

ORIGINAL

BEFORE THE INDIANA GAMING COMMISSION
REGULAR BUSINESS MEETING

TRANSCRIPT OF PROCEEDINGS

DATE: March 17, 1998
PLACE: Indiana Gaming Commission
115 West Washington Street
Suite 950 South Tower
Indianapolis, Indiana
REPORTED BY: Kim Cotton, RPR, Notary Public

MEMBERS OF THE COMMISSION

Donald R. Vowels, Chairman
Thomas F. Milcarek
Richard J. Darko
Dr. David E. Ross, Jr.
Robert Swan
Floyd Hannon

ALSO PRESENT

John J. Thar, Executive Director
Members of the Staff

* * * * *

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Call to order, roll call and approval of the minutes

Report of the Executive Director

Old Business

New Business:

Aztar Financial

Rules

Supplier license issues

Occupational license issues

Disciplinary matters

Blue Chip Ownership

Bond Reduction

Caesar's Certificate of Suitability/
Limited Extension

Empress Financial/First Request

Other Business

Next Meeting

Adjourn

1 MR. VOWELS: We're going to call the
2 meeting to order. The record will reflect that
3 it is now 2:15 local time. All commissioners
4 present with the exception of Ms. Bochnowski
5 and Mr. Sundwick.

6 We have first on the agenda -- on the
7 agenda the approval of the minutes. I assume
8 everybody on the Commission has reviewed
9 these. It looks like there is two sets from
10 January 20th, 1998 and then the amended
11 minutes of December 15, 1997. In reference
12 to the January 20th, 1998 minutes do I hear
13 any motion to approve -- the motion?

14 MR. MILCAREK: I will.

15 MR. SWAN: I'll second.

16 MR. VOWELS: All those in favor say
17 aye.

18 THE COMMISSION: Aye.

19 MR. VOWELS: Mr. Thar, in reference
20 to the amended minutes from December 15,
21 1997. Do we need to do anything on those?

22 MR. THAR: Yes, we need to vote those
23 as approved and the change I believe is
24 wording concerning; is that the Aztar debt
25 acquisition rewording?

1 MR. VOWELS: For the amended minutes
2 of December 15, 1997, do I hear a motion?

3 MR. MILCAREK: Move to approve.

4 MR. VOWELS: Any second?

5 MR. SWAN: Second.

6 MR. VOWELS: Any further discussion?

7 All those in favor say aye.

8 THE COMMISSION: Aye.

9 MR. VOWELS: Those minutes approved.
10 And then the next order of business the
11 report of the executive director and
12 Mr. Thar?

13 MR. THAR: Yes, thank you,
14 Mr. Chairman, this will be relatively short
15 again as most of the stuff as we have been
16 working on is the agenda.

17 With regard to personnel changes, as
18 mentioned during the last meeting which was a
19 telephone meeting with people I would like
20 you to meet them in person. Rhonda Dalton.
21 Rhonda is the new executive secretary to the
22 Commission and she's been with us now a
23 little over a month and a half maybe, thank
24 you. And Heather Jeff who was mentioned at
25 the telephone meeting has joined our office

1 as a paralegal and she works in the legal
2 division for Kay Flemming, Cindy and Vena.
3 Thank you, Heather. New people hired since
4 the last meeting include Angela Thomas, our
5 receptionist. And Jennifer Bird who replaces
6 Tonya Sele as our public relations
7 legislative liaison and Jennifer did prepare
8 a speech; did she? So in any event, we're
9 very fortunate to have all four of them.
10 They're very good at their jobs and very good
11 people to work with also. Welcome aboard all
12 of you. Now if any of you want to leave
13 we'll give you a moment.

14 With regard to the Lake Michigan
15 boats, last weeks' snow storm not only was
16 the cause of the cancellation of the
17 commission meeting scheduled for March 12th,
18 but close the following Lake Michigan
19 riverboats for the following days: One,
20 Majestic Star closed March 9th and reopened
21 at approximately 8 p.m. on March 10th. Trump
22 and Blue Chip were closed all of March 9th
23 and March 10th, Monday and Tuesday. Empress
24 closed until two p.m. on March 9th and
25 remained opened thereafter so they basically

1 lost their cruises from approximately 8:00 to
2 2:00. Showboat, on the other hand, opened
3 only until two o'clock on March 9th. It did
4 not reopen until 11 a.m. on March 10th.

5 With regard to the Ohio riverboats the
6 second annual report prepared by the Center
7 for Urban Policy and the Environment
8 concerning Aztar in the process of being
9 reviewed along with the first annual report
10 for August which is also in the process of
11 being reviewed. And finally Caesar's
12 received its Army Corps of Engineers' permit
13 February 10th, 1998, that's the same day that
14 is alleged that hell froze over.

15 MR. VOWELS: Any old business? All
16 right, then we'll move on to new business.
17 Looks like we'll change the agenda around.
18 My understanding in reference to Aztar's
19 financial issue we're going to take that
20 first; is that correct, Mr. Thar?

21 MR. THAR: Yes.

22 MR. VOWELS: The problems that they
23 had or something?

24 MR. THAR: Yes. Bill, do you have a
25 presentation from Aztar? This is Mr. Bill

1 Diener.

2 MR. DIENER: My name is William
3 Diener, D-I-E-N-E-R. I'm on behalf of Aztar
4 Corporation.

5 Mr. Chairman, the Commission, Mr. Thar
6 and staff, today the Aztar Corporation is
7 requesting a second meeting and final
8 approval of its debt acquisition which was
9 initially presented and approved by the
10 commission on September 17, 1997. The
11 presentation that was made on December 15th,
12 the amount of the debt acquisition is still
13 the same. Namely, up to 250 million dollars
14 in a new senior secured revolving credit
15 facility and the second component is a senior
16 secured term loan of 50 million dollars.
17 Those two components each may be increased by
18 50 million dollars, but in the aggregate the
19 two combined cannot exceed 350 million
20 dollars.

21 Originally, Aztar in 1994, had
22 revolving credit to it about 207 million
23 dollars with scheduled quarterly reductions.
24 This new senior secured revolving credit
25 facility similarly has scheduled reported

1 reductions of ten million dollars per year.
2 It replaces the revolver which is scheduled
3 thus far in 1999. The interest rates are
4 more favorable, in addition certain financial
5 covenants have been deleted such as the debt
6 service ratio and minimum net worth
7 requirements and the senior secured term loan
8 is for 50 million dollars. Again, that would
9 be to refinance an existing senior secured
10 debt. A seven year term likewise with
11 quarterly reductions scheduled in this case
12 of \$125,000. The specific terms and
13 conditions have been finalized and agreed to
14 with participating banks with Bank of America
15 as the lead managing agent bank.

16 The definitive documents encompassing
17 these debt transactions will be submitted to
18 the commission staff for their final approval
19 and review and a legal opinion has been
20 rendered to the commission based upon the
21 terms and conditions of these financings that
22 there is no pledge, hypothecation or
23 borrowing against the license of Aztar
24 Indiana Gaming Corporation.

