

**ORIGINAL**

THE INDIANA GAMING COMMISSION

BUSINESS MEETING

MAY 13, 2002

BE IT REMEMBERED that the following proceedings were had before me, PAMELA J. BEAUVAIS, RPR, Registered Professional Reporter, and duly commissioned officer of the State of Indiana, on Monday, May 13, 2002, at Harrah's East Chicago, Grand Ballroom, 777 Harrah's Boulevard, East Chicago, Indiana, and commencing at the hour of 10:25 a.m.

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C O M M I S S I O N P A N E L:

DONALD VOWELS, Chairman  
JACK THAR, Executive Director  
BILLY HAMILTON, Deputy Director  
CYNTHIA L. DEAN, Chief Counsel  
MICHELLE MARSDEN, Staff  
ANN BOCHNOWSKI, Commissioner  
THOMAS MILCAREK, Commissioner  
DAVID ROSS, M.D., Commissioner  
DAVID CARLTON, Commissioner  
RICHARD DARKO, Commissioner  
DALE GETTELFINGER, Commissioner



1 MR. VOWELS: Call the meeting to order. We'll show  
2 that all commissioners are present. The first matter on  
3 the agenda is the approval of the minutes. We have two  
4 minutes from -- first from the business meeting of March  
5 15th, 2002 and then the other is the April 10th, 2002  
6 telephonic business meeting. We've all had the opportunity  
7 to review these minutes. Is there a motion in reference to  
8 the March 15 minutes regarding approval or any changes?

9 MS. BOCHNOWSKI: Move to approve.

10 MR. VOWELS: Is there a second?

11 DR. ROSS: Second.

12 MR. VOWELS: Any further discussion?

13 (A short off-the-record  
14 discussion was had.)

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

17 (Ayes -- all. Nays -- none.)

18 MR. VOWELS: We'll show the minutes of March 15th,  
19 2002 are approved.

20 Then the other is the telephonic business meeting  
21 minutes of April 10th, 2002. Is there a motion in  
22 reference to those minutes?

23 MR. CARLTON: Move to approve.

24 MR. VOWELS: Is there a second?

25 DR. ROSS: Second.



1 MR. VOWELS: Any further discussion? All those in  
2 favor say "aye."

3 (Ayes -- all. Nays -- none.)

4 MR. VOWELS: Show those minutes are approved.

5 Next matter on the agenda is the report of the  
6 Executive Director and Mr. Thar what do you have for us?

7 MR. THAR: Very minimal. Most of what we have been  
8 working on as a staff is contained in the agenda of this  
9 meeting and the public hearing to follow. I would only  
10 note for those that may have missed it is that a special  
11 session has been called of our legislature and we'll meet  
12 tomorrow and they're primarily there to deal with budget  
13 and tax restructuring issues. However, we have received  
14 some phone calls of potential changes in the Riverboat  
15 Gambling Act may also be in the offing on this. Whether or  
16 not it occurs will be anybody's best guess. Other than  
17 that I have nothing further to report.

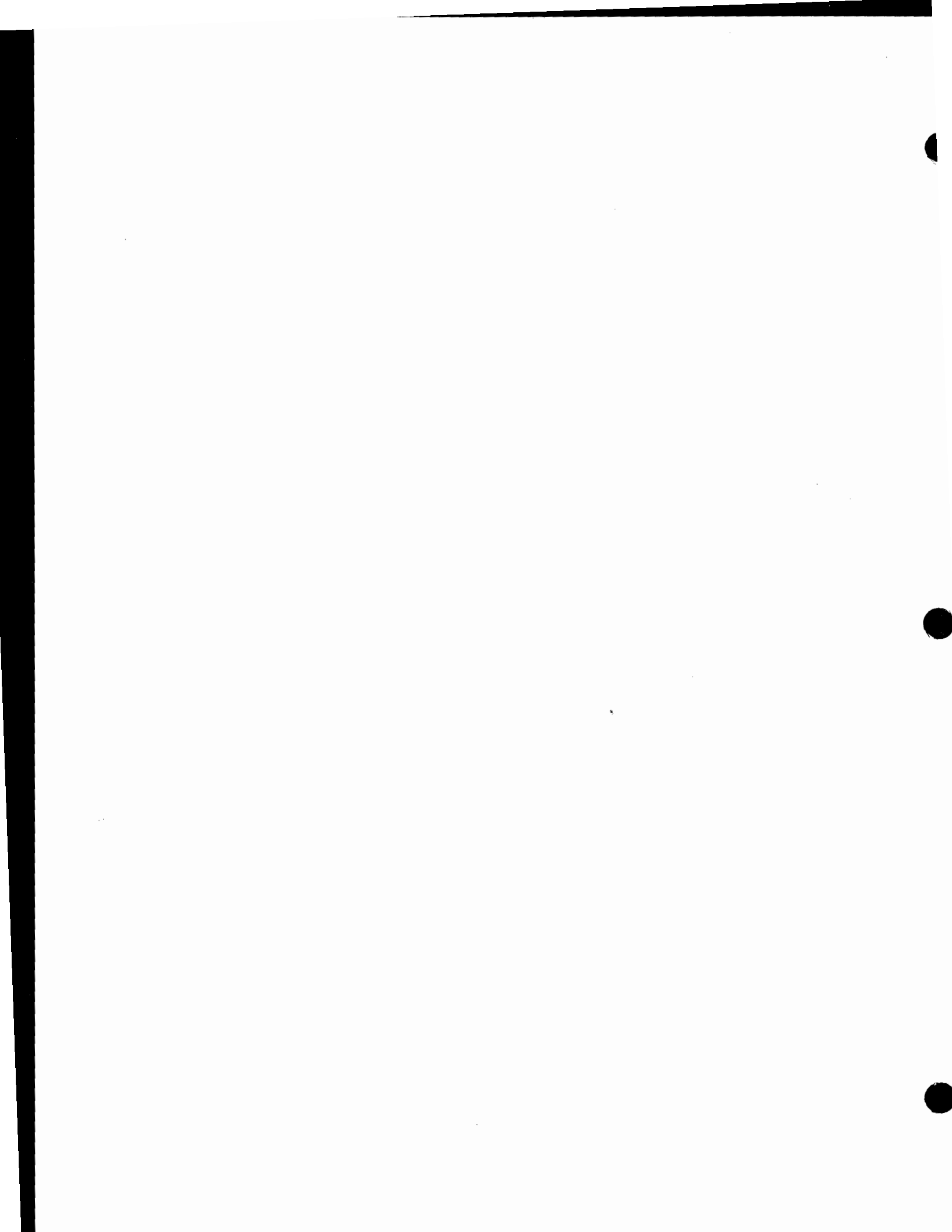
18 MR. VOWELS: Any questions for Mr. Thar.

19 All right thank you, Mr. Thar.

20 Then the next matter on the agenda is old business.  
21 Any old business?

22 MR. THAR: No, sir.

23 MR. VOWELS: All right. And then under new business  
24 are occupational license matters and there are four. My  
25 understanding is Susan Brodnan will have the first two.





1 Morning.

2 MS. BRODNAN: Good morning. You have before you for  
3 approval the felony waiver request of Mr. James Drago. On  
4 or about January 3rd, 2002 Mr. Drago submitted an  
5 application for a level 3 occupational license to work at  
6 Majestic Star Casino as an able-bodied seaman. Mr. Drago's  
7 application was denied because he revealed a 1979 felony  
8 conviction for possession of marijuana.

9 On or about January 24th, 2002 Mr. Drago submitted a  
10 felony waiver request to the Commission. Pursuant to that  
11 request a hearing was held on February 21st on the property  
12 of Majestic Star in Gary. Majestic Star has indicated in  
13 writing that it will hire Mr. Drago if his waiver request  
14 is granted. Mr. Drago disclosed a total of eight  
15 convictions on his application for an occupational license,  
16 seven misdemeanor convictions, one of which was a gambling  
17 conviction, and a felony. Mr. Drago addressed the  
18 circumstances surrounding each conviction at the review  
19 hearing.

20 At the time of his conviction he was a drug user. He  
21 stated that his criminal activity was connected to his drug  
22 habit. Mr. Drago completed a voluntary inpatient  
23 rehabilitation program in 1993 and attended Narcotics  
24 Anonymous meetings following the completion of the  
25 program. When asked if he was rehabilitated from his drug



1 problem Mr. Drago stated that he was, quote, a hundred and  
2 ten percent rehabilitated.

3 Mr. Drago's first conviction, the felony, was in 1970  
4 when he was only 21 years old. The last conviction was in  
5 1988. Mr. Drago is now 52 years old. He has not been in  
6 any criminal trouble since 1988 and since completing the  
7 drug program in 1993.

8 Mr. Drago previously worked on Indiana riverboats from  
9 1996 to 2001. It is unclear how he received an  
10 occupational license without completing the felony waiver  
11 process at that time. Nevertheless, Mr. Drago worked  
12 without incident for approximately five years. Due to this  
13 fact and due to his rehabilitation it is the recommendation  
14 of this review officer that the Commission grant his  
15 request for a felony waiver.

16 MR. VOWELS: Are there any questions of Miss Brodnan?

17 MR. DARKO: He has been honest with us throughout both  
18 application processes except that he didn't indicate that  
19 one conviction was a felony; is that correct, Sue?

20 MS. BRODNAN: Yes, he indicated that he didn't know it  
21 was a felony the first time around.

22 MR. DARKO: And from your review you think it's  
23 reasonable that he didn't know it was a felony?

24 MS. BRODNAN: Yes. It's somewhat unclear. The  
25 documentation that we have indicates he was -- received a



1 sentence of not less than one year at the state farm and  
2 over the phone there was communication that it was a  
3 felony, but there's nothing in writing that says it was a  
4 felony.

5 MR. DARKO: Thank you.

6 MR. VOWELS: Of course the, the definition of a felony  
7 they think punishable by more than one year.

8 MS. BRODNAN: Right.

9 MR. VOWELS: And there's nothing here to indicate --  
10 possession of marijuana now, unless it's over 30 grams,  
11 would be a misdemeanor. This was all prior to the changes  
12 in the criminal code in 1977 so who knows, but, but just by  
13 definition of, of something punishable by more than one  
14 year and his sentence was imprisonment of not less than one  
15 year would indicate if it's a felony which I would assume a  
16 number of laypeople would, would be unaware of all of, of  
17 those type of things so that seems to be understandable.  
18 Did he reveal that, but not reveal it is a felony?

19 MS. BRODNAN: That is correct.

20 MR. VOWELS: Okay.

21 MS. BRODNAN: On the first one when he worked  
22 previously. On this current application he did indicate  
23 that it was a felony.

24 MR. VOWELS: And did, did you conduct the interview or  
25 --



1 MS. BRODNAN: Yes.

2 MR. VOWELS: Are there any questions for Miss Brodnan.  
3 All right, thank you.

4 Then in front of us we have the Gaming Commission  
5 Order concerning the felony waiver request of Mr. James  
6 Drago and it's before us to adopt or reject the  
7 recommendation that would approve the request for -- adopt  
8 or reject the recommendation approving the request for the  
9 felony waiver. Is there a motion to adopt or reject the  
10 recommendation for the waiver?

11 MR. DARKO: I move to adopt the recommendation of the  
12 review officer.

13 MR. VOWELS: Is there a second?

14 DR. ROSS: Second.

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

17 (Ayes -- all. Nays -- none.)

18 MR. VOWELS: We'll show that the waiver is granted.  
19 And what's the next one you have?

20 MS. BRODNAN: The next review in regards to Che'Reese  
21 Johnson. You have before you for review Commission staff  
22 action denying the application for an occupational license  
23 of Miss Johnson.

24 On or about November 3rd, 1999 the Commission issued  
25 Miss Johnson a temporary occupational license to work as a





1 cage cashier at Harrah's Casino. Harrah's personnel and  
2 Commission agents gathered evidence that Miss Johnson was  
3 involved in a credit card fraud scheme. She was  
4 interviewed by Commission agents on January 22nd, 2001  
5 where she admitted that she agreed to process a fraudulent  
6 credit card transaction during her employment as a cage  
7 cashier. Miss Johnson stated that the individual did not  
8 arrive at the designated time and the transaction never  
9 occurred. However, she resigned from her position two days  
10 later on January 24th, 2001.

11 On or about April 10th, 2002 Miss Johnson submitted an  
12 application for a level 2 license to work at Horseshoe as a  
13 cage cashier. Based on her statements to Commission agents  
14 staff determined that Miss Johnson engaged in a conspiracy  
15 to commit credit card fraud during the performance of her  
16 duties at Harrah's. On that basis Commission staff denied  
17 her application for a temporary occupational license to  
18 work at Horseshoe.

19 The Commission will need to vote to approve or deny  
20 Miss Johnson's application for a license. Staff recommends  
21 that the Commission deny Miss Johnson's application. If  
22 the Commission does deny her application Miss Johnson will  
23 have the opportunity to appeal this matter to an  
24 administrative law judge.

25 MR. VOWELS: Thank you. Any questions for Miss



1 Brodnan? Then in front of us is the Commission action on  
2 the denial of the application for an occupational license  
3 of Miss Johnson. Is there a motion to deny or approve the  
4 application?

5 MS. BOCHNOWSKI: I move that we deny the application.

6 MR. VOWELS: Is there a second?

7 MR. MILCAREK: I second the motion.

8 MR. VOWELS: Is there any further discussion? All  
9 those in favor say "aye."

10 (Ayes -- all. Nays -- none.)

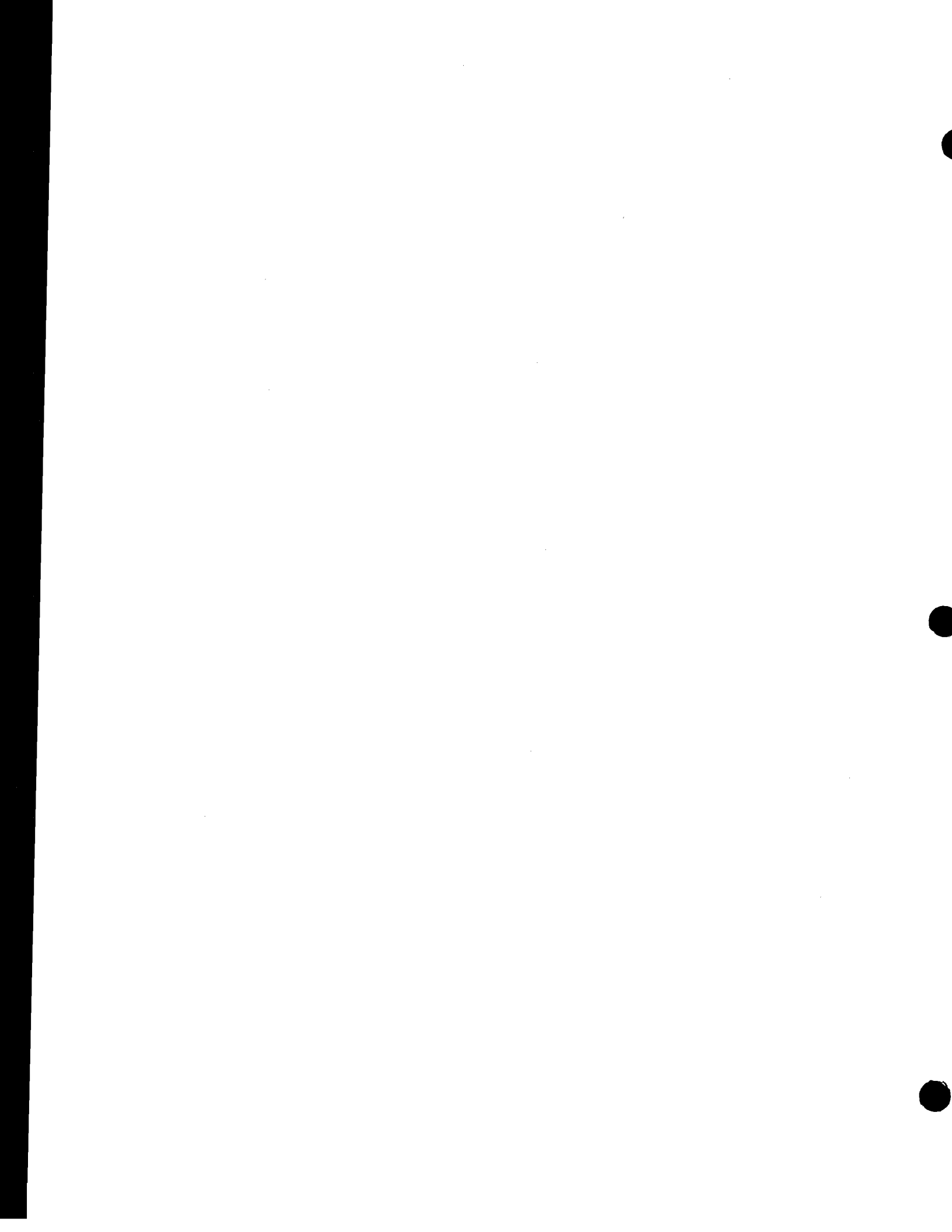
11 MR. VOWELS: We'll show that at least the application  
12 is denied.

13 (A short off-the-record  
14 discussion was had.)

15 MR. VOWELS: Then the next matter on the  
16 occupational license is with Miss Chelf.

17 Go ahead.

18 MS. CHELF: Good morning Commissioners. On October  
19 24th, 2001 the Commission issued Linda Roberts a temporary  
20 occupational license to work for Belterra Casino as a cage  
21 cashier. On October 2nd, 2002 Belterra surveillance agents  
22 notified Commission agents that Miss Roberts had stolen a  
23 hundred and twenty dollars while performing her duties as a  
24 cage cashier. Miss Roberts admitted that she had taken the  
25 money. Belterra terminated her because of the theft and



1 theft charges were filed.

2 The Commission staff revoked Miss Roberts' temporary  
3 occupational license and denied her application for a  
4 permanent license. The Commission will need to vote to  
5 approve or deny her application for a permanent license.  
6 The Commission staff recommends that the Commission deny  
7 Miss Roberts' application. If the Commission denies her  
8 application Miss Roberts will have the opportunity to  
9 appeal the matter to an administrative law judge.

10 MR. VOWELS: Are there any questions for Miss Chelf?

11 MR. MILCAREK: Yes, I have one. I think you've  
12 misstated. You said on October 2nd and you meant April  
13 2nd. The reason I knew October 2nd it's my birthday. Why  
14 would she do that on my birthday?

15 MR. VOWELS: She was thinking of you.

16 MS. BOCHNOWSKI: She was gonna buy you a present, huh.

17 MR. MILCAREK: You just carried over from October 24th  
18 to October 2nd.

19 MR. VOWELS: You meant to say April 2nd; is that  
20 correct?

21 MS. CHELF: April, yes. Yes, correct.

22 MR. VOWELS: All right. Any other questions for Miss  
23 Chelf? Then in front of us we have the Commission action  
24 on revocation of a temporary license and application for  
25 occupational license of Linda Roberts. Is there a motion



1 to deny or approve the application for an occupational  
2 license?

3 MR. MILCAREK: I would, I would make a motion to deny  
4 the application.

5 MR. VOWELS: Is there a second?

6 DR. ROSS: Second.

7 MR. VOWELS: Any further discussion? All those in  
8 favor say "aye."

9 (Ayes -- all. Nays -- none.)

10 MR. VOWELS: We'll show that the application is  
11 denied.

12 And then Miss Chelf you have one more for us?

13 MS. CHELF: The Commission issued Miss Sherry Hunter a  
14 temporary occupational license to work for Belterra Casino  
15 as a cage cashier on October 14th, 2000. On January 2nd,  
16 2002 Belterra surveillance agents notified Commission  
17 agents that Miss Hunter had stolen \$10,000 while performing  
18 her duties as a cage cashier. Miss Hunter was terminated  
19 and theft charges were filed against her. The Commission  
20 staff revoked Miss Hunter's temporary occupational license  
21 and denied her application for a permanent license.

22 The Commission will need to vote to approve or deny  
23 her application for a permanent license. The Commission  
24 staff recommends that the Commission deny the application.  
25 If the Commission denies her application she will have the





1 opportunity to appeal the matter to an administrative law  
2 judge.

3 MR. VOWELS: Do you know if this 10,000 was over a  
4 period of time?

5 MS. CHELF: It was in one incident.

6 MR. VOWELS: Really.

7 Any other questions for Miss Chelf?

8 Then in front of us we have the Commission action on  
9 revocation of temporary license and application for  
10 occupational license of Sherry Hunter. Is there a motion  
11 to deny or approve the application for an occupational  
12 license?

13 MR. DARKO: I move we deny the application.

14 MR. VOWELS: Is there a second?

15 MR. CARLTON: Second.

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

18 (Ayes -- all. Nays -- none.)

19 MR. VOWELS: We'll show that the application is  
20 denied.

21 All right. Thank you Miss Chelf.

22 We have the next matter on the agenda are supplier  
23 license matters and Miss Marsden that's with you.

24 MS. MARSDEN: Thank you. Michelle Marsden. Before  
25 you is Resolution 2002-10. It's the granting of a



1 supplier's license to ServiceMaster by Wallace, Inc.  
2 ServiceMaster by Wallace is a privately-held company  
3 incorporated in Ohio on August the 13th of 1993. They  
4 maintain an office in Ohio. They provide commercial and  
5 janitorial services to offices and manufacturers.  
6 Currently they have a letter of intent to do business with  
7 Horseshoe Casino in Hammond and it's a hundred percent  
8 owned by Ron and Gloria Wallace. So before you is to grant  
9 them a supplier's license.

10 MR. VOWELS: Any questions for Miss Marsden?

11 In front of us then is Resolution 2002-10 which is a  
12 resolution asking us to grant a supplier's license to  
13 ServiceMaster. Is there a motion in reference to this  
14 resolution?

15 DR. ROSS: I move to grant the license.

16 MR. VOWELS: Is there a second?

17 MS. BOCHNOWSKI: Second.

18 MR. VOWELS: Any further discussion? All those in  
19 favor say "aye."

20 (Ayes -- all. Nays -- none.)

21 MR. VOWELS: We'll show the resolution is granted.

22 And then Miss Marsden, we have one more for us?

23 MS. MARSDEN: Yes, I do. Thank you. Resolution  
24 2002-11 is the resolution for renewal of supplier's license  
25 for Hasgoe Cleaning Systems, Inc. and Konami Gaming, Inc.



1 They were both issued permanent licenses on May the 29th of  
2 2001 by Resolutions 2001-22. We have both received their  
3 request for renewal and their annual renewal fee and they  
4 are both in good standings.

5 MR. VOWELS: All right. Any questions for Miss  
6 Marsden? Is there a motion in reference to Resolution  
7 2002-11 concerning renewal of the supplier's license?

8 MR. DARKO: Move to approve.

9 MR. VOWELS: Is there a second?

10 MS. BOCHNOWSKI: Second.

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

13 (Ayes -- all. Nays -- none.)

14 MR. VOWELS: Show the resolution is approved. Thank  
15 you, Miss Marsden.

16 And Ms. Dean we go to you for the next one?

17 MS. DEAN: Yes, thank you Chairman Vowels. You have  
18 before you Resolution 2002-12, a request of Silicon Gaming,  
19 Indiana, Inc. to withdraw application for supplier's  
20 license. On November 19th, 1997, Silicon Gaming submitted  
21 an application. On or about June 12th, 1998 Commission  
22 issued temporary supplier's license then pursuant to  
23 Resolution 2001-15 the Commission approved the purchase of  
24 Silicon by IGT which is also an Indiana supplier licensee.

25 Pursuant to correspondence dated April 11th, 2002



1 Silicon has requested the ability to withdraw the Indiana  
2 license due to the parent company IGT also having an  
3 Indiana license and due to the fact that Silicon has ceased  
4 providing goods or services in Indiana separate from IGT.  
5 Silicon has paid all fees to date that have been due and  
6 there are no pending issues that the Commission staff is  
7 aware of that would bring the company's suitability into  
8 question.

9 MR. VOWELS: Any questions for Miss Dean? In front of  
10 us is Resolution 2002-12 concerns the request of Silicon to  
11 withdraw its application for a supplier's license. Is  
12 there a motion to grant or deny their withdrawal?

13 MR. MILCAREK: I would make a motion to grant their --  
14 the request to withdraw.

15 MR. VOWELS: Is there a second?

16 MS. BOCHNOWSKI: I'll second it.

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

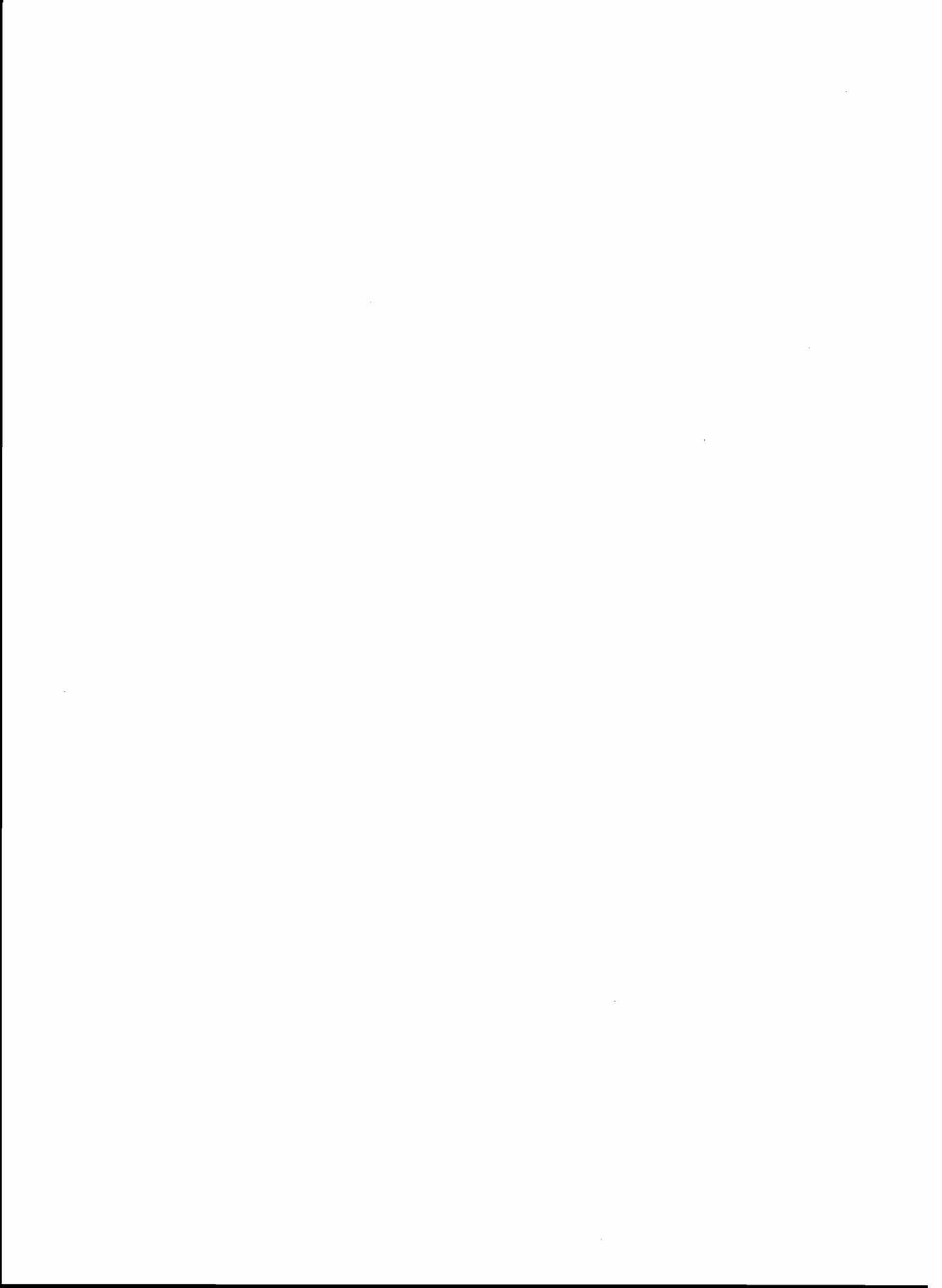
19 (Ayes -- all. Nays -- none.)

20 MR. VOWELS: Show that their request is granted.

21 Thank you, Miss Dean.

22 The next matter on the agenda then is still with Miss  
23 Dean, riverboat owner's matters. Is that correct?

24 MS. DEAN: Yes, that is correct and the first matter  
25 is with financing with Trump Indiana, Inc. and Mr. Bob





1 Pickus, Mr. Greg Hahn are here as counsel representing  
2 them.

3 MR. VOWELS: Would you just identify yourself for the  
4 reporter?

5 MR. PICKUS: Yes. My name is Robert Pickus,  
6 P-i-c-k-u-s. I'm Executive Vice-President and General  
7 Counsel with Trump Hotels and Casino Resorts. With me  
8 today to my immediate left is Greg Hahn of the Tabbert,  
9 Hahn law firm from Indianapolis. And on the far left,  
10 Frank McCarthy, our Chief Financial Officer with Trump  
11 Hotels & Casino Resorts also.

12 MR. VOWELS: All right. And we're, we're here to  
13 discuss this resolution concerning financing by Trump  
14 Indiana. Who wants to give us kind of an overview of that?

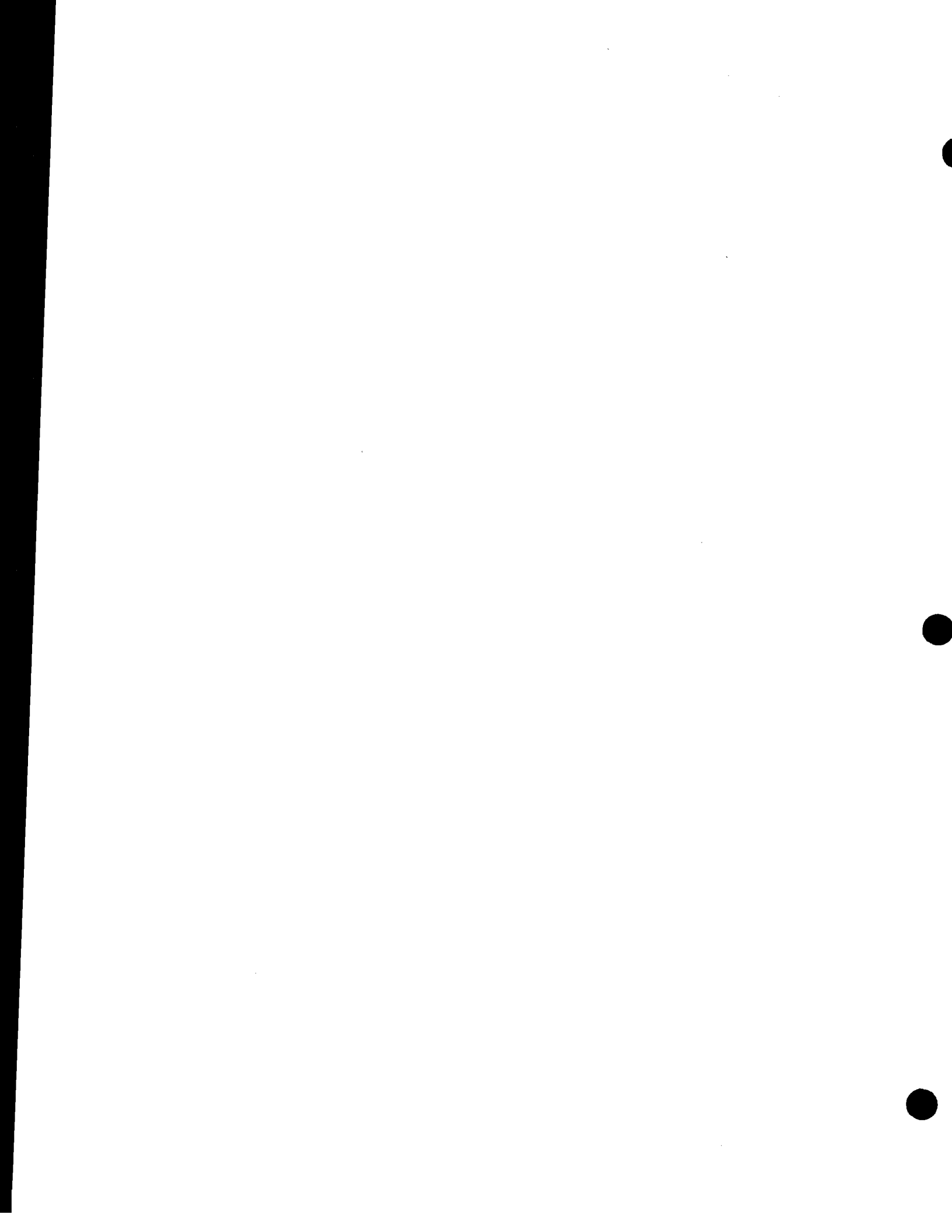
15 MR. THAR: 3.1.

16 MR. PICKUS: Correct.

17 MS. DEAN: We have before us Resolution 2002-13. It  
18 is the request from Trump Indiana in the amount of  
19 3.1-million-dollar secured loan with a maturity date of  
20 March 31st, 2004. I would like to note that there is a  
21 typographical error in the second paragraph concerning the  
22 date. It should be 2004.

23 MR. VOWELS: March 18th, 2004?

24 MS. DEAN: Yes. And Trump has advised the Commission  
25 that the use of the money would be to complete a deck of



1 the riverboat for gaming purposes. Trump has also  
2 requested a waiver of the two meeting rule. Is there  
3 anything --

4 MR. VOWELS: That second paragraph, it's the last line  
5 there; is that right?

6 MS. DEAN: Yes.

7 MR. VOWELS: Okay. Where it says "1004"?

8 MS. DEAN: Correct.

9 MR. VOWELS: I'm sorry, I interrupted you.

10 MS. DEAN: That's okay.

11 MR. VOWELS: Was that it?

12 MS. DEAN: Yes.

13 MR. VOWELS: Okay. All right. Mr. Pickus is there  
14 anything you want to add to this?

15 MR. PICKUS: Not particularly. I believe that the  
16 documentation has been provided to Miss Dean and contains  
17 all of the appropriate language and we would simply request  
18 that this financing transaction be approved.

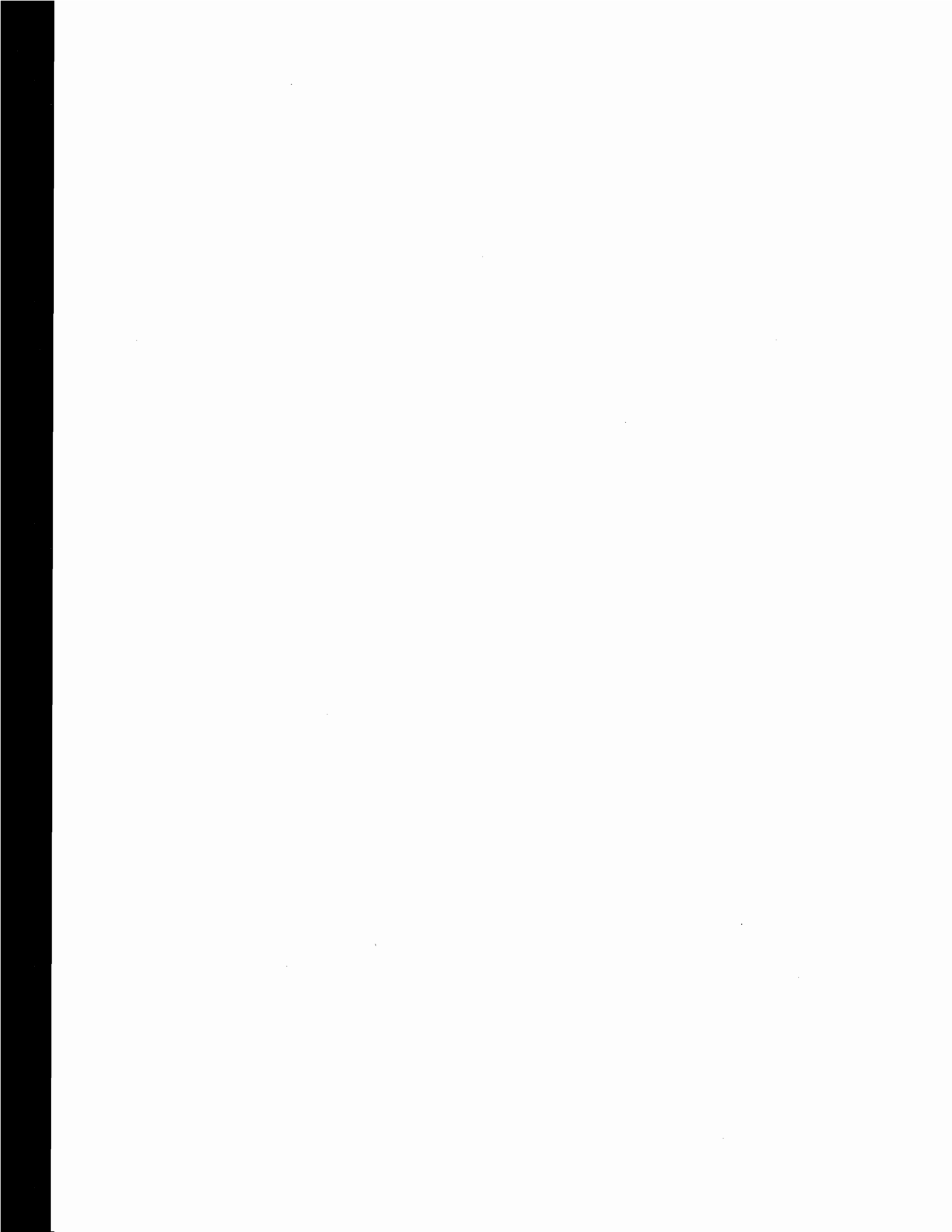
19 MS. BOCHNOWSKI: Is it my understanding that this is  
20 just to get a better interest rate pretty much or not?

21 MR. PICKUS: This is to basically finance the  
22 acquisition of some new slot machines --

23 MS. BOCHNOWSKI: Oh, okay.

24 MR. PICKUS: -- and we need to expand the parking and

25 --



1 MS. BOCHNOWSKI: Oh right. Okay, this is the other  
2 one, right. Okay. Gotcha.

3 MR. VOWELS: Okay and you're, you're asking for a  
4 waiver of the two meeting rule?

5 MR. PICKUS: Right.

6 MR. VOWELS: What's the advantage of that dealing with  
7 buying the slot machines?

8 MR. PICKUS: Well, I guess the advantage that's there  
9 is just right now the financial markets are, are favorable  
10 in a lot of different ways and we want to just close that  
11 transaction as soon as we can to get a better interest rate  
12 on that financing.

13 MR. VOWELS: So it's a better interest rate argument  
14 then. Okay.

15 MR. PICKUS: Right.

16 MR. VOWELS: Have any questions for Miss Dean or Mr.  
17 Pickus or Mr. Hahn or Mr. McCarthy? No? Then in front of  
18 us -- is there anything else you want to add? Does that do  
19 it?

20 MR. PICKUS: That does it.

21 MR. VOWELS: Okay. You guys want to say anything?

22 MS. BOCHNOWSKI: Don't want to volunteer any  
23 information.

24 MR. VOWELS: Reminds me of when I'm in court, I'm  
25 about to get what I want. As soon as they tell it I get



1 out of the courtroom before they change their mind.

2 Resolution 2002-13 is a resolution concerning the  
3 financing by Trump Indiana. It appears in front of us  
4 here. There are two parts of it. The first is the request  
5 of the waiver of the two meeting rule. Is there a motion  
6 in reference to approving or disapproving that request for  
7 the waiver?

8 MR. CARLTON: Move to approve.

9 MR. VOWELS: Is there a second?

10 MR. DARKO: Second.

11 MR. VOWELS: Any further discussion? All those in  
12 favor of waiving the two meeting rule say "aye."

13 (Ayes -- all. Nays -- none.)

14 MR. VOWELS: Show it's waived.

15 The second part of this is the request for approval of  
16 Trump Indiana, a secured loan in the amount of 3.1 million  
17 dollars. Is there a motion to approve or disapprove that  
18 request?

19 MR. DARKO: Move to approve.

20 MR. VOWELS: There a second?

21 DR. ROSS: Second.

22 MR. VOWELS: Any further discussion?

23 MR. MILCAREK: Don?

24 MR. VOWELS: Yes.

25 MR. MILCAREK: I'd like to ask Jack if the staff has





1 any objection to this or sees any problem with it.

2 MR. VOWELS: Your position?

3 MR. THAR: No, we have no problem with this. Also  
4 part of the problem as to why they have to request the two  
5 meeting rule is I had originally advised Bob I didn't think  
6 that they might need Commission approval when they had  
7 originally brought this up in March and I was then advised  
8 by my legal counsel that I was very far off base. So we  
9 missed a meeting and so as a result we had to, from a  
10 technical point of view, ask for a two meeting ruling, but  
11 they have had this information to us for some time so this  
12 is a "my fault."

