

**ORDER 2021-86
IN RE SETTLEMENT AGREEMENT**

**INDIANA GAMING COMPANY, LLC d/b/a HOLLYWOOD CASINO
LAWRENCEBURG
21-HW-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 25th DAY OF MAY, 2021.

THE INDIANA GAMING COMMISSION:



Michael B. McMains, Chair

ATTEST:



Jason Dudich, Secretary

**STATE OF INDIANA
INDIANA GAMING COMMISSION**

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| IN RE THE MATTER OF: |) | |
| |) | SETTLEMENT |
| INDIANA GAMING COMPANY, LLC |) | 21-HW-02 |
| d/b/a HOLLYWOOD CASINO |) | |
| LAWRENCEBURG |) | |

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Sara Gonso Tait and Indiana Gaming Company, LLC d/b/a Hollywood Casino Lawrenceburg (“Hollywood”) (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 15-1-2(1) provides the purpose of the accounting records and procedures is to ensure the assets of the licensee are safeguarded.
2. On January 4, 2021, Surveillance notified Gaming Agents that \$90,000 was left unsecured in the Main Bank. The funds were placed on the counter inside the Main Bank. The Cage Supervisor failed to secure the Main Bank door prior to leaving the room. The funds were unsecured for approximately twenty (20) minutes.
3. On January 24, 2021, Surveillance notified Gaming Agents that \$40 was found in the trash in the Main Cage. A review of surveillance determined that a Cage Banker was exchanging cash for chips and inadvertently swept two (2) \$20 bills into the trash.
4. On March 2, 2021, Surveillance was notified that a \$100 bill was found in the counting machine in the Main Cage. The bill was unsecured in the counting machine for approximately one (1) hour and forty (40) minutes.
5. 68 IAC 15-10-4.1 provides (a) 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.
(b) Cage variances of five hundred dollars (\$500) or two percent (2%), whichever is less, must be reported on a form approved by the commission to the following within one (1) business day after the discovery of the variance:
 - (1) The security department.
 - (2) The surveillance department.
 - (3) An enforcement agent.

(c) Variances of five thousand dollars (\$5,000) or more, or a variance that is of a nature that indicates criminal activity must be reported on a form approved by the commission to the following immediately:

- (1) The security department.
- (2) The surveillance department.
- (3) An enforcement agent.

These variances must be reported to the commission audit staff at the beginning of the next business day.

(d) Variances of five hundred dollars (\$500) or two percent (2%), whichever is less, or a variance that is of a nature that indicates criminal activity must be investigated by the casino licensee. The variance and the results of the investigation must be reported to the head of the accounting department or the equivalent. Unresolved variances must be investigated by the accounting director or designee. The results of the investigation shall be reported on the document provided to him or her by the cage department. Surveillance tapes or records relating to the variance must be preserved and retained by the casino licensee until the commission audit director advises that the tapes or records, or both, may be recycled. The results of an investigation into these variances must be reported to an enforcement agent. If the variance that was investigated exceeded five thousand dollars (\$5,000), the results of the investigation must also be reported to the commission audit staff.

(e) The casino licensee's internal auditor must review, on a quarterly basis, cage variances to ensure that the variances are appropriately and thoroughly investigated and reported. The results of the internal auditor's review must be reflected on the quarterly internal audit report filed in accordance with 68 IAC 15-8.

6. On December 24, 2020, Surveillance notified Gaming Agents that there was a variance of \$800 in the Main Cage. Surveillance advised that a Cage Cashier opened a new strap of \$100 bills and when she ran them through the currency counter to verify the strap, there were one hundred and eight (108) in the strap instead of the normal one hundred (100). The Cage Supervisor also verified this to be correct. The strap was processed by currency counter in soft count on December 18, 2020.

A review was conducted of the soft count process based on the date on the strap of currency. A Processing Room Attendant was running a basket of currency through the currency counter and was observed verifying the straps of cash. Another Processing Room Attendant started assisting with the verification of the straps.

The Count Room Manager was unsure how the variance occurred or how the currency counter placed extra bills in the strap. The funds were from table games which are unverified before they are counted so it was not possible to place the funds at a certain table if they were not counted by the currency counter before being strapped.

