

INDIANA GAMING COMMISSION BUSINESS MEETING

March 9, 2006
Blue Chip Casino
Michigan City, Indiana

Call to Order and Roll Call:

Chairman Harold Calloway called the meeting to order at approximately 10:40 a.m. local time. A quorum was present. Don Vowels, secretary, was absent.

Present:

Commission Members: Harold Calloway, Chair; Bryan Robinson, Tim Fesko, Marya Rose, Scott Newman and Tim Murphy. Commission Staff: Ernest E. Yelton, Jennifer Arnold, Phil Sicuso, Jenny Chelf, Michelle Marsden, Angie Bunton, Andrew Klinger, Martin Cordero, Tami Timberman, Major Carlos Pettiford, Indiana State Police, and members of the public.

Approval of the Minutes:

Upon motion by Scott Newman, second by Bryan Robinson, and the unanimous vote of those present, the Commissioners approved the proposed minutes of the November 17, 2005 business meeting.

Report of the Executive Director:

Executive Director Yelton reported that on February 1, 2006, Boyd Gaming unveiled the new Blue Chip Casino, which increased its square footage from 25,000 to 40,000. This created over 400 construction jobs. This also resulted in an 8.4 million dollar increase in revenues this February over last February.

Executive Director Yelton reported that Susan Brodnan, Deputy General Counsel, resigned the Commission to move to Florida. Andrew Klinger was promoted to Deputy Counsel to replace Susan. Leanne Bailey, staff attorney, also resigned. Clarence Long, a former employee, permanently retired. Lea Ellingwood was hired, along with Adam Packer. Matt Shouse rejoined the Commission to replace Clarence Long. Sherry Green and Jennifer Brown were hired by the Investigation and Background Division and Enforcement. Also, Martin Cordero was hired as Program Coordinator for the Compliance Division. Further, Jenny Chelf, Director of Compliance, submitted her resignation effective April 10, 2006.

Executive Director Yelton reported on the ongoing litigation with the City of East Chicago. The judicial review of the administrative action approving the transfer of the license from Harrah's to Resorts in LaPorte County has been stayed by an agreement for 90 days. The Marion County

action challenging our compliance with Indiana's public access to records lawsuit has been dismissed without prejudice. The Attorney General has consented to withdraw its motion for the Commission to intervene in the Marion County litigation filed by Second Century for declaratory judgment.

Pinnacle has filed a Motion to Dismiss our participation in federal court regarding the attempted exercise of stock options by R.D. Hubbard.

Two legislative initiatives have passed this session, the first of which was HB 1101 concerning the disclosure of IGC records. The IGC experienced a judicial challenge last year from the City of East Chicago requesting disclosure of PD-1's. We were not found in violation for our refusal to comply. The IGC brokered an agreement with Steve Key, legal counsel for the Hoosier Press Association that statutorily protects the data of applicants, their spouses and children. Representative Walorski, author of this bill, has stated she will concur with our amendments. SB100 will effectuate the removal of Charitable Gaming from the Department of Revenue and place it with the Indiana Gaming Commission. The effective date of this bill is July 1, 2006.

As reported at the last meeting, the Commission is conducting a disparity study to establish goals for minority and women owned business utilization. An advisory group has now been formed, whose members include Senator Earline Rogers, Senator John Nugent, Representative Matt Whetstone, Representative Greg Porter, former Indiana Supreme Court Justice Myra Selby, Bernie Kirkland of Governor's Daniels' office, Darrell Ragland, Sr. and Mike Smith. Their first meeting was February 15. The advisors recommended that a greater outreach effort be made and staff is working to execute a more aggressive outreach plan.

In December of 2005, the Commission hosted the inaugural meeting of the Internet Gambling Task Force. Approximately 40 people from ten states, three federal agencies and representatives from the Royal Canadian Mounted Police attended. Earlier this week, Phil Sicuso, Garth Brown and Jim Beebe attended the second meeting of the task force in St. Louis, Missouri. The mission of the task force is to significantly diminish illegal Internet gambling through coordinated sharing of resources, enforcement and education.

