

# ORIGINAL TRANSCRIPT

BEFORE THE INDIANA GAMING COMMISSION  
REGULAR BUSINESS MEETING

TRANSCRIPT OF PROCEEDINGS

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DATE: April 30, 2004

PLACE: Indiana Gaming Commission  
115 West Washington Street  
Suite 950  
Indianapolis, Indiana

REPORTED BY:  
Bobbette Bedinger Meis, Notary Public, RPR, CSR

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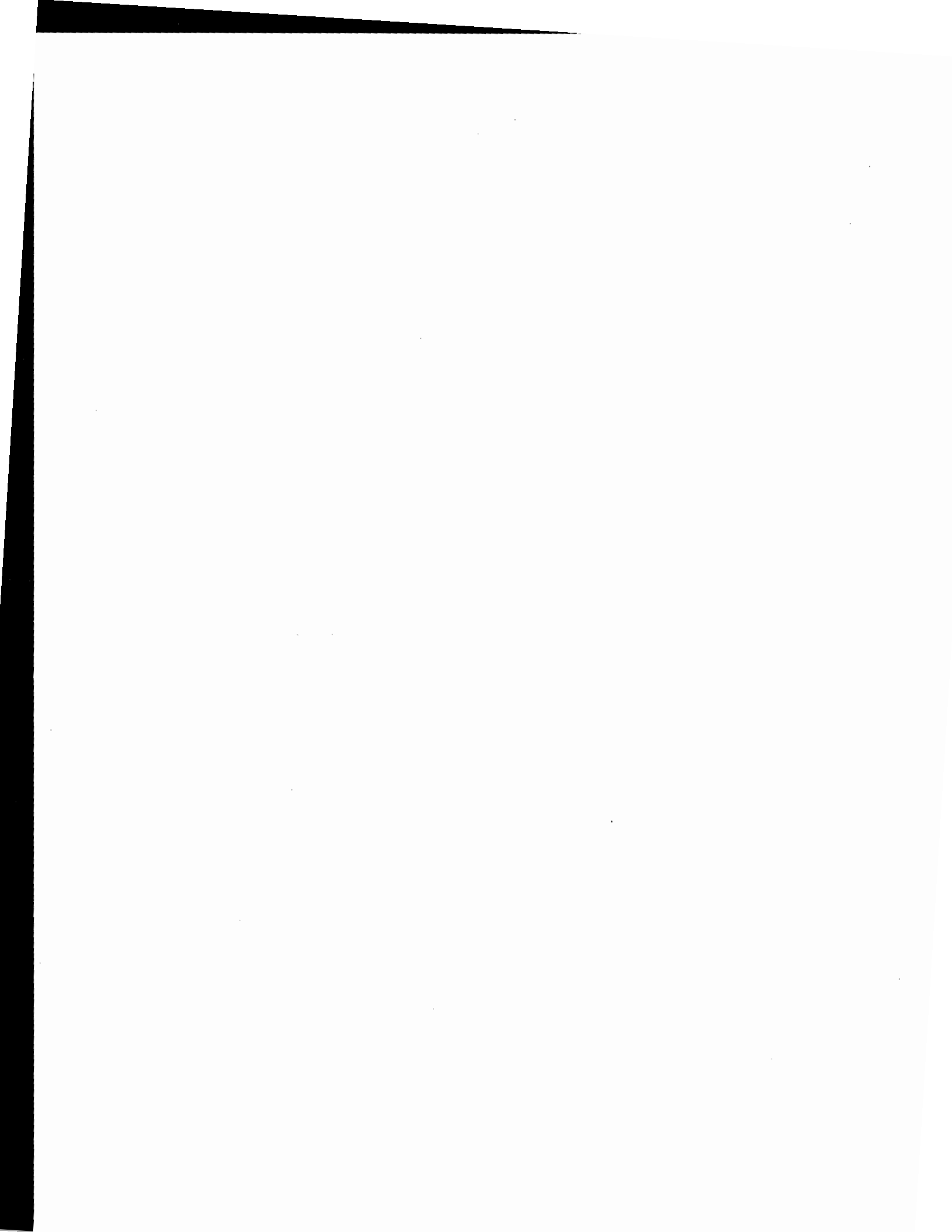


1 APPEARANCES

2  
3 Glenn R. Lawrence, Esquire  
4 INDIANA GAMING COMMISSION  
5 115 West Washington Street  
6 South Tower, Suite 950  
7 Indianapolis, Indiana 46204

8  
9 Also Present:

10 Donald R. Vowels, Chairman  
11 Ann Bochnowski, Vice-Chairman  
12 Thomas Milcarek, Secretary  
13 Dale Gettelfinger  
14 Marya Rose  
15 I. Maurice Ndukwu  
16  
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INDIANA GAMING COMMISSION

REGULAR BUSINESS MEETING

MAY 30, 2004

MR. VOWELS: We'll go ahead and call the meeting to order. It is precisely ten. We do have a quorum. We've got everyone here today on the Gaming Commission, all six of the present members, so we will call the meeting to order.

First the matter, then, on the agenda today is the approval of the minutes from the February 6, 2004, meeting. We've had all -- an opportunity to review those minutes. Is there a motion in reference to the minutes?

MR. MILCAREK: So moved.

MR. VOWELS: Is there a second?

MR. GETTELFINGER: Second.

MR. VOWELS: Any further discussion?

All of those in favor of adopting the minutes say aye.

(All Commission members present say aye.)

MR. VOWELS: Show they are adopted.

And then the next matter on the



1 agenda is the report of the Executive  
2 Director. Mr. Lawrence, what do you have  
3 for us?

4 MR. LAWRENCE: Thank you, Mr.  
5 Chairman.

6 First, I would like to introduce to  
7 you a person I report to in the governor's  
8 office, Kevin Murray is in the back. He's  
9 special counsel to Governor Joe Kernan. This  
10 is his first meeting. He's learning all  
11 about the industry.

12 I'll now report waivers that I  
13 granted since our last meeting. Horseshoe  
14 was granted a temporary waiver of the  
15 roulette chip reserve set requirement. They  
16 had a special guest come in. Trump was  
17 granted a waiver of the progressive pot  
18 requirements to transfer the Pai Gow Poker  
19 progressive pot to the Caribbean Stud  
20 progressive pot after notification to the  
21 patrons this was going to happen over a  
22 period of time. Caesars was granted a  
23 waiver of token accepters on the electronic  
24 gaming devices. Belterra was granted a  
25 waiver to alter it's emergency response plan





1 practice for the first quarter of 2004.

2           Waivers I denied, Blue Chip requested  
3 the ability to offer a single deck blackjack  
4 with a payout of 6 to 5. That request was  
5 denied. And Horseshoe requested the ability  
6 to cash non-payroll casino checks at their  
7 facility. This would -- they requested to  
8 be able to allow other casino checks to be  
9 cashed at their casino, and I denied that  
10 request, also. We saw no difference between  
11 other casinos and other businesses and,  
12 therefore, we didn't feel that that was what  
13 we wanted to be doing.

14           Also, I have a supplier withdrawal,  
15 Sierra Design Group. On February 6th, the  
16 Commission adopted Resolution 2004-7 which  
17 approves the transfer of ownership interest  
18 in supplier licensee Sierra Design Group.  
19 Transfer would result in Alliance, also a  
20 supplier licensee, owning 100 percent of  
21 Sierra Design. And the resolution granted  
22 Sierra Design's request to withdraw its  
23 supplier's license once the transaction was  
24 completed. We were notified on March 2nd  
25 that the transaction was completed and,



1 therefore, at that time Sierra Design  
2 relinquished its supplier's license pursuant  
3 to that resolution.

4 Finally, a staff change. We have a  
5 new attorney on board. That's Katherine  
6 Hood, doing a great job in the short period  
7 of time she's been here.

8 And that's my report.

9 MR. VOWELS: Any questions for Mr.  
10 Lawrence on any of those matters?

11 Then we go to old business. Is there  
12 any old business?

13 MR. LAWRENCE: No, sir.

14 MR. VOWELS: And under new business,  
15 we're up to the appointment of the  
16 administrative law judge. Is that where we  
17 would be under new business?

18 MR. LAWRENCE: Yes. If you recall,  
19 previously our administrative law judge was  
20 Buddy Pilot, and he was appointed a judge  
21 vacancy in a court in Hamilton County, and,  
22 therefore, we had to find a new  
23 administrative law judge, and we've entered  
24 into a contract with David Rimstidt. David  
25 previously was a Marion County judge and is



1 now a partner in a mediation firm here in  
2 Indianapolis. And, therefore, I would ask  
3 for your permission, we need, by our statutes  
4 and by our regulations, that you need to  
5 approve that. So, you will see an  
6 appointment of an administrative law judge,  
7 and we request that you approve that.

8 MR. VOWELS: In our packet is the  
9 appointment of Administrative Law Judge David  
10 L. Rimstidt.

11 Is there a motion in reference to the  
12 appointment of Mr. Rimstidt?

13 MR. GETTELFINGER: Move to approve.

14 MR. VOWELS: Is there a second?

15 MS. BOCHNOWSKI: Second.

16 MR. VOWELS: Any further discussion?

17 All of those in favor say aye.

18 (All Commission members present say  
19 aye.)

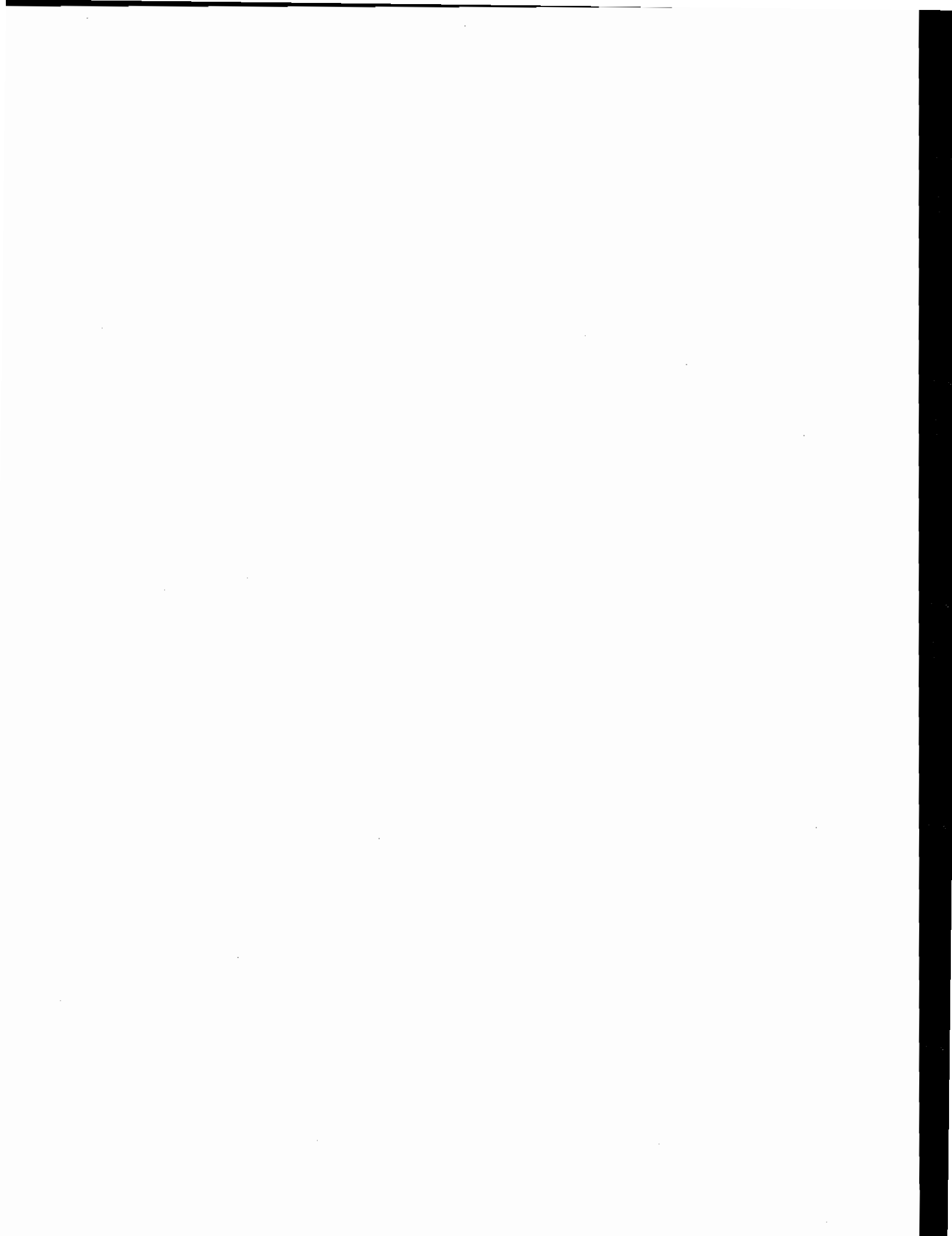
20 MR. VOWELS: Show it is approved.

21 And then we go to the deputy director  
22 on the Orange County update.

23 Miss Arnold, what do you have for us?

24 MS. ARNOLD: Thank you, Mr. Chairman.

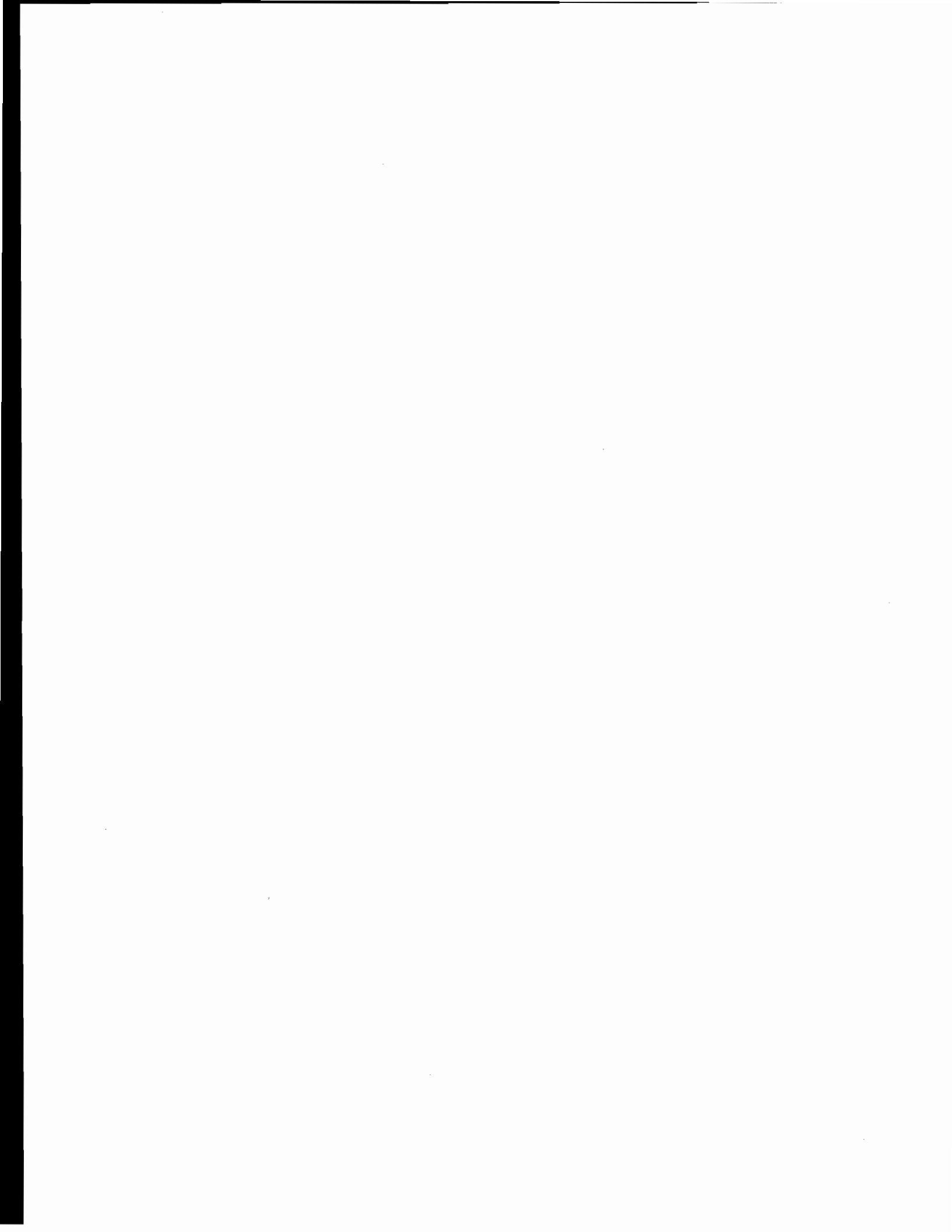
25 We received three proposals for the



1 Orange County project on the 23rd. We  
2 forwarded those proposals to SPIA so they can  
3 begin their analysis. We also continue to  
4 investigate the financing, the finances of  
5 each applicant, and the background  
6 investigative unit continues to investigate  
7 key people. The proposals have been provided  
8 to the Historic Hotel Preservation Commission  
9 and to local elected officials in Orange  
10 County for their review under a  
11 confidentiality agreement.

12 The Historic Hotel Preservation  
13 Commission asked for a three-week period to  
14 conduct negotiations with the applicants.  
15 The negotiations begin on Monday. We expect  
16 a report from them no later than May 17th.  
17 At that time, if agreements have not been  
18 reached, then we will, as a staff we will  
19 assess where they're at, what type of  
20 resources they may need to reach agreement  
21 and make any necessary decisions about  
22 timing.

23 While we are still targeting late  
24 summer, I think that Staff knows that we  
25 need to be flexible with that timing so that





1 we make sure we complete all the key person  
2 investigations and have a thorough review of  
3 the finances, and we also want to be  
4 sensitive to the needs of the local community  
5 and the applicants in their negotiations so  
6 they have adequate time to assess their needs  
7 and to reach an agreement that meets the  
8 needs of both the community and the  
9 applicants.

10 And if you have any questions, I'd be  
11 glad to answer them.

12 MR. VOWELS: Any questions for Miss  
13 Arnold?

14 All right. Thank you.

15 MR. LAWRENCE: Mr. Chairman, at this  
16 time maybe you want to recognize Mr.  
17 Gettelfinger.

18 MR. VOWELS: Oh, yes. Mr.  
19 Gettelfinger, you'll be recusing yourself in  
20 the matters of the Orange County licensing?

21 MR. GETTELFINGER: Yes. To explain  
22 that, my name is Dale Gettelfinger, and I'm  
23 the president and chief executive officer of  
24 Monroe, Shine & Cohen, CPAs. We have  
25 offices in southern Indiana. And among our



1 clients is Fuzzy Zeller, a local professional  
2 golfer and his business entities. It has  
3 been announced that Mr. Zeller may have  
4 responsibilities with the Trump Casino should  
5 they be fortunate enough to receive that  
6 contract. So, I believe it's in the best  
7 interest of me, the Commission and the  
8 citizens of Indiana if I abstain from the  
9 deliberations of the Executive Commission on  
10 the Orange County matters and will not be  
11 voting on that matter.

12 MR. VOWELS: Thank you.

13 All right, then. The next matters,  
14 then, are the occupational license matters.

15 Miss Brodnan.

16 MS. BRODNAN: Good morning. The  
17 first matter is the occupational license of  
18 Steven Kunkel. On May 13, 2003, Mr. Kunkel  
19 was granted a temporary Level 1 license to  
20 work as a captain master at Trump Casino.  
21 The Gaming Enforcement Division began an  
22 investigation into his background and  
23 discovered that he did not disclose  
24 information regarding his criminal history  
25 and that he falsely stated information



1 regarding two previous gaming jobs and the  
2 reasons he left those jobs.

3 Pursuant to Indiana code, the  
4 Commission may refuse to issue a license to  
5 an individual who does not disclose or  
6 falsely discloses information required by the  
7 application. Pursuant to gaming regulations,  
8 the Executive Director may revoke a temporary  
9 badge if it's determined that the  
10 investigation reveals that the individual is  
11 not suitable for licensure.

12 Based on Mr. Kunkel's failure to  
13 accurately and completely disclose  
14 information, Commission staff determined that  
15 he is unsuitable for licensure. Commission  
16 staff formerly advised Mr. Kunkel of this on  
17 March 16th when his temporary badge was  
18 revoked. You will need to vote to grant or  
19 deny his application for an occupational  
20 license. Commission staff recommends that  
21 you deny the application. If you do so, he  
22 will have the opportunity to appeal.

23 MR. VOWELS: Any questions for Miss  
24 Brodnan in reference to this? Let's go  
25 ahead take care of this.



1 This is the Commission action on  
2 revocation of temporary license and denial of  
3 application for a permanent occupational  
4 application license of Steven Kunkel.

5 Is there a motion to deny or approve  
6 the application for the occupational license  
7 of Mr. Kunkel.

8 MS. ROSE: Move to deny.

9 MR. VOWELS: Is there a second?

10 MR. NDUKWU: Second.

11 MR. VOWELS: Any further discussion?

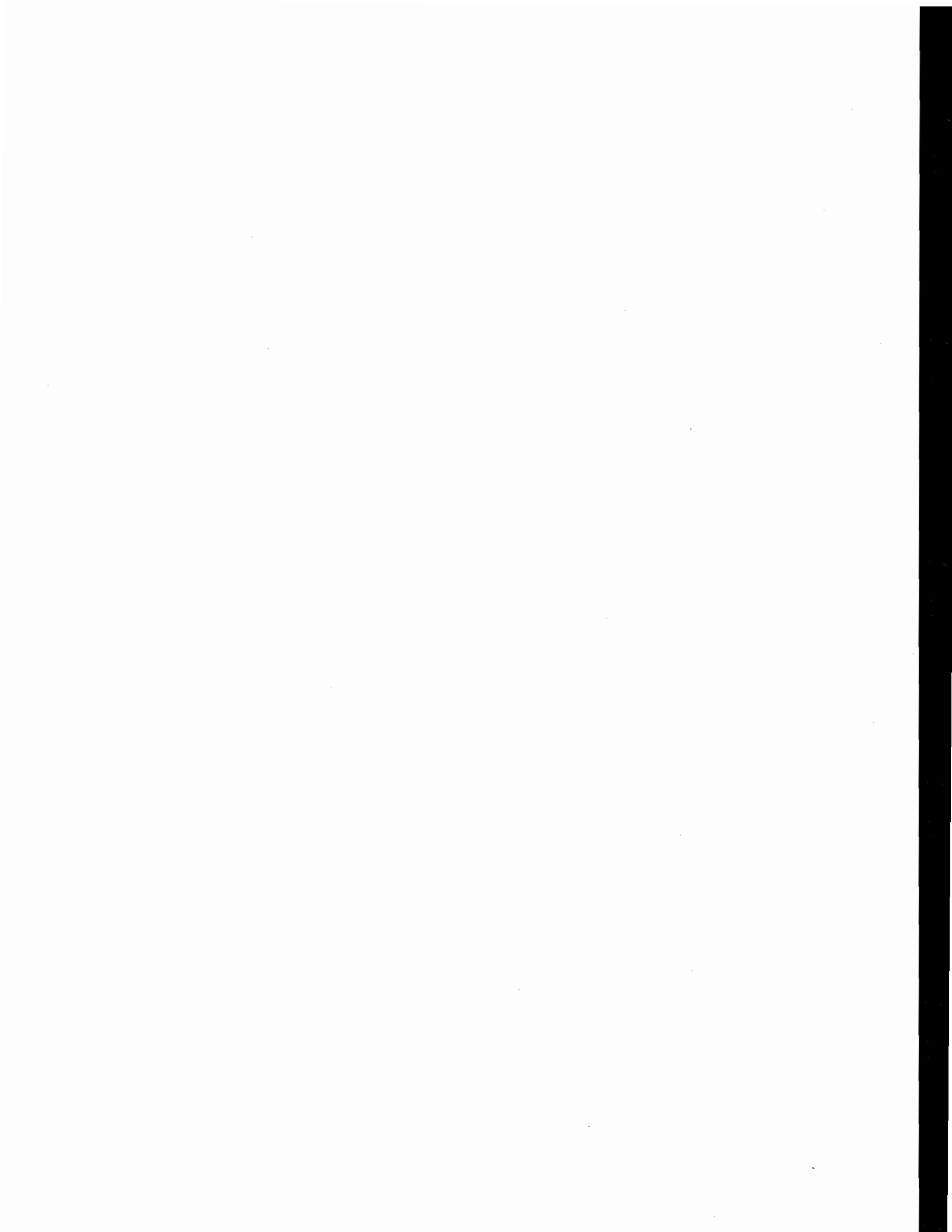
12 All of those in favor of the denial  
13 say aye.

14 (All Commission members present say  
15 aye.)

16 MR. VOWELS: Show the license is  
17 denied.

18 Do you have another one for us?

19 MS. BRODNAN: Yes. The next involves  
20 Aaron Norman. On August 27, 2003, Mr.  
21 Norman was issued a Level 2 occupational  
22 license to work at Argosy Casino. On  
23 November 20, 2003, his employment was  
24 terminated after it was discovered he  
25 committed a theft during the performance of





1 his duties. He completed a written statement  
2 where he admitted to taking money without  
3 authorization. Therefore, Commission staff  
4 revoked his temporary license and denied his  
5 application for a permanent license. You  
6 will need to vote to grant or deny his  
7 application, which the Staff recommends you  
8 deny the application. And if do so, he will  
9 have the opportunity to appeal.

10 MR. VOWELS: Any questions of Miss  
11 Brodnan?

12 And we have in front of us the  
13 Commission action on the revocation of the  
14 temporary license and denial of application  
15 for a permanent occupational license of Aaron  
16 Norman.

17 Is there a motion to approve or deny  
18 the application?

19 MS. BOCHNOWSKI: Move to deny.

20 MR. VOWELS: Is there a second?

21 MR. GETTELFINGER: Second.

22 MR. VOWELS: Any further discussion?  
23 All those in favor say aye.

24 (All Commission members present say  
25 aye.)



1 MR. VOWELS: Show it is denied.

2 You have one more?

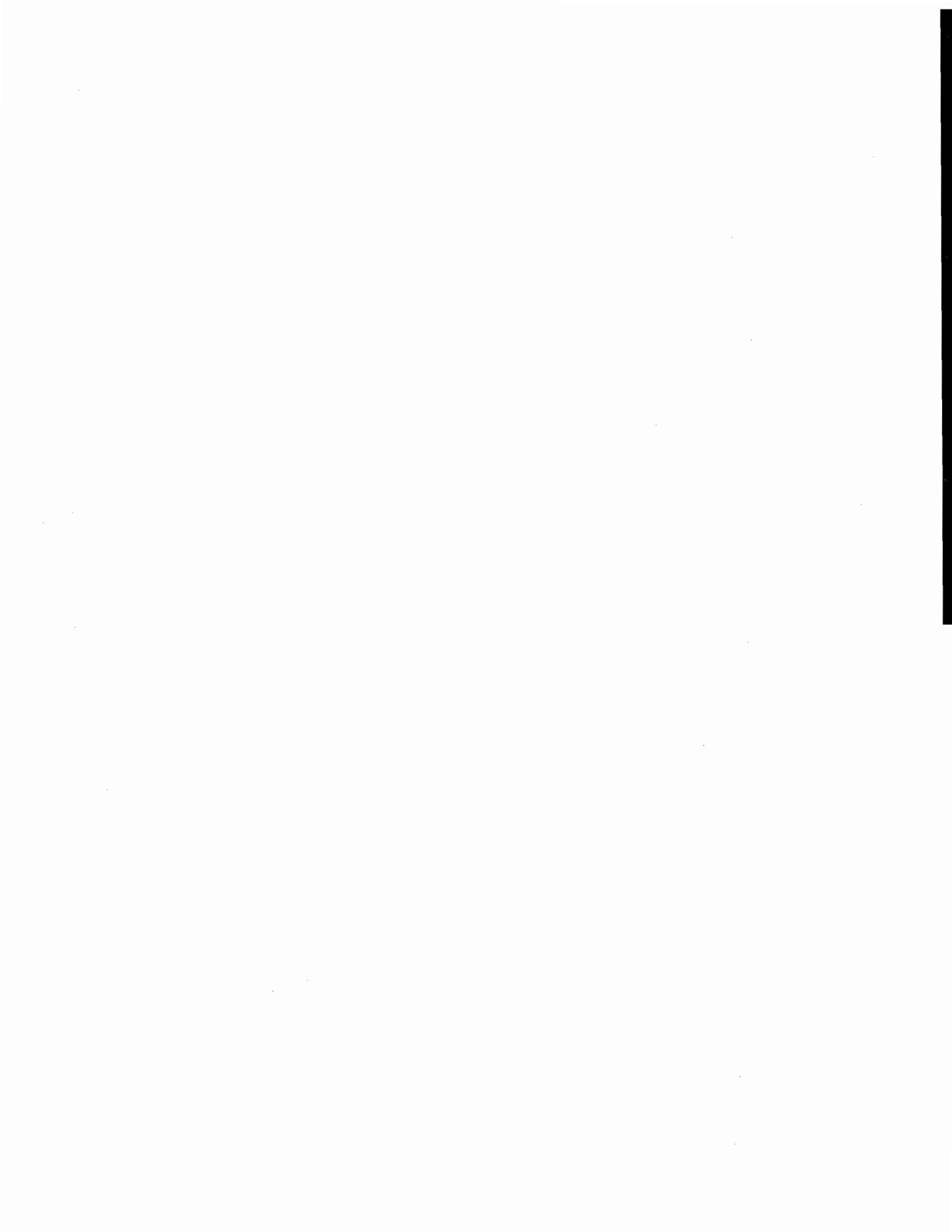
3 MS. BRODNAN: Yes.

4 Douglas Smith submitted an application  
5 for a Level 2 license on February 18, 2004,  
6 to work as a security manager at Buffington  
7 Harbor. Pursuant to Indiana code, Mr.  
8 Smith's application was denied due to his  
9 disclosure that he had been convicted of a  
10 felony. On February 23, Mr. Smith submitted  
11 a request for a waiver of that  
12 disqualification. A hearing was held to  
13 consider his request on April 12, 2004, on  
14 the property of Majestic Star in Gary. I  
15 acted as the review officer and submitted  
16 written Findings of Fact and Recommendation  
17 to you that his request for a felony waiver  
18 be granted. Commission staff recommends that  
19 you adopt that recommendation and grant his  
20 request.

21 MR. VOWELS: Thank you.

22 Any questions for Miss Brodnan?

23 What we have here is the Indiana  
24 Gaming Commission order concerning the felony  
25 waiver request for Mr. Douglas Smith. This



1 is for us to adopt or reject the  
2 recommendation of the new officer granting a  
3 request for the waiver.

4 Is there a motion to adopt or reject  
5 the recommendation?

6 MR. MILCAREK: I move to adopt the  
7 recommendation.

8 MR. VOWELS: Is there a second?

9 MR. NDUKWU: I would second.

10 MR. VOWELS: Any further discussion?

11 All those in favor say aye.

12 (All Commission members present say  
13 aye.)

14 MR. VOWELS: Show it is adopted.

15 That's all of that.

16 Ms. Marsden, we go to you on  
17 supplier's licenses.

18 MS. MARSDEN: Thank you.

19 Resolution 2004-14 is considering  
20 renewal of supplier's licenses. On July the  
21 11th of 2003 pursuant to Resolution 2003-28  
22 and 2003-29, the Commission renewed the  
23 supplier licenses of Casino Data Systems,  
24 Konami Gaming, Inc., ServiceMaster by  
25 Wallace, Inc., Shuffle Master, Inc., and



1 Sigma Game, Inc. Conditions are placed on  
2 the supplier's license that they must renew  
3 annually a request for renewal to supplier's  
4 license at least 30 days before the  
5 expiration of a license in accordance with 68  
6 IAC 2-2-8. Commission staff has received the  
7 request and the annual renewal fees. The  
8 supplier license fees remain suitable for  
9 licensure.

10 MR. VOWELS: Any questions?

11 In front of us is Resolution 2004-14.  
12 It's A Resolution Concerning the Renewal of  
13 Supplier's License that we referred to.

14 Is there a motion in reference to  
15 this resolution?

16 MR. GETTELFINGER: Yes.

17 MR. MILCAREK: Second.

18 MR. VOWELS: Any further discussion?

19 All of those in favor say aye.

20 (All Commission members present say  
21 aye.)

22 MR. VOWELS: Show the resolution is  
23 approved.

24 And then you've got 2004-15?

25 MS. MARSDEN: Correct Resolution





1 2004-15 is concerning the granting of  
2 supplier's licenses to NRT Technology Corp.,  
3 Western Money Systems, Glory USA, Inc., and  
4 Southwest Surveillance Systems. The  
5 Commission staff has reviewed and received  
6 the supplier's applications and PF1's and  
7 received the application fee for both  
8 supplier application and the PF1's. A  
9 preliminary review of applications has  
10 indicated that these companies meet the  
11 criteria set forth in IAC 4-33-7-3 for  
12 licensure as a supplier.

13 So, before you is 2004-15 to grant  
14 the supplier licensees to the above named  
15 suppliers.

16 MR. VOWELS: Thank you.

17 Any questions for Miss Marsden?  
18 Resolution 2004-15 -- did you have a  
19 question?

20 MS. BOCHNOWSKI: Huh-uh. I'm just  
21 waiting until you finish your thing.

22 MR. VOWELS: This is a resolution  
23 granting temporary supplier's license to NRT  
24 Technology Corp., Western Money Systems,  
25 Glory U.S.A., Inc., and Southwest



1 Surveillance Systems.

2 Is there a motion in reference to  
3 this resolution?

4 MS. BOCHNOWSKI: I move to adopt.

5 MR. VOWELS: Is there a second?

6 MR. GETTELFINGER: Second.

7 MR. VOWELS: Any further discussion?

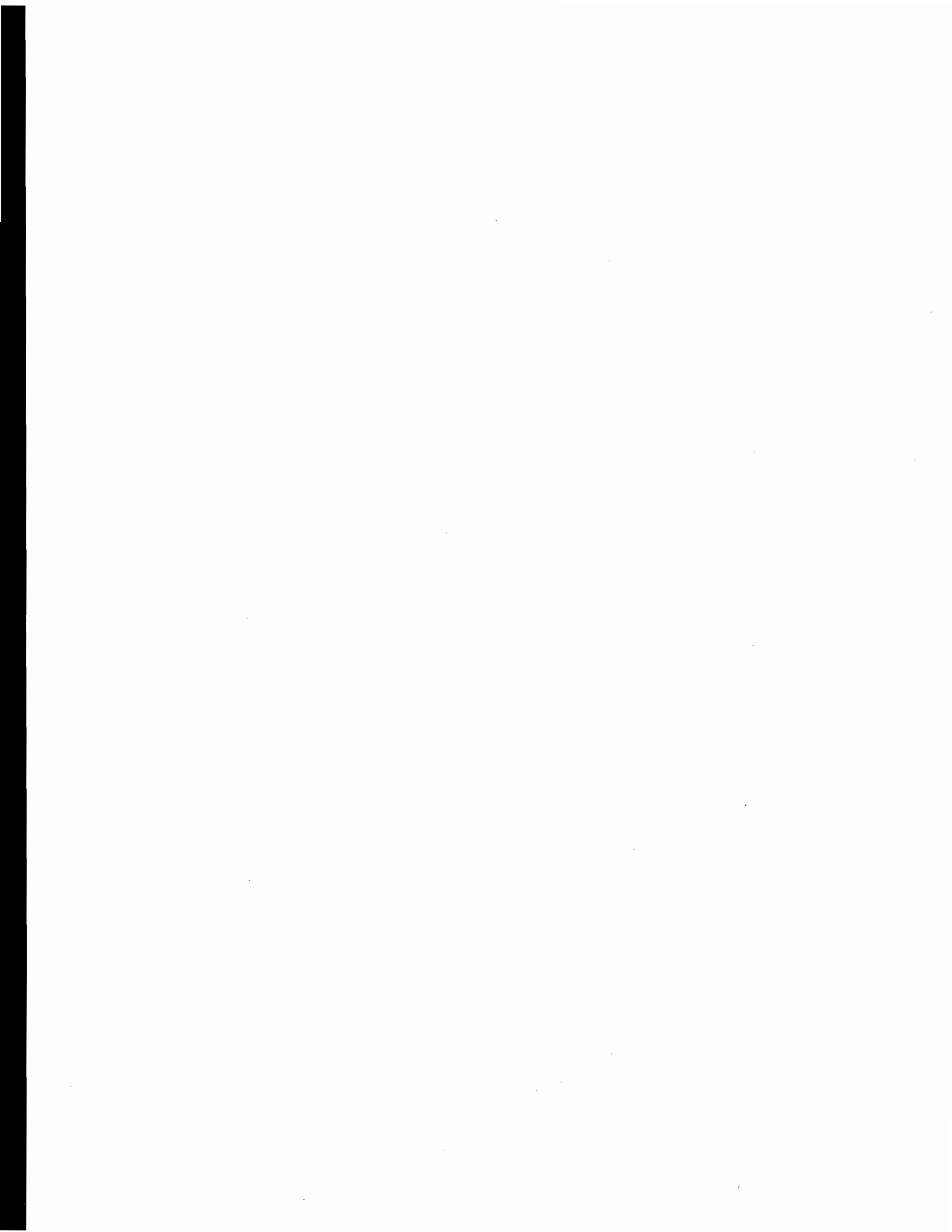
8 All of those in favor say aye.

9 (All Commission members present say  
10 aye.)

11 MR. VOWELS: Show the resolution is  
12 adopted.

13 And then the next matter I show is  
14 Resolution 2004-19. Do we have that in our  
15 packet somewhere? Go ahead and I'll find  
16 it.

17 MS. MARSDEN: Resolution 2004-19 is a  
18 request of Hasgoe Cleaning Systems, Inc., to  
19 withdraw their supplier's license.  
20 Commission granted Hasgoe supplier's a  
21 supplier's license on May 29th of 2001.  
22 Hasgoe is requesting to withdraw the  
23 supplier's license due to lack of business  
24 with the riverboats. The Commission needs to  
25 grant or deny their request.



1 MR. VOWELS: All right. Any  
2 questions for Miss Marsden? In reference to  
3 Resolution 2004-19 is a resolution concerning  
4 the request of Hasgoe Cleaning Systems, Inc.,  
5 to withdraw their supplier's license. Is  
6 there a motion to deny or request the  
7 withdrawal.

8 MR. GETTELFINGER: Move to grant.

9 MR. VOWELS: Is there a second?

10 MS. ROSE: Second.

11 MR. VOWELS: Any further questions?

12 All of those in favor say aye.

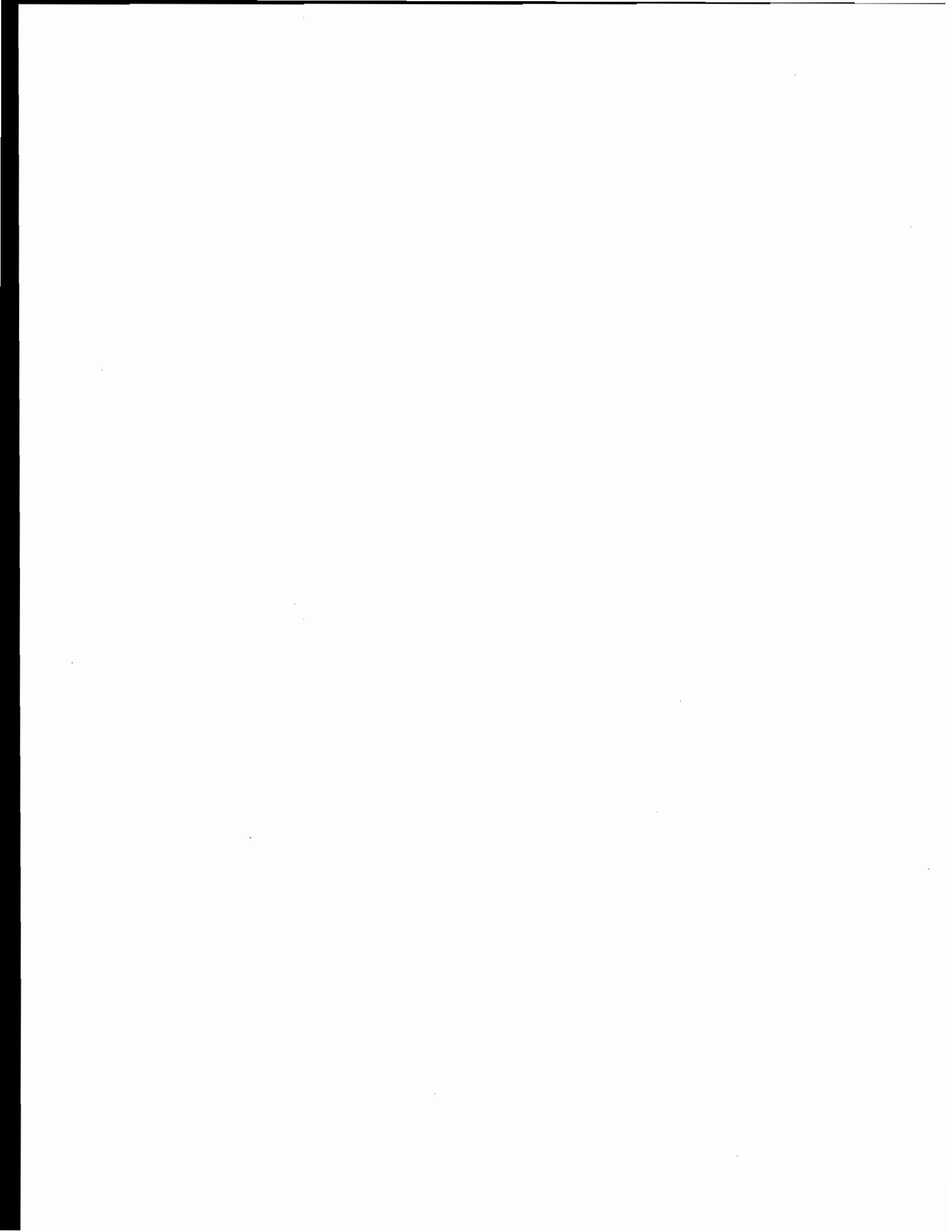
13 (All Commission members present say  
14 aye.)

15 MR. VOWELS: That takes care of you,  
16 Miss Marsden, I guess, forever, right?

17 MS. MARSDEN: Well, for today.

18 MR. VOWELS: And Miss Brodnan, we're  
19 back to you on denial of licensure.

20 MS. BRODNAN: Yes. You have before  
21 you Resolution 2004-16 regarding Miller Pizza  
22 Company, Inc. Miller Pizza submitted an  
23 application for a supplier's license in  
24 December 2002. An investigation conducted by  
25 the Gaming Enforcement Commission revealed



1 issues relative to the company's suitability  
2 for licensure. Specifically, Miller Pizza  
3 failed to notify the Commission of a change  
4 in ownership, failed to notify of an  
5 unsatisfied judgment against the company,  
6 failed to notify of open tax liens filed  
7 against the company and failed to provide  
8 documentation regarding these matters when  
9 requested by investigators. It was also  
10 discovered that a key person of the company  
11 was arrested in 2003 on felony charges.

12           Upon review of the information  
13 uncovered during the investigation,  
14 Commission staff has determined that Miller  
15 Pizza is not suitable to hold a supplier's  
16 license and recommends that you deny the  
17 application.

18           MR. VOWELS: Any questions for Miss  
19 Brodnan?

20           Resolution 2004-16 is a resolution  
21 denying a supplier's license to Miller Pizza  
22 Company, Inc.

23           Is there a motion in reference to  
24 this resolution?

25           MR. MILCAREK: Move to deny.





1 MR. VOWELS: Is there a second?

2 MS. BOCHNOWSKI: Second.

3 MR. VOWELS: Any further discussion?

4 All those in favor say aye.

5 (All Commission members present say  
6 aye.)

7 MR. VOWELS: Show the motion is  
8 denied.

9 And Miss Brodnan, we're still with  
10 you.

11 MS. BRODNAN: Yes. You have before  
12 you Resolution 2004-17 regarding United  
13 States Playing Card. U.S. Playing Card was  
14 issued a temporary supplier's license in  
15 1995. It's parent company is it Bicycle  
16 Holding, Inc. On or about February 27th of  
17 this year, Bicycle signed a letter of intent  
18 whereby it will enter into an agreement with  
19 Jarden Corporation to transfer 100 percent of  
20 Bicycle stock. Upon completion, U.S. Playing  
21 Card will be a wholly-owned subsidiary of  
22 Jarden. The transaction is suspected to  
23 close in the summer of 2004. U.S. Playing  
24 Card has provided assurance that there is no  
25 transfer of ownership interest in U.S.



1 Playing Card and there will no new key  
2 people or substantial owners introduced;  
3 therefore, U.S. Playing Card has requested  
4 approval of the transaction and a waiver of  
5 any background investigations related to this  
6 transaction.

7 MR. VOWELS: Any questions for Miss  
8 Brodnan?

9 Resolution 2004-17 concerns a request  
10 for U.S. Playing Card Company for approval of  
11 the acquisition of parent company Bicycle  
12 Holding, Inc. Is there a reference in  
13 reference to, looks like it's in two parts,  
14 to grant or deny their request for the  
15 approval of the acquisition and then to grant  
16 or deny the request for the waiver of the  
17 related background investigations? If  
18 someone wants to make a motion wrapping those  
19 two together, that might work.

20 MR. GETTELFINGER: I'd like to move  
21 that we grant the approval and that we grant  
22 the request for waiver.

23 MR. VOWELS: All right. Is there a  
24 second?

25 MS. BOCHNOWSKI: Second.



1 MR. VOWELS: Any further discussion?

2 All those in favor say aye.

3 (All Commission members present say  
4 aye.)

5 MR. VOWELS: Motion granted.

6 Miss Brodnan, still with you.

7 MS. BRODNAN: Yes.

8 Shuffle Master, Inc., was issued a  
9 permanent supplier's license in 1998. On  
10 February 20th of 2004, Shuffle Master and  
11 Casinos Austria Research and Development  
12 signed a letter of intent whereby Shuffle  
13 Master will acquire all the stock and other  
14 equity interest of Casino Austria and its  
15 subsidiaries. Upon completion, Casino  
16 Austria will be a wholly-owned subsidiary of  
17 Shuffle Master. The transaction is expected  
18 to close in mid May. Shuffle Master has  
19 provided assurance that there is no transfer  
20 of ownership interest Shuffle Master and  
21 there will new key people or substantial  
22 owners introduced; therefore, Shuffle Master  
23 has requested a waiver of any background  
24 investigations. Shuffle Master further  
25 acknowledges that it will be required to



1 receive all necessary approval and testing of  
2 all new products that will be distributed  
3 pursuant to this acquisition. Commission  
4 staff recommends that you approve the  
5 transaction and their request for a waiver of  
6 investigation.

7 MR. VOWELS: Any questions for Miss  
8 Brodnan?

9 Resolution 2004-18 concerns a request  
10 of Shuffle Master Inc., for approval of the  
11 acquisition of Casinos Austria Research and  
12 Development. It comes in two parts as did  
13 the last one. Is there a motion in  
14 reference to granting and denying and  
15 granting and denying?

16 MR. GETTELFINGER: I move we grant  
17 the approval of the acquisition and grant for  
18 request of waiver.

19 MR. VOWELS: Is there a second?

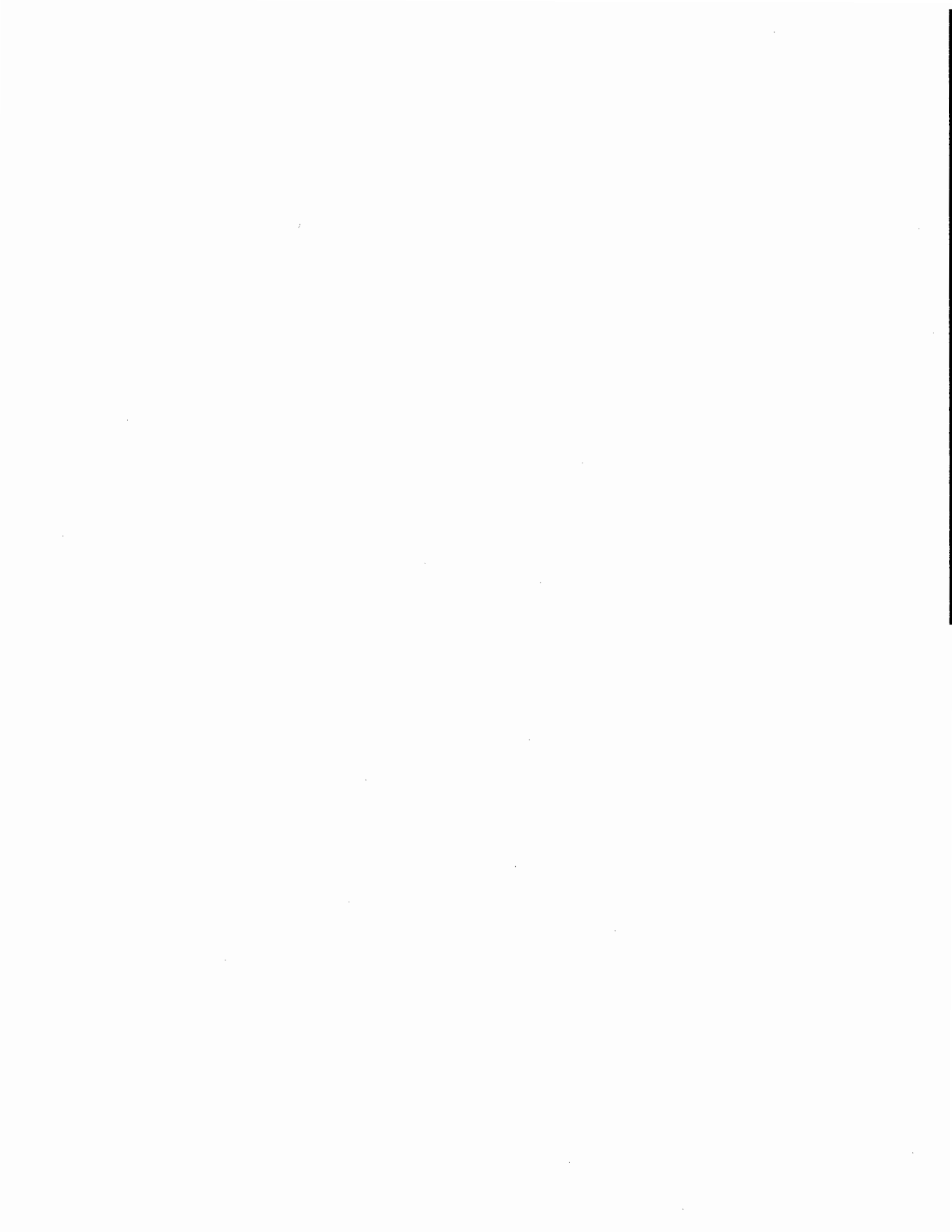
20 MR. MILCAREK: Second.

21 MR. VOWELS: Any further discussion?

22 All those in favor say aye.

23 (All Commission members present say  
24 aye.)

25 MR. VOWELS: Motion granted.





1 And we have the name change.

2 MS. BRODNAN: Yes. Resolution  
3 2000-20 regarding Paul-Son Gaming Corporation  
4 who received a permanent supplier's license  
5 in 1997. By correspondence dated March 31,  
6 2004, Paul-Son advised the Commission it will  
7 be amending its articles of incorporation in  
8 May to change its name to Gaming Partners  
9 International Corporation. Paul-Son has  
10 provided assurance there is no change or  
11 transfer of ownership interest to corporate  
12 structure or officers and directors resulting  
13 from the renaming of the company. Pursuant  
14 to the information provided, Commission Staff  
15 recommends you grant their request to change  
16 the name of the licensee.

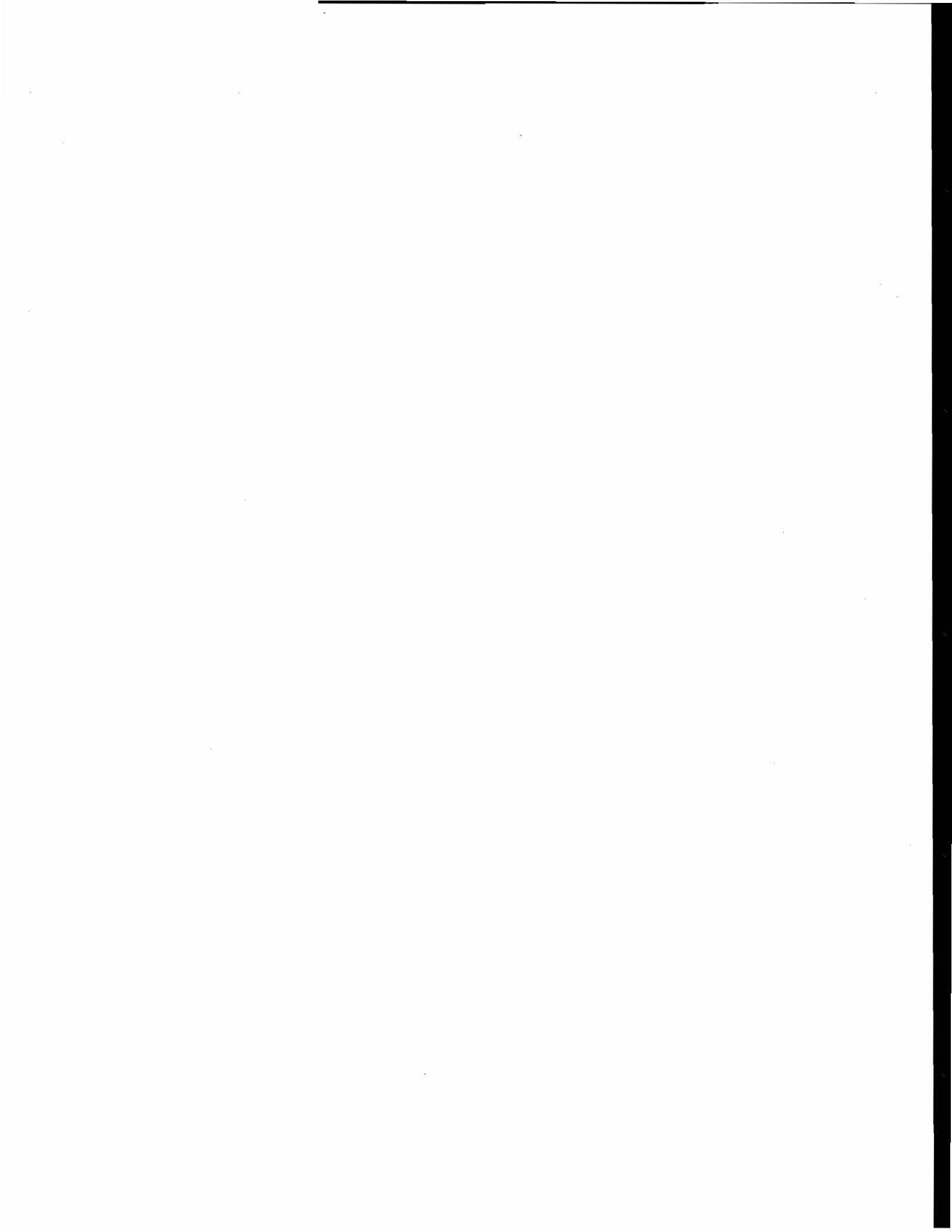
17 MR. VOWELS: Any questions for Miss  
18 Brodnan?

19 Resolution 2004-20 concerns the  
20 request of Paul-Son Gaming Corp. to change  
21 the name and supplier's licensee.

22 Is there a motion in reference to  
23 granting or denying that request?

24 MS. BOCHNOWSKI: Move to grant.

25 MR. VOWELS: Is there a second?



1 MS. ROSE: Second.

2 MR. VOWELS: Any further discussion?

3 All those in favor say aye.

4 (All Commission members present say  
5 aye.)

