

**ORDER 2015-156**  
**AN ORDER OF THE INDIANA GAMING COMMISSION**  
**IN RE SETTLEMENT AGREEMENT**  
**THE MAJESTIC STAR CASINO, LLC**  
**15-MS-03**

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

APPROVES

the proposed terms of the Settlement Agreement.

**IT IS SO ORDERED THIS 17th DAY OF SEPTEMBER, 2015.**

**THE INDIANA GAMING COMMISSION:**

  
\_\_\_\_\_  
Cris Johnston, Chair

ATTEST:

  
\_\_\_\_\_  
Joseph Svetanoff, Secretary

**STATE OF INDIANA  
INDIANA GAMING COMMISSION**

**IN RE THE MATTER OF:** )  
 ) **SETTLEMENT**  
**THE MAJESTIC STAR CASINO, LLC** ) **15-MS-03**  
 )

**SETTLEMENT AGREEMENT**

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Sara Gonso Tait and The Majestic Star Casino, LLC and The Majestic Star Casino II, Inc. (together referred to herein as “Majestic Star”) (collectively, the “Parties”) desire to settle this matter prior to the initiation of a disciplinary proceeding pursuant to 68 IAC 13-1-18(a). The Parties stipulate and agree that the following facts are true:

**FINDINGS OF FACT**

**COUNT I**

1. 68 IAC 15-1-2 states the purpose of the accounting records and procedures is to ensure the following:
  - (1) The assets of the casino licensee or casino license applicant are safeguarded.
  - (2) The financial records of the casino licensee or casino license applicant are accurate and reliable.
  - (3) The transactions of the casino licensee or casino license applicant are performed only in accordance with the specific or general authorization of IC 4-33, IC 4-35, and this title.
  - (4) The transactions are recorded adequately to permit the proper recording of the adjusted gross receipts, admission fees, and applicable taxes.
  - (5) That accountability for assets is maintained in accordance with generally accepted accounting principles.
  - (6) That only authorized personnel have access to assets.
  - (7) That recorded accountability for assets is compared with actual assets at reasonable intervals and appropriate action is taken with respect to discrepancies.
  - (8) That:
    - (A) the functions, duties, and responsibilities are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel; and
    - (B) no employee of the casino licensee is in a position to perpetuate and conceal errors or irregularities in the normal course of the employee's duties.
  
2. Majestic Star Internal Control V-f-1.2 approved by the Commission on March 28, 2013, states a Paid Out matrix is provided to the casino cage identifying those individuals authorized to approve paid outs and their limits. Prior to the completion of any paid out, the casino cage will ensure that the person approving the Paid Out form is duly authorized. A Paid Out form will be used to document the release of

funds for slot machine bill testing or for Kiosk testing. These will require properly completed forms and authorization levels. Income Audit will review all Paid In/Paid Out forms for completeness as part of their daily audit. Paid out transactions issued to patrons will be documented and supplied to department directors for review to ensure the transactions were appropriate in nature.

