

**INDIANA GAMING COMMISSION
REGULAR MEETING**

9:00 A.M., JUNE 3, 1996

**Majestic Star Casino/Trump Indiana Pavilion
Buffington Harbor
Gary, Indiana 46046**

PRESENT: Commission members Alan Klineman, Chair; Ann M. Bochnowski, Vice-chair; Donald Vowels, Secretary; Thomas F. Milcarek; David E. Ross, Jr., M.D.; Robert W. Swan; Robert Sundwick; Staff members Jack Thar, Floyd Hannon, Kay Fleming, Cindy Dean, Frank Brady, Kendra Nigg, Phil Beck, Michelle Marsden and members of the public.

Call to Order and Roll Call

Chair Alan Klineman called the meeting to order at approximately 9:25 a.m., noting that a quorum was present.

Introduction of Mayor of Gary, Indiana

Chair Alan Klineman introduced Scott King, Mayor of Gary, who welcomed the audience and the Indiana Gaming Commission to the City of Gary. Mayor King wanted to recognize two individuals who were in the audience and one who was not, who deserve credit for what we saw unfolding in front of us. Two are from the respective Houses of State Legislation and have long and proudly served the great City of Gary. Their vision and hard work has contributed to this day; they are Senator Earlene Rogers and State Representative Charlie Brown. Also Mayor King recognized Former Mayor Thomas Barnes who was not present. It is exciting for all of Gary, Mayor King and Senator Rogers made trips to the site at different times last week and could see the pride and joy in the faces of the people of Gary on their first day on the job and that's what this whole project is all about. The real thing is the economic opportunity for the city of Gary, and that's what the Mayor believes our State Legislators and City Administration have been devoted to. Today is to be a day of enjoyment but also the first day of this project reaping the benefits for all the people of the City of Gary in our community. Thank you for being here to join us, everybody enjoy.

On behalf on the Commission, Chairman Alan Klineman congratulated Senator Rogers and Representative Brown for the fine work they did through the years and also Former Mayor Barnes, as they were very instructmental on getting us here today.

Report of the Executive Director

Executive Director Jack Thar pointed out to the Chairman that various numbers of the House and Senate were present. Chairman Klineman invited comments. Senator Earlene Rogers stated that as she looked around and saw several people from Indianapolis it reminds her of the early days of the fight when she was dubbed Mother of Casino Gaming because of the effort she put forth in the Legislation; she considers Casino Gaming her baby. When she went from the House to the Senate she gave the baby to Charlie Brown. Charlie Brown worked the deal through to the Senate and then was able to get the developers together. Senator Roger's gave the baby to the developers and now they are ready to turn the baby over to Mayor King. She thanked the Commission members for all their hard work and she was with them several years ago when they looked at this desolate site, but the project is complete because the Commission had faith in this project. As the Mayor said earlier that this is a day of rebirth for the City of Gary, with the opportunity for jobs, money coming into the city. Senator Rogers expressed a big thank you.

State Representative Charlie Brown would like to recognize that a dream has come true today, a dream they have worked so hard toward. Two of his colleagues House of Representative Tom Alevizos of Michigan City and Win Moses of Fort Wayne are present to help celebrate. This is truly magnificent and we are very proud.

24 Hour Gambling

Director Thar stated that the commission staff has received requests from Casino Aztar in Evansville, Trump Indiana and Majestic Star in Gary for 24 hour gaming operations. The staff has denied this request at the staff level, but has authorized 21 hours of gaming so long as the schedule does not have a cruise that ends later than 5 a.m. or begins earlier than 6:30 a.m. The staff feels at this time, the operating procedures of the 3 groups is not sufficient to guarantee the accounts will be accurate and the machines will be accounted for on a daily basis. There could be some policy issues that the commission wishes to discuss before allowing 24 hour gambling.

Johnson Act

Director Thar delivered to Don Barden of the Majestic Star Casino and Arnie Fleischman on behalf of the Trump Indiana, Inc. this morning a memo which outlines the United States Department of Justice (DOJ), through the United States Attorney's office of the Northern District of Indiana, advised Mr. Thar that a violation of the Johnson Act would occur if any gaming vessel cruises in Lake Michigan while gambling is occurring. The Johnson Act, according to DOJ, would not be violated if gambling occurs while the vessel is docked. Therefore, it is DOJ's opinion for a boat to cruise on Lake Michigan while gambling is occurring would be, at this time, a violation of the Johnson Act.

