

1 MISSOURI GAMING COMMISSION MEETING

2

3 DATE: August 31, 2016

4 TIME: 9:00

5 PLACE: Troop C Headquarters Meeting Room

6 891 Technology Drive

7 Weldon Spring, Missouri

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12 Reported by Debra L. Burris, CSR, CCR

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1 CHAIRMAN KOHN: I will call the
2 August 31, 2016, Missouri Gaming Commission
3 meeting to order. Angie, please take the roll.

4 MS. FRANKS: Mr. Lombardo?

5 COMMISSIONER LOMBARDO: Present.

6 MS. FRANKS: Commissioner Neer?

7 COMMISSIONER NEER: Present.

8 MS. FRANKS: Commissioner Hale?

9 COMMISSIONER HALE: Present.

10 MS. FRANKS: Commissioner Jamison?

11 COMMISSIONER JAMISON: Finally
12 present.

13 MS. FRANKS: Chairman Kohn?

14 CHAIRMAN KOHN: Present. We have a
15 quorum, we're ready to begin the meeting.
16 Before we begin the official meeting, we have a
17 couple of things to do. And one of them will be
18 a presentation by our executive chairman, Mr.
19 Seibert. But before -- before I call Mr.
20 Seibert up, I would like you to remember with me
21 that in the past week Bill's grandmother,
22 Roberta Carter, passed away at the age of 102.
23 And I wonder if you will join me in a moment of
24 silence as a tribute to her?

25 (MOMENT OF SILENCE OBSERVED.)

1 CHAIRMAN KOHN: Thank you very much.
2 Now, on a brighter note, Bill -- this is still
3 about Bill -- Bill and his wife, Rachelle, are
4 celebrating their 40th wedding anniversary,
5 leaving tomorrow on a trip to Hawaii. And, you
6 know, a lot of us joke about marrying up. I met
7 Rachelle last night, and when Bill says he
8 married up, he ain't kidding. So with that, Mr.
9 Seibert, are you ready for your special
10 presentation?

11 EXECUTIVE DIRECTOR SEIBERT: I'm not
12 sure. Thank you. That was very kind to mention
13 my grandmother. And kind of like yesterday at
14 the funeral, and some of the guys here, or some
15 of the folks here were at the service, they
16 played her favorite song, and then immediately
17 after the song my mother made me do a reading.
18 And I thought I'm not going to be able to do
19 this. But I was able to do it. So kind of like
20 this morning, I wasn't expecting that. I
21 appreciate it. It was very heartfelt. But then
22 immediately when he talked about me being
23 married, marrying up, even though I did say
24 that, it made me mad, and I'm ready to go now.

25 We're very fortunate to be able to

1 be over here in the St. Louis area. And I want
2 to thank the Troop C and the Missouri State
3 Highway Patrol. We have an extremely close
4 working relationship with them. And when I
5 heard we were going to have a meeting over here,
6 I asked the colonel and Captain Johnson here if
7 we could have it, just kind of in honor of our
8 relationship that we have. We have a lot of
9 troopers, as you know, working the Gaming
10 Commission Division, and they're very very good
11 at what they do, so this is kind of, to me it's
12 kind of a way to honor the Highway Patrol. But
13 thank you very much for letting us have this
14 meeting here. It's a tremendous brand new,
15 newest troop headquarters in the state, and, as
16 you can see, it's a wonderful facility. So I
17 know Captain Johnson's not here, but all of
18 those that are involved, thank you very much for
19 allowing us to be here.

20 And on that note, because we are in
21 the St. Louis area, there's several people who
22 work on this side, and I thought it was a great
23 opportunity to be able to honor them too. So
24 first I'd like to be able to thank a few people
25 for their years of service. Larry Stitz, I

1 think you're here, if you'll come up, please.
2 And David Climer, if you'll come up, please.
3 Dave, I hope you don't mind if I do age before
4 beauty.

5 DAVID CLIMER: No, that's fine.

6 EXECUTIVE DIRECTOR SEIBERT: Larry
7 -- Larry has been with the Missouri Gaming
8 Commission for 10 years, and he works here as a
9 financial investigator, and he works out of our
10 office here in St. Louis. So I want to thank
11 you for your 10 years of service.

12 LARRY STITZ: Thank you.

13 EXECUTIVE DIRECTOR SEIBERT: David
14 is one of our compliance auditors, and he also
15 works out of the St. Louis office, and he's --
16 he's been with us for 10 years also. So I want
17 to thank you very much for your service. In
18 honor of both these gentlemen, thank you very
19 much.

20 We started about a year ago, and it
21 was also part of our strategic plan to do an
22 employee of the quarter. And it's -- it's
23 really an honor to be able to name the employees
24 of the quarter. Our employee of the quarter for
25 this quarter is from the St. Louis area, so this

1 really worked out for her to be able to come
2 over here. So Angie Rinker-Lugo, please come
3 up. You didn't know you were getting this did
4 you?

5 MS. RINKO-LUGO: No, I'll get her
6 later.

7 EXECUTIVE DIRECTOR SEIBERT: Angie
8 Rinker-Lugo provided great assistance during the
9 process of hiring and the on-the-job training of
10 Candy Liley, the new senior office support
11 associate at Lumiere Place Casino. She showed
12 great initiative, patience and commitment by
13 assuming the additional responsibility and
14 providing the training. At the same time she
15 kept everything running smoothly at her assigned
16 casino, River City.

17 Angie is a very reliable and
18 dedicated employee, and she always goes the
19 extra mile. It was because of her assistance
20 and professionalism during this time that things
21 ran smoothly at both properties. Angie showed
22 great initiative by taking the time to train the
23 new associate for Lumiere Casino. At the same
24 time she kept things at her casino, River City,
25 running efficiently. Angie always volunteers

1 her service, and she is always professional
2 about everything she does. She is very
3 dedicated to her job and to the Missouri Gaming
4 Commission. So with great great pride, Angie,
5 congratulations on being the employee of the
6 quarter.

7 MS. RINKER-LUGO: Thank you.

8 EXECUTIVE DIRECTOR SEIBERT: Now at
9 our -- at our office in Jeff City we have a spot
10 that you can park. We weren't able to do that,
11 but one of the things that I think is really
12 important, because personnel really is your
13 prize of any agency, your personnel, so, Angie
14 you're, you are going to have to give me a date
15 that I can come back up and take you to lunch,
16 because I take all the employees of the quarters
17 to lunch.

18 MS. RINKER-LUGO: Sounds good.

19 EXECUTIVE DIRECTOR SEIBERT: Thank
20 you, Mr. Chairman.

21 CHAIRMAN KOHN: Thank you, Bill. On
22 behalf of the Commission, let me say a couple
23 words to these three employees. First of all,
24 add our congratulationa, but secondly, to all the
25 people who work for the Missouri Gaming

1 Commission, those of us who are on the
2 Commission meet once a month, and we have a
3 little bit of contact in between those meetings,
4 but we're fully aware that the hard work and the
5 effort is done by the staff of the Gaming
6 Commission, and of course the Highway Patrol
7 that's so actively involved in the work that we
8 do.

9 So because you don't hear from us
10 very often, because you don't see us very often
11 does not mean that we are not fully aware of the
12 excellent work that you all do for us. So let
13 us add our thanks and congratulations to the
14 three, and to all of you. With that we are
15 ready to consider the minutes of the meeting of
16 the July 27 meeting. Do we have a motion to
17 approve it?

18 COMMISSIONER LOMBARDO: So moved.

19 COMMISSIONER HALE: Second.

20 CHAIRMAN KOHN: Discussion? Angie,
21 please call the roll.

22 MS. FRANKS: Commissioner Lombardo?

23 COMMISSIONER LOMBARDO: Approve.

24 MS. FRANKS: Commissioner Neer?

25 COMMISSIONER NEER: Approve.

1 MS. FRANKS: Commissioner Hale?

2 COMMISSIONER HALE: Approved.

3 MS. FRANKS: Commissioner Jamison?

4 COMMISSIONER JAMISON: Approved.

5 MS. FRANKS: Chairman Kohn?

6 CHAIRMAN KOHN: Approved.

7 MS. FRANKS: By your vote you've
8 adopted the minutes of the July 27th, 2016,
9 meeting.

10 CHAIRMAN KOHN: Mr. Seibert, I
11 believe we're ready for business.

12 EXECUTIVE DIRECTOR SEIBERT: Yes,
13 sir. Mr. Chairmen, the first order of business
14 is consideration of disciplinary actions. Mr.
15 Ed Grewach will present.

