



**South Dakota Commission on Gaming Administrative Hearings,
Public Hearing to Adopt Rules, and
Quarterly Business Meeting
Deadwood City Hall, Deadwood, South Dakota**

MINUTES

June 13, 2023

At 9:00 a.m. the meeting was called to order. Chairman Karen Wagner, Commissioner Spencer Hawley, and Commissioner Bob Goetz were present. Commissioner Christianson was unable to attend the meeting. Staff members present for the meeting were Doug Abraham, Commission Attorney; Susan Christian, Executive Secretary; Mark Heltzel, Deputy Executive Secretary; Kelly Hanson, Operations Manager; and Phil Schlieff, IT Specialist.

The meeting was called to order by Chairman Wagner at 9:00 a.m. and a quorum was present.

On a roll call all Commissioners were present.

Commissioner Goetz
Commissioner Hawley
Chairman Wagner

Conflicts of Interest Disclosure

On a roll call no conflicts of interest were disclosed.

Commissioner Goetz	Nay
Commissioner Hawley	Nay
Chairman Wagner	Nay

Election of Chair and Vice Chair for Fiscal Year 2024

Commissioner Goetz made a motion to reappoint Commissioner Wagner as the Chairman. Commissioner Hawley seconded the motion which carried unanimously.

Commissioner Hawley made a motion to nominate Commissioner Christianson as the Vice Chairman. Commissioner Wagner seconded the motion which carried unanimously.

With no other nominations Commissioner Wagner is the Chairman and Commissioner Christianson is the Vice Chairman.

Adoption of Quarterly Business Meeting Agenda

There was one change on the agenda under the Deadwood licensing section to add three licenses to the business renewal list.

Commissioner Goetz made a motion to adopt the meeting agenda. Commissioner Hawley seconded the motion which carried unanimously.

Rules to be Adopted, Repealed, and Amended

Susan Christian, Executive Secretary, presented the proposed changes for each rule, the opportunity for public comment was offered and no member of the public testified in regard to the proposed change.

Racing Rules:

1) 20:04:27:12 Penalty for use of illegal substances

Commissioner Hawley made a motion to approve the adopted rule change as presented. Commissioner Goetz seconded the motion which carried unanimously.

2) 20:04:27:13.13 Maximum threshold for Phenylbutazone (bute)

Commissioner Goetz made a motion to approve the adopted rule change as presented. Commissioner Hawley seconded the motion which carried unanimously.

3) 20:04:27:14 Restrictions on use of authorized drugs

Commissioner Hawley made a motion to approve the adopted rule change as presented. Commissioner Goetz seconded the motion which carried unanimously.

4) 20:04:27:16 Penalty for violation of permitted drug restrictions

Commissioner Goetz made a motion to approve the adopted rule change as presented. Commissioner Hawley seconded the motion which carried unanimously.

5) 20:04:27:17 Penalties for violations

Commissioner Hawley made a motion to approve the adopted rule change as presented. Commissioner Goetz seconded the motion which carried unanimously.

Administrative Hearing

The following cases were scheduled to be heard:

- In the matter of seized slot machines:
 - One Pachislo Double Chance themed slot machine Serial#01123657
 - One Pachislo Babel themed slot machine Serial #HPS0011-25953

- SDCG Case#23-05-023
 - SDCG vs. Gary King, SDCG LIC#12201-KY

Chairman Wagner served as the hearing officer.

The matter of seized slot machines

The purpose of the hearing is to determine if the Double Chance themed slot machine Serial #01123657 and the Babel themed slot machine Serial #HPS0011-25953, which was seized from 2011 Helios Street in Rapid City, SD on March 17, 2023, is contraband and may be destroyed pursuant to SDCL 42-7B-39. Derek Nelson was served notice of the hearing by certified mail but was not present. The decision on this matter was deferred to Executive Session.