Waiver of Rules and Regulations:

Executive Director Yelton reported that all riverboats were granted a waiver expanding the check-cashing aggregate limit from \$500 to \$1,000.

Caesars was granted a waiver, such that the quantities of secondary value chips required is only 50 percent of the quantity of primary value chips for \$1.00 denominations only.

Horseshoe received relief from the requirement to record the signature and occupational license number of an employee on the MTL log.

Argosy received waiver of the requirement to issue admission tickets. Argosy will utilize two sets of turnstiles instead.

Caesars received relief from the restriction of the number of wagering spots on a blackjack table to allow three, four, five, six or seven spot layouts.

Horseshoe was granted a waiver of the requirement for jet sort testing, also due to TITO. Caesars received relief from the requirement that the entire set of value chips be placed into play when the primary set is removed. Commission will allow replacement by denominations.

Belterra and Caesars have both been granted permission to store casino records across state lines.

Aztar received permission to combine hard and soft count.

Blue Chip received relief from the requirement to have drop doors on slot faces for the new vessel due to TITO. Blue Chip also received relief from various regulations relating to token exception of EGDs, inventory of tokens, meters, token acceptors, hard count, and appropriate token-in error conditions, hoppers, revenue audit, and compliance audits.

Blue Chip received permission to cash checks issued to entertainers under certain circumstances.

Resorts received relief from flexible boarding requirement of two security guards at all times at Resort's VIP boarding due to lower volume in that area.

Grand Victoria received permission to reflect the destruction of a makeup deck rather than the specific origin of each particular card on the card destruction log.

Caesars received permission to cash nonpayroll jackpot checks written by Caesars or sister properties and checks written by Caesars to entertainment vendors under certain circumstances as well.

Argosy received relief from the requirement of including a photo of the patron on the MTL log under certain circumstances.

Majestic I and II received permission to utilize Trump secondary chips on Majestic II during a three month transition period. Majestic Star also received relief from rules requiring the name of the riverboat licensee to appear on value chips, promotional chips, nonvalue chips, playing cards, dice, table layouts, and the 25 cent tokens so that Majestic can continue to utilize Trump items during the transition period.

All boats received permission to have an EMT on property rather than on the vessel at all times. The riverboats will also have leeway if an EMT is absent because he or she is responding or would need to be responding to an emergency situation.

Majestic has received permission to have one EMT on property for both vessels.

The riverboats received temporary waiver of a requirement that EMTs would be employees of the licensee to allow for contracts with emergency services.

Caesars received temporary relief from the requirement to complete the meal log during a conversion of their slot management system.

Report of Superintendent

Deputy Director Jennifer Arnold presented the report of the Superintendent. The first class began training at the Law Enforcement Academy on February 6th and there are 19 recruits. Their anticipated graduation date is March 29. They will then be assigned to the Majestic Star vessels, where they will take over from the Indiana State Police after a three week training period. The troopers serving there will be reassigned. The application process for agent positions at Aztar, Blue Sky and Caesars was closed on March 1. It is anticipated that the successful applicants for those positions will begin their training on May 31st and graduate July 25. Also on March 1 the application process was opened for Argosy, Belterra and Grand Victoria, with applications being accepted until March 22. These recruits will report to the Law Enforcement Academy on June 26 and graduate in mid August. Superintendent Mahan and his executive staff had contacted almost every sheriff and chief of police in the riverboat and surrounding communities, along with advertising in newspaper and posting the positions in almost every university and college in Indiana and the surrounding areas. They will also be participating in the Black Expo Job Fair in July. The investigators have addressed the backlog of occupational licenses and most investigations are being completed within eight weeks of assignment. They are also reinvestigating supplier licenses as statute requires them to be reinvestigated every three years.

Old Business:

There was no old business.

New Business:

Update on Orange County

Vernon Back, counsel for the Lauth Group, reported that they recently started to fill positions within Blue Sky. They have also begun a search for a CFO candidate. A construction update was also given, along with a Minority/Women's business update.