16 MR. GREWACH: Thank you, Mr.
17 Seibert. Good morning, Mr. Chairman,
18 Commissioners. Under Tab B we have a
19 Preliminary Order of Discipline directed to the
20 Ameristar Kansas City Casino. On January 24th,
21 2016, you were notified of a \$1,000 cage
22 variance in a poker buy. Now a poker buy is a
23 transaction where a casino employee, a
24 designated casino employee takes chips and cash
25 from a poker table to the main bank and has an

1 even exchange of that amount from the table for
2 chips to go back to the table.

3 In this particular case that
4 transaction was done by an employee titled the
5 poker brush, which is typically a host. In this
6 case in this casino that poker brush did have
7 this job duty. The -- again, the exchange is
8 supposed to be an even exchange. This -- this
9 variance was reported, and we investigated it.

10 So in the course of investigating
11 this variance we found that this particular
12 poker brush showed a pattern of filling buy
13 slips out incorrectly. So in other words, he
14 had an amount of money in chips and then a
15 document which should have matched that amount,
16 but he was habitually incorrect on his buy
17 slips. We also found a pattern of the cashiers
18 at the main bank not correcting the buy slip,
19 but just giving him the correct amount of chips
20 that he needed out of the window.

21 The proper procedure in that case
22 would be for the cashier to actually correct the
23 buy slip. And the significance in that is then
24 if we would have to go back and audit a
25 particular transaction, we'd be able to trace

1 the paperwork and see how much the buy slip was,
2 see what the exchange was, if we did have to
3 isolate or identify any problems with that.

4 We -- in further investigating it,
5 we found out that the main cage supervisor knew
6 of this problem for some time period and did not
7 take any action to correct it, nor did she
8 notify the MGC of the problem. And the
9 recommended fine is \$5,000.

10 CHAIRMAN KOHN: Questions of Mr.
11 Grewach?

12 COMMISSIONER JAMISON: I have just a
13 couple of questions. In our -- in our
14 historical information it showed the Ameristar
15 had an incident in May of '15, February -- or
16 January of '15 -- or December of '15 and January
17 of '16 that looked similar kind of offenses.
18 Would that be correct?

19 MR. GREWACH: I would need to take a
20 look at them.

21 COMMISSIONER JAMISON: Okay.

22 CHAIRMAN KOHN: Is that your only
23 question?

24 COMMISSIONER JAMISON: Well, my
25 question is --

1 CHAIRMAN KOHN: Oh, he's looking.

2 COMMISSIONER JAMISON: Yeah.

3 MR. GREWACH: They are similar --

4 COMMISSIONER JAMISON: I'm -- I'm
5 just saying that they're similar in fills and --
6 and so I guess my question comes from the fact
7 that all those incidents resulted in issues with
8 individual licensees. Is this issue here kind
9 of a culmination of those is the reason that
10 we're bringing this amount of fine against the
11 Ameristar?

12 MR. GREWACH: Not -- no, I don't
13 believe so. I think this --

14 COMMISSIONER JAMISON: Okay.

15 MR. GREWACH: -- this was really an
16 issue of the supervisor knowing about this and
17 creating those two problems: One not correcting
18 it, and secondly not reporting to us the
19 violation as they were occurring on an ongoing
20 basis. So without really reviewing those past
21 --

22 COMMISSIONER JAMISON: Right.

23 MR. GREWACH: -- two cases you cited
24 in detail --

25 COMMISSIONER JAMISON: So it's on

1 this incident, but it, but there's been a
2 pattern at this casino of having fill problems;
3 is that accurate or not?

4 MR. GREWACH: It -- you know, I
5 don't know that they -- and I'll probably call
6 Cheryl Alonzo, our assistant deputy director, to
7 see if she can add anything to it. But I don't
8 know that the priors were this exact type of
9 problem where you had a form that was incorrect
10 that then created a great problem for us, made
11 it impossible to audit the transaction, and the
12 supervisor knew it, and the supervisor allowed
13 it to happen.

14 MS. ALONZO: I think in the prior
15 cases if it's a fill, in those cases those were
16 isolated incidents. Fills -- we're sensitive
17 about fills because those affect taxes.

18 COMMISSIONER JAMISON: Right.

19 MS. ALONZO: This -- I think the
20 reason this went to a fine was because a
21 management person, a supervisor, knew that this
22 was continually happening and didn't take action
23 to correct it.

24 COMMISSIONER JAMISON: Okay.

25 MS. ALONZO: And so then we look at

1 it being more of a systemic problem versus just
2 an individual that, where people miscounted or
3 something like that.

4 COMMISSIONER JAMISON: So the three
5 previous were not an incident --

6 MS. ALONZO: It's a different
7 process. Different people were involved.

8 COMMISSIONER JAMISON: It wasn't
9 like that they weren't paying attention to those
10 and then it continued on?

11 MS. ALONZO: Right. It's not -- I
12 wouldn't say they're related.

13 COMMISSIONER JAMISON: Okay,
14 appreciate that. Thanks.

15 CHAIRMAN KOHN: Any other questions
16 of Ed?

17 COMMISSIONER LOMBARDO: Yeah, Ed,
18 was there any pattern as to whether the buy
19 slips were understating or overstating the
20 amount of chips and money?

21 MR. GREWACH: I'm not aware of that.

22 COMMISSIONER LOMBARDO: You don't
23 know the answer?

24 MR. GREWACH: Don't know. I mean, I
25 -- and because they weren't filled out

1 correctly, you know, it'd be difficult to
2 determine, go back and determine that. So, no,
3 we don't -- we don't know. It was a case like
4 this where a variance came up that brought it to
5 our attention. Except for the fact the variance
6 took place, this could have been going on and we
7 wouldn't have found out until we decided we had
8 to go back to audit a transaction, then all of a
9 sudden found this problem where the numbers of
10 the document and the numbers in the cage and
11 poker tables didn't add up. But, no, I don't
12 have that information.

13 COMMISSIONER LOMBARDO: The reason
14 that I ask is because you could concoct some
15 scenarios that, for instance, that were
16 constantly understating and there could be some
17 implications with that.

18 MR. GREWACH: There could. Now as
19 far as the effect on, you know, in the -- in the
20 absence of a variance, I don't think there'd be
21 any effect on AGR at all. So this is more of a
22 problem just from having accurate paperwork, and
23 then, once again, our ability to go back and
24 audit it at a future time. So I guess to -- in
25 a roundabout way to answer your question, it

1 really wouldn't benefit someone to fill these
2 out incorrectly as far as taking money, it's
3 just more of an issue of having a proper audit
4 trail.

5 COMMISSIONER LOMBARDO: Okay.

6 CHAIRMAN KOHN: Any other questions?

7 Is there a motion with regard to DC-16-145?

8 COMMISSIONER JAMISON: I move for
9 adoption of DC-16-145.

10 CHAIRMAN KOHN: Second?

11 COMMISSIONER NEER: Second.

12 CHAIRMAN KOHN: Discussion? Angie.

13 MS. FRANKS: Commissioner Lombardo?

14 COMMISSIONER LOMBARDO: Approve.

15 MS. FRANKS: Commissioner Neer?

16 COMMISSIONER NEER: Approve.

17 MS. FRANKS: Commissioner Hale?

18 COMMISSIONER HALE: Approve.

19 MS. FRANKS: Commissioner Jamison?

20 COMMISSIONER JAMISON: Approved.

21 MS. FRANKS: Chairman Kohn?

22 CHAIRMAN KOHN: Approve.

23 MS. FRANKS: By your vote you've
24 adopted DC-16-145.

25 CHAIRMAN KOHN: And before you go

1 on, there's one other thing I intended to
2 mention before we began, and that is to --
3 yesterday the Commissioners got a tour of two of
4 the casinos here, River City and Hollywood, and
5 they're thoroughly enjoyable. We always learn a
6 lot when we go on those tours. It's very
7 helpful to us performing our tasks. And I want
8 to thank everyone that was involved in arranging
9 for the tour and conducting the tours for your
10 time and your knowledge and your willingness to
11 share that with us. So thank you very much.
12 With that, Ed, we're ready for the next Tab C.

13 MR. GREWACH: Thank you, Mr.
14 Chairman. Tab C is a Preliminary Order of
15 Discipline directed to Bally Technologies. On
16 November 6th, 2015, the Commission was notified
17 by the Argosy Casino that Bally had shipped
18 unapproved software for an electronic gaming
19 device. Our Rule 5.2372 requires that any
20 software shipped for the use in Missouri be
21 approved for use in Missouri prior to shipping.

22 This particular unapproved software
23 would have allowed the electronic gaming device
24 to utilize features that were not allowed in
25 Missouri. The -- when -- what factored into

1 making this a discipline case -- because these
2 -- frankly these companies such as Bally do a
3 large volume of shipping, and, you know, as
4 opposed to looking at bringing a fine for one
5 isolated incident, we do look at the prior
6 record of the company.