6 MR. VOWELS: Show it is approved.

7 Miss Brodnan, that takes care of you  
8 for now. Thank you.

9 Mr. Lawrence, we're back to you on  
10 the riverboat owner's matters.

11 MR. LAWRENCE: Yes. Thank you, Mr.  
12 Chairman.

13 First on the matter of riverboat  
14 owners matters is a proposal by Blue Chip to  
15 build a new vessel in the location that they  
16 are now, and I asked them to bring forward  
17 their proposal, why they think it's good for  
18 the state of Indiana and Michigan City and  
19 good for the company, and I think Judy  
20 Campbell is here to give you the information  
21 that you might desire relative to where they  
22 are, what they plan to do.

23 MS. FLEMING: Good morning.

24 MR. LAWRENCE: Any of you who are  
25 here who are going to be speaking, if you



1 have cards, please give them to the reporter  
2 so that she can get your name right.

3 Thank you.

4 MS. FLEMING: Good morning. Kay  
5 Fleming with Ice Miller.

6 We thought it would be easy to  
7 introduce people first, and then Judy will  
8 call on them to speak. This is Judy  
9 Campbell. She is an executive vice president  
10 and general manager of Blue Chip Casino in  
11 Michigan City. Bob Marra is here. He's a  
12 project director with Boyd. He has 20 years  
13 in the casino industry, and his most recent  
14 project management was the Borgata in  
15 Atlantic City. Mayor Charles Oberlie is here  
16 who is the mayor of Michigan City and would  
17 like to address you to advise you of the  
18 city's position on this matter. We also  
19 have Dan Koch. Dan is with Guido, Perla an  
20 architectural design firm dealing in naval  
21 architecture. They designed the current Blue  
22 Chip Casino vessel and numerous other  
23 riverboat vessels. Mike Pyrz. Mike is with  
24 Kinley-Horn which is a national engineering  
25 firm. They specify, or they work in other



1 areas but also site development and heavy  
2 infrastructure, and he is working with Boyd  
3 on this project. Finally, we have Paul  
4 Checkmate who is senior vice president and  
5 treasurer with Boyd. He can address any  
6 financial issues and will be addressing you  
7 about financial matters for Boyd, so I turn  
8 it over to Judy. I believe you all have a  
9 packet of information she will be kind of  
10 utilizing as her guide.

11 MS. CAMPBELL: Somewhat.

12 Executive Director Lawrence, Chairman  
13 Vowels and Members of the Commission, thank  
14 you for taking some time today to at least  
15 look at our proposal before you. This is a  
16 very important project to Blue Chip. It's  
17 also a very important project to Boyd Gaming.  
18 Keith Smith, our chief operating officer, and  
19 Brian Larson, our general counsel, had  
20 planned to be with us today, but,  
21 unfortunately, there was unavoidable  
22 conflict. Our shareholders meeting was  
23 today, so they send their regrets that they  
24 were unable to attend.

25 If you have a chance to look at our



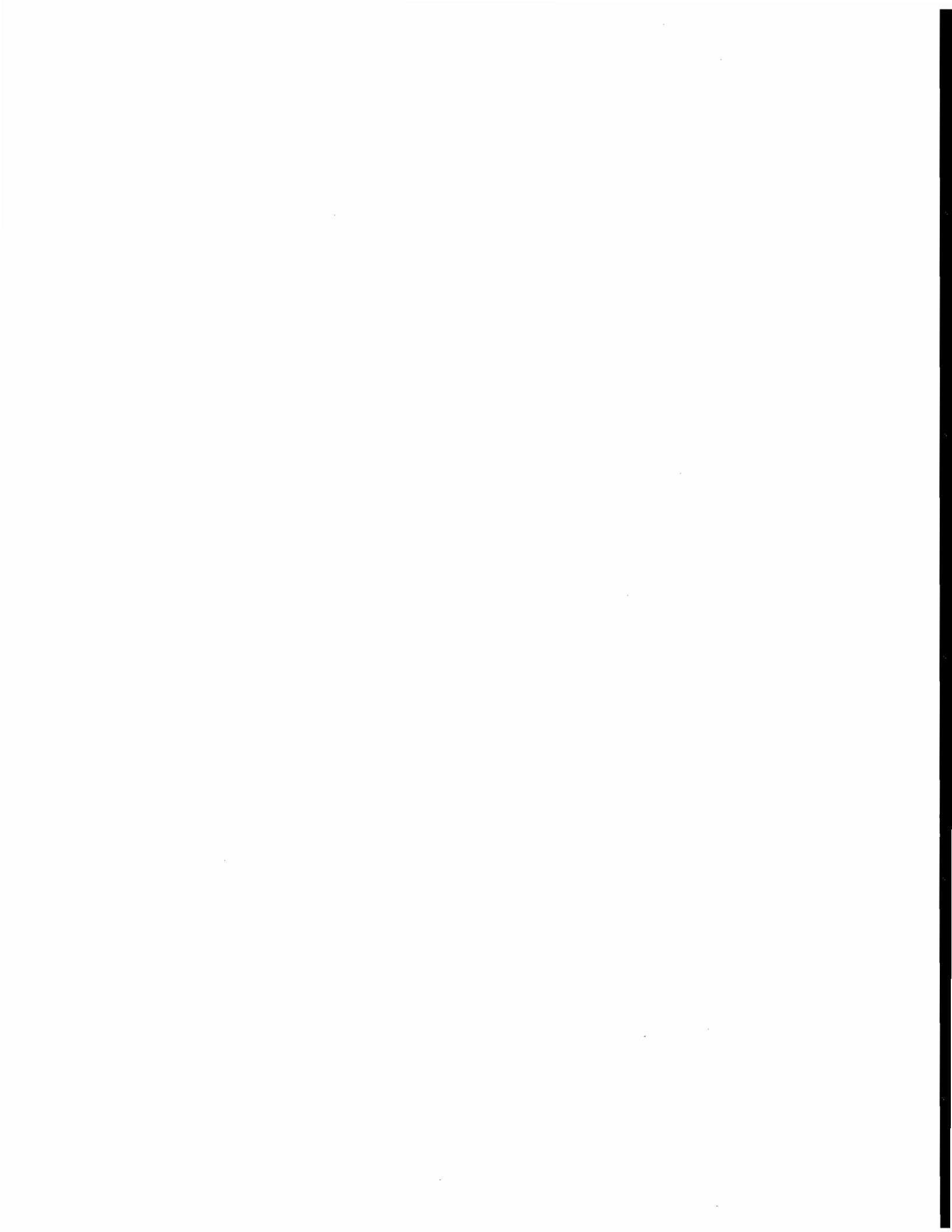


1 proposal in front of you, you would notice  
2 that there's three phases to our overall  
3 plan. Phase 1 consists of modifications to  
4 the basin where our riverboat now sits.  
5 On-site construction of a state of the art  
6 three-level gaming vessel, construction of a  
7 parking garage and the expansion of our  
8 existing pavilion.

9 Phase 2 would call for the addition  
10 of approximately 300 hotel rooms. And,  
11 finally -- that was Phase 2.

12 And Phase 3, finally, would call for  
13 the construction of a multi-purpose facility,  
14 housing meeting and entertainment space.

15 What's represented there in front of  
16 you is the most recent set of plans for the  
17 project. Changes as we go along. There  
18 have been some modifications to the original.  
19 I would like to take just a few minutes of  
20 your time and talk to you about the first  
21 phase. As I said, the vessel will be built  
22 on-site. We will meet all specifications and  
23 requirements of the United States Coast  
24 Guard, and we will retain a complete and  
25 certified Coast Guard crew, marine crew. At



1 the completion of the vessel, construction of  
2 the main deck will be approximately 65,000  
3 square feet, and it will contain 21, at  
4 least 2100 slot machines and 54 table games.  
5 The deck below, which we call the free board  
6 deck, will be available for additional gaming  
7 and back-of-the-house support, and that will  
8 be determined as business dictates. We --  
9 finally, the whole deck will house all of  
10 our necessary mechanical equipment.

11 This project is being developed to  
12 provide a more accessible, comfortable  
13 environment for our guests. And, further,  
14 the upgraded facility will allow us to  
15 compete more competitively with the increased  
16 competition of the Native American casinos in  
17 Michigan. The new vessel and its  
18 improvements will also generate additional  
19 revenue for the state of Indiana. We  
20 anticipate our project will increase the AGR  
21 and admission tax by 30 and 25 percent  
22 respectively. This is 155 million dollar  
23 project built on-site that will generate 400,  
24 at least 400 local construction jobs and at  
25 the end of the project will need to hire at

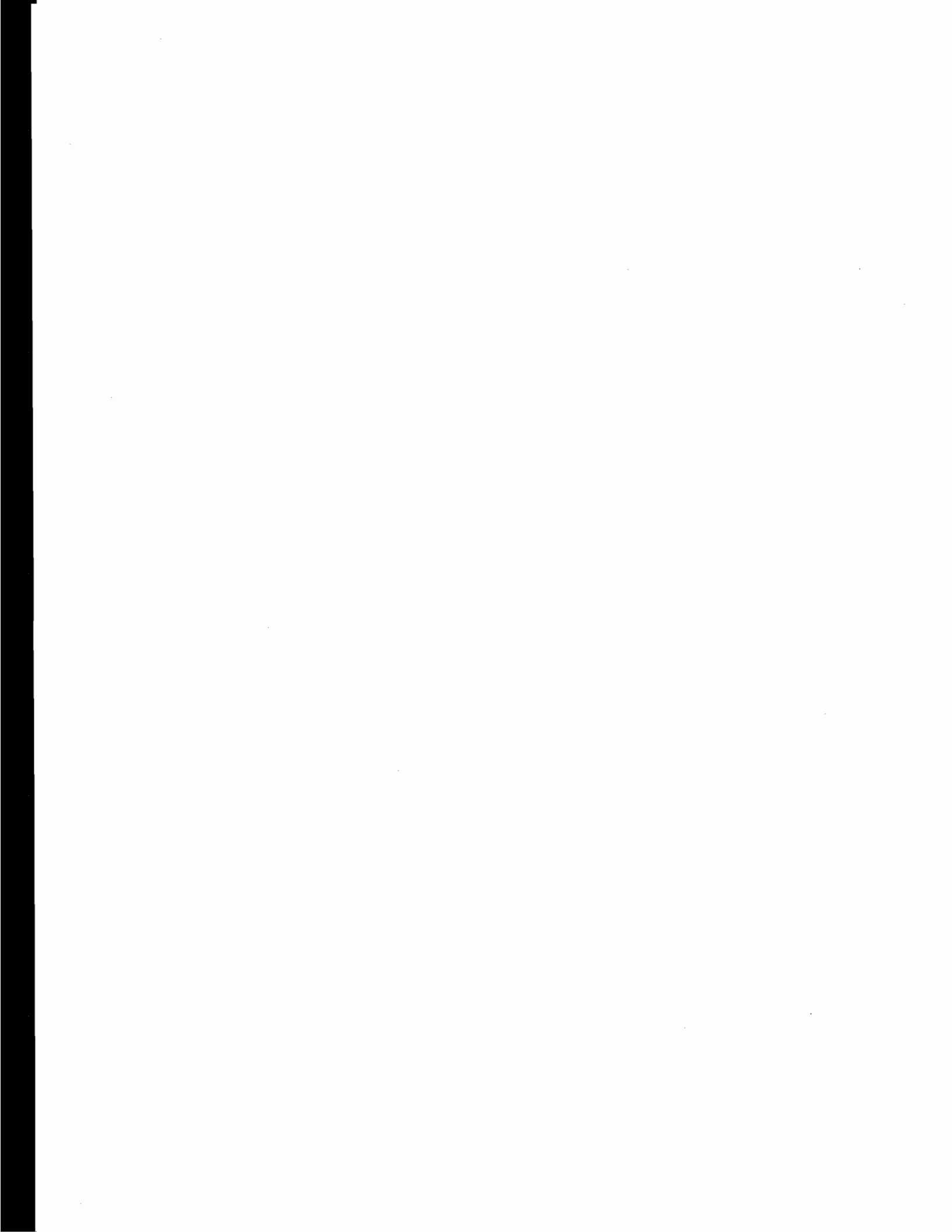


1 least 100 more employees.

2 Phase 1 that you're looking at is  
3 contingent upon obtaining certain agency  
4 permits, so I would like to turn it over to  
5 Mike Pyrz who is our Kimley-Horn engineering  
6 consultant so that he can brief you on where  
7 we are with those permits.

8 MR. PYRZ: Thanks, Judy. To  
9 facilitate the construction of the new vessel  
10 in the basin, we've obviously been working  
11 closely over the past few months with the  
12 Indiana Department of Natural Resources, the  
13 Indiana Department of Environmental  
14 Management and Corps of Engineers. And,  
15 also, to relocate the entrance for the  
16 facility, we've been working closely with the  
17 Indiana DOT. I can report right now that  
18 we've received a few permits from DNR, two  
19 to be exact, and one temporary closure rule  
20 which was in effect as of April 2nd of this  
21 year. The permits for construction in a  
22 floodway and for construction in the access  
23 channel were received as of March 16th of  
24 this year.

25 In regards to the Department of



1 Environmental Management, we have received a  
2 permit to discharge into receiving waters.  
3 Obviously, we have to de-water the basin for  
4 construction of the vessel. That was  
5 received on April 23rd. We have also  
6 received the Section 401 Water Quality  
7 Certification from IDEM which also has been  
8 sent to the Corps of Engineers to figure  
9 into their determination of their permit, and  
10 that was received on 4/22 of this year.  
11 Also, we have not heard from the Corps of  
12 Engineers as of yet in terms of their  
13 ultimate decision; however, as with the other  
14 agencies, we've been working very closely  
15 with them to resolve any issues and questions  
16 that they have. We also have received  
17 entitlement from Michigan City and from  
18 Indiana DOT to relocate the existing entrance  
19 approximately 600 feet east of the existing  
20 entrance on U.S.12.

21 At this point I'd like to introduce  
22 Dan Koch with Guido Perla who is vice  
23 president of engineering and talk to you on  
24 the Coast Guard issue.

25 MR. KOCH: Good morning.





1           With respect to the vessel design, we  
2 have been working very closely, as is typical  
3 with all of our passenger vessel designs,  
4 with U.S. Coast Guard. We have met with  
5 Marine Safety Center in Washington, D.C.,  
6 with respect to the design who is responsible  
7 for plan review. We submitted approximately  
8 80 percent of our design plans to Marine  
9 Safety Center. We have received approval of  
10 the mechanical systems at this point. We've  
11 also visited with the Marine Safety office in  
12 Chicago with respect to vessel inspection and  
13 are closely working with them with respect to  
14 inspection of the vessel during construction,  
15 and at completion we'll be continuing to work  
16 closely with them and throughout the process.

17           Thank you.

18           MS. CAMPBELL: As we discussed  
19 earlier in the year with your staff, Boyd  
20 believes Indiana is a place to do business.  
21 We believe that our facility improvements are  
22 both within the spirit and the letter of the  
23 law, and we also believe that this project  
24 will economically benefit the state as well  
25 as Michigan City. We respectfully request



1 that you approve Phase 1.

2 Before we welcome any questions, the  
3 mayor of Michigan City has asked to say a  
4 few words, and then we will take your  
5 questions.

6 Mayor.

7 MR. OBERLIE: Mr. Chairman, Ladies  
8 and Gentlemen of the Commission, Mr.  
9 Lawrence, there's always questions when large  
10 projects come along as to where duties stand.  
11 I'm just here to reassure you that the city  
12 of Michigan City is very much in favor of  
13 this project. I became mayor July 1st. I  
14 believe one of the first phone calls I  
15 received was from Judy asking for a meeting  
16 to discuss this project.

17 Since that time, our inspection  
18 bureaus, planning offices, zoning offices,  
19 traffic, police and fire departments, port  
20 authority have been involved in discussions  
21 to discuss the development of this plan.  
22 We've been very involved and continue to be  
23 involved and we support this. We certainly  
24 ask again that we look at a timely process  
25 with the issues. Because as the clock ticks



1 forward, we certainly anticipate the approval  
2 at some point in time of the Native American  
3 competition in Buffalo just a short distance  
4 up I-94, and we believe it is critical to  
5 our vessel in Michigan City and its holdings  
6 in the marketplace that we get into the  
7 marketplace first.

8 We, again, anticipate a quick review  
9 by your agency and appreciate your approval.

10 MR. VOWELS: Thank you.

11 Any questions?

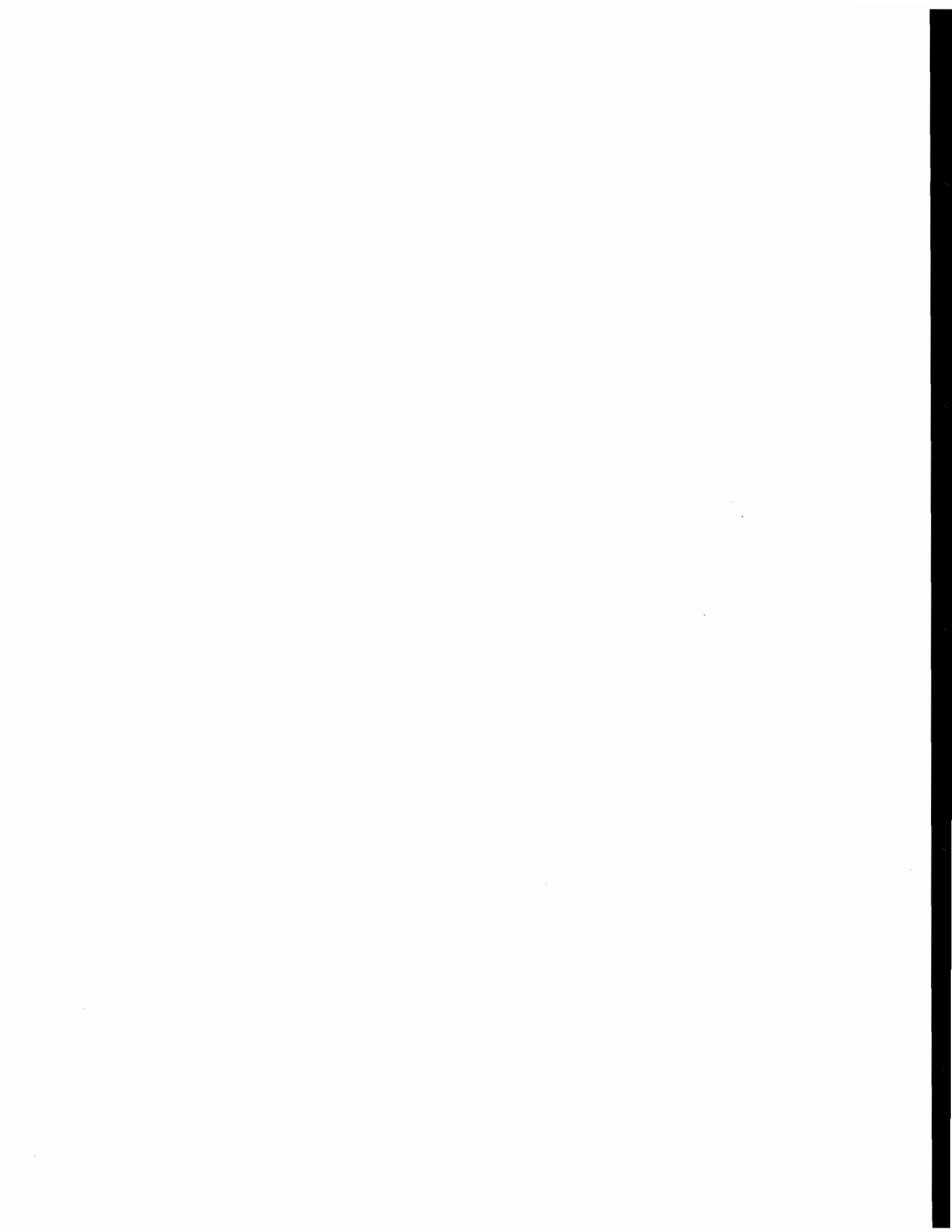
12 MS. BOCHNOWSKI: Yeah, I do.

13 First of all, remind me here. We're  
14 going to keep operating your existing boat  
15 while this new one is being built?

16 MS. CAMPBELL: Yes, that's part of  
17 the basin.

18 MS. BOCHNOWSKI: Right, okay. And  
19 then you'll be doing some digging and  
20 whatever, and are there any environmental  
21 concerns? I suppose the engineering  
22 person --

23 MS. CAMPBELL: Yes. That's the  
24 permits, those are a lot of the permits that  
25 he discussed. Do you want to --



1 MR. PYRZ: There are a few concerns.  
2 Obviously, there are some wetlands along the  
3 basin that we have either avoided or  
4 mitigated to the satisfaction of both the  
5 Corps of Engineers and Department of  
6 Environmental Management. There's the issue  
7 of water quality when construction is  
8 occurring for the vessel and runoff from the  
9 construction site, and proper treatment is  
10 being accomplished on that water and being  
11 pumped into the south end of the basin and  
12 treated actually before its allowed to go  
13 back into the Trail Creek area. There are a  
14 number of safety factors built into the  
15 design of the basin project so that we, you  
16 know, we've worked very closely with the  
17 agencies to avoid some of those issues.

18 MS. BOCHNOWSKI: Mayor, you're  
19 satisfied that your own engineering staff is  
20 satisfied with the environmental issues?

21 MR. OBERLIE: Yes, we are.

22 MR. MILCAREK: Mr. Chairman. Is  
23 there a timing issue with any excavating plan  
24 as far as environmental issues such as the  
25 salmon?





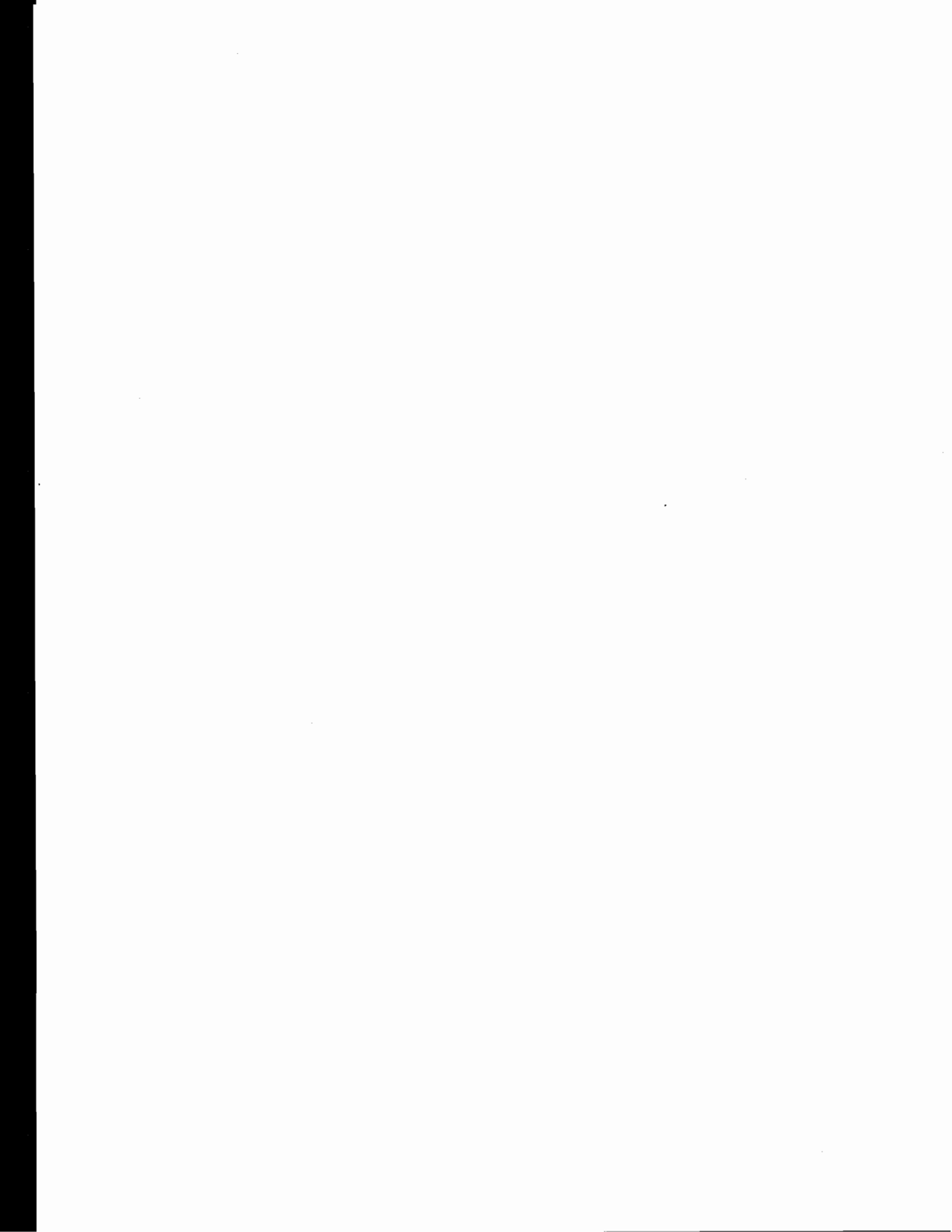
1 MS. CAMPBELL: Yes, there is a  
2 window, but I believe we've gotten a waiver  
3 on that window somewhat. We have put in  
4 some curtains or nets into the basin so that  
5 we have stopped the fish from coming into  
6 our area of that basin, and then we can go  
7 ahead. We're waiting on steel right now.  
8 Would you like to know the timing of the  
9 entire project?

10 MR. MILCAREK: Yes, I would.

11 MS. CAMPBELL: That would be Bob  
12 Marra. He is our project director, actually,  
13 and he is in charge of that.

14 MR. MARRA: We anticipate starting  
15 our vessel in August of this year. The  
16 process will take about 15 to 16 months. We  
17 anticipate opening the fourth quarter of  
18 2005. Our other components of the project,  
19 the garage and the pavilion expansion are  
20 scheduled to start in the third quarter of  
21 2004 and should take approximately 9 months,  
22 so they will be ready in the third quarter  
23 of 2005.

24 MS. CAMPBELL: There is a certain  
25 time period that we are allowed to be, what

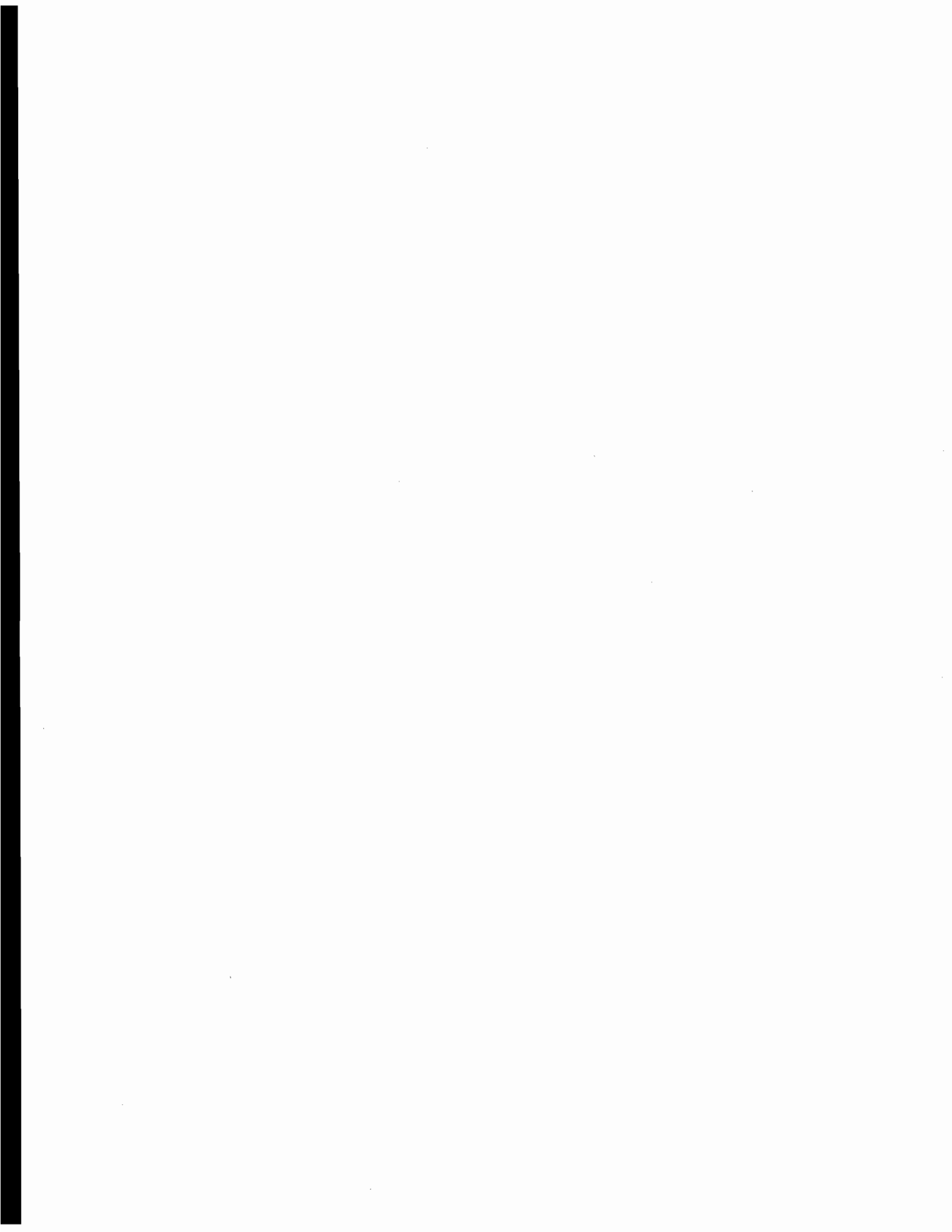


1 they call de-watered. These terms are new  
2 for me, so bear with me. There's only a  
3 52-week window which has already begun, so  
4 there's also some issues with, you know, the  
5 time frame when we lift the steel out of the  
6 basin, so there are some time elements there  
7 that are very sensitive.

8 MS. BOCHNOWSKI: I have a question.  
9 Back to the salmon issue. If they can't get  
10 up your water, where do they go? Do they  
11 have other places that they then --

12 MR. PYRZ: Let me address that, Judy,  
13 if I can.

14 We've be working closely with Brian  
15 Breeder from the Fisheries Department at the  
16 DNR, and we worked with him to look at his  
17 windows of re-stocking that area in terms of  
18 the fish, and we've also closed off the  
19 basin with a trepidity curtain which  
20 maintains a little bit of the water quality  
21 in Trail Creek as opposed to the work that's  
22 been done on the basin, and we've installed  
23 a couple redundant, or a redundant, a  
24 redundant fish net system and then done a  
25 fish relocation. We've already established a



1 fish relocation plan and executed the first  
2 portion of that and removed the fish from  
3 the basin so that, you know, there should at  
4 this point be no fish in the basin and we  
5 can work in the basin without affecting any  
6 other fish land.

7 MS. CAMPBELL: There's still a  
8 waterway on the other side. We're in a  
9 basin and then there is a waterway.

10 MR. PYRZ: The basin itself is  
11 parallel to Trail Creek.

12 MS. BOCHNOWSKI: So that's where  
13 they'll go?

14 MR. PYRZ: Correct.

15 MS. ROSE: Mr. Chairman, I have a  
16 question for the Mayor.

17 Mr. Mayor, have you held public  
18 hearings on the proposal?

19 MR. OBERLIE: Not on this specific  
20 proposal, but parts of it. Owners have been  
21 in for rezoning matters and gone to the  
22 planning commission, town council. We've  
23 also done a street analogy. So, the final  
24 plan at that point was not a concern. The  
25 question was always where are we going into



1 the future, getting the zoning necessary.  
2 And we've had at least three or four public  
3 hearings at that point part of process.

4 MS. ROSE: That have been well  
5 attended by members of the community?

6 MR. OBERLIE: Only from supported  
7 standpoint. The issues that have been raised  
8 were related to vacationers, how does the  
9 traffic get around, but there were no hard  
10 issues raised, if you will, that raised any  
11 concerns for the City itself.

12 MR. LAWRENCE: Bob, can you guarantee  
13 the same return as the Borgata facility?

14 MR. MARRA: I sure hope.

15 MS. CAMPBELL: Remember, Bob leaves  
16 after this project.

17 MR. GETTELFINGER: Mr. Chairman?

18 MR. VOWELS: Yes, go ahead.

19 MR. GETTELFINGER: Could you lead us  
20 through your analysis of moving onto Phase 2  
21 and then Phase 3? This indicates there's  
22 some contingencies involved in evaluation of  
23 how you're doing. How will you be  
24 evaluating that and what is the certainty or  
25 probability of moving on to Phases 2 and 3?





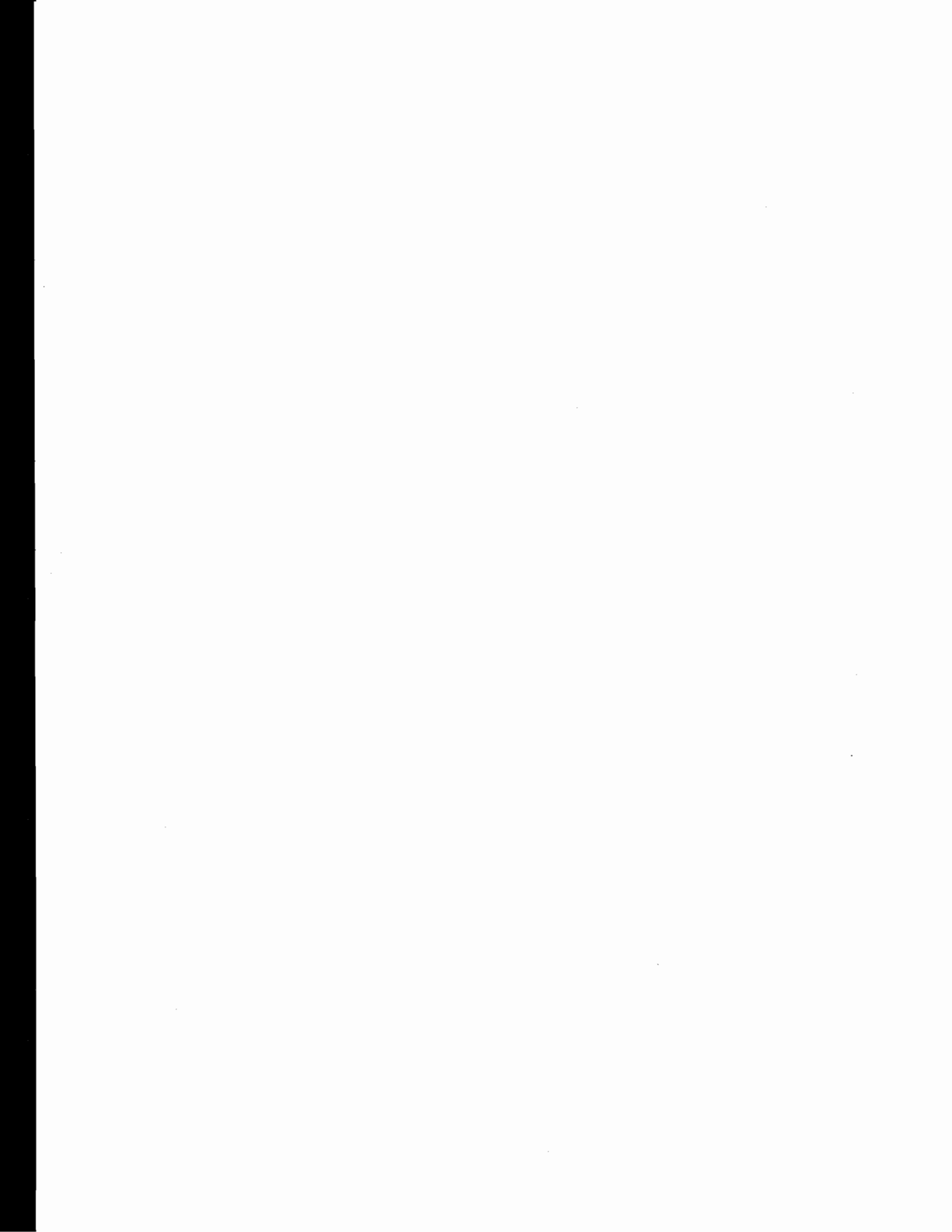
1 MS. CAMPBELL: I will tell you that  
2 Phase 2, the certainty is very good right  
3 now. The hotel is, we're running a very good  
4 occupancy. We do 188 rooms that we have  
5 today. With the influx of more customers,  
6 we believe that that will be the primary  
7 target for us after this phase is finished.  
8 As usual, as with most projects, we'll gauge  
9 it by the return on our investment to decide  
10 whether we move forward with these phases.

11 As far as Phase 3, there's some  
12 research we need to do. We need to be sure  
13 that this is the right facility, that the  
14 right venues are going into it. We haven't  
15 gotten that deeply into it. We know we need  
16 meeting space. We know we can use banquet  
17 space, but there's other amenities that we're  
18 not sure what those should be yet, so that's  
19 probably the most vague.

20 Does that answer your question?

21 MR. GETTELFINGER: Yes. Thank you.

22 MR. VOWELS: The letter of Miss  
23 Fleming to the Executive Director on April  
24 16, 2004, made reference to the anticipated  
25 receipt of the permits from the Corps and



1 IDEM within the next week or two, and I  
2 think that's been addressed. But in a  
3 nutshell, can you tell me again where that  
4 stands?

5 MR. PYRZ: All of the permits are  
6 applied for with the State, with the  
7 Department of Natural Resources and  
8 Department of Environmental Management have  
9 been received. We're only waiting on the  
10 Corps for permanent approval right now.

11 MR. VOWELS: Do you have a time frame  
12 on when you can anticipate that?

13 MR. PYRZ: Any day.

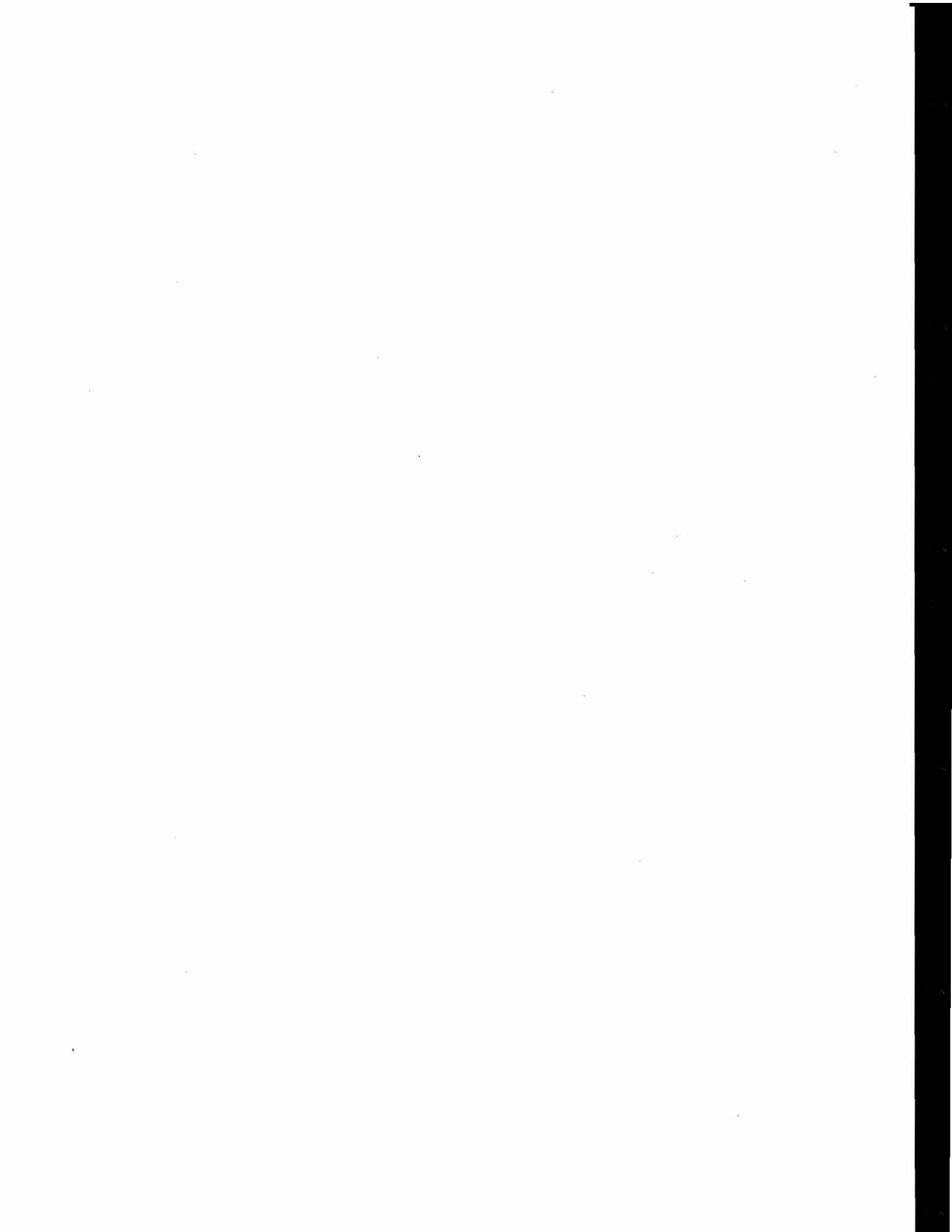
14 MR. VOWELS: Looking at your proposal  
15 as you submitted to us, it appears that  
16 Phase 1 of this project will require  
17 expenditure of 155 million dollars; is that  
18 correct?

19 MS. CAMPBELL: That is correct.

20 MR. VOWELS: And you anticipate that  
21 that will lead to 400 local construction jobs  
22 related to the on-site construction?

23 MS. CAMPBELL: That's the lowest  
24 amount.

25 MR. VOWELS: And also that with this



1 expansion, you anticipate 100 new employees  
2 positions?

3 MS. CAMPBELL: Yes, approximately.

4 MR. VOWELS: And, again, in Miss  
5 Fleming's letter, there was some discussion  
6 here that this would, this expansion would  
7 generate an additional 20 to 30 million  
8 dollars in admission and wagering tax to the  
9 State of Indiana. Is that the number you're  
10 looking at?

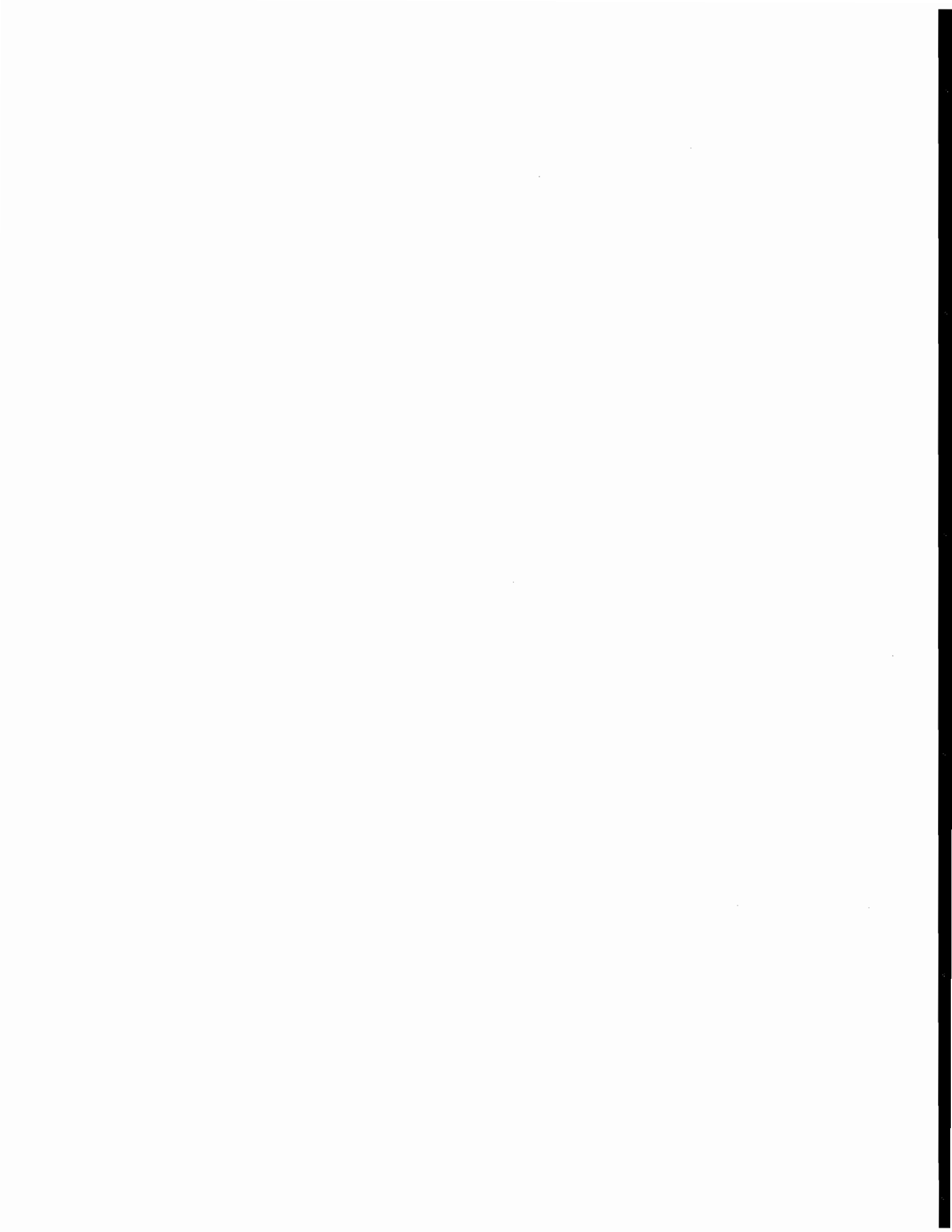
11 MS. CAMPBELL: Our expected amount  
12 right now is 20 million in AGR, 2 million in  
13 admissions.

14 MR. VOWELS: And I assume that's  
15 annually; is that right?

16 MS. CAMPBELL: Yes.

17 MR. VOWELS: Any other questions?  
18 Anything else?

19 MR. LAWRENCE: Procedurally, Mr.  
20 Chairman, we don't have a resolution. I  
21 discussed this with Miss Fleming, indicated  
22 to her that we would take a consensus of the  
23 Commission to be entered into the minutes and  
24 she we would then supply me with a document  
25 that we can memorialize that so they can



1 proceed to show that to their board.

2 MR. VOWELS: All right. So, the  
3 consensus of what they wish is basically that  
4 we will allow them to go ahead and implement  
5 their expansion project, is that fair to say?

6 MR. LAWRENCE: Yes, sir.

7 MR. VOWELS: Is there any opposition  
8 to that?

9 MS. BOCHNOWSKI: No.

10 MR. VOWELS: Anything else?

11 We'll have the minutes reflect that  
12 the Commission does agree to allow Blue Chip  
13 to implement the expansion project as  
14 outlined here today, and we're looking  
15 forward to your success.

16 MS. CAMPBELL: Thank you.

17 MS. FLEMING: Thank you.

18 MR. LAWRENCE: Thank you.

19 MR. VOWELS: Thank you.

20 All right. The next matter on the  
21 agenda is in reference to Resolution 2004-31  
22 which is Harrah's acquisition of Horseshoe?

23 MR. LAWRENCE: Yes. I think Mr.  
24 Anthony Sanfilippo is here to take the lead  
25 on this discussion. We'll clear out some of





1 the people that are here and give us some  
2 more breathing room. Those of you haven't  
3 attended these meetings, we normally have an  
4 interest in what we do, but this one is a  
5 little bit of a marathon.

6 Mr. Thar is here with Mr. Sanfilippo,  
7 and I believe someone will introduce the rest  
8 your team here.

9 MR. THAR: Yes, if you don't mind.

10 Thank you, Mr. Chairman.

11 Chairman Vowels, Executive Director  
12 Lawrence and Members of the Commission. For  
13 the record, my name is John Thar, T-H-A-R.  
14 I'm commonly known as Jack Thar, so I'll  
15 probably be called Jack.

16 We do have two speakers today.  
17 Immediately to my right is Mr. Anthony  
18 Sanfilippo. Mr. Sanfilippo is the president  
19 of the central division of Harrah's Gaming  
20 which includes the three Horseshoe properties  
21 that are the subject of this acquisition.  
22 Also with us today as one of the speakers is  
23 Mr. Jack Binyon. He is the Chairman and  
24 Chief Executive Officer of Horseshoe Gaming  
25 Holding Company. I believe also I had the



1 honor this morning of meeting Mayor  
2 McDermott. Mr. Johnson, I believe, also  
3 wishes to address the Commission on this  
4 issue.

5 Do you have a preference whether we  
6 go first or you go first?

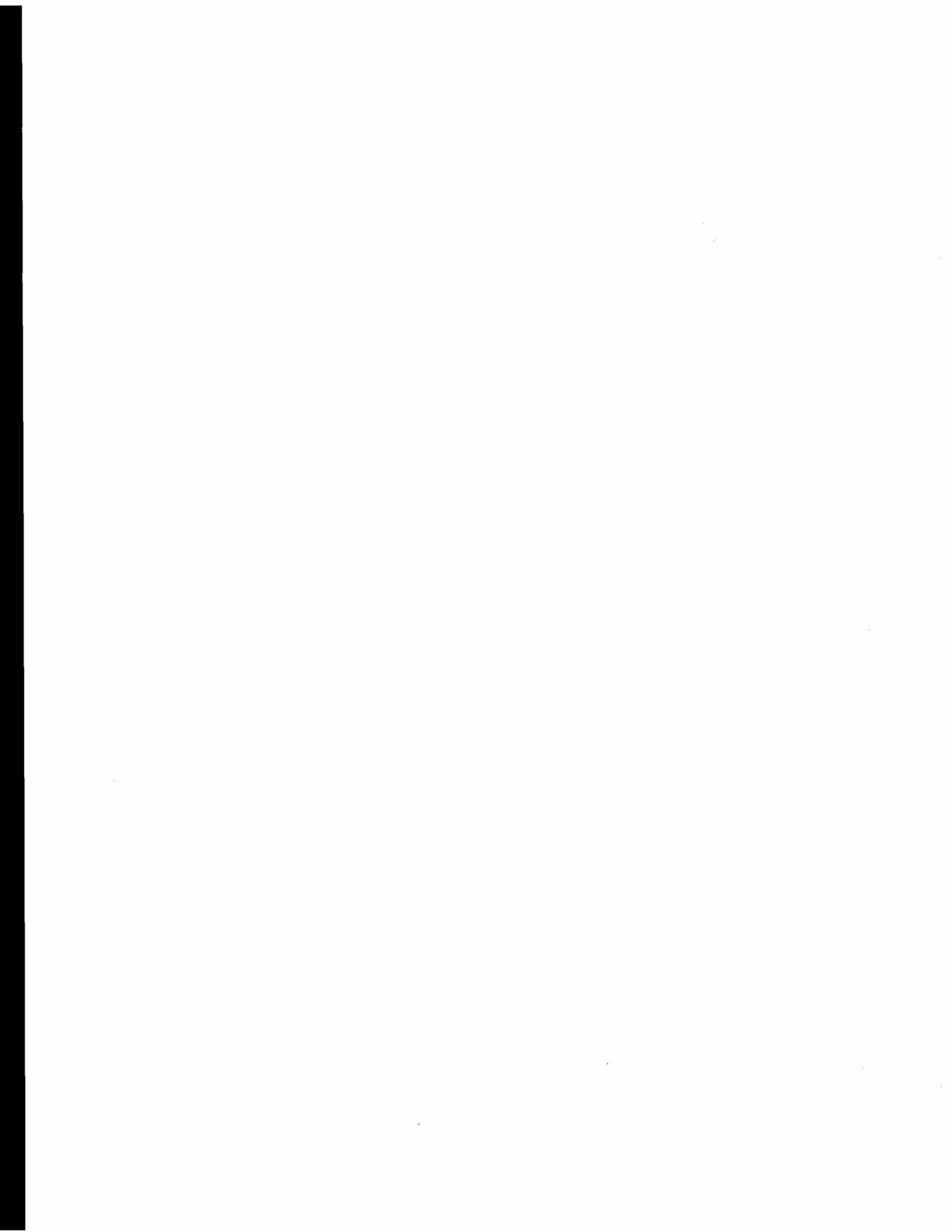
7 MR. JOHNSON: We're not sure what  
8 you're going to say, so why don't you go  
9 first.

10 MR. LAWRENCE: It's the Chairman's  
11 preference, Mr. Thar.

12 MR. VOWELS: I have no preference.  
13 You do it however you wish to proceed.

14 MR. THAR: We'll go as presently  
15 indicated.

16 Mr. Binyon would like to address the  
17 Commission first. And if I may ask the  
18 Members of the Horseshoe team that are here  
19 to just stand. These are people that are  
20 present for the purpose of answering any  
21 questions from the Horseshoe side of this  
22 transaction and have the expertise necessary  
23 to do so. And also with Mr. Sanfilippo are  
24 the Members of Harrah's team, if they could  
25 also stand, to answer any questions the



1 Commission may have with regard to this  
2 transaction. I'd like to turn it over  
3 initially to Mr. Binyon.

4 MR. BINYON: Good morning. I just  
5 wanted to, Commissioner Vowels, all the  
6 Commission, Director Lawrence and all the  
7 staff, I just want to thank you for allowing  
8 me to be here in Indiana. And it's with a,  
9 kind of an open sadness, but I think I am  
10 leaving you in great hands here with Anthony  
11 and Harrah's, and I think going forward they  
12 will do a great job and continue what we've  
13 done in operating in the same fashion as we  
14 have.

15 Thanks again.

16 MR. VOWELS: Thank you, Mr. Binyon.

17 MR. SANFILIPPO: Hi. I'm Anthony  
18 Sanfilippo. I'm president of the Central  
19 Division. I'd like to thank you for  
20 allowing us to be here today. We have been  
21 talking with Mr. Lawrence about being in  
22 front of you, and it's important to us,  
23 because this transaction began last fall in  
24 September. And as you can imagine for all  
25 the employees that are involved with this



1 transaction with the three Horseshoe  
2 properties as well as with our staff wanting  
3 to get to the process where we make the  
4 exchange.

5           It's been very important to us  
6 because you are the first jurisdiction to  
7 allow us to meet. And we expect that in  
8 either May or June that we'll be in front of  
9 you in Louisiana and Mississippi. Our  
10 preference is to be in both of those  
11 jurisdictions in May. We think that that's  
12 most likely going to occur.

13           If I may, before I give you some  
14 material that I prepared for you, just to  
15 tell you a little bit about the background  
16 of how I've been allowed to be responsible  
17 for keeping the good name of Horseshoe and  
18 Jack Binyon moving alive, because we have a  
19 lot of respect for what Jack and his team  
20 have done over the many years that they have  
21 been operating.

22           I've been with Harrah's over 20  
23 years. And most recently I was over the  
24 Western Division which included properties on  
25 the west side of United States and south





1 side of the United States. In the fall when  
2 we came to an agreement with Jack and his  
3 company, we realigned our company. We  
4 aligned it so that I would be responsible  
5 for the three Horseshoe properties as well as  
6 the Harrah's properties that are in this part  
7 of the United States which includes Indiana,  
8 Mississippi and Louisiana. And from a career  
9 standpoint, I couldn't be more pleased that I  
10 have the opportunity to continue forward with  
11 what has been so magical that Jack Binyon  
12 and his team have built. And I know there's  
13 some questions out there on how we're going  
14 to operate, and I want to give you  
15 assurances right off the bat that we plan on  
16 operating these businesses as two separate  
17 businesses. We have the general managers of  
18 both of the businesses here today, Michael  
19 St. Pierre who is over our East Chicago  
20 property and Rick Mazer who is over the  
21 Horseshoe property in Hammond.

