



SOUTH DAKOTA DEPARTMENT OF COMMERCE AND REGULATION

Location: 910 E. Sioux

Mailing Address: 500 E. Capitol

Pierre, South Dakota 57501-5070

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MINUTES

SOUTH DAKOTA COMMISSION ON GAMING

APRIL 21, 1989

GOVERNOR'S CONFERENCE ROOM

STATE CAPITOL BUILDING

PIERRE, SD 57501

Jeff Stingley, acting as Chair, called the initial meeting to order with the following members present: Commissioners Kristi Wagner, Karen Crew, Karl Fischer, Charles Lien and Evans Nord. Also present were: Jeannette Schipper, Business Manager; Cora Hunsley, Secretary; Susan Walker and Andy Comer, SD Lottery; Tom Blair, Deadwood You Bet Committee; Kit McCahren, Attorney; Rich Coit, Assistant Attorney General; Grant Gormley, Governor's Office; Lee McCahren, Attorney; Mike Trucano, Coin Machine Operator from Deadwood; and Greg Sund, an applicant.

Governor Mickelson welcomed new commissioners and expressed appreciation that they consented to serve the State as members of the South Dakota Commission on Gaming. He stressed the vital role the Commissioners will play in ensuring that the gaming industry in South Dakota is above reproach at all times. As the Commission on Gaming has been attached to the Department of Commerce and Regulation, he urged members to work closely with Jeff Stingley, the Department Secretary, in their initial tasks.

Mr. Stingley advised the Commission that the Department of Commerce and Regulation, by statute, had responsibility for administration, the Commission will report through the Department of Commerce. Mr. Stingley informed the Commission that until such time that the Commission hires a director and he/she begins to expand on staff, the Department of Commerce will be providing staff services. Mr. Stingley then explained the order of the binders that were furnished the Commission.

The first business item was to elect officers.

Mr. Nord nominated Mr. Fischer as Chairman. Second by Ms. crew. Ms. Crew nominated Ms. Wagner for Chairman. Second by Mr. Fischer. Mr. Lien then requested that the election of officers be held after the Commissioners drew for terms.

The drawing for terms was then held with the following results:

A. Two Three Year Terms

Kristi Wagner
Evans Nord

B. Two Two-Year Terms

Charles Lien
Karl Fischer

C. One One-Year Term

Karen Crew

Mr. Stingley then explained the duties the Commission and Chairman would be doing. Mr. Lien requested, and the Commission agreed, that the election of officers be held later on in the meeting so the members would be better acquainted with one another.

Mr. Stingley explained to the Commission certain sections of SB 321. It was noted that nowhere in the legislation did it say that a Commissioner or an employee of the Gaming Commission is prevented from playing any type of a game. In the Lottery the Commission and employees are prevented from purchasing a lottery ticket. Mr. Stingley suggested that consideration be given to making a rule to prevent the Commission and gaming employees from engaging in gambling.

Mr. Stingley informed the Commission of two types of procedures for adopting rules. First is emergency rule making process. This speeds up the entire time frame that is necessary to get a rule implemented. Technically, if an emergency rule is proposed and adopted it can be accomplished in three days, providing the rule itself has already been worked out, approved by Legislative Research Council and written in the proper form. Second is the permanent rule process which takes about 60 days to have a rule go into effect. In order for emergency rules to become permanent rules they must go through the longer process within 90 days or that emergency rule is null and void. There will be a public hearing in the permanent rule process. Forms must also be available along with rules.

Mike Trucano, a Coin Machine Operator from Deadwood congratulated the Commission on being nominated to the Board and invited the Commission to come out to Deadwood for some of their meetings.

Tom Blair advised the Commission that they have put in a lot of time and effort toward this for the historic restoration and preservation of Deadwood. They are the only complete city in the state of South Dakota that is on the National Historic Register. Many of the Deadwood buildings are in need of preservation and he thought with the money, interest and tourism that will be generated in South Dakota in the Centennial year would be substantial and it would be a shame, if at all possible if they were not up

and running at some point in the summer as Deadwood has a very large celebration in the summer called Days of '76. They have received considerable interest and publicity in the issue. Mr. Blair advised that the Commission study the Nevada rules. Mr. Blair stated, let us not forget what happened four years ago, it was a historic preservation measure to start with and the message carried forward to the petition drive, to the election last year and through the local vote in Deadwood a week ago. It is what is the most utmost of importance now. Mr. Blair asked the Commission to do it right the first time even if it means the time frame becomes longer.

Ms. Susan Walker welcomed the Commission to their new appointments and presented coffee mugs on behalf of the Lottery.

Ms. Walker advised the Commission they were in for one big ride, frightening, experiencing slow climbs, lightening fast paces, but overall exhilarating and fun. Ms. Walker emphasized the need to get educated, start subscribing to gaming periodicals and start collecting articles. Ms. Walker stated she will put together a collection of materials for the Commission. Ms. Walker suggested the Commission visit the New Jersey and Nevada Gaming Commissions to talk to officials, visit testing labs, etc. Ms. Walker stated the Commission would have to lay a strong foundation and of utmost importance was security. Make sure all external and internal controls are in place before commencing operation. Machine testing is imperative and Ms. Walker would like to have the Gaming Commission and the Lottery Commission work in conjunction with machine testing. They have a lot of the same regulations the Gaming Commission would be adopting. Ms. Walker would recommend the Lottery consultant in machine testing, James Maida, who worked in the testing lab in New Jersey.

Mr. Rich Coit from the Attorney General's Office spoke on the extent of the Attorney General's Office's involvement with the Gaming Commission. They will be assisting in the area of background investigations. They have done the Lottery and the same process will be followed. The Attorney General's Office has the right to go in and enforce the provisions of the laws that are not being followed by the vendors

Mr. Andy Comer of the South Dakota Lottery spoke on his background and his duties with the Lottery. He is responsible for background investigations of people involved with the Lottery. Mr. Comer stated they would furnish the updated forms as soon as they are available.

The meeting adjourned for lunch at 11:45 a.m.

The meeting re-convened at 1:00 p.m.

Grant Gormley provided background information on the Federal Indian Gaming Act and how it related to the Commission. There are three classes of gaming in the act: Class I, bone and stick games or traditional; Class II, bingo, pull tabs and bingo related games; Class II, was left up to the

tribes through the Indian Gaming Commission which will be a Federal Indian Gaming Commission of three members; Class III is everything else. States and tribes will have to enter into negotiations to establish state compacts about how that gaming is going to be conducted. Primarily, the gaming legal in South Dakota is legal on reservations and the gaming not legal in South Dakota is not legal on reservations.

Mr. McCahren advised the Commission that protection of the public was the primary concern when adopting rules. After some discussion, the Commission requested Mr. McCahren prepare a sample set of rules for working purposes from the Nevada and New Jersey rules that would be applicable to South Dakota for review at their next meeting. Mr. Stingley had two suggestions for the Commission to consider, 1) is there a gaming consultant who has been involved in the industry; and 2) that three of the Commissioners go to Atlantic City for three days and make arrangements to visit with the commission members and staff that are in the day-to-day activities and the other Commissioners going to Nevada. Mr. McCahren informed the Commission that he would provide names of consultants.

Mr. Stingley informed the Commission that the budget was only a guide of what some of the possible costs may be. Ms. Schipper explained that the money was still in the general fund and the minute they take money out of the general fund and put it into the Gaming fund is when interest starts. The Commission requested that Ms. Schipper check and see if they can wait another 30 days before transferring the funds.

A discussion on hiring a director was held. Mr. Stingley informed the Commission that the law stated "the commission will select". Mr. Stingley encouraged the Commission that the person they hire be on the state system. After discussion, it was decided that a position description be written, advertised, and state that applications must be postmarked by May 5. The applications will then be mailed to the Commissioners on May 9, and a conference call be scheduled for May 15, 1989 to decide which applicants will be interviewed. Waivers for the background checks can be sent out to the applicants selected for interview the same day. The announcement should state that applicants will appear for interviews May 25th or May 26th at the next Commission meeting in Pierre.

Mr. Stingley suggested that the consultants be in the areas of computer, gaming, which would include security and auditing. Mr. McCahren was asked to put together a list for the Commissioners of consultants and any background information needed and send to the Commission before the next meeting.

It was stressed that the Commission must take their time to make sure everything was in place for a squeaky clean operation before starting actual gambling.


Location of the main office was discussed with Pierre being that site. A Gaming Commission security office may need to be located in Deadwood.

ELECTION OF OFFICERS

Ms. Wagner asked that her name be withdrawn from the nomination as Chairman and nominated Mr. Chuck Lien as Chairman. Second by Mr. Fischer. Mr. Nord moved that nominations cease and a unanimous ballot be cast for Mr. Lien. Second by Ms. Crew. Motion Carried. Mr. Nord nominated Mr. Fischer for Vice Chairman. Second by Ms. Crew. Ms. Wagner moved that nominations cease and a unanimous ballot be cast for Mr. Fischer. Second by Mr. Nord. Motion Carried.

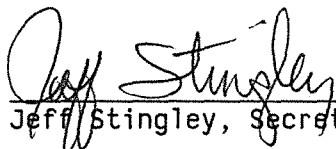
There being no further business the meeting was declared adjourned.

Respectfully submitted,


Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Jeff Stingley, Secretary



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MINUTES CONFERENCE CALL SOUTH DAKOTA COMMISSION ON GAMING MAY 15, 1989

Mr. Lien called the meeting to order with the following present: Commissioners Chuck Lien, Kristi Wagner, Karl Fischer, Karen Crew and Evans Nord. Also present were Jeff Stingley, Cora Hunsley and Jeannette Schipper of the Department of Commerce and Regulation.

After discussion of the applicants for Executive Director, the following were picked to appear for an interview on May 25th: Don Gromer, Thomas Blair, Neil Clarke, Joseph Massa, Donald Scott, Herbert Jones, Michael Twiss, Stuart McQuade, Dorothy Fortak and Lorraine Bauman.

Mr. Nord moved that the background checks be started on the individuals selected. Second by Ms. Wagner. Motion Carried.

A discussion was held on the trip to Nevada to meet with their Gaming Commission. It was decided that the week of June 25th would work out best for everyone.

There being no further business the meeting was declared adjourned.

Respectfully submitted,

Cora Hunsley
Administrative Assistant

Chuck Lien, Chairman

Jeff Stingley, Secretary



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Minutes of the South Dakota Gaming Commission May 26, 1989 Deadwood, South Dakota

The meeting was called to order by Chairman Chuck Lien. Roll call was taken and a quorum declared. Members present were: Chuck Lien, Evans Nord, Karl Fischer, Kristi Wagner and Karen Crew. Others present were: Kit McCahren, Legal Counsel; Jeff Stingley, Jeannette Schipper and Trish Kusser, Department of Commerce and Regulation.

Motion was made by Crew, second by Wagner to approve the minutes of the April 21, 1989 meeting as written. MOTION CARRIED.

Motion was made by Crew, second by Wagner to approve the minutes of the May 15, 1989 telephone conference call as written. MOTION CARRIED.

Chairman Lien welcomed the citizens of Deadwood to the meeting. He explained what the functions of the South Dakota Gaming Commission would entail and thanked them for their interest in attending this meeting.

Lien then introduced Kit McCahren, legal counsel for the commission, who has been working on the administrative rules to govern the gaming in Deadwood. Lien explained the rules were in rough draft form and that this meeting was the first time the commission had the opportunity to review them.

McCahren reviewed these draft administrative rules section by section. He explained that he used the Nevada, New Jersey and to some extent the North Dakota gaming regulations as well as working in conjunction with the South Dakota Video Lottery in drafting these rules. Much discussion was held concerning various sections of the rules and comments from the floor as well as the commission were received and noted.

Jeff Stingley, Secretary of Commerce and Regulation, reviewed the process for promulgating administrative rules so that the process of applying for licenses could begin. He explained that if an emergency rule was promulgated, it would be good for 90 days and could go into effect within the next two weeks. Permanent rules would need to be promulgated within the 90 day time frame.

Stingley distributed copies of a rule he would suggest that the commission propose regarding application forms and fees. This rule would cover operator, retailer and slot machine manufacturer licensing so that background checks by DCI on the individuals applying for licenses could begin. This rule would include a non-refundable \$100 fee for each person who owns 5% or more of a business applying for a license as required in the statute. This \$100 would be used to fund the background checks by DCI. He also stated that no applications could be approved by the Gaming Commission until the business's retail floor plan has first been approved by the Deadwood City Commission.

Motion was made by Wagner, second by Fischer to allow Stingley to begin the process for the promulgation of the application forms and fees as an emergency administrative rule. MOTION CARRIED.

McCahren and Fischer reported on some possible consultants whose services could be used by the Commission to test equipment and various other activities. No decision was made on consultants at this point until the commission has had an opportunity to visit with the Nevada Gaming Commission and would then be in a better position to consider consultants.

Stingley gave an update on the meeting between the Nevada Gaming Commission and the South Dakota Gaming Commission. Governor Mickelson has been in contact with Nevada's Governor to have the Nevada Commission host South Dakota's Commission so as to learn more about the gaming operation and to expand on the commission's knowledge of how Nevada runs its operations. Auditing, security, consultants and various other topics will be discussed. This meeting will be held the last week of June.

Computers were discussed by the Commission. Stingley explained that the State of South Dakota through IPS (Information Processing Services), has a dataline hook up from Deadwood to Pierre. The initial costs for hookup by the Gaming Commission would be \$300 plus \$10 per month. Other costs would be based upon how much the line is used. These costs do not included hardware.

A conference call will be held on June 7 at 10:00 a.m. CDT to adopt the emergency rules for application form and fees.

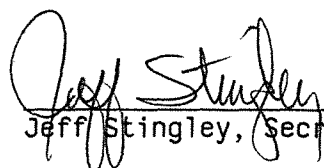
The next regular meeting to the Commission will be June 12 and 13 in Deadwood. At this meeting the revised administrative rules from legal counsel will be reviewed.

Motion made by Lien to adjourn the business meeting, second by Nord. MOTION CARRIED.

Respectfully submitted,

Trish Kusser


Chuck Lien, Chairman


Jeff Stingley, Secretary



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Minutes of the South Dakota Gaming Commission Conference Call June 7, 1989

The meeting was called to order by Chuck Lien. Roll call was taken and a quorum declared. Members present were: Chuck Lien, Karl Fischer, Karen Crew and Kristi Wagner. Others present were Jeff Stingley and Cora Hunsley.

Mr. Stingley requested permission to conduct the meeting for the portion of the proposed rule ARSD 120:18:02 pertaining to application forms and fees. Stingley then read the rule revised by the Legislative Research Council. Motion was made by Crew, Second by Wagner that the commission adopt the rule in that form. Roll call as follows: Lien, aye; Fischer, aye; Crew, aye; and Wagner, aye. MOTION CARRIED.

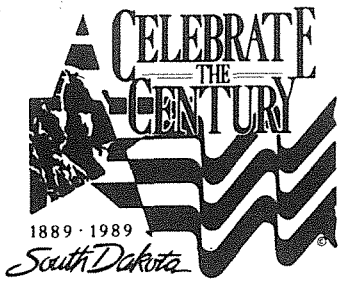
There being no further business the meeting was declared adjourned.

Respectfully submitted,

Cora Hunsley
Administrative Assistant

Chuck Lien, Chairman

Jeff Stingley, Secretary



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MINUTES

SOUTH DAKOTA COMMISSION ON GAMING

JUNE 12 & 13, 1989

LAWRENCE COUNTY ANNEX BUILDING

DEADWOOD, SD

The meeting was called to order by Chuck Lien. Roll call was taken and a quorum declared. Members present were: Chuck Lien, Karl Fischer, Karen Crew and Kristi Wagner. Others present were Jeff Stingley and Cora Hunsley from the Department of Commerce, Don Gromer, Executive Secretary, Kit McCahren and Bill Srstka, attorneys.

Ms. Crew moved the minutes of the Conference Call of June 7, 1989 be approved. Second by Ms. Wagner. MOTION CARRIED.

Mr. Lien then introduced Don Gromer as the new Executive Secretary.

Mr. Gromer gave a report of what would be expected and what entails a background investigation. A packet will be put together for applicants. Gromer stated it was difficult to tell how long it would take DCI to do background without knowing how many applicants there were. Other forms required will be medical and financial backgrounds.

Mr. Lien informed the public that the commission did have some rules and regulations put together that were fairly complete, which would be cleaned up and put in final form to be adopted as emergency rules.

Mary Dunn stated she sent a letter to Mr. Lien's office. Mr. Lien stated he did not receive her letter prior to the meeting.

Mr. McCahren introduced Bill Srstka, his law partner, stating that time being of the essence, the Commission requested that Mr. Srstka assist in the drafting of the rules.

Mr. Stingley expressed his gratitude to Karen, Kit, Bill Srstka and Don Gromer for what they did in putting the rules together.

Mr. Srstka and Mr. McCahren then reviewed the rules noting the corrections needing to be made.

Mr. Lien informed the public that until the Commission comes to hard, fast rules for the protection of the state, this commission, Deadwood and the

players, the commission will suffer under any mistake and not anyone else.

After much discussion on the proposed rules, comments from the floor were noted for consideration in revision of the rules.

The public was then informed that the meeting was adjourned for a walk through the businesses of Deadwood which were contemplating having gaming. The meeting would re-convene at 8:30 a.m. the following morning in executive session to discuss personnel matters and be open to the public at 9:30 a.m.

JUNE 13, 1989

RE-CONVENED IN EXECUTIVE SESSION

Mr. Lien called the public meeting to order with the following present. Members present: Chuck Lien, Karl Fischer, Karen Crew and Kristi Wagner. Others present were Don Gromer, Cora Hunsley, Kit McCahren and Bill Srstka.

Ms. Wagner moved that the Commission come out of executive session. Second by Karl Fischer. MOTION CARRIED.

Ms. Crew moved that the commission authorize Don Gromer to immediately take steps to hire a security director as well as an administrative assistant for himself. Ms. Crew moved that these be exempt positions and the salaries be negotiable commensurate of course with education and experience. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer would like it noted that these are start-up positions.

Mr. Lien then asked Mr. Srstka to go through the process for adopting temporary rules. Mr. Srstka thought the commission could meet by conference call on Tuesday June 20, which means notice would have to be published by June 16. The rules being considered for adoption are 120:18:01, 120:18:02, 120:18:03, 120:18:07, 120:18:08, 120:18:09, 120:18:15, 120:18:16, 120:18:17 and 120:18:19. Mr. Lien stated the chapters related to application forms, fees, disciplinary action, appeals, administration and powers of the commission are the ones the commission is moving to start the process of emergency rules. The commission is not adopting poker, 21, slots and timing schedules. Mr. Srstka stated they were also not adopting accounting, security and operations of the gaming establishment or any specs for chips, tables or anything like that.

Ms. Crew moved that at this time the commission start the rules process on Chapters 120:18:01, 120:18:02, 120:18:03, 120:18:07, 120:18:08, 120:18:09, 120:18:15, 120:18:16, 120:18:17 and 120:18:19 and that the Commission authorize their counsel to immediately take steps to get this on the road by advertising this week, and publishing it as required in the soonest expeditious manner possible and that the Commission have a conference call next Tuesday for the purposes of adopting the rules. Second by Ms. Wagner. MOTION CARRIED.

Mr. Srstka stated it would probably be published in the Lead Daily Call, Deadwood Pioneer Times, Pierre Capital Journal and the Madison Daily Journal because they have to publish in east river also.

The Commission requested the public to submit, in writing, requests for changes. The requests for changes could be faxed to Mr. Srstka's office at 224-8269.

Mr. Gromer stated he would be staying in Deadwood another nite if anyone would have anything prior to his leaving they could contact him.

Bill Andresen furnished the Commission a copy of proposed changes. Mr. Andresen stated that the written recommended changes to the rules he submitted were his opinion only.

Mr. Andresen also stated he would like to initiate a motion that a mailing list be started so when the rules came out they would receive a copy. He is training his own dealers to work in the Buffalo and the rules dictate how he has to train those dealers. Mr. Gromer stated he would be staying over and they could leave a business card with him or write the Department of Commerce.


Mr. Bill Walsh of the Franklin Hotel stated the reason this was started initially was so they could raise the monies to enable them to bring these historic buildings up to fire and safety code and other historic restoration. A lot of them are in a catch 22 position with historic buildings and unless there is a big fund out there to draw from for restoration and fire and safety requirements they need to look at it with some degree of balance. They are all concerned with safety and fire requirements within their properties. The other thing that is real essential at this time is the challenge that he sees. It is a challenge for all of them, is that they are losing momentum. They need some form of marketing strategy.


Mr. Tom Blair thanked the Commission for having their meeting and spending time in Deadwood and invited them to return for future meetings.

There being no further business, the meeting was declared adjourned.

Respectfully submitted,

Cora Hunsley


Chuck Lien, Chairman


Don Gromer, Executive Secretary



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MINUTES CONFERENCE CALL 10:00 A.M. JUNE 24, 1989

Mr. Lien called the meeting to order with the following present: Commissioners Chuck Lien, Karl Fischer, Karen Crew and Evans Nord. Ms. Wagner will call in when she gets on. Also present were Don Gromer and Kit McCahren.

Mr. Gromer explained to the Commission where the rules were at this time. After some discussion, Ms. Crew moved that the Commission adopt the emergency rules that were served, Chapter 1:20:18:01 through Chapter 1:20:18:22, excluding Chapter 120:18:17 and 120:18:18. Second by Mr. Fischer. All Commissioners voting aye, MOTION CARRIED.

There was a discussion on the Las Vegas trip. Mr. Gromer stated the Commission was to be at the Gaming Control Board at 9:00 a.m. The agenda they have set up is as follows: Meet with the Assistant Attorney General in the Gaming office; visit Ceasar's Palace in the high stakes room to show the methodology in cheating and the rules of blackjack, etc.; a tour of some of the security they have implemented in the larger and some of the smaller casinos; someone from their accounting section will go through their accounting methods; plus the slot laboratory.

Ms. Wagner was connected. Mr. Lien gave her a quick update on what has happened so far.


Mr. Fischer moved to start the action on the permanent rules process now and authorize Mr. McCahren to do so. Second by Ms. Crew. After some discussion, Ms. Crew withdrew her second to the motion. Mr. Fischer changed his motion to state the Commission notify counsel to proceed with the drafting of the permanent rules. Second by Ms. Crew. Roll Call as follows: Crew, aye; Fischer, aye; Nord, aye; Wagner, aye; and Lien, aye. MOTION CARRIED.

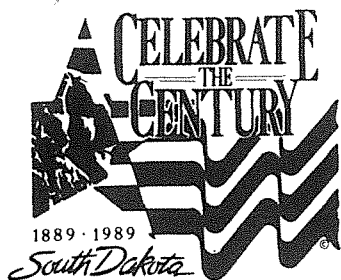
There being no further business the meeting was declared adjourned.

Respectfully submitted,

Cora Hunsley
Administrative Assistant


Chuck Lien, Chairman


Don Gromer, Executive Secretary



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MINUTES SOUTH DAKOTA COMMISSION ON GAMING CONFERENCE CALL JULY 14, 1989

Chuck Lien called the meeting to order with the following members present. Karl Fischer, Kristi Wagner, Evans Nord and Chuck Lien. Also present was Don Gromer.

Mr. Gromer informed the commission that the notice for the rules has been sent out. He will be taking some copies out to Deadwood with him next week. The public hearing on the permanent rules has been scheduled for August 16, and if necessary, the morning of August 17.

Mr. Gromer informed the commission that the rules would also be sent to Robert Faiss of Nevada for review. Gromer informed the commission his fee would probably be in the area of \$600. Karl Fischer moved to authorize Gromer to pursue Mr. Faiss check on the final rules procedure, final form and to give the commission their input at a cost not to exceed \$1200. Second by Mr. Nord. Motion Carried.

A discussion was held on applications. Mr. Fischer stated that the commission was put together under an emergency clause and moved that Mr. Gromer be authorized to go ahead with the application process and the background check and try to do the best job he can. Second by Ms. Wagner. Motion Carried.

Mr. Gromer informed the Commission that Mary Dunn has been named as the liaison between the City of Deadwood and the Gaming Commission.

Mr. Gromer informed the Commission that he did find office space which will be available in 30 days at a cost of approximately \$9,279/year for rental and utilities. Ms. Wagner moved that Mr. Gromer be given permission to go ahead and sign a lease with Mr. Tobin for office space and get whatever extras he would need to have office space. Second by Mr. Fischer. Motion Carried.

Mr. Gromer informed the commission members that the job descriptions were written up for the security director and clerical staff and were now at the Bureau of Personnel for review. Upon completion of their review they will go to the Senior Staff Committee who will classify them, back to the Bureau of Personnel for final approval and upon approval he would be able to go

Gaming Commission Minutes
Page #2
July 14, 1989

ahead and start advertising and hiring. The job descriptions for a security officer and an accountant will also be submitted but not hired right away.

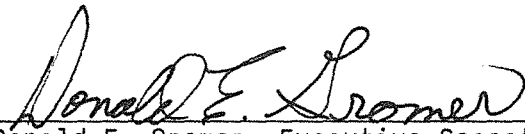
There being no further business the meeting was declared adjourned.

Respectfully submitted,

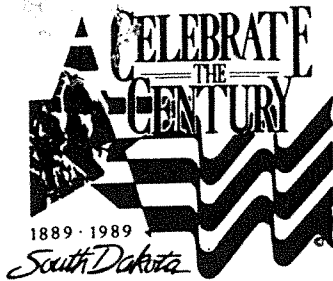
Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary



SOUTH DAKOTA DEPARTMENT OF COMMERCE AND REGULATION

Location: 910 E. Sioux

Mailing Address: 500 E. Capitol
Pierre, South Dakota 57501-5070

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DEPARTMENT SECRETARY

605/773-3178

Fax #605/773-5369

COMMUNITY ASSISTANCE

605/773-3178

SECURITIES

605/773-4823

INSURANCE

Division Office 605/773-3563 or 3564

Agent License 605/773-3513

**MINUTES
COMMISSION ON GAMING
10:00 A.M.
AUGUST 16 & 17, 1989
LAWRENCE COUNTY COURTHOUSE ANNEX**

Mr. Lien called the meeting to order with the following members present: Chuck Lien, Karen Crew, Evans Nord, Karl Fischer and Kristi Wagner. Also present were: Don Gromer; Executive Secretary; Bill Srstka and Kit McCahren, Attorneys; Roger Tellinghuisen, Attorney General; John Guhin, Assistant Attorney General; Tony Cabot, Attorney from Las Vegas; and Cora Hunsley, Secretary

Mr. Nord moved that the minutes from the Public Meeting held on June 12 and 13, 1989 and Conference Calls held on June 24, 1989 and July 14, 1989 be approved as printed. Second by Ms. Wagner. MOTION CARRIED.

Mr. Lien then informed the public the process that would be followed concerning the meeting.

Mr. Lien then asked Mr. Gromer to review the changes that were going to made in the rules.

Mr. Gromer advised that there was considerable interest throughout the state in gambling. He also advised the Commission that there was considerable interest in slot machines and specifications; the use of tokens versus silver dollars; considerable questions on some legislation that is in the bill concerning a building. A letter was received from Mr. Trucano regarding this. Mr. Trucano also submitted several slot machine specifications. Mr. Bill Bernard also submitted a letter regarding slot machine specifications and also the use of tokens versus silver dollars. Mr. Gromer advised the Commission that after the final revision of the rules on Friday, August 11, he faxed a copy of the slot machine specifications to Mr. James Maida who is a consultant out of New Jersey. Mr. Maida then responded with certain suggestions he had concerning slot machine specifications. Mr. Gromer also stated that he received a letter from Mr. Paul Putz of the State Historical Center in Vermillion, he had suggestions concerning the emphasis of historical preservation and how it relates to gaming. Mr. Gromer stated that based upon conversations he has had with several of the Deadwood people involved in gaming, a meeting was held and Mr. John Gable faxed several suggestions primarily concerning the rules governing blackjack and poker. Mr. Gromer stated that several suggestions

submitted have been incorporated in the rules. Mr. Cabot has also submitted his suggestions.

Mr. Fischer moved to attach all of the correspondence and suggestions received along with the updated rules to the minutes. Second by Ms. Crew. MOTION CARRIED.

Mr. Lien then asked Mr. Gromer to review the changes and revisions made since the last printing.

Mr. Gromer stated they felt there was some wordage that was left out, i.e., 20:18:01:03 Prohibitions on gaming. Mr. Cabot pointed out that if you as a licensee allowed someone from the Gaming Office to game and you didn't know who that person was, how could he hold you liable for it, so the word knowingly allow a Commission member or party of this office to engage in gambling was inserted. Another question received on this was if it was against the rules to for the Gaming office to gamble, is it against the rules of the Commission to have employees gamble. Mr. Gromer stated that it would be addressed in the policy and procedures of the office.

20:18:05:01 Number of copies of petition. A suggestion was received concerning the request of the public.

20:18:06:01 Applications and fees. It was suggested that the word forms be included.

Mr. Gromer stated he had calls from various people concerning the cost of investigations. Mr. Gromer stated there was a difference between South Dakota and Nevada because Nevada charges each individual person, what South Dakota did was charge a corporation instead of a person. If the investigation should run over from the sheer number of people that need the investigation, there is authority in the rules to contact the manager or the person in charge to say the investigation cannot be done for \$250, you owe me "X" number of dollars more to complete the investigation.

20:18:06:05 Termination of employment of support licensee. Add, must immediately notify the Executive Secretary, in writing within seven days of employment change, termination or resignation. Asking for documentation for protection.

20:18:06:06 Conditions imposed by Commission for re-issuance of license. Will be adding a little bit more based upon recommendations by Mr. Cabot.

20:18:07:03 Hearing on Reference or Appeal. Some minor changes to conform more with the rules procedure as established by statute.

20:18:07:04 Cashier's check or money order. Scratch entire section. Will be dropped. By statute you have to pay for your application fees, licensing fees, remittance of tax fees.

20:18:07:06 Termination of qualifying licensee, manager or agent. Will add must notify in writing within seven days.

20:18:07:08 Job descriptions-list of personnel. Include employment by a licensee of an unlicensed person who is required to have a support license is grounds for disciplinary action. Basically this means that all employees involved in gaming must have a support license, if it comes to light that they are employing an individual who doesn't have one, the retailer could be subject to disciplinary action.

20:18:08:01 Enforcement Powers. Mr. Cabot addressed this issue, his comments are quite lengthy. Will be adding a particular segment concerning enforcement powers.

20:18:09:01 Grounds for disciplinary action. Subsection (1) and subsection (11) will be eliminated from the final draft.

Mr. Srstka stated that the Board modified pursuant to the letter on advertising.

Mr. Gromer stated subsection (4) was corrected pursuant to Legislative Research Council's letter.

20:18:09:04 Facts of criminal charge. Will add in any jurisdiction after misdemeanor, whether it be South Dakota, Wyoming, Nebraska, etc.

20:18:10:03 Informal consultation. Mr. Cabot recommended implement some type of language to prohibit frivolous complaints against employee. The second sentence will be changed to the effect that if the Executive Secretary determines the complaint to have merit, etc. Basically doesn't force the Executive Secretary to take action of some kind or another against a complaint if it is frivolous, etc.

20:18:10:04 Assurance of voluntary compliance. The language is not yet perfected but seriously considering some type of review findings by the Commission of the investigations or the actions of the Executive Secretary.

20:18:12:01 Grounds for summary suspension. Will add or any other jurisdiction.

20:18:15:02 Deck. It was recommended that our definition of a deck was somewhat confusing so will be changed to language to this effect, a standard blackjack deck contains 52 cards in four suits, clubs, diamonds, hearts and spades with each suit consisting of numerical cards from 2 to 10, a jack, queen, king and an ace.

20:18:15:13 Cutting player. Will include the dealer shall make a reasonable attempt to alternate the cut among all players.

20:18:15:14 Proposals for variations. Will change a retail licensee may submit to the Executive Secretary, for approval, proposed to read Upon written application of a retail licensee, the executive may approve...

20:18:15:15 Procedures for dealing cards. Mr. Cabot sent a recommendation, will be up to Commission to adopt. There has been a considerable amount of

conversation as to whether the cards should to be dealt out of the hand or the shoe, this will be left to the discretion of the establishment as to how they wish to deal the cards. Mr. Cabot highly recommends that the cards be dealt from a shoe and face up to eliminate cheating by possible employees, collusion between employees and players. Have not implemented a rule to the effect but still leave it to the discretion of retail licensee.

20:18:15:18 The Play. Announcing - the dealer must announce. It has been recommended and considered to remove entire section and leave to house discretion. Experts contacted recommended that starting off businesses require their dealers to announce the numerical count. This assures inexperienced dealers as to what the actual count is at the hands and his or her hand and it may eliminate some confusion.

20:18:15:19 The Pickup. A source of concern, experts recommended leave up to the house rule but the Gaming Control Office in Nevada wished they had this rule. It would eliminate a lot of player/patron disputes. Were advised a lot of major casinos will not employ a left-handed dealer because they didn't want the confusion on the card pickup. The change would be after the first sentence to add another which reads: If, during play, the player exceeds 21, that player's cards should be revealed and placed in the discard rack.

20:18:15:26 Splitting Pairs. Will read as follows: If the first two cards dealt to a player are identical in value, he may split the hand into two separate hands by making a wager on the second hand equal to his original wager. If a player splits pairs, the dealer must deal a second card to the first hand so formed and must complete the player's decisions on that hand before dealing cards to the second hand. After a second card is dealt to a split pair, the dealer must announce the point total of the hand, and the player must stand, surrender, draw, or double down. A player may not split pairs more than three times in a round of play on any one hand. A player splitting aces may have only one card dealt to each ace. If the dealer obtains blackjack after a player splits pairs, the dealer may only collect the amount of the original wager of the player and may not collect the additional amount wagered in splitting pairs.

Mr. Jerry Apa had a question on 20:18:15:20 Dealer's Hole Card. Mr. Gromer then read the latest revision regarding this section.

Mr. Gary Keehn had a question on 20:18:15:26 Splitting Pairs. ...announce the point total of the hand, and the player must stand, surrender, draw, or double down. Mr. Keehn stated there was no such thing as surrender after you split a pair. Mr. Gromer referred Mr. Keehn to the definition of surrender, this was being left up to a house rule, it would be an option of the establishment.

20:18:15:32 Cards. This particular section is going to be consolidated with 20:18:15:02 which was previously read with changes.

20:18:15:33 Posting of rules. Mr. Cabot suggested that the rules be approved by the gaming office prior to posting.

20:18:15:34 Special policies. Mr. Cabot's suggestions were that it not be limited to the game of blackjack, that the licensee be able to establish the conduct of players, whether it be blackjack, poker or slot machines. Mr. Cabot suggested it be for the entire overall and move to one section.

20:18:15:36 Procedure for distribution of chips to blackjack table. Mr. Gromer would recommend to the Commission that the fill slip be a three part instead of a two part, and change subsection (7) to read If a pit boss or runner... Want whoever is transferring the chips held in the auditing trail.

20:18:15:40 Drop procedures. For auditing purposes a recommendation will be made to add a new sentence in the first paragraph, This may be accomplished by using a fill or credit slip when such chips are added or removed.

20:18:15:41 Count Procedures. Mr. Gromer stated that it is highly recommended that each gaming establishment have its own individual count room where you can take your currency out of your drop and go back and count. If such a room was built or constructed in establishments for accounting purposes, Nevada recommended that very tight security be on that room for the count even possibly to the extent of putting in a one-way mirror.

20:18:16:15 The Play-Texas hold'em. Subsection (1) the last sentence, The player who opens may not check on this round. Mr. Ron Astbury stated that the reason for this is because the pot's already open, in other words, the left of the button once the wager was put in \$1, \$2, the next player has to call that bet. He doesn't have the option to check because the pot's already open. Mr. Gromer stated that the recommendation received was to strike the last sentence in (1) and add the word check in the previous sentence.

20:18:16:02 Types of Poker Authorized. Mr. Gromer stated that right now there were eight different games of poker authorized. Mr. Gromer recommended the Commission remain with these eight games of poker. Mr. Cabot concurred with Mr. Gromer that for the time being that these are easier to police and get the dealers to understand the games and deal them correctly. In the future, once they have experience and the Commission is satisfied they can regulate the existing games then they can expand.

Mr. McCahren directed Mr. Gromer to Section 20:18:16:45 Proposals for Variations. Mr. Gromer read the revised version.

Mr. Apa stated that in 20:18:16:02 games 2, 3, 4, 5 and 8 were pretty much dead games. The big game in Nevada is Texas hold'em and Omaha high is coming in and getting a lot of play.

Ms. Crew stated the Commission wouldn't have the authority to change, Omaha high couldn't be added without changing the rule. After some discussion Ms. Crew suggested adding a subsection (1) And any other game, such approved by the Commission.

20:18:16:25 Table Stakes. Mr. Gromer stated that there were problems with the last sentence. It was suggested that the last sentence read A player who is "all in" and loses must leave the game or buy more chips. Mr. Ron Astbury stated that normally what is used here is alternating buy-ins, i.e., if a person has exhausted his own chips he has two choices, he can either buy a full buy-in or he can make the short buy-in. Mr. Gromer stated the recommendations received from most people is just to buy more chips.

Mr. Apa requested that 20:18:16:12 Shuffle and cut of the cards. be a house option, in most dealt games the house has the option.

Mr. Gromer stated most of the changes that were suggested were incorporated into the changes made in the revised copy.

10:18:16:44 Maximum Number of Players. Mr. Gromer stated there was a recommendation to change it from seven to eight.

20:18:17 Slot Machine Hardware and Software Requirements. Mr. Gromer stated Mr. James Maida's suggestions were faxed and received on August 15. Mr. Gromer stated he has incorporated Mr. Trucano and Mr. Maida's recommendations. Mr. Trucano requested the Commission take no action on Mr. Maida's recommended changes until August 17, after they have had a chance to review them.

Mr. Tellinghuisen expressed concern about the Commission delegating authority to the Executive Secretary to change the rules. He stated they would have a problem if they started doing this. Mr. Lien stated the Commission will approve at a final meeting. Mr. Gromer stated it would be a conference call. Mr. Tellinghuisen stated his only concern was that it be done at a public meeting, he also stated he realized that the statute has been amended allowing conference calls to take place and constituting them as official public meetings. His concern was the Executive Secretary making the changes and the Commission signing off on them in the absence of a formalized hearing on them.

Mr. John Gable stated he would encourage that they get the rules adopted and then work on the modifications.

Mr. Tellinghuisen stated that SDCL 1-25-1 in the second to last sentence, telephone conference calls are not allowed to be used for conducting hearings pursuant to SDCL 1-26-4 which is the rulemaking. Mr. Srstka stated it was provided for in Title 15, SDCL 1-26-4 is for hearings subject to 1-26. Mr. Srstka stated a conference call could be held to adopt the rules. Mr. Srstka stated you can't hold a public hearing by conference call. Mr. Tellinghuisen stated his concern was that the Commission would be signing off on rules which may or may not be substantively changed after this hearing is concluded here. Mr. Srstka stated he was in favor of adopting them today and the only changes the Executive Secretary could make are changes to comply with Legislative Research Council under 1-26-4(5).

Mr. Trucano expressed concern about changing and not allowing them the courtesy to read Mr. Maida's changes.

Mr. Lien then called a recess on the hearing of the rules and returned to the regular business to give the people time to review Mr. Maida's suggestions.

Mr. John Guhin spoke on the federal Indian Gaming Act and its relationship to the state and its rules. Mr. Guhin stated that the designee to contact for South Dakota is Grant Gormley. The tribes would have to enter into compacts with the state and the Commission could carry out the compacts entered into with the tribes. Mr. Guhin explained Judge Porter's decision closing down the gaming near Watertown. Ms. Crew expressed concern that the compacts entered with the tribes follow the Gaming Commission rules. Mr. Tellinghuisen explained where Indian gaming could take place. Mr. Tellinghuisen stated the Indian Gaming Commission has not even been established yet. Mary Dunn asked if the money would also go to historic preservation. Mr. Tellinghuisen stated the use of the money was set out by federal law, what they could use the money for. The fee for licensing is not prescribed by federal law, nor would they be bound by that. Ms. Dunn asked about the 8% tax. Mr. Guhin stated the state could not directly tax the tribes. Mr. Tellinghuisen stated the federal law does allow to recoup the cost in administering the compact. Revenue generated tax would be strictly prohibitive. Mr. Bill Walsh asked if the tribes had indicated any desire for representation on the Commission. Mr. Guhin stated there was some. Mr. Walsh asked if the tribes would be limited to the Deadwood limited gambling. Mr. Guhin stated they must follow state law. Mr. Tellinghuisen stated they could only have the same type of games.

Mr. Lien thanked Mr. Guhin and Mr. Tellinghuisen for their information and declared a recess for lunch until 1:30.

The meeting reconvened at 1:30. Mr. Lien called the meeting to order to return to Mr. Gromer to continue with the revisions.

20:18:20:01 Definitions. Mr. Gromer stressed a central supply house for and tokens as they would be considered the same as currency if tokens were to be issued by the Chamber.

20:18:21:12 Hours of Operation. Mr. Bill Fisher asked if a wall was built to cut off liquor can they proceed with gaming. Mr. Srstka stated if premise was part of liquor license it would be subject to liquor laws. Mr. Tom Preston stated his liquor license covered the entire property and they are going to have several different types of stores and without the definition of what a building is and what separate premises are, he doesn't understand why liquor would have to be tied into gaming at all. Mr. Jerry Apa stated the law states there will be no consumption of alcohol after 2:00 a.m. or prior to 8:00 a.m. You can't serve liquor for six hours but nothing says he can't keep his door open and sell coffee and donuts. Personal responsibility of the ownership is what comes in there - if he violates by serving a drink, throw the book at him. Until then, the Commission shouldn't penalize everybody. Mr. Lien stated the Commission has no control over law passed. The law states you have to have a primary business and the gambling a subsidiary to that. You cannot have a major gambling business. Mr. Preston asked what happens if you have a restaurant and you close your

bar and the restaurant is open 24 hours per day, your primary business is still open. Mr. Lien made the assumption to have 15 machines in bar and 15 in restaurant. Mr. Preston stated if you have a restaurant that serves liquor the liquor is the lesser of the businesses.

Mr. Fisher asked if the Commission needed a written prior approval to order chips. Mr. Gromer stated chips needed approval prior to being played. The prototype must meet specifications.

Mr. Fisher had a question regarding the decision of the floorman is final, it only pertains to the ongoing game at that time. It doesn't mean they can't appeal to the Gaming Commission, other courts, etc. You have people that will hold up the game for one-half hour or an hour. It has to be where a floorman comes up, makes a decision and tells the dealer to get the game going again.

Mr. Apa wanted the Commission to reconsider 20:18:21:04 Gaming by owners, directors, officers and key employees, to let the operator/retail licensee sit down and get a game going. They want it to strictly get a game going. Mr. John Gable asked if the Commission would be comfortable if they acknowledged they were owners, managers, etc. Mr. Astbury stated in the interest of public relations it would be a good idea for the Commission to consider having the owners or key management, being allowed at least to play initially in poker games until such time as the limits go up. We only have a \$5 limit and can't really hurt anybody. Tom Blair asked what was going to be classified as management. Mr. Gromer stated he would look back at the application proceedings, anyone actively involved in management of personnel would be considered management.

20:18:22 Accounting Procedures. Mr. Gromer stated that McGladrey and Pullen have been retained as consultants to go over the accounting requirements. It was suggested that a diskette be provided for purchase by the businesses.

Mr. Lien asked Mr. Cabot to cover his recommendations. Mr. Cabot commended the Commission and staff for the regulations they have prepared, he had very few changes.

Mr. Lien then requested if there was any more prepared or oral input.

Mr. Astbury explained the eight handed game. In South Dakota you can play a maximum of 10 players in hold'em games and in stud games a maximum of seven. They hope to amend the number of players to a maximum of eight in the stud games. Naturally if you're playing with 52 cards and you have eight players you're going to run out of cards. There are three remedies to correct this. The first remedy is that the dealer, upon being aware of the fact that he's going to run out of cards before delivering his last card can announce that it's going to be a six card game. The second possibility is that they can shuffle the burn card. Every time that you deal a card, except for the first time that you cut you can burn a card. These burn cards are not introduced into the play itself, so they are going to introduce them belatedly, going to shuffle them up and use them. The third possibility is

they can use a community card, similar to hold'em and explain to the players that this particular card plays for everybody.

Mr. Preston stated they need, for new construction, not for remodeling, but for new construction in the area a definition of what is a building, what separates a building, what is required as far as space within a building. Nor for the purpose - necessarily the law - their architects, national standards, many are doing new construction. They really need a written legal opinion as to what is a building since he has a \$6 to \$7 million dollar business.

Mr. Lien responded that from his view, what they were looking at was how to gerrymander these things around to get the most legal and still be within the intent of the law. Mr. Lien further stated he didn't know if they should go for tight controls, or say put as many machines as you want and get the money. This Commission and Executive Secretary has asked for a ruling from the Attorney General. There are several options, they could dump it back to the Mayor, the City's lap and whatever city that comes in under health, safety, fire codes, regulations, and leave all the problems settled by the people.

Mr. Bruce Oberlander, Mayor of Deadwood, stated Section 16 of the original bill, 321, that was passed it states the retailer may not sublease space for the principal purpose of gaming. Mr. Oberlander further stated that gaming is incidental to the original business. Anyway, what is trying to determine is if you are allowing spaces to be leased or subleased for the purpose of gambling, that's illegal according to this statute. The original premises and the You bet Committee originally said they didn't want this to be a large scale thing and they were limiting it to 30.

Jerry Apa stated 20:18:21:04 Gaming by owners, directors, officers and key employees, asked the to change it to any person who is licensed and actively participates in the management of the establishment or the conduct of its licensed games may play or be permitted to play. The reason he states this is we've lost the summer traffic so there will be a slow period from now until next April or May. I would ask that management be allowed to play as long as management or an owner establishment has a badge that identifies him as such. Therefore, when a player does sit down he knows who he's playing with or against. As far as public perception goes, in all his years of gambling it's never bothered him who he sat down with as long as every card has come off the top.

Mr. Lien stated before he asked anyone else to come up he wanted to be on the record that they did get one definition for a building. "A building is defined in this act is a property including contiguous buildings or additions interconnected by a passage in any form. (If a building consists of several historical structures originally built separately, is divided back into its original widths and walls as erected in accordance with applicable fire codes resulting in the separate building that is no longer interconnected by a passageway, then the result will be a separate building for the purpose of this act.) This was submitted by Gary Keehn.

Ron Sjue, a representative of Aristocrat, Inc. is an Australian manufacturer of slot machines. Mr. Sjue apologized for being late, his flight was cancelled and he just received a copy of the specifications. Mr. Sjue stated from a manufacturers point of view, the only problem I have seen in it is you've gotten awfully strong on the specifications which makes your game kind of different. You have some different things than somebody else has right now. So there is going to be some changes from our point of view. The other problem is that you've only got about a 200 to 300 machine market and you've got basically every machine model that we make has to be licensed that we want to sell here. We make probably 100 different models that could be licensed in Deadwood by our company alone. If you get into limiting license of all these different models, you're going to restrict your competition, you're going to see the small manufacturer in it, which we're one of the larger ones, they're not going to be able to compete because they're not going to be able to pay the cost of licensing. I don't know what your costs are going to be, it usually runs \$5,000 to \$6,000 to get a model license. But if you're only going to sell 10 or 15 of that model you only - you've got \$5,000 invested before you even start. I know IGT, Bally, us all have 50 to 100 models that could be sold in Deadwood alone. But you're only going to license us four or five, each of us at the most, because of the cost and you're going to restrict the competition because the only people that are going to get licensed are one or two companies, three companies maybe, and you're not going to have the competition in your sales, the price of your machines are going to be very expensive.

Ms. Crew asked if Mr. Sjue had a rule by rule breakdown of what ones he was troubled with. Mr. Sjue stated he just read it in the 15 minutes he was looking at it. He just noticed there were a lot of restrictions on the meters doing specific things so you have changed the software basically, from is a standard machine as far as what he can see in Nevada or wherever else he sells machines. Except for a printer your machines are somewhat more similar to Montana than South Dakota machines. But those markets are different with the video machines because there is only one or two models that they're going to sell video poker and keno. Basically the same game, they put a printer into a machine and possibly sell 400 to 500 of one game. So if you get one game licensed its not going to be that expensive. You try to license 15 or 20 models that's manufactured for this market you would probably be lucky if you sell five machines so you couldn't - that would be a \$1,000 cost on your models if you license on top of your selling price so that's going to be reflected to the operators - the manufacturers aren't going to absorb, they're just not going to come into the market basically.

Ms. Crew asked if he would be able to give a written list of precisely your objections. Mr. Sjue stated he just received the new specs so he couldn't do anything with it. The head office and engineers are in Australia. They would have to do something up on the specific parts of it. Mr. Sjue further stated your game is more like a video game or Montana game as far as the meter specifications and a lot of those things. But You're throwing it into all the reel machines, you're throwing it into all the video games. You'll want a big, large variety here where they don't in South Dakota video. You're talking poker and keno and maybe blackjack. So I don't think you're gonna see people come up here with 15 models of reel machines because they

won't be able to afford to get them all licensed. Mr. Srstka stated the South Dakota specs in the statute call for non-volatile meters, what does that mean to you? Mr. Sjue stated it means its not going to be sellable for one thing and its - Mr. Srstka asked if digital meters meet that. Mr. Sjue, you have two types of meters in most machines, you have - Montana machines and South Dakota machines have three different printers, you have hard meters which are an enclosed meter which cannot be reset and a soft meter which is the electronic meter on your display. Now your electronic meters are usually 20, 30 meters, they can be any number. But, every time you change the specifications of what you want on your soft meters, that's another program right from the manufacturer for your model which is only good to sell here. So you're not gonna see a lot of competition come into this market. I don't feel, from our point of view, we don't even know if we could - we may be able to bring up two or three models, cause we're gonna have a cost of \$20,000 - \$25,000 in those three models to get them licensed. Gromer asked if Mr. Sjue was presently furnishing machines to Nevada. Mr. Sjue stated yes, we have sold in Nevada, we're licensed in Nevada right now. We're more of an international company. We're selling in Montana, and we're gonna put machines in South Dakota. Mr. Srstka asked what kind of meters do you have on your machines. Mr. Sjue responded there's six statutory meters we have to have. Mr. Sjue noticed that one thing under your meters, you said all coins out have to be accounted for on your jackpot meter which is a - you use your jackpot meter which is entirely different from your out meter. Nor market I know of - the out meter is just all the coins that come out of your hopper. Your jackpot meter is all the coins that come out on a hand. You combine them into one so right away you got a different machine than anybody on the market's got so you have to change. Mr. Srstka stated the specs they got in Las Vegas had a jackpot paid meter and an award paid meter. Mr. Sjue stated if its jackpots paid everything that comes out of the machine, but then again if you're doing that you're changing the configuration of the machine. Mr. Lien asked Mr. Gromer to clarify a couple of things. Mr. Gromer stated Mr. Maida from New Jersey did review our specifications and made a suggestion on the metering device. Mr. Gromer then read Mr. Maida's recommendations on 20:18:17:03. Mr. Sjue stated everyone already has the 180 day battery backup. The other part about it is hard meters, we just love not putting it in. Its not a problem for us but every jurisdiction is mandatory - restrictions saying you have to have hard meters. Mr. Sjue stated it came out of Nevada more than it did New Jersey. Nevada put them in. Hard meters are glass enclosed, they just can't be reset. You'd have another problem in your thing under that. These are just - it says your electronic meter has to coincide with your hard meter at all times. That's never gonna happen because your hard meter is not 100% accurate or if you have a RAM corruption they cannot always read the same. So if somebody goes in and sees a soft meter after its been cleared its going to be a lot less than the hard meter that can never be changed, which I saw, just in your specs. I was looking through them. They're just small things, but it is - the whole general idea is that if you make machines specifically that come out like South Dakota did here with a machine now. The machine that they did in the video lottery is basically not sellable anywhere else because of the on-line system. If you make your machine specifically as market you're not gonna get the competition and you're not gonna get the variety of machines licensed because it looks like if I want

to change a machine from a three line fruit machine to a three reel - three line ghost machine, I gotta send you two machines. I gotta send you the complete data on that machine all again just to license again and pay again for licensing. Mr. Gromer stated it was called a modification. Mr. Sjue stated it was a different model. Its a different percentage, its entirely different symbols, different artwork. Its the same game but its an entirely different model considered under the market.

Mr. John Caldwell stated he represented a proposed restaurant and gambling hall called Calamity Jane's and would like to suggest a proposed change in the wording of 20:18:21:12 Hours of Operation to read: "A bona fide restaurant with 50 or more seats may function as a gaming licensee for 24 hours per day if it does not serve liquor during hours prohibited by the state." Given the geography of the area and marketing to be done, a significant tour bus business is expected. Busing will be an integral part of marketing, arriving at various times of the nite. Where will people go.

Mike Trucano stated he was awaiting information on the slot machine specifications 20:18:17:05 Software Requirements for Randomness Testing. There are problems that remain where it requires meters to record the number of times the logic are accessed. There would be a problem for one of the manufacturers. The only reason you don't want that accessed is that someone might come in and take out the eeproms and put in a different set to change the percentage. Nevada puts a piece of seal tape and when you have to access the logical board - in the rules you must get permission from the Executive Secretary. Mr. Srstka asked Universal about the logic board and Universal said no problem, you can do anything you want. Ms. crew asked Mr. Sjue if he had an estimate of how much it might increase the cost of the machine. Mr. Sjue stated there would be a software cost of putting it into your meter. You have a door switch, you've got to put it into your assembly; all the other machines don't have it so all of a sudden you've got to have a place where a switch is mounted, so you got a hardware piece to build and design, then you got to have a plug-in to your board, you don't have a plug-in on your board to accommodate, most likely you will. Its hard to tell you because you only have a 300 machine market. Now if we put that into all machines later and amortize it over 15,000 machines. If you just build it only in South Dakota it would be expensive. Mr. Srstka stated the specs call for five hard meters and two extra. Unless you go back to the Legislature to change the statute, we're stuck with it.

Ms. Crew asked Mr. Trucano if she should move to take out "a slot machine must be equipped with meters to record the number of times the logic area was accessed and the number of times the cabinet door was open." If I can make that motion, can you live with everything else. Mr. Trucano stated its a tradeoff of what you want in your machines and what its gonna cost the people that are buying them. We can basically live with almost anything you want to put in the machine. Ms. Crew stated she was concerned about how quickly you can do it, not about the cost. Mr. Trucano stated another section was in there about the time a machine - that they get licensed. You're putting in a 180 day trial. Mr. Srstka stated it was taken from Nevada's regulations. Ms. Crew asked if she made the motion, would they lose competition and how long is it going to take. Mr. Trucano stated he

didn't think it was going to take very long for a machine to be put together because there's not major changes in the machine. How long is your license going to take from your lab and if you have a trial on each new model that's coming out of 180 days. Mr. Srstka asked if you put aside testing and licensing the preparation of hardware and software, do these specs give you any problem. Mr. Trucano stated no, you're gonna have a software rewrite no matter what you do. Mr. Trucano stated the main door itself is fine, every manufacturer provides that anyway. Its just this logic area access meter is the problem for Universal and if you took that out it would sure help.

Mr. Lien stated he would like to hear from other manufacturers.

Mr. Kerry Reppert of IGT in Reno, Nevada stated he was not a technician and not an engineer and he thought before any rash decisions are made that may put some integrity suspect on that equipment, that you may want to just let us, as earlier mentioned, submit our proposals or comments in writing, by Friday that was mentioned earlier.

Mr. Lien stated that (1) the meeting wasn't going to get done in a day so it will continue on August 17 and (2) it is the hope of the Commission that they don't have to go through a whole bunch of testing and could get a machine that is proved in New Jersey and Nevada and/or bring 10 to 12 machines in to get them going. Mr. Lien asked for the written changes by 10:00 a.m. on August 17.

Ms. Crew stated "Mr. Chairman I have a motion to make and I'm gonna make it." Ms. Crew stated "if the Chair would entertain a motion I'm gonna make it."

Mr. Lien stated he wanted to get the conversation done before a motion was made.

Dave Harcourt of SoDak Gaming Supply, stated if the language they would like to have as a unit is that if machines that are approved in Nevada or New Jersey are the kinds of machines that we want here, why can't we say that. None of the manufacturers present are contemplated as the start-up factor in Deadwood. These are all national or international manufacturers, lets adopt a rule that says Nevada, New Jersey rules, those machines approved there are approved here.

Mr. Lien stated can't do that. We have a law that they passed for South Dakota that has in the law what we have to do. We can't delegate to some other state the authority to set our rules. Mr. Srstka stated the experts the Commission has hired see no problem with these two extra meters. They are necessary for security, etc. Mr. Cabot stated the changes are an improvement.

Mr. Trucano stated, practically speaking, they are a small market, every day big manufacturers make more machines for one casino than they'll ever make for all of Deadwood. To ask those people to retool software, hardware changes for a small market like Deadwood is only going to delay process.

Mr. Lien stated he agreed Deadwood is a limited market but South Dakota is a growing market.

Mr. Fischer stated it wasn't \$5,000/machine it was \$5,000/manufacture.

Mr. Sjeue stated for them to get that license they have to give the Commission two machines to the lab, transport machine to lab, put together documentation for every model the Commission has, have the trial with machine out. Talking about cost to manufacturer to license machine, manufacturer pays for testing also.

Mr. Srstka stated the Executive Secretary may require testing, may require on-site testing, it is possible the Commission would license machine without any testing at all.

Ms. Crew stated she had a motion to make.

Mr. Lien adjourned the public hearing on machines to go into a regular Commission meeting.

Ms. Crew moved that on rule 20:18:17:03 Meters that the third full paragraph starting "a slot machine must be equipped with meters recording the number of times the logic area was accessed and the number of times the cabinet door was opened," that that sentence be deleted. "The reason I'm doing that Mr. Chairman is" - Ms. Crew then amended the motion to say that "a slot machine must be equipped with meters to record the number of times the logic area was accessed and delete only up to the word access, that we include and the number of times the cabinet door was opened. The reason I'm doing that is I don't think people in South Dakota are any more dishonest than anywhere else and if they can get by with that in other jurisdictions, I'm inclined to do it. I don't think we need the additional burden and if we don't adopt these rules today, I know its going to take another 60 days."

Mr. Trucano asked Ms. Crew how her amendment, if adopted, would read, how would it be put into that effect.

Ms. Crew stated we would just delete the meter for the logic.

Mr. McCahren stated a slot machine must be equipped with a meter to record the number of times the cabinet door is open.

Ms. Crew stated this would be in there.

Mr. Nord asked if the logic board must be sealed and then buy a seal provided by the Commission or sealed by Commission.

Mr. Srstka stated if you adopt this you have to do something with it. You can't leave it set there.

Ms. crew stated she would approve of that amendment to her motion - that the logic board be sealed. Second by Ms. Wagner.

Mr. Lien then asked Mr. Gromer for his input.

Gromer stated he approved, but on the sealing, he would prefer at least, at a minimum, the seals be provided by the Commission and they be in numerical order so we know where we're at with each individual seal, and prior to the entering of any type of logic board the Commission office be notified as to the reason getting there and what anticipated repairs are made.

Mr. Lien then called for input from the public.

Mike Wordeman, President of SoDak Gaming Services had a question. A considerable amount of time and money to hire non-biased expertise, and true expertise, has been expended by the state of South Dakota, i.e. the people. What I understand now, there is a motion to the floor then, and to, in fact, change the rules after the experts said this is what we should do. And I, like everybody else, would like to see things happen tomorrow, but I would rather see you adopt what the experts have laid out and then if you want them, get your experts in. Wouldn't it be wise and prudent to get your experts and the non-biased expertise to comment on it.

Ms. Crew stated she would like to respond on that. The purpose of a public hearing is to take public input, we're not supposed to rely just on experts we're supposed to listen to people, that's the purpose of this whole procedure. I think if we don't do that we're not following the mandate of the people.

Mr. Gromer stated as far as the consultants we have obtained, the thing that they have assured us is they are looking at is optimum benefit, not that a lesser benefit will not work, but looking at the optimum from a purely objective point of view.

Mr. Wordeman stated he just really questioned when you spend a lot of time, a lot of money, for something and you go outside to get non-biased and good expertise -

Ms. Crew called the question.

Mr. Lien asked the motion be read.

Ms. Crew stated the motion is rule 20:18:17:03 Meters, the third full paragraph that following should be deleted. A slot machine must be equipped with a meter to record the number of times the logic area was accessed. Put a period after accessed but include pre-numbered seals be used as the Executive Secretary -

Mr. Srstka stated it should read a slot machine must be equipped with a member to record the number of times the cabinet door was opened.

Roll call as follows: Crew, aye; Wagner, aye; Nord, aye; and Fischer, nay.
MOTION CARRIED.

Mr. Lien then closed the regular meeting and reopened the public hearing.

Mr. Trucano stated 20:18:17:16 Meter Count Procedures. You talk about 25 coins for each denomination to see if the meters, Mr. Trucano thought that might be a bit excessive. You can determine if the meters are working with one coin or four coins. Mr. Trucano stated that wrapping can be pretty expensive and would request a different way of counting the money.

Mr. Gromer asked Mr. Trucano whether or not he wrapped his coins presently. Mr. Trucano responded he didn't out on the route, he brings them back to the truck and wraps them there. He counts them all in the grant machine - coin machine in the truck and then we compare the grant meters against the meters of the equipment and then he enters it into his computers. The hard grant meters are then compared in a double check against the machine. Mr. Trucano stated he never wrap it out on the route. When he leaves the location he gives his customer a slip of paper and he knows exactly what was in each machine. Mr. Trucano requested it be left up to the Executive Secretary to approve an alternate method of counting money that he is satisfied.

Mr. Lien then asked for any more input.

John Caldwell requested the wording he suggested be introduced as a motion at the morning meeting. He stated he would like 20:18:21:12 Hours of operation to read after operation change the period to a comma "but a bona fide restaurant with 50 or more seats may function as a gaming licensee for 24 hours per day if it does not serve alcohol during hours prohibited by the state". Mr. Caldwell stated this would be very good for tourism. Mr. Caldwell explained the arbitrary figure of 50 seats is the reason that is already recognized as the threshold seating capacity when you go to get a wine license in the State of South Dakota. So its already a statutory precedence for 50 seats as a definition of a bona fide restaurant.

Mr. Fischer asked if there were any comments from anyone else in the audience concerning this particular issue.

Mr. Tom Blair stated that a bona fide restaurant is an awful ambiguous statement its not difficult to get a restaurant license in the state. In the statute we don't define restaurant and he would like to have an idea of what they're talking about in a restaurant.

Mr. Gary Keehn stated he thought giving restaurants special privileges is probably not the issue we're trying to address anyway. What we're trying to address is keeping a joint open that sells alcohol and that closes the alcohol too during those statutory - it may be more prudent to just address the decision of the law of staying open - as building a hard wall or whatever is commanded by the Commission to lock off and secure the sale of alcohol and still stay open.

Mr. Tellinghuisen stated the situation that is being proposed, if adopted would still comply with the intent and spirit of the statute that really poses the obstacle to a liquor license owner staying open once the mandatory hours of closure have arrived which is the problem that Gary is suggesting, that be addressed. There is no way to address that through this rule procedure. You identified it Chuck, when you said that state law, as it

stands right now, requires that the gambling can only take place incidental to a primary business and must cease upon the cessation of the primary business essentially. Here in this instance what you're in essence doing, is recognizing that the restaurant is the primary business, and as such allowing the gambling to continue while the primary business of restauranting is occurring does not violate the intent of the existing statute.

Mr. Caldwell stated what he intended to do was physically separate the wine bar from the restaurant. The wine bar - actually there will be more than two major businesses within the building. He would separate the wine bar from the restaurant. At 2:00 a.m. the wine bar would shut down with clanging iron doors. The restaurant, which is now just a restaurant not serving alcohol, like every other restaurant in town not serving alcohol, I would want, during the hours of 7:00 a.m. until 2:00 a.m. to be able to go to the wine bar, bring wine or beer to the restaurant patrons and function as a restaurant cum alcohol during those hours, then close down the wine bar from 2:00 a.m. to 7:00 a.m. and keep the restaurant going so that we can get the bus patrons off the bus, into the restaurant, etc.

Mr. Lien stated you can do that now.

Mr. Caldwell stated he thought if he did now he thought he would be in conflict with the wording of 20:18:21:12. You mean am I still going to have machines operating while the restaurant is open from 2:00 a.m. to 7:00 a.m.

Mr. Nord asked if they would be in the restaurant.

Mr. Caldwell stated yes, they will be in the restaurant they will not be in the wine bar.

Mr. Tellinghuisen stated the entire premises are covered by the liquor license.

Mr. Caldwell said let me now quote geography for a second. The building under question is Hardware Hank's. Hardware Hank's is on two levels and it is our intention to put the restaurant on one level, the wine bar on another level. There would be 15 machines or devices ancillary to the restaurant on one level and 15 machines or devices ancillary to the wine bar and some other retail businesses on another level. So we've actually got the physical separation going up and down stairs or coming down through the dumbwaiter, we've got wine service to the restaurant. Mr. Caldwell stated the wording he was suggesting would obviously facilitate my own.

Mr. Srstka asked if his wine license require hours of operation.

Mr. Caldwell responded yes, under wine license we're going to have to shut down from 2:00 a.m. to 7:00 a.m., wine is alcohol.

Mr. Caldwell stated he could make other arguments for this, based on quality of life, etc.

Mr. Srstka said he could put his machines in a non-licensed area.

Mr. Tellinghuisen gave the example of the Ramkota in Pierre. They have a wine license, you could get a drink on a Sunday but they have to meet the hours of operation, the whole premises, he's assuming, are probably covered by that license. So consequently, when their hours of operation for using their liquor license ends at 2:00 a.m. they have machines in that Ramkota, wherever they may be, by virtue of your rule, could not be played.

Mr. Apa stated if his primary business is restaurant, let him run the restaurant. A convenience store their primary business is fast food, quick sales of gas, they can run the machines.

Mr. Tellinghuisen raised another question, what about the convenience store that sells beer, they hold a liquor license, they can't sell after certain hours but they're open 24 hours. Are they going to have to discontinue allowing people to play their machines under your current rule. I would argue they wouldn't. Mr. Tellinghuisen further stated, with this rule reading the way it does right now, I think they'd have to discontinue using the machines because they hold the license and the rule does not speak of whether the license is the primary business. It just says that a license which requires adhering to certain hours of operation.

Mr. Caldwell stated his question was that the restaurant was not serving wine during the statutory period, yet does serve wine - but the restaurant continues to function as a real restaurant from 2:00 a.m. to 7:00 a.m. Primarily a breakfast business, which is what Las Vegas is all about.

Mr. Nord asked if in 20:18:21:12 inserted after after the first statement, hours of operation regarding his primary business may not... His primary business is a restaurant - if your primary business is a bar, you're dead.

Mr. Tellinghuisen asked how will you make that determination, will it be on a gross sales formula or revenues generated. Mr. Tellinghuisen further stated he knows there are ways to determine which accounts for greater sales but is that the basis that you want to use in determining this.

Mr. Caldwell stated his situation would be a little more interesting in that he has possibly two primary businesses. In his scenario one primary license would shut down, there obviously would be no liquor sales. The 15 slots ancillary to that wine bar license shut down, the restaurant which carries a complement of another 15 slots, stays open, serves coffee and breakfast, the tourists get off the bus and they crank the handles.

Mr. Tellinghuisen stated the only time they would run into his questions is where they're so integrated, its one business, a restaurant that sells liquor.

Mr. Gromer stated the determination to that would have to be off the gross revenue.

Mr. Keehn stated he didn't think gross revenue would be a fair determinative, take a situation like the Saloon, Aunt Sally's, but in order to not have 40 some employees, but all along I have planned on licensing Aunt Sally's as a retail gaming license. Because for another factor, Aunt Sally's will operate the gaming. Aunt Sally's certainly does not outgross the Saloon but Aunt Sally's has the primary gaming license. They are in the same building.

Ms. Crew stated if they can sell lottery tickets and do all this video lottery I don't know why we can't have gaming. I'm ready to call the question.

Mr. Caldwell stated if the Commission was ready to call the question now, and the Commission allowed him to give the statutory seven copies in the morning. He would like to see it come to a question.

Mr. Blair stated thought Mr. Caldwell's language probably needed to go a step further rather than restaurant, because there are going to obviously be businesses, whether they are hotels, motels, 7-11s, whatever they choose to be open. He understood the overlap, particularly in a large building like they may have, where liquor can be sold throughout that facility during the hours of its operation. But when that bar in that facility shuts down and locks its doors, then liquor can't be sold. I think that's the determination, is the ability to sequester off that bar and whether gaming devices are actually tied to that bar license or whether - for instance, we will have three at least, primary businesses in the convention facility. We will have a motel, a restaurant and we will have a liquor establishment. We will probably also have a convention facility. In someplace in there we will tie 15 devices to two of those major businesses, and I can tell you right here that none of them will be to that bar license. So even though that bar can expand out and sell liquor to the convention facility, to the restaurant and obviously even to people in rooms that have hosting rooms and things like that. When that bar is closed and the door is locked it no longer is in operation but yet I still have maybe two or three businesses that would be 24 hour a day businesses. I think even John's language needs to be expanded beyond a bona fide restaurant, I think it needs to say bona fide business that is open 24 hours per day.

Ms. Wagner stated if you have gaming 24 hours per day and if you have a liquor license, you have to abide - you can't serve liquor during those times as stated by your liquor license so you've had such a battle as to your sale of your available liquor licenses I would think that you'd be quite protective of them.

Mr. Nord asked Mr. Srstka what in our statute says we have to have hours of operation.

Mr. Srstka responded there is nothing in the statute that requires any limitation on the hours of operation.

Mr. Nord asked if there was something that has to be ancillary to a main business.

Mr. Lien stated that the people of Deadwood passed this law. They put tight reins on it for 15 machines per business, his feeling was ever since that was passed he's hearing all sorts of gains to pull it from 15 to 30 in the same business and operate more hours. He had no objection, it would mean more money for the state, for Deadwood, Lawrence County or this Commission. But he wanted to point out to them that it was a different interpretation than when they first told him that wasn't the route you were gonna go. Mr. Lien stated he had no objections to that if they can legally do that. But they were opening the door, he could see it coming to have more machines per building, more hours, more open - this Commission does not want to get into a whole bunch of hassle of doing something illegal or being in court. If what I'm hearing is correct, then we're welcome to accept the motion and change the thing and move on it.

Ms. Crew stated she wasn't crazy about Mr. Caldwell's language but she liked the concept. Ms. Crew further stated what if they rewrote that section to say "gaming may operate 24 hours per day provided, however, that any licensee holding a liquor license or any other license must not violate any provisions of that license."

Mr. Keehn stated this would work because they charged \$75,000 for the last liquor licenses. They would not put that in jeopardy.

Mr. Lien closed the public hearing for adopting the rules and return to a regular meeting.

Mr. Fischer stated he would like to hear what Mr. Tellinghuisen had to say.

Mr. Lien stated he would be called upon when the question is on.

Mr. Nord asked what would be wrong with just adding the words "a licensee who has another license requiring limited hours of operation regarding his primary business may not conduct gaming." That eliminated 90% of your problem.

Mr. Tellinghuisen stated as he looked around the room there was only one other person in the room that was with him when they sat down with the sub-committee that re-wrote the statutes that finally passed the Legislature. He knows that having worked on those for several days in sequence and all hours of the night with that sub-committee, that they understood that there were going to be gaming machines in the 7-11s and in the S-Marts and places like that. They also understood that they weren't going to be able to sell beer and things that they would otherwise sell, but that the gaming would still go on. They were concerned about, for instance, a liquor establishment which shut down, staying open just for gaming. They wanted to make sure that the gaming was only incidental to the operation of the primary business. I think Evans suggested an amendment here comports with that intent, as I understood while we were having these protracted meetings over this thing.

Mr. Srstka stated the only thing is - that the gaming has to be incidental to the business. If you keep gaming going after the business is closed its no longer incidental.

Mr. Tellinghuisen stated he understood - I don't believe his - would not allow that to happen. For instance, its a distinction without a difference to say to a 7-11 can continue gaming but a restaurant that has a wine license that goes with its restaurant cannot, if the restaurant stays open 24 hours.

Mr. Srstka stated that the restaurant was in a hybrid position but it still has a liquor license.

Mr. Tellinghuisen gave another example of a flower shop, somebody wants to stay open 24 hours per day and have gaming devices in there they're still going to have to meet the test that the gaming is incidental to their flower shop.

Ms. Crew stated the incidental test refers to license, it has to be incidental to some other business. What does that have to do with hours of operation. Ms. Crew didn't see where the two equate. That would be incidental to the licensing to begin with.

Mr. Lien read one sentence out of the law "the retail gaming license shall be incidental to the primary business conducted by the retailer and may only be granted to a person conducting the business."

Mr. Nord stated if the words regarding his primary business after operation it would be covered.

Mr. Keehn stated it would be a rather unfair advantage over a liquor license holders. You should not be forced to close just because you hold a liquor license.

Mr. Nord stated you bought that with the liquor license. It doesn't go with the grocery store or the hotel or the motel.

Mr. Keehn stated they paid for the privilege of serving alcohol and that privilege, by statute, has some time restrictions on it. I don't feel that gaming should be restricted by virtue of that if alcohol is not served during those time of operation.

Mr. Nord stated from a practical standpoint, do you think a bar would stay open February 28, just for gambling.

Mr. Keehn stated if there were tour buses coming in they could be. If there was no - I don't think just because you hold a liquor license you should be forced to close. I could envision closing the saloon part off at 2:00 and serving food and coffee, if it was necessary - free enterprise dictated that that was smart move. Common sense would tell me it would be really stupid to try to abrogate any liquor law and lose that license. If there were some players, a poker game might last till 4:00 - 5:00 in the morning, I might

stick around, make them sandwiches, make coffee, they were already operating off tilt, I may sober them up before I sent them home.

Ms. Crew asked Mr. Nord if he had a problem with gaming may operate 24 hours per day provided, however, that any licensee holding a liquor license or any other license, must not violate any provisions. Ms. Crew stated the other thing they could do was just repeal the whole section, there wouldn't be any hours stated.

Mr. Lien asked Mr. Tellinghuisen for his recommendation and any input on how the problem should be attacked. Mr. Lien further stated greed has raised his head and we're looking for more money.

Mr. Tellinghuisen stated it's a policy decision for this board. There isn't a nickel's worth of difference between Karen's amendment and Evan's amendment. They both would allow gaming to continue after a liquor licensee discontinues selling liquor.

Ms. Crew stated she didn't read Evan's that way.

Mr. Nord stated he was responding to Mr. Caldwell's upstairs bar, downstairs restaurant.

Mr. Tellinghuisen stated he did not believe either one of those are violative of what the Legislature did by imposing the requirement that the gambling be incidental to a primary business.

Mr. Tellinghuisen asked Mr. Srstka if there was a specific statutory requirement that this Commission determine hours of operation.

Mr. Srstka replied no.

Mr. Lien called on Mr. Oberlander.

Mr. Oberlander stated from the very first meeting the Commission asked for comment and he thought 1:01 was the hour at issue. I think I said lets holding gaming to the hours of operation. Mr. Oberlander stated he did not know how many of the people in attendance were full-time city residents, some are, many are not. For the people that live in town, they said limited gambling. If you limit it to 24 hours per day, that's great. But I think the idea here was to keep Deadwood kind of the same place, to make it more fun to come to but I don't know if 24 hours of traffic is going to be much fun for the people who live here 24 hours a day. It certainly isn't going to be much fun for our police department. My opinion is, and it hasn't changed from the beginning that I would like to see some limitation, at least some closed hours at some point during the day. Its probably not a very popular opinion, but that was my opinion to begin with. You still have 2,000 full-time residents in this community who is going to bear the brunt of the traffic and the - law enforcement, those kinds of things that have to be considered. Not just the people who are in the gaming business I think money - I think you hit it on the head you set the rules and now the rules

are going to start to change a little bit. In North Dakota I understand you fit more machines into more places and bring more people to town.

Melody Nelson of the Deadwood You Bet Committee stated we specifically stayed away from that when we wrote the statute. We never intended to limit the hours. We talked about it at times but we thought that if a business indeed stayed open 24 hours then they should be allowed to gamble 24 hours. In my own business, right now, is a bona fide business before we ever started to gamble, we open at 6:00 a.m. Does that mean for an hour I have to close off the slot machines if I choose to have slot machines. Or the motel part that's open 24 hours a day. The Deadwood You Bet Committee, yes, limited gambling, but we never once intended for the hours to be limited.

Ms. Crew stated wouldn't you think of limited gambling as limited to three games?

Ms. Nelson stated that's right, and limited in the bet and the size, the amount of games.

Mr. Keehn stated he thought Ms. Crew's amendment accurately corrected it without the scrutiny in liquor license. I think that free enterprise will dictate whether a person stays open late or not.

Mr. Blair asked Mr. Tellinghuisen if a bar as a building stay open and not serve liquor after 2:00 a.m.?

Mr. Tellinghuisen stated yes, I think you can. You can't serve it and you can't consume it.

Mr. Blair stated in essence the Old Style could be open 24 hours a day provided that it statutorily did not serve any liquor or allow anyone in that establishment to consume liquor during those hours. My suggestion to the Board was that 28:18:21:12 is redundant. You could probably strike it from the rules altogether because you already have, in statute, rules of that licensee's operation and he has to abide by those rules and if he can't serve liquor from 2:00 a.m. until 7:00 or 8:00 a.m. then he has to follow that law. If he doesn't follow that law that gentleman in the corner (Gromer) and that gentleman in the chair (Tellinghuisen) are going to come down with both feet and the simplest thing may be to strike the whole measure altogether.

Mr. Nord suggested these remarks be received and take under advisement tomorrow.

Mr. Lien stated this issue would be taken up in the morning. Mr. Lien then returned to the public hearing for any more input.

Mr. Lien then returned to the regular Commission meeting and asked Mr. Gromer for his progress report.

Mr. Gromer stated just to update you, as I alluded to you in the meeting prior to this I have had contact with representatives from McGladrey &

Pullen concerning certain consultation involving auditing and account. I have submitted to you certain proposals that they have put to us. After some discussion Ms. Crew moved that Mr. Gromer be authorized to enter into a contract with McGladrey & Pullen in view of the fact that his investigation indicates that they would be an appropriate firm for us to contract with and not to exceed \$120 per hour. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer advised the Commission that he has entered into a contract with Mr. Richard Tobin for office space. It is anticipated that Mr. Gromer would be moving into that particular office area after the Labor Day weekend. The cost will be \$6.50 square foot/year. Mr. Gromer further stated that he did have to enter into a three-year contract.

Mr. Gromer stated that he has advertised for an Administrative Assistant and Security Director. The deadline for receiving applications is August 15th.

Mr. Gromer stated that Mr. James Maida of New Jersey has been retained for slot machine testing and specifications. Mr. Maida informed Mr. Gromer that if the rules can be adopted at this public hearing and we proceed immediately, all testing of the machines should be able to be done within a 45 to 60 day time period with no problem.

Mr. Lien stated a request to support the Western Expressway was requested. Mr. Nord stated it was out of our jurisdiction. After some discussion Ms. Crew moved that the request be tabled. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer stated that to date we have received 13-14 support license applications and one retail application. He encouraged the people of Deadwood to get the applications in so DCI can get ready to go on the background investigations. He wished to have them concluded the first week of October.

Mr. Lien then declared the meeting adjourned to reconvene at 10:00 a.m. August 17, 1989.

AUGUST 17, 1989
10:00 A.M.

Mr. Lien called the meeting to order with the following members present: Karl Fischer, Karen Crew, Evans Nord and Kristi Wagner. Also present were: Don Gromer, Executive Secretary, Cora Hunsley, Secretary, Bill Srstka and Kit McCahren, Attorneys.

Mr. Lien entertained a motion that the white copy of the rules be adopted as a working set of rules. Once that has been adopted he would like to go down the rules, finish that up, have the Executive Secretary go through the rules and note all the changes made in this and point out any strong differences. The Commission will probably cover each item and try and settle those, but there will be no public input. This will be done to get something finished on the agenda and the clock running. Mr. Lien stated that they have left areas for changes that the people can propose and the Commission can change. Mr. Nord, Ms. Crew, Ms. Wagner and Mr. Fischer moved the white copy be adopted as a working set of rules. Second by Ms. Crew. MOTION CARRIED.

Mr. Srstka suggested the Commission adopt Mr. Gromer's comments from yesterday and make those part of the working copy. Mr. Lien entertained a motion to adopt the comments added to the working rules by our Executive Secretary yesterday. Ms. Wagner moved these comments be adopted. Second by Mr. Fischer. MOTION CARRIED.

Mr. Lien asked Mr. Srstka to review Mr. Cabot's comments and suggestions. Srstka stated that quite a few have been covered in Don Gromer's comments but there were quite a few that weren't covered.

20:18:03:03 Delegation is a valid comment and that should be dealt with. Mr. Lien then read Mr. Cabot's recommendation: The Commission may wish to consult with its counsel to ascertain whether the total delegation of a statutory mandated action would be lawful. In the situations requiring a decision be made by the Executive Secretary, the Executive Secretary may assign employees to research and report the problem. But, the Commission may wish to require that the Executive Secretary make the actual decision. Mr. Srstka stated the reason he says this is because of the comments from Doug Decker of LRC about delegation. Mr. Srstka stated it should be cleaned up so the Executive Secretary makes the final decision based upon any power that he's delegated his employees. Ms. Crew moved to adopt the rule. Second by Ms. Wagner. MOTION CARRIED.

20:18:04:01 Petition for Declaratory Rule; 20:18:04:02 Commission Action on Petition has been covered. 20:18:04:03 Number of Copies of Petition; there is nothing you can do about payment of fees, only in the situation of insurance and voluntary compliance can you do that.

Mr. Gromer pointed out just for a matter of record on the rules we had a mis-number there I think we had a 20:58:04:83 I think it ought to read 20:18:04:03 in our rules.

20:18:04:03, Mr. Srstka stated there wasn't anything they can do about that the law restricts, you have to get a statutory change.

20:18:05:01 Number of Copies of Petition, nothing you can do about that, that's a statutory requirement about petitions for rules change.

Licensee's Contracts, Mr. Srstka stated he had a comment he made at the beginning to amend 20:18:01:01 to add a new definition defining gaming contract. Ms. Crew moved to include in 20:18:01:01 a new definition defining gaming contract. Mr. Cabot referred to Appendix A, New Jersey's definitions. Ms. Crew amended the motion to redirect counsel to draft language in regards to gaming contracts and look at New Jersey's definition. Second by Mr. Fischer. MOTION CARRIED.

Page 5 is just a summary. Page 6 is a summary.

Page 7 is a summary but there are some other items that Tony suggested go in the application forms. There will be some changes on application forms 20:18:06:01 it will be picked up.

Page 8, Comments on Proposed Regulations, Tony suggested the catch line of 20:18:06:01 be changed. The second paragraph is an important one, the Commission should consider requiring the applicant to sign a document releasing all claims that may arise out of or by reason of the processing or investigation of the applicant. We have that now and it may not be necessary to put in a rule. Tony thought it ought to go into a rule even though its already in the application. Ms. Crew moved that it be included in a rule. Second by Mr. Nord. MOTION CARRIED.

Mr. Srstka stated he asked Mr. Gromer on the last paragraph, As the Executive Secretary must direct the staff in the conduct of the investigation, the Commission may wish to consider giving the Executive Secretary the authority to require the applicant to complete additional forms and to supply documentation needed to complete the investigation. It was already included so doesn't think we need it.

The top of page nine there are two indented quotes that he proposed as rules. Mr. Srstka stated they were already covered.

20:18:06:03 Use of the application fee-additional fee, was already covered.

Page 10, 20:18:06:04, no comment; 20:18:06:05 Termination of Employment of Support Licensee. The only change was to include in writing. 20:18:06:06 Conditions Imposed by Commission for Reissuance of License. Mr. Cabot suggested that it be expanded to include conditions for issuance of a license in the first place. The Commission has that authority to do that. 20:18:06:06 would have a new section Conditions on Issuance, lets call it

20:18:06:07. Ms. Crew moved that the addition be added to the rules.
Second by Ms. Wagner. MOTION CARRIED.

20:18:07:03 Hearing on Reference or Appeal, page 10 and 11, a very important policy decision. The way these rules are drafted, the Executive Secretary can license and if the license is refused, can appeal to the Commission. I would be more comfortable with adopting Tony's comments where the Commission does all the licensing, the Executive Secretary can make a recommendation. It should probably be adopted and re-write those sections accordingly. Ms. Crew moved we adopt that rule but adopt Tony's comments as well and that we instruct our counsel to draft language consistent with Tony's comments into that rule. Second by Mr. Fischer. MOTION CARRIED.

20:18:07:08 Job Description-List of Personnel. Mr. Cabot wrote The Commission may wish to consider a separate rule that employment by a retail licensee of an unlicensed person who is required to have a support license is grounds for disciplinary action. Mr. Gromer stated it was already taken care of.

Page 13, Transfers of Interest. Mr. Cabot's comment was The Commission may wish to consider a rule that no person shall sell, purchase or otherwise convey or acquire an interest in a gaming operation without the prior approval of the Commission. Ms. Crew moved that in the event Mr. Cabot's comments regarding that rule aren't written into the language the Commission instruct counsel to draft a rule to effectuate that. Second by Mr. Nord. MOTION CARRIED.

Other Individuals, this suggestion deals with two parts. Part of it we may have covered, the act does not require the licensing of persons who have a right to share in the profit. The rule that we have would require a licensee to report quarterly the name of every person who has a right to share in the profits. Mr. Cabot suggested the Commission may wish to supplement this rule by providing that it is grounds for disciplinary action for a licensee to share profits with an unlicensed person without the prior approval of the Commission. Moreover, the Commission may wish to consider a rule that would allow it to prohibit licensees from having associations with unsuitable persons in positions such as landlord. Ms. Crew asked if the bank wanted to take as collateral proceeds from gaming, net proceeds, they would be unlicensed, we would require them to be licensed, of course. Would it just - that we be notified of it? Mr. Srstka stated that's what this rule would say, notification and prior approval. Ms. Crew moved that we supplement our rules to include the Commission be given notice and has the right of prior approval of any licensee sharing profits with an unlicensed. Second by Ms. Wagner. MOTION CARRIED.

Mr. Srstka stated unsuitability was covered but it's not covered as far as landlords are concerned. You would want to consider a rule that would you to prohibit a licensee from having association with unsuitable persons in positions such as landlord. Mr. Srstka stated this was another thought, 20:18:09:01, page 18 starting with (5) going on through (19). Mr. Nord moved that 20:18:09:01 the additional provision that the Commission prohibit

licensees with having associations with unsuitable persons who happen to be in the position of landlord. Second by Mr. Fischer. MOTION CARRIED.

Slot Manufacturers/Designers. Mr. Srstka stated this one should be passed.

Tie Votes. Mr. Cabot asked what happens to tie votes, Mr. Srstka stated the motion was lost.

Locations, Mr. Cabot asked if the Commission wished to define locations. After discussion it was decided to let the City handle this by zoning.

The number and types of games, does the Commission wish to exercise this authority? In other words to limit you can have no more than "X" amount of card games, no more than "X" amount of table games, no more than "X" amount of slot machines. Do you wish to exercise this authority or not. The Commission said no. Second, if the Commission allows more than three or four live games at a location, you may wish to require more extensive security measures including surveillance cameras, pit personnel and fill, credit and drop procedures. I think you're already considering fill credit and drop procedures and you're tying that in with pit personnel so I guess your talking about electronic - Ms. Crew stated why don't we just reserve it. You don't have to go the rule procedure again because we reserve the rule on that issue. Mr. Srstka stated we could put it in as a catch line and put reserve. You could adopt the body of the rule, you'd have to adopt that its - you'd have to say Section catchline Electronic Surveillance and then put reserved in (). Mr. Nord asked that it not be put in.

Page 14, Shareholders Owning Less than 5%. Mr. Srstka stated Mr. Cabot said if there is any concern about unsavory elements infiltrating, coming below the 5% exemption, you may require them to complete as many applications, requiring such people to skeleton information as to their background and source of funds, and requiring them to attest that they are not holding their interest for any other party. If a cursory investigation raises concerns, the Commission may wish to have a provision requiring the person undergo full investigation. Ms. Crew moved that they adopt the comments by Tony into that rule and that counsel should draft the rule effectuating that. Second by Mr. Nord. Mr. Gromer asked if this would permissive language in a sense that we may conduct it doesn't mean that we will? Ms. Crew stated if you run into some problems you can require more. MOTION CARRIED.

Srstka stated on page 15 Tony has two good comments on 20:18:08:01 Enforcement Powers, they were partially addressed yesterday, I don't know if they were adopted. That is the two indented paragraphs on page 15. Two catchall provisions to add to the enforcement powers of the Commission. Mr. Gromer stated they were read.

20:18:08:03 Access to Premises and Production of Records, the words licensee person are undefined words. Srstka stated that was a typo that has been cleaned up. He talks about including all employees and agents of the agents of the licensee. As far as the qualifying licensee or designated manager or agent - Don, did you study that part right there. Mr. Srstka stated he

thought the Commission ought to include that, the Commission may wish to expand the list to include all employees or agents of the licensee. Ms. Crew moved that Tony's comments on 20:18:08:03 be adopted. Second by Ms. Wagner. MOTION CARRIED.

The last paragraph deals with false impersonation and we felt that there wasn't going to be any problem with that at this time.

Page 17, Proposed Rule 20:18:09:01 striking those three subsections you did yesterday.

20:18:10:01, 20:18:10:02, 20:18:10:03, this you did yesterday, frivolous complaints, so you already adopted that on the Gromer comments. Same way with 20:18:10:04.

20:18:10:05, I talked to Tony about that, he misread our statute rules so we can disregard that comment.

20:18:10:06, 20:18:10:07 and 20:18:10:08, no comment.

20:18:10:09 Disqualification, I thought that we disqualified a Commission member who signed a complaint. We did. Why does he say there is no general requirement for a Commission member to be disqualified because that member filed a complaint. I suppose he means in the gaming law, there is a requirement in the Administrative Procedures Act. We can disregard this comment.

20:18:10:11 Final Action by Commission. Again I explained to Tony that the Commission did not have authority after a formal hearing, condition, monetary penalty or assessed cost. It does have the authority under stipulated settlement to require payment of cost. Ms. Crew asked if a statute was needed for this. Srstka stated you will need a statute for the monetary penalty.

Page 22, 20:18:22:11 Gross Revenue Computations, terminology change, substitute black game for table game and poker game for card game. Mr. Fischer moved the changes be adopted. Second by Mr. Nord. MOTION CARRIED.

Srstka stated the forms - he says how are the tax forms to be adopted? The forms could be adopted by rule, by the Executive Secretary, by delegation, or by separate vote of the Commission. Srstka asked if there was something about the adoption of taxation forms? If not, we should say upon forms furnished by the Commission. Ms. Crew asked if there was a rule that the Commission generally have the power to approve them? Gromer stated that was referring to the application forms, there is nothing that I can remember on any other forms. Srstka stated the tax should be paid on forms furnished by the Commission. Ms. Crew moved that in the event we do not have a rule that we feel sufficient to cover adopting forms on taxation that we direct counsel to draft a rule that would effectuate that purpose. Second by Mr. Fischer. MOTION CARRIED.

20:18:15:14 Proposals for Variations, Tony says that we should more precisely state that rule with the quote Upon written application of a retail licensee, the Executive Secretary may approve variations in the shuffle... All it does is require writing. Ms. Wagner moved that Mr. Cabot's recommendation be adopted. Second by Mr. Nord. MOTION CARRIED.

20:18:15:30 Irregularities, Mr. Cabot recommended it be clarified that if the card is refused by the player and the dealer is not required to draw additional cards pursuant to Rule 20:18:15:29, the card must be burned. Mr. Fischer moved this change be adopted. Second by Ms. Wagner. MOTION CARRIED.

20:18:16:07 Form of Wagers. Mr. Cabot recommended the Commission consolidate the blackjack and poker and place it in the General Operations section. Ms. Crew moved that we place that particular rule, consolidate the blackjack and the poker in regard to form of wagers into one proposed rule 20:18:15:31 - Mr. Srstka asked to interrupt, 18:15:16:08 and 18:15:16:09 deal with the exact subject, consolidation, placing in the General Operations. Ms. Crew then stated and that we direct counsel to draft the rules regarding those three rules to effectuate that. Second by Ms. Wagner. MOTION CARRIED.

20:18:16:10 Use of Counting Device Prohibited. Mr. Srstka stated he thought what the Commission can do is take both uses of counting and cheating devices and blackjack and poker, consolidate them and stick them in general operations, just like we just did with the other three. Mr. Fischer moved that this be adopted. Second by Mr. Nord. MOTION CARRIED.

20:18:16:38 Use of Defective Deck. Mr. Cabot stated the Commission may wish to consider including a definition of a defective deck. The Commission did not wish to make a change.

20:18:16:45 Proposals for Variations. Mr. Srstka stated this was another area where you could take two sections and combine them and stick them in General Operations. Ms. Crew stated that it should be indicated that counsel should review the rules and any section where they think they should be in the General Operations section, they be redrafted and put them in the General Operations section so long as the meaning of the rule does not change. If they want to rearrange a section they should draft it to effectuate that purpose. Srstka recommended to leave as is.

20:18:16:48 Procedure for Accepting Cash at Poker Tables was a written comment received from the industry out here and is also talked about by Tony, its the use of an imprest bank at the poker table. There is enough authority in the rules to allow the executive Secretary to permit it once you get going. If there isn't enough authority maybe you want to give the Executive Secretary the authority to approve that, but I think its there. Mr. Gromer stated based upon the comments that Tony has given and the comments that were received from the industry out here, he would probably concur that its a necessity to have an imprest bank at the poker table. Mr. Fischer moved that this be adopted. Second by Ms. Wagner. MOTION CARRIED.

20:18:16:51 Procedure for Distributing Poker Chips and Coins to Poker Tables. This would be part of the imprest bank. Mr. Gromer stated that would probably change the semantics of the rules if we went ahead and used the imprest bank system.

20:18:17:06 Progressive Slot Machines. Srstka stated first there was some talk about allowing them, not allowing them, they are in the rule now. Srstka read Mr. Cabot's comments. Srstka asked if the Commission wanted to prohibit progressive slot machine teams. In Nevada somebody will hire a bunch of people, pay them a flat rate and their job is to play progressive slot machines for four hours. Gromer stated what they do is watch the calibration or meter readout on the payout procedure and when they see that its at the point of payout or exceeds it the theory is to embark on attacking machines and they hire people to consummate all the machines at a simultaneous time and start feeding money into it until which time its hit. They will not allow anybody outside the team to play the machines. Gromer would recommend on the handling of these teams, that a small community such as Deadwood, that if they saw such an activity occurring, I would certainly appreciate, from a security angle, that I or my office be notified and we will certainly instigate the necessary investigation procedures on an orchestrated team of that type. Ms. Crew stated Tony suggested they be excluded. Mr. Srstka stated he would not be recommending adopting, exclusion of a rule until you know better what - Mr. Blair stated don't you feel that if that should happen, you already have - particularly at your card tables you talked about yesterday, you have the ability to refuse the service to anyone and ask them to leave your establishment. I guess as a good businessman you would think that has a negative impact on the industry. We have the ability to do that right off the top. If we find that a group attached themselves on a machine if it was ready to be paid out - Gromer stated it would be advantageous if we were notified about that. This Commission has the authority to articulate public policy. You ought to say its the public policy of the State of South Dakota not to have these teams. Mr. Srstka stated this ought be postponed. You may have to have the legislation to modify the contract law to make sure you can do what you want to do. Mr. Apa asked if you had four machines tied into a progressive, four people walk up to it and start playing, how do you identify teams. Mr. Gromer stated a lot of it depended upon the circumstances, if they play it for two, three, four hours, that's another matter. But if you start seeing them embark on a 24, 36, 48 hour affair. The only person who can get hurt on that type of affair is the retailer. Mr. Howard Daniels of Las Vegas stated it was common knowledge that teams play. That kind of thing is pretty much tolerated. Teams lose money too.

Mr. Lien called a short recess while the attorneys contacted James Maida in New Jersey.

Mr. Lien called the meeting to order. Mr. Lien stated from his understanding that no limits would be set on payouts, but probably a guarantee of an irrevocable letter of credit would be imposed on the gaming establishments to make sure that it was met to protect the players. Ms. Crew stated there was another proposal that there be some kind of pot in the Commission's name that it is commensurate with how the play is - do you

think we should consider this as well. Mr. Lien stated from his view, rather than get involved is to have each establishment put up a irrevocable letter of credit. Dave Harcourt of SoDak Gaming, stated there are two kinds of progressive systems under discussion simultaneously and we need to separate those two. A progressive system can operate inside one establishment with the machines that they own or operate and the Commission is going to have to address that in terms of how that is going to be paid in security. The other kind of system on an interlink progressive system through the community where all or nearly all of the operators are tied to it does not necessarily have to be fronted by the operators themselves, so they would not necessarily have to put up the cash. Because that's done on an assessment back basis in a minuscule kind of guarantee from the progressive operator to start the fund would give you the security you need, because the bank account would, in fact, hold the fund in the name of John Doe, Winner. Therefore, the bank would be responsible, if the bank goes under we've got a problem. I don't think there's a problem of putting that account in the name of the Commission, but interest would definitely be a part of the discussion, because a good of the profit of the progressive system is the fact the interest rate is paid by the bank. Ms. Crew stated there would be a problem putting it in the individual person's name, is it your intention to put it under SoDak's name? Mr. Harcourt stated no, John Doe, Certified Winner name. Mr. Harcourt asked, can the Commission put in some sort of general language that says that a plan must be submitted that meets the fiduciary requirements of guaranteed payment back to the winners and protect the Gaming Commission and the players? Mr. Lien responded the Commission could do that as long as they approve the plan. Mr. Harcourt responded they would like to have the flexibility of either having a system in their place by themselves and put a cap on it, but some may want to go together on one and let it run. They'd make the deposits every week. They would like to have that kind of flexibility to deal with it in the future. Gaming Commission approval is mandatory. Mr. Trucano stated maybe as a starting point to have a signature withdrawal from that account, Mr. Gromer could be one of the signatures, the operator - Mr. Apa wanted to know if it would be a total payout or a 20 year payout.

Mr. Lien stated he was waiting for the attorneys to return, so he would like to cover some other business. Mr. Lien stated the next meeting will be in Pierre. Ms. Crew moved that the next meeting be held in Pierre on September 27, 1989. Second by Ms. Wagner. MOTION CARRIED.

Mr. Lien then asked Mr. Srstka to continue covering Mr. Cabot's recommendations.

20:18:17:10 Keys to the Drop Bucket.

Mr. Gromer stated there were some suggested comments he would like to bring to the attention of the Commission, particularly 20:18:17:11 Slot Machine Keys. Gromer stated the suggestion made is that 20:18:17:11 should read "the key to the compartments securing the drop box must be maintained and controlled by the machine owner instead of retail licensee. It is my understanding that there will be certain arrangements made between an operator and retail licensee where the operator will maintain the count in

the drop procedures. Therefore, they feel they should have control of the key to their own machine.

20:18:17:12 Jackpot Payouts. Mr. Srstka read Mr. Cabot's recommendation to rewrite the rule. Lien asked if they wanted four signatures, four employees or two. Srstka replied on page 100 strike out (7). Gromer stated he received a good suggestion, (6) only requires signatures of the retail licensee and the suggestion was the person paying the jackpot and the slot patron receiving the payment. Gromer stated he and IRS would need more information than just the signature of the name receiving money. We're gonna need name, address, social security number, etc. from the patron. Ms. Wagner asked if following that it should read the jackpot payout tickets must be delivered to the accounting department of the machine owner rather than the retail licensee. Gromer responded yes. Mr. Nord asked if this would be possible. Gromer responded if you own an establishment (A) and I furnish machines to you on some type of a contractual basis, someone comes in and hits the jackpot, you're not gonna pay the jackpot, the operator or the machine owner will. It will be his responsibility to be there on site to pay the jackpot. Srstka stated what the question would be would be to strike (7) on page 100 and make the necessary changes in (6) to provide for the appropriate tax information. Ms. Wagner moved the changes be made. Second by Mr. Nord. MOTION CARRIED. Srstka asked the last sentence of Mr. Cabot's comments, the person actually operating the machines should maintain the accounting for the machines. Gromer stated the person operating the machine should maintain the accounting for the machines. Gromer requested for the simplicity of accounting procedures and the collection of fees and taxes occurred thereof, he would like to cut down his workload and have the machine owner again be responsible for the submission of the gross revenue tax receipts and the actual licensee stamp itself. Srstka stated it should be in the form of a motion. Ms. Crew moved the change be made. Second by Ms. Wagner. MOTION CARRIED. Srstka stated in other words the person who owns the machine is responsible for payment of stamp and tax for registration, taxation and licensing. After discussion for the definition of owner or operator. Mr. Trucano stated operator is defined in the statute as one and the same. Gromer stated the question brought to his attention on the definition of operators and retailers is in the application proceedings. There is some confusion as to whether or not one should apply for a retailer license or an operator license. Gromer stated he felt that if you're going to own your own machines in a given establishment that makes you an operator. If you are going to lease machines or enter into some type of a contract with an indemnity to provide you machines, then you are a retailer. Srstka read the definitions of operator and retailer. Mr. Lien stated if you are an operator and a retailer in your own place you will have to buy a license for both the retailer and an operator but one security check. Gromer stated they would have both licenses because it's prescribed by statute. By statute they would have to pay for those licenses the only thing we're not doing is charging them the excess for the background because it's the same background. Srstka stated that the owner of the machine is responsible for the registration, taxation and licensing. As Don suggested there is an ambiguity that is going to have to be resolved, because operator wouldn't necessarily have to be the owner of the machine. Ms. Crew asked how would you suggest solving the ambiguity? Lien asked what the question

was. Srstka responded you adopted the owner of the machine with the understanding that that definition may not fit into - the owner may not fit into the definition of an operator or the definition of a licensee. Ms. Crew amended her motion to insert operator instead of owner. Second by Ms. Wagner. MOTION CARRIED.

20:18:17:16 Meter Count Procedures. Gromer stated he would like to give the opportunity to the operators to either use a coin counter or a weigh machine. Srstka asked if they were going to use a weigh machine, coin counter, wrap machine, all of them or none of them. Lien stated it was coming up to be voted on. Gromer also brought to the attention of the Commission is a test run of 25 coins, a recommendation was made to change that to four.

20:18:18:03 Report of Test Results. Srstka read Mr. Cabot's recommendations. Srstka asked the Commission's thoughts on the licensing of machines already approved in another state. Srstka also stated if it would say the Commission would not look at any manufacturer or machine unless they're licensed in New Jersey or Nevada would not be a problem. Just to give blanket approval to any person who is licensed in Nevada or New Jersey would be a problem and to say you are giving approval to any machine licensed in those jurisdictions, I have a problem with that. Ms. Crew asked if it would be the time to bring it up, it would sort of fit in with slot machine specifications. Mr. Lien suggested the Commission shall have the authority to approve up to six models of any manufacturer currently holding a license in Nevada or New Jersey, shall be permitted to offer for sale no more than who the manufacturer licensed in either New Jersey or Nevada so long as the machines have been tested and approved by said jurisdiction on the date of the adoption of the rules. McCahren responded Section 18:04 Field Test of New Slot Machines, the Executive Secretary already has that authority. The Executive Secretary can make a preliminary determination as to whether a machine meets the requirements of this article and South Dakota law, that machine can be placed for field testing and play. Srstka referred to rule 20:18:13:01, its a general rule that all machines, devices have to be approved by the Executive Secretary. 20:18:13:02, the Executive Secretary may require testing. The machine has a good - something the Executive Secretary could verify that is licensed, proved, tested, has a good history, why does he have to have it tested and why can't he approved that without passing this motion. Ms. Crew stated she was worried about competition in the industry. Srstka stated if you're gonna talk about competition in the industry you would have to revise your specs so they are not exclusive of anyone.

Mr. Fischer read a letter from Mike Trucano which listed seven different things on it which Mr. Trucano received from Universal.

1. Page 85 of the white copy, paragraph 3, line 5, strike out credits available for play.
2. Page 86, paragraph 1, line 3, strike credits available, bets placed, credits or coins paid, credits cashed out, and any error conditions. They wanted those deleted. Mr. Maida recommended they be left in. The reason for it is if the game had a malfunction and a guy says I had a 163 credits when I started here

the last game and now the machine has gypped me. This way you can go back to two games and see how many credits they had and find it out. Maida stated no problem on the RAM storage, at the most it might take 100 bytes of memory on a 16K chip to store this information going back two. As far as any requirements whether this extra information would take very much storage on a chip, he said it would be insignificant.

3. Page 89, 20:18:17:04(2), Mr. Trucano wanted the words or sealed added after locked. Mr. Gromer stated he would like to see one or the other, if one person is going to have it sealed they're all going to have it sealed. Gromer stated he wouldn't have a problem with locked or sealed. Mr. Maida commented that all the machines he knew about carried a lock on them presently.
4. Page 90, 20:18:17:04(8) add the words or sealed after locked.
5. Page 93, 20:18:17:04(f) Trucano wanted to substitute extra coin or coins paid out for hopper runaway. Maida recommended it read Hopper runaway or extra coin or coins paid out. Mr. Trucano stated there was no machine that will detect every hopper runaway so they wanted to define what a hopper runaway was. If the machine is properly operating that condition can be shown but if the machine isn't properly operating then there is no machine that's going to detect every single hopper runaway.
6. Page 93, 20:18:17:04(i), Mr. Trucano wanted the entire section deleted. Maida recommended this not be deleted. Trucano stated the reason - what it was talking about is on the final reel it stops a little above or below the pay line could create a problem on a jackpot or three of a match, the way many companies handle this is they just pay the customers anyway. What this says that in a final position of a reel the position error exceed one-half of the width of a small symbol, on a reel strip it's no good, it's an illegal machine. Ms. Crew asked if he preferred they put in there if it exceeds that it would pay anyway. The machine would be calibrated to do that? Mr. Fischer stated Mr. Maida stated Universal machines in New Jersey already had this capability. McCahren stated they have to have it to make the machine work. Mr. Astbury stated the reel symbols have nothing to do with your pay. The reel symbols are just a reflection of what the computer tells it to do. The actual pay is set up by the computer. Fischer stated all it does is when you start the button the it starts the reels turning - Mr. Astbury stated and the - tells it where to stop. So what happens is mechanically, occasionally, you're machine may index a half of stop off or something on a reel. The computer still would pay it out of the machine. Srstka stated all this requires is that the machine indicate that this error has occurred. He further stated Maida said all it has to do - he said all the Universal machines in New Jersey do this, they indicate when this error has occurred. That stops the machine then the attendant has to come and clear the air. Mr. Astbury stated he didn't know what Universal does. According to what Universal has said to Mike, they do not show what we call a half card, they have no way of finding that out. Trucano stated if Universal has it anyway that would not be a problem.

7. Page 93, 20:18:17:04(j), Trucano requested after itself insert for primary battery user. Ni-Cad battery user must replace battery at manufacturer suggested intervals. Maida suggested it be left in. Srstka stated what this is is that this spec is designed so when the RAM battery is low that it will flash up on the machine. What Mike's suggestion is that if you put a nickel Cadmium battery in there, the machine has a nickel Cadmium battery you don't have to have this flashed up on the machine as long as you have a requirement that the licensee replaces the nickel Cadmium battery according to manufacturers specifications. What Maida says, is that's fine, nickel Cadmium batteries are long life batteries. But, how do you know if you have a defective nickel Cadmium battery, you don't know that without some kind of test being performed.

Ms. Crew asked Trucano if he could get machines to fit Mr. Maida's suggestions. Trucano responded not from Universal as long you're going with this. Mr. Maida said the last two were okay to do it anyway, yeah, I can get a Universal machine. Trucano asked what were the first two. Srstka replied the first two were credits available for play. Trucano responded he couldn't in a timely manner precluding that company and some other companies. McCahren stated Maida thought they would almost have to try to go around that to complete their software program anyway. Go through that step anyway with the other software requirements. It wouldn't take anything at all not to get that in there, they would almost have to try not to do that. Maida said the standard state of the art now is include as many back games as you want, he couldn't imagine how or why you'd even devise a program to go back to the back game unless you had credits available to play in there so you could resolve disputes. Trucano stated he was not an engineer, he spent a couple hours on the phone with Universal after we got the new specs, with Ron and if you don't adopt the suggestion of Mr. Lien's as far as letting licensed manufacturers in Nevada or New Jersey provide up to six models - provide that they meet the statutory specs I think that - these people are telling me that they cannot meet those specs. Lien stated he didn't believe it's the intention of this Commission to limit it only to one manufacturer, we're looking for some competition in this area for all of you and for the good of South Dakota. Gromer stated for the purpose of the Commission's record I think its important to understand how these specifications were derived. When we went to Nevada, Mr. Srstka and Mr. McCahren met with the staff from the Attorney General's office and they told us at that time that they were in the process of drafting these specifications for slot machines. Once they were finished, we obtained a copy of those specifications and incorporated into these. The question I ask is why are these different than the yellow copy, the difference is that because the yellow copy reflects old specifications, these are, if you want to use the computer terminology, is the newest state of the art specifications in the industry today according to Nevada standards. Srstka stated Universal is meeting them right now, in order to have machines introduced in Nevada, they got to meet them. Astbury stated that was incorrect, you could sell any machine that's already been licensed in Nevada. Srstka stated any new machine you bring on-line has to meet these specs. Trucano stated Bill is absolutely correct. What mitigates the

problem in Nevada is that Universal has several very successful models that the build, 1,000 a month, they are brand new machines but they are prior approved models that meet the yellow book specifications and that gives them enough time to develop to comply with the new specifications. Lien asked if what we have done in our specs is really spec'd out anything that's been proved in Nevada and took their toughest one. Ms. Crew asked what do you think about this Commission? The Commission shall have, and I would say in addition to the specs that we're going to adopt, the Commission shall have the authority to approve of the six models of machines of manufacturers meeting statutory requirements licensed in either Nevada or New Jersey or such other jurisdiction as the Commission shall approve so long as the machine has been tested and approved by said jurisdiction on the date of the adoption of this rule. That doesn't mean we wouldn't test them again if we ran into trouble by delegating authority. Because we haven't delegated authority. On a case-by-case basis we could adopt these specs, we could also approve other machines with the Commission's approval. Trucano stated that would be fair, that way you would have a level playing field for all manufacturers rather than one then. In the overall scheme of things what's best for the community and what's best for the player and the operator and the retailer and the manufacturer in the long run, I think that would - Mr. Apa asked if he could make some suggestions, when you're bidding, like when you put out a bid spec like they are, when I was with the county most of our bid specs were cat specs, per se, but not to exclude anybody we always said that any bidder - if he could not meet these specifications must show the deletions or exceptions to this specification. Now if you had something like that in that wording would that allow competition? Ms. Crew stated if Mr. Maida is right and Universal could do this. I can tell you right now the Commission isn't going to approve any other thing except machines on those specifications. What I was hoping this would do is give us the authority, if in effect, Mr. Maida's wrong about that and we only have one manufacturer. This would give the Commission the ability to do that and I think what I'll do is I'll just - why don't I just put in there we will test them. That would do.

Mr. Lien declared a three minute rest stop.

Mr. Lien continued the meeting stating there are some conversations going on between our consultants and suppliers in trying to solve some of these problems so we do not have a solution for that at this point. We will continue on, finish up and come back to these unresolved problems.

Srstka stated we're on page 44 of Mr. Cabot's suggestions. Slot Machine Fill Procedures is something we haven't done yet. There are no proposed rules for slot machine fills. Mr. Cabot recommended that we have the fill procedure. Mr. Nord moved Tony's recommendations regarding Slot Machine Fill Procedures be adopted. Second by Ms. Wagner. MOTION CARRIED.

20:18:19:02 Cards - Receipt, Storage, Inspections, and Removal from Use. Mr. Cabot suggested the Commission divide this into two separate rules, one for storing and one for receipt. Srstka stated actually you're dividing 19:02 and if you look at 19:03 I think you can handle them altogether.

Merge 19:02, 19:03 into the new rule 19:03. Ms. Wagner moved the changes be made. Second by Mr. Fischer. MOTION CARRIED.

20:18:19:04 Duties of a License, we had this at one time in the New Jersey - we'd taken the New Jersey rules and we kept this in a modified form, and Mr. Cabot suggested we modify it down further for simplification. Mr. Fischer moved that Mr. Cabot's recommendation be adopted. Second by Ms. Wagner. MOTION CARRIED.

20:18:19:07 Distribution of Cards, Mr. Cabot recommended changes. Mr. Nord moved Mr. Cabot's recommendations be adopted. Second by Ms. Wagner. MOTION CARRIED.

20:18:21:06 Discovery of Violations. Mr. Cabot suggested the Commission may wish to expand the scope of the rule to include "suspected" violations. Ms. Crew moved Mr. Cabot's recommendation be adopted. Second by Ms. Wagner. MOTION CARRIED.

20:18:21:07 Changing of Games. Ms. Wagner moved Mr. Cabot's recommendation be adopted. Second by Mr. Fischer. MOTION CARRIED.

20:18:21:08 Unauthorized Games, Mr. Nord moved Mr. Cabot's suggestion be adopted. Second by Ms. Wagner. MOTION CARRIED.

20:18:21:09 Unlicensed Games or Devices, Mr. Cabot suggested a separate rule. Ms. Crew moved that counsel draft a rule effectuating all purposes. Second by Ms. Wagner. MOTION CARRIED.

Srstka stated the second paragraph of his comment he said that the Commission may wish to consider rewriting this rule to remove the concept of "licensed status" and replace it with the concept of games or machines without license stamps. Ms. Crew moved that the Commission delete anything regarding the license and replace it with the concept of games or machines without license stamps. Second by Mr. Nord. MOTION CARRIED.

Srstka read the third paragraph of Mr. Cabot's recommendation. The Commission may wish to consider a rule providing for the transfer of a license stamp from one device to another or from one authorized game to another. Gromer stated the only thing I would make a comment from a licensing procedure, the actual transfer of the stamp is going to be exceedingly difficult because it's gonna be a fixed stamp that's gonna be non-removable off the machine. What we may have to do is we may have to look at a reissuance instead of a transfer of an actual stamp. I can understand there would not be a cost incurred, you would not have to pay for an additional stamp. But, I can't see how I'm gonna be able to logistically transfer a decal from one machine to another. Srstka responded, let's say a machine is permanently damaged, it's still a licensed machine, and they paid the tax and they want to bring in a new machine, you have to be able to let them vacate the old machine and put it on the new machine. Why don't we just adopt a rule providing for the cancellation by transferring a license from one machine to another by cancelling the old license and issuing a new

license. Ms. Crew moved that the Commission take Mr. Cabot's advice and include in the rule, and if necessary a separate rule, a provision whereby that a licensed stamp can be transferred from machine to machine and the standards should be that if they are totally out of operation, mutilated, burned up in any way unusable, and we could include that such proof be made to the Commission and we would ask that counsel for the Commission draft a rule effectuating that purpose. Second by Ms. Wagner. MOTION CARRIED. Srstka stated I don't think that we should walk away from here thinking that this should only occur if the machine is damaged. I think we should understand that if a licensee wants to change a machine he can. Ms. Crew amended the motion to include that such things that should be done for the purposes already stated and for any other purpose for which the Commission would approve them. Second by Ms. Wagner. MOTION CARRIED.

20:18:21:12 Hours of Operation. Mr. Lien stated he thought with what we heard from everybody yesterday, we heard from - this is before we make a motion. Let me try and sum it up. It's the consensus of thinking that we inaugurate the hours of operation limited to your business and if you close your bar at 2:00 a.m. and don't open until 6:00 a.m. the gambling will be closed. We will stay with our rules but we will also encourage anyone to apply for a license to operate 24 hours and we'll take those on on an individual basis and probably approve some of those. Ms. Crew stated we would need a separate rule. We'll keep the rule that we have in effect but we'll have another rule that states the Commission may approve applications from licensees, and that includes any licensee, for an expanded period of operation to 24 hours. That the Commission may approve such application but if such rules of the Commission - Srstka stated we're gonna have to set some standards. We're gonna have to set standards about denial. Srstka anticipated it would work this way. If you have a beer, a wine or hard liquor license, if you're 7-11 you got a beer license, you're closed at 2:00 a.m. just like every else. Wine license, ditto. Hard liquor license, ditto. Everybody cannot game after their license says that they're closed. You will apply to the Commission for approval for a 24 hour operation. Ms. Crew stated you have to close as your license says unless you get the 24 hour approval. Not everybody is gonna want it. But, if you want 24 hour approval, even if you were in the liquor business you can get 24 hour approval if the Commission approves it. The thing that the Commission is going to do though, is if you request the 24 gaming operation you have to stay open 24 hours because we want law enforcement to know whether your open or your not open. The other thing is law enforcement will have a key to your door and be able to enter anytime whatsoever, of course if your open 24 hours and we force you to be open 24 hours with that application, the door better be open. Gromer stated you're not suggesting that law enforcement have a key if they have structured hours, are you? Ms. Crew stated I guess not. Srstka stated standards for denial have to be included. Things like law enforcement problems, primary business test - Crew stated that doesn't have nothing to do with hours. Srstka responded because that's the statute. Ms. Crew stated its a statute for giving them a license, not for hours. Srstka stated it was something they were going to have to decide here in the Commission. It's still a statute notwithstanding what your personal predilections are, the statute says your gambling can only be incidental to your primary business. So the standards are gonna be law enforcement, other

statutory considerations - Ms. Crew added and compliance with the rules of the Commission. If you're in violation of some other rule you're not gonna get a 24 hour gaming permit. Srstka stated the way the motion stands now, you don't change the rule, they may apply for - 24 hour operation or extended hours operation, whatever way you want to determine it, that the application can be denied based upon any of the following standards, that the application will be considered by the Commission without a hearing, but that in case of a denial the applicant can demand a hearing, the Commission must grant him a hearing under 1-26. Mr. Lien entertained a motion to this effect. Ms. Crew moved that we pass the statute as it is now written, with an additional proviso, which in the opinion of counsel, if we need an extra rule to effectuate that, that he draft an extra rule. If we could put it in the same one, we'd do it that way. In any event that provided, however, that the Commission may grant a 24 hour application permit to licensees requesting such a permit and that the granting of such a permit will be based on the following standards: Law enforcement cooperation, statutory qualifications, compliance with the Commission's Rules and with the Ordinance of the City of Deadwood, and any health and welfare considerations necessary. That, if such an application is granted to a licensee and all licensees are to be treated equally, if such a license is granted to a licensee that that licensee must stay open the 24 hours in the application until that permit is turned back to the Commission. Second by Ms. Wagner. Ms. Crew amended it to add and if an application is denied that the applicant has a right to a hearing and all the safeguards and due process procedures according to law. Second by Ms. Wagner. Mr. Apa thought this would be fair. Mr. Fisher had a question regarding the mandatory part of it, in other words if you apply and receive permission for a 24 hour operation, you either have to keep that place open 24 hours per day or you have to turn that permit back in and notify the Commission. Ms. Crew stated we've got to know what hours your open, we're not gonna have a deal where Gary Keehn is open till 4:00, Bodega is open till 6:00, etc. The law enforcement don't know who's open when. Your either open 18 hours or your open 24 hours, you turn back permit if you don't want to stay open 24 hours. Mr. Fisher raised the question of compliance with city ordinance. If the City Commission passes an ordinance that all gambling must cease at 2:00 a.m. That takes care of that. Ms. Crew replied no, it doesn't. We just talked about that, with the approval of the City Commission, what we said is the Gaming Commission has that authority and we're not planning on having any concurrent jurisdiction. You didn't have city ordinances in there. Ms. Crew stated if their in violation of them, like say they have a liquor license violation or anything like that - Gromer asked if a rule can supersede a city ordinance. Srstka stated the statutes states, it says the city of Deadwood permits limited card games and slots, etc. shall be regulated by the Commission on Gaming. Mary Dunn, City Commissioner, stated she had a problem - would it be possible to change it from a 24 hour to extended hours. I can foresee that some restaurants that would open at 6:00 a.m. would want to have some gaming between 6:00 and 7:00 a.m. and I guess I could also see that in the summertime we might all want to be 24 hour but would not want to be mandated to be 24 hours all year round. Ms. Crew stated turn your permit stamp in then, its gonna be 18 or 24 its not gonna be 18, 19, 20, etc. Its 18 or its 24 and the police have the ones with the 24, but that's the only way you can handle it with security. I understand

that there may be some inconveniences at times, but if you want 24 hour gaming that's your option. Jeff Bloomberg, Lawrence County State's Attorney, stated he spoke to the sheriff about this matter and after talking to him, I really don't think that this is the major issue that we're making it out to be here. Number one, I don't think we're gonna have that many people that are going to be playing, I think in my own mind the situation we have is going to be the card game that's running at 2:00 and they want to keep going through the night, I think that would be the situation that would be the most likely to come up. On the other hand I don't think from an enforcement situation that it's gonna be that much of a major issue. The number one concern I have is not about gambling through the night, that would be your problem in terms if there was a problem with the machine or a complaint, how are you gonna handle that. That's your problem, but in terms of our side of it the issue is the liquor and as long as we can keep the players from drinking, we're not going to have a problem. Mr. Bloomberg further stated he would support the rule that you have on the table, I think that would go a long way towards any kind of problem. I'll add this too, the liquor issue is going to be a tough one to enforce, I appreciate Gary's comment yesterday that no liquor license holder would want to take that risk. I can equate that to selling to minors, I would think the same thing. But, on my table right now is a report regarding sale to minors from a business in this area, so its an issue that we're gonna have to deal with, but I think we can deal with it. If you give us a list of who's open that we can go and check on, I think we can handle that situation. I might add, when I get a report that they are serving liquor, whether its an employee or with the approval of the management, my office is gonna come down hard on that and I would hope that the Commission would also. Mr. Lien stated what the Commission was trying to accomplish was allow approval to go 24 hours but we don't want options. So that we know and you know what's going on.

Accounting, Srstka read Mr. Cabot's suggestions on proposed rules. Mr. Fischer moved that the last paragraph on page 54 be made a part of the minutes. Second by Mr. Nord. MOTION CARRIED.

Mr. Nord moved to make Mr. Cabot's recommendations a part of the minutes. Second by Mr. Fischer. MOTION CARRIED.

Mr. Fischer read a letter received from Mr. Paul M. Putz of the South Dakota Historical Society which requested two recommendations. Change 20:18:21 they suggested the rule "contributing to the damage or deterioration of historic buildings or historic features contrary to historic preservation plans, standards and procedures of the city of Deadwood or the state." This would mean that it would be a violation for any licensee to do that. The second rule is "Conducting business practices in a manner which detracts from or degrades the genuine historical qualities of the city of Deadwood as identified by the City of Deadwood." Srstka commented the first one would be enforceable, the second one would tough to enforce. Srstka commented the first one is well taken and the idea behind limited gaming is to preserve the historic character of Deadwood so it should not be allowed for gaming to detract and to deteriorate the buildings. Srstka recommended you adopt the first and not the second. The second one is vague. Mr. Lien called for a motion to adopt the first recommended. Mr. Nord moved the first

recommendation be adopted. Second by Ms. Wagner. MOTION CARRIED. Ms. Crew asked what was meant by the second recommendation. Srstka responded they don't want a Las Vegas atmosphere they want a Deadwood atmosphere. It was the consensus to leave the second part to the City of Deadwood.

Mr. Caldwell stated there was no discussion on the first part. He had no problem with it but it may impinge on the building our group is interested in. We have an anomaly here we have a non-historic building with 50 feet of frontage in one of the foremost historic blocks in Deadwood. It was built in 1953, masonry building, a lot of plate glass on the second floor, a lot of plate glass on the first floor. I have asked for suggestions from the historical committee and specifically from members of the historical committee, of input on how to gussy up that building so that it more nearly conforms to the historical nature of downtown Deadwood. What I don't want to give Mr. Putz is the ability to prohibit us from gaming in that building because we happen to have a building that was built in 1953 and I would have liked to have discussion on that before it was voted on. Mr. Lien asked what would you change? Caldwell responded he would not have accepted Mr. Putz's recommendation, I would have left it with the city. Lien asked the Commission if they wanted to make an amendment or change what we have passed. Ms. Crew stated I don't think that even applies. Since contributing to the damage or deterioration of historic buildings or historic features contrary to historic preservation plans, standards and procedures. Is there historic preservation plans, standards and procedures in effect for your building? Caldwell responded no. Blair responded that all of those buildings have been given a category that they are placed in and his is probably a non-contributing building that doesn't have a historical significance. All those buildings on main street have been categorized. Ms. Crew responded I think we ought to have one in here that has something to do with historic preservation. Caldwell responded I just didn't want Mr. Putz to be assuming or arrogating to himself the role of the Gaming Commission. Ms. Crew stated the Gaming Commission isn't going to come over and tell you I think I'd rather have the outside brown and green or something like that.

Mr. Srstka stated the Gaming Control Board regulation from Nevada concerning minimum bankroll requirements for non-restricted licensees, which translates to us. We have to do something about that. Ms. Crew read the letter from the Gaming Control Board. Srstka responded basically what we're talking about here - We had a rule in here, 20:18:22:14, what happened was when we proposed that rule that the Executive Secretary must devise and distribute to licensees a form by which licensee determine the minimum bankroll requirements. Nevada said it's better to do the way that we proposed because to try to devise a general rule is hard. We can't get it through in a permanent rule, LRC has already written a letter turning down this section. We're gonna have to adopt a rule setting minimum bankroll requirements. You have to do two things, you have to devise a formula for bankroll and then you got to devise a way for sure payoffs. The Nevada rule sets up kind of a formula - the non-restricted license in Nevada means that's like we have in South Dakota. That's a Class 3 license, a small licensee. Anyhow, it applies to the small licensee. The Commission has to decide what kind of bankroll you're gonna require, if any, and what kind of

protection for payoffs in case of bankruptcy, default, etc. are you going to require, if any, how are you going to accomplish both. Srstka recommended we adopt some forms in the Nevada regs as far as the bankroll is concerned, as far as credit, we ought to provide that the licensee must have an irrevocable letter of credit, bond, CDs, cash, or something readily convertible of cash to pay gamer who has won in case of a default. Now there are going to be bankruptcies, maybe, defaults, possibly. Lien asked if this can be handled by a irrevocable letter of credit of say \$5,000/machine so that somebody that has 15 is paying \$75,000, somebody that has 2 is only paying \$10,000. We're talking about one card game, one table game and slot machines. Nord stated with slot machines you got the progressive thing which is a problem, I think on the progressive they gotta have a irrevocable letter of credit. Either individual company or the group to cover that. Srstka stated there is a problem with progressive, by it's very term it keeps growing until some of them eventually hit a plateau. Gromer asked if they were to keep a cash reserve, a continuing cash flow going into a given account for the payment of that progressive, we are afraid of bankruptcy if its in the name of a business or individual, what if a trustee was to be established that would be independent from the business and that trustee's name would be on the account as would the South Dakota Commission on Gaming. Legally, is that feasible? Srstka replied it's doubtful. Crew asked why not just the Commission? Gromer stated he thought there some state rules governing us having - this is by the Auditor's Office, having interest bearing accounts other than that which is in the State Treasury. Srstka stated we're gonna have to have a statute to do something about liens on the estate, the player is going to have to have some kind of a lien, the state is gotta have some kind of a lien for its cut and taxes, etc. We may have to fiddle with the state's exemptions from bankruptcy because we want to have this player have as high a preference as possible. Lien stated we'll separate the two and attack them one at a time. Let's solve the progressive and go back to the other one. Srstka stated Nevada suggested 100% on progressive jackpots. Nord asked if an irrevocable letter of credit to the maximum amount of the jackpot satisfy - Crew asked if the Commission held it in trust for the players, we would be in trust, it would be for their benefit to put in our benefits, the bankruptcy trustees wouldn't get it. Ms. Crew asked if anyone had a progressive slot contract or where to find one. Srstka stated Las Vegas stated we got to have minimum bankroll, we got to have for the small operators 100% protection for progressive jackpot. Keehn agreed, but then the way the Commission was approaching it you have the other side of the coin where what if you go bankrupt, you have this huge account that's untouchable by anything or anybody, then you have it all built up in cash and no player wins. Srstka stated there are proposals in the rules to transfer the progressive jackpot case of bankruptcy. It would be transferred to another machine, some other licensee. Lien entertained a motion - Srstka asked to devise a motion to adopt the Nevada standards which is 100% for progressive and the other is 20% for slots and for table games it's two day's average fill and then to provide that the minimum requirements be met by posting cash, irrevocable letters of credit, CDs, etc. and that Commission approve it and be placed in the name of the Commission. Crew asked how about any contracts like in a progressive slot between joint various licensees, the Commission has to approve those contracts. Srstka responded let's make it jointly with the

Commission and licensee. Lien called for a motion. Ms. Wagner moved that Mr. Srstka's suggestion be accepted but changed with the Commission. Second by Ms. Crew. Lien asked Srstka to restate the motion. Srstka responded we're gonna adopt the Nevada regs and we're going to require the security is posted by an irrevocable letter of credit, bond, CDs, or cash or similar negotiable securities approved by the Commission. Second by Mr. Fischer. Lien called for discussion. Mr. Apa responded I don't think Nevada is applicable here, on the table games and the card games. Because if you're a card room you got to continue 24 hour operation, the card games I envision starting up and shutting down. So the table game is taking the money in that day and he's gonna be paying it out that day. On the blackjack, I envision having \$1500 in red chips and \$1500 in white and that's \$3,000. So you're telling I gotta hold \$6,000 on hand for a \$5 game of which I'm gonna open up and shut down every day. I think \$6,000 is no big deal. On the blackjack table if you take five times the limit, 25 times the number of slots on the table, be it four, five, six or seven and make that your minimum bankroll for your blackjack table I think you'll solve your problem right there. Gromer responded the amount of cash value you need on the tables is the formula established by your drops, etc. its not the total of money. Its two days fill, its not the aggregate amount of the chips, its the fill. On the slot machines, what they're asking you to do is take your top jackpots of your machines. So if you have four dollar machines and 11 quarter machines, you're gonna have - I'd say the jackpot is \$5,000 each their requirement would be \$20,000. Apa responded I don't have any problem with the slots. To me fill, now I start gaming, every day I put \$1500 in a rack, that's a fill, right? Dave Harcourt, SoDak Gaming. The money held in escrow as the bankroll requirements, is it interest bearing, who is the interest payable to? Harcourt stated the interlink progressive, and you have to distinguish again between the two types of progressive systems. Interlink progressive system has some costs of operation. A portion of the cost of operation on the interlink progressive system is the interest earned on the money. If the Gaming Commission is getting interest on the money there will be no interlink progressive system. In-house progressive systems where you've got \$93,000 of Gary Keehn's money he ought to get the interest. Crew asked if anyone had contracts for this. Where do you get one. They might have all the answers in there. I don't mind doing that, except we're not going to be giving everybody check all the time for the interest. Harcourt stated he posed the question where is the interest paid, the answer was the Gaming Commission. Crew stated it would go into that account. Harcourt responded no it has to be paid out to authority. Crew asked if you think we should have a bank write a check for the interest all the time. You betcha, the cost of operating the interlink system - Ms. Crew asked if he had one of those contracts. Harcourt responded, no I do not have one with me. Crew asked if he knew where to get one. Harcourt, yes. Crew asked him to get one, that would tell us how it works. Keehn asked to hold off on the machine part until they got a contract and discuss the bankroll for a blackjack table. What good is that bankroll gonna do me in your name? Lien asked Gromer to help clarify it. Gromer responded, they're talking progressives, that is one issue. The bankroll that you need to conduct your in-house games, this is a separate issue the way I see it, when you talk how much money you're gonna need as a bankroll, you apply this Nevada formula and it comes up really - its not a lot, if you have like \$1,000 its like

\$50-\$60 bucks you need on hand to clarify your bankroll. Unless the Commission rules otherwise, the only thing I'd like to be able to do is come on occasion, you have five tables going, \$3,000 in the table and I'll say say where's your \$1,000 bankroll. You can show me your account, verified by your bank, you can go to your safe, you can go to your sock, you can go to your hole in the ground and pull out this money and there it is. Crew asked Gromer what he proposed. Gromer stated what he was talking about is on a restricted permit, the Nevada restricted permit, they must have, if I remember correctly for your jackpots, in-house, not progressives, if you have 10 machines and five of them are dollar machines with a maximum jackpot payout of \$5,000 you must have \$25,000 verifiable as bankroll for your slot machines. If its a poker or a blackjack game there is a formula that is enacted upon a 30 day cycle based upon your drop and you take 20% of that and it comes out, I did it on a \$1,000 deal and it comes out to be like \$53.66, something to that effect. It's not a lot of money for a \$1,000 blackjack table. Crew asked if you would just have it on the premises in a safe, in a secure area, in cash? Gromer stated that would be his thought because they were going to need the availability of that cash in their day to day operation. Gromer stated that on occasion, an auditor, an inspector from the Commission, myself, whomever may come in and I will say I would like to see your bankroll. We will audit that bankroll, impromptu, unannounced, and if you're short you're subject to disciplinary action. Caldwell stated that as an operator, prospective operator or consultant to prospective operators I see no problem whatsoever in adopting Nevada rules and getting a set of rules going today and getting on. I will urge my fellow operators or would be operators to consider that these rules are fair and benign and they work all over Nevada. Nord asked Srstka to re-read Ms. Wagner's motion. Srstka responded just to adopt the Nevada regs as far as slot machines, card games and table games concerned, and bankroll requirements for games and far as the progressive slots are concerned that they have to furnish security in the form of a letter of credit, cash, etc. Nord asked if this would cover both progressive and regular in this motion. Srstka responded it will cover both progressive and regular. The regular slot bankroll can be kept on the premises or any sum accounts but the progressive slot will be kept with the Commission, that is 100%. Caldwell responded with interest to go back to the operators. Crew responded we ought to adopt anything other than progressive first and then get the contract so we see how they do that. Keehn stated adopt Nevada's rules progressive and slot machines, the only stickler, you go beyond Nevada's rules and I don't know they handle it but I'm sure they must have it handled. You go beyond it by putting the account in your name. John Carver, SoDak Gaming an in-house, one small location, whether it be Gary's or anybody else's. They put five machines together and they take \$10,000 they are in fact, liable to keep that \$10,000 check. The large progressive one is gonna be owned by somebody. Somebody is gonna own that system because it costs money to run it. If Bally puts it in they gotta charge to do it, I'm sure Aristocrat has some kind of system and they've gotta charge whether they lease it to an operator. Those people have expenses they have to pay to run that system, but they also have a charge that they take out of every drop, they take 3% out of it and put it into the company. Ms. Wagner called for the question. Ms. Crew stated its a question covering everything but progressive. MOTION CARRIED.

Srstka asked to go to Maida's specs. Gromer stated he talked to Maida and requested to go back to 20:18:17:04 Slot machine specifications. Lien then returned to the slots to get public input. Gromer asked to report on conversations he had with Mr. Maida concerning the discrepancies of all vendors being able to comply with the specifications. Gromer stated in visiting with Mr. Maida he was informed that there is a serious problem with credits available for play with certain vendors. The way I understand is each vendor or manufacturer has their own high secret tech programs built into these games, they're not likely to share those with us or with their competitors, therefore, their creation is their own indemnity. From Mr. Maida can find out, Universal Manufacturing and he questions whether Aristocrat and maybe other ones can have credits available for play on recall. Their RAM is not large enough, at this particular time there is not available space on that to capture that data. They would have to go in and redesign an entire board. Because of their predetermined design, it would take considerable time for them to design a board to fulfill the requirements of that specified in this document. That covers the issue of credits available for play. The next issue we had that came up was on page 93, subsection (i) concerning slot machine specifications. It was Mr. Maida's suggestion that I either be enlarged or else a new section created that would read something to this effect. After the word reel strip, you would have an exception you could either have a new section or else you could put after the word reel strip have an exception. Exception is if a machine determines stop positions of each reel and the ultimate pay prior to the spinning of the reels will not have to conform to the first part of (i) but that particular device must have last game recall. The credits for play is dead with a lot of the manufacturers because of the capacity of their chip. June of 1990, at the earliest is when they could get on-line. Now going to (j), again, his recommendation would be to leave (j) as it reads, except in the case of machines which use Ni-CAD type batteries which will be required to be replaced at time intervals specified by the Commission or Executive Secretary, whichever you wish to put in there. Gromer stated it was his understanding that these Ni-CAD batteries have a life span of about five years. So what occurs on some devices is they have a mechanism that will tell you your battery's low, but by the time that comes up on the display the battery is so low that it has vacated your RAM. So if you could come up with a specified determined amount of time when that battery had to be changed, according to the technician, it would probably save you from a computer disaster. What we're back to is that without the credits available for play issue, if the Commission would entertain these as a motion to adopt, we'd probably include all vendors that our technician knows about except for the credits available for play. Trucano responded that would not preclude those other manufacturers from being a part of - Gromer stated it was his understanding that the only thing that still is in the rules - these suggestions are adopted - the only thing that are in the rules to prohibit compliance is the credits available to play. Gromer stated that according to what Mr. Maida told him that it hasn't been until recently that Nevada has required credits available for play. According to Mr. Maida, New Jersey does not yet require credits available for play. Ms. Crew stated if we left out credits available for play and took the Maida's suggestions as amended we could, in fact, have all manufacturers in the market. Ms. Crew made the motion as stated above. Second by Mr. Fischer. Mr. Lien asked for the

motion to be repeated. Ms. Crew stated that we drop the requirements of credits available for play in the specifications as they now stand and then in addition thereto, we adopt our consultant's comments on nickel Cadmium batteries and the reel stops. In addition I believe that Mr. Maida also suggested there was a couple things he had no problems taking out other than that. Srstka responded that was in his written thing. Crew responded so we'd adopt those also. I would further move that the batteries are to be changed every two and one-half years. Srstka stated while you're at it, why don't you state these credits available for play become effective July 1, 1991. Ms. Crew responded provided, however, that any machines purchased after July 1, 1991 have credits available for play. Second by Mr. Fischer. Lien called for a discussion. There being no further discussion, the MOTION CARRIED.

Srstka suggested the Commission review Mr. Maida's written comments. Srstka stated it was a review of the rules dated August 11, 1989. 20:18:17:02 Control Program Requirements, you have not specified where the testing of the ROM should take place. Srstka read Mr. Maida's recommendation. Ms. Wagner moved that Mr. Maida's recommendation be adopted. Second by Ms. Crew. MOTION CARRIED.

20:18:17:03 Meters, Srstka read Mr. Maida's recommendations. Srstka stated the statute called for non-volatile meters but he thought they ought to be mechanical meters. Fischer responded we can have both. Gromer stated it would be his suggestion they have both. We have the statutory guidelines for the hard meters, we have the electronic in our rules to write in to have both and as our - we've talked about changing our statute to reflect technology. Srstka suggested a motion to have electronic meters. Ms. Wagner moved the recommendation be adopted. Second by Mr. Fischer. MOTION CARRIED.

Srstka responded the battery requirements are good requirements, 180 day batteries. Ms. Crew moved that this recommendation be adopted. Second by Ms. Wagner. MOTION CARRIED.

20:18:17:04(2) Here are the requirements for battery backup for 60 days, Mr. Maida recommended 180 days. Mr. Fischer moved this recommendation be adopted. Second by Ms. Wagner. MOTION CARRIED.

Mr. Maida stated (5) was missing from his draft. Gromer stated they were mis-numbered it was a typo, there never did exist a (5).

20:18:17:04(4) Mr. Srstka read Mr. Maida's recommendation. Mr. Gromer stated this was very important for the security of the machine. It's much easier to corrupt a mechanical coin acceptor by stringing, slugging, etc. Ms. Crew moved that the Commission require electronic coin acceptors also. Second by Ms. Wagner. MOTION CARRIED.

20:18:17:04(7) Mr. Maida recommended it be changed from may not be accessible to may not be readily accessible. Ms. Wagner moved the recommendation be adopted. Second by Mr. Nord. MOTION CARRIED.

20:18:17:04(9) Mr. Maida suggested maximum bet provision should be in separate paragraph. Ms. Wagner moved the recommendation be adopted. Second by Ms. Crew. MOTION CARRIED.

20:18:17:04(11), (12), (13) Mr. Maida recommended by phone to go back to the specs that were in the yellow book and strike to move these specific specs out (static electricity). Mr. Fischer moved the recommendations be adopted. Second by Ms. Crew. MOTION CARRIED. Mr. Srstka responded this included static electricity, voltages, resistance, etc. There's all kinds of technical specs in there, he said leave them more general than that.

20:18:17:04(17) Mr. Srstka stated it was just a technical deal. Ms. Wagner moved the recommendation be adopted. Second by Mr. Fischer. MOTION CARRIED.

20:18:17:04(18) Mr. Maida stated wager maximum is redundant here. Ms. Crew moved to strike item (18) and adopt it with that change. Second by Ms. Wagner. MOTION CARRIED.

20:18:17:05 Srstka stated there was nothing we could do about tech 95%.

20:18:17:05(5) Mr. Maida suggested this be deleted. Ms. Crew moved that section 20:18:17:05(5) be deleted. Second by Ms. Wagner. MOTION CARRIED.

20:18:17:06(2) Mr. Maida strongly disagrees with the Nevada rules. He suggested the 1 in 17 million odds. Ms. Crew moved Mr. Maida's suggestion be adopted. Second by Mr. Fischer. MOTION CARRIED.

20:18:17:08 Mr. Fischer moved Mr. Maida's suggestion be adopted. Second by Ms. Wagner. MOTION CARRIED.

20:18:18:05 Ms. Crew moved that the results of the testing from the testing lab be mailed simultaneously to the manufacturer and the Commission. Second by Ms. Wagner. MOTION CARRIED.

20:18:18:13 Mr. Maida suggested to inscribe the CPU boards (logic boards) with the serial number. Mr. Gromer stated it would be advantageous to the security officers who open up a box and can see the machine and compare it to the circuit boards so that we know that our seals haven't been tampered with and the same board is in there that originally was fixed. Ms. Wagner moved the amendment be adopted. Second by Ms. Crew. MOTION CARRIED.

Mr. Srstka then moved to comments from Aristocrat, Inc. It was noted that these were covered and filed.

Mr. Lien stated at this time he was officially closing public input. I am giving anyone a last chance. Once we close it and we're back to the working papers, we're going to accept everything going through there except for the notations.

Mr. Trucano wanted to say thank you to all the Commissioners, Bill, Kit and Don for all of your hard work on this.

Mike Peterson of the Bodega, had a question on 20:18:18:23 Installation of associated equipment, whether or not there was a definition for that. Srstka responded it was defined as equipment that's attached to the slot machine, like the meter, the progressive meter and maybe some kind of on-line device, something like that.

Lien then closed the meeting to public comments.

Mr. Gromer stated he had no changes on page 2.

Page 3, we were going to enlarge upon a suggestion by Mr. Cabot on expanding the definition of a support license to include other individuals involved in gaming. Srstka stated this was already covered.

Page 4, 20:18:01:03 added the word knowingly.

Page 8 there was a numerical change.

Page 9, Srstka stated Mr. Cabot suggested on the forms ask whether they are participating in gambling elsewhere on the application. Ms. Crew moved this recommendation be accepted. Second by Ms. Wagner. MOTION CARRIED. Gromer stated the application form was already out and there is a segment in that application that addresses as to whether or not a person is involved in any type of bookmaking, card room operation, dog track, horse track, etc. Ms. Crew then amended her motion to state that counsel be directed to determine whether we have it or not, if we do not that counsel should draft language that would effectuate the Commission. Second by Ms. Wagner. MOTION CARRIED.

Page 13, strike 20:18:17:04 concerning cashier's check.

Page 14, 20:18:07:08 we were going to add on to the last sentence after frequent notification, employment by a licensee of an unlicensed person who is required to have a support is grounds for disciplinary action.

Page 29, 20:18:12:01, in this section we add after 60 days or in any other jurisdiction. Also there are two 22-33's, have to change one to 22-34. Srstka stated this means if they would be charged in any other jurisdiction with with an offense, it would be similar to the enumerated charges or with the crime of violence. We're adding basically, any other jurisdiction. Mr. Gromer stated the only suggestion was adding Class 5 and Class 6 felonies. Gromer recommended he would like to see added into that, you have all felony classes in that, 1 through 4, except 5 and 6. Gromer further stated he didn't think the community of Deadwood needs even Class 5 and 6 felonies involved in gambling. Gromer recommended to state a licensee charged with any felony in this state or any other jurisdiction may have his license suspended immediately, etc. Ms. Wagner moved the changes be made. Second by Mr. Fischer. MOTION CARRIED.

20:18:14:02 Deck, it reads a standard blackjack deck must contain 52 cards in four suits, clubs, diamonds, hearts, spades, with each suit consisting of numerical cards from 2 to 10, a jack, queen, king and an ace.

20:18:15:13 Cutting Player, eliminate all of it and replace with the dealer shall make a reasonable to alternate the cut amongst all players.

20:18:15:14, Proposals for Variations, we were going to include upon written application of a retail licensee the executive secretary may approve variations in the shuffle, etc.

20:18:15:18 The Play, it was suggested it be entirely deleted.

20:18:15:19 The Pickup, after the word dispute add if during play the player exceeds 21 that player's card should be revealed and placed in the discard rack.

20:18:15:26, a change announce the point total, it was my understanding we were going to eliminate that but encourage you to start off with that.

20:18:15:30, Form of Wagers, should read all wagers must be made with chips or tokens furnished by the retail licensee. No money or other thing of value except United States 25 cent coins, 50 cent coins or silver dollars may be used as wagers or tips. Ms. Crew moved that counsel be directed to clean up the language. Seconded by Ms. Wagner. MOTION CARRIED.

20:18:15:32 and 20:18:15:02 were going to be combined.

20:18:15:33 Posting of rules, we were going to add at the last sentence up on the top of page 47 something to the effect is such rules, their posting and location of posting must be approved by the Executive Secretary.

Gromer stated all of the other changes on page 47 are covered by Mr. Cabot to include three part carbonless form on the procedures for distribution of chips.

20:18:15:36(6) include after pit boss, or runner is employed.

20:18:15:37, Gromer stated after pit boss include or runner is employed.

20:18:15:40 Drop procedures, at the end of the first paragraph add this may be accomplished by using a fill or credit slip when such chips are added or removed. In the next paragraph after fills add or credits.

20:18:16:02 Types of Poker Authorized, Ms. Wagner moved that another section be added to read (9) Such other games as the Commission may approve. Ms. Wagner moved the recommendation be adopted. Second by Mr. Fischer. MOTION CARRIED.

20:18:16:03 Ranking of cards in hand. Gromer asked the Commission if they wished to address clubs, diamonds, hearts and spades deal? Lien asked to expand. Gromer stated there was a suggestion received from some of the businessmen in Deadwood that we either allow in the betting of hands to have the low card or high card start out and if you have two cards of the same rank, the determination of who started out would be based upon the power suits with club being the least and spade being the highest. Srstka

responded if you use the button, no problem, if you don't use the button then you gotta have some way to resolve. Gromer stated there were also some questions about the use of the button, is this variations of games that if it appears to be unsuccessful the Executive Secretary has the authority to change? The Commission agreed it would appear so.

20:18:16:12 Shuffle and cut of the cards, Gromer stated it was recommended that the dealer must offer a cut be changed to the dealer may...

20:18:16:15(1) The Play-Texas hold'em, Gromer recommended striking the last sentence.

20:18:16:25 Table Stakes, in the last sentence add or buy more chips.

20:18:16:42(7) Gromer stated it was recommended that it read the amount of the maximum rake of percent not to exceed 10%.

20:18:16:44 Maximum Number of Players, Mr. Fischer moved that the number of players be changed from seven to eight. Second by Ms. Wagner. Lien called for discussion. Gromer stated if this is changed then we should add in there the variations for what should occur, if in fact all cards should be exhausted. Mr. Gromer made the suggestion, the dealer may shuffle and use the burning cards or the use of a community card. MOTION CARRIED.

20:18:16:47 Procedure for accepting cash at poker tables, we are going with the imprest bank.

20:18:17:03 Meters, the first sentence in the last paragraph will read a slot machine must be equipped with a meter that records the number of times the cabinet door was open. Ms. Wagner stated Ms. Crew also moved that it be sealed with a numerical seal.

20:18:17:04 Slot Machine Specifications, we made the changes on the locked or sealed but it was a recommendation that on (4) where you see the sentence The coin or token receiver on a slot machine must be designed to prevent the use of cheating methods such as slugging, stringing or spooning. Srstka stated this was already adopted. Gromer responded this was something new, he just wanted to state he had been contacted by at least one of the vendors here, if not more, who says that it's absolutely, inhumanly possible to prevent entirely the use of slugs. The recommendation was that the machine must be designed to prevent as much as possible the use of cheating methods such as slugging, stringing or spooning.

20:18:17:08 will be held until later.

20:18:17:11 Keys to drop bucket, Gromer stated he did have a change. It would read The key to the compartment securing the drop box must be maintained and controlled by the operator... Mr. Fischer moved to leave as is. Second by Ms. Wagner. MOTION CARRIED.

20:18:17:13, Jackpot payouts, change retail licensee to machine owner. On

20:18:17:16 Meter count procedures. The recommendation of changing 25 coins to 4. Mr. Fischer moved this be left as is. Second by Ms. Wagner. MOTION CARRIED.

20:18:17:17 Count Room Procedures, recommend changing to wrapped as soon as possible instead of immediately. Gromer stated there was some suggestion on behalf of some businessmen in Deadwood about wrapping coins. Gromer stated the wrap verifies the count. Ms. Wagner also recommended that the coins be weighed in the count room on the premise prior to the coins leaving the establishment. Gromer stated that what was presented was coin counter or weighing. Ms. Wagner stated the option was made - the weigh was necessary the option was made on the wrap or the meter. They could be metered or wrapped but the weigh was essential. The option was made on meter and wrap. Gromer stated there was a question as to whether or not they should be weighed or counted as Ms. Wagner has pointed out, one of the patrons, Mr. Trucano, suggested that instead of having the wrapping we have the weighing and machine count. Gromer stated he would like to recommend, I don't care if they use a coin counter or a weigher, but I would still like to have the coins wrapped for verification of the count or the weight. Srstka stated Mr. Cabot thought weight was more important than meters. Ms. Wagner moved that the counting procedures be a counter or weighed on the premises and then a wrap for verification of that weight and count as soon as possible. Second by Ms. Crew. MOTION CARRIED.

20:18:17:18 Theoretical hold-Actual hold, it reads slot machine meter readings must be recorded every time the drop is made and retained for at least five years.... Gromer stated he would like to have the record done every time the drop is made, you have your meter counts and everything else available to you at that time. Mr. Nord moved rule be amended. Second by Ms. Crew. MOTION CARRIED.

20:18:19:02 Cards--receipt, storage, inspections and removal from use. I have a note to split in two rules. Srstka stated Mr. Cabot suggested this be split into two rules and combine 19:03 with a new second rule.

20:18:20:03 Specifications for chips and tokens. Gromer stated there was some confusion because there were some changes made. Gromer proposed that (1) read, The name of the issuing establishment and the city in which it is located must be inscribed on one side of the chip or token. There would be an addition stating the city in which the establishment is located is to be inscribed on a side of a chip or token and, (2) the value of the chip or token, then it would read accordingly. Gromer stated what he was asking for is the establishment and the city in which its located and then - I guess what it boils down to is I don't think we need the name of the establishment on each side of the chip. Mr. Nord moved the name of the issuing establishment must be inscribed on each side of the chip, the city must be inscribed on one side of the chip and the value on both sides. Second by Mr. Fischer. MOTION CARRIED.

Srstka then continued going through the rules. Gromer stated the way that he had it written they would say that basically any person can play but if it is an employee or a owner, retail licensee he must have a badge

identifying himself as such. Lien asked for Mr. Gromer's recommendation. Lien then asked the Commission if they had a problem with it. Ms. Wagner responded she wanted to leave it the way it was, as Don had it written. Employer cannot play in their own - they can play in someone else's but they can't play in their own. Srstka asked Mr. Lien to take a straw vote. Crew called for more discussion. Gromer stated the suggestion that was made was allow the owner/manager to play as long as he was properly identified by a badge. Gromer stated I don't think that you ought to confuse an owner playing with the dealer. Gromer further stated he would take a real issue on a security measure and an accounting measure Mr. Srstka, if, in fact, you were to allow the owner of the establishment to play with any money other than his own. Straw vote to leave as is, Wagner, aye; Fischer, aye; Nord, not sure, Crew, wanted to change it, Lien, leave as is with notice that we can change it in the future.

Srstka stated that in accounting regulations there were some problems. Srstka explained the procedures that must be followed in adopting accounting regulations. 20:18:22:01(1)-(4), Srstka stated they would have to be left as is and meet the requirements of LRC.

20:18:22:14 Minimum bankroll requirements. Mr. Fischer asked Mr. Wordeman if he had the contract yet on the progressive. Wordeman stated the contract can be provided to the Commission, a sample of a contract. The contract itself is very confidential, its very competitive and the operator would be happy to provide under the guidelines that the Commission assures its confidentiality. How it works in a nutshell is the money does go into a trust account at the bank. The manufacturers or the owners of the system are responsible. The only requirements over the system from a control board standpoint, state standpoint, is the manufacturers already have licensing and bonding requirements, have proof of financial capability to pay it. The way the money goes on a progressive from the establishments to the operator of the progressive system, i.e., a penny per pull, every time a handle is pulled one penny of that money, and its all by meter on the machine, is what the operator or the establishment pays to the owner of that progressive system. The interest off of the money into there remains the interest money is the owner of the system is responsible for it. Gromer stated obviously the same drop procedures and fills and everything else pertain to a progressive as it does a regular slot machine. Wordeman stated that is correct. In fact the operator or the establishment, they do pay the smaller prize, i.e., \$10,000 is hit, an agreement is with the establishment or the operator to pay that money on the spot. That is where the owner of the machine, whether its the bar or an operator, has to have security, a good business security relationship with the owner of the progressive system. It is their contractual arrangement that protects them so that they know that by paying this prize money on the spot that the owner of that system does have the money and will reimburse them for their expenses. Crew asked if it would be one bank account for the owner and that's a trust account and we can audit? Wordeman responded that is correct. Lien stated what we did pass is alright? This was passed subject to change. Gromer asked if this trust account would be open at any time for inspection by the Commission. Wordeman responded it was correct.

Mr. Fischer moved the Gromer comments be adopted and incorporated in the minutes. Second by Ms. Wagner. MOTION CARRIED.

Srstka stated pursuant to SDCL 1-26-4(6) that you adopt all corrections and suggestions made by the Director of LRC both relating to the legality and to style and form. Mr. Fischer moved these be adopted. Second by Mr. Nord. MOTION CARRIED.

Ms. Wagner moved that we adopt the permanent rules as presented. Second by Mr. Fischer. MOTION CARRIED.

Srstka explained the process that will be followed in filing the rules. Ms. Crew moved that the Executive Secretary be authorized to make such changes in the rules necessary to receive approval of these rules. Second by Ms. Wagner. MOTION CARRIED.

Mr. Lien set the tentative date of September 27, at 10:00 a.m. for the next meeting.

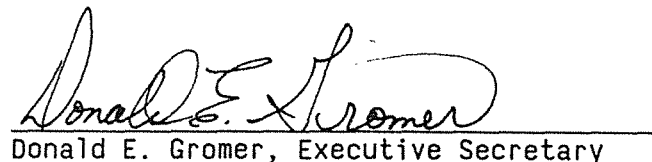
Ms. Dunn thanked the Commission for the work that was done in getting gambling started.

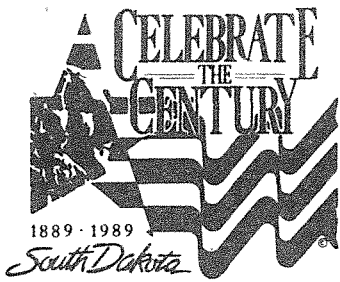
There being no further business the meeting was declared adjourned.

Respectfully submitted,

Cora Hunsley
Administrative Assistant
SD Commission on Gaming


Chuck Lien, Chairman


Donald E. Gromer, Executive Secretary



SOUTH DAKOTA DEPARTMENT OF COMMERCE AND REGULATION

Location: 910 E. Sioux

Mailing Address: 500 E. Capitol
Pierre, South Dakota 57501-5070

**BANKING
COMMERCIAL INSPECTION
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MINUTES OF THE SOUTH DAKOTA GAMING COMMISSION SEPTEMBER 29, 1989 STATE LIBRARY CONFERENCE ROOM, PIERRE, SD

Chairman Chuck Lien called the meeting to order. Roll call was taken and a quorum was declared with the following members being present: Chuck Lien, Karen Crew, Kristi Wagner, Karl Fischer, and Evans Nord. Others present were: Donald Gromer, Executive Secretary; Kit McCahren, Attorney; Roger Tellinghuisen, Attorney General; Jeff Stingley, Secretary of Dept. of Commerce and Regulation; Bruce Oberlander, Mayor of Deadwood; Steve Christensen, City Attorney for Deadwood; Lloyd West, Municipal Gaming Committee, Deadwood; Kevin Woster, Rapid City Journal; Jerry Apa, Deadwood; Stan Triplett and Delane Smith, Commission on Gaming.

Evans Nord moved that the minutes of the public meeting held in Deadwood on August 16 and 17, 1989 be approved. Second by Kristi Wagner. MOTION CARRIED.

Chairman Lien then asked Donald Gromer, Executive Secretary for the Commission on Gaming to give an update of the office of the Commission on Gaming.

Mr. Gromer advised that he has been in frequent contact with Mr. Pat Tabor, who is the representative for McGladrey Pullen, in which we have a contract with as accounting consultants. Mr. Tabor has forwarded some sketched forms and they hope to have the remaining forms completed by the middle of next week. Also a manual for the accounting and auditing procedures is being prepared. It is hoped that both the forms and manual will go to print within the next two weeks.

It was a suggestion by Mr. Gromer, which Pat Tabor concurred with, that the Commission would provide these forms and manual to the gaming establishments in Deadwood. He felt that this would enable the Commission to formulate a system to maintain an accounting process of all transfers of cash within the gaming house using only one set of single records and forms rather than each business using a different type of reporting system, leaving it much easier for accounting and auditing procedures.

There was a discussion as to whether the Commission should provide these forms without cost to the gaming establishments. Mr. Gromer felt that if the Commission provided the forms to the licensees then they would probably use them and they would be paying for them indirectly anyway, as the gaming proceeds that come into the Commission office will be used to pay for the forms. It was agreed by the Commission that the forms and manual would be provided to the gaming establishments without charge.

An accounting and auditing seminar will be held in Deadwood the middle of October to explain the accounting and auditing procedures. McGladrey Pullen will be there at that time to help with the seminar.

Mr. Gromer informed the Commission that the background investigations are being conducted by DCI, however a vast majority of the applications are just now being sent in and more are anticipated coming in which will make it difficult for DCI to get the investigations done in time for licensing by November 1, 1989. Stan Triplett, Security Director for the Commission, went to Rapid City to assist DCI in doing the investigations and will again go to assist in the investigations. Mr. Gromer indicated that he had made a press release explaining that the Commission could not guarantee that the background investigations would be completed and licenses would be approved by November 1, for anything submitted after September 15, 1989.

Roger Tellinghuisen, Attorney General, also offered that it just not possible to be able to ensure anyone that they can get the investigations completed by November 1, 1989 for any applications submitted after September 15, 1989. However, they will try to get as many completed as possible.

Mr. Gromer advised that based on preliminary information, there should be around 200 slot machines in Deadwood, however, we do not know how many live games there will be, so they are not being taken into consideration. Based upon 200 slot machine devices and the licenses that we have received to date, there should be about \$400,000.00 revenue generated by the devices. Approximately \$23,000.00 should be generated in application fees. He still does not know what each machine will generate in revenue and won't until some play has been made on those devices.

Mr. Gromer mentioned that the Commission on Gaming will have a lot of one time start up costs, particularly the repayment of the \$100,000.00 loan from the State to begin the office, the consultant fees, and office equipment. These are one-time start up costs, however, they will drastically affect what will be submitted back to the Deadwood Historic Preservation Fund for the first year.

Mr. Gromer informed that he has been receiving calls asking for a list of the applications that have been received for gaming licenses. He advised that he has not released any names or lists of the applicants and his feeling is that we should not do so until a person has been licensed. The Commission concurred with this.

The possibility of a closed meeting to approve the licenses for gaming was discussed. Roger Tellinghuisen, Attorney General, addressed the fact that there is a problem with a closed meeting with the press and other entities, and our present statutory structure does not provide for closed meetings to address certain issues. Department of Commerce Secretary, Jeff Stingley, also spoke to the fact that he does not feel that the current statutory structure will allow for us to have a closed meeting to vote on the licenses.

A proposal submitted by the Business Research Bureau of Vermillion was discussed. The state Department of Revenue uses the Business Research Bureau in collection of all their sales tax and a host of other taxes. Mr. Gromer has spoken with both the Roger Novotny of the Department of Revenue and Don Lewis of the Business Research Bureau about the possibility of entering into a contract with the Business Research Bureau for the remittance of gaming taxes. The Commission had some discussion on this proposal, and decided that they would like to have Mr. Lewis from BRB come to the Commission's next meeting to discuss this proposal further.

Mr. Gromer then addressed some concerns that he has received concerning progressive slot machines. The Aristocrat Company informed the office that the specifications for the communications mechanism regarding the progressive slot machines were so technical that none of the present manufactures could comply. Mr. Gromer, in turn, has consulted with Mikkon Corporation, which is the leading figure in Nevada, and they also agreed that the rules concerning the progressive slot machines were so technical that none of the manufacturers could comply with them. Mr. Maida, from Gaming Laboratories in New Jersey, also agreed with Mikko and the Aristocrat that few of the manufactures could comply with the rules concerning progressive slot machines. Mr. Maida, in turn, stated that he would forward to the Commission a changed proposal that the Commission might want to address on the progressive slot machine issue. Mr. Gromer asked the Commission to seriously consider the possibility of amending the rules and regulations so that the manufactures and operators could take advantage of the Deadwood market and possibly establish a progressive slot machine.

The Deadwood Municipal Gaming Committee was introduced by Mayor Oberlander. Lloyd West is the Chairman, Ron Iceland is Vice-Chairman, and Mary Dunn and Steve Christensen are members. This is the committee formed by the City of Deadwood which will act as an advisory to the city commission of Deadwood and address gaming issues.

Mr. Gromer informed Mayor Oberlander that the Commission is in need of a current map of the city of Deadwood as of January 1, 1989. Mayor Oberlander said he would provide this map to the Commission within the next week.

Mr. Jerry Apa of Deadwood asked the question that if he gives a customer "extra money" or "free money or chips" to get them started to play, does he have to pay a tax on that amount of "free money or chips or tokens"? The Commission explained that the statute does not make any allowance for taxing anything other than the net gross revenue.

Mr. Apa also felt that the Commission should try to establish a fund for promotion of gaming. The Commission informed Mr. Apa that they felt that the promotion should be left up to the free enterprise system. The Commission did discuss the possibility of asking the Department of Tourism to help promote gaming in Deadwood. Karen Crew made a motion for the Executive Secretary to write a letter of Susan Edwards of the Department of Tourism, asking for their

assistance in promoting gaming in Deadwood as of November 1, 1989. Second by Kristi Wagner. MOTION CARRIED.

Attorney General Roger Tellinghuisen, informed the Commission that he just recently got back from Nevada, where he met with the Nevada Attorney General's Office, Division of Gaming, as well as their Commission on Gaming. In discussing some of Nevada's regulations compared to our own, some things have come up which he feels should be addressed legislatively this next legislative session. The Attorney General's Office will put together a letter to the Commission within the next couple of weeks outlining some of things that the Attorney General's would like to have changed legislatively. Mr. Tellinghuisen said that his office would draft this legislation for the Commission. He also advised that he will always have someone from his office assigned to the Commission on Gaming. The Commission congratulated Mr. Tellinghuisen for his efforts in going to Nevada to look into this and sharing it with the Commission and commended him on all the help he has provided to the Commission.


Mayor Oberlander stated that he also appreciates all the help and assistance that the Attorney General's Office and the Commission on Gaming has given Deadwood in getting gaming established.

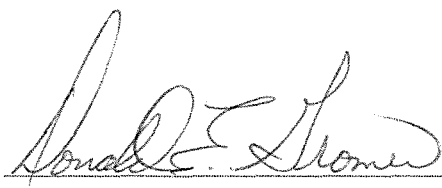
Chairman Chuck Lien set the next date of October 20, 1989 for the Commission on Gaming to meet. A tentative time of 10:00 a.m. was set.

There being no further business to discuss the meeting was declared adjourned. The Commission on Gaming then met after lunch in Executive Session.

Respectfully submitted,

Delane Smith
Administrative Assistant
SD Commission on Gaming


Chuck Lien, Chairman


Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605) 773-6050

MINUTES OF THE SOUTH DAKOTA GAMING COMMISSION
OCTOBER 20, 1989
LEGISLATIVE RESEARCH COUNCIL CONFERENCE ROOM #1
PIERRE, SOUTH DAKOTA

Chairman Chuck Lien called the meeting to order. Roll call was taken and a quorum was declared with the following members being present: Chuck Lien, Karen Crew, Kristi Wagner, Karl Fischer and Evans Nord. Other present were: Donald Gromer, Executive Secretary; Stan Triplett, Security Director; Roger Tellinghuisen, Attorney General; Jeff Stingley, Secretary of Department of Commerce and Regulation; Bill Srstka, Commission Attorney; Delane Smith, Administrative Assistant; and Don Lewis of the Business Research Bureau; Chet Brokow of the Associated Press and Kevin Woster of the Rapid City Journal; Bill Fisher and Dennis McQuade of Deadwood.

Evans Nord moved, seconded by Karl Fisher, to approve the minutes of the September 29, 1989 Commission Meeting. MOTION CARRIED.

A presentation was given by Don Lewis, who is the Director of the Business Research Bureau, explaining the process of what the Business Research Bureau has and how they might be able to assist the Commission on the collection of revenue and taxes reference gaming in Deadwood. He pointed out that there is a lot of similarities with what the Business Research Bureau presently does with the Department of Revenue and what the Commission would be doing in the collection of taxes in Deadwood. They have a computer system which they built for the Department of Revenue for the collection of sales taxes. The proposal that the Business Research Bureau prepared was reviewed by the Commission. Karen Crew asked why the Department of Revenue or the state doesn't collect the taxes for gaming. Roger Tellinghuisen pointed out the statute mandates that the all costs, administration and enforcement of gaming is paid out of revenues that it generates and this would mandate the Commission, by statute, to withstand the cost of collection of taxes.

The Business Research Bureau proposal outlines what it would cost the Commission to monitor in an ongoing program to electronically deposit checks and collect money with the best safeguards for everyone involved, specifically for gaming. This proposal is for the Business Research Bureau to monitor, deposit and report, specifically for gaming, revenue and auditing.

The proposal is for \$48,000.00 for the development program and approximately 1,900.00 a month to operate. Lewis pointed out that he felt that \$1,900 is a high estimate but he wanted to quote the Commission a higher figure to look at for budgetary purposes so that we could accommodate should the expenditures be higher when we are into the program.

The Commission discussed other alternatives such as IPS or the state system. Don Gromer pointed out that IPS could give us no firm bid as to

what the costs of the collection and operation would be until the system is developed. The state cannot give a firm overall bid as to what the system will cost to design or maintain.

Don pointed out to the Commission that the Business Research Bureau is already on line in the collecting and reporting of revenue to the state and they are already working with the Department of Revenue and IPS would have to start over with designing and maintaining a system.

A motion was made by Karl Fisher, seconded by Kristi Wagner, to accept the proposal of the Business Research Bureau. MOTION CARRIED.

Don Lewis will work with Don Gromer on the contract.

Update by Don Gromer:

Don pointed out that Pat Tabor from McGladrey Pullen and Don held a seminar on the internal auditing procedures for gaming in Deadwood. A manual was prepared and distributed to each establishment for auditing and accounting. Forms were also distributed to each establishment with the exception of pre-numbered forms which are at print and will be distributed within the next week. Form dispensers will be in by the November 1, opening day and will be distributed to the establishments in Deadwood by November 1, also.

McGladrey Pullen did prepare a complete written manual for each establishment which takes the establishment step by step through each document that is required to be filled out and signed off on for accounting purposes. Also all the forms were prepared and have been printed up and all forms in the possession of the establishments except for the pre-numbered forms, which have been printed and will be delivered next week to the businesses. Don pointed out that there was a particular dispensing machine that maintains security and accountability of certain documents used in gaming that are basically as good as cash if they were to get out into the wrong hands (fill and credit slips) and the Commission will provide these dispensers to the gaming establishments in Deadwood.

The merchants seem to appreciate the accounting and auditing forms and manuals, as a lot of the merchants had indicated that they hadn't really considered how they were going to account and report revenue of the their establishments. All the accounting will be uniform and everyone will have the same internal auditing and accounting procedures established by the Commission.

All establishments have been notified that there would be unannounced audits of their establishments by the Commission.

Don advised the Commission that he had given a press release that applications that were not submitted to the Commission by September 15, 1989 could not be guaranteed that the investigations would be completed in time for the November 1, 1989 opening day of gaming, however, there was very little response. The applications have been very late in coming in and are now beginning to come into the office heavily. Don has appointed Stan Triplett, Security Director, to help with the investigations, however he is limited as to what he can do as he does not have access to the law enforcement material that DCI does.

Don pointed out that the establishments are asking for temporary permits for support help until their licenses are approved do to the fact that gaming is going to begin November 1, and they are in need of more support staff to work, however, there is no type of statute for this type of mechanism to work.

Bill Fisher of the Bella Union in Deadwood commented that even though the people have been slow in getting the applications in the establishments in Deadwood are in dire need of more support personnel and asked if the commission couldn't do something in order for the personnel to be licensed before November 1, 1989.

Don asked the Commission how they felt about allowing him to act on the licenses approved as this meeting by sending out their license with an enclosed letter stating to the effect that within 10 days their remittance of \$50 would be due and at the conclusion of the 10 days if they haven't paid the license it would be vacated or revoked which could jeopardize their ever being able to apply for a license again. Don felt that with this type of letter being sent along with their license most would comply and if they didn't we would revoke their license and notify their employer that they are no longer licensed.

The Commission felt that once an applicant was given their license it would be difficult to revoke a license. Roger Tellinghuisen agreed that it would be difficult to revoke a license for non-payment once given as the Commission's Rules and Regulations requires the applicant to pay the application fee and license fee before they can acquire their license.

The Commission agreed that no licenses should be given until the \$50.00 license fee is paid upfront as directed by the Commission's Rules and Regulations.

Don Gromer assigned Stan Triplett to be in Deadwood at the Chamber of Commence on Tuesday, October 24, from 10:00 to 3:00 and Wednesday, October 25, from 9:00 to 1:00 to give licenses to those people that have paid or pay their license fee and have been approved as of this meeting.

Chuck Lien suggested that we could hold another commission meeting on the 31st of October, 1989 to do another sweep of licensing of the applicants that come in after this meeting. At that time the Commission could approve, deny or table any licenses before the opening day. Then we will set up a place where the applicants can come to pick up their licenses if they are approved. The Commission agreed that this should be done and all agreed to be in Deadwood at 1:00 on ~~December~~ ^{OCTOBER} 31, 1989 in a last minute effort to get out all the licenses possible before the opening day of gambling.

Don advised the Commission that the retail licensees will be delivered personally and upon delivery of the licenses we will have payment. Don anticipates going to Deadwood on Wednesday, October 30, and he and Stan will collect from the operators and retailers. Don has been in contact with the U.S. Attorney's Office and it is necessary for each gaming establishment to notify the Department of Justice of their gaming establishment. Don has received a list of things that the gaming establishments need to report to the federal government and documentation will be provided for the establishments when they are licensed to make the necessary report to justice.

A discussion was held as to the use of credit cards to obtain chips or tokens. Don advised that he showed this proposal to attorney, Bill Srstka, and he reviewed it and was of the opinion that the establishment isn't the one entering into the credit agreement it is the credit card company and the customer that is entering into an agreement. The Commission did not want to take action one way or the other as to whether they endorse the use of credit cards to obtain chips or tokens and felt it should be left up to the business entity to decide if they want to use them.

