

**MINUTES
MISSISSIPPI GAMING COMMISSION
MONTHLY MEETING
JULY 26, 1993**

BE IT REMEMBERED that the Mississippi Gaming Commission met for its monthly meeting at 9:00 a.m. on Monday, July 26, 1993, in the Ways and Means Room of the State Capitol Building, Jackson, MS.

Staff in attendance:

Ed Buelow, Jr., Chairman and Commissioner of the MSTC
Harvey Johnson, Jr., Associate Commissioner, MSTC
Bill Tann, Associate Commissioner, MSTC
Allen Godfrey, Miscellaneous Tax Division, MSTC
Kathy Waterbury, Miscellaneous Tax Division, MSTC
Chuck Patton, Acting Executive Director, MS Gaming Commission
Van Hawthorne, Bingo Director, MS Gaming Commission
Sean McGuinness, Compliance Director, MS Gaming Commission
Clara Wright, Secretary Confidential, MS Gaming Commission
Curtis Quinn, Special Agent, MS Gaming Commission
Mike Landford, Special Assistant, Attorney General's Office

The meeting was called to order by Commissioner Buelow at 9:00 a.m. For Agenda Item III (A), Bingo Matters - Licensing, Van Hawthorne stated that staff had completed several investigations, and were recommending approval of licensure for The Family Fun Center in Senatobia as a Commercial Lessor; Knights of Columbus #2134 in Greenville as a Charity; American Legion Post #26 in Aberdeen as a Charity; and American Legion Post #11 in Laurel as a Charity. Commissioner Buelow and Commissioner Johnson voted to approve permanent licensure of all four applicants.

For Agenda Item III (B), Bingo Matters - Public Hearing on Proposed Amendments to Regulations, Sean McGuinness stated that the proposed amendments would allow the Commission to enforce the Applicant's Suitability Section of existing Bingo Regulations by requiring fingerprint checks, as well as tax compliance, and that restructuring the existing Bingo Regulations would place similar regulation in the same section. Mr. McGuinness said that prior notice was given regarding the public hearing. Commissioner Buelow asked for public comments regarding each matter. Hilton R. Vance representing Council of Veteran's Organization objected to the necessity of fingerprint cards and to filing copies of IRS income tax report stating that if the small operators met requirements of the IRS for a charitable organization than any further requirement are an infringement on personal rights. Richard Loper was opposed to fingerprinting requirements. James Stone representing American Legion Post #134 in Horn Lake and Charles Scott representing American Legion Post #213 in Vicksburg voiced their opposition to the proposed amendments. John Wilkinson representing VFW Post #2572 in Vicksburg questioned providing staff with a personal tax form or Form 990 that is required under IRS for the charity. Mr. McGuinness replied that no individual tax forms are required by staff. Commissioner Tann questioned Mr. Wilkinson whether he filed a Form 990T annually for his Bingo operation regardless of income, adding that Form 990 is for the charity and the Form 990T is for the Bingo operation. Clinton Down representing Sardis Lake Fire Department in Sardis commended staff for requiring fingerprint checks and questioned the cost and procedure. Mr. McGuinness replied that the current fee is \$35.00 and procedure would have to be established regarding the time frame for members-in-charge being fingerprinted. John Maloney representing the Knights of Columbus #802 in Meridian asked who would be effected by the new regulation. Commissioner Buelow stated that if the regulation is adopted only new applicants applying after the effective date and applicants for renewal would be effected. Alonzo Dukes representing Friends of Education told the Commission that they should not discourage self-help groups in the community. Commissioner Buelow said that the Commission is trying to protect the small community fraternal organization Bingo that was being threatened by the large commercial operations, but the Commission must have the necessary paper.

MINUTES

MISSISSIPPI GAMING COMMISSION
FEBRUARY 24, 1993
PAGE 2

For Agenda Item II, Finding of Suitability for William Curtis Nelson as a Board of Director for President Riverboat Casino, Chuck Patton recommended approval. The Commission unanimously approved the Acting Executive Director's recommendation.

Agenda Item IV (A), Site Assessments - Rainbow Casino Corporation in Vicksburg. John Barrett, Chairman of Rainbow Casino Corporation said that they plan to develop an 86-acre site on Warrenton Road and Old Highway 61, located 1.2 miles south of the Interstate 20 bridge on the river one mile north of Barrett Refinery Corporation in Vicksburg.

