

**ORDER 2023-77  
IN RE SETTLEMENT AGREEMENT**

**MAJESTIC STAR CASINO, LLC  
D/B/A HARD ROCK CASINO  
NORTHERN INDIANA  
23-HR-02**

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

**APPROVED**

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APPROVES OR DISAPPROVES

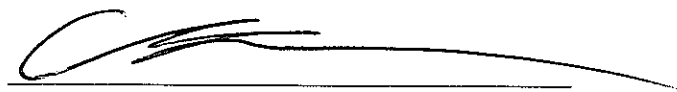
the proposed terms of the Settlement Agreement.

**IT IS SO ORDERED THIS THE 15<sup>th</sup> DAY OF JUNE, 2023.**

**THE INDIANA GAMING COMMISSION:**

  
\_\_\_\_\_  
Milton O. Thompson, Chair

ATTEST:

  
\_\_\_\_\_  
Charles Cohen, Commissioner

**STATE OF INDIANA  
INDIANA GAMING COMMISSION**

|                                  |   |                   |
|----------------------------------|---|-------------------|
| <b>IN RE THE MATTER OF:</b>      | ) |                   |
|                                  | ) | <b>SETTLEMENT</b> |
| <b>MAJESTIC STAR CASINO, LLC</b> | ) | <b>23-HR-02</b>   |
| <b>D/B/A HARD ROCK CASINO</b>    | ) |                   |
| <b>NORTHERN INDIANA</b>          | ) |                   |

**SETTLEMENT AGREEMENT**

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

**FINDINGS OF FACT**

**COUNT I**

1. 68 IAC 2-6-6(c) provides the requirements for converting an electronic gaming device.
2. 68 IAC 15-13-3 provides if a manually paid jackpot exceeds one thousand two hundred dollars (\$1,200), the casino licensee shall complete and file the forms required by the Internal Revenue Service (“IRS”).
3. Hard Rock Northern Indiana’s approved internal controls, F-14, describe the electronic gaming device (“EGD”) Internal Revenue Service requirements.
4. On April 4, 2023, a Slot Technician Supervisor reported to Gaming Agent that he recently became aware that a patron was able to print a TITO ticket in the amount of \$1,320 from an EGD. A Slot Representative (“Slot Rep”) witnessed the event and advised the patron cashed the TITO out at a kiosk. The patron subsequently left THE property. Upon notification of this event, the Slot Technician Supervisor reviewed the internal option settings on the EGD and discovered that the cash out limit for a TITO in the EGD was set at \$2,999.99. The correct setting should have been \$1,199.99 to comply with IRS requirements.
5. The Gaming Agent then reached out to Surveillance who advised that they had not been notified of this event occurring. The Gaming Agent also spoke to the Slot Rep that witnessed the event. The Slot Rep advised that the patron was in the middle of a bonus round and observed total winnings were approaching \$1,200, so he began preparing himself to conduct a hand pay. Upon the conclusion of the bonus round, the patron was allowed to cash out. Before the Slot Rep could act, the patron removed the ticket and left the High Limit Room. A review of Surveillance coverage confirmed the account of the Slot Rep.

6. On April 7, 2023, the patron returned to the casino and completed the required tax forms.
7. On April 8, 2023, the Gaming Agent requested a report showing the total number and accompanying denominations of TITO's printed from the EGD above \$1,199.99 from March 20, 2023, the date the EGD was placed into service, until the date of the incident.
8. On April 10, 2023, the Director of Compliance notified the Gaming Agents that the jackpot limit was set incorrectly on the EGD. The EGD was set up by two (2) Slot Tech's and verified by a Slot Tech Supervisor. Hard Rock was unable to provide how many jackpots were missed due to the game not recording any jackpots under \$2,999.99. The EGD had an incorrect setting for approximately sixteen (16) days.

## COUNT II

9. IC 4-33-4-21(a) provides a licensed owner or any other person must apply for and receive the commission's approval before:
  - (1) an owner's license is:
    - (A) transferred;
    - (B) sold; or
    - (C) purchased; or
  - (2) a voting trust agreement or other similar agreement is established with respect to the owner's license.

