

**INDIANA GAMING COMMISSION
BUSINESS MEETING**

9:30 a.m. (CST), March 2, 2001
Casino Aztar
421 N. W. Riverside Drive
Evansville, IN 47708

Present: Commission members: Donald R. Vowels, Chair; Thomas Milcarek, Secretary; Dr. David Ross, Robert Swan, Richard Darko, and David Carlton. Ann Bochnowski was not present. Staff: Jack Thar, Cynthia Dean, Jennifer Arnold, Jennifer Chelf, Susan Brodnan, Rhonda Dalton, Major Mark Mason, Lt. Mark Mitchell and members of the public.

Call to Order and Roll Call

Chairman Donald Vowels called the meeting to order at approximately 9:35 a.m. (CST) local time. A quorum was present.

Approval of the Minutes

Upon motion by Dr. David Ross, second by David Carlton, the minutes of the December 7, 2000 and January 29, 2001 telephonic business meetings were approved.

Report of the Executive Director

Jack Thar, Executive Director, provided a brief report to the Commission on the activities of the riverboat and Commission staff.

Susan Brodnan, staff attorney, was introduced to the Commissioners. Ms. Brodnan had been introduced to the Commission at a telephonic business meeting.

The Annual Report, due March 1st, has been delivered to the Governor's Office. A copy of the Annual Report will be sent to each Commissioner when they are returned from the printer.

Sign-up sheets were provided for those individuals wishing to address the Commission at the Public Hearing held after the Business Meeting.

New Business

Occupational License Matters

**JEAN CONNER
AR-MG-00-1**

Jean Conner applied for an Occupational License, level 2 for employment with Argosy Casino as a slot floor attendant on or about October 15, 1997. Ms. Conner revealed misdemeanor gambling convictions on her application, but the Commission failed to deny her license on this

basis and issued Ms. Conner a temporary occupational license. On or about March 8, 2000 Ms. Conner was informed that her occupational license was subject to revocation and that she must request and be granted a waiver of the gambling misdemeanor disqualification before she would be eligible to receive a permanent occupational license. Ms. Conner submitted a request for a waiver and former staff attorney John Krause held a hearing on July 17, 2000. Commission staff attorney, Jennifer Chelf, was present during the hearing and will serve as the review officer. Jennifer Chelf recommends that Ms. Conner's request for a waiver of her gambling misdemeanor convictions be granted on the condition that Ms. Conner must not be arrested in conjunction with another offense involving gambling. In the event that Ms. Conner is arrested under circumstances relating to a gambling offense, her license will be revoked and not subject to renewal.

Action: Upon motion by Robert Swan, second by Dr. David Ross, and unanimous vote of those present, the Commission adopted the recommendation of review officer Jennifer Chelf and granted Ms. Conner's request for a waiver of her gambling misdemeanor convictions.

**JOHN CONNELL
CA-MG-00-1**

John Connell applied for an Occupational License for employment at Caesars Indiana on or about May 5, 1999. Mr. Connell failed to disclose an arrest and conviction for a misdemeanor gambling offense. On or about July 14, 2000 Mr. Connell's temporary occupational license was revoked due to his gambling-related misdemeanor conviction. Mr. Connell submitted a request for a waiver and Jennifer Chelf held a hearing on his behalf on October 4, 2000. Review officer Jennifer Chelf, recommends that Mr. Connell's request for a waiver of his gambling misdemeanor conviction be rejected due to Mr. Connell's explanation that he did not believe the Commission would discover his criminal history and even if the Commission found the information it would take several months for the Commission to take any action.

Action: Upon motion by Robert Swan, second by Dr. David Ross, and unanimous vote of those present, the Commission adopted the recommendation of the review officer and denied Mr. Connell's request for a waiver of his gambling related misdemeanor conviction.

