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BEFORE THE MISSOURI GAMING COMMISSION

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STATE OF MISSOURI

5

MEETING

6

December 7, 2016

10:00 a.m.

7

3417 Knipp Drive

Jefferson City, Missouri

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BEFORE:

Herbert M. Kohn, Chairman

Brian Jamison, Vice Chairman

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Larry D. Hale, Commissioner

Thomas Neer, Commissioner

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Richard F. Lombardo, Commissioner

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Reported by:

Patricia A. Stewart, CCR 401

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Midwest Litigation Services

Jefferson City, Missouri 65109

24

(573) 636-7551

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1 (Start time: 10:00 a.m.)

2 P R O C E E D I N G S

3 CHAIRMAN KOHN: Good morning everybody.

4 We'll call the meeting of the December 7 Missouri Gaming  
5 Commission meeting to order.

6 Angie, please call the roll.

7 MS. FRANKS: Commissioner Lombardo.

8 COMMISSIONER LOMBARDO: Present.

9 MS. FRANKS: Commissioner Neer.

10 COMMISSIONER NEER: Present.

11 MS. FRANKS: Commissioner Hale.

12 COMMISSIONER HALE: Present.

13 MS. FRANKS: Commissioner Jamison.

14 COMMISSIONER JAMISON: Present.

15 MS. FRANKS: Chairman Kohn.

16 CHAIRMAN KOHN: Present.

17 We have a quorum. We're ready to proceed  
18 with the meeting.

19 The first order of business will be the  
20 Consideration of Minutes from our meeting of  
21 October 26.

22 Is there a motion to approve those minutes?

23 COMMISSIONER HALE: Mr. Chairman, I would  
24 move that we approve the minutes from the October 26,  
25 2016 meeting.

1 COMMISSIONER LOMBARDO: Second.

2 CHAIRMAN KOHN: Angie, please call the roll.

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 adopted the  
14 minutes of the October 26, 2016 meeting.

15 CHAIRMAN KOHN: Mr. Seibert, I believe we're  
16 ready for business.

17 EXECUTIVE DIRECTOR SEIBERT: Yes.

18 The first order of business this morning is  
19 Consideration of Hearing Officer Recommendations.

20 Mr. Brian Wolford.

21 CHAIRMAN KOHN: Good morning, Mr. Wolford.

22 MR. WOLFORD: Good morning, Mr. Chairman,  
23 Commissioners. Thank you, Mr. Director.

24 For your consideration I present Resolution  
25 No. 16-054, the matter of Kathleen Mulford.

1                   Now, the relevant dates to this incident are  
2 the 29th and 30th of November 2015, and at that time  
3 Ms. Mulford was working as a shift manager at the  
4 Ameristar Casino in Kansas City.

5                   On the 29th of November the casino identified  
6 a 35-year-old gentleman who they suspected was an  
7 advantage player.

8                   Now, what that means is it uses certain  
9 devices to make the odds more in his favor. You might  
10 know it more familiarly as counting cards in blackjack.

11                   They saw this gentleman, they thought he was  
12 the advantage player, and some communication internally  
13 was distributed through the channels of the casino.

14                   A supervisor contacted Ms. Mulford and said,  
15 hey, we believe that this gentleman is an advantage  
16 player, and she, in turn, ordered that supervisor to  
17 check his identification.

18                   Now, why that is important is there is really  
19 only one reason under the statutes of Missouri that an  
20 agent of the boat or an employee of the boat or a  
21 licensee may ask for a patron's identification and  
22 that's to determine if they're age 21, that is if  
23 they're legally allowed to be on the gaming floor.

24                   And that's Section 313.817.5 of the Revised  
25 Statutes of Missouri.

1                   And in this case at the hearing there was  
2 some evidence presented that, well, maybe they were  
3 wanting to check his age, but the overwhelming weight of  
4 the evidence showed that their reason was to determine  
5 whether or not he was, in fact, the advantage player  
6 that they believed him to be, and checking his  
7 identification for that purpose is strictly against this  
8 statute.

9                   In fact, the reason that the statute is in  
10 place is actually stated in the statute. It's to  
11 protect the privacy of the patrons and to protect them  
12 from undue harassment.

13                   Therefore, the hearing officer recommends  
14 that the one-day-calendar suspension recommended in the  
15 preliminary order be upheld as appropriate discipline in  
16 this matter.

17                   I'd be happy to answer any questions.

18                   CHAIRMAN KOHN: Any questions of Mr. Wolford?

19                   Is Ms. Mulford here?

20                   MS. MULFORD: Yes, sir.

21                   CHAIRMAN KOHN: Do you wish to address the  
22 Commission?

23                   MS. MULFORD: Yes, please.

24                   CHAIRMAN KOHN: Go ahead.

25                   Can you identify yourself for the record,

1 please?

2 MS. MULFORD: Yes, Kathleen Mulford.

3 Okay. And what I would like to state in  
4 reference to this is that the guest in question, I never  
5 laid eyes on this guest of his face. From 50 feet away  
6 I was actually opening a game and putting cards on the  
7 table when I was approached by my lead who said that  
8 there's a possibility there is a card counter at the  
9 other end of the pit approximately 50 feet away.

10 The guest was seated with his head away from  
11 me facing -- his face was facing the opposite direction  
12 from which I was opening the game, so I never had an  
13 actual view of the guest.

14 In viewing this guest from the back he  
15 appeared to be of age 35 or less, and that is something  
16 that we consistently do is card our guests on the floor  
17 for being of age.

18 We also -- although it was stated that's the  
19 only reason we card our guests, that is not the only  
20 reason we card our guests.

21 Consistently I card our guests for jackpots  
22 and payment of jackpots both in table games and in slots  
23 as a casino manager. Anyone who appears to be 35 or  
24 younger, which was posted on our signage on our casino,  
25 if you are 35 or younger, you are deemed to possibly be

1 carded for being of age.

2 And then also anyone who has buy-ins of over  
3 \$3,000, it's our company policy that we card people for  
4 their identification to know about them and try to  
5 figure out what is going on with MTL purposes and  
6 whatnot.

7 So, therefore, there are many reasons --

8 CHAIRMAN KOHN: I'm sorry. For what  
9 purposes?

10 MS. MULFORD: MTL, multiple transaction  
11 listing reporting.

12 So there are several reasons why we would  
13 actually card a guest.

14 Now, in the event this guest had been a  
15 65-year-old man there's a likelihood that I would not be  
16 here right now, but because he was 35 and meeting that  
17 criteria of 35 or younger, I did feel I had the right to  
18 card him, not knowing if he was, in fact, a card counter  
19 or not because I never viewed his face.

20 COMMISSIONER JAMISON: Can I ask a question?

21 MS. MULFORD: Sure.

22 COMMISSIONER JAMISON: You said from looking  
23 at him behind you could tell he was 35 or younger?

24 MS. MULFORD: He had the appearance of that.

25 COMMISSIONER JAMISON: What was the

1 determining factor from looking at a person from behind  
2 that he would be 35 or younger?

3 MS. MULFORD: I didn't know for sure, but he  
4 had the appearance based on his haircut and the way he  
5 was dressed that it looked like he could be someone who  
6 was 35 or younger.

7 COMMISSIONER JAMISON: So you based it on the  
8 back of the haircut and his clothing --

9 MS. MULFORD: Yes.

10 COMMISSIONER JAMISON: -- was your  
11 determination that he was 35 or younger, but you were  
12 told he was a potential card counter was the reason that  
13 your lead brought it to you.

14 He didn't bring it to you that he thought it  
15 was a 35 or younger card counter; he thought it was a  
16 card counter?

17 MS. MULFORD: He brought it to me because it  
18 was brought to his attention by another department, and  
19 that other department we had had challenges recently  
20 with it being a new hire, there were new hires in the  
21 department, that people were not always ID'd properly.

22 So, therefore, I had no specific knowledge of  
23 who this guest was. I had never spotted him from his  
24 front, from his face. To the best of my knowledge this  
25 was someone who was 35 or younger that needed to be

1 carded. That's it. It wasn't -- the premise was not  
2 that he was a card counter in my mind.

3 CHAIRMAN KOHN: Do we know how old he was?

4 MS. MULFORD: Thirty-five.

5 CHAIRMAN KOHN: He was 35?

6 MS. MULFORD: Based on the paperwork that was  
7 provided to me, yes.

8 CHAIRMAN KOHN: Other questions?

9 COMMISSIONER LOMBARDO: Yes.

10 You were talking about company policy about  
11 who you should card. What is your understanding of the  
12 company policy as to who you should card or who you are  
13 allowed to card?

14 MS. MULFORD: Sure.

15 Anyone who is 35 or younger I have the  
16 ability to card. I have on several occasions been  
17 walking across the floor and carded people who I viewed  
18 to be younger and in carding them discovered that they  
19 were actually underage and had to escort them off the  
20 boat.

21 One of them, it was a paper that stated he  
22 was a five-foot-six gentleman, and I was looking at  
23 someone who was almost my height at five-two, so I knew  
24 it wasn't the same person that was being provided the  
25 identification for.

1                   So, therefore, I have carded people and  
2 actually identified people who are underage on our boat  
3 before and that is part of our company policy, as well  
4 as in our TIPS training, which is alcohol training.  
5 Everyone is trained. Anyone who is 35 or younger should  
6 be carded on the casino floor to make sure that we don't  
7 have underage drinking.

8                   COMMISSIONER LOMBARDO: But I thought I heard  
9 you say there were other reasons the company policy --

10                  MS. MULFORD: Oh, yes. I'm sorry.

11                  COMMISSIONER LOMBARDO: -- allowed you to  
12 card people other than simply underage.

13                  MS. MULFORD: When there is a jackpot hit on  
14 the casino floor, whether it be in table games or in  
15 slots. All jackpots, we have to have identification of  
16 their identification.

17                  I actually have to physically have that copy  
18 of their ID to make the copy of it to put on the back of  
19 the W-2 form.

20                  And then any time we have buy-ins of 3,000 or  
21 greater we like to ping the access of the guest name so  
22 we have it for our MTL reporting.

23                  CHAIRMAN KOHN: I'm interested in this one  
24 finding by our hearing officer.

25                  The petitioner, which is you, knew that DC

1 was over 21 years of age and that he was an advantage  
2 player when she instructed Bailey to ask DC for his  
3 identification.

4 MS. MULFORD: I'm sorry to say I have to  
5 challenge that. That is not a fact.

6 Because as I stated to you earlier, from  
7 approximately 50 feet away with their face to me -- all  
8 along in this whole process I said I never even laid  
9 eyes on this guest's face. I never saw him frontally.

10 If this person walked in today, there is no  
11 way I could identify him because I don't know what he  
12 looked like.

13 And what happened at the end of this,  
14 apparently this became quite a situation where our  
15 security was called because he refused to give ID, which  
16 from this point on I knew none of this information.

17 And so once security had it and a guest  
18 refused to provide ID to them, then the Gaming  
19 Commission was called, and from that point Gaming was  
20 involved in something that got a little bit out of hand  
21 from what I understand. I don't have firsthand  
22 information on it, but that's what I was led to believe.

23 CHAIRMAN KOHN: You were at this hearing,  
24 weren't you?

25 MS. MULFORD: I was at that hearing.

1                   CHAIRMAN KOHN: And there's a transcript of  
2 the testimony.

3                   I'm going to ask Mr. Wolford about this  
4 statement that apparently there's a contradiction in  
5 what she knew and what she didn't know.

6                   MR. WOLFORD: Yes. Mr. Chairman, the  
7 evidence presented at hearing, which I did find to be  
8 credible, said that the casino suspected that this  
9 gentleman, DC, was, in fact, DC. They knew that DC was  
10 of age to be gaming and they knew that he was an  
11 advantage player or a card counter. That information  
12 was presented to Ms. Mulford, and that's when she asked  
13 to ID the individual.

14                  COMMISSIONER JAMISON: Because that was my  
15 question, is if you suspected this guy to be an  
16 advantage player, obviously he'd been on your casino or  
17 some casino for a period of time to be identified as a  
18 person who may be gaming the system, and so obviously he  
19 was allowed to be on a gaming floor long enough to be  
20 identified as an advantage player.

21                  He wouldn't be so young looking that they  
22 would be IDing him for underage if he was an advantage  
23 player, because if he was underage, it wouldn't have  
24 mattered if he was an advantage player or not. He  
25 couldn't be on the floor.



1 absolutely.

2 COMMISSIONER JAMISON: So would three to five  
3 minutes change anything that important for you to make  
4 the determination after you got that game open rather  
5 than just go ID him now and then come back later and  
6 tell us that you thought he was under 35 because of hair  
7 and clothing?

8 MS. MULFORD: But that's the situation that  
9 is involved here is that I didn't even know who this  
10 guest was. I didn't know he was an advantage player --

11 COMMISSIONER JAMISON: But your lead told you  
12 that.

13 MS. MULFORD: Based on information that he  
14 got from my surveillance team. And again, at that time  
15 we had some challenges with our surveillance team having  
16 a new crew, that people were misidentified. That is  
17 definitely a fact.

