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

MINUTES
September 14, 2016

At 9:00 a.m. the meeting was called to order. Commissioner Dennis McFarland, Commissioner Tim Holland, Commissioner Karen Wagner, Commission Karl Fischer, and Commissioner Mike Wordeman were present. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Deputy Executive Secretary.

Due to the replacement of the Chairman and Vice Chairman the meeting was called to order by Larry Eliason, Executive Secretary. Roll call was taken and all Commissioners were present.

Introduction of New Commission Members

Larry Eliason, Executive Secretary, introduced Karen Wagner, Karl Fischer, and Mike Wordeman and welcomed them to the Commission.

Election of Chairman and Vice Chairman for FY 2017

Commissioner McFarland nominated Commissioner Holland as Chairman. Commissioner Wagner seconded the nomination Commissioner Fischer made a motion to cease nominations. Commissioner Wordeman seconded the motion which carried unanimously.

Commissioner Fischer made a motion to nominate Commissioner McFarland as Vice Chairman. Commissioner Wordeman seconded the motion which carried unanimously.

Remarks by Secretary of Revenue Andy Gerlach

Andy Gerlach, Secretary of Revenue, recognized Larry Eliason and Janell Berg for their years of service. Mr. Gerlach presented the Commission with an update of the Department of Revenue activities for 2016.

Conflicts of Interest Disclosure

No conflicts of interest were noted on the agenda.

Proposed Rule Changes

Horse Racing Rules

Commissioner McFarland made a motion to adopt the rule changes as outlined on pages 1-17 in the meeting packet. Commissioner Fischer seconded the motion which carried unanimously.

Deadwood Gaming Rules

Buster Blackjack

Commissioner Wordeman made a motion to adopt the rule changes as outlined on pages 21-26 in the meeting packet. Commissioner Wagner seconded the motion which carried unanimously.

Bonus Spin Blackjack

Commissioner Wagner made a motion to adopt the rule changes as outlined on pages 26-32 in the meeting packet. Commissioner Fischer seconded the motion which carried unanimously.

Destruction of Slot Machines

Commissioner Wagner made a motion to adopt the rule changes as outlined on page 34 in the meeting packet. Commissioner McFarland seconded the motion which carried unanimously.

Bonus Craps

Scott Sniezek, representing Galaxy Gaming, did a demonstration on how Bonus Craps is played during the Craps table game. Commissioner Fischer made a motion to adopt the rule changes as outlined on pages 36-79 in the meeting packet. Commissioner Wordeman seconded the motion which carried unanimously.

Public comment and testimony was taken on all rules. Those submitting oral testimony are evidenced by the sign-in sheet attached hereto.

After the rules hearing a brief recess was taken at 10:00 a.m.

General Meeting

Commissioner Holland called the general meeting to order at 10:12 a.m.

June 9, 2016 Meeting

Commissioner McFarland made a motion to adopt the minutes as drafted for the June 9, 2016 meeting. Commissioner Wordeman seconded the motion which carried unanimously.

Report on Racing Regulatory Costs

Larry Eliason, Executive Secretary, provided a breakdown of the regulatory costs for the 2016 live horse racing season. This was for information purposes only so no formal action was taken.

Stipulations of Assurance and Voluntary Compliance

David Linder

A monetary penalty of $100.00 to be paid not later than September 9, 2016, was imposed for a complaint which was filed on June 29, 2016 alleging that the defendant engaged in conduct constituting grounds for disciplinary action under ARSD 20:18 Appendix A 605.80 by failing to secure a mobile imprest bank during the course of his duties as a gaming support licensee on or about June 23, 2016.

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

Deadwood Station Casino

A monetary penalty of $1,000.00 was imposed and suspended to $500.00 to be paid not later than September 9, 2016. The monetary penalty was suspended on the condition that the defendant have no like violations for a period of one year from the date of the Stipulation and Assurance of Voluntary Compliance. The penalty was imposed for a complaint that was filed alleging that the defendant engaged in conduct constituting grounds for disciplinary action under ARSD 20:18:09:01(12) by failing to have a licensed employee on the premise of the retail location when slot machines were available for play by the public on June 27, 2016.

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

David Buskirk

A monetary penalty of $750.00 was imposed and suspended to $250.00 to be paid not later than September 15, 2016. Five hundred dollars of the monetary penalty was suspended on the condition that the defendant have no like violations for a period of one year from the date of the Stipulation and Assurance of Voluntary Compliance. The penalty was imposed for a complaint that was filed alleging that the defendant engaged in conduct constituting grounds for disciplinary action under ARSD 20:18:12.01:02 by failing to immediately report to the executive secretary an incident of suspected underage gaming which occurred on June 18, 2016 at the Gold Dust Casino while the defendant was on duty as a key employee in a supervisory position.

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

Deadwood Licensing Matters

Key License Approvals

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

- ✓ John Mamola
- ✓ Kelly Martin

Business License Approval

- ✓ Approval of Kazuya Kozuki as Director on the Konami Gaming, Inc. Manufacturer license **(0128-MA)**.

Commissioner McFarland made a motion to approve the Key License approvals and Business License approval as recommended by staff. Commissioner Wagner seconded the motion which carried unanimously.

Ratification of Licensing Actions by the Executive Secretary per 42-7B-11 (16)

- ✓ Approval of Key Renewal for Ashley Mack **(A7642-KY)**.
- ✓ Approval of one new retail license to Blue Sky Gaming, Inc, dba Tin Lizzie and the assignment of the license to Tin Lizzie 12 **(0609-RT)** effective July 29, 2016.

Commissioner McFarland made a motion to ratify the licensing actions by the Executive Secretary. Commissioner Wagner seconded the motion which carried unanimously.

Schedule of Next Meeting

The next quarterly meeting is scheduled for November 17, 2016.

Executive Session

Commissioner McFarland made a motion to go into Executive Session. Commissioner Wagner seconded the motion which carried unanimously.

At 10:27 a.m. the Commission went into Executive Session pursuant to SDCL 1-25-2 (3) and SDCL 42-7B-58.

The Executive Session was concluded at 11:30 a.m. with no formal action taken.

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

The meeting was adjourned at 11:31 a.m.

Respectfully Submitted,

Kathy Fredericksen

Tim Holland, Chairman

Larry B. Eliason, Executive Secretary

South Dakota Department of Revenue
Commission on Gaming

445 East Capitol Avenue
Pierre, SD 57501-3185
Phone: 605-773-6050
Fax: 605-773-6053

South Dakota Commission on Gaming Rules Hearing Appearances

Date of Meeting 9-14-16

Name	Address	Representing	Rule#	For/Against
Lloyd Just	Abds	Horseracing		
Amy Lawrence	alawrence@playags.com	AGS	ARSD 20:18:15:30.7	For
Kerrie Kimball	KKimball@playags.com	AGS	ARSD 20:18:15:30.15	For
Scott Sniezek	Galaxy Gaming		20:35.	
Josh Thurmes	Cadillac Jack's			