

**ORDER 2020-132
IN RE SETTLEMENT AGREEMENT**

**INDIANA GAMING COMPANY, LLC d/b/a HOLLYWOOD CASINO
LAWRENCEBURG
20-HW-02**

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

APPROVED

APPROVES OR DISAPPROVES

the proposed terms of the Settlement Agreement.

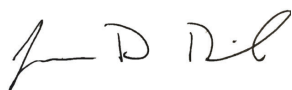
IT IS SO ORDERED THIS THE 23rd DAY OF NOVEMBER, 2020.

THE INDIANA GAMING COMMISSION:



Michael B. McMains, Chair

ATTEST:



Jason Dudich, Secretary

**STATE OF INDIANA
INDIANA GAMING COMMISSION**

IN RE THE MATTER OF:)	
)	SETTLEMENT
INDIANA GAMING COMPANY, LLC)	20-HW-02
d/b/a HOLLYWOOD CASINO)	
LAWRENCEBURG)	

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Sara Gonso Tait and Indiana Gaming Company, LLC d/b/a Hollywood Casino Lawrenceburg (“Hollywood”) (collectively, the “Parties”), desire to enter into this settlement agreement (“Agreement”) prior to the initiation of a disciplinary proceeding pursuant to 68 IAC 13-1-18(a). The Parties stipulate and agree that the following facts are true:

FINDINGS OF FACT

COUNT I

1. IC 4-38-11-1 provides that the bureau shall provide information to a certificate holder concerning persons who are delinquent in child support.
 - (b) Prior to a certificate holder disbursing a payout of six hundred dollars (\$600) or more, in winnings, from sports wagering to a person who is delinquent in child support and who is claiming the winning sports wager in person at the certificate holder's facility, the certificate holder:
 - (1) may deduct and retain an administrative fee in the amount of the lesser of:
 - (A) three percent (3%) of the amount of delinquent child support withheld under subdivision (2)(A); or
 - (B) one hundred dollars (\$100); and
 - (2) shall:
 - (A) withhold the amount of delinquent child support owed from winnings;
 - (B) transmit to the bureau:
 - (i) the amount withheld for delinquent child support; and
 - (ii) identifying information, including the full name, address, and Social Security number of the obligor and the child support case identifier, the date and amount of the payment, and the name and location of the licensed owner, operating agent, or trustee; and
 - (C) issue the obligor a receipt in a form prescribed by the bureau with the total amount withheld for delinquent child support and the administrative fee.
 - (c) The bureau shall notify the obligor at the address provided by the certificate holder that the bureau intends to offset the obligor's delinquent child support with the winnings.
 - (d) The bureau shall hold the amount withheld from the winnings of an obligor for ten (10) business days before applying the amount as payment to the obligor's delinquent child support.
 - (e) The delinquent child support required to be withheld under this section and an administrative fee described under subsection (b)(1) have priority over any secured or

unsecured claim on winnings except claims for federal or state taxes that are required to be withheld under federal or state law.

2. Chapter 5, Section 2(2)(W) of the Emergency Rules for Sports Wagering provides that prior to beginning sports wagering operations, a sports wagering operator must submit for approval under 68 IAC 11 internal controls for withholding winnings from delinquent child support obligors in accordance with IC 4-38-11, including a plan for complying with IC 4-38-11 if the sports wagering operator allows the redemption of tickets via mail.
3. 68 IAC 11-9-2(a) provides the casino licensee or trustee shall submit to the executive director internal control procedures concerning the withholding of cash winnings from delinquent obligors in accordance with 68 IAC 11-1.
4. 68 IAC 11-1-3(c)(4) provides that no casino licensee or casino license applicant may use an internal control procedure unless the internal control procedure has been approved, in writing, by the executive director.
5. Hollywood's approved internal control procedures, Part I: Section K and Part VII: Section F.
6. Gaming Agent's audited the Child Support Arrears Delinquency Registry (the "CSADR") for February 2020. The results of this audit found one (1) individual was not searched through the CSADR system at the time sports wagering winnings in excess of \$600 was won.
7. Gaming Agent's audited the CSADR for March 2020. The results of this audit found two (2) individuals were not searched through the CSADR system at the time sports wagering winnings in excess of \$600 was won.
8. Gaming Agent's audited the CSADR for June 2020. The results of this audit found two (2) individuals were not searched through the CSADR system at the time a taxable jackpot was won.