**DENISE MARCUM
AR-MG-00-3**

Ms. Denise Marcum applied for an Occupational License, level 2 for employment with Argosy Casino as a credit administrator on or about July 19, 2000. Ms. Marcum revealed a gambling related misdemeanor conviction. Her application for an occupational license was denied. Ms. Marcum requested a waiver of her gambling-related misdemeanor conviction and former staff attorney John Krause held a hearing on October 17, 2000. Commission staff attorney, Jennifer Chelf, was present during the hearing and will serve as the review officer. Jennifer Chelf recommends that Ms. Marcum's request for a waiver of her gambling misdemeanor convictions be granted on the condition that Ms. Marcum must not be arrested in conjunction with another offense involving gambling. In the event that Ms. Marcum is arrested under circumstances relating to a gambling offense, her license will be revoked and not subject to renewal.

Action: Upon motion by Richard Darko, second by Robert Swan, and unanimous vote present, the Commission adopted the recommendation of the review officer and approved Ms. Marcum's request for a waiver of her gambling related misdemeanor conviction.

**JAMES PRESSNELL
HA-MG-00-1**

Mr. James Pressnell applied for an Occupational License, level 2 for employment with Harrah's Casino on or about March 17, 1999. Mr. Pressnell disclosed a gambling-related misdemeanor conviction. Mr. Pressnell had previously worked at two other Indiana Casinos and had revealed the conviction on his applications for occupational licenses. The Commission failed to deny an occupational license on this basis and issued Mr. Pressnell a temporary occupational license. On or about July 7, 2000 Mr. Pressnell was informed that his occupational license was subject to revocation and that he must request and be granted a waiver of the misdemeanor disqualification before he would be eligible to receive a permanent occupational license. Mr. Pressnell submitted a request for a waiver and Jennifer Chelf held a hearing on his behalf on October 17, 2000. Review officer Jennifer Chelf recommends that Mr. Pressnell's request for a waiver of his gambling misdemeanor conviction be granted.

Action: Upon motion by Dr. David Ross, second by Thomas Milcarek, and unanimous vote present, the Commission adopted the recommendation of the review officer and approved Mr. Pressnell's request for a waiver of his gambling related misdemeanor convictions.

Felony Disqualification Waiver

**RALPH GATES
TR-FEL-00-1**

On or about May 6, 1996, Ralph Gates submitted an application for an Occupational License, Level 2 to work for Trump Casino as a dealer. Mr. Gates revealed a 1985 conviction and was granted a temporary occupational license. While conducting the background investigation, the Commission discovered the conviction was a felony; as a result, the Commission revoked Mr. Gates' temporary occupational license on or about January 12, 1998. A felony waiver review was held with the recommendation of the 1998 review officer being that Mr. Gates' waiver be denied. Mr. Gates submitted a second Request for a Felony Waiver on or about June 13, 2000. Former staff attorney Mr. John Krause conducted the hearing. Jennifer Chelf was present at the hearing and was appointed as a substitute review officer. Due to the facts presented at the second hearing, the review officer recommended that Mr. Gates receive the Felony Waiver and be granted a temporary license.

Action: Upon motion by Thomas Milcarek, second by Dr. David Ross, and unanimous vote of those present, the Commission voted to approve the Review Officer's recommendation that Mr. Gates receive the Felony Waiver and that he receive a temporary occupational license, Level 2.

**JOHN CAMPBELL
CA-FEL-00-2**

On or About September 21, 1998, John Campbell submitted an application for an Occupational License, Level 2 to work for Caesars as a dealer. Mr. Campbell was granted a temporary Occupational License since he did not reveal a 1980 felony conviction for Grand Theft. While

conducting the background investigation, the Commission discovered the conviction for grand theft as well as another incident where Mr. Campbell pled guilty to the delivery of cocaine. As a result, the Commission revoked Mr. Campbell's temporary occupational license on or about January 22, 2000. Mr. Campbell submitted a Request for a Felony Waiver form on or about July 3, 2000 requesting a Waiver of the felony disqualification pursuant to IC 4-33-8-1 and 68-IAC 2-4. On October 4, 2000 a hearing on Mr. Campbell's request for a felony waiver was conducted by a Review Officer, Jennifer Chelf. The Review Officer recommended that Mr. Campbell's request for a Felony Waiver be denied and that his request for a temporary occupational license be denied.