18 So I just wanted to make sure that I wasn't  
19 IDing the wrong person, and it was within my rights I  
20 felt for someone who was 35 or younger to be able to ID  
21 them.

22 COMMISSIONER JAMISON: Okay.

23 COMMISSIONER LOMBARDO: Either one of you can  
24 answer this.

25 Did it turn out that the individual was, in

1 fact, the person that surveillance thought he was?

2 MR. WOLFORD: Yes, Mr. DC was DC the  
3 advantage player.

4 CHAIRMAN KOHN: I have maybe a little broader  
5 question, but I'm curious about the other times that you  
6 asked for identification other than simply age. You  
7 said this is what the company policy is.

8 MS. MULFORD: Yes.

9 CHAIRMAN KOHN: And I don't know whether -- I  
10 don't know who to ask. Maybe I'll ask Bryan.

11 Do we have regulations about that?

12 MR. WOLFORD: We actually --

13 CHAIRMAN KOHN: Do we approve of that company  
14 policy?

15 MR. WOLFORD: We actually do, Mr. Chairman,  
16 and that's also covered by the same statute. I was  
17 giving an overview of it to get to the relevant point  
18 here.

19 But they may also check identification for  
20 any Federal or other State legal purpose. Obviously  
21 keeping a copy for the jackpot for W-2 reporting is a  
22 Federal requirement and then for the other reporting as  
23 well, so those are allowable under that statute.

24 COMMISSIONER JAMISON: And the DAP list -- in  
25 comparison to the DAP list on jackpots, is that a reason

1 for ID too?

2 MR. WOLFORD: That's a State reason.

3 COMMISSIONER JAMISON: Right.

4 MR. WOLFORD: And that is also allowable by  
5 that statute by Section 313 -- sorry. I already flipped  
6 my page. But under that section of the Revised Statutes  
7 that is allowable.

8 CHAIRMAN KOHN: So the recommendation -- I'm  
9 sorry. Any other questions?

10 So the recommendation by Mr. Wolford is that  
11 the petitioner is found to have violated the policy and  
12 to impose a one-calendar-day suspension against the  
13 petitioner.

14 Is there a motion to approve that Resolution  
15 No. 16-054?

16 COMMISSIONER LOMBARDO: Motion to approve  
17 Resolution No. 16-054.

18 COMMISSIONER JAMISON: Second.

19 CHAIRMAN KOHN: Any discussion on the motion?  
20 Angie.

21 MS. FRANKS: Commissioner Lombardo.

22 COMMISSIONER LOMBARDO: Approve.

23 MS. FRANKS: Commissioner Neer.

24 COMMISSIONER NEER: No.

25 MS. FRANKS: Commissioner Hale.

1 COMMISSIONER HALE: Approve.

2 MS. FRANKS: Commissioner Jamison.

3 COMMISSIONER JAMISON: Approve.

4 MS. FRANKS: Chairman Kohn.

5 CHAIRMAN KOHN: Approve.

6 MS. FRANKS: By your vote you've adopted  
7 Resolution No. 16-054.

8 CHAIRMAN KOHN: Okay. Mr. Wolford.

9 MR. WOLFORD: Thank you, Mr. Chairman.

10 For your consideration Resolution  
11 No. 16-056, the matter of Richard Thompson.

12 The relevant date would be the 6th of  
13 February 2016, and at that time Mr. Thompson was a  
14 senior operator at the Mark Twain Casino.

15 On that date the Commission learned that a  
16 cage cashier's drawer had come up short in the count.  
17 The boat agent asked Mr. Thompson to review the  
18 surveillance footing of that specific cashier during her  
19 previous shift to check for any irregularities and maybe  
20 find a reason why this cash came up missing.

21 The request was put in by our agent at  
22 9:15 a.m. that day. The review would admittedly be time  
23 consuming.

24 At 2:40 p.m. that same day the agent returned  
25 to Mr. Thompson for an update because he had not been

1 contacted by Thompson throughout the shift.

2 Thompson said that he did not conduct the  
3 review because it would take too much time and interfere  
4 with his table fill duty that day.

5 In reality his table fills, according to the  
6 daily log which was admitted into evidence, took up a  
7 total of 21 minutes of his time that day.

8 At hearing Mr. Thompson testified that he  
9 performed as much of the review as he could and that  
10 this particular Commission agent had an ongoing issue  
11 with the Security Department at Mark Twain Casino and  
12 accused them of passing the buck and being lazy on their  
13 shift.

14 The daily security log that was entered into  
15 evidence did show that Thompson started the video review  
16 at 9:17 a.m. However, the log also shows that he  
17 finished his task at 9:19 a.m., two minutes in between.

18 At issue is 11 CSR 45-10.010, which requires  
19 licensees to provide all information requested by the  
20 Commission.

21 Thompson's own daily log says that he spent  
22 only two minutes on the agent's request. Now, whether  
23 correct or not, there was some testimony of Thompson  
24 that he did as much as he could. It was Thompson's  
25 responsibility to ensure that his daily logs were

1 accurate.

2 As all of us who have been in some sort of  
3 reporting position know, if it's not logged in your  
4 report, it didn't happen.

5 Therefore, the hearing officer didn't find  
6 Thompson's testimony to be credible because it was  
7 inconsistent with the daily log presented.

8 Also, Mr. Thompson did not present any  
9 evidence at hearing that the proposed discipline was  
10 unreasonable. He didn't address that at all.

11 Therefore, it was the hearing officer's  
12 conclusion that he had violated Missouri law and  
13 affirmed the ten-calendar-day suspension that was  
14 proposed in the preliminary order.

15 I'll be happy to answer any questions.

16 CHAIRMAN KOHN: Any questions of Mr. Wolford?

17 Is Mr. Thompson here or his representative?

18 Is there a motion to adopt Resolution 16-056?

19 COMMISSIONER NEER: So moved.

20 COMMISSIONER JAMISON: Second.

21 CHAIRMAN KOHN: Discussion on the motion?

22 Angie.

23 MS. FRANKS: Commissioner Lombardo.

24 COMMISSIONER LOMBARDO: Approve.

25 MS. FRANKS: Commissioner Neer.

1 COMMISSIONER NEER: Approve.

2 MS. FRANKS: Commissioner Hale.

3 COMMISSIONER HALE: Approve.

4 MS. FRANKS: Commissioner Jamison.

5 COMMISSIONER JAMISON: Approve.

6 MS. FRANKS: Chairman Kohn.

7 CHAIRMAN KOHN: Approve.

8 MS. FRANKS: By your vote you've adopted  
9 Resolution No. 16-056.

10 CHAIRMAN KOHN: Mr. Wolford.

11 MR. WOLFORD: Thank you, Mr. Chairman.

12 For your consideration Resolution  
13 No. 16-057, the matter of TeAnna Glass.

14 I will state that although duly notified of  
15 the time and place of the hearing neither Ms. Glass, nor  
16 anyone on her behalf, appeared on the hearing date.

17 Ms. Glass had applied for a Level II  
18 occupational gaming license with the Commission. Part  
19 of the license process, specifically Question 14A, asks  
20 have you ever been arrested, detained, charged,  
21 indicted, convicted, pled guilty or no contest to any  
22 State, Federal, local crime or ordinance.

23 Ms. Glass first listed N/A on there, which  
24 generally means not applicable or no affirmative answer  
25 to that question.

1                   She had crossed it out and then disclosed  
2                   that in 2014 in Fairview Heights she was arrested for  
3                   driving while suspended and pled not guilty. She made  
4                   no further response to that question.

5                   And on the application there are at least  
6                   three different places on there where you sign your name  
7                   stating I have nothing further to say. Everything I've  
8                   said is accurate.

9                   The Commission investigated her application  
10                  and found that she failed to disclose three arrests, and  
11                  that would be in addition to the one that she did  
12                  disclose.

13                  These are three additional arrests ranging  
14                  from 2010 through 2011 for such things as violating bail  
15                  bond, driving while suspended or revoked and an  
16                  additional driving while suspended or revoked.

17                  It is the obligation of the perspective  
18                  licensee to prove their suitability to the Commission,  
19                  and by not disclosing three prior arrests when giving  
20                  ample -- when given ample opportunities to do so,  
21                  Ms. Glass has shown that she is unsuitable for  
22                  licensure, and the hearing officer recommends an  
23                  affirmation of her denial as a proper result in this  
24                  case.

25                  I'd be happy to answer any questions.

1                   CHAIRMAN KOHN:  What was the April 4  
2    decision?

3                   MR. WOLFORD:  That is the DOLA, the  
4    Disposition of Occupational License.  That is what the  
5    investigator issues to the perspective licensee saying  
6    we will either accept and grant you your full Level II  
7    license or we'll deny it and there's the reason.  And  
8    that was issued on that date.  That's what it was, the  
9    DOLA form.

10                  CHAIRMAN KOHN:  Any questions of Mr. Wolford?

11                  COMMISSIONER HALE:  If I might, Mr. Chairman.

12                  As I understand it there was a request for a  
13    hearing that was submitted by this applicant.  Correct?

14                  MR. WOLFORD:  Correct, Commissioner Hale.

15                  COMMISSIONER HALE:  And I assume that the  
16    address that we had arising from that request for  
17    hearing was the same address to which we sent our notice  
18    of hearing in Belleville, Illinois?

19                  MR. WOLFORD:  That is correct.

20                  COMMISSIONER HALE:  And that letter was  
21    returned?

22                  MR. WOLFORD:  Correct.

23                  And it is the obligation of the licensee to  
24    keep us apprised of --

25                  COMMISSIONER HALE:  Changes in address?

1 MR. WOLFORD: Sure.

2 COMMISSIONER HALE: And then thereafter I  
3 assume that there was no further contact with the  
4 applicant, particularly in connection with a followup to  
5 determine whether or not her hearing had been granted as  
6 requested?

7 MR. WOLFORD: That's correct.

8 COMMISSIONER HALE: Okay. Thank you.

9 CHAIRMAN KOHN: Any other questions?

10 Is Mr. Thompson here or his representative?

11 I'm sorry. Ms. Glass.

12 If not, is there a motion to approve

13 Resolution No. 16-057?

14 COMMISSIONER HALE: So moved.

15 COMMISSIONER LOMBARDO: Second.

16 CHAIRMAN KOHN: Discussion on the motion?

17 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: Approve.

1 MS. FRANKS: Chairman Kohn.

2 CHAIRMAN KOHN: Approve.

3 MS. FRANKS: By your vote you've adopted  
4 Resolution No. 16-057.

5 CHAIRMAN KOHN: Mr. Wolford, Tab E.

6 MR. WOLFORD: Thank you, Mr. Chairman.

7 For your consideration Resolution

8 No. 16-058, the matter of Judy Jason.

9 This is also an application case similar to  
10 the last one but Ms. Jason did show up at the hearing to  
11 present her evidence and argument.

12 She had made an application and on  
13 Question 14A she did disclose one incident of driving  
14 while suspended on April 20th, 2012 in Poplarville,  
15 Mississippi, and she said she subsequently pled guilty  
16 to that charge.

17 There were three prior arrests, however, that  
18 she did not disclose. And, again, after going through  
19 the application there are no less than three times on  
20 there where a person signs it, yes, we're sure this is  
21 accurate.

22 The investigation revealed arrests going back  
23 to 1995, 2000 and again in 2012. One was for theft and  
24 shoplifting out of Louisiana, 2001 was for aggravated  
25 battery and assault out of Louisiana, and then the

1 additional 2012 arrest was for a felony warrant out of  
2 Mississippi.

3 At hearing petitioner testified that she  
4 simply forgot about the arrest. She also said that  
5 she's been meaning to go down there to get the relevant  
6 information to show the Commission but has not yet done  
7 so.

8 The hearing officer found her testimony to be  
9 not credible that she forgot about these incidents. She  
10 could remember very specific details that had happened  
11 at the time of the hearing. It just didn't seem to me  
12 like she honestly forgot about it.

13 Therefore, she's unsuitable for licensure and  
14 I recommend the affirmation of the denial of her  
15 license.

16 CHAIRMAN KOHN: Any questions?

17 COMMISSIONER LOMBARDO: Yes.

18 So she actually had a felony conviction in  
19 Louisiana or Mississippi?

20 MR. WOLFORD: Correct. These were all  
21 arrests, but the record didn't indicate that they were  
22 disposed of as felonies. But the arrests were for  
23 felonies, yes, several different ones.

24 COMMISSIONER LOMBARDO: My question is, had  
25 she been totally honest and said, okay, I've got all of

1 this, would she have been eligible to get a license?

2 MR. WOLFORD: Not if it was an actual  
3 conviction, no, but that is a disqualifying factor for  
4 an occupational gaming license.

5 COMMISSIONER JAMISON: Did I understand that  
6 the arrest that we're talking about she spent ten days  
7 in jail before she was released from that arrest but  
8 that is the arrest she didn't remember or is that the  
9 arrest she did remember?

10 MR. WOLFORD: She was arrested for two  
11 separate charges on that day, one of them being the  
12 felony warrant. And although no evidence was presented,  
13 upon looking at the record of the MULE -- or the NLETS  
14 printout, it's not hard to infer that the reason why she  
15 was there for ten days was on the warrant, not for the  
16 driving while suspended.