Don informed the Commission that at the accounting seminar he was approached by some of the gaming establishment about the use of promotional coupons, in particular, "Lucky Bucks" which is a coupon which grants a favor to a customer to play and he asked the Commission what they felt about this. Chuck Lien felt that at this time he is more concerned about getting gaming up and going rather than endorsing promotional or marketing tools at this time and felt that we should defer this matter until which time gaming has begun and there is a better feel for what is needed. Evans Nord made a motion, that any "Lucky Bucks" promotional coupons endorsements be tabled until a later time. Seconded by Karl Fischer. MOTION CARRIED.

Jeff Stingley, Secretary for the Department of Commerce and Regulation, asked to address the Commission. He stated that it was less than six months ago that the five Commissioners met for the first time to start trying to come up with how gaming in Deadwood will actually occur and he just wanted to say congratulations to the Commission and Don and his staff as he feels that the Commission has come a long way in assuring the people of this state that gaming in Deadwood is going to run, as the Governor has termed, "in a squeaky clean fashion". Chairman Lien also thanked Jeff for his support and guidance he and his Department has given to the Commission on Gaming.

The Gaming Commission then went into Executive Session.

Evans Nord made a motion to come out of Executive Session and go into open meeting. Motion was seconded by Karl Fischer. Motion Carried.

Old Business:

Karen Crew moved that the Commission retain the services of Olinger, Srstka, Lovald, Robbennolt and McCahren, in accordance with the terms of the proposed contract which was submitted to the Commission until July 1, 1990. Motion was seconded by Karl Fischer. MOTION CARRIED.

New Business: None

Chairman Lien moved to have the next Commission Meeting in Deadwood or Lead on October 31, 1989 at 1:00 at a place to be named by the Executive Secretary which is convenient for all. Seconded by Kristi Wagner. MOTION CARRIED.

Executive Secretary, Don Gromer, brought forth his recommendations on licensing for manufactures, distributors, operators, retailers and support staff.

A motion was made by Evans Nord to approve the four manufacturer/distributor licenses which Don recommended, and table the

application of Games of Nevada until which time the background investigation has been completed. Seconded by Kristi Wagner. MOTION CARRIED.

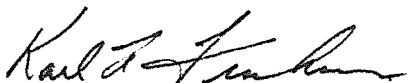
A motion was made by Karen Crew, seconded by Kristi Wagner, to approve all the operator and retail licenses that Don recommended for licensing with the exception of Jolly Jug which should be tabled until which time payment for the application fee has been made. MOTION CARRIED.


Evans Nord moved to approve all the support staff which Don recommended for approval and deny licenses to Roger Hand and Ronald Underhill. Seconded to Karl Fischer. MOTION CARRIED.

Kristi Wagner made a motion for the meeting to adjourn. Second by Evans Nord. MOTION CARRIED. Meeting was adjourned.

Respectfully submitted,

Delane Smith
Administrative Assistant
SD Commission on Gaming


~~Chuck Lien~~, Karl T. Fischer
Up Chairman


Donald E. Gromer,
Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605) 773-6050

MINUTES OF THE
SOUTH DAKOTA COMMISSION ON GAMING
OCTOBER 31, 1989
CONFERENCE ROOM OF THE LAWRENCE COUNTY SHERIFF'S OFFICE

Chairman Chuck Lien called the meeting to order. Roll call was taken and a quorum was declared with the following members present: Chuck Lien, Karl Fischer, Karen Crew, and Kristi Wagner. Others present: Donald Gromer, Executive Secretary; Bill Srstka, attorney; Stan Triplett and Delane Smith, Commission on Gaming; Janie Beeman, Governor's Office; Patti Gromer; Bill Fisher and Bill Hixon of Deadwood.

Chairman Lien declared the meeting an open meeting with the primary purpose of the meeting to review the late support licenses that can be approved before the November 1, 1989 opening day of gaming.

Executive Secretary, Donald Gromer, indicated that the Wild Bill Bar, the Franklin Hotel, Bella Union, Buffalo Bar and Calamity Jane's had all sent in letters requesting that they be open for 24 hours. John Gable of the Wild Bill Bar has since asked to withdraw his request for 24 hour licensing at this time. Karen Crew moved that the Commission grant the Franklin Hotel, Bella Union, the Buffalo Bar and Calamity Jane's to be open 24 hours. Second by Kristi Wagner. MOTION CARRIED.

Don Gromer informed the Commission and the public that he had just come from the Lawrence County Sheriff's Office and they indicated that they had been receiving a large amount of applications, however there is no way that the Commission can have the necessary background investigations done on any applications that have come in within last 7 to 10 days. The Commission has obtained a lot of applications as of last week and have done some investigations on some of those people and on other individuals there was been a hold up for a variety of reasons. Those applications are not completed as of this date. Don recommended that on those applications that are completed and that we can make recommendation to the Commission on, he will be willing and able to do so today, and hopefully the Commission can meet again soon for consideration of the additional applicants.

Kristi Wagner moved that the Commission go into Executive Session. Karen Crew seconded. MOTION CARRIED.

The Commission returned from Executive Session for the consideration of licenses to be acted on.

A motion was made by Karl Fischer, seconded by Kristi Wagner to approve the Games of Nevada as a manufacturer. MOTION CARRIED.

A motion was made by Kristi Wagner, seconded by Karl Fischer to grant a license to the Jolly Jug as a retail licensee. MOTION CARRIED.

Don Gromer named the individuals that he recommended for approval of

support licenses. Kristi Wagner moved that the individuals that Executive Secretary, Don Gromer, recommended for approval be approved. Second by Karl Fischer. MOTION CARRIED.

Don Gromer then announced that his staff would be at the Chamber of Commerce immediately following the Commission meeting to disseminate the licenses that have been approved upon payment of the license fee.

The next meeting was set for November 13, 1989 at 1:00 in Pierre, South Dakota.

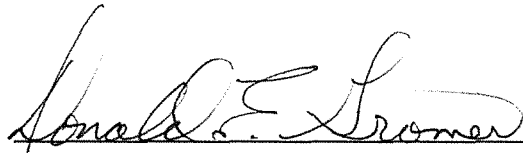
Kristi Wagner moved that meeting be adjourned. Seconded by Karen Crew. MOTION CARRIED.

Respectfully submitted,

Delane Smith
Administrative Assistant
SD Commission on Gaming



~~Chuck Lien~~ V. Chairman
Karl T. Fischer



Donald Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605) 773-6050

MINUTES OF THE SD COMMISSION ON GAMING
NOVEMBER 13, 1989
COMMISSION ON GAMING CONFERENCE ROOM, PIERRE, SD

Chairman Chuck Lien call the SD Commission on Gaming meeting to order. Roll call was taken with a quorum declared. The following Commission members were present: Chuck Lien, Karl Fischer, Karen Crew and Kristi Wagner. Other present were: Don Gromer, Executive Secretary; Kit McCahren, Attorney, Joe Kafka, Associated Press; and Delane Smith, Administrative Assistant.

Executive Secretary, Don Gromer, gave an update as to how gaming was proceeding in Deadwood. He advised that everything seemed to be proceeding very well, even better than expectations. He has had the opportunity to visit with quite a few of the businesses in Deadwood and there has been a considerable amount of play on all of the devices and it has been consistent, steady play.

Executive Secretary Gromer informed the Commission that the overall drop of the machines is much greater than what anyone had anticipated at least at this time. His projections were that the adjusted gross income per device would be somewhere around \$35 to \$40 day and we are currently looking at around \$150 to \$200 a day per device. At this point another surprise is that the poker games seem to be doing very well. There seems to be real steady, constant play on the poker tables. In conversations with the business people in Deadwood, they feel that greatest problem that they are having is finding enough devices for the people to play.

As of November 12, 1989 there are 5 manufacturers, 36 licensed establishments and 201 support licenses. There are 326 slot machines licensed (which does not include the City's \$.05 slot machines), 25 blackjack tables and 7 poker tables.

Secretary Gromer informed the Commission that the office is short manpower. He asked the Commission to authorize the hiring of additional security agents in Deadwood and hiring of an accountant/auditor who would be officed in Pierre. The positions are already classified and if the Commission would authorize approval, he would announce the positions and get the personnel hired.

Kristi Wagner moved, seconded by Karen Crew, to authorize Executive Secretary Gromer to hire the additional security agent position and the accountant/auditing position. MOTION CARRIED.

The Commission asked Secretary Gromer if this would be enough staff as some of the gaming houses may be open 24 hours a day and there might be a need for more security staff. He advised that he would monitor the situation and he would probably look at hiring more security staff in March or April, but at

present he felt that one more security agent would be enough.

The SD Commission on Gaming office headquarters in Deadwood will be ready on December 1, 1989. Stan Triplett, Security Director, and the new security agent that is hired will be officed there.

Executive Secretary Gromer then addressed some statutory changes that he would like to see. Those addressed were: (1) the Commission's access to and maintenance of confidential records and non-public records, (2) the power to issue support licenses and he stressed just support licenses, and (3) the authority for the Commission to drive un-marked vehicles should they purchase vehicles for the Pierre and Deadwood Offices.

Karl Fischer suggested that Don talk with Roger Tellinghuisen to discuss what legislation he would suggest, as he has had considerable contact with the state of Nevada and he might have some recommendations to make.

Chuck Lien advised that he also would like to see legislation to have the gross tax remittance done monthly rather than bi-monthly. Secretary Gromer advised that we do have a monthly statistics report that the establishments have to produce to the Commission.

Commissioner Lien believed that we would probably see legislation introduced by some of the gaming establishments in Deadwood to increase the number of machines that can they can obtain. He felt that any increases in gaming legislation should possibly also include safeguards in monitoring gaming, such as surveillance cameras, more security, etc. The commission members concurred with this.

The Commission was informed by Secretary Gromer that he has come across a couple of rules that are either unworkable or they need to be changed. One is 20:18:17:24, Progressive Slot Machines. Nevada is having problems with their rules concerning progressive slot machines also. One of the problems is with the ten game recall on a progressive slot machine which is mandated in rule. There is nothing on the market today that will allow for a ten game recall with progressive slot machines. He would like to add an additional rule suspending the operation of the current rule until 1991 and a new rule would be written which would allow progressive slot machines for the immediate future.

Rule 20:18:17:31 is also causing trouble and it concerns meter count procedures. the problem is that every time there is a drop 25 coins have to be inserted back into the machines and this is causing problems with the accounting procedures as the machines cannot differentiate between the 25 coins being put back into the machines and actual play. Secretary Gromer would like to see this entire rule repealed. James Maida from Gaming Laboratories and Pat Tabor from McGladrey Pullen both concur that this rule is not necessary. Chairman Lien entertained a motion to instruct our attorney to look into repealing this rule. So moved by Karl Fischer, seconded by Kristi Wagner. MOTION CARRIED.

A presentation was made to the Commission by Executive Secretary Gromer on the internal accounting and auditing procedures that has been implemented with the gaming establishments in Deadwood. He said that this system would make it very difficult for embezzlement. At least three people have to verify the proceeds of each tally.

The use of promotional coupons was addressed. The gaming establishments want

the Commission to approve the use promotional coupons. This includes such promotionals as "lucky bucks" or "two for one chip coupons". If such coupons involve the use of any chips or tokens or free plays, this makes the accounting and auditing of play very difficult for taxing purposes. A motion was made by Karen Crew, seconded by Kristi Wagner, to allow Secretary Gromer the ability to approve promotionals on a piece by piece basis, so long as there is a way to handle the accounting procedures. MOTION CARRIED.

The commission went into Executive Session to review license for consideration. Then returned for an open meeting.

Karen Crew recommended that the preliminary drafts of rule changes or statutory changes should be prepared by December 19, so that the Commission can review them and get ready for the legislative session.

The Commission then was informed of the support licenses that Executive Secretary, Don Gromer recommended for approval. There was one support license that Secretary Gromer recommended for denial. Karen Crew moved that all licenses that were recommended for approval be approved and the support license that was recommended for denial be denied. Seconded by Kristi Wagner. MOTION CARRIED.

The next meeting was set for December 19, 1989 at 10:00 a.m.


Karl Fischer moved the meeting be adjourned, Kristi Wagner seconded. MOTION CARRIED.

Respectfully submitted,

Delane Smith
Administrative Assistant
SD Commission on Gaming



Chuck Lien, Chairman



Donald E. Gromer, Exec. Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605) 773-6050

**MINUTES OF THE SOUTH DAKOTA COMMISSION ON GAMING
DECEMBER 6, 1989
OAHE ROOM A, HOLIDAY HAUS
PIERRE, SOUTH DAKOTA**

Vice Chairman Karl Fischer called the meeting to order with the following commission members being present: Karl Fischer, Kristi Wagner, Evans Nord, Karen Crew. Chuck Lien was absent. A quorum was declared. Other staff present were: Don Gromer, Executive Secretary; Kit McCahren, attorney, Stan Triplett, Security Director and Delane Smith, Administrative Assistant. Others present were: Scott Randolph, Chet Brokaw, Bill Andresen, Donald Achtien, A.R. Cook, Ron Island, Steve Christensen, Mayor Bruce Oberlander, Lloyd West, Mary Dunn, Bob Leonard, Tom Blair, Mary Schmit, Chuck Ewoldt, Bill Evers and Craig Murdock.

Vice Chairman Karl Fischer announced that the Governor would appear at a later time during the meeting to be presented with a check for reimbursement of the loan that the SD Commission on Gaming received for beginning operation of the Commission. Don Gromer, Executive Secretary, explained that the SD Commission on Gaming transferred money from the State Gaming Fund to the State Treasury through a non-cash voucher for the payment of the \$100,000.00 loan, which was passed by the legislature, with 10% interest. The interest started to occur when the Bill was signed because there was an emergency clause in the Bill and the money was placed in our account at that time. We are paying interest on \$100,000.00 from the months of April through the time that we paid the loan off, which makes the interest \$6,088.00. This payment was made from the proceeds that was generated from the licensing of the establishments, people and devices.

Executive Secretary Gromer then gave his proposed budget for the Executive Offices of the Gaming Commission. The state runs on a fiscal year from July 1 to June 30. Back in August, 1989, Finance and Management and the fiscal office in Commerce asked the Commission to prepare it's budget. This was done, however, since the office was so new it was really difficult to project the dollar amount of the budget. This has recently been reviewed and redone. Presently licensed in Deadwood are 34 retail establishments, 10 operator licenses, 5 manufactures and after the conclusion of this meeting, somewhere around 400 support staff should be licensed and approximately 380 devices should be licensed. This is what most of the budgetary figures were based on. Some projections were done as well as to what we are looking for in gaming taxes, etc. Gromer stated that he has projected that the state should be paid somewhere in the vicinity of \$434,000 in tax revenue for this year, and there is no way of knowing what the \$.05 slots are going to generate, but he was told by some of the vendors that it would probably be somewhere around \$100,000.00 a year. With the licensing fees, application fees, the gaming tax and the \$.05 slots

the projections come to around \$1.3 million plus that the SD Commission on Gaming should take in this year, and out of that 40% of the 8% tax to the state and 10% to Lawrence County. At this time we don't have any figures for 1991, but an increase is anticipated as information being received through the Commission Office is that there will probably be an increase in businesses, increasing the tax revenue in itself.

The SD Commission on Gaming's budget for this year will probably exceed \$532,000.00. The vast bulk of that money is consultant fees. Legal consultants were involved to help us draft rules, accounting consultants helped with the internal accounting and auditing procedures, Gaming Laboratories International is testing the slot machines and consulting, legal consultants from Nevada have helped us with preparing our rules and regulations, all of which is still ongoing. Also we are entering into a contract with the Business Research Bureau to help us with the remittances of the 8% tax. Along with the consultant fees is the one-time costs of the starting up the SD Commission on Gaming, in such things as office computers, office equipment, etc. After this year, it is estimated that the Commission on Gaming's budget should reduce considerably, with an estimate of approximately \$410,000.00 on a year to year basis. This includes a staff of six people which includes Don Gromer, Executive Secretary, Delane Smith, Administrative Assistant, Stan Triplett, as director of Security, with 2 more security agents to come on board, and a Director of Accounting and Auditing. Secretary Gromer reiterated that these are projections and it is unknown at this time what type of hidden costs could arise at this time.

Executive Secretary Gromer announced that the first remittance to the City of Deadwood should be in January of 1990 for the first two months quarter. He stated that he does not know at this time what the remittance will be in January.

Tom Blair asked who the SD Commission on Gaming is accountable to for the overseeing and expenditures of funds. Secretary Gromer answered that he was accountably to 3 identities which are (1) the Commission, (2) the Legislative Audit, and (3) the Bureau of Finance of Management.

Don did reiterate is that this a projection type budget there is no clue, as of yet, as to what the 8% gross revenue tax is going to be and this will not be known until some history can be obtained.

The letter from the Deadwood U Bet Committee was addressed by the Commission. Mary Schmit represented the Deadwood U Bet Committee.

Some of the concerns that they had concerned the following:

- (1) Flexibility on drop schedules such as in times of emergencies.
- (2) Future discussions of revenue to be limited to monthly statistics and reports and any revenue statistics or projections are substantiated.
- (3) Approval of promotions or coupons need to be done as quickly as possible as the establishments are needing to get their advertising promotions going.
- (4) The Committee wants the Commission to set out guidelines or specifics for the control of minors in the gaming establishments.

Executive Secretary Gromer clarified that if the establishments wishing

to use coupons have a bearing upon games it is important that the coupons are accountable. The Commission on Gaming has no problems with the gaming establishments giving out coupons for free merchandise or items from their businesses, such as free drinks, food, t-shirts, etc., however, the Commission is concerned about accountability of gaming coupons. There are two types of coupon play called free-play and match-play. Free play is if a coupon is sent out to a given person or establishment and that person can bring in the coupon and make a wager with it, it acts as a chip at the time of presentation, which does have bearing on the mathematical statistical payout of the particular game that it is being offered at such as a blackjack game. The state does have a 8% interest in this coupon. Match play is where a coupon is brought in and you place a bet and receive a subsequent bet on top of that, such as a two for one promotional, that again will vary the statistical mathematical hold on the tables.

The proposed rules that the Commission is reviewing does address match play and free play. These proposed rules for match play and free play could be deducted from the gaming establishments gross revenue. Any other types of promotional endeavors will not be disallowed, however, they will not be allowed to be deducted from the gross revenues.

The Commission pointed out that state law prohibits anyone under the age of 21 from participating in gaming. The Commission felt that the only thing that they can do to further enhance with would be to draft a rule to prohibit anyone under the age of 21 from even being in a gaming establishment. The Commission did not feel that this was good rule processing, because with the wide variety of gaming establishments in Deadwood, such as drug stores, candy shops, grocery stores, motels, and saloons, it would not be feasible to prohibit anyone under the age of 21 years from entering these type of establishments. The Commission felt that it should be up to the businesses own house rules if they allow anyone under the age of 21 years of age on the premises. The law could be posted in each establishment, but it would have to be up the establishments to enforce this.

The issue of establishing emergency drop times was addressed by the Commission. Executive Secretary Gromer said that in the case of an emergency the Gaming Commission Office wishes to be reasonable and flexible in the case of emergencies, such as a severe blizzard, etc., however, if the establishments were to ask for emergency drop times due to such things as a lack of chips or tokens, the Commission did not feel that this was a plausible reason. In the event that an emergency does occur and a drop cannot be made at a particular time the establishments should just contact the office in either Deadwood or Pierre and flexibility would be given in this type of situation.

Anthony Cook, from Wild Bill Bar, pointed out that they would like some flexibility in the drop situations so that the public does not know that the establishments are in a routine with drops thus enhancing security. The Commission pointed out that they have no problems with varying the drop times so that a pattern does not occur, however, the Commission will have to be notified of when the drops occur.

At this time Governor George Mickelson appeared at the Commission Meeting and was presented with a check for the loan repayment of \$100,000.00 plus interest. The Governor addressed the Commission and the City of Deadwood and said that he is proud of the way in which Deadwood and the Commission has gotten gaming off the ground and the

way in which it is running. He said that gaming seems to be doing even better financially than anyone had anticipated from the estimates received so far, and he hoped that the enthusiasm continues and he has every reason to believe what it will.

A short break was taken and the meeting reconvened.

Further discussion was held on promotional coupons. Commissioner Karen Crew moved to authorize, Executive Secretary Gromer, along with the authority that has already been delegated to him to consider any proposals for promotional schemes, and if they meet the rules that the Commission intends to propose and adopt, that he approve those on an individual basis so the establishments can begin on their advertising and promotional campaigns. Kristi Wagner seconded the motion. MOTION CARRIED.

On the issue of public disclosure of gaming revenues, it was pointed out to the public that the Commission on Gaming Office is a public office and if comments are made at a public meeting it is public information. However, abstracts on proceeds will be done collectively as an industry for all gaming establishments revenues and will not be released on individual establishments.

Tom Blair of the Deadwood U Bet Committee asked to the Commission to consider proposing legislation to allow the Commission to use their own discretion as to how many nickel slot machines the city can have. He felt that with the increasing number of establishments that are coming into Deadwood, 50 nickel slot machines is not enough. He asked if the Commission would get the authority to use its own discretion on how many city nickel slot machines would be allowed each year in Deadwood. Karen Crew said that she appreciates this, however, at this point, without a track record, it would probably not be wise to try to change the number of machines that are allowed through the legislature. The Commission concurred with this.

Vice Chairman Fischer mentioned that if there is any legislation on the part of the Deadwood community, be it the Deadwood You Bet Committee, or whomever, the Commission would like to have the legislation in writing prior to the December 19, 1990 meeting so that it can be reviewed and discussed at the next Commission meeting.

Don Achtien asked if the Commission has considered legislation changing the calendar year from November 1, to November 1 rather than from July 1 to July 1. The Commission asked that if this is legislation that they would like to have the Commission consider proposing, to put it in writing and submit it prior to the next meeting.

VICE CHAIRMAN FISCHER entertained a motion to go into Executive Session to discuss applicants for licensing. Evans Nord so moved, seconded by Kristi Wagner. MOTION CARRIED.

The Commission meeting reconvened at 1:30 p.m..

Kristi Wagner made a motion to approve the applicants for support licenses that were recommended by Executive Secretary Gromer. Evans Nord seconded the motion. MOTION CARRIED.

Karen Crew made a motion to deny the licenses in which Executive

Secretary Gromer recommended for denial. Seconded by Kristi Wagner.
MOTION CARRIED.

Bill Evers, of the Bella Union, requested the Commission to consider letting him change one of his blackjack tables to a poker table when the need arises. He would also change the drop boxes when he changed tables. The Commission said that they would like to consider this and try to give him an answer on this at the next meeting.

Bill Evers also addressed the Commission as to the definition of a building and if he could place an access between two separate buildings. Karen Crew asked our attorney's to look into the definition of building further for us and we would try to further clarify the definition of a building and the guidelines for this issue.


Anthony Cook, of Deadwood Player's said that his biggest fear when he came out to Deadwood was what he was going to have to come out and set up some internal controls and procedures and this was already done by the State as a result of the Commission and he complimented the Commission on the controls and procedures that they have in place.

Tom Blair asked the Commission if there was anything that they have heard in the way of criticism or favoritism with the gaming industry. Vice Chairman commented that the only thing that he had heard is that there is not enough games to play and the public has to wait to play games during the busy times. Kristi Wagner reiterated that she had heard the same type comments from the public.


The next meeting was set for December 19, 1990.

Kristi Wagner made a motion to adjourn the meeting, seconded by Evans Nord. MOTION CARRIED.

Respectfully submitted,


Delane Smith
Administrative Assistant


Charles Lien
Chairman


Donald E. Gromer
Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605) 773-6050

MINUTES OF THE SOUTH DAKOTA COMMISSION ON GAMING
DECEMBER 19, 1990
STATE LIBRARY CONFERENCE ROOM
PIERRE, SOUTH DAKOTA

Vice Chairman Karl Fischer called the meeting to order with the following Commission members being present: Karl Fischer, Karen Crew, Evans Nord and Kristi Wagner. Absent: Chuck Lien. Quorum was declared. Other staff present: Donald E. Gromer, Executive Secretary; Stan Triplett, Security Director; Bill Srstka, Attorney at Law; Delane Smith, Administrative Assistant. Others present: Mike Trucano, Melodee Nelson, Bill Evers, A. R. Cook, Duston Whiting, DCI, Kevin Woster, Chet Brokaw, Shannon Garry.

Evans Nord moved that the minutes of October 20 and October 31, 1989 be approved. Seconded by Kristi Wagner. MOTION CARRIED.

An update report was given by Executive Secretary, Donald Gromer. He announced that he is holding interviews the following Thursday and Friday for an additional security agent which will be officed in Deadwood. Also on the 2nd of January, 1990, there will be interviews for the accounting and auditing positions. Doug Evanstad from McGladrey Pullen will assist in the accounting and auditing positions. The person that we hire for the security agent position will be going to Nevada for a two week school which the Nevada Gaming Control Board is holding. Hopefully, Security Director, Stan Triplett, will be going to the next school provided for.

Secretary Gromer stated that there has been a steady influx of licenses that are coming in for licensing. We should have approximately 73 more support applications and nine operator/retailer licenses for consideration at this meeting.

The monthly statistical reports, which the gaming establishments are mandated by rule to provide, have been received and compiled. The overall Monthly Gaming Statistics Report was released to the Commission. Approximately \$13.2 was gambled in Deadwood during the month of November, 1989. Out of that 90.5% of all monies played in Deadwood went back to the players in the forms of winnings. Approximately \$1.2 million dollars is what we consider the adjusted gross income, that is income kept by the gaming establishments pursuant to their endeavors in gaming. There was also a break down as to what the 8% tax would be on this gross revenue income, including what the State Share, Lawrence County Share, Commission Gaming Fund Share and the proceeds from the city nickel slot machine shares would be. The proceeds from the nickel city slots will be forwarded back to the Commission's Fund and this will be, in turn, addressed back to the city of Deadwood on a quarterly basis.

Approximately four different promotional endeavors of the gaming establishments have been approved and have been limited to what was discussed at the last Commission Meeting, considering match and free play.

A discussion was held on proposed rules that will be submitted for approval. The major points that the proposed rules deal with are the progressive slot machines and promotionals. The present vendors are having difficulty complying with our present rules concerning the specifications of progressive slot machines. The Commission had discussed at a prior time that it is prudent to adapt rules to the progressive slots, so that if any particular businesses in Deadwood, was to engage in this type of endeavor, they would have rules in which to work from. The proposed rules were basically written by our gaming consultant, James Maida, from Gaming Laboratories, in New Jersey, concerning the progressive slot machines.

Karen Crew made a motion, seconded by Kristi Wagner, to present the proposed rules to our council and get them in the correct form so that we can begin the permanent rules process, however, she would like to give the Commission's legal council the authority to amend the proposed rules if they find something that should be amended, upon consultation of the Commission. This would also include the proposed rules for promotion items. MOTION CARRIED.

Discussion on proposed legislation was held. It was pointed out the legislation that the Commission on Gaming is proposing is basically house-cleaning legislation.

A letter from the City of Deadwood, concerning an increase in city nickel slot machines was discussed. The city is contemplating introducing legislation to increase the number of city nickel slot machines allowed and asked the Commission on Gaming to consider this proposal as a part of the Commission's legislation.

Executive Secretary Gromer, informed the Commission that he has received two phone calls, from two proprietors in Deadwood, who is opposed to an increase of the nickel slots, basically because of their theory that the city of Deadwood should not be engaged in gaming as they felt it was a private enterprise.

Secretary Gromer also announced that he spoke with Mayor Bruce Oberlander about this issue and the city would like to see the Commission consider proposing this legislation also.

Melodee Nelson of Deadwood stated that there is just not enough machines. The city of Deadwood has tried to place two machines in each gaming establishment and as more and more gaming establishments are licensed there are not enough machines to place in establishments. The way in which the City distributed the machines is one nickel machine went to establishments with 10 or fewer gaming devices and establishments with more than 10 gaming devices received 2 nickel machines, with no establishments receiving more than 2 nickel machines. The City of Deadwood would like to increase the number of city nickel slots from 50 to 150.

Don Gromer pointed out that with the expansion of gaming in Deadwood, there is many different factions in Deadwood that are both for and against expansion of gaming. Even some of the members that have asked for a limit

on the 15 gaming devices are now asking for an increase in the city nickel devices.

Bill Evers of the Bella Union, advised that he would not want to see an increase in the city slot machines. He said that he is paying \$60,000.00 a year for device license fees for 30 games and he felt that the City should keep their limit the same way, at least for a year, until we can see what is happening with gaming. He said that he is one of the few establishments with his own nickel slot machines, and his percentages are so much higher than the City's, that there is something that the City can do better with the ones that they have.

A. R. (Tony) Cook said that with the additional licensing of establishments, he was sure that each licensee would want some nickel machines in their establishments, especially when they don't have to pay for these machines and it will help with the crowded traffic flow, however, he felt that possibly legislation could be proposed that each gaming establishment receive two city nickel slots, rather than placing a certain number on them.

Executive Secretary Gromer stated that he was not sure that the Commission should take a position on the expansion of gaming at this time, whether it be from the City or from private enterprise. His comments to the different fractions that approach him on this issue is that it really makes no difference to the Commission, as a regulator, if 50 machines or 150 machines are regulated, however, he was not sure that the Commission should take a position behind the city of behind private enterprise, either one. His recommendation to the Commission was that if the City of Deadwood wishes to propose this legislation, the Commission wouldn't take a position against it, nor would a position be taken for it. The same would hold true if private enterprise in Deadwood would ask us to propose legislation for expansion of gaming devices in the private sector.

Karen Crew stated that she would hate to see a variety of bills on gaming legislation presented to the legislature that is contradictory. She asked that this proposal be tabled until a later time. The Commission concurred.

The proposed legislation that the Commission on Gaming is proposing was gone over by Executive Secretary Gromer and Attorney, Bill Srstka. The Commission was briefed as to what each statute changes or the proposal entails.

Further discussion was held as to whether the Commission on Gaming would endorse the City's proposal to ask for more City nickel slot machines. Kristi Wagner stated that with some of the comments that are being made about how difficult it is to find available slots to play during busy times of the week, perhaps endorsing the City's proposal wouldn't be a bad idea in that it would make more games available to help with these peak times. Secretary Gromer pointed out that by January, 1990 there will be approximately 180 more devices for play once the establishments are licensed up and this should help out with the shortages in devices for the public to play.

Tony Cook from Deadwood Player's said that he felt that all legislation that is being proposed should be submitted to the Commission for their opinion before it is submitted the legislature, and then we each know what

is being submitted one way or the other.

The Commission also pointed out the City's nickel slot machines could be moved around to the different establishments that have the greater need for the devices. Karen Crew said that she would like to see a proven track record before any legislation is submitted for any expansion in devices, be it the City's proposal or whatever proposal.

Bill Ever's commented that he had three things that he wanted to comment about the proposed rules. (1) the nickel machines; he felt that the city's machines have already outdone what was projected for revenue and the people that are going away frustrated are not frustrated because they cannot get to a machine, it is because they cannot get to a card game in most cases; (2) he didn't feel that the definition of common area is defined well enough, and Secretary Gromer pointed out that this language of common area would be stricken from the bill if the bill passes; and (3) he doesn't like the idea of going from bi-monthly to monthly on the remittances, as it involves even more accounting than is already required, and since the forms that are required are quite detailed it would just be additional accounting that each establishment would have to do, and perhaps would cost the gaming offices more for processing monthly than what the state would make in interest by going monthly.

The proposal of changing the license renewal from November 1 to November 1 from July 1 to July 1 was addressed by Kristi Wagner. The Commission felt that if we did change the renewal dates this might not be fair to those establishments that have already committed themselves to the gaming endeavor. They had to pay from whichever month they began, without a pro-rata and if the gaming establishments coming in wish to wait until July 1 to do so they can.

Evans Nord made a motion to not endorse or reject the City's proposal for more city nickel slots one way or the other. The motion died for a lack of a second.

Bill Ever's proposal to switch a blackjack table to a 7 card stud poker table as traffic and the public demand was addressed. Secretary Gromer advised that by rules and regulations the Gaming Commission Office is to know the whereabouts of a game and an establishment is to notify the Commission Office when there is a game being changed. It would be unlikely that Mr. Ever's would want to call the Commission Office every time that he would like to change the table. Mr. Evers concurred with this. He would just like to have permission to change the tables as the need arises. The Commission felt that if they allowed the Bella Union to do this, would have to allow all the establishments to do this and it could be terribly confusing, as each establishment would have to call in and let us know that they are changing the games. Executive Gromer denied this proposal in letter form already. The Commission concurred with this.

A letter from Bill Evers of the Bella Union was addressed, which asks for the Commission's decision on allowing him common access between two buildings. Further discussion was held on the Attorney General's Opinion on the definition of a building.

Karen Crew made a motion that we take no position as to what a building is and if establishments want a decision as to the definition of a building or

common access between buildings, they can petition the Commission for a declaratory ruling. Motion seconded by Kristi Wagner. MOTION FAILED.

Don Gromer advised the Commission that he has used the Attorney General's Opinion as the basis of decision making, because when the first questions came into the office as to what a building was, there was no definition in statute, so he went to the Chief Legal Council of the state, the Attorney General's Office, and that is what he gave to us. Every since this time this is the basis that has been used in decision making. If the Commission is not going to proceed with the Attorney General's Opinion, he asked that the Commission give him the definition of what a building is or isn't so that he will know how to advise the countless everyday questions that arise on this issue.

It was the consensus of the Commission that we proceed with the Attorney General's Opinion as to the definition of a building and if an establishment feels that they have a peculiar facts situation and this does not comply to their situation, then they could ask for a declaratory ruling from the Commission on the issue.

Kristi Wagner moved to go into Executive Session to discuss the consideration of applications for licensing. Seconded by Karen Crew. MOTION CARRIED.

A Motion was made by Kristi Wagner, seconded by Karen Crew to come back out of Executive Session.

Evans Nord made a motion to approve the support licenses that Executive Secretary Gromer recommended for approval. Seconded by Kristi Wagner. MOTION CARRIED.

Kristi Wagner made a motion to approve the operator/retail licenses which Secretary Gromer recommended for approval. Seconded by Karen Crew. MOTION CARRIED.

Kristi Wagner made a motion to approve Sam's Place for a 24 hour gaming license. Seconded by Evans Nord. MOTION CARRIED.

Bill Ever's asked the Commission if all establishments with 24 hour licenses have to remain open 24 hours and do all games have to remain open, or can just the slots, or poker games remain open for 24 hours as long as the establishment is open. Mr. Evers recommended that any 24 hour licenses have to have all games open for play. The Commission wanted to take this issue under advisement and discuss if further at the next Commission meeting.

Kristi Wagner made a motion to set the next Commission meeting at a later time when Chairman Lien is available. Seconded by Karl Fischer. MOTION CARRIED.

A Motion was made by Kristi Wagner to adjourn the meeting, seconded by Karen Crew. MOTION CARRIED.

Respectfully submitted,



Delane Smith
Administrative Assistant



Charles Lien



Donald Gromer

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605)773-6050
FAX (605) 773-6053

MINUTES OF THE SOUTH DAKOTA COMMISSION ON GAMING
JANUARY 23, 1990, 9:00 A.M.
GOLDEN HILLS RESORT
LEAD, SOUTH DAKOTA

Chairman Chuck Lien called the meeting to order with the following members being present: Chuck Lien, Karen Crew, Evans Nord, Karl Fischer and Kristi Wagner. Other Staff Present: Donald Gromer, Executive Secretary, Delane Smith, Administrative Assistant, Stan Triplett, Security Director, Bill Srstka and Kit McCahren, Attorneys for Commission. Others present: Governor George Mickelson, Mayor Bruce Oberlander, Joe Massa, Susan Kightlinger, Kirk Whipf, Mary LaFrentz, John Peckovich, James Walker, Louanne Vidal, Cecil Stone, A.R. Cook, Pete Goin, Ila Venerable, J J Patino, Melodee Nelson, Linda Blair, Thomas Blair, Bud Venerable, Lloyd West, Barbara Ordahl, Bruce Ordahl, Steve Christenson, Gary Colbath, Scott Randolph, Bill Walsh, Bill Evers, Bill Bernard, Gary Case, Tina Longden, Loren Johnson, Douglas Sperlich, James Hooch, Steve Palmer, Bob Regan, Arlin Heinrich, Ken Knight, Bill Hixon.

Chuck Lien introduced Governor George Mickelson and Mayor Bruce Oberlander. Governor Mickelson congratulated the City of Deadwood and the leadership that Deadwood has shown in this brand new experience in our state, which has proven far more successful, at least in terms of what the original goals were for development in Deadwood and the surrounding areas that have really been affected. He felt it was also a time when he could express publicly his gratitude to the Gaming Commission to ensure that this operation which was new to our state, got up and running in a responsible way and that it also be operated squeaky clean. He felt that the Commission has succeeded in this by building a confidence in the people of the this state, that it can happen, that it can be fun, that it can be family oriented, and he felt that it has created a whole new excitement for not only the northern Black Hills but for all of South Dakota.

At this time the Governor presented a check to the City of Deadwood for \$500,000.00, which was from the licensing fees only. None of the 8% tax was included in this payment, as the 8% tax is not subject to being remitted until the 30th of January, 1990. This represents the first dividend to the City of Deadwood from the licensing activity alone. Mayor Bruce Oberlander accepted the check on behalf of the city of Deadwood.

The Governor said that he felt the challenge in Deadwood is to ensure that the money is spent and used as originally intended by the legislature and meets the expectations of the people of this state. He said that Deadwood certainly has a historic novelty that is unique among perhaps any community in this nation and he felt that the new challenge for the City is to make sure that plans are drawn up to utilize the funds in the best possible way for preservation of historic Deadwood.

At this time the Governor left the meeting and the meeting was continued.

Chairman Chuck Lien entertained a motion to approve the minutes from the November 13, 1989 Commission Meeting, so moved by Karl Fischer, seconded by Kristi Wagner. MOTION CARRIED.

Chairman Lien then asked Donald Gromer to give the Executive Secretary's Report.

The Governor is having a meeting for all Boards and Commissions scheduled for April 10, 1990 in Pierre. Secretary Gromer asked the Commission if he could possibly have our regular Commission Meeting either the day before or after this meeting so that the Commission would not have to travel twice for Gaming meetings in April. The Commission agreed to come into Pierre on April 9 for the Commission on Gaming meeting and then attend the Governor's seminar for the Boards and Commission's on the 10th of April, 1990.

Secretary Gromer advised that he has been in contact with Mr. Paul Putz, from the SD Historical Society, over the last several weeks and he anticipates working together with him on the historical preservation aspects in Deadwood from here on out.

House Bill 1099 was proposed to the House State Affairs Committee on January 22, 1990. Vice-Chairman Karl Fischer, Don Gromer and Bill Srstka testified before the House State Affairs Committee pursuant to this Bill. The House State Affairs Committee allowed an overview of the Bill and then Mr. Lammers, Chairman of the Committee, created a sub-committee to work on this Bill. There was very little change of the Bill since it was introduced, with the exception of the definition of a building. The Commission on Gaming has asked the State Affairs Committee to, as of this time, strike this from the Bill. It was the consensus that the definition of a building should be stricken from statute and defined in the rules and regulations.

House Bill 1099 was gone over section by section by Secretary Gromer to the Commission on Gaming.

Chairman Chuck Lien asked the public if they had any comments or questions on House Bill 1099 as presented.

Bill Walsh addressed the Commission. He said his main concern was 42-7B-18. He said that the intention for gaming when the original legislation was drafted was for limited gaming. Limited gaming is what was sold to South Dakota; that there would be limited gaming in Deadwood and that the historic buildings would be restored. He commended the Commission that gaming is being run real squeaky clean and yet he felt that gaming can get out of control completely. He felt that gaming is becoming a run-away buck board in Deadwood, due to the fact that alot of gaming halls are opening up with no primary business, and he felt that taking "primary business" or "incidental business" out of the legislation would be taking away from the intent of what the Deadwood U Bet Committee tried to do when they introduced gaming legislation. He felt that the intent of the Deadwood U Bet was to be supportive of the retail businesses and not let

retail businesses vanish from Deadwood. He said there is no market analysis of what the market in Deadwood can sustain. He felt that by opening up the free-enterprise market to gaming we could be destroying the whole intent of limited gaming in Deadwood. He felt that if Deadwood becomes one arcade of gambling halls that Deadwood could lose 51% of its business in the summertime, which is family oriented businesses.

Bill Srstka pointed out the retail floor plans must all be approved by the City of Deadwood and during that process there might be a way for the concerns of the community to be expressed as to how a retail floor plan is going to be addressed, laid out, the businesses involved, etc. Srstka advised that perhaps the concerns of the community could be handled locally through the City's approval of retail floor plans, and the Commission could perform its duty to approval of the floor plans on a statewide level.

Chairman Lien advised that the Commission has not approved any licenses until the City has given their approval of safety, health, floor plans, etc. and the Commission has tried to honor the City's wishes in licensing of an establishment, as long as the state's guidelines for approval are met.

Mayor Oberlander, commented that they are trying to work with the Commission on the floor plans. He advised that they have held up some floor plans that do not meet with certain criteria, however, he said it is difficult to know what they should or shouldn't reject a retail floor plan on, as almost all establishments do agree that they would come into compliance with whatever criteria is not met.

Executive Secretary Gromer felt that perhaps this issue could be addressed by some sort of City ordinance, where a list a requirements could be drawn up as to what a primary business would be. Maybe the city feels that a primary business would be defined in square footage, or a monetary amount, a percentage of the business would have to remain a primary business, etc.

Mayor Oberlander said that he didn't know if adopting further city ordinances concerning gaming would help or not, and he didn't feel that it would address the current problems that we are facing as he questioned if businesses that were already licensed or applying for licenses would just be grandfathered in. Bill Srstka felt that if an establishment is already licensed, they have already been approved by the state and the city and those businesses are here to stay; however, a change in ownership or applications for a new license would be a different situation and would have to comply with the City of Deadwood's Ordinances.

Executive Gromer asked Mayor Oberlander if the City has created some sort of city ordinances on the expenditure of the money that they have received as to how it will be expended. Mayor Oberlander said that they City have developed guidelines and a priority list of general areas that need to be addressed, however the specific dollar amounts have not been set out. This includes the accountability of the funds expended.

Bill Walsh asked the Commission about marketing the "Deadwood Experience" and advertising. He asked the Commission if any money will be set aside or dedicated to marketing and advertising of gaming in Deadwood. Chairman Chuck Lien advised that the Commission has taken the free enterprise approach to this issue. The Commission will not be appropriating any money

for advertising and marketing in Deadwood and will leave that up to free enterprise and other entities.

Tom Blair indicated that perhaps the city could allocate some of the funds they have received for advertising and marketing under the premises that if more money could be brought into the City of Deadwood through advertising and marketing of historic Deadwood, more revenue would come into the City's historical preservation fund.

Mayor Oberlander answered that the guidelines that the City has put together for the expenditure of funds is for planning, staff, restoration and infrastructures, and also for the promotion of heritage tourism in Deadwood.

Bud Venerable, an accountant in Deadwood, said that he was active in the Deadwood U Bet Committee, and he is working with several of the businesses around town. He said the Deadwood U Bet Committee had some concerns about the issues in HB 1099.

Chairman Lien advised that what this proposed Bill that will be submitted to the legislature. He pointed out that the bill has to go through the legislative process and stand the heat of the Committee, House, Senate and Governor, before it is enacted. The Commission has discussed the content of this bill at prior meetings and has now submitted the bill to the legislature for passage and their decision as to what will or not be enacted upon.

Mr. Venerable reiterated that there are some people of Deadwood that feel that they were not given the opportunity to give input into this Bill. They felt that this was strictly a Commission Bill, drafted by the Commission, without the benefit or the input of the people of Deadwood.

Melodee Nelson, of the Deadwood U Bet Committee, at this time read a Resolution to the Commission, asking the Commission on Gaming and it's Executive Secretary, to meet with authorities from the Nevada Gaming Control Board in a Roundtable Discussion and Workshop, to be arranged and paid for by the Deadwood U Bet Committee.

Tom Blair asked the Commission to make the penalties stronger against the participants or violators of gaming such as the underage persons that are trying to game, rather than establishing such strict penalties against the gaming establishments in which the participants are caught in.

Bill Srstka pointed out that there are all different type of entities that have different view points and opinions about HB 1099 and they will all be presented to the legislature. Everyone has the right for input during the legislative session by using lobbyists or talking with legislators. He said not to walk away from the Commission meeting thinking that this Bill is isolated from the ordinary legal processes and that it is also isolated from the feelings and considerations of the people of Deadwood.

At this time, Executive Secretary Gromer gave the financial statement for the month of December. There was about a 32% decrease in gaming action and revenue during the month of December. The holidays, cold weather, and perhaps the novelty of November being the first month of gaming, could contribute to the reasons for decline. Regardless, it was still considered

a very successful month. There was approximately \$9.1 million of gaming action during the month. At of that \$9.1 million there was a total adjusted gross income of approximately \$881,000.00. Around 90.4% of money played went back to the general public, comparing with 90.5% for the month of November. Even though the month's figures as a whole are lower than November's they still exceed what was anticipated to be made.

Chairman Chuck Lien announced that the definition of a building is taken out of statute and is being defined by rules. Don Gromer said that what is being sought is to outline in rule a list of descriptors outlining what a building is. Some of the things that could possibly be considered are: a common roof line, conveyance, separate businesses, frontage, access to a building, unique bathroom facilities, separate heating, electrical, cooling, and sewer systems, public opposition and support, and input from the City as to what they deem it to be, inside decor, any other type of suggestions that the Commission or public may need in order to make a determination. Secretary Gromer said that this just some of the things that were discussed to could possibly be used as descriptors of a building and could be placed in any format that the Commission would deem necessary in rule form.

Chairman Lien then addressed an issue presented by Bill Evers of the Bella Union, in which Mr. Evers asked for a declaratory ruling as to the inner access between Bella Union and the Coast to Store. Secretary Gromer presented to the Commission that it is undeniable that the Bella Union and the Coast to Coast Store are two separate businesses and two separate buildings. Those particular buildings, as they exist today, do have individual accesses, and the only thing that Mr. Evers is suggesting is that a doorway is permitted between the two buildings, so that players can go from the Bella Union into, what is now known, as the Coast to Coast Store, without having to go outside. Mr. Evers agreed that this is the limit to his request. He said that there would still be accesses to both front doors and rear exists for fire exists, and they both have separate utility systems. The inner access would allow him to use a common cage, there will be a satellite cage on one side, and gives him better control and security between the two buildings.

Bill Srstka pointed out that the Attorney General's Opinion right now would state that if you cut a hole between the two buildings, it would make it one buildings. Mr. Srstka didn't feel anything wrong with the Commission declaring the opposite, as they have the power to do so, however, he suggested that before a declaration ruling is made in writing, a specific proposition be made as to what physical changes are to be made.

Chairman Lien asked Mr. Evers to submit such plans to the City and upon their approval, then the Commission will make a decision on the declaratory ruling.

John Caldwell asked about the precedential value of what has been granted to the Anthony's building's owners. He asked if the owner's of the Anthony's building has been allowed 60 slot machines, with the ruling being that there is two separate buildings there. Secretary Gromer explained that he was contacted as to whether the present Anthony's building as a building, which it was agreed that it was. He was then asked about the Dress Shop and the Shoe Store next to the Anthony's building. Upon

observation by himself and one of the Commissioners it appeared to be two separate buildings, as the fronts were different and it appeared to be two buildings. However, upon further review of his original decision, Secretary Gromer said he could give no other explanation than that he made a mistake in the declaration of that being two buildings, because upon further review it was determined to be one building. However, by the time that he discovered the mistake a transaction had occurred and he could not allow someone to suffer a monetary penalty because of his mistake. Secretary Gromer said he is willing to admit that he had a mistake in judgment of this building issue, however, he doesn't feel that basing future judgments on one mistake will not make things right - as two wrongs don't make a right, and he does not plan on making allowances on the building issue because of this one mistake.

A presentation was made by James Houck of Westdak, which is planning on putting in a convention center in Deadwood. They explained what the project represents and what it is that they are proposing on building and the problems that they are having with the building definitions. Basically what Westdak asked the Commission for was three different definitions of a building, being detached business, an attached or common wall businesses and convention center type building, which would have more than one use inside, however the gaming machines devices could be consolidated into one area of the building so that the recreation area of the building, which is more family oriented would not be subject to gaming devices.

The Commission pointed out that 42-7B-18 restricts the number of devices per building and the consolidation of licenses. The statute states 30 devices per building and that is the most a building can have.

Bill Walsh pointed out that having 90 machines under consolidation of a convention type structure or consolidating of licenses for such a center is not in his opinion what the intent of the gaming legislation and what the Deadwood U Bet Committee worked for. He felt that less is more and the uniqueness and success of the gaming in Deadwood will be to the extent that it is kept limited and not allow Caesar's Palace's in Deadwood.

Secretary Gromer advised the Commission that Randy Lemme, the newly hired security agent is presently attending a two week course in Las Vegas, sponsored by the Nevada Gaming Control Board. Secretary Gromer also announced that an auditor which will begin working on February 5, 1990. His name is Grant Gubbrud, who was an auditor for the Department of Revenue.

At this point the meeting was recessed for lunch and began again at 1:00 p.m.

At this point a formal hearing and complaint filed against Calamity Jane's, Inc. was handled by the Commission. Gary Colbath, representing Linda Blair of Calamity Jane's Inc. and Bill Srstka, the Commission on Gaming's attorney, stated they wished to enter into a voluntary compliance between Calamity Jane's and the Commission on Gaming and a Stipulation and Assurance of Voluntary Compliance would be entered into upon the Commission's approval of such. The following terms were agreed to: (1) the licensee will neither admit nor deny any wrongdoing; (2) the licensee will be suspended for a period of two days; and, (3) the licensee will make a voluntary contribution to the Commission in the sum of \$10,000, to paid

within a reasonable period of time. The Commission approved this stipulation informally at this meeting, agreeing with the terms Executive Secretary Gromer made with Calamity Jane's, dropping the formal complaint and considering the matter formally compromised, and a written stipulation will be signed and filed formally after this meeting.

Executive Secretary Gromer then pointed out that in his conversations he has heard that there is some confusion concerning underage play, such as there could never be controls on underage playing, as kids come in with false ID's, etc. and if the establishments report it they would be held responsible. He pointed out that this is not the case at all. If an underage person comes into an establishment and they are caught playing by the establishment, and the establishment turns them in the establishment certainly will not be prosecuted or held responsible. It is only the occasions when someone other than the establishment catches an underage person in an establishment playing that the establishment will be held responsible.

Gary Colbath asked that his Defendant be given an opportunity to speak before the Commission about her decision to agree into the Stipulation and Voluntary Compliance. He felt that the whole area of sanctioning has not been thought through well enough. He said that he and his client didn't really disagreeing with policy or procedure in this sanctioning, as much as the recognition that there wasn't any sanctions methods set out; they were the first to enter into such a sanction. Their concerns were that this sanction wouldn't start a precedent. He said that he was assured by the Executive Secretary that cases will be treated on a case by case basis. Also, how this violation is resolved would not be precedent for other violations. He said that he and his client felt that this sanction that they agreed to "is ungodly harsh", but they understand that the attitude and impression in other communities is that Deadwood is "lax and easy-going" and that the community of Deadwood might look the other way on gaming violations, and they agreed to the sanctions to put the message out that Deadwood will not tolerate violations in gaming and that Deadwood wants to keep it clean. He also stressed, however, that should stricter sanctions or ramifications persist, or such sanctions as "strike one you are fined, strike two you are penalized further, strike three you are out" were imposed it would be way to harsh and it could destroy the future of gaming as it could affect the employees, funding of establishment, feasibility of gaming, etc.

Steve Christenson, representing the Bodega, commented that everyone is concerned about the sanctioning efforts that have to be made. He said that we are all in the gaming industry together and the establishments have to work with the Commission on formulating reasonable sanctioning and ramifications that will be imposed on gaming violations. He felt that if everyone works together and listens to what each other has to say it can all come together. He commented that if some infractions would happen in such an establishment as Goldberg Grocery, he would hate to see such sanctions imposed as closing down Deadwood's grocery store for any period of time.

Bill Srstka commented that all businesses that have gaming have a primary business. If there were to be a suspension of a grocery store's gambling, it wouldn't shut the grocery store's doors, it would just shut down the gambling. He pointed out that even the Bodega has a primary and secondary

business, and a revocation or suspension of the gaming license would not shut down the primary business of the Bodega.

Karen Crew said that on behalf of herself, not the Commission, she appreciated the comments that were made by Gary Colbath and Steve Christenson, she has respected them for years and she took the comments for what they meant, and she added that she doesn't consider Linda Blair a criminal of any kind, but the Commission is going to regulate gaming. She also commented on a word of advise, "if we are going to work together, it seems to me that you do not come into the Commission in the morning and insult the Commission and then come in the afternoon and say that we are going to work together".

At this point Chairman Chuck Lien closed the hearing by thanking everyone for their input and stated that it is the Commission's intent to work with Deadwood as partners and cooperate and try to solve the problems as they arise.

Hickok's Saloon and Chuckwagon asked that they be approved for 24 hour licensing. Kristi Wagner moved, seconded by Karl Fischer, to grant Hickok's Saloon and Chuckwagon with 24 hour gaming privileges. MOTION CARRIED.

Bill Walsh stated that he felt that somewhere down the line the Commission would have to address the consistency of the liquor law, the lottery law and the Deadwood gambling law pertaining to underage participation, as it confusing and alot of underage problems arise out of these inconsistencies. Chairman Lien suggested that it would probably be easier to get the Lottery to raise the age limit to 21, rather than for the gaming industry to lower the age limit to 18. Attorney, Kit McCahren said that he would talk to the Lottery about this, he felt that there might to some legislation proposed on this issue.

Bud Venerable, of Deadwood, stated that the Deadwood U Bet Committee is trying 110% to work with the Gaming Commission, the Executive Secretary and security staff, and trying to get through a difficult time and situation, however, the feelings running deep in the Community are "that no owner would rise to tell you what they are truly feeling, and have asked me to speak, as my license is not on the line". He said the owners of gaming establishments in the community are "scared to death" of the Commission. The owners of the community were "utterly shocked" at the resolution or stipulation of Calamity Jane's, Inc.

Chairman Chuck Lien commented that he took offense of this and that he has tried to be the best, Christian businessman he could, and that he has never done anything to hurt Deadwood or anyone maliciously. He has taken a lot of guff and heat in this job and has been proud to do it, however, any inference of the Commission or himself of being vicious, spiteful or punishing someone for something, was personally resented.

Bill Evers, of the Bella Union, stated that he is a gaming business owner and he didn't need anyone to speak for him. He said that if he had something to say to the Commission he would advise them of it himself. He said that all of his dealings with the Commission have been pro-business from the beginning, and even though he was not happy with the outcome of the Calamity Jane's Hearing, he would have to assume that there was more

circumstances involved than what he knew of and he would have to go along with the Commission. However, he would like to see future cases handled individually rather than setting a precedent from this hearing. He would like to see the gaming industry have the same type of penalties as the liquor industry imposes.

Executive Secretary Gromer commented that he does not want to equate gaming with the liquor industry. He doesn't agree with the limited control the liquor industry has on violators and violations. He doesn't feel that the gaming industry relates to the liquor industry, and he, as an Executive Secretary for Gaming, will never equate a \$50 fine for a liquor violation in the Court System, with a sanction or ramification for a gaming violation.

Bill Bernard, of Good Time Novelty, commented that he wanted the Commission to know that he did not ask anyone to represent him to the Commission, and he didn't want to be involved as one of the owners that had.

Gene Colburn, of Deadwood, commented that he felt that Executive Secretary Gromer was acting as investigator, police, judge and jury and that this was not fair to the parties involved. Secretary Gromer and Attorney Srstka advised that this was not the case. An informal hearing was held, however the parties involved had a right to take the action before the Commission through the formal hearing process for the Commission to pass judgment. However, a proposal was worked between the Executive Secretary, the attorneys and the licensees, to keep this from happening as they opted for the Executive Secretary's suggestion. The licensee had the right to reject the suggestion and recommendation and come before the Commission to have them make a final determination of ramifications to be taken. The Commission was not informed of all of the facts so that they could remain neutral as the formal hearing was brought before them. The procedures that the Commission has to follow is under Administrative law, not Judicial law.

Linda Blair commented that the ultimate decision of the hearing was hers. She based it on what was best for herself, her family, and her employees and she wanted to enter into the voluntary compliance rather than go through the formal hearing process.

Gary Case, of Hickok's also commented that they would speak for themselves to the Commission. He said that they are a new business and they have always felt that they could work with the Commission.

Bud Venerable of Deadwood stated that he is representing around 10 businesses are scared to come before the Commission. He commented that many individuals of the Deadwood U Bet Committee have come before the Commission to ask help in solving the underage problem, rather than being penalizing them for the problem and they received no input back from the Commission rather than harsh penalties. He asked for a tolerance on gaming violations on the part of the Commission until after things settle down.

Karen Crew reiterated that she recalled the Deadwood U Bet coming before the Commission, however they appeared after the permanent rules were adopted, and there really wasn't any more that the Commission could do at that point other than stress the law and rules to the establishments and the need to enforce and uphold them.

Attorney Bill Srstka advised that the Deadwood U Bet wrote the gaming legislation that included underage gambling, and if they don't like the law that was written to go back to the legislature and try to change the Bill through an Amendment. Until which time the Bill is amended the Commission's duty is to uphold the statute and rules and regulations.

The Commission went into Executive Session for consideration of applications for licensing and then came back out of Executive Session for approval or denial of licenses.

A motion was made by Evans Nord to approve the applications for licensings recommended by Secretary Gromer. Seconded by Kristi Wagner seconded. MOTION CARRIED.

A motion was made for approval of the applications for licensing and denial for two applications for licensing as recommended by Executive Secretary Gromer. Seconded by Karl Fischer. MOTION CARRIED.

A motion was made by Karen Crew to authorize Executive Secretary Gromer to begin the process for a Rules Hearing. Seconded by Kristi Wagner. MOTION CARRIED.

The next meeting was scheduled for February 27, 1990, in Pierre.

A motion was made by Karl Fischer, seconded by Evans Nord, to adjourn the meeting. MOTION CARRIED.

Respectfully submitted,

Delane Smith
Administrative Assistant


Vice Chairm Karl Fischer


Donald Gromer, Ex. Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605)773-6050
FAX (605) 773-6053

**MINUTES OF THE SOUTH DAKOTA COMMISSION ON GAMING
FEBRUARY 27, 1990, 9:00 A.M.
RAMKOTA CONVENTION CENTER, GALLERY F
PIERRE, SOUTH DAKOTA**

Chairman Chuck Lien called the meeting to order with a quorum being declared with the following Commission members being present: Chuck Lien, Karl Fischer, Evans Nord, Karen Crew and Kristi Wagner. Others present were: Donald Gromer, Executive Secretary; Bill Srstka and Kit McCahren, Attorney's for the Commission; Stan Triplett, Security Director; Grant Gubbrud, Director of Audits and Taxes; Delane Smith, Administrative Assistant.

A motion was made to approve the minutes of December 6 and December 19, 1990, by Karen Crew, 2nd by Kristi Wagner. MOTION CARRIED.

An update report was given by Executive Secretary Don Gromer. He released the gaming figures for the month of January. The month of January exceeded the month of November, which prior to this date was the best overall month of gaming in Deadwood. Approximately 14.6 million of gaming action was seen in Deadwood for the month of January, which breaks down to a total adjusted gross income of about \$1,450,017.00 which was taxed. To date there are 39 blackjack tables, 14 poker tables, 74 nickel slots (includes the 50 City nickel slots), 365 quarter slots and 100 dollar slots.

Secretary Gromer advised that HB 1099 has passed through the legislature and is now before the Governor for his signature. The most key change that occurred in the bill in passing through session was in the cheating section, in which the original bill 1099 stated that any type of cheating would be a Class IV felony, however the legislature amended this to a Class V felony, and made a first time, single act of cheating by a person, other than a gaming employee, a Class I Misdemeanor; anything other than the first act would be a Class V felony.

Secretary Gromer recommended to the Commission that a new contract be entered into with McGladrey Pullen to continue to facilitate advise in auditing and accounting. The Gaming Office feels comfortable in the internal auditing and accounting procedure and the next phase that needs to be done is the actual auditing of gaming establishments. Chairman Lien entertained a motion to extend the contract with McGladrey Pullen until July 1, 1990, so moved by Evans Nord; seconded by Karl Fischer. MOTION CARRIED.

The Business Research Bureau's proposal for the equipment and hardware requirements that will be needed to get the Executive office in Pierre, and the Security office in Deadwood automated was discussed. Sample graphs

from the Business Research Bureau was shown to the Commission for an idea of what type of reports and statistic reports the Business Research Bureau will be able to help produce.

Grant Gubbrud, Director of Audits and Taxes, was introduced. Grant will be handling the internal auditing and accounting procedures. Also, Secretary Gromer, announced that Security Agent, Randy Lemme, has returned from his two week seminar held in Las Vegas, Nevada by the Nevada Gaming Control Board. Mr. Lemme felt that this was a very useful and informative school and Secretary Gromer would like to see all of the security staff be able to take advantage of such schools when possible.

A couple of situations have been brought to the attention the Commission Office. The first issue deals with the use of poker lammers, which are used in poker games. It is a small chip which is used in the accounting of funds when funds are either taken from a poker table or added to a poker table. Instead of using the poker buy slip, as specified in Rules, it has been suggested that a lammer be allowed to be used. This speeds up the game. Secretary Gromer stated that from what he has reviewed of this, there should not be any real problem with the use of a lammer in substitution of a poker fill slip. However, there is no mention, or allowances of use of a lammer in the Rules and Regulations, and perhaps the Commission would want to consider such use of lammers in a poker game. The poker buy sell form does generate a written documentation of the transfer of cash from the cashier to dealer, to dealer, to cashier in a poker game, however there is nothing done with the fill slip, except that it is kept for historical purposes to be used by the gaming house, and it was no bearing on the Master Gaming Report. The Opener/Closer Form would still be used.

Evans Nord made a motion to allow Executive Secretary Gromer to use his discretion on giving temporary permission for the use of the lammers chip and proceed with the modification of the Rules to include the use of lammer chips or the poker fill slip. Seconded by Karl Fischer. MOTION CARRIED.

The second issue deals with allowing poker tournaments. Dan Grider of the Dakota Territory submitted a letter outlining the rules that the house would use in the poker tournament. Mr. Grider pointed out that he would like to have a series of tournaments, where a entry fee is paid in, and the money goes into a pot for the eventual winner. The total amount of buy-in is \$5.00 of the actual betting, in which they obtain funny money, and the person that wins the most chips wins the tournament, and in turn wins the entry fee. The state receives 10% of the drop. Karl Fischer moved that Mr. Grider receive approval to do this on a trial basis through the month of April, and all other gaming business would be allowed to do so also on a trial basis, with the rules of the tournament to be submitted to Secretary Gromer for approval. Seconded by Kristi Wagner. MOTION CARRIED.

A discussion was held on the 24 hour gaming permit which several of the business have requested. Wilderness Edge and Dakota Territory have asked for approval of a 24 hour gaming permit.

Mayor Bruce Oberlander spoke on this issue. He stated that he has concerns about the 24 hour gaming as it creates problems for street cleaning, snow

removal and city maintenance, as the city crews cannot find a time when the streets are not full of parked vehicles. Also it creates a problems in the areas around the schools with traffic going in and out during school times it is congested and there is no place for the parents to drop off and pick up their children from school. He stated that his major concern is how the City is going to be able to provide the services that are needed to be provided to the City as a whole. Commissioner Fischer asked if this wasn't something that the City couldn't handle by setting parking ordinances. Mayor Oberlander answered that they have been setting no parking times and posting them, and towing vehicles away, however, there is so much traffic going in and out, you tow one away and another one comes right in and takes its place.

Chairman Lien advised that the Commission would like to cooperate with the City in planning and zoning or restrictions and pledged cooperation with whatever can be done to help in these efforts. He asked the Mayor what the City would like to have the Commission do to help in these efforts and what they felt the Commission should do with the Wilderness Edge and the Dakota Territory receiving 24 hours licenses? Mayor Oberlander answered that unless the other 5 licenses for 24 hour operation of gaming were taken away, he didn't know what could be done to stop additional businesses for receiving the same. Chairman Lien stated that he anticipates gaming establishments to request temporary 24 hour permits, and assumes that there will be more requests for permanent 24 hour permits, however we could give the City Commission time to get whatever laws, regulations or zoning established that they want and the Commission would back the City up in these efforts. Mayor Oberlander stated that he didn't have any problems with granting these two 24 hour permits, however the City would like to have further input in the future in the consideration of further 24 hour permits.

John Caldwell of Calamity Jane's suggested that perhaps a leadership committee could be formed to help the City in solving some of the problems with the industry and the City.

Chairman Lien agreed that alot of the solutions to these problems should come from the gaming industry itself and the City of Deadwood and the elected officials should have the final say in the planning, zoning and ordinances, and the Commission should stay with the law in trying to regulate the license and enforce the law. The Commission pledged cooperation with the City in granting time to the City to develop planning and zoning ordinances and stated that if there were objections to the granting of 24 hours licenses, such as the two being considered today, the Gaming Commission would like this input and would consider delaying action. Mayor Oberlander replied that he appreciated Mr. Caldwell's suggestion and the gaming industry itself could help the City a great deal by regulating themselves. He said that he would hate to over-ordnance anything, especially when it is non-enforceable, such as parking.

Kristi Wagner moved that the Wilderness Edge and Dakota Territory be granted 24 hour gaming licenses; seconded by Karen Crew. MOTION CARRIED.

Secretary Gromer pointed out that several gaming establishments have shown an interest to be opened 24 hours a day during the summer months. They request a summertime 24 hour permit, which would allow a gaming establishment to remain open 24 hours a day from May to September. This would make a uniform 24 hour summertime permit to be approved by the Commission. One advantage of this would be a uniformity aspect and would help the law enforcement to know exactly when a gaming establishment is to be allowed to remain open for 24 hours. They would know that after September, they are not to be allowed to game after hours.

Tim Conrad of Gold Street asked the Commission to consider a scaled down student permit for employment in gaming establishments during the summer months and also asked for an allowance for students for paying a student license fee which would be good for three months, to allow students to work from May to the end of August. He stated that he has been working with Black Hills State and Job Service. He pointed out that a student wishing to go to work in an gaming establishment would have to pay for a license in May and then renew the license again in July in order to remain working through the summer. The Commission advised that they would take this under advisement, however there is no statute or rules to allow such action.

Bob Stuerman of the Lead/Deadwood Schools suggested that if the Commission were to grant the temporary summer 24 hour licenses, that perhaps the Commission would consider setting the time period of the summertime licenses between the two holidays of Memorial Day to Labor Day, as school is basically not in operation during that time, and the students would not be attending school during the time in which most of the gaming establishments are in operation 24 hours a day. The Commission agreed that this was a very good suggestion and would keep this in mind should be temporary 24 hour licenses be permitted.

Executive Secretary Gromer advised the Commission that in the Rules it states that the only persons needing to request a 24 hour permit is those establishments that have another license that governs their hours of operation, for example a liquor license. A couple establishments have a business related to alcohol which mandates the hours that they can remain open and another non-governed business as far as how long they can remain open, in an adjoining structure, and what they do is basically close off gaming of 15 devices in the bar or liquor serving establishment and will allow the other business, which is not governed by the liquor license to remain open. After July 1, the law will change to grant an establishment 30 devices overall per building and there will no longer have to be a distinction between those businesses in our licensing requirements. Executive Secretary Gromer advised that he sees a potential problem as far as after July 1, the businesses will be licensed as one and how do we close off the establishments governed by set hours, and those that are not. Commissioner Wagner suggested that through rule form the Commission request that anyone wanting to remain open 24 hours a day with gaming devices would have to receive a 24 hour gaming permit from the Commission. Secretary Gromer answered that alot of businesses want flexibility in determining if they are going to remain open or not during a 24 hour period, and it saves manpower and dollars when they are not busy. However, the Commission agreed that it was their intent when the rules were drafted that anyone wishing to remain open 24 hours a day would have to apply for a permit to

do so and would have to remain open for 24 hours a day from then on out. Attorney Kit McCahren said that he would get this drafted into Rule form.

Bill Walsh had requested the Commission to hear a legislative delegation which was supposed to appear for interaction between themselves and the Commission. He stated that the legislators couldn't appear, however they did submit some letter requesting the gaming be kept limited. Letters from Representative Lammers, Senator Dunn and Senator McKellips were read.

Chairman Lien asked Mr. Walsh what is was that he was objecting to - increasing the licenses from 15 and 15 to just 30, or worried about putting all 90 in one place, or what it was that he felt keeping it limited meant. Walsh answered that when the legislation was originally proposed the two key things was to keep gaming limited and for historic restoration. He said that one of the ways intended to keep it limited was by making gaming incidental to another retail business and he felt that this has been taken out because of the fact that it was unenforceable. However, the legislation was written to allow 30 games per establishment or building and that intent should be preserved.

Chairman Lien stated that the law that we are under limits us to \$5.00 per wager and how many machines or devices are allowed, and as of today no one has violated this. The statute states 30 devices per building and that is what is, and will continue to be, enforced.

At this time presentations were made by Full House, Inc.; Three of a Kind; Don Tiner, whose businesses included the Ruth Brothers, Hudson Trading Co., Ore House, Doc Holiday's, and Belle Star, buildings; Tim Conrad, whose business included the Beck Chevrolet building; Dakota Partnership; First Gold, Inc.; and Super G Investment Co, whose business included the Drug Store building. Each group discussed their plans and ideas for what they considered their businesses to be and what each business building would entail.

Commissioner Crew asked each group giving presentations if they planned on installing water sprinkler systems in their establishments. Some related that they would, others stated that it was not mandated in the Uniform Building Code and had not planned on doing so. One concern that was brought up in the discussion was a lack of water pressure and the water supply was not adequate to facilitate the use of the sprinkler systems. Mayor Oberlander related that this is true at the present time, however that is one concern that the City is attempting to rectify soon.

Mayor Oberlander stated that the City of Deadwood has hired a full time certified Building Inspector and also an Administrative Assistant and Preservationist were hired for the Planning and Preservation Department for the City of Deadwood.

The controversy of what is historic and what should be subdivided or not subdivided has become the big issue that the City is concerned with. The City has approved the floor plans of the Franklin Garage, Full House, Super G Investment, Dakota Partnership, Stagecoach Gifts, Old Style No. 10, Dakota Mercantile, and Bud Walling's floor plan.

Chairman Lien stated that in his view, one of the larger hazards in Deadwood at the present time is fire. He said it was also his understanding that the Uniform Building Code has been adopted by the City of Deadwood. He felt that the Commission should back the City of Deadwood with adopting the Uniform Building Code in the definition of a building with some modifications to it to ensure the historical preservation aspects. He also pointed out that there are buildings in Deadwood at the present time that do not meet the Uniform Building Code, and some already have gaming licenses. He felt that each establishment that is not in compliance should be brought up to code and would possibly have to meet certain specifications over a period of time in order to be renewed for their gaming license each year.

The State Fire Marshall and the State Electrical Inspector both agreed that they would like to see the Commission adopt the Uniform Building Code and the Life Safety Code in their definition of a building. Paul Putz of the State Historical Society also agreed that the Uniform Building Code is a good criteria for defining a building and some variance could be made to the Code for historical preservation as long as it complies with safety, health and welfare standards. Any construction, renovation or remodeling of the exterior or interior of any buildings in Deadwood would have to remain within historic preservation guidelines.

Don Gromer pointed out that this is difficult for the Commission to get a handle on, as a lot of times remodeling or construction has begun before the Commission receives the application for a gaming license. A suggested was made that perhaps when a building permit is authorized by the City, that is where the State Historical Society should be notified. Paul Putz said that they have written a Memorandum of Agreement with the City of Deadwood to be allowed to review the City Building Inspection Permits.

Commissioner Crew said that she understood the Historic Preservation Society upholding the preservation of older establishments in Deadwood, but she asked Mr. Putz how he perceives his role with new establishments being built. He answered that he felt the overall appearance of Historic Deadwood is in his review and new construction would have to remain with the Historic Deadwood theme as a whole.

Bob Stuermer of the Lead/Deadwood School addressed the Commission on the issue of gaming establishments being too close to the school. He said that he was not opposing gaming in general, however the school officials would like to work with entities involved in planning and zoning, so that gaming establishments would not be placed close to the school. Some suggestions that he made to the Commission for their consideration should a gaming establishment be placed close to the school were: limited hours, no loud speaker systems outside, no flashing lights outside, window coverings during the day, one license per building, and entrances on another side of the street opposite from the school. Jim Aberle, Pres. of the Lead/Deadwood School Board also addressed the Commission. He also felt that the different entities should work together in developing a planning and zoning agreement or some type of agreement so that this type of issue could be worked out.

Kathy Zapitello addressed the Commission on the issue of a gaming license

being issued to the former Drug Store which is right across the street from the Lead/Deadwood school. She pointed out that 40% of the students in the school in Deadwood are Lead students and that the city of Lead did not vote in gaming. She said that her group is concerned with the impact that this might have on the children attending school to have a gaming establishment so close to the school and they did not want their children exposed to adult activities that the children cannot play or become involved in until they are 21 years old. She felt that the former drug store becoming a gaming establishment was too close to the school and asked that the Commission not grant a license to this establishment until their group had time to address the City Commission about planning and zoning. She said that their group would like an ordinance prohibiting gaming establishments being placed within a 200 foot area from the school.

The Commission pointed out that there are already gaming establishments licensed that are just as close to the school, in particular the Franklin Hotel. Chairman Lien said that it would be very difficult to take away an already established business's gaming license and there is no planning or zoning ordinances in place today to prevent an applicant from receiving a gaming license because of their being located close to the school. The Commission's charge by the law is the issuance of licenses, and there would have to be a reason for turning down an application for a license, and if there was not a planning or zoning ordinance violation or something set out that prohibits a gaming establishment from being placed in certain areas it would be very difficult to deny a gaming license.

Harry Harryman, the State Fire Marshall, said that he has gone to the various gaming establishments in Deadwood and met with them on compliance to code and safety standards. A list of deficiencies found in each establishment will be provided to the Commission on Gaming. He pointed out that quite a few of the older buildings will need upgrading.

Inner Access between buildings was discussed by the Commission. Establishments wanting inner accesses were the Bella Union and Coast to Coast Store, the Bodega and the Prairie Edge. Each establishment gave a brief presentation as to what they were requesting.

The Commission on Gaming went into Executive Session.

Chairman Lien entertained a motion to form an advisory board consisting of the State Fire Marshall, State Historical Society, Deadwood City Inspector, Executive Secretary Gromer, the Commission's attorneys, and that we enter into a contractual consultant agreement with an architect who is somewhat immune to Deadwood, and that this group would work on the definition of building to bring back to the next Commission meeting for approval. So moved by Evans Nord, seconded by Karl Fischer. MOTION CARRIED.

A motion was made by Karl Fischer to deny all applications for inner access and all buildings with a present inner access would be considered as one building. Commission Crew did not agree with this and discussion was held. MOTION CARRIED, with Commissioner Crew not in favor of the motion.

A motion was made by Karen Crew, seconded by Kristi Wagner, to grant Super G Investment Corp. an Operator license and 2 retail licenses, on the

condition that they cooperate with the school board in writing on the things that they had agreed to do, and a copy of same shall be provided to the Commission on Gaming. MOTION CARRIED.

Evans Nord made a motion to grant Dakota Partnership an Operator's license and 2 retail licenses, as long as no inner access are placed between the two buildings. Karen Crew seconded the motion and made a subsequent motion to grant an operator license and 2 retail licenses to two separate buildings, provided the buildings do not have inner accesses, and upon review of the State Historical Society. Seconded by Kristi Wagner. MOTION CARRIED.

A motion was made by Karen Crew to grant Full House, Inc. an Operator license and two retail licenses for Silver Dollar and two retail licenses for Gold Dust upon review of the State Historical Society, seconded by Karl Fischer. MOTION CARRIED.

A motion was made by Karl Fischer, seconded by Kristi Wagner, to grant Dakota Mercantile a retail license. MOTION CARRIED.

A motion was made by Kristi Wagner, seconded by Karl Fischer, to approve a retail license to Old Style Saloon #10. MOTION CARRIED.

A motion was made by Karen Crew, seconded by Evans Nord, to grant a retail license to Stagecoach Gifts and a retail license to Stagecoach Bar. MOTION CARRIED.

The application for Franklin Garage was tabled as the background investigation was not completed and further review by the Historical Society is completed.

Disciplinary action was discussed by the Commission on Gaming against the Bodega Bar and Restaurant for allowing alcohol to be consumed after hours. Counsel for the Bodega has agreed to the proposal to submit to two days closure of the gaming business, suspended on the condition that they have no like violations for a period of one year, and pay a \$3,000 monetary contribution to the Commission on Gaming. Karl Fischer made a motion to approve this agreement, seconded by Evans Nord. MOTION CARRIED.

Disciplinary action was discussed by the Commission on Gaming against the Mary Schmit of the Bullock Hotel. Mary Schmidt, owner of the Bullock Hotel, was caught playing her own devices within her establishment. A motion was made by Karen Crew, seconded by Evans Nord, for Mary Schmidt to make a monetary contribution within a reasonable amount of time to the Commission on Gaming in the amount of \$2,000, and a two day closing of the business was suspended on the condition that no further violations were made for a period of one year. MOTION CARRIED.

A motion was made by Karen Crew, seconded by Kristi Wagner, to approve the support licenses recommended for approval and denial by Executive Secretary Gromer. MOTION CARRIED.

A motion was made by Kristi Wagner, seconded by Karen Crew, to give a 5% raise to Delane Smith and a 3% raise to Stan Triplett. MOTION CARRIED.

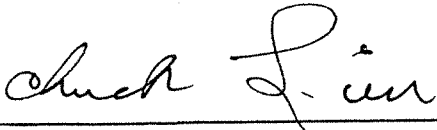
The next meeting was set for March 20, 1990 to be held in Deadwood.

The April meeting will be held April 9, 1990 in Pierre, South Dakota.

A motion was made to adjourn by Kristi Wagner, seconded by Karl Fischer.
MOTION CARRIED.

Respectfully submitted,

Delane Smith
Administrative Assistant

A handwritten signature in cursive script, appearing to read "Chuck Lien", written over a horizontal line.

Chuck Lien, Chairman

A handwritten signature in cursive script, appearing to read "Donald E. Gromer", written over a horizontal line.

Donald Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605)773-6050
FAX (605) 773-6053

**MINUTES OF THE SOUTH DAKOTA COMMISSION ON GAMING
MARCH 20, 1990
GOLDEN HILLS RESORT, CROWN POINT MINE ROOM
LEAD, SOUTH DAKOTA**

The meeting of the South Dakota Commission on Gaming was called to Order by Vice-Chairman, Karl Fischer. Roll call was taken with the following Commission members being present: Karl Fischer, Karen Crew, Evans Nord and Kristi Wagner. Absent: Chairman Chuck Lien. A quorum was declared. Other staff present: Don Gromer, Executive Secretary; Stan Triplett, Security Director, Randy Lemme, Security Agent, Grant Gubbrud, Director of Audits and Taxes, Delane Smith, Administrative Assistant. Others present: Scott Randolph, Bill Walsh, Fred Hudson, Joe Massa, Barbara Ordahl, Heidi Bell, Bill Fischer, Mark Aspass, Wayne Lund, Bud Walling, Harry Christiansen, Jim Holmes, Harry Harryman, Les Bradley, Clark Moyle, Joseph Rowland, Wilson Park, Bill Andresen, Donald Achtien, Mary Dunne, Bud Venerable, Tim Dougherty, Tom Blair, Bob Regan, David Cantley, Linda Blair, Keith Umenthum, Linda Benson, Bernard Friedman, Jeffrey Gilbert, William Shopland, Michael Burns, Ron Russo, John Caldwell, Paul Putz, John Gable, Tony Cook, Jack Rentschler, Mayor Bruce Oberlander, Peggy Blakley, Dennis Richardson, Doug Estes, Dennis Anderson, Tom Blue, George Nelson, Don Short, John Evers, Bill Evers, Bill Bernard.

A motion was made by Evans Nord to approve the minutes of January 23, 1990, seconded by Kristi Wagner. MOTION CARRIED.

An update report was given by Executive Secretary Donald Gromer. The February fiscal report was given. The action played for the month of February was approximately \$15.7 million, which is the highest month to date of gaming. The gross revenue of this breaks down to approximately \$1.5 million.

Secretary Gromer discussed the methodology that will be used in the renewal of licenses for 1990-1991. The plans are to generate letters the middle of May to licensee holders directly out of the Executive Office or the Business Research Bureau, indicating that their renewal of licenses are due. The renewal forms and fees should be forwarded back to the Commission on Gaming Office in Pierre, no later than June 1, so that the 1990-1991 license can be returned out to the license holders by July 1, 1990.

Security Agent, Randy Lemme, was introduced to the Commission. Secretary Gromer advised that the Commission is presently taking applications for another Security Agent, and hopefully that Agent will be on board by June 1, 1990.

Karen Crew complimented Grant Gubbrud on the reports and financial statistics that he has compiled and forwarded to the Commission.

Vice-Chairman Fischer then asked Secretary Gromer to report on the definition of a building. Secretary Gromer introduced Mark Aspass, who signed a architectural contract with the Commission on Gaming, to act as the Commission's consulting architect.

Deadwood Building Inspector Keith Umenthum, State Fire Marshall Harry Harryman, Paul Putz of the State Historical Society, Mark Aspass the Commission's architect and Secretary Gromer, met together on March 20, and went through the Uniform Building Codes, architectural designs, historical impact, etc. to define the definition of a building. As a result of this meeting several proposals of the definition of a building were forwarded to the Commissioner's. Various proposals of various degrees were forwarded to the Commissioners to allow them to become acclimated with several recommendations that come out of that meeting. Executive Secretary Gromer stated that on a personal sense, he felt comfortable with the methodology that will be used from now on in the licensing format as applications will be reviewed as to how it interacts with public safety and historical significance of Deadwood.

The definition of a building which was agreed on by all the Commissioners was read. Attorney Bill Srstka pointed out that upon a motion of the Commission, the definition of a building will be placed into Rule, and would have go through the Rule making process, where public hearings would be held, and upon adoption by the Commission, the Legislative Research Council conforms the Rule into form and checks for legality, and once this is done and the Rule is filed, the Rule goes into affect within 30 days.

Karen Crew made a motion to adopt the definition of a building that was read as the statement of policy of the Commission as to the definition of a building, seconded by Kristi Wagner. MOTION CARRIED.

A motion was made by Karen Crew, seconded by Kristi Wagner, to direct counsel to draft proposed rules in accordance with the statement of policy in the definition of a building. MOTION CARRIED.

Karen Crew made a motion, in lieu of the statement of policy concerning the definition of a building that was adopted in the previous motion, to allow those wishing to enter into inner access between buildings, to go ahead and do so if they comply with UBC, Life Safety Codes and the Historical Society. Those wishing inner access at the present are Prairie Edge, Bella Union and the Bodega, however any establishment which is in compliance with the standards set out may proceed with inner access, until which time the Rules are adopted. Seconded by Evans Nord. MOTION CARRIED.

Secretary Gromer pointed out that each respective licensee, whether they are a present licensee or an applicant, are going to have to fulfill the requirements of the definition of a building. The symatics and the entire plans of how each establishment plans to accomplish this is to be submitted to the Commission on Gaming Office, where they will be reviewed

to make sure that all the necessary plans are produced, and then the plans will be forwarded to the City Building Inspector for his review. When the City states that they are satisfied with the compliance to Code, then those plans will be referred to the State Historical Society, where a determination of the historical impact will be made, and in turn, the plans will be forwarded back to the Pierre Office. Each identity reviewing the plans will write the Commission on Gaming with their findings. Based upon their letters of recommendation, approval or disapproval, it will be determined as to whether or not the licensee can proceed accordingly.

Don Achtien asked the Commission what the time frame will be to get in compliance with the UBC and Life Safety Codes. Secretary Gromer responded that alot depends on how complete the applicant or licensee can be with their necessary information that they are submitting. If all the information is complete and presented in an orderly fashion, he estimated that the turn around time would be approximately 30 days.

Gromer stated that the chief concern of the Commission and the Committee that worked on the definition was the safety of the patrons and the establishments and secondly was the concern of the historical aspect and significance of the buildings of the City of Deadwood.

The next issue was the request by John Caldwell to address the Commission. Attorney Bill Srstka, pointed out that Mr. Caldwell had filed a Petition for Hearing to Revoke License and a Motion to Intervene, both relating to a contested case for consideration against Full House, Inc. Attorney Srstka pointed out that the Commission on Gaming should establish a Hearing and give the parties involved notice of the hearing at which time witnesses could be called forward and testimony could be given. Mr. Srstka pointed out that the first thing that should be determined by the Commission is if Mr. Caldwell is the proper party to intervene and advised that Mr. Caldwell could address the Commission at this meeting, requesting a Hearing be scheduled, however he advised Mr. Caldwell and Mr. Christiansen that no facts should be heard at this meeting.

Mr. Caldwell stated that he did not want to give facts at this meeting, however he did ask the Commission to take a look at the Anthony's Building today and make a determination while they are in Deadwood to refresh their memory as that they are reviewing in the licensing. Mr. Srstka pointed out that this could be done only on agreement of the parties involved. Mr. Christianson advised that he would not have any problem with the Commission looking at the Anthony's Building, however he would not commit to allowing Mr. Caldwell access to the building for discovery purposes.

Attorney Srstka asked that each party have their Motions for Discovery ready to be presented at the Hearing should the Commission grant Petition for a Hearing. However, while the Commission's architect is in Deadwood, he will be allowed access to the Anthony's Building for his observation, however, no facts of his findings shall be submitted to the Commission until the formal hearing.

Evans Nord made a motion to receive the documents and set up a hearing where the Commission will hear the Intervention Motion as well as any Discovery Motions that are filed with the Commission by the next meeting. Seconded by Karen. MOTION CARRIED.

The proposed rules and changes to rules were gone over and discussed by Attorney Srstka and Secretary Gromer. A rules hearing will be held in May on these rules where public input will be taken and considered.

Karen Crew moved to authorize counsel to proceed with the rules making process and to draft rules in accordance with the statute that was passed in the past legislature, as well as any other rules that the Commission has discussed and were approved for adoption and to submit this in April, so that a Rules Hearing can be scheduled for May. Seconded by Kristi Wagner. MOTION CARRIED.

A break was held and upon return Attorney Bill Srstka advised the Commission that Mr. Caldwell approached him during recess and informed him that he had a conflict with the Hearing set for April 9 and asked for a continuance or a different date for the Hearing. Mr. Srstka also spoke with Mr. Christianson in reference to a continuance or different Hearing date, and stated that Mr. Christianson was against a continuance or rescheduling of the Hearing. The Commission heard statements for and against the continuance from Mr. Caldwell and Mr. Christianson.

The Commission and both parties agreed that the Motion to Intervene Hearing would still be held on April 9, 1990, however both parties are to present briefs and will only present testimony by depositions.

A motion was made by Karen Crew, seconded by Evans Nord, to (a) accept the stipulation of the parties to have Mr. Caldwell submit a deposition; (b) if Mr. Christianson needs to present evidence he will do so by deposition; (c) both parties be given subpoena power to subpoena records and evidence limited to the purposes of the Motion; (d) the depositions will be read at the Hearing and there will be no live witnesses; (e) parties may appear and argue through counsel; (f) parties will submit briefs at least 5 days before the Hearing; (g) the parties may reply to each other's briefs and the reply's must be filed at least 2 days before the Hearing; (h) the parties will submit 7 copies of the Briefs. MOTION CARRIED.

A letter was read by Vice-Chairman Fischer from the Nevada Gaming Control Board concerning the Resolution which was presented to the Commission by the Deadwood U Bet Committee on a Round Table Discussion.

The Commission then went into Executive Session.

Upon the return from Executive Session, Secretary Gromer addressed the applications for consideration of approval or disapproval for licensing.

Executive Secretary Gromer listed the Operator and Retail applications that were ready for consideration by the Commission. Those businesses recommended for licensing are Action Slots, Inc. for an Operator License, the Peacock Club and GM for retail licenses, Three of a Kind for an

Operator License along with 3 retail licenses for Carrie Nation Temperance Saloon, Deadwood Livery and Cousin Jacks, a subsequent retail license for Goldberg Soda Fountain, and a license to Craig and Nancy Murdock adding them as owners to Hickok's Saloon and Chuckwagon.

Kristi Wagner made a motion, seconded by Evans Nord, to approve the applications recommended for licensing by Executive Secretary Gromer, pending approval of the City and review of the Historical Society, with the exception of Action Slots, Inc. and licensing Craig and Nancy Murdock of Hickok's which is approved for licensing without approval from the City or review of the Historical Society. MOTION CARRIED.

Karen Crew made a motion to approve the support applications recommended for licensing by Executive Secretary Gromer, and to deny a support license to Darlene Anderson. Seconded by Evans Nord. MOTION CARRIED.

Kristi Wagner moved, seconded by Karen Crew, to grant Gold Street a 24 hour gaming license permit. MOTION CARRIED.

The next Commission meeting was scheduled for April 9, 1990 at 9:00 a.m.

A motion was made by Kristi Wagner, 2nd by Evans Nord, to adjourn the meeting. MOTION CARRIED.

Respectfully submitted,

Delane Smith
Administrative Assistant



Chairman, Chuck Lien



Executive Secretary, Donald Gromer

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605)773-6050
FAX (605) 773-6053

**MINUTES OF THE SOUTH DAKOTA COMMISSION ON GAMING
APRIL 9, 1990 9:00 A.M.
RAMKOTA CONVENTION CENTER, PIERRE, SOUTH DAKOTA**

The meeting of the South Dakota Commission on Gaming was called to Order by Chairman Chuck Lien. Roll call was taken with the following Commission members being present: Chuck Lien, Karl Fischer, Evans Nord, Karen Crew and Kristi Wagner. A quorum was declared. Other staff present: Donald Gromer, Executive Secretary; Bill Srstka and Kit McCahren, Counsel for Commission; Stan Triplett, Security Director; Grant Gubbud, Director of Audits and Taxes; Delane Smith, Administrative Assistant.

Attorney Bill Srstka addressed the Commission concerning the Notice of a Contested Hearing on the matter of the application for Bazel's Inc., which applied for a Distributor's license. The reason for the contested hearing was due to the fact the application for a distributors license was rejected on the grounds that there would be common ownership of Bazel's Inc. with Gulch Valley, Inc., as Gulch Valley, Inc. has also applied for an Operator License, and it was felt that the common ownership of a slot machine distributor and an operator would violate the provisions of SDCL 42-7B-22(1).

Mr. Pete Fuller, attorney for Bazel's Inc., has asked the Commission to look at the statutory definition of a person rather than an individual in licensing a distributor, as he states that a person is defined as an individual, partnership, association or corporation, and that separate corporations should be allowed to hold a distributor and an operator license. The Commission decided to discuss this further during Executive Session.

Evans Nord moved to the approve the minutes of the February 27, 1990 Commission Meeting. Seconded by Karl Fischer. MOTION CARRIED.

Chairman Lien then asked for the Executive Secretary report, where Executive Secretary Gromer first went over the licensing to date. He indicated that we presently have licensed 6 manufacturer/distributors, 15 operator licenses, 64 retail licenses, and 755 support licenses.

He also indicated that to date the Commission on Gaming Office has taken in \$1,746,788.20, and out of that monies we have paid all operational costs of the office and to date the operational costs are approximately \$240,000.00. We have emitted to the state general fund \$68,631.66, and remitted to Lawrence County \$17,157.92. Another remittance of \$500,000.00 will be remitted to the City of Deadwood, a remittance of \$95,689.82 to the state

general fund and a remittance of \$23,922.46 will be sent to Lawrence County for the 2nd quarter within the next week. Secretary Gromer also pointed out that the administrative costs of the Commission on Gaming is approximately 14% of the total revenue brought in.

Secretary Gromer indicated that interviews will be held for additional security staff in Deadwood on April 18, 1990 and hopefully that person will be able to begin around May 1, 1990. He also indicated that the Deadwood Office is being arranged with some system furniture, as the present design of the office is not working out for work productivity, as it is all open and there is no privacy and constant interruptions.

The Hearing for Bazel's Inc. was further discussed. No one appeared personally on the behalf of Bazel's Inc., as all information was submitted to the Commission in written form. Chairman Lien suggested that the Commission discussed this further in Executive Session. Secretary Gromer raised a couple of concerns that he had on this issue. He felt it would be rather difficult to a background investigation on a corporation as an entity, as you would have to do the background investigation of the people involved within the corporation, and he felt that this could led to some maneuvering as the legislation being as unspecified as it is, as far as what constitutes a corporation and what does not. However, he also felt that there could be some advantages to licensing a corporation, as if there is a problem with a given corporation, the Commission could go after the corporation as a whole, instead of the individual violating, who may be a part of a corporation. To date if you were in corporation with other corporate members, each individual person would be licensed as a licensee, doing business as whatever the corporate name is.

The Commission then broke for Executive Session and lunch recess.

Upon return from Executive Session, Karen Crew made a motion to table the application for Bazel's Inc., and recommended that additional information can be obtained from the petitioner, and other sources, and that perhaps they have some discussion with the Nevada Control Board as to how they deal with corporation licensing and their rules. Kristi Wagner seconded the motion. MOTION CARRIED.

A discussion the new rules was held. A Rules Hearing is set for May 9, 1990 in Pierre, South Dakota and written and oral testimony will be heard at this time.

Keith Umenthum informed the Commission that there have been a couple of different answers as to whether or not the City of Deadwood has adopted the UBC Code. Mr. Gromer asked Mr. Umenthum to verify whether or not the City has done so and report this back the Commission Office.

A dismissal was sent to the Commission on the Motion to Intervene involving Chubba Trust vs. Full House, Inc.. Harry Christianson was present on behalf of Full House, Inc., however no parties appeared on behalf of Chubba Trust, Inc. A motion made by Kristi Wagner to sign an Order of Dismissal on the Motion to Intervene filed by Chubba Trust, Inc. against Full House, Inc. Seconded by Evans Nord. MOTION CARRIED.

Chairman Lien made a comment that perhaps a little more thought go into bringing action before the Commission and if action is brought that it be followed through with, and that perhaps a little caution should go into action brought before the Commission. Karen Crew suggested that if action is brought before the Commission perhaps the costs in preparing for such action by the Commission Office could be passed on to the parties involved. However, Chairman Lien commented that in the spirit of cooperation he would hate to have to pass on such costs at the present, however, he did ask that perhaps more self policing, self controlling and self-solving the problems the better off we are, rather than bringing things before the Commission and then dismissing at the last moment.

The Uniform Building Code and its relationship to existing licensees was discussed. The Fire Marshall's Office, electrical inspectors and others with concerns about certain safety factors with establishments in Deadwood have brought such concerns to the Commission on Gaming. Based upon these concerns, the Commission requested that the Fire Marshall and group of other inspectors go out to Deadwood and conduct a survey as to the deficiencies found in the gaming establishments.

Executive Gromer asked the Commission to authorize his office to discuss with each individual business the deficiencies that were found in their respective businesses and what will need to be done to meet Code at present, and work with each establishment in setting up a workable arrangement as to when and how they will meet Code.

Commissioner Crew suggested sending a registered letter to every licensee that has a building code violation, listing what the violations are and give the establishments 30 days to report to back to the Commission with their plans as to how they plan to address these deficiencies and as what type of a time frame table they propose in bringing things up to Code and Executive Gromer could then talk with each establishment and if he doesn't feel the plan is aggressive enough they could discuss additional compliancy.

Mark Aspass, the Commission's architectural consultant, suggested that perhaps the Fire Marshall the City Inspector and himself could prioritize a list of deficiencies that need to be addressed first in the letters to the establishments.

The Commission pointed out that the renewal of licensees for each individual establishment could depend upon their compliance in being brought up to Code.

Chairman Lien said the goal of the Commission is to be in complete compliance with the UBC and Life Safety Codes as quickly as humanly possible to protect all lives in and around Deadwood.

Commissioner Karen Crew made a motion to instruct Executive Secretary Gromer to send a registered letter to every licensee that is on the list provided of the establishments that are not in compliance with the UBC and Life Safety Codes, and that the establishments be notified as to what exactly the deficiencies are and to indicate to them that within 30 days of receiving the registered letter, they are to have presented to the

Commission, a plan to rectify the deficiencies. The Executive Secretary will also be given the authority to enter into any negotiations which might be necessary as far as determining what are priorities. He would meet with our consultant, Mark Aspass, the city building inspector, the Fire Marshall's Office and electrical inspectors, and prioritize what needs to be done. If they do not feel that the plan submitted for compliance is aggressive enough, then they could negotiate this with the establishments, and that such compliances should be met or an aggressive plan submitted to the Commission by the July 1, 1990 reissuing of licenses. Karl Fischer seconded the motion. MOTION CARRIED.

The Commission then went into Executive Session. Upon return from Executive Session, Executive Secretary recommended the applications for approval for Operator and Retail licenses. Those applicants requesting licenses are: Sigma Games, Inc., which is applying for a Manufacturer's License; Gulch Valley, Inc., which is making application for an Operator's license and a retail license, doing business as Bazel's Diner; Three of a Kind, Inc., in which Mr. Jack Rentschler has asked to be a partner with Bud Walling, who is already presently licensed for gaming with an operator license for Three of a Kind and 3 retail licenses, which are Cousin Jack's, Carrie Nation Temperance Saloon and Deadwood Livery.

Karl Fischer made a motion to approve the licenses recommended for licensing by Ex. Secretary Gromer, with Bazel's Diner to be approved contingent upon the recommendation of the State Historical Society. Seconded by Evans Nord. MOTION CARRIED.

Executive Secretary Gromer then addressed the support applications for consideration by the Commission.

A motion was made by Karl Fischer, seconded by Kristi Wagner, to approval the applications recommended by Secretary Gromer for approval for licensing and to deny a support license to Dennis Thorsen. MOTION CARRIED.

Karl Fischer moved to license Bazel's Diner and Full House, Inc. with 24 hour gaming licenses. Seconded by Kristi Wagner. MOTION CARRIED.

Karen Crew made a motion to grant additional retail licenses to Dakota Partnership for the Eagle Bar and Eagle Cabaret, and to Deadwood Partner's for an additional 30 devices, upon review of the State Historical Society and approval of the City for conformance to Code. Seconded by Evans Nord. MOTION CARRIED.

Karen Crew moved that Executive Secretary Gromer be directed to arrange an educational trip to Las Vegas, Nevada for educational purposes, and that the trip be arranged for sometime around August, 1990, and should be for the Commission members and such staff as are able to go. Seconded by Kristi Wagner. MOTION CARRIED.

Executive Secretary Gromer asked the Commission how they perceive or entertain the idea of allowing a temporary 24 hour permit through the summer or tourist times to establishments wishing such a type of permit. He also asked the Commission if they want to consider a 24 hour permit as a year round permit, or if they want to prohibit an establishment from

requesting a 24 hour permit at the beginning of the tourist season and then cancel the 24 hour permit at the end of the season each year.

Karen Crew suggested that perhaps if establishments are going to be changing a 24 hour permit back and forth there should be some type of fee established for this 24 hour permit, to help absorb some of the administrative costs.

The Commission asked Secretary Gromer if more staff would be needed to regulate temporary 24 hour permits. He answered that more staff will be needed to regulate the establishments being opened 24 hours a day and that we could not hire temporary staff, and it would be difficult to know how much staff will be needed for regulation of such type of permits if they are allowed to obtain them and relinquish them seasonally.

Tony Cook, of Deadwood Partner's, pointed out that there are establishment now, that do not sell alcoholic beverages, that can remain open 24 hours a day for gaming purposes, as by rule, as long as their hours are not determined by law, such as establishments serving alcohol, they can remain open whatever hours they desire.

Joe Massa asked the Commission on their perception of allowing 24 hour gaming permits during the weekends. Ex. Secretary Gromer responded that this would be very difficult on an administrative standpoint, especially on a local law enforcement standpoint, and the allocation of manpower for regulation would be very difficult on such a permit. He felt that if an establishment wishes to apply for a 24 hour permit and it doesn't work out they can withdraw the permit, however he would like to have all establishments be open every day, 24 hours a day, once they have a permit until which time they withdraw the permit.

Karl Fischer made a suggestion to allow a 24 hour gaming permits on a temporary basis to establishments requesting them, from Memorial Day weekend to Labor Day weekend, and that they stay open for 24 hours a day, every day during this time period.

Chairman Lien suggested authorizing the staff to look at allowing certain gaming establishments to stay open from Memorial Day to Labor Day on a trial basis this summer, but they will stay open continuously, and they will have to still get approval for the permits through the Commission.

Karen Crew made a motion to not change the 24 hour Rule in any way what-so-ever, however, if any licensee wants to apply for a 24 hour license and if they know at the time that they are applying that they will want to go back to their regular license after Labor Day or around that time that they would advise the Commission that they anticipate only having the 24 hours license for a period of three to four months so that law enforcement can to some planning and the Commission Office can plan for administration and regulation, and that the Rules not be changed in any way at this time. Seconded by Kristi Wagner. MOTION CARRIED.

Karl Fischer made a motion that the Commission authorize Executive Secretary Gromer to hire any additional security person and to hire any other people that may be needed to enforce this particular issue and to


help get through the summer months of gaming. Seconded by Evans Nord.
MOTION CARRIED.


The next meeting was scheduled for May 9, 1990 at 9:00 a.m. at the Kings
Inn Convention Center in Pierre, South Dakota.

A motion was made to adjourn by Karl Fischer, seconded by Kristi Wagner.
MOTION CARRIED.

Respectfully submitted,

Delane Smith
Administrative Assistant


Chuck Lien, Chairman


Donald E. Gromer
Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605)773-6050
FAX (605) 773-6053

**MINUTES OF THE SOUTH DAKOTA COMMISSION ON GAMING
MAY 9, 1990, 9:00 A.M.
KINGS INN, CROWN ROOM
PIERRE, SOUTH DAKOTA**

The meeting of the South Dakota Commission on Gaming was held on May 9, 1990 with the following Commission members being present: Chairman Chuck Lien, Evans Nord, Karl Fischer, Kristi Wagner and Karen Crew. Other staff present were: Donald Gromer, Executive Secretary; Stan Triplett, Security Director; Grant Gubbrud, Director of Audits; Delane Smith, Administrative Assistant; Bill Srstka, Attorney for Commission. A quorum was declared.

Others present were: Bernie Friedman, Wayne Lund, John Gable, Tony Cook, Dick Murray, Mike Wordeman, Don Achtien, Harry Christianson, Bill Evers, Andy Fisher, Mel Drews, Richard Schulf, Kevin Woster, Chet Brokaw, and Bill Smith.

A motion was made to approve the minutes of the March 20, 1990 and the April 9, 1990 Commission on Gaming meetings. Seconded by Karl Fischer. MOTION CARRIED.

Attorney Bill Srstka pointed out that a letter was received from Robert Newland on April 6, 1990 which stated that he no longer desired a support license and opted to not appear at the contested formal hearing for consideration of his support license. Upon this letter and the non-appearance of Mr. Newland at the hearing, Mr. Srstka moved that the prior decision of the Commission to deny a license to Robert J. Newland be affirmed and that an Order be drafted and entered affirming the previous action of the Commission to deny the license. So moved by Evans Nord and seconded by Karl Fischer. MOTION CARRIED.

Executive Secretary, Donald Gromer, gave the Executive Secretary Report, first discussing the revenue disbursements. Secretary Gromer noted that the actual administrative costs are running around 19.7% rather than the 14-15% level as was stated at the last meeting. There was a mistake on the State's share of the 8% tax on the printout from the State, as the state's figures both debited and credited the Commission on Gaming Fund on the 8% tax, when it should not have been considered income, it

should have actually been considered a disbursement. This has since been corrected and reflects us with an operating of cost of 19.7%. The most expensive fees is for consultant fees however, it was pointed out that the manufacturers are being billed for the consulting fees and testing fees of each of their own devices being tested at Gaming Laboratories and there would be approximately \$36,000.00 coming in from those fees. This would also impact the overall administrative costs once those fees are received. He pointed out that there is going to be fluctuation from month to month in these figures due to the billing and the processing cycles of our vouchers and expenditures and the receiving of funds.

Mr. Gromer then gave an overview of the licensing. As of May 1, 1990 there are 50 businesses licensed in Deadwood, with approximately 22 more businesses having been received in the Commission Offices who are awaiting licensing. The vast majority of these people are hoping to be licensed by July 1, 1990 to begin on the licensing cycle. Secretary Gromer pointed out that it will be impossible to get all the background investigations completed on all the people involved by July 1, 1990 as there are approximately 100 individuals to investigate and more are expected to come into the Office. Secretary Gromer asked the Commission their feeling of issuing a temporary license for a determined amount of time to those people wishing to be licensed immediately until which time the background investigations could be completed or a permanent license could be granted or denied. Mr. Srstka advised the Commission to amend the rules so that they have the authority to grant a temporary license if they so wish to do so and suggested that the temporary license be granted for a determined amount of time, rather than pending approval of a permanent license, as if a permanent license is not granted, the Commission might have to revoke a temporary license rather than just agreeing to a determined amount of time for a temporary license.

Commission Karl Fischer asked if securing additional staff to help with the background investigations would help, as he was concerned about placing device stamps on machines and then if the applicant was not granted a permanent license the machines would have to be shut down. Secretary Gromer answered that he is hiring additional staff within the first week of June, however the problem that we are having is that we have to train this staff coming on board, which puts us into the latter part of June, before this person is producible. He also stated that he felt that hiring temporary help would not be productive as it would take longer to train the people to get the backgrounds done and prolong the process that much more.

Commission Crew asked about the possibility of hiring private investigators to help with the background investigations. Secretary Gromer answered that he would like to keep quality control of the background investigations and that contracting with private investigators would still take too much time and money to spend in training during this peak time and was not in favor of hiring private investigators unless the Commission so desired for him to do so.

The consensus of the Commission was to amend the rules to be able to grant a temporary license and if necessary temporary licenses could be granted for a limited time on a case by case basis.

Secretary Gromer then gave an overview of the Commission Offices. He stated that the automation is being set up between the Commission Offices and the Business Research Bureau and once this automation is completed it should greatly facilitate our overall operations. He pointed out that we are presently working with the Business Research Bureau so that all tax remittances and licensing fees will go directly to them for remittances. This will facilitate the overall cash flow of the office as an immediate deposit is made and there is no lag time for funds for the state. An additional clerical staff is being hired for the peak summer time. She will start on May 14, 1990.

The relicensing process was discussed. Business Research Bureau is doing the renewal correspondence for licensing and it anticipated that all licensees will be receiving renewal letters on May 15, 1990. A suspense date of June 10, is being given to get the renewal form and fee back to the Commission so that they can be relicensed by July 1. Any renewal forms received after June 10, will be not guaranteed receiving their renewal license by July 1. Secretary Gromer pointed out that we are still working with the drivers licensing system so that licensees will take a form to the Drivers Exam Station and get a support card, which is generated by Driver's Licensing, that can be worn with the actual photograph on them. However, this year the support cards will be the same as last year, except they will be a different color and they will have be worn in plain view.

Red McQuade, of Wild Bill's, explained his proposal to the Commission to allow for the play of two new games, Fun Poker and Jacks Are Better, in Deadwood. Chairman Lien stated that he felt that it was a little early to adopt new games for play in Deadwood. It was pointed out that in Rules the Executive Secretary could adopt a variation of poker games, however since it was the consensus of the Commission that this games would be considered new games,

the adoption of these games would have be done through a change in Rules. Chairman Lien recommended that Mr. McQuade, Executive Secretary Gromer and Attorney Srstka, work together on determining if the game is legal and what would need to be done for the game to be adopted and bring this before the Commission at a later meeting.

Secretary Gromer updated the Commission as to the Fire Marshall and Electrical Commission's Office's findings and recommendations for non-compliance to code of the gaming establishment in Deadwood. These agencies mailed out letters to each establishments who was found deficient in inspections that occurred in February and March. These letters were followed up with a letter from the Gaming Commission asking that each individual business who was found to be deficient to report back to the Commission Office with some sort of an improvement plan by May 15. One of the most serious violations found in many of the buildings was the lack of sprinkling systems.

Commissioner Crew suggested forming a sub-committee to go over compliance plans which the establishments are submitting prior to the July 1, 1990 relicensing. Chairman Lien appointed Secretary Gromer, Karen Crew and Karl Fischer to this Committee, and asked that perhaps those letter of compliance could be reviewed and it be determined if they are acceptable by the next June meeting.

Secretary Gromer pointed out the there has been a State Interim Committee appointed to study the Commission on Gaming, the State Lottery and the Racing Commission.

A proposal from Mike Madden, who is a college professor, was addressed. The proposal is for a research study to be done on an economic assessment of gaming in the Black Hills area. A letter was also received from Dr. McLeod, from Black Hills State University, which also proposes a study to determine the sociological impact of gaming in South Dakota, and in particular in the Deadwood area. The Commission asked Secretary Gromer to check into the costs of such studies, what types of cost sharing could be arranged for other agencies and entities interested in such studies, and what all aspects would be studied.

Attorney Bill Srstka suggested inviting the Interim Committee to come to Deadwood, and perhaps to a Commission meeting, to see what their approach is going to be and to see that they would like to see accessed in the way of studies or information compiled. A motion was made by Karen Crew, seconded by Kristi Wagner, to have Secretary Gromer to contact John Sears, Chairman of the Interim Committee, to see if they could meet in with us in Deadwood and extend an invitation to them to join the

meeting. MOTION CARRIED.

At this time the formal rules hearing proceeded. The Rules were published pursuant to law and have been sent to the Legislative Research Council for review and they have not made any major comments or changes to the proposed rules which were submitted. Each section was discussed and the public was invited to make any comments or give testimony during each section being discussed. Changes and comments were made on the following rules:

20:18:06:02(4) should be "key" employee rather than "any" employee.

20:18:17:01 add "except for a temporary license granted pending approval of a permanent license," before the Commission may approve an application.

20:18:17:17 should read "hard" meter reading rather than "hand" meter reading and should read "RAM" rather than "RAMN".

In the section dealing with progressive slot machines a section will be added addressing annuities, escrow accounts, control of monies, etc. on the jackpots built up by progressive slot machines.

20:18:21:03 Gaming by Licensees. Tony Cook of Deadwood Players and Partners asked that an exception be made in this section so that licensees can deal and play in their own poker games. He said that this is good for business and helps to keep the games going. The felt that key employees should be allowed to play in their own poker games. Bill Evers of the Bella Union also commented if key employees or any management is not allowed to play their own poker games it could hamper the nucleus of the poker games, as alot time the management and key employees will play with their own money or shill to keep a game going. Secretary Gromer said that the problems with allowing management to play in poker games is that the public may not perceive management playing their own poker games in a favorable way, and secondly, in some isolated cases, perhaps if the management and key employees were allowed to play in the poker games of their own houses, they would become more interested in playing the poker games and not taking care of business. He also pointed out that a number of gaming establishments have consulted with him about allowing management or key employees to sit down and play for awhile to keep a game going.

It was pointed out that when the rules were first discussed there was talk about not allowing any personnel to play in the establishments that they are employed in, including support staff, however, this was relaxed to just

prohibit owners and key employees or from playing their own house's poker games.

Red McQuade and Tony Cook both pointed out that in Nevada owners and key employees are allowed to play in their own poker games. Mr. McQuade also stated it does not look good to have the owners and key employees play in other establishments games, but not in their own games. Bill Evers of the Bella Union stated that the key employees and pit bosses are responsible for getting poker games started and keeping them going, and it would be really difficult to accomplish this if they are not allowed to participate in the poker games.

Evans Nord moved to allow the owners and key employees to play in their own poker games, but specified only poker games, and to add "except for the game of poker" after "any game" in 20:18:21:03. Seconded by Karen Crew. The vote went 2 aye and 2 nay, with the Chair breaking the tie with a nay. MOTION FAILED.

Red McQuade also commented about licensees having to wear their identification while working as he didn't feel that a gaming employee should have to give personnel information to the public and it would be seen on the identification. Secretary Gromer pointed out that we are not placing an address on the identification so the public would not be able to find out where an licensee is living at. Mr. McQuade answered that if a name were on the identification the public could get the name and look up the address in the phone book. Secretary Gromer commented that the flip side is that if the public has a comment or complaint about an employee, unless the licensee has on some sort of identification with a name on it, the Commission doesn't know who they are referring to or who to contact.

20:18:21:11. Hours of Operation. It was suggested that the "8:00 a.m. to 2:00 a.m." be changed to "7:00 a.m. to 2:00 a.m." to coincide with the liquor laws. Also change "retail licensees desiring to obtain a 24 hour permit shall apply on forms provided by the Executive Secretary" to "shall apply in writing to the Executive Secretary".

20:18:23:01. Procedure to determine unsuitability. Harry Christianson of Gold Dust, asked the Commission to strike "a person or" from line four of this section. Evans Nord so moved to do so, seconded by Kristi Wagner. MOTION CARRIED.

20:18:25:02. Inner Access. Harry Christianson of Gold Dust, stated that he has concerns with this rule as to incorporating the State Historic Society's Rules by reference as the rules adopted by the Gaming Commission,

especially since no one has seen a copy of the State Historic Society's Rules, as they are still undergoing the rules process for adoption. He felt that it is impossible to comment as to how they inner relate with the UBC and Life Safety codes until which time they have been reviewed. He was concerned with using the office of history pursuant to SDCL 1-19-19A-5, and ARSD _____ to determine if the access will encroach upon, damage, or destroy any historic property included in the National Register of Historic Places or the State Register of Historic Places. Karen Crew suggested deleting the last sentence of this section, deleting "Inner access may be reviewed by the office of history pursuant to 1-19-19A-5, and ARSD _____ to determine if the access.. Attorney Srstka stated if this is done you delete any contribution from the Office of History out.

Harry Christianson pointed out that he is not questioning what the legislative intent was in preserving historical sites and the historical significance of the community, however he would like the Commission to define exactly what the historical society's authority is pertaining to licensing, and what procedure should be used with their input in the licensing process. He pointed out that it is difficult to know what input needs to be considered with all the various interaction of agencies in licensing. He felt that the Commission should define exactly what the historical commission's function is with respect to the Gaming Commission's licensing procedure and by adopting their regulations we would be, in affect, making them the Gaming Commission's regulations. He stated that he would like to know that the rules are so that if there is a difference of opinion between the historical society and an establishment what recourse an establishment would have. Attorney Srstka was concerned that if this section were removed from rules, it might broaden the State Historical Society's powers in licensing.

Wayne Lund, who is an architect, stated that right now a building undergoing any type of remodeling or construction has to go through the city historic review and if it is on the historic register, it goes through a federal historic review, and with the gaming requirement of the History Society's review, it just makes the historic review undergo a second process.

Attorney Srstka pointed out he didn't have a problem with not requiring the establishments from going through the state historical society's review if the Commission could be assured that every single building was going to go through some form of historic review, however he was not convinced that his happens or will continue to happen, and the second problem is that there is the politics to consider of a small town in that will all people be

treated the same.

Harry Christianson stated that he was not suggesting that there is no historic significance review. He is just concerned that the actual legal authority of the state's department of history be looked at very carefully to determine if the Commission would not be giving them more power than what the legislature intended for them to have in the first place and by virtue of giving them the authority in adopting the historic society's own rules, if there is grievance or difference of opinion, what would be the recourse, or who would an establishment appeal their decision to.

Secretary Gromer pointed out that one thing that the establishments in Deadwood have to realize is that the Commission has no historical expertise. The statute mandates that historic restoration and preservation is upheld. By this mandate a rule was made as to the criteria that must be met in licensing and the historical aspect is dealt with here, as if there is nothing in rule to address this issue, something could be bulldozed, and after it is bulldozed you cannot reconstruct a historical building once it is destroyed. Secretary Gromer stated that he would like to leave the determination as to what is historically significant to the people that get paid to that, that being the State Historical Society. He also pointed out that when the Commission was first charged with the historical aspect in Deadwood, there was no procedure established in Deadwood for even building inspections, and certainly none for historical oversights. He felt that it was on the behalf of the actions taken by the Commission that prompted the hiring of not only a local building inspector, but also a historical preservationist, which are both on staff now with the City. He also pointed out that one of the problems that they are having is the lack of materials to adequately make an educated assessment of what is going to happen to a particular structure.

Karen Crew made a motion to strike in section 20:18:25:02 everything after "61:15:01:01" and strike out "Inner access may be reviewed by the Office of History pursuant to SDCL 1-19-19A-5 and ARSD _____ to determine...". Seconded by Karl Fischer. MOTION CARRIED.

Karen Crew made a motion to delete the entire rule 20:18:21:13, Historic Resource Protection under the already adopted rules and regulations until which time the historical society has some rules for the Gaming Commission to review or refer to. MOTION WAS WITHDRAWN.

20:18:25:06. Karen made a motion to delete everything after "16:15:01:01" eluding to review by the department of

history. Seconded by Kristi Wagner. MOTION CARRIED.

20:18:25:07. Review of Safety Standards. The section reads that the Executive Secretary must conduct of review of every building licensed by the Commission on Gaming to determine if the buildings meet certain standards such as electrical installations, the plumbing code, boilers, fire safety and handicapped accessibility. It was the consensus that it should not be the Executive Secretary's responsibility to conduct a review of all these different facets as it should be up to the different responsible agencies to see that compliance is met.

John Gable of Deadwood Players suggested changing "must conduct a review" to "may conduct a review". So moved by Karen Crew. Seconded by Kristi Wagner. MOTION CARRIED.

Secretary Gromer asked the Commission if he was still to communicate with the Department of History, or was he to assume that this was being handled by the local preservationist and from the City. The Commission answered that until the State Historic Society has Rules passed and the Commission has had an opportunity to review and consider them, we would refer to the city for handle the historic review procedures and report back to us.

20:18:07:01:01. Approval with conditions or for a limited period. Karen Crew made a motion to add another section 20:18:07:01:02 which states that a condition for granting or renewing a license is that the licensee must purchase and keep in affect a liability insurance policy of at least \$1 million dollars, or in an amount the Commission approves, and provide a certificate of insurance to the Commission that such has been done. Seconded by Kristi Wagner. MOTION CARRIED.

The Chair entertained a motion to adopt all the articles of the Commission on Gaming proposed rules as was amended, discussed and reviewed and to adopt the rules and to leave it up to our attorneys to enlarge upon the recommendations made concerning the foreclosures and the banking securities, loans and policies and to give our counsel the authority to broaden these rules and to adopt the changes made today on the definition of buildings and progressive slots.

This would also include allowing our attorney to get the generic language from Gaming Laboratories to place into the progressive slot rule about allowing outside power sources so that the progressive slot machine rule can be amended.

Also included in this motion is to amend 20:17:17:24:01 to add "must be linked to a meter and" before "have a meter

showing the payoff"; and in 20:18:17:24:04, Attorney Srstka will talk with Gaming Laboratories about clarifying keys; and in 20:18:17:24:08, the Commission asked Attorney Srstka to check into the stand-alone machines with Gaming Laboratories and incorporate this into rule also. This motion was so moved by Kristi Wagner and seconded by Karl Fischer. MOTION CARRIED.

This concluded the formal rules hearing.

The Commission reviewed designs for their Commission logo. Evans Nord moved to adopt design #2 as the Commission's logo. Seconded by Kristi Wagner. MOTION CARRIED.

John Gable of Deadwood Partners, requested authority to recognize the Wild Bill Bar and Miss P.J.s' Parlor as two separate buildings and they would like to have 30 devices per building, so they would need an additional license if the Commission recognizes them as two buildings. The Commission asked Mr. Gable to go through the city and historic review for determination if this is two buildings and upon their findings to submit another application for the additional 30 devices. The Commission cannot commit to issuing an additional license for 30 devices until all compliances have been met and it has been shown that it is two buildings.

The Commission then went into Executive Session for discussion of licensing of establishments and support applicants.

Upon reconvening, a motion was made by Karl Fischer to grant 24 hour operation licenses to Deadwood Partner's dba: Wild Bill Bar and Miss P.J.'s Parlor; Dakota Partnership dba: Prairie Edge, Eagle Bar and The Crazy Horse; Peacock Club; and Old Style Saloon #10. Seconded by Kristi Wagner. MOTION CARRIED.

Dan Grider of Dakota Territory submitted a report of the poker tournaments that were allowed on a trial basis through the month of April. As a result of the poker tournament there was a total of 263 players and a total of \$4,710.00 in drop. The Peacock Club has also submitted a proposal for a poker tournament.

Karl Fischer made a motion to allow the Dakota Territory to continue with their poker tournaments and to allow the Peacock Club to enter into their poker tournaments for another six months. Seconded by Kristi Wagner. MOTION CARRIED.

Secretary Gromer informed the Commission of the businesses that are ready for consideration for licensing. Those businesses applying are SD Distributing Hardware applying

for a Distributor license. Also the following retail licenses were addressed for consideration:

The Palace - Ray Winsel
K&D Inc, dba: Rotten Luck Willies - William and John Evers
Abigayles' Restaurant - Kermit Stell
Terry Peak Ski and Sport - The Keene family
Wilderness Edge and Lion's Head - Dennis McKay

Kristi Wagner made a motion to approve licensing all the above mentioned Distributor and Retail licenses addressed by Secretary Gromer. Seconded by Karen Crew. MOTION CARRIED.


A motion was made by Karl Fischer, seconded by Kristi Wagner to approve all support licenses recommended for approval by Secretary Gromer and to deny support licenses to Robert Bruzek, Mitchell Jeffrey and Clyde Sexton. MOTION CARRIED.


The next Commission meeting was scheduled for June 4, 1990 at 4:00 and for June 5, 1990 at 9:00.

The meeting was then adjourned.

Respectfully submitted,

Delane Smith
Administrative Assistant


Karl Fischer, Vice Chairman


Donald E. Gromer
Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605)773-6050
FAX (605) 773-6053

**MINUTES OF THE SOUTH DAKOTA COMMISSION ON GAMING
JUNE 4 AND 5, 1990
NORTHERN HILLS HOLIDAY INN
SPEARFISH, SOUTH DAKOTA**

The meeting of the South Dakota Commission on Gaming was called to order on June 4, 1990, by Vice-Chairman Karl Fischer. Roll call was taken with the following Commission members being present: Karen Crew, Karl Fischer and Evans Nord. A quorum was declared. Other staff present was Donald Gromer, Executive Secretary; Stan Triplett, Enforcement Director; Randy Lemme, Enforcement Agent; Grant Gubbrud, Director of Audits and Taxes; Kit McCahren, counsel for Commission; and Delane Smith, Administrative Assistant.

A motion was made by Karen Crew, seconded by Evans Nord, to approve the Minutes of the May 9, 1990 Commission on Gaming meeting. MOTION CARRIED.

Vice-Chairman Fischer asked Executive Secretary Gromer if he felt that there was a need for additional staff in the Commission's offices. Ex. Secretary Gromer answered that the next area he would like to address in personnel hiring is in the area of auditing to help with the internal auditing and the auditing of individual establishments.

A motion was made by Evans Nord, seconded by Karen Crew to give Executive Secretary Gromer a \$3,000.00 increase in salary, retroactive to the time when the other staff's salaries were increased. MOTION CARRIED.

The Commission then went into Executive Session.

Upon a motion made by Karen Crew to come out of Executive Session, seconded by Evans Nord the Commission came out of Executive Session on June 5, 1990 at 1:00 P.M. MOTION CARRIED.

Karen Crew made a motion to approve the support licenses that were listed for consideration on the June 5, 1990 list for Support Licensing (see attached list), with the exception of Gene Carsten and Leo Coughlin, whom she moved giving denials to. The following applicants should also be tabled until the next Commission meeting: Daryl Brunson, Dennis Even, Rodger Metzgar, Sally Schwab, Dade Swanson, Christopher Sperle, and Norman Winkelman. Seconded by Evans Nord. MOTION CARRIED.

A motion was made by Karen Crew, seconded by Evans Nord, to approve the license of Abu-rizk Co. for an Operator's License and a Retail license for The Anaconda with both licenses to be affective July 1, 1990. The owner of this would be Charles Abouresk, Jr., Linda Grosshans, Carol

Abourezk and Mike Abourezk. Seconded by Evans Nord. MOTION CARRIED.

Evans Nord made a motion to grant an Operator's license to Deadwood Gulch and a retail license to Deadwood Gulch Saloon affective July 1, 1990. The owners are Eugene Johner, Dennis Kropp, Keith Kropp, Allen Reede and Terry Matson. MOTION CARRIED.

A motion was made by Evans Nord, seconded by Karen Crew, to approve a retail license to The Pump House, whose owners are Patrick and Joann Eastman, effective July 1, 1990. MOTION CARRIED.

Karen Crew made a motion, seconded by Evans Nord, to issue Marie's Inc. a retail license effective July 1, 1990. The owners are Marie Robley and Kate Bentham. MOTION CARRIED.

A motion was made by Karen Crew, seconded by Evans Nord, to approve an Operator license in the name of John G. Inc., and two retail licenses to Calamity Jane's Art Gallery and Accommodation Bureau, to be licensed immediately. MOTION CARRIED.

The Executive Secretary's Report was then given. Ex. Secretary Gromer announced to the establishments, and in particular, to the new licensees and the licensee that are either opening or contemplating opening, that there will be an accounting seminar held on June 4 on the internal auditing and accounting procedures. There will be two sessions. A morning session beginning at 9:00 a.m. and an afternoon session at 1:00 p.m. Both sessions will be held at the Golden Hills Resort.

It was pointed out that Dr. Madden and Dr. McLeod have both submitted proposals for the possibility of doing some sort of a sociological/economic impact study to see what gaming has done and possibly will do, as far as projections are concerned in the future. He pointed out that he has also been contacted by the Institute on Gaming, which is out of the University of Nevada, Reno, to perform some sort of impact studies on gaming as well. The Institute on Gaming has already performed a number of impact studies throughout the world. He said that Susan Walker, of the SD Lottery, has also contacted him as to perhaps some consideration on their behalf to have this be a statewide impact study, as far as gaming throughout the entire State. Also the Gaming Trade Association may want to contribute some money towards an impact study. Ex. Secretary Gromer asked the Commission to consider if they would like to have a statewide impact study or if they would want to stand the cost of an impact study in it's entirety, or if it would be practical to have the cost shared with people from the industry. Commissioner Crew asked about the costs of such a study and Sec. Gromer answered that he would like to get a firmer feel of what it is that would be addressed in an impact study before we could get actual cost projections of how much it would cost. Commission Crew moved to table this issue and asked for Secretary Gromer to continue to research the possibility and to get some idea as to the costs. It was the consensus of the Commission that the impact studies should be strictly for Deadwood and the neighboring areas, rather than a statewide study with the Lottery Commission.

Tom Blair pointed out to the Commission that Dr. Madden did an economic and social study for the Deadwood You Bet Committee and he said that he would let the Commission see those studies.

The Legislative Interim Committee was discussed. The first meeting of the Interim Committee will be held in Pierre on June 11, 1990, where the Governor will address the Committee, outlining his thoughts, goals and objectives as far as gaming in South Dakota is concerned. Secretary Gromer will then address the Committee as to the Deadwood issues and then representatives from the Lottery and the Racing Commission will address the Interim Committee. Representative John Sears is the Chairman of the Committee and he has indicated that he would like to come to Deadwood and perhaps meet with the Commission at one of the future Commission meetings.

Secretary Gromer pointed out that at the last meeting Chairman Lien did appoint a sub-committee, consisting of himself, and Commissioners Fischer and Crew, to facilitate in the determination of the establishments compliance with the Uniform Building Code and Life Safety Codes. The Fire Marshall was in Deadwood and reinspected most of the establishments with infractions or violations. The Fire Marshall indicated that in most cases, the establishments that were originally inspected in February and March have complied, or in the process of complying with order and recommendations that the Fire Marshall's Office made. He stressed that the major thing to address is the requirement of the sprinkler systems, however, he indicated that due to the tourist season getting into full swing, his recommendation to the Commission would be to look at a time schedule to implement this requirement in the fall after the initial tourism season has passed. He also indicated that he is satisfied with most of the businesses compliances and cooperation, and that only a couple of the businesses have not cooperated. Commissioner Crew asked for a list of any establishments that have not cooperated or submitted plans for compliance.

Ex. Secretary Gromer pointed out the in the Rules section under the accounting procedure area, the Commission is responsible for doing a statewide report on Gaming, at least to the legislature, and then to the entire populace that is interested. Part of this would be a gaming abstract and to obtain the necessary data to complete this type of report, a form has been devised, which must be approved by the Commission. The Standard Financial Form was reviewed by the Commission. Evans Nord made a motion, seconded by Karen Crew, to approve the form and to have Secretary Gromer finalize the form and adopt it for use. MOTION CARRIED.

The following establishments have requested 24 hour permits: B.B. Cody's, Three of Kind, dba: Cousin Jacks, and The Palace. Evans Nord made a motion, seconded by Karen Crew, to approve 24 hour permits to those that have requested them. MOTION CARRIED.

Ex. Secretary Gromer pointed out that there are presently 15 more applications of establishments desiring a Operator or Retail license. This would consist of approximately 50 more people to investigate and do backgrounds on. He pointed out that the Office has not received any new

applications for establishments to any great extent for the last two to three weeks and he does feel that from the perspective of new businesses coming in, it does appear to be tapering off. However, he pointed out that the support licensing issue is a different situation, as we are averaging approximately 75 to 100 support applications a week coming into the office. He also appointed out that after July 1, 1990, the support applicants can be approved for licensing by the himself as the Executive Secretary, and this should make a quicker turn around time to the licenses approved as applicants will no longer have to wait for a Commission meeting for consideration of support licenses.

The other issue to address is the Key Employee applications. The applications have been in the Deadwood Office for around a month, however we have not had any turned into the Office for processing. He stressed that if these are not turned into the office immediately, there will not be adequate time for them to be processed before July 1, 1990. Key employee licenses addresses the management level position that the Commission has not been able to address before and it informs the Commission of who is in charge of the business in the case of the owner's or proprietor's absence or the chain of management of the organization.

Executive Secretary Gromer pointed out to the Commission that he is fast running out of office space at the present location in the Deadwood Office. Evans Nord moved, seconded by Karen Crew, to authorize Secretary Gromer to seek out larger office space for the Deadwood office. MOTION CARRIED.

Ex. Secretary Gromer also addressed the fact that the Commission still has not began any in-depth and serious auditing of the establishments as Grant Gubbrud as been tied up in devising the forms and statistical material needed and being processed and he has been helping the Commission with the licensing aspects and he has been doing alot of the internal accounting and helping to design the direct remittance. All of these duties has kept us from doing the auditing that needs to be done. There are 53 business in Deadwood that we need to commence auditing on to make sure that they are in compliance with the procedures and to make sure that the bookkeeping is being kept up. It was pointed out that all of this is more work than one auditor can handle and Sec. Gromer asked for an additional person for the auditing aspects.

Commissioner Crew made a motion to authorize the Ex. Secretary to seek and hire an additional auditor. Seconded by Evans Nord. MOTION CARRIED.

Commissioner Crew stated that she would like to meet with Karl Fischer and Don Gromer to address any concerns that may arise concerning the renewals and re-licensing of establishments, in particular, in regard to the time tables for compliance to code by the establishments. Sec. Gromer felt that this should be done on a case by case basis as a large number of the establishments have given realistic time tables for compliance.

Attorney General, Roger Tellinghuisen, gave an overview on Indian Gaming in the State of South Dakota. He pointed out that the Tribe that the most time has been spent negotiating with is the Flandreau Tribe. The State has now agreed with the Tribe's attorney as to the components of

the compact and is awaiting the Tribal counsel's agreement to the compact. Before anything goes into affect, there will be a public hearing. The Tribe will play the same games as does Deadwood, with the exception of poker, in which the compact doesn't address. The Tribe will receive 180 devices for a period of nine months. If at the end of nine months, if each device makes \$85 a day, then an additional of 70 devices will be allowed for a total of 250 machines.

Karen Crew made a motion to license Poker Alice for a retail license with the owners being Wes Buckmeister, Harold Riley and Zane Riley. Seconded by Evans Nord. MOTION CARRIED.


The next meeting was scheduled for June 25 and 26, 1990 in Spearfish beginning at 9:00 a.m.

Karen Crew made a motion to adjourn, seconded by Evans Nord. MOTION CARRIED.

Respectfully submitted,

Delane Smith
Administrative Assistant

Chairman, Chuck Lien



Ex. Secretary, Don Gromer

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605)773-6050
FAX (605) 773-6053

**MINUTES OF THE SOUTH DAKOTA COMMISSION ON GAMING
JUNE 25 AND 26, 1990
NORTHERN HILLS HOLIDAY INN
SPEARFISH, SOUTH DAKOTA**

The meeting of the South Dakota Commission on Gaming was called to order on June 25, 1990 by Chairman Chuck Lien. Roll call was taken with the following Commission members being present: Chairman Chuck Lien; Karl Fischer; Evans Nord; Kristi Wagner; and Karen Crew. Other staff present was Donald Gromer, Executive Secretary; Stan Triplett, Enforcement Director; Grant Gubbrud, Director of Audits; Kit McCahren, legal council; and Delane Smith, Administrative Assistant.

A motion to approve the minutes of the June 4 and 5, 1990 Commission meeting was made by Karl Fischer, seconded by Kristi Wagner. MOTION CARRIED.

The Commission on Gaming then went into Executive Session until 1:30 P.M. on June 26, 1990. At that time the Commission came out of Executive Session and into open meeting.

Executive Secretary, Donald Gromer, then gave the Executive Secretary's Report. He pointed out that in the past couple of Commission meetings, there were conversations about an impact study being done on gaming. A couple of local State professors had contacted the Commission on the availability of doing an impact study and at the last meeting it was discussed as to the possibility of obtaining certain information and interest from the University of Nevada from a Mr. Bill Eddington. Secretary Gromer has spoken with Mr. Eddington and would certainly entertain doing such an impact study if the Commission so desired. We could enter into a contract with certain individuals or directly with the University of Nevada. Karen Crew moved to authorize Secretary Gromer to pursue the matter and to have a contract prepared with ultimate approval of the contract to be made by the Commission. Seconded by Karl Fischer. MOTION CARRIED.

Ex. Secretary Gromer stated that he did testify in front of the Legislative Interim Committee. Vice-Chairman Fischer was present as was Joe Massa and Bill Walsh from Deadwood. This was basically an informative type session, whereby historical data on gaming was given and then the process of how gaming got started into the present stage of

where things are today was given. Mr. Massa and Mr. Walsh spoke also from the gaming establishments point of view. The overall reception of the legislators seemed favorable and Secretary Gromer was pleased with the Interim's Committee's questions and responses. The Governor's Chief of Staff, Frank Brost, made a couple of remarks as to the Governor being satisfied as to what gaming is doing in Deadwood, but that he was concerned about any future expansion and suggested that any further expansion throughout the state would be looked at very closely. Executive Secretary Gromer said that his impression of the Governor's statements was that the Governor was not in favor of expansion of gaming throughout the State. He encouraged the Interim Committee to review this Commission, along with the Racing and Lottery Commission to see if the management is sound and whether there is an adequate accounting of the funds. He also recognizes the sensitivity of gaming as far as there being problems with some persons, in particular, compulsive gamblers.

The Taxation Interim Committee is meeting in Mobridge, SD on June 17, 1990, and Secretary Gromer has been instructed to attend this meeting and prepare documentation for this Committee. They are interested in the generation of revenues from the City of Deadwood and for what the funds are being used for, etc.

The statistical figures for the month of May were addressed. The month of May was been the most active month to date from a monetary sense. The total gaming action of approximately \$25 million was announced, with adjusted taxable gross income of about \$2.3 million.

After the 1st of July, 1990 the Commission on Gaming will be pursuing a mechanism to extract from the gaming establishments the necessary information to begin preparation of a gaming abstract. The rules presently require the Commission to prepare an abstract of all gaming figures. This will show the public on an aggregate basis the actual profit margin of the gaming establishments in Deadwood. This will show the costs as well as the revenues taken in the gaming industry. The abstract will show the industry as a whole and individual establishment figures will be kept confidential.

Bill Walsh of the Franklin Hotel stated that he would like the abstract to show the monies spent in the restoration of buildings and compliance to code in the abstract, so that the public may see some of the expenditures of the establishments rather than just the revenues that they now hear about.

Executive Secretary Gromer briefed the Commission as to a lawsuit which has been instigated from Bazels, Inc., in which their application for consideration of an Operator was turned back to them, as they are already licensed as a Distributor and cannot have the same interests in both entities. Bazel's Inc. filed the lawsuit as they feel that they are two separate corporations and may be allowed to operate both as a Distributor and an Operator, even though the same individuals are involved.

The need for more support and clerical staff was discussed. It was pointed out that both the Pierre and Deadwood offices are in need of more clerical staff. Karen Crew made a motion, seconded by Kristi Wagner, to

authorize an additional full-time staff in Pierre, as well as in Deadwood. MOTION CARRIED.

At this point the Commission considered the applications ready for licensing.

A motion was made by Evans Nord, seconded by Karl Fischer, to approve all 38 individuals who have made application for key employees on a temporary basis until January 1, 1990 with such list to be attached to these minutes. MOTION CARRIED.

Executive Secretary Gromer pointed out that Connie Andrews and Ken Lau had made application for an Operator's License under the name of A & L Enterprises and recommended that they be granted the same. Also Connie Andrews had made application for a retail license for the Wilderness Edge and also contended that the former Ore House building was two buildings, and upon that contention requested two additional retail licenses for Miss Kitty's and The Mint. However, Mark Aspass, who is the Commission's architect and is on consultant staff with the Commission, has reviewed the information submitted and has reviewed the building. Based upon his observations and findings, Executive Secretary Gromer recommended that the Commission consider Miss Kitty's and the Mint as one building, entitling her to only 30 devices for that site and grant her another retail license for the Wilderness Edge, thus entitling her to two retail licenses. So moved by Evans Nord, seconded by Karen Crew. MOTION CARRIED.

A motion was made by Evans Nord, seconded by Karl Fischer, to approve a retail license to Ken Lau for the 76 Motel and Restaurant. MOTION CARRIED.

Karl Fischer made a motion to approve an Operator License to Jackpot, Inc. and a retail license in the name of The Lucky Miner, seconded by Kristi Wagner. MOTION CARRIED.

Kristi Wagner made a motion to approve an Operator license to the Deadwood Nugget, Inc., and a retail license in the name of The Nugget. Seconded by Evans Nord. MOTION CARRIED.

A motion was made by Karl Fischer, seconded by Kristi Wagner, to grant a license to Daphy Mist, Inc. as an Operator and a Retail license to the Windflower Saloon. MOTION CARRIED.

A motion was made by Evans Nord, seconded by Karl Fischer, to approve an Operator license in the name of Phatty Thompson's Parlor and Gaming Hall and a retail license in the name of Phatty Thompson's Parlor and Gaming Hall, upon receipt of a letter acknowledging the placement of fire exits. MOTION CARRIED.

A motion was made by Kristi Wagner, seconded by Karl Fischer, to grant a temporary Operator license to S & E Investments and grant two temporary retail licenses to the Mother Lode and the Depot, until October 10, 1990. Upon this date the Commission will determine if permanent licenses will be granted as by then the background investigations will all be

completed. MOTION CARRIED.

A motion was made by Karl Fischer, seconded by Karl Fischer, to grant a temporary Operator license to Tin Lizzie's Gambling Halls, Inc. and three temporary retail licenses to Tin Lizzie's, Casey's and The Mustang until October 1, 1990, pending the conclusion of the background investigations. Upon this date the Commission will determine if the applicants will receive a permanent license.

A motion was made by Karen Crew, seconded by Karl Fischer, to approve a temporary Operator license to Wildcat Enterprises and three retail licenses on a temporary basis to October 1, 1990 for The Last Chance, Legends of the Wild West and Lillie's. These licenses are temporary pending the conclusion and disclosure to the background investigations. MOTION CARRIED.

A motion was made by Evans Nord, seconded by Kristi Wagner, to grant an Operator's license to Sherman Street Partner's and two retail licenses to Butch Cassidy and the Sundance Kid (2 different buildings). MOTION CARRIED.

Executive Secretary Gromer pointed out that the Deadwood Hotel Joint Venture is requesting an Operator's License and 3 Retail licenses in the names of Deadwood Gulch Lodge 1, Deadwood Gulch Lodge 2 and Kenny's Restaurant and Gambling Saloon. Ex. Secretary Gromer recommended that they be granted temporary licenses until January 1, 1991, which would give the Commission time to complete the background investigations

A motion was made by Karl Fischer, seconded by Kristi Wagner, to grant a temporary license to Goofy's Saloon until October 1, 1990 with a copy of the agreement that has been received for payment of child support to be attached with the minutes. After this date a decision will be made as to a permanent license. Vote: Aye -4, Nay - 1. MOTION CARRIED.

Executive Secretary Gromer pointed out that John Gable of Deadwood Player's is requesting an additional license in the name of Wild Bill Bar and is contending that the Wild Bill Bar and Miss P.J.'s Parlor is two separate buildings. This would entitle the Wild Bill Bar to 30 devices and Miss P.J.'s Parlor to 30 devices. Upon observation of the documentation provided to the Commission and the review and observation of the Commission's architect, Mark Aspass, the Commission agreed that the Wild Bill Bar and Miss P.J.'s Parlor was in fact two separate buildings. A motion was made by Evans Nord, seconded by Karen Crew, to grant Wild Bill Bar an additional retail license, thus entitling them to 30 devices and Miss P.J.'s Parlor 30 devices. MOTION CARRIED.

A motion was made by Kristi Wagner, seconded by Karl Fischer, to allow Jean McColloch to become a subsequent part-owner of Hickok's Saloon, which is already a licensed establishment. MOTION CARRIED.

A motion was made by Kristi Wagner, seconded by Karl Fischer, to grant a temporary license to Dennis Kilbreth and Dennis Richardson of Goldberg's Grocery and Goldberg's Soda Fountain until October 1, 1990. By then the background investigations will be completed and code compliance can be

assured within those buildings. Larry Shama is already licensed for Goldberg's. MOTION CARRIED.

A motion was made by Evans Nord, seconded by Kristi Wagner, to grant an Operator's license on a temporary basis until October 1, 1990, to Jeffrey Stock Poker Tables, until which time his background investigation can be completed. MOTION CARRIED.

A motion was made by Karen Crew, seconded by Evans Nord, to grant a temporary retail license to Tony Cook in the name of Thunder Cove until October 1, 1990, with the lease agreement to be attached to the minutes. MOTION CARRIED.

A motion was made by Evans Nord, to grant a temporary Operator's license to Bruce Grina and Bill Hixon of Dakota Table Games until October 1, 1990 so that the background investigations may be completed. Seconded by Kristi Wagner. MOTION CARRIED.

It was pointed out that the Deadwood Hotel Joint Venture is requesting an Operator's License and three Retail licenses in the names of Deadwood Gulch 1, Deadwood Gulch 2, and Kenny's Restaurant and Gambling Saloon. Executive Secretary Gromer recommended that they be granted a temporary Operator's license and temporary retail licenses for the three businesses until January 1, 1990, which would give the Commission time to complete the background investigations. So moved by Evans Nord, seconded by Kristi Wagner. Aye's 4 - Nay's -1. MOTION CARRIED.

A motion was made by Karl Fischer to grant a renewal license to all the Manufactures and Distributors that have applied for renewals, seconded by Kristi Wagner. (See attached to minutes) MOTION CARRIED.

Executive Secretary Gromer pointed out that due to legislative changes whereby an establishment who previously had 2 retail licenses in one building is now entitled to one retail license per building, allowing for 30 devices per retail license, there are some changes to the previous retail lists. Secretary Gromer then addressed each operator and retail business which is requesting renewal of their license (see list attached). Karl Fischer made a motion to approve all the operator and retail licenses stated for renewal by Secretary Gromer, and table a second retail license to the Bullock Hotel, pending her upcoming plans for construction and renovation of the Bullock Hotel. Seconded by Kristi Wagner. MOTION CARRIED.

A subsequent motion was made by Karl Fischer, seconded by Kristi Wagner, to grant temporary retail licenses until January 1, 1990 for Dakota Mercantile and Deadwood Dicks, The Star Gallery and The Franklin Hotel and Durty Nellies, until which time further compliance to Codes are met. Seconded by Kristi Wagner. MOTION CARRIED.

A motion was made by Karen Crew to grant a 24 hour permit to the following establishments requesting them: Butch Cassidy and Sundance Kid; Goldberg Grocery and Soda Fountain; Tin Lizzie's, The Mustang, and Casey's; Poker Alice; Last Chance, Lillies and Legends of the Wild West;

Lucky Miner; and Deadwood Lodge 1 and Kenny's Restaurant and Gambling Saloon. Seconded by Karl Fischer. MOTION CARRIED.

Mike Wordeman of Sodak Gaming asked about the status of approving progressive slot machines. Ex. Secretary Gromer answered that no progressive slot machines rules are in place until July 1, 1990 and no progressive machines can become progressive until which time that mechanism has been approved by James Maida of Gaming Laboratories. Hopefully within the next couple of weeks the Commission will be able to let the vendors know exactly where things stand with the progressive slot machines.

Ex. Secretary Gromer pointed out that it has been brought to his attention by Attorney Dick Tieszen that there might be a controversy between the Rules and Regulations and the Statute in Article 20:18:17:24:14. This Rule provides that a "distributor may supply a licensed operator with the communication service that would inter-link progressive slot machines and may manage and monitor the accounting, collection and disbursement of progressive payouts", however State 42-7B-17 provides the statutory mandate regarding responsibilities of any operator and that this law provides that the operator is responsible to provide audits, security and measures relating to slot machines. This has been brought to the attention of the Commission's counsel to obtain an opinion from counsel as to if there is a controversy.

Dakota Partnership requested approval to provide inner access between buildings of The Eagle Bar and Prairie Edge. Karen Crew didn't feel that permission is actually needed as long as the inner access complies with UBC Code and Life Safety Codes. Evans Nord made a motion to approve as we have already received compliance letters from the City, seconded by Kristi Wagner. MOTION CARRIED.

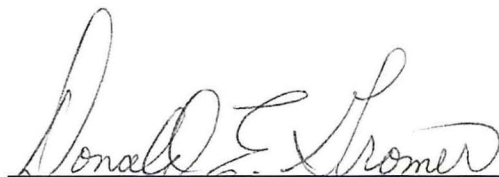
The next Commission on Gaming meeting was scheduled for July 24, 1990 to be held in Sioux Falls, South Dakota.

Respectfully submitted,

Delane Smith
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Ex. Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605)773-6050
FAX (605) 773-6053

MINUTES OF THE SOUTH DAKOTA COMMISSION ON GAMING

1:00 P.M.

JULY 24, 1990

RAMKOTA INN

SIOUX FALLS, SOUTH DAKOTA

The meeting was called to order by Chairman Lien with the following members present: Chuck Lien, Karen Crew, Karl Fischer, Evans Nord and Kristi Wagner. Also present were Donald Gromer, Executive Secretary; Grant Gubbrud, Director of Audits; Stan Triplett, Enforcement Director; Bill Srstka, Legal Counsel and Cora Hunsley, Administrative Assistant.

Mr. Nord moved that the minutes of June 24 and 25 be approved as printed. Second by Ms. Wagner. MOTION CARRIED.

The Commission went into executive session at 1:10 p.m. and re-convened at 3:45 p.m.

Mr. Gromer then gave the Executive Secretary's report covering the financial statement and the total figures for June.

Mr. Gromer advised the Commission that he has been in contact with Mr. Michael K. Madden regarding an impact study and read a letter received from Mr. Madden. Mr. Gromer recommended Mr. Madden be contacted to enter into a contract to start an impact study. Mr. Fischer moved that the Executive Secretary be authorized to explore entering into a contract with Mr. Madden. Second by Ms. Wagner. After some discussion Ms. Crew suggested that the Commission go with Mr. Edington. Ms. Wagner then called for the question. Roll Call as follows: Fischer, aye; Wagner, aye; Nord, aye; Crew, nay. MOTION CARRIED.

Mr. Gromer updated the Commission on the licenses granted so far. There were 81 retail licenses issued, and since the first of July Mr. Gromer issued 297 support licenses totaling around 1600 for support license.

Mr. Gromer advised the Commission that S&E Investments requested a 24 hour permit and he recommended they be given the authorization for a 24 hour license. Mr. Nord moved that they be authorized to operate 24 hours. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer reported that he has been in contact with Mr. James Maida regarding progressive slots and it was Mr. Maida's intention to come to Deadwood in the month of August. Mr. Maida will make a report to the Commission as to his position on the progressive slots.

Mr. Gromer reviewed the compact entered into with the Flandreau Santee Sioux Tribe. Mr. Srstka advised the Commission that they would have to adopt rules to carry out compact duties. Mr. Lien instructed Mr. Gromer and Mr. Srstka develop recommendations for the Commission's consideration.

Mr. Srstka reviewed the denial of the license for Bazel's. Mr. Srstka stated that the appeal did go to court and the judge felt he did not have enough facts and sent it back for the Commission to enter Findings of Fact and Conclusions of Law. After some discussion Mr. Nord moved that the license be denied on the basis that there is a duplication of ownership between the stockholders of the distributor's license and the stockholders of the operator's license and the denial is being made on the fact that the individual stockholders were to be licensed as licensees. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer recommended that Heron Limited be considered for a distributor's license. Mr. Fischer moved that Heron Ltd. be granted a distributor's license. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer recommended that a retail license d/b/a as Oyster Bay, the person being licensed is Mr. Bill Bernard. Mr. Fischer moved that Oyster Bay be granted a retailer's license. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer recommended that Player's Choice, owner Ron Island and another individual named Harlan Schmidt of Spearfish as joint partners, be issued a temporary license due to the fact that a background investigation has not been completed on all the partners, but it has been completed enough for them to be granted a temporary license. Ms. Crew moved that Player's Choice be granted a temporary license until January 1, 1991. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer advised the Commission that Deadwood Junction has applied for a retail license and that the background has not been completed enough for a recommendation of a permanent or temporary license. It was the consensus of the Commission that the application be tabled until the next meeting.

Mr. Gromer reviewed the list of key employees (attached) to recommended for temporary key employee license. Ms. Wagner moved that temporary key licenses be granted until January 1, 1991. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer then requested that the Commission move to item VI on the Agenda, discussion of rule regarding accounting system. Mr. Gromer stated ARSD 20:18:17:24.14 which allows a distributor to lease an auditing system to an operator which would allow the distributor to facilitate the management,

collection and disbursement of funds from a progressive payout. Mr. Dick Tieszen maintains this is in violation of SDCL 42-7B-17 which states that the auditing and security functions lie with the operator. It was stated that the Gaming Commission wants to keep the distributors and operators separate and this would be a link to open up between them. Mr. Gromer then read SDCL 42-7B-17 and ARSD 20:18:17:24.14. Mr. Gromer stated the intent of passing the rule was that it would allow operators to lease certain automated accounting systems from distributors to provide that function. Mr. Srstka stated that Mr. Tieszen would have to be granted a hearing on the rule. Mr. Tieszen stated that the issue that was being presented to the Commission is that they feel the rule does violate the statute and would want it to come to a final disposition of some sort. Mr. Tieszen stated it was his position of the statute clearly says the responsibility of security and audit measures lie with the operator.

Mr. Tim Dougherty an attorney from Sioux Falls representing SoDak Gaming Supplies, Inc., stated that the repeal of this rule would give an unfair advantage of one distributor over another. After some discussion Mr. Fischer moved that a formal hearing be set for the the next meeting to be determined later. Second by Mr. Nord. MOTION CARRIED.

Mr. Lien then declared a short five minute recess.

Mr. Lien reconvened the meeting.

Mr. Gromer read a letter handed to him this afternoon from Attorney Richard Huffman representing Connie Andrews and Ken Lau, requesting the Commission to entertain a special meeting of the Commission prior to August 20 to consider the licensing of their business Miss Kitty's. Mr. Gromer also stated that Mr. Maida would be in the area the week of August 20th and he would like the meeting to coincide with his visit. Mr. Lien stated there was a letter before the Commission requesting a special meeting to appeal the ruling of one building versus two building and have it heard before the next regular meeting. Ms. Crew moved that the next meeting be held on August 21 and 22 and she is mindful of the fact that there is a request for a special petition for a hearing on a licensing prior to August 20 noting that the Commission has never set a special hearing before. Second by Mr. Fischer. MOTION CARRIED.

Mr. Paul Putz of Historical Preservation discussed the historical issue and its relationship to licensing in Deadwood. Ms. Crew questioned Mr. Putz's letter to Mr. Gromer of June 29th. Mr. Srstka recommended a joint powers agreement should be entered into with the City, Gaming Commission and Historical Preservation. Ms. Crew stated the three entities should have more meetings to discuss preservation before an agreement be entered into. Ms. Crew moved the Executive Secretary be authorized to set up a meeting with the Historical Preservation group and to encourage a closer working relationship. Second by Mr. Nord. MOTION CARRIED.

Commission on Gaming Minutes


Page #4

July 24, 1990

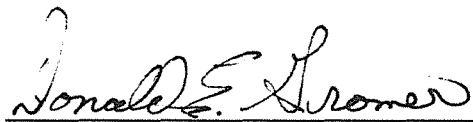
There being no further business Mr. Nord moved the meeting be adjourned.
Second by Ms. Crew. MOTION CARRIED.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605) 773-6050
FAX (605) 773-6053

MINUTES OF THE SOUTH DAKOTA COMMISSION ON GAMING
9:00 A.M.
AUGUST 21, 1990
SPEARFISH HOLIDAY INN

The meeting was called to order by Chairman Lien with the following members present: Chuck Lien, Karen Crew, Karl Fischer, Evans Nord and Kristi Wagner. Also present were Donald Gromer, Executive Secretary; Grant Gubbrud, Director of Audits; Stan Triplett, Enforcement Director; Bill Srstka, Legal Counsel; and Cora Hunsley, Administrative Assistant.

Ms. Wagner moved that the minutes of July 24, 1990 be approved as printed. Second by Mr. Nord. MOTION CARRIED.

This being the time for hearing in the matter of Connie Andrews, d/b/a Miss Kitty's, Mr. Lien adjourned the meeting for the formal hearing.

Meeting re-convened 2:15 p.m.

Mr. Mark Wolfe of the Historical Society gave a slide presentation and brought the Commission up to date on the improvements being made on the buildings in Deadwood.

Mr. Gromer gave the Executive Secretary's report covering the latest figures for July. Mr. Gromer stated the overall hold per device was down approximately 40%.

Mr. Gromer informed the Commission that we have switched from bi-monthly remittances to monthly remittances to the City, County and State enacted by law July 1.

Mr. Gromer stated there has been a considerable decrease in the number of applications being received. He stated we have a total of 1,971 devices licensed in Deadwood. This includes the City's 50 nickel slots. There are six manufacturers, three distributors, 38 operators and 88 retailers. To date, we have licensed 1,369 support licensed individuals.

Mr. Gromer reviewed the budget submitted to the Department of Commerce & Regulation for FY-91.

Mr. Gromer informed the Commission that the positions of Staff Assistant for the Pierre and Deadwood Office have been approved by the Bureau of

Personnel. Mr. Gromer stated we are still awaiting classification for the Auditor position.

Mr. Gromer stated that he was working on additional office space in Deadwood and will sign a contract as soon as it is approved by the Bureau of Administration.

Mr. Gromer requested permission for Grant Gubbrud and Stan Triplett to attend training in Carson City, Nevada. Mr. Gubbrud's training will be in the conducting of audits and Mr. Triplett's in the enforcement field. Mr. Fischer moved that the travel be approved. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer informed the Commission that all of the computers have been put in in the Pierre office.

Mr. Gromer raised the question of what may be done to the numerous people who call reporting that they have lost their support license. Mr. Gromer suggested a rule be drafted at the next rules hearing for charging for a duplicate license. Mr. Gromer stated another problem with support licensees wearing their issued license. A lot of the support people did not like the information being on their license. Mr. Gromer stated that in the future it will be worked out where they could go to driver license which will only have a picture on the front, on the back will be their full name, social security number and date of birth. Mr. Gromer further stated that a letter will be going out stating if they are found working without a support license on their person where it can be seen, they will receive a reprimand.

Mr. Gromer stated the 24 hour issue has been raised. Businesses have been cancelling their permit for 24 hours. Mr. Gromer stated several have asked to be granted flexibility whether or not to run 24 hours. Chief of Police Les Bradley stated he would like to have it one way or the other, several business owners stated they would like the flexibility of 24 hours on weekends. After some discussion, Mr. Lien recommended the operators work out what hours they prefer and bring it up at the next meeting September 10th & 11th in Rapid City.

Mr. Gromer stated that another problem arising was gaming management contracts. These contracts would authorize an entity to manage the gaming of another business. Ms. Crew stated perhaps they should be issued a separate license to be readily identified. After discussion, it was decided to review each contract as they are received.

Mr. Gromer stated the next meeting will be set for September 10, 11 & 12 in conjunction with the Interim Committee on Gaming in Rapid City. Gromer stated the Interim Committee would like to go to Deadwood and tour the gaming establishments.

Mr. Lien then introduced Mr. James Maida, Gaming Laboratories, Inc., of New Jersey. Mr. Maida stated he was to speak on three different areas, one of

which was single property link progressives. Mr. Maida complimented Mr. Srstka and the Commission on the rules drafted in this area. Mr. Maida stated South Dakota has the first progressive rules that are standardized in the industry. Mr. Maida stated no other gaming jurisdiction has progressive. After a lengthy discussion, the Commission advised the operators to submit proposals for progressive slots for Mr. Maida's and the Commission's review.

Mr. Maida then explained how each machine could be hooked up to a computer for monitoring and having a central accounting procedure. Ms. Crew moved that Mr. Gromer be authorized to seek out someone in the computer field and make recommendations for a computer consultant at the next meeting. Ms. Crew further moved to Mr. Gromer, Mr. Lien and Mr. Fischer to proceed with entering into a contract if a consultant is found before the next meeting. Second by Mr. Nord. MOTION CARRIED.

There being no further business the meeting was adjourned until 9:30 a.m. on August 22, 1990.

AUGUST 22, 1990

The meeting was called to order by Chairman Lien with the following members present: Chuck Lien, Karen Crew, Karl Fischer, Evans Nord and Kristi Wagner. Also present were Donald Gromer, Executive Secretary; Stan Triplett, Enforcement Director; Bill Srstka, Legal Counsel; and Cora Hunsley, Administrative Assistant.

The Commission went into executive session at 9:35 a.m. and reconvened at 10:30 a.m.

Mr. Fischer moved that temporary key employee licenses be granted to Deborah O'Bryan and John Perkovich, Jr. until November 1, 1990. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer reviewed the impact study contract of Mike Madden. After discussion, it was decided that the Commission would review the contract and invite Mr. Madden to their next meeting before making a decision.

Mr. Gromer stated the Interim Committee on Gaming will be meeting in Rapid City and would be interested in touring Deadwood on the afternoon of the 11th. The Committee would be taking public testimony on the morning of the 12th.

Mr. Srstka and the Commission then reviewed the proposed Findings of Fact and Conclusions of Law in the Bazel's complaint. Mr. Nord moved that the Commission adopt the Findings of Fact and Conclusions of Law and that Mr.

Srstka draft such to be filed with the Hughes County Clerk of Courts by September 6, 1990. Second by Ms. Wagner. MOTION CARRIED.

The Commission then broke for lunch to reconvene at 1:30 p.m. for the formal hearing.

Mr. Lien called the meeting to order at 1:30 p.m. for the formal hearing..

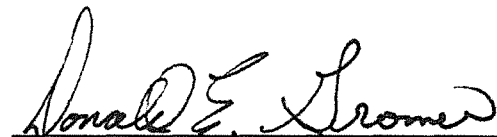
There being no further business, the meeting was declared adjourned.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605)773-6050
FAX (605) 773-6053

MINUTES OF THE SOUTH DAKOTA COMMISSION ON GAMING

1:00 P.M.

SEPTEMBER 10, 1990

HOWARD JOHNSON

RAPID CITY, SOUTH DAKOTA

The meeting was called to order by Chairman Lien with the following members present: Chuck Lien, Karen Crew, Karl Fischer, Evans Nord and Kristi Wagner. Also present were Donald Gromer, Executive Secretary; Grant Gubbrud, Director of Audits; Stan Triplett, Enforcement Director; Bill Srstka and Kit McCahren, Legal Counsel; and Cora Hunsley, Administrative Assistant.

Mr. Fischer moved that the minutes of August 21-22, 1990 be approved as printed. Second by Ms. Wagner. MOTION CARRIED.

Mr. Mike Madden, Economist for USD presented an outline of the scope of work he would be doing in his economic impact study. Mr. Madden stated he expected to have his study done by the end of February, 1991. Mr. Fischer moved that the Commission hire Mr. Madden to complete the study as outlined in his proposal. Second by Ms. Wagner. Mr. Fischer amended his motion to authorize the Executive Secretary to enter into a contract with Mr. Madden conforming to the contract that was presented at the last meeting. Second by Ms. Wagner. MOTION CARRIED. After discussion on the school issue and what information would be beneficial to the schools, Mr. Fischer withdrew his motion. Mr. Fischer moved that the Executive Secretary be authorized to enter into a contract with Mr. Madden to provide a study as outlined in his proposal and to also include a school survey at an increased cost of up to \$2,000 plus or minus 10%. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer explained Mr. Bill Hixon, of Dakota Table Games, Inc.'s petition for a declaratory ruling on the transferring of a device tax stamp. Mr. Hixon stated that part of his contract of operating in an establishment, the contract allows for termination by either party and for Dakota Table Games to be reimbursed for any unused

prorated portion of that license. Mr. Hixon stated the table and the license remains in the same spot. Mr. Tony Cook pointed out that this gives the router an unfair advantage, where a router has the availability to pull machines from any location he may wish and put them into another location. Mr. Gromer stated that the key issue was to whether or not a person who has an existing table game can sell that table and charge for the remaining part of the year for that stamp fee. Mr. Nord moved that the stamp on a device (tables only) go with the device as long as they follow the necessary steps. Second by Ms. Wagner. After further discussion the MOTION CARRIED.

Mr. Scott Randolph presented the Commission with a petition to leave the progressive slot rules in place as written. Mr. Srstka advised that the petition could not be considered as evidence as this was a contested case.

Mr. Bruce Oberlander, Mayor of Deadwood presented a letter on the 24 hour issue to the Commission to be considered on the agenda for September 11.

Mr. Srstka noted that the Findings of Fact, Conclusions of Law and Order regarding Bazel's has been filed with the Clerk of Courts.

The Commission then went into executive session to re-convene at 9:00 a.m. September 11, 1990.

SEPTEMBER 11, 1990

The meeting was called to order by Chairman Lien with the following members present: Chuck Lien, Karen Crew, Karl Fischer, Evans Nord and Kristi Wagner. Also present were Donald Gromer, Executive Secretary; Bill Srstka and Kit McCahren, Legal Counsel; and Cora Hunsley, Administrative Assistant.

Mr. Lien stated that a decision on the petition to repeal the rule dealing with progressive slot would have to be made. Ms. Crew moved that the rule be left as is. Second by Mr. Fischer. Mr. Srstka then read ARSD 20:18:17:24.14 Central controlling and accounting systems which was adopted and went into effect July 1, 1990. MOTION CARRIED.

The ruling on the issue of two buildings was set aside until an attorney could be present.

The issue of 24 hours was discussed. Mr. Nord moved that the rules remain as is. Second by Ms. Crew. Ms. Crew then amended the motion to include Mr. Oberlander's letter a part of the minutes. Mr. Gromer then read Mr.

Oberlander's letter. There being no further discussion the MOTION CARRIED.

Mr. Gromer made the recommendation that the following key employees who have a temporary license be issued a permanent license.

Mark L. Antonsen
Lisa K. Hepner
Robert E. Leonard
Charles R. Boyle
Chris A. Eastman
Arnold E. Waddell
Patrick L. Barney

Debra J. Berg
Lori K. Iverson
Toni M. Booth
Virginia S. Craig
Anthony P. Marino
Thomas H. Walker

Ms. Crew moved that the above be granted a permanent key license. Second by Mr. Nord. MOTION CARRIED.

Mr. Gromer recommended the Mother Lode & Depot and Goldberg's Grocery Store be given a permanent operator license. Ms. Wagner moved that they be granted an operator license. Second by Ms. Crew. MOTION CARRIED.

Mr. Gromer recommended the following be granted a temporary key employee license.

Kevin A. Friedel
Leslie L. Jeffery
LuAnn Lalonde

Linda D. Maxwell
Mark Jay Albrecht
Dana Sorensen

Ms. Crew moved that the above be granted temporary key employee licensed until January 1, 1991. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer informed the Commission that the Deadwood office was now hooked up on line with the computer system. Mr. Gromer also stated that the advertising for Staff Assistants for the Deadwood and Pierre office will close on September 14, and a decision would be made shortly after that. Mr. Gromer stated that the Auditor position will be advertised as soon as the classification was received from the Bureau of Personnel.

Mr. Gromer advised that he has been looking into the possibility of getting all the slot machines hooked up to a central computer system. Mr. Gromer stated he would be meeting with Mr. Mark Tobias in the near future to discuss this issue.

Mr. Gromer informed the Commission that in their packets there was a letter from Mr. Les Garry and Mr. Gromer's response stating this would be brought before the Commission. Mr. Gromer stated that basically what Mr. Garry wished was to be involved in some form or another in

treatment centers for compulsive addictive gamblers. It was the consensus of the Commission that they had no authority to expend funds for such. Ms. Crew moved that the Executive Secretary be directed to write Mr. Garry a letter indicating that the Commission has received his request and it is certainly an interesting request but it is something that the Commission doesn't believe in their Legislative mandate that they have the authority to do. Second by Mr. Fischer. MOTION CARRIED.

After discussion, the next meeting was set for November 1 and 2, 1990 in Deadwood.

Mr. Ron Underhill's petition for a hearing was discussed. Ms. Wagner moved that a hearing be set for 9:00 a.m. on November 1, 1990. Second by Ms. Crew. MOTION CARRIED.

The issue of temporary key licenses that expire November 1, 1990 was discussed. Ms. Wagner moved that all temporary key employee licenses expiring on November 1, 1990 be extended to November 15, 1990. Second by Mr. Fischer. MOTION CARRIED.

Mr. Srstka suggested the rules hearing be scheduled for 9:00 a.m. November 2, 1990.

Mr. Richard Huffman, attorney for Connie Anderson and Kenny Lau d/b/a Miss Kitty's, advised the Commission that the abstract for the building had been destroyed. Mr. Huffman stated that there was a picture taken after the fire of 1879 that specifically showed two separate buildings. Mr. Srstka stated it does show an easement. After further discussion Mr. Fischer moved that it is to be considered as two building and that the owners meet all of the following requirements prior set out by the City of Deadwood prior to receiving a license: Need to install fire door at the top of the stairs to the office, enclosure at fusible link from middle exit door, all exit doors have panic hardware, sprinkler heads in concealed ceiling space in kitchen, handrail at main stair, closure on basement door, finish sheetrock on basement door, health department certification. Mr. Fischer stated that based on the compliance of those he would make a motion to consider this as two buildings. Second by Ms. Wagner. Mr. Fischer amended his motion to grant an extra 30 machines. Second by Ms. Wagner. Ms. Crew amended the motion that Mr. Huffman as counsel for petitioners to prepare and submit Findings of Fact, Conclusions of Law as well as the proposed Order to the Commission. Ms. Crew further amended the motion to include that they do obtain a copy of the picture for our files. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer updated the Commission as to where he was at

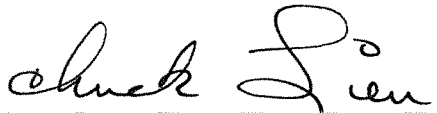
with Paul Putz of the Historical Society and the joint powers agreement. Mr. Gromer stated he hoped to have something to present to the Commission at the next meeting.

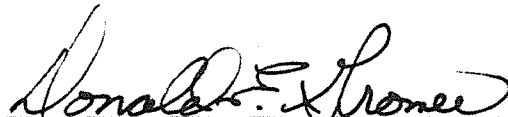
Mr. Srstka advised the Commission that the rules to be considered at the rules hearing would include update of the UBC and the Flandreau proposition. Mr. Srstka stated that the Commission would only have to adopt rule stating that the memorandum entered into between the Governor and the Flandreau Santee Sioux Tribe is hereby adopted under SDCL 42-7B-11(8). Mr. Srstka also stated there would be some odds and ends to be cleaned up. Mr. Srstka stated that Mr. Ken Palardi, Casino Manager at Wilderness Edge suggested the repeal of 20:18:15:28. Mr. Fischer moved that the Executive Secretary be authorized to draft proposed rules and that the rules hearing be set for November 2, 1990 at 9:00 a.m. Second by Ms. Wagner. MOTION CARRIED.

There being no further business, the meeting was declared adjourned.

Respectfully submitted,

Cora Hunsley
Administrative Assistant


Chuck Lien, Chairman


Donald E. Gromer, Ex. Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605) 773-6050
FAX (605) 773-6053

MINUTES
COMMISSION ON GAMING
NOVEMBER 1-2, 1990
MASONIC TEMPLE
DEADWOOD, SOUTH DAKOTA

The meeting was called to order by Chairman Lien with the following members present: Chuck Lien, Karen Crew, Karl Fischer, Evans Nord and Kristi Wagner. Also present were Donald Gromer, Executive Secretary; Grant Gubbrud, Director of Audits; Stan Triplett, Enforcement Director; Kit McCahren, Legal Counsel and Cora Hunsley, Administrative Assistant.

Mr. Nord moved that the minutes of September 10, 1990 be approved as printed. Second by Ms. Crew. MOTION CARRIED.

This being the time scheduled for the Ron Underhill hearing, Mr. Lien declared the meeting adjourned to re-convene after the hearing.

Mr. Lien announced that the meeting was back in session.

Mr. Gromer then explained the articles in the Commissioners packets. Mr. Gromer advised that a Memorandum Decision in the matter of Bazel's Inc. v. South Dakota Commission on Gaming had been issued in the Commission's favor.

Mr. Gromer stated that the proposed Findings of Facts, Conclusions of Law and Order in the matter of the Application of Constance Andrews seemed to be in order. Mr. Fischer moved that the Order be executed. Second by Mr. Nord. MOTION CARRIED.

Gromer advised the Commission of a letter received from Prairie Edge Gaming asking whether or not a license stamp placed on a slot machine is transferable from owner to owner. Gromer stated that at the last meeting the issue came up of the transfer of the stamp fee from table to table and the issue of slot machines was not before you at that time.

return to this item later in the meeting.

Mr. Gromer updated the Commission on contracting with a computer consultant for developing a centralized computer system to be connected with all of the machines. Ms. Wagner moved that the Executive Secretary be authorized to enter into a contract with Mr. Mark Tobias. Second by Ms. Crew. MOTION CARRIED.

Mr. Gromer advised the Commission of a letter received suggesting the Commission to consider the promulgation of a rule whereby those businesses involved in progressive signage be licensed as a distributor.

Mr. Gromer stated he has also received correspondence requesting a variation of games. Gromer further stated this would be included in the rules hearing scheduled for November 2, 1990.

Mr. Gromer then reviewed the financial report and statistics for September.

Mr. Gromer advised the Commission that Enforcement Agent Dave Sparks resigned because his wife was transferred and an advertisement was out for another agent. Mr. Gromer stated that an additional auditor was in the process of being hired. Mr. Gromer then introduced Donna Hoskins as the secretary for the Deadwood Office.

Mr. Gromer advised the Commission that Mr. Mike Madden was in the process of gathering information for the impact study.

Mr. Gromer advised the Commission that Mr. Pat Tabor of McGladrey & Pullen has been in the area going over auditing procedures and that in-house audits would be beginning shortly.

Ms. Crew brought up the issue of the joint powers agreement with the historical society. Mr. Gromer stated that he attended a meeting where the consultants for the City of Deadwood unveiled their long-range plans for improvement of downtown Deadwood. The consultants suggested that the City might want to take action to implement the improvement plan. Mr. Gromer stated that he and Mr. Puetz were waiting to see what the City would implement.

