

**South Dakota Commission on Gaming Proposed Rule Changes Hearing
and Quarterly Business Meeting
Room 412 of the State Capitol, Pierre, South Dakota**

MINUTES

June 11, 2014

At 10:00 a.m. CDT the meeting was called to order. Commissioner Ralph Kemnitz, Commissioner Karen Crew, and Commissioner Dennis Duncan were present. Commissioner Harry Christianson and Commissioner Tim Holland were unable to attend. Staff members present for the meeting were Michael Shaw, Commission Attorney, Larry Eliason, Executive Secretary, and Craig Sparrow, Director of Operations and Enforcement.

Commissioner Kemnitz called the meeting to order at 10:00 am.

A roll call was taken and a quorum was present to conduct the meeting.

Proposed Rule Changes

A demonstration was conducted on the Dead Man's Hand Blackjack variation.

Roger Tellinghusien, representing the DGA, was present for comments on proposed rule changes.

20:18:12.01:01

Commissioner Duncan made a motion to adopt the rule as presented in the meeting packet. Commissioner Crew seconded the motion which carried unanimously.

UNAPPROVED

20:18:12.01:18

Commissioner Crew made a motion to adopt the rule as amended by DGA. The motion failed for lack of a second.

Commissioner Duncan then made a motion to adopt the rule as presented in the meeting packet. Commissioner Kemnitz seconded the motion.

Roll call vote

Commissioner Duncan	Aye
Commissioner Kemnitz	Aye
Commissioner Crew	Nay

Motion did not pass as of lack of majority vote.

20:18:14.01:03

Commissioner Duncan made a motion to adopt the rule as presented in the meeting packet. Commissioner Kemnitz seconded the motion which carried unanimously.

20:18:14.01:04

Commissioner Crew made a motion to adopt the rule as presented in the meeting packet. Commissioner Duncan seconded the motion which carried unanimously.

20:18:14.01:11

Commissioner Crew made a motion to adopt the rule as presented in the meeting packet. Commissioner Duncan seconded the motion which carried unanimously.

20:18:15:02

Commissioner Crew made a motion to adopt the rule as amended by DGA with LRC form & style changes. Commissioner Kemnitz seconded the motion which carried unanimously.

20:18:15:30.11

Commissioner Duncan made a motion to adopt the rules on Dead Man's Hand Blackjack. Commissioner Crew seconded the motion which carried unanimously.

A demonstration was conducted on the War Blackjack variation.

20:18:15:30.12

Commissioner Crew made a motion to adopt the rules on War Blackjack and to include changes made by Aces Up Gaming that were sent to Mike Shaw, Commission Attorney. Commissioner Duncan seconded the motion which carried unanimously.

UNAPPROVED

20:18:16:06

Commissioner Crew made a motion to adopt the rule as amended by DGA and added “not returned to play within 72 hours”, add “licensee must keep a daily log”, and “LRC form & style changes”. Commissioner Duncan seconded the motion which carried unanimously.

Commissioner Kemnitz called a brief recess at 11:50 a.m.

The meeting was back in session at 11:55 a.m.

Discussion on **20:18:12.01:18** from the beginning of the proposed rule changes.

Commissioner Crew made a motion to adopt the rule as amended by DGA with LRC form and style changes. Commissioner Duncan seconded the motion which carried unanimously.

20:18:16:39

Commissioner Crew made a motion to adopt the rule as amended by DGA with LRC form and style changes. Commissioner Duncan seconded the motion which carried unanimously.

20:18:08.01:02

Commissioner Duncan made a motion to adopt the rule as presented in the meeting packet. Commissioner Crew seconded the motion which carried unanimously.

20:18:08.01:03

Commissioner Duncan made a motion to adopt the rule as presented in the meeting packet. Commissioner Crew seconded the motion which carried unanimously.

General Meeting

Commissioner Kemnitz called the general meeting to order at 12:10 p.m.

Approval of Agenda

Larry Eliason, Executive Secretary, requested that an Executive session per 42-7B 8.1 be added to the agenda after the schedule of the next meeting.

No conflicts of interest were noted on the agenda.

March 19, 2014 Meeting

Commissioner Crew made a motion to adopt the minutes drafted for the March 19, 2014 meeting. Commissioner Duncan seconded the motion which carried unanimously.

Special Meeting May 22, 2014

Commissioner Duncan made a motion to adopt the minutes drafted for the May 22, 2014 special meeting. Commissioner Crew seconded the motion which carried unanimously.

Report on Live Racing 2014

The report on the 2014 Live Racing Season was for information purposes only and no action was taken on this matter. Larry Eliason, Executive Secretary, advised the Commissioners that the live racing will be addressed at the September meeting with proposed options for the 2015 racing season.

Stipulation and Assurance of Voluntary Compliance

Tentexkota, LLC

A monetary penalty of \$1,000 was imposed for a complaint that was filed on March 24, 2014 alleging that the defendant conducted a drop on a Blackjack table without prior notification as required per ARSD 20:18:12.01:12.

Commissioner Crew made a motion to accept the Stipulation and Assurance of Voluntary Compliance and the imposed monetary penalty. Commissioner Duncan seconded the motion which carried unanimously.

Update from GLI

Bill Treger, representing GLI, gave an update and thanked the Commission for 25 years of service.

Professional Service Contracts -FY 2015

Gaming Laboratories International

Commissioner Crew made a motion to approve the contract with Gaming Laboratories International as presented. Commissioner Duncan seconded the motion which carried unanimously.

