

# IN THE MISSOURI GAMING COMMISSION

In Re: )  
IOC – Caruthersville, LLC ) DC 17-057

## 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,<sup>1</sup> with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri.
2. The Commission issued Isle of Capri Casinos, Inc., a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. Isle of Capri Casinos, Inc., is the parent organization or controlling entity of the IOC – Caruthersville, LLC (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 *Lady Luck Casino, Caruthersville* (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 FACTS<sup>2</sup>

6. On October 14, 2016, the MGC initiated a regulatory investigation when it was reported that Casino licensees were sharing imprest banks after review of a cage shortage that occurred on October 5, 2016.
7. The shortage on October 5, 2016, was caused when Lead Cashier Sarah Fullerton conducted transactions out of Cashier Khadijah McCarroll's drawer and overpaid a patron \$100.
8. A follow-up review, conducted on November 1, 2016, revealed that the sharing of imprest banks continued, even after the MGC agent discussed the violations noted on October 14, 2016, with Casino staff and management.

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<sup>1</sup> All statutory references are to RSMo 2000, unless otherwise specified.

<sup>2</sup> 20161108004 and 20161121003

9. On October 31 2016, Cage Lead Robin Presberry and Cashier Charlene Woods were both conducting transactions from Barge Cage Window 4.
10. Cage Managers had knowledge of and had allowed supervisory personnel and recently hired cashiers to conduct transactions out of the same imprest bank during their training period.
11. The practice of sharing imprest banks has been in place for five years at the Casino.

### 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 [(“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 [(“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 313.805(6), RSMo, and 11 CSR 45-1 et seq.

15. The MICS, Chapter A § 1.06 requires the following:

Class B Licensees shall provide all employees with training regarding the Missouri Riverboat Gambling Act, Missouri Gaming Commission Rules and Regulations, Missouri Gaming Commission Minimum Internal Control Standards, the Class B Licensee's Internal Control System and procedures in a brief outline or general description. Each employer shall ensure that employees, prior to performing the functions and duties of their jobs, are adequately trained as to the applicable statutes, regulations and internal controls that apply to their specific job functions. The Class B Licensee shall maintain a record of all mandatory training. A current copy of the Class B Licensee's entire Internal Control System shall be readily accessible to all employees.

16. The Casino's ICS, Chapter A § 1.06 requires, in pertinent part, the following:

Lady Luck shall provide all employees with training regarding the Missouri Riverboat Gambling Act, Missouri Gaming Commission Rules and Regulations, Missouri Gaming Commission Minimum Internal Control Standards, Lady Luck's Internal Control System and procedures in a brief outline or general description. Department managers will ensure that employees, prior to performing the functions and duties of their jobs, are adequately trained as to the applicable statutes, regulations and internal controls that apply to their specific job functions. Lady Luck shall maintain a record of all mandatory training. A current copy of Lady Luck's Internal Controls shall be readily accessible to all employees.

17. Both the MICS, Chapter H § 2.03, and the Casino's ICS, Chapter H § 2.03 state as follows:

Prior to accessing the funds of or adding funds to any cashiering location, the location shall be assigned to the accessing individual who shall count all the assets assigned to that location, including extra primary chips. This individual shall be responsible for all transactions occurring with the location until the final count sheet is prepared.

18. Both the MICS, Chapter H § 3.05, and the Casino's ICS, Chapter H § 3.05 state as follows:

Unless otherwise approved by MGC, the assets for which the Cashiers are responsible shall be maintained on an imprest basis, except the Main Bank and employee window, and protected from unauthorized access.

(A) Cashiers shall not share imprest banks.

(B) Cashiers shall lock and secure any assets for which they are responsible when the assets are outside their direct physical control or viewable area.

19. Title 11 CSR 45-10.030 states, in pertinent part, as follows:

- (1) Licensees shall promptly report to the commission any facts which the licensee has reasonable grounds to believe indicate a violation of law (other than minor traffic violations), minimum internal control standard requirements or commission rule committed by licensees, their employees or others, including, without limitation, the performance of licensed activities different from those permitted under their license.

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- (7) All occupational licensees shall have a working knowledge of Chapter 313.800, RSMo et seq., *Code of State Regulations*, Title 11 Division 45, and the internal controls of the Class A or B licensees for whom they are currently employed by as they pertain to the responsibilities and limitations of their job

### **VIOLATIONS**

20. The acts or omissions of employees or agents of the Company, as described above, constitute a failure of the Company to assure proper accountability for cage assets and to assure that the imprest banks are not shared, thereby violating §§ 313.817.4 and 313.830.2(1), RSMo, 11 CSR 45-10.030(1) and (7), MICS, Chapter A § 1.06 and Chapter H §§ 2.03 and 3.05, and the Casino's ICS, Chapter A § 1.06 and Chapter H §§ 2.03 and 3.05.
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 IOC – Caruthersville, LLC, the amount of \$2,500 for the violations set forth herein.

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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 \_\_\_\_\_, 2017, to:

Anthony Rohrer  
General Manager  
Lady Luck Caruthersville  
P.O. Box 1135  
Caruthersville, MO 63830

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Herbert M. Kohn  
Chairman  
Missouri Gaming Commission