

1

2

3

BEFORE THE MISSOURI GAMING COMMISSION

4

5

Meeting

6

June 29, 2016

10:00 a.m.

7

3417 Knipp Drive

Jefferson City, Missouri

8

9

10

BEFORE:

Herbert M. Kohn, Chairman

Brian Jamison, Vice Chairman

11

Larry D. Hale, Commissioner

Thomas Neer, Commissioner

12

Richard F. Lombardo, Commissioner

13

14

15

16

17

18

19

20

21

22

Reported by:

Patricia A. Stewart, CCR 401

23

Midwest Litigation Services

Jefferson City, Missouri 65100

24

(573) 636-7551

25

1	AGENDA	
2		page
3	I. Call to Order	4:3
4	II. Consideration of Minutes	6:22
5	A. May 24, 2016	
6	B. May 25, 2016	
7	III. Consideration of Settlement Agreement	
8	C. Michael Sullivan	
9	1. Resolution No. 16-035	8:22
10	IV. Consideration of Disciplinary Actions	
11	D. The Missouri Gaming Company	
12	1. DC-16-095	12:4
13	V. Consideration of Rules and Regulations	
14	E. Proposed Rules & Amendments	26:10
15	1. 11 CSR 45-13.051 - Bingo Hearings	
16	2. 11 CSR 45-30.056 - Key Person Defined	
17	3. 11 CSR 45-30.175 - Organization (Operator) Record Keeping Requirements	
18	4. 11 CSR 45-30.280 - Net Receipts from Bingo and BankAccount	
19	5. 11 CSR 45-30.540 - Approval of Bingo Paraphernalia	
20	6. 11 CSR 45-30.600 - Electronic Bingo Card Monitoring Devices	
21	7. 11 CSR 45-30.610 - Wireless Technology	
22	VI. Consideration of Waiver of Institutional Investors	
23	F. Black Rock, Inc.	
24	1. Resolution No. 16-036	33:17
25	G. Mitsubishi UFJ Financial Group, Inc.	
26	1. Resolution No. 16-037	33:17
27	VII. Consideration of Licensure of Level I & Key Applicants	
28	H. Resolution No. 16-038	40:9

	AGENDA (CONT'D)	page
1		
2		
3	VIII. Consideration of Placement on Exclusion List	
4	I. Jane Windorski	
	1. Resolution No. 16-039	42:23
5	J. Anastasia Grzeskowiak	
	1. Resolution No. 16-040	48:19
6		
7	IX. Motion for Closed Meeting under Section 313.847, RSMo., Investigatory, Proprietary and Application Records and 610.021(1), RSMo, Legal Actions, (3) & (13) Personnel and (14) Records Protected from Disclosure by Law	
8		
9		51:5
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

1 (Start time 10:00 a.m.)

2 P R O C E E D I N G S

3 CHAIRMAN KOHN: It is ten o'clock. Good  
4 morning everybody. Welcome to our meeting today.  
5 We'll call the meeting of the June 29 Missouri Gaming  
6 Commission to order.

7 Angie, please take the roll.

8 MS. FRANKS: Commissioner Lombardo.

9 COMMISSIONER LOMBARDO: Present.

10 MS. FRANKS: Commissioner Neer.

11 COMMISSIONER NEER: Present.

12 MS. FRANKS: Commissioner Hale.

13 COMMISSIONER HALE: Present.

14 MS. FRANKS: Commissioner Jamison.

15 COMMISSIONER JAMISON: Present.

16 MS. FRANKS: Chairman Kohn.

17 CHAIRMAN KOHN: Present.

18 We have a quorum and we're ready to with  
19 about the meeting.

20 We have a special presentation this morning  
21 involving our staff, and Mr. Seibert will do that, but I  
22 wanted to make a comment first.

23 Those of you who come to the meeting see the  
24 five of us and a few other people, but what you don't  
25 realize maybe is that there is a staff of over

1 100 people that work in the Gaming Commission, in  
2 addition to the about 120, 125 Highway Patrolman that  
3 are assigned to the Commission who do the real job on a  
4 day-in/day-out basis and do an excellent job, and we're  
5 very fortunate to have both the staff and the Highway  
6 Patrol supporting us in what we do, and the State is  
7 very fortunate to have such dedicated people working for  
8 them and us at the Gaming Commission.