The memo further advises them that the 1995 Session of the Legislature amended Indiana Code 4-33-9-2 to reads as follows:

Sec. 2 (b) If the master of the riverboat reasonably determines and certifies in writing that:

- (4) the master has been notified that a condition exists that would cause a violation of federal law if the riverboat were to cruise; the riverboat may remain docked and gaming may take place.

The memo further instructs them to give a copy of this memorandum to the master of the respective vessel so that the master may make the determination as required by IC 4-33-9-2(b). Commissioner Ann Bochnowski asked if the boats had to stay tied up to the dock or could they float away from dock. Director Thar explained that if they boats leave the dock it would be considered cruising on Lake Michigan and it would be a violation of the Johnson Act. The Department of Justice will not take a different position as long as there appears to be legislative cure to the situation.

Someone in the audience asked if that means that people cannot come and go during the period of the cruise. Mr. Thar stated that was correct, aside from the boat being docked they still have to operate a phantom cruise schedule. You can get in at certain times, then the doors close, you may get off the boat anytime but you can't get back on. The reasons to get off are twofold: 1) if a person wins big and would like to leave before they decide to gamble any more and 2) in case of illness. However, no one can get on the boat beyond the boarding period.

Commissioner Robert Sundwick asked Executive Director Thar how soon he thought the Legislation would take action on the Johnson Act. Mr. Thar stated he thought sometime in October 1996. There are 2 vessels and 2 captains who would like nothing more than to sail their vessels on Lake Michigan, totally capable of doing so and to stay at the docks is just a waste of money and the goal is for these vessels to go out on Lake Michigan and cruise. Chairman Alan Klineman hopes that the Legislation does pass and the vessels are able to cruise.

Old Business

No old business

New Business

Continuation of Certificates of Suitability

Chairman Alan Klineman stated that the Commission needed to consider granting temporary Continuances of Certificates of Suitability pending a Commission meeting to address them in detail that applied to three Certificate holders and asked Mr. Thar to explain in more detail.

Showboat Marina Casino Partnership

Mr. Thar stated that Resolution 1996-35 pertains to the Certificate of Suitability issued to Showboat Marina Casino Partnership, reminding the Commission that their name change occurred when the public offering was approved. The Certificate of Suitability expires in July and Showboat has requested an extension. The staff recommends the extension to be passed and allow them the extension until June 21, 1996 as that will be the next date the commission will meet for the Hammond hearings. Showboat should be able to make a presentation at that time, as this is a 6 month renewal as opposed to the 12 month renewal.

ACTION: Resolution 1996-35, A Resolution Concerning an Extension of the Certificate of Suitability issued to Showboat Marina Casino Partnership on March 20, 1996, was adopted unanimously extending their Certificate of Suitability to June 21, 1996, on motion by Robert Swan, second by Ann Bochnowski.

Indiana Gaming Co., LP

Next, Resolution 1996-36 pertains to the Certificate of Suitability issued to Indiana Gaming Co., LP who has requested an extension. Their present extension is to expire on June 28, 1996, the staff recommends in this particular instance that the Certificate of Suitability be extended until August 16, 1996. The Commission has indicated it wishes to spend more time to consider this extension and would like to leave this matter for a meeting when there is no other major item on the agenda. Thus, the recommendation of the staff is to extend the Certificate of Suitability from June 28 to August 16, 1996. Commissioner Ann Bochnowski stated that at their last commission meeting, Mr. Thar indicated that Indiana Gaming Co., LP was making progress. Mr. Thar agreed and reminded the Commission that they allowed the an extension to raise \$235,000,000 by First Mortgage Note offering. That deal was priced last week and the interest rate on the \$235,000,000 First Montage Notes is 13 1/4 %. Extending the Certificate of Suitability to August 16, 1996 does not seem detrimental to the Commissions goals.

Chairman Alan Klineman added that the Commission will have a full hearing on the Indiana Gaming Company, LP and Showboat Marina Casino Partnership thus no one should read anything into these extensions. Good Progress has been made based on the knowledge of the staff. It is the duty of the Commission to hear all materials personally to make the appropriate judgement.

ACTION: Resolution 1996-36, A Resolution Concerning an Extension of the Certificate of Suitability issued to Indiana Gaming Company, L.P. on June 30, 1995, was adopted unanimously extending the Certificate of Suitability to August 16, 1996, on motion by Robert Sundwick, second by David Ross, Jr., M.D.

