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MISSOURI GAMING COMMISSION
MEETING
MAY 30, 2018

Transcript of Proceedings

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MISSOURI GAMING COMMISSIONERS

- Herb Kohn (Chairman)
- Brian Jamison (appeared telephonically)
- Daniel Finney
- Thomas Neer
- Rick Lombardo
- Bill Seibert

- Edward Grewach (General Counsel)

1 CHAIRMAN KOHN: Good morning, everybody.
2 We are now complete. Commissioner Jamison is on the
3 phone, so we have a full complement. I will call the
4 Missouri Gaming Commission meeting of May 30th to
5 order in beautiful St. Charles, Missouri, where we're
6 meeting today. Home of the Ameristar Hotel and
7 Casino. And the hotel is the one where Angie decided
8 not to let us stay last night, although we sure
9 enjoyed touring it. So as I said, Brian Jamison is on
10 the phone. Angie, please call the roll.

11 MS. FRANKS: Commissioner Finney.

12 MR. FINNEY: Yes.

13 MS. FRANKS: Commissioner Lombardo.

14 MR. LOMBARDO: Present.

15 MS. FRANKS: Commissioner Neer.

16 MR. NEER: Present.

17 MS. FRANKS: Commissioner Jamison.

18 MR. JAMISON: Present.

19 MS. FRANKS: Chairman Kohn.

20 CHAIRMAN KOHN: Present. We have a quorum
21 and we're ready to proceed. Before we begin the
22 meeting, we're very honored today to have with us in
23 St. Charles the mayor of St. Charles, Mayor Sally
24 Faith, who is going to say a few words to us. Madam
25 Mayor?

1 MAYOR FAITH: Thank you very much. I would
2 like to say welcome; come back any time. You can go
3 have dinner at Ameristar and you can go around Main
4 Street, and you can just enjoy all of the wonderful
5 things. We have 14 blocks of historic area which is
6 the largest patch in one area of historic things. And
7 I understand you had good food last night. I think
8 that's great. But I want you to know, if it's
9 happening, it's happening in St. Charles.

10 CHAIRMAN KOHN: Thank you, Mayor. As I
11 told the Mayor before the meeting, last night was my
12 first time in historic St. Charles. And I was just
13 blown away by it. It's truly a beautiful place. And,
14 of course, we know that St. Charles has benefited
15 greatly from the presence of the casino here.

16 So before we begin the meeting, we have a
17 presentation to make. And Captain Larry Plunkett is
18 going to make those.

19 CAPTAIN PLUNKETT: If I can get Zach Harrison and
20 Chris Turner and Zach's wife Lisa to come up please. So first
21 of all, I'd just like to say each year the Highway Patrol has an
22 awards ceremony that we do each year. It's usually
23 held in April, usually in Columbia or some location.
24 We try to recognize all the troopers in the state and
25 the distinguished service they provided to the

1 citizens of the state of Missouri. And I'm very proud
2 this year in the Gaming Commission, we actually had
3 three individuals that were honored as part of that
4 ceremony for lifesaving awards. And two of those are
5 here today; that's Zach Harrison and his sergeant
6 Chris Turner. That performed a act of saving a patron
7 at the casino that, I believe, had maybe a heart
8 attack. And these guys along with a couple staff of
9 the casino, they work together as a team and provided
10 life support for this individual and he did recover
11 and, I think, he is back being an active patron again.
12 So it's a good story all the way around. And we also
13 had Trooper Jim Sauer who works there at the Lumiere
14 Casino that was involved in lifesaving events. I
15 think that's two years in a row for Trooper Sauer. So
16 our guys, the staff at Lumiere as well and that
17 situation and had a successful outcome. So we
18 appreciate the cooperation we have with the staff at
19 the casinos. Part of our job, obviously, is doing the
20 regulatory work and trying to provide law enforcement
21 on the boats, but also we're there to protect and
22 serve the citizens of the state of Missouri. We
23 appreciate what you guys did. That was a great effort
24 by all of you and we appreciate how you represent the
25 Division and Commission. Thanks for what you do

1 there.

2 One of the other awards we have we also
3 nominate our trooper of the year. And Zach was our
4 nomination for the Division this year. Zach has been
5 involved in some pretty lengthy investigations,
6 checking out some regulatory issues that came up. And
7 once again, is in the facility up there and worked
8 through some issues, done some outstanding work, and
9 had some good results. And we appreciate -- it's
10 very easy if you just want to sit there and not do
11 much of anything. But our people are pretty active
12 and engaged and we're proud of that and we appreciate
13 the work they do out there and Zach is one of our
14 best. He uses every opportunity he can to dig in to
15 what's going on and try to provide the best facility
16 that he can. So we do appreciate that. So and he was
17 nominated for the masters, and he didn't receive that
18 award statewide, but what we try to do at the division
19 and we have something, I think, Captain Chris Jolly
20 started, which is the Ace award. It's a very nice
21 award. We have a plaque outside the office that has
22 the officer's name, and we also have an individual
23 plaque we give to the officer that Zach will receive
24 later on. But we want to recognize Zach and
25 his wife Lisa because I can tell you being around the