25 I appreciate, Mr. Chairman, you taking

1 this amount of time. If there are some
2 questions, I have the chief financial officer
3 that I can call. He was scheduled to come
4 last week and he couldn't get here this week
5 and that's the reason he's on call for about
6 the next 30 minutes. That completes my
7 presentation, Mr. Thar.

8 MR. VOWELS: There is a resolution of
9 1998 dash 10 that deals with this debt
10 acquisition by Aztar Corporation. Does
11 anyone have questions of the representative
12 from Aztar?

13 MR. THAR: Mr. Diener, do they get a
14 little bit more favorable interest rate?

15 MR. DIENER: Yes, they do. More
16 favorable than what they have now. It's
17 still based on the LIBOR which is the London
18 Inter Bank Official Rate, but the funds
19 raised the premiums that are paid are
20 slightly smaller in terms of basis points.

21 MR. VOWELS: We'll wait to everyone
22 found that because it's very deep because we
23 took it out of order here. Does anyone have
24 any questions? Do we need to go through word
25 by word this resolution?

1 MR. THAR: I would think not.
2 Generally, Resolution 1998 dash 10 describes
3 the proposed debt transactions that Aztar
4 made the request for two meetings would
5 approve it. But they are -- the debt
6 transactions may be increased up to a total
7 of 350 million dollars based upon the
8 election of Aztar at the time. I think the
9 loans are at issue and this is the second
10 meeting.

11 The resolution, if approved, allows
12 Aztar to enter into the debt transaction for
13 an amount up to 350 million dollars and is
14 subject to review and approval of the terms
15 of the final draft of the documents --
16 associated documents by the staff. And again
17 it contains the qualifier that approval of
18 this resolution does not in any way
19 constitute a waiver of the Commission's
20 authority or ability to approve or disapprove
21 any future changes in ownership of the
22 riverboats' licenses and/or assets incident
23 thereto. The staff has spent some time going
24 through this and would recommend its
25 approval.

1 MR. VOWELS: Any questions of
2 Mr. Diener or Mr. Thar? Move to approve?

3 MR. THAR: Second.

4 MR. VOWELS: We'll show there has
5 been a motion to approve Resolution 1998 dash
6 10 and a second. Any further discussion?
7 All in favor of that say aye.

8 THE COMMISSION: Aye.

9 MR. VOWELS: Show Resolution 1998
10 approved.

11 MR. DIENER: Thank you, Mr. Chairman
12 and Mr. Thar, for taking us out of order.

13 MR. VOWELS: And then we'll move on
14 to the next order of business rules and,
15 Ms. Dean, you're going to handle that for us
16 today.

17 MS. DEAN: Yes, thank you,
18 Mr. Chairman. Resolution 1998 dash 5 to
19 adopt as final rules those rules published in
20 the Indiana Registrar on October 1st, 1997;
21 November 1st, 1997 and February 1st, 1998.
22 The promulgation process of these rules to be
23 final will take approximately four to six
24 months. The rules which will be submitted
25 for the completion of the process are

1 Article 1, reimbursement expenses for
2 troopers and other state personnel;
3 Article 2, licensing procedures,
4 identification badge, integrity of electronic
5 gaming device; Article 10, rate of
6 progression, integrity of device, Let it Ride
7 submission of rules of game and Let it Ride
8 bonus feature; Article 11, internal control
9 procedures general provisions soft count
10 process; Article 14, Let it Ride table
11 requirements, Caribbean draw poker table
12 requirements; Article 15, accounting records
13 and procedures, general provisions, receipts
14 from table games, receipts from electronic
15 gaming devices, computation of admission
16 takes and Article 17, movement of gaming
17 equipment general provision. Resolution 1998
18 dash 5 would adopt the rules stated and the
19 rules would be forwarded to the attorney
20 general, the governor and to the state for
21 finalization.

22 MR. VOWELS: Any questions of
23 Ms. Dean in reference to Resolution 1998 dash
24 5? Is there a motion in reference?

25 MR. ROSS: I move for adoption.

1 MR. VOWELS: Second?

2 MR. DARKO: Second.

3 MR. VOWELS: Any further discussion?
4 All those in favor of adoption of Resolution
5 1998 dash 5 say aye.

6 THE COMMISSION: Aye.

7 MR. VOWELS: Show its adoption.

8 Ms. Dean, anything else after that?

9 MS. DEAN: No.

10 MR. VOWELS: Thank you. And the next
11 matter on the agenda, Mr. Hannon, suppliers
12 license matters.

13 MR. HANNON: I have a number of
14 supplier license matters. The first one
15 being Resolution 1998 dash 6, the issuance of
16 temporary supplier licenses to Horn-Blowing
17 Marine Services, Inc., and to Midwest Supply
18 Company.

19 Horn-Blowing Marine Service, Inc., is
20 a San Francisco company involving the marine
21 operation of riverboats. They serve as
22 consultants for the Aztar and Caesar boats
23 and they reached an agreement with Trump
24 Organization to take over the marine side of
25 that operation.

1 The current Trump/Marine employee will
2 be hired as HMS employees and HMS will be
3 responsible for the main operation in total.
4 The company currently operates boat and ferry
5 services in Florida and Connecticut. The
6 company is privately owned with a stock split
7 of 60/40 between the chief executive officer,
8 Terry McCray, and the present and chief
9 operating officer, John Wagner, who is here
10 with us today if you have any questions for
11 him.

12 The company is opening an Indiana
13 office in Merrillville. With the Trump
14 operation they will have approximately 88
15 employees in Indiana. The preliminary
16 investigation failed to develop any issues
17 that would prevent HMS Incorporated from
18 being awarded a temporary license.

19 Midwest Game Supply Company is a
20 Missouri company that manufactures primarily
21 dice chips and table lamps. They have been
22 doing business in Indiana through a relations
23 with Jamaco, a playing card company. The
24 company has decided to go along and has
25 applied for a supplier's license. We already

1 conducted a limited investigation with the
2 company in conjunction with the investigation
3 of Jamaco and a site survey has been
4 completed and key people have been
5 interviewed.

6 The company is solely owned by Linda
7 Song who serves as president and her husband,
8 Charles, who serves as vice president and
9 secretary. The company is licensed in 19
10 jurisdictions mostly from Native American
11 gaming.

12 The preliminary investigation did not
13 reveal any issues that would prevent Midwest
14 Gaming Supply Company from being awarded a
15 temporary supplier's license. We recommend
16 that both companies be awarded temporary
17 licenses at this time.

18 MR. VOWELS: Anyone have any
19 questions for Mr. Hannon or any of the
20 parties? In reference to Resolution 1998
21 dash 6 which would grant a temporary
22 supplier's license to Horn-Blowing Marine
23 Services, Inc., and Midwest Games Supply
24 Company, is there a motion?

25 MR. SWAN: I would make a motion.

1 MR. ROSS: Second.

2 MR. VOWELS: Motion and the second,
3 any further discussions?

4 MR. MILCAREK: Quick question, John.
5 Mr. Hannon, what is the process for
6 finalizing the investigation of these people
7 and how far behind are we in doing this?

