

INDIANA GAMING COMMISSION

FOURTH QUARTER 2012

BUSINESS MEETING

NOVEMBER 15, 2012

The Indiana Gaming Commission Fourth Quarter 2012 Business Meeting, reported by Kathleen Andrews, RPR, Notary Public in and for the County of Hamilton, State of Indiana, held at the Indiana Government Center South, 402 West Washington Street, Indianapolis, Indiana, commencing at 1:00 p.m. on November 15, 2012.

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APPEARANCES

On Behalf of the Gaming Commission:

Tim Murphy, Chairman

Marc Fine, Vice Chairman

Robert Morgan, Commissioner

Matt Bell, Commissioner

Ernest Yelton, Executive Director

Jennifer Reske, Deputy Director

Adam Packer, General Counsel

Tracy Estes, Administrative Assistant to Ernest Yelton

1 CHAIRMAN MURPHY: Good afternoon, everyone,
2 and welcome to the fourth quarter meeting for 2012
3 of the Indiana Gaming Commission. The meeting is
4 now called to order.

5 I'd like to start by roll call. Vice Chairman
6 Fine.

7 VICE CHAIRMAN FINE: Present.

8 CHAIRMAN MURPHY: Commissioner Morgan.

9 COMMISSIONER MORGAN: Present.

10 CHAIRMAN MURPHY: Commissioner Bell.

11 COMMISSIONER BELL: Present.

12 CHAIRMAN MURPHY: Commissioner Murphy is
13 present, and we have a quorum. Before moving to
14 the business portion of the meeting, I would like
15 to recognize a couple of our outgoing
16 commissioners.

17 Commissioner Mary Shy I believe is with us
18 today. Are you, Mary?

19 Mary was appointed by Governor Daniels in 2007
20 and has served on the Commission for five years,
21 and has recently relocated to Ohio, and
22 consequently had to resign from the Commission.

23 Mary, we appreciate your service, dedication,
24 and wise counsel. Thank you for your service.

25 The other Commissioner that is departing will

1 be Judge Sue Shields. Sue has resigned to spend
2 more time with her grandkids in Texas. Sue has
3 spent three years on the Commission, and both Sue
4 and Mary have been strong voices on the Commission,
5 and they will be missed. Thank you for your
6 service. We wish them both the best.

7 I'd like to turn now to the business portion
8 of the meeting, where the first item of business
9 will be the approval of the minutes of the last
10 meeting.

11 Commissioners, you have been supplied with
12 those minutes. Are there any questions or
13 discussion on the minutes?

14 COMMISSIONER BELL: No.

15 CHAIRMAN MURPHY: If not, is there a motion to
16 approve them?

17 VICE CHAIRMAN FINE: Motion for approval.

18 COMMISSIONER MORGAN: Second the motion.

19 CHAIRMAN MURPHY: It's been moved and
20 seconded. All those in favor of approval of the
21 minutes, signify by saying aye.

22 (Chorus of ayes.)

23 CHAIRMAN MURPHY: Opposed? The minutes of the
24 last meeting are approved.

25 I'd like to turn the floor over now to

1 Director Yelton for the Executive Director's
2 report.

3 EXECUTIVE DIRECTOR YELTON: Thank you,
4 Mr. Chairman, members of the Commission. I'll
5 begin as usual with our staff report.

6 Since our last meeting, the Gaming Commission
7 has been busy with its own version of Musical
8 Chairs, if you will. In our Athletic Division,
9 Joanna Holland was promoted to our assistant
10 director, and Kyle Shapiro was named administrative
11 assistant, leaving his post as legal secretary
12 vacant.

13 David Charlesworth transferred from the
14 Financial Investigation Division to the Audit as a
15 field auditor, and just this Tuesday the Financial
16 Investigation Division welcomed in his stead Jason
17 Reeves. Jason is here with us today.

18 Jason would you stand, please. Jason earned
19 his MBA from Anderson University and comes to us
20 from the banking industry, where he worked as a
21 credit analyst and financial analyst with extensive
22 experience on focusing on financial performance of
23 banks.

24 And, finally, you may have noticed that I have
25 a new Executive Director Administrative Assistant.

1 Join me in welcoming Tracy Estes. Tracy comes from
2 Greencastle, Indiana, and previously served as
3 Workforce Development Specialist for Vincennes
4 University WorkOne. She also spent a year in the
5 casino marketing post in French Lick when it first
6 opened in 2006. So she comes to us with a little
7 bit of industry knowledge herself.

8 The Background and Financial Investigation
9 Division has completed its investigation of
10 suppliers Global Surveillance and Data Financial.
11 Those reports have been submitted to the
12 Commissioners in advance in their materials. Both
13 Director Garth Brown and Danielle Leek are here to
14 answer any questions you may have about those two
15 reinvestigations.

16 Are there any questions?

17 COMMISSIONER BELL: No, sir.

18 EXECUTIVE DIRECTOR YELTON: Since our August
19 meeting, the IGC staff has added 16 individuals to
20 our exclusion list, which bars those patrons from
21 entering any casino in Indiana. Of those 16, four
22 were placed on the exclusion list for past-posting
23 or pinching bets while at Indiana casinos. Ten
24 were placed on the exclusion list for taking
25 illegal possession of TITOs, casino chips, or U.S.

1 currency in the amount of \$500 or more. There were
2 also a few that were making fraudulent cash
3 withdrawals while at a casino in Indiana.

4 Two were observed repeatedly inserting large
5 amounts of cash into slot machines, and then
6 cashing them out with very minimal play. One of
7 those two was charged with possession of marijuana
8 and possession of paraphernalia, and both were
9 charged with money laundering in Lake County,
10 Indiana.

11 In the past year we have placed 50 patrons on
12 the exclusion list, bringing the grand total to
13 357.

14 For waivers since our last meeting, the Casino
15 Association was active and was granted four
16 separate waivers. The first allows its members to
17 place blackjack tables anywhere in the pit area,
18 regardless of the payout or rule. However, the
19 casino must use signage, as well as the layout, to
20 indicate the payment amount and/or the rule
21 regarding the drawing of additional cards at that
22 particular table.

23 They were also granted relief from the
24 requirement of the presence of an EMT on the
25 property, with the condition that at least

1 50 percent of security personnel, first shift, will
2 be trained in CPR, first aid, and the use of a
3 defibrillator. Internal controls must be submitted
4 and approved before implementation of that waiver.

5 They will no longer be required to maintain an
6 EGD movement log since all that information is now
7 maintained in the Commissioners' EGD system itself.

8 Finally, they have a second slot attendant or
9 above the ability to verify, escort, and view the
10 re-set for manually paid jackpots up to \$1,199.99
11 at each of their casinos. Once again, internal
12 controls must be submitted and approved before
13 implementing that waiver as well.

14 Horseshoe Hammond and Horseshoe Southern
15 Indiana were granted a waiver to detach the
16 Baccarat shoe from the table with a lot of curators
17 present and the table is open for play. This would
18 allow the shoe to be passed from player to player
19 as needed. If a curator is not present, the shoe
20 would be attached to the table.

21 Horseshoe Hammond may now have a Big Six Wheel
22 that is four feet in diameter, as opposed to the
23 regular five foot diameter wheel.

24 Finally, Belterra was granted a waiver
25 allowing the addition of a \$25,000 and \$100,000

1 tournament chip. Both chips must be monitored
2 closely, and the \$100,000 chip may only be used
3 during the final table event.

4 Also, I've been contacted by Penn National to
5 have the opportunity to introduce to the members of
6 the Commission their new general manager at
7 Hollywood in Lawrenceburg. And to do that will be
8 John Finamore, who's the senior vice president of
9 regional operations for Penn National. John.

10 MR. FINAMORE: Mr. Chairman, Commissioners,
11 Executive Director Yelton and staff, thank you for
12 the opportunity today to introduce Todd George, who
13 needs no introduction to some of you as our new GM
14 at the Hollywood property. Todd is indeed no
15 stranger to the state, having worked at the
16 Belterra property starting in 2000, holding a
17 variety of positions there before he was promoted
18 to the Pinnacle property in Bossier City, and
19 subsequently promoted to St. Louis with Pinnacle
20 Entertainment, where he oversaw both the Lumière
21 property and the River City property in St Louis.
22 He has a very strong background in the regional
23 markets, and we're very pleased to have him on
24 board.

25 He is at the property. He's been there for a

1 few weeks now. I think he's right behind me. He'd
2 like to say a few words, so thanks for this
3 opportunity. I appreciate it.

4 MR. GEORGE: Thanks, John.

5 Good afternoon. Thank you very much. It's
6 really an honor to be back here in a very different
7 role and very different time in this market.

8 I'd like to introduce two people that are with
9 me today. Our head of compliance, Theresa Herbst
10 is here. And Philippe Khouri, who is our AGM, is
11 also with me today.

12 Our intent going into this next year is to
13 build on really a solid foundation that Joe Hasson
14 put in place, one that focuses on compliance and
15 financial discipline.

16 My background, I actually got into the gaming
17 industry as an auditor with the Gaming Commission
18 in New York. My background is in finance and
19 accounting, and I hope to be able to carry that
20 out.

21 And then my time spent in Bossier City and
22 St. Louis will come in pretty handy. I worked in a
23 very ultra-competitive market in Bossier City, with
24 new competition coming in in Oklahoma, similar to
25 what we'll be seeing coming up with Ohio. And then

1 my time in St. Louis, being responsible for a
2 downtown urban property, kind of knowing how to
3 compete against it, which I learned from people
4 competing against us, I think will really help us
5 going into next year. And that is really our No. 1
6 goal, getting focused and ready for that.

7 It was great catching up with Chris Gray
8 already and talking to her about some of this, and
9 looking forward to working with everybody here.
10 Thank you.

11 COMMISSIONER MORGAN: Thank you.

12 EXECUTIVE DIRECTOR YELTON: And that,
13 Mr. Chairman and members of the Commission,
14 concludes the Executive Director's report.

15 CHAIRMAN MURPHY: Thank you, Executive
16 Director Yelton.

17 Moving on, there is no old business. We'll
18 move on, then, to new business, the first item of
19 which is the minority and women's business
20 disparity study and Jenny Reske.

21 MS. RESKE: Thank you, Mr. Chairman. Good
22 afternoon, members of the Commission.

23 In order to comply with the statutory
24 requirements for the casinos' utilization of women
25 and minority business enterprises, the Commission

1 contracted with the Indiana University Public
2 Policy Institute to conduct a statistical analysis
3 of utilization.

4 You may recall that we did the same thing five
5 years ago. The statute requires that we do an
6 update of the study every five years, and it is
7 ready for the adoption of the Commission today.

8 A couple of people, Mr. Chairman, with your
9 permission, would like to address the Commission.
10 The first would be Debra Simmons Wilson. She's
11 with Engaging Solutions. Following Debbie will be
12 Drew Klacik, who is with the Public Policy
13 Institute. And then in addition to that, Kay
14 Fleming, who represents the Casino Association of
15 Indiana, has asked for a few minutes to comment on
16 the study.

17 MS. WILSON: I've already been introduced.
18 Debbie Wilson. My part on the team was to lead the
19 outreach. And the outreach was necessary in order
20 for us to know exactly how many businesses,
21 minority, women, and noncertified businesses around
22 the state of Indiana were interested in doing
23 business with the casinos. So that was identifying
24 what we call in this type of realm of study, ready,
25 willing, and able businesses.

1 So there are three parts to our scope of work
2 in working with Drew Klacik. One was to plan and
3 host five statewide outreach meetings. And those
4 meetings were held starting in May and ending up in
5 August in Indianapolis, Gary, Lawrenceburg,
6 Evansville, and in Fort Wayne.

7 We had varying degrees of participation in
8 those meetings, but nevertheless the meetings were
9 held. The people who came were people who were
10 either already doing business with the casinos, or
11 who are businesses who want to do business with the
12 casinos. In addition to that, we also had
13 representatives from the various casinos who
14 participated in those meetings.

