

IN THE MISSOURI GAMING COMMISSION

In Re:)
IOC – Cape Girardeau, LLC) DC-14-065

PRELIMINARY ORDER FOR DISCIPLINARY ACTION

Comes now the Missouri Gaming Commission acting in its official capacity pursuant to 11 CSR 45-13.050, and states as follows:

1. The Missouri Gaming Commission (the "Commission" or "MGC") is a state commission created under Chapter 313, RSMo 2000, with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri.
2. The Commission granted Isle of Capri Casinos, Inc. ("IOC") a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. IOC is the parent organization or controlling entity of IOC- Cape Girardeau, LLC ("Company").
4. The Commission issued a Class B riverboat gambling license to the Company to maintain, conduct games on and operate the excursion gambling boat known as *Isle of Capri Cape Girardeau Casino*.
5. As the holder of a Class B license, the Company is subject to the provisions of Sections 313.800 to 313.850, RSMo 2000, and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS¹

6. On June 3, 2013, the Company's Compliance Officer Susan Poe and Director of Finance Ginger Albrecht contacted Trooper M.B. LoMedico ("Tpr. LoMedico") Missouri State Highway Patrol assigned to the Gaming Division regarding a promotional offer at Isle of Capri Casino, Cape Girardeau (the "Casino").
7. Poe and Albrecht advised Tpr. LoMedico that on Saturday, June 1, 2013, the Casino had a promotion where patrons were emailed a coupon with a varied dollar amount for redemption based upon their level of play. Each coupon was to be printed off and brought to the cage for redemption between 11:00 a.m. and 6:00 p.m., only on June 1, 2013. The June 1, 2013 email stated if the patron was unable to print the coupon, the

¹ 20130614001

patron could respond to an email account specifically set up by the Company for this promotion. This allowed the patron to forward their email to the email account provided, so that the Casino would print off the coupon for the patron.

8. The email account the Casino set up failed.
9. Several patrons entered the Casino without their pre-printed coupon and asked the Casino to print the coupon for them. But, because the email account the patrons set up failed, the patrons had to forward their email to Cage Manger Diane Claymier.
10. Several of the forwarded emails sent to Claymier also failed and were not received. As a result, the cage cashiers had to hand write coupons on a blank sheet of paper.
11. The Company redeemed the coupons without the required information on a pre-printed coupon.
12. The Company also failed to cancel 57 coupons immediately upon redemption.

LAW

13. Under Section 313.805(6), RSMo, the Commission may assess any appropriate administrative penalty against a licensee, including but not limited to, suspension, revocation or penalties of an amount determined by the Commission.
14. Under Section 313.812.14, RSMo, a holder of any license is subject to imposition of penalties, suspension or revocation of such license for any act or failure to act by himself or his agents or employees, that is injurious to the public health, safety, morals, good order and general welfare of the people of the state of Missouri, or that would discredit or tend to discredit the Missouri gaming industry or the state of Missouri.
15. Under Section 313.812.14(1), RSMo, a licensee may be disciplined for failing to comply with or make provisions for compliance with Sections 313.800 to 313.850, the rules and regulations of the commission or any federal, state or local law or regulation.
16. Under Section 313.812.14(2), RSMo, a licensee may be disciplined for failing to comply with any rule, order or ruling of the Commission or its agents pertaining to gaming.
17. Under 11 CSR 45-9.060(3), violations of the Missouri minimum internal control standards (“MICS”) by a Class A licensee or an agent or employee of a Class A licensee are deemed to be unsuitable conduct for which the Class A licensee and/or its agent or employee is subject to administrative penalty pursuant to section 313.805(6), RSMo and 11 CSR 45-1 et seq.. Any agent or employee of a Class A licensee that is involved in a violation of the MICS may be subject to fine, discipline or license revocation.

18. Under 11 CSR 45-9.060(4), violations of the Class A licensee's internal control system ("ICS") by the Class A licensee or an agent or employee of the Class A licensee shall be prima facie evidence of unsuitable conduct for which the Class A licensee and/or its agents or employees may be subject to discipline pursuant to Section 313.806(6), RSMo, and 11 CSR 45-1 et seq., as amended from time to time.

19. Title 11 CSR 45-5.181(5), states as follows:

Promotional coupons shall contain the following information preprinted on the coupon:

(A) The name of the gaming facility;

(B) The city or other locality and state where the gaming facility is located;

(C) Specific value of any monetary coupon stated in U.S. dollars;

(D) Sequential identification numbers, player tracking numbers with unique numbers added to them, or other similar means of unique identification of each coupon for complete, accurate tracking and accounting purposes;

(E) A specific expiration date or condition; and

(F) All conditions required to redeem the coupon.

20. MICS, Chapter H, § 17.03 states as follows:

To ensure a proper segregation of duties, unredeemed coupons which are redeemable at the cage shall not be issued by Cage Cashiers. These coupons shall not be accessible to Cage Cashiers until presented for redemption by a patron. If these coupons are stored in the Main Bank or cage, they shall be locked in a secure area and the key to the area must be only accessible to marketing employees. The coupons must be inventoried by Accounting at least once each calendar month. An inventory log shall be maintained for the coupons. An entry documenting the inventory shall be clearly identifiable on the log.

21. MICS, Chapter H, § 17.08 requires that coupons that can be electronically cancelled be immediately, upon redemption, be moved from an unpaid or unredeemed status to a paid or redeemed status.

22. ICS, Chapter H, § 17.08 also requires that can be electronically cancelled be immediately, upon redemption, moved from an unpaid or unredeemed status to a paid or redeemed status.

VIOLATIONS

23. The actions or omissions of employees or agents of the Company as described above constitute a failure to have the required information pre-printed on a coupon before the coupons were redeemed and by not immediately cancelling the coupons upon redemption. The conduct therefore as alleged, is a violation of 11 CSR 45-5.181(5), MICS Chapter H, § 17.03 and 17.08, and the Company’s ICS Chapter H, § 17.08. The Company is therefore subject to discipline for such violations under 11 CSR 45-9.060(3) and (4), and Sections 313.805(6), 313.812.14, and 313.812.14 (1) and (2), RSMo.

PENALTY PROPOSED

24. Under Section 313.805(6), RSMo, the Commission has the power to assess any appropriate administrative penalty against the Company, as the holder of a Class B license.
25. THEREFORE, it is proposed that the Commission fine IOC – Cape Girardeau, LLC the amount of \$15,000 for the violations set forth herein.

Dr. Barrett Hatches
Chairman
Missouri Gaming Commission

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he caused a true and correct copy of the foregoing to be mailed, postage prepaid, this ____ day of _____, 2014, to:

Lyle Randolph, General Manager
IOC-Cape Girardeau, LLC
777 N. Main Street
Cape Girardeau, MO 63701

Dr. Barrett Hatches
Chairman
Missouri Gaming Commission