

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-16-092
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 Cashiering, Accounting, and Key Control for the period encompassing April 1, 2011 through April 30, 2012, and issued a final audit report, Report 12-22 on September 25, 2012, which noted that "the finance department did not perform weekly reviews of manual point adjustments" on several occasions in January and February 2012. The auditors found that six days during the period reviewed were not reviewed at all.
7. The MGC conducted another audit for Cashiering, Accounting, and Key Control for the period encompassing May 1, 2012 through December 31, 2013, and issued a final audit report, Report 14-05 on April 11, 2014, which noted that "Finance department employees did not perform a weekly review of manual point adjustments" on several occasions in September 2013.

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

² 20151119004

8. A follow-up to Report 14-05 on August 20, 2014, found that problem with the weekly reviews had been “partially implemented,” in that manual adjustments for the MyCash Reward program were not being reviewed, although the Casino did review other point system program changes.
9. The MGC conducted an audit for Cashiering, Accounting and Key Control for the time period of January 1, 2014 through July 31, 2015, and issued a final audit report, Report 15-18, on November 13, 2015, which again cited the Casino for failing to perform a weekly review of manual point adjustment to Player Tracking on several occasions in March and April 2015.
10. The MGC conducted an audit for EGD and Table Games Operations for the period of May 1, 2012 through November 30, 2013, and issued a final audit report, Report 14-06, which found that count team members failed to clear their hands when moving to or from count room tables while currency was on the table. The noted error rate equaled 23.9%.
11. A follow-up to Report 14-06 on August 28, 2014, revealed only a 3.2% error rate regarding the requirement that count team members clear their hands.
12. The MGC completed an audit for EGD and Table Games Operations for the period of January 1, 2014 through July 31, 2015, and issued a final audit report, Report 15-19 on November 13, 2015, which found that count team members continued to fail to clear their hands when moving to or from count room tables while currency was on the table. This time the error rate totaled 20.4%.

LAW

13. 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 of an amount determined by the Commission.
14. 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.

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

- (3) Violations of the 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.
- (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.”

16. Both the Commission’s MICS and the Casino’s ICS, Chapter I, § 7.04 state, in relevant part, as follows:

Weekly Reviews:

* * *

- (C) Accounting shall review the addition of points to patrons’ accounts other than through actual EGD play to verify all additions were properly approved. Accounting shall document the review and any subsequent investigation.

17. Both the Commission’s MICS and the Casino’s ICS, Chapter G, § 7.10 require the following:

... Count team members may not remove their hands from or return them to a position on or above the count table or other work surface, where funds are exposed, unless the backs and palms of their hands are first held out and exposed to other members of the count team and the surveillance cameras.

VIOLATIONS

18. The actions or omissions of employees or agents of the Company as described above constitute a failure by the Casino to adequately conduct reviews of its Player Tracking system and to assure that its dealers properly cleared their hands, thereby violating the Commission’s MICS, Chapter G, § 7.10 and Chapter I § 7.04, and the Casino’s ICS, Chapter G, § 7.10 and Chapter I § 7.04.

19. The Company is therefore subject to discipline for such violations pursuant to §§ 313.805(6) and 314.812.14 (1) and (2), RSMo, and 11 CSR 45-9.060(3) and (4).

PENALTY PROPOSED

20. 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.

21. THEREFORE, it is proposed that the Commission fine Ameristar Casino Kansas City, Inc., the amount of \$5,000 for the violations set forth herein.

Herbert M. Kohn
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 _____, 2016, to:

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

Herbert M. Kohn
Chairman
Missouri Gaming Commission