

1 BEFORE THE MISSOURI GAMING COMMISSION

2 STATE OF MISSOURI

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8 MEETING

9 AUGUST 29, 2012

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13 9:00 A.M

14 Central Office

15 3417 Knipp Drive

16 Jefferson City, MO 65102

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AUGUST 29, 2012

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9:00 A.M

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Central Office

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3417 Knipp Drive

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Jefferson City, MO 65102

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14 COMMISSIONERS PRESENT:

15

Dr. Barrett Hatches, Chairman

16

Suzanne Bocell Bradley, Commissioner

17

Darryl T. Jones, Commissioner

18

Jack L. Merritt, Commissioner

19

20 REPORTED BY:

21

Ashley C. High, RPR, CSR(IL)

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1 P R O C E E D I N G S

2 (MEETING STARTED AT 9:08 A.M.)

3 CHAIRMAN HATCHES: Well, good morning, everybody.
4 We have a really full agenda today, so I think unless we have
5 something prior to getting started, let's just take off.

6 EXECUTIVE DIRECTOR STOTTLEMYRE: First,
7 Consideration of Minutes.

8 CHAIRMAN HATCHES: Chairman will entertain a motion
9 --

10 COMMISSIONER JONES: Do we need a roll call?

11 CHAIRMAN HATCHES: Oh, roll call, right.

12 MS. FRANKS: Commissioner Merritt?

13 COMMISSIONER MERRITT: Present.

14 MS. FRANKS: Commissioner Jones?

15 COMMISSIONER JONES: Present.

16 MS. FRANKS: Commissioner Bradley?

17 COMMISSIONER BRADLEY: Present.

18 MS. FRANKS: Chairman Hatches?

19 CHAIRMAN HATCHES: Present.

20 Now, we have minutes from two meetings, June 27th
21 and July 21st [sic] -- 25th. Taken separately or together?

22 MS. FRANKS: Separately.

23 CHAIRMAN HATCHES: Separately, okay. A motion to --
24 consideration for the minutes of June 27?

25 COMMISSIONER MERRITT: So moved.

1 COMMISSIONER JONES: Second.

2 CHAIRMAN HATCHES: Moved and seconded. Any
3 discussion?

4 Angie, call the roll, please.

5 MS. FRANKS: Commissioner Merritt?

6 COMMISSIONER MERRITT: Approve.

7 MS. FRANKS: Commissioner Jones?

8 COMMISSIONER JONES: Approve.

9 MS. FRANKS: Commissioner Bradley?

10 COMMISSIONER BRADLEY: Approve.

11 MS. FRANKS: Chairman Hatches?

12 CHAIRMAN HATCHES: Approve.

13 MS. FRANKS: By your vote you've adopted the minutes
14 of the June 27th, 2012 meeting.

15 CHAIRMAN HATCHES: Thank you. Same for
16 consideration for the minutes of July 25th, 2012?

17 COMMISSIONER MERRITT: So moved.

18 COMMISSIONER BRADLEY: Second.

19 CHAIRMAN HATCHES: Moved and seconded. Any
20 discussion?

21 Angie?

22 MS. FRANKS: Commissioner Merritt?

23 COMMISSIONER MERRITT: Approve.

24 MS. FRANKS: Commissioner Jones?

25 COMMISSIONER JONES: Approve.

1 MS. FRANKS: Commissioner Bradley?

2 COMMISSIONER BRADLEY: Approve.

3 MS. FRANKS: Chairman Hatches?

4 CHAIRMAN HATCHES: Approve.

5 MS. FRANKS: By your vote you've adopted the minutes
6 of the July 25th, 2012 meeting.

7 CHAIRMAN HATCHES: Thank you.

8 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Chairman, the
9 next item on the agenda is Consideration of Hearing Officer
10 Recommendations. And the first one under that will be
11 presented by Mr. Grewach. We heard the case previously, and
12 he will give you follow-up on that.

13 CHAIRMAN HATCHES: Thank you.

14 COMMISSIONER MERRITT: Excuse me. Can we have just
15 kind of a summary of that, not go through all of this stuff we
16 got?

17 MR. GREWACH: Absolutely. In response to the
18 questions raised by the licensee our officers and staff
19 investigated the matter, we found that as to the 2001 burglary
20 that wasn't disclosed, that arrest, that East St. Louis Police
21 Department confirmed there was a arrest, but the records were
22 just missing or destroyed.

23 As to the 2003 criminal destruction of property, the
24 licensee represented at the meeting that this was her
25 property. The police report actually found -- disclosed that

1 it was someone else's property, that she had broken a window
2 in an attempt to break into the property. She was arrested
3 and questioned the next day, and she just said that all she
4 can -- she didn't remember the incident, all she remembers is
5 that she woke up in jail.

6 In the course of the investigation officers
7 disclosed 23 arrests, only two of which she had disclosed on
8 her application. Three of those arrests that she did
9 disclose, in fact, didn't occur, but of the 23 arrests that we
10 were able to document, two resulted in convictions for
11 misdemeanor theft, one a conviction of resisting arrest.

12 She had seven pending charges, none of which she
13 disclosed on her application, and I think the Commissioners
14 have seen the list of those charges, and they've also been
15 delivered to the licensee.

16 The licensee called this morning, indicated that she
17 had car trouble and was unable attend. It's the staff's
18 position that we would ask for the Commission to adopt
19 Resolution 12-044, denying her application.

20 COMMISSIONER MERRITT: You going to see if she's
21 here?

22 CHAIRMAN HATCHES: She didn't make it, did she?

23 MR. GREWACH: I don't believe she's present, no.

24 CHAIRMAN HATCHES: Okay.

25 COMMISSIONER MERRITT: I make a motion to approve

1 Resolution Number 12-044.

2 COMMISSIONER JONES: I second.

3 CHAIRMAN HATCHES: Moved and seconded to approve
4 Resolution Number 12-044. Any discussion?

5 Angie, call the roll.

6 MS. FRANKS: Commissioner Merritt?

7 COMMISSIONER MERRITT: Approve.

8 MS. FRANKS: Commissioner Jones?

9 COMMISSIONER JONES: Approve.

10 MS. FRANKS: Commissioner Bradley?

11 COMMISSIONER BRADLEY: Approve.

12 MS. FRANKS: Chairman Hatches?

13 CHAIRMAN HATCHES: Approve.

14 MS. FRANKS: By your vote you've adopted Resolution
15 Number 12-044.

16 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Chairman,
17 Mr. Stephen Stark will present the rest of the hearing officer
18 recommendations.

19 CHAIRMAN HATCHES: Thank you.

20 MR. STARK: Good morning, Commissioners.

21 CHAIRMAN HATCHES: Good morning.

22 MR. STARK: The next item on your agenda is case of
23 Marcus Swepson. This case was presented two months
24 ago actually. I don't believe I actually presented it,
25 because there was a request for a remand pending the

1 presentation of other documents.

2 So I think for the record I'll need to present my
3 original recommendation of two months ago, and then I
4 submitted a supplement to the findings, which I'll present, as
5 well.

6 Mr. Swepson made application for a Level II
7 occupational license, that application process requires a
8 disclosure of any criminal history, including any arrests, any
9 charges, any convictions, guilty pleas.

10 The definition of arrest and charges and convictions
11 is very well spelled out in the application process.

12 Mr. Swepson gave the answer to the question about his criminal
13 past as no.

14 The Commission investigators conducted their
15 background check and revealed that Mr. Swepson failed to
16 disclose an arrest on the date of August 8th, 2003 for
17 possession of cannabis.

18 Mr. Swepson at the hearing that was conducted in
19 March of 2012, indicated that, in his testimony, that that
20 particular incident just slipped my mind. So apparently he
21 was reminded of it at least. I believe he credibly testified
22 that he forgot about it at the time of the application, but
23 apparently he received or confirmed that it did exist.

24 With that being not disclosed, the Commission does
25 have discretion to reject and deny an application for

1 licensure. And that was my recommendation two months ago.

2 Two months ago Mr. Swepson came forth with some
3 additional documents that the Commission asked me, remanding
4 the case back to me to review those and give consideration,
5 and whether that might change the recommendation.

6 My supplement findings include the copies of those
7 documents that Mr. Swepson submitted. Attached is Exhibit A,
8 was a May 14th, 2012 letter of Mr. Swepson in which he
9 describes the particular incident with regard to the arrest
10 for cannabis as actually a traffic stop, and later on after he
11 was stopped, days later, a charge of the possession of
12 cannabis was added without him being arrested, technically,
13 for the cannabis.

14 The second document is a court order marked as
15 Exhibit B from the St. Clair County Circuit Clerk indicating
16 that -- the case of the People of State of Illinois versus
17 Marcus Swepson had a misdemeanor charge has been ordered
18 expunged and the conviction previously entered vacated, which
19 is additional information that we didn't have in our ordinary
20 at the hearing time.

21 Exhibit C is a list of the citations presented by
22 the O'Fallon, Illinois Police Department all consisting
23 basically of traffic violations.

24 And then Exhibit D was presented to you as part of
25 the application, the definitions provided in the application

1 to the applicant as to what an arrest, the charge or an
2 offense might be, and giving further instructions as to if
3 certain conditions or certain facts exist an answer should be
4 presented as yes to that question about past criminal history.

5 Given those additional documents, I again reviewed
6 the case over, and my conclusion is still that even though the
7 possession of cannabis as a separate -- whether or not it was
8 a separate arrest, it ended up being a charge, and a charge in
9 addition to an arrest has to be disclosed.

10 Furthermore, the court records reflect that a
11 conviction occurred. Again, that needed to be disclosed. And
12 then the court record thirdly indicates that the conviction
13 was expunged, indicating another court proceeding, another
14 criminal history item that should have been disclosed.

15 So in fact, the documents presented by Mr. Swepson
16 actually confirmed his lack of disclosure. Again, he credibly
17 testified at the hearing, and I believe him that he just
18 forgot about the incident, but with this additional document
19 and further interaction with the court system, a misdemeanor
20 being charged, a conviction being made, and then the
21 expungement of that conviction all indicate to me that he had
22 a duty to disclose this particular criminal incident -- or
23 alleged criminal incident.

24 So my initial recommendation, as supplemented,
25 remains that the Commission does have the authority and

1 ability to reject and deny the license to Mr. Swepson. That's
2 your discretion.

3 CHAIRMAN HATCHES: Any questions for Steve?

4 Is Mr. Swepson here?

5 Okay. Chair would entertain a motion.

6 COMMISSIONER JONES: Move for the acceptance of
7 Resolution Number 12-045.

8 COMMISSIONER MERRITT: Second.

9 CHAIRMAN HATCHES: Any discussion?

10 Angie, call the roll, please.

11 MS. FRANKS: Commissioner Merritt?

12 COMMISSIONER MERRITT: Approve.

13 MS. FRANKS: Commissioner Jones?

14 COMMISSIONER JONES: Approve.

15 MS. FRANKS: Commissioner Bradley?

16 COMMISSIONER BRADLEY: Approve.

17 MS. FRANKS: Chairman Hatches?

18 CHAIRMAN HATCHES: Approve.

19 MS. FRANKS: By your vote you've adopted Resolution
20 Number 12-045.

21 CHAIRMAN HATCHES: Next case.

22 MR. STARK: The next case is the case of Michael
23 Lampen. Letter E on your agenda. This case relates to an
24 individual that already has a license. Mr. Lampen possesses a
25 Level II occupational license to work in the gaming industry.

1 The case relates to a regulation that the Commission
2 has that requires -- and I'll read it to you. It's on page 3
3 of my recommendations, item number 6: Any cards which have
4 been opened and placed on a gaming table shall be changed at
5 least every 24 hours.

6 Mr. Lampen served as a -- what they call, a dual
7 rate employee, technically he had two job roles, one being a
8 table games supervisor, the second being a table games pit
9 manager.