7. On January 5, 2021, Revenue Audit advised Gaming Agents that the \$800 was accounted for as revenue for the gaming day December 18, 2020. While speaking with Revenue Audit, a Gaming Agent advised him that they observed a separate \$700 strap shortage on December 19, 2020. Revenue Audit advised they were not always notified

of strap variance until they receive the paperwork from the Cage and do not investigate strap variances.

The Gaming Agents questioned the Count Room Manager if she was aware of the strap variance on December 19, 2020, but the Count Room Manager had no knowledge of another strap variance from that timeframe. The Cage Manager was also unaware of the strap variance. Revenue Audit and the Gaming Agent reviewed the Main Bank Control Sheet for December 19, 2020 and there was a \$700 variance reported.

The strap variance was not reported to Gaming Agents, Security, or Surveillance. No notification was sent to the count room from Revenue Audit notifying them of the strap variances that occurred on December 19, 2020.

8. On January 6, 2021 Revenue Audit forwarded all strap variances for 2020. There were two (2) strap variance that met the \$500 threshold for reporting to the Commission: an \$800 shortage on December 19, 2020; and an \$800 shortage on December 24, 2020. The Commission was not notified of the December 19, 2020 strap variance and the only reason the Commission was notified of the December 24, 2020 strap variance was because the Cage Supervisor called the Cage Manager for guidance. Due to the lack of notification on December 19, 2020, a surveillance review could not be conducted.
9. On January 6, 2021 the Casino Accountant advised that Revenue Audit received the strap variance and was responsible for logging it into the Cage Variance Spreadsheet and the Journal.

COUNT II

10. IC 4-38-11-1 provides (a) 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.

11. Chapter 5, Section 2(2)(W) of the Emergency Rules for Sports Wagering 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.
12. 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.
13. 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.
14. Hollywood's approved internal control procedures, Part I: Section K and Part VII: Section F, describe the procedures for the child support intercept process.
15. Gaming Agent's audited the Child Support Arrears Delinquency Registry ("CSADR") for January 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.

COUNT III

16. 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.
17. Hollywood's approved internal control procedures, Part VII/Section J, describe the procedures for mobile sports wagering.
18. On February 24, 2021, the Commission's Sports Wagering Division conducted a sports wagering prohibited participant audit. It was determined that two (2) participants in the

Internet Self-Restriction Program were not forwarded to PointBet in a timely manner. The first patron was entered in Hollywood's system on December 23, 2020, but the notification was not sent to Pointsbet until January 7, 2021. The second patron was entered in Hollywood's system on December 31, 2020, but the notification was not sent to Pointsbet until January 7, 2021.

COUNT IV

19. 68 IAC 15-13-2(d) provides that the casino shall submit policies and procedures for manually paid jackpots and the manually paid jackpots shall proceed in the following manner:
 - (6) A security officer or slot department employee shall escort the slot attendant from the cage to the appropriate electronic gaming device. The security officer or slot department employee who begins completing the manually paid jackpot must complete the process of witnessing, escorting, and signing the appropriate documentation to verify the manually paid jackpot was completed. If there is a discrepancy with the manually paid jackpot, the same security officer or slot department employee who began the manually paid jackpot must accompany the manually paid jackpot back to the cage to resolve the discrepancy.
 - (7) After arriving at the appropriate electronic gaming device, the security officer or slot department employee shall do the following:
 - (A) Verify the jackpot.
 - (B) Witness the jackpot payout to the patron.
 - (C) Complete the appropriate sections of the manually paid jackpot slip.
 - (8) The slot attendant shall reset the electronic gaming device so that play on the electronic gaming device may continue. The electronic gaming device shall be relocked after it is cleared. The security officer or slot department employee shall remain present throughout this procedure.
20. On March 17, 2021, Surveillance notified Gaming Agents that a Slot Floor Person failed to key off a jackpot.
21. 68 IAC 2-6-6(c)(5)(B) provides if a casino licensee converts an electronic gaming device, the casino licensee must perform a coin test to ensure that the electronic gaming device is communicating with the central computer system. If the electronic gaming device is not communicating with the central computer system, the electronic gaming device must be disabled.
22. On February 1, 2021, a Slot Performance Manager notified Gaming Agents that an electronic gaming device ("EGD") was placed into service prior to a coin test. The EGD was in service for approximately 9.5 hours and had play.