1 patrol my whole life to be a good officer, you have to
2 have great support from your spouse if you're going to
3 do a good job. It's a lot of nights, a lot of
4 weekends, and time away from home. We appreciate you
5 sharing Zach with us. We know he does a good job
6 because he is very secure in what goes on at home. I
7 can tell you that's usually the case. So we
8 appreciate it. Zach is the 2017 recipient of the
9 Gaming Division Ace award. And Zach, we appreciate
10 everything you do and we look forward to working with
11 you more in the future. And I got to get my picture
12 made with you or I'm going to be in trouble.

13 CHAIRMAN KOHN: On behalf of the
14 Commission, we want to add our congratulations and job
15 well done. We're going to get to business here pretty
16 soon maybe. But before I forget, I want to thank the
17 two managers of the casinos that we toured yesterday.
18 Brian Marsh of Lumiere and Ward Shaw of Ameristar. We
19 do this periodically. And we always enjoy it and we
20 always learn. And we're always impressed with not
21 only the way the casinos are operated, but by how
22 involved the casinos are with the community in which
23 they are placed. And it's just a terrific
24 relationship between the casino and the city. And as
25 an example, yesterday, sometimes I think we forget how

1 much the casino actually contribute monetarily to the
2 welfare of the city and the state that they are in.
3 We happen to have received the Lumiere numbers for
4 2017. The City of St. Louis received in excess of \$17
5 million from Lumiere and the State of Missouri
6 received in excess of \$32 million, almost \$33 million
7 from Lumiere. And this is typical of all the -- all
8 13 casinos in the state. So we while we're regulating
9 and administering, we shouldn't forget all the good
10 that the casinos do in their municipality and the
11 state.

12 So with all that, we're ready for the first
13 item of business. The consideration of the minutes of
14 the April 25, 2018 meeting. Is there a motion to
15 approve?

16 MR. LOMBARDO: Motion to approve.

17 MR. NEER: Second.

18 MS. FRANKS: Commissioner Finney?

19 MR. FINNEY: Approved.

20 MS. FRANKS: Commissioner Lombardo?

21 MR. LOMBARDO: Approved.

22 MS. FRANKS: Commissioner Neer?

23 MR. NEER: Approved.

24 MS. FRANKS: Commissioner Jamison?

25 MR. JAMISON: Approved.

1 MS. FRANKS: Chairman Kohn?

2 CHAIRMAN KOHN: Approved.

3 MS. FRANKS: By your vote you adopt the
4 minutes of the April 25, 2018 meeting.

5 CHAIRMAN KOHN: Mr. Executive Director
6 Seibert?

7 MR. SEIBERT: First item of consideration
8 of disciplinary actions. Mr. Ed Grewach will present.

9 MR. GREWACH: Thank you, Director Seibert.
10 Mr. Chairman, Commissioner, under Tab B we have
11 preliminary order of discipline directed to Ameristar
12 Kansas City casino for violation of minimum internal
13 control standard D12.01, which requires that table
14 game layouts be approved by the Commission prior to
15 being placed into play. On October 2nd, 2017, we
16 found there were two table game layouts in play that
17 had not been approved by the Commission. Commission
18 agents then conducted an audit of the gaming floor on
19 October 11th, 2017, and found that there were an
20 additional 20 layouts in use that had not been
21 approved by the Commission.

22 Now, these variances included missing
23 wording, incorrect colors, logos, or emblems. Now,
24 what's worth noting is that none of these incorrect
25 layouts varied from the rules of the game. That's one

1 of the many things we look at when we approve a layout
2 is to make sure the wording on the table game layout
3 doesn't differ from the rules of the game to avoid any
4 confusion for the players or agents if they are called
5 over to consider a dispute. The staff's
6 recommendation is \$2500 fine.

7 CHAIRMAN KOHN: Any questions of Ed?

8 MR. FINNEY: Why does it require approval,
9 the layout?

10 MR. GREWACH: There are a number of things
11 we look at and one is to ensure the layout complies
12 with the rules of the game. And that we make sure
13 that surveillance is capable of seeing the chips, you
14 know, on the table. That there isn't a problem with
15 differentiating those colors from the chips. We also
16 ensure that there aren't any logos that are
17 inappropriate or distracting that are on the table
18 game layout, but that's basically a list of the types
19 of things we look at when we approve a layout.