3. On September 19, 2014, a Gaming Agent was advised by a Surveillance Supervisor of a possible employee theft. The Supervisor told the Agent that a Slot Tech II and a Beverage Server had conspired to steal funds from the Majestic Star II. The Agent viewed surveillance coverage and found the Slot Tech II received a paid out from the cage to coin test slot machines. The Slot Tech II took the funds to several Slot machines, without a Gaming Agent present (which is a requirement), inserted the funds and cashed out tickets while occasionally playing. He then gave the TITO ticket to a Beverage Server and she would redeem it at a Kiosk for cash. After reviewing the coverage the Agent spoke to an Assistant Slot Technical Manager who informed the Agent that a Slot Supervisor had emailed him regarding an incident the Supervisor had with the Slot Tech II. The Supervisor stated on September 18, 2014 the Slot Tech II had asked for a paid out of \$192.00 to coin test four machines. The Supervisor later contacted the Slot Tech II to check the options on the machines and the Slot Tech II advised he put the machines directly back into service, which is a violation of Slot Department policy. A machine that is coin tested requires three signatures to place the machine back into play: the slot technician who set up the game, the Gaming Agent who verified the percentage and seals and the Slot Supervisor or above who verifies the options. The Supervisor also questioned the amount of the paid out, as a paid out for coin testing is \$16.00 (one dollar bill, five dollar bill and ten dollar bill) along with a TITO ticket for generally \$1 for each game. Finally, the Slot Tech II did not return any TITO tickets or money from the coin test. The standard operating procedure is for Slot Techs to turn in to the cage any funds over \$5.00 before the end of their shift. The Agent received copies of the paid outs for two weeks and found that between September 10, 2014 and September 18, 2014 the Slot Tech II received a total of \$1,189.00 in paid outs and returned \$18.00. The Agent asked the Surveillance Department to review kiosk coverage for the number of times the Beverage Server cashed a TITO ticket. Surveillance discovered between September 10, 2014 and September 18, 2014 the Beverage Server cashed out a total of \$1,140.83. Both employees have been terminated and a new policy has been put into place for receiving funds for coin testing.
4. On September 21, 2014, the Surveillance Manager came to the Commission office regarding a possible theft. An Agent went with the Manager and reviewed surveillance coverage of the Poker Room Supervisor signing out \$330 from the cage on Majestic Star II. The Supervisor walked into the Poker Room, opened a filing cabinet, placed the \$330 into a file folder, closed the cabinet and walked away. Approximately an hour later the Supervisor returned to the cabinet, removed the folder which contained the \$330 and went to the poker room office located in the hold of the vessel. Approximately fifteen minutes later the Supervisor returned to the poker room without the file folder. When the Agent asked why the Supervisor was

being monitored the Manager stated that since the discovery of the theft on September 18, 2014 surveillance had been closely monitoring cage activity involving employees receiving money from the cage. The Manager stated they were reviewing more video and would get back to the Agent later in the day. The following day the Manager showed the Agent video coverage of the Supervisor receiving \$2,290 in cash from the cage from August 11, 2014 to September 20, 2014. The Manager also showed the Agent a video of the Poker Room Supervisor instructing a Cage Supervisor to pay a female patron \$2,290 stating that the patron won the money on August 27, 2014 when a poker table hit a Bad Beat, but the patron left before collecting her winnings. The Manager then showed the video from the table in question and there were no females playing at the table; however, a male patron left the table before collecting his money. The money was placed in safekeeping as the identity of the male was unknown. The Agent spoke to the Supervisor who admitted to taking the money to "shop" another casino (gambling at another casino to see what games and comps are offered with money received from the employee's casino). The Supervisor admitted he did not have authorization to take money from the cage to go to another casino to gamble. He also said he won about \$50 which he kept but lost the rest. When asked about the Bad Beat winnings given to the female patron, the Supervisor explained that someone he knew only by one name won the money but left before getting paid and the female was his girlfriend. The Agent spoke to the Director of Table Games, another Poker Room Supervisor and a Cage Supervisor and all stated that Poker Room Supervisors have never been able to sign for and obtain cash from the cage. The Agent also spoke to one of the Cage Cashiers who had given the Supervisor cash as to why she gave him cash. The Cashier told the Agent she thought the Supervisor was a Manager since she saw his picture on a poster near the cage listing him as a Poker Room Manager with other managers working at the casino. The Supervisor has been terminated.