10 On the night of July 11th, 2011 [sic], at the casino
11 at a particular blackjack table, number 17 -- table number 17,
12 a pack of 12 decks of cards were put into play. That was at
13 2:17 p.m. on July 11, 2012. So that would start the 24-hour
14 period, within that 24-hour period the casino had an
15 obligation to change cards.

16 In this case, and this is where the violation comes
17 into play, the cards at table number 17 were not removed until
18 July 12th, the next day, at 7:53 p.m. at table number 17.
19 That consists of 29 hours and 36 minutes.

20 Now, Mr. Lampen was working his shift as the pit
21 manager on -- starting his shift at 12:02 a.m. on July 12th,
22 2012. His work shift ended at 7:20 a.m. on July 12th.

23 The casino and Mr. Lampen's job duty was to at
24 6 o'clock a.m. was to make the change in the cards. This is
25 before the 24 hours would expire, of course the 24 hours would

1 not expire until the afternoon around 2 o'clock -- 2:17 p.m.,
2 so the casino made the decision as a practice at 6:00 a.m. to
3 change cards, mainly because there were not that many patrons
4 typically at the casino.

5 In this particular case, at table 17, there was some
6 high dollar customers that were still in the middle of a game,
7 and Mr. Lampen made the decision at 6 o'clock a.m. not to
8 interfere with the game by changing the cards.

9 Then when he left his shift a little after
10 7:00 a.m., he informed his replacement, the other supervisors,
11 the other employees, that the cards at table 17 had not yet
12 been exchanged within the 24-hour period as would be required.
13 The allegation is that it was Mr. Lampen's duty to make sure
14 those cards got removed during that 24-hour period.

15 My conclusion was that Mr. Lampen did not violate
16 the regulation. He was -- he had a particular shift,
17 particular job duty at that particular time, he was within the
18 24 period, but at 6 o'clock a.m. the cards were not
19 necessarily needing to be exchanged.

20 So I -- my recommendation is that the effort of the
21 Commission to discipline Mr. Lampen for a violation of a
22 24-hour -- cards in play beyond the 24-hour period was not his
23 doing and he should not be disciplined. My recommendation is
24 to overrule the proposed discipline.

25 CHAIRMAN HATCHES: Thanks, Steve. I have just a

1 question.

2 MR. STARK: Sure.

3 CHAIRMAN HATCHES: Just because he did not change
4 the cards out at 6 o'clock, while that may have been some
5 violation of company practice, it wasn't a violation from our
6 perspective, right?

7 MR. STARK: Right, there was no violation at
8 6:00 a.m., because the 24 hours had not yet expired.

9 CHAIRMAN HATCHES: And the fact that he reported to
10 his replacement that he had not changed the cards, he had done
11 what he was supposed to?

12 MR. STARK: Correct. There's also paperwork that's
13 done to indicate when the cards were changed, so the next
14 shift should have observed that, as well. So I think there
15 was practices and procedures in place to make sure, not only
16 just a verbal communication, but the paperwork was there, as
17 well.

18 CHAIRMAN HATCHES: Any other questions from the
19 Commission?

20 Is Mr. Lampen here? No.

21 Chair would entertain a motion.

22 COMMISSIONER BRADLEY: Motion to approve Commission
23 Resolution Number 12-074.

24 COMMISSIONER JONES: Second.

25 CHAIRMAN HATCHES: Moved and seconded. Any other

1 discussion?

2 Angie, call the roll.

3 MS. FRANKS: Commissioner Merritt?

4 COMMISSIONER MERRITT: Approve.

5 MS. FRANKS: Commissioner Jones?

6 COMMISSIONER JONES: Approve.

7 MS. FRANKS: Commissioner Bradley?

8 COMMISSIONER BRADLEY: Approve.

9 MS. FRANKS: Chairman Hatches?

10 CHAIRMAN HATCHES: Approve.

11 MS. FRANKS: By your vote you've adopted Resolution
12 Number 12-074.

13 MR. STARK: Our next case, Item F, Michael Wilson.
14 Mr. Wilson made application for a Level II occupational
15 license and upon the application and throughout the process of
16 the application there's a question related to past criminal
17 history. Mr. Wilson did disclose that he had a criminal
18 charge of trespassing.

19 The application process still continues to say: Do
20 you have any other items to declare, and he said no, just that
21 one particular charge of trespassing.

22 The Commission conducted its investigation, and
23 found that Mr. Wilson had pled guilty to a misdemeanor
24 stealing, a misdemeanor disorderly charge, and another charge
25 for failure to obey an officer, and that he pled guilty to

1 those charges.

2 Mr. Wilson requested a hearing, was duly advised and
3 informed of the date and place of the hearing, he failed to
4 show up for the hearing. His failure would indicate by
5 regulation that the allegations in the proposed order would be
6 admitted. Nevertheless, my finding is that he failed to
7 disclose fully his criminal history and the denial is
8 appropriate.

9 CHAIRMAN HATCHES: Is Mr. Wilson here?

10 Any questions from the Commission?

11 COMMISSIONER MERRITT: I make a motion to approve
12 Resolution Number 12-075.

13 COMMISSIONER BRADLEY: Second.

14 CHAIRMAN HATCHES: So moved and seconded. Any
15 discussion?

16 Angie?

17 MS. FRANKS: Commissioner Merritt?

18 COMMISSIONER MERRITT: Approve.

19 MS. FRANKS: Commissioner Jones?

20 COMMISSIONER JONES: Approve.

21 MS. FRANKS: Commissioner Bradley?

22 COMMISSIONER BRADLEY: Approve.

23 MS. FRANKS: Chairman Hatches?

24 CHAIRMAN HATCHES: Approve.

25 MS. FRANKS: By your vote you've adopted Resolution

1 Number 12-075.

2 MR. STARK: Our next case is Letter G, William
3 Holmes. Mr. Holmes made an application for a Level II
4 occupational license. The application process requires
5 disclosure of past criminal history.

6 Mr. Holmes responded with no, but then later on when
7 questioned again, he did disclose three incidents of driving
8 under suspension and with no insurance. But other than that,
9 he had nothing being disclosed. The investigation by the
10 Gaming Commission reveals that he was arrested on March 4th,
11 1998 in Dayton, Ohio for solicitation.

12 At the hearing, the Mr. Holmes credibly testified
13 that he just didn't remember that particular thing happening
14 in Dayton, Ohio. Nevertheless, his failure to disclose that
15 arrest gives authority to the Commission to properly deny the
16 license, and that would be my recommendation that the denial
17 be upheld.

18 CHAIRMAN HATCHES: Okay. Is Mr. Holmes here?

19 Any questions from the Commission?

20 COMMISSIONER MERRITT: Do you want me to make a
21 comment or --

22 CHAIRMAN HATCHES: No, just probably -- you probably
23 can make a motion.

24 COMMISSIONER MERRITT: Okay. I just don't think you
25 forget that, you might want to forget that, but you ain't

1 going to forget that.

2 CHAIRMAN HATCHES: I don't know who could.

3 COMMISSIONER MERRITT: I make a motion to approve
4 Resolution Number 12-076.

5 COMMISSIONER JONES: Second.

6 CHAIRMAN HATCHES: Been moved and properly seconded.
7 Any discussion?

8 Angie, call the roll, please.

9 MS. FRANKS: Commissioner Merritt?

10 COMMISSIONER MERRITT: Approve.

11 MS. FRANKS: Commissioner Jones?

12 COMMISSIONER JONES: Approve.

13 MS. FRANKS: Commissioner Bradley?

14 COMMISSIONER BRADLEY: Approve.

15 MS. FRANKS: Chairman Hatches?

16 CHAIRMAN HATCHES: Approve.

17 MS. FRANKS: By your vote you've adopted Resolution
18 Number 12-076.

19 CHAIRMAN HATCHES: Thanks for asking. I want the
20 record to reflect that commissioner appreciates you asking.

21 Next case.

22 MR. STARK: Next case, Item H, Tony Lascon. Mr.
23 Lascon made application for a Level II occupational license.
24 He completed the application. The question regarding past
25 criminal history he did give a response as yes, and identified

1 an arrest for possession of marijuana.

2 The Gaming Commission conducted its investigation
3 and learned that the arrest for possession of marijuana also
4 included unlawful use of weapons, and that also was part of
5 the charge later on after the arrest and that Mr. Lascon was
6 charged for both possession of marijuana and for unlawful use
7 of a weapon.

8 Mr. Lascon testified that he disclosed the arrest,
9 just completely forgot about the unlawful use of a weapon as
10 part of the arrest, as part of the charge, and he was given a
11 probationary type of sentence in which he said that the only
12 thing they had me to do was deal with the marijuana issue, so
13 he thought the unlawful weapon was no longer part of the
14 charge, no longer part of his particular case.

15 However, the record does show that the unlawful use
16 of a weapon was indeed an arrest and a charge and part of his
17 probation and his failure to disclose that provides a basis
18 for denial of his license, and that discretion rests with you.
19 And my recommendation would be that it's appropriate to deny
20 Mr. Lascon a license for failure to disclose completely his
21 criminal history.

22 CHAIRMAN HATCHES: Is Mr. Lascon present?

23 Any questions from the Commission?

24 Chair will entertain a motion.

25 COMMISSIONER BRADLEY: Motion to approve Commission

1 Resolution Number 12-077.

2 COMMISSIONER JONES: Second.

3 CHAIRMAN HATCHES: Moved and seconded. Any other
4 discussion?

5 Angie, call the roll, please.

6 MS. FRANKS: Commissioner Merritt?

7 COMMISSIONER MERRITT: Approve.

8 MS. FRANKS: Commissioner Jones?

9 COMMISSIONER JONES: Approve.

10 MS. FRANKS: Commissioner Bradley?

11 COMMISSIONER BRADLEY: Approve.

12 MS. FRANKS: Chairman Hatches?

13 CHAIRMAN HATCHES: Approve.

14 MS. FRANKS: By your vote you've adopted Resolution
15 Number 12-077.

16 MR. STARK: That concludes my presentation.

17 CHAIRMAN HATCHES: Thanks, Steve.

18 MR. STARK: Thank you.

19 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Chairman, next
20 item on the agenda is Consideration of Disciplinary Actions.
21 And Mr. Ed Grewach will present.

22 MR. GREWACH: Good morning. I said it the first
23 time.

24 CHAIRMAN HATCHES: Duly noted.

25 MR. GREWACH: The first item under tab I is a

1 preliminary order of discipline directed to Patricia
2 McCracken. Ms. McCracken is a Level I licensee and her
3 position is Operations Manager at the Lady Luck Casino in
4 Caruthersville.

5 We have a Regulation of 7.160 at the time that was
6 in place that required an EMT to be present at all times that
7 the casino was open and in operation.

8 On that date, on February 27th, 2012, they, in fact,
9 had two EMTs on duty. One of the EMTs was ill, and
10 Ms. McCracken sent her home sick. Shortly after Ms. McCracken
11 sent the first EMT home, the second EMT had an allergic
12 reaction to some latex gloves that she put on and indicated
13 that she also needed to be sent home. Ms. McCracken also then
14 sent the second EMT home.

15 The two EMTs, matter of fact, questioned that
16 because they were leaving about the same time.
17 Ms. McCracken's position at the time was that there was an
18 employee in surveillance who was licensed as an EMT, and to
19 her that was the resolution of the problem.

20 Unfortunately, we have a separate Regulation 4.050
21 that prohibits any surveillance employees from having any
22 other gaming-related duties. And obviously, the purpose of
23 that is we can't have surveillance personnel leaving
24 surveillance to go do anything else on the gaming floor.

25 So the net effect of that decision by her was to

1 render a time period where there was no -- effectively no EMT
2 on duty on the boat at that point in time. If there was an
3 emergency, they'd end up violating one regulation or the
4 other. And so, the recommendation in this disciplinary order
5 is a two-day suspension.

6 CHAIRMAN HATCHES: Discussion?

7 COMMISSIONER JONES: And I just have one question.
8 If the employee had been in some other position, it would have
9 been okay?