7 Now, you'll see listed in your
8 packet a series of priors, but when we looked at
9 this, we isolated the priors that dealt with
10 shipping either unapproved or revoked software.
11 And in that analysis found that this incident
12 was the fifth since June of 2014. Now, of those
13 prior four incidents, only one, the March of
14 2015 incident, resulted in a fine, a \$5,000
15 fine, all the others were letters. In site --
16 in light of that history and record, we, staff
17 recommend a \$5,000 fine.

18 CHAIRMAN KOHN: Maybe we -- would we
19 have done anything differently if we, if they
20 had given notice? I'm -- I'm trying to
21 understand what happens as a result of not
22 having given notice.

23 MR. GREWACH: It wasn't the notice,
24 it was the fact they shipped unapproved
25 software. So this particular software is just

1 not approved for use in Missouri. And what the
2 company -- and they have taken corrective
3 actions. When we talked to them about this,
4 they had some reasons that they put forward for
5 this happening, that they put everything in a
6 centralized location, that this had a very small
7 font on the print on the packages. They include
8 that they've increased that font. They've made
9 jurisdiction-specific shipping containers to try
10 to avoid this happening in the future.

11 So it wasn't, Mr. Chairman, so much,
12 it wasn't a notice problem, it was the fact that
13 they shipped unapproved software into Missouri.
14 They need to -- and they, you know, the company,
15 Bally, may be licensed in 250 different
16 jurisdictions, but they need to have a matrix to
17 know what software is allowable in each
18 jurisdiction to avoid shipping us unapproved
19 software.

20 CHAIRMAN KOHN: Would -- would
21 Missouri be the exception or part of the
22 majority of states that would not have approved
23 that software?

24 MR. GREWACH: I don't know if Kelly
25 Allen, our electronic gaming device coordinator,

1 would be able to answer that question.

2 MS. ALLEN: The features that were
3 available on the software are features that are
4 against rules and regs that we set forth for the
5 properties. They have other jurisdictions, you
6 know. Each piece of software, especially within
7 jurisdiction chip, which is what this is,
8 allows the software to function the way that we
9 have set forth in our rules and regulations.
10 And so they sent us software that was for
11 another jurisdiction. That's kind of how that
12 went down. So the operators were able to enable
13 functions that were approved in different
14 jurisdictions.

15 So each -- each state and
16 jurisdiction has their own software. So our
17 jurisdiction chip is different from
18 Illinois per se.

19 MR. NEER: But that software would
20 work in our --

21 MS. ALLEN: It would. It would. It
22 would work, but it would allow the operator to
23 enable functions that were not approved for, for
24 use here in Missouri.

25 CHAIRMAN KOHN: Let me just finish

1 up here. So is there, was there an intent to
2 ship something to Missouri that they knew was
3 not properly, or should not be properly
4 available in Missouri? Or was it a mistake? Or
5 --

6 MR. GREWACH: It -- it appears to be
7 a mistake. I mean, from their response, like I
8 said -- their response was, well, it was an
9 error in that, you know, all those reasons, kept
10 in a centralized location, very small font,
11 somebody just misread the font because of the
12 small print, and -- and so then they've taken
13 steps to try to avoid that mistake. But it --
14 we don't have any evidence it was intentional.

15 COMMISSIONER JAMISON: Well, my
16 question is, I get it that it's software that's
17 installed. Do they install it or do they just
18 ship the software to the casino and the casino
19 has technicians that install it? And so was
20 there, was it actually installed or was it
21 caught by the technician that it wasn't --

22 MS. ALLEN: So part of our process
23 --

24 COMMISSIONER JAMISON: Yeah.

25 MS. ALLEN: -- in our, in our

1 department is to verify that that has been
2 approved for use in the jurisdiction. And so
3 when they installed it, I went to verify, we
4 were notified then that it was not approved for
5 use here.

6 COMMISSIONER JAMISON: Okay. So it
7 never really hit the operational floor?

8 MS. ALLEN: Correct. Correct.

9 COMMISSIONER JAMISON: It wasn't
10 played on?

11 MS. ALLEN: Correct.

12 COMMISSIONER JAMISON: It was just
13 shipped, installed, and then determined to be
14 incorrectly shipped?

15 MS. ALLEN: Correct.

16 COMMISSIONER JAMISON: Okay.

17 CHAIRMAN KOHN: So no harm was done?

18 MS. ALLEN: Correct.

19 COMMISSIONER HALE: Mr. Chairman, if
20 I might, let me ask, why weren't corrective
21 steps not taken in connection with the earlier
22 violations that were similar?

23 MR. GREWACH: Well, there were --
24 and one of the reasons is that when you look at
25 a case -- and not -- not to necessarily argue

1 their point, but they do ship a large volume, and
2 errors are going to happen. If you look at
3 their error rate in shipping revoked and
4 unapproved software, it's going to be a, you
5 know, decimal point of a percentage of their
6 shipments. And so when we look at those cases
7 and we see one, we might say, okay, we're going
8 to send them a letter, you need to really, you
9 know, do a little better job keeping track of
10 this.

11 When it gets to this point where
12 it's the fifth, you know, since June of 2014, we
13 begin to say, okay, now we've sent you letters,
14 and now at this point in time, you know, we just
15 determined -- when staff looks at it from a
16 discretionary point of view -- that you've, that
17 you really need to -- you know, we've given you
18 a chance to take corrective steps, you haven't,
19 now we're going to start assessing fines.

20 COMMISSIONER HALE: So this is the
21 first fine related to similar violations?

22 MR. GREWACH: There was one fine
23 assessed in March of 2015 of \$5,000.

24 CHAIRMAN KOHN: Any other questions?

25 COMMISSIONER LOMBARDO: Yes. Did

1 the letters request that they take corrective
2 action and present you with a plan for how they
3 were going to make sure that this didn't happen
4 again?

5 MR. GREWACH: I don't have the text
6 of that, but they typically do do that in
7 response to a notice of investigation which
8 they're given at the time of this violation.
9 For example, at the time they were given the
10 notice of investigation for this one, even
11 before they knew we were going to fine them or
12 before we sent them any letter, they came
13 forward and said, okay, here's the steps we're
14 going to take to try to prevent it from
15 happening.

16 COMMISSIONER LOMBARDO: Here's what
17 I'm trying to figure out, did they come up with
18 any steps to try to correct it in response to
19 the previous three or four letters, or was it
20 just this time that they came up with the plan
21 to correct it?

22 MR. GREWACH: I don't have that
23 specific information. But in the normal course
24 of things, they typically do come back and
25 address it. And it may be something as simple

1 as meeting with the, you know, supervisors
2 responsible and stressing the importance. But
3 -- but I don't -- I don't have that information.

4 COMMISSIONER LOMBARDO: Okay. I
5 mean, it sounds like there are concrete actions
6 that they have agreed to take, at least in
7 response to the latest complaint or
8 investigation, where they agreed to segregate it
9 in boxes, or whatever they come in, and change
10 the labeling it sounds like?

11 MR. GREWACH: That's correct.

12 COMMISSIONER LOMBARDO: Roughly
13 correct?

14 MR. GREWACH: That's definitely
15 correct. And this -- this -- I could -- because
16 I have this file, you know, here with me, I can
17 say that not having the prior files and the
18 prior letters, I really can't definitively tell
19 you what happened in those others cases. But
20 here we know they say they're going to take the
21 steps I've outlined before. And now will that
22 solve the problem? Then that remains to be
23 seen. If we continue to have a problem, then
24 most likely we'll come back again for a
25 disciplinary action. And the staff's typical

1 approach is, you know, if it -- you know, we
2 don't go back forever, but in a relatively short
3 time frame in the near future if we see another
4 incident of unapproved software being shipped,
5 you most likely will see a recommendation of a
6 higher fine next time.

7 CHAIRMAN KOHN: Other questions? Is
8 there a motion with respect to 16-146?

9 COMMISSIONER HALE: So moved.

10 CHAIRMAN KOHN: Is there a second?

11 COMMISSIONER NEER: Second.

12 CHAIRMAN KOHN: Discussion on the
13 motion? Angie.

14 MS. FRANKS: Commissioner Lombardo?

15 COMMISSIONER LOMBARDO: Approve.

16 MS. FRANKS: Commissioner Neer?

17 COMMISSIONER NEER: Approve.

18 MS. FRANKS: Commissioner Hale?

19 COMMISSIONER HALE: Approve.

20 MS. FRANKS: Commissioner Jamison?

21 COMMISSIONER JAMISON: Approve.

22 MS. FRANKS: Chairman Kohn?

23 CHAIRMAN KOHN: Approve.

24 MS. FRANKS: By your vote you've
25 adopted DC-16-146.

1 CHAIRMAN KOHN: Ed?

2 MR. GREWACH: Tab D is also a
3 Preliminary Order of Discipline directed to
4 Bally Technologies for a violation of Rule
5 5.210, subparagraph 2. That rule requires the
6 suppliers to notify the Commission of any
7 defects or malfunction or anomaly that affects
8 the integrity or operation of any systems,
9 regardless of what jurisdiction that takes place
10 in, within 48 hours. Now Bally in this case
11 supplied software to Lumiere Place Casino to
12 operate their promotions.

