

**INDIANA GAMING COMMISSION  
BUSINESS MEETING**

9:30 a.m. May 12, 2000  
Indiana Government Center South  
402 West Washington Street  
Indianapolis, IN 46204

**PRESENT:** Commission members Donald R. Vowels, Chair; Ann Bochnowski, Vice-Chair; Thomas Milcarek, Secretary; Richard Darko, Robert Swan, Dr. David Ross, and David Carlton. Staff: Jack Thar, Cynthia Dean, Jennifer Arnold, John Krause, Jennifer Chelf, Michelle Marsden, Rhonda Dalton and members of the public.

**Call to Order and Roll Call**

Chairman Donald Vowels called the meeting to order at 9:30 a.m. (local time). A quorum was present.

**Approval of the Minutes**

Upon motion by Robert Swan, second by Dr. Ross, the minutes of the January 27, 2000 telephonic business meeting were unanimously approved.

Upon motion by Robert Swan, second by Thomas Milcarek, the minutes of the March 30, 2000 business meeting were unanimous approved.

**Report of the Executive Director**

Jack Thar, Executive Director reported to the Commission on the activities of the riverboats and Commission office.

Approval has been given for the agency to hire an assistant for the controller position. A request for a new Electronic Gaming Device Coordinator position has been submitted. This position will concentrate on Electronic Gaming Devices in the state of Indiana; specifically approval of the games, movement into the jurisdiction, placement of the games, changing of the games, and any movement out of the jurisdiction.

Personnel changes include the resignation of two field auditors. Melodi Fields resigned in order to accept a job that includes a tuition reimbursement plan which will enable her to pursue an MBA. Effective May 19<sup>th</sup>, Ann Burgess will resign in order to relocate to Tennessee.

Promotions within the Indiana State Police, Gaming Enforcement Division, include Sherry Flynn who was promoted to the rank of Captain; and Mark Mitchell who was promoted to the rank of Lieutenant.

Executive Director Thar reported on the Horseshoe Gaming issue. While the Illinois Gaming Board approved the acquisition of Empress by Horseshoe Casino prior to December 1999, they did not approve Jack Binion on an individual basis at that time. This matter was deferred until a later time. After the Illinois Gaming Board action the media claimed they had in their possession a copy of the report that was given to the Illinois Gaming Board and that the report recommended against the transaction at that time. John Wolf, President of the Indiana Coalition Against Legalized Gambling provided a copy of this report to the Commission staff. IGC staff provided a copy of this document to representatives of Horseshoe Casino and requested Horseshoe provide a written response to this report. Both documents were given to the Commissioners for review. Discussions concerning this matter have been postponed in order to allow Commissioners and State Police time to review the documents. They will be scheduled at a future date.

The golf course at Grand Victoria Casino and Resort opened May 5, 2000. The course is a link style course located on the grounds of the resort.

Belterra continues to progress with construction. A meeting will be held on May 18<sup>th</sup> to finalize timelines as to when Belterra will be ready for opening.

Argosy and Conseco advised on April 28, 2000 that Conseco exercised its irrevocable put: to determine the value of the interest of the minority ownership. Discussions have commenced.

#### **Resolution 2000-15**

A Resolution Adopting as Final Rules 68 IAC 6-2; 68 IAC 15-11-3; 68 IAC 15-11-3.1; 68 IAC 15-12-3; 68 IAC 15-12-4; 68 IAC 15-13-2; and 68 IAC 19-1.

**Action:** Upon motion by Ann Bochnowski, second by Dr. Ross, and unanimous vote of those present, the Commission approved the above mentioned rules as final rules.

#### **Resolution 2000-16**

A Resolution Adopting as Final Rules 68 IAC 2-1-7; 68 IAC 9-4-6; 68 IAC 10-1-1.2; 68 IAC 14-7-4; 68 IAC 15-9-4; 68 IAC 17-1-1; and 68 IAC 17-2-1.

**Action:** Upon motion by Ann Bochnowski, second by Dr. Ross, and unanimous vote of those present, the Commission approved the above mentioned rules as final rules.

### **Occupational License Matters**

#### **Laura Cardona HA-DEN0-00-2**

Laura Cardona applied for an occupational license, level 2, for employment with Harrah's Casino as a slot technician. During her employment with Harrah's it was discovered that Ms. Cardona had stolen \$3,000 from the casino while performing her duties as a cage cashier. The Commission Staff revoked Ms. Cardona's temporary occupational license and denied her application for a permanent license. Ms. Cardona was advised of this action on April 18, 2000.