COUNT II

9. IC 4-33-9-12(a) provides a person who is less than twenty-one (21) years of age may not be present in the area of a riverboat where gambling is being conducted.
10. 68 IAC 1-11-1(c) provides a person under twenty-one (21) years of age shall not be present in a casino.
11. On June 17, 2020, Surveillance notified a Gaming Agent that an underage person was located at the cage attempting to obtain a player's card. A review of surveillance determined that the underage person presented her identification to Security. Security scanned the identification and allowed the underage person entry onto the casino floor.

COUNT III

12. 68 IAC 15-13-2(d) provides manually paid jackpots shall proceed in the following manner:
- (1) The jackpot shall be verified in accordance with the policies and procedures submitted under subsection (b)(1).
 - (2) Based on the information contained on the manually paid jackpot slip, the casino cashier shall present the proper amount of cash to the slot attendant.
 - (3) The slot attendant shall ensure that the amount of cash presented by the casino cashier matches the information contained on the manually paid jackpot slip.
 - (4) After the slot attendant and the casino cashier ensure the cash presented matches the information contained on the manually paid jackpot slip, both the slot attendant and the casino cashier shall sign the manually paid jackpot slip.
 - (5) The casino cashier shall retain the original copy of the manually paid jackpot slip and issue remaining copies to the slot attendant.
 - (6) A security officer or slot department employee shall escort the slot attendant from the cage to the appropriate electronic gaming device. The security officer or slot department employee who begins completing the manually paid jackpot must complete the process of witnessing, escorting, and signing the appropriate documentation to verify the manually paid jackpot was completed. If there is a discrepancy with the manually paid jackpot, the same security officer or slot department employee who began the manually paid jackpot must accompany the manually paid jackpot back to the cage to resolve the discrepancy.
 - (7) After arriving at the appropriate electronic gaming device, the security officer or slot department employee shall do the following:
 - (A) Verify the jackpot.
 - (B) Witness the jackpot payout to the patron.
 - (C) Complete the appropriate sections of the manually paid jackpot slip.
 - (8) The slot attendant shall reset the electronic gaming device so that play on the electronic gaming device may continue. The electronic gaming device shall be relocked after it is cleared. The security officer or slot department employee shall remain present throughout this procedure.
 - (9) One (1) copy of the completed manually paid jackpot slip shall be deposited into a locked accounting box so that it will not be available to slot attendants or other persons who participate in manually paid jackpots.
 - (10) The remaining copy of the completed manually paid jackpot slip shall be returned to the casino cage.
13. On July 17, 2020, the Revenue Audit Manager notified Gaming Agents that a patron had been paid incorrectly for a jackpot. The patron won a jackpot in the amount of \$3,240; however, the patron was only paid \$2,929.50. The Gaming Agents discussed the jackpot issued with a Slot Assistant Shift Manager who advised she had not been aware of the error. The Slot Shift Assistant Manager advised not only was the patron paid the incorrect amount but also believed the patron had been paid for a previous jackpot that had occurred on July 15, 2020.

The Slot Shift Assistant Manager further advised the jackpot on July 15, 2020 was processed as a foreign jackpot which must be processed manually. The Slot Shift Assistant Manager indicated all foreign jackpots are processed at the cage instead of the kiosk which can cause the jackpot to stay in the queue until it is cleared by a Slot Floor Person. The W-2G was corrected and re-issued to the patron and the patron was appropriately paid the remainder of his jackpot.

14. 68 IAC 2-6-35 provides the electronic gaming device must be linked to a progressive meter or meters showing the current payoff to all players who are playing an electronic gaming device which may potentially win the progressive amount.
15. 68 IAC 2-6-37(a) provides during the normal operating mode of the progressive controller, the controller must do the following:
 - (1) Continuously monitor each electronic gaming device attached to the controller to detect credits wagered.
 - (2) Multiply the credits wagered by the programmed rate of progression and denomination in order to determine the correct amounts to apply to the progressive jackpot.
 - (b) The progressive display must be constantly updated as play on the link is continued. It will be acceptable to have a slight delay in the update as long as when a jackpot is triggered the jackpot amount is shown immediately.
 - (c) At least one (1) progressive display to which a group of progressive electronic gaming devices is linked must continuously display the amount of the progressive jackpot that a patron may win.
16. On February 1, 2020, a Slot Tech notified Gaming Agents that a stand-alone electronic gaming device (EGD) had not been incrementing for seven (7) days. The Slot Shift Manager advised that two (2) Slot Assistant Shift Managers are responsible for conducting a daily progressive check. During this time period, neither licensee identified that the EGD was not incrementing.

