity conducted by riverboat licensees is subject to review by the IGC. Promotional activity includes, but is not limited to, slot and live gaming tournaments, contests, and special events, such as parties, held on riverboat property.

In FY 2003, the IGC conducted regulatory overview of 715 submissions. Of those, 704 resulted in a favorable review by the IGC staff.

Non-Gaming Related (Reviewed)	612
Gaming Related (Approved)	92
Disapproved	1

Due to the change in reporting from calendar year to fiscal year, a portion of the promotions for the 2002 calendar year are not included in the number above. From January 1, 2002 - June 30, 2002, the IGC conducted regulatory overview of 395 submissions. Of those, 391 resulted in a favorable review by the IGC staff. The following is a breakdown of the 395 gaming related and non-gaming related promotions for this time period:

Non-Gaming Related (Reviewed)	338
Gaming Related (Approved)	53
Disapproved	2
Pending (No other activity)	2

MINORITY AND WOMEN BUSINESS ISSUES

There are provisions in the Riverboat Gambling Act to ensure that opportunity exists for minority and women's business enterprise participation in the riverboat industry. Riverboat licensees are required to expend:

At least 10% of the dollar value of purchases for goods and services with minority business enterprises (MBE), and

At least 5% with women's business enterprises (WBE).

In 1997, the state of Indiana contracted with Mason Tillman Associates, Ltd. (Mason Tillman) to analyze the state's MBE and WBE programs. The study examined the market and conditions to determine if current MBE and WBE programs were justified. Policy, organizational structure, bidding, and contract procedures were examined, as was the availability of ready, willing, and able MBEs and WBEs. The study also

examined particular contract areas, such as construction, professional services, suppliers, and other services, as well as ethnic specific minority groups, including African Americans, Asian Pacific Americans, Hispanic Americans, and Native Americans. The study was completed in 2001 and the results showed that the state's MBE and WBE programs should be continued, but that some changes and enhancements should be made.

As a result of the study, the Indiana statute that set forth the purchasing goals of 10% and 5% has been changed. Now, the IGC is to establish annual goals for the use of MBEs and WBEs derived from the analysis conducted by Mason Tillman. The Department of Administration (DOA) is to establish goals for state agencies (not including the riverboats) based on the same information. The DOA has promulgated its new rules regarding these issues and has established its proposed goals.

The IGC has not yet established new goals, but is in the process of developing goals consistent with those established by the DOA. While the development of the new goals is progressing, the IGC has required that riverboat licensees comply with the previous goals of 10% and 5%.

Certification

Only purchases made from certified MBEs and/or WBEs may be counted toward credit for statutory compliance. In order to be certified, a business must be 51% minority or woman owned, and the minority or woman owner must control and manage the daily operations of the business.

The DOA's Office of Minority Business Development (MBD) is the agency responsible for certification of minority, women's, and disadvantaged business enterprises. To provide continuity in the certification process, the IGC has entered into a Memorandum of Understanding with the MBD to review and certify applications submitted by companies wishing to do business with Indiana riverboats. Dollars expended with these businesses will count toward the statutory goals once the business is certified, or if its application has been completed and certification is pending.

Reporting and Auditing

Riverboat licensees are required to file a report to the IGC in January of each year containing all expenditures made in the previous calendar year. They file quarterly reports in addition to the annual report. Licensees break out the expenditures that are not qualified goods and services, including those that fall under the exemptions found in IC 4-33-14-5. Once the

qualified purchases are identified, licensees then list purchases of goods and services made from certified MBEs and WBEs.

The annual reports are subjected to a two-part auditing process that involves the IGC and the MBD. The IGC examines the reports to ensure that purchases are properly exempted under IC 4-33-14-5. The MBD verifies that businesses listed as MBEs and WBEs are certified and that the dollar figures claimed match those reported by the vendors.

Efforts to Meet Goals

The MBD maintains a list of certified businesses that is made available to the riverboats. The riverboats are required to make a good faith effort to attain the statutory goals. Failure to attain the goals or make a good faith effort may result in disciplinary action by the IGC. The riverboats often work together to meet these goals by disseminating information and by participating in enterprise awareness forums and trade shows.

Corrective Action

In December 2001, the IGC approved corrective action plans for Trump, Majestic Star, and Belterra. The plans were submitted due to the licensees' failure in 2000 to meet the statutory goals and/or failure to follow administrative rules regarding reporting. The three riverboat licensees appeared at all the IGC meetings in 2002 to provide an update on their MBE/WBE progress. Trump and Majestic Star were released of these obligations in April 2003. At the time of the submission of this report, Belterra continued to appear at IGC meetings and submit progress reports regarding participation in this area.

MBE and WBE Participation (Jan-Mar 2003) 3rd Quarter FY 2003¹

<u>Riverboat</u>	<u>MBE%</u>	<u>WBE%</u>	<u>MBE Purchases</u>	<u>WBE Purchases</u>	<u>Qualifying Purchases</u>
Argosy	17.51	4.79	\$1,809,862	\$495,446	\$10,337,224
Aztar	14.40	13.03	\$683,286	\$618,310	\$4,745,864
Belterra	17.16	10.36	\$1,243,202	\$750,410	\$7,246,369
Blue Chip	17.30	9.06	\$1,089,050	\$570,386	\$6,295,653
Caesars	26.04	8.65	\$2,361,227	\$784,102	\$9,067,316
Grand Victoria	12.20	6.10	\$806,525	\$405,265	\$6,621,100
Harrah's	17.50	9.30	\$1,687,640	\$896,699	\$9,662,572
Horseshoe	42.63	10.78	\$5,413,473	\$1,369,373	\$12,697,473
Majestic Star	18.61	10.05	\$835,290	\$451,050	\$4,587,251
Trump	12.73	7.40	\$656,665	\$381,353	\$5,156,469
Totals			\$16,586,220	\$6,722,394	\$76,417,291
Statewide %	21.70	8.80			

MBE and WBE Participation (Apr-Jun 2003) 4th Quarter FY 2003¹

<u>Riverboat</u>	<u>MBE %</u>	<u>WBE %</u>	<u>MBE Purchases</u>	<u>WBE Purchases</u>	<u>Qualifying Purchases</u>
Argosy	15.47	8.02	\$1,531,744	\$793,975	\$9,900,510
Aztar	11.76	9.94	\$680,214	\$575,080	\$5,783,241
Belterra	19.98	6.85	\$1,969,836	\$675,328	\$9,859,276
Blue Chip	11.58	13.47	\$820,557	\$954,522	\$7,085,607
Caesars	24.58	7.59	\$2,807,303	\$866,395	\$11,421,734
Grand Victoria	9.10	4.50	\$849,323	\$420,577	\$9,342,655
Harrah's	16.70	7.50	\$1,925,096	\$863,505	\$11,574,927
Horseshoe	43.16	7.11	\$7,912,210	\$1,303,242	\$18,333,473
Majestic Star	14.96	10.96	\$759,630	\$556,619	\$5,077,596
Trump	12.62	8.43	\$805,147	\$537,780	\$6,380,082
Totals			\$20,061,060	\$7,547,023	\$94,759,101
Statewide %	21.17	7.96			

¹ The numbers shown above are as reported by the riverboats and have not yet been audited by the IGC staff.

MBE AND WBE PARTICIPATION

As reported for the calendar year ending December 31, 2002¹

<u>RIVERBOAT</u>	<u>MBE %</u>	<u>WBE %</u>	<u>MBE PURCHASES</u>	<u>WBE PURCHASES</u>	<u>QUALIFYING PURCHASES</u>
ARGOSY	17.66	4.57	\$7,036,199	\$1,822,191	\$39,841,380
AZTAR	14.90	13.99	\$2,649,818	\$2,488,131	\$17,789,881
BELTERRA	17.30	13.84	\$5,466,176	\$4,372,451	\$31,600,441
BLUE CHIP	13.55	9.11	\$3,308,119	\$2,223,477	\$24,408,801
CAESARS	30.74	6.75	\$15,674,889	\$3,443,676	\$50,984,808
GRAND VICTORIA	12.23	5.54	\$3,400,294	\$1,540,743	\$27,796,375
HARRAH'S	11.60	8.10	\$5,041,273	\$3,543,831	\$43,614,926
HORSESHOE	30.12	11.60	\$16,068,281	\$6,187,468	\$53,341,215
MAJESTIC STAR	17.50	10.67	\$3,390,711	\$2,122,776	\$19,891,854
TRUMP	13.90	6.43	<u>\$3,251,612</u>	<u>\$1,504,565</u>	<u>\$23,397,492</u>
TOTALS			\$65,287,375	\$29,249,309	\$332,667,173
STATEWIDE % (Based on Totals)	19.63	8.79			

¹ The numbers shown above are as reported by the riverboats and have not yet been audited by the IGC staff.

