

INDIANA GAMING COMMISSION  
SECOND QUARTER 2010  
BUSINESS MEETING  
June 17, 2010

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The Indiana Gaming Commission Second Quarter 2010 Business Meeting, recorded and transcribed by Susan L. Plunkett, Notary Public in and for the County of Boone, State of Indiana, and was held in the History Reference Room, Indiana State Library, 315 West Ohio Street, Indianapolis, Indiana, commencing at 1:00 p.m. on June 17, 2010.

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APPEARANCES

On behalf of the Indiana Gaming Commission:

Tim Murphy, Chairman

Ernest Yelton, Executive Director

Tom Swihart, Commissioner

Mary Shy, Commissioner

Robert Morgan, Commissioner

V. Sue Shields, Commissioner

Jennifer Reske, Deputy Director

Phil Sicuso, General Counsel

1                   June 17, 2010      1:00 p.m.

2                   CHAIRMAN MURPHY: Welcome, everyone, to the  
3 second quarter 2010 meeting of the Indiana Gaming  
4 Commission. The meeting is now called to order.

5                   The first item of business will be the call of  
6 the roll.

7                   Commissioner Shields?

8                   COMMISSIONER SHIELDS: Here.

9                   CHAIRMAN MURPHY: Commissioner Shy?

10                  COMMISSIONER SHY: Here.

11                  THE COURT: Commissioner Fine?

12                  Commissioner Fine is absent.

13                  Commissioner Morgan?

14                  COMMISSIONER MORGAN: Here.

15                  CHAIRMAN MURPHY: Commissioner Swihart?

16                  COMMISSIONER SWIHART: Here.

17                  CHAIRMAN MURPHY: And the Chair is present.

18                  All Commissioners are present with one  
19 absence, and we have a quorum.

20                  The next item will be the approval of the  
21 minutes of the last meeting. Is there a motion to  
22 do so?

23                  COMMISSIONER SWIHART: Move to accept.

24                  COMMISSIONER SHY: I'll second.

25                  CHAIRMAN MURPHY: It's been moved and

1 seconded. All those in favor signify by saying  
2 aye.

3 (Commission members indicated aye.)

4 CHAIRMAN MURPHY: Opposed?

5 (No verbal response by Commissioners.)

6 CHAIRMAN MURPHY: The minutes of the last  
7 meeting are approved.

8 The next item of business is the report of the  
9 Executive Director and Executive Director Yelton.

10 EXECUTIVE DIRECTOR YELTON: Thank you,  
11 Mr. Chairman, Members of the Commission.

12 I'll begin with the staff update. As of July  
13 1st, the State Athletic Commission will be  
14 legislatively sunsetted, and all those attendant  
15 responsibilities will rest directly under the  
16 jurisdiction of the Indiana Gaming Commission.

17 Our previous director, Wade Lowhorn, is no  
18 longer with us; and I'm pleased to announce that  
19 Andy Means has been promoted to assume those  
20 responsibilities.

21 Andy, if you'd, please, stand.

22 You may recall that Andy joined us in 2006 as  
23 our Information -- Information Analyst until last  
24 July when he became the Assistant Director of the  
25 Athletic Commission -- Division, excuse me. I'm

1 pleased to announce that he was very instrumental  
2 in the negotiations between the city, Conseco, and  
3 and UFC.

4 And I believe it's already public, Andy, that  
5 they are going to have our first UFC pay-per-view  
6 event at Conseco on September 25th?

7 MR. MEANS: Yes.

8 EXECUTIVE DIRECTOR YELTON: And hopefully many  
9 more to follow. Because, unlike me, there are a  
10 lot of people who are very avidly interested in  
11 this sport.

12 This summer we are once again fortunate to  
13 have two interns from the Maurer School of Law in  
14 Bloomington, Indiana. Kelly Burkhart -- Kelly,  
15 please, stand -- is originally from Fort Wayne,  
16 Indiana. She graduated from Purdue in 2009 with a  
17 Bachelor of Arts in Philosophy and Psychology.

18 Greg Tooney -- Greg? -- is a native from  
19 Decatur, Illinois, and a graduate of Notre Dame  
20 University with a degree in history. He'll be  
21 entering his third year of law school where he  
22 serves on the staff of the Indiana Law Journal and  
23 is a member of the Sherman Minton Moot Court  
24 Competition Executive Board.

25 It's my understanding that annually

1 Governor Daniels meets with all the summer interns  
2 for a little pep talk, and that occurred this  
3 morning. And rumors have it when Kelly and Greg  
4 introduced themselves as interns of the  
5 Gaming Commission, his dialogue immediately turned  
6 to card counting. So I see there's a delegation  
7 from Grand Victoria here. You may want to talk to  
8 Kelly and Greg at the conclusion of the meeting.

9 Finally, John Hoenstein was a background  
10 investigator for the Commission. He has submitted  
11 his resignation, which is now effective, to become  
12 an independent contractor in Afghanistan. We just  
13 this week received approval from the Strategic  
14 Hiring Committee to replace John, whom we wish to  
15 have a very safe tour.

16 The Commission issues certificates of  
17 registration to junketeers and junket operators,  
18 applicants who meet the criteria that have been  
19 established by Commission rules. A certificate of  
20 registration may be renewed annually if a junketeer  
21 or a junket operator submits the appropriate  
22 payment not fewer than 30 days prior to the  
23 expiration of the certificate.

24 Since our last meeting our staff has renewed  
25 five junketeer certificates of registration and

1 four junket operator certificates of registration.  
2 No new junketeer or junket operator certificates of  
3 registration have been issued since that meeting.  
4 Although I think maybe a day or two before this  
5 that may have changed. We'll report that at the  
6 next meeting. Currently we have 19 junketeers and  
7 18 junket operators who are authorized to conduct  
8 business in the state of Indiana.

9 Since the March meeting, the IGC has added 15  
10 new individuals to our exclusion list, which  
11 effectively and permanently bars those patrons from  
12 entering any casino or gambling facility located at  
13 a racetrack in Indiana. The following is a brief  
14 synopsis of each, as I'm required to tell you.

15 Larry Day, while employed as a security  
16 officer for the Ameristar Casino, took unlawful  
17 possession of casino funds. Day admitted to his  
18 actions and was charged with theft as a D felony  
19 which is pending in the Lake Superior Court.

20 Christopher Jeter took unlawful possession of  
21 eight \$500 casino cheques from a roulette table at  
22 Horseshoe Hammond Casino. He was charged with  
23 theft as a D felony.

24 Patricia Strickland, while employed as a rapid  
25 roulette dealer for Horseshoe Hammond Casino gave

1 additional credits to a patron on two separate  
2 occasions. This resulted in a loss of \$715 to the  
3 casino. She's been charged with theft as a  
4 D felony, which is also pending in the  
5 Lake Superior Court.

6 Michael Riley took unlawful possession of a  
7 TITO worth \$800 while at the Hollywood Casino.  
8 Riley admitted to his actions and has pled guilty  
9 to conversion in the Dearborn Superior Court.

10 Laporscha Snipes, while employed as a  
11 blackjack dealer at Majestic Star, was exposing her  
12 card down to the patron to allow the patron to gain  
13 an advantage. Snipes admitted to her actions and  
14 stated she received a percentage of the patron's  
15 winnings. Snipes was charged with cheating at a  
16 gambling game as a D felony which is still pending  
17 before the Lake Superior Court.

18 Richard Barrientes, while employed as a floor  
19 supervisor at Majestic Star, was observed  
20 unlawfully taking \$2,000 in casino chips from a  
21 craps table. He has admitted to taking  
22 approximately \$10,000 to \$15,000 from Majestic Star  
23 over a three-month period. Richard Nolan, a patron  
24 of Majestic Star, admitted taking the casino chips  
25 from Barrientes and cashing them in for U.S.

1           currency. Both men have been charged with theft as  
2           Class D felonies.

3           Michael Corley took unlaw -- unauthorized  
4           possession of a \$700 -- of \$700 in casino chips  
5           from another person while playing craps at  
6           Blue Chip. He was charged with theft as a D felony  
7           which is pending.

8           Kwan Hong Cheung attempted to make a \$1,500  
9           cash advance using a fraudulent credit card at  
10          Blue Chip. He -- excuse me. The IGC agents  
11          discovered Cheung had two additional fraudulent  
12          credit cards in his possession. He was charged  
13          with fraud and attempted theft, both as D felonies  
14          which are pending in the Lake -- LaPorte Superior  
15          Court.

16          Barbara Burnett took unauthorized possession  
17          of another patron's TITO worth approximately \$887  
18          while at Horseshoe Hammond. She admitted to her  
19          actions upon being questioned by an IGC agent.  
20          She's charged with conversion as an A misdemeanor,  
21          and it's pending in the Hammond City Court.

22          Ricky Tam, Yu Cheng Wu, and Zhi Xie, were  
23          involved in a card counting scheme that involved  
24          marking all ten-value cards in the game of  
25          blackjack in an attempt to defraud the casino. The

1 three men were arrested at Majestic Star after  
2 previously targeting the Horseshoe Southern Indiana  
3 and Hollywood Casinos. All three men pled guilty  
4 to attempted cheating at a gambling game as a D  
5 felony, and the money in their possession on the  
6 date of the arrest was forfeited to the  
7 Gaming Commission.

8 Diana House, while employed as a supervisor at  
9 Grand Victoria Casino, took unlawful possession of  
10 \$3,150 from the soft count room. House admitted to  
11 IGC agents that she took over \$15,000 during her  
12 employment there. She's charged with four counts  
13 of theft, each is a D felony, which are pending in  
14 Ohio County Circuit Court.

15 Franklin Banes was observed on 16 separate  
16 instances past-poting -- past-posting, excuse me,  
17 his bets while playing Pai Gow Poker at  
18 Majestic Star. He was charged with one count of  
19 cheating at a gambling game as a D felony which is  
20 still pending in the Lake Superior Court.

21 For the year of 2010, the IGC has placed 21  
22 patrons on its exclusion list, bringing the total  
23 to 156 men and women who are barred from Indiana  
24 casinos and racinos.

25 We had four waivers since our last meeting.

1 Belterra was granted a waiver allowing cash for the  
2 cash reserves to be maintained in a bank account  
3 outside the state of Indiana.

4 Hollywood was granted a waiver allowing three  
5 celebrity slot employees to wear nonobscuring  
6 facial makeup and props and be available on  
7 weekends and holidays to award larger jackpots.  
8 The employees will still continue to wear their  
9 gaming badges throughout the procedure.

10 Horseshoe Hammond was granted a waiver to  
11 count and rotate the excess primary chips which are  
12 housed in the vault and chip bank on a monthly  
13 basis. The chips will remain sealed with a  
14 tamperproof seal on each inventory cabinet and  
15 inspected on a weekly basis.

16 Horseshoe Southern Indiana was granted a  
17 waiver allowing the ability to cash third-party  
18 checks issued by Diamond Billiard Products during  
19 events held by Diamond. So those checks can only  
20 be cashed on the days of the event.

21 And finally, and most importantly, on June the  
22 8th at 1:20 p.m., my grandson Carter Wilson Goff  
23 was born. So as soon as this meeting's -- as soon  
24 as this meeting's over, the sooner I can get to my  
25 grandson, Mr. Chairman. So there.

1           That report -- that concludes our report.

2           CHAIRMAN MURPHY: Thank you,  
3           Executive Director Yelton, and congratulations.

4           EXECUTIVE DIRECTOR YELTON: Thank you.

5           CHAIRMAN MURPHY: There being no old business,  
6           we'll move on to patron matters and the Voluntary  
7           Exclusion Program to be presented by Matt Shouse.