Action: Upon motion by Dr. David Ross, second by Richard Darko, and unanimous vote of those present, the Commission voted to adopt the Review Officer's recommendation that Mr. Campbell's request to receive the Felony Waiver be denied.

Employee Disciplinary Actions

DORIS BAXTER CA-FEL-00-3

Doris Baxter applied for an Occupational License, level 3 for employment with Caesars Casino as a housekeeper on or about May 2, 2000. Ms. Baxter revealed a felony conviction for involuntary manslaughter. Her application for an occupational license was denied. Ms. Baxter submitted a request for a felony waiver on or about June 7, 2000. Review officer Jennifer Chelf held a hearing on her behalf on November 21, 2000. The Review Officer recommends that the Commission grant Ms. Baxter's request for a felony waiver.

Action: Upon motion by Richard Darko, second by Robert Swan, and unanimous vote present, the Commission adopted the recommendation of the review officer and approved Ms. Baxter's request for a felony waiver.

EMILY CLARK 99-01-EM

Emily Clark began employment as a Cage/Credit Manager for Empress Casino on or about September 29, 1998. On May 11, 1999 a disciplinary action was initiated against Emily E. Clark after Commission staff was advised that Ms. Clark, while employed as the Cage/Credit Manager, initiated a new variance procedure that the Commission considered to be contrary to Commission directives dated September 17, 1998. Subsequent to the filing of the disciplinary action, for reasons unrelated to the disciplinary action, Ms. Clark resigned her position at Empress and moved outside of Indiana. Upon approval of the Commission, the Commission staff and Ms. Clark agree that: the violations alleged in the complaint would not render Ms. Clark unlicensable in Indiana; In response to an inquiry from other jurisdictions regarding Ms. Clark's licensability in Indiana, the Commission shall report that Indiana considers Ms. Clark licensable in Indiana; Ms. Clark agrees to not apply for an Indiana Occupational License for a period of five (5) years; said five (5) years shall commence upon approval of this Settlement Agreement by the Commission; the Commission agrees not to pursue further sanctions against Ms. Clark regarding this complaint.

Action: Upon motion by Robert Swan, second by Richard Darko, and unanimous vote of those present, the Commission approves the proposed terms of the settlement agreement.

Supplier's License Matters

Resolution 2001-5

A Resolution Concerning the Request of Atlantic City Coin & Slot Service Company Inc. for Approval to transfer an Ownership Interest and a Request that the Commission Waive the Transfer of Ownership Rules.

Action: Upon motion by Dr. David Ross, second by Richard Darko, and unanimous vote of those present, the Commission granted A.C. Coin's request for a waiver of the normal transfer of ownership procedures and attendant background investigations.

Action: Upon motion by David Carlton, second by Dr. Ross, and unanimous vote of those present, the Commission A.C. Coin's request for approval of the resulting transfer of ownership interests of two percent each to Jerald Seelig, Jeffrey Seelig, and Jason Seelig for a total ownership interest of seven percent respectively.

Resolution 2001-6

A Resolution Concerning the Renewal of Supplier's Licenses for Midwest Game Supply Co., Dallman Systems, Inc., A.C.Coin, GameCash, Inc., Anchor Coin, Inc., Lodging and Gaming Systems, Inc., WMS Gaming, Inc.

Action: Upon motion by Dr. David Ross, second by Richard Darko, and unanimous vote of those present, the Commission granted the renewal of the suppliers' licenses issued to the above named supplier's. The renewed suppliers' licenses will be valid for a period of one (1) year from the date of issuance.