10 MR. GREWACH: Yes.

11 COMMISSIONER JONES: It's just a surveillance --

12 MR. GREWACH: Correct, because the surveillance is
13 prohibited from having --

14 COMMISSIONER JONES: Right, okay. But any other
15 position, it would have been all right?

16 MR. GREWACH: Yes.

17 COMMISSIONER JONES: Okay.

18 CHAIRMAN HATCHES: Any other questions, discussion?
19 Chair will entertain a motion.

20 COMMISSIONER BRADLEY: Is she here?

21 CHAIRMAN HATCHES: Chair will entertain a motion.

22 COMMISSIONER JONES: Move for the approval of
23 DC-12-200.

24 COMMISSIONER BRADLEY: Second.

25 CHAIRMAN HATCHES: Moved and seconded. Any other

1 discussion?

2 Angie, call the roll, please.

3 MS. FRANKS: Commission Merritt?

4 COMMISSIONER MERRITT: Approve.

5 MS. FRANKS: Commissioner Jones?

6 COMMISSIONER JONES: Approve.

7 MS. FRANKS: Commissioner Bradley?

8 COMMISSIONER BRADLEY: Approve.

9 MS. FRANKS: Chairman Hatches?

10 CHAIRMAN HATCHES: Approve.

11 MS. FRANKS: By your vote you've adopted DC-12-200.

12 MR. GREWACH: Under tab J we have another discipline
13 directed at Patricia McCracken. This is a failure to
14 disclose. Again, she's Operation Manager at the Lady Luck
15 Casino.

16 There was -- around 10:50 p.m. on March 10th, 2012,
17 Security Officer Brown was the lone person manning the turn
18 style -- entry turn style, he was at the end of his shift, he
19 had a brief conversation with his replacement, he was under
20 the impression that the replacement was going to come
21 immediately to fill in. Unfortunately, his replacement had
22 already walked away from the turn styles. Nonetheless, the --
23 Security Officer Brown left the turn style before Security
24 Officer Odom had come back. Now, this resulted in about a
25 one-minute period where nobody was manning the turn styles at

1 that point in time.

2 The security supervisor called Ms. McCracken on
3 March 11th at 12:30 p.m. to relay that problem to her. She
4 was under a duty upon receiving that call to notify the MGC.
5 There is some dispute about what that conversation entailed.

6 The security supervisor called, indicated that his
7 instruction from Ms. McCracken was to simply write a written
8 warning, and to contact the director of operations, and she
9 did not instruct him to contact the Gaming Commission.

10 He was concerned about that advice, and he went
11 ahead and called the Gaming Commission sometime after that to
12 inform them, but Ms. McCracken herself never reported it to
13 the Gaming Commission.

14 The statement that she made after she was questioned
15 by our agents was that she was home and asleep, when the call
16 came in it woke her up, and she doesn't really recall what the
17 conversation was.

18 But again, the charge is for a failure to notify,
19 which was her duty. And we are recommending a three-day
20 suspension.

21 CHAIRMAN HATCHES: Questions from the Commission?

22 COMMISSIONER BRADLEY: May I ask -- I noticed on the
23 last one and on this one, my information says she has been
24 terminated; is that correct?

25 MR. GREWACH: That is correct.

1 COMMISSIONER BRADLEY: Okay. What is the effect of
2 these -- of the two and three-day suspension?

3 EXECUTIVE DIRECTOR STOTTLEMYRE: If she was to be
4 employed at another casino she would have to serve these days
5 after employment.

6 COMMISSIONER BRADLEY: And this would be on her
7 record --

8 EXECUTIVE DIRECTOR STOTTLEMYRE: It would be on her
9 record if she was reemployed.

10 CHAIRMAN HATCHES: Questions? Any other questions?
11 Chair will entertain a motion.

12 COMMISSIONER MERRITT: I'll make a motion to approve
13 DC-12-257.

14 COMMISSIONER BRADLEY: Second.

15 CHAIRMAN HATCHES: Move and seconded. Any other
16 discussion?

17 Angie, call the roll, please.

18 MS. FRANKS: Commissioner Merritt?

19 COMMISSIONER MERRITT: Approve.

20 MS. FRANKS: Commissioner Jones?

21 COMMISSIONER JONES: Approve.

22 MS. FRANKS: Commissioner Bradley?

23 COMMISSIONER BRADLEY: Approve.

24 MS. FRANKS: Chairman Hatches?

25 CHAIRMAN HATCHES: Approve.

1 MS. FRANKS: By your vote you're adopted DC-12-257.

2 MR. GREWACH: Under tab K is a preliminary order of
3 discipline directed at Lumiere Casino. This involved a
4 malfunction of an exit turn style on 2011. I might say as
5 background, this started as a much more -- much broader and
6 more complicated fact scenario, but as we reviewed it we
7 really just isolated this particular incident, so you might
8 see some reference in the notes, the two different gaming
9 reports being consolidated, but that is why that was when we
10 looked at all the issues, we really looked at this and said
11 this is really the violation here that we're going to pursue.

12 Just as background, also, as I'm sure the
13 Commissioners know, but for the audience, the gaming day is
14 broken down into two-hour increments. And in the past, you
15 know, when boats were designed to cruise, it was going to be a
16 two-hour cruise, and the tax, you know, for the entry fee
17 would be calculated then every two hours. Since none of them
18 cruise we still break the gaming day into those two-hour
19 sessions.

20 So the employees at the end of every two-hour
21 session are to read the counts of the entry and exit turn
22 styles, then they enter that record on a turn style count
23 sheet. Now that turn style count sheet continues to
24 increment. You don't zero it out every two hours, so as you
25 add things up -- and in this particular case, you'll see that

1 the count -- when the problem first happened was 114,227. So
2 the people that left in the next two hours, the turn style
3 count sheet should have that amount plus those people that
4 exited during that two hours, and so on and so forth, and
5 every two hours it ought to continue to increase as people
6 exit the casino.

7 Now, in this particular circumstance, there were
8 five different employees who did six counts, because that's
9 the time frame we're dealing with from 6:00 p.m. on the 16th
10 to 4:00 a.m. on 17th. And every two hours an employee would
11 come in and sign the -- the turn style count sheet, and it
12 never changed. It continued to be this 114,227 number. So
13 none of those five employees during those six counts noticed
14 that this never changed, that meant either no one left the
15 casino or there was some malfunction there. More logically,
16 reasonably, would lead you to conclude there was some
17 malfunction.

18 Later on after the problem became apparent they did
19 go back and look at their surveillance tapes, and they had to
20 count -- you know, there's also -- to back up a little bit --
21 in their internal controls and in our minimum internal
22 controls there's a requirement that if there's a malfunction
23 on any turn style that a hand clicker be utilized to count the
24 people that -- as they go off.

25 So again, if that first person who looked and saw

1 the number didn't change had done their job they would have
2 then utilized -- should have utilized the hand clicker and
3 started counting. Instead they had to go back to surveillance
4 and sit and watch surveillance tape and count the people that
5 went off throughout that whole time period. They counted
6 5,688 people exiting.

7 Now, our problem is, you know, we have a requirement
8 that they keep accurate records of all passenger counts and
9 instead of having a mechanized or electronic, you know, count
10 to audit, you know, we have to look at just their surveillance
11 calculation, which obviously is subject to substantial human
12 error, you know, of how many people left the casino during
13 that time period.

14 And on those facts, the recommendation from the
15 staff is a fine of \$10,000.

16 CHAIRMAN HATCHES: Any questions from the
17 Commission?

18 COMMISSIONER JONES: I have one question. This, to
19 me, it seems like this is a training error, because you have
20 five people to just put zero down. I mean, have they gone
21 through this process? Have they been retrained on the issue of
22 accurate recordkeeping?

23 MR. GREWACH: I'm not aware of that, if they have or
24 haven't. I don't know.

25 COMMISSIONER JONES: Okay.

1 CHAIRMAN HATCHES: Any other questions?

2 MR. GREWACH: We may have an answer to that
3 question.

4 CHAIRMAN HATCHES: Okay.

5 MS. LOMAS: Hi. Christine Lomas, Pinnacle
6 Entertainment --

7 MR. GREWACH: Oh, I'm sorry, I thought -- I thought
8 Cheryl Alonzo was going to answer.

9 MS. LOMAS: Oh.

10 MR. GREWACH: But this is a good point in time where
11 -- there's no provision in the rules for the licensee to
12 respond --

13 CHAIRMAN HATCHES: Right.

14 MR. GREWACH: -- and so, unless the Commission feels
15 otherwise that's really not -- the appropriate -- because this
16 is the -- you know, the original charging document, and you
17 know, if we start allowing licensees to respond then we end up
18 basically trying the case twice, trying it once now, and
19 trying it again later on.

20 I'm sorry, Ms. Lomas.

21 MS. ALONZO: I'm sorry, I didn't have the knowledge,
22 she had the knowledge.

23 MR. GREWACH: I'm sorry, my mistake.

24 CHAIRMAN HATCHES: No problem. Any other questions?
25 Chair will entertain a motion.

1 COMMISSIONER BRADLEY: Motion to approve DC-12-226.

2 COMMISSIONER JONES: Second.

3 CHAIRMAN HATCHES: Moved and seconded. Any other
4 discussion?

5 Angie, call the roll, please.

6 MS. FRANKS: Commissioner Merritt?

7 COMMISSIONER MERRITT: Approve.

8 MS. FRANKS: Commissioner Jones?

9 COMMISSIONER JONES: Approve.

10 MS. FRANKS: Commissioner Bradley?

11 COMMISSIONER BRADLEY: Approve.

12 MS. FRANKS: Chairman Hatches?

13 CHAIRMAN HATCHES: Approve.

14 MS. FRANKS: By your vote you've adopted DC-12-226.

15 CHAIRMAN HATCHES: Thank you.

16 MR. GREWACH: Under tab L we have a preliminary
17 order of discipline directed at the Isle of Capri,
18 Caruthersville. Now, this arises out of the same fact
19 scenario that was presented in tab I for Patricia McCracken,
20 but this is directed at the property itself.

21 And again, this is a case where Ms. McCracken's
22 solution was to rely on the EMT in surveillance to cover that
23 obligation. In questioning Ms. McCracken she indicated that
24 she was not aware and had not been told or trained that the
25 surveillance personnel couldn't take on any additional gaming

1 duties. This particularly had come up with this same property
2 before.

3 On November 13th, 2009, Mr. Stottlemyre sent a
4 letter to the property's general manager specifically noting
5 that surveillance supervisor shall have no other
6 gaming-related duties within the riverboat gaming operation.
7 So it was actually the same issue, no discipline was taken at
8 that point in time, but that letter was sent.

9 And so, to -- from staff's point of view there's a
10 failure in training and communication to the operations
11 manager, and we're recommending a \$5,000 fine.

12 CHAIRMAN HATCHES: Questions from the Commission?

13 COMMISSIONER MERRITT: I make a motion to approve
14 DC-12-228.

15 COMMISSIONER BRADLEY: Second.

16 CHAIRMAN HATCHES: Moved and seconded. Any other
17 discussion?

18 Angie?

19 MS. FRANKS: Commissioner Merritt?

20 COMMISSIONER MERRITT: Approve.

21 MS. FRANKS: Commissioner Jones?

22 COMMISSIONER JONES: Approve.

23 MS. FRANKS: Commissioner Bradley?

24 COMMISSIONER BRADLEY: Approve.

25 MS. FRANKS: Chairman Hatches?

1 CHAIRMAN HATCHES: Approve.

2 MS. FRANKS: By your vote you've adopted DC-12-278.

3 MR. GREWACH: Under tab M we have a case, a
4 preliminary order directed to Ameristar Kansas City. On March
5 17th, 2012, a 19-year-old female entered the property with a
6 fake ID. Security officer at the turn style checked the ID
7 and let her in.