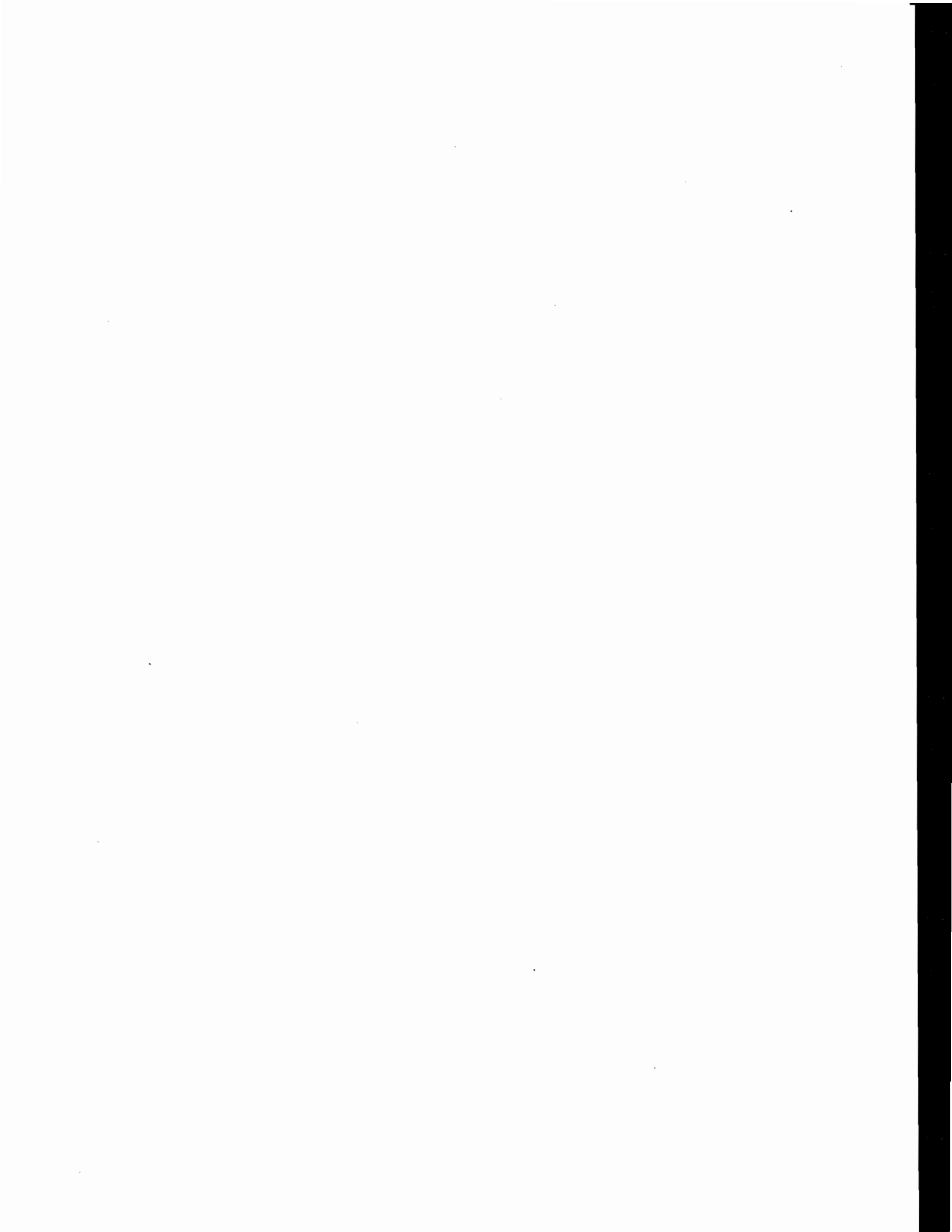
22 We will continue to honor every  
23 commitment that Horseshoe has made in the  
24 city of Hammond, and, hopefully, the good  
25 mayor will appreciate that, I've had the



1 opportunity to meet with him earlier this  
2 year to tell him the same thing, that we  
3 think it's very important that with the  
4 development agreement that has occurred in  
5 Hammond and with economic development, that  
6 your focus from a Commission standpoint, that  
7 we stand behind all commitments that  
8 Horseshoe has made in their community. And  
9 I'm very pleased that Rick is going to  
10 continue on as general manager because he has  
11 built a fine staff.

12 We are looking at, from property to  
13 property, to continue the Horseshoe brand.  
14 We think that that's extremely important.  
15 And one of the reasons that we wanted to  
16 have Horseshoe part of the Harrah's family is  
17 we think there is an opportunity throughout  
18 the United States to continue to development  
19 the Horseshoe brand. We think that in  
20 Indiana, both our East Chicago property as  
21 well as the Horseshoe property, is in a very  
22 dynamic market and that capital investment at  
23 both of those properties will continue to  
24 help both of those properties grow.

25 We've had rumors out there that we



1 were interested in selling our East Chicago  
2 property. We are not interested in selling  
3 our East Chicago property. We think that  
4 that property, as the Horseshoe property in  
5 Hammond, are two properties in a very large  
6 Chicagoland market that will be an important  
7 part of the growth of our company for many  
8 years to come.

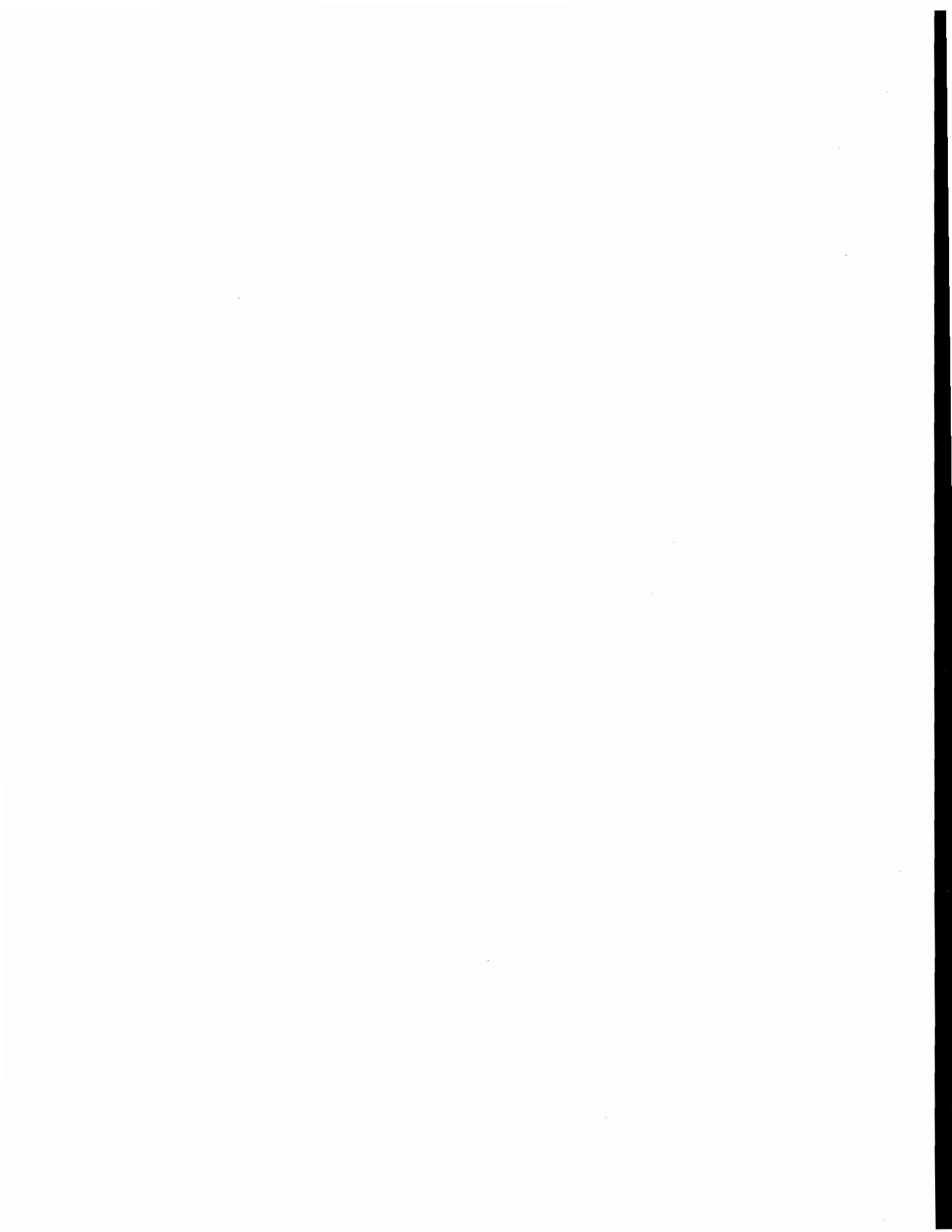
9 I would like to pass out to you, if I  
10 may, a presentation that addresses some of  
11 the issues that I just mentioned but takes  
12 you through it in a more formal matter. The  
13 deal itself is a deal that is valued at  
14 almost 1 ½ billion dollars. And when you  
15 look at the total transaction costs, and I'm  
16 on page 2, the total transaction costs will  
17 be a little bit more than 1.6 billion  
18 dollars. And it includes the things that  
19 you see there, making sure that we have the  
20 appropriate opening cash on hand and  
21 transaction closing costs. So, this is  
22 normal costs associated with a transaction of  
23 this size.

24 As I mentioned, we are acquiring  
25 properties in three different states, and in



1 each one of those states, Horseshoe is the  
2 market leader. We have announced and we  
3 will be completing the transaction of the  
4 sale of our Harrah's Shreveport property to  
5 Boyd Gaming in May. And we did that because  
6 we anticipated that there would be a  
7 concentration issue in the state of Louisiana  
8 really through the FTC to have, we -- in  
9 that market it has limited licenses, that for  
10 us to have both the Harrah's property, the  
11 Horseshoe property and we also own and  
12 operate a racetrack there, that the FTC would  
13 have issues with that. So, we did have, at  
14 the announcement of this transaction, that we  
15 would sell that property and Boyd is  
16 purchasing it. And we're here first in  
17 Indiana and we're happy to be in Indiana to  
18 ask for your approval. And our hope is that  
19 by July 1st, we can complete this transaction  
20 so that the three Horseshoe properties are  
21 part of the Harrah's family at that time.

22 We are committed to continue to have  
23 these two brands operate separately. And  
24 what I mean by that is that there is an  
25 attraction to a Harrah's property that we



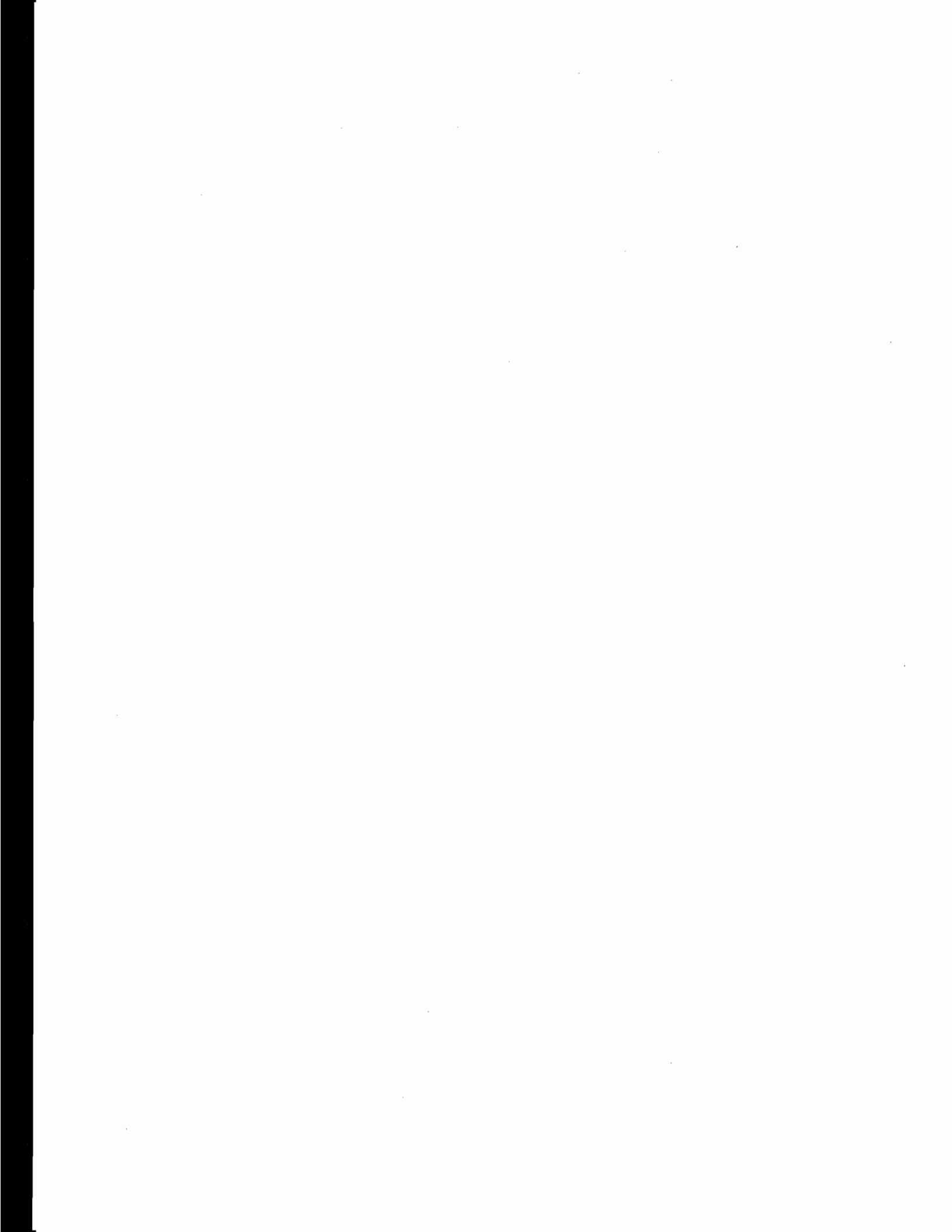


1 have been able to build up over the 66 years  
2 that we've been in business that Harrah's  
3 customers enjoy, and there has been an  
4 attraction to the Horseshoe property with  
5 some of the same customers but many different  
6 customers, and we will continue to offer two  
7 separate card systems. We will continue to  
8 market in the same manner that we have  
9 marketed to Harrah's customers, and we will  
10 continue to encourage Rick and the team to  
11 develop the, further develop the strategy  
12 that they have had with Horseshoe.

13 As part of this deal, Jack has agreed  
14 to allow his image to continue to be used  
15 with the property, and I sure plan on doing  
16 that, that you would still see Jack as part  
17 of the public image of the Horseshoe  
18 property, and as his time allows, to come  
19 and spend time at the property, most notably  
20 with the customers that come there because,  
21 as I have seen firsthand, he is an  
22 individual that they really associate with  
23 with that property. We want to make sure  
24 that we keep that alive.

25 As I mentioned, we will continue with





1 our commitment to local communities in  
2 Hammond and also in East Chicago. And one  
3 of the things we have been proud of over the  
4 years is our reputation in local communities  
5 and both how we contribute from an economic  
6 standpoint but also for employees  
7 participating in those communities, I think  
8 you can go to any of the communities that we  
9 operate and find that Harrah's has a stellar  
10 reputation.

11 On page 4 is a picture of Mayor  
12 Pastrick, and he has been very supportive of  
13 Harrah's and has given us credit for helping,  
14 from an economic standpoint, the city of East  
15 Chicago continue to prosper.

16 We understand that it's important to  
17 Indiana that not only as you let these  
18 licenses out that you see economic  
19 development, and so we're committed to making  
20 sure that we do business with Indiana  
21 vendors, and that has been a focus of our  
22 company. We have a very good record in East  
23 Chicago and will continue to support and help  
24 strengthen what the Horseshoe team in Hammond  
25 has done.



1 I mentioned on page 6 that we will  
2 keep it two separate brands. I do think  
3 that there will be advantage for current  
4 Horseshoe customers who do go from this  
5 market to other markets, that they'll be able  
6 to have access to the 25 Harrah's properties  
7 that we have. And I also think there's  
8 going to be an advantage for customers that  
9 are Harrah's customers in other markets when  
10 they travel to the Chicagoland area to now  
11 have another offering, a Horseshoe property  
12 that they can come to. And we will, as time  
13 goes on, look at ways that we can make sure  
14 we communicate with the customers. We  
15 currently have over 25 million customers in  
16 the Harrah's database and will continue to  
17 communicate with those customers to the  
18 benefit of being a part of Harrah's  
19 entertainment family which Horseshoe will  
20 have the three properties.

21 I want to mention to you that we also  
22 recently concluded a deal with the owner of  
23 the Binyons in downtown Las Vegas, and we  
24 re-opened that property which had closed  
25 earlier this year as a Binyon's property and



1 Horseshoe property, and we also have the  
2 rights today to the World Series of Poker,  
3 and that tournament is going on right now.  
4 And we plan on expanding that, and Indiana  
5 would clearly be included, where the World  
6 Series would have many stops in all of the  
7 markets that Harrah's and Horseshoe are a  
8 part of.

9 We thought it was important after we  
10 had this deal with Jack to acquire the name  
11 Horseshoe in the Nevada market. That was  
12 not part of this deal. We were able to do  
13 that, and with that came the rights of the  
14 World Series of Poker. We have since also  
15 trademarked many other World Series related  
16 gaming, World Series of Blackjack, World  
17 Series of Video Poker, and we think that's  
18 going to be a growth opportunity for us at  
19 our properties. It's extremely popular. The  
20 World Series of Poker, last year there were,  
21 in the final tournament, over 800 entries  
22 that to get into that final tournament you  
23 have to put down \$10,000, and this year we  
24 think it's going to be closer 2,000. And  
25 television has made it extremely popular, and





1 we're happy that we have now the ownership  
2 of that along with the rights of the  
3 Horseshoe name.

4 MS. BOCHNOWSKI: Just on a side on  
5 that, are you aware that high school boys  
6 love to watch that World Series of Poker?  
7 It's amazing. I can't even understand it,  
8 but it's so popular on TV. I didn't mean to  
9 do that, but I've been appalled -- I mean  
10 amazed.

11 MR. SANFILIPPO: We don't promote it  
12 to high school boys.

13 MR. LAWRENCE: They're not supposed  
14 to watch it under our rules.

15 MR. SANFILIPPO: It's been amazing to  
16 me the number of people who have gained an  
17 interest in poker and how active our poker  
18 roots are becoming, and it is because of  
19 television, and we think it will continue to  
20 grow.

21 Page 8 is the financing overview, and  
22 if I just may take you through this, the  
23 deal, as I mentioned, is a little bit more  
24 than 1 ½ billion dollars. What we need to  
25 do at closing is have about a billion



1 dollars, and I'm just telling you this in  
2 whole numbers. There's also Horseshoe bonds  
3 that right now are a little bit over 8 ½  
4 percent bonds that we are going to refinance  
5 because we have the capability, the size of  
6 our company, to have a much more favorable  
7 interest rate. But today we could, with our  
8 revolving credit line, complete the purchase.  
9 But it is our intention to retire those  
10 bonds because of our ability to have a much  
11 more favorable interest rate.

12 Go to the next page on page 9. I  
13 broke it down just a little bit different  
14 talking about where the sources would come  
15 from of the funds and where they would be  
16 spent. And a little bit over a billion  
17 dollars completes the equity purchase of  
18 Horseshoe, and then the other costs are the  
19 costs I talked about, the other closing costs  
20 that we have. That would include cash and  
21 other reimbursable that we would need to do.  
22 The bonds themselves, they are at  
23 approximately 555 million dollars. We're  
24 very proud and it is part of our company  
25 that we continue to have a credit rating



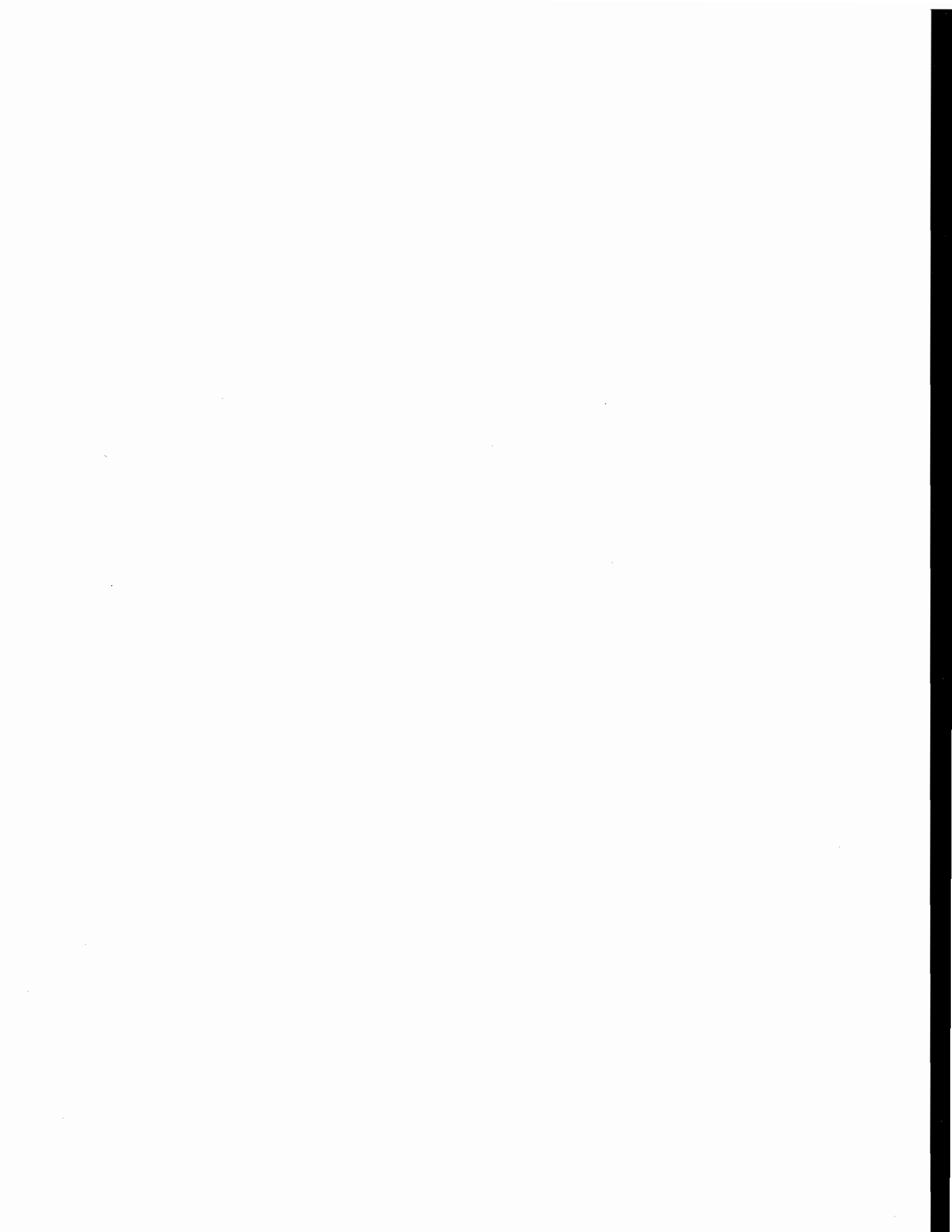


1 that is an investment grade rating, and we  
2 are the only gaming company that has  
3 investment grade credit rating. And as part  
4 of our strategy as we look for both  
5 organically growing our facilities as well as  
6 new purchases, that we maintain an investment  
7 grade credit rating.

8 Page 10 will just show you what our  
9 forecast would be for 2004 if the Horseshoe  
10 was not part of our company adjusted as if  
11 the Horseshoe is in the company for a full  
12 year. So, you can see that, both from a net  
13 revenue and (inaudible) standpoint, the  
14 impact that Horseshoe would have on the  
15 long-term debt, the impact that Horseshoe  
16 would have, what happens with our bank  
17 revolving credit today and that we're well  
18 within the covenant that the banks have on  
19 us for our ratios.

20 Page 11 just points out what our  
21 credit rating is, and we have already gotten  
22 assurances that we'll continue to stay  
23 investment grade.

24 Page 12 just gives you a little bit  
25 of background on our company. And I'm



1 assuming that you're familiar with this  
2 because of us being a licenseholder here, but  
3 we are a company that was the first company  
4 listed on the New York Stock Exchange in the  
5 early 70's, and we do pride ourselves in  
6 being a very recognized brand in a company  
7 that is now over 66 years old.

8 We have a code of commitment that  
9 each one of our properties live up to, and  
10 that is that we do want to make sure that  
11 we're responsible from a gaming standpoint  
12 with those that come and play at our  
13 facilities, how we treat those that are team  
14 members of Harrah's, and as I mentioned a  
15 couple of times already, how we participate  
16 in the communities that we're a part of.

17 I know there's probably a question  
18 from your part that says if you have two  
19 properties, will you continue to invest in  
20 both of those properties. We have invested  
21 to date, as you can see in these  
22 improvements since we acquired this property  
23 from the Showboat organization, almost 90  
24 million dollars. We continue again to look  
25 at, when we make investments in our company,







1 where we think the markets are that can  
2 support these investments. We do believe  
3 that northwest Indiana is a market that both  
4 of these properties can continue to grow.  
5 We have and will have large investments in  
6 both of the properties that we need to  
7 continue to protect and grow. Because we  
8 are still under the veil of FTC, we have had  
9 limited, I have had limited exposure to the  
10 interworkings of Horseshoe, other than  
11 meeting with Jack and Roger as well as Rick  
12 and his team, but it's been much more  
13 arms-length. We can't share competitive  
14 information yet. I do, though, know from  
15 those individuals that they have thoughts on  
16 expanding the current facility. And I, from  
17 initial conversations, think that they're  
18 very viable thoughts. That when you look at  
19 the strength of that business today and how  
20 big the Chicagoland market is, that we  
21 clearly see both in Hammond, and as we're  
22 completing right now in East Chicago, that  
23 these are two properties that we would want  
24 to continue to invest in.

25 Without having detailed information



1 yet, our ability to share detailed  
2 competitive information, other than telling  
3 you for an acquisition this size, it's in  
4 our best interest to continue to grow these  
5 businesses, it is in our best interest to  
6 continue to grow these businesses. We  
7 wouldn't be making an investment this large  
8 if we didn't think there was opportunity  
9 here.

10 And that is really the formal slides.  
11 I have some slides from an appendix side  
12 that you may find useful. I'm happy to  
13 field your questions, and as has been pointed  
14 out, we have a number of people here from a  
15 number of different disciplines that we'd be  
16 happy to bring up if there's questions that  
17 they're better able to answer.

18 MR. VOWELS: Are there any Horseshoe  
19 properties that Harrah's is not purchasing?

20 MR. SANFILIPPO: No. We will own the  
21 rights to the name Horseshoe throughout the  
22 United States.

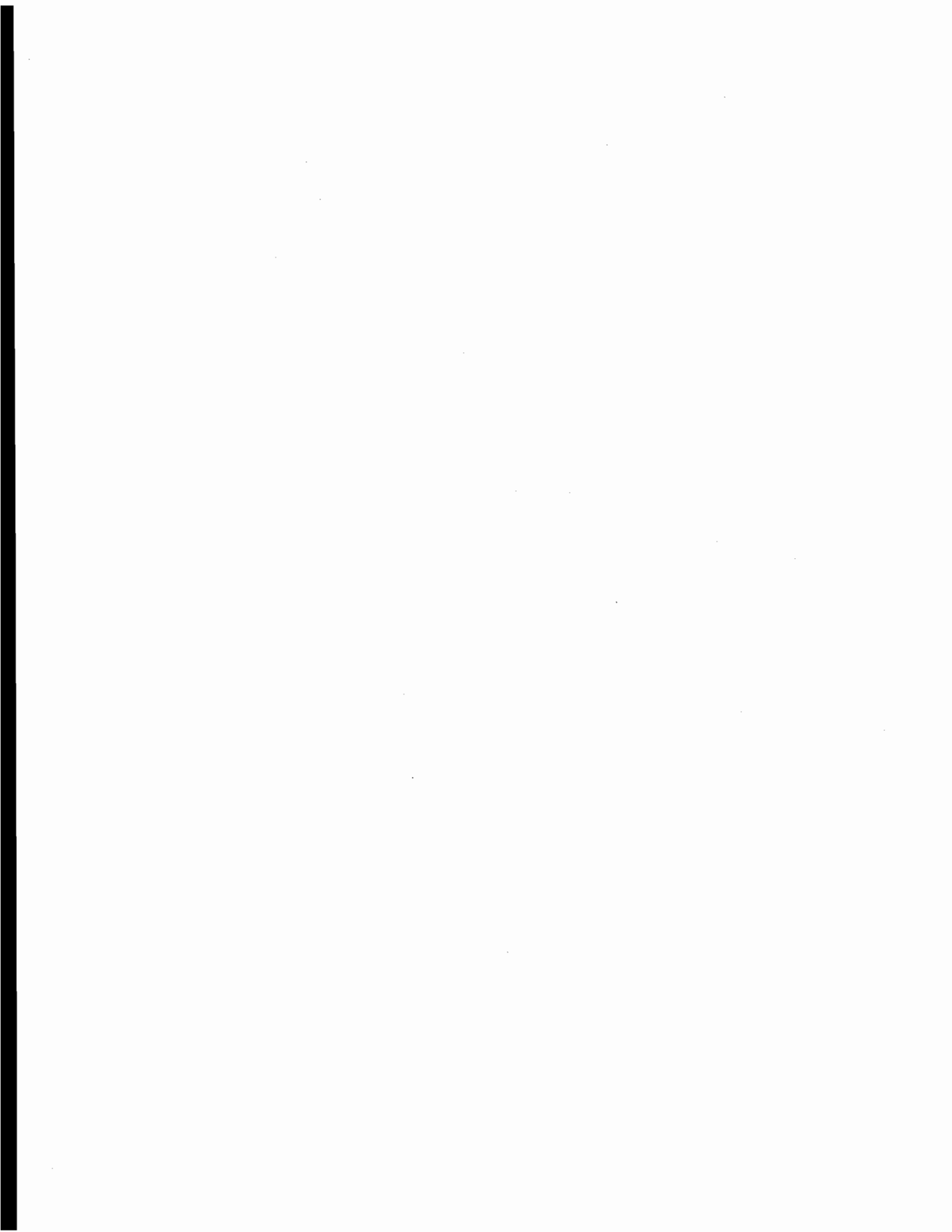
23 MR. VOWELS: And Mr. Binyon, it's  
24 been a while, but one of your siblings had  
25 an ownership interest in one of the other



1 properties?

2 MR. SANFILIPPO: If I may answer  
3 that. That is the property that we purchased  
4 in Las Vegas. And so now we own the  
5 Horseshoe property in Las Vegas, our plans  
6 are, and I think it will be very beneficial  
7 to the state of Indiana to develop a major  
8 Horseshoe facility in Las Vegas. We are  
9 currently looking for a site that we could  
10 build a third property, third major property  
11 there. We have the Rio which we own as well  
12 as Harrah's Las Vegas, and we are going to  
13 build another major property and either brand  
14 it Harrah's, build it ground up, or brand it  
15 Horseshoe, but we will have a property that  
16 will be worthy of a large investment in Las  
17 Vegas, and that's part of our strategy in  
18 continuing to grow this brand.

19 The facility in downtown Las Vegas  
20 that Jack started with his family many, many  
21 years ago truly is a legendary facility, but  
22 it's a very small facility with only a  
23 couple of hundred hotel rooms. And what was  
24 important to us was just to have the name as  
25 well as the rights to the World Series of



1 Poker because we think that's the value  
2 moving forward, but it will be in a much  
3 larger facility.

4 MR. VOWELS: In your presentation  
5 here you talked about selling Harrah's  
6 Shreveport to Boyd next month, I guess. Is  
7 that because of Louisiana or that because of  
8 the FTC or what?

9 MR. SANFILIPPO: Really two reasons.  
10 I had met with the chairman of the Louisiana  
11 Gaming Control Board, and he indicated to me  
12 that he would not be in favor of us having,  
13 in that market where there's five riverboat  
14 licenses and slots at racetrack, that we  
15 would have half of those facilities. And  
16 that market is a very condensed market. The  
17 area is northwest Louisiana, and that market  
18 just services the Dallas/Fort Worth area  
19 which is about two hours away. We also  
20 believed that the FTC would have a difficult  
21 time because they would believe there would  
22 be a concentration issue there. So, when we  
23 announced this here, we did announce that we  
24 would sell that property.

25 MR. VOWELS: So, if you wouldn't have







1 done that, you would have Harrah's there and  
2 Horseshoe, and was there a third entity?

3 MR. SANFILIPPO: The third that we  
4 have there is Harrah's Louisiana Downs. And  
5 Harrah's Louisiana Downs is a thoroughbred  
6 racing facility, and today we are opening up  
7 a new ground-up casino. We invested 110  
8 million dollars at that facility. We opened  
9 up a temporary casino about a year ago at  
10 that location and started work on a roundup  
11 casino and a set of restaurants, a steak  
12 house, a buffet, an entertainment area there  
13 that we're having the opening of it today.  
14 We believe, because that would have been  
15 three of the six facilities there, that it  
16 would have been difficult for the FTC to  
17 approve that. So, there is a Harrah's name  
18 in that market with thoroughbred racing  
19 facility and slots as well as a Horseshoe  
20 name, and we believe that they will be work  
21 extremely well together.

22 MR. VOWELS: And is it Bossier City?

23 MR. SANFILIPPO: It is Bossier City.

24 MR. VOWELS: And Shreveport and  
25 Bossier City, are they near each other?



1 MR. SANFILIPPO: They're just  
2 separated by a river, and they look at  
3 themselves, for the most part, as one city.

4 MR. VOWELS: Well, you're aware of  
5 the status of what Indiana law was recently,  
6 that there could only be 110 percent  
7 ownership. Does Louisiana have something  
8 like that or was this just --

9 MR. SANFILIPPO: They don't.

10 MR. VOWELS: Was it the Chairman's  
11 decision that it wasn't going to happen for  
12 you people down there?

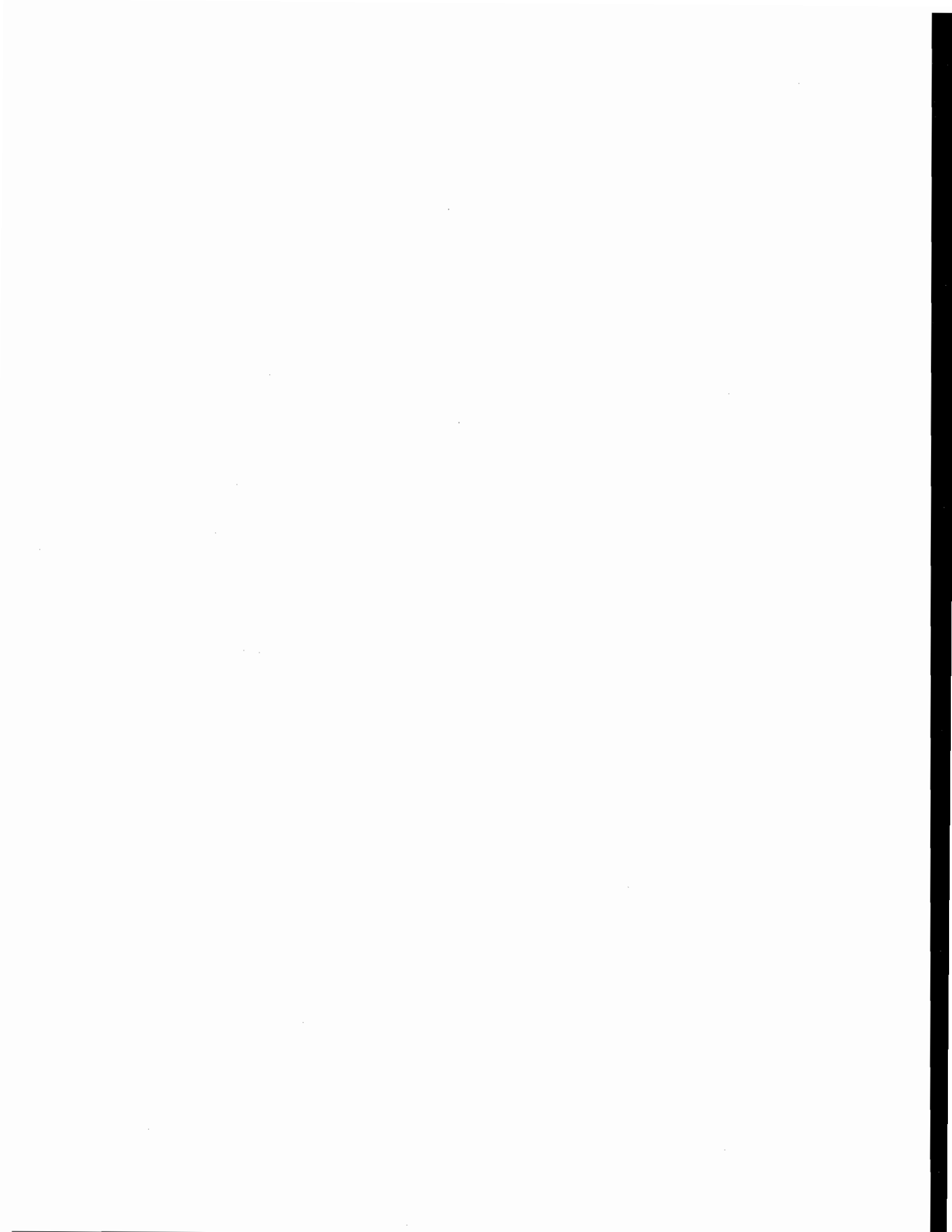
13 MR. SANFILIPPO: The Chairman  
14 explained to me that he was one vote and  
15 that the Chairman acts in the same capacity  
16 there that Glenn does here. He's day-to-day.  
17 So, when we have -- any kind of interaction  
18 is with the Chairman there. But I more  
19 believed that his influence would really  
20 impede us moving forward with that, and so  
21 we made the decision up front.

22 MR. VOWELS: Is there anything anyone  
23 else has?

24 MS. BOCHNOWSKI: How does your FTC  
25 status stand here?



1 MR. SANFILIPPO: It has been a very  
2 long process, and I have been told by people  
3 that probably would pay to count pages, that  
4 there's been over 4 million pages of  
5 documents that have been reviewed by the FTC  
6 as well as a number of actions taken. We  
7 are at the tail end of it right now, and our  
8 belief is that in May we will hear from the  
9 staff as far as where they believe this will  
10 conclude. And of course we hope it's going  
11 to conclude and we believe it should  
12 conclude, that there is not any type of  
13 issue here in northwest Louisiana, and we do  
14 believe the market is a large market, that  
15 it is not a market that is only northwest  
16 Indiana. Our expectation is at the end of  
17 May or the beginning of June, that we would  
18 have a final ruling from the FTC. And as I  
19 mentioned earlier, this has been a very long  
20 process. There are about 7,500 team members  
21 that are a part of the Horseshoe team. Jack  
22 and Roger Wagner and the general managers  
23 have done a wonderful job, but it's a long  
24 time to wait to make a transition. And  
25 we've tried to do the best that we can in

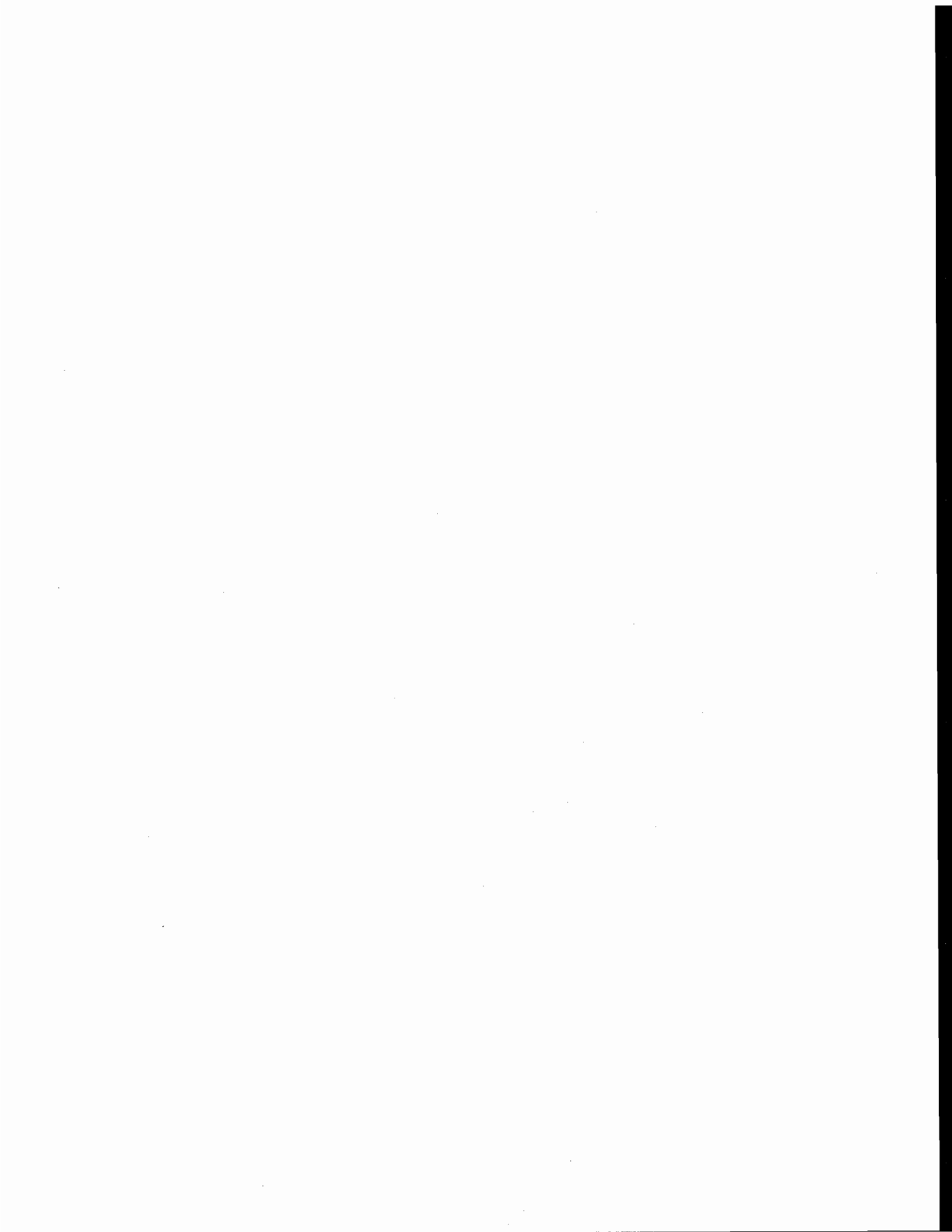


1 communicating with folks, but we're hoping  
2 that you start the process today from a  
3 state standpoint and that by this time next  
4 month, that what we're doing is planning the  
5 actual turnover on July 1st, which will  
6 really have very little effect on the  
7 operations. My plan is that we will be very  
8 quiet about it. That Horseshoe has such a  
9 strong name, you will not see anything  
10 publicly from us that announces that Harrah's  
11 now is the owner of the Horseshoe brand. We  
12 will continue to run that separately and with  
13 the same management team that's in place at  
14 all of the Horseshoe facilities and look at  
15 ways for us to be able to strengthen the  
16 Horseshoe operation as time goes on. We  
17 think we may be able to do that through  
18 areas that would be both transparent to  
19 guests and employees.

20 MS. BOCHNOWSKI: Okay. So, it sounds  
21 like that's moving along, or whatever, you  
22 feel positive that they're, it's going to  
23 come up the way you want it to.

24 MR. SANFILIPPO: We do.

25 MS. BOCHNOWSKI: I just have a couple

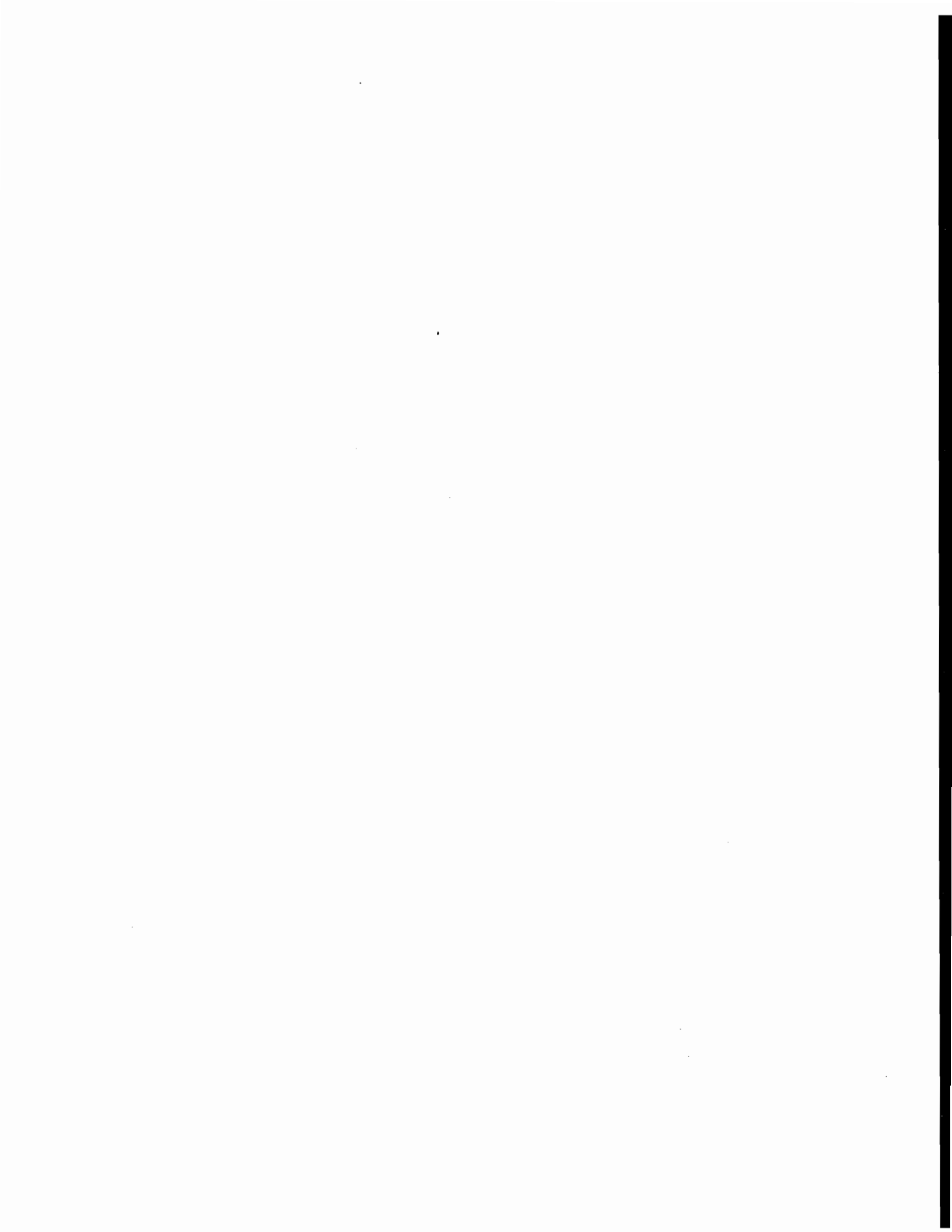




1 of other questions, and then we can move on.  
2 You really pretty much answered my main one  
3 which was regarding East Chicago. So, you  
4 can state unequivocally there is no secret  
5 plans, no designs on East Chicago to sell  
6 that or reduce your involvement?

7 MR. SANFILIPPO: We have had no  
8 conversations with anyone about the purchase  
9 of that. We do not plan to have any  
10 conversations. We've reinforced to our  
11 employees at East Chicago, because they've  
12 heard the rumor, that it is not for sale.  
13 We expect to operate both of these licenses  
14 and continue to grow both of these licenses.

15 MS. BOCHNOWSKI: That's my one  
16 concern, because I know the city of East  
17 Chicago would be happy to have you there.  
18 The other side of that, I've heard  
19 antidotally there, I've heard the Horseshoe  
20 employees are thrilled to be Horseshoe  
21 employees. They're very happy. I've just  
22 heard this around, and I assume with the  
23 same management, you intend to treat those  
24 employees in the same way they're used to  
25 being treated?



1 MR. SANFILIPPO: Absolutely. There  
2 will be no change in their benefits. And if  
3 I may comment on that. I have had really  
4 the good fortune to spend some time with Mr.  
5 Binyon over the last four or five months.  
6 He is a gentleman. He cares about his  
7 employees. They love working for him. And  
8 what I have said to the management team at  
9 all of the properties is I hope if you can't  
10 work for Jack, that you'll find that Harrah's  
11 is next best, and that's what I told them.  
12 Because after spending time with Jack in many  
13 different arenas, at his properties, watching  
14 him with employees, watching him with  
15 customers, they do love him.

16 MS. BOCHNOWSKI: That's my  
17 understanding, and I think they were  
18 heartbroken when they found out that they  
19 were selling, and I just wanted to make sure  
20 they were treated well.

21 MR. SANFILIPPO: We pride ourselves  
22 on how we take care our employees. And I  
23 don't fool myself by thinking that just  
24 because Harrah's is coming in, that they're  
25 going to feel great about us. I know

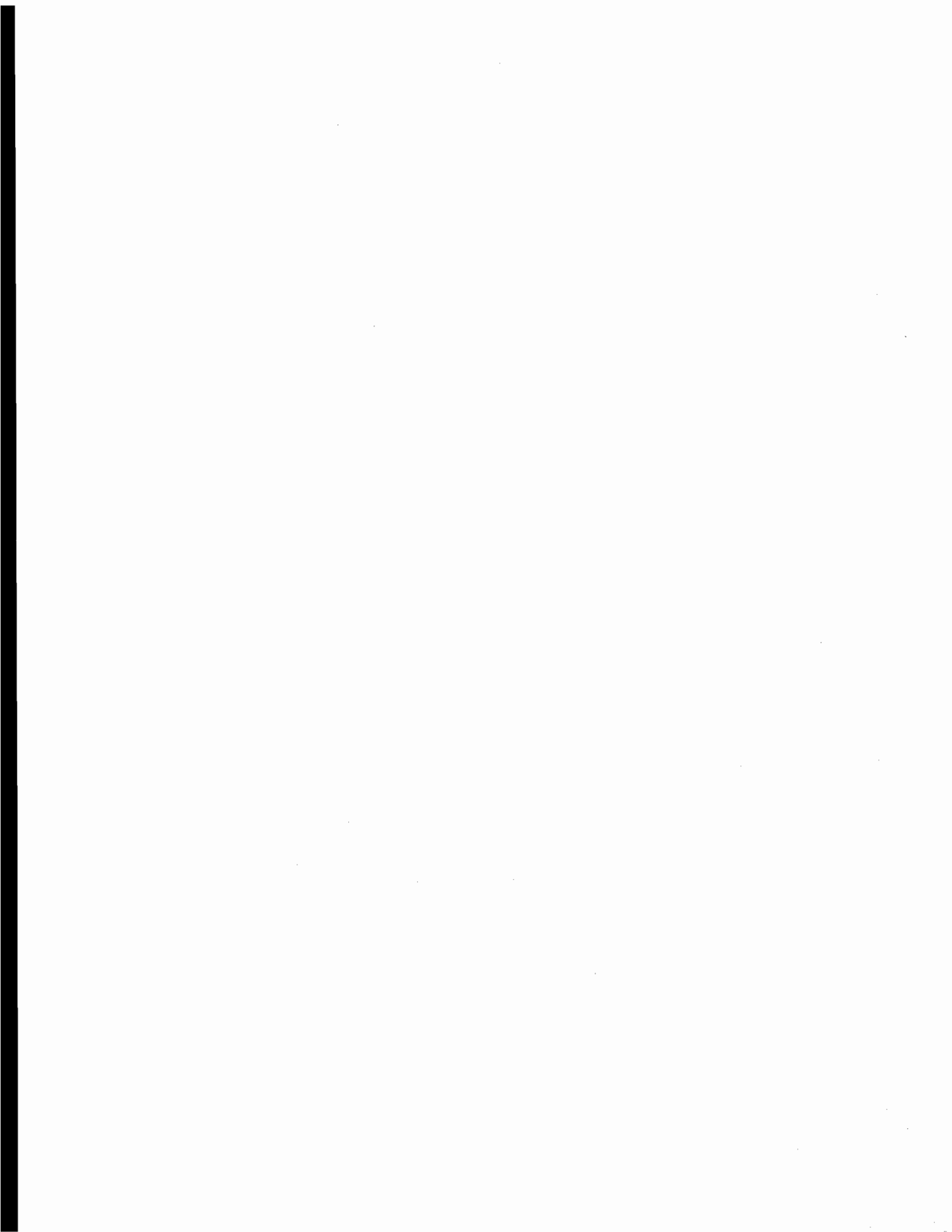


1 they're going to miss Jack. That's why it's  
2 extremely important to me that the culture  
3 that he has built for taken care of the  
4 guests, because they do a great job of  
5 taking care of the guests, lives on.

6 I have purposefully, in my division,  
7 kept some key positions open, to hope to be  
8 able to attract personnel from Horseshoe to  
9 fill those positions. So, when I started  
10 this division, and I'm based down in Memphis,  
11 Tennessee, when I started this division at  
12 the beginning of this year, I didn't fill my  
13 key marketing job, I didn't fill my key  
14 human resource job specifically hoping to  
15 attract talent from Horseshoe, because I know  
16 they're going to be in a better position to  
17 move this culture forward than we would have  
18 from looking at it from the outside in.

19 MR. VOWELS: Any other thoughts?

20 MR. GETTELFINGER: Mr. Chairman,  
21 could you review for me again the timing of  
22 the state approvals and the FTC decision?  
23 You're here now, which is prior to the FTC  
24 decision, and you expect approvals from other  
25 states before the FTC, and if those approvals



1 are not granted, what is the impact on the  
2 FTC deliberations?

3 MR. SANFILIPPO: Let me start first  
4 with we're here today. Louisiana has their  
5 next meeting on the 17th of May. The  
6 Chairman, who had been Chairman of that  
7 gaming control board, resigned last month.  
8 The governor has replaced or named a new  
9 chairman of that board. We have asked and  
10 petitioned to be on the May 17th agenda.  
11 So, we have not received confirmation on that  
12 yet, and they've had a little bit, because  
13 of the change, they're trying to get settled  
14 a little bit. So, if we're not on the May  
15 17th, we would expect to be in June. We  
16 have all of our information in waiting for  
17 them to place us on the agenda. They  
18 typically will tell us seven to ten days  
19 before the start of that meeting if we're  
20 going to be on the agenda. Mississippi,  
21 which typically would have their meeting on  
22 the 19th of May, has now moved their meeting  
23 back to the 27th of May, which we think is  
24 very positive for us, because what we're  
25 hoping happens is that we have clear





1 direction from the FTC, at least from staff,  
2 in the middle of May that says, we're done  
3 with it. We believe we'll have official  
4 confirmation from the FTC beginning in June.  
5 That's what our belief is, but there's not a  
6 guarantee from the FTC other than a  
7 commitment that says we should be completely  
8 finished with this the beginning of June.  
9 We realize we can't close and that you're  
10 going to approve this conditional on FTC  
11 approval, until we have FTC approval. So,  
12 what we're hoping to have is each state  
13 approving this, us targeted for a July 1st  
14 transfer date, and that we have, the  
15 necessary bodies have approved it between now  
16 and then. The planning that needs to go  
17 into then making this transfer, it would be  
18 more helpful for us to have it at the end of  
19 May, early June, than it would be later in  
20 June.

21 MR. VOWELS: Does Harrah's have a  
22 presence already in Mississippi?

23 MR. SANFILIPPO: We do. This  
24 property, the Horseshoe property, is in  
25 Tunica. We also have a property in Tunica.



1 Ours is a much smaller property. Tunica has  
2 11 properties in that market. Our property  
3 is probably 6 or 8 miles from the Horseshoe  
4 property.

5 MR. VOWELS: So, there's no problem  
6 that you have there as you had in Louisiana?

7 MR. SANFILIPPO: Not at all.

8 MR. VOWELS: And you said you talked  
9 about the chairman at the board of Louisiana  
10 having a problem with you having the two  
11 properties so close to each other, but is  
12 that the same person who's now resigned?

13 MR. SANFILIPPO: He has resigned.  
14 But we have already, we have already made a  
15 deal with Boyd that was independent of this  
16 deal, so we turned that property over.  
17 We're at the final stages of getting ready  
18 to turn that property over.

19 MR. GETTELFINGER: My second question  
20 is, could you review for me again the  
21 properties and locations that will be in your  
22 central division, if I got that right?