20 MR. FINNEY: Thank you.

21 CHAIRMAN KOHN: I was curious how that
22 happens. The casinos don't manufacture these layouts
23 themselves. Don't they order them from a supplier?

24 MR. GREWACH: They do.

25 CHAIRMAN KOHN: And does the supplier not

1 know they are supposed to be --

2 MR. GREWACH: Well, I might call on our
3 assistant deputy director, Cheryl Alonzo, who knows
4 more about the actual process. It seems like it's a
5 breakdown in the process because it's really on the
6 casino's responsibility to make sure they have
7 approval of this table game layout before it's
8 installed. And Ms. Alonzo can kind of walk you
9 through some of the steps that are taken as a
10 practical matter to get table game layouts approved.

11 MS. ALONZO: Cheryl Alonzo, Missouri Gaming
12 Commission. Whenever they submit a proof of the
13 layout to me or Kylie Dickneite, and we
14 will preview it. We look at approval rules of the
15 game. The various games will have different pay
16 tables. And we ensure that the layout matches the pay
17 tables on the -- layout matches pay table that they
18 have approved in the rules of the game. Not all pay
19 tables are approved in Missouri.

20 CHAIRMAN KOHN: So not all craps tables in
21 every casino in Missouri has the same layout?

22 MS. ALONZO: Oh, no. No. They might have
23 different design choices or different payouts
24 depending on the game. They might offer different
25 side bets with that game. And one of the things we do

1 is make sure that they have approved rules in the game
2 for those side bets that they offer them.

3 CHAIRMAN KOHN: Any other questions.
4 Angie?

5 MS. FRANKS: We need a motion.

6 CHAIRMAN KOHN: Is there a motion to
7 approve DC-18-042?

8 MR. NEER: Motion to approve.

9 MR. LOMBARDO: Second.

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

12 MS. FRANKS: Commissioner Finney?

13 MR. FINNEY: Approved.

14 MS. FRANKS: Commissioner Lombardo?

15 MR. LOMBARDO: Approved.

16 MS. FRANKS: Commissioner Neer?

17 MR. NEER: Approved.

18 MS. FRANKS: Commissioner Jamison?

19 MR. JAMISON: Approved.

20 MS. FRANKS: Chairman Kohn?

21 CHAIRMAN KOHN: Approved.

22 MS. FRANKS: By your vote, you adopt
23 DC-18-042.

24 MR. GREWACH: We're going to D on the
25 agenda. That's item C will be passed to the June

1 meeting. Item D is preliminary order of discipline
2 directed to Mark Twain Casino for repeat audit finding
3 that involves violation of minimum internal control
4 standards B105. That particular rule requires that
5 changes in key access for employees be made within 72
6 hours after employees transferring positions. The
7 prior audit which covered a period from August of 2013
8 to June 2015, found that two employees had transferred
9 and their key access change had not been made for over
10 a month of time after the transfer took place. One of
11 those was a security officer transferring to table
12 game dealer. The other is a security officer
13 transferring to account team clerk. I point those
14 positions out because the situation is the security
15 officer has access to keys that other positions would
16 not have. And that's basically the reason behind
17 requiring that change to make sure that people have
18 key access that's consistent with their job duties.
19 The follow-up to that original finding for the prior
20 audit was conducted in February and March of 2016. We
21 looked at a two-month period and found again an
22 employee who had transferred that did not have their
23 key access changed, again, made for more than a month.
24 This, in fact, was an audit clerk transfer to account
25 team clerk. And, again, in that particular scenario,

1 an audit clerk has access to many keys that account
2 team clerk would not have access to. The current
3 audit was issued -- report was issued on September 15,
4 2017. It covered a time period from July of 2015
5 through April of 2017. It looked at a four-month
6 period and found that during that period two of the
7 seven employees who had transferred positions did not
8 have key access change within 72 hours. And, again,
9 it was more than a month before that key access had
10 been changed. The staff recommended a fine of \$5000.

11 We sent a notice to the boat concerning
12 that. They -- their response was that they
13 acknowledged the violation, but indicated they had
14 taken remedial measures. They now had a procedure in
15 human resources that they adopted on September 17,
16 2017, sent an e-mail out on October 4, 2017, reminding
17 managers there of a duty to follow through and make
18 sure the key access was changed. And they also
19 indicated that they were not aware of any violations
20 after that HR change and e-mail had been sent out.
21 Our reply to that was that this was the third time
22 this violation was noted. It was noted, of course, in
23 the prior audit, in the follow-up to the prior audit
24 and in this current audit. Also, this in response to
25 the prior audit there was a disciplinary action taken

1 and \$5000 fine assessed. And this failure to update
2 key access was one of the two findings that
3 constituted that prior disciplinary action.

4 So you have a finding of three consecutive
5 times and in discipline in between there and it was
6 our feeling we should proceed with the recommendation
7 of the \$5000 fine.

