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

MINUTES
September 24, 2015

At 9:00 a.m. the meeting was called to order. Commissioner Dennis Duncan, Commissioner Ralph Kemnitz, Commissioner Dennis McFarland, and Commissioner Tim Holland were present. Commissioner Harry Christianson was unable to attend the meeting. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Deputy Executive Secretary.

The meeting was called to order by Commissioner Duncan.

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

Administrative Hearings

- In Re: One Seized IGT 4th of July Slot Machine
- In Re: One Seized Ban Presto Slot Machine
- In Re: One Seized Net Zett Type A Slot Machine
- Appeal of Denial of Pari Mutuel Clerk License
- Application for a Key License
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In Re: One Seized IGT 4th of July Slot Machine

The purpose of the hearing is to determine if the IGT 4th of July slot machine, which was seized from a residence, at 504 4th Avenue, Belle Fourche, South Dakota on July 6, 2015 is contraband and may be destroyed pursuant to SDCL 42-7B-39. Mr. Michael Isenberg was not present for the hearing. Staff recommended that the slot machine be destroyed. Commissioner Kemnitz made a motion that the slot machine is contraband and be destroyed. Commissioner Holland seconded the motion.

On a roll call vote motion carried unanimously

Commissioner Holland	Aye
Commissioner McFarland	Aye
Commissioner Kemnitz	Aye
Commissioner Duncan	Aye

In Re: One Seized Ban Presto Slot Machine

The purpose of the hearing is to determine if the Ban Presto The Ultimate Power of Space slot machine, which was seized from a garage at 420 Daystar Road, Box Elder, South Dakota on July 6, 2015 is contraband and may be destroyed pursuant to SDCL 42-7B-39. Mr. Christopher Daley was not present for the hearing. Staff recommended that the slot machine be destroyed. Commissioner Kemnitz made a motion that the slot machine is contraband and be destroyed. Commissioner Holland seconded the motion.

On a roll call vote motion carried unanimously

Commissioner Holland	Aye
Commissioner McFarland	Aye
Commissioner Kemnitz	Aye
Commissioner Duncan	Aye

In Re: One Seized Net Zett Type A Slot Machine

The purpose of the hearing is to determine if the Net Zett Type A slot machine, which was seized from DJ Rentals Storage and 2nd Hand Store in, Box Elder, South Dakota on July 6, 2015 is contraband and may be destroyed pursuant to SDCL 42-7B-39. Ms. Deanne Jasper was not present for the hearing. Staff recommended that the slot machine be destroyed. Commissioner Kemnitz made a motion that the slot machine is contraband and be destroyed. Commissioner Holland seconded the motion.

On a roll call vote motion carried unanimously

Commissioner Holland	Aye
Commissioner McFarland	Aye
Commissioner Kemnitz	Aye
Commissioner Duncan	Aye

Appeal of Denial of Pari Mutuel License

The purpose of the hearing was to take action on the appeal of the denial of an application for a pari mutuel clerk license. Ms. Ashley Tucker was not present for the hearing. Commissioner Kemnitz made a motion that the appeal of the pari mutuel license application be denied. Commissioner McFarland seconded the motion.

On a roll call vote motion carried unanimously

Commissioner Holland	Aye
Commissioner McFarland	Aye
Commissioner Kemnitz	Aye
Commissioner Duncan	Aye

Application for a Key License

Michael Shaw, Commission attorney, prior to the meeting received a phone call from Jon Dill, Ms. Jones's attorney, and stated that she would like to withdraw her Key License application. No formal action taken on this hearing.

Proposed Rule Changes

Definition of "house banked table games"

Commissioner Kemnitz made a motion to approve the rule change. Commissioner Holland seconded the motion.

On a roll call vote motion carried unanimously

Commissioner Holland	Aye
Commissioner McFarland	Aye
Commissioner Kemnitz	Aye
Commissioner Duncan	Aye

Corrections to List of Approved Blackjack Games

Commissioner Holland made a motion to approve the rule change. Commissioner Kemnitz seconded the motion.

On a roll call vote motion carried unanimously

Commissioner Holland	Aye
Commissioner McFarland	Aye
Commissioner Kemnitz	Aye
Commissioner Duncan	Aye

Additions of Poker Games

The rule change was deferred until after the new games were approved.

Mississippi Stud with Optional Three Card Bonus

Commissioner Kemnitz made a motion to defer the rule changes to the November Commission Meeting. Commissioner McFarland seconded the motion.

On a roll call vote motion carried unanimously

Commissioner Holland	Aye
Commissioner McFarland	Aye
Commissioner Kemnitz	Aye
Commissioner Duncan	Aye

Flushes Gone Wild Poker

Commissioner McFarland made a motion to defer the rule changes to the November Commission Meeting. Commissioner Kemnitz seconded the motion.

On a roll call vote motion carried 3 to 1

Commissioner Holland	Aye
Commissioner McFarland	Aye
Commissioner Kemnitz	Aye
Commissioner Duncan	Naye

Hot Poker Spot Optional Side Bet for Texas Hold'em

Commissioner Duncan made a motion to approve the rule changes. Commissioner Holland seconded the motion.