23 MR. SANFILIPPO: The states of  
24 Indiana, and these are properties, these are  
25 locations where you have active properties,



1 Indiana, Mississippi and Louisiana. In  
2 Louisiana, we have the Harrah's New Orleans  
3 facility which we just announced, and we're  
4 getting out of the ground right now on a  
5 project, 142 million dollar hotel at that  
6 property. And I would probably bore you  
7 with the history of that, but that's a  
8 ten-year process where we're very proud of  
9 the outcome. But that's been a situation  
10 where both from a contract standpoint with  
11 the state and some operating conditions that  
12 were placed on us, one was we couldn't have  
13 a hotel, that that project has taken about  
14 ten years for us to really have it an  
15 accredited project for our company. And the  
16 reason I tell you this is because we hung  
17 with it. I think a lot of companies would  
18 have walked away from that project. It is a  
19 project that we're putting significant  
20 capital into it today.

21 In Lake Charles, Louisiana, which is  
22 on the western part of the state, the  
23 southwest part of the state, and that market  
24 is focused on Beaumont and Houston. We have  
25 two licenses. The two licenses are two



1 riverboats that are in a complex together.

2 In the northern part of the state in  
3 Louisiana we have, Shreveport and Bossier  
4 City are right together, and we have today a  
5 property in Shreveport that we're selling to  
6 Boyd. And then in the Bossier City side  
7 where Horseshoe is, we also have a large  
8 facility, 300 acres, and it's the  
9 thoroughbred racing facility with the casino.  
10 And as I mentioned, we are completing that  
11 expansion, opening up today.

12 In Mississippi we have in Tunica a  
13 Harrah's facility. My offices are in  
14 Memphis, Tennessee, and they used to be, this  
15 complex at one point was the corporate  
16 offices. The corporate offices since moved  
17 to Las Vegas. We have all of our  
18 accounting, all of our information technology  
19 personnel based in Memphis, Tennessee, all of  
20 our purchasing, all of our central purchasing  
21 is in Memphis, Tennessee, and my division is  
22 in Memphis, Tennessee. So, we have about  
23 400 employees in Memphis, Tennessee. It  
24 makes it ideal for me to travel up to the  
25 Chicagoland area or travel down to Louisiana.





1 We have then the properties you're  
2 familiar with here that I oversee. We  
3 purposely did not have Illinois as part of  
4 my division. We said we're going to have a  
5 separate division president that oversees  
6 that market to actually create more  
7 competition between the two, and that's the  
8 way it's set up right now.

9 Also, in Alabama we have signed a  
10 deal with a tribe there which is the Porch  
11 Creek Band Indians, that's part of my  
12 division, and we are just starting, we've got  
13 an agreement with them, a Class 23 facility  
14 right outside of Montgomery, Alabama, in  
15 Wetumpka, Alabama. Anything in adjoining  
16 states or in the south or if anything was to  
17 happen in Kentucky, that would fall into my  
18 division. But today those are the operating  
19 properties.

20 MR. GETTELFINGER: Illinois is  
21 separate?

22 MR. SANFILIPPO: Illinois is the  
23 eastern division. It is a separate division.

24 MR. GETTELFINGER: Illinois is  
25 eastern is Indiana is central? So, the



1 purchasing is going to take place in Memphis?

2 MR. SANFILIPPO: Purchasing will  
3 continue to be facilitated at every one of  
4 our properties. What we do in Memphis is we  
5 look to try to have some national purchasing  
6 contracts and that we tie all the properties  
7 together. What happens all too often is the  
8 properties might be doing business with the  
9 same companies, but they're not able to  
10 acquire any type of national purchasing price  
11 power.

12 What we've also done and what we've  
13 been able to do is develop those in specific  
14 communities and have them become a part of  
15 our national system, too. So, there will be  
16 an advantage that work with Harrah's to try  
17 to get part of servicing other Harrah's  
18 properties.

19 MR. GETTELFINGER: Thank you, very  
20 much.

21 MS. ROSE: I have a question, Mr.  
22 Chairman.

23 MR. VOWELS: Go ahead.

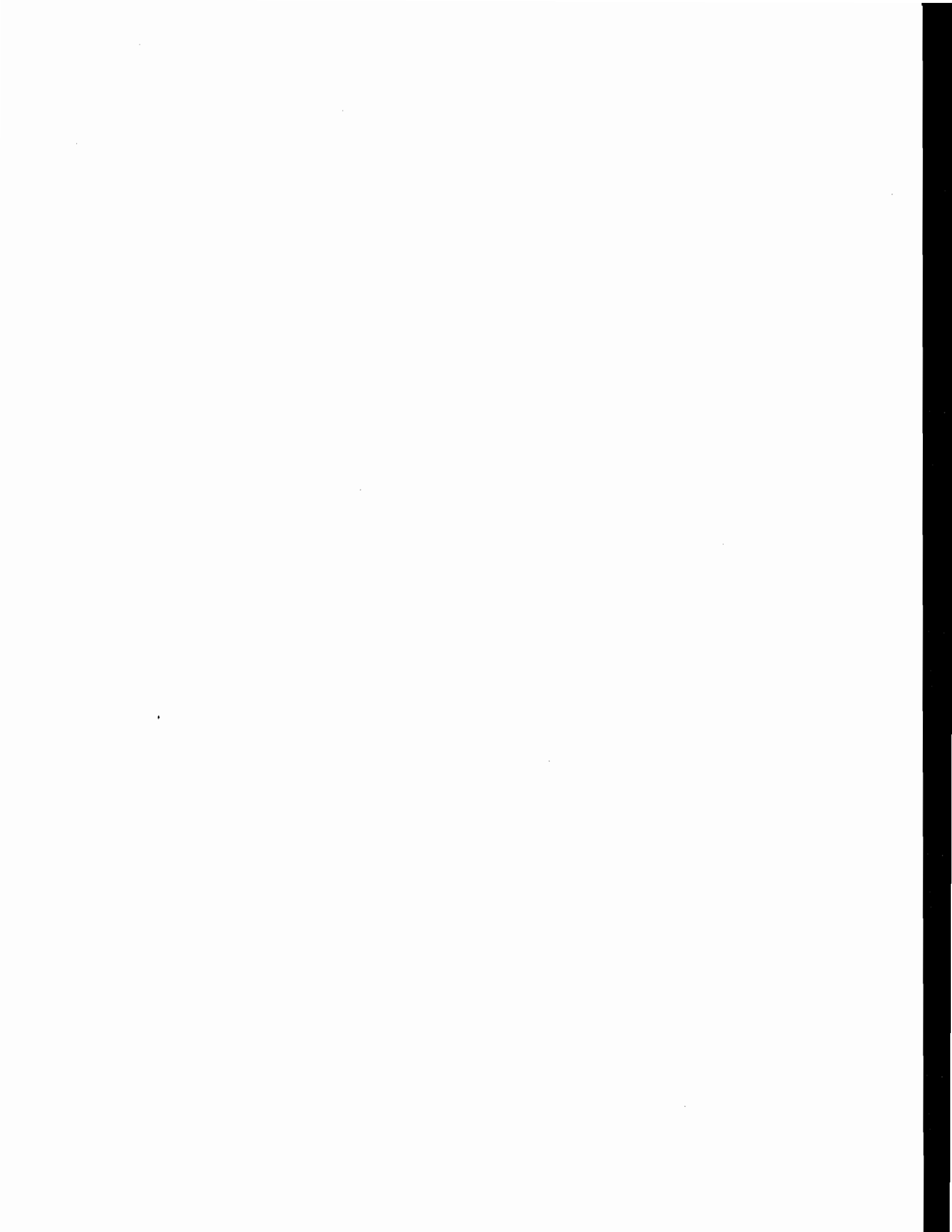
24 MS. ROSE: You talked about synergies  
25 in your presentation. In the manufacturing



1 world, when we talk about consolidation of  
2 systems, we generally mean that people are  
3 going to lose their jobs. Is that the plan  
4 here?

5 MR. SANFILIPPO: I met with Rick  
6 Mazer, and I met with the management team  
7 last week, an informal meeting for the first  
8 time just to meet them. Jack has had a  
9 policy of no layoffs. And the question was  
10 asked of me last week by the management  
11 team, are you going to continue that policy,  
12 and I said absolutely, that we will not have  
13 any layoffs. We do believe there will be  
14 some opportunities for us to, whether it's in  
15 payroll or some packing house systems, find  
16 some efficiencies there, but we will not, if  
17 there is not a position there, we will find  
18 another position.

19 Now, the reality is, we have a hard  
20 time finding people. And the last time I  
21 looked at, which was last week, the number  
22 of positions we have open in East Chicago,  
23 it was 60 down from 90. And we're always  
24 looking. Because this is a business, as you  
25 all know, 24 hours a day and 7 days a week



1 that's pretty demanding on people, working  
2 holidays, and we continue to look for folks.  
3 As you know, the casinos are putting a  
4 cashless slot system in where no longer you  
5 need the coins and goes with a ticketing  
6 system, and that in itself produces labor.  
7 Horseshoe has not nor have we at East  
8 Chicago, to my knowledge, and I have not  
9 specifically asked our general manager that,  
10 but I don't think we have, eliminated  
11 positions. We've allowed through attrition  
12 or replacement of those individuals into  
13 other parts of the organization because we  
14 need the folks in other parts of the  
15 organization. But I will make you the same  
16 commitment that I made that management team,  
17 that we will not lay anybody off at the  
18 Hammond property.

19 MR. VOWELS: Anything else?

20 MS. BOCHNOWSKI: Or the East Chicago  
21 property?

22 MR. SANFILIPPO: Or the East Chicago  
23 property.

24 MR. VOWELS: All right. Mr. Binyon,  
25 what are you going to be doing with





1 yourself?

2 MR. BINYON: Oh, I don't know just  
3 yet. Like he says, I will be doing some,  
4 you know, PR work and working with Anthony  
5 some on any basis they need me for, and I  
6 don't know what else I'm going to be doing  
7 after that.

8 MR. VOWELS: Well, 1.626 billion  
9 dollars, I guess you pretty much can do  
10 anything you want.

11 MR. BINYON: Well, just investing  
12 that passive income will be a pretty big  
13 job.

14 MR. VOWELS: Well, the situation, Mr.  
15 Binyon, as you were involved with this, when  
16 we granted the license to you a few years  
17 ago, there was some public discussion over  
18 our decision, and I think our decision back  
19 then was right, and I think you proved us  
20 right over these years, that the attacks on  
21 you certainly were addressed by this  
22 Commission, and we came to different  
23 conclusions than some other jurisdictions,  
24 but I thought we were right back then and I  
25 think we're right today, and I appreciate you



1 being here in Indiana, and I think I speak  
2 for the rest of the Commission, too. And  
3 we've been to your facility and we've walked  
4 through the boat with you, and it's very  
5 obvious, as Commissioner Bochnowski was  
6 saying, your employees' loyalty and affection  
7 toward you, and that's a factor X that I  
8 hope, as the corporation of Harrah's comes  
9 in, that doesn't change. I'm not going to  
10 kid myself that it's not going to have some  
11 effect because I never heard the gentleman  
12 here say that they were going to take  
13 everything you did at Horseshoe and apply it  
14 to Harrah's now. But you'll be missed from  
15 the state of Indiana, and I wish you the  
16 best. And with 1.626 billion dollars, I  
17 don't think I really need to wish you too  
18 much best.

19 MR. BINYON: Thank you. And I think  
20 Anthony personally will do a great job. Not  
21 only Harrah's, I have a lot of faith in him  
22 personally.

23 MR. VOWELS: Anything else for him?  
24 We're going to turn to Mr. Lawrence  
25 right now -- oh, I'm sorry, Mayor McDermott.

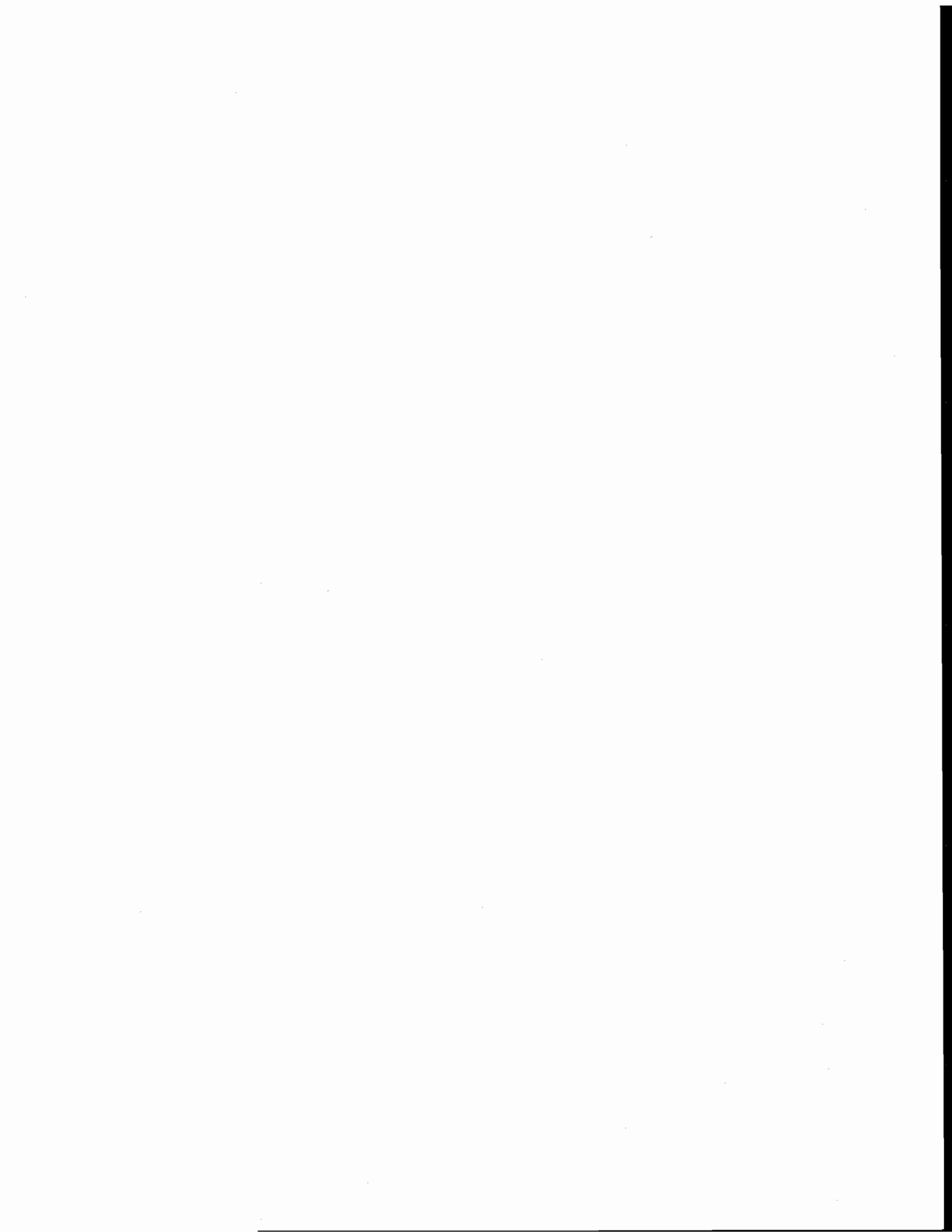


1 I'm sorry, Mayor.

2 And your thoughts on this?

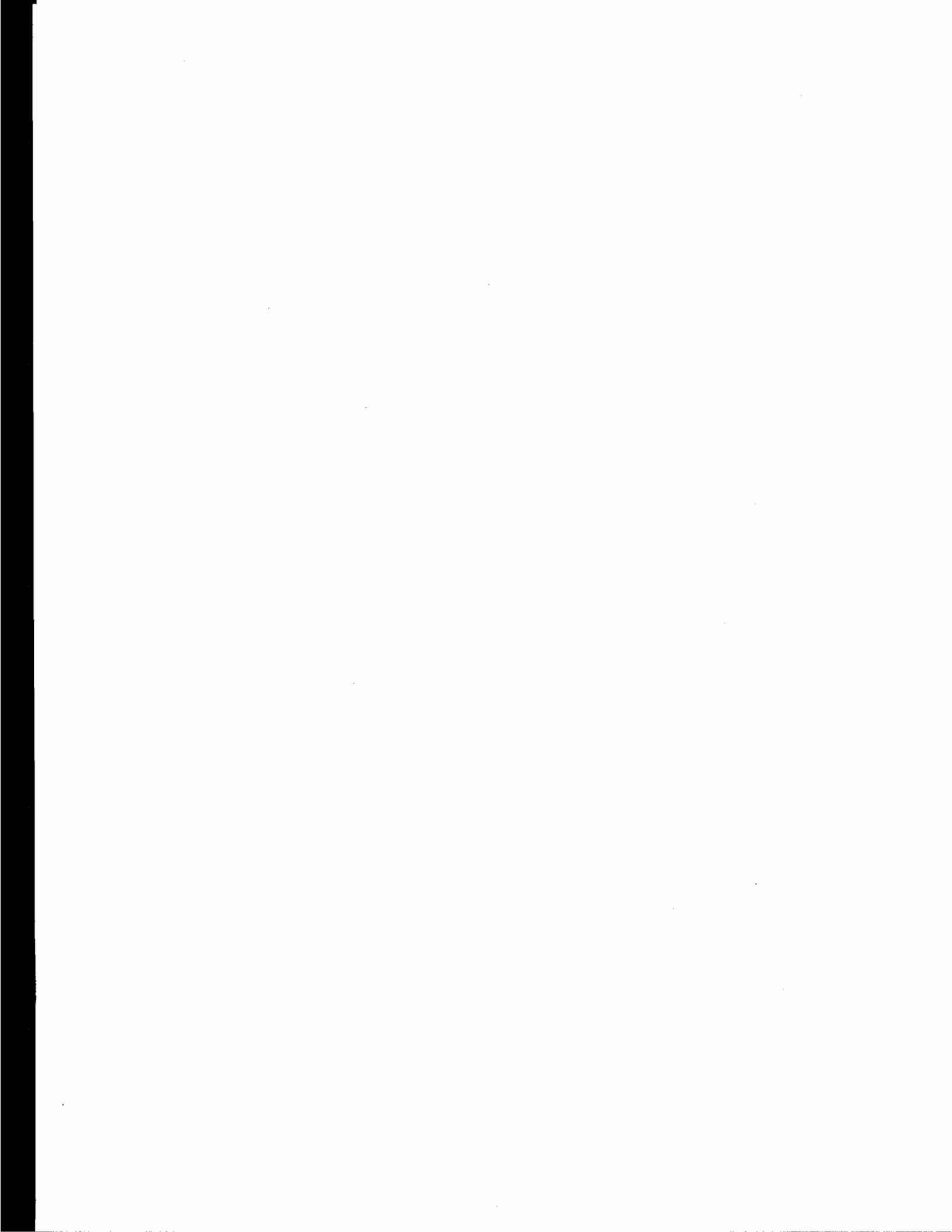
3 MR. JOHNSON: If I could just  
4 introduce the Mayor, I'm David Johnson. I'm  
5 a lawyer with Baker & Daniels here. I've  
6 been coming before the Commission on this  
7 particular license for the better part of ten  
8 years. And with me today is the new mayor  
9 of the city of Hammond, Thomas McDermott, Jr.

10 The city of Hammond is very  
11 interested in the transfer of this license  
12 and wishes to advise the Commission that we  
13 know very little about the terms of that  
14 transfer. And that is particularly  
15 disturbing to the City, because this  
16 Commission knows, along with perhaps one of  
17 your other properties, the city of Hammond is  
18 unique in being a public owner of the  
19 licensed gaming facilities. We have had a  
20 long, extensive and good development  
21 relationship. This is now the second time  
22 we've had a change of ownership at this  
23 site, and we have had a great relationship  
24 with the Horseshoe folks and with their  
25 predecessors. The City has had a strong



1 relationship with this Commission, and we  
2 understand that it is your duty primarily to  
3 look at the business transferred to you, but  
4 from the City's standpoint, this is the most  
5 important asset the city of Hammond has,  
6 completely publically owned land, we believe,  
7 perhaps self-servingly, very prudently used  
8 for mixed use developments, recreational  
9 developments all across the water front.

10 Because the City was so determined  
11 from the very beginning about taking full  
12 advantage of the opportunities of gaming but  
13 also not having gaming trample the interests  
14 of the City. We requested and were given at  
15 the time that the development agreement was  
16 negotiated and encouraged by this Commission  
17 to be negotiated, the right to appear as a  
18 part of any presentation made any developers  
19 seeking a transfer of license. Thanks to  
20 your Executive Director, who is not a party  
21 to that contract nor is this Commission a  
22 party to that contract, we were notified that  
23 this hearing was going to be taking place  
24 today. But we have not been notified either  
25 by Harrah's or by Horseshoe of this





1 proceeding, of any of the materials that you  
2 have before you or of any of the terms of  
3 this proposed transaction.

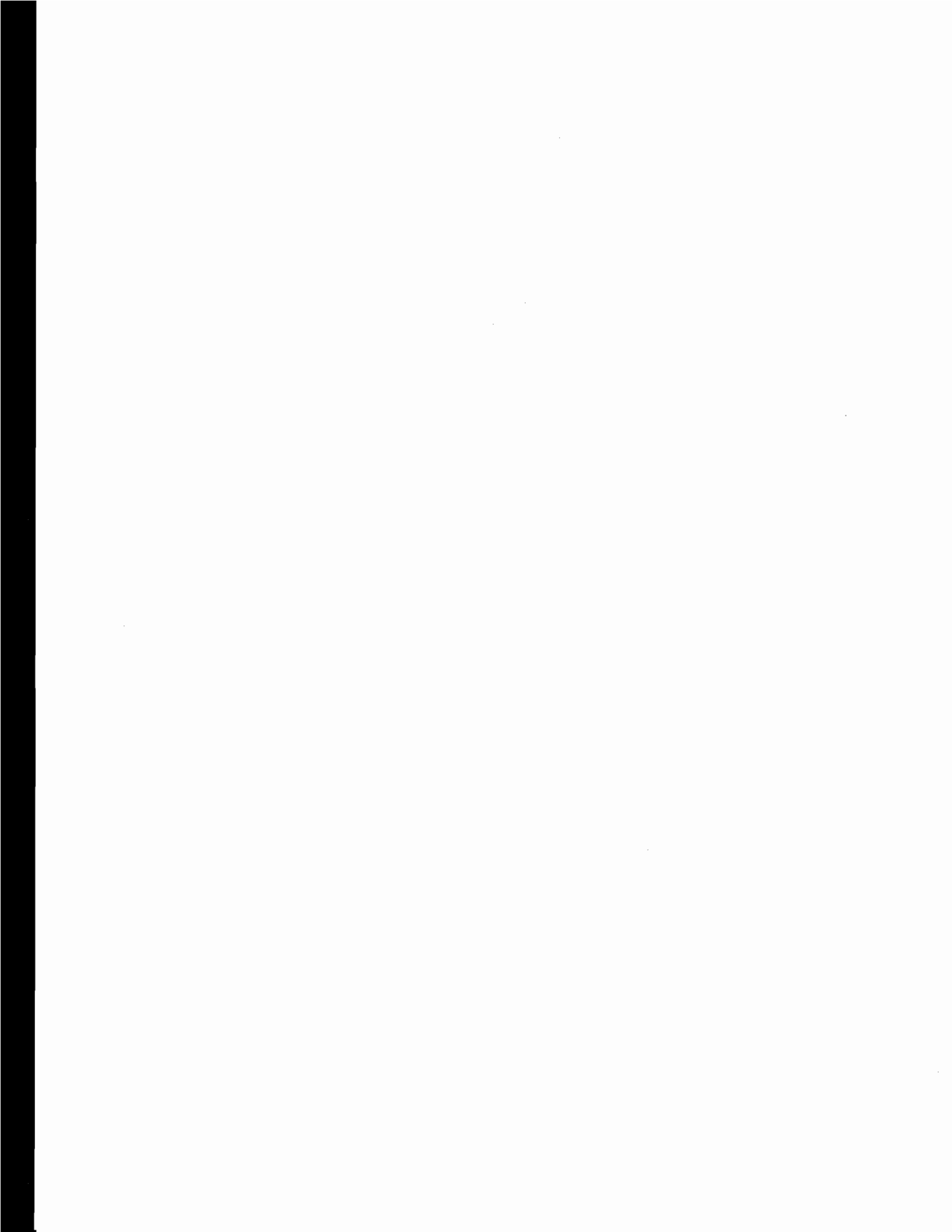
4 So, I would like to introduce the  
5 mayor of Hammond, the Honorable Thomas  
6 McDermott. And we want to be consistent  
7 that as the Commission considers this  
8 proposal, and in particular, given the news  
9 we've learned this morning of a July 1 date  
10 which comes before your full hearings in  
11 Hammond in August, the City needs a place at  
12 the table just like we have one here today.

13 The Honorable Mayor McDermott.

14 MR. McDERMOTT: Thank you, Mr.  
15 Johnson.

16 Mr. Lawrence, Mr. Chairman, Members  
17 of the Gaming Commission, thank you for  
18 giving us a chance to speak today.

19 As a new mayor of the city of  
20 Hammond, I was very surprised to learn that  
21 the Commission was going to give early  
22 consideration to the proposed Hammond  
23 riverboat project license transfer today. I  
24 do appreciate being here today, especially  
25 under these circumstances, to introduce



1 myself to you and to speak to you on a  
2 project that is vital to my city.

3 As you know, the riverboat project in  
4 Hammond is a highly desirable commercial and  
5 gambling property for any operator as well as  
6 a major source of substantial tax revenues to  
7 my city, tax revenues being very important  
8 right now, particularly in Lake County. For  
9 us in Hammond, it is the public/private  
10 partnership and centerpiece for one of our  
11 city's most important assets, this is the  
12 only riverfront property we have in our city,  
13 different from any of the other sites for  
14 gaming boats around the state, the Hammond  
15 boat is publicly, not privately owned. I'm  
16 a strong advocate for the contributions that  
17 a responsible gaming project makes for our  
18 community. Ours today is a well-run,  
19 world-class development.

20 I agree with you, Mr. Vowels, Mr.  
21 Binyon is nothing but a gentleman. He's  
22 been a great, great gambling place for  
23 entertainment, and we appreciate him and we  
24 will miss him if he does, in fact, leave.  
25 Still, I do not know today very much about

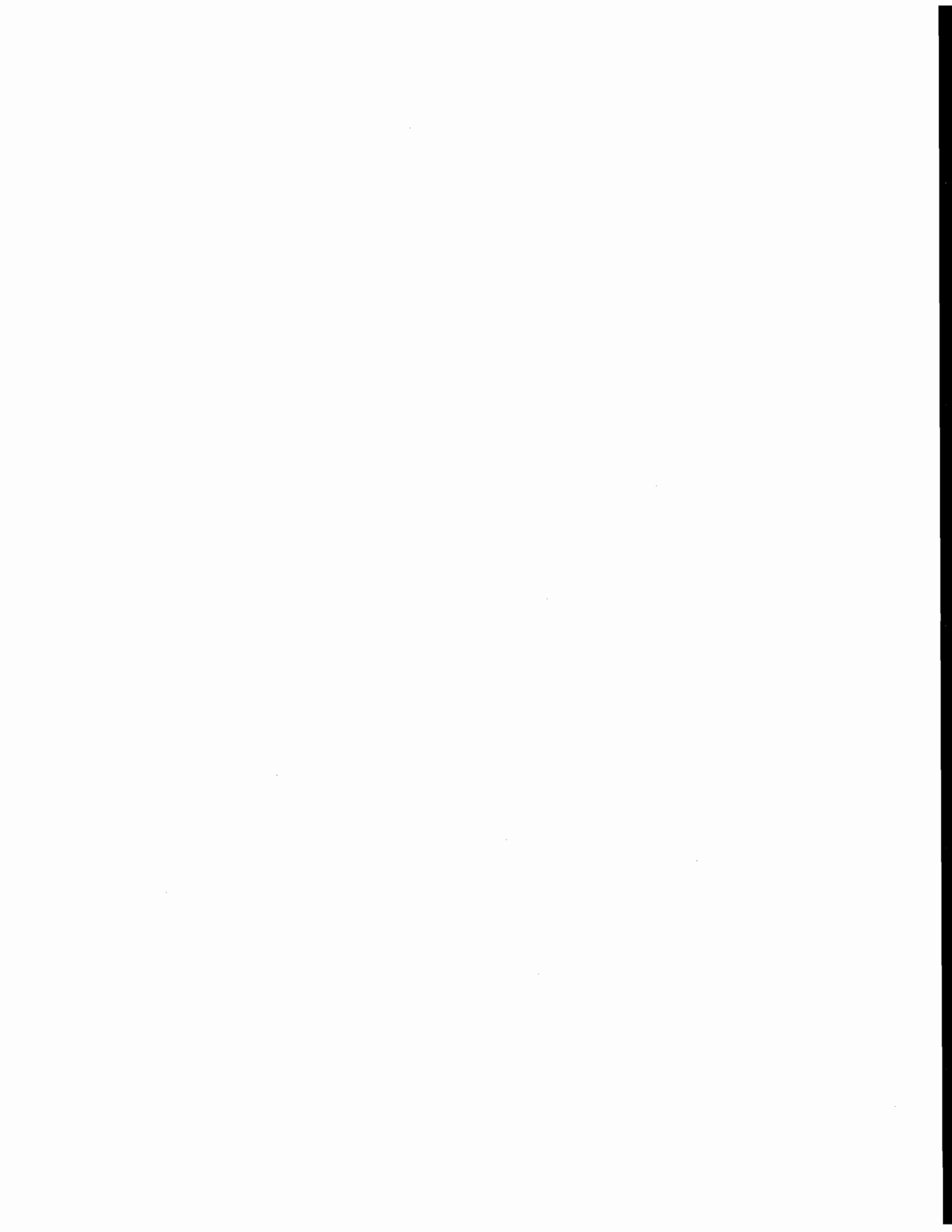




1 this proposed license transfer. As my  
2 attorney indicates to you, we found out about  
3 this hearing a few days ago and we're  
4 supposed to be partners in this agreement,  
5 and that is concerning to me.

6 The Commission will appreciate that I  
7 must always keep close watch on the future  
8 of our gaming project, especially when  
9 changes are proposed on the scale as large  
10 as the ones you are beginning to consider  
11 here today.

12 My predecessor, the Honorable Mayor  
13 Duane Dedelow, Jr., very appropriately  
14 insisted that the riverboat project  
15 development agreement give the City as a  
16 contractual right the ability to appear  
17 before this Commission with any developer to  
18 discuss a proposed change in ownership. But,  
19 unlike my predecessor and perhaps different  
20 from your experience with Hammond in the  
21 past, I stand before you today as a  
22 representative of the city of Hammond, the  
23 Hammond city council and the Mayor's office  
24 before they were badly divided and, in fact,  
25 before they had a lawsuit between themselves.



1 We are working together as a team because  
2 this is a project so important to our city.

3 Again, I have only begun to get to  
4 know the principals of Horseshoe and Harrah's  
5 who are here today. In fact, I will go so  
6 far as to say I've only spoke with  
7 representatives of Harrah's maybe for one  
8 hour about a transfer of 1.6 billion dollars  
9 to my city. I like what I know and those I  
10 have met so far, but we are only beginning  
11 to get acquainted. Because the proposed  
12 transfer has been delayed by federal  
13 regulatory issues and we have not a thorough  
14 discussion of how this deal will work for  
15 Hammond, neither the Horseshoe team nor the  
16 Harrah's team has had an opportunity to deal  
17 with me on a regular basis to take a good  
18 look at where the project stands today and  
19 what our future together may be. I'm very  
20 much looking forward to those discussions  
21 because this is so important to my city.

22 I am not here to comment today on the  
23 merits of either Horseshoe or Harrah's or to  
24 attempt to advise the Commission of any  
25 financial policy or business issues that are

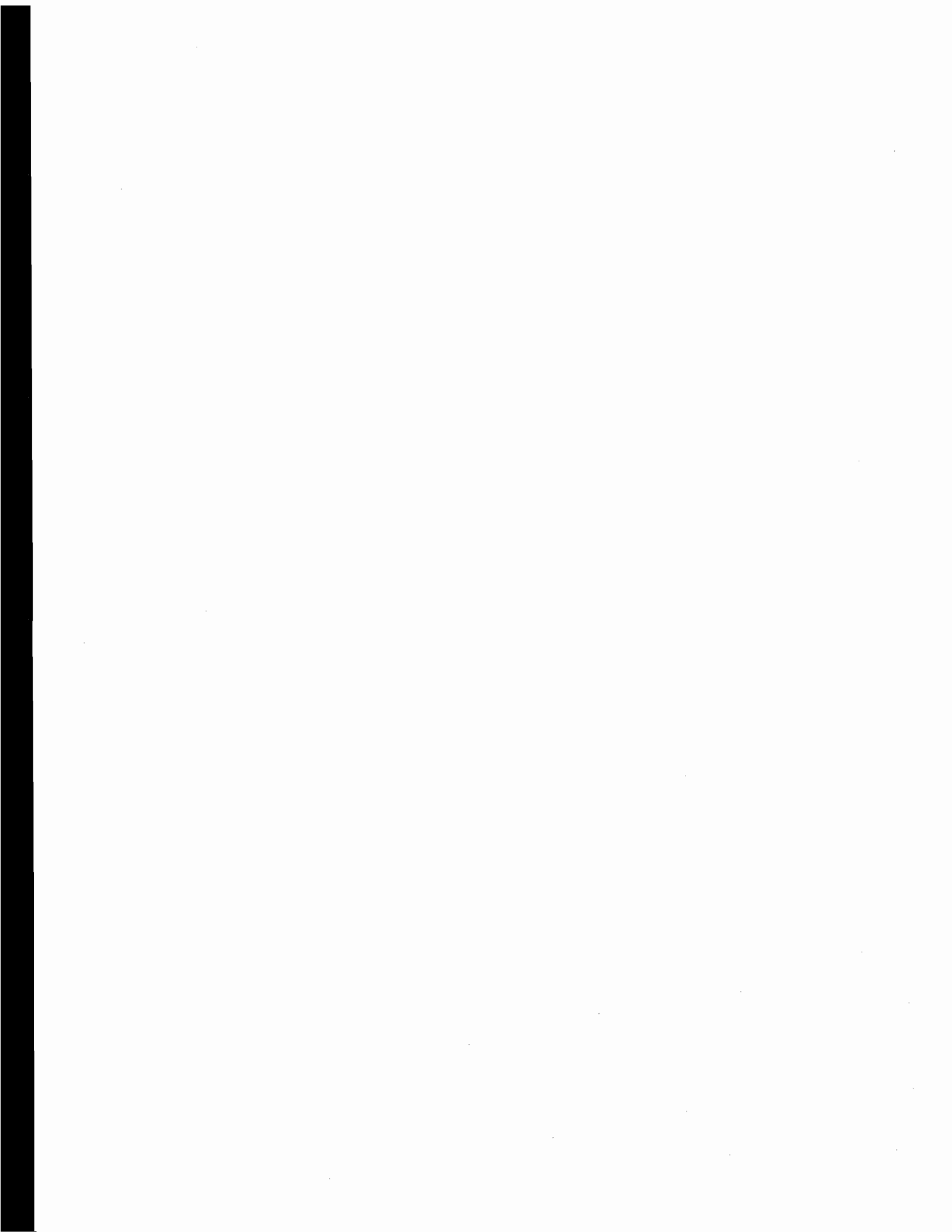




1 rightfully the Commission's responsibility in  
2 considering any transfer of this type. I am  
3 here to remind the Commission of the absolute  
4 importance of this project to the life of my  
5 city, Hammond, Indiana, and of our city's  
6 vital interest in the project's growth in the  
7 future.

8 This Commission must take into  
9 account our city's interest in any and all  
10 of your deliberations on this proposed  
11 transfer. We specifically request that you  
12 make the city's comfort with any proposed  
13 transfer an express condition of that  
14 transfer. While you may be discussing a  
15 seemingly private business transaction here  
16 today, there is nothing of more public  
17 importance to the city of Hammond than this  
18 proposed deal.

19 Again, to that end, we hope that you  
20 will insist that any developer, whether  
21 current or proposed, live by certain Hammond  
22 groundrules, and, one, fully understand,  
23 agree to and carry out the letter and the  
24 spirit of all of the developers' commitments  
25 under the Hammond riverboat project.



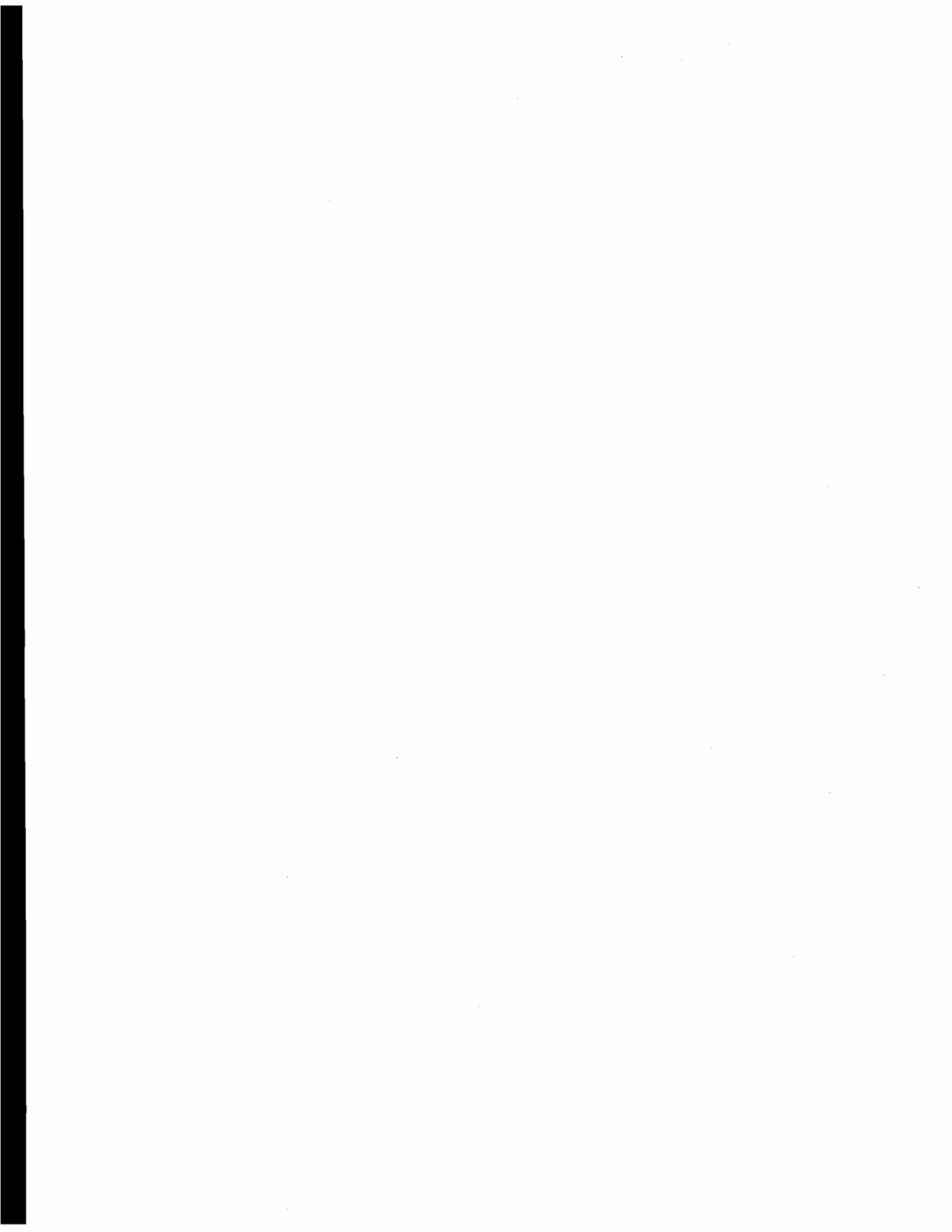
1 development agreement and its various  
2 amendments.

3 Two, continue to development Hammond  
4 site as its top priority for further  
5 investment, improvement and expansion, never  
6 to be put in second place.

7 And, three, continue to work as a  
8 true partner with the City in establishing  
9 and expanding the Hammond waterfront as an  
10 entertainment destination for our residents  
11 and our gambling patrons.

12 When you visit us in Hammond for full  
13 hearings later this year, I look forward to  
14 sharing with you our vision for leveraging  
15 our gaming opportunities. We are considering  
16 the development of a new arena and a  
17 convention center near the gaming site. The  
18 proposed arena will make clear from my  
19 administration how excited we are by the  
20 gaming project and will allow the riverboat  
21 development to be taken to a whole new  
22 level. We are committed to establishing  
23 Hammond as the place to be and the place to  
24 come for great entertainment and recreation  
25 along our waterfront.





1 Thanks again for the chance to  
2 introduce myself to you here today. We look  
3 forward to working with you for the future  
4 of our Hammond project.

5 MR. VOWELS: Thank you.

6 MR. JOHNSON: If I might just add to  
7 the Mayor's comments, I believe this is the  
8 first time this Commission license has  
9 considered a transfer of license to an  
10 existing license holder, and the issues of  
11 competition and market concentration that are  
12 mentioned. What we're discussing here is  
13 another aspect of market competition, focus,  
14 attention and future development. When we  
15 look at the other projects up there, we  
16 don't know what's going on, it is a great  
17 concern to the City.

18 MR. VOWELS: Thank you.

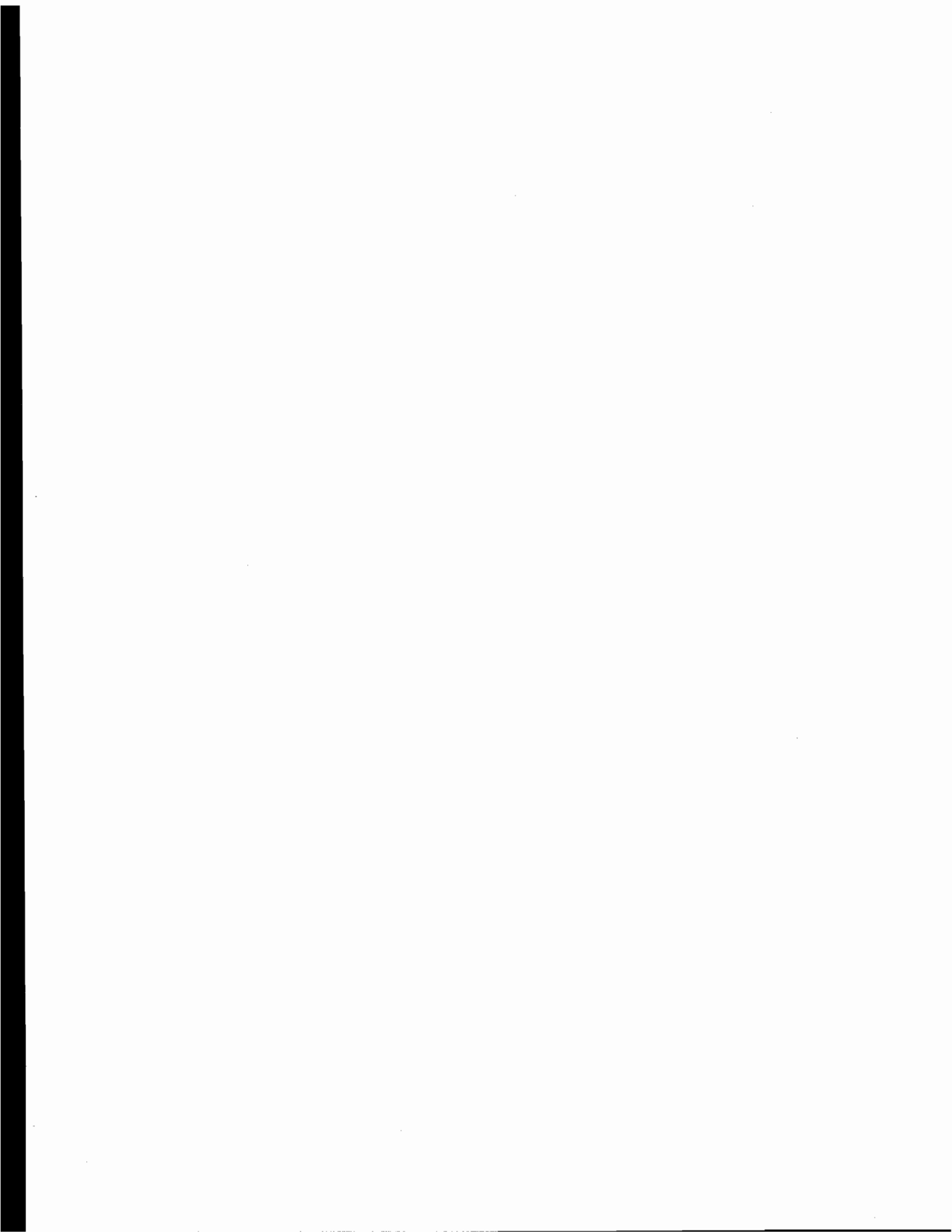
19 Any questions?

20 MR. MILCAREK: Jay, do you want to  
21 say something?

22 MR. BOYD: Just very briefly, Mr.  
23 Chairman.

24 Jay Boyd from Barnes & Thornburg for  
25 the city of East Chicago and The Foundations





1 of East Chicago.

2 Both the City and The Foundations are  
3 huge fans of Harrah's, and our concerns about  
4 this transfer, that is the say the diverting  
5 corporate attention from Harrah's or diluting  
6 the commitment of Harrah's to East Chicago  
7 and to The Foundations, I believe have been  
8 fully addressed by Harrah's presentation by  
9 Mr. Sanfilippo this morning, and we'd like to  
10 see those commitments or the preface that he  
11 laid out for this transaction be part of the  
12 approval.

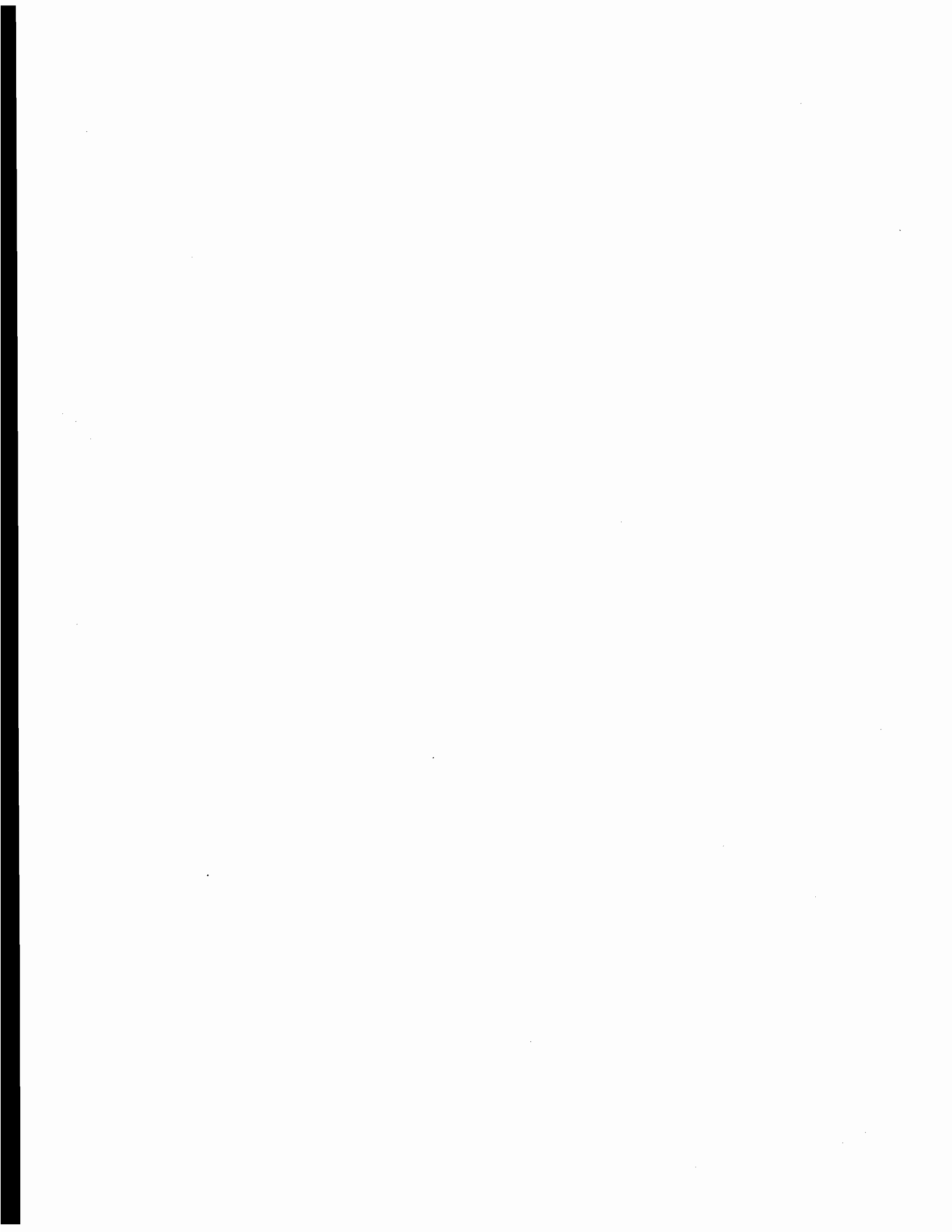
13 One thing I heard from Mayor  
14 McDermott at least gives me some pause as to  
15 how all of this fits together, if that's a  
16 statement that any capital investment or  
17 re-investment be the top priority for one  
18 community over the other, I think is an  
19 issue that probably is worthy of further  
20 discussion among the interested participants.

21 Thank you.

22 MR. VOWELS: Thank, you, Mr. Boyd.

23 Mayor, how long have you been in  
24 office?

25 MR. McDERMOTT: Four months.





1 MR. VOWELS: Since January 1?

2 MR. McDERMOTT: Since January 1.

3 Before that, Mayor Dedelow sent out a letter  
4 putting the proposed deal on notice that he  
5 did plan to sit at the table and discuss  
6 this matter with the Gaming Commission.

7 This is a particularly sensitive  
8 issue with the taxes and what we're going  
9 through in Hammond, Indiana, right now. In  
10 fact, I have a proposal on the table that  
11 uses casino money for significant tax relief.  
12 So, it concerns me when we're talking about  
13 a transfer of this type and possibly  
14 affecting gaming revenues in the future.  
15 This is something that is important to me  
16 because we own the marina that they're  
17 talking about putting Harrah's in, and this  
18 is something that I think we needed to bring  
19 to your attention. I've had one hour to  
20 talk about this merger, and I don't think  
21 that's enough time.

22 MR. LAWRENCE: Mr. Sanfilippo.

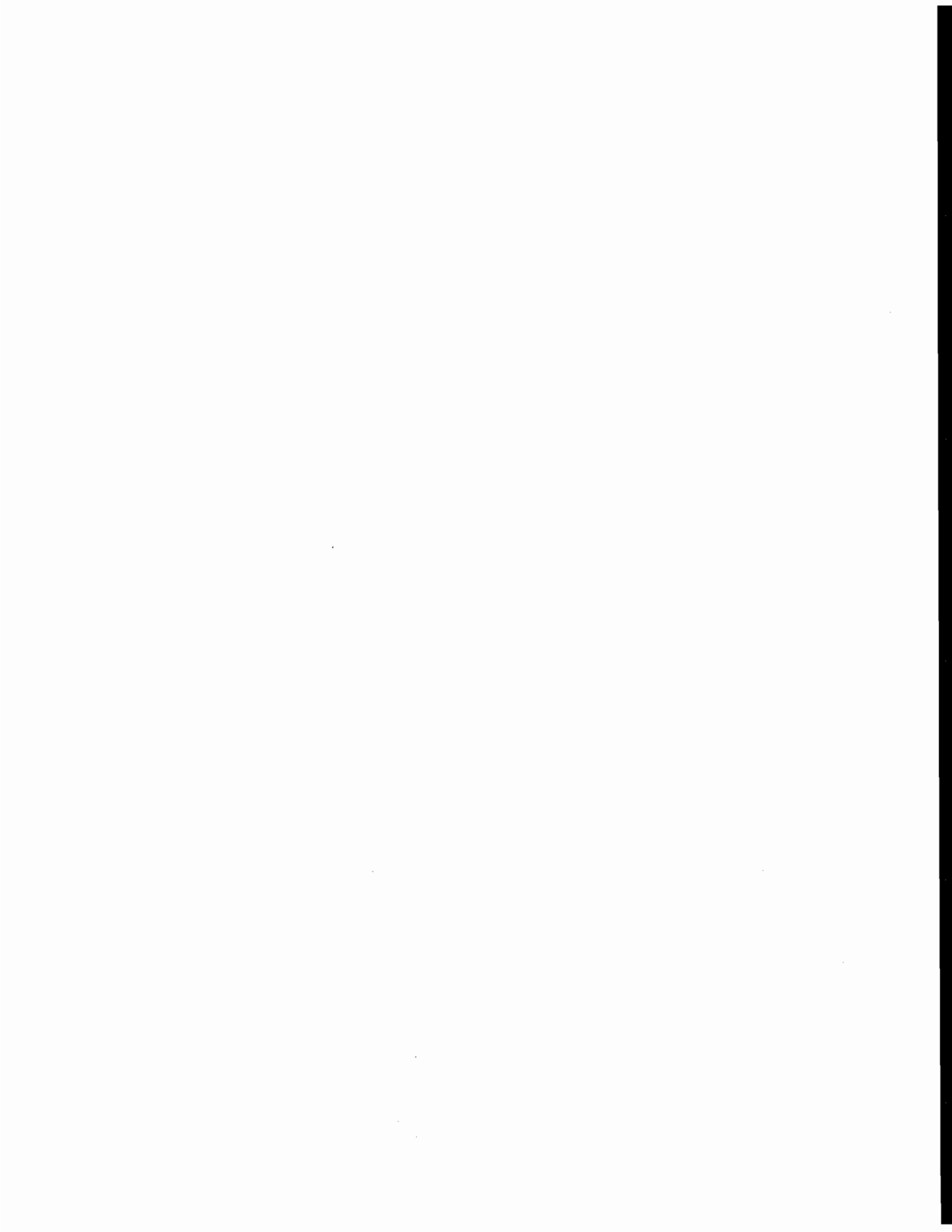
23 MR. SANFILIPPO: In that hour, we  
24 said the same thing we said here, that we  
25 will live up to every commitment the



1 Horseshoe organization has made to Hammond  
2 and that we will be an active participant in  
3 Hammond as we are in East Chicago and every  
4 other community.

5 I am surprised by the Mayor's  
6 comments. I believe I left that meeting  
7 with an open invitation to give me a call if  
8 he had any concerns and wanted to further  
9 talk about this.

10 MR. McDERMOTT: I can address that  
11 for the Commission, if you'd like. I was  
12 under the impression this entire time that  
13 nothing was going to go before the Commission  
14 until the FTC was done formulating a  
15 competitive agreement. And as far as I was  
16 concerned, that's where we stood still.  
17 Nobody was talking because we didn't know  
18 whether this deal was going to be approved  
19 because of the anti-competitive reasons.  
20 That's why we stand before you here today.  
21 We found out three days ago we're supposed  
22 to be here, from the Commission. And if we  
23 are truly partners and talking about our  
24 land, why weren't we put on notice earlier  
25 if we are truly partners.



1 MR. VOWELS: So, is your concern the  
2 fact that if Harrah's owns both of these  
3 properties so close to each other, that  
4 Harrah's may favor East Chicago to the  
5 detriment of Hammond?

6 MR. McDERMOTT: Because the city of  
7 Hammond relies on gaming revenues so much, it  
8 may be an irrational concern, but it is a  
9 concern that you have to think about. Not  
10 only that, synergies were brought up earlier.  
11 Most of the people on the Horseshoe boat are  
12 residents of my city, live in my city, and  
13 if we are going to have layoffs, that  
14 affects me as well. I could lose employees.  
15 I could have more people that are out of a  
16 job.

17 MR. VOWELS: I don't think your  
18 concerns are irrational. I think since this  
19 was brought to our attention, those were the  
20 same concerns that we had.

21 MS. BOCHNOWSKI: So, we have on the  
22 record you saying that there will be no  
23 layoffs, that you're going to live up to  
24 that agreement?