Legal Services

Larry Eliason, Executive Secretary, was informed by the director of Division of Administrative Services that because there will not be an increase in the hourly rate in the State's "Master Agreement" with the May, Adam law firm we can continue to use the firm during the FY 2015 without taking any formal action at the June meeting.

Architecture, Inc.

Commissioner Crew made a motion to approve the contract with Architecture Incorporated as presented. Commissioner Duncan seconded the motion which carried unanimously

Simulcast Provider Renewal Temporary Simulcast Site

Bettor Racing, Inc.

Commissioner Crew made a motion to approve the simulcast provider license and the temporary site license for Bettor Racing, Inc. Commissioner Duncan 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:

- ✓ Bradford Baucom
- ✓ Pamela Massa

Business License Approval

- ✓ Approval of four additional retail licenses for Deadwood Gaming Resorts, LLC and that they be assigned to Deadwood Gulch Resort 5, 6, 7 and the Convention Center (**0598, 0599, 0600, & 0601-RT's**) retail locations effective the beginning of July 2014.
- ✓ Approval of the request of Vincent Cassisa to move his 3 retail licenses from their current location at Deadwood Gulch Resort 5, 6, & 7 to an unassigned location effective the end of June 2014.
- ✓ Approval of the request of Tracy Island to move her retail license from the current location a Deadwood Gulch Resort Convention Center to an unassigned location effective the end of June 2014.
- ✓ Approval of Deadwood Parking Lots, LLC for a Property Owners License (**0003-PO**).

Business License Renewals 2014-2015

Director Sparrow recommended the approval of all Operators, Route Operators, Retails, Distributors, and Manufacturers listed on pages 75-76 of the meeting packet. All businesses have paid their property taxes except for Best Western Hickok House.

Commissioner Crew made a motion to approve the Key licenses, business license approvals and business license renewals as recommended by staff and outlined on pages 73-76 of the Commission packet. The business license renewal for Best Western Hickok House will not be approved as property taxes have not been paid. Commissioner Duncan seconded the motion which carried unanimously.

Suggestion

Commissioner Duncan made a suggestion that in the future if any individual or business is on the agenda then they should attend or have representation at the meeting.

Election of Officers for FY 2015

Commissioner Kemnitz made a motion to nominate Karen Crew as chairman. Commissioner Duncan seconded the motion which carried unanimously. Karen Crew made a motion to retain Dennis Duncan as Vice Chairman. Commissioner Kemnitz seconded the motion which carried unanimously.

Executive Session

Commissioner Crew made a motion to go into Executive Session pursuant to SDCL 1-25-2 (3) at 12:45 p.m. Commissioner Duncan seconded the motion which carried unanimously.

After coming out of Executive Session at 1:19 p.m. the Commission took the following actions.

Request for Approval of Sale and Purchase of Four Aces Casino & Hampton Inn

Commissioner Crew made a motion that Mike Shaw, as legal counsel for the Commission, be authorized to enter in a Stipulation and Settlement Agreement to resolve all issues and disputes existing between the Commission and Platinum Ventures in recognition of the pending sale of the Four Aces Casino and Hampton Inn Hotel. The Stipulation would state that contingent on the sale of the casino and hotel on or before July 15, 2014 Platinum Ventures would voluntarily dismiss its appeal and in turn the Commission would issue an Amended Decision and Order which would rescind the 15 day suspension of all licenses held by Platinum Ventures and Platinum Ventures would agree to pay a monetary penalty in the amount of \$25,000 on or before the date of the sale. This motion was seconded by Commission Duncan and passed unanimously.

Commissioner Crew moved to approve the Amended Decision and Order on the Platinum Ventures matter as follows: contingent on the closing of the sale of the Four Aces Casino and the Hampton Inn Hotel on or before July 15, 2014 the 15 day suspension, set forth in the Commission's Decision and Order dated November 25, 2013 would be rescinded and that Platinum Ventures shall pay the monetary penalty of \$25,000 on or before July 15, 2014 and that in the event that the sale did not close the Commission's Decision and Order dated November 25, 2013 would be in full force and effect. This motion was seconded by Commissioner Duncan and was unanimously adopted.

Best Western Hickok House Business License Renewal

Roger Tellinghusien asked the Commission if they would reconsider the business renewal license for Best Western Hickok House. During the executive session he had contacted the business owner. The property taxes would be paid by 5:00 p.m. today and a receipt would be taken to the Deadwood office.

Commissioner Crew made a motion to grant the business license renewal for Best Western Hickok House contingent upon that the property taxes be paid by 5:00 p.m. today. Commissioner Kemnitz seconded the motion which carried unanimously.

Deadwood Parking Lots, LLC Business License Approval

Commissioner Kemnitz made a motion that the property owner license for Deadwood Parking Lots, LLC as listed on page 74 of the meeting packet will be contingent upon if the purchase of the property being final. Commissioner Duncan seconded the motion which carried unanimously.

UNAPPROVED

Schedule of Next Meeting

The next commission meeting has been scheduled for September 10, 2014.

Executive Session

Commissioner Crew made a motion to go into Executive Session pursuant to SDCL 42.7B 8.1 (3) at 1:30 p.m. Commissioner Duncan seconded the motion which carried unanimously.

The Executive Session was concluded at 1:40 p.m. and no action was taken.

No further business to be discussed.

Meeting was adjourned at 1:41 p.m.

Respectfully Submitted,

Kathy Fredericksen

Ralph A. Kemnitz, Chairman

Larry B. Eliason, Executive Secretary

UNAPPROVED MINUTES