17 The driving while suspended she could post  
18 bond on and get out, but the warrant they had to go  
19 through -- it was out of Louisiana, so they would have  
20 had to go through there, do their extradition  
21 procedures.

22 COMMISSIONER JAMISON: But she was held for  
23 ten days at the time of that arrest for the warrant and  
24 the driving while suspended?

25 MR. WOLFORD: Yes, correct.

1                   COMMISSIONER JAMISON: And she acknowledged  
2 that driving while suspended?

3                   MR. WOLFORD: She did, yes.

4                   COMMISSIONER JAMISON: But not the warrant  
5 arrest?

6                   MR. WOLFORD: Correct, not the warrant or the  
7 older cases out of Louisiana, the aggravated assault and  
8 battery and the theft.

9                   CHAIRMAN KOHN: Okay. So the information  
10 that she said she would get or could have gotten but  
11 didn't wasn't anything like everything is expunged and  
12 none of --

13                   MR. WOLFORD: She had indicated that there  
14 was something showing the disposition of the matters,  
15 and she suggested possibly that they were disposed of in  
16 her favor, but it still doesn't change the fact that she  
17 was arrested and the question asked for arrests, not  
18 simply convictions.

19                   CHAIRMAN KOHN: Any other questions of  
20 Mr. Wolford?

21                   Is Ms. Jason here or her representative?

22                   Is there a motion to approve

23 Resolution 16-058?

24                   COMMISSIONER JAMISON: So moved.

25                   COMMISSIONER NEER: Second.

1 CHAIRMAN KOHN: Any further discussion on the  
2 motion?

3 Angie.

4 MS. FRANKS: Commissioner Lombardo.

5 COMMISSIONER LOMBARDO: Approve.

6 MS. FRANKS: Commissioner Neer.

7 COMMISSIONER NEER: Approve.

8 MS. FRANKS: Commissioner Hale.

9 COMMISSIONER HALE: Approve.

10 MS. FRANKS: Commissioner Jamison.

11 COMMISSIONER JAMISON: Approve.

12 MS. FRANKS: Chairman Kohn.

13 CHAIRMAN KOHN: Approve.

14 MS. FRANKS: By your vote you've adopted

15 Resolution No. 16-058.

16 CHAIRMAN KOHN: Mr. Seibert.

17 EXECUTIVE DIRECTOR SEIBERT: The next order

18 of business is Consideration of Disciplinary Actions.

19 Mr. Ed Grewach will present.

20 MR. GREWACH: Thank you, Mr. Seibert,

21 Mr. Chairman, Commissioners.

22 Under Tab F we have a Preliminary Order of  
23 Discipline directed to the Ameristar Casino Kansas City  
24 for repeat audit findings.

25 The Commission conducted an audit covering

1 the period of January 2014 through July of 2015. The  
2 report of those findings to the casino had an exit  
3 interview on November the 13th, 2015.

4 Now, at that interview they're confronted  
5 with -- or shown the violations that have been found in  
6 the audit, and they then -- at that point in time the  
7 casino outlines the steps they are going to take to  
8 correct those deficiencies.

9 After that the Commission staff began a  
10 followup which started on March 29, 2015. In that  
11 followup they found three of the original findings that  
12 had not been corrected.

13 The first involved the failure by the casino  
14 to inspect cards after they were taken out of play. The  
15 reason for this rule is to inspect the cards for any  
16 kind of marks or defects.

17 If they are found and they're reported to the  
18 Commission agents, then the Commission agents can follow  
19 up to see if there is any evidence of any cheating,  
20 collusion or possibly regulatory violations from the  
21 result of those cards.

22 The original audit finding was that they  
23 failed to conduct inspections 46.6 percent of the times  
24 that were reviewed. In the followup the error rate was  
25 still at 42.8 percent of those times reviewed.

1                   The second audit finding involves a violation  
2 of Minimum Internal Control Standards S5.02. That rule  
3 requires the casino to limit system access to only those  
4 employees whose job duties require access to those  
5 systems.

6                   The purpose of that rule is to properly  
7 ensure segregation of duties and to restrict  
8 unauthorized access viewing or changing of accounts by  
9 employees.

10                   The initial audit finding found 45 employees  
11 in six different positions who had access to systems  
12 that were not consistent with their job descriptions.

13                   Those two systems were the OneLink system and  
14 the Oasis system. The OneLink system is a system that  
15 relates to progressive electronic gaming devices. The  
16 Oasis system is a slot accounting system.

17                   When we followed up we found that after the  
18 exit interview they had, in fact, deleted the access for  
19 the OneLink system but did not follow up and delete the  
20 access for the Oasis system.

21                   The third audit finding involved not  
22 following the proper procedures for credit transactions.

23                   The Minimum Internal Control Standard H21.03  
24 states that credit transactions shall only be performed  
25 by frontline window cashiers or main bank cashiers.



1 report. Right?

2 MR. GREWACH: That's correct.

3 COMMISSIONER LOMBARDO: The statement says a  
4 followup was conducted on March 29th, 2015. Do you mean  
5 2016?

6 MR. GREWACH: That's correct. That's a  
7 typographical error. It should be 2016.

8 COMMISSIONER LOMBARDO: And has there been a  
9 followup after that?

10 MR. GREWACH: Can I call on our Compliance  
11 Audit Manager, Leshia Kempker, to answer that?

12 COMMISSIONER LOMBARDO: Sure.

13 MS. KEMPKER: Leshia Kempker, Compliance  
14 Audit Manager.

15 Our audit team is currently at that property  
16 doing our compliance audit.

17 COMMISSIONER LOMBARDO: Do we know if there  
18 has been a correction of these audit deficiencies to  
19 date?

20 MS. KEMPKER: Yes, all of these issues have  
21 been corrected.

22 COMMISSIONER LOMBARDO: So they have now been  
23 corrected?

24 MS. KEMPKER: Yes.

25 CHAIRMAN KOHN: And you know that because of

1 the audit you're currently doing?

2 MS. KEMPKER: Correct.

3 CHAIRMAN KOHN: Any other questions?

4 Is there a motion regarding DC-16-212?

5 COMMISSIONER JAMISON: So moved.

6 CHAIRMAN KOHN: Is there a second?

7 COMMISSIONER HALE: I'll second it.

8 CHAIRMAN KOHN: Discussion on the motion?

9 Angie.

10 MS. FRANKS: Commissioner Lombardo.

11 COMMISSIONER LOMBARDO: Approve.

12 MS. FRANKS: Commissioner Neer.

13 COMMISSIONER NEER: Approve.

14 MS. FRANKS: Commissioner Hale.

15 COMMISSIONER HALE: Approve.

16 MS. FRANKS: Commissioner Jamison.

17 COMMISSIONER JAMISON: Approve.

18 MS. FRANKS: Chairman Kohn.

19 CHAIRMAN KOHN: Approve.

20 MS. FRANKS: By your vote you have adopted

21 DC-16-212.

22 CHAIRMAN KOHN: Ed, Tab G.

23 MR. GREWACH: Yes. Tab G is a Preliminary

24 Order of Discipline directed to Aristocrat Technologies,

25 Incorporated. They are a supplier of electronic gaming

1 devices.

2                   We have a Rule 5.210 that requires a supplier  
3 or manufacturer to report to the Commission any anomaly  
4 or malfunction regardless of what jurisdiction it takes  
5 place in within 48 hours.

6                   They also have an obligation to provide  
7 accurate information regarding to the game, including  
8 the probability account report sheet, which is commonly  
9 referred to as a PAR sheet, on the electronic gaming  
10 devices.

11                   One particular game theme that was supplied  
12 by Aristocrat for an electronic gaming device was  
13 designed to be used as a single denomination game.  
14 However, on the setup screen it indicated that there was  
15 an option to set it up as a multi-denomination game,  
16 and because of this the machines were set up incorrectly  
17 and were set up as multi-denomination games.

18                   The result of that was a problem where the  
19 machines failed to award the proper amount of free games  
20 to patrons.

21                   Now, this malfunction first occurred in  
22 Nevada in August of 2015, and obviously it was reported  
23 to the company, to Aristocrat, but they failed at that  
24 point in time to report it to the Commission and that  
25 was in violation of the rule.

1                   CHAIRMAN KOHN: To what Commission?

2                   MR. GREWACH: To the Missouri Gaming  
3 Commission, to us.

4                   So again, the rule requires them, even though  
5 the anomaly, malfunction occurred in Nevada, they had an  
6 obligation to report it to us within 48 hours.

7                   CHAIRMAN KOHN: Of August of 2015?

8                   MR. GREWACH: Correct.

9                   It occurred again in Colorado on  
10 December 2nd, 2015, and at that point in time they did  
11 report it to us, and we investigated it and found --

12                   COMMISSIONER JAMISON: I have a question the  
13 way that statement is written.

14                   Colorado just notified of one time. Correct?  
15 The way the sentence kind of reads is that Colorado  
16 notified them a second time but it's the second time  
17 cumulative with Nevada. Is that correct?

18                   MR. GREWACH: It was their second -- yeah,  
19 the second time they had been notified, once by Nevada,  
20 once by Colorado.

21                   COMMISSIONER JAMISON: Okay.

22                   MR. GREWACH: And so we found that there were  
23 eleven electronic gaming devices in Missouri that had  
24 been improperly configured because of this error, and  
25 the error was both in the instructions in the setup

1 screens when you configured the machine and also in the  
2 PAR sheet, which indicated that it was a multi-  
3 denomination game, and the recommended fine is \$5,000.

4 CHAIRMAN KOHN: Ed, I'm not sure I  
5 understand.

6 Are we fining them because they didn't report  
7 or because of the failure in the operation of the game?

8 MR. GREWACH: Because they did not report it.  
9 Had they reported it in August in 2015 when they found  
10 out about it from Nevada they would have been in  
11 compliance and there would not have been a violation at  
12 that time.

13 CHAIRMAN KOHN: But you said there were  
14 eleven machines in Missouri that were defective?

15 MR. GREWACH: That's correct, right.

16 CHAIRMAN KOHN: So we're not doing anything  
17 about that? We're just going by the failure to notify  
18 us?

19 MR. GREWACH: Correct. The failure to notify  
20 is the violation. They did correct those eleven  
21 machines and reconfigured them as single denomination.

22 CHAIRMAN KOHN: Within our approved rules and  
23 regulations?

24 MR. GREWACH: Yes.

25 So the machines are now in compliance. The

1 violation was not reporting that to us when Nevada  
2 notified them in August of 2015.

3           And you can see the reason for the rule to  
4 come into play there because had we known in August of  
5 2015, the machines would have been fixed in August of  
6 2015. Instead they weren't fixed until December. So  
7 they operated improperly during that four -- intervening  
8 four months.

9           CHAIRMAN KOHN: Did they notify Colorado when  
10 it happened in Nevada?

11           MR. GREWACH: I do not know that.

12           CHAIRMAN KOHN: Any other questions?

13           COMMISSIONER JAMISON: And this is just  
14 because I forget when it comes in the process.

15           Have they responded to -- have we contacted  
16 this and they responded to it or do they respond to  
17 this?

18           MR. GREWACH: No. Once the staff determines  
19 what fine they're going to recommend, we have sent a  
20 letter then to Aristocrat informing them of the  
21 violation, the fine we intend to recommend, and they did  
22 not respond to that.

23           COMMISSIONER JAMISON: Okay. So they had an  
24 opportunity to respond but we didn't get a response  
25 back?

1 MR. GREWACH: That's correct.

2 COMMISSIONER JAMISON: Okay. Thank you.

3 CHAIRMAN KOHN: Any other questions?

4 COMMISSIONER LOMBARDO: Ed, this may be  
5 unknowable but what's the percentage of compliance with  
6 suppliers actually reporting things like this that  
7 occurred in other states?

8 I mean, you may not know when it doesn't  
9 happen, but do you have a feeling about how good people  
10 are about reporting this stuff?

11 MR. GREWACH: I do not as you said. If it's  
12 not reported to us, then obviously, you know -- unless  
13 it comes to our attention from some other source we  
14 don't know.

15 I can tell you that it's not a very common  
16 violation. I think most of the companies have become  
17 pretty good at reporting, developing a matrix of who  
18 they have to report.

19 So when there is an incident like the Nevada  
20 one, and particularly as it pertains to Aristocrat, I  
21 know in the response to our investigation while that was  
22 going on, indicated they were putting some procedures in  
23 place to make sure -- or try to ensure that this didn't  
24 happen again.

25 Another company, for example, we had a

1 similar citing, just put into place a system where they  
2 notified us of every malfunction report they received  
3 from anywhere just to be safe, and that certainly then  
4 brought them into compliance. So it's not a very common  
5 violation.

6 CHAIRMAN KOHN: But there is no -- it's a  
7 question. Is there also an area of cooperation between  
8 states like Nevada finds out about this and they send  
9 out a notice saying, hey, Missouri, you need to know  
10 that Aristocrat is blah, blah, blah?

