



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 Tentekota 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

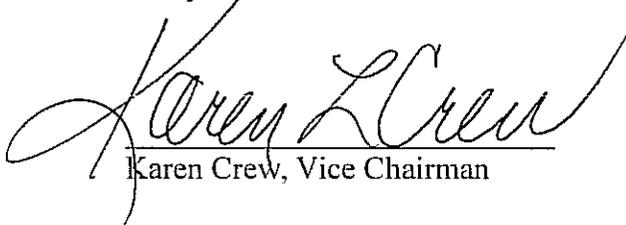
Commissioner Duncan made a motion to impose a \$100 fine on Kady Schmitz with \$50 suspended on the condition that the licensee have no like violations for six months. Commissioner Christianson seconded the motion which carried unanimously.

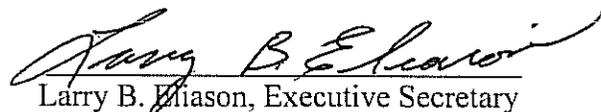
Commissioner Kemnitz made a motion to adjourn the meeting. Commissioner Christianson seconded the motion which carried unanimously.

Meeting was adjourned.

Respectfully Submitted,

Kathy Fredericksen


Karen Crew, Vice Chairman


Larry B. Eliason, Executive Secretary