Mr. Gromer brought up the issue of a letter received from Prairie Edge Gaming asking whether or not a license stamp placed on a slot machine is transferable from owner to owner. Mr. Gromer stated that this issue would be coming up frequently with the selling of machines. Mr. Gromer further stated that what was being proposed was they

wanted to know whether or not the stamp will go with the slot machine if it's sold or whether or not it was going to have to have a new stamp issued to it. Gromer stated most other jurisdictions who have machines like this don't have the \$2,000/device stamp. Mr. Nord moved that the stamp on a machine be transferred with the machine. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer then brought up the issue of slot tournaments per the letter received from Mr. Massa of Prairie Edge. Mr. Gromer and Mr. Massa then explained how slot tournaments worked. Ms. Crew moved that the Commission approve slot tournaments today in condition on a letter from counsel advising that in fact the Commission has the authority. Second by Mr. Fischer for discussion. After further discussion, Ms. Crew tabled her motion until November 2, 1990.

Mr. Lien then declared the meeting adjourned to reconvene at 1:30 p.m. for executive session for the purpose of discussing licensing.

NOVEMBER 2, 1990

Mr. Lien called the meeting to order with the following members present: Chuck Lien, Karen Crew, Karl Fischer, Evans Nord and Kristi Wagner. Also present were Donald Gromer, Executive Secretary; Grant Gubbrud, Director of Audits; Stan Triplett, Enforcement Director; Kit McCahren, Legal Counsel and Cora Hunsley, Administrative Assistant.

Mr. Lien stated the first order of business would be slot tournaments. Mr. Gromer stated that he and Mr. James Maida have visited regarding slot tournaments. It was the consensus of the Commission that this be placed on the agenda for December.

Mr. Maida informed the Commission that he has reviewed the in-house progressive slots. He is in the process of writing letters of approval. Mr. Gromer stated he would ask the Commission to dictate a policy for the staff to define in-house. After further discussion, Ms. Crew moved that the Commission approve in-house to commence November 15, 1990, in-house shall be defined as common ownership, common management, contiguous licensures with inner-access and common walls between the licensees, and in the event there is a dispute of any kind as to whether a particular in-house system is truly in-house, the Commission shall have the discretion to determine what is in-house and not in-house. Second by Ms. Wagner. MOTION CARRIED. Mr. Gromer stated that on the approval of in-house progressives there were a couple of things that should be brought to the attention of the public and proprietors.

One of the things is that all of the controllers be double-keyed. Mr. Maida was not sure how many manufacturers had double-keyed controllers. The other issue is that prior to people going on-line with an in-house progressive, it would be necessary to contact Stan Triplett in the Deadwood office so that he can re-inspect all the progressive slot machines. The machines will be kobetroned a second time and re-sealed prior to turning them on. Ms. Crew amended her motion to delete the word ownership. Ms. Crew then called attention to ARSD 20:18:17:24.16 Cash requirements. Ms. Crew moved that the cash reserve be set at \$15,000 or whatever is on the meter. Second by Mr. Nord. Mr. Nord called for the question. Mr. Lien then asked Ms. Crew to re-state her understanding of her motion. Ms. Crew stated that her motion was the Commission will approve in-house systems effective November 15, 1990 for all people who have submitted to the Commission proof of cash reserve and proof of evidence that they want to start an in-house progressive. The in-house progressive shall be defined by contiguous property with common management and inner access between the properties. MOTION CARRIED.

Mr. Maida than advised the Commission where he was at as far as the multi-link progressives. Mr. Gromer stated he would like a central computer hookup before multi-link progressives were considered.

Mr. Gromer reviewed the recommendations for licensing. Ms. Crew moved that permanent licenses be granted to:

- Green Door Club - Retail
- Jackpot 4U Motel - Retail
- S-Mart - Retail
- Dakota Table Games - Operator
- Jeffrey Stock - Operator
- Players Choice - Operator
- Tin Lizzie's Gambling Hall - Operator

And temporary licenses to:

- Lucky Miner - Operator
- SoDak Gaming - Distributor

Second by Ms. Wagner. MOTION CARRIED.

Ms. Wagner moved to approve the Operator license for Wildcat, Inc. Second by Mr. Fischer. Roll Call: Fischer, aye; Wagner, aye; Nord, aye; Lien, aye; Crew, nay. MOTION CARRIED.

Mr. Gromer reviewed the recommendations for key employee licensing. Mr. Fischer moved that the following be granted permanent key employee licenses:

Katherine Blanks ✓
Patricia Eckhart ✓
Clifford Etherington ✓
Katherine Finck ✓
Andrew Fischer
Judith Johner
Jean Mohnen
Blinda Tope
Nancy Slovak

Gregg Dittman ✓
Barbara Elmore
DeLyle Fall
Rocky Finck ✓
Peter Goin
Steven Mathieson
George Pickard
Joseph Russell, Jr.

Second by Mr. Nord. MOTION CARRIED.

Mr. Nord moved that those persons who now hold a temporary license expiring on November 15, 1990 be extended to February 1, 1991. Second by Ms. Wagner. MOTION CARRIED.

Ms. Crew moved that a support license be denied to Mr. Ron Underhill on the basis of his prior associations. Second by Ms. Wagner. MOTION CARRIED.

Mr. Lien stated that it has been brought to the attention of the Commission that the payments to the City of Deadwood, Lawrence County and the state have been voluntarily changed from a quarterly basis to a monthly basis by the Pierre office. Ms. Crew moved that any funds remitted to the City of Deadwood under SDCL 42-7B-48 henceforth remain on a quarterly basis. Second by Ms. Wagner. MOTION CARRIED.

Mayor Bruce Oberlander asked if it would include remittance to the State and County also. Ms. Crew stated there was no direction for the others.


Mr. Fischer moved that the Commission remit to Lawrence County and the State of South Dakota on a quarterly basis also. Second by Ms. Wagner. MOTION CARRIED.


The next meeting was set for December 10 and 11, 1990 in Deadwood.

There being no further business the meeting was adjourned for the Rules Hearing.

Respectfully submitted,

Cora Hunsley
Administrative Assistant


Chuck Lien, Chairman


Donald E. Gromer, Exec. Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

COMMISSION ON GAMING
DECEMBER 10-11, 1990
FIRST GOLD HOTEL
270 MAIN STREET
DEADWOOD, SD

DECEMBER 10, 1990

The meeting was called to order by Chairman Lien with the following members present: Chuck Lien, Karl Fischer and Kristi Wagner. Also present were Donald Gromer, Executive Secretary; Grant Gubbrud, Director of Audits; Stan Triplett, Enforcement Director and Cora Hunsley, Administrative Assistant.

Mr. Fischer moved that the minutes of November 1-2, 1990 be approved as printed. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer reviewed the information in the packets for the Meeting.

Mr. Joe Massa requested that he receive a copy of the joint powers agreement proposed by Paul Putz of the Historic Preservation Center.

Mr. Lien then declared that the meeting be closed for executive Session.

DECEMBER 11, 1990

The meeting was called to order by Chairman Lien with the following members present: Chuck Lien, Karen Crew, Karl Fischer and Kristi Wagner. Also present were Donald Gromer, Executive Secretary; Grant Gubbrud, Director of Audits; Stan Triplett, Enforcement Director and Cora Hunsley, Administrative Assistant.

Mr. Lien stated that this being the time set for the hearing in the matter of the support license of Sharon Dunnihoo Ms. Crew was requested to conduct the hearing.

After the formal hearing in the above-entitled matter, Ms. Crew moved that Ms. Dunnihoo's license be revoked as suggested by the Executive Secretary and that legal counsel draft up the notice of revocation. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer then introduced Sharron Sprague as the new Auditor to be

located in the Deadwood office. Mr. Gromer stated that Brad Christenson has also been hired as an Auditor and will begin his employment January 7, 1991. Mr. Gromer further stated that the position of enforcement agent has been offered to two persons but as of this date he did not know whether or not they accepted the position.

Mr. Gromer then updated the Commission on the revenue generated through the month of October. Gromer stated there has been a slowdown of business in the area.

Mr. Gromer updated the Commission on the in-house progressive slot machines which was authorized to begin on November 16. Gromer stated that he was disappointed in the process that the Commission on Gaming office had to be involved in as far as hookup of these progressive machines. Gromer stated that his office did not have one technical person on staff, they do not understand nor should they have to understand the complete intricate mechanism workings of these progressive slot machines. They know how to inspect, test and how to authenticate whether they are working or not. Gromer stated that the enforcement division did not have the time to help get the progressives started. Gromer stated it was the manufacturers responsibility to have the technicians for the businesses to get the progressives hooked up. Mr. Maida stated that during the whole time they were trying to set the progressives up, various operators and owners were calling his office also to get reports. Mr. Maida stated that after going through a one-day training Mikohn meters it doesn't appear to be that difficult of a problem.

Mr. Gromer referred the Commission to Mr. Maida's letter of 11/30/90 in reference to the Mikohn system. Mr. Maida stated that over the last several months they have been taking a look at the inter-link progressive systems. Mr. Maida stated that after reviewing the systems submitted for progressive slots he would recommend approval of the multi-property links submitted by Black Hills Novelty and Mikohn and that it be limited to a maximum of 20 machines. Mr. Maida recommended that the following conditions be met: Final on-site inspection and approval of all auditing, system operating, etc. will be done prior to the final start-up; the system be up and working before he and Mr. Gromer came out to inspect it; final approval and inspection of Universal Slot Machines, all associated gaming equipment, the Mikohn meters, super-controllers and all overhead displays be approved; the Commission require daily meter readings and jackpot meter reconciliations by methods established by the auditing staff; and that the South Dakota Commission on Gaming Commission will require any and all accounting reports as they deem necessary from Mr. Trucano to ensure that this is operating correctly. Mr. Trucano asked about the annuity schedule which was part of his proposal of a 10 year annuity. Mr. Trucano stated they would be ready between Christmas and New Year's. Mr. Maida asked if members from Mikohn and other individuals would be on-site that week and what steps were being taken regarding training, if the system should have difficulty, would staff be sufficiently trained. Mr. Trucano stated all of his staff would be trained. Mr. Maida stated that

the Software Version 1.08 had not been submitted to his Laboratory to date and this must be submitted. It was the decision of the Commission to take no action until others who submitted proposals are present.

Mr. Fischer moved that the following be granted permanent key licenses:

Leslie Jeffrey	LuAnn LaLonde
Kevin Friedel	Linda Maxwell
Janis Mallory	Sheryl Ulmer

Second by Ms. Wagner. MOTION CARRIED.

Ms. Wagner moved that the following be granted temporary licenses:

Roger Duba	Operator	Goodtime Novelty
Joseph Rowland	Operator	DDD Enterprises
Brad Hale	Retailer	Pink Palace
James Rogers	Retailer	Pink Palace
Jack Lynass	Retailer	Pink Palace
Ferdinand Balkenhol	Operator	Rocky Mt. Taffy Factory

Second by Mr. Fischer. MOTION CARRIED.

Mr. Fischer moved that the following be granted temporary key licenses:

Lloyd Carlson	Olen Chambers
Bradley Gauger	Thomas Goodrich
Bobbie Humphrey	Joayne McQuillen
Verlyle Pierce	Douglas Pogor
Lynn Ruple	Brenda Schauer
John Simons	Linda Span
Sue Tennyson	Cindy Van Gerpen

Second by Ms. Wagner. MOTION CARRIED. Ms. Wagner asked if there would be a date included for the temporary licenses. Mr. Fischer amended his two motions to include the date of March 1, 1991.
Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer stated that back in June temporary licenses were issued to the Franklin Hotel, (Bill Walsh, Owner), Deadwood Dick's (Mary Dunn, Owner) and the Bullock, (Mary Schmit, Owner) until the first of January. Gromer stated that Mr. Walsh has made progress bringing his building up to code. Gromer stated that the Bullock was under renovation. Mary Dunn is in the process of attempting to obtain the necessary financing. Gromer stated that other state regulatory agencies are planning on being in Deadwood shortly after the first of the year for another round of inspections to make determinations for code compliance. Ms. Schmit stated that they have obtained permanent financing, they are under construction and putting in temporary sprinkler systems would be very costly. Ms. Schmit stated they were going to push the sprinklers ahead of the other construction.

Ms. Wagner moved that a permanent license be issued to the Franklin Hotel, the temporary license of the Bullock be extended to March 1, 1991 and then review the progress at that time. Ms. Wagner also moved to issue Mary Dunn a temporary license until the next meeting and request her to come before the Commission to advise of her renovation process at that time. Second by Mr. Fischer. Ms. Crew asked Ms. Schmit if the Commission approved her temporary license until March 1, and the sprinklers are not in as anticipated, what steps she intended to take to ensure the safety of the public. Ms. Schmit stated she did have historical preservation money to put the sprinklers in, they can put in temporary sprinklers but they will have to come out. They can do something on a temporary basis, this is very costly but should be in place within the next two months. Ms. Wagner called for the question. MOTION CARRIED.

Mr. Gromer advised the Commission that they had Findings of Fact, Conclusions of Law and Order by Mr. Dougherty, representing SoDak and by Mr. Tieszen in the matter of the repeal of ARSD 20:18:17:24.14. Mr. Gromer also handed out the Intervener's objection to the Petitioner's proposed Findings of Fact and Conclusions of Law. Mr. Lien declared a 15 minute break to read this before continuing.

Mr. Lien declared the meeting back in session and asked Mr. Gromer to make a recommendation on the last temporary license. Mr. Gromer stated that Deadwood Gulch Resort was given a temporary license until January 1 and he recommended that it be extended until March 1, 1991. Ms. Wagner moved the temporary license of Deadwood Gulch Resort be extended to March 1, 1991. Second by Mr. Fischer. MOTION CARRIED.

Ms. Crew moved that in the matter of the repeal of ARSD 20:18:17:24.14, that the Commission adopt the Findings of Facts and Conclusions of Law of the Intervener. Second by Mr. Fischer. MOTION CARRIED. Ms. Crew also stated that in the same matter as to the proposed Order in the matter of the repeal of ARSD 20:18:17:24.14, that the Commission also sign the Order proposed by the Intervener. Mr. Fischer moved that the Chairman sign the Order of the Intervener and reject the Petitioner's Findings of Fact, Conclusions of Law and Order. Second by Ms. Wagner. MOTION CARRIED.

Mr. Joe Mattson brought the Commission up to date on the historical restoration progress.

Mr. John Fineberg of TSP from Boulder, Colorado explained that he has been contracted with for the historic preservation plan and passed out the plan that they have presented.

Mr. Maida then explained the IGT progressive system. Maida stated that they have reviewed the IGT Quartermania System submitted for approval for use in Deadwood. Maida stated the system will work. IGT slot machines will be used. Maida referred the Commission to his memo of November 16, 1990 which contained his recommendations. Maida stated this system has been tested extensively. Maida stated there were some conditional items he believed the Commission should

impose on IGT. Maida stated he recommended the Commission approve the concept of the Deadwood Quartermania System manufactured by IGT and implemented and run on a daily basis by SoDak Distributing Company. Maida stated that for the initial startup the number of enrolled machines be limited to 100 S-Plus IGT gaming devices which are currently pending approval at the laboratory and should be out shortly. Maida recommended the final approval be conducted by Mr. Gromer's and Mr. Maida's staff, certain auditing and accounting reports will need to be made and IGT has made their system all automated accounting. Maida stated that IGT should be able to provide any type of reports the Commission on Gaming requests. Maida also recommended installation of a computerized monitoring station within Deadwood and attached to a printer. Mr. Gromer stated to begin with he would like an on-site terminal and IGT provide the reports when needed. Maida recommended if the system goes down between the CCOM and SoDak in Rapid City and is not repaired in 24 hours, that the Commission office should shut the link down until it is repaired. Mr. Gromer stated he was concerned about the lack of electronic surveillance in the establishments. Mr. Maida stated that New Jersey requires 24 hour CCTV coverage on every machine. Tony Cook agrees with Mr. Gromer, he will have cameras. John Gable stated he did not have electronic surveillance but does see the necessity.

Mr. Fischer moved that Black Hills Novelty's progressive slots be granted approval with the conditions recommended by Mr. Maida. Second by Ms. Wagner. MOTION CARRIED.

Ms. Wagner moved that IGT, SoDak's progressive slots be granted approval with the conditions recommended by Mr. Maida. Second by Mr. Fischer. MOTION CARRIED.

A discussion was held regarding a guarantee to the public that the jackpot is available. Ms. Crew moved that security for jackpot payouts be through a fiduciary intermediary, which fiduciary must be approved by the Commission, that the anticipated amount of the jackpot be funded by an irrevocable letter of credit, irrevocable insurance trust, securities if they choose to do it that way or any other such mechanism as the Commission shall approve and whatever ultimate amounts the Commission shall approve. Second by Ms. Wagner. MOTION CARRIED.

A discussion was held on monitoring these systems. Ms. Crew moved that the security staff and the executive secretary determine on an individual case, what the security should be for any gaming house as far as their progressives are concerned and that the staff and executive secretary would have final say on an individual case and final say on security. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer called attention to ARSD 20:18:17:24.11 Annuities... After a discussion Ms. Crew moved that if the jackpot is less than \$100,000 that it be paid in a lump sum. Second by Mr. Fischer. MOTION CARRIED.

Mr. Fischer moved that the starting date for the progressives be set for January 5, 1991. Second by Ms. Wagner. Ms. Wagner stated

her viewpoint on the multi-link progressives was it was not to be started without a central computer system. Mr. Maida stated it would be easier for the Commission staff and to do reports. Mr. Tim Dougherty stated if it was the Commission's intention that operators and establishments all start up with the progressive system at the same time they would suggest January 15, rather than January 5, since IGT and SoDak has to hook up 100 machines rather than 20 machines. January 15, would be the date they would be ready. Mike Trucano stated he would be ready prior to January 5th. Mr. Ward Chilton of IGT asked if they would get a two week penalty because they couldn't be ready by the 5th. Ms. Crew asked if any other systems applied. Mr. Maida stated that Bally is currently under review and he could offer his recommendations by the end of December. Mr. Chilton stated they would do everything they could to be ready by the 5th but they wanted to do it right. Ms. Crew moved to amend the motion from January 5th to January 15th. Motion failed for lack of a second. Roll Call as follows: Fischer, aye; Wagner, aye; Lien, aye; and Crew, nay. MOTION CARRIED.

Mr. Lien declared a break for lunch to reconvene at 1:30.

Meeting reconvened at 1:50 p.m.

Mr. Gromer reviewed a new game submitted by Mr. Red McQuade called Jersey. Gromer stated he had not had any requests on this game from anyone else in Deadwood and recommended a denial of the game based upon it not being played in any other major gaming jurisdiction in the United States. Gromer stated it has not been actually checked for the theoretical hold and the actual hold on the game. Gromer stated it is a form of poker but is much different than a lot of the poker games being played in Deadwood. Mr. Fischer moved that the game of Fun Poker be denied. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer reviewed the new game submitted by Roger LeClerc of Miss Kitty's called Caribbean Stud Poker. Gromer stated this game is not being played in any of the gaming jurisdictions. Gromer stated this game is a registered trademark game, and recommended it be denied until it is fully verified by a legitimate gaming jurisdiction. Ms. Wagner moved it be denied. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer reviewed the new games submitted by Mr. Bill Evers of the Bella Union and Suzan Craig of the Franklin Hotel. Gromer stated this game was referred to as Omaha and is similar to Texas Hold'em. Gromer stated this is not a new poker game but a variation of Texas Hold'em and recommended this be approved. Mr. Fischer moved that this variation be approved per the rules as a variation of game. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer reviewed another submission of Mr. McQuade called Over/Under 13 which is a variation of blackjack. Gromer stated this is approved in Nevada and would not affect the play of blackjack and recommended it be approved as a variation of blackjack. Ms. Wagner moved that Over/Under 13 be approved. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer updated updated the Commission on what has transpired to date as far as working on a joint powers agreement with the Historical Preservation Center. Mr. Fischer suggested that it be deferred to the next meeting when Mr. Bill Srstka was present.

Mr. McQuade asked about his request for Jacks or Better and it was not mentioned. Mr. Gromer stated that it was a live card game played on a video machine. Gromer stated no gaming jurisdiction has it. Mr. McQuade stated it was a live version of video poker. Gromer stated that any game introduced in the states of Nevada or New Jersey have to go through a testing period. The Commission denied approval of any other variations or new games.

The next meeting was scheduled for the dates between January 16-18, 1991 in conjunction with the Tourism Conference.

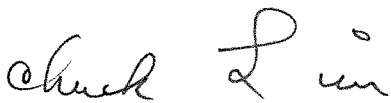
Mr. Maida stated the necessary program were submitted by Bally for slot tournaments. Maida stated he had two questions. The maximum bet of \$5 would be okay, depending on how much was charged for admittance and there were also some slot tournament chips that were 150 to 175 percent payback chips, the odds were to generate a lot of money. Maida asked if the rules would be suspended for a tournament play or how would it be handled. Mr. Massa explained the payout of progressive slots. Ms. Crew asked if this was done by rule or motion. Mr. Maida stated there would be two separate sets of meters, one for tournament play and one for the non-tournament play. The Commission would get their tax money off of the non-tournament play. Mr. Maida stated he told Bally this would be a requirement. Mr. Maida stated he had no problem with authorizing it today as long as the rules are all met. Ms. Crew asked how much the entry fee was to get into a slot tournament. Ms. Crew moved that the entry fee for the slot tournaments may be in any amount from \$0 to \$100, if the entry fee is any other figure over \$100, you must get special permission from the Executive Secretary prior to the tournament. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer stated that the internal auditing procedure manual was being updated and if there were any requests for changes they were to be submitted by the end of the week.

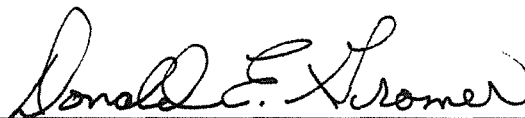
There being no further business the meeting was declared adjourned.

Respectfully submitted,

Cora Hunsley



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

COMMISSION ON GAMING
JANUARY 15-16, 1991
GOVERNOR'S INN
700 WEST SIOUX
PIERRE, SD

JANUARY 15, 1991

The meeting was called to order by Chairman Lien with the following members present: Chuck Lien, Karl Fischer, Karen Crew and Evans Nord. Also present were Donald Gromer, Executive Secretary, Stan Triplett, Enforcement Director Bill Srstka, Counsel and Cora Hunsley, Administrative Assistant.

Mr. Lien then declared the meeting be closed for executive session.

JANUARY 16, 1991

The meeting was called to order by Chairman Lien with the following members present: Chuck Lien, Karl Fischer, Karen Crew and Evans Nord. Also present were Donald Gromer, Executive Secretary; Stan Triplett, Enforcement Director; Grant Gubbrud, Director of Audits; Linda Durbin and John Peterson, Enforcement Agents; Brad Christenson, Auditor and Cora Hunsley, Administrative Assistant.

Mr. Fischer moved that the minutes of December 10-11, 1990 be approved as printed. Second by Ms. Crew. Ms. Crew did question whether in-house progressive slots were to begin in November or January. MOTION CARRIED.

Mr. Lien stated that this being the time and place set for the formal hearings in the matter of the support licenses of Jacque Anderson, Kelly Diede, Donald Sartorius, Jeffrey Rathbun, David G. Schulz and Gail Christian, he then declared the meeting closed to commence the formal hearings and requested that Ms. Crew conduct the hearings.

Ms. Crew moved that the support license of Jacque Anderson be revoked based on Exhibits 1, 2 and 3. Second by Mr. Nord. MOTION CARRIED.

Ms. Crew moved that the support license of Kelly Diede be revoked

based on the evidence presented. Second by Mr. Nord. MOTION CARRIED.

Ms. Crew moved that the Executive Secretary be authorized to execute the Findings of Fact, Conclusions of Law, Order and other documents necessary on behalf of the Commission. Second by Mr. Nord. MOTION CARRIED.

Ms. Crew moved that the support license of Donald Sartorius be revoked based on the evidence presented. Second by Mr. Fischer. MOTION CARRIED.

Ms. Crew moved that the Executive Secretary be authorized to execute the Findings of Fact, Conclusions of Law, Order and other documents necessary on behalf of the Commission. Second by Mr. Nord. MOTION CARRIED.

Ms. Crew moved that Jeffrey Rathbun be granted a continuance based on the position that the summary suspension in effect at this time continue with their express agreement until such time as further action is taken by the Commission. Second by Mr. Fischer. MOTION CARRIED.

Ms. Crew moved that the support license of David G. Schulz be revoked based on the evidence submitted. After further discussion, Mr. Nord called for the question. Second by Mr. Fischer. MOTION CARRIED.

Ms. Crew moved that the Executive Secretary be authorized to execute the Findings of Fact, Conclusions of Law, Order and other documents necessary on behalf of the Commission. Second by Mr. Fischer. After further discussion, Mr. Nord called for the question. Second by Mr. Fischer. MOTION CARRIED.

Mr. Lien then declared a 15 minute recess.

Mr. Lien called the meeting to order to continue with the formal hearings.

Ms. Crew moved that the summary suspension on the support license of Gail Christian be continued until the next meeting due to the fact that she did not receive her notice until January 14, 1991. Second by Mr. Nord. MOTION CARRIED.

Mr. Lien then reconvened the regular meeting.

Mr. Gromer reviewed the poker tournament rules that he had written. The issue of whether money was considered as an entry fee or a bet was raised. Mr. Gromer stated after consulting with counsel they determined it was an entry fee. Mr. Fischer moved the Executive Secretary be authorized to continue to handle the poker tournaments as they have been in the past until a new rule is drafted. Second by Mr. Nord. MOTION CARRIED.

Mr. Gromer updated the Commission on the city-link progressives. Gromer stated Black Hills Novelty with Mikohn is up and running but there were still a few problems. Mr. Gromer advised that IGT will start on February 4, 1991.

Mr. Gromer brought the Commission up to date on the Trucano lawsuit and stated Mr. Tieszen was in the process of filing the necessary paperwork with the Court. Gromer further stated Mr. Dougherty was doing likewise with IGT and that he and Mr. Srstka have been involved and will continue. This lawsuit is over the progressive rule on security and accounting that is being challenged by Black Hills Novelty.

Mr. Lien set the next meeting for March 11-12, 1991 in Deadwood.

Mr. Gromer introduced Linda Durbin and John Peterson as new Enforcement Agents and Brad Christenson as the new Auditor for the office in Deadwood.

Mr. Lien then declared the meeting closed for Executive Session to reconvene at 1:00 p.m.

Reconvene at 1:15 p.m.

Mary Dunn and Dave Larson appeared on behalf of the retail license for Deadwood Dick's. Ms. Crew moved that Mary Dunn d/b/a Deadwood Dick's Saloon and Dakota Mercantile be granted a permanent retail license based on Mr. Umenthum's letter. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer stated that there is a constant problem with hours of operation. Mr. Gromer stated that Jackpot Enterprises d/b/a The Nugget would like to have a 24 hour operation license for five days per week, Wednesday through Sunday. Mr. Nord moved to temporarily give the businesses permission to operate, seven nites, five nites, two nites, upon proper notification to the Chief of Police, City of Deadwood and the Gaming Commission on a trial basis for the next three months. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer updated the Commission on where ^{he} and Marc Tobias were regarding the centralized computer hookup. They hope to have the information ready by the March meeting.

Mr. Gromer advised the Commission of a fax received from TSP regarding the progress of work at Saloon #10 and what has been done to date. Ms. Crew stated it was the intention of the Commission that this work was to be completed by January 1, 1991. Ms. Crew moved that Mr. Keehn be advised to attend the next meeting under ARSD 20:18:08:04. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer advised he had received a letter from Bradley Gauger regarding Blackjack tournaments. Mr. Fischer moved the Executive Secretary be authorized to allow Blackjack tournaments for a trial period until June 30, 1991 and to determine rules of Blackjack tournaments. Second by Ms. Crew. MOTION CARRIED.

Mr. Gromer brought up the issue of bad debts, judgments, etc. against the businesses in Deadwood. It was the determination of the Commission that they could only take action against a licensee on court ordered judgments and to take on a case-by-case basis.

Mr. Gromer stated Mr. Mike Madden was waiting for the

September-October figures from the Department of Revenue and would have his study ready by the middle of February.

Mr. Srstka informed the Commission of where they were at regarding the Joint Powers Agreement. It was decided that Karen Crew, Don Gromer and Bill Srstka would put suggestions together to be submitted at the next meeting.

Mr. Mark Aspaas of Architecture Incorporated presented information regarding the definition of a building.

A discussion was held on the petition for the promulgation of rule by Tim Dougherty asking that a licensed slot machine manufacturer or distributor may store or display slot sale or lease in locations in South Dakota other than within the city limits of Deadwood if the machines are rendered inoperable. Mr. Gromer stated he would submit a copy to the Attorney General and Mr. Schroyer of the State Attorneys Association for their review and input. Mr. Nord moved the petition be approved and that it be filed at the next meeting. Second by Ms. Crew. Mr. Dougherty stated he had no problem with filing it at the next meeting. Mr. Srstka explained the rule-making policy.

Mr. Fischer moved the following be granted a permanent key license. Second by Evans Nord. MOTION CARRIED.

Olen Chambers
Dana Duffy
Joayne McQuillen
Dana Walker
Zella Hannah
Johnny Patino
Thomas Tostrup
George Nelson
Leonard Park
Bobbie Humphrey
Jack Jones

Lloyd Carlson
Thomas Goodrich
Deborah O'Bryan
Dorothy Greenwood
Ralph Knickrehm
Cheryl Tostrup
DeLyle Fall
Bradley Gauger
Elaine Middaugh
John M. Peterson

Mr. Nord moved that the existing temporary key licenses be extended to March 15, 1991. Second by Mr. Fischer. MOTION CARRIED.

Mr. Nord that a permanent Operator license for Hotel Joint Venture and three Retail licenses for Kenny's Restaurant, Deadwood Gulch Resort 1 & 2 on the condition that Mr. Hosch get the necessary paperwork done. Second by Mr. Fischer. MOTION CARRIED.

Mr. Fischer moved that the trust agreement presented by Mr. Trucano be approved and implemented. It was noted that the context of the agreement is confidential and not for public information. Second by Ms. Crew. MOTION CARRIED.

Mr. Lien read a press release that was released over his name.

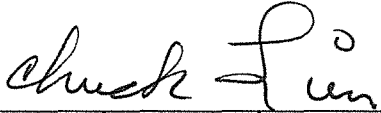
Mr. Dan Grider asked for clarification on a 24 hour license.

Ms. Crew requested the Executive Secretary provide the Commission with a list of any licensee other than Mr. Keehn who has not fully complied with what was requested to be in compliance by January 1st.

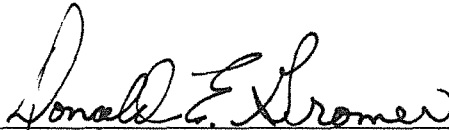
There being no further business the meeting was declared adjourned.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605) 773-6050
FAX (605) 773-6053

MINUTES

COMMISSION ON GAMING
MARCH 6-7, 1991
FIRST GOLD HOTEL
270 MAIN STREET
DEADWOOD, SD

MARCH 6, 1991

The meeting was called to order by Chairman Lien with the following members present: Karl Fischer, Evans Nord and Chuck Lien. Also present were Donald Gromer, Executive Secretary, Stan Triplett, Enforcement Director, Grant Gubbrud, Director of Tax, Audits & Licensing, Bill Srstka, Counsel and Cora Hunsley, Administrative Assistant.

Mr. Nord moved that the minutes of January 15-16, 1991 be approved as printed. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer reviewed the information in the Commission packets.

The letter for modified hours of operation (10:00 a.m. Friday to 2:00 a.m. Monday) received from Robert Leonard of Goldstreet was discussed. Mr. Nord moved that the request for a modified opening of Gold Street be allowed. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer stated that the progressive slots have been proving themselves quite successful. Mr. Gromer reviewed Mr. Trucano's request for expansion of the Treasury link system and Mr. Maida's recommendation. Mr. Srstka asked if a final request could be made of Mr. Maida to make sure the electronics were up to specs, etc. Mr. Gromer stated Mr. Maida made approval for four new installations with the installation to be in groups of no more than two at a time with a two week period between installation for auditing. Mr. Trucano stated he was requesting the first phase of Safeway and All Seasons Motel be permitted to join the link and two weeks later two other locations at either Main Street and/or Sherman Street. Trucano stated Maida did not want them to go out to the Eagles Club at this time because of other hardware that needed testing. Gromer recommended the authorization of four different establishments within the next four

weeks, two now and two in two weeks. Mr. Fischer moved that on the recommendation of the Executive Secretary Mr. Trucano be allowed to add two locations now and then two locations two weeks later. Second by Mr. Nord. MOTION CARRIED.

Mr. Gromer gave a legislative update. He stated the limits bill was before the Governor for his signature. Gromer stated that the issue of combining the Racing Commission with the Gaming Commission will be brought up during the last day of session. Gromer stated that the congregation of machines and the state residency bills were defeated.

Mr. Gromer stated that the revenues were up in January. He also stated that the annual report has now been completed and there was a copy in the packets. Gromer stated that he was not real comfortable with it. The financial statements received from some of the establishments were quite incomplete and inaccurate. Gromer also stated that the report only covered FY-90, November 1, 1989 to June 30, 1990. He stated the next one would cover a complete fiscal year.

Mr. Gromer stated that Mike Madden would present his Impact Study at 11:00 a.m. on March 7.

Mr. Gromer stated that he has been asked to speak at the NAGRA Spring Conference the first part of June.

Mr. Gromer stated that he has been working with Marc Tobias on the central computer and they would have something put together regarding this in the near future.

Commissioners Crew and Wagner arrived.

Mr. Gromer stated that the renewal applications should be mailed to all licensees the middle of April. Gromer stated he has been looking at the possibility of having a picture license.

Mr. Gromer brought up the issue of having a retreat moderated by an individual who is skilled in this area, and having members of the industry, city, state and Commission attend. This retreat would cover problems that gaming is having or causing and possible solutions. Mr. Gromer suggested an afternoon and morning session with Dr. Chuck Kaufman of USD as the moderator. Mr. Gromer suggested it be limited to not less than 36 nor more than 50 people. It was the consensus of the people that it be held in Pierre if at all possible and it be held the latter part of April during the middle of the week. Ms. Crew moved that Executive Secretary be authorized to set this up and change the location if needed. Second by Mr. Nord. MOTION CARRIED.

Mr. Lien then declared a recess.

The meeting reconvened with Mr. Lien declaring that it was the time and place set for the Gail Christian hearing and appointed Mr. Fischer hearing officer.

Mr. Lien declared the meeting closed for executive session to

reconvene at 9:00 a.m. on March 7.

MARCH 7, 1991

Mr. Gromer made his recommendations for licensing.

Mr. Nord moved that the following be granted temporary licenses:

Dan Costner	Operator/Retail	Midnight Star
Kevin Costner	Operator/Retail	Midnight Star
Carla Caneva	Operator/Retail	Midnight Star
Francis Caneva	Operator/Retail	Midnight Star
Marlin Torguson	1 Operator/3 Retail	Goldiggers

Second by Mr. Fischer. MOTION CARRIED.

Mr. Fischer moved that the following be granted temporary key employee licenses:

Myrna Gilman	Linda Hill-Spahn
Theresa Kragenbring	Joe Massa
Bonnie Jensen	Mark Meyer

Second by Mr. Nord. MOTION CARRIED.

Mr. Nord moved the following be granted permanent licenses:

Ferd Balkenhol	Operator	Rocky Mountain Taffy
Patrick Roberts	Operator/Retailer	Hickok House
Robert C. Blue	Operator/Retailer	Hickok House
Harlan Schmidt	Operator	Legends
Ron Island	Operator	Legends

It was noted that Mr. Schmidt and Mr. Island's license would be granted upon completion of the conditions in the contract. Second by Mr. Fischer. MOTION CARRIED.

Mr. Fischer moved the following permanent key employee licenses be granted:

Barb Andresen	Bill Andresen
Tom Frank	Sharon Ham
Jo Ann Hanson	Verle Pierce
Douglas Pogor	Connie Powell
Barb Remington	Paul T. Richter
Robert Robley	Lynn Ruple
Brenda Schauer	John Simons
Jimmie Sims	Dana Sorenson
Sue Tennyson	Richard Turbiville
Cindy Van Gerpen	Betty Whittington

Mr. Fischer also noted that Barb and Bill Andresen's licenses be granted on the condition that their financial obligations are being taken care of and that Mr. Gromer be notified of same. Second by Mr. Nord. MOTION CARRIED.

After a lengthy discussion on the life safety codes that have not been met, Ms. Crew moved that the Commission adopt a resolution stating that all people from the Fire Marshal's latest report which was dated February 13, 1991 and have any indications that any deficiencies whatsoever in their operation - that our resolution indicate if those deficiencies are not taken care of by May 1, that we proceed to revoke at that time. Motion failed for lack of a second.

Mr. Fischer moved that they be given until June 1, to comply with the recommendation of the Fire Marshal's letter dated February 13, 1991. Second by Ms. Wagner. Ms. Crew stated an amendment on the motion was needed. Mr. Srstka stated a resolution was needed that the Commission resolve that these people named in the letter of February 13, 1991 from the Fire Marshal, come into compliance with all the recommendations of the Fire Marshal, per ARSD 20:18:25:06 by June 1, 1991. Mr. Fischer stated that was exactly what he wanted to say, to come into compliance by June 1. Mr. Lien asked Mr. Harryman if he could schedule and provide the Commission between the 6/1-15, a new report regarding compliance. Mr. Srstka asked if everyone on the list been notified. Mr. Harryman stated they received a certified letter. Mr. Srstka recommended the Fire Marshal's letter be attached to the letter to every licensee. Mr. Nord moved to amend the resolution on the table to include Mr. Srstka's recommendation that we include that list the Fire Marshal provided on February 13, 1991 so that everyone knows by registered mail. Second by Ms. Crew. Bob Leonard from Gold Street stated before the Commission gave their final decision he would like consideration be given to the fact that it was an economic problem. Mr. Leonard stated the money presently available has been committed, City money would not be available until July. He would like to install the sprinklers in July at the lower interest rate to pay for it. Mr. Lien stated Mr. Leonard might consider a bridging loan between the time. Mr. Nord called for the question. Mr. Fischer, aye; Mr. Nord, aye; Ms. Wagner, aye; Mr. Lien, aye and Ms. Crew, nay. Mr. Fischer stated it would be to the businesses advantage to keep in touch with the Deadwood Office to show that they were progressing during this period of time. Mr. Srstka stated that now that the resolution has been adopted those who could not meet the deadline would have to file a petition with the Commission. MOTION CARRIED. (Resolution Attached)

Mr. Lien then instructed State Fire Marshal Harry Harryman to submit a report to the Commission by June 1st to the 15th.

After discussion on scheduling rules hearing, it was decided that the next meeting for a rules hearing would be held on May 16th and 17th in Deadwood.

Mr. Lien then declared a short recess.

Mr. Lien reconvened the meeting asking if there was any old business. Mr. Gromer brought up the issue of the Bullock Hotel license and directed attention to a letter from Mark Aspaas regarding the Bullock. Mr. Fischer moved to verify the issuance of a second retail license to the Bullock Hotel. Second by Ms. Wagner. MOTION CARRIED.

A discussion was held on the Joint Powers Agreement. Srstka stated the Commission may want to enter into some relationship with Deadwood to do its building compliance inspections. Gromer stated there was no one on staff with building experience. Gromer suggested an agreement be entered into with Mr. Umenthum on the building aspect, on-site is more advantageous for snap decisions. Mr. Lien instructed Mr. Gromer to explore this avenue and report at the next meeting. Mayor Oberlander stated Mr. Umenthum is not a city employee, he contracts to the City.

Mr. Mike Madden passed out copies and reviewed the Impact Study he conducted. It was noted that persons can receive copies of this study by contacting Mr. Madden directly. Fees for the study are based on printing costs.

Mr. Lien asked if for any new business, stating the Commission would be going into executive session after the meeting.

Mr. George Nelson of First Gold requested the Commission look at the rule which bans owners from playing in their own establishments. Mr. Nelson wanted the owners to participate in poker and was speaking on behalf of the key employees and owners of the industry. Mr. Srstka suggested Mr. Nelson petition for a rule change under SDCL 1-26-13.

Ms. Crew moved that the Commission rule that the Motion to Dismiss is denied because the suspended imposition of sentence has not been completed. We are still within the period of the suspended imposition of sentence and the suspended imposition of sentence has not formally been accomplished because there has been no dismissal on the court record. Ms. Crew further stated that on that particular motion to dismiss she moved that it be denied. Second by Ms. Wagner. MOTION CARRIED.

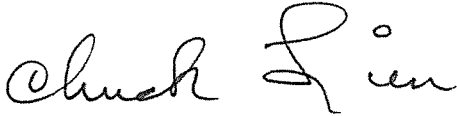
Ms. Crew also moved that the Commission revoke the license of Gail Christian until such time as the Lawrence County Court proceedings have been formally dismissed, they are now currently in the process of the suspended imposition of sentence but not all terms and conditions have been complied with. At the time they are dismissed, Ms. Christian would be free to apply for a license again but it is revoked until such time as they are formally dismissed. Second by Ms. Wagner. MOTION CARRIED.

Ms. Crew advised that the Commission has not approved the IGT trust agreement for their Quartermania. Ms. Crew further stated that she has reviewed it and made the necessary changes. Mr. Tim Dougherty was advised to submit the recommended changes to IGT and present it at the next meeting.

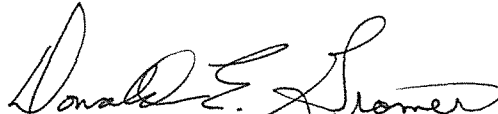
There being no further business Mr. Lien declared the meeting adjourned for executive session.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

**COMMISSION ON GAMING
APRIL 4-5, 1991
GOVERNOR'S INN
PIERRE, SD**

APRIL 4, 1991

The meeting was called to order by Chairman Lien with the following members present: Chuck Lien, Karen Crew, Karl Fischer and Evans Nord. Also present were Chip Kemnitz, James Rogers and Gordon Ribstein and Kathy Rea of the Racing Commission; Don Gromer, Executive Secretary; Stan Triplett, Enforcement Director; Grant Gubbrud, Director of Tax, Audits & Licensing, Cora Hunsley, Administrative Assistant; and Bill Srstka, Counsel.

Mr. Fischer moved the minutes of March 6-7, 1991 be approved as printed. Second by Mr. Nord. MOTION CARRIED.

Mr. Gromer reviewed the information in the Commission packets.

Most of the afternoon was spent with Mr. Kemnitz and persons from the racing industry explaining how racing operates; the expenditure of funds; seasons; who handles hearings; advertising; interstate pooling; lab testing. Mr. Srstka questioned the hearing process. Mr. Kemnitz stated the state steward made the determination. Mr. Kemnitz also stated that the Director of Racing was always at the tracks to make decisions. Mr. Kemnitz recommended that a new ruling be adopted whereby the steward's ruling be a final agency determination, then if they wanted to appeal they go to the Circuit Court. Mr. Kemnitz suggested the Commission have someone come in and put on a seminar on racing.

Mr. Fischer moved the Executive Secretary be authorized to enter into a consultant contract with Mr. Kemnitz. Second by Ms. Crew. MOTION CARRIED.

Mr. Nord moved the Executive Secretary be authorized to contact Larry Eliason, former Racing Director, to make arrangements for Mr. Eliason to conduct a seminar on racing for the Commission. Second by Mr. Fischer. MOTION CARRIED.

Mayor Bruce Oberlander of Deadwood informed the Commission that they were repairing the track in Deadwood in order to conduct races. The repairs would not be completed in time to conduct racing this year.

Mr. Oberlander and Mr. Ken Morris, Director of the Deadwood Economic Development

Corporation, updated the Commission on the status of Historic Preservation Projects in Deadwood. Mr. Lien asked Mr. Oberlander to provide an accounting of how the money that is turned over to the City is being spent. Mr. Oberlander stated the City is going through an audit right now and as soon as that was completed they should be able to provide a reasonably detailed report to see where the money is going.

Mr. Lien then declared the meeting adjourned to reconvene at 9:00 a.m. April 5, 1991.

APRIL 5, 1991

Mr. Lien called the meeting to order with the following members present: Chuck Lien, Karen Crew, Karl Fischer and Evans Nord. Also present were Don Gromer, Executive Secretary; Stan Triplett, Enforcement Director; Grant Gubbrud, Director of Tax, Audits & Licensing, Cora Hunsley, Administrative Assistant; and Bill Srstka, Counsel.

Mr. Nord moved that the following be granted a permanent key employee license:

Joann Paul	John Perkovich
Mark Meyer	Linda Hill-Span

Second by Mr. Fischer. MOTION CARRIED.

Ms. Crew moved that the Executive Secretary's annual salary be increased from the current rate to \$55,000 per year in view of the fact that he is taking over additional duties with the racing commission that appear to be substantial. Ms. Crew stated that it was her understanding that the prior racing director received in the area of \$30 to \$35,000 per year, that the Commission increase Mr. Gromer's from \$49,000 to \$55,000 in view of the additional responsibilities and that in addition he be directed to be on call at all times and, therefore, be allowed to drive the car home. Ms. Crew also moved that Mr. Triplett be allowed to drive the car in Deadwood to and from work also, and that this motion be effective as of April 5, 1991. Second by Mr. Nord. MOTION CARRIED.

Mr. Gromer updated the Commission on the retreat that will be held in Sioux Falls on April 30 and May 1.

Mr. Gromer informed the Commission that proposed rule changes were in their packets and they should review them at their convenience. Mr. Gromer brought up one of the proposals for a rule to allow the play of machines that accept a \$5 token. Gromer stated the present rules authorize \$1 tokens as long as they meet certain specifications, but it was never addressed to allow for a \$5 token. Gromer stated people from the Midnight Star would like to have the Commission consider the use of a \$5 token. Mr. Tieszen asked if you had a \$5 token that the machine wouldn't allow you to use more than one token at a time. Mr. Srstka stated it was a one coin receiver. After further discussion, Mr. Fischer moved to allow the play of a \$5 token based on approval of the Executive Secretary of the token and that the time frame be temporarily in effect until September 15, 1991 or until the new rules have been drawn and put into effect. Second by Ms. Crew. MOTION CARRIED.

A discussion was held on racing. It was the consensus of the Commission that there

be no changes made at this time until the Commission became more familiar with that aspect.

Mr. Nord moved that the prohibitions as outlined in the gaming rules that affect members of the Commission, staff be applied to horse and dog racing also. Second by Mr. Fischer. MOTION CARRIED.

Mr. Srstka brought up the issue of petitions submitted for rule changes. Mr. Nord moved the Commission accept the petitions for rule changes. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer stated the document entitled Deadwood Gaming and Law Enforcement Training Program dated 3/13-15/1991 was a training program put on by our office and the Lawrence County State's Attorney for members of the industry. Gromer stated the policies stated in this document will put the members of the industry on notice as to what the policy will be of the State's Attorney.

Mr. Gromer advised the Commission that the City of Deadwood has asked him to attend the historical sponsored trip to Boston in April. Gromer stated several people were going to review the historical sites in the state of Massachusetts.

Mr. Gromer informed the Commission that the North American Gaming Regulatory Agencies (NAGRA) will be meeting in June in Minneapolis and he has been asked to speak on Deadwood gaming. It was the consensus of the Commission that all members who can, attend.

Mr. Gromer brought Mr. Brad Schreiber's letter regarding Jeff Rathbun's hearing. Mr. Srstka stated a hearing would have to be set for Mr. Rathbun. Mr. Fischer moved that the next meeting be scheduled for May 15-17, 1991 in Deadwood. Second by Ms. Crew.

A discussion was held on the investigation going on in Lawrence County regarding voter registration. Ms. Crew moved the Commission invite the Lawrence County State's Attorney to appear before the Commission to advise of any assistance that the Commission or the staff can render to his office regarding this.

Ms. Crew requested to make a second motion and moved that the Gaming Commission summon before the Commission any licensee indicted as a result of a current investigation conducted by the Lawrence County State's Attorney office concerning voter registration, provided that we are able to obtain information from the Lawrence County State's Attorney office as who the people indicted are. Mr. Dick Tieszen stated this information is confidential and cannot be released until such time as they are arrested on a warrant. After further discussion, Ms. Crew asked to restate her motion to the Commission have the Executive Secretary invite the Lawrence County State's Attorney to appear before the Commission to advise the Commission of any assistance they or they staff can render his office regarding the investigation. The first motion was second by Mr. Fischer. MOTION CARRIED. The second motion failed for lack of a second. Mr. Srstka recommended the Commission give the Executive Secretary the authority to summon anyone indicted to the next meeting.

Ms. Crew moved that the Gaming Commission summon before the Commission any licensee indicted as a result of a current investigation concerning voter registration conducted by the Lawrence County State's Attorney's Office as soon as those names of

the people indicted are public. Second by Mr. Fischer. MOTION CARRIED.

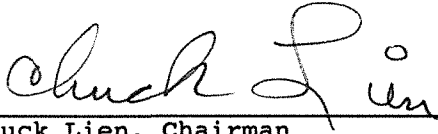
Mr. Nord moved that the 24 hour request from Goldberg Grocery and Gold Street be approved. Second by Ms. Crew. MOTION CARRIED.

Mr. Fischer asked the status on the central computer system. Mr. Gromer stated Mr. Tobias was in the process of putting the RFP's together to submit to vendors for bid. Gromer stated he should have something by the next meeting.

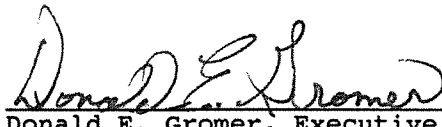
There being no further business, the meeting was declared adjourned.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605) 773-6050
FAX (605) 773-6053

MINUTES

MAY 15-17, 1991

**COMMISSION ON GAMING
GOLDEN HILLS RESORT
LEAD, SD**

MAY 15, 1991

Mr. Lien called the meeting to order with the following present: Commissioners Karen Crew, Evans Nord, Chuck Lien, Karl Fischer and Kristi Wagner. Also present were Grant Gubbrud, Director of Tax, Audit & Licensing; Donald Gromer, Executive Secretary; Randy Lemme, Enforcement Agent; Cora Hunsley Administrative Assistant Sharron Sprague, Auditor Roland Dolly, of the Governor's Office and Bill Srstka, Counsel.

Ms. Crew moved the minutes of April 4-5, 1991 be approved as printed. Second by Mr. Nord. MOTION CARRIED.

Mr. Aspaas of Architecture Incorporated apprised the Commission of his observations conducted yesterday and today. A discussion was held on the opening between Jackpot Charlie's and the Green Door owned by Mr. Bernard. Ms. Crew instructed Mr. Keith Umenthum to measure the whole wall and opening and report back to the Commission on May 16.

Mr. Aspaas stated they visited Goldberg's. Aspaas stated he wrote a letter to Mr. Gromer last June recommending that fire doors be placed between the two buildings and to date he had not received any correspondence relating to any alternative ways of separating the building. Aspaas stated there was no sign of attempting to remedy the situation. Ms. Crew moved that the Commission adopt a resolution that Goldberg's Grocery have fire doors acceptable to Architect Mark Aspaas by July 1, 1991. Second by Ms. Wagner. Mr. Srstka advised they must be given time to contest the resolution and it should be moved to a later date. Ms. Crew amended her motion to August 1, 1991 on the advice of counsel and to authorize the Executive Secretary to enter into an agreement with Goldberg's. Second by Ms. Wagner. MOTION CARRIED.

Mr. Roger Tellinghuisen appeared on behalf of the Old Style Saloon #10's petition for a declaratory ruling. Mr. Tellinghuisen stated they were asking the Commission to consider this, a multiple building. Ms. Crew moved, based on the advice of Mark Aspaas, pursuant to the declaratory ruling that the Old Style Saloon #10 be declared two buildings. Second by Mr. Nord. MOTION CARRIED.

Mr. Lien declared a recess until 9:00 a.m., May 16, 1991.

MAY 16, 1991

Mr. Lien called the meeting to order with the following present: Commissioners Karen Crew, Evans Nord, Chuck Lien, Karl Fischer and Kristi Wagner. Also present were Grant Gubbrud, Director of Tax, Audit & Licensing; Donald Gromer, Executive Secretary; Randy Lemme, Enforcement Agent; Cora Hunsley Administrative Assistant and Bill Srstka, Counsel.

Mr. Gromer reviewed the licensing recommendations to the Commission.

Mr. Fischer moved that the following be granted permanent Operator licenses:

Ron Russo, d/b/a Fairmont Hotel and Oyster Bay

Marlin Torguson, d/b/a Goldiggers #1, #2 and #3

James Hosch, Gene Gatti, Richard Gawlick, Tom Blair, David Cantley and William McComas, d/b/a Deadwood Gulch Resort #1 and #2 and Kenny's Restaurant

Richard Tieszen, d/b/a Lucky Miner and the Nugget

Roger Duba, Goodtime Novelty, d/b/a Jackpot Charlies and the Green Door

Joe Rowland, d/b/a DDD Enterprises

Second by Ms. Wagner. Ms. Crew objected to Mr. Duba receiving a license because of his brothel certificates. Mr. Fischer changed his motion to approve everyone except Mr. Duba which will be voted on separately. Second by Ms. Wagner. MOTION CARRIED.

Ms. Crew moved that the Commission approve the license for Roger Duba of Goodtime Novelty, two retail licenses for Jackpot Charles and the Green Door on the condition that the brothel certificates be removed. Second by Ms. Wagner. MOTION CARRIED.

Mr. Fischer moved that the following Distributor licenses be granted a permanent license, d/b/a SoDak Gaming:

Roland Gentner

Tom Celani

Second by Ms. Wagner. MOTION CARRIED.

Ms. Wagner moved the following be granted permanent retail licenses d/b/a The Palace.

Brad Hale

Jack Lynass

James Rogers

Second by Mr. Nord. MOTION CARRIED.

Ms. Crew moved the following be granted permanent Key Employee licenses:

Theresa Kragenbring

Myrna Gilman

Bonnie Jensen

Linda Kubo

Doug Brooker

Robert Crouch

Mike Howe

James Rinker

Second by Mr. Fischer. MOTION CARRIED.

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Mr. Fischer moved the following be given a temporary Operator license with conditions that the background investigation is fully completed and satisfied:

James Thorburn and Kenneth Kellar, d/b/a The Bullock Hotel

Second by Ms. Crew. MOTION CARRIED.

Mr. Fischer also moved that Diana Tisdall be granted a temporary Operator license to operate poker table only. Mr. Nord emphasized that if they are given a temporary, it does not follow that they will receive a permanent license. Mr. Tieszen requested that Ms. Tisdall also be authorized for blackjack also. With the amendment of, including blackjack tables also, the motion was second by Ms. Crew. MOTION CARRIED.

Ms. Crew moved the following be granted temporary Key Employee licenses until such time as staff recommends a permanent license:

Mike Massa	Mar Sternburg
Jeanne Maher	Roger LeClerc
Robert Brodeur	

Second by Ms. Wagner. MOTION CARRIED.

Mr. Fischer moved that the permanent Operator license of James Hosch, Eugene Gatti and David Cantley, d/b/a Gulch Gaming, Inc. be denied based on SDCL 42-7B-25, in that the majority of ownership is not held by a bona fide resident or citizen of the State of South Dakota. Second by Mr. Nord. Mr. Tim Dougherty requested that there be some sort of finding on the record that the applicants are not otherwise unsuitable for licensure. Mr. Srstka stated they were already licensed until just now, it was a matter of public record. Srstka also stated you wouldn't have to have an additional statement. MOTION CARRIED.

Mr. Lien stating this was the time and place set for the hearing on Jeff Rathbun, named Ms. Karen Crew as the Hearing Officer.

Mr. Srstka stated he was ready to proceed. Mr. Srstka stated this matter was commenced by a Summary of Suspension and Formal Complaint being filed. Mr. Srstka reminded the Commission that Brad Schreiber, Attorney for Mr. Rathbun had requested a continuance which was granted provided his client agreed to the continuance of suspension of his license. Srstka stated that since then, Mr. Schreiber advised him he would not contest or appear on the allegations of the complaint. Mr. Srstka introduced documents that show Mr. Rathbun was indicted by a Grand Jury in Lawrence County for fraudulent gaming. Mr. Srstka offered the following exhibits into evidence:

Exhibit 1, to be received as evidence, a Formal Commission Complaint, a Notice of Hearing and the document to start the hearing.

Exhibit 2, which is a document from the Commission file showing his license status.

Exhibit 3, a certified copy of the Grand Jury Indictment from Lawrence County.

Mr. Srstka called Don Gromer as a witness. Srstka asked Gromer if he was familiar with the Grand Jury indictment and if the case had been concluded. Mr. Gromer stated yes.

Mr. Srstka stated that concluded his case and advised the Commission to take the evidence under advisement.

Mr. Gromer explained the issues and the reason for a complaint against, Lee Thompson, d/b/a Phatty Thompson's and that they have entered into an agreement. Gromer stated Mr. Thompson agreed to pay a \$2500 monetary penalty and have his license suspended for 90 days. Gromer did advise the Commission that Phatty Thompson's closed May 11, 1991 and is no longer in operation. Gromer stated a criminal case report was prepared in violation of statute for failure to pay taxes and was submitted to the Lawrence County State's Attorney for prosecution. Ms. Crew moved to accept the agreement prepared by Mr. Gromer. Second by Ms. Wagner. MOTION CARRIED.

This being the time set for the proposed Rules hearing Mr. Lien closed the meeting to start the Rules Hearing. (SEE ATTACHED MINUTES)

Mr. Lien, stating this was the time and place scheduled for the hearing on David Jaeger and Douglas Sutfin, instructed Mr. Srstka to proceed.

Mr. Srstka read a letter received from Ronald R. Kappelman, Attorney for David Jaeger, stating neither he nor Mr. Jaeger would attend the hearing scheduled for Mr. Jaeger on May 16, 1991. Mr. Gromer stated his recommendation was to revoke his license and Mr. Srstka concurred. Ms. Wagner moved to dispense with the formal hearing on David Jaeger. Second by Mr. Fischer. MOTION CARRIED.

Mr. Lien reconvened the meeting for regular business waiting, for Mr. Sutfin to appear.

Mr. Keith Umenthum appeared and stated he measured the wall of Jackpot Charlie's and the Green Door as instructed by the Commission and the total length of the wall separating those two establishments is 94 feet. The total opening in that wall is a total of 54 feet which comes out to 57% of that wall. This also includes a glass cage exactly in between the two establishments running for a length of about 19 feet. Mr. Umenthum stated that because it is a glass cage it doesn't meet any of the requirements. Mr. Gromer stated right now they were only using one side of the building. Mr. Gromer asked for a motion based upon Mr. Aspaas' reviews that the building was not in conformance with the UBC. Mr. Gromer stated Mr. Umenthum also agreed that they were in violation. Gromer stated he would like to have the authority to advise them of that and it must be corrected prior to authorization of the devices. Ms. Wagner moved to authorize the recommendation. Ms. Crew asked if a resolution must be done instead. Mr. Srstka stated if this procedure was used it would give them a good chance to appear before the Commission and contest it. Ms. Wagner then withdrew her motion. Ms. Crew moved pursuant to ARSD 20:18:25:06 that the Commission adopt a resolution indicating that the inner access should be brought into compliance with the UBC and that failure to do so may affect the licensing in the future. Ms. Crew also moved that this must be taken care of by August 1, 1991. Second by Ms. Wagner. Mr. Nord asked if the other businesses with inner access were under compliance. Mr. Gromer stated Mr. Aspaas did visit the businesses and this was the only one that was brought to his attention. MOTION CARRIED.

Mr. Gromer brought the Commission up to date on the Wildcat, Inc. issues. Ms. Crew moved that Mr. Gromer be authorized to take all appropriate action in writing to Bill Martindale and Wildcat, Inc. concerning Mr. Martindale's residency, where that might be and recent court action concerning certain obligations which he has in regard to gaming. The motion would be that Mr. Gromer would have Commission authority to do whatever he feels is appropriate in regard to those issues. Second

by Ms. Wagner. Mr. Gromer suggested an addition be made to the motion, that prior to licensing Mr. Martindale and his two partners, Mssrs. Blevins and Jacobs, that they should appear before the Commission and let them explain. Ms. Crew withdrew her previous motion and moved that the Executive Secretary notify Mr. Blevins, Mr. Martindale and Mr. Mike Jacobs that they are to come before the Commission to explain certain matters concerning residency and recent court actions concerning monetary obligations concerning their gaming hall. Ms. Wagner withdrew her second to the previous motion. Second by Ms. Wagner. Mr. Nord asked if this would be at the next meeting. Mr. Gromer answered yes. MOTION CARRIED.

Mr. Gromer informed the Commission that the Internal Control Manual has been revised. Mr. Nord moved to adopt the Internal Control Manual. Second by Ms. Wagner. MOTION CARRIED.

Ms. Wagner moved that Mr. Gromer be given the authority to do job evaluations and increase salaries not to exceed mid-point. Second by Mr. Nord. MOTION CARRIED.

Mr. Gromer gave a report on his recent trip to Boston.

Mr. Lien then turned the meeting over to Ms. Crew as the Hearing Officer for the Douglas Sutfin Hearing.

Mr. Lien reconvened the meeting after the Sutfin hearing.

Mr. Gromer brought the Commission up to date on racing since it came under this office on April 1st.

Mr. Gromer reviewed letters from Mr. Dan Hartman and Scott Langman, whereby they have come to a tentative agreement with certain conditions to allow Sodrac to assume the simulcast sites in the western part of the state. Gromer stated it was his understanding that if Black Hills was not open within the next ten days the simulcast sites would be assumed by Sodrac. Mr. Fischer moved Sodrac be authorized, sometime on or after May 26, 1991 to take over the simulcast sites as agreed upon by Black Hills Greyhound and Sodrac. Second by Ms. Wagner. Mr. Dan Hartman of Black Hills Greyhound brought the Commission up to date on what has been happening at Black Hills. Hartman also informed the Commission that they will not be opening this season. After further discussion, the MOTION CARRIED.

Mr. Duane Olsen wanted to express his thanks for the support of Don, Grant and the Commission.

Mr. Joe Coble stated the transition has been very smooth and commends Mr. Gromer. Mr. Coble also stated he did go along with the recommendations of the revolving fund.

Mr. Lien declared a short recess.

Mr. Lien reconvened the meeting.

Mr. Gromer gave a review on the Retreat held in Sioux Falls and stated it was a success.

Mr. Frank Brost of the Governor's Office concurred with what Mr. Gromer said. Brost stated it was very educational. Brost informed the Commission that Roland Dolly of the Governor's Office will be the contact person for gaming issues.

Mr. Gromer reported that he did write a letter to the City and County asking for a

breakdown of expenditure of funds as instructed at the last meeting. Gromer stated Ken Morris is working on this but that he has not received a response from the County as of this date.

Mr. Gromer informed the Commission that he would like to wait until fall to invite Larry Eliason to conduct a seminar on racing.

Mr. Srstka informed the Commission that another rules hearing should be scheduled in the fall which would cover racing, Indian gaming compacts, etc.

Ms. Wagner moved that the following be allowed to operate 24 hours:

Midnight Star
Silverado

Bullock
Goldiggers #1, #2, #3

Second by Ms. Crew. MOTION CARRIED.

It was noted that the next scheduled meetings are:

Pierre on June 5-6 at the Governor's Inn
Sioux Falls on July 25-26, 1991 (TENTATIVE) Downtown Holiday Inn

Mr. Lien then declared an executive session to reconvene at 9:00 a.m. on May 17, 1991.

MAY 17, 1991

Mr. Lien called the meeting to order with the following present: Commissioners Karen Crew, Evans Nord, Chuck Lien, Karl Fischer and Kristi Wagner. Also present were Grant Gubbrud, Director of Tax, Audit & Licensing; Donald Gromer, Executive Secretary; Randy Lemme, Enforcement Agent; Cora Hunsley Administrative Assistant and Kit McCahren, Counsel.

Ms. Crew moved that the Commission revoke the support license of Jeff Rathbun pursuant to the hearing held on May 16, 1991 and that counsel prepare Findings of Fact, Conclusions of Law and Order. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer brought the issue of five individuals who were granted temporary key licenses and have been approved for permanent licenses but have not paid their licensing fee. Mr. Fischer moved the Executive Secretary be authorized notify the following individuals in writing, their temporary license is no longer in existence and they are not licensed to engage in gaming in Deadwood.

Barb Elmore
Sharon Ham
Arnold Waddell

Andrew Fischer
Lisa Huck

Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer reviewed the Memorandum of Understanding to be entered into with Nevada to share information. Ms. Crew reviewed the Memorandum and moved the Executive Secretary be authorized to sign Memorandum Agreement with Nevada as stated and as amended. Second by Mr. Nord. MOTION CARRIED.

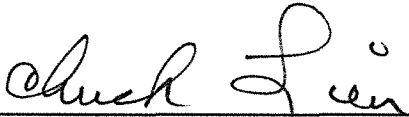
Mr. Marc Tobias brought the Commission up to date on the progress being made on a what type of centralized computer system would be best for us.

Ms. Crew stated the Commission took action in regard to Mr. Duba being licensed for the Green Door and as she recalls, Mr. Aspaas indicated as far as the water curtain was concerned there may have been some sort of oral approval by the Fire Marshal and there may not have been, he wasn't sure. Ms. Crew asked Mr. Bernard for his building plans. After viewing the plans, which states they were examined by the office of the State Fire Marshal and approved subject to compliance with any city ordinances or corrections that may apply, by Pete Bolzer, 5/1/91. This was something that was not known at the time the decision was made, that the Fire Marshal had approved it in writing on the plan. Ms. Crew noted it does state it does have to comply with all city ordinances. Ms. Crew state the other issue that must be brought up is the size of the opening. Mr. Bernard stated he measured it and it does not exceed. Ms. Crew stated there was a condition made on Mr. Duba's license in regard to the water curtain, opening and the brothel issue. Mr. Bernard was instructed to meet with Mr. Umenthum regarding the opening and have Mr. Umenthum report to Mr. Gromer in writing. Ms. Crew moved on reconsideration as to Mr. Duba's license, that any restrictions other than the business regarding the brothel certificates be deleted at this time and that Mr. Duba be granted a permanent Operator's license with the condition that they not use any of the brothel certificates. Second by Ms. Wagner. MOTION CARRIED.

There being no further business Ms. Wagner moved the meeting be declared adjourned. Second by Ms. Crew. MOTION CARRIED.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

**MINUTES
COMMISSION ON GAMING
GOVERNOR'S INN
PIERRE, SD
JUNE 5-6, 1991**

JUNE 5, 1991

Mr. Lien called the meeting to order with the following members present: Commissioners Karl Fischer, Evans Nord, Chuck Lien, Karen Crew and Kristi Wagner. Also present were: Grant Gubbrud, Director of Tax, Audits & Licensing; Stan Triplett, Director of Enforcement; Bill Srstka and Kit McCahren, Counsel; and Cora Hunsley, Administrative Aide.

Ms. Crew moved the minutes of May 15-17, 1991 be approved as printed. Second by Mr. Fischer. MOTION CARRIED.

Mr. Marc Tobias reviewed the centralized computer system. The Commission advised Mr. Tobias to explore the following and report back to the Commission: 1) Check into lease or purchase the system and have the bid specs for both; 2) the on-line system; 3) go with our own system rather than the Lottery; 4) a program for player interface to enable player and employee tracking and the cost; 5) owning our own circuits. Ms. Crew stated the Commission should pay for the system. Mr. Tobias stated the system would automate 90% of the reports. Tobias also stated it would cut down on paperwork and save money on employees. Mike Trucano stated he was concerned about the cost. Tobias stated he would work on the specs and would hold a bidders conference in the near future.

Mr. Gromer reviewed the completion of the horse racing season. Gromer stated there would be a hearing at the next meeting where the stewards ruling would be appealed.

Mr. Gromer reviewed the expenditures for the racing seasons and the various funds involved. Gromer reviewed what was approved as allotments by the previous Racing Commission. Ms. Wagner moved the Executive Secretary be authorized to stay with the \$3.00 leadout fee and \$0.50 bonus as it was last year and that Mr. Fischer work with the Executive Secretary on the fund allocations as previously agreed upon. Second by Mr. Nord. MOTION CARRIED.

A discussion was held on the simulcast sites. Ms. Crew moved the memorandum of agreement submitted by Black Hills Greyhound and Sodrac for the simulcast sites be approved. Second by Mr. Fischer. MOTION CARRIED.

Ms. Crew moved the Executive Secretary be authorized to approve the following as simulcast sites in Rapid City:

Murphies	Time Out Lounge	Luck Lady Casino
Robbinsdale Lounge & Casino	The Alex Johnson Hotel	Shooters

Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer advised the Commission that they were involved in a lawsuit regarding 51% ownership and he will keep the Commission apprised of the case.

Mr. Gromer informed the Commission that Legislative Audit has completed their audit of the Gaming Commission but their report has not been completed as yet and he will inform the Commission of their findings.

Mr. Gromer informed the Commission that Phatty Thompson's has been sold. Gromer stated he was concerned with the redemption of chips and tokens when a business was sold or went out of business. Mr. Fischer moved the Commission adopt a policy whereby, if any gaming business goes out of business, they be required to store their chips and tokens in a bonded warehouse. Second by Ms. Wagner. MOTION CARRIED.

Mr. Lien stated the Commission would be going into executive session and the meeting would reconvene at 9:00 a.m. on June 6, 1991.

JUNE 6, 1991

Mr. Lien called the meeting to order with the following present: Commissioners Chuck Lien, Karen Crew, Evans Nord, Kristi and Karl Fischer. Also present were Don Gromer, Executive Secretary: Stan Triplett, Director of Enforcement: Grant Gubbrud, Director of Tax, Audits & Licensing; Bill Srstka, Counsel and Cora Hunsley, Administrative Assistant.

Mr. Gromer brought up the Sherman Street Partners lease he received. The Commission instructed Mr. Gromer to ask these individuals to appear people before the Commission at the July 25-26 meeting.

Mr. Nord moved that all businesses who are currently operating 24 hours be approved for the next year (July 1, 1991 through June 30, 1992) pending approval of their license and there are no problems involved. Second by Ms. Crew. MOTION CARRIED.

Fire Marshal Harryman appeared before the Commission and presented his report of the latest inspections of businesses in Deadwood.

Ms. Wagner moved the following licenses be granted:

TEMPORARY KEY

Todd Booth	Teddi Essink
Dan Seidler	Melody Nelson
Boyd Harwood	

PERMANENT KEY

Wayne Barber Russ Gillett

TEMPORARY OPERATOR

Suzan Craig Old Irish, Inc.

Second by Mr. Fischer. MOTION CARRIED.

Ms. Crew moved the following Key licensees be renewed:

Marion Andresen	Mark Antonsen	Charles Boyle
Olen C. Chambers	Robert Crouch	Gregg A. Dittman
Dana F. Duffy	Patricia L. Eckart	Clifford Etherington
DeLyle Fall	Kathryn R. Finck	Rocky L. Finck
Kevin A. Friedel	Bradley D. Gauger	Myrna R. Gilman
Dorothy J. Greenwood	Zella A. Hannah	Joann Hanson
Michael M. Howe	Bobbie D. Humphrey	Judy D. Johner
Jack E. Jones	Theresa J. Kragenbring	Linda K. Kubo
Luann LaLonde	Robert E. Leonard	Jeanne A. Maher
Janis R. Mallory	Anthony P. Marino	Steven C. Mathiesen
Linda D. Maxwell	Joayne e. McQuillen	Mark Wm. Meyer
Jean a.Mohnen	George J. Nelson	Deborah D. O'Bryan
Leonard W. Park	John B. Perkovich, Jr.	John M. Peterson
George Picard	Verle A. Pierce	Douglas E. Pogor
James R. Rinker	Lynn C. Ruple	Joseph V. Russell, Jr.
Brenda Schauer	Nancy J. Slovak	Dana A. Sorensen
Cheryl L. Tostrup	Thomas R. Tostrup	Cindy L. Van Gerpen
Dana L. Walker	Betty A. Whittington	

Second by Mr. Nord. MOTION CARRIED.

Mr. Fisher moved the Executive Secretary be authorized to renew the licenses of key personnel upon submission of the renewal application, payment and that there are no additional problems with granting their license. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer brought up the issue of licensees waiting until the last minute to submit their renewals and license fees, creating a problem in completing the licenses by July 1st. After discussion, Mr. Nord moved the Commission adopt the policy that the renewal applications must be submitted forty-five (45) days prior to licensing or they could not be guaranteed of receiving a license on July 1. Second by Ms. Wagner. Mr. Fischer moved to amend the motion to include all licensees be notified of this in writing. Second by Ms. Wagner. MOTION CARRIED.

Ms. Crew asked Fire Marshal Harryman if all the sprinklers were installed in Deadwood. Mr. Harryman responded everyone is pretty much complete. Harryman stated 97% were in compliance except for the Franklin which is 80% complete, Gold Street, 15% complete and it will take at least a week to complete, and Oyster Bay which is 10% complete. Harryman also stated the Green Door/Jackpot Charlie's was in compliance. Harryman felt the water curtain was a means of accomplishing life safety.

This being the time for the Summons of Tony Cook, Bill Martindale, Bryan Blevins and Michael John Jacobs, Mr. Lien closed the meeting. Mr. Srstka stated Gary Jensen, Attorney appearing on behalf Mr. Cook, requested an executive session with the Commission prior to the hearing, said request was granted by Mr. Lien.

Meeting re-convened after executive session and hearing on the summons.

Ms. Crew moved the Executive Secretary be directed to enter into an initial complaint against Mr. Cook and proceed in that fashion pursuant to ARSD 20:18:10:01. Second by Mr. Fischer. MOTION CARRIED.

Ms. Wagner moved, upon the recommendation of the Executive Secretary, the following businesses be approved for licensing:

BUSINESS NAME	TYPE OF LICENSE
Anaconda	RT
Atlantic Pacific Corp.	OP
Goldiggers 1	RT
Goldiggers 2	RT
Goldiggers 3	RT
B.B. Cody's, Inc.	OP
B.B. Cody's	RT
(must have electrical problems completed by 7/1/91)	
Best Western Hickok House	OP
Best Western Hickok House	RT
Black Hills Novelty Co., Inc.	OP
S-Mart Gaming	RT
Deadwood Hotel Joint Venture	OP
Deadwood Gulch Lodge 1	RT
Deadwood Gulch Lodge 2	RT
Kenny's Restaurant & Gambling	RT
Dakota Partnership	OP
Buffalo Skull	RT
Eagle Bar	RT
Prairie Edge	RT
Deadwood Players, Inc.	OP
Miss P.J.'s Parlor	RT
Wild Bill Bar	RT
Evers of the Black Hills	OP
Bella Union	RT
Rotten Luck Willies	RT

First Gold, Inc.	OP
Black Jack	RT
Horseshoe	RT
Full House, Inc.	OP
Gold Dust	RT
Silver Dollar	RT
Good Time Novelty	OP
Green Door Club	RT
Jack Pot Charlies	RT
Grider Management	OP
Dakota Territory Saloon	RT
Gulch Valley, Inc.	OP
Bazel's Diner	RT
Jackpot Mining Company, Inc.	OP
Lucky Miner	RT
Jeffrey Stock Poker Tables	OP
Keehn Enterprises	OP
Aunt Sally's	RT
Old Style - Saloon #10	RT
Midnight Star Enterprises	OP (Temporary)
Midnight Star	RT (Temporary)
A&L Enterprises	OP
Miss Kitty's	RT
The Mint	RT
Wilderness Edge	RT
76 Restaurant & Motel	RT
Old Irish, Inc.	OP (Temporary)
Poke'	OP (Temporary)
Rocky Mountain Taffy Factory	OP
Rocky Mountain Taffy Factory	RT
S & E Investments, Inc.	OP
Depot	RT
Mother Lode	RT
Six A Corporation	OP
Buffalo Saloon	RT
Super G Investment Co.	OP
Silverado	RT

Three of a Kind	OP
Carrie Nation Temperance Saloon	RT
Cousin Jacks	RT
Deadwood Livery	RT
Tin Lizzie's Gambling Halls, Inc.	OP
Casey's	RT
Mustang	RT
Tin Lizzie's	RT
West Way, Inc.	OP
Bodega Cafe	RT
Bodega Saloon	RT
Goldberg Grocery	RT
Goldberg Soda Fountain	RT
Thunder Cove	RT
Lariat Motel	RT
Deadwood Dick's Saloon	RT
Fraternal Order of Eagles	RT
VFW	RT
Twin City Cleaners	RT
Bullock 1	RT
Bullock 2	RT
All Seasons Motel	RT
Hickok's Saloon	RT
Sam's Place, Inc.	RT
Gold Rush	RT
Lucky Wrangler	RT
T Shirt Shop	RT
76 Liquor Store	RT
Dakota Mercantile	RT
Peacock Club	RT
Pink Palace	RT
Marie's Cafe & Casino	RT
Pump House	RT
Shedd Jewelers	RT
Jackpot 4U Motel	RT

Second by Mr. Fischer. MOTION CARRIED.

Gold Street

Ms. Crew moved their license be renewed on the condition that the sprinklers are in by July 1, 1991 and a monetary penalty of \$2,000.00 be assessed which must also be paid by July 1, 1991. Second by Mr. Nord. Ms. Crew amended her motion to include the electrical problems must be completed within 30 days of 6/6/91. Second by Mr. Nord. MOTION CARRIED.

Oyster Bay

Ms. Crew moved they be granted a license July 1, upon receipt of a payment of \$2,000.00 monetary penalty for failure to have sprinklers installed by June 1st, and that the payment is received by July 1 and on condition that a renewal is received.

Second by Ms. Wagner. Mr. Srstka noted that this business had a change of ownership and the Commission should consider he was licensed sometime after the motion was made to bring the businesses into compliance. Ms. Crew moved to amend the motion to a \$500.00 monetary penalty. Second by Ms. Wagner. MOTION CARRIED.

Calamity Jane's

Mr. Fischer moved their license be renewed on the condition that we have the trustee of Chubba Trust's application in our office by July 25, 1991 and that all monies owed to the Commission pursuant to background investigations relative to Chubba Trust be paid by July 25, 1991 also. Second by Ms. Wagner. MOTION CARRIED.

Wildcat Investments

Mr. Nord moved their license be renewed providing the following conditions are met: 1) All outstanding bills be satisfied by September 15, 1991 to the satisfaction of the creditors, Courts and the Commission; 2) get the Northern Hills Distributing issue corrected; 3) furnish the Commission a list of creditors; and 4) that Wildcat Investments comply with all reporting requirements to the Commission as requested, and furnish a standard financial statement to the Commission prior to July 1. Second by Ms. Wagner. MOTION CARRIED.

Winners

Ms. Wagner moved Mr. Ewoldt be granted a license on the following condition, that during the next licensing year he abide by all reporting requirements regarding the standard financial statement. Second by Mr. Fischer. MOTION CARRIED.

Elks Lodge

Ms. Crew moved they be granted a license on the condition that prior to July 1, removing the door that the Fire Marshal objects to and replacing it with one acceptable to the Fire Marshal and that the Fire Marshal or representative of his office be, at the expense of the Elks Lodge, called out to inspect it prior to July 1 to make sure that they complied. Second by Ms. Wagner.

Durty Nellie's & Franklin Hotel

Ms. Crew moved the licensee be required to increase their liability insurance to \$10 million rather than \$1 million, assess a fine of \$1,000.00 for not having their sprinklers in by June 1, 1991, all electrical work be completed within six months and all sprinklers installed by July 1. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer asked Mr. Srstka if an appeal was requested, and the next meeting was scheduled July 25-26, where it would leave the license. Mr. Srstka answered if a hearing was requested by any of the licensees, they should automatically be given a temporary license until the hearing. Mr. Srstka stated special conditions could be put on a license but they do have a right to have a hearing under ARSD 20:18:11:01. Mr. Fischer moved on the advice of counsel if a licensee demands a hearing prior to July 1, they be given a temporary license, if requested, said temporary license to run up to July 25, 1991. Second by Mr. Nord. Roll Call: Nord, aye; Fischer, aye; Wagner, aye; Lien, aye; Crew, nay. MOTION CARRIED.

Safeway

Mr. Lien admitted that as Chairman of the Commission, a mistake was made in the licensure of Safeway in that they did not have 51% state ownership. Mr. Nord moved the renewal application be denied based on SDCL 42-7B-25. Second by Ms. Wagner. After discussion, Mr. Nord amended his motion to include Safeway be granted a temporary license up to July 25, 1991 if they petition for a hearing prior to July 1, 1991. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer brought up the issue of salaries. Gromer stated Stan Triplett's increase effective in July would still not bring him up to the classification job worth of his rank. Ms. Wagner moved Mr. Triplett be given a 4% increase after July 1, 1991 to bring him up to job worth. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer advised he would be asking for a job reclassification for Grant Gubbrud to Director of Operations after July 1, 1991.

Mr. Lien stated, Mr. Srstka has shared the pains and burdens of giving birth to a new industry, a very painful, very trying and very hard and this was the last meeting Mr. Srstka would be attending. Lien stated Mr. Srstka has been appointed as a well deserved accolade earned, as a Judge, and stated he was giving Mr. Srstka a standing ovation. Mr. Lien stated on behalf of the whole Commission Mr. Srstka was appreciated. Mr. Srstka stated it was rather a fortuitous event for him to be here, he appreciated it, and he thought this Commission could be very, very proud of what it has done, starting from zero with no knowledge of what is going on, no experience and the Commission has come a long way. Srstka stated the industry too can pat themselves on the back. Srstka stated it goes to show you that South Dakotans, when they put their mind to something and they decide to do something, that by working together we can all get it done. Srstka stated he was very proud of what the Commission has done and was very proud of his part in it. Ms. Crew moved the Executive Secretary write a letter to Mr. Srstka on behalf of the Commission, their appreciation for what he has done. Second by Mr. Fischer. MOTION CARRIED.

Mr. Fischer moved the firm of May, Adam, Gerdes and Thompson be retained as legal counsel with Tom Adam as primary attorney, at the same fee that we had with Mr. Srstka and that said contract be from July 1, 1991 through June 30, 1992. Second by Ms. Wagner. MOTION CARRIED.

Ms. Wagner stated in regard to the issue of the owner/operator being able to play poker in his or her own establishment, she has been contacted by several citizens of the state. Ms. Wagner moved a rule be drawn up at the next rules hearing if an owner/operator desires to play within their own establishment that they install overhead surveillance systems be placed above the tables in their particular place of business prior to playing in their own operations. Ms. Wagner stated she did receive several calls from across the State of South Dakota appreciating her no vote regarding this. Mr. Fischer stated it has not been confirmed that the rule adopted at the last meeting would be approved by Legislative Research Council. Mr. Srstka stated the rules adopted the last time were in the final phase of revision. MOTION CARRIED.

Mr. Tom Blair thanked Mr. Srstka for all the help he has provided the businesses in Deadwood and the Commission.

Mr. Tom Blair requested that he be granted a 24-hour license for Kenny's Restaurant once the machines are moved to this part which does operate 24-hours per day. Ms. Wagner moved this request be granted. Second by Mr. Nord. MOTION CARRIED.

It was noted since there would be a number of persons appearing before the Commission at the next meeting scheduled for July 25-26, 1991 in Sioux Falls, the meeting should be moved to the hills area.

Ms. Diane Cole of Deadwood Planning and Preservation introduced herself and stated she was the liaison between Historic Preservation and the Commission on Gaming and would be attending meetings from now on.

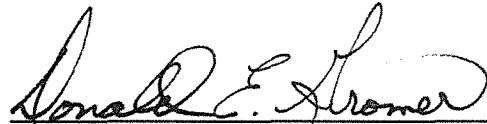
There being no further business the meeting was declared adjourned.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

COMMISSION ON GAMING
JULY 25-26, 1991
HOWARD JOHNSON'S
RAPID CITY, SD

JULY 25, 1991

The meeting was called to order by Chairman Lien with the following Commissioners present. Chuck Lien, Karl Fischer, Karen Crew, Evans Nord and Kristi Wagner. Also present were: Don Gromer, Executive Secretary; Stan Triplett, Enforcement Director; Grant Gubbrud, Director of Audits, Cora Hunsley, Administrative Assistant; Tom Adam and Mike Shaw, Counsel.

Mr. Nord moved the minutes of June 5-6, 1991 be approved as printed. Second by Mr. Fischer. MOTION CARRIED.

Mr. Fischer moved the Commission go into executive session for licensing purposes. Second by Mr. Nord. MOTION CARRIED.

Chairman Lien then re-opened the meeting to the public.

Ms. Wagner moved the following be granted permanent key licenses:

Boyd Harwood	Robert Brodeur
Melodee Nelson	Norman Puetz
Teddi Essink	Todd Booth
Michael Massa	Jeanne Maher
Daniel Seidler	Sharron Sprague
Roger LeClerc	Mar Sternberg
Joseph Massa	Dawn Dahl

Second by Mr. Fischer. MOTION CARRIED.

Mr. Fischer moved that the following be granted a temporary key license:

Robbin Johnson

Second by Ms. Wagner. MOTION CARRIED.

Ms. Wagner moved the following be granted a permanent operator license:

Virginia (Suzan) Craig - d/b/a Old Irish, Inc.

Second by Mr. Fischer. MOTION CARRIED.

Mr. Fischer moved the following be granted a temporary license:

Paul Case - OPERATOR - d/b/a Deadwood Gulch Saloon
Allan Rosenfeld - RETAIL - d/b/a BB Cody's
Jerry Johnson - RETAIL - d/b/a BB Cody's
James Shedd - OPERATOR - d/b/a Shedd's Gold En Gaming
Marilyn Shedd - OPERATOR - d/b/a/ Shedd's Gold En Gaming

Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer stated he was contacted by Mr. Paul Richter who was before the Commission today requesting a retail license to engage in gaming. Gromer advised the Commission his office was not ready to make a recommendation until certain issues in the background investigation were clarified.

Mr. Gromer advised Mr. Trucano that if he was granted a license for Safeway and with him also involved in the Franklin, it would jeopardize one of the licenses. Gromer stated according to statute, he was only allowed three licenses and a decision would have to be made, since the Franklin was requesting another retail license and the issue of whether or not it was two buildings would have to be decided by the Commission. Gromer reminded the Commission that Safeway was given a conditional license until this date since there was a problem with the 51% residency requirement.

Mr. Gromer reviewed the application of the Franklin Hotel which requested it be classified as two buildings. Mr. Aspaas of Architecture, Inc. stated back in mid-May, Keith Umenthum and he toured almost every building in Deadwood. Aspaas stated they did walk through the Franklin and looked at the portion which is being asked for a second building designation. Mr. Mark Aspaas stated his firm has always looked at buildings as they relate to gaming which they have been charged to do. Aspaas stated this did not fit the same guidelines that they had used in the past for separate buildings. Mr. Aspaas stated the Franklin issue could stand on its own because of separate structural systems and separations, it could meet the letter of UBC in terms of a building separation because of the walls in between. But, Aspaas stated when you get back into the history of intent of construction in that portion of the building, it was clear to him that it was built as an addition supplementary to the original use. Aspaas stated when you look at the history, it seems fairly clear to him that this does not meet the requirements that we use to determine separate buildings under other structures. Mr. Bill Walsh stated his intent was to bring the building and the addition up to code, and what they have worked out was, that main staircase is a very historical structure, and as a compromise, they worked out a situation where he would build an enclosed staircase on the outside of 1920 addition for safety purposes. Mr. Walsh stated in order to do that they simply would like a two building designation so that they could receive a \$50,000 grant from the historic commission to build this. Walsh stated this was his reason to come before the Commission because he really doesn't want a gaming license, what they really want is the two building designation so that they can get a low interest loan to build the staircase and comply with what the Fire Marshal was asking. Mr. John Feinberg, Architect for Mr. Walsh stated the reason they were here was the City has asked them to follow this procedure in order to get the two building designation. Mr. Feinberg stated they were going through this formality

simply for that reason. Feinberg stated the reason they were applying for a gaming license is that a percentage, or the original intent of the law is for gaming to be supplementary. Feinberg stated the Franklin was a very large structure, the largest structure in town, yet a very small percentage of the total square footage of the entire building is gaming. Some of the other structures may be as high as 40 to 50 percent, while they were down in the area of three to four percent.

Mr. Nord stated he resented the City of Deadwood putting this Commission in the position of approving or not approving a loan. Mr. Nord asked if the Commission could issue a retail license with conditions that no gambling devices go with it? Mr. Gromer stated the Commission would have to make a determination on whether it was an addition or separate building at this time. Gromer stated according to what Mr. Aspaas stated, his feelings were that it was an addition.

Mr. Feinberg stated the Franklin application was not an application for an actual license, it was a procedural matter of a designation of one or two buildings. Ms. Wagner asked "do we not have a request for license from the Franklin?" Mr. Gromer stated if they approved the application for the Franklin they were entitled to 30 more devices. Gromer stated whether they wished to exercise this or not was a decision they could make themselves. Gromer stated the comment Mr. Nord made was, is the condition of approving a license and then say you can't have any more devices. Gromer stated "What's the purpose of a license then, from this Commission's perspective." Mr. Nord responded "to get a loan." Gromer responded "I'm not sure we're on a loan committee here." Nord responded, "I'm not sure we are either and I don't think we should be placed in this position." Gromer stated he thought the issue should be between Mr. Walsh and the local committee that gives out these loans. Mr. Fischer stated "I don't think we need to change our rules to qualify Mr. Walsh's loan, I think that the City needs to change their rules to qualify Mr. Walsh." Fischer further commented, "We've determined what we consider as one building and two buildings and I don't think we need to modify it." After further discussion, Mr. Fischer moved the application of the Franklin Hotel for a two building designation be rejected. Mr. Gromer stated there were two issues to be considered, number one a separate and distinct business and number two, you have a co-owner of the Franklin that already has three licenses. If you grant that, you are actually entitling Mr. Trucano to four licenses which is contrary to law. The other issue is a separate and distinct building. Second by Ms. Wagner. Mr. Walsh then withdrew his application for a two building designation at this time. Mr. Fischer also withdrew his motion as did Ms. Wagner her second to the motion.

Ms. Wagner moved the following be granted a permanent license:

Full House Inc., - OPERATOR - d/b/a Calamity Jane's

Mike Trucano - OPERATOR - d/b/a Safeway

Second by Ms. Crew. MOTION CARRIED.

Mr. Marc Tobias, consultant for a centralized computer system advised he would need authority from the Commission to install fiberoptic cable along with the construction at the lower end of main street in Deadwood. Mr. Tobias stated it would probably cost approximately \$1.50 to \$3.50 per foot. Tobias stated the cable must be laid now at the lower end of main street from the 200 block to the 500 block while the streets are torn up. Tobias recommended a four fiber cable to accommodate

expansion and would like authority for approximately 2,000 feet of cable. Ms. Crew moved the Executive Secretary be authorized to expend funds on behalf of the Commission and that the Commission pay for the fiberoptic cable needed not to exceed \$5,000, based on our consultant's recommendation. Second by Mr. Fischer. MOTION CARRIED.

Mr. Tobias stated he was about 75% through with the bid specs and he would furnish a copy of the technical information to Mr. Gromer for review. Tobias stated the manufacturers and vendors must be allowed at least 30 days to review the documentation and requirements for a centralized computer. Tobias stated he would have the information to Mr. Gromer within two weeks and a bidders conference could be held shortly after Labor Day and it would probably be ready in early spring. Tobias stated that winter would be a better time to do this as there are less customers.

Mr. Lien noted it was now the time scheduled for the hearing in the matter of the petition for a declaratory ruling filed by Mr. Williams (COPY ATTACHED) and appointed Ms. Crew as hearing officer. Ms. Trish Nelson of Thompson & Thompson was the Court Reporter for all hearings.

Mr. Gromer briefed the Commission on the petition. Gromer stated Mr. Williams is a licensed support person at the present time and our office received information that Mr. Williams was a certified reserve officer for the City of Sturgis. Gromer stated that once the information was received he contacted Mr. Williams and it was the interpretation of himself that he was prohibited from being licensed because of the statute that prohibits law enforcement personnel from being engaged in employment with gaming.

Mr. Fischer moved the Commission go into executive session for discussion purposes. Second by Ms. Wagner. MOTION CARRIED.

Mr. Lien then stated let the record show the Commission was back in open session.

Mr. Fischer moved to deny Mr. Williams petition to be a reserve officer and also hold a license in Deadwood, based on the proceedings received. Second by Ms. Wagner. Ms. Crew stated this was not the motion to make, this was a declaratory ruling. Ms. Crew stated what he was really asking is, under SDCL 42-7B-20 holding license by certain persons prohibited. Ms. Crew stated what the question probably would be: Does that statute prohibit a reserve officer from serving as a security guard in an establishment basically, as a reserve officer, do we find them to be a law enforcement officer under various attorney general's opinions. Ms. Crew stated in William Janklow's opinion it states that "law enforcement officer means any employee or officer of the state or any political subdivision thereof and who is responsible for the prevention and detection of crime and the enforcement of the criminal or highway traffic laws of this state." Ms. Crew further stated what the Commission needed defined was, if he is a law enforcement officer and if he is employed in the prevention, detection of crime and enforcement of the criminal or highway traffic laws in the state. Mr. Fischer withdrew his original motion and Ms. Wagner withdrew her second. Mr. Fischer then moved that SDCL 42-7B-20 does preclude reserve officers from outside the City of Deadwood or Lawrence County from working as licensed security in a gaming establishment. Second by Ms. Wagner. Roll call as follows: Karl Fischer, aye; Kristi Wagner, aye; Evans Nord, nay; Karen Crew, nay. Chuck Lien, aye. MOTION CARRIED.

Mr. Dick Tieszen stated he was representing the Franklin at this time and they agreed with the Commission's evaluation on the case. Mr. Tieszen asked, as a courtesy of the Commission, if the Commission would consider sending a letter to Mr.

Dave Larson of the Deadwood Historic Preservation Commission explaining the fact it was not a decision this Commission should make. Any decision made by this Commission of one or two buildings, would really only be relevant to a question of licensing and not relevant to a question of whether these people should receive a loan. Mr. Tieszen requested the Commission send a letter to that effect to Mr. Larson making the Commission on Gaming's position clear. Ms. Crew moved the Executive Secretary be directed to write a letter incorporating what Mr. Tieszen has stated to Mr. Dave Larson explaining the Commission's position on this issue. Second by Ms. Wagner. MOTION CARRIED.

Mr. Lien declared a recess for lunch to re-convene at 1:00 p.m. for the scheduled hearing on Ralph Knickrehm.

Mr. Lien called the meeting to order with the same persons present. Mr. Lien stated it was time for the Ralph Knickrehm hearing, named Ms. Crew as hearing officer and then turned the hearing over to her.

After hearing all evidence Mr. Fischer moved that the Commission revoke the license of Ralph E. Knickrehm. Second by Ms. Wagner. MOTION CARRIED.

Mr. Lien noted it was ahead of the time scheduled for the Dave and Gloria Myers hearing and asked Mr. Roy Wise, attorney for Mr. Myers, if he had no objection, the Commission would proceed with the hearing. Mr. Wise stated he had no objection. Mr. Lien then closed the open meeting for the Myers hearing and named Ms. Crew as hearing officer.

Mr. Fischer moved the Commission go into Executive Session for deliberation of the above hearing. Second by Ms. Wagner. MOTION CARRIED.

Mr. Lien reconvened the meeting. Ms. Crew moved the Commission over-rule the decision of the steward based on ARSD 20:04:25:42 that intimidation cannot be used as a factor in a straightaway race. Roll call was taken with two (2) ayes and three (3) nays. Mr. Fischer then moved the Commission sustain the decision of the steward. Second by Mr. Nord. Roll Call as follows: Fischer, aye; Nord, aye; Wagner, nay; Crew, nay and Lien, aye. MOTION CARRIED.

Mr. Lien declared a 10 minute recess.

Mr. Lien reconvened the meeting stating the Commission would now take up the matter of the Chet Charter hearing and named Ms. Crew hearing officer.

It was the decision of the Commission to also conduct the Oyster Bay hearing at this time and deliberate both the Chet Charter and Oyster Bay issues at the same time.

Mr. Nord moved the Commission go into executive session for deliberation of the Charter and Oyster Bay hearings.

Ms. Crew moved that the Formal Commission Complaint issued on Mr. Chet Charter be adopted as written and that Mr. Charter's license be revoked. Second by Mr. Fischer. MOTION CARRIED.

Ms. Crew stated in reference to the Oyster Bay matter, the petitioner Mr. Ron Russo, has requested that the Commission change action previously taken. Ms. Crew moved that the Commission sustain action previously taken at the June 6th meeting. (\$500 monetary penalty for failure to have sprinklers in by June 1, 1991) Second by Ms. Wagner. Mr. Gromer asked if the penalty assessed was to be paid as of today. Ms. Crew stated if Mr. Russo has met the two conditions, have the sprinkler systems installed and that he pay \$500. This is to be paid today. MOTION CARRIED.

Mr. Jody Severson gave a report of the two marketing studies he conducted for the Deadwood Marketing Committee. Mr. Severson stated this report would be compiled and he would furnish a copy to the executive secretary.

JULY 26, 1991

Mr. Lien called the meeting to order with the following Commissioners present: Chuck Lien, Karen Crew, Evans Nord, Karl Fischer and Kristi Wagner. Also present were: Don Gromer, Executive Secretary; Grant Gubbrud, Director of Tax, Audits and Licensing; Stan Triplett, Enforcement Director; Cora Hunsley, Administrative Aide; Tom Adam and Mike Shaw, counsel.

Mr. Lien stated this being the time set for the hearing on the Gold Street petition he then named Karen Crew as hearing officer for the hearings scheduled for today.

Ms. Crew continued as hearing officer on the Franklin Hotel petition.

Mr. Ron Island appeared on behalf of the Elks Club. Mr. Gromer asked Mr. Island if the Elks was withdrawing their petition and that they will not have any gaming devices in their establishment. Mr. Island stated the Elks will withdraw their petition and they will not be involved in gaming. Island stated the Elks did not renew their license on July 1st. Ms. Crew stated this being the case, there would not be a need for a hearing and dismissed the court reporter.

Mr. Fischer moved the Commission go into executive session for deliberation of the petitions of Gold Street and the Franklin Hotel. Second by Mr. Nord. MOTION CARRIED.

Mr. Lien then reconvened the meeting. Mr. Nord moved in the matter of Gold Street, their fine be reduced from \$2,000 to \$1,000 payable today. Second by Mr. Fischer. MOTION CARRIED.

In the matter of the Franklin Hotel petition, Ms. Crew moved the Commission affirm a portion of the original order of the Franklin Hotel, we affirm the portion of the \$1,000 penalty assessed, which is to be paid today on condition that the sprinklers are in fact, installed and operational as represented by counsel and Mr. Walsh. Furthermore, that we ask Mr. Walsh to reaffirm at this time that all electrical code requirements are to be met and made by January 1, 1992. Based on that condition, Ms. Crew further moved that the Commission drop the requirement for the \$10 million dollar public liability insurance policy and that it be in the amount of \$1 million required by the Commission, although I understand from Mr. Walsh you have, in fact, \$2 million, we would encourage him to keep that amount. Mr. Walsh stated the record can reflect that we will continue the \$2 million insurance. Second by Ms. Wagner. MOTION CARRIED.

Mr. Lien declared a 10 minute recess.

Mr. Bill Martindale, Brian Jacobs with Harlan Schmidt and Jerome Ekrich as Counsel, appeared to explain the latest developments regarding their businesses and the

bankruptcy of Lincoln Corporation. It was noted that the Commission, at a previous meeting in June, did allow them until September 15, 1991 to have their creditors satisfied.

Mr. Gromer reviewed the request of IGT for additional machines for the Quartermania link and Mr. Maida's recommendation. Mr. Nord moved IGT be authorized up to a total of 250 machines for the Quartermania. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer reviewed the request of Scott Langman for a simulcast site at Gipper's in Yankton. Mr. Nord moved this simulcast site be approved. Second by Mr. Fischer. MOTION CARRIED.

Mr. Gromer reviewed a letter received from Jerry Callahan of Serv-A-Check regarding banks presenting checks twice, extending the clearing time. Ms. Crew moved the Commission take no action in reference to Mr. Callahan's letter, this Commission cannot possibly dictate to the Federal Reserve nor any bank that is a member thereof, on how they should clear their checks and what timetable to do so. Second by Ms. Wagner. MOTION CARRIED.

A discussion was held on the request of Roger LeClerc requesting variations to Black Jack. (COPY ATTACHED) Ms. Wagner moved the request for Black Jack variations of Mr. LeClerc be denied. Second by Mr. Fischer. After further discussion, ROLL CALL as follows: Fischer, aye; Wagner, aye; Nord, aye; Lien, aye; Crew, nay. MOTION CARRIED.

Mr. Gromer reviewed a letter received from Keith Umenthum, Building Inspector, regarding his program for periodic inspections. Ms. Crew moved the Executive Secretary request Mr. Umenthum to advise the Commission of any establishments that do not meet code during his regular inspection. Second by Mr. Nord. Mr. Nord asked if it should be directed to Mr. Umenthum personally or to the office of building inspector. Mr. Nord stated he thought it should be directed to all, such as, Building Inspector, Fire Marshal, City Commission, Electrical Commission. Ms. Crew amended her motion that the letter be directed to the Office of the Fire Marshal, Harry Harryman, City Commission of Deadwood and the Electrical Commission and anyone else, at the Executive Secretary's discretion. MOTION CARRIED.

Mr. Gromer advised the Commission that he has hired Dan Poeppel as Enforcement Agent and he is to start August 1st.

Mr. Gromer advised the Commission he was approached by a firm called Historical Footprints regarding the Commission having a documentary of the happenings to date. It was the consensus of the Commission that the Executive Secretary do some further checking and have someone appear at a future meeting.

Mr. Gromer advised the Commission that he and Mr. Triplett have been checking into the disposal of chips and tokens and explained the process involved in this. Mr. Fischer moved to authorize the Executive Secretary to work out a contract with Ace Steel & Recycling of Rapid City to shear and recycle chips and tokens. Second by Ms. Wagner. MOTION CARRIED.

Mr. Gromer reviewed the letter received from Legislative Audit citing the serious problem of not enough auditors on staff to conduct the audits of businesses. Gromer also stated that he does have a position description questionnaire (PDQ) submitted

to the Bureau of Personnel for approval to hire an inspector and the duties he would expect of this position. Ms. Crew moved the Executive Secretary be authorized, at his discretion, to hire as many inspectors as needed upon approval of this classification by the Bureau of Personnel and that he also be authorized to hire one additional auditor. Second by Mr. Fischer. MOTION CARRIED.

Mr. Ron Olinger and John Murphy appeared on behalf of issues relating to horse and dog racing. Mr. Gromer reviewed the fund expenditures from the various funds and recommended to hold the funds until the end of the calendar year. Mr. Gromer recommended a cash bonus of up to \$5,000 to kennels at Sodrac at the end of the live season. Mr. Murphy would like to have an opportunity to present Sodrac's case at some future date. Ms. Crew moved the Executive Secretary, authorized to negotiate with Sodrac and any of Sodrac's representatives, including Mr. Murphy and that the Vice Chairman Mr. Fischer be involved in this also, and that, of the \$88,000 they award an amount not to exceed \$5,000 as a bonus to each kennel running at Sodrac at the end of the season. Ms. Crew further stated in this motion, if the negotiations are to be on a percentage basis rather than a flat amount to each kennel, no matter how they place at the end of the season, that the Executive Secretary, Mr. Fischer, Sodrac and Mr. Murphy, and any representative of Sodrac also, to authorize one on a percentage basis up to \$35,000. Second by Mr. Nord. MOTION CARRIED.

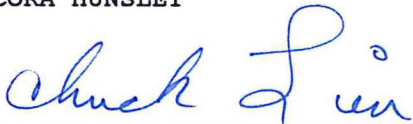
Mr. Gromer brought up the request of Sodrac to operate one extra day at the end of the season due to the fact they had to suspend racing on June 30, after the running of the seventh race because of heavy rain and electrical storms. Ms. Crew moved Sodrac be allowed to operate the one matinee performance on September 1 to make up that day. Second by Ms. Wagner. MOTION CARRIED.

After discussion, the next meeting has been tentatively set for September 19-20, 1991.

There being no further business Ms. Wagner moved the meeting be adjourned. Second by Ms. Crew. MOTION CARRIED.

Respectfully submitted,

CORA HUNSLEY



CHUCK LIEN, CHAIRMAN



DONALD E. GROMER, EXECUTIVE SECRETARY

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

**COMMISSION ON GAMING
SEPTEMBER 19-20, 1991
DEADWOOD GULCH RESORT
DEADWOOD, SOUTH DAKOTA**

SEPTEMBER 19, 1991

The meeting of the South Dakota Commission on Gaming was called to order at 1:00 p.m., MDT, by Chairman Chuck Lien, with the following members present: Chuck Lien, Karen Crew, Karl Fischer, Kristi Wagner, and Evans Nord. Also present were Don Gromer, Executive Secretary; Tom Adam, Commission Counsel; Brad Christensen, Auditor; Grant Gubbrud, Director of Tax, Audits & Licensing; Stan Triplett, Enforcement Director; and Jeannette Schipper, acting as secretary.

Mr. Fischer moved the minutes of the July 25-26, 1991, meeting be approved as printed. Second by Mr. Nord. Motion Carried.

Chairman Lien advised those in attendance that the agenda had been revised to indicate that pending legislation would be discussed during open session, rather than in executive session.

Upon motion duly made, seconded and unanimously carried, the Commission met in Executive Session.

Chairman Lien reopened the meeting to the public at 4:50 p.m. with all Commission members present. Commissioner Nord was excused from the meeting because of illness.

A presentation was made to the Commission and those in attendance by Wayne Paananen and Grant Wellford of "Historical Footprints", outlining their proposal to produce a six to ten minute informational video program for use by the Commission members and staff when they appear before organizations and the public. Mr. Paananen stated that the total cost of producing such a video would be approximately \$500 per finished minute and the video could be finalized within three to four weeks after they receive the approved script from the Commission. Mr. Gromer stated that the advantages of the Commission having such a video done would be 1) that it could be used as an aide if any members are asked to give public talks; 2) it would be an excellent vehicle to show to legislators at interim meetings; 3) it would leave some type of documentation of the early stages of gaming and the Commission. Mr. Paananen stated that the finished product would be the exclusive property of the Commission; however, they would retain photography in

their library, but would not release any of it, use any footage, or produce anything from it without the Commission's permission.

Chairman Lien recessed the meeting at 5:15 until 9:00 a.m. on September 20, 1991.

Chairman Lien reconvened the meeting of the Commission on Gaming at 9:00 a.m, MDT, September 20, 1991. All Commission members were present except Evans Nord.

Declaratory ruling as requested by Mr. Henderson

The Petition of Richard Henderson, Ipswich, South Dakota 57451, with reference to the issue of whether or not an owner absolutely must pay a jockey fee preceding the race in which the jockey is about to race was considered. Mr. Henderson was not present. The Commission considered the letter from Thomas C. Adam of September 4, 1991, a letter of September 9, 1991, from Duane R. (Ole) Olsen, State Steward, comments by Executive Secretary Donald E. Gromer, and regulations ARSD 20:04:28:02 and 20:04:24:99, and upon motion by Ms. Crew, seconded by Ms. Wagner, directed the Executive Secretary and counsel to respond generally that the activity at the Fort Pierre race track during three weekends in 1991, complied with the intention of statute, and the regulations which governed that activity. Motion Carried.

The Executive Secretary indicated that the code compliance agenda issues with reference to the "Green Door" and "Goldbergs" was continued to the next commission meeting.

Pending Legislation

Mr. Gromer stated that he didn't know of any legislation the staff would be looking at during the upcoming session as it refers to Deadwood gaming. He had talked with counsel about possible problems in existing racing laws, but that they would be more "cleanup" than anything.

When the audience was asked if the industry was planning to propose any legislation, Mr. Owen Emme, of the Deadwood Gaming Association, advised the Commission that his association has not talked of any specific legislation, but he thought a request for an increase in the limits will be put forth by the Association. He added that he had a concern about the action proposed by the Lottery Commission to limit check cashing to \$100, and if that does not have an exception for the Deadwood industry, it would create a detriment for them. Video lottery might be taken out of establishments in Deadwood if there is not an exception for them. The Association may ask the Lottery Commission to exempt Deadwood as they did in regard to the shielding of machines from minors.

Mr. Tom Blair stated that he thought legislation would be a topic of discussion at the fall retreat planned in Rapid City.

The Commission set the times and dates for the fall retreat as follows: October 29, commencing at 1:00 p.m. and continuing at 9:00 a.m. on October 30. The Commission will hold a regular meeting following the retreat on October 30 and continuing into October 31, if necessary. All meetings will be held at the Howard Johnson's in Rapid City. Mr. Gromer added that notes from the Sioux Falls retreat will be forwarded on to participants within the next one to two weeks.

Licensing

A motion was made by Karl Fischer and seconded by Karen Crew to license the following individuals as key employees:

John Daley
Robbin Johnson
Marty Nelson
Steve Chandler
William Parsons

Motion carried.

A motion was made by Karl Fischer and seconded by Kristi Wagner to issue permanent licenses to the following who have been operating with temporary licenses:

Dan and Kevin Costner and Francis and Carla Caneva d/b/a
Midnight Star

Motion carried.

A motion was made by Kristi Wagner and seconded by Karl Fischer to issue permanent licenses to the following individuals who operate the Bullock Hotel:

Kenneth L. Kellar
James Thorburn

Motion carried.

A motion was made by Kristi Wagner and seconded by Karl Fischer to issue a permanent operator/retailer license to:

James and Marilyn Shedd d/b/a Shedd's Jeweler

Motion carried.

A motion was made by Karen Crew and seconded by Kristi Wagner to issue a permanent retail license to:

Allen Rosenfeld and Jerry Johnson d/b/a B. B. Cody's

Motion carried.

A motion was made by Karen Crew and seconded by Karl Fischer to approve a temporary operator's license for Ray Winsel (who is purchasing Chuck Ewoldt's share of his slot route operation) until such time the staff can fully update his application. Motion carried.

Mr. Gromer advised the Commission that Ferdinand Balkenhol, licensed by the Commission as an operator/retailer d/b/a Rocky Mountain Taffy and The Painted Pony, had made application for another retail license d/b/a Marie's. A motion was made by Karen Crew and seconded by Kristi Wagner to issue a permanent retail license to Mr. Balkenhol d/b/a Marie's. Motion carried.

A motion was made by Karen Crew and seconded by Kristi Wagner to issue a permanent license to Paul Case for Deadwood Gulch Saloon. Motion carried.

Mr. Gromer advised the Commission that an amendment to an application had been received by him which states that Gary and Judith Case are applying for a retail license for the Bella Union. A motion was made by Karen Crew and seconded by Karl Fischer that Gary and Judith Case be issued a permanent license for the Bella Union. Motion carried.

A motion was made by Karen Crew and seconded by Kristi Wagner to issue a permanent operator/retailer license to Gary and Judith Case and Paul and Maxine Case for Rotten Luck Willies. Motion carried.

Mr. Gromer advised the Commission that an application for a retail license had been received from Paul T. Richter d/b/a Tim Richter Gaming. Mr. Richter appeared before the Commission on September 19; the background investigation has been completed; and due to the financial arrangements, it was the staff's recommendation that Mr. Richter not be considered for a retail license. A motion was made by Karen Crew and seconded by Karl Fischer that the retail license application for Tim Richter Gaming be denied. Motion carried.

Mr. Lien recessed the meeting for ten minutes.

Chairman Lien reconvened the meeting.

Executive Secretary's Report

Mr. Gromer brought to the attention of the Commission that disciplinary action had been taken against Sue Tennyson, Brenda Shauer and Jimmie Sims who were all key employees at one time of Phatty Thompson's (now a defunct business). When members of the Commission staff audited Phatty Thompson's they found several discrepancies where there was flagrant violations of the internal compliance procedures. Because of those violations, initial complaints were entered into. All three of the licensees agreed to informal consultation. Each of the licenses agreed with the results--a \$200 monetary penalty and a seven-day suspension of license.

A patron of the Silverado forwarded a complaint to the Commission office stating that a very intoxicated person was allowed to gamble in that establishment. The enforcement agents investigated; and as a result of the investigation, an initial complaint was issued against Bill Andresen, a key employee of Silverado. There was an informal consultation, and he agreed to a \$1,000 monetary penalty and a 30-day suspension of license.

Mr. Gromer pointed out that the Commission has the power to overrule his actions; however, there was no motion to do such.

Chairman Lien stated that as the responsibilities of the Commission have grown, it was his recommendation that the entire Commission would continue with Deadwood Gaming; however, other specific responsibilities would be assigned to individual members as follows: Karen Crew would handle all legal concerns within the Commission, including hearings. Evans Nord would look after Indian Reservation gambling from the Commission's point only. Kristi Wagner would handle greyhound racing matters. Karl Fischer would handle horse racing responsibilities. A motion was made by Karen Crew and seconded by Kristi Wagner to accept the recommendations of Chairman Lien. Motion carried.

Chairman Lien recommended that the chairman and vice chairman of the Commission be elected on an annual basis during the first meeting in July of each year. A motion was made by Karen Crew and seconded by Karl Fischer that the chairman and vice chairman be elected on an annual basis commencing July 1 of each year, and that an election be held to elect a chairman to serve until July, 1992. Karen Crew amended her motion to state that the election be held on an annual basis during the first meeting following July 1. The motion was seconded by Karl Fischer. Motion carried.

A motion was made by Kristi Wagner and seconded by Karen Crew to re-elect Chuck Lien as chairman and Karl Fischer as vice-chairman until the election in July, 1992. Motion carried.

Don Gromer provided the Commission with the documentation from the U.S. Bankruptcy Court concerning Black Hills Racing.

An interstate simulcast agreement and common pool agreement for Southern Dakota Racing Club (Sodrac) were discussed. Counsel for the Commission will review the agreements, and it will be brought before the Commission at the next meeting.

Mr. Gromer advised the Commission members that he received a letter from United Track Racing requesting \$53,000 from the revolving fund for operational expenses (tote expense). Vice Chairman Fischer and Mr. Gromer had reviewed the request and recommended approval from the Commission to provide the requested funds. The \$53,000 requested is a part of the 60 percent allocated by the former Racing Commission to go to the greyhound track for operating expenses from the revolving fund.

A motion was made by Karen Crew and seconded by Karl Fischer to pay the requested funds. Motion carried.

The Executive Secretary reported that Sodrac Park has asked the Commission to authorize them to participate in the National Breeders Cup Pick Seven/Net Pool Pricing concept, a simulcast system whereby the seven stakes races of the Breeders Cup are pooled into a betting scenario where an individual would pick the seven winning horses of the seven stakes races. Mr. Gromer said that because he had not had sufficient time to review the request he only wanted to bring it to the Commission's attention at this time, and that he and counsel would review the request to ensure that the concept is in conformance with South Dakota's rules and would report back to the Commission at a later date.

A motion was made by Karen Crew and seconded by Karl Fischer to approve the Scoreboard Sports Lounge in Spearfish, South Dakota, as a simulcast site. Motion carried.

Mr. Duke Behrens requested permission to establish hours of operation for Dakota Territory from 10 a.m. to 4 a.m. daily. Mr. Gromer pointed out that ARSD 20:18:21:11 states in part: "A licensee may not conduct gaming outside of the hours of 6:00 a.m. to 2:00 a.m. without a 24-hour permit granted by the commission. Retail licensees desiring to obtain a 24-hour permit shall apply in writing to the executive secretary. A licensee must specify which days of the week he will be open for 24 hours a day. A licensee must remain open 24 hours a day for those specified days if the permit is granted." He added that it was his opinion that the rule as it is written does not allow Mr. Behrens to be open the hours requested. Ms. Crew agreed that to grant Mr. Behrens' request would not be in compliance with the current rule. Chairman Lien suggested that the rule be changed in the future as it is not the Commission's intent to impose unreasonable regulations on businesses which are not cost effective for them. Ms. Crew stated that law enforcement concerns must be taken into consideration when reviewing the rule for possible change.

Summons Response of Shamrock, Inc.

Harlan A. Schmidt, James P. Hurley and William P. Martindale appeared for Shamrock Corp. Mr. Gromer read a letter from Bryan O. Blevins advising the Commission that he was unable to attend the meeting but that Harlan Schmidt would represent him at the meeting. The members of Shamrock Corp. are William P. Martindale, J. Michael Jacobs and Bryan O. Blevins.

Mr. Martindale reviewed a schedule of creditors for Last Chance Saloon, Lillie's and Wildcat Investments, Inc., which showed a total of \$352,884.89. He stated that all have either been settled or are ready to settle under Chapter 11.

At the request of Mr. Gromer, Mr. Martindale explained that there were three corporations--Woodbine Corp. that operates Lillie's; Lincoln Corp. (in Chapter 11) which operates Last Chance Saloon; and Wildcat Investments. There was a Keywest Corp. which operated out of a picture framing business, but that license was not renewed effective July 1. Wildcat Investments has been changed to Shamrock Corp. which holds the operator license for the two retail licenses--Lillie's and Last Chance.

Mr. Schmidt stated that to the best of his knowledge all the debts had been settled for Lillie's. Wildcat has been dissolved. He added that Keywest Corp. is totally insolvent; and he has been in contact with Lisa Jorgenson's attorney and he thought that there has been a default entered as to the lease--they have stipulated with her attorney that they have no property interest in the place anymore and the lease has been terminated. He said that some bills have been paid without running through his office, but the ones he took care of were the ones primarily that had pleadings or some sort of formal controversy; and those have either been paid in full or settled and paid at least 50 percent or in some cases 2/3 with one more installment due next month.

When Mr. Adam asked how much had been paid of the \$351,000+ shown, Mr. Martindale responded that about \$250,000 had been paid. Mr. Martindale said that several had been settled at 100%, but others were settled for lesser amounts--some at 80, 82, or 85 cents on a dollar; however, to be more detailed as to which creditors, he would have to go back to his accounting records. Mr. Martindale stated that all withholding taxes are current. Mr. Hurley stated that from the point of view that he is familiar with, Lincoln Corporation, his law firm managed to come up with a plan handling the Chapter 11 as of September 1. Early on in the Chapter 11 the unsecured creditors, those creditors listed on the creditor sheet marked with an asterisk, Stan Anker's bill (attorney for Patrick Kirwan, purchaser on contract for deed for the building the Last Chance Saloon is located in) is required by statute to be paid at 100 percent; First Gold, Hogg Restaurant Supply, Knight Security and Nobel/Sysco (unsecured creditors) are all paid between 64 and 70 percent. The agreements state that approximately 50 percent of each claim will be paid upon court approval, which is anticipated to be October 1, with the balance due 30 days thereafter. There is approximately \$16,000 on hand to pay the first set of payments right after the court approval. As to Patrick Kirwan, all the lease payments are current and have been paid every month. The insurance is current, the \$1MM liability is there, the required coverage for building and contents is there. There was a problem with the lease and the only reason for the Chapter 11 was that Mr. Kirwan and his counsel believed that the lease had terminated by virtue of the fact that there had been a default because certain liens had been filed because of the renovation of the building. That matter came before the Federal Court in Rapid City on September 10 and the judge ruled that the lease was not terminated and was continuing in force and, in fact, could be assumed by Lincoln Corp. A motion was filed that day to assume the lease, and the hearing comes up on

October 1. At that hearing the court is going to want to know if the corporation is feasible and Mr. Hurley stated that they believe the judge will believe that it is. He said that at this point all the creditors are settled or they are in the process of settling with them. The only problem he saw was that the court schedule may not be able to accommodate concluding everything October 1 and that they may have to go on to the November term to get the last matters wound up. Mr. Hurley added that there is an additional \$30,000 in escrow to fund the settlements with Terra Industries and the local plumbing and heating.

Lisa Jorgenson stated that she and her husband own the building at 641 Main Street. They have had a portrait studio there for approximately nine years. They leased their building to Keywest in May of last year and Keywest did some reconstruction. The casino opened in July and the last payment Keywest made to the lienholders on the building was around the beginning of July, the last rent payment was made on September 12, and they moved out of the building in January. They did not release control of the building until September 10, 1991. She advised the Commission that a \$303,000 judgment had been filed against the gentlemen involved. She stated that Keywest is insolvent and asked if the parties involved planned to pay this bill, if they planned to go bankrupt or if they planned to leave it. When Mr. Gromer asked the reason for the \$303,000 judgement, Ms. Jorgenson replied that it is to satisfy the lienholders, as well as the unpaid rent.

Chairman Lien declared a 10-minute recess to allow time for the Commission to review the judgment.

When the Commission reconvened, Karen Crew asked for a response from Mr. Martindale, Mr. Hurley or Mr. Schmidt. Mr. Hurley stated that their preparations for the current meeting were for Shamrock, and he had not personally focused in on Keywest for the reason that it is legally a separate entity, legally the court is taking care of it, it is not now operating, and the lessor has possession of the building. He said he understood the concern because some of the same people involved in Shamrock are involved in Keywest. During the recess he visited with Ms. Jorgenson and proposed that he would get with her lawyer and determine what can be done. Some of the claimants who worked on the other buildings to improve them were involved in the renovation of the Keywest building. He said he did not know what can be done but was committed to her to immediately get with her lawyer to see if something can be resolved within the next 30 days.

Mr. Lien stated that he would suggest that they be left as a temporary licensee to give them time to try to find any solutions. He said he understood that legally the Commission has no power to force them to do something that they do not wish to do, but didn't think the members would look favorably upon going through one shell, through another shell, through another shell, discarding some and successful in others.

Mr. Martindale stated that this was discussed at the last Gaming Commission meeting and he stated at that time that there would be no way they could get anything done on Keywest within this time plan because it is financially and physically impossible. He stated that they did \$350,000 worth of improvements on Ms. Jorgenson's building, \$105,000 of which went to Ms. Jorgenson and her husband for lease and lease bonus. The Jorgensons have never been out of the building and they never paid any rent during that period that they (Mr. Martindale and associates) were the lessees running the building. Mr. Martindale said the \$350,000 remitted through Keywest Corp. included \$105,000 to Lisa and her husband and approximately \$250,000 worth of improvements on the building, of which somewhere around \$150,000 were not paid. When asked by the Commission Chairman if he had a solution, Mr. Martindale stated that he did not have any solution. Mr. Lien asked if extending the temporary license and giving them more time would help. Mr. Martindale replied that any time would help them because they need more time to clean up everything that is under agreement at this time. He said that he had told the commission that he could not get anything done by this time and now that cool weather is coming, it is hard enough to get by anyway.

When questioned by Mr. Fischer, Mr. Hurley stated that his thought is that looking at the list and visiting briefly with Ms. Jorgenson that some of the people involved in improving her building were also involved in the other buildings, and in the Chapter 11 they are receiving what they agreed to receive and are satisfied with that, and they know it is coming out of the same pocket. Now they will address themselves to the next concern. He agreed that it is not fair to try to take them all at once, but if they can be taken in order and do something which is agreeable to the claimants on Lisa's building, perhaps something could be done. They do not want the Jorgensons to lose their building over the matter--if they can help it.

Ms. Jorgenson said that of the \$303,000, \$161,000 is actual liens on the building that need to be paid or satisfied. She believed that \$15,000 is for incomplete work. Allen Hood, an Electrical Commission inspector, has set a deadline to complete the work that has not been finished or he will shut them down. She said they do not have the money to take care of the bills.

Mr. Fischer asked if there is some common ground between the Jorgensons, their attorney, and the other group and their attorney, to work something out, then maybe they can come back to the next meeting or a later meeting.

Chairman Lien stated that the Commission has no power to force them to do anything outside of what the laws say. If the corporation goes into bankruptcy, the court handles it. He commended them with making progress with the other problems, and stated that he admired them for trying to sit down with Lisa Jorgenson's lawyer to see what can be worked out. From the viewpoint of the Commission, they are on a temporary license basis and the best thing to do is to extend the

temporary license. The Commission wants primarily to keep the slate as clean as possible in Deadwood.

Mr. Adam concurred with Mr. Lien, and said the only clout the Commission has is not to grant a permanent license, and the Commission is asking the applicant to make the decision easy for them. He added that he thought it would be good judgment for the applicants to take a look at it because someone has been damaged monetarily and is in fact in a financially awkward position. He added that when they come back again this should be handled so the Commission does not have to be stressed about either a yes or no.

When asked by Ms. Crew how much time would be needed, Mr. Hurley responded that they would know more about it in 30 days and could give the Commission a status report then on the Keywest, the judgment on the coporation, and if there is some meeting of the minds.

Karen Crew referred to SDCL 42-7B-33 which gives statutory authority to the Commission to act on problems like this. She said a conditional license was given on condition that creditors were paid, and she didn't feel the Commission meant that one corporation could be carved out to have it loaded with debt and pay the others. She added that this is getting to be an extremely precarious situation, and that she had voted against Mr. Martindale's license because of his financial background. She added that if the matter isn't resolved by January 1, 1992 as far as she is concerned, the individuals involved would be out of the gaming business.

A motion was made by Karen Crew and seconded by Kristi Wagner that the Commission extend the temporary license until January 1, 1992 on the condition that interim reports be made to the Commission every 30 days and that the matter be settled by January 1, 1992 at which time the Commission will take up the issue of licensing again.

Mr. Martindale stated that he has been responsible in attempting to handle matters but that they are no longer gaming at the establishment mentioned in the judgment, and they can only do so much so fast.

Lisa Jorgenson said it was good that an opportunity was given to the individuals to get things squared away, but that she did not want them to ignore their bills and added that the judgment was signed by their attorney. She said they would not be unreasonable and would be willing to work with the individuals in the Keywest Corp.

Chairman Lien said he thought, in his view, super progress had been made in trying to clean up the rest of the bills.

Motion carried.

Executive Secretary's Report

Mr. Gromer directed the Commission's attention to correspondence to Milt Schwartz, along with attachments, concerning a computerized system to monitor the operation of gaming machines in licensed facilities in Deadwood. Mr. Schwartz had advised Mr. Gromer that the RFP for the system should go through the Office of Purchasing and Printing, and Mr. Gromer concurred with that procedure. On September 13, Mr. Schwartz sent to Mr. Tobias the recommended changes of his office on the RFP. When the changes of the Purchasing and Printing Office, along with Mr. Gromer's changes, are made, the RFP will go out through the Office of Purchasing and Printing. Mr. Gromer hopes to have a vendors meeting soon to see what their input is, along with the input from slot machine vendors. Information Processing Services for the State of South Dakota has also reviewed the information and has told Purchasing that since it is a very specialized computer system, they have no problem with Gaming running the operation itself.

Mr. Gromer provided the Commission with a recap of FY91 and advised them that from July 1, 1990, through June 30, 1991, there was total gaming action of nearly \$330,000,000. The amount paid back to the players was \$297,000,000+, with an adjusted gross revenue of \$32,500,000+, which means the gaming proprietors in Deadwood held about 9.8 percent. For fiscal year 1991, \$227,110 was remitted to Lawrence County, \$967,814 to the State General Fund, and \$5,047,328 to the City of Deadwood. Mr. Gromer further explained that the Commission's operating expenses for FY90 were \$621,997 (including start-up costs, etc.) and that was about 19.8 percent of all revenues received. In FY91, the operating expenses were \$790,311 which was about 10.5 percent of revenues. He stated that the budget will go up in FY93 due to the slot data system. He stated the goal of the Commission was to hold administrative costs below 15 percent, and even with the slot data system, they should still be able to maintain that goal. Karen Crew commended the staff for keeping expenses down.

Mr. Gromer provided the Commission with a document entitled "South Dakota Commission on Gaming--Recalculation of Tax Due from Sodrac". At this time it was not discussed, but he said it would be made available to those entities that are interested.

He did address the Commission's attention to a document provided to them entitled "Racing Administrative Expenses through August 30, 1991." He said that during last year's legislative session, it was estimated that it would cost approximately \$250,000 of gaming dollars to provide the administrative costs for racing. The staff has calculated the costs to date which have been paid from Deadwood funds, and they total \$102,679. Costs throughout the balance of the year should be minimal because all live meets for the year have concluded. He said the reason the figure is low is because there are no personnel services of the gaming staff included, nor are phone billings, office rent, etc., included because those are costs naturally absorbed. He estimated total costs would probably not exceed \$160,000 to \$180,000 because Mr. Gromer and his staff made cuts in expenditures that did

not jeopardize the integrity of racing, including travel, laboratory expenditures, organizational memberships, etc.

Mr. Gromer stated that the top 20 gaming establishments in Deadwood comprised 57.1 percent of all gaming action in July. In April it was 63.4 percent, January--66.69 percent, October, 1990--60.49 percent, July, 1990--65.5 percent, and April, 1990--91.97 percent. In April, 1990, there were 37 establishments licensed. In July, 1991, there were 83 retail licenses issued. (This is 30 devices per retail license.)

Grant Gubbrud explained that gaming revenues dropped from July to August to \$42,618,468. It is still the second largest month since gaming began and it is up 18 percent from the previous August.

Old Business

None

New Business

Diane Cole of the Historic Preservation Commission and Deadwood Economic Development Corp. discussed design guidelines used by Historic Preservation to make decisions.

A motion was made by Kristi Wagner and seconded by Karen Crew that the Gaming Commission instruct the Executive Secretary to work with Historical Footprints in developing a script and document to be utilized for Commission purposes. Motion carried.

Mr. Gromer reminded the Commissioners that their photographs are needed.


Chairman Lien adjourned the meeting at 1:00 p.m.

Respectfully submitted,

Jeannette Schipper
Department of Commerce & Regulation



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

1:00 P.M.

NOVEMBER 13, 1991

COMMISSION ON GAMING

HOWARD JOHNSON MOTOR LODGE

RAPID CITY, SD

ROLL CALL AND APPROVAL OF MINUTES

Chairman Chuck Lien called the meeting to order with the following members present: Karen Crew, Karl Fischer, Kristi Wagner and Frank Brost. Also present were: Commission on Gaming staff personnel, Don Gromer, Grant Gubbrud, Cora Hunsley, Stan Triplett, and Counsel for the Commission, Mike Shaw.

Mr. Lien introduced Frank Brost as the newest member of the Commission replacing Evans Nord, who passed away since the last meeting.

Mr. Fischer moved the minutes of September 19-20, 1991 be approved as printed. Seconded by Ms. Wagner. MOTION CARRIED.

CONSIDERATION RELATING TO BUILDING COMPLIANCE

JACKPOT CHARLIE'S/GREEN DOOR

Persons appearing: Jerry Rachetto, Counsel; Bill Bernard, Owner; Mark Aspaas, Architecture Inc.; Keith Umenthum, Building Inspector; and Dick Robinson.

Mr. Gromer refreshed the Commission's memory of the issue. Gromer stated Mr. Bernard had a system installed that was commonly referred to as a water curtain system and there was some confusion as to whether or not this was sufficient for building separation. Gromer stated the resolution adopted by the Commission at their June 5-6, 1991 meeting was sent to Mr. Bernard and the issue has been postponed until today to resolve that resolution. Gromer stated from documents received from the Fire Marshal, Building Inspector Keith Umenthum and Mr. Mark Aspaas it appeared that all parties were in agreement that the water curtain presently installed meets life/safety code requirements. Mr. Gromer stated the issue before the Commission was whether or not the water curtain provides the area separation that is expected under the rules and regulations. Gromer stated Mr. Rachetto, counsel for GreenDoor/Jack Pot Charlie's, advised him it was not his client's desire to be in an infraction of the rules, but instead he was here to see whether or not (1) he complies to date, and (2) what he may have to do to be in compliance.

Mr. Mark Aspaas of Architecture, Inc. stated that he was consulted initially for the purpose of defining what is a building. Aspaas stated that the reason for this was the Commission, in it's efforts to describe limited gaming, decided that the statute

should say that there should be no more than 30 devices per building. Aspaas further stated "this particular case is easy to determine, it is two buildings. The confusion is between Keith Umenthum and Pete Bolzer, they are mandated by their duties to look at buildings to determine if they are safe or not. Aspaas stated what the Uniform Building Code (UBC) does say, is that if we do have two separate buildings, and in this case, because of gaming devices, history and all the other things, we have determined separate buildings, then you have to have an area of separation. The UBC defines that area of separation in the fashion that we have used in many other cases in Deadwood as a wall that is of two hour construction, openings not exceeding 25% of the area of the wall and those openings shall be protected by one and one-half hour fire rated assembly. The UBC also describes those, they are UL rated doors. Ms. Crew reviewed ARSD 20:18:25:02 Inner access, which states "If two buildings are adjacent and share a common party or wall, there may be inner access if the inner access complies with the Uniform Building Code, 1988 edition, and complies with the NFPA 101, Life Safety Code, 1988." Ms. Crew stated this meant 25% opening and asked Mr. Bernard how wide the opening was. Ms. Crew then asked if everyone was in agreement that it was in excess of 25%, all answered affirmative. It was noted that Mr. Bernard has two retail licenses and 50 devices. Mr. Bernard stated when he started the project he was under the assumption that it was 25% of the square foot of wall space, then after they were all done they were told it was 25% of the lineal. Mr. Umenthum stated that each building does have a rear exit so even with an area of separation there would be an exit. Ms. Crew asked Mr. Bill Bernard how wide the opening was. Mr. Bernard responded the wall is 103 feet and the opening was 29 feet. After further discussion, Mr. Fischer moved the Commission enforce the 25% opening between the two buildings. Seconded by Ms. Wagner. MOTION CARRIED.

Mr. Rachetto asked if the Commission would grant 60 days to come under compliance. Mr. Aspaas asked Mr. Rachetto if once the 25% opening rule is complied to, are you assuming that the type of fire door required by the gaming rules is also adhered to, or is the water curtain water deluge system applicable in this case in that 25% opening? Mr. Fischer stated that his motion was that the Commission enforce the regulation of 25% and that includes the doors just like the Commission has been enforcing on other people. Mr. Fischer moved to grant Mr. Bernard 60 days to come into compliance with existing standards and criteria. Seconded by Ms. Crew. Mr. Bernard asked if this would mean that he had to put in the overhead curtains then. The deluge has already been approved by the State Fire Marshal. Mr. Rachetto read a letter received from Mr. Gromer dated September 16, 1991. Mr. Fischer asked Mr. Bernard if he wanted two buildings for a definition of machines and one building for a definition of life/safety or the water wall. MOTION CARRIED.

GOLDBERG'S

Persons appearing: Dennis and Sharon Richardson; Mark Aspaas.

Mr. Gromer briefed the Commission that this was also another separation issue, one is Goldberg Grocery and the other is Goldberg Soda Fountain. Gromer stated there was a different aspect in this because of a difference of opinion regarding the opening between the two buildings. Gromer stated that documentation from Mr. Umenthum and Mr. Mark Wolf claimed that this is an historic opening and to put any type of a closure door between the two buildings would, in some way or another, impede or hinder the historical aspect of the opening. Mr. Lien asked Mr. Richardson if he had any more input. Mr. Richardson stated "he had put most of his thoughts into the fact of the life/safety issue. That Mr. Harryman, on many occasions - and I have a letter from him which clearly states that he thinks putting in a fire door in this opening would impede people being able to get out of the building. He feels very strongly about it, I talked with him on several occasions,

he said Dennis, I wouldn't do it unless you're absolutely forced to. And if you are forced to, then I think we ought to go to court and find out." Mr. Richardson stated he thought this was the issue, the life/safety. With the last correspondence I had with Mr. Gromer I stated in the letter that obviously this is not a life/safety issue any longer because we determined that we are in compliance with the City, with Mark, with Mr. Harryman, but we have a political question here rather than a life/safety issue. Mr. Richardson stated he did look into the type of door that Mr. Aspaas has mentioned and at this time it was beyond his financial means to do. Mr. Fischer asked Mr. Richardson how many machines he had. Richardson responded 48. Gromer stated he would encourage the Commission to be consistent with their rulings. Mr. Richardson stated it would cost about \$18,000 to \$20,000 for the door. After hearing all testimony regarding this issue, Chairman Lien ruled this issue be held over until the next meeting until the issues are resolved between everyone.

Ms. Crew stated in fairness, the Commission should reconsider Mr. Bernard's application at the next meeting since there was no danger to the public if no decision was made today. Ms. Crew then moved to reconsider Mr. Bernard's position and table both until the next meeting. Mr. Lien ruled that the first motion (Green Door/Jackpot Charlie's) stand and this issue (Goldberg) be tabled until the next meeting, until something is worked out. Ms. Crew withdrew her motion and moved the Commission reconsider the action taken on Mr. Bernard's application and table that one as well as this one until the next meeting. Motion failed for lack of a second.

24-HOUR PERMIT BY LUCKY WRANGLER

Mr. Gromer stated they requested permission to remain open 24 hours per day on weekends commencing at 8:00 a.m. Friday until 2:00 a.m. on Monday morning. Gromer stated staff did not have an objection to this. Ms. Barb Mattson stated she would like to withdraw the request and explained the reasons why. Ms. Mattson asked if they were approved for 24 hours do they really have to remain open 24 hours. Mr. Gromer stated there was a rule regarding this and this rule is marked for a change at the next rules hearing.

EXECUTIVE SECRETARY'S REPORT

Mr. Gromer reviewed a letter that was written to Mr. Barnett, Attorney General, requesting clarification through an AG's opinion on legislation having to do with racing. This specific legislation is SDCL 42-7-79 which has to do with the amount of proceeds remitted by the tracks during meets.

Mr. Gromer stated he was approached through Gaming Laboratories, Int. to allow bill acceptors on slot machines. Gromer stated video lottery machines do have acceptors. Gromer stated there was nothing in the rules that allows for or prohibits the use of bill acceptors. Mr. Brost moved the Commission prohibit the use of bill acceptors at this time. Second by Ms. Wagner. Roll Call as follows: Fischer, aye; Brost, aye; Wagner, aye; Crew, nay. MOTION CARRIED.

Mr. Gromer stated that ^{items} C&E were the same thing on the agenda. Gromer stated it was that time of the year when a contract must be negotiated with a laboratory that will analyze and give findings on urine and blood specimens from animals that race at the meets. A proposal was sent out to different labs throughout the country. After further discussion, Ms. Crew moved the Executive Secretary be authorized to enter into a contract with Harris Labs. Seconded by Ms. Wagner. MOTION CARRIED.

Mr. Gromer reviewed the race dates requested by the tracks for the next season. Joe Coble stated it was up to the Commission to set the dates. Ms. Crew moved the

following track and race dates be approved:

Verendrye Benevolent Assn, Ft. Pierre - 4/18/92 to 5/10/92 for a total of 8 racing days and 10 races each day.

The American Legion, Aberdeen - 5/16, 17, 23, 24, 25, 30, 31, 1992 for a total of 7 racing days and 12 to 14 races per day.

Sodrac, North Sioux City - 5/21/92 to 9/7/92 for a total of 63 racing days, 63 performances scheduled Monday, Friday, Saturday & Sunday nights.

Satellite/Simulcast performances at the following sites: January 1-December 31. January 1-May 17 (Sunday, Wednesday, Thursday, Friday, Saturday) a total of 100 days/160 performances, May 21-Sept. 7 (Wed., Sat., Sun., to all locations; Thur., Fri., Sat., Sun. to all locations except Sodrac and Sioux Falls) for a total of 79 days/126 performances September 9-December 31, (Sun., Wed., Thur., Fri., Sat.) No racing November 26 and December 25 for a total of 78 days/126 performances, and to reserve the following simulcast sites for the 1992 race season: Sioux Falls, Aberdeen, Huron, Watertown, Mitchell, Brookings, Rapid City, Deadwood, Hot Springs and Spearfish.

Seconded by Mr. Brost. MOTION CARRIED.

It was noted that a Notice of Hearing be sent to Paul and Maxine Case to appear at the next meeting.

Chairman Lien noted for the record that he has been asked to appoint a Long Range Planning Committee consisting of 10 members.

It was consensus of the Commission that the next meeting be set for December 17-18, 1991 in Deadwood.

Mr. Gromer reviewed the Stipulation and Assurance of Voluntary Compliance entered into with Antone (Tony) Cook. Mr. Fischer moved that this be accepted by the Commission. Seconded by Ms. Crew. MOTION CARRIED.

Upon motion duly made, seconded and unanimously carried the Commission met in Executive Session. Ms. Crew and Mr. Brost excused themselves at about 5:15 since they had a flight to catch.

At about 5:20 p.m. the Executive Session was adjourned and the meeting reconvened in Regular Session.

Ms. Wagner moved the following persons be granted a permanent key employee license:

Pat Gainey	John Young	Peggy Branum
Mike Cracco	Steve Achtien	

Seconded by Mr. Fischer. MOTION CARRIED.

Mr. Fischer moved that the following license be granted:

Hickok's - Temporary Operator

Seconded by Ms. Wagner. MOTION CARRIED.

Ms. Wagner moved to instruct Counsel to review two contracts submitted for approval

by Deadwood Gulch Resort. One being a routing contract with Rich Cleveland and the other a rental contract, and based upon Counsel's examination, the Executive Secretary be authorized to approve or disapprove said contracts. Seconded by Mr. Fischer. MOTION CARRIED.

Ms. Wagner moved the following policy statement for the Commission on Gaming and staff be adopted:

"That any recommendations, be it licensing or approval of any sort of business to be taken upon through staff or Commission, if not submitted to the Commission office 10 business days prior to a scheduled Commission meeting, any information faxed or sent to the Commission office, if not within the 10 day period, would not be taken up until the following Commission meeting."

Seconded by Mr. Fischer. MOTION CARRIED.

There being no further business the meeting was adjourned at 5:30 p.m.

Respectfully submitted,

Cora Hunsley



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

**COMMISSION ON GAMING
DECEMBER 17-18, 1991
FIRST GOLD HOTEL
DEADWOOD, SD**

1:00 P.M. - DECEMBER 17, 1991

CALL TO ORDER AND APPROVAL OF MINUTES

Mr. Lien called the meeting to order with the following present: Commissioners Chuck Lien, Frank Brost, Karl Fischer and Kristi Wagner; Staff, Don Gromer, Stan Triplett, Grant Gubbrud and Cora Hunsley, and Tom Adam, Counsel.

Mr. Fischer moved the minutes be approved as printed. Seconded by Ms. Wagner.
MOTION CARRIED.

EXECUTIVE SECRETARY'S REPORT

Mr. Gromer reviewed the information in the Commission packets.

Mr. Gromer reviewed Sodrac's request to change the location of a simulcast site in Huron that has been closed to Shennanigan's and one in Aberdeen from the Lumber Company to the Ward Hotel. Mr. Fischer moved the simulcast sites of the Ward Hotel in Aberdeen and Shennanigan's in Huron be approved. Seconded by Mr. Brost. MOTION CARRIED.

Mr. Gromer reported on the meeting of various racing personnel held in the Pierre office on November 21, 1991. Gromer stated he felt it was a productive meeting.

Mr. Gromer advised the Commission that Brad Christensen, an Auditor in our Deadwood office has resigned to further his education.

Mr. Gromer advised the Commission that Mr. Lien has appointed the members of the Long Range Planning Committee and the progress the Committee has made to date. Gromer stated the Committee has hired McGladrey & Pullen as facilitator.

Commissioner Karen Crew arrived about 1:15 p.m.

Mr. Gromer reviewed the letter received from James Maida of Gaming Laboratories regarding Mystery Jackpot and explained the operation of Mystery Jackpot. After further discussion Ms. Crew moved Mystery Jackpot be approved. Seconded by Mr. Fischer. MOTION CARRIED.

DECLARATORY RULING OF PAUL AND MAXINE CASE

Issue to be answered: Whether Petitioners maintain separate and independent financial interests such that the acquisition of additional interests in Rotten Luck Willie's and the Bella Union are in compliance with SDCL 42-7B-26, which provides that no person may have a financial interest in more than three retail licenses.

Persons appearing: Paul Case; Maxine Case; Mitchell LaFleur, Attorney; and LeRoy Ketel, CPA.

Specific statute for ruling: SDCL 42-7B-26.

Mr. Lien turned the meeting over to Ms. Crew as hearing officer.

Mr. LaFleur stated under SDCL 42-7B-26 there was a provision that no person may have a financial interest in more than three retail licenses. Mr. LaFleur stated it was their contention that in this case, allow Maxine Case three licenses and Paul Case three licenses. Mr. LaFleur stated that through the years they have maintained separate financial interests and believe they are substantial and corroborated by financial statement presented by Mr. Ketel, CPA, of Ketel & Thorstenson & Company of Rapid City. Mr. LaFleur presented a Memorandum in Support of the Petition For Declaratory Ruling along with copies of the following: Article XXI, Section 5 of the South Dakota Constitution, Rights of Married Women; Article VI, Section 18 of the South Dakota Constitution, Equal Privileges or Immunities; Article VI, Section 14 of the South Dakota Constitution, Resident Aliens' Property Rights; Article VI, Section 2 of the South Dakota Constitution, Due Process-Right To Work; SDCL 25-2-7, Property Rights And Powers of Spouse. Mr. LaFleur stated you can't deprive property without a due process hearing. Mr. LaFleur stated they contend that the right to hold a license is a property value and that each person, under the equal protection clause, has an equal access to that right. Mr. LaFleur stated in SDCL 25-2-7, the South Dakota Legislature spells out that each spouse, without reference to gender, shall have and retain after marriage all the civil and property rights of a single person.

Messrs. LaFleur and Ketel explained the separate and joint financial holdings of Paul and Maxine Case.

Ms. Crew then concluded the hearing at about 1:55 p.m and turned the meeting back over to Chairman Lien.

EXECUTIVE SESSION

Mr. Lien declared a five minute recess and stated the Commission would then go into executive session to re-convene at 9:00 a.m. December 18, 1991.

9:00 A.M. - DECEMBER 18, 1991

Mr. Lien called the meeting to order with the same individuals present.

Mr. Lien noted the hearing scheduled for Guy Andrews III at 9:00 a.m. has been postponed, therefore, the Commission would take action on licensing and other items on the agenda until the next hearing scheduled for 9:30 a.m.

LICENSING

Mr. Gromer stated there was one operator/retailer license and one retail license before the Commission. One being Old Irish, Inc., presently licensed as an Operator

requesting a Retail license d/b/a Dakota Territory and the other was a Retail license for Super 8 Motel. Ms. Wagner moved the following licenses be approved:

Suzan Craig - Temporary Operator/Retail - d/b/a Old Irish, Inc.
Super 8 - Permanent Retail

Seconded by Ms. Crew. MOTION CARRIED.

Ms. Wagner moved the following be granted a permanent Key employee license.

Chuck Opitz

Seconded by Ms. Crew. MOTION CARRIED.

Mr. Gromer advised the Commission that since the last meeting four initial complaints were filed by the office and as a result, informal consultations were held and a Stipulation and Assurance of Voluntary Compliance agreed on between himself and the licensees. Mr. Lien requested Mr. Gromer report on these one at a time for the Commission to vote on.

Mr. Gromer stated that he and Mr. Daryl Heil, a Key employee for the Fraternal Order of Eagles, have entered into a Stipulation and Assurance of Voluntary Compliance on a complaint made against him for employing a person who did not have a support license. Gromer stated as a result of this Mr. Heil has agreed to a \$250 monetary penalty and no similar violations. Ms. Crew moved that Mr. Daryl Heil receive a \$250 monetary penalty and no similar violations. Seconded by Mr. Fischer. MOTION CARRIED.

Mr. Gromer stated Mr. Dennis Richardson of Goldberg's Soda Fountain had a complaint entered against him by the office for allowing a minor to play. Mr. Gromer stated one of the enforcement agents caught a 19 year old girl playing a slot machine with her mother, the girl was arrested and convicted by the Lawrence County Court. Mr. Gromer stated Mr. Richardson has agreed to a \$250 monetary penalty for this violation and no similar violations. Ms. Crew moved that Goldberg's Grocery receive a \$250 monetary penalty and that there be a condition attached that there be no similar violations. Seconded by Mr. Brost. MOTION CARRIED.

Mr. Gromer stated Mr. Charles Harper, a Support licensee, was engaged in dealing and was involved with a contractual service with a Retail licensee and failed to report this to our office. Mr. Gromer stated an informal consultation was held and a Stipulation and Assurance of Voluntary Compliance will be entered into, whereby it was agreed that such practices would cease by Mr. Harper and that he would not engage in a similar action. Ms. Crew moved that the Commission approve and accept the written Stipulation and Assurance of Voluntary Compliance entered into by Mr. Gromer and Mr. Harper. Seconded by Ms. Wagner. MOTION CARRIED.

Mr. Gromer stated the Pink Palace was involved in a management decision to engage in paying dealers by a percentage of their drops. Gromer stated an Initial Complaint was filed, an Informal Consultation was held and it was agreed that the owners would have a realignment of supervision within their business and they would engage in no similar activity. Ms. Crew moved the Commission move to a formal hearing on the Pink Palace. Seconded by Mr. Fischer. MOTION CARRIED.

OLD BUSINESS

None.

NEW BUSINESS

Mr. Dennis Richardson asked when the next rules hearing may be scheduled? Mr. Gromer stated it would probably be in February or March and would encourage individuals to submit suggestions or proposals as soon as possible.

Mr. Tom Blair asked if any legislation was being submitted on behalf of the Commission. He was advised only cleanup legislation would be offered. Mr. Brost stated the last day for filing individual legislation was January 28, and the last day for filing Committee legislation was January 29.

Mr. Gromer reviewed the request of Mr. Harry Christianson d/b/a Full House, Inc. to allow them to purchase existing stamps from another operator. Mr. Gromer stated this does not have anything to do with the transfer of machines, all they wish to do is purchase the stamp. After further discussion, Ms. Crew moved the Commission not allow transfers of stamps separate from the machines, they are not a commodity that can be traded or sold, but only transfer of stamps with machines. Seconded by Ms. Wagner. MOTION CARRIED.

Mr. Gromer stated a change would have to be made in SDCL 42-7B-58 Records -- Confidentiality -- Exception for official purposes and tax purposes. Gromer stated as time goes along he is running into difficulty with this statute with all the other states entering into gambling and requesting background information. Chairman Lien stated a motion would not be necessary on this and he would instruct Mr. Gromer to work this out. Mr. Lien also instructed Mr. Gromer to use caution on divulging this information and to stay with professional law enforcement agencies.

Mr. Lien declared a five minute recess before the 9:30 a.m. hearing.

PETITION FOR RE-HEARING FROM JACKPOT CHARLEY'S /GREEN DOOR

Mr. Lien stated "We are on the record here and we do have a court reporter, I will then turn the hearing over to Commissioner Crew as hearing officer."

Mr. Brost moved to continue the hearing to the next meeting of the Commission to determine, if in fact, it has been accepted as a historic preservation opening. Second by Mr. Fischer. Roll Call as follows: Brost, aye; Fischer, aye; Crew, aye; Lien, aye; Wagner, nay. MOTION CARRIED.

Ms. Crew then closed the hearing on the Green Door.

Mr. Gromer asked about the issue of Dennis Richardson d/b/a Goldberg's and what the desire of the Commission was. Mr. Gromer then brought the Commission up to date on the issue and stated the action taken at the last meeting was, that Mr. Richardson was to come forward with proposals to comply. Mr. Lien recommended this issue be postponed until the next meeting. Mr. Lien stated that this would be decided one way or the other at our next meeting. Mr. Lien stated, "As the Chair, he was instructing the staff, you Mr. Gromer, that the Commission will not grant any licenses, changes, or anything, until they have satisfied all the building codes and recommendations from those people, in the professional positions and experts, in a written letter to you (Gromer)". Mr. Lien further stated "We started out trying to make Deadwood safe, I think with the cooperation of Deadwood we've done a very good job. We are neophytes in this area, and I don't think we, as a Commission, belong in it. This is the only way we are ever going to stop this. I don't think we belong in it because we're not experts in this area. We have very, very capable experts, in the City and in the state. This is an effort to place the responsibility and the authority in professional hands where it belongs. No

licenses will be processed until they come to you, with written agreements that they have met all of the codes, actions and clearances. Is that understood? The only thing that we will do is police our own rules, like the 25 percent opening. Now I make that statement, it's a long motion, but it is a strong desire. I think we've done our jobs, it belongs in professional hands and they've got good professional hands out there... We have a few other things to better spend our time." Mr. Lien then asked if this should be in the form of a motion and invited the other Commissioners for input. Mr. Fischer stated he felt the instructions were strong enough and did not think it should be in the form of a motion. All members of the Commission concurred.

Mr. Richardson stated "I would like to say one thing for the record so we can consider this next time. As far as the position at Goldberg's gaming is concerned, we have complied with all UBC, we have complied with all life/safety, we have complied with all of the people you are talking about, all we're here now to try to do, is satisfy you folks, the Commission. Everyone else is satisfied."

Mr. Lien stated "what he was saying was, from here forward we want the City to write us a letter saying that's done. We want the state and everyone else that has those responsibilities, knowledge and expertise in that area, because we don't. If that letter comes to us, that's fine, but if we just take your word or anyone's, and I believe you, we will be back into this mess. I am trying to set a process that is fair and right and any questions we have on rules that we have made, we will enforce." Mr. Richardson stated "I understand where you're coming from and those letters have been submitted. I didn't want you to think we have not been trying to conform in good faith here."

Mr. Aspaas stated "I would echo the fact that I think its a good idea to get all of this done prior to the issuance of the licenses, because in these particular instances, I recall having stood in Goldberg's Grocery with Mr. Shama during the construction, showing him where a fire door should or could be. I wrote a letter to the architect that was representing the Green Door after preliminary schematics showed the potential for a water curtain a year ago, December 31st. It was sort of all after the fact... Construction commenced, questions were raised during construction and after construction and that's not the way it should be. There should be a formal process by which all of these questions are answered before they get into construction because if they have to change what they have already done, it's going to be a lot more expensive than if they would have done it in the first place..."

Mr. Harry Harryman, State Fire Marshal, asked "If it was the desire of the Commission to continue on with code adoptions the Commission had at this point or there a chance that you may change that policy during this legislative year?" Mr. Lien responded "If we could put legislation in to require that being in the law and if it would be accepted by the legislative body..."

Ms. Crew asked "If there was something we should do to change our rules concerning the fire code, UBC, etc. Should we have our consultant, Mr. Aspaas propose what it is that he thinks we should adopt. I do see the value of being uniform with the state, and if that's causing part of the confusion, maybe that's the easiest part to clear up." Mr. Lien responded "Well said and I so instruct staff to explore the possibility of getting in step with Mark's input and bring it back to us." Mr. Brost stated "Mr. Gordon Jones is here from the Flandreau Sioux Tribe, and of course this issue spills over into our negotiations with the tribal compacts. I would hope that as we go forward and talk about it, Mr. Gormley is our negotiating guru and we should at least let him know..."

Ms. Wagner asked Mr. Harryman "Could you explain to me, from a public safety perspective, the water curtain versus the steel door concept." Mr. Harryman responded, "First of all the water curtain is not recognized in either codes as a two hour fire separation wall. The deluge system concept was asked for approval in this case to lessen the impact on the historical part of the structures in question. However, with regard to the entire fire safety package within this structure, I feel, personally, the curtain would do what it is asked to do." Ms. Wagner asked what Mr. Harryman based this on. Mr. Harryman responded "Well, because of the other devices that are already in place. First of all, the detection system that will detect smoke, that in turn will alert patrons through the bells and whistles. If there is in fact a fire within the structure, the fire sprinkler system is designed to suppress the fire. If it's overcome with the fire and it goes through the opening, then the deluge system comes on. So we have basically four systems within this structure for life safety." Mr. Aspaas stated "And I would echo that life safety-wise, what he's saying is true. The only thing that I could say in support of a door rather than a water curtain, would be that a door is a tested one and one-half hour assembly. We know that if the sprinkler system is overcome by the fire and the door finally does come down - as Harry mentioned this morning - those doors - they don't come down as soon as the fire alarm goes off. They come down after the fire has gotten to a point where it threatens an adjacent building, a fusible link melts up there - a mechanism and the door comes down. It's tested for an hour and one-half to protect that other building so that the fire department can extinguish the fire. The water curtain has not been tested to do that, so I think the threat to the adjacent property is greater with the water curtain than the fire door..." Mr. Harryman responded "That was part of our mission when we first started, with the life/safety, exiting the people. We asked that they put in proper exiting, we limit the load of occupants in each individual structure and I think the whole industry has been very cooperative in that." Ms. Wagner asked "So the water curtain concept, in this instance, you feel is appropriate but, it should not particularly set precedence and that every individual case should be looked at and that the industry should not consider this as precedent for further construction and assume that it is acceptable, because it is not." Mr. Harryman responded "That is correct. As the conversation was earlier, it was my understanding that you were going to ask the responsible agencies to review each case on a one-by-one basis and their end will satisfy that requirement." Mr. Brost asked Mr. Harryman "Do you have enough definitive standards to be able to fairly and equitably make those decisions. Because when you make decisions that someone doesn't like, someone else hears about it." Mr. Fischer stated "The number of machines is determined by what is a building. You have three buildings, you have 90 machines. One of the things that we have is that there is not supposed to be an opening over 25 percent of the wall between these two buildings. We have adhered to that strongly in the past. We have never heard about a water wall before or a deluge system, we now hear about it. So, we are - personally I am, wrestling with the idea of the door which we have made everybody else have, or to go with this other system. You want to have one building that is 155 feet wide and you want to call it three buildings and put in 90 machines, the law won't let us do it."

Mr. Lien then requested the Commission move on to other issues on the agenda.

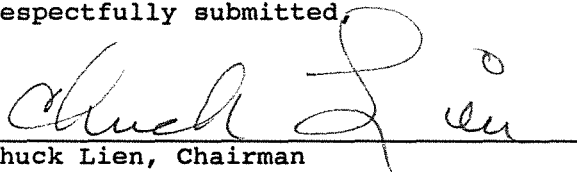
It was noted that the next meeting is scheduled for January 23-24, 1992 in Pierre at The Depot.

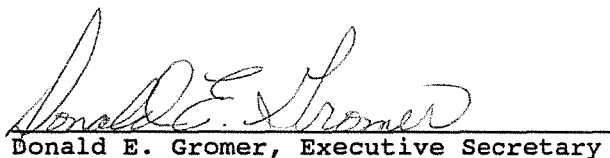
Ms. Crew moved that the petition for the declaratory ruling filed by Paul and Maxine Case be granted and that Paul and Maxine Case be entitled to be treated as separate persons under the provisions of SDCL 42-7B-26, and to instruct counsel to do Findings of Fact and Conclusions of Law consistent with the evidence that was heard yesterday. Seconded by Ms. Wagner. MOTION CARRIED.

Ms. Crew asked Mr. Harryman if it was true that on his most recent inspection in Deadwood that everyone was in compliance with all applicable rules as far as the Fire Marshal's Office was concerned? Mr. Harryman responded "With one exception, I would say that on the day-to-day basis there is a lot of violations in exiting, corridors blocked, misuse of electrical appliances, exiting lighting facilities and those kind of things that are out. That is a maintenance problem and/or a local policing problem. I certainly don't have the staff to do that once a week." Ms. Crew asked Mr. Harryman "You did indicate to me though, that your office had no concerns about compliance, didn't you? Or something to that effect?" Mr. Harryman responded "As I said earlier, as far as our office is concerned and the original charge from the Commission, the local operators have complied with everything we've asked them to do." Mr. Brost asked Mr. Harryman "If that type of day-to-day violation was any different in Deadwood than it is in other towns?" Mr. Harryman responded "no".

There being no further business Mr. Fischer moved the meeting be adjourned.
Seconded by Mr. Brost. MOTION CARRIED.

Respectfully submitted,


Chuck Lien, Chairman


Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

**COMMISSION ON GAMING
JANUARY 23-24, 1992
THE DEPOT
PIERRE, SD**

1:00 P.M. - JANUARY 23, 1992

CALL TO ORDER AND APPROVAL OF MINUTES

Chairman Lien called the meeting to order with the following persons present: Commissioners Chuck Lien, Kristi Wagner, Karl Fischer and Frank Brost. Staff personnel, Don Gromer, Stan Triplett, Grant Gubbrud and Cora Hunsley. Counsel, Mike Shaw. Chairman Lien noted that Commissioner Crew advised she would arrive late.

Mr. Fischer moved the minutes be approved as printed. Seconded by Ms. Wagner. MOTION CARRIED.

UPDATE ON THE LONG RANGE PLAN

Mr. Jon Mattson, of the Long Range Planning Committee appointed by Chairman Lien, gave a report on the accomplishments and goals of this Committee. Mr. Lien asked if the Committee needed more time and if so, would this be accomplished by the end of the legislative session. Mr. Mattson replied yes.

Mr. Lee Taylor, Chairman of the Flandreau Santee Sioux Tribe stated their Gaming Commission worked very closely with Don's office and expressed his appreciation to Mr. Gromer and staff for all of the assistance he has received.

Mr. Gordon Robertson of the Dakota Sioux Entertainment Center in Watertown also expressed his appreciation for all of the assistance and cooperation received from Mr. Gromer and staff.

EXECUTIVE SESSION

Mr. Lien then stated the Commission would be going into executive session for the purpose of discussing licensing.

Mr. Brost moved to come out of executive session to discuss the requests for waiver. Seconded by Mr. Fischer. MOTION CARRIED.

Ms. Crew moved the waiver of the trust instrument for the progressive payoffs requested by Black Hills Novelty and IGT be granted. Seconded by Mr. Brost. MOTION CARRIED.

Ms. Crew moved that IGT post a \$1 million dollar irrevocable letter of credit to

secure the payment of the current winner and with any future winner, IGT post an additional irrevocable letter of credit in the amount necessary to ensure that winner be paid off. And, that Black Hills Novelty immediately post an irrevocable letter of credit in the amount of \$250,000. Seconded by Ms. Wagner. MOTION CARRIED.

Mr. Brost moved the Commission return to executive session. Seconded by Mr. Fischer.

The Commission came out of executive session at about 5:50 p.m. to reconvene at 9:00 a.m. on January 24, 1992.

9:00 a.m. - JANUARY 24, 1992

ALLOCATION OF RACING FUNDS

Mr. Gromer and Mr. Gubbrud explained the recommendations for the allocation of racing funds. Mr. Gromer recommended each horse track receive an additional \$5,000 supplement for general operational expense. Mr. Gromer also recommended each track be allocated an additional amount of \$4,000 to install an additional camera and to furnish funding for the video at a cost of \$675/day. Mr. Gromer recommended the sum of \$103,808 be allocated to Sodrac for tote expense, data line expense and microwave expense, with Sodrac furnishing the Commission an itemized expenditure on these items. (See attached breakdown)

Ms. Wagner moved that the Commission allocate \$270,125 for the 1992 horse racing season in Ft. Pierre and Aberdeen subject to the availability of funds. Seconded by Mr. Fischer. Mr. Ron Krogman of Aberdeen asked "If the \$4,000 was track supplement or actual expenses occurred?" Mr. Gromer answered a check would be cut for \$4,000. MOTION CARRIED.

Mr. Gromer explained the recommendations for the allocation of funds for dog racing at Sodrac for the 1992 season. Mr. Fischer the Commission allocate \$203,808 to Sodrac for the 1992 season subject to the availability of funds. Seconded by Ms. Wagner. MOTION CARRIED.

EXECUTIVE SECRETARY'S REPORT

Mr. Dennis Richardson of Goldberg Grocery presented his proposal titled "Super Satellite 1992 for Binion's Horseshoe World Series of Poker" to be held March 12-13, 1992. Mr. Brost moved this proposal be approved. Seconded by Ms. Crew. Mr. Gromer advised Mr. Richardson all gaming houses must comply with the necessary reporting requirements for poker tournaments. MOTION CARRIED.

Mr. Richardson presented his request for a variance of operating hours to be open 24 hours tentatively scheduled for Thursday, February 13, Sunday, February 16 and Monday, February 17, 1992 only. Mr. Richardson asked for a variance for whenever he could hold this poker tournament if the above dates did not work out. Mr. Richardson stated this promotion to establish a new "Dealers Guinness Record" dealing the world's longest game of poker which is currently 109 hours, which is held by one poker player. Mr. Richardson stated this to offset medical bills of three patrons that have no medical insurance. Mr. Gromer expressed his concerns regarding how effective or accurate a dealer could be after dealing that long. Gromer stated he was concerned about cheating, mistakes, patron disputes, etc. Mr. Richardson stated someone from management would be present during the entire event. Mr. Brost moved to approve Mr. Richardson's request and open it for discussion. Seconded by Ms. Crew. Mr. Brost asked if this would be exclusive to just this

particular poker table or would the entire operation be open? Mr. Lien responded it would be for the entire operation. Mr. Lien further advised Mr. Brost that in the past the Commission has allowed 24 hours per day continuous but they had to post when it would be so the police department would be aware of the hours. Mr. Brost amended his motion to include the poker manager or part of the ownership must be present during this event. Seconded by Ms. Crew. MOTION CARRIED.

Mr. Gromer informed the Commission that the request for a 24 hour permit from Tin Lizzie's has been withdrawn until the next meeting.

Mr. Brost reported on the study conducted by Responsible Gaming, Inc. Mr. Brost thanked the members of the industry for their willingness to step forward and underwrite the cost of the study. Brost stated this was a two-faceted study conducted under the guidance of Business Research Bureau.

Mr. Gubbrud reported on the gaming statistics for the month of December.

Mr. Gromer gave each commissioner a copy of the video on the Commission which was produced by Historical Footprints.

Mr. Gromer reviewed Mike Madden's request for an update of the impact study which was conducted by Mr. Madden. Mr. Brost expressed concerns of other jurisdictions receiving this information and stated someone must have copyright rights to that study. Gromer stated Mr. Madden did charge for the study. Ms. Crew stated we owned it. Counsel was directed to research the copyright issue and report back at the next meeting. The request of Mr. Madden was deferred until the next meeting.

Mr. Gromer informed the Commission that the simulcast contract between Sodrac and the Santa Anita Horse track must have Commission approval. Mr. Fischer moved the Santa Anita race simulcast contract be approved. Seconded by Ms. Wagner. MOTION CARRIED.

Mr. Gromer reported on the status of legislative bills which relate to gaming or racing.

Mr. Bill Walsh of the Franklin Hotel/Durty Nellie's informed the Commission that he should be in full code compliance by the end of February or the first part of March.

In the matter of James Hosch, it was the consensus of the Commission that in view of the recent court decision no action would be needed.

Mr. Tom Blair presented his request to use an idle poker table for a blackjack table to accommodate the handicapped confined to a wheelchair. Mr. Bill Walsh stated he took the top off of a blackjack table and put it over a poker table so the handicapped wheelchair persons could play during the Ski For Light last year. Mr. Lien stated if there were no objections he was instructing Mr. Gromer to monitor this very closely.

Mr. Tom Kadlic explained his request for approval of a new blackjack game called Colors which is very similar to Over/Under 13. Mr. Kadlic explained the technical aspects of the game and stated this has been approved in Nevada. Mr. Kadlic was advised that rules would have to be promulgated for this. Mr. Brost requested that the Attorney General be contacted to see if he would concur with our counsel that this was not in violation of the \$5.00 limit or considered expanded gaming. Mr. Lien advised Mr. Kadlic this would be tabled and put on the agenda for the next meeting.

Ms. Wagner moved the following license be approved:

Jack Gunvordahl - Temporary Owner/Operator

Seconded by Ms. Crew. MOTION CARRIED.

Mr. Lien declared a short recess.

Mr. Lien called the meeting to order.

GREEN DOOR/JACKPOT CHARLEY'S

Mr. Mike Shaw brought the Commission up to date on the Green Door/Jackpot Charlie's issue. Mr. Shaw presented the Commission with a letter from Jerry Rachetto, attorney for Mr. Bernard, dated January 22, 1992, and with the letter the affidavits of three individuals, Robert Luckey, Phillip Maynard and Donald Clowser. Mr. Shaw also presented each member of the Commission with a copy of Mr. Rachetto's letter to Tom Adam dated January 14, 1992 and with copies of a letter from Mark Wolfe to Don Gromer dated January 14, 1992 and a letter from Keith Umenthum to Don Gromer dated January 22, 1992. Mr. Shaw stated that the copy of a letter dated January 14, 1992, from Mr. Mark Wolfe, Historic Preservation Officer for the City of Deadwood basically said he complimented them on their excellent job in restoring this building. Mr. Shaw stated that the letter from Mr. Wolfe goes on to say that the interior of these buildings have not been documented historically, he knows that two businesses was operating simultaneously prior this but he can't say where the walls were before or how the openings were. To the best of his knowledge there are no photographs, and due to the lack of information he cannot say that the construction of the interior would an adverse effect on the historical integrity. Mr. Shaw stated what Mr. Wolfe was talking about was the construction of the partition wall. Mr. Shaw stated it appeared to him that they have not made their case that this is a historical opening, even in spite of the affidavits submitted. Mr. Shaw stated the first issue to be decided is whether or not to grant a variance on this historical opening which would relieve them of the requirement that only 25% of the area of separation wall can be a door. Mr. Shaw stated the second issue is whether or not this was one building or two. Mr. Shaw also pointed out a letter dated January 22, 1992 from Keith Umenthum stated they have reviewed the UBC (United Building Code). In the UBC there are two sections that address buildings, one is 505(f) says each portion of a building separated by one or more area separation walls may be considered a separate building. The other is 504(c) that apparently says two more buildings on the same property may be considered portions of one building if the aggregate area of such building is within limits specified. Mr. Shaw stated for purposes of discussion he was accepting Mr. Umenthum's reading of this rule that, in his opinion, it could qualify for one building. Shaw went on to say that "You run afoul of the Commission's determination that this is two buildings and that with two buildings they are entitled to two numbers of devices. It appears to me that they want you to consider this as one building for purposes of an area of separation or the fact that they don't need it. But, to consider it two buildings for purposes of the number of devices. Now that's your rule on buildings. You made this rule independent of the UBC and Mr. Umenthum will not go so far as to say - he'll say it's one building for the purposes of the UBC but he does not have any authority and would not suppose to take the authority to say it is one building for the purpose of the license. They would like to have it designated as one building for one purpose and two buildings for another. It seems to me if you're not going to say it is a historical opening, you certainly have the authority to say, it can be one building but you have to pull 30 of your devices out of there. Or, build the area of separation wall in requirements with the code and keep the number of devices that you have." Mr. Shaw stated this is a contested case hearing, there was a hearing on

this matter during the December, 1991 meeting and they, by letter to me dated January 22nd, stating they "...confirm their agreement that the Commission is free to make whatever decision they feel appropriate and my clients will have their appeal rights under SDCL 1-26. Basically, it is my clients' position that the UBC does not require them to build an area of separation wall..." and that they will not attend. Mr. Gromer emphasized that "Mr. Bernard was somewhat in a quandary in the sense that he did come to us, to this Commission with that licensing and argued the aspect that he had two buildings. He showed that to you and you granted him two separate licenses. Now, he comes before us saying I know I have two buildings but I only want to operate it as only one because its feasible for me to do so. In the letter that Mr. Wolfe wrote to you there has never been a proposal or a plan submitted to him as to the significance of that wall..." Mr. Fischer moved that Mr. Bernard meet the requirements of the Commission as to the definition of two buildings or return one of his licenses for the other 30 machines and run with just one building. Seconded by Mr. Brost. Mr. Shaw stated the Commission should also determine whether or not this is an historical opening. After further discussion, Mr. Fischer and Mr. Brost withdrew their motions. Ms. Crew then moved the Commission find that there was not sufficient evidence on this record to indicate that there is an historical opening of the Green Door. Ms. Crew further moved that the Commission not grant Mr. Bernard a variance in the 25 percent rule that the Commission has as far as UBC is concerned with two buildings, and that within 60 days that opening shall comply with the Commission rules or at that time Mr. Bernard shall surrender one of his licenses for 30 devices. Seconded by Mr. Brost. MOTION CARRIED.

Ms. Crew moved the Commission approve the use of a fire curtain variance instead of a fire door previously required for the Green Door upon written approval from the Fire Marshal. Seconded by Mr. Brost. MOTION CARRIED.

Mr. Shaw stated Mr. Rachetto asked him to include Mr. Richardson's request in this if that would be his desire. Ms. Crew moved that Goldberg's be granted a variance for a water curtain rather than the fire doors previously required by the code upon written approval by the Fire Marshal. Seconded by Mr. Brost. MOTION CARRIED.

SHAMROCK, INC.

Mr. Gromer updated the Commission on the Shamrock, Inc. issue. Mr. James Hurley and Mr. Mike Jacobs presented the status report on the debt structure of the Lincoln Corporation. Ms. Lisa Jorgenson informed the Commission of their status also.

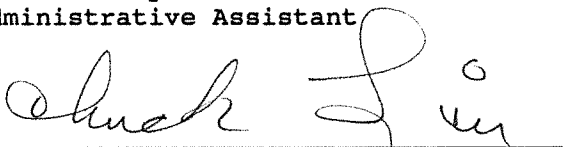
OLD/NEW BUSINESS

The next meeting has been tentatively scheduled for March 12-13, 1992 at the Deadwood Gulch.