11 MR. GREWACH: I would like to call on Todd  
12 Nelson, our Gaming Enforcement Manager, to answer that  
13 question.

14 MR. NELSON: Todd Nelson, Gaming Enforcement  
15 Manager.

16 No, there is no process in place for what you  
17 speak about.

18 COMMISSIONER LOMBARDO: And we found out  
19 about this because after the Colorado violation they did  
20 report it, the company reported it?

21 MR. GREWACH: The company reported it to us.  
22 And they admitted when we talked to them that they  
23 missed it. They admitted they were wrong. They  
24 admitted they missed that August notification.

25 CHAIRMAN KOHN: Any other questions of Ed?

1 COMMISSIONER NEER: This was software?

2 MR. NELSON: Yes, sir, that is correct.

3 COMMISSIONER NEER: Were there any losses or  
4 inconvenience to Missouri properties because of the  
5 error in that software?

6 MR. NELSON: The game exhibited a  
7 3 percent -- it helped 3 percent more on this particular  
8 game. As soon as we identified it and placed it out of  
9 service, there is no way for us to identify the loss  
10 other than the 3 percent.

11 COMMISSIONER NEER: Thank you.

12 CHAIRMAN KOHN: Any other questions?

13 Is there a motion with regard to 16-213?

14 COMMISSIONER HALE: Mr. Chairman, I would  
15 move for the adoption of the staff recommendation  
16 relative to DC-16-213.

17 COMMISSIONER NEER: Second.

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

20 MS. FRANKS: Commissioner Lombardo.

21 COMMISSIONER LOMBARDO: Approve.

22 MS. FRANKS: Commissioner Neer.

23 COMMISSIONER NEER: Approve.

24 MS. FRANKS: Commissioner Hale.

25 COMMISSIONER HALE: Approve.

1 MS. FRANKS: Commissioner Jamison.

2 COMMISSIONER JAMISON: Approve.

3 MS. FRANKS: Chairman Kohn.

4 CHAIRMAN KOHN: Approve.

5 MS. FRANKS: By your vote you've adopted  
6 DC-16-213.

7 CHAIRMAN KOHN: Ed, H.

8 MR. GREWACH: Yes. Tab H is a Preliminary  
9 Order of Discipline directed to the Argosy Riverside  
10 Casino for incorrectly configuring 40 progressive  
11 electronic gaming devices to lock up at the top  
12 progressive award amount.

13 The electronic -- progressives are electronic  
14 gaming devices where you have a base game that you're  
15 playing, and it could be a stand-alone progressive or it  
16 could be a whole row or bank of machines that are all on  
17 one progressive that then have a display up above them  
18 that shows a progressive amount. And it has what they  
19 call a reset amount, which may be, let's say, \$500 or  
20 \$1,000 or \$50 or whatever it is.

21 Then it has a progression rate. So that  
22 every dollar played at the base game might add a penny  
23 to the progressive. So as everybody plays, that  
24 progressive amount goes up and up and up.

25 When a certain real strip combination is hit

1 on the slot machine, then that triggers the progressive,  
2 and then that player gets that progressive amount. Then  
3 it resets back to what it originally was.

4 Now, the Rule 5.200(2) requires a weekly  
5 reconciliation of the progressive amount that is on  
6 display, and the rule requires the casino to look at the  
7 actual amount listed from -- let's say we do it at  
8 Wednesday at 2:00 a.m.

9 So this Wednesday at 2:00 a.m. to next  
10 Wednesday at 2:00 a.m. we write down those two numbers  
11 and we write down the difference between those two  
12 numbers.

13 Then the rule requires the casino to go back  
14 and apply a formula, and that formula is you take the  
15 amount played, the coin in in the machine, and you  
16 multiply that by the progressive rate. Let's say again  
17 it's one penny for every dollar played. Then you  
18 subtract from that the jackpots won and you add back in  
19 the progression rate.

20 But in any event, there's an equation that  
21 requires you to subtract out the jackpot amount. Then  
22 you compare what your expected rate -- that's what you  
23 get from the formula to the actual rate number on the  
24 progressive to make sure everything ran right.

25 Well, in order for that to work the rule

1 requires that the machines be set to lock up and require  
2 a hand pay for any progressive jackpot that is hit.

3 CHAIRMAN KOHN: I missed what you said. It  
4 requires a hand what?

5 MR. GREWACH: A hand pay.

6 CHAIRMAN KOHN: A hand pay.

7 MR. GREWACH: So instead of the machine just  
8 kicking out a ticket, the machine locks up. The  
9 attendant from the casino comes and actually physically  
10 hand pays you.

11 Then what happens is that EGD slot attendant  
12 then writes down, records that jackpot, provides it to  
13 the revenue audit department, so then they can use that  
14 to plug in this equation I talked about.

15 What happened in this misconfiguration is the  
16 games had been set up to where they only lock up when  
17 you hit \$1,200, which is a taxable jackpot amount.

18 Well, the jackpot amount of these  
19 progressives was in many cases far lower than that. So  
20 you would be getting progressive jackpots that were paid  
21 out but were never recorded.

22 So then every time they did the  
23 reconciliation they were always a variance because they  
24 didn't have that one number to plug in. They didn't  
25 have recorded the jackpot amounts because they weren't

1 configured correctly, weren't locking up, weren't being  
2 written down, weren't being supplied to compliance  
3 audit.

4           On January 25th, 2016 this started with a  
5 patron questioning the amount on the progressive  
6 display, and that complaint came to the casino. Then  
7 the casino investigated it and found 40 of the  
8 progressive electronic gaming devices had been  
9 improperly configured as I described before.

10           So the result again was that the proper  
11 reconciliations weren't done. Now, it was complicated  
12 by the fact when those numbers were sent up to revenue  
13 audit, what would typically happen if there's a  
14 variation, a variance, a revenue audit would identify  
15 that, send it back down to the slot department.

16           And they would do one of these two things.  
17 They would either just adjust the progressive display to  
18 match it and/or they would start an investigation to see  
19 why did this occur, why do we have a variance between  
20 these two numbers.

21           But revenue audit in this case filtered out  
22 when it sent it back to slots anything that was under  
23 \$1,200. So then the slot department never knew about  
24 these variances, and that's why they went on until this  
25 customer brought it to their attention, and at that

1 point in time it was corrected. And the recommended  
2 fine is \$5,000.

3 COMMISSIONER JAMISON: I have a question.

4 CHAIRMAN KOHN: Yes, sir.

5 COMMISSIONER JAMISON: What length of time --  
6 do we know what length of time these 40 machines were  
7 installed until it was determined that -- so how long of  
8 a period were they not doing the reconciliation? Is  
9 that --

10 MR. GREWACH: Yeah. The 40 machines were all  
11 installed on different dates. The vast majority of them  
12 were in 2015, 2106. There were some that were a little  
13 bit older, but I don't have the exact timeframe.

14 COMMISSIONER JAMISON: But would this fail to  
15 reconcile, did it go on for a period of months or a  
16 period of weeks or -- I mean, I guess I'm trying to get  
17 a timeframe for the period of time that they failed to  
18 do the reconciliation that they were supposed to be  
19 doing.

20 Am I understanding the crux of your  
21 assertion, that they were not doing a reconciliation  
22 that they were supposed to have been doing?

23 MR. GREWACH: Correct, because they were  
24 doing them but for those two errors, you know, because  
25 they weren't -- you know, the information on the

1 jackpots --

2 COMMISSIONER JAMISON: They weren't doing  
3 them correctly?

4 MR. GREWACH: They weren't doing them  
5 correctly. At least a year and a half, two years.

6 COMMISSIONER LOMBARDO: Ed, who configured  
7 the machines? Was it the casino or a supplier?

8 MR. GREWACH: The casino.

9 COMMISSIONER LOMBARDO: Okay.

10 CHAIRMAN KOHN: Any other questions?

11 Anybody want to have Ed repeat how the whole  
12 thing works?

13 COMMISSIONER NEER: We can go to a gaming  
14 class and find out.

15 CHAIRMAN KOHN: Is there a motion regarding  
16 16-214?

17 COMMISSIONER NEER: Motion to approve.

18 COMMISSIONER HALE: Second.

19 CHAIRMAN KOHN: Discussion on the motion?  
20 Angie.

21 MS. FRANKS: Commissioner Lombardo.

22 COMMISSIONER LOMBARDO: Approve.

23 MS. FRANKS: Commissioner Neer.

24 COMMISSIONER NEER: Approve.

25 MS. FRANKS: Commissioner Hale.

1 COMMISSIONER HALE: Approve.

2 MS. FRANKS: Commissioner Jamison.

3 COMMISSIONER JAMISON: Approve.

4 MS. FRANKS: Chairman Kohn.

5 CHAIRMAN KOHN: Approve.

6 MS. FRANKS: By your vote you've adopted  
7 DC-16-214.

8 CHAIRMAN KOHN: Okay. Ed, the last one.

9 MR. GREWACH: Yes. Under Tab I we have a  
10 Preliminary Order of Discipline against Lumiere Place  
11 Casino for the violation of two rules, one Minimum  
12 Internal Control, Chapter E, Section 1.10, which  
13 requires a casino to ensure that all electronic gaming  
14 devices contain approved software.

15 And Minimum Internal Control Standard E1.03,  
16 that requires when the document called the -- there's a  
17 document called the entry access log which is referred  
18 to as machine entry access log, so the acronym is the  
19 MEAL book, to only use acronyms that are approved in the  
20 casino's internal controls.

21 On April the 28th, 2016 MGC staff discovered  
22 an electronic gaming device with revoked bill validator  
23 software. The software, in fact, had been revoked on  
24 October 22nd, 2010.

25 Now, the problems that led from soft-- led to

1 this software being revoked in the first place were a  
2 problem inaccurately reading bills and tickets. In  
3 other words, it might stack bills and not read the  
4 correct amount of money put into the machine.

5           The staff then started an investigation to  
6 determine the timeframe when the software was installed  
7 and identify the Level II licensee who was responsible  
8 for the error.

9           However, when we looked at the MEAL book, it  
10 had unapproved acronyms in that for entries into the  
11 machine. They were labeled guest op or some variation  
12 of that that wasn't defined in their internal controls.

13           The effect of that was, when we look at that,  
14 we don't know why someone went into that machine. Now,  
15 more than just being a technical rule to have the  
16 acronyms approved, this way, when we see if there's an  
17 acronym for -- let's say guest op was defined in their  
18 thing, we would know that, okay, here is this acronym  
19 used in the MEAL book. We know why the machine was  
20 accessed on that day and time and who did it.

21           But because of this and we didn't know what  
22 guest op meant we were unable to really determine which  
23 Level II licensee was responsible for the error.

24           In addition, this casino had four prior cases  
25 of revoked or unapproved software during the calendar

1 year 2015, the most recent of which resulted in a \$5,000  
2 fine. The recommendation on this case is a \$7,500 fine.

3 CHAIRMAN KOHN: Questions?

4 Is there a motion regarding DC-16-215?

5 COMMISSIONER LOMBARDO: Motion to approve.

6 COMMISSIONER JAMISON: Second.

7 CHAIRMAN KOHN: Discussion on the motion?

8 Angie.

9 MS. FRANKS: Commissioner Lombardo.

10 COMMISSIONER LOMBARDO: Approve.

11 MS. FRANKS: Commissioner Neer.

12 COMMISSIONER NEER: Approve.

13 MS. FRANKS: Commissioner Hale.

14 COMMISSIONER HALE: Approve.

15 MS. FRANKS: Commissioner Jamison.

16 COMMISSIONER JAMISON: Approve.

17 MS. FRANKS: Chairman Kohn.

18 CHAIRMAN KOHN: Approve.

19 MS. FRANKS: By your vote you've adopted

20 DC-16-215.

21 MR. GREWACH: Okay. Mr. Seibert.

22 EXECUTIVE DIRECTOR SEIBERT: The next order

23 of business is Consideration of Rules and Regulations.

24 Mr. Ed Grewach will present.

25 MR. GREWACH: Thank you, Mr. Seibert.

1           The rules -- and I want to first go through  
2 the rulemaking process because of the number of rules  
3 that are on here and kind of let you know how we got to  
4 where we are now.

5           CHAIRMAN KOHN: Let me ask another question.

6           All of the rules and regulations pertain to  
7 fantasy sports betting?

8           MR. GREWACH: No. Item No. 1 contains the  
9 liquor control and --

10          CHAIRMAN KOHN: Let's do those first and then  
11 we'll talk about fantasy sports.

12          MR. GREWACH: Okay. Would you like me to  
13 go through the whole process first?

14          CHAIRMAN KOHN: No. Why don't you do that  
15 when we get to the fantasy sports.

16          MR. GREWACH: Perfect.

17          The first item, which I would again suggest  
18 we take up separately, is an amendment to Liquor Control  
19 Rule 12.090.

20          As you know, by statute the Commission is the  
21 sole liquor licensing authority for casinos and any  
22 adjacent property operated by the casino, any adjacent  
23 outlet, restaurant, bar that the casino runs.

24          State Liquor Control then has jurisdiction  
25 over the balance of the liquor control outlets.

1                   Now, we've had input from industry that  
2 because the State Liquor Control rules, if they're  
3 different than ours, gives an advantage to competitors  
4 basically of the casino because they operate under  
5 different rules than we do.

