

**ORDER 2023-20
IN RE SETTLEMENT AGREEMENT**

**HORSESHOE HAMMOND, LLC
23-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 9th DAY OF MARCH, 2023.

THE INDIANA GAMING COMMISSION:


Milton O. Thompson, Chair

ATTEST:


Jason Dudich, Secretary

**STATE OF INDIANA
INDIANA GAMING COMMISSION**

IN RE THE MATTER OF:)
) **SETTLEMENT**
HORSESHOE HAMMOND, LLC) **23-HH-01**

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Greg Small and Horseshoe Hammond, LLC (“Horseshoe Hammond”), (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 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.
2. 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.
3. Horseshoe’s approved internal control procedures, T-22, describe the procedures for Child Support Intercept Process.
4. Gaming Agents conducted an audit of the Child Support Arrears Delinquency Registry (CSADR) for November 2022. 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

5. 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.
6. 68 IAC 2-3-1(i) provides the job positions required hold a Level 1 occupational license.
7. The Commission is charged with making licensing determinations for the employees of the Indiana casinos based off the regulation outlined in the Indiana Administrative Code. The need for licensure is determined by Commission staff through job description and an organizational chart submissions by the casino. Submissions must be sent to the

Commission's Gaming Administrator through the Commission's occupational licensing database, LAM, for review and approval prior to implementation.

8. Horseshoe Hammond notified Commission staff that they planned to lay off a large number of employees and eliminate their job positions. Commission staff advised Horseshoe Hammond that that the Commission would not approve the job position eliminations outside of normal procedures already in place for job description review and approval.
9. In August 2022, Horseshoe Hammond submitted the following positions for elimination through normal procedures in LAM, the Commission's occupational licensing system. At the time of the submission, all job positions had already been eliminated and the employees who held these positions had been laid off. The positions eliminated prior to Commission approval were: 1) Director of Marketing, a level one licensee, 2) Administrative Assistant (Finance), 3) Senior Administrative Assistance (Table Games), 4) Executive Sous Chef, 5) Box Office/Retail Manager, 6) Casino Marketing Coordinator, 7) Marketing Operations Specialist, 8) Retail Clerk, 9) Senior Retail Clerk, 10) Social Media & Public Relations Specialist, 11) D/R Senior Administrative Assistant/Security Supervisor, 12) Executive Steward, 13) Heavy Duty Kitchen Attendant, 14) Kitchen Attendant Supervisor, 15) Kitchen Attendant, 16) Senior Administrative Assistant.

COUNT III

10. 68 IAC 15-12-3(a) provides the requirements for live gaming device fills.
11. On October 24, 2022, Surveillance notified Gaming Agents that a table fill error occurred. The table fill requested \$4,000 in green \$25 chips, however, the table fill included \$4,000 in black \$100 chips. A Floor Supervisor and Dual Rate Floor Supervisor/Dealer accepted the table fill, signed the table fill slip and dropped the slip in the drop box.

COUNT IV

12. 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.
13. 68 IAC 15-10-2(a)(3)(B) provides the casino licensee shall establish policies and procedures to ensure that all transactions that flow through the casino cage are accounted for. These policies and procedures shall include, but are not limited to, the following: At the end of a shift, the cashiers assigned to the outgoing shift shall: Reconcile the total closing inventory with the total opening inventory.
14. 68 IAC 15-10-4.1(a) states 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.

15. On May 5, 2022, a Cage Supervisor reported a \$1,487 variance overage that occurred on May 3, 2022. A Gaming Agent subsequently met with the Cage Shift Manager after the variance was reported. The Cage Shift Manager advised that the variance investigation was on-going because the NRT would not be reconciled until May 17, 2022.
16. On May 18, 2022, the Gaming Agent followed-up with the Cage Supervisor who provided that the variance had not been recovered. Horseshoe's investigation could not determine how the variance occurred or whom was at fault. Surveillance could not determine the amount of US currency in each cassette.
17. On May 6, 2022, a Cage Supervisor reported a \$1,752 variance shortage.
18. On May 22, 2022, a Gaming Agent emailed a Cage Supervisor to determine if the variance was resolved, however, the Gaming Agent determined that this Cage Supervisor was no longer employed with the casino due to her resignation on May 18, 2022.