8 After that she interacted with a slot attendant, who
9 did not check her ID. She interacted with another security
10 officer, who also did not check her ID. And eventually
11 encountered an employee of the casino, who did check, found
12 the discrepancies between the fake ID and the person's
13 appearance and she was apprehended by our agents at that point
14 in time. She was on the floor for one hour, 26 minutes. She
15 gambled and lost \$36 and did not consume any alcoholic
16 beverages.

17 And the staff is recommending a fine of \$5,000.

18 CHAIRMAN HATCHES: Questions from the Commission?
19 Motion?

20 COMMISSIONER JONES: Move for the acceptance of
21 DC-12-346.

22 COMMISSIONER MERRITT: Second.

23 CHAIRMAN HATCHES: Moved and seconded. Any other
24 discussion?

25 Angie, call the roll, please.

1 MS. FRANKS: Commissioner Merritt?

2 COMMISSIONER MERRITT: Approve.

3 MS. FRANKS: Commissioner Jones?

4 COMMISSIONER JONES: Approve.

5 MS. FRANKS: Commissioner Bradley?

6 COMMISSIONER BRADLEY: Approve.

7 MS. FRANKS: Chairman Hatches?

8 CHAIRMAN HATCHES: Approve.

9 MS. FRANKS: By your vote you've adopted DC-12-346.

10 CHAIRMAN HATCHES: Thank you.

11 MR. GREWACH: Under tab N we have a preliminary
12 order directed to Aristocrat Technologies. We have a rule and
13 minimal internal controls that prohibit shipping any software
14 to a Missouri property prior to its approval for use by us at
15 the property.

16 In this event, the software was shipped on
17 March 16th, 2012. It was not approved at that point in time.
18 It was, in fact, later approved on March 22nd, 2012.

19 The recommended fine in this case is \$5,000.

20 CHAIRMAN HATCHES: Questions from the Commission?

21 COMMISSIONER MERRITT: I make a motion to approve
22 DC-12-347.

23 COMMISSIONER BRADLEY: Second.

24 CHAIRMAN HATCHES: Moved and seconded. Any
25 discussion?

1 Angie?

2 MS. FRANKS: Commissioner Merritt?

3 COMMISSIONER MERRITT: Approve.

4 MS. FRANKS: Commissioner Jones?

5 COMMISSIONER JONES: Approve.

6 MS. FRANKS: Commissioner Bradley?

7 COMMISSIONER BRADLEY: Approve.

8 MS. FRANKS: Chairman Hatches.

9 CHAIRMAN HATCHES: Approve.

10 MS. FRANKS: By your vote you've adopted DC-12-347.

11 MR. GREWACH: We are requesting, Mr. Chairman, to
12 withdraw item O on the agenda. It was an investigation, and
13 as the staff looked further into the facts of the matter,
14 we've determined not to pursue any discipline about -- on
15 that. And we're just asking today that it be passed and we
16 withdraw that disciplinary action.

17 CHAIRMAN HATCHES: Any questions about that?
18 Motion?

19 MR. GREWACH: Don't need it.

20 CHAIRMAN HATCHES: You got anymore of those?

21 MR. GREWACH: No, it's a one-time deal we offer.

22 CHAIRMAN HATCHES: We appreciate it. So we go to P.

23 MR. GREWACH: P. Item P is a preliminary order of
24 discipline directed at Lumiere Casino. On March 17th, 2012,
25 an 18-year-old minor entered the gaming floor with a fake ID.

1 The minor presented the fake ID and obtained a Mychoice player
2 card. The person issuing the player card did not, as the
3 rules, require check the minor's physical characteristics to
4 make sure that they matched the ones on the ID.

5 In addition, the security officer at the gate failed
6 to detect the difference between the fake ID and the physical
7 characteristics of the minor.

8 The minor then went on the floor and purchased two
9 shots of alcohol from a bartender, and the bartender failed to
10 check the ID -- her ID in spite of the fact that the minor
11 used a credit card to pay for the purchase.

12 The minor then wagered money at a table and a dealer
13 there also did not check for an ID. The minor was on the
14 floor two and a half hours, had three drinks, and gambled two
15 hands at the game.

16 And we are recommending a fine of \$10,000.

17 CHAIRMAN HATCHES: I just have a question, either
18 for you or maybe Cheryl, just to refresh my memory. When the
19 casino employees are looking at ID, can you just tell us, you
20 know, what are they looking for? I mean, shouldn't they be
21 looking at the date and making sure the photograph matches,
22 because I've seen a couple of these cases, where they looked
23 at the ID and it was a different picture on it. So what are
24 they trained?

25 MR. GREWACH: And fine, if Cheryl would like to

1 answer, but Les Hahn actually does training at the properties
2 for that, so he may be a better source for that.

3 MR. HAHN: Les Hahn with the Commission. That's
4 correct. There's about an hour long presentation that I've
5 given to staff at that particular casino. It kind of goes
6 through -- it takes about three seconds, you look at the
7 picture, you look at the person, are they about the right
8 height, bone structure and features of the face match the
9 picture. So I mean, they just get in a hurry and don't pay
10 attention.

11 CHAIRMAN HATCHES: Because in a couple cases it's
12 been a different photograph on the ID altogether.

13 MR. HAHN: There's some where the gender is wrong on
14 the card and they don't notice it, so.

15 COMMISSIONER JONES: Maybe, maybe not.

16 MR. HAHN: It's a rote activity that they're doing
17 on a continuous basis and it's hard to keep vigilant, I guess.

18 CHAIRMAN HATCHES: All right. I just wanted to
19 reunderstand what I thought I understood. Thank you, sir.

20 COMMISSIONER BRADLEY: This was a fake ID, right?

21 CHAIRMAN HATCHES: Right. Any other questions from
22 the Commission?

23 COMMISSIONER BRADLEY: May I ask what they do
24 after -- because it looks like once again several people go
25 through the system -- go through the process and don't match,

1 I mean especially a bartender. If I remember, what, two
2 months ago, didn't we have four or fives of these --

3 CHAIRMAN HATCHES: Right.

4 COMMISSIONER BRADLEY: -- and they're all over, it's
5 not just one. Obviously, it's a problem, because they have to
6 be vigilant on what they're trained, but I just think -- I'm
7 glad they're working on it to catch it and to train.

8 CHAIRMAN HATCHES: Is it this body's responsibility
9 to remind the properties, to make sure that they're training
10 on these kinds of things on an ongoing basis?

11 MR. GREWACH: You know, we -- we do that. I believe
12 Mr. Hahn does do training on a fairly regular basis. And
13 obviously, these disciplinary actions are designed to
14 reenforce that and to help them comply with those guidelines
15 that we give them.

16 COMMISSIONER MERRITT: I would think a few thousand
17 dollars along the way periodically would be a pretty good
18 reminder.

19 CHAIRMAN HATCHES: And it's kind of hard to remember
20 what specific properties, you know, these cases have been
21 attached to. It just seems there's been a lot of them, so
22 maybe it's a problem across the board, and if we can continue
23 to address it and maybe -- I do recognize that the process
24 here sort of brings attention to it, but we're not here
25 necessarily to just fine people, we'd like for them to get it

1 right, so we don't have to. If we continue to see these
2 repeated cases, you know, if there's something we could do, I
3 just support you in completely doing it.

4 Any other discussion? Chair will entertain a
5 motion.

6 COMMISSIONER BRADLEY: Motion to approve DC-12-349.

7 COMMISSIONER JONES: Second.

8 CHAIRMAN HATCHES: Moved and seconded. Any other
9 discussion?

10 Angie?

11 MS. FRANKS: Commissioner Merritt?

12 COMMISSIONER MERRITT: Approve.

13 MS. FRANKS: Commissioner Jones?

14 COMMISSIONER JONES: Approve.

15 MS. FRANKS: Commissioner Bradley?

16 COMMISSIONER BRADLEY: Approve.

17 MS. FRANKS: Chairman Hatches?

18 CHAIRMAN HATCHES: Approve.

19 MS. FRANKS: By your vote you've adopted DC-12-349.

20 MR. GREWACH: Under tab Q we have a resolution to
21 approve a settlement agreement between -- entered between the
22 Missouri Gaming Commission staff and Gaming Laboratories
23 International, LLC.

24 The GLI, which I'll refer to them as, is a testing
25 laboratory licensed by us. The issue here is there's a state

1 statute 313.824, which specifically requires a 4 percent
2 withholding for state income tax for any jackpots over the
3 amount of \$1,200.

4 There's also a rule of 4.230 that requires testing
5 laboratories to test for compliance with all Missouri Laws,
6 Statute, Regulations, et cetera, and also a minimum internal
7 control standard that mirrors that same obligation.

8 These are games that GLI had tested and approved,
9 and they had a base game and they had a bonus game. And there
10 were occasions where the base game and the bonus game when you
11 added them together would exceed the \$1,200 limit.

12 Now, the practical mechanism for enforcing these
13 withholding requirements is for the game to actually lock up
14 when it has a jackpot in excess of the \$1,200 figure, that
15 then requires a slot attendant to come, do a hand pay for it,
16 fill out the proper paperwork, make the withholding.

17 Now, these particular games did not lock up when the
18 base game plus the bonus game would exceed it, so they would
19 lock up if the base game was over that amount, but then if you
20 added the two together they did not.

21 Staff's position was that those two together
22 constituted a jackpot under the statute that we recited on the
23 4 percent withholding. And actually, when you look at the --
24 this Settlement Agreement there were two different instances,
25 so when you read it, just to avoid any confusion, when you

1 look at the Settlement Agreement, and you look at paragraph
2 four, that was a separate problem. There was this game, The
3 Quest For Diamonds, and there was a problem where the game
4 tilted during certain bonus rounds.

5 We had information -- we discovered information that
6 GLI knew about this problem on August 23rd, 2011, but did not
7 notify the Commission until September 29th, 2011. There's
8 another regulation in 4.230 that requires a licensee to
9 immediately notify us if they became aware of any situation
10 that involves the integrity of a particular game.

11 The -- the settlement amount, the \$25,000 is the
12 amount that the DRB originally recommended as a fine, so
13 there's no negotiation between us and the licensee over the
14 amount of the fine, the negotiation and the settlement
15 involved agreeing on the facts of the case and issues that we
16 could agree on and -- and that was basically the process in
17 negotiating it.

18 And the -- the particular CSR that deals with the
19 settlement 45-13.065 provides for a settlement at any stage of
20 the proceeding. It does provide -- and this settlement
21 agreement complies with that. The settlement agreement itself
22 sets forth the facts and the law and the penalty, so basically
23 this acts as the final order of the Commission should the
24 Commission -- commissioners determine to approve the
25 settlement agreement. And the staff is requesting that that

1 approval be given.

2 CHAIRMAN HATCHES: Any questions from the
3 Commission? Chair will entertain a motion.

4 COMMISSIONER MERRITT: I make a motion to approve
5 DC-12-350.

6 COMMISSIONER JONES: Second.

7 COMMISSIONER BRADLEY: Isn't it Resolution 12-085?

8 COMMISSIONER MERRITT: I make a motion to approve
9 Resolution Number 12-085. I'm sorry about that.

10 COMMISSIONER BRADLEY: Second.

11 CHAIRMAN HATCHES: Moved and seconded. Any
12 discussion?

13 Angie, call the roll.

14 MS. FRANKS: Commissioner Merritt?

15 COMMISSIONER MERRITT: Approve.

16 MS. FRANKS: Commissioner Jones?

17 COMMISSIONER JONES: Approve.

18 MS. FRANKS: Commissioner Bradley?

19 COMMISSIONER BRADLEY: Approve.

20 MS. FRANKS: Chairman Hatches?

21 COMMISSIONER BRADLEY: Approve.

22 CHAIRMAN HATCHES: By your vote you've adopted
23 Resolution Number 12-085.

24 MR. GREWACH: Under tab R we have a preliminary
25 order directed at Harrah's Maryland Heights. This happened on

1 March 3rd, 2012, an 18-year-old minor with a fake ID entered
2 the property, the security officer at the turn style checked
3 the ID, but did not detect the difference. In addition, one
4 bartender checked the ID, but did not detect the difference.
5 The -- the minor encountered one security officer who did not
6 check the ID.