15 After the presentations, they were there to
16 actually talk to these vendors who might have
17 wanted to have the opportunity to talk to the
18 purchase manager.

19 The second point of our outreach plan included
20 a survey that was created. The intent of the
21 survey was to get information about, profile
22 information about the businesses who are doing
23 business with the casinos, or who want to do
24 business with the casinos. But it was also a way
25 for us to use those vendor surveys to register

1 vendors who might want to be on sort of the
2 statewide list of vendors to do business with our
3 casinos.

4 The third and last part, certainly not the
5 least important, though, was we used an entire
6 network of chambers of commerce around the state,
7 advocacy organizations who work with minority and
8 small and women-owned businesses, to help us get
9 the word out about the availability of the survey,
10 to help us tell their constituents, their members
11 of their organizations about the outreach meetings,
12 and to help us broaden the number of people who
13 showed up for those meetings.

14 So those are the major three points of the
15 statewide outreach. We got really good support and
16 comments that we shared with Drew, who is going to
17 talk to you about the analytical process.

18 COMMISSIONER MORGAN: I have one question for
19 you.

20 MS. WILSON: Yes, sir.

21 CHAIRMAN MORGAN: You mentioned a minority
22 business that would like to do business or
23 existing.

24 MS. WILSON: Yes, sir.

25 CHAIRMAN MORGAN: What are the qualifications

1 of those businesses that they have to meet to be a
2 business that meets the qualifications of actually
3 being able to do the work?

4 MS. WILSON: That's a great question. One
5 thing, before I answer that, one of the people who
6 participated in these meetings with us was Felecia
7 Roseburgh, who was the Deputy Commissioner of the
8 Department of Administration's Office of Minority
9 and Women Business Participation. So she actually
10 talked about the certification process.

11 To your question specifically, Commissioner
12 Morgan, you have to be certified. And
13 certification means that you have to own 51 percent
14 and handle the day-to-day operations and management
15 of the firm, 51 percent or more.

16 COMMISSIONER MORGAN: My question wasn't about
17 that. It was about if you hire this business, they
18 are a minority business, what are their
19 qualifications to actually be able to prove or show
20 that they can do the work?

21 MS. WILSON: Oh, that I can't specifically --

22 COMMISSIONER MORGAN: I mean, it may be
23 51 percent, but if you hire them or I'm hiring you,
24 how do I know --

25 MS. WILSON: If the casino hires them?

1 COMMISSIONER MORGAN: How do you know their
2 qualifications for performing the work?

3 MS. WILSON: Someone from the casino probably
4 would have to answer that, but my answer would be
5 that they have to be able to fulfill the
6 requirements of the needs that the casino has. So
7 if it's trucking, construction, providing specific
8 goods or product, they have to be able to meet the
9 qualifications of the bid, so to speak.

10 MS. RESKE: Commissioner Morgan, I can answer
11 that as well in addition to what Debbie said. The
12 methodology used for our study, which we did have
13 an advisory panel of volunteers, which was very
14 helpful in assisting us in coming up with the
15 methodology that kind of balanced all the various
16 interests involved in a study like this. The
17 decision we made regarding who would be our
18 universe as far as minority and women owned
19 businesses is if you were certified by the State,
20 if you showed up on any other list that would
21 indicate to us you were a women or minority
22 business.

23 Debbie referenced that we looked at, for
24 example, the Hispanic Chamber of Commerce, Black
25 Chamber of Commerce, like that. Or if you

1 presented yourself at a meeting, then we included
2 you in the universe.

3 There is one caveat to that, that is an
4 improvement, I think, from our last study is that
5 we went through -- every business has a code
6 recognized by the federal government for the kind
7 of work they do.

8 CHAIRMAN MURPHY: Industry code.

9 MS. RESKE: Yes, an industry code, called a
10 NAICS code. And at the Casino Association's
11 request, we went through, and if no casino in the
12 three years of the study used a company with a
13 certain NAICS code, we eliminated all those
14 companies.

15 So, generally, any minority business or women
16 owned businesses who were certified or showed up at
17 one of our meetings, or in any way indicated they
18 wanted to be considered, they were considered.
19 There was no other level of scrutiny placed upon
20 the ability of those companies to actually do work
21 for the casinos.

22 MR. KLACIK: Other than we're tracking
23 expenditures. And, so, if they were weren't able
24 to deliver a service, they wouldn't have received
25 all the expenditure that they originally contracted

1 for. So the burden on an MB or WB firm is
2 identical to that on a non, which is that they have
3 to provide a good service for the price.

4 CHAIRMAN MORGAN: You don't understand the
5 question I asked.

6 EXECUTIVE DIRECTOR YELTON: Also, Commissioner
7 Morgan, the industry, I've learned over the last
8 eight years, does a wonderful job of policing
9 itself. We will on occasion get information from a
10 competitor, indicating to us that maybe this
11 particular MB is a pass-through, or maybe not
12 really providing the services. We've had occasion
13 in the past to, if that's the case, determine
14 whether or not they are in fact able and actually
15 do provide the service. And if we find some
16 issues, we do talk to IDOA about that.

17 COMMISSIONER MORGAN: So they have a
18 reputation. That's good.

19 MR. KLACIK: So you may not recall, my name is
20 Drew Klacik. I'm a policy analyst at the Indiana
21 University Public Policy Institute. And as clearly
22 this first question indicates, disparity studies
23 are kind of long, complicated pieces of work. I
24 think that's why we do one every five years. I'd
25 suggest ten.

1 I'm going to try my best to be as brief and
2 uncomplicated as possible as I explain this to you
3 all. I'm going to walk through some definitions
4 and some methodology. I'm going to talk about
5 utilization, which is actual expenditures. And
6 then I'll get into the actual findings of
7 disparity, which in truth is our capacity, which is
8 an estimate minus actual expenditures. And then
9 I'll show you the final results.

10 One of the things that makes disparity studies
11 most complicated is that there is no one absolute
12 right way to do things. There are actually a
13 variety of different ways that disparity studies
14 are done. And when there is more than one right
15 way to do things, that actually means that there is
16 no one absolute right way to do things. So
17 reasonable people can disagree about any disparity
18 study that's ever been done.

19 In our case I was the person that did the
20 initial disparity study for the Gaming Commission.
21 We used virtually the exact same methodology as we
22 did in the first study, so we're comparing apples
23 to apples for the most part in this study. There's
24 a couple of things we did the same, and there's a
25 couple of things that we did differently.

1 The advisory group we used in both disparity
2 studies, because it's important to have people
3 opine on the methodology before they see the
4 answer. We used an advisory group both times, but
5 the people on the advisory group were not
6 identical. There was a broad range of elected
7 officials, local officials, and gaming industry
8 people on the advisory committee. We felt we
9 needed someone to represent every opinion on that
10 group.

11 The internal review process didn't really
12 change. I'm reviewed by my peers at Indiana
13 University within the Public Policy Institute on my
14 methodology. As Deb said, we improved our outreach
15 effort by adding an additional meeting in Fort
16 Wayne, which is a geographically unrepresented area
17 in the gaming industry for the most part, and we
18 added an online survey.

19 And as Jenny pointed out, we have better data
20 because we now, thanks to the tracking system you
21 all put in place, have a very good idea of the
22 specific North American Industry Codes that the
23 gaming industry spends their money with. At that
24 point we basically used the same definitions of
25 what utilization, capacity, and disparity are and

1 used the exact same mathematical methodology.

2 So, in general, a disparity analysis is what I
3 just said. You estimate capacity, which is the
4 amount of work MBE and WBE firms are ready,
5 willing, and able to do in the state of Indiana
6 with the gaming industry, and then you measure
7 actual expenditures. That's the hard work.

8 And then the simple work is that you do simple
9 subtraction. You take the estimated capacity, and
10 you subtract utilization. And if the number is
11 positive, there is not disparity. If the number is
12 negative, there is disparity. So we call it a
13 disparity study, but in truth the disparity part is
14 the absolute simplest part of the process.

15 The definitions we used are on this screen
16 right now. Capacity is the estimated or
17 predicted -- and that's important -- capacity is an
18 estimated or predicted MBE and WBE expenditures,
19 based on the ready, willing and able notion, which
20 is also kind of broad and not 100 percent
21 definable. They also don't exactly define the
22 market, and I'll tell you a little bit about that
23 in a few moments.

24 Utilization in our case is actual
25 expenditures. Some disparity studies use

1 contractual amounts. Disparity, as I said before,
2 is just the difference between capacity and
3 utilization.

4 So to kind of get to some of the numbers right
5 away, because I promised to try to be brief, we
6 looked at actual expenditures between January 1,
7 2009, and December 31 of 2011, and in total, when
8 you look at certified expenditures, there was over
9 \$187 million spent with MBE firms, which is about
10 15.3 percent of all riverboat casino and racino
11 expenditures.

12 There was \$149 million, or 12.2 percent of all
13 riverboat casino and racino expenditures made with
14 WBEs.

15 With disparity studies, you look not just at
16 certified, but you are also instructed to look at
17 other firms that have chosen not to go, to try to
18 identify firms that have not chosen to go through
19 the certification process, but appear reasonably to
20 be an MBE or WBE firm. And when you add those
21 firms that appear to be able to convince us that
22 they were either an MBE or WBE firm, those
23 expenditures went up to \$204 million or almost
24 17 percent, and \$175 million, or getting closer to
25 15 percent of all riverboat casino expenditures.

1 When you look at those expenditures annually,
2 you can see that MBE expenditures in every single
3 year were slightly higher than WBE expenditures.
4 Most importantly, in the final year of the study
5 period, WBE expenditures slightly declined, which
6 is a trend that you all will want to keep your eyes
7 on.

8 CHAIRMAN MURPHY: What category would that
9 have occurred most in? This is all the categories
10 put together, isn't it?

11 MR. KLACIK: I'm going to kind of get to that
12 in a second. In general, riverboat casinos spend a
13 much higher share of their money in procurement
14 than government does. Disparity studies are
15 typically done for government, and in this case we
16 do it because it's government license. It's mostly
17 in procurement that you see those changes, because
18 the vast majority of expenditures by riverboat
19 casinos are in procurement.

20 That's what this site kind of shows you. The
21 first two sets of bars to the left are the city of
22 Indianapolis and the state of Indiana's expenditure
23 patterns. The two on the right are the lottery and
24 the riverboat casinos. And one of the things that
25 you could see, if this was in a better place, is

1 that riverboat casinos spend way less on
2 construction than does the government and way more
3 on procurement. And equally important, the types
4 of supplies in riverboat casinos are much different
5 than types of supplies a government purchases.

6 I worked in government. We never bought gin.
7 We never bought shrimp. Riverboat casinos buy all
8 that stuff. So it's a much different set of
9 supplies.

10 Most disparity studies are done for
11 government. This one is unique in the sense that
12 it's done for a private industry that is regulated
13 by government. This kind of shows you the total
14 MBE expenditures on the four big categories of
15 procurement, professional services, other services,
16 and construction.

17 The purple is procurement. You can see that
18 well over 50 percent of all riverboat casino
19 expenditures with MBEs are for procurement. When
20 we talk about -- it seems to me that I skipped a
21 slide. But in the interest of speeding up, going
22 forward, WBE expenditures basically followed that
23 exact same pattern where procurement is well over
24 50 percent.

25 We tried to define capacity as ready, willing,

1 and able. That's kind of the big challenge. The
2 way we decided to do that, with the consent of the
3 advisory group, was that we will start with firms
4 that have actually done business with riverboat
5 casinos. By definition they are ready, willing and
6 able, because they have during this study period
7 done business with the riverboat casinos. Then we
8 would start our outreach process.