**Action:** Upon motion by Robert Swan, second by Richard Darko, and unanimous vote of those present, the Commission upheld the revocation of the temporary license and denied the application for an occupational license, level 2 submitted by Ms. Cardona.

**Jasmin A. Horton**  
**HA-DEN-00-4**

Jasmin Horton applied for an occupational license, level 2, for employment with Harrah's Casino as a cage cashier on or about September 28, 1999. During her employment it was discovered that Ms. Horton had stolen \$1,000 while performing her duties as a cage cashier. The Commission Staff revoked Ms. Horton's temporary occupational license and denied her application for a permanent license. Ms. Horton was advised of this action on May 8, 2000.

**Action:** Upon motion by Richard Darko, second by Tom Milcarek, and unanimous vote of those present, the Commission upheld the revocation of the temporary license and denied the application for an occupational license, level 2 submitted by Ms. Horton.

**Kelly M. Livingston**  
**MS-DEN-00-1**

Kelly Livingston applied for an occupational license, level 2 for employment with Majestic Star Casino as a cage cashier. During her employment with Majestic Star it was discovered that she had stolen \$400 while performing her duties as a cage cashier.

**Action:** Upon motion by Dr. Ross, second by David Carlton, and unanimous vote of those present, the Commission upheld the revocation of the temporary license and denied the application for an occupational license, level 2 submitted by Ms. Horton.

**Dale Scudder**  
**GV-DEN-00-1**

Dale Scudder applied for an occupational license, level 2 for employment with Grand Victoria Casino as a slot technician. During his employment with Grand Victoria it was discovered that Mr. Scudder was involved in an incident in which he assisted a patron in obtaining \$100 from the casino by lying to casino personnel and saying that a slot machine had malfunctioned.

**Action:** Upon motion by Richard Darko, second by Robert Swan, and unanimous vote of those present, the Commission upheld the revocation of Mr. Scudder's temporary license and denied the application for an occupational license, level 2.

**Latisha Wilson**  
**HA-DEN-00-3**

LaTisha Wilson applied for an occupational license, level 2, for employment with Harrah's Casino as a dealer on or about March 31, 1997. Ms. Wilson worked for Harrah's until April of 1999. She returned to Harrah's as a dealer on June 13, 1999 where she was once again issued a temporary occupational license. During her employment with Harrah's it was discovered that Ms. Wilson had intentionally failed to collect on bets that should have been wins for the casino and sometimes paid losing hands to casino patrons.

**Action:** Upon motion by Dr. Ross, second by Thomas Milcarek, and unanimous vote of those present, the Commission upheld the revocation of the temporary license and denied the application for an occupational license, level 2 submitted by Ms. Wilson.

## **Felony Disqualification Waiver**

### **Kenneth Carter CA-FEL-2000-01**

On or about October 15, 1998 Kenneth Carter submitted an application for an occupational license, level 2 to the Indiana Gaming Commission to work at Caesars Indiana Riverboat Casino as a security officer. A temporary occupational license was granted since he did not reveal two separate felony convictions in 1965 and 1970. Two felony convictions were subsequently discovered in the course of the background investigation. As a result, Mr. Carter's temporary occupational license was revoked on January 14, 2000. Mr. Carter submitted a Request for Felony Waiver form on or about January 24, 2000. John Krause, attorney for the Commission had previously been appointed as a review officer for such matters by the Executive Director on October 6, 1998. On April 11, 2000, a hearing on Mr. Carter's request for a felony waiver was conducted by the review officer at Caesars Indiana Riverboat Casino. Mr. Carter was present at the hearing. The review officer has issued written Findings of Fact and recommends to the Commission that the Request for Felony Waiver of Kenneth Carter be approved.

**Action:** Upon motion by Robert Swan, second by Richard Darko, and unanimous vote of those present, the Commission adopted the recommendation of the review officer and approved Kenneth Carter's Request for a Felony Disqualification Waiver.

## **Supplier's License Matters**

### **Resolution 2000-17**

A Resolution Concerning the Renewal of Supplier's Licenses issued to Casino Data Systems, Logical Solutions International, Inc., Sigma Game, Inc. and Shuffle Master, Inc.

**Action:** Upon motion by Robert Swan, second by Tom Milcarek, and unanimous vote of those present, the Commission granted the renewal of the suppliers' licenses issued to the above mentioned supplier's. The renewed suppliers' licenses will be valid for a period of one (1) year from the date of issuance.