25 MR. SANFILIPPO: That's correct.



1 MS. BOCHNOWSKI: Our resolution says  
2 that all terms, conditions and obligations as  
3 contained in both the riverboat owner's  
4 licenses as originally issued by the Indiana  
5 Gaming Commission including any and all  
6 requirements for re-licensure and any written  
7 amendments thereto or any changes made by the  
8 permission of the Commission, that those will  
9 all be applicable.

10 MR. VOWELS: And all terms and  
11 obligations.

12 MS. BOCHNOWSKI: And it keeps on  
13 going.

14 MR. VOWELS: Point that out. Mr.  
15 Lawrence is going to address this in a  
16 moment, that these will be the conditions  
17 that we will accept this. But paragraph two  
18 of this is what I was referring to, all  
19 terms, conditions and obligations as  
20 contained in the economic development  
21 agreement between Horseshoe and the city of  
22 Hammond must be adhered to. And then I  
23 guess the check and balance here is we'll be  
24 coming up to Hammond sometime this summer for  
25 that eight-year license.

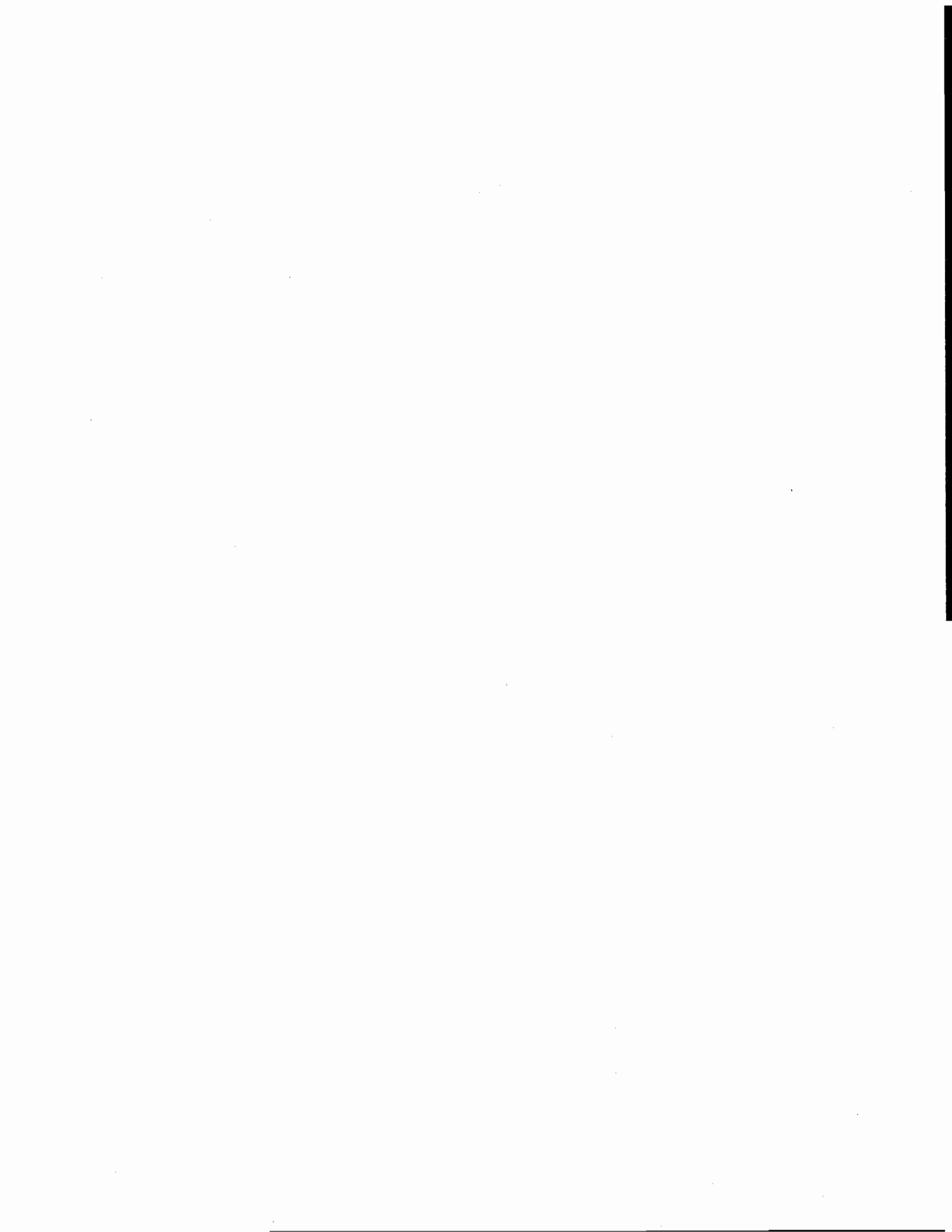




1 MR. SANFILIPPO: Can I add one more  
2 thing, too?

3 I was very impressed with the Mayor's  
4 passion when I met with him about his city,  
5 and we recognize that, and we want to be  
6 very good partners as Jack and the Horseshoe  
7 team has been with the City. We plan on  
8 doing that. And it is unfortunate that  
9 we're having this conversation right now, and  
10 I do think you're going to see in time that  
11 we will live up to every commitment, as  
12 we're agreeing to, that Jack has had, but we  
13 will also be very good partners with the  
14 Mayor and his staff, too.

15 MR. VOWELS: When we initially went  
16 through licensing hearings over these years,  
17 there was a factor X that this Commission  
18 took into consideration, and that was how  
19 well the particular applicant fit in with the  
20 local community. And in most places, I  
21 think we did a pretty good job of fitting  
22 them together. Some of the places, it  
23 wasn't the wealthiest applicant that came up  
24 and it wasn't the one with the most bells  
25 and whistles, but a lot of times, you know,



1 there may be an exception or two. And so  
2 that concern here I think today is, at least  
3 from my perspective, exists. It's important  
4 that the Mayor and the city of Hammond be in  
5 the loop on this from now on. Apparently,  
6 he's been in office for four months. I'm  
7 sure he has a lot of other things on his  
8 plate, but this would certainly be, from what  
9 he stated, top priority. So, there needs to  
10 be more conversation with the Mayor.

11 I remember one hearing in particular  
12 where there was an attorney from California  
13 or something who was involved in the  
14 licensing process, and he was complaining  
15 about the locals not responding to him to  
16 his fax that he sent them on a Sunday. And  
17 I think Mr. Thar made that clear when we  
18 were doing those hearings how the guy just  
19 really wasn't fitting in there, and we took  
20 a lunch break, and he was no where to be  
21 seen and he was never seen again. He was  
22 doing more harm than good for the company.  
23 And so I think we've always been pretty  
24 attentive of that, how do the companies fit  
25 in with the locals, and it doesn't sound



1 like this is starting off on a very good  
2 foot.

3 MR. GETTELFINGER: Mr. Chairman.

4 MR. VOWELS: Go ahead.

5 MR. GETTELFINGER: Mayor, you raise a  
6 question that I somewhat raised earlier, and  
7 I'll just ask you specifically. Do you  
8 believe the Commission's actions should be  
9 deferred until we have the FTC decision?

10 MR. McDERMOTT: I honestly, this is  
11 -- when we walked in here, we quite honestly  
12 didn't know what to expect. I feel we're a  
13 little bit behind because the presentation  
14 you have in front of you, I haven't even had  
15 the luxury of getting the same presentation  
16 you have. I'm the mayor of the City. I own  
17 the property, and it's a 1.6 billion dollars  
18 deal in my city. I honestly think it should  
19 be delayed until the FTC makes a decision.  
20 I have environmental concerns that needs to  
21 be addressed up there. We have future  
22 expansion concerns. This is very concerning  
23 to me, that I'm completely in the dark and  
24 this deal wants to go down July 1st.

25 MR. LAWRENCE: May I outline what



1 happened? Basically, we have been in  
2 discussions with representatives of Harrah's  
3 for a substantial amount of time. And when  
4 the FTC got involved, it was our opinion we  
5 would delay that because it was a question  
6 of whether the FTC would have some concerns.  
7 As we moved forward, and I discussed, we got  
8 a letter from the previous mayor indicating  
9 their position, that they had a six-month  
10 window of opportunity to have notice and have  
11 input. During this period of time, it  
12 became obvious, as we moved along, that the  
13 FTC asked for more documentation in December,  
14 more documentation in February and it got  
15 moving further along. I had continuing  
16 discussions with Mr. Thar, Anthony and with  
17 Mr. Johnson over this process. But at that  
18 time the Commission staff took the position  
19 that we would delay any action until we got  
20 a determination from the FTC.

21           Recently, because of our situation on  
22 timing of meetings, it became apparent to us  
23 that we would not be able to address this  
24 until August. And that if the FTC had a  
25 determination in May, we could have, we were







1 kind of wasting time. And so the resolution  
2 you have in front of you is subject to a  
3 finding by the FTC, whatever that may be.  
4 If it says there's no problem, then they may  
5 proceed forward with their transfer. At all  
6 times when I thought that we could bring  
7 this forward, I felt that the city of  
8 Hammond had two bites of the apple. They  
9 would have this opportunity, but they also in  
10 August could come forward, and now the two  
11 parties can talk now that it's out on the  
12 table. They have from today until August  
13 6th, or whenever our meeting date is, to  
14 hammer any issues out that they have. Mr.  
15 Johnson had indicated to me the concerns,  
16 especially with a new mayor coming in, and  
17 he had to get up to speed on that. So, all  
18 the transfer is contingent upon quite a bit  
19 and, plus, the renewal of the license that  
20 comes up in August.

21 So, that's the position I have.

22 MS. BOCHNOWSKI: Okay. But what  
23 would happen if, let's say we pass this  
24 resolution today, the FTC says fine, now they  
25 consummate the deal. We get together in

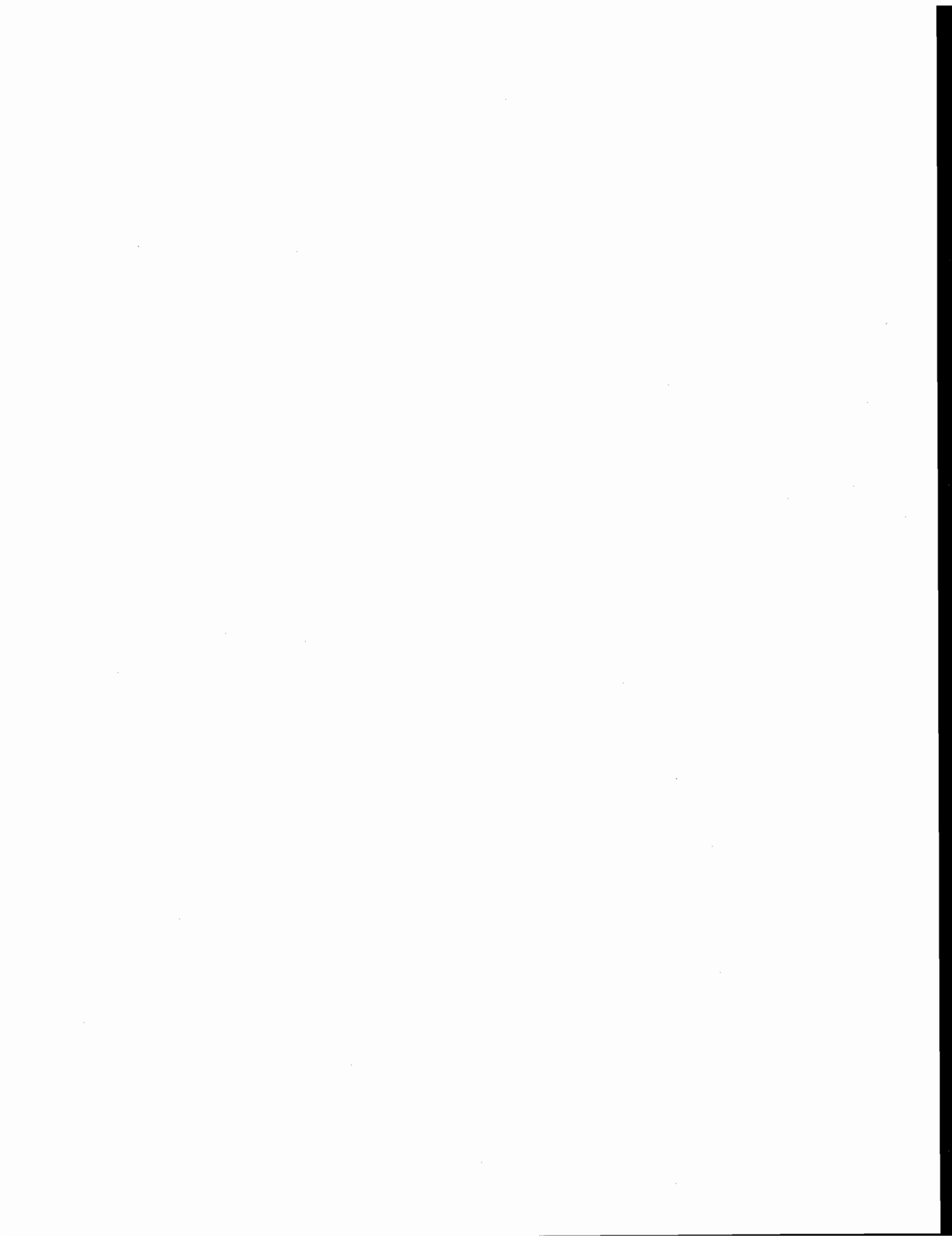


1 August and they're not, the City is not  
2 happy. Now, that makes it a lot tougher to  
3 undo, you know. I mean, we're saying, yeah,  
4 they have a chance to get together, but my  
5 concern is that it's water under the bridge,  
6 we've already agreed to it.

7 MR. LAWRENCE: They have to step into  
8 the shoes of the existing owner.

9 MR. MILCAREK: Historically, after a  
10 situation like this, which I can recall at  
11 least two, this Commission lends it way to  
12 the City, and the two parties were able to  
13 get together and turn handsprings and work  
14 miracles, and I would expect the same action  
15 here. When we leave this meeting today, I  
16 would expect at the earliest opportunity both  
17 of you will get together and start working  
18 on this.

19 MR. SANFILIPPO: And if I may just  
20 add to what Mr. Lawrence just said, we are  
21 going to fulfill every obligation, and we  
22 will step into the shoes with the city of  
23 Hammond that Horseshoe has been walking in,  
24 and you can count on that. And when August  
25 comes, you will see that we have continued



1 with every obligation that Horseshoe has. I  
2 am anxious to spend time with the Mayor.  
3 We're keeping the same general manager who  
4 has had the relationship with the city of  
5 Hammond. And partly due to them, we believe  
6 the same relationships and same community  
7 involvement will continue because there will  
8 not be a different face in the Hammond  
9 community of Horseshoe. It will continue to  
10 be Rick.

11 So, I'm very confident when we meet  
12 in August, we will be able to tell you that  
13 we have fulfilled every obligation that  
14 Horseshoe has had with the City.

15 MS. BOCHNOWSKI: So, regarding,  
16 Mayor, you brought up environmental issues  
17 and some development issues.

18 MR. McDERMOTT: There's been talk  
19 around the casino of building a hotel. I'm  
20 not sure what the status of that is. You  
21 know, we have a bird sanctuary that was  
22 dealt with in the first gaming agreement.

23 MS. BOCHNOWSKI: Yeah, that bird  
24 sanctuary, that, I lost that battle, I know  
25 I did. Even though they said I didn't, I



1 did.

2 MR. McDERMOTT: The way I look at it,  
3 we could have come here today, had we had  
4 proper notice, we could have maybe ironed  
5 this all out and approached you today with a  
6 deal in hand, but we've had one hour  
7 together, and that was probably over two  
8 months ago. I walked into this completely  
9 blind. I had no idea what it was about. My  
10 attorney didn't know what this was about. I  
11 mean, like you said, if this deal is  
12 concentrated on July 1st and you guys come  
13 up for the field hearing in August, the deal  
14 is already done, and this is concerning land  
15 that we own, and it's very concerning to the  
16 city of Hammond and to the Mayor of the city  
17 of Hammond.

18 MR. THAR: May I make one point.

19 Mr. Lawrence is absolutely right in  
20 terms of how this kind of schedule was done.  
21 It has also always been Harrah's and  
22 Horseshoe's position, the sooner we can get  
23 it scheduled, the better. That's never been  
24 a secret. When the April 4th meeting was  
25 cancelled, we engaged in conversations with





1 Mr. Lawrence about when would be the next  
2 opportunity that we could get on the agenda  
3 so we could present this. And the reason is  
4 not simply the expectation of an FTC  
5 decision, either to bring a lawsuit or to  
6 just walk away from it sometime in the  
7 middle to end of May, but that also then  
8 starts triggering deadlines within the  
9 agreement between Horseshoe and Harrah's.  
10 Now, deadlines in July and August are easily  
11 fulfilled for extensions, but if you miss an  
12 August meeting and you get to September, that  
13 starts to become a walkaway date and  
14 companies that have invested substantial time  
15 and substantial money in this acquisition are  
16 in a situation with how much more is it  
17 going to cost to get this approved.

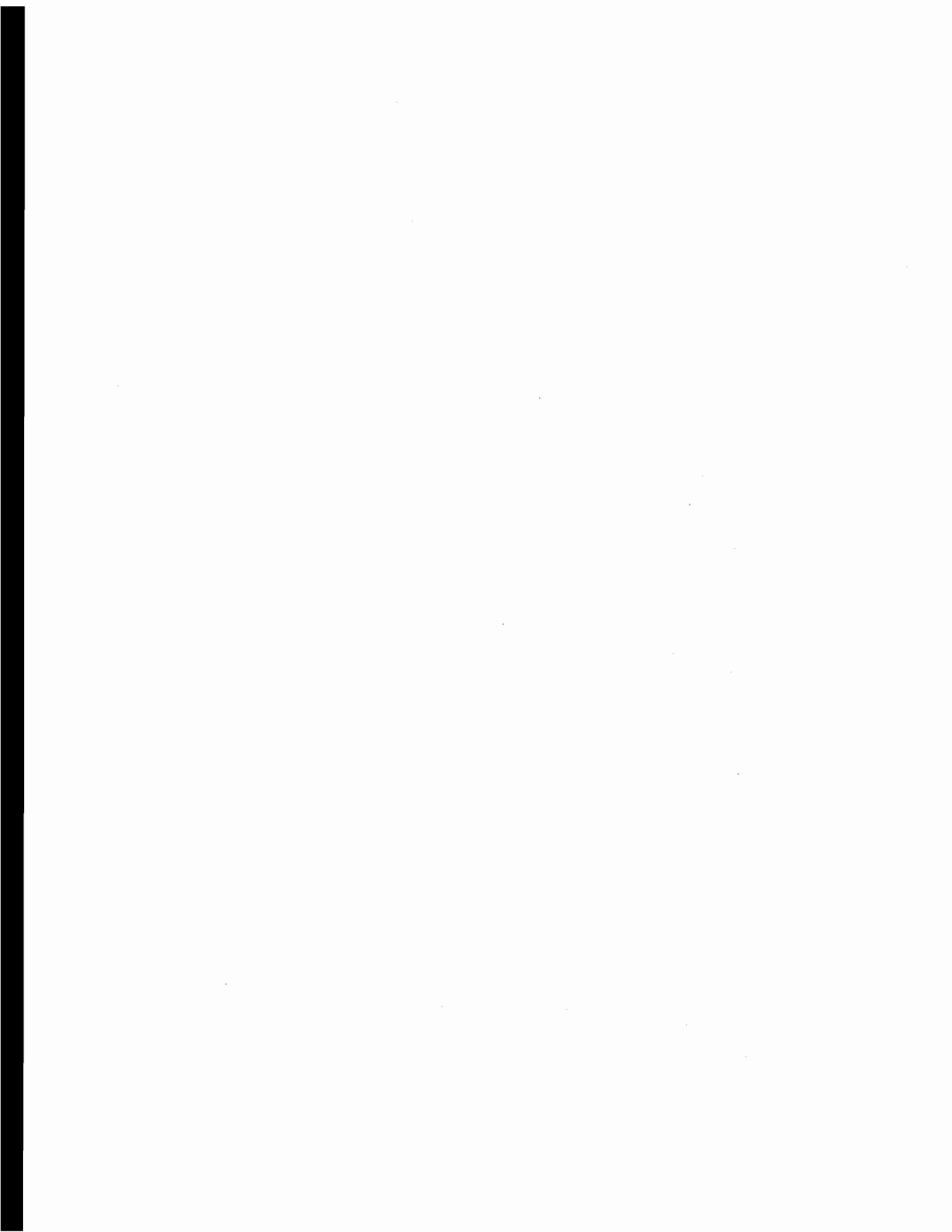
18 Executive Director Lawrence was very  
19 kind in saying, you know, I think we can fit  
20 this in on April 30th, those aren't his  
21 words but that's how it came across, and we  
22 were very happy to accept that. If there  
23 was a drop in the ball not notifying the  
24 Mayor specifically two weeks ago that this  
25 was now on the agenda, then most likely it



1 falls on my shoulders because I was the  
2 person that was working to get that date. I  
3 know that in talking with Anthony and the  
4 Members of Harrah's, that they have indicated  
5 to me that they had met with the Mayor, and  
6 they believed that the relationship was good.  
7 His reaction that he is surprised today is a  
8 very honest one. There's never been any  
9 intent by Harrah's or Horseshoe, and I  
10 understand from Mr. Mazer who's been in  
11 contact with the Mayor on a regular basis,  
12 to in any way shirk, not live up to  
13 responsibilities, slight or anything else the  
14 city of Hammond or this mayor in particular.

15 So, if there has been an  
16 misunderstanding or feeling that Harrah's has  
17 not committed strong enough to the fact that  
18 all of the obligations that Horseshoe has  
19 undertaken or going to be undertaken by  
20 Harrah's, I think it's been redundantly  
21 stated not only by Anthony but by me now  
22 that that is the situation.

23 MR. JOHNSON: I always hate to  
24 disagree with Mr. Thar on anything, but the  
25 very first obligation of the games in this



1 transfer proceeding is this development  
2 agreement which brings the City directly to  
3 the table with the transfer and developer and  
4 the proposed new owner to figure out this  
5 presentation.

6 Jack, you can put the blame on  
7 yourself, and you're a wonderful guy for  
8 doing it, but the point is there is contacts  
9 and discussions constantly, and nobody in the  
10 city or representing the city was told that  
11 this hearing for this purpose, that this July  
12 1 date is coming today. If you're sitting  
13 in the Mayor's position, you got to wonder  
14 is that deliberate.

15 MR. THAR: Well, I'm sorry, David,  
16 that you look at it that way.

17 MR. JOHNSON: What other choice did  
18 we have?

19 MR. THAR: I didn't know it was going  
20 to get into this type of debate. We didn't  
21 know that this was going to be the position  
22 of the city of Hammond until five minutes  
23 before the hearing.

24 MR. JOHNSON: Because you did not  
25 notify the city of Hammond that this hearing



1 was even going to take place.

2 MR. VOWELS: Well, there is a  
3 development agreement or the economic  
4 agreement that exists between Horseshoe and  
5 Hammond, right?

6 MR. JOHNSON: Correct.

7 MR. VOWELS: And the purchase of  
8 Harrah's of Horseshoe would obligate Harrah's  
9 to any obligations that Horseshoe has by our  
10 rule, by common sense, by all contracts, and  
11 it's not going to alter what you have there  
12 in front of you, so that doesn't really make  
13 any difference, does it?

14 MR. JOHNSON: Mr. Chairman, it  
15 doesn't, although, again, from the Mayor's  
16 standpoint --

17 MR. VOWELS: Would your position be  
18 that you were going to tell Harrah's that we  
19 will oppose this unless you give us more  
20 stuff?

21 MR. JOHNSON: I don't believe the  
22 Mayor is saying anything like that.

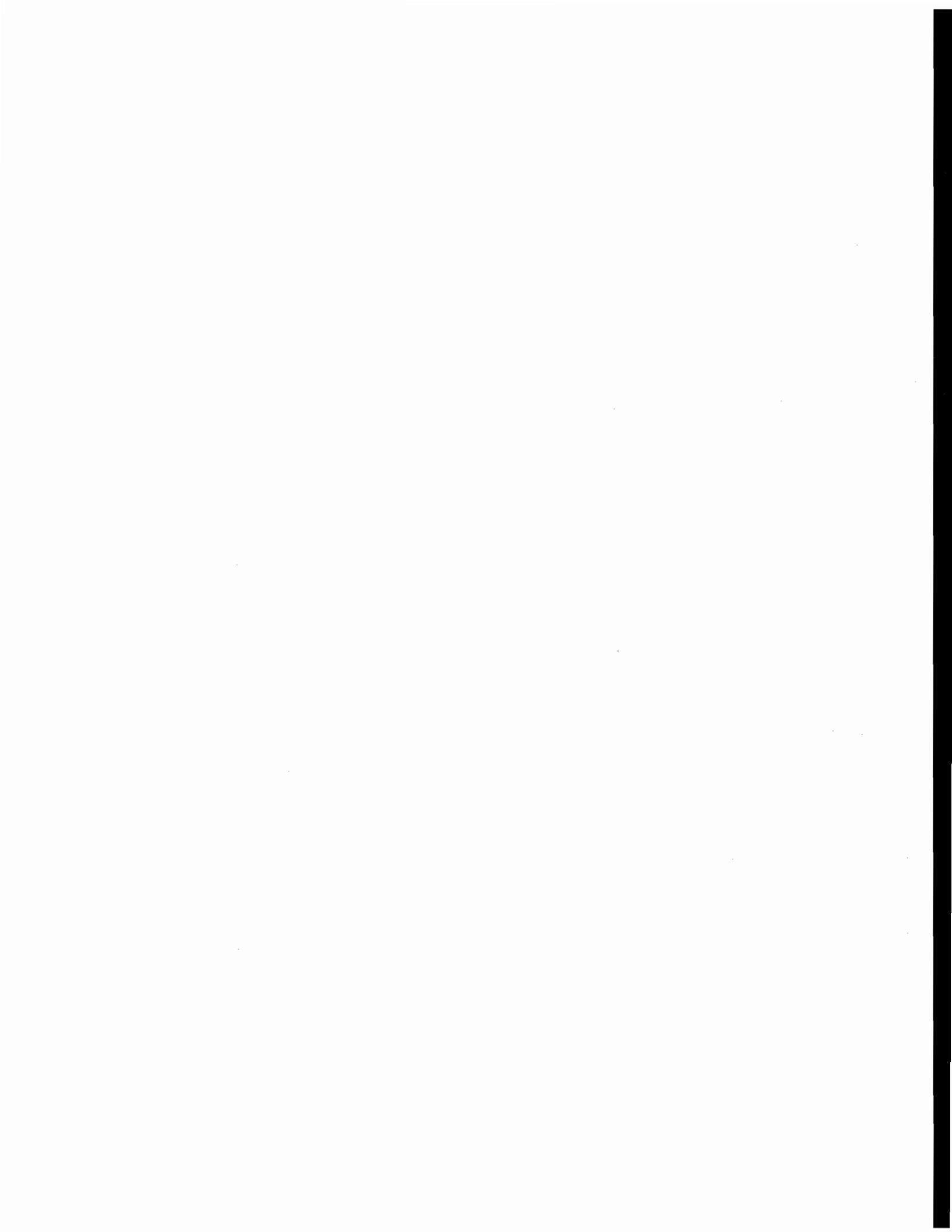
23 MR. VOWELS: Because what I'm trying  
24 to hear here, I understand the environmental  
25 issues that we discussed, the fact that you





1 guys were all out of the loop, but what in  
2 the world difference does it make about their  
3 purchase and how it impacts on those  
4 documents that have been developed unless  
5 your intention would have been to better  
6 those developments for the city's backing of  
7 this purchase? What are you telling me?

8 MR. JOHNSON: What we're telling you,  
9 this is a mixed use development of the  
10 city's premier asset. It's waterfront which  
11 not only supports gaming but supports other  
12 recreation and entertainment activities for  
13 the city. Again, unlike most of our other  
14 licensees, this licensee operates on public  
15 land. Publicly-owned land is subject to a  
16 series of leases and arrangement, but,  
17 frankly, Mr. Chairman, those arrangements  
18 don't work unless there is a meeting of  
19 minds on a daily basis between the developer  
20 and the operator on the one hand and the  
21 City on the other. And I know you've seen  
22 the waterfront out there, there is a lot of  
23 stuff packed into a real small space meeting  
24 a lot of different community needs. And for  
25 that project to succeed, I don't want to get



1 too much into the letter and spirit of the  
2 contract; but, seriously, this genuinely is a  
3 public/private partnership. And all of a  
4 sudden to have someone say that is a private  
5 deal, private license transfer, we'll get  
6 back to you later, is a very disturbing  
7 thing, and I think that's all you're hearing  
8 today. But from the Mayor's vantage point,  
9 the early indications are not good.

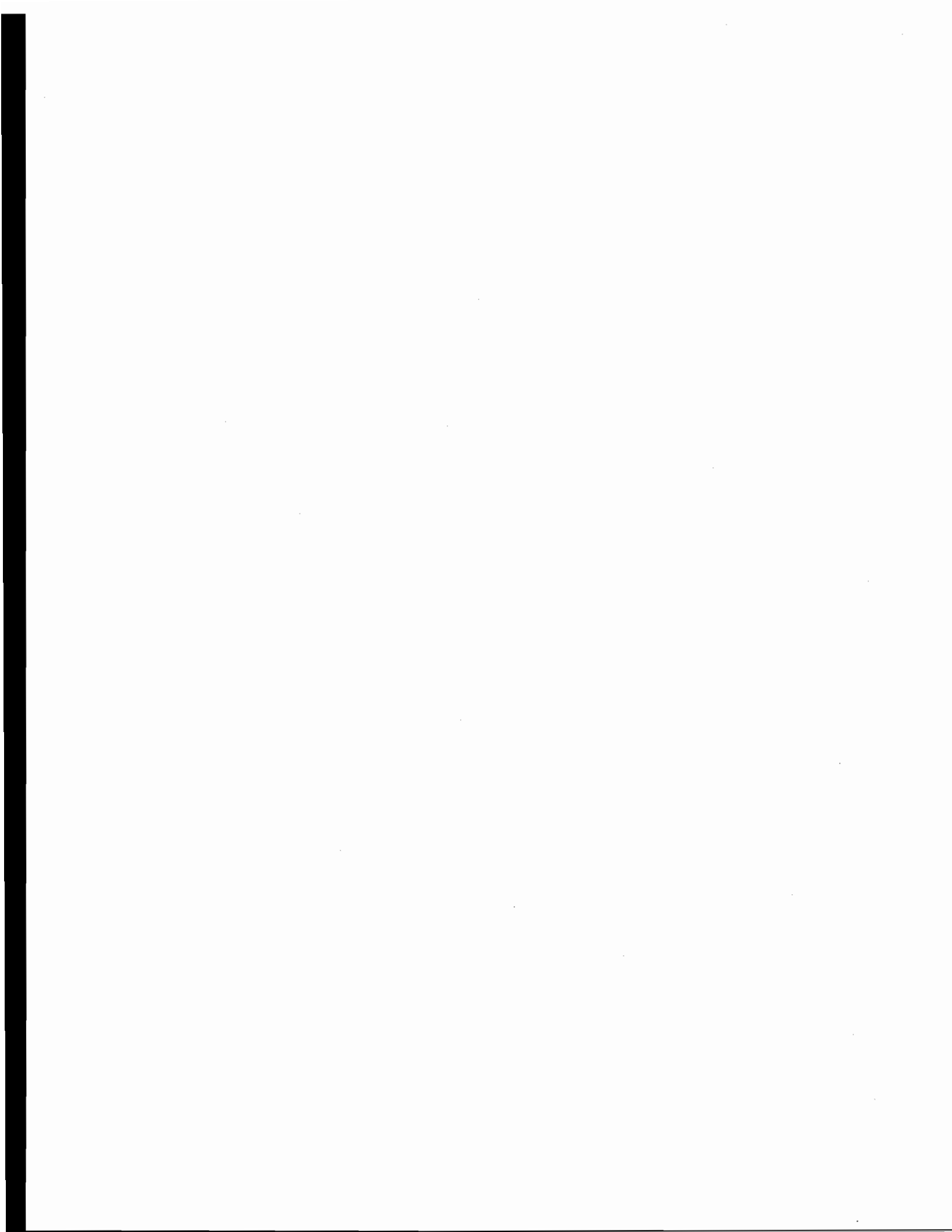
10 Mayor, I don't want to --

11 MR. VOWELS: Let me ask you this,  
12 you've represented the city of Hammond prior  
13 to January 1 when the mayor came in. The  
14 statute that changed that allowed the gaming  
15 companies in Indiana to own two boats, and  
16 that was something everybody was aware of  
17 when that was on the table and when it  
18 happened, and then the discussion of Harrah's  
19 purchasing Horseshoe was something that was  
20 widely known. What attempts have you made  
21 to pick up the phone and get in touch with  
22 the gentlemen behind you? What I've heard  
23 is that they haven't come back to you guys.  
24 What have you done?

25 MR. JOHNSON: I believe that the



1 Mayor addressed that. We did seek them out.  
2 It was a high priority to the mayor in his  
3 first weeks in office. We had the meeting,  
4 and we were assured by the representatives of  
5 both Harrah's and Horseshoe as recently, I  
6 should add to this Commission, as ten days  
7 ago where we had a meeting in the Mayor's  
8 office, that nothing was going to happen on  
9 this issue before this Commission prior to  
10 full FTC reporting. And we believe, and I  
11 think Mr. Lawrence's comments support that  
12 view, we believe that the time for  
13 conversation, if no one sort of was seeking  
14 us out, which no one had, we believe that  
15 the time for conversation would approach  
16 those hearings. I will tell you that it has  
17 been highly unusual, again, because of the  
18 public nature of the project and the central  
19 role it has played it the part of Mr.  
20 Binyon's organization and his predecessor,  
21 normally we don't have to ask. Normally, it  
22 is something where the developer seeks out  
23 the City because it is a constant day in and  
24 day out partnership. There has been silence.  
25 We tried to attribute that, under best case



1 scenarios, to FTC considerations. But,  
2 frankly, that's why no further moves were  
3 made, because it wasn't our call to do.

4 MR. McDERMOTT: In fact, the last I  
5 had heard, the FTC wasn't going well. I was  
6 under the impression that this may not even  
7 get out of the FTC so the Gaming Commission  
8 may be moot. If it doesn't make it out for  
9 anti-competitive reasons.

10 MS. BOCHNOWSKI: Well, that would be  
11 the fact.

12 MR. McDERMOTT: That's exactly where  
13 we thought we were. That's what I thought  
14 as the mayor of the City. I thought it was  
15 tied up in the FTC. That's why it was so  
16 surprising when we were told to come down  
17 today.

18 MR. JOHNSON: Mayor, I don't want  
19 this to be a process issue, I really don't,  
20 because that's going to trivialize what we're  
21 talking about here. The Mayor has made it  
22 very clear to senior representatives of both  
23 Horseshoe and Harrah's exactly what his  
24 concerns are about knowing more about this  
25 deal, how it fits into the overall developers





1 holdings and properties and what the plans  
2 are for the Hammond site and how they will  
3 fit into Hammond which is a unique property.  
4 There is no one here who can honestly say  
5 they have not been put on very sincere by  
6 this Mayor on that point.

7 MR. VOWELS: All right. It's been  
8 proposed by Mr. Lawrence that we take a  
9 short break, about 15 minutes, and give the  
10 City and Harrah's some opportunities to have  
11 some conversation, and then we'll start back  
12 up in 15 minutes. That doesn't necessarily  
13 mean that you guys only have 15 minutes to  
14 deal with each other, but take it as we go.  
15 We may move on to something different on the  
16 agenda today, but, anyway, we'll come back  
17 here at 12:15.

18 (A short break was taken off the  
19 record, after which the following proceedings  
20 were had.)

21 MR. VOWELS: We'll go ahead and call  
22 the meeting back to order.

23 I understand that there's been  
24 discussion and we are going to be able to  
25 move forward.



1 Mr. Lawrence, do you want to sum up  
2 where we stand right now?

3 MR. LAWRENCE: The parties had a very  
4 good discussion in a short period of time.  
5 It was apparent there was some  
6 miscommunications among all of us, that  
7 everybody wants to move forward and put this  
8 behind us and what's in the best interests  
9 of the state of Indiana, Hammond, of course,  
10 and the facility. I think they have reached  
11 an amiable position at this point in time.  
12 Basically, what we have discussed is that  
13 they will initiate discussions as quickly as  
14 they can subject to FTC restrictions; that  
15 they will have an open line of communication;  
16 that prior to the ultimate transfer, that  
17 they will have solid, good discussions and  
18 the Mayor, or whomever, will report back to  
19 me the status of those discussions. That  
20 the Commission, of course, always has  
21 continuing authority over the riverboat  
22 facility and our review of their cooperation  
23 with the local community and that come  
24 re-licensing time in August, that we would  
25 anticipate that the Mayor would be coming



1 forward singing the praises of the operation.  
2 But until that time, we will be in continued  
3 communication and that we would proceed with  
4 the resolution with the understanding, and it  
5 is in here and Mr. Sanfilippo will say I do  
6 as a marriage as we go through this, to some  
7 of the communications that be in the  
8 resolution.

9 MR. VOWELS: Okay. So, if you could  
10 go ahead and go through those conditions.

11 MR. LAWRENCE: Mr. Sanfilippo,  
12 honestly, if you will say for the record in  
13 the event that the Commission does adopt this  
14 resolution as contained in there are the  
15 following conditions which I would ask that  
16 you agree to. And the first one, you will  
17 accept that all terms, conditions and  
18 obligations as contained in both the  
19 riverboat owner's licenses as originally  
20 issued by the Indiana Gaming Commission,  
21 including any all requirements for licensure  
22 and any written amendments thereto or any  
23 changes made with the permission of the  
24 Commission. You agree that you will abide  
25 by that?



1 MR. SANFILIPPO: I do agree.

2 MR. LAWRENCE: And that you will  
3 abide by all terms and conditions as  
4 contained in economic development agreement  
5 between Horseshoe and the city of Hammond and  
6 any amendments thereto?

7 MR. SANFILIPPO: Yes, sir.

8 MR. LAWRENCE: That you will,  
9 Harrah's is required to keep a separate  
10 management team for each of the riverboat  
11 properties?

12 MR. SANFILIPPO: Yes, sir.

13 MR. LAWRENCE: That Harrah's shall  
14 advise the Indiana Gaming Commission if and  
15 when any changes in management are made?

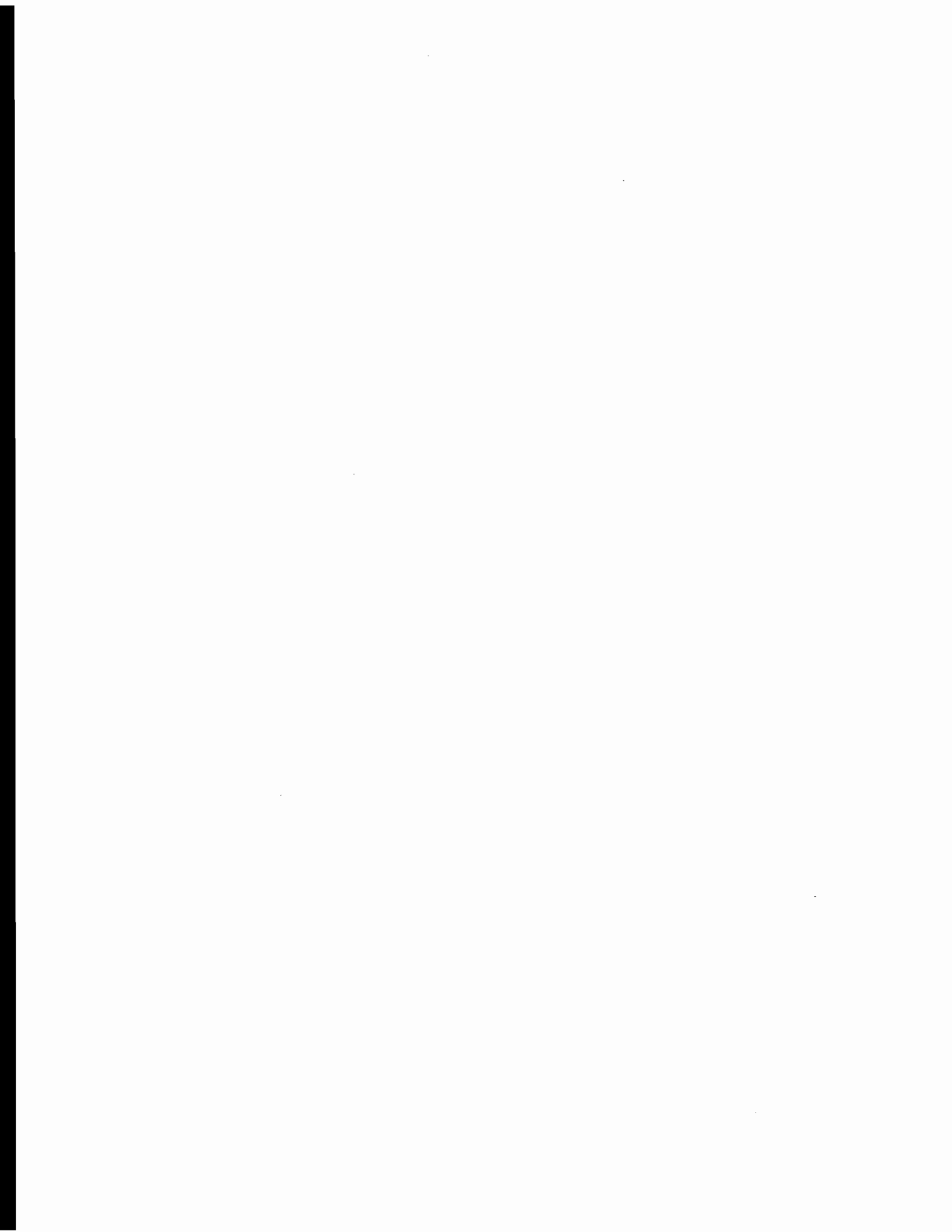
16 MR. SANFILIPPO: Yes, sir.

17 MR. LAWRENCE: That Harrah's shall  
18 advise the Indiana Gaming Commission if and  
19 when any operational consolidations are made?

20 MR. SANFILIPPO: We will.

21 MR. LAWRENCE: That this acquisition  
22 is subject to Indiana Gaming Commission  
23 approval of any all necessary financing  
24 transactions?

25 MR. SANFILIPPO: I understand.





1 MR. LAWRENCE: That you will maintain  
2 statutory MBE and WBE goals at each property  
3 individually?

4 MR. SANFILIPPO: Yes, sir.

5 MR. LAWRENCE: That this acquisition  
6 is subject to Harrah's payment of 2 million  
7 of the 2 million transaction fee to the  
8 Indiana Gaming Commission pursuant to  
9 IC-4-33-421-D?

10 MR. SANFILIPPO: Yes, sir.

11 MR. LAWRENCE: My budget director  
12 would like to know when that is forthcoming  
13 because our the fiscal year is -- you  
14 understand.

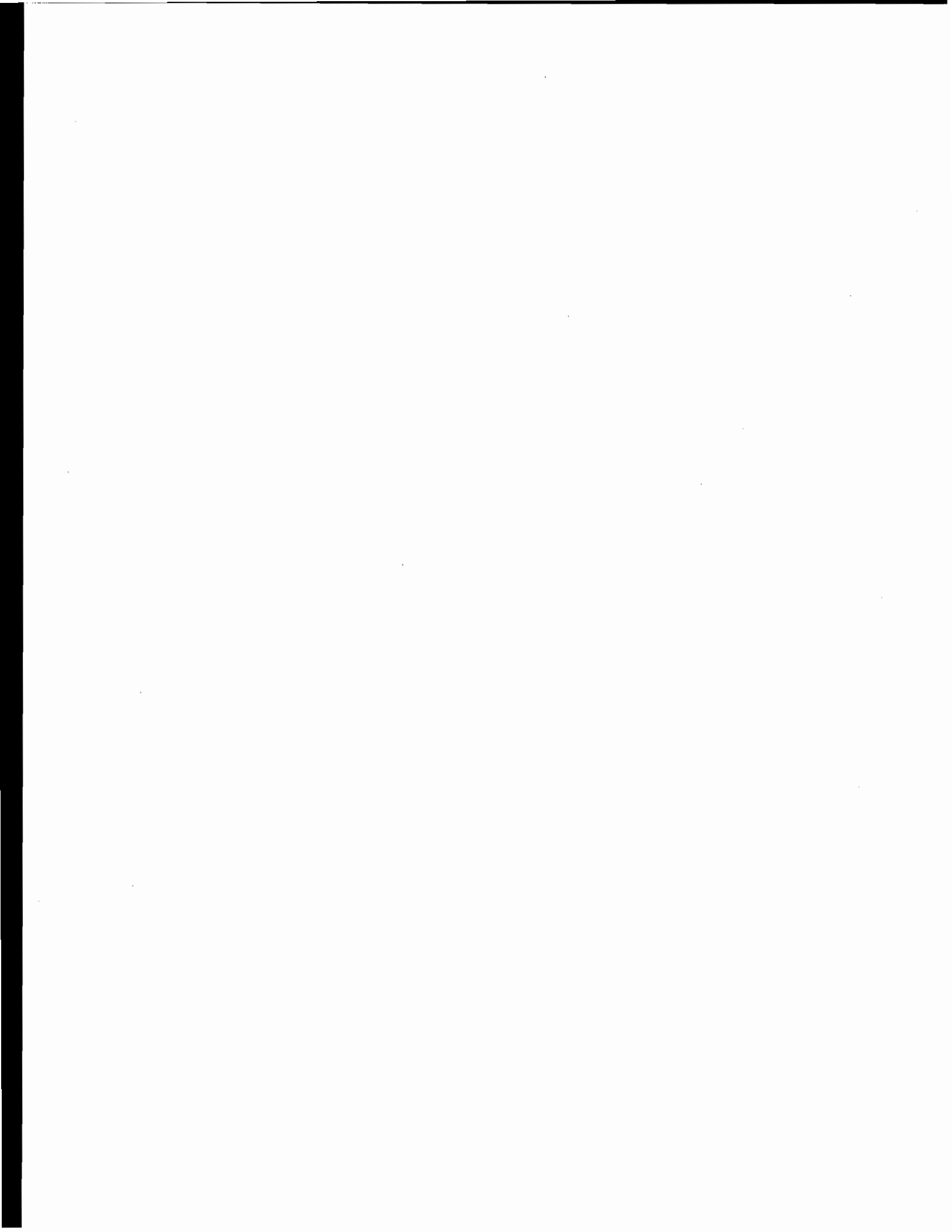
15 And that you understand that this  
16 acquisition will be approved unless the  
17 Federal Trade Commission rules against this  
18 acquisition?

19 MR. SANFILIPPO: We do understand  
20 that.

21 MR. LAWRENCE: Thank, you.

22 Mr. Chairman.

23 MR. VOWELS: All right. Then in  
24 front of us we have this Resolution 2004-31  
25 which concerns the application of Harrah's



1 Operating Company Incorporated to acquire the  
2 ownership of Horseshoe Gaming and Holding  
3 Corporation.

4 With all of those conditions in mind,  
5 and there was a ninth condition that you  
6 have in your list about the MBE/WBE.

7 MR. LAWRENCE: Yes.

8 MR. VOWELS: That's not in what we  
9 have here, but that would be included in  
10 this resolution.

11 Is there a motion to grant or deny  
12 the application to acquire that ownership  
13 interest?

14 MS. BOCHNOWSKI: I move to grant.

15 MR. VOWELS: Is there a second?

16 MR. MILCAREK: I second.

17 MR. VOWELS: Is there any further  
18 discussion?

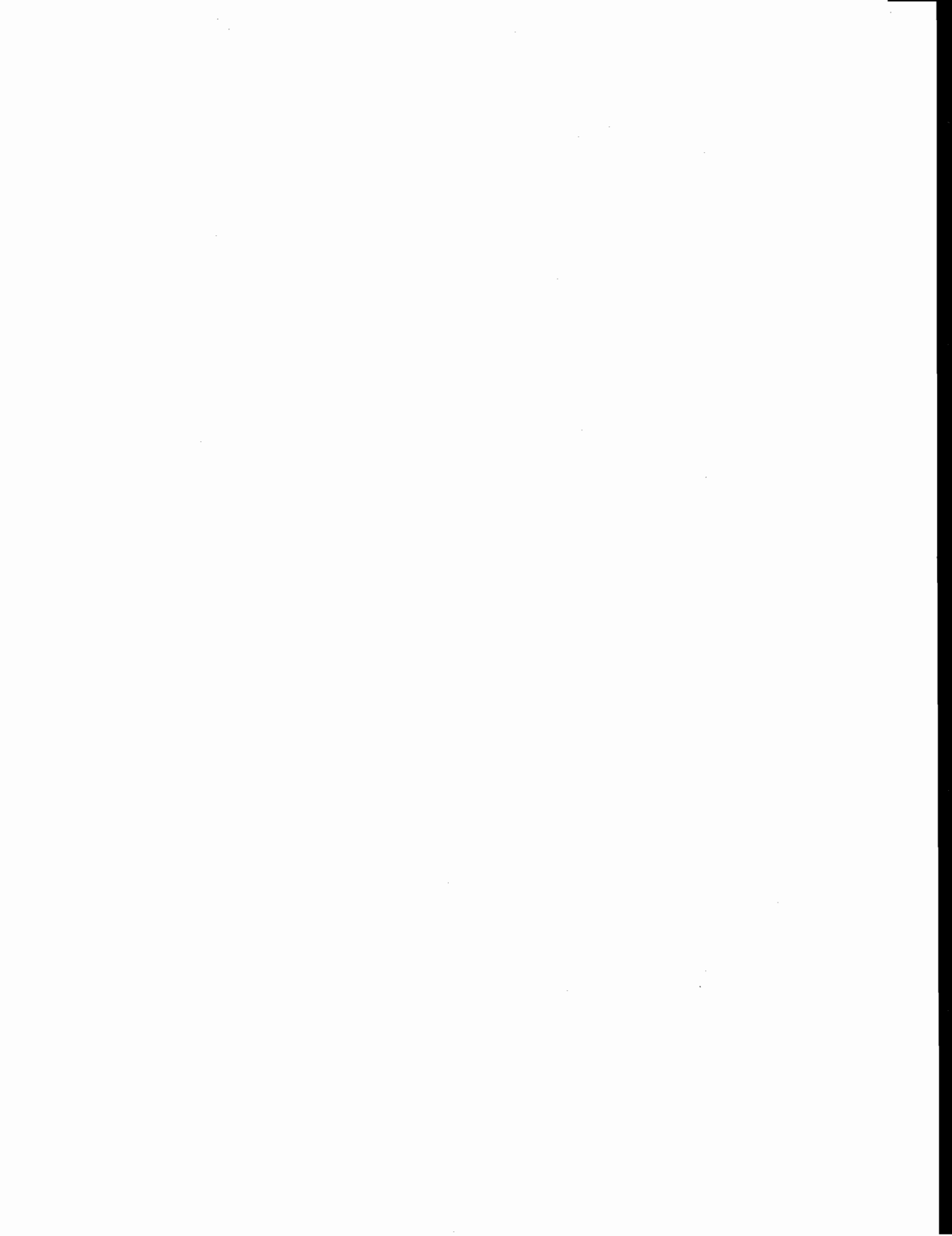
19 All of those in favor say aye.

20 (All Commission members present say  
21 aye.)

22 MR. VOWELS: Show that it is granted  
23 with all of those conditions.

24 MR. VOWELS: All right. Thank you.

25 All right. The next matter on the



1 agenda is with the license renewals. And  
2 there was some discussion that we might move  
3 forward if they were going to continue  
4 talking, and then the irony of that is that  
5 the first license renewal was Horseshoe.

6 So, Mr. Osborn, we'll turn to you in  
7 reference to the license renewal.

8 MR. OSBORN: The first three  
9 resolutions, Horseshoe, Trump and Majestic  
10 Star. Trump and Majestic Star have to do  
11 with the three-year license renewal that  
12 normally would come up in June of this year,  
13 but because the Commission will not meet in  
14 June, we are going to ask the Commission to  
15 temporarily approve their licenses through  
16 August when we can have a full hearing, and  
17 each of these resolutions addresses that  
18 point.

19 The first is Resolution 2004-21, and  
20 that's addressed, as you said, to Horseshoe.  
21 This will grant approval of the license for  
22 the period of time until you next meet which  
23 will be in August, the first week of August,  
24 and I'd ask the Commission to approve that.

25 MR. VOWELS: Are there any questions



1 for Mr. Osborn?

2 We have Resolution 2002-21 which is  
3 the renewal of the riverboat owner's license  
4 held by Horseshoe Hammond, Inc.

5 Is there a motion to renew or  
6 terminate the license?

7 MR. GETTELFINGER: Move to renew.

8 MR. VOWELS: We could make today very  
9 interesting.

10 MS. BOCHNOWSKI: We just haven't had  
11 this much fun in a long time.

12 MR. NDUKWU: I'll second.

13 MR. VOWELS: There was a motion to, I  
14 believe renew, and a second. Is there any  
15 further discussion?

16 All of those in favor say aye.

17 (All Commission members present say  
18 aye.)

19 MR. VOWELS: Show that it is renewed.

20 And then, Mr. Osborn, do you need to  
21 tell us anything about 2004-22 on Trump?

22 MR. OSBORN: Other than it relates to  
23 Trump, it's essentially the same resolution  
24 as the Commission renewed.

25 MR. VOWELS: Okay. 2004-22 which





1 concerns renewal of a riverboat owner's  
2 license held by Trump Indiana, Inc.

3 Is there a motion to renew or  
4 terminate?

5 MS. BOCHNOWSKI: Move to renew.

6 MR. VOWELS: Is there a second?

7 MR. MILCAREK: Second.

8 MR. VOWELS: Any further discussion?

9 All of those in favor say aye.

10 (All Commission members present say  
11 aye.)

12 MR. VOWELS: Show it is renewed.

13 And then 2004-23 deals with Majestic  
14 Star's renewal.

15 Is there a motion to renew or  
16 terminate?

17 MR. NDUKWU: Move to renew.

18 MR. VOWELS: Is there a second?

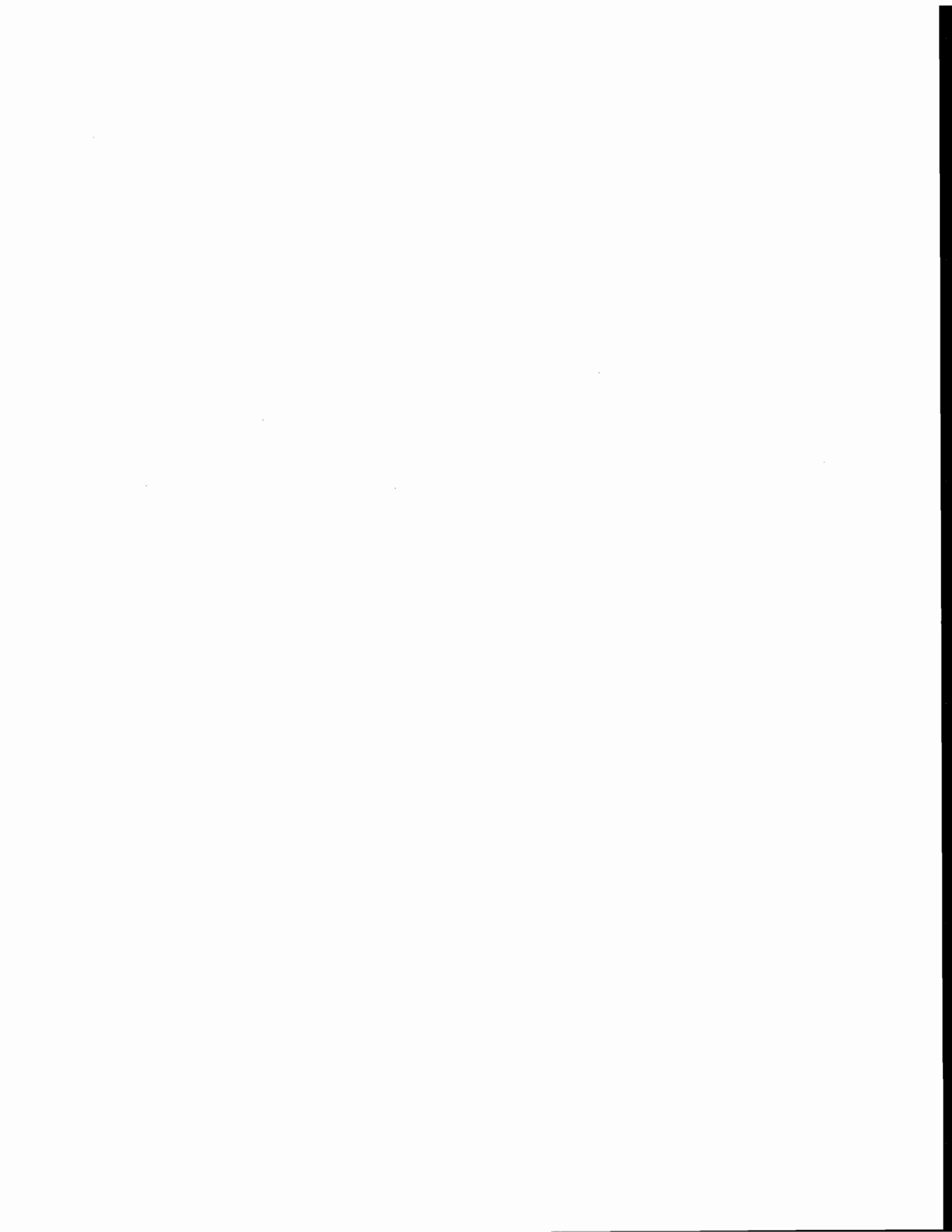
19 MS. ROSE: Second.