13 In April of 2015 Bally identified a
14 malfunction that would cause the deletion of
15 sweepstakes entries under certain circumstances
16 when using this software. They sent out a field
17 advisory to Lumiere and some other customers on
18 April the 9th, 2015. Now at that point in time
19 their duty would have been triggered to notify
20 us, and that 48-hour window would have begun.
21 But they failed to notify us of the problem at
22 that point in time.

23 Subsequently, on June the 20th,
24 2015, Lumiere experienced that problem with
25 their promotional software, where under some

1 circumstances sweepstakes entries were being
2 deleted. Now, we found out about this on July
3 the 1st of 2015 when Lumiere came to us and
4 asked permission to install a modification or a
5 patch that Bally was providing to address or to
6 fix this problem. And from there we said, what
7 problem? And then we backtracked, found the
8 field advisory. And that led to this
9 disciplinary action and a recommended fine of
10 \$5,000.

11 CHAIRMAN KOHN: Questions? Is there
12 a motion with respect to DC-16-147?

13 COMMISSIONER NEER: Motion to
14 approve.

15 COMMISSIONER LOMBARDO: Second.

16 CHAIRMAN KOHN: Discussion on the
17 motion? Angie.

18 MS. FRANKS: Commissioner Lombardo?

19 COMMISSIONER LOMBARDO: Approve.

20 MS. FRANKS: Commissioner Neer?

21 COMMISSIONER NEER: Approve.

22 MS. FRANKS: Commissioner Hale?

23 COMMISSIONER HALE: Approve.

24 MS. FRANKS: Commissioner Jamison?

25 COMMISSIONER JAMISON: Approved.

1 MS. FRANKS: Chairman Kohn?

2 CHAIRMAN KOHN: Approve.

3 MS. FRANKS: By your vote you've
4 adopted DC-16-147.

5 CHAIRMAN KOHN: For the next item,
6 as I've announced at previous meetings involving
7 the Isle of Capri, I'm going to recuse myself
8 and invite Chairman Jamison to take over.

9 MR. GREWACH: Mr. Chairman, the Tab
10 E is Preliminary Order of Discipline directed to
11 Isle of Capri - Cape Girardeau Casino. It
12 involves a violation of two rules. One is
13 5.184, which states that when cards are placed
14 into play on the table, and it specifically says
15 that the time shall be recorded on the deck at
16 the time the cards are placed on the table for
17 use. The second rule is a violation of
18 paragraph D5.01, which deals with the table
19 drop.

20 And as you may know, the table drop
21 is a process where the money is collected from
22 the table, the boxes on the table. And that
23 rule requires that at the time -- for 24-hour
24 gaming you have to pick a time when you're going
25 to do the table drop. And then there's a table

1 inventory form that's filled out counting the
2 chips that are still on the table. And that
3 table inventory form is put into the box with
4 the cash, and that's all done for accounting and
5 audit purposes for us.

6 And the -- the rule minimum internal
7 control standards Chapter D5.01 specifically
8 says all activity at the table shall be
9 temporarily ceased to allow sufficient time for
10 an accurate count of the table inventory. Which
11 makes sense because, you know, you want to make
12 sure that your chips in the rack, and the cash,
13 and everything, we can go back and audit and
14 confirm the correct amounts are there.

15 The problem first came to our
16 attention in this particular case when we had a
17 report from surveillance and security that there
18 were two boxes of cards in the card and dice
19 destruction room which were still sealed and in
20 their pack. So obviously -- and on these boxes
21 of cards in the card and dice destruction room,
22 had a time in of 4:05 and a time out of 4:20.
23 So when you go back to that rule that says the
24 time in has to be the time they are actually
25 placed on the table for use, well, obviously

1 that wasn't complied with because they never
2 were placed on the table for use.

3 When we investigated we found out
4 that they had a practice where they would put
5 the time in at the time they took the cards out
6 of the storage at the podium instead of at the
7 time they were actually placed for use in the
8 game. As we further investigated the case we
9 found that, a separate violation of 5.184. And
10 we found out that for the table drop -- the
11 table drop was scheduled for 4:30 in the
12 morning. And we found that they had a practice
13 of starting the table inventory sometimes as
14 many as 30 minutes prior to 4:30, prior to the
15 time of the actual drop.

16 So they would inventory the chips in
17 the tray and fill out the table inventory slip,
18 but allow play to continue. So by virtue of
19 that, the table inventory slip would never be
20 accurate because the amount of chips in the tray
21 would change as play would continue. They
22 wouldn't -- they weren't complying with the rule
23 where they were stopping play, counting the
24 chips, filling the form out, and then doing the
25 drop.

1 And so as we further investigated we
2 found out that both those practices had been in
3 place for approximately three years. Staff
4 recommended a fine of \$5,000. In response to
5 that the Isle of Capri - Cape Girardeau stated
6 that both practices were intended to be for the
7 benefit of the patrons and not inconvenience
8 them by interrupting play for both marking the
9 times in on the cards, and by stopping play to
10 count the, count the tray. And they also stated
11 in there that they now adjusted their
12 procedures, they're now complying with the rule
13 as far as the cards are concerned, and putting
14 the time in when they're actually taken out of
15 the box and put into the shoe to be dealt.

16 They also said they changed their
17 drop time from 4:30 to 5:30, because in their
18 experience there are fewer players playing, and
19 that they were going to stop play then at that
20 point in time. And they -- the staff's, when we
21 reviewed those comments, position was to keep
22 the fine for two reasons, one was the length of
23 time this practice has been going on, and the
24 second is that the table games manager knew
25 about this practice and permitted it to

1 continue. So the recommended fine is \$5,000.

2 COMMISSIONER JAMISON: Any questions
3 from the Commissioners?

4 COMMISSIONER NEER: Do you have any
5 idea how much time it takes to go through this
6 procedure where the players would not have been
7 allowed to play time-wise roughly?

8 MR. GREWACH: Really not. It really
9 kind of depends, because they have to drop all
10 the tables. So, you know, they say they start
11 it 30 minutes before. I've seen some estimates
12 of, you know, maybe 8 to 10 minutes.

13 COMMISSIONER NEER: Okay.

14 MR. GREWACH: Cheryl Alonzo --

15 MS. ALONZO: Like blackjack tables,
16 you know, for them to fill out -- they just have
17 to fill out the form, count the various chips on
18 the table. A blackjack table might maybe take a
19 few minutes, couple minutes, three minutes. And
20 they -- they each count. The supervisor will
21 count it, and the dealer will count it, and
22 they'll both sign off. So you've got to stop
23 that table play, let them get that good count,
24 put the slips in the drop box. Craps table, a
25 lot more chips, so that's going to take a little

1 bit longer. So it's kind of on the table.
2 Definitely craps is going to take the longest,
3 but the blackjack table, the people are very
4 skilled, they can count quickly. So it's a few
5 minutes.

6 COMMISSIONER JAMISON: But -- so
7 obviously they had to stop play for a short
8 period of time to be able to count and fill out
9 the slip, correct?

10 MS. ALONZO: They should be.

11 COMMISSIONER JAMISON: They were
12 just doing it 30 minutes earlier, but reporting
13 it -- were they doing it at a convenient time
14 and then continuing to play after that before
15 the time they said they were doing it, or were
16 they --

17 MS. ALONZO: There were statements
18 that they estimated by, that they doing kind of
19 an estimation.

20 COMMISSIONER JAMISON: So they
21 really weren't doing the count?

22 MS. ALONZO: Yeah, it was maybe
23 ahead of time they were doing the, the larger
24 denominations, is what some of the, I think some
25 of the testimony was.

1 COMMISSIONER NEER: They didn't stop
2 play?

3 MS. ALONZO: They were doing the
4 larger ones. But they didn't actually just
5 stop.

6 COMMISSIONER JAMISON: They didn't
7 do a five-minute count or a ten-minute count,
8 they didn't -- they didn't actually --

9 MS. ALONZO: That was the impression
10 that I got from reading the report and some of
11 the statements were that they were kind of
12 estimating. And then in their response they
13 said, no, we're not really estimating. So --
14 but there was no -- it didn't appear that the
15 agent found where they actually stopped, did
16 that table inventory slip, dropped it, and, you
17 know, started play again.