(b) Subject to section 24 of this chapter, the commission shall adopt rules governing the procedure a licensed owner or other person must follow to take an action under subsection (a). The rules must specify that a person who obtains an ownership interest in a license must meet the criteria of this article and any rules adopted by the commission. A licensed owner may transfer an owner's license only in accordance with this article and rules adopted by the commission.

(c) A licensed owner or any other person may not:
  - (1) lease;
  - (2) hypothecate; or
  - (3) borrow or loan money against;an owner's license.

(d) A transfer fee is imposed on a licensed owner who purchases or otherwise acquires a controlling interest, as determined under the rules of the commission, in a second owner's license. The fee is equal to two million dollars (\$2,000,000). The commission shall collect and deposit a fee imposed under this subsection in the state general fund.
10. 68 IAC 5-3-1(a) provides this rule applies to casino licensees, casino license applicants, or affiliates thereof. (b) A casino licensee, casino license applicant, or affiliate thereof may enter into debt transactions that total one million dollars (\$1,000,000) or more only in accordance with this rule. (c) As used in this rule, "debt transaction" means a transaction in which the casino licensee, casino license applicant, or affiliate thereof issues, incurs, or assumes debt, including, but not limited to, the following: (1) Bank

- financing. (2) Private debt offerings. (3) Any other transaction that results in the encumbrance of the assets.
11. 68 IAC 5-3-2(c) provides the request for approval of a debt transaction shall contain, at a minimum, the following information: (1) The names and addresses of the parties to the debt transaction. (2) The maximum amount of the funds involved. (3) The type of debt transaction. (4) The source of the monies obtained by the casino licensee, casino license applicant, or affiliate thereof. (5) Sources of collateral. (6) The purpose of the debt transaction. (7) The terms of the debt transaction. (8) The projected interest rate of the material debt transaction. (9) Filings that must be submitted to a regulatory agency in connection with the debt transaction. (10) An executive summary of the debt transaction. (11) A legal opinion that the debt transaction does not violate IC 4-33-4-21. (12) Any other information that the executive director deems necessary to ensure compliance with IC 4-33, IC 4-35, and this title.
  12. On March 30, 2023, Outside Counsel for Hard Rock emailed a courtesy notice to the Commission that Hard Rock's parent company, Seminole Hard Rock International, made an amendment to an existing credit facility.
  13. On March 31, 2023, the Commission's Director of Financial Investigations emailed the Outside Counsel and requested more information, so the Commission could determine if review and approval was required.
  14. On April 19, 2023, the Outside Counsel provided a copy of the credit agreement amendment along with a summary of the transaction. The summary and the Commission's review confirmed that Seminole Hard Rock Entertainment, Inc. ("SHRE") and Seminole Hard Rock International, LLC ("SHRI") which holds 76% ownership of Hard Rock entered into an amendment to an existing credit facility. This was an amendment of their previous credit facility and included new financing, updates in the maturity of the loans, and updates/changes to the interest rates.
  15. On May 3, 2023, the Outside Counsel confirmed that Hard Rock had closed on this amendment without submitting it for Commission approval.

### COUNT III

16. 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.
17. 68 IAC 1-11-1(c) provides a person under twenty-one (21) years of age shall not be present in a casino.
18. On March 11, 2023, Security notified Gaming Agents that an underage person was discovered on the casino floor. Security advised that an underage person presented a fraudulent Illinois identification to two (2) Security Officers at a casino entrance. Both Security Officers attempted to scan the identification through Veridocs but it failed the

authentication process. The Security Officers subsequently allowed the underage person to enter the casino floor. Another Security Officer was observing the Veriodocs authentication failures remotely and acted after not hearing the Security Officers at the entrance request for a Supervisor to respond per the casino's standard operating procedures.