Rising Sun Riverboat Casino and Resort, LLC

Next, Resolution 1996-37 which pertains to the extension of the Certificate of Suitability for Rising Sun Riverboat Casino and Resort, LLC that expires on June 28, 1996. This is a 12 month renewal. The staff recommends an extension of August 16, 1996 so the Commission may hold a full hearing when there is not a major item on the agenda.

ACTION: Resolution 1996-37, A Resolution Concerning an Extension of the Certificate of Suitability issued to Rising Sun Riverboat Casino and Resort, LLC on June 30, 1995, was adopted unanimously extending their Certificate of Suitability to August 16, 1996, on motion by Thomas Milcarek, second by Ann Bochnowski.

Rules

Chief Counsel Kay Fleming introduced **Resolution 1996-38, A Resolution Adopting, as Final Rules, 68 IAC 1-1-54; 68 IAC 2-1-7; 68 IAC 3-3; 68 IAC 14-7; 68 IAC 14-8; 68 IAC 14-9; 68 IAC 14-10; 68 IAC 15-1; 68 IAC 15-6; AND 68 IAC 17-2.** Ms. Fleming outlined Article 3 Rule 3, Compliance for Minority and Women's Business Enterprises; Article 14, Rule 7, covers the specification for Roulette Wheels and Tables, Rule 8, Craps Tables, Rule 9 Big Six Table and Wheel Requirements, and Rule 10 Caribbean Stud Poker Table, Article 15, Rule 1, covers General Provisions for Accounting Records, and Rule 6 Admission Taxes, Article 17, Rule 2, covers Live Gaming Device Movements.

Ms. Fleming indicated that the Commission will also be adopting amendments to rules that have been fully promulgated to 68 IAC 1-1-54 "Irrevocable letter of credit" defined in Article 1, General Provisions and 68 IAC 2-1-7, "Bonds", Article 2, Licenses and Approvals. There was a public hearing on these rules and all comments have been considered. The transcript and all written comments have been provided to the commissioners. Upon adopting this resolution the rules will be sent to the Attorney General's office for a formal review and then be forwarded to the Governor's office for approval and to the Secretary of State's office for filing.

ACTION: Resolution 1996-38, A Resolution Adopting, as Final Rules, 68 IAC 1-1-54; 68 IAC 2-1-7; 68 IAC 3-3; 68 IAC 14-7; 68 IAC 14-8; 68 IAC 14-9; 68 IAC 14-10; 68 IAC 15-1; 68 IAC 15-6 AND 68 IAC 17-2, was adopted by unanimously vote, motion on Donald Vowels, second by David Ross, Jr. M.D.

Action on Application for Occupational License, Level 3

Director Thar explained that the staff has reviewed an Occupational License, Level 3 for a John N. Epperson, who has applied for the position of chief mate on one of the Gary boats, as opposed to a member of the casino. After a review of all materials, his application for employment has been denied by the staff. The staff recommends the Commission also deny his employment on the basis set forth below:

1. IC 4-33-8-7(5) provides that “The commission may refuse to issue an occupational license to an individual who...for just cause is considered by the commission to be unfit to hold an occupational license.”
2. The Commission has further promulgated rules that state that “An applicant whose duties will be to operate or navigate the riverboat must not have violated any criminal statute involving drugs or alcohol, or both, in any jurisdiction”, and “An applicant must be of good moral character and reputation.” 68 IAC 2-3-5(c)(9) and (13).

Mr. Thar stated he did not want to get into the exact nature of the conviction, but it does fit into the category of a conviction for the drugs or the alcohol in a foreign country. At this point and time the staff has denied it and if the Commission denies Mr. Epperson’s application, he will be able to appeal, if he so desires by filing the appropriate request. An administrative law judge will be appointed to review case. Chairman Alan Klineman asked if our rules requires him to be disqualified on its face. Mr. Thar stated that it does have that effect because he applied for a navigational position. The conviction would be classified as a felony in the United States, probation was transferred to the United States and the conviction falls within the rules that we have described.

ACTION: Commission Action on Application for Occupational Licence, Level 3 for John N. Epperson was unanimously **DENIED** by Commission, motion by Robert Swan, second by Ann Bochnowski.