CONTRACTS FOR PROFESSIONAL SERVICES

The IGC continues its contractual relationships with various entities for the provision of professional services. The areas of professional service are as follows: evaluation and testing of gaming devices and systems, legal services, computer consulting, evaluation of riverboat performance, and badging.

Evaluation and Testing of Gaming Devices and Systems

The IGC has a contract with **Gaming Laboratories International, Inc. (GLI)**, whose main office is located in Toms River, New Jersey. Under the terms of the contract, GLI provides the following services:

On-site inspection and certification of electronic gaming devices, computer monitoring systems, and other onboard equipment;

Testing and evaluation of electronic gaming devices and associated equipment;

Training of IGC personnel and agents; and

Other related services as requested, such as consultation regarding gaming devices and software programs.

The Riverboat Gambling Act and the terms of the contract require that the riverboat licensee or manufacturer of the device bear the cost of the inspections, certifications, testing, evaluation and training of IGC personnel and agents. The IGC only pays for GLI's services in those rare instances when the IGC requests consultation and assistance.

Legal Services

The IGC continues its contractual relationship with **Virginia Dill McCarty** of the Indianapolis law firm of Landman & Beatty. Ms. McCarty provides consultation and assistance with respect to numerous issues, including, but not limited to, bonds and the security of bonds, the types and amounts of insurance to be obtained or maintained by riverboat and supplier licensees, and other areas as requested by the IGC.

The IGC continues its contractual relationship with **Bernard L. Pylitt**, a partner in the law firm of Katzman Katzman & Pylitt of Indianapolis. Mr. Pylitt serves as an Administrative Law Judge for the IGC in complaints filed against the IGC, disciplinary actions initiated by the IGC, and issues concerning the revocation or denial of licenses.

Computer Consulting

The IGC is currently contracting with an individual who serves as a consultant to the IGC's Information Technology Division. This consultant has assisted the IGC staff in developing an Electronic Gaming Device System for tracking the gaming devices approved for use in Indiana. In addition, the consultant's services have been utilized to make modifications to the IGC's Electronic Tax System to implement legislative changes in the tax structure. Future projects include the development of a system to track individuals who request to be excluded under the IGC's Voluntary Exclusion Program, and modifications to the IGC's existing Occupational Licensing System.

Evaluation of Riverboat Performance

The IGC continues its relationship with Indiana University on behalf of the **Center for Urban Policy & the Environment, School of Public and Environmental Affairs (SPEA)**.

Pursuant to the terms of the agreement, the SPEA prepares annual reports outlining each riverboat's performance for the riverboat's first five years in operation. In 2000, the SPEA began providing the IGC with comprehensive, cumulative reports that analyze each riverboat's first five years in business with regard to its performance of statutory and community obligations. The reports are utilized by the IGC in effectuating the statutorily required five-year relicensing and reinvestigation process. Since 2000, eight of Indiana's riverboats have undergone the relicensing process.

In 2001, the IGC entered into a contract with **Dr. A. Charlene Sullivan**. Pursuant to the contract, Dr. Sullivan conducts financial analyses of the riverboat gaming industry in Indiana.

Badging Requirements

The IGC issues identification badges to each occupational licensee and non-gaming employee of riverboat licensees. The IGC has entered into Memoranda of Understanding with each of Indiana's 10 riverboat licensees, Identix, Inc., and Datacard. Identix was designated the appropriate vendor to install and service live-scan fingerprint systems. Datacard was designated the appropriate vendor to install and service the photo ID systems. Although the goods and services provided are for the use of the IGC in processing occupational licensees who work for the riverboat licensees, all costs are borne by the riverboat

licensees. Because the monetary expenditure is made by the riverboat licensee, yet the equipment is being utilized by the IGC, it was determined that Memoranda of Understanding are the appropriate mechanisms with which to outline the various duties and responsibilities of each entity.

Additional Agreements

In fulfilling its other statutory obligations, the IGC has continued to enter into Memoranda or Letters of Understanding with other agencies and jurisdictions to facilitate the sharing of information and to ensure that the IGC has complete information about each licensee for regulatory purposes.

INFORMATION TECHNOLOGY DIVISION

The Information Technology Division is responsible for the implementation, management, and support of all information systems and their corresponding hardware technologies within IGC. This support covers both the IGC's central office and the ten gaming enforcement offices - one located at each riverboat. The supported information systems include standard office suite applications, end-user computing tools, and custom designed applications. The division also coordinates the wide area network (WAN) data communication connectivity to the 10 gaming enforcement offices. The division's primary goal is to increase the IGC's productivity through ongoing enhancements and refinements to the automation of the IGC's day-to-day operations.

Major accomplishments in FY 2003 include the implementation and testing of the Electronic Gaming Device System (EGDS), modifications to the Electronic Tax System (ETS), and the upgrading of computer equipment at several of the gaming enforcement offices.

The EGDS has been designed to track the acquisition, movement, and conversion of EGD assets throughout their life cycle at an Indiana riverboat.

The EGDS's functionality includes:

- An online catalog of Indiana-approved gaming equipment,

- The online submission of requests by the riverboats for the acquisition, movement, or conversion of EGD assets,

- The online coordination and confirmation of shipment information by the suppliers, and

- The online approval/disapproval of these requests by the IGC.

The EGDS's conversion of the request process from a paper-based system to one using electronic media has simplified and expedited the processing of requests and has improved the accuracy of managing EGD assets at Indiana riverboats.

The EGDS was deployed in two phases:

- Phase 1, which covers the acquisition of new EGD assets, was implemented on January 28, 2002.

- Phase 2, which handles the movement and/or conversion of existing EGD assets, was implemented on February 15, 2003.

The Electronic Tax System was extensively modified in FY 2003 to accommodate the changes to the gaming tax laws. The system was converted from calculating taxes on a straight percentage to a sliding scale based on the riverboat's year-to-date adjusted gaming revenue. The system also was modified to accommodate tax reporting based on the State's fiscal year versus a calendar year period.

The computer equipment in the gaming enforcement offices at the riverboats was upgraded at several of the riverboats in FY 2003. The division regularly evaluates all on-hand computer equipment and software, and upgrades outdated equipment and software with new state-of-the-art equipment.

www.IN.gov/gaming

The IGC Website

The IGC completed an upgrade to its website in the latter part of FY 2003. The goal of the upgrade was two-fold:

1. Make it easier for site visitors to find the information they need, and
2. To give the website the common look and feel of the rest of the State's websites.

Resources available on the website include:

- notices, agendas, and minutes of public meetings
- resolutions
- monthly revenue reports
- yearly riverboat casino evaluations
- annual reports
- links to statutes and rules
- frequently requested information, such as:
 - information on Orange County
 - the voluntary exclusion program
 - supplier licensing information
 - procedures for requesting approval of new games
- list of current Riverboat Owners Licensees
- list of current Supplier Licensees
- map showing the locations of the riverboats

REVENUES AND EXPENDITURES

Revenues

In FY 2003, the IGC received a total revenue of \$4,623,387, which was generated from two types of activity:

Licensing of riverboat owners, suppliers, and occupational licensees, and

Regulatory actions taken against these licensees.

This section of the report does not address admission and wagering tax revenues.

Licensing activity resulted in fees of \$45,000 from riverboat owners for nine annual renewals. Supplier licensing fees of \$160,000 were received for four applications and 28 annual renewals. Occupational licensing fees of \$1,395,887 were received as follows: application fees of \$865,912, permanent fees of \$151,925, and renewal fees of \$378,050.

The fees for occupational licenses vary by the type and level of license. The application fees for Level 1, 2 or 3 licenses are \$1,000, \$200, and \$75, respectively. The fees for renewals are \$100 for Level 1, \$50 for Level 2 and \$25 for Level 3.

Application fees shown on this page are reported as revenue for the Background Investigation Unit (BIU) of the Indiana State Police (ISP). In accordance with IC4-33-4-18, the IGC shall reimburse the ISP for costs incurred to conduct background investigations from fees collected from applicants.

Total revenue from regulatory actions taken was \$3,022,500, which included:

\$740,000 for occupational licensees,

\$2,277,500 for riverboat licensees, and

\$5,000 for a supplier licensee.