6                   So we make an effort to the extent possible  
7 when there is a change in the State Liquor Control rules  
8 or statutes that we make a corresponding change to the  
9 extent we can and still protect the interests that we're  
10 protecting here.

11                   Now, this particular change that occurred for  
12 the State Liquor Control rules and laws was to allow  
13 self-dispensing liquor systems.

14                   And so we then drafted this proposed  
15 amendment which the Commission approved on August 31st,  
16 2016 to allow off the gaming floor a self-dispensing  
17 system which is monitored and patrolled by the licensee  
18 and required an employee of the licensee to first  
19 authorize an amount of beer or wine not to exceed  
20 32 ounces of beer or 16 ounces of wine per patron to be  
21 dispensed by a self-dispensing system.

22                   Now, that then went for a public comment  
23 period, written comment period, which began on October  
24 the 3rd and ended with a public hearing on November  
25 the 2nd, 2016. No comment was received on this proposed

1 amendment. If the Commission approves it, it will  
2 become effective on March the 30th, 2017.

3 COMMISSIONER LOMBARDO: How does the self-  
4 dispensing system work? Is there a chip or something  
5 that somebody has that will be recognized in terms of  
6 how many ounces have been poured?

7 MR. GREWACH: There are different delivery  
8 systems, so I really can't speak, you know, definitively  
9 to that.

10 I did discuss it with my counterparts in  
11 Liquor Control to talk to them about how it operates,  
12 and you have to get an authorization code in the ones  
13 that I spoke to him about from the server and then punch  
14 in the code and then the machine is calibrated to limit  
15 the amount dispensed to the amount restricted under the  
16 rule at that point in time.

17 CHAIRMAN KOHN: As I recall, we saw one on  
18 our tour and didn't understand it then either.

19 COMMISSIONER LOMBARDO: Well, I want to  
20 report to the Commission that I was out in California  
21 and I went to a place that had 52 beers and you get a  
22 little bracelet and you have a little chip and you put  
23 it up there and it keeps track of how much you pour and  
24 it works pretty well.

25 MR. GREWACH: There are different delivery

1 systems by vendors, and case by case as we looked at  
2 them we would just have to make sure they comply with  
3 the rule. It's the same rule the State has for all of  
4 the other outlets.

5 COMMISSIONER LOMBARDO: Just putting people  
6 on equal footings.

7 MR. GREWACH: That's the goal of this.

8 But we did not allow it on the gaming floor  
9 because there's a separate rule that prohibits  
10 intoxicated patrons on the gaming floor. So having more  
11 sensitivity to that issue we did not allow this kind of  
12 system on the gaming floor.

13 CHAIRMAN KOHN: So, Ed, procedurally I think  
14 there are three rulemaking orders that are nonfantasy  
15 sports related. Is that right?

16 MR. GREWACH: No. Just the one. This is the  
17 only one.

18 CHAIRMAN KOHN: So should we vote on this  
19 one?

20 MR. GREWACH: I would suggest that.

21 CHAIRMAN KOHN: Then can we vote on all of  
22 the others in a group?

23 MR. GREWACH: Yes, you can make one motion to  
24 adopt 2 through 17.

25 CHAIRMAN KOHN: Is there a motion to adopt

1 45-12.090?

2 COMMISSIONER JAMISON: So moved.

3 COMMISSIONER HALE: Second.

4 CHAIRMAN KOHN: Discussion?

5 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: Approve.

14 MS. FRANKS: Chairman Kohn.

15 CHAIRMAN KOHN: Approve.

16 MS. FRANKS: By your vote you've adopted the

17 Final Order of Rulemaking 11 CSR 45-12.090.

18 CHAIRMAN KOHN: Now, also all of the rest of

19 them are dealing with fantasy sports?

20 MR. GREWACH: Yes. 2 through 17 all deal

21 with fantasy sports.

22 CHAIRMAN KOHN: So what Ed and I have talked

23 about is Ed will go back -- even though he's done it

24 once, I think it will be helpful to us to explain the

25 entire process of how a rule becomes a law in effect and

1 then we'll also talk about what has occurred so far,  
2 including the public hearing and the changes that were  
3 requested, the changes that were requested which we are  
4 making or recommending and the changes that were  
5 requested which we're not recommending and you're going  
6 to focus on those.

7           Let me ask: Even though no one apparently  
8 has asked for permission to appear here this morning  
9 from the fantasy sports company, is there anyone here?

10           Okay. Ed, go ahead.

11           MR. GREWACH: The State statute, Chapter 536,  
12 outlines the legal requirements for the rule writing  
13 process in terms of public comment period, public  
14 hearings, publications.

15           Now, we go beyond that because whenever we're  
16 given a task like this to draft these regulations when  
17 House Bill 1941 passed to assign us to regulate this  
18 fantasy sports activity, we as a group bring in all of  
19 the subject matter experts and we communicate with the  
20 industry through the drafting process and we get their  
21 input through the drafting process early on, learn more  
22 about the companies, how they operate, so we can do a  
23 better job in drafting the rules. So after that process  
24 all takes place then we draft the proposed rules or  
25 proposed amendments.

1           Then those come to the Commission for  
2 approval, and that happened in this particular case on  
3 July 27th, 2016. So the Commission then at that point  
4 in time approves the proposed amendment or rules.

5           After that then by law there's a public  
6 written comment period, which in this case started on  
7 October the 3rd, 2016 and ended at the public hearing  
8 which took place on November the 2nd, 2016.

9           Now, for any particular rule if there is no  
10 public comment, then you'll see that the -- no comment  
11 at all. You'll see that the rule is not reprinted in  
12 your Final Order of Rulemaking.

13           If there is comment on the rule, then you'll  
14 see the comment on the rule, along with the change that  
15 was made and the explanation. So if it's a public  
16 comment asking for a change or for new language, you'll  
17 see the public comment and then you'll see our response.

18           And our response could be, yes, we'll make  
19 the change or our response may be, no, we can't make the  
20 change and here is the reasons why we cannot make those  
21 changes.

22           The statutes in Chapter 536 restrict our  
23 ability to change the language in proposed rules or  
24 amendments to only those changes that are in response to  
25 comments that are made.

1                   So as we look at a rule through the whole  
2 rulemaking process, we can only make changes in response  
3 to comments that have been made.

4                   So now the Final Order of Rulemakings come to  
5 you for your final decision, and in those you'll see  
6 rule by rule the comments and our responses to them.

7                   As the Chairman has indicated, my plan today  
8 is to just focus on the changes that we did not make and  
9 go over our reasoning for not making those, but  
10 obviously if any Commissioner has any questions on any  
11 particular rule, I'd be more than happy to review those.

12                   One that you'll see comment and change that  
13 you'll see throughout all these rules is that there were  
14 changes in the section numbers.

15                   When House Bill 1941 was passed the bill  
16 itself had specific section numbers assigned to each  
17 section of the statute.

18                   When it got to the reviser of statutes, the  
19 reviser changed those numbers. So every rule that we  
20 had referred to that original 1941 statute number for  
21 authority or rule we had that incorporated the statute  
22 by reference or a form that incorporated, referred to a  
23 statute number, those all had to be changed, and you'll  
24 see that running throughout all of the comments on each  
25 particular statute that we have.

1                   Now, when you look at Item Nos. 2 through 8,  
2 those are all rules that were existing rules and the  
3 changes just had to be made to add in a reference to  
4 fantasy sports.

5                   So I won't go through those unless there is  
6 any particular questions, because the actual new rules  
7 that specifically address fantasy sports start at Item  
8 No. 8 -- sorry -- Item No. 9 with 40.010.

9                   COMMISSIONER JAMISON: But 1.100 had a  
10 comment that we had to change. Correct?

11                   MR. GREWACH: Yeah. 1.100 had a comment that  
12 we did agree to and that came from Yahoo.

13                   Now, the situation -- and you'll see this in  
14 a later rule too that we'll address. Yahoo is a very  
15 large corporation, thousands of employees. They offer  
16 fantasy sports. But their fantasy sports operation is  
17 just a division within the company. It's not a separate  
18 legal entity.

19                   They had concerns about how broad the  
20 application was, because the statute requires that the  
21 applicant be a person or an entity. Well, the division  
22 of Yahoo's fantasy sports is not a separate entity, so  
23 the applicant would have to be Yahoo, Incorporated.

24                   So the releases that were signed and the  
25 information requested would all be for the entire

1 company and not this small division.

2                   And what their question specifically  
3 addressed to 1.100 was can the Commission -- does the  
4 Commission have the flexibility to change the  
5 application?

6                   Now, the application by the provisions of  
7 Chapter 536 has to be incorporated by reference into the  
8 rule. So that application is set. So the original  
9 draft of 1.100 gave the Commission the authority to  
10 waive a rule for a licensee but did not give the  
11 Commission the authority to waive a rule for an  
12 applicant.

13                   So to accommodate Yahoo's request -- if Yahoo  
14 came to us and said we would sure like you to limit the  
15 scope of Question 8 on the application, we would like  
16 you to change the scope of the release that we have to  
17 sign, 1.100 then gives us the ability to at least  
18 consider that. Now, whether we will or not as the  
19 request comes in, I mean, that's a separate issue all  
20 together but it gives us that authority.

21                   COMMISSIONER JAMISON: And would that waiver  
22 be handled by whom?

23                   MR. GREWACH: That waiver would be handled by  
24 the Executive Director.

25                   COMMISSIONER JAMISON: Okay.

1                   MR. GREWACH: And that is the change we  
2 agreed to in response to their concern.

3                   In 010 there was also a comment asking in the  
4 rules -- Yahoo asking us to change the definition of an  
5 operator, and the language they suggested was a person  
6 or entity that operates within the larger corporation.

7                   Our response was we can't do that because  
8 we're limited by statute. We can't alter or vary the  
9 operation of the statute. The applicant has to be a  
10 legally constituted entity.

11                   Now, if Yahoo Sports wanted to go out and  
12 form Yahoo Sports, LLC as a wholly owned subsidiary of  
13 Yahoo corporate, then that LLC could be the applicant,  
14 but we can't change the rule to vary from what the  
15 statutory requirement of the definition of an applicant  
16 be.

17                   On 40.020 --

18                   CHAIRMAN KOHN: Ed, I'm curious. Is Yahoo or  
19 some form of Yahoo going to be applying?

20                   MR. GREWACH: Not at this point in time  
21 because they still have that concern that they don't  
22 want to -- the current application, the current rule,  
23 would require them to disclose finances for the entire  
24 corporation on the application. They do not want that.  
25 And so at this point in time we have not received an

1 application from Yahoo.

2 CHAIRMAN KOHN: Okay.

3 MR. GREWACH: It's certainly possible after  
4 these rules are adopted they could come in with requests  
5 for variances and theoretically we could grant variances  
6 that would make them comfortable, but at this point in  
7 time given their legal structure they are not -- they  
8 have not applied.

9 CHAIRMAN KOHN: So we're not doing anything  
10 to make it easier for them either?

11 MR. GREWACH: We are to the extent that if  
12 they come to us with suggested changes or limitations to  
13 the application that we felt would still protect our  
14 ability to investigate and regulate the company, that we  
15 could have the legal authority to.

16 CHAIRMAN KOHN: Which would not require an  
17 amendment to the legislation?

18 MR. GREWACH: We cannot change the  
19 legislation.

20 CHAIRMAN KOHN: No. You're saying we can  
21 pass rules and regulations short of an amendment to the  
22 legislation that would allow them to become a vendor?

23 MR. GREWACH: Correct.

24 So if you look at their request saying we  
25 want you, MGC, in the rules to change the definition of

1 an applicant to be just a division within a larger  
2 corporation, we can't do that because the statute says  
3 otherwise.

4 But if they came to us and said we'd like for  
5 you to change the wording on Question 8 of an  
6 application to limit it to this information, we could do  
7 that, as long as we're comfortable that it does, again,  
8 give us the ability -- retain with us the ability to do  
9 our job.

10 So that's the change we made in response to  
11 Yahoo's concerns.

12 Are there any other questions?

13 COMMISSIONER LOMBARDO: Yes.

14 Ed, and just for context -- I don't want this  
15 to take any longer than this needs to, and I'm sure that  
16 is shared by everybody up here.

17 I noted on 010 that Yahoo had a concern and  
18 then the FanDuel and DraftKings also had a concern. Are  
19 we going to go through this by focusing on the concerns  
20 of a particular potential licensee or are we going to go  
21 through it section by section? How do you want to do  
22 that? What's the easiest?

23 MR. GREWACH: Section by section would be the  
24 easiest way to do it, because a lot of times you'll see  
25 the same concern expressed by all of the companies.

1                   COMMISSIONER LOMBARDO: Okay. And if I  
2 understand what Herb wants, we're going to talk  
3 specifically about where the potential licensees maybe  
4 wanted a change and the response was we can't do that?