5. As a result of the two thefts due to the lack of controls for paid outs from the cage, the Commission Audit Director requested a special investigation by the Majestic Star Internal Audit Manager. The Internal Audit staff reviewed all Paid Outs, Table Games/Poker transactions and Slot transactions for the months of August and September 2014. In the review the Auditors found more than 100 Paid outs were processed by the cage which resulted in funds being issued to employees who signed as both the authorizer and guest (receiver). More than 60 of the Paid Outs lacked supporting documentation and there was no accountability for the funds. Twenty Paid Outs were completed and processed with the guest line left blank. No exceptions were sent by Income Audit when they reviewed the Paid Outs and found the same employee signed on both lines. The Audit also discovered there were no written policies or detailed procedures for the Poker Player Fund or Coin Testing Slot Machines. Numerous procedures were not being followed and there was no accountability for the funds. Since the thefts, the casino has reviewed, updated or written new policies and procedures.
6. On December 6, 2014 a Gaming Agent discovered a Paid Out for \$2500 was issued to a Casino Floor Supervisor and Executive Casino Host for a patron. Per the matrix

distributed by the Operations Controller and signed by the employees, Floor Supervisors have no authority to authorize paid outs and the Executive Casino Hosts are limited to \$1000. The Executive Casino Host exceeded the limit by \$1500. No disciplinary action was taken against any of the employees.

## COUNT II

7. 68 IAC 14-3-2(a) states all playing cards utilized by a riverboat licensee or a riverboat license applicant must comply with this rule.
  - (b) All playing cards must meet the following specifications:
    - (1) Unless otherwise provided in this article, all decks of cards must be one (1) complete standard deck of fifty-two (52) cards in four (4) suits.
  
8. 68 IAC 14-3-5(a) states all dice or playing cards that are not being utilized at a live gaming device shall be kept in locked compartments.
  - (b) Dice and playing cards shall not be left at a live gaming device while unattended.
  
9. 68 IAC 14-3-8(a) states each riverboat licensee must maintain a log in the pit area containing information about card and dice removal and transfer to the card and dice cancellation room. This log shall track the following information:
  - (1) The date of the removal and transfer.
  - (2) The number of decks of cards removed from play.
  - (3) The number of individual dice removed from play.
  - (4) Game from which the cards or dice were removed.
  - (5) The:
    - (A) printed name;
    - (B) signature; and
    - (C) license number;of the pit manager responsible for removal.
  - (b) Each riverboat licensee must maintain a log in the card and dice cancellation room to track information about card and dice removal and cancellation. The following information shall be contained in that log:
    - (1) The date received in the cancellation room.
    - (2) The number of decks of cards received.
    - (3) The number of individual dice received.
    - (4) The:
      - (A) printed name;
      - (B) signature; and
      - (C) occupational license number;of the occupational licensee accepting receipt of the cards or dice.
  
10. 68 IAC 15-4-3(6) states during nongaming hours, chips shall be stored and locked in the casino cages, main bank vault, or locked table trays at the live gaming devices.

11. On May 19, 2015, Gaming Agents were advised by a Surveillance Shift Manager that two decks of cards were discovered unsecured at a table. A Gaming Agent investigated and found that two decks of cards were left in a shuffle machine with one deck visible to the public and one inside the machine. The cards were left on the table for approximately five hours and thirty minutes. All employees involved received disciplinary action.
  
12. On June 6, 2015 a Gaming Agent was contacted by a Pit Manager who stated that a playing card was found in a shuffle machine at a Blackjack table. The Agent met with the Pit Manager and a Surveillance Supervisor. They informed the Agent that a surveillance review showed a Floor Supervisor observed a red light error on the shuffle machine. The Floor Supervisor removed the purple backed cards and counted them. He then handed the cards to a Dealer who proceeded to hand shuffle the cards. The purple backed cards were placed in the shuffle machine and the green backed cards were removed and put into play. The red light error appeared on the shuffle machine a few seconds later. A second Floor Supervisor was observed removing and replacing the purple backed cards into the shuffle machine several times. The red light activated each time. A third Floor Supervisor puts the cards in the shuffle machine again and approximately twenty minutes later the first Floor Supervisor removes the cards and checks them at the podium. The first Floor Supervisor hands the cards to the Dealer who begins to hand shuffle the cards. Two shoes of the purple backed cards were played. The third Floor Supervisor switched out the shuffle machine with a new one. The Dealer placed the purple backed cards into the new shuffle machine and the red light activated. The second Floor Supervisor removes the purple backed decks and counts them. The second Floor Supervisor called the third Floor Supervisor to advise that a card was missing. The purple backed jack of hearts was found in the initial shuffle machine. The two patrons at the table were paid for their losses and the first Floor Supervisor was disciplined.
  