9 We looked at the city of Indianapolis, the
10 state of Indiana, and some local vendor lists,
11 certified MBE and WBE vendor lists to find other
12 firms in the same NAICS codes that appear to be
13 ready, willing and able to do business with
14 riverboat casinos. We looked at organizational
15 rosters of chambers of commerce, et cetera. And
16 then we had the outreach meetings and surveys that
17 Deb talked to you about. And over that time we
18 kind of built the universe from just those firms
19 that did business with the riverboat casinos to a
20 much broader swath of businesses, both MBE, WBE and
21 non.

22 So getting to kind of where everybody I think
23 wants to go, which is to the answers, I'll run
24 through them quickly in all four categories. But
25 overall, what we found was that there were no

1 expenditure disparities by riverboat casinos, which
2 meant that they spent more than one might have
3 believed, using our methodology, with MBEs and
4 WBEs.

5 There was a disparity of firms in both the
6 construction area and the other services, which
7 meant that even though they spent more, they used
8 less firms. And they can accomplish that by
9 spending a much higher per firm amount with MBE, in
10 this case, firms than they did with the average
11 firms, so to speak.

12 In construction, we estimated the capacity for
13 MBE to be 10.4. The actual expenditures were 15.7,
14 which meant riverboat casinos spent almost
15 \$12 million more with construction firms than we
16 might have expected based on our methodology. And
17 for WBEs, the estimated capacity was 9.9 percent,
18 and the actual utilization was 10.7 for about
19 \$1.9 million more than we would have expected. And
20 it was in construction firms MBE that you saw firm
21 disparity. They used eight less firms than one
22 might have expected.

23 In procurement, which is where they spend the
24 vast majority of their money, they spent over
25 \$708 million over the three periods on procurement.

1 About 118 million, almost 119 million of that was
2 spent with MBE firms. We expected a 2.9 percent
3 expenditure. They actually expended 15.5 percent.

4 With WBE firms, we expected 4.8 percent, and
5 the riverboat casinos and racinos spent
6 14.7 percent, which means in aggregate they spent
7 about \$172 million more with MBE and WBE firms than
8 we predicted the capacity of those firms to handle,
9 or to be ready, willing, and able and available.

10 Professional services, there was also no
11 disparity of dollars. Approximately \$7.7 million
12 more was spent with MBEs than we projected, and
13 only \$435,000 more with WBEs than we would have
14 expected. That's within the range of natural
15 error, actually.

16 There was no disparity of firms with
17 professional services and other services. The
18 estimated capacity for MBEs was 5.7. Actual
19 utilization was 30.8.

20 I probably should have said this:
21 Professional services tend to be those things for
22 which one must have a college degree, so legal
23 services, accounting, marketing, et cetera. Other
24 services are more labor intensive services that you
25 provide of the nonconstruction variety. In other

1 services, there was about \$28 million more spent
2 with MBE firms than we would have estimated, and
3 about \$12 million more with WBE firms than we would
4 have estimated.

5 So in conclusion, we were able to find, using
6 this methodology, no dollar disparity, and the firm
7 disparity only with the MBEs in construction and
8 other services. And I think that last point is
9 important.

10 In the previous study, while there was very
11 little disparity, I think in only one expenditure
12 category there was firm disparity almost across the
13 board. Over the past five years, the riverboat
14 casinos have improved their ability to spread their
15 expenditures, appear to have improved their ability
16 to spread their expenditures over a greater number
17 of firms, while still maintaining those spending
18 levels.

19 That concludes my presentation. I hope we are
20 close to the 15-minute mark.

21 CHAIRMAN MURPHY: I do have a question. In
22 looking over, I guess -- I don't know what you
23 would call it -- the kind of a benchmark for this
24 kind of study that was in the Coleman letter, the
25 statutory case law, the Richmond case, city of

1 Richmond case and that sort of thing, they go back
2 to kind of what I guess I would call a statistical
3 methodology was used.

4 And in what I think you've described here, as
5 I understand it, the statistical methodology really
6 is not overly sophisticated. It doesn't involve
7 random sampling and standard deviations and
8 R-squares or T-stats and things like that. Does
9 it, or am I just missing something?

10 MR. KLACIK: Well, the vast majority of the
11 work is more tedious than it is statistically
12 elegant. It's collecting real data. That said,
13 when I said that the \$435,000 over-expenditure for
14 WBE firms in, I think it was professional services,
15 that's the one time we do statistical analysis,
16 that was the only number that was in what you would
17 expect, what would be the expected range of error.

18 So in every other case it was actually
19 overexpenditures that aren't explainable by
20 statistics. The 435,000 was in kind of the
21 accepted margin of error. You can never get it to
22 a perfect dollar.

23 CHAIRMAN MURPHY: So you had to create a
24 margin of error for that?

25 MR. KLACIK: Yes.

1 CHAIRMAN MURPHY: Okay. I understand. Thank
2 you.

3 MR. KLACIK: Sure. Thank you.

4 MS. RESKE: Commissioners, I'd also like to
5 point out that Gerald Coleman is here. In order to
6 ensure that we've properly done the study, we did
7 contract out with a third party law firm.
8 Mr. Coleman is here, if you have any questions
9 about the study.

10 You were provided a copy of his memorandum,
11 which analyzed the study and discussed its
12 compliance with the Supreme Court decision that
13 governs these types of endeavors.

14 CHAIRMAN MURPHY: Questions, Commissioners, of
15 Mr. Coleman?

16 MS. FLEMING: Good afternoon. Thank you for
17 allowing me to speak on behalf of the Casino
18 Association. Again, my name is Kay Fleming.

19 Just a few observations. First, we want to
20 thank the Gaming Commission, Ernie, Jenny, and Jeff
21 Neuenschwander for their patience, and their
22 allowing us the opportunity to have input. And
23 we'd also like to commend Drew and Debbie for a job
24 well done.

25 Drew took the time to explain to Mike and

1 myself, people who are not math majors, and
2 actually looked at my calculations. I think he
3 laughed a couple of times, but they were very
4 patient with us in allowing us the opportunity to
5 address some issues and have some input. We do
6 appreciate that.

7 As Drew said, this is not an exact science,
8 and so we obviously have questions, concerns. But
9 we appreciate that opportunity.

10 We did meet with representatives from the
11 Black Caucus -- Senator Taylor predominantly took
12 the lead in that -- and listened to their concerns
13 as well, and we wanted to just address a couple of
14 points.

15 First of all, the statute does not require
16 utilization of numerous firms, so the firm
17 disparity we felt, we acknowledged that there is
18 some, but we do not feel that there is any
19 statutory requirement that there be a distribution
20 of expenditures across numerous firms. And so we
21 just wanted to acknowledge that.

22 The Casino Association, however, feels that
23 its members and the casinos have done an excellent
24 job. There have been an overspend with minority
25 and women over the three-year period, and they're

1 very proud of that. We welcome and thank the
2 opportunity to have begun the dialogue and look
3 forward to continuing the dialogue, so that there
4 are continued concerns that both sides are going to
5 have that we can bring to the attention and
6 continue to discuss that, so that the program
7 continues and everyone can be on the same page with
8 how it's going to go.

9 Thank you. If anyone has any questions, Mike
10 is here as well.

11 CHAIRMAN MURPHY: Questions for Ms. Fleming?
12 Thank you.

13 MS. FLEMING: Thank you.

14 CHAIRMAN MURPHY: Ms. Reske.

15 MS. RESKE: Mr. Chairman, we would agree with
16 Ms. Fleming that the statistical findings regarding
17 disparity and utilization of some firms should not
18 be considered. If goals are to be set statutorily,
19 our attention is focused upon expenditures. So we
20 agree with her comments regarding that.

21 CHAIRMAN MURPHY: I'm trying to understand
22 that a little better. Does that involve the number
23 of categories that we had?

24 MS. RESKE: No. Drew does additional analysis
25 to try to help us understand exactly what the

1 utilization means, and what is the impact on
2 minority and women owned businesses. So in
3 addition to the expenditure review he conducts, he
4 also looks at the average amount of money spent
5 with non women and minority firms compared to the
6 money spent with MBEs and WBEs. When he did that,
7 he found that slightly more money is spent with
8 minority and women owned business than with non.
9 And so it's noted in the report. But as in the
10 past, we don't anticipate that any action will be
11 taken.

12 MR. KLACIK: I apologize for that. That's
13 absolutely correct. The statistical analysis is
14 actually on the dollars. The firms give us some
15 additional insight as to how the dollars are being
16 spent. So I did do a disparity analysis both for
17 dollars and firms.

18 But traditionally and legally, based on my
19 understanding, and I'm not a lawyer, the dollar
20 amount is the part that is enforceable, so to
21 speak. So I apologize for that misunderstanding.

22 CHAIRMAN MURPHY: Thank you. Thank you for
23 clarifying that.

24 Is there a recommendation on the resolution?

25 COMMISSIONER BELL: Mr. Chairman, I would move

1 that we accept the proposed resolution.

2 VICE CHAIRMAN FINE: I would second that
3 motion.

4 CHAIRMAN MURPHY: It's been moved and seconded
5 that Resolution 2012-149 be approved. All those in
6 favor, signify by saying aye.

7 (Chorus of ayes.)

8 CHAIRMAN MURPHY: Opposed?

9 The resolution is unanimously approved. Thank
10 you, Ms. Reske.

11 MS. RESKE: Thank you.

12 CHAIRMAN MURPHY: Moving on to Commission
13 matters, Adam Packer.

14 MR. PACKER: Thank you, Mr. Chair.

15 The last legislative session saw the passage
16 of House Enrolled Act 1003 which, in addition to
17 making a fair number of changes to the open door
18 laws and public access laws in Indiana, also gave
19 public agencies the ability to adopt a policy
20 whereby its members, in this case Commissioners,
21 may participate in public meetings via electronic
22 communication. And the statute defines electronic
23 communication as including telephone, computer,
24 video conferencing device, or other means of
25 communication, I think to anticipate future

1 technological advancements.

2 In order for the Gaming Commission to avail
3 itself of this new ability to participate in
4 meetings electronically, the Commission must pass a
5 policy. The law doesn't become effective until
6 January 1. So in order to have a policy in place
7 when the law goes into effect, and therefore to
8 allow the Commission to adopt this policy and to
9 use it in calendar year 2013, it's ripe for
10 consideration at this time.

11 Importantly, the new law has minimum
12 requirements that Commissioners are required to
13 abide by in order to fulfill the statutory mandates
14 for this policy. In the Gaming Commission's case,
15 at least three Commissioners must be physically
16 present at a Commission meeting in order for other
17 Commission members to participate electronically.
18 All votes must be taken by roll call. Each
19 Commissioner must physically attend at least one
20 meeting per year.

21 Commission staff recommends amending that last
22 requirement to require Commissioners to participate
23 in two meetings per year physically, in order to be
24 able to avail themselves of the electronic
25 participation. We also would like to give the

1 Executive Director the authority to waive that
2 provision in cases of emergency, so that if a last
3 minute issue comes up and a Commissioner would not
4 be able to participate in up to two meetings
5 physically, that we can still accommodate that.

6 Additionally, Commission staff recommends that
7 the Commission adopt a policy that requires
8 Commissioners to request authorization no later
9 than within seven days prior to a Commission
10 meeting. That gives Commission staff the ability
11 to make sure we'll have a quorum and make sure that
12 the other provisions of the law will be fulfilled.
13 The Executive Director may also retain the ability
14 to waive that requirement, again, in cases of
15 emergency.

16 Staff recommends that you approve Resolution
17 150, which would adopt a policy under House
18 Enrolled Act 1003, allowing electronic
19 participation in Commission meetings starting
20 January 1.

21 CHAIRMAN MURPHY: Any questions or discussion
22 among the Commission?

23 I have one suggestion, Mr. Packer.

24 MR. PACKER: Yes, Mr. Chair.

25 CHAIRMAN MURPHY: That we include in the

1 resolution that the Executive Director plus one
2 other Commissioner. Am I missing the right one?