Settlement Offers on Disciplinary Actions

Complaint No. 01-PAUL-SON-1

A permanent supplier's license was issued to Paul-Son on or about September 19, 1997 to distribute playing cards. Pursuant to 68 IAC 2-2-1(c) "all suppliers of electronic gaming devices ... cards, dice,...or any other equipment that the commission determines directly affects gaming shall be manufacturers of said devices." On September 28, 1998 Paul-son requested approval to distribute plastic playing cards manufactured by KEM Plastic Playing Cards, Inc. to Indiana riverboat licensees. KEM did not possess a valid Indiana supplier's license. In April 1999 the Paulson Compliance Committee decided not to sell KEM cards in Indiana. The Commission was not notified of this decision. On or about February 24th and October 10, 2000 the Commission received a notice of shipment regarding shipment of 10 sets of KEM cards to

Harrah's Casino in East Chicago, Indiana. Due to a clerical error the Commission approved the shipment, although Paulson had not received approval to distribute the cards in Indiana or a waiver of 68 IAC 2-2-1(c).

The Commission staff and Paulson have reached a settlement agreement for the violation of 68 IAC 2-2-1(c) whereby a fine in the amount of \$1000.00; \$500.00 for each improper shipment would be imposed.

Action: Upon motion by David Carlton, and second by Dr. David Ross, and unanimous vote of those present the Commission approved the proposed terms of the settlement agreement.

2001-7

A Resolution Concerning the Transfer of Ownership Interest in Indiana Gaming Company, LP. Don Malloy, General Counsel for Argosy appeared before the Commission to explain the specifics of the transfer. Argosy created a subsidiary for the purpose of holding 42.5% ownership interest that will be acquired from Conseco and Centaur. Indiana Gaming Company, LP and Indiana Gaming LP II has identical ownership, including officers and directors who have been investigated by the Commission and have been determined suitable to hold an Indiana riverboat owner's license. Since no new key persons or substantial owners are being introduced as a result of the change in ownership, Indiana Gaming II LP requests the Commission waive the transfer of ownership procedures and background investigations.

Action: Upon motion by Thomas Milcarek, second by Dr. David Ross, and unanimous vote of those present, the Commission granted the request of Indiana Gaming LP II for the ability to transfer 29% interest held by Conseco Entertainment, LLC and the 13.5% interest held by Centaur, Inc. to Indiana Gaming II, LP and waives the transfer of ownership procedures and attendant background investigation. This approval is subject to the final closing of the transfer of ownership from Centaur, Inc. to Indiana Gaming II, LP and Indiana Gaming II LP providing a copy of the final transfer of interest documents with Conseco and Centaur to the Commission.

Resolution 2001-8

A Resolution Concerning the Request of Empress Casino Hammond Corporation to Change the Name of the Riverboat Owner's License. Mr. Floyd Hannon of Horseshoe Gaming appeared before the Commission.

Action: Upon motion by Robert Swan, second by Dr. David Ross, and unanimous vote of those present, the Commission approved the request of Empress Casino Hammond Corp. to change its name to Horseshoe Hammond, Inc. which would then be the holder of an Indiana Riverboat Owner's License and waives any background investigation fees associated with the name change, subject to review and approval of the procedures and controls by Commission staff.

2001-9

A Resolution Concerning the Bond Posted by Belterra Resort (Indiana), LLC. Jay Boyd, local counsel for Pinnacle Entertainment, Inc., appeared before the Commission to answer any questions which might be forthcoming.

Action: Upon motion by Dr. David Ross, second by Richard Darko, and unanimous vote of those present, the Commission approved the request to replace the cash deposit in the amount of \$3,500,000 with Surety Bond Number BE 0940122 in the amount of \$3,500,000 posted by Pinnacle with the Gulf Insurance Company and guaranteed by the Select Insurance Company, and ratifies the release of the cash deposit to Belterra.

2001-10

A Resolution Concerning the Second Amendment to the Development Agreement by and Between the City of Gary and Trump Indiana, Inc. Robert Pickus, General Counsel for Trump Casino appeared before the Commission to discuss the request of the City of Gary and Trump Indiana to amend the development agreement. Presented to the Commission was a letter from Mayor Scott King verifying the City of Gary did in fact agree with the second amendment.