They have chosen an antebellum, southern mansion theme for the destination resort that will include a 60 unit hotel, amusement park, indoor arcade, restaurant, theatre complex, go-cart track, water bumper boats, waterslide, miniature golf, camping site and 1,000 parking spaces in the first phase of development. Plan to spend approximately \$3 million on the family theme over/above the cost of the casino. From the river to the casino is about 500 feet. After further discussion, Leigh Seippell, President of Rainbow Casino told the Commission that they were confident concerning their financing.

Mr. Patton told the Commission that the site meets all statutory requirements and recommended approval. The Commission voted unanimously to approve the site for Rainbow Casino Corporation in Vicksburg.

Agenda Item IV (B), Site Assessments - Gold Coast Vicksburg Corporation. Attorney Dan Hise represented American Gaming Corporation, which is a parent company of Gold Coast Vicksburg. Thomas Walman stated that the property involved is suitable for gaming and introduced Bill Lehmborg, Director of Corporate Development for Gold Coast. Mr. Lehmborg described the site commonly referred to as the Anderson, Tulley, Mill Jay property in Warren County which is bounded on the south by Lee Street, on the west by the Mississippi River, on the east by the railroad tracks, and on the north by the Oil Terminal.

Access to the property on the south side is by Lee Street and on the north side through Dorsey Street. The property is approximately 42 acres and plans are to renovate existing building to include restaurants and shops, and a theatre or convention facility. Mr. Lehmborg stated that The Isle of Capri site in Vicksburg site is approximately 500 feet south of the proposed Gold Coast site and that they have in excess of 2,000 feet on the river to utilize. Mr. Patton recommended approval of the site. The Commission voted unanimously to approve the site for Gold Coast Vicksburg Corporation.

Agenda Item IV (C), Site Assessments - Spectrum Gaming in Greenville.

Reuben Anderson, Paul Johnson and Gerald Blessey represent Spectrum Gaming. George Hollowell introduced Bucky Howard, Mark Seymour, and Ed Shaw. Mr. Seymour, Engineer, distributed copies of the site layout by Lake Ferguson and indicated that the depth enabled boats to be taken into the site 365 days a year. The property consists of 30 acres accessible by Broadway Road, Central Avenue and Walnut Street. Area map showed the site located by Las Vegas Casino and Cotton Club Casino.

Mr. Seymour stated that the original design has been modified to stay more than 400 feet from the nearby church and the boy's club, with plans to include 1137 parking spaces plus 21 bus spaces, a motel, restaurant, gift shop, playground and other entertainment. Mr. Blessey told the Commission that the application would be amended to reflect the necessary distance regarding the church and boy's club.

Mr. Patton recommended approval of the site with the condition that the site be located 400 feet from the nearby church and boy's club.

The Commission voted unanimously to approve the site for

family theme park resort destination antebellum southern mansion theme
ated with the The in determining the need for a special meeting during
the month of March. Commissioner Tann suggested that the regular
commission meetings be changed from the last Wednesday of every month
to the last Monday of every month. Commissioner Tann motioned that
regular meetings be changed to 9:00 a.m. on the last Monday of each
month. A motion was then made by Commissioner Tann to schedule a
special meeting on Monday, March 15, 1993, for Bingo matters and Gaming
matters. Both motions were approved. Mr. McGuinness brought forth
hearing requests from applicants who are not satisfied with staff
decisions. Colonial Country Club requested a hearing because their
exempt status request was rejected by staff. Bingo Video, Inc.
requested a hearing to change from a distributor to an operator. Mr.
McGuinness questioned whether or not the Commission would like to hear
these matters, and if so, he requested Jimmy Williams to be the Hearing
Examiner. Commissioner Tann motioned that the Commission would hear
all requests at the special meeting on March 15. With no objections
the motion was approved.

For Agenda Item III, David Temple wanted to submit additional
information in regard to his work permit denial. The hearing examiner
had considered the additional information and sustained the denial
of the work permit for Mr. Temple. Commissioner Tann made a motion
to confirm the hearing examiner's decision on the work permit denial
of Mr. Temple. Having no objections the Commission agreed to sustain
the hearing examiner's decision to deny a work permit for David Temple.