8 CHAIRMAN KOHN: Questions of Ed?

9 MR. FINNEY: Did you say there was
10 disciplinary action taken with the prior two findings?

11 MR. GREWACH: That's correct.

12 MR. FINNEY: Were those less than \$5000
13 that you are recommending at that point or do you
14 know?

15 MR. GREWACH: It was \$5000 fine.

16 MR. FINNEY: For those as well.

17 MR. GREWACH: For those two violations
18 together.

19 MR. FINNEY: Okay.

20 MR. KOHN: Other questions.

21 MR. NEER: This is third violation?

22 MR. GREWACH: This is the third violation
23 by the property.

24 MR. KOHN: Okay. If there are no other
25 questions, is there a motion with respect to

1 resolution 18-044?

2 MR. LOMBARDO: Motion to approve.

3 MR. JAMISON: Motion to approve.

4 MR. LOMBARDO: Second.

5 CHAIRMAN KOHN: Discussion of the motion?

6 MS. FRANKS: Commissioner Finney?

7 MR. FINNEY: Approved.

8 MS. FRANKS: Commissioner Lombardo.

9 MR. LOMBARDO: Approved.

10 MS. FRANKS: Commission Neer?

11 MR. NEER: Approved.

12 MS. FRANKS: Commissioner Jamison?

13 MR. JAMISON: Approved.

14 MS. FRANKS: Chairman Kohn?

15 CHAIRMAN KOHN: Approved.

16 MS. FRANKS: By your vote, you adopt

17 DC-18-044.

18 CHAIRMAN KOHN: Next order of the

19 Commission is placement on the excluded persons list.

20 Ed Grewach will present.

21 MR. GREWACH: Under tabs E and F, we have

22 requested Eileen Sheldon and Daniel Sheldon be placed

23 on the involuntary exclusion list. Mr. and Mrs.

24 Sheldon are husband and wife. On October 21, 2014,

25 Eileen Sheldon was playing at River City Casino when

1 she downloaded funds from her mychoice player reward
2 account. She found that the funds were added to and
3 not subtracted from her account when she made that
4 withdrawal. So she continued then from that period of
5 October 21st, 2014, through December 16, 2014, making
6 withdrawals while her account just continued to
7 replace the money or add to her account as they were
8 withdrawn. On November 7, 2014, Daniel Sheldon also
9 began unauthorized withdrawals. The total of
10 unauthorized withdrawals between husband and wife
11 exceeded \$300,000. Eileen Sheldon pled guilty on
12 October 13, 2017 to receiving stolen property in St.
13 Louis County. She received a 7-year prison sentence
14 with suspended execution of sentence and was placed on
15 probation. Daniel Sheldon also pled guilty on same
16 date to receiving stolen property, a felony, and
17 received a suspended imposition of sentence with five
18 years supervised probation. Both husband and wife
19 were ordered jointly and severally to pay restitution
20 in a sum in excess of \$345,000.

21 CHAIRMAN KOHN: Questions of Ed?

22 MR. FINNEY: Do you know why Eileen
23 received SES and he received SIS any insight on that?

24 MR. GREWACH: I really do not. I have not
25 had the opportunity to speak with the prosecutor as

1 far as why their recommendation. If I had to
2 speculate, she had probably two-thirds of the
3 withdrawals from the account. She is the one who
4 initiated it. And she is the one who suggested that
5 her husband do it. It could have been based on that.
6 It could have been based on extraneous matters, prior
7 record, or maybe their attitude toward the office.
8 But I don't really know the answer to the question,
9 but that would be my speculation.

10 CHAIRMAN KOHN: I'm curious why, if I'm
11 understanding the fact right, it took three years for
12 overseers or the casino or somebody to realize what
13 was going on.

14 MR. GREWACH: They realized it right away.
15 They caught them -- when I say right away, in December
16 of '14. It's been in the legal system since then, so
17 they were charged with the crime initially on October
18 21, 2014. And it's been in the legal system for that
19 amount of time. And from our end, when we have
20 exclusion list case like this, and as you can read the
21 rule, it very broadly says someone that commits a
22 felony involving moral turpitude is eligible for the
23 list. We always look for cases that have nexus to
24 gaming which, obviously, this one did. But we also
25 just start tracking those cases and wait for final

1 court disposition because that in essence is our proof
2 once they plead guilty or are found guilty that they
3 have committed that felony and that brings us to the
4 timing of why you're seeing this from us that the
5 point in time and why the police -- why the police
6 didn't take place until 2017 in October. Other than
7 looking at docket sheet, I don't really have an answer
8 for that.

