

UNAPPROVED MINUTES

South Dakota Commission on Gaming Administrative Hearings, Proposed Rules Changes Hearing, and Quarterly Business Meeting Deadwood City Hall, Deadwood, South Dakota

MINUTES

November 17, 2016

At 9:00 a.m. the meeting was called to order. Commissioner Tim Holland, Commissioner Dennis McFarland, Commissioner Karen Wagner, Commissioner Mike Wordeman, and Commissioner Karl Fischer were present. Staff members present for the meeting were Larry Eliason, Executive Secretary, Mike Shaw, Commission Attorney, and Craig Sparrow, Deputy Executive Secretary.

The meeting was called to order by Commissioner Holland at 9:00 a.m.

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

Administrative Hearings

- In Re: Two Seized Slot Machine
- In Re: One Seized Slot Machine
- Petition for Declaratory Ruling by Deadwood Mountain Grand

In Re: Two Seized Slot Machine

The purpose of the hearing was to determine if the Universal Hanabi slot machine and the Aruze Corporation XXXX slot machine, which were seized from a residence, at 2032 Birch Avenue Rapid City, South Dakota, on July 2, 2016, is contraband and may be destroyed pursuant to SDCL 42-7B-39.2. Mr. Chad Koscak was served with notice of hearing by certified mail but was not present.

Executive Secretary Larry Eliason gave testimony and recommended that the slot machine be declared contraband and destroyed.

Commissioner Wordeman made a motion that the slot machine be declared contraband and be destroyed. Commissioner Fischer seconded the motion which carried unanimously.

In Re: One Seized Slot Machine

The purpose of the hearing was to determine if the Pioneer Vegetan slot machine, which was seized from a residence, at 1917 Washington Avenue, Hot Springs, South Dakota, on July 22, 2016, is contraband and may be destroyed pursuant to SDCL 42-7B-39.2. Mr. Robert Frost was served with notice of hearing by certified mail but was not present.

Executive Secretary Larry Eliason gave testimony and recommended that the slot machine be declared contraband and destroyed.

Commissioner Wagner made a motion that the slot machine be declared contraband and be destroyed. Commissioner Fischer seconded the motion which carried unanimously.

UNAPPROVED MINUTES

Petition for Declaratory Ruling by Deadwood Mountain Grand

At the request of the Petitioners, Commissioner Fischer made a motion to defer this matter to the March 2017 Quarterly Meeting. Commission Wordeman seconded the motion which carried unanimously.

Proposed Rule changes

21 + 3 Paytable

Scott Sniezek, representing Galaxy Gaming, discussed the new pay table for the 21 + 3 game. Commissioner Wagner made a motion to adopt the rule changes as amended and outlined on pages 15-17 in the meeting packet. Commissioner Wordeman seconded the motion which carried unanimously.

Bust Bonus

Scott Sniezek, representing Galaxy Gaming, demonstrated an optional bet called Bust Bonus. Commissioner Wordeman made a motion to adopt the rule changes as outlined on pages 17-20 in the meeting packet. Commissioner Wagner seconded the motion which carried unanimously.

BJ Let It Ride

Commissioner Fischer made a motion to adopt the rule changes as outlined on page 31 in the meeting packet. Commissioner Wordeman seconded the motion which carried unanimously.

High Card Flush

Scott Sniezek, representing Galaxy Gaming, did a demonstration of the game called High Card Flush. Commissioner Wagner made a motion to adopt the rules changes as outlined on pages 31-37 in the meeting packet. Commissioner Wordeman seconded the motion which carried unanimously.

Surveillance Requirements

20:18:29:05

Commissioner Wordeman made a motion to adopt the rule change. Commissioner Fischer seconded the motion which carried unanimously.

20:18:29:10

Commissioner Fischer made a motion to adopt rule change. Commissioner Wagner seconded the motion which carried unanimously.

General Meeting

Commissioner Holland called the general meeting to order at 9:55 a.m.

Approval of Agenda

No changes to the agenda were noted.

No conflicts of interest were noted on the agenda.

UNAPPROVED MINUTES

September 14, 2016 Meeting

Commissioner McFarland made a motion to adopt the drafted minutes from the September 14, 2016 meeting. Commissioner Wagner seconded the motion which carried unanimously.

2017 Renewal Pari Mutuel Business License Applications

2017 Renewal Multi Jurisdictional Totalizator Hub

Bettor Racing, Inc.

Commissioner McFarland made a motion to approve the renewal of Bettor Racing, Inc.'s Hub license. Commissioner Wordeman seconded the motion which carried unanimously.

2017 Simulcast Provider

Am West Entertainment, LLC

Commissioner Wagner made a motion to approve the renewal of AmWest Entertainment's simulcast provider license. Commissioner Wordeman seconded the motion which carried unanimously.

2017 Simulcast Site

Triple Crown Casino

Commissioner McFarland made a motion to approve the renewal of Triple Crown's simulcast site license. Commissioner Wagner seconded the motion which carried unanimously.