13 MS. BOCHNOWSKI: They were really nice. They never  
14 said a word.

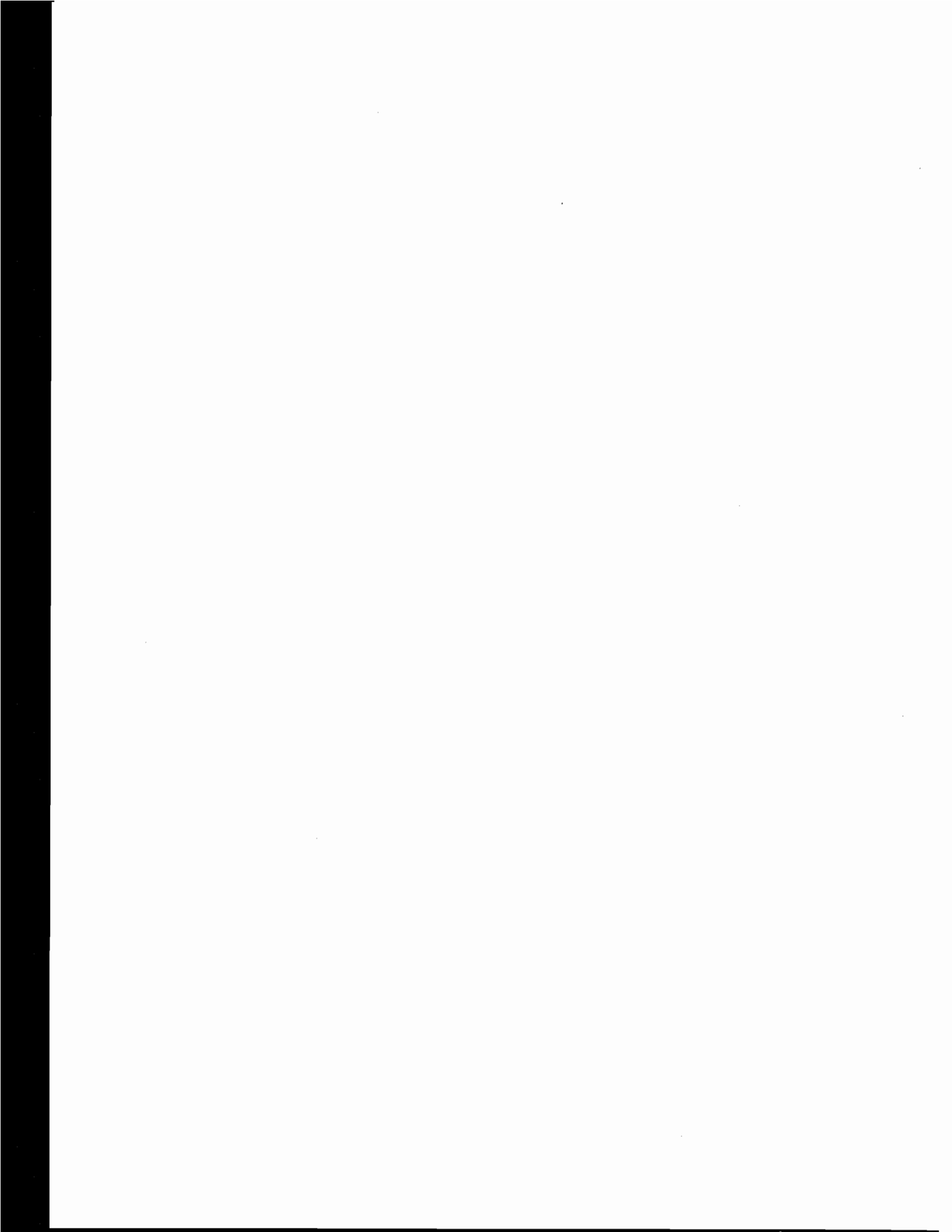
15 MR. DARKO: They didn't say a word because Mr. Hahn  
16 gets paid more for not talking than he does for talking  
17 about it.

18 MR. VOWELS: Okay, any further discussion then? We  
19 have a motion and a second to approve. All those in favor  
20 say "aye."

21 (Ayes -- all. Nays -- none.)

22 MR. VOWELS: We'll show it is approved.  
23 Congratulations.

24 And then Miss Dean, you have the financing in  
25 reference to Boyd?



1 MS. DEAN: Yes, that is correct. And I believe Miss  
2 Fleming is here and Mr. Drakes --

3 MR. VOWELS: All right. Okay.

4 MR. THAR: They would like the opportunity to discuss  
5 the bond.

6 MS. DEAN: Oh, I'm sorry.

7 MR. VOWELS: Okay. If you'll just have a seat. I'm  
8 sorry.

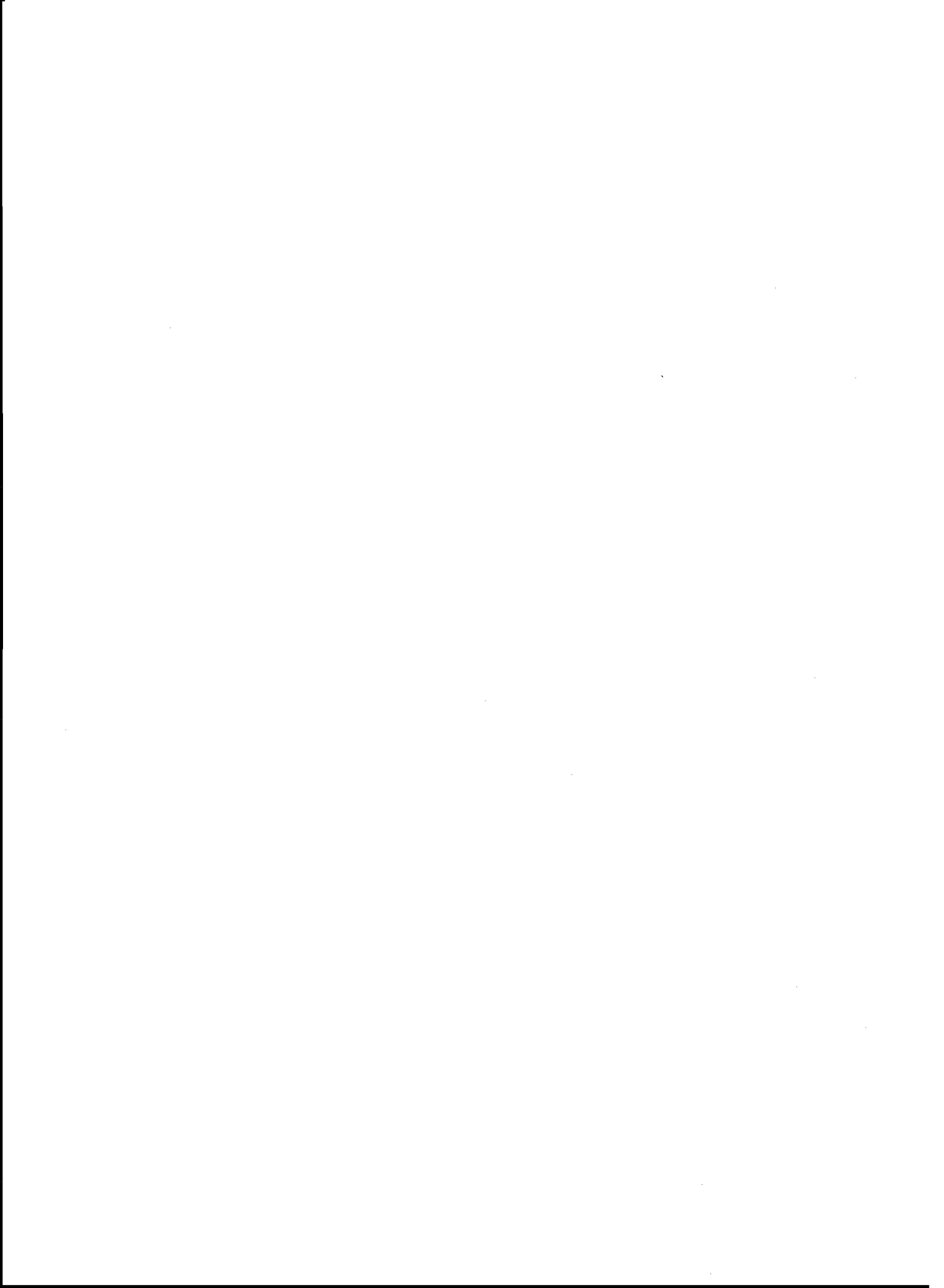
9 What else? Bob.

10 MR. PICKUS: Thank you.

11 MR. THAR: As I advised you during the course of the  
12 executive session there would be a discussion concerning  
13 the potential for Trump Indiana to refinance or to go out  
14 and seek new debt at \$470,000,000 which would replace  
15 existing debt. As of today they have not priced that  
16 particular offering and I think that towards the end of  
17 last week they restructured it.

18 So we would throw that concept back to Frank and Bob  
19 for discussion. What is it you'd like the Commission to  
20 know about this transaction? Tell us what you're replacing  
21 and what you hope to do, and where you hope to be by the  
22 time you finish your presentation.

23 MR. PICKUS: Be happy to do that. Thank you, Jack. I  
24 actually, only because -- and, and part of, part of the  
25 reason for this refinancing and we are seeking and it's



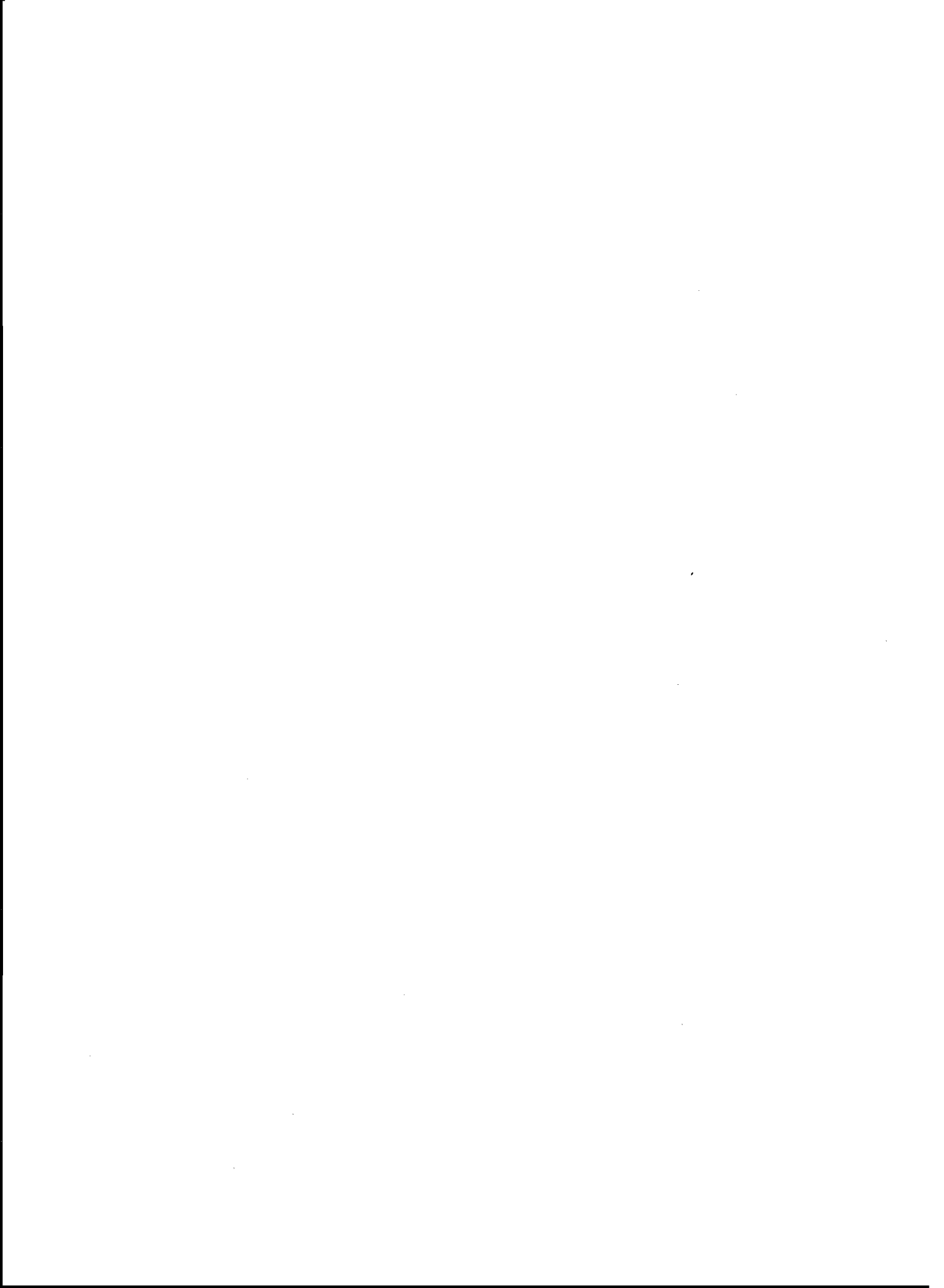
1       been fairly widely reported in the press, to refinance  
2       certain of our company's debt including the debt of the  
3       parent company, debt in one of our Atlantic City operations  
4       and debt here at, at Trump Indiana facility.

5               The reasons for our attempting to do this are, are  
6       numerous. One is to basically clean up our debt. We have  
7       numerous different debt issues, some of which are  
8       publicly-traded bond issues. They traded -- their interest  
9       payments are at different times, different amounts of  
10      maturity are at different times, different amounts, and  
11      we're looking to sort of simplify our, our corporate  
12      structure from a capital point of view.

13             In addition, we are also looking to extend the  
14      maturity of certain of that indebtedness.

15             Also, we're looking to, and this is the item that Mr.  
16      Thar alluded to that we have not received finality with  
17      yet, is to reduce the overall interest expense of the  
18      company. The debt that we are seeking to refinance -- and  
19      Jack, I don't know if it would be -- I know it would be  
20      helpful, whether or not it's appropriate, I have just two  
21      very simple little charts sort of showing where we are and  
22      where we would like to be that I think would be beneficial.  
23      If I could provide a copy to the commissioners as I, as I  
24      walk them through this.

25             MR. VOWELS: Greg, why don't you just start at that



1 end.

2 MR. HAHN: Okay.

3 MR. VOWELS: Is what we're doing here meeting the  
4 first of the two meeting rules?

5 MR. THAR: No. Really what has happened is this, is  
6 this started out as a 144A offering.

7 MR. PICKUS: Yes.

8 MR. THAR: So I granted them a waiver letter to waive  
9 the private placement within certain guidelines. They then  
10 presented this subsequent to the letter at our telephonic  
11 meeting, I believe. You have not?

12 MR. PICKUS: No.

13 MR. THAR: This is the first meeting then.

14 MR. PICKUS: Yes.

15 MR. THAR: So I waived the first meeting with regard  
16 to the 144A. I don't know if they're doing a 144A now.

17 MR. PICKUS: The, the intent is still to do 144A,  
18 private offering to be followed as soon as reasonably  
19 possible with a public exchange on those notes.

20 With the chart you have in front of you, if I could  
21 very quickly, the first chart as it is captioned is sort of  
22 our existing structure. The, the three basic groups of  
23 debt that we are looking to refinance by this transaction  
24 are the -- this top center box if you'd look under THCR  
25 Holdings which has 145 million at fifteen and a half





1       percent senior notes. There is one hundred and nine and a  
2       half million of that debt outstanding that we would look to  
3       -- that we are looking to refinance as part of this  
4       package. The difference of approximately thirty-four or  
5       five million is owned by the company and I will get back to  
6       that in, in one second.

7               On the right side of that chart under Trump Indiana is  
8       the Trump Indiana credit facility which we would also seek  
9       to be part of this refinancing. And then all the way over  
10      on the left is what is called Castle Associates. That  
11      indebtedness applies to the facility that is now known as  
12      Trump Marina in Atlantic City.

13              And essentially what this refinancing would do is take  
14      all of that indebtedness and if you turn the page to the  
15      pro forma corporate structure, and have a new entity which  
16      is over in the left underneath the word "issue" where Trump  
17      Casino Holdings issue a new -- issue a first mortgage notes  
18      for a total of \$470,000,000.

19              As Mr. Thar described originally that issue was going  
20      to be one \$470,000,000 first mortgage. In the last couple  
21      of weeks since we have been out in the public market or in  
22      the private market with this talking with potential  
23      investors under the 144A we've shifted the structure a  
24      little bit and broken the \$470,000,000 into two tranches, a  
25      \$340,000,000 first mortgage, then a \$130,000,000 second



1 mortgage. Gets you to the same place at the end of the  
2 day, but it's apparently a little more palatable to the  
3 financial markets and should lead to a better interest rate  
4 which I will talk to in a moment.

5 So this structure, if you just obviously compare the  
6 two pages that I handed out to you simplifies the financial  
7 and the capital structure of the parent company as well as  
8 a number of its subsidiaries including Trump Indiana.

9 It also would be that this new indebtedness would be  
10 an eight-year term so we would extend the maturity on a  
11 number of these current debt issues also benefiting the  
12 company.

13 Another thing that it would do is that we, we are  
14 optimistic and again, we're responding to the, to the  
15 marketplace that it will result in an overall lower  
16 interest rate and as a consequence lower interest payments.

17 The current debt that exists on a blended rate is  
18 approximately 12 percent interest rate that is paid a total  
19 of that and we are again, as Jack mentioned, we have not  
20 yet priced this transaction although we expect to do so in  
21 the next number of days, maybe even today or tomorrow, and  
22 again with back and forth that we have been involved in  
23 with the financial markets we are optimistic and I believe  
24 our bankers who are assisting us in this endeavor are  
25 optimistic that the, the new rate that would be achieved



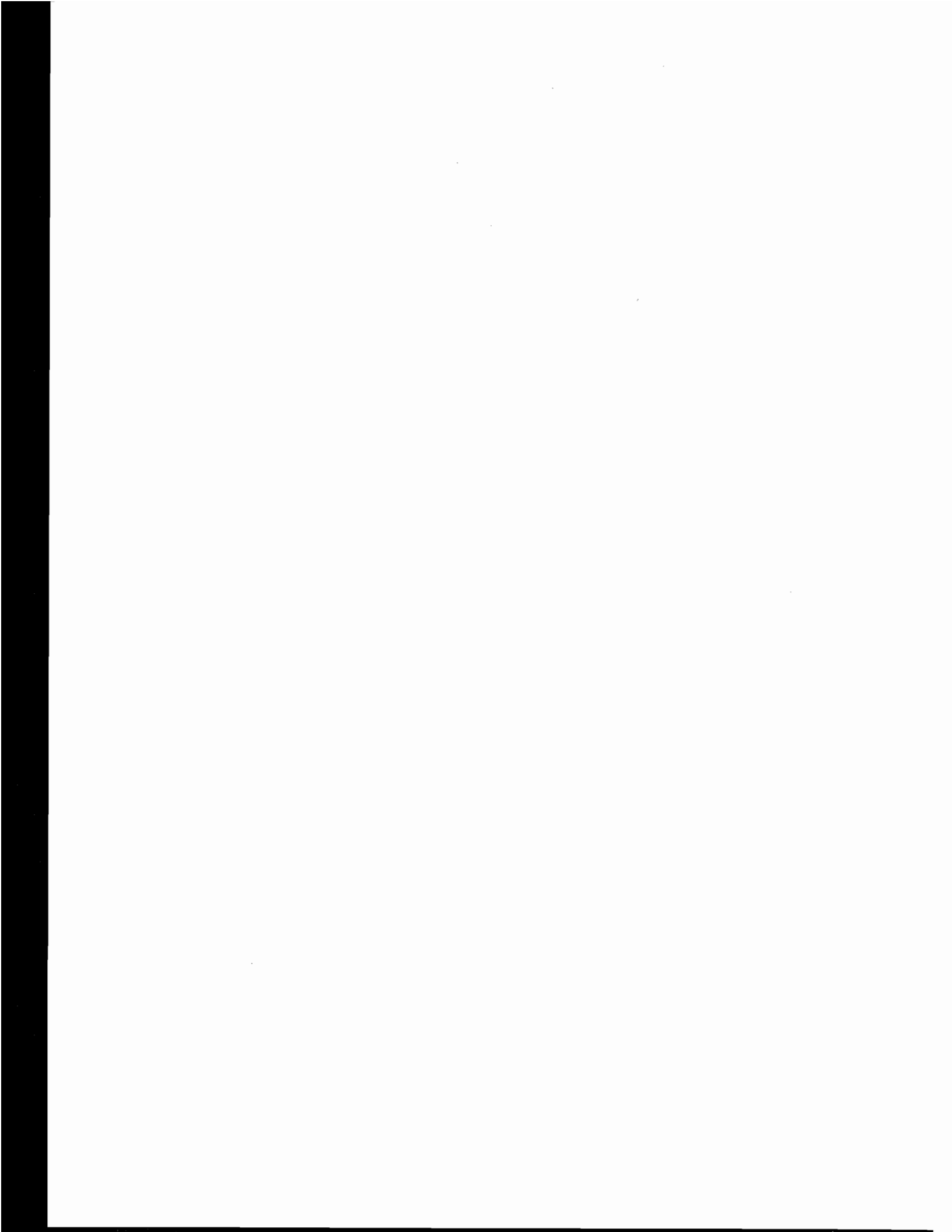
1 would be lower than the existing rate obviously now  
2 benefiting the company.

3 The new transaction also would clean up a lot of  
4 financial covenants that exist in areas of our different  
5 debt and provide both Trump Hotels and Casino Resorts as  
6 well as its subsidiaries, including Trump Indiana, with  
7 much more flexibility and accessibility to financial  
8 markets in the future should other expansions and other  
9 opportunity present itself for that purpose.

10 I should note also that this transaction is by and  
11 large, even though it's certainly a complex transaction, is  
12 at the end of the day nothing much more than refinancing  
13 indebtedness. Hopefully at a lower interest rate. We're  
14 confident at a lower interest rate. And it does not in any  
15 way increase the overall indebtedness of the company as a  
16 whole as it exists today.

17 One of the other elements that this would provide  
18 which is of great benefit to the company is that it will  
19 allow the company on an overall basis to ultimately  
20 de-lever and remove some of its indebtedness. Some of that  
21 will be done immediately.

22 I mentioned at the beginning that the company has  
23 acquired in the marketplace over the last few years  
24 approximately \$35,000,000 of those fifteen and a half  
25 percent senior notes as well as approximately 124 million



1 of current face value of PIT notes, pay-in-timed notes, at  
2 the Trump's Castle level. Both of those notes for a total  
3 of approximately \$160,000,000 of current indebtedness will  
4 be retired by the company upon the closing of this  
5 transaction resulting in the reduction of its overall  
6 indebtedness by that amount.

7 In addition the new debt would contain a covenant  
8 requiring, after payment of interest and certain capital  
9 expenditures, that a, a cash sweep provision be put in  
10 place so that certain amounts of excess cash at the end of  
11 each year would be used to go out in the marketplace and  
12 buy back this indebtedness thereby working to reduce the  
13 debt of the company and continue to make it stronger from  
14 our financial point of view.

15 That's pretty much the overview of the transaction at  
16 this point. And I'd be happy to answer or especially if  
17 anybody asks any, any tricky questions have Frank answer  
18 any questions that you might have about the transaction.

19 MS. BOCHNOWSKI: So you're gonna have this priced very  
20 quickly and then where do we proceed as a Commission from  
21 there?

22 MR. PICKUS: Well, if, if I could make an --

23 MS. BOCHNOWSKI: Would you need approval right away?

24 MR. PICKUS: If I could make a suggestion or a request  
25 it would be this. Because we are not priced now, and I

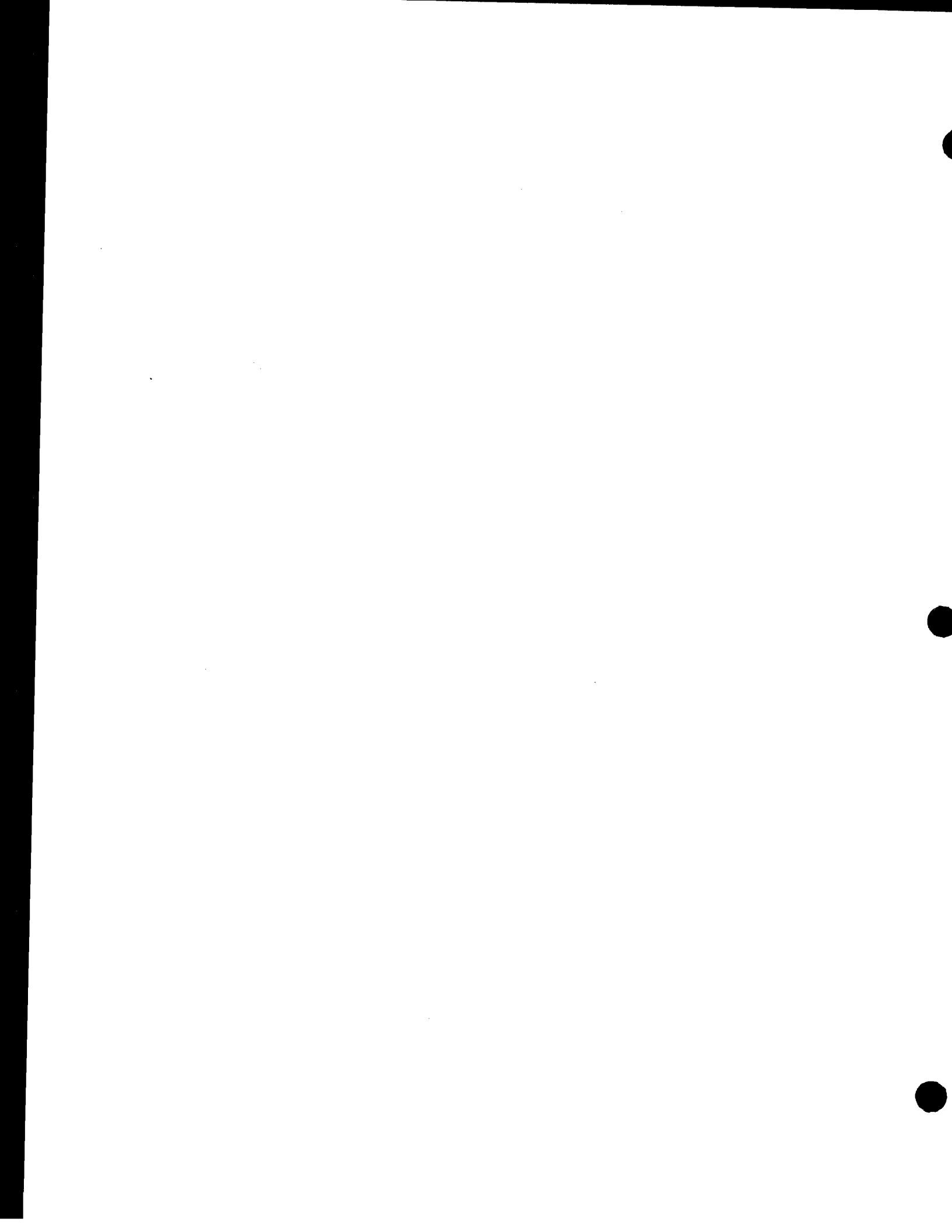




1 realize that that's a significant variable from both our  
2 perspectives, and that the 144A, the private placement  
3 transaction, will likely close in a week or two after the  
4 pricing so we're possibly closing as early as next week and  
5 then again we would proceed immediately to go into a  
6 registration mode so we could exchange these bonds because  
7 most of the purchasers of the 144A private placement really  
8 want to, want to get out of it fairly quickly and they want  
9 to know that their registration is, is coming and that  
10 there aren't a lot of uncertainties there, so what I think  
11 I would seek to request of this Commission here today I  
12 guess are the following.

13 One would be a waiver of the two meeting rule. We  
14 talked about on the prior transaction the sensitivity to  
15 timing and interest rates. I think it's fair to say that  
16 in this transaction, much more so than the prior one with  
17 the favorable markets, but also the, the uncertainty of the  
18 marketplace, that we would like to be able to resolve these  
19 transactions as quickly as possible with respect to the one  
20 meeting rule.

21 Secondly, I would request that the, the structure, the  
22 concept, if you will, of this transaction be approved  
23 subject to the following. One, we have not yet, because we  
24 haven't settled on some of the terms of the transaction,  
25 provided any of the documentation yet to Jack and Cindy for



1 their review. So obviously that would need to be reviewed  
2 prior to the actual closing and we would, of course, do  
3 that and be happy to do that.

4 And secondly, I would ask that the Commission delegate  
5 to Mr. Thar's office the ability to, upon the final  
6 pricing, give final approval to proceed and close the  
7 transaction. Again, just so we can present Jack with the  
8 final terms of the transaction. Hopefully he will find  
9 them, as hopefully we will, satisfactory and beneficial  
10 from a, from a company point of view so that we will be  
11 able to finalize the transaction in that manner to Mr.  
12 Thar's satisfaction.

13 MR. VOWELS: Mr. Thar do you have thoughts on all of  
14 those obligations to you?

15 MR. THAR: Couple of things. There's a lot of  
16 different ways to look at what might be an advantage to the  
17 company with regard to going back out. One of 'em is  
18 interest rate. One of 'em that we've already also alluded  
19 to is covenants with regard to particular debt and the  
20 other one, of course, is the term or the due date.

21 You've indicated to us that you believe that all three  
22 of those should be more favorable to the company than the  
23 existing three are today.

24 MR. PICKUS: Yes, I believe significantly so, yes.

25 MR. THAR: If -- we do not have a resolution on this



1 because this is a tough one to describe because they don't  
2 quite know where they're at yet, but I would not recommend  
3 to this Commission to approve the delegation to the staff  
4 of the authority to work this through and subject to the  
5 review of documents to waive the rule unless we included in  
6 it in their delegation that staff had to be satisfied the  
7 covenants, the due dates and the interest rate were more  
8 favorable to the company as a result of this transaction  
9 than they were before the transaction. Which -- in which  
10 case if all they're doing is replacing debt I don't have a  
11 problem.

12 Cindy?

13 MS. DEAN: That's okay.

14 MR. VOWELS: So this isn't one of those situations  
15 where we have to call a quick telephone conference?

16 MR. THAR: This would, if, if the Commission does what  
17 Mr. Pickus has requested; that is, do a, A, an oral motion  
18 to waive the two meeting rule and if that's approved and  
19 then B, delegate to the staff the ability to approve the  
20 final transaction subject to staff being convinced the --  
21 that covenants, the due dates and the interest rates are  
22 more favorable to the company under this new transaction  
23 than they were under the existing transaction, then we can  
24 follow that up with a resolution in writing and we will not  
25 need to have any further action on this unless staff



1 concludes it's not, in which case the Trump organization  
2 may wish to present to the Commission statement that they  
3 believe that it is.

4 MS. BOCHNOWSKI: And then also you'd have to  
5 understand that the staff can't do that in 10 minutes,  
6 right? I mean, this takes a couple days to go through that  
7 kind of documentation.

8 MR. THAR: Right. I -- I'm not more concerned about  
9 that aspect generally. We'll get the information and we'll  
10 have, probably a couple of weeks would be my guess if they  
11 do it correctly.

12 MR. PICKUS: Yeah, I think from a timing point of view  
13 we understand that there will be some amount of time  
14 involved to, first of all, we have to produce the  
15 documents, then get them to Jack and Cindy and have them  
16 review them back and forth with questions so we understand  
17 that there would be some time involved.

18 MS. BOCHNOWSKI: Okay.

19 MR. VOWELS: All right. So essentially we have an  
20 unwritten resolution in front of us that would waive the  
21 two meeting rule and delegate to the staff, to the staff's  
22 satisfaction that this is advantageous. Does that sum that  
23 up?

24 MR. THAR: Yes. And is the amount four seventy? Four  
25 hundred seventy million.





1 MR. MCCARTHY: Yes the highest it could go up to would  
2 be 500, but right now it is four seventy.

3 MR. THAR: Well, I, I need to know.

4 MR. MCCARTHY: No more than 500.

5 MR. THAR: Okay.

6 MR. MCCARTHY: We just don't know, as we mentioned in  
7 your office a few weeks ago.

8 MR. THAR: Right. All the documentation I've seen is  
9 four seventy.

10 MR. MCCARTHY: Yes, everything is four seventy as we  
11 speak today.

12 MR. THAR: You're asking for not more than 500?

13 MR. MCCARTHY: Not more than 500.

14 MR. THAR: That doesn't -- then that goes more than to  
15 replacing existing debt.

16 MR. MCCARTHY: It depends on what the markets are  
17 going to allow. If we want to restrict it today to four  
18 seventy we can restrict it to four seventy. We're prepared  
19 to do that.

20 MR. THAR: If you go to \$500,000,000 what do you do  
21 with the other thirty?

22 MR. MCCARTHY: The other thirty would be used probably  
23 for continued expansion of both the Indiana boat as well as  
24 at the Trump Marina.

25 MR. THAR: Would it be used to pay off the 3.1 we just



1 approved?

2 MR. MCCARTHY: Yes, it could be, yes.

3 MR. THAR: Could be or would be?

4 MR. MCCARTHY: It would be.

5 MR. DARKO: Mr. Thar just to comment from the peanut  
6 gallery, I think \$30,000,000 difference is a completely  
7 different circumstance and I personally would not be  
8 comfortable with either waiving the two meeting rule or  
9 delegating to the staff in the area to go above four  
10 seventy. As Mr. Pickus said, the four seventy is basically  
11 what a consumer would call credit card debt consolidation  
12 which is fine. The thirty million is entirely different.

13 MR. PICKUS: If I could just address that briefly,  
14 Commissioner. Oftentimes what happens in the market in  
15 these sorts of transactions is that if there's a lot of  
16 interest you have the abilities to sell more of your debt  
17 than you, than you originally planned. If in fact that  
18 happened you're obviously correct, that's a little bit  
19 different than what I've described which is refinancing of  
20 just the indebtedness. However, that additional money  
21 would be utilized, it would be earmarked for certain  
22 capital expenditure programs which I believe would be  
23 beneficial both -- to both of the facilities that are  
24 involved here.

25 And we would, we would request that perhaps as a way



1 to address this maybe we could include, and assuming that  
2 the Commission in fact approves a delegation of some  
3 authority to Mr. Thar, and I don't mean to dump too many  
4 things on Mr. Thar's plate here, but maybe as a, a  
5 condition to anything above the four seventy that Mr. Thar  
6 would be satisfied that it would be utilized for purposes  
7 to the benefit of the company as well.

8 MR. VOWELS: Does that sound rather broad to you?

9 MR. THAR: It's intentionally made broad, yes.

10 MS. BOCHNOWSKI: If it went above four seventy I  
11 suppose we could have a telephone meeting. How hard is  
12 that to put that together?

13 MR. THAR: It's all -- it's based on your  
14 availabilities.

15 MS. BOCHNOWSKI: Yeah, sometimes it's hard. Sometimes  
16 it's not.

17 MR. THAR: Yeah. I think that Commissioner Darko's  
18 point's well-taken. I think we should limit it to four  
19 seventy and if they're gonna go above it we're gonna have  
20 to do a telephone meeting.

21 MR. PICKUS: That's entirely acceptable.

22 MR. VOWELS: All right. With that in mind then we'll  
23 view that as this unwritten resolution we'll see in writing  
24 at some point in time. Is there a motion in reference to  
25 that?



1 MS. BOCHNOWSKI: I would move that we give the  
2 Commission staff the authority as discussed up to  
3 \$470,000,000.

4 MR. VOWELS: And the waiver of the two meeting rule?

5 MS. BOCHNOWSKI: The waiver also would be included in  
6 that.

7 MR. VOWELS: Is there a second?

8 MR. DARKO: Second.

9 MR. VOWELS: Is there any further discussion? All  
10 those in favor say "aye."

11 (Ayes -- all. Nays -- none.)

12 MR. VOWELS: I show that it is approved.

13 MR. PICKUS: Thank you.

14 MR. VOWELS: All right. Thank you.

15 Then the next matter is the Boyd financing.

16 Miss Fleming.

17 MS. FLEMING: Hi, Kay Fleming with Ice Miller  
18 representing Boyd.

19 MR. DRAKES: Michael Drakes, Executive Vice-President  
20 and General Manager of Blue Chip.

21 MS. FLEMING: Morning. We're here today for the  
22 second meeting on the refinancing of Boyd's \$700,000,000  
23 credit facility that was previously approved in December of  
24 2001. Boyd is not asking for an additional amount, they  
25 would use the 700,000,000 to pay off the current credit





1 facility, some bonds that are due in 2003 and to -- the  
2 remaining amount will be used for capital expenditures,  
3 investments and potential acquisitions.

4 I believe the preliminary documents were provided to  
5 the Commission staff May 1st, 2002 and the final documents  
6 are being prepared, they anticipate closing end of May,  
7 beginning of June. This would be an approval of the  
8 facility subject to final review of the -- by the staff of  
9 the documents.

10 MR. VOWELS: Miss Dean, is there anything you need to  
11 add to that?

12 MS. DEAN: I don't believe so, no.

13 MR. VOWELS: Mr. Thar, anything?

14 MR. THAR: No.

15 MR. VOWELS: Okay. Any questions for Miss Fleming?  
16 Is there anything further from either of you?

17 MS. FLEMING: No.

18 MR. VOWELS: All right. Then in front of us we have  
19 Resolution 2002-14 which concerns the financing by Boyd  
20 Gaming Corporation. Is there a motion to approve or  
21 disapprove this request?

22 MR. MILCAREK: I would like to motion that we approve  
23 this request.

24 MR. VOWELS: Is there a second?

25 MR. CARLTON: Second.



1 MR. VOWELS: Any further discussion? All those in  
2 favor say "aye."

3 (Ayes -- all. Nays -- none.)

4 MR. VOWELS: We'll show it is approved.

5 MS. FLEMING: Thank you.

6 MR. VOWELS: Thank you.

7 Then the next matter on the agenda are the MBE/WBE  
8 matters. Mr. Thar is that with you?

9 MR. THAR: Yes, it is. From Trump Mr. Rogers.

10 MR. ROGERS: Where do I go?

11 MR. VOWELS: Wherever you want.

12 MR. ROGERS: Is this fine?

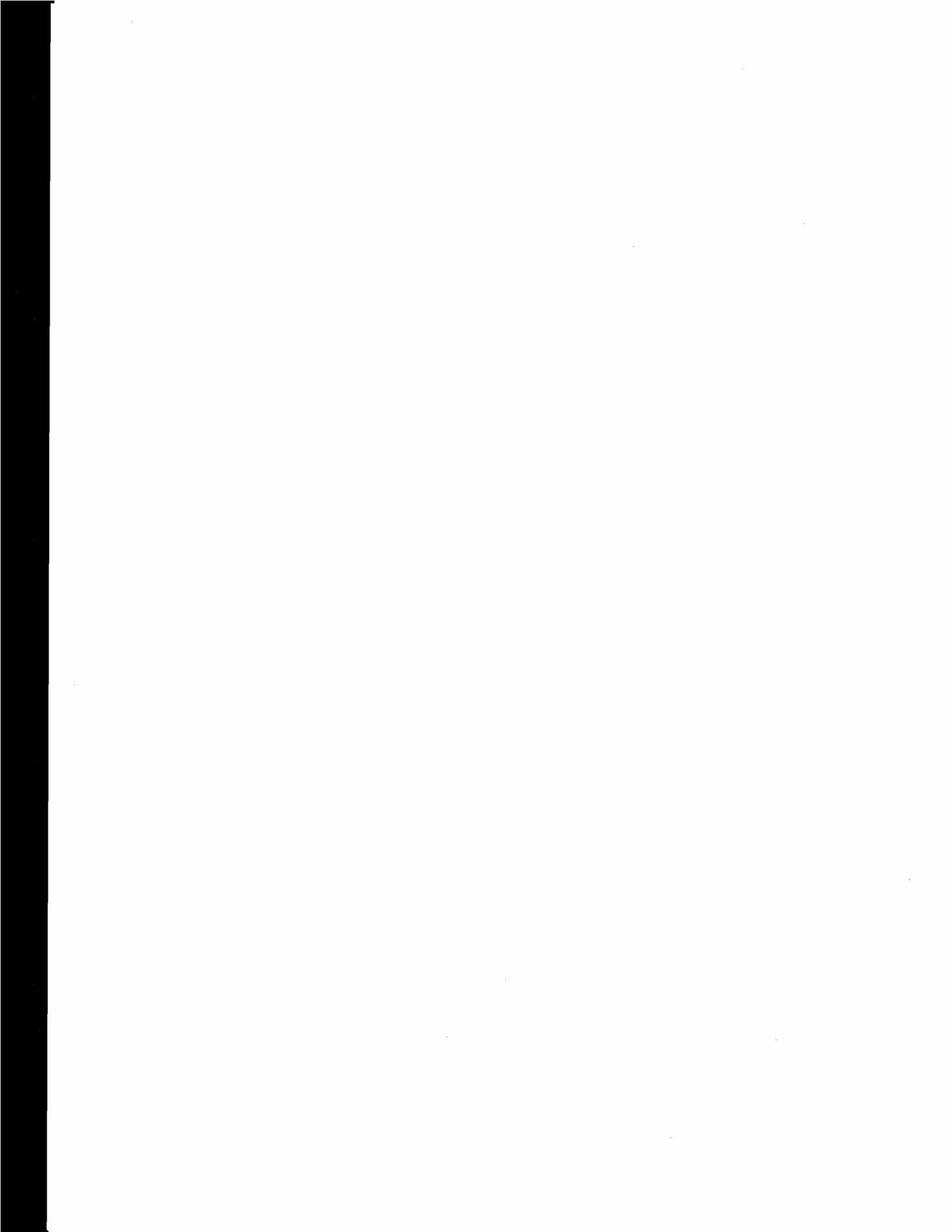
13 MR. THAR: That's fine. Did everybody get in their  
14 packet the Minority and Women Business Development Action  
15 Plans of May 13th?

16 MR. VOWELS: Yes.

17 MR. THAR: And March 5, I believe? In order to save  
18 time, if you've all had an opportunity to review these may  
19 I simply say rather than requiring Mr. Rogers to make a  
20 presentation, if we have questions we could ask him of them  
21 and if we have no questions maybe consider the report as  
22 submitted in writing.