9                   So with that as background, Mr. Seibert,  
10 would you please proceed with your special recognition.

11                   EXECUTIVE DIRECTOR SEIBERT: As the Chairman  
12 so graciously said, we do have some very good people  
13 that work here, and what we have this morning is years  
14 of service recognition. So as I call your name, if you  
15 would please come up.

16                   Ed Grewach.

17                   MR. GREWACH: Thank you.

18                   EXECUTIVE DIRECTOR SEIBERT: Sam Dalton.

19                   CHAIRMAN KOHN: Bill, these are for what?

20                   EXECUTIVE DIRECTOR SEIBERT: Years of  
21 service.

22                   Five years of service. Sam is five years of  
23 service.

24                   Cynthia Fleener, ten years of service.

25                   MS. FLEENER: Thank you.

1 EXECUTIVE DIRECTOR SEIBERT: Jennifer Hemmel,  
2 ten years of service.

3 Terri Huchison, fifteen years of service.

4 All right. So anyway, I want to congratulate  
5 you. You get to see some faces. You might know the  
6 names and might not know the faces. But these folks  
7 have had to put up with me -- not 15 years but at least  
8 almost (inaudible) years.

9 THE COURT REPORTER: I'm sorry. I couldn't  
10 hear you. Almost what?

11 EXECUTIVE DIRECTOR SEIBERT: You don't need  
12 to type that in.

13 (Laughter.)

14 CHAIRMAN KOHN: Congratulations to all of  
15 you.

16 (Applause.)

17 CHAIRMAN KOHN: Thanks to all of you.

18 How many years has the Gaming Commission been  
19 in business, Angie?

20 MS. FRANKS: I think since 1994.

21 CHAIRMAN KOHN: 1994.

22 Okay. We are ready now to consider and act  
23 upon the minutes of the meetings from May 24 and 25.

24 You recall we had a two-day meeting in Kansas City.

25 So is there a motion to approve those

1 minutes?

2 COMMISSIONER HALE: So moved.

3 COMMISSIONER LOMBARDO: Second.

4 CHAIRMAN KOHN: Angie.

5 MS. FRANKS: Commissioner Lombardo.

6 COMMISSIONER LOMBARDO: Approved.

7 MS. FRANKS: Commissioner Neer.

8 COMMISSIONER NEER: Approved.

9 MS. FRANKS: Commissioner Hale.

10 COMMISSIONER HALE: Approved.

11 MS. FRANKS: Commissioner Jamison.

12 COMMISSIONER JAMISON: Approved.

13 MS. FRANKS: Chairman Kohn.

14 CHAIRMAN KOHN: Approved.

15 MS. FRANKS: By your vote you've adopted the  
16 minutes of the May 24th and May 25th, 2016 meeting.

17 CHAIRMAN KOHN: So we are ready to begin  
18 business, but before we do, let me explain what our  
19 process will be for today and you can decide whether or  
20 not you want to stay for it.

21 We're going to go through our regular open  
22 meeting. We will then adjourn into a closed meeting,  
23 which I don't think will be for very long, and then  
24 we're going to come back out and resume our open  
25 meeting.

1                   And the purpose of the open meeting, the  
2 second open meeting, will be our first tutorial on  
3 Missouri Fantasy Sports Consumer Protection Act, which  
4 you may or may not know the Legislature passed and the  
5 Governor signed, and the upcoming Fantasy Sports Act has  
6 been put under the purview of the Missouri Gaming  
7 Commission.

8                   So we will be regulating fantasy sports  
9 betting, and I don't know about you, but I don't know  
10 much about it, so we're going to start learning about it  
11 at the second open session today, and then at our July  
12 meeting, which will be on July 27, we will consider and  
13 probably act upon adopting regulations that will govern  
14 the fantasy sports betting in Missouri.

15                   So that's our process for today and for next  
16 month.

17                   Mr. Seibert, we're ready for business.

18                   EXECUTIVE DIRECTOR SEIBERT: The first order  
19 of business, Mr. Chairman, is Consideration of  
20 Settlement Agreement. Mr. Ed Grewach will present.

