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**South Dakota Commission on Gaming Quarterly Business Meeting
And Public Hearing on Proposed Rule Changes
Deadwood City Hall, Deadwood, South Dakota**

MINUTES

September 11, 2013

At 9:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Commissioner Karen Crew, and Commissioner Tim Holland were present. Commissioner Harry Christianson and Commissioner Dennis Duncan were unable to attend the meeting. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement.

The meeting was called to order by Commissioner Kemnitz and a quorum was present to conduct the meeting.

Larry Eliason, Executive Secretary, presented Janell Berg with a plaque for 30 years of service with the State of South Dakota and Andy Gerlach, Secretary of Revenue, read her years of service letter.

The court reporter for the hearings was Jean Carlson. The following cases were scheduled to be heard:

Administrative Hearings

- ✓ Genevieve Jones Application for Key Employee License
- ✓ The Matter of Two Seized Slot Machines

Genevieve Jones

Michael Shaw, Commission Attorney said he received a call on Sept 5, 2013 from Rod Oswald, the attorney for Genevieve Jones. Ms. Jones' attorney stated that she did not want to contest the denial of her Key Employee License application. This matter was deferred to the Deadwood Licensing section of the meeting.

Two Seized Slot Machines

Mr. Peebles and Ms. Harding were not present for the hearing. The purpose of the hearing is to determine if the IGT Ten Times Pay slot machine serial number 389643 and the IGT Triple Diamond slot machine serial number 586985 which were seized from site 203 of the Hart Ranch Camping Resort in Pennington County, South Dakota, on July 25, 2013 are contraband and may be destroyed pursuant to SDCL 42-7B-39. Commissioner Crew made a motion that the slot machines are contraband and are to be destroyed in the manner approved by the Commission staff. Commissioner Holland seconded the motion which carried unanimously.

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Public Hearing on Proposed Rule Changes

Certain Slot Machine Manufacturers subject to minimum bankroll requirements

Commissioner Crew made a motion to accept the proposed rule change and to remove the strike out on page 10 "or cash equivalents". Commissioner Holland seconded the motion which carried unanimously.

Commissioner Crew made a motion to approve the remainder of the proposed rule changes with the style and form changes as listed in the meeting packet on pages 8-45. Commissioner Holland seconded the motion which carried unanimously.

Upon conclusion of the administrative hearings and proposed rule changes hearing Commissioner Kemnitz called a brief recess at 10:30 a.m.

General Meeting

After the brief recess the general meeting was called to order at 10:40 a.m.

Approval of Agenda

No changes were noted on the agenda.

No conflicts of interest were noted on the agenda.

June 12, 2013 Meeting

Commissioner Holland made a motion to adopt the minutes as drafted for the June 12, 2013 meeting. Commissioner Crew seconded the motion which carried unanimously.

Remarks by Secretary of Revenue Andy Gerlach

Secretary Gerlach briefed the Commission on recent activities of the Department of Revenue.

Stipulations of Assurance and Voluntary Compliance

BY Development, Inc.

A monetary penalty of \$1,500 was imposed for a complaint that was filed on July 2, 2013 alleging that licensee allowed a person under 21 years of age to participate in gaming by playing a slot machine on the premises on June 22, 2013. This matter was deferred to Executive Session.

Midnight Star

A complaint was filed on June 21, 2013 alleging that licensee failed to comply with Commission surveillance requirements on at least four occasions between May 15, 2013, and June 2, 2013. The monetary penalty was suspended on the condition not later than October 18, 2013 that the licensee purchase and install new surveillance equipment which is approved by the Commission's Director of Enforcement and Operations. Commissioner Crew made a motion to accept the stipulation and assurance. Commissioner Holland seconded the motion which carried unanimously.

Deadwood Licensing Matters

Key License Approvals Recommendations

Director of Operations/Enforcement Sparrow recommended approval of the following Key Licenses:

- ✓ Thomas Kean
- ✓ Ashley Mack

Add Key License Denial

Director of Operations/Enforcement Sparrow recommended denial of the following Key License:

- ✓ Genevieve Jones

Business License Approval and License Requests

Director of Operations/Enforcement Sparrow recommended that the following requests be approved:

- ✓ Approval of Michael Trucano as the owner of an Operator License **(230-OP)**.
- ✓ Approval of William Jayroe as Director on the NG South Dakota, LLC's Operator, and Route Operator licenses **(0226-OP, 0034-RO)**.
- ✓ Approval of "Willy" Sheb Welchel, Lonnie Strong, and Keith Kuchenbecker as owners on the WWW, LLC property Owners license **(0002-PO)**.
- ✓ Approval of "Willy" Sheb Welchel and Lonnie Strong as owners of two retail licenses in the name of Willy's Wild West, Inc. 1 & 2 **(0595-RT & 0596-RT's)**.
- ✓ Approved the assignment of Willy's Wild West, Inc.'s two retail licenses to 68 Main Street (Deadwood Station **0595-RT**) and 801 Main Street (Gold Country Inn **0596-RT**) upon receipt of the applications for the one remaining 5%+ owners of WWW, LLC, the entity that owns those properties.
- ✓ Approval of Kraig Schlaht **(A4912-OW)** as an additional owner on the Black Diamond Capital, LLC's dba Gold Dust Operator and seven (7) Retail licenses **(0231-OP, 0588, 0589, 0590, 0591, 0592, 0593, & 0594-RT's)**.

Commissioner Crew made a motion to approve the Key License approvals, Key License denial, Business License approvals and License requests as recommended by staff. Commissioner Holland seconded the motion which carried unanimously.

Schedule of Next Meeting

The next commission meeting has been scheduled for Wednesday November 20, 2013. Larry Eliason, Executive Secretary informed the Commissioners that a special telephonic meeting will tentatively be scheduled for the second week of October.

Executive Session

Commissioner Crew made a motion to go into Executive Session pursuant to SDCL 42-7B-8.1 (4) at 11:14 a.m. Commissioner Holland seconded the motion which carried unanimously.

Executive Session was concluded at 11:23 a.m.

BY Development, Inc.

Commissioner Crew made a motion to approve the stipulation with the condition that the monetary penalty be increased from \$1,500.00 to \$2,000.00. Commission Holland seconded the motion. Commissioners Crew and Holland voted "aye" and Commissioner Kemnitz voted "no." The motion carried.

Further Business to be discussed

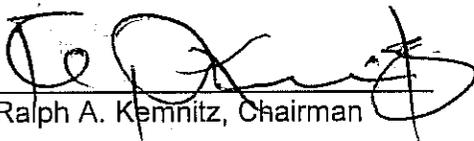
There was a discussion on whether there should be an administrative rule proposed that would require licensee's to do underage training classes.

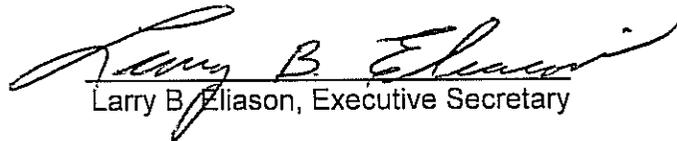
Commissioner Holland made a motion to adjourn the meeting. Commissioner Crew seconded the motion which carried unanimously.

The meeting was adjourned at 11:30 a.m.

Respectfully Submitted,

Kathy Fredericksen


Ralph A. Kemnitz, Chairman


Larry B. Eliason, Executive Secretary