20 MR. VOWELS: Any further discussion?

21 All of those in favor say aye.

22 (All Commission members present say  
23 aye.)

24 MR. VOWELS: Show it is renewed. Of  
25 course that is until our meeting when we



1 will go to those places and take public  
2 comment and etcetera. So, it is to tide  
3 everybody over, and we aren't taking it  
4 lightly as it seems, it's just we're  
5 deferring it to another date.

6 And then Mr. Osborn, we'll stay with  
7 you under the financing.

8 MR. OSBORN: Well, before we get  
9 there --

10 MR. VOWELS: I'm sorry.

11 MR. OSBORN: -- Mr. Chairman, there's  
12 also a license renewal for Harrah's. This  
13 is an annual license renewal. It's not a  
14 resolution. The Commissioner, or I'm sorry,  
15 the Executive Director actually granted this  
16 as part of his delegated authority to tide  
17 Harrah's over. Originally, we would have had  
18 their resolution on the April 2nd meeting.  
19 Their license would have expired in the  
20 middle of, I think April 14th or April 15th,  
21 and so the Executive Director had to take  
22 action, and we're just asking the Commission  
23 to order that the license, or to, I guess,  
24 confirm the Executive Director's authority to  
25 grant that license.



1 MR. VOWELS: And this is the one-year  
2 period from April 15th, 2004 to April 14th  
3 2005?

4 MR. OSBORN: That's correct.

5 MR. VOWELS: That is right, and  
6 that's subject to the statute of how these  
7 are investigated and what periods of time  
8 that they're dealt with.

9 So, okay, in front of us, then, is  
10 the order of the Indiana Gaming Commission to  
11 renewing the riverboat owner's license of  
12 Showboat Marina Casino Partnership for that  
13 one-year period to April 14th, 2005.

14 Is there a motion in reference to  
15 this order?

16 MS. BOCHNOWSKI: Move to, what do we  
17 say, approve or to confirm?

18 MR. VOWELS: To confirm the Executive  
19 Director's --

20 MS. BOCHNOWSKI: Executive  
21 director's --

22 MR. VOWELS: -- and to grant the  
23 renewal of this license for the one-year  
24 period, is that what you meant to say?

25 MS. BOCHNOWSKI: That's exactly what



1 I meant to say.

2 MR. VOWELS: And is there a second?

3 MR. GETTELFINGER: Second.

4 MR. VOWELS: Is there any further  
5 discussion?

6 All of those in favor say aye.

7 (All Commission members present say  
8 aye.)

9 MR. VOWELS: And then we move to  
10 financing.

11 MR. OSBORN: We'll start first with  
12 financing by Pinnacle and I believe Mr.  
13 Gifford is here to represent Pinnacle. I  
14 don't know if he has anybody else with him.  
15 And just to update the Commission, this is  
16 on Resolution 2004-24. On February 12th of  
17 this year, Pinnacle requested waiver of the  
18 two-meeting rule and approval by the  
19 Commission to issue a 375 million dollars  
20 senior subordinated note with a fixed rate of  
21 less than 9 percent due in 2012, I believe.  
22 Is that right? And the Commission, or the  
23 Commissioner, or I'm sorry, the Chairman, Mr.  
24 Gettelfinger and the Executive Director  
25 reviewed this and granted the waiver on





1 February 20th of this year, and I now ask  
2 the Commission to approve by resolution that  
3 financing.

4 MR. VOWELS: Mr. Gifford, is there  
5 anything you want to add?

6 MR. GIFFORD: Just refinancing of  
7 existing debt at a lower rate. It's pretty  
8 straightforward.

9 MR. VOWELS: License in sync?  
10 Are there any questions for Mr.  
11 Gifford or for Mr. Osborn?

12 MS. BOCHNOWSKI: There's no increase  
13 in the amount?

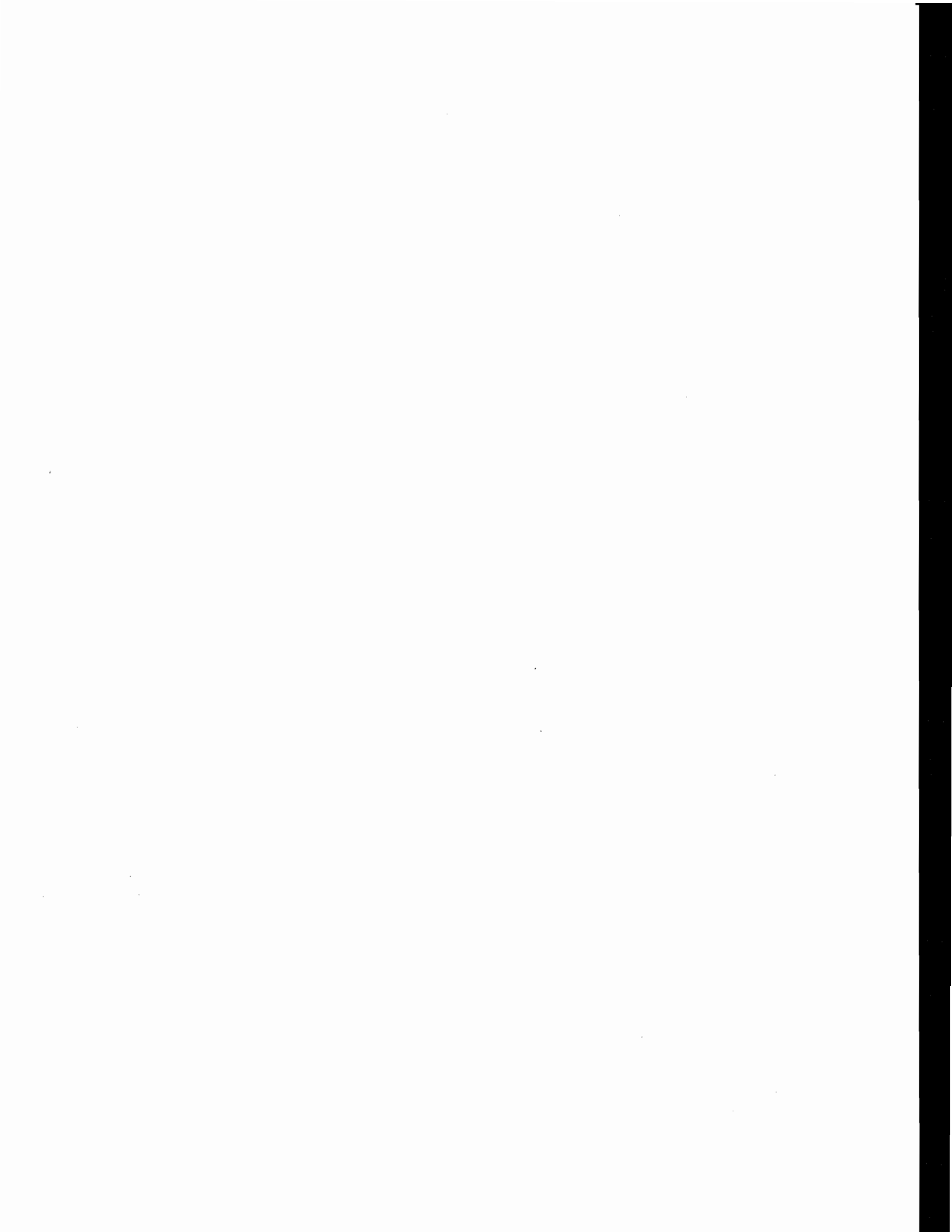
14 MR. GIFFORD: No.

15 MR. LAWRENCE: Note for the record  
16 his head went no.

17 MR. OSBORN: Pardon me, but I thought  
18 there was a small increase in the debt from  
19 like 646 million to 671 million?

20 MR. GIFFORD: By building in the fees  
21 and --

22 MR. GIFFORD: Yes. And any time  
23 there is a refinancing, there's a typical  
24 expansion of the debt because you refinance  
25 the cost and you build that in, but in



1 terms --

2 MS. BOCHNOWSKI: So, that's just fees  
3 and all of the expenses of doing the  
4 transaction?

5 MR. GIFFORD: Exactly, but they  
6 weren't going out and adding substantially to  
7 the debt.

8 MR. VOWELS: All right. And are  
9 there any questions, then?

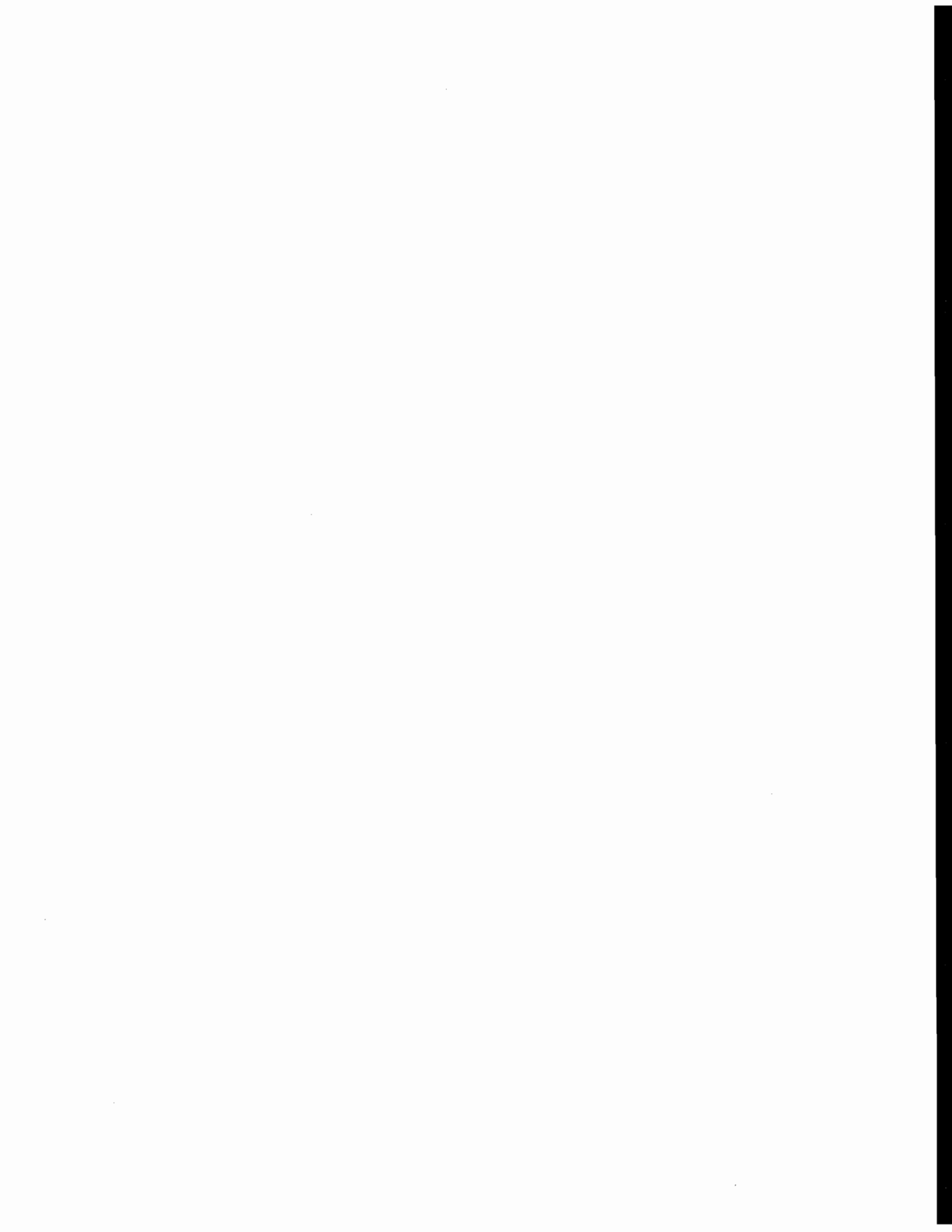
10 Resolution 2004-24 concerns financing  
11 by Pinnacle Entertainment, Inc. It comes in  
12 two parts, to approve or disapprove the  
13 request and approve or disapprove something,  
14 subject to the review and approval of final  
15 draft. Am I reading that right? No,  
16 request the waiver and then the request for  
17 the approval.

18 Somebody want to make a motion in  
19 reference to both of those parts, the waiver  
20 and the approval?

21 MS. BOCHNOWSKI: I'll move that we  
22 approve both parts, the waiver and the  
23 approval.

24 MR. VOWELS: Is there a second?

25 MS. ROSE: Second.



1 MR. VOWELS: Any further discussion?

2 All those in favor say aye.

3 (All Commission members present say

4 aye.)

5 MR. VOWELS: Thank you, Mr. Gifford.

6 MR. OSBORN: Mr. Gifford is there.

7 If you don't mind, we can skip to Caesars

8 because he represents Caesars as well.

9 This would be Resolution 2004-26 and  
10 then after that 2004-27. Twenty-six deals  
11 with the request by Caesars on March 4th of  
12 2004 seeking waiver of the two-meeting rule  
13 and approval to create a 2 billion dollar  
14 unsecured credit facility with an option to  
15 increase that facility by an additional 500  
16 million with a maturity date in 2009, and we  
17 would ask the Commission to approve both the  
18 waiver of the two-meeting rule and to approve  
19 the refinancing.

20 MR. VOWELS: All right.

21 MS. BOCHNOWSKI: Why the waiver for  
22 the two-meeting rule?

23 MR. OSBORN: Well, the simplest  
24 answer is because that's the way you guys  
25 have always done it. I'm not sure exactly



1 why. You've already waived it, effectively,  
2 by virtue of the delegated authority of the  
3 Executive Director.

4 MS. BOCHNOWSKI: But you've looked at  
5 that it and been notified properly and all  
6 of that?

7 MR. OSBORN: Right.

8 MR. VOWELS: Okay. All right. Are  
9 there any questions?

10 We're dealing with 2004-26. Did you  
11 make any mention of 27 yet?

12 MR. OSBORN: Not yet.

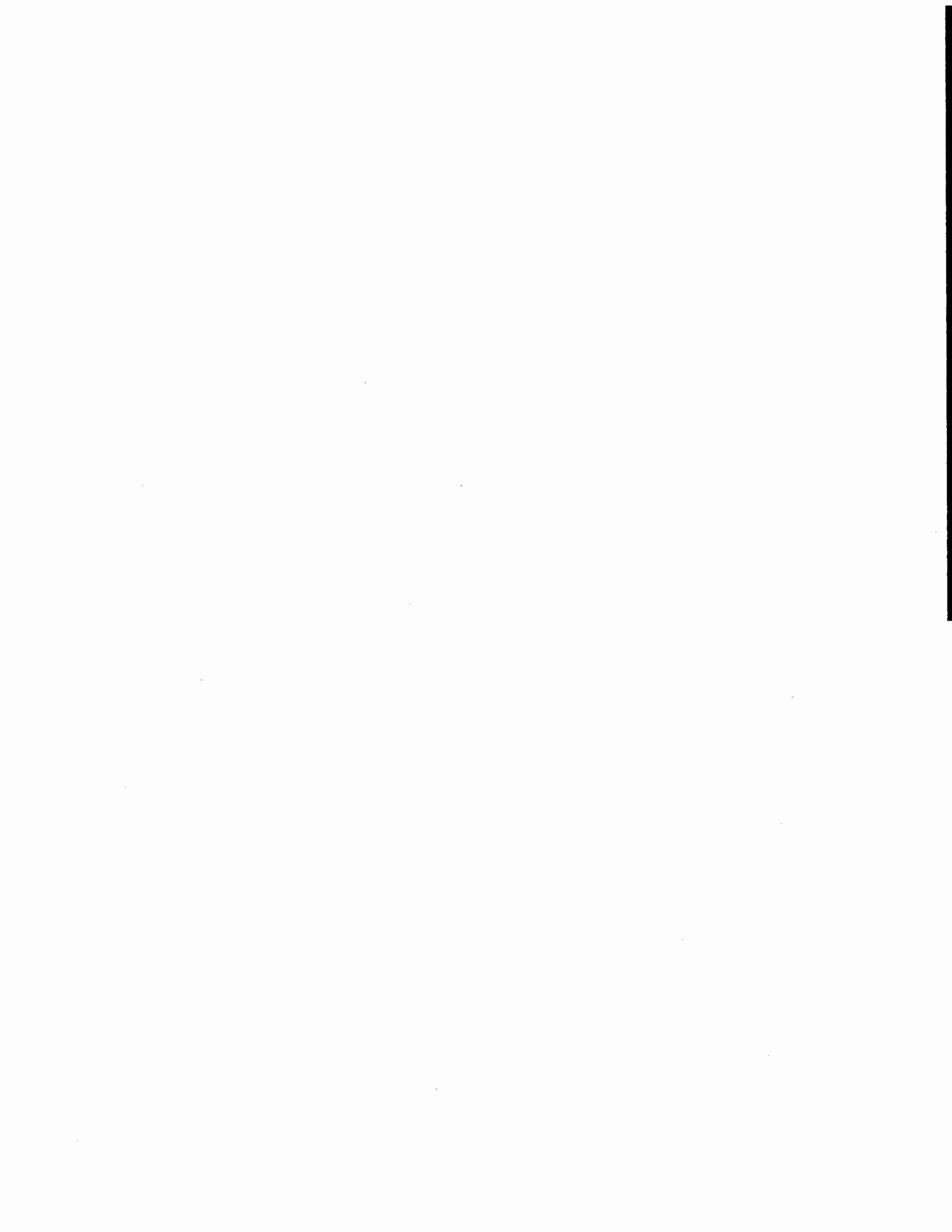
13 MR. VOWELS: Okay. Is there a motion  
14 to approve or disapprove these two portions,  
15 the request for the waiver and the request  
16 for the approval?

17 MS. ROSE: Move to approve the  
18 request for waiver and move to approve the  
19 request for the establishment of the  
20 facility.

21 MR. VOWELS: All right. Is there a  
22 second?

23 MR. MILCAREK: Second.

24 MR. VOWELS: Is there any further  
25 discussion?





1 All in favor say aye.

2 (All Commission members present say  
3 aye.)

4 MR. VOWELS: Show it is approved.  
5 Then 2004-27.

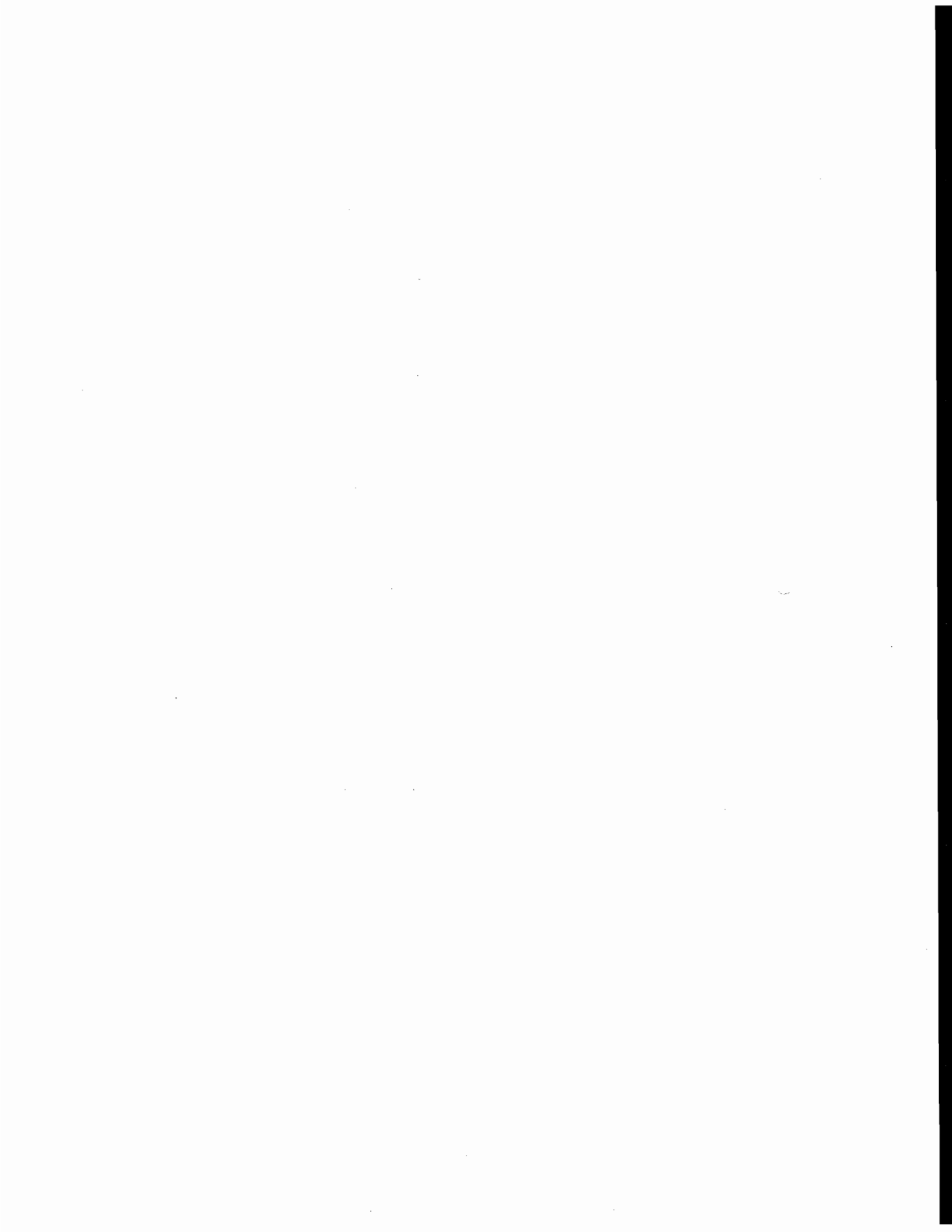
6 MR. OSBORN: This is also refinancing  
7 requested by Caesars. On March 18th, 2004,  
8 they asked for a waiver of the two-meeting  
9 rule. They also asked the Commission to  
10 approve an issuance of 400 million dollars in  
11 a floating rate convertible senior notes with  
12 an option to increase to 80 million in  
13 addition to that. And there was some  
14 confusion about what the date was. It went  
15 from 2024 to 2034 in terms of maturity. I  
16 believe the final documents were 2024.

17 MR. GIFFORD: 2024. It's a 20-year  
18 facility.

19 MR. OSBORN: And we'd ask the  
20 Commission to approve both the waiver and  
21 refinancing.

22 MR. VOWELS: So, in the resolution we  
23 have in front of us it says 2023, and it  
24 should, in fact, be 2024?

25 MR. OSBORN: That's correct.



1 MR. VOWELS: Are there any questions?

2 Is there a motion in reference to the  
3 waiver and, the request for the waiver and  
4 the request for the approval?

5 MS. BOCHNOWSKI: Okay, I'll move that  
6 we approve it.

7 MR. VOWELS: Is there a second?

8 MR. MILCAREK: Second.

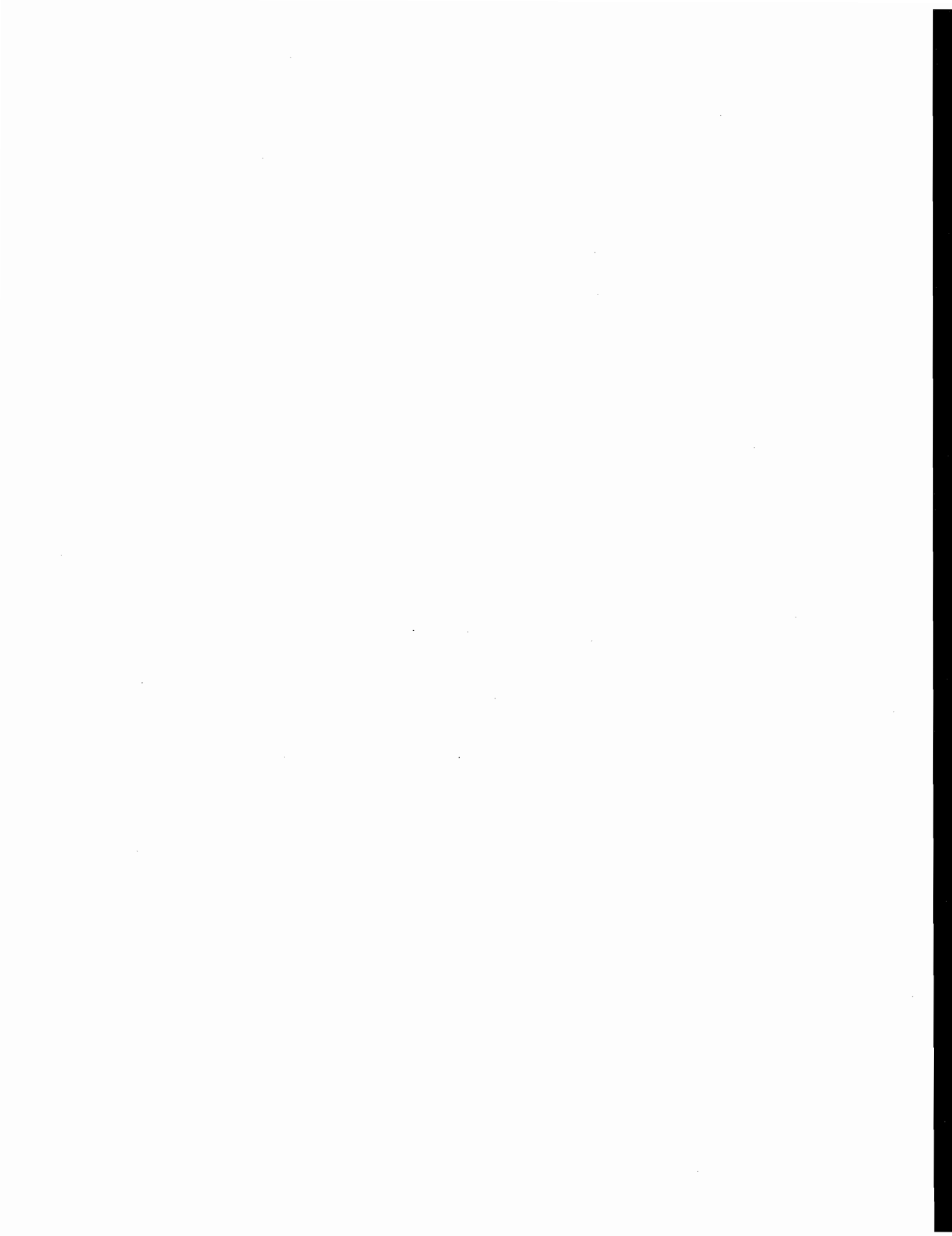
9 MR. VOWELS: Any further discussion?  
10 All of those in favor say aye.

11 (All Commission members present say  
12 aye.)

13 MR. VOWELS: Show the resolution is  
14 approved.

15 MR. GIFFORD: Thank you.

16 MR. OSBORN: The first resolution is  
17 Resolution 2004-25, and this is a request by  
18 Boyd on March 15 of 2004, to issue both for  
19 a waiver of the two-meeting rule and also to  
20 issue a 255 million dollars senior  
21 subordinated note at 7.75 percent interest  
22 with a maturity date of 2014. The Executive  
23 Director, Chairman and Mr. Gettelfinger had  
24 been informed of this and agreed to both the  
25 waiver and refinancing on April, I'm sorry,



1 March 24th, 2004. And I now ask the  
2 Commission to approve both the waiver and the  
3 refinancing.

4 MR. VOWELS: Miss Fleming, is there  
5 anything you need to add?

6 MS. FLEMING: No. If you have any  
7 questions, we'd be happy to answer them.

8 MR. VOWELS: Are there any questions?

9 For those who are without knowledge  
10 of how this proceeds, is that the Executive  
11 Director and Mr. Osborn communicates, usually  
12 by e-mail, with Commissioner Gettelfinger and  
13 myself as the Chairman, and so we fleshed  
14 this out before, that's why I don't have any  
15 questions, because they were already answered  
16 on March 24th and to facilitate these things,  
17 and then we bring these in front of the  
18 entire Commission so it's, although we're  
19 dealing with lots and lots of money.

20 MS. BOCHNOWSKI: That's why I asked  
21 before because this seems like a lot.

22 MS. BOCHNOWSKI: So, anyway.

23 MR. VOWELS: All right. Are there  
24 any questions?

25 MS. ROSE: Are you using that money



1 to buy the property in Louisiana?

2 MR. CHAKMAK: That's part of the  
3 proceeds, absolutely.

4 MR. VOWELS: Resolution concerning  
5 the financing by Boyd Gaming Corps., two  
6 parts, again, request for the waiver, request  
7 for the approval.

8 Is there a motion in reference to  
9 that?

10 MR. MILCAREK: I make a motion to  
11 approve both parts.

12 MR. VOWELS: Is there a second?

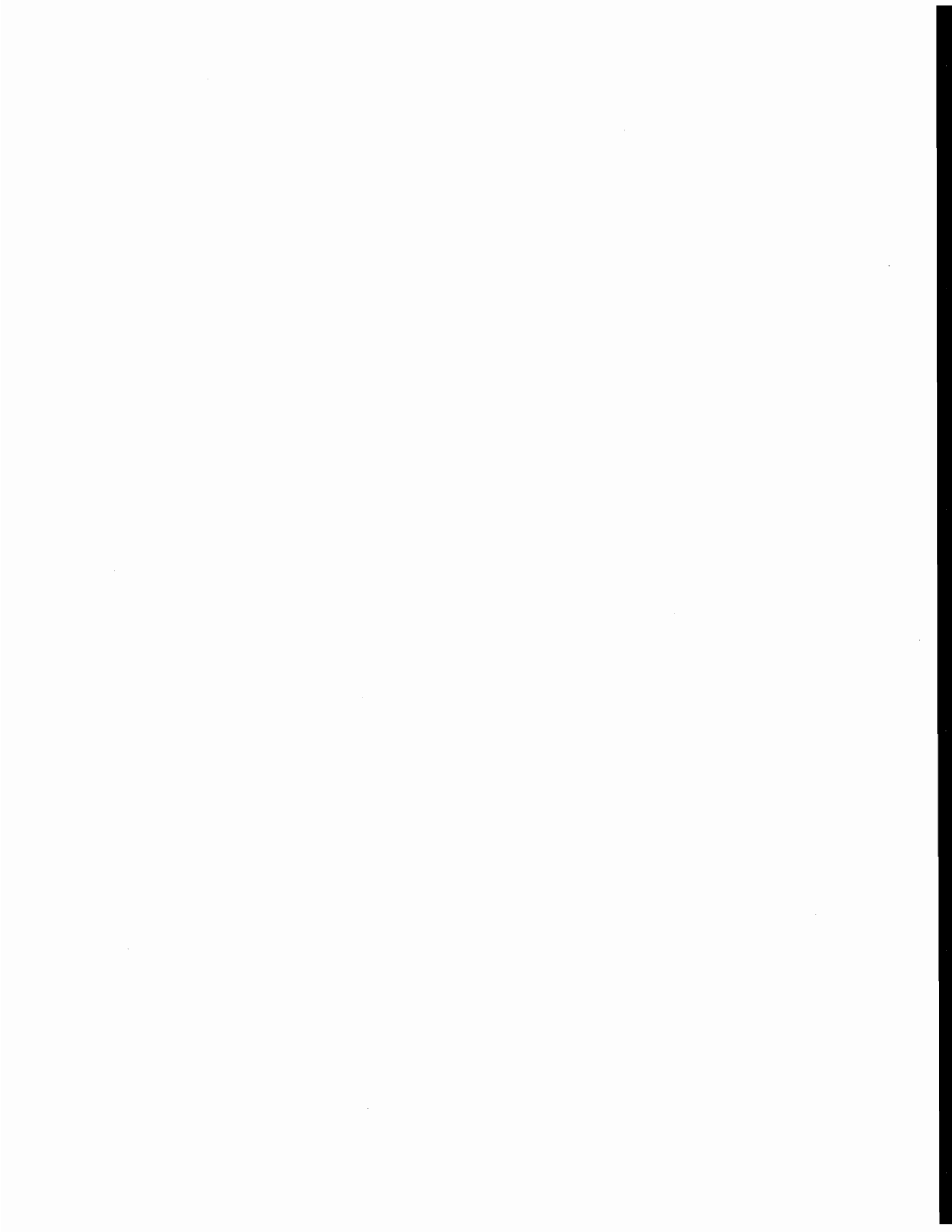
13 MS. ROSE: Second.

14 MR. VOWELS: Any further discussion?  
15 All of those in favor say aye.

16 (All Commission members present say  
17 aye.)

18 MS. FLEMING: Thank you.

19 MR. OSBORN: Mr. Chairman, Resolution  
20 2004-32 concerns a request by Boyd on April  
21 19th of 2004 to create a 1.9 billion dollar  
22 credit facility made up of a 1 billion  
23 dollar revolving credit facility with a  
24 maturity date of 2009, a 500 million dollars  
25 institutional term loan with a maturity date





1 of 2011 with an option to increase either of  
2 those two facilities but not both another  
3 additional 400 million at a rate of the  
4 lending interest bank rate of plus 200 basis  
5 points, I believe. The Commission, or I'm  
6 sorry, the Chairman, the Executive Director,  
7 Mr. Gettelfinger have been advised of this  
8 request and both waiver and the two-meeting  
9 rule and approved it on April 29th of 2004.  
10 I now ask the Commission to grant the waiver  
11 and approve the financing.

12 MR. VOWELS: That was yesterday,  
13 wasn't it?

14 MR. OSBORN: It was.

15 MR. VOWELS: I do that yesterday?

16 MR. OSBORN: You did.

17 MR. LAWRENCE: We have the record.

18 MR. OSBORN: The letter that we  
19 issued was yesterday, but actually the day  
20 before is when we talked about it.

21 MR. VOWELS: Okay. This deals with  
22 financing by Boyd Gaming Corp., and, again,  
23 it's in two parts.

24 Are there any questions?

25 All right. Is there a motion in



1 reference to the two parts?

2 MS. BOCHNOWSKI: Move to approve both  
3 parts.

4 MR. VOWELS: Is there a second?

5 MS. ROSE: Second.

6 MR. VOWELS: Any further discussion?

7 All right. All of those in favor say  
8 aye.

9 (All Commission members present say  
10 aye.)

11 MR. VOWELS: Show it's approved.

12 MR. VOWELS: And then --

13 MR. OSBORN: Mr. Chairman, Kay is  
14 also here on a matter with Harrah's, too,  
15 different financings that they're not seeking  
16 approval on right now, but they wanted to  
17 update the Commission as part of the first  
18 meeting requirements, and I can summarize  
19 what the request is at this time.

20 On April 23rd, Harrah's asked for the  
21 Commission to consider an amendment to their  
22 current credit facility not to exceed 3  
23 billion dollars, and that will be made up of  
24 a term loan not to exceed 900 million  
25 dollars with the balance of 2.1 billion



1 dollars in the revolver both with a maturity  
2 date of 2009. They have provided some of  
3 the basics for this. They just wanted to  
4 make sure that they advised the Commission of  
5 it, and they will seek approval at the next  
6 meeting, and Miss Fleming is here to answer  
7 any questions you might have on that matter.

8 MR. VOWELS: All right. Does anyone  
9 have any questions?

10 Is there anything you'd like to say?

11 MS. FLEMING: We would appreciate  
12 approval so Harrah's can continue to grow and  
13 make money both for themselves and the state  
14 of Indiana.

15 MR. VOWELS: So, what we have here  
16 today is just we're being informed, and  
17 that's essentially where we are?

18 MS. FLEMING: Yes, we have requested  
19 that on the credit facility, because they  
20 would like to close in May, that the  
21 Executive Director be granted interim  
22 authority subject to final Commission  
23 approval at the next meeting, and then the  
24 notes will go through the normal course where  
25 the private placement would be approved by.



1 the Executive Director, come in front of the  
2 Commission at the next meeting prior to  
3 public registration. But the current  
4 facility is scheduled to close in May if we  
5 get the interim approval.

6 MR. LAWRENCE: See, this is the first  
7 meeting.

8 MR. VOWELS: We're not waiving the  
9 two-meeting rule because -- okay.

10 Is there any action we need to do?  
11 Isn't it just inherent in the powers we've  
12 delegated to you, Mr. Lawrence, that that's  
13 the way it would proceed?

14 MR. LAWRENCE: Yes.

15 MR. OSBORN: Mr. Chairman, if I  
16 might, I don't know that I mentioned this, I  
17 know that Kay referred to it, also part of  
18 that financing Harrah's intends to issue 1  
19 billion dollars in unsecured notes, and I  
20 don't think I advised the Commission of that,  
21 but that's also part of it.

22 MS. FLEMING: It would be two  
23 separate transactions, the Rule 144 would be  
24 up to 1 billion in notes and then the credit  
25 facility would be up to 3 billion, and it is





1 all unsecured, but it's two separate  
2 transactions.

3 MR. VOWELS: Any questions or  
4 thoughts?

5 So, we're just being informed here  
6 today.

7 MS. BOCHNOWSKI: This is just for my  
8 own personal satisfaction. When you say it's  
9 unsecured note, that's just, it's somebody  
10 just --

11 MS. FLEMING: A loan.

12 MS. BOCHNOWSKI: That's just amazing  
13 to me.

14 MR. VOWELS: Like the old saying, if  
15 you owe the bank a little bit of money and  
16 can't pay them, you've got a problem; if you  
17 owe the bank a whole lot of money and can't  
18 pay, the bank's got a problem.

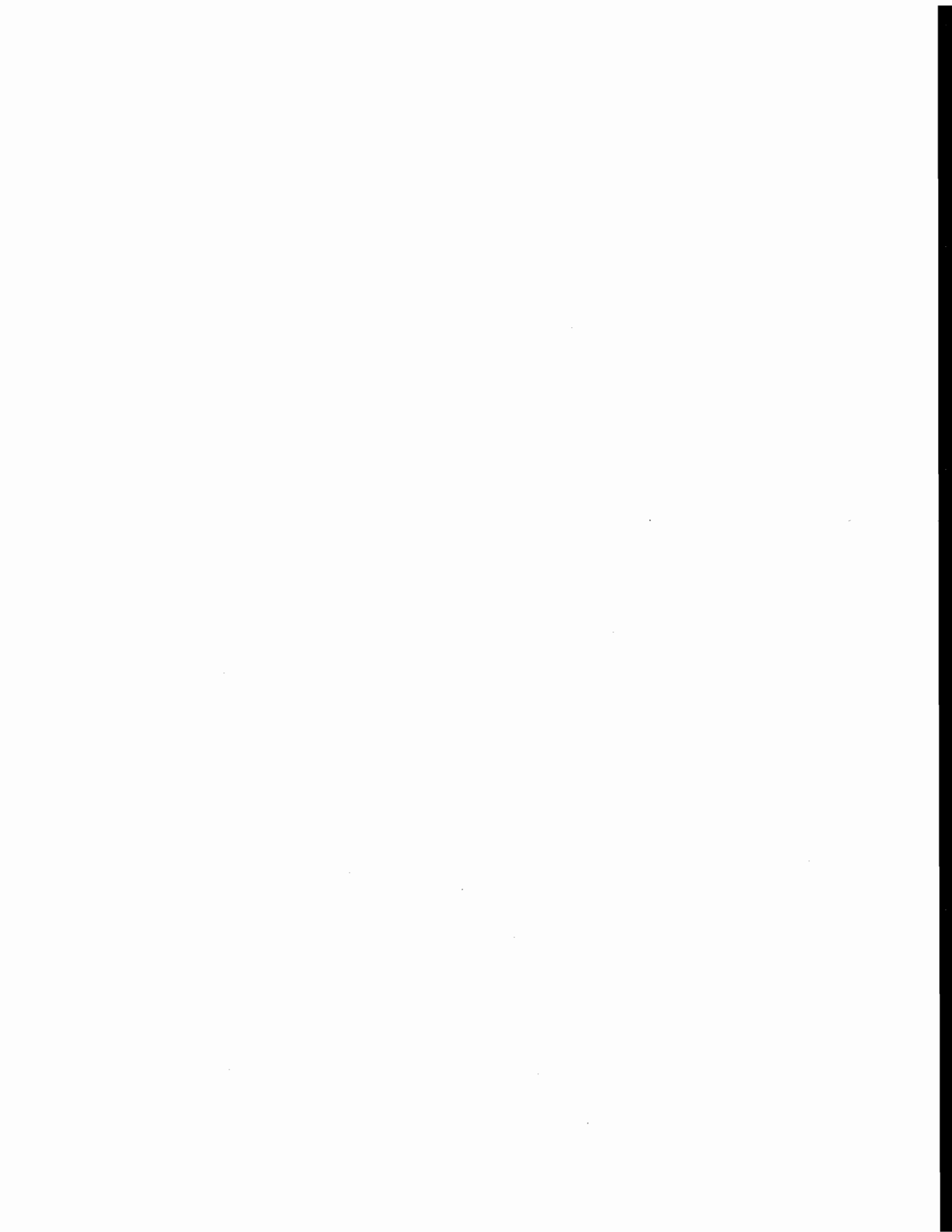
19 Thank you.

20 MS. FLEMING: Thank you.

21 MR. PARENTI: Thank you.

22 MR. LAWRENCE: Oh, now he said thank  
23 you, it's on the record, we got to give you  
24 his name.

25 MR. PARENTI: I'm Phil Parenti. I am



1 the vice president and chief regulatory and  
2 compliance officer for the company, and  
3 behind me Scott Wiegand who is also a vice  
4 president despite his youth, and he is the  
5 associate general counsel and acts as  
6 corporate secretary as well, and he's my  
7 financial guru.

8 MR. VOWELS: That was for the  
9 reporter's benefit.

10 All right. We appreciate all of  
11 that. Thank you.

12 And then we've got Aztar, 28, 29 and  
13 30.

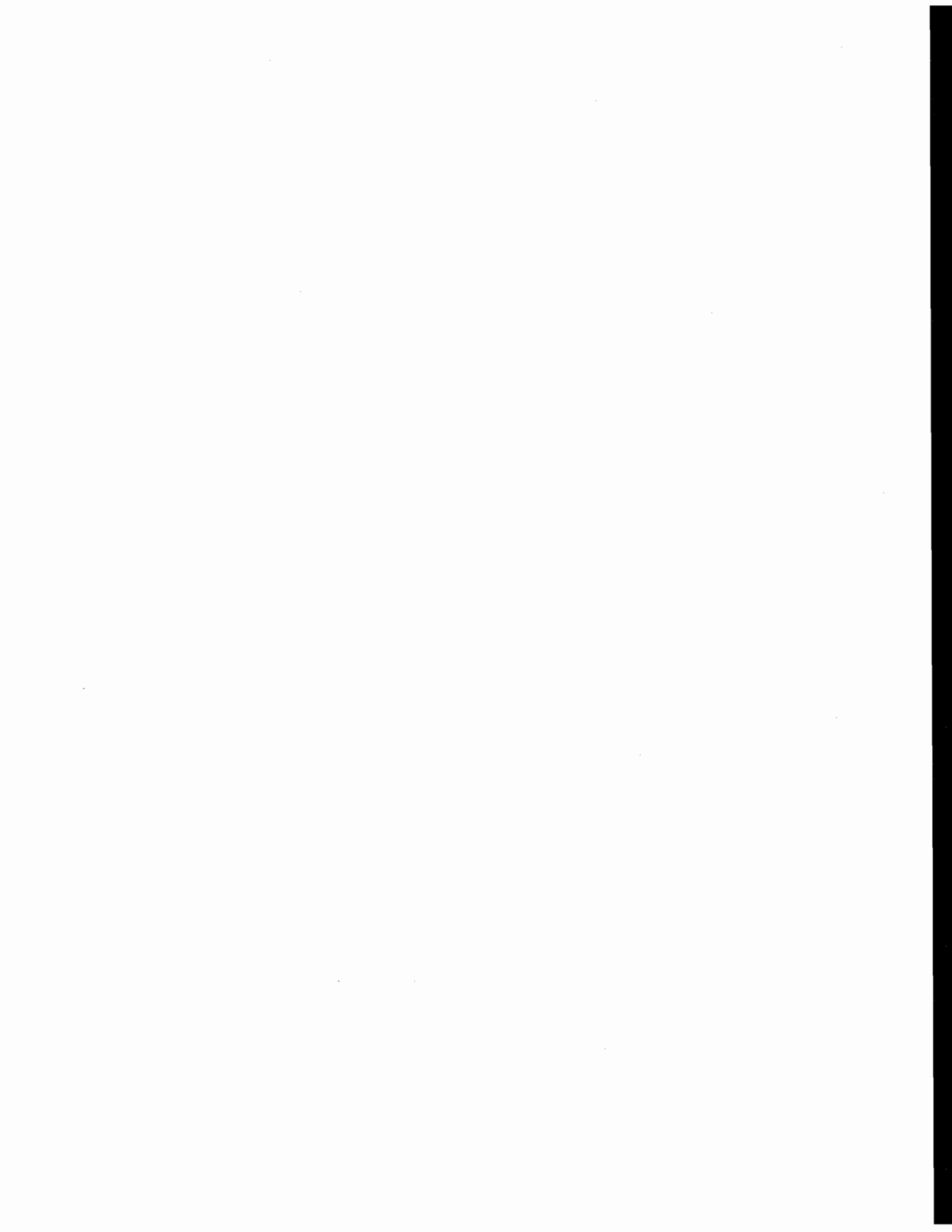
14 MR. OSBORN: Yes, Mr. Chairman. And  
15 Mr. Diener is here from Ice Miller  
16 representing Aztar. Could you introduce who  
17 you're with, Mr. Diener.

18 MR. DIENER: Yes, Mr. Osborn.

19 Mr. Chairman, Mr. Lawrence,  
20 Commissioners, Staff, Neil Ciarfalia,  
21 C-I-A-R-F-A-L-I-A, who is the treasurer of  
22 Aztar Corporation is here to answer any  
23 questions the Commission might have.

24 MR. LAWRENCE: N-E-A-L, N-E-I-L.

25 MR. DIENER: N-E-I-L.



1 MR. OSBORN: Thank you, Mr. Diener.  
2 Resolution 2004-28 concerns a request  
3 by Aztar back on March 3rd of 2004 seeking  
4 waiver of the two-meeting rule and Commission  
5 approval on the issuance of 300 million  
6 dollars in notes at, originally I believe it  
7 was at 7.25 percent. I think since that  
8 time there's been a change in that  
9 percentage; is that correct, Mr. Diener?

10 MR. DIENER: Yes, Mr. Osborn.  
11 Unfortunately, the financial market does not  
12 stay the same from day to day, and the fed  
13 is meeting next week. The current  
14 expectations are is that we would like the  
15 ceiling on those notes to be increased from  
16 7 1/4 to 7 3/4 percent, 7.75 percent.

17 MR. OSBORN: So, to amend the  
18 resolution, both in paragraph 3, paragraph 5  
19 and then pending approval, it would now note  
20 that it would be 7.75 percent. But Aztar  
21 has asked for the Commission to now approve  
22 the waiver that's already been granted by  
23 both the Chairman, the Executive Director,  
24 Mr. Gettelfinger and also the refinancing.

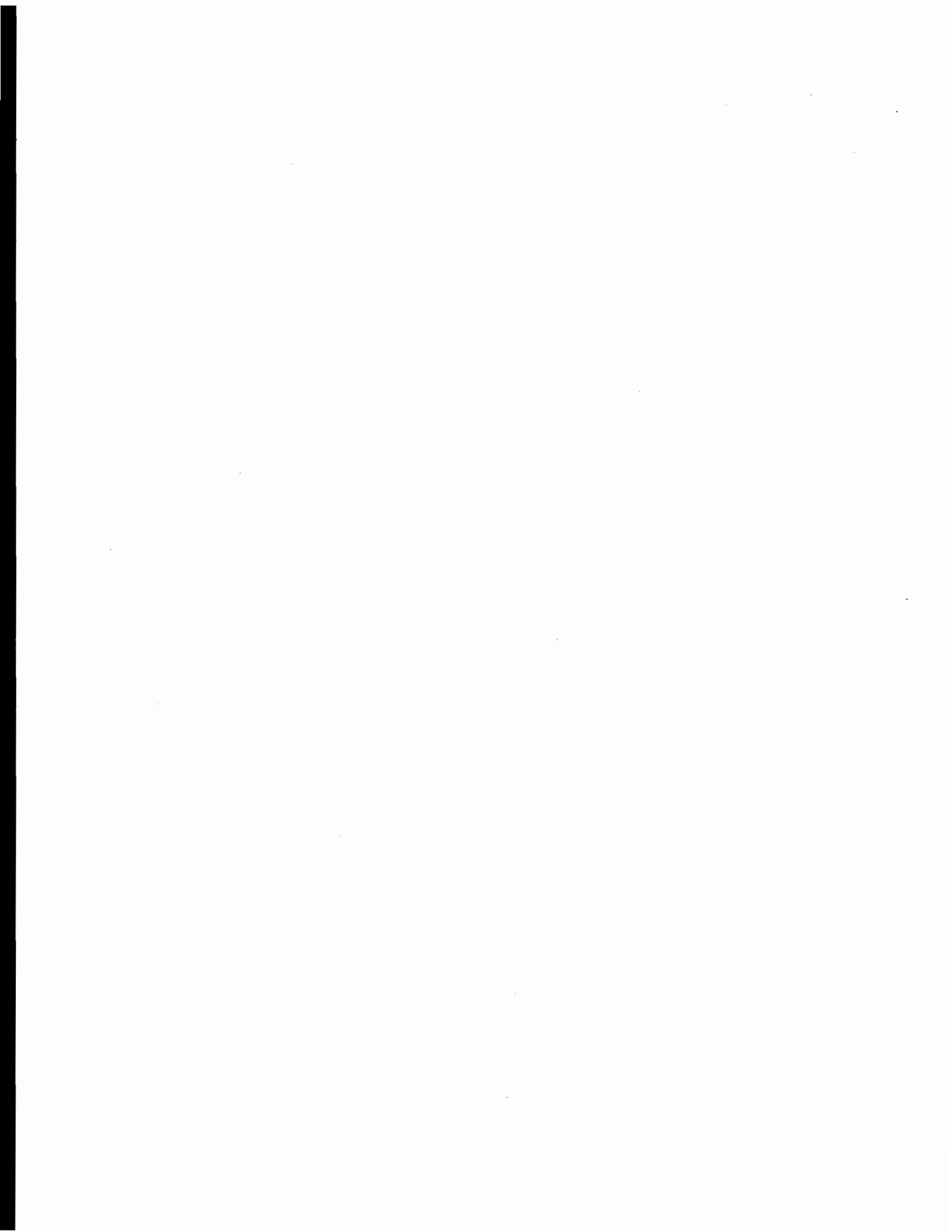
25 MR. DIENER: Just as a matter of



1 clarification for the Commission, there were  
2 three and now there may be two debt  
3 transactions here. One is the floating rate  
4 debt, the revolver which we're going to be  
5 addressing a little bit later. The first  
6 two were 400 million dollars in notes.  
7 Originally, it was going to be a 300 million  
8 dollar note offering in 2014 and a 100  
9 million dollar add-on to the existing  
10 facility which is the senior notes that are  
11 due 2011. We requested an amendment of the  
12 waiver that the Executive Director had issued  
13 to Aztar Corporation so that Aztar would have  
14 the flexibility to issue 400 million dollars  
15 in notes. Some of it may be 2011, some of  
16 it may be 2014, but it won't exceed the  
17 combined aggregate debt offering that we're  
18 requesting. But we're not sure which is  
19 going to be the most favorable interest rate  
20 when the closing comes about, hopefully by  
21 the mid or latter part of May. I'm sorry I  
22 interrupted, Mr. Osborn.

23 MS. BOCHNOWSKI: So, the division of  
24 the amount might be redistributed?

25 MR. DIENER: That's correct. There





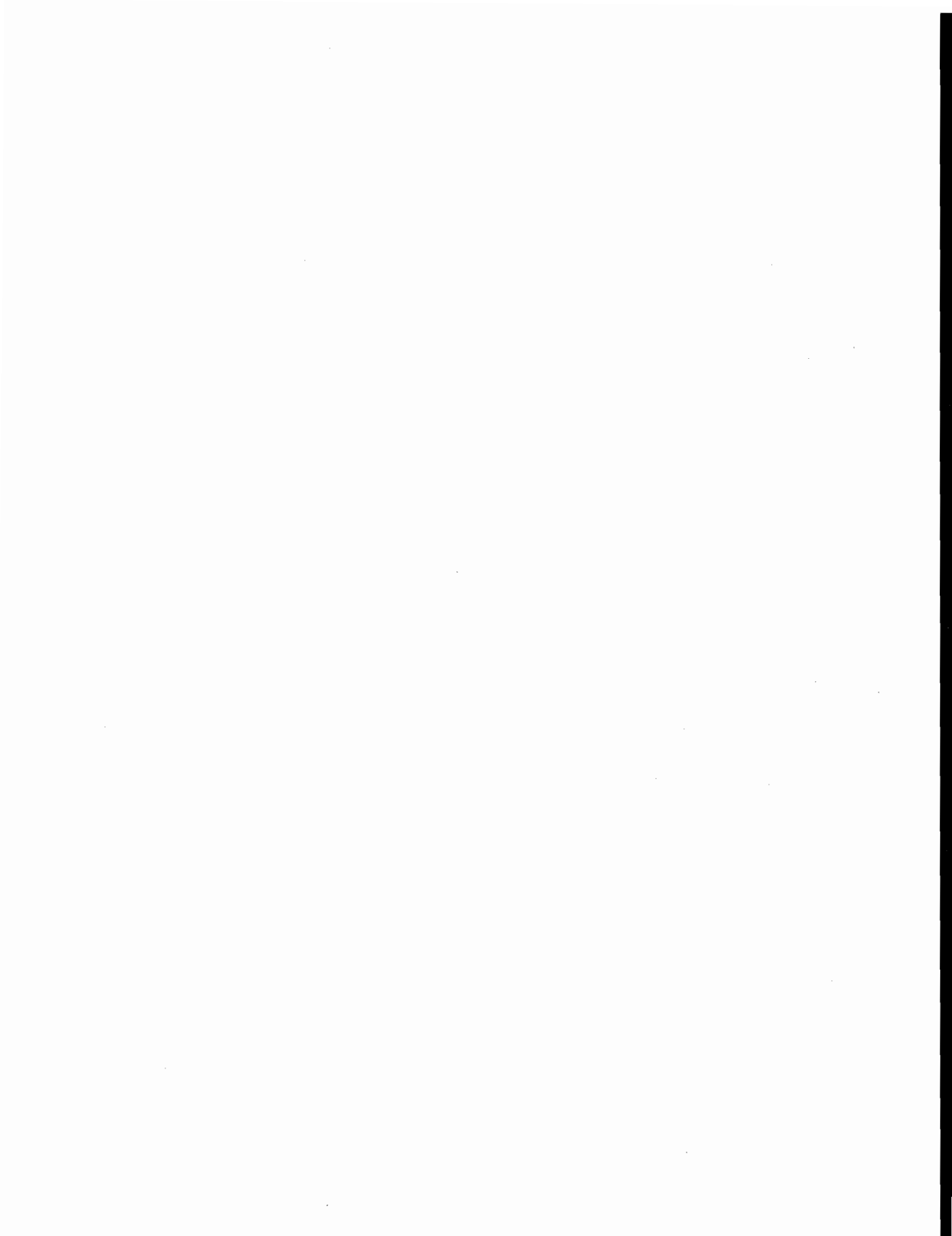
1 was 100 million dollars add-on originally and  
2 a 300 million dollar note offering, and now  
3 we're asking for the flexibility of using 400  
4 as a basket between those two, and we're not  
5 sure which is going to be the most  
6 favorable.

