

IN THE MISSOURI GAMING COMMISSION

In Re:)
IOC-Caruthersville, LLC) DC 22-003
)

PRELIMINARY ORDER FOR DISCIPLINARY ACTION

Comes now the Missouri Gaming Commission acting in its official capacity pursuant to 11 CSR 45-13.050, and states as follows:

1. The Missouri Gaming Commission (the “Commission” or “MGC”) is a state commission created under Chapter 313, with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri.
2. The Commission issued Century Casinos, Inc., a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. Century Casinos, Inc., is the parent organization or controlling entity of IOC-Caruthersville, LLC (“Company”).
4. The Commission issued a Class B riverboat gambling license to the Company to conduct games on and operate the excursion gambling boat known as *Century Casino Caruthersville* (“Casino”).
5. As the holder of a Class B license, IOC-Caruthersville, LLC, is subject to the provisions of §§ 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS¹

6. The MGC completed a compliance audit for the period of April 1, 2018 through March 31, 2020, and issued MGC Audit Report 20-12 to the Casino on August 12, 2020.
7. A follow-up audit was conducted in March 2021, by MGC auditors to determine if the audit findings from Audit Report 20-12 had been corrected.
8. The follow-up audit found that the following two significant findings had not been implemented:
 - a. Audit Report 20-12, Finding B-1, revealed that three of the 25 EGDs tested on February 4, 2020, failed to create an audible signal in Surveillance when one of the machine doors was opened. Two of the three EGDs had bill validator access door alarms that were wired backwards.

¹ GIR 20210524007

- i. The Management Response indicated the Slot Manager would follow up each week after a full drop to ensure all belly glass door and bill validator access door alarms sent a signal during the drop.
 - ii. During procedures to follow up on Finding B-1 on March 16, 2021, 10 EGDs were tested to ensure that all 10 EGDs created an audible signal in Surveillance when the EGD main door, belly door, and bill validator door were opened.
 - iii. Three of 10 EGDs tested on March 16, 2021, failed to create an audible signal in Surveillance when one of the machine doors was opened. All three alarms did not work because they were wired backwards.
- b. Report 20-12, Finding B-10 found the jackpot limit on five of 10 externally controlled progressives with a top incrementing award reset amount less than \$1,199.99 were not set at the top incrementing award reset amount during physical observations on February 5, 2020.
- i. The Management Response stated that the Casino added a check to the EGD audit sheets to ensure the EGDs are set correctly before being placed into service.
 - ii. During procedures to follow up on Finding B-10, on March 16, 2021, MGC Auditors found that only one EGD included in the finding (EGD #1202 at location 411-21) was still on the gaming floor, and its jackpot limit was set correctly (\$500).
 - iii. Two other linked/embedded progressive EGDs, which were powered down during the initial testing, were also on the gaming floor, and they had a top award reset amount of \$1,000.
 - iv. Physical observations of those EGDs on March 16, 2021, revealed that the jackpot limit for them was set at \$1,199.99.
 - v. The jackpot limit on two of eight progressives with a top incrementing award reset amount less than \$1,199.99 were not set at the top incrementing award reset amount during physical observations on March 23, 2021.

LAW

9. Under § 313.805(6), RSMo, the Commission may assess any appropriate administrative penalty against a licensee, including, but not limited to, suspension, revocation, or penalties in an amount determined by the Commission.

10. Section 313.812.14, RSMo, states, in pertinent part, as follows:

A holder of any license shall be subject to imposition of penalties, suspension or revocation of such license, or if the person is an applicant for licensure, the denial of the application, for any act or failure to act by such person or such

person's agents or employees, that is injurious to the public health, safety, morals, good order and general welfare of the people of the state of Missouri, or that would discredit or tend to discredit the Missouri gaming industry or the state of Missouri unless the licensee proves by clear and convincing evidence that it is not guilty of such action. The commission shall take appropriate action against any licensee who violates the law or the rules and regulations of the commission. Without limiting other provisions of this subsection, the following acts or omissions may be grounds for such discipline.

- (1) Failing to comply with or make provision for compliance with sections 313.800 to 313.850, the rules and regulations of the commission or any federal, state or local law or regulations;
- (2) Failing to comply with any rule, order or ruling of the commission or its agents pertaining to gaming[.]

11. Title 11 CSR 45-5.200 states, in pertinent part, as follows:

- (2) A meter that shows the accurate amount of the progressive jackpot must be conspicuously displayed at or near the machines to which the jackpot applies. At a minimum, on the same day each week while the casino is closed, each licensee shall record the amount displayed on each progressive's top award jackpot meter at the licensee's establishment, except for wide-area progressive systems and stand-alone progressives where the software for the progressive is embedded within the electronic gaming device's Critical Program Storage Media (CPSM). The top award jackpot amount shall be reconciled to the meters using the reconciliation formula provided by the supplier. In order to perform this reconciliation, the top award jackpot on these local progressive games shall require the electronic gaming device (EGD) to lock-up requiring a hand-paid jackpot. The licensee authorized to provide a wide-area progressive system shall perform the required reconciliation for each system provided by such licensee. At the conclusion of the reconciliation, if a variance exists between the amount shown on each progressive jackpot meter and the expected amount, the licensee shall document the variance amount. The licensee shall make the necessary adjustment(s) to ensure the correct amount is displayed by the end of the gaming day following the day on which the reconciliation occurred. Explanations for meter reading differences or adjustments thereto shall be maintained with the progressive meter reading sheets. In addition to the weekly reconciliation, each licensee shall record the top award jackpot progressive meter display amount once each banking day for each non-exempt progressive EGD to ensure jackpot resets occurred properly, to determine whether the meters incremented since the last reading, and to identify any obvious atypical results which could indicate there is a problem with the progressive meter. If known variances are discovered during the daily review, which require a change to the meter display of one dollar (\$1) or more, the meter display shall be adjusted by the end of the gaming

day. Each licensee shall record the base amount of each progressive jackpot the licensee offers.