19. On May 25, 2022, the Gaming Agent follow-up with the Cage Manager. The Cage Manager advised that the variance remained unrecovered. Horseshoe's investigation could not determine how the variance occurred or whom was at fault. Surveillance could not determine the amount of US currency in each cassette.
20. On May 30, 2022, a Cage Supervisor reported a \$680 variance overage that occurred on May 27, 2022.
21. On June 17, 2022, the Gaming Agent spoke with the Cage Supervisor about forwarding recovery information to Gaming Agents when available.
22. On June 23, 2022, the Gaming Agent spoke with the Cage Supervisor again requesting more detailed information on the incident. The Cage Supervisor was unable to provide enough information for the Gaming Agent to conclude their investigation.
23. On July 17, 2022, the Gaming Agent followed-up with another Cage Supervisor. The Cage Supervisor advised that the variance was never resolved. Horseshoe's investigation could not determine how the variance occurred or whom was at fault. Surveillance could not determine the amount of US currency in each cassette.
24. On July 12, 2022, a Cage Shift Manager reported a \$520 variance overage that occurred on July 9, 2022.
25. On July 21, 2022, a Gaming Agent met with a Cage Shift Manager regarding this variance. On gaming day July 7, 2022, an NRT was to be balanced. The cassettes were removed by a Cage Cashier to be counted. The cassette in question should have had \$40,000 when it was placed in the NRT. The cassette was verified by a Cage Supervisor. All cassettes were correct except the \$20 cassette. This cassette should have had 566 notes inside but instead, had 592 notes, creating the \$520 variance. The Cage Shift Manager stated that the variance remained unresolved.
26. On July 25, 2022, the Gaming Agent spoke with two (2) Cage Supervisors. Both Cage Supervisors did not know anything about this variance. The variance remains unresolved. Horseshoe's investigation could not determine how the variance occurred or whom was at fault. Surveillance could not determine the amount of US currency in each cassette.
27. On September 21, 2022, a Cage Supervisor reported a \$2,900 variance that occurred on September 18, 2022. A Cage Supervisor discovered the variance when running a bundle of hundreds to place them into a cassette and found it to be \$2,900 over. Surveillance was subsequently notified to make sure there was no money left in the currency counter before the bund was processed to check for accuracy. The bundle came from the currency counters in the soft count room. There was no way to verify which currency counter the bundle came from since both count machines were being used to count the money.