Expenditures

In FY 2003, \$2,925,164 was expended to regulate and investigate the riverboat gaming industry in Indiana. This is comprised of \$2,104,153 expended from the IGC's administrative account and \$821,011 expended from the BIU. The majority of expenditures for the BIU consist of cost reimbursements to the ISP. Funding of these expenditures is appropriated from wagering taxes collected.

As required by IC 4-33-4-3, IC 4-33-4-3.5 and IC 4-33-4-3.6, the licensed riverboat owners shall, in the manner prescribed by the rules of the IGC, reimburse the IGC for the salaries and other expenses of the inspectors and agents required to be present during the time gambling operations are conducted on a riverboat. In FY 2003, the riverboat licensees remitted \$7,309,451 for this purpose.

Also, in accordance with IC 4-33-6-12, IC 4-33-7-8 and IC 4-33-8-2, the license holder or applicant for license shall bear the cost of an investigation or reinvestigation. A total of \$299,067 was received from licensees for investigative costs over and above any application fee paid.

RIVERBOAT OWNER'S LICENSING

During FY 2003, the IGC carried out its statutory requirements by continuing to regulate the 10 operational riverboat licensees.

Renewal of Riverboat Owner's Licenses

Pursuant to IC 4-33-6-10, a riverboat owner's license expires five years after the effective date of the license. Since January of 2002 the IGC has held hearings to consider two more riverboat owner's licenses for the initial five-year renewal. In May of 2002, the IGC conducted a hearing and renewed the Riverboat Owner's License held by Showboat Marina Casino Partnership (Harrah's). In September of 2002, the IGC conducted a hearing and renewed the Riverboat Owner's License held by Blue Chip Casino, LLC.

Pursuant to IC 4-33-6-12, following the five-year renewal, a riverboat owner's license may be renewed annually upon payment of the \$5,000 annual renewal fee and a determination by the IGC that the riverboat licensee satisfies the conditions of the riverboat gambling laws. Eight of Indiana's Riverboat Owner Licensees have been in operation for more than five years and must apply for renewal annually.

Disciplinary Actions

The IGC concluded the five disciplinary actions shown in the table below against riverboat licensees in FY 2003 due to statutory or rule violations:

Licensee	Reference #	Date of IGC Action	Amount of Fine or Settlement	Summary
Belterra Casino and Resort *	02-BT-03	07/29/2002	\$2.26 Million - See Summary for additional terms of the agreement	In June of 2001, Belterra conducted a golf outing called the Hubbard Invitational Golf Classic. Specific individuals were invited to attend, including women referred to as "hookers." Under the direction of R. D. Hubbard, Belterra employees violated several rules. Belterra's gaming operations were suspended for three days in October. While closed, Belterra was responsible for paying employees' wages and tips. Belterra was also responsible for a fine of \$2.26 million and building a 300 Guestroom Tower to be built within two years of approval of the settlement agreement. Pinnacle was also directed to ensure that its directors and associates have no professional relationships with Mr. Hubbard and Mr. Alanis and to adopt a corporate code of conduct.
Boyd Gaming Corporation	02-BC-01	09/27/2002	\$2,500.00	Under the Indiana Law, the riverboats must have one employee who is certified as a Emergency Medical Technician (EMT) available for each cruise. On September 15, 2002 Blue Chip was without an EMT for one hour and five minutes. The commission staff and Blue Chip agreed that a sanction be imposed due to these actions Blue Chip received a \$2,500.00 fine.
Horseshoe Hammond, Inc.	02-HH-1	11/15/2002	\$1,500.00	Pursuant to Indiana gaming regulations, the commission must be notified when a occupational licensee has been terminated, suspended, on a leave of absence, or transferred to another position. On 10/7/02, commission agents received notification of a dealer returning from medical leave. When the commission agent attempted to process her information, human resources said she had been voluntarily terminated on 11/11/01. However, the employee had changed her mind and not been terminated. Commission agents were not notified that the dealer was to remain active. Therefore, the dealer had been working under an inactive license since November 2001.
Trump Indiana Inc.	02-TR-02	07/29/2002	\$12,000.00	Fine of \$12,000.00 imposed due to the canceling of 16 separate cruises. Trump's reason listed for canceling was fuel. Cruises are only to be cancelled for the weather or safety reasons. Fuel is not a valid reason. The commission originally agreed to a \$16,000.00 fine, but after Trump submitted procedural changes to prevent further occurrences, the fine was lowered.
Majestic Star Casino	03-MS-01	04/07/2003	\$1,500.00	Fine of \$1,500.00 due to two separate incidents in which Majestic Star failed to notify Commission Agents of changes in the status of occupational licensed employees.

* The Interim Annual Report to the Governor submitted February 28, 2003, included two related occupational licensee actions. These actions are described in the Occupational Licensee Section of this report.

OCCUPATIONAL LICENSING

The IGC requires each individual who works on a riverboat or who works in a sensitive position with a riverboat licensee to hold an occupational license. A riverboat must hire an individual before the IGC will begin the process to license that individual. If an individual appears to be suitable for licensure based upon his or her application, the IGC issues a temporary occupational license to that individual. Since January of 2002, the IGC has issued 8,535 new temporary occupational licenses. The temporary license allows an individual to begin working aboard the riverboat pending the results of a routine background investigation, which is completed by the Indiana State Police's (ISP) Background Investigative Unit.

Once an individual's background investigation confirms the absence of information that would prohibit the IGC from licensing that individual, the IGC issues a permanent ID badge to that individual. Since January of 2002 the IGC has issued 5,218 new permanent ID badges to employees who had previously held temporary licenses, and renewed 14,512 existing permanent ID badges. As of the end of August 2003, a total of 13,289 individuals held either a temporary or permanent occupational license allowing them to work for one of Indiana's riverboats.

Once licensed, occupational licensees must continue to maintain their suitability for licensure. The IGC takes various levels of disciplinary action against occupational licenses for failure to follow provisions of the Indiana Gambling Act or Indiana Administrative Code. Depending upon the situation, the IGC may suspend, revoke, or take formal disciplinary action against an occupational licensee, or place a licensee on probation.

Occupational License Revocations, Probations, and Suspensions

The IGC staff revoked temporary occupational licenses prior to the issuance of permanent occupational licenses on 18 occasions between January of 2002 and July 1, 2003 for reasons unrelated to an individual's prior criminal history.

These licenses were revoked for the following reasons:

Criminal activity in performance of duties	9
Violation of proper dealing procedure	2
Failure to complete the application accurately and cooperate with the IGC staff	6
More than one of the above reasons	1

Of these individuals, two people appealed the action of the IGC. In one case, an appeal hearing was held before Administrative Law Judge (ALJ), Bernard L. Pylitt. Judge Pylitt recommended that the IGC uphold the revocation and the IGC adopted his recommendation. The other matter was resolved prior to a hearing when IGC staff entered into a settlement agreement with the individual whereby he agreed to serve a one-year term of probation upon reinstatement of his temporary occupational license.

Additionally, the IGC placed more than 200 temporary occupational licensees on probation between January 2002 and July 2003 for failing to accurately disclose their complete criminal history on occupational license applications.

Regulatory Actions Pertaining to Occupational Licensees

The IGC initiated disciplinary action against occupational licensees on two occasions between January of 2002 and July 1, 2003. In addition, the IGC has entered into two settlement agreements with occupational licensees since January of 2002.

In Re Disciplinary Action of a Trump Employee, Complaint Number 02-OL-TR-1. On March 19, 2002, the IGC staff initiated disciplinary action against Raymond T. Willis after the IGC staff was unable to obtain information from Mr. Willis regarding his criminal background. Mr. Willis was then terminated from his position at Trump and the IGC staff entered into a settlement agreement with Mr. Willis pursuant to the terms of which Mr. Willis agrees to comply with future requests for information. The IGC approved the terms of the settlement agreement.

In Re Disciplinary Action of a Horseshoe Employee, Complaint Number 03-OL-HH-1. On January 3, 2003 the IGC initiated disciplinary action against Ms. Mary Beth Tyler for failing to update the IGC regarding her criminal history and failing to respond to repeated requests for information. Ms. Tyler entered into a settlement agreement with the IGC whereby Ms. Tyler agrees to serve a five-day suspension of her occupational license and provide court documentation of her pending charge. The IGC approved the terms of the settlement agreement.