Commissioner Buelow acknowledged a letter he received from Mike Farrell
in which he made a request to be placed on the agenda. Mr. McGuinness
and Mr. Creighton stated that they felt that the matter could be heard
during Public Comment. Commissioner Buelow also acknowledged a letter
regarding numerous requests for attorney general's opinions. Mr.
McGuinness stated that the requests were made to clarify the issue
of Legislative Intent concerning one charity-one location.
Commissioner Buelow then questioned Mr. Creighton as to why a special
meeting was called on February 17. Commissioner Buelow stated that
the intent of the special meeting was to license an applicant. Mr.
Creighton then stated that the intent was not to license the applicant.

Commissioner Buelow stated that he had no knowledge of the applicant's
decision to withdraw until he read a newspaper article. Mr. Creighton
then stated that it is not uncommon for an applicant to withdraw an
application. Mr. Creighton further stated that staff did submit the
development plan from MS Grand Resort Casino, Inc. to the Commission
for review and it was his intent to place them on the agenda for February
17; however, solely for the purpose of considering licensure at the
recommendation of the Executive Director, not for the purpose of
recommending licensure. Mr. Creighton then added that a memo was sent
to Commissioner Buelow stating his intent to deny the license, and
that the other Commissioners received the same information.
Commissioner Buelow voiced his concern in regard to why an applicant

would withdraw during the final phases of the application process.

Mr. Creighton stated again that it was never his intent to recommend licensure for MS Grand Resort Casino, Inc. and that other applicants have withdrawn. Commissioner Buelow then acknowledged another letter regarding site assessment and questioned why it did not appear on the agenda. Mr. Creighton discussed a letter from the Attorney General's Office suggesting that it should not be placed on the agenda because the issue has not been resolved, and it would be placed on the agenda at a later date. Commissioner Buelow questioned whether or not the site had been assessed and if the staff was ready with a recommendation.

Mr. Creighton stated that he was accompanied by Commissioner Tann and according to his observation the site would qualify; however, because of concerns raised by Carole Edds in her letter, staff has not completed

MINUTES

MISSISSIPPI GAMING COMMISSION

FEBRUARY 24, 1993

PAGE 3

documentation for recommendation. Commissioner Tann then stated that the Commission would like some guidance from the Legislature. Commissioner Johnson stated that there was a sense of urgency in regard to site assessment and if the Legislature did not act expeditiously, the Commission would be forced to abide by its previous decisions.

Mr. Creighton stated that he would like to place the issue of the two site assessments on the March 15 agenda. Commissioner Buelow then stated that he was not certain if we were dealing with clarification on where to have casinos or a clarification on where to limit competition. Mr. Creighton stated that he did not disagree with Commissioner Buelow's comments.

For Agenda Item IV. A., Scott Levanway, who represents Riverboat Corporation of Mississippi - Vicksburg, introduced Bernard Goldstein, Chairman of Casino America, to update the Commission. Ed Ernst, President of Casino America, Inc., made a brief presentation regarding access parking, navigational issues and general layout of the project.

During his presentation, Mr. Ernst stated that the Diamond Lady and floating Pavilion would depart Biloxi on May 27 and float into a containment facility in Vicksburg which was scheduled to open on/about June 7. David Paltzik, General Manager for Riverboat Corporation of Mississippi - Vicksburg stated that the official name of the operation would be Isle of Capri -Vicksburg. Mr. Paltzik announced a job fair which would begin in early March and a dealer training school scheduled to begin in early April and continue for eight weeks. Mr. Ernst stated that the boat was under construction in Pascagoula and should be delivered on May 22. Commissioner Johnson asked Mr. Ernst to explain the Holding Pond Concept. Mr. Ernst responded that there would be some dredging to accommodate the different water levels. Mr. Ernst also stated that they would have a non-smoking facility.