3 MR. PACKER: I think your comment may be
4 regarding the grant of authority to the Executive
5 Director, which we'll discuss in a moment. This is
6 just electronic participation.

7 CHAIRMAN MURPHY: This is electronic
8 participation, okay. So if there are no questions
9 or discussion on the Resolution 2012-150, is there
10 a recommendation?

11 COMMISSIONER BELL: I would motion to approve
12 it.

13 VICE CHAIRMAN FINE: Second.

14 CHAIRMAN MURPHY: It's been moved and
15 seconded. All those in favor, signify by saying
16 aye.

17 (Chorus of ayes.)

18 CHAIRMAN MURPHY: Opposed? Resolution
19 2012-150 is carried. Thank you, Mr. Packer.

20 MR. PACKER: Thank you.

21 Next under Commission matters, you'll see
22 Resolution 151, which is regarding the grant of
23 authority to the Executive Director.

24 Over the years you have delegated numerous
25 responsibilities to the Executive Director and

1 Commission staff. To name a few, the
2 administration of charity gaming, the grant of
3 occupational licenses. Imagine how long Commission
4 meetings would be if we had to grant the
5 occupational licenses that came before us. Felony
6 waivers under certain circumstances, and the list
7 goes on and on.

8 Recently, though, we discovered a limitation
9 in those grants of authority to the Executive
10 Director. What if there are urgent circumstances
11 that demand immediate action, but the Commission is
12 the only body that holds that authority, so
13 Executive staff, Executive Director can't act in a
14 way necessary to get that work done?

15 This limitation has left us with an
16 unacceptable dilemma. In some circumstances, we
17 may find that a licensee has to choose between
18 violating the regulations by going forward with an
19 action that ordinarily requires Commission
20 approval, or waiting until the next Commission
21 meeting, at which time the circumstances that
22 created the emergency will have already played out,
23 potentially to the licensee's detriment, or even to
24 the industry's detriment.

25 With that in mind, Commission staff has

1 prepared and recommends that you pass the
2 resolution that is before you. It's an attempt to
3 solve this problem.

4 Four important things to note about the
5 Commission staff's proposal: First, it would grant
6 the Executive Director authority to act in the
7 Commission's stead in urgent circumstances, except
8 where otherwise prohibited by law; for example, the
9 passage of final rules. We would be required to
10 present those matters to the Commission at the next
11 available Commission meeting for ratification.

12 And we also have the option of adding a fourth
13 restriction at your pleasure, which would be to
14 require the consent of at least one Commissioner
15 when the Executive Director chooses to exercise
16 that authority. And I think, Mr. Chairman, that's
17 the point that you were interested in a moment ago.

18 CHAIRMAN MURPHY: Yes.

19 MR. PACKER: So we have the option of adding
20 that to the list of restrictions and requirements
21 of this policy.

22 I'm happy to answer any questions, but staff
23 recommends approval of Resolution 151, which would
24 grant authority to the Executive Director to act on
25 the Commission's behalf in urgent circumstances.

1 CHAIRMAN MURPHY: Questions or comments for
2 Mr. Packer on the resolution?

3 COMMISSIONER MORGAN: No, other than the fact
4 we're going to add the language?

5 MR. PACKER: If that is the Commission's will,
6 then we're happy to do that. Just please make that
7 clear in your motion to approve that we add that
8 requirement.

9 COMMISSIONER MORGAN: Absolutely.

10 CHAIRMAN MURPHY: Is there a motion?

11 COMMISSIONER MORGAN: I motion to approve the
12 stipulation in that you get the one vote -- consent
13 from the Chair. If the Chair is not available, one
14 Commission member.

15 CHAIRMAN MURPHY: Is that clear?

16 EXECUTIVE DIRECTOR YELTON: No, that's not.

17 MR. PACKER: Well, do we want the consent of
18 one Commissioner, or do we want consent of the
19 Chair? It's up to the Commissioners to decide
20 that.

21 COMMISSIONER MORGAN: One Commissioner.

22 MR. PACKER: So I understand the motion to be
23 approving Resolution 151, with the addition of the
24 requirement that the Executive Director obtain
25 consent from one Commissioner.

1 COMMISSIONER MORGAN: Exactly. I would motion
2 to approve that in that form.

3 CHAIRMAN MURPHY: Any other comments or
4 questions?

5 COMMISSIONER BELL: I'll second the motion.

6 CHAIRMAN MURPHY: The motion has been made and
7 seconded. All those in favor, signify by saying
8 aye.

9 (Chorus of ayes.)

10 CHAIRMAN MURPHY: Opposed?

11 Resolution 2012-151 is approved with the
12 exception that Commissioner Morgan has articulated.

13 Thank you, Mr. Packer.

14 MR. PACKER: Thank you, Mr. Chair.

15 CHAIRMAN MURPHY: Moving on to patron matters,
16 Tammy Timberman.

17 MS. TIMBERMAN-WRIGHT: Good afternoon,
18 Commissioners and Executive staff. You have before
19 you 21 orders regarding the Voluntary Exclusion
20 Program. Pursuant to the rules of the program, the
21 identities of the Voluntary Exclusion Program
22 participants must remain confidential. Pursuant to
23 68 IAC 6-3-2(g) a participant in the program agrees
24 that if he or she violates the terms of the program
25 and enters the gaming area of a facility under the

1 jurisdiction of the Commission, they will forfeit
2 any jackpot or thing of value won as a result of a
3 wager.

4 Under Orders 2012-152 through 2012-172, a sum
5 of \$31,589.20 was forfeited by John Does 86 through
6 106. These winnings were collected at Ameristar,
7 Blue Chip, Hollywood, Hoosier Park, Horseshoe,
8 Horseshoe Southern Indiana, Indiana Grand, and
9 Rising Star. These winnings were withheld as
10 required by Commission regulations.

11 Commission staff recommends that you approve
12 the remittance of these winnings for John Does 86
13 through 106.

14 CHAIRMAN MURPHY: Do the Commissioners have
15 any questions or discussion on Orders 2012-152
16 through 172?

17 VICE CHAIRMAN FINE: I just have one question.
18 Once they're on this exclusion list, is there any
19 communication that takes place with them at all
20 after they are on?

21 MS. TIMBERMAN-WRIGHT: Sometimes they will
22 call and ask questions. They do get my business
23 card, and they can call if they have any questions
24 about the program.

25 VICE CHAIRMAN FINE: But there's no ordinary

1 course communication?

2 MS. TIMBERMAN-WRIGHT: No. No, we don't send
3 anything out to them.

4 CHAIRMAN MURPHY: Any other questions or
5 discussion on the orders? If not, is there a
6 motion to approve orders 2012-152 through 172?

7 COMMISSIONER BELL: Mr. Chairman, I would move
8 that we approve Order 2012-152 through Order
9 2012-172.

10 COMMISSIONER MORGAN: I would second the
11 motion.

12 MS. TIMBERMAN-WRIGHT: Thank you.

13 EXECUTIVE DIRECTOR YELTON: If I may, for the
14 benefit of the Commissioners, would you estimate
15 the number of VEP participants whose term expires
16 on a monthly basis. I know it varies.

17 MS. TIMBERMAN-WRIGHT: Just a moment. Angie?

18 ANGIE: It's too hard to determine because it
19 varies.

20 EXECUTIVE DIRECTOR YELTON: Would you give a
21 range?

22 ANGIE: For like expired in a month?

23 EXECUTIVE DIRECTOR YELTON: Yes, the one five
24 years, when they expire.

25 ANGIE: Maybe like 75 to 100 a month. That's

1 just a rough guess.

2 MS. TIMBERMAN-WRIGHT: It just varies.

3 EXECUTIVE DIRECTOR YELTON: Thank you.

4 CHAIRMAN MURPHY: We have a motion on the
5 floor that's been moved and seconded. All those
6 Commissioners in favor of approval of Orders
7 2012-152 through 172, signify by saying aye.

8 (Chorus of ayes.)

9 CHAIRMAN MURPHY: Opposed? Orders 2012-152
10 through 172 are approved.

11 The next item of business will be Exclusion
12 Violations, Derek Young.

13 MR. YOUNG: Thank you. Good afternoon.

14 Before you now is Order No. 2012-173, which is a
15 civil penalty action again Georgi Georgiev for
16 violation of the terms of his placement on the
17 statewide Exclusion List. On August 24, 2010,
18 Georgiev was placed on the Exclusion List, barring
19 his presence in any gaming facility in Indiana.

20 On July 15, 2011, Georgiev was discovered at
21 Hollywood Casino in Lawrenceburg, Indiana, in
22 violation of the terms of his placement on the
23 Exclusion List. While in the gaming area of
24 Hollywood Casino, Georgiev possessed \$2,423 in
25 winnings.

1 On October 6, 2011, Commission staff initiated
2 a civil penalty administrative action by filing a
3 complaint against Georgiev in the amount of the
4 winnings in his possession for being in violation
5 of 68 IAC 6-1-4.5.

6 Georgiev failed to file an answer to the
7 complaint, and Commission staff filed a Motion for
8 Default Judgment. Georgiev failed to file a
9 written response to that motion, and the ALJ
10 granted Commission Staff default judgment on
11 October 29, 2012.

12 The order before you now would affirm the
13 ALJ's findings and recommendation, and the civil
14 penalty seizure for violation of the terms of
15 placement on the Exclusion List. Because default
16 judgment was entered in the matter by the ALJ, you
17 are respectfully required by the terms of AOPA to
18 approve the order at this time.

19 CHAIRMAN MURPHY: Questions of Mr. Young
20 regarding the order? Discussion? If not, is there
21 a motion to approve Order 2012-173?

22 VICE CHAIRMAN FINE: So moved.

23 COMMISSIONER MORGAN: Second the motion.

24 CHAIRMAN MURPHY: It's been moved and
25 seconded. All those in favor, signify by saying

1 aye.

2 (Chorus of ayes.)

3 CHAIRMAN MURPHY: Opposed?

4 Order 2012-173 is approved. Thank you,
5 Mr. Young. Continue.

6 MR. YOUNG: Before you now is Order No.
7 2012-174, which is an appeal of John Doe 12-66's
8 voluntary exclusion remittance. John Doe 66
9 submitted an application for one year placement on
10 the VEP list on November 3, 2010.

11 On July 3, 2012, Joe Doe 66 was discovered at
12 Ameristar Casino in East Chicago, Indiana, with
13 \$2,100 in winnings in his possession. The money
14 was forfeited according to the terms of the VEP,
15 and on August 2, 2012, the Commission approved the
16 remittance of the \$2,100 under Order No. 2012-100.

17 John Doe 66 timely filed an appeal, and the
18 matter was assigned to an Administrative Law Judge.
19 The ALJ set a telephonic preliminary hearing for
20 September 7, 2012, which John Doe 66 failed to
21 attend. Commission staff made a Motion for Default
22 Judgment. John Doe 77 failed to make a written
23 response to that motion, and the ALJ granted
24 default judgment on November 7, 2012.

25 The order now before you would deny John Doe

1 66's appeal of your August 2, 2012, order. And
2 because default judgment was entered in the matter
3 by the ALJ, you are again respectfully required by
4 the terms of AOPA to approve the order at this
5 time.

6 CHAIRMAN MURPHY: Questions or discussion
7 regarding Order 2012-174? If not, is there a
8 motion to approve Order 2012-174?

9 VICE CHAIRMAN FINE: Motion for approval.

10 COMMISSIONER BELL: Second.

11 CHAIRMAN MURPHY: It's been moved and
12 seconded. All those in favor, signify by saying
13 aye.

14 (Chorus of ayes.)

