

**ORDER 2019-108**

**IN RE SETTLEMENT AGREEMENT**

**THE MAJESTIC STAR CASINO, LLC and THE MAJESTIC STAR CASINO II,  
LLC  
19-MS-02**

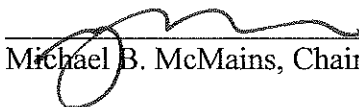
After having reviewed the attached Settlement Agreement, the Indiana Gaming Commission hereby:

**APPROVED**  
\_\_\_\_\_  
APPROVES OR DISAPPROVES


the proposed terms of the Settlement Agreement.

**IT IS SO ORDERED THIS THE 30<sup>th</sup> DAY OF MAY, 2019.**

**THE INDIANA GAMING COMMISSION:**

  
\_\_\_\_\_  
Michael B. McMains, Chair

ATTEST:

  
\_\_\_\_\_  
Joseph Svetanoff, Secretary

**STATE OF INDIANA  
INDIANA GAMING COMMISSION**

<b>IN RE THE MATTER OF:</b>	)	
	)	<b>SETTLEMENT</b>
<b>THE MAJESTIC STAR CASINO, LLC and</b>	)	<b>19-MS-02</b>
<b>THE MAJESTIC STAR CASINO II, LLC</b>	)	
	)	

**SETTLEMENT AGREEMENT**

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Sara Gonso Tait and The Majestic Star Casino, LLC and The Majestic Star Casino II, LLC (together referred to herein as “Majestic Star”) (collectively, the “Parties”) desire to enter into this settlement agreement (“Agreement”) prior to the initiation of a disciplinary proceeding pursuant to 68 IAC 13-1-18(a). The Parties stipulate and agree that the following facts are true:

**FINDINGS OF FACT**

**COUNT I**

1. 68 IAC 2-6-19 provides that electronic gaming devices must have logic boards and any computer chips that store memory in a locked area within the electronic gaming device that is sealed with evidence tape. The evidence tape must:  
(1) be affixed by an enforcement agent; and  
(2) include the date, signature, and identification number of the enforcement agent.  
This tape may only be removed by an enforcement agent.
2. On February 22, 2019, Gaming Agents were requested to re-seal a slot machine. The Gaming Agent requested to know when the seal had been broken on the slot machine. The Slot Tech advised that according to the machine entry authorization log (MEAL), it had been broken on February 20, 2019.

When the Gaming Agent presented himself to re-seal the slot machine, the Gaming Agent observed that software in the slot machine had not been sealed and required the CPU to be taken to the Commission office so that the software could be verified. Only one (1) piece of software was able to be verified, the other piece of software could not be verified.

**COUNT II**

3. 68 IAC 15-13-3 provides that if a manually paid jackpot exceeds one thousand two hundred dollars (\$1,200), the casino licensee shall complete and file the forms required by the Internal Revenue Service.

4. 68 IAC 11-9-2(a) provides that the casino licensee or trustee shall submit to the executive director internal control procedures concerning the withholding of cash winnings from delinquent obligors in accordance with 68 IAC 11-1.
5. 68 IAC 11-1-3(c)(4) provides that no casino licensee or casino license applicant may use an internal control procedure unless the internal control procedure has been approved, in writing, by the executive director.
6. 68 IAC 13-1-1(b)(2) and (3) provides that the Commission may initiate an investigation or a disciplinary action, or both, against a licensee if the Commission has reason to believe the licensee is not complying with licensure conditions or is not complying with this Act or this title.
7. Majestic Star's approved internal control procedures, I-M-1, describe the procedures for Child Support Intercept Process.
8. 68 IAC 6-3-4(a) provides that each casino licensee and casino license applicant shall establish internal control procedures for compliance with this rule, which shall be submitted and approved under 68 IAC 11.
  - (b) The internal controls must, at a minimum, address the following:
    - (1) Provide a plan for distributing the names and personal information of voluntarily excluded persons to appropriate personnel of the casino. The plan must allow, to a reasonable extent, appropriate employees of a casino licensee to identify a voluntarily excluded person when that person is present in a casino. This information shall not be released to casinos in other jurisdictions. However, nothing in this rule shall prohibit a casino licensee from effectuating the eviction of a voluntarily excluded person from other properties within their corporate structure so that the person will be denied gaming privileges at casinos under the same parent company in other jurisdictions.
9. Majestic Star's approved Internal Control Procedures, IX-b-5, describes the procedures for the Voluntary Exclusion Program.
10. On April 6, 2019, Gaming Agents were notified by surveillance that a Slot Attendant paid a taxable jackpot of \$1,220.93 with cash from her slot pouch. Pouch pays shall only be used for short pays or hand pays provided the amount is below \$1,199. Taxable jackpots over \$1,199.99 must be paid via the cage and all IRS tax forms including the W-2G must be completed and withholdings must be taken from the jackpot before the patron is paid their winnings.