7 The minor attempted to get a Total Rewards card.
8 The Total Rewards worker believed that the ID did not resemble
9 the person standing in front of her, she called security
10 officer over, the security officer looked at that, security
11 officer didn't detect the difference.

12 And the minor then went to the lounge, and at the
13 entrance the person there checked the ID, but also again did
14 not detect the difference in the appearance between the two.
15 The minor was on the floor for 38 minutes, did not gamble, but
16 did drink one drink.

17 And we are recommend of \$10,000 in this case.

18 CHAIRMAN HATCHES: Any questions from the
19 Commission? Chair will entertain a motion.

20 COMMISSIONER JONES: I move for approval of
21 DC-12-351.

22 COMMISSIONER BRADLEY: Second.

23 CHAIRMAN HATCHES: Been moved and seconded. Any
24 other discussion?

25 Angie, call the roll, please.

1 MS. FRANKS: Commissioner Merritt?

2 COMMISSIONER MERRITT: Approve.

3 MS. FRANKS: Commissioner Jones?

4 COMMISSIONER JONES: Approve.

5 MS. FRANKS: Commissioner Bradley?

6 COMMISSIONER BRADLEY: Approve.

7 MS. FRANKS: Chairman Hatches?

8 COMMISSIONER BRADLEY: Approve.

9 MS. FRANKS: By your vote you've adopted DC-12-351.

10 MR. GREWACH: Under tab S we have a preliminary
11 order at Harrah's Maryland Heights. We have a regulation
12 10.010(1), which requires licensees to provide any documents
13 requested within seven days.

14 Cheryl Bonner, our Minority Business Enterprise,
15 Women Business Enterprise, which we may refer to as MBE/WBE,
16 she's our compliance manager for that, sent an e-mail on
17 February 28th, 2012, instructing the property to produce
18 certain records that were described in that e-mail and to
19 produce them on the previously scheduled audit, which was
20 scheduled for March 14th, 2012, at 8:00 a.m.

21 The day before the audit at 4:00 p.m. the property
22 contacted us and notified us that they could not provide the
23 documents requested because Caesar's Corporate, who is their
24 parent company had not allocated sufficient resources to the
25 task to gather those documents.

1 That non-disclosure required the scheduled audit to
2 be rescheduled for April the 6th, 2012. At the rescheduled
3 audit still not all the documents requested were produced. We
4 made an accommodation to them to produce a sampling of the
5 documents requested and reviewed those.

6 But the basis of the violation really is the failure
7 to disclose on the originally scheduled date, which was the
8 March 14th, 2012, which is well outside of the seven days the
9 rule provides for the licensee to produce those records.

10 And the staff is recommending a fine of \$25,000 on
11 that case.

12 CHAIRMAN HATCHES: Questions from the Commission?

13 COMMISSIONER BRADLEY: Well, I have a couple of
14 questions. Number one, I've never -- on my term on the
15 Commission as a commissioner, I've never really had this kind
16 of a disciplinary action.

17 So I'm curious about a couple things. How the
18 process works, how often -- I mean, I know we're doing more
19 and more audits. We're asking for more information, we've had
20 a lot of discussion about these kinds of report that are
21 important to the Commission.

22 But I want to know what is that process, how much
23 notice do they need, is it -- do people ask for time -- extra
24 time when an audit is set up? Say, Well, we need more time to
25 get information? I mean, is it by agreement you do that?

1 What was the basis -- to me, this seems like a very high fine.
2 And I know it's significant, we're going to get somebody's
3 attention, but I'd like to know how that figured was arrived
4 at.

5 MR. GREWACH: This -- well, to answer the question
6 probably first, it was the DRB, of course, made the
7 recommendation on it and it's a vote by several members of the
8 -- who are on the DRB and that is how the number gets arrived
9 at.

10 Now, as far as the process, Cheryl Bonner
11 unfortunately could not be here today. Rick Wilhoit is
12 involved in some degree, given I'm not sure that she will
13 have -- or Bill Seibert, whichever one steps up first can
14 probably address Commissioner Bradley's questions better than
15 I could.

16 MR. SEIBERT: Well, if you remember I have a hitch
17 in my get-along, and if it's who gets up here first, he could
18 get up here first, but.

19 CHAIRMAN HATCHES: I think he knew that.

20 MR. SEIBERT: Bill Seibert, Deputy Director of
21 Enforcement. You have to go back a little bit. If you're
22 familiar with variances, they want it to vary from what our
23 rule said and have the records available here, so they -- they
24 sent in a variance asking us to allow them to send these rules
25 overseas -- or their records overseas.

1 And we were reluctant to do that, and we questioned
2 them on, could they produce that, and they guaranteed us that
3 they could produce these records. This is before all of this
4 even occurred.

5 So anyway, we ended up granting the variance by what
6 they told us, that they could produce these records. So when
7 Ms. Bonner asked for these records they couldn't produce
8 these records as they promised us they could do.

9 So that -- that was figured in. I mean -- you know,
10 it goes back a little bit farther than the action, so that was
11 figured in that they told us they could produce these records.

12 COMMISSIONER BRADLEY: Was this additional
13 information? Was it more information than they normally
14 provide? I mean, was there any difference in this audit and
15 the request for these documents than any other request for
16 documents?

17 MR. SEIBERT: The only difference would be is that
18 we brought in a MBE/WBE compliance manager, tightening up our
19 program.

20 COMMISSIONER BRADLEY: Well, right. I'm asking you
21 that because I think we -- that's what has been going on --
22 you know, through additional forms, and additional information
23 has been requested, right?

24 MR. SEIBERT: You know, but when they were -- when
25 they asked for the variance we told them that we -- they

1 understood what was going to have to be produced to us.

2 COMMISSIONER BRADLEY: Right.

3 MR. GREWACH: And if I may, I think Mr. Wilhoit had
4 this information that he believes that Ms. Bonner -- the
5 question -- the request that she sends is a uniform one she
6 sends to properties for audits on the MBE/WBE program.

7 COMMISSIONER BRADLEY: So have they provided -- has
8 this -- Harrah's Maryland Heights, have they provided
9 information to us before?

10 MR. SEIBERT: I'm not sure if they've done that
11 before -- in this format. I don't think they had when John
12 Nathan was here, so this -- this was her first request to
13 them, they hadn't done that before.

14 COMMISSIONER JONES: But the variance is for all
15 information regardless if it's MBE/WBE or anything, right --

16 MR. SEIBERT: Yes.

17 COMMISSIONER JONES: -- if they say they can produce
18 the documents then --

19 MR. SEIBERT: It wasn't just MBE/WBE stuff they sent
20 overseas.

21 COMMISSIONER JONES: Right, but I'm just saying that
22 variance is saying that, hey, we can produce any document you
23 want in a time -- in a timely manner.

24 MR. SEIBERT: That's correct.

25 COMMISSIONER JONES: But on this particular case,

1 the requested information was focused on the MBE/WBE.

2 MR. SEIBERT: That's correct.

3 COMMISSIONER JONES: And they couldn't produce it
4 like they had promised?

5 MR. SEIBERT: Yes, sir.

6 COMMISSIONER BRADLEY: So then a random sampling of
7 the 10 percent, was that by agreement they provided that --

8 MR. SEIBERT: That was basically a concession that
9 Ms. Bonner worked on with them.

10 COMMISSIONER BRADLEY: Have we ever assessed fines
11 in this type of situation on these --

12 MR. SEIBERT: I think this is going to be the first
13 one.

14 COMMISSIONER BRADLEY: Okay. Then can you tell me
15 what the factors -- I mean, I'd like to know what the other
16 commissioners think. I know it's important, we have to make a
17 point, they have to provide information to us, but you know,
18 then we agreed, you know, apparently 10 percent. I'd just
19 like to know where the \$25,000 -- where did that figure come
20 out of?

21 MR. SEIBERT: Well, that figure was based on when
22 they asked for the -- when they asked for the variance, they
23 told us they could produce the records, but when it came time
24 to produce the records, they couldn't produce the records.
25 Then they were asked a second time to produce the records and

1 they still couldn't produce the records. So then we had to
2 make the concession to get this done.

3 CHAIRMAN HATCHES: Let me stretch this question a
4 little bit further. Is this -- this is not as much about
5 MBE/WBE reporting as it is not receiving the reports that you
6 asked for an audit; is that right?

7 MR. SEIBERT: That's -- that's part of it, that we
8 didn't receive the reports. The other part is you asked us to
9 change -- you asked us to make a variance to a rule, so we
10 accommodated you, and made that variance to a rule, and we
11 questioned could you really do this, and you told us that you
12 could.

13 So it's basically the totality of the whole issue.
14 It's not just one incident that you didn't produce the
15 records, not only once but twice, but you told us you could do
16 that when you sent these overseas.

17 CHAIRMAN HATCHES: Was this the first request for
18 records since the variance had been issued?

19 MR. SEIBERT: Now that, I'm not sure on that.

20 COMMISSIONER BRADLEY: Does anybody know? Have they
21 not given information?

22 MS. ALONZO: Cheryl Alonzo, Missouri Gaming
23 Commission. This -- in this particular instance she looks for
24 100 percent of those -- accounts payable of the records that
25 were sent overseas. And so, those would not have been

1 requested in other audits of the Gaming Commission is
2 conducting currently, but for Ms. Bonner it's essential for
3 her to be able to verify the numbers of every licensure, which
4 is something that was requested, and has been being done.

5 And one of those things to consider, too, is that we
6 have held all of the other licensees to the standard of audits
7 of 100 percent of their records to verify those numbers that
8 are being reported.

9 By them not providing the records, 10 percent is not
10 being -- is not a consistent standard to audit everybody to.
11 And also, the 10 percent they gave us, so what about the other
12 ones, we just don't know what you don't have.

13 COMMISSIONER BRADLEY: So are we asking -- demanding
14 the additional 90 percent, or is this -- or is there an
15 agreement now that they just don't have to? I.

16 MS. ALONZO: I was under the impression they didn't
17 offer, like if they could get it in X amount of time. They
18 just said it was going to be very cumbersome, time-consuming.
19 I don't think they offered to give 100 percent.

20 COMMISSIONER BRADLEY: I'm just real confused,
21 because if all the other casinos are giving the information,
22 that is expected and asked for, I'm just wondering -- you
23 know, are we just going to do a fine, and then they don't have
24 to produce it?

25 MR. SEIBERT: No, in the future they're going to

1 have to produce it, but on this case -- you know, I know she's
2 out of town at a conference. They're going to have to produce
3 the records.

4 COMMISSIONER JONES: In other words, to do this
5 audit -- in order to do the audit that she's seeking now, they
6 still have to produce the other 90 percent?

7 MR. SEIBERT: Eventually they'll have to, but I'm
8 not sure if she's making them do that now or not. They're
9 just doing the 10 percent on this audit, but in the future
10 they're going to have to give 100 percent. They're going to
11 have the produce these records.

12 CHAIRMAN HATCHES: Does this impact then the
13 variance that you've given them, does that change?

14 MR. SEIBERT: I'm not sure we discussed --

15 Did we discuss what we were going to do with the
16 variance?

17 We haven't taken action on that.

18 CHAIRMAN HATCHES: Because just tracking along this
19 same line of thought, if you don't rescind that, then it's
20 going to happen again. They could tell you the same thing, We
21 can't get you the records.

22 And I do note that I think they said they'd -- they
23 could -- they could get something, but it would be a high cost
24 to them to do \$75,000.

25 MR. SEIBERT: That's just something we're going to

1 have to work on.

2 COMMISSIONER JONES: So for them it's cheaper to do
3 \$25,000, send you 10 percent of what we have, than to do the
4 \$75,000?