Belterra Casino and Resort/R.D. Hubbard, Number 2002-OL-BT-01. In June of 2001, Belterra conducted a golf outing called the Hubbard Invitational Golf Classic. Specific

individuals were invited to attend and were flown in by Pinnacle. In addition, Belterra employees made an unauthorized distribution from the cage to one of Mr. Hubbard's associates. In a settlement agreement, Mr. Hubbard relinquished his Indiana license and resigned his position on the Board of Directors of Pinnacle Entertainment. He also agreed to place his Pinnacle stock in a trust in preparation for the sale of the stock at an undisclosed date. He was fined \$740,000 and assessed \$10,000 for investigatory costs.

Belterra Casino and Resort/Paul Alanis, Number 2002-OL-BT-02. Paul Alanis was Chief Executive Officer of Pinnacle Entertainment, owner of Belterra Casino and Resort, when incidents referenced in 2002-OL-BT-01 and 02-BT-03 occurred. While Mr. Alanis was not present at the Hubbard Invitational Golf Classic, following an investigation by the IGC, a settlement agreement was reached with Mr. Alanis in which he surrendered his Level 1 occupational license.

Felony Waiver Decisions

Pursuant to IC 4-33-8-3, the IGC may not issue an occupational license to any individual who has been convicted of a felony. Since January of 2002, the IGC denied temporary occupational licenses to at least 76 applicants due to disclosures on their applications indicating that they had one or more felony convictions. Additionally, the IGC revoked the temporary occupational licenses of 29 individuals due to the ISP Background Investigative Unit's discovery during routine background investigations that the licensees had failed to reveal felony conviction information on their applications. Pursuant to IC 4-33-8-11, an individual who is disqualified due to a felony conviction may seek a waiver of the felony

disqualification. Between January of 2002, and July 1, 2003 the IGC received 16 requests for felony waivers. The IGC denied 10 of those requests prior to holding a hearing because the individuals were statutorily ineligible to be considered for a waiver, and one individual withdrew the request for a waiver prior to a hearing. Felony waiver hearings were conducted in five cases. The IGC granted two of those waiver requests and denied three of them.

There were two felony waiver requests pending at the end of 2001. Of those, one was granted and one was denied.

Gambling Misdemeanor Waiver Decisions

Pursuant to the IGC's rules, a licensee must not have been convicted of any offense involving the violation of a gaming law in any jurisdiction. Based on the recommendation of an ALJ in a 1998 case, the IGC has begun a process, analogous to the felony waiver process, whereby individuals may request a waiver of a misdemeanor gambling conviction disqualification. Since January of 2002, the IGC has conducted three waiver hearings pertaining to misdemeanor gambling waiver requests; all three resulted in waivers being granted.

SUPPLIER LICENSING

In order to supply certain goods and services to Indiana riverboats, an individual or company must apply for and receive a supplier's license from the IGC. Upon successful completion of a thorough background investigation of suitability, a supplier's license is issued by the IGC. The IGC granted two supplier's licenses during FY 2003. The following companies received a supplier's license: VendingData Corporation and Sierra Design Group.

A supplier's license must be renewed annually following a request by the supplier and payment of the \$5,000 annual renewal fee. Twenty-two supplier's license renewals were granted by the IGC in 2003.

Three licensed suppliers requested leave of the IGC to withdraw their licenses. V.S.R. Lock, Inc. (VSR) made such a request due to the sale of the gaming division of its company. VSR continues to distribute non-gaming products, which do

not require licensure by the IGC. The request of VSR was approved on July 29, 2002 by Resolution 2002-20. Riverboat Services, Inc. (RSI) also requested leave to withdraw its license due to the discontinuation of business in Indiana. The request was approved on September 27, 2002 by Resolution 2002-28. The Bud Jones Company, Inc. (Bud Jones) also requested leave to withdraw its supplier's license. The request was made pursuant to a transfer of ownership that resulted in Bud Jones becoming a wholly-owned subsidiary of Paul-Son Gaming Corporation (Paul-Son Gaming). Paul-Son Gaming's wholly-owned subsidiary Paul-Son Gaming Supplies, Inc. (Paul-Son) holds a permanent supplier's license. Pursuant to the transfer of ownership, Bud Jones products were to be manufactured by Paul-Son pursuant to its supplier's license. Bud Jones' request for leave to withdraw was approved on January 10, 2003 by Resolution 2003-05.

Settlement Agreement

In 2003, the IGC entered into one settlement agreement with a supplier licensee. **In Re Settlement Agreement of: WMS Gaming, Inc. Comp. No. 02-WMS-1.**

In July 2002, the IGC entered into a settlement agreement with WMS Gaming, Inc. (WMS). WMS has held a permanent supplier's license since 1998 to supply electronic gaming devices. During 2001, WMS issued several notices to the IGC reporting deficiencies in its machines. The notices were not sufficiently specific to provide the IGC staff with enough information to address the problems. In addition, WMS was not proactive in addressing and correcting the problems. As a result, the IGC's ability to effectively regulate and ensure the integrity of gaming in Indiana was compromised. The IGC staff and WMS agreed that a sanction be imposed and entered into an agreement whereby WMS paid a fine in the amount of \$5,000. The agreement was approved on July 29, 2002.

Transfer of Ownership Interest

In 2003, three licensed suppliers requested the IGC's approval for the transfer of ownership interest.

The first transfer of ownership interest involved The Bud Jones Company, Inc. (Bud Jones), Bourgogne et Grasset (B&G), and Paul-Son Gaming Corporation (Paul-Son Gaming). Bud Jones, a wholly-owned subsidiary of B&G, received a temporary supplier's license in 2001. Paul-Son Gaming's wholly owned subsidiary Paul-Son Gaming Supplies, Inc. received a temporary supplier's license in 1995 and a permanent license in 1997. The transfer of ownership interest resulted in Bud Jones and B&G becoming wholly-owned subsidiaries of Paul-Son

Gaming. No new key persons or substantial owners were being introduced as a result of the change in ownership interest. The transfer was approved on July 29, 2002 by Resolution 2002-21.

The second transfer of ownership interest occurred with International Game Technology (IGT) executing an agreement and plan of merger with Anchor Gaming (Anchor). IGT purchased 100% of the equity interests of Anchor and consequently the Indiana supplier's licensee, Anchor Coin, d/b/a Anchor Games. No new key persons or substantial owners were introduced as a result of the change in ownership. The IGC approved the transfer of ownership of Anchor Gaming and consequently Anchor Coin, d/b/a Anchor Games to IGT on November 7, 2001 by Resolution 2001-37. In 2002, IGT submitted a request to collapse Anchor into IGT, resulting in Anchor Coin becoming a wholly owned subsidiary of IGT. No new key persons or substantial owners were introduced as a result of the collapse. The request was approved on September 27, 2002 by Resolution 2002-29.

The third transfer of ownership interest involved Osborne Coinage Company (Osborne) and a request from the major stock holder, Thomas Stegman, to transfer five shares of stock each to Todd Stegman and Jeffery Stegman. No new key persons or substantial owners were introduced as a result of the transfer. The transfer was approved on April 7, 2003 by Resolution 2003-16.

ADMISSION AND WAGERING TAX

The wagering and admission taxes for FY 2003 were \$671 million. This is the first annual report with statistical information based on the fiscal year. The wagering tax from inception is \$2.346 billion and the admissions tax is \$704 million for a total tax of \$3.050 billion.

The charts and graphs in this section are a compilation of the monthly riverboat statistical reports for 2003. This information reflects the total amount of admissions, win from electronic gaming devices (EGD) and table games, and wagering and admission tax for 2003 as reported by each of the 10 operating riverboat licensees.

On July 1, 2002, a law became effective allowing riverboats to request flexible scheduling. Each Indiana riverboat made such a request and the IGC granted those requests. Argosy, Belterra, Blue Chip, Caesars, Aztar, Grand Victoria, and Horseshoe were approved to begin flexible scheduling on August 1, 2002 and Harrah's, Majestic Star, and Trump were approved to begin flexible scheduling on August 5, 2002.

The law also included changes in the admission and wagering tax. The law increased the wagering tax rate for riverboats not implementing flexible scheduling from 20% of the Adjusted Gross Receipts¹ (AGR) to 22.5% of the AGR. For the riverboats operating under flexible scheduling, the law created a new, graduated wagering tax structure. The new structure is as follows:

- 15% of AGR from the first \$25,000,000;
- 20% of AGR from \$25,000,000.01 to \$50,000,000;
- 25% of AGR from \$50,000,000.01 to \$75,000,000;
- 30% of AGR from \$75,000,000.01 to \$150,000,000; and
- 35% of AGR in excess of \$150,000,000

There are two categories of authorized gambling games: EGD/slot machines and live gaming devices (table games). The income generated by these devices, commonly known as win, is the major component of AGR.

