

**ORDER 2021-165
IN RE SETTLEMENT AGREEMENT**

**HORSESHOE HAMMOND, LLC
21-HH-03**

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

APPROVED

APPROVES OR DISAPPROVES

the proposed terms of the Settlement Agreement.

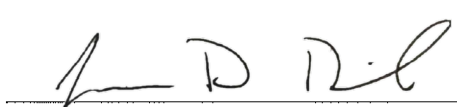
IT IS SO ORDERED THIS THE 29th DAY OF SEPTEMBER, 2021.

THE INDIANA GAMING COMMISSION:



Michael B. McMains, Chair

ATTEST:



Jason Dudich, Secretary

**STATE OF INDIANA
INDIANA GAMING COMMISSION**

IN RE THE MATTER OF:)
) **SETTLEMENT**
HORSESHOE HAMMOND, LLC) **21-HH-03**

SETTLEMENT AGREEMENT

The Indiana Gaming Commission ("Commission") by and through its Executive Director Greg Small and Horseshoe Hammond, LLC ("Horseshoe") (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. IC 4-38-11-1(a) provides the bureau shall provide information to a certificate holder concerning persons who are delinquent in child support.
 - (b) Prior to a certificate holder disbursing a payout of six hundred dollars (\$600) or more, in winnings, from sports wagering to a person who is delinquent in child support and who is claiming the winning sports wager in person at the certificate holder's facility, the certificate holder:
 - (1) may deduct and retain an administrative fee in the amount of the lesser of:
 - (A) three percent (3%) of the amount of delinquent child support withheld under subdivision (2)(A); or
 - (B) one hundred dollars (\$100); and
 - (2) shall:
 - (A) withhold the amount of delinquent child support owed from winnings;
 - (B) transmit to the bureau:
 - (i) the amount withheld for delinquent child support; and
 - (ii) identifying information, including the full name, address, and Social Security number of the obligor and the child support case identifier, the date and amount of the payment, and the name and location of the licensed owner, operating agent, or trustee; and
 - (C) issue the obligor a receipt in a form prescribed by the bureau with the total amount withheld for delinquent child support and the administrative fee.
 - (c) The bureau shall notify the obligor at the address provided by the certificate holder that the bureau intends to offset the obligor's delinquent child support with the winnings.
 - (d) The bureau shall hold the amount withheld from the winnings of an obligor for ten (10) business days before applying the amount as payment to the obligor's delinquent child support.
 - (e) The delinquent child support required to be withheld under this section and an administrative fee described under subsection (b)(1) have priority over any secured or unsecured claim on winnings except claims for federal or state taxes that are required to be withheld under federal or state law.

2. 68 IAC 27-5-2(2)(X) provides prior to beginning sports wagering operations, a sports wagering operator must submit for approval under 68 IAC 11 internal controls for withholding winnings from delinquent child support obligors in accordance with IC 4-38-11, including a plan for complying with IC 4-38-11 if the sports wagering operator allows the redemption of tickets via mail.
3. 68 IAC 11-9-2(a) provides 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.
4. 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.
5. Horseshoe's approved internal control procedures, E-8, describe the procedures for Child Support Intercept Process.
6. Gaming Agents conducted an audit of the Child Support Arrears Delinquency Registry ("CSADR") for May 2021. The results of this audit found one (1) individual was not searched through the CSADR system at the time sports wagering winnings in excess of \$600 was won.
7. Gaming Agents conducted an audit of the CSADR) for June 2021. The results of this audit found one (1) individual was not searched through the CSADR system at the time a taxable jackpot was won.
8. Gaming Agents conducted an audit of the CSADR for July 2021. The results of this audit found one (1) individual was not searched through the CSADR system at the time a taxable jackpot was won.

COUNT II

9. 68 IAC 11-3-5(5) provides that the designated currency collection team member shall collect the live gaming device drop boxes. The live gaming device drop boxes that were removed shall be placed in the drop box storage cart for transportation to the soft count room.
10. 68 IAC 15-7-2 provides (a) the riverboat licensee shall require the revenue auditor or its equivalent to perform certain procedures on a daily basis. These procedures should be performed on a sample basis for both computerized and manual forms and shall include, at a minimum, the following: (1) Trace table game fills and credit slips originals to duplicate copies and to orders for fills and credits to verify agreement. (2) Review the table game fills and credits slips for the proper number of authorized signatures, date-time stamps, and accurate arithmetic. (3) Verify and account for the numerical sequence of the table games fills and credits slips. (4) Review all voided table game fills and credits for appropriate handling and required number of authorized signatures. Assure that all

appropriate forms are attached. (5) Verify that credits and fills are properly recorded for the computation of win. (6) Trace opening drop cards to the previous shift's closing inventory slip to verify agreement and test for completeness and propriety. (7) Trace fills and credits, opening and closing table chip inventories, and marker transactions to the marker gaming reports. (8) Trace the detail from the master gaming report into the accounting entries recording the transactions and to the total cash summary. (9) Any other procedures deemed necessary by the executive director or the commission to ensure compliance with the Act and this title. (b) The riverboat licensee shall require that all variances or discrepancies from subsection (a) shall be investigated, recorded, and reported to the head of the accounting department or its equivalent. The information shall be made available upon demand by the commission staff or enforcement agent. (c) Any variances or discrepancies that affect the calculation of the win shall be adjusted for in the financial statements and reported on Form RG-1 for the appropriate gaming day.