8 MR. HANNON: In fact, we got three
9 more to finalize today. Essentially, the
10 guys go back and complete the personal
11 disclosure investigations of the key people
12 and primary owners and see how they operated
13 in Indiana during that period of time to
14 check out the jurisdiction and finalize the
15 license.

16 MR. MILCAREK: And we have a backlog
17 of finalizing?

18 MR. HANNON: Yes, we have had a
19 backlog and we're beginning to clear it out.
20 I think we finalized six so far and we have
21 three more this time and we're probably a
22 third of a way through.

23 MR. VOWELS: Any other discussion?
24 We have a motion and a second. With no
25 further discussion all those in favor say

1 aye.

2 THE COMMISSION: Aye.

3 MR. VOWELS: Show Resolution 1998
4 dash 6 approved. Mr. Hannon, do you have
5 more?

6 MR. HANNON: Yes, we have three
7 companies ready for final licensure in
8 suppliers license. It would be WMS Gaming,
9 Inc., and Lodging and Gaming Systems, Inc.,
10 and Anchor Coin.

11 Anchor Coin is a Las Vegas company
12 that manufactures slot machines. The company
13 hopes to ultimately do business with all
14 Indiana casinos. They are also involved with
15 IGT in a spin for cash joint venture that was
16 previously awarded a temporary license. The
17 company has enjoyed a sharp financial rise in
18 the past two years primarily due to the
19 introduction of three new slot machines;
20 Wheel of Fortune, Wheel of Gold and Totem
21 Pole.

22 The company is involved in litigation
23 with some stockholders. They claim some
24 operational issues were not properly
25 disclosed in accordance with company bylaws

1 and FCC violations. They are litigating that
2 suit now, there are no investigative issues
3 developed and background investigations of
4 all the key employees were favorable. The
5 company is licensed in several gaming
6 jurisdictions and none have reported any
7 regulatory issues. They are preparing to
8 open an Indiana office in Crown Point to
9 service all the midwest customers. That
10 office will probably house both sales and
11 technical people.

12 Lodging and Gaming System, Inc.,
13 provides computer programs to control player
14 tracking functions and slot tracking to the
15 casinos. The company located in Reno, Nevada
16 is operated by Steven Urrey. He owns about
17 92 percent of the stock with the remainder
18 held in a profit sharing plan. There is no
19 other 5 percent owner in that company. The
20 company has the system of use at Aztar,
21 Empress and Grand Victoria.

22 The company operates in 17
23 jurisdictions, but it's only required to be
24 licensed in Indiana, Missouri and Louisiana.
25 None of the jurisdictions reported any

1 regulatory issues except Missouri. The
2 company was fined in Missouri for failure to
3 pay the annual license fee. The company is
4 contesting the fine contending they should
5 not have to be licensed in Missouri to
6 conduct business there. The company was
7 involved in litigation with another company
8 where lodging and gaming was sued for failure
9 to pay. The litigation was resulted in the
10 finding against Lodging and Gaming Systems.
11 The investigation did not reveal any issues
12 that would prevent them from being rewarded a
13 permanent license pending a payment of
14 additional costs associated with this
15 investigation and payment to Indiana for
16 licensing fee.

17 WMS Gaming Corporation is a Chicago
18 company involved in the manufacture of slot
19 machines. They currently have machines in
20 five Indiana casinos and plan to have
21 machines at Caesar's. The investigation has
22 been completed and were favorable as to all
23 key people and substantial owners of the
24 company. The company is currently licensed
25 in seven gaming venues and all reported the

1 company being in good standing.

2 The company is in litigation with IGT
3 over patent infringements at this time. One
4 of those cases the court has found in favor
5 by IGT and awarded damages of excess of 32
6 million. That judgment has been stayed, the
7 company does not believe that the negative
8 result in that judgment against them would
9 cause the company to default in any way.
10 Nothing was found in this investigation that
11 would prevent this company also from being
12 licensed as a permanent license pending the
13 payment of the remaining cost of the
14 investigation and permanent license fee. We
15 would recommend all three companies be
16 awarded permanent licenses at this time.

17 MR. VOWELS: Anybody have any
18 questions for Mr. Hannon? Resolution 1998
19 dash 7, it's a resolution granting permanent
20 supplier's licenses to those listed there.
21 Is there a motion?

22 MR. DARKO: Move to approve.

23 MR. MILCAREK: Second.

24 MR. VOWELS: Any further discussion?

25 All those in favor of the resolution 1998

1 dash 7 say aye.

2 THE COMMISSION: Aye.

3 MR. VOWELS: So it's approved.

4 Mr. Hannon?

5 MR. HANNON: The last supplier issue
6 is TCS America. TCS America is a gaming
7 equipment supply company operating out of Las
8 Vegas. The company wanted to supply among
9 other things roulette wheels and gaming
10 tables in Indiana.

11 During our investigation, it was
12 determined that the company did not
13 manufacture any of the items that they
14 planned to sell, but rather were a
15 distributor for a number of items. Our rules
16 are such that gaming equipment cannot be sold
17 other than the manufacturer. Upon making
18 that determination, TCS America requested
19 that their application be withdrawn.

20 The company will still sell some
21 products in Indiana such as chip orders and
22 the like. Each item will be evaluated
23 individually by the staff to ensure that it's
24 not considered gaming equipment. We
25 recommend that TCS's request to withdraw be

1 granted.

2 MR. VOWELS: Any questions for
3 Mr. Hannon on this? Resolution 1998 dash 8
4 concerning the request of TCS America
5 withdraw its application for supplier
6 licenses is there a motion?

7 MR. MILCAREK: Motion to grant the
8 request.

9 MR. VOWELS: Second?

10 MR. ROSS: Second.

11 MR. VOWELS: Any further discussion?
12 All those in favor say aye.

13 THE COMMISSION: Aye.

14 MR. VOWELS: Resolution 1998 dash 8
15 approved. And then in reference to -- that's
16 all in -- you have in the supplier license
17 matters then, Mr. Hannon; is that correct?

18 MR. HANNON: Yes.

19 MR. VOWELS: Occupational license
20 matters, you'll be handling that one today.

21 MR. HANNON: First one I have is a
22 request for felony disqualification labor for
23 Ralph Gates. Mr. Gates was a dealer for
24 Trump. He submitted an application to the
25 IGC listing an arrest in 1985 as a nonfelony

1 arrest. At the time of that arrest he would
2 have been 36 years old.

3 FBI checks and court checks determined
4 the arrest was for possession of a controlled
5 substance and was, in fact, a felony
6 conviction. Gates advised of him place on
7 probation after that conviction and had quit
8 using that drugs following that arrest.
9 Gates had a second arrest for failure to
10 appear during which he was again placed on
11 probation and subject to an evaluation in
12 1992.

13 During that evaluation, he was
14 determined to have used drugs up until 1992.
15 Gates had prior had also worked for a steel
16 company from 1966 through 1995, but he was
17 discharged for according to Gates for
18 insubordination. He has litigation pending
19 over that discharge.