8           MR. SHOUSE: Good afternoon, Commissioners.

9           You have before you 36 orders regarding the  
10          Voluntary Exclusion Program. Pursuant to the rules  
11          of the program, the identities of the Voluntary  
12          Exclusion Program participants must remain  
13          confidential. Pursuant to 68 IAC 6-3-2(g), a  
14          participant in the program agrees that if he or she  
15          violates the terms of the program and enters the  
16          gaming area of a facility under the jurisdiction of  
17          the Commission, they will forfeit any jackpot or  
18          thing of value won as a result of a wager.

19          Under Orders 2010-67-102, a total sum of  
20          \$32,239.83 was forfeited by John Does 33 through  
21          68. These winnings were collected at Ameristar,  
22          Blue Chip, Hollywood, Hoosier Park, Horseshoe,  
23          Horseshoe Southern Indiana, Indiana Live, and  
24          Majestic Star. These winnings were withheld as  
25          required by Commission regulations. Commission

1 staff recommends that you approve the remittance of  
2 these winnings for John Does 33 through 68.

3 CHAIRMAN MURPHY: Do the Commissioners have  
4 any questions regarding Orders 2010-67-102?

5 If not, is there a motion to approve?

6 COMMISSIONER MORGAN: Motion to approve.

7 COMMISSIONER SHIELDS: Second.

8 CHAIRMAN MURPHY: It's been moved and  
9 seconded. All those in favor of approval signify  
10 by saying aye.

11 (Commissioners indicated aye.)

12 CHAIRMAN MURPHY: Opposed?

13 (No verbal response by Commissioners.)

14 CHAIRMAN MURPHY: The orders are approved.

15 MR. SHOUSE: Thank you.

16 CHAIRMAN MURPHY: Thank you, Mr. Shouse.

17 Now we'll move on to the voluntary exclusion  
18 appeals and Joe Hoage and Adam Packer.

19 MR. HOAGE: Thank you, Mr. Chairman, Members  
20 of the Commission.

21 You have before you Order No. 2010-103, which  
22 is an appeal of John Doe No. 30's voluntary  
23 exclusion remittance. John Doe No. 30 submitted an  
24 application for a one-year voluntary exclusion on  
25 August 9, 2007 at the Ameristar Casino in

1 East Chicago, Indiana. Pursuant to the terms of  
2 that agreement and 68 IAC 6-3-5, in order for a  
3 person to be removed from the voluntary exclusion  
4 list upon expiration of that term, the person must  
5 present themselves in person at the Commission office  
6 and submit in writing their intent to have their  
7 name removed from the exclusion list.

8 So thereafter on April 13, 2009, John Doe  
9 No. 30 was apprehended at Ameristar having won a  
10 jackpot worth \$2,280. The money at that time was  
11 forfeited according to the terms of the VEP  
12 agreement because as of April 13, 2009, John Doe  
13 had never filed a written request to have his name  
14 removed from the voluntary exclusion list.

15 On June 11, 2009 the Commission approved the  
16 remittance of \$2,280 in Order No. 2009-62; and  
17 within that required time John Doe No. 30 submitted  
18 a letter of appeal of the Commission's decision.  
19 The matter was assigned to an administrative law  
20 judge, and thereafter Commission staff filed a  
21 motion for summary judgment on the grounds that  
22 John Doe had never followed the steps outlined  
23 under the VEP rules and 68 IAC 6-3-5 in regards to  
24 having his name removed from the list.

25 John Doe failed to file a written response to

1 the Commission's motion for summary judgment and  
2 thereafter failed to appear at the hearing that was  
3 heard on the matter despite being given written and  
4 oral notice of both matters. The ALJ granted the  
5 Commission's motion for summary judgment, and  
6 John Doe No. 30 failed to file an objection to that  
7 decision within the required time.

8 So at this time before you we would ask the  
9 Commission affirm the recommendation of the ALJ  
10 which will have the effect of denying John Doe  
11 No. 30's appeal of the remittance of the \$2,280.

12 CHAIRMAN MURPHY: Commissioners have any  
13 questions regarding Order 2010-103?

14 If not, is there a motion to approve?

15 COMMISSIONER SHY: I move to approve.

16 COMMISSIONER MORGAN: Second.

17 CHAIRMAN MURPHY: It's been moved and  
18 seconded. All those in favor signify by saying  
19 aye.

20 (Commissioners indicated aye.)

21 CHAIRMAN MURPHY: Opposed?

22 (No verbal response by Commissioners.)

23 CHAIRMAN MURPHY: Order 2010-103 is approved.

24 Thank you.

25 MR. HOAGE: Thank you.

1 MR. PACKER: The next VEP appeal is for Order  
2 2010-104, the appeal of John Doe 09-60, voluntary  
3 exclusion remittance.

4 John Doe 60 submitted an application for  
5 voluntary exclusion for a one-year exclusion on  
6 July 9 of 2008. On July 7, 2009, 60 was  
7 apprehended at Casino Aztar with \$1,700 in chips.  
8 Aztar withheld the money in accordance with the VEP  
9 program and the terms of 60's application. The  
10 Commission approved the remittance of those monies  
11 in Order 2009-127. 60 appealed your order within  
12 the appropriate time frame.

13 Then Commission staff forwarded 60's appeal  
14 and the entire file to Administrative Law Judge  
15 Michael Cook. 60's main argument was that of the  
16 \$1,700 in chips that he was apprehended with, only  
17 \$700 of that did 60 obtain as a result of wagers  
18 made. And that's an important phrase in the  
19 regulations and the VEP application. We're only  
20 authorized to seize the monies that were won or  
21 were obtained as a result of wagers made.

22 60 provided proof of his argument in the form  
23 of bank statements that showed that he had made two  
24 ATM withdrawals at Casino Aztar in a matter of  
25 hours before he was apprehended with \$1,700. And

1 those bank statements showed that the withdrawals  
2 were in the amount of \$1,000.

3 In the interest of avoiding a potentially long  
4 and unproductive evidentiary hearing, I entered  
5 into settlement negotiations with 60 upon receiving  
6 his argument and the evidence thereof. We came to  
7 an agreement that would refund the \$1,000 to 60,  
8 the Gaming Commission would keep the \$700 that was  
9 obtained as a result of wagers made, and 60's  
10 appeal would be dismissed.

11 We submitted the settlement agreement to  
12 Administrative Law Judge Cook. The administrative  
13 law judge prepared an order with the findings of  
14 fact and recommendation, and that's what's before  
15 you this afternoon. It is the administrative law  
16 judge's order dismissing the appeal for reason that  
17 the underlying dispute has been settled.

18 According to the Administrative Orders and  
19 Procedures Act, if there are no objections to an  
20 administrative law judge's order with findings of  
21 fact and recommendations, the Commission must  
22 affirm; and that is the posture of this case.  
23 There were no objections. So Commission staff has  
24 prepared an order accordingly.

25 CHAIRMAN MURPHY: Any questions of Mr. Packer

1 regarding Order 2010-104?

2 If not, is there a motion to approve?

3 COMMISSIONER MORGAN: Motion to approve.

4 COMMISSIONER SHIELDS: Second.

5 CHAIRMAN MURPHY: It's been moved and  
6 seconded. All those in favor signify by saying  
7 aye.

8 (Commissioners indicated aye.)

9 CHAIRMAN MURPHY: Opposed?

10 (No verbal response by Commissioners.)

11 CHAIRMAN MURPHY: Order 2010-104 is approved.

12 Thank you, Mr. Packer.

13 MR. PACKER: Next before you is Order  
14 2010-105 on the appeal of John Doe 09-68's  
15 voluntary exclusion remittance.

16 John Doe 68 submitted an application for  
17 voluntary exclusion for a lifetime exclusion on  
18 October 18 of 2005. On July 9, 2009, 68 was  
19 apprehended at Hollywood; and 68 at the time was  
20 owed \$1,164.80 after having won a jackpot and also  
21 being in possession of a TITO.

22 Hollywood withheld the money in accordance  
23 with the regulations and voluntary exclusion  
24 application. The Commission approved that  
25 withholding and remittance in Order 2009-125.

1 John Doe 68 appealed your order within the  
2 appropriate time frame, and Commission staff  
3 ordered the appeal and the entire file to  
4 Judge Cook for action on the appeal.

5 John Doe 68's argument was that 68 didn't  
6 understand the application and only intended to  
7 sign up for a year. Those are fairly  
8 run-of-the-mill defenses to a VEP being caught  
9 red-handed. But in this case upon further  
10 inspection of the application itself, Commission  
11 staff determined that 68 had not actually filled  
12 out any of the substantive portions of the  
13 application. The Indiana State Police trooper who  
14 was assigned to the casino under the  
15 Gaming Commission at the time filled out all of the  
16 requisite information, address, term of exclusion,  
17 all those things; and John Doe 68 merely signed  
18 it.

19 So there was some concern that if we took --  
20 that if Commission staff took this case to the  
21 administrative law judge on an evidentiary hearing  
22 that not only might we lose the case but there may  
23 be damaging precedent set that these voluntary  
24 exclusion applications, which were entered into  
25 willingly and in many cases to the great benefit of

1 the individuals who entered into those agreements,  
2 could be found to be invalid because they were not  
3 actually filled out by the individuals who signed  
4 them.

5 So Commission staff entered into settlement  
6 negotiations with 68, and we came to an agreement  
7 whereby 68 would be removed from the Voluntary  
8 Exclusion Program in exchange for dropping the  
9 appeal.

10 The administrative law judge prepared an order  
11 with findings of fact and recommendations to  
12 reflect the terms of our settlement agreement. And  
13 ordinarily this would end up the same way the last  
14 one did, except in this case there was an objection  
15 filed after the administrative law judge issued an  
16 order by the daughter of 68; and that objection has  
17 been provided to you.

18 However, in this case the Gaming Commission  
19 does not believe that the daughter's objection  
20 alters the material facts contained in the  
21 settlement agreement or justifies removal of 68  
22 from the exclusion -- from the Voluntary Exclusion  
23 Program, namely because of this precedential value  
24 that I was talking about a minute ago.

25 68's daughter argues in the objection a few

1 factual issues. But the underlying agreement for  
2 the Commission staff wanting to enter into a  
3 settlement agreement was this precedential  
4 question, and that issue is unchanged and unaltered  
5 by the daughter's letter.

6 So with that in mind, the Commission staff  
7 recommends that you approve the administrative law  
8 judge's order on 2010-105.

9 CHAIRMAN MURPHY: Question, Mr. Packer. Am I  
10 right in assuming that there -- am I correct in  
11 assuming that there is no process for removing an  
12 individual from the lifetime exclusion list?

13 MR. PACKER: That's correct. Well, let me  
14 make sure I understand you correctly. If the  
15 individual wants to remove himself or herself and  
16 has signed up for a lifetime exclusion --

17 CHAIRMAN MURPHY: Right.

18 MR. PACKER: -- there's no process for that.  
19 That's correct.

20 CHAIRMAN MURPHY: Okay. Commissioners have  
21 any other questions for Mr. Packer on Order  
22 2010-105?

23 If not, is there a motion to approve?

24 COMMISSIONER SWIHART: Move to approve.

25 COMMISSIONER SHY: Second.

1 CHAIRMAN MURPHY: It's been moved and  
2 seconded. All those in favor signify by saying  
3 aye.

4 (Commissioners indicated aye.)

5 CHAIRMAN MURPHY: Opposed?

6 (No verbal response by Commissioners.)