Racing Licensing Matters

Bond Requirement for Race Tracks

Commissioner McFarland made a motion to waive the bond requirement for the live tracks on the condition that the Executive Secretary withhold funds from the track's allocations to guarantee payment of the fees and taxes due to the Commission as provided in resolution 11-17-16-01-A. Commissioner Fischer seconded the motion which carried unanimously.

2017 Live Horse Racing Dates

Verendrye Benevolent Association

Commissioner McFarland made a motion to approve the live racing dates as requested in the Verendrye Benevolent Association application subject to the following conditions:

- 1) The association obtains an insurance policy or policies with limits of \$1 million naming the SD Commission on Gaming and its agents and employees as additional insureds. The policy or policies shall include general liability, liquor liability, jockey insurance, and horse racing activities.
- 2) The association obtains a Line of Credit for \$60,000 to be used if necessary to pay purses, salaries, wages, and payments to vendors for goods and services provided to the association in conducting its racing operations.

UNAPPROVED MINUTES

Racing dates are:

April 29, 2017
April 30, 2017
May 6, 2017
May 7, 2017

Commissioner Wagner seconded the motion which carried unanimously.

North East Area Horse Racing, Inc.

Commissioner McFarland made a motion to approve live racing dates as requested in the North East Area Horse Racing, Inc. subject to the following conditions:

- 1) The corporation obtains an insurance policy or policies with limits of \$1 million naming the SD Commission on Gaming and its agents and employees as additional insureds. The policy or policies shall include general liability, liquor liability, jockey insurance, and horse racing activities.
- 2) The corporation obtains a Line of Credit for \$60,000 to be used if necessary to pay purses, salaries, wages, and payments to vendors for goods and services provided to the corporation in conducting its racing operations.

Racing dates are:

May 20, 2017
May 21, 2017
May 27, 2017
May 28, 2017
May 29, 2017

Commissioner Fischer seconded the motion which carried unanimously.

Allocations of Funds to Race Tracks for 2017 Racing Season

Commissioner Wagner made a motion to approve Resolution Number 11-17-16-01-A.
Commissioner McFarland seconded the motion which carried unanimously.

Jockey Longevity Bonus for 2017 Racing Season

Commissioner Wagner made a motion approve Resolution Number 11-17-16-02
Commissioner Wordeman seconded the motion which carried unanimously.

Proposed 2017 Quarterly Meeting Dates

Executive Secretary Eliason recommended the following tentative quarterly meeting dates for 2017:

Wednesday, March 22, 2017
Wednesday, June 21, 2017
Wednesday, September 13, 2017
Thursday, November 16, 2017

UNAPPROVED MINUTES

Deadwood Licensing Matters

Key Renewals-2017

Deputy Executive Secretary Sparrow recommended the approval of the Key License renewals for 2017 as listed on pages 315-316 of the meeting packet.

Commissioner Fischer made a motion to approve the Key license renewals as recommended by staff. Commissioner Wordeman seconded the motion which carried unanimously.

Business License Approval

Deputy Executive Secretary Sparrow recommended the approval of the following Business licenses:

- ✓ Approval of Aruze Gaming, Inc. as an owner of Manufacturer license **(0133-MA)** with the following individuals as Owner and Directors:
 - Kazuo Okada **A4920-OW**
 - Takahiro Usui **A0181-DR**
 - Richard Pennington **A0182-DR**
 - Yugo Kinoshita **A0183-DR**

- ✓ Approval of Linster Walter Fox, Jr. **(A0185-DR)** as Director on the Everi Gaming, Inc. Manufacturers license **(0131-MA)**.

- ✓ Approval of Patrick Ramsey **(A0187-DR)** as Director on the Aristocrat Technologies, Inc. Manufacturer license **(0108-MA)**.

Commissioner Wordeman made a motion to approve the Business License approvals as recommended by staff. Commissioner Wagner seconded the motion which carried unanimously.

Decision and Order In RE: SD Dept. of Revenue v. Tentexkota and SD Dept. of Revenue v. First Gold, Inc.

The matter was deferred to Executive Session.

Commissioner McFarland made a motion to go into Executive Session. Commissioner Wagner seconded the motion which carried unanimously.

UNAPPROVED MINUTES

Executive Session pursuant to SDCL 1-25-2 (3) and SDCL 42-7B-8.1 (4)

At 11:20 a.m. the Commission went into Executive Session pursuant to SDCL 1-25-2 (3).

The Executive Session was concluded at 11:39 a.m.

Decision and Order In RE: SD Dept. of Revenue v. Tentexkota and SD Dept. of Revenue v. First Gold, Inc.

Commissioner McFarland made a motion to accept the Decision and Order. Commissioner Fischer seconded the motion which carried unanimously.

With no further business to be discussed the meeting was adjourned at 11:40 a.m.

Respectfully Submitted,

Kathy Fredericksen

Tim Holland, Chairman

Larry B. Eliason, Executive Secretary