Action: Upon motion by Dr. David Ross, second by David Carlton, and unanimous vote of those present, the Commission granted the request of the City of Gary and Trump Indiana, Inc. to approve the second Amendment to the Development Agreement by and between the City of Gary and Trump Indiana. The approval of the Indiana Gaming Commission is subject to the approval of the Second Amendment to the Development Agreement by the Gary Board of Public Works, said vote to occur on February 28, 2001. Should the Gary Board of Public Works fail to approve the Second Amendment to the Development Agreement then this Resolution is null and void.

2001-11

A Resolution Adopting 68-IAC 2-2-9.5; 68 IAC 14-3-8; and 68 IAC 15-4 and Amendments to 68 IAC 2-2-1; 68 IAC 2-3-5; 68 IAC 2-6-6; 68 IAC 3-3-6; 68 IAC 10-2-1; 68 IAC 11-2-7; 68 IAC 11-5-1; 68 IAC 11-5-1; 68 IAC 14-2-2; 68-IAC 14-10-2; 68 IAC 14-11-2; ;68 IAC 14-12-2; 68 IAC 15-2-3; 68 IAC 15-2-6; 68 IAC 15-4-2; 68 IAC 15-4-3; 68 IAC 15-7-3; 68 IAC 15-8-1; and 68 IAC 15-8-2 For Publication as Proposed Rules.

Action: Upon motion by Robert Swan, second by David Carlton, and unanimous vote of those present, the Commission approved the above mentioned rules as proposed rules.

2001-12

A Resolution Approving for Proposed Readoption Articles 1, 2, 6, 7, 8, and 9 of Title 68 of the Indiana Administrative Code.

Action: Upon motion by David Carlton, second by Thomas Milcarek, the Commission readopted the following rules: 68 IAC 1, General Provisions; 68 IAC 2, Licenses and Approval of Associated Equipment; 68 IAC 6 Exclusion and Eviction of Persons; 68 IAC 7, Denial and Exclusion Hearings; 68 IAC 8, Public Safety and Excursions; and 68 IAC 9, Ethics.

Request for Financing/Settlement Agreement

2001-13

A Resolution Concerning Financing by Harrah's Operating Company, Inc. Luther Anderson, Vice-President Legal Affairs, Harrah's Eastern Division and Terry Mumford, Ice Miller Donadio and Ryan appeared before the Commission. Harrah's requested an after the fact approval of

8% Senior Notes due February 1, 2011, in the principal sum amount of \$500,000,000. Harrah's had issued the notes on or about January 29, 2001. Also requested was a waiver of the two-meeting rule.

A settlement agreement has been reached with Harrah's for their failure to request approval prior to entering into the Debt Transaction. Commission Staff recommends Harrah's pay a monetary fine in the amount of \$75,000.00.

Action: Upon motion by Richard Darko, second by Dr. David Ross, and unanimous vote of those present, the Commission approved the request for a waiver of the two meeting rule pursuant to 68 IAC 5-3-2(b)(3).

Action: Upon motion by Robert Swan, second by Dr. David Ross, and unanimous vote of those present, the Commission approved the request for the 8% Senior Notes due February 1, 2011.

Action: Upon motion by Dr. David Ross, second by Richard Darko, and unanimous vote of those present, the Commission approved the proposed terms of the Settlement Agreement executed with Harrah's Operating Company, Inc.

2001-13

A Resolution Concerning Financing by Boyd Gaming Corporation. Kay Fleming, Ice Miller Donadio and Ryan, local counsel for Boyd Gaming appeared before the Commission. Boyd Gaming requests an after the fact approval for an amended term loan increase of \$150 million as well as a waiver of the two-meeting rule. Commission staff recommends Boyd Gaming pay a monetary fine in the amount of \$75,000.00 for failure to request Commission approval prior to the debt transaction.

Action: Upon motion by David Carlton, second by Thomas Milcarek, and unanimous vote of those present, the Commission approved the request for a waiver of the two meeting rule pursuant to 68 IAC 5-3-2(b)(3).

Action: Upon motion by Robert Swan, second by David Carlton, the Commission approved the request of Boyd Gaming to increase the term loan by the amount of \$150 million to a total term loan amount of \$250 million.