9 MR. FINNEY: I know you already addressed
10 this. I have to comment I find it interesting that
11 stealing \$300,000 receive SIS, suspended imposition of
12 sentence seems a little light for these circumstances.
13 Do we have -- do we have any representative that
14 would be a voice in a case like this, to address the
15 Court? I assume the victims do, but I'm a little
16 stunned that we're seeing stealing \$350,000 and all
17 they got was SIS.

18 MR. GREWACH: We do not have a
19 representative there. Technically, we're not a victim
20 of the crime so we wouldn't have any right to give
21 input to the Court in that circumstance.

22 CHAIRMAN KOHN: Any other questions? We're
23 going to do it separately. Is there a motion to
24 approve for Eileen Sheldon to be placed on the list
25 resolution 18-028?

1 MR. NEER: Motion to approve.

2 MR. LOMBARDO: Second.

3 CHAIRMAN KOHN: Discussion on the motion.

4 MS. FRANKS: Commissioner Finney?

5 MR. FINNEY: Approved.

6 MS. FRANKS: Commissioner Lombardo?

7 MR. LOMBARDO: Approved.

8 MS. FRANKS: Commissioner Neer.

9 MR. NEER: Approved.

10 MS. FRANKS: Commissioner Jamison?

11 MR. JAMISON: Approved.

12 MS. FRANKS: Chairman Kohn?

13 CHAIRMAN KOHN: Approved.

14 MS. FRANKS: By your vote, you adopted

15 18-028.

16 CHAIRMAN KOHN: For Daniel Sheldon,

17 resolution 18-029 is their motion.

18 MR. FINNEY: Move to approve.

19 MR. LOMBARDO: Second.

20 CHAIRMAN KOHN: Discussion on the motion,

21 if any?

22 MS. FRANKS: Commissioner Finney?

23 MR. FINNEY: Approved.

24 MS. FRANKS: Commissioner Lombardo?

25 MR. LOMBARDO: Approved.

1 MS. FRANKS: Commissioner Neer?

2 MR. NEER: Approved.

3 MS. FRANKS: Commissioner Jamison?

4 MR. JAMISON: Approved.

5 MS. FRANKS: Chairman Kohn?

6 CHAIRMAN KOHN: Approved.

7 MS. FRANKS: By your vote, you adopt
8 resolution number 18-029.

9 CHAIRMAN KOHN: Mr. Seibert?

10 MR. SEIBERT: Next order of business, Mr.
11 Chairman is consideration of rules and regulations.

12 That will be presented by Mr. Ed Grewach.

13 MR. GREWACH: Thank you. Under tab G in
14 items one, two and three we have proposed recision s
15 and amendments to rules. These proposals are a result
16 of our continuing review process pursuant to both the
17 Governor's executive order and statutory process we're
18 required to follow. These three were submitted to the
19 Governor's office and have been approved for
20 presentation to the commission. If the US
21 commissioners approve these agendas items, then there
22 will be public written comments period, that will be
23 followed by public hearing on July 31st, 2018. And
24 those comments along with any proposed changes would
25 be submitted to you and the final order submitted to

1 you at our September 26, 2018 meeting. If you approve
2 these changes at that meeting, they will have an
3 effective date of January 30th, 2019. Item rule
4 number 7.090 is obsolete. It was adopted back in 1995
5 when boats still cruised. And it required that
6 commission, a separate commission surveillance room in
7 addition to the one on the boat be placed in their
8 dockside facilities. And in light of fact that the
9 boats no longer cruise, and in light of the fact that
10 we have authority under our sections and required
11 surveillance in that Chapter 7. It was the opinion of
12 the staff that this rule is obsolete. Do you want me
13 to cover them all?

14 CHAIRMAN KOHN: Why don't you go ahead?

15 MR. GREWACH: Rule 10.020 establishes
16 requirement for licensees to notify us of the
17 information on their application that changes during
18 the term there of licensure. The amendment removes
19 significant changes in financial condition from the
20 definition of material changes. It arose out of our
21 experience in that particularly applies to level two
22 employees that their changes in level two employees'
23 financial situation really don't have an immediate
24 bearing on their suitability. They come up -- when
25 they come up for re-licensure, the basic checks are on

1 their criminal history, any regulatory violations,
2 other items, having the rule in place just created a
3 great deal of unnecessary reporting in which really no
4 action was taken on. So that is being proposed to
5 modify that definition of material changes by deleting
6 that significant change in financial condition.