5 MR. SEIBERT: No -- well, in the future we have to
6 have all the records, that's just the bottom line.

7 COMMISSIONER BRADLEY: Well, that also means the
8 audit won't be complete.

9 COMMISSIONER JONES: Won't be complete, right.

10 COMMISSIONER BRADLEY: Because you don't have the
11 information. So would it be better to demand that they do
12 whatever other casino must do?

13 CHAIRMAN HATCHES: Yes. Because if it's not
14 complete, where do we catch up and we get real numbers --
15 accurate numbers, that would be a concern going forward.

16 COMMISSIONER BRADLEY: My concern -- I don't know
17 what -- that's what my question's about, what's the
18 significance of the fine, why this amount, and then what's
19 going to help, what's it going to do. Looking at this, we
20 need the information, so.

21 CHAIRMAN HATCHES: We need a little more help here.

22 MR. GREWACH: If I can address that legal point,
23 because really at this point we have a regulatory violation --
24 you know, the remedy of which would be to assess a fine.
25 There are several things we could do in the future, which

1 really aren't before us today; that is, revoke the variance,
2 could become an issue on relicensure, if they haven't complied
3 with those types of requests.

4 Revoking the variance would certainly require them
5 to bring these records to the property, where they would be
6 acceptable to us. But those are all steps we haven't looked
7 into, taken, at this point in time.

8 So really all that's before us today is this
9 violation for not producing them and the amount of the fine,
10 if any, to assess against them for that violation.

11 But we certainly take the Commission's direction and
12 look into other options to make sure we compel compliance at
13 the next audit. I don't know how frequently the audits are
14 done.

15 MR. SEIBERT: Annually.

16 MR. GREWACH: Annual audit.

17 COMMISSIONER BRADLEY: I'm understanding more now.
18 You're getting their attention. You're not doing what you
19 need to do and this might be the first step and some other
20 steps that the Commission -- the staff you will evaluate as
21 you get the information.

22 MR. GREWACH: (Nodded head.)

23 COMMISSIONER BRADLEY: I understand that a lot
24 better. Thank you.

25 MR. SEIBERT: And they were told that, too. You

1 know, they just came up for relicensing, and that was
2 mentioned when Ms. Bonner made her presentation.

3 EXECUTIVE DIRECTOR STOTTLEMYRE: I think we're in a
4 position now for the audit to have been completed in time for
5 the licensing that was up at that time. We were not able to
6 get the full information, which is why we gave them the
7 variance to at least get some information to be able to glean
8 whether or not they're -- the effort is being made at all.
9 This -- this fine is because they didn't provide the
10 information they told us they would.

11 The expectations are during the next licensing time
12 they will have -- or the next period that they are -- that we
13 do this, they will have to provide that information to us. We
14 are -- our expectations that -- you know, we're not going to
15 accept 10 percent going forward, that's for sure.

16 COMMISSIONER BRADLEY: So if you -- may I ask --

17 CHAIRMAN HATCHES: Go ahead.

18 COMMISSIONER BRADLEY: So the variance would be
19 per -- according to per audit, it's not just across the board
20 for information?

21 MR. SEIBERT: The variance actually came out before
22 the audit was done. It was way before audit was done.

23 COMMISSIONER BRADLEY: And like Darryl said it's for
24 everything, all the records, correct?

25 COMMISSIONER JONES: Right.

1 COMMISSIONER BRADLEY: So right now they have a
2 variance, and they can't keep the records somewhere else.

3 MR. SEIBERT: That's correct.

4 EXECUTIVE DIRECTOR STOTTLEMYRE: That's correct.

5 CHAIRMAN HATCHES: Well, certainly one of the things
6 we'd like you to make note of from this conversation is
7 whatever you decide to do going forward, then you come back
8 and we have some discussion about how you plan to remedy this,
9 because my concern as we sit here today is we have this again
10 during the next audit period.

11 And if that's case, I'd like to have that
12 information prior to, you know, a licensing hearing because
13 once we get that, at that point we're back here.

14 Any other questions? Good questions.

15 Thank you, Bill.

16 Chair will entertain a motion.

17 COMMISSIONER BRADLEY: Motion to approve DC-12-352.

18 COMMISSIONER JONES: Second.

19 CHAIRMAN HATCHES: Moved and seconded. Any other
20 discussion?

21 Angie, call the roll, please.

22 MS. FRANKS: Commissioner Merritt?

23 COMMISSIONER MERRITT: Approve.

24 MS. FRANKS: Commissioner Jones?

25 COMMISSIONER JONES: Approve.

1 MS. FRANKS: Commissioner Bradley?

2 COMMISSIONER BRADLEY: Approve.

3 MS. FRANKS: Chairman Hatches?

4 CHAIRMAN HATCHES: Approve.

5 MS. FRANKS: By your vote you've adopted DC-12-352.

6 CHAIRMAN HATCHES: Ed?

7 MR. GREWACH: Yes. This under tab T is against
8 Argosy Riverside Casino. We have rule, of course, that
9 requires them to maintain an accurate record of all revenues
10 and liabilities, and that would pertain here, this particular
11 case, to the turn style counts and to promptly report any
12 violation.

13 Their own internal controls require a head count of
14 patrons at the end of the gaming day. Again, the gaming day
15 is broken into two-hour sessions for purposes of calculating
16 that admissions tax figure.

17 Now, the -- it came to our attention when the
18 paperwork that we received for the March 12th, 2012, end of
19 the gaming day, indicated a zero ending count. Now, the last
20 session -- the first session of the next day rather was really
21 scheduled to be from 4:00 a.m. to 6:00 a.m., so the manual
22 count should have taken place at 4:00 a.m. at the end of the
23 prior gaming day.

24 Now, what happened here was that they were scheduled
25 for a close for a system upgrade, and the scheduled closing

1 time was 5:00 a.m. to 8:00 a.m., so the 5:00 a.m. landed right
2 in the middle of that gaming session the 4:00 to 6:00 a.m.
3 gaming session.

4 So what happened then is a casino service supervisor
5 overrode the formula in their computer program and hard keyed
6 in zeros for entries and exits for that time period for that
7 4 o'clock session -- 4:00 a.m. session.

8 Now, as we investigated it early, we also found out
9 -- further rather, we found out that the system was not
10 password protected.

11 And then the third item that was problematic for us
12 is that they failed to notify us. This occurrence happened on
13 March the 12th, 2012, and we did not discover, have any
14 information about it until March 26th, 2012.

15 Questioning the casino's service supervisor she said
16 that she did not -- she was unaware that head count was
17 required at the close of the gaming day. You know, it was
18 concern to us obviously that those two items that it's not
19 password protected, that people could actually go in and
20 change those numbers on us and -- and that -- and that it was
21 hard keyed, overridden, you know, from the computer program.

22 And the recommended fine in this matter is \$10,000.

23 CHAIRMAN HATCHES: Questions from the Commission?

24 COMMISSIONER MERRITT: I make a motion to approve
25 DC-12-353.

1 COMMISSIONER BRADLEY: Second.

2 CHAIRMAN HATCHES: Approved and seconded. Any other
3 discussion?

4 Angie, call the roll, please.

5 MS. FRANKS: Commissioner Merritt?

6 COMMISSIONER MERRITT: Approve.

7 MS. FRANKS: Commissioner Jones?

8 COMMISSIONER JONES: Approve.

9 MS. FRANKS: Commissioner Bradley?

10 COMMISSIONER BRADLEY: Approve.

11 MS. FRANKS: Chairman Hatches?

12 CHAIRMAN HATCHES: Approve.

13 MS. FRANKS: By your vote you've adopted DC-12-353.

14 MR. GREWACH: Under tab U, we have a preliminary
15 order of discipline for NRT Technology Corporation. On March
16 19th, 2012, they shipped unapproved software into the State of
17 Missouri in violation of our rules.

18 We're recommending a fine of \$5,000. In fact, this
19 was the second case we've had. The first one resulted in a
20 letter from us to the company, and so that's why we're asking
21 to assess a fine on this, which is consistent with the fines
22 we've levied on other similar cases.

23 CHAIRMAN HATCHES: Thank you. Questions from the
24 Commission?

25 COMMISSIONER BRADLEY: Motion to approve DC-12-354.

1 COMMISSIONER MERRITT: Second.

2 CHAIRMAN HATCHES: Moved and seconded. Any
3 discussion?

4 Angie, call the roll.

5 MS. FRANKS: Commissioner Merritt?

6 COMMISSIONER MERRITT: Approve.

7 MS. FRANKS: Commissioner Jones?

8 COMMISSIONER JONES: Approve.

9 MS. FRANKS: Commissioner Bradley.

10 COMMISSIONER BRADLEY: Approve.

11 MS. FRANKS: Chairman Hatches.

12 CHAIRMAN HATCHES: Approve.

13 MS. FRANKS: By your vote you've adopted DC-12-354.

14 MR. GREWACH: Under tab V, we have a preliminary
15 order of discipline directed to Paltronics Corporation. They
16 also shipped unapproved software into the state.

17 And we're recommending a fine of \$5,000. This was,
18 in fact, their first case, but in this particular matter the
19 director of compliance knew about the order, and the fact that
20 the software was not approved. He routed the case through a
21 compliance manager, the director of compliance anticipated
22 that that would take care of the problem, the compliance
23 manager would stop the shipment, but in the communication at
24 the manager level a decision was made to ship the software, so
25 you have that knowledge of the part of the company that it was

1 unapproved and shipped anyway. So again, we're recommending
2 a \$5,000 fine in that case.

3 CHAIRMAN HATCHES: Questions from the Commission?

4 COMMISSIONER JONES: Move for the approval
5 DC-12-355.

6 COMMISSIONER BRADLEY: Second.

7 CHAIRMAN HATCHES: Moved and seconded. Any
8 discussion?

9 Angie, call the roll, please.

10 MS. FRANKS: Commissioner Merritt?

11 COMMISSIONER MERRITT: Approve.

12 MS. FRANKS: Commissioner Jones?

13 COMMISSIONER JONES: Approve.

14 MS. FRANKS: Commissioner Bradley?

15 COMMISSIONER BRADLEY: Approve.

16 MS. FRANKS: Chairman Hatches?

17 CHAIRMAN HATCHES: Approve.

18 MS. FRANKS: By your vote you've adopted DC-12-355.

19 MR. GREWACH: Under tab W, we have a preliminary
20 order of discipline directed toward St. Jo Frontier Casino.
21 On March 19th, 2012, a strap of \$100 bills, which totalled
22 \$25,000, fell into the back of the cart in the count room.
23 Then at 11:30 that day they discovered that their count was,
24 in fact, off by \$25,000.

25 Two violations here. One, was that that was not

1 promptly reported to the Commission. And the second is a
2 violation of 10.0304 for failing to take reasonable actions to
3 safeguard funds.

4 The -- the money was, in fact, found on March 20th,
5 2012 at 4:13 a.m., and we were not notified until March 23rd,
6 2012 at 4:20 a.m.

7 And we are recommending a fine of \$10,000.

8 CHAIRMAN HATCHES: Questions from the Commission?
9 Chair will entertain a motion.

10 COMMISSIONER MERRITT: I make a motion to approve
11 DC-12-356.

12 COMMISSIONER JONES: Second.

13 CHAIRMAN HATCHES: Moved and seconded. Any other
14 discussion?

15 Angie, call the roll, please.

16 MS. FRANKS: Commissioner Merritt?

17 COMMISSIONER MERRITT: Approve.

18 MS. FRANKS: Commissioner Jones?

19 COMMISSIONER JONES: Approve.

20 MS. FRANKS: Commissioner Bradley?

21 COMMISSIONER BRADLEY: Approve.

22 MS. FRANKS: Chairman Hatches?

23 CHAIRMAN HATCHES: Approve.

24 MS. FRANKS: By you vote you've adopted DC-12-356.

25 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Chairman, the

1 next item on the agenda is Consideration of Placement on the
2 Exclusion List. And Mr. Ed Grewach will present.