#### COUNT IV

21. 68 IAC 14-3-2(b) provides 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. The four (4) suits shall be hearts, diamonds, clubs, and spades. Each suit shall consist of numerical cards from:  
(A) two (2) to ten (10);  
(B) a jack;  
(C) a queen;  
(D) a king; and  
(E) an ace.
22. On March 10, 2023, Surveillance notified Gaming Agents that a Table Games Pit Manager had notified them that there was brown playing card missing. A review of surveillance coverage determined that a Dealer was observed discarding several cards after the conclusion of a Mini Baccarat hand. When depositing the cards into the discard rack, the Dealer missed the rack and the cards landed on the edge of the table behind the discard rack. The Dealer retrieved the cards and placed them into the discard rack, however, one (1) card was left on the edge of the table and it was a brown backed Ace of Hearts. Surveillance also identified that a patron was observed removing the playing card from the table and placing the card in his front pocket. Although play continued with the shoe for approximately two (2) more hours, the card in question had already been used during a round of play, which did not affect any subsequent outcomes during the remainder of the shoe. At the conclusion of the shoe, the brown deck was removed from discard rack and placed in the shuffler. The brown playing cards were inserted in the shuffler a total of three (3) times and each time indicated an error by displaying a red light. The cards were then counted down by hand and discovered to be missing a card. The shoe was not reintroduced back into play due to the missing card and the integrity of the game was not compromised.

#### COUNT V

23. 68 IAC 11-7-1(b) provides for the purposes of this rule, "sensitive keys" means keys that either management or the commission considers sensitive to the casino licensee's operation and therefore require strict control over custody and issuance.
24. 68 IAC 11-7-3(b) provides that sensitive keys shall be returned to custody and signed in by the same occupational licensee they were issued to unless there is a documented change of shift.

25. On February 9, 2023, Security notified Gaming Agents that a sensitive key was found unsecured in the Main Cage. The specific key was identified to be a cash cassette key. The cassettes are containers that hold cash for dispensing at kiosks. The cash cassette key was a sensitive key that requires strict issuance and control. The key also appeared to have been broken off a key ring. The Locksmith took possession of the key. Security advised Gaming Agents that there were eight (8) sets of this key and all were accounted for. Security further advised that the Director of Cash Operations stated the key was kept in a drawer in the Cage and had been there since the opening of the casino in May 2021.
26. A statement submitted by the Cage Manager advised that the Cage Manager was observing two (2) Specialty Bankers and a Cage Supervisor fill cassettes with cash. The Specialty Bankers were in the process of opening the cassettes with the Supervisor verifying the content and then closing the cassette covers. The Cage Manager did not notice a large key ring being used so he asked the employees how the cassettes were being filled and locked. The Cage Supervisor produced the broken key. The Cage Manager assumed the key had just broken off a key ring and told the Supervisor to place the key on his desk and he would get the key replaced. It was later determined that none of the keys were missing from the kiosk key sets.
27. On February 12, 2023, the Gaming Agent received an additional report from Security that advised that four (4) additional broken barrel cash cassette keys were turned into Security.
28. On February 20, 2023, the Gaming Agent received an additional report from Security that advised additional keys and swipe cards were found in the Main Cage. In total, eleven (11) keys were turned in and all were identified to be sensitive keys.

#### COUNT VI

29. 68 IAC 15-12-3(a) provides the requirements for live gaming device fills.
30. On January 6, 2023, a Gaming Agent began an investigation into a \$2,000 variance in the Cage as it has been reported on a Cage Variance Report that a Cage Cashier was \$2,000 short at the end of her shift. A review of surveillance coverage discovered that an error occurred during a table fill. A Cage Cashier placed \$4,000 in black \$100 chips instead of \$2,000. The incorrect fill was verified and accepted at the table game.
31. On February 20, 2023, Surveillance notified Gaming Agents that a table fill had been delivered to the wrong table. The table fill was verified and accepted by the wrong table. When the table games personnel realized the error had occurred, the Table Games Supervisor fished the table fill slip out of the drop box. The Table Games Supervisor notified the Pit Manager of the table fill error but failed to tell him about fishing the slip out of the drop box. Another Pit Manager advised them to leave the gaming chips on the table in the float and to do an error notification slip to send to Revenue Audit.