18 MR. GREWACH: In their response they
19 said, no, we would count it ahead of the drop,
20 so then we'd have it all filled out, then the
21 drop can come through and just drop all the
22 tables. But they conceded that the table
23 inventory slip was inaccurate. It would have to
24 be because play continued from --

25 COMMISSIONER JAMISON: It was really

1 done -- it was at least done 25 to 30 minutes
2 prior, or 15, or whatever, prior to the actual
3 drop, and so there's an estimated difference in
4 what the actual could be either higher or lower?

5 MR. GREWACH: Correct. Right. It
6 could -- either way. And -- and, you know, the
7 slip's filled out, put in the box, play goes on.
8 So -- so that table inventory -- and they
9 conceded that part. It's no longer accurate,
10 and then -- and then whatever time passes
11 between the time they fill out the report and
12 the time they actually come to get the money in
13 the box, whenever a change in chips happened in
14 that time period, it counts for the
15 inaccuracies.

16 COMMISSIONER JAMISON: Okay. Any
17 other questions?

18 COMMISSIONER LOMBARDO: Ed, has the
19 Commission staff encountered any other casinos
20 in the State of Missouri that deviated from the
21 procedures similarly to Isle of Capri in Cape
22 Girardeau or are they an outlier in terms of
23 doing it this way?

24 MR. GREWACH: This is the only one
25 we're aware of.

1 COMMISSIONER LOMBARDO: Okay. I'm
2 not sure that question, the answer to that
3 question should matter in terms of what we do,
4 but I was just curious.

5 COMMISSIONER JAMISON: Any other
6 further questions? Rick, you good?

7 COMMISSIONER LOMBARDO: Yeah.

8 COMMISSIONER JAMISON: With that the
9 chair would entertain a motion on DC-16-148.

10 COMMISSIONER NEER: Motion to
11 approve.

12 COMMISSIONER HALE: Second.

13 COMMISSIONER JAMISON: It's been
14 first and seconded. Angie, would you call roll,
15 please?

16 MS. FRANKS: Commissioner Lombardo?

17 COMMISSIONER LOMBARDO: Approve.

18 MS. FRANKS: Commissioner Neer?

19 COMMISSIONER NEER: Approve.

20 MS. FRANKS: Commissioner Hale?

21 COMMISSIONER HALE: Approve.

22 MS. FRANKS: Commissioner Jamison?

23 COMMISSIONER JAMISON: Approved.

24 MS. FRANKS: By your vote you've
25 adopted DC-16-148.

1 CHAIRMAN KOHN: Thank you, sir.

2 COMMISSIONER JAMISON: Thank you,
3 Mr. Chairman.

4 CHAIRMAN KOHN: Ready for Tab F?

5 MR. GREWACH: Yes. Tab F we have a
6 Preliminary Order of Discipline directed to the
7 Argosy Casino for repeat audit findings. An
8 audit was completed on April 30th, 2015, for
9 time period that stands from June of 2013 to
10 February of 2015. The followup to that audit
11 found two significant repeat findings. The
12 first was for inspection of rules, Section
13 5.18416 paragraph B, requires that 10 percent of
14 the cards that are taken out use be inspected
15 for flaws and defects. And in the original
16 audit we, they found one instance where that was
17 in fact not done.

18 When they did the followup they
19 reviewed surveillance for the month of October,
20 2015. And in that review they found five
21 occasions where less than 10 percent of those
22 cards that were taken out of use had been
23 inspected. The actual percentage inspected
24 varied on those five instances from 7.6 percent
25 to 9.5 percent. The second repeat audit finding

1 was for failing to clear hands going to or from
2 the count table during bill validator counts.
3 There were in -- the initial audit found 13
4 percent of the count of the instances where the
5 employees did not clear their hand. In the
6 followup that percentage was 17.3 percent. The
7 recommended fine is \$5,000.

8 CHAIRMAN KOHN: Are these -- are
9 these two related? Are the two instances
10 related?

11 MR. GREWACH: No, they're really two
12 separate problems done by two separate, two
13 separate groups of people. One of the clearing
14 of hands, that's the people in the count room.
15 And on the inspection of the cards, that is
16 required to be done by the security department.

17 CHAIRMAN KOHN: So -- so is it like
18 2500 for each violation?

19 MR. GREWACH: I don't know that we
20 really did that specific math. I think we had
21 two repeat audit findings. And probably what
22 led the staff to the 5,000 is that neither one
23 was terribly egregious. They were under the 10
24 percent. And I understand it was just a problem
25 of them, how they were calculating the number of

1 cards to be inspected. In both cases also
2 they've now fixed the problem. They've --
3 they've fixed their procedures to where they're
4 now, and we're reasonably comfortable they will
5 get the 10 percent mark on the inspected cards.

6 The clearing of the hands is never
7 anything you're going to get to 100 percent, you
8 know, with the number of employees, number of
9 counts that you do. But in the review that we
10 did just recently they were down to 3 percent
11 error. And so they've improved on both of those
12 two audit findings. And that's probably --
13 rather than a mathematical formula, you're
14 looking at the two violations that led us to
15 recommend a \$5,000 fine.

16 CHAIRMAN KOHN: It just seems to me
17 -- and I don't know how anybody else feels --
18 but we should be discussing these separately. I
19 mean, they are two unrelated violations. I'm
20 not sure why they'd be lumped together.

21 COMMISSIONER JAMISON: Well, I think
22 that -- I guess -- I'm not speaking for the
23 Commission staff -- but I would guess that
24 because it's the result of a followup -- there
25 was an audit that established a baseline, and

1 then there was a follow-up review of that audit,
2 and so these were two instances that were
3 identified as not approved from the original
4 audit. So it's kind of like two audits, and
5 it's the comparison of the audits. Is that a
6 fair assessment?

7 MR. GREWACH: It's a fair
8 assessment. And probably the most direct to
9 answer, Mr. Chairman, is that's just been our
10 practice, that when you look at repeat audit
11 findings, we look at that as one disciplinary
12 action when we have repeat audit findings. Now,
13 that may be one, that may be two, that may be
14 four different findings, but we look at it as
15 the problem is you had an audit, and after the
16 audit you had an exit interview. And at the
17 exit interview you talked about the causes of
18 the problem, you talked to our auditors about
19 what steps you were going to take to fix it, and
20 then we come back and do the followup. And if
21 for some reason, you know, your fixes didn't
22 work or you didn't do them, then we lump them
23 all together as one.

24 CHAIRMAN KOHN: So if you were here
25 just -- if you had just found the one violation,

1 the counting of the cards violation, would you
2 still be recommending \$5,000?

3 COMMISSIONER LOMBARDO: Objection,
4 improper hypothetical.

5 COMMISSIONER JAMISON: There we go
6 on that end of the table again.

7 COMMISSIONER NEER: Let the lawyers
8 take care of that.

9 MR. GREWACH: It also assumes facts
10 not in evidence. It is a little bit of
11 speculation, but most likely -- because between
12 the two, that's really the bigger violation.
13 The clearing of hands, again, you're always
14 going to have -- and, you know, 13, 17 percent's
15 higher than we'd like to see, but, I mean, we've
16 seen cases much much higher percentages that
17 alarmed us more than this one does.

18 And probably to look at your question
19 from the other direction, if the only repeat
20 audit finding would have been the clearing of
21 hands, the question would have been would we
22 have brought that up for discipline in and of
23 itself. But when you have both things going on,
24 and then the two together, you know, I think we
25 thought were worthy of a disciplinary action.

1 COMMISSIONER HALE: So the -- so the
2 problem here is simply not improving on two
3 after being given notice of problems?

4 MR. GREWACH: Correct. Exactly.
5 That's really the -- you know, when you look at
6 the discipline against a casino -- and you go
7 back maybe prior to the Bally case where we
8 wrote them two or three letters, and then they
9 still shipped some unapproved software -- then
10 we say at this point in time we're going to fine
11 them, as opposed to saying, hey, the first time
12 you ship unapproved software, we're going fine
13 them.

14 Same theory here, you know, we look
15 at you, we audit you, we find these problems, we
16 say fix this, tell us how you're going to fix
17 it. Get this fixed. We come back, followup,
18 find there's still a couple things that are
19 problems, and that's when we go to disciplinary
20 action.

21 CHAIRMAN KOHN: So it -- so it's
22 really more of a case of not as you say fixing
23 problems discovered in a previous audit than it
24 is these two specific things that were done?

