

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-14-457
Harrah's North Kansas City, 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" or "MGC") is a state commission created under Chapter 313, RSMo 2000,¹ with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri.
2. The Commission issued Caesar's Entertainment Corporation a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. Caesar's Entertainment Corporation is the parent organization or controlling entity of the Harrah's North Kansas City, 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 *Harrah's North Kansas City* (the "Casino").
5. As the holder of a Class B license, the Company is subject to the provisions of §§ 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS²

6. The MGC conducted an audit at the Casino for September 1, 2012 through December 31, 2013, and issued Report # 14-08 on April 11, 2014.
7. The MGC noted the following audit findings in Report # 14-08:
 - a. Count team members failed to clear their hands during 569 of 1,628 instances when moving to or from count tables while currency was present on the table;
 - b. The Casino failed to issue unique user accounts for vendors remotely accessing the Casino's critical IT system; and

¹ All statutory references are to RSMo 2000, unless otherwise specified.

² 20140324004

- c. The Casino failed to document 19 of 20 override jackpots on the Surveillance Shift Log.
8. A previous audit conducted by the MGC covering the period of May 1, 2011, through August 31, 2012, (Report #12-27) found that count team members failed to clear their hands on 69 of the 1,134 instances observed when moving to or from count room tables while currency was on the table.
9. A follow-up audit to Report #12-27 issued in January 2013 revealed that count team members continued to fail to clear their hands when moving to or from count tables while currency was present on the table.
10. The failure to issue unique user accounts to vendors remotely accessing the Casino's critical IT system was first noted in audit Report #12-27, and again on the follow-up report of that report issued January 2013.
11. The previous audit report, Report #12-27, contained a finding that the Casino failed to complete Surveillance Shift Log entries for the three override jackpots that occurred in March and April 2012.

LAW

12. Under § 313.805(6), RSMo, the Commission may assess any appropriate administrative penalty against a licensee, including, but not limited to, suspension, revocation, or penalties in an amount determined by the Commission.
13. Section 313.812.14, RSMo, states, in pertinent part, as follows:

A holder of any license shall be subject to imposition of penalties, suspension or revocation of such license, or if the person is an applicant for licensure, the denial of the application, for any act or failure to act by himself or his agents or employees, that is injurious to the public health, safety, morals, good order and general welfare of the people of the state of Missouri, or that would discredit or tend to discredit the Missouri gaming industry or the state of Missouri unless the licensee proves by clear and convincing evidence that it is not guilty of such action. The commission shall take appropriate action against any licensee who violates the law or the rules and regulations of the commission. Without limiting other provisions of this subsection, the following acts or omissions may be grounds for such discipline.

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

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

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

15. MICS, Chapter E, § 2.16 states as follows:

Override jackpots shall be paid by a slot supervisor and witnessed according to the Jackpot Chart. The jackpot slip shall be signed by the supervisor processing the jackpot, the required witness, and the winning patron. Override jackpots of \$100 or more shall require Surveillance notification. Surveillance shall visually verify the jackpot and shall document the jackpot amount, the EGD number and the time on a jackpot override log. The log shall be submitted to Accounting each day. Accounting shall compare the jackpot override log entries to the manual jackpots processed for the day to ensure the overrides were witnessed by Surveillance.

16. ICS, Chapter E, §4.12(C)(1) states, in pertinent part, as follows:

Override Jackpots

A Casino Operations Assistant Manager or above and the winning patron shall verify and sign all EGD computer monitoring system override jackpots that include:

* * *

- C) any other type of manual jackpot override excluding jackpot slips generated to replace voided jackpot slips for jackpots that were recognized by the on-line EGD computer monitoring system.

* * *

- 1. When an override occurs, Surveillance shall be notified. Prior to paying the jackpot/payout the Surveillance Officer or Surveillance Technician shall visibly verify the reel positions or the credit meter payout amount to verify the legitimacy of the payout. The Surveillance Officer or Surveillance Technician shall create an entry in a SURVEILLANCE OVERRIDE LOG ... documenting the date, time, location of the EGD, the amount of the

payout and the winning patron's name. The log shall be forwarded to Casino Accounting daily.

17. MICS, Chapter G, § 7.09 states, in pertinent part, as follows:

Count team members may not remove their hands from or return them to a position on or above the count table or other work surface, where funds are exposed, unless the backs and palms of their hands are first held out and exposed to other members of the count team and the surveillance cameras.

18. MICS, Chapter S, § 12.03(A), states as follows:

For each Critical IT System that can be accessed remotely, the Internal Control System shall specifically address remote access procedures and shall include, at a minimum:

(A) the method and procedures used in establishing user accounts and passwords to allow authorized vendor personnel to access the system through remote access[.]

19. MICS, Chapter S, § 12.04 states, in pertinent part, as follows:

Vendor remote access shall require

* * *

(C) User accounts required to establish remote access to remain disabled on all operating systems, databases, network devices, and applications until needed. Subsequent to an authorized use by a vendor, the account shall be returned to a disabled state immediately; and

(D) The Critical IT System or the operating system to automatically monitor and record the user account name, time and date the connection was made, duration of the connection, and activity while connected, including the specific areas accessed and changes made.

VIOLATIONS

20. The acts or omissions of employees or agents of the Casino, as described above, constitute a failure of the Casino to correct previous audit findings, thereby violating MICS, Chapter E § 2.16, MICS, Chapter G, § 7.09, MICS, Chapter S, §§ 12.03 and 12.04 and the Casino's ICS, Chapter E § 4.12(C)(1).

21. The Company is therefore subject to discipline for such violations pursuant to §§ 313.805(6) and 313.812.14 (1) and (2), RSMo, and 11 CSR 45-9.060(3) and (4).

PENALTY PROPOSED

22. Under § 313.805(6), RSMo, the Commission has the power to assess any appropriate administrative penalty against the Company as the holder of a Class B license.
23. THEREFORE, it is proposed that the Commission fine Harrah's North Kansas City, LLC, the amount of \$20,000 for the violations set forth herein.

Darryl T. Jones
Vice-Chairman
Missouri Gaming Commission

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he caused a true and correct copy of the foregoing to be mailed, postage prepaid, this ____ day December, 2014, to:

Thomas Cook
Harrah's North Kansas City
One Riverboat Drive
Kansas City, MO 64116

Darryl T. Jones
Vice-Chairman
Missouri Gaming Commission