21                   MR. GREWACH: Thank you.

22                   Under Tab C we have a resolution to approve a  
23 settlement with Michael Sullivan.

24                   As the Commission is aware, an audit was done  
25 in 2013 of licensees who were licensed between 1994 and

1 1999 and who continue to be licensed at that point in  
2 time with the Commission to determine whether any of our  
3 active licensees had ever pled guilty or been convicted  
4 of a felony, because either a plea or a conviction  
5 disqualifies a person from holding a license under State  
6 Statute 313.812.8.

7           The audit did discover that Mr. Sullivan had  
8 pled guilty to the felony of possession of marijuana on  
9 November the 15th, 1982. At that time he received a  
10 suspended imposition of sentence and he successfully  
11 completed his probation.

12           Mr. Sullivan has been licensed since 1994.

13           However, the statute has two disqualifiers.  
14 One, if you've pled guilty, and the other, if you've  
15 been convicted of a felony.

16           So, therefore, the fact that he had an SIS  
17 and the fact that he successfully completed his  
18 probation doesn't remove that first disqualification of  
19 the historical fact that he did, in fact, plead guilty  
20 to this felony in 1982.

21           The Commission had initially filed a  
22 Preliminary Order of Discipline seeking revocation of  
23 Mr. Sullivan's license. The hearing was held on  
24 August 6, 2015. The hearing officer recommended a  
25 revocation.

1           This settlement comes as a result of that  
2 recommendation, and in the settlement Mr. Sullivan is  
3 surrendering his license effective today. In exchange,  
4 the Commission is withdrawing its Preliminary Order of  
5 Discipline, and Mr. Sullivan is also agreeing that he is  
6 not eligible for a license in Missouri based on the fact  
7 that he did plead guilty to this offense in 1982.

8           The rule does require Commission approval on  
9 any settlement of a disciplinary action against a  
10 licensee.

11           CHAIRMAN KOHN: Any questions?

12           COMMISSIONER LOMBARDO: You know, Ed, I'm not  
13 sure this matters since it's a settlement, but did he  
14 disclose on his application that he had been convicted  
15 or pled guilty to a felony?

16           MR. GREWACH: He did not disclose the arrest  
17 or the plea or anything. He put not applicable in  
18 response to the question have you ever been detained,  
19 arrested, charged, pled guilty to or convicted of any  
20 crime.

21           COMMISSIONER LOMBARDO: Okay.

22           CHAIRMAN KOHN: Other questions?

23           Okay. Is there a motion with regard to  
24 Resolution 16-035? That would be approving the  
25 settlement.

1                   COMMISSIONER JAMISON: I move for adoption of  
2 Resolution 16-035.

3                   CHAIRMAN KOHN: Is there a second?

4                   COMMISSIONER NEER: Second.

5                   CHAIRMAN KOHN: Discussion on the motion?

6 Angie.

7                   MS. FRANKS: Commissioner Lombardo.

8                   COMMISSIONER LOMBARDO: Approved.

9                   MS. FRANKS: Commissioner Neer.

10                  COMMISSIONER NEER: Approved.

11                  MS. FRANKS: Commissioner Hale.

12                  COMMISSIONER HALE: Approved.

13                  MS. FRANKS: Commissioner Jamison.

14                  COMMISSIONER JAMISON: Approved.

15                  MS. FRANKS: Chairman Kohn.

16                  CHAIRMAN KOHN: Approved.

17                  MS. FRANKS: By your vote you've adopted  
18 Resolution No. 16-035.

19                  CHAIRMAN KOHN: And I want to thank  
20 Mr. Grewach and whoever else worked on this because it  
21 saved us from reading what I think was several hundred  
22 pages of material.

23                  We're ready for the next order of business,  
24 Mr. Seibert.

25                  EXECUTIVE DIRECTOR SEIBERT: The next order

1 of business is Consideration of Disciplinary Actions.

2 Mr. Ed Grewach will present.

3 MR. GREWACH: Thank you.

4 Under Tab D we have a Preliminary Order of  
5 Discipline directed to the Argosy Riverside Casino  
6 involving some promotional activity.

7 Our Rule 5.181 requires that any casino  
8 having promotional activity pay out prizes based on the  
9 rules of the promotion. In addition, it prohibits any  
10 promotional activity being conducted in a manner that  
11 reflects negatively on the licensee.