### **Resolution 2000-18**

A Resolution Concerning the Request of Aristocrat, Inc. to Change the Name of the Supplier Licensee (Aristocrat, Inc.) to Aristocrat Technologies, Inc. The purpose of the name change is to better reflect the company 's technology based philosophy. No change or transfer of ownership interest, corporate structure, or corporate officers and directors has occurred as a result of the renaming of the company.

**Action:** Upon motion by Thomas Milcarek, second by Dr. Ross, and unanimous vote of those present, the Commission granted the request of Aristocrat, Inc. to recognize Aristocrat Technologies, Inc. as the holder of the Indiana temporary supplier's license. All other conditions placed upon Aristocrat, Inc. in Resolution 1996-56 shall remain the same and apply to Aristocrat Technologies, Inc. The temporary supplier's license will remain valid until the date that a permanent supplier's license is issued or until the temporary supplier's license is revoked.

### **Resolution 2000-19**

A Resolution Concerning the Request of Progressive Games, Inc. to Withdraw its Application for a Supplier's License. Mikohn Gaming Corporation acquired Progressive Games, Inc. on or about September 2, 1998. By letter dated February 16, 2000 Mikohn Gaming requested the Commission allow Mikohn to withdraw the license of Progressive Games, Inc. and continue to do business in the State of Indiana under the supplier licensee Mikohn.

**Action:** Upon motion by Ann Bochnowski, second by Richard Darko, and unanimous vote of those present, the Commission granted the request of Progressive Games, Inc. to withdraw its application for a supplier's license.

### **Settlement Offers on Disciplinary Actions**

#### **Complaint No. 2000-TR-1, Trump Indiana, Inc. and 2000-NAV-1, North American Video:**

The disciplinary matters brought against Trump Indiana and an applicant for the supplier's license North American Video concerned the same matter. The disciplinary action stated between the dates of June 7, 1999 and June 11, 1999 two employees of North American Video boarded the Trump Riverboat to install surveillance equipment that Trump purchased from North American Video. North American Video submitted its application for an Indiana Supplier's License on June 4, 1999. North American Video had not received a temporary or permanent supplier's license in the State of Indiana which would allow them to do business with the Indiana riverboats. The boarding and servicing by the two North American Video employees violated IC 4-33-7-4(a) which states riverboat licensees shall not purchase goods or services covered by this rule from a person who does not hold a supplier's license issued by the commission and 68 IAC 2-2-1(c) which states the following persons or business entities are entitled to hold a supplier's license (4) a supplier of security services, security systems, and surveillance systems. The Commission filed disciplinary actions on January 4, 2000 against Trump and North American Video. Mr. Bruce McKee, General Manager of Trump Indiana and Executive Director, John Thar, have signed a settlement agreement awaiting commission approval with respect to the action against Trump. The Commission Staff recommends Trump pay a monetary fine in the amount of \$2,000.00. With respect to the disciplinary action against North American Video, North American Video by counsel has requested to withdraw its application in accordance with 68 IAC 2-2-4(d).

**Action:** Upon motion by Thomas Milcarek, second by Ann Bochnowski, and unanimous vote of those present, the Commission approved the proposed terms of the Settlement Agreement executed with Trump Indiana, Inc.

### **Resolution 2000-20**

A Resolution Concerning The Request of North American Video, Inc. to Withdraw Its Application for a Supplier's License.

**Action:** Upon motion by Robert Swan, second by Dr. Ross, and unanimous vote of those present, the Commission granted the request of North American Video to withdraw its application for a supplier's license.

**Resolution 2000-21**

A Resolution Concerning Financing By Grand Victoria Casino and Resort, LP. Dan Azark on behalf of Grand Victoria Casino appeared before the Commission to discuss the refinancing request. Grand Victoria has requested approval of a \$65 million secured loan. The purpose of the loan is for the repayment of the general partner's Undistributed Preferred Capital that accrues interest at the rate of 16% per annum, additional working capital needs and general corporate purposes. Grand Victoria estimates that the proposed financing will reduce the annual interest cost approximately by \$4 to \$5 million. Grand Victoria also requests a waiver of the two (2) meeting rule.

**Action:** Upon motion by Richard Darko, second by Ann Bochnowski, and unanimous vote of those present, the Commission approved the request for a waiver of 68 IAC 5-3-2(b)(3) the two (2) meeting rule and approved the request of Grand Victoria to secure a loan in an amount of up to \$65 million subject to a review and approval of the terms of the final draft and associated documents by the Commission staff.