7 The third item under Item 3, 40.060
8 modifies the requirement for fantasy sports separate
9 or to maintain a cash reserve for Missouri employer
10 funds. It requires operators to establish a special
11 purpose entity that is separated from the operations
12 company. And special purpose entity is prohibited by
13 this rule from assuming any debt or obligation of the
14 operating company and, in fact, prohibited from
15 incurring any debt other than obligation to the
16 fantasy sports players. Then it requires a special
17 purpose entity to establish an account to be held --
18 to hold Missouri player funds in trust with an
19 FDIC-insured institution and the account is required
20 to be titled in the name of the special purpose entity
21 FBO, or for the benefit of, Missouri Gaming
22 Commission. It requires that account be set up with
23 an agreement with the bank and the main parts of that
24 agreement are that no withdrawals can be made from
25 this account without Missouri Gaming Commission's

1 written permission, that the account -- the account
2 agreement cannot be amended without the Missouri
3 Gaming Commission's approval and that the funds in
4 that account have to be made available within 90 days
5 of demand of the Missouri Gaming Commission. In the
6 event that a licensee would lose its license or files
7 for bankruptcy, it would give the Missouri Gaming
8 Commission, then the mechanism to make a demand on the
9 funds in that trust account and then an interpleader
10 would be made into the Circuit Court of Cole County,
11 identify the players due the money and ensure that
12 those players receive those funds.

13 CHAIRMAN KOHN: So we are -- you're
14 suggesting we rescind that?

15 MR. GREWACH: This is an amendment. As
16 you can see from the title, it's proposed rescissions
17 and amendments.

18 MR. LOMBARDO: To make sure we're all on
19 the same page, I kind of had the same question as
20 Herb. To make sure I understand this right, the first
21 item we're rescinding it, correct, because it's
22 obsolete?

23 MR. GREWACH: Correct. We're rescinding
24 that in whole.

25 MR. LOMBARDO: The second item, you're

1 amending it and the sole change is you're taking out
2 the duty to talk about material change in financial
3 condition, but you're keeping in the duty to report
4 arrests and convictions and that sort of thing; right?

5 MR. GREWACH: Correct. If you look at
6 paragraph four of 1020, you will see in brackets the
7 language that's being taken out.

8 MR. LOMBARDO: And, finally, the third one
9 is the one we had a substantial amount of discussion
10 about, which is going to remove the option of using a
11 special purpose segregated account and require, in
12 essence, what we refer to, I think, as the trust
13 account?

14 MR. GREWACH: That's correct. And you can
15 see that's titled "proposed amendment" because what we
16 did is we took the old rule and just modified it to
17 fit the direction we believe the Commissioners wanted
18 us to go to where there would have to be a trust
19 account, and the extra layer of protection that it be
20 held in a special purpose entity. If the operating
21 company filed bankruptcy, then the special purpose
22 entity is not in bankruptcy and it doesn't necessarily
23 delay our access to that money to give it back to
24 Missouri players.

25 CHAIRMAN KOHN: I guess I got a problem and

1 I should have thought of this before, but I didn't.
2 The inclusion of the last one with the other two,
3 which are fairly routine. The one involving fantasy
4 sports is, as Rick pointed out, we spent a lot of time
5 and made some significant changes to the requirement.
6 By lumping it in with these others, it looks like it's
7 just a modification or amendment. I'm not sure that
8 we shouldn't be treating this separately. And
9 implementing it as the gaming commission policy for
10 the governance of fantasy sports betting accounts
11 belong -- the money for which belongs to the citizens
12 of the state of Missouri. I at least would like to
13 vote separately on that. And actually, I think it
14 might be better if we maybe at the next meeting -- I
15 think we got time. If we don't, tell me. Set forth
16 our entire fantasy sports betting policy with respect
17 to the governance of monies belonging to citizens of
18 Missouri.

19 MR. JAMISON: Herb, we're not voting on
20 this. We're proposing this and it has to go public
21 hearing process and then we will vote on it after that
22 public hearing process. So this is just to propose it
23 so it would have a hearing.

24 CHAIRMAN KOHN: I understand that, but I
25 still think this is very different from the dozens of

1 other rules, amendments, and decisions.

2 MR. JAMISON: I agree with that, but we're
3 not passing it as of today.

4 CHAIRMAN KOHN: That's a good point.

5 MR. LOMBARDO: We're setting it in motion.
6 We're agreeing to the language for now.

7 CHAIRMAN KOHN: And by the way, I don't
8 have a problem with the language or the process
9 because that is exactly what we said we wanted to do.
10 And as I understand it all, but one of the operators
11 has not agreed to comply with that. Maybe that last
12 one has also, I'm not sure. So we can go ahead and
13 set it in motion, but I think we need to watch this
14 one so it doesn't get lumped into the dozens of
15 routine type of recissions and amendments that we've
16 been doing for the last -- probably several hundred
17 of them have done.

18 MR. JAMISON: I agree with that.

19 MR. KOHN: So Ed, with the caveat that you
20 will keep this separate and the subject of a separate
21 policy decision for the Commission to take up, unless
22 there are other questions or comments, we're ready for
23 a resolution approving recission and amendment of
24 11-CSR-45-7.090, 45-10.020, and 11-CSR-45-40.600. Is
25 there a motion?