3 MR. GREWACH: We have a resolution to place an
4 individual Zhe Li on the exclusion list. Mr. Li passed a
5 large amount of counterfeit \$100 chips at the Argosy Riverside
6 Casino. He was caught. He was charged in Federal Court with
7 several counts. He went to trial, the court found him guilty
8 of one count of structuring transactions to evade the
9 reporting requirement. He had broken up the deposits that he
10 had made into sums less 10,000 so he could circumvent the
11 reporting requirement.

12 Another count he was found guilty of was making
13 false statements to the Department of Social Services. Mr. Li
14 during this time period was on food stamps, and of course
15 reported to them no assets or income in order to continue with
16 the food stamps.

17 Both charges were felonies. He was convicted on
18 them. He was sentenced to 33 months in federal prison.

19 The-- the case was -- the case was discovered
20 because one of dealers found that she was unable to stack the
21 chips in the tray. There was just enough difference that it
22 was -- the tray was built just to tight enough specification
23 that it didn't fit, brought it to the attention -- that was
24 back in December 15th, 2008.

25 He was arrested, he had \$4,300 on him and deposit

1 slips showing deposits one day of \$7,000, another day of
2 \$7,500 into his bank in cash.

3 We went back and looked at his player history, go
4 back as far as June of '07, and from the time of June '07
5 until the time he was caught in December of '08, he had
6 wagered 257,000 and actually cashed out \$233,000 in funds.

7 So we would ask the resolution be passed to add Mr.
8 Li to the exclusion list.

9 CHAIRMAN HATCHES: Questions from the Commission?
10 Chair will entertain a motion.

11 COMMISSIONER BRADLEY: Motion to approve Commission
12 Resolution 12-078.

13 COMMISSIONER JONES: Second.

14 CHAIRMAN HATCHES: Moved and seconded. Any other
15 discussion?

16 Angie?

17 MS. FRANKS: Commissioner Merritt?

18 COMMISSIONER MERRITT: Approve.

19 MS. FRANKS: Commissioner Jones?

20 COMMISSIONER JONES: Approve.

21 MS. FRANKS: Commissioner Bradley?

22 COMMISSIONER BRADLEY: Approve.

23 MS. FRANKS: Chairman Hatches?

24 CHAIRMAN HATCHES: Approve.

25 MS. FRANKS: By your vote you've adopted Resolution

1 Number 12-078.

2 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Chairman, the
3 next item on the agenda is Consideration of Licensure of Level
4 I and Key Applicants. And Sergeant Chris Jolly will present.

5 I might mention that Sergeant Jolly is soon to
6 become Lieutenant Jolly and will be transferring from the
7 gaming division, so I would like also to congratulate him on
8 his promotion and wish him well on his future endeavors.

9 SERGEANT JOLLY: Thank you very much.

10 Good morning, Chairman and Commissioners. Missouri
11 State Highway Patrol Investigators, along with the Gaming
12 Commission Financial Investigators, conducted comprehensive
13 background investigations on multiple key and Level I
14 applicants.

15 The investigations included, but were not limited
16 to, criminal, financial and general character inquiries, which
17 were made in the jurisdictions where the applicants lived,
18 worked and frequented. The following individuals are being
19 presented for your consideration:

20 Jason A. Goudie, Chief Financial Officer, Aristocrat
21 Technologies, Incorporated; Josephine Linden, Director, Bally
22 Technologies, Incorporated; Timothy R. Donovan, Executive
23 VP/General Counsel, Caesars Entertainment Corporation; Jeffrey
24 T. Housenbold, Director, Caesars Entertainment Corporation;
25 Daniel L. Nita, Regional President, Caesars Entertainment

1 Corporation; Carlo E. Ferrari-Ardicini, Director, DeAgostini
2 S.p.A; Alberto Toffoletto, Director, DeAgostini S.p.A; David
3 D. Johnson, Executive Vice-President/General Counsel, Global
4 Cash Access, Incorporated; Julia L. Sola, Vice-President
5 Gaming Operations, Harrah's North Kansas City; Scott E.
6 Schubert, Outside Director, Isle of Capri Casinos,
7 Incorporated; Alberto Dessi, Director, Lottomatica Group
8 S.p.A; Greg A. Cisna, Chief of Security, Lumiere Place Casino;
9 Kenneth J. Killough, Sr., Surveillance Manager, Lumiere Place
10 Casino; Anthony M. Sanfilippo, President/CEO, Pinnacle
11 Entertainment, Incorporated; Virginia E. Shanks, Executive
12 Vice-President/Chief Marketing Officer of Pinnacle.

13 The results of these investigations were provided to
14 the Gaming Commission Staff for their review and you have all
15 related summary reports before you. Thank you.

16 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Chairman, staff
17 recommends approval of Resolution Number 12-079.

18 CHAIRMAN HATCHES: Questions from the Commission?
19 Motion?

20 COMMISSIONER BRADLEY: Motion to approve Commission
21 Resolution Number 12-079.

22 COMMISSIONER MERRITT: Second.

23 CHAIRMAN HATCHES: Moved and seconded. Any
24 discussion?

25 Angie, call the roll.

1 MS. FRANKS: Commissioner Merritt?

2 COMMISSIONER MERRITT: Approve.

3 MS. FRANKS: Commissioner Jones?

4 COMMISSIONER JONES: Approve.

5 MS. FRANKS: Commissioner Bradley?

6 COMMISSIONER BRADLEY: Approve.

7 MS. FRANKS: Chairman Hatches?

8 CHAIRMAN HATCHES: Approve.

9 MS. FRANKS: By your vote you've adopted Resolution
10 Number 12-079.

11 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Chairman, the
12 next item on the agenda is Consideration of Relicensure of
13 Certain Suppliers. Sergeant Chris Jolly will present.

14 SERGEANT JOLLY: Okay. Missouri State Highway
15 Investigators conducted the relicensing investigation of four
16 supplier companies currently licensed in Missouri.

17 These investigations consisted of jurisdictional
18 inquiries, feedback from affected gaming company clients, a
19 review of disciplinary actions, litigation and business credit
20 profiles, as well as a review of the keys persons associated
21 with each company.

22 The results of these investigations were provided to
23 MGC Staff for their review and you possess summary reports
24 before you, which outline our investigative findings. The
25 following supplier companies are being presented for your

1 consideration:

2 Midwest Game Supply Company, Kearney, Missouri.

3 MR. GREWACH: Staff recommends approval of
4 Resolution 12-080.

5 COMMISSIONER MERRITT: Make a motion to approve
6 Resolution Number 12-080.

7 COMMISSIONER JONES: Second.

8 CHAIRMAN HATCHES: Moved and seconded. Any
9 discussion?

10 Angie?

11 MS. FRANKS: Commissioner Merritt?

12 COMMISSIONER MERRITT: Approve.

13 MS. FRANKS: Commissioner Jones?

14 COMMISSIONER JONES: Approve.

15 MS. FRANKS: Commissioner Bradley?

16 COMMISSIONER BRADLEY: Approve.

17 MS. FRANKS: Chairman Hatches?

18 CHAIRMAN HATCHES: Approve.

19 MS. FRANKS: By your vote you've adopted Resolution
20 Number 12-080.

21 SERGEANT JOLLY: The next company, Shuffle Master,
22 Incorporated, Las Vegas, Nevada.

23 MR. GREWACH: And staffs recommends approval of
24 Resolution Number 12-081.

25 CHAIRMAN HATCHES: Discussion? Motion?

1 COMMISSIONER JONES: Move for the motion to approve
2 Resolution Number 12-081.

3 COMMISSIONER BRADLEY: Second.

4 CHAIRMAN HATCHES: Moved and seconded. Any
5 discussion?

6 Angie?

7 MS. FRANKS: Commissioner Merritt?

8 COMMISSIONER MERRITT: Approve.

9 MS. FRANKS: Commissioner Jones?

10 COMMISSIONER JONES: Approve.

11 MS. FRANKS: Commissioner Bradley?

12 COMMISSIONER BRADLEY: Approve.

13 MS. FRANKS: Chairman Hatches?

14 CHAIRMAN HATCHES: Approve.

15 MS. FRANKS: By your vote you've adopted Resolution
16 Number 12-081.

17 SERGEANT JOLLY: Next is WMS Gaming, Incorporated,
18 Waukegan, Illinois.

19 MR. GREWACH: Staff recommends approval of
20 Resolution Number 12-082.

21 CHAIRMAN HATCHES: Questions from the Commission?
22 Chair will entertain a motion.

23 COMMISSIONER BRADLEY: Motion to approve Commission
24 Resolution Number 12-082.

25 COMMISSIONER MERRITT: Second.

1 CHAIRMAN HATCHES: Moved and seconded. Any
2 discussion?

3 Angie, call the roll, please?

4 MS. FRANKS: Commissioner Merritt?

5 COMMISSIONER MERRITT: Approve.

6 MS. FRANKS: Commissioner Jones?

7 COMMISSIONER JONES: Approve.

8 MS. FRANKS: Commissioner Bradley?

9 COMMISSIONER BRADLEY: Approve.

10 MS. FRANKS: Chairman Hatches?

11 CHAIRMAN HATCHES: Approve.

12 MS. FRANKS: By your vote you're adopted Resolution
13 Number 12-082.

14 SERGEANT JOLLY: And last is Modern Gaming,
15 Incorporated, Denham Springs, Louisiana.

16 MR. GREWACH: Staff recommends approval of
17 Resolution Number 12-083.

18 CHAIRMAN HATCHES: Questions from the Commission?
19 Chair will entertain a motion.

20 COMMISSIONER MERRITT: Make a motion to approve
21 Resolution Number 12-083.

22 COMMISSIONER JONES: Second.

23 CHAIRMAN HATCHES: Moved and seconded. Discussion?
24 Angie?

25 MS. FRANKS: Commissioner Merritt?

1 COMMISSIONER MERRITT: Approve.

2 MS. FRANKS: Commissioner Jones?

3 COMMISSIONER JONES: Approve.

4 MS. FRANKS: Commissioner Bradley?

5 COMMISSIONER BRADLEY: Approve.

6 MS. FRANKS: Chairman Hatches.

7 CHAIRMAN HATCHES: Approve.

8 MS. FRANKS: By your vote you've adopted Resolution
9 Number 12-083.

10 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Chairman, the
11 next item on the agenda is Consideration of Licensure of Key
12 Business Entity. And Sergeant Chris Jolly will present.

13 SERGEANT JOLLY: You will notice under tab DD is the
14 resolution pertaining to the Supplier Key Business Entity
15 License of DeA Partecipazioni S.p.A.

16 On August 5th, 2011, the Missouri Gaming Commission
17 received an application for a Supplier Key Business Entity
18 License from DeA Partecipazioni, an Italian based company.

19 The application was submitted due to holding
20 approximately 5.8 percent equity in Lottomatica Group S.p.A.
21 Hereafter referred to as Lottomatica.

22 Lottomatica in turn owns two Missouri licensed
23 gaming supply companies, Spielo International USA, LLC and
24 Spielo International Canada ULC.

25 In December of 2008, DeA Partecipazioni's parent

1 company, the DeAgostini S.p.A. received its Supplier Key
2 Business Entity License from the Missouri Gaming Commission,
3 along with B&D Holding di Marco Drago e.C.S.a.P.A., the
4 ultimate parent of this group of companies. The key persons
5 associated with DeA Partecipazioni were licensed with the
6 parent companies in 2008.

7 A Missouri State Highway Patrol Investigator, along
8 with the Gaming Commission Financial Investigator, conducted a
9 background investigation on DeA Partecipazioni. The
10 investigation included, but was not limited to, criminal,
11 civil and financial inquiries through an international,
12 federal and state governmental entities, as well as a
13 comprehensive financial analysis of the company.