Action: Upon motion by Thomas Milcarek, second by Dr. David Ross, and unanimous vote of those present, the Commission approved the proposed terms of the Settlement Agreement executed by Boyd's Gaming.

Settlement Offers on Disciplinary Actions

Complaint No. 00-GV-1

The disciplinary action against Grand Victoria consists of 3 counts. 1. Failing to follow approved procedures for an even money exchange which allowed the theft of \$84,000.00. 2. Failing to follow internal control procedures regarding the cashing of checks for a local bank on four (4) separate occasions. 3. Failing to file a timely CTR with regard to a \$60,000.00 transaction. The Commission staff and Grand Victoria have reached a settlement agreement whereby a fine of \$25,000.00 would be imposed.

Action: Upon motion by Dr. Ross, second by Thomas Milcarek and unanimous vote of those present, the Commission approved the terms of the settlement agreement.

01-CENTAUR-1

At the January 29, 2001 telephonic business meeting, the Commission approved an after the fact debt transaction entered into by Centaur, Inc. At that time, it was explained that a disciplinary action and/or settlement would be forthcoming. Mr. Robert Wagner and Mr. Theodore Nicholas, representing Centaur, Inc. appeared before the Commission. Also appearing before the Commission were Rod Ratcliff, Chief Executive Officer; Steve Norton, Director and a Partner in Centaur; Kurt Wilson, President and Director of Centaur. These individuals stated they understood and were in agreement with the proposed settlement agreement. The Commission staff and Mr. Wagner on behalf of Centaur, Inc. have reached a settlement agreement whereby a monetary fine of \$500,000.00 would be imposed.

Action: Upon motion by Robert Swan, second by Thomas Milcarek, and unanimous vote of the present, the Commission approved the proposed terms of the settlement agreement.

Belterra Casino and Resort Complaint No. 01-BT-1

The disciplinary action against Belterra Casino and Resort consists of 3 counts. 1. Failing to file Form RG-1 for gaming activity occurring on Sunday, October 28, 2000 by the close of business day on Tuesday, October 31, 2000. 2. Failing to file Form RG-1 for gaming activity occurring on Sunday, October 29, 2000 by the close of business day on Tuesday October 31, 2000. 3. Failing to remit taxes to the Department of Revenue for gaming activity occurring on Sunday, October 29, 2000. The Commission staff and Belterra Casino and Resort have reached a settlement agreement whereby Belterra will pay a monetary fine in the amount of \$45,000: \$15,000 for each of the 2 late RG-1 filings and \$15,000 for the late RG-1 payment.

Action: Upon motion by Richard Darko, second by Dr. Ross, and unanimous vote of those present, the Commission approved the proposed terms of the settlement agreement.

Next Meeting

The next business meeting of the Indiana Gaming Commission will be will be announced at a later date.

Adjournment

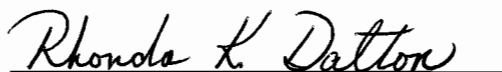
Upon motion by Richard Darko, second by Dr. Ross and unanimous vote of those present, the meeting was adjourned at 11:00 a.m. The public hearing for the consideration of Casino Aztar's relicensure will commence at approximately 11:15 a.m.

Minutes

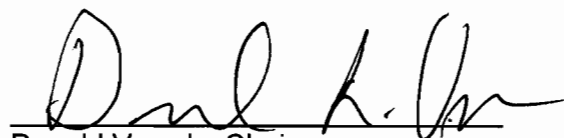
Verbatim Reporting Service transcribed the March 2, 2001 business meeting. Consequently, the transcript is the complete record of the meeting. Anyone wishing to see the transcript can review it in the Commission office or obtain a copy of the transcript from Verbatim Reporting Service, P. O. Box 3053, Evansville, IN 47330, and (812) 425-6063.


Rhonda K. Dalton, Executive Secretary of the Indiana Gaming Commission Staff, prepared these minutes.

Respectfully submitted,


Rhonda K. Dalton

THE INDIANA GAMING COMMISSION:


Donald Vowels, Chair


Thomas Milcarek, Secretary