

# IN THE MISSOURI GAMING COMMISSION

In Re: )  
 ) DC 22-054  
The Missouri Gaming Company, LLC )

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

## STATEMENT OF FACTS<sup>1</sup>

6. On May 7, 2020, the Casino was given a variance by the Commission to Minimum Internal Control Standards (MICS), Chapter E, Section 2.04, wherein the Casino was permitted to pay out slot jackpots under \$5,000 without a verifier, as long as the jackpot was not an override jackpot.
7. After several extensions, the variance expired on October 1, 2021.
8. On November 2, 2021, Casino personnel reported to Commission agents that slot jackpots under \$5,000 were being paid without a verifier.
9. The Commission’s investigation into the matter found that Casino slot personnel failed to verify 2,190 slot jackpots under \$5,000 for the entire month of October 2021 and part of the day on November 1, 2021, resulting in a total of \$4,218,039 in unverified jackpots.

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<sup>1</sup> GIR 20211103003

## LAW

10. Section 313.805, RSMo, states, in pertinent part, as follows:

The commission shall have full jurisdiction over and shall supervise all gambling operations governed by sections 313.800 to 313.850. The commission shall have the following powers and shall promulgate rules and regulations to implement sections 313.800 to 313.850:

\* \* \*

(5) To investigate alleged violations of sections 313.800 to 313.850 or the commission rules, orders, or final decisions;

(6) To assess any appropriate administrative penalty against a licensee, including, but not limited to, suspension, revocation, and penalties of an amount as determined by the commission up to three times the highest daily amount of gross receipts derived from wagering on the gambling games, whether unauthorized or authorized, conducted during the previous twelve months as well as confiscation and forfeiture of all gambling game equipment used in the conduct of unauthorized gambling games. Forfeitures pursuant to this section shall be enforced as provided in sections 513.600 to 513.645;

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(19) To take any other action as may be reasonable or appropriate to enforce sections 313.800 to 313.850 and the commission rules.

11. Section 313.812, RSMo, states, in pertinent part, as follows:

14. 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 regulation;

(2) Failing to comply with any rule, order or ruling of the commission or its agents pertaining to gaming[.]

12. 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.

13. The Commission’s MICS, Chapter E, Section 2.04, requires that either a slot employee or security employee verify a jackpot of less than \$5,000.

14. The Casino’s ICS, Chapter E, Section 2.04, requires that either a slot employee or security employee to verify a jackpot of less than \$5,000.

#### **VIOLATIONS**

15. The Company’s actions in failing to verify 2,190 slot jackpots under \$5,000 for the entire month of October 2021 and part of the day on November 1, 2021, resulting in a total of \$4,218,039 in unverified jackpots, is injurious to the public health, safety, morals, good order and general welfare of the people of the state of Missouri and discredits the Missouri gaming industry and the State of Missouri, in that the Company’s acts violate the Commission’s MICS and the Casino’s ICS, Chapter E, Section 2.04.

16. The Company is therefore subject to discipline for such violations pursuant to Sections 313.805 and 313.812.14(1) and (2), RSMo, and 11 CSR 45-9.060(3) and (4).

#### **PENALTY PROPOSED**

17. Under Section 313.805, RSMo, the Commission has the power to assess any appropriate administrative penalty against the Company as the holder of a Class B license.

18. THEREFORE, it is proposed that the Commission fine The Missouri Gaming Company, 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 1<sup>st</sup> day of September 2022, to:

Lance George  
Argosy Riverside Casino  
777 NW Argosy Pkwy.  
Riverside, MO 64150

  
Mike Leara  
Chairman  
Missouri Gaming Commission