7 CHAIRMAN MURPHY: Order 2010-105 is approved.  
8 Thank you, Mr. Packer.

9 MR. PACKER: Thank you, Mr. Chairman.

10 CHAIRMAN MURPHY: We'll move on to supplier  
11 license matters. Mr. Packer again.

12 MR. PACKER: Thank you.

13 The first supplier matter before you is Order  
14 2010-106 regarding Ainsworth Game Technology  
15 Limited.

16 On or about May 15, 2008, Ainsworth submitted  
17 a supplier's license application. Commission staff  
18 issued a temporary license on May 21st of 2008, and  
19 the temporary license allowed Ainsworth to begin  
20 selling products in Indiana. Due to Ainsworth's  
21 location in Australia and the resignation and  
22 subsequent replacement of the financial  
23 investigator who was assigned to the Ainsworth  
24 project, the investigation took a little bit longer  
25 than usual. Ainsworth had to renew its temporary

1 license in 2009 to allow investigators to complete  
2 the investigations. But it is now complete.

3 The Director of Background Investigations,  
4 Garth Brown, is here to give some background on  
5 Ainsworth, what they do, who they are. And at the  
6 end of Mr. Brown's remarks I will ask you to grant  
7 Ainsworth's application for a permanent supplier  
8 license as outlined in the order in front of you.  
9 But I'll turn the floor over to Mr. Brown.

10 CHAIRMAN MURPHY: Thank you, Adam.

11 MR. BROWN: Good afternoon, Commissioners and  
12 the executive staff. As Adam has already said, we  
13 did receive the application for Ainsworth Game  
14 Technology in 2008. And again, Adam has already  
15 told you why it took us just a little bit longer  
16 than it normally does. Ainsworth Game Technology  
17 is a public -- a public corporation in Australia,  
18 traded on the Australian Securities Exchange. They  
19 are involved in the design, production, and supply  
20 of gaming machines and other software throughout  
21 the Australian market as well as several  
22 international markets. They provide gaming  
23 machines, new replacement parts, things like that.  
24 But that's basically what they're -- what they're  
25 known for.

1           We did complete a comprehensive background  
2 financial investigation on Ainsworth Game  
3 Technology and key persons and did not find any  
4 derogatory information that we feel would affect  
5 the applicant's suitability.

6           I'd be happy to answer any questions, if you  
7 have them.

8           CHAIRMAN MURPHY: Commissioners, any  
9 questions?

10          MR. PACKER: Okay. Then in light of  
11 Mr. Brown's comments and what I've stated earlier,  
12 I would ask that you grant Ainsworth Game  
13 Technology's application for permanent license as  
14 outlined in Order 2010-106.

15          CHAIRMAN MURPHY: Is there a motion to  
16 approve?

17          COMMISSIONER MORGAN: Motion to approve.

18          COMMISSIONER SHY: Seconded.

19          CHAIRMAN MURPHY: It's been moved and  
20 seconded. All those in favor signify by saying  
21 aye.

22                           (Commissioners indicated aye.)

23          CHAIRMAN MURPHY: Opposed?

24                           (No verbal response by Commissioners.)

25          CHAIRMAN MURPHY: Order 2010-106 is approved.

1 MR. PACKER: The next supplier matter for your  
2 consideration is Order 2010-107 regarding  
3 Lottomatica.

4 On or about August 11, 2009, Lottomatica Group  
5 S.p.A. submitted a supplier's license application.  
6 Commission staff issued a temporary license to  
7 Lottomatica on August 27, 2009; and that temporary  
8 license allowed Lottomatica to begin selling -- or  
9 Lottomatica and its subsidiaries to sell products  
10 in Indiana.

11 Commission staff conducted a background  
12 financial investigation on Lottomatica; and  
13 Mr. Brown will get up in a moment to summarize that  
14 and give you some more background on Lottomatica,  
15 who they are and what they do. At the conclusion  
16 of Mr. Brown's comments, I will ask you to approve  
17 Order 2010-107, which will grant Lottomatica a  
18 permanent supplier's license.

19 MR. BROWN: Thank you, Adam.

20 Adam is correct. Lottomatica submitted a  
21 supplier's license application in 2009, August of  
22 2009. Lottomatica is a leading supplier, and  
23 they're best known for lottery -- they do lottery  
24 terminals, things like that. They're big in  
25 Europe. They're based out of Rome, Italy. They'll

1 be operating specifically in Indiana through a  
2 subsidiary, Atronic Americas. They will also be  
3 providing pieces of equipment manufactured by  
4 another subsidiary, Spielo Manufacturing. They do  
5 have some units already working in Indiana, and the  
6 majority of their other information you will find  
7 in your report.

8 A comprehensive background financial  
9 investigation was conducted on Lottomatica, its key  
10 persons, and key persons of its various  
11 subsidiaries. IGC staff did not find any  
12 derogatory information that would affect their  
13 suitability, but I would be happy to answer any  
14 questions that I can at this time.

15 CHAIRMAN MURPHY: Commissioners have any  
16 questions of Mr. Brown?

17 MR. PACKER: Then in light of Mr. Brown's  
18 remarks and what I've said previously, I recommend  
19 that you grant Order 2010-107, which will give  
20 Lottomatica Group S.p.A. a permanent supplier's  
21 license.

22 CHAIRMAN MURPHY: Motion to approve?

23 COMMISSIONER MORGAN: Motion to approve.

24 COMMISSIONER SHY: Seconded.

25 CHAIRMAN MURPHY: Moved and seconded. All

1 those in favor signify by saying aye.

2 (Commissioners indicated aye.)

3 CHAIRMAN MURPHY: Opposed?

4 (No verbal response by Commissioners.)

5 CHAIRMAN MURPHY: Order 2010-107 is approved.

6 Thank you.

7 MR. PACKER: The next supplier matter before  
8 you is Order 2010-108 regarding the United States  
9 Playing Card Company.

10 On or about January 1st of 1995, United States  
11 Playing Card Company submitted a supplier's license  
12 application. Commission staff issued a temporary  
13 license to U.S. Playing Card on September 8th of  
14 1995. This temporary license allowed U.S. Playing  
15 Card to begin selling its products in Indiana, and  
16 U.S. Playing Card has remained on a temporary  
17 license since 1995. And Mr. Brown can get into  
18 that in a moment when he gives his remarks.

19 Commission staff conducted a background  
20 financial investigation on U.S. Playing Card, and  
21 at the conclusion of Mr. Brown's comments I will  
22 ask that you approve Order 2010-108 which will  
23 grant a permanent supplier's license to  
24 U.S. Playing Card.

25 MR. BROWN: Thank you. As Adam stated,

1 United States Playing Card has been on a temporary  
2 license for quite some time. We did try to go back  
3 and find some records as to what happened while the  
4 State Police were here and up until 2005 when the  
5 Indiana Gaming agents came on board.

6 We did find some indications that their  
7 investigation had been completed, but we don't know  
8 as to why it didn't get approved at that time. At  
9 one point we believe in 2005 one of the reasons it  
10 didn't get approved was the purchase of it by its  
11 new parent company, Jarden Corporation, a large  
12 publicly traded corporation.

13 During that time as we got started we  
14 definitely should have had that as a priority to  
15 get it licensed. However, we did not get it  
16 started until 2008, at which time we got ahold of  
17 them and they got their applications in.

18 What they provide is pretty basic from the  
19 name of the company. They supply gaming cards,  
20 several of the more well-known ones being Bicycle,  
21 Hoyle, and Aviator. And as you can read in your  
22 report, there are several interesting facts about  
23 the company as well.

24 We did a comprehensive background  
25 investigation on U.S. Playing Card Company, its key

1 persons, and the key persons of its parent company,  
2 Jarden Corporation. We could not find any  
3 derogatory information that would affect the  
4 applicant's suitability.

5 I would be happy to answer any questions that  
6 you have.

7 CHAIRMAN MURPHY: Mr. Brown, am I right in  
8 thinking that it was an internal --

9 MR. BROWN: Correct.

10 CHAIRMAN MURPHY: -- issue --

11 MR. BROWN: Correct.

12 CHAIRMAN MURPHY: -- that caused this to drag  
13 on so long?

14 MR. BROWN: Correct. It had nothing to do  
15 with any --

16 CHAIRMAN MURPHY: With the --

17 MR. BROWN: -- derogatory information by  
18 U.S. Playing Card.

19 CHAIRMAN MURPHY: Good.

20 COMMISSIONER SHY: I have a question. Did  
21 U.S. Playing Card, did they realize they were only  
22 under a temporary license?

23 MR. BROWN: I believe that they did. Whenever  
24 we had contacted them to get the ball rolling on  
25 our end, they -- I think they were kind of under

1 the idea that we would let them know when we were  
2 ready to move forward. And so again, it was  
3 internal. And, you know, we just didn't get it  
4 started in time.

5 CHAIRMAN MURPHY: Any other questions for  
6 Mr. Brown?

7 MR. PACKER: In light of Mr. Brown's comments  
8 and the remarks I made earlier, it is staff's  
9 recommendation that the Commission approve Order  
10 2010-108 which would grant a permanent supplier's  
11 license to U.S. Playing Card.

12 CHAIRMAN MURPHY: Is there a motion to  
13 approve?

14 COMMISSIONER SHIELDS: I move to approve.

15 COMMISSIONER MORGAN: Second.

16 CHAIRMAN MURPHY: It's been moved and  
17 seconded. All those in favor?

18 (Commissioners indicated aye.)

19 CHAIRMAN MURPHY: Opposed?

20 (No verbal response by Commissioners.)

21 CHAIRMAN MURPHY: Order 2010-108 is approved.  
22 Thank you, Mr. Packer.

23 MR. PACKER: Thank you.

24 EXECUTIVE DIRECTOR YELTON: Mr. Chairman,  
25 Members of the Commission, in order to strike a

1 balance of equality between management and staff, I  
2 should announce that three weeks ago Mr. Brown had  
3 his first daughter, Sydni Allana.

4 MR. BROWN: Yes.

5 CHAIRMAN MURPHY: Congratulations.

6 The next item of business will be supplier  
7 renewals presented by Sherry Green.

8 MS. GREEN: Good afternoon. You have before  
9 you Order 2010-109 concerning the renewal of the  
10 suppliers' licenses. Pursuant to Indiana Code 4-33  
11 and 68 IAC 2-2, the Commission has previously  
12 approved suppliers' licenses for the following nine  
13 companies: Bally Gaming, Inc.; DEQ Systems Corp.;  
14 Elektroncek d.d.; Fairchild Communication Systems,  
15 Inc.; Konami Gaming, Inc.; Patriot Gaming &  
16 Electronics, Inc.; Shuffle Master, Inc.;  
17 TCS John Huxley; and WMS Gaming, Inc.

18 A supplier's license was valid for a period  
19 of one year. Pursuant to IC 4-33-7-8 and  
20 68 IAC 2-2-8, a supplier's license must be renewed  
21 annually; and a payment of \$7,500 for the annual  
22 renewal fee must be remitted. Each of these  
23 licenses has requested -- licensees has requested  
24 renewal of their license and has paid the  
25 appropriate renewal fees. The Commission staff

1 recommends that you approve the renewal of the  
2 licenses for these nine suppliers.

3 CHAIRMAN MURPHY: Commissioners have any  
4 questions of Miss Green?

5 If not, is there a motion to approve?

6 COMMISSIONER MORGAN: Motion to approve.

7 COMMISSIONER SWIHART: Second the motion.

8 CHAIRMAN MURPHY: It's been moved and  
9 seconded. All those in favor signify by saying  
10 aye.

11 (Commissioners indicated aye.)