23 MR. VOWELS: Mr. Rogers if you'll just let the lady  
24 here know your full name, please.

25 MR. ROGERS: It is Keith Carlton Rogers with Trump



1 Casino.

2 MR. VOWELS: Are there any questions for Mr. Rogers?

3 Mr. Rogers any concerns that we need to be addressing  
4 here today?

5 MR. ROGERS: When you say concerns . . .

6 MR. VOWELS: Everything going all right on your end?

7 MR. ROGERS: Oh yes, everything is going great.

8 MR. VOWELS: Low ball, we'll toss that one to him.

9 MR. ROGERS: No, everything is going fine.

10 MR. VOWELS: You never know, you ask those questions  
11 you might be surprised. No, it's terrible over here.

12 MR. DARKO: It may be in here, but maybe Mr. Rogers  
13 can tell us the percentages of minority and women  
14 development.

15 MR. ROGERS: Well, in the first quarter our MBE was  
16 11.83 percent and our WBE is 6.9 percent, 6.09 percent.

17 MR. DARKO: Minority?

18 MR. ROGERS: 11.83 percent and our WBE 6.9 percent.

19 MR. DARKO: That was first quarter of 2002?

20 MR. ROGERS: Yes and April, for the month of April our  
21 MBE is 14.72 percent and our WBE is 6.95 percent.

22 MR. DARKO: Thank you.

23 MR. VOWELS: Mr. Thar any concerns that you have in  
24 this?

25 MR. THAR: No, I don't. I believe that the



1 presentation is being -- and the written material is  
2 straightforward and their percentages seem to be on the  
3 rise and at present time we would have no issue with regard  
4 to the presentations made with compliance with regard to  
5 MBE Trump's MBE/WBE goals.

6 MS. BOCHNOWSKI: We audit numbers eventually?

7 MR. THAR: Yes, we do. They haven't been audited as  
8 of today.

9 MR. VOWELS: Anything else for Mr. Rogers then? All  
10 right, thank you. Appreciate it.

11 MR. ROGERS: Thank you.

12 MS. BOCHNOWSKI: We hope you didn't have a big speech  
13 planned. Hope we didn't ruin your presentation.

14 MR. ROGERS: Oh no.

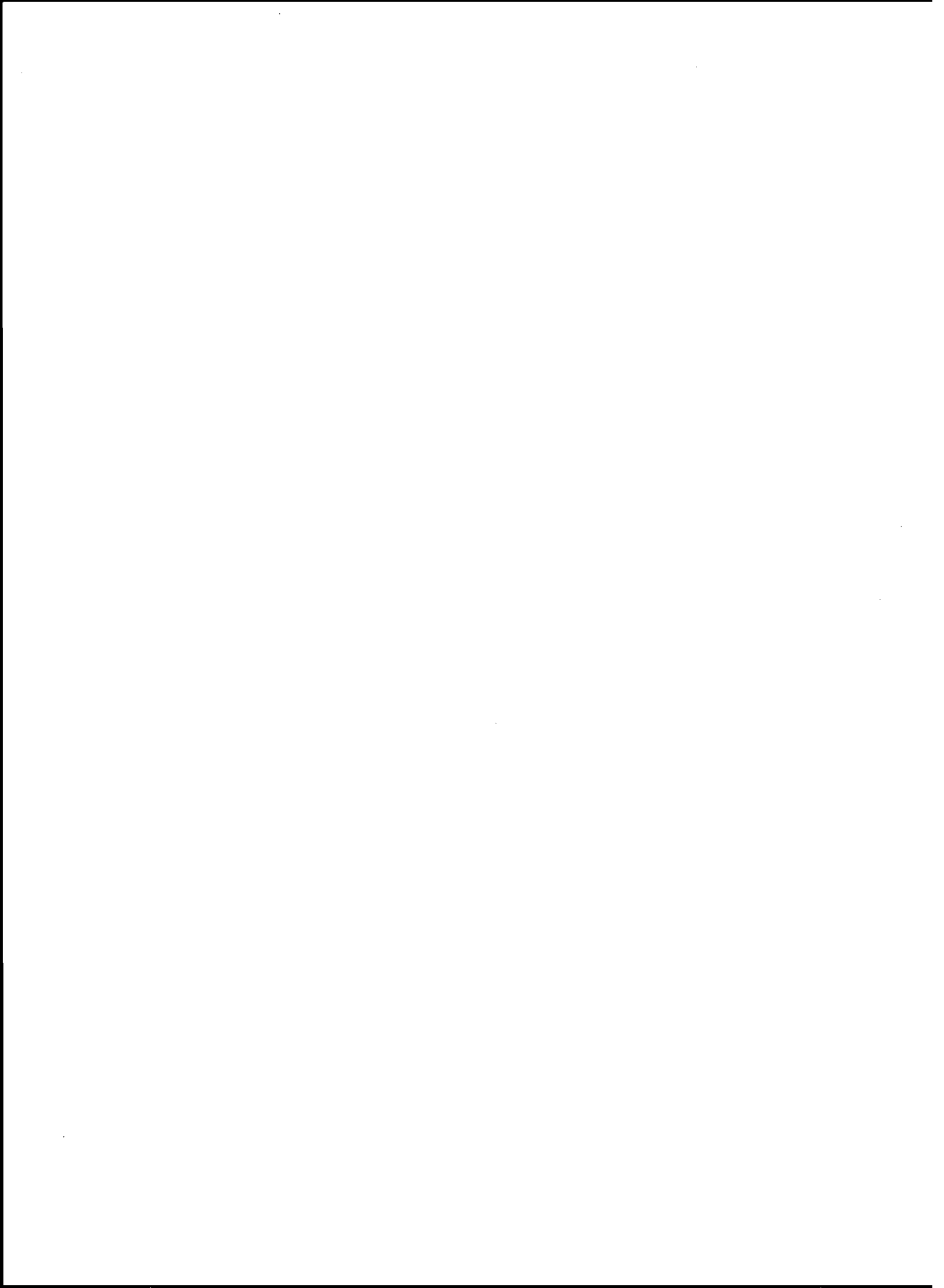
15 MR. VOWELS: Majestic Star is the next matter on the  
16 agenda, the WBE/MBE. Good morning. If you will just let  
17 the court reporter know your names, please.

18 MR. WOLF: David Wolf, General Manager, Majestic Star.

19 MS. ROGERS: Karry Rogers, MBE/WBE Procurement  
20 Specialist, Majestic Star.

21 MR. VOWELS: Again we have in front of us materials  
22 that have been submitted by Majestic Star Casino regarding  
23 the WBE/MBE numbers. Are there any questions for the lady  
24 or gentleman in front of us.

25 Why don't you just give us the quick numbers of what





1 your percentages are during this last quarter.

2 MR. WOLF: 14.8 for MBE. For WBE 10.7.

3 MR. DARKO: Those are both up from 2001; is that  
4 correct?

5 MR. WOLF: Correct.

6 MS. BOCHNOWSKI: Was this due to programs that you put  
7 in place?

8 MS. ROGERS: That's correct.

9 MR. VOWELS: Mr. Thar, do you have any concerns?  
10 Seems fairly straightforward.

11 MR. THAR: No, not with Majestic Star at this point in  
12 time.

13 MR. VOWELS: Any questions for Miss Rogers or Mr.  
14 Wolf? Is there anything you would like to add quickly?

15 MR. WOLF: No. We're looking forward to seeing you  
16 again at the next meeting.

17 MR. VOWELS: All right, thank you.

18 Then back to our agenda. The next matter is  
19 Belterra. And for Belterra we have Ms. Fleming again.

20 MR. THAR: It's been brought to my attention that some  
21 of the data provided by Belterra concerning the charts that  
22 they have submitted to the commission is incorrect. And  
23 rather than get a very 12th hour of submission that we  
24 couldn't get to we advised them to make any corrections  
25 they needed to make here at the hearing today.



1           So what areas would you like to direct our attention  
2 to in correcting the data that's submitted that's  
3 incorrect?

4           MS. FLEMING: Todd George, who is the Director of  
5 Finance, would be best able do address that.

6           MR. THAR: I'm gonna ask a favor, Todd. Since you're  
7 behind her why don't you take the podium.

8           MR. GEORGE: Sure.

9           MR. VOWELS: And if you could just state your name so  
10 she clearly has it for the record.

11          MR. THAR: Poor Pamela is being tortured.

12          MR. GEORGE: Todd George, Director of, Director of  
13 Finance, Belterra Casino. The differences are related to  
14 2001, the first quarter. When we went back and reviewed  
15 everything it was --

16          MR. THAR: What page do we want to look at?

17          MR. GEORGE: Actually on the first chart, the first  
18 and second.

19          MR. VOWELS: Why don't you just tell us the number and  
20 what we're changing it to.

21          MR. GEORGE: The quarter expenditures, the  
22 year-to-date figures that were submitted at the end of the  
23 year are the correct figures, it was just that when you  
24 look at the first, second and third and fourth quarters  
25 totaling up to the year-to-date total the first quarter was



1 overstated.

2 MR. THAR: What number is overstated and what should  
3 it be changed to?

4 MR. GEORGE: The first quarter percentages are  
5 overstated by about two percent.

6 MR. VOWELS: Let's make sure that -- are we talkin  
7 about this document right here (indicating)?

8 MR. GEORGE: That document right there.

9 MR. VOWELS: Tell us what number, yellow line, red  
10 line, white line? What line are we talkin about?

11 MR. GEORGE: All three lines will go down.

12 MR. VOWELS: Let's start with are we talkin about  
13 30.94 percent number being wrong?

14 MR. GEORGE: No, the 14.12, the 8.74.

15 MR. VOWELS: 8.74.

16 MR. GEORGE: And 5.38, those three numbers.

17 MR. VOWELS: All right so 14.12 would be what? What's  
18 it supposed to be?

19 MR. GEORGE: Okay, you have those.

20 MS. FLEMING: You have that, that chart.

21 MS. SMITH: I gave it to Todd.

22 MR. GEORGE: The -- this chart will go down by about  
23 two percentage points in the first quarter in total so the  
24 14.12 will drop to 12.12.

25 MR. VOWELS: Okay.



1 MR. GEORGE: It doesn't affect the percentages on a  
2 year-to-date basis, only the first quarter percentages and  
3 what we found is the qualifying expenditures that we  
4 reported in the first quarter were overstated.

5 MR. DARKO: First quarter of 2001?

6 MR. GEORGE: Of 2001.

7 MR. VOWELS: So we're at 12 point whatever, 12.12,  
8 then 8.74 changes to what?

9 MR. GEORGE: Changed by about a percentage point so  
10 7.74 and then 4.38 or so, so it totals the 12.12, but  
11 again, the year-end figures that were reported have not  
12 changed.

13 MR. VOWELS: Which means what? These numbers over  
14 here on the far right, 30.94 percent is correct?

15 MR. GEORGE: That's the first quarter of two thousand

16 --

17 MS. FLEMING: That was the first quarter of 2002.

18 MS. BOCHNOWSKI: So the 20.89 is correct?

19 MS. FLEMING: Yes.

20 MR. VOWELS: And that is for what?

21 MS. FLEMING: Fourth quarter 2001.

22 MR. VOWELS: For both MBE/WBE numbers?

23 MS. FLEMING: The yellow shows the combined.

24 MR. VOWELS: Okay and then 6.08 on the WBE?

25 MR. GEORGE: 16.08 is WBE and 9.81 is the MBE number.





1 MR. VOWELS: Okay. So you're over on one and then  
2 you're on the other --

3 MR. GEORGE: In the fourth quarter. In the first  
4 quarter we were over on both. The progress we've made from  
5 the fourth quarter to the first quarter.

6 MR. VOWELS: I gotcha. Not that we're questioning  
7 your numbers, but the history or information on this leads  
8 us to ask what it is.

9 MR. GEORGE: Sure.

10 MR. VOWELS: Any questions, Ann?

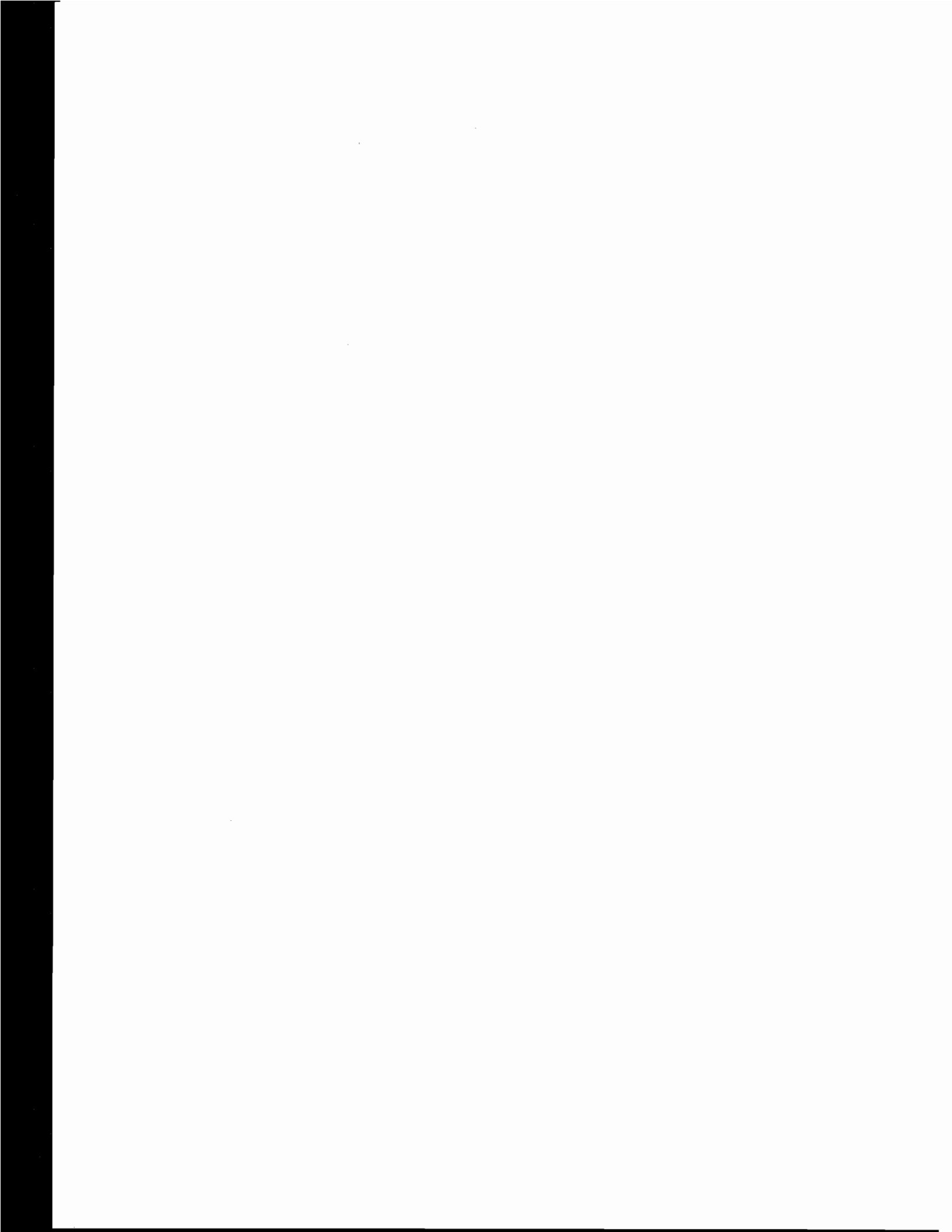
11 MS. BOCHNOWSKI: This tremendous increase, is that due  
12 mainly you're using that one minority vendor for food  
13 products; that is correct?

14 MR. GEORGE: That's TJ Foods, but that really had very  
15 little impact on the first quarter. The bulk of our first  
16 quarter makeup was we had some construction done on the  
17 vessel for some high limit areas and that went to an --

18 MR. UBOLDI: What I presented at the last Commission  
19 was the fact that on the first quarter we had some  
20 investment on the boat which were done by a minority. The  
21 TJ Food, the food start at beginning of April and will be  
22 part of the second quarter.

23 MS. BOCHNOWSKI: Oh, because that's not really --

24 MR. UBOLDI: Just starts beginning of April so it will  
25 be in the second quarter.



1 MS. FLEMING: Although they've been delivering those  
2 checks don't get cut till April so those expenditures, --

3 MS. BOCHNOWSKI: Exactly.

4 MS. FLEMING: -- we performed an audit on their first  
5 quarter 2002 figures including sending confirmation letters  
6 out so the MBEs/WBEs asks for verification. They did in  
7 fact receive the specific amount. Seventy percent of those  
8 vendors have responded and confirmed the figures shown in  
9 their reports.

10 MR. VOWELS: That's a long way from zero, so . . .

11 MR. UBOLDI: One little thing I like to mention is  
12 that I think our CEO mentioned that later if we are allowed  
13 to build another 300 rooms for the company this would allow  
14 us to really catch up significantly on MBE and WBE, what we  
15 didn't do in 1999 and 2000 so hopefully we will catch up  
16 significantly on our -- as us being late.

17 MR. VOWELS: Any other questions?

18 MR. THAR: One observation. These charts and graphs  
19 are very pretty, but let's simplify this in the future.  
20 This graph (indicating) is duplicated in the next two  
21 graphs.

22 MS. FLEMING: Right, same numbers.

23 MR. THAR: All we want it is in writing. First  
24 quarter 2000 equals this. Second quarter equals this. We  
25 don't need this kind of stuff. That way if we have a



1 number to change you can direct us straight to it. So  
2 let's simplify your report so we can get right down to the  
3 nub of it.

4 MR. GEORGE: Okay.

5 MR. THAR: Thank you.

6 MR. GEORGE: Thank you.

7 MR. VOWELS: The next matter then on the agenda is  
8 consideration of license renewals. We have three. We will  
9 begin with Trump and Mr. Thar, what do you have for us  
10 there?

11 MS. DEAN: Wait a minute, please.

12 MR. THAR: We -- there are three considerations of  
13 license renewal, Trump, Majestic Star and Horseshoe. Each  
14 of these three companies underwent a background  
15 investigation and a public hearing with regard to the first  
16 renewal after their first five years of operation  
17 approximately -- well, a year ago in 2001. This Commission  
18 has made a determination that the interim years; that is,  
19 now that they're on the three-year cycle, that years one  
20 and two in that cycle, that the renewals will be  
21 administrative in nature, simply a lot of requests by the  
22 company which all three of these three companies have done,  
23 the submission of the \$5,000 check, which all three of  
24 these companies have done, and an order by this Commission  
25 assuming that there is no issue.



1           As a result we are not opening discussion of these  
2 three companies up to a public hearing type thing for  
3 information from the public on a wholesale basis. We have,  
4 however, had some specific requests with regard to two of  
5 the companies. One is with regard to -- oh, H.E.R.E. is  
6 not here with regard to Trump or Majestic Star. Are you  
7 here with regard to Harrah's? Yes. So with regard to  
8 Trump and Majestic Star we've had no request. With regard  
9 to Harrah's -- to Horseshoe we have had one.

10           So Mr. Pickus would you like to step forward on behalf  
11 of Trump?

12           MR. PICKUS: Good morning again. Still. First I  
13 might just want to note for the record the absence of Kathy  
14 Walker, Trump Indiana's general manager. Kathy is, is ill  
15 and was unable to attend this morning. I just wanted to  
16 explain that.

17           With respect to the pending request as Mr. Thar has  
18 indicated we have submitted a request in writing together  
19 with the requisite fee requesting that the license of Trump  
20 Indiana be renewed for the coming year. We believe that we  
21 continue to satisfy all of the requirements of the  
22 statutory regulations and do not know of any reason why  
23 that license should not be renewed and accordingly, would  
24 request that this Commission renew that license for the  
25 next year.





1 MR. THAR: From a staff point of view we know of no  
2 reason that they are not suitable for licensing in this  
3 state. To put it another way, everything we know is that  
4 they are suitable for licensing in this state.

5 MR. PICKUS: That sounds better.

6 MR. VOWELS: Any questions of Mr. Pickus or Mr. Thar?

7 All right, thank you, Mr. Pickus.

8 In front of us then is an Order regarding the Indiana  
9 Gaming Commission renewing the riverboat owner's license of  
10 Trump Indiana, Inc. Is there a motion in reference to the  
11 renewal?

12 DR. ROSS: I move to renew.

13 MR. VOWELS: And is there a second?

14 MR. CARLTON: Second.

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

17 (Ayes -- all. Nays -- none.)

18 MR. VOWELS: Show that it is renewed.

19 MR. PICKUS: Thank you.

20 MR. VOWELS: Thank you.

21 MR. THAR: Mr. Wolf on behalf of Majestic Star.

22 MR. WOLF: David Wolf, General Manager for Majestic  
23 Star. We request that the Commission renew our license for  
24 another year. We are in good standing with our  
25 interactions with the IGC.



1. MR. VOWELS: Mr. Thar anything you'd like to add to  
2 that?

3 MR. THAR: Only that based upon all information known  
4 to the Commission they remain suitable for licensure in the  
5 State of Indiana.

6 MR. VOWELS: All right, any questions of Mr. Wolf or  
7 Mr. Thar? Then in front of us is the Order of the Indiana  
8 Gaming Commission concerning the renewal of the riverboat  
9 owner's license of Majestic Star Casino, LLC. Is there a  
10 motion in reference to the renewal?

11 MS. BOCHNOWSKI: I move that we renew the license.

12 MR. VOWELS: Is there a second?

13 DR. ROSS: Second.

14 MR. VOWELS: Is there any further discussion? All  
15 those in favor say "aye."

16 (Ayes -- all. Nays -- none.)

17 MR. VOWELS: Show their license is renewed. Thank  
18 you.

19 MR. WOLF: Thank you.

20 MR. VOWELS: And then Mr. Thar there's one other?

21 MR. THAR: Horseshoe Casino and there was a request  
22 from Miss Carolyn Marsh to speak at the time of this  
23 renewal.

24 MR. VOWELS: And this is Miss Marsh approaching the  
25 podium?



1 MR. THAR: Yes.

2 MR. VOWELS: Miss Marsh, my understanding is that  
3 you've been informed that your time will be limited to five  
4 minutes.

5 MS. MARSH: Could I sit down?

6 MR. THAR: Yes. Just please pull that microphone  
7 close enough so that you --

8 MR. VOWELS: That microphone right in front of you,  
9 ma'am.

10 MS. BOCHNOWSKI: Just make sure, yeah, you get it  
11 close enough.

12 MR. THAR: Yes. But it'll pick up your voice.

13 MS. MARSH: Thank you. My name is Carolyn Marsh. I'm  
14 a resident of Whiting and I am here again. I sent the  
15 Commission a letter and I wanted to speak to the letter  
16 and, and current developments within the City of Hammond.  
17 I submitted a letter February 24, 2002 to the Commission  
18 talking about problems that we are having in Hammond.

19 I say I am a concerned citizen and bird  
20 conservationist and I called for a formal investigation of  
21 dealings involving Mr. James Bennett with the Hammond  
22 Redevelopment Commission, the Hammond Lost Marsh Golf  
23 Course, Hammond Development Corporation and the Hammond  
24 Riverboat Gaming Project.

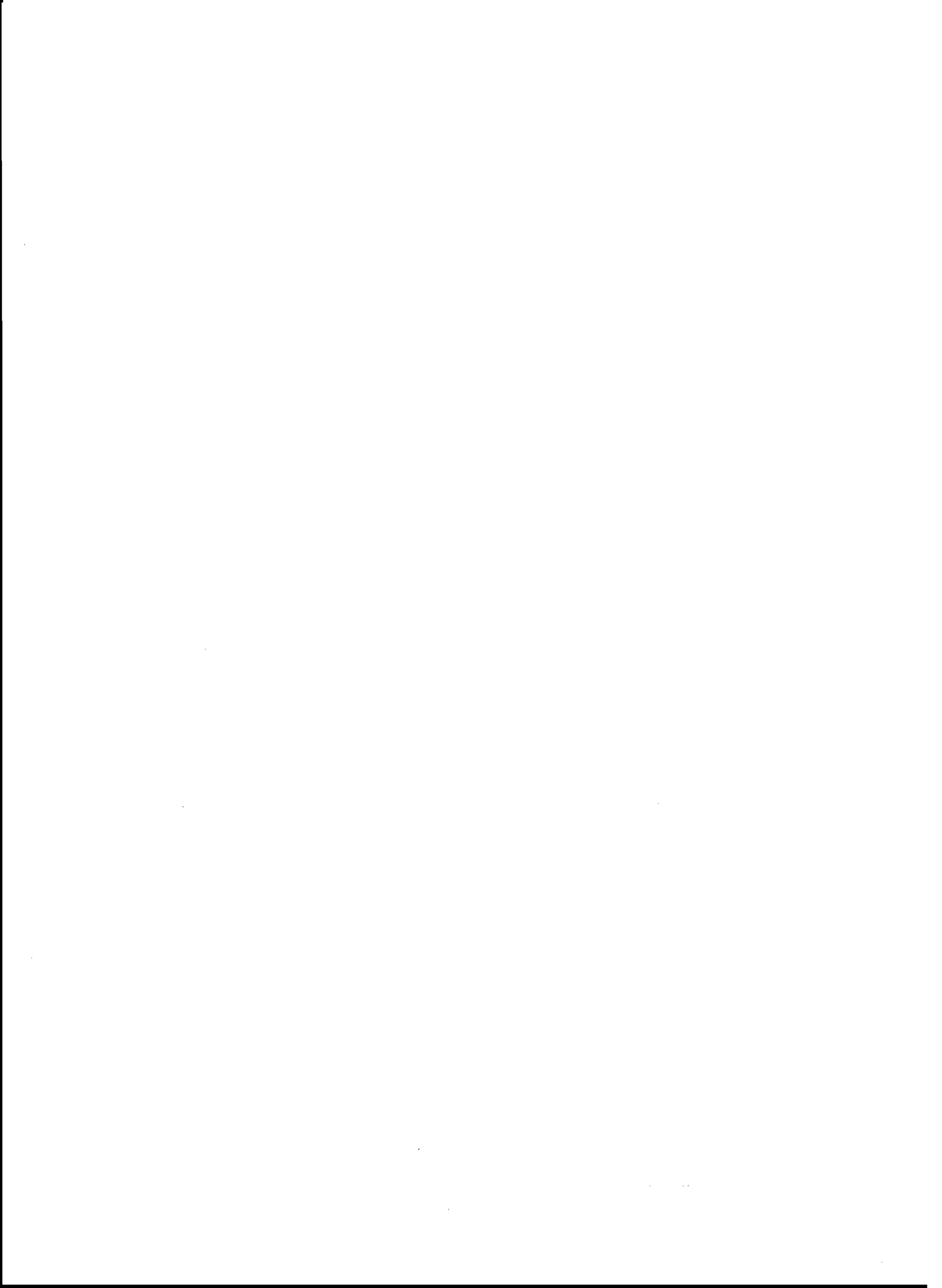
25 Since I wrote this letter there has been a quite a lot



1 of new developments regarding the lakefront and I just  
2 wanted to say I read the transcript of the minutes of the  
3 last meeting and I want to make one -- a couple comments  
4 about Mr. Bennett, Jim Bennett, who is the financial  
5 advisor in Northwest Indiana to Horseshoe -- not to  
6 Horseshoe, but to the City of Hammond about the wetlands  
7 and I just want to go on record saying that there was no  
8 wet -- he said there was no wetlands being filled in.  
9 There are wetlands being filled in. I refer you to U.S.  
10 Army Corps of Engineers Public Notice File Number 981450590  
11 which says there would definitely be wetlands filled in.

12 Now back to the bird sanctuary which is why I'm here  
13 again, November 10, 1999 the Bird Conservation Network sent  
14 a letter to the City of Hammond. We had meetings about  
15 what needed to be done on the lakefront regarding the  
16 contract that was signed, the agreement that was signed to  
17 protect green space and to protect the bird sanctuary given  
18 that there was gonna be gambling on the lakefront.

19 We had a meeting in May. Curtiss Vosti of the  
20 Hammond Park Department wrote a letter about the lakefront.  
21 Said there was a committee being formed, there was no  
22 committee being formed. What we have found out is that  
23 there is a Hammond Shoreline Improvement Trail Concept, a  
24 draft report, which will impact the bird sanctuary.  
25 Horseshoe Developments will impact the bird sanctuary and





1 the green space. I can prove it. I have the report right  
2 here for you to look at. They say it's a draft report,  
3 that it's only conceptual, but I have and I would like to  
4 read into the minutes because there -- I want to avoid this  
5 she said, he said.

6 There is a letter dated February 19, 2002 to Curtiss  
7 Vosti, Park Administrator from Robert J. Nelson, Marina  
8 Director. Subject, DLZ meeting on green space. "The  
9 meeting this morning was a good one. DLZ presented their  
10 conferred path design based on the topography and existing  
11 trail roots, but of course this dramatically cuts through  
12 the bird trap and is probably unacceptable." This is their  
13 conferred plan is to cut into the bird trap. If there's no  
14 opposition they will do it, but there is opposition and I'm  
15 here to tell you that there is.

16 Also, I have another letter on DLZ stationery. It's  
17 regarding the lakefront park and it talks about -- it's,  
18 it's dated April 2nd, 2002 to Curtiss Vosti from Steven  
19 Ribble, R-i-b-b-l-e. "Per our meeting March 14th" -- now  
20 this is this year -- "we are to get together again soon to  
21 review the final draft of the report. As discussed, you  
22 were going to review the draft submitted on the 14th and  
23 forward your comments to our attention along with whatever  
24 DNR developmental information you may have and the copy of  
25 the Hammond bike route."



1 I am here to say that they are not fencing the bird  
2 sanctuary, it is not fenced contrary to what Mr. James  
3 Bennett said at the last meeting, it is still not fenced.  
4 And they meet with NIPSCO. They're all together in the  
5 Hammond Development Corporation, a shell group for the  
6 city, the mayor's gaming money. It's very complicated. A  
7 lot of this is breaking in the news.

8 But I would like Ann Bochnowski who is our  
9 representative on the Gaming Commission to meet with  
10 concerned citizens. I think it's absolutely important that  
11 we go over the contracts being signed with Horseshoe, the  
12 Hammond Private Hammond Redevelopment Corporation, the city  
13 council, we -- the port authority. We have serious  
14 questions where the money is going and why there are not  
15 improvements on the lakefront as promised in the agreements  
16 made. I think it's very important that we meet with our --  
17 the commissioner in our area. It would be a public  
18 meeting. It could be at the Hammond City Council, but we  
19 have many concerned citizens.

20 Recently Mayor Dedelow fired a member of the Hammond  
21 Port Authority because he questioned the Horseshoe  
22 development on the lakefront, moving -- and specifically  
23 moving the boat ramp from inside the marina where it is to  
24 near the power plant. There's tremendous opposition to  
25 these developments. We have no public hearings on them

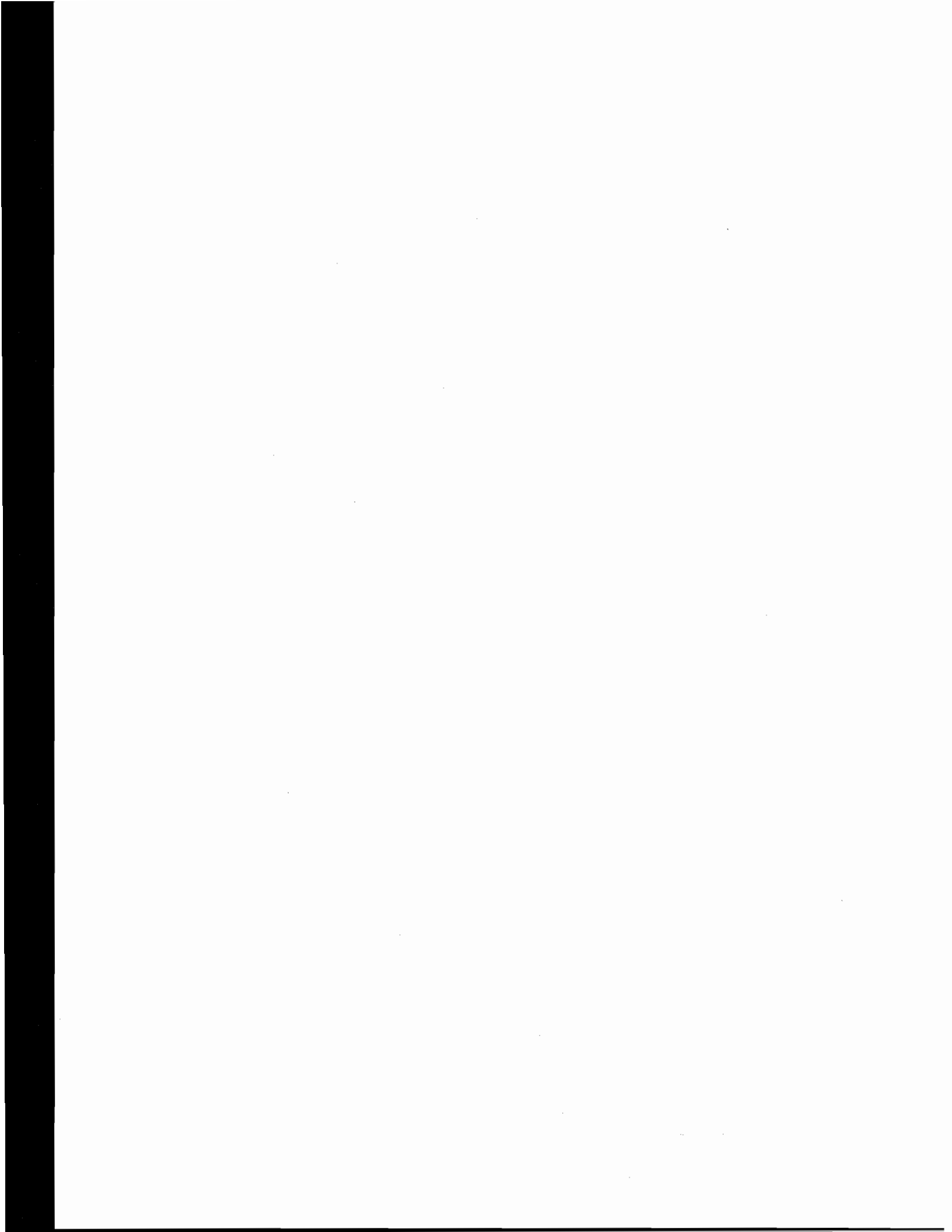


1 contrary to what Mr. James Bennett has said. I was at a  
2 meeting on the Hammond Port Authority and I read the  
3 minutes. Boaters are asking whether there could be  
4 meetings about the developments, the Horseshoe  
5 developments. Bennett says there will be meetings, there  
6 will never be meetings unless we put pressure on Mayor  
7 Dedelow to have these meetings and Mayor Dedelow controls  
8 all of these boards. He controls the port authority board,  
9 he just fired somebody who didn't -- who questioned him and  
10 he controls the Redevelopment Commission which gets a lot  
11 of money, millions and millions of dollars from agreements  
12 made with Horseshoe which I am questioning, which also  
13 ended up in the paper.

14 We have \$500,000 we cannot track. Three hundred  
15 thousand deals with James Bennett. Two hundred thousand  
16 deals with David Dabertin. And I raise David Dabertin's  
17 name here because he also spoke before you at the very  
18 first meeting and he has presented himself as a citizen  
19 activist when actually he's a hired consultant by the city  
20 and both of them have done quite a bit of character  
21 assassination on my reputation so I think it's --

22 MR. VOWELS: Okay, Miss Marsh, if you could just wrap  
23 it up. I let you go a little bit over.

24 MS. MARSH: Well, basically what I'm saying is I think  
25 that it's important that we have serious financial



1 questions where the money is going. We have a four  
2 agreement made, interagency agreements that nobody can  
3 track. We asked for documentation. My information is  
4 gotten from the Freedom of Information Act. And I am a  
5 concerned citizen, I am a founder and discoverer of that  
6 bird sanctuary to save it as a bird sanctuary and I'm not  
7 included in anything. And I spent my own personal money  
8 getting this information and we would really appreciate if  
9 we could meet with our representative, Ann Bochnowski, and  
10 understand what your role is, what the mayor's role is,  
11 what the citizens' role is because we are not getting any  
12 cooperation and we need it desperately and 'cause we do  
13 want to save the natural areas.

14 MS. BOCHNOWSKI: The problem we have is where our  
15 authority actually starts and begins -- or starts and  
16 ends. The bird sanctuary was an important part of the  
17 initial agreement and I think, you know, whether we have  
18 the authority to enforce that or not I really think that  
19 that is something that, that was agreed to in the very  
20 beginning and needs, I think that Horseshoe coming in as a  
21 new owner needs to understand how important that was in the  
22 initial discussions and live up to that agreement.

23 I just don't know -- it's, it's my understanding that  
24 the Department of Natural Resources is now in charge of the  
25 bird sanctuary. Am I correct about that or not?





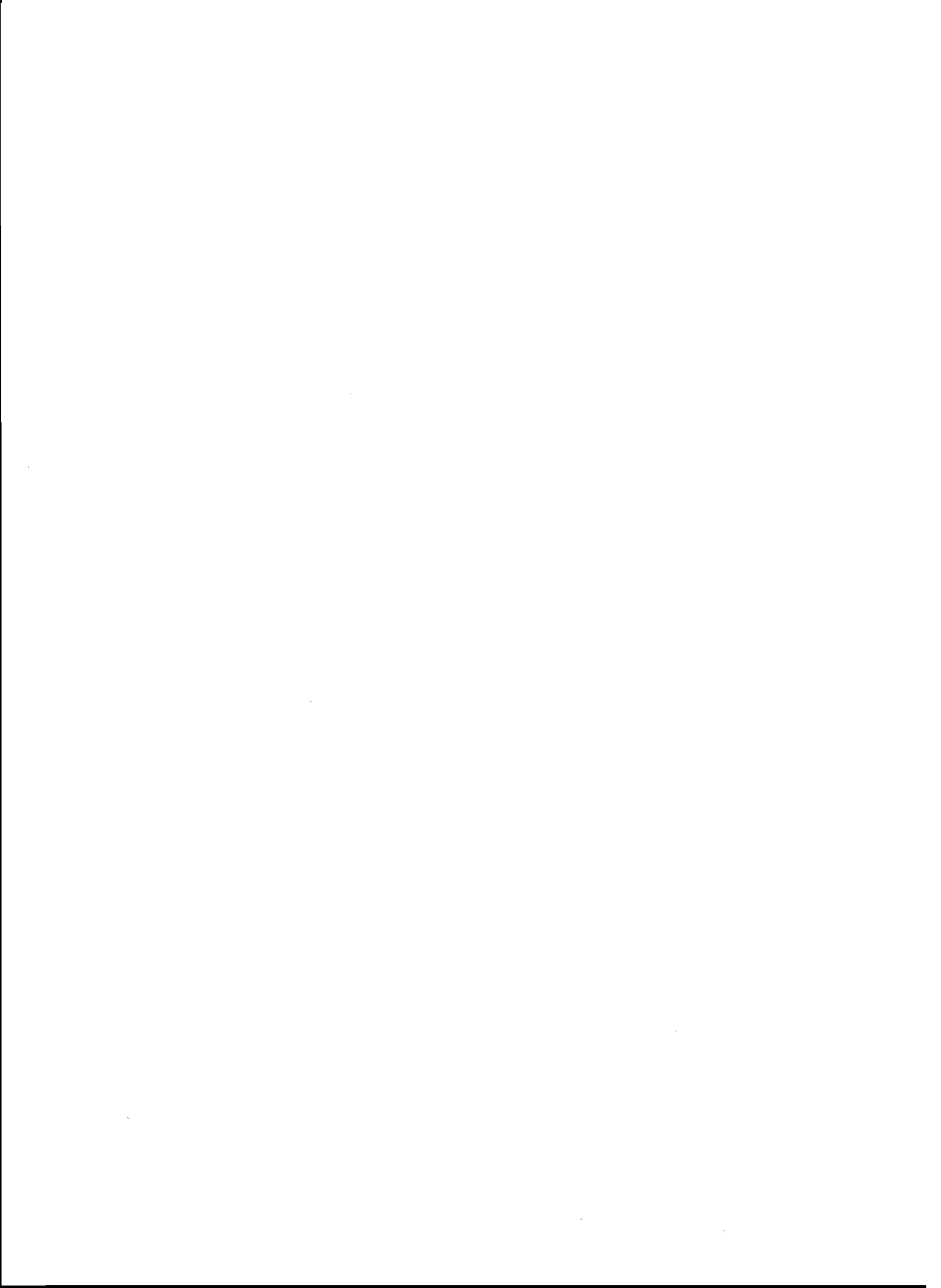
1 MS. MARSH: It has always been a conservation  
2 easement, however, in a secret deal the IDNR Foundation  
3 somehow for some reason gave authority to the Hammond Park  
4 Department to oversee the area and they are neglecting  
5 their role and not forming committees to work on making it  
6 a sanctuary. I mean, calling it a sanctuary is one thing,  
7 but making it a bird sanctuary is another.

8 And as I read there are meetings going on. There's  
9 trails that are gonna be developed for that area which will  
10 be inside the boundaries of the sanctuary which should be  
11 protected. There should be no park trails in there. But I  
12 have the design, I have the maps and the designs where they  
13 are planning to use bird sanctuary boundaries. They had a  
14 new survey and I asked for them to put red flags up where  
15 the boundary lines are, they won't do it and I know why  
16 they won't do it, because it will clearly show that they  
17 want sanctuary acreage to use for the park. Now when they  
18 move that ramp --

19 MR. DARKO: Can I interrupt for a second, Miss Marsh?  
20 Can I ask you a question, please? We license Horseshoe.  
21 We don't license the city or Mr. Bennett or anybody else.  
22 What has Horseshoe done wrong, do you think?