COUNT IV

17. 68 IAC 11-1-3(c)(4) provides that no casino licensee or casino license applicant may use an internal control procedure unless the internal control procedure has been approved, in writing, by the executive director.
18. 68 IAC 13-1-1(b)(2) and (3) provides the Commission may initiate an investigation or a disciplinary action, or both, against a licensee if the Commission has reason to believe the licensee is not complying with licensure conditions or is not complying with this Act or this title.
19. Hollywood's approved internal control procedures, Part VII, describe the procedures for the sportsbook.

20. Hollywood's approved internal control procedures, Part I, H & HA, describe the procedures for the Anti-Money Laundering Program.
21. On February 7, 2020, Surveillance notified Gaming Agents that a patron was found redeeming another patron's sportsbook ticket. Surveillance provided that the Sportsbook Manager allowed a patron to be paid before Surveillance could finish their review.
22. Surveillance advised that the Sportsbook Manager called to notify them that a female patron was attempting to redeem another patron's ticket in the amount of \$1,920. The Sportsbook Manager also advised Surveillance that, prior to this occurrence, a male patron had previously tried to cash in a ticket for the exact same amount and wager type; however, the male patron was turned away since he did not have identification. Surveillance began their review of the incident; however, the Sportsbook Manager authorized payment to the female patron before the surveillance review was completed. The surveillance review confirmed that the sports wagering ticket did not belong to the female patron. No suspicious activity reports were filed as a result of this incident.
23. Chapter 5, Section 2(2)(U) of the Emergency Rules for Sports Wagering provide that the internal controls shall include a detailed procedure for W-2G issuance when triggered.
24. Hollywood's approved internal control procedures, V-II Sportsbook, Section G Revenue Audit and Auditing, describe the procedures for revenue audit, tax remittance and internal audit.
25. On July 17, 2020, Internal Audit and Revenue Audit notified Gaming Agents of issues with W-2G's in the sportsbook. Each winning sportsbook ticket of \$600 or more and 300:1 odds require a W-2G and state tax withholdings.
26. On November 19, 2019, a Sportsbook Rep failed to complete a W-2G for winnings in the amount of \$1,836.02.
27. On February 14, 2020, a Sportsbook Rep failed to complete a W-2G for winnings in the amount of \$8,497.44 and the W-2G was not filed with the Internal Revenue Service
28. On November 19, 2020, a Sportsbook Rep failed to complete a W-2G for winnings in the amount of \$1,544.73.
29. On August 20, 2020, Revenue Audit notified Gaming Agents that the Cage failed to complete a W-2G for a winning sportsbook ticket. A CSADR check was run and an entry was made into NeWave.
30. Chapter 10, Section 3(d) of the Emergency Sports Wagering Rules provides if the sports wagering window net receipts for the shift, as generated by the system, does not agree with the sports wagering count sheet total plus the sports wagering inventory, the shift

supervisor shall record any overage or shortage. If the count does not agree, the cashier and the shift supervisor shall attempt to determine the cause of the discrepancy in the count. Any discrepancy that cannot be resolved by the cashier and the shift supervisor shall be reported in writing to the department supervisor in charge at such time. Any discrepancy in excess of five hundred dollars (\$500) shall be reported to the commission. The report shall include:

- (1) date on which the discrepancy occurred;
- (2) shift during which the discrepancy occurred;
- (3) name of the cashier;
- (4) name of the supervisor;
- (5) window number; and
- (6) amount of the discrepancy.

31. Hollywood's approved internal control procedures, Part VII – Section A describe the Operation of the Sportsbook.
32. Hollywood approved internal control procedures, Part IV Section U, describe the procedures Money-In Money-Out (MIMO) machine.
33. On January 30, 2020, the Sportsbook Manager notified that Gaming Agents that a Sportsbook Rep had a variance of \$985.00. The variance was believed to be the result of an error in the Money In Money Out machine (MIMO) which was not cleared correctly by the Sportsbook Rep. As a result of this error not being cleared correctly, the Sportsbook Rep and the MIMO machine balance could not be verified for approximately six (6) more days when the MIMO machine was scheduled to be dropped.
34. On January 30, 2020, Surveillance notified Gaming Agents that while observing Sportsbook operations, Surveillance observed Sportsbook Supervisors in the MIMO room of the Sportsbook conducting what he considered to be a questionable process in potentially auditing the MIMO cassettes.
35. Gaming Agents reviewed the surveillance coverage with the Surveillance Shift Manager. Gaming Agents observed Sportsbook Supervisors removing each cassette from the Sportsbook MIMO. After removing a MIMO cassette, the Sportsbook Supervisors would transport them to the Sportsbook counter which is viewable to the patrons and was cluttered with paper documents, files, office supplies, and an iPad. The Sportsbook Supervisors proceeded to take all the currency out of each individual cassette. After the currency was removed from the cassette, the Sportsbook Supervisors would run the currency through a currency counter then place the currency back into the cassette. Once the currency was returned to the cassette, the cassette was placed back into the MIMO.