12 CHAIRMAN MURPHY: Opposed?

13 (No verbal response by Commissioners.)

14 CHAIRMAN MURPHY: Order 2010-109 is approved.  
15 Thank you, Miss Green.

16 MS. GREEN: Thank you.

17 CHAIRMAN MURPHY: The next item of business on  
18 the agenda is casino matters, specifically  
19 financing, and will be presented by  
20 Jeff Neuenschwander.

21 MR. NEUENSCHWANDER: Thank you, Mr. Chair.

22 Order 2010-110 addresses a financing request  
23 by Harrah's. On January 15, 2010, Harrah's  
24 requested through counsel in a letter to  
25 Philip Sicuso interim approval and a waiver of the

1 two-meeting rule for refinancing transactions. The  
2 proposed transaction was amended multiple times to  
3 eventually result in a request for permission to  
4 issue \$750 million in senior second priority notes  
5 with further details provided in the confidential  
6 documents.

7 In accordance with the procedures identified  
8 in Resolution 2008-74, after consulting with  
9 Commission Financial Analyst Thomas Piskorowski,  
10 Certified Fraud Examiner, Commission Chair  
11 Tim Murphy, and Executive Director Ernest Yelton,  
12 it was agreed that the requested interim approval  
13 and waiver should be granted; and Director Yelton  
14 issued an interim approval on March 17, 2010.

15 On April 13, 2010 Harrah's announced publicly  
16 that it was proposing to issue \$500 million of the  
17 notes described above. This transaction has been  
18 analyzed by Commission Financial Analyst  
19 Thomas Piskorowski who recommends the transaction  
20 be approved.

21 According to Resolution 2008-74, the  
22 Executive Director shall report back any waiver  
23 and/or interim financing decision to the Commission  
24 at the next business meeting for consideration and  
25 for final ratification or direction from the full

1 Commission.

2 The Commission staff recommends that you  
3 ratify Executive Director Yelton's interim approval  
4 and waiver letter.

5 CHAIRMAN MURPHY: Is there a motion to  
6 approve Order 2010-110?

7 COMMISSIONER SWIHART: So moved.

8 COMMISSIONER SHY: Second.

9 CHAIRMAN MURPHY: It's been moved and  
10 seconded. All those in favor signify by saying  
11 aye.

12 (Commissioners indicated aye.)

13 CHAIRMAN MURPHY: Opposed?

14 (No verbal response by Commissioners.)

15 CHAIRMAN MURPHY: Order 2010-110 is approved.

16 Thank you, Mr. Neuenschwander.

17 MR. NEUENSCHWANDER: Thank you, Mr. Chair.

18 CHAIRMAN MURPHY: We have had a request by  
19 the labor organization Unite Here to address the  
20 Commission today.

21 Mr. Tim Barnes?

22 Mr. Barnes, before you begin, am I right in  
23 thinking that you also have two of your associates  
24 with you?

25 MR. BARNES: We do.

1                   CHAIRMAN MURPHY: Nicholas Majares and  
2 Lisa Taylor?

3                   MR. BARNES: They could not be here for  
4 scheduling reasons. Instead we have  
5 Christinia Davis and Jami Peterson who will give  
6 brief statements after mine.

7                   CHAIRMAN MURPHY: Are you aware that the  
8 specific participants are supposed to be named?

9                   MR. BARNES: I was not aware. I'm sorry.  
10 That's who was originally scheduled to come today.  
11 Will they be allowed to speak?

12                   CHAIRMAN MURPHY: It is policy -- it is policy  
13 that you're required to notify the specific  
14 participants.

15                   MR. BARNES: Okay.

16                   CHAIRMAN MURPHY: But given that they're here  
17 today --

18                   MR. BARNES: Thank you.

19                   CHAIRMAN MURPHY: -- and that you've brought  
20 them with you, we'll allow it.

21                   MR. BARNES: They'll be brief. I promise.

22                   Good afternoon, Chairman Murphy,  
23 Commissioners --

24                   CHAIRMAN MURPHY: The rest of that -- excuse  
25 me for interrupting. The rest of the story is

1 we've given you ten minutes.

2 MR. BARNES: Correct. Thank you.

3 CHAIRMAN MURPHY: Begin.

4 MR. BARNES: Thank you. Chairman Murphy,  
5 Commissioners, Executive Director Yelton, staff, my  
6 name is Tim Barnes. I'm a research analyst with  
7 Unite Here. We are a labor union representing over  
8 100,000 gaming workers across the country,  
9 including over 1,200 workers here in Indiana. As  
10 noted, with me are several workers from the  
11 Ameristar Casino in East Chicago. And we are here  
12 today to direct the Commission's attention to  
13 Ameristar's inadequate efforts on delivering on the  
14 central promise upon which the Indiana Riverboat  
15 Gambling Act is based. Excuse me.

16 That is, the Riverboat Gambling Act was passed  
17 with the intention of benefiting the people of  
18 Indiana by riverboats, quote, "assisting economic  
19 development." Additionally, the Commission is  
20 charged by statute to select riverboat applicants  
21 that, quote, "promote the most economic development  
22 in a home dock area that best serve the interests  
23 of the citizens of Indiana."

24 Ameristar's business plan launched solely for  
25 the Cline Avenue Bridge closure raises serious

1 questions as to whether Ameristar -- Ameristar  
2 should be considered by the Commission as an owner  
3 that is creating the most economic development at  
4 its East Chicago property.

5 The tactics taken by -- taken by Ameristar  
6 raises these questions three-fold: one, the  
7 systematic and announced plan by Ameristar to cut  
8 employees' hours to reduce full-time workers to  
9 part-time status; two, their wholesale elimination  
10 of jobs; and, three, their cutting back amenities  
11 and gaming options we believe is negatively  
12 impacting admissions and revenue of the casino.

13 A key component of the economic  
14 development -- economic development mandated by  
15 statute is to promise quality jobs with good  
16 benefits for economically depressed areas like  
17 northwest Indiana.

18 On the February 10, 2009 Wall Street Earnings  
19 Call, Ameristar's CEO and Vice Chairman  
20 Gordon Kanofsky stated, quote, "We've made a big  
21 shift from full-time to part-time labor, which  
22 gives us a lot more flexibility in scheduling," end  
23 quote.

24 Workers at the Ameristar East Chicago have  
25 certainly borne the brunt of the corporate decision

1 to cut workers' hours and reduce them from  
2 full-time to part-time status.

3 In July of 2005 there were eight Ameristar  
4 workers in the Unite Here bargaining unit. They  
5 were part-time employees. In May of 2010 there  
6 were 62 Ameristar workers in the Unite Here  
7 bargaining unit that were part-time employees.

8 Reducing workers' hours to part-time status  
9 negatively impacts their wages and ability to  
10 provide for themselves and their families. Perhaps  
11 even more importantly, part-time status often leads  
12 to workers losing their health insurance benefits,  
13 producing negative -- producing negative  
14 consequences not only for workers and their  
15 families but for Hoosier taxpayers.

16 For example, a buffet beverage server at  
17 Ameristar currently makes \$9.85 an hour. Assuming  
18 she works 28 1/2 hours a week at part-time status,  
19 her annual gross income is \$14,598. If she's the  
20 head of a two-person household, that hold -- that  
21 household falls well below the federal poverty line  
22 and is eligible for both Temporary Aid to Needy  
23 Families and Hoosier Healthwise, which is Indiana's  
24 health insurance program for low income families.

25 We know of a number of Ameristar workers who

1 are currently enrolled in Medicaid or other public  
2 assistance programs. To measure the true impact of  
3 Ameristar's decision to cut hours and shift more  
4 hours to part-time -- and shift more workers to  
5 part-time status, the Commission, we believe,  
6 should investigate exactly how many Ameristar  
7 workers have enrolled in public assistance programs  
8 as a result of this corporate strategy.

9 In addition to Ameristar aggressively cutting  
10 workers' hours, the company has simply eliminated a  
11 large number of jobs at the East Chicago property.  
12 On November 10, 2008 Ameristar -- Ameristar Wall  
13 Street Earnings Call -- again a full year before  
14 the Cline Avenue Bridge closure -- Ameristar CEO  
15 Gordon Kanofsky stated that he was, quote,  
16 "especially proud of our cost-efficiency moves,"  
17 end quote. That included the elimination of 83  
18 jobs at Ameristar. In October of '08 another 41 --  
19 another 41 jobs in August of that same year,  
20 resulting in, Kanofsky noted, \$2 million in  
21 annual -- annual savings for the company.

22 Put simply, the wholesale elimination of jobs  
23 is the exact opposite of what was intended when  
24 riverboat gaming -- gaming came to Indiana.  
25 Riverboat gaming was supposed to create the jobs,

1 not erase them.

2 Thirdly, in examining their corporate  
3 strategy in slashing workers' hours and eliminating  
4 jobs, we noticed another distressing corporate  
5 pattern: cutting amenities to gaming options that  
6 we believe is having a negative impact on the  
7 admissions and revenue generated by the  
8 East Chicago license. We've got a variety of  
9 specifics to back up that claim. In the interest  
10 of time, I'm going to submit them; and I'd be happy  
11 to share with the Commission afterwards. Thank  
12 you.

13 Undoubtedly, Ameristar will blame their  
14 underperforming numbers to the Cline Avenue Bridge  
15 closure. We respectfully request that the  
16 Commission ask Ameristar officials that if the  
17 bridge closure is the sole reason behind their  
18 underperforming numbers, then why wouldn't  
19 Majestic Star properties impacted by the exact same  
20 Cline Avenue Bridge closure not experiencing the  
21 same decline of revenue and admissions as Ameristar  
22 and are instead gaining market -- gaining market  
23 share?

24 In conclusion, Ameristar is a company who  
25 found it appropriate to hand out over \$10.3 million

1 in bonuses and stock awards to its top five  
2 corporate officials last year, while at the same  
3 time systematically cutting workers' hours and  
4 hoisting workers' and their families' health  
5 insurance needs onto Hoosier taxpayers. They also  
6 eliminated a large number of jobs exacerbating  
7 (inaudible) employment particularly in Lake County  
8 and have demonstrated no effective corporate  
9 strategy to derive admissions and revenue from its  
10 East Chicago license.

11 We respectfully ask the Commission to consider  
12 whether Ameristar is doing its best to promote the  
13 most economic development in East Chicago as well  
14 as whether or not Ameristar is a company that best  
15 serves the interests of the citizens of Indiana  
16 with its riverboat license.

17 Specifically, we respectfully request the  
18 Commission investigate how many Ameristar employees  
19 have enrolled in any public assistance programs as  
20 a result of having been shifted from full-time to  
21 part-time status.

22 Thank you for your time and attention. I'm  
23 going to ask Christinia and Jami to come up, and  
24 I'd be happy to answer any questions you might  
25 have. Thank you.

1 CHAIRMAN MURPHY: Mr. Barnes?

2 MR. BARNES: Yes.

3 CHAIRMAN MURPHY: The ladies that are about to  
4 address the Commission are Christinia --

5 MR. BARNES: Christinia Davis.

6 CHAIRMAN MURPHY: Christinia Davis and --

7 MR. BARNES: And Jami Peterson.

8 CHAIRMAN MURPHY: And -- pardon me?

9 COMMISSIONER SWIHART: Jami.

10 MR. BARNES: Jami Peterson.

11 CHAIRMAN MURPHY: Okay, thank you.

12 MR. BARNES: Thank you again for your time.

13 COMMISSIONER MORGAN: I have one question.

14 MR. BARNES: Yes.

15 COMMISSIONER MORGAN: Your capacity with the  
16 union?

17 MR. BARNES: I'm a research analyst that -- we  
18 represent 100,000 workers.

19 COMMISSIONER MORGAN: I got that. But you --  
20 you're a research analyst?

21 MR. BARNES: Yes.

22 COMMISSIONER MORGAN: Okay.

23 CHAIRMAN MURPHY: We have three minutes  
24 remaining. Thanks. Please, be brief.

25 MS. DAVIS: I will take just one minute. My

1 name is Christinia Davis. I'm a local woman as  
2 well as an Ameristar employee, both of which I  
3 like.