Resolution 2006-1

Resolution granting the Executive Director the Authority to Issue Subpoenas and Subpoenas Duces Tecum.

Action: Upon Motion by Tim Fesko, second by Marya Rose, and unanimous vote of those present, the Commission adopted Resolution 2006-1. The Commission requested the Executive Director to report at each meeting the recipient of any agency subpoenas.

++Rule Exclusion List:

Resolution 2006-2

Resolution adopting LSA Document #05-199, which contains amendments to 68 IAC 12-1, as Final rules regarding surveillance operations.

Action: Upon Motion by Marya Rose, second by Tim Fesko, and unanimous vote of those present, the Commission adopted Resolution 2006-2.

Update on the Exclusion of Robert Wilson

Commission staff requested an extension of time of sixty days for issuing a final Order to and including June 30, 2006. Mr. Wilson's time to file an Objection to the ALJ's findings of fact has not yet expired.

Action: Upon Motion by Scott Newman, second by Tim Fesko, and unanimous vote of those present, the Commission granted the extension of time so that Mr. Wilson's right to object will be preserved and the Commission will have an opportunity to review the record in full.

Occupational License Matters:

Order 2006-3

**Order of the Indiana Gaming Commission Concerning the
Disciplinary Action against the Occupational License
of Jackie Humanski
05-OL-HH-01**

Jackie M. Humanski, a level 2 occupational licensee employed by Horseshoe Casino as a Cage Cashier, failed to respond to the Commission staff's repeated requests for information and documentation that the Commission staff deemed necessary to ensure that the licensee met the licensing requirements set forth in the Gaming Act and Title 68 of the Indiana Administrative Code. On or about September 20, 2005, Commission staff filed a complaint for disciplinary action against Ms. Humanski. The Complaint was submitted to an Administrative Law Judge. On December 12, 2005, Ms. Humanski was terminated from her employment with Horseshoe. As a result, Commission staff has moved that the Complaint be withdrawn. The Administrative Law Judge issued a Recommended Order Granting Complainant's Motion to Withdraw Complaint for Disciplinary Action.

Action: Upon Motion by Scott Newman, second by Bryan Robinson, and unanimous vote of those present, the Commission approves Order 2006-3 to withdraw the Complaint for Disciplinary Action against Jackie Humanski.

**Order of the Indiana Gaming Commission Concerning the
Revocation of a Temporary License and Denial of the
Application for an Occupational License of Dennis Guthrie
HH-DEN-06-1**

On or about June 7, 1996, Dennis Guthrie submitted an application to the Commission for a level one occupational license to work as a Captain at Horseshoe Casino. An investigative report concerning Mr. Guthrie's background was never completed and he continued to work under a temporary license for several years. Mr. Guthrie submitted a new application in October of 2004. Mr. Guthrie disclosed in his application that he had a felony conviction for possession of a controlled substance, a violation of IC 4-33-8-3. He further disclosed in his application two misdemeanor convictions for possession of a controlled substance, a violation of 68 IAC 2-3-5(c)(8). Finally, the Gaming Division's background investigation revealed that Mr. Guthrie did not file individual tax returns in Indiana for the tax years 1999 through 2003. At the time this investigation was concluded, Mr. Guthrie was not in good standing with the Indiana Department of Revenue, a violation of 68 IAC 2-3-5 (c) (13). Based on the foregoing, Commission staff revoked Mr. Guthrie's temporary license. Commission staff recommends Mr. Guthrie's application for permanent license be denied.

Action: Upon Motion by Scott Newman, second by Bryan Robinson, and unanimous vote of those present, the Commission denied Mr. Guthrie's application for a permanent license.