20 He was originally in a craps dealer
21 school for Trump, but was removed from that
22 class after an altercation with another
23 student and instructor. In each instance
24 Gates hasn't revealed his arrest only when
25 pressed to do so. He revealed an arrest on

1 his IGC application, but did not reveal it to
2 be a felony. He did not reveal any arrests
3 at all on his Trump applications.

4 It is apparent that he is only
5 admitted what he feels is forced to. He is,
6 therefore, not demonstrating good
7 rehabilitation by clear and convincing
8 evidence and it's, therefore, recommended
9 that his request for felony waiver be denied.

10 MR. VOWELS: How old is Mr. Gates,
11 does it say 36?

12 MR. HANNON: He was 36 at the time of
13 that arrest. He was born in 1948.

14 MR. MILCAREK: When was he born, '48
15 and he's 36 years old?

16 MR. VOWELS: All right. Would there
17 be any questions of Mr. Hannon? No, he was
18 36 in 1985. I was wondering since he started
19 work in 1966. Anybody have any questions of
20 Mr. Hannon on this issue? Is there any
21 motion in reference to the recommendation --
22 the recommendation is not to grant the felony
23 waiver.

24 MR. DARKO: I move to adopt and to
25 deny the request for felony waiver.

1 MR. VOWELS: Is there a second?

2 MR. SWAN: Second.

3 MR. VOWELS: All those in favor say
4 aye.

5 THE COMMISSION: Aye.

6 MR. VOWELS: Show that a felony
7 waiver is denied. Mr. Hannon, do you have
8 another?

9 MR. HANNON: Next is a felony waiver
10 for Lois Dorn Mayhew, sorry. Ms. Dorn
11 applied to be a level two cage cashier for
12 Trump. She indicated in her application that
13 she had no prior arrest at all. An FBI check
14 showed that she had been arrested for
15 shoplifting in 1975 under the name Mary
16 Smith. She was interviewed by the state
17 police and maintained she had never been
18 arrested. The arrest has been verified by
19 fingerprint check by the FBI and by a local
20 fingerprint examiner.

21 Her license was denied by the staff
22 and subsequently upheld by this commission.
23 She then retained counsel and appealed to an
24 ALJ. The ALJ held a hearing February 24th
25 and subsequently recommended that the

1 revocation of her temporary license and
2 denial were a permanent license to be upheld.
3 The Commission is being asked to accept the
4 ALJ's recommendation.

5 MR. VOWELS: Any questions of
6 Mr. Hannon?

7 MR. DARKO: Do I understand she did
8 not file exceptions to the ALJ's
9 recommendation?

10 MR. HANNON: She has not, no, sir.

11 MR. DARKO: And the time has run to
12 do so?

13 MR. HANNON: Yes, it has.

14 MR. DARKO: Thank you.

15 MR. VOWELS: Any other questions of
16 Mr. Hannon? Is there a motion?

17 MR. THAR: Move to adopt the
18 recommendation.

19 MR. SWAN: Second.

20 MR. VOWELS: Any further discussion?
21 All those in favor of adopting the
22 recommendation say aye.

23 THE COMMISSION: Aye.

24 MR. VOWELS: The recommendation is
25 adopted. Mr. Hannon?

1 MR. HANNON: The next issue is a
2 revocation of license for eight individuals
3 including Shane Brogan, a dealer for Trump;
4 Rodney Cox, a slot change attendant for
5 Trump; Jeannie David, a dealer for Trump;
6 Jason Gentry a dealer for Trump; Cynthia
7 Langey, a dealer for Trump; Robert Regoney, a
8 floor supervisor for Trump and Ronald Cole,
9 dealer for Majestic Star.

10 The story behind the revocations of
11 those as follows: The East Chicago Police
12 Department received a tip that there was an
13 after hours club being operated by and for
14 employees of area riverboats. The club was
15 selling alcoholic beverages and gambling was
16 taking place. The P.D. surveyed the location
17 described as a two story building at 2010
18 East Columbus Drive and noted several people
19 going in after three a.m.

20 Approximately five days after the
21 original surveillance, police department
22 obtained a search warrant for the club which
23 they executed at about 4:30 in the morning on
24 February the 6th, 1998. About eight people
25 were found inside and arrested for visiting a

1 common nuisance with the exception of Gentry
2 who was charged with maintaining a common
3 nuisance.

4 Recovered at the time of the arrest
5 were chips, cards, dice, gambling table, tip
6 boards, ten cases of various brands of beer
7 and several bottles of various types of
8 alcohol. The operation of a gambling game is
9 permissible in Indiana only in accordance
10 with the Riverboat Gaming Act or the
11 Charitable Gaming Act. Neither of which was
12 involved in this activity.

13 Based on the facts that this activity
14 constitutes an illegal gambling on the part
15 of a licensed riverboat employee, the staff
16 took action to revoke their temporary
17 licenses and denied the permanent licensure.
18 The Commission is being asked to uphold the
19 action if the licensees believe they can
20 prove that they were not involved in illegal
21 gambling or liquor sales, they can appeal
22 this action to the ALJ.

23 MR. VOWELS: Any questions of
24 Mr. Hannon? We have I believe seven; is that
25 correct?

1 MR. HANNON: Eight.

2 MR. VOWELS: Are there eight? There
3 are seven names I think. Who is the eighth?
4 Cole is that the eighth? Brogan is one, Cox
5 is two, David is three, Gentry is four,
6 Langley is six. Looks like there is five
7 missing there. So anyway is comes out to be
8 seven?

9 MR. HANNON: I'm sorry seven.

10 MR. VOWELS: All right. One is
11 charged with maintaining a common nuisance
12 and the others are all -- that is
13 Mr. Gentry -- the other individuals arrested
14 for visiting a common nuisance. I don't know
15 if we need to take these individually or not.

16 MR. THAR: I move to adopt the staff
17 recommendation on all seven individuals.

18 MR. SWAN: Second.

19 MR. VOWELS: Any further discussion?
20 In reference to these seven individuals
21 listed here, any -- there has been a motion
22 and a second to deny the temporary license
23 and application for an occupational license
24 on these people and all those in favor say
25 aye.

1 THE COMMISSION: Aye.

2 MR. VOWELS: Show all seven denied.
3 And Mr. Hannon?

4 MR. HANNON: The next two up are
5 Joshua Brenner and Johnny Rodrigues. These
6 employees were both marine crew employees at
7 Showboat. They were observed using a wire to
8 pull out loose tokens from underneath the
9 base of slot machines. They were moving
10 chairs and reaching in with a wire to
11 retrieve the ones that would have fallen from
12 the dropped buckets.

13 Showboat has an internal control that
14 requires all found coins and tokens to be
15 turned over to security. At the time that
16 they were stopped and searched, a total of
17 \$19.50 in tokens was recovered. They would
18 not normally be subject to a search, but it
19 is not known how long they have been
20 scavaging the machines.