12 On July 9, 2015 we received a complaint from  
13 the patron who participated in the Hollywood Casino open  
14 poker promotion and indicated that she did not receive  
15 the proper number of points or entries that she had  
16 earned in the promotion.

17 Our investigation disclosed that the casino  
18 had set up the promotion in hourly sessions, and the  
19 impact of that was that in the example that we use in  
20 the Preliminary Order of Discipline, if you put your  
21 players card in at 4:00 -- if the session was set up  
22 from 4:00 to 5:00, 5:00 to 6:00, 6:00 to 7:00, if you  
23 put your card in at 4:45 and took it out and stopped  
24 playing at 5:15, it would not give you credit for any of  
25 the play that you did from 4:45 to five o'clock. It

1 would only give you credit for the play for the session  
2 from 5:00 to 5:15.

3 We further in the investigation found that  
4 4,078 patrons in this particular promotion had not  
5 received the proper amount of entries.

6 As a remedial measure the casino held an  
7 invitation promotion only directed to those patrons on  
8 August 29, 2015.

9 Further when we investigated the matter we  
10 found out that the same software that was used in this  
11 promotion had been developed by Penn, Argosy's parent  
12 company, and had been in use for twelve years.

13 So we requested information and records for  
14 promotions they held using this software for the past  
15 five years, and we received information on 47 promotions  
16 and determined that 41 of those promotions actually  
17 shorted patrons the proper amount of points or entries.

18 It affected 134,000 patrons who were shorted  
19 369,000 entries.

20 Now, the casino as a makeup did mail out some  
21 free play coupons. As a matter of fact, they mailed out  
22 \$432,000 worth of those, 240,000 of which were redeemed  
23 by the patrons that received those mailings.

24 They in addition hired an additional  
25 employee, a promotion specialist, to look at this

1 problem. They also when they looked at and met with and  
2 talked to the people at Penn National Gaming who had  
3 designed the program, no longer run these promotions and  
4 sessions. They run them as one continuous promotion  
5 which alleviates the problem that were encountered in  
6 these 41 promotions.

7 The recommendation of the staff was a \$50,000  
8 fine.

9 CHAIRMAN KOHN: Questions of Mr. Grewach?

10 COMMISSIONER JAMISON: So over this  
11 twelve-year period that this had been occurring this was  
12 the first time we received a complaint?

13 MR. GREWACH: That's correct.

14 COMMISSIONER JAMISON: And the rationale  
15 behind the fine is based on the period of time that this  
16 occurred and the number of violations?

17 MR. GREWACH: Yes, the volume of the  
18 violations and the number of patrons impacted by it.

19 COMMISSIONER JAMISON: But there is not a  
20 history of promotion violations by Argosy prior to this?

21 MR. GREWACH: There is some but not an  
22 unusual --

23 COMMISSIONER JAMISON: So the recommendation  
24 of 50 is not -- 50,000 is not based on an escalation of  
25 previous violations moving up as opposed to the quantity

1 and length of this violation?

2 MR. GREWACH: That's correct.

3 You know, they have had prior promotional  
4 violations but not out of line with what other casinos  
5 have typically experienced.

6 COMMISSIONER JAMISON: Okay.

7 CHAIRMAN KOHN: How does the size of this  
8 penalty compare to other penalties for similar-type  
9 violations?

10 MR. GREWACH: I'd say it is higher, and I  
11 think connected to the materials given to the  
12 Commissioners, it shows -- and there is a wide range  
13 because there is so many different factors and  
14 circumstances that go into the setting of the fine.

15 And I think the thing that prompted this  
16 recommendation again was the number of promotions and  
17 number of patrons.

18 These are the types of problems that could be  
19 addressed if the casino had been monitoring it. Let's  
20 say you run a promotion for a week. Let's go back and  
21 run a test and make sure that everybody did get the  
22 proper amount of points and entries that the rules  
23 provide for, and then it wouldn't have gotten to this  
24 point where we have 41 years.

25 The idea of a makeup is all well and good,

1 but as you can kind of see from the numbers -- and  
2 that's the reason I brought this out, you know. When  
3 people come for this promotion, they're there that day  
4 and they're expecting to get those points and entries.