23 MS. MARSH: Well, Horseshoe wants public property --

24 MR. DARKO: Tell me what they've done wrong. Have  
25 they violated some promise to the Commission or what have



1           they done wrong?

2           MS. MARSH: Well -- what have they done wrong?

3           MR. DARKO: Yes.

4           MS. MARSH: They want the public land that will impact  
5 the bird sanctuary. They are moving the ramp. They have  
6 plans to move the ramp. Now do you want them to already  
7 build it and then you can come up after the fact? I'm  
8 coming up before the fact and say that they have plans that  
9 will impact the lakefront, the green space that was  
10 promised us and the bird sanctuary that was promised us.  
11 Their developments, their expansion developments of a  
12 hotel, two garages and a, you know, more parking lots in  
13 addition to the one they recently built that impacts the  
14 Wahala at Lake County because now we have gas fumes and no  
15 aesthetics, no trees, nothing.

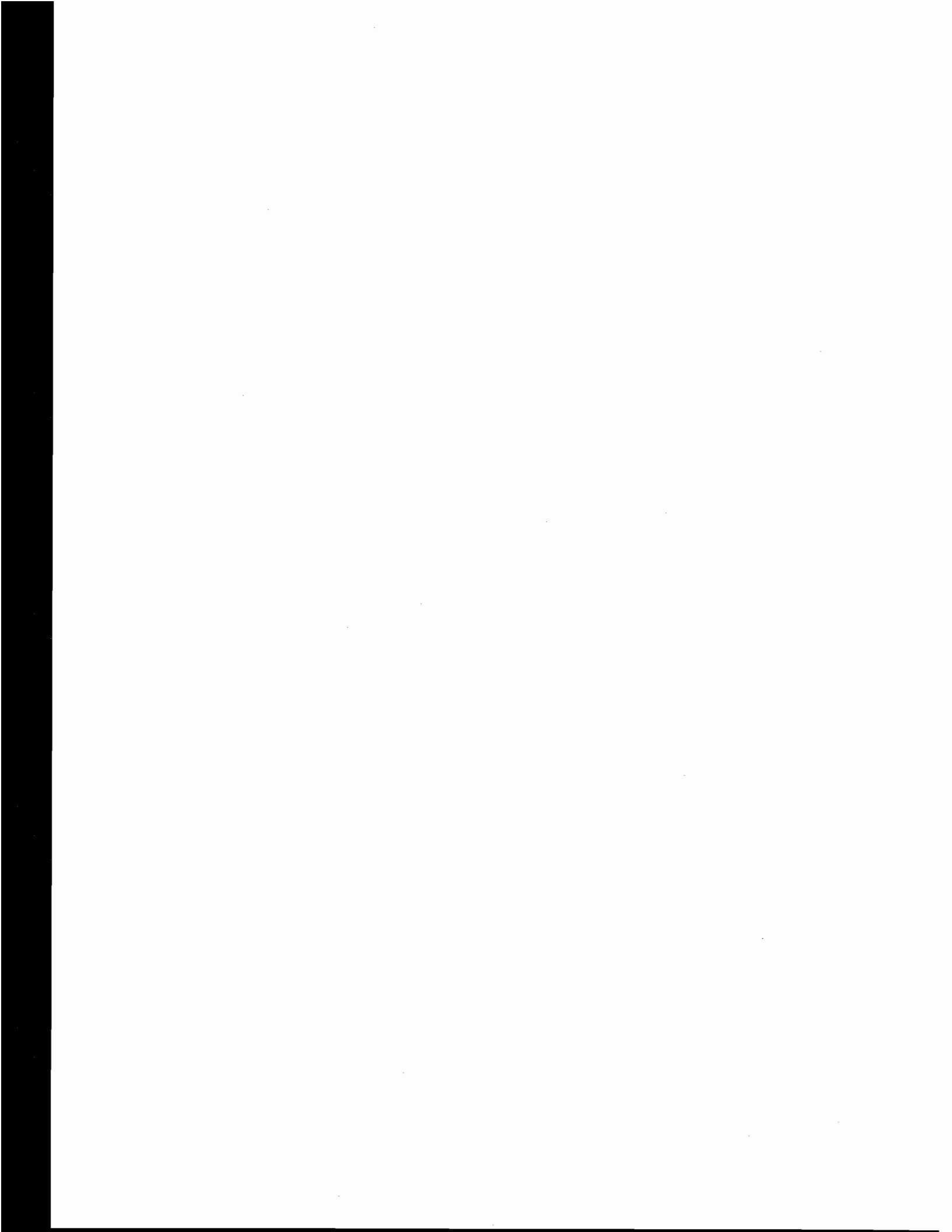
16           MR. VOWELS: Are you saying that we shouldn't allow  
17 that if the proper authority, which is not us in that  
18 regard, allows them to do those things?

19           MS. MARSH: I don't understand the question.

20           MS. BOCHNOWSKI: Well, here's the thing though. I  
21 mean, you --

22           MR. VOWELS: We can tell them they can't have a  
23 license if they're going to do that, is that what you're  
24 asking us --

25           MS. MARSH: What I'm saying is that we have -- I'm



1 confused and others are confused where authority to stop  
2 and start and why we can't get receipts and why we can't  
3 get information where the money is going. We can't get it.  
4 And I think that you can help us with that.

5 MR. VOWELS: Have you ever been denied any information  
6 from this Commission?

7 MS. MARSH: Have I been denied the information from  
8 this Commission?

9 MR. VOWELS: Yes.

10 MS. MARSH: I wrote you a letter calling for an  
11 investigation. You didn't give me the investigation.

12 MR. VOWELS: Have you ever been -- have you ever  
13 requested information from this Commission that has been  
14 denied?

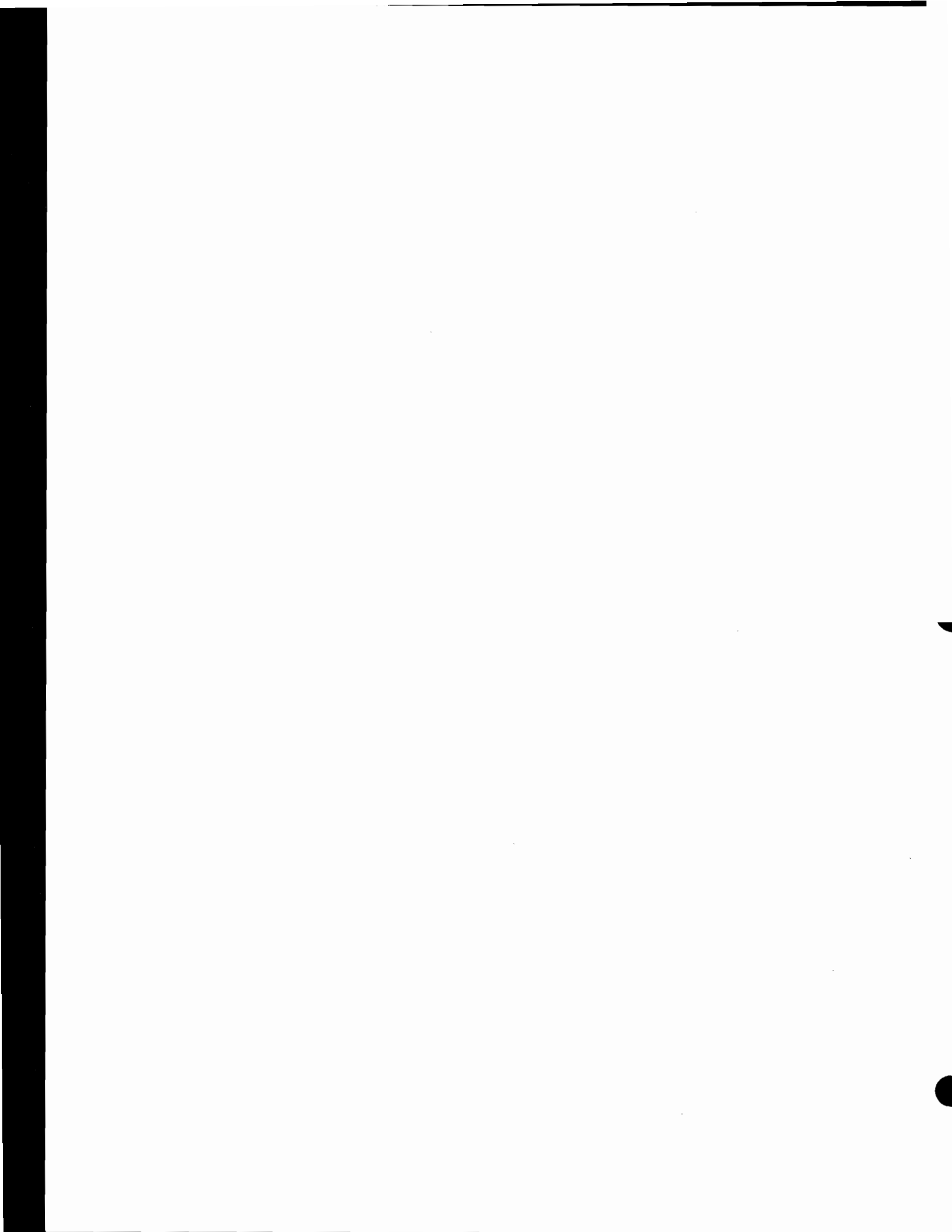
15 MS. MARSH: I've been denied to speak, yes. I asked  
16 to speak once and I was denied.

17 MR. VOWELS: Well, that's not, that's not what I  
18 asked. Have you ever been denied any information from this  
19 Commission that you requested?

20 MS. MARSH: I asked -- well, I had to pay for, for,  
21 for documents and I can't afford documents so I can say  
22 I've been denied certain documents.

23 MR. VOWELS: Have you ever been denied any information  
24 from this Commission that you have requested?

25 MS. MARSH: Yes, I think that, I think that, that when



1 I come before the Commission, and I think I've been here  
2 this is my third time, --

3 MR. VOWELS: Have you ever asked for information and  
4 received the answer, "No, you cannot have it"?

5 MS. MARSH: Well, I'm asking now. Let's, let's, let's  
6 bring this up to date.

7 MR. VOWELS: Just answer my question. Have you ever  
8 asked the Commission for information --

9 MS. MARSH: I cannot say -- I cannot answer that  
10 question.

11 MR. VOWELS: So the answer is no?

12 MS. MARSH: No. It isn't no because when you feel  
13 you're being -- when you're -- you get the -- I get the  
14 impression that you're not concerned enough if people stop  
15 trying so you go to other ways to get the information and I  
16 think that's where I'm at with this, with the Commission  
17 here.

18 MR. VOWELS: All right.

19 MS. MARSH: And I'm here once again to say, "Let's  
20 cooperate." How many citizens come to these meetings? I  
21 take the time out to come to meetings, I write you  
22 letters. My letter wasn't answered, but I'm here and  
23 because I am very concerned about what's going on here and  
24 I want to have a meeting with our representative.

25 MS. BOCHNOWSKI: Can I, can I say something? I don't



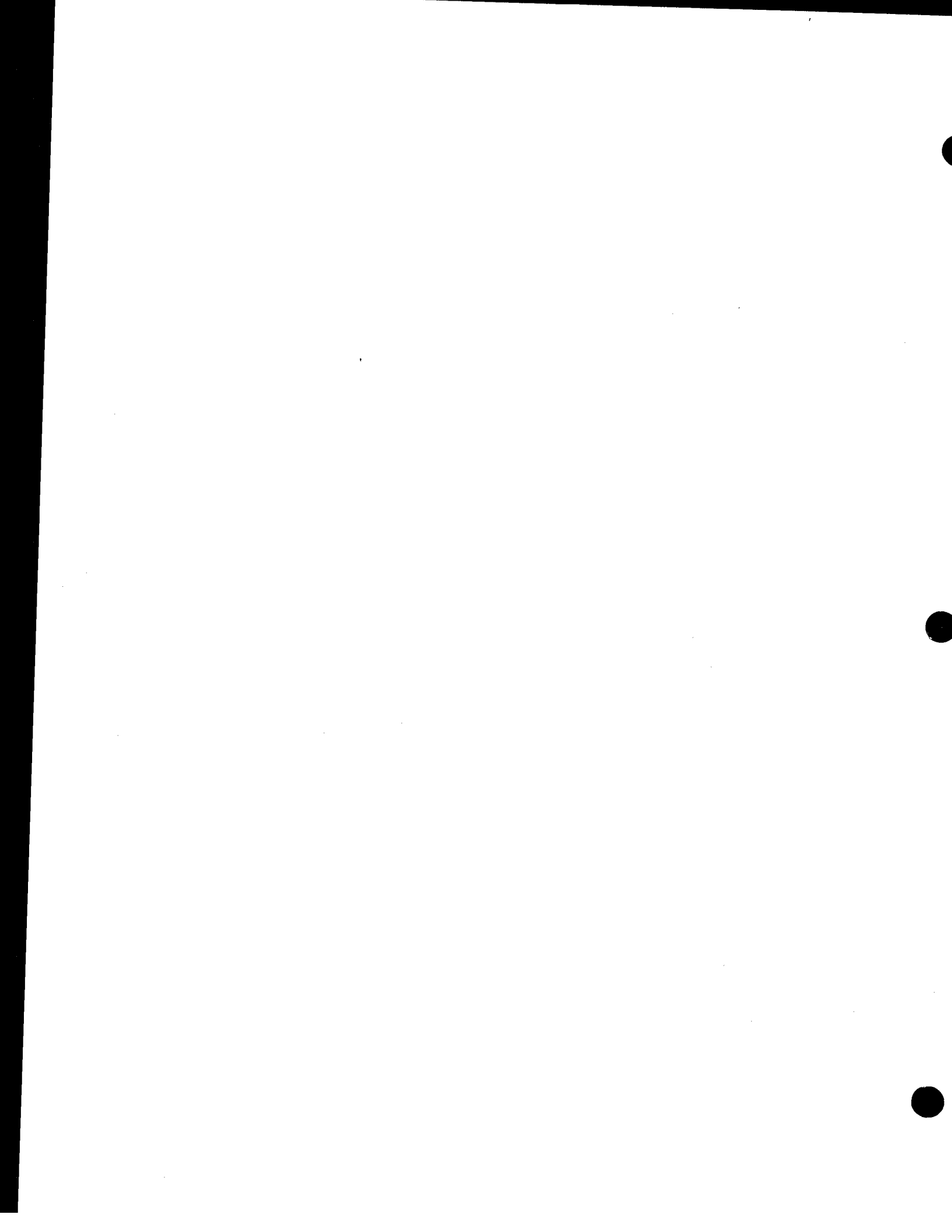


1 know, I'm not a lawyer so I don't know exactly --

2 MS. MARSH: I'm not a lawyer either.

3 MS. BOCHNOWSKI: I don't feel that, that in some areas  
4 we no longer have the authority, but about when we first  
5 had the initial licensing this bird trap, a lot of the, the  
6 way the money's spent in the city and whether there's deals  
7 or not deals, I don't know, and I don't really know that we  
8 have the authority. I think the State Board of Accounts  
9 would be the right people to go to for that to do an audit  
10 if necessary, but I think, I think -- if I can just  
11 finish -- I think that, and maybe when the people from  
12 Horseshoe come up here we can talk about that, in the  
13 initial licensing this bird trap was very important.

14 This isn't the only place this happened. We had the  
15 same similar -- a similar issue in Lawrenceburg. I have,  
16 you know, I have talked to the people from, from that  
17 natural area who -- who are the citizen group with that  
18 natural area and they have been very happy with what's  
19 happened in Lawrenceburg. Here we're hearing things maybe  
20 didn't go as promised in the initial hearing. And, and I  
21 think whether there's a legal responsibility or a moral  
22 responsibility this was promised so you've got to take care  
23 of this bird trap. I just think that's, that's your  
24 obligation. That's what was promised in the beginning,  
25 bottom line, that's got to happen. Whether I have the



1 authority to do that or not, I don't know, but it just  
2 seems like the right thing to do.

3 MR. THAR: Have at it. Let me propose, let me propose

4 --

5 MS. MARSH: Let me say one thing. This was -- of all  
6 the casinos in Gary and East Chicago this casino,  
7 Horseshoe, is right up against a neighborhood. There are  
8 people living there so we have to share that lakefront.

9 MR. THAR: Let me make the following proposal, if I  
10 may. First of all, we did attempt to fax a response back  
11 to you last Friday and your receiving fax did not accept  
12 it. So we attempted to respond to your letter and we have  
13 our original letter to you. We're sorry you did not get  
14 it. And that advised you about your ability to speak here  
15 today. Let me just make a quick rundown on a couple of  
16 issues that Miss Marsh has raised.

17 Miss Marsh it's improper for a Commissioner to meet  
18 with a group of people about an item that may come before  
19 the Commission in the future, particularly as it impacts a  
20 riverboat. If this Commission directs I'll meet with your  
21 group and try to explain where the authority begins and  
22 where the authority ends.

23 Secondly, we have no jurisdiction over Mr. Bennett,  
24 Mr. Dabertin, Mr. Vosti. We have no jurisdiction over the  
25 city except to the extent the city wishes to enter into



1 negotiations with the riverboat. We do have authority over  
2 any future plans for expansion of Horseshoe.

3 We also, as Miss Bochnowski has pointed out, have  
4 authority to require Horseshoe to follow through with the  
5 promises that were made when the license was issued for  
6 Hammond. We can't order the city to do that, but we can  
7 order Horseshoe to do that. To my knowledge and based upon  
8 what I have understood from you it's not that anything  
9 damaging has happened to that bird sanctuary today, it's  
10 that first, it has never been fenced and that was part of  
11 the original deal and secondly, there are plans being  
12 discussed to go through the bird sanctuary now and you're  
13 asking us to stop that which if Horseshoe's a part of it we  
14 can have a say in it.

15 So my recommendation to this Commission and to you is  
16 that if you would like to set up a meeting on a couple of  
17 different dates at a mutually convenient location I and  
18 another member of the staff, and Miss Bochnowski if you'd  
19 like to attend as an observer, could attend that meeting to  
20 watch. I will do the bulk of the speaking, but Ann would  
21 be there to observe and put in input and we'd be there to  
22 listen.

23 Secondly, we will review with Horseshoe what their  
24 obligations were at the time that the license was initially  
25 issued and make sure that where they are today is where



1 they're supposed to be and we will guarantee to you that  
2 there will be no development by Horseshoe of that marina  
3 that is not certainly in front of this Commission aired at  
4 a public hearing. And I think that's as far as we can go  
5 today with regard to the issues you have presented.

6 In terms of if Horseshoe is paying the money that they  
7 are required to pay to the city and then the city is not  
8 following through in a way that some people believe they  
9 should be, that is outside of our jurisdiction. That may  
10 be within the State Board of Accounts' jurisdiction, that  
11 may be within the Indiana Department of Natural Resources',  
12 it may be within the state police's, but we have no  
13 authority over a mayor other than to tell our licensee they  
14 can or cannot enter into this discussion with them.

15 MS. MARSH: The Empress or Horseshoe now rents the  
16 parking lot that runs parallel to the sanctuary. For the  
17 first time, and I've been going to that area for 15 years,  
18 there is drug activity, there is drinking during daylight  
19 hours, 12 in the afternoon, 11 to -- I have gone to the  
20 port authority and I'm documented by calling 911.

21 The over -- the gazebo burned to the ground right  
22 after we met in August, it was burned down. There was a  
23 tremendous amount of vandalism and one of the issues is  
24 when I talked to the port authority they say that it's  
25 Horseshoe has the parking lot. We need security, if we





1 have to put security cameras up there. I do not feel safe  
2 in the area. I felt safer years ago before all these  
3 developments because at least, you know, the problems were  
4 at night, but now there's problems during the day. I feel  
5 that if we don't act and act soon there's gonna be a very  
6 serious problem. We've already had a \$50,000 gazebo burned  
7 down and vandalism and do you know that the port authority  
8 didn't even know it burned down, that I had to tell them a  
9 day and a half later, that's how poor the security is  
10 there, yet they're bringing thousands of people into the  
11 area to go through the wooded, green space and the bird  
12 sanctuary. We really need help here.

13 MS. BOCHNOWSKI: Okay, Carolyn do you think that this  
14 would be an appropriate solution, to set up a meeting that  
15 you discussed, but to have Jack really be the, the main  
16 person 'cause he represents the Commission and I would be  
17 happy to be there?

18 MS. MARSH: I'm perfectly satisfied with that.

19 MS. BOCHNOWSKI: So we're going to do that and then  
20 when Horseshoe comes up here we can ask them to address  
21 some issues.

22 MS. MARSH: I'd also like it that that meeting be  
23 taped and I'd like Mr. Bennett to be there and all these  
24 other officials be there.

25 MR. VOWELS: Well, I think Mr., Mr. Thar really pretty



1 much laid it out, the way that it would be and --

2 MS. MARSH: I'd like the meeting as soon as possible.

3 MR. VOWELS: Well, I don't know any reason why she  
4 couldn't.

5 MR. THAR: I cannot require Mr. Bennett or anybody  
6 else to attend. You can invite anybody you would like.  
7 Whoever shows up is up to them. If you wish to tape the  
8 meeting that's up to you.

9 MS. MARSH: Thank you. Is there gonna be public  
10 comments? I think somebody else might want to speak on  
11 public comments.

12 MR. THAR: No, there are -- as stated earlier there is  
13 no further public comment. You requested to speak.

14 MS. MARSH: You mean ever? I mean, see I'm not sure  
15 like when I look at this agenda there's no public comments  
16 period? Because there's somebody here that would like to  
17 speak as a city councilman from Hammond if you would allow  
18 that.

19 MR. THAR: As we stated --

20 MS. MARSH: Two minutes as a public person? Because I  
21 didn't understand the agenda. I just assumed there would  
22 be public comments after official business was done.

23 MR. THAR: At three meetings not counting today we  
24 have announced that these types of renewals are not going  
25 to be public hearings unless we're -- specifically receive



1 a request.

2 MS. MARSH: I'm not talking about public hearing.

3 MR. THAR: Well, that's when when we allow public  
4 comment, at a public hearing. Public meeting the public  
5 can observe. Public hearing the public can participate.

6 MS. MARSH: Well, I look forward to the meeting that  
7 we'll organize in Hammond.

8 MR. THAR: Thank you. Okay. Do you want to hear from

9 . . . .

10 MR. VOWELS: Okay. There is a councilperson here?  
11 All right. I'm gonna give you two minutes and keep it at  
12 two minutes, all right? 'Cause my five minutes with Miss  
13 Marsh went for about 25 minutes. So two minutes is what  
14 you have and, and if you'll state your name, please. Yes,  
15 that's fine.

16 MS. KAZMIERCZAK: My name is Kathy Kazmierczak. I'm  
17 the city councilwoman for the City of Hammond, Fifth  
18 District, also the Chairman of the Finance Committee.

19 Actually, I come before the board here, the Commission  
20 regarding one issue. I have repeatedly asked for  
21 information regarding the transferring of riverboat money  
22 from the Horseshoe Casino relating to specific amendments  
23 from the Riverboat Development Agreement. I had requested  
24 the information on March 25th, 2002 and haven't yet  
25 received that information.



1 MR. VOWELS: Requested it from who?

2 MS. KAZMIERCZAK: Pardon?

3 MR. VOWELS: Who did you request it from?

4 MS. KAZMIERCZAK: I had requested it from Mr. Dominic  
5 Polizzotto.

6 MR. VOWELS: And who is he?

7 MS. KAZMIERCZAK: Pardon? He is their chief legal  
8 counsel.

9 MR. VOWELS: Horseshoe?

10 MS. KAZMIERCZAK: Yes.

11 MR. VOWELS: Okay, go on.

12 MS. KAZMIERCZAK: And, and I had followed that up with  
13 additional requests and have not received that information  
14 and I am hoping here that the Commission will help with,  
15 with getting that public information. It is, it's in  
16 regards to the amendments with the initial gaming, gaming  
17 request, gaming development.

18 MS. BOCHNOWSKI: Development agreement?

19 MS. KAZMIERCZAK: Yes.

20 MR. VOWELS: Okay. So are you saying this money went  
21 somewhere and you want to know where it went to?

22 MS. KAZMIERCZAK: As far as -- yes, absolutely.

23 MR. VOWELS: Okay. Did it, did it not go to the city?

24 MS. KAZMIERCZAK: Well, that's what I'm trying to find  
25 out. In other words, with this, with this amendment that I





1 had requested the information for I had requested exactly  
2 where the money had gone to. That is the information I had  
3 requested. I have yet to receive that information and  
4 unless I get that information I have no idea where the  
5 money has gone to.

6 MR. VOWELS: Okay.

7 MS. KAZMIERCZAK: That is, that is part of the  
8 information that the Finance Committee of the Hammond City  
9 Council would like to review. We have yet to receive that  
10 information. We have been waiting for it since March 25th  
11 of 2002 and we are hoping, at least I am hoping, that  
12 possibly the Indiana Gaming Commission would possibly help  
13 us in obtaining that essential information.

14 MR. VOWELS: Okay. Is that anything that we are  
15 involved in?

16 MR. THAR: We do not have that information. That  
17 information should be obtained from the city. There's a  
18 public record in the city.

19 MR. VOWELS: You're on the city council right? You  
20 have an attorney for the city council?

21 MS. KAZMIERCZAK: This would have been -- this would  
22 have been money that would have been directly wire  
23 transferred from the riverboats to whoever. That is the  
24 information I have requested from them.

25 MR. VOWELS: To whomever in the city? Administration?



1 MS. KAZMIERCZAK: No, sir, no, sir. This is money  
2 that was directly wire transferred from the riverboat I  
3 had -- as part of an amendment to that original development  
4 agreement and that is the information I have requested. I  
5 have yet to get that information.

6 MS. BOCHNOWSKI: What was the amendment for? What was  
7 it for?

8 MS. KAZMIERCZAK: There are four amendments to that  
9 original agreement.

10 MS. BOCHNOWSKI: Which one are you referring to?

11 MS. KAZMIERCZAK: I have requested where that money  
12 was directly wire transferred to. That is what I'm, that  
13 is what I'm waiting for.

14 MR. THAR: Okay. Well, let's cut this off.

15 MS. KAZMIERCZAK: And that's under public information.

16 MR. VOWELS: Let's cut this off here and wrap it up  
17 here. Go ahead.

18 MR. THAR: We have not seen -- that request has not  
19 been made to us so as a result I'm not clear on what it is  
20 she's looking for. If you wish to send that request to  
21 them and copy us on it, not today please because we've got  
22 a lot of other paperwork, then we'll have a better idea of  
23 what it is and whether that request should be made by us to  
24 Horseshoe or by the city council to the mayor. If we can  
25 get from Horseshoe where they send the money and to where



1 it goes, but once it lands somewhere in the city coffers or  
2 the city council coffers we don't have jurisdiction over it  
3 anymore.

4 MS. KAZMIERCZAK: No, I'm talking about any monies  
5 that did not come into the city coffers as part of an  
6 agreement. If it did not come into the city coffers, but  
7 went somewhere else, but still is part of that agreement.

8 MR. THAR: I'll tell you what, you copy us on your  
9 request.

10 MS. KAZMIERCZAK: Thank you very much. I would  
11 appreciate that. Thank you.

12 MR. VOWELS: All right. Under this consideration of  
13 license renewals I would assume there's someone here for  
14 Horseshoe?

15 MR. THAR: Mr. Mazer?

16 MR. VOWELS: All right, Mr. Mazer we've fairly much  
17 addressed how we're gonna deal with these issues and I'm  
18 not real interested in, in your addressing them at this  
19 time. Is there anything else you need to tell us before we  
20 take a look at this renewal?

21 MR. MAZER: No.

22 MR. VOWELS: In front of us then -- are there any  
23 questions of Mr. Mazer?

24 MS. BOCHNOWSKI: I just had a question about the  
25 security at the parking lot. Is that something you can



1 address if that's a problem?

2 MR. MAZER: Yeah, the parking lot that is being  
3 questioned is the one that sits directly behind the bird  
4 sanctuary, is owned by the city. It was used by our  
5 employees, our valet and overflow for guests. It is  
6 controlled by our Security Department as well as the  
7 Hammond Police. We have subsequently moved our employees  
8 out of that lot into a new lot that we have constructed.  
9 It is -- our valet is currently in there until additional  
10 space is allocated for them. They will subsequently move  
11 out. It is used also by the marina and by general public.  
12 It is open to the general public. We do patrol it.

13 MR. THAR: Have you received requests of Miss  
14 Kazmierczak concerning where Horseshoe monies, according to  
15 development agreements, are being sent?

16 MR. MAZER: I have not.

17 MR. THAR: Would you give her your card --

18 MR. MAZER: Sure.

19 MR. THAR: -- when finished so that request can go to  
20 you also?

21 MR. MAZER: I know Councilwoman Kazmierczak because  
22 I've spoken to her a number of times, she's never requested  
23 it of me. I can assure you that we did indeed write the  
24 check and the city did indeed cash it.

25 MR. VOWELS: Okay. Would you, would you just be





1 certain that you give her your card here today so she can  
2 write you that letter that she's gonna carbon copy Mr. Thar  
3 and the answer will be figured out at some point in time?  
4 All right?

5 MR. MAZER: Absolutely.

6 MR. VOWELS: Anything else? Then in front of us we  
7 have the Order of Indiana Gaming Commission regarding the  
8 renewal of the riverboat owner's license of Horseshoe  
9 Hammond, Incorporated. Is there a motion in reference to  
10 this?

11 MR. DARKO: Move to approve.

12 MR. VOWELS: Is there a second?

13 MR. MILCAREK: Second.

14 MR. VOWELS: Anything further discussion? All those  
15 in favor say "aye."

16 (Ayes -- all. Nays -- none.)

17 MR. VOWELS: Their license is renewed.

18 Thank you, Mr. Mazer.

19 Next matter on the agenda, I think we need to take a  
20 break before we do that. Mr. Thar, what do you think, 10  
21 minutes?

22 MR. THAR: If that's your pleasure, yes, sir.

23 MR. VOWELS: Fifteen minutes would be my pleasure.

24 MR. THAR: Fifteen minutes would be fine.

25 MR. VOWELS: Then I'll exercise my chairmanship powers



1 and say 15 minutes. That would make it ten after the hour.  
2 See you back then.

3 (A short break was taken.)

4 MR. VOWELS: We'll go ahead and call the meeting to  
5 order.

6 There is -- the next matter on the agenda are  
7 disciplinary actions in reference to Belterra. There is  
8 one matter that Miss Chelf needs to address. If you'll go  
9 ahead.

10 MS. CHELF: In late January Belterra converted two  
11 slot machines to \$10 machines, but failed to properly  
12 convert the bill validators. The incorrectly converted  
13 bill validators caused the machines to register a \$10 bill  
14 as two credits rather than one credit. For example, a  
15 patron who had inserted a \$10 bill in the bill validator  
16 received two credits each worth \$10 for a total of \$20.

17 Certainly Belterra employees violated company policies  
18 and procedures and therefore internal controls when they  
19 failed to properly convert the machines and failed to  
20 properly investigate the excessive fills required by the  
21 machines.

22 Belterra acknowledged that some of the deductions they  
23 had taken on their RG-1 for hopper fills and jackpots for  
24 the days when the machines were malfunctioning were not all  
25 proper deductions in light of the operational mistakes made



1 by their employees.

2 Belterra adjusted the amount of deductions on their  
3 tax return by \$104,960 which resulted in a \$20,992 in  
4 additional wagering taxes collected by the state.

5 The Commission staff agreed with Belterra's assessment  
6 that that amount of adjustment was appropriate. Belterra  
7 provided information to the Commission outlining the  
8 additional procedures that will be implemented to ensure  
9 that the procedural violations that led to this incident  
10 will not recur.

11 Belterra also described the internal disciplinary  
12 actions that it would take against each of the employees  
13 who contributed to the procedural violations.

14 The Commission staff and Belterra have agreed that a  
15 monetary fine shall be imposed on Belterra for the  
16 violations of the procedures surrounding the incident.  
17 Belterra has agreed to remit a fine of \$18,000. The  
18 Commission may vote either to approve or disapprove the  
19 proposed settlement agreement.

20 MR. VOWELS: Okay, thank you, Miss Chelf.

21 Any questions for Miss Chelf.

22 Thank you.

23 In front of us then is the Order of the Indiana Gaming  
24 Commission concerning the Settlement Agreement in lieu of  
25 the disciplinary action of Belterra Casino & Resort. Is



1 there a motion to approve or disapprove the proposed terms  
2 of the Settlement Agreement?

3 DR. ROSS: I move to approve.

4 MR. VOWELS: Is there a second?

5 MS. BOCHNOWSKI: I would second that.

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

8 (Ayes -- all. Nays -- none.)

9 MR. VOWELS: Show it is approved.

10 All right. And then we move to the next matter there  
11 of the disciplinary action reference to Belterra. Mr.  
12 Thar?

13 MR. THAR: Yes. There are three items that will come  
14 up for consideration today by the Commission. In the order  
15 in which they will be considered they will be first Mr. R.  
16 D. Hubbard.

17 Secondly, Belterra Entertainment, Inc. the parent  
18 company -- I'm sorry, Pinnacle Entertainment, Inc., parent  
19 company of Belterra in Switzerland County. And the third  
20 one will be with regard to Mr. Paul Alanis.

21 Notwithstanding all the gentlemen and ladies sitting  
22 at the front table, starting with Mr. Hubbard I will ask  
23 Mr. Ted Nicholas to step forward. Mr. Nicholas is the --  
24 one of the counsels representing Mr. Hubbard in this  
25 particular matter. Indiana Gaming Commission staff,





1 attorneys on behalf of Mr. Hubbard have been negotiating a  
2 settlement agreement with regard to Mr. Hubbard. The  
3 settlement agreement stems from activities that occurred at  
4 the Belterra Casino commencing on June 26, 2001 and ending  
5 June 29th, 2001 during the course of an event entitled or  
6 called the Hubbard Invitational Golf Classic which was held  
7 at that facility. During the course of that classic women  
8 were flown in to Belterra. These women were there to be  
9 with the guests. They were specifically invited to be at  
10 this golf outing. I think in terms of undisputed facts in  
11 the Settlement Agreement set before you on several  
12 occasions several of these women were referred to as  
13 hookers. During the course of this golf tournament Mr.  
14 Hubbard directed Belterra Casino employees to provide money  
15 to the invitees for gambling and to pay other fees without  
16 the necessary paperwork being provided in accordance with  
17 IGC rules and Belterra internal controls.

18 This Settlement Agreement has been put before the  
19 commissioners and would require of Mr. Hubbard the  
20 following that is contained in the Stipulation of  
21 Settlement. I'm gonna paraphrase some of this. Mr.  
22 Hubbard has resigned his position as Chairman of the Board  
23 of Directors of Pinnacle Entertainment, Inc. on April 10th,  
24 2002 and retired from the board on April 26th, 2002. Mr.  
25 Hubbard has agreed to voluntarily relinquish his Indiana



1 licenses as a key person and a substantial owner. Upon  
2 final approval of the settlement by the Indiana Gaming  
3 Commission, should it so approve, this resignation and  
4 retirement occurred during the course of an investigation  
5 into the above-described events by the Indiana Gaming  
6 Commission, the undescribed events being those set forth in  
7 the undisputed facts. Hubbard acknowledges that at the  
8 time of his resignation, retirement and relinquishment of  
9 his Indiana licenses he was aware of the possibility of the  
10 finding of unsuitability by the Indiana Gaming Commission.

11 The second stipulation provides as follows. At the  
12 time that the investigation began R.D. Hubbard was the  
13 single largest owner of Pinnacle stock owning 10 percent,  
14 plus or minus, of the stock. Mr. Hubbard voluntarily  
15 agrees to place all of his Pinnacle stock in either a  
16 voting or nonvoting trust depending upon what the proper  
17 terminology would be which is acceptable to the Commission  
18 and to sell all of the stock within the time period agreed  
19 to between Mr. Hubbard and the Commission, time periods to  
20 remain confidential so as not to unduly affect the price of  
21 the stock pursuant to IC 5-14-3-4(5). Mr. Hubbard  
22 voluntarily agrees to pay the following. Total of \$750,000  
23 divided as follows. Ten thousand dollars in investigative  
24 costs being the cost of the investigation of Pinnacle and  
25 its officers and directors to date. Seven hundred forty



1 thousand dollars in fine. While it is not required, Mr.  
2 Hubbard hopes that the amount of the fine paid would  
3 mitigate the fine against Pinnacle and/or Belterra. Even  
4 though no finding of unsuitability will have been made by  
5 this Commission should this Settlement Agreement be made --  
6 be accepted Hubbard voluntarily agrees not to apply for any  
7 license issued by the Indiana Gaming Commission at any time  
8 in the future.

9 Mr. Hubbard further agrees to cooperate with the  
10 Indiana Gaming Commission's investigation and to provide  
11 such further information and testimony as may be requested  
12 by the Indiana Gaming Commission in furtherance of its  
13 investigation.

14 As members of the staff -- as a member of the staff  
15 and one of the participants to this Settlement Agreement  
16 which was participated in by myself, Mr. Hamilton, Miss  
17 Dean, Mr. Brady and Mr. Mason as well as other help from  
18 Miss Chelf and Miss Brodnan from the Legal Department we  
19 submit this to you as being a fair settlement of the issues  
20 that have arisen as a result of the Hubbard Golf Tournament  
21 and Mr. Hubbard's actions and I am available -- well,  
22 before I say that, Mr. Nicholas is this the agreement that  
23 has been worked out between the Indiana Gaming Commission  
24 staff, you and your client?

25 MR. NICHOLAS: Yes, it is.



1 MR. THAR: The agreement before the Commission is  
2 unsigned, it has been represented to me and shown to me by  
3 you that you in fact have a signature page which contains  
4 the signature of Mr. Hubbard and yourself; is that correct?

5 MR. NICHOLAS: Mr. Hubbard signed the agreement via  
6 facsimile on Friday and Mr. Robert Wagner, who  
7 unfortunately could not be here today and was also counsel  
8 representing Mr. Hubbard, has also signed that agreement  
9 yesterday and I have those documents in my possession.

10 MR. VOWELS: Do you have the original or do you just  
11 have the faxed copy of it?

12 MR. NICHOLAS: Unfortunately due to the time  
13 constraints all I have is a faxed signature from Mr.  
14 Hubbard, but I communicated directly with Mr. Hubbard as  
15 part of getting that fax signature. And certainly we will  
16 be able to get an original signature.

17 MS. BOCHNOWSKI: Is it my understanding, I just want  
18 to make clear, that Mr. Hubbard will no longer have any,  
19 any involvement whatsoever with this company?

20 MR. NICHOLAS: That is correct. He has resigned as  
21 chairman. He has resigned as a director.

22 MS. BOCHNOWSKI: He would have no influence, no --

23 MR. NICHOLAS: My understanding is that he has no  
24 influence whatsoever.

25 MS. BOCHNOWSKI: Okay.





1 MR. NICHOLAS: Short of, as you know, he's a  
2 substantial stock owner, but all of his stock will be  
3 placed into a voting or nonvoting trust and as the staff or  
4 the Commission deems acceptable.

5 MR. DARKO: May I ask a question? There are multiple  
6 concerns involved with this matter unfortunately, Mr.  
7 Nicholas, and I think maybe the primary one's honesty with  
8 regulatory bodies. I read something that concerns me and I  
9 just wanted to see your thought. We have a newsletter here  
10 in Indiana called Indiana Gaming Insight which is not  
11 perfect, but generally it's pretty good. It reported on a  
12 hearing in New Mexico on Mr. Hubbard's request to be  
13 licensed for a racetrack there. It talks about the  
14 Governor of New Mexico having brought out our investigation  
15 here in Indiana. It says, "Hubbard declined after the  
16 hearing to comment on the investigation, but said his  
17 stepping down as board chairman had nothing to do with the  
18 probe." You think that's an accurate quote?

19 MR. NICHOLAS: I do not think that's an accurate quote  
20 and I don't think that's a quote, quite frankly. I think  
21 I've seen the publication that that came out of and it was  
22 not a quote and I've talked to Mr. Hubbard about that.