4 Over the last -- since about September 1st my  
5 status was changed from full time to part-time.  
6 When I first started there, I remember filling out  
7 an application, which was back in 1997, filling out  
8 an application. And one of the questions were do  
9 you have a -- receive state assistance? And I kind  
10 of felt that that was like belittling to me. And  
11 then I asked about it; and they told me, well, you  
12 know, this is incentive to get companies to hire  
13 people who are on state aid. You know, hire them  
14 so they can get a tax break or something. So I was  
15 like, okay, so they're getting the stuff to help us  
16 off the state. So I was happy about it. I filled  
17 it out. Since then, maybe a year later, I haven't  
18 been on any type of state assistance, food stamps  
19 or anything.

20 Recently due to my part-time status and I had  
21 to have a major surgery, my bills have accumulated  
22 to about \$15,000. I'm stuck between a rock and a  
23 hard place and pretty much feel that the company  
24 that I thought was going to be there for me and my  
25 family and keep me off of this, is pushing me back

1 on state aid; and I was proud to be off state aid.  
2 And I stand here before you today to ask that maybe  
3 we need to have Ameristar change their practices  
4 and some of their economic resources and give us --  
5 some of our part-time people get our full-time  
6 status back. That's all. Thank you.

7 CHAIRMAN MURPHY: Thank you, Miss Davis.

8 MS. PETERSON: My name is Jami Peterson. Like  
9 Christinia, I've been at Ameristar 13 years since  
10 it opened. And we have noticed when the boats came  
11 in they did promise us good jobs, good benefits,  
12 competitive -- competitive wages, which we did  
13 enjoy. And now it seems since -- I've noticed  
14 since late in 2008 we have lost full-time jobs to  
15 part-time people being brought in, as new hires are  
16 being hired as part-time.

17 We learned that in 2009 top executives within  
18 the company were awarded over \$10 million in bonus  
19 and -- bonus and, oh, and stock options. But in  
20 East Chicago, Indiana, we have employees who are on  
21 food stamps and Medicaid because we can't make  
22 enough to pay our bills. This also affects the  
23 other residents in the state of Indiana because tax  
24 money is going to cover our aid that we're in need  
25 of. Thank you.

1 CHAIRMAN MURPHY: Thank you, Miss Peterson.  
2 Mr. Barnes, Miss Davis, and Miss Peterson,  
3 thank you very much for your input.

4 MR. BARNES: Thank you, Chair.

5 CHAIRMAN MURPHY: Next we'll move on to casino  
6 license renewals, and Ameristar happens to be up  
7 first in that list.

8 Is there anyone from Ameristar who wishes to  
9 comment?

10 MR. SAVAGE: Good afternoon, Mr. Chairman,  
11 Mr. Yelton, Staff. My name is Pete Savage. I am  
12 the Senior Vice President and General Manager of  
13 Ameristar East Chicago. And on behalf of all the  
14 team members of Ameristar Chicago and Ameristar,  
15 Incorporated, I want to take this opportunity to  
16 thank the Indiana Commission for the opportunity  
17 and privilege of operating in the state of Indiana.  
18 And I would especially like to thank Executive  
19 Director Yelton and his staff for making the  
20 relicensing process go as smooth and seamless.

21 As a company we remain -- we remain firmly  
22 committed to the city of East Chicago and to the  
23 state of Indiana and to our most valuable asset,  
24 1,300 of our team members who made Ameristar a  
25 great place to visit and to work.

1           As you can see, we're in the midst of contract  
2 negotiations with Unite Here Local 1. They  
3 represent about one-seventh -- one-seventh of our  
4 total team member base. And at this time we're  
5 actively pursuing an agreement with the union, and  
6 we are hopeful that an agreement is forthcoming.

7           With that being said, in the face of the  
8 difficult economy and the problems associated with  
9 the Cline Avenue Bridge closure, our corporate  
10 team, executive team, and team leaders remain  
11 equally committed to overcoming these challenges  
12 and growing our business.

13           To that point and particularly in the area of  
14 continued economic development, we recently  
15 announced a \$4.2 million hotel renovation project.  
16 Plans include all new plush carpeting, decorative  
17 wallpaper, enhanced lighting fixtures, 42-inch high  
18 definition TVs, a new luxury bedding package, among  
19 other amenities. The design's already begun, and  
20 construction is scheduled to begin in September.  
21 This will be the first refurbishment of the hotel  
22 since 2001 when the hotel opened. And our design  
23 team was on the property yesterday providing a  
24 preview of the renderings of the remodeling to  
25 several members of the team, and the team's very

1 excited about this remodeling project.

2 Now, this hotel project follows nearly  
3 \$1 million in improvements that we recently made to  
4 the air quality to the casino itself. In addition,  
5 we've scheduled an additional \$800,000 in air  
6 quality improvements to the pavilion area. Now,  
7 these projects are instrumental to the over \$30  
8 million in capital expense upgrades that were  
9 performed during the rebranding of Ameristar back  
10 in 2008.

11 So as we seek continuous improvement as we  
12 always do, we often ask for our guests' feedback.  
13 And currently we're in the midst of a \$500,000 cash  
14 and cars giveaway, and our guests can win a BMW now  
15 through July 24th. And we've discovered that --  
16 through our guest feedback that's one of our most  
17 popular promotions. We also recently introduced  
18 some reduced pricing on our Heritage Buffet for  
19 both dinner and lunch. Going forward, we plan to  
20 implement a number of additional initiatives that  
21 will bring additional guests to Ameristar.

22 So in closing, once again, I'd like to say  
23 thank you to Executive Director Yelton and his  
24 staff and Indiana Gaming Commission for the  
25 opportunity to speak today and for allowing us to

1 continue operating our business in the state of  
2 Indiana.

3 I would now be happy to answer any questions  
4 you might have. Again, thank you for your time  
5 today.

6 CHAIRMAN MURPHY: Commissioners have any  
7 questions of Mr. Savage?

8 Thank you, Mr. Savage.

9 MR. SAVAGE: Thank you.

10 CHAIRMAN MURPHY: Mr. Sicuso?

11 MR. SICUSO: Thanks, Mr. Chairman. I will  
12 present the order where the staff recommends the  
13 approval to -- the annual renewal for Ameristar.

14 The first one up is 2010-111, which does grant  
15 the annual renewal of one year for Ameristar  
16 East Chicago, LLC. This licensee did request its  
17 renewal in a timely manner and pay its \$5,000  
18 annual renewal fee. And the staff does take the  
19 position that although the company has had to make  
20 difficult decisions in these economic times, they  
21 are indeed in substantial compliance with the  
22 Indiana gaming laws; and, therefore, we recommend  
23 that they are granted an annual renewal.

24 CHAIRMAN MURPHY: Any questions regarding  
25 2010-111 to Mr. Sicuso?

1 If not, is there a motion to approve?

2 COMMISSIONER SHIELDS: Move to approve.

3 COMMISSIONER SHY: I'll second.

4 CHAIRMAN MURPHY: It's been moved and  
5 seconded. All those in favor signify by saying  
6 aye.

7 (Commissioners indicated aye.)

8 CHAIRMAN MURPHY: Opposed?

9 (No verbal response by Commissioners.)

10 CHAIRMAN MURPHY: Order 2010-111 is approved.

11 MR. SICUSO: 2010-112 relates to Horseshoe  
12 Hammond, LLC. This licensee also submitted its  
13 request for a renewal in a timely manner, along  
14 with its \$5,000 fee. And staff is of the opinion  
15 that the company's in substantial compliance with  
16 the gaming laws and should be awarded a renewal for  
17 a period of one year.

18 CHAIRMAN MURPHY: Any questions of Mr. Sicuso?

19 If not, is there a motion to approve Order  
20 2010-112?

21 COMMISSIONER MORGAN: Motion to approve.

22 COMMISSIONER SHY: Second.

23 CHAIRMAN MURPHY: It's been moved and  
24 seconded. All those in favor signify by saying  
25 aye.

1 (Commissioners indicated aye.)

2 CHAIRMAN MURPHY: Opposed?

3 (No verbal response by Commissioners.)

4 CHAIRMAN MURPHY: Order 2010-112 is approved.

5 EXECUTIVE DIRECTOR YELTON: Mr. Chairman,  
6 Members of the Commission, I see 4-33-6-11(b)  
7 requires that each licensed owner of a casino  
8 undergo a complete investigation every three years  
9 to determine that the owner remains in compliance  
10 with the requirements of the Riverboat Gambling  
11 Act.

12 Majestic Star I and Majestic Star II are due  
13 for their reinvestigation this month. However, the  
14 Background Investigation Division has yet to  
15 conclude its inquiry and its resultant report. In  
16 the past when this has occurred, the Commission has  
17 deferred any discussion on suitability issues until  
18 it has the full report before it. The division has  
19 assured us that the work product will be available  
20 to you before our next scheduled meeting in  
21 September. Accordingly, your staff recommends that  
22 you table the suitability and relicensing  
23 discussion of Majestic Star I and II until then.

24 COMMISSIONER SHIELDS: So moved.

25 COMMISSIONER MORGAN: Second the motion.

1 CHAIRMAN MURPHY: It's been moved and  
2 seconded. All those in favor signify by saying  
3 aye.

4 (Commissioners indicated aye.)

5 CHAIRMAN MURPHY: Opposed?

6 (No verbal response by Commissioners.)

7 CHAIRMAN MURPHY: The order is approved.  
8 Thank you. The tabling of the motion -- the  
9 tabling is approved. I'm sorry.

10 EXECUTIVE DIRECTOR YELTON: Yeah. Thank you.

11 CHAIRMAN MURPHY: The next item of business  
12 will be disciplinary matters presented by  
13 Chris Gray.

14 MS. GRAY: Good afternoon, Commissioners.  
15 You have before you ten settlement agreements  
16 concerning disciplinary actions. The first  
17 settlement is with Ameristar, Order 2010-113, which  
18 includes two counts.

19 The first count violated the rule regarding  
20 playing card specifications, and in the second  
21 count the casino failed to timely notify the Gaming  
22 agents of two employee terminations. Ameristar has  
23 agreed to a total monetary settlement of \$5,500 in  
24 lieu of disciplinary actions.

25 Are there any questions?

1           The second order, 2010-114, is a settlement  
2 agreement with Aztar and includes two counts. In  
3 the first count the casino failed to secure a table  
4 float, and in the second count the casino failed to  
5 timely notify the Gaming agents of an employee  
6 termination. Aztar has agreed to a monetary  
7 settlement of \$4,500 in lieu of disciplinary  
8 action.

9           Are there any questions concerning this  
10 order?

11           The third order, 2010-115, is a settlement  
12 agreement with Belterra wherein the casino failed  
13 to notify the Gaming agents regarding a possible  
14 criminal act. Belterra has agreed to a monetary  
15 settlement of \$5,000 in lieu of a disciplinary  
16 action.