5                   When you tell them, okay, you can get more  
6 free slot play or whatever the makeup is but you've got  
7 to come back, that may not be practical. It may not  
8 suit the patron. It may be an inconvenience to the  
9 patron. So you can see only about half of the free play  
10 promotional coupons sent out got redeemed.

11                   So we took all of that into consideration  
12 when we came up with this particular recommendation.

13                   COMMISSIONER JAMISON: But to answer Herb's  
14 question, if you didn't -- about \$10,000 would be the  
15 ballpark?

16                   CHAIRMAN KOHN: Yeah. I notice in reading  
17 your other examples that it ranges from 2,500 to 10,000.  
18 This one seems a lot higher.

19                   MR. GREWACH: Yes, that is true. That is  
20 true. But I think if you compare the 10,000 to this  
21 one, I mean, you're not going to find another prior with  
22 this scope and this many patrons and this many  
23 promotions involved and that was our rationale.

24                   CHAIRMAN KOHN: And are we saying that the  
25 casino could have and should have discovered this on

1 their own a lot sooner?

2 MR. GREWACH: They could. There is probably  
3 two factors in that. One is sometimes you'll see a  
4 promotion and there's a software problem and they bought  
5 the software from a third-party vendor and, you know,  
6 there's a lot of finger pointing as to who did it, you  
7 know. On this one it was actually their parent company,  
8 Penn, who supplied it.

9 As a matter of fact, when we talked to the  
10 person at Penn who was responsible for it and we told  
11 them, hey, you know, this casino is doing this in hourly  
12 sessions, the immediate reaction from the individual at  
13 Penn was, oh, you can't do that with this program.

14 So, you know, there was this -- had that  
15 communication taken place and that instruction or  
16 education been given to this individual casino by the  
17 parent, you know, this would have been avoided.

18 And also if they had done a spot-check from  
19 time to time before they got this far into this many  
20 promotions and this many patrons.

21 COMMISSIONER NEER: Was there a requirement  
22 that they spot-check?

23 MR. GREWACH: No, there is not. The only  
24 requirement is those two I cited.

25 You know, you have to pay prizes according to

1 the rules, which, of course, didn't happen here, and you  
2 have to conduct it -- and you can't conduct it in a  
3 matter that reflects negatively on the licensee.

4 So there is no requirement to spot-checking  
5 it, but spot-checking it would have the practical effect  
6 of catching this earlier than later.

7 COMMISSIONER NEER: This could have gone on  
8 for an extended period of time had this one patron not  
9 complained. Correct?

10 MR. GREWACH: Had this patron not complained,  
11 we would not have known of this.

12 With promotions because of the volume and the  
13 time sensitivity of the promotions, we do not review and  
14 approve promotions before the fact. You know, our rule  
15 as it deals with promotions deals with either a  
16 complaint we find or something perhaps we find in an  
17 audit that was incorrect.

18 So it's more of a reactive disciplinary  
19 action. And so until this patron complained we had no  
20 knowledge that this problem existed.

21 COMMISSIONER LOMBARDO: Did the Gaming  
22 Commission staff come up with an estimate as to the  
23 total financial impact to those affected?

24 MR. GREWACH: I may have to call,  
25 Mr. Chairman, with your permission on Todd Nelson, our

1 gaming enforcement manager, who may or may not have the  
2 answer to that. I don't have the answer to that.

3 MR. NELSON: Good morning, Chairman,  
4 Commissioners.

5 Let me just look through the paperwork.

6 CHAIRMAN KOHN: Would you identify yourself  
7 for the record.

8 MR. NELSON: Todd Nelson, Missouri Gaming  
9 Commission.

10 Looking through this I believe -- off the top  
11 of my head I believe it was, like, \$400,000, but I'm  
12 going to have to take another look at this real quick,  
13 sir, before I can answer you absolutely.

14 COMMISSIONER JAMISON: Well, I guess my  
15 question on that would be is what do they -- by not  
16 being -- a promotion is they're getting additional  
17 rewards by this promotion or are they put in for  
18 winning some -- I mean, some promotions are you're put  
19 in for, like, winning a prize. Right? So the prize is  
20 still given out. They just didn't have a chance to win  
21 it. And then some they get additional benefits from  
22 promotions.