The admission tax of \$3.00 per person/per excursion also changed for those riverboats implementing flexible scheduling to a rate of \$3.00 per person. Under flexible scheduling, riverboats are no longer required to pay an additional tax every two hours for each patron remaining aboard the riverboat.

The Riverboat Gambling Act directs the disposition of the tax revenue to the appropriate unit of state or local government depending upon the tax type. The actual distribution of these funds is coordinated by the offices of the State Treasurer and the State Auditor.

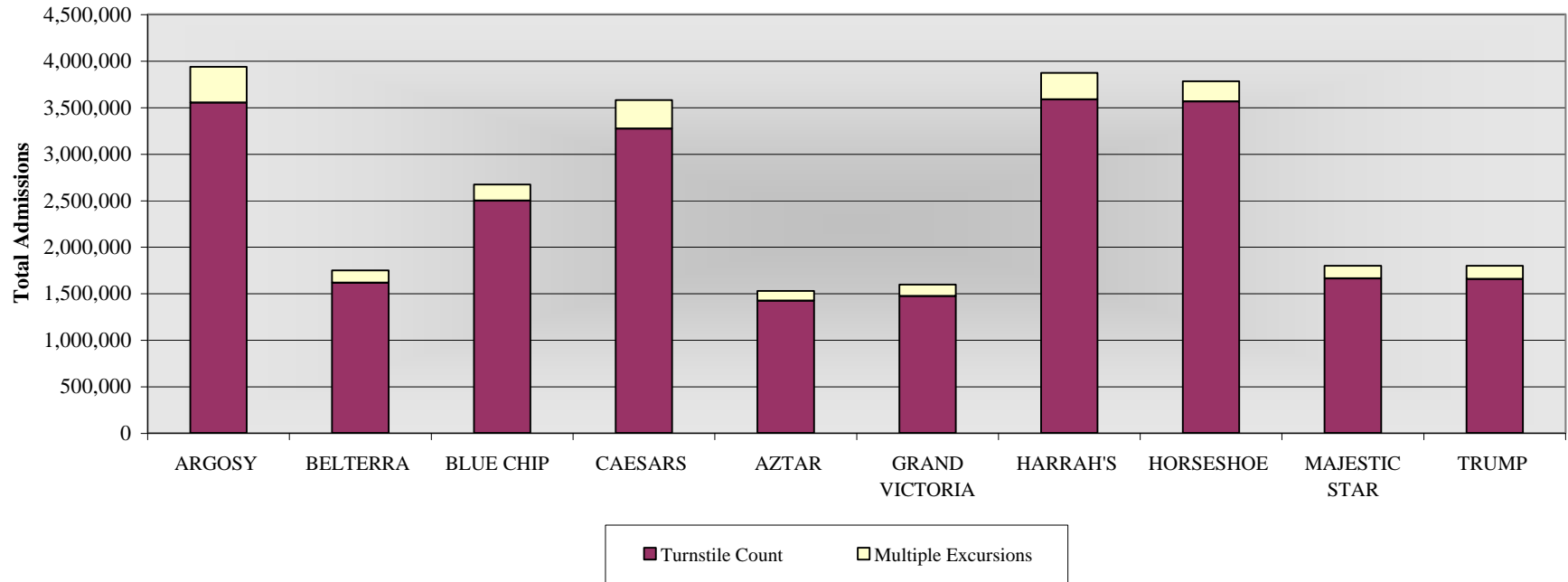
¹ Adjusted Gross Receipts means the total of all cash and property whether collected or not, received by a licensee from gaming operations; minus the total of (A) all cash paid out as winnings to patrons; (B) uncollectible gaming receivables, not to exceed the lesser of (i) a reasonable provision for uncollectible patron checks received from gaming operations; or (ii) two percent of the total of all sums, including checks whether collected or not, less the amount paid out as winnings to patrons; (C) chip and token float; (D) found money and other miscellaneous adjustment.

CHARTS

In some instances there may be minor variations (i.e., \$1 or \$2) between the Wagering Tax amounts shown in the charts in this report and the Wagering Tax amounts contained in the June 2003 Monthly Revenue Report.

These variations are due to different rounding methodologies contained within the Electronic Tax System, which is used by the riverboats to file their taxes, and Microsoft Excel, which was used to prepare the charts contained in this report.

TOTAL ADMISSIONS PER RIVERBOAT - FY 2003



	ARGOSY	BELTERRA	BLUE CHIP	CAESARS	AZTAR	GRAND VICTORIA	HARRAH'S	HORSESHOE	MAJESTIC STAR	TRUMP
TURNSTILE COUNT	3,548,330	1,611,859	2,496,459	3,268,626	1,420,936	1,469,117	3,581,850	3,562,264	1,660,021	1,651,843
MULTIPLE EXCURSIONS	387,012	135,164	173,829	309,547	105,517	123,637	286,244	216,378	137,543	143,475
TOTAL ADMISSIONS	3,935,342	1,747,023	2,670,288	3,578,173	1,526,453	1,592,754	3,868,094	3,778,642	1,797,564	1,795,318