1 MR. JAMISON: So moved.

2 MR. LOMBARDO: Did you say rescinding all
3 those?

4 CHAIRMAN KOHN: No. Rescinding and
5 amendments. The resolution --

6 MR. LOMBARDO: What the resolution says.

7 CHAIRMAN KOHN: I think the resolution is
8 correct. Any other discussion on the motion?

9 MS. FRANKS: And I need a second.

10 MR. LOMBARDO: Second.

11 MS. FRANKS: Commissioner Finney?

12 MR. FINNEY: Approved.

13 MS. FRANKS: Commissioner Lombardo?

14 MR. LOMBARDO: Approved.

15 MS. FRANKS: Commissioner Neer?

16 MR. NEER: Approved.

17 MS. FRANKS: Commissioner Jamison?

18 MR. JAMISON: Approved.

19 MS. FRANKS: Chairman Kohn?

20 CHAIRMAN KOHN: Approved.

21 MS. FRANKS: By your vote, you adopt
22 proposed rescission and amendment 11-CSR-45-7.090,
23 10.020, and and 40.060.

24 CHAIRMAN KOHN: Mr. Seibert?

25 MR. GREWACH: Thank you.

1 CHAIRMAN KOHN: Thanks, Ed.

2 MR. SEIBERT: Next order of business is
3 consideration of waiver of licensure for institutional
4 investor. Ms. Maggie White will represent.

5 CHAIRMAN KOHN: Good morning, Maggie.

6 MS. WHITE: Good morning, Mr. Chairman,
7 Commissioners. Behind tab H is a resolution regarding
8 waiver of licensure for an institutional investor
9 holding and/or requesting to hold publicly traded
10 interest in up to 20 percent involved with multiple
11 gaming licenses. The investor has submitted a request
12 for waiver to hold interest in multiple Missouri
13 licenses in compliance with 11-CSR-45-4. This
14 submitted waiver request certifies the holding for
15 institutional investment purpose only with no intent
16 to be involved in the management or operation of the
17 licensees. Because the holdings may exceed the ten
18 percent threshold for which the Executive Director may
19 grant a waiver, this resolution is before the
20 Commission today. Resolution number 18-030 is for T.
21 Rowe Price Associates, Inc.. I'd be happy to answer
22 any questions.

23 CHAIRMAN KOHN: Questions? If not, is
24 there a motion to approve resolution 18-030?

25 MR. FINNEY: Move to approve.

1 MR. LOMBARDO: Second.

2 CHAIRMAN KOHN: Discussion on the motion?

3 MS. FRANKS: Commissioner Finney?

4 MR. FINNEY: Approved.

5 MS. FRANKS: Commissioner Lombardo?

6 MR. LOMBARDO: Approved.

7 MS. FRANKS: Commissioner Neer?

8 MR. NEER: Approved.

9 MS. FRANKS: Commissioner Jamison?

10 MR. JAMISON: Approved.

11 MS. FRANKS: Chairman Kohn?

12 CHAIRMAN KOHN: Approved.

13 MS. FRANKS: By your vote, you adopted
14 resolution number 18-030.

15 CHAIRMAN KOHN: I believe that concludes
16 our --

17 MR. SEIBERT: We have one more.

18 CHAIRMAN KOHN: We have one more, yes.

19 Resolution 18-031. And who is presenting that?

20 MR. SEIBERT: That is consideration of
21 licensure of level one and key applicants presented by
22 Sergeant James Bennett.

23 CHAIRMAN KOHN: Okay, Sergeant.

24 MR. BENNETT: Good morning, Commissioners,
25 Chairman.

1 CHAIRMAN KOHN: Good morning.

2 MR. BENNETT: Missouri State Highway Patrol
3 investigators and Missouri Gaming Commission conducted
4 comprehensive background investigations on multiple
5 key and level one applicants. The investigations
6 included, but were not limited to, criminal,
7 financial, and general character inquiries which were
8 made in the jurisdictions where the applicants lived,
9 worked and frequented. The following individuals are
10 being presented for your consideration. Paige Lion,
11 Affinity Gaming vice-president and chief information
12 officer; Richard Bell, Aristocrat Leisure Limited,
13 corporate counsel and company secretary; Thomas
14 Benninger, Caesars Entertainment Corporation,
15 director; Gary House, Harrah's North Kansas City, LLC,
16 director of finance, Kathryn Schuster, IOC Boonville,
17 director of casino operations; Joseph Coady, NRT
18 Technology Corporation, senior vice-president systems
19 & development; Shamira Mavany, Penn National Gaming,
20 Incorporated, vice-president of internal audit.

21 Results of these investigation were
22 provided to the Commission staff and investigating
23 officers are present to answer any questions you might
24 have.

25 CHAIRMAN KOHN: Any questions of the

1 sergeant? Brian, any questions?