**An Order of the Indiana Gaming Commission
Concerning the Reinstatement of the Temporary Occupational
License of Raymond Anderson
TR-DEN-06-01
Order 2006-5**

In August of 2005 Mr. Anderson received a Level 3 temporary license to work as a bar coder at Trump Casino. He disclosed several arrests on his application and the Commission requested court documentation regarding the arrests. Several letters were sent to Mr. Anderson and he initially did not respond. His license was revoked. Mr. Anderson has attempted to fax his information but it was not received. Mr. Anderson has now resolved that issue and court documentation revealed no issues that would make him unsuitable for licensure. Commission staff recommends reinstatement of Mr. Anderson's license.

Action: Upon Motion by Tim Fesko, second by Tim Murphy, and unanimous vote of those present, the Commission approves and adopts Order 2006-5 approving the reinstatement of Raymond Anderson's temporary occupational license.

**An Order of the Indiana Gaming Commission
Concerning the Request for Waiver of Felony Disqualification of
Daniel Collins
FW-06-01
Order 2006-6**

On or about December 28, 2005, Daniel Collins applied for a level three occupational license to work as a deckhand at Caesar's Casino. He disclosed in his application that he had two felony convictions and his application was denied. On or about December 30, 2005, Mr. Collins filed a waiver of his felony disqualification pursuant to Indiana Code. On February 16, 2006, a hearing was held to consider this request. The review officer issued his written Findings of Fact and Recommendation to the Commission that the request of a waiver of the felony conviction disqualification of Mr. Collins be approved. Commission staff requests this recommendation be adopted.

Action: Upon Motion by Scott Newman, second by Marya Rose, and unanimous vote of those present, the Commission approves Order 2006-6 which adopts the recommendation of the review officer granting Mr. Collins' request for a waiver of his felony disqualification.

Supplier License Matters:

Order 2006-7

An Order concerning the renewal of Chipco International's Supplier's License. Commission staff requests an extension of time of three months until June 30, 2006, to continue its investigation into Chipco's renewal.

Action: Upon Motion by Bryan Robinson, second by Tim Murphy, and unanimous vote of those present, the Commission approves the extension of this matter until June 30, 2006.

Order 2006-8

An order concerning the renewal of VendingData Corporation's Supplier's License. Commission staff requests an extension of time of three months until June 30, 2006, to continue its investigation into VendingData's renewal.

Action: Upon Motion by Scott Newman, second by Bryan Robinson, and unanimous vote of those present, the Commission approves the extension of this matter until June 30, 2006.

Order 2006-9

A Order concerning the renewal of Supplier's Licenses for WMG Gaming, Inc., Bally Gaming, Inc., Dallman Systems, Inc., Atlantic City Coin and Slot Service, Inc., and Certegy Transaction Services, Inc. Commission staff recommends the renewals of the licensees.

Action: Upon Motion by Tim Fesko, second by Marya Rose, and unanimous vote of those present, the Commission approved Order 2006-9 which grants the renewal of the licenses of each of the suppliers for a period of one year.

Riverboat Owner's Matters:

Resolution 2006-10

A Resolution Granting the Executive Director Authority to Waive Requirements and Procedures in 68 IAC 5-3-2, and Approve Debt Transactions Pending Ratification by the Full Commission.

Action: Upon Motion by Scott Newman, second by Tim Fesko, and unanimous vote of those present, the Commission adopted Resolution 2006-10 which grants the Executive Director authority to waive requirements and procedures of 68 IAC and to report to the Commission at the next meeting for final ratification of same waiver.

Order 2006-11

An Order Concerning the Commission's Waiver of 86 IAC 5-3-2 and Approval of the Financing Proposal Presented by Harrah's Entertainment. Inc.

Action: Upon Motion by Scott Newman, second by Tim Murphy, and unanimous vote of those present, the Commission adopted Order 2006-11 approving a series of proposed debt transactions which were analyzed and approved by Dr. Charlene Sullivan. The Commission further waived the "two meeting requirement" of 68 IAC 5-3-2-(2) and (3).

Order 2006-12

An Order Concerning the Commission's Waiver of 68 IAC 5-3-2 and Approval of the Amended Financing Proposal Presented by Blue Sky Casino, LLC.