7 MR. OSBORN: And what Mr. Diener, the  
8 other instrument that Mr. Diener is referring  
9 to would be subject of the Resolution 2004-29  
10 concerning the add-on of a 100 million  
11 dollars to their already current occurring  
12 senior subordinated notes which I think are  
13 175 million dollars.

14 MR. DIENER: That's correct. They're  
15 due 2011. And you've already approved that  
16 venture. This is just underlining debt that  
17 is an add-on to that same debt.

18 MR. OSBORN: So, we would ask the  
19 Commission to waive the two-meeting rule for  
20 both Resolutions 2004-28 and 29 and amend or  
21 add language to one of the resolutions  
22 indicating that the 100 million dollar figure  
23 will go to either of the two facilities but  
24 not both; is that correct?

25 MR. DIENER: Correct. And the



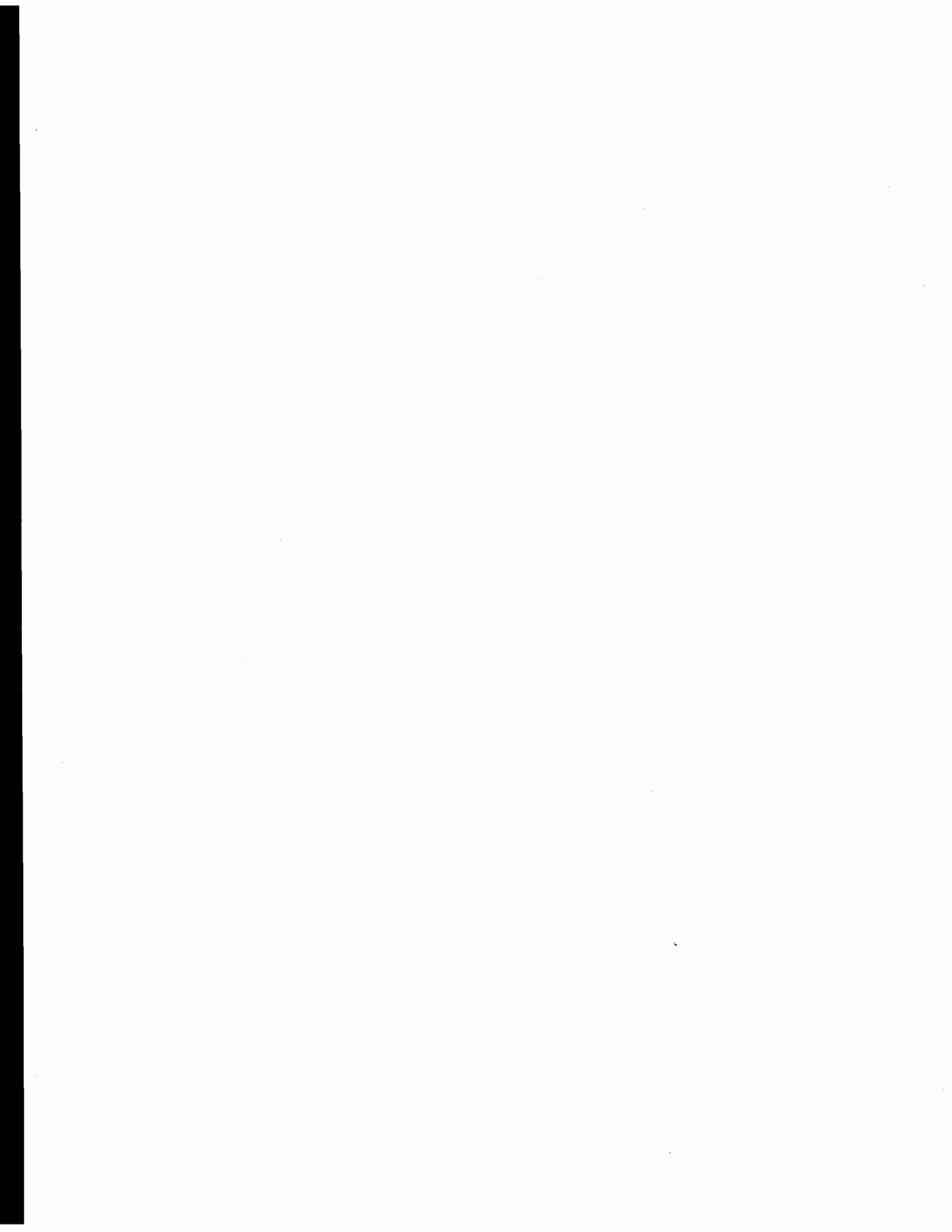
1 amendment to the interest rate ceiling of  
2 7.75 percent and the condition that in both  
3 cases the, providing your approval if that's  
4 your desire today, would be subject to legal  
5 opinions about the application of both  
6 licenses and, two, Mr. Lawrence, Mr. Osborn  
7 and Staff's review of final financing  
8 documents.

9 MR. VOWELS: All right. Are there  
10 any questions or comments?

11 Then we'll start with 2004-28.  
12 Again, it is in two parts, request for the  
13 waiver and request for the approval. Is  
14 there -- what we have in front of us, I  
15 guess, isn't the actual language or the final  
16 language. There will be --

17 MR. OSBORN: That's correct. There  
18 will be an amendment indicating that -- I  
19 mean, the total amount under 28 could be as  
20 much as 400 million. Currently it says 300  
21 million, but depending upon what avenue Aztar  
22 chooses to pursue under both of these  
23 resolutions, it could be 400 but no more  
24 than that.

25 MS. BOCHNOWSKI: Or could it be 200



1 and then the other one could rise to 200?

2 MR. OSBORN: That's not what I  
3 understand that they were planning on doing.

4 MR. DIENER: We would not except it  
5 to be more than 100.

6 MR. VOWELS: And then the interest  
7 rates are 7.25 percent, there was a change  
8 in that, is that what you said?

9 MR. DIENER: Yes, the ceiling would  
10 be 7.75 percent, Mr. Chairman.

11 MR. VOWELS: All right. With that  
12 understanding in mind, is there a motion in  
13 reference to 2004-28 in its two parts?

14 MS. BOCHNOWSKI: I move to approve  
15 both with the amendment added.

16 MR. VOWELS: Is there a second?

17 MR. GETTELFINGER: Second.

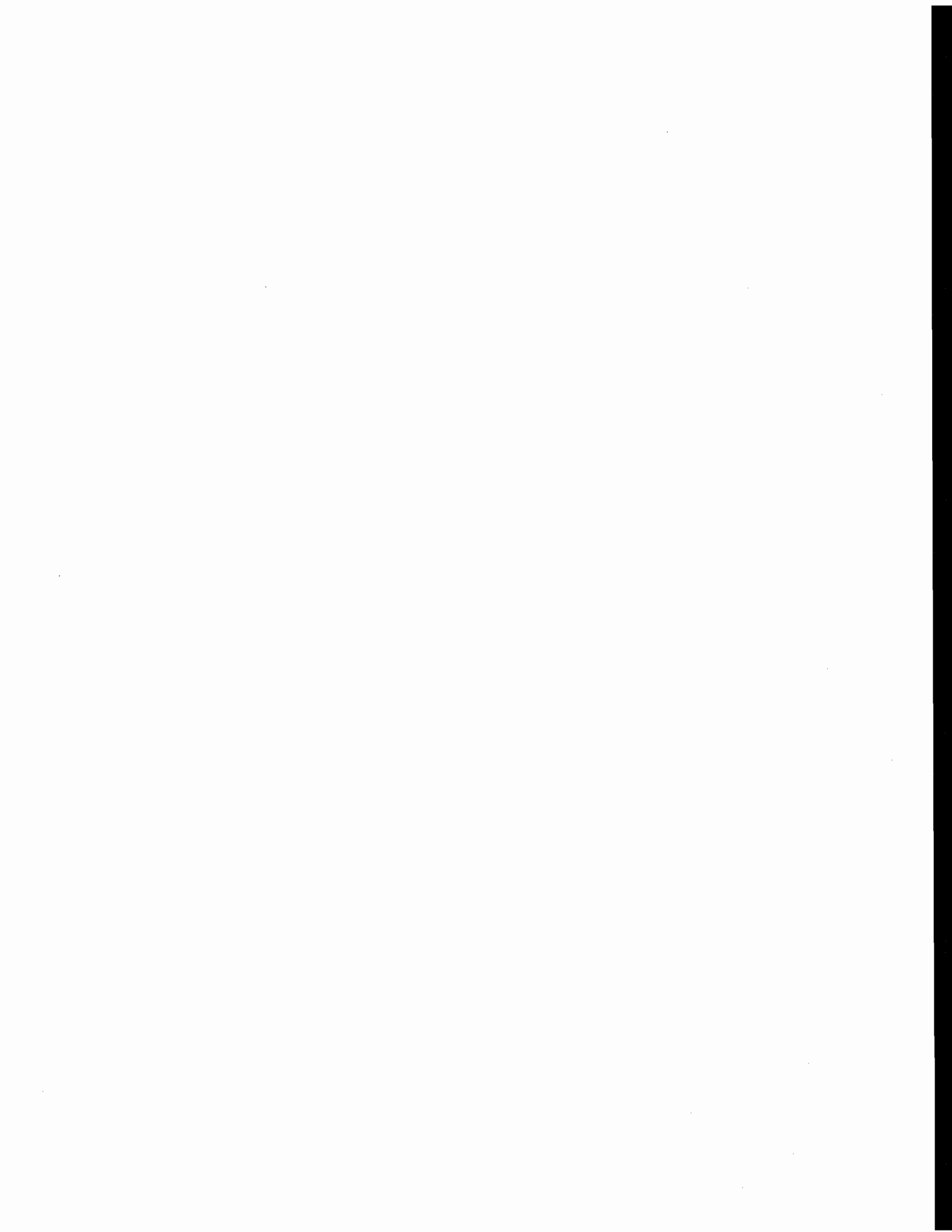
18 MR. VOWELS: Any further discussion?

19 All of those in favor say aye.

20 (All Commission members present say  
21 aye.)

22 MR. VOWELS: Show that as approved.

23 And then 2004-29, with all of that in  
24 mind, is there a motion in reference to the  
25 two parts of that?



1 MS. BOCHNOWSKI: Okay, I move to  
2 approve both understanding that it's up to  
3 100 million dollars, right, not, it's not  
4 necessarily a 100 million dollars for this  
5 one?

6 MR. DIENER: That's correct.

7 MR. VOWELS: And is there a second?

8 MS. ROSE: Second.

9 MR. VOWELS: Any further discussion?  
10 All of those in favor say aye.

11 (All Commission members present say  
12 aye.)

13 MR. VOWELS: And then Mr. Osborn,  
14 2004-30, and I don't know if the rest of you  
15 have in this our packet, so I was given this  
16 by Mr. Lawrence.

17 MS. BOCHNOWSKI: It's 40?

18 MR. OSBORN: 30.

19 MS. BOCHNOWSKI: I don't think I have  
20 30.

21 MR. OSBORN: Resolution 2004-30  
22 concerns a request that Aztar made on March  
23 18th of 2004 to create a 575 million dollar  
24 senior credit facility consisting of a 450  
25 million dollar revolving credit facility and





1 a 125 million dollar term loan with an  
2 option to increase either of the facilities,  
3 I guess, by a 100 million; is that correct?  
4 And this has been presented to the Executive  
5 Director, the Chairman and Mr. Gettelfinger,  
6 and they approved waiver of the two-meeting  
7 rule and the refinancing on April 20th of  
8 2004. And I now ask the Commission to  
9 approve both the waiver and the refinancing.

10 MR. VOWELS: All right. And the  
11 language of this resolution is what it is?  
12 This is final? I didn't mean to be a smart  
13 Alec. No, actually, I just wanted to make  
14 sure everybody understood what we were  
15 looking at.

16 Are there any questions? This is,  
17 again, in two parts.

18 Is there a motion in reference to  
19 Resolution 2004-30?

20 MS. BOCHNOWSKI: Okay, well, I'll  
21 move to approve both.

22 MR. VOWELS: Is there a second?

23 MR. NDUKWU: Second.

24 MR. VOWELS: Any further discussion?  
25 All of those in favor say aye.



1 (All Commission members present say  
2 aye.)

3 MR. VOWELS: Thank you.

4 And that's it under the financing,  
5 isn't it, Mr. Osborn?

6 MR. OSBORN: Yes.

7 MR. VOWELS: So, the next matter on  
8 the agenda is the Belterra update.

9 Ms. Brodnan.

10 MS. BRODNAN: Yes. Belterra  
11 submitted their monthly progress report to  
12 you which was in your packets, and Commission  
13 staff doesn't have anything else to add.  
14 Ron Gifford is here on behalf of Belterra if  
15 there are any questions.

16 MR. VOWELS: Mr. Gifford, I was  
17 reading through this, and it talks about the  
18 coordinators met with Fifth/Third Bank to  
19 discuss their products and their plan to do  
20 more business with Belterra. How does  
21 Fifth/Third Bank fit into women business  
22 enterprises and minority business  
23 enterprises?

24 MR. GIFFORD: Charles Felton who is  
25 Belterra's MBE coordinator can talk to you



1 about that.

2 MR. FELTON: I just list all of the--

3 MR. GIFFORD: Some of the banking,  
4 some of the financial institutions are  
5 attempting through partnerships and the like  
6 to offer products that may be truthfully a  
7 company, so it's good to know what's going  
8 out on in that world because financial  
9 services is an area currently where the  
10 riverboats really don't have opportunities  
11 with minority businesses.

12 MR. VOWELS: All right. Okay. Are  
13 there any questions of Mr. Gifford or the  
14 coordinator?

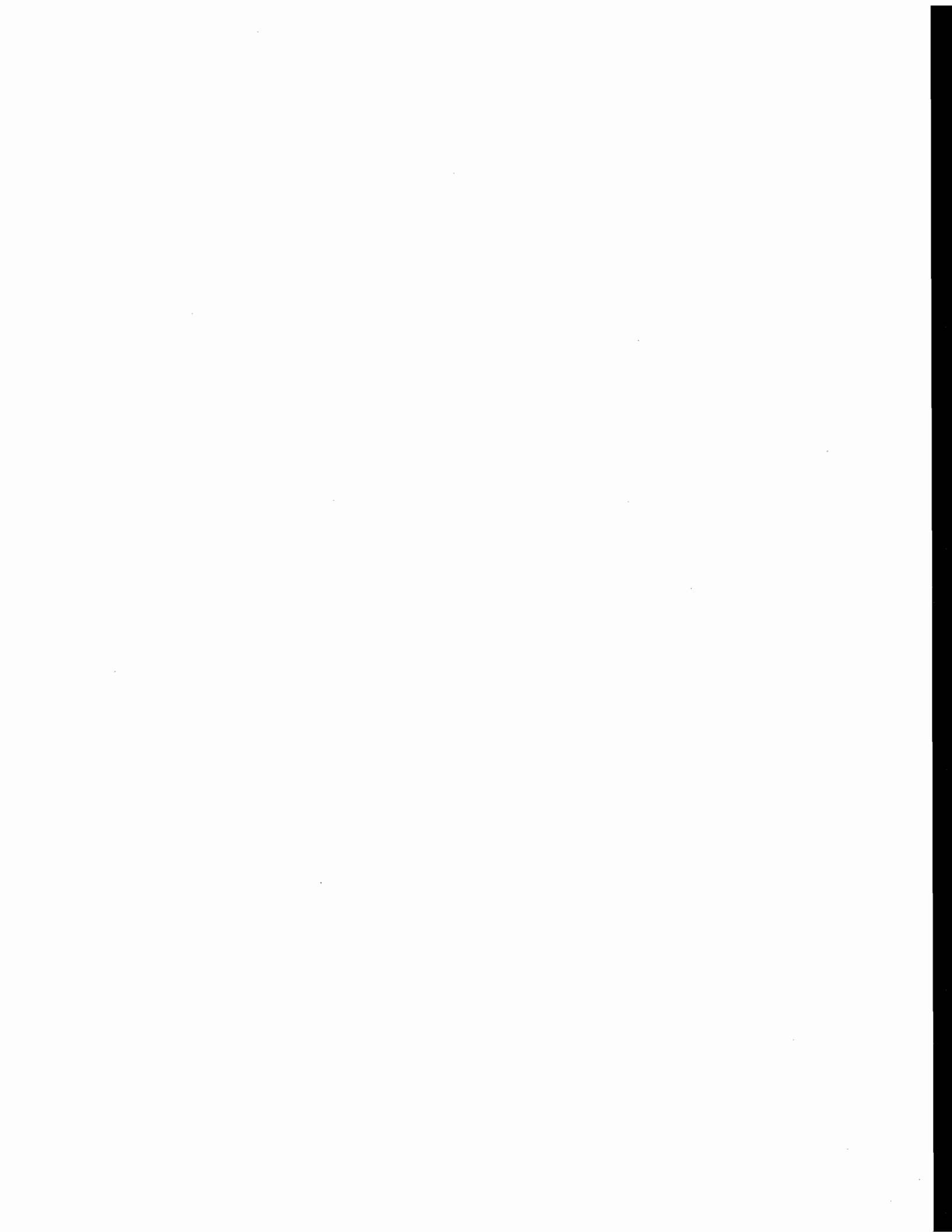
15 MS. BOCHNOWSKI: Remind me of who is  
16 on your task force committee.

17 MR. FELTON: Larry Buck, Thor  
18 Shipper, purchasing manager, and Neil Miller,  
19 Food and Beverage Director.

20 MS. BOCHNOWSKI: I just couldn't  
21 remember who was on that.

22 MR. VOWELS: The state representative  
23 Cleo Duncan has joined up on the advisory  
24 committee?

25 MR. GIFFORD: That was on the



1 advisory committee for the development fund.  
2 We've spent all that money so --

3 MR. VOWELS: Maybe they can go to Mr.  
4 Binyon's advisory committee with his billion  
5 and a half dollars and help him figure that  
6 out.

7 MR. GIFFORD: You know, as long as  
8 Charles is standing, I might note that he  
9 received an award this month from the Indiana  
10 Regional Minority Supplier Development  
11 Council recognizing his efforts in working  
12 with minority suppliers on the behalf of  
13 Belterra, so I just wanted to bring that to  
14 your attention.

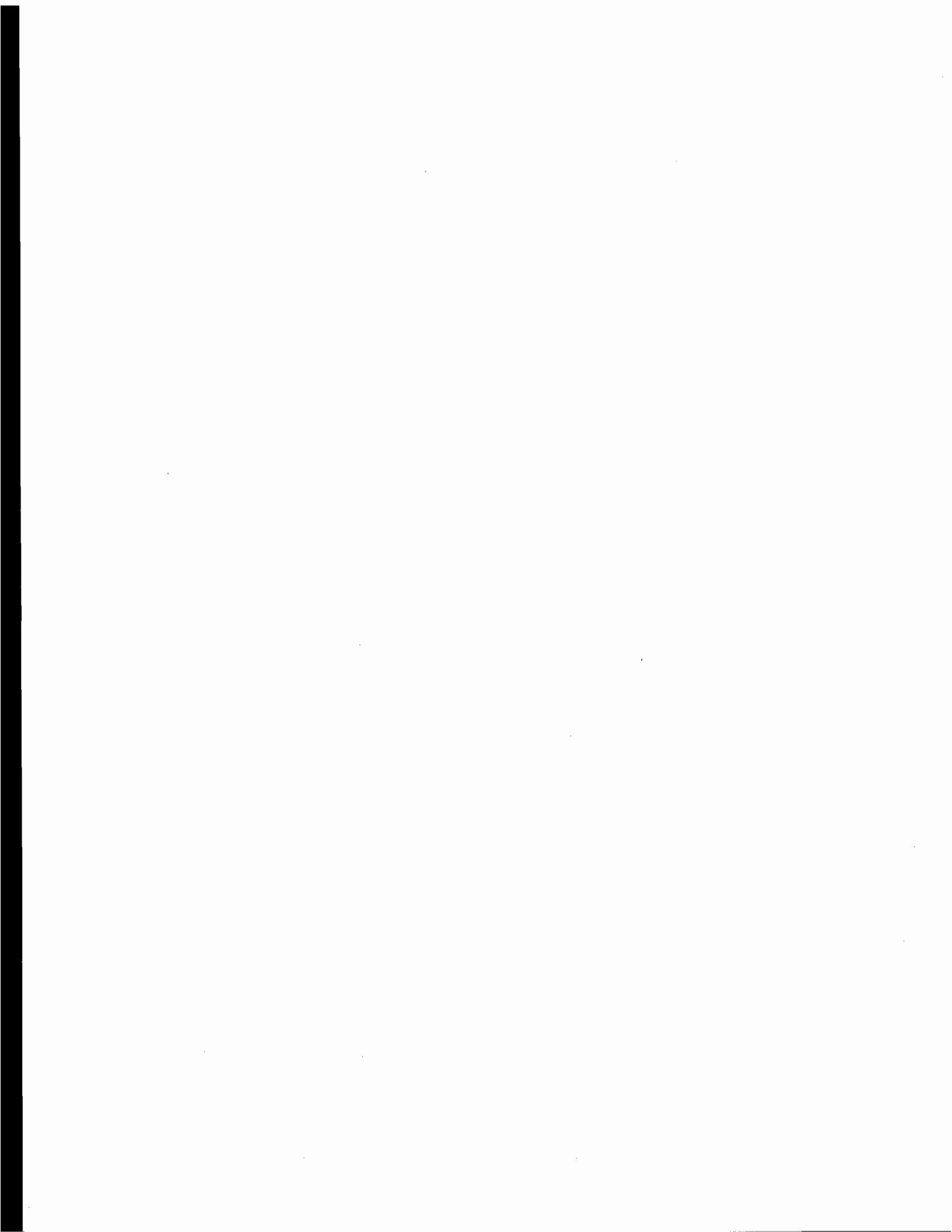
15 MS. ROSE: Congratulations.

16 MR. GIFFORD: And you all know this  
17 but the audience doesn't, this your numbers  
18 for the first quarter of 2004, MBE were 25  
19 percent, WBE we're almost 11 percent.

20 MR. VOWELS: And the shortfall is now  
21 caught up?

22 MR. GIFFORD: And the shortfall is  
23 now a surplus.

24 MR. VOWELS: And I'll note that the  
25 next matter on the agenda are disciplinary





1 matters, and there are nine casinos on here  
2 and the one missing is Belterra.

3 MS. BOCHNOWSKI: We have really made  
4 some progress.

5 MR. GIFFORD: The property gets all  
6 the credit for that, and they were happy not  
7 to be on that list.

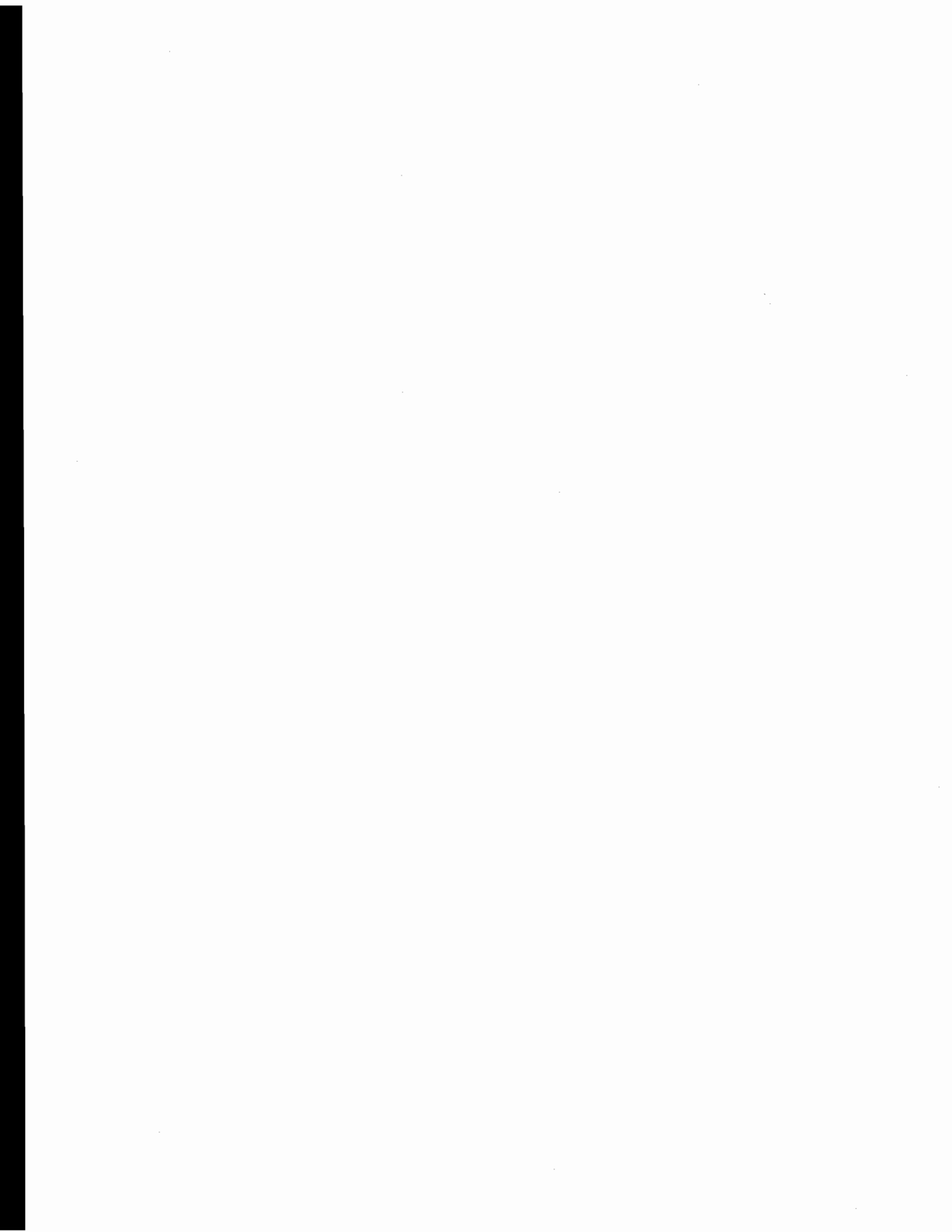
8 MR. VOWELS: All right. Ms. Brodnan,  
9 anything else?

10 MS. BRODNAN: No.

11 MR. VOWELS: Then the next matter on  
12 the agenda are the disciplinary matters. And  
13 Mr. Lawrence, we'll begin with you before we  
14 go to Miss Brodnan.

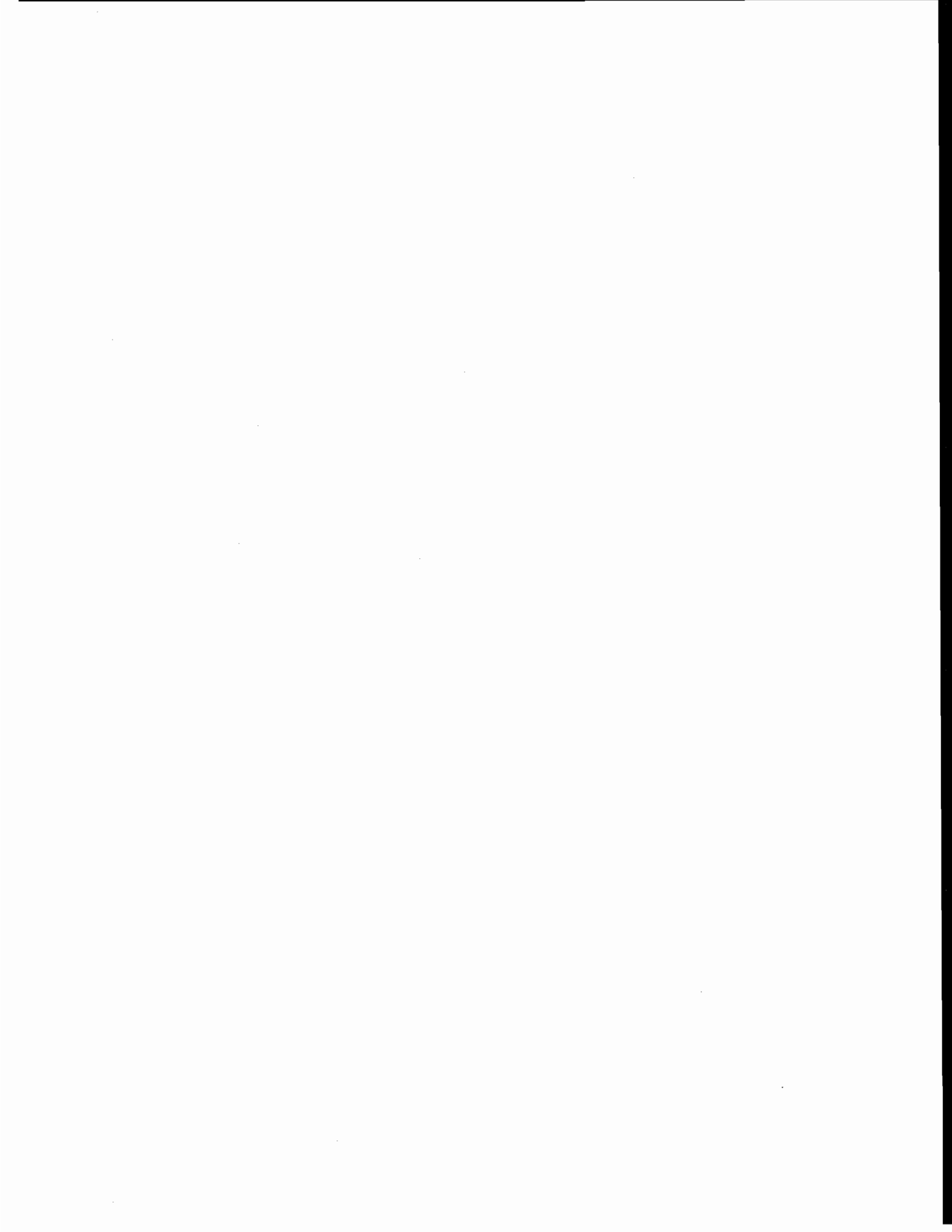
15 MR. LAWRENCE: Yes. Mr. Chairman,  
16 Members of the Commission, you will note, as  
17 the Chairman has stated, disciplinary actions  
18 pending, settlement documents pending for  
19 nine of the boats. I want to explain this  
20 to you.

21 As you are aware, recently the staff  
22 was re-organized in the Gaming Commission,  
23 and we established a division of compliance  
24 headed up by Jenny Chelf. Jenny and her  
25 group of representatives from the State



1 Police, the audit division, compliance and  
2 legal have been meeting on a weekly basis  
3 just to get rid of our backlog, and they  
4 have done that. They did that in an amazing  
5 time of just two and a half months. We've  
6 completely wiped the slate clean, so to  
7 speak, of all pending actions prior to this  
8 date. And I want to commend Jenny and her  
9 staff and her group for doing such a great  
10 job.

11           You will note that some of the fines  
12 are rather substantial. I want to advise  
13 you that this is because we did all of this,  
14 we consolidated everything and we got rid of  
15 everything. So, even though some of the  
16 boats, it does look like it's a substantial  
17 amount, and it is a substantial amount, some  
18 of them are for 11 or 12 violations over a  
19 period of time. Some of them are recent.  
20 And what we tried to do is as we went  
21 through the process of settlement, that we  
22 got to a point where the staff was  
23 reasonably comfortable that we were moving  
24 forward and that the properties were  
25 reasonably comfortable that they knew where



1 they stood and how they should be reacting  
2 to staff. I must say that they didn't  
3 necessarily come totally quietly into that  
4 good night when we had those discussions, but  
5 I think ultimately we reached an agreement,  
6 and I'm happy to see that several of the  
7 properties are initiating what I might call a  
8 work improvement plan, so to speak, as is  
9 the staff of the Gaming Commission.

10 We have met with several of the  
11 properties to discuss what we can do better,  
12 where they can do better. So, although this  
13 looks substantial, and, yes, it is, totaling,  
14 I guess about 737, 738 thousand dollars, this  
15 is everything. And now Jenny's group has  
16 the goal of getting a resolution of any  
17 disciplinary actions within a month of the  
18 ending of the investigation. Some of those  
19 will not make that, but they're doing a  
20 great job already and I want to commend them  
21 again. They are now moving on to a  
22 re-writing of all of our rules and  
23 regulations, and as you know, that's an  
24 ominous task.

25 I wanted to preface going into this

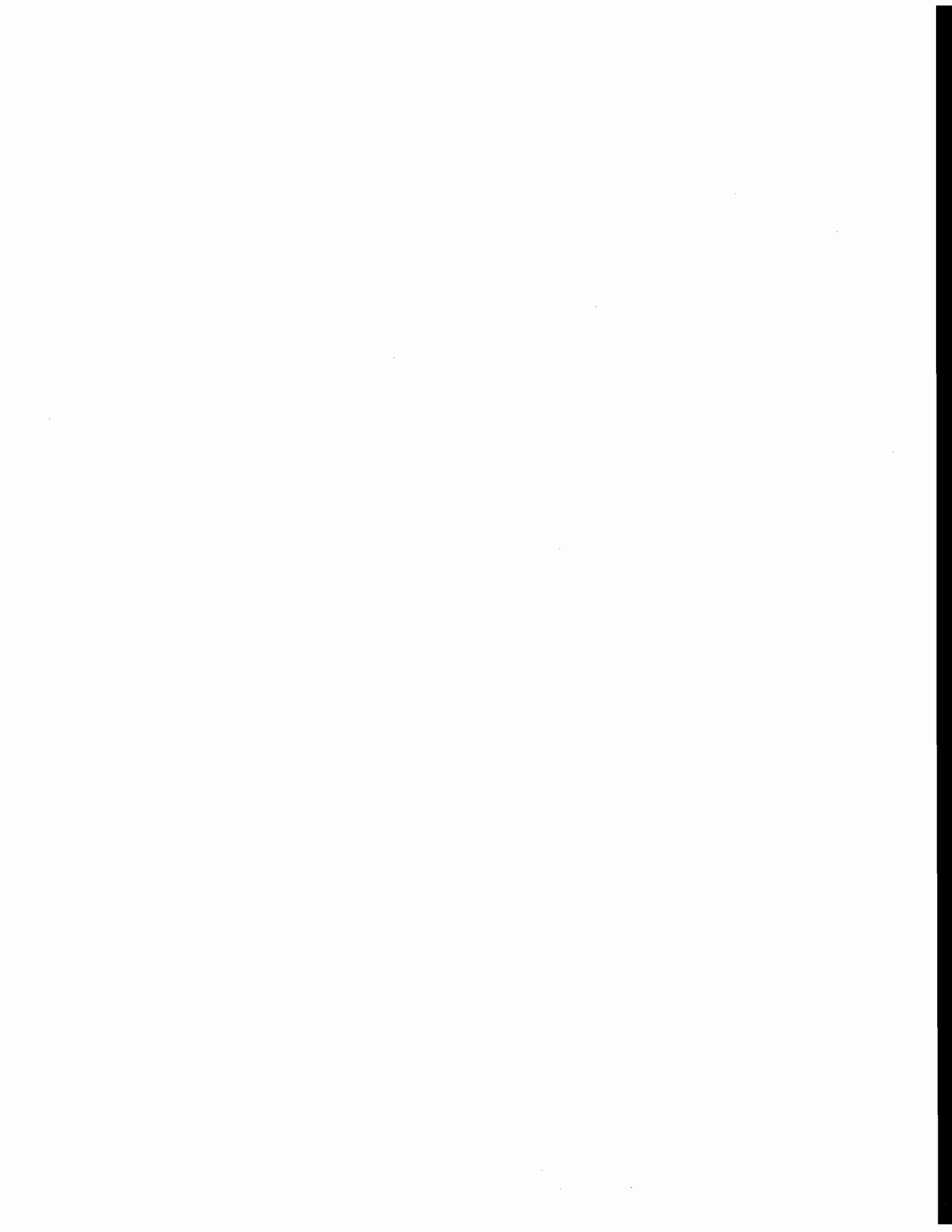


1 action that we are not, you know, chastising  
2 any more our votes. This is kind of wiping  
3 the slate clean. And I think we're going to  
4 maybe call the property managers up or make  
5 them available, and I just wanted to point  
6 out we have a new general manager here.  
7 Michael St. Pierre is now up at Harrah's,  
8 and he has come in from Joliet in Illinois  
9 to take over that property, and the first  
10 meeting he had with us was the discussion of  
11 this settlement document. And he may want  
12 to make a comment, but we'll proceed, Mr.  
13 Chairman. Thank you.

14 MR. VOWELS: All right. Thank you.

15 Miss Brodnan, you're up with Grand  
16 Victoria.

17 MS. BRODNAN: Pursuant to Commission  
18 regulations, an employee working in  
19 land-based engineer position must hold a  
20 Level 3 occupational license. On or about  
21 January 16th of this year, Grand Victoria  
22 advised us that an employee had been working  
23 in an engineer position from approximately  
24 December 10, 2003 until January 15, 2004,  
25 without submitting an application for a





1 license. Grand Victoria represented that at  
2 all times this employee worked without a  
3 license, the employee was working with  
4 another licensed employee in an engineering  
5 position and that the unlicensed employee did  
6 not access the riverboat at any time.

7 Commission staff recommends and Grand  
8 Victoria will agree to pay a fine in the  
9 amount of \$1500 due to this violation. A  
10 settlement agreement has been executed and  
11 you have a draft of that in your packets.  
12 Commission staff recommends that you approve  
13 the agreement to resolve this matter. And  
14 Mark Hemmerle is here on behalf of Grand  
15 Victoria if you have any questions.

16 MR. VOWELS: Are there any questions?

17 MS. BOCHNOWSKI: I promise only to  
18 ask this one. I just have a question. Like  
19 when they inform you, do they just come to  
20 you and say we did this thing or do you --

21 MS. BRODNAN: At times they do send a  
22 letter to us notifying us of a problem.  
23 There are also times when our agents at the  
24 property are also informed and then they  
25 notify us as well.



1 MR. VOWELS: That's a separate  
2 offense. If they fail to do so, then it's a  
3 double.

4 MS. BOCHNOWSKI: So, they know they  
5 need to inform us, in other words?

6 Thank you.

7 MR. VOWELS: Any questions? Anything  
8 you want to say?

9 UNIDENTIFIED SPEAKER: No.

10 MR. VOWELS: In regard to this  
11 settlement agreement, Grand Victoria, is  
12 there a motion to approve or disapprove the  
13 proposed terms?

14 MR. MILCAREK: Move to approve.

15 MR. VOWELS: Is there a second?

16 MS. ROSE: Second.

17 MR. VOWELS: Any further discussion?  
18 All of those in favor say aye.

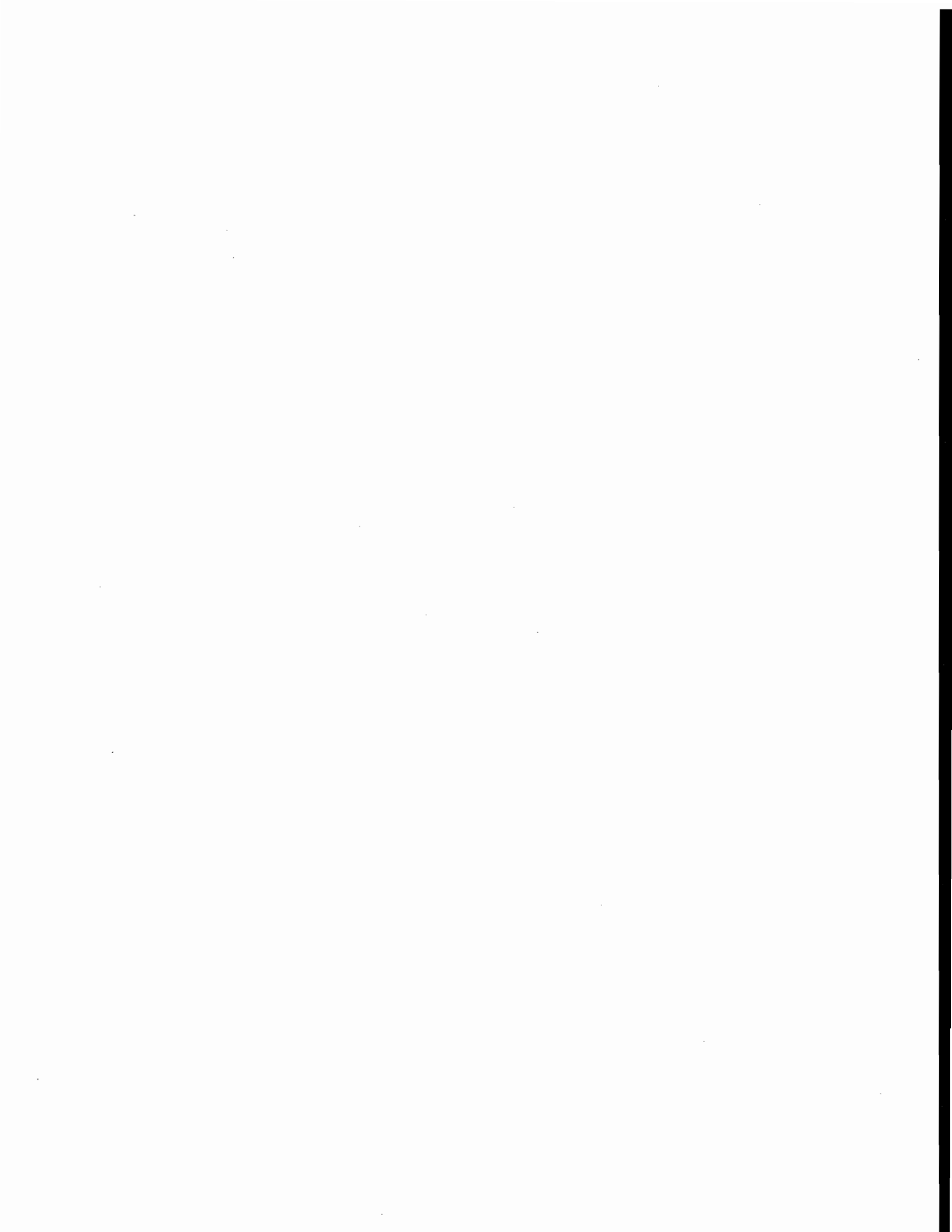
19 (All Commission members present say  
20 aye.)

21 MR. VOWELS: Show it as approved.

22 And, Miss Brodnan, you have another  
23 one for us?

24 MS. BRODNAN: Yes.

25 Commission regulations require



1 riverboat licensees to follow certain  
2 procedures regarding document destruction.  
3 On or about December 1st of 2000, a cage  
4 cashier was asked by her manager to shred  
5 paperwork. The cashier completed the request  
6 the following morning at approximately 2 a.m.  
7 Argosy did not request nor did it receive  
8 approval from the Commission to destroy these  
9 records. On or about March 1 of 2002, a  
10 variance was discovered in a cage. The  
11 original buy sheet was destroyed without  
12 prior notification to the Commission and  
13 without approval.

14 In June of 2002 during Commission  
15 investigation, several Argosy employees  
16 admitted to changing and/or falsifying  
17 inventory logs regarding playing cards as  
18 well as destroying entire inventory logs.  
19 Pursuant to other Commission regulations,  
20 soft count room employees must follow certain  
21 procedures. Further, they should be rotated  
22 on a routine basis to ensure the integrity  
23 of the collection process.

24 In November of 2001, an employee was  
25 observed by surveillance stealing money



1 during the soft count. She admitted to  
2 committing several other thefts during the  
3 previous months. She was able to do this  
4 because the procedures were not being  
5 followed. Commission Staff recommends and  
6 Argosy will agree to pay a fine in the  
7 amount of \$100,000 due to these violations.  
8 A settlement agreement has been executed.  
9 Commission staff recommends that you approve  
10 those terms to resolve this matter.

11 And James Butler is here on behalf of  
12 Argosy if you have any further questions.

13 MR. VOWELS: Are there any questions  
14 for Mr. Butler?

15 Mr. Butler, is there anything you  
16 would like to add?

17 MR. BUTLER: Sir, from our viewpoint,  
18 many of these things were historical. At  
19 the time that they happened, we took a lot  
20 of action, a lot of these people have lost  
21 their jobs. We put a lot of different  
22 measures in place. We hired a vice  
23 president corporate internal auditor who's  
24 worked with us on audit procedures in place,  
25 training programs in place. So, we do this,





1 as Glenn has said, wiping the slate clean,  
2 and we're happy to put all of this behind  
3 us.

4 MR. VOWELS: Any questions?

5 So, the amount of the fine is  
6 \$100,000, right?

7 MS. BRODNAN: Yes.

8 MR. VOWELS: So that \$1,500 would be  
9 a typo?

10 MS. BRODNAN: Yes, it would be.

11 MR. VOWELS: Or did you have  
12 something else in mind by us fining them a  
13 hundred thousand dollars?

14 All right. We've got Commission  
15 action regarding the settlement agreement.

16 Is there a motion to approve or  
17 disapprove the proposed terms?

18 MR. GETTELFINGER: Move to approve.

19 MR. VOWELS: Is there a second?

20 MS. BOCHNOWSKI: Second.

21 MR. VOWELS: All of those in favor  
22 say aye.

23 (All Commission members present say  
24 aye.)

25 MR. VOWELS: Show that it is



1 approved.

2 And Mr. Osborn, we come to you with  
3 reference to Harrah's.

4 MR. OSBORN: Yes, Mr. Chairman. This  
5 is on complaint 4-HA-I. Mr. St. Pierre from  
6 Harrah's is here to answer whatever questions  
7 the Commission has. This basically concerns  
8 eight separate violations involving, in one  
9 instance a problem with bill validator boxes,  
10 another instance is surveillance issues  
11 regarding hopper fills, a problem with poker  
12 room security, a problem with adequately  
13 staffing the craps tables, a problem with not  
14 counting the primary chips at the correct  
15 cycling, a coin vault theft, a locker theft  
16 and also using an licensed vendor to provide  
17 surveillance equipment or at least to help  
18 with surveillance.

19 We have reached a tentative agreement  
20 with Harrah's for a total amount on all of  
21 these issues of \$375,000, and we'd ask the  
22 Commission to approve a settlement agreement.

23 MR. VOWELS: And all of these issues  
24 have been addressed and rectified and nothing  
25 we have to worry about on in the future?



1 MR. OSBORN: Actually, Mr. St. Pierre  
2 has been helpful in laying out a plan for  
3 how they're going to resolve compliance  
4 issues. They've already done a very close  
5 scrutiny of how these problems came about and  
6 what they need to do to make sure they don't  
7 come about again. In addition to that, the  
8 Commission is endeavoring to help them by  
9 making sure that they have all the adequate  
10 rules and policies that may be in gray areas  
11 now but won't be in the future so we'll all  
12 be on the same page.

13 MR. VOWELS: Anything either of you  
14 would like to add?

15 MR. THANAS: Mr. Chairman, my name is  
16 Tom Thanas. I serve as property counsel for  
17 Harrah's East Chicago. Mr. St. Pierre is to  
18 my right. And Mr. Osborn has summarized  
19 everything accurately. We take corrective  
20 action on all matters, and I believe that  
21 everything is running as it should.

22 MR. VOWELS: So, \$375,000 is a lot of  
23 money, but this covers a whole range of  
24 things that have covered over the backlog  
25 that we have.



1 MR. THANAS: There's items going back  
2 to 2001, I believe. So, as Mr. Osborne and  
3 Mr. Lawrence indicated, it is wiping the  
4 slate clean, getting everything caught up.  
5 And with the new general manager, Mr. St.  
6 Pierre, we look forward to working  
7 cooperatively with your staff, as we always  
8 have.

9 MR. VOWELS: I guess before we vote  
10 on it the question is, if we approve this,  
11 when do we get the money? Is that something  
12 that's --

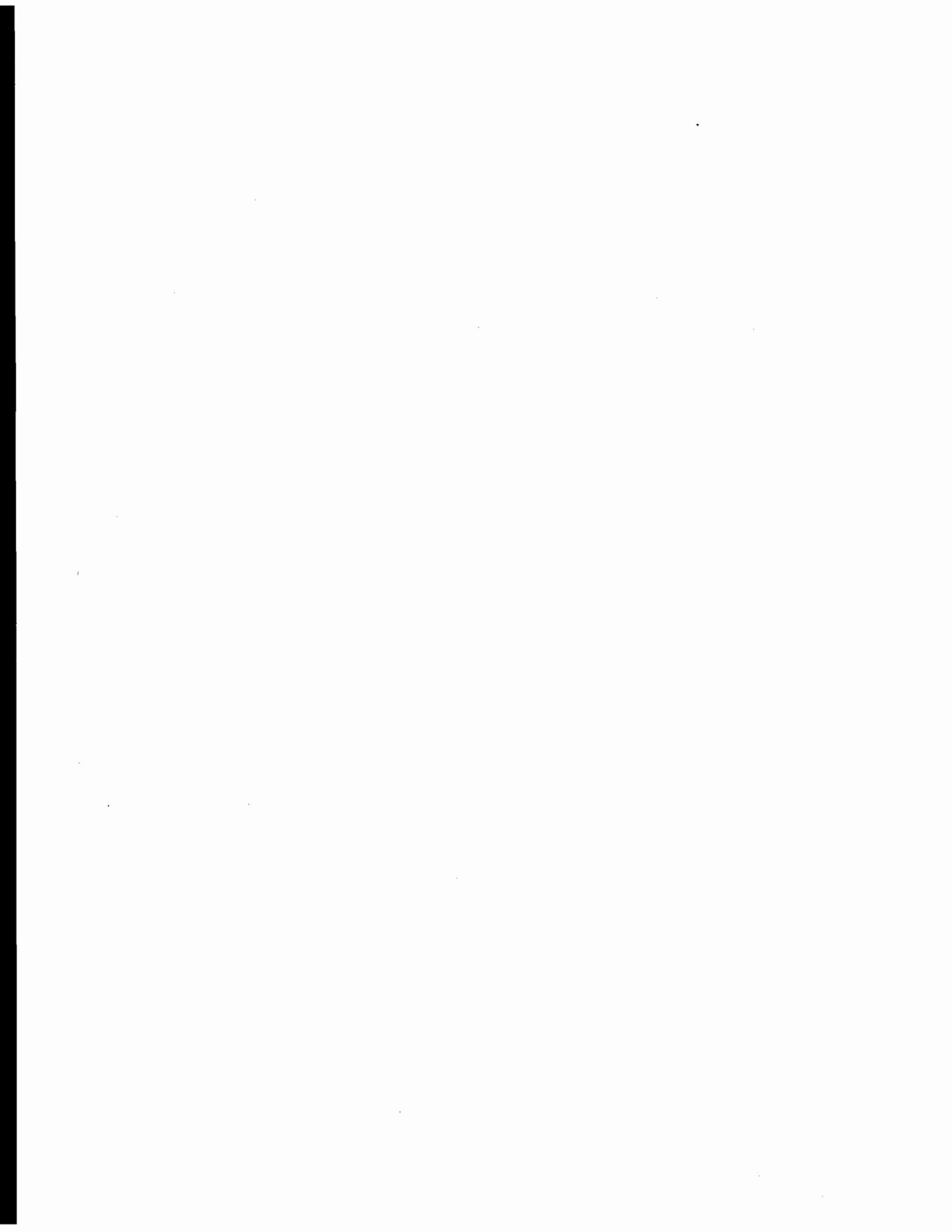
13 MR. THANAS: It's not a problem. I  
14 think you heard earlier that we have a  
15 billion dollars in unsecured notes, so this  
16 is --

17 MR. LAWRENCE: That went first.

18 MR. VOWELS: Can we have it by Monday  
19 morning?

20 MR. THANAS: One of us will be  
21 driving back Monday morning. It will be  
22 paid promptly.

23 MR. VOWELS: Commission action  
24 regarding the settlement agreement, is there  
25 a motion to approve or disapprove the





1 proposed terms?

2 MR. GETTELFINGER: Move to approve.

3 MR. VOWELS: Is there a second?

4 MS. BOCHNOWSKI: Second.

5 MR. VOWELS: Any further discussion?

6 All of those in favor say aye.

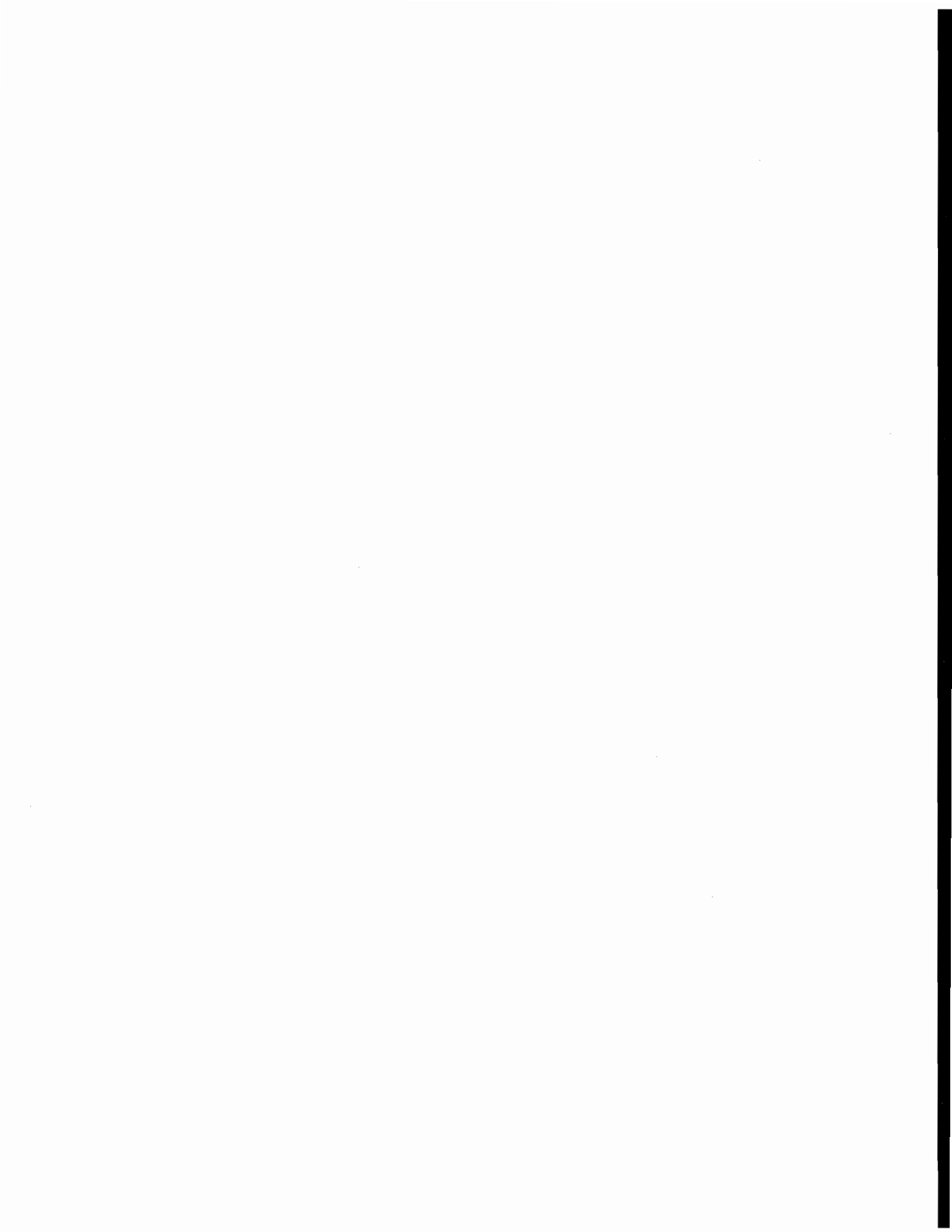
7 (All Commission members present say  
8 aye.)