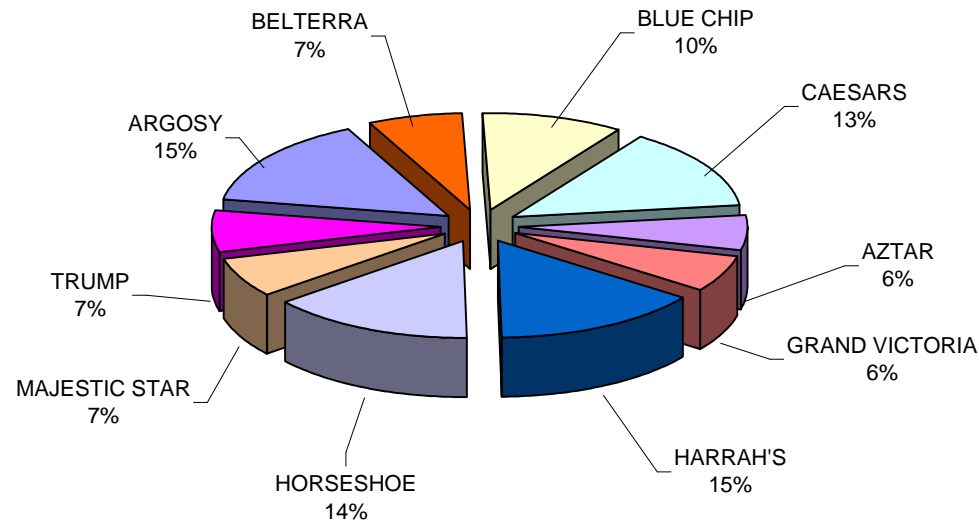
TOTAL TURNSTILE COUNT 24,271,305

TOTAL MULTIPLE EXCURSIONS 2,018,346

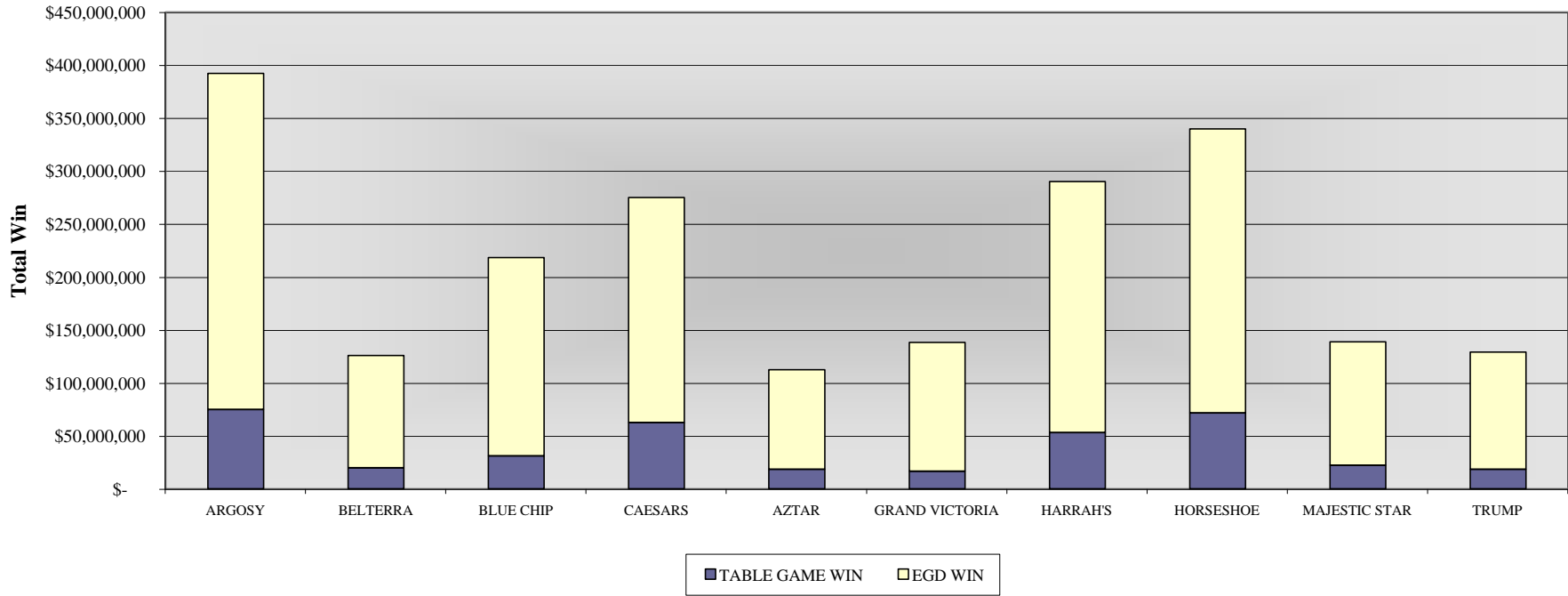
TOTAL ADMISSIONS 26,289,651

ADMISSION TAX REPORTED - FY 2003

TAX REPORTED	ARGOSY	BELTERRA	BLUE CHIP	CAESARS	AZTAR	GRAND VICTORIA	HARRAH'S	HORSESHOE	MAJESTIC STAR	TRUMP	GRAND TOTAL
JULY	1,986,246	753,480	1,045,578	1,674,585	623,094	696,657	1,485,819	1,381,887	883,959	876,777	11,408,082
AUGUST	998,166	478,377	725,637	947,406	409,308	435,894	1,098,615	1,030,251	520,959	521,403	7,166,016
SEPTEMBER	900,918	434,676	660,267	816,786	354,906	379,764	944,907	913,911	402,822	402,822	6,211,779
OCTOBER	883,647	384,174	629,019	806,364	354,771	357,579	895,260	873,855	400,725	400,725	5,986,119
NOVEMBER	855,807	409,548	614,742	811,161	361,494	337,809	811,968	861,321	397,161	397,161	5,858,172
DECEMBER	823,731	365,370	546,618	765,051	336,294	294,891	817,068	854,076	392,310	392,310	5,587,719
JANUARY	833,859	365,748	526,956	786,012	332,490	394,389	904,728	837,951	398,937	398,937	5,780,007
FEBRUARY	785,826	329,211	597,072	772,596	329,700	309,543	920,679	889,977	378,207	378,207	5,691,018
MARCH	981,621	423,318	695,574	880,200	383,949	404,928	964,335	949,956	416,427	416,427	6,516,735
APRIL	898,725	412,335	647,823	766,764	339,531	358,605	943,932	914,055	392,244	392,244	6,066,258
MAY	959,850	436,053	704,382	885,168	388,116	418,287	929,046	976,446	416,826	416,826	6,531,000
JUNE	897,630	448,779	617,196	822,426	365,706	389,916	887,925	852,240	392,115	392,115	6,066,048
TOTAL	\$ 11,806,026	\$ 5,241,069	\$ 8,010,864	\$ 10,734,519	\$ 4,579,359	\$ 4,778,262	\$ 11,604,282	\$ 11,335,926	\$ 5,392,692	\$ 5,385,954	\$ 78,868,953



TOTAL WIN PER RIVERBOAT- FY 2003

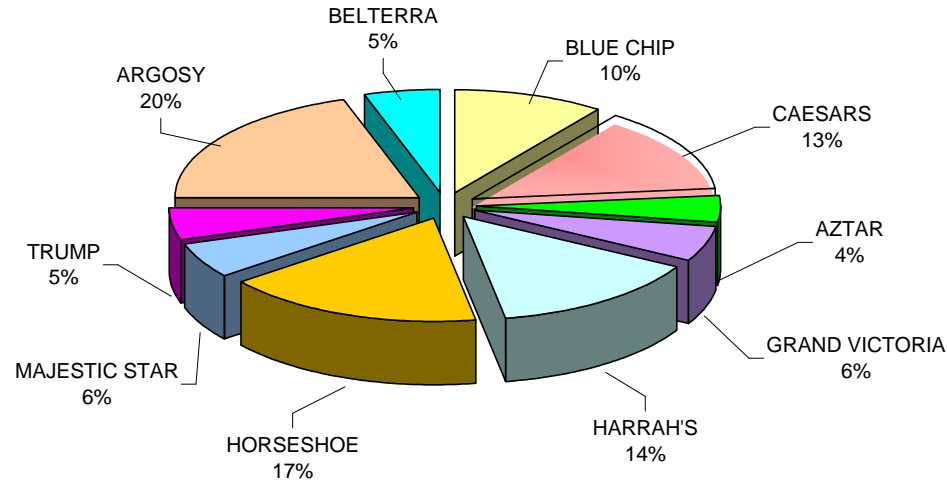


	ARGOSY	BELTERRA	BLUE CHIP	CAESARS	AZTAR	GRAND VICTORIA	HARRAH'S	HORSESHOE	MAJESTIC STAR	TRUMP
TABLE GAME WIN	\$ 74,629,592	\$ 19,517,399	\$ 30,895,780	\$ 62,416,589	\$ 18,333,010	\$ 16,378,021	\$ 52,901,166	\$ 71,565,091	\$ 21,970,273	\$ 18,374,471
EGD WIN	\$ 317,361,185	\$ 106,223,908	\$ 187,358,828	\$ 212,517,716	\$ 93,849,398	\$ 121,583,730	\$ 237,032,820	\$ 267,984,781	\$ 116,724,902	\$ 110,470,197
TOTAL WIN	\$ 391,990,777	\$ 125,741,307	\$ 218,254,608	\$ 274,934,305	\$ 112,182,408	\$ 137,961,751	\$ 289,933,986	\$ 339,549,872	\$ 138,695,175	\$ 128,844,668

STATE-WIDE WIN - TABLE GAMES \$386,981,392
STATE-WIDE WIN - EGD \$1,771,107,465
TOTAL STATEWIDE WIN \$2,158,088,857

WAGERING TAX REPORTED - FY 2003

TAX REPORTED	ARGOSY	BELTERRA	BLUE CHIP	CAESARS	AZTAR	GRAND VICTORIA	HARRAH'S	HORSESHOE	MAJESTIC STAR	TRUMP	GRAND TOTAL
JULY	6,972,940	2,328,840	3,883,714	4,939,203	1,982,602	2,673,213	5,115,598	5,797,991	2,680,007	2,522,907	38,897,014
AUGUST	5,903,645	1,710,212	3,042,223	3,910,389	1,567,964	1,936,438	4,172,068	4,867,917	1,995,160	1,936,352	31,042,369
SEPTEMBER	7,309,468	1,556,747	3,289,708	4,519,190	1,366,141	1,804,094	4,485,007	5,662,888	1,722,828	1,592,012	33,308,084
OCTOBER	8,923,183	1,802,570	3,989,829	5,661,013	1,599,286	2,046,702	5,393,843	7,373,261	2,149,402	1,818,866	40,757,955
NOVEMBER	9,366,999	2,134,266	4,488,479	6,545,546	1,870,054	2,135,163	6,256,992	8,464,438	2,229,810	2,101,555	45,593,303
DECEMBER	9,867,066	2,109,200	5,055,434	6,273,920	1,721,460	2,244,848	7,120,850	8,191,686	2,572,038	2,006,931	47,163,434
JANUARY	10,618,249	2,493,771	4,897,358	6,477,389	2,035,279	3,032,711	7,436,653	8,739,962	2,909,226	2,654,959	51,295,558
FEBRUARY	10,453,832	2,195,936	5,113,955	7,051,965	2,144,032	2,466,234	8,384,379	10,276,617	3,131,440	2,646,549	53,864,939
MARCH	12,963,790	3,346,656	6,037,923	8,429,910	2,496,874	3,848,975	9,706,612	11,249,365	3,609,904	3,358,155	65,048,165
APRIL	11,937,286	3,175,497	6,311,903	7,995,523	2,719,112	3,395,266	8,795,379	10,225,782	3,373,728	3,028,788	60,958,264
MAY	12,219,551	3,403,402	6,837,780	9,010,714	3,086,779	3,985,283	8,510,641	10,614,390	3,626,959	3,390,603	64,686,102
JUNE	11,869,739	3,182,464	6,372,891	7,819,594	2,829,775	3,543,148	8,056,785	9,277,336	3,120,607	3,074,562	59,146,900
TOTAL	\$ 118,405,747	\$ 29,439,561	\$ 59,321,198	\$ 78,634,356	\$ 25,419,359	\$ 33,112,075	\$ 83,434,807	\$ 100,741,633	\$ 33,121,110	\$ 30,132,239	\$ 591,762,085