25 MR. GREWACH: Correct.

1 CHAIRMAN KOHN: That makes more
2 sense.

3 MR. GREWACH: Yeah.

4 CHAIRMAN KOHN: Okay. All right.
5 Any other questions? Is there a motion with
6 respect to DC-16-149?

7 COMMISSIONER HALE: So moved.

8 COMMISSIONER LOMBARDO: Second.

9 CHAIRMAN KOHN: Discussion on the
10 motion? Angie.

11 MS. FRANKS: Commissioner Lombardo?

12 COMMISSIONER LOMBARDO: Approve.

13 MS. FRANKS: Commissioner Neer?

14 COMMISSIONER NEER: Approve.

15 MS. FRANKS: Commissioner Hale?

16 COMMISSIONER HALE: Approve.

17 MS. FRANKS: Commissioner Jamison?

18 COMMISSIONER JAMISON: Approved.

19 MS. FRANKS: Chairman Kohn?

20 CHAIRMAN KOHN: Approve.

21 MS. FRANKS: By your vote you've
22 adopted DC-16-149.

23 CHAIRMAN KOHN: Tab G.

24 MR. GREWACH: Tab G we have a
25 Preliminary Order of Discipline directed to the

1 Hollywood Casino St. Louis. On October 31st,
2 2015, casino surveillance notified the
3 Commission agent that he was reviewing an
4 incident of patrons and dealers colluding to
5 cheat at the craps table. Upon investigating it
6 we found that the dealer in fact was cheating at
7 craps, several methods. He would be returning
8 losing wagers to these players he was colluding
9 with; he was failing to place losing bets; he
10 was paying when no bets were made.

11 We also from the investigation found
12 that this conduct had continued for
13 approximately a four-week period. Now, in the
14 seven-day surveillance that were available for
15 us to review, we found the total of \$54,000 that
16 was improperly paid out to the patrons the
17 dealer was colluding with. And further
18 investigating found that three supervisors had
19 knowledge of this particular dealer's what they
20 described sloppy dealing practices, questionable
21 payouts, but none of them took any action to
22 correct the dealer's activities, and in addition
23 none of the three supervisors reported their
24 suspicions to the Commission.

25 The staff recommended a fine of

1 \$5,000. The response by the casino to that
2 recommendation was that they conceded and
3 admitted that the supervisors failed to exercise
4 good judgement to prevent this activity from
5 taking place, rather they argued that the fine
6 was too high. They pointed out that they
7 cooperated with the investigation, that they
8 terminated the dealer, that they met with the
9 supervisors to emphasize the importance of both
10 monitoring, correcting and reporting that type
11 of activity.

12 The staff nonetheless voted to keep
13 the recommendation of the \$5,000 fine due to the
14 number of instances of cheating, the time period
15 that it went on, the number of supervisors who
16 had some knowledge of some wrongdoing, and the
17 fact that this did in fact affect adjusted gross
18 revenue, and therefore taxes.

19 CHAIRMAN JAMISON: And they have a
20 recommendation --

21 MR. GREWACH: 10,000.

22 CHAIRMAN JAMISON: 10,000, I'm
23 sorry, in the written -- so is it 10 or 5?

24 MR. GREWACH: It's 10.

25 CHAIRMAN LOMBARDO: Okay. And it's

1 been 10 all along?

2 MR. GREWACH: It's been 10 all
3 along. Since we took that wrong turn on Highway
4 40. See, I went this far without --

5 CHAIRMAN KOHN: Now, what happens to
6 the employees in this situation?

7 MR. GREWACH: The employees here --
8 as far as personnel-wise, we've -- of course we
9 know the one dealer was terminated. We've
10 revoked --

11 COMMISSIONER JAMISON: Has there
12 been a criminal investigation initiated on that?

13 MR. GREWACH: There has been. We --
14 we've completed our criminal investigation, the
15 patrol has. They've sent the reports to the
16 prosecutor and are awaiting action --

17 COMMISSIONER JAMISON: Okay.

18 MR. GREWACH: -- from the
19 prosecutor's office on that. The dealer --

20 COMMISSIONER LOMBARDO: And you've
21 got two other employees listed here by name that
22 supposedly assisted the dealer in some fashion.
23 What happened to them?

24 MR. GREWACH: The -- the -- well,
25 actually the dealer himself was revoked, his

1 license was revoked. One of the patrons that
2 was, that he was conspiring with --

3 COMMISSIONER LOMBARDO: Well,
4 they're listed -- they're listed here -- 8 and 9
5 list two former licensees, yeah, former
6 licensees, and then former dealer. They have
7 former in front of their names, but one of
8 them's identified as a licensee, the other's
9 identified as a dealer. So there are three
10 total employees supposedly actively involved in
11 this.

12 CHAIRMAN KOHN: Well, then you've
13 got pit supervisors too.

14 COMMISSIONER LOMBARDO: I used the
15 words actively involved.

16 MR. GREWACH: And they weren't
17 employees of this property, but they were
18 licensees. One of them, Liang, was a -- was a
19 licensee at a different property. His license
20 was revoked. And, of course, the dealer, like I
21 said, was the employee there was revoked. The
22 other beverage server, Stephanie Stokes, was
23 involved in this activity. Her license was
24 inactive. So in other words, she, no action was
25 taken against it because she -- she's --

1 COMMISSIONER LOMBARDO: She's still
2 inactive?

3 MR. GREWACH: -- she's still
4 inactive. And she won't be able to activate her
5 license. We put notes in the licensing system
6 that would prohibit her from being re-licensed.
7 The Level II licensees have a two-year term, and
8 if they're inactive, they can't get a casino
9 access pass or actually work anywhere until they
10 go through a process. And so with her, once her
11 license expires, that'll be it, that'll be the
12 end of her licensure. Now, the two --

13 COMMISSIONER JAMISON: Is it --
14 there's no indication that any of the
15 supervisors were aware that cheating was going
16 on, and that they turned a blind eye to that,
17 that wasn't discovered in the investigation,
18 it's just poor supervision on practices? Is
19 that the question?

20 MR. GREWACH: Our -- our -- our
21 assessment was poor supervision. And even the
22 things they did know, which didn't directly
23 indicate cheating, just sloppy play,
24 questionable payouts, you know, very --

25 COMMISSIONER JAMISON: This guy was

1 doing this over a four-week period and you
2 notice sloppy payouts and improper payouts, that
3 would be a pattern I would think that a normal
4 supervisor would throw up a red flag? So -- but
5 there's no indication that there's any
6 coordination between any of the supervisors and
7 --

8 MR. GREWACH: No, none. None. But
9 for that lack of supervision we did suspend all
10 three of them, the two table game supervisors
11 and the floor supervisor for three days.

12 COMMISSIONER JAMISON: Okay.

13 COMMISSIONER NEER: Is there any
14 indication that the patrons were splitting the,
15 shall I call it excess money, unearned money
16 with the dealer?

17 MR. GREWACH: Yes. They would --
18 they would meet after each time this occurred at
19 an off-site location and divide up the money.
20 The dealer got a set amount and the players got
21 the rest.

22 CHAIRMAN KOHN: Any other questions?
23 Motion with respect to 16-150?

24 COMMISSIONER JAMISON: I move for
25 adoption of DC-16-150.

1 CHAIRMAN KOHN: Second?

2 COMMISSIONER NEER: Second.

3 CHAIRMAN KOHN: Discussion on the
4 motion? Angie.

5 MS. FRANKS: Commissioner Lombardo?

6 COMMISSIONER LOMBARDO: Approve.

7 MS. FRANKS: Commissioner Neer?

8 COMMISSIONER NEER: Approve.

9 MS. FRANKS: Commissioner Hale?

10 COMMISSIONER HALE: Approve.

11 MS. FRANKS: Commissioner Jamison?

12 COMMISSIONER JAMISON: Approved.

13 MS. FRANKS: Chairman Kohn?

14 CHAIRMAN KOHN: Approve.

15 MS. FRANKS: By your vote you've
16 adopted DC-16-150.

17 CHAIRMAN KOHN: Okay. Ed, we're
18 ready for Rules and Regulations.

19 MR. GREWACH: Under Tab H we have a
20 proposed amendment to Chapter 12 of our
21 regulations, specifically 12.090, adding a
22 provision that would allow self-dispensing beer
23 and wine systems. Under -- a little background
24 that you already know, under 313.840, the
25 Commission is sole liquor licensing authority

1 for the casinos and any property owned and
2 operated adjacent to the casino floor, and all
3 the other licensees in the state are regulated
4 by a state liquor control and are subject to
5 Chapter 311 and state liquor controls
6 regulations.

7 Now, our licensees have expressed to
8 us in the past a desire for us to as best, as
9 much as we feel comfortable doing, maintaining a
10 level playing field between our regulations and
11 the control regulations, because in many
12 instances the casinos were competing against
13 other bars, restaurants, entertainment
14 establishments, and they just want to have the
15 same rules apply to them. This session, Senate
16 Bill 919, which the law went into effect Sunday,
17 allows for self-dispensing beer and wine devices
18 at state liquor license locations.

19 This proposed amendment tracks that
20 statutory language, with the exception that
21 you'll see in paragraph 21, that we do not allow
22 it on the casino floor. And the reason for us
23 carving that out is that there's a separate
24 regulation that makes it a violation for any
25 casino to allow any intoxicated person to enter

1 into or remain on the casino floor.