15 CHAIRMAN MURPHY: Opposed? Order 2012-174 is
16 approved. Thank you, Mr. Young.

17 MR. YOUNG: Thank you.

18 Before you now you have order No. 2012-175
19 concerning the petition for removal from the
20 Exclusion List of Kyle Sanders. Sanders was a
21 dealer at Belterra Casino and was placed on the
22 Exclusion List on October 26, 2010, after
23 surveillance footage showed him moving tip bets on
24 four separate occasions to an unapproved location
25 on the 21+3 blackjack layout. Belterra Casino

1 terminated Mr. Sanders following the incident.

2 Sanders appealed his placement on the
3 Exclusion List and argued that he didn't intend to
4 cheat, and that moving the tip bets was just a bad
5 habit. The Commission subsequently approved a
6 settlement agreement whereby Sanders would withdraw
7 his appeal and remain on the Exclusion List, but be
8 permitted to petition for removal after 18 months.

9 Sanders petitioned for removal from the
10 Exclusion List on August 13, 2012. I was appointed
11 to be hearing officer, and a hearing was held. I
12 submitted findings of fact, a designation of
13 evidence, and a recommendation for your review.

14 The placement of tip bets used by Belterra is
15 standard procedure across the industry. Sanders
16 worked as a dealer for approximately nine years,
17 the majority of those with Belterra. Belterra's
18 position was that Sanders was cheating for his own
19 personal benefit, based on both the surveillance
20 footage, as well as Sanders' statements concerning
21 his actions.

22 Belterra stated that moving the tip bets, as
23 Mr. Sanders did, would serve no purpose than to
24 make cheating easier. Sanders admitted to placing
25 tip bets in an incorrect spot, but stated that he

1 never had intent to cheat. He stated that the job
2 was a lot of repetition, and characterized his
3 actions as a bad habit. Mr. Sanders also stated
4 that he learned the importance of following
5 procedure from the incident.

6 However, based on the totality of the factors
7 above, I concluded that Mr. Sanders failed to meet
8 the required standard of clear and convincing
9 evidence at this time, as reflected in my findings
10 of fact and recommendation. Adopting my findings
11 would have the effect of denying Mr. Sanders'
12 petition for removal at this time, and Commission
13 staff recommends that you now adopt those findings.

14 CHAIRMAN MURPHY: Question, Mr. Young. This
15 clear and convincing evidence standard, what could
16 Mr. Sanders have done to --

17 MR. YOUNG: Well, part of the reason that I
18 judged him to not have met the standard in this
19 case was a combination between the factors that he
20 didn't provide a clear explanation for why he did
21 what he did. He just said it was a bad habit and
22 left it at that.

23 CHAIRMAN MURPHY: Was he remorseful?

24 MR. YOUNG: He was remorseful. But because he
25 never provided a real explanation, and because he

1 was a dealer for so many years, and because
2 Belterra said that, again, this is a standard
3 placing of tips bets across the industry, he should
4 have known. My feeling was, if he's been a dealer
5 for this long, he should have known.

6 I think it's important to note that a denial
7 today doesn't preclude him from petitioning for
8 removal at any time in the future. New facts or
9 circumstances come up that in the future could
10 change my recommendation or change whoever's
11 recommendation. So denial today doesn't
12 necessarily preclude him from coming off the list
13 at some point in the future.

14 CHAIRMAN MURPHY: By coming off the list, does
15 that mean he would be eligible for reemployment at
16 another casino, or just able to enter a casino?

17 MR. YOUNG: Well, it would mean he's able to
18 enter a casino. It could mean that he was eligible
19 for rehire. At Belterra I know he is on a
20 permanent no-hire list, so there he would not be
21 eligible no matter what. But depending on the
22 casinos, it's possible that he could be rehired in
23 the future.

24 CHAIRMAN MURPHY: So based on this order,
25 Mr. Sanders would remain on the Exclusion List to

1 not enter a casino in the state of Indiana?

2 MR. YOUNG: That's correct.

3 CHAIRMAN MURPHY: Any other questions or
4 discussion from the Commissioners?

5 EXECUTIVE DIRECTOR YELTON: Mr. Chairman, I
6 worked with Derek on this particular issue, and I
7 really did rely a little bit on my first life, and
8 he and I discussed it. And whenever I would look
9 at a sentence modification or people look at
10 parole, the one thing you look at is their
11 recognition of their responsibility and their guilt
12 to assure a better chance of lack of recidivism.

13 Belterra is absolutely certain that this guy
14 was cheating. We felt he was cheating, or we
15 wouldn't have put him on the list. But yet he
16 still would insist with Derek that it was just a
17 bad habit or a mistake, which I believed did not
18 particularly raise to the level of clear and
19 convincing, which is a high standard of proof in
20 the law, that he would not be a continuing threat
21 at this time to the integrity of gaming. So I
22 consulted with Derek on this and agree with the
23 recommendation.

24 CHAIRMAN MURPHY: When would he be eligible to
25 reapply?

1 MR. YOUNG: I guess at this point, because the
2 18 months has passed, he would be eligible to
3 reapply at any time.

4 CHAIRMAN MURPHY: Any other questions,
5 comments, or discussion from the Commissioners?
6 If not, is there a motion to approve Order
7 2012-175?

8 COMMISSIONER BELL: I move to approve motion
9 2012-175.

10 VICE CHAIRMAN FINE: Second.

11 CHAIRMAN MURPHY: It's been moved and
12 seconded. All those in favor, signify by saying
13 aye.

14 (Chorus of ayes.)

15 CHAIRMAN MURPHY: Opposed? Order 2012-175 is
16 approved. Thank you, Mr. Young.

17 MR. YOUNG: Thank you.

18 Next before you is order 2012-176, which is an
19 appeal of Maria Rodriguez's placement on the
20 Commission's Exclusion List. On May 12, 2012,
21 while working as a bartender at Ameristar Casino in
22 East Chicago, Indiana, Rodriguez was observed via
23 video surveillance taking unauthorized possession
24 of a patron's lost diamond bracelet. On June 27,
25 2012, the Executive Director placed Rodriguez on

1 the Exclusion List, barring her from all gaming
2 facilities in Indiana.

3 Rodriguez timely appealed the decision, and an
4 ALJ was assigned. Commission staff filed a Motion
5 for Summary Judgment, and a hearing was held at
6 which the ALJ granted Commission staff's Motion for
7 Summary Judgment. Rodriguez has not filed an
8 objection to the ALJ's findings. Before you is an
9 order affirming the ALJ's decision, and Commission
10 staff recommends you approve that order at this
11 time.

12 CHAIRMAN MURPHY: Any questions of Mr. Young
13 regarding the order? If not, is there a motion to
14 approve Order 2012-176?

15 COMMISSIONER MORGAN: Motion to approve.

16 COMMISSIONER BELL: Second.

17 CHAIRMAN MURPHY: It's been moved and
18 seconded. All those in favor of approving Order
19 2012-176, signify by saying aye.

20 (Chorus of ayes.)

21 CHAIRMAN MURPHY: Opposed? Order 2012-176 is
22 approved. Thank you, Mr. Young.

23 MR. YOUNG: Next, you have order 2012-177
24 concerning the renewal of supplier licenses
25 pursuant to Indiana Code 4-33 and 68 IAC 2-2. The

1 Commission has previously approved a permanent
2 supplier's license for the following: Gaming
3 Partner International USA, GEMACO, Multimedia
4 Games, PokerTek, Aristocrat Technologies, Global
5 Surveillance Associates and Paltronics.

6 A supplier's license is valid for a period of
7 one year. Pursuant to IC 4-33-7-8 and 68 IAC
8 2-2-8, a supplier's license must be renewed
9 annually with a \$7500 renewal fee. Each of these
10 licensees has requested renewal of their license
11 and has paid the appropriate renewal fees.
12 Commission staff recommends that you approve the
13 renewal of the licenses of these suppliers.

14 CHAIRMAN MURPHY: Questions or discussion on
15 Order 2012-177? If not, is there a motion to
16 approve the order?

17 COMMISSIONER MORGAN: Motion to approve.

18 VICE CHAIRMAN FINE: Second.

19 CHAIRMAN MURPHY: It's been moved and
20 seconded. All those in favor of approval of Order
21 2012-177, signify by saying aye.

22 (Chorus of ayes.)

23 CHAIRMAN MURPHY: Opposed? Order 2012-177 is
24 approved. Thank you, Mr. Young.

25 MR. YOUNG: Thank you.

1 CHAIRMAN MURPHY: Next on the agenda will be
2 disciplinary actions and Chris Gray. Welcome,
3 Chris.

4 MS. GRAY: Good afternoon, Commissioners, and
5 Executive staff. Order 2012-178 is a settlement
6 agreement with TCS John Huxley, wherein the
7 supplier failed to follow the rules regarding a key
8 person's application and license. TCS John Huxley
9 has agreed to a monetary settlement of \$10,000 in
10 lieu of disciplinary action. The Commission staff
11 recommends that you approve order 2012-178.

12 CHAIRMAN MURPHY: Questions of Ms. Gray
13 regarding the order? If not, is there a motion to
14 approve Order 2012-178?

15 COMMISSIONER BELL: Mr. Chairman, move to
16 approve order 2012-178.

17 CHAIRMAN MURPHY: Thank you. Is there a
18 second?

19 COMMISSIONER MORGAN: Second the motion.

20 CHAIRMAN MURPHY: It's been moved and
21 seconded. All those in favor, signify by saying
22 aye.

23 (Chorus of ayes.)

24 CHAIRMAN MURPHY: Order 2012-178 is approved.

25 MS. GRAY: Order 2012-179 is a settlement

1 agreement with Bally, wherein the supplier failed
2 to follow the rules regarding the shipment of
3 electronic gaming devices. Bally has agreed to a
4 monetary settlement of \$3,000 in lieu of
5 disciplinary action. The Commission staff
6 recommends that you approve order 2012-179.

7 CHAIRMAN MURPHY: Questions of Ms. Gray
8 regarding order 2012-179? If not, is there a
9 motion to approve?

10 COMMISSIONER MORGAN: Motion to approve.

11 VICE CHAIRMAN FINE: Second.

12 CHAIRMAN MURPHY: It's been moved and
13 seconded. All those in favor of approval of Order
14 2012-179, signify by saying aye.

15 (Chorus of ayes.)

16 CHAIRMAN MURPHY: Opposed? Order 2012-179 is
17 approved.

18 MS. GRAY: Thank you. Order 2012-181 is a
19 settlement agreement with NRT, wherein the supplier
20 failed to timely inform the Commission of two
21 terminated occupational licensees. NRT has agreed
22 to a monetary settlement of \$4,000 in lieu of
23 disciplinary action. The Commission staff
24 recommends that you approve order 2012-181.

25 CHAIRMAN MURPHY: Any questions of Ms. Gray

1 regarding the order? If not, is there a motion to
2 approve 2012-181?

3 COMMISSIONER BELL: Mr. Chairman, I move to
4 approve Order 2012-181.

5 COMMISSIONER MORGAN: Second the motion.

6 CHAIRMAN MURPHY: It's been moved and
7 seconded. All those in favor of approval of the
8 Order 2012-181, signify by saying aye.

9 (Chorus of ayes.)

10 CHAIRMAN MURPHY: Opposed? The order is
11 approved. Thank you, Ms. Gray.

12 MS. GRAY: Order 2012-183 is a settlement
13 agreement with PokerTek, wherein the supplier
14 failed to timely renew the occupational licenses of
15 six Level 1 licensees. PokerTek has agreed to a
16 monetary settlement of \$6,000 in lieu of
17 disciplinary action. The Commission staff
18 recommends that you approve Order 2012-183.

19 CHAIRMAN MURPHY: Any questions of Ms. Gray
20 regarding the order? If not, is there a motion to
21 approve Order 2012-183?

22 COMMISSIONER MORGAN: Motion to approve.

23 VICE CHAIRMAN FINE: Second.

24 CHAIRMAN MURPHY: It's been moved and
25 seconded. All those in favor of approval of Order

1 2012-183, signify by saying aye.

2 (Chorus of ayes.)