13. On July 6, 2015 a Casino Shift Manager came to the Commission office to inform the Agents a bag containing sixteen decks of cancelled cards was left on top of a cabinet by a Floor Supervisor. A Gaming Agent reviewed the video coverage and verified that the Floor Supervisor unlocked the cabinet, took out the bag of cancelled cards and placed it on top of the cabinet between two pieces of equipment. The Supervisor removed what appeared to be several more decks of cards, locked the cabinet and left the area leaving behind the bag of cancelled cards. The bag of cancelled cards was left on top of the cabinet for approximately two hours and thirty minutes. The Floor Supervisor was disciplined.
  
14. On July 1, 2015 a Gaming Agent was notified by a Surveillance Officer regarding a Floor Supervisor who discovered a card left in a shuffle machine. The cards had been removed from the shuffle machine earlier in the morning by a Dealer and Floor Supervisor who counted down the cards. The card was left in the shuffle machine for approximately ten hours and thirty minutes.

15. On August 8, 2015 a Casino Shift Manager came to the Commission office to notify the Agents that three bags of cards containing a total of thirty two decks was left on a podium in Pit 1. A Casino Shift Manager left the bags of cards on top of the podium while he was checking other bags. A Security Officer was assisting the Casino Shift Manager collect the cancelled cards from Pit 1 and in a voluntary statement advised he thought all the bags had been collected. (The casino "cancels" cards at the table games by running a black marker down the side of the deck. These cards are not considered cancelled by the Commission). An Agent reviewed surveillance coverage and verified that the Casino Shift Manager left the bags of cards on the podium. The cards were left unsecured for approximately thirty minutes before being discovered by a Floor Supervisor. The Casino Shift Manager and Security Officer received disciplinary action as well as a Surveillance Officer who was supposed to be monitoring the collection. It should be noted that a Senior Internal Auditor who was observing the collection process and reported that he did not see any problems or weaknesses in the process, was disciplined as well.

### **COUNT III**

16. 68 IAC 2-3-8(a) states (a) an occupational license must be renewed annually.  
(b) An occupational licensee must request renewal of the license on a form prescribed by the commission no less than thirty (30) days before the expiration of the occupational license.
17. On May 26, 2015, a Gaming Agent was notified by the Gaming Supervisor of a Failure to Comply with Annual Renewal requirement. Per an email from the Majestic Star Human Resources Manager an employee in the Marine Department had been working for sixteen days on an expired license. The employee's license expired on April 15, 2015. The employee returned to work on April 28, 2015 after being on FMLA. The employee's license was renewed on May 26, 2015.

### **COUNT IV**

18. 68 IAC 11-3-5(6) states the live gaming device or bill validator drop box that was removed shall be placed in the drop box storage cart for transportation to the soft count room.  
(7) If there is not sufficient area in the soft count room to place removed drop boxes, locked drop box storage carts may be placed immediately outside the soft count room. A security officer shall attend the locked drop box storage cart at all times. The surveillance department shall maintain continual camera surveillance of the drop box storage cart during the times it is placed outside the soft count room.
19. 68 IAC 12-1-5(a) states Surveillance employees shall:  
(1) monitor regularly; and  
(2) visually record, either by:  
(A) continuous recording; or

(B) motion activation;  
whichever is appropriate;  
the surveillance system coverage of the areas described in this section.

(b) The surveillance system shall provide coverage of each of the following areas as specified in this rule:

(3) The route, both inside and outside the casino, through which monies are transported.