After hearing the presentation from Riverboat Corporation of Mississippi - Vicksburg, Commissioner Buelow questioned the use of four investigative agents. Mr. Hill responded that one agent involved in the investigation was a financial investigator and that there were three individuals who were not involved in the original license. Hearing no public comments, Commissioner Buelow called for the recommendation. Mr. Hill recommended that Casino America, Inc. be approved for registration as a publicly traded holding company to own 100% of the Riverboat Corporation of MS - Vicksburg. Mr. Hill also recommended that the Riverboat Corporation of MS - Vicksburg be approved for licensure for a gaming operation in the State of Mississippi subject to the following conditions: the license will be issued for a two year period; licensee will continue to comply with the laws of Mississippi and particular the Mississippi Gaming Control Act; licensee will continue to comply with all the policies, rules and regulations adopted by the Mississippi Gaming Commission; licensee will not be allowed to open their doors to the public or conduct gaming until an inspection of the vessel and approval by all local, state and federal regulatory authorities; and the Casino America, Inc., will comply with the reporting and all other requirements of the Mississippi Gaming Control Act relating to publicly traded companies and will provide the Mississippi Gaming Commission with copies of all filings required by the Securities and Exchange Commission. Mr. Hill also

made the following recommendations for finding of suitability: Bernard Goldstein be found suitable as Chairman of the Board and Director of Casino America, Inc., and also as Director of Riverboat Corporation of MS - Vicksburg subject to receipt of a record check from the FBI; Alan Bernard Solomon be found suitable as a Secretary, Treasurer and Chief Financial Officer, and Director of Casino America, Inc. and also the Riverboat Corporation of MS subject to receipt of a record check from the FBI; James Edward Ernst be found suitable as President and Chief Executive Officer and Director for Casino America, Inc., and Riverboat Corporation of MS - Vicksburg; Robert Scott Goldstein be found suitable as

MINUTES

MISSISSIPPI GAMING COMMISSION

FEBRUARY 24, 1993

PAGE 4

Director for Casino America, Inc. subject to receipt of a record check from the FBI; David Lewis Paltzik be found suitable as General Manager for Riverboat Corporation of MS - Vicksburg and Director of Marketing for Riverboat Corporation of MS - Vicksburg; and William Cole Kilduff, Jr. be found suitable as Casino Manager of Riverboat Corporation of MS - Vicksburg subject to receipt of a record check from the FBI. Commissioner Tann moved to approve the recommendation for licensure, for registration as a publicly traded holding company, and for finding of suitability. After no discussion or objections, Commissioner Tann's motion was approved.

During Agenda Item V., Application for Finding of Suitability - Lady Luck Mississippi, Inc. (Natchez), Sam Begley introduced Wendy Grandin and James Hughes before the Commission for questions regarding their finding of suitability. After hearing no questions, Mr. Hill recommended that Wendy Geraldine Grandin be found suitable as a Casino Manager for Lady Luck Mississippi, Inc. and staff further recommended that James Edward Hughes be found suitable as Director of Operations for Lady Luck Mississippi, Inc. The Commissioners unanimously approved their finding of suitability. Mr. Begley thanked the staff for their assistance. John Maxey made a presentation regarding the development of Lady Luck. Mr. Maxey stated that Lady Luck would employ 429 employees with an annual payroll of 6.2 million dollars, and he also noted that the vessel was built in Greenville, MS. Dr. Samuel White, Director of Human Resources and Victoria Honoff, Director of Accounting were introduced to the Commission. Mr. Maxey asked the Commission to grant Lady Luck the authority to commence operations because they met the pre-opening requirements and a soft opening would be held on February 26. Commissioner Buelow questioned the permit from the Corps of Engineers. Mr. Begley stated that it was provided to staff and reference was then made to a Department of the Army Permit.

Commissioner Buelow questioned the special condition that stated no vessel would be permitted to moor outside the casino vessel either on a temporary or permanent basis. Mr. Maxey responded that the Delta Queen and the Mississippi Queen would be moored at a facility on the north. Mr. Creighton stated that he had inspected the vessel and asked the Commission to allow staff to make a final decision based on the completion of a soft opening, certification of all slot machines by Gaming Laboratories, and final approval from K. H. Ho of ABS. Commissioner Buelow and Commissioner Johnson voiced their concern regarding the time frame of the soft opening and opening to the public.