23 MR. NELSON: Correct.

24 The specific one that the person complained  
25 on had to do with entries into a poker tournament, and

1 they can figure them in different ways. It all goes  
2 back to the promotional rules that they have at that  
3 point in time.

4 So it just depends on the promotional rules  
5 and what they're offering at that time, and there is  
6 some eligibility into that particular promotion that  
7 they're conducting.

8 COMMISSIONER LOMBARDO: If, in fact, your  
9 calculation is around 400,000, that's roughly equivalent  
10 to the vouchers that they sent out. Right?

11 MR. NELSON: That would be approximately  
12 correct.

13 COMMISSIONER LOMBARDO: Okay. Was there some  
14 discussion between Argosy and the staff about how much  
15 they should send out in vouchers?

16 MR. NELSON: No, sir.

17 COMMISSIONER LOMBARDO: They came up with  
18 their own number and sent out the vouchers?

19 MR. NELSON: Yes, sir.

20 COMMISSIONER LOMBARDO: Which is pretty  
21 consistent with your number?

22 MR. NELSON: Yes, sir.

23 CHAIRMAN KOHN: Was there any discussion  
24 between the Commission and Argosy about this entire  
25 matter or was it just an internal inves-- one-sided

1 internal investigation?

2 MR. GREWACH: No. There were discussions.  
3 Because we talked to both the persons at Penn who had  
4 developed the software for the promotion and the Argosy  
5 employees throughout the investigation involved a  
6 discussion with them. They were also given a Notice of  
7 Investigation, and they gave us a response to that.

8 So there was a discussion. I don't know that  
9 there was a discussion, as Mr. Nelson pointed out,  
10 specifically to tell them how they needed to do a makeup  
11 or whether they even needed to do a makeup because  
12 that's really not within our purview.

13 Now, I can tell you as a staff we consider  
14 that, just like any prosecutor would look at, you know,  
15 two similar crimes. In one case the Defendant tries to  
16 make restitution and the other they don't. That might  
17 be a factor we look at.

18 You know, so we do look at what they did to  
19 try to make the patrons whole. But as far as telling  
20 them, okay, here is what you have to do, you have to  
21 send out \$432,000 worth of vouchers, that's not  
22 something we would do because we don't really have  
23 jurisdiction to make that directive to them.

24 CHAIRMAN KOHN: Just reviewing for a minute,  
25 the folks at Argosy or their parent, probably Argosy,

1 you said could have and maybe should have caught this on  
2 their own before the patron complained or could they  
3 not -- would they not have reasonably been expected to  
4 have known that this was happening?

5 MR. NELSON: You know, I cannot speak to  
6 that, but they could put procedures in place to test a  
7 promotion prior to conducting a promotion.

8 CHAIRMAN KOHN: But if they didn't, then they  
9 probably would not have known it was going on?

10 MR. NELSON: Then they would not have known,  
11 no, sir.

12 COMMISSIONER JAMISON: And over this twelve-  
13 year period the promotions are not audited in any  
14 fashion by either them or us to verify?

15 I mean, I guess I'm kind of questioning, you  
16 know, a twelve-year period. Is there an expectation of  
17 an audit by them or by our investigator? I mean, I'm  
18 just asking.

19 MR. NELSON: Our particular department does  
20 not audit that type of activity. I'm going to have to  
21 ask.

22 Okay. We would. The audit staff, the MGC  
23 audit staff, they do go through and audit that.

24 CHAIRMAN KOHN: Okay.

25 COMMISSIONER LOMBARDO: I think Cheryl has

1 something to say.

2 COMMISSIONER JAMISON: Yeah, I'm just asking  
3 for informational purposes, you know, to try to figure  
4 out. Twelve years is a long time for something to be  
5 transpiring.

6 MR. GREWACH: With your permission,  
7 Mr. Chairman, Leshia Kempker has some information on  
8 that.

9 MS. KEMPKER: Leshia Kempker, compliance  
10 audit manager.

11 We do audit promotions on a sample basis. We  
12 don't audit every promotion. But we have addressed this  
13 in our audit program currently, so we do currently audit  
14 the promotions on a sample basis.