The patron did not utilize a player's card and was not asked to provide any identification, which caused this jackpot payout to circumvent the VEP and CSADR review process. The patron left the property before the error could be corrected.

### COUNT III

11. 68 IAC 6-3-4(a) provides that each casino licensee and casino license applicant shall establish internal control procedures for compliance with this rule, which shall be submitted and approved under 68 IAC 11.
  - (e) A casino licensee shall be subject to disciplinary action under 68 IAC 13 for failure to comply with the requirements of this section and the internal control procedures outlined under this section, including, but not limited to, the following:
    - (1) Release of confidential information for a purpose other than enforcement.
    - (2) Knowingly refusing to withhold direct marketing, check cashing, and credit privileges.
    - (3) Failure to follow internal control procedures adopted under this rule.
12. Majestic Star's approved internal control procedures, IX-b-5, describes the procedures for the Voluntary Exclusion Program.
13. On February 28, 2019, a Gaming Agent conducted an audit of the Voluntary Exclusion Program (VEP) for those participants that enrolled and removed themselves in January 2019. Twenty-Six (26) errors were noted which include incorrect address, incorrect length of exclusion, incorrect date of birth, incorrect effective date and incorrect spelling of name. These errors directly affect the casino's ability to identify VEP's patronizing the property.
14. On March 22, 2019, a Gaming Agent conducted an audit of the Voluntary Exclusion Program (VEP) for those participants that enrolled and removed themselves in February 2019. Ten (10) errors were noted which included incorrect address, incorrect length of exclusion, incorrect date of birth, incorrect effective date and incorrect spelling of name. These errors directly affect the casino's ability to identify VEP's patronizing the property.

### COUNT IV

15. 68 IAC 11-3-5(5) provides that the designated currency collection team member shall collect the live gaming device drop boxes and the bill validator drop boxes.
  - (6) The live gaming device or bill validator drop box that was removed shall be placed in the drop box storage cart for transportation to the soft count room.
16. Majestic Star's approved internal control procedures, IV-e-1, describe the procedures for the Count Room and detail the procedures for the bill validator collection.
17. On February 5, 2019, a Gaming Agent was notified by Security that a cold drop box was not placed into a slot machine during the bill validator (BV) drop. The cold box remained next to the slot machine until a Slot Tech and Slot Attendant identified the box while servicing the area.

