

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-15-085
Ameristar Casino Kansas City, Inc.)

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 2000,¹ with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri.
2. The Commission issued Pinnacle Entertainment, Inc., a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. Pinnacle Entertainment Inc. is the parent organization or controlling entity of Ameristar Casino Kansas City, Inc. (the "Company").
4. The Commission issued a Class B riverboat gambling license to the Company to conduct games on and operate the excursion gambling boat known as the *Ameristar Casino Kansas City* (the "Casino").
5. As the holder of a Class B license, the Company is subject to the provisions of §§ 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS²

6. The MGC conducted an audit for the period of May 1, 2012 through November 30, 2013. MGC Audit Reports 14-05 and 14-06 were issued to the Casino on April 11, 2014.
7. The MGC completed a follow-up audit beginning July 29, 2014, to determine if the audit findings from MGC Audit Reports 14-05 and 14-06, both dated April 11, 2014, had been corrected and determined that the following findings were not implemented.
8. The original audit contained a finding that on August 24, 2013, chips removed from two poker table trays were not proven for surveillance.
 - a. A follow-up was conducted on August 12, 2014, which determined that on August 8, 2014, chips had been removed from three poker table trays and none of those chips were proven for surveillance.

¹ All statutory references are to RSMo 2000, unless otherwise specified.

² 20141114007

- b. On August 28, 2014, a Compliance Directive was issued to the poker manager as a result.
 - c. Another follow-up was conducted to this Compliance Directive on September 9, 2014. Surveillance coverage of September 1, 2014, indicated that on one poker table, none of the chips that were moved from the table tray during deimpresment of the table were proven for surveillance.
9. The original audit report contained a finding that a Cage Supervisor who participated in filling redemption kiosk cassettes also reconciled one of those cassettes when it was dropped and counted six days later.
- a. During a follow-up on August 11, 2014, documentation indicated that a Main Banker who participated in the filling of redemption kiosk also reconciled five of those sets of cassettes when they were dropped and counted.
10. The original audit report contained a finding that Revenue Audit documented the monthly inventory on a Pre-Numbered Forms in Cage Log instead of the Manual Form Inventory Log as required by the Casino's Internal Control System ("ICS").
- a. A follow-up revealed that Revenue Audit continued to document the monthly inventory on a Pre-Numbered Forms in Cage Log instead of in the Manual Form Inventory Log as required.
11. The original audit contained a finding that the employees at the DeliLux deli were not checking the photo identification nor using the PIN code for patrons prior to redeeming points for food.
- a. A follow-up was conducted of surveillance coverage for August 2, 2014, and found that out of a total of 21 instances observed, the employees failed to ask for ID 18 times. No PINs were entered into any terminal for any of the instances observed.
 - b. A Compliance Directive was issued to the Food and Beverage Director on August 12, 2014, as a result.
 - c. A follow-up to this Compliance Directive was conducted on August 24, 2014. Of the five employees that were observed, one employee never checked any of the IDs, and two employees checked only one out of four patron IDs.
 - d. An additional follow-up was conducted on September 4, 2014, and found that out of 17 instances observed, employees failed to check IDs or require PINs in 10 of those instances.

LAW

12. Under § 313.805(6), RSMo, the Commission may assess any appropriate administrative penalty against a licensee, including, but not limited to, suspension, revocation, or penalties in an amount determined by the Commission.

13. Section 313.812.14, RSMo, states, in pertinent part, as follows:

A holder of any license shall be subject to imposition of penalties, suspension or revocation of such license, or if the person is an applicant for licensure, the denial of the application, 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 unless the licensee proves by clear and convincing evidence that it is not guilty of such action. The commission shall take appropriate action against any licensee who violates the law or the rules and regulations of the commission. Without limiting other provisions of this subsection, the following acts or omissions may be grounds for such discipline.

- (1) Failing to comply with or make provision for compliance with sections 313.800 to 313.850, the rules and regulations of the commission or any federal, state or local law or regulations;
- (2) Failing to comply with any rule, order or ruling of the commission or its agents pertaining to gaming[.]

14. Title 11 CSR 45-9.060 states, in pertinent part, as follows:

- (3) Violations of the minimum internal control standards 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.
- (4) Violations of the Class A licensee's internal control system 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 313.805(6), RSMo, and 11 CSR 45-1 et seq.

15. The MICS, Chapter F, § 12.02, and the Casino's ICS, Chapter F, § 12.02, both require the amount of chips to be proven for Surveillance "whenever chips are removed from the Poker Table Bank or when verifying a player's wager."

16. The MICS, Chapter H, § 7.12, and the Casino's ICS, Chapter H, § 7.12, state as follows:

The individual who reconciles the redemption kiosk or investigates any kiosk variance shall not be one of the individuals who initially prepared the currency in any of the cassettes used in the redemption kiosk since the last reconciliation. The individual who reconciles the redemption kiosk or investigates the variance shall compare the seal numbers recorded on the count and reconciliation documentation to the Currency Cassette Log to verify that he/she did not prepare any of the cassettes used in the redemption kiosk since the last reconciliation.

17. The MICS, Chapter I, § 3.04, states as follows:

If manual unused pre-numbered forms are stored in sealed bags, Accounting shall perform a monthly inventory of the unused pre-numbered forms that have been issued to other departments to ensure that all forms are accounted for. Documentation of this inventory shall be maintained as described in the Internal Control System.

18. The Casino's ICS, Chapter I, § 3.04, states as follows:

If manual unused pre-numbered forms are stored in sealed bags, Finance shall perform a monthly inventory of the unused pre-numbered forms that have been issued to other departments to ensure that all forms are accounted for. Finance will maintain a perpetual inventory of these forms and the monthly inventory will be documented on the Manual Form Inventory Log.

19. The MICS, Chapter I, § 13.10, and the Casino's ICS, Chapter I, § 13.10 require photo identification or a Personal Identification Number "prior to a player receiving anything of value when redeeming points from the player rewards system."

VIOLATIONS

20. The acts or omissions of employees or agents of the Company, as described above, constitute a failure of the Company to correct four significant audit findings, thereby violating MICS, Chapter F, § 12.02, Chapter H, § 7.12, and Chapter I, §§ 3.04 and 13.10, and the Casino's ICS, Chapter F, § 12.02, Chapter H, § 7.12, and Chapter I, §§ 3.04 and 13.10.

21. The Company is therefore subject to discipline for such violations pursuant to §§ 313.805(6) and 313.812.14 (1) and (2), RSMo, and 11 CSR 45-9.060(3) and (4).

PENALTY PROPOSED

22. Under § 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.

23. THEREFORE, it is proposed that the Commission fine Ameristar Casino Kansas City, Inc., the amount of \$15,000 for the violations set forth herein.

Leland M. Shurin
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 _____, 2015, to:

Rodney Centers
Ameristar Casino Kansas City
P.O. Box 33480
Kansas City, MO 64120-3480

Leland M. Shurin
Chairman
Missouri Gaming Commission