14 And investigative summary was submitted to the
15 Missouri Gaming Commission staff and a copy of that has been
16 provided for your review. Thank you.

17 EXECUTIVE DIRECTOR STOTTLEMYRE: Staff recommends
18 approval of Resolution Number 12-084.

19 CHAIRMAN HATCHES: Questions from the Commission?
20 Chair will entertain a motion.

21 COMMISSIONER MERRITT: I'd make a motion to approve
22 Resolution 12-084.

23 COMMISSIONER BRADLEY: Second.

24 CHAIRMAN HATCHES: Moved and seconded. Any
25 discussion?

1 Angie, call the roll, please.

2 MS. FRANKS: Commissioner Merritt?

3 COMMISSIONER MERRITT: Approve.

4 MS. FRANKS: Commissioner Jones?

5 COMMISSIONER JONES: Approve.

6 MS. FRANKS: Commissioner Bradley?

7 COMMISSIONER BRADLEY: Approve.

8 MS. FRANKS: Chairman Hatches?

9 CHAIRMAN HATCHES: Approve.

10 MS. FRANKS: By your vote you've adopted Resolution
11 Number 12-084.

12 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Chairman, next
13 item on the agenda is Consideration of Rules and Regulations.
14 Mr. Ed Grewach to present.

15 MR. GREWACH: Thank you. I'd like for the purpose
16 of presentation to group some of these together, under EE,
17 paragraphs 1 through 9, we're proposing because the
18 legislature changed the statute. The effective date of that
19 change was August 28th.

20 What the statutory change did, I think we've talked
21 about that in a prior meeting, is change the term of an (A)
22 and (B) licensee to five years. And to change the term of all
23 other licensees to two years.

24 Now, throughout our CSRs there are references to the
25 term of licenses, one year, two year, what the old ones were

1 before, and so these changes in 1 through 9 are to bring our
2 rules into compliance with -- or to make them consistent with
3 that legislative change that has now become effective.

4 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Chairman, I'd
5 like to clarify it as four years.

6 MR. GREWACH: Four not five, I'm sorry.

7 Now, that just shows you how involved in the process
8 I was, because one time three, one time four and it finished
9 on four, so. Thank you, Mr. Stottlemyre.

10 CHAIRMAN HATCHES: Okay.

11 MR. GREWACH: I always have an excuse.

12 CHAIRMAN HATCHES: Any questions from the
13 Commission? We going to take all of these, 1 through 9?

14 MR. GREWACH: Or I can go ahead and present the
15 other two, and you could take them altogether --

16 CHAIRMAN HATCHES: Okay.

17 MR. GREWACH: -- I just wanted for discussion to
18 break them up, because they are different topics.

19 Item 10 changed to 5.184 was something that --
20 changes that were made, some of which were to bring that CSR
21 to make it consistent with our minimal internal control
22 standards some, and just ordinary course of review were things
23 that we looked at that we thought were better controls for the
24 handling of the cards, such as, you know, where is a notation
25 of when the cards are taken out of play done, is it on the box

1 of the cards itself, is it on the package therein, about
2 storage of cards -- you know, are we going to allow that to be
3 done in the pit podium or some other location.

4 So all those rules were really done in that ordinary
5 rule change being proposed in the ordinary course of our
6 review to make them consistent.

7 CHAIRMAN HATCHES: And if you would, before we vote
8 on this, please give us a refresher of this process. The
9 rule -- you know, when you're reviewing the rules and
10 regulations, what's the process.

11 MR. GREWACH: The process itself is there are
12 certain committees here internally that are assigned to
13 different rules that are being reviewed.

14 Now, who's on those committees will differ on what
15 the topic is. Those committees will meet and they will go
16 paragraph by paragraph through the rule. There are always
17 people -- or subject matter experts or deal, you know,
18 directly -- in this case Cheryl Alonzo, for example, you know,
19 being at that point in time the Senior Auditor was involved in
20 this process, too, because she's -- she and the people she
21 supervises are dealing with this on a day-to-day basis as far
22 as compliance audits are concerned.

23 And so, ten in the course of that, have discussion
24 through the committees, then a final draft of the recommended
25 amendments are done.

1 CHAIRMAN HATCHES: Thanks.

2 MR. GREWACH: But we do review -- just -- we have a
3 practice of reviewing rules on a regular basis, so we try to
4 stay up with concern, changes, problems that occur.

5 CHAIRMAN HATCHES: Any other questions from the
6 Commission?

7 MR. GREWACH: Item Number 11 is a change to the rule
8 involving tips and gifts the -- the prior language in the rule
9 prohibits any occupational licensee from accepting a tip or
10 gift from any player or patron.

11 Now, obviously the purpose and thought behind that
12 rule is we don't want money flowing from a patron to one of the
13 licensees -- one of the Level IIs, a slot attendant or dealer
14 -- I mean, slot attendant, dealers can't take tips, but slot
15 attendant or somebody, you know, that's not allowed to have
16 them.

17 The -- by the same token we don't want those Level
18 IIs, you know, who are not allowed to accept tips to be
19 soliciting money from patrons on the floor.

20 We've run into multiple cases where money did -- was
21 solicited by the licensee or was given by the patron to the
22 licensee. So we'd commence, and they'd say, Well, that wasn't
23 a gift, that was a loan. And so, to close that loophole and
24 resolve that problem the change really in this rule is to add
25 the word loans.

1 So we're saying now: An occupational licensee may
2 not accept a tip, gift, or loan from a player or patron,
3 because I think it performs the same function, it's very easy
4 to call something a loan when it's really not, or not going to
5 be repaid or not intended to be repaid.

6 So instead of having to litigate or debate those
7 issues, we think adding that word "loan" into this prohibition
8 would be in our best interest.

9 COMMISSIONER JONES: Didn't we have something
10 several months ago where it was a patron and an employee in
11 one of the casinos loaned somebody outside -- I think it was a
12 loan outside of the facility, but it got into a mess on in
13 casino floor itself?

14 CHAIRMAN HATCHES: Right.

15 EXECUTIVE DIRECTOR STOTTLEMYRE: That's correct.

16 COMMISSIONER JONES: Okay.

17 CHAIRMAN HATCHES: Any other questions of him?
18 Chair will entertain a motion -- group these altogether?

19 EXECUTIVE DIRECTOR STOTTLEMYRE: Yes, sir.

20 CHAIRMAN HATCHES: Who's going to do that?

21 COMMISSIONER MERRITT: I make a motion to approve
22 the Consideration of Rules and Regulations CSR 45-4.050,
23 45-4.055, 45-4.190, 45-4.205, 45-4.240, 45-4.250, 45-4.260,
24 45-4.380, 45-4.390, 45-5.184, 45-8.130, 45 --

25 EXECUTIVE DIRECTOR STOTTLEMYRE: That was the last

1 one for this. The next one is the final one.

2 COMMISSIONER JONES: You're getting carried away on
3 that one.

4 COMMISSIONER MERRITT: Well, that would finish us
5 up. Okay. I'll quit.

6 CHAIRMAN HATCHES: Good job.

7 COMMISSIONER BRADLEY: Second.

8 CHAIRMAN HATCHES: You want to second each one or
9 just --

10 COMMISSIONER BRADLEY: Altogether. As moved.

11 CHAIRMAN HATCHES: Any discussion?

12 Angie, call the roll, please.

13 MS. FRANKS: Commissioner Merritt?

14 COMMISSIONER MERRITT: Approve.

15 MS. FRANKS: Commissioner Jones?

16 COMMISSIONER JONES: Approve.

17 MS. FRANKS: Commissioner Bradley.

18 COMMISSIONER BRADLEY: Approve.

19 MS. FRANKS: Chairman Hatches?

20 CHAIRMAN HATCHES: Approve.

21 MS. FRANKS: By your vote you've adopted the
22 proposed rescission or amendments: 11 CSR 45-4.050, 4.055,
23 4.190, 4.205, 4.240, 4.250, 4.260, 4.380, 4.390, 5.184, 8.130.

24 MR. GREWACH: Next item FF is a final order of
25 rulemaking, the prior language in the rule before the

1 amendment said that security personnel shall only report to an
2 organization level above that of gaming operation. That
3 language created some questions and ambiguity, because you
4 know, who is that, not every property has the same
5 organizational chart or titles, the positions.

6 So to clear up that ambiguity the proposed change
7 will read: Security personnel shall only report to the
8 general manager. Every property has one, makes it clear.

9 The -- it did go through the process. A public
10 hearing was held July 11th, 2012, no comments were received.
11 This is -- it's another case -- you know, we do involve
12 discussions with the industry throughout the rulemaking
13 process to get their input and so we did -- this has been
14 discussed and it clarifies and we're very comfortable with the
15 language if the Commission should adopt that amendment.

16 CHAIRMAN HATCHES: Any questions? Chair will
17 entertain a motion.

18 COMMISSIONER BRADLEY: Motion to approve 11 CSR
19 45-9.020.

20 COMMISSIONER JONES: Second.

21 CHAIRMAN HATCHES: Moved and seconded. Any
22 discussion?

23 Angie, call the roll, please.

24 MS. FRANKS: Commissioner Merritt?

25 COMMISSIONER MERRITT: Approve.

1 MS. FRANKS: Commissioner Jones?

2 COMMISSIONER JONES: Approve.

3 MS. FRANKS: Commissioner Bradley?

4 COMMISSIONER BRADLEY: Approve.

5 MS. FRANK: Chairman Hatches.

6 CHAIRMAN HATCHES: Approve.

7 MS. FRANKS: By your vote you've adopted Final Order
8 of Rulemaking 11 CSR 45-9.020.

9 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Chairman, the
10 next item on the agenda is go into closed.

11 CHAIRMAN HATCHES: Someone make a motion for --

12 EXECUTIVE DIRECTOR STOTTLEMYRE: I might add the
13 record setting pace for such a long meeting.

14 CHAIRMAN HATCHES: We can stretch it. Is lunch
15 coming?

16 COMMISSIONER JONES: Mr. Chairman, I'd like to make
17 a motion for closed -- to go into closed meeting under
18 Sections 313.847, Investigatory, Proprietary and Application
19 Records and 610.021(1) legal actions, (3) Personnel, and (14).

20 COMMISSIONER BRADLEY: Second.

21 CHAIRMAN HATCHES: Moved and seconded. Any
22 discussion? All in favor -- I mean, Angie?

23 MS. FRANKS: Commissioner Merritt?

24 COMMISSIONER MERRITT: Agree.

25 MS. FRANKS: Commissioner Jones?

1 COMMISSIONER JONES: Approve.

2 MS. FRANKS: Commissioner Bradley?

3 COMMISSIONER BRADLEY: Approve.

4 MS. FRANKS: Chairman Hatches?

5 COMMISSIONER BRADLEY: Approve.

6 MS. FRANKS: All right.

7 CHAIRMAN HATCHES: We're closed.

8 (THE MEETING ADJOURNED AT 10:48 A.M.)

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CERTIFICATE OF REPORTER

STATE OF MISSOURI)

) ss.

CITY OF ST. LOUIS)

I, Ashley C. High, a Certified Shorthand Reporter (IL) and Registered Professional Reporter do hereby certify that the meeting aforementioned was held on the time and in the place previously described.

IN WITNESS WHEREOF, I have hereunto set my hand and seal.

Ashley C. High, RPR, CSR(IL)

MISSOURI GAMING COMMISSION
Second Open Session Minutes
August 29, 2012

The Missouri Gaming Commission (the “Commission”) went into open session at approximately 11:36 a.m. on August 29, 2012, at the Missouri Gaming Commission’s Jefferson City office.

IT gave a presentation on use of iPads at Commission meetings.

Commissioner Bradley moved to adjourn the open session meeting. Commissioner Jones seconded the motion. After a roll call vote was taken, Merritt – yes, Jones – yes, Bradley – yes and Hatches – yes, the motion passed unanimously.

The open session ended at 12:25 p.m.