17           Are there any questions?

18           Order 2010-116 is a settlement agreement with  
19 French Lick and includes two counts. In the first  
20 count an underage person was allowed on the casino  
21 floor, and in the second count the rules regarding  
22 a VEP were violated. French Lick has agreed to a  
23 total monetary settlement of \$4,500 in lieu of a  
24 disciplinary action.

25           Are there any questions of this order?

1           Order 2010-117 is a settlement agreement with  
2           Hollywood involving five counts. In the first  
3           count the casino failed to timely notify the Gaming  
4           agents of the termination of four employees. In  
5           the second count the casino allowed three underage  
6           persons onto the casino floor. The third count  
7           violated the rule regarding playing card  
8           specifications. In the fourth count the casino  
9           violated the rule regarding storing and locking of  
10          chips. In the fifth count the casino did not  
11          follow the procedures submitted for a promotion.  
12          Hollywood has agreed to a monetary settlement of  
13          \$70,000 in lieu of a disciplinary action.

14                 Are there any questions?

15                 COMMISSIONER MORGAN: That's fairly large.  
16                 That's one of the big ones in the last while.

17                 MS. GRAY: Yes. Hollywood had -- actually  
18                 Hollywood had some settlement agreements quite a  
19                 few times in the last years.

20                 COMMISSIONER MORGAN: I know we've talked  
21                 about this in the past, but obviously your staff  
22                 monitors these things?

23                 MS. GRAY: Yes.

24                 COMMISSIONER MORGAN: Keep us posted. That's  
25                 fairly large.

1 MS. GRAY: The sixth order, 2010-118, is a  
2 settlement agreement with Hoosier Park and includes  
3 three counts. In the first count an underage  
4 person was allowed on the casino floor. The second  
5 count violated the sensitive key rule on two  
6 separate occasions. In the third count the casino  
7 failed to follow their internal controls when  
8 performing an emergency drop on a kiosk cassette.  
9 Hoosier Park has agreed to a monetary settlement of  
10 \$9,000 in lieu of a disciplinary action.

11 Are there any questions regarding this  
12 agreement?

13 Order 2010-119 is a settlement agreement with  
14 Horseshoe Hammond and includes two counts. In the  
15 first count the casino failed to secure the drop  
16 area. And in the second count several casino  
17 employees failed to inform the cage that the  
18 patron -- that a patron was acting as an agent for  
19 another patron. Hoosier Hammond has agreed to a  
20 monetary settlement of \$10,000 in lieu of  
21 disciplinary action.

22 Are there any questions?

23 The eighth order, 2010-120, is a settlement  
24 agreement with Horseshoe Southern Indiana and  
25 includes three counts. In the first count the

1 casino left 13 slot machines unsecured. In the  
2 second count the casino failed to ensure that a  
3 Level 2 badge employee had received his Level 1  
4 badge. The employee worked for over a year with  
5 the incorrect badge level. In the third count the  
6 casino allowed an underage person onto the casino  
7 floor. Horseshoe Southern Indiana has agreed to a  
8 monetary settlement of \$7,500 in lieu of a  
9 disciplinary action.

10 Are there any questions?

11 The ninth order, 2010-121, is a settlement  
12 agreement with Indiana Live and includes two  
13 counts. In the first count the casino violated  
14 their internal controls which allows gaming  
15 activity at the DigiDeal Blackjack table only if an  
16 electronic gaming device attendant is present. The  
17 second count violated the rule regarding proper  
18 coverage of a progressive jackpot. Indiana Live  
19 has agreed to pay a total monetary settlement of  
20 \$4,000 in lieu of a disciplinary action.

21 Are there any questions?

22 The final order, Order 2010-122, is a  
23 settlement agreement with Majestic Star which  
24 includes two counts. In the first count the casino  
25 failed to timely inform the Gaming agents of an

1 employee termination, and in the second count an  
2 underage person was allowed on the casino floor.  
3 Majestic Star has agreed to pay a monetary  
4 settlement of \$2,500 in lieu of a disciplinary  
5 action.

6 Are there any questions?

7 COMMISSIONER SHY: I have a question. It's a  
8 more general question about the issue with the  
9 patron that acted as the other patron in terms of  
10 transaction. Is that a -- a big issue?

11 MS. GRAY: When you say --

12 COMMISSIONER SHY: Well, there was a female  
13 patron --

14 MS. GRAY: The agent?

15 COMMISSIONER SHY: -- acting as the agent of  
16 the other.

17 MS. GRAY: Well, what happens is it comes  
18 into play when they have to fill out a CTR when  
19 they hit the \$10,000 mark. And so if the casino is  
20 aware that somebody is working as an agent for  
21 another person, they're supposed to make all the  
22 personnel on the casino floor aware that this  
23 person is the agent so they get the information  
24 from both the agent and the actual patron who's  
25 doing the gambling.

1                   COMMISSIONER SHY: I would assume though  
2 that's hard to -- often hard to figure out?

3                   MS. GRAY: Actually sometimes if it's a high  
4 roller, the casino's aware of it. And also a lot  
5 of times the table games people are aware of who --  
6 you know, if the person doesn't get up and they see  
7 them handing chips to another person and they know  
8 they're going to the cage, they're -- they're aware  
9 of it; and they should let the cage people know  
10 that the person that's coming up is an agent.

11                   COMMISSIONER SHY: Okay.

12                   COMMISSIONER SHIELDS: I've got a question  
13 about that same thing. Well, I think that was the  
14 issue.

15                   MS. GRAY: Yes.

16                   COMMISSIONER SHIELDS: There was another in  
17 that first count, and I should have raised it at  
18 the time; and I'm sorry. There were some  
19 unauthorized -- let's see. Unauthorized  
20 individuals that were reported walking through the  
21 area?

22                   MS. GRAY: The drop area?

23                   COMMISSIONER SHIELDS: Yeah. Is that a common  
24 occurrence?

25                   MS. GRAY: Um.

1           COMMISSIONER SHIELDS: Because of the identity  
2 of the people who were walking through.

3           MS. GRAY: Yes. What happens is this is so  
4 that the drop since they've gone 24 hours, there  
5 are people that are present while they're doing the  
6 drop. And what they normally have to do is clear  
7 the drop area of all employees and patrons who are  
8 not -- who shouldn't be there while the drop is  
9 being done. And they use security or the cards a  
10 lot of times to define the area. And a lot of  
11 times if they're not being watchful, people will  
12 walk through the drop area.

13           COMMISSIONER SHIELDS: Including this type of  
14 individual?

15           MS. GRAY: Yes. They're -- the only people  
16 that are supposed to be allowed to go through the  
17 drop area are the drop team members. They do  
18 sometimes allow slot tests if they're having a  
19 problem locking the machines. But normally just  
20 the drop team and security.

21           COMMISSIONER SHIELDS: Thank you.

22           CHAIRMAN MURPHY: Any other questions of  
23 Miss Gray?

24           If not, is there a motion to approve Orders

1 COMMISSIONER SHIELDS: I move to approve.

2 CHAIRMAN MURPHY: -- through 122?

3 COMMISSIONER SWIHART: Second.

4 CHAIRMAN MURPHY: It's been moved and  
5 seconded. All those in favor signify by saying  
6 aye.

7 (Commissioners indicated aye.)

8 CHAIRMAN MURPHY: Opposed?

9 (No verbal response by Commissioners.)

10 CHAIRMAN MURPHY: Orders 2010-113 through  
11 2010-122 are approved. Thank you, Miss Gray.

12 MS. GRAY: Thank you.

13 CHAIRMAN MURPHY: The next item on the agenda  
14 is the W -- is the MBE and WBE study and will be  
15 presented by Jenny Reske.

16 MS. RESKE: Thank you, Mr. Chair. Good  
17 afternoon, Commission members.

18 Based upon a preliminary review of casino  
19 spending for the two-year period 2008 and 2009, it  
20 shows that the -- or appears that the industry has  
21 met or come very close to meeting the goal  
22 established in the area of construction for  
23 women-owned businesses. We notice potential  
24 shortfalls, however, in two areas, MBE construction  
25 and MBE professional services.

1           The IGC is in the process of signing a  
2 contract with the law firm of Coleman Stevenson &  
3 Montel, the firm that has previously -- previously  
4 acted as our advisor in M and WBE issues. We are  
5 seeking their guidance on several issues, including  
6 whether it is appropriate to rescind the WBE goal  
7 since we have two years of data showing compliance  
8 and if it is appropriate at this time to establish  
9 two new goals for the areas where spending is below  
10 capacity. We anticipate presenting Coleman's  
11 findings, along with a comprehensive overview of  
12 casino spending at the September meeting.

13           As far as concerns for the interim, I would  
14 advise the casinos to anticipate the establishment  
15 of the goals using capacity numbers as determined  
16 by the 2007 study and to develop spending plans  
17 accordingly that will achieve compliance for  
18 calendar year 2011 in the event the Commission  
19 takes such -- takes such action.

20           And I'd be happy to answer any questions, if  
21 the Commissioners have any. Thank you.

22           CHAIRMAN MURPHY: Thank you, Miss Reske.

23           We'll move on now to rules and Adam Packer.

24           MR. PACKER: Thank you, Mr. Chairman. The  
25 first rule before you is Order 123, which if

1           adopted would adopt an administrative rule  
2           regarding definition of supplier licensing. It  
3           would also repeal obsolete procedural rules.

4           The Commission staff has taken this rule  
5           through the administration promulgation process,  
6           Legislative Services Agency, and IEDC and State  
7           Budget Agency both have been involved. The Gaming  
8           Commission published -- sorry. The  
9           Indiana Register published notices on February 3rd  
10          of 2010. The proposed rule was published in the  
11          Indiana Register on March 31st of 2010. Commission  
12          staff held a public hearing. No members of the  
13          public attended the May 13th public hearing so  
14          there were no public comments made at that time.

15          A supplier licensee, IGT, submitted written  
16          comments on April 23rd of 2010; and those written  
17          comments have resulted in minor changes being made  
18          to the proposed rule between the time that it was  
19          proposed and the language of the rule that's being  
20          presented to you today for approval.

21          The rule making makes some minor change to the  
22          definition of a key person. It overhauls some  
23          aspects of the supplier licensing regulations. And  
24          it repeals seven sections of Article 7 of the  
25          Gaming Commission Administrative Rules that

1 duplicate procedures that already exist in statute.

2 The Indiana Economic Development Commission  
3 does not object to the economic impact of this  
4 rule. The State Budget Agency recommends that the  
5 rule be adopted, and Commission staff also  
6 recommends that you approve the rule by passing  
7 Resolution 123.

8 CHAIRMAN MURPHY: Any questions of  
9 Mr. Packer?

10 If not, is there a motion to approve  
11 Resolution 2010-123?

12 COMMISSIONER SWIHART: Move to approve.

13 CHAIRMAN MURPHY: Is there a second?

14 COMMISSIONER MORGAN: Second the motion.

15 CHAIRMAN MURPHY: It's been moved and  
16 seconded. All those in favor signify by saying  
17 aye.

18 (Commissioners indicated aye.)

19 CHAIRMAN MURPHY: Opposed?

20 (No verbal response by Commissioners.)

21 CHAIRMAN MURPHY: Resolution 2010-123's  
22 approved. Thank you.

23 MR. PACKER: Thank you.

24 Order 124, if approved, would adopt an  
25 administrative rule regarding internal controls,

1 independent audit committees, and the internal  
2 audit function. The Gaming Commission staff has  
3 taken this rule through the LSA promulgation  
4 process beginning with publication of notice and  
5 intent on February 10 of 2010. The proposal of the  
6 rule was published in the Indiana Register on March  
7 31st of 2010.