Gary King

The purpose of the hearing is that an Initial complaint was filed stating that Mr. King had his South Dakota Resident Insurance Producer License revoked and the Business Entity License of Cypress Risk Management LLC was revoked on March 8, 2023, by the South Dakota Division of Insurance in which a hearing examiners' proposed findings of fact, conclusion of law found Gary King through Cypress Risk Management used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in the state or elsewhere, in violation of SDCL 58-30-617(8). Mr. King was served notice of the hearing by certified mail but was not present. An email was received stating that Mr. King voluntarily surrendered his gaming license but have not received the license yet. Staff is recommending revocation of his gaming license. The decision on this matter was deferred to Executive Session.

The hearing portion of the meeting was concluded at 9:31 a.m.

General Meeting

Chairman Wagner called the general meeting to order at 9:32 a.m.

March 14, 2023, Quarterly Meeting

Commissioner Goetz made a motion to adopt the minutes as drafted for the March 14, 2023, quarterly meeting. Commissioner Hawley seconded the motion which carried unanimously.

April 24, 2023, Special Meeting

Commissioner Hawley made a motion to adopt the minutes as drafted for the April 24, 2023, special meeting. Commissioner Goetz seconded the motion which carried unanimously.

Old Business

There was no old business to be discussed.

Susan Christian, Executive Secretary, gave a brief report on the following items:

- Our office has three new staff members Marcus Clyne, Slot Specialist, John Cargill, Agent, and Autumn Carrico, Auditor.
- Staff will be relicensing the next two weeks, and the stamp fees are due June 30th.
- Thanked the industry for the way they handled the implementation of the new rules regarding the underage gaming and the on-premises monitoring. Mark and Kelly will be touching base with each casino to confirm the way it will be monitored.
- The live horse racing season will be held October 7th and October 8th, in Ft. Pierre. Rule booklets have been ordered to give to all trainers and when an individual gets their license at the track will then get a copy of the booklet. A notice will be sent out on the new rule changes and the new dates on the ARCI method.
- The new office will be ready to move into around September 15th and are still looking for office space in Deadwood for two agents, and a slot specialist. Potentially in the next fiscal year will be requesting to add more employees.
- On April 11, 2023, attended the GLI Roundtable in Las Vegas with Mark Heltzel and Kelly Hanson. A takeaway from the roundtable was the sports wagering platform discussion talking about cyber security, testing, and the need to have the platforms continually monitored. Once Cashless Wagering and Advance Deposit starts then there is another platform to monitor.
 - Mark Heltzel's takeaway from the roundtable was a push in the industry on the yearly integrity testing, quarterly vulnerability testing, AWS server, the need for two factor authentication, and the different complexities of passwords.
- In July will be attending the NCLGS Roundtable with Doug Abraham in Denver and will also be attending the Sports Betting Regulators Association meeting.

Remarks by Representative of Gaming Laboratories International

Steven May, Client Solutions Executive, for Gaming Laboratories International, gave a brief report on testing and consulting services.

Approval of GLI contract for Device Testing and Consulting Services

Commissioner Hawley made a motion to approve the contract with Gaming Laboratories International. Commissioner Goetz seconded the motion which carried unanimously.

Live Racing Matters

Condition Book

Susan Christian, Executive Secretary, stated that staff recommended approval of the Verendrye Benevolent Association condition book as listed on pages 64-70 in the meeting packet for the 2023 live horse racing season.

Commissioner Goetz made a motion to approve the condition book. Commissioner Hawley seconded the motion which carried unanimously.

Susan Christian, Executive Secretary, stated that staff recommended the proposed resolutions for the allocation of funds to the Verendrye Benevolent Association for the 2023 live horse racing season.

Resolution 06-13-23-01

The allocation of funds from the Revolving and Bred funds for purse supplements and racing operations for the 2023 live horse racing season.

Commissioner Hawley made a motion to approve Resolution 06-13-23-01. Commissioner Goetz seconded the motion which carried unanimously.

Resolution 06-13-23-02

The allocation of funds from Revolving fund for the Jockey bonus for the 2023 live horse racing season.

Commissioner Goetz made a motion to approve Resolution 06-13-23-02. Commissioner Hawley seconded the motion which carried unanimously.