**Request for Bond Reduction  
Casino Aztar**

On November 30 1999; January 5, 2000; January 31, 2000; and March 30 , 2000 Casino Aztar made the following identical payments to the City of Evansville pursuant to the Development Agreement between Casino Aztar and the City of Evansville and as a condition of the Riverboat Owner's License issued to Casino Aztar:

Downtown Revitalization	\$ 83,333.33
Economic Development	16,666.67
<u>Pigeon Creek Greenway</u>	<u>4,166.67</u>
<u>Total</u>	<u>\$104,166.67</u>

**Action:** Upon motion by Robert Swan, second by Ann Bochnowski, and unanimous vote of those present, the Commission authorizes the National City Bank to reduce Letter of Credit 102, posted by Casino Aztar, in a total amount of \$416,666.68.

**RDI/Caesars Riverboat Casino  
Minority/Womens Business Enterprise Report**

In November 1999 the Commission directed Caesars to implement a plan of action to address the issue of Minority and Women's Business Enterprise hiring. Barry Morris, Executive Vice-President and General Manager of RDI Caesars Riverboat Casino appeared before the commission to provide a report on the status of MBE/WBE hiring. Mr. Morris reports Caesar's has significantly improved its efforts to reach state goals for using minorities and women contractors. A MBE/WBE Plan dated May, 2000 was given to each Commissioner and Executive Director Thar. Approximately 14% of its 1999 expenses went to businesses owned by minorities and women. At the end of April 2000, Caesars directed 12% of spending to minority-owned businesses and 10.5% to firms owned by women. A contract has been signed with Smoot Construction, an Indiana based minority owned business to serve as general contractor of the new hotel. Mr. Morris reported that HMR Enterprises (a minority and women owned business), which now supplies paper products to the casino, soon will gain certification to supply food as well. As soon as HMR receives certification Caesars will purchase approximately \$2 millions in food purchases from HMR. Each Commissioner, as well as

Executive Director Thar was given an updated Plan from Caesars. This plan contains the original plan as well as the corrective action taken by Caesars. Mr. Morris noted actions taken by Caesars include but not limited to:

- The hiring of a WMBE Business Developer Coordinator.
- The development of a MBE/WBE Business Opportunities Brochure. The brochure is distributed at vendor fairs, workshops, community meetings and elsewhere.
- In February more than 70 minority business owners attended Bridge the Gap at Caesars for construction companies from Indiana and Kentucky. The Dept. of Administration Minority Business Development office was in attendance to explain the Indiana certification process; the NAACP and the minority supply counsel were also in attendance.
- A Business Opportunity Workshop was held on April 6<sup>th</sup>. The Department of Administration and Department of Transportation conducted the Certification workshop.
- During the summer of 2000 Caesars will host the first industry trade fair. This trade fair will feature representatives from most of the Indiana riverboats and vendors statewide.
- Innovative programs include: Supplier development; MBE/WBE Advisory Council; and the Second Tier Program.
- Community Outreach Programs. In November 1999, Caesar's representatives met with the Rev. Louis Coleman and representatives from the National Black Chamber of Commerce to enlist their assistance. At the request of Park Place a meeting was scheduled with chamber representatives to take place in Atlantic City in January. However, due to scheduling conflicts the meeting was postponed and will occur on May 25, 2000.

Local counsel for Caesar's Indiana, Mr. Ron Gifford of Baker and Daniels appeared before the commission. He further elaborated on the scheduled meeting and MBE/WBE issues. No representatives from the Louisville Black Chamber of Commerce were present.

#### **Resolution 2000-23**

A Resolution Concerning the Memorandum of Agreement by and Between RDI/CAESARS Riverboat Casino LLC and the Indiana Gaming Commission. As a result of Caesars Failure to meet the MBE/WBE hiring goals, Caesars presented a Development Action Plan to the Commission in November 1999. The Commission determined that a part of Caesars action plan would be to establish an account funded with the initial amount of \$2,000,000.00. A Memorandum of Agreement setting forth these terms has been presented to the Commission for approval. The Committee, with Dr. Ross as liason, will meet in the near future to discuss the MBE/WBE Development Fund.

**Action:** The issue of Resolution 2000-23 was tabled and will be addressed at a later date.

#### **Resolution 2000-22**

A Resolution Concerning the Second Amendment to the Development Agreement By and Between Harrison County and RDI/Caesars Riverboat Casino, LLC. Mr. Ron Gifford of Baker and Daniels appeared before the Commission to discuss the amendments being made to the development agreement.