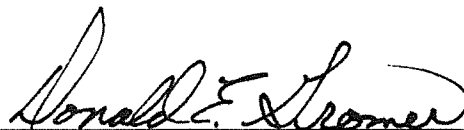
There being no further business Mr. Fischer moved the meeting be adjourned. Seconded by Mr. Brost. MOTION CARRIED.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

COMMISSION ON GAMING
MARCH 12-13, 1992
DEADWOOD GULCH RESORT

1:00 P.M. - MARCH 12, 1992

CALL TO ORDER AND APPROVAL OF MINUTES

Chairman Lien called the meeting to order with the following persons present: Chairman Lien and Commissioners Kristi Wagner, and Karl Fischer. Absent were Commissioners Frank Brost and Karen Crew.

Staff personnel present were: Don Gromer, Stan Triplett, Grant Gubbrud and Cora Hunsley.

Also present was Commission attorney Thomas C. Adam.

Commissioner Wagner moved, seconded by Commissioner Fischer that the minutes of the previous meeting be approved as presented. MOTION CARRIED.

Commissioner Karen Crew now joined the Commission meeting.

FORMAL HEARING - COMMISSION ON GAMING v. PINK PALACE

Chairman Lien opened the hearing by introducing the Commission, staff and counsel.

Chairman Lien acted as Hearing Officer. Court reporter Kris Runge from Thompson & Thompson Reporting Service, at Rapid City, South Dakota transcribed the hearing.

The hearing was held.

Chairman Lien advised the defendants the Commission would ultimately advise them of their decision, and the hearing was concluded at about 2:00 p.m.

After due deliberation in Executive Session, it was, in public meeting, moved by Commissioner Crew, seconded by Commissioner Wagner, and unanimously passed that the defendant Pink Palace, Inc. be assessed a \$2,500.00 monetary penalty; that its license not be revoked or suspended conditioned that all the defendants commit no further violations of Commission rules or regulations or any public offenses through March 13, 1993; that the reorganization of Pink Palace, Inc. as was evidenced by Commission exhibit 2 be continued during that probationary period, and thereafter; and that the defendant Brad Hale not be permitted an active role in the general and

overall management of Pink Palace, Inc., absent specific written approval by the Commission.

FORMAL HEARING - COMMISSION ON GAMING v. MICHAEL ASHER

Commissioner Crew acted as hearing officer. Court reporter Kris Runge transcribed the hearing.

The hearing was held.

At the conclusion of the hearing, Chairman Lien advised the defendant and the defendant's attorney, Roger Tellinghuisen, that the Commission would ultimately advise them of the Commission's decision, and the hearing was concluded at about 2:25 p.m.

After due deliberation in Executive Session, it was in public meeting moved by Commissioner Crew, seconded by Commissioner Fischer, and unanimously passed that the defendant Michael Asher's license be continued, conditionally, upon his successful completion of the probationary period previously imposed by the magistrate court, and further conditioned upon him not violating any of the laws in the State of South Dakota or the rules or regulations of the Gaming Commission for a period of one year, and in any instance should the defendant be arrested for any violations, that such activity be immediately reported to the Commission for immediate and subsequent disciplinary action.

APPROVAL OF CHATEAU LOUNGE IN FT. PIERRE AS SIMULCAST SITE FOR RACING

Mr. Gromer advised the Commission that Mr. Scott Langman of United Track Racing has requested the Commission authorize the Chateau Lounge in Ft. Pierre as a simulcast site for off-track betting. Mr. Fischer moved to authorize the approval of the Chateau Lounge in Ft. Pierre as a simulcast site. Seconded by Ms. Crew. MOTION CARRIED.

Mr. Gromer introduced Mr. Scott Langman who reported on the simulcast operations in the state.

Mr. Lien declared a 10 minute recess.

ECONOMIC IMPACT STUDY OF GAMING IN NORTHERN HILLS BY MIKE MADDEN

Chairman Lien reconvened the meeting and asked Mr. Gromer to update the Commission on this matter. Mr. Gromer stated Mr. Madden did submit a proposal for an update to the first study. Mr. Gromer reminded the Commission that he was instructed to check into the possibility of having a copyright on the study and perhaps having the cost shared by the City of Deadwood. Mr. Jon Mattson advised that it has not been discussed at a City Commission meeting but that he would take it up at the next meeting. Mr. Gromer stated he strongly recommended an update be done by Mr. Madden.

Ms. Crew stated the Commission should bear the cost of the study. Ms. Crew also suggested to wait until June or when the street project is completed. Ms. Crew stated she would like to see what the impact would be after the projects are completed. Mr. Gromer stated you wouldn't be able to tell that because we are now into 1992 and the study would be on the year 1991. Ms. Crew asked if one would have to be done every year. Mr. Gromer stated yes, so that at least you would know what

to start off with, what type of an impact this industry is having on the northern hills area. Gromer stated without that you would constantly be working with old figures. Mr. Gromer stated a lot of the information that came out of the Long Range Planning Committee came out of Mr. Madden's study. Ms. Crew stated if the Commission paid for the entire study the money would come out of the Historic Preservation budget and not the City of Deadwood. Chairman Lien stated the Commission paid for the first one, paid for the Long Range Planning Committee one and we have other people wanting it done with the Commission paying for it which comes against our administration charges. Mr. Lien expressed his concerns regarding the Commission always bearing the brunt of the cost. Mr. Mike Trucano stated it was difficult for the City to find in it's budget \$6,000 to \$10,000 but they would try to find the money.

Ms. Wagner moved the Commission enter into an agreement with Mr. Madden along with another entity to share in the costs. Ms. Wagner stated the motion would stipulate that Mr. Gromer be in contact with the City and the industry or whomever, and with Mr. Madden. After further discussion, Ms. Wagner amended her motion to state the City and the Commission on Gaming with a 50/50 split. Seconded by Ms. Crew. Mr. Mattson asked the latest cost estimate of the update, Mr. Gromer responded, \$17,500. Mr. Tom Adam stated research on copyright indicates Mr. Madden would have to assign his right to the Commission. Mr. Adam stated the Commission could get a copyright on the study. Mr. Ken Morris asked if Mr. Madden would provide a reduced rate for a multi-year contract. Mr. Gromer responded he could not enter into a contract that was longer than one year. MOTION CARRIED.

Chairman Lien publicly wanted to thank Jon Mattson for chairing the Long Range Planning Committee and for all the hard work he put in on it.

Chairman Lien announced he was closing the public meeting for executive session which executive session was expected to also re-convene at 9:00 a.m. March 13, 1992, but invited further public comment.

Mr. Ken Morris asked the Commission if any member had been furnished with the latest video update of the projects completed; the Commission responded in the negative; Mr. Morris advised he would leave a copy for them at the meeting place of the Commission on March 13.

Ms. Crew moved to go into executive session. Seconded by Mr. Fischer. MOTION CARRIED.

9:00 A.M. - MARCH 13, 1992

The Commission continued with their executive session.

At about 9:25 a.m. Ms. Crew moved the Commission come out of executive session. Seconded by Ms. Wagner. MOTION CARRIED.

EXECUTIVE SECRETARY'S REPORT

Mr. Gromer reviewed the 24-hour requests from Tin Lizzie's, Bella Union and Marie's.

Mr. Fischer moved the following be granted a 24 hour permit.

Tin Lizzie's
Belle Union
Marie's

Seconded by Ms. Wagner. MOTION CARRIED.

Mr. Gromer reviewed the letter from Mr. Tom Kadlic regarding the COLORS game and a copy of his letter to Attorney General Mark Barnett based upon the Commission's request for an informal opinion. Mr. Gromer stated as of this date he has not received a response from Mr. Barnett.

Mr. Gromer discussed the letter from the Association of Racing Commissioners (ARCI) requesting the Commission volunteer for certain committees through ARCI. Mr. Lien directed Mr. Gromer and staff to attend a few ARCI meetings to learn more about this association.

Mr. Gromer reviewed the letter from Sodrac Park dated March 5, 1991 requesting an amendment to their previous request of four days to five days to their live season. They had four days but would like to change that to five days by adding Thursday. Gromer stated this would change the total number of live days and performances from the original request of 63 to 79. Mr. Fischer moved Sodrac's request for the extra day per week be granted. Seconded by Ms. Wagner. MOTION CARRIED.

Mr. Gromer advised the Commission there was quite a large packet of information regarding rules and proposed changes from staff and proprietors. Mr. Gromer asked the Commission's permission to advertise for a rules hearing for whatever time frame it could be worked in. Ms. Wagner moved the Commission advertise for a rules hearing. Seconded by Mr. Fischer. A question was raised on the time frame for a rules hearing and Mr. Gromer suggested the Commission set the next two meetings. MOTION CARRIED.

Mr. Gromer stated there were only two issues he was directly involved with as far as legislative action was. Gromer stated one issue was with horse racing and explained that this concerned the breakage. Gromer stated this bill repealed where the state would receive any of the breakage. Gromer stated they also repealed an allowance in the state that granted if the handle of a race track was under such a figure, they only had to pay a flat three percent. Gromer stated this basically simplified the auditing procedures. Gromer stated the other bill dealt with the confidentiality of our background information. Mr. Gromer advised that the Governor has signed the bills and they are effective July 1, 1992.

Mr. Gromer stated the policy manual was in draft form and if there were any recommendations to let him know before it was implemented.

Mr. Gromer asked the Commission for direction regarding new games submitted for approval. Chairman Lien stated that caution be used since this would also affect the Indian gaming. The Executive Secretary was directed to review all new games submitted, if it was deemed appropriate bring it before the Commission for approval and if not, deny the game. If the person submitting the game was not satisfied with the Executive Secretary's decision, the denial could be appealed before the Commission. A discussion was also held regarding adopting a rule that would require a fee accompany all new games submitted for approval.

Mr. Fischer moved the following be granted a permanent Operator/Retailer license:

Marie's, Inc.

Seconded by Ms. Wagner. MOTION CARRIED.

Ms. Wagner moved the following be granted a permanent Key license:

Sharon Frey

Seconded by Ms. Crew. MOTION CARRIED.

Mr. Gromer brought procedural non-compliance issue with Barb Mattson at the Lucky Wrangler to the Commission's attention. Mr. Gromer advised that an initial complaint was filed and an informal consultation was held with Ms. Mattson agreeing to a stipulation of a \$100.00 penalty with no like violations for one year.

Mr. Gromer stated the second issue had to do with Mr. Roger LeClerc, a Key employee at the Wilderness Edge, for failure to wear his license. Mr. Gromer advised initial complaint was filed and an informal consultation held with Mr. LeClerc agreeing to a stipulation of a \$25.00 penalty and no like violations for one year.

Ms. Crew moved the Commission adopt the stipulation as reiterated by Mr. Gromer and that Mr. LeClerc receive the \$25.00 monetary penalty. Ms. Crew further moved in the case of Barb Mattson, the Commission adopt the Executive Secretary's stipulation entered and make it the Commission's own that Ms. Mattson receive the \$100.00 monetary penalty and any other conditions recommended by the Executive Secretary. Seconded by Ms. Wagner. MOTION CARRIED.

OLD BUSINESS

None.

NEW BUSINESS

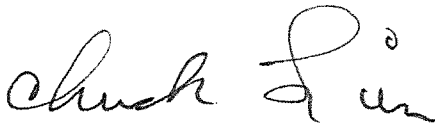
The next meeting was scheduled for April 23-24, 1992 to start at 2:00 p.m. in the Deadwood area if possible.

The following meeting was tentatively scheduled for June 11-12, 1992 with a location to be decided at a later date.

There being no further business the meeting was declared adjourned.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

COMMISSION ON GAMING
JUNE 10-12, 1992
PRAIRIE EDGE MEETING ROOM
DEADWOOD, SD

3:30 P.M. - June 10, 1992

CALL TO ORDER AND APPROVAL OF MINUTES

Chairman Lien called the meeting to order with the following persons present: Chairman Lien and Commissioners Kristi Wagner, Karen Crew, Karl Fischer and Jack Yonkovich.

Staff personnel present were: Don Gromer, Stan Triplett, Grant Gubbrud and Cora Hunsley.

Also present were Commission attorneys Thomas C. Adam and Michael Shaw.

Commissioner Fischer moved, seconded by Commissioner Wagner that the minutes of the previous meeting be approved as presented. MOTION CARRIED.

Commissioner Crew moved, seconded by Commissioner Wagner to go into executive session. MOTION CARRIED.

Chairman Lien the advised the public the Commission would be in executive session and would re-convene at 9:00 a.m. on June 11th.

9:00 A.M. - JUNE 11, 1992

Commissioner Crew moved, seconded by Commissioner Wagner to come out of executive session. MOTION CARRIED.

FORMAL HEARING - COMMISSION v. HARPER

Chairman Lien opened the hearing and turned it over to Commissioner Crew to act as hearing officer. Court Reporter Dawn Garrett from Wheeler Reporting Service, at Rapid City, South Dakota transcribed the hearing.

Chairman Lien noted Mr. Harper was not present and his hearing would be adjourned until 9:30 to allow him time to appear.

After allowing Mr. Harper additional time to appear, the hearing was held.

Commissioner Crew moved, seconded by Commissioner Yonkovich that the record show he is in a three-year probationary period of a suspended imposition of sentence, that his license be revoked. MOTION CARRIED.

Mr. Jerry Rachetto appeared on behalf of Jackpot Charley's/Green Door. Commission counsel Mike Shaw stated, after discussion with parties involved, he recommended the Commission consider granting a modification variance pursuant to Section 106 of the UBC. Commissioner Fischer moved, seconded by Commissioner Crew to grant Bill Bernard and Roger Duba (Jackpot Charley's/Green Door) a modification variance pursuant to Section 106 of the UBC. Commissioner Crew did stress that she would not be in favor of granting such a variance on any grounds other than historic significance. MOTION CARRIED.

Chairman Lien then called on the Executive Secretary for his report.

EXECUTIVE SECRETARY'S REPORT

Mr. Gromer informed the Commission that Economic Development along with the City, will contribute one-half of the cost of the Madden study.

Mr. Gromer reviewed the informal consultations entered with the following establishments and individuals. Silverado, Deadwood Gulch Resort, B.B. Cody's, Durty Nellie's, Goldiggers, Goldberg's, Donald Bridges, David Napolitano, Richard Knutson, James Cain, Susan Spierer and Guy Andrews III. Commissioner Wagner moved, seconded by Commissioner Crew, to accept the informal consultations entered into by the Executive Secretary. MOTION CARRIED.

Mr. Gromer reviewed the issue of slot tournaments. Mr. Tom Blair of Deadwood Gulch explained slot tournaments. It was the consensus of the Commission that more data be collected and presented at a later date.

Mr. Gromer reviewed new variations of Blackjack games, the game called C.A.R.D. Colors and the Attorney General's Opinion. Commissioner Fischer moved, seconded by Commissioner Yonkovich to deny the approval of the card game C.A.R.D. Colors based on the Attorney General's Opinion. MOTION CARRIED.

Chairman declared a 10 minute recess.

Mr. Mike Shaw reported on the Myers v. Commission on Gaming Memorandum and Decision. Mr. Gromer confirmed that additional cameras have been installed at both Ft. Pierre and Aberdeen.

Mr. Gromer advised that the licensing of devices will commence on June 15th and the Deadwood staff will be contacting all businesses to set up appointments.

Commissioner Crew moved, seconded by Commissioner Fischer the 24-hour requests received from Goldberg's, Legends and Tin Lizzie's be granted. MOTION CARRIED.

Mr. Gromer reported on the ARCI Conference he attended in Idaho and ARCI's plans to adopt uniform rules and uniform licensing.

Mr. Gromer updated the Commission on the live horse racing season which was just completed, the breakout of funds and racing revenue projections.

Mr. Joe Coble of Prescho, stated the races very smooth and the horse industry was quite pleased.

Chairman Lien introduced Jack Yonkovich as a new Commissioner.

Chairman Lien declared a recess until 10:30.

FORMAL HEARING - COMMISSION ON GAMING v. DANIEL R. GRONKE

Chairman Lien announced it was time for the hearing and appointed Commissioner Crew Hearing Officer.

The hearing was held with no one appearing on Mr. Gronke's behalf.

After deliberation Commissioner Crew moved, seconded by Commissioner Wagner and unanimously passed that Mr. Daniel R. Gronke's gaming license be revoked. MOTION CARRIED.

EXECUTIVE SECRETARY'S REPORT - CONTINUED

Mr. Gromer updated the Commission on the progress of the centralized slot data system.

Mr. Jon Mattson presented his report and final plan on the Long Range Planning Committee. Chairman Lien thanked everyone who served on this Committee and declared the Committee dissolved.

The next meeting was tentatively scheduled for August 4-5, 1992 in Pierre.

Chairman Lien declared executive session and to reconvene at 1:00 p.m. for the rules hearing.

1:00 P.M. - RULES HEARING

NOTE - Proposed rules minutes prepared by Thomas Adam, Legal Counsel, are separate from the regular minutes. (COPY ATTACHED)

Lawrence County State's Attorney Mr. Jeff Bloomberg presented two proposals and requested a designated person to sit on a committee to review the proposals. Chairman Lien appointed the Executive Secretary as the Commission's designated person.

At about 10:00 a.m. Commissioner Crew moved, seconded by Commissioner Yonkovich to go into executive session. MOTION CARRIED.

At about 10:20 a.m. Commissioner Wagner moved, seconded by Commissioner Crew to come out of executive session. MOTION CARRIED.

Commissioner Yonkovich left about 10:25.

LICENSING

Commissioner Wagner moved, seconded by Commissioner Fischer that Vicky Fuerst, d/b/a Sherman Street Saloon be granted a permanent retail license. MOTION CARRIED.

Mr. Gromer noted the Safeway application should have James Haupt listed as a manager and not an owner. Commissioner Wagner moved, seconded by Commissioner Fischer, that Safeway be granted a retail license. MOTION CARRIED.

Mr. Gromer noted Super 8 was given a temporary license pending Jack Gunvordahl's background. Commissioner Fischer moved, seconded by Commissioner Wagner they be granted a license on the condition they make restitution for the background on Mr. Gunvordahl. MOTION CARRIED.

Mr. Gromer noted an application was received for Gold Coin which is a building to be leased and rented by Marilyn Shedd, who is presently licensed. Commissioner Fischer moved, seconded by Commissioner Wagner Gold Coin be issued a retail license. MOTION CARRIED.

Mr. Gromer noted a license request by Deadwood Partners, Inc. who is owned by the same individuals who are presently licensed as Deadwood Players, Inc. Commissioner Wagner moved, seconded by Commissioner Fischer that Deadwood Partners be granted an operator license. MOTION CARRIED.

Mr. Gromer a noted license request by Emerald Corporation. Commissioner Wagner moved, seconded by Commissioner Fischer that Emerald Corp. be granted an operator license and an additional retail license for B.B. Cody's II. MOTION CARRIED.

Mr. Gromer noted a license request for Silverado II for a retail license. After discussion on the contract, Commissioner Crew moved, seconded by Commissioner Wagner to approve the basic license but not the contract. MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Crew that the following manufacturer licenses be renewed.

Bally Gaming, Inc.	Games of Nevada
IGT	Sigma Games
Universal Dist. of NV, Inc.	

MOTION CARRIED.

Commissioner Fischer moved, seconded by Commissioner Wagner that the following distributor licenses be renewed.

Haron Limited	SoDak Gaming Supplies, Inc.
---------------	-----------------------------

MOTION CARRIED.

Mr. Gromer recommended the following for licensing:

A&L Enterprises	OP
Miss Kitty's	RT
The Mint	RT
Wilderness Edge	RT
76 Motel & Restaurant	RT
Atlantic Pacific Corp.	OP
Goldiggers 1	RT
Goldiggers 2	RT
Goldiggers 3	RT
Emerald Corp.	OP
B.B. Cody's 1	RT
B.B. Cody's 2	RT

Bella Union Theater	OP
Bella Union	RT
Bella Union Theater	RT
Best Western Hickock House	OP
Best Western Hickock House	RT
Black Hills Novelty	OP
S-Mart Gaming	RT
Dakota Partnership	OP
Buffalo Skull	RT
Eagle Bar	RT
Buffalo Skull	RT
Joseph Rowland	OP
Deadwood Gulch	OP
Deadwood Gulch Saloon	RT
Deadwood Hotel Joint Venture	OP
Deadwood Gulch Lodge 1	RT
Deadwood Gulch Lodge 2	RT
Kenny's Restaurant & Gambling	RT
Deadwood Partners, Inc.	OP (approved above)
Miss P.J.'s Parlor	RT
Wild Bill Bar	RT
Deadwood Super 8 Motel	OP *
Lucky 8 Gaming Hall	RT
First Gold, Inc.	OP
Black Jack	RT
Horseshoe	RT
Full House, Inc.	OP
French Quarter	RT
Gold Dust	RT
Silver Dollar	RT
Gold Street	OP
Gold Street	RT
Good Time Novelty	OP
Green Door Club	RT
Jack Pot Charlie's	RT
Lucky Lady Casino	RT (Formerly Marie's)
Gulch Valley Inc.	OP
Bazel's Diner	RT
Hickok's, Inc.	OP * (Permanent)
Hickok's	RT

Jackpot Mining Company, Inc.	OP
Lucky Miner	RT
Keehn Enterprises	OP
Aunt Sally's	RT
Old Style Saloon #10	RT
Legends	OP
Legends	RT
Midnight Star Enterprises	OP
Midnight Star	RT
Old Irish, Inc.	OP
Dakota Territory Saloon	RT
Rocky Mountain Taffy Factory	OP
Painted Pony Gaming	RT
S & E Investments, Inc.	OP
Depot	RT
Mother Lode	RT
Shamrock, Inc.	OP *
Last Chance	RT
Lillies	RT
Shedd Jewelers	OP
Shedd Jewelers	RT
Gold Coin	RT (Approved above)
Sherman Street Partners	OP
Butch Cassidy	RT
Sundance Kid	RT
Six A Corporation	OP
Buffalo Saloon	RT
Super G Investment Corp.	OP
Silverado	RT
Silverado II	RT (Approved above)
Three Of A Kind	OP
Carrie Nation Temperance Saloon	RT
Cousin Jacks	RT
Deadwood Livery	RT
Tin Lizzie's Gambling Halls, Inc.	OP
Casey's	RT
Mustang	RT
Tin Lizzie's	RT
West Way, Inc.	OP
Bodega Cafe	RT
Bodega Saloon	RT

Winners

OP * Continuing Temporary

RETAIL LICENSES

All Seasons Motel	Anaconda
Bullock 1	Bullock 2
Dakota Mercantile	Deadwood Dick's Saloon
Durty Nellie's	Fairmont Hotel *
Franklin Hotel	Fraternal Order of Eagles
Gold Rush	Goldberg Grocery
Goldberg Soda Fountain	Lariat Motel
Lucky Wrangler	Oyster Bay *
Peacock Club	Pink Palace
Stagecoach Gifts & Gambling Depot	T Shirt Shop
Twin City Cleaners	Veteran's Of Foreign War Post
76 Liquor Store	

* Conditions attached to license

Commissioner Crew moved, seconded by Commissioner Fischer to accept the Executive Secretary's recommendations for renewal which includes conditional licenses on the following: Shamrock, Inc. Last Chance, Lillies that they remain current on their financial obligations and that keep the Commission notified as to progress of creditors; Fairmont Hotel & Oyster Bay complete payment on the background and the Commission receive a current financial statement by July 1, 1992; Hickok's on the condition payment for the background is received by July 1, 1992; and, Super 8, on condition the payment for the background is received by July 1, 1992. MOTION CARRIED.

KEY LICENSES - PERMANENT

Commissioner Crew moved, seconded by Commissioner Wagner that the following be granted permanent key employee licenses:

Terry Cargin	Gwendolyn Cook	William DeWolf
Lance Hofland	Dean Howe	Lori James
Allan Johnson	Barbara Reetz	

MOTION CARRIED.

KEY LICENSES - RENEWAL

Commissioner Crew moved, seconded by Commissioner the following key licenses be renewed with conditions attached to Paul T. Richter's license that the additional background fees be received prior to July 1, 1992. MOTION CARRIED.

Steven Achtien	Mark Antonsen	Wayne Barber
Deb Berg	Katherine Blanks	Todd Booth
Charles Boyle	Peggy Branum	Robert Brodeur
Steve Chandler	Michael Cracco	Robert Croch
Dawn Dahl	John Daley	Gregg Dittman
Dana Duffy	Clifford Etherington	Katheryn Finck
Rocky Finck	Thomas Frank	Sharon Frey
Kevin Friedel	Patrick Gainey	Russ Gillett

Myrna Gilman	Peter Goin	Joann Hanson
Boyd Harwood	James Haupt	Daryl Heil
Michael Howe	Bobbie Humphrey	Lori Iverson
Judy Johner	Jack Jones	Luann LaLonde
Jeanne Maher	Janis Mallory	Anthony Marino
Joseph Massa	Steven Mathiesen	Linda Maxwell
JoAyne McQuillen	Jean Mohnen	George Nelson
Marty Nelson	Melodee Nelson	Deborah O'Bryan
Charles Opitz	Leonard Park	William Parsons
Johnny Patino	Joann Paul	John Perkovich, Jr.
Mike Peterson	George Picard	Verle Pierce
Douglas Pogar	James Rinker	* Paul T. Richter
Robert Robley	Lynn Ruple	Joseph Russell
Daniel Seidler	John Simons	Linda Span
Mar Sternberg	Cheryl Tostrup	Thomas Tostrup
Richard Turbiville	Sheryl Ulmer	Dana Walker
Betty Whittington	Toni Willuweit	John Young

Tim Dougherty requested the Commission reconsider ARSD 20:18:17:28. Commissioner Crew moved, seconded by Commissioner Wagner to reopen the rules hearing for the purpose of reconsidering ARSD 20:18:17:28. MOTION CARRIED. (SEE RULE MINUTES)

OLD BUSINESS

None.

NEW BUSINESS

None.


There being no further business it was moved by Commissioner Fischer, seconded by Commissioner Wagner the meeting be adjourned. MOTION CARRIED.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Charles Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

COMMISSION ON GAMING
AUGUST 4-5, 1992
KNEIP ROOM - GOVERNOR'S INN
PIERRE, SD 57501

3:00 P.M. - AUGUST 4, 1992

CALL TO ORDER AND APPROVAL OF MINUTES

Chairman Lien called the meeting to order with the following persons present: Chairman Lien and Commissioners Kristi Wagner, Karl Fischer and Jack Yonkovich. Commissioner Crew called stating she would be late.

Staff personnel present were: Don Gromer, Cora Hunsley and Grant Gubbrud.

Also present were Commission attorneys Thomas C. Adam and Michael Shaw.

Commissioner Fischer moved, seconded by Commissioner Yonkovich that the minutes of the previous meeting be approved as presented. MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Yonkovich to go into executive session to re-convene at 9:00 a.m. on August 5th. MOTION CARRIED.

Commissioner Crew did arrive during executive session.

9:00 A.M. - AUGUST 5, 1992

Commissioner Fischer moved, seconded by Commissioner Yonkovich to come out of executive session. MOTION CARRIED.

PETITION FOR DECLARATORY RULINGS - SODRAC PARK

Mr. Phil Skipp of Sodracs Park petitioned the Commission (copies attached) to determine whether or not certain rules promulgated by the South Dakota Commission on Gaming with reference to horse racing could be applied to dog racing. After further discussion, Commissioner Crew moved, seconded by Commissioner Wagner that Administrative Rules of South Dakota which were designed for and apply to horse racing cannot be applied to dog racing. MOTION CARRIED.

Mr. Skipp stated the second petition (copies attached) related to the 1992 Breeder's Cup to be held outside the State of South Dakota on October 31, 1992. After further deliberation Commissioner Crew moved, seconded by Commissioner Wagner that SDCL 42-7-102 applies to this petition and a Declaratory Ruling need not be issued. MOTION CARRIED.

PETITION FOR DECLARATORY RULING - JON MATTSOON REPRESENTING GOLD RUSH

Mr. Gromer briefed the Commission on the petition (copies attached) relating to a contract agreement. Mr. Gromer stated he did not approve the lease based on the fact that a percent of the gaming revenue of Gold Rush was to satisfy a portion of the lease agreement and the Commission's policy and interpretation of the rules concerning contracts. Mr. Jon Mattson, George and Erma Opitz and Mark Brockley appeared on behalf of Gold Rush. Commissioner Crew moved, seconded by Commissioner Yonkovich to approve the contract and amendment set forth in the petition for declaratory ruling. Roll Call as follows: Crew, aye; Fischer, nay; Wagner, nay; Yonkovich, nay. MOTION FAILED.

Commissioner Wagner moved, seconded by Commissioner Fischer that "Exhibit A" attached to the "Petition for Declaratory Ruling and Hearing" should not be approved because the same does violate ARSD 20:18:06:04. Roll Call as follows: Wagner, aye; Yonkovich, aye; Fischer, aye; Crew, nay. MOTION CARRIED.

EXECUTIVE SECRETARY'S REPORT

Mr. Gromer reviewed the request from IGT to make changes in the Quartermania system. Gromer stated a meeting was held between SoDak, IGT and the operators in Deadwood and it was felt it would be more appealing and beneficial to the operator and player. Commissioner Fischer moved, seconded by Commissioner Wagner to allow IGT the changes requested in their letter of July 1, 1992. MOTION CARRIED.

Mr. Gromer reviewed the bingo issue and the ordinance of the City of Deadwood relating to bingo. Mayor Bruce Oberlander of Deadwood advised the Commission of the progress made to date by the City Commission and they have had the first reading on the Ordinance.

Mr. Gromer reviewed the request for reimbursement in the amount of \$2,584.80 received from Mr. Ron Krogman of the Aberdeen American Legion due to an error made in the 1991 point money paid out. Members of the Horseman's Association were present represented by Joe Coble. Mr. Coble called Mr. Krogman. It was decided that the money owed would be withheld from next year's (93) point allocations. Commission agreed and no action was taken by the Commission.

Mr. Gromer reviewed the request from Black Hills Novelty for approval of a new concept called SILVER STRIKE. Commissioner Fischer moved, seconded by Commissioner Wagner that based on the approval of James Maida the concept called SILVER STRIKE be approved. MOTION CARRIED.

Mr. Gromer advised the Commission that he could find no documentation of the Ft. Pierre horse track being a sanctioned track and the problems involved. Gromer stated he would be working with the horse associations and bring the issue to a vote of the Commission at a future meeting.

Mr. Gromer reviewed the results of the FY-91 audit, findings and recommendations completed by Legislative Audit.

Mr. Gromer stated a joint meeting with the Colorado Gaming Commission to discuss mutual concerns and interests has been tentatively set for October 21, 1992.

LICENSING

Commissioner Yonkovich moved, seconded by Commissioner Fischer that the following be license be approved:

Michael O'Connell - Permanent Operator - d/b/a Old Irish, Inc.

MOTION CARRIED.

Commissioner Fischer moved, seconded by Commissioner Yonkovich that the following licenses be approved:

Dennis & Paula Katon - Temporary Operator - d/b/a Thunder Cove
& Temporary Retail - d/b/a Thunder Cove

John Walsh - Temporary Owner - Waldro I, Inc.
(on the condition that all contracts be approved)

MOTION CARRIED.

Commissioner Fischer moved, seconded by Commissioner Wagner that the following be granted a permanent Key license:

Dawn Lindsten
Gordon Pratt
Lanelle Hudson

Paul Lindsten
Myron Sterns
Carl Smith

Teddie Jeffrey
Janet Sterns
Renaey Avery

MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Wagner that the following Key renewal applications be approved:

Dana Sorenson

Leslie Jeffery

Bob Leonard

MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Yonkovich that the following business renewal applications be approved:

Deadwood Elks Lodge #508 - RT
Stell Enterprises - RT

MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Wagner to grant Sodrac permission to add eight performances to its live summer season. These performances would run on September 10, 11, 12, 13, 14, 17, 18 and 19th, bringing the total dates to 88. MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Fischer that Sodrac be granted permission to conduct 15 races during the evening performance on August 8, 1992. This additional race will be the Irish-American Classic imported from Biscayne Kennel Club in Miami, FL. MOTION CARRIED.

Mr. Gromer and Mr. Gubbrud reviewed the FY-92 expense report.

OLD BUSINESS

Commissioner Wagner moved, seconded by Commissioner Yonkovich that Commissioner Lien be

nominated as Chair to run July 1, 1992 through June 30, 1993. MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Yonkovich that Commissioner Fischer be nominated as Vice Chair to run July 1, 1992 through June 30, 1993. MOTION CARRIED.

OLD BUSINESS

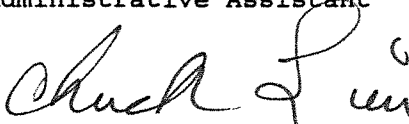
None

ADJOURN

There being no further business, Commissioner Fischer moved, seconded by Commissioner Wagner the meeting be adjourned. MOTION CARRIED.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

CONFERENCE CALL

OCTOBER 8, 1992

10:00 A.M. CDT

CALL TO ORDER AND APPROVAL OF MINUTES

Chairman Lien called the meeting to order with the following persons present: Chairman Lien and Commissioners Kristi Wagner, Karl Fischer and Jack Yonkovich. Commissioner Crew was absent.

Staff personnel present were: Don Gromer, Cora Hunsley, Grant Gubbrud, Ken Klug, Tom Goodrich, Dan Poeppel and John Peterson.

Also present were Commission attorney Thomas C. Adam.

General Public present:

PIERRE

Ron Olinger, SD Horsemen
Joe Kafka, Assoc. Press

DEADWOOD

George Ledbetter, RC Journal
David Cantley, Deadwood Gulch
Mike Trucano, Black Hills Novelty

Chairman Lien noting the meeting was being conducted by conference call and that persons attending in Pierre and Deadwood were required to sign in. Chairman Lien also noted everyone would identify themselves by stating their name when speaking or voting and that he would be taking roll call after each motion.

Commissioner Fischer moved, seconded by Commissioner Yonkovich that the minutes of the previous meeting be approved as presented. MOTION CARRIED.

BUDGET REPORT

Mr. Gromer presented his informational budget report and requested permission to hire an additional enforcement agent and auditor in the

next fiscal year. Commissioner Wagner moved, seconded by Commissioner Fischer that the Executive Secretary be authorized to hire two additional persons. MOTION CARRIED.

UPDATE ON COLORADO TRIP

Mr. Gromer stated he was working with Roger Morris on an agenda for the joint meeting with the Colorado Gaming Commission on October 21-22, 1992.

UPDATE ON SOCIAL IMPACT STUDY

Mr. Gromer stated he did meet with a representative of the Aspen Institute and the study being funded by the Aspen Group.

CONTRACTS

Mr. Gromer reviewed the simulcast contracts submitted by Sodrac Park. Commissioner Fischer moved, seconded by Commissioner Yonkovich that the simulcast contracts for Calder Race Course, Sunland Park, Mile High Greyhound Park/Interstate, Biscayne Kennel Club/Hollywood Dog Track and Breeders Cup/Gulfstream Park be approved. MOTION CARRIED.

EXECUTIVE SESSION

Commissioner Fischer moved, seconded by Commissioner Wagner to go into executive session. MOTION CARRIED.

Commissioner Fischer moved, seconded by Commissioner Wagner to come out of executive session. MOTION CARRIED.

LICENSING

Commissioner Wagner moved, seconded by Commissioner Fischer the following be approved for a permanent Key Employee license:

Donald Bridges	Thomas Schrepf	Tommy Carver
Albert Burr	Anthony Pistulka	Marty Heathershaw

MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Wagner the following Key Renewal be granted:

Olen Chambers

MOTION CARRIED.

Commissioner Fischer moved, seconded by Commissioner Yonkovich the following be granted a permanent Operator/Retailer license:

Dennis & Paula Katon - d/b/a Thunder Cove

MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Yonkovich the following be granted a permanent Retail license:

Mary Dunn - d/b/a Butch Cassidy & Sundance Kid

MOTION CARRIED.

Commissioner Fischer moved, seconded by Commissioner Yonkovich the following be granted a temporary Operator license:

Clarence & Patricia King d/b/a Frontier Inc. of South Dakota

MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Fischer the following be granted a temporary Operator license:

Dennis Richardson & William Kilbreath - d/b/a Goldberg Grocery

MOTION CARRIED.

Commissioner Fischer moved, seconded by Commissioner Wagner to approve the merger of Deadwood Hotel Joint Venture into Deadwood Gulch Resort and Gaming Corp. f/k/a Gulch Gaming, Inc. with the following conditions: (1) All parties with 5% or more interest in this Corporation be deemed suitable for licensing once a background check has been completed; (2) that the Commission be kept apprised of the development of this Corporation, and once the public offering be made, and (3) this entity must conform to all SEC rules and regulations. Mr. David Cantley who attended the meeting in the Deadwood Office stated he had no objections to these conditions. MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Fischer that Dakota Partnership's request to change their name to REBA be approved. MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Yonkovich to approve the Atlantic Pacific Corp., d/b/a Goldiggers merger into Casino Magic as a subsidiary on condition that all of the board of directors are found suitable for licensing. Mr. Gromer stated Casino Magic was presently licensed in the State of Mississippi. MOTION CARRIED.

OLD BUSINESS

Mr. Gromer brought the Commission up-to-date on the RFPs for the slot data system and stated the bidder's conference on the computer system is scheduled for December 1, 1992 in Deadwood.

NEW BUSINESS

None.

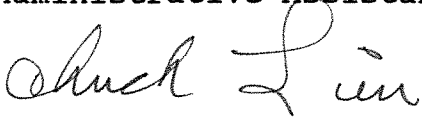
Commission on Gaming Minutes
Conference Call
October 8, 1992
Page 4

ADJOURN

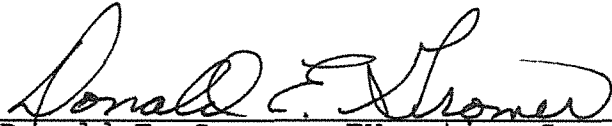
There being no further business Commissioner Fischer moved, seconded by Commissioner Yonkovich that the meeting be adjourned. MOTION CARRIED.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
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Phone (605)773-6050
FAX (605) 773-6053

MINUTES

COMMISSION ON GAMING
DEADWOOD GULCH LODGE
DEADWOOD, SD

NOVEMBER 4-5, 1992

3:00 P.M. - NOVEMBER 4, 1992

CALL TO ORDER AND APPROVAL OF MINUTES

Chairman Lien called the meeting to order with the following persons present: Chairman Lien and Commissioners Kristi Wagner, Karl Fischer, Jack Yonkovich and Karen Crew.

Staff personnel present were: Don Gromer, Cora Hunsley, Grant Gubbrud, Stan Triplett.

Also present was Commission attorney Thomas C. Adam.

Commissioner Fischer moved, seconded by Commissioner Wagner that the minutes of the Conference Call meeting of October 8, 1992 be approved and that it be noted that all votes were taken by a roll call vote. All Commissioners voting aye, the Motion Carried.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, to go into executive session. All voting aye, Motion Carried.

9:00 A.M. - NOVEMBER 5, 1992

Chairman Lien called the meeting to order with the same persons present.

Commissioner Yonkovich moved, seconded by Commissioner Fischer to come out of executive session. All voting aye, the Motion Carried.

HEARINGS

Chairman Lien noted this being the time for the scheduled hearings to start, he turned the meeting over to Commissioner Crew to preside as hearing officer for all hearings.

Court Reporter Amy Zoller of Thompson Reporting, Rapid City, South Dakota transcribed the hearings.

LAWRENCE SULLIVAN

Mr. Sullivan was appealing the Executive Secretary's denial of his renewal application for a support license due to his actions at a Deadwood City Commission meeting. The hearing was held. Commissioner Crew moved, seconded by Commissioner Yonkovich to reverse the Executive Secretary's decision and Mr. Sullivan be granted a support license on the following conditions: That (1), Mr. Sullivan live up to any court terms placed on him; and (2) that no further violations of any statute or gaming regulations occur. All Commissioners voting aye, motion carried.

THOMAS McBRAYER

Mr. McBrayer was appealing the Executive Secretary's denial of his support license to the Commission. The hearing was held. Commissioner Crew moved, seconded by Commissioner Fischer that the Commission affirm the Executive Secretary's decision to deny a support license. All Commissioners voting aye, motion carried.

STEVEN BECK

Mr. Beck did plead guilty to distribution of Marijuana. A Formal Commission Complaint, Notice of Hearing and Notice of Suspension of License (until 11/5/92) was served on Mr. Beck on October 8, 1992. The hearing was held. Commissioner Crew moved, seconded by Commissioner Wagner that the Mr. Beck's support license be revoked. All voting aye, motion carried.

RUSSELL HOLLOWAY

Mr. Holloway was appealing the Executive Secretary's denial of his support license due to his excessive criminal background. The hearing was held. Commissioner Crew moved, seconded by Commissioner Yonkovich that the Commission affirm the Executive Secretary's denial of a support license. All Commissioners voting aye, motion carried.

WILLIAM MILLARD

Mr. Millard was appealing the Executive Secretary's denial of his support license due to his conviction of possession of stolen property. The hearing was held. Commissioner Crew moved, seconded by Commissioner Wagner that the Commission reverse the Executive Secretary's decision in his denial of a support license with the following conditions: (1) Mr. Millard live up to any terms placed on him by the Court, and (2) That no further violations of any statute or gaming regulations occur. All Commissioners voting aye, motion carried.

Commissioner Lien then closed the hearings at about 11:55 a.m. and declared the Commission would take a lunch break and reconvene at 1:00 p.m.

Commissioner Lien called the meeting to order with the same persons present.

At about 1:05 p.m. Commissioner Crew moved, seconded by Commissioner Fischer the Commission go into executive session, all voting aye, the motion carried.

At about 2.20 p.m. Commissioner Yonkovich moved, seconded by Commissioner Wagner to come out of executive session, all voting aye, motion carried.

STIPULATION AND ASSURANCE OF VOLUNTARY COMPLIANCE

Mr. Gromer reported to the Commission that Initial Complaint Filed, Informal Consultation and Stipulation of Assurance and Voluntary Compliance were completed on the Rocky Finck, Kari S. Webb and Full House, Inc. Commissioner Crew moved, seconded by Commissioner Yonkovich that the Commission accept the Stipulations and Assurances of Voluntary Compliance. All voting aye, motion carried.

LICENSING

Commissioner Crew moved, seconded by Commissioner Wagner that the following be granted a Key employee license:

Pat Sturis Gerald McFerren Clayton Trulson Kurt Hall

Raymond Heyer with the following conditions:

He is to comply with all rules and regulations of the Commission and if any violations are observed or heard of by Mr. Heyer he is to immediately report those to the enforcement division of the Commission Staff.

All Commissioners voting aye, motion carried.

Commissioner Crew moved, seconded by Commissioner Fischer that Harley Frazier be granted a temporary operator license. All Commissioners voting aye, motion carried.

Commissioner Yonkovich moved, seconded by Commissioner Wagner that Decker's Food Center (Safeway) be granted a permanent retail license. All Commissioners voting aye, motion carried.

ECONOMIC IMPACT STUDY

Mr. Mike Madden presented preliminary draft copies and a brief outline of the latest study. Commissioner Lien directed Mr. Madden to have the Deadwood Economic Development and the Executive Secretary review the study and make recommendations for final approval.

SOCIAL IMPACT STUDY

Mr. Gromer stated The Aspen Group of Colorado was doing a social impact study on Deadwood and the three gaming communities in Colorado. Gromer stated survey instruments have been sent to the residents of Deadwood. Gromer stated he was informed that the study would be completed some time in March.

SLOT DATA SYSTEM

Mr. Gromer advised the Commission as to the progress of the system and that request for proposals (RFP) have been sent to various venders.

ELECTRONIC SURVEILLANCE SYSTEM

Mr. Gromer presented a document prepared by staff with their recommendations. It was noted that rules would have to be drafted. Gromer stated this would be made available to businesses through the Deadwood office for their review and input.

EXECUTIVE SECRETARY'S REPORT

Mr. Gromer advised that the Horsemen's Annual meeting will be held in Deadwood at the Deadwood Gulch Resort on December 5th. Gromer stated he and Grant Gubbrud would be attending to address issue of sanctioning the horse tracks.

Mr. Gromer stated the Commission previously allocated \$203,808 to Sodrac with \$100,000 of this to be allocated to purse supplements, leadout fees and stakes races. Gromer stated Sodrac did cut back one day per week of racing and ended up not using the total \$100,000 allocated. Mr. Phil Skipp, General Manager has requested that \$22,855.86 be re-allocated to Sodrac for other operational expenses. Commissioner Wagner moved, seconded by Commissioner Fischer that \$22,855.86 be allotted to Sodrac for operational expenses. All Commission members voting aye, motion carried.

Mr. Gubbrud advised the Commission that Sodrac requested race dates beginning May 1 and ending August 29, with races being run Thursday through Sunday. Mr. Gubbrud stated horse dates are expected to be the same weekends as previous years. Commissioner Fischer moved, seconded by Commissioner Wagner that the Executive Secretary be authorized to establish the race dates requested by Sodrac, Ft. Pierre and Aberdeen. All Commission members voting aye, motion carried.

Mr. Gromer brought the possibility or feasibility of drug testing of gaming employees. After further discussion, the Commission directed the Executive Secretary to explore the issue further and report back to the Commission at a later date.

OLD BUSINESS

Mr. Gromer brought up the issue of key employees that have previously been approved for a permanent key license who have not paid for nor picked up their key license. Gromer stated these individuals are still operating under a temporary license. After further discussion, Commissioner Yonkovich moved, seconded by Commissioner Crew that the Executive Secretary notify the key licensees they have one week to pick up their permanent license and the temporary will be void on that date. All Commission members voting aye, motion carried.

NEW BUSINESS

None.

ADJOURN


Commissioner Yonkovich moved, seconded by Commissioner Fischer the meeting be adjourned. All Commission members voting aye, motion carried.

Respectfully submitted,

Cora Hunsley
Administrative Secretary



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

JANUARY 14-15, 1993

COMMISSION ON GAMING
IRON HORSE INN
125 WEST PLEASANT DRIVE
PIERRE, SD

1:30 P.M. - JANUARY 14, 1993

CALL TO ORDER AND APPROVAL OF MINUTES

Chairman Lien called the meeting to order with the following persons present: Chairman Lien and Commissioners Kristi Wagner, Karl Fischer, Jack Yonkovich and Karen Crew.

Staff personnel present were: Don Gromer, Cora Hunsley and Stan Triplett.

Also present were Commission attorneys Mike Shaw and Thomas C. Adam.

Commissioner Fischer moved, seconded by Commissioner Wagner that the minutes of the November 4-5, 1992 meeting be approved. All voting aye, Motion Carried.

HEARINGS

Chairman Lien noted this being the time for the scheduled hearings to begin, he turned the meeting over to Commissioner Crew to preside as hearing officer.

MICHAEL VERRY

Mr. Verry was appealing the Executive Secretary's denial of his application for a support license due to his excessive criminal background. The hearing was held. Commissioner Yonkovich moved, seconded by Commissioner Crew that Mr. Verry's license be denied with the understanding that if he keeps off of alcohol and keeps his record clear for one year, that he be encouraged to re-apply after this period. All voting aye, Motion Carried.

GINA DeLEO

Mr. Shaw advised the Commission that this hearing has been postponed until the next meeting.

Commissioner Crew moved, seconded by Commissioner Wagner to go into executive session and re-convene at 9:00 a.m., January 15, 1993, all voting aye, Motion Carried.

9:00 A.M. - JANUARY 15, 1993

Chairman Lien called the meeting to order with the same persons present, noting Commissioner Yonkovich was absent until 10:15.

Commissioner Crew moved, seconded by Commissioner Fischer to come out of executive session, all voting aye, Motion Carried.

Mr. Gromer requested that certain agenda items be considered in a different order than they appear on the agenda due to the fact that he was requested to appear at a budget hearing at 11:00 a.m.

CONSIDERATION OF A VARIATION OF BLACKJACK CALLED "MULTIPLE ACTION BLACKJACK"

Mr. Gromer recommended this issue be tabled until he visits with the Attorney General. Commissioner Crew moved, seconded by Commissioner Wagner this be tabled until Mr. Gromer visits with the Attorney General to see what his concerns are. All voting aye, Motion Carried.

EXECUTIVE SECRETARY'S REPORT

Mr. Gromer updated the Commission on the progress of the Automation of Slot Machine Data and all the bids should be in by February 1, 1993. Mr. Gromer also discussed the issues the Commission would have to consider.

Mr. Gromer reviewed the pari-mutuel budget for the 1993 season. Mr. Ron Olinger stated he met with members of the horse industry and they have agreed to the distribution of funds of point money which would be 46% to quarterhorses and 54% to the thoroughbreds. Mr. Gromer recommended allocations be made:

FT. PIERRE

Point Money	\$ 41,000
Purse Money	43,500
Stakes Money	23,700
Track Operational Expenses	7,000
Cost of Video (\$675/day x 9)	<u>6,075</u>
TOTAL	\$121,275

ABERDEEN

Point Money	\$ 49,000
Purse Money	48,500
Stakes Money	36,300
Track Operational Expenses	8,500
Cost of Video (\$675/day x 7)	<u>4,725</u>
TOTAL	\$147,025

Commissioner Crew moved, seconded by Commissioner Fischer that the Commission accept the Executive Secretary's recommendations. All voting aye, Motion Carried. Commissioner Crew moved, seconded by Commissioner Fischer to amend the motion to include that the actual track operators have the authority to allocate the point money. All voting aye, Motion Carried.

Mr. Gromer asked the Commission to consider purse supplements. Mr. Gromer stated there is \$500 contributed to each race for purse supplements. It was the consensus of everyone that the \$500 purse supplement would not go to the Friday trials.

Mr. Phil Skipp of Sodrac requested the Commission entertain approval of Sodrac not running live dog racing for the year 1993 and approval to run simulcast racing. Mr. Skipp stated the income statement for the past three years provided to the Commission would show the loss. Mr. Skipp also requested approval of the money to Sodrac be in the same amounts as previously allocated. Mr. Skipp stated the leadout fees would be earmarked for host fees. Mr. Gromer recommended an allocation in the same amount as last year of \$122,500 for operational costs (tote and simulcast) and no allocation for purse supplements. Mr. Olinger stated the horsemen would support this amount. After further discussion, Commissioner Crew moved, seconded by Commissioner Wagner that Sodrac be allocated \$122,500 for operation expenses. All voting aye, Motion Carried.

Commissioner Fischer moved, seconded by Commissioner Wagner that Sodrac's request to eliminate live racing and only run simulcast for the 1993 season be granted based upon information submitted per SDCL 42-7-58.6. All voting aye, Motion Carried.

Mr. Gromer presented the contract between Sodrac and Gulfstream. Commissioner Crew requested this issue be tabled until she and counsel had time to review it. After further discussion Commissioner Crew moved, seconded by Commissioner Yonkovich the contract with Gulfstream be approved. All voting aye, Motion Carried.

Mr. Skipp stated for the record "Never in my 25 years experience, have I encountered a more understanding regulatory body".

Mr. Ron Olinger stated a motion was passed at the horsemen's meeting for the Commission's consideration which would allow a trainer to administer tablet bute and the trainer to list the horse on the bute list. Mr. Gromer stated he would check into it and present it at the next scheduled meeting.

Mr. Gromer reviewed the disciplinary actions taken against and stipulation of voluntary compliance entered into on the following licensees: Noelyn Olson, Sandra Pitt, James Findley and William Reif.

Mr. Gromer and Mr. Adam reviewed the draft legislation relating to gaming. Mr. Adam advised the Commission the Lawrence County State's Attorney suggested a couple of modifications to SDCL 42-7B. The first dealt with SDCL 42-7B-41 which reduces the expansion of the statute. Mr. Gromer stated he was in favor of this change. The second suggestion would add a new section dealing with allowing an obviously intoxicated person to gamble. After discussion Commissioner Fischer moved, seconded by Commissioner Wagner to approve the legislation as submitted with the noted changes and instruct staff to proceed with the passage in the 1993 session. Upon further discussion, Commissioner Fischer moved to amend his motion, seconded by

Commissioner Wagner to remove the section relating to obviously intoxicated. All voting aye, Motion Carried.

Mr. Owen Emme requested the Commission authorize a change in the statute which would change the coin in reporting as listed in the monthly stats released to the public. Commissioner Lien stated the Commission chose early on to be completely open with the public. After further discussion, no action was taken.

Mr. Gromer and Mr. Adam reviewed the draft legislation relating to racing. Commissioner Wagner moved, seconded by Commissioner Fischer to approve the legislation as submitted with the noted changes and instruct staff to proceed with the passage in the 1993 session. All voting aye, Motion Carried.

Mr. Gromer reviewed the draft rules to be proposed relating to slot tournaments. Commissioner Crew moved, seconded by Commissioner Fischer to approve the rules in general for slot tournaments, direct counsel to proceed immediately with a rules hearing and to incorporate any other proposed rule changes. All voting aye, Motion Carried.

Mr. Gromer requested the Commission issue a policy statement relating to associated equipment of slot machines and the problems staff was running into. After further discussion, Commissioner Crew moved, seconded by Commissioner Yonkovich the following policy be adopted until a rule has been adopted governing associated equipment that the Commission take the position that it is not a violation to have unlicensed associated equipment that the Executive Secretary determines does not affect the outcome of play. All voting aye, Motion Carried.

Mr. Gromer left for his budget meeting.

LICENSING

Commissioner Crew moved, seconded by Commissioner Yonkovich the following be granted a Key license:

Susan Christian
James O'Grady
Gerald Quint

John Bartlett
Lyle Kellar
Arnold Jessup

Genevieve Dahl
Harlan Palo

All voting aye, Motion Carried.

Commissioner Yonkovich moved, seconded by Commissioner Wagner the following name change be approved:

Gulch Valley Inc. to Decker's Food Center of Gillette, WY

All voting aye, Motion Carried.

OLD BUSINESS

None

NEW BUSINESS

It was suggested that the following dates be tentatively set for meetings during

1993 with all meetings in Deadwood:

March 25-26
September 23-24

May 20-21
November 22-23

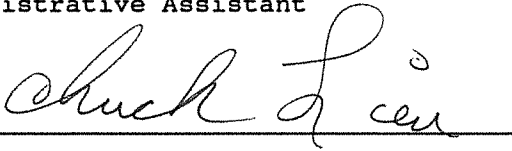
July 29-30

ADJOURN

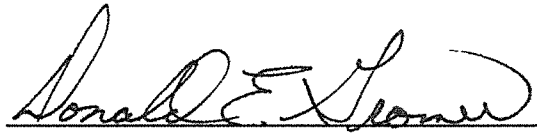
There being no further business Commissioner Crew moved, seconded by Commissioner Fischer the meeting be adjourned. All voting aye, Motion Carried.

Respectfully submitted,

Cora Hunsley
Administrative Assistant

A handwritten signature in cursive script, reading "Chuck Lien", written over a horizontal line.

Chuck Lien, Chairman

A handwritten signature in cursive script, reading "Donald E. Gromer", written over a horizontal line.

Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605) 773-6050
FAX (605) 773-6053

MINUTES

COMMISSION ON GAMING
102 SHERMAN STREET
DEADWOOD, SD

MARCH 25-26, 1993

9:00 A.M. MST - MARCH 25, 1993

CALL TO ORDER AND APPROVAL OF MINUTES

Chairman Lien called the meeting to order with the following persons present: Chairman Lien and Commissioners Kristi Wagner, Karl Fischer, Jack Yonkovich and Karen Crew.

Staff personnel present were: Don Gromer, Cora Hunsley, Stan Triplett and Grant Gubbrud.

Also present were Commission attorney Thomas C. Adam.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, that the minutes of the January 14-15, 1993 meeting be approved. All voting aye, Motion Carried.

HEARINGS

Chairman Lien noted this being the time for the scheduled hearings to begin, he then turned the meeting over to Commissioner Crew to preside as hearing officer.

SD COMMISSION ON GAMING v. GINA DeLEO

Ms. DeLeo was arrested and charged with forgery. Defendant pled guilty to insufficient funds in an amount of more than \$100 but less than \$500. The hearing was held. Commissioner Yonkovich moved, seconded by Commissioner Wagner, to suspend Ms. DeLeo's license for seven (7) days through March 31, 1993 and on April 1, 1993 she be eligible to deal again, and that she be on a restricted license for one year, to April 1, 1994, with no similar violations during this probationary period. All voting aye, Motion Carried.

SD COMMISSION ON GAMING v. JERRY A. JOHNSON

Mr. Johnson admitted that while employed as a support licensee he cheated the patrons of his employer in a poker game. The hearing was held. Commissioner Crew moved, seconded by Commissioner Fischer, to revoke Jerry A. Johnson's support license effective immediately. All voting aye, Motion Carried.

Commissioner Wagner moved, seconded by Commissioner Crew to go into executive session. All voting aye, Motion Carried.

Commissioner Fischer moved, seconded by Commissioner Yonkovich, to come out of executive session. All voting aye, Motion Carried.

MARC TOBIAS

Mr. Tobias and Mr. Gromer reported on the status of the central system. After further discussion the Commission directed Mr. Tobias to provide them with a written report outlining his recommendations.

EXECUTIVE SECRETARY'S REPORT

Mr. Gromer requested items C & D of his report be considered first as Mr. Boyle, Jon Mattson and Representative Kay Jorgenson were in the audience.

MULTIPLE ACTION BLACKJACK

Mr. Gromer briefed the Commission and the correspondence involved in this issue. Mr. Charles Boyle of Tin Lizzie's explained briefly how the game is played. After further discussion, Commissioner Crew moved, seconded by Commissioner Fischer, to approve the game of Multiple Action Blackjack subject to the Executive Secretary's approval of the tables and layout. All members voting aye, Motion Carried.

LEGISLATION UPDATE - NEED FOR RULES HEARING

Mr. Jon Mattson reviewed the action taken during the 1993 legislative session and publicly thanked the key persons involved with the final outcome.

Representative Kay Jorgenson spoke to the Commission regarding the 1993 Legislative session and thanked the Commission, her co-legislators and the community for their leadership.

At about 11:20 a.m. Commissioner Fischer moved, seconded by Commissioner Wagner, to go into Executive Session. All voting aye, Motion Carried.

At about 1:30 p.m. Commissioner Yonkovich moved, seconded by Commissioner Crew, to come out of Executive Session. All voting aye, Motion Carried.

Commissioner Lien called the meeting to order stating it was the time set for the scheduled rules hearing. (RULES HEARING MINUTES ARE TRANSCRIBED SEPARATELY AND ATTACHED)

At about 2:05 p.m. Commissioner Crew moved, seconded by Commissioner Wagner to officially close the rules hearing. All members voting aye, Motion Carried.

After a short recess, Commissioner Lien called the meeting to order.

EXECUTIVE SECRETARY'S REPORT - CONTINUED:

STIPULATION AND ASSURANCE OF VOLUNTARY COMPLIANCE

Mr. Gromer reviewed the disciplinary actions brought against and reviewed the Stipulations of Assurance and Voluntary Compliance entered into on the following

licensees:

Commissioner Crew moved, seconded by Commissioner Wagner, the Commission accept the terms agreed to in the matter of Barb Mattson, d/b/a Lucky Wrangler. All voting aye, Motion Carried.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, the Commission accept the terms agreed to in the matter of Constance Andrews, d/b/a Wilderness Edge. All voting aye, Motion Carried.

Commissioner Fischer moved, seconded by Commissioner Yonkovich, the Commission accept the terms agreed to in the matter of Gary Case, d/b/a Bella Union. All voting aye, Motion Carried.

Commissioner Fischer moved, seconded by Commissioner Yonkovich, the Commission accept the terms agreed to in the matter of Bill Walsh, d/b/a Franklin Hotel. All voting aye, Motion Carried.

Commissioner Wagner moved, seconded by Commissioner Yonkovich, the Commission accept the terms agreed to in the matter of Jerry L. Smith. All voting aye, Motion Carried.

Commissioner Fischer moved, seconded by Commissioner Yonkovich, the Commission accept the terms agreed to in the matter of Bill Bernard, d/b/a Goodtime Novelty. All voting aye, Motion Carried.

MOVING EXPENSES

Mr. Gromer requested approval of moving expenses for staff. Commissioner Yonkovich moved, seconded by Commissioner Wagner that moving expenses for Grant Gubbrud and John Peterson be approved. All voting aye, Motion Carried.

BUTE ISSUE

Mr. Gromer explained the history and prior policy relating to Bute and the charge of \$11 by the State Veterinarian to add horses treated by Bute to the Bute list. Gromer stated the Commission contracts with Roger Cooper, DVM as State Veterinarian and that Dr. Cooper requested an increase in his contract to \$12,000. Mr. Gromer explained the reasons he would agree to this increase and requested two decisions be made by the Commission. One would be to cease the \$11 charge and one to approve the contract for the 93 season. Commissioner Fischer moved, seconded by Commissioner Wagner, that the State Veterinarian cease charging \$11 to put a horse on the Bute list. All members voting aye, Motion Carried. Commissioner Yonkovich moved, seconded by Commissioner Wagner, to put the request for an increase in Dr. Cooper's contract on the table for discussion. After discussion, Commissioner Wagner called for the question and a roll call vote was taken as follows: Commissioner Wagner, aye; Commissioner Fischer, aye; Commissioner Crew, nay and Commissioner Yonkovich, nay. After further discussion, Commissioner Yonkovich called for the question. Roll call as follows: Commissioner Wagner, aye; Commissioner Fischer, aye; Commissioner Yonkovich, aye; and Commissioner Crew, nay. Motion Carried.

Mr. Gromer advised the Commission that according to the racing rules the officials employed by the tracks needed Commission approval. Commissioner Yonkovich moved, seconded by Commissioner Fischer, that the officials submitted for the Fort Pierre and

Aberdeen tracks be approved. All members voting aye, Motion Carried. (COPIES ATTACHED)

Mr. Gromer reviewed the simulcast contracts submitted by Sodrac to be approved and stated that by statute, all simulcast contracts needed Commission approval. Gromer stated SB 122 was introduced this year that would have given the Executive Secretary authority to approve simulcast contracts. Gromer stated that SB 122 was used to facilitate the special election and this portion was deleted. After further discussion Commissioner Crew moved, seconded by Commissioner Wagner that the Executive Secretary be granted authority to approve contracts submitted by Sodrac with those in question to be brought before the Commission. All members voting aye, Motion Carried.

Commissioner Fischer moved, seconded by Commissioner Yonkovich, to go into executive session and reconvene at 9:00 a.m. MST, April 26, 1993. All members voting aye, Motion Carried.

9:00 A.M. MST - MARCH 26, 1993

Executive session continued.

At about 9:30 a.m. MST, Commissioner Fischer moved, seconded by Commissioner to come out of Executive Session. All members voting aye, Motion Carried.

Chairman Lien called the meeting to order and turned it over to Commissioner Crew to act as hearing officer noting it was the time for the next scheduled hearing.

SD COMMISSION ON GAMING v. DENNIS RICHARDSON

Mr. Richardson d/b/a Goldberg Grocery and Goldberg Soda Fountain was charged with two counts of engaging in conduct constituting grounds for disciplinary action. Count I, on November 7, 1992, Mr. Richardson was aware of an allegation of a dealer cheating/patron dispute and failed to notify the Commission on Gaming in a timely manner. Count II, on December 4, 1992 Mr. Richardson was aware of an allegation of a dealer cheating and failed to notify the Commission on Gaming in a timely manner. The hearing was held. (SEE NOTE BELOW) Commissioner Crew moved, seconded by Commissioner Wagner that the Commission find no violation on Count I, find a violation on Count II and that the penalty be a \$12,500.00 monetary penalty, that the licenses of Goldberg Soda Fountain #0083 RT and Goldberg Grocery #0001 RT be suspended from April 5th to the 16th, that at 12:01 a.m. on April 17, the licenses be reinstated on the condition that the monetary penalty is paid before that time. All members voting aye, Motion Carried.

NOTE FOR THE RECORD: The hearing ran from 9:35 a.m. to 12:05 p.m. with Commissioner Crew declaring a recess for lunch to reconvene at 1:15 p.m. The hearing reconvened at 1:15 p.m. until 2:25 p.m. At about 2:30 p.m., Commissioner Fischer moved, seconded by Commissioner Yonkovich to go into executive session. All members voting aye, Motion Carried. At about 3:00 p.m. Commissioner Crew moved, seconded by Commissioner Wagner to come out of executive session.

LICENSING

Commissioner Fischer moved, seconded by Commissioner Wagner that the following Key licenses be approved:

Suey Ying Pogor
Darrell Sullivan
Candice Creger

Harold Muilenburg
Scott Roth
B. V. Johnson

Vicki Boring
Melody Dennis
Barb Outka

Ronald Boortz
William Hollenbeck
Jerry Baum
Janet Boortz

Chris Hamm
Gilbert Knapmiller
Bart Hamm
Norma Ollila

Tomitaka Sato
Bruce Davis
Kenneth Franke

All members voting aye, Motion Carried.

Commissioner Yonkovich moved, seconded by Commissioner Fischer that the following Operator licenses be approved:

Nancy Island, d/b/a Legends
Barb Schmidt, d/b/a Legends
James Calvello, d/b/a The Cavelle Group
Allen Kokesch, d/b/a Atlantic Pacific Corp.

All members voting aye, Motion Carried.

Commissioner Wagner moved, seconded by Commissioner Crew, that a Retail license be granted to Pat Roberts, d/b/a Gold Nugget Inn. All members voting aye, Motion Carried.

Commissioner Yonkovich moved, seconded by Commissioner Fischer, that a Retail license be granted to Ferd Balkenhol, d/b/a Sherman Street Saloon. All members voting aye, Motion Carried.

OLD BUSINESS

Mr. Gromer presented a request for approval received from Games of Nevada for a slot machine game called "Pick 5 Lucky Numbers". After discussion it was decided that it wasn't necessary for the Commission to take action as long as it was approved by Gaming Laboratories and met the slot machine specifications.

NEW BUSINESS

Mr. Gromer requested the next meeting and rules hearing be set in order to have rules relating to surveillance in place by July 1, 1993. After discussion, it was decided that the next meeting be scheduled for April 29-30, 1993 in Deadwood, cancel the meeting that was tentatively set for May 20-21, 1993 and check into the use of the Rural Development Teleconference Network (RDTN) for the June 14, 1993 meeting for license renewal.


Commissioner Crew moved, seconded by Commissioner Yonkovich that the Commission direct counsel to prepare Findings of Fact, Conclusions of Law and Orders in the hearings. All members voting aye, Motion Carried.

ADJOURN

There being no further business, Commissioner Wagner moved, seconded by Commissioner Crew, that the meeting be adjourned. All members voting aye, Motion Carried.

Respectfully submitted,

Cora Hunsley, Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

COMMISSION ON GAMING
102 SHERMAN STREET
DEADWOOD, SD

APRIL 29-30, 1993

1:00 P.M. - APRIL 29, 1993

Chairman Lien called the meeting to order with the following persons present: Chairman Lien and Commissioners Karl Fischer, Jack Yonkovich and Karen Crew. Absent, Commissioner Kristi Wagner.

Staff personnel present were: Don Gromer, Cora Hunsley, John Peterson and Grant Gubbrud.

Also present was Commission attorney Thomas C. Adam.

Commissioner Fischer moved, seconded by Commissioner Yonkovich, that the minutes of the March 25-26, 1993 meeting be approved as printed. All members voting aye, Motion Carried.

RULES HEARING

Chairman Lien announced it was the time scheduled for the rules hearing. (RULES HEARING MINUTES ARE TRANSCRIBED SEPARATELY AND A COPY IS ATTACHED)

Commissioner Crew moved, seconded by Commissioner Yonkovich that the Commission adopt the rules as amended. All members voting aye, Motion Carried.

Commissioner Crew moved, seconded by Commissioner Yonkovich to close the rules hearing. All members voting aye, Motion Carried.

EXECUTIVE SESSION

At about 4:50 p.m. Commissioner Crew moved, seconded by Commissioner Yonkovich to go into executive session. All members voting aye, Motion Carried.

9:00 A.M. - APRIL 30, 1993

At about 10:20 a.m. Commissioner Fischer moved, seconded by Commissioner Yonkovich to come out of executive session. All members voting aye, Motion Carried.

LICENSING

Commissioner Fischer moved, seconded by Commissioner Crew that John Bigelow be granted a Key license. All members voting aye, Motion Carried.

Commissioner Fischer moved, seconded by Commissioner Crew that Tom Matthews, Jim Purdy and Michael Stone d/b/a Global Gaming, be granted a temporary Manufacturer/Distributor license. All members voting aye, Motion Carried.

Commissioner Fischer moved, seconded by Commissioner Crew that the change in ownership of the retail licenses for Miss Kitty's, The Mint and Wilderness Edge to Ken Lau from Connie Andrews and Day's Inn 76 Motel from Ken Lau to Connie Andrews be approved and issue an operator license be issued to Ken Lau. All members voting aye, Motion Carried.

EXECUTIVE SECRETARY'S REPORT

AUTOMATED SLOT DATA COLLECTION SYSTEM

Mr. Gromer suggested the Commission review the letters he received from Marc Tobias and James Maida and discuss at the next meeting to what route the Commission would like to take on this issue.

Mr. Gromer read the petition letter received from Larry Carlson regarding a horse that was claimed by Tom Maher for \$1,750 and Mr. Carlson buying it back for \$2,000. Gromer explained that on April 18, 1993 a horse was claimed during a claims race. Gromer stated there was a rule that specified if you claim a horse, the horse is jailed for 30 days. The horse cannot leave the track or race for 30 days. Gromer stated there was also a rule that allows the Commission the power to waive the jail time for the horse which Mr. Carlson is requesting. This would allow him to purchase the horse back. Gromer stated the purpose for a claims race is to ensure that horses of the same ability are running. Gromer stated Mr. Carlson was asking the Commission's permission to purchase his own horse back and protecting his claim. Commissioner Crew moved, seconded by Commissioner Fischer to waive the 30 days by allowing Mr. Carlson to buy the horse back and allow the horse to run again. All members voting aye, Motion Carried.

Mr. Gromer briefed the Commission on a new business starting up known as the Four Aces Hotel Corp. Mr. Tom Carver presented the blueprints for this business to see if it meets the criteria for three buildings. After further discussion, Commissioner Yonkovich moved, seconded by Commissioner Fischer that it was three different distinct buildings and if the background determines them suitable for licensing they would be eligible for the maximum amount of three retail licenses. All members voting aye, Motion Carried.

Mr. Gromer announced that starting May 3, 1993 two new employees will begin working. Gromer stated Dan Seidler will become the new Inspector replacing Jim McKee who is a new Enforcement Agent and Mr. Scott Amundson has been hired to fill the Enforcement Agent position.

Mr. Gromer informed the Commission that Mr. Ray Hillenbrand who owns REBA, Inc., d/b/a Prairie Edge, Buffalo Skull and Eagle Bar along with his children, notified him that he will be purchasing the entire business from his children. Gromer stated staff will be updating Mr. Hillenbrand's background and report at a future

meeting.

Mr. Gubbrud requested that owners ask all their employees to submit their renewals for their support licence.

OLD BUSINESS

Commissioner Crew stated there has been an issue that has come up about an appeal on a lawsuit that the Commission has with Black Hills Novelty and apparently the record may not reflect the Commission's decision to appeal that case and instructing Mr. Shaw to do that. Commissioner Crew stated it would be appropriate at this time to move to confirm that action, seconded by Commissioner Yonkovich, to ratify that decision and reaffirm that which was the Commission's original decision. All members voting aye, Motion Carried.

NEW BUSINESS

Mr. Gromer stated that the next meeting scheduled for June 14, 1993 will be by Rural Development Telecommunications Network (RDTN) and that we have reserved it from 2:00 p.m. to 5:00 p.m. CST.

ADJOURN

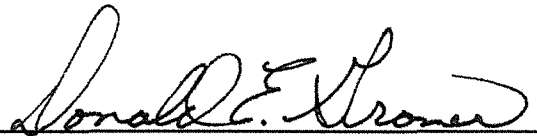
There being no further business, Commissioner Fischer moved, seconded by Commissioner Yonkovich that the meeting be adjourned. All members voting aye, Motion Carried.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605) 773-6050
FAX (605) 773-6053

MINUTES

JUNE 14, 1993

**COMMISSION ON GAMING
RURAL DEVELOPMENT TELECOMMUNICATIONS NETWORK (RDTN)**

2:00 P.M. - JUNE 14, 1993

CALL TO ORDER

Chairman Lien called the meeting to order with the following persons present: Chairman Lien and Commissioners Karl Fischer, Jack Yonkovich and Kristi Wagner. Commissioner Crew called to advise she would be late.

Staff personnel present were: Don Gromer, Cora Hunsley, Grant Gubbrud, Dan Poeppel and Linda Durbin.

Also present was Commission attorney Thomas C. Adam.

Chairman Lien advised everyone that the meeting was being conducted through RDTN with persons attending in Rapid City, Spearfish, Pierre, Brookings, Sioux Falls and Aberdeen. Chairman Lien stated all votes would be taken with a roll call.

APPROVAL OF MINUTES

Commissioner Fischer moved, seconded by Commissioner Yonkovich, that the minutes of the April 29-30, 1993 meeting be approved as printed. All members voting aye, Motion Carried.

EXECUTIVE SESSION

At about 2:10 p.m. Commissioner Wagner moved, seconded by Commissioner Yonkovich to go into executive session. All members voting aye, Motion Carried.

At about 2:15 p.m. Commissioner Crew arrived.

At about 3:10 p.m. Commissioner Yonkovich moved, seconded by Commissioner Fischer, to come out of executive session. All members voting aye, Motion Carried.

NEW LICENSING

Commissioner Fischer moved, seconded by Commissioner Wagner that the following new licenses be granted. All members voting aye, Motion Carried.

NAME	TYPE OF LICENSE	NAME OF BUSINESS
Ray Winsel	Permanent Operator	Pink Palace
Mark Mollers	Temporary Operator & 3 Temporary Retail	Four Aces
Frank Washburn	"	"
Dean Kurtz	"	"
Bradley Kurtz	"	"
Tom Carver	"	"
Janet Bernard	Temporary Operator & 1 Temporary Retail	Carnival Queen
Sanford Goldberg	Temporary Distributor	Lieberman Music Company
David Lieberman	"	"
Stephen Lieberman	"	"
Sandra Okinow	"	"
Harold Okinow	"	"
Gary Todd	Temporary Operator & 1 Temporary Retail	Gold Nugget Inn

Commissioner Fischer moved, seconded by Commissioner Yonkovich that the following be granted a Key employee license. All members voting aye, Motion Carried.

Arden Ballard	Timothy Burke	Debora Covell
Linda Crandall	James Culey	Douglas Driscoll
Sharon Dye	Laurie Eisenbraun	Wallace Erickson
Donna Franke	Jeffery Gengler	Arlin Heinrich
Toby Keehn	Marcella Kellem	Brian Kindsfater
Elizabeth Matti	Joseph Noeller	Richard Olsen
Gary Price	Rhonda Ross	Karolea Schnabel
Lester Schroeder	Gloria Schryver	Randy Schaffer
Craig Stedillie	George Stevenson	Connie Truman
John Truman	Iris Young	

Commissioner Yonkovich moved, seconded by Commissioner Wagner that John Juso be denied a Key employee license due to certain information discovered in his background investigation. Roll Call as follows: Fischer, aye; Yonkovich, aye; Wagner, aye; Crew, abstain and Lien, aye. Motion Carried.

LICENSE RENEWALS FOR FY-94

Commissioner Wagner moved, seconded by Commissioner Fischer that the following Manufacturer (MA) or Distributor (DS) licenses be approved. All members voting aye, Motion Carried.

IGT (MA)	Universal Dist. of NV (MA)	Bally Gaming (MA)
Games of NV (MA)	Sigma Games (MA)	Sodak Gaming Supplies (DS)
Haron Limited (DS)		

Mr. Gromer reviewed the business renewals and advised the Commission of the following notations on the list: (1) Deadwood Hotel Joint Venture changed their name to Deadwood Gulch Resort & Gaming Inc.; (2) Joseph Rowland did not renew and recommended he be removed from the list until he renews; (3) Reba Inc. renewed and at one time it was called Dakota Partnership owned by John, Margaret, Gretchen and Heidi Hillenbrand who were previously licensed, Mr. Hillenbrand had taken over the property and has since returned that property to John, Margaret, Gretchen and Heidi; (4) Shamrock Inc., had not paid their property tax by May 1st and also has a lien against it for approximately \$1,200.00 by the City of Deadwood; (5) Property taxes have not been paid on Gold Coin which is rented by Marilyn Shedd; (6) Property taxes have not been paid on Butch Cassidy's which is rented by Mary Dunne; and (7) Property taxes have not been paid on the Franklin Hotel or Durty Nellie's. Commissioner Fischer moved, seconded by Commissioner Wagner that the business renewal licenses for FY-94 be approved except those noted in the following motions. All members voting aye, Motion Carried. (SEE ATTACHED LIST)

Commissioner Crew moved, seconded by Commissioner Fischer that a temporary conditional license be granted to Gold Coin, Butch Cassidy's, Franklin Hotel and Durty Nellie's until August 1, 1993 on the condition that all outstanding judgments and tax obligations of any kind are paid by that date. All members voting aye, Motion Carried.

Commissioner Crew moved, seconded by Commissioner Fischer that Shamrock, Inc. be denied. After further discussion, Commissioner Fischer moved to amend the motion and they be issued a temporary conditional license until the July meeting provided, all outstanding judgments are paid by that date and they appear before the Commission at the July meeting. All members voting aye, Motion Carried.

Commissioner Crew moved, seconded by Commissioner Yonkovich to approve the renewal of Key licenses with Jerry Baum added to the list. All members voting, aye, Motion Carried. (SEE ATTACHED LIST)

BAD BEAT JACKPOT

Mr. Gromer covered the rule regarding Bad Beat Jackpot and explained the operation of Bad Beat Jackpot. After discussion, Commissioner Yonkovich moved, Seconded by Commissioner Fischer for discussion purposes, to allow cumulative bad beat jackpots with amounts set by establishments and no limit on the number of pots. Ms. Durbin stated several houses have Bad Beat and explained how it is currently being handled. Roll Call as follows: Fischer, aye; Yonkovich, aye; Wagner, aye; Crew, aye and Lien, aye. Motion Carried.

EXECUTIVE SECRETARY'S REPORT

NEW LEGISLATION EFFECTIVE 7/1/93

Mr. Gromer reviewed the synopsis prepared by he and Mr. Adam on the new legislation passed in 1993.

RESULTS OF COMMISSION'S LAST AUDIT

Mr. Gromer reviewed the latest audit report from Legislative Audit and stated Grant Gubbrud should be commended for setting internal office procedures set up to adequately monitor how funds are handled.

SLOT AUTOMATION SYSTEM

Mr. Gromer requested the Commission review this issue and advise which way they would like him to proceed. Chairman Lien requested the Commission members report back to Mr. Gromer by July 10, 1993 on this issue.

RESULTS OF LIVE HORSE RACING SEASON

Mr. Gromer and Mr. Gubbrud covered the handle and expenses of the live horse races held in Ft. Pierre and Aberdeen.

UPDATE ON SURVEILLANCE SYSTEMS

Mr. Gromer advised the Commission that all operators and retailers received a copy of the surveillance rules. Gromer stated Mr. Elmer Pritchard raised a question that is not addressed in the rules. Gromer stated Mr. Pritchard has no high award slots, they are routed to him by a route operation and Mr. Pritchard was wondering if a surveillance system would be required if he did not use a cashier's cage of any kind but just a change machine. Mr. Pritchard, who attended the meeting at the Spearfish site explained his situation. Mr. Gromer stated if Mr. Pritchard or anyone else used a change machine he did not see where they would fit into the criteria of the rules as drafted. After further discussion Commissioner Crew moved, seconded by Commissioner Yonkovich that Mr. Pritchard be given an extension by the Executive Secretary at the direction of the Commission until such time that the Commission directs the Executive Secretary to revoke the extension. All members voting aye, Motion Carried.

PINEAPPLE POKER

Mr. Gromer stated two requests have been received to allow this game. After further discussion, Commissioner Fischer moved, seconded by Commissioner Crew that rules be drafted to allow the game of Pineapple and it is not to be played until rules are in place. All members voting aye, Motion Carried.

OLD BUSINESS

Mr. Gromer reviewed the letter received by the SD Council on Problem Gambling, Inc., requesting he or someone from the Commission serve on the Board. After further discussion, Mr. Gromer was directed to explore this further and encouraged him to accept or nominate someone from staff to accept.

Deb O'Bryan, Manager of the Lucky Miner asked for clarification regarding surveillance in her area. Mr. Gromer stated the camera should be set up in such a way to review her slot area to know when the drop was occurring.

NEW BUSINESS

Mr. Gromer reiterated the criteria and schedule for licensing devices prior to July 1st.

Mr. Ron Russo of the Fairmont Hotel stated he has one blackjack table and the requirement right now is a color camera over the cage where the chips pass through to

determine the difference between \$1 and \$5 chips. Mr. Russo asked if the requirement would stay the same if the \$1 chips were replaced with tokens so the only chip that would have to be monitored would be a singular colored chip. Mr. Gromer stated the colored camera is also needed to pick up the different colored forms that are used.

ADJOURN

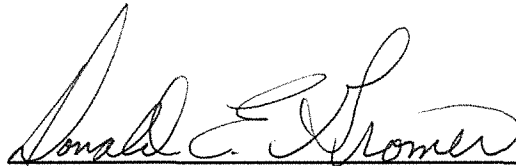
There being no further business, Commissioner Fischer moved, seconded by Commissioner Yonkovich that the meeting be adjourned. All members voting aye, Motion Carried.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605) 773-6050
FAX (605) 773-6053

MINUTES

JULY 29-30, 1993

COMMISSION ON GAMING
CITY HALL
102 SHERMAN STREET
DEADWOOD, SD

9:00 A.M. - JULY 29, 1993

CALL TO ORDER

Chairman Chuck Lien called the meeting to order with the following persons present: Chairman Lien, Vice Chairman Karl Fischer, Jack Yonkovich, Karen Crew and Kristi Wagner.

Personnel present were Don Gromer, Stan Triplett, Grant Gubbrud and Linda Durbin.

The Commission was represented by Tim Engel, Attorney at Law, with the firm May, Adam, Gerdes and Thompson.

APPROVAL OF MINUTES

Commissioner Crew moved, seconded by Commissioner Yonkovich, that the minutes of June 14, 1993 be approved as printed. All members voting aye, Motion Carried.

HEARINGS

Wheeler Court Reporting, Rapid City, SD, was present and recorded all transactions of the following hearings.

9:05 A.M. - COMMISSION ON GAMING v. GREG HARLAN

Greg Harlan, Defendant was represented by Brad Gordon, Attorney at Law.

Mr. Gordon requested that Mr. Harlan's hearing be continued due to the fact that his client, Mr. Harlan, was under criminal charges, and that he had moved for the Court to order the Lawrence County State's Attorney to answer a Bill of Particulars which would outline the information used to bring forth the indictment against Mr. Harlan. Mr. Gordon argued to the Commission that without the facts of the case, he did not see how the Commission could bring forth a decision without knowing the facts which he had yet to learn.

At about 9:10 a.m. Commissioner Wagner moved, seconded by Commissioner Fischer, that the Commission go into executive session to discuss Mr. Gordon's request. All members voting aye, Motion Carried.

Commissioner Crew moved, seconded by Commissioner Wagner to come out of Executive Session. All members voting aye, Motion Carried.

Commissioner Crew moved, seconded by Commissioner Yonkovich, that the Commission grant Mr. Harlan a continuance of the hearing until the next scheduled Commission meeting. All members voting aye, Motion Carried.

It was noted the Executive Secretary would present his report between hearings.

EXECUTIVE SECRETARY'S REPORT

Executive Secretary Don Gromer requested permission of the Commission to attend two out-of-state conferences. The first was a meeting of regulatory agencies scheduled for sometime in August, 1993, in Chicago. The second was a request to attend the World Gaming Expo, scheduled for September, 1993 in Las Vegas, Nevada. Commissioner Yonkovich moved, seconded by Commissioner Wagner, that Mr. Gromer be allowed to attend both meetings. All members voting aye, Motion Carried.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, that Commissioners wishing to attend the World Gaming Expo be allowed. All members voting aye, Motion Carried. It was noted that any Commissioner interested in attending was to contact the Pierre Office to make arrangements to attend.

Commissioner Wagner moved, seconded by Commissioner Yonkovich, that the next meeting of the Commission on Gaming be scheduled for September 28 & 29, 1993 in Deadwood. All members voting aye, Motion Carried.

Mr. Gromer discussed the results of the 1993 live racing meets. Commissioner Wagner moved, seconded by Commissioner Yonkovich, the Executive Secretary be instructed to prepare a letter to the Governor for the Chairman's signature, outlining the financial condition of live racing and the results of the 1993 racing season. All members voting aye, Motion Carried.

HEARING

10:00 A.M. - COMMISSION ON GAMING v. JAMES CAMPANALE

Mr. Campanale was not represented by legal counsel. Mr. Campanale requested a continuance from the Commission due to the fact that he is presently facing criminal charges and could not properly defend this accusation without the risk of self incrimination.

Commissioner Wagner moved, seconded by Commissioner Fischer to go into executive session to discuss Mr. Campanale's request. All members voting aye, Motion Carried.

At about 10:15 Commissioner Yonkovich moved, seconded by Commissioner Fischer, to come out of executive session. All members voting aye, Motion Carried.

Commissioner Crew moved, seconded by Commissioner Wagner, that Mr. Campanale's request be denied. All members voting aye, Motion Carried.

The hearing was held. At about 10:40 a.m. the hearing was closed. Commissioner Crew moved, seconded by Commissioner Wagner, that Mr. Campanale's license be revoked on the grounds of ARSD 20:18:12:01. Failure to disclose information on application. All members voting aye, Motion Carried.

10:40 A.M. - WILDERNESS EDGE - PETITION FOR A DECLARATORY RULING FOR TWO BUILDING DESIGNATION

The hearing was held with Mr. Roger Tellinghusen, Attorney at Law, represented Ken Lau, owner of the Wilderness Edge. The Commission took under consideration all submitted information and the hearing was closed at about 10:45 a.m. Commissioner Crew moved, seconded by Commissioner Yonkovich, that the property known as the Wilderness Edge, located at 657 Main Street, Deadwood, South Dakota, be declared as two buildings. Commissioner Crew further clarified the motion to mean that the Commission was only addressing the building issue and not licensing, since no application had been presented for a license. All members voting aye, Motion Carried.

Commissioner Wagner moved, seconded by Commissioner Crew, to go into Executive Session. All members voting aye, Motion Carried.

At about 1:00 p.m., Commissioner Wagner moved, seconded by Commissioner Yonkovich, to come out of executive session. All members voting aye, Motion Carried.

SHAMROCK, INC. - CLARIFICATION OF FINANCIAL CONDITION

Mr. Bill Martindale, a licensee of Shamrock Inc., appeared before the Commission as requested. He was represented by Harlan Schmidt, Attorney at Law, and accompanied by Barb Outka, a key employee of Shamrock, Inc.

Mr. Martindale explained that all taxes and judgments had been satisfied by Shamrock. He further advised that he felt that the financial condition of Shamrock was the best that it had ever been. He stated that money from Colorado gaming had been used to purchase device stamps for the South Dakota property, and that they were seeing a profit from at least one of the properties, Lillies. He advised that they have a solid staff that is working well with ownership, and that the future of the two properties looked positive.

A judgment against Keywest Inc., a defunct corporation owned by the same individuals as in Shamrock Inc., was brought to the attention of Mr. Martindale. He explained that he thought that this judgment had been taken care of when all other judgments against Keywest had been settled. He agreed that the judgment appeared to be active, and agreed to check on it's status and report back to the Commission by the September, 1993 meeting.

Commissioner Crew moved, seconded by Commissioner Wagner, to continue the conditional license of Shamrock Inc., a licensed Operator, and its two retail licenses, Lillies and Last Chance. The condition being that Shamrock Inc., must disclose the disposition of the existing judgment against Keywest via submitting documentation to the Commission explaining such judgment and what action was contemplated to satisfy it. All members voting aye, Motion Carried.

EXECUTIVE SESSION

At about 1:25 p.m. Commissioner Wagner moved, seconded by Commissioner Crew, to go into executive session to discuss licensing applications. All members voting aye, Motion Carried.

9:00 A.M. - JULY 30, 1993

At about 9:40 a.m. Commissioner Crew moved, seconded by Commissioner Wagner, to come out of executive session. All members voting aye, Motion Carried.

NOTE: The decisions of James Campanale, Wilderness Edge and Shamrock, Inc., are noted above under their respective headings.

LICENSING

Commissioner Wagner moved, seconded by Commissioner Yonkovich, to license Global Gaming as a manufacturer/distributor. All members voting aye, Motion Carried.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, to conditionally license Goldberg Gaming as an Operator with the following conditions:

- (1) Owner, Bill Kilbreth must resolve all financial obligations towards a now defunct business in Hot Springs, South Dakota, by January 1, 1994;
- (2) Owner Kilbreth must disclose such documents showing such satisfaction to the Commission by January 1, 1994; and
- (3) That Owner Kilbreth and Richardson must appear before the Commission at the first Commission meeting following the new year (1994).

All members voting aye, Motion Carried.

Commissioner Fischer moved that the application process on Frontier Corporation of SD be extended under the following conditions:

- (1) Mr. Clarence King, owner of Frontier Corporation, must disclose all financial data requested by the staff of the Commission;
- (2) Mr. King must disclose all information regarding financing sought through Mitsutomo Corporation; and
- (3) All such information must be submitted to the Commission within thirty (30) days of receiving such request; and

- (4) Mr. King must again appear before the Commission to present the financial condition of Frontier Corporation and future plans prior to licensing.

A substitute motion was made by Commissioner Crew, seconded by Commissioner Yonkovich for discussion proposes, to deny Mr. King a license. Mr. Yonkovich stated that he felt that the staff of the Commission had been more than patient with Mr. King in receiving the requested information, and reminded Mr. King that the law obligates him to disclose all information.

Chairman Lien called for a vote on the substitute motion. Roll Call as follows: Crew, aye; Fischer, nay; Wagner, nay; Yonkovich, nay; and Lien, nay. Motion failed.

A second substitute motion was made by Commissioner Crew, seconded by Commissioner Wagner, requiring Mr. King to pay the Commission an additional \$6,000 to cover any future investigative costs. Mr. Gromer advised the Commission of the present payment process of background investigations. Roll Call as follows: Crew, aye; Wagner, aye, Yonkovich, nay; and Fischer, nay. Chairman Lien cast the deciding vote of nay. Motion failed.

Chairman Lien called for a vote on the original motion made by Commissioner Fischer. Roll Call as follows: Crew, nay; Wagner, aye; Fischer, aye; and Yonkovich, aye. Motion Carried.

Commissioner Crew moved, seconded by Commissioner Yonkovich, to approve Harley Joe Frazier for an Operator license as an investor with Deadwood Gulch Gaming, Inc., d/b/a Deadwood Gulch Resort. All members voting aye, Motion Carried.

Commissioner Crew moved, seconded by Commissioner Yonkovich, to approve an Operator license for Gil Moyle II who is an investor with Super G Investment, d/b/a Silverado I and II. All members voting aye, Motion Carried.

Commissioner Crew moved, seconded by Commissioner Wagner, to approve an Operator license for Ray Hillenbrand. All members voting aye, Motion Carried.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, the following be approved for a Key employee license:

Maureen Bartlett
Joey George
Marvin Jensen
Joan Packard
Regina Tchida

Robert Boyer
Zina Hansen
Roxanne Knight
Michael Ragatz
Christopher Tostrup

Tommie Bruce
Bradley Hemmah
David Lockhart
Susan Stevens

All members voting aye, Motion Carried.

Renewal licenses for Robert Leonard and Terry Jo Cargin were presented. Commissioner Yonkovich moved, seconded by Commissioner Crew, the following renewals for a Key license be approved:

Robert Leonard

Terry Jo Cargin

All members voting aye, Motion Carried.

Commissioner Crew moved, seconded by Commissioner Wagner that Attorney Engel be directed to prepare Findings of Fact and Conclusions of Law regarding the declaratory ruling on the two building declaration of Wilderness Edge and the hearing regarding Commission on Gaming v. James Campanale. All members voting aye, Motion Carried.

EXECUTIVE SECRETARY'S REPORT

REPORT ON CONDITIONAL LICENSES GRANTED FOR FY-94

Mr. Gromer reported to the Commission that according to motions made at the last Commission meeting regarding licensees failure to pay property taxes, that Shamrock Inc., Franklin Hotel, Durty Nellies, and Butch Cassidy's had all paid their property taxes. There were no outstanding judgments recorded on any of these properties. Gold Coin was no longer a gaming property since Marilyn Shedd had not renewed the retail license for that property. Commissioner Wagner moved, seconded by Commissioner Yonkovich, to remove licensing conditions on Franklin Hotel, Durty Nellies and Butch Cassidy's. All members voting aye, Motion Carried.

DISCUSS PROGRESS OF SLOT DATA SYSTEM

Mr. Gromer discussed the progress of the slot data system. He suggested the Commission had two options which should be decided. They were: (1) to write specific specifications for either a on-line, hardwire system or a "wand" system; or (2) do nothing. Gromer made the recommendation for the "wand" system and presented his reasons. Mike Stone, a new licensee and attendee of the meeting, gave pros and cons to both systems. Chairman Lien gave his reasons for preferring hard-wire system. The discussion was tabled pending the World Gaming Expo which will have various systems displayed. The Commission decided to await the conclusion of results of the display, and receive a report from those attending that Expo. That report will be given at the next scheduled Commission meeting.

FINANCIAL REPORT FOR FY-93 (YEAR END)

Mr. Gromer presented a financial report of the Commission's activity for FY-93 (copy attached)

REPORT ON PROGRESS OF SURVEILLANCE SYSTEMS

Inspector Dan Seidler gave a report on the progress of the inspection and installation of the surveillance systems being installed in gaming properties. He advised that the following steps are followed in implementing a system: (1) submission of a written floor plan outlining location of cameras, etc., along with a written list of equipment with specifications to be installed; (2) Mid-point inspection of installation to determine problems prior to complete installation; and, (3) final inspection of installed system. Documentation of each step is made outlining compliance or lack thereof. Mr. Gromer advised the Commission that several extensions had been granted due to lack of equipment and installers, but that no extension had been granted past September 1, 1993. He advised that it is expected that all licensees will have systems installed and operational either on or before that date.

SET FEE FOR REPORTS PER SDCL 42-7B-68

Mr. Gromer pointed out SDCL 42-7B-68 authorizes the Commission to set a fee for any publication prepared by the Commission for the public. He requested that the Commission consider establishing such a fee. Chairman Lien stated that he felt that the Commission should not be forced to subsidize such reports nor should they make a profit. A question was placed to Mr. Engel as to whether a fee could be established without rules. It was his opinion that a rule should be promulgated setting the fee, but in the interim, policy should be established by the Commission. Scott Randolph, Seaton Publishing, commented that he did not feel the public should be required to pay for the cost of the production of the document, but it might be appropriate to charge a cost for the publication of the document. Tom Blair, attendee, maintained that any licensee should have one publication of rules without charge. Mike Trucano, attendee, agreed with a cost for publication. Commissioner Crew moved, seconded by Commissioner Yonkovich, that staff be directed to charge the public for costs of printing and reproduction of publications. All members voting aye, Motion Carried.

OLD BUSINESS

Mr. Gromer reported on the confusion with ARSD 20:18:29:04 which requires surveillance systems on slot machines during drops. He explained that according to notes and recordings of the rule hearings, it appeared as though the Commission did not intend to require surveillance on slots except those that had major awards. Commissioner Crew moved, seconded by Commissioner Yonkovich, that ARSD 20:18:29:04 be interpreted as specified in a letter to the Commission from Tom Adam (Copy attached) All members voting aye, Motion Carried.

Mr. Gromer reported that several entities had approached him in an effort to change the rule allowing for bill acceptors. This suggestion will be formalized and made at the next rules hearing.

ELECTION OF OFFICERS

Commissioner Wagner moved, seconded by Commissioner Crew, to have Chuck Lien remain as Chairman for FY-94 and Karl Fischer to remain as Vice Chairman. All members voting aye, Motioned Carried.

NEW BUSINESS

Dennis Richardson questioned as whether the Commission was going to respond to his request authorizing the play of Pineapple Poker. Executive Secretary Gromer advised that it was his opinion that such a proposal allowing Pineapple Poker would have to be presented as a rule through a rules hearing. Mr. Richardson felt that it was a variation of Omaha Poker, presently permitted by rule. The Chairman ruled to table the issue, and directed the Executive Secretary to address it as a proposed rule at the next rules hearing.

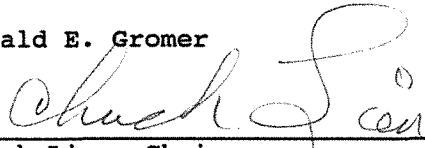
Jon Mattson commented that according to the FY-93 financial report that if the new law goes into effect, the state would receive a larger percentage of gaming proceeds.

ADJOURN

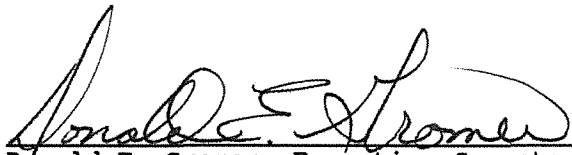
At about 11:26 a.m. Commissioner Yonkovich moved, seconded by Commissioner Fischer that the meeting be adjourned. All members voting aye, Motioned Carried.

Respectfully submitted,

Donald E. Gromer



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

SEPTEMBER 28-29, 1993

COMMISSION ON GAMING
CITY HALL
102 SHERMAN STREET
DEADWOOD, SD

1:00 P.M. - SEPTEMBER 28, 1993

CALL TO ORDER

Chairman Chuck Lien called the meeting to order with the following Commissioners present: Chairman Lien, Vice Chairman Karl Fischer, Jack Yonkovich and Kristi Wagner. Absent, Karen Crew.

Others present were Don Gromer, Stan Triplett, Grant Gubbrud and Cora Hunsley and Legal Counsel Tom Adam.

APPROVAL OF MINUTES

Commissioner Fischer moved, second by Commissioner Wagner, the minutes of July 29-30, 1993 be approved as printed. All members voting aye, Motion Carried.

REQUEST FOR CONTINUANCE - COMMISSION ON GAMING v. GREG HARLAN

Mr. Gromer advised the Commission of the circumstances and that Mr. Harlan's Attorney Brad Gordon has filed a Motion to Continue. Commissioner Yonkovich moved, seconded by Commissioner Fischer, that the request be granted. All members voting aye, Motion Carried.

VFW REQUEST TO APPEAR REGARDING SURVEILLANCE SYSTEMS

Rollin Sievke and others from the VFW informed the Commission of why they were requesting an exemption. After further discussion it was decided the Commission did not have the authority to grant an exemption without a rule change. Commissioner Fischer moved, seconded by Commissioner Wagner that the VFW be granted a thirty (30) day extension and report to the Executive Secretary at that time. All members voting aye, Motion Carried.

EXECUTIVE SECRETARY'S REPORT

Inspector Dan Seidler briefed the Commission on the progress of installing the surveillance systems.

A discussion was held on the slot data system. Mr. Jim Phillips of Infocom stated he would have a system set up in the near future and would advise Mr. Gromer when the Commission members and staff could view it.

A discussion was held on an update of the Commission video by Historical Footprints. Commissioner Fischer moved, seconded by Commissioner Yonkovich that Historical Footprints be authorized to produce an update of the previous video. All members voting aye, Motion Carried.

Mr. Gromer reported on the Stipulation and Assurance of Voluntary Compliance he entered into with licensees. Commissioner Yonkovich moved, seconded by Commissioner Wagner they be approved. All members voting aye, Motion Carried.

EXECUTIVE SESSION

At about 2:10 p.m. Commissioner Wagner moved, seconded by Commissioner Fischer to go into executive session. All members voting aye, Motion Carried.

9:00 A.M. - SEPTEMBER 29, 1993

Commissioner Wagner moved, seconded by Commissioner Yonkovich to come out of executive session. All members voting aye, Motion Carried.

HEARINGS

Chairman Lien noted it was time to start the first hearing and appointed Commissioner Fischer hearing officer.

Wheeler Court Reporting, Rapid City, SD, was present and recorded all transactions of the following hearings:

NOTE: While waiting for Mr. Sorensen to appear and prior to the next hearing, the Commission continued with other business.

Mr. Gromer discussed the monthly status report.

LICENSING

Mr. Gromer briefed the Commission on the status of PEW, a limited partnership. Commissioner Wagner moved, seconded by Commissioner Fischer, that a permanent Operator license be granted John and Tom Walsh d/b/a PEW and a continuation of the Retail License d/b/a Painted Pony Gaming. All members voting aye, Motion Carried. Mr. Gromer briefed the Commission on the status of Clarence King, d/b/a Frontier Corporation of SD, Commissioner Fischer moved, seconded by Commissioner Yonkovich Mr. King d/b/a Frontier Corp. of SD be denied an Operator and any Retail license. All members voting aye, Motion Carried.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, the following be granted a permanent Key employee license:

Joseph Anderson	Linda Blair	Dani Blare
Timothy Brennan	Jerry Bush	Paula Cotrill
Jeannie Crotty	Derick Folansby	Laura Jensen
David Harcourt	James Larson	Harris Olien
Charles Ramsey	Gregory Richards	Joe Schaeffer
Eddie Schmeltz	John Sears	Jeff Simmons
Daniel Sutfin	Tara Thomas	Jestine Webb
Connie Weis	Chris West	Dawn Wood

All members voting aye, Motion Carried.

Mr. Gromer stated new rules would need to be drafted in the near future. It was decided that the next meeting will be set for November 22-23, 1993 in Deadwood and rules will be considered at that time.

COMMISSION ON GAMING v. DANA SORENSEN

It was noted that Mr. Sorensen was not in the room. Mr. Tom Adam, requested Mr. Sorensen be granted 15 minutes to appear. At about 9:23 a.m. Chairman Lien noted Mr. Sorensen was not present and turned the hearing over to Commissioner Fischer and the hearing was held. At about 9:37 a.m. Commissioner Fischer declared the meeting closed and turned the meeting over to the Chairman. At about 9:45 a.m. Mr. Sorensen appeared, Chairman Lien re-opened the hearing and turned it over to Commissioner Fischer. Additional testimony was taken. At about 9:55 a.m. Commissioner Wagner moved, seconded by Commissioner Yonkovich, the hearing be closed. All members voting aye, Motion Carried.

Commissioner Wagner moved, seconded by Commissioner Fischer, the Commission agree with the recommendation of the Executive Secretary that effective October 15, 1993 Mr. Sorensen's Key employee license be suspended until July 1, 1994 at which time he can renew his Key employee license and if Mr. Sorensen wished to obtain a support license, one would be issued providing the \$50 license fee is paid. All members voting aye, Motion Carried.

Mr. Lien declared a short recess prior to the next scheduled hearing.

COMMISSION ON GAMING v. JOHN T. COLE

At about 10:06 a.m. Chairman Lien opened the hearing and turned it over to Commissioner Fischer as hearing officer. The hearing was held. At about 10:37 a.m. Commissioner Fischer closed the hearing and turned the meeting over to Chairman Lien.

Commissioner Wagner moved, seconded by Commissioner Yonkovich, that Mr. Cole be granted renewal of his support license after January 1, 1994 based on the condition that as long as he holds his license he is in complete sobriety with no like violations. All members voting aye, Motion Carried.

At about 10:38 a.m. Commissioner Wagner moved, seconded by Commissioner Yonkovich, to go into executive session. All members voting aye, Motion Carried.

At about 11:20 a.m. Commissioner Yonkovich moved, seconded by Commissioner Fischer, to come out of executive session. All members voting aye, Motion Carried.

NOTE: Decisions from executive session are noted with appropriate hearings.

OLD BUSINESS

None.

NEW BUSINESS

None.

ADJOURN

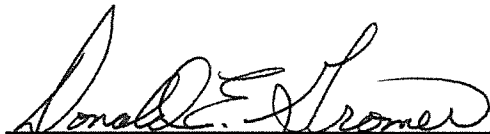
There being no further business, Commissioner Fischer moved, seconded by Commissioner Wagner, the meeting be adjourned.

Respectfully submitted,

Donald E. Gromer



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

NOVEMBER 22-23, 1993

COMMISSION ON GAMING
CITY HALL
102 SHERMAN STREET
DEADWOOD, SD

1:00 P.M. - NOVEMBER 22, 1993

CALL TO ORDER

Chairman Chuck Lien called the meeting to order with the following Commissioners present: Chairman Lien, Vice Chairman Karl Fischer, Jack Yonkovich and Kristi Wagner. Karen Crew arrived at 1:10 p.m.

Others present were Don Gromer, Stan Triplett, Grant Gubbrud and Cora Hunsley and Legal Counsel Mike Shaw.

APPROVAL OF MINUTES

Commissioner Wagner moved, seconded by Commissioner Fischer, that the minutes of September 28-29, 1993 be approved as printed. All members voting aye, Motion Carried.

RULES HEARING

Chairman Lien announced it was the time scheduled for the rules hearing. (RULES HEARING LASTED FROM 1:05 P.M. TO 4:26 P.M. MINUTES ARE TRANSCRIBED SEPARATELY AND A COPY IS ATTACHED)

PETITION FOR A DECLARATORY RULING - TWO BUILDING DESIGNATION FOR FRANKLIN HOTEL

Mr. Gromer briefed the Commission on the petition of Mr. Walsh of the Franklin Hotel. It was noted that this is a proper petition and proper number of copies were filed. Mr. John Feinberg appeared on behalf of Mr. Walsh as his Architect. After further discussion, it was the consensus of the Commission that this issue be tabled until the next meeting to enable both parties to gather further information.

EXECUTIVE SESSION

At about 5:10 p.m. Commissioner Crew moved, seconded by Commissioner Fischer, to go into executive session. All members voting aye, MOTION CARRIED.

9:00 A.M. - NOVEMBER 23, 1993

At about 9:40 a.m. Commissioner Wagner moved, seconded by Commissioner Yonkovich to come out of executive session. All members voting aye, MOTION CARRIED.

Commissioner Crew moved, seconded by Commissioner Wagner, that the Commission adopt the rules pursuant to the rules hearing as amended with Rosemary Quigley's suggestion and as amended by the Commission by motion. All members voting aye, MOTION CARRIED.

It was noted that the Commission signed approval of the rules dated November 23, 1993 and Chairman Chuck Lien signed the certificate for same.

EXECUTIVE SECRETARY'S REPORT

Mr. Gromer presented a brief report prepared by Dan Seidler on the surveillance systems installed to date.

Mr. Gromer reminded the Commission that at the June 14, 1993 Commission meeting Elmer Pritchard of Twin City Cleaners was granted an extension until such time the Commission advises the Executive Secretary to revoke the extension. Gromer stated in view of the rules that were passed yesterday, Mr. Pritchard would have to have one camera and a recorder. Commissioner Crew moved, seconded by Commissioner Yonkovich, that Mr. Pritchard be given sixty (60) days to comply with the rules regarding surveillance. All members voting aye, MOTION CARRIED.

Mr. Gromer advised the Commission that Mr. Ron Russo of the Fairmont is not in compliance of the surveillance rules. Commissioner Crew moved, seconded by Commissioner Fischer, that Mr. Russo be given sixty (60) days to comply with the surveillance rules. After further discussion, Commissioner Crew amended her motion and moved, seconded by Commissioner Yonkovich, that everyone must be in full compliance within sixty (60) days from this date. All members voting aye, MOTION CARRIED.

Mr. Gromer reviewed the report prepared by Grant Gubbrud on the minimum requirements for a slot data system. After further discussion, Commissioner Wagner moved, seconded by Commissioner Yonkovich, that the Executive Secretary be authorized to appoint a committee of staff and industry people to review and come up with recommendations. All members voting aye, MOTION CARRIED.

Mr. Gromer reviewed the request from Sodak to allow the playing of electronic slot machine Keno games. After further discussion, Commissioner Fischer moved, seconded by Commissioner Yonkovich, to recognize the Keno game as a slot machine. All members voting aye, MOTION CARRIED.

Mr. Gromer reviewed the terms outlined in the Stipulation and Assurance of Voluntary Compliance entered into with Super G Investment Company. Commissioner Yonkovich moved, seconded by Commissioner Wagner, that the Stipulation be approved. All members voting aye, MOTION CARRIED.

Mr. Gromer stated Sodrac Park requested two simulcast performances per day for the 1994 calendar year and permission to be closed the Thanksgiving and Christmas matinee. Commissioner Wagner moved, seconded by Commissioner Fischer, that their request be granted. All members voting aye, MOTION CARRIED.

Mr. Gromer stated Fort Pierre has requested eight (8) days of live horse racing for the 1994 season, those dates being April 16-17, 23-24, April 30-May 1 and May 7-8. Commissioner Fischer moved, seconded by Commissioner Wagner, their request be granted. All members voting aye, MOTION CARRIED.

Mr. Gromer stated Aberdeen has requested seven (7) days of live horse racing for the 1994 season, those dates being May 14-15, 21-22 and 28-30. Commissioner Wagner moved, seconded by Commissioner Fischer, their request be granted. All members voting aye, MOTION CARRIED.

Mr. Gromer reviewed the request of Prairie Edge to transfer unexpired gaming device license stamps to Tin Lizzie's, a licensed operator. Mr. Gromer advised the public that under the law, any transfer or unexpired device fees between one licensee and another has to be approved by the Commission. Commissioner Yonkovich moved, seconded by Commissioner Fischer, their request be granted. All members voting aye, MOTION CARRIED.

Mr. Gromer advised the Commission of a new law that went into effect July 1, 1993, SDCL 1-26C that established an administrative law judge. After further discussion, Commissioner Fischer moved, seconded by Commissioner Yonkovich, Mr. Gromer be authorized to write a letter requesting an exemption for the Commission on Gaming. All members voting aye, MOTION CARRIED.

Mr. Gromer reviewed another new law that went into effect July 1, 1993, SDCL 25-7A-56 which basically states that any person who holds a privileged or professional license that requires licensing through a board or commission, owes \$1,000 or more in back child support is not to be considered for licensing until arrangements are made between that individual and the Department of Social Services. Mr. Gromer advised the business owners at the meeting to notify their employees of this new law and that our office will be watching for this during license renewal in 1994.

At about 10:10 a.m. Commissioner Fischer moved, seconded by Commissioner Fischer, to go into executive session to interview applicants for licensing. All members voting aye, MOTION CARRIED.

At about 11:05 a.m. Commissioner Fischer moved, seconded by Commissioner Wagner, to come out of executive session. All members voting aye, MOTION CARRIED.

Mr. Gromer advised the Commission that he has been asked to appear on a panel at the International Gaming Business Exposition (IGBE) in April, 1994. Commissioner Crew moved, seconded by Commissioner Wagner, that Mr. Gromer be authorized to attend. All members voting aye, MOTION CARRIED.

LICENSING

Commissioner Wagner moved, seconded by Commissioner Fischer, that the following be granted a permanent license:

NAME	D/B/A	TYPE
Roger Frommelt	Casino Magic d/b/a Goldiggers 1,2 & 3	Operator/Retail
Wayne Lund	Casino Magic d/b/a Goldiggers 1,2 & 3	Operator/Retail
Al Kokesch	Casino Magic d/b/a Goldiggers 1,2 & 3	Operator/Retail
Colin Reed	Promus/Sodak	Distributor
Mark Mollers	Four Aces - d/b/a Four Aces 1, 2 & 3	Operator/Retail
Dean Kurtz	Four Aces - d/b/a Four Aces 1, 2 & 3	Operator/Retail
Bradley Kurtz	Four Aces - d/b/a Four Aces 1, 2 & 3	Operator/Retail
Frank Washburn	Four Aces - d/b/a Four Aces 1, 2 & 3	Operator/Retail
Tom Carver	Four Aces - d/b/a Four Aces 1, 2 & 3	Operator/Retail
Janet Bernard	Carnival Queen	Operator
Gary Todd	Gold Nugget Inn	Retailer

All members voting aye, MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, that Joseph Rowland be granted the renewal of his operator license. All members voting aye, MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, the following be granted a permanent Key employee license:

Donald Doyen	Jeff Mallard	Tom Goodrich
Thomas Fischer	Samuel Shivers	Susan Riggs
Waldo Pierson		

All members voting aye, MOTION CARRIED.

OLD BUSINESS

None.

NEW BUSINESS

It was decided that the next meeting will be held January 13-14 or 20-21, 1994.

Chairman Lien advised that he is asking the Governor not to reappoint him when his term expires in April, 1994.

ADJOURN

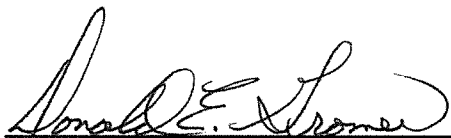
At about 11:20 a.m., there being no further business, Commissioner Fischer moved, seconded by Commissioner Wagner, the meeting be adjourned.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

JANUARY 21, 1994

**COMMISSION ON GAMING
RURAL DEVELOPMENT TELECOMMUNICATIONS NETWORK**

9:00 A.M. - JANUARY 21, 1994

CALL TO ORDER

Chairman Lien called the meeting to order with the following Commissioners present: Chairman Lien at Rapid City site; Karl Fischer at Pierre site; Kristi Wagner at Aberdeen site and Karen Crew at Sioux Falls site. Commissioner Yonkovich was absent.

Others in attendance: See attached sign-in sheets.

APPROVAL OF MINUTES

Commissioner Wagner moved, seconded by Commissioner Fischer that the minutes of November 22-23, 1993 be approved as printed. All members voting aye, MOTION CARRIED.

PETITION FOR DECLARATORY RULING - 2 BUILDING DESIGNATION

MIDNIGHT STAR

Appearing on behalf of Midnight Star: Dana Duffy, General Manager; Dan Costner; Tim Richardson, Architect and Attorney James Nelson. Appearing on behalf of the Commission was Architect Mark Aspaas, Attorneys Tom Adam and Mike Shaw and Executive Secretary Don Gromer. The Commission considered expert testimony and examined evidence presented. After further discussion Commissioner Crew moved, seconded by Commissioner Fischer, that the Commission declare the structure known as the Midnight Star Casino constitutes two buildings and that upon proper application and compliance with all rules, regulations, statutes and requirements and upon determination of licensing suitability by the Commission on Gaming, would be entitled to 30 gaming devices per building. All members voting aye, MOTION CARRIED.

FRANKLIN HOTEL

Appearing on behalf of the Franklin Hotel: Bill Walsh, owner; John Feinberg, Architect and Attorney Roger Tellinghuisen. Appearing on behalf of the

Commission was Architect Mark Aspaas, Attorneys Tom Adam and Mike Shaw and Executive Secretary Don Gromer. The Commission considered expert testimony and examined evidence presented. After further discussion Commissioner Crew moved, seconded by Commissioner Wagner, that the Commission declare the existing structure known as the Franklin Hotel constitutes two buildings, i.e. the Franklin Hotel and the Mineral Palace, and that upon proper application and compliance with all rules, regulations, statutes and requirements, and upon determination of licensing suitability by the Commission on Gaming, 30 machines could be placed in each building. All members voting aye, MOTION CARRIED.

Mr. Roger Tellinghuisen informed the Commission the Franklin Hotel currently has two licenses for 15 machines each. Mr. Tellinghuisen stated it was their understanding that they could simply pay for the additional machines under each license to implement both licenses to capacity now with two building designation, assuming they meet the fire and safety codes that are now required. Mr. Gromer advised the Commission that the Franklin has two licenses, one named The Franklin and the other Dirty Nellie's. Gromer stated they were granted licenses upon request with the understanding that at that time the Franklin being only one premise, can only be entitled to 30 devices. It was the consensus of the Commission that the Franklin would have to apply for additional devices.

EXECUTIVE SECRETARY'S REPORT

Mr. Gromer reviewed the request of Joe Massa of REBA, Inc. to transfer four device stamps to Tin Lizzie, six device stamps to Black Hills Novelty and 28 device stamps to Super G Investments. After further discussion, Commissioner Fischer moved, seconded by Commissioner Crew, that the request be granted. All members voting aye, MOTION CARRIED.

ALLOCATION OF REVENUE FOR 1994 RACING

Mr. Gromer reviewed the requests for allocation of funds received from Ft. Pierre, Aberdeen and Sodrac for the 1994 season. Mr. Gromer stated Aberdeen had requested an additional \$700 for film patrol. Mr. Gromer recommended the following allocations be made to Aberdeen and Fort Pierre which are the same as last year with Aberdeen receiving the additional \$700 requested:

	FORT PIERRE	ABERDEEN
Point Money	\$ 41,000	\$ 49,000
Purse Money	43,500	48,500
Stakes Money	23,700	36,300
Track Operational Expenses	7,000	8,500
Cost of Video	6,075	4,725 (\$775/day
(\$675/day x 9 days)		x 7 days)
TOTAL	\$121,275	\$147,725

After further discussion, Commissioner Fischer moved, seconded by Commissioner Wagner, that Fort Pierre be allocated \$121,275 and Aberdeen be allocated \$147,025 along with the additional \$700 requested for a total of \$147,725. All members voting aye, MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Fischer, that \$122,500 be allocated to Sodrac for 1994. All members voting aye, MOTION CARRIED.

UPDATE ON COMMISSION v. GREG HARLAN

Mr. Gromer advised the Commission of the Judgment of Acquittal in the above-entitled matter. After further discussion, Commissioner Fischer moved, seconded by Commissioner Crew, that the Formal Commission Complaint against Mr. Harlan be dismissed. All members voting aye, MOTION CARRIED.

At about 10:10 a.m. Chairman Lien announced a five minute recess and advised the Commission would be going into executive session.

Commissioner Wagner moved, seconded by Commissioner Fischer, to go into executive session. All members voting aye, MOTION CARRIED.

At about 11:15 a.m. Commissioner Fischer moved, seconded by Commissioner Wagner, to come out of executive session. All members voting aye, MOTION CARRIED.

Decisions made during executive session on the Petitions For A Declaratory Ruling of the Midnight Star and Franklin Hotel are listed above under their respective heading.

Commissioner Crew moved, seconded by Commissioner Fischer, to approve the minutes of the public rules hearing. All members voting aye, MOTION CARRIED.

LICENSING

Commissioner Crew moved, seconded by Commissioner Fischer, that the following individuals be granted a Key employee licensee:

Michael Clausen	Steven Frankman	LeRoy Halvorson
Joni Hamann	Kenneth Kermu	Linda Lamb
Tana Neel	Danny Wait	

All members voting aye, MOTION CARRIED.

Commissioner Fischer moved, seconded by Commissioner Crew, that the following individuals be denied a Key employee license:

Pam Mack	Esther Sano
----------	-------------

All members voting aye, MOTION CARRIED.

Commissioner Fischer moved, seconded by Commissioner Crew, that Neil Jenkins an owner with Bally be granted a Manufacturer license. All members voting aye, MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Fischer, that the Silverado III be granted a permanent retail license. All members voting aye, MOTION CARRIED.

OLD BUSINESS

Mr. Gromer reported that he selected a Committee of licensed operators in Deadwood to study minimum requirements for a slot data system, meetings were held and a document prepared to be sent to all licensed operators for their review and input. Mr. Gromer stated he hoped to have a finalized document prepared by the next meeting.

NEW BUSINESS

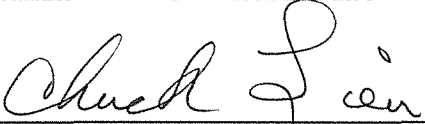
It was decided the next Commission meeting will be held in Deadwood April 7-8, 1994.

ADJOURN


At about 11:30 a.m. Commissioner Fischer moved, seconded by Commissioner Wagner that the meeting be adjourned. All members voting aye, MOTION CARRIED.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

FEBRUARY 24, 1994

COMMISSION ON GAMING
VIA CONFERENCE CALL

11:00 A.M. - CALL TO ORDER

Chairman Lien called the meeting to order with a roll call vote. Present were Commissioners Karen Crew, Kristi Wagner, Karl Fischer and Chuck Lien. Commissioner Jack Yonkovich was absent.

Others in attendance: Don Gromer, Stan Triplett, Grant Gubbrud, Cora Hunsley and Mike Shaw.

ISSUANCE OF RETAIL LICENSE FOR DURTY NELLY'S, INC.

Chairman Lien and Don Gromer updated the Commission of the issue to be decided. Mr. Gromer stated that initially the Franklin was first licensed as such and they were given two licenses with the understanding that it recognized at that time as one building and could only have a combined number of 30 devices. Gromer stated that based upon the last meeting where the Franklin was recognized as two different buildings, the Hotel Franklin, Inc. and Durty Nelly's Inc., which are two separate corporations are basically coming in now and stating that they each want a separate retail license which would entitle them to 30 devices each, that 30 devices would be with the Hotel Franklin, Inc. and 30 devices would be with Durty Nelly's, Inc. Commissioner Fischer moved, seconded by Commissioner Wagner, that the Hotel Franklin, Inc. and Durty Nelly's, Inc. both be licensed and recognized as holders of retail licenses, making both eligible for 30 devices. Commissioner Crew noted for the record that it appeared that all documentation for the license has been received from the Fire Marshal and the City. Chairman Lien called for a roll call vote, all members voting aye, MOTION CARRIED.

OLD BUSINESS

Mr. Gromer advised the Commission that it appears it may be necessary to have a complete two day meeting April 7-8, 1994 and recommended the Commission arrive on Wednesday.

NEW BUSINESS

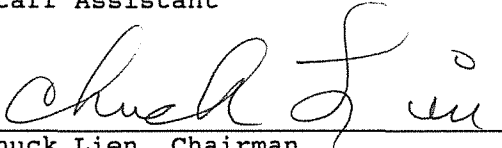
None.

ADJOURN


At about 11:15 a.m. Commissioner Wagner moved, seconded by Commissioner Crew that the meeting be adjourned. All members voting aye, MOTION CARRIED.

Respectfully submitted,

Cora Hunsley
Staff Assistant



Chuck Lien, Chairman



Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

APRIL 7-8, 1994

COMMISSION ON GAMING
CITY HALL - 102 SHERMAN STREET
DEADWOOD, SD

1:00 P.M. - APRIL 7, 1994

Chairman Lien called the meeting to order with the following Commissioners present: Chuck Lien; Karl Fischer; Kristi Wagner; Karen Crew and Jack Yonkovich.

Others in attendance: Don Gromer, Stan Triplett, Grant Gubbrud and Cora Hunsley from staff and Tom Adam, Commission Counsel.

Commissioner Wagner moved, seconded by Commissioner Fischer, that the minutes of January 21, 1994 via RDTN be approved. All members voting aye, MOTION CARRIED.

Commissioner Fischer moved, seconded by Commissioner Wagner, that the minutes of February 24, 1994 via conference call be approved. All members voting aye, MOTION CARRIED.

HEARINGS

At about 1:10 p.m. Chairman Lien turned the meeting over to Commissioner Crew to act as hearing officer for the hearings. Dawn Garrett of Wheeler Court Reporting of Rapid City was the Court Reporter.

COMMISSION ON GAMING v. GENE PIERCE

The issue in this case was that Mr. Pierce was charged with and pled guilty to, petty theft. The hearing was held and evidence taken. Mr. Pierce was the only person appearing on his behalf. At about 1:20 p.m. the hearing was closed. Commissioner Crew moved, seconded by Commissioner Yonkovich, that Mr. Pierce's support license be revoked.

Chairman Lien declared a five minute break.

COMMISSION ON GAMING v. RUSSELL FIEDLER

The issue in this case was that Mr. Fiedler was charged with and pled guilty to, possession of a firearm while intoxicated. The hearing was held and evidence taken. Mr. Fiedler did not attend and no one appeared on his behalf. At about 1:38 p.m. the hearing was closed. Commissioner Fischer moved, seconded by Commissioner Yonkovich, that Mr. Fiedler's support license be revoked. All members voting aye, MOTION CARRIED.

Chairman Lien declared a short recess.

COMMISSION ON GAMING v. DONNA HAEFS

The issue in this case was that Ms. Haefs was charged with and pled nolo contendere and was found guilty of petty theft. The hearing was held and evidence taken. Ms. Haefs was the only person appearing on her behalf. At about 1:55 p.m. the hearing was closed. Commissioner Yonkovich moved, seconded by Commissioner Fischer, that Ms. Haef's support license be revoked. All members voting aye, MOTION CARRIED.

EXECUTIVE SESSION

At about 2:00 p.m. Commissioner Fischer moved, seconded by Commissioner Wagner, to go into executive session. All members voting aye, MOTION CARRIED.

9:00 A.M. - APRIL 8, 1994

At about 10:45 a.m. Commissioner Yonkovich moved, seconded by Commissioner Fischer, to come out of executive session. All members voting aye, MOTION CARRIED.

NOTE: Motions relating to hearings on decisions made during executive session are noted with the respective case.

LICENSING

Commissioner Fischer moved, seconded by Commissioner Yonkovich that Sanford Goldberg, David Lieberman, Steve Lieberman, Sandra Okinow and Harold Okinow d/b/a Lieberman Music be granted a Manufacturer/Distributor license. All members voting aye, MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Crew, that the Hans Kloss and Gary Simpson associated with and d/b/a Bally be granted a Manufacturer/Distributor license. All members voting aye, MOTION CARRIED.

Commissioner Crew moved, seconded by Commissioner Yonkovich, that Mr. Takeshi Kurata associated with and d/b/a Sigma Games be granted a Manufacturer/Distributor license. All members voting aye, MOTION CARRIED.

Commissioner Fischer moved, seconded by Commissioner Yonkovich, that Mr. John Leon be granted an Operator license. All members voting aye, MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, that Mr. Ira Furman d/b/a The Cavelle Group be granted an Operator license. All members voting aye, MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Fischer, that James Barber, Steve Barber and Troy Egan be granted an Operator and one Retail license d/b/a Jesse James Saloon on the condition that they show proof that all property taxes are paid in Lawrence County prior to licensing. Roll Call: Fischer, aye; Wagner, aye; Yonkovich, aye; Crew, nay. MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Fischer, that Jerry Johnson and Allen Rosenfeld be granted a Retail license d/b/a Buffalo Saloon/Stockade. All members voting aye, MOTION CARRIED.

Mr. Gromer advised the Commission in lieu of the decision made in January, designating the Midnight Star as two buildings, they were requesting an additional license. Commissioner Yonkovich moved, seconded by Commissioner Crew, that the Midnight Star II be granted a Retail license. All members voting aye, MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, that the following individuals be granted a Key employee license:

Guy Andrews	Leslie Bradley	Danny Burr
Brian Coggeshall	Kathy Fredricksen	Scot Geyer
Tod Harter	Karla Hawki	Kazunori Kano
Pamela Maine	Mark T. McGrath	John McMillan
Tamlyn Parks	Linda Quenzer	*Dennis Richardson
Shinsuke Sasaki	Wanette Settje	Marian Wescott

All members voting aye, MOTION CARRIED.

Mr. Gromer advised the Commission that Mr. Richardson sold Goldberg's to Mr. Bill Kilbreth and the Commission issued a license to Mr. Kilbreth after this transaction with conditions that certain financial affairs be taken care of. Particularly, certain liens and judgments along with tax issues in Fall River County. Mr. Gromer advised the Commission that all conditions placed on Mr. Kilbreth's license have been taken care of. Commissioner Fischer moved, seconded by Commissioner Wagner that the conditions placed on Mr. Kilbreth's license be removed. All members voting aye, MOTION CARRIED.

* Mr. Gromer explained the situation regarding Mr. Richardson stating he already had a background conducted when he was an owner and did not charge him for a Key application fee, but that he would be charged for the Key license fee. After further discussion, Commissioner Crew moved, seconded by Commissioner Wagner, that Mr. Richardson not be charged the application fee for a Key employee license. All members voting aye, MOTION CARRIED.

Commissioner Crew moved, seconded by Commissioner Wagner, that the contract between Deadwood Gulch and Mr. Ramsden be approved. All members voting aye, MOTION CARRIED.

Chairman Lien raised the issue of Sodak being licensed as a manufacturer/distributor and a contract submitted for approval. Commissioner Crew moved, seconded by Commissioner Wagner, that the Commission approve Sodak Gaming as a manufacturer's license for export of the machines only outside the State of South Dakota. After further discussion, Chairman Lien called for the question. All members voting aye, MOTION CARRIED.

EXECUTIVE SECRETARY'S REPORT

Mr. Gromer advised the Minimum Specifications and Testing Procedures for a Slot Data System prepared by Grant Gubbrud was based upon input from the Committee that was appointed and the operators. After further discussion, Commissioner Crew moved, seconded by Commissioner Wagner that the Specifications, as well as the Testing Procedures be adopted. All members voting aye, MOTION CARRIED.

Mr. Gromer raised the issue of whether or not a business that was licensed as a distributor would need a manufacturer's license or vice versa. Mr. Gromer stated after a review of SDCL 42-7B, it was the opinion of Tom Adam, Legal Counsel and his that you would not need separate licenses. Commissioner Crew moved, seconded by Commissioner Wagner, that in complying with State law if licensed as a manufacturer or a distributor they do not have to have a separate license for the purpose of licensing, they are interchangeable. After further discussion, all members voting aye, MOTION CARRIED.

Mr. Gromer advised the Commission of new legislation passed in the 1994 session that related to gaming and racing. Gromer stated HB 1139 which deals with the breakout of monies only affects the 40% that goes to the State. Gromer stated HB 1347 deals with interlink progressives which allows a licensed manufacturer or distributor to supply a licensed operator with the communication service for interlink progressives throughout the State except for the City of Deadwood due the case that is now in the Supreme Court. Gromer stated SB 196 deals with simulcasting. Gromer stated that under the present law Sodrac is the only one authorized to conduct simulcasting. Gromer stated this amendment allows someone else to operate simulcasting if Sodrac discontinues simulcasting. Gromer stated this bill does not list any criteria for the Commission to follow in awarding the simulcast license and the Commission may want to draft rules setting the criteria. Ron Olinger stated the legislation was drafted for the Commission to set the criteria.

Mr. Gromer asked if the Commission wanted a report on each Stipulation and Assurance of Voluntary Compliance he entered into with the following individuals: Guy C. Andrews III; Joe Massa d/b/a Eagle Bar; Gary Case d/b/a Bella Union; Lori Schumacher; Linda Schepers; Gary Dohman; Wallace Erickson; John T. Long; Mike Trucano d/b/a S-Mart and Ferd Balkenhol d/b/a Painted Pony. Commissioner Crew requested Mr. Gromer explain the situation relating to the Bella Union. After further discussion Commissioner Crew moved, seconded by Commissioner Wagner, that the Commission accept the Voluntary Compliances for all but the Bella Union. All members voting aye, MOTION CARRIED.

Commissioner Fischer moved, seconded by Commissioner Yonkovich that they Commission accept the Voluntary Compliance for the Bella Union. Roll Call as follows: Fischer, aye; Wagner, aye; Yonkovich, aye; Crew, nay. MOTION CARRIED.

Mr. Gromer advised the Commission that they authorized him to approve a contract with Historical Footprints to update the video of the Commission. After further discussion, Commissioner Fischer moved, seconded by Commissioner Crew to accept the current tape of Historical Footprints. All members voting aye, MOTION CARRIED.

Mr. Gromer advised the Commission that he has scheduled a training seminar for all auditing and enforcement staff to be held in Pierre on May 23-24, 1994.

Mr. Gromer advised the Commission that he has been contacted by individuals of the pari-mutuel industry in North Dakota. Gromer stated they are suggesting that North Dakota and South Dakota consider some sort of a reciprocity between the two states in the regulatory endeavors. Gromer stated they want to form a North Dakota/South Dakota horse racing circuit. Gromer stated statute and rules would have to be changed. After further discussion, it was the consensus of the Commission this issue be explored further.

REVIEW/APPROVAL - NEW GAME - DEADWOOD DUEL 21

Mr. Charley Boyle explained a variation to blackjack game called Deadwood Duel 21 he would like approved for play. After further discussion Commissioner Crew moved, seconded by Commissioner Wagner, to table the request until such time as additional information is collected. All members voting aye, MOTION CARRIED.

OLD BUSINESS

None.

NEW BUSINESS

Chairman Lien announced as his last act he would entertain a motion for Chairman of the Commission. Commissioner Yonkovich moved, seconded by Commissioner Crew, that Karl Fischer be nominated as Chairman. No further nominations were received and Commissioner Fischer was elected Chairman by a unanimous vote. MOTION CARRIED.

Commissioner Lien then turned the meeting over to Commissioner Fischer as the new Chairman.

Chairman Fischer entertained a motion for Vice Chair. Commissioner Crew moved, seconded by Commissioner Yonkovich that Commissioner Wagner be nominated as Vice Chairperson. No further nominations were received and Commissioner Wagner was elected Vice Chair by a unanimous vote. MOTION CARRIED.

Mr. Gromer stated with his resignation effective May 6th he wanted to thank the people of the industry over the last five years for making the job he held enjoyable and successful.

Commissioner Fischer stated he would like an executive session conference call scheduled for 1:00 p.m. on April 21, 1994 to enable the Commission to review the applications received for the Executive Secretary's position.

Commissioner Fischer also stated the following meeting would be scheduled for May 2-3, 1994 in Rapid City for the purpose of conducting business and to interview applicants.

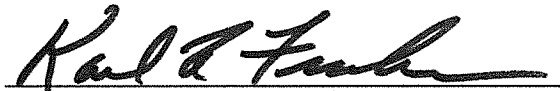
ADJOURN

There being no further business, Commissioner Yonkovich moved, seconded by Commissioner Crew, that the meeting be adjourned. All members voting aye, MOTION CARRIED.

Meeting adjourned at about 11:55 a.m.

Respectfully submitted,

Cora Hunsley
Administrative Assistant

A handwritten signature in cursive script, appearing to read "Karl T. Fischer", written over a horizontal line.

Karl T. Fischer, Chairman

A handwritten signature in cursive script, appearing to read "Donald E. Gromer", written over a horizontal line.

Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

APRIL 21, 1994

CONFERENCE CALL

1:00 P.M. CDT

Chairman Fischer called the meeting to order with a roll call. Present were: Commissioners Jack Yonkovich; Karen Crew; Kristi Wagner and Karl Fischer. Also present were: Cora Hunsley and Tom Adam.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, to go into executive session to discuss personnel issues. A roll call vote was taken with all members voting aye, MOTION CARRIED.

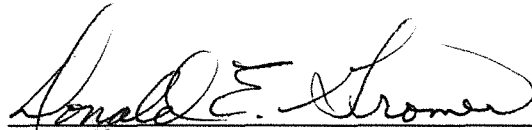
At about 1:40 p.m. Commissioner Wagner moved, seconded by Commissioner Yonkovich, to come out of executive session. A roll call vote was taken with all members voting aye, MOTION CARRIED.

There being no further business, Commissioner Yonkovich moved, seconded by Commissioner Wagner, to adjourn the meeting. A roll call vote was taken with all members voting aye, MOTION CARRIED.

Respectfully submitted,

Cora Hunsley
Administrative Assistant


Karl T. Fischer, Chairman


Donald E. Gromer, Executive Secretary

STATE OF SOUTH DAKOTA



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MINUTES

MAY 2-3, 1994

HOWARD JOHNSON MOTOR LODGE
RAPID CITY, SD

10:00 A.M. MDT - MAY 2, 1994

CALL TO ORDER

Chairman Fischer called the meeting to order with a roll call. Commissioners present: Karen Crew; Kristi Wagner, Jack Yonkovich, Karl Fischer and Carv Thompson.

Others present: Don Gromer, Stan Triplett, Grant Gubbrud and Cora Hunsley.

Commissioner Fischer moved, seconded by Commissioner Yonkovich, that the minutes of April 7-8, 1994 be approved as printed. All members voting aye, MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, that the minutes of April 21, 1994 be approved. All members voting aye, MOTION CARRIED.

Chairman Fischer announced that his wife is a cousin of Dana Duffy of the Midnight Star and that he will not take part in any vote that directly affects Dana Duffy, but he will participate in items that affect the Midnight Star.

EXECUTIVE SESSION

Commissioner Wagner moved, seconded by Commissioner Yonkovich to go into executive session. All members voting aye, MOTION CARRIED.

9:00 A.M. MDT - MAY 3, 1994

Commissioner Yonkovich was absent for business reasons.

At about 9:45 a.m. Commissioner Thompson moved, seconded by Commissioner Wagner to come out of executive session. All members voting aye, MOTION CARRIED.

Chairman Fischer then introduced Carv Thompson as the new member of the Commission.

Chairman Fischer turned the meeting over to Commissioner Crew to act as hearing officer. Bridgette Banks of Wheeler Court Reporting, Rapid City, was the Court Reporter.

COMMISSION ON GAMING v. DEBRA WULLSTEIN

This issue in this case was that Ms. Wullstein was denied a support license by the Executive Secretary on the basis of her extensive criminal and credit history. The hearing was held and evidence taken. Appearing on behalf of Ms. Wullstein were her sister, Christina Welsh and her husband, Ray Wullstein. Don Gromer, Executive Secretary presented the Commission's case. At about 10:10 a.m. Commissioner Yonkovich rejoined the meeting. At about 10:21 Commissioner Crew closed the hearing. Commissioner Wagner moved, seconded by Commissioner Thompson, that the Commission affirm the Executive Secretary's decision to deny the support license to Debra Wullstein based on the records presented. All members voting aye, MOTION CARRIED.

EXECUTIVE SECRETARY'S REPORT

Mr. Gromer stated he wanted to encourage all licensees to submit their renewals in as soon as possible so they can be processed for a license by July 1.

Mr. Gromer briefed the Commission on the issue of an individual currently licensed as an operator with a corporation as a passive owner not directly employed on a day-to-day operation. This owner has been contacted by another operator to work as a manager or key employee. Mr. Gromer stated this individual wanted to use his owner license to manage the third party's premises. Mr. Gromer asked the Commission whether or not this operator/owner license is good in other premises or should they be required to submit an application for a key employee license. Gromer stated that due to statute and rule guidelines, this individual would be required to obtain a key license. Mr. Gromer stated Tom Adam, Legal Counsel for the Commission, researched this issue and a letter was in the packet. Mr. Gromer requested the Commission adopt a policy on this issue. Commissioner Crew moved, for purposes of discussion, seconded by Commissioner Yonkovich, that the Commission require individuals that work in key areas, even if they hold an operator or owner license in another establishment that they obtain the appropriate license, whether it be a key or a support license. Mr. Gromer stated at present there are three different individuals where this decision is directed. Mr. Gromer stated action was taken at the last meeting of an individual with an owner license requesting a key employee license. After further discussion Chairman Fischer called for the vote. All members voting aye, MOTION CARRIED.

Mr. Gromer briefed the Commission of the terms agreed to in the Stipulation and Assurance of Voluntary Compliance he entered into with David Kenyon, a Support licensee. Commissioner Crew moved, seconded by Commissioner Wagner, that the Commission accept the Stipulation and Assurance of Voluntary Compliance on David Kenyon. All members voting aye, MOTION CARRIED.

LICENSING

Commissioner Wagner moved, seconded by Commissioner Yonkovich, that the following be granted Temporary Retail licenses:

Clinton E. Ramsden, Jr. d/b/a Gulches of Fun I and Gulches of Fun II.

After further discussion, all members voting aye, MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, that James Hoffman, Jr. be granted a Key employee license. All members voting aye, MOTION CARRIED.

OLD BUSINESS

Mr. Gromer stated Friday (May 6) would be his last day of work and there should be no outstanding issues that he is involved in.

NEW BUSINESS

Mr. Gromer reviewed the documents regarding Ken Lau and Connie Andrews and explained the separations. After further discussion, Commissioner Crew moved, seconded by Commissioner Thompson, that this issue be tabled until the next meeting and reviewed by counsel. All members voting aye, MOTION CARRIED.

At about 10:45 a.m. Commissioner Yonkovich moved, seconded by Commissioner Crew, to go into executive session to consider the hearing of Debra Wullstein. All members voting aye, MOTION CARRIED.

At about 11:30 a.m. Commissioner Wagner moved, seconded by Commissioner Thompson, to come out of executive session. All members voting aye, MOTION CARRIED.

NOTE: Motion made relating to the Debra Wullstein hearing is noted with the respective case.

It was noted that the next Commission meeting will commence at 9:00 a.m., June 13-14, 1994 with the next meeting tentatively set for July 18-19, 1994 in Deadwood.

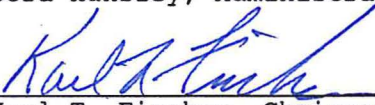
ADJOURN

There being no further business, Commissioner Wagner moved, seconded by Commissioner Yonkovich, that the meeting be adjourned. All members voting aye, MOTION CARRIED.

At about 11:35 a.m. the meeting was adjourned.

Respectfully submitted,

Cora Hunsley, Administrative Assistant



Karl T. Fischer, Chairman

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
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MINUTES

JUNE 13-14, 1994

COMMISSION ON GAMING
FIRST GOLD HOTEL - 270 MAIN STREET
DEADWOOD, SD

9:00 A.M. - JUNE 13, 1994

CALL TO ORDER

Chairman Fischer called the meeting to order with the following Commissioners present: Kristi Wagner, Carv Thompson and Karl Fischer. A quorum was established.

NOTE: Commissioners Karen Crew and Jack Yonkovich arrived at approximately 11:15 a.m. due to fog in Sioux Falls and their plane was unable to depart

Staff present: Tom Fahey, Stan Triplett, Grant Gubbrud and Cora Hunsley.

Others present: Tom Adam and Mike Shaw, legal counsel and Mark Aspaas of Architecture, Inc.

Commissioner Wagner moved, seconded by Commissioner Thompson, that the minutes of May 2-3, 1994 be approved as printed. All members voting aye, MOTION CARRIED.

Don Frazier of Racing Services Incorporated advised the Commission of his company's interest in providing simulcast and live horse racing in South Dakota. Grant Gubbrud presented a recap of live horse racing for the 1994 season and stated administratively it went well.

Chairman Fischer stated he requested Racing Steward Ole Olsen to comment on what needs to be improved at the track and stated it was in the Commission packet. Ron Olinger appeared on behalf of the horsemen. Phil Skipp stated that rumors of Sodrac being out of the simulcast business were not true, they will still operate the simulcast and are in the process of expanding. Skipp stated they have received interest from Hot Springs, Watertown Casino, Brookings, Deadwood, Huron and Mitchell. After further discussion, Commissioner Wagner moved, seconded by Commissioner Thompson for the purpose of discussion, that a criteria be developed to advertise the simulcast license

and instructed staff and counsel to work together to draft rules. There being no further discussion, the question was called with all members voting aye, MOTION CARRIED.

EXECUTIVE SECRETARY'S REPORT

Stan Triplett reported on the Stipulation and Assurance of Compliance entered into with the following:

Dakota Territory Saloon - violated the rules pertaining to recorded tapes, they agreed to the following: The Stipulation would be made public; provide a written internal policy to all employees which explains in detail, all issues concerning authorized methods of the operation of surveillance equipment and the proper security of the systems tapes; provide all employees with training regarding the operation of the installed security system and the applicable rules regarding its operation; no like violations while licensed by the Commission and pay a \$2,500.00 monetary penalty, payable in six monthly installments.

Super G Investment Co., d/b/a Silverado I - violated the rules pertaining to areas requiring surveillance during hours of operation, they agreed to the following: The Stipulation would be made public; to adopt new procedures for the maintenance of the tape quality in surveillance areas to include (1) replacement of tapes with new tapes, (2) periodic cleaning of VCR heads; (3) periodic review of tape quality (4) relocation of microphones; no like violations for a period of one year from date of document; and pay a \$100.00 monetary penalty.

Donald Achtien, d/b/a Buffalo Saloon - violated the rules pertaining to jackpot payouts, Mr. Achtien agreed to the following: The Stipulation would be made public; inform all employees in writing of the correct procedure for jackpot payouts and fills and furnish the Commission on Gaming a copy of such notice; no like violations for a period of one year; and, pay a \$100.00 monetary penalty. Mr. Triplett stated complaints were also filed and dismissed against the following employees of the Buffalo Saloon: Steve Achtien, Daniel Sutfin, Peggy Branum and Waldo Pierson.

Commissioner Wagner moved, seconded by Commissioner Thompson, that the Stipulations entered into by staff and the dismissals be approved. All members voting aye, MOTION CARRIED.

Grant Gubbrud advised the Commission that Legislative Research Council will be conducting a summer study on Gaming & Lottery Licensure and Review of Deadwood Revenue Distribution. Mr. Gubbrud stated the first meeting is scheduled for June 28, 1994.

EXECUTIVE SESSION

At about 10:10 a.m. Commissioner Wagner moved, seconded by Commissioner Thompson, to go into Executive Session. All members voting aye, MOTION CARRIED.

At about 3:15 p.m. Commissioner Wagner left the meeting.

At about 9:20 a.m. Commissioner Thompson moved, seconded by Commissioner Yonkovich, to come out of executive session. All members voting aye, MOTION CARRIED.

A roll call was taken. Present were: Karl Fischer, Carv Thompson, Karen Crew and Jack Yonkovich. Absent, Commissioner Wagner.

Staff present: Tom Fahey, Stan Triplett, Grant Gubbrud and Cora Hunsley.

Others present: Tom Adam, legal counsel and Mark Aspaas of Architecture, Inc.

MARY DUNNE - FIRE PROTECTION

Dave Larson spoke on behalf of Mary Dunne, d/b/a Deadwood Dick's and Dakota Mercantile, provided remodeling plans and requested approval of their sprinkler system. Mr. Aspaas stated a precedent has been set that certified and approved water curtain systems are an acceptable rated assembly for party walls defining separate buildings. Mr. Aspaas recommended the Commission accept a letter of certification that in such-and-such a business we installed a system that is certified NFPA as a water curtain system from the company installing the sprinkler system. After further discussion, Commissioner Crew moved, seconded by Commissioner Yonkovich, that the Commission approve the proposal system presented by Mary Dunne for the sprinkler system and water curtain, based on certification of the water system. All members voting aye, MOTION CARRIED.

PETITION FOR DECLARATORY RULING - MULTIPLE BUILDING DESIGNATION

NOTE: Copies of Petitions, Declaratory Rulings and Stipulations are attached.

WESTERN WRANGLER, INC.

Appearing on behalf of Western Wrangler: Mr. Jon Mattson, Attorney and owners Barb Mattson and Marilyn Bowman. The Commission considered the evidence of the Petitioner and the testimony of Mark Aspaas. The hearing was closed at about 9:55 a.m. Commissioner Thompson moved, seconded by Commissioner Yonkovich that the Commission declare that Lucky Wrangler premises located at 638 Main Street, Deadwood, South Dakota constitutes two buildings for the purposes of determining the number of gaming licenses and further order (i) That this two building designation relates to a "front-to-back" configuration, consistent with the evidence presented at the hearing; and (ii) That the two building designation is conditioned upon Petitioner's compliance with the Uniform Building Code, including the installation and maintenance of a separation wall having an opening or openings not in excess of twenty-five percent (25%) of the length of said wall, such opening to be protected by a ninety (90) minute fire-rated assembly or water curtain, either of which must be certified to the Commission by the vendor as being in compliance with the Uniform Building Code. All members voting aye, MOTION CARRIED.

HICKOK'S

Appearing on behalf of Hickok's: Patrick Duffy, Attorney and Bart Hamm. The Commission considered the evidence of the Petitioner and the testimony of Mark Aspaas and examined the evidence presented. The hearing was closed at about 10:00 a.m. Commissioner Thompson moved, seconded by Commissioner Crew, that the Hickok's premises located at 635 Main Street, Deadwood, South Dakota, constitutes three buildings for the purposes of determining the number of gaming licenses which may be located upon said licensed casino premises and further, (i) That this three building designation relates to a "side-by-side" configuration for approximately two-thirds of the configuration of the structure, and a "front-to-back" configuration with reference to the approximate one-third of the structure consistent with the evidence presented; (ii) That there is not a partition wall between the side-by-side buildings, and the Commission on this instance specifically finds that the opening between the side-by-side buildings are of historical significance and need not be closed as was documented by the evidence presented, but the Petitioner should appropriately expose the support posts to the public; and (iii) That the three building designation is conditioned upon Petitioner's compliance with the Uniform Building Code, excepting that the Petitioner need not install and maintain a fire-rated assembly or water curtain. All members voting aye, MOTION CARRIED.

B.B. CODY'S

Appearing on behalf of B.B. Cody's: Roger Tellinghuisen, Attorney and owner Allen Rosenfeld. The Commission considered the evidence of the Petitioner and the testimony of Mark Aspaas. The hearing was closed at about 10:16 a.m. Commissioner Thompson moved, seconded by Commissioner Crew, that the B B Cody's premises located at 681 Main Street, Deadwood, South Dakota constitutes two buildings for the purposes of determining the number of gaming licenses which may be located upon said licensed casino premises and further (i) That this two building designation relates to a "side-by-side" configuration, consistent with the evidence presented at the hearing; (ii) That there is not a partition wall between the side-by-side buildings, and the Commission in this instance specifically finds that the openings between the side-by-side buildings are of historical significance and need not be closed, as was documented by the evidence presented; and (iii) That the two building designation is conditioned upon Petitioner's compliance with the Uniform Building Code, excepting that Petitioner need not install and maintain a fire-rated assembly or a water curtain. All members voting aye, MOTION CARRIED.

PEACOCK CLUB

Appearing on behalf of the Peacock Club: Roger Tellinghuisen, Attorney and owner Gary Sessions. The Commission considered the evidence of the Petitioner and the testimony of Mark Aspaas. The hearing was closed at about 10:38 a.m. Commissioner Yonkovich moved, seconded by Commissioner Thompson, that the Commission determine that the Peacock Club premises located at 632, 634 and 636 Main Street, Deadwood, South Dakota, constitutes two buildings for the purposes of determining the number of gaming licenses which may be located upon said licensed casino premises and further ordered (i) That this two building designation relates to a "front-to-back" configuration, consistent

with the evidence presented at the hearing; and (ii) that the two building designation is conditioned upon Petitioner's compliance with the Uniform Building Code including the installation and maintenance of a separation wall having an opening or openings not in excess of twenty-five percent (25%) of the length of said wall, such opening to be protected by a ninety (90) minute fire-rated assembly or a water curtain, either of which must be certified to the Commission by the vendor as being in compliance with the Uniform Building Code. Roll Call vote as follows: Thompson, aye; Yonkovich, aye; Crew, Nay. MOTION CARRIED.

Chairman Fischer declared a short recess.

LICENSING

RENEWALS

Commissioner Yonkovich moved, seconded by Commissioner Crew, that the following Operator, Retail, Manufacturer and Distributors be granted a renewal license for FY-95. All members voting aye, MOTION CARRIED. (See attached list of all approved renewals)

Commissioner Yonkovich moved, seconded by Commissioner Thompson, that the following be granted a renewal license for FY-95 with conditions:

Bella Union & Bella Union Theater, Operator/Retail - (1) Providing a two hour area separation wall, having an opening or openings no greater than 25% of the length of the wall. Such openings shall be protected by 90 minute fire rated assemblies or a water curtain, written certification by the installer must be received by this office no later than October 1, 1994 and, (2) Inspection and approval of sprinkler system, written certification of same from the City of Deadwood Building Inspector must be received no later than October 1, 1994.

Black Hills Novelty Company, Inc., Operator - (1) That Kay Trucano will make application to the South Dakota Commission on Gaming for an operator's license and, (2) The application will be submitted in a timely manner, allowing the investigators to complete the background investigation by October 1, 1994.

Gold Street, Operator/Retail - (1) Must submit latest Standard Financial Statement, no later than July 1, 1994 and, (2) Inspection and approval of sprinkler system, written certification of same from the City of Deadwood Building Inspector must be received no later than October 1, 1994.

Goldberg Gaming, Goldberg Grocery & Goldberg Soda Fountain, Operator/Retail - (1) Providing a two hour area separation wall, having an opening or openings no greater than 25% of the length of the wall. Such openings shall be protected by 90 minute fire rated assemblies or a water curtain, written certification by the installer must be received by this office no later than October 1, 1994 and, (2) Must pay proper taxes by November 1, 1994 and provide written documentation from the appropriate tax authority.

Joseph M. Rowland, Operator - (1) Provide complete documentation of bankruptcies and any other civil court actions involved in, either personally or as a member of a corporation or partnership, and (2) This document with a complete explanation must be received by July 1, 1994.

Old Irish, Inc. & Dakota Territory Saloon, Operator/Retail - Must pay property taxes by November 1, 1994 and provide written documentation from the appropriate tax authority.

Shamrock, Inc. & Lillies, Owner/Operator - (1) Must pay property taxes by November 1, 1994 and provide written documentation from the appropriate tax authority, (2) Inspection and approval of sprinkler system written certification of same from the City of Deadwood Building Inspector must be received no later than October 1, 1994, and (3) Complete submittal of all applications and information for Global Casinos, Inc., by July 1, 1994.

Super G. Investment Co., Silverado I, Silverado II and Silverado III, Operator/Retail - Providing a two hour area separation wall have an opening or openings no greater than 25% of the length of the wall. Such openings shall be protected by 90 minute fire rated assemblies or a water curtain, written certification by the installer must be received by this office no later than October 1, 1994.

Three of A Kind, Carrie Nations Temperance Saloon, Cousin Jacks & Deadwood Livery, Operator/Retail - Inspection and approval of sprinkler system, written certification of same from the City of Deadwood Building Inspector must be received no later than October 1, 1994.

Westway In., Bodega Cafe & Bodega Saloon, Operator/Retail - (1) Inspection and approval of sprinkler system, written certification of same from the City of Deadwood Building Inspector must be received no later than October 1, 1994, and (2) Provide written statement of fact concerning the foreclosure proceedings with First Western Bank. Also any other civil action that West Way Inc., or any officers of said corporation are involved in at this time, by July 1, 1994.

Bullock Hotel, Bullock I, II & III, Operator/Retail - Providing a two hour area separation wall, have an opening or openings no greater than 25% of the length of the wall. Such openings shall be protected by 90 minute fire rated assemblies or a water curtain, written certification by the installer must be received by this office no later than October 1, 1994.

Fairmont Hotel & Oyster Bay, Retail - (1) Providing a two hour area separation wall have an opening or openings no greater than 25% of the length of the wall. Such openings shall be protected by 90 minute fire rated assemblies or a water curtain, written certification by the installer must be received by this office no later than October 1, 1994, (2) Must pay property taxes by November 1, 1994 and provide documentation from the appropriate tax authority, and (3) Inspection and approval of sprinkler system, written certification of same from the City of Deadwood Building Inspector must be received no later than October 1, 1994.

All members voting aye, MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Thompson, that the Key renewals on the attached list be approved with the notation that Dana Sorensen is not to pick up his license until July 1, 1994 and the Key renewal application of John Bartlett be denied. All members voting aye, MOTION CARRIED.

NEW LICENSES

Commissioner Thompson moved, seconded by Commissioner Yonkovich, that the following new licenses be granted:

KEY

Linda Ahlers	Christopher Blair	Jean Colvin
David Dirksen	Joseph Hamm	Laurie Harrison
Mike Hubbard	Patrick Jones	Vernon Klar
Steve A. Kline	Dorothy Knoepfle	Bonnie Pierce
Steven Schaeffer		

OWNERS CHANGING TO KEY:

Thomas Blair	Richard Cleveland	Monica Conrad
Craig Murdock		

TEMPORARY OPERATOR:

Bullock	Western Wrangler
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All members voting aye, MOTION CARRIED.

Commissioner Fischer moved, seconded by Commissioner Crew, the following be granted a Retail license:

Slots of Fun	Carnival Queen	Bullock III
Deadwood Nugget		

All members voting aye, MOTION CARRIED.

At about 11:25 a.m. Commissioner Crew moved, seconded by Commissioner Yonkovich, to go into executive session. All members voting aye, MOTION CARRIED.

At about 12:20 p.m. Commissioner Crew moved, seconded by Commissioner Thompson, to come out of executive session.

NOTE: Decisions made relating to Petitions for a Declaratory Ruling are listed above under their respective heading.

OLD BUSINESS

The next meeting was set for July 18-19, 1994 in Deadwood.

NEW BUSINESS


The following meeting was tentatively set for September 29-30, 1994 in Deadwood and to incorporate a rules hearing with it also.

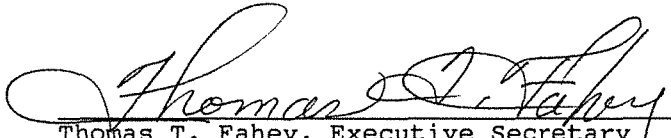
ADJOURN

There being no further business, Commissioner Yonkovich moved, seconded by Commissioner Crew, that the meeting be adjourned. All members voting aye, MOTION CARRIED. The meeting was adjourned about 12:30 p.m.

Respectfully submitted,

Cora Hunsley
Administrative Assistant


Karl T. Fischer, Chairman


Thomas T. Fahey, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605) 773-6050
FAX (605) 773-6053

MINUTES

JULY 18-19, 1994

COMMISSION ON GAMING
FIRST GOLD - 270 MAIN STREET
DEADWOOD, SD

1:00 P.M. - JULY 18, 1994

CALL TO ORDER AND APPROVAL OF MINUTES

Chairman Fischer called the meeting to order with the following members present: Kristi Wagner, Jack Yonkovich, Carv Thompson and Karen Crew.

Staff present were: Tom Fahey, Stan Triplett, Grant Gubbrud and Cora Hunsley.

Others present: Tom Adam and Mike Shaw, legal counsel.

Commissioner Thompson moved, seconded by Commissioner Yonkovich, that the minutes of June 13-14, 1994 be approved as printed. All members voting aye, MOTION CARRIED.

EXECUTIVE SESSION

At about 1:05 p.m. Commissioner Wagner moved, seconded by Commissioner Yonkovich, to go into executive session. All members voting aye, MOTION CARRIED.

9:00 A.M. - JULY 19, 1994

At about 9:45 a.m. Commissioner Yonkovich moved, seconded by Commissioner Wagner, to come out of executive session. All members voting aye, MOTION CARRIED.

PETITION FOR DECLARATORY RULING - FRENCH QUARTER - 2 BLDG

Commissioner Fischer noted for the record that the Petition for a Declaratory Ruling requesting a two building designation submitted by the French Quarter has been withdrawn.

BLACK HILLS NOVELTY - TRANSFER OF DEVICE STAMPS

Mr. Mike Trucano of Black Hills Novelty appeared before the Commission for permission to transfer five 94-95 device stamps and purchase two slot machines. Commissioner Wagner moved, seconded by Commissioner Yonkovich, that Black Hills Novelty be allowed to purchase stamps from Prairie Edge and Western Wrangler. All members voting aye, MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Thompson, that Black Hills Novelty's request to purchase two slot machines from Western Wrangler be approved. All members voting aye, MOTION CARRIED.

EXECUTIVE SECRETARY'S REPORT

Mr. Fahey reported on the Stipulation and Assurance of Voluntary Compliance entered into with Edward Abraham. Commissioner Crew moved, seconded by Commissioner Wagner, that the Stipulation entered into by the Executive Secretary be accepted. All members voting aye, MOTION CARRIED.

Mr. Fahey reported on the LRC Summer Study Committee and advised the Commission that the next meeting is scheduled for August 25, 1994.

Mr. Fahey advised the Commission that their only involvement in the lawsuit of the City of Deadwood vs. Black Hills Conference Center is that the Commission not allow gaming in this area until the lawsuit is settled.

Decisions made on consultant contracts are listed below under New Business.

LICENSING

Commissioner Thompson moved, seconded by Commissioner Yonkovich, that the following licenses be approved:

KEY EMPLOYEE

Wilbur Bowman	Kelly Ducheneaux
Toni Hubbard	Benita Ramirez
Glenda Roth	Timothy Schnabel
Sally Staufer	Cindy Wheeler

OPERATOR CHANGING TO KEY

John Leon

OPERATOR/RETAIL

Lana Young - d/b/a Gold Coin, Operator & Retail
Clint Ramsden - d/b/a Gulches of Fun I, II - Temporary to Permanent Retail
Western Wrangler II, Retail License
Peacock Club II, Retail License
Rich Turbiville - d/b/a Legends Gaming Complex - Temporary Retail

All members voting aye, MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Thompson that Judith Schell d/b/a S-Mart be granted a temporary Retail license. After further discussion, Ms. Wagner moved to amend her motion with Commissioner Thompson amending his second, to include the condition that the temporary license be granted contingent upon meeting the background investigation. All members voting aye, MOTION CARRIED.

OLD BUSINESS

None.

NEW BUSINESS

Mr. Fahey reviewed the annual consultant contracts.

Commissioner Yonkovich moved, seconded by Commissioner Thompson, that the contract entered into with May, Adam, Gerdes and Thompson for legal services be approved. All members voting aye, MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, that the contract entered into with USD Business Research Bureau for computer services be approved. All members voting aye, MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Yonkovich, that the contract entered into with Paul Miller Enterprises for lease of parking spaces for office personnel in Deadwood be approved. All members voting aye, MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Thompson, that the contract entered into with James Maida of Gaming Laboratories International, Inc. for services provided be approved. All members voting aye, MOTION CARRIED.

A discussion was held on the contract with Mark Aspaas of Architecture, Inc. with Commissioner Crew giving the history the contract with Mr. Aspaas. Commissioner Crew then moved, seconded by Commissioner Wagner, to put it on the table, that Mr. Aspaas' contract be raised to \$100.00 per hour with a cap of \$6,000.00 which has not been reached in the past. After further discussion, Commissioner Thompson made a substitute motion, seconded by Commissioner Yonkovich, that the raise be from \$65.00 per hour to \$80.00 per hour. Commissioner Thompson stated the substitute motion will take precedent and the Commission would have to vote on the substitute motion, if that fails then you would have to revert to the first motion. Roll Call vote as follows: Commissioners Yonkovich and Thompson, yes; Commissioners Crew and Wagner, no. With the vote being 2 yes and 2 no, Chairman Fischer cast the deciding vote of yes and Commissioner Thompson's substitute motion prevailed 3 to 2.

At about 10:10 Chairman Fischer declared a 10 minute break.

At about 10:30 Commissioner Wagner moved, seconded by Commissioner Yonkovich, to go into executive session. All members voting aye, MOTION CARRIED.

At about 10:45 Commissioner Yonkovich moved, seconded by Commissioner Wagner, to come out of executive session. All members voting aye, MOTION CARRIED.

Commissioner Crew moved, seconded by Commissioner Thompson, that the Commission accept the Sodak contract with Sega products as amended. Mr. Tom Blue, Attorney for Sodak asked for clarification. It was the consensus of the Commission that the contract was accepted, not approved. Sodak/Sega would need to appear before the Commission for game approval. All members voting aye, MOTION CARRIED.

Commissioner Crew moved, seconded by Commissioner Wagner, that the contracts submitted by Full House, Inc., be approved. Commissioner Crew advised Harry Christianson that all contracts submitted by Full House were considered as one. All members voting aye, MOTION CARRIED.

Commissioner Crew moved, seconded by Commissioner Thompson, that the Deadwood Gulch contract with Mr. Ramsden be approved. All members voting aye, MOTION CARRIED.

Commissioner Crew moved, seconded by Commissioner Yonkovich, that the contract between Western Wrangler and John Leon be approved. All members voting aye, MOTION CARRIED.

Commissioner Crew moved, seconded by Commissioner Wagner, that the Midnight Star restructuring contract be approved. All members voting aye, MOTION CARRIED.

A discussion was held on the next scheduled meeting. The Commission agreed that due to schedule conflicts, the meeting that was tentatively scheduled for September 29-30, 1994 be changed to October 6-7, 1994 beginning at 10:00 a.m., October 6th.

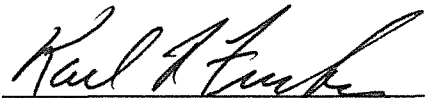
ADJOURN

There being no further business, Commissioner Thompson moved, seconded by Commissioner Yonkovich, that the meeting be adjourned. All members voting aye, MOTION CARRIED.

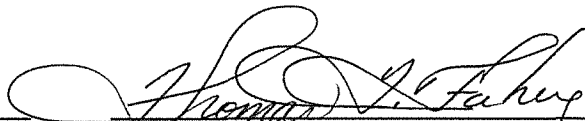
The meeting was adjourned at 10:55 a.m.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Karl T. Fischer, Chairman



Thomas T. Fahey, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605) 773-6050
FAX (605) 773-6053

MINUTES

OCTOBER 5-7, 1994

COMMISSION ON GAMING
FIRST GOLD - 270 MAIN STREET
DEADWOOD, SD

3:00 P.M. - OCTOBER 5, 1994

CALL TO ORDER

Chairman Fischer called the meeting to order with the following Commissioners present: Karl Fischer, Karen Crew, Jack Yonkovich, Carv Thompson and Kristi Wagner. A quorum was established.

Others present: Tom Adam, Legal Counsel and Mark Aspaas, Architecture, Inc.

Staff Present: Tom Fahey, Stan Triplett, Grant Gubbrud and Cora Hunsley.

Commissioner Wagner moved, seconded by Commissioner Yonkovich, that the minutes of July 18-19, 1994 be approved as printed. All members voting aye, MOTION CARRIED.

At about 3:05 p.m. Commissioner Yonkovich moved, seconded by Commissioner Wagner, to go into executive session. All members voting aye, MOTION CARRIED.

NOTE: Executive Session concluded at 6:00 p.m. (MDT) to reconvene at 8:30 a.m. October 6, 1994.

9:00 A.M. - OCTOBER 6, 1994

At about 9:30 a.m. Commissioner Wagner moved, seconded by Commissioner Thompson, to come out of executive session. All members voting aye, MOTION CARRIED.

PETITIONS FOR DECLARATORY RULING

NOTE: Copies of Petitions, Declaratory Rulings are attached.

FOUR ACES - 4 BUILDING DESIGNATION

Appearing on behalf of Four Aces: Steve Christenson, Attorney for Four Aces. The Commission considered the evidence of the Petitioner and the testimony of Mark Aspaas. Commissioner Crew moved, Seconded by Commissioner Yonkovich, that the Four Aces Hotel, Inc., be granted a four building designation. After discussion, Commissioner Thompson made a substitute motion, seconded by Commissioner Wagner, that the Commission grant approval based on the applicant remodeling the building per recommendation of Mark Aspaas and plans be submitted for Commission approval. All members voting aye, MOTION CARRIED.

FAIRMONT HOTEL - 2 BUILDING DESIGNATION

Appearing on behalf of Fairmont Hotel: Roger Tellinghuisen, Attorney for Fairmont Hotel and Ron Russo, owner of the Fairmont Hotel. The Commission considered the evidence of the Petitioner and the testimony of Mark Aspaas. Commissioner Wagner moved, seconded by Commissioner Yonkovich, that the Fairmont Hotel be granted the two building designation as recommended by Mr. Aspaas. After further discussion, all members voting aye, MOTION CARRIED.

OYSTER BAY - 2 BUILDING DESIGNATION

Appearing on behalf of Oyster Bay: Roger Tellinghuisen, Attorney for Fairmont Hotel and Ron Russo, owner of the Fairmont Hotel. The Commission considered the evidence of the Petitioner and the testimony of Mark Aspaas. Commissioner Crew moved, seconded by Commissioner Wagner, that the Petition requesting a two building designation be denied. All members voting aye, MOTION CARRIED.

TIN LIZZIE'S - 5 BUILDING DESIGNATION

Appearing on behalf of Tin Lizzie's: Roger Tellinghuisen, Attorney for Tin Lizzie's and Peggy Blakley, Owner of Tin Lizzie's. The Commission considered the evidence of the Petitioner and the testimony of Mark Aspaas. Commissioner Yonkovich moved, seconded by Commissioner Crew, for approval for a four building designation on the basis that plans be submitted to Mr. Aspaas and the Commission that meet the criteria of the Gaming Commission of creating the fourth building. All members voting aye, MOTION CARRIED.

SILVERADO - 4 BUILDING DESIGNATION

Mr. Tellinghuisen requested the Commission consider trading places with the French Quarter on the agenda.

At about 10:40 a.m., Chairman Fischer declared a 10 minute recess. The meeting re-convened at about 10:50 a.m.

FRENCH QUARTER - 2 BUILDING DESIGNATION

Appearing on behalf of French Quarter: Harry W. Christianson, an Owner of French Quarter and Jim Christensen, an Architect with London Associates of Rapid City, South Dakota. The Commission considered the evidence of the Petitioner and the testimony of Mark Aspaas. Commissioner Yonkovich moved, seconded by Commissioner Crew, the Commission grant approval of a two building designation on the basis of the precedent set in Hickok's. After further

discussion, a roll was called with Commissioners Crew, Wagner and Yonkovich voting yes and Commissioner Thompson voting no. With the yes vote prevailing, the motion carried.

SILVERADO - 4 BUILDING DESIGNATION

Appearing on behalf of Silverado: Roger Tellinghuisen, Attorney for Silverado. Mr. Tellinghuisen stated it was the same type of request as the French Quarter. Mr. Tellinghuisen further stated the Petition was two Petitions in one, one for Silverado I and one for Silverado II and requested they be presented separately. Mr. Tellinghuisen stated the request was for four buildings, two for Silverado I and two for Silverado II. The Commission considered the evidence of the Petitioner and the testimony of Mark Aspaas. Mr. Aspaas stated he wanted to go on record to recommend legislation be drafted to go to the square footage. Mr. Aspaas stated historic precedence has been set based two businesses, then two buildings and now back to two businesses. After discussion, Commissioner Thompson moved, seconded by Commissioner Yonkovich, the Petition for Silverado I be tabled. Mr. Tom Adam requested clarification, the Petition only stated Silverado, Not Silverado I and Silverado II. Mr. Tellinghuisen responded it was one Petition for four buildings. Commissioner Thompson then restated his motion and moved, seconded by Commissioner Yonkovich, that the Petition for the Silverado be tabled. All members voting aye, MOTION CARRIED.

EXECUTIVE SECRETARY'S REPORT

DENIAL OF BLACKJACK VARIATION "21 SUPER BUCKS"

Chairman Fischer stated the parties involved requested this issue be taken out of order on the agenda. Mr. John Gable of Deadwood Partners along with John Daley and Lon Shepherd of Mikohn Gaming Corp., presented a variation of standard 21 game called 21 Super Bucks. After further discussion, Commissioner Wagner moved, seconded by Commissioner Yonkovich, that this issue be tabled until the December meeting to enable all parties involved to present additional information. All members voting aye, MOTION CARRIED.

At about 11:55 a.m. Commissioner Wagner moved, seconded by Commissioner Thompson, to break for lunch and re-convene at 1:00 p.m. All members voting aye, MOTION CARRIED.

1:00 P.M. - RULES HEARING

Chairman Fischer announced it was the time scheduled for the rules hearing. (RULES HEARING LASTED FROM 1:00 P.M. TO ABOUT 2:20 P.M. MINUTES ARE TRANSCRIBED SEPARATELY AND A COPY IS ATTACHED)

Chairman Fischer announced a 10 minute recess.

At about 2:30 p.m. Commissioner Wagner moved, seconded by Commissioner Crew, to go into executive session. All members voting aye, MOTION CARRIED.

At about 4:00 p.m. Commissioner Thompson moved, seconded by Commissioner Wagner, to come out of executive session. All members voting aye, MOTION CARRIED.

EXECUTIVE SECRETARY'S REPORT - CONTINUED

RACING CONTRACTS

Tom Fahey explained this relates to the simulcast contracts entered into with different tracks submitted by Sodrac for approval as authorized by statute. Commissioner Crew moved, seconded Commissioner Wagner, that the executive secretary be authorized to approve any contracts submitted by Sodrac to conduct simulcast races. All members voting aye, MOTION CARRIED.

CONSULTANT CONTRACT

Mr. Fahey advised the Commission that the contract for leasing parking spaces was with Paul Miller Enterprises and Mr. Miller transferred all leases to Mary Schmit of the Bullock Hotel with the amount remaining the same. Commissioner Yonkovich moved, seconded by Commissioner Wagner, the contract entered into with Mary Schmit be approved. All members voting aye, MOTION CARRIED.