23 MR. DARKO: Thank you, I appreciate that.

24 MR. VOWELS: Well, are there any other thoughts or any  
25 questions of Mr. Nicholas or Mr. Thar or anyone else?



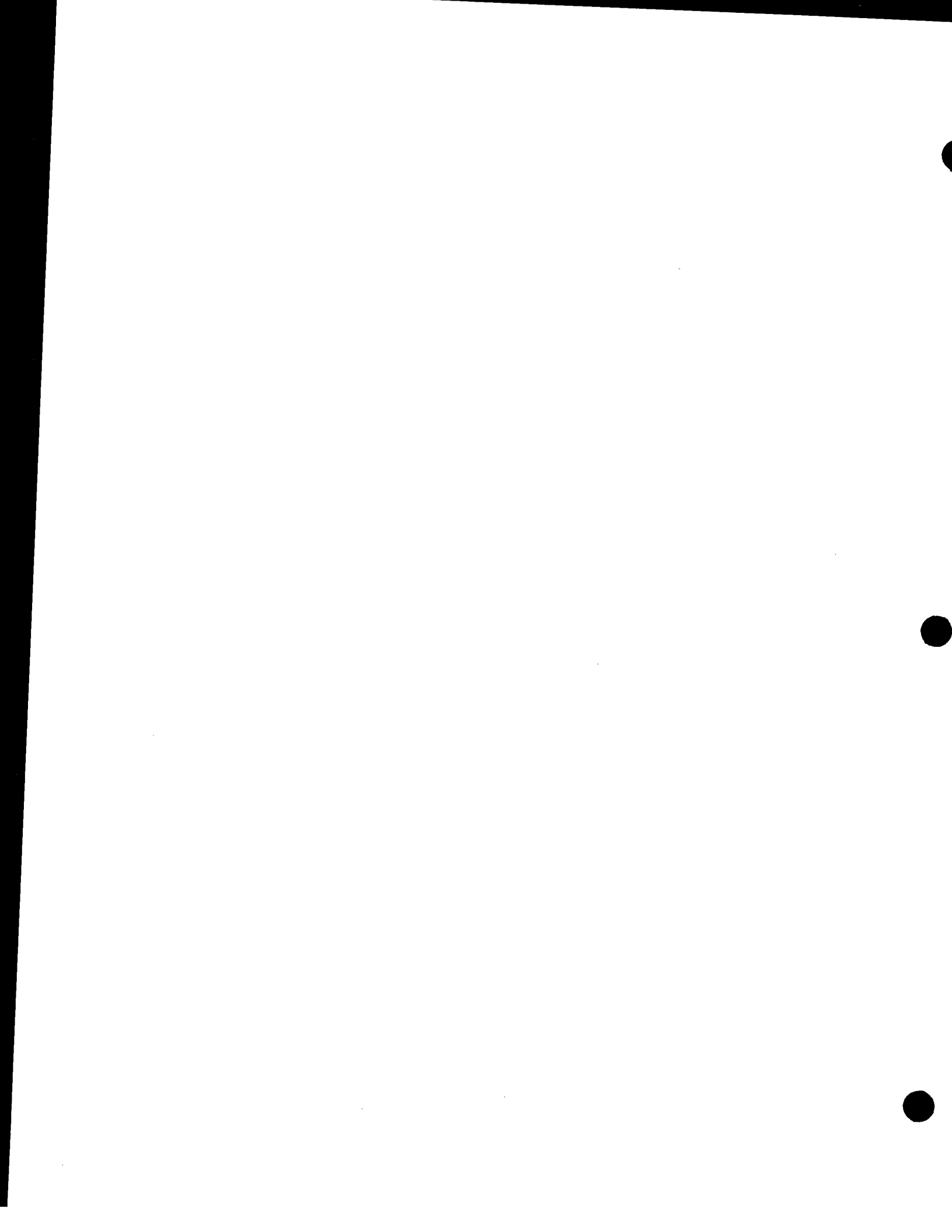
1 MS. BOCHNOWSKI: Now I would assume that if we accept  
2 this that we would want this to be a nonvoting trust?

3 MR. THAR: We have left it in the fashion that it is  
4 because I'm not an expert in that area. I don't even know  
5 where to find the law book that would tell me which one it  
6 is. There are people that are versed in this and people  
7 are -- understand the intent of that particular item and  
8 that intent is that that stock will be put into a trust,  
9 that trust will prevent Mr. Hubbard from in any way being  
10 able to utilize that block of stock, to in any way  
11 influence or cause influence with regard to the company or  
12 its Board of Directors, corporate officers, that he will  
13 back away, he will sell it in a reasonable period of time  
14 agreed to between staff and Mr. Hubbard and that he'll be  
15 gone. That is --

16 MS. BOCHNOWSKI: So he would no longer be before the  
17 New Mexico -- he would no -- is he still going to be  
18 involved in the horse racing business in New Mexico and  
19 would that be in connection with Pinnacle?

20 MR. NICHOLAS: No. My understanding is he may have  
21 independent interests in New Mexico independent of  
22 Pinnacle.

23 MS. BOCHNOWSKI: Okay. But Pinnacle would not be a  
24 partner in this? He would not have anything to do with  
25 them?



1 MR. NICHOLAS: Not that I'm aware of, no.

2 MR. VOWELS: He'd essentially have no contact with  
3 Pinnacle?

4 MR. NICHOLAS: That is my understanding.

5 MR. GETTELFINGER: Mr. Chairman may I ask some  
6 questions?

7 MR. VOWELS: Go ahead.

8 MR. GETTELFINGER: Where is Mr. Hubbard today?

9 MR. NICHOLAS: I believe he's probably in New Mexico  
10 or California.

11 MR. GETTELFINGER: And you don't know or why, why he  
12 could not attend this meeting today and speak for himself?

13 MR. NICHOLAS: Quite frankly I didn't anticipate  
14 asking him to be here today. We had worked out this  
15 agreement preliminarily on Friday and late in the day  
16 finalized it and didn't quite frankly ask him or anticipate  
17 the need for him to be here today.

18 MR. GETTELFINGER: Could you review or explain what  
19 you understand Mr. Hubbard's continuing relationship with  
20 Pinnacle will be?

21 MR. NICHOLAS: He will have no continuing relationship  
22 whatsoever is my understanding. He will be placing his  
23 stock, which is I think somewhere in the neighborhood of  
24 eight percent to 10 percent currently, he will be placing  
25 that stock into some sort of a trust over which he will not



1 be able to exercise any control in terms of voting rights  
2 or any other control that might exert influence on the  
3 company.

4 MR. GETTELFINGER: Is it possible for him to place  
5 that stock in trust? Would that be in violation of any  
6 loan covenants or other business arrangements that he may  
7 have already committed to?

8 MR. NICHOLAS: Based on our conversation with his  
9 California corporate counsel who is drafting a document  
10 that we're going to submit to staff, no.

11 MR. GETTELFINGER: Does Mr. Hubbard have any family  
12 members employed with Pinnacle or affiliated companies?

13 MR. NICHOLAS: Not that I'm aware of. I believe Mr.  
14 pin -- Mr. Hubbard owns the foundation that may own some  
15 stock, but that foundation, if I understand correctly, is  
16 independently run.

17 MR. GETTELFINGER: Will Mr. Hubbard have any  
18 consulting arrangements with Pinnacle or related companies?

19 MR. NICHOLAS: None.

20 MR. GETTELFINGER: He will receive no fees or  
21 remunerations of any sort from Pinnacle or a  
22 Pinnacle-controlled company?

23 MR. NICHOLAS: None.

24 MR. GETTELFINGER: What do you think is a reasonable  
25 time to dispose of this stock?





1           MR. NICHOLAS: Quite frankly, we hadn't given it much  
2 thought. I know that there are -- and I mentioned this to  
3 Mr. Thar on Friday for the first time and I haven't had an  
4 opportunity to investigate, there are options that I wasn't  
5 aware of and I don't know if there are time periods on  
6 those options that may have some influence on what an  
7 appropriate period of time is to sell the stock or dispose  
8 of the stock, but my understanding is that Mr. Hubbard is  
9 desirous of disposing of that stock as quickly as possible.

10           MS. BOCHNOWSKI: The options are an interesting  
11 question. When do those become available to him?

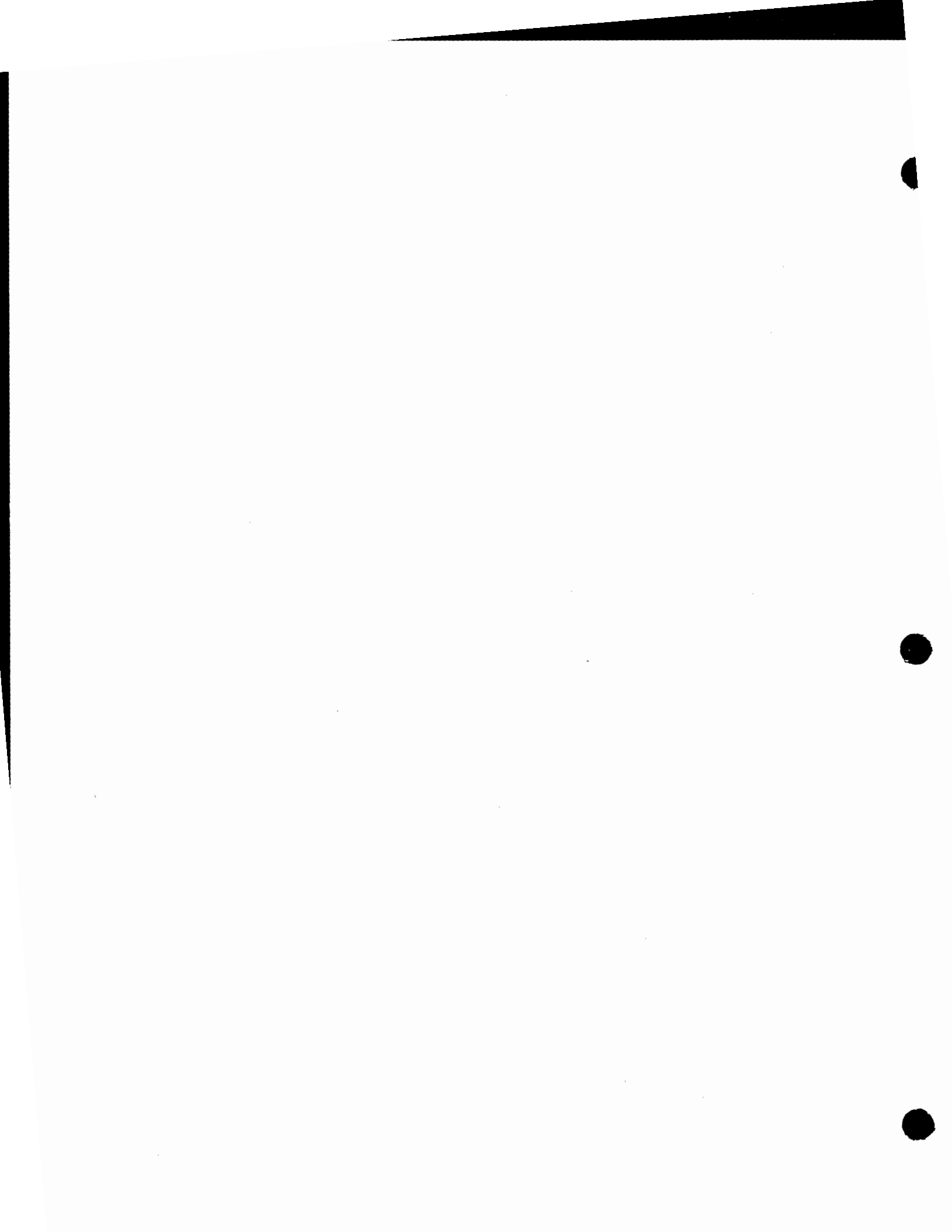
12           MR. NICHOLAS: I believe that he had options available  
13 to him that he could currently exercise, but there may be  
14 some other options.

15           MS. BOCHNOWSKI: Like down the road I'm talking about,  
16 10 years.

17           MR. NICHOLAS: Well, they can't be exercised perhaps  
18 for a short period of time after he departs from the  
19 company and I'm not clear on that because I just discovered  
20 that myself.

21           MS. BOCHNOWSKI: 'Cause that would be something we'd  
22 certainly be interested in, if there were options in the  
23 future.

24           MR. VOWELS: The trust that the stock would be placed  
25 into, did you -- I don't know, maybe you answered it, what



1 time frame are we talking there? You say there's an  
2 attorney in California who's drawing up some documents to,  
3 to place that into a trust?

4 MR. NICHOLAS: That's correct.

5 MR. VOWELS: And how immediate is that going to take  
6 place as far as the placement?

7 MR. NICHOLAS: In terms of being able to present the  
8 documents?

9 MR. VOWELS: And put it in the trust.

10 MR. NICHOLAS: I think we'll be able to have the  
11 document this week. I know they've been working on it for  
12 the past two, week or two so we should have the document in  
13 hand this week and subject to the availability of staff and  
14 Commission and their ability to review the document we  
15 should be able to have that in place fairly quickly.

16 MR. VOWELS: Mr. Thar do you feel comfortable with you  
17 and your staff reviewing the document and understanding all  
18 the aspects of it?

19 MR. THAR: Yes, and if not we'll consult with someone  
20 else.

21 Will that document also provide for the options?

22 MR. NICHOLAS: Yes. That's my understanding.

23 MR. VOWELS: To boil it down very simply, I mean, what  
24 this agreement says is that he, he pays a fine and that he  
25 gets rid of his stock and he has no contact from here on



1 out with Pinnacle and, and no financial or business or  
2 otherwise, anything to do with them. That's the bottom  
3 line here, right?

4 MR. NICHOLAS: That's correct.

5 MR. VOWELS: Okay. So if there are options hanging  
6 out there the understanding is whatever has to be done to,  
7 to wrap that up as soon as possible has to be done.

8 MR. NICHOLAS: (Nodding head up and down.)

9 MR. DARKO: And we do not make a finding of  
10 unsuitability; is that correct, under the agreement?

11 MR. THAR: Under the Settlement Agreement it's done  
12 before any finding of unsuitability is made and we do not  
13 make one as a part of the agreement.

14 MR. DARKO: Can I ask a question maybe other citizens  
15 of the State of Indiana might ask? And I understand you're  
16 not Mr. Hubbard, but he has sent you. Does he offer any  
17 explanation as to why he made the incredibly bad decisions  
18 he made?

19 MR. NICHOLAS: And we've talked about this and the  
20 best I can give you, and there is no good answer, is  
21 extremely bad judgment.

22 MR. DARKO: Thank you.

23 MR. GETTELFINGER: Mr. Chairman?

24 MR. VOWELS: Yes.

25 MR. GETTELGINGER: I'd like for you to come back and



1           revisit this Trust Agreement some more. Who, who do we  
2           propose will be the trustee?

3           MR. NICHOLAS: Someone that would have to be  
4           independent obviously of Mr. Hubbard. Beyond that, I don't  
5           know.

6           MR. GETTELFINGER: What would be their powers beyond  
7           voting stock?

8           MR. NICHOLAS: Powers to dispose of the stock, powers  
9           to distribute the proceeds from the stock.

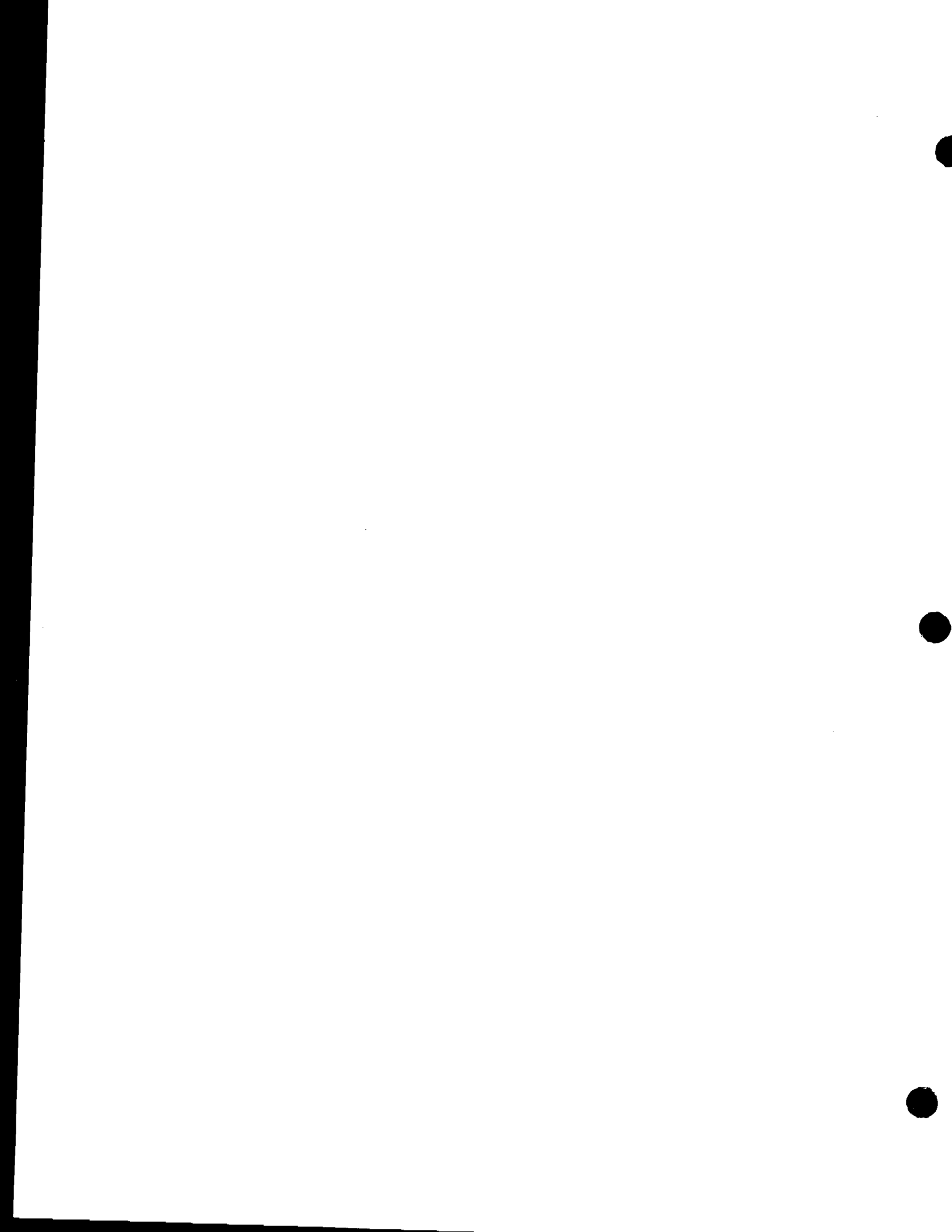
10          MR. VOWELS: So it would be the trustee's decision of  
11          when to, to sell the stock then rather than Mr. Hubbard?

12          MR. NICHOLAS: I believe that's the way the document  
13          will end up, but I have not seen the final document yet so  
14          I apologize if I can't be more specific.

15          MR. GETTELFINGER: And Mr. Chairman, that's my  
16          problem. The essence of this agreement is this trust. And  
17          I don't know anything about this trust.

18          MR. VOWELS: Well, I think, you know, to boil it down  
19          again simply it's possible it's to get Mr. Hubbard out of  
20          the entire mix here, and I'm comfortable of deferring to  
21          Mr. Thar and the staff and any outside source that he may  
22          seek for assistance or guidance, so having been on the same  
23          page we are if there's a problem I'm sure he would bring  
24          that to our attention.

25          MR. THAR: Mr. Gettelfinger is absolutely right. And





1 that is why the language is put in there "acceptable to the  
2 Commission."

3 MR. GETTELFINGER: Will the Commission have an  
4 opportunity to revisit this agreement?

5 MR. THAR: Commission will -- each of the  
6 commissioners will be sent a copy of the Trust Agreement  
7 when we have received it. If in responding back you do not  
8 agree with it then the document will not be accepted. And  
9 if necessary it will be dealt with at another hearing. But  
10 the crux of that paragraph is acceptable to the Commission.

11 MR. VOWELS: So realistically how would it go  
12 through? If we approve this Settlement Agreement you would  
13 get a copy of the Trust Agreement, review it? Before you  
14 gave the final okay would you submit any --

15 MR. THAR: No, I would not give the final okay.

16 MR. VOWELS: That's what I mean.

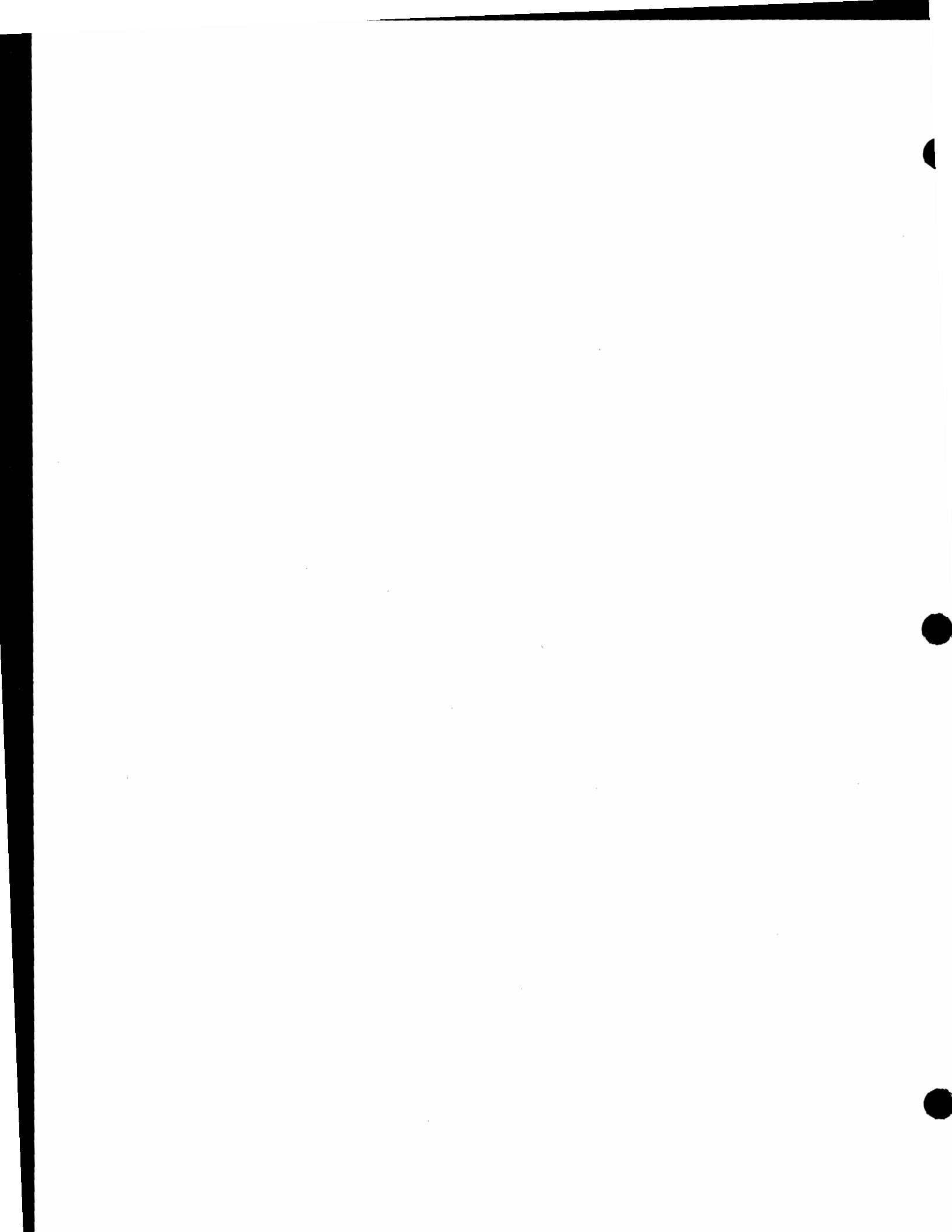
17 MR. THAR: Yes.

18 MR. VOWELS: Okay.

19 MR. THAR: We would review it, go back over language.  
20 I would assume there would be some discussion about  
21 language which would, let's assume, cause two or three  
22 drafts. When we got it to a point where we thought it was  
23 in final form it would be circulated to the commissioners.

24 MR. VOWELS: And then what happens?

25 MR. THAR: We'd expect each Commissioner to give me a



1 call as to what their thoughts are. If -- depending upon  
2 what those are I would communicate those thoughts to the  
3 chairman, chairman would instruct me as to whether or not  
4 we should accept that agreement or have a hearing or reject  
5 it.

6 MR. VOWELS: Any thoughts on that?

7 MR. DARKO: I think that's a, that's a good way to  
8 proceed. I understand that the staff's entering into the  
9 agreement. I understand Mr. Hubbard's entering into the  
10 agreement. Overall I think it's, it's probably a good  
11 agreement, but you could certainly make an argument to the  
12 contrary. A finding of unsuitability made by this  
13 Commission against Mr. Hubbard would obviously affect his  
14 activities in other states much more than this agreement  
15 would.

16 If you think back there was at one time a standard of  
17 law enforcement under which the policeman would pick the  
18 guy up and take him to the county line or the state line or  
19 whatever and throw him over and say, "Just don't come back  
20 here." We don't want to be in that position. That would  
21 be an error for this Commission to shirk its duty and let  
22 somebody else try to take care of him in New Mexico or  
23 Nevada. So it is very much an open question and I, I think  
24 the idea of this Commission looking at the Trust Agreement  
25 which implicitly gives us the right to look at the whole



1 thing, it's not a bad idea.

2 MR. GETTELFINGER: Mr. Chairman, if the Commission  
3 were to have difficulties with the Trust Agreement what  
4 impact does that have on Stipulation 4? Would that  
5 stipulation be revisited?

6 MR. VOWELS: Well, I think obviously we have an  
7 agreement here and Mr. Hubbard's hope is that he doesn't  
8 have a finding of unsuitability so he has agreed to all of  
9 these other aspects, not to speak for you Mr. Nicholas, but  
10 that would seem to be the crux of the situation then.

11 This, this agreement as it stands in front of us is  
12 for us to either accept or reject. If we accept it we have  
13 to take it in whole part. If we reject it then we start  
14 back from square one and then we don't have an agreement.  
15 Is that fair to say, Mr. Thar?

16 MR. THAR: Yes, that's the intention of this  
17 particular document. If we could never come to an  
18 agreement with regard to the trust then this document would  
19 have to become undone.

20 MR. DARKO: And that's why it implicitly gives us a  
21 chance, second chance to look at, at all of the  
22 circumstances. And if, for example, Mr. Hubbard were to be  
23 quoted accurately as saying his resignation has nothing to  
24 do with this investigation it would certainly affect my  
25 view of the suitability of the trust.



1 MR. VOWELS: The finding of unsuitability is, is the  
2 ultimate sanction by this Commission and for a licensee to  
3 come in front of the Commission and say, "My agreement is  
4 that you find me unsuitable" would seem unlikely under a  
5 lot of circumstances unless there was some penalty over and  
6 above that that they were trying to avoid. I don't know  
7 that we would ever have an agreement here where Mr. Hubbard  
8 agrees that he's unsuitable, do you, Mr. Nicholas?

9 MR. NICHOLAS: I don't believe so. But I guess the  
10 hope is that we don't have to go down that path which is  
11 why we've hammered out this agreement and --

12 MR. VOWELS: That's why people don't plead guilty to  
13 the maximum sentence.

14 MR. DARKO: They don't volunteer over for capital  
15 punishment?

16 MR. VOWELS: No.

17 MS. BOCHNOWSKI: Jack, if another jurisdiction were  
18 looking at Mr. Hubbard, and maybe you know it from your  
19 experience, to grant him a license to operate in another  
20 state would they contact you and --

21 MR. THAR: Yes.

22 MS. BOCHNOWSKI: -- to review the course and so you  
23 would reveal to them this document?

24 MR. THAR: No. I would reveal to them that document  
25 and our investigative files.





1 MS. BOCHNOWSKI: Okay. So that we wouldn't in effect  
2 be passing somebody off on another state?

3 MR. THAR: Another state would have all of the  
4 information available to this Commission to make their own  
5 determination plus a view of what actions this Commission  
6 took.

7 MS. BOCHNOWSKI: Okay.

8 MR. VOWELS: Is there -- statutes from state to state  
9 of course vary, but a finding of unsuitability, does that  
10 per se prohibit someone from, from maintaining a license in  
11 another jurisdiction?

12 MR. THAR: No. And I point simply to the fact the  
13 Illinois Gaming Board made a tentative finding of  
14 unsuitability with regard to Mr. Binion as to hold a key  
15 person or substantial owner's license in that state. They  
16 never did a final Commission action. He left the state.

17 Under reviewing the same sets of facts and  
18 circumstances that we had this Commission concluded  
19 oppositely, that we did not see that it required a finding  
20 of unsuitability, so he does business here as he does in  
21 the other states. It is up to each independent state to  
22 take a look at the information and it is known that our  
23 information will be shared.

24 MS. BOCHNOWSKI: Okay.

25 MR. VOWELS: For instance, if a person came to Indiana



1 and had a document like this from another jurisdiction I  
2 think with the experience that the seven of us have that it  
3 would be readily apparent that there may be a real  
4 substantial problem with licensing a person like that in  
5 the state although we would, as we have in the past,  
6 reserve the right to make the ultimate decision. And, and  
7 since this is a public document and Mr. Thar has made it  
8 clear that any request from another jurisdiction would  
9 result in the sharing of this information of our  
10 investigation I think it says what it says and -- but it's  
11 up to another jurisdiction to determine within their  
12 discretion how to apply that, but I, I don't see this as  
13 letting him get away unscathed.

14 And other than reaching an agreement, if we want to  
15 make a finding of unsuitability then we're not going to be  
16 able to do it in essentially what's become a nonadversarial  
17 situation at this point.

18 MS. BOCHNOWSKI: Would you like a motion or . . .

19 MR. VOWELS: Mr. Thar, as far as what we have here in  
20 front of us with the caveats that we've spoken of, of how  
21 you will handle the voting or nonvoting trust, is there  
22 anything else that needs to be clarified here before the  
23 Commission votes on whether to accept this?

24 MR. THAR: Well, it's two things. I think one, the  
25 Commission has before it a, a document which says what it



1 says. Based upon the concerns expressed by the Commission  
2 here it may very well be possible that they wish to see an  
3 Item 6 put into this document in the area of Stipulation of  
4 Settlement and that is that the acceptance of this  
5 Stipulation of Settlement is conditioned upon final  
6 approval by the Indiana Gaming Commission of all documents  
7 called for in this Settlement Agreement which of course we  
8 do not have a signed thing with, but it would be  
9 authorization by this Commission to the staff to continue  
10 with this Settlement Agreement if that's the direction the  
11 Commission wishes to go or rerequest with Mr. Hubbard, "Do  
12 you agree with this sixth provision"; that is, is that  
13 everything done today is conditioned on a final review and  
14 make that change. But I leave that up -- I look for  
15 direction from you folks.

16 MR. VOWELS: Okay. The question I would have for Mr.  
17 Nicholas is, what you just heard Mr. Thar say doesn't  
18 change this substantially, but it does change it somewhat.  
19 I mean, it's a logical conclusion to what we've discussed  
20 here. Do you feel as Mr. Hubbard's attorney that you have  
21 the authority to agree to that sixth paragraph or do you  
22 need to make a telephone call?

23 MR. NICHOLAS: In all fairness I think the way the  
24 agreement is drafted I think we all understood that we had  
25 to work out the terms of the Trust Agreement and that's



1 certainly, in my judgment, is a material part of the  
2 settlement and I think it's material to the staff and  
3 certainly it's material to Mr. Hubbard and I think that  
4 sixth paragraph simply states the obvious.

5 MR. VOWELS: So, so again you, you feel that you have  
6 the authority to commit Mr. Hubbard to that sixth  
7 paragraph?

8 MR. NICHOLAS: Correct.

9 MR. THAR: Notwithstanding Mr. Nicholas'  
10 representation, because I do think that what we're  
11 discussing is the obvious, I would think that if this  
12 Commission says, "Staff, go ahead and enter into an  
13 agreement that contains that sixth paragraph, we'll  
14 authorize you to do that today," we then present that to  
15 Mr. Nicholas who will then get the signed authorization  
16 back from his client. What we're looking -- what the  
17 staff's looking for is how you want us to proceed. And  
18 we're gonna be asking that same question with regard to the  
19 next two issues.

20 From what I have heard that sixth item is certainly an  
21 item that many members of this Commission believe should be  
22 put in here. We want a final look at this thing before we  
23 say that it's closed.

24 MR. GETTELFINGER: Mr. Thar I agree with that. The  
25 particular question I have is that in stipulation one we





1 have a resignation. Is it possible after a resignation to  
2 find one unsuitable?

3 MR. THAR: We would find him unsuitable to hold  
4 Indiana licenses.

5 MR. GETTELFINGER: Even after he resigned all of his  
6 positions or contacts with the State of Indiana?

7 MR. THAR: He has those licenses. He can offer them  
8 back and we can say, "No. We have a disciplinary action  
9 against you and as a result we're not going to accept them  
10 until we've concluded this disciplinary action."

11 MR. GETTELFINGER: And that is my point. I would  
12 like to hold all actions until we have everything at one  
13 time. No resignations, none of those things until  
14 everything is done.

15 MR. THAR: Okay. We do not -- he has already  
16 resigned --

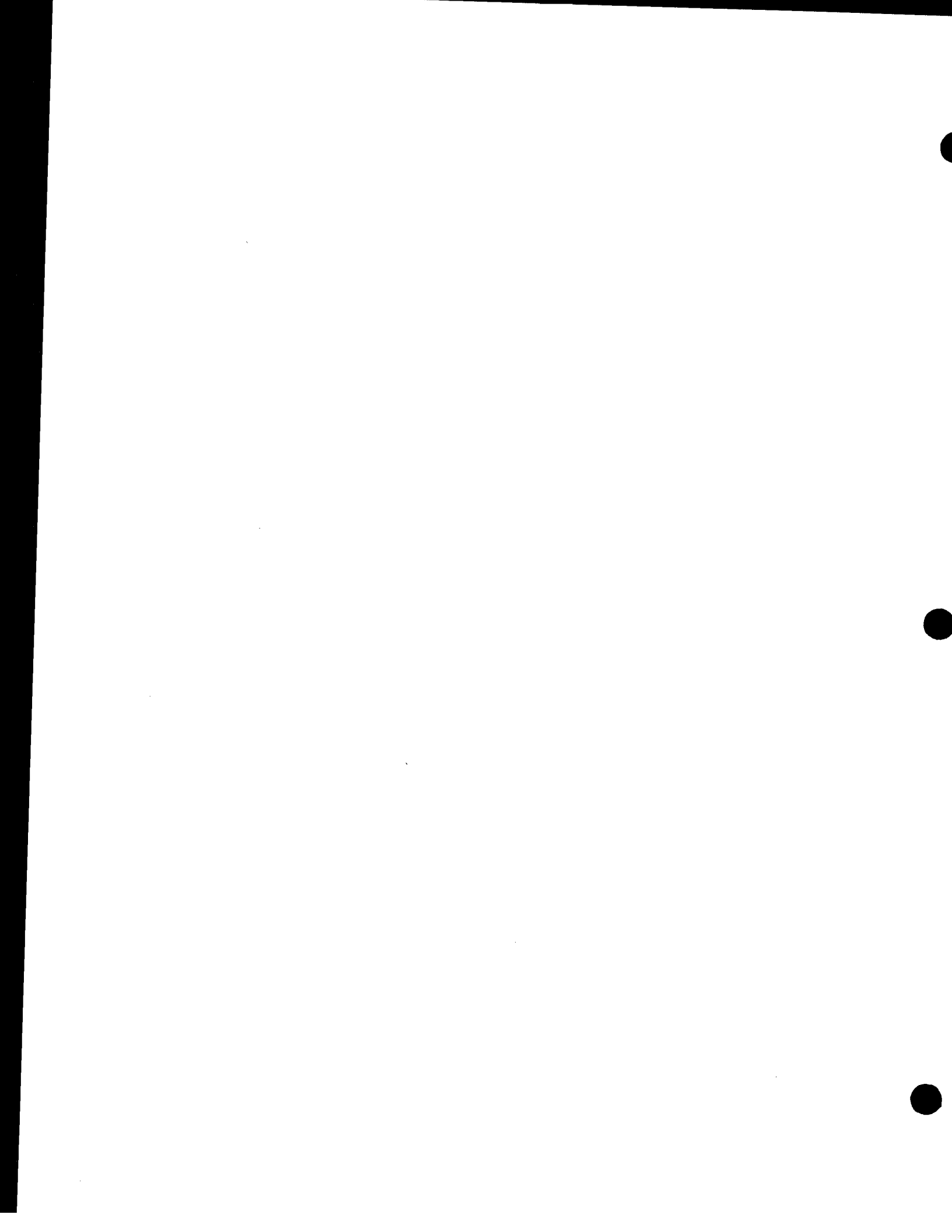
17 MR. GETTELFINGER: Okay.

18 MR. THAR: -- as chairman of the board and he can do  
19 that for any reason or no reason at all. He is retired  
20 from the board of directors which he can do at any time.  
21 It's the licenses that we control and those are not  
22 relinquished until this is accepted --

23 MR. GETTELFINGER: Okay.

24 MR. THAR: -- by the Commission.

25 MR. GETTELFINGER: Thank you.



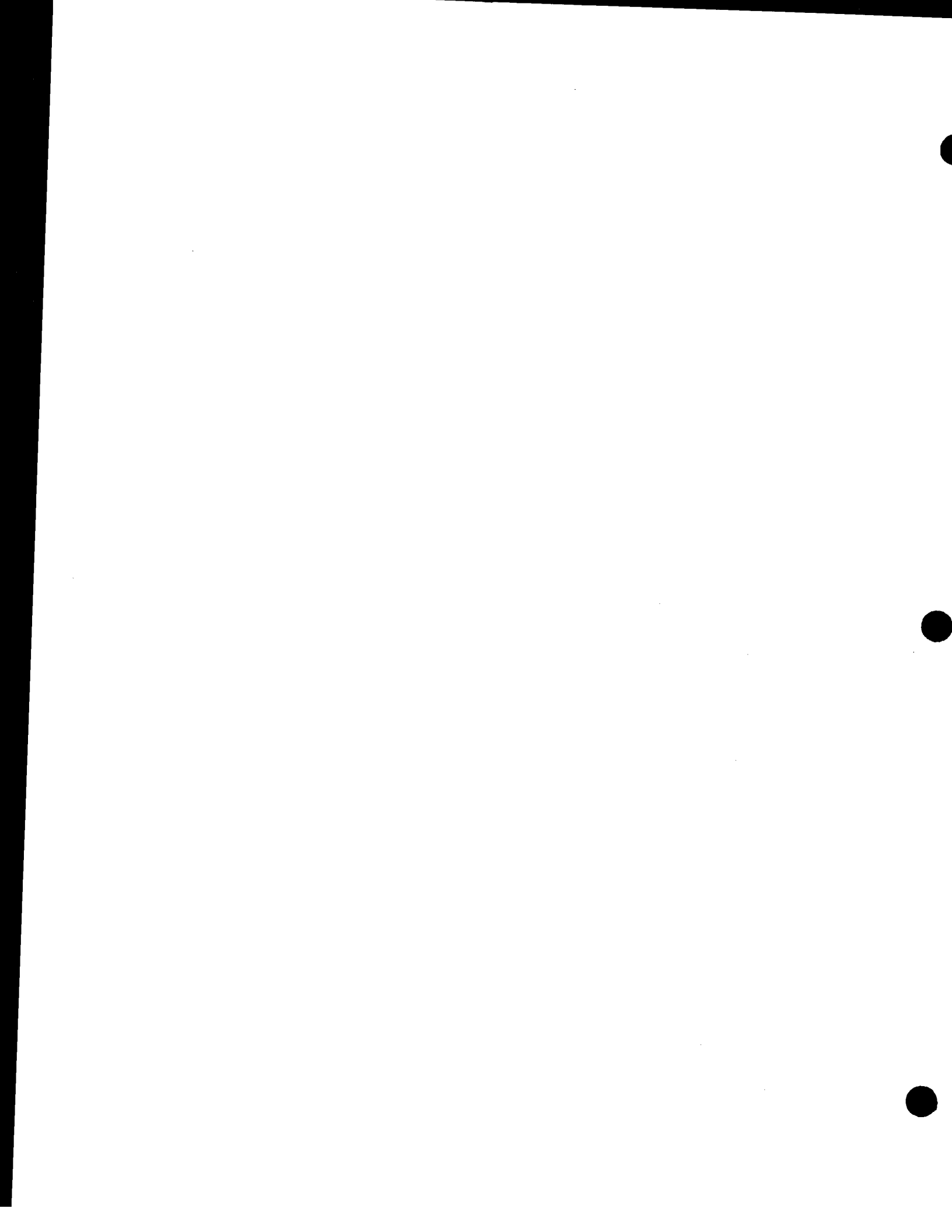
1 MR. THAR: We can, we can change that until finally  
2 accepted.

3 MR. VOWELS: And Mr. Nicholas --

4 MR. THAR: Well, it would be final approval of this  
5 settlement by the IGC which would contain that Paragraph 6.

6 MR. VOWELS: And in our -- my concern, I can't  
7 necessarily speak for the others, is that Mr. Hubbard's  
8 attorney in California is drawing up a document that we're  
9 heavily dependent on and you and I have both drawn up  
10 documents for our clients and things were worded in ways  
11 that favor our clients and things, something particularly  
12 as complicated as this needs to be scrutinized by our  
13 side. My position is if I was in Mr. Thar's shoes having  
14 to look at this is I would be suspicious of every line that  
15 I read in, in terms of someone who is well-versed in this  
16 so we're not gonna buy things hook, line and sinker when  
17 it's coming into us just like that just as I'm sure that  
18 you understand. So it, it -- that's very important to us  
19 that that's clean and above board and there's not any outs  
20 or, or loopholes there from Mr., Mr. Hubbard. The bottom  
21 line is he needs -- he's agreed to go and, and it's  
22 possible that we would be agreeable to let him go in this  
23 matter and, and the bottom line is that he has no contact  
24 with any Indiana company.