21 They went to -- the reason we took
22 this act was because they went to an
23 excessive length to retrieve the coins that
24 should have dropped in as part of the drop.
25 The staff revoked their temporary licenses

1 and denied permanent licensure and request
2 the Commission uphold that same action.

3 MR. VOWELS: About Mr. Brogan [sic]
4 and Mr. Rodrigues are there any questions for
5 Mr. Hannon? Is there a motion to deny or
6 approve the recommendation of staff?

7 MR. ROSS: So move --

8 MR. VOWELS: To --

9 MR. ROSS: To approve the
10 recommendation.

11 MR. VOWELS: And deny the application
12 for an occupational license for both
13 applicants?

14 MR. ROSS: Yes.

15 MR. VOWELS: Is there a second to
16 that?

17 MR. MILCAREK: I'll second that.

18 MR. VOWELS: In reference to the
19 action on revocation of temporary license and
20 application for an occupational license for
21 Joshua Brogan and Johnny Rodrigues, there is
22 a motion and a second to deny the application
23 for those licenses. All those in favor say
24 aye.

25 THE COMMISSION: Aye.

1 MR. VOWELS: Motion denied.

2 Mr. Hannon, do you have another?

3 MR. HANNON: The next two we can take
4 together. They are Wayne Norman and Matthew
5 Glass. Norman is -- or was a mini baccarat
6 dealer for the Majestic Star and Glass was a
7 mini baccarat dealer for Trump. They were
8 both observed separately by surveillance
9 displaying cards to selected players who
10 would then bury a bet and win consistently.
11 Norman worked with a patron named McMilliam
12 and Glass worked with a patron named
13 Chantalla.

14 Records indicate that the sting was
15 operated from at least December 6th through
16 the 15th of 1997. The player -- these people
17 were all seen or portions of them were seen
18 later in the bathroom at Trump and also
19 playing craps together in the casino. The
20 Majestic lost an excess of \$11,000 on this
21 scheme. Trump's loss is not known, however,
22 the wages were for 500 and a \$1,000 on at
23 least one occasion. Criminal charges have
24 been filed against those involved and the
25 staff has revoked the temporary licenses for

1 both Norman and Glass and denied permanent
2 licensure and requested that the Commission
3 uphold that action.

4 MR. VOWELS: Any questions of
5 Mr. Hannon? We have before us then
6 commission action of the revocation of the
7 temporary license and application for an
8 occupational license, Keith Wayne Norman and
9 on Matthew Glass. Is there any motion to
10 deny or approve the application for
11 occupational licenses?

12 MR. THAR: Move to adopt the staff
13 recommendation.

14 MR. VOWELS: To deny the application?

15 MR. THAR: Both applications.

16 MR. VOWELS: Second?

17 MR. ROSS: Second.

18 MR. VOWELS: Any further discussion?

19 All those in favor say aye.

20 THE COMMISSION: Aye.

21 MR. VOWELS: Motion carried. And
22 Mr. Hannon?

23 MR. HANNON: The next one is Susan
24 Blakney -- excuse me, Sonya Blakney. Blakney
25 was a level two cage cashier at Showboat. On

1 December 18th of '97, she conducted three
2 separate credit card transactions for a
3 single customer. On the last transaction she
4 did not complete the paperwork, but told the
5 customer she would do it later.

6 On September 27th, the customer
7 received a confirmation letter from the Home
8 Shopping Network for a purchase using that
9 same card. The customer had not made such a
10 purchase and reported the incident. The
11 investigation revealed that the purchase was
12 made on December 21st and the item, a
13 necklace, was to be delivered to an address
14 of Jackie Rose in East Chicago. It was
15 determined that the Rose address was the same
16 of that as Blakney.

17 Further, that Blakney used the name
18 Jackie Rose to obtain telephone service at
19 the residence because her own account was
20 overdue. She used her deceased father's
21 Social Security number to obtain that
22 telephone account. The name Jackie Rose is a
23 derivation of her mother and her father's
24 name. The staff revoked her temporary
25 license and denied permanent licensure and

1 request that the Commission uphold that
2 action. The matter has been turned over to
3 the Lake County prosecutor for further
4 action.

5 MR. VOWELS: Any questions for
6 Mr. Hannon? Any motion in revocation of the
7 temporary license application for an
8 occupational license of Sonya Blakney?

9 MR. DARKO: Move to adopt the staff
10 recommendation to deny the license.

11 MR. VOWELS: Any second?

12 MR. ROSS: Second.

13 MR. VOWELS: No further discussion.
14 All those in favor say aye.

15 THE COMMISSION: Aye.

16 MR. VOWELS: Occupational license
17 revoked. Mr. Hannon one more.

18 MR. HANNON: Next one is Adam Ross.
19 Ross was a bartender at the (inaudible)
20 Casino. He was observed by surveillance
21 removing money from the cash register and
22 placing it in his pocket.

23 He was observed during his shift to
24 sell, for example, four drinks and ring up
25 only two and then at the end of the shift run

1 a tape on the transaction and keep whatever
2 the difference was. Attempts to interview
3 Ross has been negative. He has been unable
4 to locate him. The matter has been referred
5 to the prosecutor in the Dearborn County.
6 The staff revoked his license and denied
7 permanent licensure and request the
8 Commission to uphold that action.

9 MR. VOWELS: Any questions of
10 Mr. Hannon? Any motion in reference to
11 Mr. Ross' occupational license?

12 MR. MILCAREK: Move to adopt the
13 staff recommendation to revoke the license.

14 MR. VOWELS: Any second?

15 MR. ROSS: Second.

16 MR. VOWELS: Any further discussion?
17 All those in favor say aye.

18 THE COMMISSION: Aye.

19 MR. VOWELS: I think that takes care
20 of it. Move on to disciplinary matters and
21 Mr. Thar?

22 MR. THAR: There are two disciplinary
23 matters today and they are both related.
24 They relate to the Majestic Star Casino.

25 As you may remember in January of --

1 early 1997 we reported to the Commission
2 about the theft of approximately \$300,000 in
3 \$500 chips from the Majestic Star Casino.
4 That theft was subsequently investigated by
5 both the Indiana Gaming Commission for the
6 Indiana State Police as well as being
7 referred to the prosecutor's office in Lake
8 County after the investigation was completed.

9 As a result of that investigation, we
10 have had discussions with the Majestic Star
11 Casino and with regard to complaint 98 MS 1,
12 which relates directly to the \$500,000 [sic]
13 theft in chips, the Majestic Star and the
14 staff have agreed to recommend to the
15 Commission for the Commission's approval
16 settlement on this complaint in the amount of
17 a fine of \$110,000. We will ask the
18 Commission to approve that as a settlement.

19 With regard to the same investigation,
20 we also took a look at log books as they
21 pertain to the hard and soft count, rooms as
22 well as vendors and visitors' logs that is
23 described in the complaint number 98 MS dash
24 2.