Track Bond and Insurance

Susan Christian, Executive Secretary, stated that staff recommended that as a condition of any horse track's license that the corporation or association which holds the license obtain an insurance policy or policies with the limits of \$1 million naming the South Dakota Commission on Gaming and its agents and employees as additional insured. The policy or policies shall include general liability, liquor liability, jockey insurance, and horse racing activities.

The Executive Secretary also stated that staff recommended that the track be required to obtain a bond, deposit in lieu of bond, or letter of credit to be used, if necessary, to pay purses, salaries, wages, and payments to vendors for goods and services provided to the corporation or association in conducting its racing operations in the amount of \$25,000.00.

Commissioner Goetz made a motion to approve the track insurance and bond of \$25,000.00. Commissioner Hawley seconded the motion which carried unanimously.

Verendrye Benevolent Association Horse Racing Officials

Commissioner Hawley made a motion to approve the Verendrye Benevolent Association horse racing officials for the 2023 live horse racing season. Commissioner Goetz seconded the motion which carried unanimously.

Commission Horse Racing Officials

Commissioner Goetz made a motion to approve the Commission horse racing officials for the 2023 live horse racing season. Commissioner Hawley seconded the motion which carried unanimously.

**Cooper Animal Clinic
Center for Tox Services Consulting Contract
Stanley County Sheriff Cooperative Agreement**

Commissioner Goetz made a motion to approve the horse racing contracts as listed above for the 2023 live horse racing season. Commissioner Hawley seconded the motion which carried unanimously.

Deadwood Licensing Matters

Key License Approvals

Deputy Executive Secretary Heltzel recommended approval of the following:

- Trista Stees
- Stuart Kopp
- Robert Wood
- Virginia McDowell
- Pierre Bouchut
- Jette Nyaard-Andersen
- Charles Wallin

Commissioner Hawley made a motion to approve the Key license approvals as staff recommended. Commissioner Goetz seconded the motion which carried unanimously.

Business License Renewals

Deputy Executive Secretary Heltzel recommended the approval of all Operators, Route Operators, Retails, Distributors, Manufacturers, Associated Equipment, and Sports Wagering Service Provider licenses as listed on pages 101-102 of the meeting packet with the addition of Rushmore Gaming license renewal of a Sports Wagering Service Provider license, Operator license, and Route Operator license.

Commissioner Goetz made a motion to approve the Business license renewals as staff recommended. Commissioner Hawley seconded the motion which carried unanimously.

Date of Next Meeting

The next quarterly meeting is scheduled for September 12, 2023.

Executive Session

Commissioner Goetz made a motion to go into Executive Session. Commissioner Hawley seconded the motion which carried unanimously.

At 10:19 a.m. the Commissioners went into Executive Session pursuant to SDCL 1-25-2 and 42-7B-8.1

The Executive Session was concluded at 10:47 a.m. with the following action taken.

Decision on Administrative Hearings

Decision Seized Slot Machines

Commissioner Hawley made a motion that the One Pachislo Double Chance themed slot machine Serial #01123657 and the One Pachislo Babel themed slot machine Serial #HPS0011-25953 owned by Derek Nelson are contraband and they may be destroyed pursuant to SDCL 42-7B-39. Commissioner Goetz second the motion which carried unanimously.

Decision SDCG vs. Gary King

Commissioner Goetz made a motion to revoke the license of Gary King SDCG license#12201-KY. Commissioner Hawley seconded the motion which carried unanimously.

Public Comment

Shane Kramme, General Manager of the Verendrye Benevolent Association, thanked the South Dakota Gaming Commission and Executive Secretary Susan Christian for providing this opportunity for Ft. Pierre horse racing and looking forward to the 75th year.

Adjournment

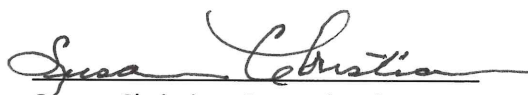
With no further business to be discussed Commissioner Goetz made a motion to adjourn the meeting. Commissioner Hawley seconded the motion which carried unanimously.

The meeting was adjourned at 10:50 a.m.

Respectfully Submitted,

Kathy Beringer


Karen Wagner, Madam Chairman


Susan Christian, Executive Secretary