8 Commission staff held a public hearing on May  
9 13th of 2010. Tropicana Entertainment submitted  
10 comments which resulted in changes being made to  
11 the sections regarding reporting requirements and  
12 the independent audit committees with the internal  
13 audit function.

14 This rule-making, if approved, would make two  
15 categorical changes. It would make changes in two  
16 categories. First, in the internal control  
17 category, it would eliminate the requirement that  
18 casinos provide the names of occupational licensees  
19 who are authorized to transfer monies from the soft  
20 count room to the main bank.

21 And Blue Chip Casino started the ball rolling  
22 with this rule change by submitting a letter  
23 requesting a waiver of that rule. But Commission  
24 staff decided, well, we'll do them one better and  
25 try to change the rule. The burden is that by

1 requiring that the internal controls have to name  
2 those individuals. Anytime a person gets fired or  
3 hired or promoted or demoted, they have to amend  
4 the internal controls, which is -- which is overly  
5 burdensome given the other access the Commission  
6 staff has to personnel decisions by casinos through  
7 the occupational licensing database. We know when  
8 those individuals are changing positions. So the  
9 Commission staff determined it was unnecessary to  
10 keep that in the regulations that the casinos  
11 change their internal controls.

12 The second category --

13 CHAIRMAN MURPHY: Mr. Packer. Mr. Packer, a  
14 quick question on that before you leave that  
15 subject.

16 MR. PACKER: Sure.

17 CHAIRMAN MURPHY: Did they just change it from  
18 mentioning specific names to mentioning positions?

19 MR. PACKER: The existing rule requires that  
20 both names and titles be in the internal controls.

21 CHAIRMAN MURPHY: So we're eliminating names?

22 MR. PACKER: And just eliminate the names. So  
23 the titles of those job categories will still have  
24 to be in the internal controls.

25 CHAIRMAN MURPHY: Okay. I gotcha.

1 MR. PACKER: The second category for this rule  
2 making change is -- makes changes to the internal  
3 audit function found in Article 15. The final  
4 rule, if adopted, would require that the casino  
5 licensee or its parent company establish an  
6 independent audit committee of the board of  
7 directors. It would set forth requirements for the  
8 governance, operation, and independence of the  
9 independent audit committee. It would set forth  
10 requirements for the independence of the casino  
11 licensee, CPA firm, or CPA; and it would require  
12 that a casino pay for the cost of the special  
13 audit, among other minor changes.

14 The impetus for this rule was -- bear with me  
15 for a second -- following the Bill Yung era  
16 Tropicana's failure to meet New Jersey's  
17 requirements for the composition of the New Jersey  
18 requirements of the independent audit committee,  
19 the executive staff instructed the legal division  
20 to begin drafting provisions in Article 15 that  
21 would require, like New Jersey, an independent  
22 audit committee.

23 At the time New Jersey was the only gaming  
24 state that had these requirements, and Commission  
25 staff's research finds that is still largely the

1 case. Pennsylvania has some regulations on the  
2 issue, but the other states that we've looked at  
3 still have not addressed this question of an  
4 independent audit committee.

5 The motivation for an independent audit  
6 committee is slightly different in the  
7 Gaming Commission context than it is under  
8 Sarbanes-Oxley. The main statutory goal of  
9 Sarbanes-Oxley is to restore investor confidence  
10 following Enron, and you know the -- the drill.

11 For an audit committee then being the internal  
12 audit internal function in the casino gambling  
13 operation context, there's a lot more at stake than  
14 financial operations and securities law. It's  
15 about risk management. It's about compliance.  
16 It's about reporting requirements.

17 The internal audit function is connected with  
18 so many different aspects of the casino gambling  
19 operation that Commission staff decided early on in  
20 this process not to mirror the Sarbanes-Oxley and  
21 the SEC regulations in the internal audit function  
22 and the independent audit committee.

23 So you will notice and you have noticed, I  
24 imagine, there are some differences between the SEC  
25 regulations and the proposed regulations the

1 Commission staff has put before you. And I wanted  
2 to outline a few of those before I ask for your  
3 approval.

4 And if you have any questions about that, I --  
5 I'd be happy to attempt to address them. But at  
6 this time I will ask that the Commission  
7 adopt reg -- sorry, Order -- Resolution 124, which  
8 would adopt the final rule regarding internal  
9 controls and audit committees.

10 COMMISSIONER SHY: I have a question.

11 MR. PACKER: Yes.

12 COMMISSIONER SHY: Will the Commission get  
13 copies of those audit reports?

14 MR. PACKER: There are reporting  
15 requirements --

16 COMMISSIONER SHY: Okay.

17 MR. PACKER: -- in the rule. The casinos will  
18 be required to make this a component of their  
19 orders.

20 COMMISSIONER SHY: Okay.

21 CHAIRMAN MURPHY: Questions for Mr. Packer?

22 If not, is there a motion to approve  
23 Resolution 2010-124?

24 COMMISSIONER SHY: Move to approve.

25 COMMISSIONER SWIHART: Second.

1           CHAIRMAN MURPHY: It's been moved and  
2 seconded. All those in favor signify by saying  
3 aye.

4                           (Commissioners indicated aye.)

5           CHAIRMAN MURPHY: Opposed?

6                           (No verbal response by Commissioners.)

7           CHAIRMAN MURPHY: Order 2010-124 is approved.

8           MR. PACKER: Thank you.

9                           Resolution 125, if approved, would adopt an  
10 emergency rule regarding the obligations of casinos  
11 following the passage of Senate Enrolled Act 163.  
12 The most recent legislative session included the  
13 passage of Senate Enrolled Act 163, which  
14 Governor Daniels signed on March 17 of 2010.

15                           The act -- Senate Enrolled Act 163 covers  
16 child support matters in a variety of different  
17 aspects included within the casino industry.  
18 Casinos under Senate Enrolled Act 163 must work  
19 with the Division of Child Services to withhold  
20 winnings from child support obligors who are -- who  
21 are winning at the casinos. The act goes into  
22 effect on July 1st.

23                           And, among other things, it gives the  
24 Commission the authority to adopt rules to  
25 establish penalties and sanctions for casinos that

1 fail to comply with the law. In order to get those  
2 rules up and running as quickly as possible and  
3 given the five- to six-month time frame for a  
4 formal rule, executive staff instructed the legal  
5 division to prepare emergency rules to address the  
6 issues raised in Senate Enrolled Act 163 as quickly  
7 as possible.

8 Staff has attempted to keep the emergency rule  
9 limited in scope while also fulfilling Senate  
10 Enrolled Act 163's instructions to the Commission.  
11 The emergency rule addresses internal controls,  
12 reporting requirements, and enforcement. And by  
13 that I mean that the casinos will be required to  
14 have internal controls that address the question of  
15 the withholding of child support obligations by  
16 people who win money at the casinos; that the  
17 casinos must report when and from whom they seize  
18 these monies, and that there will be some  
19 enforcement provision whereby the Gaming Commission  
20 can take disciplinary actions against the casino if  
21 it fails to work with Division of Child Services to  
22 put together this program.

23 Staff has attended a meeting with Division of  
24 Child Services and with the casino representatives,  
25 and we believe that the passage of this emergency

1 rule will be a great step towards fulfilling the  
2 legislature's purpose in passing Senate Enrolled  
3 Act 163 and help steer some money to children who  
4 are not getting their child support.

5 With that in mind, the Commission staff  
6 recommends that you approve Resolution 125 and  
7 adopt this emergency rule.

8 CHAIRMAN MURPHY: Mr. Packer, how's the money  
9 actually going to flow? Will it flow through the  
10 Commission, or will it go directly from the casino  
11 to the --

12 MR. PACKER: The Commission under -- under the  
13 law, the Commission will not be required to be  
14 involved in the transfer of the money. One of the  
15 issues that the casinos and Division of Child  
16 Services are working on together is how to do that.

17 CHAIRMAN MURPHY: Okay.

18 MR. PACKER: And the -- early on in this  
19 process executive staff and legal determined that  
20 because of the language in the law it just requires  
21 us to oversee and provide penalties. Our best role  
22 is to require reporting and have penalties to bring  
23 casinos in line if they're -- if they're not acting  
24 in good faith. But the nuts and bolts of the  
25 transfer of money and the computer programs that

1 will catch and transfer this money is all going to  
2 be left to Division of Child Services.

3 CHAIRMAN MURPHY: Good. Good. Thank you.

4 COMMISSIONER MORGAN: Just so we're clear.

5 MR. PACKER: Sure.

6 COMMISSIONER MORGAN: Child Services, they are  
7 basically going to be running this, putting it --  
8 putting the system in place, all of that?

9 MR. PACKER: My understanding is that there  
10 will be one standard system that Child Services  
11 will develop for the casinos to use to facilitate  
12 the transfer of money from the obligors to the  
13 children as quickly as possible. It's what  
14 Division of Child Services exists to do. So  
15 they're the experts.

16 COMMISSIONER MORGAN: Good.

17 MR. PACKER: And that's what we're going to  
18 do. I try to stay out of their way.

19 COMMISSIONER SHY: So I assume if the casino  
20 does not follow, you know, the requirements, we  
21 would see it in the disciplinary section?

22 MR. PACKER: Correct.

23 COMMISSIONER SWIHART: Do the order and rule  
24 require state income tax be withheld from the child  
25 support?

1 MR. PACKER: That's a good question, Tom.

2 The law --

3 EXECUTIVE DIRECTOR YELTON: Yeah, as a matter  
4 of fact, it was -- that was an issue that was  
5 raised during the debate; and it was clarified  
6 specifically that Indiana state income taxes, which  
7 are required withheld, shall be done first; and  
8 then any intercept would take place. Right?  
9 Correct?

10 COMMISSIONER SWIHART: I understand also it's  
11 only for slots and anyone that gets a W-2G.

12 MR. PACKER: You could get a W-2G from  
13 playing table games; couldn't you?

14 EXECUTIVE DIRECTOR YELTON: No, no.  
15 Apparently you can. But it's applicable just to  
16 slots, jackpots, is my understanding --

17 MR. PACKER: Our discussions with Child  
18 Services --

19 EXECUTIVE DIRECTOR YELTON: -- intercepted.

20 MR. PACKER: -- is it would cover slots and  
21 table games.

22 COMMISSIONER SWIHART: It is? Okay.

23 CHAIRMAN MURPHY: So it's all-encompassing.

24 EXECUTIVE DIRECTOR YELTON: No, I -- I  
25 disagree. I think it's slots only, even though I

1 may concede you might be able to get a W-2G for a  
2 table game. But the difficulty there is -- well,  
3 there's a lot of difficulties in trying to  
4 ascertain exactly how much the winnings are. So  
5 I'm -- I'm fairly confident it's only applicable to  
6 jackpots of \$1,200 or more from a slot machine.

7 Mike, do you want to address the Commission on  
8 this issue?

9 MR. SMITH: If I may.

10 CHAIRMAN MURPHY: Sure. Yeah, please, do.

11 MR. SMITH: Thank you, Mr. Chairman, members  
12 of the Commission. I'm Mike Smith, President of  
13 the Casino Association; and I've been kind of  
14 coordinating the effort between the casinos and the  
15 Department of Child Services to put the program  
16 together.

17 The W-2G issue is on slot machine wins.  
18 That's what this program's based on. Right now to  
19 kind of give you an update of where we are, we're  
20 going to have one casino that will be the test  
21 program as they start building the system so we can  
22 kind of integrate it into our systems.