25 We have also had discussions with

1 Majestic Star with regard to that particular
2 complaint and it has been agreed between the
3 staff and Majestic Star to recommend to the
4 Commission that an additional fine of \$10,000
5 be imposed with regard to the complaint in 98
6 MS dash 2. So what is before you is the
7 settlement agreement of 98 dash MS dash 1 and
8 98 dash MS dash 2 which in total would be
9 \$120,000 in fines. Are there any questions?

10 MR. MILCAREK: Have they taken
11 corrective action in this appearance -- there
12 is no control -- sort of problem they have
13 with surveillance and security?

14 MR. THAR: Yes, we believe that their
15 management system right now as well as their
16 security and surveillance systems and the
17 manning of those systems is far superior now
18 to the way it was at the time this theft
19 occurred.

20 MR. VOWELS: Any further questions of
21 Mr. Thar?

22 MR. THAR: I note, Mr. Chairman, that
23 Mr. Paul Sikes, the manager of the Majestic
24 Star Casino, is present. Mr. Sikes, is there
25 anything that you desire to add to this

1 settlement agreement to the Commission?

2 MR. SIKES: Mr. Chairman,
3 Commissioners, Executive Director Thar. I
4 would like to echo what Mr. Thar said that
5 our internal control systems, security
6 surveillance systems are much superior now
7 than they were in December of 1996.

8 There were a few contributing factors
9 to the theft. We lost two key employees in
10 November of 1996, our director of operations
11 and our manager of surveillance both resigned
12 in November. Shortly thereafter was when the
13 theft occurred. Two individuals are
14 currently pending sentencing in Lake County
15 Court and the third individual who is a shift
16 manager in a casino cage has passed away
17 shortly after the discovery of the theft.

18 Given the fact that we were short on
19 key staff, we believe was a contributing
20 factor as well as we were operating on a
21 chartered vessel at the time which has since
22 been replaced by a newly constructed vessel
23 which was put in operation in October of '97.

24 I would like to thank the Gaming
25 Commission staff for their assistance in the

1 investigation and especially the Indiana
2 State Police which they were key in bringing
3 these individuals to trial in Lake County.
4 And that's all I have to say at this time.

5 MR. MILCAREK: This is by agreement,
6 your company has agreed to the fine in this
7 amount?

8 MR. SIKES: Yes.

9 MR. SWAN: I didn't understand your
10 reference to the leased vessel to the new
11 one. What is changed there?

12 MR. SIKES: Well, the physical
13 characteristics of the leased vessel, that we
14 were operating under extremely confined space
15 in the fill bank which is where the theft
16 occurred. And the fill bank itself provided
17 extremely challenging physical situations for
18 surveillance coverage and we believe and I
19 believe that the Commission staff believes
20 that it was a contributing factor to the
21 occurrence of theft in that the surveillance
22 was not able to pick up the individual
23 removing the chips from the fill bank.

24 MR. VOWELS: Any others? Anything
25 else?

1 MR. SIKES: Thank you.

2 MR. VOWELS: We have before us two
3 orders of the Gaming Commission. 98 MS 1 and
4 98 MS 2 concerning the settlement agreements
5 here. We'll take those in together. Is
6 there a motion in reference to these two?

7 MR. HANNON: I move the motion to
8 adopt the recommendation.

9 MR. VOWELS: Is there a second?

10 MR. ROSS: Second.

11 MR. VOWELS: We have got a motion and
12 second to approve those terms of the
13 settlement agreement. All those in favor --
14 any further discussion? All those in favor
15 say aye.

16 THE COMMISSION: Aye.

17 MR. VOWELS: Motion approved.
18 Mr. Thar, anything else for you in the
19 discipline matters?

20 MR. THAR: No, that will conclude the
21 disciplinary matters before the Commission
22 today.

23 MR. VOWELS: Then we move on to the
24 next order of business which is Blue Chip
25 ownership. There is a resolution of 1998

1 dash 9 which is concerning the request of
2 Blue Chip Casino, Inc., to transfer of
3 ownership interest and request that the
4 Commission waive the transfer of ownership
5 rules and, Mr. Thar, can you give us some
6 direction in this?

7 MR. THAR: Yes. Mr. Joseph Dualman,
8 who you may remember was part of the
9 presentation on behalf of Blue Chip Casino,
10 and they made a presentation and -- was it
11 before where we met -- it was a president I
12 think of Blue Chip at the time and also
13 president or vice president of Aries Resorts
14 which was the primary owner of Blue Chip at
15 the time. He owns 2,166 shares of stock in
16 Blue Chip.

17 Mr. Dualman is by trade a hotel
18 operator as opposed to a casino operator. He
19 desires to sell these shares of stock, and
20 Flynn desires to buy these shares of stock.
21 Mr. Dualman then wishes to invest the money
22 in the hotel so I understand that he
23 presently manages the Aries Resort up in
24 Dubuque -- near East Dubuque, Illinois --
25 which I think, I can't remember the name of

1 the resort.

2 In any event, should this be approved
3 by the Commission, the ownership of Blue Chip
4 Casino would then be what is disclosed in the
5 attachment of page three. Mr. Dualman's
6 2,166 shares translates to approximately 2.17
7 percent. We would recommend from a staff
8 point of view that the transaction be allowed
9 to be done and that no investigations need to
10 be engaged in or completed because the Flynns
11 who would be to increase ownership interest
12 have already been investigated and approved
13 by the Commission to have a controlling
14 interest in the casino.

15 MR. VOWELS: Any questions of
16 Mr. Thar or any players? We have in front of
17 us Resolution 1998 dash 9 dealing with this
18 transfer of the ownership and waiver of the
19 ownership rules. Is there a motion?

20 MR. ROSS: I move for adoption of
21 Resolution 1998 dash 9 and change of
22 ownership.

23 MR. VOWELS: And is there a second?

24 MR. MILCAREK: Second.

25 MR. VOWELS: We have a motion and a

1 second that would grant Blue Chip's request
2 for waiver for the normal transfer of
3 ownership procedures and attend the
4 background investigations and grant Blue
5 Chip's request for approval resulting of the
6 transfer of ownership interest to the Kevin
7 Flynn Trust, Brian Flynn Trust, Donald Flynn
8 and Robert W. Flynn. Any further discussion?
9 All those in favor say aye.

10 THE COMMISSION: Aye.

11 MR. VOWELS: Motion granted. And
12 then we move to the next order of business
13 and that would be the bond reduction and that
14 would be back to Ms. Dean.

15 MS. DEAN: Casino Aztar has made the
16 following payments to the city of Evansville
17 pursuant to the development agreement and as
18 a condition of the riverboat owner's license.

19 On both December 8th and December
20 30th, 1997 Casino Aztar paid the downtown
21 revitalization in the amount of \$83,333.33;
22 to economic development, \$16,666.67; Pigeon
23 Creek Greenway, \$4,166.67. On March 4 1998,
24 Casino Aztar paid the following amount to the
25 identical entities; downtown revitalization,

1 \$166,666.66; economic development,
2 \$333,333.34; Pigeon Creek Greenway,
3 \$8,333.33.