GRADUATED TAX STATUS - FY 2003

As reported for the fiscal year ending June 30, 2003

North Boats	Rate	Date of Change
Blue Chip	15%	08/01/2002
	20%	09/08/2002
	25%	10/20/2002
	30%	12/03/2002
	35%	04/09/2003
Harrah's	15%	08/05/2002
	20%	09/03/2002
	25%	10/06/2002
	30%	11/09/2002
	35%	02/13/2003
Horseshoe	15%	08/01/2002
	20%	08/26/2002
	25%	09/23/2002
	30%	10/20/2002
	35%	01/11/2003
Majestic Star	15%	08/05/2002
	20%	10/08/2002
	25%	12/15/2002
	30%	02/18/2003
	35%	
Trump	15%	08/05/2002
	20%	10/12/2002
	25%	12/29/2002
	30%	03/07/2003
	35%	

<u>AGR</u>	<u>Rate</u>
less than \$25 million	15%
\$25 - \$50 million	20%
\$50 - \$75 million	25%
\$75 - \$150 million	30%

South Boats	Rate	Date of Change
Argosy	15%	08/01/2002
	20%	08/22/2002
	25%	09/14/2002
	30%	10/08/2002
	35%	12/22/2002
Aztar	15%	08/01/2002
	20%	10/19/2002
	25%	01/11/2003
	30%	04/04/2003
	35%	
Belterra	15%	08/01/2002
	20%	10/12/2002
	25%	12/27/2002
	30%	03/11/2003
	35%	
Caesars	15%	08/01/2002
	20%	08/31/2002
	25%	10/03/2002
	30%	11/05/2002
	35%	02/18/2003
Grand Victoria	15%	08/01/2002
	20%	10/01/2002
	25%	12/16/2002
	30%	02/22/2003
	35%	

TAX COMPARISON OF FY 2003 TO FY 2002

As reported for the fiscal year ending June 30, 2003

WAGERING TAX	2003	2002	DIFFERENCE	%
July	38,897,014	31,569,407	7,327,607	23.21%
August	31,042,369	31,870,747	(828,378)	-2.60%
September	33,308,084	30,182,370	3,125,714	10.36%
October	40,757,955	29,778,657	10,979,298	36.87%
November	45,593,303	30,727,400	14,865,903	48.38%
December	47,163,434	30,984,958	16,178,476	52.21%
January	51,295,558	31,609,862	19,685,696	62.28%
February	53,864,939	33,498,736	20,366,204	60.80%
March	65,048,165	35,668,980	29,379,184	82.37%
April	60,958,264	33,158,474	27,799,790	83.84%
May	64,686,102	34,067,241	30,618,860	89.88%
June	59,146,900	32,168,401	26,978,499	83.87%
TOTAL	\$591,762,085	\$385,285,232	\$206,476,852	53.59%

ADMISSIONS TAX	2003	2002	DIFFERENCE	%
July	11,408,082	10,975,266	432,816	3.94%
August	7,166,016	10,870,410	(3,704,394)	-34.08%
September	6,211,779	10,231,062	(4,019,283)	-39.29%
October	5,986,119	9,907,692	(3,921,573)	-39.58%
November	5,858,172	10,161,303	(4,303,131)	-42.35%
December	5,587,719	10,244,094	(4,656,375)	-45.45%
January	5,780,007	10,721,187	(4,941,180)	-46.09%
February	5,691,018	11,019,840	(5,328,822)	-48.36%
March	6,516,735	11,745,354	(5,228,619)	-44.52%
April	6,066,258	10,744,857	(4,678,599)	-43.54%
May	6,531,000	10,961,316	(4,430,316)	-40.42%
June	6,066,048	10,363,896	(4,297,848)	-41.47%
TOTAL	\$78,868,953	\$127,946,277	(\$49,077,324)	-38.36%

Wagering tax increased in FY 2003 by \$206,476,852 and admission tax decreased by \$49,077,324, resulting in an overall tax increase in FY 2003 of \$157,399,528.

SUMMARY OF EGD ACTIVITY - FY 2003

As reported for the fiscal year ended June 30, 2003

UNITS*	ARGOSY	BELTERRA	BLUE CHIP	CAESARS	AZTAR	GRAND VICTORIA	HARRAH'S	HORSESHOE	MAJESTIC STAR	TRUMP
1 cent	n/a	75	n/a	n/a	n/a	n/a	n/a	n/a	8	n/a
2 cent	n/a	13	n/a	n/a	n/a	n/a	n/a	n/a	48	80
nickel	500	433	365	430	297	301	680	168	557	631
10 cent	n/a	n/a	22	n/a	n/a	25	32	n/a	16	n/a
25 cent	703	460	657	1,012	427	556	503	530	408	493
50 cent	298	98	77	182	78	85	96	204	34	64
\$1	669	419	506	616	462	381	579	637	426	424
\$2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6	n/a	6
\$5	90	40	29	56	64	62	73	120	46	29
\$10	21	4	n/a	27	14	n/a	6	6	n/a	n/a
\$20	n/a	n/a	n/a	15	n/a	n/a	n/a	n/a	n/a	n/a
\$25	17	7	12	n/a	6	10	10	10	8	11
\$100	n/a	5	3	8	3	n/a	4	6	n/a	2
\$500	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
other	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL	2,298	1,554	1,671	2,346	1,351	1,420	1,983	1,687	1,551	1,740
COIN IN										
1 cent	n/a	5876524	n/a	n/a	n/a	n/a	n/a	n/a	5614448	n/a
2 cent	n/a	9,053,719	n/a	n/a	n/a	n/a	n/a	n/a	34,564,736	65,209,652
nickel	849,423,218	360,269,768	373,333,297	696,216,529	255,644,635	249,078,485	865,252,940	300,242,981	422,442,259	364,140,853
10 cent	n/a	n/a	33420295	n/a	n/a	13906552	75,261,205	n/a	12,623,966	8,648,818
25 cent	1,171,200,545	371,175,773	707,657,817	908,588,576	260,880,014	501,320,024	660,042,223	817,213,336	386,122,772	405,028,965
50 cent	582,673,421	115,593,635	103,425,871	180,891,199	38,787,923	77,415,399	108,608,633	334,103,331	29,831,886	33,207,552
\$1	1,891,167,345	441,146,040	1,108,746,005	1,013,143,359	436,394,566	607,601,921	947,556,932	1,751,501,802	554,493,154	452,435,083
\$2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	18,863,113	n/a	14,746,282
\$5	501,898,235	137,717,635	178,231,315	173,379,920	126,672,610	144,970,455	162,686,970	355,905,890	61,055,565	46,811,720
\$10	173,941,120	20,478,120	15,029,280	48,478,860	30,771,850	n/a	5,556,990	15,751,160	n/a	n/a
\$20	n/a	n/a	n/a	30,555,360	n/a	n/a	n/a	n/a	n/a	n/a
\$25	169,608,375	17,874,875	39,375,150	n/a	13,000,050	23,711,425	33,606,825	30,152,425	19,054,625	12,200,825
\$100	n/a	13,417,700	13,516,500	19,735,000	5,577,400	n/a	5,554,300	35,732,300	n/a	2,660,500
\$500	n/a	n/a	n/a	5,130,000	n/a	n/a	n/a	n/a	n/a	n/a
other	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL	\$ 5,339,912,259	\$ 1,492,603,789	\$ 2,572,735,530	\$ 3,076,118,803	\$ 1,167,729,048	\$ 1,618,004,261	\$ 2,864,127,018	\$ 3,659,466,338	\$ 1,525,803,411	\$ 1,405,090,250
WIN										
1 cent	n/a	719,357	n/a	n/a	n/a	n/a	n/a	n/a	165,134	n/a
2 cent	n/a	922,038	n/a	n/a	n/a	n/a	n/a	n/a	5,131,234	8,374,614
nickel	73,866,874	34,796,622	40,887,197	55,678,844	25,475,990	27,064,939	95,660,040	38,205,041	43,431,276	40,871,740
10 cent	n/a	n/a	3,549,981	n/a	n/a	1,435,102	8,686,945	n/a	1,524,493	886,064
25 cent	86,436,589	28,621,064	58,480,581	68,511,494	22,723,687	38,594,517	55,779,097	73,250,312	28,480,751	28,228,132
50 cent	39,169,644	8,598,128	7,531,269	13,847,632	3,709,029	6,204,959	9,076,389	26,821,448	2,066,080	2,489,616
\$1	90,523,150	23,753,723	67,252,756	59,835,444	32,853,131	39,695,345	59,417,337	108,014,312	32,474,481	26,063,756
\$2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,350,366	n/a	685,700
\$5	17,771,796	6,427,592	7,863,311	9,396,532	6,788,565	7,272,268	6,738,660	16,004,020	2,838,872	2,092,872
\$10	4,800,185	819,500	307,870	2,796,335	1,567,519	n/a	289,225	1,302,980	n/a	n/a
\$20	n/a	n/a	n/a	1,219,295	n/a	n/a	n/a	n/a	n/a	n/a
\$25	4,753,227	791,484	1,500,963	n/a	664,179	1,316,600	1,128,645	1,237,952	612,581	622,484
\$100	n/a	774,400	(15,100)	1,051,640	67,298	n/a	256,482	1,798,350	n/a	155,219
\$500	n/a	n/a	n/a	180,500	n/a	n/a	n/a	n/a	n/a	n/a
other	39,720	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL	\$ 317,361,185	\$ 106,223,908	\$ 187,358,828	\$ 212,517,716	\$ 93,849,398	\$ 121,583,730	\$ 237,032,820	\$ 267,984,781	\$ 116,724,902	\$ 110,470,197