18. On February 14, 2019, Gaming Agents overheard a radio communication during the BV drop that several slot machines did not have a cold BV box. A Security Officer and Count Attendant advised the Gaming Agent that a cold drop box had not been laid out at these slot machines. In addition, one (1) bank of slot machines had wrong labels on the BV boxes. In total, 27 slot machines did not have a cold drop box and three (3) BV boxes had duplicate labels.
19. On February 14, 2019, while investigating the drop incident from above, a Gaming Agent observed a Slot Tech drilling a bill validator door lock. The Gaming Agent questioned the Slot Tech to determine why he was drilling. The Slot Tech advised that the lock would not turn using the key and that they were unable to open the door for the cash box to be removed. The Gaming Agent found a Security Officer and required the Security Officer to remain with the Slot Tech until the door was secured. The Gaming Agent contacted surveillance and learned that surveillance was unaware that the drilling was taking place on the casino floor. After being notified, Surveillance moved a camera to cover the drilling until the hot BV box could be removed.
20. On March 3, 2019, Gaming Agents overheard radio traffic that the 5<sup>th</sup> Security Officer on the BV drop had to remain with a Slot Tech on the 3<sup>rd</sup> level. The Security Officer attempted to call for another Security Officer to assist, so that the Security Officer could continue with the BV drop. However, no one else from Security was available. The drop proceeded without the 5<sup>th</sup> Security Officer.

A review of surveillance coverage determined the drop began with only three (3) Security Officers. A few minutes later, a fourth and fifth Security Officer joined the BV drop.

21. On March 9, 2019, Gaming Agents were notified by a Security Officer that a Security Officer walked off the BV drop before it was completed. The BV drop proceeded with four (4) Security Officers.

A Security Officer who noticed the walk off advised another Security Officer that they were shorthanded due to the walk off. The Security Officer called surveillance and asked the BV drop to be placed on hold. A Count Room Attendant then advised they had enough staff to continue. The Security Officer called surveillance back and continued with the BV drop with insufficient security staff. Surveillance later confirmed that they were unaware that the BV drop was one person short.

#### COUNT V

22. 68 IAC 15-1-2 (1) provides that the purpose of the accounting records and procedures is to ensure the assets of the casino licensee or casino license applicant are safeguarded.
23. 68 IAC 15-10-4.1 provides that cage inventories must be accurately reported at the conclusion of a shift on the inventory form used by the casino licensee. Overages and shortages must be recorded at the conclusion of the shift during which the variance was

discovered. It goes on to describe the timing in which a variance must be reported and lists who must receive this report.

24. 68 IAC 15-10-5 provides that the casino licensee shall establish policies and procedures for the even exchange of funds between two (2) casino cashiering areas or between a casino cashiering area and change banks, which shall include the following:
  - (1) A designation of the occupational licensee who may process the even exchange transaction.
  - (2) A description of the even exchange form and the required information and signatures. The form shall be at least a two (2) part form.
  - (3) A description of the distribution of each part of the form.
  - (4) Types of items allowed to be exchanged.
  - (5) Requirement that security personnel must accompany the transfer of the funds between locations.
  - (6) Any other policy or procedure deemed necessary by the executive director or commission to ensure compliance with IC 4-33, IC 4-35, and this title.
25. On December 23, 2018, a Gaming Agent was notified by a Cage Shift Manager that \$12,000 was found unsecured in the Cashier's Cage. A variance report concluded that a \$10,000 strap of \$100 bills and a \$2,000 strap of \$20 bills were loose and unsecured in the drawer. Additionally, a Supervisor's pouch was short \$12,000. A Dual Rate Cage Supervisor signed out a supervisor's pouch and the Cage Supervisor gave a Cage Cashier the money back and said he did not use the money. The Cage Cashier took the money and sealed it without verifying the funds were correct.
26. On December 24, 2018, Gaming Agents were notified of a large variance by a Cage Supervisor. A transaction of \$20,550 in chips was completed between the main bank and the fill bank. A count down of the drawer in the fill bank found it to be short by \$20,310.00. The variance was resolved when the cash transfer form was found in the paperwork. The Cage Supervisor in the fill bank did not keep her copy of the paperwork.
27. On December 28, 2018, a Gaming Agent was notified by a Cage Shift Manager of a \$2,000 variance. The variance occurred at the reserve fill bank. A table fill was requested for a \$47,600 from the reserve fill bank. The Cage Cashier sent out \$49,600 in gaming chips which caused the drawer to be short by \$2,000.
28. On December 31, 2018, a Gaming Agent was notified by a Cage Supervisor of a variance of \$661.68 in the main bank. A Cage Cashier processed a buy incorrectly, which caused the variance.
29. On January 1, 2019, a Gaming Agent was notified by surveillance in reference to a \$1,171.41 cage variance. It was determined on December 31, 2018, a Cage Cashier had a shortage of \$1,171.41 and a Cage Cashier had an overage of \$1,841.27. It was determined that one Cage Cashier signed all of the jackpot slips, which totaled \$1,174, but the other Cage Cashier paid out the jackpots that totaled \$1,174 and did not have any