On a roll call vote motion carried 3 to 1

Commissioner Holland	Aye
Commissioner McFarland	Aye
Commissioner Kemnitz	Nay
Commissioner Duncan	Aye

Additions of Poker Games

Commissioner Kemnitz made a motion to approve the rule change as amended. Add Hot Poker Spot and strike out Flushes Gone Wild. Commissioner McFarland seconded the motion.

On a roll call vote motion carried unanimously

Commissioner Holland	Aye
Commissioner McFarland	Aye
Commissioner Kemnitz	Aye
Commissioner Duncan	Aye

General Meeting

Commissioner Duncan called the general meeting to order at 10:25 a.m.

Approval of Agenda

No changes were noted on the agenda.

No conflicts of interest were noted on the agenda.

June 15, 2015 Telephonic Meeting

Commissioner Kemnitz made a motion to adopt the minutes as drafted for the June 15, 2015 meeting. Commissioner Holland seconded the motion which carried unanimously.

Remarks by Secretary of Revenue Andy Gerlach

Secretary Gerlach briefed the Commission on activities of the Department of Revenue and then congratulated Larry Eliason, Executive Secretary, on 25 years of service with the State of South Dakota.

Regulatory Costs at Live Horse Tracks

Larry Eliason, Executive Secretary, provided a breakdown of the regulatory costs for the 2015 live horse racing season. This was for information purposes only so no formal action was taken.

Stipulations of Assurance and Voluntary Compliance

Charles Johnson

A monetary penalty was not imposed if licensee surrendered his gaming support license for a period of forty-eight hours commencing not later than 5:00 p.m. MDT August 14, 2015. A complaint was filed on June 11, 2015 alleging that the Defendant engaged in conduct constituting grounds for disciplinary action by not completing and signing a statement requested by an enforcement agent during the investigation of a bet capping incident that the Defendant witnessed on or about May 23, 2015 while dealing Blackjack at Tin Lizzies' a licensed gaming establishment. On August 13, 2015, Mr. Johnson surrendered his license at the conclusion of the informal consultation.

Commissioner Kemnitz made a motion to accept the Stipulation and Assurance of Voluntary Compliance. Commissioner Holland seconded the motion.

On a roll call vote motion carried unanimously

Commissioner Holland	Aye
Commissioner McFarland	Aye
Commissioner Kemnitz	Aye
Commissioner Duncan	Aye

GR Deadwood, LLC dba Mineral Palace

A monetary penalty of $1,000 to be paid not later than September 28, 2015 was imposed for a complaint that was filed on July 20, 2015 alleging that on or about July 18, 2015 a slot machine jackpot in the amount of approximately $62,500 was paid out by a key employee of the Defendant while on duty at the Mineral Palace, a licensed gaming establishment, prior to notifying the South Dakota Commission on Gaming.

Lynda Fierbach

A monetary penalty of $200 to be paid not later than September 28, 2015 was imposed for a complaint that was filed on July 20, 2015 alleging that the Defendant engaged in conduct constituting grounds for disciplinary action by paying a slot machine jackpot in the amount of approximately $62,500 prior to notifying the South Dakota Commission on Gaming Staff while she was on duty as a key employee at the Mineral Palace, a licensed gaming establishment.

Commissioner McFarland made a motion to accept the Stipulation and Assurance of Voluntary Compliance and the imposed monetary penalty for GR Deadwood, LLC and Lynda Fierbach. Commissioner Kemnitz seconded the motion.

On a roll call vote motion carried unanimously

Commissioner Holland	Aye
Commissioner McFarland	Aye
Commissioner Kemnitz	Aye
Commissioner Duncan	Aye

Tote Hub Bond

Commissioner Kemnitz made a motion to approve resolution 9-24-15-01. Commissioner Holland seconded the motion.

On a roll call vote motion carried unanimously

Commissioner Holland	Aye
Commissioner McFarland	Aye
Commissioner Kemnitz	Aye
Commissioner Duncan	Aye

Deadwood Licensing Matters

Key License Approvals

Deputy Executive Secretary Sparrow recommended approval of the following Key Licenses:

- ✓ John Strauss
- ✓ Sandra Metzger
- ✓ Daniel Brunner
- ✓ David Heaton

Commissioner McFarland made a motion to approve the Key Licenses as recommended by staff. Commissioner Kemnitz seconded the motion which carried unanimously.

Business License Approval

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

- ✓ Approval of Fumiaki Tanaka as Director on the Konami Gaming, Inc. Manufacturers License (**0128-MA**).

Commissioner Holland made a motion to approve the Business License Director as recommended by staff. Commissioner Kemnitz seconded the motion which carried unanimously.

Schedule of Next Meeting

The next quarterly meeting is scheduled for November 18, 2015.

Executive Session

At 11:15 a.m. the Commission went into Executive Session pursuant to SDCL 1-25-2 (3).

The Executive Session was concluded at 11:26 a.m. with no formal action taken.

With no further business to be discussed Commissioner Kemnitz made a motion to adjourn the meeting. Commissioner Holland seconded the motion which carried unanimously.

The meeting was adjourned at 11:30 a.m.

Respectfully Submitted,

Kathy Fredericksen

Dennis Duncan, Chairman

Larry B. Ellason, Executive Secretary