#### COUNT VII

32. 68 IAC 15-6-4(b) provides vendors and visitors must report to security to complete the vendor and visitor log and to obtain a badge. When the vendor or visitor leaves the casino, the vendor or visitor must complete the appropriate portion of the log.
35. 68 IAC 15-6-4(e) provides the vendor and visitor log shall contain the following information:
  - (1) The name of the vendor or visitor.
  - (2) The company or organization the vendor or visitor represents.
  - (3) The date and time the vendor or visitor entered the casino.
  - (4) The purpose that necessitates the vendor or visitor entering the casino.
  - (5) The date and time that the vendor or visitor exits the casino. The casino licensee is responsible for instituting a policy that ensures that vendor and visitor badges are returned to the security department and accounted for when the vendor or visitor exits the casino.
  - (6) If the person is a visitor, the individual who authorized the visitor's presence in the casino.
  - (7) Any other information deemed necessary by the executive director or the commission to ensure compliance with IC 4-33, IC 4-35, and this title.
36. On January 24, 2019, the Commission issued a memorandum to all casino licensees on occupational licenses and the usage of the vendor log which states vendor and visitor badges are not to be utilized by those who hold or should hold an individual license. If individuals referenced above attempt to access the gaming floor using a vendor or visitor badge, casino staff should assist in the matter by refusing entry and directing the individuals to local Gaming Agents for assistance.
37. On February 7, 2023, a Gaming Agent investigated a violation of an unbadged person back of house. It was reported to Gaming Agents that an Executive Host had attended a concert on the property on February 4, 2023 with a friend, who was not a casino employee, and prior to leaving the property, the Executive Host brought his friend through the back of the house area and into his office before exiting out the Team Member entrance.
38. On February 7, 2023, Surveillance notified Gaming Agents that two (2) females entered the back of house area without badges via the unsecured employee entrance Human Resource doors and walked through the inner door following closely behind a casino employee. The females continued to follow the casino employee through the handicapped turnstiles. After the casino employee passed through the handicapped turnstiles, the casino employee did not ensure the door was secured behind her, allowing the females to enter through the turnstiles which were still unsecure from the casino employee's initial badge swipe. The females passed a Security Officer who was stationed at the desk but the Security Officer does not acknowledge their presence and failed to request the females to sign in as visitors. The females continued on passing the employee dining room and then walked onto the casino floor. Another casino employee noticed the females come from

back of the house unbadged and seemed concerned, so she reported it to a Security Supervisor.

39. On April 7, 2023, a Gaming Agent conducted an audit of the vendor log for March 2023.
40. On March 2, 2023, two (2) employees from NRT signed in with Security Dispatch. The vendor log noted that the Gaming Agents were not notified, and the log stated no license was required. Both individuals were licensed with the Commission. One (1) individual did not have his badge with him and was allowed to work on a vendor badge.

### **TERMS AND CONDITIONS**

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

Hard Rock shall pay to the Commission a total of \$28,000 (\$5,000 for Count I, \$10,000 for Count II, \$1,500 for Count III, \$1,500 for Count IV, \$5,000 for Count V, \$3,000 for VI and \$2,000 for Count VII) in consideration for the Commission foregoing disciplinary action based on the facts specifically described in the Findings of Fact contained in 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, Hard Rock agrees to promptly remit payment in the amount of \$28,000 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.

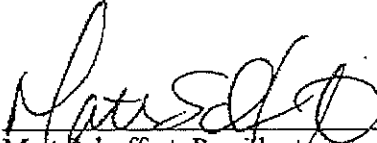


This Agreement shall be binding upon the Commission and Hard Rock.

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

  
\_\_\_\_\_  
Greg Small, Executive Director  
Indiana Gaming Commission

Date 6/15/2023

  
\_\_\_\_\_  
Matt Schuffert, President  
Hard Rock Casino Northern Indiana

Date 6/6/23