During the time when the cassettes were being counted at the Sportsbook counter, there were anywhere from two (2) to four (4) people on the patron side of the counter who could see the currency being counted in plain view. The Sportsbook is also in the Hops House restaurant and patrons eating at the restaurant also would have seen them counting the currency.

36. Gaming Agents questioned the Sportsbook Manager about the process the Supervisors were conducting and asked if he could identify what internal control his department follows for MIMO procedures. The Sportsbook Manager could not identify the internal control but advised the Supervisors were investigating the variance. Gaming Agents requested that the Sportsbook Manager supply the internal control that supported his claim that his department and employees were following proper procedures or his team needed to follow the approved MIMO internal controls. The Sportsbook Manager acknowledged this was poor judgement. The Sportsbook Manager also could not provide if the auditing process the Sportsbook Supervisors had conducted had resulted in a conclusion on the variance. Gaming Agents subsequently requested that the MIMO be dropped since currency had been removed and handled in an unapproved manner.
37. On January 31, 2020, the Sportsbook MIMO was dropped and it was determined the Sportsbook Rep only had a variance of \$32.03. This indicated that the initial reported variance of \$985.00 was determined to have been in the Sportsbook MIMO and the Sportsbook Rep's variance was now under \$500.00. It was also confirmed that the reported variance was a result of the Sportsbook Rep not clearing the MIMO error correctly.
38. Chapter 4, Section 2(1)(A) of the Emergency Rules for Sports Wagering provides a sports wagering operator shall provide a written notice to the executive director or the executive director's designee as soon as the sports wagering operator licensee becomes aware of the following:
 - (1) A violation or apparent violation of a rule of the commission by any of the following:
 - (A) The sports wagering operator.
39. Chapter 5, Section 2(2)(B) of the Emergency Rules for Sports Wagering provides that the internal controls shall provide user access controls for all sports wagering personnel.
40. Hollywood's approved internal control procedures, Part VII Section C, describe the control procedures for the sportsbook, including user access.
41. On March 8, 2020, Gaming Agents were discussing various functions of Kambi's Wager Record Keeping Program with a Sportsbook Supervisor. When the Sportsbook Supervisor logged into the Wager Record Keeping program to demonstrate to the Gaming Agents how to retrieve patron information, Gaming Agents noted that the Sportsbook Supervisor logged into the system with a Sportsbook Assistant Manager's username and password.
42. As a result of this incident, Gaming Agents requested a list of authorized users from IT. The IT Manager advised that the Casino Compliance Manager also requested a list of users as well. The IT Manager advised that Kambi would have to provide the list. The IT Manager also advised that his Infrastructure Specialist reported to him that the Sportsbook Assistant Manager had sent an email communication to his employees that contained his username and password. The IT Manager reported this information to the

Compliance Manager. Neither the IT Manager nor the Compliance Manager reported this violation to the Gaming Agents.

43. Gaming Agents spoke with the Compliance Manager and requested if she had a list from Kambi of the authorized users. The Compliance Manager advised she had not received the list yet. The Gaming Agent inquired when the Compliance Manager was made aware of the email communication that the Sportsbook Assistant Manager sent to his employees. The Compliance Manager provided she had been made aware of it on March 7, 2020. Gaming Agents reminded the Compliance Manager of her responsibility to disclose violations to the Commission as soon as she becomes aware of them. The Compliance Manager advised she was investigating the matter. Email records show that the IT Manager immediately reported this violation to the Compliance Manager once he become aware of the violation but neither reported it to the Gaming Agents.
44. On March 18, 2020, Gaming Agents received a user list from the Commission's Sports Wagering Investigator. A review of the list discovered that termed employees still had active accounts.

COUNT V

45. 68 IAC 12-1-7(c) provides that recordings depicting detention or questioning of a detained individual or employee, procedural errors, regulatory violations, or criminal activity must be copied and provided to enforcement agents upon request. The casino licensee shall retain recordings under this section for a period of time not less than sixty (60) days.
46. 68 IAC 12-1-8(b)(2) provides that an incident report must contain details of an incident observed that involved unusual or criminal activity.
47. On July 31, 2020, Gaming Agents discovered that surveillance failed to clip the surveillance coverage and to complete an incident report for a patron who was using another person's identification at the turnstiles. Surveillance only made an entry on their daily log.