Action: Upon Motion by Tim Murphy, second by Mary Rose, and unanimous vote of those present, the Commission adopted Order 2006-12 approving proposed amendments to the financing package increasing the principal amount of Blue Sky's financing from \$270 to \$300 million, which was analyzed and recommended by Dr. Charlene Sullivan. The Commission further waived the "two meeting requirement" of 68 IAC 5-3-2-(2) and (3).

Order 2006-16

Order Renewing the Riverboat Owner's License of RIH Acquisitions, LLC.

Action: Upon Motion by Tim Fesko, second by Marya Rose, and unanimous vote of those present, the Commission adopted Order 2006-16 approving the renewal of Resorts riverboat owner's license for a period of one year.

Voluntary Exclusion Program:

**Orders Concerning
The Voluntary Exclusion Program
Case No. VEP-06-01
Case No. VEP-06-02
Case No. VEP-06-02
Order 2006-13
Order 2006-14 &
Order 2006-15**

Under Order 2006-13, John Doe #1 won \$19,000 at Argosy Casino. Argosy withheld the winnings as required by Commission regulations. Commission staff recommends approval of the remittance of the winnings as a fine levied against John Doe #1.

Under Order 2006-24, John Doe #2 won \$2,400 from Grand Victoria Casino. Grand Victoria withheld the winnings as required by Commission regulations. Commission staff recommends that you approve the remittance of these winnings as a fine levied against John Doe #2.

Under 2006-15, John Doe No. 3 won \$1,818 at Majestic Star Casino. Majestic Star withheld the winnings as required by Commission regulations. Commission staff recommends that you approve the remittance of these winnings as a fine levied against John Doe No. 3.

Action: Upon Motion by Tim Fesko, second by Marya Rose, and unanimous vote of those present, the Commission approved Orders 2006-13, 14 & 15 as recommended by Commission staff.

Disciplinary Action:

**Settlement Agreement of
Horseshoe Hammond, Inc.
06-HH-01
Order 2006-17**

A settlement agreement was reached regarding a minor who was about to enter the Horseshoe Hammond vessel. Horseshoe has agreed to pay a fine of \$4,500. Commission staff recommends the approval of the settlement agreement.

Action: Upon Motion by Bryan Robinson, second by Marya Rose, and unanimous vote of those present, the Commission approved the proposed terms of the agreement.

**Settlement Agreement of
Caesars Riverboat Casino, Inc.
06-CS-01
Order 2006-18**

A settlement agreement was reached which involved three counts, the first of which involves Caesar's violation of approved internal control procedures that would require security rather than deck hands to take on-board patron count at 6:00 a.m. every morning. Caesar's internal audit identified the problem but they failed to promptly correct it. The second count involves problems with the Voluntary Exclusion Program regulations, which prohibits casinos from sending promotional materials to the VEP participants. The third count is a violation of sensitive key regulations. Caesars agreed to pay a total fine in the amount of \$91,000. Commission staff recommends the approval of the settlement agreement.

Action: Upon Motion by Marya Rose, second by Bryan Robinson, and unanimous vote of those present, the Commission approved the proposed terms of the agreement.

**Settlement Agreement of
Blue Chip Casino, LLC
06-BC-01
Order 2006-19**

A settlement agreement was reached which involved four counts. The first pertained to a bar patron who was allowed to board the casino. The second details a violation of 68 IAC 8-2-2, which requires a licensed EMT to be on the vessel. The third involves a situation where a voluntary exclusion patron received a credit card cash advance at the case. The fourth involves fourteen expired permanent occupational licenses which had not been renewed. Blue Chip has agreed to pay a total fine in the sum of \$94,000. Commission staff recommends the approval of the settlement agreement.

Action: Upon Motion by Marya Rose, second by Tim Fesko, and unanimous vote of those present, the Commission approved the proposed terms of the agreement.