3 CHAIRMAN MURPHY: Opposed? The order is
4 approved. Thank you, Ms. Gray.

5 MS. GRAY: Thank you.

6 CHAIRMAN MURPHY: Next on the agenda are
7 transfers and Adam Packer.

8 MR. PACKER: Thank you, Mr. Chairman.

9 A substantial owner of supplier licensee
10 Silver State Capital Advisors, LLC, which you'll
11 remember just received its permanent supplier's
12 license at the last Commission meeting, is seeking
13 to sell his interest to a group of other Silver
14 State owners. Because this substantial owner's
15 shares exceeds five percent of the overall interest
16 in Silver State, this transaction will trigger the
17 transfer regulations at 68 IAC 5-2. However, the
18 purpose, the policy purpose of those transfer regs
19 Commission staff believes is not really necessary
20 here.

21 The transfer regulations exist so that the
22 Commission knows who the key persons, knows who the
23 substantial owners, and knows the business of the
24 supplier licensee intimately. And because we just
25 investigated Silver State, and in fact one of the

1 individuals who's going to receive ownership shares
2 has been investigated and is licensed currently as
3 a substantial owner of Silver State, Commission
4 staff believes that those policy reasons behind the
5 transfer regulations are not necessary in this
6 case.

7 The transfer regulations have a waiver
8 provision at 68 IAC 5-2-6 that allows the
9 Commission to waive those procedures of the
10 transfer rules where they are overly burdensome or
11 unnecessary, and Commission staff believes that is
12 the case here.

13 Silver State has requested waiver of the
14 provisions of the transfer regulations that would
15 require submission of an application and fees and
16 investigation for the reasons I've just discussed,
17 and Commission staff recommends approval of Order
18 184, which would have the effect of waiving the
19 provisions of the transfer regs to allow Silver
20 State to execute this transaction.

21 I understand that Phil Sicuso, who represents
22 Silver State, is here today to answer any questions
23 that you might have. And I'm happy to take
24 questions, also, if you have any.

25 CHAIRMAN MURPHY: Commissioners, any questions

1 of Mr. Packer or Mr. Sicuso?

2 COMMISSIONER MORGAN: No.

3 CHAIRMAN MURPHY: If not, is there a motion to
4 approve Order 2012-184?

5 COMMISSIONER BELL: I move to approve Order
6 2012-184.

7 COMMISSIONER MORGAN: I second the motion.

8 CHAIRMAN MURPHY: It's been moved and
9 seconded. All those in favor of approval of the
10 order, signify by saying aye.

11 (Chorus of ayes.)

12 CHAIRMAN MURPHY: Opposed? Order 2012-184 is
13 approved. Thank you, Mr. Packer.

14 MR. PACKER: Thank you, Mr. Chairman.

15 CHAIRMAN MURPHY: The next item on the agenda
16 are occupational licensees and David Johnson.

17 MR. JOHNSON: Thank you, Mr. Chairman, members
18 of the Commission, and Executive staff.

19 Before you is order 2012-185 for a waiver
20 pursuant to 68 IAC 2-3-12 for Jeremy Nixon.

21 Mr. Nixon is a WMS employees, who works in several
22 jurisdictions as a technician. He recently applied
23 for an occupational license as a staff field
24 technician in Indiana for WMS.

25 68 IAC 2-3-12 provides that the Commission may

1 waive any licensing requirement or procedure, if
2 the Commission determines that the requirement or
3 procedure is impractical or burdensome, and such
4 waiver is in the best interest of the public and
5 the gaming industry, and is not outside the
6 technical requirements necessary to serve the
7 purposes of the requirement.

8 Commission staff believes a waiver of certain
9 provisions of occupational licensing regulations is
10 appropriate pursuant to 68 IAC 2-3-12 due to facts
11 revealed during the background investigation. The
12 confidential details of that background
13 investigation are included in your materials.

14 Staff believes, based on those confidential
15 details, that the requirement in this instance is
16 impractical or burdensome, and the waiver is in the
17 best interest of the gaming industry. Therefore,
18 Commission staff recommends that you approve the
19 order for waiver at this time.

20 CHAIRMAN MURPHY: Questions of Mr. Johnson
21 regarding Order 2012-185? If not, is there a
22 motion to approve the order?

23 COMMISSIONER MORGAN: Motion to approve.

24 VICE CHAIRMAN FINE: Second.

25 CHAIRMAN MURPHY: It's been moved and

1 seconded. All those in favor of approval of Order
2 2012-185, signify by saying aye.

3 (Chorus of ayes.)

4 CHAIRMAN MURPHY: Opposed? Order 2012-185 is
5 approved. Thank you, Mr. Johnson.

6 MR. JOHNSON: Thank you, Mr. Chairman.

7 CHAIRMAN MURPHY: Moving on to casino matters
8 and financings, Jeff Neuenschwander.

9 MR. NEUENSCHWANDER: Good afternoon,
10 Mr. Chairman, members of the Commission, Executive
11 staff.

12 Orders 2012-186 and 187 are both financing
13 requests by Caesars. Each order covers a separate
14 financing request and interim approval letter, but
15 in the interest of efficiency, I've lumped those
16 two together in my presentation.

17 Caesars requested permission to act on each of
18 the proposed debt transactions through their
19 counsel. The details of those transactions are
20 contained in your confidential documents. In each
21 case, the request was considered by Chairman Murphy
22 and Executive Director Yelton. And after
23 consultation with Commission analyst Dan Roberts,
24 interim approval letters were issued. One was
25 issued October 17, 2012, and the second, October 3,

1 2012.

2 Resolution 2008-174 requires that an interim
3 financing approval be reported to the Commission
4 for consideration and final ratification or other
5 direction.

6 Commission staff recommends that you ratify
7 Director Yelton's interim approval letters for
8 Caesars, dated August 17, 2012, and October 3,
9 2012, as addressed in draft Orders 186 and 187
10 respectively.

11 CHAIRMAN MURPHY: Any questions of
12 Mr. Neuenschwander regarding the orders? If not,
13 is there a motion to approve ratification of Orders
14 2012-186 and 187?

15 COMMISSIONER BELL: Mr. Chairman, I move to
16 approve Order 2012-186 and Order 2012-187.

17 COMMISSIONER MORGAN: Second the motion.

18 CHAIRMAN MURPHY: It's been moved and
19 seconded. All those in favor of approval, signify
20 by saying aye.

21 (Chorus of ayes.)

22 CHAIRMAN MURPHY: Opposed? Orders 2012-186
23 and 187 are approved.

24 MR. NEUENSCHWANDER: Thank you, Mr. Chair. I
25 have one more order for you this afternoon.

1 Order 2012-188 is a financing request by New
2 Centaur. New Centaur made a financing request, the
3 details of which are contained in your confidential
4 documents. That request was considered by Chairman
5 Murphy and Executive Director Yelton. And after
6 consultation with Commission analyst Dan Roberts,
7 Executive Director Yelton issued an interim
8 approval letter on September 4, 2012.

9 Again, as in the last order, Resolution
10 2008-174 requires that this interim approval be
11 presented to the Commission for consideration and a
12 final ratification. Commission staff recommends
13 that you ratify Director Yelton's interim approval
14 letter, dated September 4, 2012.

15 CHAIRMAN MURPHY: Any questions of
16 Mr. Neuenschwander regarding the order? If not, is
17 there a motion to approve order 2012-188?

18 VICE CHAIRMAN FINE: Motion for approval.

19 COMMISSIONER BELL: Second.

20 CHAIRMAN MURPHY: It's been moved and
21 seconded. All those in favor of ratification of
22 Order 2012-188, signify by saying aye.

23 (Chorus of ayes.)

24 CHAIRMAN MURPHY: Opposed? Order 2012-188 is
25 approved. Thank you, Mr. Neuenschwander.

1 MR. NEUENSCHWANDER: Thank you, Mr. Chair.

2 CHAIRMAN MURPHY: Moving along, disciplinary
3 actions. Adam Packer.

4 MR. PACKER: Thank you, Mr. Chair.

5 As you know, on May 17, 2012, Gaming
6 Commission staff filed a complaint for disciplinary
7 action with our Administrative Law Judge Michael Cook
8 against Indianapolis Downs, Ross Mangano, Scott
9 Dillon, and an unnamed Level 3 occupational
10 licensee, alleging multiple violations related to
11 Commission requests for information regarding an
12 investigation into allegations of sexual harassment
13 against Level 1 licensees at Indianapolis Downs.

14 After some preliminary filings and conferences
15 with Judge Cook, the parties began discussing
16 settlement. Those discussions resulted in the
17 fully executed settlement agreement that is before
18 you today for action.

19 The settlement agreement, if approved, will
20 result in the parties filing a Stipulation of
21 Dismissal in the disciplinary action, will result
22 in the occupational licensees agreeing to cooperate
23 with the Commission's investigation, the production
24 of all documents in their unredacted form -- all
25 documents will be requested in their unredacted

1 form -- a \$30,000 fine, and an agreement by
2 Indianapolis Downs not to assert attorney-client
3 privilege in the future to keep documents away from
4 the Gaming Commission after a relevant request.

5 I see that Charlie Daugherty, representing
6 Indianapolis Downs, is here. Charlie, do you have
7 the documents?

8 MR. DAUGHERTY: I do.

9 MR. PACKER: Okay. Thank you.

10 The Commission staff recommends approval of
11 the settlement agreement in the disciplinary action
12 against Indianapolis Downs, Ross Mangano, Scott
13 Dillon, and the Level 3 licensee.

14 CHAIRMAN MURPHY: Mr. Packer, are you
15 satisfied that the documents are --

16 MR. PACKER: I am. Mr. Daugherty said he has
17 them, and my understanding is he will turn them
18 over to Commission staff immediately following the
19 meeting. He's nodding his head.

20 CHAIRMAN MURPHY: Is that correct?

21 MR. DAUGHERTY: Correct.

22 CHAIRMAN MURPHY: Thank you. Are there any
23 other questions or discussion with Mr. Packer on
24 order 2012-189?

25 COMMISSIONER MORGAN: Yeah. You could hand

1 the documents over to Mr. Packer now, if you would
2 like. We won't be offended.

3 MR. PACKER: With all due respect,
4 Commissioner Morgan, the terms of the settlement
5 require Commission approval first.

6 COMMISSIONER MORGAN: Okay. Well, I would
7 motion to approve.

8 CHAIRMAN MURPHY: Is there a second?

9 COMMISSIONER BELL: Second.

10 CHAIRMAN MURPHY: It's been moved and seconded
11 that order 2012-189 be approved. All those in
12 favor, signify by saying aye.

13 (Chorus of ayes.)

14 CHAIRMAN MURPHY: Opposed? Order 2012-189 is
15 approved. You can touch them now.

16 MR. PACKER: Yes. Thank you, Mr. Chair.

17 CHAIRMAN MURPHY: Moving on, still under
18 disciplinary actions, Ms. Gray.

19 MS. GRAY: Good afternoon again,
20 Commissioners. You have before you twelve
21 settlement agreements concerning disciplinary
22 actions.

23 The first settlement is with Ameristar, Order
24 2012-190, and includes two counts.

25 In the first count an underage person was

1 allowed on the casino floor, and the second count
2 violated the rule regarding the transportation of
3 electronic gaming devices.

4 Ameristar has agreed to a monetary settlement
5 of \$3,000 in lieu of disciplinary action. Are
6 there any questions?

7 The second order, 2012-191, is a settlement
8 agreement with Aztar, which includes two counts.

9 The first count violated the VEP rules, and
10 the second count violated the bill validator drop
11 rules.

12 Aztar has agreed to a monetary settlement of
13 \$6,500 in lieu of disciplinary action. Are there
14 any questions?

15 Order 2012-192 is a settlement agreement with
16 Belterra and includes six counts.

17 In the first count the casino failed to secure
18 the drop area on three different occasions.

19 In the second count the casino failed to
20 secure a poker table float.

21 In count three the casino left two electronic
22 gaming devices unsecured.

23 In the fourth count the casino violated the
24 rule regarding the proper storage of EPROMs.

25 In count five the casino failed to notify the

1 Commission of a terminated employee.

2 In count six an underage person was allowed
3 onto the casino floor.

4 Belterra has agreed to a total monetary
5 settlement \$19,000 in lieu of disciplinary action.
6 Are there any questions concerning this order?