20. On June 26, 2015 a Gaming Agent was notified by a Surveillance Officer that a bill validator box with money and TITO tickets ("Hot") was left in a cart on Majestic Star II and when the Count Room Supervisor and Security Officer moved it they failed to call Surveillance. The Agent viewed surveillance coverage and found that the Drop Team was using the stairs to transport the Hot bill validator boxes because the employee elevator was out of service. The Drop Team filled the drop carts with Hot boxes, then took the full carts to the stairwell where they would physically walk, with a security escort, the Hot boxes down to the Soft Count Room. A Hot box was left on one of the carts that were still on the casino floor. The Hot box was left unsecured for approximately two hours and thirty minutes. When it was discovered the box was missing, the Count Room Supervisor returned to the cart and retrieved the Hot box. She waited by the stairwell until a Security Officer appeared to escort her to the Soft Count Room. The Security Officer failed to notify Surveillance until the Count Room Supervisor was ready to enter the Soft Count Room. The total amount in the Hot box was \$515.00.
21. On August 6, 2015 at 1230 a Surveillance Supervisor informed a Gaming Agent that there was an issue in the Soft Count Room where money from one bill validator box ("BV") was posted to a different BV. The money from BV 32-1103 was posted to BV 32-102. At the time the Count team was investigating where the money from BV 32-102 was. On August 7, 2015 at 0631 Surveillance notified the Agent the BV was found in the drop cart. The BV was pulled from the cart the previous day to be counted; however the Soft Count Attendant entered the BV number into the computer but failed to remove the money from the BV. The BV was closed and sent back on the cart with money and TITO tickets still inside.
22. On August 18, 2015 Surveillance received a phone call from the Soft Count Room stating that a BV was missing. A review of the video coverage showed the Count member assigned to drop/pull the BV from the machine failed to do so. The Security Officer assigned to observe the Drop Team did not notice the BV was not pulled.

#### COUNT V

23. 68 IAC 11-2-1 states the procedures of the internal control system are designed to ensure the following:
  - (1) Assets of the casino licensee are safeguarded.

- (2) The financial records of the casino licensee are accurate and reliable.
- (4) The transactions are recorded adequately to permit the proper recording of the adjusted gross receipts, admission fees, and applicable taxes.

24. 68 IAC 11-3-1(a)(7) states the definition of "Master gaming report" means a report completed by the soft count team that documents the value of the currency collected from the drop boxes of the live gaming devices. The report shall be completed on a form prescribed or approved by the commission and shall include, at a minimum, the following information:
- (A) The total amount of the opening live gaming device inventories.
  - (B) The total amount of the table fill slips.
  - (C) The total amount of the table credit slips.
  - (D) The total amount of closing table game inventories.
  - (E) The total amount of counter checks.
  - (F) The total amount of front money withdrawals.
  - (G) The total amount of currency, tokens, and chips removed from live gaming device drop boxes.
  - (H) The total win or loss.
25. 68 IAC 11-3-6(c)(17) states discrepancies between the independent physical inventory and the totals entered on the master gaming report or the bill validator report shall be investigated by independent recounts conducted by the casino licensee. If the master gaming report or the bill validator report was erroneous, it shall be voided and a new master gaming report or the bill validator report generated with the appropriate signatures. A voided copy of the master gaming report or the bill validator report shall be retained and attached to the completed and signed copy of the new master gaming report or bill validator report.
26. On July 15, 2015 the Commission Audit Director sent an email to the Director of Compliance regarding an incident that occurred in the Soft Count Room on July 12, 2015. In a Surveillance Report it is noted that on July 12, 2015, the Surveillance department received a review request from a Pit Manager. The Manager stated there was a discrepancy between the cash total on BJ105 and the total that was reported from Soft Count for the table. The cash total should have been \$18,100 according to the Pit Manager. The variance between the two was \$8,710. The video review of the table showed a cash total of \$15,165. The Surveillance Department also reviewed the soft count for the table and found a count team employee opened the drop box. The contents of the box are emptied onto the table and all the contents, including paperwork, coupons and cash were put into a banded bundle. The bundle is placed next to the currency counter where the Lead Count Attendant is running totals for the table drop boxes. The Lead Count Attendant takes the bundle and places the contents into the currency counter. The currency counter jams after half of the currency is counted. The Lead Count Attendant removes the currency not counted and runs it through a second currency counter. Since the second count is not verified in the initial currency counter, a variance occurs. At 0725 hours the Lead Count Attendant is aware of the issue and notes on the Master Gaming Report ("MGR") that two boxes ran together. At