2 So we were concerned with lack of
3 control over the self-dispensing beer and wine,
4 that that could create separate violations in
5 and of itself. This rule, if the Commission
6 approves the proposed amendment today, will have
7 a public comment period from October 3rd, 2016,
8 until a public hearing, which will take place on
9 November the 2nd, 2016, and will be presented to
10 the Commission for a final order of rule-making
11 on December the 7th, 2016.

12 COMMISSIONER JAMISON: I have a
13 question. Does the -- does the amount, does
14 that mirror the statute? I mean, a quart of
15 beer and a pint of wine, it seems like a
16 generous pour, for lack of a better word, on a
17 --

18 MR. GREWACH: Yeah. That -- that
19 does.

20 COMMISSIONER JAMISON: It seems
21 like, you know, to hand a person the ability to
22 get a quart of beer at a time and a pint of wine
23 at a time, seems, as a single serving, seems
24 rather large. But then maybe that's just me.
25 Maybe you're --

1 CHAIRMAN KOHN: It could be just
2 you.

3 COMMISSIONER JAMISON: I'm not
4 saying I wouldn't go back three or four times,
5 but, you know, it just seemed like large amounts
6 to me. I just didn't --

7 MR. GREWACH: But those amounts were
8 exactly out of the statute. So we just again --
9 but, again, it's up to the Commission whether
10 they want to proceed with that or not and are
11 comfortable with that. But our motivation,
12 again, is the motivation presented by the, by
13 the industry to want that level playing field,
14 that if the competitors down the street could
15 offer this, then the casinos want to be able to
16 offer the same.

17 COMMISSIONER JAMISON: Excuse me,
18 when we meet, I'll have the large beer.

19 CHAIRMAN KOHN: So all the -- all
20 the casinos are in favor of that?

21 MR. GREWACH: I don't know if they
22 all have addressed this particularly. I think
23 there was one property -- and I can't tell you
24 which one it was -- that, you know, would like
25 to go ahead and install this system. But more

1 -- just in more general terms, the industry has
2 expressed to us their desire to have a level
3 playing field. When we did the rewrite of
4 Chapter 12, that was one of our focuses there.
5 When we were made the sole liquor licensing
6 authority, you know, for the casinos and their
7 outlets, to me when I look at that I think --
8 and I -- I talk pretty regularly with one of my
9 counterparts at the Division of Liquor Control,
10 and I talked to him about this specific issue,
11 because we can learn from them. I mean, this is
12 what they do. I mean, they do this on a regular
13 basis. So we always are contacting them to find
14 out information.

15 And so -- so, again, I don't know
16 that so much they come to us and say, hey, we
17 want this particular system as they would just
18 like to see as a general basis that they have a
19 level playing field. And I do know one property
20 is specifically interested in this system.

21 CHAIRMAN KOHN: Is there going to be
22 an issue on what authorization means?

23 MR. GREWACH: That's a very good
24 question. When I -- I talked to my contact in
25 liquor control, you know, he's seen different

1 systems. Some of them you swipe your credit
2 card, and then you get an authorization code to
3 punch in, and then you just self-dispense.
4 Others have a human being involved, you know,
5 who you actually have to go and get
6 authorization from. The advantage of that
7 system is it gives you a, you know, chance of
8 eyes on to see is this person intoxicated or are
9 they not.

10 But the statute itself isn't really
11 clear on that, what does authorization mean.
12 And I think most likely the first scenario I
13 talked about where you just have a machine where
14 you swipe your credit card, just like at a car
15 wash, you know, and you get a, at the gas
16 station you get the authorization code for your
17 car wash, and you punch it in, you know, that
18 type of thing. It would most likely satisfy the
19 statute, and then by virtue of that satisfy the
20 --

21 CHAIRMAN KOHN: Mr. Plant is sitting
22 right behind you. Do you like this idea?

23 MR. PLANT: Well, Hi, Chairman, how
24 are you? Thank you. I should have picked a
25 different seat maybe. I -- to what Ed is

1 saying, he's -- by the way, Chris Plant, General
2 Manager, River City. What Ed is saying is
3 absolutely accurate in the level playing field.
4 Now, what equipment would be utilized? We're
5 going to make sure that we're diligent in the
6 assurance that they're over the age of 21, of
7 course, that there is no intoxication issues. But this
8 is a good example of where evolution of
9 technology is occurring, and entertainment, as
10 Ed pointed out, occurs around us. That we're
11 competing against that entertainment dollar, and
12 having an opportunity to be advanced technology,
13 take advantage of that, and deliver a better
14 guest experience. That's beneficial. Now what
15 does that look like in terms of what we install
16 and how we operate it? That is still an
17 evolving conversation.

18 CHAIRMAN KOHN: Any other questions
19 of Ed?

20 COMMISSIONER HALE: I'm just
21 curious, Ed, do you have any idea, if it's not
22 on the gaming floor, where it would be?

23 MR. GREWACH: It would be in the
24 restaurants and bars off of the gaming floor.

25 COMMISSIONER HALE: I got you.

1 COMMISSIONER LOMBARDO: Ed, perhaps
2 this is a reflection of the fact that I just
3 turned 60, but I generally go to, if I go to a
4 bar, I go to a bar with a bartender. I'm not
5 necessarily familiar with self-dispensing. And
6 you talked about a level playing field. How
7 prevalent is this and where is it? Maybe Chris
8 could answer that.

9 MR. PLANT: Well, I -- I don't have
10 -- I couldn't tell you all the places that have
11 them, but what -- what I would say is
12 millennials. I would point to that generation,
13 that as we look to grow our gaming base, we're
14 looking to expand our gaming experience, and we
15 look at what are millennials -- we want to
16 deliver that guest experience. And I don't
17 envision a situation where bartenders would go
18 away, but what you do envision is a variety of
19 deliveries and services, a variety of the
20 experiences that we're able to engage our guests
21 in.

22 COMMISSIONER LOMBARDO: Well, let's
23 say Brian wanted to go, let's say Brian wanted
24 to go down and self-dispense a 32-ounce beer,
25 where would you go in the State of Missouri

1 right now? I'm trying to figure out who we're
2 having a --

3 MR. PLANT: That I don't know.

4 COMMISSIONER JAMISON: I've seen
5 more of it in a, in a wine situation, to where
6 they have machines that have like 30 bottles of
7 wine around the room, and you just go and punch
8 in and take a 2, 4, 6-ounce serving, and then at
9 the end of the day the card that -- they charge
10 you on the way out the door of whatever you had
11 plugged in while you were there. And so it's
12 kind of a self-serving kind of thing there. I
13 think maybe after I listened to this a little
14 bit, the authorization is go pick up two beers
15 on a credit card swipe, and so that's where they
16 come up with the 32 ounces as opposed to serving
17 out a quart of beer at a time.

18 CHAIRMAN KOHN: Any other questions?

19 MR. GREWACH: I can answer that a
20 little bit too, because one thing I probably
21 want to point out it that the prior statute
22 before the Senate bill did allow for
23 self-dispensing beer at a table, but the
24 licensees for liquor control complained that
25 that was too expensive to run the tubes to each

1 table. And as lawyers do, sometimes they got in
2 an argument of what is and isn't a table, you
3 know. Only lawyers can do that. But the -- so
4 then this was the genesis then of the lobby to
5 have this be a free-standing unit as opposed to
6 existing law which had self-dispensing taps at
7 each table, to having it as a free standing.

8 CHAIRMAN KOHN: So if the Governor
9 were to appoint all millennials to the
10 Commission, we wouldn't have had all this
11 discussion. Is there a motion with respect to
12 11 CSR 45-12.090?

13 COMMISSIONER JAMISON: I move for
14 adoption.

15 CHAIRMAN KOHN: Is there a second?

16 COMMISSIONER HALE: Second.

17 CHAIRMAN KOHN: Discussion on the
18 motion? Angie.

19 MS. FRANKS: Commissioner Lombardo?

20 COMMISSIONER LOMBARDO: Approve.

21 MS. FRANKS: Commissioner Neer?

22 COMMISSIONER NEER: I guess I got to
23 get out more. Approve.

24 MS. FRANKS: Commissioner Hale?

25 COMMISSIONER HALE: Approve.

1 MS. FRANKS: Commissioner Jamison?

2 COMMISSIONER JAMISON: Approved.

3 MS. FRANKS: Chairman Kohn?

4 CHAIRMAN KOHN: Approve.

5 MS. FRANKS: By your vote you've
6 adopted proposed amendment 11 CSR 45-12.090.

7 CHAIRMAN KOHN: Mr. Seibert?

8 EXECUTIVE DIRECTOR SEIBERT: Thank
9 you, Mr. Chairman. The next order of business
10 is consideration of relicensure of certain
11 suppliers. Sergeant Brad Ussary will present.