COUNT V

23. 68 IAC 12-1-8(a)(5)(M) provides a surveillance activity log shall include entries for the following events and notifications received by surveillance employees when a surveillance review is requested to be conducted by a casino licensee.

24. On February 2, 2021, Surveillance notified Gaming Agents about a frozen sportsbook ticket that two (2) patrons tried to claim at the Main Cage. The Cage Supervisor could not advise either patron why the sportsbook ticket froze and, without knowing the reasoning behind the frozen ticket, the ticket was returned to the patron both times.

The Sportsbook Manager advised via email that a patron had lost his sportsbook ticket on February 1, 2021 and had reported it to the Assistant Sportsbook Manager. The Sportsbook Manager confirmed through a surveillance review that the patrons claim of losing his ticket. Since the Sportsbook Manager confirmed a surveillance review had taken place, the Gaming Agent opened the Surveillance Daily Log for the gaming day of February 1, 2021 to verify the requested review. The log did not have any entries for the requested review.

The Gaming Agent reached out to a Lead Surveillance Agent and he also could not locate any information about the review. It was later determined that Surveillance Shift Manager conducted the review and failed to log the incident

25. 68 IAC 12-1-8(b) provides an incident report must be as follows:
 - (1) Made by the person responsible for monitoring the activity.
 - (2) Contain details of an incident observed that involved unusual or criminal activity.
26. On January 6, 2021, an incomplete surveillance incident report was sent to Gaming Agents. The incident report detailed the redemption of a patron's winning sportsbook voucher in the amount of \$219,380.40. The report stated that the patron did not make any additional wagers before leaving the sportsbook area. A review of surveillance coverage identified that the patron did make an additional wager. Gaming Agents observed on surveillance coverage that a patron placed a \$70,000 wager from her winnings and left property with \$149,380.40.

COUNT VI

28. 68 IAC 11-8-2 provides the procedures for presentation of cash and coupons.
29. Hollywood's approved internal controls, Part I/Section L, describes marketing offers including free play offers.
30. On January 9, 2021, Surveillance notified Gaming Agents that a \$10 food coupon was found in a blackjack table drop box during the table games drop. The coupon was clearly marked as "\$10 MyChoice Meals."
31. On March 4, 2021, Surveillance notified Gaming Agents that a \$20 food coupon was found in a roulette table drop box during the table games drop.
32. On March 14, 2021, Surveillance notified Gaming Agents that a \$10 Hard Rock Casino Free Bet Voucher was found in a twenty-one plus three table drop box during the table

games drop. It was clear on surveillance that this was a Hard Rock voucher and not a Hollywood voucher.

33. 68 IAC 15-12-3(a) provides the requirements for live gaming device fills.
34. On February 25, 2021, Surveillance notified Gaming Agents that an incorrect table fill had occurred at a roulette table. Table games returned the table fill to the Cage; however, the table fill was not properly voided.
35. On March 5, 2021, Surveillance notified Gaming Agents that a table fill was accepted at the wrong table. The Security Officer transported two (2) table fills to the wrong tables. One table accepted the incorrect fill, and the other table returned the table fill to the Cage.

COUNT VII

36. 68 IAC 2-3-9.2(b)(1) provides casinos must advise the enforcement agent, on a form prescribed or approved by the commission, when an occupational licensee's employment with the casino licensee is terminated for any reason. The form must be submitted to the enforcement agent within fifteen (15) days of the occurrence of the change or action.
37. On April 23, 2021, the Licensing Manager for Penn National Gaming notified the Commission's Gaming Administrator that a Regional Manager of Operations was separated on August 17, 2020. Penn National failed to timely notify the Commission.

COUNT VIII

38. 68 IAC 6-3-4(b)(3) provides casinos shall establish internal control procedures whereby the casino will refuse wagers from and deny gaming privileges to any voluntarily excluded person.
39. Hollywood's approved internal control procedures, Part I/Section Q, describe the procedures for the Voluntary Exclusion Program.
40. 68 IAC 15-2-4 provides (a) the casino licensee shall establish policies and procedures for the processing of cash transactions in excess of ten thousand dollars (\$10,000). Prior to the processing of a cash transaction in excess of ten thousand dollars (\$10,000), the casino licensee shall obtain, at a minimum, the information that is required by 31 U.S.C. 5313 and 31 CFR 103.
(b) If an individual or agent is conducting a transaction on behalf of another individual, the same information as described in subsection (a) must be obtained for the individual serving as the agent. This is in addition to the information required for the individual for whom the transaction is being conducted.
41. On March 20, 2021, Surveillance notified Gaming Agents that the Compliance Administrator requested a review in an attempt to identify a patron who had potentially

won \$10,100 and walked away with a total of \$17,100 (minus a \$1,000 chip buy-in = \$16,100) in chips per Table Games ratings for the gaming day March 18, 2021. The review resulted in identifying the patron as a Voluntary Exclusion Program (“VEP”) participant.