COUNT VI

48. 68 IAC 15-12-3 provides that live gaming device fills shall proceed in the following manner:
 - (1) The appropriate occupational licensee shall initiate a live gaming device fill by completing an input form. The input form is either carried to the casino cage or the information is electronically transmitted to the casino cage.
 - (2) The appropriate occupational licensee uses the input form to prepare and print a live gaming device fill slip.
 - (3) Surveillance shall be notified that a live gaming device fill is being processed.
 - (4) Based on the information contained on the fill slip, the casino cashier shall prepare the proper denomination and amount of chips and sign the fill slip. The casino cashier shall

sign the fill slip, summon a security officer, and present the chips and the fill slip to the security officer.

(5) The security officer shall verify that the denomination and amount of chips match the amount on the fill slip. The security officer shall sign the fill slip after verifying the chips match the fill slips. The security officer who begins the live gaming device fill must complete the process of witnessing, escorting, and signing the appropriate documentation to verify that the live gaming device fill was completed. If there is a discrepancy with the live gaming device fill, the same security officer who began the live gaming device fill must accompany the fill back to the cage to resolve the discrepancy.

(6) The casino cashier shall retain one (1) copy of the fill slip in the casino cage.

(7) The security officer shall transport the chips to the appropriate pit area.

(8) The appropriate level of occupational licensee shall count the chips that are received as a live gaming device fill to ensure the denomination and amounts received match the amount and denomination reflected on the fill slip.

(9) If the amounts in subdivision (4) agree, the occupational licensee who counted the fill shall sign the fill slip. The pit supervisor or the equivalent shall also sign the fill slip. A copy of the fill slip or the original shall be inserted into the drop box of the live gaming device that received the fill. A copy of the fill slip or the original fill slip shall be returned to the casino cage.

(10) If the amounts in subdivision (4) do not agree, the fill slip shall not be signed and the discrepancy shall be resolved in accordance with the policy and procedure submitted in accordance with section 2(b)(8) of this rule. Surveillance shall be notified and the security officer shall return the chips and the fill slip to the casino cage.

(b) The casino cashier or appropriate department shall use copies of the completed live gaming device fill slip to balance the cage. All completed live gaming device fill slips shall be used to complete the soft count.

(c) If a live gaming device fill slip was erroneous, it shall be voided and a new live gaming device fill slip generated. The person voiding the fill slip shall indicate the reason the slip was voided and sign the slip. A voided live gaming device fill shall be retained and deposited into a locked accounting box.

49. On March 1, 2020, Surveillance notified Gaming Agents of a table error. A Security Officer transported a chip exchange for two (2) tables in the poker room with two different amounts, however, the Security Officer switched the amounts and delivered the chips to the wrong table. A Dealer at one of the poker tables noticed the error. The Security Officer decided to rectify the error on his own and correct his own mistake rather than following proper procedures.

TERMS AND CONDITIONS

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

Hollywood shall pay to the Commission a total of \$22,000 (\$6,000 for Count I, \$1,500 for Count II, \$2,500 for Count III, \$10,000 and the submission of a corrective action plan for the sportsbook for Count IV, \$1,000 for Count V, and \$1,000 for Count VI) in consideration for the Commission foregoing disciplinary action based on the facts specifically described in the Findings of this Agreement. This Agreement extends only to those violations and findings of fact specifically alleged in the Findings above. If the Commission subsequently discovers facts that give rise to additional or separate violations, the Commission may pursue disciplinary action for such violations even if the subsequent violations are similar or related to an incident described in the Findings above.

Upon execution and approval of this Agreement, Commission staff shall submit this Agreement to the Commission for review and final action. Upon approval of the Agreement by the Commission, Hollywood agrees to promptly remit payment in the amount of \$22,000, as well as the submission of a corrective action plan for the sportsbook and waive all rights to further administrative or judicial review.

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

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original agreement and both of which shall constitute one and the same agreement. The counterparts of this Agreement may be executed and delivered by electronic mail, facsimile, or other electronic signature by either of the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically as if the original had been received.

This Agreement shall be binding upon the Commission and Hollywood.

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

Sara Gonso Tait, Executive Director
Indiana Gaming Commission



Mike Galle, General Manager
Indiana Gaming Company, LLC.

Date

11/17/2020

Date

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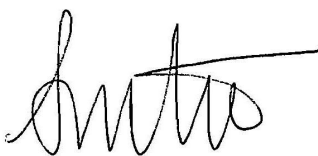
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Sara Gonso Tait, Executive Director
Indiana Gaming Commission

Mike Galle, General Manager
Indiana Gaming Company, LLC.

11/20/20

Date

Date