25 MR. MILCAREK: I think it's important to reiterate the



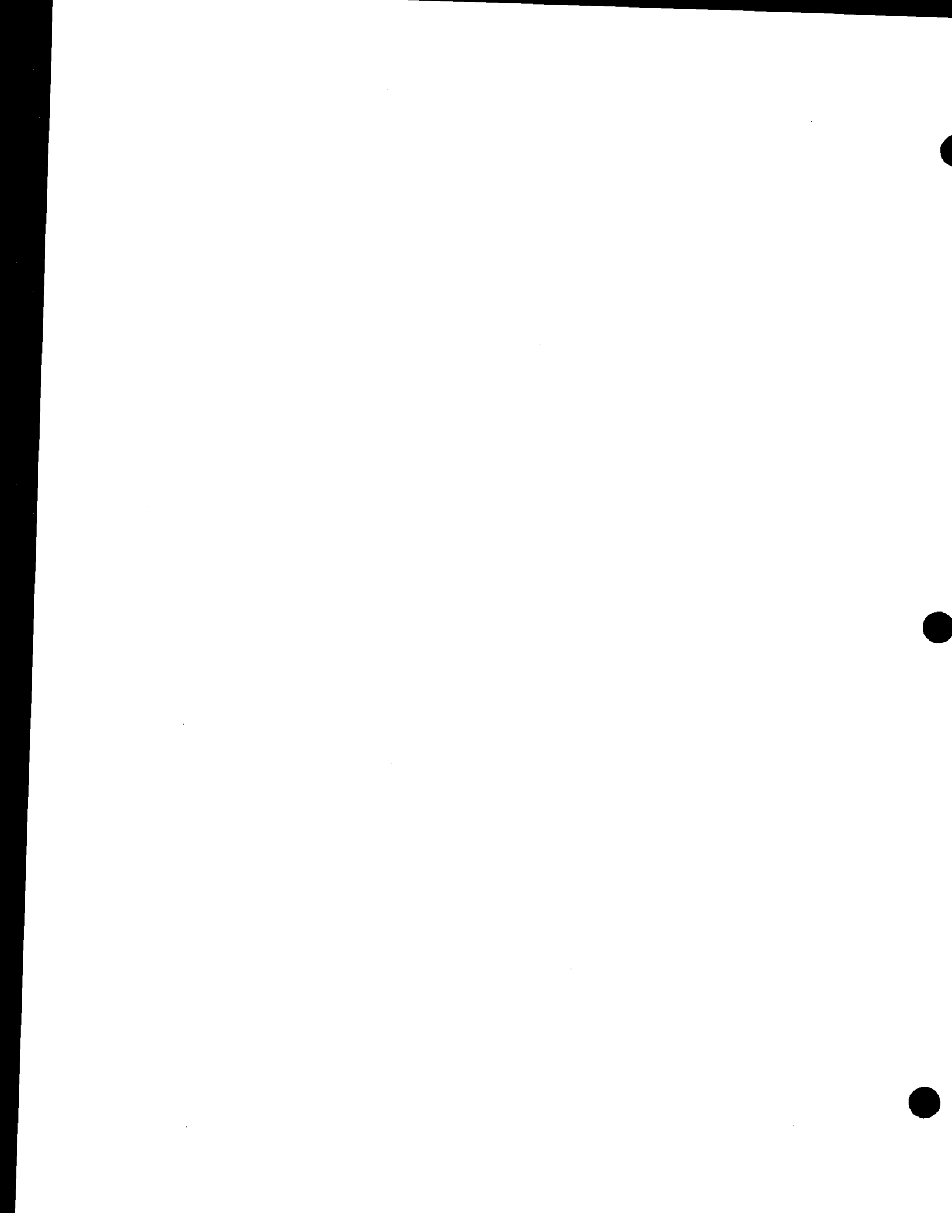
1 stock options that at a later date there's no possible way,  
2 either openly or, or underhandedly, he can be rewarded or  
3 compensated in the future.

4 MR. VOWELS: And part of this thing too is we've got a  
5 couple other matters that we're gonna take up. If Pinnacle  
6 stays in Indiana I would be surprised, although I've been  
7 surprised before along this line, that they would be silly  
8 enough to continue doing any business with Mr. Hubbard. If  
9 we decide that Pinnacle doesn't stay it doesn't make any  
10 difference if Mr. Hubbard has contact with Pinnacle.

11 So there is some check and balance there even though  
12 it's -- even if it's not directly with Mr. Hubbard and  
13 there's some problems. Although if there were future stock  
14 options and he did exercise those against this agreement  
15 then that would bring him back up for a finding of  
16 unsuitability, wouldn't it?

17 MR. THAR: It would -- it would be a breach of the  
18 settlement agreement in certain regards. We have to be  
19 careful in this area. We can't set up regulatory  
20 requirements that would cause the company to be sued by Mr.  
21 Hubbard because they didn't honor things that had already  
22 vested.

23 MS. BOCHNOWSKI: There would be a way to set up the  
24 trust so that when the option that the trust would maybe be  
25 able to purchase the options on behalf of him then that



1 they would go into the trust and be sold.

2 MR. THAR: Certainly that is true. There's a couple  
3 of things I, I would like to point out. The intent with  
4 regard to these negotiations and the language that has been  
5 put in here is that if this is accepted he's gone. There's  
6 no more influence over a company he founded, he doesn't sit  
7 on the board, he's not the chairman of the board, he's not  
8 an officer, he will not be licensed in the State of Indiana  
9 and that he will sell all the stock he has. Now that would  
10 also include any options that he's entitled to.

11 The future issue -- Mr. Hubbard has been very  
12 straightforward in negotiating those aspects of this  
13 agreement. He has, to an extent, taken the position, "I  
14 screwed up and I will take my medicine in the hopes that  
15 the company may not have to suffer the same." And that's  
16 then the line that has been taken by Mr. Hubbard's lawyers  
17 in the negotiations with the staff so they have been in  
18 good faith.

19 Why is some of this other paperwork not done? This  
20 May 13th meeting was already set. This was our goal. The  
21 company, Mr. Hubbard and other people are better off if  
22 some kind of resolution or certainly direction can be made  
23 as of this meeting so as a result we had this date to work  
24 towards and not all the work got completed. By the same  
25 token there was also a hesitancy to go further until the





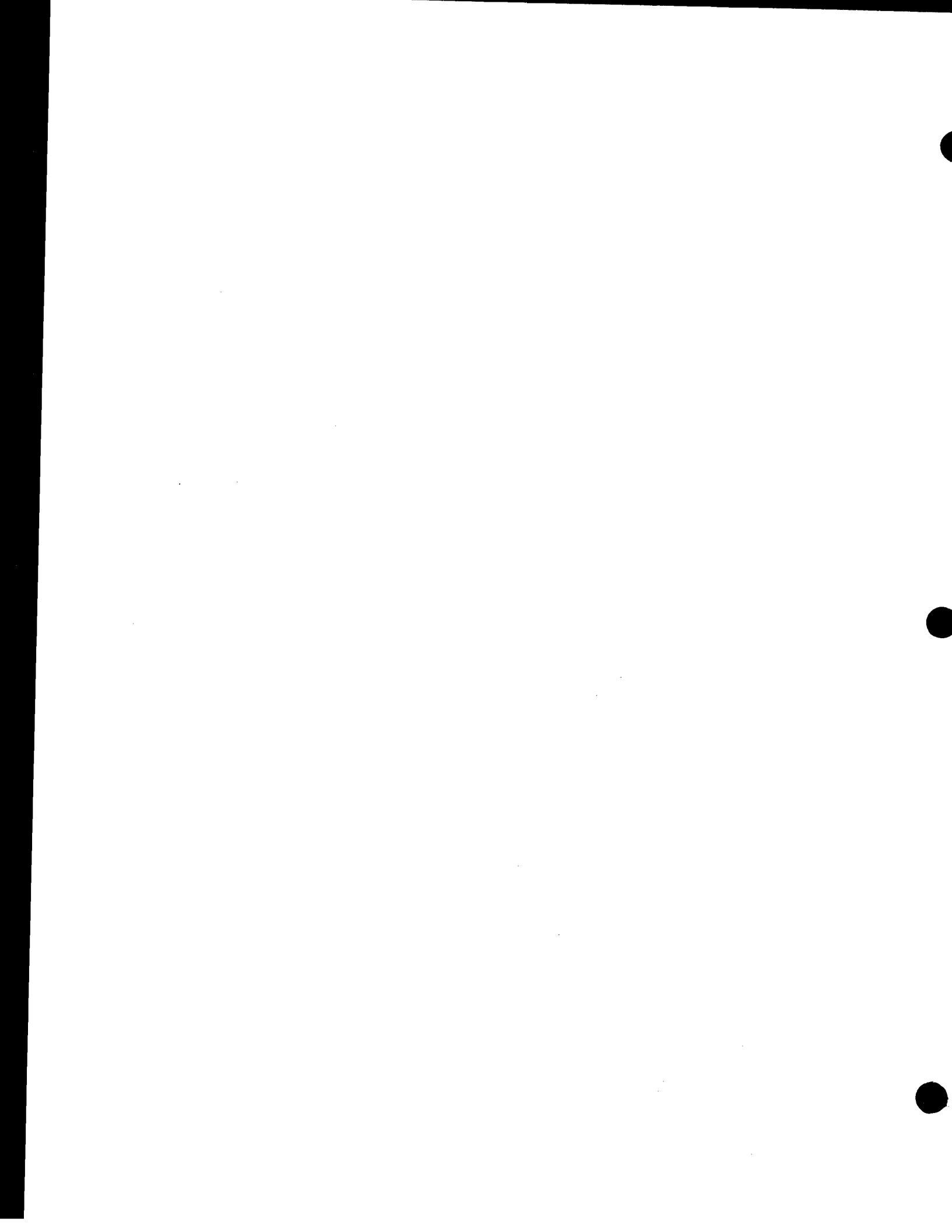
1 staff had good direction from the Commission, how do they  
2 want to handle these separate entities that we have today.

3 So that's, that's kind of where we're at. Now here's  
4 the ultimate caveat. If Mr. Hubbard gets rid of all his  
5 stock there is nothing that presents -- prevents him three  
6 years, three years from now like any other citizen of  
7 buying Pinnacle stock on the open market. We would not  
8 necessarily find out about that until he hit the five  
9 percent threshold which requires disclosure by the SEC. At  
10 five percent he would have to be approved for licensure by  
11 the Indiana Gaming Commission and we could advise Pinnacle  
12 that they have a shareholder at a substantial owner level  
13 that we cannot approve in which case Pinnacle can exercise  
14 what's been pointed out to me as one of the articles of  
15 their corporation, that if somebody is unsuitable they have  
16 to buy them out. They have to remedy that if Pinnacle is  
17 still here.

18 That has not been Mr. Hubbard's intent in these  
19 negotiations as I have listened to 'em, but I don't know  
20 where they'll be three years or five years from now.

21 Would you say that's a fair assessment of the  
22 situation?

23 MR. NICHOLAS: Fair assessment. I don't know -- I  
24 can't imagine, but I've also been surprised in my career,  
25 but I can't imagine why Mr. Hubbard would want to submit



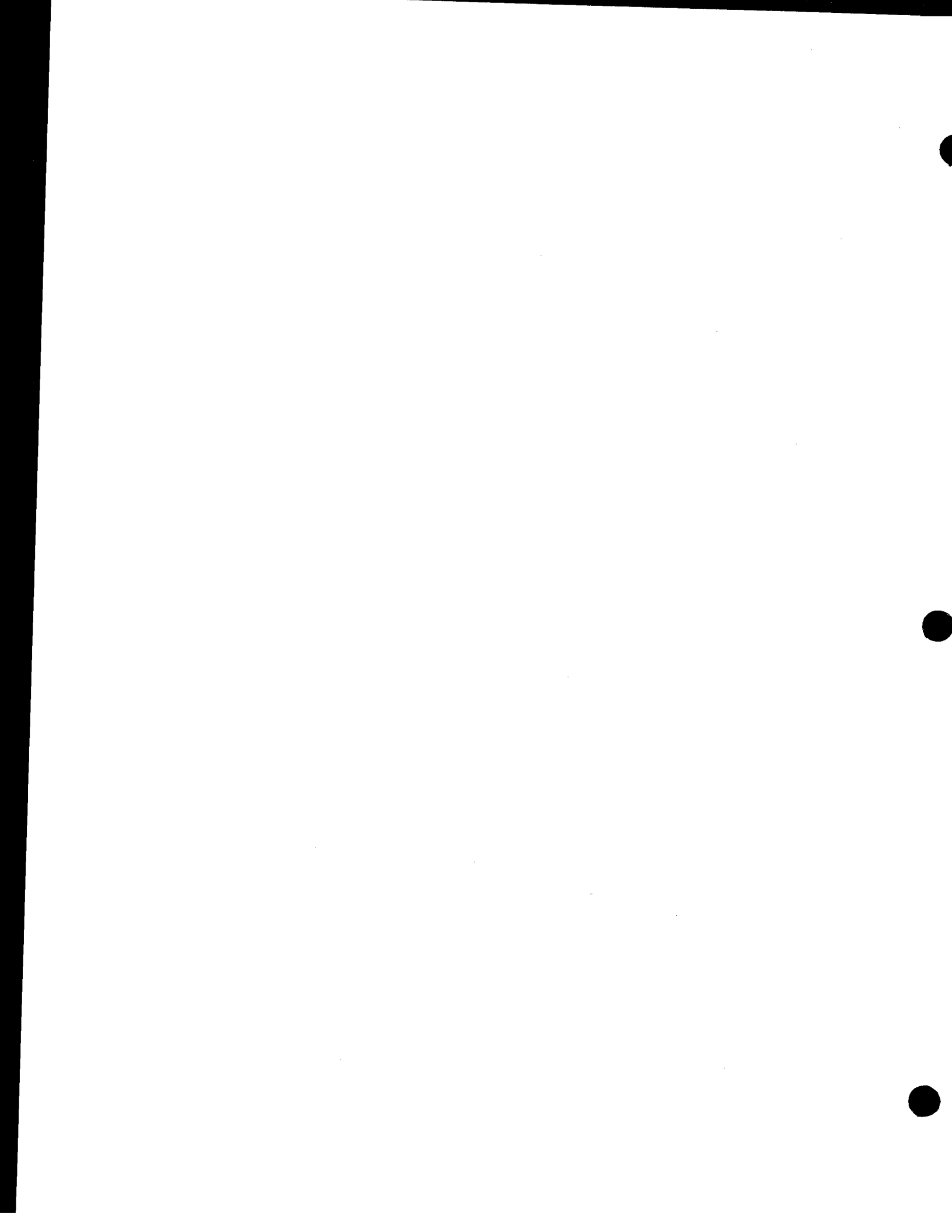
1 himself to the jurisdiction of this state and this  
2 Commission again under those circumstances. All along from  
3 the beginning of our representation of Mr. Hubbard and in  
4 our initial communications with the staff Mr. Hubbard has  
5 pledged to us his cooperation to try and move quickly and  
6 put this behind us. He's deeply apologetic and there just  
7 aren't words to say about -- to comment on this situation  
8 and we simply want to put it behind us and move on. That's  
9 why we've reached this agreement as quickly as we have.  
10 That's why there may be things out there, the trust, that  
11 hasn't been finished and why we've agreed to the document  
12 we have in the manner that we have.

13 Mr. Hubbard has no intentions of wanting to come back  
14 into this company, exercise any influence over this company  
15 in the future.

16 MR. VOWELS: Is there anything further of Mr. Nicholas  
17 or Mr. Thar or any other thoughts.

18 In front of us then we have the Order of the Indiana  
19 Gaming Commission concerning a settlement agreement between  
20 the Indiana Gaming Commission and R.D. Hubbard. It  
21 requires us to approve or disapprove the proposed  
22 Settlement Agreement with the understanding that in the  
23 Stipulation of Settlement there would be a sixth  
24 paragraph. Is there a motion?

25 MR. GETTELFINGER: I'll move the settlement be



1 accepted.

2 MR. VOWELS: I'm sorry, I didn't hear you.

3 MR. GETTELFINGER: I move acceptance.

4 MR. VOWELS: Is there a second?

5 MS. BOCHNOWSKI: I would second it -- oh, go ahead.

6 DR. ROSS: Second.

7 MS. BOCHNOWSKI: Dr. Ross.

8 MR. VOWELS: All right, Dr. Ross second. Any further  
9 discussion? All those in favor say "aye."

10 (Ayes -- all. Nays -- none.)

11 MR. VOWELS: Show that it is approved. Thank you Mr.  
12 Nicholas.

13 MR. NICHOLAS: Thank you, Commissioners.

14 MR. THAR: We will proceed -- with regard to this  
15 Settlement Agreement that's now been voted by the staff, in  
16 the order that we said, that we will draft it, give it back  
17 to them. If it's rejected that ends it. If it's accepted  
18 then it is subject to the final review of the documents  
19 called in here by the Commission.

20 The second entity that we will be dealing with  
21 concerning disciplinary actions is Pinnacle Entertainment,  
22 Inc. and Belterra Hotel & Casino located in Switzerland  
23 County. There will most likely not be a request for any  
24 speaking on behalf of the company, but for the Commission's  
25 enlightenment there are numerous people here today that are



1 involved with the company and I would ask them for a matter  
2 of record to just state their name and their position  
3 starting with Mr. Lee.

4 MR. LEE: I'm Daniel Lee, the new Chairman and CEO of  
5 Pinnacle Entertainment.

6 MS. FLEMING: Kay Fleming with Ice Miller representing  
7 Pinnacle and Belterra.

8 MR. UBOLDI: Alain Uboldi, VP and General Manager of  
9 Belterra.

10 MR. THAR: Be kind to the --

11 MS. JOHNSON: Lacy Johnson with Ice Miller  
12 representing Pinnacle and Belterra.

13 MR. OSTROW: Loren Ostrow, General Counsel with  
14 Pinnacle Entertainment.

15 MR. HUNDLEY: Wade Hundley, Chief Operating Officer of  
16 Pinnacle Entertainment.

17 MR. THAR: Could you spell Hundley for her, please?

18 MR. HUNDLEY: Sure. It's H-u-n-d-l-e-y.

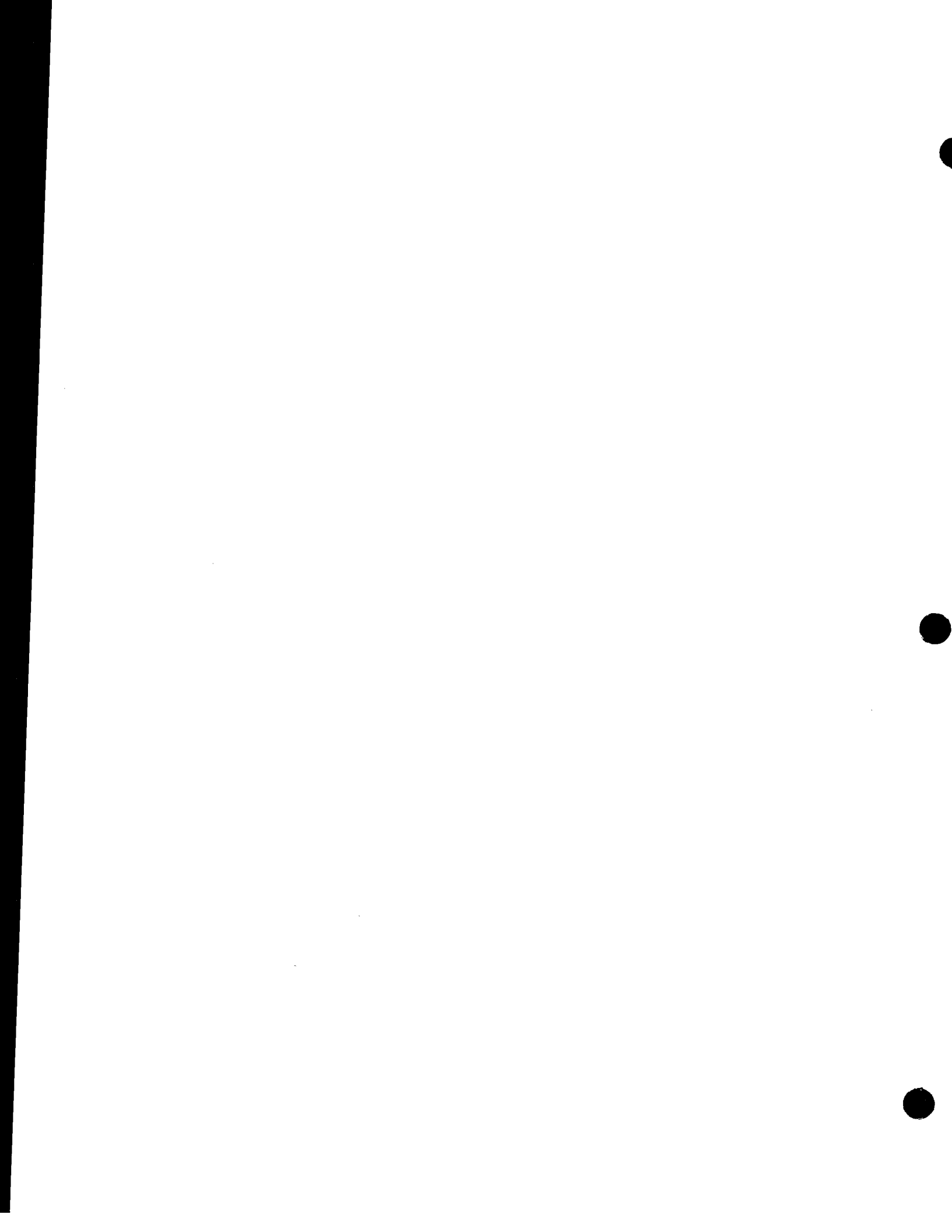
19 MR. SEGEL: Al Segel, Outside General Counsel of  
20 Pinnacle.

21 MR. THAR: Would members of the board of directors in  
22 the front row?

23 MR. MILLER: Gary Miller, director.

24 MR. PARROTT: Tim Parrott, member of the board.

25 THE COURT REPORTER: I'm sorry, your last name was





1 what?

2 MR. PARROTT: Parrott, P-a-r-r-o-t-t.

3 THE COURT REPORTER: Thank you.

4 MR. REITNOUER: Lynn Reitnouer, director,  
5 R-e-i-t-n-o-u-e-r.

6 MR. TORGUSON: Marlon Torgeson, board of directors.

7 THE COURT REPORTER: And spell your last name, please.

8 MR. TORGUSON: T-o-r-g-u-s-o-n.

9 MR. MARTINEAU: James Martineau, a member of the board  
10 of directors. Martineau, a french name, M-a-r-t-i-n-e-a-u.

11 MR. LEE: I could point out that that is our entire  
12 board except for one director whose wife just had a baby  
13 boy.

14 MR. THAR: Who would that be?

15 MR. LEE: Michael Ornest.

16 THE COURT REPORTER: I'm sorry?

17 MR. LEE: Michael Ornest, O-r-n-e-s-t.

18 MR. THAR: We have a request from Mr. Michael Jones to  
19 speak very briefly on behalf of -- on behalf of the  
20 Switzerland County Council?

21 MR. JONES: Yes.

22 MR. THAR: Thank you.

23 MR. JONES: I promise I'm going to be very brief.  
24 Chairman Vowels, members of the Commission, Executive  
25 Director Thar and staff my name is Michael Jones, President



1 of the Switzerland County Council. I want to thank you for  
2 giving me this opportunity to appear before you today.

3 It's a privilege to come today as I have many times in the  
4 past. I have provided you with a financial report from our  
5 county auditor showing the riverboat receipts and  
6 expenditures in Switzerland County since January, 2001 as  
7 well as other pertinent information.

8 We have been able to greatly improve the quality of  
9 life for the residents of Switzerland County and also to  
10 greatly benefit the economies of our neighbors, Jefferson  
11 and Ripley Counties and Crawford County with whom we share  
12 revenues.

13 As you will see our list of accomplishments include  
14 several, I'm just going to list just a few. One is that we  
15 promised we would open, build and open the first  
16 full-service medical clinic in Switzerland County which is  
17 built and opened. Over two and a half million dollars  
18 after this summer of resurfaced roads, replacement of  
19 condemned bridges that we talked about in our earlier  
20 reports. Over 1.8 million dollars to our schools, and you  
21 have a letter from the school superintendent. Creation of  
22 a 24-hour, seven days a week advanced EMT and paramedic  
23 service. Over \$1,000,000 for improved fire protection  
24 including the new fire department at Florence, Indiana  
25 which is adjacent to the Belterra Casino. Improved police



1 protection and as I stated earlier. Over \$2,000,000  
2 in regional revenue sharing. There are many other  
3 examples, of course, including the creation of over  
4 fourteen hundred new jobs.

5 Also like to speak briefly that our relationship with  
6 the officials at Belterra have been very good, especially  
7 in recent months. We have met on a monthly basis with Mr.  
8 Uboldi, the new general manager, who has reached out to the  
9 community and we are working with him on several different  
10 issues relative to our county. He has also worked very  
11 closely with the schools as evidenced by the letter from  
12 our superintendent.

13 As president of the Switzerland County Council I would  
14 just respectfully ask that you consider possible  
15 disciplinary actions against Belterra; that you also  
16 consider the impact it may have on the citizens of our  
17 county in Southeast Indiana as well as on the small  
18 businesses who depend on the traffic from Belterra.

19 In closing I thank you for this opportunity to come  
20 before you to talk about some of the exciting things that  
21 are happening to our county and we look forward to working  
22 with you in the future. Thank you.

23 MR. VOWELS: Thank you, Mr. Jones.

24 MR. JONES: Yes?

25 MR. VOWELS: Thank you.



1 MR. JONES: Thank you.

2 MR. THAR: I believe that the staff has provided to  
3 you the internal report done by Pinnacle with regard to the  
4 events surrounding the public golf classic.

5 MR. DARKO: Could I ask, is that the document that  
6 says "Enclosure A" at the bottom and "Methodology" at the  
7 top?

8 MR. THAR: Yes.

9 MR. DARKO: Okay. I didn't know for sure where it  
10 came from. That was done by Pinnacle through Ice Miller;  
11 is that correct?

12 MR. THAR: It was done by Pinnacle. Ice Miller didn't  
13 do it, they hired outside individuals to do the  
14 investigation.

15 MR. DARKO: Oh, thank you.

16 MR. THAR: Retired FBI agents.

17 MR. DARKO: So Pinnacle brought it.

18 MR. THAR: Yes. Secondly, an Executive Summary of the  
19 Indiana Gaming Commission's investigation, three documents  
20 submitted by Pinnacle; a bound, proposed Settlement  
21 Agreement; an unbound talking paper of a Settlement  
22 Agreement I believe dated April 12th of this year; a  
23 one-page dated April 12th Exit Strategy and a memo  
24 describing some of those items and some of the issues from  
25 me.





1           The staff does not have a resolution or a settlement  
2 agreement or anything else with regard to this particular  
3 company. The staff would ask of this Commission today for  
4 the staff to -- for the Commission to advise the staff what  
5 direction do we go based upon the information that we have  
6 provided you to date. And the direction is, A, does the  
7 Commission desire that this staff, under whatever  
8 conditions the Commission desires should be put into it,  
9 enter into or attempt to enter into a negotiated settlement  
10 of this incident with the company which would allow them to  
11 continue to do business in this state or does this  
12 Commission wish to say that this company is no longer  
13 welcome to do business in this state in which case we will  
14 discuss with the company either an exit strategy that's  
15 agreed upon or commence a disciplinary action.

16           I believe that that is the current state of affairs  
17 and the extremely difficult issues presented to this  
18 Commission at this time.

19           MS. BOCHNOWSKI: Can I ask a question?

20           MR. VOWELS: Go ahead.

21           MS. BOCHNOWSKI: We've got all the facts apparently.  
22 There have been resignations. You've been -- done a --  
23 made an effort to clean house. How does the corporation,  
24 and I'll ask the new chairman, how does the corporation  
25 change a corporate culture? I mean, this person who held



1 this outing and created this situation was the founder of  
2 the company, the majority stockholder and basically led the  
3 company. You have a corporate culture. How do you change  
4 this? And you've got, you know, issues with employees  
5 where maybe they're looked at differently because everybody  
6 knows about this. How do you do this? How can we keep you  
7 here in this new forum? How do you make that happen?

8 MR. LEE: I think you have to understand, people make  
9 the culture. Certainly I think I can speak on behalf of  
10 all our directors, they were ashamed and astounded when  
11 they found out about it which was only a few weeks ago and  
12 took very quick action. I'm certainly embarrassed and  
13 ashamed as well even though I had nothing to do with the  
14 company at that point. My background is with the Mirage  
15 Resorts, with several casinos in the State of Nevada, with  
16 one in Mississippi. It would never have been tolerated  
17 within Mirage, not even close. As an individual I can tell  
18 you I have a 72-year-old mother who is a banquet waitress  
19 and you think -- the worst part about this is what happens  
20 to the employees.

21 MR. VOWELS: Let me ask you a quick question. I don't  
22 mean to interrupt you, but, but you said something that  
23 kind of spurred me here. You were with Mirage till when?

24 MR. LEE: I was with Mirage from 1992 to 1999.

25 MR. VOWELS: And you came on with Pinnacle when?



1 MR. LEE: Three weeks ago.

2 MR. VOWELS: And what did you do in between?

3 MR. LEE: I was -- first I was the chief financial  
4 officer of an internet company called Home Grocery Dot Com,  
5 an internet grocery delivery business.

6 MR. VOWELS: What were you doing the day you got the  
7 call, they said, "Lee, come work for us?"

8 MR. LEE: We sold that company, I sold that company  
9 and I was trying to develop a Marriott and Ritz Carlton  
10 hotel in Las Vegas and then --

11 MR. VOWELS: I guess my question is the day they  
12 called you did you have other options in the world or were  
13 you just hangin out?

14 MR. LEE: A little bit of both.

15 MR. VOWELS: And, and why in the world would a guy  
16 with your credentials get on board this? There had to be  
17 something there to attract you. Tell me what that was.

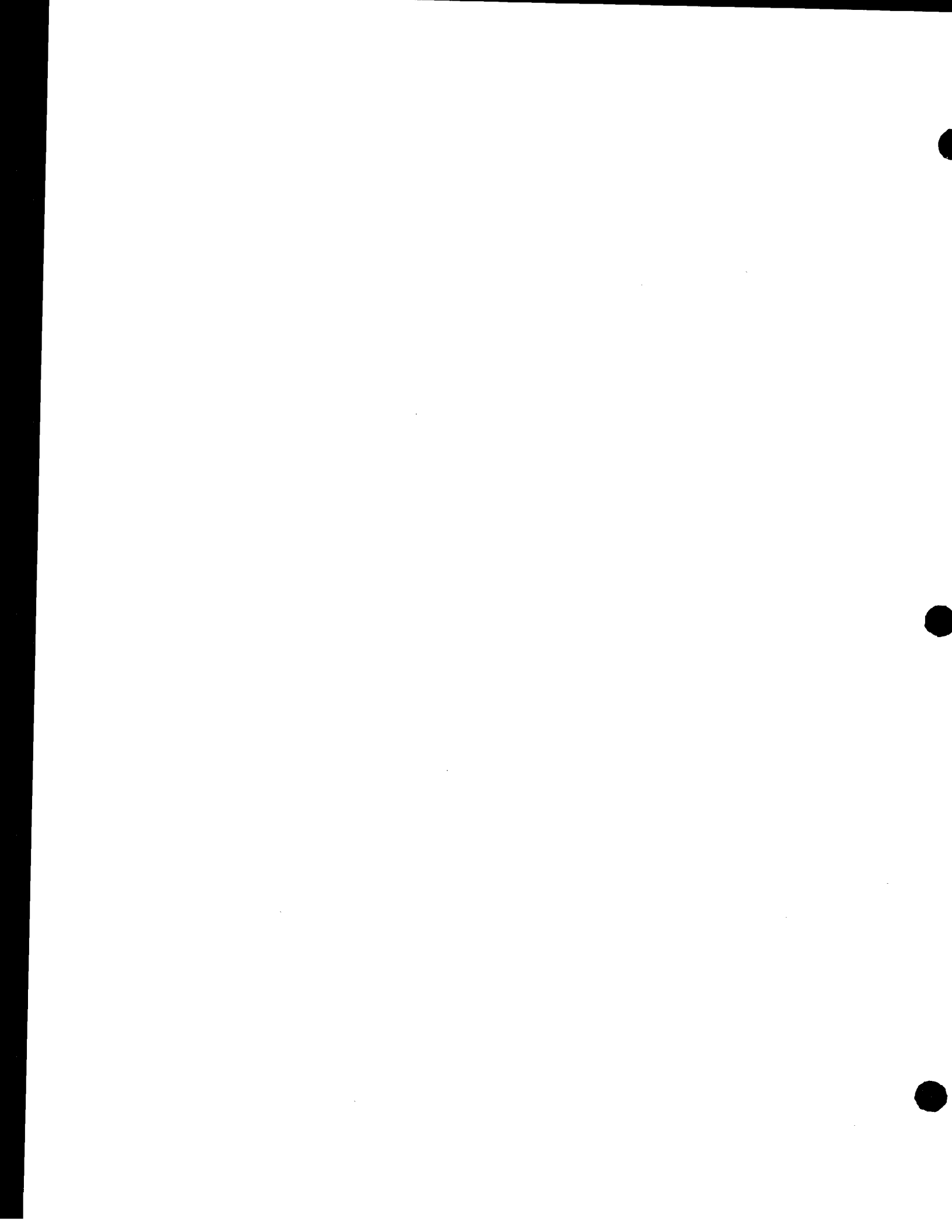
18 MR. LEE: Well, the irony of it was about three weeks  
19 before that call I had received a phone call from one of  
20 the stock brokers I deal with who told me I had some  
21 Mandalay Bay bonds that were yielding seven percent and I  
22 could buy these bonds yielding 11, did I want to do it.  
23 And I said, "Sure, let me look at the 10-Q first," and I  
24 read the 10-Q and saw nothing fatal. I saw a collection of  
25 hotels that were pretty diverse, but all of them were



1 profitable and, and had potential. So I had that in the  
2 back of my mind. I was -- there is a large hotel in Las  
3 Vegas that's gone bankrupt called the Aladdin. I had been  
4 involved with the creditors of the Aladdin trying to find a  
5 way to acquire it and convert it to a Marriott. At one  
6 point they said they needed a large cash infusion. They  
7 didn't want to take their paper back, they wanted the buyer  
8 to pay cash.

9 So I was talking to different people trying to find  
10 somebody to invest as a partner besides Marriott. Marriott  
11 was willing to put up 30 million, but no more. One of the  
12 people I went to see was R. D. Hubbard. I didn't know him  
13 well. I had only met him once before in my career, but I  
14 knew he was a wealthy individual so I went and saw him and  
15 he asked questions about, "What would you do to fix the  
16 Aladdin? Would you change their name? What would you do  
17 to it structurally?" And I had all the plans, laid  
18 everything out and with hindsight I thought I was looking  
19 for a partner and I think he was interviewing me for the  
20 job.

21 And, and so when he few days later, literally only a  
22 few days later called up and said, "Dan, I may have to  
23 resign. Would you be interested in stepping into  
24 Pinnacle?" and he wanted me to come to Palm Springs and  
25 meet with him and Mr. Parrott and I did and course on the





1 way I read up on everything. And why would I do it? It's  
2 a great opportunity for me.

3 MR. VOWELS: Why? In an hour you might not be in  
4 Indiana anymore.

5 MR. LEE: Well, here you have five operating casinos  
6 plus two in Argentina. The business itself, there's  
7 nothing fatally wrong with it. I mean, the facilities are  
8 all in pretty good shape. I did ask some questions around  
9 about Wade Hundley who is the chief operating officer who  
10 joined in September, I didn't know him. People said good  
11 things about him and I said "Okay." The stock was near one  
12 of its all time lows when most of the stocks were near  
13 their all time highs. I spoke with the bankers at Bank of  
14 America, they said that they had a credit line, they were a  
15 little nervous about it. I said, "Boy it would be terrific  
16 if I got involved because they'd have better credibility"  
17 and I don't know.

18 It was a great opportunity for me to step up and show  
19 what I can do with a public company. I came home and my  
20 wife said, "So are they investing in the Aladdin?" I said,  
21 "No, they've offered me a New York stock exchange company."

22 MR. VOWELS: "And they got all this hooker stuff goin  
23 on." Did you say that to your wife? I mean, I'm just, I'm  
24 just trying to get a feel for this why, why somebody would  
25 walk into a hornet's nest like this and I understand they



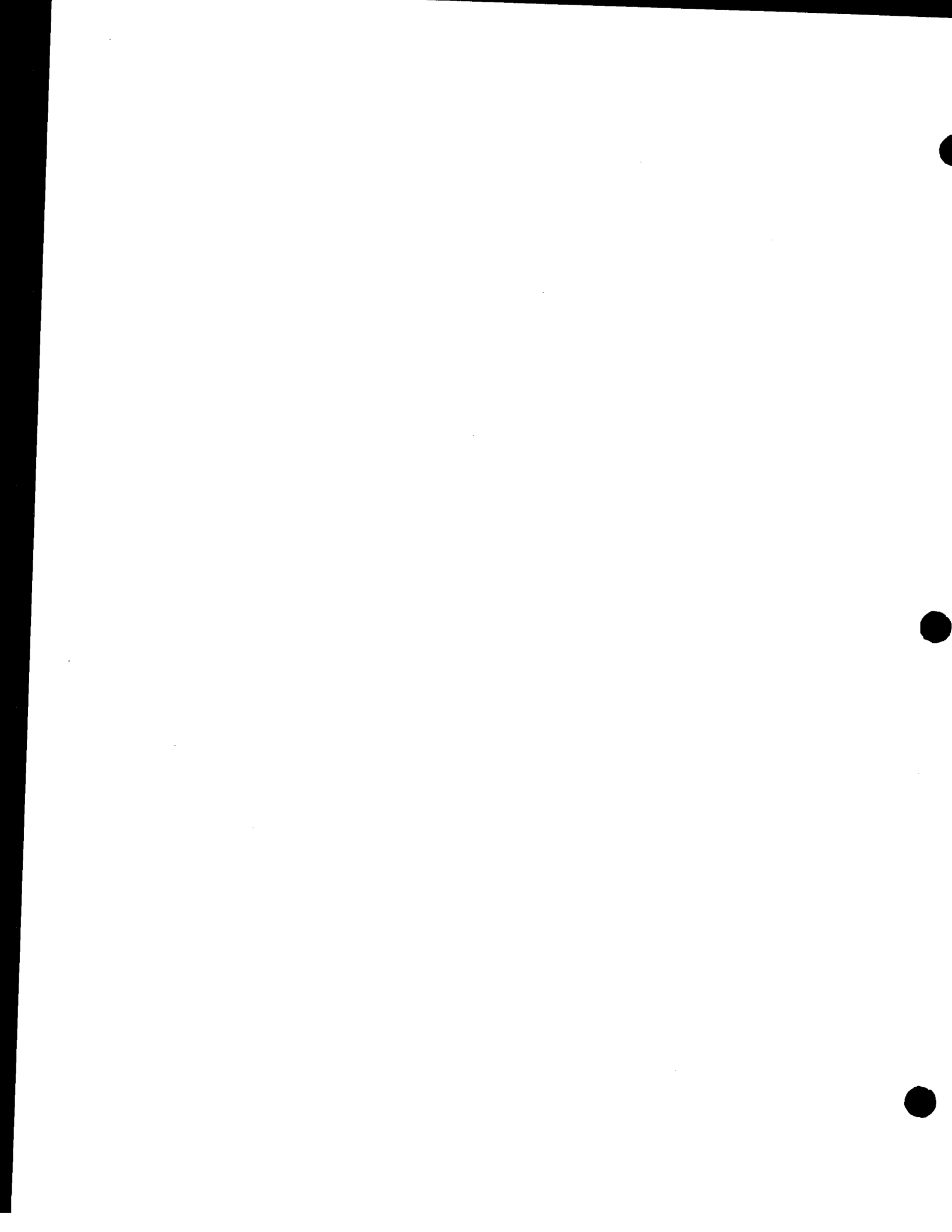
1 have other companies. I mean, if you're not in Indiana it  
2 still might be a great venture.

3 MR. LEE: Recognizing 93 percent of the shareholders  
4 of the company, 95 percent of the employees had nothing to  
5 do with this, they didn't know anything about it, they're  
6 as embarrassed as anybody else, then you have to stop and  
7 think, well, what about those people?

8 MR. VOWELS: Well, then that's not what you and I are  
9 talking about right now. I'm trying to figure out why it  
10 is that you would walk into something like this. There  
11 must be some positive aspects. You rattled off the money  
12 side of it.

13 MR. LEE: Quite bluntly, I think I can make some  
14 money, but secondly there is the opportunity to show some  
15 leadership, to show how it can be done I think and I hope  
16 if you talk to the people I worked with for three or four  
17 weeks I'm very surprised at the energy. I mean, I've been  
18 traveling nonstop, I've had architects in Belterra. I've  
19 had trying to -- we tromped through the mud at Lake  
20 Charles. My secretary the other day who's only been my  
21 secretary three weeks told me that she hasn't worked this  
22 hard in years and she hasn't had this much fun in years.

23 MR. VOWELS: Okay, all of the gentlemen sitting behind  
24 you, five are the board of directors and there's one guy  
25 missing 'cause his wife had a baby, correct?



1 MR. LEE: Correct.

2 MR. VOWELS: And you're chairman of the board,  
3 correct?

4 MR. LEE: That's correct.

5 MR. VOWELS: Mr. Hubbard's no longer with us. The  
6 five behind you and the guy who just had the child, they've  
7 been on the board all along? There's not anybody new here?

8 MR. LEE: I'm new.

9 MR. VOWELS: Besides you.

10 MR. LEE: On the board there is no one new.

11 MR. VOWELS: Okay. Now it was my understanding in  
12 reference with our MBE/WBE problem that went on,  
13 particularly at the December 6th meeting, those gentlemen  
14 behind you were totally in the dark as to what was going on  
15 here and how close they were and the real problems here in  
16 Indiana with that WBE/MBE problem that, I'm assuming since  
17 they haven't -- that they were in the dark about what  
18 happened here at Belterra last June. Make me feel  
19 comfortable that they're not in the dark about somethin  
20 else and they're gonna stay in the dark about somethin  
21 else.