4 On December 30th, 1997 Casino Aztar
5 made payments to the Evansville One Group of
6 \$250,000 and Vanderburg Auditorium of
7 \$250,000. Total sum of \$916,666.67 was paid
8 by Casino Aztar. As a result of these
9 payments, Casino Aztar's request that the
10 Indiana Gaming Commission authorize the
11 National City Bank reduce the letter of
12 credit No. 101 and letter of credit 102 for
13 Casino Aztar -- credit of 101 in the amount
14 of \$916,666.67.

15 MR. VOWELS: All right. Any
16 questions of Ms. Dean? Motion to approve --
17 motion to approve to reduce this letter of
18 credit, any second?

19 MR. DARKO: Second.

20 MR. VOWELS: Any further discussion?
21 All those in favor say aye.

22 THE COMMISSION: Aye.

23 MR. VOWELS: Letter of credit reduced
24 and that brings us to Caesar's certificate
25 suitability slash limited extension and we

1 have a resolution 1998 dash 11. Mr. Thar, do
2 you have anything to add on that?

3 MR. THAR: Yes. This resolution was
4 originally set up as a limited extension due
5 to the fact that the meeting last week we
6 anticipated only four commissioners making
7 it. As a result of last week's weather we
8 did not have a meeting because we could not
9 get a quorum.

10 Likewise, because the certificate does
11 not expire -- present certificate until April
12 22, 1998 and because again we have what we
13 consider a limited quorum or a limited
14 ability for all commissioners to have a fair
15 opportunity to get here for this issue, we
16 have put together an extension of the
17 certificate of suitability that would extend
18 the present certificate of suitability until
19 the commission can schedule a business
20 meeting in which a larger quorum of the
21 commission members can be present and conduct
22 a hearing on this matter. I note that a
23 substantial number of principals and officers
24 with regard to RDI Caesars are present as is
25 their local counsel, Miss Terri Mumphrey.

1 So aside from this is how the
2 certificate has been set up I refer,
3 Mr. Chairman, to whether or not the
4 Commission would like to hear from Miss
5 Mumphrey or any of the officials or
6 principals with RDI Caesers.

7 MR. VOWELS: Do any of the
8 commissioners have questions or anything they
9 would like to ask the parties?

10 MR. THAR: I would note that I
11 believe that these packets on the table is
12 from RDI Caesers. Miss Mumphrey, could you
13 give us a brief description of what that is
14 that you're filing with the Commissioner
15 today.

16 MS. MUMPHREY: Certainly. As
17 Mr. Thar said we were anticipating that at a
18 future meeting we would come before you and
19 detail for you all of our activities and
20 accomplishments since our last extension.
21 What we present today is a summary
22 highlighting some of those same topics we
23 spoke to you about when we were here for our
24 last extension. We were very, very excited
25 to receive our corps permit and we are

1 working as diligently as we can on
2 construction and there are some very -- I
3 think very interesting pictures in there
4 showing not only the construction of the
5 riverboat down at the boatyards, but also
6 some of the progress that's occurring right
7 now on the site.

8 We do have people here from the
9 construction team. We also have our general
10 counsel, Ribero Riversoto, as well as our
11 chief operating officer, Michael Walsh. If
12 you have any questions you would like to
13 address at this time, we would be prepared to
14 give you a complete rundown at your next full
15 hearing.

16 MR. MILCAREK: Could I ask who is
17 presently doing the construction?

18 MR. RIVERSOTO: Which construction,
19 sir?

20 MR. MILCAREK: The construction that
21 (inaudible) used to be doing.

22 MR. RIVERSOTO: That construction is
23 being handled directly inhouse by our
24 construction staff personnel.

25 MR. MILCAREK: Do I understand

1 correctly that you're presently in
2 discussions with (inaudible) to work out your
3 difficulties with them?

4 MR. RIVERSOTO: We are in discussions
5 with them and we treat them as we treat
6 everyone else fairly.

7 MR. MILCAREK: Thank you.

8 MR. SWAN: I have a question on the
9 construction of the boat. Where is it --
10 where is the actual construction taking
11 place?

12 MR. RIVERSOTO: In Louisiana, sir.

13 MR. SWAN: Thank you.

14 MR. VOWELS: And that's to anticipate
15 as being in Harrison County this summer?

16 MR. RIVERSOTO: Yes, sir.

17 MR. VOWELS: Anybody else have any
18 questions?

19 UNIDENTIFIED PERSON: Mr. Chairman,
20 if I may, last time I was before you in
21 October I had an occasion to announce to you
22 that under agreement and plan of merger with
23 regard to the ITT Corporation had been
24 signed. That agreement was, in fact, amended
25 and a closing on that merger occurred on

1 February 23rd. We have compliance with the
2 regulation, we will be filing application
3 with this Commission for approval of that
4 change of ownership within the required 45
5 days, but I did want to report to you that,
6 in fact, the merger had closed and that we
7 have tried to keep Mr. Thar and staff advised
8 of all the changes as they have gone along
9 and I would be happy to answer any questions
10 that any of you have on that.

11 MR. VOWELS: Is that correct,
12 Mr. Thar, he kept you abreast of things?

13 MR. THAR: I have received his
14 regular mailings.

15 UNIDENTIFIED PERSON: There are I
16 believe a couple rooms back there dedicated
17 just to my mail. And I did want to note that
18 we knew we were going to get our certificate
19 from the Army Corps of Engineers when the
20 Broncos won the Super Bowl.

21 MR. VOWELS: All right. We got
22 Resolution 1998 dash 11. If there is no
23 further questions, do I hear a motion to
24 extend the certificate of suitability and it
25 would remain valid until the Commission can

1 pursuant to the rules schedule a business
2 meeting with a larger quorum and the members
3 can be present to conduct a hearing on the
4 matter. Do I hear a second?

5 MR. DARKO: I'll second.

6 MR. VOWELS: Any further discussion?
7 All those in favor to the extension say aye.

8 THE COMMISSION: Aye.

9 MR. VOWELS: And, Mr. Thar, looks
10 like the next thing on the agenda is the
11 Empress financial slash first request.

12 MR. THAR: Yes, sir, I note that
13 Mr. Costolow is the joint chief financial
14 officer; is that correct?

15 MR. COSTLOW: That is correct.

16 MR. THAR: Of the Empress is present
17 and he would do a much better job explaining
18 what it is they want to do.

19 MR. COSTLOW: Good afternoon,
20 Chairman Vowels, Commission members and
21 staff. My name is John Costolow, and I'm
22 vice president and chief financial officer of
23 Empress Casino. Today we're presenting for
24 initial consideration to refinance with two
25 alternatives. Before I go into the details

1 of the two alternatives just let me give you
2 a brief overview of our capital structure.

3 Empress Casino, Hammond and Empress
4 Casino, Joliet Corporation and Empress Casino
5 Finance (inaudible) collectively known as the
6 Empress Affiliated presently has debt
7 outstanding two -- approximately \$210 million
8 composed of 150 million senior notes and ten
9 and three quarter senior notes that are due
10 in 2002. And \$60 million secured (inaudible)
11 dollars.