Consideration for Permanent Licenses

Director Thar explained that, by statute and rules, a group who wishes to have a Gaming License must comply with certain items. These include, but are not limited to: possessing all appropriate permits, posting a bond, having insurance in place, having a certificate of inspection from the United States Coast Guard. At this time we will be confirming if Trump and Majestic Star have completed this task. The Commission will award each a permanent license later today subject to the successful conclusion of the play money cruise, passing the scenarios. At the time of the awarding of the license, it will be on condition on the following: they successfully complete 15 hours of live gaming on each boat which is scheduled for June 7 (Majestic Star) and June 8 (Trump) and subject to the staff allowing them to engage in full time gaming based on the how their systems function during a live gaming scenario, how their tax collection methods work, whether or not they would be able to pay their gaming tax and their admission tax on the next day.

Mr. Thar asked that Arnie Fleischman and Robert Pickus from the Trump Indiana, Inc. Organization step forward. Director Thar asked Ms. Fleming, Chief Counsel if in fact she received all permits that was required for them to operate. Ms. Fleming stated that she had received them by fax on Friday and Saturday. The bond has been filed and has been approved. They will be able to start regular gaming on June 11, 1996. Ms. Fleming also stated that she has received a letter from Virginia Dill McCarty that Ms. McCarty has reviewed their insurance coverage and it meets the Indiana Gaming Commission requirements. Trump has also received a certificate of inspection from the Coast Guard. Ms. Fleming, indicated that based upon her experience in these matters, in her legal opinion, Trump Indiana, Inc. has complied with the statutory and other technical requirements necessary for licensure, subject to passing the series of test with both play money and real money.

ACTION: Consideration to Grant a Permanent License for Trump Indiana, Inc., per the conditions outlined by Director Jack Thar, to begin live gaming on June 11, 1996, was **GRANTED** on motion by Robert Sundwick, second by Ann Bochnowski.

Mr. Thar asked that Don Barden, Tom Bonner and Paul Sykes from the Majestic Star Casino, LLC step forward. Director Thar asked Ms. Fleming Chief Counsel if in fact she received all permits that was required for them to operate. Ms. Fleming stated that she had received them by fax on Friday and Saturday. The bond has been filed and has been approved. They will be able to start regular gaming on June 11, 1996. Ms. Fleming also stated that she has received a letter from Virginia Dill McCarty that Ms. McCarty has reviewed their insurance coverage and it meets the Indiana Gaming Commission requirements. Majestic Star has received a certificate of inspection from the Coast Guard. Mr Thar asked if there was going to be any restrictions on that Certificate. Ms. Fleming indicated there were some restrictions, an Commander Hasseler is working with Majestic Star to resolve the restrictions. Mr. Thar asked if those restrictions would keep the Commission from issuing the license today. Ms. Fleming indicated the restrictions were minor and did not affect the safety of the vessel. Ms. Fleming, indicated that based upon her experience in these matters, in her legal opinion, Majestic Star Casino, LLC has complied with the statutory and other technical requirements necessary for licensure, subject to passing series of test with both play money and real money.

ACTION: Consideration to Grant a Permanent License to Majestic Star Casino, LLC per the conditions outlined by Director Jack Thar, to begin live gaming on June 11, 1996, was **GRANTED** on motion by Robert Swan, second by Thomas Milcarek.

Chairman Alan Klineman stated that a ceremony would be held at 4:30 p.m. to issue licenses.

Other business

Director Thar has been advised that the attorney representing the plaintiffs in the lawsuit against Trump Indiana, Inc, Majestic Star Casino, LLC and the Indiana Gaming Commission would like to speak. Mr. Charles Graddick, Attorney asked that the Commission look into the Certificates

of Suitability that were awarded to Trump Indiana, Inc. and Majestic Star Casino, LLC to make sure that they comply with everything contained in the Certificates of Suitability, specifically in the area of the investors and minority business participation.

Next Meeting

The next meeting of the Indiana Gaming Commission will be in Hammond, Indiana, on Friday, June 21, 1996 at the Empress Pavilion. The exact time of the meeting will be announced at a later date.

Adjourn

The meeting was adjourned at approximately 10:10 a.m. by unanimous Commission vote upon motion by Ann Bochnowski, second by Tom Milcarek.

Respectfully submitted,

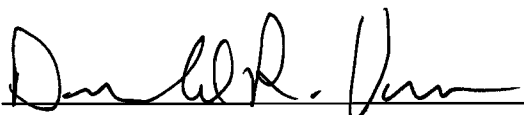

Michelle Marsden

THE INDIANA GAMING COMMISSION:



Alan I. Klineman, Chair

ATTEST:



Donald R. Vowels, Secretary