jackpot slips. The first Cage Cashier did not pay out any money. A variance of \$667.86 remained. It was determined that this variance was from a buy that was processed incorrectly. The remaining variance is \$6.86 and will be held per cage variance policy.

30. On January 23, 2019, a Gaming Agent was notified by a Cage Supervisor of a \$5,000 variance in a kiosk. Kiosk #6 should have contained \$13,200 in \$100 bills but had \$18,200 in \$100 bills. Kiosk #8 was found to be short \$5,000 of \$100 bills. Kiosk #8 had \$25,100 in \$100 bills and it should have contained \$30,100 in \$100 bills.
31. On January 25, 2019, a Gaming Agent was notified by a Cage Shift Manager of a variance of \$4,000. The variance occurred when chips were being transferred to a fill bank. The amount being transferred was \$34,000, however the transfer form noted \$38,000.
32. On January 28, 2019, a Gaming Agent was notified by a Cage Supervisor of a \$2,000 variance. An error had occurred on a chip transfer. The drawer in the cage was \$2,040 short and the fill bank was \$2,000 over. The transfer slip stated \$12,900 when \$14,900 was actually transferred.

#### **TERMS AND CONDITIONS**

Commission staff alleges that the acts or omissions of Majestic Star by and through its Agents as described herein constitute a breach of IC 4-33, 68 IAC and/or Majestic Star's approved internal control procedures. The Commission and Majestic Star hereby agree to a monetary settlement of the alleged violations described herein in lieu of the Commission pursuing formal disciplinary action against Majestic Star.

Majestic Star shall pay to the Commission a total of \$15,000 (\$1,000 for Count I, \$5,000 for Count II, \$1,000 for Count III, \$4,000 for Count IV and \$4,000 for Count V) and submit a corrective action plan regarding Count V for verification of even exchanges, cage transactions and paperwork errors in consideration for the Commission foregoing disciplinary action based on the facts specifically described in each count of this Agreement. This Agreement extends only to those violations and findings of fact specifically alleged in the findings above. If the Commission subsequently discovers facts that give rise to additional or separate violations, the Commission may pursue disciplinary action for such violations even if the subsequent violations are similar or related to an incident described in the findings above.

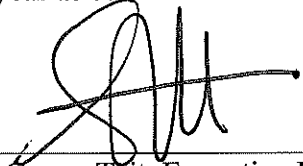
Upon execution and approval of this Agreement, Commission staff shall submit this Agreement to the Commission for review and final action. Upon approval of the Agreement by the Commission, Majestic Star agrees to promptly remit payment in the amount of \$15,000 and submit a corrective action plan and shall waive all rights to further administrative or judicial review.

This Agreement constitutes the entire agreement between the Parties. No prior or subsequent understandings, agreements, or representations, oral or written, not specified or


referenced within this document will be valid provisions of this Agreement. This Agreement may not be modified, supplemented, or amended, in any manner, except by written agreement signed by all Parties.

This Agreement shall be binding upon the Commission and Majestic Star.

IN WITNESS WHEREOF, the Parties have signed this Settlement Agreement on the date and year as set forth below.

  
\_\_\_\_\_  
Sara Gonso Tait, Executive Director  
Indiana Gaming Commission

5/23/19  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Janna Erpenbach, Executive VP of  
Operations & GM  
The Majestic Star Casino, LLC  
The Majestic Star Casino II, Inc.

5-21-19  
\_\_\_\_\_  
Date