7 The third order, 2012-193, is a settlement
8 agreement with Blue Chip involving two counts.

9 In the first count the casino allowed an
10 underage person onto the casino floor.

11 In the second count the casino failed to
12 timely report to a Gaming Agent the termination of
13 an employee.

14 Blue Chip has agreed to a total monetary
15 settlement of \$5,000 in lieu of disciplinary
16 action. Are there any questions?

17 Order 2012-194 is a settlement agreement with
18 French Lick involving three counts.

19 The first count violated the rules and the
20 casino's internal controls regarding the patron
21 counting system.

22 In the second count a slot machine was put
23 into service after it had failed a coin test.

24 In the third count an approved submission for
25 a poker tournament was not followed correctly.

1 French Lick has agreed to a total monetary
2 settlement of \$10,000 in lieu of disciplinary
3 action. Are there any questions?

4 Order 2012-195 is a settlement agreement with
5 Hoosier Park and includes two counts.

6 In the first count a progressive controller
7 was not housed in a double keyed compartment, and
8 the Gaming Agent's key would not unlock the
9 compartment.

10 In the second count an underage person was
11 allowed on the casino floor.

12 Hoosier Park has agreed to a total monetary
13 settlement of \$6,500 in lieu of disciplinary
14 action. Are there any questions?

15 The seventh order, 2012-196, is a settlement
16 agreement with Hollywood and includes three counts.

17 In the first count the casino allowed an
18 underage person on the casino floor on two separate
19 occasions and completed a CTR form using incorrect
20 information.

21 The second count violated the rule requiring
22 float lids to be secure.

23 The third count violated the rules regarding
24 the placement of an employee's card when entering a
25 slot machine and the completion of the log

1 maintained in the slot machine on numerous
2 occasions.

3 Hollywood has agreed to a monetary settlement
4 of \$23,000 in lieu of disciplinary action. Are
5 there any questions?

6 COMMISSIONER MORGAN: Just one. How is the
7 individual that required the CPR?

8 MS. GRAY: Did I say CPR instead of CTR?
9 Sorry. I apologize. He's doing okay, I think.

10 Order 2012-197 is a settlement agreement with
11 Horseshoe Hammond concerning six counts.

12 In the first count an underage person was
13 allowed onto the casino floor on three separate
14 occasions.

15 In the second count the casino failed to
16 include all of the information for the point system
17 of a prize and how the winners were determined.

18 In the third count three slot machines were
19 placed into service prior to computer chips and
20 logic boards being sealed and coin tests completed.

21 The fourth count violated the casino's
22 internal controls by allowing a patron into the
23 drop area.

24 The fifth count violated the playing cards
25 rule.

1 The final count violated the rule requiring
2 the casino to contact the Gaming Agents when they
3 become aware of apparent criminal activity.

4 Horseshoe Hammond has agreed to a total
5 monetary settlement of \$28,000 in lieu of
6 disciplinary action. Are there any questions?

7 Order 2012-198 is a settlement agreement with
8 Horseshoe Southern Indiana and includes two counts.

9 In the first count the casino allowed an
10 underage person in the casino, and the second count
11 violated the VEP rules.

12 Horseshoe Southern Indiana has agreed to a
13 total monetary settlement of \$10,500 in lieu of
14 disciplinary action. Are there any questions?

15 Order 2012-199 is a settlement agreement with
16 Indiana Grand and includes three counts.

17 In the first count the casino failed to timely
18 notify the Commission of four terminations.

19 In the second count an underage person was
20 allowed on the casino floor on three separate
21 occasions.

22 The third count violated the casino's internal
23 controls regarding slot employee pouches.

24 Indiana Grand has agreed to a monetary
25 settlement of \$25,500 in lieu of disciplinary

1 action. Are there any questions on this order?

2 Order 2012-200 is a settlement agreement with
3 Majestic Star involving four counts.

4 In the first count an underage person was
5 allowed through the turnstile and onto the casino
6 floor on two separate occasions.

7 The second count violated the rule regarding
8 procedures for a table fill.

9 In the third count a non-gaming employee
10 worked on the casino floor.

11 The fourth count violated the rules regarding
12 the surveillance coverage of gaming devices with
13 jackpots over \$50,000 and the replacement of
14 cameras that have malfunctioned.

15 Majestic Star has agreed to pay a total
16 monetary settlement of \$21,500 in lieu of
17 disciplinary action. Are there any questions on
18 this order?

19 The final order, 2012-201, is a settlement
20 agreement with Rising Star and includes two counts.

21 The first count violated the rule regarding
22 the shipment of live gaming devices. And in the
23 second count an underage person was allowed on the
24 casino floor, and this was the first occurrence.

25 Rising star has agreed to pay a total monetary

1 settlement of \$6,500 in lieu of disciplinary
2 action. Are there any questions?

3 The Commission staff recommends that you
4 approve Orders 2012-190 through 2012-201, each of
5 which approves one of the settlement agreements
6 that we have just discussed.

7 CHAIRMAN MURPHY: Any further questions or
8 discussion with Ms. Gray regarding the orders?

9 COMMISSIONER BELL: No.

10 CHAIRMAN MURPHY: If not, is there a motion to
11 approve?

12 COMMISSIONER MORGAN: Motion to approve.

13 CHAIRMAN MURPHY: Is there a second?

14 VICE CHAIRMAN FINE: Second.

15 CHAIRMAN MURPHY: It's been moved and
16 seconded. All those in favor of approval for
17 Orders 2012-190 through 201, signify by saying aye.

18 (Chorus of ayes.)

19 CHAIRMAN MURPHY: Opposed? Orders 2012-190
20 through 2012-201 are approved. Thank you,
21 Ms. Gray.

22 MS. GRAY: Thank you.

23 CHAIRMAN MURPHY: The next item on the agenda
24 involves casino renewals. Sarah Tate.

25 MS. TATE: Thank you, Mr. Chairman.

1 Members of the Commission, before you are
2 orders 2012-202, 203, 204 and 205 regarding the
3 annual casino license and power of attorney
4 renewals for Blue Chip, Belterra, Rising Star, and
5 Horseshoe Southern.

6 All four casinos timely submitted the renewal
7 paperwork and fees. Blue chip, Belterra and Rising
8 Star's renewal dates were prior to this Commission
9 meeting.

10 Under Resolution 2003-13, the Executive
11 Director has issued interim renewals of these three
12 casino licenses to bridge the time gap between the
13 renewal date and this meeting. Horseshoe
14 Southern's license is due to expire at the end of
15 the day today.

16 At the March, 2010, business meeting, by Order
17 2010-55, the Commission approved a power of
18 attorney for the four casinos. That approval
19 expired upon the renewal of each casino's license.
20 For that reason, all casinos must either request
21 renewal of the power of attorney concurrently with
22 the request for renewal, or present the Commission
23 with a new power of attorney, naming a
24 trustee-in-waiting.

25 Blue Chip wishes to request renewal of Maunty

1 Collins as its trustee-in-waiting.

2 Belterra and Rising Star wish to request
3 renewal of Ronald Gifford as their
4 trustee-in-waiting.

5 And Horseshoe Southern wishes to request
6 renewal of Charles Atwood as its
7 trustee-in-waiting.

8 Staff recommends that you approve orders
9 2012-202, 203, 204 and 205, renewing Blue Chip,
10 Belterra, Rising Star, and Horseshoe Southern
11 casino licenses and approving the renewal of each
12 power of attorney.

13 CHAIRMAN MURPHY: Questions of Ms. Tate
14 regarding the orders? If not, is there a motion to
15 approve Orders 2012-202 through 205?

16 COMMISSIONER BELL: Mr. Chairman, I move
17 approval of Orders 2012-202 through Orders
18 2012-205.

19 COMMISSIONER MORGAN: Second the motion.

20 CHAIRMAN MURPHY: It's been moved and
21 seconded. All those in favor of the approval of
22 the orders, signify by saying aye.

23 (Chorus of ayes.)

24 CHAIRMAN MURPHY: Opposed? Orders 2012-202
25 through 2012-205 are approved. Thank you,

1 Ms. Tate.

2 Special matters, Derek Young.

3 MR. YOUNG: Thank you. Before you now is
4 order 2012-206 regarding a proposal for conversion
5 to permanently moored craft status, submitted by
6 Aztar Indiana Gaming Company, LLC.

7 Pursuant to IC 4-33-4-13.5 and IC 4-33-4-13, a
8 riverboat licensee may submit a plan to convert the
9 licensee's self-propelled riverboat into a
10 permanently moored craft for Commission approval.

11 The Commission's alternate certification
12 program certifies riverboat casinos for marine
13 structural and life safety compliance. The
14 Commission contracts with ABS Group to ensure
15 licensee crafts meet the requirements of the
16 program. Aztar recently transitioned to the
17 program from Coast Guard Certification.

18 In order to ensure that Aztar's proposal
19 adequately met marine structural and life safety
20 compliance standards, Commission staff submitted
21 the proposal to ABS for analysis under the
22 following nine categories that are material to
23 safety and structural standards: Staffing of the
24 craft; mooring arrangements; propulsion systems;
25 maintenance of machinery equipment; navigation

1 systems; emergency procedures; ballasting
2 procedures; maintenance of life safety systems; and
3 watch standing.

4 In part, Aztar's plan disables propulsion and
5 navigation systems, reorganizes the facility and
6 marine departments into a new facility operations
7 department, and includes a new emergency response
8 plan.

9 ABS, following the analysis of the proposal,
10 recommended the approval of the request for
11 conversion. John Francic from ABS is present today
12 for any questions regarding the ABS evaluation of
13 the proposal.

14 Commission staff has consulted also with the
15 U.S. Army Corps of Engineers, as required under
16 IC 4-33-4-13, as well as notifying the U.S. Coast
17 Guard and Indiana Department of Homeland Security
18 of the plans, and provided an opportunity to
19 comment.

20 On the basis of the recommendation by ABS,
21 Commission staff recommends approval of the
22 proposal, with conditions placed on the approval
23 that require, first, successful completion of
24 emergency drills under the new emergency response
25 plan within 30 days; second, construction of a

1 second means of egress from the craft no later than
2 the Commission's calendar year 2013 annual
3 inspection; and third, compliance with any
4 subsequent requests from the U.S. Army Corps of
5 Engineers.

6 Approving the order before you would approve
7 Aztar's PMC proposal with the stated conditions,
8 and Commission staff recommends you do so at this
9 time.

10 CHAIRMAN MURPHY: Any questions of Mr. Young
11 regarding order 2012-206? If not, is there a
12 motion to approve?

13 COMMISSIONER MORGAN: I would motion to
14 approve.

15 VICE CHAIRMAN FINE: Second.

16 CHAIRMAN MURPHY: It's been moved and
17 seconded. All those in favor of approval of Order
18 2012-206, signify by saying aye.

19 (Chorus of ayes.)

20 CHAIRMAN MURPHY: Opposed? Order 2012-206 is
21 approved. Thank you, Mr. Young.

22 The next item on the agenda is the Hoosier
23 Park slot machine request. Adam Packer.

24 MR. PACKER: Thank you, Mr. Chair.

25 On October 22, 2012, Hoosier Park requested

1 Commission approval to install an additional 200
2 machines beyond the 2,000 that it is currently
3 approved to have under Indiana Code 4-35-7-11,
4 which states that a racino may not have more than
5 2,000 machines without Commission approval, and
6 that Commission approval can approve up to an
7 additional 200 machines.