9 MR. VOWELS: Show as approved.

10 Then we go to our other male  
11 attorney. You're dealing with Trump?

12 MR. OSBORN: You have before you a  
13 settlement agreement between Commission staff  
14 and Trump Indiana. First issue of the  
15 settlement agreement refers to 30 incidents  
16 since 2002 regarding electronic gaming device  
17 violations, bill validator box violations,  
18 hard and soft count violations and other  
19 unsecured asset violations.

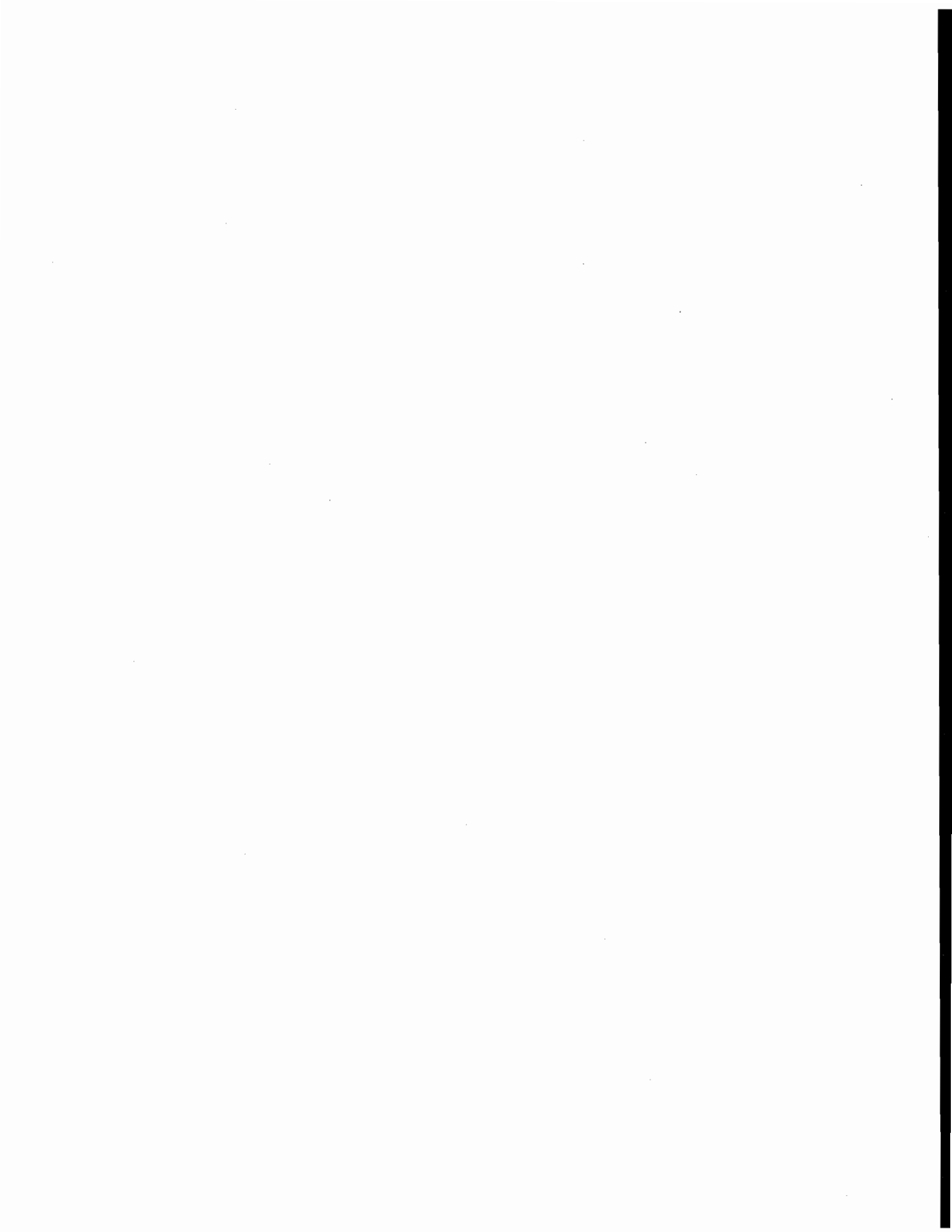
20 The second issue refers to a theft by  
21 a Trump cage cashier of assets from a change  
22 booth that was not inventoried for three  
23 weeks subsequent to the theft. Trump's  
24 internal investigation placed further assets  
25 at risk by allowing the crime suspect to



1 access unauthorized funds and to leave the  
2 riverboat after a later theft without  
3 notifying Commission agents.

4 The third issue refers to a Trump  
5 drop box storage cart with a compartment lock  
6 that was in such disrepair that it rendered  
7 the compartment unsecured.

8 The fourth issue refers to a Trump  
9 voucher award marketing promotion. Trump  
10 stipulated that it would follow approved  
11 internal control procedures, require all  
12 participants to be present to enter the  
13 promotion, limit the value of each value  
14 issued and restrict Trump employees and their  
15 families from participating in the promotion.  
16 Trump did not observe these stipulations.  
17 These actions of Trump violated Indiana  
18 statutes and gaming regulations. The  
19 Commission staff and Trump agree that a  
20 sanction be imposed. Commission staff  
21 recommends and Trump will agree to pay a  
22 fine in the amount of \$213,000. A  
23 settlement agreement has been executed by  
24 Trump and Commission staff. Commission staff  
25 recommends that you approve the settlement



1 agreement in resolution of this matter. I  
2 believe Mr. Langer is here on behalf of the  
3 company.

4 MR. VOWELS: Thank you. Are there  
5 any questions? Anything you'd like to add?

6 MS. BOCHNOWSKI: Just the same kind  
7 of thing. Have you instituted procedures?

8 MR. LANGER: Yes, we have. We've  
9 been working very closely with the Commission  
10 and staff going through a comprehensive  
11 review of all of our procedures and internal  
12 controls and making whatever commensurate  
13 changes where necessary.

14 MR. VOWELS: Thank you. Is there a  
15 motion to approve or disapprove the proposed  
16 terms of the settlement agreement with Trump  
17 Indiana, Inc?

18 MS. BOCHNOWSKI: Move to approve.

19 MR. VOWELS: Is there a second?

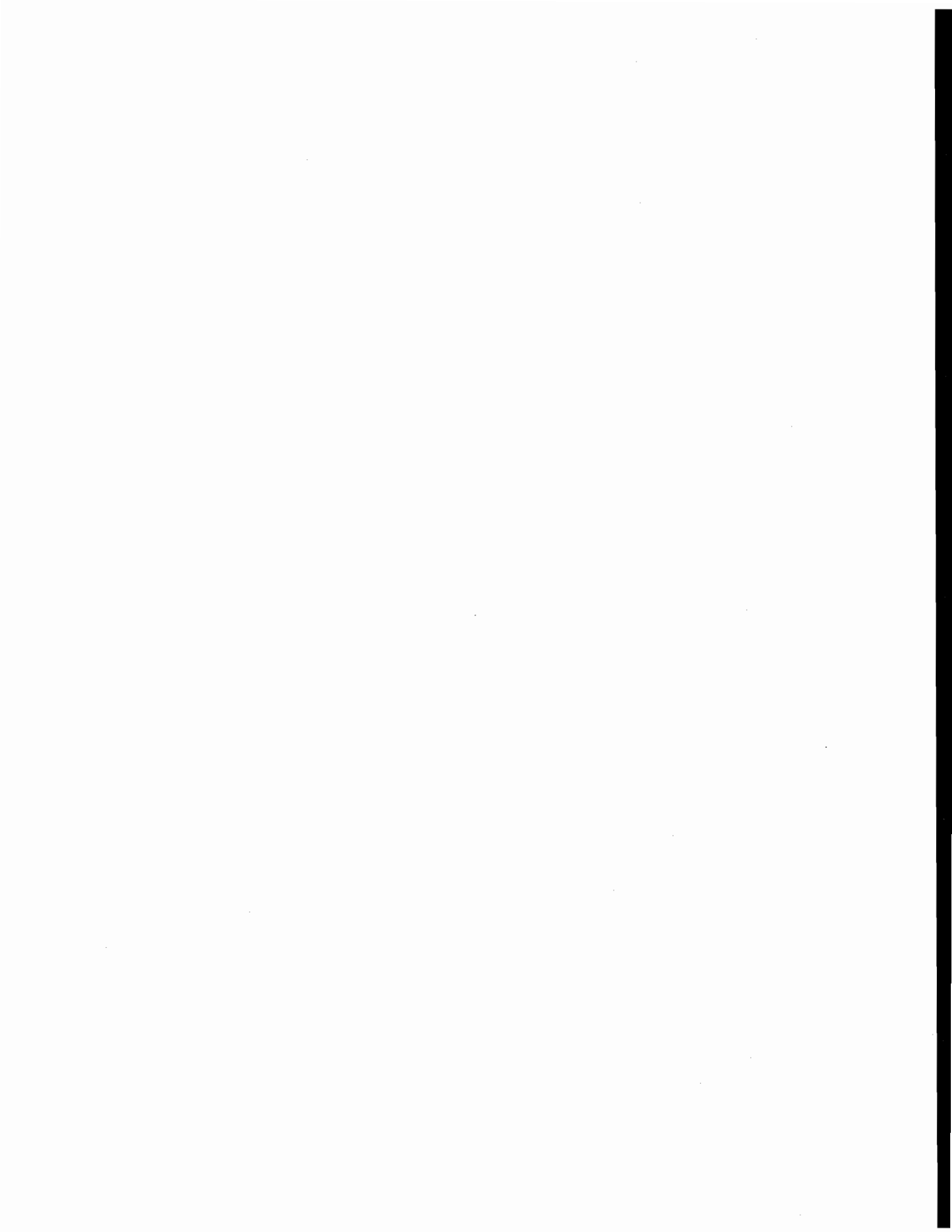
20 MR. GETTELFINGER: Second.

21 MR. VOWELS: Any further discussion?

22 All of those in favor say aye.

23 (All Commission members present say  
24 aye.)

25 MR. VOWELS: Show it is approved.

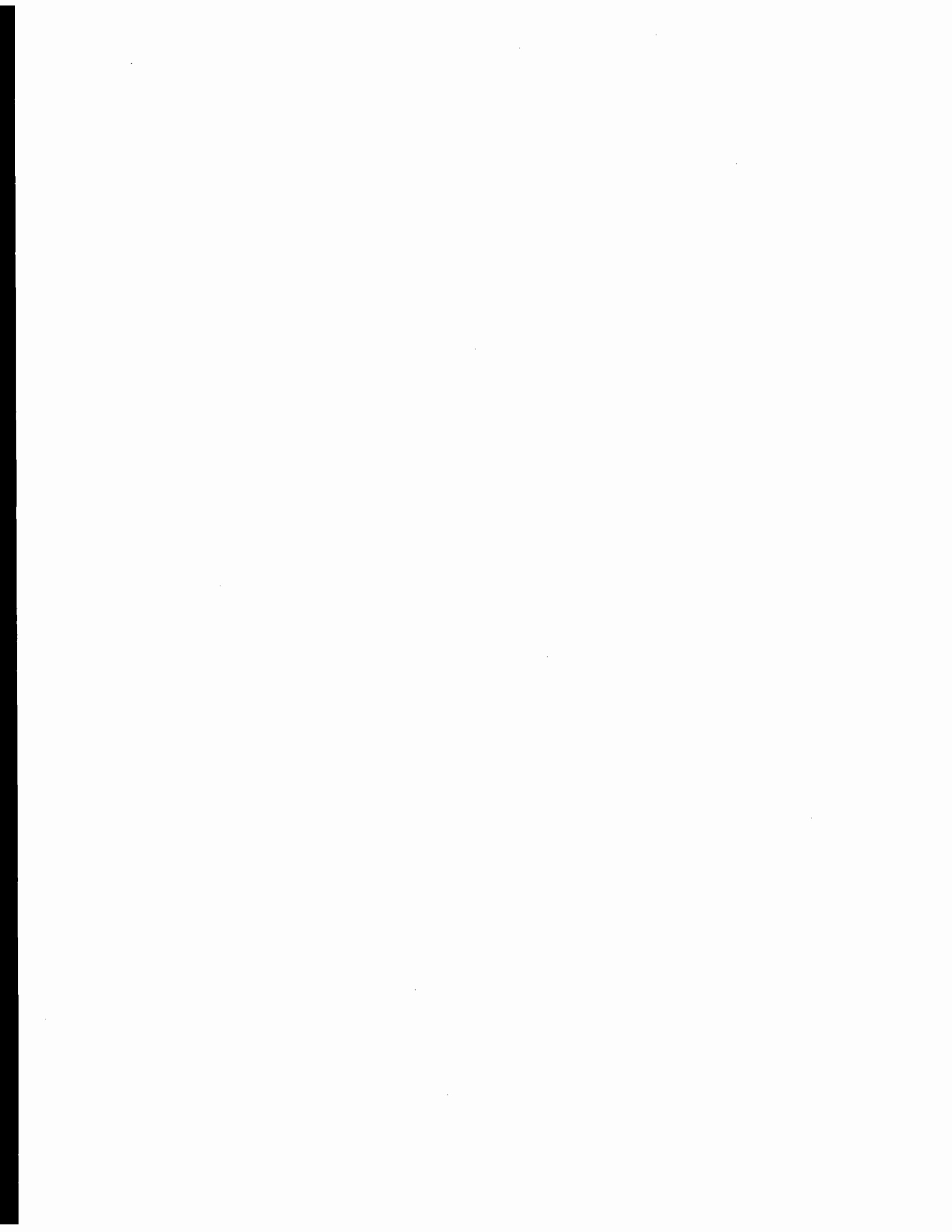


1           And then Miss Chelf, we go to you for  
2 the last batch.

3           MS. CHELF: The last five, I have  
4 signed agreements, Glenn has signed them and  
5 the representatives from the riverboat has  
6 signed each one. And one note with Caesars,  
7 the agreement for Caesars, the designation  
8 should be 04-CS-3 rather than CA. We have  
9 used both and I got confused.

10           So, the settlement agreement between  
11 the Gaming Commission staff and Caesars  
12 covers nine incidents where minors obtained  
13 access to the riverboat between March of 2002  
14 and January of 2004. Caesars has agreed to  
15 pay a fine in the amount of \$14,852.75 in  
16 settlement of these issues. This is \$1,500  
17 for each incident plus the amount of the  
18 jackpot in one situation where the underage  
19 patron gambled and won a jackpot. The  
20 Commission staff recommends that the  
21 Commission approve the agreement in  
22 resolution of this matter.

23           MR. VOWELS: Were these minors, do  
24 they get charged with some crime for being  
25 on there? I remember there was some





1 discussion about if there was any criminal  
2 statute that fit.

3 MS. CHELF: It depends. There is one  
4 now, and it depends on the jurisdiction  
5 whether the local law enforcement wants to  
6 charge them or not. And we see a lot at  
7 Caesars, in particular, they do catch a lot  
8 of people trying to board, and they do  
9 arrest them and charge them with attempt if  
10 they catch them before they get on it, they  
11 charge them with attempt to board a riverboat  
12 under the age of 21.

13 MR. VOWELS: Because there was a  
14 period of time where there wasn't any  
15 criminal statute.

16 MS. CHELF: I think that was added.  
17 I think that statutory change was made and  
18 there was something charging them with now.

19 MR. VOWELS: All right. Any  
20 questions?

21 MS. BOCHNOWSKI: So, did, when they,  
22 when a minor would win a jackpot, I suppose  
23 that's when they discovered it?

24 MS. CHELF: Right. In that  
25 particular case, I believe that's when they



1 discovered it. They didn't realize it until  
2 they were verifying his identification when  
3 he hit the jackpot.

4 MS. BOCHNOWSKI: And good news and  
5 bad news.

6 MR. VOWELS: All right. Is there a  
7 motion to approve or disapprove the  
8 settlement agreement procedure?

9 MS. ROSE: Move to approve.

10 MR. VOWELS: Is there a second?

11 MS. BOCHNOWSKI: Second.

12 MR. VOWELS: Any further discussions?

13 All of those in favor say aye.

14 (All Commission members present say  
15 aye.

16 MR. VOWELS: Show it as approved.

17 We move to Horseshoe.

18 MS. CHELF: This settlement agreement  
19 encompasses three incidents where minors  
20 obtained access to the riverboat. In two of  
21 these situations, the minors were employees  
22 of vendors who were issued vendor badges by  
23 Horseshoe security. Horseshoe has agreed to  
24 pay a total fine in the amount of \$8,000 to  
25 settle these issues, and the Staff recommends



1 that the Commission approve the settlement  
2 agreement.

3 MR. VOWELS: Are there any questions?

4 Is there a motion to approve or  
5 disapprove the proposed terms?

6 MS. BOCHNOWSKI: Move to approve.

7 MR. VOWELS: Is there a second?

8 MR. GETTELFINGER: Second.

9 MR. VOWELS: Is there any further  
10 discussion?

11 All of those in favor say aye.

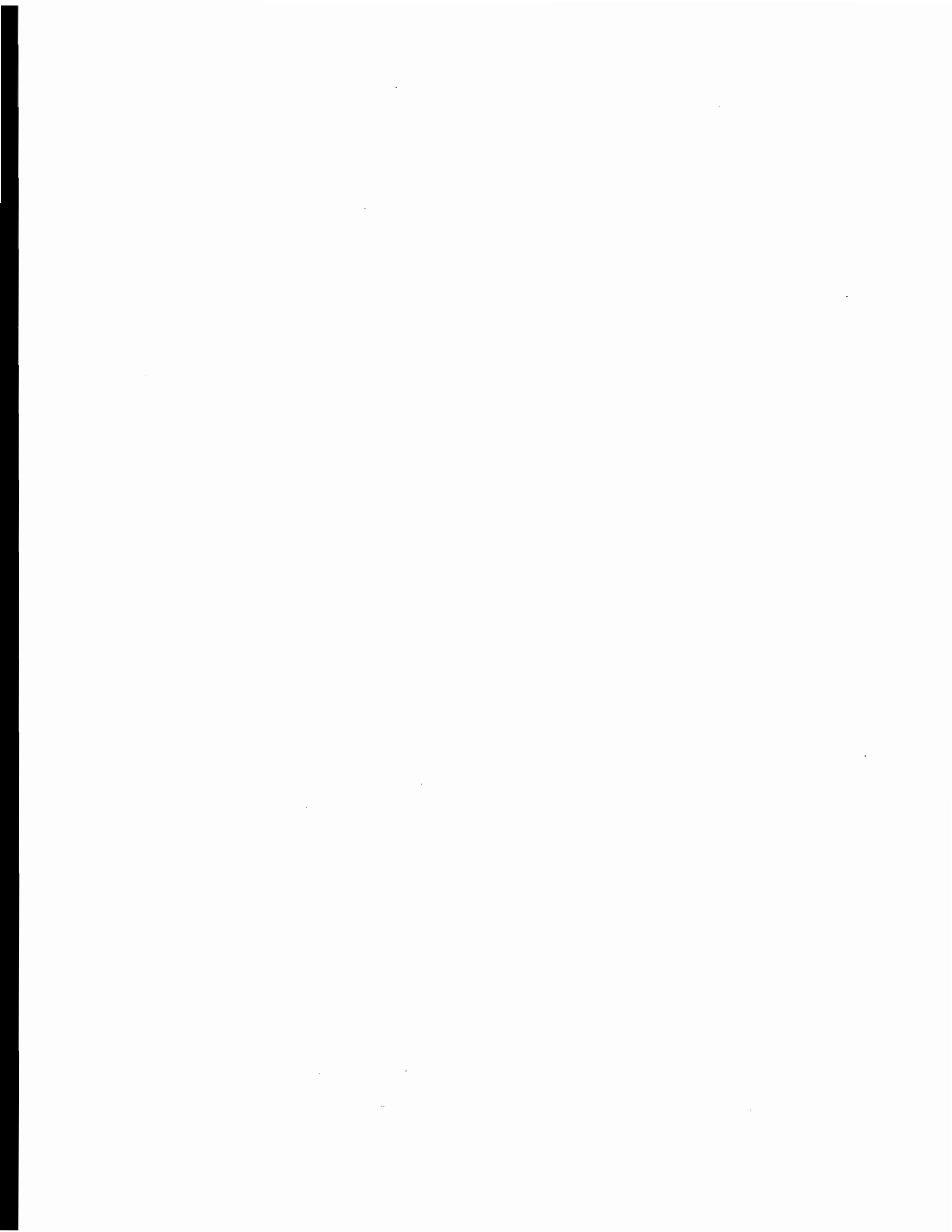
12 (All Commission members present say  
13 aye.)

14 MR. VOWELS: Show it's approved.

15 Blue Chip.

16 MS. CHELF: Blue Chip has agreed to  
17 pay a fine in the amount of \$19,500 to  
18 settle all pending issues regarding minors  
19 obtaining access to the vessel. They had  
20 several issues remaining outstanding as of  
21 January 2004, and they agreed to pay \$10,500  
22 for those seven incidents which dated back to  
23 May of 2002.

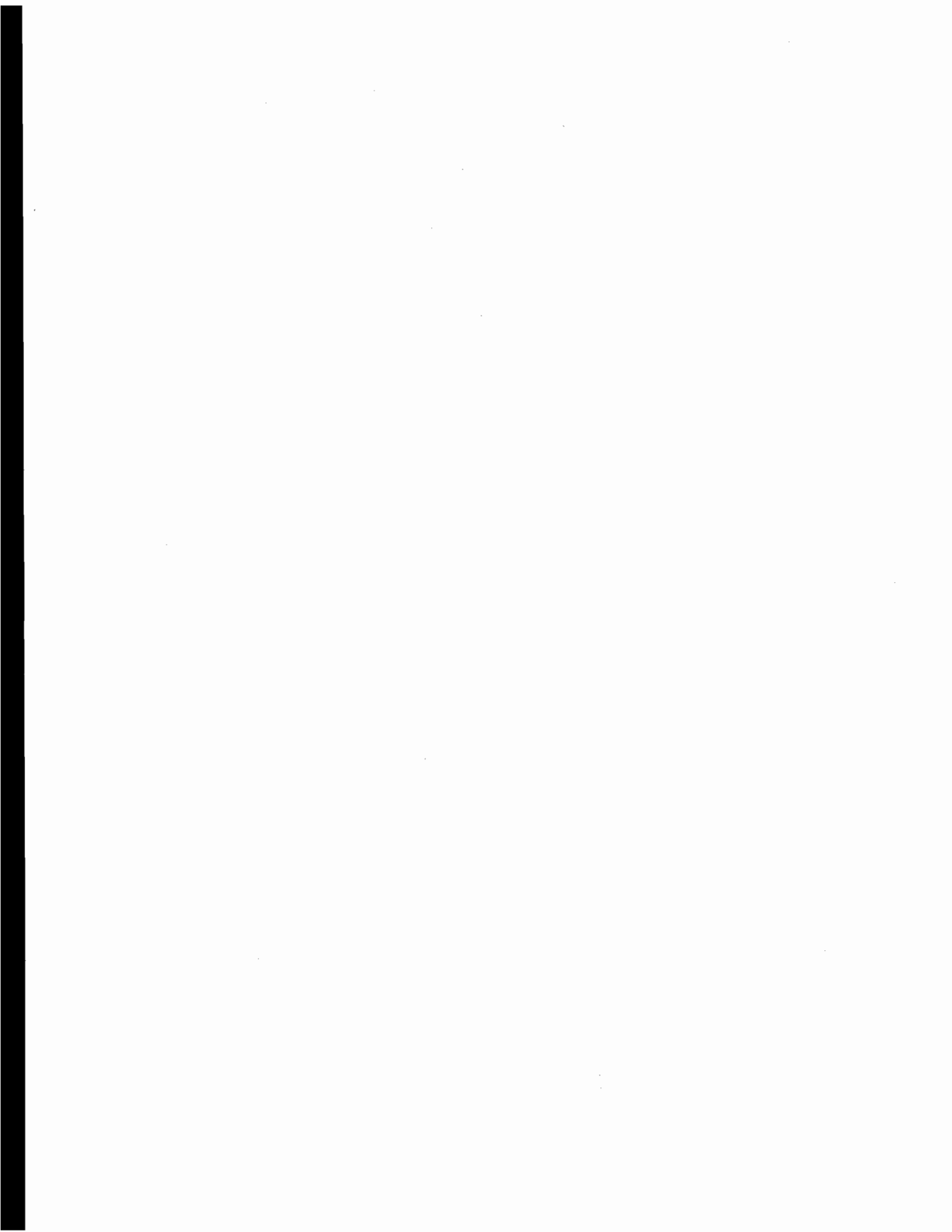
24 They also had two recent incidents in  
25 February of this year and April of this



1 year. The compliance committee has, in  
2 talking about the issues with Blue Chip, has  
3 come up with somewhat of a fine structure  
4 for these incidents, and it's sort of  
5 demonstrated here with Blue Chip. After the  
6 backlog of issues, they started with a clean  
7 slate, and then with the incident in  
8 February, we recommended a \$1,500 fine.

9 There were two minors who gained access at  
10 the same time, so we doubled that because  
11 there were two.

12 The second incident was in April.  
13 There were also two minors, but the base  
14 fine was multiplied by two so that was  
15 \$6,000 added on. We also have recommended  
16 adopting a prescriptive period so that  
17 instead of accumulating the fines based on  
18 the number of incidents they've had  
19 indefinitely, we'll limit it to six months.  
20 So, when a new incident happens, we're only  
21 going to look at the incidents that have  
22 happened in the previous six months. So, if  
23 they go six months without having a problem  
24 where security guards allow somebody to board  
25 without carding them, we'll start over at





1 \$1,500. So, that's sort of what we talked  
2 about with respect to that fine, but the  
3 Blue Chip has agreed to pay \$19,500 to  
4 settle all of these issues. Even though  
5 they happened separately, they're all in one  
6 agreement.

7 MR. VOWELS: All right. Is there any  
8 questions?

9 Is there a motion to approve or  
10 disapprove the proposed terms?

11 MR. MILCAREK: Move to approve.

12 MR. VOWELS: Is there a second?

13 MR. GETTELFINGER: Second.

14 MR. VOWELS: Any further discussion?  
15 All of those in favor say aye.

16 (All Commission members present say  
17 aye.)

18 MR. VOWELS: Show it is approved.

19 Then Aztar.

20 MS. CHELF: On two recent occasions,  
21 Commission staff members sent letters to  
22 Commission agents to be served on  
23 occupational licensees, at which time it was  
24 discovered that the human resources  
25 department hadn't notified Commission agents



1 that the employees had been terminated for  
2 over a year. Our rules require a riverboat  
3 to notify Commission agents in writing in 15  
4 days of licensed employees. As /T-RS and  
5 the Commission staff yeast inquire the.

6 MR. VOWELS: Are there any questions?

7 Is there a motion to approve or a  
8 disapprove the.

9 MS. ROSE: Move to approve.

10 MR. VOWELS: Is there a second.

11 MR. BOCHNOWSKI: Second.

12 MR. VOWELS: All of those in favor  
13 say aye.

14 (All Commission members present say  
15 aye.)

16 MR. VOWELS: The last /KEB.

17 MS. CHELF: The \$10,000 for  
18 violations surrounding two incidents of theft  
19 dating back to 2001 and 2002. The first  
20 incident involved money that was stolen from  
21 an unattended cash tray. The problem was  
22 that a lack of required surveillance /RAOEU  
23 solving the theft /EUPL upon to the actual  
24 violation there was the lack of surveillance  
25 coverage.



1 In the second situation, a lot  
2 attendant was removing electronic to and  
3 providing them to a patron. He was doing  
4 this without using his card to access the  
5 slot machine, and Majestic Star personnel  
6 hadn't been paying attention to the illegal  
7 tour and /RAOE notification; that is, they  
8 were receiving so that I was \$2,500 fine the  
9 first one was \$7,500 and the Commission staff  
10 recommends a settlement be approved.

11 MR. VOWELS: Total of all of those  
12 was how much, do you know?

13 MS. CHELF: I think it was 743.

14 MR. VOWELS: \$743,000? Does that go  
15 to the general fund?

16 MR. LAWRENCE: 737,553.75, and then  
17 she added --

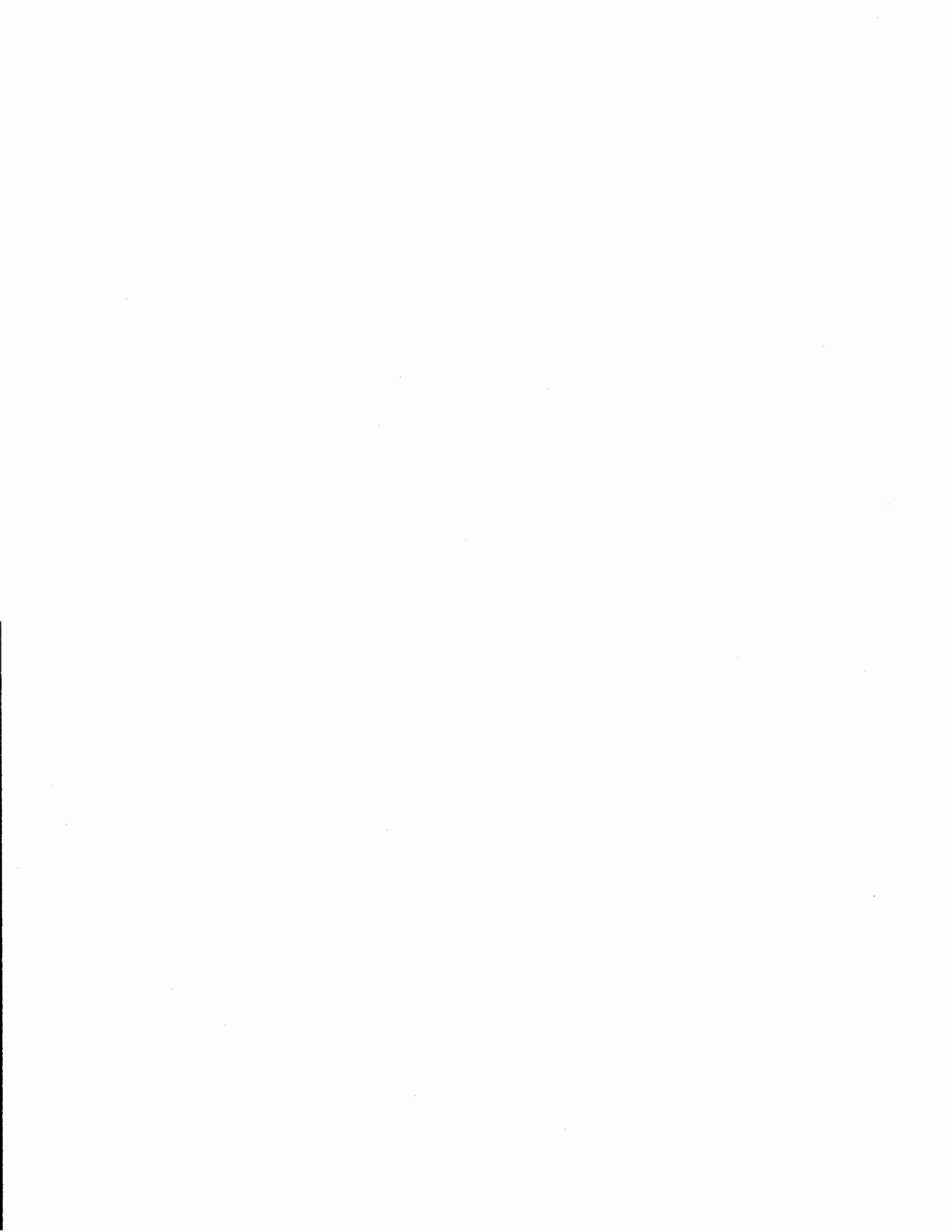
18 MS. CHELF: 6,000.

19 MR. LAWRENCE: -- she added 6,000.

20 MR. LAWRENCE: 743,353.75.

21 MR. VOWELS: \$743,000 of your work is  
22 going to the general fund.

23 MS. CHELF: Well, it wasn't only my  
24 work. Legal, obviously they worked very hard  
25 on more serious incidents, and the committee,



1 the goal is to be involved early on and try  
2 to make consistent recommendations so that  
3 the legal division can resolve those.

4 MS. BOCHNOWSKI: I think that would  
5 be to the benefit of operators as well.

6 MS. CHELF: We're hoping.

7 MR. VOWELS: Well, we went for so  
8 many years with, particularly at the  
9 beginning, where we had five people on our  
10 staff and all of that stuff coming in.

11 All right. Is there a motion in  
12 reference to approving or disapproving the  
13 proposed terms of this settlement agreement?

14 MR. BOCHNOWSKI: Move to approve.

15 MR. VOWELS: Is there a second?

16 MR. GETTELFINGER: Yes.

17 MR. VOWELS: Any further discussion?

18 All of those in favor say aye.

19 (All Commission members present say  
20 aye.)

21 MR. VOWELS: Thank you, Miss Chelf.

22 And then in other business, the next  
23 matter, you have something, Mr. Osborn?

24 MR. OSBORN: Yes, Mr. Chairman.

25 There's Resolution 2004-33, and at this time





1 I would call the folks from Trump up, and I  
2 don't know if Credit Suisse also has  
3 representatives here, but you're welcome to  
4 come up. This is Mr. Bob Bippus from Trump.  
5 I guess Mr. Gifford is going to come up,  
6 too. And I'll try to summarize this, and  
7 Mr. Bippus and Mr. Gifford, if you need to  
8 add anything, feel free to do so. But Trump  
9 is currently in the process of a  
10 reorganization restructuring that includes a  
11 number of different entities including Credit  
12 Suisse First Bank of Boston and Credit Suisse  
13 Group from Switzerland. And part of what we  
14 have to do, whenever there is a transfer of  
15 ownership or intended transfer of ownership,  
16 is to investigate any substantial owners.

17 In this particular instance, there's  
18 a sub-entity of Credit Suisse Group called  
19 DLJMB3, Inc., that will be ultimately the  
20 major control mechanism of the Trump  
21 properties once this reorganization goes  
22 through. And Trump has asked us and Credit  
23 Suisse has asked us to consider not doing  
24 full investigations of the Credit Suisse  
25 Groups because of several reasons; one, the



1 impracticality and burdensome nature of both  
2 of those things to us and to them, but  
3 primarily because they will not have any  
4 significant control of the Trump holdings.  
5 And if you guys want to explain that a  
6 little bit more, you can, but the basic gist  
7 is that Credit Suisse Group will be arm's  
8 length. They're a federal holding company,  
9 so they already have significant restrictions  
10 by the federal government placed on them in  
11 terms of the amount of control that they can  
12 put on Trump or exert over Trump. And we  
13 have also talked and reached an agreement in  
14 terms of what kinds of assurances we will  
15 get from them in terms of making sure that  
16 they do not control this particular beyond  
17 the DLJMB3. So, they will be providing us  
18 with the minutes of their board of directors  
19 so that we know exactly what's going on with  
20 their company. They will be issuing a  
21 letter to us certifying that they are not  
22 going to, Credit Suisse will not exhibit any  
23 control over the Trump properties. And they  
24 will also operate under the understanding  
25 that if they do that, that that will affect



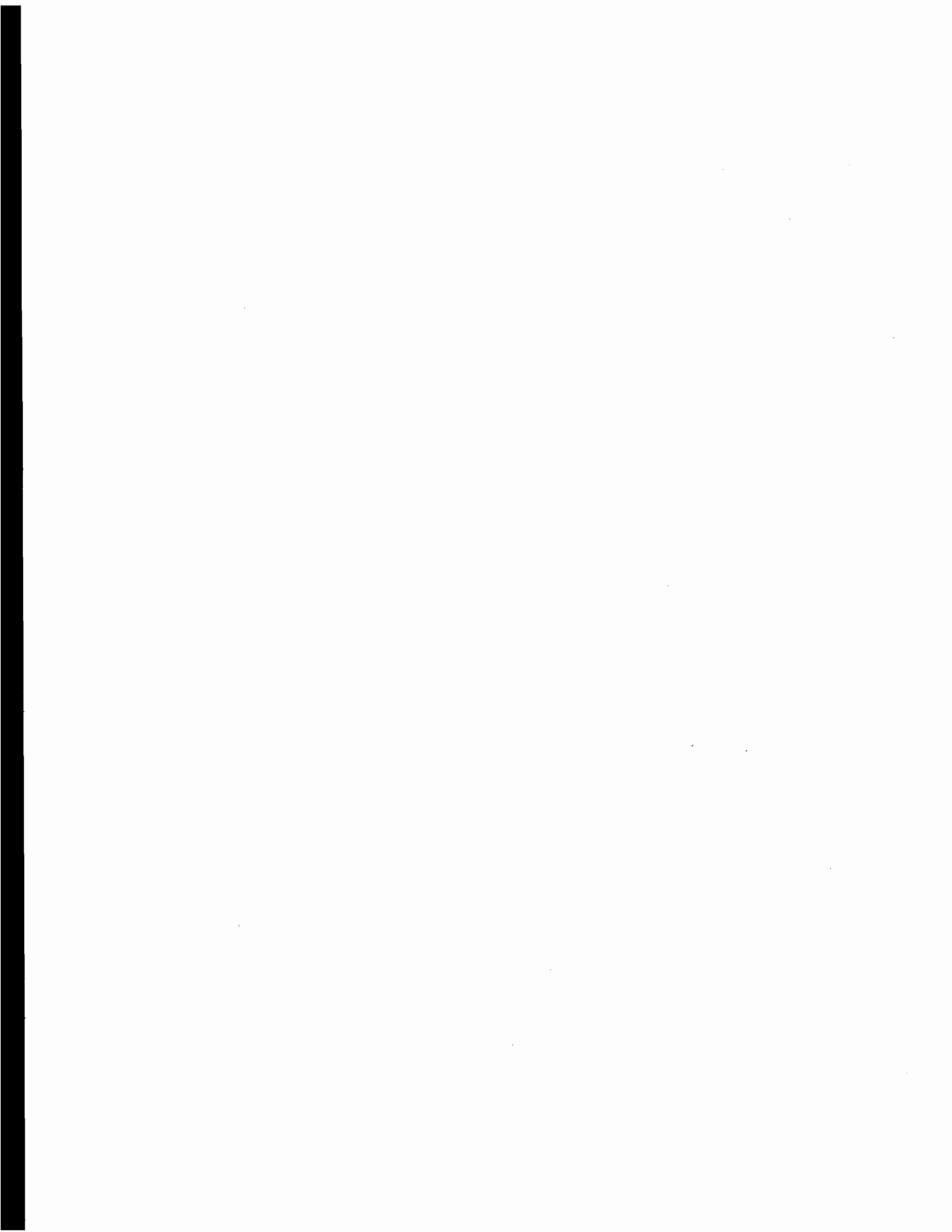
1 the transfer of ownership and could, in fact,  
2 rescind it if the Commission determines that  
3 Credit Suisse is exerting control beyond the  
4 very limited means that we're outlining in  
5 this resolution.

6 So, what we're asking in the  
7 resolution is a waiver from the Commission  
8 to, more or less, block off the Credit  
9 Suisse Groups as part of what our normal  
10 requirements are to investigate a substantial  
11 owner to focus primarily on DLJMB3 so we can  
12 go forward with the transfer of ownership,  
13 and that's effectively what the resolution is  
14 about.

15 Do you gentlemen want to add  
16 anything?

17 UNIDENTIFIED SPEAKER: Just very  
18 briefly, if I could amplify what Jim said,  
19 all of which I totally agree with. We got  
20 it good after a lot of discussion back and  
21 forth. It is a very complex and confusing  
22 area of the law.

23 Earlier this year in February, Trump  
24 Hotel Casino Resorts announced it entered  
25 into an agreement with DLJ Merchant Banking



1 whereby DLJ would invest 400 million dollars  
2 to sponsor an overall recapitalization of  
3 Trump Industries Casino Resorts, which the  
4 parent company of, among other things, the  
5 Trump Indiana boat. That recapitalization  
6 will substantially de-lever Trump Hotels &  
7 Casino Resorts, which I think as this  
8 Commission very well knows has been the  
9 subject of some concern both by you as  
10 regulators and us as the operators of that  
11 company.

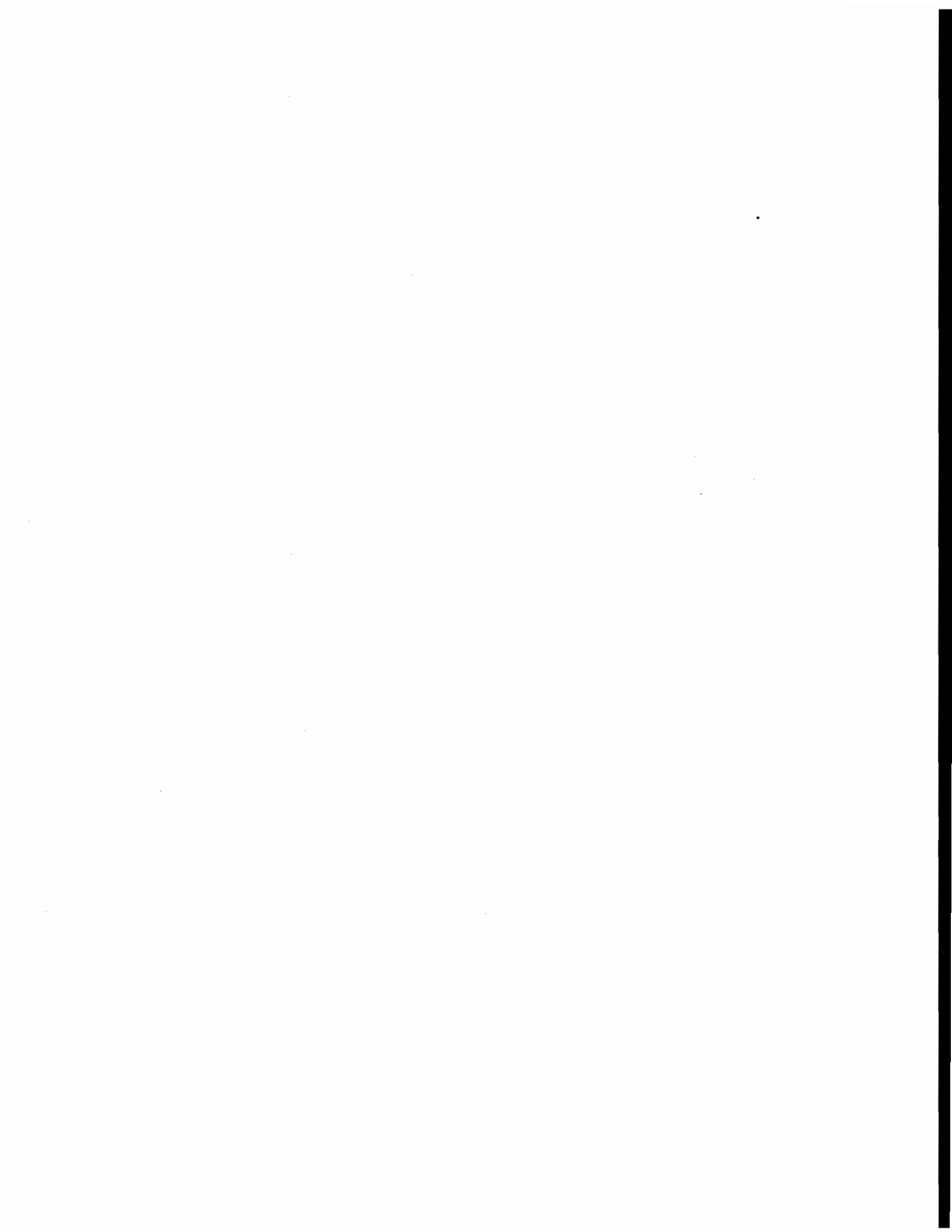
12 As Jim pointed out, DLJ which is a  
13 merchant bank, will be making the investment,  
14 is owned by a stream of different  
15 subsidiaries a number of entities just as a  
16 convenience we have referred to as the Credit  
17 Suisse entities. Those entities have only  
18 been allowed to own a merchant bank such as  
19 DLJ recently due to the enactment of a new  
20 federal law commonly referred to as  
21 Gramm-Leach-Bliley, and that law allowed  
22 banks for the first time, commercial banks  
23 for the first time to actually own certain  
24 other businesses, merchant banks, investment  
25 banks, insurance companies. Prior to that





1 they were prohibited from doing that.

2 One of the provisions in the  
3 Gramm-Leach-Bliley Act that allowed  
4 commercial banks to own these other  
5 businesses provide very restrict limitations  
6 on the involvement that the commercial bank,  
7 in this case the Credit Suisse entities, can  
8 actually have with respect to the investments  
9 made by merchant banks such as DLJ. And  
10 it's because of those laws that Credit  
11 Suisse, even though it's technically the  
12 ultimate owner, but because of that law, as  
13 well as a number of internal structural  
14 arrangements through the various partnerships  
15 that have been structured, and we have  
16 provided Mr. Osborn, I'm afraid painfully too  
17 much documentation on, on that structure.  
18 But the federal law in the internal structure  
19 effectively eliminates the ability of the  
20 Credit Suisse entities to in any way  
21 influence the daily operations or the  
22 operations of any of the properties owned by  
23 Trump Hotels & Casino Resorts including, of  
24 course, Trump Indiana. And it's on that  
25 basis that we have requested that the normal



1 licensing investigation of Credit Suisse  
2 Group of entities be waived, acknowledging a  
3 couple of things; one, is that the  
4 individuals as well as the entity that will  
5 make the investment and will be the direct  
6 owner of a significant majority portion of  
7 Trump Hotels & Casinos Resorts, and that is  
8 DLJ Merchant Banking 3. And like I said,  
9 the individuals involved in that company  
10 will, of course, apply for and subject  
11 themselves to the normal licensing and the  
12 investigation of this Commission.

13 And, also, I would note that what  
14 we're requesting today is not the approval of  
15 the transaction. We will back before you at  
16 a later date, my suspicion is probably when  
17 we're up north in August, but we'll see how  
18 the timing of that goes. I'll actually be  
19 before you with the transaction and approved,  
20 and you've got the transfer of the ownership  
21 and all the other technical requirements.  
22 Today is specifically asking that licensing  
23 and investigation with respect to Credit  
24 Suisse be waived.

25 MR. VOWELS: Anything you need to



1 add?

2 MS. BOCHNOWSKI: Oh, I just have a  
3 question. Just in the normal course of  
4 things, even though they're not involved in  
5 running day-to-day and maybe it is the law  
6 to prevent this from happening, but as a  
7 major holding company or a major funding of  
8 this entity, I would think that they still  
9 would have, bring pressure to bear and  
10 achieve certain goals and that that might  
11 affect the operation of --

12 MR. GIFFORD: I can address that.  
13 I'm here representing the Credit Suisse  
14 entities including DLJ Merchant Banking. And  
15 Gramm-Leach-Bliley, the federal banking act  
16 and the regulations promulgated by the  
17 Department of Treasury and, I'm sorry, by the  
18 Federal Reserve Bank, strictly govern, they  
19 make absolutely clear that a financial  
20 holding company, which is what the Credit  
21 Suisse entity is, can have absolutely no  
22 routine operational control or management  
23 control over the operations of a portfolio  
24 company. And the portfolio company in this  
25 case would be Trump and all the Trump



1 entities. If they violate those provisions,  
2 they can lose their qualification as a  
3 financial holding company which means all the  
4 benefits that were made available to banks  
5 and the like under Gramm-Leach-Bliley would  
6 be taken away from them. So, the law makes  
7 it very clear that they cannot engage in  
8 routine operational management of portfolio  
9 companies, and the consequences for doing so  
10 are very severe. In fact, Credit Suisse  
11 entities will have reporting obligations to  
12 the Federal Reserve Bank to demonstrate on a  
13 periodic, I think every six months reporting  
14 obligation, to ensure that these are, indeed,  
15 effectively passive investments.

16 Now, the DLJ merchant banking, which  
17 in the old days is Donaldson, Lufkin,  
18 Jenrette group. What happened after  
19 Gramm-Leach-Bliley, Credit Suisse bought DLJ,  
20 and it became a wholly-owned subsidiary. So,  
21 you were familiar in prior deals where DLJ  
22 and other investment bankers come in and make  
23 investments. The DLJ let layer of this  
24 transaction. They're going to be fully, that  
25 entity itself will be submitting the





1 application to the Commission for transfer.  
2 And the individuals who are key persons,  
3 directors and the like, will each be  
4 submitting personal disclosure form 1's to  
5 the Commission. So, you do that have at  
6 that layer, even though there isn't the  
7 ability of those folks to control what  
8 happens at Trump, those individuals will  
9 still be subject to licensure and suitability  
10 findings by the Commission. And this waiver  
11 is of the Credit Suisse entities that are  
12 above that layer who are there only because  
13 Gramm-Leach-Bliley now allowed that entity to  
14 buy DLJ.

15 MR. LEININGER: One of the other  
16 significant benefits that this sort of  
17 transaction affords is not just with respect  
18 to our company, but as a result of  
19 Gramm-Leach-Bliley, there are now a number of  
20 merchants banks that have been acquired by  
21 commercial banks, financial holding  
22 companies. And by waiving a sort of  
23 requirement that we're requesting, it allows  
24 now the availability of that entire capital  
25 market to be something that would be



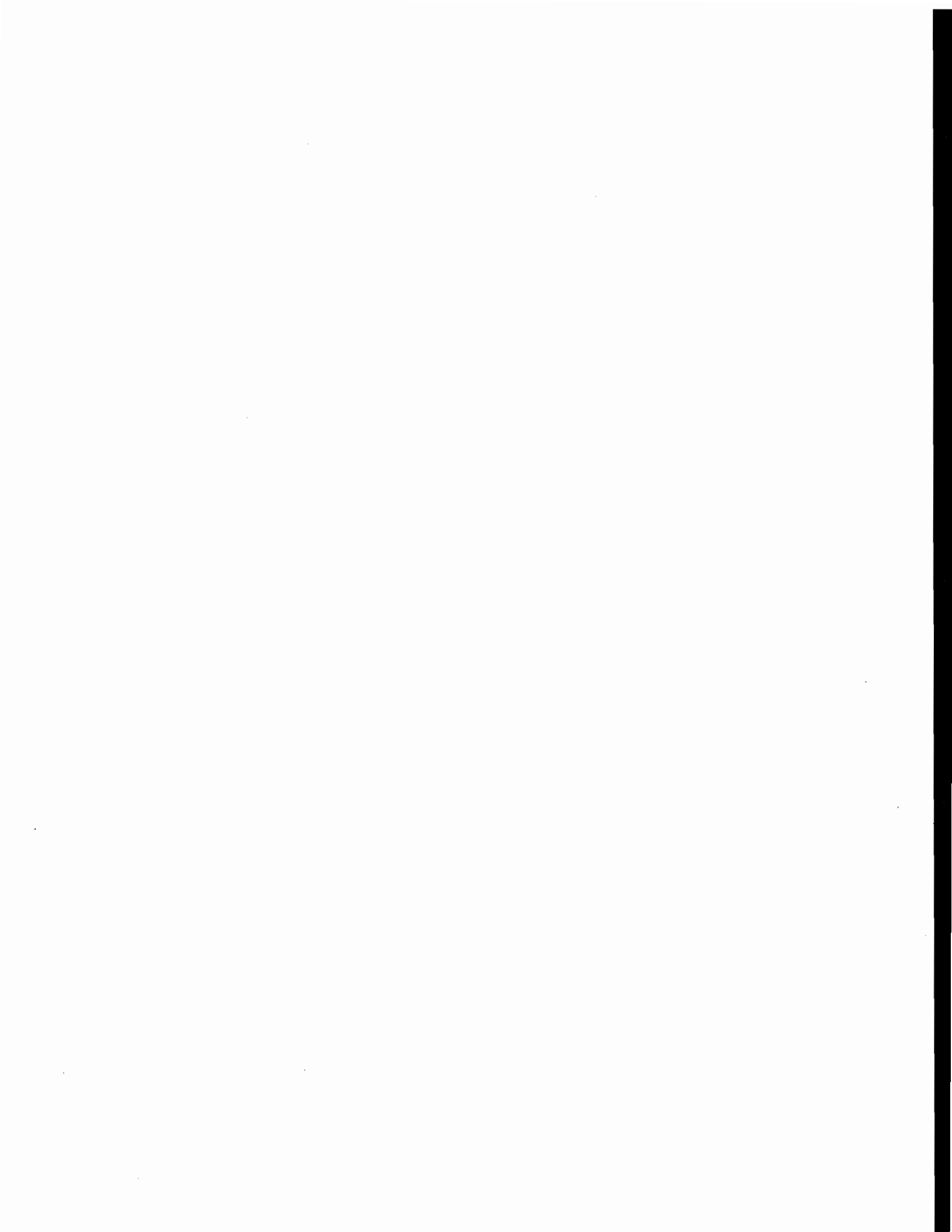
1 available to gaming industry in its entirety,  
2 not just to our benefit but, ultimately, it  
3 opens the doors for a lot of other similar  
4 investments which having access to capital,  
5 so there's that benefit as well.

6 MR. GIFFORD: The last thing I would  
7 say is that Credit Suisse First Boston, which  
8 is directly above the DLJ, is a public  
9 reporting company and reports to the SCC as  
10 does Credit Suisse, so there are reams and  
11 reams and reams of documentation.

12 MS. BOCHNOWSKI: That makes me feel  
13 comfortable. Because when you talk about  
14 this law, I see all kinds of ways it can be  
15 abused. I guess that's for Congress to  
16 decide.

17 MR. GIFFORD: Between the Federal  
18 Reserve and the SCC and the Office of  
19 Controller of Currency, there are layers and  
20 layers of regulatory oversight and approval  
21 on these entities, and the consequences of  
22 getting involved in an inappropriate way from  
23 your perspective and from the Fed's  
24 perspective, is pretty secure.

25 MS. BOCHNOWSKI: Okay.



1 MR. LEININGER: There also are, to  
2 that same point, full-time compliance  
3 auditors of the Federal Reserve Bank at DLJ's  
4 offices monitoring their business and  
5 compliance with these laws to make sure those  
6 type of things, in fact, don't happen.

7 MR. VOWELS: All right. Anything  
8 else?

9 Thank you.

10 So, in front of us we have Resolution  
11 2004-33 which simply requests for a waiver or  
12 alteration of the normal riverboat and owner  
13 licensing transfer of ownership procedures  
14 and background investigations.

15 Is there a motion to grant or deny  
16 this request?

17 MR. NDUKWU: Move to grant.

18 MR. VOWELS: Is there a second?

19 MS. BOCHNOWSKI: Second.

20 MR. VOWELS: Any further discussion?

21 All of those in favor say aye.

22 (All Commission members present say  
23 aye.)

24 MR. VOWELS: Show it is granted.

25 We're almost finished.



1 The next matter on the agenda --

2 Thank you.

3 MR. GIFFORD: Thank you, very much.

4 MR. VOWELS: -- deals with the next  
5 meeting. And our game plan is to be in  
6 Orange County dealing with Orange County  
7 sometime in July, and we'll figure that date  
8 out? The next scheduled meeting is August  
9 5th and 6th. Is that Lake County? August  
10 5th and 6th in Lake County.

11 Is there a motion to adjourn?

12 MS. ROSE: So moved.

13 MR. VOWELS: Is there a second?

14 MS. BOCHNOWSKI: Second.

15 MR. VOWELS: All of those in favor of  
16 adjourning the hearing say aye.

17 (All Commission members present say  
18 aye.)

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1 STATE OF INDIANA

2 SS:

3 COUNTY OF MARION

4 I, Bobette Bedinger Meis, RPR, CSR,  
5 within and for the County of Marion, State  
6 of Indiana, do hereby certify that on the  
7 30th day of April, 2004, I reported the  
8 foregoing Public Meeting; and that the  
9 transcript is a full, true and correct  
10 transcript made from my stenograph notes.

11  
12  
13 *Bobette Bedinger Meis*

14 -----  
15 Bobette Bedinger Meis, RPR

16 Residing in Marion County, Indiana

17 My Commission Expires:

18 February 20, 2010  
19  
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22  
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25