0734 she contacts an Income Audit Supervisor about the two boxes that were counted together and the MGR will have a lower balance than the Soft Count Transfer sheet. The Supervisor tried calling several managers in the audit and other departments for help and was finally able to speak to the Director of Compliance at 1235 hours. Surveillance was contacted at 1224 hours to review the coverage. The first revised MGR was sent at 0225 hours and split the variance between two table games. On Monday, July 13, 2015 the final revised MGR was sent at 1049 hours showing all of the variance was placed on the correct table BJ105. A Gaming Agent was notified of the variance on July 12, 2015 at 1824 hours. On July 22, 2015 the Senior Director of Finance emailed interim changes for the Soft Count, when there are problems with the count, to the Commission Audit Director.

### **TERMS AND CONDITIONS**

Commission staff alleges that the acts or omissions of Majestic Star by and through its agents as described herein constitute a breach of IC 4-33, 68 IAC and/or Majestic Star's approved internal control procedures. The Commission and Majestic Star hereby agree to a monetary settlement of the alleged violations described herein in lieu of the Commission pursuing formal disciplinary action against Majestic Star. This agreement is being entered into to avoid the potential expense and inconvenience of disciplinary action.

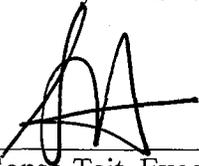
Majestic Star shall pay to the Commission a total of \$30,500 (\$10,000 for Count I; \$5,000 for Count II; \$500 for Count III; \$10,000 for Count IV; and \$5,000 for Count V) in consideration for the Commission foregoing disciplinary action based on the facts specifically described in each count of this agreement. This agreement extends only to those violations and findings of fact, specifically alleged herein. If the Commission subsequently discovers facts that give rise to additional or separate violations, which are not described herein, the Commission may pursue disciplinary action for such violations even if the subsequent violations are similar or related to an incident described herein.

Upon execution and approval of this Settlement Agreement, Commission staff shall submit this Agreement to the Commission for review and final action. Upon approval of the Settlement Agreement by the Commission, Majestic Star agrees to promptly remit payment in the amount of \$30,500 and shall waive all rights to further administrative or judicial review.

This Settlement Agreement constitutes the entire agreement between the parties. No prior or subsequent understandings, agreements, or representations, oral or written, not specified or referenced within this document will be valid provisions of this Settlement Agreement. This Settlement Agreement may not be modified, supplemented, or amended, in any manner, except by written agreement signed by all Parties.

This Settlement Agreement shall be binding upon the Commission and Majestic Star.

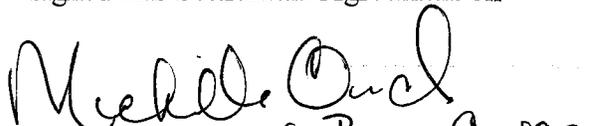
IN WITNESS WHEREOF, the parties have signed this Settlement Agreement on the date and year as set forth below.



\_\_\_\_\_  
Sara Gonso Tait, Executive Director  
Indiana Gaming Commission

9/9/15

\_\_\_\_\_  
Date



Michelle Ouel  
on behalf of Barry Cregan.

\_\_\_\_\_  
Barry J. Cregan, General Manager  
The Majestic Star Casino, LLC  
The Majestic Star Casino II, Inc.

9-3-2015

\_\_\_\_\_  
Date