5                   MR. GREWACH: Correct.

6                   COMMISSIONER LOMBARDO: So I think there was  
7 something else on 010 that we haven't talked about.

8                   MR. GREWACH: There was, you're correct. I  
9 jumped ahead too quickly because FanDuel and DraftKings  
10 both complained that the -- calculating the annual  
11 operation fee, which is 11 1/2 percent of the net  
12 revenue that the company pays to the State every year  
13 based on residency, could lead to double taxation.

14                   Because other states have taxes that are  
15 based on geolocation, specifically Tennessee and  
16 New York at this point in time.

17                   CHAIRMAN KOHN: Geolocation of what?

18                   MR. GREWACH: Of where the person is at the  
19 time they pay the entry fee.

20                   So if I'm a Missouri resident but I'm  
21 physically in Memphis and I submit an entry fee for  
22 fantasy sports to one of our licensees, that licensee  
23 will have to report that as revenue both to Tennessee  
24 and to Missouri. Because we base the revenue on  
25 residency. Tennessee bases it on geolocation.

1                   So that's their concern, but our response  
2 was, but the statute says that. The statute  
3 specifically says that the resident percentage, the net  
4 revenue and annual operating fee calculation is based on  
5 residency and it would take a statutory change and we  
6 don't have the authority to vary or modify that  
7 legislation.

8                   CHAIRMAN KOHN: Okay.

9                   MR. GREWACH: Any other questions on 010?

10                  COMMISSIONER LOMBARDO: No.

11                  MR. GREWACH: 020, similarly in the request  
12 concerning the makeup of their company they do list in  
13 their concerns about the makeup of the application,  
14 restricting the language that was required in the  
15 application and identifying the persons authorized to  
16 sign the application on behalf of a company.

17                  Our response to that was to tie it back to  
18 1.100. We fixed that in 1.100 to say if you want -- if  
19 you come to us with a specific request to modify the  
20 application, we can now consider that.

21                  So we didn't change -- instead of changing  
22 the rule and the application for everybody we said,  
23 okay, your particular -- peculiar circumstances,  
24 particular circumstances leads you to ask for us to make  
25 a modification to the application we will consider on a

1 case-by-case basis.

2           The second item, again, from Yahoo was that  
3 the release was too broad and they wanted us to change  
4 the form. Again, we referred back to the change we made  
5 in 1.100. Instead of just changing the form for  
6 everybody we're telling Yahoo, okay. If you want us to  
7 change, modify this release form in the application,  
8 make a request and we'll look at it on a case-by-case  
9 basis.

10           40.030 requires that patrons be allowed to  
11 withdraw funds from an account within five days. The  
12 comment indicated that the company has what they call  
13 site credits which cannot be withdrawn as cash. They  
14 asked for us to consider modifying the rule to  
15 specifically exclude the site credits.

16           However, the statute -- the rule mirrors the  
17 language of the statute that requires to be able to  
18 withdraw funds in their account within five days, and so  
19 we did not have the authority to waive or modify that  
20 statutory requirement, so we made no change in response  
21 to that request.

22           In Comments 2 and 3 the background is, first  
23 of all, that again, this rule mirrors the statute, and  
24 the statute identifies certain procedures that the  
25 licensee has to have approved by the Commission before

1 operating in Missouri.

2           So in furtherance of our ability to enforce  
3 and mandate compliance with this statutory section, the  
4 rule stated that once approved those procedures could  
5 not be changed without prior Commission approval.

6           The comment that was directed to that rule  
7 indicated that that requirement was too burdensome and  
8 proposed language and limited to changes that they would  
9 have to get prior approval for as those that -- and they  
10 use language, substantially altered the stated objective  
11 of the legislation.

12           Another comment was instead of getting  
13 preapproval to notify us within 15 days after the change  
14 was made.

15           Again, we can't waive or modify the operation  
16 of the statute. If you have a statute that says MGC has  
17 to approve these procedures before they were put into  
18 place, if we allow once we approve them then to change  
19 without our prior approval, then what the net effects of  
20 that is going to be you're going to have unapproved  
21 procedures in place for something that that particular  
22 section of the statute requires our approval. So we did  
23 not make any change in response to that request.

24           Moving on to 40.040. We have a requirement  
25 there that provides all information requested by the

1 Commission within seven days or less if the Commission  
2 so orders.

3           The comment, first of all, wanted to limit  
4 the information that we could obtain to information, and  
5 the term they use is pertaining to Missouri Fantasy  
6 Sports.

7           However, to do our job we need -- we may need  
8 to get documents, information concerning financial  
9 issues with companies, criminal history of employees.  
10 So limiting that information we could get would really  
11 severely restrict our ability to do our job to enforce,  
12 investigate violations and the financial condition of  
13 the company.

14           I can tell you this is the same rule we use  
15 on the casino statutes. It's been an extremely  
16 essential tool for us from a regulatory standpoint.  
17 It's impossible to sit here today and predict what kind  
18 of documents we would need, but our ability to get those  
19 is essential.

20           In addition, there is a separate section of  
21 the statute that gives us the power to subpoena any  
22 record we want. So, I mean, it's not records we're not  
23 going to get anyway. It's just puts an obligation on  
24 the licensee to deliver them without us having to go  
25 through any more formal procedure. So no change was

1 made in response to that comment.

2           The other complaint was the seven-day time  
3 limit. There was a comment suggesting we extend that to  
4 30. We didn't make a change to that because, first of  
5 all, the seven days is something we have discretion. If  
6 it's a large document, we have discretion if they say we  
7 need more time to grant that anyway.

8           If for every piece of information we wanted  
9 we had to wait 30 days to get it, you can see how that  
10 would really grind an investigation almost to a halt,  
11 that every time we wanted something more we had to wait  
12 another 30 days to get it. So we didn't make any change  
13 in response to that comment.

14           40.050. The statute in Section 313.920 lists  
15 a number of requirements that the fantasy sports  
16 licensees have to have in place. They don't require  
17 prior approval but they still require us to enforce,  
18 ensure compliance with the statutory requirements.

19           And the rule was adopted in furtherance of  
20 that duty and required them if they change these  
21 procedures that are in place -- and these relate to age  
22 verification, parental controls, self exclusions, that  
23 type of thing, that they notify us within five days of  
24 the date that the change was made.

25           Their response was or comment was that it

1 would create a high overhead and they wanted an  
2 exception for the temporary testing of certain software  
3 systems, but from our point of view we need to know at  
4 any one particular time, you know, what their procedures  
5 are to make sure we can investigate a complaint and make  
6 sure we can see that those procedures do comply with the  
7 statutory requirement.

8           The section also in 313.329 has a requirement  
9 that the licensee adopt commercially reasonable steps to  
10 confirm an individual opening an account is not a minor.  
11 So the statute requires that you check age verification  
12 at the time that you open an account.

13           The comment was from DraftKings that we only  
14 verify age at the time of funding. We allow anyone to  
15 open an account, but then when they put money in, that  
16 that's when we do the age verification.

17           Unfortunately it just doesn't comply with the  
18 statute. The statute very clearly requires that age  
19 verification be done at the time the account is opened,  
20 so we made no change in response to that.

21           Should I proceed, Chairman, or wait for the  
22 Commissioner?

23           CHAIRMAN KOHN: No. Go ahead.

24           MR. GREWACH: 40.060. 313.915.3 requires  
25 procedures to make it clear that funds are not -- the

1 player funds are not the property of the licensee, not  
2 available to licensee's creditors and maintain a cash  
3 reserve equal to player accounts.

4 40.060 then sets up a framework for  
5 compliance with those statutory sections, offers two  
6 options. The first is to maintain a separate cash  
7 reserve in an amount equal to the amount of your player  
8 deposits.

9 In that option that cash reserve would be  
10 something that you couldn't withdraw any money from  
11 without the Commission's approval.

12 The second option is to set up a separate  
13 special purpose entity where the player accounts would  
14 be held. And in that entity there are certain  
15 guidelines you'll see in the rule to protect it from  
16 creditors to keep it -- to protect it from any  
17 bankruptcy claim.

18 One of the comments in the rule further  
19 provides that we get a monthly reconciliation of the  
20 amount in the cash reserve compared to the amount in the  
21 player accounts to make sure that the money is covered  
22 in there.

23 Their complaint comment was that that was  
24 overly burdensome and expensive to comply with, and they  
25 suggested separately either a quarterly or three or six-

1 month reconciliation with us.

2                   But in the public hearing the information  
3 from the industry was that they do go ahead on their own  
4 and do reconciliations of the player accounts with the  
5 bank accounts on a monthly basis, so we didn't see where  
6 it would be overly burdensome for them to share that  
7 information with us monthly.

8                   CHAIRMAN KOHN: So the bank accounts are at a  
9 bank of their choice?

10                   MR. GREWACH: The bank accounts are a bank of  
11 their choice in the name of the special purpose entity.  
12 So they'd have an operating company and they'd have a  
13 separate company that would be the player account  
14 company.

15                   So the bank accounts would be at their bank.  
16 Of course we'd have some limitations, federally insured,  
17 et cetera, that would -- it would be titled in the  
18 player account company.

19                   And then as you know, what they do is their  
20 revenue comes from the fact that they keep a certain  
21 percentage of all entry fees, just like you would a rake  
22 in a poker game. Let's say it's 10 percent.

23                   So if a thousand dollars is entered in this  
24 game, they only pay out \$900 in prizes. So at the end  
25 of any one particular month they can go in and look and

1 see how much is owed to players and how much is in this  
2 bank account, and the difference is their 10 percent.  
3 The difference is their rake. And then they move that  
4 money over from the player account company to the  
5 operating.

6 CHAIRMAN KOHN: So what happens if one of  
7 these companies goes under? Is there any chance that  
8 the players would not recover their money?

9 MR. GREWACH: There is always that chance,  
10 and this rule is designed to try to limit that, and the  
11 monthly reporting is also designed to limit that.

12 If we didn't know -- if we didn't know  
13 until -- if this account was deficient and we didn't  
14 know until six months later, our chance of mitigating  
15 that loss to the players would be very, very small.  
16 But, I mean --

17 CHAIRMAN KOHN: So our only protection is  
18 that they're not required to put up a bond of any kind?

19 MR. GREWACH: The statute did not authorize a  
20 bond or irrevocable letter of credit.

21 COMMISSIONER LOMBARDO: But if I understand  
22 correctly, if the system works, they can only get  
23 30 days behind so to speak?

24 MR. GREWACH: Correct.

25 COMMISSIONER LOMBARDO: And what if they

1 don't report timely on the 30 days? What are the  
2 possible sanctions at that point?

3 MR. GREWACH: Well, that would be a violation  
4 and we would have authority under the statute to  
5 initiate a disciplinary action against them.

6 COMMISSIONER LOMBARDO: Which would include  
7 what, suspending them?

8 MR. GREWACH: Right. And there is also --

9 COMMISSIONER LOMBARDO: Suspending their  
10 operations?

11 MR. GREWACH: There is also, when you look  
12 back at 13.050, there is a provision in our rules for an  
13 emergency suspension of a license.

14 So we could under those circumstances step in  
15 and immediately suspend their license, and then there is  
16 provisions in the rule where if that happens, we then  
17 become the receiver on that account.

18 And we have the authority under that rule to  
19 then interplead in Cole County that money for the  
20 players' benefit, which is a lot easier said than done,  
21 but that's the only really method as we looked at that  
22 that we could address that situation.

23 What if they lose their license? What if  
24 there is an insufficient amount? What if we have to  
25 step in? And that would be the process.

1                   CHAIRMAN KOHN: So we never get control of  
2 their money without going to court first?

3                   MR. GREWACH: Correct. Correct. We would  
4 have to go to court, file an interpleader with those  
5 funds.

6                   Moving on to 40.100 on the audits. The  
7 comment is that the requirement -- the statute requires  
8 that they have an independent audit, sets forth the  
9 scope of the audit and requires them to file that with  
10 the Commission by March 1st of each year for the  
11 company's prior fiscal year.

12                   Their comment is that's burdensome. That's  
13 too quick a turnaround for an independent audit to take  
14 place and get reported. Our response is that's what the  
15 statute says. We once again cannot vary or modify.

16                   CHAIRMAN KOHN: And this is a little bit off  
17 the subject, but it makes me think as you talk about the  
18 protection or lack of protection.

19                   And I don't know any more than what has been  
20 in the paper about the financial problems that both  
21 DraftKings and FanDuel are having.

22                   Are we looking into that?

23                   MR. GREWACH: We are following that. And, of  
24 course, their applications are pending, so we're  
25 currently looking at their financials. Now, neither one

1 are licensed yet. They're operating under the terms of  
2 the statute where they're grandfathered in.

3 But in terms of whether to license them we  
4 will look at their financial status, and then once  
5 they're licensed will continue to monitor that as we do  
6 all licensees as necessary.

7 And the reason of the detail in that rule for  
8 the reserve accounts is doing our best effort to make  
9 sure it's protected, and if they did file bankruptcy,  
10 that those funds in the player account company would not  
11 be an asset of the bankruptcy estate, to have enough  
12 separation, enough protections built in.

13 I did send our rule to the Attorney General's  
14 Office. They have subject matter experts there on  
15 bankruptcy to review it before we implemented that to  
16 make sure we had a comfort level that in case of a  
17 bankruptcy the players' funds would not be -- part of  
18 the bankruptcy estate would not go to creditors.