2 MR. JAMISON: No.

3 CHAIRMAN KOHN: Thank you, Sergeant. Is
4 there a motion with respect to motion 18-031?

5 MR. LOMBARDO: Motion to approve.

6 MR. FINNEY: Second.

7 CHAIRMAN KOHN: Discussion on the motion?

8 MS. FRANKS: Commissioner Finney?

9 MR. FINNEY: Approved.

10 MS. FRANKS: Commissioner Lombardo?

11 MR. LOMBARDO: Approved.

12 MS. FRANKS: Commissioner Neer?

13 MR. NEER: Approved.

14 MS. FRANKS: Commissioner Jamison?

15 MR. JAMISON: Approved.

16 MS. FRANKS: Chairman Kohn?

17 CHAIRMAN KOHN: Approved.

18 MS. FRANKS: By your vote, you adopted
19 resolution 18-031.

20 CHAIRMAN KOHN: Okay. Now, I think it does
21 conclude our business for the open session. And
22 thanks to Commissioner Jamison being on the phone. We
23 are ready to go into closed session.

24 MR. JAMISON: I move for a closed meeting
25 under 313.847 and 313.945 of Revised Missouri

1 Statutes; investigatory, proprietary and application
2 records. And 610.021 subparagraph one, Revised
3 Missouri Statutes, legal action, subparagraph three,
4 and subparagraph 13 personnel, and subparagraph 14
5 records protected from disclosure by law.

6 MR. LOMBARDO: Do you carry that with you
7 wherever you go?

8 MR. JAMISON: It's tattooed.

9 CHAIRMAN KOHN: Would anyone like to repeat
10 that? Is there a second to the motion?

11 MR. NEER: Second.

12 MS. FRANKS: Commissioner Finney.

13 MR. FINNEY: Approved.

14 MS. FRANKS: Commissioner Lombardo?

15 MR. LOMBARDO: Approved.

16 MS. FRANKS: Commission Neer?

17 MR. NEER: Approved.

18 MS. FRANKS: Commissioner Jamison?

19 MR. JAMISON: Approved.

20 MS. FRANKS: Chairman Kohn?

21 CHAIRMAN KOHN: Approved. We are going to
22 go into closed session. We will come back out and
23 conclude the open session after that. But I'm not
24 sure there is anything we're going to be talking about
25 in closed session that would require to us come back

1 out and open it up again. So you're welcome to stay,
2 but I would advise against it.

3 And Mayor Faith, again, thank you for
4 hosting us and for letting me do what I never get to
5 do in Jeff City. The open meeting for now is
6 adjourned.

7 (WHEREIN, the meeting was concluded at
8 9:43.)

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1 CERTIFICATE OF REPORTER

2 STATE OF MISSOURI)
) ss.
3 CITY OF ST. LOUIS)

4 I, Jeanne M. Pedrotty, a Certified Court Reporter (MO)
5 and Certified Shorthand Reporter (IL), do hereby
6 certify that the witness whose testimony appears in
7 the foregoing deposition was duly sworn by me; that
8 the testimony of said witness was taken by me to the
9 best of my ability and thereafter reduced to
10 typewriting under my direction; that I am neither
11 counsel for, related to, nor employed by any of the
12 parties to the action in which this deposition was
13 taken, and further that I am not a relative or
14 employee of any attorney or counsel employed by the
15 parties thereto, nor financially or otherwise
16 interested in the outcome of the action.

17

18 <%Signature%>

19 Jeanne M. Pedrotty

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COURT MEMO

Missouri Gamin Commission Meeting

Plaintiffs, Cause No.
vs.

Defendant.

CERTIFICATE OF OFFICER AND
STATEMENT OF DEPOSITION CHARGES
(Rule 57.03 (g) (2) (a) & Sec., 492.590 Rsmo 1985.)

DEPOSITION OF Meeting
ON
5/30/2018

Name and address of person or firm having custody of the
original transcript: Edward Grewach

TAXED IN FAVOR OF: Edward Grewach
TOTAL..... \$_____

TAXED IN FAVOR OF: Other Attorneys
TOTAL..... \$_____*

Upon delivery of transcript, the above charges had not yet
been paid. It is required that all charges will be paid in
the normal course of business.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on
this day of , .

Notary Public

* A completed signed Certificate of Officer and Statement of
Deposition Charges pursuant to Rule 57.03(g)(2)(a) shall be
provided upon request.

MISSOURI GAMING COMMISSION
Second Open Session Minutes
May 30, 2018

The Missouri Gaming Commission (the “Commission”) went into open session at approximately 10:37 a.m. on May 30, 2018, at the St. Charles City Hall, 200 North Second Street, St. Charles, Missouri.

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

The meeting ended at 10:38 a.m.