42. On March 18, 2021, the VEP placed multiple wagers in the sportsbook and casino at a different sports wagering kiosk and also played at an electronic gaming device (“EGD”). The VEP met up with another patron (“Patron B”). The VEP cashed out at the Main Cage for \$679. About 1.5 hours later, the VEP handed four (4) betting slips to Patron B who cashed out \$3,349. The VEP then played at a roulette table and placed more wagers at a sports wagering kiosk. The VEP then handed off four (4) betting slips to another patron (“Patron C”) and had him cash them in at the Main Cage.
43. On March 18, 2021, the VEP bought in at a Roulette wheel on two (2) occasions, one time for a total of \$3,200. The VEP handed his chips to Patron C who cashed in his chips totaling \$7,400. The VEP then handed additional chips to Patron B who cashed in his chips totaling \$325. The VEP played blackjack prior to exiting the casino with Patron B, Patron C, and an unknown male. The VEP later returned to the casino and played blackjack. The VEP subsequently cashed out \$1,500 at the Main Cage on two (2) occasions. The VEP exited the casino.
44. On March 19, 2021, the VEP returned to the casino and placed sports wagering wagers on a sports wagering kiosk. The VEP exited the casino and later re-entered with Patron C. Patron C cashed out \$2,430 in chips at the Main Cage. The VEP also cashed out \$1,500 in chips at the Main Cage. Both patrons exited the casino. The VEP re-entered the casino with Patron C and entered the sportsbook and the casino. The VEP placed additional sports wagers at a sports wagering kiosk. The VEP placed a wager at the sportsbook counter and then redeemed two vouchers for a total of \$1,848. Another patron (“Patron D”), redeemed a \$736 bet slip for the VEP at the sportsbook. Patron D handed the winnings to the VEP. The VEP and Patron C exited the casino.

A search of the turnstile scanner showed the VEP was on property on fourteen (14) occasions between September 26, 2020 and March 19, 2021.

45. On March 18, 2021, the Daily Surveillance Report at 1:18am showed that table games staff advised Surveillance that the VEP, playing as a refusal, was up \$5,200 for the day and \$3,300 cash for the day. A photo of the VEP was placed in the High Action Folder. The Daily Surveillance Reports at 3:31am showed that table games staff advised Surveillance that the VEP was up \$11,000 and had walked, winning \$9,700. According to the Daily Surveillance Report, the VEP’s name was provided to Table Games by Surveillance.

The Director of Table Games advised that the Floor Assistant Manager advised him that the VEP had been a refusal the entire month of March. Surveillance, knowing the VEP’s name and date of birth, did not take the extra step to search him in Hollywood’s player tracking system nor did they provide the date of birth to table games. If they had done so, the VEP would have been identified as a VEP.

The VEP structured his transactions, using three (3) agents and himself to avoid a currency transaction report. A suspicious activity report was filed on April 20, 2021.

TERMS AND CONDITIONS

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

Hollywood shall pay to the Commission a total of \$23,500 (\$7,000 for Count I, \$1,000 for Count II, \$1,000 for Count III, \$2,000 Count IV, \$1,500 for Count V, \$4,000 for Count VI, \$1,000 for Count VII and \$6,000 for Count VIII) in consideration for the Commission foregoing disciplinary action based on the facts specifically described in the Findings 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, Hollywood agrees to promptly remit payment in the amount of \$23,500 and 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 Hollywood.

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

Sara Gonso Tait, Executive Director
Indiana Gaming Commission

Date



Chris Soriano VP Chief Compliance Officer
Penn National Gaming

May 20, 2021

Date



Sara Gonso Tait, Executive Director
Indiana Gaming Commission

5/24/21

Date

Chris Soriano VP Chief Compliance Officer
Penn National Gaming

Date