22 MR. LEE: I think first off they, they have the  
23 warning. I mean, we've had four board meetings I think in  
24 a month as we've tried to figure this out. Obviously  
25 they're all here today because they understand the



1 importance of it. We are also setting up a board  
2 compliance committee which is three members of the board  
3 and they will, they will communicate quarterly at least  
4 with the compliance director of each property to make sure  
5 that they are aware of anything that might be going on  
6 which is a route of communication that I suggested be  
7 opened up similar to a board's audit committee so that if  
8 somebody on the property knows of something that's going on  
9 they can communicate it directly to the board and it can't  
10 be stopped by anybody in management and that, that is  
11 designed to help us rectify it.

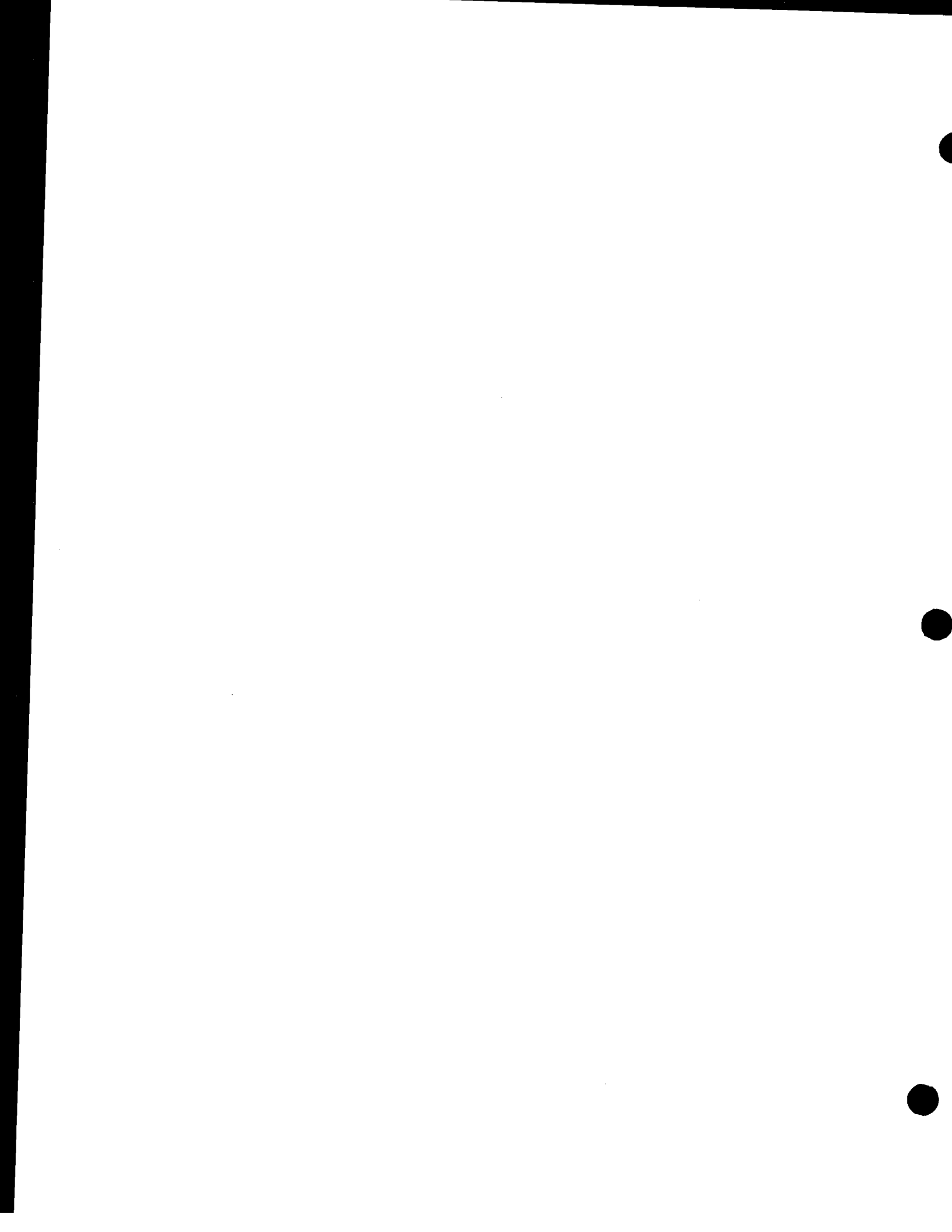
12 MS. BOCHNOWSKI: You know, just with regard to its  
13 employees I really think that the people that -- I don't  
14 think I created the situation so don't tell me about the  
15 employees. I think the people who put on this golf outing  
16 are the ones that should have been worried about their  
17 employees.

18 MR. LEE: Absolutely, and I got choked up earlier  
19 because I think of my mom being is a party to this.

20 MR. VOWELS: To Lacy Johnson, Mr. Johnson you had  
21 gotten the former FBI agents to do this investigation; is,  
22 is that right?

23 MR. JOHNSON: Yes, sir.

24 MR. VOWELS: Just tell me how that all came about as  
25 far as your contact with them, who they are.





1 MR. JOHNSON: I received a call from Loren Ostrow who  
2 is general counsel and he was actually at the doctor's  
3 office and he became aware and said, "Could you and your  
4 firm take on" --

5 MR. THAR: Pam, why don't you just swing around --

6 THE COURT REPORTER: Yes, thank you.

7 MR. JOHNSON: Mr. Ostrow asked Kay Fleming and I if we  
8 could get involved and suggested a course of action and  
9 that course of action is we believe was -- immediately  
10 caused an outside investigation. We spoke --

11 MS. DEAN: Mr. Johnson can you wait one moment,  
12 please? Thank you.

13 MR. JOHNSON: But we spoke of hiring an -- independent  
14 investigators. We were aware that the Gaming Commission  
15 was doing their own investigation. We contacted John  
16 Schriber, former FBI agent who had been involved in the  
17 gaming industry for the, about the last 10 years. Then we  
18 also contacted a local FBI agent who had worked the New  
19 Albany-Cincinnati area who had retired.

20 MR. VOWELS: And is that Mr. Jameson (phonetic)?

21 MR. JOHNSON: Yes.

22 MR. VOWELS: And so they're both retired FBI agents?

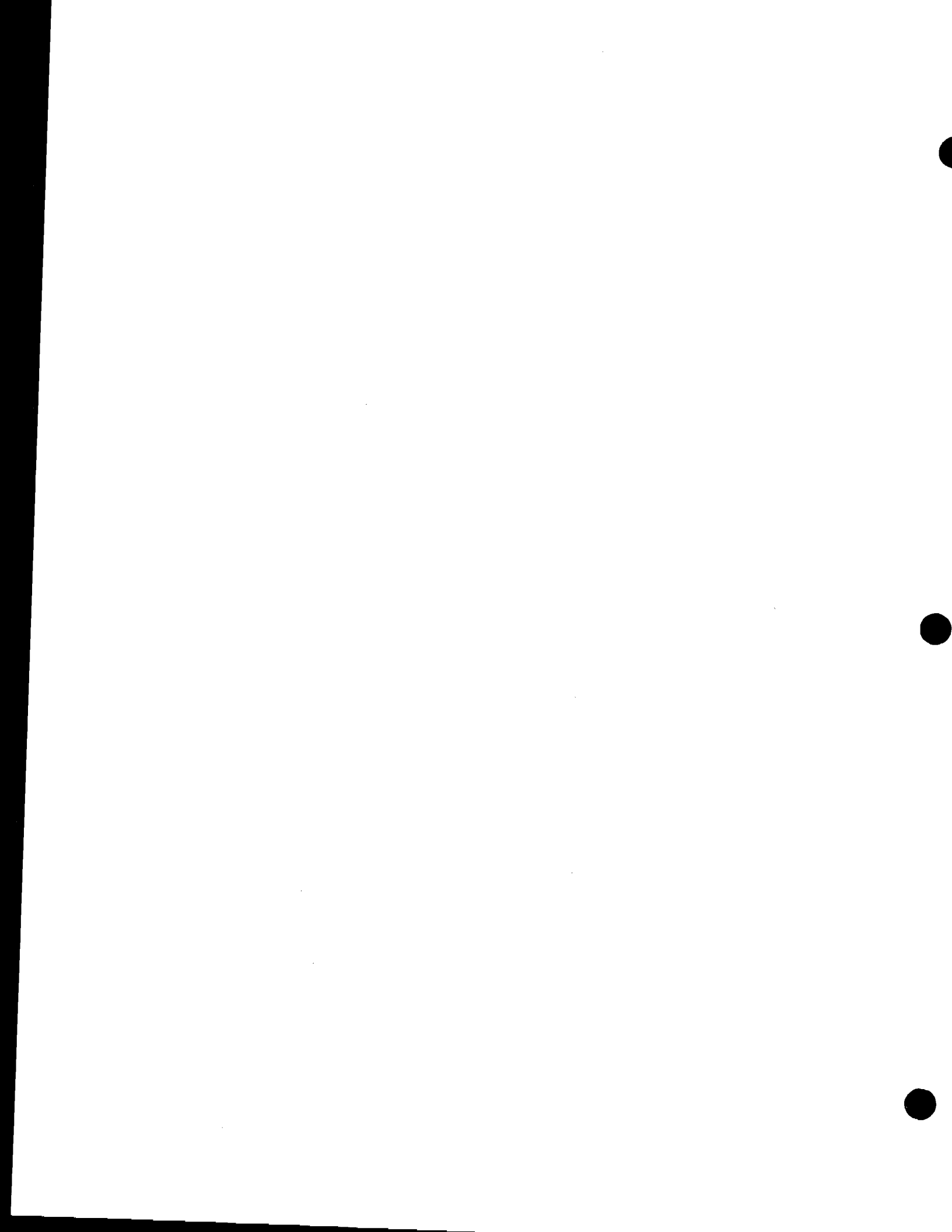
23 MR. JOHNSON: Correct. One of 'em, John Schriber, was  
24 formerly a Deputy Director of the FBI in Washington, but he  
25 had been involved in the gaming industry.



1 MR. VOWELS: Anybody have some other things they'd  
2 like to talk about?

3 MR. THAR: I, I might, just for a discussion item  
4 among the commissioners as opposed to any further question  
5 and answer at this point in time is, are there a set of  
6 circumstances or conditions that this Commission feels that  
7 this company should -- would enable this company to  
8 continue to do business here or are the events of June 26th  
9 and 29th such that if this doesn't cost someone a license  
10 what does?

11 I think that the company has set forth in the  
12 documents that they have given to the Commission their  
13 position that -- and someone stated here today also, we  
14 have the board whose eyes have been opened, they are more  
15 attentive. We have a new chairman who is also the chief  
16 executive officer, so there will be a straight pass-through  
17 of information. We are setting up a compliance committee  
18 so that anyone can go around the chairman and the chief  
19 executive officer to the compliance committee to report  
20 anything that needs to be reported or believe would be  
21 needed to be reported to the board of directors. We have  
22 some financial plans and investment positions to take with  
23 regards to the property in Belterra and that we are not the  
24 same company today that we were one year ago. The flip  
25 side is, does it matter?



1 MR. VOWELS: You know, way back when, when we gave out  
2 this license it was basically pulled out of us. We had a  
3 real concern about the market viability along the Ohio  
4 River for that fifth license and we put it off for what,  
5 two or three years and we finally granted it and it wasn't  
6 one of those happy days when we granted the license.  
7 Remember when we did those things and we were pleased that  
8 all these wonderful things were going to happen and this  
9 was gonna be built and that was gonna be built?

10 Giving the Switzerland license out was almost out of  
11 exhaustion, having been worn down and the performance of  
12 financially what's goin on there isn't impressive to what  
13 you see around the rest of the state, it was almost  
14 expected by us, and then to have this come up on top of the  
15 other things that we've had to deal with is, is as  
16 disheartening as it can come.

17 MR. DARKO: Mr. Thar can I ask a question? Is it fair  
18 to say that, that our Commission investigation would  
19 indicate at this point that none of the six members of the  
20 board of directors or any other representatives of the  
21 company who are here today participated in the events of  
22 the golf tournament or participated in any coverup attempts  
23 afterwards?

24 MR. THAR: Best of our knowledge the answer is yes.

25 MS. BOCHNOWSKI: However, it's my understanding and I



1 think in this -- in the environment that we see ourselves  
2 in now, in the economy in general, boards of directors do  
3 have a responsibility. They may not have participated in  
4 this, but it's my understanding that this Mr. Hubbard  
5 operated in a certain way and I don't, I don't know if the  
6 board of directors just felt that they're -- they were  
7 rubber-stamped or if they really got involved, but the fact  
8 of the matter is boards of directors are being held  
9 accountable today and they have a responsibility or they  
10 shouldn't be on the board of directors.

11 MR. THAR: Mr. Parrott indicated he'd like to say  
12 something to that. Can you do it in two minutes, Mr.  
13 Parrott?

14 MR. PARROTT: Yes. Thank you. My name is Tim  
15 Parrott, a member of the board of directors. Two things  
16 and this is very quick. The company is really made up  
17 totally of acquisitions, your question about culture, so  
18 all of the properties of the company, including Belterra,  
19 were really created in the last five years as boomtown  
20 property, casino managing had a culture that was strong  
21 before. So I feel very confident that the culture itself  
22 is not pervasive at all as far as improper conduct.

23 The mistake the board had was being totally unaware.  
24 All information was fed to the board or given to the board  
25 as it was deemed appropriate starting with the chairman so



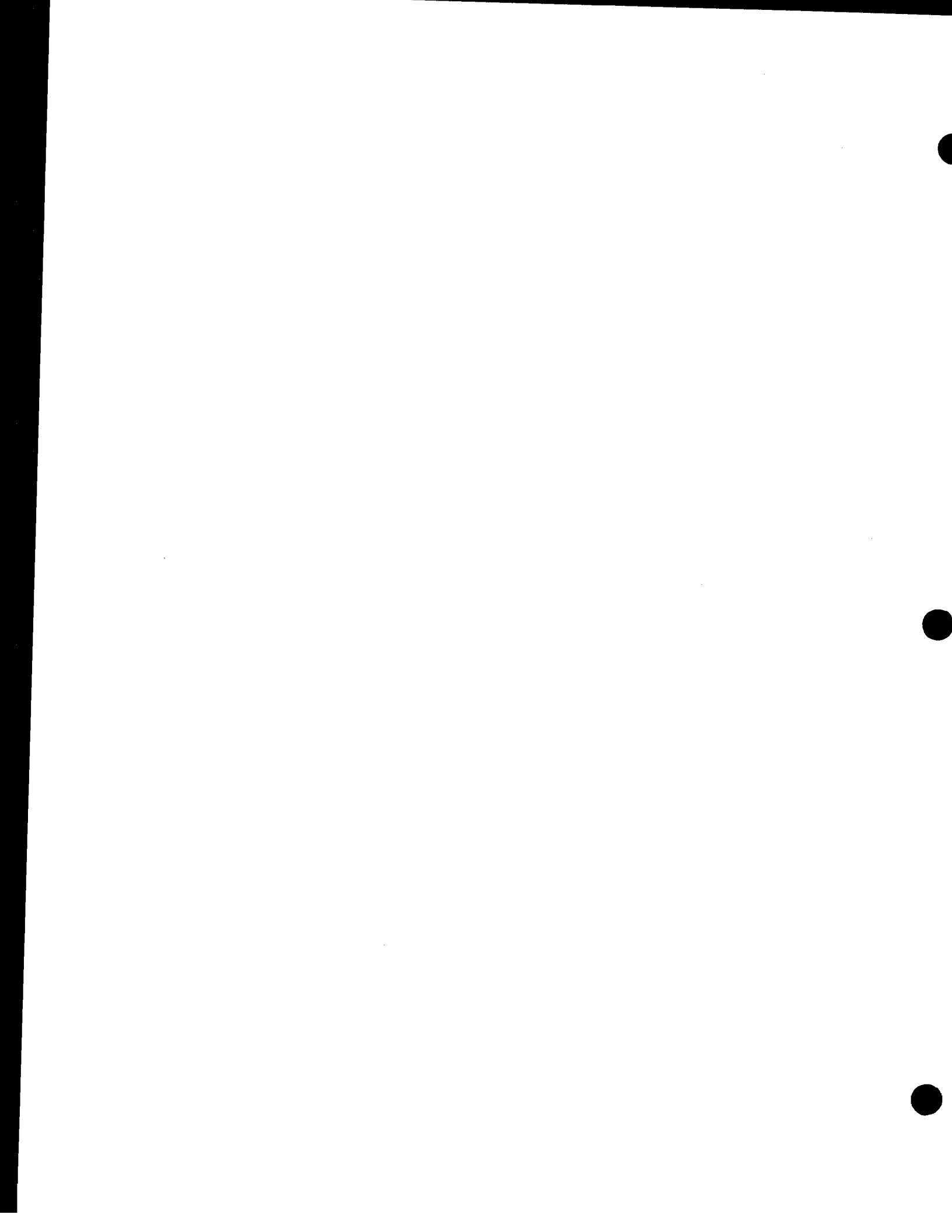


1 we are certainly responsible and guilty of ignorance and  
2 the only way to bypass that is to do what is planned now  
3 and have a separate direct line, not only for Belterra, but  
4 for all properties as it relates to compliance and other  
5 issues that are material for the company.

6 So the entire board that is here today, and as you  
7 know there are three directors that are no longer directors  
8 including Mr. Hubbard, can only commit to going forward.  
9 We think we have a system in place, with Belterra as the  
10 model, to make sure that we don't embarrass the company,  
11 the jurisdictions or ourselves in going forward so we, as  
12 you get from the staff, are restricted somewhat by what  
13 information comes back.

14 So I can tell you to a person that until the first of  
15 April we had no clue that there were MBE/WBE issues or that  
16 there was any issue at all concerning this terrible golf  
17 incident and so we're guilty of that, but we truly found  
18 out right after the first of April and at that point I  
19 think we took very swift and significant action with the  
20 changes that are in front of you. Thank you very much.

21 MS. BOCHNOWSKI: We were talked out of a probationary  
22 license way back when we were doing the MBE/WBE situation  
23 because there is different definitions of probationary and  
24 so on and so forth. They had -- if we had indeed put them  
25 at that time on probation this would probably have done it,



1 right?

2 MR. THAR: Depending upon the terms, yes. Let me  
3 propose, we'll make the following observations from the  
4 staff point of view. Up until 10 days ago the staff  
5 recommendation to you would have been 100 percent that  
6 their license should be revoked. The input from the  
7 company in terms of where they want to be, the new  
8 personnel that they have and the steps they intend to take  
9 to, shall we say, make themselves the example of what  
10 corporate government should be as opposed to what they were  
11 before have put us to the point now we'll move lawful on  
12 that position, but maybe there are other alternatives, I  
13 don't know if they're acceptable to the company.

14 But certainly all of the items that have been put  
15 forth in the company's request for a proposed settlement  
16 agreement and the latest statement would be required plus I  
17 don't know that a million dollars is a substantial enough  
18 fine although they've voluntarily offered that. I don't  
19 know that the activities that took place could not --  
20 cannot -- can be remedied without some action against their  
21 license. As a result I would propose a short period of  
22 suspension coupled with a probation period where the  
23 company either performs the way that they have claimed that  
24 they can and will or they don't and we all say, "Thank you,  
25 nice try. We'll go our own ways."



1 I throw that out as probably the only option staff  
2 would see to revocation. I have been fairly convinced by  
3 the actions in the last three weeks that the corporate  
4 philosophies today are not the corporate philosophies of  
5 yesterday, that maybe Pinnacle, like a Phoenix, will rise  
6 out of its own ashes, become better for this tragic error  
7 in judgment than they may have ever been before so I throw  
8 that out as an alternative and as a discussion point as to  
9 whether or not pursuing a settlement agreement with them,  
10 incorporating the ideas they have set forth as well as a  
11 couple of things that we have discussed out here, Ann's  
12 probationary license, possibility of a short suspension and  
13 I say short because if somebody's gonna say, "Let's suspend  
14 them for 30 days" well, then I say, "Let's just tell 'em to  
15 leave." It's too crippling to the company. But the  
16 Commission would think it's fair and is that the direction  
17 you want us to go? And if not we'll go another direction.

18 MS. BOCHNOWSKI: Well, I, I don't want to put people  
19 out of work and, and whatever we do here today I, I want to  
20 send out a message loud and clear, this is Indiana, this is  
21 Indiana, this does not happen in Indiana. And we have a  
22 responsibility from the state to keep this whole gaming  
23 industry clean and above board and operating the way it  
24 should for the citizens of Indiana and whatever we do, it  
25 doesn't happen here, it won't happen with this company and



1       it cannot happen with any other companies. We have to send  
2       that message, it will not happen.

3               MR. VOWELS: You know when, when, when we were first  
4       apprised of this situation, whenever that was, a month or  
5       two ago, it was just amazing, you know, the audacity of  
6       somebody comin into this state and we've, we've on occasion  
7       have been viewed as Hoosier bumpkins by people who have  
8       come in front of us and generally they were unsuccessful  
9       license applicants, but just to come in and, you know, I  
10      can -- everyone's made errors of judgment. Generally they  
11      don't last three or four days, you know, and it was, it was  
12      insulting and, and it plays right into the hands of  
13      everybody who is against gambling in Indiana. It just fed  
14      it right up on a platter. Everything bad that they warned  
15      about -- the, the only thing missing is the drugs and the  
16      mafia. And it was just, and it was just amazing. And so I  
17      was ready to pull the trigger, just blow 'em out and that  
18      was it.

19             And then in March when we had that continuing legal  
20      education seminar down at Belterra and, and I went on the  
21      boat with some friends of mine that were there, of course I  
22      can't gamble so I just wandered around the boat that  
23      Saturday night when IU played Kent State, and I made it  
24      down to the bowels of the boat where the employee dining  
25      room was and all the time I'm thinkin, I'm lookin and I'm





1 thinkin, you know, and I'm thinkin, you know, they need the  
2 jobs. And I went down there and I watched that IU-Kent  
3 State game and I sat in there with some employees, you  
4 know, talkin to some woman who's tellin me how, how  
5 appreciative she is of that job because her ex-husband  
6 doesn't pay the child support for those three kids and  
7 although she has to work second and third shift they're  
8 workin her fine.

9 And then, you know, sittin next to some, some heavysset  
10 young guy who's eatin a salad so he can lose weight so he  
11 can get a girlfriend, I'm hearin all of this stuff, you  
12 know, and I'm thinkin, you know, here's some rich guy who  
13 brings a bunch of hookers in who crawls out of this  
14 airplane and the people that are gonna get the damage are  
15 those people.

16 So the quandary is there, I mean, you want to put the  
17 bullet in their heads the people that are gonna bleed are  
18 gonna be the people down below. These guys are gonna go  
19 back and do whatever they do in other states, they're gonna  
20 make money and they're gonna be fine. And, and some sap  
21 down in Switzerland County -- he's not a sap, he's like the  
22 guys that I grew up with -- is gonna get the wind put to  
23 him.

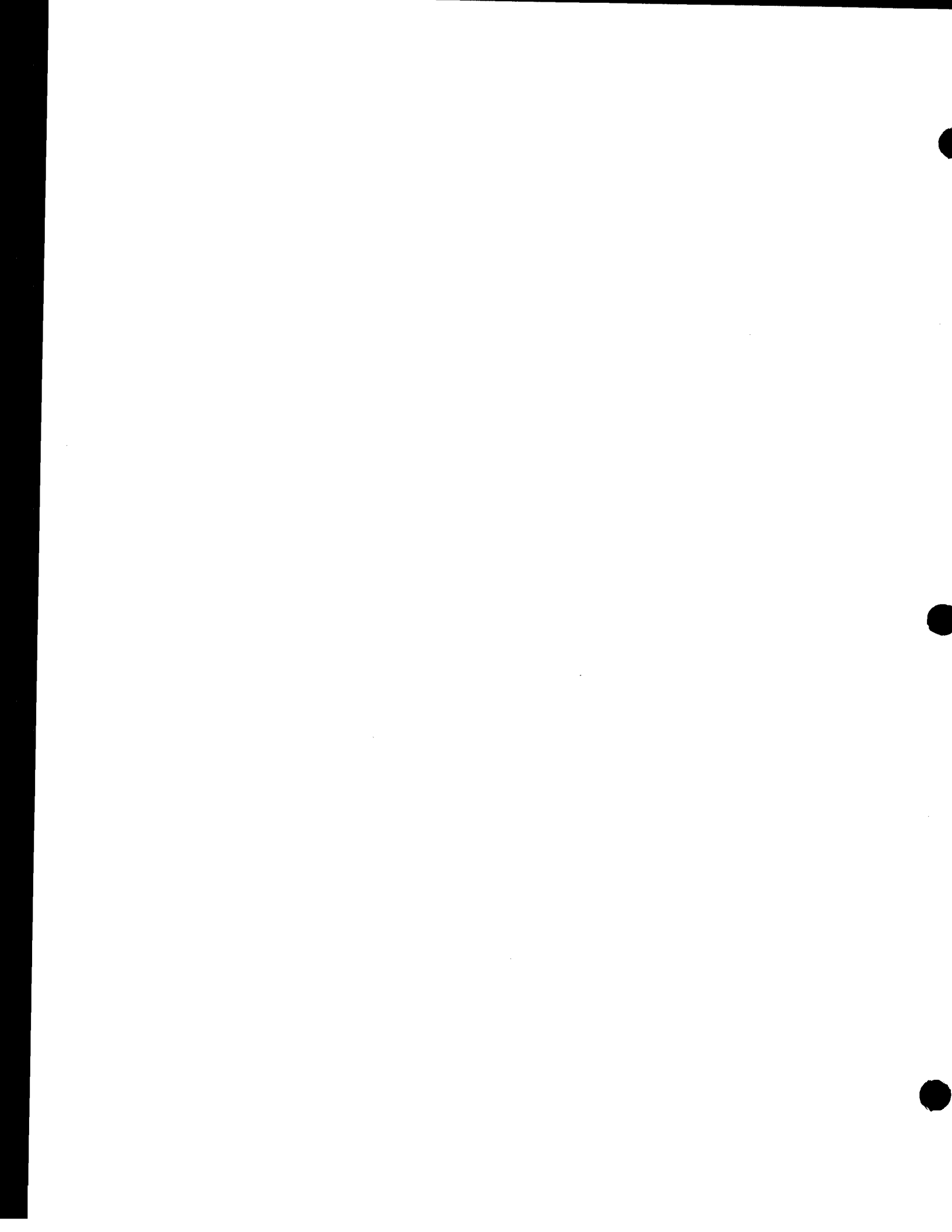
24 So I don't know what message to send here. You know,  
25 the problem with bein on automatic pilot is, you know, is



1 the Draconian results. And we're in this position and we  
2 don't get paid much money at all, but yeah, we have to  
3 exercise our judgment and our discretion and we have to let  
4 the chips fall where they may. We can't make our decision  
5 on public relations, political motives, we've got to do  
6 what we do and then, you know, if there's fallout one way  
7 or the other that's it, you know, but we've got to make --  
8 we've got to wind our way through this maze and figure out  
9 how something less than putting the bullet in their head,  
10 and I don't know which does more damage to some lady with  
11 three kids and no child support, than it does by anybody  
12 sitting in this room.

13 And I don't know what the solution is. If people  
14 don't understand our outrage, if the other companies in the  
15 State of Indiana think, well, that's, that's all that's  
16 gonna happen, how about bringing some hookers next month  
17 for a golf outing, I don't see that happening with the  
18 others, I have problems with, with boards that are not  
19 paying attention. Mr. Hubbard obviously was a very  
20 persuasive person to pull off what he pulled off,  
21 completely intimidating employees to do things that they  
22 knew were wrong and in, in the, the document that Mr.  
23 Johnson had the FBI agents put together it didn't pull any  
24 punches, it laid it all out there.

25 And again, those people down there were between a rock



1 and a hard place when the big guy comes in and starts  
2 throwin his weight around. And what are they gonna do  
3 about it? They're gonna report it to the Gaming Commission  
4 and have to pay the penalty down there? I mean, what are  
5 they -- they're, they're just stuck. So what do we do?  
6 You know. That's --

7 MR. DARKO: Mr. Chairman, can I share a thought?

8 MR. VOWELS: Yes.

9 MR. DARKO: Mr. Hubbard obviously is, is the bad guy  
10 in the whole thing and that's why I commented when we were  
11 on his case, that you could make a reasonable argument that  
12 we should find him unsuitable and put an end to his  
13 regulated activities throughout the country. With the  
14 company itself I, you know, it's, it's another area  
15 obviously where, where intelligent people, intelligent  
16 commissioners and well-informed commissioners can, can  
17 disagree and, I mean, we may disagree among ourselves.

18 As I understand, Mr. Thar's question to us now is  
19 simply do we insist upon the capital punishment of revoking  
20 their license or do we continue to talk to them about some  
21 agreement which would not include revoking their license  
22 and I think the best choice is to continue to talk. You  
23 know, I'm Catholic and I may even believe in original sin,  
24 but, but I think you can, I think you can, you can change a  
25 corporate culture, I think you can bring in new directors,



1 you can bring in new leaders and you can avoid the mistakes  
2 that Mr. Hubbard obviously, obviously made.

3 I think the concerns about the employees and indeed  
4 the community and, and Mr. Jones speaks for the community,  
5 are, are legitimate and should be taken into, into  
6 consideration. So my personal thought would be to suggest  
7 to Mr. Thar to continue negotiating.

8 DR. ROSS: I would like to, to agree with that line of  
9 reasoning. I think that all of this sort of basically  
10 stems from one man and this man was strong enough to have  
11 his culture go out through the, through the corporation in  
12 some degree. And I think all of us have to think if, if  
13 the absolute boss of your operation came to you and said,  
14 "You do it or you're gonna be fired" then you probably  
15 would do it unless you didn't mind being fired.

16 So I think that, that there is a separation here  
17 between the public and the people, that it will be there.  
18 So I would certainly think that we would need to see how,  
19 how we can make this better and see it carried on rather  
20 than to disrupt the entire company and also an entire town  
21 at this point.

22 MR. GETTELFINGER: Mr. Chairman, I'd like to take a  
23 point of exception with one point. The same directors who  
24 were there counseling Mr. Hubbard before are still here.

25 MR. VOWELS: Okay, and that's -- I don't know if





1 you're takin exception to my point because what you just  
2 said is exactly what my point was is, the ignorance, is it  
3 gone? I hope so. Were these eyes turned blind or too busy  
4 or what? I mean, was he that overpowering of a personality  
5 that everybody just -- it's hard to say.

6 MR. GETTELFINGER: Well, for whatever reason the board  
7 of directors was there, they did not know to act or if they  
8 do they did not act and they are still here. And we're  
9 talking about change of a culture. Those individuals were  
10 there before, they're still here and I see nothing in this  
11 about what the board's plan is. Is a change in the board  
12 in order? I'd be pleased to hear from any board member if  
13 they'd like to speak to that, but the board was there, they  
14 were not watching or not carrying out their duties and  
15 they're still here.

16 MR. PARROTT: Well, what we first plan is to add --

17 THE COURT REPORTER: I'm sorry, sir, your name was  
18 again?

19 MR. PARROTT: My name is Tim Parrott, sorry.

20 THE COURT REPORTER: Thank you.

21 MR. PARROTT: A couple of things. I don't think any  
22 of the board felt before that they were intimidated by Mr.  
23 Hubbard. The problem was the decision on what information  
24 to share with the board of directors and what is not.  
25 Financial information was shared. Certainly typically the



1 board would never be aware of a golf tournament or anything  
2 like that. The fact that Mr. Hubbard was involved with  
3 this and that there was any incident at all or there --  
4 were totally unacceptable behavior, although it's beginning  
5 to sound, was not brought to the board's attention until  
6 April.

7 I think that all the board's -- it's certainly for you  
8 to decide -- feel that they've had strong reputations.  
9 I've been licensed in gaming since 1998 in Nevada and  
10 started this application with boomtown many years ago and I  
11 think our entire board feels and knows and believes to be  
12 upstanding citizens and would not jeopardize their own  
13 reputation for any chairman or any other person. So we  
14 certainly feel as damaged as everybody else does personally  
15 that we're associated. We recognize that we have a  
16 responsibility, that we have to accept the responsibilities  
17 and actions of everybody in the company including, and  
18 embarrassingly enough, our former chairman, but I think  
19 this board is very eager to prove that we are also beyond  
20 reproach and that we can set up a model of governance that  
21 is really something significant. I think we tried to do  
22 that already.

23 For a New York stock exchange company to purge itself  
24 this quickly and voluntarily even knowing that you still  
25 can take our license away was in our part a measure to show



1 our good faith and gesture. The resignations are there and  
2 we understand and, and know that you can take our license  
3 away, but we still intend to totally ensure that this type  
4 of incident or any improprieties or regulatory variances  
5 would never happen again. So all we can do is, is speak to  
6 what we do going forward with the addition of, of Dan Lee  
7 who also carries greatly by his reputation that the  
8 Belterra is a good property, the others are and so I think  
9 our intent is to add to the board strong individuals that  
10 add their own elements and expertise to the company and all  
11 we can say is let us prove it to you. Obviously there's  
12 nothing we can show you today that can change what's  
13 happened, but whether it's probation or something else  
14 that's up to you, but we very much would like the  
15 opportunity to show our abilities and our integrity. Thank  
16 you.

17 MS. BOCHNOWSKI: I have a question. Mr. Hubbard  
18 resigned and was it two other board members resigned or one  
19 other?

20 MR. PARROTT: One other board member resigned.

21 MS. BOCHNOWSKI: And he was at the golf outing --

22 MR. PARROTT: He was at the golf outing and then Mr.  
23 Alanis.

24 MR. LEE: Then I would be added to the board and we  
25 would seek to find two other people who would, who I think



1 would meet your standards.

2 MR. VOWELS: The federal lawsuit that's filed, you  
3 also have those women that used to work there, I think that  
4 were fired and it was filed in February, that you didn't  
5 know about that until April?

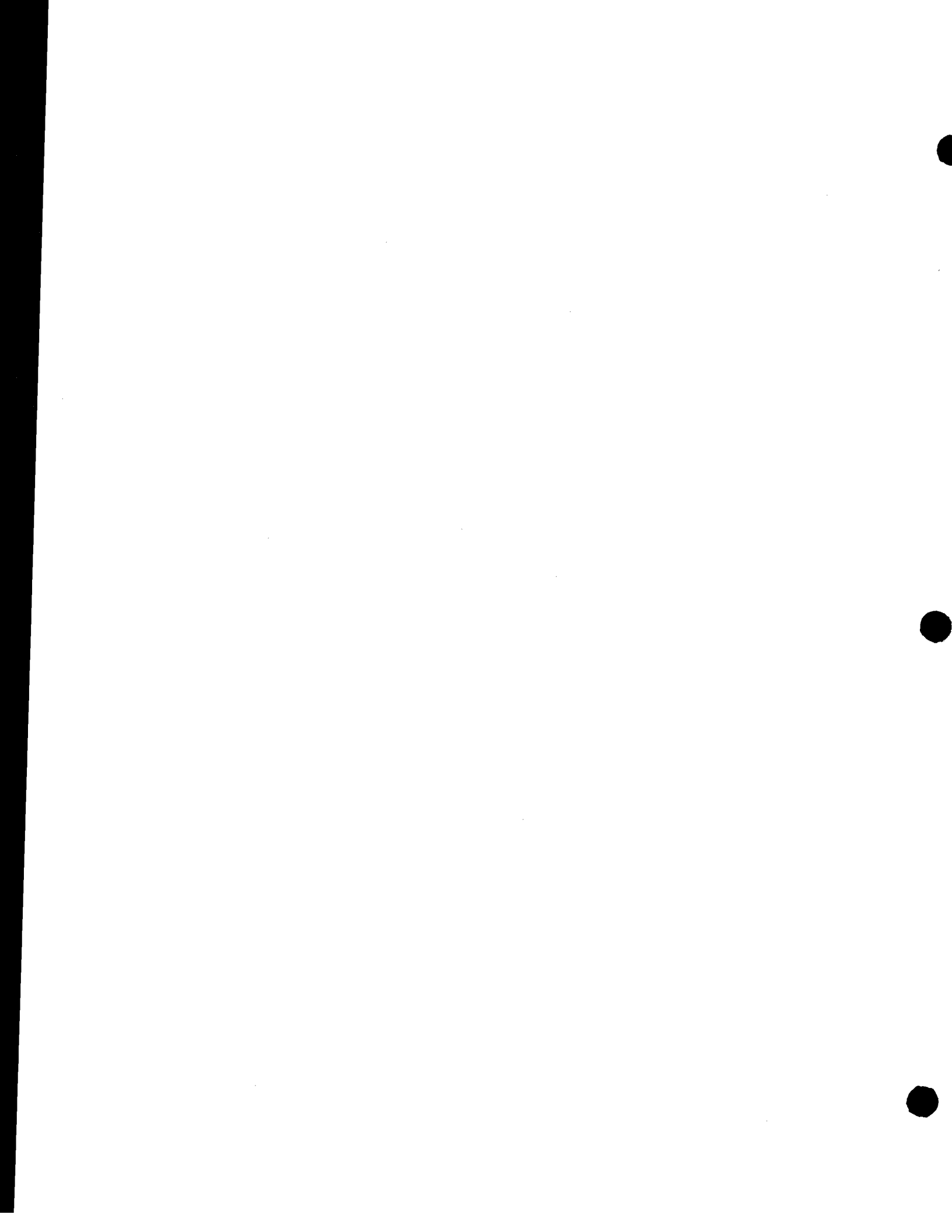
6 MR. PARROTT: No, sir.

7 MR. VOWELS: I've never sued a corporation. Did you  
8 serve notice on somebody on the board of directors?

9 MR. PARROTT: Well, there -- typically what would  
10 happen is if there was some type of suit like that it's up  
11 to corporate counsel insights to determine whether it's  
12 something that might fall into a slip and fall or whether  
13 it's a meritorious suit that's material enough to bring to  
14 the attention of the board and I think that's still the  
15 appropriate action. As long as the information flows, and  
16 never in my experience with a public company or any has  
17 there been this kind of incident, so it's highly unusual  
18 that, that the keepers of the gate ends up being the person  
19 that you're worried about.

20 So I think, I believe that separate from your own  
21 actions with that particular incident, it would have been  
22 brought to our attention anyway because it did involve the  
23 chairman, but to answer your question, none of us were  
24 aware of anything until after April 1st.

25 MR. VOWELS: How often does the board meet annually?





1 MR. PARROTT: One of the -- the board typically meets  
2 four or five times a year and then more for special  
3 meetings. I think one of the things that Dan Lee has  
4 brought about that we would welcome is a very scheduled  
5 calendar ahead of time. We typically would end up meeting  
6 on more short notice and so I believe that our records  
7 would show the dates we used, but I believe that, Al, if  
8 you could respond to how many board meetings we've had.  
9 We've had four in the last month, but typically before  
10 that, it's an inept sixth year --

11 MR. UBOLDI: We've had quarterly meetings plus  
12 specialty meetings.

13 MR. PARROTT: I'd say we have had about six, six  
14 meetings.

15 MR. VOWELS: All of you are generally there at these  
16 half dozen meetings?

17 MR. PARROTT: Yes, yes, sir.

18 MR. LEE: By comparison the Mirage Resorts board met  
19 monthly.

20 MR. MILCAREK: Looking farther down the road, this  
21 company is not the most profitable on the river. Are you,  
22 are you willing to put the energy into making it a  
23 profitable and a successful company or are you looking for  
24 an outlet perhaps to, to make it a little more appealing  
25 for someone to come along in the not too distant future and



1       acquire this company?

2               MR. PARROTT: Dan should answer that, but just for the  
3 board, we're certainly committed to make it work.

4               MR. LEE: When I went down and looked at it I was very  
5 pleasantly surprised frankly. In many ways they copied  
6 things out of Bellagio which was Mirage Properties and I  
7 financed and was very proud of, some similar light  
8 fixtures, similar color palate. The standard guest rooms  
9 are virtually identical to Bellagio.

10               After spending some time there and looking around  
11 there is an obvious shortfall. It only has 308 guest  
12 rooms. By comparison the theater can seat between fifteen  
13 hundred and nineteen hundred depending on how you move  
14 seats around. The casino has twenty-six hundred gaming  
15 positions and we only have 308 guest rooms.