8 As of September 30, Hoosier Park had 1,903
9 machines operating on the floor and has represented
10 to Commission staff that it commonly has over
11 90 percent of it's non-high limit machines in use
12 during peak periods. Hoosier Park represented that
13 it has plans for future expansion to increase the
14 machines and to comply with corporate strategy.

15 As you'll recall, in Order 2011-207 you
16 approved this same request by Indiana Grand to
17 approve the addition of 200 additional machines
18 beyond the statutory, the initial statutory limit
19 of 2000.

20 Commission staff recommends approval of
21 resolution 207, which would authorize Hoosier Park
22 to install an additional 200 machines.

23 I see that John Keeler is here from Centaur,
24 if you have any questions.

25 CHAIRMAN MURPHY: Do the Commissioners have

1 any questions of Mr. Packer or Mr. Keeler? If not,
2 is there a motion to approve order 2012-207?

3 COMMISSIONER MORGAN: I would motion to
4 approve.

5 CHAIRMAN MURPHY: Is there a second?

6 VICE CHAIRMAN FINE: Second.

7 CHAIRMAN MURPHY: It's been moved and
8 seconded. All those in favor of approval of Order
9 2012-207, signify by saying aye.

10 (Chorus of ayes.)

11 CHAIRMAN MURPHY: Opposed? Order 2012-207 is
12 approved. Thank you, Mr. Packer.

13 MR. PACKER: Thank you, Mr. Chair.

14 CHAIRMAN MURPHY: Moving on to rules and Sarah
15 Tate.

16 MS. TATE: Thank you. Resolution 2012-208
17 would adopt a final rule regarding a regulatory
18 scheme to administer local development agreements
19 and reports.

20 In 2011, the General Assembly created Indiana
21 Code 4-33-23 related to local development reports.
22 The proposed rule is designed to fulfill all of the
23 legislative mandates contained in Indiana Code
24 4-33-23. The proposed rule clarifies reports on
25 economic development payments and methods of

1 payment for LDA monies. It also creates a duty to
2 notify the Commission of any changes.

3 Commission staff has taken the rule through
4 the promulgation process. The Indiana Register
5 posted a Notice of Intent on February 1, 2012, and
6 the proposed rule on July 18, 2012. Commission
7 staff held a public hearing on September 6, 2012.
8 There were no attendees and no public comments at
9 the hearing. We've received no public written
10 comments, and we have not made any changes to the
11 proposed rule.

12 The Indiana Economic Development Commission
13 does not object to the economic impact of this
14 rule, and the State Budget Agency recommends that
15 the rule be approved.

16 At this time staff recommends adopting
17 Resolution 2012-208, which would adopt this
18 proposed rule as a final rule and will allow us to
19 publish the final rule regarding local development
20 agreements.

21 CHAIRMAN MURPHY: Do the Commissioners have
22 any questions of Ms. Tate regarding Resolution
23 2012-208? If not, is there a motion to approve the
24 resolution?

25 COMMISSIONER MORGAN: Motion to approve.

1 CHAIRMAN MURPHY: Is there a second?

2 VICE CHAIRMAN FINE: Second.

3 CHAIRMAN MURPHY: It's been moved and
4 seconded. All those in favor of approval of
5 Resolution 2012-208, signify by saying aye.

6 (Chorus of ayes.)

7 CHAIRMAN MURPHY: Opposed? Order 2012-208 is
8 approved. Thank you, Ms. Tate.

9 Moving on to the next regulation, the omnibus
10 rule. Adam Packer.

11 MR. PACKER: Thank you, Mr. Chair.

12 Resolution 209 would affect approximately 280
13 sections of the Indiana Administrative Code. It
14 falls, it breaks into three categories, mostly
15 regulatory cleanup, eliminating obsolete
16 terminology, and bringing the regulations into the
17 present.

18 For example, since the last time some of these
19 rules were amended, the boats went dockside, the
20 Gaming Agents replaced the State Police, and APRA
21 prohibited the Commission staff from requesting
22 full Social Security numbers from individuals. And
23 so this rule, all 147 pages of it, brings 68 IAC
24 into the present, for example, by deleting
25 terminology that's only relevant to cruising

1 riverboats, such as carryover patron, and deleting
2 references to police employees, replacing them with
3 Gaming Agents, and standardizing that language.

4 The second category of changes that this rule
5 makes is standardizing waiver language. It will
6 actually become deviation from provisions in
7 accordance with Commission staff's consultation
8 with the Attorney General's Office.

9 And the third category are additional changes
10 that I would still characterize as regulatory
11 cleanup, even though they aren't these obsolete
12 terminology changes. They more involve the
13 codification of other documents that affect the way
14 the Gaming Commission regulates: Policy, memos,
15 waivers. In one case even an Indiana Supreme Court
16 case that affects the way the Gaming Commission
17 regulates the eviction list.

18 And so what Commission staff has done is
19 update those portions of the code to codify those
20 waivers. Instead of having a number of documents
21 outside of the code that we rely on to regulate the
22 industry, now those provisions, those requirements
23 will be in the code, one place where regulated
24 entities can go to see what our regulatory purpose
25 is.

1 I'm happy to discuss any of these sections at
2 length, if you'd like. But I think in the interest
3 of time, I'll just move on to the procedure.

4 Commission staff has taken this rule through
5 the formal promulgation process, beginning with the
6 posting of a Notice of Intent on December 28, 2011,
7 and on through the proposed rule, public hearing,
8 public comment, and fiscal analysis process.

9 There was significant back and forth between
10 Commission staff and the industry on this rule. I
11 count 15, 16 public comments that were made, many
12 of which resulted in changes being made to the
13 proposed rule into final rule format. A change
14 list is included in your materials and sort of acts
15 as a handy guide to those changes.

16 The Indiana Economic Development Corporation
17 does not object to the economic impact of this
18 rule. The State Budget Agency has recommended that
19 the rule be approved. And Commission staff
20 respectfully recommends that the Commission approve
21 Resolution 209, adopting this rule to be filed with
22 the Governor's office, the Attorney General's
23 office, and then ultimately for publication in the
24 Indiana Register.

25 CHAIRMAN MURPHY: Any questions for

1 Mr. Packer?

2 COMMISSIONER MORGAN: I don't.

3 CHAIRMAN MURPHY: Mr. Packer, I just have one
4 quick one. There is a bullet point in here that
5 says requiring Social Security numbers instead of
6 the last four digits. What does that mean?

7 MR. PACKER: Right. The Commission's current
8 regulations require that applicants include their
9 entire Social Security number, for example, in VEP
10 applications or in licensing applications.

11 CHAIRMAN MURPHY: So we're just going to go
12 back to the final four?

13 MR. PACKER: We're going to the final four
14 digits because the Access to Public Records Act was
15 amended, prohibiting us from doing that.

16 EXECUTIVE DIRECTOR YELTON: Members of the
17 Commission, you may want to consider tabling this.
18 I'm not sure Mr. Packer has given it sufficient
19 consideration.

20 (Laughter.)

21 CHAIRMAN MURPHY: Another question?

22 COMMISSIONER BELL: No, sir. Mr. Packer, am I
23 correct that you and Commission members began work
24 on this in 2007?

25 MR. PACKER: Yeah. Really, the impetus for

1 this project was the Racino Act, because that got
2 us started on this idea that we needed to amend the
3 administrative code to change references to
4 riverboat to a more generic term, casino. And it's
5 just become one of those Christmas tree bills,
6 Representative Bell, you may recall from your days
7 as a legislator, and we found it an excellent
8 vehicle for a lot of things that needed to be done.

9 CHAIRMAN BELL: I try not to recall those
10 days, but I did want to congratulate you.

11 EXECUTIVE DIRECTOR YELTON: And you will
12 notice Mr. Sicuso did leave.

13 COMMISSIONER BELL: Congratulations. And with
14 that, I would move approval of Resolution 2012-209.

15 COMMISSIONER MORGAN: I would second the
16 motion.

17 CHAIRMAN MURPHY: It's been moved and
18 seconded. All those in favor of approval of
19 Resolution 2012-209, signify by saying aye.

20 (Chorus of ayes.)

21 CHAIRMAN MURPHY: Opposed? Resolution
22 2012-209 is approved. Thank you, Mr. Packer.

23 MR. PACKER: Thank you, Mr. Chair.

24 CHAIRMAN MURPHY: Moving on to emergency rules
25 and readoptions. Sarah Tate.

1 MS. TATE: Thank you.

2 Resolution 2012-210 would adopt an emergency
3 rule regarding local development agreements.

4 With resolution 2012-208, you have adopted the
5 final rule on local development agreements.

6 However, the final rule will now be sent to two
7 different state agencies for further approval.

8 While the other agencies take their
9 statutorily allotted time for review, there will be
10 a time gap between when the final rule and when the
11 current emergency rule will expire.

12 So, therefore, at this time staff respectfully
13 asks you adopt 2012-210 for the purpose of ensuring
14 there will be no time gap during which no rules
15 will be in place for the proper regulation of local
16 development agreements.

17 CHAIRMAN MURPHY: Do the Commissioners have
18 questions for Ms. Tate regarding the resolution?
19 If not, is there a motion to approve Resolution
20 2012-210?

21 COMMISSIONER MORGAN: Motion to approve.

22 VICE CHAIRMAN FINE: Second.

23 CHAIRMAN MURPHY: It's been moved and
24 seconded. All those in favor of approval, signify
25 by saying aye.

1 (Chorus of ayes.)

2 CHAIRMAN MURPHY: Opposed? Resolution
3 2012-210 is approved. Thank you, Ms. Tate.

4 MS. TATE: Thank you.

5 Resolution 2012-211 would adopt LSA document
6 No. 12-413 as a final rule regarding the readoption
7 of Administrative Rules 68 IAC 12-1 and 68 IAC
8 15-5-1.5.

9 Administrative rules expire on January 1 of
10 the seventh year after the year in which the rule
11 takes effect. These rules are due to expire on
12 January 3, 2013, unless readopted.

13 These rules have not been edited. Staff
14 prepared the Notice of Intent to Readopt the rules
15 and submitted it to the Indiana Register, which
16 published the notice on July 18, 2012. The 30-day
17 statutory period for filing an objection to or
18 request for separation of the rules has passed
19 without any person filing an objection.

20 This resolution, if passed, will readopt the
21 rules regarding general provisions for surveillance
22 operations and transfer of ownership without
23 change.

24 At this time the staff recommends adopting
25 Resolution 2012-211, which would adopt LSA document

1 No. 2012-413 as a final rule.

2 CHAIRMAN MURPHY: Questions regarding the
3 resolution?

4 COMMISSIONER MORGAN: So we're voting on a
5 rule to save the rules?

6 CHAIRMAN MURPHY: It's a resolution to save
7 the rules.

8 COMMISSIONER MORGAN: A resolution to save the
9 rules. Well, I would motion to approve.

10 COMMISSIONER BELL: Second.

11 CHAIRMAN MURPHY: It's been moved and
12 seconded. All those in favor of approval of
13 Resolution 2012-211, signify by saying aye.

14 (Chorus of ayes.)

15 CHAIRMAN MURPHY: Opposed? Resolution
16 2012-211 is unanimously approved. Thank you,
17 Ms. Tate.

18 MS. TATE: Thank you.

19 CHAIRMAN MURPHY: I think that's all for
20 today. If there's no further business to come
21 before the Commission today, the Chair will
22 entertain a motion to adjourn.

23 COMMISSIONER MORGAN: I motion to adjourn.

24 VICE CHAIRMAN FINE: Second.

25 CHAIRMAN MURPHY: It's been moved and

1 seconded. All those in favor of adjournment,
2 signify by saying aye.

3 (Chorus of ayes.)

4 CHAIRMAN MURPHY: Opposed? We stand
5 adjourned.

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7 (Meeting adjourned at 2:45 p.m.)

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