28. On September 23, 2022, Surveillance provided that any coverage would be inconclusive to determine the amount of currency in each cassette. The coverage would not show the dollar value of every transaction amount in soft count. It would only show the transactions and filings that occur in soft count.
29. On September 25, 2022, the Gaming Agent followed up with a Count Room Manager on the variance. The \$2,900 variance was discovered in the boat vault while the Main Banker was running bundles of hundreds to make cassettes. When a Count Team member physically runs the strap, they sign off that they strapped the money, however, these straps were strapped by the Multi-Pocket Sorter ("MPS") count machine and the Count Team does not re-verify the straps unless there is an overage or shortage in the cash versus the report. The Count Team does label which count machine performed the strap. The bundle in question contained straps from two (2) count machines, however, they were unable to tell exactly which machine the straps came from due to the Main Banker removing all the straps and running the bundles together.
30. Horseshoe believed that a jam occurred and the \$2,900 was not removed from the strapper and reprocessed. They believe once the strapper reached \$10,000, it strapped the \$10,000 along with the \$2,900 causing the overage. It is believed that the count machine balanced at the end of the day because the \$2,900 was never processed.
31. The count machines were later serviced and found to be functioning properly. The variance remains unresolved since the \$2,900 was not accounted for.
32. On August 2, 2022, a Cage Supervisor reported a \$900 variance that occurred on July 29, 2022. It was discovered that a Cage Supervisor was over when verifying one of the straps of \$100's in the Main Bank. The strap was recounted and all the other bundles in the bag were recounted as well. The strap was part of a fill that was received from soft count.
33. The Gaming Agent spoke with the Count Room Manager who advised that the overage probably occurred when an MPS machine counting the \$100 bill passed through but did not count or register them as \$100 bills. Surveillance provided that reviews of the MPS machines are inconclusive in the boat vault. Surveillance does not review these variances as it is nearly impossible to verify any shortages or overages. The variance has not been resolved.
34. On October 2, 2022, a Cage Shift Manager reported a \$554.94 variance shortage that occurred on October 1, 2022. The variance occurred at the gold bank. The Cage Cashier was short after reconciling her cash drawer at the end of her shift.
35. On October 5, 2022, the Gaming Agent spoke with the Cage Shift Manager who advised that the variance was still under investigation.
36. On October 14, 2022, the Gaming Agent followed up with the Cage Shift Manager who once again advised that the variance remained unresolved and under investigation.

37. On October 21, 2022, a Cage Supervisor advised the Gaming Agent that the variance remained under investigation.
38. On October 27, 2022, a Cage Shift Manager advised the Gaming Agent that it was unlikely that the Cage Cashier stole any money because of the surveillance coverage in the area. The Cage Shift Manager was confident that the money was missing somewhere, and they would eventually find it.
39. On October 31, 2022, the Cage Supervisor advised the Gaming Agent that they were no longer investigating the variance and it remained unresolved. Surveillance provided that there was no coverage of this incident to determine what occurred with this variance.
40. On November 13, 2022, a Cage Shift Manager reported a \$500 variance overage occurred on November 10, 2022. A Cage Shift Manager discovered the variance in the Main Bank when reconciling her cash drawer at the end of her shift.
41. Surveillance advised the Gaming Agent that since the variance occurred inside the boat vault, surveillance cannot verify a transaction along with the documentation due to the inability to read documents with the surveillance coverage. As a result, surveillance would not review the variance.
42. On November 25, 2022, the Director of Cage Operations advised the Gaming Agents that the variance remained unresolved.
43. On November 29, 2022, a Cage Supervisor reported a \$500 variance overage occurred on November 23, 2022, in the Main Bank. A Cage Cashier discovered the variance in the Main Bank when balancing the chip bank. All paperwork and chips were checked and verified, and the cause of the variance was not found.
44. Surveillance advised that since this variance occurred in the chip bank, there was no coverage.
45. On December 26, 2022, the Gaming Agent followed up with the Cage Supervisor on the variance. The Cage Supervisor did not recall the variance or see anything on the Supervisor computer about the variance.
46. On December 27, 2022, the Cage Supervisor subsequently advised the Gaming Agent that the variance remained unresolved.

TERMS AND CONDITIONS

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

Horseshoe Hammond shall pay to the Commission a total of \$34,000 (\$1,000 for Count I, \$24,000 for Count II, \$1,500 for Count III and \$7,500 for Count IV) and submit a corrective action plan for Count IV that addresses the on-going variances and the lack of surveillance coverage and surveillance investigations of the variances 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 Hammond agrees to: 1) promptly remit payment in the amount of \$34,000, 2) submit a corrective action plan for Count IV that addresses the on-going variances and the lack of surveillance coverage and surveillance investigations of the variances and 3) 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 Hammond.

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

Greg Smak
Greg Smak, Executive Director
Indiana Gaming Commission

William Gustafson
William Gustafson, General Manager
Horseshoe Hammond, LLC

3/7/2023
Date

3-1-23
Date