STIPULATION AND ASSURANCE OF VOLUNTARY COMPLIANCE

Mr. Fahey reported on the Stipulation and Assurance of Voluntary Compliance entered into with Linda DeFazio. Mr. Fahey stated this was a result of an Initial Complaint filed against Ms. DeFazio which involved a violation of ARSD 20:18:09:01(4). Failure by a support or a key employee to wear in plain view identification issued by the Commission. Commissioner Wagner moved, seconded by Commissioner Yonkovich, that the Commission accept the Stipulation and Assurance of Voluntary Compliance. All members voting aye, MOTION CARRIED.

Mr. Fahey reported on the Stipulation and Assurance of Voluntary Compliance entered into with Ron Russo d/b/a Fairmont Hotel. Mr. Fahey stated this was a result of an Initial Complaint filed against Mr. Russo which involved a violation of SDCL 42-7B-40. Employee twenty-one years or older required on premises and ARSD 20:18:09:01(12). Grounds for disciplinary action. Commissioner Yonkovich moved, seconded by Commissioner Thompson, that the Commission accept the Stipulation and Assurance of Voluntary Compliance. All members voting aye, MOTION CARRIED.

Mr. Fahey reported on the Stipulation and Assurance of Voluntary Compliance entered into with Bill Walsh d/b/a Franklin Hotel & Durty Nellie's. Mr. Fahey stated this was a result of an Initial Complaint filed against Mr. Walsh which involved a violation of ARSD 20:18:09:01(1). Grounds for disciplinary action. Hiring or employing a person who does not have a support license or key license when required by this article. Commissioner Yonkovich moved, seconded by Commissioner Thompson, that the Commission accept the Stipulation and Assurance of Voluntary Compliance. All members voting aye, MOTION CARRIED.

Mr. Fahey reported on the Stipulation and Assurance of Voluntary Compliance entered into with Marty Heathershaw of the Deadwood Gulch Resort. Mr. Fahey stated this was a result of an Initial Complaint filed against Deadwood Gulch Resort which involved a violation of ARSD 20:18:29:03.(1),(2) Areas requiring surveillance during hours of operation. After further discussion,

Commissioner Thompson moved, seconded by Commissioner Wagner, that the Commission accept the Stipulation and Assurance of Voluntary Compliance. All members voting aye, MOTION CARRIED.

Mr. Fahey reported on the Stipulation and Assurance of Voluntary Compliance entered into with Thomasa Craddock. Mr. Fahey stated this was a result of an Initial Complaint which involved a violation of SDCL 42-7B-27. Employees support license -- Qualifications. Commissioner Wagner moved, seconded by Commissioner Thompson, that the Commission accept the Stipulation and Assurance of Voluntary Compliance. All members voting aye, MOTION CARRIED.

CITY OF DEADWOOD v. BLACK HILLS CONFERENCE CENTER

Mr. Adam stated this case involved a clerical error made by a staff person at City Hall back when part of the City of Deadwood was annexed. Mr. Adam stated someone must have raised the question because of a title concern and as a result of that a lawsuit was initiated with the Commission on Gaming named as a party. Mr. Adam stated the purpose of the lawsuit was to get a declaration as to the validity of the annexation and appeared as a party but not as an active participant in the litigation. Mr. Adam stated this has been resolved and the Circuit Judge ruled that the annexation was complete.

LRC COMMITTEE MEETING OF AUGUST 25, 1994

Mr. Fahey reported on the LRC Gaming Licensure and Deadwood Revenue Distribution Study Committee meeting he attended on August 25, 1994. Mr. Fahey stated their next meeting would be held in Deadwood on December 1-2, 1994.

BLACK HILLS NOVELTY v. COMMISSION ON GAMING, SODAK AND IGT

Mr. Adam stated Black Hills Novelty asked the Supreme Court to reconsider it's decision and denied the request, therefore, the previous decision stands.

BUDGET

Messrs. Fahey and Gubbrud reviewed the budget that was submitted to the Department of Commerce. Mr. Fahey stated the budget is submitted for informational purposes. Mr. Gubbrud also reported on the tax distribution per the change made in the 1994 legislative session. Mr. Gubbrud stated that previously, the Commission directed staff to do quarterly payments of gaming revenue and due to the budget crisis he has been requested to remit the State's share on a monthly basis. It was the consensus of the Commission to pay the State on a monthly basis and continue with the other payments on a quarterly basis.

At about 4:30 p.m. Commissioner Wagner moved, seconded by Commissioner Thompson, to recess until 9:00 a.m. on October 7, 1994. All members voting aye, MOTION CARRIED.

9:00 A.M. - OCTOBER 7, 1994

Chairman Fischer brought the meeting to order with a roll call vote.

At about 9:02 a.m. Commissioner Wagner moved, seconded by Commissioner Thompson, to go into executive session. All members voting aye, MOTION CARRIED.

At about 9:50 a.m. Commissioner Thompson moved, seconded by Commissioner Wagner, to come out of executive session. All members voting aye, MOTION CARRIED.

LICENSING

OPERATOR

Commissioner Yonkovich moved, seconded by Commissioner Thompson, that the following be granted an Operator license:

Rich Turbiville - d/b/a Legends Gaming Complex
Allen Paulson - d/b/a Deadwood Gulch
Gary Wilcox - d/b/a Bullock

All members voting aye, MOTION CARRIED.

MANUFACTURER/DISTRIBUTOR

Commissioner Crew moved, seconded by Commissioner Yonkovich, that the following be granted a Manufacturer/Distributor license:

David Thompson - d/b/a Mikohn Gaming Corp.
Ronald Radcliff - " " " "
Bruce Peterson - " " " "
Terrence Oliver - " " " "
Dennis Garcia - " " " "

All members voting aye, MOTION CARRIED.

KEYS

Commissioner Thompson moved, seconded by Commissioner Wagner, that the following be granted a Key employee license:

Beverly Banigan	Lorann Berg	Gary Dohman
Marc Dryden	Lori Etherington	Donald Gromer
Thomas Hagen	Charles Haigh	Dennis Huck
Carol Karlsen	Douglas Jones	Barry Lloyd
Rodger Marx	Laurie McKee	Kerri Smith
Kevin Zacher		

All members voting aye, MOTION CARRIED.

RENEWALS

Commissioner Yonkovich moved, seconded by Commissioner Wagner, that the Renewal application of Richard Cleveland d/b/a Deadwood Gulch Conference Center be approved. All members voting aye, MOTION CARRIED.

RECONSIDERATION OF CONDITIONAL LICENSES ISSUED 6/14/94

BELLA UNION - Mr. Fahey advised the Commission that the criteria has been met. Commissioner Wagner moved, seconded by Commissioner Yonkovich, that the conditions imposed be removed. All members voting aye, MOTION CARRIED.

BLACK HILLS NOVELTY - Mr. Fahey advised the Commission that they have complied with the conditions. Commissioner Thompson moved, seconded by Commissioner Wagner, that the conditions imposed be removed. All members voting aye, MOTION CARRIED.

GOLD STREET - Mr. Triplett advised the Commission that we have not received a copy of the letter stating Gold Street's sprinkler system has been inspected. Commissioner Crew moved, seconded by Commissioner Thompson, that Gold Street have the letter to the Commission Office by a week from today (10/14/94) or a suspension will be imposed until such time the letter is received. All members voting aye, MOTION CARRIED.

GOLDBERG GAMING, GOLDBERG GROCERY & GOLDBERG SODA FOUNTAIN - Mr. Triplett advised the Commission that Goldberg's has the deluge system on the large opening but the small opening in back does not have a deluge system or a door and he advised the owners of same. Commissioner Crew moved, seconded by Commissioner Wagner, that Goldberg's comply and have the deluge system in the back opening by a week from today (10/14/94) or a suspension will be imposed until such time this is installed. All members voting aye, MOTION CARRIED.

JOSEPH M. ROWLAND - Mr. Fahey advised the Commission Mr. Rowland has complied with the conditions imposed. Commissioner Wagner moved, seconded by Commissioner Yonkovich, that a permanent license be granted to Mr. Rowland. All members voting aye, MOTION CARRIED.

OLD IRISH INC. & DAKOTA TERRITORY SALOON - Mr. Triplett advised the Commission that the conditions imposed have been met. Commissioner Yonkovich moved, seconded by Commissioner Wagner, that a permanent license be granted to Old Irish, Inc. All members voting aye, MOTION CARRIED.

SUPER G INVESTMENT CO., SILVERADO I, SILVERADO II & SILVERADO III - Mr. Fahey advised the Commission that the conditions imposed have been met. Commissioner Thompson moved, seconded by Commissioner Wagner, that a permanent license be granted. All members voting aye, MOTION CARRIED.

SHAMROCK, INC. & LILLIES - Mr. Fahey advised the Commission that the conditions imposed have been met. Commissioner Thompson moved, seconded by Commissioner Wagner, that a permanent license be granted. All members voting aye, MOTION CARRIED.

THREE OF A KIND, CARRIE NATIONS TEMPERANCE SALOON, COUSIN JACKS & DEADWOOD LIVERY - Mr. Fahey advised the Commission that the conditions imposed have been met. Commissioner Wagner moved, seconded by Commissioner Thompson, that a permanent license be granted. All members voting aye, MOTION CARRIED.

WESTWAY INC., BODEGA CAFE & BODEGA SALOON - Mr. Fahey advised the Commission that everything was clear except the historical opening issue. Commissioner Wagner moved, seconded by Commissioner Thompson that a permanent license be granted. After further discussion, Commissioner Wagner withdrew the previous motion and moved, seconded by Commissioner Yonkovich, a license be issued based on the condition that part (b) of the foreclosure proceedings issue is resolved. All members voting aye, MOTION CARRIED.

BULLOCK HOTEL, BULLOCK I, II & III - Mr. Triplett stated he believed as Mary Schmit, that the openings had historical significance. After further discussion, Commissioner Crew moved, seconded by Commissioner Wagner, that the conditional license be continued until the next meeting (December 1-2, 1994) with the understanding that the Commission will have received documentation relating to historical significance by then. All members voting aye, MOTION CARRIED.

FAIRMONT HOTEL & OYSTER BAY - Mr. Fahey advised the Commission that Mr. Russo was not in compliance. Mr. Roger Tellinghuisen stated the Fairmont understood the condition that was attached to it's license and has attempted to comply with the Commission's requirements. Mr. Tellinghuisen provided a copy of a letter dated September 29, 1994 to Mr. Russo from Leonard Haney, President of American Fire Protection, Corp. Mr. Tellinghuisen further stated he understood this to be a multiple building issue and not a life/safety issue. Mr. Keith Umenthum, Building Inspector for the City of Deadwood, stated the sprinkler system Mr. Russo has at this time complies with the NFPA standards. After hearing testimony from , Mr. Tellinghuisen, Mr. Russo and Mr. Umenthum, Commissioner Crew moved, seconded by Commissioner Wagner, that the Fairmont and Oyster Bay license be suspended from 8:00 a.m. Tuesday (10/11/94) morning until 6:00 p.m. Wednesday (10/12/94) night and thereafter until such time as that water curtain fully complies with the Commission's mandate. All members voting aye, MOTION CARRIED.

OLD BUSINESS

Chairman Fischer stated he received a request to take the Silverado petition off the table and entertained a motion to reconsider. There being no motion made, the Silverado Petition for a Declaratory Ruling remained tabled.

NEW BUSINESS

A discussion was held and it was decided to schedule the next meeting in Deadwood on December 1-2, 1994 commencing at 8:30 a.m.

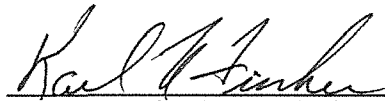
A discussion was held on the simulcast license to be approved for calendar year 1995. Commissioner Wagner requested that simulcast be included on the next agenda and the Commission instruct staff to conduct a survey with the current simulcast sites regarding the quality and quantity of services presently being provided and contact other simulcast providers to submit applications and/or proposals.

ADJOURN

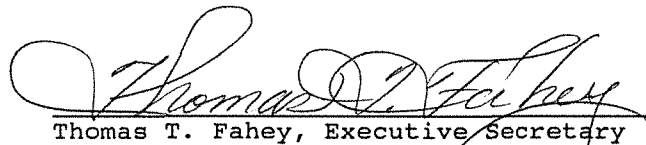
There being no further business, Commissioner Thompson moved, seconded by Commissioner Wagner, that the meeting be adjourned. All members voting aye, MOTION CARRIED. The meeting was adjourned at 11:04 a.m.

Respectfully submitted,

Cora Hunsley
Administrative Assistant



Karl T. Fischer, Chairman


Thomas T. Fahey, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

NOVEMBER 29 - DECEMBER 1, 1994

COMMISSION ON GAMING
CITY HALL - 102 SHERMAN STREET
DEADWOOD, SD

1:00 P.M. - NOVEMBER 29, 1994

CALL TO ORDER AND APPROVAL OF MINUTES

Chairman Fischer called the meeting to order with the following members present: Karl Fischer, Karen Crew and Kristi Wagner. Commissioners Jack Yonkovich and Carv Thompson were absent. A quorum was established.

Staff Present: Tom Fahey, Stan Triplett, Grant Gubbrud and Cora Hunsley.

Chairman Fischer noted for the record, that the agenda had a typographical error by listing minutes to be approved as July 18-19, 1994 rather than October 6-7, 1994. Commissioner Wagner moved, seconded by Commissioner Crew, that the minutes of October 6-7, 1994 and the conference call of November 10, 1994 be approved as printed. All members voting aye, MOTION CARRIED.

At about 1:15 p.m. Commissioner Wagner moved, seconded by Commissioner Crew, to go into executive session at the Commission on Gaming's Office conference room, after the historical tour, to continue at City Hall at 8:30 a.m., November 30, 1994, if necessary. All members voting aye, MOTION CARRIED.

9:00 A.M. - NOVEMBER 30, 1994

8:30 a.m. executive session continued with the same persons noted above along with the following additions: Commissioner Carv Thompson and Warren May, attending as legal counsel on behalf of Tom Adam.

From about 9:00 a.m. to 11:30 a.m. the Commission attended the meeting of the LRC Gaming Licensure and Deadwood Revenue Distribution Study Committee.

At about 12:30 p.m. the Commission recessed for lunch and a demonstration of 21 Super Bucks.

At about 2:15 p.m. Commissioner Thompson moved, seconded by Commissioner Wagner, to come out of executive session. All members voting aye, MOTION CARRIED.

RACING ISSUES

LIVE HORSE RACING APPLICATIONS AND RACE DATES

Mr. Fahey reviewed the applications received from Aberdeen and Fort Pierre and the dates requested for live horse racing. Commissioner Wagner moved, seconded by Commissioner Crew, that the application and race dates requested by Aberdeen be approved. All members voting aye, MOTION CARRIED.

Commissioner Thompson moved, seconded by Commissioner Wagner, that the application and race dates requested by Fort Pierre be approved. All members voting aye, MOTION CARRIED.

SEASONAL HIRE PLAN

The Seasonal Hire Plan for employees at the Fort Pierre and Aberdeen race tracks was reviewed. Commissioner Crew moved, seconded by Commissioner Wagner, that the Seasonal Hire Plan be approved. All members voting aye, MOTION CARRIED.

CONSULTANT CONTRACT

The consultant contract with Don Baer to provide auditing services for simulcast races was reviewed. Commissioner Crew moved, seconded by Commissioner Thompson, that the contract with Don Baer be approved. All members voting aye, MOTION CARRIED.

EXECUTIVE SECRETARY'S REPORT

VOLUNTARY COMPLIANCES

Mr. Fahey reviewed the circumstances resulting in the Initial Complaint Filed, Informal Consultation and Stipulation and Assurance of Voluntary Compliance entered into with the following individuals:

Nancy Lewis - Commissioner Crew moved, seconded by Commissioner Wagner, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

Dennis Even - Commissioner Crew moved, seconded by Commissioner Thompson, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

Glenda Roth - Commissioner Thompson moved, seconded by Commissioner Wagner, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

Don Achtien, d/b/a Buffalo Saloon - Commissioner Thompson moved, seconded by Commissioner Wagner, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

Allen Rosenfeld and Jerry Johnson, d/b/a B. B. Cody's - Commissioner Crew moved, seconded by Commissioner Thompson, that the Stipulation and Assurance of Voluntary Compliance be approved. Commissioner Wagner noted with the

understanding in this instance, B.B. Cody's was allowed to make the decision on closing where in the past the Commission set the dates to close. All members voting aye, MOTION CARRIED.

James Rinker - Commissioner Thompson moved, seconded by Commissioner Wagner, that the Stipulation and Assurance of Voluntary Compliance be approved. Roll Call vote: Thompson, aye; Wagner, aye; Fischer, aye; and Crew, abstain. MOTION CARRIED.

Robert Weber - Commissioner Wagner moved, seconded by Commissioner Thompson, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

Allen Geisinger - Commissioner Thompson moved, seconded by Commissioner Wagner, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

Brian McGinnis - Commissioner Thompson moved, seconded by Commissioner Wagner, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

Full House, Inc., d/b/a French Quarter - Commissioner Crew moved, seconded by Commissioner Wagner, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

CONSULTANT CONTRACT

Mr. Fahey reviewed the amendment to the consultant contract entered into with Mark Aspaas stating with all the petitions for declaratory rulings, the original budgeted amount of the contract, \$6,000.00 would not be enough through the end of the fiscal year, therefore, it would have to be amended. Mr. Fahey recommended it be raised to \$18,000.00. Commissioner Crew moved, seconded by Commissioner Wagner, that the amendment to the consultant contract with Mark Aspaas be approved. All members voting aye, MOTION CARRIED.

21 SUPER BUCKS (INADVERTENTLY OMITTED FROM AGENDA)

A discussion was held on 21 Super Bucks which was demonstrated to the Commission during lunch break, and the Attorney General's opinion on C.A.R.D. Colors. Commissioner Crew moved, seconded by Commissioner Thompson, that in view of the Attorney General's opinion on C.A.R.D. Colors variation of blackjack, the Commission present 21 Super Bucks Blackjack to the Attorney General to see if, in his opinion, it would comply with the Commission's rules. Commissioner Crew further directed Mr. Fahey to personally ask him so we can get an early opinion. All members voting aye, MOTION CARRIED.

Mr. Fahey reported on the current status of the City of Deadwood v. Black Hills Conference Center.

Mr. Fahey reported on the Long Range Planning Committee meetings he has attended and the legislation being proposed.

At about 3:05 p.m. Commissioner Wagner moved, seconded by Commissioner Crew to go into executive session. All members voting aye, MOTION CARRIED. Executive session held 3:05 p.m. to about 4:40 p.m.

9:00 A.M. - DECEMBER 1, 1994

Commissioner Wagner moved, seconded by Commissioner Crew, to come out of executive session. All members voting aye, MOTION CARRIED.

HEARINGS

DAKOTA TERRITORY - PETITION FOR A DECLARATORY RULING - 2 BUILDING DESIGNATION

Chairman Fischer turned the meeting over to Commissioner Crew to act as hearing officer.

Appearing on behalf of Dakota Territory: Roger Tellinghuisen, Attorney for Dakota Territory and Suzan Craig, Owner of Old Irish Inc. d/b/a Dakota Territory. The Commission considered the evidence of the Petitioner and memo received from Mark Aspaas. Commissioner moved, seconded by Commissioner Thompson, the Commission grant the approval of a two building designation (front to back). All members voting aye, MOTION CARRIED.

Chairman Fischer noted for the record, that the Petition received from Four Aces has been withdrawn.

Chairman Fischer noted for the record, that the Motion to Withdraw received from the Silverado has been accepted.

Chairman Fischer noted for the record, that Sodrac has withdrawn their appeal of the Executive Secretary's decision.

SIMULCAST

Susan Bala, Don Frazier and Jay Lindahl of Racing Services, Inc., presented the services provided by their company to conduct simulcast racing and their wish to be licensed. A discussion was held on the statute covering simulcast and it was noted a change would have to be made. Mr. Ron Olinger, Pete Fuller, Ron Krogman and Phil Skipp presented testimony on simulcast services and licensing.

At about 10:15 Chairman Fischer declared a 15 minute recess.

At about 10:30 a.m. Commissioner Thompson moved, seconded by Commissioner Wagner, to go into executive session to discuss licensing. All members voting aye, MOTION CARRIED.

At about 10:55 a.m. Commissioner Wagner moved, seconded by Commissioner Thompson, to come out of executive session. All members voting aye, MOTION CARRIED.

LICENSING

Commissioner Thompson moved, seconded by Commissioner Wagner, that Andrew Fisher be granted an Operator license d/b/a Carnival Queen. Commissioner Thompson moved to amend his motion, with Commissioner Wagner amending her second, to state Operator and Retail license. All members voting aye, MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Crew, that Antone Cook, d/b/a Deadwood Players, renewal for an Operator license be approved. All members voting aye, MOTION CARRIED.

Commissioner Crew moved, seconded by Commissioner Wagner, that the Operator application of Rick Woo be denied. All members voting aye, MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Crew, that the conditions placed on the Bullock license be removed. All members voting aye, MOTION CARRIED.

Commissioner Crew moved that the following be granted a Key employee license:

Grant Lolly	Eugene Banigan	Jerry Murray
Joberta Pehrson	Robert Weber	

Motion died for lack of a second.

Commissioner Thompson moved, seconded by Commissioner Wagner, that the following be granted a Key employee license:

Grant Lolly	Eugene Banigan	Jerry Murray
Joberta Pehrson	Robert Weber	William Skaggs

A roll call vote was taken. Thompson, aye; Wagner, aye; Fischer, aye; Crew, nay; Yonkovich, absent. MOTION CARRIED.

Commissioner Crew moved, seconded by Commissioner Thompson, to grant Sodrac, a license until July 1, 1995, for the satellite system provided they are willing to consent to the license until that date. Mr. Skipp stated Sodrac would happy to work with the Commission and consented to a six month license. All members voting aye, MOTION CARRIED.

Commissioner Crew advised Mr. Skipp that he would be receiving another application to be completed and formally acted on. Mr. Skipp asked if the rule stipulation that the applications need to be filed prior to October 31st and what conflict it would create, and whether the Commission had the authority to waive that rule. Commissioner Crew stated the Commission had the authority to waive and, under SDCL 42-7-58.7, issue a license at any time and insofar as that conflicts with any rule we have as to what time the application is received. Commissioner Crew then moved, seconded by Commissioner Wagner, that in this particular case, the statute provides that we are allowed to do that at any time, and that the Commission waive the application being received prior to that date. After further discussion, Commissioner Wagner called for the question with all members voting aye, MOTION CARRIED.

OLD BUSINESS

Commissioner Crew moved, seconded by Commissioner Wagner, that the route/lease agreement submitted by the Four Aces be approved. All members voting aye, MOTION CARRIED.

Mr. Fahey informed the Commission that Mr. Pluimer, Attorney for Westway, d/b/a Bodega Saloon advised the issue would be resolved in the next 30 days and requested to be on the agenda for the next meeting. Commissioner Crew moved, seconded by Commissioner Wagner, that this issue be deferred to the next meeting. All members voting aye, MOTION CARRIED.

NEW BUSINESS

Mr. Fahey stated Mr. Tellinghuisen advised he wished to drop his request for the Commission to consider the historical opening for Tin Lizzie's. Commissioner Thompson moved, seconded by Commissioner Wagner, that this issue be dropped from the agenda. All members voting aye, MOTION CARRIED.

Mr. Mike Trucano of Black Hills Novelty stated he routes machines to the Fairmont Hotel and there is a pending sale on the property which could be closed by January 1st. Mr. Trucano stated he has been approached by Four Aces to buy some of the licenses from the Fairmont, therefore, he was requesting permission to sell licenses on the machines he owns. After further discussion, Commissioner Crew moved, seconded by Commissioner Wagner, that Black Hills Novelty be permitted to sell the licenses to Four Aces. All members voting aye, MOTION CARRIED.

At about 11:23 Chairman Fischer declared a five minute recess.

A discussion was held on the next meeting date. It was the consensus of the Commission to meet at 3:00 p.m. the afternoon of January 11, 1995 for executive session and to begin at 8:30 a.m. the 12th and 13th of January, 1995.

ADJOURN

There being no further business, Commissioner Thompson moved, seconded by Commissioner Crew, the meeting be adjourned. All members voting aye, MOTION CARRIED. The meeting was adjourned at about 11:35 a.m.

Respectfully submitted,

Cora Hunsley
Administrative Assistant


Karl T. Fischer, Chairman


Thomas T. Fahey, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

JANUARY 11-13, 1995

COMMISSION ON GAMING
CITY HALL - 102 SHERMAN STREET
DEADWOOD, SD

3:00 P.M. - JANUARY 11, 1995

CALL TO ORDER AND APPROVAL OF MINUTES

Chairman Fischer called the meeting to order with the following members present: Carv Thompson and Karl Fischer. A quorum was not established. Chairman Fischer stated that due to the fog in Sioux Falls, the charter pilot requested Commissioner Crew to drive to Brookings to be picked up, therefore, Commissioners Karen Crew and Jack Yonkovich would be late.

At about 4:30 p.m. Chairman Fischer called the meeting to order with the following members present: Carv Thompson; Karen Crew; and Jack Yonkovich.
Absent: Kristi Wagner.

Staff present: Tom Fahey, Stan Triplett, Grant Gubbrud and Cora Hunsley.

Others present: Mike Shaw, legal counsel.

A discussion was held on the minutes of November 29-December 1, 1994. Commissioner Thompson requested the minutes of the last meeting be amended to include the maximum amount of Mr. Aspaas' contract and the amount it was raised to. Commissioner Crew requested the minutes be amended on page five, the second to the last paragraph where it said "Commissioner Crew advised Mr. Skipp". You notice in there Mr. Skipp asked if the rule stipulation that the applications need to be filed prior to October 31st and the conflict it would create and whether the Commission had the authority, I said we could waive it. If you recall, he consented and I asked him on the record, do you consent. He consented on the record on that action, to that six month deal and he agreed it was the proper thing to do and further stated he would be happy to work with the Commission. After further discussion, Commissioner Thompson moved, seconded by Commissioner Crew, that the minutes be approved as amended. All members voting aye, MOTION CARRIED.

At about 4:35 Commissioner Crew moved, seconded by Commissioner Thompson, to go into executive session to discuss licensing and personnel. All members voting aye, MOTION CARRIED.

At about 5:30 Commissioner Crew moved, seconded by Commissioner Yonkovich, to come out of executive session. All members voting aye, MOTION CARRIED.

A discussion was held on the current contract for legal services with May, Adam, Gerdes & Thompson. Commissioner Yonkovich moved, seconded by Commissioner Crew, that the contract be amended to read Mike Shaw \$100/hour and other members of the firm \$90/hour. All members voting aye, MOTION CARRIED.

At about 6:37 p.m. Commissioner Thompson moved, seconded by Commissioner Yonkovich, to recess until 9:00 a.m. January 12, 1995.

9:00 A.M. - JANUARY 12, 1995

Chairman Fischer called the meeting to order and Commissioner Yonkovich moved, seconded by Commissioner Thompson, to come out of recess. All members voting aye, MOTION CARRIED.

HISTORICAL REVIEW ON RACING - GRANT GUBBRUD

Grant Gubbrud presented a historical overview of the racing industry. Testimony was received from the following: Ron Olinger, Tom Maher and Lyle Hedman representing the SD Horsemen's Association; Rolly Aman, President of the SD Thoroughbred Association; Pat Sutley, Fort Pierre Chamber of Commerce; Ron Krogman, General Manager, Aberdeen American Legion; and Phil Skip, General Manager of Sodrac Park.

At about 10:30 Chairman Fischer declared a 15 minute break.

At about 10:47 Chairman Fischer called the meeting back to order.

Commissioner Thompson stated he wished to thank Grant and all the rest for speaking on the racing topic.

RACING ISSUES

ALLOCATION OF FUNDS

A discussion was held on the allocation of funds to Sodrac Park for the 1994 calendar year. Commissioner Crew expressed her concerns regarding Sodrac's request for allocation of funds due to the fact they were granted a temporary license for six months and the request was for 12 months. Commissioner Yonkovich moved, seconded by Commissioner Thompson to approve reimbursement of operational expenses for Sodrac on a pro-rated basis for six months, not to exceed \$61,250. Commissioner Thompson requested Mr. Skipp to provide a more detailed financial statement and that Mr. Olinger provide a copy of the latest economic impact study regarding racing. Mr. Maher stated this was a survey of all the members and offered to provide it. All members voting aye, MOTION CARRIED.

A discussion was held on the request for allocation of funds received from Fort Pierre and Aberdeen stating it was an increase over last year. Mr. Krogman and

Mr. Sutley explained the improvements they have planned for their respective tracks, therefore, the request for additional operating expense. Mr. Gubbrud stated that previously the Commission gave additional operating money to the tracks when they came in with a firm estimation of cost and suggested the track come forward with a firm estimation on cost of improvements they plan to do and the Commission can review this prior to the allocation of additional funds for operating costs. After further discussion, Commissioner Crew moved, seconded by Commissioner Yonkovich, to approve the funds requested as follows, provided they furnish the Commission with proof of expenditures and proof of actual repairs made up to \$10,000 not to exceed \$5,000 per track.

	FORT PIERRE	ABERDEEN
Point Money	\$ 49,200	\$ 58,800
Purse Money	52,200	58,200
Stakes Money	28,440	43,560
Track Operational Expenses	12,000	13,500
Cost of Video	5,600	5,425
($\$700/\text{day} \times 8 \text{ days}$)		($\$775 \times 7$)
TOTAL	<u>\$147,440</u>	<u>\$179,485</u>

All members voting aye, MOTION CARRIED.

A discussion was held on the hiring of the State Veterinarian for the 1995 live racing season and preparing a Request for Proposal (RFP). The Executive Secretary and legal counsel were directed to check the State guidelines.

At about 11:58 Commissioner Yonkovich moved, seconded by Commissioner Thompson, to go into executive session to discuss licensing. All members voting aye, MOTION CARRIED.

Chairman Fischer announced the meeting would re-convene between 1:00 and 1:15 p.m.

At about 12:08 p.m. Commissioner Crew moved, seconded by Commissioner Thompson, to come out of executive session. All members voting aye, MOTION CARRIED.

At about 1:26 p.m. Chairman Fischer called the meeting to order.

Mr. Richard Pluimer, Attorney from Belle Fourche, appeared on behalf of Ken Kellar. Mr. Pluimer updated the Commission on the current status of Mr. Kellar and Way West, Inc. Commissioner Crew commented if the stock had not been transferred to Mr. Keller's name, there isn't any danger to the Commission at this point if it isn't in his name and particularly, if the bank is willing to hold the stock, he wouldn't even be holding stock not in his name. Commissioner Crew thanked Mr. Pluimer for explaining this and to keep the Commission advised of any changes in Mr. Keller's status, which Mr. Pluimer agreed to do.

Mr. Robert Weber appeared on behalf of the Deadwood Poker Association and presented a Petition for a Declaratory Ruling on poker tournaments and presented background for his request. It was noted that the petition was received at the last minute and not properly noticed on the agenda, therefore, there may be other parties interested in this issue. Mr. Weber was directed to have an attorney research the issues and re-submit the petition to be more precise in setting out

the issues to be addressed. Mr. Weber was advised of the 10 days rule for submitting agenda items to be considered by the Commission and directed to submit the petition early enough to be reviewed by the Commission's legal counsel. Commissioner Crew moved, seconded by Commissioner Yonkovich, that in view of this being a formal proceeding the petition be passed until the next meeting to enable Mr. Weber to amend the petition and no action need be taken under our rules at this point because this was not received 10 days ahead of time. Commissioner Thompson asked the purpose of the motion, Commissioner Crew stated it was not received in time and she wanted to pass it for further information. Commissioner Crew further stated there were some complicated legal issues and encouraged Mr. Weber to seek legal counsel in drafting his petition. After further discussion, all members voting aye, MOTION CARRIED.

Ms. Wanda Stone, Casino Manager and Jeff Bendix, Manager of the Blackjack Department for the Dakota Sioux Casino in Watertown and operated by the Sisseton-Wahpeton Sioux Tribe, presented the following new games to be considered: (1) Let It Ride; (2) 21 Plus; (3) Caribbean Stud; and (4) 21 Superbucks. Chairman Fischer advised Ms. Stone and Mr. Bendix that the Commission was very limited by state law as to what they can allow in Deadwood and compacts. Chairman Fischer further advised that the Commission is currently awaiting an opinion from the Attorney General on 21 Superbucks at the present time. Ms. Stone stated she understood the problems the Commission has had with new games and wanted to go through the chain of command by presenting the request to the Commission. Ms. Stone also reminded the Commission that Watertown had a \$100 limit.

Mr. Fahey requested the Commission take up licensing next as there were individuals waiting to be interviewed.

At about 2:10 Commissioner Crew moved, seconded by Commissioner Yonkovich, to go into executive session to discuss licensing. All members voting aye, MOTION CARRIED.

At about 3:05 Commissioner Yonkovich moved, seconded by Commissioner Thompson, to come out of executive session. All members voting aye, MOTION CARRIED.

LICENSING

Mr. Triplett advised the Commission that staff would recommend a license be granted to Robert Kelly, Bill Jackson, Joseph Wilczak and Jerry Page. Commissioner Thompson moved, seconded by Commissioner Crew, that the following be granted license:

OPERATOR

Robert Kelly	d/b/a	Deadwood Gulch Resort
Bill Jackson	"	" " " "

RETAIL

Joseph Wilczak	d/b/a	Gold Street
Jerry Page	d/b/a	S-Mart

All members voting aye, MOTION CARRIED.

Mr. Triplett advised the Commission that staff would recommend a Key license be granted to Mike Howe, James Luger, Bradford Hofland, Kerry Reppert and Larry Mader. Commissioner Yonkovich moved, seconded by Commissioner Thompson, that the following be granted a Key employee license:

Mike Howe
Kerry Reppert

James Luger
Larry Mader

Brad Hofland

All members voting aye, MOTION CARRIED.

Mr. Triplett advised the Commission that staff would recommend denial of a Key license to Rick Scholtes. Commissioner Yonkovich moved, seconded by Commissioner Thompson, that Rick Scholtes be denied a Key employee license. All members voting aye, MOTION CARRIED.

EXECUTIVE SECRETARY'S REPORT

STIPULATION & ASSURANCE OF VOLUNTARY COMPLIANCE

Mr. Fahey reviewed the circumstances resulting in the Initial Complaint Filed, Informal Consultation and Stipulation and Assurance of Voluntary Compliance entered into and the monetary penalty assessed with the following individuals:

Janet Harding - Commissioner Thompson moved, seconded by Commissioner Yonkovich, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

Mike Rodman d/b/a Silverado II (surveillance issue) - Commissioner Thompson moved, seconded by Commissioner Crew, that the Stipulation and Assurance of Voluntary Compliance and \$250 monetary penalty be approved. All members voting aye, MOTION CARRIED.

Mike Rodman d/b/a Super G Investment - Commissioner Yonkovich moved, seconded by Commissioner Thompson, that the Stipulation and Assurance of Voluntary Compliance and \$1,000 monetary penalty be approved. All members voting aye, MOTION CARRIED.

Kelly Ducheneaux - Commissioner Thompson moved, seconded by Commissioner Yonkovich, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

LEGISLATION

Mr. Shaw reported on the current status of Senate Bill 56 relating to the gaming bill and Senate Bill 57 which relates to the racing bill. A discussion was held with the Commission recommending their changes and directed counsel to amend the gaming bill with their changes.

At about 4:03 Commissioner Crew moved, seconded by Commissioner Thompson to go into executive session to discuss licensing. All members voting aye, MOTION CARRIED.

Chairman Fischer asked if the hearings for January 13, 1995 were still going to be heard. Mr. Shaw advised all hearings will still be held and the subpoenas issued for the Eagles Club, Daryl Heil and Kayce Bryant stated 9:00 a.m. Therefore, the hearings will have to be held at the scheduled time and not 8:30 a.m. as listed on the agenda.

At about 4:17 p.m. Commissioner Crew moved, seconded by Commissioner Thompson, to come out of executive session. All members voting aye, MOTION CARRIED.

At about 4:20 p.m. Commissioner Thompson moved, seconded by Commissioner Crew, to adjourn for the day and to reconvene at 9:00 a.m. January 13, 1995. All members voting aye, MOTION CARRIED.

9:00 A.M. - JANUARY 13, 1995

At about 9:09 a.m. Chairman Fischer called the meeting to order with the same members, counsel and staff present.

HEARINGS

At about 9:10 a.m. Chairman Fischer turned the meeting over to Commissioner Crew to act as hearing officer for the hearings. Jeanne Speck of Wheeler Court Reporting, Rapid City, South Dakota was the Court Reporter.

COMMISSION ON GAMING v. ROSEANN CARHART

The issue in this case was Ms. Carhart was denied a support license by the executive secretary. The hearing was held. Ms. Carhart was the only person appearing on her behalf. Mr. Shaw presented evidence on behalf of the Commission. At about 9:22 a.m. the hearing was closed. Commissioner Thompson moved, seconded by Commissioner Yonkovich, that Roseann Carhart be granted a Support license. All members voting aye, MOTION CARRIED.

COMMISSION ON GAMING v. EAGLES CLUB, DARYL HEIL AND KAYCE BRYANT

Mr. Shaw advised the Commission that Mr. Ralph Hoggatt, Attorney representing the above Defendants stipulated to the facts and to combine the above complaints to be heard as one. Mr. Shaw presented evidence to show that the Eagles Club, a licensed gaming establishment in Deadwood, extended credit for gambling purposes. The hearing was held. At about 9:39 a.m. the hearing was closed. Commissioner Yonkovich moved, seconded by Commissioner Thompson, that the Commission support the recommendation made by staff that the Eagles Club be fined \$1,000 with a two week license suspension; that Mr. Heil be fined \$250 with a 30 day license suspension; and Kayce Bryant be fined \$100 with a 14 day license suspension with the stipulation that there will be no acts similar to this. Mr. Shaw advised the Commission Mr. Hoggatt requested the suspension begin on Sunday, January 15, 1995 and staff would have no objection. Commissioner Yonkovich stated his motion did not put a start date in it and it would be at the discretion of staff. Commissioner Thompson stated his second would agree with this. Commissioner Yonkovich stated this motion would suspend their license from gambling but not close the Club doors. All members voting aye, MOTION CARRIED.

At about 9:40 a.m. Commissioner Thompson moved, seconded by Commissioner Yonkovich, to go into executive session to discuss on the above hearings. All members voting aye, MOTION CARRIED.

At about 10:20 a.m. Commissioner Thompson moved, seconded by Commissioner Yonkovich, to come out of executive session. All members voting aye, MOTION CARRIED.

NOTE: Motions relating to hearings on decisions made during executive session are noted with the respective case.

OLD BUSINESS

Mr. Fahey reported on the letter in the Commission's packet from Mr. Mark Aspaas showing the Four Aces was in compliance with the declaratory ruling issued by the Commission.

A discussion was held on the racing rules and regulations and statute and the recodification of same. Commissioner Crew moved, seconded by Commissioner Thompson, to authorize Counsel to start this project, get whatever help he needs in his firm or any other firm, if appropriate, to start looking at the disk and deleting what doesn't fit, get the input of the horsemen, satellite people, if there are model rules, get that so those rules make some sense, the Commission wanted this project started now. After further discussion, Commissioner Yonkovich made a substitute motion, seconded by Commissioner Thompson, to direct the Executive Secretary, staff and Counsel to create a plan that defines goals and dates to the Commission by March 1, 1995 for recodification of the racing rules and statute. All members voting aye, MOTION CARRIED.

NEW BUSINESS

Chairman Fischer advised Mr. Fahey that it was the feeling of the Commission that they receive a copy of the monthly report submitted to the Department of Commerce for submission to the Governor's Office.


It was the consensus of the Commission that the next meeting be tentatively set for March 22-24, 1995 in Deadwood.

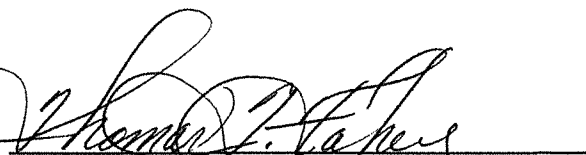
ADJOURN

At about 10:40 a.m., there being no further business Commissioner Thompson moved, seconded by Commissioner Yonkovich, the meeting be adjourned. All members voting aye, MOTION CARRIED.

Respectfully submitted,

Cora Hunsley
Administrative Assistant


Karl T. Fischer, Chairman


Thomas T. Fahey, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605) 773-6050
FAX (605) 773-6053

MINUTES

COMMISSION ON GAMING
MARCH 22-24, 1995
CITY HALL - 102 SHERMAN STREET
DEADWOOD, SD

3:00 P.M. - MARCH 22, 1995 - COMMISSION ON GAMING CONFERENCE ROOM

CALL TO ORDER

Chairman Fischer called the meeting to order with the following members present: Karl Fischer; Karen Crew; Kristi Wagner; Jack Yonkovich and Carv Thompson.

Staff present: Tom Fahey, Stan Triplett, Grant Gubbrud and Donna Hoskins.

Others present: Mike Shaw, legal counsel.

At about 3:10 p.m. Commission Yonkovich moved, seconded by Commissioner Thompson, to go into executive session. All members voting aye, MOTION CARRIED. At about 5:00 p.m. Commissioner Wagner moved, seconded by Commissioner Crew, to come out of executive session and adjourn. All members voting aye, MOTION CARRIED.

8:30 A.M. - MARCH 23, 1995 - CITY HALL

Chairman Fischer called the meeting to order with the following members present: Karl Fischer; Karen Crew; Kristi Wagner; Jack Yonkovich and Carv Thompson.

Staff present: Tom Fahey, Stan Triplett, Grant Gubbrud and Donna Hoskins.

Others present: Mike Shaw, legal counsel.

Commissioner Thompson moved, seconded by Commissioner Yonkovich, that the minutes of January 11-13, 1995 be approved as printed. All members voting aye, MOTION CARRIED.

It was noted that the hearings are noticed for 9:00 a.m. and could not start at an earlier time. Chairman Fischer directed Mr. Fahey to start his Executive Secretary's report during the interim.

EXECUTIVE SECRETARY'S REPORT

LEGISLATION

Mr. Fahey reported on the outcome of 1995 legislation that affected gaming and racing.

HEARINGS

DEADWOOD GULCH SALOON-PETITION FOR A DECLARATORY RULING - 2 BUILDING DESIGNATION

Appearing on behalf of Deadwood Gulch Saloon: Roger Tellinghuisen, Attorney for Deadwood Gulch Saloon and Gene Johner. The Commission considered the evidence of the Petitioner and the previous testimony of Mark Aspaas. It was noted for the record that Mr. Aspaas had viewed the exhibits and the building and reported to the Commission that this was a clear cut case and recommended a two building designation. Commissioner Crew moved, seconded by Commissioner Wagner, that Deadwood Gulch Saloon be granted a two building designation based on the recommendation of Mr. Aspaas and historical material submitted. After further discussion, a roll call vote was taken with all members voting aye, MOTION CARRIED.

WITHDRAWAL - PETITION FOR A DECLARATORY RULING - ROBERT WEBER, DWD GAMING ASSN

Mr. Fahey reported on the petition filed by Mr. Weber requesting the Commission waive the surveillance rules during a poker tournament and Mr. Weber wrote requesting withdrawal of this petition. Commissioner Crew moved, seconded by Commissioner Wagner, that Mr. Weber's request to withdraw his petition be granted. All members voting aye, MOTION CARRIED.

Chairman Fischer announced it was now 9:00 a.m. and the time scheduled for the hearings and turned it over to Commissioner Crew to preside as hearing officer.

Thompson Court Reporting presided as the court reporter.

COMMISSION ON GAMING v. ERNIE B. RYAN

Mr. Ryan was not present for the hearing. Mr. Mike Shaw appeared on behalf of the Commission. The hearing was held and evidence taken. At about 9:10 a.m. the hearing was closed. Commissioner Yonkovich moved, seconded by Commissioner Wagner, that the Support license of Mr. Ryan be revoked. All members voting aye, MOTION CARRIED.

COMMISSION ON GAMING v. LAWRENCE SULLIVAN

Appearing on behalf of Mr. Sullivan: Lawrence Sullivan; Dennis Roberts and Bill Walsh. Appearing on behalf of the Commission: Dan Poeppel; Marty Weissinger; Darrell Sullivan and Mike Shaw. The hearing was held and closed at about 10:35 a.m. Commissioner Thompson moved, seconded by Commissioner Yonkovich, that the Support license of Lawrence Sullivan be revoked. All members voting aye, MOTION CARRIED.

Chairman Fischer declared a 15 minute break.

At about 10:50 a.m. Chairman Fischer called the meeting to order.

At about 10:50 a.m. Commissioner Wagner moved, seconded by Commissioner Crew, to go into executive session. All members voting aye, MOTION CARRIED.

At about 11:27 a.m. Commissioner Thompson moved, seconded by Commissioner Wagner, to come out of executive session. All members voting aye, MOTION CARRIED.

EXECUTIVE SECRETARY'S REPORT - CONTINUED

POKER TOURNAMENTS

Mr. Fahey addressed the issue of poker tournaments and requested input for the promulgation of rules.

SUMMARY OF EXPENSES

Mr. Fahey reviewed the Commission's expenses for the first seven months of FY-96.

STIPULATION AND ASSURANCE OF VOLUNTARY COMPLIANCE

Mr. Fahey reviewed the circumstances resulting in the Initial Complaint Filed, Informal Consultation and Stipulation and Assurance of Voluntary Compliance entered into along with the monetary penalty assessed on the following individuals:

Gary Keehn, d/b/a Old Style Saloon #10 - Commissioner Crew moved, seconded by Commissioner Thompson, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

Betty Bezkorovan - Commissioner Yonkovich moved, seconded by Commissioner Thompson, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

Mike Rodman, d/b/a Silverado II - Commissioner Thompson moved, seconded by Commissioner Yonkovich, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

Marc Dryden, d/b/a Creekside Saloon - Commissioner Wagner moved, seconded by Commissioner Thompson, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

Paula Pridgeon - Commissioner Thompson moved, seconded by Commissioner Wagner, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

Three Of A Kind, Tom Nelson and Joyce Raubach - Commissioner Yonkovich moved, seconded by Commissioner Wagner, that the Stipulation and Assurance of Voluntary Compliance be approved. All members voting aye, MOTION CARRIED.

At about 11:45 a.m. Commissioner Thompson moved, seconded by Commissioner Wagner, that the Commission break for lunch. All members voting aye, MOTION CARRIED.

At about 1:00 p.m. Chairman Fischer called the meeting to order.

NOTE: Motions made in open session relating to decisions arrived at in executive session relating to hearings are noted with the respective case.

RACING ISSUES

PLAN FOR RACING STATUTE AND RULES

Mr. Fahey stated at the direction of the Commission, he has developed a schedule for the re-writing of the statute and rules and regulations relating to racing. Testimony was received from Mr. Ron Olinger of the Horsemen's Association and Mr. Phil Skipp of Sodrac. After further discussion, Commissioner Crew moved, seconded by Commissioner Yonkovich, that the Commission adopt the memorandum of Mr. Fahey of February 22, 1995 which gives a time line to review the current rules and regulations and statute. Commissioner Crew added that she did not believe that staff alone could do this. We are going to have counsel carry a large share of that because the staff right now, has a lot of things to do that don't include this. It is anticipated that we have counsel and whatever counsel needs in support and personnel to assist in this as well. All members voting aye, MOTION CARRIED.

CONSULTANT CONTRACTS

Mr. Fahey informed the Commission that Harris Laboratories who previously held the contract for lab testing has merged with Industrial Laboratories, therefore, the contract has been changed to reflect Industrial Laboratories. Commissioner Yonkovich moved, seconded by Commissioner Thompson, that the Executive Secretary be authorized to sign the contract with Industrial Laboratories. All members voting aye, MOTION CARRIED.

A discussion was held on the contract with Gary Galinat who is the auditor of the Fort Pierre and Aberdeen races. Commissioner Yonkovich moved, seconded by Commissioner Wagner, that the contract with Gary Galinat be approved. A roll call vote was taken as follows: Wagner, aye; Yonkovich, aye; Crew, aye; Fischer, aye; and Thompson, nay. MOTION CARRIED.

Mr. Fahey advised the Commission that Dr. Roger Genetzky was the only veterinarian to respond to the advertisement for a veterinarian at the Fort Pierre and Aberdeen horse races. Commissioner Thompson moved, seconded by Commissioner Yonkovich, that the contract with Dr. Genetzky be approved. All members voting aye, MOTION CARRIED.

Mr. Fahey advised the Commission on moving the hub from Sodrac to Colorado and that he and Grant Gubbrud have made arrangements to visit the facilities during the week of April 14th. Jim Olson of United Track Racing explained the changes made in South Dakota, how it will affect simulcast racing industry in this state and how the accounting will be done. A discussion was held on the access of information with the facility located in Denver as opposed to South Dakota.

At about 2:15 p.m. Commissioner Thompson moved, seconded by Commissioner Wagner, to go into executive session to discuss licensing. All members voting aye, MOTION CARRIED.

At about 2:35 Commissioner Crew moved, seconded by Commissioner Wagner, to come out of executive session to. All members voting aye, MOTION CARRIED.

A discussion was held on the next Commission meeting. It was the consensus of the Commission that the next meeting be tentatively set for May 18-19, 1995 in Aberdeen to start at 3:00 p.m. and the following meeting be tentatively set for June 14, 1995 in Deadwood.

At about 2:45 p.m., Commissioner Thompson moved, seconded by Commissioner Wagner, that the meeting be adjourned until 8:30 a.m., March 24, 1995.

8:30 A.M. - MARCH 24, 1995

Chairman Fischer called the meeting to order with the following members present: Karl Fischer; Karen Crew; Kristi Wagner; Jack Yonkovich and Carv Thompson.

Staff present: Tom Fahey, Stan Triplett, Grant Gubbrud and Donna Hoskins.

Others present: Mike Shaw, legal counsel.

TRANSFER OF DEVICE STAMPS

Commissioner Wagner moved, seconded by Commissioner Thompson, that the request of Mike Trucano d/b/a Black Hills Novelty to transfer device stamps to the Bodega be approved. All members voting aye, MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Yonkovich, that the transfer of device stamp #2208 from the Lucky Wrangler to Big Jakes Card Room be approved. All members voting aye, MOTION CARRIED.

Commissioner Thompson moved, seconded by Commissioner Wagner, that the request to transfer two device stamps from Black Hills Novelty and Mithril, Inc. to Big Jakes Card Room be approved. All members voting aye, MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, that the request to transfer all device stamps from the Bella Union and TYF to Ken Lau be approved. All members voting aye, MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Thompson, that the request to transfer four device stamps from the Days Inn to Miss Kitty's be approved. All members voting aye, MOTION CARRIED.

Commissioner Crew moved, seconded by Commissioner Thompson, that the request to remove device stamp #95-02259 from a slot machine to a poker table to be used April 1 and 2 of 1995 for the Deadwood City Wide Poker Tournament be approved. All members voting aye, MOTION CARRIED.

LICENSING

Commissioner Wagner moved, seconded by Commissioner Yonkovich, that Fred Collins Gaming Company be granted a Manufacturer/Distributor license. All members voting aye, MOTION CARRIED.

Commissioner Thompson moved, seconded by Commissioner Wagner, that Florence Trucano d/b/a Black Hills Novelty be granted an Operator license. All members voting aye, MOTION CARRIED.

Commissioner Wagner moved, seconded by Commissioner Yonkovich, that Barb Mattson and Marilyn Bowman d/b/a Western Wrangler be granted an Operator and Retail license. All members voting aye, MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Wagner, that Ken Lau d/b/a Miss Kitty's 4 and Miss Kitty's 5 be granted a Retail license. All members voting aye, MOTION CARRIED.

Commissioner Thompson moved, seconded by Commissioner Yonkovich, that William Kilbrech d/b/a Big Jakes Card Room, be granted a Retail license. All members voting aye, MOTION CARRIED.

Commissioner Yonkovich moved, seconded by Commissioner Thompson, that the following individuals be granted a Key employee license:

Steven Agan	William Foote	Tim Harwood
Ronald Jost	Ken Klug	Shelly Lechner
Murray Richter	Roberta Williams	

All members voting aye, MOTION CARRIED.

OLD BUSINESS

Mr. Fahey informed the Commission that he notified the parties involved of the Attorney General's opinion regarding new games.

NEW BUSINESS

A short discussion was held on Sodrac's move to Denver.

At about 9:00 a.m. Commissioner Wagner moved, seconded by Commissioner Thompson, to go into executive session to discuss personnel matters. All members voting aye, MOTION CARRIED.

At about 9:15 a.m. Commissioner Yonkovich moved, seconded by Commissioner Wagner, to come out of executive session. All members voting aye, MOTION CARRIED.

ADJOURN

There being no further business, Commissioner Yonkovich moved, seconded by Commissioner Wagner, to adjourn. All members voting aye, MOTION CARRIED.

Respectfully submitted,

Cora Hunsley,
Administrative Assistant


Karl T. Fischer, Chairman

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

**COMMISSION ON GAMING
APRIL 14, 1995
VIA CONFERENCE CALL**

10:30 AM (CENTRAL TIME)

CALL TO ORDER

Chairman Fischer called the meeting to order with a roll call of the following members: Karen Crew, Carv Thompson and Kristi Wagner. Others present in the Pierre Office were: Mike Shaw, John Peterson and Danna Bren. Others present in the Deadwood Office were: Stan Triplett, Linda Durbin, Dan Poeppel and Bill Carrico.

LICENSING:

Commission Crew moved, seconded by Commissioner Thompson, that Dennis Whetzal (who has been appointed by the United States Bankruptcy Court as a trustee) be granted a temporary license for the West Way Inc., dba Bodega, until July 1, 1995 with the following conditions:

(1) Subject to favorable recommendation from staff after completing additional background, (2) License will only be valid until such time as Mr. Whetzal has successfully negotiated a sale of the Bodega, (3) Report to the South Dakota Commission on Gaming on a thirty (30) day interim basis with information about the financial condition of the Bodega, his plan for management of the Bodega, his plans for sale, and an update of his plans every thirty (30) days thereafter. After Further discussion, a roll call vote was taken as follows: Wagner, aye; Crew, aye; Thompson, aye; and Fischer, aye. MOTION CARRIED.

TRANSFER OF DEVICE STAMPS:

Commissioner Crew moved, seconded by Wagner, that the transfer of eight (8) device stamps from Goldiggers to Black Hills Novelty be approved. A roll call vote was taken as follows: Wagner, aye; Crew, aye; Thompson, aye;

Fischer, aye. MOTION CARRIED.

Commissioner Wagner moved, seconded by Thompson that the transfer of device stamps from Prairie Edge to Miss Kitty's be approved. A roll call vote was taken as follows: Wagner, aye; Crew, aye; Thompson, aye; Fischer, aye. MOTION CARRIED.

OLD BUSINESS:

Mike Shaw informed the Commission that the application of Lee Iacocca, who will be an owner of Full House Resorts, Inc. has been received and a background investigation will proceed.

Commissioner Crew reported that she may be unable to attend the May Commission meeting in Aberdeen.

NEW BUSINESS:

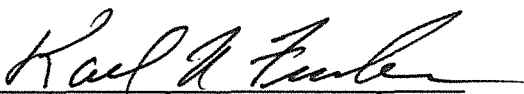
Chairman Fischer reported on the condition of the horse track in Ft Pierre. It is very muddy but the horse races will be running.

ADJOURN:

At About 11:15 AM, there being no further business, Commissioner Wagner moved, seconded by Commissioner Crew, that the meeting be adjourned. All members voting aye, MOTION CARRIED.

Respectfully submitted,

Danna Bren
Staff Assistant


Karl T. Fischer, Chairman

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

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FAX (605) 773-6053

MINUTES

COMMISSION ON GAMING
JUNE 14-15, 1995
CITY HALL - 102 SHERMAN STREET
DEADWOOD, SD

8:30 A.M. - June 14, 1995 - City Hall

CALL TO ORDER

Chairman Fischer called the meeting to order with the following members present: Karl Fischer, Carv Thompson, John Brewer, Elaine Emery and Karen Crew.

Staff Present: Stan Triplett, Grant Gubbrud, Danna Bren and John Peterson.

Others present: Mike Shaw and Tim Engel, legal counsel.

Commissioner Karen Crew moved, seconded by Commissioner Thompson, that the minutes of March 22-24, 1995 meeting and the minutes from the April 14, 1995 meeting held via conference call be approved as printed. All members voting aye, MOTION CARRIED.

Commissioners went into executive session at 8:40 and adjourned executive session at 10:20 A.M.

HEARINGS

SILVERADO I - PETITION FOR DECLARATORY HEARING -
ADDITIONAL BUILDING REQUEST

Appearing on behalf of Silverado I: Roger Tellinghuisen, requesting that Silverado I be declared two buildings for gaming purposes. Following presentation of evidence and discussion thereon, a motion was made by Commissioner Crew that the Silverado not be required to put in a wall down the middle of Silverado I based on the historical precedence from Hickok's and the French Quarter. Motion seconded by Commissioner Thompson. MOTION CARRIED.

SILVERADO I & III - REQUEST A WALL OPENING

Appearing on behalf of Silverado I & III: Roger Tellinghuisen requested that a wall opening be allowed between Silverado I and III. After presentation and discussion Commissioner Thompson moved that the request for a wall opening between Silverado I and Silverado III be approved as presented. Commissioner Brewer seconded the motion. MOTION CARRIED.

FRANKLIN HOTEL - DECLARATORY RULING - ADDITIONAL BUILDING REQUEST

Appearing on behalf of Franklin Hotel - Roger Tellinghuisen requesting a multiple building designation for the dining room facility referred to as the Franklin dining room. After presentation and discussion, Commissioner Crew moved to designate that portion of the Franklin Hotel known as the dining room as the third building of the Franklin Hotel on the condition that any area separation walls meet all code requirements and if necessary Mr. Aspaas inspect them to determine that. Motion seconded by Commissioner Emery. MOTION CARRIED.

DUNBAR - DECLARATORY RULING - NUMBER OF BUILDINGS

Appearing on behalf of the Dunbar - Tim Richardson, Executive Vice President of Dunbar Corporation and Project Manager for the Dunbar Resort seeking a declaratory rulings on the number of buildings relative to the casino. After presentation and discussion, Commissioner Crew moved to grant a designation of thirteen buildings to the Dunbar. Commissioner Emery seconded the motion. MOTION CARRIED.

The second request for declaratory ruling is the configuration and locations of the cashier cages for the Dunbar Resort. Commissioner Crew moved to table the ruling on the cage designation and direct staff to prepare some proposed rules and/or changes for the Commission's review. Commissioner Emery seconded the motion. MOTION CARRIED.

TIN LIZZIE'S - SPRINKLING AND SAFETY - FINAL APPROVAL

Peggy Blakely appeared before the Commission to report that the sprinkling system was installed as instructed and was inspected by the Fire Marshall. Commissioner Thompson moved that the Commission give final approval to the sprinkling and safety measures for Tin Lizzie's. Commissioner Crew seconded. MOTION CARRIED.

Commissioner Fischer declared a lunch break from 12:25 to

1:30.

COMMISSION ON GAMING V. DELVIN MASON

Delvin Mason appeared in person. Mike Shaw appeared on behalf of the Commission. The hearing was held and evidence taken. Commissioner Thompson moved to approve Delvin Mason's support license. Commissioner Brewer seconded. MOTION CARRIED.

COMMISSION ON GAMING V. JOSEPH ALLEN

Joseph Allen was not present for the hearing. Mike Shaw appeared on behalf of the Commission. The hearing was held and evidence taken. Commissioner Emery moved to approve the denial of the support license for Joseph Allen. Commissioner Thompson seconded. MOTION CARRIED.

COMMISSION ON GAMING V. MIKE GELLER

Michael Geller appeared in person. Mike Shaw appeared on behalf of the Commission. The hearing was held and evidence taken. A discussion will be held in Executive Session with a decision being made before the end of the Commission meeting.

COMMISSION ON GAMING V. WILLIAM BUCHHOLTZ

William Buchholtz was not present for the hearing. Mike Shaw appeared on behalf of the Commission. The hearing was held and evidence taken. Commissioner Brewer moved to approve the denial of the key license for William Buchholtz. Commissioner Emery seconded. MOTION CARRIED.

EXECUTIVE SECRETARY REPORT

Stan Triplett reported on the following items:

Stipulation and Assurance of Voluntary Compliance on Jenney Satorious, Kurt Hall, George Stevenson, Hickok's, Patricia Sturis and Way West, Inc. These are to be further discussed in Executive Session.

Grant Gubbrud reported on the 1995 horse racing season. Horse racing in Fort Pierre was down 30% from last year and horse racing in Aberdeen was down 16% from last year. In Fort Pierre, more money was given out on racing than was wagered.

Mike Shaw reported on the WMS/BGII merger. This would merge BGII with WMS and WMS would be the surviving corporation. WMS has an application in with SD Commission on Gaming, but is not now licensed. Stan will report on the progress of the investigation.

Dick Tieszen reported on Jackpot Enterprises, Inc., Deadwood Nuggett and Lucky Miner token redemption - the proposed plan for redemption of tokens and chips was approved by Tom Fahey. Lucky Miner will be closed on June 25, 1995 and the Deadwood Nugget will be closed on June 26, 1995.

Mike Shaw reported on the Full House - Lee Iacocca shares issue. This will be discussed in Executive Session.

Grant Gubbrud reported on the LRC Audit - favorable audit, no major problems.

LICENSING ISSUES

Stan Triplett presented the lists of new licenses and renewals to be considered for approval.

Commissioner Crew moved to approve the renewals for all keys and businesses on the attached lists. The following businesses are approved on the condition that they pay property taxes owed to Lawrence County by July 10, 1995:

- Carnival Queen - Andy Fisher/Janet Bernard
- BB Cody's - Mark Brockley
- Emerald Corporation - Rosenfeld & Johnson
- First Gold - Horseshoe, Blackjack - Mike Gustafson
- Gold Coin - Lana Young
- Jesse James Saloon - James Barber
- Old Irish, Inc. - Virginia Craig
- Lillies - Blevins, Jacobs, Martindale
- Way West, Inc. -
- S-Mart Gaming - Jerry Page

Commissioner Crew moved to approve the following new retail licenses:

- Charles Boyle - Tin Lizzie's
- John Sullivan - J & D Enterprises
- Lana Coffman - Gold Rush & Iron Horse
- Richard Cleveland - DWD Gulch Resort
- Deadwood Gulch Saloon II
- Bodega Bar and Bodega Restaurant - Tom Blair

Dennis Whetzal's licensed is approved on the condition that he pay the licensing fee and it is a conditional license for ninety days.

Commissioner Brewer seconded. MOTION CARRIED.

Commissioner Thompson moved to approve the following new route operators licenses:

- Super G Investments

Deadwood Gulch Resort & Gaming Corp.
Goodtime Novelty
Four Aces Hotel Corp
Black Hills Novelty
Full House, Inc.
Tin Lizzie's
A & L Enterprises

Commissioner Emery seconded. MOTION CARRIED.

Commissioner Emery moved to approve the following new operator licenses:

Melodee Nelson and Thomas Nelson - Mineral Palace
Damon Reel - Damon Reel
Damon Reel, Donna Wynia, Dwight Thomas, Randy
Beckman - Four Squares Partnership

Commissioner Thompson seconded. MOTION CARRIED.

Commissioner Thompson moved to approve the following new Manufacturer and Distributor licenses:

Robert Bittman, Raymond Pike, Dean McKay - IGT
Stanley Fulton, Michael Stone, Thomas Matthews -
Anchor Coin

Commissioner Brewer seconded. MOTION CARRIED.

Commissioner Emery moved to approve the following new key licenses:

Christine Case
David Fandrick
Ruben Keehn
Patrick McDermott
Charles Rappana
Robert Skjod
Lori Smith
Mary Lou Sherman

Commissioner Thompson seconded. MOTION CARRIED.

Commissioner Brewer moved to deny the following new key licenses:

Mitch Mangan
William Buchholtz

Commissioner Crew seconded. MOTION CARRIED.

TRANSFER OF GAMING STAMPS

Stan Triplett reported that Black Hills Novelty and Tin

Lizzie's changed their minds about transferring the stamps. No longer wish to do that.

Stan Triplett reported that Reba, Inc and Super G Investments request to transfer 21 stamps. Shedd Jewelers wants to transfer two poker devices to Miss PJ's Parlor and transfer stamps to Deadwood Partners. Hickok's is requesting permission to purchase four machines from Bill Bernard and would also like to transfer four city nickel stamps numbers to Silverado.

Commissioner Crew moved to approve the transfer of gaming stamps and slot machines from Reba, Inc. to Super G Investments, from Shedd Jewelers to Deadwood Partners and Miss PJ's Parlor and Hickok's purchase of four machines from Bill Bernard. Commissioner Brewer seconded. MOTION CARRIED.

At this point Commissioner Thompson moved to adjourn to Executive Session. Commissioner Crew seconded. MOTION CARRIED.

8:30 A.M. June 15, 1995

Commissioners met in Executive Session from 8:30 A.M. to 9:35 A.M.

FULL HOUSE RESORTS, INC. - LEE IACOCCA

After presentation by Mary Brennan on behalf of Full House Resorts, Commissioner Crew moved to approve the escrow agreement between Lee Iacocca and Full House Resorts, Inc. with the provision that a neutral escrow agent be substituted for Mr. Berkowitz's law firm. Commissioner Emery seconded. MOTION CARRIED.

Commissioner Thompson moved to go into Executive Session at 9:50 A.M. Seconded by Commissioner Emery. MOTION CARRIED.

Commissioner Emery moved to go out of Executive Session at 11:20. Seconded by Commissioner Crew. MOTION CARRIED.

SUPPORT LICENSE OF MIKE GELLER

Commissioner Brewer moved that the Commission grant a conditional support license subject to Mr. Geller entering into a consumer credit counseling program and meeting the creditor payment plan that is set up pursuant to entering credit counseling and report that to the Commission staff as long as he shall be employed under his support license. Commissioner Emery seconded. MOTION CARRIED.

STIPULATION AND ASSURANCE OF VOLUNTARY COMPLIANCE

Commissioner Thompson moved that the Stipulation and Assurance of Voluntary Compliance of Jenney Satorious be approved. Commissioner Crew seconded. MOTION CARRIED.

Commissioner Brewer moved that the Stipulation and Assurance of Voluntary Compliance of Kurt Hall be approved. Commissioner Emery seconded. MOTION CARRIED.

Commissioner Thompson moved that the Stipulation and Assurance of Voluntary Compliance of George Stevenson be approved. Commissioner Emery seconded. MOTION CARRIED.

Commissioner Emery moved that the Stipulation and Assurance of Voluntary Compliance of Hickok's be approved. Commissioner Brewer seconded. MOTION CARRIED.

Commissioner Thompson moved that the Stipulation and Assurance of Voluntary Compliance of Patricia Sturis be approved. Commissioner Brewer seconded. MOTION CARRIED.

Commissioner Brewer moved that the Stipulation and Assurance of Voluntary Compliance of Way West, Inc. be approved. Commissioner Emery seconded. MOTION CARRIED.

SLOT ROUTE OPERATORS LICENSE

Stan Triplett recommended the following for new slot route operators license:

Miss Kitty's
Tin Lizzie's

Also recommended the following for new retail license:

Lana Coffman for Iron Horse Inn.

Commissioner Brewer moved the approval of the above new slot route operators and new retail licenses. Seconded by Thompson. MOTION CARRIED.

APPOINTMENT OF ACTING EXECUTIVE SECRETARY

Commissioner Crew moved that Stan Triplett and Grant Gubbrud be named co-acting Executive Secretaries until a new Executive Secretary is hired by the Commission and as payment for those additional duties and as a bonus and payment for those duties that they each receive an additional 10% per month of their salaries. Commissioner Emery seconded. MOTION CARRIED.

CONSULTANT CONTRACTS

Commissioner Crew moved to enter into a contract with James R. Maida, Gaming Laboratories, Inc. This contract is basically the same as the contract entered into in the past with the exception that on the second page of contract paragraph 3, Section C be amended to read as follows:

That the consultant agrees to at its sole cost and expense maintain general liability, worker's compensation, professional liability and automobile liability insurance during the period of this agreement acceptable to the Commission and that a copy of the policy is required, along with all endorsements and certificates.

Otherwise the contract would remain the same.
Commissioner Emery seconded. MOTION CARRIED.

Commissioner Crew moved to approve Mr. Aspaas' contract as written with the addition of the amendment on paragraph 3, Section C as stated in Mr. Maida's contract. Commissioner Emery seconded. MOTION CARRIED.

Commissioner Crew moved to approve the consultant contract with May, Adam, Gerdes & Thompson - Mike Shaw, attorney, as written with the same amendment paragraph 3, Section C as previously stated. Commissioner Brewer seconded.
MOTION CARRIED.

Commissioner Crew moved to approve the consultant contract with Mary Schmit - Bullock Hotel parking - as written with the exception that paragraph 3, Section C be amended as previously indicated in the other contracts. Commissioner Emery seconded. MOTION CARRIED.

Commissioner Crew moved to approve the consultant contract with the University Business Research Bureau expressly the way it was in the past. Commissioner Thompson seconded.
MOTION CARRIED.

OLD BUSINESS - UPDATE ON HORSE RACING RULES

Grant Gubbrud and Mike Shaw discussed the changes needed to be made to the horse racing rules and will get back to the Commission when changes have been formulated.

Commissioner Emery moved to go back into Executive Session at 11:40 A.M. and will meet at 1:00 P.M. to talk about the simulcast providers. Commissioner Thompson seconded.

NEW BUSINESS

Commissioner Crew moved that the Commission grant simulcast provider licenses to Sodrac Park, RSI, Incorporated and Gillis Stern for licenses effective July 1, 1995 for simulcast business on the following conditions:

(1) that all three prospective licensees post a bond in the amount of \$50,000.00

(2) that no subsidy will be given to any licensee

(3) that the licensees pay all taxes and fees on a weekly basis;

(4) that the licensees submit applications for all proposed sites;

(5) that before the sites start up that the Gaming Commission inspect them; and

(6) that the licenses are good until December 31, 1995 because that is the basis upon which we have licensed in the past - we granted a six month one this last time.

Commissioner Emery seconded. MOTION CARRIED.

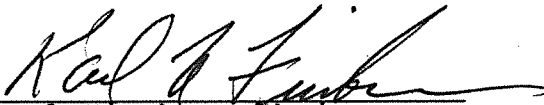
The date for the next meeting is Monday, July 17, 1995 at 8:30 A.M. in Deadwood, South Dakota.

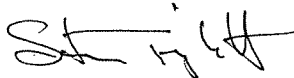
ADJOURN

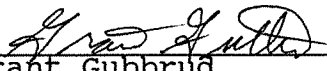
Commissioner Thompson moved to adjourn. Commissioner Emery second. MOTION CARRIED.

Respectfully submitted,

Danna Bren


Karl Fischer, Chairman


Stan Triplett
Co-Executive Secretary


Grant Gubbrud
Co-Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
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FAX (605) 773-6053

MINUTES

COMMISSION ON GAMING

JULY 17, 1995
VIA CONFERENCE CALL

9:30 A.M. (CENTRAL TIME)

CALL TO ORDER

Chairman Fischer called the meeting to order with the following members present: Elaine Emery, Carv Thompson, John Brewer and Karl Fischer. Others present in the Pierre office were Mike Shaw, Grant Gubbrud, JoAnne Knight and Danna Bren. Present in the Deadwood office were: Stan Triplett, Dan Poeppel, Dan Siedler and Mike Trucano.

Commissioner Emery moved to correct page 2 of the minutes by removing the words "declaratory ruling" in regard to the Silverado I and III wall opening. Seconded by Commissioner Thompson. Motion carried.

LICENSING

Commissioner Thompson moved that renewals and new licenses be approved. Commissioner Emery seconded. Motion carried.

Renewals for:

Operator license - Mark Brockley, d/b/a B.B. Cody's, Inc.
Distributor license - Fred Collins Distributing
Key license - Ron Jost

New licenses for:

Key licenses:

Dorothy Krogman
Robert Regan
Joan Paulo

Route Operator - Deadwood Players
Slot Route Operator - Mark Brockley

EXECUTIVE SECRETARY REPORT

Grant Gubbrud reported on the newly issued simulcast license. Racing Services has opened a site in North Sioux City at the Sports Center and plan to have more on line by the end of the month.

Mikohn Gaming has paid its fine and agreed to the settlement. Commissioner Emery moved to approve the Stipulation and Assurance of Voluntary Compliance on Mikohn Gaming. Commissioner Brewer seconded. Motion carried.

There have been 2,196 device licenses issued for FY96 which is down slightly from 2,256 licenses in FY95, but the Bodega has not yet obtained its licenses.

All business which were given conditional licenses have paid their taxes with the exception of Jesse James and Lillies which are not presently open for business.

Commissioners went into Executive Session at 10:00 a.m.

Karen Crew joined the conference call at 10:10 a.m.

Commissioner Brewer moved to come out of Executive Session at 11:20. Commissioner Emery seconded.

Ken Klug joined the meeting at the Deadwood site.

The Nevada Gaming Expo will be held October 16 through October 18. Commissioners wishing to attend need to send a written request to Grant or Stan.

OLD BUSINESS

Insurance policies have been received for the consultant contracts and Mike Shaw will review those.

NEW BUSINESS

Staff will develop a policy for a more timely transfer of device stamps. Commissioners will look over the policy at the next meeting.


There will be a conference call to set up a time to interview candidates for the Executive Secretary position as soon as all applications have been received. Procedures for filling the position were discussed. Staff will coordinate the conference call.

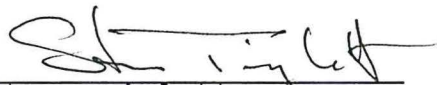
Sodrac has closed the Aberdeen site.

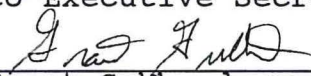
Commissioner Crew moved to adjourn at 11:45 a.m.
Commissioner Emery seconded. Meeting adjourned.

Respectfully submitted,

JoAnne Knight


Karl Fischer, Chairman


Stan Triplett
Co-Executive Secretary


Grant Gubbrud
Co-Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

COMMISSION ON GAMING

AUGUST 24 AND 25, 1995

8:35 A.M. August 24, 1995

CALL TO ORDER

Chairman Fischer called the meeting to order with the following members present: Karl Fischer, Karen Crew, Elaine Emery and John Brewer. Others present were: Warren May, Counsel, and staff members Stan Triplett, Grant Gubbrud, Donna Hoskin and Dan Seidler.

APPROVAL OF MINUTES

Commissioner Brewer made a motion to approve the minutes as corrected (typographical error on second page). Commissioner Emery seconded. All members voting aye.

8:40 A.M. EXECUTIVE SESSION

Commissioner Emery moved to go into executive session. Commissioner Brewer seconded. All members voting aye.

Commissioner Thompson arrived at the meeting at 9:10 A.M.

8:35 A.M. August 25, 1995

ROLL CALL

Chairman Fischer called the meeting to order with the following members present: Elaine Emery, John Brewer, Karen Crew and Karl Fischer. Carv Thompson was absent.

Staff members present: Grant Gubbrud, Stan Triplett and Donna Hoskin.

Commissioner Emery moved to come out of executive session. Commissioner Brewer seconded. All members voting aye.

EXECUTIVE SECRETARY REPORT

Grant Gubbrud reported on FY95 expenses. Total administrative expenses for FY95 were \$975,859.00, approximately 11 percent of total commission fund revenues.

Total gross revenue for FY95 Deadwood gaming increased 8 percent. All of the growth was from slot machines as their revenue increased 9.56 percent. Table game revenue declined by 4.27 percent.

Grant Gubbrud reviewed the proposed FY97 budget with the Commissioners.

Grant Gubbrud reported that the FY95 racing handle of \$8,733,629.00 was up 9.55 percent from FY94. The fiscal year end balance of the three racing funds totalled \$360,671.77.

Grant Gubbrud reported on the three new simulcast licensees. Sodrac has closed the Aberdeen, Rapid City and Hot Springs sites with only the North Sioux City site still active. Racing Services, Inc. has opened a site in North Sioux City and is working on a site in Aberdeen. Gillis Stern has opened a site in Rapid City, Kelly's Sports Bar, and has plans to open more sites in the near future.

LICENSING

Staff recommends to the Commission a key renewal for Richard Cleveland and a permanent operator's license for Bullock Hotel.

Commissioner Crew moved the Bullock Hotel (Mary Schmit, Gary Wilcox, Kenneth Kellar and James Thorburn) be awarded a permanent operators license and that Richard Cleveland be awarded a key license. Commissioner Brewer seconded. All members voting aye.

STIPULATION AND ASSURANCE OF VOLUNTARY COMPLIANCE

Commissioner Crew moved to accept the Stipulations and Assurances of Voluntary Compliance for Mike Gustafson, First Gold, and Patrick J. O'Leary. Commissioner Brewer seconded. All members voting aye.

STAMP TRANSFER

Commissioner Brewer moved to accept the request of Black Hills Novelty to transfer gaming stamps from two poker tables at Big Jake's to two slot machines at Goldberg Grocery. Commissioner Emery seconded. All members voting aye.

OLD BUSINESS

Commissioner Crew moved that Karl Fischer be elected to a one year term until next July as Chair, and that Carv Thompson be elected as Vice Chair for the same length of time. Commissioner Emery seconded the motion. All members voting aye.

Commissioner Crew then amended the motion to read a one year term with the possibility of being re-elected to no more than one additional term. Commissioner Emery seconded. All members voting aye.

NEW BUSINESS

Commissioner Crew made a motion to hire Larry Eliason as Executive Secretary of Commission on Gaming at an annual salary of \$65,000.00. Commissioner Emery seconded. All members voting aye.

Commissioner Crew moved to accept the following policy statement: "ARSD 20:18:18:14: The SDCG will not allow an operator to dispose of slot machines to anyone outside of South Dakota other than a licensed manufacturer or distributor. If the disposition is to a person in South Dakota, that person must be a licensed operator or a tribal entity that has a compact pursuant to 25 USCA Section 2701 et. seq. Operator shall inform the Executive Secretary of the South Dakota Gaming Commission prior to the sale." Commissioner Emery seconded. All members voting aye.

Suggested dates for next meeting were discussed with October 4, 5 and 6 as very tentative.


Chairman Fischer introduced Steve Grogan, publisher of Grogan Casino Report and welcomed him to Deadwood.

Commissioner Brewer moved to adjourn the meeting. All members voting aye.

Respectfully submitted,

Donna Hoskin


Karl Fischer, Chairman


Grant Gubbrud
Co-Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

COMMISSION ON GAMING

JANUARY 11, 1996

9:05 A.M.

CALL TO ORDER

Chairman Fischer called the meeting to order with the following members present: Karl Fischer, Elaine Emery, Karen Crew, Carv Thompson and John Brewer. Others present were Larry Eliason, Executive Secretary, Mike Shaw, Counsel, and staff members Linda Durbin, Grant Gubbrud and Stan Triplett.

Commissioner Emery made a motion to go into executive session. Commissioner Crew seconded. Motion carried unanimously. Commissioner Emery made a motion to come out of executive session. Commissioner Brewer seconded. Motion carried unanimously.

A formal hearing was held on the appeal of the Executive Secretary's denial of a support license by Daniel Ferrell. Daniel Ferrell was presented and represented himself pro se. Michael Shaw served as "special prosecutor." Agent R. Scott Amundson was called as a witness by Mr. Shaw. Mr. Ferrell testified in his own behalf but did not call any witnesses. Commissioner Crew served as hearing officer.

The Commission then held a formal hearing on the appeal of the Executive Secretary's denial of a support license by Steven Nimtz. Mr. Nimtz was present and represented himself pro se. Michael Shaw served as "special prosecutor" and called Agent Dan Poeppel as a witness. Mr. Nimtz testified in his own behalf but did not call any witnesses. Commissioner Crew served as hearing officer.

11:05 A.M.

The Commission went into executive session upon a motion made by Commissioner Emery, seconded by Commissioner Brewer and unanimously passed. Motion was made by Commissioner Brewer to come out of executive session. Seconded by Commissioner Emery. Motion unanimously carried.

1:28 P.M.

Chairman Fischer called the general meeting to order.

Commissioner Emery moved to approve the minutes for the November, 1995 meeting. Commissioner Brewer seconded. Motion carried unanimously.

ACTION ON HEARINGS:

Commissioner Brewer moved to reverse the decision of the Executive Secretary and to grant a support license to Daniel Ferrell. Commissioner Emery seconded. Motion carried unanimously.

Commissioner Brewer moved to uphold the Executive Secretary's decision to deny a support license to Steven Nimtze. Commissioner Thompson seconded. Motion carried unanimously.

Commissioner Brewer moved to approve key licenses for: Delvin Mason, Pamela Kraft, Michael Germann, Donna LaFrentz and Susanna Hayes. Commissioner Emery seconded. Motion unanimously carried.

Commissioner Brewer moved to approve a manufacturer distributor license for WMS Manufacturing. Commissioner Emery seconded. Motion unanimously carried.

Commissioner Crew moved to approve a manufacturer distributor license for Aristocrat. Commissioner Emery seconded. Motion unanimously carried.

Commissioner Emery moved to approve a manufacturer distributor license for Kiland Distributing. Commissioner Crew seconded. Motion unanimously carried.

Commissioner Thompson moved to approve operator retailer licenses for Lee Iacocca, Shawna Walton, Lucky 8 Gaming and Bodega II and III. Commissioner Brewer seconded. Motion carried unanimously.

Commissioner Emery moved to deny a key license for Kayce Bryant. Commissioner Brewer seconded. Motion carried unanimously.

LEGISLATIVE UPDATES:

Commissioner Crew moved to overstrike the last sentence from House Bill 1038. Commissioner Thompson seconded. Motion carried unanimously.

BLACK HILLS NOVELTY - MACHINE PURCHASE:

Commissioner Crew moved to give permission to Black Hills Novelty to purchase two slot machines described in Michael Trucano's letter of December 28, 1995, a copy of which is attached to the original of these minutes. Commissioner Emery seconded. Motion unanimously carried.

NEW BUSINESS:

Commissioner Fischer moved that the Commission adopt Resolution Number 01-11-96-1 with an amendment that one-half of the point money at each track is to be awarded to owners of South Dakota bred thoroughbreds and one-half is to be awarded to the owners of South Dakota bred quarter horses. Commissioner Emery seconded. Motion carried unanimously. A copy of the Resolution is attached to the original of these minutes.

STIPULATION AND ASSURANCE OF VOLUNTARY COMPLIANCE:

Commissioner Crew moved to approve the Stipulation and Assurance of Voluntary Compliance for Pat Sigety. Commissioner Brewer seconded. Motion unanimously carried.

Commissioner Brewer moved to approve Stipulation and Assurance of Voluntary Compliance for Karolea Schnabel. Commissioner Emery seconded. Motion carried unanimously.

Copies of the Stipulation and Voluntary Compliance are attached to the original of these minutes.

The commission took no action on a request by Black Hills Novelty to place 8 machines in Saloon #10 for a slot tournament because the request had not been timely filed.

The next Commission meeting has been set for March 14 and 15, 1996.

Commissioner Brewer moved to go into executive session. Commissioner Emery seconded. Motion carried unanimously.

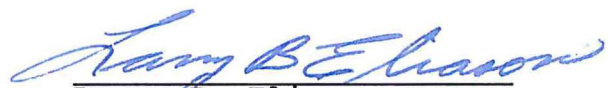
Commissioner Emery moved to come out of executive session.
Commissioner Brewer seconded. Motion unanimously carried.

Meeting adjourned at 2:25 P.M.

Respectfully submitted,

Linda Durbin


Karl Fischer, Chairman


Larry B. Eliason
Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

**MINUTES OF SPECIAL MEETING
SOUTH DAKOTA COMMISSION ON GAMING
HELD BY TELEPHONE CONFERENCE CALL
12:00 NOON CENTRAL STANDARD TIME
WEDNESDAY, FEBRUARY 14, 1996**

The South Dakota Commission on Gaming held a special meeting by telephone conference call at 12:00 noon, Central Standard Time, Wednesday, February 14, 1996 pursuant to a Petition for Administrative Rule Change having been filed by Roger A. Tellinghuisen, Esquire and pursuant to public notice thereof having been duly given as prescribed by law. A copy of the Petition for Rule Amendment and a copy of the public notice of this meeting are attached to the original of these minutes.

Interested persons were provided with an opportunity to hear and participate in this telephone conference call meeting by being present at the South Dakota Commission on Gaming offices in Pierre and the Commission offices in Deadwood.

Participating in the conference call were Commissioners Fischer, Thompson, Crew, Brewer and Emery.

Other persons who heard and participated in this meeting were Michael F. Shaw, Commission Attorney, Danna Bren, Administrative Assistant (at the Pierre office), Grant Gubbrud, Jim McKee, Roger A. Tellinghuisen, Mike Rodman, Jon Mattson (in the Deadwood office) and Executive Secretary Larry B. Eliason, and David L. Volk, Secretary of the Department of Commerce and Regulation.

The Chairman called the meeting to order at 12:00 noon, Central Standard Time. After the roll call was taken by the Executive Secretary, it was determined that all members of the Commission were participants in this meeting.


After a period of general discussion, Mr. Tellinghuisen stated that he was withdrawing his petition for the rule amendment at this time. No party objected to Mr.

Tellinghuisen withdrawing his petition at this time.

Commissioner Brewer moved to dismiss the petition based on its withdrawal by its proponent. The motion was seconded by Commissioner Emery. The motion was unanimously carried.

There being no further business which could properly come before the Commission because of the nature and notice of this special meeting, the meeting was adjourned at 12:25 P.M.

I hereby certify that the foregoing are the true and correct minutes of a special meeting of the South Dakota Commission on Gaming held by telephone conference call on Wednesday, February 14, 1996.


Larry B. Eliason
Executive Secretary

MINUTES
SOUTH DAKOTA COMMISSION ON GAMING
MARCH 14, 1996

A regularly scheduled meeting of the South Dakota Commission on Gaming was held March 14, 1996, at the Deadwood City Hall in Deadwood, South Dakota. The meeting was called to order at 9:05 A.M. by Chairman Karl Fischer. Other members present were: Commissioner Karen Crew, Commissioner John Brewer, Commissioner Elaine Emery. Commissioner Carveth Thompson participated by speaker telephone. Commissioner Brewer moved that the Commission go into Executive Session. The motion was seconded by Commissioner Emery and passed unanimously.

At 10:15 A.M. Commissioner Emery moved to come out of Executive Session. This motion was seconded by Commissioner Brewer and unanimously adopted.

The Commission then conducted a formal hearing on a complaint against Racing Services, Inc.

At 11:05 A.M. the Commission conducted a formal hearing on the summary suspension of the support license of Terry Lee Pierce. Mr. Pierce was granted a continuance but his license remains suspended until the date of the hearing.

At 11:15 A.M. the Commission conducted a formal hearing on a request for a declaratory ruling by First Gold.

At 1:20 P.M. the Commission conducted a formal hearing on a petition for declaratory ruling by Goldberg's.

At 1:50 P.M. the Commission conducted a hearing on a petition for a declaratory ruling by Super G Investments (Gold Mine Resort).

The regularly scheduled meeting resumed at 2:30 P.M. In addition to the Commissioners present, also present were: Danna Bren, Administrative Secretary, Larry B. Eliason, Executive Secretary, Michael F. Shaw, Commission Counsel and other members of the Commission staff. James Maida, President of Gaming Laboratories International, appeared before the Commission. He recommended that the Commission review its rules, especially those rules pertaining to slot machines and to consider updating the rules in order to reflect advances in technology which have occurred since 1989.

Commissioner Crew moved that the contract with the South Dakota Commission on Gaming and Gaming Laboratories International for device testing services be renewed for the next fiscal year under the same terms and conditions. This motion was seconded by Commissioner Brewer and unanimously adopted.

Commissioner Crew moved to grant Commission approval of the following device stamp transfers in order to

accommodate a poker tournament to be held at the VFW on
March 30 and 31:

Golddiggers
#10 Saloon
Gold Dust
Dakota Territory
Franklin Hotel
Miss Kitty's

The motion was seconded by Commissioner Brewer and
passed on a vote of 3 "aye" and 2 "no". Voting "aye" were
Commissioners Fischer, Brewer and Crew. Voting "no" were
Commissioners Emery and Thompson.

The Chairman instructed the Commission staff to meet
with representatives of the Deadwood Poker Association to
explain the Commission's displeasure in receiving the
request for device stamp transfers on such late notice.

Commissioner Brewer moved that the minutes of the
January 11, 1996 regular meeting be approved as printed.
This motion was seconded by Commissioner Emery and
unanimously adopted.

Commissioner Thompson moved that the minutes of the
special meeting held by telephone conference on February
14, 1996 be approved as printed. This motion was seconded
by Commissioner Emery and unanimously adopted.

Commissioner Thompson moved that the Stipulation of
Assurance and Voluntary Compliance with Gary Case and
Hickok's, Incorporated be accepted by the Commission.
This motion was seconded by Commissioner Emery and
unanimously adopted.

Commissioner Emery moved that the Stipulation of Assurance and Voluntary Compliance with Big R's be accepted by the Commission. This motion was seconded by Commissioner Brewer and unanimously adopted.

At 4:22 P.M. Commissioner Emery moved that the Commission go into Executive Session. This motion was seconded by Commissioner Brewer and unanimously adopted.

At 4:40 P.M. Commissioner Brewer moved that the Commission come out of Executive Session. This motion was seconded by Commissioner Emery and unanimously adopted.

Commissioner Crew moved that Olympia Gaming be issued a license as an operator. This motion was seconded by Commissioner Thompson and unanimously passed.

Commissioner Crew moved that a manufacturer's license be issued to Atronics. This motion was seconded by Commissioner Thompson and unanimously passed.

Commissioner Crew moved that key licenses be approved for the following persons:

Thomas Carney
Jeffrey Krol
Edward Duffy
Barton Jacka
Mike Rumbolz
Charles McCrea
Richard Irvine
Kim Westland
Patty Whitt
Catherine Blakley-Harte
Jim Sparks
Robert Watts
Anthony Ciorciori
Kate Bentham

This motion was seconded by Commissioner Thompson and

unanimously adopted.

Commissioner Crew moved that the Commission instruct its counsel and staff to set up a rules hearing to be held as soon as reasonably possible. This motion was seconded by Commissioner Thompson and unanimously adopted. (Later in the meeting the time frame of June 4 to 6 was established).

Commissioner Emery moved that the Commission adopt the Executive Secretary's recommendation for distribution of South Dakota Bred Racing Fund point system during the 1996 racing season. This motion was seconded by Commissioner Thompson and unanimously adopted.

Commissioner Thompson moved that the racing officials as recommended by the Executive Secretary, by the Aberdeen American Legion and by the Verendrye Benevolent Association be approved. This motion was seconded by Commissioner Emery and unanimously adopted. A list of these racing officials is attached to the original of these minutes.

Commissioner Brewer moved that the Commission approve the seasonal hiring plan for the 1996 racing season. This motion was seconded by Commissioner Emery and unanimously adopted. A copy of the seasonal hiring plan is attached to the original of these minutes.

Commissioner Emery moved that the Commission approve racing contracts with Cooper Animal Clinic, Gary Galinat for auditing services and Industrial Laboratories for

official laboratory testing services. This motion was seconded by Commissioner Thompson and unanimously adopted.

The Commission established that the next meeting will begin at 3:00 P.M. on June 4 with continuation on June 5 and further continuation on June 6 if necessary.

Commissioner Crew moved that Racing Services, Inc. be given a \$5,000.00 fine with the fine suspended upon successfully completing a probationary period from this date until July 1. In the event that the probationary period is successfully completed, the complaint will be dismissed with no record in the RSI file. This motion was seconded by Commissioner Emery and unanimously adopted.

Commissioner Thompson moved to deny the request for declaratory ruling for a third building at First Gold. This motion was seconded by Commissioner Emery and unanimously adopted.

Commissioner Brewer moved that Goldbergs be declared four buildings. This motion was seconded by Commissioner Emery and passed by a vote of four yes and one abstention. Commissioner Thompson abstained because he had a prior business relationship with the petitioner.

Royal Gaming representatives withdrew the application of the corporation without prejudice and reserved the right to resubmit the application at a later date.


At 5:15 P.M. Commissioner Emery moved that the Commission go into Executive Session. This was seconded by Commissioner Brewer and unanimously passed.

At 5:42 P.M. Commissioner Emery moved that the Commission come out of Executive Session. This was seconded by Commissioner Brewer and unanimously adopted.

Commissioner Brewer moved to adjourn the meeting. This motion was seconded by Commissioner Emery and unanimously passed. The meeting was adjourned at 5:45 P.M.

Respectfully submitted,

Danna Bren


Karl Fischer
Chairman


Larry B. Eliason
Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

SOUTH DAKOTA COMMISSION ON GAMING

JUNE 5, 1996

Members present: Karl Fischer, Carv Thompson, Elaine Emery, Karen Crew and John Wiles.

The meeting convened at 2:55 P.M. with Chairman Fischer presiding.

Chairman Fischer introduced new Commissioner John Wiles. Executive Secretary Larry Eliason introduced two new staff members Trent Mohr, Slot Systems Specialist and Tavis Little, Enforcement Agent.

Commissioner Emery moved that the minutes of March 14, 1996 be approved as printed. Commissioner Crew seconded the motion pointing out a typographical error on page 4. The motion to approve the minutes with the typographical error corrected passed unanimously.

Commissioner Crew moved that the following rules be amended:

That the Gaming Internal Control and Revenue Reporting Manual Appendix A Section 520.1 be amended as follows: Section 520.1(f), line 4, strike "form" and insert "from a".

That ARSD 20:18:29:10 be amended by adding the following language after "(4) stationery imprest banks": "The quality of the picture and recordings must be approved by the Commission, the Executive Secretary or its agents."

That ARSD 20:18:17:21 be amended as follows: at line 2 of sub (2) delete "patters" and insert "patterns."

That ARSD 20:04:24:34 be amended in subparagraphs (5) and (6) delete "48" and insert "24." In sub (7) delete "within 48 hours" and insert "prior to".

Motion was seconded by Commissioner Wiles and carried unanimously.

Commissioner Crew then moved that the following rules be amended as advertised:

RACING RULES: 20:04:01:19, 20:04:01:20, 20:04:01:21, 20:04:15.01:03, 20:04:15.01:09, 20:04:15.01:14, 20:04:28:22 and 20:04:30:105.

DEADWOOD GAMBLING RULES:

20:18:12.01:01, 20:18:17:12, 20:18:17:22, 20:18:25:01, 20:18:25:02, 20:18:29:02, Appendix Sections of the Internal Control Manual 405.6, 405.8, 437.2, 605.70 and 637.2.

The motion was seconded by Commissioner Emery and carried unanimously.

Commissioner Thompson moved that the 1997 contract between South Dakota Commission on Gaming and Bullock Hotel for parking spaces be approved. The motion was seconded by Commissioner Emery and unanimously passed.

Commissioner Crew moved that the 1997 contract with Michael Shaw and the law firm of May, Adam, Gerdes & Thompson for legal services be approved. The motion was seconded by Commissioner Wiles and unanimously adopted.

Commissioner Wiles moved that the 1997 contract with Mark Aspaas for professional services be approved. The motion was seconded by Commissioner Emery and unanimously adopted.

Commissioner Emery moved that the contract with the Business Research Bureau for information processing services be approved. Commissioner Thompson seconded the motion which was unanimously adopted.

The following dates were established for meeting dates for future Commission meetings:

July 11 and 12, 1996
September 26 and 27, 1996
November 14 and 15, 1996

Commissioner Emery moved that Wolf Gaming be allowed to sell blocks of shares to brokerage firms without the brokerage firms being required to be licensed, so long as the brokerage firms purchase the shares for resale only and do not exercise any voting rights while holding the shares. This motion was seconded by Commissioner Thompson and unanimously approved.

Commissioner Thompson moved that the Stipulation and Assurance of Voluntary Compliance of the South Dakota Commission on Gaming vs. Deadwood Gulch be approved. The motion was seconded by Commissioner Emery and unanimously adopted.

Commissioner Emery moved that the Stipulation and Assurance of Voluntary Compliance of the South Dakota Commission on Gaming vs. John Jassman be approved. This motion was seconded by Commissioner Crew and unanimously approved.

Commissioner Wiles moved that the Stipulation and Assurance of Voluntary Compliance of the South Dakota Commission on Gaming vs. The Depot be approved. This motion was seconded by Commissioner Thompson and unanimously approved.

Commissioner Emery moved that the Stipulation and Assurance of Voluntary Compliance of the South Dakota Commission on Gaming vs. Terry Lee Pierce be approved. This motion was seconded by Commissioner Thompson and unanimously adopted.

Commissioner Thompson moved that the Stipulation and Assurance of Voluntary Compliance of the South Dakota Commission on Gaming vs. Harold Wayne Hoffman be approved. This motion was seconded by Commissioner Emery and unanimously adopted.

Commissioner Emery moved that the following licenses be approved:

Key Employees:

Michelle Fischer
Marjorie Olson
Renate Skaggs
Doreen Simmons
Daniel Rogers
Weston Pleinis
Laura Graczyk
Michelle Jacobs

Manufacturers and Distributors:

Casino Data Systems
Hanson Distributing

Retail Licenses:

Kathy Fredericksen - Bullock
Larry Shama - Goldbergs
Kate Benthman - Jackpot Charlies
Kate Benthman - Green Door
Wild West Winners Club #1 (Olympia Gaming)
Roger Duba - Lillies
Susan Craig and Michael O'Connell - Dakota Territory
Saloon #2

Route Operator:

Olympia Gaming SD, LLC

This motion was seconded by Commissioner Thompson and unanimously approved.

Commissioner Crew moved that Royal Casino, Inc. be approved for three retail licenses in 1996 and in 1997 if the group wished to renew. This motion was seconded by Commissioner Emery and unanimously approved.

Commissioner Crew moved that all manufacturer, distributor, retail and route operators which did not have recommendations from the Commission staff that conditions be attached be approved for renewal. The names of those licenses are attached to the original of these minutes. This motion was seconded by Commissioner Emery and unanimously adopted.

Commissioner Crew moved that any licenses which owed property taxes which were indicated by Commission staff as Gold Nugget Inn, S-Mart Gaming, Andy Fisher Carnival Queen, Best Western Hickock House, Goldberg Gaming, Big Jake's, Goldberg Grocery and Soda, and Old Irish/Dakota Territory Saloon not be renewed. This motion was seconded by Commissioner Wiles. The motion failed on a vote of two aye and three nay. Voting aye were Commissioners Wiles and Crew. Voting no were Commissioners Emery, Thompson and Fischer.

Commissioner Thompson moved that those licenses listed above be renewed on the condition that property taxes be paid current by June 30 and proof of payment be submitted

to the Commission office in Deadwood. This motion was seconded by Commissioner Emery. This motion carried by a vote of four aye and one nay. Voting aye were Commissioners Wiles, Emery, Thompson and Fischer. Commissioner Crew voted no.

Commissioner Emery moved that the license of B.B. Cody's be renewed on the condition that B.B. Cody's keep up its payments to the Internal Revenue Service. This motion was seconded by Commissioner Wiles and unanimously adopted.

At 4:10 P.M. Commissioner Thompson moved that the Commission retire to executive session. This was seconded by Commissioner Wiles and unanimously adopted.

At 4:40 P.M. Commissioner Emery moved to adjourn from executive session. This motion was seconded by Commissioner Thompson and unanimously carried.

Commissioner Crew moved that the Commission approve the transfer of slot machines from Goldiggers to Royal Casino upon the closing of the sale of the business. This motion was seconded by Commissioner Emery and unanimously adopted.

Commissioner Emery moved that the request for a declaratory ruling that Old Irish, Inc., d/b/a Dakota Territory Saloon be designated as two buildings side by side be denied. This motion was seconded by Commissioner Thompson and unanimously adopted.

Commissioner Crew moved that the Elks Lodge No. 508 request for declaratory ruling for multiple building designation for Burger King and Painted Pony be denied. This motion was seconded by Commissioner Emery and unanimously adopted.

Commissioner Wiles moved to table the request by Olympia Gaming for petition for declaratory ruling on inner access until the next meeting of the Commission. This motion was seconded by Commissioner Crew and unanimously adopted.

Commissioner Thompson moved that the request for declaratory ruling by First Gold for a three building designation and new construction be approved. This motion was seconded by Commissioner Emery and unanimously approved.

Commissioner Emery moved that the request for declaratory ruling for multiple building designation by Full House, Inc. d/b/a Silver Dollar based on the number of businesses once housed in the structure be denied. This motion was seconded by Commissioner Thompson and unanimously adopted.

Commission Counsel Michael F. Shaw was instructed to draft appropriate Findings of Fact, Rulings, Decisions and Orders on the above entitled decisions.

At 4:50 P.M. the meeting was adjourned until the following day.

The Commission meeting resumed in open session at 12:30 P.M. on June 6, 1996.

A. P. "Pete" Fuller appeared on behalf of Old Irish, Inc. to request the Commission reconsider its early decision to deny a request for petition for a multiple building designation side by side. Commissioner Crew moved to reconsider the Old Irish, Inc./Dakota Territory request. This motion was seconded by Commissioner Wiles and was adopted on a vote of three aye, two no. Voting aye were Commissioners Wiles, Crew and Fischer. Voting no were Commissioners Emery and Thompson.

At 12:20 Commissioner Thompson moved that the Commission retire to executive session. This motion was seconded by Commissioner Crew and unanimously passed.

At 12:28 Commissioner Thompson moved that the Commission adjourn from executive session. This motion was seconded by Commissioner Crew and unanimously adopted.

Commissioner Thompson moved to uphold the June 5th decision to deny the request for a declaratory ruling for multiple building side by side by Old Irish, Inc. This motion was seconded by Commissioner Emery and unanimously adopted.

Commissioner Wiles moved that the Commission lease for three months a computerized device to transmit fingerprints to the FBI. This motion was seconded by Commissioner Crew and unanimously adopted.

Commissioner Wiles moved to adjourn. This motion was seconded by Commissioner Crew and unanimously approved.

The meeting adjourned at 12:40 P.M.

Respectfully submitted,

Danna Bren


Karl Fischer
Chairman


Larry B. Eliason
Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

First Western Bank
696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX (605) 578-2263

MINUTES

SOUTH DAKOTA COMMISSION ON GAMING

July 11 & 12, 1996

Members present: Karl Fischer, Carv Thompson, Elaine Emery, Karen Crew and John Wiles.

The meeting convened at 3:30 PM Thursday July 11, 1996, with Chairman Fischer presiding.

Commissioner Emery moved that the minutes of June 5, 1996 be approved as printed. Commissioner Wiles pointed out a typographical error in the second paragraph on page 2. The word amended was substituted for adopted. Commissioner Thompson seconded the motion to amend the minutes of June 5, 1996 with correction of the error and it carried unanimously.

Commissioner Crew moved to accept the minutes of June 5, 1996 with amendment. The move was seconded by Commissioner Wiles and carried unanimously.

OLD BUSINESS

Commissioner Crew as hearing officer closed the hearing on Olympia Gaming's Petition for Declaratory Ruling after no further testimony was offered by the commission counsel or the petitioner. The Commission took it under advisement.

The Commission heard a report from Stan Triplett the Director of Enforcement on leasing fingerprint equipment. Stan Triplett will continue to investigate the subject and report back to the Commission at a latter date.

NEW BUSINESS

Commissioner Crew moved to approve the Key Licenses for Bradley Laurant and James Sternhagen and deny the Key License for Jeffrey Rath. Commissioner Emery seconded the motion and it passed unanimously.

Commissioner Thompson moved to approve the Retail Licenses for:

Lori Logan - Slots of Luck
Mike Gustafson - First Gold I
Timothy Conrad - First Gold II & III

Jerry Page - 2 Retail Licenses
and Commissioner Thompson moved to deny the Retail License for:
Ronald Cox - Pink Palace

The move was seconded by Commissioner Wiles and it passed unanimously.

Commissioner Crew moved to approve the Route Operator License of First Gold.
Commissioner Emery seconded the motion and it passed unanimously.

Executive Secretary Eliason presented the results of the 1996 live horse racing season.

1995 Deadwood Gaming Abstract will be available to the public Monday, July 15, 1996.

Commissioner Emery moved to re-elect Karl Fisher as Chairman and Carv Thompson as Vice Chairman for 1 year. Commissioner Wiles seconded the motion and it passed unanimously.

OTHER BUSINESS

Rich Turbiville of Full House, Inc came before the Commission requesting permission to switch the City Nickel Machines they operate from IGT machines to V.L.T. machines.

Commissioner Wiles moved to allow these City Nickel machines to be switched from IGT machines to V.L.T. machines. Commissioner Wiles amended his motion to include that all V.L.T. games on these machines be approved by G.L.I. The move was seconded by Commissioner Thompson and passed unanimously.

Commissioner Emery moved that the Commission not act on the request of Atronics to renew their manufacturers license at this time because it was not received 10 day prior to the commission meeting as is their policy. Commissioner Wiles seconded the motion and it passed unanimously.

At 4:00 PM, Commissioner Thompson moved that the Commission retire into Executive Session. Commissioner Wiles seconded the motion and it passed unanimously.

At 4:15 PM, Commissioner Thompson moved that the Commission adjourn from executive session. This motion was seconded by Commissioner Wiles and passed unanimously.

Commissioner Wiles moved to deny Olympia Gaming's petition for a declaratory ruling. Commissioner Emery seconded the motion and it was adopted on a vote of four aye, one no. Voting no was Commissioner Crew.

At 4:25, Commissioner Thompson moved to adjourn. This motion was seconded by Commissioner Emery and unanimously approved.

The Commission meeting reconvened at 9:00 AM, Friday July 12, 1996, and went directly into hearings.

At 3:55 PM, the hearings ended and Commissioner Emery moved that the Commission retire to executive session. This motion was seconded by Commissioner Thompson and passed unanimously.

At 4:55 PM, Commissioner Emery moved to adjourn from executive session. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Thompson moved to table the application for key license for Marion Eugene Dunson until a copy of the 1970 Florida Legislation changing the narcotic laws can be located and confirming the date of Mr. Dunson's felony. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Emery moved that the request for declaratory ruling by Bodega for inner access be approved. Commissioner Thompson seconded the motion and it passed unanimously.

Commissioner Wiles moved to deny the request for a Declaratory ruling for multiple building designation on the proposed Goldmine Resort because the current plan does not meet U.B.C. rules for egress, the use of water curtains may cause a life safety problem, the request violates the spirit of the law set forth in 42-7B-2.1.(3) and for such other findings as a review of the transcribed records over the last three hearings. Commissioner Emery seconded the motion and it was passed unanimously.

At 5:05 PM, Commissioner Thompson moved the meeting be adjourned. Commissioner Emery seconded the motion and it passed unanimously.

At 5:06, Commissioner Wiles moved to reconvene the Commission meeting. Commissioner Thompson seconded it and it passed unanimously.


Commissioner Wiles moved to reinstate the support license of Marion Eugene Dunson pending the results of the findings of his key application. Commissioner Thompson seconded the motion and it passed unanimously.

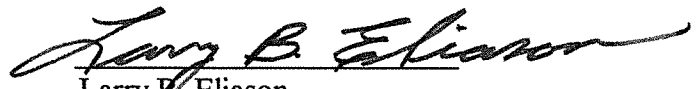
Commissioner Wiles moved the Commission meeting be adjourned. Commissioner Thompson seconded the motion and it passed unanimously.

The meeting adjourned at 5:08 PM.

Respectfully Submitted,


Craig Sparrow


Karl Fischer
Chairman


Larry B. Eliason
Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

First Western Bank
696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX (605) 578-2263

MINUTES

SOUTH DAKOTA COMMISSION ON GAMING

September 27, 1996

Member present: Karl Fischer, Carv Thompson, Elaine Emery and John Wiles.

The meeting convened at 10:30 AM with Chairman Fischer presiding.

Item I on the agenda, South Dakota Commission on Gaming vs. Olympia Gaming SD, LLC had been postponed by stipulation of the parties.

The meeting was turned over to Commissioner Wiles, acting as the Hearing Officer, to hear the Petition for Declaratory Ruling of Olympia Gaming SD, LLC - two building designation for new construction of the Clark and Apex Buildings and the Elks Lodge petition for rehearing of their petition for a two building designation.

At 11:30, Commissioner Thompson moved to accept the Petition of Olympia Gaming SD, LLC's Declaratory ruling as submitted. Commissioner Wiles seconded the motion and it carried unanimously.

At 12:15, Commissioner Thompson moved to take under advisement the Petition for rehearing made by the Elks Lodge. Commissioner Emery seconded the motion and it carried unanimously. The meeting recessed for lunch.

The meeting reconvened at 1:30 with the hearings of South Dakota Commission on Gaming vs Dwight Bender and the appeal of denial of support license to Darrell Gillespie.

Commissioner Wiles moved to allow Darrell Gillespie a support license on the condition that Mr. Gillespie not be charged with any drug or alcohol violations for the term of the license. Commissioner Emery seconded the motion and it carried unanimously.

Dwight Bender did not appear. Commissioner Thompson moved to revoke the license of Dwight Bender. Commissioner Emery seconded the motion and it carried unanimously.

The regular meeting reconvened, Commissioner Wiles moved to approve the minutes of the July 11-12 meeting as written. Commissioner Thompson seconded the motion and it carried unanimously.

Commissioner Thompson moved to approve the Key Licenses for:

Morris Harris	Linda Mack
Kathie Klinckman	Shelly Thompson
Brittany Harwood	Shane Schoenthal
Cynthia Shippee	Jack Sears
Karen DeYarmin	Robert Hafer
Gary Nelson	David Johnson
David Brown	Brian O'Connor

Commissioner Emery seconded the motion and it passed unanimously.

Commissioner Wiles moved to deny the key license of Dave Runyan. Commissioner Emery seconded the motion and it carried unanimously.

After a hearing with Kenton Williams, Commissioner Emery moved to deny the key license of Kenton Williams. Commissioner Thompson seconded the motion and it carried unanimously.

After a hearing with James Walker, Commissioner Thompson moved to take the Key Licenses applications of James Walker under advisement. Commissioner Emery seconded the motion and it carried unanimously.

After a hearing with Norman Stevens, Commissioner Thompson moved to take the Key Licenses applications of Norman Stevens under advisement. Commissioner Emery seconded the motion and it carried unanimously.

Commissioner Thompson moved to approve the renewal of the Manufacture/Distributor license of Atronics. Commissioner Wiles seconded the motion and it carried unanimously.

Commissioner Thompson moved to approve the renewal of the Retail License of Carnival Queen and the Operator license of Andy Fisher. Commissioner Emery seconded the motion and it carried unanimously.

Commissioner Wiles moved to approve the retail license for J. Randolph Bush under the condition that he has no additional alcohol related offenses during the term of the license. Commissioner Emery seconded the motion and it carried unanimously.

Commissioner Thompson moved to approve the retail license for Lori Logan at Lillies. Commissioner Emery seconded the motion and it carried unanimously.

After a hearing on the denial of a support license to Anne Schneider for failure to disclose an arrest, Commissioner Wiles moved and Commissioner Emery seconded a motion to grant her a support license conditional on that there are no related charges for the term of this license. Commission voted 3 aye, 1 no. Commissioners Thompson, Emery and Wiles voted aye and Commissioner Fischer voted no.

Black Hills Novelty withdrew the request to transfer gaming stamps.

No motion was made in relation to the Jesse James management contract with Barbra Outka.

Commissioner Thompson moved to accept the stipulation and voluntary compliance of Goldberg Gaming. Commissioner Wiles seconded the motion and it passed unanimously.

The IGBW Expo will be attended by Executive Secretary Eliason, Directors Fall and Triplett, Commissioner Emery and Systems Specialist Mohr.

Executive Secretary Eliason will be submitting legislation concerning the reporting requirements of slot machines. He is proposing that SDCL 42-7B-39 be amended so that it is a record keeping requirement rather than a reporting requirement.

Commissioner Thompson brought up for discussion the topic of under age people in the gaming area and directed the staff to determine how the subject is handled in other jurisdictions.

At 4:15, the Commission began the hearing of South Dakota Commission on Gaming vs Eileen Wuenstel. They adjourned from the hearing at 6:40 and Commissioner Emery moved to take it under advisement. Commissioner Thompson seconded the motion and it passed unanimously.

At 7:45, after the hearing of South Dakota Commission on Gaming vs Joan Pinske, Commissioner Emery moved and Commissioner Thompson seconded the motion to take this under advisement. It passed unanimously.

At 7:46, Commissioner Wiles moved to go to executive session. Commissioner Emery seconded and it passed unanimously.

At 8:25, Commissioner Emery moved that the commission adjourn from Executive session. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Thompson moved to deny the request for rehearing for the Elks Club Petition for a Declaratory Ruling. Commissioner Emery seconded the motion and it was adopted on a vote of three aye and 1 no. Commissioners Fischer, Thompson and Emery voted aye and Commissioner Wiles voted no.

Commissioner Emery moved to grant James Walker a Key License on the condition that he remains a law abiding citizen and have no further criminal charges brought against him during the tenure of the license. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Thompson moved to grant Norman Stevens a Key License on the condition that he remains a law abiding citizen and have no further criminal charges brought against him during the tenure of the license. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to defer any decision in South Dakota Commission on Gaming vs Eileen Wuenstel pending the completion of criminal charges in the criminal action that is pending. Commissioner Thompson seconded the motion and it passed unanimously.

Commissioner Wiles moved to defer any decision in South Dakota Commission on Gaming vs Joan Pinske pending the completion of criminal charges in the criminal action that is pending. Commissioner Emery seconded the motion and it passed unanimously.

Commissioner Emery moved the commission meeting be adjourned. Commissioner Wiles seconded the motion and it passed unanimously.

The meeting adjourned at 8:30 PM.

Respectfully Submitted,

Craig Sparrow



Karl Fischer
Chairman



Larry B. Eliason
Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

Location: 118 E. Missouri, Pierre, SD
Mailing: c/o 500 E. Capitol, Pierre, SD 57501-5070
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

SOUTH DAKOTA COMMISSION ON GAMING

November 14 and 15, 1996

Members present: Karl Fischer, Elaine Emery, and John Wiles.

Others present: Executive Secretary Larry Eliason, Legal Counsel Tim Engel,
Commission staff Stan Triplett, DeLyle Fall and Danna Bren.

A motion was made by Commissioner Emery at 10:20 A.M. to go into executive session.
Motion seconded by Commissioner Wiles and unanimously carried.

A motion was made by Commissioner Wiles at 10:45 to come out of executive session.
Motion seconded by Commissioner Emery and unanimously carried.

The meeting was called to order at 10:50 A.M. by Chairman Fischer.

Commissioner Wiles moved to accept the minutes of the September 26 and 27, 1996
meeting. Motion seconded by Commissioner Emery and unanimously carried.

OLD BUSINESS:

Commissioner Wiles made a motion that Joan Pinske's license be revoked. Motion was
seconded by Commissioner Emery and unanimously carried.

Commissioner Emery moved to revoke Eileen Wuenstel's license. Motion seconded by
Commissioner Wiles and unanimously carried.

NEW BUSINESS:

Commissioner Wiles moved to accept the application for horse racing dates at Fort Pierre.
Motion was seconded by Commissioner Emery and unanimously carried.

Commissioner Wiles moved to accept the application for horse racing dates at Aberdeen. Motion was seconded by Commissioner Emery and unanimously carried.

Commissioner Emery moved to renew the simulcast license for Dakota Teletrak. Motion was seconded by Commissioner Wiles and unanimously carried.

Commissioner Emery moved to renew the simulcast license for Racing Services, Inc. Motion was seconded by Commissioner Wiles and unanimously carried.

Motion to approve the transfer of device stamps from Black Hills Novelty to Gold Dust was made by Commissioner Wiles. Motion seconded by Commissioner Emery and unanimously carried.

Commissioner Emery moved to approve the transfer of 43 gaming stamps from Jackpot Charlies and Green Door to Deadwood Players. Motion seconded by Commissioner Wiles and unanimously carried.

LICENSE APPLICATIONS:

Commissioner Wiles made a motion to approve key licenses for the following applicants:

David Eisenbraun
Jerri Yeager
Floyd Fonder
Nicole Bowman
Kimberly Shama
Tamara Benson
Julie Iwan

Motion seconded by Commissioner Emery and unanimously carried.

Commissioner Wiles moved that the key application of Mike Iverson be approved subject to conditions: (a) That Agent Poeppel complete his investigation and find nothing further that would impair Mr. Iverson or deter from his credentials; and (b) that he have no further criminal charges during licensure and be subject to immediate revocation upon anything like that occurring. Motion seconded by Commissioner Emery. Motion carried upon two aye votes and one nay vote. Voting "aye" were Commissioners Emery and Wiles. Commissioner Fischer voted "nay."

Discussion was held on the denial of a key license for Greg Klar. Commissioner Fischer recused himself from voting due to a conflict of interest thus creating no quorum. Commissioner Wiles moved to defer decision until January meeting. Motion was seconded by Commissioner Emery and unanimously carried.

Commissioner Wiles moved to deny the key license of Elizabeth Papka. Commissioner Emery seconded and motion unanimously carried.

Commissioner Wiles moved to approve the retail license of Lady Luck/Lori Logan. Motion seconded by Commissioner Emery and unanimously carried.

Commissioner Emery moved to approve the retail license of Best Western Hickok House. Motion seconded by Commissioner Wiles and unanimously carried.

Commissioner Emery moved to approve the retail of Gold Dust II. Motion seconded by Commissioner Wiles and unanimously carried.

Commissioner Emery moved to approve the application of Dorothy Knoepfle for a retail license. Motion seconded by Commissioner Wiles and unanimously carried. This license will be issued when licensee has a business address.

Commissioner Wiles moved to approve the renewal of key licenses of employees on attached list. Motion seconded by Commissioner Emery and unanimously carried.

STIPULATIONS OF ASSURANCE OF VOLUNTARY COMPLIANCE:

Commissioner Wiles moved to accept the Stipulation and Assurance of Voluntary Compliance on Randy Shaffer. Motion seconded by Commissioner Emery and unanimously carried.

Commissioner Emery moved to accept the Stipulation and Assurance of Voluntary Compliance on Deadwood Gulch Resort. Motion seconded by Commissioner Wiles and unanimously carried.

Commissioner Emery moved to accept the Stipulation and Assurance of Voluntary Compliance on Three of a Kind. Motion seconded by Commissioner Wiles and unanimously carried.

Commissioner Wiles moved to accept the Stipulation and Assurance of Voluntary Compliance on Kandy Solomonson. Motion seconded by Commissioner Emery and unanimously carried.

COMMISSION EXCLUSION LIST:

Motion made by Commissioner Wiles to create an exclusion list based upon statutory administrative authority and to initially add the names of Kandy Solomonson, Philip Maslack and Antoinette Reeves to the exclusion list. Motion seconded by Commissioner Emery seconded and unanimously carried.

Transfer of Device Stamps:

Motion made by Commissioner Wiles to approve the transfer of two device stamps from Goldberg Gaming to Black Hills Novelty. Motion seconded by Commissioner Emery and unanimously carried.

Motion was made by Commissioner Emery to adjourn for lunch at 12:15. Motion seconded by Commissioner Wiles and unanimously carried.

The regular meeting of the South Dakota Commission on Gaming reconvened at 2:30 P.M.

HEARINGS:

The hearing on the appeal of a denial of support license of Daniel Satterlee was postponed due to an illness in Mr. Satterlee's family.

Commissioner Emery moved to deny the appeal of a denial of a support license to Gary Fischer. Commissioner Wiles seconded the motion and it was unanimously carried.

Commissioner Wiles moved to approve the declaratory ruling on the inner-access of Gold Dust and the Elks Building. Motion was seconded by Commissioner Emery and unanimously carried.

Motion was made by Commissioner Wiles to approve the multiple building designation for Best Western Hickok House. Motion seconded by Commissioner Emery and unanimously carried.

Motion by Commissioner Wiles to adjourn regular meeting at 3:15 P.M. and to reconvene at 9:00 A.M. on November 15, 1996. Motion seconded by Commissioner Emery and unanimously carried.

NOVEMBER 15, 1996

Meeting called to order at 9:00 A.M. by Chairman Fischer. Members present were: Commissioner Fischer, Commissioner Emery and Commissioner Wiles.

HEARING:

On the issue of South Dakota Commission on Gaming vs. Olympia Gaming Commissioner Wiles moved that Olympia Gaming be fined \$10,000.00 but because of the circumstances involved also moved that \$5,000.00 of that fine be suspended upon compliance with the current Commission's administrative rules and the applicable UBC rules regarding inner-access, to-wit: that any openings between buildings by the applicant not exceed 25% of

the length of the wall of each story between each building where inner-access is involved. Commissioner Emery seconded the motion which was unanimously carried.

The next meeting of the Commission on Gaming has been set for January 9 and 10, 1997.

Executive Secretary Larry Eliason indicated that Larry Shama will open Goldberg Gaming sometime over the weekend. Mr. Shama has two valid retail licenses for that location.

Commissioner Emery moved to adjourn the meeting. Motion seconded by Commissioner Wiles and unanimously carried.

The meeting adjourned at 12:50 P.M.

Respectfully submitted,

Danna Bren



Karl Fischer, Chairman



Larry B. Eliason, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

First Western Bank
696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX (605) 578-2263

MINUTES

SOUTH DAKOTA COMMISSION ON GAMING

January 7 and 8, 1996

Members present: Karl Fischer, John Wiles, Elaine Emery, and Carv Thompson.

A motion was made by Commissioner Thompson at 9:20 A.M. to go into executive session. The motion was seconded by Commissioner Emery and unanimously carried.

At 9:30 A.M., Commissioner Wiles moved to come out of executive session. Commissioner Thompson seconded the motion and it carried unanimously.

RULES HEARING

The proposed rule changes for both 20:04 - Horse Racing and 20:18 - Deadwood Gambling were published in accordance with Administrative Rules.

Randy Blaseg (Chief Steward) presented the proposed changes to the racing rules.

No comments on the proposed horse racing rule changes were made by the public during the hearing. No written comments had been received prior to the meeting by any South Dakota Commission on Gaming staff member or the Stewards.

At 10:45, Director of Operation DeLyle Fall began presenting the proposed rule changes for Deadwood Gambling. All of the proposed rule changes presented except for the noted changes below received no comments from the audience.

20:18:08:02.01 - Director Fall proposed an amendment to the proposed rule change that changed the word **description** in "job description" to **title**. DGA attorney Roger Tellinghuisen spoke in favor of the proposed amendment.

20:18 Appendix A 235.10 #20 - Director Fall proposed an amendment to the proposed rule change that changed the word **leader** in "team leader" to **member**. Roger Tellinghuisen spoke in favor of the proposed amendment.

20:18:15:31. & 20:18:16:39. (4) - These two rule changes that dealt with persons under 21 loitering at the gaming tables brought public comments. The following people spoke against these two proposed rule changes:

Roger Tellinghuisen	DGA
Mary Schmit	Bullock
Kay Jorgenson	State Legislator
Louie Lalonde	Saloon #10
Dave Eisenbrow	Deadwood Gulch Resort
Susan Kightlinger	DVB

At 11:45 A.M., Commissioner Wiles moved to adjourn the meeting until 1:00 P.M.. Commissioner Thompson seconded the motion and carried unanimously.

At 1:05 P.M., Commissioner Fischer called the meeting back to order and turned the meeting over to Commissioner Wiles as Hearing Officer.

Hearings were closed at 4:00 P.M.. A presentation by David Ogden of Ten Stix Inc. was then given on two new table games.

The Commission Meeting Adjourned for the evening at 5:00 P.M..

JANUARY 8, 1996

At 9:00 A.M. the commission went into Executive Session.

At 9:59 A.M., Commissioner Thompson moved to come out of Executive Session. Commissioner Emery seconded the motion and it carried unanimously.

The meeting was called to order at 10:00 A.M. by Chairman Fischer.

Commissioner Wiles moved to accept the minutes of November 14 & 15 , 1996. Commissioner Emery seconded the motion and it carried unanimously.

Executive Secretary Eliason informed the Commission that Mike Wibben had requested that his application for a Key License be held over until the March meeting.

At 10:05 A.M. Chairman Fischer turned the meeting over to Commissioner Wiles for the hearing of Vernon Greg Klar. Commissioner Fischer also notified the commission that he had a conflict of interest with this case and would not be a part of the decision.

At 11:15, the regular commission meeting reconvened.

Commissioner Wiles made a motion to approve key licenses for the following applicants:

Grant Gubbrud	Joseph Murphy
Janet Burke	John Billings II
Christine McLain	Michael Iverson
James Geiger	Deanna Frauen
Traci Mayer	Kristin Tschida

Sheila Meddings
Michael Hazzard
and key license renewals for:
Ruben Keehn
Dorothy Knoepfle

Francis Pedulla
Jon Johnson

Commissioner Emery seconded the motion and it carried unanimously.

Commissioner Wiles moved and Commissioner Emery seconded a motion to postpone any decision concerning items II, III, & IV dealing with horse racing until a telephone conference meeting scheduled for 4:00 P.M. on January 24, 1996. It passed unanimously.

Commissioner Wiles moved to approve the transfer of up to 25 device stamps from Western Wrangler to Olympia Gaming and up to 20 device stamps from Black Hills Novelty to Olympia Gaming.

No motion was made concerning the request for approval of games by Ten Stix Inc. Commissioner Thompson requested that any decision concerning these new games be brought in front of the commission even if the Executive Secretary has the right to approve them.

Commissioner Wiles moved to accept the stipulations and assurances of Voluntary Compliance list in the agenda. Commissioner Emery seconded the motion and it passed unanimously.

Commission Wiles moved to approve the request to relocate the retail licenses as stated in the December 19, 1996 letter from Barb Mattson. Commissioner Thompson seconded the motion and it passed unanimously.

At 11:50, Commissioner Wiles moved to go into Executive Session. Commissioner Emery seconded the motion and it carried unanimously.

Commissioner Wiles moved to come out of Executive Session. Commissioner Thompson seconded the motion and it carried unanimously.

Commissioner Wiles moved to approve the Olympia Gaming Contracts in Item VI of the agenda. Motion seconded by Commissioner Emery and unanimously carried.

Commissioner Thompson moved to approve the Deadwood Gaming Rules as proposed with the following four (4) amendments:

20:18:028:02.01. - On line 5, the word description in "job description" be changed to title and in the last sentence the s be dropped from the word "allows",

20:18, Appendix A, 235.10 # 20 - The word leader in "team leader" be changed to member,

20:18:15:31 - Delete the proposed amendment to this rule concerning minors loitering at the blackjack table, and

20:18:16:39 - Delete the proposed amendment to this rule concerning minors loitering at the poker table.

Commissioner Emery seconded the motion and it carried unanimously.

Commissioner Wiles moved to accept the Horse Racing Rules as proposed with the following two (2) amendments:

20:04:19:06 - strike the word **promptly** and add “bi-weekly or as directed by the stewards” to the end of the rule.

20:04:25:54 - Insert a period after the word “possible” and delete **by means of a needle only.**

Commissioner Emery seconded the motion and it carried unanimously.

Commissioner Emery moved to approve the Support License for Vernon Greg Klar. The move was seconded by Commissioner Thompson and it passed 2 to 1 with Commissioner Wiles voting no and Commissioner Fisher abstaining.

Commissioner Thompson moved to approve the Key License for Vernon Greg Klar. The move was seconded by Commissioner Emery and it passed 2 to 1 with Commissioner Wiles voting no and Commissioner Fisher abstaining.

Commissioner Emery moved to approve a support license for Dan Satterlee.
Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Fisher moved to deny a support license for Wesley Johnson. Commissioner Thompson seconded the motion and it passed unanimously.

Commissioner Thompson moved to approve a support license for David P. Scott.
Commissioner Emery seconded the motion and it passed 3 to 1 with Commissioner Fisher voting no.

Commissioner Wiles moved the support license for Lazaro Martinez be approved subject to the following conditions:

- 1) that Mr. Martinez provide commission staff with the proper releases so they may obtain information regarding his medical and counseling condition,
- 2) that he report to commission agent James McKee every 30 days,
- 3) that he continues with AA meetings,
- 4) that he continues with counseling through completion and release by counselors,
- 5) that he provide the names and addresses of counselors,
- 6) that he continue with his Anger Control Classes and provide information to commission relating to it,
- 7) that he consume no alcohol or drugs,
- 8) that he have no legitimate complaints filed against him while he is a gaming employee, and
- 9) that he have no arrests or warrants issued for his arrest.

Commissioner Emery seconded the motion and it passed 3 to 1 with Commissioner Fischer voting no.

Commissioner Emery moved to deny the appeal of Philip Maslock and keep him on the exclusion list. The move was seconded by Commissioner Thompson and it passed unanimously.

Commissioner Wiles moved to adjourn to Executive Session, seconded by Commissioner Emery and passed unanimously.

Commissioner Wiles moved to come out of Executive Session, seconded by Commissioner Emery and unanimously passed.

Commissioner Wiles moved to approve of Petition for Declaratory Ruling for the multiple building and inner access requested by Blake Haverberg. Commissioner Emery seconded the motion and it passed unanimously.

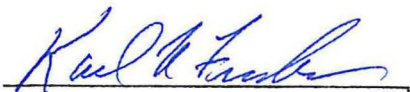
A special meeting will be held by telephone conference call at 4:00 PM "CST" on Friday, January 24, 1997.

The next two meetings for the Commission on Gaming has been set for March 11 and 12, 1997 and May 13 and 14, 1997.

Commissioner Emery moved to adjourn the meeting. Motion seconded by Commissioner Wiles and unanimously carried.

Respectfully submitted,

Craig Sparrow



Karl Fischer, Chairman



Larry B. Eliason, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

First Western Bank
696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX (605) 578-2263

MINUTES

SOUTH DAKOTA COMMISSION ON GAMING

March 11 and 12, 1997

Members present: Karl Fischer, John Wiles, Elaine Emery, Carv Thompson, and John Luisi.

At 1:00 P.M., Chairman Fischer called the meeting to order.

Before the Commission began the scheduled hearings, Michael Mundt requested and was granted a continuance of his Appeal of Denial of Support License.

Enforcement Agent McKee provided the Commission an update on the Support License that was granted to Lazaro Martinez with conditions. Commissioner Wiles moved that Mr. Martinez be served an Order to Appear and Show Cause on Wednesday, March 12, 1997. Commissioner Emery seconded the motion and it passed unanimously.

HEARINGS

The Appeal of Denial of Support License for Alfred Papillon was heard.

Brian Adams requested through Agent McKee that his Appeal of Denial of Support License be withdrawn for now. It was granted.

At 2:00 P.M., the Petition for Declaratory Ruling for Super G Investment/Gold Mine Resort was heard.

At 4:10 P.M., the hearings were closed and Commissioner Thompson moved and Commissioner Emery seconded the motion to adjourn to Executive Session.

MARCH 12, 1997

At 9:00 A.M., the commission went into Executive Session with staff. At 9:35 A.M., Commissioner Emery moved to come out of Executive Session. Commissioner Luisi seconded the motion and it passed unanimously.

At 9:40 A.M., Chairman Fischer called the meeting to order. Commissioner Emery moved to accept the minutes of the January 7 & 8, 1997 meeting as written. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Emery moved to accept the minutes of the teleconference meeting of January 24, 1997. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Thompson moved that the Petition for Declaratory Ruling by Super G, specifically that the thirteen building which comprise the Gold Mine Resort will be eligible for licensing as separate building and that the inner access between each building will comply with requirements of ARSD 20:18:25:02 be granted as long as they comply with all other applicable rules that may come into play. Commissioner Emery seconded the motion and it passed unanimously.

Commissioner Thompson moved that the Denial of a Support License for Alfred Papillon be upheld. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to accept the Stipulations and Assurances of Voluntary Compliance listed in the agenda. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Emery made a motion to approve key licenses for the following applicants:

John Goeres	David Salter
George Baker	Richard Emerson
James O'Connell	Tobin Debondt
Glenn Frauen	John Kaup
Jason Sumners	Connie Duff-Maxwell
Suzy Bertalot	

Commissioner Thompson seconded the motion and it passed unanimously.

Commissioner Emery moved to grant Retail Licenses to:

Christine McLain	Kathy Fredericksen
Lori Strubble	LouAnn LaLonde

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved that the Executive Secretary be authorized to issue a Simulcast License to Olympia Gaming SD, LLC upon completion of the background. Commissioner Emery seconded the motion and it passed unanimously.

Commissioner Wiles moved to deny a Pari-Mutuel license to Mike Brende. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the device sales and transfers from:

- a) Shedd Jewelers to Black Hills Novelty, and
- b) Black Hills Novelty to Wild West Winners Club.

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Thompson moved to accept the recommendations of Executive Secretary Eliason with regards to the following Racing Officials:

State Steward - Randy Blasig
Second State Steward - Casey Canam
Veterinarian - Dr. Roger Copper
Commissioner Emery seconded the motion and it passed unanimously.

Commissioner Thompson moved to accept the Racing Contracts as presented with them not to exceed the following:

Laboratory Services - Contract not to exceed \$6,000

Official Veterinarian Services - Contract not to exceed \$17,500

Auditing Services - Contract not to exceed \$3,000

Commissioner Emery seconded the motion and it passed unanimously.

Commissioner Luisi moved to accept the Seasonal Hiring Plan as presented by the Executive Secretary. The motion was seconded by Commissioner Wiles and unanimously passed.

Commissioner Wiles moved to allow the Executive Secretary to adjust the 1997 Horse Racing schedule if necessary due to problems created by the weather. Commissioner Emery seconded the motion and it passed unanimously.

Sodak presented a card game called Rainbow 21 and they were requesting approval for a game variation to Blackjack.

At 10:45 A.M., Commissioner Emery moved to go into Executive Session. Commissioner Wiles seconded the motion and it passed unanimously.

At 11:10 A.M., Commissioner Wiles moved to come out of Executive Session. Commissioner Thompson seconded the motion and it passed unanimously.

Commissioner Wiles moved to defer any action on Rainbow 21. Commissioner Emery seconded the motion and it passed unanimously.


Commissioner Thompson moved that System Specialist Trent Mohr's Honor of being elected Firefighter of the Year by the Deadwood Fire Department be noted in the minutes. Commissioner Emery seconded the motion and it passed unanimously.


The next two meetings for the Commission on Gaming has been set for May 15 & 16, 1997 and June 9 & 10, 1997.

Commissioner Thompson moved to adjourn the meeting. Commissioner Emery seconded the motion and it passed unanimously.

Respectfully Submitted

Craig Sparrow


Karl Fischer, Chairman


Larry B. Eliason, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

First Western Bank
696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX (605) 578-2263

MINUTES

SOUTH DAKOTA COMMISSION ON GAMING

May 15 & 16, 1997

Members present: Elaine Emery, John Wiles, John Luisi, Larry Ness, and Brian Meyer.

At 1:35 P.M., Commissioner Emery called the meeting to order.

Commissioner Wiles moved to elect Commissioner Emery as Chairman of the Commission. Commissioner Luisi seconded the motion and it passed with Commissioner Emery voting "no" and all others voting "aye".

Commissioner Luisi moved to elect Commissioner Wiles as Vice Chairman. Commissioner Ness seconded the motion and it passed 4 to 0 with Commissioner Wiles abstaining.

Commissioner Luisi moved to accept the minutes of the March 11 & 12 meeting as written. Commissioner Wiles seconded the motion and it passed unanimously.

A RDT meeting was set for May 29, 1997 at 8 A.M. Mountain time to vote on the proposed rules. After the scheduled commission meeting of June 9 & 10, 1997, the commission tentatively set the next three meeting for August 14 & 15 (with a retreat on the 13th), October 27 & 28 and December 4 & 5, 1997.

LICENSING

Commissioner Wiles moved to grant Northstar Gaming a Manufacturer/Distributors license. Commissioner Luisi seconded the motion and it passed unanimously.

The retail licenses for Deadwood Gulch I, II & Fun Park (Shawna Walton) were allowed to withdraw without prejudice due to the breakdown on the proposed sale of Deadwood Gulch Resort to Ken Kellar.

Commissioner Wiles moved to grant retail licenses to Palace Express with the amended name and partners of Foggy Notion, Inc., d.b.a. Palace Express and Hickoks III. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to grant key licenses to:

Monica Albrecht	David Carrico
Bonnie Coleman	Robert Dickenson
Dannette Eggleston	Benny Francis
Ken Green	Ken Hargreaves

and to deny a key license to Dean Winegarden. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the renewal of key licenses for:

Mike Peterson	Tom Nelson
Melodee Nelson	Lori Logan
Richard Turbiville	Kenneth Gienger
Charley Boyle	Kathy Fredericksen

Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to deny a horse racing license to Everett Longland. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the transfer of device stamps for Richard Cleveland to Deadwood Gulch Resort and Gulches of Fun II. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the stamp transfer to Saloon #10 for an additional poker table. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to take a recess at 2:20 P.M.. Commissioner Wiles seconded the motion and it passed unanimously.

At 2:50 P.M., the commission was called back to order. Commissioner Luisi moved to allow the stamp transfers from Black Hills Novelty to Saloon Gambling #2 (1 stamp) and Hickoks (11 stamps). Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to recess at 2:55 P.M.. Commissioner Luisi seconded the motion and it passed unanimously.

HEARING - Support License Appeals

Commissioner Emery called the meeting back to order at 3:00 P.M. and turn it over to the Hearing Officer Commissioner Wiles.

The appeals for Michael Mundt, Jerald Dillon II and Todd Vermuelen were heard.

Commissioner Luisi moved to deny the appeal of Michael Mundt. Commissioner Ness seconded the motion and it passed unanimously.

At 3:55 P.M., Commissioner Wiles returned the meeting to Commissioner Emery and moved to go to Executive Session. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to end Executive Session and Commissioner Meyer seconded the motion. It passed unanimously.

MAY 16, 1997

At 9:00 A.M., Commissioner Emery called the meeting to order. Public comments on the proposed rule were heard.

Executive Secretary Eliason presented the proposed rules. Demonstrations on two of the proposed poker games (Three Card Poker & Let it Ride) were presented.

Public comments from Roger Tellinghuisen, Attorney for the Deadwood Gaming Association and Don Gromer of SODAK were heard.

After hearing discussion on the Stipulations and Assurances of Voluntary Compliance, Commissioner Luisi moved to adjourn to Executive Session. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to return to open session and Commissioner Luisi seconded the motion. It passed unanimously.

Commissioner Luisi moved to deny the appeal of a support license by Todd Vermuelen. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to accept the appeal of Jerald Dillon II and approve his request for a support license. Commissioner Luisi seconded the motion and it passed unanimously.

STIPULATIONS AND ASSURANCES OF VOLUNTARY COMPLIANCE

Commissioner Wiles moved that a \$5,000 penalty be imposed on Goldiggers Hotel & Gaming III for their role in the poker tournament that allowed an underage player to participate (Complaint No: 97-028-JM). The penalty to be paid by July 1, 1997. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved that a \$5,000 penalty be imposed on Saloon Gaming, Inc. I and that \$2,000 be suspended for their role in the poker tournament that allowed an underage player to participate (Complaint No: 97-029-JM). The penalty to be paid by July 1, 1997. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved that a \$5,000 penalty be imposed on French Quarter II and that \$3,000 be suspended for their role in the poker tournament that allowed an underage player to participate (Complaint No: 97-027-JM). The penalty to be paid by July 1, 1997. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved that the key licensees:

Marty Nelson

Robert Webber

Marty Heathershaw

Craig Stedille

be imposed a \$1,000 penalty with \$800 suspended for their role in the poker tournament that allowed an underage player to participate with the stipulation that if they do not have a like violation for one year, it will not be reflected on their commission record. Their \$200 fines are to be paid within 90 days.

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved that the support licensees:

Mona Howard

Troy Jassman

Mary Lafrentz

Steve Chandler

be imposed a \$1,000 penalty with \$900 suspended for their role in the poker tournament that allowed an underage player to participate with the stipulation that if they do not have a like violation for one year, it will not be reflected on their commission record. Their \$100 fines are to be paid within 90 days.

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to accept the Stipulation and Assurance of Voluntary Compliance for Saloon Gambling Inc. (Complaint No: 97-041-TL). Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to accept the Stipulation and Assurance of Voluntary Compliance for Janet Burke (Complaint No: 97-009-DS). Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to accept the Stipulation and Assurance of Voluntary Compliance for Full House, Inc. (Complaint No: 97-013-JM). Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to accept the Stipulation and Assurance of Voluntary Compliance for Lazaro Martinez. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to accept the Stipulation and Assurance of Voluntary Compliance for V. Klar (Complaint No: 97-010-DS). Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to accept the Stipulation and Assurance of Voluntary Compliance for Richard Turbiville (Complaint No: 97-012-JM). Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to accept the Stipulation and Assurance of Voluntary Compliance for Scott Roth (Complaint No: 97-011-JM). Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to accept the Stipulation and Assurance of Voluntary Compliance for Ronald Goodrich (Complaint No: 97-018-DS). Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Ness moved to accept the Stipulation and Assurance of Voluntary Compliance for Lori Logan (Complaint No: 96-015-ST). Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Luisi moved to accept the Stipulation and Assurance of Voluntary Compliance for Nancy Murdock (Complaint No: 96-014-ST). Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Ness moved to accept the Stipulation and Assurance of Voluntary Compliance for Scot A. Geyer (Complaint No: 96-017-ST). Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to accept the Stipulation and Assurance of Voluntary Compliance for Gene Anthony Meloni (Complaint No: 97-019-ST). Commissioner Ness seconded the motion and it passed unanimously.

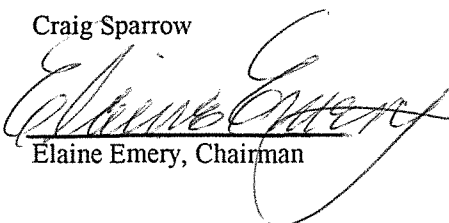
Commissioner Luisi moved to accept the Stipulation and Assurance of Voluntary Compliance for Kathleen Popejoy Bentham (Complaint No: 96-016-ST). Commissioner Wiles seconded the motion and it passed unanimously.

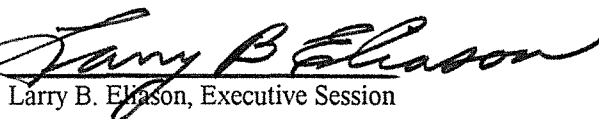
Commissioner Luisi moved to accept the Stipulation and Assurance of Voluntary Compliance for Shedd Jewelers (Complaint No: 97-023-DF). Commissioner Ness seconded the motion and it passed unanimously.

At 12:20 P.M., Commissioner Wiles moved to adjourn the commission meeting. Commissioner Ness seconded the motion.

Respectfully Submitted

Craig Sparrow


Elaine Emery, Chairman


Larry B. Elason, Executive Session

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MINUTES

SOUTH DAKOTA COMMISSION ON GAMING

RDT Meeting May 29, 1997

Members present: Elaine Emery, John Wiles, John Luisi, and Larry Ness.

At 8:00 A.M. MDT, Commissioner Emery called the meeting to order.

Commission Counsel Mike Shaw presented the amendments to the proposed rules.

Commissioner Luisi moved to amend ARSD 20:18:16:15.02 to add paragraph "(15) The provisions of §§ 20:18:16:21 and 20:18:16:31.01 do not apply to three card poker." Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to amend ARSD 20:18:16:15.03 to add paragraph "(11) The provisions of § 20:18:16:21 do not apply to Let it Ride poker." Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to amend ARSD 20:18:17:36 to read "The executive secretary may approve the sale or transfer of slot machines and device stamps between licensed operators ~~retailers~~ provided that the licensee requesting such sale or transfer submit a request in writing prior to any transfer containing the following information:

- (1) The name and address of all licensed operators ~~retailers~~ involved in the transaction; and
- (2) The identification number and commission stamp number of all devices ~~slot machines~~ to be exchanged or sold.

The executive secretary shall ~~promptly~~ inform the commission of the approval or disapproval of the requested transfers. If the executive secretary disapproves a request for transfer the commission shall be notified of the reason for disapproval."

Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to amend ARSD 20:18:18:14:01 to read "A licensee who purchases slot machines for use in South Dakota shall purchase slot machines only from licensed manufacturers or distributors, tribal entities who have in effect a lawful compact pursuant to 25 U.S.C.A. S 2701 et seq., or other entitles or persons lawfully licensed by a governmental agency. When such purchase is from anyone other than a licensed manufacturer or distributor, the licensee purchasing such slot machine ~~Licensees~~ shall notify the executive secretary and receive the executive secretary's approval prior to the purchase of any slot machine. The executive secretary may require the purchaser of the slot machines to show proof that the seller of such device is legally licensed or does have in effect a Class II Compact if the seller is not licensed through the State of South Dakota.

Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to amend the first paragraph of ARSD 20:18:16:15.03 to read "Let it ride is the copyrighted, trademarked and patented poker variation game, the rights to which on May 5, 1997 ~~October 1, 1996~~ were owned by Shuffle Master, Inc. ~~Gaming of Minnesota Las Vegas, Nevada~~, and which may be transferred or assigned. Let it Ride must be played according to the following rules:" Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the remainder of the rules as noticed. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness had to leave the meeting at 8:30 A.M. MDT.

The anticipated effective date of the approved rules is July 1, 1997. In anticipation of this, any contracts the licensees wish to enter into with the holders of the proprietary games should be subject to the following conditions:

- 1) Approval of the gaming contract by the Executive Secretary, and
- 2) The rules becoming effective under South Dakota law.

At 8:35 A.M. MDT, Commissioner Wiles moved to adjourn the commission meeting. Commissioner Ness seconded the motion.

Respectfully Submitted

Craig Sparrow


Elaine Emery, Chairman


Larry B. Eliason, Executive Session

6

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MINUTES

SOUTH DAKOTA COMMISSION ON GAMING

June 9 & 10, 1997

Members present: Elaine Emery, John Wiles, John Luisi, Larry Ness, and Brian Meyer.

At 1:00 P.M., Commissioner Emery called the meeting to order.

Commissioner Luisi moved to accept the minutes of the May 15 & 16, 1997. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to accept the minutes of the RDT Meeting held May 29, 1997. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to go to executive session to speak with Jack Deremer of Wolf Gaming. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved to return from Executive session. Commissioner Meyer seconded the motion and it passed unanimously.

LICENSING

Commissioner Wiles moved to renew the operator licenses for the applicants listed in attachment "A" with three (3) exceptions. Conditional licenses for the following three (3) operators:

Operator	Condition
1) Deadwood Partners	-Property taxes must be paid in full Before July 1, 1997
2) Old Irish Inc.	-Surveillance must be brought up to the standards set by the South Dakota Commission on Gaming, before July 1, 1997.
	- Property taxes must be paid in full Before July 1, 1997
3) Motel 76	-Count room must be brought up to the standards set by the South Dakota Commission on Gaming, before July 1, 1997.

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Meyer moved to renew the retail licenses for the applicants listed in attachment "B" with the following exceptions:

- 1) Conditional licenses for the following businesses. Conditions being the same as imposed on their operators licenses:
Miss P.J.'s Parlor Wild Bill Bar

Dakota Territory Saloon
76 Motel & Restaurant

Dakota Territory Saloon II

- 2) Denial of the retail license of Bill Bernard at the Carnival Queen Casino (Green Door Club- # 0202-RT).
- 3) Conditional license for the Fraternal Order of Eagles - Condition being that their property taxes must be paid in full Before July 1, 1997

Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to renew the manufacturer & distributor licenses for the applicants listed in attachment "C" with three (3) exceptions. Conditional licenses for the following two (2) applicants:

1) Aristocrat Incorporated - a) The licensee shall provide the South Dakota Commission on Gaming any and all reports that become available involving the companies' business practices. b) The licensee shall keep the South Dakota Commission on Gaming informed of any change in officers, directors, or shareholders that own 5% or greater stock of Aristocrat Leisure Limited. This is to also include any other persons who exercise control of either, or both, Aristocrat Leisure Limited and Aristocrat Incorporated. c) The licensee shall, prior to the issuance of a license, submit \$10,000 (ten thousand dollars), for the continuing background investigation of their company.

2) Lieberman Music Company - a) Submit applications for all persons who own five percent (5%) or more of the stock of Lieberman Music Company within 30 days. b) Submit funds to complete the background investigation when requested by the South Dakota Commission on Gaming.

Jack Deremer was allowed to withdraw Wolf Gaming, LLC application for renewal and Northern Gaming's application for a license. Both withdrawals were without prejudice and he reserves the right to resubmit them at a future meeting. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Meyer moved to renew the route operator licenses for the applicants listed in attachment "D". Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to grant a operators license for RGB Development, Inc. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to grant the following retail licenses:

Toby Keehn	Peacock Club I
Toby Keehn	Peacock Club II
Joseph Wilczak	Diamond Lil

Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved to grant Shuffle Master a temporary distributors license pending the completion of the background. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Meyer moved to grant key licenses to the following people:

Katrina Thorn	Deb Singer
Gary Keehn	

and to deny a key license for Brian Hamm (Northern Gaming). Commissioner Luisi seconded the motion and it passed unanimously.

OTHER ISSUES

Commissioner Luisi moved to approve the business transfer for the licenses of William Carrico to the Lucky Miner at 615 Main Street. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the business transfer for the retail license (0204-RT) of Jerry Page to the Nugget at 606 Main Street. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the business transfer for the retail license (0203-RT) of Jerry Page to #9 Lee Street. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the sale from the Wild Bill Bar/ Miss P.J.'s of one (1) Blackjack table to the Midnight Star and six (6) slot machines to Black Hills Novelty. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to accept the Stipulation of Voluntary Compliance for Katherine M. Blanks (Complaint No: 97-037-JM). Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to accept the inner access request between Goldbergs II and Slots of Luck. Commissioner Ness seconded the motion and it passed unanimously. Future inner access requests less than 25% are to be referred to staff to address.

PROFESSIONAL SERVICE CONTRACTS

Commissioner Wiles moved to approve the contract with May, Adam, Gerdes & Thompson for legal services. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the contract with Architecture Incorporated for consulting services. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the contract with the Bullock Hotel for office parking. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Ness moved to approve the contract with Business Research Bureau for computer services. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the contract with Gaming Laboratories for machine testing. Commissioner Ness seconded the motion and it passed unanimously.

At 2:35 P.M., Commissioner Ness moved to adjourn to executive session to speak with counsel. Commissioner Meyer seconded the motion and it passed unanimously.

HEARINGS

Commissioner Emery called the meeting back to order at 3:05 P.M. and turn it over to the Hearing Officer Commissioner Wiles.

The court reporter for the hearings was Tracy Binder of Wheeler Court Reporting.

The appeal of a support license denial for Scott Hunter was heard.

The request for removal from the exclusion list for Antoinette Reeves was heard.

At 4:05 P.M., Commissioner Wiles moved to adjourn to Executive Session prior to ending the day. Commissioner Meyer seconded the motion and it passed unanimously.

JUNE 10, 1997

At 9:00 A.M., Commissioner Emery called the meeting to order. The meeting was then turned over to the hearing officer Commissioner Wiles.

The Elks Club building designation was heard.

At 11:30 A.M., the hearing ended and Commissioner Wiles moved to adjourn to executive session. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Meyer moved to return to open session and Commissioner Ness seconded the motion. It passed unanimously.

Commissioner Wiles moved to uphold the denial of a support license to Scott Hunter. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved to leave Antoinette Reeves on the exclusion list. Commissioner Ness seconded the motion and it passed unanimously.

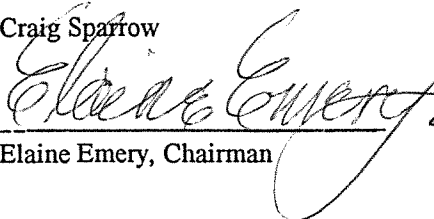
Commissioner Wiles moved that the application for the 2 building designation for the Elks Club be denied noting that the membership of the Commission has changed dramatically since prior building designation were made. Commissioner Ness seconded the motion and it passed 3 to 2. Voting in favor of the denial were Commissioners Wiles, Ness, and Emery. Commissioners Luisi and Meyer voted against the denial.


The next commission meeting is scheduled for August 13 & 14, 1997, with a retreat on August 12, 1997 for Commission members and staff.

At 12:30 P.M., Commissioner Luisi moved to adjourn the commission meeting. Commissioner Ness seconded the motion and it passed unanimously.

Respectfully Submitted

Craig Sparrow


Elaine Emery, Chairman


Larry B. Eliason, Executive Session

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MINUTES

SOUTH DAKOTA COMMISSION ON GAMING

August 13, 1997

At 10:30 P.M., Commissioner Emery called the meeting to order.

Members present: Elaine Emery, John Luisi, Larry Ness, Brian Meyer and at 10:39, Commissioner Wiles arrived.

Commissioner Meyer moved to accept the minutes of the June 9 & 10, 1997. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to place Michael Sample on the Commission Exclusion List. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved that the South Dakota Commission on Gaming drop its membership with the Association of Racing Commissioners International (ARCI) and join the North American Pari-Mutuel Regulators Association (NAPRA). Commissioner Luisi seconded the motion and it passed unanimously.

No action was taken on the Stipulation and Assurance of Voluntary Compliance concerning Eric Hall.

LICENSING

Commissioner Wiles moved to grant Shanna Walton/Gully Gaming, Inc., Retail licenses at Dakota Territory, Wild Bill Bar I and Wild Bill Bar II conditioned on the following; 1) that she have a resident corporate officer in place within 30 days, 2) within 30 days, provide staff with a list of management in place at these retail locations, and 3) the license is subject to review and possible revocation if she does not have a resident retail licensee upon the premise by March 1, 1998. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to Grant Mike Peterson retail licenses for Lady Luck and Lillie's. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the renewal of the operators license for John G. Leon. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to grant key licenses to the following people:

Michael Diedrich	David Hansen
Marvel Fonder	Scott Ruby
James Simmons	Robb Parkison
Julie Olson	Linda Maynard
Danita Carsten	Ken Lau
Susan Craig	

Commissioner Meyer seconded the motion and it passed unanimously.

Commission Wiles moved to deny a key license to Brian Krause. Commissioner Luisi seconded the motion and it passed unanimously.

The commission recessed for lunch.

HEARINGS

Commissioner Emery called the meeting back to order at 1:00 P.M. and turn it over to the Hearing Officer Commissioner Wiles.

The court reporter for the hearings was Tracy Binder of Wheeler Court Reporting.

Sodak Gaming Inc.'s Petition for Declaratory Ruling (multi-player slot machine) was heard.

The stipulation concerning Bill Bernard's Retail License Non-renewal appeal was heard.

At 2:00 PM, the Commission returned to the general meeting and Commissioner Wiles moved to accept the stipulation of staff counsel and Mr. Bernard to allow the withdrawal of his application for a retail license effective at the date of its filing. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to adjourn to Executive Session. Commissioner Meyer seconded the motion and it passed unanimously.

At 2:45 P.M., the Commission returned from Executive Session and heard the appeal of a support license denial by Brock Kellem.

At 3:05 P.M., Commissioner Ness moved to adjourn to Executive Session. Commissioner Wiles seconded the motion and it passed unanimously.

At 3:15 P.M., Commissioner Wiles moved to return to open session. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to grant Brock Kellem a support license with the condition he has no arrests or convictions for the next year. Commissioner Luisi seconded the motion and it passed 4 to 1 with Commissioner Ness voting against it.

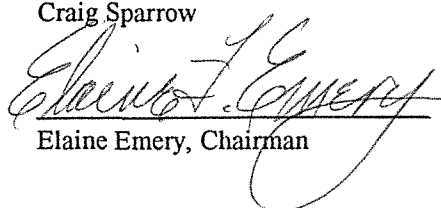
The next commission meeting was set for October 27th and 28th, 1997, starting at 9:00 A.M.

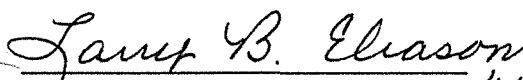
Commissioner Meyer moved to have a video deposition concerning Sodak's Declaratory Ruling about multi-player slot machine while it is demonstrated to members of the commission while they are in Las Vegas. Commissioner Wiles seconded the motion and it passed unanimously.

The commission meeting adjourned at 3:20 P.M.

Respectfully Submitted

Craig Sparrow


Elaine Emery, Chairman


Larry B. Eliason, Executive Session *by: OB*

34

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696 Main Street, 2nd Floor
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FAX (605) 578-2263

MINUTES

SOUTH DAKOTA COMMISSION ON GAMING

October 27, 1997

At 10:00 A.M., Commissioner Emery called the meeting to order.

Members present: Elaine Emery, John Wiles, John Luisi, Larry Ness, and Brian Meyer.

Commissioner Emery turned the meeting over to the Hearing Officer, Commissioner Wiles.

HEARINGS

The court reporter for the hearings was Jacqueline Perli of Wheeler Court Reporting.

Mineral Palace's Petition for a Declaratory Ruling concerning building designation was heard.

At 11:00 A.M., the hearing for Anselmo Padilla's request to have his racing license eligibility reinstated was heard.

At 11:15, the license revocation hearing of Vicki Tucker was heard.

The appeal of Romona Mork's support license denial was continued until the next scheduled Commission meeting.

At 11:30, the appeal of support license denial for Doris Smith was heard.

Sodak Gaming's Petition for a Declaratory Ruling for multi-player games was continued until the December Meeting.

At noon, the hearings closed and the commission recessed for lunch.

GENERAL BUSINESS MEETING

At 1:00 P.M., the General Business Meeting was called back to order.

Commissioner Wiles moved to accept the minutes of the August 13, 1997 Commission Meeting. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the machine transfer request of Deadwood Gulch Resort/Richard Cleveland. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to accept the Stipulation and Assurance of Voluntary Compliance for Wild West Winners Club. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to accept the Stipulation and Assurance of Voluntary Compliance for Black Hills Novelty. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to accept the Stipulation and Assurance of Voluntary Compliance for Eric Hall. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to accept the Stipulation and Assurance of Voluntary Compliance for Nancy Murdock. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Meyer moved to accept the Stipulation and Assurance of Voluntary Compliance for Deadwood Players. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to amend the Stipulation and Assurance of Voluntary Compliance for Scot Geyer. The amendments are as follows:

- 1) In paragraph VI, none of the \$500 penalty will be suspended for the current offense, and
- 2) In paragraph VII, none of the \$500 that was suspended from the April 22, 1997 offense will continue to be suspended.

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to accept the amended Stipulation and Assurance of Voluntary Compliance for Scot Geyer. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to accept the Stipulation and Assurance of Voluntary Compliance for Marcella Kellem. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Luisi moved to accept the Stipulation and Assurance of Voluntary Compliance for Lucky 8 Gaming. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Luisi moved to accept the Stipulation and Assurance of Voluntary Compliance for Constance Andrews. Commissioner Wiles seconded the motion and it passed unanimously.

Licensing

Commissioner Wiles moved to grant Bob Regan retail licenses for Bodega I, II, III. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the Manufacturer License of Sigma Gaming, Inc. owners, Katsuki Manabe and Keiko Manabe. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to defer any decision on the Key Employee Licenses until after Executive Session. Commissioner Meyer seconded the motion and it passed unanimously.

At 2:00 P.M., Commissioner Wiles moved to go into executive session. Commissioner Meyer seconded the motion and it passed unanimously.

At 2:30, the Commission returned from Executive Session.

Commissioner Luisi moved to deny Enseldo Padilla's request to have his eligibility reinstated and to uphold the 1990 decision of the Racing Commission to have him barred from para-mutual racing for 25 years. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to grant Mineral Palace a four building designation for licensing purposes. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to accept the surrender of Vicki Tucker's support license. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Ness moved to uphold the denial of a support license for Doris Smith. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to grant key licenses to the following people:

Virginia Wagner	Pauline Sumption
Pat Sturis	Catherine Block
Roger Clough	Ray Aubert, Jr.
Dennis Kopp	Richard Hill
Bill Walsh	

Commissioner Meyer seconded the motion and it passed unanimously.

The next commission meeting was set for December 8th & 9th, 1997.

The commission meeting adjourned at 2:40 P.M..

Respectfully Submitted

Craig Sparrow

	
Elaine Emery, Chairman	Larry B. Eliason, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

First Western Bank
696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX (605) 578-2263

MINUTES

SOUTH DAKOTA COMMISSION ON GAMING

December 8, 1997

At 1:30 P.M., Commissioner Emery called the meeting to order.

Commissioner Meyer moved to adjourn to Executive Session. Commissioner Luisi seconded the motion and it passed unanimously.

At 2:00 P.M. Commissioner Wiles moved to return to open session. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Emery turned the meeting over to the Hearing Officer Commissioner Wiles.

HEARINGS

The court reporter for the hearings was Cindy Weichmann of Wheeler Court Reporting.

Ramona Mork's appeal of a denial of a support license was heard.

Sodak Gaming Inc.'s Petition for Declaratory Ruling (multi-player slot machine) that had previously been continued was heard.

At 3:20 P.M., hearings were closed and the meeting was returned to Commissioner Emery.

Commissioner Wiles moved to continue Sodak's Petition until the March meeting. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to adjourn to Executive Session. Commissioner Luisi seconded the motion and it passed unanimously.

GENERAL MEETING

Members present: Elaine Emery, John Luisi, Brian Meyer and John Wiles were present. Commissioner Ness was absent.

At 3:30 P.M., Commissioner Luisi moved to accept the minutes of the October 27, 1997. Commissioner Wiles seconded the motion and it passed unanimously.

Licensing

Commissioner Wiles moved to approve a simulcast providers license for Randy J. Gallo. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to renewal of key licenses for the individuals listed on pages 13 - 18 of the commission packet (Attachment A). Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to grant key licenses to the following people:

Kenneth Bruns	Kevin Buntrock
Dennis Gager	Knute Knutson
James Jackson	James Lefor
Charlene Maynard	David Mausser
Vernon Robertson	

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the Amended Stipulation of Voluntary Compliance for Scot Geyer. Commissioner Luisi seconded the motion and it passed Unanimously.

Commissioner Luisi moved to approve the Stipulation of Voluntary Compliance for 76 Motel. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the Stipulation of Voluntary Compliance for Randy Bush. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the requested racing dates at Fort Pierre by the Berendrye Benevolent Association of April 18, 19, 25, 26, May 2, 3, 9, & 10, 1998. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the requested racing dates at Aberdeen by the Northeast Area Horse Racing Association of May 16, 17, 23, 24, 25, 30 & 31, 1998. Commissioner Luisi seconded the motion and it passed unanimously.

After hearing testimony concerning the allocation of funds for the 1998 Race Season, Commissioner Meyer moved the to adjourn to Executive Session. Commissioner Luisi seconded the motion and it passed unanimously.

At 6:10 P.M., Commissioner Wiles moved to return to open session. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to allocate the staffs recommendation of \$300,000 to the 1998 race season as described in SDCG Resolution 12-08-97-1 (Attachment B). Commissioner Wiles noted the Commission would be open to additional requests prior to legislative session beginning in Pierre. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to renew a Simulcast License to Dakota Teletrak. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Meyers moved to renew a Simulcast License to Racing Services Incorporated on the condition that they continue to make their tax payments to the state by Certified Funds. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to deny the appeal of Ramona Mork's denial of her support license. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to deny the request by Wolf Gaming LLC to withdraw their Distributors license application. Commissioner Wiles seconded the motion and it passed unanimously.

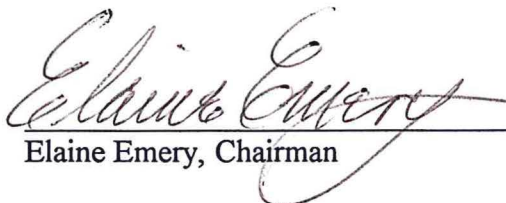
The Commission set the tentative dates for the 1998 commission meetings as follows:

March 5 & 6	May 7 & 8
June 11 & 12	August 12 & 13
October 1 & 2	December 3 & 4

At 6:30 P.M., the commission meeting adjourned.

Respectfully Submitted

Craig Sparrow


Elaine Emery, Chairman


Larry B. Eliason, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

118 W. Capitol, Pierre, SD 57501-2017
Phone (605) 773-6050
FAX (605) 773-6053

**MINUTES OF A SPECIAL TELEPHONE CONFERENCE CALL MEETING
OF THE SOUTH DAKOTA COMMISSION ON GAMING**

JANUARY 26, 1998

The South Dakota Commission on Gaming held a special meeting by telephone conference call beginning at 5:30 P.M. Central Standard Time on Monday, January 26, 1998.

The public was afforded an opportunity to participate in and listen to the meeting at the Department of Commerce and Regulation conference room in Pierre, South Dakota. Present there were Larry Eliason, Executive Secretary, Ron Olinger, representing the South Dakota Horsemen's Association, Lyle Hedman, representing the South Dakota Horsemen's Association, Tom Maher, a horse owner, and Pat Sutley, General Manager of the Fort Pierre track.

The following Commissioners participated by telephone: Elaine Emery, John Wiles, Brian Meyer, Larry Ness and John Luisi.

Larry Eliason read a fax of a letter sent to him from Jim Thares of the Northeast Area Horse Racing, Inc. A copy of the letter is attached to the original of these minutes.

Commissioner Wiles moved for the adoption of Resolution No. 01-26-98-1. The motion was seconded by Commissioner Luisi. A roll call was conducted by the Executive Secretary with the votes being cast as follows: Commissioner Luisi – yes; Commissioner Meyer – yes; Commissioner Ness – yes; Commissioner Wiles – yes; Commissioner Emery – yes.

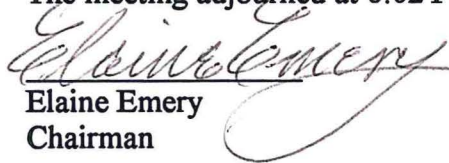
Commissioner Wiles moved that the meeting now go into Executive Session to discuss pending litigation. The motion was seconded by Commissioner Meyer. Upon calling of the roll by the Executive Secretary the following votes were recorded: Commissioner Emery – yes; Commissioner Luisi – yes; Commissioner Wiles – yes; Commissioner Ness – yes; Commissioner Meyer – yes.

At that point Commissioner Meyer no longer participated in the meeting.

Commissioner Luisi moved that the Commission come out of Executive Session. This motion was seconded by Commissioner Ness. Upon roll call the following votes were cast: Commissioner Emery – yes; Commissioner Wiles – yes; Commissioner Luisi – yes; Commissioner Ness – yes; Commissioner Meyer – not participating.

Commissioner Luisi moved that the meeting adjourn. This motion was seconded by Commissioner Ness. Upon calling the roll by the Executive Secretary the following votes were cast: Commissioner Emery – yes; Commissioner Wiles – yes; Commissioner Luisi – yes; Commissioner Ness – yes; Commissioner Meyer – not participating.

The meeting adjourned at 6:02 P.M.


Elaine Emery
Chairman


Larry B. Eliason
Executive Secretary

STATE OF SOUTH DAKOTA



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First Western Bank
696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX (605) 578-2263

MINUTES

SOUTH DAKOTA COMMISSION ON GAMING

March 5 & 6, 1998

March 5, 1998

At 2:00 P.M., the commission went into executive session. Commissioners present were John Wiles, John Luisi and Larry Ness.

March 6, 1998

At 10:00 A.M., Commissioner Wiles called the meeting to order.

Commissioners present: Larry Ness, John Luisi, Brian Meyer and John Wiles. Commissioner Emery was absent.

HEARINGS

The court reporter for the hearings was Cindy Weichmann of Wheeler Court Reporting.

Sodak Gaming Inc.'s Petition for Declaratory Ruling (multi-player slot machine) that had previously been continued was closed.

Commissioner Meyer moved on Sodak's Petition approving it as single machine that should be taxed as a single machine subject to rules of play and rules relating to taxation being adopted. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to deny the application for a license of Everett Patrick Longland as an exercise rider. Commissioner Meyer seconded the motion and it passed unanimously.

At 11:00 A.M., the hearing on the denial of a support license to Roger D. Leclerc was heard.

At 12:30 P.M., the hearings were closed and the commission recessed for lunch.

GENERAL MEETING

At 2:00 P.M., the meeting was called back to order and Commissioner Luisi moved to uphold the action of the Executive Secretary in denying a support license to Roger Leclerc. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the minutes of the December 8, 1997 commission meeting. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to approve the minutes of the January 26, 1998 commission meeting. Commissioner Luisi seconded the motion and it passed unanimously.

Licensing

Commissioner Meyer moved to approve the following licenses:

<u>Retail</u>	Jerry Pech	Carl Smith
<u>Key</u>	John Abernathy	Foster Bartholow, III
	Lisa Bartlett	James Baum
	Donald Busse	Craig Cottrell
	Cynthia Dillman	Mary Ann Eddy
	James Haeder	Aaron Jiran
	Leotta Keyser	Mark Lipparelli
	Troy Love	Michael Maynard
	Michael Morgan	Shary Porter
	Mary Rhoads	Margaret Taylor
	Bill Termes	Steven Whitehead
	Patricia Williams	Thomas Frank (with conditions)
<u>Key Renewals</u>	Julie Iwan	Mike Ragatz
	Samuel Shivers	Laurie Wentz
	Shelly Thompson	

Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to deny Distributors Licenses for Wolf Gaming and Northern Gaming. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the Stipulations and Assurances of Voluntary Compliance for the following:

Super G Investment
Lanelle Hudson
First Gold Motel
IGT
Royal Casino Group

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to accept the professional service contract for racing veterinary services (amount not to exceed \$18,000) for Dr. Roger Copper. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to accept the professional service contract for pari-mutuel auditing services (amount not to exceed \$3,000) for Gary Galinat, CPA. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to accept the professional service contract for horse race drug testing (amount not to exceed \$6,000) for Industrial Laboratories. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Ness moved to approve the Key License application of Douglas Henwood with conditions. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the following Racing Officials:

<i>State Stewards:</i>	Randy Blaseg and Casey Hannum
<i>Commission Veterinarian:</i>	Roger D. Cooper
<i>Official testing laboratory:</i>	Industrial Laboratories Denver, CO

Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the contracts between Ken Keller, Ken Lau and Constance Andrews concerning the proposed sale of the Miss Kitty's properties. Commissioner Ness seconded the motion and it passed unanimously.

No motion was made concerning Dakota Teletrack's request for racing funds.

Commissioner Meyer moved to require Better Racing, Inc. to post a \$50,000 bond to insure payment of Pari-mutuel taxes. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Meyer moved to defer any action on the request of Barbara Mattson to transfer her retail license until the May meeting. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the request of Wild West Winners Casino and Christine McLain to place two of her retails licenses at the Green Door and Jackpot Charlie. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to revise the declaratory ruling concerning the Elks Club and grant them a two building designation for licensing purposes. Commissioner Meyer seconded the motion and it passed unanimously.

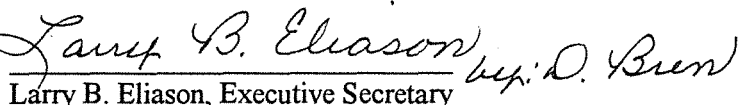
The dates of the June Commission meeting were revised to June 23 & 24, 1998.

At 2:40 P.M., the commission meeting adjourned.

Respectfully Submitted

Craig Sparrow


John Wiles, Vice-Chairman


Larry B. Eliason, Executive Secretary *by: D. Brun*

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

First Western Bank
696 Main Street, 2nd Floor
Deadwood, SD 57732
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FAX (605) 578-2263

MINUTES

June 24, 1998

At 9:00 A.M., Commissioner Emery called the meeting to order.

Commissioners present: John Luisi, Larry Ness, Brian Meyer, Elaine Emery and John Wiles.

HEARINGS

The court reporter for the hearings was Cindy Weichmann of Wheeler Court Reporting.

Public hearings for the proposed rules were heard.

Commissioner Wiles moved to approve ARSD 20:04:15.01:16 pertaining to horse racing as presented. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve ARSD 20:18:12.01:16 as follows:

If two or more building are adjacent, share a common or party wall, have interior access, and share a common operator or route operator, a licensed employee may use an electronic device or other monitoring equipment approved by the Executive Secretary to comply with the requirements of SDCL 42-7B-40.

Commissioner Luisi seconded the motion and it passed unanimously.

At 10:10, the rules hearings were closed and scheduled to start again after the regular meeting.

At 10:20, the Commission returned and heard the following Petitions for Declaratory Rulings:

- 662 Main LLC - Ken Keller, Lady Luck, and Buffalo Bar
- B.Y. Development, Inc-six building designation

Commissioner Luisi moved to dismiss the Petition for Declaratory Ruling filed by Northstar Gaming Ltd concerning the management contract with federally recognized Indian tribe. Commissioner Ness seconded the motion and it passed unanimously.

At 11:20 P.M., the hearings were closed and Commissioner Wiles moved to adjourn to executive session prior to breaking for lunch. Commissioner Ness seconded the motion and it passed unanimously.