12. Title 11 CSR 45-5.220 states, in pertinent part, as follows:

- (1) The holder of a Class A license must have a computer connected to all electronic gaming devices in the riverboat to record and monitor the activities of these devices. Unless otherwise approved by the commission, electronic gaming devices shall be operated on-line and in communications with a computer monitoring system approved by the commission. This computer monitoring system shall provide on-line, real-time monitoring and data acquisition capability in the format and media approved by the commission.
- (2) The computer permitted by section (1) of this rule shall be designed and operated to automatically perform and report functions relating to electronic gaming device meters, and other exceptional functions and reports in the riverboat as follows:

* * *

- (E) Have an on-line computer alert and alarm monitoring capability to insure direct scrutiny of any device malfunction, tampering, or any open door to the electronic gaming device or drop area. In addition, any person opening the electronic gaming device or drop area shall make an entry to that effect in the machine entry authorization log and the entry shall include the time, date, machine identity and reason for entry[.]

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

- (3) Violations of the minimum internal control standards [“(MICS)”] by a Class A or Class B licensee or an agent or employee of a Class A or Class B licensee are deemed to be unsuitable conduct for which the Class A or Class B licensee and/or its agent or employee is subject to administrative penalty pursuant to section 313.805(6), RSMo and 11 CSR 45-1 et seq., as amended from time-to-time. Any agent or employee of a Class A or Class B licensee that is involved in a violation of the minimum internal control standards may be subject to fine, discipline, or license revocation.
- (4) Violations of the Class B licensee’s internal control system [“(ICS)”] by the Class A or Class B licensee or an agent or employee of the Class A or Class B licensee shall be *prima facie* evidence of unsuitable conduct for which the Class A or Class B licensee and/or its agents or employees may be subject to discipline pursuant to section 313.805(6), RSMo and 11 CSR 45-1 et seq., as amended from time-to-time.

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

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

* * *

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

15. The Commission's MICS, Chapter E, § 1.05, states as follows:

All EGD main, belly glass, top boxes (which house Critical Program Storage Media (CPSM) that contributes to the return to player (RTP)), bill validator access and any other doors specified by the MGC shall be alarmed and shall be locked when not opened for an authorized purpose. If configurable, the alarm shall be operational whether the EGD's power is on or off. The alarm shall create an audible signal in the casino surveillance department. The audible signal may be turned off only during the drop when the casino is closed. Each Wednesday following the full drop, the Class B Licensee shall run a report to determine if all bill validator access door alarms sent a signal during the drop. If a signal was not received, a Slot Technician shall be dispatched to the EGD to fix the door alarm. When an alarm is broken, malfunctioning, or disabled because the EGD is powered down, the EGD shall not contain any currency, tickets or coupons.

16. The Casino's ICS, Chapter E, § 1.05, states as follows:

All EGD main, belly glass and top box compartments (which house Critical Program Storage Media (CPSM) that contribute to the return to player (RTP)) are to be wired in series, independent of the EGD bill validator access door alarm (MGC Variance 42492-13 dated 12/23/13). Any other doors specified by the MGC shall be alarmed and shall be locked when not opened for an authorized purpose. If configurable, the alarm shall be operational whether the EGD's power is on or off. The alarm shall create an audible signal in the casino surveillance department. The audible signal may be turned off only during the drop when the casino is closed. EGD's that are not configurable will be dropped prior to being powered down. Each Wednesday following the full drop, Century Casino Caruthersville shall run a report to determine if all bill validator access door alarms sent a signal during the drop. If a signal was not received, a Slot Technician shall be dispatched to the EGD to fix the door alarm. When an alarm

is broken, malfunctioning, or disabled because the EGD is powered down, the EGD shall not contain any currency, tickets or coupons.

VIOLATIONS

17. The acts or omissions of employees or agents of the Company, as described above, constitute a failure of the Company to correct two significant audit findings, thereby violating 11 CSR 45-5.200(2), 11 CSR 45-5.220(2)(E), 11 CSR 45-10.030(1) and (7), the Commission's MICS, Chapter E, § 1.05, and the Casino's ICS, Chapter E, § 1.05.
18. The Company is therefore subject to discipline for such violations pursuant to §§ 313.805(6) and 313.812.14 (1) and (2), RSMo, and 11 CSR 45-9.060(3) and (4).

PENALTY PROPOSED

19. Under § 313.805(6), RSMo, the Commission has the power to assess any appropriate administrative penalty against the Company as the holder of a Class B license.
20. THEREFORE, it is proposed that the Commission fine IOC-Caruthersville, LLC the amount of \$5,000 for the violations set forth herein.



Mike Leara
Chairman
Missouri Gaming Commission

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he caused a true and correct copy of the foregoing to be mailed, postage prepaid, this 20th day of January, 2022, to:

Denny Callen, General Manager
Century Casino Caruthersville
PO Box 1135
Caruthersville, MO 63830



Mike Leara
Chairman
Missouri Gaming Commission