

# IN THE MISSOURI GAMING COMMISSION

In Re: )  
 ) DC-16-175  
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,<sup>1</sup> 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 FACTS<sup>2</sup>

6. The MGC completed a compliance audit for the period of January 1, 2014, through November 30, 2015, and issued MGC Audit Report 16-08 to the Casino on April 1, 2016.
7. The following two exceptions, noted in Audit Report 16-08, had been previously noted in MGC Audit Report 14-08, issued to the Casino on April 11, 2014, for the period of September 1, 2012 through December 31, 2013:
  - a. In the current audit, two of ten EGD progressive controller compartments were not equipped with alarms, resulting in a 20% error rate.
    - i. The previous audit report, Report 14-08, found that six of ten compartments housing the controllers were not equipped with alarms, resulting in a 60% error rate; and

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<sup>1</sup> All statutory references are to RSMo 2000, unless otherwise specified.

<sup>2</sup> 20160418004

- ii. A follow-up to Audit Report 14-08 revealed that one of five progressive controller compartment alarms failed to produce an audible alarm in surveillance, a 20% error ratio.
- b. In the current audit, the SDS Audit Trail Reports for June through August 2015 revealed two of seven terminated employees with SDS access did not have their access disabled or deactivated within 72 hours of their termination date, resulting in a 28.5 % error rate.
  - i. The previous audit report, Report 14-08, found that two of the 15 terminated employees did not have their access removed within 72 hours of termination, resulting in a 13.3% error rate; and
  - ii. The follow-up to Audit Report 14-08 indicated that access for each terminated employee had been removed within 72 hours of termination.

### LAW

8. 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.

9. 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[.]

10. 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 [{"ICS"}] 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.

11. Both the MICS and the Casino's ICS, Chapter E, § 11.02, require all controller compartments to be alarmed.
12. The MICS, Chapter S, § 5.06, and the Casino's ICS, Chapter S, § 5.06, require, in pertinent part, the following:

The MIS department shall be notified upon termination of any employee. The terminated employee's user account(s) shall be disabled or deactivated within 72 hours of termination or suspension subject to termination[.]

#### **VIOLATIONS**

13. 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 MICS, Chapter E, § 11.02 and Chapter S, § 5.06, and the Casino's ICS, Chapter E, § 11.02 and Chapter S, § 5.06.
14. 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**

15. 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.
16. THEREFORE, it is proposed that the Commission fine Harrah's North Kansas City, LLC, the amount of \$5,000 for the violations set forth herein.

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Herbert M. Kohn  
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 of September, 2016, to:

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

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Herbert M. Kohn  
Chairman  
Missouri Gaming Commission