**Settlement Agreement of
Indiana Gaming Company, L.P.
06-AG-01
Order 2006-20**

A settlement agreement was reached with regard to a fine against Indiana Gaming Company, LP, or Argosy, which involved employees who failed to renew badges in a timely manner. Argosy has agreed to pay a fine of \$22,500 in settlement of this matter. Commission staff recommends the approval of the settlement agreement.

Action: Upon Motion by Scott Newman, second by Tim Fesko, and unanimous vote of those present, the Commission approved the proposed terms of the agreement.

**Settlement Agreement of
Belterra Casino and Resort
06-BT-01
Order 2006-21**

A settlement agreement was reached with regard to five counts. The first is a violation of sensitive key regulations. Count 2 is a situation where some cards were missing, and it was determined that surveillance coverage of the area was inadequate. Count 3 involves a minor patron was allowed to board the vessel and Count 4 involves a situation in which security issued vendor badges to underage vendors who were replacing the carpet. The fifth count involved violation of employee redemption laws that occurred as part of Belterra's audit. Belterra has agreed to pay a fine in the amount of \$21,500.

Action: Upon Motion by Bryan Robinson, second by Tim Fesko, and unanimous vote of those present, the Commission approved the proposed terms of the agreement.

**Settlement Agreement of
Trump Hotels and Casio Resorts
06-TR-01
Order 2006-22**

A settlement agreement was reached in regards to five counts. The first involves a situation where the Commission Audit Technician did an audit in June and noted problems with the jet sort testing in the precision of the logs and the maintenance of the roulette wheel log. A follow up audit showed the problem was still there. Count 2 involves violations of various rules arising out of an incident where a slot system was out at Trump, their failure to notify and their failure to deal with that issue appropriately. Count 3 involves an issue wherein Trump had five slot machines with revoked EPROMs. Count 4 involves violations of the vendor visitor log. Count 5 involves the improper conversion of a slot machine which resulted in a patron winning an incorrect jackpot where Commission agents were not notified. They further failed to follow the proper procedure in placing the machine back in play. Trump has agreed to pay a fine in the amount of \$65,000.

Action: Upon Motion by Bryan Robinson, second by Scott Newman, and unanimous vote of those present, the Commission approved the proposed terms of the agreement.

Settlement Agreement of

Majestic Star Casino, LLC
06-MS-01
Order 2006-23

Settlement agreement involving three counts, the first of which involves three incidents where minors were allowed to board the vessel or allowed to go past the turnstile area. The second count involves drop personnel failing to unlock the belly glass of a machine, failed to pull the Bill Validation Box. They then skipped two other slot machines and their drop boxes. Security guards and surveillance failed to notice this problem. The third count involves their failure to notify the Commission agents of the termination of an employee in a timely manner. Majestic Star agreed to a fine of \$25,000.

Action: Upon Motion by Bryan Robinson, second by Tim Fesko, and unanimous vote of those present, the Commission approved the proposed terms of the agreement.

Other Business:

Executive Director Yelton requested that there be an acknowledgement that the letter Mr. Knauer spoke of had been delivered to each and every Commissioner before this meeting.

Next Meeting:

The next business meeting of the Commission will be June 8, 2005, at the Indiana Government Center South.

Adjournment:

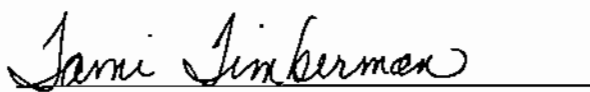
Upon motion by Bryan Robinson, second by Marya Rose, and unanimous vote of those present, the meeting was adjourned at approximately 12:45 p.m.

Minutes:

Terry M. Pickering transcribed the March 9, 2006, business meeting. The transcript is a complete record of the meeting. Anyone wishing to see the transcript may review it at the Commission Office at 115 West Washington Street, South Tower, Suite 950, Indianapolis, Indiana.

These minutes were prepared by Tami Timberman, Administrative Assistant for the Indiana Gaming Commission.

Respectfully Submitted,


Tami Timberman

THE INDIANA GAMING COMMISSION:



Harold Calloway, Chair



Donald R. Vowels, Secretary