19 COMMISSIONER LOMBARDO: What is the  
20 timeframe? When will the staff's recommendation with  
21 regard to licensure of these companies come before the  
22 Commission, do you think?

23 MR. GREWACH: We don't have one yet. We only  
24 have one company, one of the smaller operators that  
25 actually has gotten us all of the information we've

1 requested.

2                   So the variable there, to answer your  
3 question, is we don't know when we're going to get all  
4 this information from them, and the bigger companies may  
5 very likely take a longer time to investigate than the  
6 smaller ones. But as of today we only have one company  
7 that has given us everything the application asks for.

8                   They all when they filed them were missing  
9 information. We have -- so all of them sent  
10 correspondence saying we need this, miss this, we need  
11 this. And, again, only one of them has -- is in a  
12 position where we can start.

13                   COMMISSIONER JAMISON: But does this  
14 grandfather license go on for -- I mean, is it bound by  
15 a period of time if they drag their feet and don't give  
16 us the information? Are they entitled to this  
17 grandfather license if they're not cooperating with the  
18 actual license application?

19                   MR. GREWACH: The statutory language is that  
20 they're grandfathered in until their license has been  
21 granted or denied.

22                   So the question would be if -- because there  
23 is a rule that says they have to give us information as  
24 requested. At what point in time would they be  
25 delinquent enough that we could justify a denial of the

1 license? So it wouldn't go on forever, but when do you  
2 cross that line is not really a --

3 COMMISSIONER JAMISON: That's a discussion  
4 that we could have down the road as a Commission, that  
5 if we determined that entities were not trying to be  
6 timely or it appeared that they're continuing to operate  
7 on their grandfather license, that we could take notice  
8 and go to a denial process if they didn't follow up on  
9 that notice?

10 MR. GREWACH: That's correct.

11 COMMISSIONER LOMBARDO: The same question as  
12 Brian really.

13 I have a concern, just reading what I read in  
14 the press, that they're operating in the state of  
15 Missouri and they're going through the licensure process  
16 but there is no finite end to it; however, they're  
17 operating with whatever safeguards we have yet. We  
18 don't really know everything about their financial  
19 condition.

20 MR. GREWACH: That's correct.

21 Now, the way the statute is structured,  
22 grandfathering them in did that have that effect of --  
23 internally our interest is in getting the licensing  
24 process done as quickly as possible because there's a  
25 lot in the statute that addresses licensee's

1 responsibilities but doesn't necessarily address an  
2 applicant's responsibilities.

3 Now, one thing in the statute that does also  
4 go to the applicant, the ones that are grandfathered in,  
5 is that they have to pay the annual operating fee by  
6 April the 15th, 2017.

7 The report to us under our rule for showing  
8 their revenue and the resident percentage and their  
9 calculation of their annual operating revenue fee is due  
10 to us on January 15, 2017.

11 So we will know -- at that point in time  
12 we'll have a little clearer picture of, you know, who is  
13 in compliance and really what the numbers are, what the  
14 numbers look like as far as revenues and where they're  
15 at.

16 COMMISSIONER JAMISON: But when you say we  
17 know if they're in compliance, will they have had to  
18 conduct an audit for that under this grandfather? Will  
19 they have to conduct that audit and provide that to us  
20 by March 1st under the grandfather clause even though  
21 they're not?

22 MR. GREWACH: That's a very good question.

23 COMMISSIONER JAMISON: That's why I asked it.

24 COMMISSIONER LOMBARDO: Well, if they're  
25 grandfathered in, shouldn't all of the rules we just

1 talked about apply to them even now?

2 COMMISSIONER JAMISON: But we had emergency  
3 rules that we put in place that they're falling under  
4 which mimic these.

5 MR. GREWACH: Correct. Right.

6 The rules aren't the problem. The statute is  
7 the problem. The statute is statutory compliance.

8 COMMISSIONER JAMISON: So do you have an  
9 answer to my good question or an opinion?

10 MR. GREWACH: I don't at this point in time.  
11 I think that's an issue that we really need to look at,  
12 and we haven't really formed a final legal opinion on  
13 that.

14 COMMISSIONER LOMBARDO: For instance, Ed, are  
15 we getting the 30-day reports now on these entities?

16 MR. GREWACH: No.

17 COMMISSIONER LOMBARDO: They're operating in  
18 the state of Missouri. They're supposed to have a  
19 separate account. We're supposed to know every 30 days  
20 according to this rule. Is this what is going on now?

21 MR. GREWACH: No, not at this point in time.

22 COMMISSIONER LOMBARDO: Okay. That's a  
23 problem.

24 COMMISSIONER JAMISON: I think it's -- as a  
25 Commission -- and I'm just speaking for myself here, not

1 as the Commission -- but there are two parts of this.  
2 One is their ability to get themselves prepared to be  
3 licensed and our ability to process that, and that's two  
4 different timeframes.

5           But I think at least from my point, I think  
6 as a Commission we need to examine the part on what they  
7 are or aren't doing to put themselves in a positive  
8 position to be licensed. If they're not doing that, I  
9 think we need to review that and take a look at that as  
10 a Commission.

11           CHAIRMAN KOHN: Ed, I think what you're  
12 hearing from several of us is a level of concern about  
13 what is going on both under the existing law and  
14 possibly under the rules yet to be adopted with what we  
15 hear. It may be hearsay.

16           But I'm wondering if you could come up with a  
17 suggested process that would take care of the current  
18 situation; in other words, operating under the  
19 grandfather rules until the new rules are in effect, and  
20 do so as quickly as possible so we will have done our  
21 due diligence as much as we can in fixing what is an  
22 apparent unattended consequence of the grandfather  
23 versus a public hearing process for the new rules.  
24 There is a gap there.

25           MR. GREWACH: There is. And, you know, I

1 can't talk about a specific applicant because it's a  
2 closed record under the statute.

3 But I can tell you in general these are the  
4 documents we're waiting for, you know. I mean, there  
5 are some applicants that don't even have a special  
6 purpose entity or reserve fund, you know, set up or they  
7 haven't shown us that yet. So we're saying, send us  
8 your account. Send us your account agreements. Send us  
9 that type of information.

10 So there may be some that we look at and say,  
11 you know, you're not in compliance at this point in  
12 time. You know, we can't grant your application if you  
13 don't do -- set this up according to the rule, but we  
14 haven't got that far in the application process.

15 COMMISSIONER JAMISON: But unless as a  
16 Commission we make a stand of deadlines, there is no  
17 deadline -- you can say you need to submit this, but if  
18 you don't have what I would view as a Commission-imposed  
19 deadline, then they're going to get it to you. As long  
20 as they've promised it to you, how are they out of  
21 compliance?

22 CHAIRMAN KOHN: There's a lot of moving  
23 parts, including the reputed merger of the two big guys.  
24 And I don't expect you to say, okay, here is what we  
25 should do, but I would like you and staff to come up

1 pretty immediately with a list of recommendations as to  
2 whether this is -- and I don't know that there is, but  
3 if there is, how do we reconcile this unintended  
4 loophole that we seem to be operating in.

5 MR. GREWACH: We will certainly meet and  
6 address that and have a report back to you.

7 CHAIRMAN KOHN: Thank you.

8 Anything else on this before we go on?

9 COMMISSIONER JAMISON: I mean, you brought  
10 up and that's a whole separate question, but what  
11 happens -- forget that. It's way too long.

12 CHAIRMAN KOHN: Let's move on, Ed.

13 MR. GREWACH: That's all I had on the rules  
14 believe it or not.

15 CHAIRMAN KOHN: Before I ask for a motion,  
16 are there any further questions of Ed?

17 I'm going to make this easier for you, Brian.

18 Will you make a motion to adopt 11 CSR  
19 45-1.100, 3.010, 13.054, 13.055, 13.065, 17.030, 17.040,  
20 40.010, 40.020, 40.030, 40.040, 40.050, 40.060, 40.070,  
21 40.090 and 40.100? Don't say no.

22 COMMISSIONER JAMISON: Yes, I so move.

23 CHAIRMAN KOHN: Is there a second?

24 COMMISSIONER NEER: Second.

25 CHAIRMAN KOHN: Discussion on the motion?

1 Angie.

2 MS. FRANKS: Commissioner Lombardo.

3 COMMISSIONER LOMBARDO: Approve.

4 MS. FRANKS: Commissioner Neer.

5 COMMISSIONER NEER: Approve.

6 MS. FRANKS: Commissioner Hale.

7 COMMISSIONER HALE: Approve.

8 MS. FRANKS: Commissioner Jamison.

9 COMMISSIONER JAMISON: Approve.

10 MS. FRANKS: Chairman Kohn.

11 CHAIRMAN KOHN: Approve.

12 MS. FRANKS: By your vote you've adopted the  
13 Final Orders of Rulemaking 11 CSR 45-1.100, 3.010,  
14 13.054, 13.055, 13.065, 17.030, 17.040, 40.010, 40.020,  
15 40.030, 40.040, 40.050, 40.060, 40.070, 40.090 and  
16 40.100.

17 CHAIRMAN KOHN: Mr. Seibert.

18 EXECUTIVE DIRECTOR SEIBERT: The next order  
19 of business is Consideration of Petition for Change of  
20 Control. Mr. Ed Grewach will present.

21 MR. GREWACH: Thank you.

22 Under Tab K we have a joint petition for  
23 approval of change of control filed by ZCapital Group,  
24 LLC and Affinity Gaming.

25 By way of background Affinity Gaming is our

1 Class A licensee. They're the corporate entity that  
2 owns two of our Class B casinos, St. Jo Frontier Casino  
3 and the Mark Twain Casino.

4 This is the third request. We've twice  
5 before approved petition for change of control filed by  
6 ZCapital. The rule requires a petition to be filed when  
7 the company goes over 25 percent.

8 Now, they currently at this point in time own  
9 41.14 percent of the company. They have a contract to  
10 acquire substantially all of the remaining shares of  
11 stock in the company. After the closing Affinity would  
12 continue as the Class A licensee, would not affect the  
13 status of them or the two casinos as a Class B licensee.

14 ZCapital's President and CEO, Mr. James  
15 Zenni, would be the sole board member, and he and  
16 ZCapital both are already licensed as key business  
17 entities and a keyperson respectively.

18 As I've indicated, they had twice before  
19 obtained approval from the Commission for change of  
20 control when they -- first in January of 2012 when they  
21 went up to 38 percent and then in January of 2015 when  
22 they went from 39 to 40 percent.

23 Also after the transaction the company will  
24 change from a publicly traded to a privately traded  
25 company.

1 CHAIRMAN KOHN: Any questions?  
2 Is there any reason not to do this?  
3 MR. GREWACH: No. Staff saw no objection or  
4 concern.  
5 EXECUTIVE DIRECTOR SEIBERT: Staff does  
6 recommend approval, Mr. Chairman.  
7 CHAIRMAN KOHN: Is there any questions of Ed?  
8 Is there a motion to adopt Resolution 16-059?  
9 COMMISSIONER JAMISON: So moved.  
10 COMMISSIONER LOMBARDO: Second.  
11 CHAIRMAN KOHN: Discussion on the motion.  
12 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: Approve.  
21 MS. FRANKS: Chairman Kohn.  
22 CHAIRMAN KOHN: Approve.  
23 MS. FRANKS: By your vote you've adopted  
24 Resolution No. 16-059.  
25 MR. GREWACH: Thank you.

1 CHAIRMAN KOHN: Good job, Ed.

2 MR. GREWACH: Thank you.

3 CHAIRMAN KOHN: Mr. Seibert.

4 EXECUTIVE DIRECTOR SEIBERT: Believe it or  
5 not we do have more staff than Ed Grewach.

6 Consideration of Relicensure of Certain  
7 Suppliers, and Trooper John Masters will present.

8 CHAIRMAN KOHN: Good morning, Trooper.

9 TROOPER MASTERS: Good morning, Gentlemen.

10 Missouri State Highway Patrol investigators  
11 conducted the relicensing investigation of three  
12 supplier companies currently licensed in Missouri.

13 These investigations consisted of  
14 jurisdictional inquiries, feedback from affected gaming  
15 company clients, a review of disciplinary actions,  
16 litigation, business credit profiles, as well as a  
17 review of key persons associated with each company.

18 The results of these investigations were  
19 provided to the MGC staff for their review and you  
20 possess comprehensive summary reports before you which  
21 outline our investigative findings for each company.

22 The following supplier companies are being  
23 presented for your consideration: Gaming Laboratories  
24 International, LLC; Lightning Slot Machines, LLC and  
25 House Advantage, LLC.