12 CHAIRMAN KOHN: Good morning,
13 Sergeant.

14 SERGEANT USSARY: Good morning. Mr.
15 Chairman and Commissioners, good morning. Two
16 supplier companies are being presented for
17 re-licensing. Missouri State Highway Patrol
18 investigators in conjunction with MGC financial
19 investigators conducted a re-license
20 investigation of two supplier companies
21 currently licensed in Missouri. These
22 investigations consisted jurisdictional
23 inquiries, feedback from affected gaming company
24 clients, a review of disciplinary actions,
25 litigation, and business credit profiles, as

1 well as review of the key persons associated
2 with each company. The results of these
3 investigations were provided to the Missouri
4 Gaming Commission staff for their review, and
5 you possess comprehensive summary reports which
6 outline our investigative findings for each
7 company.

8 The following supplier companies are
9 being presented for your consideration. First
10 is Midwest Game Supply Company. Midwest Game
11 Supply Company is located in Kearney, Missouri.
12 The company specializes in certified dice for
13 casinos, table layouts, table game accessories,
14 chips, and slot machines. Second is Modern
15 Gaming, Incorporated. Modern Gaming is located
16 in Denham Springs, Louisiana. The company
17 specializes in manufacturing and refurbishing of
18 various gaming devices.

19 CHAIRMAN KOHN: Any questions on
20 either one of these?

21 EXECUTIVE DIRECTOR: Mr. Chairman,
22 staff recommends approval on both.

23 CHAIRMAN KOHN: Thank you. Is there
24 a motion with respect to 16-041?

25 COMMISSIONER HALE: Mr. Chairman, I

1 move that we adopt the staff's recommendation
2 relative to Resolution Number 16-041.

3 COMMISSIONER LOMBARDO: Second.

4 CHAIRMAN KOHN: Discussion on the
5 motion? Angie.

6 MS. FRANKS: Commissioner Lombardo?

7 COMMISSIONER LOMBARDO: Approve.

8 MS. FRANKS: Commissioner Neer?

9 COMMISSIONER NEER: Approve.

10 MS. FRANKS: Commissioner Hale?

11 COMMISSIONER HALE: Approve.

12 MS. FRANKS: Commissioner Jamison?

13 COMMISSIONER JAMISON: Approved.

14 MS. FRANKS: Chairman Kohn?

15 CHAIRMAN KOHN: Approve. Is there

16 -- oh, I'm sorry, go ahead.

17 MS. FRANKS: By your vote you've

18 adopted Resolution Number 16-041.

19 CHAIRMAN KOHN: Is there a motion

20 with regard to 16-042?

21 COMMISSIONER HALE: Mr. Chairman, I

22 would move for adoption of staff's

23 recommendation relative to Resolution Number

24 16-042.

25 COMMISSIONER LOMBARDO: Second.

1 CHAIRMAN KOHN: Discussion on the
2 motion? Angie.

3 MS. FRANKS: Commissioner Lombardo?

4 COMMISSIONER LOMBARDO: Approve.

5 MS. FRANKS: Commissioner Neer?

6 COMMISSIONER NEER: Approve.

7 MS. FRANKS: Commissioner Hale?

8 COMMISSIONER HALE: Approve.

9 MS. FRANKS: Commissioner Jamison?

10 COMMISSIONER JAMISON: Approve.

11 MS. FRANKS: Chairman Kohn?

12 CHAIRMAN KOHN: Approve.

13 MS. FRANKS: By your vote you've
14 adopted Resolution Number 16-042.

15 CHAIRMAN KOHN: Mr. Seibert?

16 EXECUTIVE DIRECTOR SEIBERT: Next
17 order of business, Mr. Chairman, is
18 consideration of Level I key applicants.
19 Sergeant Jim Bennett will present.

20 SERGEANT BENNETT: Good morning, Mr.
21 Chairman and Commissioners.

22 CHAIRMAN KOHN: Good morning.

23 SERGEANT BENNETT: Missouri State
24 Highway Patrol investigators along with Missouri
25 Gaming Commission's financial investigators

1 conducted a comprehensive background
2 investigation on multiple key and Level I
3 applicants. The investigations included, but
4 were not limited to, criminal, civil, financial,
5 and general character inquiries where applicants
6 live, worked, and frequented. The following
7 individuals were being presented for your
8 consideration: Charles Walter Ball,
9 surveillance manager for Harrah's North Kansas
10 City Casino; Kazuya Kozuki, chief financial
11 officer, senior vice president, member of the
12 board of directors for Konami Gaming; Brooks
13 Harrison Pierce, managing director, Americas,
14 for Aristocrat Technologies; and Jane Scaccetti,
15 director of Penn National Gaming.

16 The results of these investigations
17 were provided to the Missouri Gaming Commission
18 staff for their review, and you were all
19 provided a summary report. Do you have any
20 questions?

21 CHAIRMAN KOHN: Any questions for
22 Sergeant Bennett?

23 COMMISSIONERS: None

24 SERGEANT BENNETT: Thank you.

25 CHAIRMAN KOHN: Can we vote on all

1 three of those at once?

2 COMMISSIONERS: There's four of
3 them.

4 CHAIRMAN KOHN: Four, all right. Is
5 there a motion with regard to Resolution Number
6 16-043?

7 COMMISSIONER JAMISON: I move for
8 adoption of Resolution 16-043.

9 COMMISSIONER NEER: Second.

10 CHAIRMAN KOHN: Discussion on the
11 motion? Angie.

12 MS. FRANKS: Commissioner Lombardo?

13 COMMISSIONER LOMBARDO: Approve.

14 MS. FRANKS: Commissioner Neer?

15 COMMISSIONER NEER: Approve.

16 MS. FRANKS: Commissioner Hale?

17 COMMISSIONER HALE: Approve.

18 MS. FRANKS: Commissioner Jamison?

19 COMMISSIONER JAMISON: Approve.

20 MS. FRANKS: Chairman Kohn?

21 CHAIRMAN KOHN: Approve.

22 MS. FRANKS: By your vote you've
23 adopted Resolution Number 16-043.

24 CHAIRMAN KOHN: I think we have
25 concluded the business for our open session in

1 record time. Oh, Brian, you're on.

2 COMMISSIONER JAMISON: Okay.

3 CHAIRMAN KOHN: Motion to go into
4 closed session.

5 COMMISSIONER JAMISON: I move to go
6 into a closed meeting under Section 313.847
7 Revised Missouri Statutes, investigatory,
8 proprietary, and application records, and
9 Section 610.021, Subsection 1, Revised Missouri
10 Statute, legal action, Subsection 3 and
11 Subsection 13, personnel, and Subsection 14,
12 records protected from disclosure by law.

13 CHAIRMAN KOHN: Is there a second?

14 COMMISSIONER NEER: Second.

15 CHAIRMAN KOHN: Discussion on the
16 motion? By the way, for those of you who think
17 that vice chairman has this memorized, he
18 doesn't. He's reading from a script provided by
19 Angie.

20 COMMISSIONER JAMISON: That's pretty
21 much how we do everything, by Angie.

22 CHAIRMAN KOHN: I think we're ready
23 for a vote, Angie.

24 MS. FRANKS: Commissioner Lombardo?

25 COMMISSIONER LOMBARDO: Approve.

1 MS. FRANKS: Commissioner Neer?

2 COMMISSIONER NEER: Approve.

3 MS. FRANKS: Commissioner Hale?

4 COMMISSIONER HALE: Approve.

5 MS. FRANKS: Commissioner Jamison?

6 COMMISSIONER JAMISON: Approve.

7 MS. FRANKS: Chairman Kohn?

8 CHAIRMAN KOHN: Approve.

9

10 (END OF RECORD.)

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REPORTER'S CERTIFICATE

I, DEBRA L. BURRIS, a Certified Court Reporter in and for the State of Missouri, do hereby certify that this is a true and accurate transcription of the MGC meeting that took place on August 31, 2016, at Troop C Headquarters, 891 Technology Drive, Weldon Spring, Missouri.

BY THE AUTHORITY BESTOWED UPON ME, I have hereunto set my hand on this _____ DAY OF _____, 2016.

DEBRA L. BURRIS, MO CCR #789,
IL CSR #084.004545

MISSOURI GAMING COMMISSION
Second Open Session Minutes
August 31, 2016

The Missouri Gaming Commission (the “Commission”) went back into open session at approximately 10:38 a.m. on August 31, 2016, at Troop C Headquarters, 891 Technology Drive, Weldon Spring,

Commissioner Jamison moved to adjourn the open session. Commissioner Neer seconded the motion. After a roll call vote was taken, Lombardo – yes, Neer – yes, Hale – yes, Jamison – yes, and Kohn – yes, the motion was unanimously approved.

The meeting ended at 10:39 a.m.