**Action:** Upon motion by Robert Swan, second by Dr. Ross, and unanimous vote of those present, the Commission granted the request of Harrison County and RDI/Caesars Riverboat Casino, L.L.C. to approve the Second Amendment to the Development Agreement by and

between Harrison County. The granting of this request is conditioned on the subsequent approval of the Harrison Co. Commission. Should the Harrison Co. Commissioners fail to amend the development agreement, the approval of the Indiana Gaming Commission will become null and void.

The Business Meeting adjourned at 11:00 a.m. for a brief recess.

The Business Meeting reconvened at approximately 11:15 a.m.

### **Boyd Application for Ownership Failure to Disclose a Consulting Agreement**

A Consulting Agreement, which should have been disclosed (as a part of the application process) to the Indiana Gaming Commission (IGC) prior to its vote on ownership but was not. Boyd voluntarily notified the IGC of the existence of this document approximately two days after the Boyd request for transfer of ownership was approved. The IGC took the following actions after Boyd made the disclosure. They were:

- Upon request by the IGC, Brian Larson, counsel for Boyd Gaming, provided a detailed and explanatory letter.
- Mr. William Boyd, Mr. Ellis Landau, and Mr. Brian Larson were deposed by the Executive Director in order to get their statements under oath as to what occurred in this particular instance.
- Subsequent to these actions, Boyd Gaming offered a settlement agreement to the Commission in lieu of a disciplinary action. In this proposal Boyd offered to accept any financial penalty imposed by the Commission.

Kay Fleming, Counsel for Boyd Gaming; Sheila Brillson, Mayor of East Chicago; William Boyd, CEO of Boyd Gaming appeared before the Commission to address this issue. Also present were Ellis Landau, Executive Vice President Chief Financial Officer; Brian Larson, Senior Vice President and General Counsel; and Mike Driggs, Executive Vice President and General Manager of the Blue Chip facility in Michigan City.

In his appearance before the Commission, Mr. Boyd offered apologies and expressed that, while the mistake was serious, it was not done in a manner which was intended to mislead the Commission. Mr. Boyd also reiterated that upon discovery, this issue was self-reported to the IGC. He also expressed that Boyd Gaming was committed to the upholding the highest standards in the gaming industry. Boyd Gaming has taken steps to change internal policy to guard against further occurrences.

Sheila Brillson, Mayor of East Chicago appeared before the Commission to speak about Blue Chip casino under the ownership of Boyd Gaming. Ms. Brillson commended Boyd Gaming on their civic participation since the transfer of ownership. Ms. Brillson also urged the Commission to consider the economic impact on the citizens of East Chicago should tax revenue from the casino be disrupted.

The Commissioners commended staff on the manner in which the investigation was conducted.

A lengthy discussion ensued as to what penalties the commission should impose upon Boyd Gaming for failing to disclose the consulting agreement.



**Action:** Upon motion by Tom Milcarek, second by Richard Darko, the Commission voted 4-3 to reject a \$1.1 million settlement.

Upon motion by Ann Bochnowski, second by Robert Swan, the Commission voted 6-1, with Dr. Ross dissenting, to approve a settlement with a \$100,000 fine and \$900,000 to be divided among government projects and charitable agencies. The Commission directed staff to determine what government projects charitable agencies are in need of funding and present their findings to the Commission.

#### **Boyd Gaming Consulting Agreement**

A brief discussion ensued regarding the agreement. Boyd Gaming requested the consulting agreement remain confidential as a proprietary business matter.

**Action:** Upon motion by Richard Darko, second by Dr. Ross, and unanimous vote of those present, the Commission approved the consulting agreement dated January 10, 2000.

#### **Next Meeting**

The date of the next Business meeting will be announced at a later date.

#### **Adjournment**

Upon motion by Dr. Ross, second by Ann Bochnowski, and unanimous vote of those present, voted to adjourn.

#### **Minutes**


Baynes & Shirey Reporting Services transcribed the May 12, 200 Business Meeting. Consequently, the transcript is the complete record of the meeting. Anyone wishing to see the transcript can review it in the Commission office or obtain a copy of the transcript from Baynes & Shirey, Bank One Center/Circle Center, 111 Monument Circle, Ste. 582, Indianapolis, IN 46207, (317) 231-9003.

Rhonda K. Dalton, Executive Secretary of the Indiana Gaming Commission Staff, prepared these minutes.

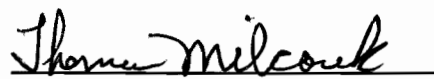
Respectfully submitted,

  
Rhonda K. Dalton

THE INDIANA GAMING COMMISSION:



Donald Vowels, Chair



Thomas Milcarek, Secretary