12 Given today's favorable interest rate
13 environment, we have numerous alternatives in
14 order to accomplish minimizing our cost per
15 capital, per our capital structure, gain more
16 flexible covenant and eliminate restructure.
17 Also to provide us a necessary capital for
18 commercial hotel and residential to still
19 exist in Hammond.

20 We have scored a number of
21 alternatives with our investment bankers. We
22 narrowed it down to two alternatives both of
23 which are economically feasible and viable
24 and we have provided staff with preliminary
25 time sheets and both of these alternatives

1 including full (inaudible) and I'll be happy
2 to address any questions you might have on
3 either one of these alternatives and we look
4 forward to kind of continue to work with
5 staff in order to finalize this proposal in
6 the next regular scheduled business meeting.

7 MR. THAR: John, I will advise you
8 that part of the reason for our executive
9 session today was to go over these documents
10 which you have labeled to the Commission as
11 confidential, at this point in time because
12 financing is not finalized?

13 MR. COSTLOW: That is correct.

14 MR. THAR: I'll advise you, however,
15 I advised the Commission. It's up to them
16 that a staff recommendation will be not to
17 approve this financing until; A, it had been
18 decided upon by the Empress which form it was
19 going to take in definitive terms and; B,
20 that we actually sought a resolution for the
21 board of directors that they had approved
22 this financing that's in view of some prior
23 transaction with the Empress. So I wanted to
24 advise you that has been the staff
25 recommendation to the Commission on this

1 issue.

2 MR. COSTLOW: No problem, and again
3 that's by presenting the first initial
4 consideration and that we will -- I think
5 we're going to have an April board meeting so
6 at that time I should be able to come back
7 and some final alternative to provide you the
8 necessary documentation.

9 MR. THAR: There is a strong
10 responsibility there will not be an April
11 meeting. It may be fairly early May, will
12 that fit into your time schedule?

13 MR. COSTLOW: Sure.

14 MR. THAR: Have you been able to
15 grapple with that issue to discuss it or are
16 we going to follow up today or --

17 MR. COSTLOW: Yes, I would like to
18 follow up.

19 MR. THAR: Okay.

20 MR. VOWELS: Any questions? Any
21 questions then? I think that Mr. Thar raised
22 that as the -- that I would go forth as far
23 as that Empress must choose an alternative
24 and that the board of directors must approve
25 before we give him final approval. Do any of

1 commissioners are in any disagreement with
2 that?

3 MR. COSTOLOW: Just move along with
4 this one at the next meeting I would assume.

5 MR. THAR: We would assume that if
6 you do not have an April meeting, but do have
7 a May meeting this would certainly be beyond
8 it -- (inaudible) request of Empress.

9 MR. COSTOLOW: Okay, thank you.

10 MR. VOWELS: Mr. Thar, looks like
11 we're down to other business.

12 MR. THAR: Under other business we
13 next put the Artesee's request for financing
14 on the agenda so we need to cover that in
15 other business. Dale Black is present and
16 again this was part of the discussions to the
17 executive session that was (inaudible) for
18 financial information and the Commission has
19 been advised that this present financing of
20 behalf of the (inaudible) is being considered
21 confidential.

22 I would ask deal that you submit
23 something to us in writing that executive
24 summary had within the next couple days, that
25 information you believe can be given to the

1 press because we have been requesting this
2 now for confidential at this proposed
3 placement memorandum is confidential I
4 believe by FCC law at this point in time.

5 MR. BLACK: Thank you.

6 MR. THAR: So what you can disclose
7 that we ask you that you provide to us so we
8 have available.

9 MR. BLACK: Good afternoon, my name
10 is Dale Black with the (inaudible) Company.
11 Mr. Thar stated we're here today for initial
12 consideration of transactions that is marked
13 confidential at this time as outlined in the
14 materials and submitted to the staff and to
15 the commission before.

16 The transaction contemplating is
17 anticipated to give us the ability to start a
18 transaction for which Artesee would over a
19 period of time like to reduce some of its
20 cost and capital and debt equity ratios and
21 leverage to the company. As such, we
22 submitted materials to Mr. Thar and will
23 follow up in the next period of time what we
24 can feel that can be released currently about
25 the deal or about the proposed transaction.

1 The transaction I will note primarily
2 will consist of available funds for capital
3 expenditures that are existing properties.
4 It does not permit to anything dealing with
5 the Lawrenceburg at that time -- this
6 particular time. Lawrenceburg project is --
7 everything there the money is fully set aside
8 to complete the construction what's left of
9 it vis a vis the hotel and anything that's
10 left and any ongoing capital expenditures
11 that are planned in Lawrenceburg for the
12 future will be sufficiently handled by the
13 cash flow.

14 MR. VOWELS: Any questions of
15 Mr. Black? Anything further on that issue
16 then, Mr. Thar?

17 MR. THAR: No, I don't believe.
18 Again the Commission meets in the early part
19 of May. Does that fit with our present
20 schedule?

21 MR. BLACK: Yes.

22 MR. VOWELS: And then I assume there
23 is nothing else under any other business?

24 MR. THAR: There is nothing else
25 under other business.

1 MR. VOWELS: And then the next
2 meeting we want to solidify that yet or do we
3 want to wait?

4 MR. THAR: I think we need to contact
5 the two commissioners that are not here and I
6 believe that one or two of the commissioners
7 here have indicated that they need to confirm
8 with their calendar, but I believe that the
9 target date for the next meeting is May
10 6th -- Wednesday, May 6th. Wednesday, May
11 6th that is subject to confirmation and
12 subject to change. That is our target date.
13 It would be in Indianapolis in the auditorium
14 I believe.

15 MR. VOWELS: I don't think there is
16 anything further. Is there a motion to
17 adjourn the meeting?

18 MR. SWAN: I move.

19 MR. THAR: Second?

20 MR. MILCAREK: Second.

21 MR. VOWELS: All those in favor say
22 aye.

23 THE COMMISSION: Aye.

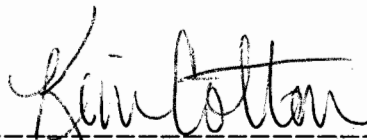
24 (At this time, the business meeting
25 was adjourned.)

1 STATE OF INDIANA)
2 COUNTY OF MARION) SS:
3)

4 I, Kim Cotton, RPR, a Notary
5 Public in and for the County of Marion, State
6 of Indiana at large, do hereby certify that
7 the business meeting herein, was by me first
8 was taken down in stenograph notes and
9 afterwards reduced to typewriting under my
10 direction, and that the typewritten
11 transcript is a true record of the testimony
12 given;

13 I do further certify that I am
14 a disinterested person in this cause of
15 action; that I am not a relative or attorney
16 or otherwise interested in the event of this
17 action.

18 IN WITNESS WHEREOF, I have
19 hereunto set my hand and affixed my notarial
20 seal this 15th day of April, 1998.

21 

22 Kim Cotton, RPR
23 Notary Public

24 My Commission Expires:
25 September 17, 2001
County of Residence:
Marion