16               I believe we have -- we're also locationally  
17 challenged. I would say we are 45 minutes from Cincinnati  
18 where there are two other boats that are closer. We're an  
19 hour and 15 minutes from Louisville, but there are two  
20 other -- but again, two other boats, gambling boats are  
21 closer. So how do we get people to come to our beautiful  
22 little place up in Switzerland County? If you look at one  
23 tank of gas from Belterra there are forty-five million  
24 people. By comparison one tank of gas from Las Vegas it's  
25 twenty million people. And the people who live in that



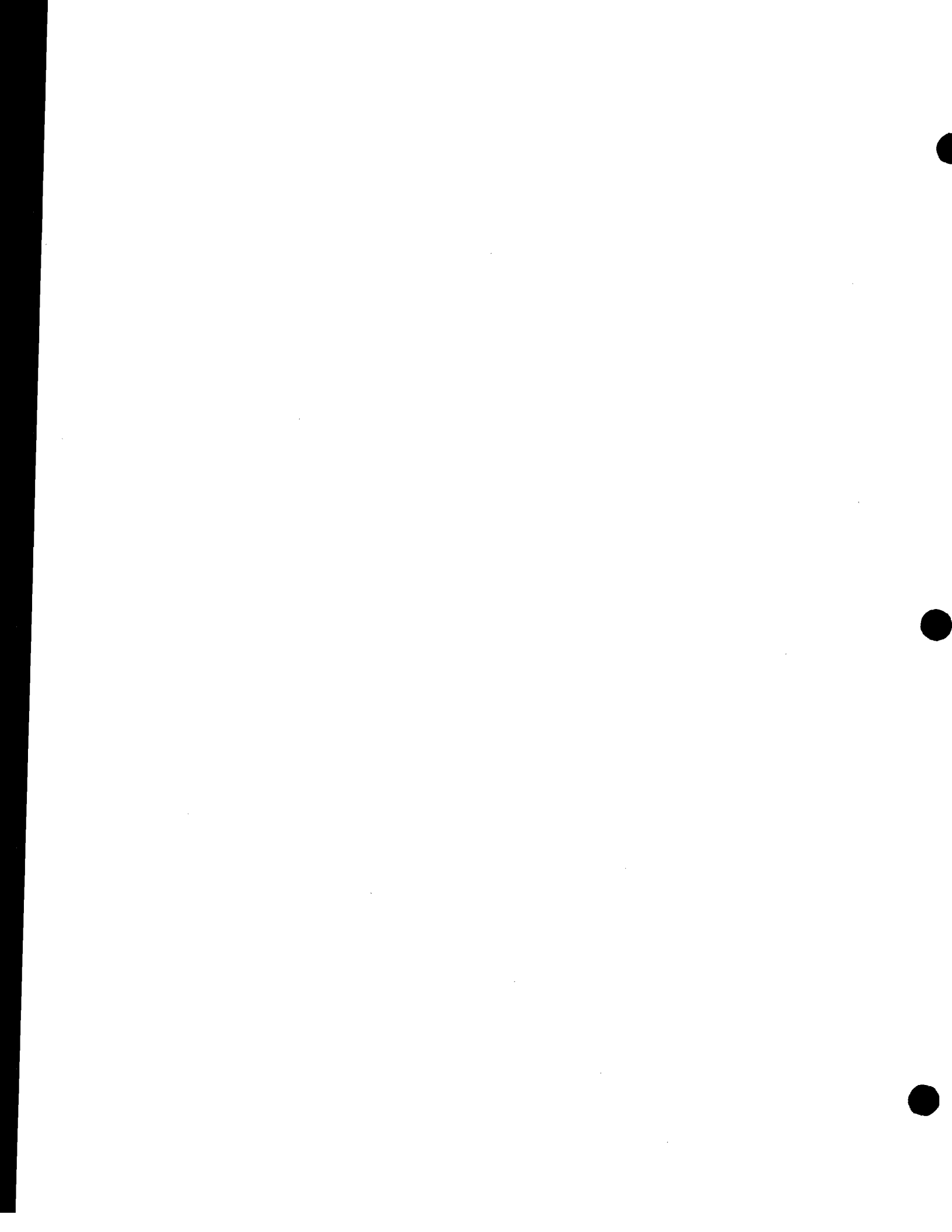
1 city within that 300 miles are about half the Las Vegas  
2 gaming revenues. So there's huge potential even in our  
3 isolated location.

4 When you drive to Las Vegas from Los Angeles when you  
5 cross the state line at the state line there are casinos  
6 and you are still a half an hour away from Las Vegas. Most  
7 people drive past them to get to Las Vegas because it's a  
8 better product and I think we can do the same thing here.  
9 How do you get somebody to drive a little bit further for  
10 the better product? If it's somebody from Cincinnati and  
11 it's 15 minutes to Argosy and 45 minutes to ours we are the  
12 better product, but we are three times as far. If you go  
13 to somebody from Columbus it's three hours to Argosy, three  
14 and a half hours to us, approximately. Dayton, similar in  
15 Pittsburgh, it's four hours for them, four and a half hours  
16 to us. All of a sudden the extra half hour doesn't sound  
17 very far. And we are a better product. But that person  
18 driving from Columbus, Pittsburgh or from Cleveland needs  
19 to stay the night and we don't have enough rooms. And I've  
20 -- I have -- we've been running 96 percent occupancy --

21 MR. UBOLDI: Ninety-seven percent.

22 MR. LEE: -- ninety-seven percent in April so we are  
23 running very high occupancy. Now forget what we invested a  
24 year ago, which is two hundred and fifty million dollars --

25 UNIDENTIFIED SPEAKER: It's hidden some cost.



1 MR. LEE: -- the 9.0, it's done. The stock market has  
2 already discounted it. Our stock used to routinely be in  
3 the twenties, today it's about \$11 a share. We have  
4 twenty-five million shares outstanding so the value of the  
5 company has fallen about \$250,000,000 since we've opened  
6 Belterra so that the street public says, "Well, Belterra is  
7 a big zero so don't expect much."

8 I look at it as a huge asset because I can build 300  
9 guest rooms and it costs about thirty million dollars and  
10 we've gone through the math and provided it to you in one  
11 of those handouts of what would the return on the  
12 investment on the incremental 30 be? And the answer is the  
13 return on that investment is very high, probably in excess  
14 of 25 percent and, and that's just because you don't have  
15 to have more gaming positions, you don't need a bigger  
16 front desk, you don't even need extra elevators. We can  
17 just extend the towers that we have. And so the return on  
18 that investment has been very good and we can build this in  
19 stages 'cause as we laid it out we said, "Well, we found  
20 two places we can put a 300-room tower." We said, "Well,  
21 let's build this way first." I said, "Alain as soon as you  
22 build those rooms we'll look at going back and building  
23 another one because this property could be a 900-room  
24 property some day, it has a big enough casino to  
25 accommodate that.





1           And so that's, that's where we're coming from and yes  
2 we're very much dedicated to expanding this, being a very  
3 important part of Switzerland County and growing the area  
4 around us and to that extent I think we, as a company, are  
5 probably more optimistic about this investment than some  
6 other buyer is likely to be. If we take the route of  
7 having to sell this we would go have to find somebody else.

8           Of course the state law says no one party can hold  
9 more than two riverboats so you end up excluding about half  
10 of the potential buyers. Then you start getting with the  
11 other buyer and you hopefully find somebody and then are  
12 they stretching to buy it in the first place and not  
13 capable of expanding. We are capable of expanding. We  
14 have a hundred and fifty million dollars in cash. We need  
15 only about 30 of that to run our regular operations and so  
16 that leaves ample funds for us to build rooms and do  
17 whatever.

18           MR. MILCAREK: So are you committed to Indiana into  
19 making this a success, not selling it, not offering it into  
20 the near future?

21           MR. LEE: If you will permit us we will do a great  
22 job.

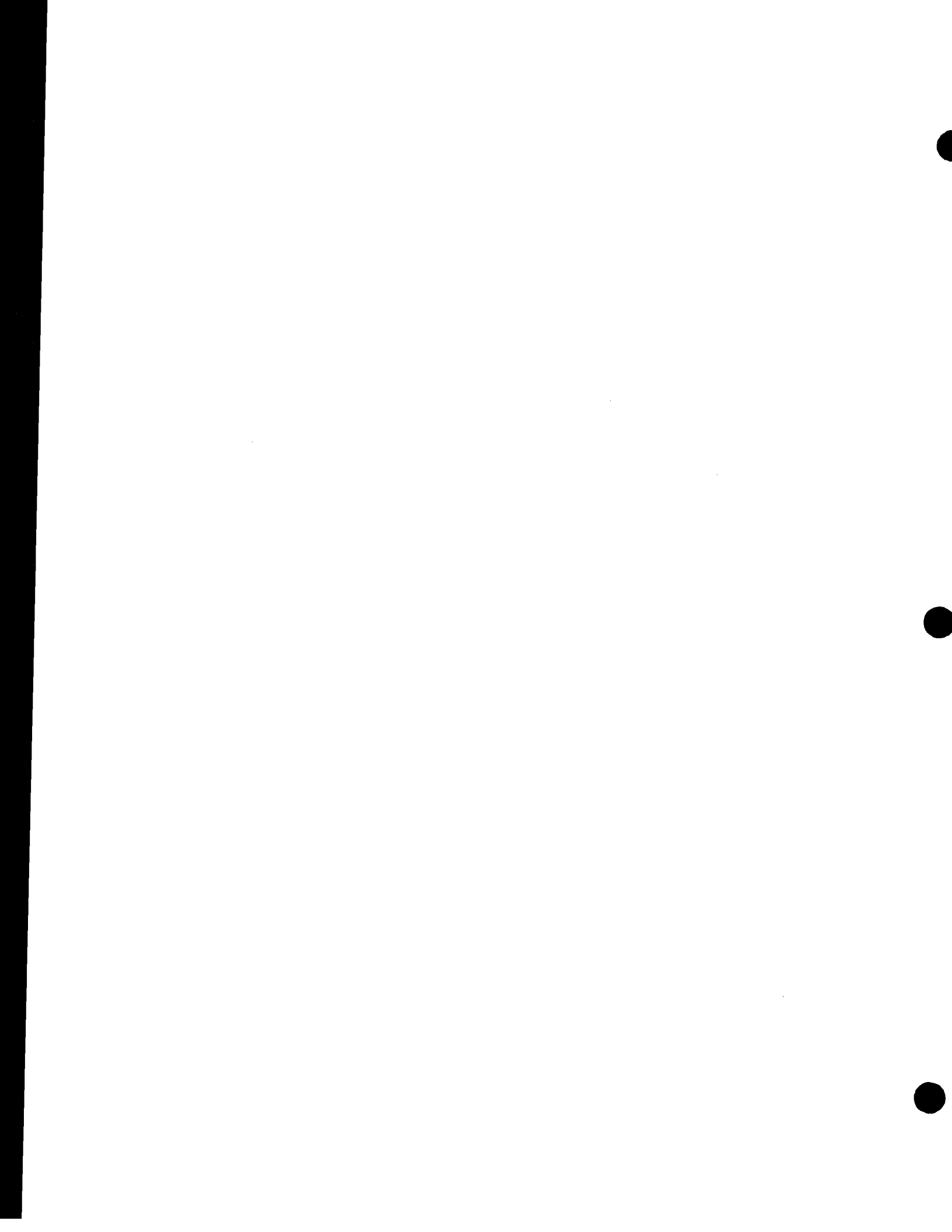
23           MR. VOWELS: Let me just kind of sound out where I am  
24 on this thing and maybe some of the others can do the same  
25 thing. My concern -- well, back up a second. This company



1 seems to be better set for the future because of what  
2 happened than they, than they were before all of this stuff  
3 went down. And all along that's been sort of the problem  
4 is that the gaming experience of, of in the approach and it  
5 seems that that might be on course, the board of directors'  
6 eyes have been opened to be more involved, there's  
7 discussions about some checks and balances that they will  
8 not be in the dark on certain things.

9 The other thing is, as I stated earlier and my main  
10 concern, is that if this company stays or goes that that  
11 remain a viable riverboat casino so the people who are  
12 working there will not lose their jobs and be out on the,  
13 on the street. And again, that's where my, my whole  
14 problem is this that I'm comin and goin on is how do we do  
15 this so it doesn't impact negatively the people who work  
16 there and that's, that's what I really care about. If this  
17 company was told to go and another buyer would come in and  
18 buy this property and keep it going then that's okay with  
19 me.

20 So I don't know, I'm back and forth on it. I mean, I  
21 can say that this is it. The, the incident that's occurred  
22 here was brought on by one person in particular with, with  
23 a lot of other people acquiescing in what happened, even  
24 though I think it's fair to say that our concern is how far  
25 do those tentacles go into this company and is that the



1 culture of the company, has it gone away just because Mr.  
2 Hubbard's not around.

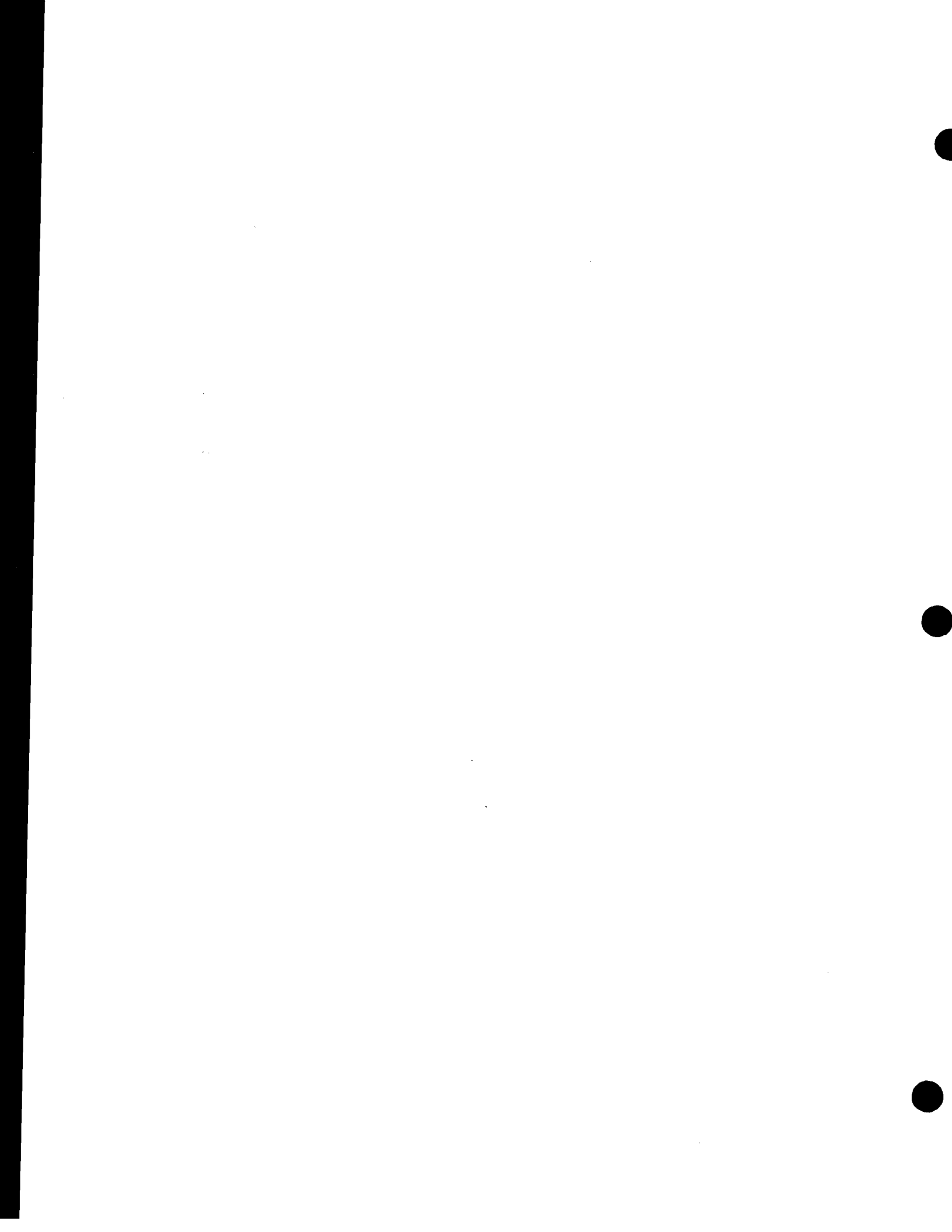
3 And so, so where I am is, is I could go either way.  
4 I'm leaning more towards probation and fine rather than,  
5 than ordering them to have some exit strategy. So that's  
6 why we're here, to talk so I can try to figure out where I  
7 am on this.

8 MR. MILCAREK: Well, Don, there's always a chain of  
9 command and if you, if you look at the old movies where  
10 the, where the little enlisted guy is driving the car and  
11 the general sitting in the back seat tells, him, you know,  
12 "Forget the gate, don't -- just go right through it" the  
13 little guy usually does it. And I think that might be the  
14 case here where even forewarned, you know it's gonna be a  
15 certain amount of consequences. When the gentleman sittin  
16 in the back seat gives you the order it's kind of tough not  
17 to follow it through.

18 MS. BOCHNOWSKI: We've had, you know, with this  
19 company and I think that all the people that were involved  
20 are gone, I think Mr. Alanis is leaving or has left and  
21 you're brand new, right?

22 MR. UBOLDI: Oh yeah.

23 MS. BOCHNOWSKI: You've had nothing to do with this,  
24 okay, otherwise you're -- I don't remember when you came  
25 in, okay. You know a lot of the issues that we've faced

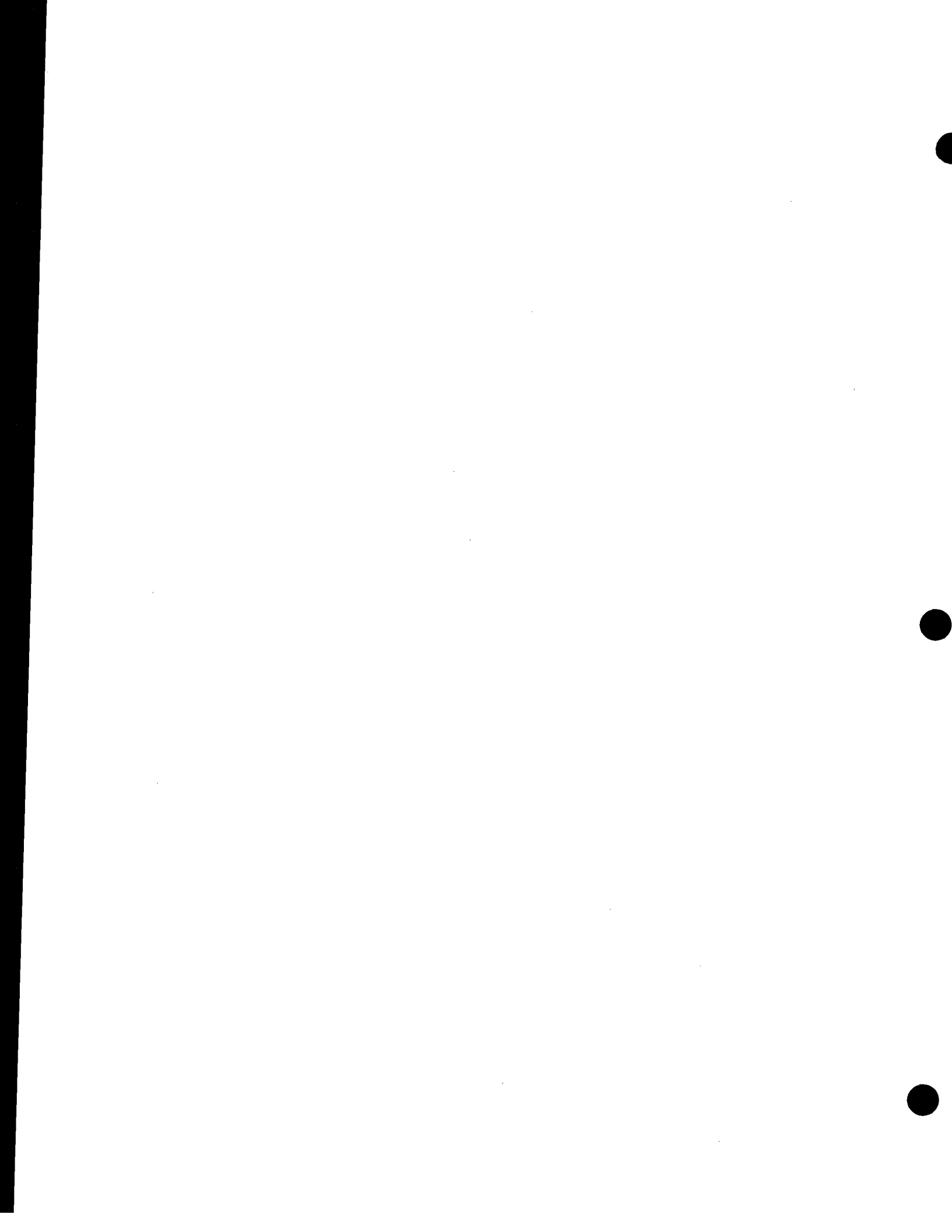


1 with this company have had to do with honesty. The  
2 MBE/WBE, we were lied to, I don't know any other way to put  
3 it, we were lied to. There was an issue with an interim  
4 manager who wasn't, wasn't licensed and, you know, we were  
5 lied to, lied to, lied to. Nobody ever told us about this.  
6 And if omissions are as good as lies so, you know, I'd just  
7 like to think that people who did this were gone and that,  
8 you know, we would be starting with a fresh slate.

9 I will tell you all along I've been, I mean, when I  
10 heard this it just, "Let's get rid of this people, I can't  
11 take it anymore, we're tired of this." You can't lie to  
12 us.

13 MR. LEE: I understand that. I've read those  
14 transcripts.

15 MR. VOWELS: How about if we do this. Maybe we go  
16 down the line here among the seven of us and direct our  
17 statements to Mr. Thar giving him an idea how each of us  
18 individually wishes for him to move forward on this. And  
19 I'll just start off and, and what I would be interested in  
20 is to see if he can come up with some sort of agreement  
21 with a substantial fine, with a suspension and with  
22 probationary status that's very tight and not necessarily  
23 of a short duration. So if there is a bump in the road  
24 that we don't have to go too far to pull the trigger here.  
25 So that's where I am on this. I'll commit to that and





1           whoever wants to pipe up next.

2           MS. BOCHNOWSKI: Well, if you want to go down the line  
3 I could probably, you know, as I said, my inclination was  
4 this is a concern, but, you know, I'm getting the  
5 impression that, that the general feeling is to try to work  
6 something through so that the company can keep going, but  
7 I'll tell ya, anything else happens I just could not be, I  
8 mean, I'm not forgiving at this point, but I wouldn't be  
9 generous.

10          MR. VOWELS: Anyone next?

11          MR. MILCAREK: Well, I feel strongly about, about  
12 keeping the jobs in Indiana and the revenue coming in and  
13 to send a signal to the, to the other casinos and operators  
14 in this state. I think Mr. Thar needs to have the  
15 authority to, to do what's right that won't, won't destroy  
16 the company or won't kill the patient, but yes, to send a  
17 strong enough signal and part of that should be a definite  
18 admission of guilt and wrongdoing by this company which I  
19 think they have.

20                 And as far as the suspension goes I would be in favor  
21 of a small, a small suspension, but nothing that would  
22 actually jeopardize the jobs or the position of the  
23 company.

24          DR. ROSS: I tend to go along with that and I, I think  
25 that we have here a new administration that is trying to do



1 their best and I think whatever -- and obviously the  
2 company needs to be punished for whatever they've done, but  
3 I think the punishment should not be severe enough to  
4 cripple the country -- the company who's already in trouble  
5 and that we can see this through and let them give a try at  
6 it.

7 MR. CARLTON: As keeper of the flame of gaming in the  
8 State of Indiana this Commission has a very delicate job to  
9 perform and it's so disappointing when two or three people  
10 have caused a situation which, which makes, makes it very,  
11 very difficult and Chairman Vowels is right. The  
12 antigaming faction in the state looks and they say, "Aha, I  
13 told you so, I knew it was gonna happen" and it just feeds  
14 on that time and time again. But I am not -- in other  
15 words, I feel like Chairman Vowels, I think we need to save  
16 the situation. There are so many people involved, so many  
17 lives affected that you can't let two or three people or  
18 one person in particular destroy that so I would be in  
19 favor of some sanctions and a fine.

20 MR. DARKO: I'm also in favor of continuing  
21 negotiating and not to insist upon, as I said, the capital  
22 punishment of revoking the license at this time. I think  
23 Commissioner Gettelfinger made an excellent point that the  
24 five or six directors who are involved are, are still  
25 involved and that's troublesome, but I think it's also



1       worth pointing out that no matter what we as a Commission  
2       do those five or six people are still subject to scrutiny  
3       and conceivably remedial action by, by other authorities.  
4       Shareholders can file derivative actions claiming damages  
5       because of a lack of action by the board if they wish to do  
6       so. The SEC conceivably can make and do an investigation  
7       and if a police officer, law enforcement officer or  
8       prosecutor thought that the director did have some  
9       knowledge of this they could conceivably be investigated  
10      for criminal violations of conspiracy. So we certainly are  
11      not letting the directors off the hook by continuing to  
12      negotiate.

13             I would say I don't want to get too, too detail-  
14      oriented, but I, I think a suspension of the license is the  
15      wrong way to go. A fine comes out of corporate assets and  
16      it, it hurts the shareholders who probably deserve to be  
17      hurt if they invested in the wrong company. A suspension  
18      comes from employees who either are not paid or don't get  
19      their tips. It comes from the state treasury because  
20      gambling wager taxes were not imposed. It comes from the  
21      county, it comes from the school districts, it comes from  
22      the wrong place. And I would suggest that if  
23      hypothetically we were looking at a two-day suspension of  
24      the license and we thought that would cost the company  
25      \$5,000,000 we have to move that over to the penalty side or



1 the fine side and, and not do a suspension. Like I say, I  
2 don't want to get too detail-oriented at this point.

3 MR. GETTELFINGER: Sometimes I believe the best thing  
4 to do is to start over and that's where I am with  
5 Belterra. I think it is time to start over and, and as I  
6 say, the directors were there, they should have had systems  
7 in place that would have done what could have been done and  
8 I think more could have been done. The information I have  
9 before me shows no rehabilitation or rechanging of the  
10 board whatsoever so I think it's time for a new start at  
11 Belterra.

12 MS. BOCHNOWSKI: Dale, do you mean like try to sell it  
13 and do an exit strategy?

14 MR. GETTELFINGER: Yes, that's correct.

15 MR. VOWELS: Mr. Thar you've heard the seven  
16 commissioners express their sentiments. Do you feel  
17 comfortable with understanding the direction that you  
18 should take this?

19 MR. THAR: I do presently. If I missed anyone, Mr.  
20 Gettelfinger was very straightforward about his position.  
21 Is there anyone who's also of that position? And I may  
22 have missed it.

23 MS. BOCHNOWSKI: You know, I, I can see both sides and  
24 that was up until this meeting my position. So I would not  
25 be uncomfortable with it, but I, I -- if you can negotiate





1 something where we can work it through I'll go along with  
2 that, so . . .

3 MR. THAR: So your first option reluctantly is to  
4 settle -- to explore a settlement?

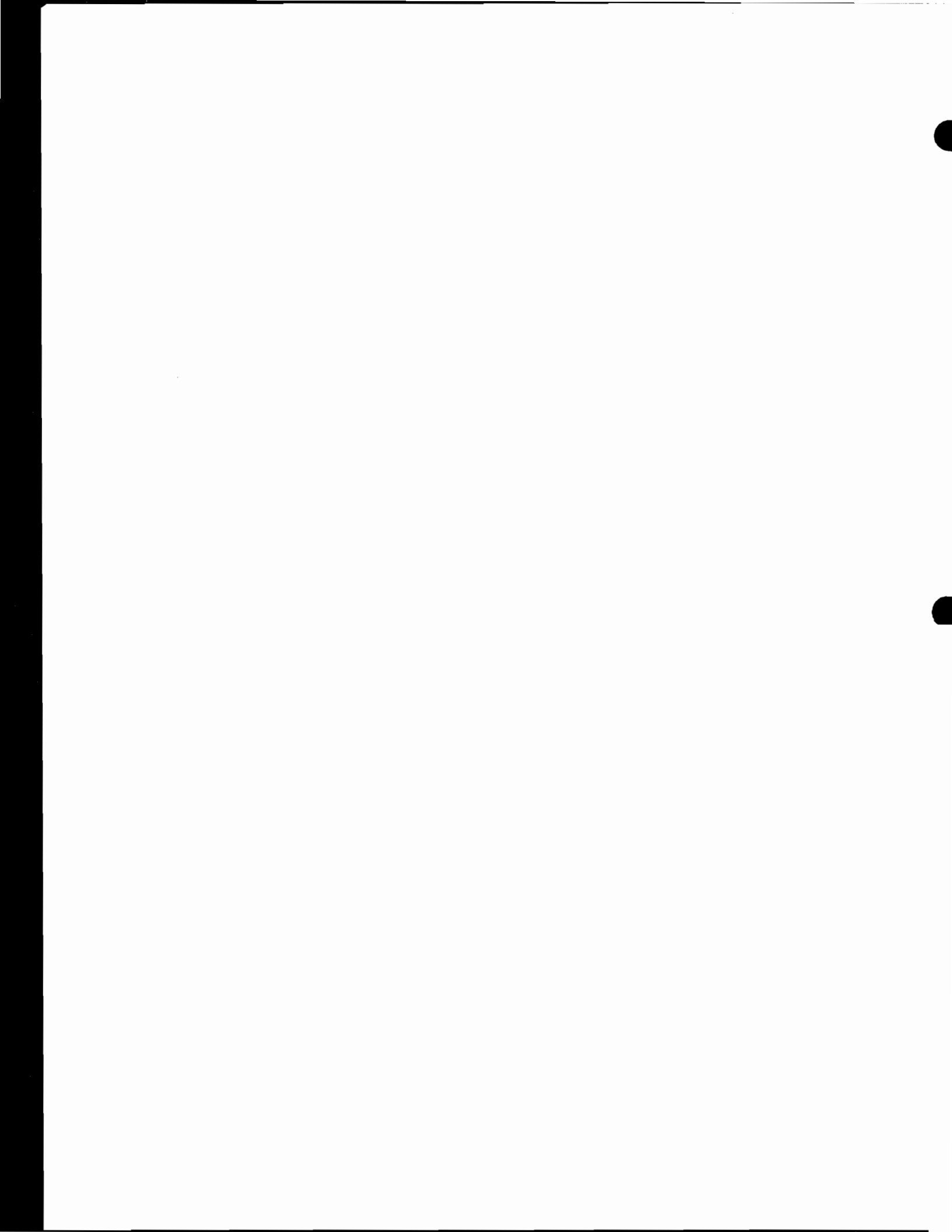
5 MS. BOCHNOWSKI: Yes.

6 MR. THAR: Okay, thank you. Anyone else?

7 MR. MILCAREK: Jack I also felt that way when we first  
8 discussed this. I was looking for a, for a way to, to  
9 benefit the state and the employees, to make this a much  
10 stronger company and I thought possibly that was the way to  
11 go, but I'm, I'm somewhat impressed by the new people  
12 they're putting in and maybe I'm easily fooled, but I don't  
13 know, but I've, I've since gone in the direction I would  
14 like to see them have another try.

15 MR. THAR: Then I will take from this statement from  
16 each of you commissioners that we will continue to explore  
17 in more detail, in greater depth the settlement which would  
18 contain a substantial fine, probationary license, the items  
19 set forth in Belterra's submission of a proposed  
20 settlement, explore whether or not a suspension or an equal  
21 monetary amount to the fine would be a better alternative  
22 and also such other things as may come up including what --

23 MS. BOCHNOWSKI: If it falls apart and they're  
24 unwilling to work with you then I think we have to revisit  
25 it.



1 MR. VOWELS: But I think they sat here and listened  
2 here today, that they wouldn't probably push us too far to  
3 go the other way.

4 MR. THAR: Well, I think the flip side is, is to turn  
5 to the chairman of the board, the chief executive officer  
6 and say, does your company -- you've heard the expressions  
7 of the direction that I'm being asked to go on behalf of  
8 this Commission. Does your company wish to negotiate along  
9 those lines or would your company say that it's too, too  
10 much?

11 MR. LEE: No, we would like to negotiate along those  
12 lines, try to prove to you that we can be good corporate  
13 citizens and that you'd be proud of giving us that chance.

14 MR. MILCAREK: Jack, I think it speaks for the company  
15 that they have their board of directors here. In the past  
16 they didn't and maybe they didn't have the news, they  
17 didn't get the messages, but now we have a firsthand line  
18 of communication here and they're definitely hearing what  
19 we say. We've eliminated all their excuses for the future  
20 so it's either going to work or it's not going to work with  
21 nothing in between.

22 MR. THAR: I agree with that observation that it takes  
23 a certain amount of new resolve to come into a jurisdiction  
24 and continue to be faced with the embarrassments that you  
25 have been and to just deal with it in the fashion that you



1 have, so . . . Is there anymore, Mr. Chairman or other  
2 members, that you would like to advise the staff with  
3 regards to the company?

4 MS. BOCHNOWSKI: In any kind of settlement agreement I  
5 would like it clearly stated because it concerns me, this  
6 whole thing with Mr. Hubbard, but probably you wouldn't  
7 want to deal with him anyway, but that there would be no  
8 way you could enter into partnerships with him or, you  
9 know, that there would be no contact whatsoever, that you  
10 could, you know, in some other jurisdictions, horse racing,  
11 whatever, he'd own part, you'd own part, I don't want any  
12 of that. I really don't want anything to do with him, I  
13 don't want any influence from him.

14 MR. VOWELS: Okay. Well, I think that's -- gives you  
15 the direction and you just let us know as we go. Perhaps  
16 we -- rather than taking -- is there anything further on  
17 that, Mr. Thar?

18 MR. THAR: If there's nothing further from any members  
19 of the Commission as it pertains to Pinnacle Entertainment  
20 and the Belterra Casino Property in Switzerland County I  
21 need to get a document, it's gonna take me about three  
22 minutes, so I would suggest a three-minute stretch break,  
23 okay? Or a five-minute restroom break and back in five  
24 minutes.

25 MR. VOWELS: We'll take five minutes.



1 (A short break was taken.)

2 MR. VOWELS: All right. We'll go ahead and call the  
3 meeting back to order. We'll call the meeting back to  
4 order now. All right, all the, all the commissioners are  
5 now present, are they not? Yes. All right. In the --

6 MR. THAR: There's one other thing with regard to the  
7 company.

8 MR. VOWELS: All right. There is, there is one other  
9 matter in reference to the company.

10 Mr. Thar, will you handle that?

11 MR. THAR: Yes. I probably should have brought this  
12 up during the course of the MBE/WBE discussions with regard  
13 to Belterra. Belterra has entered into a contract with TJ  
14 Foods, Inc. It calls for a seven percent markup, the  
15 actual markup is six percent. This had been discussed at a  
16 prior Gaming Commission meeting. Belterra's internal  
17 controls with regard to MBE/WBE said five percent and we  
18 said, "Submit the rationale as to why you should go beyond  
19 your five percent and go to six percent" and they have  
20 pointing out the inherent higher costs that accompany a new  
21 business. And it's in an Ice Miller letter dated May 9th,  
22 received May 9th which outlines volume purchasing, credit  
23 history slash payment terms, transportation costs,  
24 insurance costs. My recommendation to the Commission is we  
25 simply indicate to Belterra that these are sufficient





1 justifications to allow them to move ahead with TJ's.

2 MS. BOCHNOWSKI: Do you anticipate that once they kind  
3 of get their feet on the ground and they get into a mode  
4 where it, it becomes more routine that their cost might  
5 actually come down?

6 MR. LEE: I'm very new to this, but my guess is  
7 that --

8 MS. FLEMING: In my discussions with Mr. Beard and  
9 U.S. Foods and people -- the men who are the principals of  
10 TJ's, unless they can really expand the volume beyond these  
11 two riverboats they will not be able to lower their costs  
12 because of the, the increased transportation, the inability  
13 to buy large volumes and they, they can't compete with the,  
14 the two larger food services as far as their, their volume  
15 buying.

16 MS. BOCHNOWSKI: Okay.

17 MR. VOWELS: All right. We've all had the opportunity  
18 to look at this letter of May 9th from Ice Miller. Are  
19 there any questions about it? Okay. Mr. Thar that appears  
20 to be acceptable. Does anybody have any problem with it  
21 appearing to be acceptable? All right then.

22 MR. THAR: Thank you. Thank you.

23 MR. VOWELS: Thanks.

24 MR. THAR: The last item as it pertains to  
25 disciplinary actions as they relate to Belterra. I would



1 like to report to the Commission that we have recently  
2 begun some -- a positive track of settlement negotiations  
3 with regard to Mr. Alanis. I would ask the Commission to  
4 allow us to have 10 days, let's just say a week from this  
5 coming Friday will be approximately 10 business days, nine  
6 counting today, in which to either produce a document that  
7 in good faith I feel like I could submit to the Commission  
8 as something to view as a proposed settlement agreement or  
9 if that does not occur by the conclusion of a week from  
10 this Friday, that we will, we'll start drafting a  
11 disciplinary complaint.

12 MR. VOWELS: Is that all right with everyone.

13 We'll give you the go ahead on that Mr. Thar.

14 MR. THAR: Okay. The next item -- there is nothing  
15 further then under the business meeting agenda. The next  
16 item is the public hearing agenda, the sole issue being the  
17 consideration of license renewal for Harrah's Operating  
18 Company, Inc. Would the Commission wish to take a lunch  
19 break at this time?

20 MR. VOWELS: I think whatever the word is for lunch at  
21 2:35 in the afternoon. I think why don't we take a  
22 45-minute break.

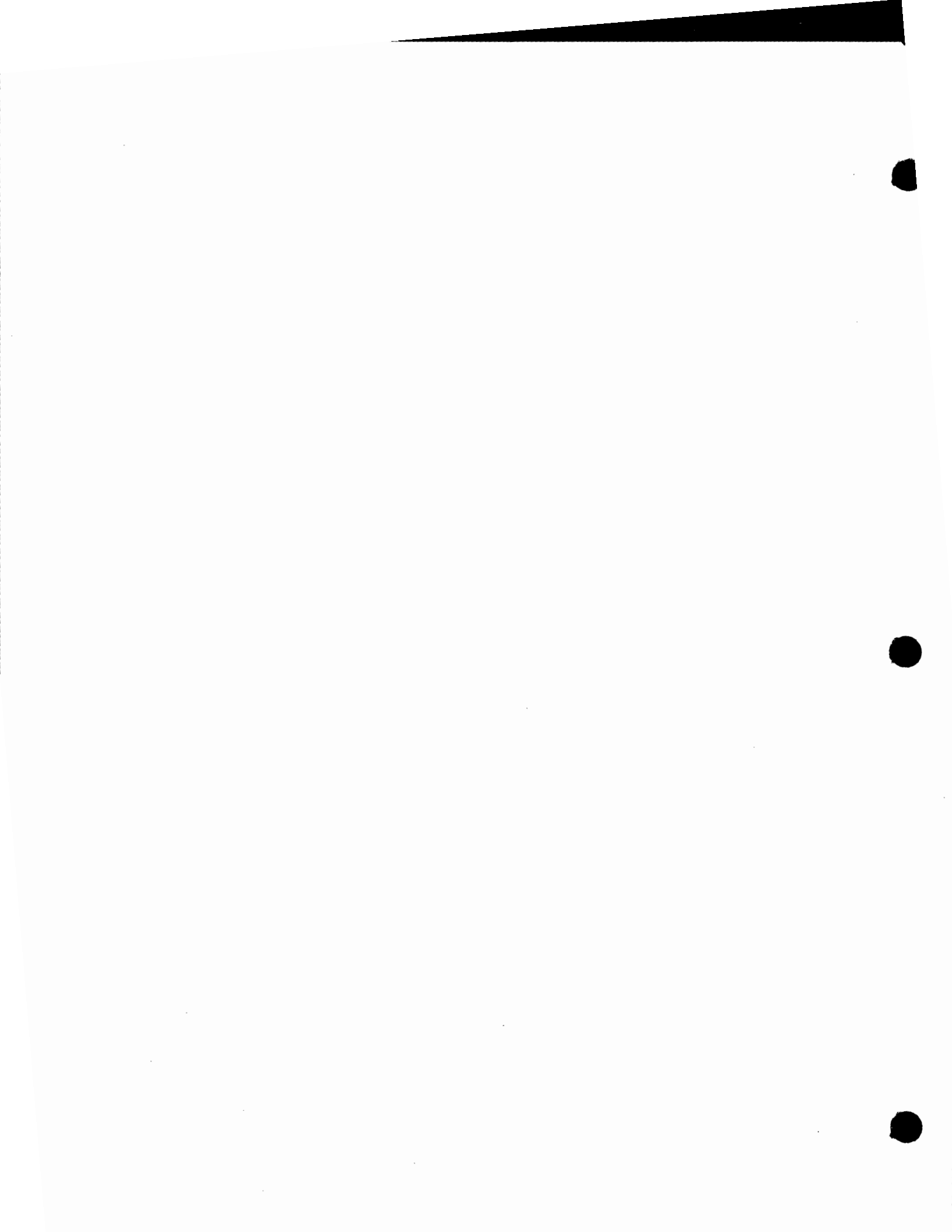
23 MR. THAR: How about 3:15?

24 MR. VOWELS: 3:15, a 50-minute break. So do we need  
25 to officially adjourn this business meeting?



1           MR. THAR: We are gonna adjourn the business meeting  
2 and then we will reconvene at a public hearing to be held  
3 in this room commencing at 3:15.

4                           (The meeting was adjourned  
5   at 2:25 p.m.)  
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1 STATE OF INDIANA )  
 ) SS:  
2 COUNTY OF LAKE )

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REPORTER'S CERTIFICATE

7

8 I, PAMELA J. BEAUVAIS, do hereby certify and state the  
9 above and foregoing 53 pages is a true, correct and complete  
10 transcript of the INDIANA GAMING COMMISSION PUBLIC HEARING,  
11 taken by me on said date, transcribed by me from my original  
12 stenotype notes, and reduced to typewriting by me. I further  
13 certify that I am not related to, employed by, or interested in  
14 any party to this action.

15

IN WITNESS WHEREOF, I hereby affix my name and seal this

16

24th day of June, 2002.

17

18

SEAL

19

20

Pamela J. Beauvais  
PAMELA J. BEAUVAIS, CSR, RPR,  
Notary Public

21

22

23

24

My commission expires May 20, 2007.

**PAMELA J BEAUVAIS  
NOTARY PUBLIC STATE OF INDIANA  
LAKE COUNTY  
MY COMMISSION EXP. MAY 20, 2007**

25