GENERAL MEETING

At 1:30 P.M., the meeting was called back to order and Commissioner Wiles moved to approve the minutes of the May 8, 1998 commission meeting. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the Stipulations and Assurances of Voluntary Compliance for:

- Kenneth Keller
- Mineral Palace
- Shedd Jewelers
- Days Inn/76 Motel

Commissioner Luisi seconded the motion and it passed unanimously.

Licensing

Commissioner Luisi moved to approve the following retail licenses:

1. Donald Nelson and Robert Nelson at :
 - The Nugget
 - Celebrity Hotel & Casino #1
 - Celebrity Hotel & Casino #2
2. Karmen Aga at:
 - Unassigned
3. Christine McLain at:
 - Green Door
 - Jackpot Charlie
4. Marilyn Stewart at:
 - Unassigned
5. Barb Mattson at:
 - Silverado IV

Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the following key licenses for the following individuals:

Troy Ihde	Gwendolyn McClure
Eileen Iverson	Regina Hayse
Karman Aga	

Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the renewal of operators licenses listed on pages 80 through 98 of attachment #1 including the conditions set forth for Mark Brockley (attachment #2) and Olympia Gaming SD, LLC (attachment #3). Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the renewal of retail licenses listed on pages 80 through 98 of attachment #1 including the condition that property taxes are paid and current before July 1, 1998 (Old San Francisco Mint/Joseph Wilczak). Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the renewal of distributors and manufacturers licenses listed on pages 99 through 102 of attachment #1 including conditions set forth for Mikon Gaming Corporation (attachment #4) and Aristocrat, Inc (attachment #5). Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the renewal of route operator licenses listed on page 103 of attachment #1. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the following contracts for service with:

1. CWD Investigation - To conduct background investigations for key employee applications.
2. May, Adams, Gerdes & Thompson - To provide legal services.
3. James R. Maida/Gaming laboratories Int'l - To advise, review and draft regulations and test machines as requested.
4. Mark Aspaas/Architecture Incorporated - To provide advice and consultation assistance.
5. University of S.D. Business Research Bureau - To provide computer services.
6. Bullock Hotel - To provide parking spaces.

Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Ness moved to approve the petition for declaratory ruling for 662 Main LLC - Ken Keller, Lady Luck and Buffalo Saloon (use of water curtain/maintaining two building designation). Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the petition for declaratory ruling for B.Y. Development, Inc. (six building designation). Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Meyer moved to deny the petition for declaratory ruling for Dakota Teletrak (telephonic wagering). Commissioner Wiles seconded the motion and it passed unanimously.

The dates of the next Commission meeting are tentatively set for August 12 & 13, 1998.

At 2:15 P.M., the regular meeting ended and the commission returned to the rules hearings.

Commissioner Meyer moved to approve the following rule changes for Deadwood gaming as presented:

ARSD	20:18:17:03	20:18:17:09.01
	20:18:17:11	20:18:17:22
	20:18:20:05	20:18:20.01:02
	20:18:22:02	20:18:22:09
	20:18 Appendix A #'s 420.1, 445.8, 460.1, 460.2 and SDCGF-38	

Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve ARSD 20:18:17:37 as follows:

Multiple Player Slot Machines. No retail licensee may install slot machines which are designed and manufactured for play by more than one customer at a time unless that retail licensee maintains a total of 30 licensed gaming devices offered for play within that retail location. A retail licensee whose retail location did not have 30 licensed gaming devices during the preceding year shall be allowed a multiple-player slot machine in addition to the existing gaming devices and shall at least maintain the original number of licensed gaming devices as long as the multiple-player slot machine is licensed.

Commissioner Wiles seconded the motion and it passed unanimously.

At 2:35 P.M., Commissioner Wiles moved to adjourn the meeting. Commissioner Luisi seconded the motion.

Respectfully Submitted

Craig Sparrow

	
Elaine Emery, Chairman	Larry B. Eliason, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

First Western Bank
696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
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MINUTES

August 12, 1998

At 11:00 A.M., Commissioner Emery called the meeting to order.

Commissioners present: John Luisi, Elaine Emery and John Wiles.

GENERAL MEETING

Commissioner Wiles moved to approve the minutes of the June 24, 1998 commission meeting. Commissioner Luisi seconded the motion and it passed unanimously.

IGT request to modify the payment system of Deadwood's wide area progressive system was deferred until the October Meeting.

Licensing

Commissioner Luisi moved to approve a retail license for James P. Kaiser at an unassigned location. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve key licenses for the following individuals:

Gordon Smith	Dwain Bunch
Dennis Walcker	Jodi Anderson

Commissioner Wiles seconded the motion and it passed unanimously. The decision on the key license application for Lewis Hall was deferred until the October meeting.

The transfer of retail licenses for Suzan Craig (2), Linda Quenzer and Carl E. Smith was deferred until the October meeting.

Commissioner Wiles moved to approve a third retail license for Christine McLain at an unassigned location. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to remove the conditions placed on Mikon Gaming's Manufacturers license. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the Stipulations and Assurances of Voluntary Compliance for SDCG vs.:

- Jerry Beyl
- Richard Gunnarson
- Miss Kitty's Inc.

Commissioner Wiles seconded the motion and it passed unanimously.

The dates of the next Commission meeting are tentatively set for October 1 & 2, 1998.

At 11:40 A.M., the commission meeting adjourned.

Respectfully Submitted,

Craig Sparrow



Elaine Emery, Chairman



Larry B. Eliason, Executive Secretary

STATE OF SOUTH DAKOTA



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MINUTES

October 1, 1998

At 10:00 A.M., Commissioner Emery called the meeting to order and turned it over to the hearing officer, Commissioner Wiles.

The court reporter for the hearings was Carolyn Sturgeon of Wheeler Court Reporting.

Hearings for Philip Maslack's request to be removed from the Exclusion List and Julie Enderby's appeal of her denial of a support license were heard.

Commissioner Meyer moved to deny the appeal of a support license for Julie Enderby. Commissioner Luisi seconded the motion and it passed unanimously.

At 10:25, Commissioner Luisi moved to adjourn to executive session. Commissioner Wiles seconded the motion and it passed unanimously.

GENERAL MEETING

At 11:00 A.M., Commissioner Emery called the general meeting to order.

Commissioners present: John Luisi, Larry Ness, Brian Meyer, Elaine Emery and John Wiles.

Commissioner Luisi moved to approve the minutes of the August 12, 1998 commission meeting. Commissioner Wiles seconded the motion and it passed unanimously.

Michelle Chatigny of IGT discussed with the Commission their request to modify the payment system of Deadwood's wide area progressive system. Action on this issue was deferred until the December meeting to allow her time to provide additional information requested by the Commission.

The request for Racing Funds by Northeast Area Horse Racing and Verendrye Benevolent Association was deferred until the December meeting.

Licensing

Cambria Casino-Deckers requested that their application for an additional retail license be withdrawn.

After discussion with Richard Pluimer, the attorney representing Virginia Suzan Craig, Carl Smith, and Linda Quenzer, Commissioner Wiles moved to defer any action on their retail license requests until a later date when they may act on it via a telephonic Commission meeting. Commissioner Luisi seconded the motion and it passed unanimously.

Also at this time, Wild West Winners Club requested that their request to transfer device stamps to Deadwood Players be deferred until action is taken on the above retail licenses.

Commissioner Luisi moved to approve a key license for Lewis Hall under the condition he continues to make payments to the Department of Education on his student loans. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Meyer moved to deny a key license for Vincent Colaiacovo. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve key licenses for the following individuals:

Richard Burt	Jeffrey Gilbert
Donald Fitzgerald	Susan Cartensen
Patricia Becker	Maureen Imus
Charles Mathewson	Albert Crosson
Neil Hague	Robert Campbell
Robert McMonigle	Ellen Starck

Commissioner Wiles seconded the motion and it passed unanimously. The key license application of Dennis Gallagher was withdrawn.

Commissioner Wiles moved to approve the Stipulations and Assurances of Voluntary Compliance for SDCG vs. Best Western Hickok House. Commissioner Meyer seconded the motion and it passed unanimously.

The date of the next Commission meeting is set for December 4, 1998.

Commissioner Luisi moved to adjourn to Executive Session at 12:00 P.M. Commissioner Wiles seconded the motion and it passed unanimously.

At 12:10 P.M., the Commission returned from Executive Session. Commissioner Wiles moved to deny the request of Philip Maslack to be removed from the Exclusion List. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Meyer moved to deny a key license for Donovan Burns. Commissioner Luisi seconded the motion and it passed unanimously.

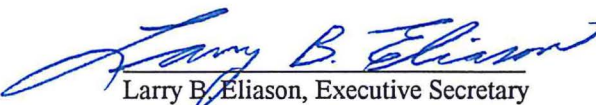
At 12:15 P.M., the commission meeting adjourned.

Respectfully Submitted,

Craig Sparrow



Elaine Emery, Chairman

Larry B. Eliason, Executive Secretary



COMMISSION ON GAMING

696 Main Street, 2nd Floor
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MINUTES

Telephonic Commission Meeting

November 16, 1998

At 3:30 P.M., Commissioner Emery called the meeting to order. Role was taken and all Commission members were present.

Commission Luisi moved to approve the gaming contracts between:

Ken Keller/KLK Venture, LLC and Olympia Gaming (Non-Gaming Assets)
Deadwood Players, Inc (0188-OP) and Olympia Gaming (0186-OP) (Gaming Assets)

Commissioner Ness seconded the motion and it passed unanimously with a role call vote.

Commission Meyer moved to approve changes to the following retail licenses:

- Suzan (Craig) O'Connell - transfer 2 currently active but unassigned retail licenses to WWWC 2 & 3 and grant a 3rd retail license to her at WWWC 4 (Jackpot Charley).
- Linda Quenzer - Transfer one of her retail licenses currently at Dakota Territory to WWWC 5 (Green Door)
- Carl Smith - grant a 3rd retail license to him at Dakota Territory.

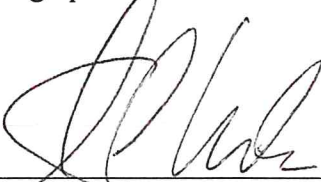
Commissioner Wiles seconded the motion and it passed unanimously with a role call vote.

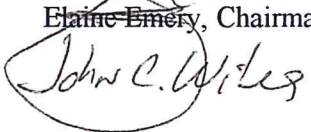
Commission Wiles moved to approve the transfer of the gaming stamps listed on Exhibit 1 from Olympia Gaming SD, LLC to Deadwood Players, Inc. Commissioner Luisi seconded the motion and it passed unanimously with a role call vote.

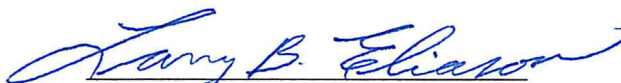
At 3:48 P.M., Commissioner Luisi moved to adjourn the meeting. Commissioner Meyer seconded the motion.

Respectfully Submitted,

Craig Sparrow



Elaine Emery, Chairman




Larry B. Eliason, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

First Western Bank
696 Main Street, 2nd Floor
Deadwood, SD 57732
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FAX (605) 578-2263

MINUTES

January 7, 1999

GENERAL MEETING

At 1:00 P.M., Commissioner Emery called the meeting to order.

Commissioners present: John Luisi, Larry Ness, Brian Meyer, Elaine Emery and John Wiles.

Commissioner Luisi moved to approve the minutes of the December 4, 1998 commission meeting. Commissioner Wiles seconded the motion and it passed unanimously.

The requests for Racing Funds by Verendrye Benevolent Association and Northeast Area Horse Racing, Inc. were deferred to a telephonic meeting at a later date.

Licensing

Commissioner Wiles moved to approve key licenses for the following individuals:

James Isburg Donald Kleinheksel
and the renewal of a key license for :

Vernon Robertson
Commissioner Meyer seconded the motion and it passed unanimously.

The 1999 quarterly meeting schedule is tentatively set as follows:

April 8, 1999	June 3, 1999
September 9, 1999	December 9, 1999

At 1:18 P.M., the regular commission meeting ended. Commissioner Emery turned the commission meeting over to the hearing officer, Commissioner Wiles.

HEARINGS

The court reporter for the hearings was Jacque Perli of Wheeler Court Reporting.

The hearings for SDCG vs. Oyster Bay Bar and SDCG vs. Fairmont Hotel were heard.

At 3:00 P.M., the hearings were closed and Commissioner Meyer moved to adjourn to executive session. Commissioner Ness seconded the motion and it passed unanimously.

At 4:00 P.M., the commission returned to open session.

Commissioner Wiles moved to set a commission policy that investigations for licensing includes all entities involved in the ownership, direct or indirect, of any business applying for a gaming license in South Dakota. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved on the matters pertaining to the complaint against the Fairmont Hotel:

- 1) \$1,000 fine for not retaining the surveillance tape on August 8, 1998 in a secure manner for a period of seven days.
- 2) \$1,000 fine for installing and utilizing a 24-hour video recorder before written permission was obtained from the Executive Secretary.

50% of both fines to be suspended on the condition of no like violations for a period of one year.

On the matters concerning the Oyster Bay:

- 1) \$1,000 fine for the cashier's cage door being left unlocked and allowing an unauthorized person access to the cashiers cage on August 8, 1998.
- 2) \$5,000 fine for failing to comply with state law by allowing alcoholic beverages to be served and consumed on the premises after 2:00 A.M. on August 9, 1998.


50% of both fines to be suspended on the condition of no like violations for a period of one year. Payment of all fines assessed against the Fairmont Hotel and Oyster Bay are to be paid within 90 days. Commissioner Ness seconded the motion and it passed unanimously.

At 4:10 P.M., Commissioner Wiles moved to adjourn the commission meeting. Commissioner Meyer seconded the motion and it passed unanimously.

Respectfully Submitted,

Craig Sparrow


Elaine Emery, Chairman


Larry B. Eliason, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

First Western Bank
696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX (605) 578-2263

MINUTES

April 8, 1999

HEARINGS

At 9:00 a.m., Commissioner Emery called the meeting to order and turned it over to the hearing officer, Commissioner Wiles.

The court reporter for the hearings was Cindy Weichmann of Wheeler Court Reporting. The cases heard were:

- SDCG vs. Saloon Gambling, Inc., et. al.
- SDCG vs. Anthony C. Sturis
- SDCG vs. Rikki Walk
- SDCG vs. Nellie Mitchell

At 10:20 a.m., Commissioner Meyer moved to dismiss the case against Nellie Mitchell with prejudice. Commissioner Luisi seconded the motion and it passed unanimously. The Commission then resumed other hearings.

- First Gold Hotel - Petition for Declaratory Ruling
- Flandreau-Santee Sioux Tribal Gaming Commission - Petition for Declaratory Ruling
- Larry Hicks - Appeal of Denial of Support License
- Saloon Gambling, Inc. - Petition for a Declaratory Ruling
- Michael Trucano - Petition for Declaratory Ruling

At 12:50 p.m., the Commission adjourned for Lunch.

GENERAL MEETING

At 2:30 p.m., Commissioner Emery called the meeting to order.

Commissioners present: John Luisi, Brian Meyer, Elaine Emery and John Wiles.
Commissioner Larry Ness was absent.

Commissioner Wiles moved to approve the minutes of the January 7, 1999 commission meeting. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the minutes of the January 27, 1999 telephonic commission meeting. Commissioner Wiles seconded the motion and it passed unanimously.

Licensing

Commissioner Wiles moved to renew key licenses for the following individuals:

Thomas Frank Karen Deyarmin

Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve key licenses for the following individuals:

Donald Wolf Pamela Kirby Marjorie Stevenson

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve a route operator license for Deadwood Gulch Gaming - Harlan Schmidt. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve a retail license for Kenneth Gienger - Wrangler. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the Racing Professional Service Contract with Industrial Laboratories for testing services for \$7,000. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the Racing Professional Service Contract with Cooper Animal Clinic for veterinarian service for \$19,000. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the Racing Professional Service Contract with Gary L. Galinat, CPA for accounting services for \$3,000. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the Racing Officials listed on pages 119 - 121 of the commission packet (attached) pending the completion of background investigations. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to allow Bettor Racing OTB to use a cash deposit of \$50,000 at US Bank in Sioux Falls in lieu of a bond. Commissioner Luisi and the Executive Secretary Eliason will be the only signatures on the account with both

signatures being required to make withdrawals. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Luisi moved to place Kenneth Hoven on the Exclusion List. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the license transfer request of Deadwood Gulch Resort. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to go to executive session with representative from IGCA to discuss proprietary and financial information as part of the companies background. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to grant Innovative Gaming (IGCA) a temporary manufacturers license while the background on Wayne Mills is conducted provided he following information/documents are provided and they are found acceptable by commission staff:

- Verification that common stock is the only type of voting stock
- Minutes from the last corporate meeting
- Minutes electing the new Board of Directors
- Minutes approving the voting trust related to Mills

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to adjourn to Executive Session to discuss issues relating to the background of Marvin Darley with the applicant. Commissioner Luisi seconded the motion.

After returning from Executive Session, Chairman Emery directed the Executive Secretary to issue Marvin Darley a Pari-mutual license.

In the case of SDCG vs. Saloon Gambling, Inc., et. al., Commissioner Luisi moved the following:

- Saloon Gambling Inc be fined \$5,000 with \$3,000 suspended on the condition they have no like violations for one year, and
- The following list of dealers and pit boss each be fined \$200 with \$100 suspended on the condition they have no like violations for one year.

Lori Keehn

Toby Keehn

Michael Cracco

Al Glodt

Ricky Miller

All fines to be paid within 90 days. Commissioner Wiles seconded the motion and it passed unanimously.

In the case of SDCG vs. Anthony Sturis, Commission Meyer moved to revoke Sturis' support license. Commissioner Wiles seconded the motion and it passed unanimously.

In the case of SDCG vs. Rikki Walk, Commission Meyer moved to revoke her support license. Commissioner Luisi seconded the motion and it passed unanimously.

Commission Wiles moved to deny the Petition of First Gold Hotel and not allow them to use a water curtain in place of a wall between First Gold II and III. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the Petition of the Flandreau Santee Sioux Tribe Commission on Gaming and rule that the \$5 limit applies to each wager possible on the Sigma Derby slot machine. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to deny the appeal of a denial of a support license by Larry Hicks. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the Petition of Saloon Gambling, Inc. and rule for a building designation for gaming purposes at 655 Main St., the inner access between building at 655 & 657 Main St. and the use of a water curtain to protect the inner access. Commissioner Wiles seconded the motion and it passed unanimously.

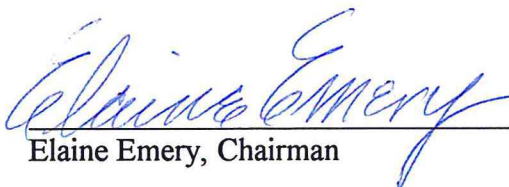
Commissioner Meyer moved to approve the Petition of Mike Trucano and rule for a building designation for gaming purposes at 634 Main St.. The inner access between building at 632 & 634 Main St. may exceed 25% of the common wall because the opening is historical and the use of a water curtain to protect that opening is approved. Commissioner Wiles seconded the motion and it passed unanimously.


The next scheduled commission meeting is set for June 3 & 4, 1999.

At 4:00 p.m., Commissioner Luisi moved to adjourn the commission meeting. Commissioner Wiles seconded the motion and it passed unanimously.

Respectfully Submitted,

Craig Sparrow


Elaine Emery, Chairman


Larry B. Eliason, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

First Western Bank
696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX (605) 578-2263

MINUTES

June 3, 1999

At 9:00 a.m., Commissioner Emery called the administrative hearing to order.

Commissioners present: John Luisi, Larry Ness, Elaine Emery, and John Wiles.
Commissioners absent: Brian Meyer

Rules Hearings

At 9:00, public hearings for the proposed rules relating to horse racing and Deadwood Gaming were heard.

Commissioner Luisi moved to approve racing rule ARSD 20:04:24:34 as presented with changes. Commissioner Ness seconded the motion. The motion carried by a vote of three "yes" and one "no". Voting "yes" were Commissioners Luisi, Ness and Emery. Commissioner Wiles voted "no".

Gaming Rules

Commissioner Wiles moved to approve ARSD 20:18:10:04 as presented with changes. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve ARSD 20:18:16:15.04 as presented with changes. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve ARSD 20:18:16:40 as presented with changes. Commissioner Luisi seconded the motion and it pass unanimously.

Commissioner Ness moved to approve ARSD 20:18:17:22 as presented with changes. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve ARSD 20:18:17:28.03 as presented with changes.

Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve ARSD 20:18:17:33 as presented with changes.

Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Ness moved to approve ARSD 20:18:18:02.03 as presented with changes.

Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve ARSD 20:18:20.01:02 as presented with changes.

Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve ARSD 20:18:20.01:02 as presented with changes.

Commissioner Ness seconded the motion and it passed unanimously. During discussion, Mike Shaw, Counsel for the Commission, brought to the commission's attention that LRC suggested that the rule should be divided into two rules. One rule to serve as definitions and the second rule to serve as the procedures. Commissioner Wiles moved to approve the rules as suggested by LRC, subject to style and form changes.

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve ARSD 20:18:20.02:01 as presented with changes. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve ARSD 20:18, Appendix A, Section 410.3, 420.1 & 425.1. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve ARSD 20:18, Appendix A, Section 445.3 as presented with changes. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Ness moved to approve ARSD 20:18, Appendix A, Section 620 & 625 as presented with changes. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve ARSD 20:18, Appendix A, Section 645 as presented with changes. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve SDCGF-2 as presented with changes. Commissioner Ness seconded the motion and it passed unanimously.

At 9:30 a.m., Commissioner Wiles made a motion for the commissioners to go into executive session and Commissioner Luisi seconded the motion.

Hearings

At 9:55 a.m. Commissioner Emery called the administrative hearing back to order and turned it over to the hearing officer, Commissioner Wiles.

The court reporter for the hearings was Traci Isburg of Wheeler Court Reporting. The cases heard were:

- SDCG vs. Black Hills Novelty
- SDCG vs. Darrin Welch
- SDCG vs. Deadwood Gulch Resort
- SDCG vs. Deadwood Gaming Association
- SDCG vs. Kathleen Harris

The hearing against Kathleen Harris was recessed until 1:30 p.m. to allow her to call two witnesses to testify in her behalf. At 11:55 a.m. Commissioner Luisi moved to adjourn to executive session prior to breaking for lunch. Commissioner Wiles seconded the motion and it passed unanimously.

General Meeting

At 1:25 p.m., Commissioner Emery called the meeting to order. Larry Eliason, Executive Secretary, opened the meeting with a brief report on the live horse-racing season. In addition, he also gave brief explanation of the NTRA Handicapping Contest.

At 1:30 p.m. the hearing for SDCG vs. Kathleen Harris resumed.

At 1:50 p.m. the general meeting resumed. Commissioner Ness moved to approve the minutes of the April 8, 1999 meeting. Commissioner Luisi seconded the motion and it passed unanimously.

Stewards Ruling in re: George Finlay. Commissioner Luisi moved that George Finlay appear before the commission prior to his license being renewed. Commissioner Wiles seconded the motion and it passed unanimously.

Licensing

Larry Eliason, Executive Secretary and Stan Triplett, Director of Operations, informed the commissioners of three licensees that had not met all the criteria for being relicensed. The following are:

- Deckers did not provide certificate of Insurance.
- Property Taxes for some of the property owned by Franklin Hotel were not paid.

Mike Trucano, a member of the board of directors of the Franklin Hotel requested that a conditional license be issued with the condition that the property taxes are paid by June 30, 1999.

- Property Taxes for Nickel Dicks and Deadwood Dicks were not paid. Mary Dunne, owner of the properties appeared before the commission and stated that she will have the property taxes paid in full by July 1, 1999.

Commissioner Luisi moved that Decker's be approved, subject to providing proof of insurance prior to issuance of license. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved that Nickel Dicks and Deadwood Dicks be approved providing that the property taxes are paid on or before the issuance of license. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved that the Franklin Hotel be approved providing that the property taxes are paid on or before the issuance of license. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the Manufacturer's licenses listed on page 42 of Attachment IV. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the Distributor's licenses listed on page 43 of Attachment IV. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Ness moved to approve the Route Operator licenses listed on page 44 of Attachment IV. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the Operator licenses listed on pages 45-46 of Attachment IV. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the Retail licenses listed on pages 47-51 of Attachment IV, excluding Franklin Hotel, Deckers, and Deadwood Dicks and Nickel Dicks, which were approved with conditional licenses. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve a Distributor's license for Shuffle Master. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve Scott Roth for 2 retail licenses. These retail licenses are assigned to Gold Dust 4 and 5. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Ness moved that the retail license for David Ruth be approved on the condition that the FBI check is clean. This license will be assigned to Gold Dust 3. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved that James Sternhagen be approved for three retail licenses on the condition that the FBI check is clean. These retail licenses will be assigned to S-Mart, McKenna's Gold and Wooden Nickel. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve Mohamed Dakam for three retail licenses. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Ness moved to approve BB Cody's III for a retail license. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve Ken Gienger for a retail license. This retail license will be assigned to Lucky Wrangler. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve Charlie Boyle for a retail license. This retail license will be assigned to Tin Lizzie's III. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to approve Frank H. Burke and Desmond Randall as directors of Aristocrat. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the following key licenses except for Michael Witt. Michael Witt's key license has been postponed until the September meeting. The following individuals that were approved were:

Larry Eastman	Randy Niesent
Shelly Dragoo	Eileen Clapp
David Sabers	Deborah Jenkins

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Ness moved to deny John Hardesty a key license. Commissioner Luisi seconded the motion and it carried unanimously.

Commissioner Wiles moved to approve the contract for service with Gaming Laboratories, Int'l. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the contract for service with Architecture Incorporated/Mark Aspaas. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the contract for services with May, Adam, Gerdes & Thomspson/ Mike Shaw. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the contract for services with University of S.D. Business Research Bureau. Commissioner Ness seconded the motion and it passed unanimously.

Ron Russo, Owner of the Fairmont Hotel appeared before the commission asking them to grant him an extension to pay his fines that are due on June 15, 1999. Commissioner Emery stated that she felt they could not grant the extension stating it would set a precedent. No motion was made.

The next commission meeting will be September 9, 1999.

The meeting recessed at 2:25 p.m. for a demonstration of Bonus 6 Poker and Player's Jackpot 21 given by Mr. & Mrs. Sawyer.

The meeting reconvened at 2:45 p.m. Commissioner Luisi moved to approve the petition for declaratory ruling for Black Hills Novelty (1 multi player slot machine for a new retail license). Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to revoke the support license of Darrin Welch. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the petition for declaratory ruling for Deadwood Gulch Resort based on the plans submitted. (Additional building designation.) Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the petition for declaratory ruling for Deadwood Gaming Association. (Approving the slot game Top Dollar) Commissioner Ness seconded the motion. During discussion of the motion Commissioner Luisi stated that he believed the top dollar is one wager. Commissioner Wiles disagreed. Commissioner Wiles believes that the top dollar money is the player's to wager. A roll call vote was taken. The vote is as follows:

Commissioner Luisi	Yes
Commissioner Ness	Yes
Commissioner Emery	Yes
Commissioner Wiles	No

The motion carried.

Commissioner Ness moved to renew the support license of Kathleen Harris. Commissioner Luisi seconded the motion and it passed unanimously.

At 2:50 p.m. Commissioner Wiles moved to adjourn to executive session prior to adjourning the meeting. Commissioner Luisi seconded the motion.

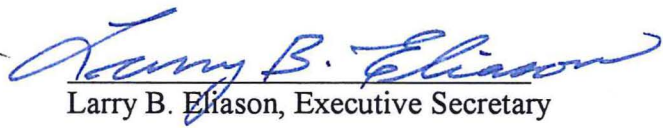
The commission came out of executive session at 3:15 p.m. Commissioner Luisi moved to adjourn. The motion was seconded by Commissioner Wiles and passed unanimously. The meeting adjourned at 3:18 p.m.

Respectfully Submitted,

Carletta Vasknetz



Elaine Emery, Chairman



Larry B. Eliason, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

118 W. Capitol, Pierre, SD 57501-2017
Phone (605)773-6050
FAX (605) 773-6053

**MINUTES OF THE SEPTEMBER 9, 1999
COMMISSION MEETING**

The South Dakota Commission on Gaming held a regular meeting on September 9, 1999 in the Deadwood City Hall. Present were Commissioners Elaine Emery (Chair), Brian Meyer, Larry Ness and John Luisi. Commissioner John Wiles was absent.

Commissioner Luisi moved that ARSD 20:18:17:37 be approved as drafted. Commissioner Ness seconded the motion which passed unanimously. A copy of ARSD 20:18:17:37 is attached to the original of these minutes.

Commissioner Meyer moved that ARSD 20:04:24:44 and 20:04:24:45 be amended as drafted. This motion was seconded by Commissioner Ness and passed unanimously. Copies of ARSD 20:04:24:44 and ARSD 20:04:24:45 as amended are attached to the original of these minutes.

Commissioner Luisi moved that the minutes of the June 3, 1999 meeting of the Commission be approved as printed. This motion was seconded by Commissioner Ness and unanimously passed.

Commissioner Meyer moved to approve a request for funding by the Verendrye Benevolent Association in the amount of \$8,280.00 and from Northeast Area Horse Racing Association, Inc. in the amount of \$29,685.00 from the racing revolving fund be approved. Motion was seconded by Commissioner Ness and passed unanimously.

Commissioner Meyer moved to approve the request by David Eisenbraun, General Manager of Deadwood Gulch Resort, to move the Gulches of Fun License No. 0251-00-RT and thirty machines from the Gulches of Fun to the new lobby currently under construction at the Days Inn at Deadwood Gulch Resort Lodge pending staff inspection and approval of security and surveillance in the building now under construction. Commissioner Luisi seconded the motion. The motion passed on a vote of three ayes and one abstention. Voting aye were Commissioners Meyer, Luisi and Emery. Commissioner Ness abstained.

Commissioner Luisi moved to approve the Stipulation and Assurance of Voluntary Compliance between Michael J. Witt and the Executive Secretary which was signed on June 29, 1999 and to allow Michael Witt to withdraw his application for a key employee. This motion was seconded by Commissioner Meyer and passed unanimously.

Commissioner Meyer moved to approve the Stipulation and Assurance of Voluntary Compliance between Daniel D. Rogers, III and the Executive Secretary dated June 28, 1999. Commissioner Luisi seconded the motion. The motion was unanimously adopted.

Commissioner Luisi moved to approve the Stipulation and Assurance of Voluntary Compliance between Michael Hubbard and the Executive Secretary dated June 29, 1999. This motion was seconded by Commissioner Meyer and passed unanimously.

Commissioner Meyer moved to approve the Stipulation and Assurance of Voluntary Compliance between Barb Outka and the Executive Secretary dated June 28, 1999. This motion was seconded by Commissioner Luisi and passed unanimously.

Commissioner Meyer moved that key employee licenses be issued to Robert Earwood, Colleen Theisen and Thomas Hill. This motion was seconded by Commissioner Ness and passed unanimously.

Commissioner Ness moved that key employee renewals be issued Robert Regan and Arden Ballard. This motion was seconded by Commissioner Luisi and unanimously passed.

Commissioner Meyer moved that retail licenses be issued to Irina Case, Christine Case and George Stevenson (three licenses RT 0278, 0279 and 0280). This motion was seconded by Commissioner Ness and passed unanimously.

Commissioner Meyer moved to approve renewal of retail license RT 0175 to Richard Cleveland. This motion was seconded by Commissioner Ness and approved unanimously.

Commissioner Luisi moved that new manufacturers and approvals be issued to the following officials of Alliance Bally: Alfred Wilms, Joel Kirschbaum and Morris Goldstein. This motion was seconded by Commissioner Meyer and seconded unanimously.

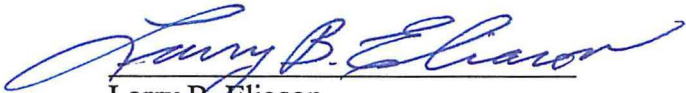
Commissioner Ness moved the Commission not issue a key employee license to John Hardesty. This motion was seconded by Commissioner Luisi and passed on a vote of three ayes and one abstention. Voting aye were Commissioners Ness, Luisi and Emery. Commissioner Meyer abstained.

Commissioner Luisi moved that the Commission authorize a conditional tribal key license be issued to Ronnie L. Stone on the condition that he have no arrests or convictions for a period of one year. This motion was seconded by Commissioner Ness and unanimously approved.

Commissioner Luisi moved that the Commission impose a \$5,000 fine upon Emerald Corporation d/b/a B.B. Cody's with \$3,000 suspended and the balance to be paid in thirty days as penalty for allowing an underage person to play a slot machine as alleged in Complaint No. 99-08-003-MH. This motion was seconded by Commissioner Ness and unanimously approved.

Commissioner Luisi moved to adjourn. This motion was seconded by Commissioner Meyer and unanimously approved.

Respectfully submitted,


Larry B. Eliason
Executive Secretary


Elaine Emery
Chair

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

118 W. Capitol, Pierre, SD 57501-2017
Phone (605)773-6050
FAX (605) 773-6053

MINUTES OF THE DECEMBER 9, 1999 COMMISSION MEETING

The South Dakota Commission on Gaming held a regular meeting on December 9, 1999 at 9:00 AM in the Deadwood City Hall. Present were Commissioners Elaine Emery, Brian Meyer, John Wiles and John Luisi. Commissioner Larry Ness was absent.

Hearings:

Court Reporter for the Super G Investment and Russell Payne hearings was Cynthia Weichmann of Wheeler Court Reporting.

At 9:00 AM a hearing was held on Super G Investment's Petition for Declaratory Ruling on building designation and new construction. Commission Architect Mark Aspass participated via telephonic conference.

The second hearing involved South Dakota Commission on Gaming vs. Russell Payne regarding a guilty plea to a felony with a Suspended Imposition of Sentence imposed by the court. This hearing was continued from the September 9, 1999 Commission Meeting.

The third hearing involved Public Comments being taken on Proposed Rules.

PUBLIC HEARING ON PROPOSED RULES:

20:18:12.01:01. Gaming by licensees. Roger Tellinghuisen appeared on behalf of the Deadwood Gaming Association. Commissioner Luisi stated that he would not be opposed to allowing industry a period of time to establish a policy on gaming by licensees. The policy shall be provided to the Commission 15 days prior to the next scheduled Commission meeting. No action taken to adopt this rule.

20:18:17:02. Control program requirements. Comments taken from Systems Specialist Trent Mohr and Hansen Distributing President Scott Nelson.

20:04:01 General Administration. Pari-mutuel Racing Rules. Racing Services provided a written list of comments. Roger Tellinghuisen appeared on behalf of Racing Services Inc. Representative Mike Cichy appeared on behalf of Racing Services. Randy Gallo

appeared on behalf of Bettor Racing Inc. Comment received from Pierre facility manager Sharon VanWinkle. Comment taken from Commission staff member Janell Berg.

20:04:29:08.01. Proscribed conduct. Commission Counsel Mike Shaw stated he would like to delete as other rules address this issue.

Demonstration presented by Hansen Distributing on slot machine tokenization.

LUNCH BREAK:

Regular Meeting: 1:00

The meeting was called to order by Commissioner Emery. Commissioner Wiles moved that the September 9, 1999 meeting minutes be approved, Commissioner Meyer seconded. Motion carried unanimously.

Commission Counsel Shaw met with Racing Services representative Mike Cichy and recommended change to rule number 20:04:32:25. Satellite wagering procedures. Recommendation to strike section (b) and incorporate it into section (a). Shaw recommended rule number 20:04:29:08.01 Proscribed Conduct be deleted.

Commissioner Meyer made a motion to delete the proposed rule change to rule number 20:18:12.01:01. Gaming by licensees. Commissioner Wiles seconded motion. Motion carried unanimously.

Commissioner Meyer made a motion to delete proposed rule number 20:04:29:08.01 Proscribed Conduct. Commissioner Wiles seconded the motion. Motion carried unanimously.

Commissioner Meyer made a motion to adopt the balance of the rule changes as presented with amendments. Commissioner Wiles seconded the motion. Motion carried unanimously.

Randy Gallo commented on the South Dakota live horseracing funds.

Executive Secretary Larry Eliason presented Director of Enforcement Stan Triplett with a plaque on behalf of the Commission in recognition of Triplett's contributions. Triplett will become employed by Sodak Gaming on December 16, 1999.

Executive Secretary Eliason introduced new Agent Vince Cook.

Systems Specialist Mohr commented on multi-denomination and multi-payback slot machines and the direction that should be taken by South Dakota. Sodak representative Donald Gromer made comment on the subject.

Comments were taken from Randy Blaseg and other persons regarding Equine Nasal Strips. Commissioner Emery stated that no rules would be required as the nasal strips would be considered the same as a bandage.

The Verendrye Benevolent Association and Northeast Area Horse Racing, Inc. applications were received requesting race dates. The Northeast Area Horse Racing Inc. application was amended to not include the "Superfecta" as South Dakota rules do not authorize "Superfecta" which is seven days of racing.

Race dates for Ft. Pierre are as follows:

April 15-16, 2000
April 22, 2000
April 29-30, 2000
May 6-7, 2000

Race dates for Aberdeen are as follows:

May 13-14, 2000
May 20-21, 2000
May 27-28-29, 2000

Commissioner Wiles moved that application of pending race dates be approved for Verendrye Benevolent Association and Northeast Area Horse Racing, Inc.. Commissioner Luisi seconded the motion. Motion carried unanimously.

Ron Olinger representing the South Dakota Horseman's Association commented on request for allocation of horseracing funds. Pat Sutley of the Ft. Pierre Race Track and horse trainer Ardell Saylor also made comments regarding the allocation of funds.

Commissioner Luisi recommended that all simulcast providers and simulcast sites presented be approved for licenses for 2000. Commissioner Meyer seconded the motion. Motion carried unanimously. See attachment #1

The Commission discussed a simulcast facility mutuel clerk application received in which applicant is on probation with a Suspended Imposition of Sentence for a felony drug arrest.

Commission Counsel Shaw referred licensing issues be discussed in Executive Session with staff. Commissioner Wiles made a motion to go into Executive Session. Commissioner Meyer seconded the motion. Motion carried unanimously.

Executive Session: 2:00-3:00 PM

Commissioner Meyer made a motion to adjourn from Executive Session. The motion was seconded by Commissioner Luisi and unanimously approved.

Commissioner Wiles made a motion to approve new retail licensees Randy Bush-First Gold III #0281-RT and Cambria Casino #0261-RT. Commissioner Luisi seconded the motion. Motion carried unanimously.

Commissioner Luisi made a motion to approve renewal of Operator license for Tim and Monica Conrad. Commissioner Wiles seconded the motion. Motion carried unanimously.

Commissioner Wiles made a motion to transfer unassigned Retail license of Tim and Monica Conrad to Bodega I. Motion included a transfer of Allen Rosenfeld's BB Cody's retail license to Lady Luck and transfer Bodega I Retail license to Bodega II Retail license. Commissioner Luisi seconded the motion. Motion carried unanimously.

Commissioner Wiles made a motion to approve manufacturer/distributor license application for Bart Hamm. Commissioner Luisi seconded the motion. Motion carried unanimously.

Commissioner Meyer made a motion to approve all new key employee applicants with recommendation of approval from staff. Commissioner Luisi seconded the motion. Motion carried unanimously. See attachment #2

Commissioner Wiles made a motion to approve key employee applicant William Reed subject to conditional license valid for 180 days subject to final approval of tax returns for 1996, 1997, 1998 and 1999. Commissioner Meyer seconded the motion. Motion carried unanimously.

Commissioner Wiles made a motion to approve all key employee license renewals with the exception of those subject to review of financial irregularities. Applicants with financial irregularities are to be approved on the condition that they cure their financial irregularity or are under a plan by March 1, 2000. Commissioner Meyer seconded the motion. Motion carried unanimously. See attachment #3

The key employee application of John Hardesty was withdrawn.

Commissioner Wiles made a motion to approve the Stipulations and Assurances of Voluntary Compliance for Scott Ruby and Warren Christoffersen. Commissioner Luisi seconded the motion. Motion carried unanimously.

Commissioner Luisi made a motion to adopt the South Dakota Commission on Gaming Meeting dates for the year 2000 subject to review. The dates will be March 23, June 8, September 14, and December 7, 2000. Commissioner Wiles seconded the motion. Motion carried unanimously.

Commissioner Emery directed staff to write to Hansen Distributing allowing South Dakota to use slot machines with tokenization on a trial basis for 180 days.

Commissioner Wiles made a motion to approve Super G Investment's petition for declaratory ruling granting three building designation and allowing for inner access as requested. Commissioner Luisi seconded the motion. Motion carried unanimously.

Commissioner Meyer made a motion that Russell Payne be allowed to retain his support license subject to condition that he not violate his probation in any way causing his Suspended Imposition of Sentence to be terminated, lifted or set aside. If the Suspended Imposition of Sentence is removed and sentence is imposed, he is to have his license revoked immediately. Commissioner Wiles seconded the motion. Motion carried unanimously.

Commissioner Wiles made a motion to approve the application of Deloris Lien as a para-mutuel clerk subject to terms and conditions of the Suspended Imposition of Sentence imposed by the court. Any violation of the Suspended Imposition of Sentence is grounds for immediate revocation of license and any renewal thereafter. Commissioner Luisi seconded the motion. Motion carried unanimously.

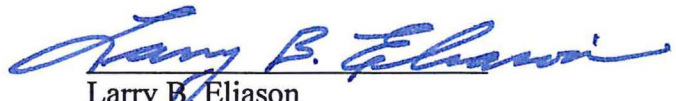
Commissioners directed staff to answer Gaming Laboratories International letter as follows:

1. The \$5.00 limit applies to each hand within a game.
2. The Commission has authorized a 180 day trial basis for tokenization machines.

Commissioners directed staff that once a multi game machine is approved, it is not considered a conversion by going from one percentage game to another within the machine.

Commissioner Wiles made a motion that the meeting be adjourned. Commissioner Meyer seconded the motion. Meeting adjourned at 3:25 PM.


Elaine Emery
Chairman


Larry B. Eliason
Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

118 W. Capitol, Pierre, SD 57501-2017
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

**Telephonic Commission Meeting
February 9, 2000**

The South Dakota Commission on Gaming held a special meeting by telephone conference call on Wednesday, February 9, 2000. The public was provided with an opportunity to participate in the proceedings at the following locations:

Second Floor Conference Room
Department of Commerce and Regulation
Pierre, SD, and

Dakota Claims Service
1603 8th Ave NE
Aberdeen, SD

At 1:30 PM, Commissioner Wiles called the meeting to order. Roll call was taken and Commissioners Luisi, Meyer, Ness and Wiles were present. Commissioner Emery did not participate. Members of the public present at the Pierre location were:

1. Mike Shaw, Legal Counsel
2. Ronald Olinger, Lobbyist representing the SD Horsemen's Association.
3. Lyle Hedman, member of the Horsemen's Association
4. Reginia Maier, member of the Horsemen's Association
5. Mary Pucket, member of the Horsemen's Association
6. Pat Sutley, Manager of the Ft Pierre Race Track

Members of the public present at the Aberdeen location were:

1. Lloyd Just
2. Roger Munger, Manager of the Aberdeen Race Track

Mr. Munger requested that there should be changes made in the resolution in sections 3, 4, 6, and 7 with the dates. In section 3, the dates should read April 15, 2000 through and including May 7, 2000. In section 4, the same change was made. In section 6, the dates

Page 2

should read May 13, 2000 through and including May 29, 2000. In section 7, the same change was made.

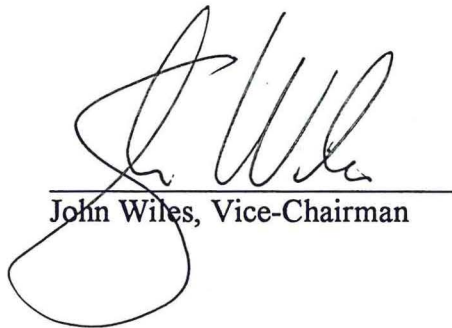
Mr. Meyer moved that these changes had been noted and Mr. Ness seconded. The motion carried on a roll call vote with all Commissioners voting aye.

Mr. Luisi moved to adopt Resolution 00-02-09-1 with the corrections as now presented allocating \$250,000 to both Verendrye Benevolent Association and NorthEast Area Horse Racing, Inc. Commission Meyer seconded the motion and it passed unanimously on a roll call vote with all Commissioners voting aye. A copy of the resolution is attached to these minutes.

At 1:45PM, Commissioner Meyer moved to adjourn the meeting. Commissioner Luisi seconded the motion and it passed unanimously on a roll call vote with all Commissioners voting aye.

Respectfully Submitted,

Danna Bren



John Wiles, Vice-Chairman



Larry B. Eliason, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

118 W. Capitol, Pierre, SD 57501-2017
Phone (605) 773-6050
FAX (605) 773-6053

MINUTES

March 23, 2000

HEARINGS

At 9:00 a.m., Commissioner Emery called the meeting to order and turned it over to the hearing officer, Commissioner Wiles.

The court reporter for the hearings was Cindy Weichmann of Wheeler Court Reporting.

The cases heard were:

- Tin Lizzies Gambling Hall – Petition for Declaratory Ruling
- Kevin Fish – Petition for Declaratory Ruling
- Black Hills Novelty – Petition for Declaratory Ruling
- Ruth Hart – Appeal of Denial of Support License
- Ricky Miller – Appeal of Denial of Support License

The following cases were continued to the next commission meeting: Lynn Crawford and F.D. Napolitano, Jr.

J. Troy Gilifillan withdrew his appeal of denial of support license.

At the conclusion of the hearings the commissioners returned to open session.

At 11:30 a.m., the Commission adjourned to Executive Session to discuss the cases that were heard.

GENERAL MEETING

At 1:30 p.m., after returning from executive session Commissioner Emery called the meeting to order.

Commissioners present: John Luisi, Elaine Emery, Larry Ness and John Wiles.
Commissioner Brian Meyer was absent.

Commissioner Luisi moved to approve the minutes of the December 9, 1999 commission meeting. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the amended minutes of the February 9, 2000 telephonic commission meeting. Commissioner Luisi seconded the motion and it passed unanimously.

Proposed rules

The Commissioners reviewed the proposed house rule on employee gambling presented by Mr. Roger Tellinghuisen, representing the Deadwood Gaming Association. The Commissioners directed that Mr. Tellinghuisen provide a report to the commission regarding the steps that individual casinos would take regarding employee gambling. This report is due by the next commission meeting in June.

Stipulation of Assurance

Commissioner Wiles moved to approve the Stipulation of Assurance and Voluntary Compliance with Universal Distributing of Nevada, Inc. The motion was seconded by Commissioner Luisi and passed unanimously.

Licensing

Commissioner Wiles moved to approve a retail license for the following individual:

Ken Klug

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve owner licenses for the following individuals:

Brett Estes and Kevin Johnson (which includes one operator and three retail licenses)

Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approved key licenses for the following individuals:

Marilyn Luscombe, James Skalsky, Sara Beth Brown, Clair Hicks, Roberta Pascoe, Paul Kinash and Deborah Kinash

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to renew key licenses for the following individuals:

Thomas Frank and Hiroshi Fujisawa

Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to deny key licenses for the following individuals:

Edward Jones (Mr. Jones made a personal appearance and was informed that he may appeal the denial) and Bernie Ostwald

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Ness moved to approve the following Directors:

Peter Draney, Aristocrat Inc.; John Ducker, Aristocrat Inc.; Howard Yenke, Casino Data Systems; Thomas Gardner, Casino Data Systems; Louie Peyton, Mikohn Gaming; Burgess Harmer, Aristocrat Inc.; and William Baker, Aristocrat Inc.

Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the following Associated Person:

Barth Aaron, Aristocrat Inc.

Commissioner Ness seconded the motion and it passed unanimously.

The following withdrawal of applications for licenses were noted with no objections by the commissioners:

Tony Milos, Dick Vink, James Beecher and Patricia Drummond

Commissioner Luisi moved to approve the inactivation of Dakam Mohamed's retail license. Commissioner Ness seconded the motion and it passed unanimously.

Racing Officials

Commissioner Wiles moved to approve the Racing Officials listed on pages 57 and 58 of the commission packet (attached). Commissioner Ness seconded the motion and it passed unanimously.

Racing Contracts

Commissioner Ness moved to approve the Racing Professional Service Contract with Industrial Laboratories for testing services for \$7,000. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the Racing Professional Service Contract with Cooper Animal Clinic for veterinarian service for \$19,000. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the Racing Professional Service Contract with Gary L. Galinat, CPA for accounting services for \$3,000. Commissioner Ness seconded the motion and it passed unanimously.

Decisions on Hearings

Commissioner Luisi moved to approve the Petition of Tin Lizzies for the designation of a sixth building. Commissioner Wiles seconded the motion and it passed unanimously.

In the matter of Kevin Fish's petition for a declaratory ruling Commissioner Wiles moved for this matter to be kept open till the next commission meeting. Commissioner Wiles also moved to direct the staff to research the possibility of adding a rule and/or license for the repair of slot machines. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to approve the Petition of Black Hills Novelty for the sale of two slot machines to Aces Full and their subsequent sale to the Golden Buffalo Casino. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Luisi moved to deny the appeal of a support license by Ruth Hart. Commissioner Ness seconded the motion and it passed unanimously.

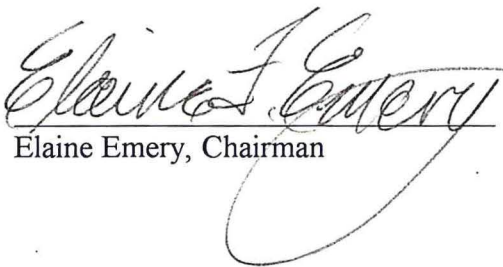
Commissioner Wiles moved to deny the appeal of a support license by Ricky Miller. Commissioner Luisi seconded the motion and it passed unanimously.

The next scheduled commission meeting is set for June 6, 2000.

At 2:25 p.m., the commission meeting was adjourned.

Respectfully Submitted,

Teri Ertman


Elaine Emery, Chairman


Larry B. Eliason, Executive Secretary

MINUTES

June 6, 2000

HEARINGS

At 9:00 a.m., Commissioner Emery called the meeting to order and turned it over to the hearing officer, Commissioner Wiles.

The court reporter for the hearings was Carolyn Sturgeon of Wheeler Court Reporting.

The cases heard were:

- Mark A. Snare – Appeal of Denial of Support License
- Ed D. Jones – Appeal of Denial of Key License
- Donald J. Thoresen – Appeal of Denial of Support License
- Francis D. Napolitano, Jr. – Appeal of Denial of Support License
- Lynne Crawford – Appeal of Denial of Support License

At the conclusion of the appeal hearings, the proposed rules hearings were conducted. Two rules were drafted by the Legislative Research Council for review and possible approval. Comments were taken and noted.

At the conclusion of the hearings, Commissioner Wiles returned the meeting back to Commissioner Emery.

GENERAL MEETING

Commissioners present: John Luisi, Elaine Emery, Larry Ness and John Wiles.
Commissioner Brian Meyer was absent.

Commissioner Luisi moved to approve the minutes of the March 23, 2000 commission meeting. Commissioner Ness seconded the motion and it passed unanimously.

Proposed rules

The Commissioners reviewed the proposed house rule on employee gambling presented by Mr. Rich Turberville, President of the Deadwood Gaming Association. Since these are rules that the casino's have adopted and will be enforcing it required no action by the Commissioners.

Stipulation of Assurance

Commissioner Wiles moved to approve the Stipulation of Assurance and Voluntary Compliance with South Dakota Racing LLC. The motion was seconded by Commissioner Luisi and passed unanimously.

Letter of Credit

Commissioner Wiles moved to approve the combining of four letters of credit into one for Sodak Gaming, Inc. The letter must be for 2.8 million dollars with a registered lender on an irrevocable basis. Commissioner Ness seconded the motion and passed unanimously.

Consulting Contracts

Commissioner Luisi moved to approve the Legal Services Consulting Contract between May, Adam, Gerdes & Thompson and the SDCG for legal services for fiscal year 2001. Commissioner Ness seconded the motion and passed unanimously.

Commissioner Wiles moved to approve the Consultant Contract/Letter of Agreement for Consultant Services between the Business Research Bureau and the SDCG for data processing services for fiscal year 2001. The motions was seconded by Commissioner Ness and passed unanimously.

Commissioner Luisi moved to approve the Consultant Contract/Letter of Agreement for Consultant Services between Gaming Laboratories International and the SDCG for device testing and consulting for fiscal year 2001. Commissioner Wiles seconded the motion and passed unanimously.

Commissioner Wiles moved to approve the Consultant Contract/Letter of Agreement for Consultant Services between Architecture Incorporated and the SDCG for architectural services for fiscal year 2001. Commissioner Ness seconded the motion and passed unanimously.

Licensing

Commissioner Luisi moved to delay action on approval of operator and retail licenses for Southwest Casino dba BB Codys, James Druck, Jeffrey Halprin, and Thomas Fox until

after executive session. Commissioner Ness seconded the motion and passed unanimously.

Commissioner Wiles moved to approve an owner license for Ann Roberts of Best Western Hickok House. Commissioner Ness seconded the motion and passed unanimously.

Commissioner Luisi moved to approve retail licenses for the following individuals:
Patrick McDermott/285-RT unassigned, Roxie Knight dba Hickoks 4 289-RT,
Barb Mattson dba Silverado 3 290-RT and Ken Klug dba Silverado 7 291-RT
Commissioner Ness seconded the motion and passed unanimously.

Commissioner Ness moved to approve route operator license for Hickoks, Inc.
Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approved key licenses for the following individuals:
Chris Korpi, James Trepl, Brian Foster, John Rystrom, Peter Goodwin, Justin
Arcemont and Darwin Stordahl
Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Ness moved to renew key licenses for the following individuals:
Richard Cleveland and Kevin Zacher
Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Luisi moved to renew distributor licenses for the following businesses:
Aces Full, Hanson Distributing, Lieberman Music and Sodak Gaming
Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to renew manufacturer licenses for the following businesses:
Alliance Gaming-Bally, Anchor Coin/Anchor Games, Atronic Americas LLC,
Casino Data Systems, IGT, Innovative Gaming Inc., Mikohn Gaming Corp.,
Shuffle Master Inc., Sigma Games, Universal Distributing of Nevada Inc., VLC
Inc. and WMS Gaming
Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to renew retail licenses on the condition that all property taxes are paid prior to July 1, 2000 for the businesses listed on pages 76 & 77 of the commission packet (attached). At the time of the meeting Gold Country Inn and Franklin Motel were delinquent on their property taxes. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to renew operator (with retailers) licenses for the businesses listed on pages 78-80 of the commission packet (attached). Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to renew route operator licenses for the businesses listed on page 80A of the commission packet (attached). Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Luisi moved to renew retail license for Cambria Casino. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to assign George Stevenson's retail licenses to the following properties effective 7/1/2000:

Wild West 2, Wild West 3 and Jackpot Charlie's

Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to have the retail license assigned to S-Mart be designated unassigned and change the name to read James Sternhagen 1. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to assign Super G's retail license #0147-RT to Silverado 6, Ken Klug's retail license #282-RT to Silverado 5 and Barb Mattson's retail license #290-RT to Silverado 3. Commissioner Luisi seconded the motion and it passed unanimously.

After hearing all matters Commissioner Ness moved to retire to executive session. Commissioner Wiles seconded the motion and it passed unanimously.

Upon completion of executive session Commissioner Luisi moved to return to open session. Commissioner Ness seconded the motion and it passed unanimously.

Decisions on Hearings

Commissioner Wiles moved to approve a support license for Mark A. Snare. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to approve a key license for Edward D. Jones. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to deny the appeal of a support license for Donald J. Thoresen. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to deny the appeal of a support license for Francis D. Napolitano, Jr. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Ness moved to deny the appeal of a support license for Lynne Crawford. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the proposed rules, one concerning the purchasing of slot machines and the other regarding the maintenance of bill acceptors by a licensed operator. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the operator with two retail licenses for Southwest Casino dba BB Codys, James Druck, Jeffrey Halprin and Thomas Fox. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the lease agreement between the Brockleys, Deadwood Properties, Inc. and Southwest Casino Deadwood, LLC. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve a key license for Robert J. Cirincion. Commissioner Luisi seconded the motion and it passed unanimously.

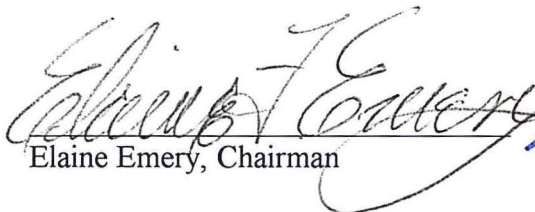
Commissioner Wiles moved to approve renewal of a Manufacturers license for Aristocrat Inc. Commissioner Luisi seconded the motion and it passed unanimously.

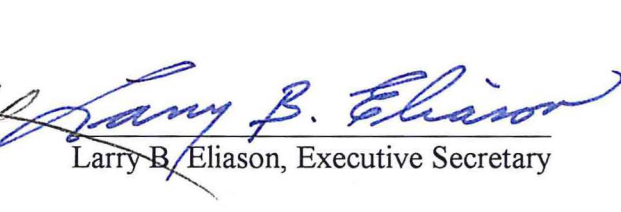
The next scheduled commission meeting is set for September 14, 2000.

At 1:00 p.m., the commission meeting was adjourned.

Respectfully Submitted,

Teri Ertman


Elaine Emery, Chairman


Larry B. Eliason, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

118 W. Capitol, Pierre, SD 57501-2017
Phone (605) 773-6050
FAX (605) 773-6053

MINUTES

September 14, 2000

EXECUTIVE SESSION

At 9:00 a.m. the Commissioners went into executive session.

HEARINGS

At 9:45 a.m., Commissioner Emery called the meeting to order and turned it over to the hearing officer, Commissioner Wiles.

The court reporter for the hearings was Tracy Isburg of Wheeler Court Reporting.

The cases heard were:

- B.Y. Development, Inc. – Petition for Declaratory Ruling
- Chad Benjamin – Appeal of Stewards' Ruling 00-05-AB
- Naveen DeWolf – Appeal of Support License
- Braden Hillyard – Appeal of Support License

At the conclusion of the hearings, Commissioner Wiles returned the meeting back to Commissioner Emery.

PUBLIC HEARING ON PROPOSED RULES

The Commissioners reviewed changes and/or additions to the administrative rules. Public comment was taken at this time. Commissioner Luisi moved to change the wording in

Section 427.1 (e) to read 90 days rather than 30 days. Commissioner Wiles seconded the motion and passed unanimously.

After completing the review and listening to all comments, Commissioner Wiles moved to accept the changes and/or additions as proposed and amended. Commissioner Luisi seconded the motion and passed unanimously.

GENERAL MEETING

Commissioners present: John Luisi, Elaine Emery and John Wiles. Commissioners Brian Meyer and Larry Ness were absent.

Commissioner Luisi moved to approve the minutes of the June 6, 2000 commission meeting. Commissioner Wiles seconded the motion and it passed unanimously.

Stipulation of Assurance

Commissioner Wiles moved to approve the Stipulation and Assurance of Voluntary Compliance with Linda Quenzer, Susan O'Connell and Saloon Gambling Inc.. The motion was seconded by Commissioner Luisi and passed unanimously.

Report on Field Trial

Trent Mohr presented his report on the field trial of tokenized machines. Since this was just a report it required no action by the Commissioners.

Licensing

Commissioner Wiles moved to deny a support license for Larry Sullivan until Mr. Sullivan showed evidence of employment. The motion lacked a second. Commissioner Luisi moved to deny a support license for Larry Sullivan. Commissioner Wiles seconded the motion and passed unanimously.

Commissioner Luisi moved to approve an operator license for Kevin Fish of Fish Enterprises and Alan Steelman as director of Aristocrat. Commissioner Wiles seconded the motion and passed unanimously.

Commissioner Wiles moved to approve a transfer of Linda Quinzer's retail licenses to inactive status, a new retail license for Karmen Aga at the Green Door, and the transfer of Karmen Aga's retail license at the Nugget to Wild Bill's Bar 2. Commissioner Luisi seconded the motion and passed unanimously.

Commissioner Wiles moved to approve key support licenses for the following individuals: Laurie Fuller, Laura Blevins, Scot Amundson, Diane Bosch, Aneitta Albright, Michael Mollenhauer, Carol Oolman, Paula Morgan, Janice Stewart, Pam Derby and Geoffrey Sage. Commissioner Luisi seconded the motion and passed unanimously.

Commissioner Wiles moved to approve renewal of the distributor license for Collins Games of South Dakota. Commissioner Luisi seconded the motion and passed unanimously.

Commissioner Wiles moved to approve the simulcast site for RSI-Winners Circle subject to inspection. Commissioner Luisi seconded the motion and passed unanimously.

Request for Funding

Commissioner Wiles moved to defer action on the request for racing funds until the December commission meeting. Commissioner Luisi seconded the motion and passed unanimously.

Addition to Exclusion List

Commissioner Wiles moved to add Deanne Fraunen to the exclusion list. Commissioner Luisi seconded the motion and passed unanimously.

After hearing all matters the Commissioner Luisi moved to retire to executive session. Commissioner Wiles seconded the motion and passed unanimously. Upon completion of executive session the Commissioners returned to open session.

Decisions on Hearings

Commissioner Wiles moved to approve the petition for a declaratory ruling on the six building designations for B.Y. Development, the underground parking structure would not be considered a separate building and would waive the 25 per cent opening for parking purposes only. Commissioner Luisi seconded the motion and passed unanimously.

Commissioner Wiles moved to impose a \$300 fine and revocation of Chad Benjamin's jockey license for failure to fulfill his engagements. Commissioner Luisi seconded the motion and passed unanimously.

Commissioner Luisi moved to approve a support license for Naveen DeWolf. Commissioner Wiles seconded the motion and passed unanimously.

Commissioner Wiles moved to deny a support license for Braden Hillyard. Commissioner Luisi seconded the motion and passed unanimously.

The next scheduled commission meeting is set for December 7, 2000.

At 1:00 p.m., Commissioner Emery adjourned the commission meeting.

Respectfully Submitted,

Teri Ertman


Elaine Emery, Chairman

Larry B. Eliason, Executive Secretary

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**MINUTES OF A SPECIAL TELEPHONE
CONFERENCE CALL MEETING**

The South Dakota Commission on Gaming held a special meeting by telephonic conference call at 10:00 A.M., CST, Friday, November 3, 2000. Participating by teleconference were Chairman Elaine Emery, Vice Chairman John Wiles and Commissioner John Luisi. Commissioners Larry Ness and Brian Meyer did not participate in the meeting.

The public was allowed to listen to and participate in the meeting at the following locations:

First Floor Conference Room
Department of Commerce and Regulation Building
Pierre, South Dakota

Tribal Council Chambers
Sisseton-Wahpeton Sioux Tribe Government Building
Agency Village, South Dakota

Participating at the Pierre location were Larry B. Eliason, Executive Secretary, Mike Shaw, Legal Counsel and Danna Bren, Administrative Assistant.

The meeting was a joint meeting with the Sisseton-Wahpeton Gaming Commission which participated from the location at Agency Village. The following members of the Sisseton-Wahpeton Sioux Tribe Gaming Commission participated in the meeting: Dean Price, Danny White and Jeff Shepherd. Several other tribal officials were present at the Agency Village location.

The purpose of the meeting was to make appointments to the Arbitration Board established in the gaming compact between the State of South Dakota and the Sisseton-Wahpeton Sioux Tribe.

Commissioner Luisi moved that John Wiles be selected as the South Dakota Commission on Gaming representative for the Arbitration Board. The motion was seconded by Commissioner Emery and passed on the following roll call: Commissioner Emery voted yes; Commissioner Wiles voted yes and Commissioner Luisi voted yes.

The Sisseton-Wahpeton Sioux Tribe Gaming Commission then selected Henry Buffalo as its representative on the Arbitration Board. The motion to appoint Mr. Buffalo was made by Commissioner Price and seconded by Commissioner White and unanimously approved.

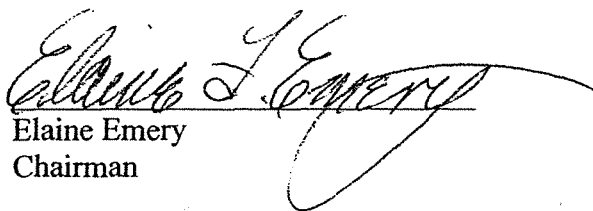
Commissioner Wiles then moved that Gordon Jones be appointed as the third member of the Arbitration Board. This motion was seconded by Commissioner Emery. The motion passed on the following roll call: Commissioner Emery voted yes; Commissioner Wiles voted yes and Commissioner Luisi voted yes.

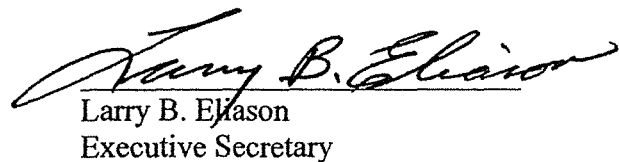
Sisseton-Wahpeton Commissioner Dean Price then moved that the Sisseton-Wahpeton Tribal Gaming Commission concur with the appointment of Gordon Jones as the third member of the Arbitration Board. This motion was seconded by Commissioner White and unanimously approved.

Commissioner Luisi moved that the South Dakota Commission on Gaming special meeting be adjourned. This motion was seconded by Commissioner Wiles. The motion carried on the following roll call: Commissioner Emery voted yes; Commissioner Wiles voted yes and Commissioner Luisi voted yes.

The meeting adjourned at 10:30 A.M. Central Standard Time.

Respectfully submitted,


Elaine Emery
Chairman


Larry B. Elason
Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

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FAX (605) 773-6053

**MINTUES OF SPECIAL TELECONFERENCE
MEETING**

The South Dakota Commission on Gaming held a special teleconference meeting via the Rural Development Telecommunications Network at 2:00 P.M., CST, Thursday, November 16, 2000. The purpose of the meeting was to adopt emergency rules following the certification of the vote on Initiated Measure #1.

The following Commissioners participated: Chairman, Elaine Emery, Vice Chairman, John Wiles and Commissioners John Luisi, Larry Ness and Brian Meyer. Executive Secretary Larry Eliason, Commission Counsel Mike Shaw and Commission Slot Systems Specialist Trent Mohr also participated. A complete list of the attendees is filed with the original of these minutes.

Executive Secretary Larry Eliason read into the record a letter which he had received on November 16, 2000 from Joyce Hazeltine, Secretary of State, certifying that Initiated Measure #1 received 161,249 yes votes and 151,244 no votes on November 7, 2000. The Initiated Measure #1 became effective on November 16, 2000.

Mr. Shaw recommended the proposed Emergency Rule 120:18:17:20 as distributed be amended by striking the figure 100 in the last sentence and inserting 2,000. The effect of the amendment would have the last sentence of the rule read:

"The maximum number of credits which may be applied to any wager on a slot machine is 2,000 not to exceed \$100.00."

Mr. Mohr suggested that proposed Emergency Rule 120:18:20:06 be amended in the underlined sentence by changing the maximum diameter from 1.655 inches to 1.875 inches and the maximum thickness from 0.099 inch to 0.106 inch. The effect of that amendment would have the underlined sentence read:

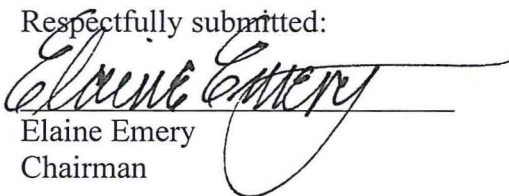
"Twenty-five dollar tokens must be disc shaped and must measure from 1.655 through 1.875 inches in diameter and from 0.099 through 0.106 inch thick."

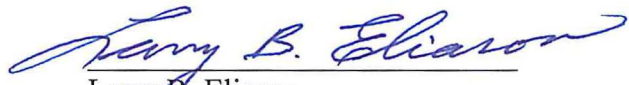
Commissioner Meyer moved that Emergency Rules 120:18:15:03, 120:18:16:11.03, 120:18:16:15.01, 120:18:17:20, 120:18:20:06 and Form 1SDCGF-38 be adopted with the amendments noted above. This motion was seconded by Commissioner Wiles. On the roll being called, the vote was as follows:

Commissioner Meyer - yes
Commissioner Wiles - yes
Commissioner Luisi - yes
Commissioner Ness - yes
Commissioner Emery - yes

There being no further business to properly come before the Commission, Chairman Emery declared the meeting adjourned at 2:25 P.M.

Respectfully submitted:


Elaine Emery
Chairman


Larry B. Eliason
Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

118 W. Capitol, Pierre, SD 57501-2017
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FAX (605) 773-6053

MINUTES

December 7, 2000

HEARINGS

At 9:30 a.m. Commissioner Emery called the meeting to order. The meeting was then turned over to the hearing officer, Commissioner Wiles.

The court reporter for the hearings was Tracy Isburg of Wheeler Court Reporting.

The case heard was:

- Lori Zimmerman – Appeal of denial of support license

The case regarding Chad A Benjamin (Jockey's appeal of Stewards Ruling) was withdrawn.

At the conclusion of the hearings, Commissioner Wiles returned the meeting back to Commissioner Emery. At that time the Commissioners adjourned to Executive Session.

GENERAL MEETING

At 10:30 a.m. the Commissioners returned from Executive Session. Roll Call was conducted and Commissioners John Luisi, Larry Ness, Brian Meyer, Elaine Emery and John Wiles were present.

Due to concerns that the current rules are written for \$5.00 bet limits and now that the limit is \$100. Commissioner Meyer moved to direct the Commission staff to prepare and send a letter to all casinos indicating that the staff will assist any casino in surveillance questions and/or problems due to the new bet limit. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the minutes of the June 6, 2000 commission meeting and the telephonic meetings of November 3 and 16, 2000. Commissioner Luisi seconded the motion and it passed unanimously.

Application for 2001 Live Horse Racing Dates

Commissioner Wiles moved to approve a license for a horse race meeting submitted by the Verendrye Benevolent Association. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the submitted list of racing officials for Verendrye Benevolent Association. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve a license for a horse race meeting submitted by the Northeast Area Horse Racing, Inc. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the submitted list of racing officials for Northeast Area Horse Racing, Inc. Brown County Race Meet. Commissioner Meyer seconded the motion and it passed unanimously.

Allocation of Racing Funds

Commissioner Wiles moved to approve resolution 00-12-07-1 to allocate funds to each track listed in the resolution. Commissioner Meyer seconded the motion and it passed unanimously.

Bonds for Simulcast Providers

Commissioner Meyer moved to approve a \$10,000 bond for Dakota Teletrack. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve a \$50,000 bond for Bettor Racing, Inc. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve a \$50,000 bond for Racing Services, Inc. Commissioner Wiles seconded the motion and it passed unanimously.

Licensing

Commissioner Wiles moved to approve a simulcast provider license for Racing Services Inc. along with the sites they serve. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve a simulcast provider license for Bettor Racing Inc. along with the sites they serve. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve a simulcast provider license for Dakota Teletrack along with the sites they serve. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the list of key license renewals in the commission packet along with the additions of Tana Neville and Bonnie Pierce (attachment 1). Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the key licenses for Vic Kiefer, Doug Standord, Rodney Fischer, Mike Rodman and Stan Triplett. James Tzouvelekas and John Armstrong withdrew their applications. Commissioner Luisi seconded the motion and it passed unanimously.

Stipulation of Assurance

Commissioner Wiles moved to approve the Stipulation of Assurance and Voluntary Compliance with Russell Harwood and Brittany Harwood. Commissioner Meyer seconded the motion and it passed unanimously.

Decision on Hearings

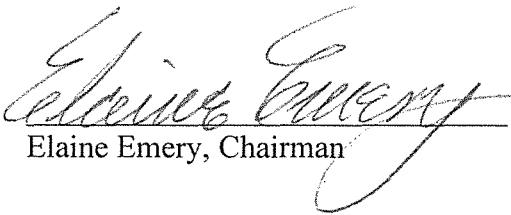
Commissioner Luisi moved to approve the support license for Lori Zimmerman. Commissioner Meyer seconded the motion and it passed unanimously.

The next scheduled commission meeting is set for January 4, 2001.

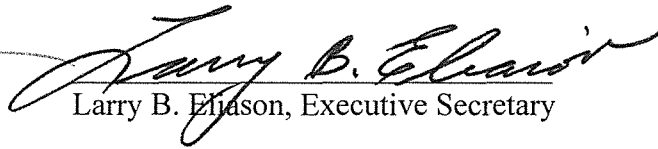
At 11:30 a.m. Commissioner Meyer moved to adjourn the meeting. Commissioner Wiles seconded the motion.

Respectfully Submitted,

Teri Ertman



Elaine Emery, Chairman



Larry B. Elason, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

118 W. Capitol, Pierre, SD 57501-2017
Phone (605)773-6050
FAX (605) 773-6053

MINUTES

January 4, 2001

PUBLIC HEARING

At 9:30 a.m. Commissioner Wiles called the meeting to order. Proposed rules to implement the \$100 bet limit were reviewed and opened for public comment.

Roll call was conducted and Commissioners John Luisi, Larry Ness, Brian Meyer and John Wiles were present. Commissioner Elaine Emery was absent.

Commissioner Meyer moved to approve changes to rule 20:18:12.01:08.01.
Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve changes to rule 20:18:15:03. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve changes to rule 20:18:16:11.03. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve changes to rule 20:18:16:15.01. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve changes to rule 20:18:17:20. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve changes to rule 20:18:20:06. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to approve changes to form SDCGF-38 and for the form to reflect the effective date of change. Commissioner Meyer seconded the motion and it passed unanimously.

ADMINISTRATIVE HEARINGS

The court reporter for the hearings was Tricia Mutchler of Wheeler Court Reporting.

The cases heard were:

- Bullock Properties – Failure to remit gaming tax due
- Miss Kitty's Properties – Failure to remit gaming tax due
- Jackpot Charlies – Failure to remit gaming tax due
- Ken Kellar – Production of personal and business financial documents

After hearing the above matters the Commissioners recessed into executive session.

GENERAL MEETING

After returning from executive session Commissioner Luisi moved to return to regular session. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the minutes of the December 7, 2000 commission meeting. Commissioner Ness seconded the motion and it passed unanimously.

Licensing

Commissioner Ness moved to approve new key licenses for Brian Carmichael and Robert Stahl. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve a key license renewal for Todd Harter. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve a route operator and three retail licenses for GR Deadwood, Inc. Commissioner Meyer seconded the motion and it passed unanimously.

Quarterly Meeting Dates

The following dates were scheduled for meetings:

- January 19, 2001
- April 5, 2001 – Schedule to start at 3:00 p.m.
- June 21, 2001
- September 13, 2001
- December 6, 2001

Decision on Hearings

The Commissioners retired to executive session. Upon return from executive session Commissioner Meyer moved to return to general session. Commissioner Luisi seconded the motion and it passed unanimously.

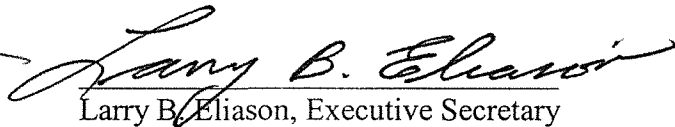
Commissioner Ness moved to suspend the licenses of Bullock I, II, III; Miss Kitty's I, II, III, IV, V; and Jackpot Charlies for thirty days effective immediately and also impose a fine of \$12,500 for each one of the nine retails. Imposition of license suspension is delayed pending no further like violations for one year. As well \$11,500 of each fine is suspended provided no further like violation takes place for one year. The payment of the nine \$1,000 fines is due in thirty days. Commissioner Meyer seconded the motion and it passed unanimously.

At 11:30 a.m. Commissioner Meyer moved to adjourn the meeting. Commissioner Ness seconded the motion and it passed unanimously.

Respectfully Submitted,

Teri Ertman


Elaine Emery, Chairman


Larry B. Eliason, Executive Secretary

STATE OF SOUTH DAKOTA



COMMISSION ON GAMING

First Western Bank
696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX (605) 578-2263

MINUTES

April 5, 2001

GENERAL MEETING

At 4:00 p.m., after the commissioners met in executive session, Commissioner Emery called the meeting to order.

Roll call was conducted and Commissioners John Luisi, Larry Ness, Brian Meyer, John Wiles and Elaine Emery were present for the meeting.

Commissioner Meyer moved to approve the minutes of the January 4, 2001 commission meeting. Commissioner Ness seconded the motion and it passed unanimously.

Licensing

Commissioner Wiles moved to approve new key licenses and 2001 key renewals. New key licenses are Debra Klima, Paula Olesen, Kenneth Wolfe, Rosemary Wylie, Lynell Gienger, Lee Roadifer, Susan Shama-Caldwell, Linda Hochstetler and Brenda Hopfinger. 2001 key renewals are John Peterson, Steven Kline, Kevin Zacher and Shelly Thompson. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve retail licenses for Stacy Dunn, Tammy Stoops and Dawn Decker-Lindsten. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve an operator license for Celebrity Hotel. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the transfer of GR Deadwood, LLC licenses (operator, route operator, and retails) to the Mineral Palace effective April 17, 2001 and the current Three of a Kind licenses (operator and retails) be unassigned. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to place Jim Sternhagen's third retail license #0266-RT at Lee Street Station provided Deadwood Development and its principals provide license applications within sixty (60) days. Commissioner Ness seconded the motion and it passed unanimously.

Request to Transfer Funds

Commissioner Wiles moved to approve the transfer of funds allocated to Ft. Pierre stakes race purse money to Aberdeen for the finals of a thoroughbred futurity. Commissioner Meyer seconded the motion and it passed unanimously.

Racing Contracts

Commissioner Luisi moved to approve the Racing Professional Service Contract with Industrial Laboratories for testing services not to exceed \$10,000. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to approve the Racing Professional Service Contract with Cooper Animal Clinic for veterinarian services not to exceed \$20,000. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the Racing Professional Service Contract with Gary L. Galinat, CPA for accounting services not to exceed \$3,000. Commissioner Wiles seconded the motion and it passed unanimously.

Racing Officials

Commissioner Wiles moved to approve the following Racing Officials:

State Stewards	Randy Blaseg
	Lloyd Just
Assistant State Steward	Larry Eliason
State Veterinarian	R.D. Cooper, DVM
Verendrye Benevolent Association	
General Manager	Pat Sutley
Racing Secretary	Bill Floyd
Identifier	Bill Floyd

Starter	Jim Lawhon
Paddock Judge	Bill Floyd
Jockey Room Custodian	Jerry O'Day
Clerk of Scales	Jerry O'Day
Horseman's Bookkeeper	Dena Kinsella
Money Room Manager	David Titze
Concessions	Carla McGruder
Mutuel Manager	Linda Titze

Northeast Area Horse Racing, Inc.

Horseman's Bookkeeper	Mae Jenkins
Association Steward	Pat Heath and Morris Dokter
Clerk of Scales	Dan Zinter
Identifier	Dan Zinter
Paddock Judge	Dan Zinter
Jockey Room Custodian	Dan Zinter
Starter	Roy Askin
Assistant Starter	Ray Sauerwein
Handicapper	Services provided by Tru Form Publications
Racing Secretary	Harold Sanderson
Mutuel Manager	Theresa Sauerwein
Mutuel Room Employees	To be hired

Commissioner Ness seconded the motion and it passed unanimously.

Stipulation of Assurance

Commissioner Wiles moved to approve the Stipulation of Assurance and Voluntary Compliance with Kenneth Elliott. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the Stipulation of Assurance and Voluntary Compliance with Aces Full, Inc. Commissioner Luisi seconded the motion and it passed unanimously.

Request by Depot/Motherlode

Commissioner Wiles moved to grant and extension on the destruction of the Depot/Motherlode tokens to September 13, 2001. At that time S&E Investments will provided a detailed accounting of the tokens to the commission. Commissioner Meyer seconded the motion and it passed unanimously.

Scheduling of Next Commission Meeting

After discussing the schedule of the next meeting it was decided by the Commissioners to meet June 22, 2001.

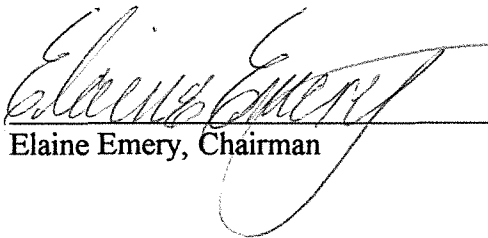
Demonstrations of Card Games

Bonus 6 Poker and Caribbean Stud were demonstrated at the end of the meeting. Commissioner Meyer moved to have rules written and presented at the next commission meeting for approval. Commissioner Luisi seconded the motion and it passed unanimously.

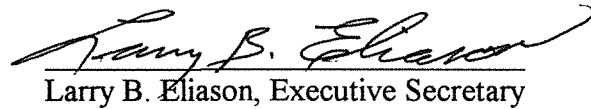
At 5:00 p.m. Commissioner Wiles moved to adjourn the meeting. Commissioner Meyer seconded the motion and it passed unanimously.

Respectfully Submitted,

Teri Ertman



Elaine Emery, Chairman



Larry B. Eliason, Executive Secretary



COMMISSION ON GAMING

696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX: (605) 578-2263

MINUTES

June 22, 2001

PUBLIC HEARING

At 9:05 a.m. Commissioner Emery called the meeting to order. Commissioners Elaine Emery, John Wiles, John Luisi, and Brian Meyer were present. Commissioner Larry Ness was absent.

A public hearing was held on proposed rule changes. After discussion of the proposed rule changes Commissioner Wiles moved to approve all proposed rules and not act on 20:18:17:09 at this time. Commissioner Wiles also moved to approve rule 20:04:32:08.01 with the addition of "place a wage for their own benefit" after the word may. Commissioner Luisi seconded the motion and it passed unanimously.

DEMONSTRATION OF GAMES

The card games Parlay 21, Bet the House and Western Stud Poker were demonstrated.

ADMINISTRATIVE HEARINGS

The court reporter for the hearings was Tricia Mutchler of Wheeler Court Reporting.

The cases heard were:

- Four Aces – Petition for Declaratory Ruling
- Mark W. Guild – Denial of Support License

After hearing the above matters the Commissioners referred them to be discussed during executive session.

GENERAL MEETING

Commissioner Meyer moved to approve the minutes of the April 5, 2001 commission meeting. Commissioner Luisi seconded the motion and it passed unanimously.

Licensing

Commissioner Meyer moved to approve new key licenses:

- Lester Simmons
- Tiera Bagwell
- Tina Sorenson
- Corina McComish
- John Keppel
- Keith Rice
- Jeanette Lemke
- Gerald Sleeper
- Ron Island
- Robert Bratcher

Commissioner Meyer also moved to deny a key license for Britt White. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve an Associated Person, Mark Lerner—Bally Gaming. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the following:

- Retail Licenses
 - Jerome Feterl – Bourbon Street I – 0308-RT
 - Jerome Feterl – Bourbon Street II – 0309-RT
 - Jerome Feterl – Unassigned – 0310-RT
 - Christine McLain – Cadillac Jacks IV – 0305-RT
 - Christine McLain – Cadillac Jacks V – 0306-RT
 - Christine McLain – Cadillac Jacks VI – 0307-RT
 - Pat McDermott – Silverado VII – 0311-RT
- Assignment of Retail Licenses
 - Ken Klug – 0282-RT, 0291-RT – moved from Silverado to Unassigned
 - Pat McDermott – 0285-RT – Assign to Silverado V
- Multiple Licenses
 - BY Development – 0196-OP – Paul, Thomas, Walter Sr., Walter Jr., & Richard Bradsky
 - BY Development – 0016-RO
 - BY Development – Cadillac Jacks I – 0302-RT

BY Development – Cadillac Jacks II – 0303-RT
BY Development – Cadillac Jacks III – 0304-RT

Approved but Unassigned:

Lauren Kellar – 0194-OP
Lauren Kellar – 0014-RO
Lauren Kellar I – 0292-RT
Lauren Kellar II – 0297-RT
Lauren Kellar III – 0298-RT
Michael Kellar – 0195-OP
Michael Kellar – 0293-RT
Michael Kellar – 0295-RT
Michael Kellar – 0296-RT

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Meyers moved to approve the following Manufacturers:

- Alliance Gaming-Bally – 0114-MA
- Anchor Coin dba Anchor Games – 0115-MA
- Atronic Americas LLC – 0117-MA
- Aristocrat Inc – 0108-MA
- Casino Data Systems – 0113-MA
- IGT – 0101-MA
- Innovative Gaming Inc. – 0109-MA
- Mikohn Gaming Corp – 0110-MA
- Shuffle Master Inc – 0116-MA
- Sigma Games – 0107-MA
- Universal Distributing of Nevada – 0104-MA
- WMS Gaming Inc – 0111-MA

Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the following Distributors:

- Aces Full Inc – 0120-DS
- Hanson Distributing Inc – 0117-DS
- Lieberman Music Co – 0111-DS
- SoDak Gaming Inc – 0103-DS

Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve the following Retail Licenses with the condition that Gold Country Inn provide proof that property taxes have been paid on or before July 1, 2001:

- All Seasons Motel – 0037-RT
- Bullock Express – 0143-RT
- Cambria Casino – 0261-RT
- Christine Case – 0271-RT
- Celebrity Hotel I – 0256-RT
- Celebrity Hotel II – 0257-RT
- Celebrity Hotel III-Nelson's Garage – 0241-RT
- Deadwood Dicks – 0014-RT
- Nickel Dicks – 0055-RT
- Deckers Food Center – 0137-RT
- Double Diamond Casino – 0239-RT
- Elk's Lodge – 0027-RT
- Fairmont Hotel – 0123-RT
- Oyster Bay – 0106-RT
- First Gold II-R Bush – 0209-RT
- First Gold III-R Bush – 0281-RT
- Foggy Notion – 0224-RT
- Four Aces-R Cleveland – 0050-RT
- Franklin Hotel – 0034-RT
- Franklin Hotel Dining Room – 0185-RT
- Franklin Hotel Callahans – 0030-RT
- Goldbergs I – 0194-RT
- Goldbergs II – 0195-RT
- Gold Country Inn – 0138-RT
- Gold Dust III-David Ruth – 0270-RT
- Gold Dust IV-Scott Roth – 0272-RT
- Gold Dust V-Scott Roth – 0273-RT
- Green Door-Karmen Aga – 0294-RT
- Wild Bill Bar II-Karmen Aga – 0246-RT
- Hickok's IV-Roxanne Knight – 0289-RT
- Jackpot Charlies-G Stevenson – 0280-RT
- W W Winners II-G Stevenson – 0278-RT
- W W Winners III-G Stevenson – 0279-RT
- James Kaiser – 0252-RT
- Jo McQuillen – 0232-RT
- Linda Quenzer I – 0244-RT
- Linda Quenzer II – 0245-RT
- Lucky Wrangler dba Silverado III – 0290-RT
- Lucky Wrangler dba Silverado IV – 0253-RT

- Patrick McDermott – 0285-RT
- Mint I-Ken Gienger – 0265-RT
- Mint II-Ken Gienger – 0274-RT
- Miss Kitty's V – 0172-RT
- Miss Kitty's IV – 0171-RT
- Mohamed Dakam I – 0264-RT
- Mohamed Dakam II – 0275-RT
- Mohamed Dakam III – 0276-RT
- Mustang Sally I-Toby Keehn – 0220-RT
- Mustang Sally II-Toby Keehn – 0221-RT
- Richard Cleveland – 0175-RT
- Silver Dollar – 0166-RT
- French Quarter I – 0167-RT
- French Quarter II – 0168-RT
- Susan O'Connell – 0129-RT
- Thunder Cove – 0132-RT
- Tin Lizzie III-C Boyle – 0269-RT
- Casey's-C Boyle – 0094-RT
- Twin City Cleaners – 0021-RT
- Veterans of Foreign War Post – 0017-RT
- Wooden Nickel-J Sternhagen – 0268-RT
- McKenna's Gold-J Sternhagen – 0267-RT
- Lee Street Station-J Sternhagen – 0266-RT

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the following Operators with Route Operator and Retail Licenses:

- Best Western Hickok House – 0145-OP
 - Best Western Hickok House I – 0117-RT
 - Best Western Hickock House II – 0215-RT
- Black Hills Novelty – 0105-OP
 - Black Hills Novelty – 0007-RO
- Bullock Hotel – 0172-OP
 - Bullock I – 0026-RT
 - Bullock II – 0122-RT
 - Bullock III – 0157-RT
- Celebrity Hotel – 0197-OP
 - Celebrity Hotel & Casino I – 0256-RT

Celebrity Hotel & Casino II – 0257-RT
Celebrity Hotel III-Nelson's Garage – 0241-RT

- Deadwood Deals Inc – 0116-OP
- Deadwood Gulch – 0121-OP
 - Deadwood Gulch Saloon – 0080-RT
 - Deadwood Gulch Saloon II – 0176-RT
- Deadwood Players – 0188-OP
 - Deadwood Players – 0009-RO
- Deadwood Super 8 Motel – 0154-OP
 - Lucky 8 Gaming Hall – 0128-RT
 - Lucky 8 Gaming Hall II – 0187-RT
- Emerald Corp – 0158-OP
 - Buff-Bod Complex/Bodega II – 0158-RT
 - Buff-Bod Complex/Buffalo – 0277-RT
 - Buff-Bod Complex/Lady Luck – 0038-RT
- First Gold Inc – 0120-OP
 - First Gold Inc – 0011-RO
 - First Gold I – 0208-RT
 - Horseshoe – 0079-RT
 - Blackjack – 0081-RT
- Fish Enterprises – 0193-OP
- Miss Kitty's Inc – 0166-OP
 - Miss Kitty's Inc – 0001-RO
 - Miss Kitty's I – 0140-RT
 - Miss Kitty's II – 0141-RT
 - Miss Kitty's III – 0142-RT
- Ray Hillenbrand – 0168-OP
- Reba Inc – 0115-OP
- S&E Investments – 0128-OP
- Saloon Gambling Inc – 0103-OP
 - Saloon Gambling I – 0011-RT

Saloon Gambling II – 0063-RT

- Southwest Casino BB Cody's Gaming – 0192-OP
BB Cody's I-Southwest Casino – 0283-RT
BB Cody's II-Southwest Casino – 0284-RT
- Super G Investment Co – 0114-OP
Super G Investment Co – 0004-RO
Silverado I – 0058-RT
Silverado II – 0134-RT
Silverado IV – 0147-RT
- Tim and Monica Conrad – 0108-OP
Bodega Bar-Conrad – 0031-RT
- Tin Lizzie Gambling Halls Inc – 0129-OP
Tin Lizzie Gambling Inc – 0003-RO
Mustang – 0095-RT
Tin Lizzie I – 0096-RT
Tin Lizzie II – 0174-RT
- William Carrico – 0183-OP
William Carrico – 0178-RT

Commissioner Meyer seconded the motion and it passed unanimously.

Expiration of Emery's Term and Election of Officers

Commissioner Emery's term expires June 22, 2001. Commissioner Emery has served two terms and cannot be reappointed. Governor Janklow declared the aforementioned date as Elaine Emery Day in the State of South Dakota.

Commissioner Luisi moved to appoint Commissioner Wiles as the Chairman of the Commission. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to appoint Commissioner Luisi as the Vice-Chairman of the Commission. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved to appoint Commissioner Meyer as the Hearing Officer for the Commission. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Emery passed the duties of Chairman onto Commissioner Wiles.

Professional Services Contracts

Commissioner Meyer moved to approve the consultant contract between James Maida, Gaming Laboratories International and South Dakota Commission on Gaming. Commissioner Emery seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the consultant contract between Mark Aspaas, Architecture Incorporated and South Dakota Commission on Gaming. Commissioner Emery seconded the motion and it passed unanimously.

Commissioner Emery moved to approve the consultant contract between Michael Shaw, Attorney at Law and South Dakota Commission on Gaming. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the consultant contract between University of South Dakota, Business Research Bureau and South Dakota Commission on Gaming. Commissioner Luisi seconded the motion and it passed unanimously.

Scheduling of Next Commission Meeting

After discussing the schedule of the next meeting it was decided by the Commissioners to meet September 13, 2001. Commissioner Emery moved to retire to executive session. Commissioner Luisi seconded the motion and it passed unanimously.

Decision on Hearings

The Commissioners retired to executive session. Upon return from executive session Commissioner Meyer moved to designate that Four Aces new construction consists of four buildings and that a variance be granted for the opening shown on the plans. The opening shown on the plans does not comply with the 25% opening rule between buildings but due to security and safety reasons a variance needs to be granted. Commissioner Luisi seconded the motion and it passed unanimously.

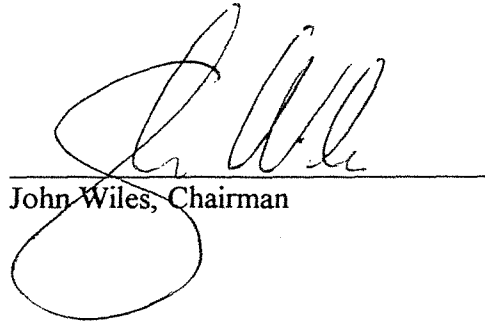
Commissioner Luisi moved to approve a support license for Mark W. Guild. Commissioner Emery seconded the motion and it passed unanimously.

In response to the demonstration of the cards games Commissioner Wiles made the following statement. For the game 21 plus 3, it has already been approved and requires no further action. Western Stud Poker would be approved upon application from a gaming establishment. For the games Bet the House and Parlay 21 they do not meet the current statutory requirements and a hearing would need to take place in order to obtain a declaratory ruling.

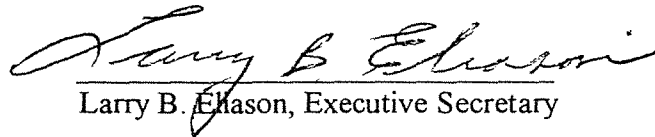
At 12:30 p.m. Commissioner Meyer moved to adjourn the meeting. Commissioner Luisi seconded the motion and it passed unanimously.

Respectfully Submitted,

Teri Ertman



John Wiles, Chairman



Larry B. Elason, Executive Secretary



COMMISSION ON GAMING

696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX: (605) 578-2263

MINUTES

September 20, 2001

PUBLIC HEARING

At 9:00 a.m. Commissioner Wiles called the meeting to order. Commissioners John Wiles, John Luisi, and Brian Meyer were present. Commissioner Larry Ness was absent.

A public hearing was held on proposed rule change to 20:18:17:09, Slot machine specifications – Coin acceptors. After discussion of the proposed rule changes Commissioner Luisi moved to approve the proposed rule change. Commissioner Meyer seconded the motion and it passed unanimously.

ADMINISTRATIVE HEARINGS

The court reporter for the hearings was Cynthia Weichmann of Wheeler Court Reporting.

The cases heard were:

- Michelle Hall – Revocation of Support License
- Darlene Bailey – Denial of Support License
- Frank C. Larson – Revocation of Support License

After hearing the above matters the Commissioners referred Hall and Bailey be discussed during executive session. Since Mr. Larson did not make an appearance for the hearing Commissioner Wiles moved to revoke Mr. Larson's support license. Commissioner Luisi seconded the motion and it passed unanimously.

GENERAL MEETING

Commissioner Meyer moved to approve the minutes of the June 22, 2001 commission meeting. Commissioner Luisi seconded the motion and it passed unanimously.

Licensing

Commissioner Meyer moved to approve new key licenses:

- Carol Musilek
- Jeff Turlo
- Rick Sexton
- John McMullen
- Pam Goodwin
- Russell Payne
- Tony Milos
- Mike Kitzmiller
- Trish Eklund
- Leroy Lanphear
- Craig Crowell

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to deny a key license for Frank Larson. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the following retail licenses to an unassigned location:

- Leroy Lanphear I 0319-RT
- Leroy Lanphear II 0320-RT
- Leroy Lanphear III 0321-RT

Commissioner Luisi seconded the motion and it passed unanimously.

Stipulation and Assurance of Voluntary Compliance

Commissioner Luisi moved to approve the stipulation and assurance of voluntary compliance with Deadwood Gulch Saloon. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the stipulation and assurance of voluntary compliance with Celebrity Hotel. Commissioner Luisi seconded the motion and it passed unanimously.

Scheduling of Next Commission Meeting

After discussing the schedule of the next meeting it was decided by the Commissioners to meet December 5, 2001. Commissioner Luisi moved to retire to executive session. Commissioner Meyer seconded the motion and it passed unanimously.

Decision on Hearings

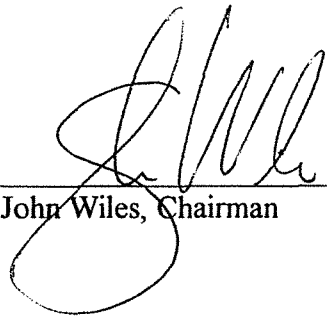
The Commissioners retired to executive session. Upon return from executive session Commissioner Meyer moved to revoke Michelle Hall's support license. Commissioner Luisi seconded the motion and it passed unanimously.

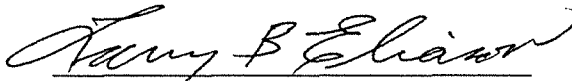
Commissioner Luisi moved to approve a support license for Darlene Bailey. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved to adjourn the meeting. Commissioner Meyer seconded the motion and it passed unanimously.

Respectfully Submitted,

Teri Ertman



John Wiles, Chairman

Larry B. Eliason, Executive Secretary



COMMISSION ON GAMING

First Western Bank
696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX (605) 578-2263

MINUTES

December 5, 2001

ADMINISTRATIVE HEARINGS

Commissioner Wiles called the meeting to order at 9:50 a.m. Commissioners John Wiles, Brian Meyer, Larry Ness and John Luisi were present. Commissioner Wiles then turned the meeting over to hearing officer Brian Meyer.

The court reporter for the hearings was Cynthia Weichmann of Wheeler Court Reporting.

The cases heard were:

- Margaret Wheeler – Revocation of Support License
- Jeffrey Snedeker – Revocation of Support License
- Steve Martin – Revocation of Pari-Mutual License
- Mark Wilcox – Revocation of Support License
- Donald Kruske – Revocation of Support License

Decision on Hearings

Upon completion of each hearing the following decisions were rendered:

Commissioner Luisi moved to suspend Margaret Wheeler's support license until successful completion of her probation. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved to dismiss the action of revoking Jeffrey Snedeker's support license. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Luisi moved to revoke Steve Martin's pari-mutuel license. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Meyer moved to suspend Mark Wilcox's support license until successful completion of his probation. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Ness moved to revoke Donald Kruske's support license. Commissioner Meyer seconded the motion and it passed unanimously.

GENERAL MEETING

Commissioner Ness moved to approve the minutes of the June 22, 2001 commission meeting. Commissioner Luisi seconded the motion and it passed unanimously.

Stipulation and Assurance of Voluntary Compliance

Commissioner Luisi moved that a fine of \$2500 be imposed on Harlan Schmidt, License Number 0139-OP with none being suspended and revocation of the license if a like violation should occur within a one year period. After discussion Commissioner Ness moved to amend the motion as follows to impose a fine of \$2500 with none being suspended. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved that the due date for the fine is December 31, 2001. Commissioner Meyer seconded the motion and it passed unanimously.

Licensing

Commissioner Meyer moved to approve new key licenses:

- Dave Meddings
- Doloris Skalsky
- Alice Wermers

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve a 2001 key license renewal for Weston Pleinis. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve 2002 key license renewals and the four conditional key license renewals listed on pages 29-35 of the commission packet (attached.) Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve three retail licenses for Chuck Opitz (0322-RT, 0323-RT, 0324-RT) and place them at an unassigned location, approval of a third retail license for Ron Island to be placed at the Creekside Restaurant at the Deadwood Gulch

Resort (0325-RT), transfer David Ruth's retail license (0270-RT) from Gold Dust III to Gold Dust VI location and approve a third retail license for Scott Roth (0329-RT) to be placed at Gold Dust III. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to adding Janet Lanphear as an owner to Goldbergs 1, 2, & 3 (0319-RT, 0320-RT, 0321-RT) and Mike Gould as an owner to GR Deadwood LLC (0187-OP, 0015-RT, 0299-RT, 0300-RT, 0301-RT). Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve an operator, route operator, and three retail licenses for Blue Sky Gaming, Inc. (0199-OP, 0018-RO, 0313-RT, 0314-RT, 0315-RT.) They are to be assigned to Tin Lizzies on the date that coincides with the closing of the sale of the property provided it is on or before January 15, 2002. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the assignment of retail licenses:

- Goldbergs 1, 2, 3 Leroy Lanphear to be assigned to 670a, 670b and 672a Main Street (0319-RT, 0320-RT, 0321-RT)
- Goldbergs 4 Larry Shama to be assigned to 672b Main Street (0194-RT)

Commissioner Ness seconded the motion and it passed unanimously.

Racing Dates

Commissioner Meyer moved to approve the racing dates applied for by Verendrye Benevolent Association to hold race meetings at Fort Pierre, SD. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the amended application by the Northeast Area Horse Racing Association to hold race meetings in Aberdeen, SD. Commissioner Meyer seconded the motion and it passed unanimously.

Simulcast Providers

Commissioner Luisi moved to approve the simulcast provider renewal application for Bettor Racing OTB. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the simulcast provider renewal application for Racing Services Inc. subject to the owner amending the application to consent to a background investigation and signing a waiver of any rights and causes against the SDCG

and any person or a agency disclosing information to the Commission. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the simulcast provider renewal application for Dakota Teletrack. Commissioner Luisi seconded the motion and it passed unanimously.

Simulcast Sites

Commissioner Meyer moved to approve the simulcast site renewal applications for Sports Center, Aberdeen Racing, Bettor Racing OTB, and Kellys Sports Lounge. Commissioner Ness seconded the motion and it passed unanimously.

Slot Machine Testing Laboratories

Commissioners reviewed information and heard a presentation by Hugh Monypenny, BMM North America, regarding slot machine testing laboratories. Commissioner Wiles directed staff to gather all information regarding this and other testing facilities and report it at the next commission meeting.

Race Track Requests for Funding

Commissioners reviewed the requests for funding. Commissioner Meyer moved to defer that matter. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Wiles directed attorney, Michael Shaw, to check into the pending Supreme Court Action and report back to the commissioners.

Lease Agreement

Commissioner Luisi moved to approve the lease agreement with the City of Deadwood. Commissioner Meyer seconded the motion and it passed unanimously.

Schedule of Meetings

The following dates were agreed upon to meet for the upcoming year. Schedule is subject to change.

- Thursday, March 21, 2002
- Wednesday, June 5, 2002
- Wednesday, September 11, 2002
- Wednesday, December 4, 2002

Game Demonstration

Shuffle Master, Inc. is requesting approval of Let It Ride Bonus table game and associated software. The game was demonstrated to the commissioners. The commissioners directed staff to prepare administrative rules for their approval at the next scheduled commission meeting.

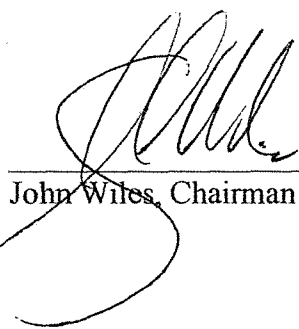
Executive Session

Commissioner Ness moved to go into executive session. Commissioner Meyer seconded the motion and it passed unanimously.

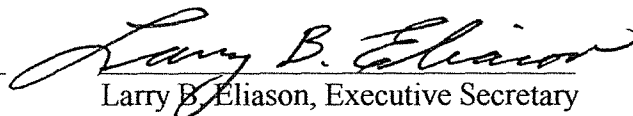
Upon return from executive session Commissioner Wiles adjourned the meeting.

Respectfully Submitted,

Teri Ertman



John Wiles, Chairman



Larry B. Eliason, Executive Secretary

STATE OF SOUTH DAKOTA

**COMMISSION ON GAMING**

118 W. Capitol, Pierre, SD 57501-2017

Phone (605) 773-6050

FAX (605) 773-6053

MINUTES OF SPECIAL

TELECONFERENCE MEETING

The South Dakota Commission on Gaming held a special teleconference meeting via telephone at 9AM on February 7, 2002 in the First Floor Conference Room at 118 W. Capitol, Pierre, South Dakota. The purpose of the meeting was to pass Racing Resolution 02-01-30, which would disburse the racing funds for 2002.

The following Commissioners participated:

Chairman, John Wiles

Commissioners, Larry Ness and John Luisi

Commissioner Brian Meyer did not participate in the meeting.

Present in Pierre were:

Executive Secretary, Larry Eliason

Secretary, Danna Bren

Track Manager, Pat Sutley (Ft. Pierre)

Present in Aberdeen:

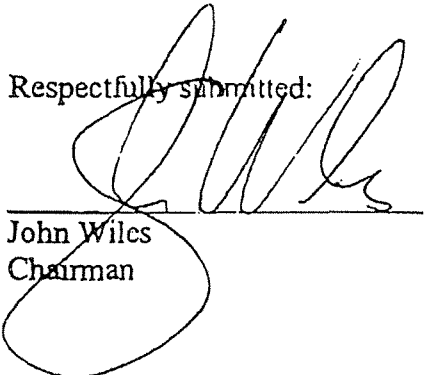
State Vet, Dr. Cooper

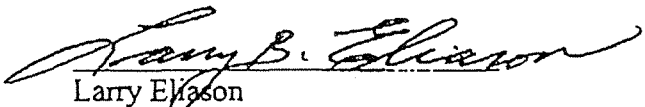
Track Manager, Mike Schmidt (Aberdeen)

Commissioner Luisi moved that the Resolution be approved. This motion was seconded by Commissioner Ness. The roll was called and all voted yes.

There being no further business to come before the Commission, Commissioner Luisi moved that the meeting be adjourned and it was seconded by Commissioner Ness. The motion passed unanimously.

Respectfully submitted:


John Wiles
Chairman


Larry Eliason
Executive Secretary



COMMISSION ON GAMING

First Western Bank
696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX (605) 578-2263

MINUTES

March 21, 2002

RULES HEARING

Commissioner Wiles called the meeting to order at 9:00 a.m. Commissioners John Wiles, Brian Meyer, Larry Ness and John Luisi were present.

The court reporter for hearings was Carolyn Harkins of Wheeler Court Reporting.

A public hearing was held on the proposed rule changes to 20:18:16:15.03, 20:18:17:24.01, and Gaming Internal Control and Revenue Reporting Manual 450.7.

After discussion of the proposed rule changes Commissioner Meyer moved to approve rule change 20:18:16:15.03, The play – Let it Ride and Let it Ride Bonus. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve rule change 20:18:17:24.01, Linked machines. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve changes to Gaming Internal Control and Revenue Reporting Manual 450.7, Unclaimed jackpots. Commissioner Luisi seconded the motion and it passed unanimously.

PETITION FOR DECLARATORY RULING

The petition for a declaratory ruling heard was for a third building designation for the Deadwood Gulch Saloon. After the hearing the matter was referred for discussion in executive session.

ADMINISTRATIVE HEARINGS

Commissioner Wiles turned the meeting over to hearing officer Brian Meyer.

The cases heard were:

- Jay Keegan – Appeal of Denial of Support License
- Ricky Sampson – Appeal of Denial of Support License
- Robert Mitcheltree – Appeal of Denial of Support License

Executive Session and Lunch

At the conclusion of the hearings the Commissioner Meyer moved to go into Executive Session. Commissioner Ness seconded the motion.

Decision on Hearings

Upon return from executive session the following decisions were rendered:

Commissioner Meyer moved to deny a support license for Jay Keegan. Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Luisi moved to deny a support license for Ricky Sampson. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve a support license for Robert Mitcheltree. Commissioner Ness seconded the motion and it passed unanimously. Legal counsel for the Commission pointed out that a convicted felon cannot possess a support license. Upon the discovery Commissioner Wiles amended the motion to deny a support license for Robert Mitcheltree. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the third building designation for Deadwood Gulch Saloon. Commissioner Meyer seconded the motion and it passed unanimously.

GENERAL MEETING

Commissioner Luisi moved to approve the minutes of the February 7, 2002 teleconference meeting. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to approve the minutes of the December 5, 2001 commission meeting. Commissioner Luisi seconded the motion and it passed unanimously.

Review of Laboratory Submissions

Commissioners reviewed the laboratory submissions as a result of the solicitation of request for qualifications.

Approval of Racing Officials

Commissioner Ness moved to approve the listed racing officials for the Verendry Benevolent Association. Commissioner seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the listed racing officials to include the stewards of the previous year for the Northeast Area Horse Racing, Inc. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the listed racing officials for the State of South Dakota. Commissioner Ness seconded the motion and it passed unanimously.

Request to Transfer Funds

Commissioner Ness moved to approve the transfer of \$5,000 out of the SD bred futurity to Aberdeen. Commissioner Luisi seconded the motion and it passed unanimously.

Joint Race Track Condition Book and Stakes Program

Commissioner Wiles moved to approve the Joint racetrack Condition Book and Stakes Program subject to track steward issuing an errata sheet. Commissioner Meyer seconded the motion and it passed unanimously.

Consulting Contracts

Commissioner Luisi moved to approve the consulting contract for Gary L. Galinat, CPA to perform limited audit reviews of the pari-mutuel handle at the Fort Pierre and Aberdeen racetracks. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the consulting contract for Industrial Laboratories to perform blood tests on racehorses. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to approve the consulting contract for Cooper Animal Clinic to perform veterinarian services the horse racing tracks. Commissioner Meyer seconded the motion and it passed unanimously.

Licensing

Commissioner Meyer moved to approve new key licenses:

- Janet Lanphear
- Kevin Fish
- Ralph Marvin
- Steven Mason
- Robert Smith
- James Strain
- Hyunsoon Chon
- Michael Kelly
- Karen Norris
- Ryan Olinger
- Donald Morrison
- Victor Boschee
- Shari Neyhart
- Jason Brott
- James Molzahn

Commissioner Luisi seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve key license renewals:

- James Simmons
- Michael Hubbard
- Deborah O'Bryan
- Thomas Frank
- Steve Kline
- Paula Morgan
- Jerri Kiefer

Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to renew Ken Klug's retail licenses 0282-RT and 0291-RT. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to approve Director Robert Miodunski of Alliance Gaming Corp. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve new retail licenses:

- David Blackmum (0333-RT) to be assigned to the Mineral Palace 4
- Shelly Draggo (0334-RT, 0335-RT, 0336-RT) to be assigned to Four Aces 6, 7, & 8
- James Rinker (0339-RT, 0340-RT) to be assigned to Four Aces 4 & 5 and (0341-RT) to be left unassigned
- Tracy Island-Olinger three retail (0326-RT, 0327-RT, 0328-RT) and one operator (0201-OP) licenses to be unassigned at this time

Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve the assignment of retail licenses:

- Removal of Charlie Boyle's two retail licenses (0094-RT, 0269-RT) from Tin Lizzies 4 & 5 and placed at an unassigned location
- Assignment if Ken Klug's two retail licenses (0282-RT, 0291-RT) at Tin Lizzies 4 & 5
- Removal of Karmen Aga's two retail licenses (0294-RT, 0246-RT) from Green Door and Wild Bill Bar 2 and placed at an unassigned location
- Assignment of Michael Kellar's two retail licenses (0293-RT, 0295-RT) to the Green Door and Wild Bill Bar 2
- Assignment of Jerry Feterl's third retail license (0310-RT) to 671 Main Street
- Move Deadwood Dick's retail license (0014-RT) from 55 Sherman Street to 51 Sherman Street

Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Luisi moved to approve acceptance of a withdrawal of a manufacturer license from Universal Distributing of Nevada, Inc. Commissioner Ness seconded the motion and it passed unanimously.

Stipulation and Assurance of Voluntary Compliance

Commissioner Meyer moved to accept the Stipulation and Assurance of Voluntary Compliance against Black Hills Novelty. Commissioner Ness seconded the motion and it passed unanimously.

Schedule of Next Meeting

Commissioners reviewed date for next scheduled meeting and determined that it would take place June 5, 2002 at 9:00 a.m.

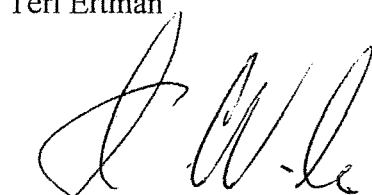
End of Commissioner Luisi's Term

Commissioner Wiles extended his gratitude to Commissioner Luisi for his time served on the Gaming Commission.

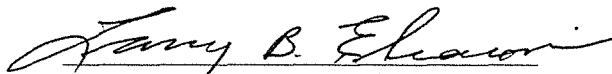
Commissioner Ness moved to adjourn meeting. Commissioner Luisi seconded the motion and it passed unanimously.

Respectfully Submitted,

Teri Ertman



John Wiles, Chairman



Larry B. Elason, Executive Secretary



COMMISSION ON GAMING

696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX: (605) 578-2263

MINUTES

June 5, 2002

ADMINISTRATIVE HEARINGS

At 9:10 a.m. Commissioner Wiles called the meeting to order. Roll call was conducted and the following commissioners were present: John Wiles, Brian Meyer and Larry Ness. The meeting was then turned over to the hearing officer, Commissioner Meyers.

The court reporter for the hearings was Cynthia Weichmann of Wheeler Court Reporting.

The following cases were heard:

- SW Casino & Hotel Corp. – Petition for Declaratory Ruling
- Aaron Jiran – Suspension of Key License
- Stacy Hall – Revocation of Support License
- Gail Christian – Revocation of Support License

At the conclusion of the hearings, Commissioner Meyers returned the meeting back to Commissioner Wiles.

GENERAL MEETING

Demonstration of Table Games

Mikohn demonstrated the Monopoly Black Jack and Progressive Black Jack Tables.

March 21, 2002 Minutes of the Meeting

Commissioner Meyer moved to approve the minutes for the March 21, 2002 meeting. Commissioner Ness seconded the motion and it passed unanimously.

Licensing

Commissioner Meyer moved to approve new key licenses:

- Robert Larson
- Kevin Weron
- David Mutchler
- Margaret Talley
- Daryl Poling
- James Baker
- Brian Sandidge
- Keith Silling
- Linda Ahlers
- Janet Holzer
- Doug Endres
- Georganne Gromichuck
- Lynae Benham

Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to approve the new business licenses listed on page 45 in the commission packet. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the transfer of licenses listed on page 45 in the commission packet. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the 2002 business renewals listed on pages 46-52 in the commission packet. Commissioner Ness seconded the motion and it passed unanimously.

Consulting Contracts

Commissioner Meyer moved to approve a consulting contract with Architecture Inc. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to approve a consulting contract with Gaming Laboratories International. Commissioner Wiles seconded the motion and it passed unanimously.

Commissioner Wiles moved to approve a consulting contract with May, Adam, Gerdes & Thompson. Commissioner Meyer seconded the motion and it passed unanimously.

Appointment of Vice-Chairman

Commissioner Ness moved to appoint Commissioner Meyer as the Vice Chairman of the Commission. Commissioner Wiles seconded the motion and it passed unanimously.

Executive Session

Commissioner Wiles moved to retire to Executive Session. Commissioner Ness seconded the motion and it passed unanimously.

Decision on Hearings

Upon return from executive session Commissioner Meyer moved to approve the third building designation provided that there be a water curtain installed for BB Cody's. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to suspend Aaron Jiran's key license. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to revoke Stacy Hall's support license. Commissioner Ness seconded the motion and it passed unanimously.

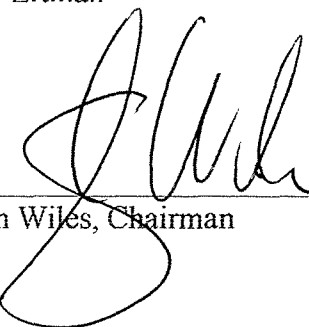

Commissioner Meyer moved to revoke Gail Christian's support license. Commissioner Wiles seconded the motion and it passed unanimously.

The next scheduled commission meeting is set for September 4, 2002

Commissioner Meyer moved to adjourn the meeting. Commissioner Ness seconded the motion.

Respectfully Submitted,

Teri Ertman


John Wiles, Chairman
Larry B. Eliason, Executive Secretary



COMMISSION ON GAMING

118 W. Capitol, Pierre, SD 57501-2017

Phone (605) 773-6050

FAX (605) 773-6053

**MINUTES OF SPECIAL
TELECONFERENCE MEETING**

The South Dakota Commission on Gaming held a special teleconference meeting via telephone at 9AM on June 26, 2002 in the Second Floor Conference Room at 118 W. Capitol, Pierre, South Dakota. The purpose of the meeting was to approve a third Retail License for BB Cody's #3 and approve the 2002-2003 renewal for Christine McClaine.

The following Commissioners participated:

Chairman, John Wiles

Commissioners, Larry Ness and Brian Meyer

Present in Pierre were:

Executive Secretary, Larry Eliason

Secretary, Danna Bren

Legal Counsel, Mike Shaw

Present in Deadwood office:

Craig Sparrow

Roger Tellinghusen

Paul Kinash

Motion was made by Commissioner Luisi to approve a third Retail License to BB Codys. The motion was seconded by Commission Ness. The roll was called and the motion passed unanimously.

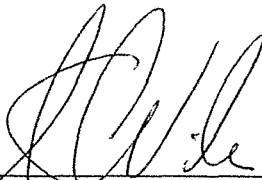
Motion was made by Commissioner Wiles to renew the Retail license of Christine McClaine at 360 Main Street, Deadwood, South Dakota for 2002-2003. The motion was seconded by Mr. Ness. The roll was called and the motion passed unanimously.

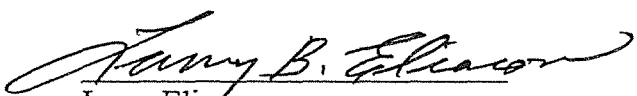
Page 2

There being no further business to come before the Commission, Commissioner Luisi moved that the meeting be adjourned and it was seconded by Commissioner Ness. The motion passed unanimously.

Respectfully Submitted:

Danna Bren



John Wiles
Chairman

Larry Eliason
Executive Secretary



COMMISSION ON GAMING

696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX: (605) 578-2263

MINUTES

September 4, 2002

ADMINISTRATIVE HEARINGS

At 9:00 a.m. Commissioner Wiles called the meeting to order. Roll call was conducted and the following commissioners were present: John Wiles, Brian Meyer and Larry Ness. The meeting was then turned over to the hearing officer, Commissioner Meyer.

The court reporter for the hearings was Cynthia Weichmann of Wheeler Court Reporting.

The following cases were heard:

- Lisa M. Deluccia – Appeal of denial of support license
- Petition for declaratory ruling regarding Monopoly Blackjack
- Petition for declaratory ruling regarding building designations for the slime plant

Upon completion of the hearing concerning Lisa Deluccia Commissioner Meyer moved to deny Ms. Deluccia's support license. Commissioner Ness seconded the motion and it passed unanimously.

At the conclusion of the hearings, Commissioner Meyer returned the meeting back to Commissioner Wiles.

GENERAL MEETING

June 5, 2002 Minutes of the Meeting

Commissioner Meyer moved to approve the minutes for the June 5, 2002 meeting. Commissioner Ness seconded the motion and it passed unanimously.

June 26, 2002 Minutes of Special Teleconference Meeting

Commissioner Ness moved to approve the minutes for the June 26, 2002 teleconference meeting. Commissioner Meyer seconded the motion and it passed unanimously.

Delegation of Authority

Commissioner Meyer moved to approve the Executive Secretary's delegation of authority to resolve patron disputes performed by the Executive Secretary to the Director of Enforcement and Operations and the Enforcement Agents of the Commission. Commissioner Ness seconded the motion and it passed unanimously.

Stipulation and Assurance of Voluntary Compliance

The Commissioners accepted the stipulation and assurance of voluntary compliance filed against Veanna Kymala.

Licensing

Commissioner Ness moved to approve the following new key licenses:

- William Griffith
- Kevin Allen
- Kim Love
- Janet Atyia
- Joseph Russell
- Gilbert Romero
- David Bailey
- Philip Furze

Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve a key license renewal for Chris West. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve a retail license renewal for Christine Case at an unassigned location. Commissioner Ness seconded the motion and it passed unanimously.

Commissioner Ness moved to approve a conditional simulcast site with the appropriate license for Time Out Lounge upon satisfactory completion of a background investigation by the Executive Secretary. Commissioner Meyer seconded the motion and it passed unanimously.

Executive Session

Commissioner Meyer moved to retire to Executive Session. Commissioner Ness seconded the motion and it passed unanimously.

Decision on Hearings

Upon return from executive session Commissioner Meyer moved to approve the following items arising from the petition for declaratory ruling filed by Mikohn Gaming:

- a. Monopoly Black Jack meets the statutory definition of "black jack" as defined in SDCL § 42-7B-4(3).
- b. Monopoly Black Jack does not meet the statutory definition of a "slot machine" as defined in SDCL § 42-7B-4(21).
- c. Monopoly Black Jack constitutes one "gaming device" as defined by SDCL § 42-7B-4(6a) for purposes of compliance with SDCL § 42-7B-16 and 42-7B-23.

Commissioner Ness seconded the motion and it passed unanimously.

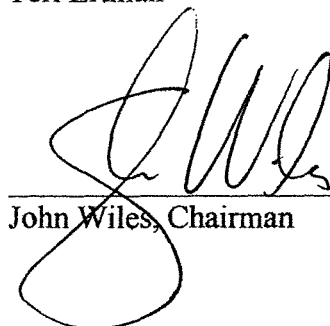
Commissioner Meyer moved to approve a one building designation for the existing structure at the Slime Plant and a six building designation for the new structure to be built below the existing building subsequent to meeting all requirements of the United Building Codes, environmental factors and historical requirements. Commissioner Ness seconded the motion and it passed unanimously.

The next scheduled commission meeting is set for December 4, 2002.

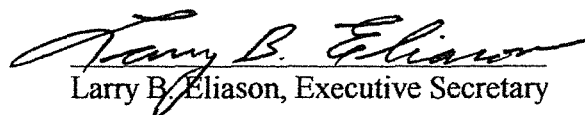
Commissioner Wiles adjourned the meeting.

Respectfully Submitted,

Teri Ertman



John Wiles, Chairman



Larry B. Eliason, Executive Secretary



COMMISSION ON GAMING

696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX: (605) 578-2263

MINUTES

December 4, 2002

PUBLIC HEARING

At 9:00 a.m. Commissioner Wiles called the meeting to order. Commissioners John Wiles, Brian Meyer and Ralph Kemnitz were present. Commissioner Larry Ness was absent.

A public hearing was held on proposed rule changes. After discussion of the proposed rule changes the hearing was closed. Commissioner Brian Meyer moved to approve all proposed rules and not act on 20:18:12.01:14, 20:18 Appendix A 535.5 and 20:18 Appendix A 535.6 subject to style and form changes by Legislative Research Council. Commissioner Kemnitz seconded the motion and it passed unanimously.

GENERAL MEETING

Commissioner Wiles called the general meeting to order at 11:05 a.m. Roll call was conducted and the following commissioners were present: John Wiles, Brian Meyer, Ralph Kemnitz and Larry Ness via telephonic conference call.

September 4, 2002 Minutes of the Meeting

Commissioner Meyer moved to approve the minutes for the September 4, 2002 meeting. Commissioner Ness seconded the motion and it passed unanimously.

Stipulation and Assurance of Voluntary Compliance

Commissioner Meyer moved to accept the stipulation and assurance of voluntary compliance filed against B.Y. Development dba Cadillac Jack's. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to accept the stipulation and assurance of voluntary compliance filed against Mila P. Newton. Commissioner Meyer seconded the motion and it passed unanimously.

Licensing

Commissioner Meyer moved to approve all Key Renewal Licenses listed in the meeting packet on pages 8 through 15, including two additions Brian Carmichael and Susan Shama-Caldwell. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve the following new key licenses:

- Charlae Bettelyoun
- Don Atyia
- Alan Feist
- Dan Johnson
- Joseph Seminole, Jr.

Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to approve Tracy Island-Olinger (0021-RO) for a Route Operator's License to be placed at Deadwood Gulch Resort, place Tracy Island-Olinger's Operator's License (0201-OP) and three retail licenses (0326-RT, 0327-RT and 0328-RT) at Deadwood Gulch Resort. In addition Harlan Schmidt's licenses (0139-OP, 0012-RO, 0249-RT, 0250-RT and 0251-RT) placed at Deadwood Gulch Resort be transferred to an unassigned location. Commissioner Meyer seconded the motion and it passed unanimously.

A recommendation was made not to approve a Key License for Brenda Alexander. The matter was referred to executive session for a decision.

Racing

Commissioner Meyer moved to approve the horse racing dates for the Verendrye Benevolent Association and the Northeast Area Horse Racing Association. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to approve renewals for the following simulcast providers:

- Bettor Racing OTB
- Racing Services, Inc.

Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approved renewals for the following simulcast sites:

- Bettor Racing OTB
- Richard Squire dba Aberdeen Racing
- Time Out Lounge
- Sports Center

Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Ness moved to deny Anselmo Padilla's request for reinstatement of a racing license. Kemnitz seconded the motion and it passed unanimously.

The Commissioners reviewed the Verendrye Benevolent Association and Northeast Area Horse Racing Association requests for 2003 racing season funds. Commissioner Wiles moved to approve funds in the amount of \$250,000 to the Verendrye Benevolent Association and \$250,000 to the Northeast Area Horse Racing Association. Commissioner Meyer seconded the motion and it passed unanimously.

Scheduling of 2003 Meeting Dates

Commissioners scheduled the next commission meeting for March 14, 2003.

Demonstration of Table Games

Blackjack Xtra and Twisted Pineapple Poker were demonstrated for the Commissioners.

Meeting was called into recess until 1:30 p.m.

Administrative Hearings

At 1:30 p.m. Commissioners returned from recess. Commissioner Wiles turned the meeting over to the hearing officer, Commissioner Meyer. The court reporter for the hearings was Cynthia Weichmann of Wheeler Court Reporting.

The following cases were heard:

- Petition for declaratory ruling regarding building designations at 686 and 688 Main Street, Full House Inc.
- Petition for declaratory ruling regarding building designation at 700 Main Street, Franklin Hotel
- Petition for declaratory ruling regarding building designation at 673/675 Main Street, Cooper
- Petition for declaratory ruling regarding building designation at 650 Main Street, Cooper
- Petition for declaratory ruling regarding building designation at 625 Main Street, Celebrity Hotel

Executive Session

Commissioner Wiles moved to retire to Executive Session. Commissioner Meyer seconded the motion and it passed unanimously.

Decisions on Licensing Matter and Hearings

Upon return from executive session Commissioner Meyer moved to approve a Key License for Brenda Alexander. Kemnitz seconded the motion and it passed unanimously.

Commissioner Wiles moved to defer the petition for declaratory ruling regarding building designations at 688 Main Street. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to defer the petition for declaratory ruling regarding building designations at 686 Main Street. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Wiles moved to defer the petition for declaratory ruling regarding building designations at 700 Main Street. Commissioner Meyer seconded the motion and it passed unanimously.

Commissioner Meyer moved to approve a three building designation on the petition for a declaratory ruling for 673/675 Main Street. Commissioner Kemnitz seconded the motion and it passed unanimously.

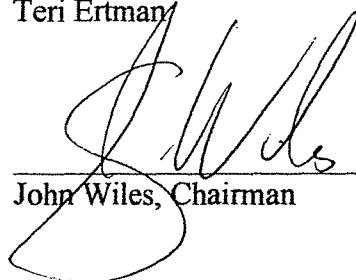
Commissioner Meyer moved to approve a two building designation on the petition for a declaratory ruling for 650 Main Street. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to approve a two building designation on the petition for a declaratory ruling for 625 Main Street. Commissioner Ness seconded the motion and it passed unanimously.

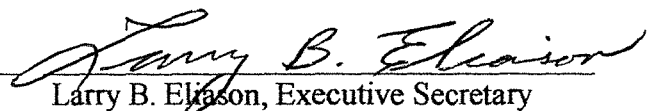
Commissioner Kemnitz moved to adjourn the meeting. Commissioner Meyer seconded the motion and it passed unanimously.

Respectfully Submitted,

Teri Ertman



John Wiles, Chairman



Larry B. Eliason, Executive Secretary



COMMISSION ON GAMING

696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX: (605) 578-2263

MINUTES

March 14, 2003

DEMONSTRATION OF TABLE GAMES

Prior to the meeting being called to order the table games Lucky Ladies Blackjack and Texas Shoot Out Poker were demonstrated to the commissioners.

PUBLIC HEARING

At 9:20 a.m. Commissioner Wiles called the meeting to order. Commissioners John Wiles, Ralph Kemnitz and Michael Ortner were present. Commissioners Larry Ness and Brian Meyer were absent.

A public hearing was held on proposed rule changes. After discussion of the proposed rule changes the hearing was closed.

Commissioner Kemnitz moved to adopt 20:18:12.01:14 as amended. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to amend 20:18:15:30.04 to strike the sentence starting with "the rights... and ending at assigned." Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Wiles moved to a second amendment to 20:18:15:30.04 to also strike the sentence starting with "Lucky Ladies... and ending at game." Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Ortner moved to adopt 20:18:15:30.04 along with amendments. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Ortner moved to adopt 20:18:15:30.05 along with the changes made. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to adopt 20:18:16:15.02 along with the changes made. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to adopt 20:18:16:15.04 along with the changes made. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to adopt and amend 20:18:16:15.07. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to adopt and amend 20:18:16:15.08. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to amend 20:18:16:15.08 item (11). Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to adopt 20:18 Appendix A Section 535.5 as amended. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to adopt 20:18 Appendix A Section 535.6 along with the changes made. Commissioner Ortner seconded the motion and it passed unanimously.

IGT Security for Progressive Jackpot Payments

Prior to cases being heard, commissioners heard matters regarding the security for IGT progressive jackpot payments. Commissioner Kemnitz moved to approve the substitution of Fannie Maes and Freddie Macs as security in lieu of treasury securities subject to a reversal in the event of a downgrade of the credit ratings by two or more national credit rating agencies effective March 15, 2003. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Wiles called the meeting into recess until 1:30 p.m.

ADMINISTRATIVE HEARINGS

In Commissioner Meyer's absence, Commissioner Wiles acted as hearing officer. The court reporter for the hearings was Carolyn Harkins of Wheeler Court Reporting.

The following cases were heard:

- Robert Kenner, Patricia Kenner and Matt Batchelder – Possession of a non-licensed slot machine
- Ruth Steenberg and Tin Lizzie Gambling Halls, Inc. – Dispute on amount of jackpot paid to Ruth Steenberg

- George LaBranch – Denial of support license (matter continued to next commission meeting)
- Robert Buck – Denial of support license
- Shawn Belgrade – Denial of horse racing owner's license (matter continued to next commission meeting)
- Sherry Spicer – Denial of key employee license
- GR Deadwood, LLC – Petition of declaratory ruling for determination of a three building designation

GENERAL MEETING

Commissioner Wiles called the general meeting to order. Roll call was conducted and the following commissioners were present: John Wiles, Ralph Kemnitz and Michael Ortner. Commissioners Ness and Meyer were absent.

December 4, 2002 Minutes of the Meeting

Commissioner Kemnitz moved to approve the minutes for the December 4, 2002 meeting. Commissioner Ortner seconded the motion and it passed unanimously.

February 25, 2003 Minutes of the Meeting

Commissioner Kemnitz moved to approve the minutes for the February 25, 2003 special meeting. Commissioner Wiles seconded the motion and it passed unanimously.

Stipulation and Assurance of Voluntary Compliance

Commissioner Kemnitz moved to accept the stipulation and assurance of voluntary compliance filed against Franklin Hotel. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to accept the stipulation and assurance of voluntary compliance filed against Karen L. Jacks. Commissioner Ortner seconded the motion and it passed unanimously.

Racing

Commissioner Kemnitz moved to approve the racing officials listed in the commission meeting package on pages 88-90. Commissioner Ortner seconded the motion and it passed unanimously.

Licensing

Commissioner Ortner moved to approve all Key Licenses, Key Renewal Licenses and Associated Persons listed in the meeting packet on page 91. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to approve that William McDavid is suitable for licensure. Commissioner Ortner seconded the motion and it passed unanimously.

Executive Session

Commissioner Kemnitz moved to retire to Executive Session. Commissioner Ortner seconded the motion and it passed unanimously.

Decisions on Licensing Matter and Hearings

Upon return from executive session Commissioner Kemnitz moved to approve the confiscated non-licensed slot machine from Robert and Patricia Kenner, and Matt Batchelder be retained by the Deadwood SDCG office for training purposes until it loses its utilitarian purpose then it is to be destroyed. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to deny Ruth Steenburg's claim of an underpaid jackpot against Tin Lizzie Gambling Halls, Inc. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to deny Robert Buck's application for a support license. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve a Key employee license for Sherry Spicer. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve a three building designation for GR Deadwood, LLC dba Mineral Palace Hotel and Gaming. Commissioner Kemnitz seconded the motion and it passed unanimously.

Non-licensed Devices for Tournament Play

Commissioner Ortner made the motion that the commission delegate to the Executive Secretary and staff authority to approve non-licensed devices for use to retail establishments for the sole purpose of slot tournaments provided:

1. The devices are rendered incapable of paying out money or other consideration,
2. The devices are rendered incapable of accepting money or tokens,
3. No consideration is paid by the tournament participants,
4. Prominently display labels which indicate the device is for slot tournament use only,
and
5. The devices are subject to staff verification as to approved programs.

Commissioner Kemnitz seconded the motion and it passed unanimously.

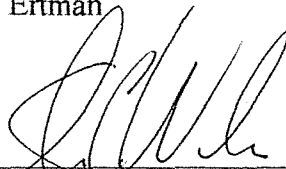
Scheduling of Next Meeting

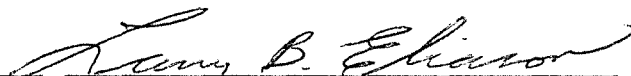
Commissioners scheduled the next commission meeting for June 11, 2003.

Commissioner Ortner moved to adjourn the meeting. Commissioner Kemnitz seconded the motion and it passed unanimously.

Respectfully Submitted,

Teri Ertman



John Wiles, Chairman

Larry B. Eliason, Executive Secretary

MINUTES
June 11, 2003

At 10:15 a.m. Commissioner Wiles called the meeting to order. Commissioners John Wiles and Michael Ortner were present. Commissioner Kemnitz was in route to the meeting and was expected shortly. Staff members present for the meeting was Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Enforcement and Operations; and Randy Blaseg, State Racing Steward.

ADMINISTRATIVE HEARINGS

In Commissioner Wiles appointed Commissioner Ortner to act as hearing officer. The court reporter for the hearings was Cynthia Weichmann of Wheeler Court Reporting.

The following cases were heard:

- Shawn S. Belgarde – Denial of a racing license and exclusion from the premises of any pari-mutuel facility in South Dakota
- Doug Kasten – Revocation of a support license

Upon completion of the hearings Commissioner Wiles dismissed acting upon approval/denial of a racing license and exclusion from pari-mutuel facilities.

Executive Session

Commissioner Kemnitz moved to retire to Executive Session. Commissioner Ortner seconded the motion and it passed unanimously.

GENERAL MEETING

Commissioner Wiles called the general meeting to order. Roll call was conducted and the following commissioners were present: John Wiles, Ralph Kemnitz and Michael Ortner.

March 14, 2003 Minutes of the Meeting

Commissioner Ortner moved to approve the minutes as drafted for the March 14, 2003 meeting. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Ortner moved to amend the wording for non-licensed devices for tournament play approved in the minutes of March 14, 2003. Commissioner Kemnitz seconded the motion and it passed unanimously. The wording for non-licensed tournament play devices is as follows:

The commission delegates to the Executive Secretary and staff authority to approve non-licensed devices for use to retail establishments for the sole purpose of slot tournaments provided:

1. The devices are rendered incapable of paying out money or other consideration,
2. The devices are rendered incapable of accepting money or tokens,
3. That the licensee will not retain any consideration paid by the tournament participants,
4. Prominently display labels which indicate the device is for slot tournament use only,
and
5. The devices are subject to staff verification as to approved programs.

Licensing

Commissioner Kemnitz moved to approve all Key Licenses listed in the meeting packet on page 13. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve Key License Renewals listed in the meeting packet on page 13. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve New Business Licenses listed in the meeting packet on page 13 and that Spencer Taylor is suitable for licensing. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to approve assignment of licenses listed in the meeting packet on page 13. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to approve renewal of all business licenses listed in the meeting packet on pages 14-18, including an addition of Peggy Maher, Tin Lizzie Gambling Inc. Commissioner Ortner seconded the motion and it passed unanimously.

FY 2004 Professional Services Contracts

Commissioner Kemnitz moved to approve the professional service contract for May, Adam, Gerdes and Thompson to provide legal services and represent the Commission as needed. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve the professional service contract for Architecture Incorporated to provide expert opinion on designs and construction of buildings in Deadwood, SD used for gaming. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to approve the profession service contract for Gaming Laboratories International to advise, review and draft regulations; and test gaming devices as requested. Commissioner Ortner seconded the motion and it passed unanimously.

Election of Officers

Commissioner Ortner moved to elect John Wiles as Chairman of the Commission. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to elect Michael Ortner as Vice Chairman of the Commission. Commissioner Wiles seconded the motion and it passed unanimously.

Decisions on Hearings

Commissioner Kemnitz moved to revoke the support license for Doug Kasten. Commissioner Ortner seconded the motion and it passed unanimously.

Scheduling of Next Meeting

Commissioners scheduled the next commission meeting for September 10, 2003.

Commissioner Ortner moved to adjourn the meeting. Commissioner Kemnitz seconded the motion and it passed unanimously.

Respectfully Submitted,

Teri Ertman

John Wiles, Chairman

Larry B. Eliason, Executive Secretary



COMMISSION ON GAMING

696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX: (605) 578-2263

MINUTES

September 10, 2003

At 9:50 a.m. Commissioner Wiles called the meeting to order. Commissioners John Wiles, Michael Ortner, Shawn Lyons, Ralph Kemnitz and Karl Fischer were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; and Craig Sparrow, Director of Enforcement and Operations.

ADMINISTRATIVE HEARINGS

Commissioner Wiles appointed Commissioner Kemnitz to act as hearing officer for the following case. The court reporter for the hearing was Cynthia Weichmann for Wheeler Court Reporting.

The following case was heard:

- Racing Services Inc. – Petition for a Declaratory Ruling

Upon completion of the hearing Commissioner Wiles moved to adjourn the hearing and reconvene this hearing at the December meeting. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Wiles appointed Commissioner Ortner to act as hearing office for the balance of the cases. The court reporter for the hearings was Cynthia Weichmann for Wheeler Court Reporting.

The following cases were heard:

- David Dahle – Determination of a slot machine being contraband and request for it's destruction
- Jessica Fryer – Revocation of a support license
- Karolea Schnabel – Revocation of a key license
- Jesse Scherer – Revocation of a support license

GENERAL MEETING

Commissioner Wiles called the general meeting to order. Roll call was conducted and the following commissioners were present: John Wiles, Ralph Kemnitz, Michael Ortner, Shawn Lyons and Karl Fischer.

June 11, 2003 Minutes of the Meeting

Commissioner Wiles moved to adopt the amended minutes drafted for the June 11, 2003 meeting. Commissioner Ortner seconded the motion and it passed unanimously.

Stipulation of Assurance of Voluntary Compliance

Commissioner Ortner moved to accept the stipulation and assurance of voluntary compliance filed against Mike Gleason. Commissioner Lyons seconded the motion and it passed unanimously.

Licensing

Commissioner Ortner moved to approve all Key Licenses listed in the meeting packet on page 22. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to approve Business Licenses listed in the meeting packet on page 22. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve a renewal of a Retail License listed in the meeting packet on page 22. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve assignment of licenses listed in the meeting packet on page 22. Commissioner Kemnitz seconded the motion and it passed unanimously.

Executive Session

Commissioner Ortner moved to retire to Executive Session. Commissioner Fischer seconded the motion and it passed unanimously.

Decisions on Hearings

Commissioner Kemnitz moved to declare that the slot machine taken from David Dahle be declared as contraband and destroyed. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Lyons moved to revoke the support license for Jessica Fryer.
Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to revoke the key license for Karolea Schnabel.
Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Lyons moved to revoke the support license for Jesse Scherer.
Commissioner Fischer seconded the motion and it passed unanimously.

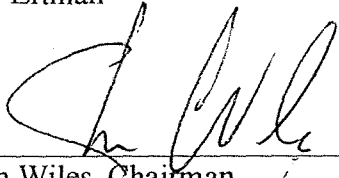
Scheduling of Next Meeting

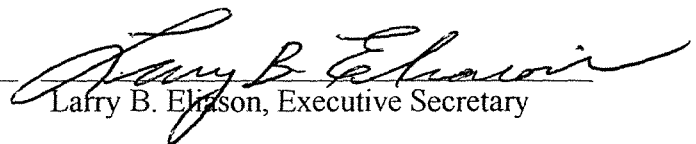
Commissioner Ortner moved to schedule the next commission meeting for December 10, 2003. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Wiles called for the adjournment of the meeting.

Respectfully Submitted,

Teri Ertman



John Wiles, Chairman

Larry B. Elison, Executive Secretary

MINUTES
December 10, 2003

At 9:05 a.m. Commissioner Wiles called the meeting to order. Commissioners John Wiles, Michael Ortner, Shawn Lyons, Ralph Kemnitz and Karl Fischer were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; and Craig Sparrow, Director of Enforcement and Operations.

ADMINISTRATIVE HEARINGS

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

- Racing Services Inc. – Motion for Continuance
- Devices seized in Lincoln County on August 13, 2003
- Devices seized in Lincoln County on October 8, 2003
- Renee Leboeuf – Revocation of license
- Conni Murphy – Denial of key license
- Mother Lode/Depot – Petition for Declaratory Ruling

Commissioner Ortner moved to continue the hearing for a declaratory ruling to the next scheduled meeting. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Ortner moved to continue the hearing concerning devices seized in Lincoln County on August 13, 2003 to the next scheduled meeting. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Wiles appointed Commissioner Ortner as the hearing officer in the matter of devices seized in Lincoln County on October 8, 2003. Upon completion of the hearing the disposition of the matter was referred to be discussed in executive session.

Commissioner Wiles appointed Commissioner Kemnitz as the hearing officer in the matter of Renee Leboeuf. Upon completion of the hearing the disposition of the matter was referred to be discussed in executive session.

Commissioner Wiles appointed Commissioner Ortner as the hearing officer in the matter of Conni Murphy. Upon completion of the hearing the disposition of the matter was referred to be discussed in executive session.

Commissioner Wiles appointed Commissioner Kemnitz as the hearing officer in the matter of Mother Lode/Depot. Commissioner Lyons moved to continue the petition for a declaratory ruling to the next scheduled meeting. Commissioner Ortner seconded the motion and it passed unanimously.

RULES HEARING

Upon completion of the administrative hearings two table games were demonstrated, one of which rules have been written and are being submitted for approval. All rule changes addressed on pages 30-69 in the meeting packet were discussed. Commissioner Fischer moved to approve all additions and amendments to the rules. Commissioner Kemnitz seconded the motion and it passed unanimously.

GENERAL MEETING

Upon completion of the rules hearing Commissioner Wiles called the general meeting to order.

September 10, 2003 Minutes of the Meeting

Commissioner Lyons moved to adopt the minutes drafted for the September 10, 2003 meeting. Commissioner Ortner seconded the motion and it passed unanimously.

Parking Lease

Commissioner Lyons moved to approve a lease with the City of Deadwood for 14 parking spaces. Commissioner Fischer seconded the motion and it passed unanimously.

Gaming Impact Study

Commissioner Kemnitz moved to approve a service contract for up to \$35,000 with Cummings Associates to conduct a gaming impact study. Commissioner Ortner seconded the motion and it passed unanimously.

Stipulation of Assurance of Voluntary Compliance

Commissioner Ortner moved to accept the stipulation and assurance of voluntary compliance filed against Jason Schumacher. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to accept the stipulation and assurance of voluntary compliance filed against Sherry Rogers. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Ortner moved to accept the stipulation and assurance of voluntary compliance filed against Black Hills Novelty. Commissioner Kemnitz seconded the motion and it passed unanimously.

Licensing

Commissioner Lyons moved to approve all Key Licenses listed in the meeting packet on page 94. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve a renewal of Key Licenses listed in the meeting packet on pages 95-100a. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Fischer moved to approve Associated Persons listed in the meeting packet on page 94. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve an operator license (0207-OP), route operator license (0023-RO) and three retail licenses (0357, 0358 & 0359-RT) for Major Gaming, Inc. Two of the retail licenses (0357 & 0358-RT) to be assigned to the Depot/Motherlode location. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Fischer moved to approve an operator license (0208-OP) and three retail licenses (0363, 0364, & 0365-RT) for Bros. BBC Inc. at unassigned locations. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve a distributors license (0121-DS) for Universal Gaming Resources LLC. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to approve a manufacturers license (0119-MA) for Atlantic City Coin and Slot. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve simulcast provider license for Racing Services, Inc. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve simulcast provider license for Bettor Racing OTB Inc. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Fischer moved to approve simulcast sites Time Out Lounge, Aberdeen Racing, Sports Center, and Bettor Racing OTB. Commissioner Lyons seconded the motion and it passed unanimously.

Horse Racing

Commissioner Ortner moved to approve the racing dates and officials for the Verendrye Benevolent and Northeast Area Horse Racing. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve allocation of \$350,000 to each track. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to approve all professional services contracts listed on page 130 of the meeting packet. Commissioner Ortner seconded the motion and it passed unanimously.

Scheduling of Meetings

Commissioner Ortner moved to schedule the 2004 commission meetings for March 17, June 16, September 14, and December 8, 2004. Commissioner Fischer seconded the motion and it passed unanimously.

Executive Session

Commissioners retired to executive session.

Decisions on Hearings

Commissioner Ortner moved to declare the slot machines taken on October 8, 2003 as contraband and be destroyed. Commissioner Fischer seconded the motion and it passed unanimously.

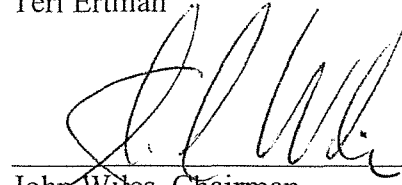
Commissioner Lyons moved to revoke Renee Leboeuf's gaming license. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to deny Conni Murphy's Key gaming license. Commissioner Ortner seconded the motion and it passed unanimously.

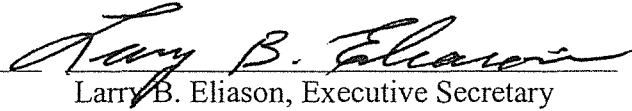
Commissioner Fischer moved for the adjournment of the meeting. Commissioner Ortner seconded the motion and it passed unanimously.

Respectfully Submitted,

Teri Ertman

A handwritten signature in black ink, appearing to read "J. Wiles", written over a horizontal line.

John Wiles, Chairman

A handwritten signature in black ink, appearing to read "Larry B. Eliason", written over a horizontal line.

Larry B. Eliason, Executive Secretary

MINUTES
March 17, 2004

At 9:05 a.m. Commissioner Wiles called the meeting to order. Commissioners John Wiles, Michael Ortner, Shawn Lyons, Ralph Kemnitz and Karl Fischer were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; and Craig Sparrow, Director of Enforcement and Operations.

RULES HEARING

All rule changes addressed on pages 1-9 in the meeting packet were discussed. Commissioner Kemnitz moved to approve all additions and amendments to the rules. Commissioner Lyons seconded the motion and it passed unanimously.

ADMINISTRATIVE HEARINGS

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

- Full House Inc. – Petition for Declaratory Ruling
- Racing Services Inc. – Petition for Declaratory Ruling
- Terry Fonder and Dale Peltier – Confiscated Gaming Devices
- Bullock Express – Petition for Declaratory Ruling
- Major Gaming LLC – Petition for Declaratory Ruling
- Justin Chidester – Denial of Support License
- Bryan L. Davis – Denial of Support License
- Steven Ratchick – Denial of Support License

The petition for a declaratory ruling for Full House, Inc. and Racing Services Inc. are to be held over until April 8, 2004.

A stipulation and agreement has been entered into between Michael Shaw, counsel for the SD Commission on Gaming, and attorney for Mr. Fonder and Mr. Peltier for the disposition of the seized gaming devices. Commissioner Ortner moved to accept the

stipulation and destroy the gaming devices. Commission Fischer seconded the motion and it passed unanimously.

Commissioner Wiles appointed Commissioner Kemnitz as the hearing officer in the matter of the petition of declaratory ruling for Bullock Express. Bullock Express is requesting a second building designation and an inner access variance. Upon completion of the hearing the disposition of the matter was referred for discussion in executive session.

Commissioner Wiles appointed Commissioner Ortner as the hearing officer in the matter of the petition of declaratory ruling for Major Gaming LLC. Major Gaming is requesting a third building designation and an inner access variance. Upon completion of the hearing the disposition of the matter was referred for discussion in executive session.

Commissioner Wiles appointed Commissioner Kemnitz as the hearing officer in the matter of Justin Chidester. Upon completion of the hearing the disposition of the matter was referred for discussion in executive session.

Commissioner Wiles appointed Commissioner Ortner as the hearing officer in the matter of Bryan L. Davis. Upon completion of the hearing the disposition of the matter was referred for discussion in executive session.

Commissioner Wiles appointed Commissioner Kemnitz as the hearing officer in the matter of Steven Ratchick. Upon completion of the hearing the disposition of the matter was referred for discussion in executive session.

GENERAL MEETING

Upon completion of the administrative hearings Commissioner Wiles called the general meeting to order.

Presentations

Advanced Gaming of Ft. Pierre, South Dakota demonstrated the table game HI-LO Bonus for the Commissioners.

Andy Comer of Gaming Laboratories International (GLI) presented information on services GLI provides.

December 10, 2003 Minutes of the Meeting

Commissioner Ortner moved to adopt the minutes drafted for the December 10, 2003 meeting. Commissioner Fischer seconded the motion and it passed unanimously.

Stipulation of Assurance of Voluntary Compliance

Commissioner Ortner moved to approve the Stipulation and Assurance of Voluntary Compliance from Kenneth Keller. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to approve the Stipulation and Assurance of Voluntary Compliance from Donald Fitzgerald. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve the Stipulation and Assurance of Voluntary Compliance from Four Aces. Commissioner Fischer seconded the motion and it passed unanimously.

Racing Officials

Commissioner Fischer moved to approve the appointment of racing officials listed in the meeting packet on page 44. Commissioner Ortner seconded the motion and it passed unanimously.

Resolution

Commissioner Lyons moved to approve Resolution Number 03-17-04 as shown in the meeting packet on page 45. Commissioner Ortner seconded the motion and it passed unanimously.

Waiver of Bond for Live Tracks

Commissioner Ortner moved to waive bond for the Verendrye Benevolent Association and the Northeast Area Horse Racing Inc. Commissioner Fischer seconded the motion and it passed unanimously.

Licensing

Commissioner Lyons moved to approve all Key Licenses listed in the meeting packet on page 48. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve renewal of Key Licenses listed in the meeting packet on pages 48. Commissioner Kemnitz seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve Associated Persons listed in the meeting packet on page 48. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve Susan Lieberman as an additional owner on the distributors License of Lieberman Music Company (0111-DS). Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Fischer moved to approve assignment of a Retail License belonging to Tim and Monica Conrad (0031-RT) to the B.B. Cody's location. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve Southwest Casino's (0283-RT, 0284-RT and 0345-RT) to unassigned status as of 3/17/04. Commissioner Fischer seconded the motion and it passed unanimously.

Executive Session

Commissioner Lyons moved to retire to executive session. Commissioner Ortner seconded the motion and it passed unanimously.

Upon completion of executive session Commissioner Fischer moved to return to general session. Commissioner Ortner seconded the motion and it passed unanimously.

Decisions on Hearings

Commissioner Ortner moved to approve a second building designation and an inner access variance to include a water curtain for Bullock Express. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to approve a third building designation and an inner access variance to include a water curtain between the east/west access, and the east/north access for Major Gaming, LLC. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Ortner moved to deny Justin Chidester's gaming license. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Kemnitz moved to deny Bryan Davis' gaming license. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Ortner moved to deny Steven Ratchick's gaming license. Commissioner Fischer seconded the motion and it passed unanimously.

Election of Officers

Commissioner Wiles announced that he was resigning as Chairman of the Commission because this was the last regular meeting of his term.

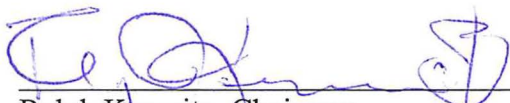
Commissioner Ortner moved to elect Commissioner Kemnitz as Chairman of the Commission. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Lyons moved to elect Commissioner Ortner as Vice Chairman of the Commission. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Wiles adjourned the meeting.

Respectfully Submitted,

Teri Ertman


Ralph Kemnitz, Chairman
Larry B. Eliason, Executive Secretary

MINUTES OF SPECIAL MEETING
April 8, 2004

The South Dakota Commission on Gaming held a special meeting at 10:00 AM on April 8, 2004 in Room 464 of the Capitol Building, Pierre, South Dakota.

The following Commissioners participated:

Chairman, Chip Kemnitz

Commissioners, Mike Ortner, Shawn Lyons, John Wiles and Karl Fischer participated via telephone.

Commissioner Designate Krisit Wagner was also present.

Present in Pierre were:

Executive Secretary, Larry Eliason

Secretary, Danna Bren

Legal Counsel, Michael Shaw

Court Reporter, Carla Bachard

The meeting was called to order by Chairman Kemnitz who then turned the gavel to Commissioner Wiles.

A presentation was made by Chairman Kemnitz to the wife of Brian Meyers who was a former Commissioner.

Commissioner Lyons moved to adopt the minutes drafted for the March 17, 2004 meeting.

Commissioner Ortner seconded the motion and it passed unanimously by roll call.

Mr. Will Cummings presented his final report to the Commission. The report is called "Analysis of the Current Markets for Gaming in South Dakota, with Projections for the Likely Impacts of New or Enlarged Facilities".

Commissioner Lyons moved to approve the Stipulation and Assurance of Voluntary Compliance from Gary Gueke. Commissioner Ortner seconded the motion and it passed unanimously by roll call.

Commissioner Ortner moved to approve the Stipulation and Assurance of Voluntary Compliance from Tacy A. Paul. Commissioner Lyons seconded the motion and it passed unanimously by roll call.

4/14/2004

Page 2 – Minutes April 8, 2004.

Commissioner Fischer moved to approve the Stipulation and Assurance of Voluntary Compliance from Mike Gleason. Commissioner Ortner seconded the motion and it passed unanimously by roll call.

Commissioner Ortner moved to assign the third license belonging to Major Gaming LLC dba Dakota Deuces to the East building identified during the Declaratory Rules at the March 2004 Commission meeting. Commissioner Lyons seconded the motion and it passed unanimously by roll call.

The next Commission meeting will be held on June 4, 2004 in Deadwood, South Dakota.

Executive Secretary, Larry Eliason, gave a report of the Joint Conference of Racing Regulators.

A Hearing on Petitions for a Declaratory Rulings filed by Full House Inc, were held. The Petition for 686 Main Street, Deadwood, South Dakota was withdrawn. The hearing on the petition for 688 Main Street was conducted.

Commissioner Lyons moved to go into Executive Session. Motion was seconded by Commissioner Kemnitz and passed unanimously by roll call at 12:30PM.

At 12:45PM, Commissioner Kemnitz moved that the Commission end Executive Session. Motion was seconded by Commissioner Lyons and passed unanimously by roll call.

Commissioner Wiles declared the meeting adjourned at 12:47 PM.

Respectfully Submitted.

Danna Bren

Ralph Kemnitz, Chairman

Larry B. Eliason. Executive Secretary

4/14/2004



Soldiers and Sailors Building
425 East Capitol Avenue
Pierre, South Dakota 57501-3100
Phone: 605-773-6050
Fax: 605-773-6053

MINUTES

June 4, 2004

At 9:00 a.m. Commissioner Kemnitz called the meeting to order. Commissioners Michael Ortner, Shawn Lyons, and Karl Fischer were present. Commissioner Wagner was absent. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; and Craig Sparrow, Director of Enforcement and Operations.

ADMINISTRATIVE HEARINGS

Commissioner Kemnitz appointed Commissioner Ortner to be the hearing officer. The court reporter for the hearings was Cynthia Weichmann. The following cases were scheduled to be heard:

- Pierre Burck – Revocation of License
- Cory Diede – Revocation of License
- Melanie Ladson – Revocation of License
- James Mattson – Revocation of License
- Racing Services Inc. – Petition for Declaratory Ruling
- Four Aces – Petition for Declaratory Ruling
- Gold Dust Gaming – Petition for Declaratory Ruling

Revocation of license hearings for Pierre Burck and Cory Diede were continued and will be heard at a later date. The petition for a declaratory ruling for Full House, Inc. and Racing Services Inc were also continued to be heard at a later date.

Upon completion of the hearings the disposition of the cases were referred for discussion in executive session.

GENERAL MEETING

Upon completion of the administrative hearings Commissioner Kemnitz called the general meeting to order.

April 8, 2004 Minutes of the Special Meeting

Commissioner Fischer moved to adopt the minutes drafted for the April 8, 2004 meeting with the following amendment: The Petition for a Declaratory Ruling filed by Full House Inc. was acted upon as follows. Part A of the petition regarding a building designation at 688 Main Street, Deadwood, SD was granted. Part B of the petition regarding inner access was continued to be heard at a later date. Commissioner Ortner seconded the motion and it passed unanimously.

Stipulation of Assurance of Voluntary Compliance

Commissioner Lyons moved to approve the Stipulation and Assurance of Voluntary Compliance from BY Development Inc. Commissioner Fischer seconded the motion and it passed unanimously.

Professional Service Contracts

Commissioner Fischer moved to approve a professional service contract with Michael Shaw to provide legal services. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve a professional service contract with Mark Aspass to provide architectural expertise. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve a professional service contract with Gaming Laboratories International to provide testing of gaming devices. Commissioner Ortner seconded the motion and it passed unanimously.

Bonds for Live Tracks and Simulcast Providers

Commissioner Ortner moved that the commission require each prospective licensee to post a bond of \$50,000 in a form that is acceptable to the Executive Secretary and Legal Counsel. Commissioner Fischer seconded the motion and it passed unanimously.

Licensing

Commissioner Lyons moved to approve all Key Licenses listed in the meeting packet on page 58. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Fischer moved to approve renewal of Key Licenses listed in the meeting packet on pages 58. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve Associated Persons listed in the meeting packet on page 58. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve Business License Renewals listed in the meeting packet on pages 59-66. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Lyons moved to deny proposed financier Louis Muro and the associated companies of MariCap & CMAC as additional owners on the Deadwood City Limits, LLC licenses. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve retail licenses for Tim and Monica Conrad (0369-RT) and Kathy Fredericksen (0366, 0367 & 0368-RT). Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to assign the new retail license for Tim and Monica Conrad (0369-RT) at the B.B. Cody's location effective July 1, 2004. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Ortner moved to remove three retail licenses belonging to Shelly Dragoo assigned at Four Aces VI, VII, and VIII (0334, 0335 & 0336-RT) effective June 30, 2004. It was also moved to assign the three new retails for Kathy Fredericksen (0366, 0367, & 0368-RT) to Four Aces VI, VII, and VIII effective July 1, 2004. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Fischer moved to reassign the retail license currently at Bullock III (0157-RT) to Bullock Express II effective July 1, 2004. Commissioner Lyons seconded the motion and it passed unanimously.

In the matter of assigning the retail license belonging to Linda Quenzer (0244-RT) to Gold Dust I(b) is to be continued and will be decided on at a later date.

Commissioner Lyons moved to approve Kenneth Lien and Lien Games, Inc. (0010-GH) and Nelson Clemmens & Am-West Entertainment, LLC (0011-GH) for Simulcast Provider's Licenses. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Fischer moved to approve Mitch's Granstand, Inc. (0026-SS) as a simulcast site. Commissioner Ortner seconded the motion and it passed unanimously.

Executive Session

Commissioner Lyons moved to retire to executive session. Commissioner Fischer seconded the motion and it passed unanimously.

Upon completion of executive session Commissioner Fischer moved to return to general session. Commissioner Lyons seconded the motion and it passed unanimously.

Decisions on Hearings

Commissioner Fischer moved to revoke Melaine Ladson's support license for failure to take care of her financial obligations. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to revoke James Mattson's support license for failure to protect company assets. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved approve an opening between room 6 and 7 in the Four Aces Casino in which a water curtain will also be installed. Commissioner Fischer seconded the motion and it passed unanimously.

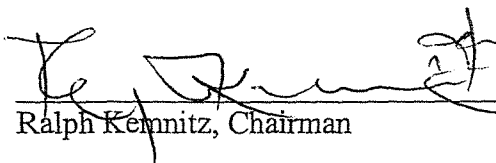
Meetings

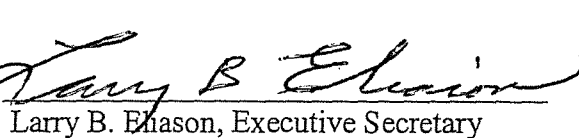
Commissioners confirmed meeting dates Tuesday, September 14, 2004 and Wednesday, December 8, 2004. Commissioners also decided to have a special meeting on Wednesday, June 30, 2004 in Deadwood, SD.

Commissioner Fischer moved to adjourn the meeting. Commissioner Ortner seconded the motion and it passed unanimously.

Respectfully Submitted,

Teri Ertman


Ralph Kemnitz, Chairman


Larry B. Elason, Executive Secretary

22



COMMISSION ON GAMING

696 Main Street, 2nd Floor

Deadwood, SD 57732

Phone: (605) 578-3074

FAX: (605) 578-2263

MINUTES

June 30, 2004

At 9:00 a.m. Commissioner Kemnitz called the special meeting to order. Commissioners Michael Ortner, Kristi Wagner, and Karl Fischer were present. Commissioner Lyons was absent. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; and Craig Sparrow, Director of Enforcement and Operations.

ADMINISTRATIVE HEARINGS

Commissioner Kemnitz appointed Commissioner Ortner to carry out the duties of hearing officer. The court reporter for the hearings was Jacque Perli. The following cases scheduled to be heard were:

- Gold Dust Gaming – Petition for Declaratory Ruling
- Racing Services Inc. – Petition for Declaratory Ruling

Upon completion of the hearing for Gold Dust Gaming the disposition of the case was referred to executive session for discussion.

Commissioner Wagner moved to continue the hearing for the petition for a declaratory ruling for Racing Services Inc. until the September commission meeting. Commissioner Fischer seconded the motion and it passed unanimously.

SPECIAL MEETING

Upon completion of the administrative hearings Commissioner Kemnitz called the special meeting to order.

June 4, 2004 Minutes of the Meeting

Commissioner Fischer moved to adopt the minutes drafted for the June 4, 2004 meeting. Commissioner Wagner seconded the motion and it passed unanimously.

Cancelled Horse Races at Aberdeen

Commissioner Wagner moved to approve order number 06-30-04 to refund monies not used for cancelled races in Aberdeen, SD as specified in the order. Commissioner Fischer seconded the motion and it passed unanimously.

Executive Session

Commissioner Fischer moved to retire to executive session. Commissioner Ortner seconded the motion and it passed unanimously.

Upon completion of executive session Commissioner Fischer moved to return to general session. Commissioner Ortner seconded the motion and it passed unanimously.

Decisions on Hearings

Commissioner Wager moved approve Gold Dust's petition as presented and to include installation of a water curtain. Commissioner Fischer seconded the motion and it passed unanimously.

Racing Services Inc.

Commissioner Fischer moved to have the Executive Secretary demand payment from RSI in the amount of approximately \$7,300 for January and February taxes. Commissioner Ortner seconded the motion and it passed unanimously.

Meetings

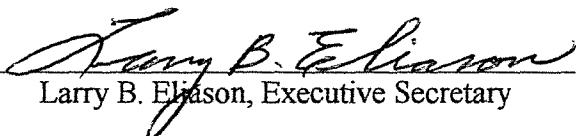
Commissioners confirmed meeting date Tuesday, September 14, 2004.

Commissioner Ortner moved to adjourn the meeting. Commissioner Fischer seconded the motion and it passed unanimously.

Respectfully Submitted,

Teri Ertman


Ralph Kernnitz, Chairman


Larry B. Eliason, Executive Secretary

SOUTH DAKOTA COMMISSION ON GAMING

QUARTERLY MEETING

MINUTES

September 13, 2004

At 9:00 a.m. Commissioner Kemnitz called the meeting to order. Commissioners Ralph Kemnitz, Michael Ortner, Shawn Lyons, Kristi Wagner and Karl Fischer were present. Also present were Tim Engel, Commission Attorney; Larry Eliason, Executive Secretary; and Craig Sparrow, Director of Enforcement and Operations.

ADMINISTRATIVE HEARINGS

Commissioner Kemnitz appointed Commissioner Ortner to carry out the duties of hearing officer. The court reporter for the hearings was Cynthia Weichmann. The following cases were scheduled to be heard:

- RSI – Petition for Declaratory Ruling
- David Covey – Revocation of gaming support license
- Cory Diede – Revocation of gaming support license
- Pierre Burck – Revocation of gaming support license
- Kevin Moore – Revocation of gaming support license
- Cindy Kruse – Revocation of gaming support license
- Philip Flanders – Revocation of gaming support license
- Judy Badow – Revocation of gaming support license
- John Stein – Denial of gaming support license

Commissioner Ortner moved for the petition for a declaratory ruling for Racing Services Inc. to be continued at a later date. Commissioner Wagner seconded the motion and it passed unanimously.

Upon completion of the hearings the disposition of the matters were referred for discussion in executive session.

GENERAL MEETING

Upon completion of the administrative hearings Commissioner Kemnitz called the general meeting to order.

Presentations

Mikohn demonstrated two table games for the Commissioner's review. The games demonstrated were Jackpot Pai Gow and Texas Hold 'Em Bonus Poker.

June 30, 2004 Minutes of the Meeting

Commissioner Fischer moved to adopt the minutes drafted for the June 30, 2004 meeting. Commissioner Ortner seconded the motion and it passed unanimously.

SD Thoroughbred Futurity Proposal

Commissioner Lyons moved to defer acting upon a proposal submitted by Janet Sayler of the SD Thoroughbred Association. Commission Wagner seconded the motion and it passed unanimously.

Stipulation of Assurance of Voluntary Compliance

Commissioner Fischer moved to approve the Stipulation and Assurance of Voluntary Compliance from Shuffle Master Inc. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve the Stipulation and Assurance of Voluntary Compliance from Margaret Taylor. Commissioner Wagner seconded the motion and it passed unanimously.

Commissioner Fischer moved to approve the Stipulation and Assurance of Voluntary Compliance from Pam Derby. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Wagner moved to approve the Stipulation and Assurance of Voluntary Compliance from Saloon Gambling Inc. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Fischer moved to approve the Stipulation and Assurance of Voluntary Compliance from Karen Norris. Commissioner Other seconded the motion and it passed unanimously.

Simulcast Bond

Commissioner Fischer moved to refund \$50,000 from Bettor Racing, Inc. Commissioner Wagner seconded the motion and it passed unanimously.

Resolution

Commissioner Wagner moved to approve Resolution Number 09-13-04 as shown in the meeting packet on page 74. Commissioner Ortner seconded the motion and it passed unanimously.

Licensing

Commissioner Lyons moved to approve all Key Licenses listed in the meeting packet on page 76. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Wagner moved to approve Troy Love for three retail licenses (0370, 0371 & 0372-RT) to be left at an unassigned location. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve Tom Hill's retail license (0330-RT) to an unassigned location. Commissioner Ortner seconded the motion and it passed unanimously.

Executive Session

Commissioner Ortner moved to retire to executive session. Commissioner Fischer seconded the motion and it passed unanimously.

Upon completion of executive session Commissioner Kemnitz called the meeting back to order.

Decisions on Hearings

Commissioner Ortner moved to revoke David Covey's support license. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Lyons moved to revoke Cory Diede's support license. Commissioner Wagner seconded the motion and it passed unanimously.

Commissioner Fischer moved to revoke Pierre Burck's support license. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Wagner moved to revoke Kevin Moore's support license. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Ortner moved to revoke Cindy Kruse's support license. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Fischer moved to revoke Philip Flander's support license. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Wagner moved to revoke Judy Badow's support license. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Fischer moved to approve a support license for John Stein. Commissioner Lyons seconded the motion. The motion passed with four commissioners for the approval and one against.

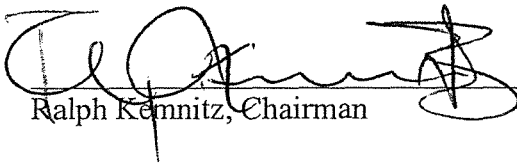
Unassigned Retail Licenses

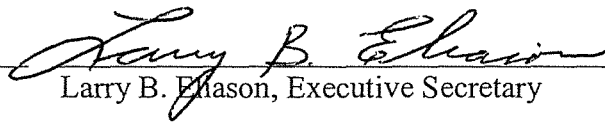
Commissioner Ortner moved to direct the Executive Secretary and his staff to compile a list of unassigned retail licenses as well as a list of "straw" retail licenses. Commissioner Wagner seconded the motion and it passed unanimously.

Commissioner Kemnitz adjourned the meeting.

Respectfully Submitted,

Teri Ertman


Ralph Kemnitz, Chairman


Larry B. Elason, Executive Secretary



COMMISSION ON GAMING

696 Main Street, 2nd Floor

Deadwood, SD 57732

Phone: (605) 578-3074

FAX: (605) 578-2263

MINUTES

December 8, 2004

At 9:00 a.m. Commissioner Kemnitz called the meeting to order. Commissioners Ralph Kemnitz, Michael Ortner, and Shawn Lyons were present. Commissioners Kristi Wagner and Karl Fischer were absent. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; and Craig Sparrow, Director of Enforcement and Operations.

ADMINISTRATIVE HEARINGS

Commissioner Kemnitz appointed Commissioner Ortner to carry out the duties of hearing officer. The court reporter for the hearings was Cynthia Weichmann. The following cases were scheduled to be heard:

- Dennis Kopp – Revocation of gaming support license
- Karyn Good Crow – Revocation of gaming support license
- Philip Curnow – Revocation of gaming support license
- Trina Linenkow – Revocation of gaming support license
- Scheels All Sports Inc. – Declaration of gaming devices as contraband
- Herberger's Dept Stores, LLC – Declaration of gaming devices as contraband
- Spencer Gifts LLC – Declaration of gaming devices as contraband
- RSI - Intelli Pick Wagering Device – Declaratory ruling
- First Gold Inc. – Declaratory ruling
- GR Deadwood LLC – Declaratory ruling

The petition for a declaratory ruling for Racing Services Inc. on the Intelli Pick Wagering Device was withdrawn by Roger Tellinghuisen, Attorney for RSI. The withdrawal of the petition was accepted by the Commissioners.

Upon completion of the hearings the disposition of the matters were referred for discussion in executive session.

GENERAL MEETING

Upon completion of the administrative hearings Commissioner Kemnitz called the general meeting to order.

Presentations

The following table games were demonstrated for the Commissioner's review:

- Big Raise Hold'em
- Four Card Poker
- Hold'em 212

September 13, 2004 Minutes of the Meeting

Commissioner Ortner moved to adopt the minutes drafted for the September 13, 2004 meeting. Commissioner Lyons seconded the motion and it passed unanimously.

Stipulation of Assurance of Voluntary Compliance

Commissioner Ortner moved to approve the Stipulation and Assurance of Voluntary Compliance from Kenneth Wolfe. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve the Stipulation and Assurance of Voluntary Compliance from Aces Full, Inc and Celebrity Hotel. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve the Stipulation and Assurance of Voluntary Compliance from B.Y. Development, Inc. Commissioner Lyons seconded the motion and it passed unanimously.

Parking Spaces Lease

Commissioner Ortner moved to renew the lease for parking spaces at the Deadwood City Parking Ramp. Commissioner Lyons seconded the motion and it passed unanimously.

Licensing

Commissioner Lyons moved to approve Key Licenses for Wayne Snow, Diane Mangelsen, Kimberly Soller and Bryan Loudon. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve Key License Renewals listed in the Commission Meeting Packet on pages 65 through 71. Commissioner Ortner seconded the motion and it passed unanimously.

Saloon No. 10 presented a proposal to amend a retail license to be able to conduct gaming on two floors of the same building. The Commissioners deferred their decision until after they discussed it in executive session.