1 Thank you.

2 CHAIRMAN KOHN: And we need to do this one at  
3 a time.

4 TROOPER MASTERS: They're three separate  
5 resolutions.

6 CHAIRMAN KOHN: Do you have any comments  
7 about any of the three as to any reason not to do it?

8 Is there a motion to approve 16-060?

9 COMMISSIONER HALE: So moved.

10 COMMISSIONER LOMBARDO: Second.

11 CHAIRMAN KOHN: Discussion on the motion?  
12 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: Approve.

21 MS. FRANKS: Chairman Kohn.

22 CHAIRMAN KOHN: Approve.

23 MS. FRANKS: By your vote you've adopted  
24 Resolution No. 16-060.

25 CHAIRMAN KOHN: Is there a motion to 16-061?

1 COMMISSIONER HALE: So moved.

2 COMMISSIONER LOMBARDO: Second.

3 CHAIRMAN KOHN: Discussion on the motion?

4 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: Approve.

13 MS. FRANKS: Chairman Kohn.

14 CHAIRMAN KOHN: Approve.

15 MS. FRANKS: By your vote you've adopted

16 Resolution No. 16-061.

17 CHAIRMAN KOHN: And any questions of Trooper

18 Masters on the last one, House Advantage?

19 Is there a motion to approve 16-062?

20 COMMISSIONER HALE: So moved.

21 COMMISSIONER LOMBARDO: Second.

22 CHAIRMAN KOHN: Discussion on the motion?

23 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 MS. FRANKS: By your vote you've adopted  
10 Resolution No. 16-062.

11 CHAIRMAN KOHN: Mr. Seibert.

12 EXECUTIVE DIRECTOR SEIBERT: The next order  
13 of business is Consideration of Level I and key  
14 applicants. Sergeant Jason McTheeney will present.

15 SERGEANT MCTHEENEY: Mr. Chairman and  
16 Commissioners, good morning.

17 CHAIRMAN/COMMISSIONERS: Good morning.

18 SERGEANT MCTHEENEY: Missouri State Highway  
19 Patrol investigators, along with Missouri Gaming  
20 Commission financial investigators, conducted  
21 comprehensive background investigations on multiple key  
22 and Level I applicants.

23 The investigations included, but were not  
24 limited to, criminal, financial and general character  
25 inquiries which were made in the jurisdictions where the

1 applicants lived, worked and frequented. The following  
2 applicants are being presented for your consideration:  
3 Walter Anthony Bogumil, Chief Financial Officer and  
4 Treasurer, Affinity Gaming, LLC; Elizabeth Lynne  
5 Cochran, Officer-Secretary, Modern Gaming, Incorporated;  
6 Claudio Marco Demolli, Senior Vice President and  
7 Treasurer, International Game Technology, PLC; Philip  
8 Robert Erlanger, Director, Caesars Acquisition Company;  
9 Jon Ibarguen, Vice President of Finance and Chief  
10 Financial Officer, Argosy Riverside Casino; and David  
11 Anthony Reganato, Chairman of the Board of Directors,  
12 Affinity Gaming, LLC.

13           The results of these investigations were  
14 provided to the MGC staff for their review and you have  
15 all related summary reports before you.

16           Thank you.

17           EXECUTIVE DIRECTOR SEIBERT: Staff does  
18 recommend approval.

19           CHAIRMAN KOHN: Okay. Any questions of  
20 Sergeant McTheeney?

21           Is there a motion to approve  
22 Resolution 16-063?

23           COMMISSIONER JAMISON: So moved.

24           COMMISSIONER NEER: Second.

25           CHAIRMAN KOHN: Discussion on the motion?

1 Angie.

2 MS. FRANKS: Commissioner Lombardo.

3 COMMISSIONER LOMBARDO: Approve.

4 MS. FRANKS: Commissioner Neer.

5 COMMISSIONER NEER: Approve.

6 MS. FRANKS: Commissioner Hale.

7 COMMISSIONER HALE: Approve.

8 MS. FRANKS: Commissioner Jamison.

9 COMMISSIONER JAMISON: Approve.

10 MS. FRANKS: Chairman Kohn.

11 CHAIRMAN KOHN: Approve.

12 MS. FRANKS: By your vote you've adopted

13 Resolution No. 16-063.

14 CHAIRMAN KOHN: Thank you, Sergeant.

15 Mr. Seibert.

16 EXECUTIVE DIRECTOR SEIBERT: Next we have

17 Consideration of Waiver of Institutional Investors.

18 Ms. Maggie White will present.

19 MS. WHITE: Mr. Chairman, Commissioners,

20 behind Tab P is a resolution regarding waiver of

21 licensure for an institutional investor holding and

22 requesting to hold publicly traded interests of up to

23 20 percent in gaming licensees.

24 This investor has submitted a request for

25 waiver to hold interest in these licensees in compliance

1 with 11 CSR 45-4. The submitted waiver request  
2 certifies the holding is for institutional investment  
3 purposes only, with no intent to be involved in the  
4 management or operation of the licensee.

5 Because the holdings made exceed the  
6 10 percent threshold for which the Executive Director  
7 may grant a waiver, this resolution is before the  
8 Commission today. Resolution No. 16-064 is for FMR,  
9 LLC.

10 I'd be happy to answer any questions.

11 CHAIRMAN KOHN: Staff recommends approval.

12 EXECUTIVE DIRECTOR SEIBERT: Yes, sir.

13 CHAIRMAN KOHN: Any questions?

14 COMMISSIONER JAMISON: No, sir.

15 CHAIRMAN KOHN: Is there a motion to adopt  
16 Resolution 16-064?

17 COMMISSIONER HALE: So moved.

18 COMMISSIONER LOMBARDO: Second.

19 CHAIRMAN KOHN: Discussion on the motion?  
20 Angie.

21 MS. FRANKS: Commissioner Lombardo.

22 COMMISSIONER LOMBARDO: Approve.

23 MS. FRANKS: Commissioner Neer.

24 COMMISSIONER NEER: Approve.

25 MS. FRANKS: Commissioner Hale.

1 COMMISSIONER HALE: Approve.

2 MS. FRANKS: Commissioner Jamison.

3 COMMISSIONER JAMISON: Approve.

4 MS. FRANKS: Chairman Kohn.

5 CHAIRMAN KOHN: Approve.

6 MS. FRANKS: By your vote you've adopted  
7 Resolution No. 16-064.

8 CHAIRMAN KOHN: Mr. Seibert.

9 EXECUTIVE DIRECTOR SEIBERT: The next order  
10 is Reconsideration of Relicensure of Certain Bingo  
11 Suppliers and Manufacturers. Sergeant Mike Finnegan  
12 will present.

13 SERGEANT FINNEGAN: Good morning.

14 CHAIRMAN/COMMISSIONERS: Good morning.

15 SERGEANT FINNEGAN: Mr. Chairman,  
16 Commissioners, today I am presenting several companies  
17 for relicensure as suppliers or manufacturers of bingo  
18 products in the state of Missouri.

19 All bingo supplier and manufacture licenses  
20 are issued for the calendar year and will expire on  
21 December 31st of each year.

22 The relicensure of both manufacturers and  
23 suppliers includes but is not limited to a review of the  
24 Federal and State tax checks, customer and product lists  
25 and an examination of the corporate organization.

1                   The following company has applied for  
2    relicensure of their supplier's license: All American  
3    Bingo.

4                   Are you going to lump it together?

5                   CHAIRMAN KOHN: No. We'll do them  
6    separately.

7                   COMMISSIONER JAMISON: Go ahead and list both  
8    of them, though, and then we'll deal with it separately.

9                   SERGEANT FINNEGAN: Okay. The following five  
10   companies have applied for relicensure of their  
11   manufacturer's license: Douglas Press, Incorporated;  
12   Arrow International, Incorporated; Fortunet,  
13   Incorporated; Pollard Games, Incorporated doing business  
14   as American Games; and VKGS, Incorporated.

15                  Thank you.

16                  CHAIRMAN KOHN: So those are the bingo  
17   suppliers?

18                  SERGEANT FINNEGAN: Those are the  
19   manufacturers. The first one, All American Bingo, is  
20   the supplier.

21                  CHAIRMAN KOHN: So there is only one  
22   supplier?

23                  SERGEANT FINNEGAN: Yes, sir.

24                  CHAIRMAN KOHN: All right. Is there a motion  
25   to adopt Resolution 16-003-B?

1                   COMMISSIONER LOMBARDO:  What's the staff's  
2 recommendation on this?

3                   EXECUTIVE DIRECTOR SEIBERT:  We recommend  
4 approval.

5                   COMMISSIONER JAMISON:  So moved.

6                   COMMISSIONER LOMBARDO:  Second.

7                   CHAIRMAN KOHN:  Discussion on the motion?  
8 Angie.

9                   MS. FRANKS:  Commissioner Lombardo.

10                  COMMISSIONER LOMBARDO:  Approve.

11                  MS. FRANKS:  Commissioner Neer.

12                  COMMISSIONER NEER:  Approve.

13                  MS. FRANKS:  Commissioner Hale.

14                  COMMISSIONER HALE:  Approve.

15                  MS. FRANKS:  Commissioner Jamison.

16                  COMMISSIONER JAMISON:  Approve.

17                  MS. FRANKS:  Chairman Kohn.

18                  CHAIRMAN KOHN:  Approve.

19                  MS. FRANKS:  By your vote you've adopted  
20 Resolution No. 16-003-B.

21                  CHAIRMAN KOHN:  Okay.  And so on the  
22 manufacturers there is how many?

23                  SERGEANT FINNEGAN:  There is five.

24                  CHAIRMAN KOHN:  Five?

25                  SERGEANT FINNEGAN:  Yes, sir.

1 CHAIRMAN KOHN: And you've listed them all?

2 SERGEANT FINNEGAN: Yes.

3 CHAIRMAN KOHN: And we have a staff  
4 recommendation?

5 EXECUTIVE DIRECTOR SEIBERT: We recommend  
6 approval on all five.

7 CHAIRMAN KOHN: Is there a motion to approve  
8 Resolution 16-004-B?

9 COMMISSIONER NEER: So moved.

10 COMMISSIONER JAMISON: Second.

11 CHAIRMAN KOHN: Discussion on the motion?  
12 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: Approve.

21 MS. FRANKS: Chairman Kohn.

22 CHAIRMAN KOHN: Approve.

23 MS. FRANKS: By your vote you've adopted  
24 Resolution No. 16-004-B.

25 CHAIRMAN KOHN: Mr. Seibert.

1 EXECUTIVE DIRECTOR SEIBERT: The next order  
2 of business is Consideration of Delegation of Authority  
3 to the Chairman. Mr. Ed Grewach will present.

4 MR. GREWACH: Thank you.

5 This is a resolution authorizing the Chairman  
6 or in his absence the Vice Chairman to extend any  
7 license for up to 60 days. The rule then requires that  
8 extension to be ratified at the next Commission meeting  
9 and by rule this is an authorization that has to be done  
10 annually and, therefore, it's coming to you for approval  
11 for the next calendar year.

12 CHAIRMAN KOHN: Any questions of Ed?

13 Brian, we promise not to exercise our  
14 authority unless Angie tells us to. Is that right?

15 COMMISSIONER JAMISON: Pretty much. You  
16 can't sign anything if she doesn't give it to you.

17 CHAIRMAN KOHN: Is there a motion to adopt  
18 Resolution 16-065?

19 COMMISSIONER HALE: So moved.

20 COMMISSIONER LOMBARDO: Second.

21 CHAIRMAN KOHN: Discussion on the motion?  
22 Angie.

23 MS. FRANKS: Commissioner Lombardo.

24 COMMISSIONER LOMBARDO: Approve.

25 MS. FRANKS: Commissioner Neer.

1 COMMISSIONER NEER: Approve.

2 MS. FRANKS: Commissioner Hale.

3 COMMISSIONER HALE: Approve.

4 MS. FRANKS: Commissioner Jamison.

5 COMMISSIONER JAMISON: Approve.

6 MS. FRANKS: Chairman Kohn.

7 CHAIRMAN KOHN: Approve.

8 MS. FRANKS: By your vote you've adopted  
9 Resolution No. 16-065.

10 MR. GREWACH: Thank you.

11 CHAIRMAN KOHN: And believe it or not we are  
12 concluding our open session before noon.

13 Do we have a motion, Brian, to go into  
14 closed?

15 COMMISSIONER JAMISON: I move for a closed  
16 meeting under Sections 313.847, Revised Missouri  
17 Statutes, investigatory, proprietary and application  
18 records and 610.021, Subparagraph 1, Revised Missouri  
19 Statutes, legal actions, Subsection 3 and Subsection 13  
20 personnel, and Subsection 14 records protected from  
21 disclosure by law.

22 CHAIRMAN KOHN: Is there a second?

23 COMMISSIONER HALE: Second.

24 CHAIRMAN KOHN: Angie.

25 MS. FRANKS: Commissioner Lombardo.

1 COMMISSIONER LOMBARDO: Approve.  
2 MS. FRANKS: Commissioner Neer.  
3 COMMISSIONER NEER: Approve.  
4 MS. FRANKS: Commissioner Hale.  
5 COMMISSIONER HALE: Approve.  
6 MS. FRANKS: Commissioner Jamison.  
7 COMMISSIONER JAMISON: Approve.  
8 MS. FRANKS: Chairman Kohn.  
9 CHAIRMAN KOHN: Approve.  
10 WHEREIN, the meeting adjourned at 11:55 a.m.  
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## CERTIFICATE OF REPORTER

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Patricia A. Stewart

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