Mr. Maxey then stated that he thought that they had addressed the concerns of the Commission by scheduling a soft opening and then waiting 12 hours before opening to the public. There were no public comments, so Mr. Hill recommended that Lady Luck Mississippi, Inc. (Natchez) be granted approval to commence gaming operations subject to the condition that the licensee will certify to the Executive Director and that all required permits have been granted and approval granted by the Executive Director of the Mississippi Gaming Commission. Commissioner Tann modified the recommendation to state that approval to commence gaming operations would be subject to final approval of ABS, soft opening approved by the Gaming Commission and the Miscellaneous Tax Division. Commissioner Johnson asked staff to change the language from the licensee has to certify to the Executive Director to say that the Executive Director shall be in receipt of all required permits prior to opening. Mr. Creighton stated that he

would be in receipt of all documents before certification prior to opening. The Commission granted approval unanimously.

For Agenda Item VII., Authority to Impose Gaming Fines, Mr. McGuinness made reference to Section 75-76-103 and stated that the basic issue was that the Executive Director and staff were looking for a level of authority from the Commission to impose fines for smaller infractions. Mr. Creighton stated that the statute

MINUTES
MISSISSIPPI GAMING COMMISSION
FEBRUARY 24, 1993
PAGE 5

appeared to address the issue of staff having the authority to impose fines, and that the individual is given due process right to appeal to the Commission. Commissioner Buelow then had to leave the meeting.

Commissioner Tann stated that according to Commissioner Buelow, only the Commission had statutory authority to levy fines. Mr. Long suggested that some type of statutory change would be in order, but in the meantime they could be treated as complaints with a recommendation from the Gaming Commission in regard to the fines. Mr. Creighton stated that as a matter of policy or regulation, the Commission could delegate the authority to the Executive Director which then would delegate to the Gaming Board. Mr. Long disagreed stating that the Commission could not delegate everything. Commissioner Tann asked staff to submit policy stating recommendation for specific violations. Mr. McGuinness stated that a schedule of fines would be brought before the Commission at a later date. Commissioner Tann asked staff to submit the following: a schedule of fines by the next meeting, language for cooling-off period, and modify language for Ex Parte Communications so that the individual does not have to appear in a public meeting. Commissioner Tann then went into Public Comments.

During Public Comments, Harry Rosenthal stated that the Gray Panthers had not been given a decision by the Hearing Examiner regarding their Charitable Bingo status. Mr. Creighton stated that he had spoken to the Hearing Examiner, and that Mr. Williams said that his decision had not been prepared, but Mr. Rosenthal would receive notification when the staff was notified. Mike Farrell stated that he was an attorney representing the Children's Advocacy Center and Children First, and that he was concerned about the new regulation prohibiting multiple locations. Mr. Farrell requested that the Commission replace licenses for the Corinth, Summit and Natchez locations in order for them to continue operating Bingo. Debbie James stated that the MS Committee for Prevention of Child Abuse, Inc. and Children First are only requesting a name change, and that they would surrender the old conditional license with the replacement of a new license to continue operating. She also stated that their machine applications were denied.

Mr. Creighton stated that staff needed direction in regard to the intent of the law. Mr. McGuinness stated that his investigation indicated that the intent of the law was one charity-one location.

Commissioner Tann stated that there was no difference in conditional licensing versus licensing because they are all subject to recall depending upon the outcome of an investigation. Commissioner Johnson asked if there would be separate corporations with the same officers as the parent corporation. Mr. Farrell stated that they would be related corporations with common officers. Mr. Creighton expressed his concern in regard to the commonality of the same Board, which might indicate that the Board had multiple locations. Commissioner Johnson stated that the Commission would be setting a precedent if acting before receiving an official Attorney General's Opinion. Jan Duker stated that they were a 501(C)(3) Charity audited by the IRS and that they had 3 boards that were not common. Mr. Creighton questioned the effect of non-action today and suggested that the Commission stay any action by the staff pending further investigation and a presentation at the next special meeting. Commissioner Tann then stated that for the short term the Commission would allow the Charity to continue operating with no action being taken until clarification from staff and receipt of an Attorney General's opinion.

There being no further business, the meeting was adjourned at 11:20

a.m.

**MINUTES
MISSISSIPPI GAMING COMMISSION
FEBRUARY 24, 1993
PAGE 6**

CHAIRMAN

ASSOCIATE COMMISSIONER

ASSOCIATE COMMISSIONER

ATTEST:

GAMING SECRETARY

3:00 in the Chairman Conf Room
will conduct its quarterly meeting with the Indian Gaming Comm