Commissioner Ortner moved to approve simulcast provider renewal applications for Lien Games, Inc. and AmWest Entertainment LLC. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve simulcast site renewal applications for Richard Squire DBA Aberdeen Racing, Mitch's Grandstand, Time Out Lounge, and Sports Center. Commissioner Ortner seconded the motion and it passed unanimously.

Live Horse Racing Dates

Commissioner Ortner moved to approve the application for license for horse race meeting for the Verendrye Benevolent racing association for racing days listed in the commission meeting packet on page 92. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve the application for license for horse race meeting for the Northeast Area Horse Racing association for racing days listed in the commission meeting packet on page 95. Commissioner Ortner seconded the motion and it passed unanimously.

2004 SD Bred Thoroughbred Futurity Proposal

Commissioner Lyons moved to approve the allocation of \$16,000 that was returned from a cancelled race at the Aberdeen race track in 2004. The monies are to be used for a special race at the Ft. Pierre race track in 2005. Commissioner Ortner seconded the motion and it passed unanimously.

Executive Session

Commissioner Kemnitz called to retire to executive session.

Upon completion of executive session Commissioner Kemnitz called the meeting back to order.

2005 Quarterly Meetings

Meetings for the next year were scheduled as follows:

Wednesday March 16, 2005
Tuesday June 14, 2005
Tuesday August 30, 2005
Tuesday December 13, 2005

All meetings would be held in Deadwood and begin at 9:00 a.m.

Decisions on Hearings

Commissioner Ortner moved to revoke Dennis Kopp's support license and impose a fine of \$1,500. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to revoke Karyn Good Crow's support license. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to revoke Philip Curnow's support license. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve a conditional support license to Trina Linenko. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to declare machines confiscated from Scheels All Sports Inc., Herberger's Department Stores LLC, and Spencer Gifts LLC to be contraband and be destroyed. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve the proposed building designations for First Gold Inc. to include inner accesses be protected by water curtains. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve the proposed building designations for GR Deadwood, LLC to include inner accesses be protected by water curtains. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Ortner moved to deny Saloon No. 10's amendment to their retail license to be able to conduct gaming on two floors of the same building. It was determined that the second floor is not a suitable location. Commissioner Lyons seconded the motion and it passed unanimously.

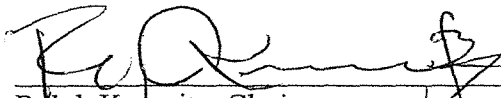
Commissioner Ortner moved to approve Resolution Number 12-8-04 Allocation of Racing Funds. Commissioner Lyons seconded the motion with a caveat strongly

recommending that Northeast Area Horse Racing Association pursue improving track conditions at Aberdeen. The motion passed unanimously.


Commissioner Kemnitz adjourned the meeting.

Respectfully Submitted,

Teri Ertman



Ralph Kemnitz, Chairman



Larry B. Eliason, Executive Secretary



COMMISSION ON GAMING

696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX: (605) 578-2263

MINUTES

March 16, 2005

At 9:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Michael Ortner, Karl Fischer, Kristi Wagner and Shawn Lyons were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; and Craig Sparrow, Director of Enforcement and Operations.

ADMINISTRATIVE HEARINGS

Commissioner Kemnitz appointed Commissioner Ortner to carry out the duties of hearing officer. The court reporter for the hearings was Traci Kieffer. The following cases were scheduled to be heard:

- Kenneth Dean Burrows – Denial of gaming support license
- Denise Etzkorn – Seizure of a gaming device
- James E. Baker – Revocation of gaming support license
- Shuffle Master - Petition for Declaratory Ruling
- DGR Hospitality Corp. - Petition for Declaratory Ruling

Petition for declaratory ruling for DCG Hospitality Corp. will be continued until the next scheduled meeting.

Upon completion of the hearings the disposition of the matters were referred for discussion in executive session.

RULES HEARING

Commissioner Ortner moved for the adoption of the proposed rules discussed along with the changes made. Commissioner Wagner seconded the motion and it passed unanimously.

EXECUTIVE SESSION

Upon completion of the rules hearing Commissioner Kemnitz moved to go into executive session. Commissioner Ortner seconded the motion and it passed unanimously.

GENERAL MEETING

Upon completion of executive session Commissioner Ortner moved to return to the general meeting. Commissioner Fischer seconded the motion and it passed unanimously.

December 8, 2004 Minutes of the Meeting

Commissioner Ortner moved to adopt the minutes drafted for the December 8, 2004 meeting. Commissioner Lyons seconded the motion and it passed unanimously.

Stipulation of Assurance of Voluntary Compliance

Commissioner Lyons moved to approve the Stipulation and Assurance of Voluntary Compliance from Dana Nowell. Commissioner Wagner seconded the motion and it passed unanimously.

Commissioner Wagner moved to approve the Stipulation and Assurance of Voluntary Compliance from Franklin Hotel, Larry Hague, and Jeffrey Zimmerman. Commissioner Fischer seconded the motion and it passed unanimously.

Licensing

Commissioner Ortner moved to approve Key Licenses, Key Renewal Licenses and Business License Requests listed in the Commission Meeting Packet on pages 40 through 53 with the exception of Chuck Opitz. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve a simulcast site license for Dakota Sunset, Inc. Commissioner Wagner seconded the motion and it passed unanimously.

Commissioner Fischer moved to approve a simulcast provider license to Am West Entertainment LLC and a simulcast site license upon approval by the Executive Secretary when a site is located. Commissioner Ortner seconded the motion and it passed unanimously.

Racing Officials

Commissioner Wagner moved to approve the Racing Officials listed in the meeting packet on pages 62 through 64. Commissioner Lyons seconded the motion and it passed unanimously.

Professional Service Contracts

Commissioner Wagner moved to approve the consulting contracts for Gary L. Galinat, CPA; Cooper Animal Clinic; and Center for Tox Services for the 2005 horse racing season. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve the consulting contract for Steve Barham for assistance with promulgation of rules. Commissioner Ortner seconded the motion and it passed unanimously.

Resolution

Commissioner Fischer moved to approve Resolution Number 03-16-05 which designates Larry Eliason as its qualified voting representative at the North American Pari Mutuel Regulators Association meeting. Commissioner Ortner seconded the motion and it passed unanimously.

Decisions on Hearings

Commissioner Ortner moved to uphold staff's recommendation of denial of a renewal support license to Kenneth D. Burrows. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Wagner moved to have staff destroy the gaming device seized from Denise Etzkorn. Commissioner Lyons seconded the motion and it passed unanimously.


Commissioner Ortner moved to dismiss action to revoke a gaming support license for James E. Baker. Commissioner Wagner seconded the motion and it passed unanimously.

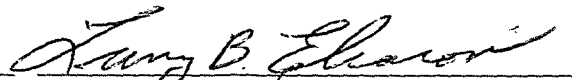
Commissioner Ortner moved to approve the Shufflemaster TMS300 for play in Deadwood as a slot machine and deem it as one gaming device. That the associated software, three card poker and black jack, be approved along with any subsequent approvals of associated software by GLI. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Kemnitz adjourned the meeting.

Respectfully Submitted,

Teri Ertman


Ralph Kemnitz, Chairman


Larry B. Eliason, Executive Secretary

MINUTES
June 14, 2005

At 9:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Michael Ortner, Kristi Wagner and Shawn Lyons were present. Commissioner Karl Fischer was absent. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; and Craig Sparrow, Director of Enforcement and Operations.

ADMINISTRATIVE HEARINGS

Commissioner Kemnitz carried out the duties of hearing officer for the following case to be heard:

- Deadwood Gaming Association – Petition for Declaratory Ruling

After the completion of the first hearing Commissioner Kemnitz appointed Commissioner Ortner to carry out the duties of hearing officer. The court reporter for the ~~hearings was Cynthia Weichmann. The following cases were scheduled to be heard:~~

- City of Deadwood, - Petition for Declaratory Ruling
- DGR Hospitality Corp. – Petition for Declaratory Ruling
- Hotel Franklin, Inc. – Petition for Declaratory Ruling
- Rain Forest Casino – Seizure of a Gaming Device
- Carey Hoffman – Seizure of a Gaming Device
- Douglas D. Mallory – Revocation of Support License
- Glen Evans – Revocation of Support License
- Tom M. Kinsella – Revocation of Owner/Trainer's License
- Trina Linenko – Revocation of Support License

Petition for declaratory ruling for Hotel Franklin Inc. will be continued to the special meeting to be held in July 2005.

(36)

Hearing for a revocation of license for Tom M. Kinsella will be continued to the next scheduled meeting.

Upon completion of the hearings the disposition of the matters were referred for discussion in executive session.

RULES HEARING

Commissioner Wagner moved for the approval of changes to rules discussed in the meeting packet on pages 23 through 59 and the withdrawal of changes to rule 20:18:12.01:14. Commissioner Lyons seconded the motion and it passed unanimously.

GENERAL MEETING

Upon completion of the rules hearing the general meeting began.

March 16, 2005 Minutes of the Meeting

Commissioner Wagner moved to adopt the minutes drafted for the March 16, 2005 meeting. Commissioner Lyons seconded the motion and it passed unanimously.

Licensing

Commissioner Ortner moved to approve key licenses and key renewal license listed on page 61 of the meeting packet. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve the business licenses and license assignment requests listed on page 61 of the meeting packet. Commissioner Lyons seconded the motion and it passed unanimously.

~~Commissioner Lyons moved to approve the business license renewals listed on pages 74 through 80 of the meeting packet. Commissioner Wagner seconded the motion and it passed unanimously.~~

The simulcast license application for Lien Games and Kip Lamm was continued to the next scheduled meeting.

Profession Services Contracts for FY 2006

Commissioner Wagner moved to approve the amended contract for Architecture Incorporated. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Wagner moved to approve the amended contract for Gaming Laboratories International. Commissioner Lyons seconded the motion and it passed unanimously.

31

Stipulation and Assurance of Voluntary Compliance

Commissioner Ortner moved to approve the Stipulation and Assurance of Voluntary Compliance from Thomas Hill. Commissioner Lyons seconded the motion and it passed unanimously.

EXECUTIVE SESSION

Upon completion of the general meeting Commissioner Wagner moved to go into executive session. Commissioner Lyons seconded the motion and it passed unanimously.

GENERAL MEETING

Upon completion of the executive session the general meeting resumed.

Decisions on Hearings

Commissioner Lyons moved to approve the petition for declaratory ruling for the Deadwood Gaming Association. Commissioner Wagner seconded the motion and it passed unanimously.

Commissioner Ortner moved to deny the petition for declaratory ruling for the City of Deadwood. Commissioner Wagner seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve the petition for declaratory ruling for DGR Hospitality for a building designation. The approval is approved on the condition that a water curtain and two hour safety rated wall is installed. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Wager moved to destroy the gaming devise seized from Rain Forest Casino. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Ortner moved to destroy the gaming devise seized from Carey Hoffman. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Ortner moved to revoke Douglas D. Mallory's support license and impose a fine of \$1,000 to be paid within one year. Commissioner Wagner seconded the motion and it passed unanimously.

Commissioner Ortner moved to revoke Glen Evans' support license and impose a fine of \$1,000 to be paid within one year. Commissioner Wagner seconded the motion and it passed unanimously.

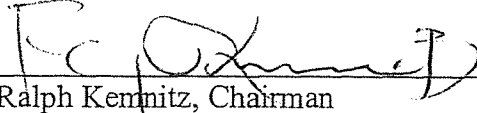
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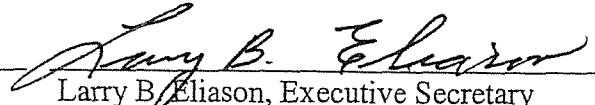
Commissioner Wagner moved to revoke Trina Linenko's support license for failure to adhere to her plans to address her financial obligations. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Kemnitz adjourned the meeting.

Respectfully Submitted,

Teri Ertman


Ralph Kemnitz, Chairman


Larry B. Eliason, Executive Secretary



COMMISSION ON GAMING

696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX: (605) 578-2263

MINUTES

August 30, 2005

At 9:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Michael Ortner, Kristi Wagner, Shawn Lyons, and Karl Fischer were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; and Craig Sparrow, Director of Enforcement and Operations.

ADMINISTRATIVE HEARINGS

Commissioner Kemnitz carried out the duties of hearing officer for the following case to be heard:

- Deadwood Development Company – Petition for Declaratory Ruling

Commissioner Fischer moved to approve the second building designation along with the requested larger opening and that a water curtain or roll up door be installed for Deadwood Development Company. Commissioner Ortner seconded the motion and it passed unanimously.

After the completion of the first hearing Commissioner Kemnitz appointed Commissioner Ortner to carry out the duties of hearing officer. The court reporter for the hearings was Cynthia Weichmann. The following cases were scheduled to be heard:

- Tom M. Kinsella – Revocation of Owner/Trainer's License
- Thomas Plambeck – Revocation of Support License
- Brandi Hamilton -- Revocation of Support License

Hearing for a revocation of license for Tom M. Kinsella will be continued to the next scheduled meeting.

Commissioner Wagner moved to revoke Thomas Plambeck's support license. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to revoke Brandi Hamilton's support license. Commissioner Wagner seconded the motion and it passed unanimously.

GAME DEMONSTRATION

John Burke demonstrated "Heads Up Poker Challenge" for the commissioners.

RULES HEARING

Commissioner Fischer moved for the approval of the new rules and changes to rules discussed in the meeting packet on pages 23 through 35. Commissioner Wagner seconded the motion and it passed unanimously.

GENERAL MEETING

Upon completion of the rules hearing the general meeting began.

June 14, 2005 Minutes of the Meeting

Commissioner Wagner moved to adopt the minutes drafted for the June 14, 2005 meeting. Commissioner Lyons seconded the motion and it passed unanimously.

July 26, 2005 Minutes of Public Hearing

Commissioner Lyons moved to approve the minutes for the July 26, 2005 public hearing. Commissioner Wagner seconded the motion and it passed unanimously.

Slot Machine Dispute

Commissioner Ortner moved that the correct amount of monies were paid to Ms. Weese and nothing further is owed to her. Commission Ortner also directed that staff contact Ms. Weese and Mr. Trucano to arrange a meeting to come to a resolution on the disputed matter. Commissioner Fischer seconded the motion and it passed unanimously.

Stipulation and Assurance of Voluntary Compliance

Commissioner Lyons moved to approve the Stipulation and Assurance of Voluntary Compliance from Buff-Bod Complex Bodega and Emerald Corp. Commissioner Wanger seconded the motion and it passed unanimously.

Variance Request

Commissioner Fischer moved to approve a variance not to place surveillance cameras on two temporary tournament poker table provided a key license will be watching the table. Commissioner Ortner seconded the motion and it passed unanimously.

Licensing

Commissioner Ortner moved to approve key licenses for Donald Willuweit, Kathy Habeck, Bruce Liggett, Gilbert Dillon and William Scott. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve the denial of a key license to Greg Wise. Commissioner Wagner seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve the renewal of key licenses to Kimberli Shama and Ken Wolfe. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve the assignment of James Sternhagen's third retail license (0268-RT) to be assigned to the second building approved at the McKenna's Gold location. Commissioner Ortner seconded the motion and it passed unanimously.

Resolution

Commissioner Wagner moved to approve Resolution Number 08-30-05 which designates Larry Eliason as its qualified voting representative at the North American Pari Mutuel Regulators Association meeting. Commissioner Lyons seconded the motion and it passed unanimously.

EXECUTIVE SESSION

Upon completion of the general meeting Commissioner Lyons moved to go into executive session. Commissioner Wagner seconded the motion and it passed unanimously.

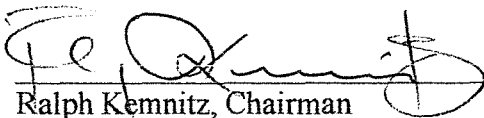
GENERAL MEETING

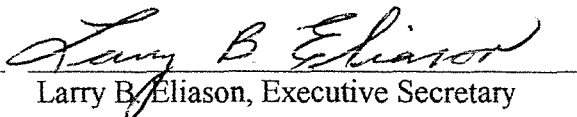
Upon completion of the executive session Commissioner Fischer moved to return to the General Meeting. Commissioner Wagner seconded the motion and it passed unanimously.

Commissioner Kemnitz adjourned the meeting.

Respectfully Submitted,

Teri Ertman


Ralph Kemnitz, Chairman


Larry B. Eliason, Executive Secretary



COMMISSION ON GAMING

696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX: (605) 578-2263

MINUTES

December 13, 2005

At 9:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Michael Ortner and Karl Fischer were present. Commissioner Shawn Lyons was absent. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; and Craig Sparrow, Director of Enforcement and Operations.

RULES HEARING

Commissioner Fischer moved to accept the changes made to ARSD 20:18:16:15.13 by the Legislative Review Committee. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved for the approval of the changes to rules discussed in the meeting packet on pages 1 through 59. Commissioner Fischer seconded the motion and it passed unanimously.

ADMINISTRATIVE HEARINGS

Commissioner Kemnitz appointed Commissioner Ortner to carry out the duties of hearing officer. The court reporter for the hearings was Cynthia Weichmann. The following cases were scheduled to be heard:

- Donna Kellar – Petition for a Declaratory Ruling
- Hotel Franklin, Inc –Petition for a Declaratory Ruling
- Deadwood Resorts LLC – Petition for a Declaratory Ruling
- Deadwood Gulch Saloon Limited Partnership – Petition for a Declaratory Ruling

Upon completion of the hearings the disposition of the matters were referred for discussion in executive session.

GAME DEMONSTRATION

The games "Ultimate Texas Hold 'Em" and "Casino War" were demonstrated for the commissioners.

GENERAL MEETING

Upon completion of the rules hearing the general meeting began.

August 30, 2005 Minutes of the Meeting

Commissioner Ortner moved to adopt the minutes drafted for the August 30, 2005 meeting. Commissioner Fischer seconded the motion and it passed unanimously.

Stipulation and Assurance of Voluntary Compliance

Commissioner Ortner moved to approve the Stipulation and Assurance of Voluntary Compliance from Oyster Bay. Commissioner Fischer seconded the motion and it passed unanimously.

Licensing

Commissioner Fischer moved to approve key licenses for Donna Kellar, Kory Iverson, Joyce Inverson, Mike McLain, Tom Hagen, Lane Gemar and Lynda Fierbech. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve the renewal of key licenses listed on pages 106 through 112 in the meeting packet. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Fischer moved to approve Stephen Morro and Richard Schneider as associated persons on the IGT Manufacturer license. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Fischer moved to ratify the action of the Executive Secretary granting temporary approval of placing Mohamed Dakam's retail licenses at the Franklin Hotel. The licenses were used for the period of October 31 through November 14, 2005. The licenses will return back to an unassigned and inactive status. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve a retail license for Andrea McDermott to remain unassigned. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Fischer moved to approve a retail license for Cynthia Hague to remain unassigned. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Fischer moved to approve Harlan Schmidt's request of move his two retail licenses from Dakota Deuces 1 and 2 to an unassigned location effective December 31, 2005. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Fischer moved to approve Mike Trucano for two retail licenses and assign them to Dakota Deuces effective January 1, 2006. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve the Simulcast Provider Renewal license for Amwest Entertainment LLC. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve the Simulcast Sites Sport Center, Time Out Downs, Mitch's Granstand, and Richard Squire d/b/a Aberdeen Racing. Commissioner Fischer seconded the motion and it passed unanimously.

Horse Racing

Commissioner Fischer moved to approve the racing dates and track officials listed in the meeting packet on pages 137 through 145 for the Verendrye Benevolent and Northeast Area horse racing associations. Racing dates for the Verendrye Benevolent Association is April 15, 22-23, 29-30 and May 6-7, 2006. Racing dates for Northeast Area Horse Racing Association is May 13-14, 20-21, and 27-29, 2006. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to appoint Randy Blaseg as Presiding Steward, Lloyd Just as State Steward, Larry Eliason as Assistant State Steward and Roger D. Cooper, DVM as State Veterinarian for the 2006 live horse racing season. Commissioner Fischer seconded the motion and it passed unanimously.

Resolution

Commissioner Ortner moved to approve resolution 12-13-05-A which allocates the purse supplements and racing operations for the 2006 live racing season. Commissioner Fischer seconded the motion and it passed unanimously.

2006 Quarterly Meetings

Commissioner Ortner moved to tentatively approve the following commission meeting dates:

- Tuesday, March 14, 2006
- Monday, June 5, 2006
- Tuesday, September 12, 2006
- Tuesday, December 12, 2006

EXECUTIVE SESSION

Upon completion of the general meeting Commissioner Ortner moved to go into executive session. Commissioner Fischer seconded the motion and it passed unanimously.

GENERAL MEETING

Upon completion of the executive session the Commissioners returned to the General Meeting.

Decisions on Hearings

Commissioner Ortner moved to approve three retail licenses for Donna Kellar subject to receipt and satisfactory examination of documents offered by Ms. Kellar's attorney. Documents to be provided are Ken Kellar's tax returns and financial statements. Ms. Kellar is to provide assurance that the licenses will not be used for the benefit of Ken Kellar but for the benefit of Donna Kellar. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Fischer moved to approve the petition of declaratory ruling for the Hotel Franklin based on the recommendations of the Commission Architect, approval by the city of Deadwood and the Uniform Building Code. Commissioner Ortner seconded the motion with a modification that the Commission approves the petition as to what the Commission Architect and Deadwood City Engineer do to resolve the egress problem on the new addition to the Hotel Franklin. The motion with the modification passed unanimously.

Commissioner Ortner moved to approve the petition of declaratory ruling for Deadwood Resorts LLC in full with the exception of the water curtain that was proposed between rooms 3 and 12. That the Commission does not specifically approve the full length of the water curtain and that the petitioner return with an alternative proposal satisfactory to the Commissioners for that specific area. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Fischer moved to continue the petition of declaratory ruling for Deadwood Gulch Saloon Limited Partnership to the March meeting. At the March meeting the petitioner is to provide more information regarding the proposed modification to the building. Commissioner Ortner seconded the motion and it passed unanimously.

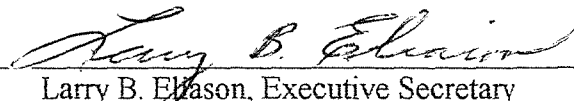
Commissioner Ortner moved to approve the Simulcast Operator License for Lien Games, Inc. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Kemnitz adjourned the meeting.

Respectfully Submitted,

Teri Ertman


Ralph Kemnitz, Chairman


Larry B. Elason, Executive Secretary



COMMISSION ON GAMING

696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX: (605) 578-2263

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ON GAMING

MINUTES

March 14, 2006

At 9:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Michael Ortner, Karl Fischer, Shawn Lyons and Rita Thompson were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Enforcement and Operations; Mark Aspass, Commission Architect.

ADMINISTRATIVE HEARINGS

Commissioner Kemnitz appointed Commissioner Ortner to carry out the duties of hearing officer. The court reporter for the hearings was Jacque Peril. The following cases were scheduled to be heard:

- Martin-Mason Building - Petition for a Declaratory Ruling
- Old Town Hall – Petition for a Declaratory Ruling
- Deadwood Gulch Saloon – Petition for a Declaratory Ruling
- Shuffle Master, Inc. – Petition for a Declaratory Ruling

The Petition for a Declaratory Ruling for Deadwood Gulch Saloon is to be continued at the June 2006 meeting.

Upon completion of the hearings the disposition of the matters were referred for discussion in executive session.

RULES HEARING

Commissioner Ortner moved to accept the proposed changes made to check cashing procedures ARSD 20:18:20.01:02. Commissioner Fischer seconded the motion and it passed unanimously.

Rules were heard regarding Silverado Stud poker and disposition of the proposed rules change was referred to Executive Session.

GENERAL MEETING

Upon completion of the rules hearing the general meeting began.

December 13, 2005 Minutes of the Meeting

Commissioner Ortner moved to adopt the minutes drafted for the December 13, 2005 meeting. Commissioner Lyons seconded the motion and it passed unanimously.

Resolution Number 03-14-06

Commissioner Lyons moved to approve the resolution in accordance with House Bill 1127 to authorize the Executive Secretary to approve payments to Human Services to fund gaming addiction treatment effective July 1, 2006. Commissioner Fischer seconded the motion and it passed unanimously.

Appointment of Racing Official

Commission Ortner moved to approve the appointment of Dan Zinter as deputy state steward. Commissioner Thompson seconded the motion and it passed unanimously.

Stipulation and Assurance of Voluntary Compliance

Commissioner Fischer moved to approve the Stipulation and Assurance of Voluntary Compliance from Troy Love. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve the Stipulation and Assurance of Voluntary Compliance from Emerald Corporation. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve the Stipulation and Assurance of Voluntary Compliance from Buffalo/Bodega Complex and BB Cody's. Commissioner Fischer seconded the motion and it passed unanimously.

Professional Services Contracts

Commission Ortner moved to approve Professional Services Contracts for Cooper Animal Clinic and the Center for Tox Services. Commissioner Thompson seconded the motion and it passed unanimously.

Commission Ortner moved to approve entering into a contract with Jefferson Wells to develop and update The South Dakota Commission on Gaming Minimum Standards for

Monitoring Systems. Commission Fischer seconded the motion and Commissioner Lyons abstained. Motion was passed.

Licensing

Commissioner Lyons moved to approve all licensing matters listed in the commission meeting packet on pages 63 and 64. Commissioner Fischer seconded the motion and it passed unanimously.

Resolution 03-14-06-1

Commissioner Fischer moved to approve Resolution number 03-14-06-1 which designates Ralph A. Kemnitz as its voting representative and Larry B. Eliason as its alternate voting representative at the annual meeting of the Association of Racing Commissioners. Commissioner Lyons seconded the motion and it passed unanimously.

2006 Quarterly Meetings

Commissioners tentatively approved Monday, June 5, 2006 as the next Commission meeting date.

EXECUTIVE SESSION

Upon completion of the general meeting the Commissioners retired to Executive Session.

GENERAL MEETING

Upon completion of the Executive Session Commissioner Ortner moved to return to the General Meeting. Commissioner Lyons seconded the motion and it passed unanimously.

Decisions on Hearings

Commissioner Ortner moved to approve a petition for a declaratory ruling for Deadwood Development Company. The third floor of the Martin Mason/Clark Building will be designated as a separate building. Commissioner Fischer seconded the motion and it passed unanimously.

Commissioner Thompson moved to approve a petition for a declaratory ruling for Deadwood Development Company. The Old Town Hall building will have a three-building designation and a water curtain to be installed in the opening that is larger than 25%. Commissioner Lyons seconded the motion and it was passed unanimously.

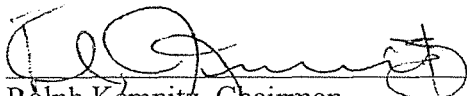
Commissioner Lyons moved to approve the petition of declaratory ruling for Shuffle Master Inc. that Casino War meets the definition of Poker. Commissioner Fischer seconded the motion. Commissioners Ortner and Kemnitz opposed the motion. The motion passed 3-2.

Commissioner Fischer moved to approve the proposed rule changes to Silverado Stud Poker. Commissioner Lyons seconded the motion and it passed unanimously.

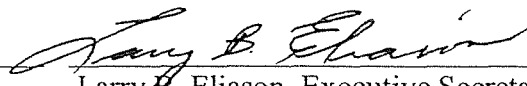
Commissioner Lyons moved to adjourn the meeting. Commissioner Fischer seconded the motion and it passed unanimously.

Respectfully Submitted,

Cleo Listman



Ralph Kemnitz, Chairman



Larry B. Eliason, Executive Secretary



COMMISSION ON GAMING

696 Main Street, 2nd Floor
Deadwood, SD 57732
Phone: (605) 578-3074
FAX: (605) 578-2263

MINUTES

June 5, 2006

At 9:05 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Michael Ortner, Karl Fischer, Shawn Lyons and Rita Thompson were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement.

ADMINISTRATIVE HEARINGS

Commissioner Kemnitz appointed Commissioner Ortner to carry out the duties of hearing officer. The court reporter for the hearings was Cynthia M. Weichmann. The following cases were scheduled to be heard:

- Wing Tsue Building
- Lawrence Sullivan – Deadwood Gaming Application
- SDCG vs. Timothy Barrios
- SDCG vs. Thomas Kinsella
- Deadwood Gulch Saloon – Request to Withdraw Petition for a Declaratory Ruling

Upon completion of the hearings the disposition of the matters were referred for discussion in executive session.

GENERAL MEETING

Upon completion of the administrative hearings, the general meeting began.

March 16, 2006 Minutes of the Meeting

Commissioner Kemnitz moved to adopt the minutes drafted for the March 16, 2006 meeting. Commissioner Ortner seconded the motion and it passed unanimously.

Licensing

Commissioner Fischer moved to approve all key licensing matters listed in the commission meeting packet on pages 34 through 42. Commissioner Thompson seconded the motion and it passed unanimously.

Christine Sheppard	Deborah Forbes
David Perfett	Ken Fish
Michael Bailey	Steve Comer
Deborah Dench	William Lund
Ryan Breuer	Carolyn Pope

Commissioner Kemnitz moved to approve Michael R. Gustafson II as an additional owner on First Gold Inc's business license (commission meeting packet page 43.) Commissioner Fischer seconded the motion and it passed unanimously.

Business License Approval and License Assignment Request

A recommendation was made by Craig Sparrow, Director of Operations and Enforcement, to modify item four on commission meeting packet page 33. In addition to approving the operator and retail license for the upcoming year, Matthew Ramsey will renew the current operator license. A current operator license will allow Ramsey to purchase the necessary equipment for the start of his business July 1, 2006.

Director Sparrow also recommended a caveat for item seven on the commission meeting packet page 33. The caveat requires signed contracts for Donna Kellar at BB Cody's prior to June 30, 2006.

Contingent upon item four and item seven modifications, Commissioner Kemnitz moved to approve all business license approvals and license assignment requests listed in the commission meeting packet on pages 44 through 51. Commissioner Ortner seconded the motion and it passed unanimously.

Business License Renewals

Director Sparrow noted that all property taxes were paid. As of June 5, 2006, a tax issue still existed for Allan Rosenfeld, owner of the Emerald Corp. Per the Department of Revenue and Regulation, a sales tax lien of approximately \$1,700 was still active on a property owned by Rosenfeld. Rosenfeld's business license will be issued contingent upon the lien being cleared by June 30, 2006.

Contingent upon the Emerald Corp. tax lien being cleared, Commissioner Kemnitz moved to approve all business license renewals listed in the commission meeting packet on pages 52 through 57. Commissioner Fischer seconded the motion and it passed unanimously.

Subject to a site inspection, Executive Secretary Larry Eliason recommended the approval of the AM West Entertainment as a simulcast site in Sioux Falls. Commissioner Ortner moved to approve the site upon inspection. Commissioner Lyons seconded the motion and it passed unanimously.

Professional Services Contracts – FY 2007

Commissioner Fischer moved to approve a Professional Services Contract for Gaming Laboratories International. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Ortner moved to approve a Professional Services Contract for Steven Barham. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve a Professional Services Contract for Michael F. Shaw. Commissioner Ortner seconded the motion and it passed unanimously.

Commissioner Lyons moved to approve a Professional Services Contract for Architecture, Inc. Commissioner Fischer seconded the motion and it passed unanimously.

Election of Officers for FY 2007

Commissioner Ortner moved to elect Ralph Kemnitz to serve as the Chairman of the Commission. Commissioner Thompson seconded the motion and it passed unanimously.

Commission Fischer moved to elect Michael Ortner to serve as the Vice Chairman of the Commission. Commissioner Thompson seconded the motion and it passed unanimously.

2006 Quarterly Meetings

Commissioners tentatively approved Tuesday, September 12, 2006 at 1:00 pm as the next Commission meeting date.

EXECUTIVE SESSION

Upon completion of the general meeting the Commissioners retired to Executive Session.

GENERAL MEETING

Upon completion of the Executive Session Commissioner Ortner moved to return to the General Meeting. Commissioner Kemnitz seconded the motion and it passed unanimously.

Decisions on Hearings

Commissioner Fischer made a motion for a continuance hearing for the Wing Tsue building for the September 12, 2006 business meeting in order to obtain testimony of other witnesses. Commissioner Lyons seconded the motion and it passed unanimously.

Commissioner Ortner made a statement of extreme disappointment with the City of Deadwood and its representatives. Ortner noted all of the important witnesses on behalf of the city were out of town and no warning of this was made to the Commission.

After discussion about the commission not being able to subpoena witnesses that are not directly involved, Commissioner Lyons stated "We may not be able to subpoena them but if they are putting us in a position to take action...they need to be here."

Commissioner Ortner moved to uphold the staff recommendation that a support license not be reissued to Lawrence Sullivan. Commissioner Fischer seconded the motion and it passed unanimously.

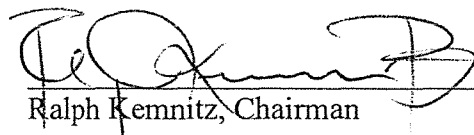
Commissioner Thompson moved to approve the staff recommendation of the revocation of Timothy Barrios' gaming license. Commissioner Lyons seconded the motion and it passed unanimously.

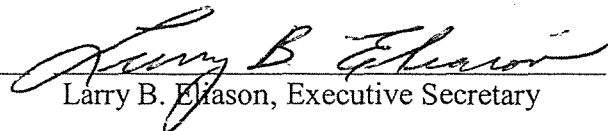
Commissioner Ortner moved to issue a conditional license to Thomas Kinsella. The conditions of the license are no alcohol, no law violations outside of a minor traffic violation; attend one AA meeting per week and no alcohol at residence. A \$1,000 fine was also imposed with \$900 suspended for one year. Commissioner Lyons seconded the motion. Commissioner Fischer recused himself from the motion and Commissioner Thompson opposed the motion. The motion passed 3-1.

Commissioner Kemnitz moved to adjourn the meeting. Commissioner Fischer seconded the motion and it passed unanimously.

Respectfully Submitted,

Cleo Listman


Ralph Kemnitz, Chairman


Larry B. Elason, Executive Secretary

SOUTH DAKOTA COMMISSION ON GAMING MEETINGS AND HEARINGS OF SEPTEMBER 12, 2006

MINUTES September 12, 2006

At 10:06 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Michael Ortner, Karl Fischer, Shawn Lyons and Rita Thompson were present. Staff members present for the meeting were Christina Fischer, sitting in for Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement.

ADMINISTRATIVE HEARINGS

The court reporter for the hearings was Cynthia M. Weichmann. The following cases were scheduled to be heard:

- Wing Tsue Building
- SDCG vs. Chris Jackson (license revocation action)
- Brandi Smith Appeal of Support License Denial
- DGR Hospitality Corporation Petition for Declaratory Ruling (Building Issue)
- Princeton Inc. D/B/A Super 8 Petition for Declaratory Ruling (Building Issue)

Decisions on Chris Jackson & Brandi Smith

On the condition Chris Jackson stay current with his child support payments for the balance of the year, Executive Secretary Larry Eliason recommended Chris Jackson's support license become a conditional support license for the rest of the year 2006. Commissioner Fischer moved to approve the recommendation and Commissioner Lyons seconded the motion and it passed unanimously.

Executive Secretary Larry Eliason recommended Brandi Smith's appeal of the denial of her support license be denied. Brandi Smith was not in attendance. Kemintz ordered the appeal denied.

The Petition for a Declaratory Ruling for Princeton Inc. D/B/A Super 8 is to be continued at a later meeting.

The disposition of the matter of the Wing Tsue Building was referred for discussion in executive session.

Because Johners (owners of the Wing Tsue Building) have a business relationship with the Rapid City branch of his business, Commissioner Karl Fischer recused himself from discussion and consideration of the Wing Tsue Building issue

LUNCH BREAK

Commissioners adjourned for a lunch break from 1:30 pm to 2:10 pm.

EXECUTIVE SESSION

Upon returning from the lunch break, Commissioner Ortner moved that the Commission retire to executive session for deliberations on the administrative hearing of the Wing Tuse Building matter. The motion was seconded by Commissioner Lyons and passed 4-0 with Commissioner Fischer recused..

Decisions on Wing TsueHearing

After competing deliberations the Commission returned to open session. Commissioner Lyons moved to not file a formal complaint in regards to the Wing Tsue Building. Commissioner Lyons noted that the Commission takes historic preservation seriously. Commissioner Kemintz recommended better communication. Commissioner Kemintz noted at times the Commission was presented with conflicting testimony regarding what exactly constitutes a rule violation. The Commissioners stated that the Wing Tuse building was probably in worse condition than considered by either the City of Deadwood or the Johners.

Commissioner Kemintz expressed hope that the Johner family would try and to up some type of appropriate memorial, working with the city and the Wong family.

Commissioner Ortner seconded the motion. Commissioner Fischer recused himself and the motion passed 4-0.

RULES HEARING

A demonstration of the card game Buster Blackjack was presented.

Marty Nelson from Saloon Gambling spoke on behalf of the card game Crazy Pineapple Poker.

A representative from Bally's spoke on behalf of changes to software requirements for percentage payouts on slot machines. Mike Trucano, AG Trucano, also spoke favorably in regards to the percentage payout change.

Jim Nelson and Mike Wordeman discussed the problems associated with the fact that the City of Deadwood has adopted the International Building Code while the Gaming Commission still uses the Uniform Building Code.

Commissioner Fischer moved to accept the proposed rules changes, while incorporating the style and form changes presented by the Legislative Review Committee (LRC), to:

- Buster Blackjack ARSD 20:18:15:30.07,
- Pineapple/Crazy Pineapple poker ARSD 20:18:16:11.02
- Software Requirements for percentage payout ARSD 20:18:17:22
- Uniform building codes ARSD 20:18:25.01

Commissioner Ortner seconded the motion and it passed unanimously.

GENERAL MEETING

Upon completion of this portion of the rules hearing, the general meeting began.

June 5, 2006 Minutes of the Meeting

Commissioner Lyons moved to adopt the minutes drafted for the June 5, 2006 meeting. Commissioner Thompson seconded the motion and it passed unanimously.

Licensing

A recommendation was made by Craig Sparrow, Director of Operations and Enforcement, to approve all new key licensing matters listed in the commission meeting packet on page 23.

Billie Benson	Mark Lance
Philip Kemp	Gregory Glodt
Sonya Merrow	Sarah Schmidt
Cheryl Holen	Arnold Hauge
David Buskirk	Matthew Showers
Lance Wiles	
Randy Boden (Hub Key)	Teresa Florence (Hub Key)

A recommendation was made by Craig Sparrow that Lance Wiles be approved for a key gaming license with the same conditions of his current support license.

Commissioner Lyons moved to approve the new key license recommendations. Commissioner Thompson seconded the motion and it passed unanimously.

Key Renewal and Business Renewal Approval

A recommendation was made by Craig Sparrow, Director of Operations and Enforcement, to approve the key renewal licenses for Charlie Boyle and Chris Otis and the business renewal license for Peggy Maher (0129-OP).

Commissioner Fischer moved to approve the key renewal and business renewal license recommendations. Commissioner Lyons seconded the motion and it passed unanimously.

Business License Approval and License Assignment Requests

A recommendation was made by Craig Sparrow, Director of Operations and Enforcement, to approve a business license for Ken Gienger for his 3rd retail license (0410-RT) and assign this retail license to the Mint II. Director Sparrow also recommended the approval of license assignment requests of Saloon Gambling Inc. to move Retail License 0011-RT from its current location at 657 Main Street to next door at the Charlie Utter Building located at 659 Main Street.

Commissioner Fischer moved to approve the business license approval and license assignments. Commissioner Ortner seconded the motion and it passed unanimously.

Tournament Poker Tables

Craig Sparrow, Director of Operations and Enforcement, reviewed the five conditions of non-licensed devices for Slot Tournament Play:

1. The devices are rendered incapable of paying out money or other consideration,
2. The devices are rendered incapable of accepting money or tokens,
3. No consideration is paid by the tournament participants,
4. Prominently display labels which indicate the device is for slot tournament use only,
5. The devices are subject to staff verification as to approved programs.

Matthew Ramsey, President, Anchors Aweigh Inc, discussed his request regarding non-licensed devices for poker tournament play and his request for no electronic surveillance on tournament only tables.

Commissioner Lyons moved that the commission continue discussion of non-licensed tournament poker tables and electronic surveillance at the December 12, 2006 commission meeting. Commissioner Thompson seconded the motion and it passed unanimously.

Racing and Simulcasting Matters

Executive Secretary Larry Eliason recommended that the Executive Secretary be given authorization to issue a license for a multi jurisdictional tote hub license. The issuance of the license is contingent upon the background investigation of AM West and its key employees being completed. Am West has not submitted its operating plan which will need to be approved by the Commission at a special meeting. The date of the special meeting will be determined at a later date. Commissioner Ortner moved to grant the Executive Secretary permission to issue the multi jurisdictional tote hub license upon completion of the background investigation if no derogatory information was discovered. Commissioner Lyons seconded the motion and it passed unanimously.

2006 Quarterly Meetings

Commissioners tentatively approved Tuesday, December 12, 2006 as the next Commission meeting date.

RULES HEARING (cont.)

Racing Rules

Executive Secretary Larry Eliason recommended deleting rule 20:04:24:60 and discussing this rule at the December 2006 meeting.

Executive Secretary Larry Eliason recommended adopting all of the other proposed racing rules change while incorporating the style and form changes presented by the LRC.

Commissioner Lyons proposed the commission continue discussion of rule 20:04:24:60 at the December 2006 and adopting all of the other proposed racing rules change while incorporating the style and form changes presented by the LRC. Commissioner Fischer seconded the motion and it passed unanimously.

EXECUTIVE SESSION

Upon completion of this portion of the rules hearing Commissioner Ortner moved that the Commission retire to executive session for deliberations on the administrative hearing in the matter of the DGR Hospitality Corp. The motion was seconded by Commissioner Fischer and passed unanimously.

GENERAL MEETING

Upon completion of the Executive Session Commissioner Ortner moved to return to the General Meeting. Commissioner Kemnitz seconded the motion and it passed unanimously.

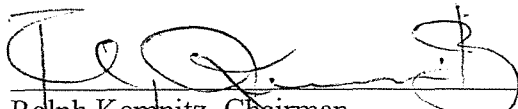
Decision on DGR Hospitality Corp.

Commissioner Ortner moved to approve a petition for a declaratory ruling that the DGR Hospitality Corporation be granted one building designation for the "Old Bar" as described in the petition with the conditions of a two-hour fire wall and a water curtain and compliance with all fire and safety requirements. Commissioner Fischer seconded and the motion passed unanimously.

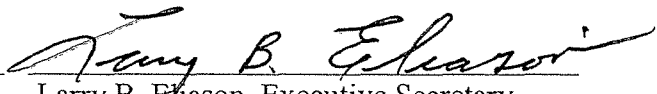
Commissioner Kemnitz moved to adjourn the meeting. Commissioner Fischer seconded the motion and it passed unanimously.

Respectfully Submitted,

Cleo Listman



Ralph Kemnitz, Chairman



Larry B. Ehasz, Executive Secretary

MINUTES
December 12, 2006

At 10:30 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Commissioner Lyons and Commissioner Thompson were present. Commissioners Michael Ortner and Karl Fischer were absent. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement; Mark Aspass, Commission Architect.

ADMINISTRATIVE HEARINGS

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

- Princeton Inc. D/B/A Super 8 Petition for Declaratory Ruling (Building Issue)
- DWD Inc. D/B/A Deadwood Gulch Saloon Petition for Declaratory Ruling (Building Issue)
- The Gallows, LLC Petition for Declaratory Ruling (Building Issue)

Decisions on Petitions for Declaratory Ruling

Princeton Inc. D/B/A Super 8 Petition for Declaratory Ruling

Commissioner Lyons moved that Petition for declaring new construction as a separate building for gaming purposes be granted and that the existing opening between the new building and existing building may be protected by a water curtain be approved. Commissioner Thompson seconded the motion. Motion carried unanimously.

DWD Inc. D/B/A Deadwood Gulch Saloon Petition

The Petition for a Declaratory Ruling was referred to executive session.

The Gallows, LLC Petition for Declaratory Ruling

Commissioner Lyons moved that the petition declaring separate building designation be granted providing petition is amended to reflect that the existing structure will be tore down and a new structure will be built on the existing foundation. Commissioner Thompson seconded the motion. Motion carried unanimously.

RULES HEARING

Executive Secretary Eliason spoke to the proposed change to racing rule 20:04:24:60 explaining that it was a clean up recommended by LRC. changed shall in first line to may and added "to the non disqualified spouse" to the statement "Permission shall be granted ..." in line 2 on page 22 of meeting packet.

Commissioner Lyons moved to accept the changes to ARSD 20:04:24:60. Commissioner Thompson seconded the motion. Motion carried unanimously.

Chris Carr spoke to the changes requested to Silverado Stud.

Commissioner Lyons moved to accept the changes to ARSD 20:18:16:15.09 Silverado Stud. Commissioner Thompson seconded the motion. Motion carried unanimously.

Dan Hartl spoke to the rules changes to Hold 'em 212. Changes include pay table change and how cards are dealt as outlined in pages 30-43 of meeting packet.

Executive Secretary Eliason explained that neither card games, Silverado Stud or Hold 'em 212 are played in Deadwood, these are played at the Indian Casinos. Under our tribal gaming compact changes to games must be approved by the Commission.

Commissioner Lyons moved to accept the changes to ARSD 20:18:16:15:11 Hold 'em 212. Commissioner Thompson seconded the motion. Motion carried unanimously.

Sparrow spoke to the rule change removing unique identifier number requirement.

Commissioner Thompson moved to accept the changes to ARSD 20:18:18:26. Commissioner Lyons seconded the motion. Motion carried unanimously.

GENERAL MEETING

Upon completion of the administrative and rules hearings, the general meeting began.

September 12, 2006 Meeting

Commissioner Lyons moved to adopt the minutes drafted for the September 12, 2006 meeting. Commissioner Thompson seconded the motion. Motion carried unanimously.

Tournament Slot Machines

Commissioner Lyons moved to accept the recommendation of Executive Secretary Eliason to rescind the action taken at the March 14, 2003 meeting that allowed tournament only slot machines as outlined on pages 54-56 in the meeting packet. Commissioner Thompson seconded the motion. Motion carried unanimously.

Matt Ramsey, representing Anchors Aweigh Inc., D/B/A Lucky Nugget Card Club requested the use of "tournament only tables" as outlined on page 57 in the meeting packet.

Executive Secretary Eliason denied request, stating that the commission did not have the authority to grant this request and that it would require a change in statute to allow tournament only tables.

Horse Racing

Commissioner Thompson moved to approve the racing dates and track officials listed in the meeting packet on pages 58 through 83 for the Verendrye Benevolent and Northeast Area horse racing associations. Racing dates for the Verendrye Benevolent Association are April 14-15, 21-22, 28-29 and May 5-6, 2007. Racing dates for Northeast Area Horse Racing Association are May 12-13, 19-20, and 26-27-28, 2007. Commissioner Lyons seconded the motion. Motion carried unanimously.

Resolutions

Executive Secretary Eliason stated that the Racing Reserve balance had approximately \$ 900,000.00 balance and that this should fund the 2007 and based on current level of revenue and expenses, fund the 2008 race seasons. Commissioner Lyons moved to approve resolution 12-12-06-01 which allocates the purse supplements and racing operations for 2007. Commissioner Thompson seconded the motion. Motion carried unanimously.

Commissioner Lyons moved to approve resolution 12-12-06-02 which allocates jockey longevity payments for the 2007 race season. Commissioner Thompson seconded the motion. Motion carried unanimously.

Request for additional funding for track insurance

Mike Schmidt and Pat Sutley spoke to the additional funding request for track insurance as outlined on pages 83-86.

No action was taken by the Commission on this request. It was determined that this would be addressed at a future date when more information is available.

Licensing

Commissioner Lyons moved to approve the license renewal of AmWest and Lien Games. Commissioner Thompson seconded the motion. Motion carried unanimously.

Executive Secretary Eliason recommended approval on the following simulcast renewal applications:

AmWest Entertainment LLC/ Riders UP OTB
Time Out Lounge
Triple Crown Casino
Richard H. Squire D/B/A Aberdeen Racing

Commission Lyons moved to accept recommendation. Commissioner Thompson seconded the motion. Motion carried unanimously.

Executive Secretary Eliason recommended approval of a new owners simulcast site license to Four Horseman, LLC.

Commission Lyons moved to accept recommendation. Commissioner Thompson seconded the motion. Motion carried unanimously.

Deadwood Licensing

Key Approval

Director of Operations/Enforcement Sparrow recommended approval of the following key licenses:

Karen Ballert
Matthew Ramsey
Paul Heffley
Andy Tillman
Chad Eid
Raymond Pearce
Sean Groethe
Richard Schonethal

Commission Lyons moved to accept recommendation. Commissioner Thompson seconded the motion. Motion carried unanimously.

Key Denial

Director of Operations/Enforcement Sparrow recommended denial of the following key licenses:

Matt Blair
Donald Feser

Commission Lyons moved to accept recommendation. Commissioner Thompson seconded the motion. Motion carried unanimously.

Key other

Director of Operations/Enforcement Sparrow recommended allowing Dennis Swift to withdraw his key license application.

Commission Thompson moved to accept recommendation. Commissioner Lyons seconded the motion. Motion carried unanimously.

Key Renewal-2006

Director of Operations/Enforcement Sparrow recommended approving the renewal of Key License for Kimberly Shama for 2006.

Commission Thompson moved to accept recommendation. Commissioner Lyons seconded the motion. Motion carried unanimously.

Key Renewal-2007

Director of Operations/Enforcement Sparrow recommended approving the renewal of Key Licenses for 2007 as listed on pages 130-137 in meeting packet with the addition of Gerald Schumacher and Susan Caldwell.

Commission Lyons moved to accept recommendation. Commissioner Thompson seconded the motion. Motion carried unanimously.

Business License Approval and License Assignment Requests

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

Allow Donna Kellar to move her 2 Retail Licenses (0373-RT & 0374-RT) to an unassigned (inactive) location effective December 31, 2006. Currently assigned to BB Cody's location at 681 Main Street.

Approve Jaye Conrad for 2 Retail Licenses (0407-RT & 0408-RT) and assign these Retail Licenses to the BB Cody's location at 681 Main Street effective January 1, 2007.

Commission Lyons moved to approve this Retail License. Commissioner Thompson seconded the motion. Motion carried unanimously.

Approve Matt Ramsey for 2nd Retail License (0414-RT) and assign this Retail License to the Green Door location at 681 Main St. effective immediately.

Commission Lyons moved to approve this Retail License. Commissioner Thompson seconded the motion. Motion carried unanimously.

Approve Harlan Schmidt for 2nd Retail License (0415-RT) and assign this Retail License to the Dwd Gulch Resort #6 location effective immediately.

Commission Lyons moved to approve this Retail License. Commissioner Thompson seconded the motion. Motion carried unanimously.

Approve Weston Pleinis for 3rd Retail License (0416-RT) and assign this Retail License to the Tin Lizzie #6 location at 555 Main St. effective immediately.

Commission Lyons moved to approve this Retail License. Commissioner Thompson seconded the motion. Motion carried unanimously.

Approve Kathy Frederickson license request as outlined on page 129(a) in meeting packet. Retail Licenses (0366-RT, 0367-RT & 0368-RT) to be unassigned effective December 31, 2006 and be cancelled prior to Kathy beginning work at the Gaming commission on January 9, 2007.

Commission Thompson moved to accept recommendation and approve request as outlined on page 129(a) in the meeting packet. Commissioner Lyons seconded the motion. Motion carried unanimously.

Approve Teddy Jeffery for 3rd Retail License (0421-RT) to be assigned to Four Aces #6 effective January 1, 2007.

Commission Thompson moved to accept recommendation and approve request as outlined on page 129(b) in the meeting packet. Commissioner Lyons seconded the motion. Motion carried unanimously.

Approve Foggy Notion LLC for a 2nd Retail License (0356-RT) and to assign Retail Licenses(0355-RT and 0356-RT) to Four Aces #7(0355-RT) and Four Aces #8(0356-RT) effective January 1, 2007. Outlined on page 129(c) in meeting packet.

Commission Thompson moved to accept recommendation. Commissioner Lyons seconded the motion. Motion carried unanimously.

Surveillance request for Poker Tournament

Director of Operations/Enforcement Sparrow recommended approving Lucky Nugget Card Club to operate 5 licensed Poker tables without surveillance for the upcoming Poker Tournament scheduled for March 1st through March 4th 2007. Licensed tournament staff will be provided to monitor these tables while they operate. They will be operating 1 additional table on the final day (March 4th) without the required surveillance but this table will have specialized cameras needed for television production. There will be adequate staff to monitor this table's activity.

Commissioner Lyons moved to accept the recommendation. Commissioner Thompson seconded the motion. Motion carried unanimously.

Discussion of "Closed Party" Gaming Facilities

Blake Haverberg and legal counsel Roger Tellinghuisen spoke about the possibilities of having rooms or areas in casinos that are only used for private parties and limited as to who would be allowed in these areas(tour groups, wedding parties etc.).

No action was required of the Commission.

Stipulations of Assurance and Voluntary Compliance

Executive Secretary Eliason recommended accepting Stipulations of Assurance and Voluntary Compliance from Matt Blair (License #A6039-05-SP) and Bridget Whiton (License # A553204-KY) as outlined on pages 140-143 in meeting packet.

Commissioner Thompson moved to accept the recommendation. Commissioner Lyons seconded the motion. Motion carried unanimously.

Parking Ramp Lease

Executive Secretary Eliason recommended approving lease agreement for 2007 as outlined on pages 144-147.

Commissioner Lyons moved to accept the recommendation. Commissioner Thompson seconded the motion. Motion carried unanimously.

2007 Quarterly Meeting Dates

Executive Secretary Eliason recommended approval of the following meeting date:

Tuesday, March 13th
Monday, June 4th
Wednesday, September 12th
Tuesday, December 11th

Commissioner Lyons moved to accept the proposed dates as tentative. Commissioner Thompson seconded the motion. Motion carried unanimously.

EXECUTIVE SESSION

Upon conclusion of General Business portion of meeting the Commissioners retired to Executive Session.

Decision DWD Inc. (d/b/a Deadwood Gulch Saloon)

Commissioner Lyons moved to approve request. Commissioner Thompson seconded.

Discussion

Commissioner Lyons stated that DWD, Inc. will be required to comply with City of Deadwood requirements.

Commissioner Lyons stated licensees need to understand what is needed to support their case and that it is not a forgone conclusion that they will receive approval. Commissioner Lyons stated that had Mr. Aspass not been present he would not have been able to understand DWD Inc.'s presentation. Commissioner Kemnitz agreed and added that there is additional concern about the fire hazard in such a small space.

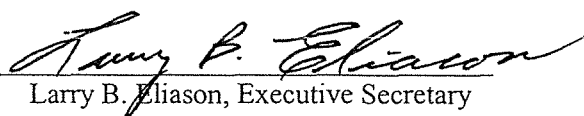
Chairman Kemnitz called for vote, motion carried unanimously.

Commissioner Thompson moved to adjourn the meeting. Commissioner Lyons seconded. Motion carried unanimously.

Respectfully Submitted,

Susan Christian


Ralph Kemnitz, Chairman


Larry B. Eliason, Executive Secretary

MINUTES
March 13, 2007

At 9:00 the meeting was called to order. Commissioners Ralph Kemnitz, Shawn Lyons, Rita Thompson, Michael Ortner and Karl Fischer were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement; Mark Aspass, Commission Architect.

ADMINISTRATIVE HEARINGS

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

- Martin Mason Restoration LLC Petition for Declaratory Ruling (Building Issue)
- James Gregory Morris Appeal of Pari mutuel License Denial
- SDCOG vs. Sheryl Hicks (Action to revoke Deadwood gaming license)
- SDCOG vs. Steven Combee (Action to revoke Deadwood gaming license)

Upon completion of the hearings the disposition of the cases were referred for discussion in executive session.

GENERAL MEETING

Upon completion of the administrative hearings Commissioner Kemnitz called the general meeting to order.

December 12, 2006 Meeting

Commissioner Lyons moved to adopt the minutes drafted for the December 12, 2006 meeting. Commissioner Thompson seconded the motion. Motion carried unanimously.

Horse Racing

Approval of Racing Officials

Commissioner Ortner moved to approve Lloyd Just, Walt Van Dyke, Danny Zinter and Roger Cooper as commission officials for the 2007 racing season and the track officials listed in the meeting packet on pages 37 through 40 for the Verendrye Benevolent and Northeast Area horse racing associations. Commissioner Fischer seconded the motion. Motion carried unanimously.

2007 Horse Racing Contracts

Frank Lamb

Commissioner Fischer moved to approve the State of South Dakota Consulting Contract entered into with Frank Lamb as described in the meeting packet on pages 41 through 45 to provide mandatory training for officials for the 2007 horse racing season. Commissioner Lyons seconded the motion. Motion carried unanimously.

Center for Tox Services

Commissioner Lyons moved to approve the State of South Dakota Consulting Contract entered into with the Center for Tox Services as described in the meeting packet on pages 46 through 51. Commissioner Fischer seconded the motion. Motion carried unanimously.

Voting Representatives at Assn. of Racing Commissioners Convention

Commissioner Fischer moved to approve Ralph Kemnitz as the South Dakota Commission on Gaming voting representative and Shawn Lyons, Rita Thompson and Larry Eliason as its alternates at the Meeting of the Association of Racing Commissioners International. Commissioner Ortnier seconded the motion. Motion carried unanimously.

City Wide Poker Tournament

Commissioner Ortnier moved to approve the May 18-20, 2007 Deadwood Shootout Poker Tournament. Commissioner Thompson seconded the motion. Motion carried unanimously.

Deadwood Licensing

Key Approval

Director of Operations/Enforcement Sparrow recommended approval of the following key licenses:

Allen Reede
Pamela Merrell
Tommy Pope
Tone Iverson

Commission Fischer moved to accept recommendation. Commissioner Lyons seconded the motion. Motion carried unanimously.

Key Denial

Director of Operations/Enforcement Sparrow recommended denial of a key license for Steven Combee.

Commission Fischer moved to accept recommendation. Commissioner Lyons seconded the motion. Motion carried unanimously.

Key Withdrawal

Director of Operations/Enforcement Sparrow recommended allowing Arika Huck to withdraw her key license application.

Commission Fischer moved to accept recommendation. Commissioner Lyons seconded the motion. Motion carried unanimously.

Key Renewal-2007

Director of Operations/Enforcement Sparrow recommended approval of the following key license renewals:

Kimberly Shama
Bridget Whiton
Kathy Habeck
Mary Sherman
Mark Castleman

Commissioner Fischer moved to accept the recommendation. Commissioner Lyons seconded the motion. Motion carried unanimously.

Business License Approval and License Assignment Requests

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

Approve the request of Foggy Notion to move its 2 Retail licenses (0355-RT & 0356-RT) to an unassigned location effective March 31, 2007.

Recommend approval of Michelle Fischer for 3 Retail licenses (0422-RT, 0423-RT & 0424-RT) and assign 2 of these Retail licenses (0422 & 0423) to the Four Aces 7 & 8 location effective April 1 2007.

Recommend approval of Steven Schaeffer for a Retail license (0411-RT) and not be assigned to a location at this time.

Recommend approval of Jim Molzahn for a Retail license (0412-RT) and not be assigned to a location at this time.

Recommend approval of William and Thomas Wohlers as owners of Gold Dust Gaming Inc.'s OP, RO and 3 Retail licenses (0211-OP, 0025-RO, 0418,0419 & 0420-RT). Licenses are not to be assigned at this time.

Recommend approval of Kimberly Love's request to withdraw her Retail license application.

Commissioner Fischer moved to approve the business license requests. Commissioner Ortner seconded the motion. Motion carried unanimously.

Stipulations of Assurance and Voluntary Compliance

Executive Secretary Eliason recommended accepting Stipulation of Assurance and Voluntary Compliance from Ken Dixon (License #5445-03-KY) as outlined on pages 68-69 in the meeting packet. Commissioner Ortner moved to accept the recommendation. Commissioner Thompson seconded the motion. Motion carried unanimously.

Executive Secretary Eliason recommended accepting Stipulation of Assurance and Voluntary Compliance from Marjorie Olson (License #0304-00KY) as outlined on pages 70-71 in the meeting packet. After much discussion, Commissioner Kemnitz moved to reject the recommendation. Commissioner Ortner seconded the motion. Motion passed unanimously.

MEETINGS

Commissioners confirmed next meeting date for Monday, June 4, 2007.

EXECUTIVE SESSION

Upon the conclusion of the General Business portion of the meeting the Commissioners retired to Executive Session. After coming out of the Executive Session, the Commission took the following actions.

Decision Martin Mason Restoration LLC Petition for Declaratory Ruling

Commissioner Fischer moved that the petition declaring the basement level of the property as described in the Petition for Declaratory Ruling constitutes a separate building for gaming purposes be granted. Commissioner Lyons seconded the motion. Motion carried unanimously.

Decision James Gregory Morris Appeal of Pari Mutuel License Denial

Commissioner Ortner moved to approve denial of pari mutuel teller's license to James Gregory Morris. Commissioner Thompson seconded motion. Motion carried unanimously.

Decision SDCG vs. Sheryl Hicks

Commissioner Ortner moved to revoke Sheryl Hicks' support license for conviction of a felony. Ms. Hicks may reapply for a support license after her three years of probation are served. Commissioner Lyons seconded the motion. Motion passed unanimously.

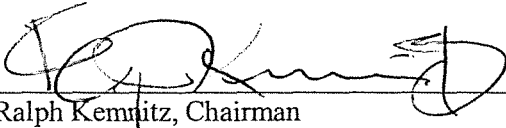
Decision SDCG vs. Steven Combee


Commissioner Ortner moved to revoke Steven Combee's support license for acts of petty thefts punishable as theft. Commissioner Fischer seconded motion. Motion passed unanimously.

Commissioner Ortner moved to adjourn the meeting. Commissioner Lyons seconded. Motion carried unanimously.

Respectfully Submitted,

Shannon Lensegrav


Ralph Kemnitz, Chairman


Larry B. Eliason, Executive Secretary

MINUTES
April 5, 2007

At 9:15a.m. CDT the special telephonic meeting was called to order. Commissioner Ralph Kemnitz, Commissioner Rita Thompson, and Commissioner Michael Ortner were present by phone. Commissioner Karl Fischer and Commissioner Shawn Lyons were present at the Commission on Gaming office at 221 West Capitol Avenue Suite 101, Pierre, SD. Staff members present for the meeting at the Pierre location were Michael Shaw, Commission Attorney; and Larry Eliason, Executive Secretary. Scott Swier, Assistant Attorney General was also present at the Pierre location. Craig Sparrow, Director of Operations and Enforcement and Mike Trucano were present by phone at the Century Room, Deadwood City Hall, 102 Sherman Street, Deadwood, SD.

GENERAL MEETING

Approval of Agenda

Commissioner Ortner moved to approve the agenda for the special telephonic meeting. Commissioner Lyons seconded the motion. A roll call vote was called for and Commissioners Kemnitz, Thompson, Ortner, Fischer and Lyons unanimously approved the motion.

Conflicts of Interest on Agenda Items

Commissioner Kemnitz asked if there were any conflicts of interest with the Commissioners for items listed on the agenda. No conflicts were noted.

Veterinarian Services Contract

Commissioner Fischer moved to approve the State of South Dakota Consulting Contract entered into with Cooper Animal Clinic for official veterinarian services during the 2007 racing season. Commissioner Ortner seconded the motion. A roll call vote was called for and Commissioners Kemnitz, Thompson, Ortner, Fischer and Lyons unanimously approved the motion.

Stipulations of Assurance and Voluntary Compliance

Executive Secretary Eliason recommended accepting Stipulation of Assurance and Voluntary Compliance from Gold Country Inn (License #0138-RT). Commissioner Ortner moved to accept the recommendation. Commissioner Lyons seconded the motion. A roll call vote was called for and Commissioners Kemnitz, Thompson, Ortner, Fischer and Lyons unanimously approved the motion.

Executive Secretary Eliason recommended accepting Stipulation of Assurance and Voluntary Compliance from Marjorie Olson (License #0304-00-KY). Commissioner Fischer moved to accept the recommendation. Commissioner Thompson seconded the motion. A roll call vote was called for and Commissioners Kemnitz, Thompson, Ortner, Fischer and Lyons unanimously approved the motion.

Executive Secretary Eliason recommended accepting Stipulation of Assurance and Voluntary Compliance from A.G. Trucano Company (License #0105-OP). Commissioner Ortner moved to accept the recommendation.

Commissioner Lyons seconded the motion. A roll call vote was called for and Commissioners Kemnitz, Thompson, Ortner, Fischer and Lyons unanimously approved the motion.

Renewal of Multi Jurisdictional Totalizator Hub License

Executive Secretary Eliason recommended approval of a renewal for a Hub License for AmWest Entertainment (License #0001-HU). Commissioner Fischer moved to approve the Hub License renewal. Commissioner Ortner seconded the motion. A roll call vote was called for and Commissioners Kemnitz, Thompson, Ortner, Fischer and Lyons unanimously approved the motion.

EXECUTIVE SESSION

Upon completion of the general meeting Commissioner Ortner moved that the Commissioners go into Executive Session to consult with legal counsel on pending litigation. Commissioner Thompson seconded the motion. A roll call vote was called for and Commissioners Lyons, Fischer, Ortner, Thompson and Kemnitz unanimously approved the motion.

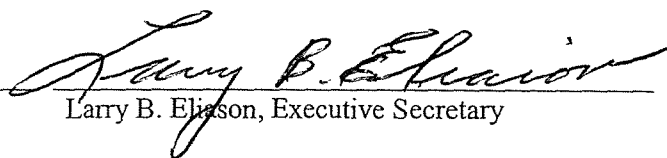
After Executive Session Commissioner Lyons moved that the Commissioners return to the general meeting. Commissioner Fischer seconded the motion. A roll call vote was called for and Commissioners Fischer, Lyons, Ortner, Thompson and Kemnitz unanimously approved the motion.

Commissioner Lyons moved to adjourn the meeting. Commissioner Fischer seconded the motion. A roll call vote was called for and Commissioners Fischer, Lyons, Ortner, Thompson and Kemnitz unanimously approved the motion.

Respectfully Submitted,

Teri L. Porter


Ralph Kemnitz, Chairman


Larry B. Eliason, Executive Secretary

MINUTES
May 17, 2007

At 9:00 the meeting was called to order. Commissioners Ralph Kemnitz, Michael Ortner, Karl Fischer and Rita Thompson were present. Commissioner Shawn Lyons was absent. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement.

ADMINISTRATIVE HEARINGS

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

- Four Aces Hotel Corp. Petition for Declaratory Ruling
- BY Development, Inc. Petition for Declaratory Ruling
- A.J. Johnson Appeal of Support License Denial
- Joseph Sneiderger Appeal of Support License Denial
- Stephen Cervantes Appeal of Support License Denial

The hearing for Four Aces Hotel Corp.'s petition for Declaratory Ruling was postponed until the September commission meeting.

Upon completion of the hearings the disposition of the cases were referred for discussion in executive session.

EXECUTIVE SESSION

Upon the conclusion of the Administrative Hearings portion of the meeting the Commissioners retired to Executive Session. After coming out of the Executive Session, the Commission took the following actions.

Decision BY Development, Inc. Petition for Declaratory Ruling

Commissioner Thompson moved that the petition requesting promotional money such as "Cadillac Cash" not be counted as part of the statistical drop for purposes of calculating the gaming tax be denied. Commissioner Fischer seconded the motion. Motion carried unanimously.

Decision A.J. Johnson Appeal of Support License Denial

Commissioner Fischer moved to approve denial of support license to A.J. Johnson. Commissioner Thompson seconded motion. Motion passed unanimously.

Decision Joseph Sneperger Appeal of Support License Denial

Commissioner Ortner moved to approve denial of support license to Joseph Sneperger. Commissioner Fischer seconded motion. Motion passed unanimously.

Decision Stephen Cervantes Appeal of Support License Denial

Commissioner Ortner moved to not deny approval of support license to Stephen Cervantes at this time. This matter will continue to the June 4th commission meeting. Commissioner Thompson seconded the motion. Motion passed unanimously.

GENERAL MEETING

Upon completion of the administrative hearings decisions Commissioner Kemnitz called the general meeting to order.

Approval of Agenda

Commissioner Fischer moved to approve the business meeting agenda with the addition of Mr. Christianson on the agenda. Commissioner Ortner seconded the motion. Motion passed unanimously.

March 13, 2007 Meeting

Commissioner Ortner moved to adopt the minutes drafted for the March 13, 2007 meeting. Commissioner Thompson seconded the motion. Motion passed unanimously.

April 5, 2007 Meeting

Commissioner Ortner moved to adopt the minutes drafted for the April 5, 2007 meeting. Commissioner Fischer seconded the motion. Motion carried unanimously.

Mr. Christensen, BMM Testing Labs

Mr. Christensen requested the commission to take under consideration the possibility of 1 to 2 commissioners to travel to Las Vegas to tour a BMM testing lab. Commissioners requested this item be placed on the June 4th commission meeting agenda for further discussion.

Key Approval

Director of Operations/Enforcement Sparrow recommended the approval of the following key licenses:

Michelle Harmon

Robert Whitt

Commissioner Fischer moved to accept recommendation. Commissioner Thompson seconded the motion. Motion passed unanimously.

Business License Approval & License Assignment Requests

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

Approve the request of Jaye Conrad to move her 2 retail licenses (0407 and 0408-RT's) from BB Cody's to an unassigned location effective May 31, 2007.

Approve the request of Allan Rosenfeld to remove his Emerald Corp retail licenses (0038, 0158, 0277-RT's) from their current location at the Buffalo Bodega Complex effective immediately and assign two of the retails (0038 and 0158 RT's) to the BB Cody's 1 and 2 location effective June 1, 2007.

Recommend approval of Kevin Johnson for his third retail license (0288-RT) and assign this retail license to the Buffalo Bar.

Recommend approval of Steve Olson for three retail licenses (0425, 0426, 0427-RT) and assign them to the Bodega Bar, Bodega II, and Lady Luck locations.

Approve the request of Ron Island to move his retail license (0325-RT) from Dwd Gulch Resort Restaurant location to an unassigned location effective May 31, 2007.

Approve the renewal of Harlan Schmidt's third retail license (0385-RT) for 2006 and 2007 license year and assign it to the Dwd Gulch Resort-Restaurant location effective June 1, 2007.

Approve Princeton, Inc, dba Super 8, for their third retail license (Lucky 8 Gaming Hall III) and assign it to the new building at the Super 8 effective June 1, 2007.

Approve the request of Brian Carmichael to move his three retail licenses currently assigned at the Gold Dust Casino's Silver Dollar, French Quarter 1 & 2 locations to an unassigned location effective May 31, 2007.

Approve the Foggy Notion Property, LLC for it's third retail license (0224-RT) and assign it to the Silver Dollar location at the Gold Dust casino.

Approve the request of Foggy Notion Property, LLC to assign two active retail licenses (0355 & 0356-RT's) to the French Quarter 1 and 2 locations effective June 1, 2007.

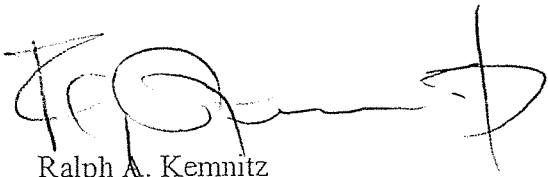
Approve Barbara Molzahn as an additional owner on Jim Molzahn's retail license (0412-RT).

Commissioner Fischer moved to accept the recommendations. Commissioner Thompson seconded the motion. Motion passed unanimously.

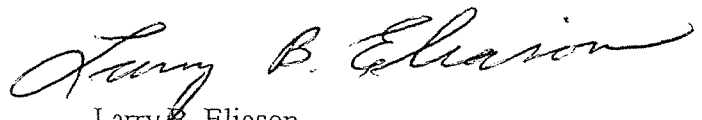
EXECUTIVE SESSION

Due to confidentiality matters, the discussion of AM West Entertainment Operating Plan continued in Executive Session. After coming out of Executive Session Commissioner Fischer moved to approve the AM West Entertainment Operating Plan with a bond amount to be agreed upon between the Executive Secretary and Am West. Commissioner Ortner seconded the motion. Motion passed unanimously.

Commissioner Fischer moved to adjourn the meeting. Commissioner Ortner seconded the motion. Motion carried unanimously.



Ralph A. Kemnitz
Chairman



Larry B. Eliason
Executive Secretary

MINUTES
South Dakota Commission on Gaming Meeting
June 4, 2007

The meeting was called to order at 9:00 AM Monday, June 4, 2007, in the City Commission Chambers of the Deadwood City Hall. Commissioners Ralph Kemnitz, Michael Ortner, Karl Fischer, Shawn Lyons and Rita Thompson were present. Also present were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary, Craig Sparrow, Director of Operations and Enforcement, James Maida, representing Gaming Laboratories International, Mike Trucano, representing A. G. Trucano Company and Ken Lien, representing Lien Games.

ADMINISTRATIVE HEARINGS

Commissioner Kemnitz appointed Commission Ortner to carry out the duties of hearing officer. The court reporter for the hearings was Cynthia M. Weichmann. The following cases were scheduled to be heard:

- Aldrin Kandio- Appeal of Support License Denial
- Stephen Cervantes- Appeal of Support Licensee Denial (continued from May 17 meeting).
- SDCOG vs. Devin Estep
- SDCOG vs. Cody Goulding

Decision On Aldrin Kandio Appeal of Support License Denial

Aldrin Kandio, having been given notice of the meeting, did not appear. Mike Shaw presented the Commission's case.

Commissioner Fischer moved to approve the denial of a support license to Aldrin Kandio. Commissioner Thompson seconded the motion, which carried unanimously.

Decision On Stephen Cervantes Appeal of Support License Denial

The hearing on an appeal of a support license denial by Stephen Cervantes was continued from May 17, 2007.

Mr. Cervantes was present and represented by counsel at the May 17, 2007 portion of the hearing but was not present and not represented at the June 4 portion of the hearing. Mike Shaw presented the Commission's case.

Commissioner Ortner moved to approve a conditional license for Stephen Cervantes based on the following conditions:

Mr. Cervantes will continue to work his delinquent accounts by making regular payments on those accounts;

Mr. Cervantes will provide written documentation of payments to those accounts to the Commission on Gaming staff; and

Mr. Cervantes will address all other financial obligations in a timely and appropriate manner that will prevent account delinquency or collection proceedings against him while he holds a gaming support license.

Commissioner Lyons seconded the motion which carried unanimously.

Decision On SDCOG vs. Devin Estep

Executive Secretary Larry Eliason had commenced an action to revoke the gaming support license of Devin Estep because Mr. Estep had child support arrearages and had not made arrangements satisfactory to the Department of Social Services to pay those arrearages.

Devin Estep, having been given notice of the hearing, did not appear.

Mike Shaw presented the Commission's case.

Commissioner Lyons moved to revoke Devin Estep's license. Commissioner Fischer seconded the motion, which carried unanimously.

SDCOG vs. Cody Goulding Continuance

Executive Secretary Eliason asked the Commission to grant a continuance in the matter of South Dakota Commission on Gaming vs. Cody Goulding because he had been informed that Mr. Goulding's defense counsel could not be present on June 4 due to a family medical emergency. A continuance was granted until the September 12, 2007, meeting date.

Upon completion of the hearings, the general meeting began.

May 17, 2007 Meeting Minutes

Commissioner Ortner moved to adopt the minutes drafted for the May 17, 2007 meeting. Commissioner Fischer seconded the motion which carried unanimously.

BMM Testing Lab Tour and Slot Machine Testing

Commissioner Ortner moved to conduct gaming lab tours of BMM, GLI and the Nevada Gaming Control Board by those commissioners who will attend the Global Gaming Expo in Las Vegas in November. Commissioner Lyons seconded the motion which carried unanimously.

Key Licensing

Commissioner Lyons moved to approve all key licensing matters listed in the commission meeting packet on pages 58-62. Commissioner Thompson seconded the motion which passed unanimously.

Business License Approval and License Requests

Commissioner Ortner moved to approve all business licensing matters and requests listed in the commission meeting packet on pages 63-66. Commissioner Fischer seconded the motion which passed unanimously.

Business License Renewals

Director Sparrow noted that all property taxes were paid. Commissioner Fischer moved to approve all business license renewals listed in the commission meeting packet on pages 67-72 with the addition of Steven Schaffer. Commissioner Lyons seconded the motion which passed unanimously.

Lien Games Racing LLC Application for Multi Jurisdictional Hub

Executive Secretary Eliason recommended that the Commission defer action on the application of Lien Games Racing, LLC, for a multi jurisdictional totalizator hub license because of recent action taken by the North Dakota Racing Commission to assign an independent accountant to examine the books and records of Lien Games Racing, LLC, to ensure the reconciliation of the pari mutuel funds with the charity Horse Race North Dakota for the paying of winning wagers placed by high volume players.

Ken Lien appeared on behalf of Lien Games Racing, LLC.

Commissioner Fischer moved to defer a decision on this matter until the September 12, 2007, commission meeting. Commissioner Lyons seconded the motion which carried unanimously.

Professional Service Contracts -FY 2008

Commissioner Lyons moved to approve a Professional Services Contract for Michael F. Shaw. Commissioner Thompson seconded the motion which passed unanimously.

Commissioner Ortner moved to approve a Professional Services Contract for Steve Barham. Commissioner Fischer seconded the motion which passed unanimously.

Commissioner Fischer moved to approve a Professional Services Contract for Gaming Laboratories International. Commissioner Lyons seconded the motion which passed unanimously.

Commissioner Lyons moved to approve a Professional Services Contract for Architecture, Inc. Commissioner Ortner seconded the motion which passed unanimously.

Cashless Gaming Option

James Maida, president of Gaming Laboratories International, gave a presentation on the technology used in cashless gaming systems.

Mike Trucano, president of A. G. Trucano Company also addressed the Commission on this issue and said that his company and some gaming establishments in Deadwood were interested in offering this system.

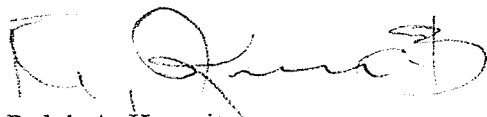
Craig Sparrow advised the commissioners of some of the discussions on this system that had been presented at a gaming seminar in Mississippi in May.

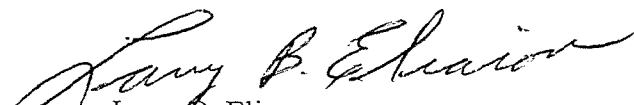
Commissioners recommended that commission staff further investigate the cashless gaming systems. No formal action was needed at this time.

Election of Officers for FY 2008

Commissioner Lyons moved to elect Ralph Kemnitz as the Chairman of the Commission and to elect Michael Ortner as the Vice Chairman of the Commission for Fiscal Year 2008. Commissioner Thompson seconded the motion which carried unanimously.

Commissioner Lyons moved to adjourn the meeting. Commissioner Ortner seconded the motion which passed unanimously.


Ralph A. Kemnitz
Chairman


Larry B. Eliason
Executive Secretary

MINUTES
September 12, 2007

At 9:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Rita Thompson, Michael Ortner and Karl Fischer were present. Commissioner Shawn Lyons was absent. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement; Mark Aspass, Commission Architect.

ADMINISTRATIVE HEARINGS:

The court reporter for the administrative hearings was Cynthia M. Weichmann. The following cases were scheduled to be heard:

- Deadwood Resorts, LLC- Petition for Declaratory Ruling in regards to a new building proposal.
- Four Aces Hotel Corporation- Petition for Declaratory Ruling has been postponed until the December commission meeting.
- Stephen Brusseau- Appeal of Support License Denial
- SDCOG vs. Cody Christopher Goulding- Disciplinary Hearing in regards to adding unearned Players Club points to a customer's account at the Silverado.
- SDCOG vs. Four Aces Hotel Corporation- Disciplinary Hearing in regards to charges of false advertisement of give-away prizes.
- SCCOG vs. Lucky Nugget Card Club- Disciplinary Hearing in regards to leaving the door to the count room and surveillance room open.

The petition for declaratory ruling presented by Deadwood Resorts was referred for discussion in executive session. SDCOG vs. Four Aces Hotel and SDCOG vs. Lucky Nugget Card Club were also referred for discussion in executive session.

Decision Stephen Brusseau Appeal of Support License Denial

Commissioner Ortner moved to approve the application of a support license upon proof of payment of delinquent accounts within five days. Commissioner Fischer seconded the motion and the motion passed unanimously.

Decision SDCOG vs. Cody Christopher Goulding

Commissioner Fischer moved for the revocation of Mr. Goulding's gaming license. Commissioner Thompson seconded the motion and the motion passed unanimously.

Upon completion of the hearings, the public hearing on proposed rule changes began.

PUBLIC HEARING ON PROPOSED RULE CHANGES

Multi Jurisdictional Totalizator Hub Rules

Commissioner Ortner moved to continue the discussion regarding rule changes to the December commission meeting. Commissioner Fischer seconded the motion and the motion passed unanimously.

Deadwood Gaming Rules

Discussion was held on the proposed rule changes including LCR recommendations and the industry request to change time for submission of 120 days to 150 days on rule 20:18:22:11

Commissioner Fischer moved to accept the Deadwood rule changes; with the exceptions of rule 20:18:14.01:03 and rule 20:18:14.01:06 which were withdrawn at the request of Director of Operations and Enforcement Craig Sparrow; including LCR recommendations and the industry's request. Commissioner Thompson seconded the motion and the motioned passed unanimously.

GENERAL MEETING

Upon conclusion of the hearings on proposed rule changes Commissioner Kemnitz called the general meeting to order.

Approval of Agenda

Commissioner Ortner moved to approve the agenda. Commissioner Thompson seconded the motion and the motion passed unanimously.

No conflicts of interest were noted on the agenda.

June 4, 2007 Meeting

Commissioner Ortner moved to adopt the minutes drafted for the June 4, 2007 meeting. Commissioner Fischer seconded the motion. Motion carried unanimously.

Approval of Poker Tournaments

Discussion was held as to whether the Commission would like to continue to be involved in the approval of city wide poker tournaments or if they would like to delegate authority to the Executive Secretary to approve repeat tournament events.

The commission decided unanimously to delegate authority to the Executive Secretary to approve city wide tournament events. No motion was passed regarding this topic.

Deadwood Licensing Matters

Commissioner Ortner moved to approve all licensing matters as outlined in the meeting packet and listed below. Commissioner Fischer seconded the motion and the motion carried unanimously.

Key Approval Recommendations

- ✓ Karen Hickson
- ✓ Gerald Kirk
- ✓ Kathy Stewart
- ✓ Terry Rud

- ✓ Robert Coolley
- ✓ Mary Kay Viles

Key Renewal

- ✓ Lane Gemar

Business License Approval and License Requests

- ✓ Recommends approval of Marcella Blossmo as an owner of a Retail License (0430-RT). The license will not be assigned to a location at this time.
- ✓ Recommends approval of Ken Kermu as an owner of a Retail License (0428-RT). The license will not be assigned to a location at this time.
- ✓ Recommend approval of James Molzahn for two additional retail licenses (0432 & 0433-RT). These licenses will not be assigned to a location at this time.
- ✓ Approve the request of Alan Rosenfeld to move his two retail licenses currently assigned to BB Codys 1 & 2 (0038 & 0158-RT) to an unassigned location.
- ✓ Approve the request of Jaye Conrad to move her two retail licenses to BB Codys 1 & 2 (0407 & 0408-RT).
- ✓ Approve the request of Full House Inc to move their three retail licenses currently assigned to the Gold Dust Properties (0051, 0165 & 0214-RT) to an unassigned location.
- ✓ Approve the request of Gold Dust Gaming, Inc. to assign their three retail licenses to the Gold Dust Properties (0418, 0419 & 0420-RT).
- ✓ Approve the request of T & M Conrad to move their retail licenses currently assigned to Union Palace (0031-RT) to an unassigned location effective the end of September.
- ✓ Approve the request of Ryan Rivett to move his retail licenses to the Union Palace (0409-RT) effective the beginning of October.

Lien Gaming Racing LLC Application for Multi Jurisdictional Hub

Commissioner Fischer moved to defer action on this matter until the December 11, 2007 commission meeting. Commissioner Ortnier seconded the motion and the motion carried unanimously.

Stipulations and Assurance of Voluntary Compliance

Commissioner Ortnier moved to approve all stipulations as outlined in pages 106-121 of the meeting packet regarding six separate individuals and/or businesses. Commissioner Thompson seconded the motion and the motion carried unanimously.

Schedule of Next Meeting

The next commission meeting has been scheduled for December 11, 2007. Chairman Ralph Kemnitz also announced four members of the commission will be conducting lab tours in November.

Statement by Edith C. Wong

Edith C. Wong, great granddaughter of Fee Lee Wong read a statement regarding the Wing Tsue Building. No further discussion was made on this matter.

EXECUTIVE SESSION

Upon the conclusion of the General Business portion of the meeting the Commissioners retired to Executive Session. After coming out of the Executive Session, the Commission took the following actions.

Deadwood Resorts, LLC Petition for Declaratory Ruling

Discussion will continue regarding Deadwood Resorts petition for a declaratory ruling on the new building plans. Commissioner Kemnitz stated a decision will be issued within the time allowed by law.

Decision SDCOG vs. Four Aces Hotel Corporation

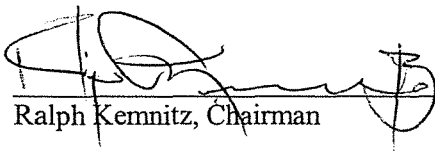
Commissioner Fischer moved to fine Four Aces \$500 per account of false advertisement in the TV and grill give-away promotions for a total of \$1000 to be paid no later than seven days. Commissioner Ortner seconded the motion and the motion carried unanimously.

Decision SDCOG vs. Lucky Nugget Card Club

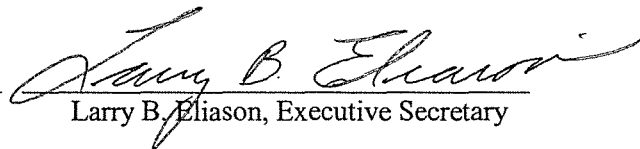
Commissioner Ortner moved to fine Lucky Nugget \$350 for one account of the count room door being left open and \$350 for one account of the surveillance room door being left open. A total of \$700 is to be paid no later than seven days. Commissioner Thompson seconded the motion and the motion carried unanimously.

Commissioner Ortner moved to adjourn the meeting. Commissioner Fischer seconded the motion. Motion passed unanimously.

Respectfully submitted,
Shannon Lensegrav



Ralph Kemnitz, Chairman



Larry B. Eliason, Executive Secretary

MINUTES
December 11, 2007

At 09:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Rita Thompson, Karl Fischer, Michael Ortner and Shawn Lyons were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement.

ADMINISTRATIVE HEARINGS

The court reporter for the hearings was Cynthia M. Weichmann. The following cases were scheduled to be heard:

- Deadwood Resorts, LLC – Petition for Declaratory Ruling –Decision and Order
- SDCOG vs. AmWest Entertainment, LLC
- SDCOG vs. Gerald Bloemke
- SDCOG vs. Charlotte Still
- SDCOG vs. Laura Kenyon

Decisions on Petitions for Declaratory Ruling

Deadwood Resorts, LLC- Petition for Declaratory Ruling

The motion was made by Commissioner Fischer to move to executive session seconded by Commissioner Thompson. Commissioner Lyons recused himself from the decisions for the declaratory ruling and from the executive session due to not being present at the prior meeting.

At 9:31 a.m. the Commissioners returned from executive session with the following findings:

1. That Petitioner's attempt to designate Buildings 1 through 9 as anchor buildings would give them an unfair competitive advantage over existing licensed retail establishments and casinos in Deadwood and, therefore, would violate SDCL § 42-7B-2.1(1).
2. That Petitioner's designation of Buildings 1 through 9 as anchor buildings does not comply with the intent of the 2003 IBC, as it relates to licensed retail establishments in Deadwood, in that Buildings 1 through 9 are not sizeable department stores, large department stores situated along the perimeter of the covered mall building, nor are they separate retail establishments which, by their nature, would draw a considerable number of people independent of the covered mall, as anchor buildings are contemplated under the 2003 IBC Commentary.
3. That the proper designation of the Buildings 1 through 9 would be as tenant spaces and not as anchor buildings.
4. That the anchor buildings as proposed create significant life safety factors that can only be alleviated by complying with the continued Commission requirement that openings be at least 75 percent enclosed with the other 25 percent covered by a water curtain.
5. That as the Buildings 1 through 9 are not correctly designated as anchor buildings, that the plan as proposed by Petitioner does not meet the 2003 IBC and, therefore, the buildings as proposed by Petitioner cannot be considered separate and distinct for purposes of determining whether thirty (30) devices could be placed in each structure pursuant to SDCL Ch. 42-7B and the Administrative Rules of South Dakota Ch. 20:18.

A motion was made by Commissioner Ortner to reject the proposed findings and conclusions submitted by the Petitioner and accept the proposed findings and conclusion as submitted by Michael Shaw, Commission Attorney, adopting amendments 46, 47, 48, and 49 to the petition and in the conclusion section to add a new 22 and the old 22 becomes 23. The motion was seconded by Commissioner Thompson. Motion carried unanimously.

Decision SDCOG vs. AmWest Entertainment, LLC

Larry Eliason, Executive Secretary recommended the withdrawal of the complaint against AmWest Entertainment with the condition that Nelson Clemmens and Teresa Tyler-Florence be listed as sole owners and that no owners of stock be transferred to another individual without the prior approval of SDOCG. Motioned was made Commissioner Lyons to accept the recommendation and stipulation and seconded by Commissioner Fischer. Motion carried unanimously.

Decision SDCOG vs. Gerald Bloemke

Gerald Bloemke was not present. Motion was made to revoke license by Commissioner Ortner and seconded by Commissioner Fischer. Motion carried unanimously.

Decision SDCOG vs. Charlotte Still

Larry Eliason received a note dated December 6, 2007 from Charlotte Still stating that due to family emergency would not be able to attend. Motioned was made to continue matter at the March 11, 2008 meeting. Motioned by Commissioner Lyons and seconded by Commissioner Fischer. Motioned carried unanimously.

Decision SDCOG vs. Laura Kenyon

Motioned was made to revoke her gaming license. Motioned by Commissioner Lyons and seconded by Commissioner Thompson. Motion carried unanimously.

General Meeting

Upon conclusion of the hearings Commissioner Kemnitz called the general meeting to order.

Approval of Agenda

Commissioner Ortner moved to approve the agenda. Commissioner Thompson seconded the motion and the motion passed unanimously.

No conflicts of interest were noted on the agenda.

September 12, 2007 Meeting

Commissioner Lyons moved to adopt the minutes drafted for the September 12, 2007 meeting. Commissioner Fischer seconded the motion. Motion carried unanimously.

November 12, & 13 2007 Meeting

Commissioner Fischer moved to adopt the minutes drafted for the November 12 & 13, 2007 meeting. Commissioner Ortner seconded the motion. Motion carried unanimously.

Stipulations of Assurance and Voluntary Compliance

Bullock Hotel, Miss Kitty's and Deadwood Players

Commissioner Fischer moved to approve the fine of \$500 per property for failure to maintain accurate records to calculate gross gaming revenue. Commissioner Thompson seconded the motion. Motion carried unanimously.

Blue Sky Gaming

Commissioner Ortnr moved to approve the fine of \$300 for failing to have required surveillance on machi capable of paying out prizes of \$12,000 or more. Commissioner Lyons seconded the motion. Motion carr unanimously.

Discussion on Slot Machine Testing Laboratories

A discussion was conducted on the visits made to testing laboratories. A motioned made by Commissioner Ortn that the staff work on criteria for certification of testing labs. Commissioner Lyons seconded the motion. Moti carried unanimously.

Horse Racing

Commissioner Ortnr moved to approve the racing dates and track officials listed in the meeting packet on pages 44 through 56 for the Verendrye Benevolent and Northeast Area horse racing associations. Racing dates for the Verendrye Benevolent Association are April 14-15, 21-22, 28-29 and May 5-6, 2008. Racing dates for Northeast Area Horse Racing Association are May 10-11, 17-18, and 24-25-26, 2008. Commissioner Fischer seconded the motion. Motion carried unanimously.

Resolutions

Commissioner Lyons moved to approve resolution 12-11-07-01 which allocates the purse supplements and racing operations for 2008. Commissioner Thompson seconded the motion. Motion carried unanimously.

Commissioner Fischer moved to approve resolution 12-11-07-02 which allocates jockey longevity payments for the 2008 race season. Commissioner Lyons seconded the motion. Motion carried unanimously.

Licensing

Commissioner Fischer moved to approve the license renewal of Lien Games under the condition that they produce a \$50,000 bond and Lisa Holt to be a licensed employee. Commissioner Lyons seconded the motion. Motion carried unanimously.

Commissioner Fischer moved to approve the license renewal of AmWest Entertainment subject to the changes made to the ownership percent. Commissioner Thompson seconded the motion. Motion carried unanimously.

Executive Secretary Eliason recommended approval on the following simulcast renewal applications:

AmWest Entertainment LLC/ Riders UP OTB
Time Out Lounge
Triple Crown Casino
Richard H. Squire D/B/A Aberdeen Racing

Commission Thompson moved to accept recommendation. Commissioner Fischer seconded the motion. Motion carried unanimously.

Parking Ramp Lease

Executive Secretary Eliason recommended approving lease agreement for 2008 as outlined on pages 81-83.

Commissioner Lyons moved to accept the recommendation. Commissioner Fischer seconded the motion. Motion carried unanimously.

Deadwood Licensing

Key Approval

Director of Operations/Enforcement Sparrow recommended approval of the following key licenses:

Jeffrey Melton

Key Renewal-2007

Director of Operations/Enforcement Sparrow recommended approving the renewal of Key Licenses for 2007 as listed on pages 86-92 in meeting packet.

Commission Lyons moved to accept recommendation. Commissioner Fischer seconded the motion. Motion carried unanimously.

Business License Approval and License Assignment Requests

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

Approve the request of Troy Love to move his three retail licenses currently assigned to Wild West 2 & 3 and Jackpot Charlies (0370,0371 & 0372-RT) to an unassigned location effective the end of December 2007.

Approval of Dorothy Knoepfle for two additional retail licenses (0434 & 0435-RT) and assign these licenses along with her 1 active unassigned license (0417-RT) to Wild West 2 & 3 and Jackpot Charlie retail locations beginning January 2008.

Approval of Badlands Gaming LLC (Mathew Ramsey 100% Owner) of; Operator License 0212-OP, Route Operator License 0026-RO and 3 Retail licenses 0436,0437 & 0438-RT. Recommend the assignment of 0436 & 0437-RT to replace his individually owned retail licenses at Lucky Nugget and Green Door retail locations effective the beginning of January 2008. Ramsey individual owned retails will be canceled at that time.

Approval of Iverson Gaming Systems, Inc. and Joanne Iverson as owner of a Manufacture license (0123-MA) with the stipulation they develop a comprehensive and documental system of due diligence with regards to the people they conduct business with.

Approval of Spielo Manufacturing ULC (0122-MA) and its parent company GTECH as the owner of a Manufacturer license.

Approval of GTECH as an owner of the Atronic Americas, LLC manufacturer license (0117-MA).

Commission Fischer moved to approve the license recommendations. Commissioner Ortner seconded the motion. Motion carried unanimously.

2008 Quarterly Meeting Dates

Executive Secretary Eliason recommended approval of the following meeting date:

Tuesday, March 11th
Wednesday, June 4th
Wednesday, September 10th
Tuesday, December 9th

Commissioner Fischer moved to accept the proposed dates as tentative. Commissioner Lyons seconded the motion. Motion carried unanimously.

EXECUTIVE SESSION

Upon conclusion of General Business portion of meeting Commissioner Ortnier motioned to go into executive session. Commissioner Thompson seconded the motion. Motioned carried unanimously.

Proposed Rule Changes

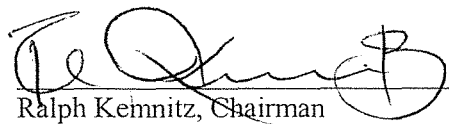
Commissioner Fischer motioned to approve the rule changes for Deadwood Gambling as outlined pages 92 through 98 in the meeting packet. Commissioner Lyons seconded the motion. Motion carried unanimously.

Commissioner Thompson motioned to approve the rule changes for racing as outlined on pages 99 through 127 in the meeting packet. Commissioner Lyons seconded the motion. Motion carried unanimously.

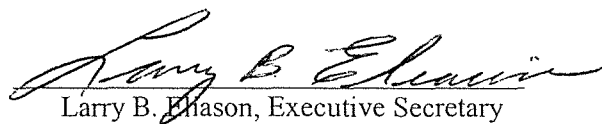
Commissioner Kemnitz moved to adjourn the meeting. Commissioner Fischer seconded the motion. Motion passed unanimously.

Respectfully Submitted,

Kathy Fredericksen



Ralph Kemnitz, Chairman



Larry B. Phason, Executive Secretary

MINUTES
SPECIAL MEETING 1/18/08

A special meeting was held on January 18, 2008 by teleconference call.

At 10:30 am, CDT, the meeting was called to order by Chairman Ralph Kemnitz who was present by telephone, Commissioners Karl Fischer and Shawn Lyons were present in the Pierre office at 221 West Capitol Avenue, Pierre, South Dakota. Commissioners Rita Thompson and Mike Ortner were present by telephone. Staff members present for the meeting at the Pierre office were Commission Attorney Michael Shaw, Executive Secretary Larry Eliason, and Recording Secretary Danna Bren. Also present in Pierre was the Court Reporter, Carla Bachand, Dave Sweet, Larry Crane and Jim Brugatt.

Present at Deadwood City Hall, 102 Sherman Street, Deadwood, South Dakota were: Craig Sparrow, Director of Operations, Attorney James Nelson, Mike Wordeman and members of his family and members of the press.

Commissioner Lyons recused himself from the matter which was the subject of the Commission agenda.

Commissioner Ortner moved to deny the petition for review of the Commission's Declaratory Ruling of December 11, 2007, which was filed by Deadwood Resorts LLC on December 20, 2007 with an addendum filed on December 21, 2007. Motion was seconded by Commissioner Thompson. On roll call vote the vote was as follows:

Commissioner Thompson--Yes

Commissioner Ortner--Yes

Commissioner Fischer--Yes

Commissioner Kemnitz--Yes

Commissioner Fischer moved to adjourn and this motion was seconded by Commissioner Ortner. On roll call vote the vote as follows:

Commissioner Fischer—Aye
Commissioner Thompson—Aye
Commissioner Ortner—Aye
Commissioner Kemnitz—Aye
Commissioner Lyons—Aye

Motion carried

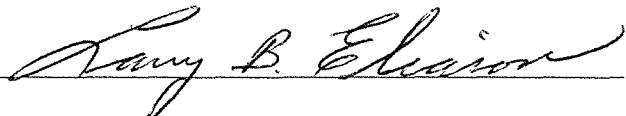
Meeting Adjourned at 11:20 AM.

Respectfully Submitted,

Danna Bren

A handwritten signature in dark ink, appearing to read 'Ralph Kemnitz', written over a horizontal line.

Ralph Kemnitz, Chairman

A handwritten signature in dark ink, appearing to read 'Larry B. Eliason', written over a horizontal line.

Larry B. Eliason, Executive Secretary

MINUTES
March 11, 2008

At 9:00 the meeting was called to order. Commissioners Ralph Kemnitz, Shawn Lyons, Rita Thompson, Michael Ortner and Karl Fischer were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement.

ADMINISTRATIVE HEARINGS

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

- SDCOG vs. Charlotte Still
- SDCOG vs. Robert Ewing

Decision SDCOG vs. Charlotte Still

Larry Eliason received a call from Charlotte Still that she just got out of the hospital and would not be able to attend the meeting. He advised her that only one more continuance could be granted for this hearing. A decision was made to continue at the June 4, 2008 meeting. This is the second continuance on this hearing.

Decision SDCOG vs. Robert Ewing

Per his attorney, Mr. Ewing would not be present at the meeting and he did not contest to the hearing. A motion was made to revoke his support license. Motioned by Commissioner Fischer and seconded by Commissioner Lyons. Motion carried unanimously.

Public Hearing on Proposed Rule Change

The South Dakota Commission on Gaming has proposed the amendment of ARSD 20:18:18:02. This is described on page 12 of the meeting packet. Representatives from GLI and BMM each addressed the rule change.

Upon completion of the public hearing the rule change decision was deferred to be addressed in Executive Session.

GENERAL MEETING

Upon completion of the administrative hearings Commissioner Kemnitz called the general meeting to order.

Approval of Agenda

Commissioner Ortner moved to approve the agenda. Commissioner Lyons seconded the motion and the motion carried unanimously.

No conflicts of interest were noted on the agenda.

December 11, 2007 Meeting

Commissioner Lyons moved to adopt the minutes drafted for the December 12, 2006 meeting. Commissioner Fischer seconded the motion. Motion carried unanimously.

January 18, 2008 Meeting

Commissioner Fischer moved to adopt the minutes drafted for the January 18, 2008 meeting. Commissioner Thompson seconded the motion. Motion carried unanimously.

Stipulations of Assurance and Voluntary Compliance

Rodney Crotteau

Commissioner Thompson moved to approve the fine of \$100.00 for failing to comply with cage security requirements at the Bourbon Street gaming establishment. Commissioner Fischer seconded the motion. Motion carried unanimously.

Deadwood Gulch Resort

Commissioner Ortner moved to approve the fine of \$500.00 for allowing an unlicensed person to train in the cashier's cage. Commissioner Lyons seconded the motion. Motion carried unanimously.

Deadwood Licensing Matters

Key Approvals

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

- Robert Schmidt
- Christopher Curry
- Trish Bloedel
- Gerald Eulo
- James Zenor
- Jimmy Spears

Key Renewals

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

- Charlae Bettelyoun
- Gerald Schumacher
- Luby Muir
- Steve Chandler
- Susan Caldwell
- Dantte Eggelston
- Thomas Frank

Commissioner Fischer moved to approve the Key Licenses and the Key Renewals as listed above. Commissioner Lyons seconded the motion. Motion carried unanimously.

Business License Approval and License Requests

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

- Approve the following individuals as Directors on the Aristocrat Manufacturers license:
Timothy Parrot
Simon Ashley
Sally Anne Pitkin
Penelope Morris
Roger Davis
John Simpson
- Approval of Jaye Conrad for her 3rd Retail License (0439-RT) and assign this license to BB Cody's 3 retail location.
- Approval of Roberta Williams as an owner of a Retail License (0431-RT) and left in an unassigned status.
- Approval of Cari Mollers-Verlanic and Catherine Mollers as additional owners on the Four Aces Hotel Corp business licenses.

Commissioner Ortner moved to approve the license recommendations. Commissioner Lyons seconded the motion. Motion carried unanimously.

Horse Racing

Approval of Racing Officials

Commissioner Lyons moved to approve Lloyd Just, Walt Van Dyke, Danny Zinter and Roger Cooper as commission officials for the 2008 racing season and the track officials listed in the meeting packet on pages 25 through 27 for the Verendrye Benevolent and Northeast Area horse racing associations. Commissioner Thompson seconded the motion. Motion carried unanimously.

Racing Contracts for Professional Services

Veterinarian Services

Commissioner Fischer moved to approve the State of South Dakota Consulting Contract entered into with Cooper Animal Clinic as described in the meeting packet on pages 28 through 32. Commissioner Ortner seconded the motion. Motion carried unanimously.

Laboratory Services

Commissioner Lyons moved to approve the State of South Dakota Consulting Contract entered into with the Center for Tax Services as described in the meeting packet on pages 33 through 38. Commissioner Fischer seconded the motion. Motion carried unanimously.

Designation of Voting Representatives at ARCI Annual Convention

Commissioner Lyons made a motion to approve the designation of Ralph "Chip" Kemnitz as its voting representative and Rita Thompson and Larry Eliason as its alternate voting representatives at the Annual Meeting of the Association of Racing Commissioners International. Commissioner Fischer seconded the motion. Motion carried unanimously.

Midwest Gaming Investigators Conference

The conference will be held in Deadwood March 24-27. This is training that the staff will be attending and a detailed report will be made at the next commission meeting.

MEETINGS

Commissioners confirmed next meeting date for Wednesday June 4, 2008.

EXECUTIVE SESSION

Upon the conclusion of the General Business portion of the meeting the Commissioners retired to Executive Session. Commissioner Ortner made a motion to address the proposed rule change in Executive Session. Commissioner Lyons seconded the motion. Motion carried unanimously.

After coming out of the Executive Session, the Commission took the following actions.

Commissioner Ortner made a motion that the Rule Change be amended as proposed in the written amendment with the correction of IOS to ISO.

Commissioner Lyons seconded the motion. On roll call vote the vote was as follows:

Commissioner Ortner	-	AYE
Commissioner Kemnitz	-	AYE
Commissioner Thompson	-	NAYE
Commissioner Fischer	-	NAYE
Commissioner Lyons	-	AYE

Motion carried unanimously.

Game Demonstration

A representative from Winners Choice did a demonstration of the game Winners Option Blackjack.

EXECUTIVE SESSION

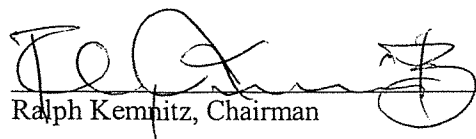
Commissioner Ortner made a motion to go into Executive session for Legal and personnel matters. Commissioner Fischer seconded the motion. Motion carried unanimously.

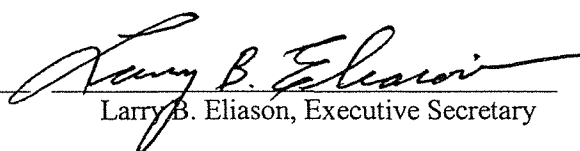
Upon completion of the Executive Session a motion was made to adjourn the meeting.

Commissioner Lyons made a motion to adjourn the meeting. Commissioner Fischer seconded the motion. Motion carried unanimously.

Respectfully Submitted,

Kathy Fredericksen


Ralph Kemnitz, Chairman


Larry B. Eliason, Executive Secretary

MINUTES
June 4, 2008

At 9:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Michael Ortner, Karl Fischer, Shawn Lyons and Rita Thompson were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Mark Aspaas, Commission Architect; Craig Sparrow, Director of Operations and Enforcement.

ADMINISTRATIVE HEARINGS

Commissioner Kemnitz appointed Commission Ortner to carry out the duties of hearing officer. The court reporter for the hearings was Cynthia M. Weichmann. The following cases were scheduled to be heard:

- Erik Gutierrez- Appeal of Support License Denial
- SDCOG vs. Charlotte Still (Continued from the March 11, 2008 meeting)
- SDCOG vs. Bruce Zimny
- Petition For Declaratory Ruling (Pineview Apartments – Building Designation) Gold Dust Lodging Group LLC
- Proposed Rules For Winner's Option Black Jack

Decision Erik Gutierrez Appeal of Support License Denial

Upon completion of this hearing the disposition of the case was referred for discussion in executive session.

Decision SDCOG vs. Charlotte Still

At the advice of the council it was moved to dismiss without prejudice.

Decision SDCOG vs. Bruce Zimny

Commissioner Kemnitz moved to revoke gaming license and impose monetary penalty of \$2,500.00. Commissioner Lyons seconded the motion. Staff requested that Mr. Zimny have 90 days to pay the fine. Commissioner Fischer made a motion to add the amendment to the motion made by Commissioner Kemnitz. Commissioner Lyons seconded the motion. Motion carried unanimously.

Petition for Declaratory Ruling

A request was made by Mr. William Bowen, Attorney for Gold Dust Lodging Group LLC, to revise the original request for (5) building designations to (3) building designations. Commissioner Fischer made a motion to approve the (3) building designations for the Pineview Apartment Building providing they comply with all building codes and regulations. Commissioner Ortner seconded the motion. Motion carried unanimously.

Proposed Rules for Winner's Option Black Jack

Staff had no objection to the proposed rules for Winner's Option Black Jack. Commissioner Ortner made a motion to approve the proposed rules. Commissioner Lyons seconded the motion. Motion carried unanimously.

GLI Presentation

Bill Treger, Andy Comer, and Kristy Ikleman, of Gaming Laboratories International presented a plaque to the Commission commmerating 20 years of business association between GLI and the SD Commission on Gaming.

Table Game Demonstration

Galaxy Gaming presented a brief demonstration of two games known as "Three Card Split" and "Double Play Poker."

General Meeting

Upon completion of the hearings, the general meeting began.

Approval of Agenda

Commissioner Ortner moved to approve the agenda. Commissioner Lyons seconded the motion. Motion carried unanimously.

No conflicts of interest were noted on the agenda.

March 11, 2008 Meeting

Commissioner Fischer moved to adopt the minutes drafted for the March 11, 2008 meeting. Commissioner Thompson seconded the motion. Motion carried unanimously.

Stipulation of Assurance and Voluntary Compliance

BY Development, Inc.

Commissioner Fischer moved to agree with the monetary penalty of \$500.00 for purchasing associated gaming equipment, a card shuffler, from an unapproved source which is not licensed by the South Dakota Commission on Gaming. Commissioner Lyons seconded the motion. Motion carried unanimously.

Key License Approvals

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

- ✓ Eugene Lee
- ✓ Nicholas Moffett
- ✓ Russ Nichols
- ✓ Michael Forsythe
- ✓ Terry Houk
- ✓ Darlene Hulm
- ✓ Caleb Arceneaux
- ✓ Wade Robbins

Commissioner Lyons moved to approve the Key Licenses. Commissioner Thompson seconded the motion. Motioned carried unanimously.

Business License Approval and License Requests

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

- ✓ Approve Elias Essay, and Ande Girard as owners of the Badlands Gaming LLC business licenses (0212-OP, 0026-RO, 0436 & 0438-RT).
- ✓ Approve the request to assign Badlands Gaming LLC 3rd Retail license (0438-RT) to the Lucky Nugget 1 retail location and move one of their other retail licenses (0437-RT) to the Lucky Nugget 10 location.
- ✓ Approve the request to assign Neil Hague's 3 Retail licenses (0360, 0361 & 0362-RT) to Lucky Nugget 5, 6, & 7 retail locations.
- ✓ Approve the request to move Christine McLain's 3 retail licenses to an unassigned location effective the end of June.
- ✓ Approve Richard Cleveland for his 3rd Retail license (0450-RT) and assign all 3 of his Retail licenses (0050, 0175 & 450-RT) to the Cadillac Jack location in place of Christine McLain's effective the beginning of July.
- ✓ Approve Four Aces Gaming LLC for an Operator and Route Operator license (0215-OP & 0029-RO) which is owned 100% by Bill and Tom Wohlers.

Commissioner Fischer moved to approve the license recommendations. Commissioner Lyons seconded the motion. Motioned carried unanimously.

Business License Renewals Distributors/Manufacturer

Staff recommended the approval of all Distributors/Manufacturers listed on page 40 of the meeting packet with a condition for Iverson Gaming Systems, Inc. The condition being that they provide the documented system of due diligence with regards to the people they conduct business with by June 30, 2008 which was stipulated as a condition of their licensing in December 2007. Failure to do so would result in Iverson Gaming Systems manufacturer's license not be renewed.

Commissioner Fischer moved to approve the renewal of the Manufacturer & Distributor licenses with the condition identified for Iverson Gaming Systems, Inc. Commissioner Lyons seconded the motion. Motion carried unanimously.

Business License Renewals

Director Sparrow recommended the approval of all Operators, Route Operators, and Retails listed on pages 41-48 of the meeting packet. It was noted that all property taxes were paid except for the following locations:

- | | |
|------------------------------|------------------|
| ✓ Iron Horse Inn (R Knight) | 0382-RT |
| ✓ Martin Mason I & II | 0317 & 0318-RT's |
| ✓ McKenna Gold | 0267-RT |
| ✓ The Chase | 0268-RT |
| ✓ Gallows I & II | 0389 & 0392-RT's |
| ✓ Wooden Nickel | 0316-RT |
| ✓ Lee Street Station | 0266-RT |

The above listed licenses requested to have until June 30, 2008 to pay the real estate taxes.

Commissioner Fischer moved to approve the licenses listed on pages 41-48 of the commission meeting packet except for the licenses listed above. Commissioner Ortner seconded the motion. Motion carried unanimously.

Commissioner Ortner moved to approve the licenses listed above on the condition they pay their property taxes by June 30, 2008. Commissioner Lyons seconded the motion. Motioned carried unanimously.

Tournament Table Request

Staff had no objection to the request by the Lucky Nugget Gambling Hall to allow on the floor without surveillance 2 licensed poker tables specifically for tournament use. When the tables are used for tournaments, the tables will have additional staffing to monitor activity.

Commissioner Fischer moved to approve the request, Commissioner Thompson seconded the motion. Motioned carried unanimously.

Live Horse Racing

Executive Secretary, Larry Eliason reported on the horse racing season held at Fort Pierre and Aberdeen. He noted that Lein Games is terminating their simulcast license in South Dakota.

Professional Service Contracts -FY 2009

Commissioner Lyons moved to approve a Professional Services Contract for Michael F. Shaw. Commissioner Fischer seconded the motion. Motion passed unanimously.

Commissioner Fischer moved to approve a Professional Services Contract for Gaming Laboratories International. Commissioner Thompson seconded the motion. Motion passed unanimously.

Commissioner Fischer moved to approve a Profession Services Contract for Architecture, Inc. Commissioner Ortner seconded the motion. Motion passed unanimously.

State Regulators and Racing Officials Seminar

The seminars will be hosted in Deadwood on September 8 & 9, and will be held in the Mineral Palace Conference Room.

Meetings

Commissioners confirmed next meeting date for Wednesday September 10, 2008.

Election of Officers for FY 2008

Commissioner Ortner moved to elect Ralph Kemnitz to serve as the Chairman of the Commission. Commissioner Fischer seconded the motion. Motioned carried unanimously. Commissioner Fischer moved to elect Michael Ortner as the Vice Chairman of the Commission. Commissioner Lyons seconded the motion. Motion carried unanimously.

Executive Session

Commissioner Ortner made a motion to go into Executive session. Commissioner Thompson seconded the motion. Motion carried unanimously.

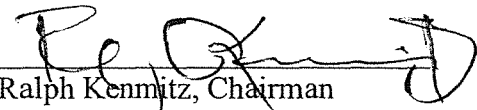
Decision Erik Gutierrez Appeal of Support License Denial

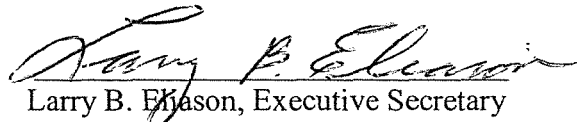
Commissioner Ortner moved to approve the issuance of a conditional support license for the rest of this year. On the condition that he complies with a payment schedule as established in a conditional agreement with the commission staff. Commissioner Fischer seconded the motion. Motion carried unanimously.

Commissioner Fischer moved to adjourn the meeting. Commissioner Lyons seconded the motion. Motion passed unanimously.

Respectfully Submitted,

Kathy Fredericksen


Ralph Kennitz, Chairman


Larry B. Elason, Executive Secretary

MINUTES
Special Meeting by Teleconference Call
July 23, 2008

At 9:15a.m. CDT the special telephonic meeting was called to order. Commissioner Ralph Kemnitz, Commissioner Rita Thompson, and Commissioner Michael Ortner were present by phone. Commissioner Karl Fischer and Commissioner Shawn Lyons were present at the Commission on Gaming office at 221 West Capitol Avenue Suite 101, Pierre, SD. Staff members present for the meeting at the Pierre location were Michael Shaw, Commission Attorney; and Larry Eliason, Executive Secretary. Craig Sparrow, Director of Operations and Enforcement, Roger Tellinghuisen, Donny Patton, and David Bradsky were present by phone at the Commission Office located at 696 Main St., 2nd Floor, Deadwood, SD.

GENERAL MEETING

Approval of Agenda

Commissioner Ortner moved to approve the agenda for the special telephonic meeting. Commissioner Lyons seconded the motion. A roll call vote was called for and Commissioners Lyons, Fischer, Kemnitz, Thompson, and Ortner unanimously approved the motion.

Conflicts of Interest on Agenda Items

Commissioner Kemnitz asked if there were any conflicts of interest with the Commissioners for items listed on the agenda. No conflicts were noted.

Deadwood Gaming Resorts, LLC

Commissioner Ortner moved to approve Deadwood Gaming Resort, LLC with Randal Orley as owner for operator (0213-OP), route operator (0028-RO) and three retail licenses (0444, 0445 & 0446-RT). Commissioners delegated to the Executive Secretary authority to assign the licenses upon transfer of ownership of Deadwood Gulch Resort. Commissioner Fischer seconded the motion. A roll call vote was called for and Commissioners Lyons, Fischer, Kemnitz, Thompson, and Ortner unanimously approved the motion.

V.G.C. Gaming Rental, LLC

Commissioner Fischer moved to approve three retail licenses (0441, 0442 & 04453-RT) for VGC Gaming Rental, LLC with Vince Cassisa as owner. Commissioners delegated to the Executive Secretary authority to assign the licenses upon transfer of ownership of Deadwood Gulch Resort. Commissioner Lyons seconded the motion. A roll call vote was called for and Commissioners Lyons, Fischer, Kemnitz, Thompson, and Ortner unanimously approved the motion.

Commissioner Ortner moved to approve the request to move the 3 retail licenses of Tracy Island and 3 Retail licenses of Harlan Schmidt currently at Deadwood Gulch Resort to an unassigned location when transfer of ownership of Deadwood Gulch Resort is completed. Commissioner Thompson seconded the motion. A roll call

vote was called for and Commissioners Lyons, Fischer, Kemnitz, Thompson, and Ortner unanimously approved the motion

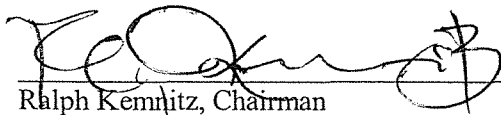
Merit Tin Lizzie, LLC

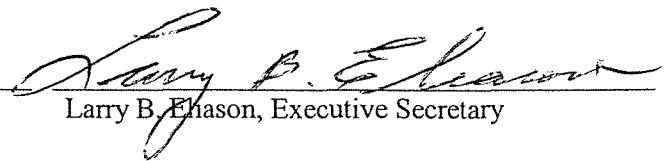
Commissioner Ortner moved to approve Merit Tin Lizzie, LLC with Joseph Canfora as owner for an operator (0214-OP), route operators (0027-RO) and 3 retail licenses (0447, 0448 & 0449-RT). Commissioners delegated to the Executive Secretary authority to assign the licenses upon transfer of ownership of Tin Lizzie Casino and to move the current Blue Sky gaming licenses to an unassigned location. Commissioner Fischer seconded the motion. A roll call vote was called for and Commissioners Lyons, Fischer, Kemnitz, Thompson, and Ortner unanimously approved the motion

Commissioner Fischer moved to adjourn the meeting. Commissioner Thompson seconded the motion. A roll call vote was called for and Commissioners Lyons, Fischer, Kemnitz, Thompson, and Ortner unanimously approved the motion

Respectfully Submitted,

Teri L. Porter


Ralph Kemnitz, Chairman


Larry B. Elason, Executive Secretary

MINUTES
September 10, 2008

At 9:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Rita Thompson, Michael Ortner, Karl Fischer and Shawn Lyons were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement; Mark Aspass, Commission Architect.

ADMINISTRATIVE HEARINGS:

The court reporter for the administrative hearings was Theresa Fink. The following cases were scheduled to be heard:

- Laura Matthews - Appeal of Decision of Commission on Gaming Staff, Hearing to be held before an Administrative Law Judge
- Petition for Declaratory Ruling - Pineview Group, LLC Building Designation
- Petition for Declaratory Ruling - Deadwood Hospitality Resorts, LLC Building Designation
- In RE: One Seized Slot Machine
- SDCOG vs. Diana Huskey

Laura Matthews - Appeal of Decision of Commission on Gaming Staff

At the request of legal counsel for the claimant this hearing was presided by Leo Disburg, Administrative Law Judge with the Office of Hearing Examiners.

The purpose of this hearing is to take action on the appeal of the decision of Craig Sparrow, Director of Operations and Enforcement with the SDCOG, to award the prize of \$2,400 from a slot machine that was played at the Four Aces Casino on January 26, 2008, rather than the amount of \$50,628 which was displayed on the progressive above the slot machine.

The testimonies for both parties were heard and a decision would be forthcoming. The hearing was then concluded by the Administrative Law Judge, Leo Disburg.

Upon completion of the hearing above the commission meeting resumed with the administrative hearings. Commissioner Kemnitz appointed Commissioner Ortner as the hearings officer.

Petition for Declaratory Ruling

A request was made by Jason Grove, in lieu of William Bowen, representing Pineview Group, LLC, for (2) building designations in the basement of the Pineview building located at 25 Lee Street. Upon completion of this hearing the disposition of the case was referred for discussion in Executive Session.

Petition for Declaratory Ruling

A request was made by Roger Tellinghuisen, Attorney representing Deadwood Hospitality Resorts, LLC, that the existing Retail License for Room (4) to be moved to hotel and designate as Room (5), the removal of Room (6) and reconstruct a new building in the north wing and the remodel of building in the hotel facility. A request for a variance for the access opening of Room (1) and Room (3) to be larger than the 25% for life safety factors.

One Seized Slot Machine

A notice was given to Cheryl and Dave Gramm to determine if the "Yasama Twenty 27 Seven Line" slot machine which was seized from the premises of the Chef n Chic Boutique on June 17, 2008, is contraband and may be destroyed pursuant to SDCG 42-7B-39. The Gramm's were not present at the hearing. It was discussed that the seized machine should be destroyed with no penalty to the owners.

Decision SDCOG vs. Diana Huskey

On April 24, 2008, Diana Husky pled guilty to the charge of Driving under the Influence, Third Offense, a felony, her support license was suspended. Ms. Huskey was not present at the hearing. Commissioner Lyons made a motion to revoke her support license. Commissioner Fischer seconded the motion. Motion carried unanimously.

Upon completion of the hearings, the public hearing on proposed rule changes began.

PUBLIC HEARING ON PROPOSED RULE CHANGES

ARSD 20:18:15:17 Dealing of Blackjack Hands

Commissioner Fischer made a motion to adopt the rule change as described in the meeting packet on pages 46-51. Commissioner Lyons seconded the motion. Motion carried unanimously.

ARSD 20:18:22:11 Reviewed or Audited Financial Statements

On behalf of the DGA, represented by Roger Tellinghusien, a request for the proposed rule change as described in the meeting packet on pages 52-60 was discussed. Commissioner Lyons made a motion to defer the rule change decision to be discussed in Executive Session. Commissioner Ortner seconded the motion. Motion carried unanimously.

GENERAL MEETING

Upon conclusion of the hearings on proposed rule changes Commissioner Kemnitz called the general meeting to order.

Approval of Agenda

Commissioner Ortner moved to approve the agenda. Commissioner Fischer seconded the motion and the motion passed unanimously.

No conflicts of interest were noted on the agenda.

June 4, 2008 Meeting

Commissioner Fischer moved to adopt the minutes drafted for the June 4, 2008 meeting. Commissioner Lyons seconded the motion. Motion carried unanimously.

July 23, 2008 Meeting, Special Meeting by Teleconference

Commissioner Fischer moved to adopt the minutes drafted for the July 23, 2008, special meeting by teleconference. Commissioner Thompson seconded the motion. Motion carried unanimously.

Deadwood Licensing Matters

Business License Approval and License Requests

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

- ✓ Approve a Manufacturer's license for Elektroncek dd (0124-MA) with Joze Pecelik (A4833-OW), Tomaz Zvipelj (A4834-OW) and Aristocrat (0108-MA) as owners.
- ✓ Approve Gregory Glodt as owner of 2 Retail licenses (0451 & 0457 RT's) to be assigned to Franklin 2 & 3 effective the beginning of October.
- ✓ Approve the request to move Cindy Hauge 2 retail licenses from the Franklin 2 & 3 to an unassigned location effective the end of September.

Commissioner Lyons made a motion to approve the license recommendations. Commissioner Thompson seconded the motion. Motion carried unanimously.

Key License Approvals

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

- ✓ Daniel Siciliano
- ✓ Susan Hufnagel
- ✓ Vincent Cassisa
- ✓ Bert Mason
- ✓ Chad Wangen
- ✓ Michael Calveard
- ✓ Glenn Savage
- ✓ Jay Stoltenburg
- ✓ Millard Reeves

Commissioner Ortner made a motion to approve the Key Licenses. Commissioner Fischer seconded the motion. Motion carried unanimously.

Key License Denials

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

- ✓ Matt Blair
- ✓ Pam Lester

Commissioner Fischer made a motion to deny the Key Licenses. Commissioner Lyons seconded the motion. Motion carried unanimously.

License Reassignments –Deadwood Hospitality Resorts, LLC

The request has been withdrawn with no action to be taken at this time.

Stipulations and Assurance of Voluntary Compliance

Jeremy Van Tassel

Commissioner Ortner made a motion to agree with the monetary penalty of \$100.00 for violating count room procedures. Commissioner Lyons seconded the motion. Motion carried unanimously.

Proposed Amendment to Association of Racing Commissioners International bylaws

Commissioner Fischer made a motion to approve the amendment as described in the meeting packet on pages 73-74. Commissioner Ortner seconded the motion. Motion carried unanimously.

Schedule of Next Meeting

The next commission meeting has been scheduled for Monday, November 24, 2008.

Upon the conclusion of the General Business portion of the meeting the Commissioners retired to Executive Session.

EXECUTIVE SESSION

Commissioner Ortner made a motion to go into Executive session to deliberate on evidence during hearings and to confer with legal counsel. Commissioner Lyons seconded the motion. Motion carried unanimously.

After coming out of the Executive Session, the Commission took the following actions.

Decision -Pineview Group, LLC – Building Designation

Commissioner Fischer made a motion to accept the petition for declaratory ruling as submitted for (2) building designations. Commissioner Thompson seconded the motion. Motion carried unanimously.

Decision - Deadwood Hospitality Resorts, LLC – Building Designation

Commissioner Ortner made a motion to approve the proposal, and including the new seventh license, but not to take action this time for Room (4), and to grant the request for a variance for the access to Room (1) and (3) to allow a 7 foot opening with a water curtain for life safety factors. Commissioner Lyons seconded the motion. Motion carried unanimously.

Decision - Proposed Rule Amendment – Reveiwed or Audited Financial Statements

Commissioner Lyons made a motion that the proposed rule change, ARSD 20:18:22:11, be adopted. Commissioner Fischer seconded the motion. On roll call vote the vote was as follows:

Commissioner Lyons	Aye
Commissioner Fischer	Aye
Commissioner Thompson	Aye
Commissioner Kemnitz	Naye
Commissioner Ortner	Naye

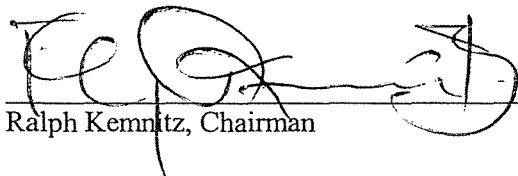
Motion carried unanimously.

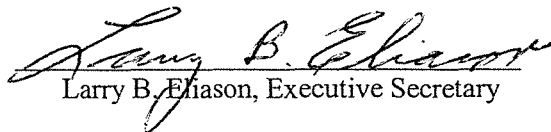
Seized Slot Machine

Commissioner Ortner made a motion to destroy the seized slot machine. Commissioner Lyons seconded the motion. Motion carried unanimously.

Commissioner Lyons made a motion to adjourn the meeting. Commissioner Fischer seconded the motion. Motion carried unanimously.

Respectfully submitted,
Kathy Fredericksen


Ralph Kemnitz, Chairman


Larry B. Eliason, Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

SOUTH DAKOTA COMMISSION ON GAMING
MINUTES OF SPECIAL MEETING
THURSDAY, OCTOBER 16, 2008

The South Dakota Commission on Gaming held a special meeting by telephonic conference call on Thursday, October 16, 2008, beginning at 2:00 PM CDT.

Present at the Commission office in Pierre were: Commissioner Karl Fischer, Commissioner Shawn Lyons, Executive Secretary Larry Eliason, Commission counsel Mike Shaw and Assistant Attorneys General Scott Swier and Meghan Dilges.

Present at the Commission office in Deadwood was Craig Sparrow.

Participating by phone individually were Chairman Ralph Kemnitz, Vice Chairman Mike Ortner and Commissioner Rita Thompson.

Commissioner Fischer moved to approve the agenda. The motion was seconded by Commissioner Lyons and unanimously approved on a roll call vote.

No conflicts of interest were noted for any items on the agenda.

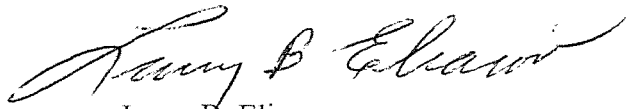
Commissioner Ortner moved that the Commission go into Executive Session to consult with legal counsel on pending litigation. Commissioner Fischer seconded the motion which was approved unanimously on a roll call vote.

The chairman declared the Commission out of Executive Session.

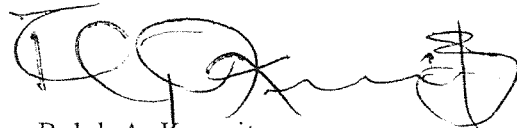
Commissioner Thompson moved that legal counsel for the Commission be authorized and directed to appeal the Order of the Honorable Glen A. Severson, Judge of the Circuit Court of the Second Judicial Circuit, in the matter of Deadwood Resort, LLC, v. State of South Dakota by through its Department of Revenue and Regulation, Commission on Gaming to the State Supreme Court. The motion was seconded by Commissioner Fischer. On roll call the vote was four "yes" and one "abstain."

Commissioner Kemnitz	yes
Commissioner Ortner	yes
Commissioner Thompson	yes
Commissioner Fischer	yes
Commissioner Lyons	abstain

Commissioner Fischer moved that the meeting be adjourned. Commissioner Lyons seconded the motion which passed unanimously on a roll call vote.

A handwritten signature in cursive script, appearing to read "Larry B. Eliason".

Larry B. Eliason
Executive Secretary

A handwritten signature in cursive script, appearing to read "Ralph A. Kemnitz".

Ralph A. Kemnitz
Chairman

South Dakota Commission on Gaming Quarterly Meeting and Public Hearing on Proposed Rules
Deadwood City Hall, Deadwood, South Dakota

MINUTES
November 24, 2008

At 09:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Rita Thompson, Karl Fischer, Michael Ortner and Shawn Lyons were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement and Steve Jastram, Commission Architect.

ADMINISTRATIVE HEARINGS

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

- Deadwood Resort, LLC – Petition for Declaratory Ruling (Building Designations)
- SDCOG vs. Michael Hubbard
- Joshua Mills – Appeal of Denial of Support License
- Sam Paddilla – Request for Lifting Suspension of Racing License

Commissioner Kemnitz appointed Commissioner Ortner as the hearings officer.

SDCOG vs. Michael Hubbard

On September 25, 2008, Michael Hubbard engaged in an act constituting dishonesty by stealing a \$25.00 chip from the dealers' tips while employed at Four Aces Casino, a licensed gaming establishment. Mr. Hubbard was present and represented by attorney Joe Kosel. Commissioner Ortner asked the defendant if he admitted to the allegations and he responded by saying yes. Commission staff recommended that his license be revoked. The decision on this matter was deferred to Executive Session.

Deadwood Resort, LLC – Petition for Declaratory Ruling

Deadwood Resort, LLC, through its attorney, David Lust filed a Petition for Declaratory Ruling with attached building plans dated November 13, 2008, requesting a declaratory ruling on the Lodge at Deadwood. At the hearing, Mr. Lust asked the Commission to accept the petition as an amendment to their original petition dated August 28, 2007., and the Commission's attorney, Mike Shaw, stipulated that the hearing on the amended petition and plans would be considered a remanded hearing in accordance with the Order of the Circuit court, Second Judicial Circuit, Minnehaha County, Judge Glenn Severson, dated October 1, 2008. Commissioner Ortner made a motion that the revised building designations be approved. Commissioner Fischer seconded the motion. Commissioner Lyons was recused from the motion. Motion carried unanimously.

Deadwood Resorts, LLC, also requested a variance between buildings 2 and 3 to be 10 feet inward. This matter was taken under advisement for deliberation in Executive Session.

Appeal of Denial of Support License

A request was made by Joshua Mills to appeal the denial of a support license. Mr. Mills was not present for the hearing. Staff recommended that he be denied a Support License. Commissioner Lyons made a motion to deny him a license. Commissioner Fischer seconded the motion. Motion carried unanimously.

Request for Lifting Suspension of Racing License

A request was made by Sam Paddilla to be reinstated for a racing license. Commissioner Thompson made a motion to reinstate Mr. Padilla's eligibility to be issued a racing license. Commissioner Lyons seconded the motion. Motion carried unanimously.

Upon completion of the hearings, the public hearing on proposed rule amendments was held.

Proposed Rule Amendments

Deadwood Gaming Rules

Commissioner Ortner made a motion to approve the proposed rule amendments as outlined on pages 22-57 in the meeting packet with the changes noted during the public hearing. Commissioner Lyons seconded the motion. Motion carried unanimously.

Horse Racing Rules

Commissioner Fischer made a motion to approve the proposed rule amendments as outlined on pages 58-70 in the meeting packet with the changes noted during the public hearing. Commissioner Thompson seconded the motion. Motion carried unanimously.

Executive Session

Upon completion of the Proposed Rule Amendments Commissioner Ortner made a motion to go into Executive Session to deliberate on the testimony presented at the administrative hearings. Commissioner Fischer seconded the motion. Motion carried unanimously.

After coming out of the Executive Session, the Commission took the following actions.

Decision SDCOG vs. Michael Hubbard

Commissioner Lyons made a motion that Michael Hubbard be placed on probation for five years with a monetary fine of \$500.00. Starting November 24, 2008 the fine being payable at \$100.00 a year. Mr. Hubbard will be allowed to retain his Key License unless he is charged with a Class I misdemeanor or above then the license will be automatically revoked. Commissioner Fischer seconded the motion. On a roll call vote the vote was as follows:

Commissioner Lyons	Aye
Commissioner Fischer	Aye
Commissioner Thompson	Nay
Commissioner Kemnitz	Nay
Commissioner Ortner	Aye

Motion carried on a vote of 3 to 2.

Decision for Variance Request

Commissioner Ortner made a motion to grant a variance for Deadwood Resort, LLC, allowing for an 8ft opening rather than a 10ft opening on the wall near the outside exit between buildings 2 and 3. Commissioner Fischer seconded the motion. Commissioner Lyons was recused from the motion. Motion carried with the other four commissioners voting "aye."

General Meeting

Upon conclusion of the hearings Commissioner Kemnitz called the general meeting to order.

Approval of Agenda

Commissioner Ortner moved to approve the agenda. Commissioner Thompson seconded the motion and the motion carried unanimously.

No conflicts of interest were noted on the agenda.

September 10, 2008 Meeting

Commissioner Lyons moved to adopt the minutes drafted for the September 10, 2008 meeting. Commissioner Fischer seconded the motion. Motion carried unanimously.

October 16, 2008 Meeting, Special Meeting by Teleconference

Commissioner Fischer moved to adopt the minutes drafted for the October 16, 2008, special meeting by teleconference. Commissioner Ortner seconded the motion. Motion carried unanimously.

Stipulations of Assurance and Voluntary Compliance

Deadwood Players

Commissioner Fischer made a motion to approve the monetary penalty of \$500.00 for having a slot machine with a broken logic board seal and a broken program seal at Miss Kitty's III. Commissioner Lyons seconded the motion. Motion carried unanimously.

Hickok's Inc.

Commissioner Ortner made a motion to approve the monetary penalty of \$1,250.00 for failing to notify the Commission of minimum bankroll deficiencies during the audit period July, 2006, through June, 2008. Commissioner Thompson seconded the motion. Motion carried unanimously.

Deadwood Licensing Matters

Key License Approvals

Director of Operations/Enforcement Sparrow recommended approval of the following key licenses:

- ✓ Elana Dagit
- ✓ Carol Edward

Commissioner Lyons made a motion to approve the Key Licenses. Commissioner Fischer seconded the motion. Motion carried unanimously.

Business License Approval and License Requests

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

- ✓ Approve the request to move Neil Hague 3 retail licenses (0360, 0361, & 0362-RT's) from Lucky Nugget 5, 6, & 7 to Silver Dollar, French Quarter 1 & French Quarter 2 effective the end of November.
- ✓ Approve Todd Spargur as owner of 3 retail licenses (0456, 0461, & 0462-RT's) to be assigned to Lucky Nugget 5, 6, & 7 effective the beginning of December.
- ✓ Approve the request to move Four Aces Hotel Corp. 3 retail licenses (0144, 0145 & 0146-RT's) to an unassigned location effective the end of November.
- ✓ Approve the request to move Foggy Notion, LLC 3 retail licenses (0224, 0355 & 0356-RT's) from Silver Dollar, French Quarter 1 & French Quarter 2 to Four Aces 1, 2, & 3 effective the beginning of December.
- ✓ Approve Craig and Nancy Murdock for 3 retail licenses (0458, 0459 & 0460-RT's) effective the beginning of December and to be assigned to Hickok's 1, 2, & 3 replacing the retail licenses of Hickok's Inc. (0040, 0154 & 0223-RT's) which will be canceled at that time.
- ✓ Approve Richard Hadrill (0090-DR), David Robbins (0091-DR), Jaques Andre (0092-DR), Robert Guido (0093-DR), and Kevin Verner (0094-DR) as Directors on the Bally Manufacturer's license (0114-MA).
- ✓ Approve James Jelinek as an additional owner of the Badlands Gaming LLC gaming licenses (0212-OP, 0026-RO, 0436, 0437 & 0438-RT's).
- ✓ Approve Christopher Gould as the owner of a Retail license (0440-RT) and that it remain unassigned at this time.
- ✓ Approve Leroy and Janet Lamphear as owners of 3 retail license (0319, 0320 & 0321-RT's) effective the beginning of December to be assigned to Goldbergs 1, 3 & 4 replacing the retail licenses of Ridgeview Corp., which will be canceled at that time.

Commissioner Ortner made a motion to approve the license recommendations. Commissioner Thompson seconded the motion. Motion carried unanimously.

Business License Renewals

- ✓ Marcella Blosmo 0430-RT
- ✓ Full House Inc. 0113-OP

Commissioner Fischer made a motion to approve the license renewals. Commissioner Lyons seconded the motion. Motion carried unanimously.

Key Renewal-2009

Director of Operations/Enforcement Sparrow recommended approving the renewal of Key Licenses for 2009 as listed on pages 89A-89G in meeting packet. The following additional Key License renewals were also recommended for approval:

Jack Sears, Corrine McComish and Danette Eggleston

Commissioner Ortner made a motion to approve the Key license renewals and to include the three additional renewals. Commissioner Fischer seconded the motion. Motion carried unanimously.

Racing Licensing Matters

Simulcast Provider

Commissioner Fischer made a motion to approve AmWest Entertainment as a Simulcast Operator. Commissioner Lyons seconded the motion. Motion carried unanimously.

Simulcast Sites

Commissioner Fischer made a motion to approve the simulcast sites as outlined on pages 95-97 in the meeting packet. Commissioner Lyons seconded the motion. Motion carried unanimously.

2009 Live Horse Racing Meetings

Commissioner Thompson made a motion to approve the 2009 horse racing locations and dates as outlined on pages 98-107 in the meeting packet. Commissioner Lyons seconded the motion. Motion carried unanimously.

Allocations of Funds for 2009 Live Racing

Commissioner Ortner made a motion to approve resolution number 11-24-08-01 for allocation of funds for the 2009 live horse racing. Commissioner Lyons seconded the motion. Motion carried unanimously.

Jockey Longevity Payments

Commissioner Fischer made a motion to approve resolution number 11-24-08-02 for the allocation of jockey longevity bonuses for the 2009 live horse racing. Commissioner Thompson seconded the motion. Motion carried unanimously.

Parking Ramp Lease

Commissioner Fischer made a motion to renew the parking lease agreement with the City of Deadwood. Commissioner Thompson seconded the motion. Motion carried unanimously.

2009 Quarterly Meeting Dates

Executive Secretary Eliason recommended approval of the following meeting dates:

Wednesday, March 18th
Wednesday, June 3rd
Wednesday, September 9th
Tuesday, December 8th

Commissioner Ortner moved to approve the proposed dates for the 2009 quarterly commission meetings. Commissioner Lyons seconded the motion. Motion carried unanimously.

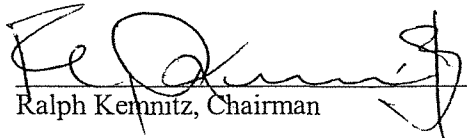
EXECUTIVE SESSION

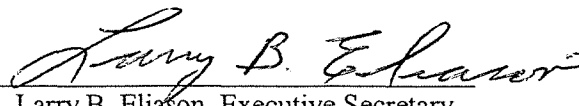
Upon conclusion of General Business portion of meeting Commissioner Ortner motioned to go into executive session for legal and background investigation matters. Commissioner Thompson seconded the motion. Motioned carried unanimously.

Upon completion of the Executive Session Commissioner Lyons moved to adjourn the meeting. Commissioner Fischer seconded the motion. Motion passed unanimously.

Respectfully Submitted,

Kathy Fredericksen


Ralph Kennitz, Chairman


Larry B. Eliason, Executive Secretary

MINUTES
Special Meeting by Teleconference Call
January 23, 2009

At 2:20 p.m. CDT the special telephonic meeting was called to order. Commissioner Ralph Kemnitz, Commissioner Rita Thompson, and Commissioner Michael Ortner were present by phone. Commissioner Karl Fischer was present at the Commission on Gaming office at 221 West Capitol Avenue Suite 101, Pierre, SD. Commissioner Shawn Lyons was absent. Staff members present for the meeting at the Pierre location were Michael Shaw, Commission Attorney; and Larry Eliason, Executive Secretary. Craig Sparrow, Director of Operations and Enforcement was present by phone at the Commission Office located at 696 Main St., 2nd Floor, Deadwood, SD.

GENERAL MEETING

Approval of Agenda

Commissioner Kemnitz approved the agenda for the special telephonic meeting.

Conflicts of Interest on Agenda Items

Commissioner Kemnitz asked if there were any conflicts of interest with the Commissioners for items listed on the agenda. A roll call was called for to indicate if there were any conflicts of interest. Commissioners Kemnitz, Ortner, Fischer and Thompson noted that there were no conflicts. Commissioner Lyons was absent.


Laura Matthews

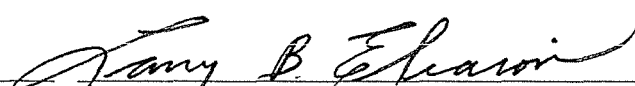
Commissioner Ortner moved to adopt findings of fact and conclusion of law of the administrative law judge. Then authorize the Commission Chairman to sign the order upholding the decision of the staff. Commissioner Fischer seconded the motion. A roll call vote was called for and Commissioners Fischer, Kemnitz, Thompson, and Ortner unanimously approved the motion. Commissioner Lyons was absent.

Commissioner Fischer moved to adjourn the meeting. Commissioner Thompson seconded the motion. A roll call vote was called for and Commissioners Fischer, Kemnitz, Thompson, and Ortner unanimously approved the motion. Commissioner Lyons was absent.

Respectfully Submitted,

Teri L. Porter


Ralph Kemnitz, Chairman


Larry B. Eliason, Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

South Dakota Commission on Gaming Quarterly Meeting by Teleconference Call

MINUTES March 25, 2009

At 10:00 a.m. CDT the meeting was called to order by Commissioner Ralph Kemnitz. Commissioner Ralph Kemnitz, Commissioner Rita Thompson, and Commissioner Michael Ortner were present by phone. Commissioner Karl Fischer was present at the Commission on Gaming office at 221 West Capitol Avenue Suite 101, Pierre, SD. Commissioner Shawn Lyons was absent. Staff member present for the meeting at the Pierre location was Michael Shaw, Commission Attorney. Craig Sparrow, Director of Operations and Enforcement; and Larry Eliason, Executive Secretary, were present by phone at the Commission Office located at 696 Main St., 2nd Floor, Deadwood, SD.

GENERAL MEETING

Approval of Agenda

Commissioner Ortner made a motion to approve the agenda for the quarterly meeting via teleconference call. Commissioner Fischer seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Conflicts of Interest on Agenda Items

Commissioner Kemnitz asked if there were any conflicts of interest with the Commissioners for items listed on the agenda. Commissioners Kemnitz, Ortner, Fischer and Thompson noted that there were no conflicts. Commissioner Lyons was absent.

November 24, 2009 meeting

Commissioner Fischer made a motion to approve the minutes for the regular quarterly meeting conducted November 24, 2009. Commissioner Thompson seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

January 23, 2009 Meeting

Commissioner Ortner made a motion to approve the minutes for the teleconference meeting conducted January 23, 2009. Commissioner Fischer seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Stipulations of Assurance and Voluntary Compliance

Becky Guptill

Commissioner Fischer made a motion to approve the monetary penalty of \$100.00 for failing to follow drop count procedures. Commissioner Thompson seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Douglas Bierman

Commissioner Ortner made a motion to approve the monetary penalty of \$100.00 for failing to follow drop count procedures. Commissioner Fischer seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Ruben Keehn

Commissioner Ortner made a motion to approve the monetary penalty of \$500.00 for failing to conduct surveillance reviews at the Saloon #10 as required by ARSD 20:18:29:14. Commissioner Thompson seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Racing Matters

Contract for Laboratory Testing Services

Commissioner Fischer made a motion to approve the contract for laboratory testing services to Center for Tox Services. Commissioner Ortner seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Contract for Veterinarian Services

Commissioner Ortner made a motion to approve the contract for Cooper Animal Clinic to provide veterinarian services. Commissioner Thompson seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Approval of Racing Officials

Commissioner Fischer made a motion to approve the Association Officials on page 68 of the meeting packet. Commissioner Thompson seconded the motion. Commissioner Ortner made record that Bill Floyd, Racing Secretary, serves as a director on the Board of South Dakota County Commissioners of which Commissioner Ortner is President. None of the Commissioners felt that there was a conflict of interest. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Commissioner Ortner made a motion to approve Commission Officials as follows:

- ✓ State Stewards: Lloyd Just and Walton Van Dyke
- ✓ Assistant State Stewards: Danny Zinter and Larry Eliason
- ✓ Commission Veterinarian: Roger D. Cooper, DVM

Commissioner Thompson seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Jockey Longevity Bonuses

Commissioner Thompson made a motion to approve Resolution Number 03-25-09-1 regarding jockey longevity bonuses. Commissioner Fischer seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Appointment of Voting Representative

Commissioner Ortner made a motion to approve Resolution Number 03-25-09-2 to appoint Ralph "Chip" Kemnitz as the South Dakota Commission on Gaming voting representative for the International annual meeting of the Association of Racing Commissioners and appoint Larry Eliason as the alternate voting representative. Commissioner Fischer seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Deadwood Licensing Matters

Key Employee License Approvals

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

- ✓ James Lewis
- ✓ Andrew Shaw
- ✓ Robert Miller

Commissioner Fischer made a motion to approve the Key Licenses. Commissioner Thompson seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Key Employee License Renewals

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

- ✓ James Vinson
- ✓ Randy Lepthien
- ✓ Charlae Bettelyoun
- ✓ James Haeder
- ✓ Susan Caldwell
- ✓ Pamela Merrell
- ✓ Chris Otis

Commissioner Ortner made a motion to approve renewal of the Key Licenses. Commissioner Thompson seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Retail License Renewals

Director of Operations/Enforcement Sparrow recommended approval of the following Retail License Renewals:

- ✓ Christine McLain 0306-RT
- ✓ Christine McLain 0307-RT

Commissioner Kemnitz made a motion to approval renewal of the Retail Licenses. Commissioner Ortner seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Business License Approval and License Requests

Director of Operations/Enforcement Sparrow recommended approval of the following Business License Approvals and License Requests:

- ✓ Recommend approval of David Buskirk as an additional owner of the Badlands Gaming LLC gaming licenses (0212-OP, 0026-RO, 0436-RT, 0437-RT & 0438-RT)
- ✓ Recommend approval of Terry Houk as owner of a Retail License (0463-RT) to be left in an unassigned status
- ✓ Recommend approval of George Mitchell as owner of a Retail License (0465-RT) to be left in an unassigned status
- ✓ Recommend approval of the request of Jaye Conrad to move her three Retail Licenses (0407-RT, 0408-RT & 0439-RT) from the Frontier Club to an unassigned location effective the end of March.
- ✓ Recommend approval of Ronald Gutman and Clarence Griffin as owners of an Operator and three Retail Licenses (216-OP, 0453-RT, 0454-RT & 0455-RT) and that they be assigned to Frontier Club effective the beginning of April.
- ✓ Recommend approval of the request of Wes Pleinis to move his three Retail Licenses (0399-RT, 0354-RT & 0416-RT) from Tin Lizzie 4, 5 & 6 to an unassigned location effective the end of March.
- ✓ Recommend approval of Lori Logan as owner of three Retail Licenses (0464-RT, 0466-RT & 0467-RT) to be assigned to Tin Lizzie 4, 5, & 6 effective the beginning of April.
- ✓ Recommend approval of the request of Todd Spargur to move his three Retail Licenses (0360-RT, 0361-RT & 0362-RT) from Luck Nugget 5, 6 & 7 to an unassigned location effective the end of March.
- ✓ Recommend approval of the request of Christine McLain to place her three Retail Licenses (0305-RT, 0306-RT, & 0307-RT) at Lucky Nugget 5, 6, & 7 effective the beginning of April.
- ✓ Recommend approval of Ryan and Robert Wordeman as owners on the Deadwood Resorts LLC Operator and Route Operator licenses (0217-OP & 0030-RO)
- ✓ Recommend approval of Ryan and Robert Wordeman as owners of the Black Hills Management LLC Operator and Route Operator Licenses (0219-OP & 0031-RO)
- ✓ Recommend approval of Carol Case as an additional owner of the Deadwood Gulch Saloon Gaming Licenses (0121-OP, 0080-RT, 0176-RT & 343-RT)

Commissioner Ortner made a motion to approve the staff's recommendation of approvals of Business Licenses and License Requests. Commissioner Fischer seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Scheduling of Next Quarterly Meeting

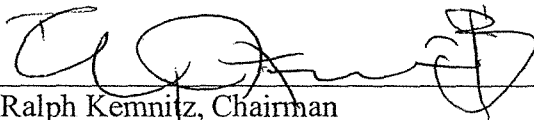
Tentatively the next quarterly meeting will be held starting in the afternoon of June 2 and continuing through June 3, 2009.

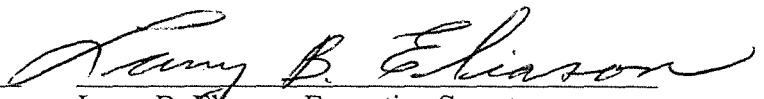
Adjournment

Commissioner Fischer made a motion to adjourn the meeting. Commissioner Thompson seconded the motion. A roll call vote was called for. Commissioners Kemnitz, Ortner, Thompson and Fischer unanimously approved the motion. Commissioner Lyons was absent.

Respectfully Submitted,

Teri L. Porter


Ralph Kemnitz, Chairman


Larry B. Eliason, Executive Secretary

South Dakota Commission on Gaming Quarterly Meeting

MINUTES

June 2 & 3, 2009

Tuesday June 2, 2009

At 1:30 p.m. the meeting was called to order. Commissioners Ralph Kemnitz, Michael Ortner, Karl Fischer, Karen Crew and Rita Thompson were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Mark Aspaas, Commission Architect; Craig Sparrow, Director of Operations and Enforcement.

Commissioner Kemnitz welcomed new Commissioner, Karen Crew.

ADMINISTRATIVE HEARINGS

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

- SDCOG vs. Ronald Russo
- Petition for Declaratory Ruling – B.Y. Development, Inc.(Cadillac Jacks Building Designation)
- Petition for Declaratory Ruling – Midwest Motels of Deadwood II, LLC. (Building Designation Bodega I)
- Elektroncek, d.d. (gaming device)

Disciplinary Hearing

Attorneys present representing Mr. Russo were, Tom Brady and Dylan Wilde. A request was made for the following:

- Amend the Answer to Complaint
- Sequester Witnesses
- Judicial notice w/ 3 Exhibits
- Continuance due to the number of witnesses and the amended answer

Commissioner Fischer made a motion to accept the amended answer to the complaint. Commissioner Ortner seconded the motion. Motion carried unanimously.

Commissioner Crew made a motion accept the motion to Sequester of witnesses. Commissioner Thompson seconded the motion. Motion carried unanimously.

Commissioner Ortner made a motion to accept judicial notice with 3 Exhibits relating to state criminal records of three individuals relating to this matter. Commissioner Fischer seconded the motion. Motion carried unanimously.

Commissioner Ortner made a motion to continue the hearing on July 8, 2009 with a location to be determined later and on page 5 of complaint, strike out section 2.a.. Commissioner Crew seconded the motion. Motion carried unanimously.

Petitions for Declaratory Rulings

BY Development, Inc. (Cadillac Jacks)

B.Y. Development, Inc., represented by Roger Tellinghusien, requested approval for 2 additional buildings existing in Cadillac Jacks, which were proposed as Building 7 and 8 for gaming purposes.

Matter was deferred for discussion to Executive Session.

Midwest Motels of Deadwood II, LLC (Bodega I Building)

Midwest Motels of Deadwood II, LLC, represented by Roger Tellinghusien, requested the Commission approve that the Bodega Bar facility be designated as 2 buildings for gaming purposes based on historic evidence and to grant a variance for the inner opening from top of barrier to ceiling.

Matter was deferred for discussion to Executive Session.

Elektroncek d.d. (Gaming Device)

Elektroncek dd was represented by attorney Mike Dietrich, the matter to be asserted is whether the gaming device Mega Star 8 Roulette machine which employs both an Electronic and Mechanical Random Number Generator constitutes as a slot machine under South Dakota Law.

The matter was deferred for discussion to Executive Session.

Motion was made by Commissioner Kemnitz to adjourn the meeting and to continue on Wednesday June 3, 2009 at 9:00 a.m. Motion was seconded by Commissioner Ortner. Motion carried unanimously.

Wednesday June 3, 2009

At 9:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Michael Ortner, Karl Fischer, Karen Crew and Rita Thompson were present. 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.

Table Game Demonstration

A table game demonstration of Mississippi Stud and Ultimate Texas Hold 'Em was made by Shuffle Master. The rules for these new games will be addressed in the proposed rule changes.

Proposed Rule Changes

A public hearing was held on the proposed rule changes.

Commissioner Ortner made a motion to approve the proposed Horse Racing rule changes. Commissioner Fischer seconded the motion. Motion carried unanimously.

Commissioner Ortner made a motion to approve the proposed slot machine rule changes with the exception of 20:18:17.03., and to adopt rules to include any changes by LRC and as further modified by staff. Commissioner Fischer seconded the motion. Motion carried unanimously.

Commissioner Ortner made a motion to approve the proposed poker rules for the games demonstrated. Commissioner Crew seconded the motion. Motion carried unanimously.

ADMINISTRATIVE HEARINGS (Disciplinary)

Commissioner Kemnitz appointed Commission Ortner to carry out the duties of hearing officer. The following cases were scheduled to be heard:

- SDCOG vs. Sabrina Wright
- SDCOG vs. Josef Catches
- SDCOG vs. Teryn Lance

SDCOG vs. Sabrina Wright

Ms. Wright was not present for the hearing but had contacted Agent Heltzel prior and told him that she was ill and would be unable to attend. The Complaint stated that while working as a cashier at Hickoks Iron Horse, Ms. Wright took a purse not belonging to her from the cashier's cage. Her support license was not renewed for 2009. Staff recommended that she be found unsuitable to hold a gaming license. The matter was deferred to Executive Session for discussion.

SDCOG vs. Josef Catches

Mr. Catches was not present for the hearing. The compliant stated that while working as a dealer at the Lucky Nugget, Mr. Catches stole four \$25.00 chips from the poker podium and redeemed the chips for cash at the cage. His support license was not renewed for

2009. Staff recommended that he be found unsuitable to hold a gaming license. The matter deferred to Executive Session for discussion.

SDCOG vs. Teryn Lance

Mr. Lance was not present for the hearing. The compliant stated that while employed as a route man for AG Trucano, he intentionally did not pay a customer at the Bodega the full amount of his winnings and kept part of the customer's winnings for himself. After being confronted, he surrendered his license and the money was returned to the customer. His employment with AG Trucano was terminated. His license was not renewed for 2009 and staff recommended that he be found unsuitable to hold a gaming license. The matter deferred to Executive Session for discussion.

The Commission then went into Executive Session.

Executive Session

Following the Executive Session the Commission took the following actions;

DECISION ON DECLARATORY RULINGS

B.Y. Development Inc.

Commissioner Fischer made a motion to issue a building designation for building 7 but not building 8. Commissioner Ortner seconded the motion. Commissioner Kemnitz opposed the motion. Roll call vote was made;

Fischer – Aye

Crew – Aye

Thompson – Aye

Kemnitz – Nay

Ortner – Aye

On a 4 to 1 vote motion carried.

MidWest Motels of Deadwood II, LLC

Commissioner Ortner made a motion to approve Bodega Bar as a 2 building designation subject to the installation of a water curtain and an appropriate wall between the 2 buildings. Commissioner Thompson seconded the motion. Motion carried unanimously.

Elektroncek, d.d.

Commissioner Crew made a motion that the roulette themed game that uses both an electronic and mechanical Random Number Generator is considered a slot machine under

South Dakota Law. Commissioner Ortner seconded the motion. Motion carried unanimously.

Decision on Administrative Hearings

SDCOG vs. Sabrina Wright

Commissioner Ortner made a motion that Sabrina Wright be found unsuitable to hold a gaming license. Commissioner Fischer seconded the motion. Motion carried unanimously.

SDCOG vs. Josef Catches

Commissioner Fischer made a motion that Josef Catches be found unsuitable to hold a gaming license and to impose a \$1,500.00 fine to be paid within 30 days. Commissioner Crew seconded the motion. Motion carried unanimously.

SDCOG vs. Teryn Lance

Commissioner Crew made a motion that Teryn Lance be found unsuitable to hold a gaming license and to impose a \$1,500.00 fine to be paid within 30 days. Commissioner Ortner seconded the motion. Motion carried unanimously.

The meeting was adjourned until 1:15 pm for lunch.

GENERAL MEETING

Commissioner Kemnitz called the General Business meeting to order. Commissioner Kemnitz, Thompson, Crew and Fisher were present. Commissioner Ortner was unable to remain for the General Business meeting due to a scheduling conflict.

Approval of Agenda

Commissioner Fischer moved to approve the agenda. Commissioner Crew seconded the motion. Motion carried unanimously.

No conflicts of interest were noted on the agenda.

March 25, 2009 Meeting Minutes

Commissioner Fischer moved to adopt the minutes of the March 25, 2009 meeting. Commissioner Thompson seconded the motion. Motion carried unanimously.

Stipulation of Assurance and Voluntary Compliance

Ronald Russo

Commissioner Fischer made a motion to accept stipulation and approve the monetary penalty of \$500.00, for failing to maintain surveillance and failure to report malfunction. Commissioner Thompson seconded the motion. Motion carried unanimously.

Gold Dust Gaming, Inc.

Commissioner Crew made a motion to accept the stipulation and approve the monetary penalty of \$1,000.00, for failing to report a Minimum Bankroll deficiency. Commissioner Thompson seconded the motion. Motion carried unanimously.

Robert D. Johnson

Commissioner Fischer made a motion to accept and approve the monetary penalty of \$1,000.00 with \$200.00 suspended for the use of an unauthorized substance in horses at the Fort Pierre Horse Race Track. Commissioner Crew seconded the motion. Motion carried unanimously.

Association of Racing Commissioners International Annual Convention

Executive Secretary, Larry Eliason and Commissioner Kemnitz gave a report on the convention and ARCI plans for the future.

Live Horse Racing Season

Executive Secretary, Larry Eliason, discussed the 2009 Horse Racing Season, revenue generated and funding issues for SD live horse racing.

Professional Service Contracts -FY 2010

Commissioner Fischer made a motion to accept the contract with Architecture Incorporated. Commissioner Crew seconded the motion. Motion carried unanimously.

Commissioner Crew made a motion to accept the contract with Gaming Laboratories International. Commissioner Fischer seconded the motion. Motion carried unanimously.

Commissioner Fischer made a motion to accept the contract for legal service with May, Adams, Gerdes & Thompson, LLP. Commissioner Thompson seconded the motion. Motion carried unanimously.

Deadwood Licensing Matters

Key License Approvals

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

- ✓ Nancy Fields
- ✓ Shari Green

Business License Approval and License Requests

Director of Operations/Enforcement Sparrow recommended that the following requests;

- ✓ Approval of Caleb Arceneaux as owner of a Retail license (0468-RT) to be assigned to Cadillac Jacks 7 effective the beginning of July.
- ✓ Approval of Deadwood Resorts, LLC as owner of 3 Retail licenses (0469, 0470 & 0471-RT) to be assigned to The Lodge at Deadwood.
- ✓ Approval of Thomas Morris and Kyle Scholten as additional owners on the Deadwood Resorts, LLC gaming licenses (217-OP; 0030-RO, 0469, 0470 & 0471-RT's).

Commissioner Fischer made a motion to approve the Key License Approvals and Business License Approvals that staff recommended. Commissioner Crew seconded the motion. Motioned carried unanimously.

Business License Renewals

Director Sparrow recommended the approval of all Operators, Route Operators, and Retails licenses listed on pages 199-206 of the meeting packet. It was noted that all property taxes were paid except for the following locations:

- ✓ Deadwood Development 0200-OP
- ✓ Lee Street Station – J Sternhagen 0266-RT
- ✓ Martin Mason I 0317-RT
- ✓ Martin Mason II 0318-RT
- ✓ McKenna's Gold – J Sternhagen 0267-RT
- ✓ The Chase – J Sternhagen 0268-RT
- ✓ The Gallows I – Trucano 0389-RT
- ✓ The Gallows II – Trucano 0392-RT
- ✓ Wooden Nickel Casino 0316-RT
- ✓ Gold Country Inn 0138-RT

Approval for the above listed licenses was made with the condition that the applicant's property tax is paid before June 30, 2009. Licenses will be held until proof of payment is received.

Commissioner Thompson made a motion to approve the business license renewals identified on pages 199-206 of the Commission packet with the condition upon the above listed business licenses that their real estate taxes be paid by June 30, 2009. Commissioner Fischer seconded the motion. Motion carried unanimously.

Commission Retreat

A retreat for commissioners and senior staff is tentatively scheduled for August 17, 2009 with the location to be determined later.

Schedule for 3rd and 4th Quarter Meetings

July 8, 2009	Special Hearing Meeting (Ron Russo Case)
September 9, 2009	Quarterly Business Meeting
November 24, 2009	Quarterly Business Meeting

Commissioner Fischer made a motion for a brief executive session meeting to discuss legal and background investigation matters. Commissioner Crew seconded the motion. Motion carried unanimously.

Upon completion of Executive Session election of officers was held.

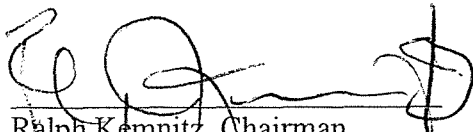
Election of Officers for FY 2008

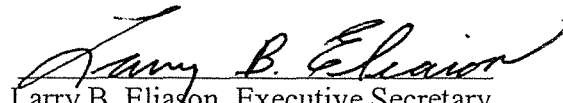
Commissioner Thompson nominated Commissioner Kemnitz to serve as the Chairman of the Commission. Commissioner Kemnitz was elected Chairman. Commissioner Crew nominated Commissioner Fischer as the Vice Chairman of the Commission. Commissioner Fischer nominated Commissioner Ortner as the Vice Chairman of the Commission. Commissioner Fischer was elected Vice Chairman.

Meeting was adjourned.

Respectfully Submitted,

Kathy Fredericksen


Ralph Kemnitz, Chairman


Larry B. Eliason, Executive Secretary



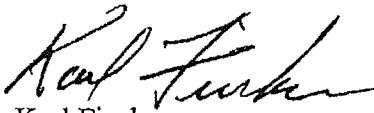
221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

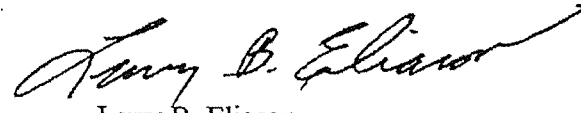
MINUTES OF SPECIAL MEETING OF
SOUTH DAKOTA COMMISSION ON GAMING
AUGUST 17,-18, 2009

The South Dakota Commission on Gaming held a special meeting on Monday and Tuesday, August 17-18, 2009, in the basement conference room of the Holiday Inn Express, 22 Lee Street, Deadwood, South Dakota.

The purpose of the meeting was to hear testimony in the matter of South Dakota Commission on Gaming vs. Ronald Russo. This hearing was conducted by Leo Disburg, chief administrative hearing examiner for the State of South Dakota. Commissioners present were: Karl Fischer, Karen Crew and Michael Ortner.

No official action was taken.


Karl Fischer
Vice Chairman

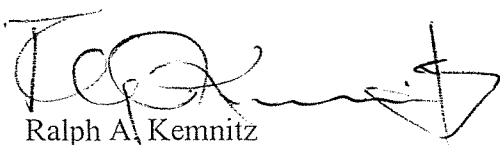

Larry B. Eliason
Executive Secretary

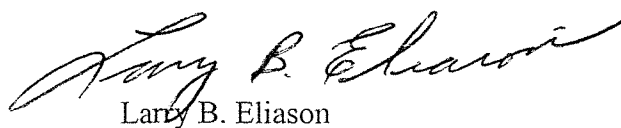
MINUTES OF SPECIAL MEETING OF
SOUTH DAKOTA COMMISSION ON GAMING
AUGUST 24, 2009

The South Dakota Commission on Gaming held a special meeting on Monday, August 24, 2009, at McClelland's Steakhouse, 902 West Walleye Drive, Fort Pierre, South Dakota. The purpose of this meeting was to hold a retreat for Commission members and senior staff.

Commissioners present were Ralph "Chip" Kemnitz, Karl Fischer, Rita Thompson, Mike Ortner and Karen Crew. Also present were Larry Eliason, executive secretary, Craig Sparrow, director of enforcement and operations, Danna Bren, administrative assistant, Susan Christian, operations manager, Teri Porter, pari mutuel auditor and Michael Shaw, Commission counsel.

Former Commissioner Shawn Lyons was recognized for his past service to the Commission. No other official action was taken at this meeting.


Ralph A. Kemnitz
Chairman


Larry B. Eliason
Executive Secretary

SOUTH DAKOTA COMMISSION ON GAMING QUARTERLY MEETING

MINUTES September 9, 2009

At 9:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Rita Thompson, Michael Ortner, Karl Fischer and Karen Crew were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement; Mark Aspass, Commission Architect.

ADMINISTRATIVE HEARINGS:

The court reporter for the administrative hearings was Theresa Fink. The following cases were scheduled to be heard:

- G.W. Ecoffey – Appeal of Racing Steward's Ruling
- SDCOG vs. Wade A. Mackey
- SDCOG vs. Joshua Griffin
- Petition for Declaratory Ruling – Midwest Motels of Deadwood II, LLC, (inner access)
- Petition for Declaratory Ruling – Deadwood Hospitality Resort, LLC, (building designation)

Commissioner Kemnitz appointed Commissioner Ortner to carry out the duties of hearing officer.

Appeal of Racing Steward's Ruling

G.W. Ecoffey requested an appeal of the Board of Steward's ruling in a race at Ft. Pierre. Mr. Ecoffey was not present so he defaulted his appeal. The Board of Steward's imposed a \$500.00 fine and suspended his racing license for 4 days, for having the presence of Flunixin in the horse that he raced at Ft. Pierre.

Commissioner Ortner made a motion to uphold the Board of Steward's ruling. Commissioner Thompson seconded the motion. Motion carried unanimously.

SDCOG vs. Wade Mackey

Mr. Mackey pleaded guilty to the charge of Stalking which is a Class 6 Felony and his gaming license was suspended. He was not present for the hearing. Commissioner Ortner made a motion to revoke his gaming license and impose a monetary fine of \$500.00. Commissioner Fischer seconded the motion. Motion carried unanimously.

SDCOG vs. Joshua Griffin

Mr. Griffin was not present for the hearing. A complaint was filed that he stole a \$100.00 chip from the cage at Gold Dust Gaming, where he was employed at the time. He admitted to the theft and surrendered his support license. Commissioner Ortner made a motion to revoke his gaming license and impose a monetary fine of \$200.00. Commissioner Fischer seconded the motion. Commissioner Crew opposed the motion. A roll call vote was made.

Fischer – Aye
Crew – Naye
Thompson – Aye
Kemnitz – Aye
Ortner – Aye

On a 4 to 1 vote carried.

Petition for Declaratory Ruling

Midwest Motels of Deadwood II, LLC

Midwest Motels of Deadwood, represented by Roger Tellinghuisen, requested the Commission to approve the amendment to Exhibit C. for inner access.

Matter was deferred to Executive Session.

Deadwood Hospitality Resorts, LLC

Deadwood Hospitality Resorts, LLC, represented by Roger Tellinghuisen, requested the Commission to approve the amended petition on building designation. To approve inner access to building 2 and building 3 and add new construction which will be building 8. Mr. Tellinghuisen requested an amendment to the petition to state approval to enlarge the existing proposed building 3 expansion and new construction which will be building 8. Commissioner Ortner made a motion to allow the proposed amendment to current petition and that the document will be filed with Commission attorney by the next day. Commissioner Fischer seconded the motion. Motion carried unanimously.

Matter was deferred to Executive Session

GENERAL MEETING

Upon conclusion of the hearings Commissioner Kemnitz called the general meeting to order.

Approval of Agenda

Commissioner Fischer moved to approve the agenda. Commissioner Crew seconded the motion and the motion passed unanimously.

Conflicts of Interest

No conflicts of interest were noted on the agenda.

June 2-3, 2009 Regular Meeting

Commissioner Ortner moved to adopt the minutes and to amend the wording of Declaratory to Declaratory, drafted for the June 2-3, 2009 meeting. Commissioner Thompson seconded the motion. Motion carried unanimously.

August 17-18, 2009 Special Meeting

Commissioner Ortner moved to adopt the minutes and to amend the wording of Ronal to Ronald, drafted for the August 17-18, 2009 special meeting held in Deadwood. The purpose of the special meeting was to hear testimony in the matter of SDCOG vs. Ronald Russo. Commissioner Fischer seconded the motion. Motion carried unanimously.

August 24, 2009 Special Meeting

Commissioner Ortner moved to adopt the minutes drafted for the August 24, 2009 special meeting held in Pierre. The purpose of this meeting was to hold a retreat for Commission members and senior staff. Commissioner Crew seconded the motion. Motion carried unanimously.

Stipulations of Assurance and Voluntary Compliance

Jason Kimler

Commissioner Ortner made a motion to reject stipulation and direct staff that this matter be reopened at the next meeting as an administrative hearing. Commissioner Crew seconded the motion. Motion carried unanimously. Mr. Kimler took an abandoned slot machine ticket from the shift supervisor's office at the Gold Dust Casino, cashing the ticket which was worth \$33.00. He returned the money and his license was surrendered for 7 days. His employment was terminated but now is working at another casino in town.

Four Aces Gaming LLC

A complaint was filed that licensee had several slot machines with broken logic door seals and was imposed a monetary fine of \$450.00.

First Gold, Inc.

A complaint was filed that licensee had several slot machines with broken logic door seals and was imposed a monetary fine of \$500.00.

GR Deadwood, LLC

A complaint was filed that licensee had several slot machines with broken logic door seals and was imposed a monetary fine of \$750.00.

AG Trucano Son & Grandsons

A complaint was filed that licensee had several slot machines with broken logic door seals and was imposed a monetary fine of \$1,150.00.

The penalties for broken logic door seals was based on the number of devices that seals were broken.

Commissioner Ortner made a motion to accept the stipulations and approve the monetary penalties of the 4 properties listed above. Commissioner Crew seconded the motion. Motion carried unanimously.