11. On July 22, 2021, Horseshoe's Regulatory Compliance Manager self-reported to the Commission that two (2) table games were not dropped on July 12, 2021 after a table games pit was closed for carpet and wiring repairs. The drop team did not visually verify that all table games in the table games pit were void of their corresponding drop boxes. Additionally, the soft count team did not properly review the Table Games Unopened Table Inventory Form when entering data into the casino management system ("CMS") which would have alerted the soft count team that two (2) table games had not been dropped. The Regulatory Compliance Manager also noted another check and balance was missed was when the Revenue Auditor failed to match all paperwork received from soft count to the master gaming report that is printed from CMS. If Revenue Audit had performed the appropriate verification, the missing boxes would have been discovered on July 13, 2021.
12. Gaming Agents reviewed an email communication from a Casino Shift Manager to a Count Room Supervisor that detailed the table games that needed to be dropped on July 12, 2021. The Casino Shift Manager provided that there were three (3) table games in the construction area that were still live and needed to be dropped on July 13, 2021.
13. A review of surveillance coverage confirmed that the three (3) table game drop boxes were not dropped. The Director of Cage Operations also confirmed that the soft count team failed to confirm that all drop boxes were dropped in accordance with the email communication sent by the Casino Shift Manager. Additionally, the Table Games Department submitted a Table Games Unopened Table Inventory Form to the Soft Count Department detailing the pit, game, table number and inventory prior to the table game drop. On July 13, 2021, the soft count team entered a "0" for the three (3) missed table games. When entering a "0" for any table game drop box, the soft count team was supposed to verify that this is correct against the Table Games Unopened Inventory Form. The soft count team did not properly review this form when entering the data into CMS which would have alerted the soft count team that boxes had been missed and they needed to be dropped.

14. One (1) drop box was empty, one (1) drop box had \$29,007.00, and one (1) drop box had \$13,486.

COUNT III

15. 68 IAC 13-1-1(b)(2) and (3) provides 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.
16. Horseshoe's approved internal control procedures, C-20.1, describe the procedures for table games jackpot payout procedures.
17. Internal Revenue Service requires for any table games win over \$5,000 that both federal and state taxes be withheld.
18. On May 11, 2021, a Gaming Agent received a variance report that detailed a taxable jackpot of \$7,500 that was won by a patron at a High Card Flush table game. A Dual Rate Supervisor/Assistant Manager failed to withhold federal taxes in the amount of \$1,800.
19. On May 15, 2021, a Revenue Audit Supervisor confirmed that she found the table game variance of \$1,800 and that the variance was caused by federal taxes not being withheld from the jackpot payment.
20. On May 3, 2021, a Gaming Agent received a variance report that detailed a taxable jackpot of \$7,500 that was won by a patron at an Ultimate Texas Hold'em Progressive game. A Floor Supervisor failed to withhold state and federal taxes in the amount of \$2,042.25.
21. On May 27, 2021, a Revenue Audit Supervisor advised that there was no paperwork on the variance and that Horseshoe had ultimately paid the state and federal taxes. The Revenue Audit Supervisor provided that the table game shortage is listed as a variance on the audit spreadsheet.

COUNT IV

22. 68 IAC 15-12-3(a) provides the requirements for live gaming device fills including the requirement that surveillance shall be notified that a live gaming device fill is being processed.
23. On June 3, 2021, a Gaming Agent investigated a \$1,600 variance when the chip bank was short on June 2, 2021. A review of surveillance coverage confirmed that the variance was a result of a table fill error. The table fill was requested for \$3,500, however, the table fill provided and accepted at the table was \$5,100.

24. On August 14, 2021, Surveillance notified Gaming Agents that a table fill error had occurred. The total amount of the table was correct, but the denominations provided were incorrect. Table Games personnel accepted the incorrect table fill.

TERMS AND CONDITIONS

Commission staff alleges that the acts or omissions of Horseshoe by and through its agents as described herein constitute a breach of IC 4-33, IC 4-38, 68 IAC, , and/or Horseshoe's approved internal control procedures. The Commission and Horseshoe hereby agree to a monetary settlement of the alleged violations described herein in lieu of the Commission pursuing formal disciplinary action against Horseshoe.

Horseshoe shall pay to the Commission a total of \$13,000 (\$3,000 for Count I, \$5,000 for Count II, \$2,000 for Count III and \$3,000 for Count IV) in consideration for the Commission foregoing disciplinary action based on the facts specifically described in this Agreement. This Agreement extends only to those violations and findings of fact specifically alleged in each Count 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, Horseshoe agrees to promptly remit payment in the amount of \$13,000 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 may be executed in multiple counterparts, each of which shall be deemed an original agreement and both of which shall constitute one and the same agreement. The counterparts of this Agreement may be executed and delivered by electronic mail, facsimile, or other electronic signature by either of the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically as if the original had been received.

This Agreement shall be binding upon the Commission and Horseshoe.

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

Greg Small

Greg Small, Executive Director
Indiana Gaming Commission
9/28/21

Date

Kathryn Jenkins

Kathryn Jenkins, General Manager
Horseshoe Hammond, LLC

9/18/21

Date