23 So it's going to take a tremendous amount of  
24 work on behalf of the casinos. We figure it will  
25 probably do 400,000 transactions to find maybe 400

1 people a year. So it's going to be quite  
2 intensive. And they want to make sure that the  
3 pipeline coming into the state is going to be  
4 adequate, and they're really working to try to make  
5 it so it's as painless as possible for the  
6 operation of the casinos.

7 And just on one little note, we really -- part  
8 of the agreement was the penalty side of this.  
9 You know, unless there is just truly gross  
10 negligence in some fashion, that there wouldn't be  
11 penalties to the degree of some of the other  
12 programs that we actually supported.

13 COMMISSIONER SWIHART: You're at the mercy of  
14 the database then essentially. The database has to  
15 be accurate.

16 MR. SMITH: Absolutely. The other thing  
17 that's going to happen is they've agreed to give us  
18 a two-minute time-out during the whole process that  
19 if something happens -- and we will have. There's  
20 going to be. They're setting up the system so  
21 there is a data trail so it is auditable. And they  
22 will have a two-minute period if we don't get  
23 anything, the system's down, if the internet  
24 connection is no good, then after a two-minute  
25 period, we can go ahead with our business. Just

1 because in most cases the machines are sitting  
2 there. All of these customers, 400,000 customers,  
3 are going to be sitting waiting while we're  
4 figuring that all out.

5 COMMISSIONER SWIHART: Right.

6 MR. SMITH: So there's a lot of time involved.

7 COMMISSIONER SWIHART: What do you -- what do  
8 you do in a situation where you check somebody and  
9 there's no child support, he's not in the database,  
10 and then a month later you get a complaint from the  
11 spouse who found out he won a \$20,000 jackpot and  
12 he's behind in child support? What recourse is  
13 there from our point of view, the casino's point of  
14 view? That falls on Family Services; correct?

15 MR. SMITH: It does. My understanding is  
16 that that will -- we have a degree of immunity in  
17 this program.

18 COMMISSIONER SWIHART: Because it's probably  
19 going to happen.

20 MR. SMITH: It very well could happen. I  
21 haven't talked to anybody who thinks the database  
22 that the state has today is anywhere close to being  
23 accurate. But we are only having to deal with what  
24 we find. It's a system right now that's going to  
25 be -- basically going to be based on name, social

1 security number. You put it in, if there's a  
2 match, it pops up. And you still have issues of  
3 people giving the wrong social security numbers --

4 COMMISSIONER SWIHART: Sure.

5 MR. SMITH: -- and we'll -- we will have those  
6 issues.

7 CHAIRMAN MURPHY: Which casino is the test  
8 casino?

9 MR. SMITH: Belterra is going to be the test  
10 casino.

11 CHAIRMAN MURPHY: Belterra?

12 EXECUTIVE DIRECTOR YELTON: We also may want  
13 to clarify, while Mike was a strong advocate for  
14 penalties only for gross negligence with the  
15 legislature and with the rule making, that is not  
16 part of the rule making. But we have given him  
17 assurances that our approach is going to be looking  
18 more towards good faith effort on the part of the  
19 casinos; and we will obviously not punish them for  
20 anything that's beyond their control as a result of  
21 probably the actions of Division of Child Services  
22 or FSSA. So we will be not limited only to gross  
23 negligence and intentional acts if we want to bring  
24 something to you. We're just really basically  
25 looking for good faith in the system that's going

1 to be very new, and we fully intend to be very --  
2 very patient as this thing is unveiled.

3 MR. SMITH: We appreciate it.

4 CHAIRMAN MURPHY: Thank you, Mr. Smith.

5 MR. SMITH: Thank you.

6 MR. PACKER: If there aren't any more  
7 questions, I would just reiterate the staff's  
8 recommendation that the Commission adopt Resolution  
9 125 establishing this emergency rule.

10 COMMISSIONER SHIELDS: So moved.

11 CHAIRMAN MURPHY: Is there a motion?

12 COMMISSIONER SHIELDS: So moved.

13 COMMISSIONER MORGAN: I second the motion.

14 CHAIRMAN MURPHY: It's been moved and  
15 seconded. All those in favor signify by saying  
16 aye.

17 (Commissioners indicated aye.)

18 CHAIRMAN MURPHY: Opposed?

19 (No verbal response by Commissioners.)

20 CHAIRMAN MURPHY: Resolution 2010-125 is  
21 approved. Thank you, Mr. Packer.

22 MR. PACKER: Thank you.

23 CHAIRMAN MURPHY: The next item on the agenda  
24 is license control to be presented by Julien Agnew.

25 MR. AGNEW: Good afternoon, Commissioners.

1           Before you is Order 2010-126, an order  
2           approving the settlement and release agreement  
3           between the Gaming Commission and L&P,  
4           Incorporated. L&P is an Indiana corporation  
5           located in Rushville. It operates several grocery  
6           and convenience stores in a four- or five-county  
7           area.

8           In February of 2008 Gaming Control Division  
9           officers search and seized money, tip boards,  
10          pull-tabs and subassemblies of gambling devices,  
11          essentially motherboards, and that type of thing,  
12          from L&P's warehouse in Rushville. In lieu of  
13          filing disciplinary action to revoke L&P's  
14          Department of Revenue issued Registered Retail  
15          Merchant Certificate, the License Control Division  
16          and L&P agreed on a settlement and entered into  
17          this agreement on June 9, 2010.

18          L&P agreed to reimburse the Gaming Control  
19          Division for its investigatory costs, and the  
20          Gaming Control Division agreed to return any  
21          noncontraband items that were seized and as well as  
22          the remaining money. All contraband items, the tip  
23          boards, the pull-tabs, and the subassemblies of the  
24          gambling devices, are set to be destroyed.

25          The Commission will vote on whether to approve

1 the settlement and release agreement, and staff  
2 recommends approval.

3 CHAIRMAN MURPHY: Mr. Agnew, just to clarify,  
4 the local law enforcement officials have not  
5 brought any charges?

6 MR. AGNEW: The prosecutor's office did not  
7 file charges and did not file a civil forfeiture  
8 action in the case. The case was submitted to  
9 them.

10 COMMISSIONER SWIHART: How much gambling  
11 material was in the warehouse?

12 MR. AGNEW: Approximately a hundred boxes of  
13 pull-tabs and then maybe a couple dozen  
14 motherboards.

15 COMMISSIONER SWIHART: Okay. And storage  
16 costs, is that included?

17 MR. AGNEW: Storage costs, DOC, Department of  
18 Corrections, houses most of our seized gambling  
19 devices for free.

20 COMMISSIONER SWIHART: Okay.

21 MR. AGNEW: So there isn't any storage costs  
22 involved.

23 COMMISSIONER MORGAN: Bob, and this incident  
24 occurred and the seizure was 2008?

25 MR. AGNEW: Correct. And the investigation

1 began in late 2007 and really didn't end until the  
2 middle of 2009. But that's the -- the search  
3 warrant was issued at that point.

4 COMMISSIONER SHY: Any speculation why there  
5 was no prosecution?

6 MR. AGNEW: No speculation. I don't know.

7 And to be fair to both L&P and the Commission,  
8 both parties attempted to contact the prosecutor's  
9 office and find out if there was going to be  
10 anything; and both didn't receive an answer.

11 CHAIRMAN MURPHY: Any other questions of  
12 Mr. Agnew?

13 If not, is there a motion to approve Order  
14 2010-126?

15 COMMISSIONER SWIHART: Move to approve.

16 COMMISSIONER SHIELDS: Second.

17 CHAIRMAN MURPHY: It's been moved and  
18 seconded. All those in favor signify by saying  
19 aye.

20 (Commissioners indicated aye.)

21 CHAIRMAN MURPHY: Opposed?

22 (No verbal response by Commissioners.)

23 CHAIRMAN MURPHY: Order 2010-126 is approved.

24 Thank you, Mr. Agnew.

25 The next item on the agenda is boxing and

1 unarmed combat to be presented by Lea Ellingwood.

2 MS. ELLINGWOOD: Good afternoon. You have  
3 before you Resolution 2010-127. Earlier this year  
4 the legislature passed House Enrolled Act 1086  
5 which transferred powers and duties related to the  
6 regulation of boxing, sparring, and unarmed combat  
7 from the State Athletic Commission to the Indiana  
8 Gaming Commission to become effective July 1st of  
9 2010.

10 The current Athletic Commission staff advised  
11 the Gaming Commission that day-to-day regulation of  
12 the industry requires rapid action and the ability  
13 to be responsive to emergent issues. For instance,  
14 over the course of the past 11 months, the  
15 State Athletic Commission has issued 474 licenses  
16 and 16 event permits. Most of these licenses and  
17 permits were issued within 10 days of the event.  
18 To meet the needs of the industry and to issue  
19 those licenses and permits timely, it's been  
20 necessary for the Athletic Commission to hold 20  
21 meetings over the course of that 11-month period.

22 Commission staff believes that requiring the  
23 Commission to meet as frequently as needed to  
24 effectively regulate the industry would be  
25 burdensome, unresponsive, and an inefficient use of

1 resources. Accordingly, staff re -- staff  
2 respectfully requests the Commission adopt this  
3 resolution which assigns to the Executive Director  
4 the authority to perform duties and powers  
5 necessary to regulate boxing, sparring, and unarmed  
6 combat, reserving for the Commission the authority  
7 to adopt administrative rules, deny licenses, and  
8 to post nonemergency disciplinary actions on  
9 licensees, which would include suspensions,  
10 revocations, and pose on licensees costs associated  
11 with the disciplinary action and to recover  
12 required payments through the exercise of the  
13 promotor's bond.

14 Finally, I'd like to note that the delegation,  
15 this delegation, is consistent in scope with the  
16 delegation of authority that the Commission adopted  
17 in 2008 regarding the regulation of charity gaming.

18 Are there any questions?

19 CHAIRMAN MURPHY: If not, is there a motion to  
20 approve Resolution 2010-127?

21 COMMISSIONER SHY: I move to approve.

22 COMMISSIONER MORGAN: Seconded.

23 CHAIRMAN MURPHY: It's been moved and  
24 seconded. All those in favor signify by saying  
25 aye.

1 (Commissioners indicated aye.)

2 CHAIRMAN MURPHY: Opposed?

3 (No verbal response by Commissioners.)

4 CHAIRMAN MURPHY: Resolution 2010-127 is  
5 approved.

6 Thank you, Miss Ellingwood.

7 MS. ELLINGWOOD: Thank you.

8 CHAIRMAN MURPHY: Our next regularly  
9 scheduled meeting will be September 16th. That is  
10 now scheduled to be here in Indianapolis.

11 There being no more business to come before  
12 the Commission today, the Chair will entertain a  
13 motion to adjourn.

14 COMMISSIONER SWIHART: So moved.

15 COMMISSIONER SHY: I second.

16 CHAIRMAN MURPHY: It's been moved and  
17 seconded. All those in favor?

18 (Commissioners indicated aye.)

19 CHAIRMAN MURPHY: Thank you.

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STATE OF INDIANA )  
 ) SS:  
COUNTY OF BOONE )

I, Susan L. Plunkett, Notary Public in Boone County, Indiana, do hereby certify that the foregoing transcript of the second quarter 2010 Indiana Gaming Commission business meeting at 1:00 p.m., on June 17, 2010, was tape recorded and recorded stenographically and afterwards reduced to typewriting by me and that the foregoing is a true and correct transcript of said business meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal this 19<sup>th</sup> day of July, 2010.

  
\_\_\_\_\_  
Susan L. Plunkett, RPR-RMR  
Indiana CSR #1025  
Notary Public #427137

County of Residence: Boone

My Commission Expires: March 4, 2016