Ken Dixon

Commissioner Fischer made a motion to accept the stipulation, for playing credits left on the device while employed in a Key License capacity at Celebrity Hotel. His employment was terminated. He surrendered the Key License and paid \$50.00 and was issued a support license. Commissioner Thompson seconded the motion. Motion carried unanimously.

Deadwood Licensing Matters

Key License Approvals

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

- ✓ Donna Gullickson
- ✓ Kim Morris
- ✓ Patrick Jensen
- ✓ Merrill Ellis
- ✓ Jerome Carda
- ✓ Ray Hayes
- ✓ Judith Braut

✓ Scott Roberts

Commissioner Crew made a motion to approve the Key License Approvals that staff recommended. Commissioner Ortner seconded the motion. Motioned carried unanimously.

Business License Approval and License Requests

Director of Operations/enforcement Sparrow recommended that the following requests;

- ✓ Approval of the request of Foggy Notion to move its 3 retail licenses (**0224, 0355 & 0356-RT's**) from Four Aces 1, 2 & 3 to an unassigned location effective the end of September.
- ✓ Approval of Terry Houk for two additional Retail licenses and that all 3 of his retail licenses (**0463, 0478 & 0479-RT's**) be assigned to Four Aces 1, 2 and 3 effective the beginning of October.
- ✓ Approval of Troy Idhe as owners of 3 Retail licenses (**0472, 0473 & 0474-RT's**) to be assigned to The Lodge at Deadwood.
- ✓ Approval of the request of Wes Pleinis to place his 3 Retail licenses (**0354, 0399 & 0416-RT's**) to be assigned at The Lodge at Deadwood.
- ✓ Approval of the request of Tracy Islands to place 1 Retail licenses (**0326-RT**) to be assigned at the Lodge at Deadwood.
- ✓ Approval of the request of Gold Dust Gaming, Inc to move their 3 retail licenses (**0418, 0419 & 0420-RT**) currently assigned to Gold Dust IA, Gold Dust IIA and Legends to an unassigned location.
- ✓ Approval of the request of Foggy Notion, LLC to place its 3 retail licenses (**0224, 0355 & 0356-RT's**) at the Gold Dust locations being vacated by Gold Dust Gaming Inc.
- ✓ Approval of the request to move one of Mike Trucano's retail licenses (**0389-RT**) currently assigned at "The Gallows" to the Blondie's retail location and move his 2nd retail license (**0392-RT**) to an unassigned location.

Commissioner Ortner made a motion to approve the Business License Approvals and Requests that staff recommended. Commissioner Fischer seconded the motion. Motion carried unanimously.

Schedule of Next Meeting

The next commission meeting has been scheduled for Tuesday, November 24, 2009.

Upon the conclusion of the General Business portion of the meeting the Commissioners retired to Executive Session.

EXECUTIVE SESSION

Commissioner Ortner made a motion to go into Executive session to deliberate on evidence during hearings and to confer with legal counsel. Commissioner Fischer seconded the motion. Motion carried unanimously.

After coming out of the Executive Session, the Commission took the following actions.

Decision –Midwest Motels of Deadwood II, LLC, (inner access)

Commissioner Thompson made a motion to approve amended petition to include that all 3 openings have water curtains. Commissioner Crew seconded the motion. Motion carried unanimously.

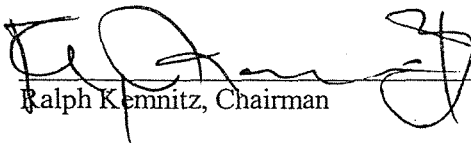
Decision - Deadwood Hospitality Resorts, LLC – Building Designation

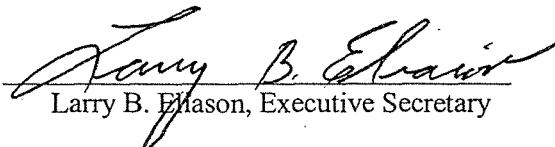
Commissioner Ortner made a motion to approve the new building 8 designation and the expansion as proposed to the existing building 3 area with all openings to include water curtains. This is subject to the proposed amended petition to be filed by petitioner with Mike Shaw, Commission Counsel. Commissioner Fischer seconded the motion. Motion carried unanimously.

Commissioner Ortner made a motion to adjourn the meeting. Commissioner Fischer seconded the motion. Motion carried unanimously.

Following the adjournment of the meeting the Commissioners toured the Lodge at Deadwood project.

Respectfully submitted,
Kathy Fredericksen


Ralph Kemnitz, Chairman


Larry B. Elason, Executive Secretary

South Dakota Commission on Gaming Special Meeting

MINUTES
November 4, 2009

At 4:00 p.m. the special meeting, held at the conference room of the Mineral Palace Hotel, was called to order by Commissioner Ralph Kemnitz. Commissioner Ralph Kemnitz, Commissioner Rita Thompson, Commissioner Karen Crew, Commissioner Karl Fischer and Commissioner Michael Ortner were present. Michael Shaw, Commission Attorney, participated by teleconference from Pierre. Staff members present for the meeting were Larry Eliason, Executive Secretary; and Craig Sparrow, Director of Operations and Enforcement.

GENERAL MEETING

Larry Eliason noted that there would be a panel discussion for all current and past Commissioners at Deadwood City Hall starting at 6:30 p.m. This was taking place as part of a series of events celebrating the 20th Anniversary of Deadwood gaming.

September 9, 2009 Meeting

Commissioner Ortner made a motion to adopt the revised drafted minutes for the September 9, 2009 quarterly meeting. Commissioner Fischer seconded the motion. Motion carried unanimously.

Stipulations of Assurance and Voluntary Compliance

Badlands Gaming, LLC

Commissioner Ortner made a motion to accept the stipulation and approve the monetary penalty of \$500.00 for failing to report Minimum Bankroll deficiency. Commissioner Crew seconded the motion which carried unanimously.

Gold Dust Gaming, Inc.

Commissioner Crew made a motion to accept the stipulation and approve the monetary penalty of \$200.00 for failing to provide the commission a copy of pleadings served on it in Civil Case number CIV 08-599, filed in the Fourth Judicial Circuit Court. Commissioner Thompson seconded the motion which carried unanimously.

Deadwood Licensing Matters

Business License Requests

Director of Operations/Enforcement Sparrow recommended approval of the following Business License Requests:

- ✓ Recommend approval of the request of Donna Kellar to place 1 retail license (0373-RT) at the Iron Horse Inn effective the beginning of December.
- ✓ Recommend approval of the request of Roxie Knight to move her retail license (0382-RT) currently assigned to Iron Horse Inn to an unassigned location.

Commissioner Ortner made a motion to approve the license request for Donna Kellar. Commissioner Crew seconded the motion which carried unanimously. The request of Roxie Knight to move her retail license to an unassigned location was deferred to the November 24, 2009 meeting.

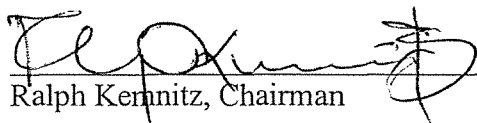
Executive Session

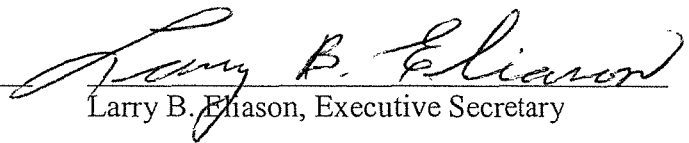
Commissioner Fischer made a motion to go into Executive Session to confer with legal counsel and discuss other pending legal matters. Commission Ortner seconded the motion. Motion carried unanimously.

After coming out of Executive Session, the meeting was adjourned.

Respectfully Submitted,

Kathy Fredericksen


Ralph Kernnitz, Chairman


Larry B. Elison, Executive Secretary

South Dakota Commission on Gaming Quarterly Meeting and Public Hearing on Proposed Rules
Deadwood City Hall, Deadwood, South Dakota

MINUTES
November 24, 2009

At 09:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Commissioner Rita Thompson, Commissioner Karen Crew, Commissioner Karl Fischer, and Commissioner Michael Ortner were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Mark Aspass, Commission Architect; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement.

ADMINISTRATIVE HEARINGS

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

- Deadwood Hospitality Resort, LLC – Petition for Declaratory Ruling (Building Designations)
- SDCOG vs. Jason Kimler
- SDCOG vs. Stephanie Rittberger
- SDCOG vs. Christopher McAdams
- SDCOG vs. Keith Butcher

Commissioner Kemnitz appointed Commissioner Ortner as the hearings officer.

Deadwood Hospitality Resort, LLC – Petition for Declaratory Ruling

Deadwood Hospitality Resort, LLC, requested through their attorney Roger Tellinghuisen, to amend a building designation previously granted by the Commission, due to changes in building plans as a result of higher than anticipated construction costs.

Disciplinary Hearings

SDCOG vs. Jason Kimler

Mr. Kimler was present for the hearing. Commissioner Kemnitz said he was content with the original stipulation and made a motion to approve the stipulation. Commissioner Fischer seconded the motion. Roll call vote.

Fischer	Aye
Crew	Naye
Thompson	Aye
Kemnitz	Aye
Ortner	Aye

Motion was approved.

SDCOG vs. Stephanie Rittberger

Ms. Rittberger was present for the hearing. A complaint was filed alleging that on or about October 11, 12, 13, and 14 she downloaded points from customer's players' club accounts and used those points to play slot machines or cash out slot machines at the Mineral Palace, where she was employed at the time. In the four days an estimated amount of \$987.00 was taken and a ticket for \$426.10 was returned. Her support license was surrendered. Staff recommended that her license be revoked. Decision was deferred to Executive Session.

SDCOG vs. Christopher McAdams

Mr. McAdams was not present for the hearing. A complaint was filed that he stole gaming chips from trays at poker and blackjack tables at the Lucky Nugget, where he was employed. He is no longer employed there and is now working in Colorado. In South Dakota he has a warrant out for petty theft charge. Staff recommended that his license be revoked. Decision deferred to Executive Session.

SDCOG vs. Keith Butcher

Mr. Butcher was not present for the hearing. A complaint was filed that on October 15, 2009 he pled guilty to the charge of Driving Under the Influence 4th, which is a felony. His license was suspended and staff recommended that his license be revoked. Decision deferred to Executive Session.

Proposed Rule Changes

Horse Racing Rules

Commissioner Fischer made a motion to accept the change of the amended rule ARSD 20:04:21:44 as proposed. Commissioner Crew seconded the motion which carried unanimously.

Commissioner Crew made a motion to accept the change of the amended rule ARSD 20:04:29:14, as proposed. Commissioner Ortner seconded the motion which carried unanimously.

Commissioner Crew made a motion to repeal rule ARSD 20:04:32:35, as the rule is in conflict with SDCL 42-7-82. Commissioner Ortner seconded the motion which carried unanimously.

Deadwood Gaming Rules

Commissioner Ortner made a motion to adopt rule ARSD 20:18:12.01:08, as proposed by staff. Commissioner Thompson seconded the motion which carried unanimously.

Commissioner Ortner made a motion to adopt the amendment to rule ARSD 20:18:12.01:09.01. Commissioner Thompson seconded the motion which carried unanimously.

General Meeting

Upon conclusion of the hearings Commissioner Kemnitz called the general meeting to order.

Approval of Agenda

Commissioner Kemnitz requested that an additional item be added to the agenda list, a report from Commissioners and staff that attended the G2E Gaming Convention.

Commissioner Ortner moved to approve the agenda with the additional item. Commissioner Thompson seconded the motion and the motion carried unanimously.

No conflicts of interest were noted on the agenda.

November 4, 2009 Meeting

Commissioner Ortner made a motion to adopt the drafted minutes from the November 4, 2009 special meeting. Commissioner Crew seconded the motion which carried unanimously.

Racing Licensing Matters

Simulcast Provider

Commissioner Ortner made a motion to approve the simulcast provider renewal application for AmWest Entertainment, LLC. Commissioner Crew seconded the motion which carried unanimously.

Simulcast Sites

Commissioner Ortner made a motion to approve the three simulcast sites, Riders Up, Triple Crown, and Time Out Lounge. Commissioner Crew seconded the motion which carried unanimously.

2010 Live Horse Racing Meetings

Commissioner Fischer made a motion to approve the racing dates for both tracks. Commissioner Crew seconded the motion which carried unanimously.

Allocations of Funds for 2010 Live Racing

Commissioner Ortner made a motion to approve the allocation of funds for live horse racing. Commissioner Fischer seconded the motion which carried unanimously.

Jockey Longevity Payments

Commissioner Fischer made a motion to approve the jockey longevity payments for the 2010 season. Commissioner Ortner seconded the motion which carried unanimously.

Deadwood Licensing Matters

Director of Operations/Enforcement Sparrow recommended the following License approvals and requests:

Key License Approval

Randy Nelson

Business License Approval and License Requests

- ✓ Approval of the request of Roxie Knight to move her retail license (0382-RT) currently assigned to Iron Horse Inn to an unassigned location effective the end of November.
- ✓ Approval of Sandra Bradsky as an additional owner on the Blue Sky Gaming, Inc. dba Tin Lizzie gaming licenses (0199-OP, 0018-RO, 0313-RT, 0314-RT, and 0315-RT).
- ✓ Approval of Jack Gunvordahl as owner of 3 Retail licenses (0480-RT, 0481-RT, and 0482-RT) effective the beginning of January 2010 and assign them to the three Super 8 locations. At that time the retail licenses of

Princeton, Inc. dba Lucky 8 Gaming Hall (0128-Rt, 0187-RT, and 0429-RT0 currently assigned at Super 8 will be canceled.

Key Renewals-2010

Director of Operations/Enforcement Sparrow recommended approving the renewal of Key Licenses for 2010 as listed on pages 77-83 in meeting packet.

Commissioner Fischer made a motion to approve the Key Approval, Business License Approvals and requests, and Key License Renewals that the staff recommended. Commissioner Crew seconded the motion which carried unanimously.

Executive Secretary's Travel to Racing Meetings

Commissioner Ortner made a motion to approve the Executive Secretary's travel to Tucson for the Association of Racing Commissioners International (ARCI) racing meetings and to authorize the reimbursement of expenses that is not covered by North American Pari-mutuel Regulators Association (NAPRA). Commissioner Crew seconded the motion which carried unanimously.

G2E Gaming Convention

Commissioners and staff that attended gave a report on the areas that they attended.

2010 Quarterly Meeting Dates

Executive Secretary Eliason recommended approval of the following meeting dates:

Wednesday, March 24th
Wednesday, June 9th
Wednesday, September 15th
Tuesday, November 23rd

EXECUTIVE SESSION

Commissioner Ortner made a motion to go into Executive Session to decide on the out come of the administrative hearings, confer with legal counsel and discuss other pending matters. Commissioner Fischer seconded the motion which carried unanimously.

After coming out of the Executive Session, the Commission took the following actions.

Decision Deadwood Hospitality Resort

Commissioner Ortner made a motion to approve the revised plans shown in Exhibit C for the proposed Room 3 and Room 8, on the condition that room 8 be built to gaming specifications, the openings between room 3 and room 8 comply with the 25% rule with the common wall, and all openings protected by approved water curtains. Commissioner Fischer seconded the motion which carried unanimously.

Decision Stephanie Rittberger

Commissioner Ortner made a motion that her support license be revoked. Commissioner Fischer seconded the motion which carried unanimously.

Decision Christopher McAdams

Commissioner Crew made a motion to revoke his support license and impose a monetary penalty of \$2,500.00 to be paid in 6 months. Commissioner Thompson seconded the motion which carried unanimously.

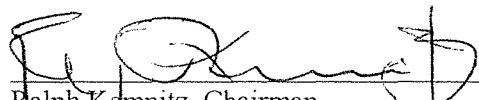
Decision Keith Butcher

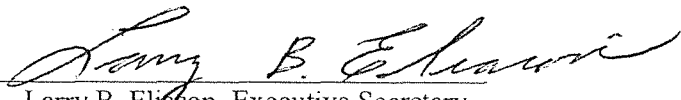
Commissioner Fischer made a motion to revoke his support license. Commissioner Ortner seconded the motion which carried unanimously.

Commissioner Fischer made a motion to adjourn the meeting. Commissioner Ortner seconded the motion which carried unanimously.

Respectfully Submitted,

Kathy Fredericksen


Ralph Kemnitz, Chairman


Larry B. Ellison, Executive Secretary

South Dakota Commission on Gaming Special Telephonic Meeting

MINUTES December 7, 2009

At 8:30 a.m. Central Standard Time (7:30 a.m. Mountain Time) the special telephonic meeting was called to order by Commissioner Ralph Kemnitz, who participated by teleconference from his home in Philip, SD. The following Commissioners participated by teleconference: Rita Thompson, at the school library in Buffalo, SD; Karen Crew, at her home in Sioux Falls, SD; Michael Ortner, at his office in Hot Springs, SD; and Karl Fischer, at the Gaming Commission Office in Pierre, SD. The following staff and individuals participated by teleconference: Mike Shaw, Commission Attorney and Teri Porter, Recording Secretary, at the Gaming Commission Office in Pierre, SD; Roger Tellinghuisen, Attorney and Craig Sparrow, Director of Enforcement and Operations at Mr. Tellinghuisen's office in Spearfish, SD; Larry Eliason, Executive Secretary, in Tucson, Arizona; and after Executive Session Thomas Rensch, General Manager Silverado, attended via teleconference at Mr. Tellinghuisen's office in Spearfish, SD.

GENERAL MEETING

Petition for Amendment to Rules

Discussion was held on the petition submitted by Roger Tellinghuisen on behalf of the Deadwood Gaming Association requesting amendments to the rules relating to free electronic slot play.

Deadwood Licensing Matters

Key License Approval and Renewals

Craig Sparrow, Director of Operations and Enforcement recommended approval of the following Key License and Renewals:

- ✓ Recommend approval Key License Approval for Lori Logan
- ✓ Recommend approval of Key License Renewals for Caleb Arceneaux, Terry Houk, James Haeder and Jason Sumners.

Commissioner Ortner made a motion to approve a key license and key license renewals. Commissioner Fischer seconded the motion. A roll call vote was recorded as follows:

Commissioner Kemnitz	Aye
Commissioner Ortner	Aye
Commissioner Thompson	Aye
Commissioner Fischer	Aye
Commissioner Crew	Aye

Motion carried unanimously.

Executive Session

Commissioner Ortner made a motion to go into Executive Session. Commission Fischer seconded the motion. A roll call vote was recorded as follows:

Commissioner Kemnitz	Aye
Commissioner Ortner	Aye
Commissioner Thompson	Aye
Commissioner Fischer	Aye
Commissioner Crew	Aye

Motion carried unanimously.

Petition for Amendment of Rules

After completion of the Executive Session, Commissioner Kemnitz made a motion to deny the petition for amendments to the rules. Commissioner Fischer seconded the motion. A roll call vote was recorded as follows:

Commissioner Kemnitz	Aye
Commissioner Ortner	Aye
Commissioner Thompson	Aye
Commissioner Fischer	Aye
Commissioner Crew	Aye

Motion carried unanimously.


Commissioner Fischer made a motion to adjourn the meeting. Commissioner Thompson seconded the motion. A roll call vote was recorded as follows:

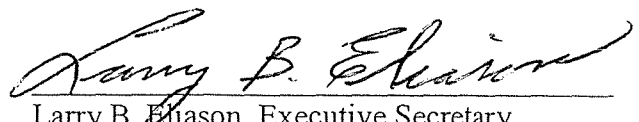
Commissioner Kemnitz	Aye
Commissioner Ortner	Aye
Commissioner Thompson	Aye
Commissioner Fischer	Aye
Commissioner Crew	Aye

Motion carried unanimously.

Respectfully Submitted,

Teri Porter


Ralph Kemnitz, Chairman


Larry B. Elason, Executive Secretary

South Dakota Commission on Gaming Special Meeting

MINUTES December 30, 2009

At 09:00 a.m. the special meeting of the SD Commission on Gaming was called to order. Commissioners Ralph Kemnitz, Commissioner Rita Thompson, Commissioner Karen Crew, Commissioner Karl Fischer, and Commissioner Michael Ortner were present. 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. The special meeting was requested pursuant to SDCL 42-7B-8 by the following parties listed below to discuss the Agreements relating to the proposed sale between the parties;

- ✓ Gold Dust Gaming, Inc.
- ✓ Four Aces Gaming, LLC
- ✓ Four Aces Holding, LLC

Deadwood Licensing Matters

Craig Sparrow, Director of Operations and Enforcement recommended approval of the following:

- ✓ Nathan Kessler as an additional owner on the Four Aces Gaming, LLC Operator **(215-OP)** and Route Operator **(0029-RO)** Licenses. In addition, staff recommends upon execution of the "*Assignment of Membership Interest*" where Bill and Tom Wohlers assign their membership interest in Four Aces Gaming, LLC to Nathan Kessler, that Four Aces Gaming, LLC be approved for 3 Retail Licenses **(0475, 0476 & 0477-RT's)**.

The decision on the recommendations was deferred to Executive Session.

Contract Approval Request

A request to approve the proposed contracts for the sale of Assets from Gold Dust Gaming, Inc to Four Aces Holding, LLC (non-gaming assets) and Four Aces Gaming, LLC (gaming assets) was presented. Roger Tellinghuisen representing Gold Dust Gaming, Inc. and one of its owners Bill Wohlers was present. Four Aces Holding, LLC was represented by Jeff Lamont and Don Dunham with his attorney John Archer and representing Four Aces Gaming LLC, was Bill Wohlers and Nathan Kessler.

Also present at the meeting was Rick Martin, President of the Great Western Bank that is financing the proposed sale between the parties and Greg Klein, who has a judgment against one of the parties to the sale that could affect it. Mr. Klein's attorney, Tom Brady, was also present.

The structure of the sale being requested was to sell all gaming assets to Four Aces Gaming, LLC, a licensed Operator and Route Operator by the SD Commission on Gaming and all non gaming assets including the real estate to Four Aces Holding, LLC. Four Aces Holding, LLC is comprised of 50% ownership by High Noon Investments, LLC (Don and Christine Dunham), 35% ownership by King of Diamonds, LLC (Jeff Lamont) and 15% ownership by Four Aces Lodging, LLC (Lamont Companies-6%, Whitewood LP-4.9995% and Chris Lamont-4.0005%). Don & Christine Dunham and Jeff Lamont have recently submitted application for licensure with the SD Commission on Gaming and background investigations are pending.

Commissioner Ortner made a motion to go into Executive Session pursuant to SDCL 42-7B-8.1 (1) & (5) to discuss all contracts included in the request. Commissioner Fischer seconded the motion which carried unanimously.

Executive Session

After coming out of Executive Session the following motions were made.

Commissioner Ortner made a motion to approve the contractual agreements identified below for the proposed sale between Gold Dust Gaming, Inc. and Four Aces Holding, LLC & Four Aces Gaming, LLC;

- ✓ Agreement for Sale and Purchase of Assets and Covenant Not to Compete between Gold Dust Gaming, Inc., and Four Aces Holding, LLC, (non-gaming)
- ✓ Agreement for Sale and Purchase of Assets and Covenant Not to Compete between Gold Dust Gaming, Inc., and Four Aces Gaming, LLC, (gaming)
- ✓ Assignment and Assumption Agreement between Gold Dust Gaming, Inc., and Four Aces Holding, LLC, (non-gaming contracts and leases).
- ✓ Assignment and Assumption Agreement between Gold Dust Gaming, Inc., and Four Aces Gaming, LLC, (gaming contracts and leases which include assumption of route agreements and space leases, as well as management agreements including retail licenses).

The approval is contingent upon the transaction taking place, that clear, good and sufficient title can be transferred to the property and that notification of the date of closing is provided to the Executive Secretary. Commissioner Fischer seconded the motion which carried unanimously.

Commissioner Ortner made a motion to approve Nathan Kessler as an additional owner of Four Aces Gaming, LLC Operator and Route Operator licenses and upon execution of the Assignment of Membership Interest, approve Four Aces Gaming LLC for 3 retail licenses. Commissioner Crew seconded the motion which carried unanimously.

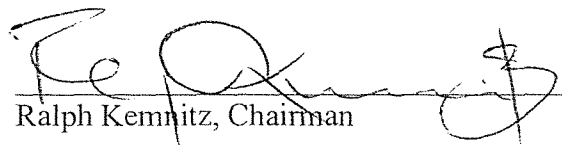
Commissioner Ortner made a motion to approve a conditional Operators license for Four Aces Holding, LLC, with proposed ownership by Don Dunham, Christine Dunham and Jeff Lamont. This license is conditional upon full compliance and cooperation with the staff during the background investigation so that if at all possible the issuance of a permanent license can be

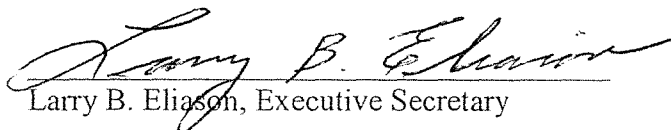
made at the March 2010 Commission meeting. Commissioner Thompson seconded the motion which carried unanimously.

The meeting was adjourned.

Respectfully Submitted,

Kathy Fredericksen


Ralph Kemnitz, Chairman


Larry B. Eliason, Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

SOUTH DAKOTA COMMISSION ON GAMING QUARTERLY MEETING

MINUTES **March 24, 2010**

At 9:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Rita Thompson, Michael Ortner, Karl Fischer and Karen Crew were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement; Mark Aspass, Commission Architect.

The Quarterly Business Meeting portion of the agenda was conducted first to allow time for the arrival of the court reporter.

GENERAL MEETING

The business meeting was called to order by Commissioner Kemnitz.

Danna Bren Recognition

Larry Eliason presented Danna Bren with a plaque stating March 26, 2010, to be proclaimed as her day. She is retiring after 20 years.

Approval of Agenda

Commissioner Ortner moved to approve the agenda. Commissioner Fischer seconded the motion and the motion passed unanimously.

Conflicts of Interest

No conflicts of interest were noted on the agenda.

November 24, 2009 Quarterly Meeting

Commissioner Ortner made a motion to adopt the drafted minutes from the November 24, 2009, quarterly meeting. Commissioner Fischer seconded the motion which carried unanimously.

December 7, 2009 Special Teleconference Meeting

Commission Ortner made a motion to adopt the drafted minutes from the December 7, 2009, special teleconference meeting. Commissioner Fischer seconded the motion which carried unanimously.

December 30, 2009 Special Meeting

Commissioner Ortner made a motion to adopt the drafted minutes from the December 30, 2009, special meeting. Commissioner Thompson seconded the motion which carried unanimously.

GLI Testing Casino Systems Proposals

Representatives from GLI, Susan Lockett and Michael Price, discussed proposals for testing casino slot management systems. The testing would involve 10 properties in Deadwood and would take 1 week.

System Testing Proposal as outlined in meeting packet and dated December 2, 2009.

Commissioner Ortner made a motion to accept the system testing proposal and the time table to be determined by staff.

Internal Network Risk Assessment as outlined in meeting packet and dated March 12, 2010.

The two proposals could be combined as one for approximately \$49,000.00. The main concern by the commissioners was if this would be an expense for the state or the properties.

Commissioner Ortner made a motion that the first proposal be held as originally made and the second proposal to be continued at a future meeting under advisement with a possibility of the two proposals being combined. Commissioner Crew seconded the motion which carried unanimously.

Oglala Sioux Tribe Presentation

A representative from the Oglala Sioux Tribe, Mr. Wilcox, presented Danna Bren with a flag and quilt.

Stipulations of Assurance and Voluntary Compliance

Badlands Gaming

A complaint was filed for failing to maintain accurate and complete records that documented the Gross Gaming Revenue calculation and the correlating tax liability from January, 2008, through September, 2009.

Commissioner Fischer made a motion to accept the monetary penalty provided that the conditions are met. Commissioner Thompson seconded the motion which carried unanimously.

Association of Racing Commissioners International

Commissioner Crew made a motion to approve Ralph Kemnitz and Larry Eliason as voting representatives at the Association of Racing Commissioners International Annual Meeting. Commissioner Fischer seconded the motion which carried unanimously.

Racing Contracts

Laboratory Services

Commissioner Ortner made a motion to approve the laboratory service contract with Center for Tax Services. Commissioner Thompson seconded the motion which carried unanimously.

Veterinarian Services

Commissioner Crew made a motion to approve the veterinarian service contract with Cooper Animal Clinic. Commissioner Fischer seconded the motion which carried unanimously.

Consulting Services

Commissioner Crew made a motion to approve the consulting services on operating plans of multi jurisdictional tote hub applicant with Steve Barham. Commissioner Ortner seconded the motion which carried unanimously.

Racing Officials

Commission Officials

Commissioner Ortner made a motion to approve the racing officials as recommended by the Executive Secretary, Larry Eliason. Commissioner Fischer seconded the motion which carried unanimously.

Verendrye Benevolent Association Officials

Commissioner Fischer made a motion to approve the racing officials at Verendrye Benevolent. Commissioner Crew seconded the motion which carried unanimously.

Northeast Area Horse Racing, Inc. Officials

Commissioner Ortner made a motion to approve the racing officials at Northeast Area. Commissioner Thompson seconded the motion which carried unanimously.

Multi Jurisdictional Totalizer Hub

The application of Better Racing, Inc. was deferred to Executive Session.

Deadwood Licensing Matters

Key License Approvals

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

- ✓ Cindy Woo
- ✓ David Klynsma
- ✓ Kathy Pleinis
- ✓ Debra Brunner
- ✓ Brenda Septka
- ✓ Ryan Klima

Key License Renewals

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

- ✓ Gerald Schumacher
- ✓ Ray Aubert Jr.
- ✓ Corinne McComish

Business License Approval and License Requests

Director of Operations/enforcement Sparrow recommended approval of the following License approvals and requests:

- ✓ Approval of David Sweet, Greg Schjodt and Joseph Biegler as an additional owner of the Deadwood Resorts, LLC gaming licenses **(0217-OP, 0030-RO, 0469, 0470 & 0471-RT's)**.
- ✓ Approval of Jeff Lamont, Donald Dunham and Christine Dunham as owners of Four Aces Holding, LLC Operator license **(0222-OP)**.
- ✓ Approval of the request of Richard Cleveland to move his 3 Retail licenses **(0050, 0175, 0450-RT's)** from Cadillac Jacks 4, 5, & 6 to an unassigned location effective the end of March.
- ✓ Approval of Caleb Arceneaux as the owner of 2 additional Retail licenses and recommends assignment of all 3 of his Retail licenses **(0468, 0486, & 0487-RT's)** to Cadillac Jack's 4, 5, & 6 effective the beginning of April.
- ✓ Approval of the request of Rich Turbiville to move his 3 Retail licenses **(0166, 0405, & 0406-RT's)** from Mineral Palace 10, 11, & 12 to an unassigned location effective the end of March.
- ✓ Approval of Chris Gould as the owner of 3 Retail licenses **(0440, 0483, & 0484-RT's)** to be placed at Mineral Palace 10, 11, & 12 effective the beginning of April.
- ✓ Approval of Richard Pluimer as an associated person on the business licenses held by the Ken Kellar Estate for his role as the personal representative for the Estate.

Commissioner Ortner made a motion to approve the Key License Approvals, Key License Renewals, Business License Approvals and License Requests. Commissioner Fischer seconded the motion which carried unanimously.

Schedule of Next Meeting

The next commission meeting has been scheduled for Tuesday, June 8, 2009.

The Administrative and Disciplinary hearings were held upon the conclusion of the General Business portion of the meeting.

Commissioner Kemnitz appointed Commissioner Ortner to carry out the duties of hearing officer.

ADMINISTRATIVE HEARINGS:

The court reporter for the administrative hearings was Theresa Fink. The following cases were scheduled to be heard:

- Petition for Declaratory Ruling – Deadwood Hospitality Resort, LLC, (building designation and inner access
- SDCOG vs. Kevin Weron
- SDCOG vs. William Spotted Eagle
- SDCOG vs. Randolph Markley
- SDCOG vs. Jimmy Ray Dittus

Deadwood Hospitality Resorts, LLC – Petition for Declaratory Ruling

Deadwood Hospitality Resorts, LLC, requested through their attorney Roger Tellinghuisen, to petition for approval of the following:

- ✓ Alteration to Existing Building 3
- ✓ Change in plans to previously approved alterations to Building 8
- ✓ New addition called Building 9 which would have 30 gaming devices
- ✓ All openings will not exceed 25% for inner access and all interior openings would be protected by water curtains

Commissioner Kemnitz made a motion to approve the petition as proposed. Commissioner Fischer seconded the motion which carried unanimously.

Disciplinary Hearings

SDCOG vs. Kevin Weron

Mr. Weron notified the Deadwood office that he would be unable to attend. A complaint was filed that on December 21, 2009, he pled guilty to a charge of Driving Under the Influence, 3rd offense, which is a felony. His license was suspended and staff recommended that his license be revoked. The decision was deferred to Executive Session.

SDCOG vs. William Spotted Eagle

Mr. Spotted Eagle was present for the hearing. A complaint was filed that on December 2, 2009, he pled guilty to a charge of Driving Under the Influence, 3rd offense, which is a felony. His license was suspended and staff recommended that his license be revoked. The decision was deferred to Executive Session

SDCOG vs Randolph Markley

Mr. Markley was present for the hearing. A complaint was filed that on January 19, 2010, he pled guilty to a charge of Driving Under the Influence, 3rd offense, which is a felony. His license was suspended and staff recommended that his license be revoked. The decision was deferred to Executive Session

SDCOG vs. Jimmy Ray Dittus

Mr. Dittus was present for the hearing. A complaint was filed that on February 19, 2010, he took a customer's ticket from a slot machine at Hickok's, at which he was employed at the time, and as a result was terminated from employment. His license was suspended and staff recommended that his license be revoked. The decision was deferred to Executive Session.

EXECUTIVE SESSION

Commissioner Ortner made a motion to go into Executive session to deliberate on evidence during hearings and to confer with legal counsel. Commissioner Fischer seconded the motion. Motion carried unanimously.

After coming out of the Executive Session, the Commission took the following actions.

Decision on Multi Jurisdictional Totalizer Hub – Better Racing Inc.

Commissioner Ortner made a motion to grant a conditional license based on the following conditions: Better Racing, Inc. will provide a bond in the amount of at least \$1.3 Million in a form approved by Commission legal counsel, an operating plan to be approved by the Executive Secretary, and the totalizer hub and record keeping system will be approved by the Executive Secretary. Commissioner Fischer seconded the motion which carried unanimously.

Decision on Kevin Weron

Commissioner Fischer made a motion to revoke the Key Employee License of Kevin Weron. Commissioner Crew seconded the motion which carried unanimously.

Decision on William Spotted Eagle

Commissioner Thompson made a motion to revoke the support license of William Spotted Eagle. Commissioner Ortner seconded the motion which carried unanimously.

Decision on Randolph Markley

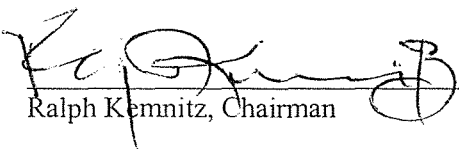
Commissioner Ortner made a motion to revoke the support license of Randolph Markley. Commissioner Fischer seconded the motion which carried unanimously.

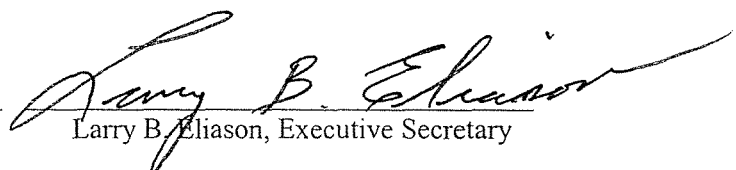
Decision on Jimmy Ray Dittus

Commission Ortner made a motion to suspend the support license of Jimmy Ray Dittus for 13 days and to impose a monetary penalty of \$25.00. Commissioner Crew seconded the motion which carried unanimously.

Commissioner Ortner made a motion to adjourn the meeting. Commissioner Fischer seconded the motion. Motion carried unanimously.

Respectfully submitted,
Kathy Fredericksen


Ralph Kemnitz, Chairman


Larry B. Eliason, Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

South Dakota Commission on Gaming Quarterly Business Meeting

MINUTES June 8, 2010

At 9:00 a.m. the meeting was called to order. Commissioners Karl Fischer, Karen Crew and Rita Thompson were present. Commissioner Michael Ortner was unable to attend. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement.

A roll call was conducted by the Executive Secretary, Larry Eliason. A quorum was present to conduct the meeting and legal counsel advised that decisions would have to be made unanimously to be binding.

The meeting was called to order by Commissioner Fischer.

ADMINISTRATIVE HEARINGS

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

- In Re: One Seized Slot Machine
- SDCOG vs. Andrew Gillespie

Commissioner Fischer appointed Commissioner Crew to carry out the duties of hearings officer.

Seized Slot Machine

Owners of the pawn shop, Jeff and Mark Rich were not present. A "refurbished Las Vegas slot machine" was seized from the premises of the 6th Avenue Pawns on March 3, 2010 in Aberdeen, South Dakota. The hearing was held to determine if the slot machine is contraband and should be destroyed. Staff recommended that the slot machine be destroyed. Decision deferred to Executive Session.

SDCOG vs. Andrew Gillespie

Mr. Gillespie was not present for the hearing. A complaint was filed that on February 24, 2010 he pled guilty to the charge of Driving Under the Influence 3rd, which is a felony. His license was suspended and staff recommended that his license be revoked. Decision deferred to Executive Session.

General Meeting

Upon conclusion of the hearings Commissioner Fischer called the general meeting to order.

Table Game Demonstration

A table game demonstration of Blackjack Switch and discussion of Nexus Multi Link table games was held by Shufflemaster.

Approval of Agenda

Commissioner Crew moved to approve the agenda. Commissioner Thompson seconded the motion which was carried unanimously.

No conflicts of interest were noted on the agenda.

March 24, 2010 Meeting

Commissioner Thompson made a motion to adopt the minutes drafted for the March 24, 2010 meeting. Commissioner Crew seconded the motion which was carried unanimously.

GLI Proposals

Proposal #1

A System Certification, which was approved at the March 24, 2010 meeting.

Proposal #2

This proposal was the System Certification and Internal Network Risk Assessment combined.

Roger Tellinghusien, representative for the DGA, had concerns with the Internal Network Risk Assessment. The concern was an outside agency coming in and jeopardizing their system or being able to look at proprietary information.

The decision of doing Proposal #2 was deferred to Executive Session.

Commissioner Fischer moved to go into Executive Session to decide on administrative hearings, confer with legal counsel, discuss other pending matters, and meet with representatives of Gold Dust Gaming, Inc. and Badlands Gaming, LLC.

Executive Session

After coming out of Executive Session the general meeting was continued and decisions were made on hearings.

Signatories on Certificate of Deposit

At the March 24, 2010 meeting the Commission agreed to let Bettor Racing, Inc. temporarily post a deposit in lieu of bond to comply with ARSD 20:04:33:33. Bettor Racing, Inc. had deposited \$1,300,000 in a Certificate of Deposit at BankWest. In order to expedite the licensing process Karl Fischer and Larry Eliason signed the paperwork at the bank as signatories for the Commission. Commissioner Crew made a motion to take formal action to designate Commissioner Fischer and Executive Secretary, Larry Eliason, as signatories on the CD for \$1,300,000, which is located at BankWest. Commissioner Thompson seconded the motion which carried unanimously.

Progressive Jackpot at Four Aces

Director of Operations/Enforcement Sparrow reported that with the conclusion of the legal challenges to the Commission's decision regarding the disputed Jack Pot at Four Aces on January 26, 2008, the disputed amount of \$45,628 will be added back onto the progressive sign.

Live Horse Racing Season

Executive Secretary, Larry Eliason, gave a report on the track season for SD live horse racing, which was held at Ft. Pierre and Aberdeen.

Decision GLI Proposal #2

Commissioner Crew made a motion not to implement the Proposal #2 on the Internal Risk Assessment. Commissioner Thompson seconded the motion which carried unanimously.

Professional Service Contracts -FY 2011

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

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

Commissioner Crew made a motion to accept the contract for legal services with May, Adam, Gerdes and Thompson, attorney Michael F. Shaw. Commissioner Thompson 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:

- ✓ Scott Lindeman
- ✓ Joel Edgar
- ✓ Chris Fredrickson
- ✓ Laurie Sankey
- ✓ Donald Atyia

Business License Approval and License Requests

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

- ✓ Approval of Four Aces Gaming LLC as owner of 3 retail license (0489, 0490, & 0491-RT's) and the assignment of these 3 retail licenses to Four Aces 1, 2, & 3 effective the beginning of July. These licenses are replacing existing licenses that will expire the end of June.
- ✓ Approval of the request of Caleb Arceneaux to move his retail license (0487-RT) currently assigned to Cadillac Jacks 6 to an unassigned location effective the end of June.
- ✓ Approval of Scott Lindeman as the owner of a retail license (0485-RT) and the assignment of this retail license to Cadillac Jacks 6 effective the beginning of July.
- ✓ Approval of Miranda Bradsky as the owner of a retail license (0488-RT) and the assignment of this retail license to Cadillac Jacks 7 effective the beginning of July.
- ✓ Approval of Patti Hart as a Director on the IGT Manufacturers license (0101-MA).

Commissioner Crew made a motion to grant the Key License Approvals and Business License Approvals and requests that staff recommended. Commissioner Thompson seconded the motion which carried unanimously.

Business License Renewals

Director Sparrow recommended the approval of all Operators, Route Operators, and Retails listed on pages 56-61 of the meeting packet with exception of the following three:

- ✓ Badlands Gaming, LLC
- ✓ Legacy Gaming, Inc.
- ✓ Deadwood Development 0200-OP
 - Martin Mason I 0317-RT
 - Martin Mason II 0318-RT

Commissioner Crew made a motion to approve the business license renewals identified on pages 56-61 of the Commission packet with exception of the three as listed above. Commissioner Thompson seconded the motion which carried unanimously.

Badlands Gaming, LLC – Business License Renewal

Commissioner Crew made a motion to grant a conditional license requiring a plan addressing financial obligations to be submitted to the commission 10 days prior to reopening. The conditional license will be reviewed at the September quarterly meeting. Commissioner Thompson seconded the motion which carried unanimously.

Legacy Gaming, Inc. – Business License Renewal

Commissioner Crew made a motion to grant a conditional license until the September meeting. A report on progress made on paying creditors will be submitted to the commission before the September meeting. Commissioner Thompson seconded the motion which carried unanimously.

Deadwood Development/Martin Mason I & II – Business License Renewal

Commissioner Crew made a motion to grant a conditional license based on that the mechanics lien and Federal Tax Lien be addressed. The status of the conditions and will be reviewed again at the September meeting. Commissioner Thompson seconded the motion which carried unanimously.

Schedule of Next Meeting

The next commission meeting has been scheduled for September 15, 2010.

Election of Officers for FY 2011

Commissioner Crew made a motion to elect Commissioner Ortner to serve as the Chairman of the Commission. Commissioner Fischer seconded the motion which carried unanimously. Commissioner Thompson made a motion to elect Commissioner Crew to serve as the Vice Chairman of the Commission. Commissioner Fischer seconded the motion which carried unanimously.

Decision Seized Slot Machine

Commissioner Crew made a motion that staff has authority to destroy the seized slot machine. Commissioner Thompson seconded the motion which carried unanimously.

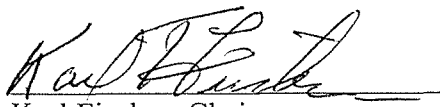
Decision Andrew Gillespie

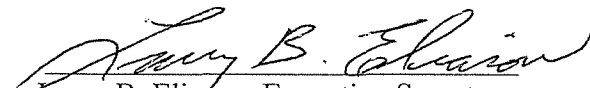
Commissioner Crew made a motion to revoke his support license. Commissioner Thompson seconded the motion which carried unanimously.

Meeting was adjourned.

Respectfully Submitted,

Kathy Fredericksen


Karl Fischer, Chairman


Larry B. Eliason, Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

South Dakota Commission on Gaming Quarterly Business Meeting And Proposed Rules Hearing Meeting

MINUTES September 15, 2010

At 9:00 a.m. the meeting was called to order. Commissioners Michael Ortner, Karl Fischer, Karen Crew and Ralph Kemnitz were present. Commissioner Dennis Duncan participated via telephone conference at his office. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement.

Commissioner Ortner welcomed Commissioner Duncan and thanked Rita Thompson for her service during her term. Larry Eliason introduced Brenda Lemburg, the new secretary at the Pierre office.

Because Commissioner Duncan participated via telephone conference a roll call vote was required after each motion.

The meeting was called to order by Commissioner Ortner.

ADMINISTRATIVE HEARINGS

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

- ✓ SDCOG vs. Joseph Gregersen
- ✓ SDCOG vs. John Bonnett
- ✓ SDCOG vs. Jennifer Korn

Commissioner Ortner appointed Commissioner Crew to carry out the duties of hearings officer.

SDCOG vs. Joseph Gregersen

Mr. Gregersen was not present for the hearing. On March 4, 2010, he pled guilty to the charges of Aggravated Incest, a Class 3 Felony, and Incest, a Class 5 Felony, and on June 3, 2010, was sentenced to the State Penitentiary for those offenses. Staff recommended that his license be revoked. Commissioner Fischer made a motion to revoke his support license. Commissioner Kemnitz seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye

Commissioner Fischer – Aye

Commissioner Crew – Aye

Commissioner Ortner – Aye

Commissioner Duncan – Aye

Motion carried unanimously

SDCOG vs. John Bonnett

Mr. Bonnett was not present for the hearing. On five occasions between May 29, 2010 and June 12, 2010, he stole approximately \$800.00 from The Lodge at Deadwood, at which he was employed. The incident was turned over to the Lawrence County State's Attorney as Petty Theft 1st Degree. Mr. Bonnett pled guilty to disorderly conduct and was ordered to pay restitution of \$800.00 to the The Lodge at Deadwood. Staff recommended that his license be revoked. Commissioner Kemnitz made a motion to revoke his license and impose a monetary fine of \$1,000.00. Commissioner Fischer seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye

Commissioner Fischer – Aye

Commissioner Crew – Aye

Commissioner Ortner – Aye

Commissioner Duncan – Aye

Motion carried unanimously.

SDCOG vs. Jennifer Korn

Ms. Korn was present for the hearing. In January 2010, she received a conditional license and was given until June 1, 2010, to have her financial obligations addressed and documentation provided to the SDCG office to show how she is addressing the delinquent accounts. As of July 7, 2010, she had not contacted the office or provided the requested material. Staff recommended that her conditional license be revoked. The decision was deferred to Executive Session.

Public Hearing on Proposed Changes to Administrative Rules

Horse Racing

Commissioner Kemnitz made a motion to adopt the amended rules as outlined on pages 18-40 of the meeting packet. Commissioner Crew seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye

Commissioner Fischer – Aye

Commissioner Crew – Aye

Commissioner Ortner – Aye

Commissioner Duncan – Aye

Motion carried unanimously.

Multi – Jurisdictional Hubs

Commissioner Kemnitz made a motion to adopt the amended rules as outlined on pages 41-42 of the meeting packet. Commissioner Fischer seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye

Commissioner Fischer – Aye

Commissioner Crew – Aye

Commissioner Ortner – Aye

Commissioner Duncan – Aye

Motion carried unanimously.

Card Game Rules

Staff did not object to the approval of the proposed rules. Commissioner Kemnitz made a motion to adopt the proposed rules as outlined on pages 43-47 of the meeting packet. Commissioner Fischer seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye

Commissioner Fischer – Aye

Commissioner Crew – Aye

Commissioner Ortner – Aye

Commissioner Duncan – Aye

Motion carried unanimously.

Staff recommended that the poker rule changes as outlined on pages 48-77 of the meeting packet be withdrawn.

Slot Machine Requirements

Commissioner Fischer made a motion to adopt the proposed rule changes as outlined on pages 78-79 of the meeting packet. Commissioner Kemnitz seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye
Commissioner Fischer – Aye
Commissioner Crew – Aye
Commissioner Ortner – Aye
Commissioner Duncan – Aye
Motion carried unanimously.

Gaming Property Owners

Commissioner Kemnitz made a motion to adopt the proposed rule changes as outlined on pages 80-82 of the meeting packet. Commissioner Fischer seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye
Commissioner Fischer – Aye
Commissioner Crew – Aye
Commissioner Ortner – Aye
Commissioner Duncan – Aye
Motion carried unanimously.

General Meeting

Upon conclusion of the Administrative hearings Commissioner Ortner called the general meeting to order.

Approval of Agenda

Commissioner Fischer made a motion to approve the agenda. Commissioner Crew seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye
Commissioner Fischer – Aye
Commissioner Crew – Aye
Commissioner Ortner – Aye
Commissioner Duncan – Aye
Motion carried unanimously.

No conflicts of interest were noted on the agenda.

June 8, 2010 Meeting

Commissioner Fischer made a motion to adopt the minutes as drafted for the June 8, 2010 meeting. Commissioner Crew seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye

Commissioner Fischer – Aye

Commissioner Crew – Aye

Commissioner Ortner – Aye

Commissioner Duncan – Aye

Motion carried unanimously.

Status of System Certification Project

Executive Secretary Eliason reported that the GLI staff is planning to be in Deadwood the week of September 20, 2010 to perform the work on the System Certification project.

Badlands Gaming, LLC Conditional License

Executive Secretary Eliason reported that on August 26, 2010, the Badlands Gaming Bankruptcy Petition was dismissed with the consent of the debtor. The owners are in the process of liquidating assets. Badlands Gaming will continue to have a conditional license until the March 2011 meeting.

Legacy Gaming Conditional License

At the June 8, 2010, Commission meeting, Legacy Gaming was granted a conditional license and required to submit a progress report prior to September 15, 2010. The review of documentation was deferred to Executive Session.

Deadwood Development Conditional License

The mechanics lien and Federal Tax lien regarding Deadwood Development/Martin Mason I & II have been resolved in a manner satisfactory to the lien holders.

Bettor Racing, Inc. Bond

The bond for Bettor Racing that was agreed to at the March 24, 2010 meeting will expire September 26, 2010. The CD will need to be released back to Mr. Gallo, the owner of BRI.

Commissioner Kemnitz made a motion to release the CD to Randy Gallo and for him to secure a traditional surety. Commissioner Crew seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye

Commissioner Fischer – Aye

Commissioner Crew – Aye

Commissioner Ortner – Aye

Commissioner Duncan – Aye

Motion carried unanimously.

Stipulations and Assurance of Voluntary Compliance

Badlands Gaming, LLC

A complaint was filed for not remitting gaming tax returns and paying taxes in the time required by SDCL 42-7B-29 for the months of September, 2009, October, 2009, February, 2010 and March, 2010. A complaint was filed for failing to file gaming taxes for April, 2010.

Brian Kindsfater

A complaint was filed for evading the truth during a compliance audit of the Lucky Nugget, a licensed gaming establishment, at which he was employed. The Executive Secretary imposed a monetary penalty of \$100.00.

Wayne Thomas

A complaint was filed for accessing the logic boards of four slot machines at The Lodge at Deadwood, a licensed gaming establishment, without prior notification to the South Dakota Commission on Gaming staff. The Executive Secretary imposed a monetary penalty of \$100.00

Martin Cherry

A complaint was filed for allowing a person who was no longer playing Blackjack to place a bet on a hand that was being played by another person at the Mineral Palace, a licensed gaming establishment, at which he was employed. The Executive Secretary imposed a monetary penalty of \$100.00. The defendant agreed to surrender his 2010 key employee license by August 30, 2010 and upon payment of the \$50 fee and filing of an application for a support license then the Executive Secretary will issue a 2010 support license.

Commissioner Crew made a motion to approve the 4 stipulations and monetary penalties listed above. Commissioner Fischer seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye

Commissioner Fischer – Aye

Commissioner Crew – Aye

Commissioner Ortner – Aye

Commissioner Duncan – Aye

Motion carried unanimously.

Deadwood Licensing Matters

Key License Approvals Recommendations

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

- ✓ Tim Atyeo
- ✓ Brandi Ickes
- ✓ David Schmeiter
- ✓ Paul Barth

Dan Seid is an additional Key License Approval to add to the list.

Business License Approval and License Requests

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

- ✓ Approval of the request of Foggy Notion to move its Retail licenses (**0224, 0355, & 0356-RT's**) currently assigned at the Gold Dust to an unassigned location effective the end of September.
- ✓ Approval of Nathan Kessler as the owner of 3 retail licenses (**0475, 0476, & 0477-RT's**) and the assignment of these 3 retail licenses to Gold Dust 1A, Gold Dust 2A, and Legends effective the beginning of October.
- ✓ Approval of removing the conditional status from the approval of Deadwood Development Business licenses (**0316, 0317 & 0318-RT's**).
- ✓ Approval of continued conditional approval of Badlands Gaming LLC Operator License (**0212-OP**) until the March 2011 Commission meeting so they can continue to address outstanding financial obligations.
- ✓ Denial of the renewal applications for Badlands Gaming LLC 3 Retail license (**0436, 0437 & 0438-RT's**) and their Route Operator License (**0026-RO**).
- ✓ Removal of Christine McLain's 3 Retail licenses (**0305, 0306 & 0307-RT's**) from the Lucky Nugget to an unassigned location effective immediately.
- ✓ Removal of Dorothy Knoepfle 3 Retail licenses (**0417, 0434 & 0435-RT's**) from the Lucky Nugget to an unassigned location effective immediately.
- ✓ Approval of NRT Technology Corp as the owner of a Manufacturer license (**0125-MA**) and the approval of John Domiell as Director, James Grundy, Raymond Deffner, Rosa Laricchia, Robert Lindsay and Raffaele Lombardi as Associated Persons on that business license.
- ✓ Approval of Robert Melendres as an Associated person on the IGT Manufacturers license (**0101-MA**).
- ✓ Approval of Table Trac, Inc. as the owner of a Manufacturer license (**0127-MA**) and the approval of Chad Hoehne as an owner and Robert Siqueland as a Director on that business license.
- ✓ Legacy Gaming – Deferred to Executive Session.

Commissioner Kemnitz made a motion to grant the Key License Approvals and Business License Approvals and requests that staff recommended. Commissioner Crew seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye

Commissioner Fischer – Aye

Commissioner Crew – Aye

Commissioner Ortner – Aye

Commissioner Duncan – Aye

Motion carried unanimously.

Schedule of Next Meeting

The next commission meeting has been scheduled for November 30, 2010.

Commissioner Kemnitz moved to go into Executive Session to decide on administrative hearings, confer with legal counsel, discuss pending matters, and meet with representative of Legacy Gaming. Commissioner Crew seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye

Commissioner Fischer – Aye

Commissioner Crew – Aye

Commissioner Ortner – Aye

Commissioner Duncan – Aye

Motion carried unanimously.

Executive Session

After coming out of Executive Session the following actions were taken.

Decision Jennifer Korn

Commissioner Kemnitz made a motion to suspend her conditional license until the end of the year. Commissioner Fischer seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye

Commissioner Fischer – Aye

Commissioner Crew – Nay

Commissioner Ortner – Aye

Commissioner Duncan – Nay

A 3-2 Vote motion carried.

Decision Legacy Gaming

Commissioner Crew made a motion to continue the conditional license until the March 2011 meeting so that licensee can fully address outstanding financial obligations. Commissioner Fischer seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye
Commissioner Fischer – Aye
Commissioner Crew – Aye
Commissioner Ortner – Aye
Commissioner Duncan – Aye
Motion carried unanimously.

Commissioner Fischer made a motion to adjourn the meeting. Commissioner Kemnitz seconded the motion.

Roll Call Vote

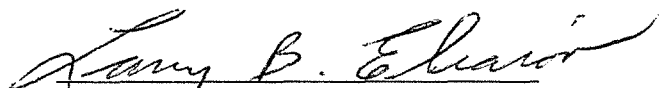
Commissioner Kemnitz – Aye
Commissioner Fischer – Aye
Commissioner Crew – Aye
Commissioner Ortner – Aye
Commissioner Duncan – Aye
Motion carried unanimously

Meeting was adjourned.

Respectfully Submitted,

Kathy Fredericksen


Michael Ortner, Chairman


Larry B. Eliason, Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

**South Dakota Commission on Gaming Quarterly Meeting and Public Hearing on Proposed Rules
Deadwood City Hall, Deadwood, South Dakota**

**MINUTES
November 30, 2010**

At 09:00 a.m. the meeting was called to order. Commissioners Michael Ortner, Commissioner Karen Crew, Commissioner Karl Fischer, Commissioner Dennis Duncan, and Commissioner Ralph Kemnitz were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement.

Commission Ortner presented a plaque to Rita Thompson recognizing her for service during her term. Larry Eliason introduced Kelly Hanson and Connie Truman, the new auditors at the Deadwood office.

ADMINISTRATIVE HEARINGS

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

- Tenntexkota, LLC – Petition for Declaratory Ruling
- SDCOG vs. Joshua W. Doud
- SDCOG vs. Trisha Stevens

Commissioner Kemnitz appointed Commissioner Crew as the hearings officer.

Tenntexkota, LLC – Petition for Declaratory Ruling

Roger Tellinghuisen, the attorney for Tenntexkota, requested that this matter be continued at a special meeting set at a later date.

Commissioner Crew made a motion to continue the Petition for Declaratory Ruling for Tenntexkota to be determined at a later date. Commissioner Fischer seconded the motion which carried unanimously.

Disciplinary Hearings

SDCOG vs. Joshua W. Doud

Mr. Doud was present for the hearing. On January 22, 2010 received a suspended imposition of sentence for DUI 3rd offense, a felony, and that the probationary period imposed by the Court for that offense will not be completed until January 22, 2012. Staff recommended that his license be revoked. The decision was deferred to Executive Session.

SDCOG vs. Trisha Stevens

Ms. Stevens was not present for the hearing. A complaint was filed alleging that she had child support arrearages in excess of one thousand dollars and that she has failed to make satisfactory arrangements with the Department of Social Services for payment of those arrearages. Staff recommended that her license be revoked. The decision was deferred to Executive Session.

Proposed Administrative Rules Changes

Commissioner Crew made a motion to adopt the proposed administrative rule changes as presented on pages 1-59 in the meeting packet and to include the indexing on page 3. Commissioner Duncan seconded the motion which carried unanimously.

General Meeting

Upon conclusion of the Administrative hearings and public hearing on the proposed Administrative rule changes Commissioner Ortner called the general meeting to order.

Approval of Agenda

No conflicts of interest were noted on the agenda.

Commissioner Fischer made a motion to approve the agenda. Commissioner Kemnitz seconded the motion which carried unanimously.

September 15, 2010 Meeting

Commissioner Kemnitz made a motion to adopt the drafted minutes from the September 15, 2010 meeting. Commissioner Crew seconded the motion which carried unanimously.

Bettor Racing Inc. Bond

The Executive Secretary, Larry Eliason, informed the Commission that the Deposit in Lieu of Bond for Bettor Racing Inc. has no expiration date.

Racing Licensing Matters

2011 Live Horse Racing Dates Applications

Verendrye Benevolent Association

Commissioner Duncan made a motion to approve the racing dates scheduled for the Ft. Pierre racing course. Commissioner Fischer seconded the motion which carried unanimously.

North East Area Horse Racing, Inc.

Commissioner Kemnitz made a motion to approve the racing dates scheduled for the Aberdeen racing course. Commissioner Fischer seconded the motion which carried unanimously.

Allocations of Funds for 2011 Racing Season

Commissioner Kemnitz made to motion to adopt resolution number 11-30-10-01. Commissioner Duncan seconded the motion which carried unanimously.

Jockey Longevity Bonuses for 2011 Racing Season

Commissioner Kemnitz made a motion to adopt resolution number 11-30-10-02. Commissioner Fischer seconded the motion which carried unanimously.

Pari Mutuel Business License Renewals

Multi Jurisdictional Totalizator Hub: Bettor Racing, Inc.

Simulcast Provider: Am West Entertainment, LLC

Simulcast Sites: Time Out Lounge, Triple Crown Casino, and Rider Up OTB

Commissioner Crew made a motion to approve the above Pari Mutuel Business License Renewals. Commissioner Duncan seconded the motion which carried unanimously.

Racing Commissioners International Annual Conference 2011

Commissioner Crew made a motion to approve the attendance of this conference for Larry Eliason, Executive Secretary and Commissioner Kemnitz. The attendance of the conference will not affect Mr. Eliason's vacation leave. Commissioner Fischer seconded the motion, which carried unanimously.

Deadwood Parking Lease

Commissioner Crew made a motion to approve the parking lease and to increase the parking spots to 15. Commissioner Fischer seconded the motion which carried unanimously.

Report on Slot Management Systems Testing

Craig Sparrow and Theron Ahlers briefly explained the outcome of the testing.

2011 Quarterly Meeting Dates

Executive Secretary Eliason recommended approval of the following proposed meeting dates:

Thursday, March 17th

Thursday, June 9th

Wednesday, September 14th

Wednesday, November 30th

A discussion was made on scheduling a retreat for 2011.

Deadwood Licensing Matters

Director of Operations/Enforcement Sparrow recommended the following License approvals and requests:

Key License Approvals

- ✓ Anthony Sieber
- ✓ Luci Seid
- ✓ Clifford Emmert

Key Renewals-2011

Director of Operations/Enforcement Sparrow recommended approving the renewal of Key Licenses for 2011 as listed on pages 109-115 in the meeting packet.

Business License Approval and License Requests

- ✓ Approval of Anthony Sieber as the owner of 3 retail licenses (0492, 0493, and 0494-RT's) and the assignment of these 3 retail licenses to Gold Dust in French Quarter I, French Quarter 2, and Silver Dollar effective the beginning of December.
- ✓ Removal of Neil Hague's 3 retail licenses (0361, 0362, and 0360-RT's) from the Gold Dust to an unassigned location effective the end of November.

Commissioner Fischer made a motion to approve the Key Approvals, Key Renewals, and Business License Approvals and requests that the staff recommended. Commissioner Fischer seconded the motion which carried unanimously.

EXECUTIVE SESSION

Commissioner Fischer made a motion to go into Executive Session to decide on the out come of the administrative hearings, confer with legal counsel and discuss other pending matters. Commissioner Crew seconded the motion which carried unanimously.

After coming out of the Executive Session, the Commission took the following actions.

Decision SDCOG vs. Joshua Doud

Commissioner Kemnitz made a motion to revoke Joshua Doud's license. Commissioner Fischer seconded the motion which carried unanimously.

Decision SDCOG vs. Trisha Stevens

Commissioner Kemnitz made a motion to revoke Trisha Stevens' license. Commissioner Duncan seconded the motion.

Roll Call Vote

Commissioner Kemnitz – Aye
Commissioner Duncan – Aye
Commissioner Fischer – Aye
Commissioner Crew – Nay
Commissioner Ortner – Aye

Motion carried 4 to 1

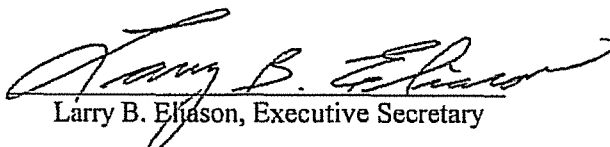
Commissioner Crew made a motion to adjourn the meeting. Commissioner Kemnitz seconded the motion which carried unanimously.

Meeting adjourned.

Respectfully Submitted,

Kathy Fredericksen

Michael Ortner, Chairman


Larry B. Eliason, Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

SOUTH DAKOTA COMMISSION ON GAMING QUARTERLY MEETING DEADWOOD CITY HALL, DEADWOOD, SOUTH DAKOTA

MINUTES March 17, 2011

At 9:00 a.m. the meeting was called to order. Commissioner Michael Ortner, Commissioner Karen Crew, Commissioner Dennis Duncan and Commissioner Karl Fischer were present. Commissioner Ralph Kennitz was absent. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement.

ADMINISTRATIVE HEARINGS:

The court reporter for the administrative hearings was Theresa Fink. The following cases were scheduled to be heard:

- SDCOG vs. Sarah Hansen
- SDCOG vs. Kimberly Borsch
- Amended Petition For Declaratory Ruling
Tentexkota, LLC (Deadwood Mountain Grand)

Commissioner Ortner appointed Commissioner Crew as hearings officer.

SDCOG vs. Sarah Hansen and SDCOG vs. Kimberly Borsch

Per the request of Hansens's and Borsch's attorney, Roger Tellinghuisen, the hearings of these two cases were combined into one. Stipulation of Facts was presented to and accepted by the Commission in Lieu of a Hearing. Staff recommended a revocation of Hansen's license and a two week suspension of Borsch's license. After discussion held in Executive Session, Commissioner Crew moved to dismiss the charges against Sarah Hansen, Commissioner Duncan seconded the motion. Chairman Ortner called for a roll call vote:

Commissioner Duncan	Yes
Commissioner Fischer	No
Commissioner Ortner	No
Commissioner Crew	Yes

Motion failed to carry due to a lack of majority.

Commissioner Crew moved to dismiss the charges against Kimberly Borsch, Commissioner Duncan seconded the motion. Chairman Ortner called for a roll call vote:

Commissioner Duncan	Yes
Commissioner Fischer	No
Commissioner Ortner	No
Commissioner Crew	Yes

Motion failed to carry due to a lack of majority.

Commissioner Fischer moved to suspend Sarah Hansen's license for 2 weeks, Commissioner Ortner seconded the motion. Chairman Ortner called for a roll call vote:

Commissioner Duncan	No
Commissioner Fischer	Yes
Commissioner Ortner	Yes
Commissioner Crew	No

Motion failed to carry due to a lack of majority.

Commissioner Fischer moved to suspend Kimberly Borsch's license for 1 week, Commissioner Ortner seconded the motion. Chairman Ortner called for a roll call vote:

Commissioner Duncan	No
Commissioner Fischer	Yes
Commissioner Ortner	Yes
Commissioner Crew	No

Motion failed to carry due to a lack of majority.

AMENDED PETITION FOR DECLARATORY RULING, TENTEXKOTA, LLC
(Deadwood Mountain Grand)

Attorney Roger Tellinghuisen representing the Licensee and Cameron Lund representing the Licensee's architecture firm, Lund and Associates, requested approval of the configuration of the buildings that were approved in 2002. No request was made for additional buildings, but due to the topography of the building site, it was necessary to configure the building differently. A request was also made for a variance to allow for more than a 25% opening between Room #4 and the main entrance area. This area would be open 100% and have a water curtain barrier. After discussion was held in Executive Session, Commissioner Duncan moved to approve the request for the reconfiguration and the request for the variance of the 25% opening with a water curtain, with all other openings to be not more than 25 %. Commissioner Fischer seconded the motion. Motion carried unanimously.

GENERAL MEETING

The business meeting was called to order by Commissioner Ortner.

Approval of Agenda

Executive Secretary Eliason requested that Stan Triplett representing IGT be added to the agenda.

Commissioner Fisher moved to approve the agenda with the addition of Stan Triplett/IGT.

Commissioner Duncan seconded the motion. Motion carried unanimously.

Conflicts of Interest

No conflicts of interest were noted on the agenda.

November 30, 2010 Quarterly Meeting

Commissioner Crew moved to accept the minutes for the November 3, 2010 meeting.

Commissioner Duncan seconded the motion. Motion carried unanimously.

Stipulations of Assurance and Voluntary Compliance

BY Development, Inc.

Commissioner Crew moved to accept the Stipulation of Voluntary Compliance of BY Development, Inc.. Commissioner Fischer seconded the motion. Motion carried unanimously.

Mustang Sally's

Commissioner Fischer moved to accept the Stipulation of Voluntary Compliance of Mustang Sally's. Commissioner Crew seconded the motion. Motion carried unanimously.

Racing Commission Officials and Race Track Officials

Commissioner Crew moved to approve the Commission officials for the 2011 horse racing season as listed on page 43 of the meeting packet and the racing officials for each track for the 2011 horse season for the Verendrye Benevolent Association and Northeast Area Horse Racing, Inc. officials as listed on pages 44 and 45 of the meeting packet. Commissioner Duncan seconded the motion. Motion carried unanimously.

Racing Contracts

Laboratory Services

Commissioner Duncan moved to accept the contract with the Center for Tox Services as the official lab for the 2011 horse race season. Commissioner Fischer seconded the motion. Motion carried unanimously.

Veterinarian Services

Commissioner Crew moved to accept the contract with Dr. Cooper as the official veterinarian for the 2011 horse racing season. Commissioner Duncan seconded the motion. Motion carried unanimously.

Next Commission Meeting

Next commission meeting will be June 9, 2011.

Deadwood Licensing Matters

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

Key Licenses:

- ✓ Joshua Ryan
- ✓ Robert Ringling
- ✓ Burton Weeks

Key License Renewals:

- ✓ Randy Nelson
- ✓ Leroy Cooper

Business License Renewal:

- ✓ Rich Turbiville (0166-RT) – Unassigned Location

Business License Approval and License Requests:

- ✓ Recommend approval of Glenn Goulet as an additional owner of the Table Trac, Inc. Manufacturer's licenses **(0127-MA)**.
- ✓ Recommend approval of Ronald Dufficy as a Director on the Aristocrat Manufacturer's licenses **(0108-MA)**.
- ✓ Recommend approval of Ron Wheeler as the owner of a retail licenses **(0497-RT)** to be let unassigned at the current time.
- ✓ Recommend approval of the request of Tracy Island to assign her retail gaming license **(0327-RT)** to the Deadwood Gulch Gaming Resort Convention Center at 230 Cliff Street.
- ✓ Recommend approval of the request of Lori Logan to move her three retail licenses **(0464, 0466 & 0467-RT's)** from Tin Lizzie 4, 5 & 6 to an unassigned location effective the end of March, 2011.
- ✓ Recommend approval of Miranda Bradsky as the owner of two additional retail licenses **(0498 & 0499-RT's)** and that they be assigned to Tin Lizzie 4 & 5 effective the beginning of April, 2011.

Commissioner Fischer moved to approve the licensing matters as recommended by Director Sparrow. Commissioner Duncan seconded the motion. Motion carried unanimously.

STAN TRIPLETT, IGT

Mr. Triplett briefly explained server support gaming and requested that the commission begin to consider adopting rules that would allow this in Deadwood. The Commission took no action at this time.

EXECUTIVE SESSION

Commissioner Duncan made a motion to go into Executive session to deliberate on evidence during hearings, confer with legal counsel and to confer with Licensees per SDCL 42-7B-8.1 (5). Commissioner Fischer seconded the motion. Motion carried unanimously.

After coming out of the Executive Session, the Commission took the following actions.

LEGACY GAMING

Commissioner Duncan moved to continue the conditional status of Legacy Gaming's business license for the remainder of the license year (June 30, 2011) at which time the Commission will make a decision regarding the FY 2012 license. Commissioner Fischer seconded the motion. Motion carried unanimously.

BADLANDS GAMING

Commissioner Duncan moved to continue the conditional status of Badlands Gaming licenses for the remainder of the license year (June 30, 2011) at which time the Commission will make a decision regarding the FY 2012 license. Commissioner Crew seconded the motion. Motion carried unanimously.

Commissioner Fischer made a motion to adjourn the meeting. Commissioner Duncan seconded the motion. Motion carried unanimously.

Respectfully submitted,
Susan Christian


Karen Crew, Vice Chairman


Larry B. Eliaison, Executive Secretary

MINUTES OF SPECIAL MEETING BY CONFERENCE CALL

MAY 12, 2011

The South Dakota Commission on Gaming held a special meeting by telephonic conference call at the request of Richard Pluimer pursuant to SDCL 42-7B-8 on May 12, 2011 beginning at 4:00 PM CDT.

The public was provided an opportunity to observe and participate in the meeting at the following locations:

South Dakota Commission on Gaming offices, 221 West Capitol Avenue, Pierre,
Law offices of Brady and Pluimer, 135 East Colorado Boulevard, Spearfish.

Present at the Pierre location were: Commissioner Karl Fischer, Commission counsel Mike Shaw, Commission executive secretary Larry Eliason and Bob Mercer, representing the Black Hills Pioneer and other newspapers. Present at the Spearfish location were Craig Sparrow, Commission director of enforcement and operations, Richard Pluimer, attorney at law, and Rich Turbiville. Participating at individual locations were Commissioner Karen Crew, Commissioner Ralph "Chip" Kemnitz and Commissioner Dennis Duncan. Commissioner Harry Christianson did not participate in this meeting. Commissioner Crew presided and declared a quorum present.

Commission staff recommended the renewal of Rich Turbiville's retail license and assignment of his two retail licenses as noted below.

Commissioner Kemnitz moved that the business license of Rich Turbiville, retail license number 0405 RT, be renewed. The motion was seconded by Commissioner Fischer.

On roll call the commissioners voted as noted below:

Commissioner Kemnitz	Aye
Commissioner Fischer	Aye
Commissioner Duncan	Aye
Commissioner Crew	Aye

The motion was declared passed.

Commissioner Fischer moved to approve the assignment of Rich Turbiville's two retail licenses from an unassigned location to the Jackpot Charlies and Green Door locations, 618 and 616 Main Street, effective immediately. Commissioner Kemnitz seconded the motion. On roll call the commissioners voted as noted below:

Commissioner Fischer	Aye
Commissioner Kemnitz	Aye
Commissioner Duncan	Aye
Commissioner Crew	Aye


The motion was declared passed

There being no further business to come before the Commission at this meeting, Commissioner Kemnitz moved to adjourn. Commissioner Duncan seconded the motion. On roll call the commissioners voted as noted below:

Commissioner Kemnitz	Aye
Commissioner Duncan	Aye
Commissioner Fischer	Aye
Commissioner Crew	Aye

The motion was declared passed.

The meeting adjourned at 4:18 PM CDT.


Larry B. Eliason
Executive Secretary


Karen L. Crew
Vice Chair



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

**South Dakota Commission on Gaming Quarterly Business Meeting and
Administrative Hearings
Deadwood City Hall, Deadwood, South Dakota**

MINUTES
June 9, 2011

At 9:00 a.m. the meeting was called to order. Commissioners Karen Crew, Ralph Kemnitz, Dennis Duncan, and Harry Christianson were present. Commissioner Karl Fischer was unable to attend. 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 Crew and roll call was taken.

Commissioner Duncan made a motion to go into Executive Session pursuant to SDCL 42-7B 8.1 (5). Commissioner Kemnitz seconded which carried unanimously.

EXECUTIVE SESSION

Upon conclusion of the executive session Commissioner Crew proceeded with the administrative hearings.

ADMINISTRATIVE HEARINGS

The court reporter for the hearings was Teresa Fink. The following cases were scheduled to be heard and were consolidated as one hearing:

- SDCOG vs. Saloon Gambling, Inc.
- SDCOG vs. Kady Schmitz

SDCOG vs. Saloon Gambling, Inc., Kady Schmitz

Present for the hearing was Louie LaLonde, owner of Saloon Gambling, and Kady Schmitz. A complaint was filed alleging that on March 28, 2011 Ryan Lapov, a person under the age of 21 years, was permitted to participate in a poker tournament. Kady Schmitz was the employee that allowed Ryan Lapov to sign up and play in the poker tournament. Decision deferred to executive session.

General Meeting

Upon conclusion of the hearings Commissioner Crew called the general meeting to order.

Approval of Agenda

Larry Eliason stated that we needed to add to the agenda after the Minutes of May 12, meeting, remarks by newly appointed Secretary of Department of Revenue, Andy Gerlach. Commissioner Kemnitz moved to approve the agenda with the addition. Commissioner Duncan seconded the motion which was carried unanimously.

No conflicts of interest were noted on the agenda.

March 17, 2011 Meeting

Commissioner Duncan made a motion to adopt the minutes drafted for the March 17, 2011 meeting. Commissioner Christianson seconded the motion which was carried unanimously.

May 12, 2011 Conference Call Meeting

Commissioner Kemnitz made a motion to adopt the minutes drafted for the March 12, 2011 meeting. Commissioner Duncan seconded the motion which was carried unanimously.

Presentation by GLI

Representatives from GLI, James Maida and Bill Treger, thanked the commission for 22 years of support and did a presentation on new technology.

Simulcast Provider and Simulcast Site License

Bettor Racing, Inc. requesting a Simulcast provider license and a temporary simulcast site license for a tournament to be held at the Sheraton Hotel in Sioux Falls, SD, on September 23-24, 2011. This tournament will be a qualifying tournament for places in the 13th annual Daily Racing Form National Handicapping Tournament to be held in Las Vegas in January 2012.

Commissioner Kemnitz made a motion to approve the Simulcast Provider License and the temporary Simulcast Site License. Commissioner Duncan seconded the motion which was carried unanimously.

Deadwood Licensing Matters

Key License Approvals Recommendations

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

- ✓ Bob Croeni
- ✓ Austin Burnham

Business License Renewals

Director Sparrow recommended the approval of all Operators, Route Operators, and Retails listed on pages 23-29 of the meeting packet with exception of the following:

- ✓ Hickoks
 - Hickoks I, II, III, & IV
- ✓ Deadwood Development
 - Wooden Nickel
 - Martin Mason I & II

Director Sparrow recommended that the licenses noted in the exceptions above be renewed on the condition that those licensees pay their property taxes by June 30, 2011.

Commissioner Christianson made a motion to approve the Key licenses and business license renewals identified on pages 23-29 of the Commission packet with the conditions listed above. Commissioner Kemnitz seconded the motion which carried unanimously.

Business License Approval and License Requests

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

- ✓ Approval of the request of Scott Lindeman to move his retail license **(0485-RT)** currently assigned to CJ's 7 to an unassigned location effective June 9, 2011.
- ✓ Approval of the request of Larry Shama to move his retail license **(0383-RT)** currently assigned to First Gold 9 to an unassigned location effective the end of June 2011.
- ✓ Approval of Patrick Cavanaugh as an Associated Person on the IGT Manufacturer's licenses **(0101-MA)**.
- ✓ Approval of the request of Brad Hemmah to move his three retail licenses **(0376, 0377 & 0378-RT's)** from First Gold 5, 6 & 7 to Deadwood Mountain Grand 1, 2 & 3 effective July 2011.
- ✓ Approval of Michelle Harmon as the owner of 3 Retail licenses **(0496, 0506 & 0507-RT's)** and that they be assigned to Deadwood Mountain Grand 4, 5 & 6 effective July 2011.
- ✓ Approval of the request of Steve Schaeffer to assign his one unassigned Retail gaming license **(0411-RT)** to the Deadwood Mountain Grand 7 effective July 2011.
- ✓ Approval of Steve Schaeffer as the owner of two additional retail licenses **(0508 & 0509-RT's)** and that they be assigned to First Gold 5 & 6 effective the beginning of July 2011.
- ✓ Approval of the request of Tim and Monica Conrad to assign their two unassigned retail gaming license **(0031 & 0369-RT's)** to the First Gold 7 and 9 effective the beginning of July 2011.
- ✓ Approval of Tentexkota LLC Operator license **(0224-OP)** and Route Operator license **(0033-RO)** with these listed owners;
 - Dale Morris
 - Deadwood Investments, LLC (Marc Oswald, Managing Member)
 - Kenny Alphin
 - Division Street Partners, LLC (Dwight Wiles, Managing Member)
 - Original Deadwood Partners, LLC
 - Mike Gustafson
 - George Mitchell
 - Tim Conrad
 - Ron Wheeler
 - Double Bar X Ranch, LLC (Mike Gustafson)
 - Tim Conrad

Commissioner Christianson made a motion to approve the Business License Approvals and license requests that staff recommended. Commissioner Kemnitz seconded the motion which carried unanimously.

Professional Service Contracts -FY 2011

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

Commissioner Christianson made a motion to approve the contract for legal services with May, Adam, Gerdes and Thompson, attorney Michael F. Shaw. Commissioner Duncan seconded the motion which carried unanimously.

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

Live Horse Racing Season

Larry Eliason gave brief statement on the live horse racing season. Some of the races were cancelled so the funds were redistributed as outlined on pages 40-41 in the meeting packet.

Licensing Procedures Streamlining

Commissioner Christianson commented that some of the licensing procedures could be approved by the commission staff. Under statute licensing is required to go to the commission except for support licenses that are issued by the Executive Secretary so this would require the statute to be changed.

Commissioner Christianson made a motion to direct staff and legal counsel to further address this issue as a bill to go to the governor. Commissioner Kemnitz seconded the motion which carried unanimously.

Schedule of Next Meeting

The next commission meeting has been scheduled for September 14, 2011.

Election of Officers for FY 2012

Commissioner Christianson made a motion to elect Commissioner Kemnitz to serve as the Chairman of the Commission. Commissioner Duncan seconded the motion which carried unanimously. Commissioner Kemnitz made a motion to elect Commissioner Crew to serve as the Vice Chairman of the Commission. Commissioner Duncan seconded the motion which carried unanimously.

Executive Session

Commissioner Christianson made a motion to go into Executive session to deliberate on evidence during hearings, and to confer with legal counsel. Commissioner Kemnitz seconded the motion which carried unanimously.

After coming out of the Executive Session, the Commission took the following actions.

Decision SDCOG vs Saloon Gambling, Inc.

Commissioner Duncan made a motion to impose a \$500 fine on Saloon Gambling, Inc. with \$250 suspended on the condition that the licensee have no like violations for six months. Commissioner Christianson seconded the motion which carried unanimously.

Decision SDCOG vs Kady Schmitz

Commissioner Duncan made a motion to impose a \$100 fine on Kady Schmitz with \$50 suspended on the condition that the licensee have no like violations for six months. Commissioner Christianson seconded the motion which carried unanimously.

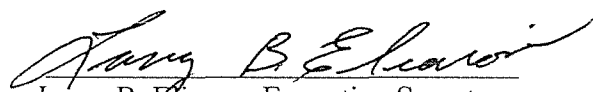
Commissioner Kemnitz made a motion to adjourn the meeting. Commissioner Christianson seconded the motion which carried unanimously.

Meeting was adjourned.

Respectfully Submitted,

Kathy Fredericksen


Karen Crew, Vice Chairman


Larry B. Eliason, Executive Secretary

SOUTH DAKOTA COMMISSION ON GAMING SPECIAL MEETING

MINUTES

August 11, 2011

The South Dakota Commission on Gaming held a special meeting by telephone conference call on Thursday, August 11, 2011 at 4:00 PM CDT. Present at the roll call were: Commissioner Ralph "Chip" Kemnitz, chairman, Commissioner Karen Crew, vice chairman, Commissioner Karl Fischer, Commissioner Dennis Duncan and Commissioner Harry Christianson. Other persons who were present included: Michael Shaw, Commission Counsel, Larry Eliason, Executive Secretary, Craig Sparrow, Director of Enforcement and Operations, Susan Christian, Operations Manager, Mike Trucano and Kevin Johnson.

No conflicts with any agenda items were noted by any Commissioner.

Commissioner Christianson moved approval of the agenda. The motion was seconded by Commissioner Duncan. On roll call the Commissioners voted as follows:

Commissioner Kemnitz	Aye
Commissioner Crew	Aye
Commissioner Fischer	Aye
Commissioner Duncan	Aye
Commissioner Christianson	Aye

Commissioner Christianson moved to approve an Operator License for Bullock Hospitality, LLC. The motion was seconded by Commissioner Crew. On roll call the Commissioners voted as follows:

Commissioner Kemnitz	Aye
Commissioner Crew	Aye
Commissioner Fischer	Aye
Commissioner Duncan	Aye
Commissioner Christianson	Aye


Commissioner Fischer moved to approve the transfer of the retail license of Mike Trucano from Blonde's Grocery to Bullock Hotel #1 and the retail license of Kevin Johnson from the Buffalo Bar to Bullock Hotel # 2. The motion was seconded by Commissioner Duncan. On roll call the Commissioners voted as follows:

Commissioner Kemnitz	Aye
Commissioner Crew	Aye
Commissioner Fischer	Aye
Commissioner Duncan	Aye
Commissioner Christianson	Aye

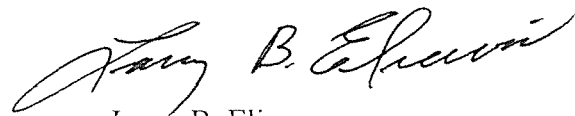
Commissioner Christianson moved to adjourn the meeting. The motion was seconded by Commissioner Fischer. On roll call the Commissioners voted as follows:

Commissioner Kemnitz	Aye
Commissioner Crew	Aye
Commissioner Fischer	Aye
Commissioner Duncan	Aye
Commissioner Christianson	Aye

The meeting adjourned at 4:12 PM.



Ralph A. Kemnitz
Chairman



Larry B. Eliason
Executive Secretary

SOUTH DAKOTA COMMISSION ON GAMING RETREAT

MINUTES **August 29, 2011**

The South Dakota Commission on Gaming held a Commission Retreat at Cedar Shore Resort at Oacoma, South Dakota on August 29, 2011. Chairman Kemnitz called the meeting to order at 10:00am CDT. Present at the roll call were:

- Commissioner Ralph "Chip" Kemnitz, Chairman, Commissioner Karen Crew, Vice Chairman, Commissioner Karl Fischer, Commissioner Dennis Duncan and Commissioner Harry Christianson. Other persons present were: Larry Eliason, Executive Secretary, Craig Sparrow, Director of Operations and Enforcement, Susan Christian, Operations Manager and Lloyd Just, Racing Steward.

Tribal Activities and Gaming Compacts

A brief discussion was held on tribal gaming licensing and the role of SDCG staff in the process.

Commissioner Christianson moved to have Commission Attorney Mike Shaw review the wording in the Tribal Gaming Compacts and research the Commission's recourse if Tribal Commissions license an individual that staff has recommended denial of licensing. Seconded by Commissioner Fischer motion passed unanimously. Executive Secretary Eliason will discuss this with Mr. Shaw.

FY 2011 Racing Season

Steward Just presented a recap of live horse racing activity for FY 2011 at Ft. Pierre and Aberdeen race tracks. Steward Just also gave a brief recap of the racing officials' duties.

Executive Secretary Eliason gave an overview of new law changes to horse racing being considered at the national level. These included exchange betting (the ability to sell your "bet" to another individual outside of the pari mutuel pool), multi-jurisdictional offenders and the use of Lasik. No action was taken.

Chairman Kemnitz called for adjournment for lunch at 12:00 pm CDT. Commissioner Fischer moved to recess for lunch. The motion was seconded by Commissioner Duncan and carried unanimously.

Chairman Kemnitz called the meeting to order at 1:00 pm CDT.

Sever Based Games and Promotions

Director of Operations and Enforcement Craig Sparrow presented an update on Server Based Games and the status of the adoption of these rules. No action was taken

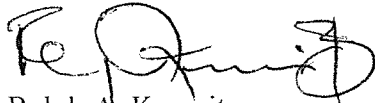
Director Sparrow discussed industry standards for slot machines and associated equipment and inquired about the ability to adopt these standards to address them in lieu of adopting new rules as the technology evolves. Director Sparrow was instructed to work with Mike Shaw in developing language that might be acceptable to LRC.

Director Sparrow updated the Commission on the use of Promotional Giveaways and Promo Dollars being used by the industry. No action was taken.

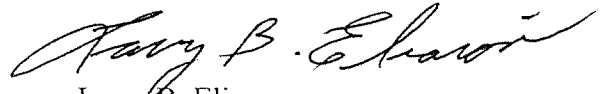
Executive Session

Commissioner Christianson moved to go to Executive Session pursuant to SDCL 42-7B-8.1(5) Commissioner Fisher seconded the motion which carried unanimously.

Commissioner Christianson moved to adjourn and Commissioner Fischer seconded the motion which carried unanimously.



Ralph A. Kemnitz
Chairman



Larry B. Eliason
Executive Secretary

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

MINUTES

September 14, 2011

At 8:55 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Karen Crew, and Karl Fischer were present. Commissioners Dennis Duncan and Harry Christianson were unable to attend. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement, Mark Aspess, Commission Architect.

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

ADMINISTRATIVE HEARINGS

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

Petitions for Declaratory Rulings

- ✓ B.Y. Development, Inc. (Building Alteration)
- ✓ Flandreau Santee Sioux Tribe (Pai Gow Poker)
- ✓ Flandreau Santee Sioux Tribe (Mini Baccarat) Petition Withdrawn

Disciplinary Hearings

- ✓ SDCOG vs. Deadwood Gaming Resorts, LLC (Underage Gambling)
- ✓ SDCOG vs. Robert (Bobby) Gray (Suspended Imposition for Felony)
- ✓ SDCOG vs. Richard W. Melanson, Jr. (Indicted on Felony Charges)

B.Y. Development, Inc.

Present for the hearing representing B.Y. Development, Inc. were Roger Tellinghusien, attorney, and Cameron Lund, architect. A petition was heard regarding the proposed alteration to Building 8 which has previously been approved for gaming purposes. Mr. Tellinghusien made a request to add the following amendment to the petition: to approve the use of inner access water curtain between room 7 & 8, motion was granted. His request to amend the petition was granted. The matter was deferred to Executive Session.

Flandreau Santee Sioux Tribe

Present for the hearing representing the Flandreau Santee Sioux Tribe were Patrick Bergin, Attorney, Tracey Fischer, Attorney, and Larry Williams, Table Game Director, Royal River Casino. The petition for declaratory ruling was regarding Pai Gow Poker, a double-hand poker variation based on the Chinese game of Pai Gow. Executive Secretary Eliason stated that if a decision was made to approve the game then rules would need to be approved at the next commission meeting before the game could be played. The matter was deferred to Executive Session.

A demonstration of the poker game was done off record.

Flandreau Santee Sioux Tribe

The petition for declaratory ruling regarding Mini Barrcarat was withdrawn and no action was taken.

SDCOG vs. Deadwood Gaming Resorts, LLC

Present representing Deadwood Gaming Resorts, LLC were Roger Tellinghusien, Attorney, and Tracy Island, General Manager. A complaint was filed alleging that on or about March 3, 2011 Kenneth M. Smith, a person who was less than 21 years of age, was permitted to play one or more slot machines at the Deadwood Gulch Resort in violation of SDCL 42-7B-35. Staff recommended a penalty more severe than the penalty that was imposed on Saloon Gambling. The matter was deferred to Executive Session.

SDCOG vs. Robert (Bobby) Gray

Mr. Gray was not present for the hearing. A complaint was filed alleging that on May 5, 2011 licensee plead guilty to the charge of Driving Under the Influence (third offense), a Class 6 Felony. On July 14, 2011, he pleaded guilty and received suspended imposition of sentence with 2 years probation and fines. Staff recommended that his license be revoke for the term of his probation. The matter was deferred to Executive Session.

SDCOG vs. Richard Melanson, Jr.

Mr. Melanson was present for the hearing. A complaint was filed alleging that on July 14, 2011 licensee was indicted by the Lawrence County Grand Jury for fifty (50) counts of Possession of Child Pornography, a Class 4 Felony. Staff recommended that his license be revoked. The matter was deferred to Executive Session.

Public Hearing on Proposed Changes to Administrative Rules

Horse Racing

Larry Eliason, Executive Secretary, and Lloyd Just, Racing Steward presented the changes in the horse racing rules per LRC comments on style and form. On page 3 a strike out was corrected by Mike Shaw, Commission Attorney. Commissioner Fischer made a motion to adopt the rule changes as presented on pages 1-30 in the proposed rules meeting packet. Commissioner Crew seconded the motion which carried unanimously.

Live Greyhound Racing

Executive Secretary Eliason proposed rule changes to repeal unnecessary rules but to keep rules which authorize pari mutuel wagering on greyhound races. Commissioner Fischer made a motion to approve the proposed rule changes as written on pages 31-305 in the proposed rule meeting packet and to add rule 20:04:15:07 to be repealed, which was omitted from the page. Commissioner Crew seconded the motion which carried unanimously.

Deadwood Gaming

Commissioner Fischer made a motion to adopt the proposed poker rule changes as presented on pages 306-322 in the proposed rule meeting packet. Commissioner Crew seconded the motion which carried unanimously.

General Meeting

Upon conclusion of the proposed rule hearings Commissioner Kemnitz called the general meeting to order at 11:50 a.m...

Approval of Agenda

Commissioner Crew made a motion to approve the agenda. Commissioner Fischer seconded the motion which carried unanimously.

No conflicts of interest were noted on the agenda.

June 9, 2011 Meeting

Commissioner Crew made a motion to adopt the minutes as drafted for the June 9, 2011 meeting. Commissioner Fischer seconded the motion which carried unanimously.

August 11, 2011 Conference Call Meeting

Commissioner Fischer made a motion to adopt the minutes as drafted for the August 11, 2011 conference call meeting. Commissioner Crew seconded the motion which carried unanimously.

August 29, 2011 Retreat

Commissioner Fischer made a motion to adopt the minutes as drafted for the August 29, 2011 retreat. Commissioner Crew 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:

- ✓ Misty Meyers
- ✓ Darlene Fischer
- ✓ Michael Harper
- ✓ Joshua Gatz
- ✓ Michael Reede

Key License Renewals – 2011

- ✓ Jason Brott
- ✓ Terry Houk

Business License Approval and License Requests

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

- ✓ Approval of the request of Scott Roth to move his three retail licenses (**0329, 0272, & 0273-RT's**) currently assigned to Gold Dust 3, 4, & 5 to an unassigned location effective the end of September 2011.
- ✓ Approval of the request of Neil Hague to assign his three unassigned Retail gaming licenses (**0360, 0361 & 0362-RT's**) to Gold Dust 3, 4 & 5 effective the beginning of October 2011.
- ✓ Approval of Brooke Bradsky as the owner of three Retail licenses (**0503, 0504 & 0505-RT's**) and that they be assigned to Cadillac Jacks 7 & Cadillac Jacks 8 (contingent on approval of that building) effective immediately.
- ✓ Approval of Casey Borsch as the owner of three Retail licenses (**0500, 0501 & 0502-RT's**) and that they be left unassigned at the current time.

Commissioner Fischer made a motion to approve the Key license approvals, Key license renewals, Business license approvals and requests that staff recommended. Commissioner Crew seconded the motion which carried unanimously.

Stipulations and Assurances of Voluntary Compliance

Four Aces Gaming

Commissioner Crew made a motion to accept the stipulation and monetary fine imposed on Four Aces Gaming for failing to keep accurate, complete, legible, and permanent records and to instruct the commission staff to send a letter to the licensees expressing how unhappy the commission was to see ten (10) violations in an audit. Commissioner Fischer seconded the motion which carried unanimously.

Four Aces Gaming

Commissioner Crew made a motion to accept the stipulation and monetary fine imposed on Four Aces Gaming for changing certain terms of a promotion without notice of the changes being given to patrons who participated in the promotion. Commissioner Fischer seconded the motion which carried unanimously.

Gold Country Inn

Commissioner Fischer made a motion to accept the stipulation and monetary fine imposed on Gold Country Inn for failing to perform required surveillance reviews during the periods of June 12-18, 2011 and June 19-24, 2011. Commissioner Crew seconded the motion which carried unanimously.

Hickok's, Inc. complaint dated July 5

A complaint was filed for failing to file a reviewed financial statement for FY 2010. The stipulation and monetary fine imposed was deferred to Executive Session.

Hickok's, Inc. complaint dated July 20

Commissioner Fischer made a motion to accept the stipulation and monetary fine imposed on Hickok's, Inc. for allowing a person under the age of 21 years to play a slot machine at Hickok's Casino and Hotel. Commissioner Crew seconded the motion which carried unanimously.

Roxanne Knight

Commissioner Crew made a motion to accept the stipulation and monetary fine imposed on Roxanne Knight for allowing a person under the age of 21 to play a slot machine at Hickok's. Commissioner Fischer seconded the motion which carried unanimously.

Tentexkota, LLC

Commissioner Fischer made a motion to accept the stipulation and monetary fine imposed on Tentexkota, LLC. for allowing alcoholic beverages to be served or consumed at or near a Blackjack table on the premises of the Deadwood Mountain Grand Casino between the hours of 2:00 am and 7:00 am on July 9, 2011 in violation of SDCL 35-4-81. Commissioner Crew seconded the motion which carried unanimously.

Bryan Young

Commissioner Crew made a motion to accept the stipulation and penalty imposed on Bryan Young for allowing alcoholic beverages to be served or consumed at or near a Blackjack table on the premises of the Deadwood Mountain Grand Casino between the hours of 2:00 am and 7:00 am on July 9, 2011 in violation of SDCL 35-4-81. Commissioner Fischer seconded the motion which carried unanimously.

Super G Investment Corp.

Commissioner Fischer made a motion to accept the stipulation and monetary fine imposed on Super G Investment Corp. for allowing a person under the age of 21 years to play Blackjack at the Silverado. Commissioner Crew seconded the motion which carried unanimously.

Schedule of Next Meeting

The next commission meeting has been scheduled for Wednesday November 30, 2011.

Commissioner Crew moved to go into Executive Session pursuant to SDCL 42-7B-8.1 (4) Commissioner Fischer seconded the motion which carried unanimously.

Executive Session

After coming out of Executive Session at 12:15 p.m., the following actions were taken.

Decision B.Y. Development, Inc.

Commissioner Fischer made a motion to accept the alteration to gaming room 8 (Exhibit C), allowing gaming devices subject to building and floor plan approval.

Decision Flandreau Santee Sioux Tribe

Commissioner Crew made a motion to authorize the poker game variation called Pai Gow Poker. Commissioner Fischer seconded the motion which carried unanimously.

Decision Deadwood Gaming Resorts, LLC

Commissioner Crew made a motion to impose a monetary fine of \$750 to be paid within ten (10) days. Commissioner Fischer seconded the motion which carried unanimously.

Decision Robert (Bobby) Gray

Commissioner Fischer made a motion to revoke Robert Gray's support license. Commissioner Crew seconded the motion which carried unanimously.

Decision Richard W. Melanson, Jr.

Commissioner Crew made a motion to suspend Richard Melanson, Jr. support license until December 31, 2011. Commissioner Fischer seconded the motion which carried unanimously.

Hickok's Inc. complaint dated July 5

Commissioner Crew made a motion to defer the stipulation and assurance of voluntary compliance on Hickok's, Inc. to the next commission meeting. Commissioner Fischer seconded the motion which carried unanimously.

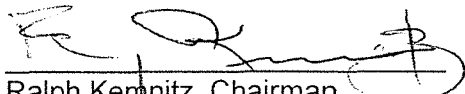
No further business to be discussed.

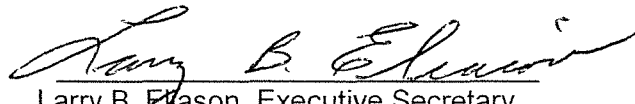
Commissioner Fischer made a motion to adjourn the meeting. Commissioner Crew seconded the motion which carried unanimously.

Meeting was adjourned at 12:45 p.m...

Respectfully Submitted,

Kathy Fredericksen


Ralph Kennitz, Chairman


Larry B. Elason, Executive Secretary

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

MINUTES
November 30, 2011

At 09:00 a.m. the meeting was called to order. Commissioner Ralph Kemnitz, Commissioner Karen Crew, Commissioner Harry Christianson, and Commissioner Karl Fischer were present. Commissioner Dennis Duncan was participating in the meeting via telephone conference. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement.

ADMINISTRATIVE HEARINGS

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

- SDCOG vs. Doug King
- SDCOG vs. Sharon Johnson
- SDCOG vs. Michael Cadwallader

SDCOG vs Doug King

Mr. King was not present for the hearing. A complaint was filed alleging that on or about May 29, 2011 licensee stole slot machine coupons from the Four Aces Casino, a licensed gaming establishment at which licensee was employed and used the coupons to play slot machines. On Oct 13, 2011, Mr. King plead guilty and received suspended imposition of sentence for a felony, 2 years' probation and ordered to pay restitution of \$2,000 to Four Aces. Staff recommended that his license be revoked. The decision was deferred to Executive Session.

SDCOG vs. Sharon Johnson

Ms. Johnson was not present for the hearing. A complaint was filed alleging that on March 19, 2011, March 28, 2011, April 2, 2011 and April 16, 2011 licensee stole at least \$1,000.00 from the Gold Dust Casino, a licensed gaming establishment at which licensee was employed at the time. On November 1, 2011 the Circuit Court of the Fourth Circuit issued an Order Suspending Imposition of Sentence for the charge of Grand Theft By Embezzlement, a Class 4 Felony, which order placed licensee on probation for 2 years and ordered to pay restitution to Gold Dust. Staff recommended that her license be revoked. The decision was deferred to Executive Session

SDCOG vs. Michael Cadwallader

Mr. Cadwallader was not present for the hearing. A complaint was filed alleging that on November 1, 2011 licensee received a suspended imposition of sentence for the charge of Driving Under the Influence Third Offense, a felony, and was placed on probation for a period of 2 years. Staff recommended that his license be revoked. The decision was deferred to Executive Session.

A demonstration of the Casino War game was done off record.

Proposed Rules Changes

Commissioner Christianson made a motion to amend the changes for Pai Gow Poker, replacing ways to rules. Commissioner Crew seconded the motion which carried unanimously.

Commissioner Christianson made a motion to approve the proposed rule changes as presented on pages 22-44 in the meeting packet. Commissioner Fischer seconded the motion which carried unanimously.

Upon conclusion of the proposed rule hearings Commissioner Kemnitz called a brief recess at 10:04 a.m...

General Meeting

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

Approval of Agenda

No changes were noted on the agenda.

No conflicts of interest were noted on the agenda.

Secretary of Revenue Andy Gerlach addressed the commission.

Bill Treger and Patrick Moore, representatives of Gaming Laboratories International, addressed the commission.

September 14, 2011 Meeting

Commissioner Christianson made a motion to adopt the drafted minutes from the September 14, 2011 meeting. Commissioner Fischer seconded the motion which carried unanimously.

Racing Licensing Matters

2012 Live Horse Racing Dates Applications

**Verendrye Benevolent Association
North East Area Horse Racing, Inc.**

Commissioner Fischer made a motion to approve the racing dates scheduled for the Ft. Pierre and Aberdeen racing courses. Commissioner Crew seconded the motion which carried unanimously.

Allocations of Funds for 2012 Racing Season

Commissioner Christianson made a motion to defer action on resolution number 11-30-10-01 until a special meeting to be determined at a later date. Commissioner Crew seconded the motion which carried unanimously.

Jockey Longevity Bonuses for 2012 Racing Season

Commissioner Kemnitz made a motion to defer action on resolution number 11-30-10-02 until after the December 7, 2011 GOAC meeting. Commissioner Fischer seconded the motion which carried unanimously.

Pari Mutuel Business License Renewals

Multi Jurisdictional Totalizator Hub

Bettor Racing, Inc.

Commissioner Christianson made a motion to approve the Multi Jurisdictional Hub Business License Renewal for Bettor Racing, Inc. Commissioner Fischer seconded the motion which carried unanimously.

Simulcast Provider

Am West Entertainment, LLC

Commissioner Christianson made a motion to approve the Simulcast Provider License Renewal for Am West Entertainment. Commissioner Crew seconded the motion which carried unanimously.

Simulcast Sites

Time Out Lounge, Triple Crown Casino, and Rider Up OTB

Commissioner Christianson made a motion to approve the above Pari Mutuel Business License Renewals. Commissioner Crew seconded the motion which carried unanimously.

Deadwood Parking Lease

Commissioner Christianson made a motion to approve the parking lease renewal with the City of Deadwood. Commissioner Fischer seconded the motion which carried unanimously.

Stipulations of Assurance and Voluntary Compliance

Commissioner Christianson made a motion to accept the stipulations and monetary penalties of the list as presented on pages 81-98 in the meeting packet. Commissioner Fischer seconded the motion which carried unanimously.

At 11:20 a.m... Commissioner Duncan ended his participation of the meeting.

2012 Quarterly Meeting Dates

Executive Secretary Eliason recommended approval of the following proposed quarterly meeting dates for 2012:

Wednesday, March 14th
Wednesday, June 6th
Wednesday, September 12th
Wednesday, November 28th

Commissioner Crew made a motion to approve the 2012 tentative meeting dates. Commissioner Christianson seconded the motion which carried unanimously.

Deadwood Licensing Matters

Key License Approvals

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

Erik Olsby
Michael McKee
Cori Butler

Clinton Lurz
Roy Sundstrom
Mark Bidwell

Additional Key License Approvals

Robert Wilson

Armen Czepyha

Key Renewals-2012

Director of Operations/Enforcement Sparrow recommended the approval of the Key License renewals for 2012 as listed on pages 101-104 in the meeting packet.

Commissioner Fischer made a motion to approve the Key License approvals and Key License renewals that staff recommended. Commissioner Crew seconded the motion which carried unanimously.

Business License Approval and License Requests

- ✓ Approval of the request of Craig & Nancy Murdock to move their three Retail licenses (0458, 0459 & 0460-RT's) currently assigned at Hickoks to an unassigned location effective the end of November.
- ✓ Approval of the request of Dakam to assign his three retail licenses (0264, 0275 & 0476-RT's) to Hickoks 1, 2 & 3 effective the beginning of December.
- ✓ Approval of the request of Ken Gienger to move his retail license currently assigned to the Mint 2 (0410-RT) to Celebrity 5 effective the beginning of December.
- ✓ Approval of the request of Tracy Island to move her Retail licenses (0326-RT) currently assigned at The Lodge #10 to an unassigned location effective the end of November.
- ✓ Approval of the request of Casey Borsch to assign his retail licenses (0500-RT) to The Lodge #10 effective the beginning of December.
- ✓ Approval of James Odell (0097-DR), Ian Blackburne (0104-DR), Stephen Morro (0105-DR), David Banks (0106-DR) and Lewis Flock (0107-DR) as Directors on the Aristocrat Manufacturers licenses (0108-MA).
- ✓ Approval of Josephine Linden (0108-DR) and William MCKenna (0109-DR) as Directors on the Bally Gaming Inc Manufacturers license(0114-MA).
- ✓ Approval of Ramesh Srinivasan (4828-AP) as an associated person on the Bally Gaming Inc Manufacturers license (0114-MA).
- ✓ Approval of the request to move the retail license currently assigned to Gold Dust 2A (0476-RT) and 2B (0342-RT) to unassigned locations effective the beginning of December. (Elks Bldg)
- ✓ Approval of NMD Ventures, LLC as the owner of a Property Owners License as it relates to their ownership of the Hickok's building. Owners are Clarence "Nick" Griffin, Mike Trucano and Dakam Mohamed Dakam.
- ✓ Please see supplemental Business License Assignment and Approval request that relates to Four Aces Gaming, LLC dba Gold Dust reorganization.

Commissioner Crew made a motion to approve the Business License Approvals and requests that the staff recommended. Commissioner Fischer seconded the motion which carried unanimously.

Supplemental Business License Assignment and Approval Requests

SUMMARY

The current ownership of Four Aces Gaming, LLC are in the process of reorganizing / dividing the company's assets which include 3 operating casinos; Four Aces, Gold Dust and 777. The owners are working with the Banks involved but at this date do not have the necessary contracts to complete the reorganization or for commission staff to review.

Staff requests that pursuant to SDCL 42-7B-11(10) the Commission grant approval to the following license requests on the specific condition that all required contracts are completed, and reviewed and approved by commission staff:

- ✓ Approval of an Operator, Route Operator and three retail licenses (0227-OP, 0035-RO, 0510, 0511 & 0512-RT's) for Dynasty Ventures, LLC dba Gold Dust Casino and that the retail licenses be assigned to building 1, 2 & 3.
- ✓ Approval of Tim Brennan as the owner of a 3rd retail license and the request to assign his 3 retail licenses to the Gold Dust 4, 5 & 6.
- ✓ Approval of the request of Neil Hague to move his 3 retail licenses currently assigned at the 777 to an unassigned location.
- ✓ Approval of the request of Tony Sieber to move his 3 retail licenses currently assigned to the Gold Dust to the 777 Casino.
- ✓ Approval of an Operator, Route Operator and three retail licenses (0228-OP, 0036-RO, 0514, 0515 & 0516-RT's) for Platinum Ventures, LLC dba Four Aces Casino and that the retail licenses be assigned to building 1, 2 & 3.
- ✓ Approval of the request of Teddie Jeffery to move her 3 retail licenses currently assigned at Four Aces 4, 5, & 6 to an unassigned location.
- ✓ Approval of the request of Nathan Kessler to move his 3 retail licenses currently assigned to the Gold Dust to the Four Aces 4, 5 & 6.

Commissioner Christianson made a motion to approve the above Business License approvals and requests that the staff recommended. Commissioner Fischer seconded the motion which carried unanimously.

Commissioner Christianson made a motion to go into Executive Session pursuant to SDCL 42-7B-8.1 (4), at 11:30 a.m.. Commissioner Fischer seconded the motion which carried unanimously.

EXECUTIVE SESSION

After coming out of the Executive Session at 11:45 a.m., the following actions were taken.

Decision SDCOG vs. Doug King

Commissioner Fischer made a motion to revoke Doug King's license and impose a monetary fine of \$250 to be paid within one year. Commissioner Crew seconded the motion which carried unanimously.

Decision SDCOG vs. Sharon Johnson

Commissioner Crew made a motion to revoke Sharon Johnson's license and impose a monetary fine of \$250 to be paid within one year. Commissioner Fischer seconded the motion which carried unanimously.

Decision SDCOG vs. Michael Cadwallader

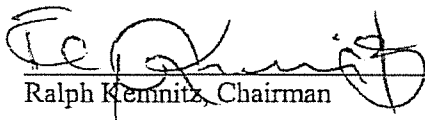
Commissioner Christianson made a motion to revoke Michael Cadwallader's license and impose a monetary fine of \$250 to be paid within one year. Commissioner Fischer seconded the motion which carried unanimously.

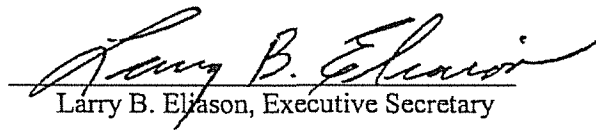
No further business to be discussed.

Meeting was adjourned at 12:00 p.m...

Respectfully Submitted,

Kathy Fredericksen


Ralph Kemnitz, Chairman


Larry B. Eliason, Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

SOUTH DAKOTA COMMISSION ON GAMING SPECIAL MEETING

MINUTES December 21, 2011

The South Dakota Commission on Gaming held a special meeting by telephone conference call on Wednesday, December 21, 2011 at 10:00 PM CDT. Present at the roll call were:

Commissioner Ralph "Chip" Kemnitz, chairman, Commissioner Karen Crew, vice chairman. Commissioner Karl Fischer, Commissioner Dennis Duncan and Commissioner Harry Christianson. Other persons who were present included: Michael Shaw, Commission Counsel, Larry Eliason, Executive Secretary, Craig Sparrow, Director of Enforcement and Operations, Susan Christian, Operations Manager, Dennis Booth, Verendrye Benevolent Association(Ft. Pierre racetrack), Lloyd Just, State racing Steward, Jim Thayer and Mike Schmidt, North East Horse Racing, Inc.(Aberdeen race track) and Aaron Orłowski, reporter Rapid City Journal.

No conflicts with any agenda items were noted by any Commissioner.

Commissioner Christianson moved approval of the agenda. The motion was seconded by Commissioner Fischer. On roll call the Commissioners voted as follows:

Commissioner Kemnitz	Aye
Commissioner Crew	Aye
Commissioner Fischer	Aye
Commissioner Duncan	Aye
Commissioner Christianson	Aye

ALLOCATION OF FUNDS TO RACE TRACKS FOR 2012 RACING SEASON

Commissioner Fischer moved to approve Resolution Number 11-30-11-01 for the allocation of purse supplements and racing operations for the 2012 live horse racing season. Motion was seconded by Commissioner Christianson. On roll call the Commissioners voted as follows:

Commissioner Kemnitz	Aye
Commissioner Crew	Aye
Commissioner Fischer	Aye
Commissioner Duncan	Aye
Commissioner Christianson	Aye

Discussion was held on the racing regulation expenses being paid out of the funds generated by Deadwood Gaming and if this should be allocated to the funds generated by the simulcast wagering.

Commission instructed Secretary Eliason to track the expense of regulating the live racing for the 2012 racing season and provide the amount to them for future ~~discussion~~ purposes.

JOCKEY LONGEVITY PAYMENTS FOR 2012 RACING SEASON

Commissioner Duncan moved to approve Resolution Number 11-30-11-02 for the reimbursement to the track from the Special Racing Revolving Fund for longevity payments to licensed jockeys who participate in races in South Dakota during the 2012 season. Commissioner Fischer seconded the motion.

On roll call the Commissioners voted as follows:

Commissioner Kemnitz	Aye
Commissioner Crew	Aye
Commissioner Fischer	Aye
Commissioner Duncan	Aye
Commissioner Christianson	Aye

OTHER BUSINESS

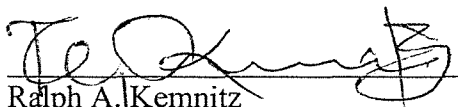
Secretary Eliason reported that the rules that were adopted by the Commission at the November 2011 meeting were approved by the Interim Rules Review Committee on December 20, 2011. He also reported the proposed bill streamlining the approval process of Key, Support and Retail License transfers as discussed at the November 2011 meeting was sent to LTF for final approval. No opposition is anticipated to the final approval.

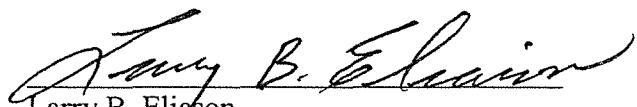
Commission instructed Secretary Eliason to continue pursuing the possibility of removing the number of retail license limit for casino Operators. Secretary Eliason stated he will continue to work with DOR Secretary Gerlach on that matter.

Commissioner Christianson moved to adjourn the meeting. The motion was seconded by Commissioner Crew. On roll call the Commissioners voted as follows:

Commissioner Kemnitz	Aye
Commissioner Crew	Aye
Commissioner Fischer	Aye
Commissioner Duncan	Aye
Commissioner Christianson	Aye

The meeting adjourned at 10:30 PM.


Ralph A. Kemnitz
Chairman


Larry B. Eliason
Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

SOUTH DAKOTA COMMISSION ON GAMING SPECIAL MEETING

MINUTES January 23, 2012

The South Dakota Commission on Gaming held a special meeting by telephone conference call on Monday January 23, 2012 at 1:00 PM CDT. Present at the roll call were:

Commissioner Ralph "Chip" Kemnitz, chairman, Commissioner Karen Crew, vice chairman. Commissioner Dennis Duncan and Commissioner Harry Christianson. Other persons who were present included: Michael Shaw, Commission Counsel, Larry Eliason, Executive Secretary, Craig Sparrow, Director of Enforcement and Operation, Theron Ahlers, Enforcement Agent, Robert Sturgis, and Branko Milosevick, of NG South Dakota, LLC, Richard Pluimer, Legal representative for A. G. Truccano. Son and Grandsons, Inc. and Brenda Lemburg, Administrative Assistant.

No conflicts with any agenda items were noted by any Commissioner.

Commissioner Duncan moved approval of the agenda. The motion was seconded by Commissioner Fisher. On roll call the Commissioners voted as follows:

Commissioner Kemnitz	Aye
Commissioner Crew	Aye
Commissioner Duncan	Aye
Commissioner Christianson	Aye

LICENSE APPLICATION OF NG SOUTH DAKOTA, LLC

Craig Sparrow, Director of Enforcement and Operations reported that all background investigations and paperwork has been completed for the stock purchase of A. G. Trucano, Son and Grandsons, Inc. to NG South Dakota LLC, an affiliate of Nevada Gold & Casinos, Inc. Craig Sparrow and staff recommended approval of an Operator and Route Operator license to be issued for NG South Dakota, LLC.

Commissioner Christianson moved to approve the operator and route operator license and sale to new owners NG South Dakota, LLC with a closing date of Friday January 27, 2012. The motion was seconded by Commissioner Duncan. On roll call the Commissioners voted as follows:

Commissioner Kemnitz	Aye
Commissioner Crew	Aye
Commissioner Duncan	Aye
Commissioner Christianson	Aye

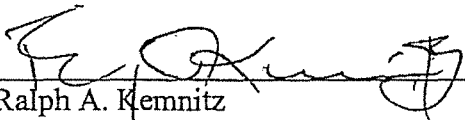
OTHER BUSINESS

Secretary Eliason reported that the Senate Bills 108 and 112 have been introduced.

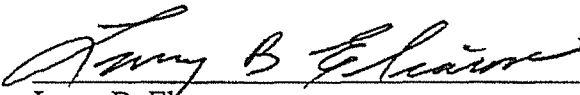
Commissioner Christianson moved to adjourn the meeting. The motion was seconded by Commissioner Duncan. On roll call the Commissioners voted as follows:

Commissioner Kemnitz	Aye
Commissioner Crew	Aye
Commissioner Duncan	Aye
Commissioner Christianson	Aye

The meeting adjourned at 1:15 PM CDT.



Ralph A. Kemnitz
Chairman



Larry B. Eliason
Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

**SOUTH DAKOTA COMMISSION ON GAMING QUARTERLY MEETING
PUBLIC HEARING ON PROPOSED RULE CHANGES
DEADWOOD CITY HALL, DEADWOOD, SOUTH DAKOTA**

MINUTES
March 14, 2012

At 9:00 a.m. the meeting was called to order. Commissioner Ralph Kemnitz, Commissioner Karen Crew, Commissioner Harry Christianson, Commissioner Dennis Duncan and Commissioner Karl Fischer were present. 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 roll call was taken.

PROPOSED RULE CHANGES HEARING

Multi-jurisdictional totalizer hubs

Commissioner Crew made a motion to approve the proposed rule changes as outlined on pages 1-11 in the meeting packet. Commissioner Fischer seconded the motion which carried unanimously.

Poker

The proposed rule changes for the Let It Ride and Let It Ride bonus including three card bonus optional side bet or progressive optional side bet were withdrawn from the hearing.

Rules for Casino War

Commissioner Christianson made a motion to approve the proposed rule changes as outlined on pages 34-35 in the meeting packet as per LRC and changes made by Michael Shaw as per Shufflemaster and to change the word "units" to "wagers." Commission Crew seconded the motion which carried unanimously.

A brief recess was taken at 10:05 am.

The meeting resumed at 10:13 am.

Slot machine requirements and retention of records

Commissioner Fischer made a motion to approve the proposed rule changes as outlined on pages 37-48 and pages 49-51 in the meeting packet. Commissioner Crew seconded the motion which carried unanimously.

Building Codes

Commissioner Crew made a motion to approve the proposed rule changes as outlined on pages 52-53 in the meeting packet. Commissioner Christianson seconded the motion which carried unanimously.

GENERAL MEETING

Commissioner Kemnitz called the general meeting to order at 10:15 am.

Approval of Agenda

No changes were noted to the agenda

Conflicts of Interest

No conflicts of interest were noted on the agenda.

Secretary of Revenue Andy Gerlach addressed the Commission.

November 30, 2011 Quarterly Meeting

Commissioner Fischer made a motion to adopt the drafted minutes from the November 30, 2011 meeting. Commissioner Christianson seconded the motion which carried unanimously.

December 21, 2011 Special Meeting

Commissioner Crew made a motion to adopt the drafted minutes from the December 21, 2011 special meeting. Commissioner Duncan seconded the motion which carried unanimously.

January 23, 2012 Special Meeting

Commissioner Duncan made a motion to adopt the drafted minutes from the January 23, 2012 special meeting. Commissioner Fischer seconded the motion which carried unanimously.

Karl Fischer was presented a plaque for his years of service on the commission. This will be his last meeting since his term will expire in April 2012.

Stipulations of Assurance and Voluntary Compliance

BY Development, Inc.

Commissioner Crew made a motion to accept the Stipulation of Voluntary Compliance and monetary penalty of BY Development, Inc. Commissioner Duncan seconded the motion which carried unanimously.

Racing Contracts

Veterinarian Services

Commissioner Fischer made a motion to accept the contract with Cooper Animal Clinic for official veterinarian services for the 2012 horse racing season. Commissioner Crew seconded the motion which carried unanimously.

Laboratory Services

Commissioner Christianson made a motion to accept the contract with the Center for Tox Services as the official lab for the 2012 horse racing season. Commissioner Duncan seconded the motion which carried unanimously.

Racing Commission Officials and Race Track Officials

Commissioner Christianson made a motion to approve the Commission officials for the 2012 horse racing season as listed on page 77 of the meeting packet and the racing officials for each track for the 2012 horse racing season for the Verendrye Benevolent Association and Northeast Area Horse Racing, Inc. officials as listed on pages 78 and 79 of the meeting packet. Commissioner Duncan seconded the motion which carried unanimously.

Bettor Racing, Inc. Simulcast Provider License and Temporary Simulcast License Renewal

Commissioner Christianson made a motion to approve the simulcast provider license renewal and temporary simulcast site license renewal for Bettor Racing, Inc. Commissioner Duncan seconded the motion which carried unanimously.

Deadwood Licensing Matters

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

Key Licenses

- ✓ Larry Bausch
- ✓ Edward Jones

Key License Renewals

Key License Renewals

- ✓ Deb Klima
- ✓ Ryan Klima
- ✓ David Schneider
- ✓

Business License Approvals

- ✓ Approval of a Manufacturer license for Konami Gaming, Inc. (0128-MA), a wholly owned subsidiary whose ultimate owner is Konami Corporation of Japan.
 - Approval of Kagemasa Kozuki (A4887-OW) as an owner of Konami Corporation and Taku Kozuki (A0111-DR), Noriako Yamaguchi (A0112-DR), and Kimihiko Higashio (A0113-DR) as Directors.
- ✓ Approval of Ronald Peterson, Charles Mauszycki, and Jeffrey Krall as additional owners on the Bullock Hospitality, LLC Operator license (0225-OP).
- ✓ Approval of Rosalind Dubs as a Director on the Aristocrat Technologies Inc., Manufacturer's license (0108-MA).

Commissioner Christianson made a motion to approve the Key License approvals, Key License renewals, and Business License approvals as staff recommended. Commissioner Duncan seconded the motion which carried unanimously.

Business License Assignments

- ✓ Approval of an Operator, Route Operator and three retail licenses (0227-OP, 0035-RO, 0510, 0511 & 0512-RT's) for High Noon Investments, LLC dba Gold Dust Casino and that the retail licenses be assigned to building 1, 2 & 3.
- ✓ Approval of Tim Brennan as the owner of a 3rd retail license and the request to assign his 3 retail licenses to the Gold Dust 4, 5 & 6.
- ✓ Approval of the request of Neil Hague to move his 3 retail licenses currently assigned at the 777 to an unassigned location.
- ✓ Approval of the request of Tony Sieber to move his 3 retail licenses currently assigned to the Gold Dust to the 777 Casino.
- ✓ Approval of an Operator, Route Operator and three retail licenses (0228-OP, 0036-RO, 0514, 0515 & 0516-RT's) for Platinum Ventures, LLC dba Four Aces Casino and that the retail licenses be assigned to building 1, 2 & 3.
- ✓ Approval of the request of Teddie Jeffery to move her 3 retail licenses currently assigned at Four Aces 4, 5, & 6 to an unassigned location.
- ✓ Approval of the request of Nathan Kessler to move his 3 retail licenses currently assigned to the Gold Dust to the Four Aces 4, 5 & 6.

Commissioner Duncan made a motion to approve business license assignments changes from the prior meeting as recommended by staff. Commissioner Fischer seconded the motion which carried unanimously.

RCI Annual Meeting

Commissioner Fischer made a motion to designate Chairman Kemnitz as the Commission's voting representative and Larry Eliason as the alternate at the annual meeting of the Association

Next Commission Meeting

A special meeting will be held in May at a date to be determined later to address the rules that take effect on July 1, 2012, and then the next quarterly commission meeting tentatively will be June 6, 2012.

EXECUTIVE SESSION

A brief Executive Session pursuant to SDCL 42-7B-8.1 (4) was held at 11:05 am

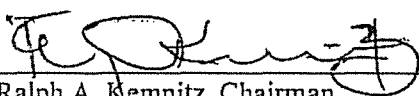
The Executive Session was concluded with no formal action taken.

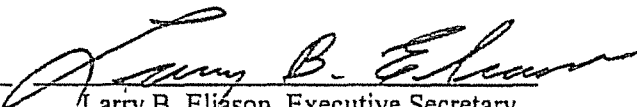
There was no further business to be discussed.

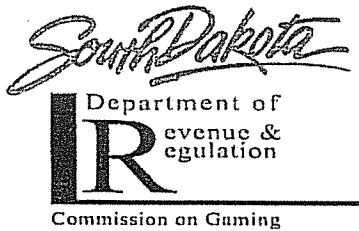
Commissioner Christianson made a motion to adjourn the meeting. Commissioner Fischer seconded the motion which carried unanimously.

The meeting was adjourned at 11:15 am.

Respectfully submitted,
Kathy Fredericksen


Ralph A. Kemnitz, Chairman


Larry B. Eliason, Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

**SOUTH DAKOTA COMMISSION ON GAMING SPECIAL MEETING
PUBLIC HEARING ON PROPOSED RULE CHANGES
DEADWOOD CITY HALL, DEADWOOD, SOUTH DAKOTA**

**MINUTES
May 16, 2012**

At 9:00 a.m. the meeting was called to order. Commissioner Ralph Kemnitz, Commissioner Karen Crew, Commissioner Harry Christianson, Commissioner Dennis Duncan and Commissioner Tim Holland were present. 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.

Larry Eliason introduced the new Commissioner, Tim Holland.

AGENDA AMENDMENT

At the request of Larry Eliason the following items were added to the agenda for information purposes only: Executive Session pursuant to SDCL 1-25-2(1) (additional duties of executive secretary) and SDCL 42-7B-8.1(3).

Table Game Protection Seminar

Larry Eliason addressed the seminar and thanked the DGA and properties for attending.

PROPOSED RULE CHANGES HEARING

The Commission held a public hearing to consider the adoption and amendment of proposed rules listed below.

GAMING RULES: 20:18:01:01, 20:18:03:04, 20:18:07:07, 20:18:12:01:14, 20:18:01:17, 20:18:15:39, 20:18:16:02, 20:18:16:15:03, 20:18:18:15, 20:18:20:05, 20:18:29:03, 20:18:29:08, and 20:18:29:14.

Commissioner Crew made a motion to approve the proposed adopted rules as outlined in pages 1-42 of the rule packet with corrections by staff and an insert by Shufflemaster. Commissioner Duncan seconded the motion which carried unanimously.

EXECUTIVE SESSION

A brief Executive Session pursuant to statutes noted above was held, at 10:25 am.


The Executive Session was concluded with no formal action taken.

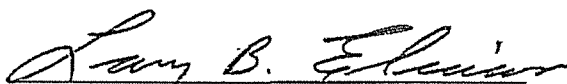
No further business to be discussed.

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

Meeting was adjourned at 10:55 am.

Respectfully submitted,
Kathy Fredericksen


Ralph A. Kemnitz, Chairman


Larry B. Eliason, Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

**South Dakota Commission on Gaming Quarterly Business Meeting and
Administrative Hearings
Deadwood City Hall, Deadwood, South Dakota**

MINUTES
June 6, 2012

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

The meeting was called to order at 9 a.m. by Commissioner Kemnitz.

Larry Eliason welcomed new staff member Phil Schlieff, Gaming Technology Specialist.

ADMINISTRATIVE HEARINGS

The court reporter for the hearing was Jean Carlson. The following case was scheduled to be heard:

- Optima, LLC (building designation)

Optima, LLC

Optima, LLC, represented by Roger Tellinghuisen, attorney, requested a declaratory ruling for new construction at 322 Main Street. A 7 building designation but at present will only be using room 4 for gaming as outlined on Exhibit A. Mr. Tellinghuisen also requested to amend the petition for a variance for the basement parking structure to meet the inner access requirements between buildings. The matter was deferred to Executive Session.

General Meeting

Upon conclusion of the hearing Commissioner Kemnitz called the general meeting to order at 9:40 a.m.

Approval of Agenda

No changes were noted to the agenda.

Conflicts of Interest

No conflicts of interest were noted on the agenda.

March 14, 2012 Meeting

Commissioner Christianson made a motion to adopt the minutes drafted for the March 14, 2012 meeting. Commissioner Duncan seconded the motion which was carried unanimously.

May 16, 2012 Special Meeting

Commissioner Crew made a motion to adopt the minutes drafted for the May 16, 2012 meeting. Commissioner Holland seconded the motion which was carried unanimously.

Secretary of Revenue Andy Gerlach addressed the Commission.

Tom Nelson, Deadwood Gaming Association, addressed the Commission on promotional play and to change rule to allow payout of 6 to 5 on single deck Blackjack.

Report on Approval of Rule Changes

Larry Eliason gave a report on the gaming rule changes that the Commission approved at the special meeting. The rules were approved by the Legislature's Interim Rules Review Committee on May 29, 2012 and will become effective June 18, 2012. The casinos cannot offer bets over \$100 until the new law becomes effective July 1, 2012.

Professional Service Contracts -FY 2011

Bill Treger, GLI representative, addressed the Commission.

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

Commissioner Christianson made a motion to approve the contract for legal services with May, Adam, Gerdes and Thompson, attorney Michael F. Shaw. Commissioner Duncan seconded the motion which carried unanimously.

Commissioner Crew made a motion to approve the contract with Architecture Incorporated as presented. 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:

- ✓ Michael Jurak
- ✓ Lori Zimmerman
- ✓ Trevor Taylor
- ✓ CJ Hestor

Key Renewal

- ✓ Beverly Bachand

Business License Renewal 2011-2012

- ✓ Mike Trucano 2 (0392-RT)

Business License Renewal 2012-2013

Director Sparrow recommended the approval of all Operators, Route Operators, Retails, Distributors, and Manufacturers listed on pages 32-33 of the meeting packet with exception of the following:

- ✓ Wooden Nickel

Director Sparrow recommended that the license noted in the exceptions above be renewed on the condition that the licensee pay their property taxes by June 30, 2012.

Business License Approval and Assignments

- ✓ Recommend approval of Robert Sturges and Wayne White as a Directors on the NG South Dakota, LLC business licenses **(0226-OP, 0034-R0, 0521, 0522 & 523-RT's)**.
- ✓ Recommend approval of Ronald Meis as an additional Owner on the Celebrity Hotel business licenses **(0197-OP, 0020-R0, 0241, 0256 & 257-RT's)**.

Business License Approval and Assignments (as the result of 42-7B-26)

- ✓ Approval of the request of Jerome Feterl to move his 3 retail licenses currently assigned at Bourbon Street to an unassigned location effective the end of June 2012.
- ✓ Approve NG South Dakota, LLC as the owner of 3 retail licenses **(0521, 0522 & 0523-RT's)** and assign them to Bourbon Street 1, 2 & 3 effective the beginning of July 2012.
- ✓ Approval of the request of Steve Olson to move his 3 retail license currently assigned to the Bodega Complex to an unassigned location effective the end of June 2012.
- ✓ Approval of the request of Kevin Johnson to move his 1 retail licenses currently assigned at Bullock Hotel 2 **(0288-RT)** to Bodega 3 effective the beginning of July 2012.
- ✓ Approval of the request of Mike Trucano to move his 1 retail licenses currently assigned at Bullock Hotel 1 **(0389-RT)** to Bodega 1 and his second retail license currently unassigned (0392- RT) to Bodega 2 effective the beginning of July 2012.
- ✓ Approve Bullock Hospitality, LLC as the owner of 2 retail licenses **(0531 & 0532-RT's)** and assign them to Bullock Hotel 1 & 2 effective the beginning of July 2012.

- ✓ Approval of the request of Dakam to move his 3 retail licenses currently assigned to Hickoks to an unassigned location effective the end of June 2012.
- ✓ Approve NMD Ventures, LLC as the owner of 3 retail licenses (**0518, 0519 & 0520-RT's**) and assign them to Hickoks 1, 2 & 3 effective the beginning of July 2012
- ✓ Approval of the request of Randy Bush to move his 3 retail licenses currently assigned to First Gold to an unassigned location effective the end of June 2012.
- ✓ Approval of the request of Tim and Monica Conrad to move their 3 retail licenses currently assigned to First Gold to an unassigned location effective the end of June 2012.
- ✓ Approval of the request of Steve Schaeffer to move his 2 retail licenses currently assigned to First Gold to an unassigned location effective the end of June 2012.
- ✓ Approve First Gold Inc as the owner of 7 additional retail licenses (**0567, 0568, 0569, 0570, 0571, 0572 & 0573-RT's**) and assign them to First Gold 4, 5, 6, 7, 8, 9 & 10 effective the beginning of July 2012.
- ✓ Approval of the request of Brad Hemmah to move his 3 retail licenses currently assigned to Deadwood Mtn Grand to an unassigned location effective the end of June 2012.
- ✓ Approval of the request of Michelle Harmon to move her 3 retail licenses currently assigned to Deadwood Mtn Grand to an unassigned location effective the end of June 2012.
- ✓ Approval of the request of Steve Schaeffer to move his 1 retail license currently assigned to Deadwood Mtn Grand to an unassigned location effective the end of June 2012.
- ✓ Approve Tentexkota, LLC as the owner of 7 retail licenses (**0549, 0550, 0551, 0552, 0553, 0554 & 0555-RT's**) and assign them to Deadwood Mtn Grand 1, 2, 3, 4, 5, 6 & 7 effective the beginning of July 2012.
- ✓ Approval of the request of Tim Brennan to move his 3 retail licenses currently assigned to Gold Dust to an unassigned location effective the end of June 2012.
- ✓ Approve High Noon Investments, LLC as the owner of 3 additional retail licenses (**0556, 0557 & 0558-RT's**) and assign them to Gold Dust 4, 5, & 6 effective the beginning of July 2012.
- ✓ Approval of the request of Weston Pleinis to move his 3 retail licenses currently assigned to The Lodge to an unassigned location effective the end of June 2012.
- ✓ Approval of the request of Troy Ihde to move his 3 retail licenses currently assigned to The Lodge to an unassigned location effective the end of June 2012.
- ✓ Approval of the request of Casey Borsch to move his 1 retail license currently assigned to The Lodge to an unassigned location effective the end of June 2012.
- ✓ Approve Deadwood Resorts, LLC dba The Lodge at Deadwood as the owner of 7 additional retail licenses (**0533, 0534, 0535, 0536, 0537, 0538 & 0539-RT's**) and assign them to The Lodge 4, 5, 6, 7, 8, 9 & 10 effective the beginning of July 2012.
- ✓ Approval of the request of David Blackmun to move his 3 retail licenses currently assigned to Mineral Palace to an unassigned location effective the end of June 2012.
- ✓ Approval of the request of Barry Lloyd to move his 3 retail licenses currently assigned to Mineral Palace to an unassigned location effective the end of June 2012.
- ✓ Approval of the request of Christopher Gould to move his 3 retail licenses currently assigned Mineral Palace to an unassigned location effective the end of June 2012.
- ✓ Approve GR Deadwood, LLC dba Mineral Palace as the owner of 9 additional retail licenses (**0540, 0541, 0542, 0543, 0544, 0545, 0546, 0547 & 0548-RT's**) and assign them to Mineral Palace 4, 5, 6, 7, 8, 9, 10, 11 & 12 effective the beginning of July 2012.
- ✓ Approval of the request of Caleb Arceneaux to move his 2 retail licenses currently assigned to Cadillac Jacks to an unassigned location effective the end of June 2012.
- ✓ Approval of the request of Brooke Bradsky to move her 2 retail licenses currently assigned to Cadillac Jacks to an unassigned location effective the end of June 2012.

- ✓ Approval of the request of Miranda Bradsky to move her 1 retail licenses currently assigned Cadillac Jacks to an unassigned location effective the end of June 2012.
- ✓ Approve B.Y. Development, Inc dba Cadillac Jack's Gaming Resort as the owner of 5 additional retail licenses (**0526, 0527, 0528, 0529 & 0530-RT's**) and assign them to Cadillac Jacks 4, 5, 6, 7, & 8 effective the beginning of July 2012.
- ✓ Approval of the request of Miranda Bradsky to move her 2 retail licenses currently assigned to Tin Lizzie to an unassigned location effective the end of June 2012.
- ✓ Approve Blue Sky Gaming dba Tin Lizzie as the owner of 2 additional retail licenses (**0524 & 0525-RT's**) and assign them to Tin Lizzie 4 & 5 effective the beginning of July 2012.
- ✓ Approval of the request of Tony Sieber to move his 3 retail licenses currently assigned to 777 to an unassigned location effective the end of June 2012.
- ✓ Approval of the request of Nate Kessler to move his 3 retail licenses currently assigned to Four Aces to an unassigned location effective the end of June 2012.
- ✓ Approval of the request of Michelle Fischer to move her 2 retail licenses currently assigned to Four Aces to an unassigned location effective the end of June 2012.
- ✓ Approve Platinum Ventures, LLC dba Four Aces as the owner of 8 additional retail licenses (**0559, 0560, 0561, 0562, 0563, 0564, 0565 & 0566-RT's**) and assign them to Four Aces 4, 5, 6, 7, & 8 and Four Aces/777 13, 14 & 15 effective the beginning of July 2012.

Commissioner Crew made a motion to approve the Key licenses, Key Renewal, business license renewals, and business license approvals and assignments as recommended by staff and outlined on pages 29-33 of the Commission packet with the conditions listed above. Commissioner Duncan seconded the motion which carried unanimously.

Schedule of Next Meeting

The next commission meeting has been scheduled for September 12, 2012.

Election of Officers for FY 2013

Commissioner Christianson made a motion to elect Commissioner Kemnitz to serve as the Chairman of the Commission and Commissioner Duncan to serve as Vice Chairman of the Commission. Commissioner Crew seconded the motion which carried unanimously.

Executive Session

The Commission went into Executive Session pursuant to SDCL 42-7B-8.1 (4), decision on administrative hearings, and to address Kellar Estate licenses.

After coming out of Executive Session at 10:55 a.m., the Commission took the following actions.

Decision Optima, LLC Declaratory Ruling

Commissioner Duncan made a motion to grant the request of declaratory ruling as outlined in Exhibit A and to include the amended petition variance for the parking structure which will be sent directly after meeting. Commissioner Christianson seconded the motion which carried unanimously.

Ken Kellar Estate

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

- ✓ Approve the request of Rich Turbiville to move his retail licenses from the Green Door 1 (0166-RT) & Green Door 2 (0405-RT) to an unassigned location effective the beginning of July 2012.
- ✓ Renew the retail licenses of the Ken Kellar Estate 1 (0026-RT) & 2 (0122-RT) and assign the licenses to Green Door 1 & 2 location effective the beginning of July 2012.
- ✓ Renew the operator license of the Ken Kellar Estate (0188-OP).
- ✓ Renew the retail license of Ken Kellar Estate 3 (0157-RT) currently assigned to Deadwood Express 2.
- ✓ Approve the request of Mike Kellar to move his retail license assigned to Deadwood Express 1 (0293-RT) to an unassigned location effective the beginning of July 2012.

Commissioner Crew made a motion to grant the license requests as recommended by staff on a temporary basis to the Ken Kellar Estate, Dick Pluimer, who is the associated person for the estate. Commissioner Duncan seconded the motion which carried unanimously.

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

Meeting was adjourned at 11:05 a.m.

Respectfully Submitted,

Kathy Fredericksen


Ralph A. Kemnitz, Chairman


Larry B. Elason, Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

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

MINUTES

September 12, 2012

At 9:00 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Karen Crew, and Tim Holland participated in the meeting in person. Commissioner Harry Christianson participated in the meeting via telephone conference. Commissioner Dennis Duncan was unable to participate. 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.

Public Hearing on Proposed Rule Changes

Commissioner Christianson made a motion to adopt the 3 proposed rules changes as listed in the meeting packet on pages 2-15 and on page 6 change "licensee" to "operator" in ARSD 20:08:15:06. Commissioner Crew seconded the motion which carried unanimously.

General Meeting

Upon conclusion of the public hearings on proposed rules Commissioner Kemnitz called the general meeting to order at 9:34 am.

Approval of Agenda

Commissioner Crew made a motion to approve the agenda. Commissioner Holland seconded the motion which carried unanimously.

No conflicts of interest on any agenda item were noted by any of the commissioners participating.

June 6, 2012 Meeting

Commissioner Holland made a motion to adopt the minutes as drafted for the June 6, 2012 meeting. Commissioner Crew seconded the motion which carried unanimously.

Complaint by Brad Otten

Mr. Brad Otten addressed the Commission regarding promotional drawings. The Commission has directed staff to research the issues and report to the Commission at a later date.

Racing Regulatory Costs at Horse Tracks

As requested by Commissioner Christianson, Larry Eliason compiled a report to show regulatory expenses incurred in the regulation of horse racing at the race tracks in Ft. Pierre and Aberdeen.

Signatories on Bettor Racing Bond

Commissioner Crew made a motion to remove Karl Fischer and add Michael Shaw as signatory on the Certificate of Deposit serving as bond for Bettor Racing Bond as stated in Resolution 09-12-12. 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:

- | | |
|-----------------|---------------|
| ✓ Steve Foss | ✓ Gary Glover |
| ✓ Debra Brink | ✓ Darin Kirk |
| ✓ Nyla Griffith | |

Business License Approval and License Requests

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

- ✓ Approval of Brian Hinchley, Louis Forretti, and Gary Loebig as Directors on the Table Trac, Inc. Manufacturer licenses **(0127-MA)**.
- ✓ Approval of Harms Vending, Inc. with Brian and Jennifer Harms as Owner of a Manufacturer's license **(0129-MA)**.
- ✓ Approval of Deals Publications, Inc. to move their 3 retail licenses **(0241, 0256, & 0257-RT's)** to an unassigned location effective the end of September 2012.
- ✓ Approval of Ken Gienger to move his two retail licenses **(0274 & 0410-RT's)** to an unassigned location effective the end of September 2012.
- ✓ Approval of Rolling Hills Farm Investments, LLC with Brian Holcomb as the owner of an Operator and five retail licenses **(0229-OP, 0574, 0575, 0576, 0577, & 0578-RT's)**. Licenses are to be assigned to Celebrity Hotel effective the beginning of October 2012.
- ✓ Approval of Ron Island as the owner of two retail licenses **(0579 & 0580-RT's)** to be assigned to the Comfort Inn effective the beginning of October 2012.
- ✓ Approval of Robert Blue as the owner of a retail license **(0581-RT)** to be left unassigned at the current time.

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

Schedule of Next Meeting

The next commission meeting has been scheduled for Wednesday November 28, 2012.

Commissioner Crew moved to go into Executive Session pursuant to SDCL 42-7B-8.1 (4) at 10:50 a.m. Commissioner Holland seconded the motion which carried unanimously.

Executive Session

Executive Session was concluded at 11:15 a.m.

No further business to be discussed.


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

Meeting was adjourned at 11:20 a.m.

Respectfully Submitted,

Kathy Fredericksen


Ralph A. Kemnitz, Chairman


Larry B. Eliason, Executive Secretary

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

MINUTES
November 28, 2012

At 09:00 a.m. the meeting was called to order. Commissioner Ralph Kemnitz, Commissioner Karen Crew, Commissioner Harry Christianson, Commissioner Dennis Duncan, and Commissioner Tim Holland were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement.

ADMINISTRATIVE HEARINGS

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

- SDCOG vs. Angel Stoltenberg
- SDCOG vs. Patrick Jensen
- Appeal of Denial of Renewal of Support License by Paul Wojton

SDCOG vs. Angel Stoltenberg

Commission Attorney, Michael Shaw, said he was advised by Greg Sperlich, licensee attorney, that Mr. Sperlich and Ms. Stoltenberg would not be attending the hearing. A complaint was filed alleging that on September 21, 2012 the licensee was convicted of the charge of Grand Theft, a felony, by a jury in Lawrence County for a theft which occurred at the Gold Dust, a licensed gaming establishment at which she was employed. Staff recommended that her support license be revoked. Commissioner Christianson made a motion that Ms. Stoltenberg's support license be revoked. Commissioner Crew seconded the motion which carried unanimously.

SDCOG vs. Patrick Jensen

Mr. Jensen was not present for the hearing. A complaint was filed alleging that on September 15, 2012 that licensee stole a ticket with a value of \$300 from a slot machine at the Lodge at Deadwood, a licensed gaming establishment at which he was employed. Staff recommended that his key license be revoked. Commissioner Christianson made a motion that Mr. Jensen's key license be revoked. Commissioner Duncan seconded the motion which carried unanimously.

SDCOG vs. Paul Wojton (Renewal Appeal)

Mr. Wojton was present for the hearing. The renewal of Mr. Wojton's support license was denied by the Executive Secretary because on June 16, 2012 the licensee was arrested in Spearfish, South Dakota, on two counts of hiring for sexual activity and two counts of stalking. On June 28, 2012 a Lawrence County Grand Jury indicted Mr. Wojton on all four of those counts. The licensee later pled guilty to the two counts of stalking. On October 28, 2012 the Court sentenced him to serve 180 days in jail with 175 days of that sentence suspended and imposed other conditions. Staff recommended that Mr. Wojton's support license renewal be denied. The decision was deferred to Executive Session.

Proposed Rules Changes

Horse Racing Rules

Commissioner Duncan made a motion to adopt the proposed rule changes as presented on pages 18-44 in the meeting packet. Commissioner Holland seconded the motion which carried unanimously.

Slot Machine Manufacturer Rules

Commissioner Crew made a motion to adopt the proposed rule changes as presented on pages 45-51 in the meeting packet and on page 50 add (3) paragraph per Michael Shaw's wording. Commissioner Christianson seconded the motion which carried unanimously.

A brief recess was taken at 10:40 a.m.

General Meeting

Upon conclusion of the administrative and proposed rule hearings Commissioner Kemnitz called the general meeting to order at 10:48 a.m.

Approval of Agenda

Commissioner Duncan requested to add a discussion on poker tournament concerns after Deadwood licensing.

No conflicts of interest were noted on the agenda.

Secretary of Revenue Andy Gerlach addressed the commission.

September 12, 2012 Meeting

Commissioner Crew made a motion to adopt the drafted minutes from the September 12, 2012 meeting. Commissioner Holland seconded the motion which carried unanimously.

Stipulations of Assurance and Voluntary Compliance

Deadwood Resorts, LLC

A monetary penalty of \$500 was imposed for a complaint that was filed on August 7, 2012 alleging that licensee failed to inform the executive secretary or his designee of a patron dispute at the Lodge at Deadwood on August 4, 2012 which involved an amount of at least \$250 as required by South Dakota Commission on Gaming rules. Commissioner Christianson made a motion to accept the stipulation and monetary penalty imposed. Commissioner Duncan seconded the motion which carried unanimously.

There was discussion by the Commissioners that in the future the monetary penalties imposed by the Executive Secretary on business licensees that commit rule violations should be increased.

Pari Mutuel Business License Renewals

Multi Jurisdictional Totalizator Hub

Bettor Racing, Inc.

Simulcast Provider

Am West Entertainment, LLC

Simulcast Sites

Time Out Lounge, and Triple Crown Casino

Commissioner Duncan made a motion to approve the Simulcast License Renewals as listed on page 57-64 in the meeting packet. Commissioner Crew seconded the motion which carried unanimously.

Racing Licensing Matters

2013 Live Horse Racing Dates

Verendrye Benevolent Association

North East Area Horse Racing, Inc.

Commissioner Duncan made a motion to approve the racing dates scheduled for the Ft. Pierre and Aberdeen racing courses. Commissioner Crew seconded the motion which carried unanimously.

Allocations of Funds to Tracks for 2013 Racing Season

Commissioner Christianson made a motion to approve resolution number 11-28-12-01. Commissioner Duncan seconded the motion which carried unanimously.

Jockey Longevity Bonuses for 2013 Racing Season

Commissioner Christianson made a motion to approve resolution number 11-28-12-02. Commissioner Duncan seconded the motion which carried unanimously.

2013 Quarterly Meeting Dates

Executive Secretary Eliason recommended the following tentative quarterly meeting dates for 2013:

Thursday, March 14th
Wednesday, June 12th
Wednesday, September 11th
Wednesday, November 20th

Deadwood Licensing Matters

Ratification of Licensing Actions by the Executive Secretary per 42-7B-11 (16)

Commissioner Christianson made a motion to approve the ratification of the following licensing actions taken by the Executive Secretary:

Approval and assignment of an additional retail license to First Gold, Inc. at the Terrace Motel;

Approval and assignment of an additional retail license to Mike Trucano at Gold Country Inn

Assignment of a retail license at Comfort Inn.

Commissioner Crew seconded the motion which carried unanimously.

Key License Approvals

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

Michael Gurlich
Rob Lyons

Matt Erickson
Peter DeMamgus

Key Renewals-2013

Director of Operations/Enforcement Sparrow recommended the approval of the Key License renewals for 2013 as listed on pages 89-90 in the meeting packet.

Additional Key Renewals-2013

Austin Burnham
Lane Gemar

Erik Olsby
Ryan Klima

Commissioner Crew made a motion to approve the Key License approvals and Key License renewals and to include the additional renewals that were added at the meeting that staff recommended. Commissioner Duncan seconded the motion which carried unanimously.

Discussion on Poker Tournament Concerns

There was a discussion on poker tournament concerns to see if there was an interest in seminars to make casino owners aware of the situations. Commissioner Duncan volunteered to get a quote on seminars and the commission staff was directed to make inquiries of other sources. No action was taken on this matter but this item will be added to the agenda for the next commission meeting.

Commissioner Crew made a motion to go into Executive Session pursuant to SDCL 42-7B-8.1 (4), and decision on administrative hearing at 11:30 a.m. Commissioner Holland seconded the motion which carried unanimously.

EXECUTIVE SESSION

After coming out of the Executive Session at 11:50 a.m. the following actions were taken.

Decision SDCOG vs. Paul Wojton

Commissioner Duncan made a motion to deny the appeal for the support license renewal of Paul Wojton. Commissioner Crew seconded the motion which carried unanimously.

No further business to be discussed.

Meeting was adjourned at 11:51 a.m.

Respectfully Submitted,

Kathy Fredericksen


Ralph Kemnitz, Chairman


Larry B. Eliason, Executive Secretary

**SOUTH DAKOTA COMMISSION ON GAMING PUBLIC HEARING ON
PROPOSED RULES AND QUARTERLY BUSINESS MEETING
DEADWOOD CITY HALL, DEADWOOD, SOUTH DAKOTA**

MINUTES
March 14, 2013

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

The meeting was called to order by Commissioner Kemnitz and roll call was taken.

Public Hearing on Proposed Rule Changes

\$1,000 Maximum Wager Amounts ARSD 20:18:12.01:08.01

Commissioner Duncan made a motion to adopt the rule change as presented. Commissioner Holland seconded the motion which carried unanimously.

Class A Violation ARSD 20:18:12.01

Penalties for Failure to Maintain Minimum Bankroll ARSD 20:18:12.01:14

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

GENERAL MEETING

Commissioner Kemnitz called the general meeting to order at 9:25 am.

Approval of Agenda

No changes were noted to the agenda

No conflicts of interest were noted on the agenda.

November 28, 2012 Quarterly Meeting

Commissioner Duncan made a motion to adopt the drafted minutes from the November 28, 2012 meeting. Commissioner Holland seconded the motion which carried unanimously.

Stipulations of Assurance and Voluntary Compliance

GR Deadwood, LLC, dba Mineral Palace

A monetary penalty of \$2,000 was imposed for a complaint that was filed on October 30, 2012 alleging that licensee failed to inform executive secretary or his designee of a surveillance equipment malfunction and by failing to maintain audio recording in the count room as required by South Dakota Commission on Gaming rules.

A monetary penalty of \$1,000 was imposed for a complaint that was filed on December 5, 2012 alleging that licensee failed to comply with the internal controls of its slot management system as required by South Dakota Commission on Gaming.

Commissioner Duncan made a motion to accept the two stipulations and monetary penalties imposed. Commissioner Crew seconded the motion which carried unanimously.

Racing Commission Officials and Race Track Officials

Commissioner Holland made a motion to approve the Commission officials for the 2013 horse racing season as listed on page 20 of the meeting packet and the racing officials for each track for the 2013 horse racing season for the Verendrye Benevolent Association and Northeast Area Horse Racing, Inc. officials as listed on pages 21 and 22 of the meeting packet. Commissioner Duncan seconded the motion which carried unanimously.

Racing Contracts

Veterinarian Services

Commissioner Crew made a motion to accept the contract with Cooper Animal Clinic as the official veterinarian for the 2013 horse racing season. Commissioner Duncan seconded the motion which carried unanimously.

Laboratory Services

Commissioner Crew made a motion to accept the contract with the Center for Tox Services as the official lab for the 2013 horse racing season. Commissioner Duncan seconded the motion which carried unanimously.

Report on 2013 Legislative Session

Larry Eliason, Executive Secretary, gave a report on the 2013 Legislative Session on Senate Bill No. 146, which would allow the commission to do a tax lien on a property if the gaming taxes were not paid. No action was taken on this matter.

Deadwood Licensing Matters

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

Key License

Chawn Elliot

Business License Approvals

- ✓ Approval of Lisa Modrick as the owner of a retail license **(0582-RT)** to be left unassigned at the current time.
- ✓ Approval of William Sherlock and Frank Cantonia as Directors on the NG South Dakota, LLC's Operator, Route Operator, and Retail licenses **(0226-OP, 0034-RO, 0521, 0522, & 0523-RT's)**
- ✓ Approval of a retail license in the name of Branch House Properties, Inc. **(0585-RT)** owned by Deals Publication, Inc. and Ronald Meis (both current business licensees) to be assigned to the Branch House at 37 Sherman Street, Deadwood.

Commissioner Duncan made a motion to approve the Key License approval and Business License approvals as staff recommended. Commissioner Crew seconded the motion which carried unanimously.

Next Commission Meeting

The next quarterly commission meeting will be June 12, 2013.

GLI will be holding a tribal gaming regulators seminar in Deadwood on June 11, 2013 to which all commissioners will be invited to attend.

There was discussion regarding requiring new applicants to appear before the commission before their licenses are approved. No action was taken on this topic. This matter will be further discussed at the next meeting.

EXECUTIVE SESSION

Commissioner Crew made a motion to go into Executive Session pursuant to SDCL 42-7B-8.1 (3) and (5) and 1-25-2 (1) and (3), at 9:45 a.m. Commissioner Duncan seconded the motion which carried unanimously.


The Executive Session was concluded at 11:45 a.m. with no formal action taken.


No further business to be discussed.

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

Meeting was adjourned at 11:50 a.m.

Respectfully submitted,
Kathy Fredericksen


Ralph A. Kemnitz, Chairman


Larry B. Eliason, Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

South Dakota Commission on Gaming Administrative Hearings and Quarterly Business Meeting Deadwood City Hall, Deadwood, South Dakota

MINUTES

June 12, 2013

At 9:25 a.m. the meeting was called to order. Commissioner Ralph Kemnitz, Commissioner Karen Crew, Commissioner Harry Christianson, Commissioner Dennis Duncan, and Commissioner Tim Holland were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement, and Mark Aspass, Commission Architect.

The meeting was called to order at 9:25 a.m. by Commissioner Kemnitz.

ADMINISTRATIVE HEARINGS

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

- Tentexkota, LLC – Declaratory Ruling
- SDCOG vs. High Noon Investments, LLC
- SDCOG vs Kevin Abeln

Tentexkota, LLC

Tentexkota, LLC, represented by Roger Tellinghuisen, attorney, requested a declaratory ruling for an additional building "Assay Office" for gaming purposes at the Deadwood Mountain Grand Casino.

Commissioner Christianson made a motion to approve as a separate building for gaming purposes. Commissioner Crew seconded the motion which was carried unanimously.

SDCOG vs High Noon Investments, LLC

A complaint was filed alleging that High Noon Investments, LLC failed to maintain the minimum bankroll immediate exposure requirements, did not remit the full amount of its tax liability for November 2012, and did not remit any of its tax liability for December 2012. Craig Sparrow, Director of Operations, stated that the taxes plus interest had been paid in full and that staff recommended that the licenses be revoked and no fine be levied.

Mike Shaw, Commission attorney, was advised by John Archer, attorney for High Noon Investments, that he would not be attending the meeting and that the company had ceased operation on December 31, 2012 and has no intent of operating business in Deadwood.

Commissioner Christianson made a motion to revoke all licenses. Commissioner Holland seconded the motion which was carried unanimously.

SDCOG vs Kevin Abeln

Mr. Abeln was not present for the hearing. A complaint was filed alleging that on April 29, 2013 licensee pled guilty to aggravated assault which is a Class 3 Felony. Staff recommended that his support license be revoked.

Commissioner Christianson made a motion to revoke his support license without a fine imposed. Commissioner Duncan seconded the motion which carried unanimously.

Upon conclusion of the hearings Commissioner Kemnitz called a brief recess at 10:12 a.m.

General Meeting

Commissioner Kemnitz called the general meeting to order at 10:22 a.m.

Approval of Agenda

No changes were noted to the agenda.

No conflicts of interest were noted on the agenda.

March 13, 2013 Meeting

Commissioner Crew made a motion to adopt the minutes drafted for the March 13, 2013 meeting. Commissioner Duncan seconded the motion which was carried unanimously.

Stipulation of Assurance and Voluntary Compliance

Super 8 Hotel and Casino

A monetary penalty of \$2,000 was imposed for a complaint that was filed on March 4, 2013 alleging that licensee allowed a person under 21 years of age to participate in gaming by playing a slot machine on the Defendant's premises on February 13, 2013.

Commissioner Christianson made a motion to accept the stipulation of assurance and voluntary compliance and monetary penalties imposed. Commissioner Holland seconded the motion which carried unanimously.

Report on Association of Racing Commissioners International Convention

Report on 2013 Horse Racing Season

Report on Commission Staff Deadwood Activities

The reports on the above were for information purposes only and no action was taken on these matters.

Professional Service Contracts -FY 2014

Gaming Laboratories International

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

Architecture, Inc.

Commissioner Christianson made a motion to approve the contract with Architecture Incorporated 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 2014 without taking any formal action at the June meeting.

Simulcast Applications

Bettor Racing, Inc.

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

- ✓ Richard Hickstein
- ✓ Nancy Nelin

Business License Approval

- ✓ Approval of Deadwood Development for two retail licenses assigned to McKenna's Gold (0587-RT) and The Chase (0586-RT) effective July 1, 2013.
- ✓ Approval of Francis Ricci as Director on the NG South Dakota, LLC's Operator, Route Operator and Retail Licenses (0226-OP, 0034-RO, 0521, 0521, 0522, and 0532-RT's).

Ratification of Licensing Actions by the Executive Secretary per 42-7B-11 (16))

- ✓ Approval of Black Diamond Capital, LLC, for an operator license and 7 retail licenses to be assigned to Gold Dust retail locations (0588, 0589, 0590, 0591, 0592, 0593, and 0594-RT's).

Business License Renewals 2013-2014

Director Sparrow recommended the approval of all Operators, Route Operators, Retails, Distributors, and Manufacturers listed on pages 67-69 of the meeting packet with the addition of Matt Ramsey Operator license.

Commissioner Christianson made a motion to approve the Key licenses, business license renewals, and business license approvals and assignments as recommended by staff and outlined on pages 61-69 of the Commission packet. Commissioner Duncan seconded the motion which carried unanimously.

Amendment to Bettor Racing, Inc. Operating Plan

The decision on this matter was deferred to Executive Session.

Election of Officers for FY 2014

Commissioner Christianson made a motion to retain the current officers for the FY 2014. Commissioner Holland seconded the motion which carried unanimously.

Schedule of Next Meeting

The next commission meeting has been scheduled for September 11, 2013.

Executive Session

Commissioner Christianson made a motion to go into Executive Session pursuant to SDCL 42-7B-8.1 (3) and (5) and 1-25-2 (1) and (3), and decision on Bettor Racing, Inc. Operating Plan at 10:55 a.m. Commissioner Crew seconded the motion which carried unanimously.

After coming out of Executive Session at 11:16 a.m. the Commission took the following action.

Decision Bettor Racing, Inc. Operating Plan

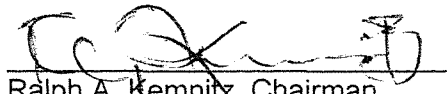
Commissioner Christianson made a motion to approve the amended operating plan for Bettor Racing, Inc. Commissioner Duncan seconded the motion which carried unanimously.

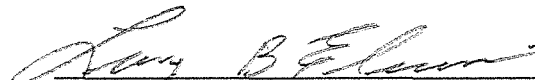
No further business to be discussed.

Meeting was adjourned at 11:18 a.m.

Respectfully Submitted,

Kathy Fredericksen


Ralph A. Kemnitz, Chairman


Larry B. Eliason, Executive Secretary

**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.

www.state.sd.us/drr

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 Whelchel, 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. Commissioner Holland seconded the motion. Commissioners Crew and Holland voted "aye" and Commissioner Kemnitz voted "no." The motion carried.

Further Business to be discussed

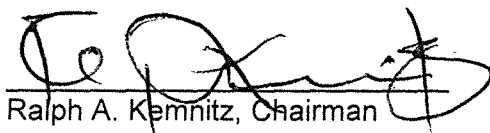
There was a discussion on whether there should be an administrative rule proposed that would require licensee's to do underage training classes.

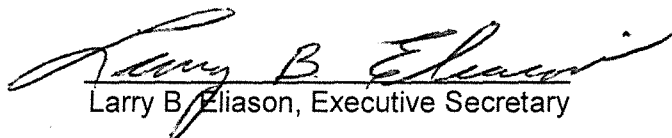
Commissioner Holland made a motion to adjourn the meeting. Commissioner Crew seconded the motion which carried unanimously.

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

Respectfully Submitted,

Kathy Fredericksen


Ralph A. Kemnitz, Chairman


Larry B. Eliason, Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

SOUTH DAKOTA COMMISSION ON GAMING SPECIAL MEETING

MINUTES October 15, 2013

The South Dakota Commission on Gaming held a special meeting by telephone conference call on Tuesday October 15, 2013 at 10:05 AM CDT. Present at the roll call were:

Commissioner Ralph "Chip" Kemnitz, chairman, Commissioner, Dennis Duncan vice chairman. Commissioner Karen Crew, Commissioner Harry Christianson and Commissioner Tim Holland. Other persons who were present included: Michael Shaw, Commission Legal Counsel, Larry Eliason, Executive Secretary, Craig Sparrow, Director of Enforcement and Operation, Ritchey Walk, Enforcement Agent, Mike Fries, Sandra Dreurey, Ed Winkofsky with Scientific Games, Bob Mercer and Brenda Lemburg, Administrative Assistant.

No conflicts with any agenda items were noted by any Commissioner.

Michael Shaw, Commission Legal Counsel stated that all Commissioners received a copy of the Waiver of Legal Counsel and that Scientific Games has signed and returned a Waiver of Conflict of Legal Counsel.

Commissioner Christianson moved approval of Waiver of Conflict by Legal Counsel. The motion was seconded by Commissioner Duncan. On roll call the Commissioners voted as follows:

Commissioner Kemnitz	Aye
Commissioner Crew	Aye
Commissioner Duncan	Aye
Commissioner Christianson	Aye
Commissioner Holland	Aye

License Application for Scientific Games acquisition of WMS Gaming, Inc.

Craig Sparrow, Director of Operations and Enforcement reported that all background investigations on the applicants had been completed and the documentation for Scientific Games Corporation's acquisition of WMS Industries had been reviewed.

Staff recommended approval of Ronald Perelman as an additional Owner, Allen Weil, David Kennedy, Peter Cohen, Gerald Ford, Barry Schwartz, Michael Regan, Frances Townsend and Paul Meister as additional Directors on the South Dakota Manufactures License held by WMS Gaming Inc. Commission staff also had no objection to Scientific Games pending acquisition of WMS Industries, Inc.


Commissioner Crew moved to approve Scientific Games acquisition of WMS Industries, the new Owner and Directors on the WMS Gaming, Inc. manufacturer's license. The motion was seconded by Commissioner Christianson. On roll call the Commissioners voted as follows:

Commissioner Kemnitz	Aye
Commissioner Crew	Aye
Commissioner Duncan	Aye
Commissioner Christianson	Aye
Commissioner Holland	Aye


Commissioner Christianson moved to adjourn the meeting. The motion was seconded by Commissioner Holland. On roll call the Commissioners voted as follows:

Commissioner Kemnitz	Aye
Commissioner Crew	Aye
Commissioner Duncan	Aye
Commissioner Christianson	Aye
Commissioner Holland	Aye

The meeting adjourned at 10:19 AM CDT.



Ralph A. Kemnitz
Chairman



Larry B. Eliason
Executive Secretary



221 West Capitol Avenue, Suite 101
c/o 1320 East Sioux Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

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

MINUTES
November 20, 2013

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

ADMINISTRATIVE HEARINGS

The administrative hearing was delayed until 11 a.m. The court reporter for the hearing was Carolyn Harkins. The following case was scheduled to be heard:

- SDCOG vs. Platinum Ventures, LLC d/b/a Four Aces

SDCOG vs. Platinum Ventures, LLC d/b/a Four Aces

Present for the hearing was Steve Comer, CEO, Platinum Ventures, LLC. The matters to be asserted are that during the period of January 2011 through December 2012, Platinum Ventures, LLC, d/b/a Four Aces did not keep accurate, complete and legible records of all transactions relating to revenue that is taxable or subject to fees under SDCL-72-7B and Commission on Gaming regulations as approved by the executive secretary and that these compliance issues were previously identified in two prior audits that covered the periods of July 2008 through December 2009 and January 2010 through December 2010. The matter was deferred to executive session.

Commissioners went into Executive Session at 11:20 a.m.

After coming out of Executive Session at 11:24 a.m. the commission took the following action.

Decision SDCOG vs. Platinum Ventures, LLC d/b/a Four Aces

Commissioner Christianson made a motion to impose a monetary penalty of \$25,000 and to suspend all gaming licenses in the name of Platinum Ventures for 15 days to be effective November 25, 2013. Commissioner Duncan seconded the motion which carried unanimously.

Later in the meeting Commissioner Christianson made a motion to amend the suspension date to be effective December 2, 2013. Commissioner Crew seconded the motion which carried unanimously.

Public Hearing on Proposed Rule Changes

Deadwood Gaming Rules

Minimum Bankroll

Commissioner Holland made a motion to decline the request to change 20:18:12.01:14. Commissioner Duncan seconded the motion which carried unanimously.

A brief recess was taken at 10:55 a.m. and the meeting resumed at 11 a.m.

Central Control and accounting systems

Commissioner Christianson made a motion to adopt the rule change 20:18:17:24.14 as presented. Commissioner Crew seconded the motion which carried unanimously.

Commissioner Crew made a motion to adopt the following rules as presented. Commissioner Holland seconded the motion which carried unanimously.

20:18:14.01:08, 20:18:17:24, 20:18:17:24.02, 20:18:17:33 – strike and insert three on page 14 of meeting packet, 20:18:18:15, 20:18:18:24:03, 20:18:18.01:13, 20:18:20:11, and 20:18:22:08.

Horse Racing Rules

Commissioner Crew made a motion to amend 20:04:01:13.02 to add to #3 the sentence to be forfeited in the event that the appellant fails to appear. Commissioner Holland seconded the motion which carried unanimously.

Commissioner Crew made a motion to adopt the following rule changes as presented. Commissioner Holland seconded the motion which carried unanimously.

20:04:19:20, 20:04:19:22, 20:04:20:102, 20:04:24:36, and 20:04:24:37

Commissioner Crew made a motion to adopt the following rule changes as presented. Commissioner Christianson seconded the motion which carried unanimously.

20:04:27:13.01, 20:04:27:13.02, 20:04:27:13.03, 20:04:27:13.04, 20:04:27:13.05, 20:04:27:13.06, 20:04:27:13.07, 20:04:27:13.08, 20:04:27:13.10, and 20:04:27:13.12

Commissioner Crew made a motion to amend 20:04:27:13.09., to insert after treated; on the association grounds. Commissioner Duncan seconded the motion which carried unanimously.

Commissioner Crew made a motion to adopt the rule change as presented 20:04:28:22. Commissioner Christianson seconded the motion which carried unanimously.

General Meeting

Upon conclusion of the administrative and proposed rule hearings Commissioner Kemnitz called the general meeting to order at 11:50 a.m.

Approval of Agenda

No changes to the agenda were noted.

No conflicts of interest were noted on the agenda.

September 11, 2013 Meeting

Commissioner Holland made a motion to adopt the drafted minutes from the September 11, 2013 meeting. Commissioner Crew seconded the motion which carried unanimously.

October 15, 2013 Special Meeting

Commissioner Holland made a motion to adopt the drafted minutes from the October 15, 2013 special meeting. Commissioner Crew seconded the motion which carried unanimously.

Poker Games and Tournaments

Commissioner Duncan made a motion to authorize the Executive Secretary to contract with a consultant for services with the commission staff and the casino operators to protect the integrity of the industry. Commissioner Kemnitz seconded the motion which carried unanimously.

A brief recess was taken at 12:06 p.m. and the general meeting resumed at 12:14 p.m.

Enhancement of Commission Exclusion List

Commissioner Duncan authorized staff to explore the amendment of SDCL 42-7B-61 to the factors considering the exclusion of a person from gaming or exclusion from a licensed establishment.

FY 2014 Horse Racing Regulatory Costs

Commissioner Christianson suggested the horse racing tracks be assessed for some of the regulatory costs.

Commissioner Crew made a motion to not assess any costs to the horse racing tracks and to give them the funds for this year but for future years will probably take a look at each year and that this would not be a permanent matter. Commissioner Holland seconded the motion which carried unanimously.

Report of Audit Findings of Live Race Season

The audit findings were presented to the commissioners but no action was taken on this matter.

Report of Audit Findings of Bettor Racing, Inc.

The audit findings were presented to the commissioners but no action was taken on this matter.

2014 Pari Mutuel Business License Applications

Multi Jurisdictional Totalizator Hub

Bettor Racing, Inc.

Commissioner Christianson made a motion to approve the renewal application for Bettor Racing, Inc. Commissioner Crew seconded the motion which carried unanimously.

Simulcast Provider

Am West Entertainment, LLC

Commissioner Christianson made a motion to approve the simulcast provider license renewal with the conditions as listed on page 80 of the meeting packet. Commissioner Duncan seconded the motion which carried unanimously,

Simulcast Sites

Time Out Lounge, and Triple Crown Casino

Commissioner Crew made a motion to approve the simulcast site license renewals. Commissioner Holland seconded the motion which carried unanimously.

Racing Licensing Matters

2014 Live Horse Racing Dates

Verendrye Benevolent Association
North East Area Horse Racing, Inc.

Commissioner Duncan made a motion to approve the racing dates scheduled for the Ft. Pierre and Aberdeen racing courses as listed on pages 83-99 in the meeting packet. Commissioner Crew seconded the motion which carried unanimously.

Allocations of Funds to Tracks for 2014 Racing Season

Commissioner Crew made a motion to approve resolution number 11-20-13-01. Commissioner Holland seconded the motion which carried unanimously.

Jockey Longevity Bonuses for 2014 Racing Season

Commissioner Christianson made a motion to approve resolution number 11-20-13-02. Commissioner Holland seconded the motion which carried unanimously.

Deadwood Licensing Matters

Key License Approvals

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

- ✓ Susan Day
- ✓ Mark Stratton
- ✓ Ashley Griffith

Key Renewals-2014

Director of Operations/Enforcement Sparrow recommended the approval of the Key License renewals for 2013 as listed on pages 103-105 and 105A in the meeting packet.

Business License Approval and Assignments

- ✓ Approve B.Y. Development, Inc. dba Cadillac Jack's Gaming Resort as the owner of 1 additional retail license (0597-RT) and assign it to Springhill Suites Room 4 effective the beginning of December 2013.

Commissioner Crew made a motion to approve the Key License approvals, Key License renewals, and business license approval and assignment that staff recommended. Commissioner Duncan seconded the motion which carried unanimously.

2014 Quarterly Meeting Dates

Executive Secretary Eliason recommended the following tentative quarterly meeting dates for 2014:

Wednesday, March 19th
Wednesday, June 18th
Wednesday, September 10th
Wednesday, November 19th

Commissioner Christianson made a motion to have Mike Shaw, legal counsel, monitor the pending lawsuit and intervene if necessary. Commissioner Crew seconded the motion which carried unanimously.

No further business to be discussed.

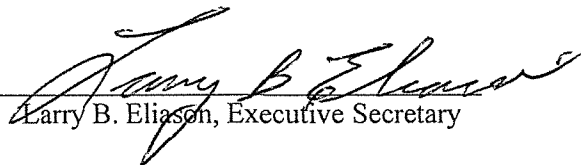
Commissioner Christianson made a motion to adjourn the meeting. Commissioner Holland seconded the motion which carried unanimously.

The meeting was adjourned at 12:45 p.m.

Respectfully Submitted,

Kathy Fredericksen


Ralph Kenmeltz, Chairman


Larry B. Eliason, Executive Secretary