* as of 6/30/03

SUMMARY OF TABLE GAME ACTIVITY - FY 2003

As reported for the year ended June 30, 2003

UNITS*	ARGOSY	BELTERRA	BLUE CHIP	CAESARS	AZTAR	GRAND VICTORIA	HARRAH'S	HORSESHOE	MAJESTIC STAR	TRUMP
Blackjack/21	57	26	29	84	24	24	26	21	26	25
Poker Room**	n/a	n/a	n/a	12	7	n/a	15	n/a	n/a	n/a
Craps	8	4	4	14	4	4	3	6	3	3
Roulette	8	3	3	10	3	3	4	4	4	4
Baccarat	3	n/a	4	2	n/a	n/a	8	9	7	4
Big Six	1	n/a	n/a	1	1	n/a	n/a	n/a	1	n/a
Poker***	18	8	10	18	8	8	9	7	9	9
TOTAL	95	41	50	141	47	39	65	47	50	45
DROP										
Blackjack/21	208,159,107	63,514,797	100,839,188	188,099,604	42,936,759	43,350,852	136,367,432	196,912,729	69,538,102	62,792,808
Poker Room**	n/a	n/a	1,844,135	3,575,758	1,492,122	n/a	6,697,278	n/a	n/a	n/a
Craps	74,528,164	26,625,109	22,851,984	76,150,552	17,891,947	21,465,841	36,524,438	93,489,225	16,834,829	19,060,169
Roulette	27,882,644	5,584,099	12,402,022	22,335,688	6,257,962	6,550,530	18,042,050	27,334,965	6,959,745	6,550,176
Baccarat	11,110,904	n/a	10,318,044	8,900,964	n/a	n/a	62,381,691	93,348,427	26,689,592	14,983,288
Big Six	1,693,020	n/a	n/a	1,224,772	164,566	n/a	n/a	n/a	417,997	n/a
Poker***	63,009,362	18,822,067	27,003,909	50,478,488	19,034,223	16,664,484	31,409,117	34,435,057	21,289,253	13,391,857
TOTAL	\$ 386,383,201	\$ 114,546,072	\$ 175,259,282	\$ 350,765,826	\$ 87,777,579	\$ 88,031,707	\$ 291,422,006	\$ 445,520,403	\$ 141,729,518	\$ 116,778,298
WIN										
Blackjack/21	33,927,630	9,289,032	14,516,947	26,433,115	7,643,421	6,927,443	18,852,761	25,695,525	9,806,797	8,523,451
Poker Room**	n/a	n/a	1,844,135	3,575,758	1,492,118	n/a	6,697,278	n/a	n/a	n/a
Craps	16,030,450	5,003,003	4,295,131	14,977,968	3,538,472	4,247,041	6,331,314	17,377,704	3,200,069	3,696,471
Roulette	7,838,975	1,511,279	3,567,532	5,801,087	1,758,613	1,543,214	4,392,397	7,557,443	1,888,471	1,694,565
Baccarat	2,324,847	n/a	1,464,622	982,664	n/a	n/a	10,614,121	14,283,474	3,058,604	2,126,740
Big Six	960,328	n/a	n/a	569,744	86,704	n/a	n/a	n/a	200,324	n/a
Poker***	13,547,362	3,714,085	5,198,675	10,076,253	3,813,682	3,660,323	6,012,475	6,650,945	3,816,008	2,333,244
Other	n/a	n/a	8738	n/a	n/a	n/a	820	n/a	n/a	n/a
TOTAL	\$ 74,629,592	\$ 19,517,399	\$ 30,895,780	\$ 62,416,589	\$ 18,333,010	\$ 16,378,021	\$ 52,901,166	\$ 71,565,091	\$ 21,970,273	\$ 18,374,471

* As of 6/30/03

** Traditional Poker

*** Includes Caribbean Stud/Draw, Let It Ride, Pai Gow, 3 Card, Bonus 6 Stud, Boston 5 Stud, and Wild Aruba

GAMING OPERATIONS - FY 2003

EGD SUMMARY

EGD'S	UNITS*	COIN IN	WIN
1 CENT	83	11,490,972	884,491
2 CENT	141	108,828,107	14,427,886
5 CENT	4,362	4,736,044,965	475,938,563
10 CENT	95	143,860,836	16,082,585
25 CENT	5,749	6,189,230,045	489,106,224
50 CENT	1,216	1,604,538,850	119,514,194
\$ 1	5,119	9,204,186,207	539,883,435
\$ 2	12	33,609,395	2,036,066
\$ 5	609	1,889,330,315	83,194,488
\$ 10	78	310,007,380	11,883,614
\$20	15	30,555,360	1,219,295
\$25	91	358,584,575	12,628,115
\$100	31	96,193,700	4,088,289
\$500	0	5,130,000	180,500
Other **	0	0	39,720
TOTAL	17,601	\$24,721,590,707	\$1,771,107,465

* As of June 30, 2003

** Tournament receipts

TABLE GAMES SUMMARY

TABLE GAMES	UNITS*	DROP	WIN
Blackjack/21	342	1,112,511,378	161,616,122
Poker Room **	34	13,609,293	13,609,289
Craps	53	405,422,258	78,697,623
Roulette	46	139,899,881	37,553,576
Baccarat	37	227,732,910	34,855,072
Big Six	4	3,500,355	1,817,100
Poker ***	104	295,537,817	58,823,052
Other****	0	0	9558
TOTAL	620	\$2,198,213,892	\$386,981,392

* As of June 30, 2003

** Traditional Poker

*** Includes Caribbean Stud, Let It Ride, Pai Gow, 3 Card, Bonus 6 Stud, Boston 5 Stud and Wild Aruba

**** Tournament receipts

TOTAL TAX - FY 2003

	ADMISSION TAX	WAGERING TAX	TOTAL TAX
ARGOSY	11,806,026	118,405,747	130,211,773
BELTERRA	5,241,069	29,439,561	34,680,630
BLUE CHIP	8,010,864	59,321,198	67,332,062
CAESARS	10,734,519	78,634,356	89,368,875
AZTAR	4,579,359	25,419,359	29,998,718
GRAND VICTORIA	4,778,262	33,112,075	37,890,337
HARRAH'S	11,604,282	83,434,807	95,039,089
HORSESHOE	11,335,926	100,741,633	112,077,559
MAJESTIC STAR	5,392,692	33,121,110	38,513,802
TRUMP	5,385,954	30,132,239	35,518,193
TOTAL *	\$ 78,868,953	\$ 591,762,085	\$ 670,631,038

* The calculation of wagering tax is based upon the AGR, which includes adjustments such as chip and token float not included in win figures.