15 CHAIRMAN KOHN: But you did not audit this  
16 one?

17 MS. KEMPKER: Not prior to, no.

18 COMMISSIONER LOMBARDO: It wasn't part of the  
19 sampling I guess. Right?

20 MS. KEMPKER: I don't believe there was an  
21 audit set at that time. It is currently.

22 COMMISSIONER LOMBARDO: Okay. Now it is?

23 MS. KEMPKER: Now it is.

24 CHAIRMAN KOHN: So everybody is mitigating  
25 what was the circumstances. The casino has put

1 precautions in place to keep it from happening and we  
2 are now auditing?

3 MS. KEMPKER: Yes. This casino has put those  
4 procedures in place. I'm not sure every casino has.

5 CHAIRMAN KOHN: Any other questions?

6 Is there a motion either to approve the staff  
7 recommendation or otherwise?

8 COMMISSIONER LOMBARDO: I would move to  
9 modify and would suggest a \$20,000 fine.

10 CHAIRMAN KOHN: Is that a motion?

11 COMMISSIONER LOMBARDO: That is a motion.

12 CHAIRMAN KOHN: Is there a second?

13 COMMISSIONER HALE: I'll second that motion.

14 CHAIRMAN KOHN: Okay. Discussion on the  
15 motion which is to modify the staff recommendation for a  
16 disciplinary penalty from 50,000 to 20,000?

17 COMMISSIONER JAMISON: I like a reduction. I  
18 don't know if I like that much reduction, if we're going  
19 to --

20 COMMISSIONER NEER: I agree.

21 COMMISSIONER JAMISON: -- for discussion  
22 purposes.

23 COMMISSIONER LOMBARDO: Okay. That's fine.  
24 We can discuss it. I'm not married to it.

25 CHAIRMAN KOHN: I'm not going to stick on

1 formalities. Do you have a suggestion?

2 COMMISSIONER JAMISON: Would you be  
3 comfortable with 30 as an amendment to your motion?

4 COMMISSIONER LOMBARDO: Sure. We can split  
5 the difference and go with 25. No. 30 is fine.

6 CHAIRMAN KOHN: Okay.

7 COMMISSIONER JAMISON: Can I amend his  
8 motion?

9 CHAIRMAN KOHN: He'll just change his motion.

10 COMMISSIONER JAMISON: Okay.

11 COMMISSIONER LOMBARDO: I move that the fine  
12 be amended to \$30,000.

13 CHAIRMAN KOHN: Is there a second to that  
14 motion?

15 COMMISSIONER NEER: I'll second.

16 CHAIRMAN KOHN: Discussion on that motion?  
17 Angie.

18 MS. FRANKS: Commissioner Lombardo.

19 COMMISSIONER LOMBARDO: Approved.

20 MS. FRANKS: Commissioner Neer.

21 COMMISSIONER NEER: Approved.

22 MS. FRANKS: Commissioner Hale.

23 COMMISSIONER HALE: Approved.

24 MS. FRANKS: Commissioner Jamison.

25 COMMISSIONER JAMISON: Approved.

1 MS. FRANKS: Chairman Kohn.

2 CHAIRMAN KOHN: Approved.

3 MS. FRANKS: By your vote you've adopted  
4 DC 16-095 as amended.

5 CHAIRMAN KOHN: Mr. Seibert.

6 EXECUTIVE DIRECTOR SEIBERT: The next order  
7 of business is Consideration of Rules and Regulations.  
8 Mr. Ed Grewach will present.

9 MR. GREWACH: Thank you.

10 Under Tab E we have proposed rules and  
11 amendments relating to bingo. If the Commission  
12 approves these today, there will be a public comment  
13 period. There will then be a public hearing on  
14 September the 13th, 2016, and we anticipate the Final  
15 Order of Rulemaking to be presented to the Commission on  
16 October 26, 2016, and that final order would include any  
17 comments we do receive during the comment period, as  
18 well as the Commission staff's response to those  
19 comments.

20 If the final orders are approved, they would  
21 become effective on February 28th, 2017.

22 For Rule 13.051 it's simply cleaning up the  
23 language to clarify what the next step is if we get a  
24 response from the licensee to -- or notice of intent to  
25 proceed with a disciplinary action, gives us all the

1 options for me to dismissing, settling or proceeding to  
2 the Administrative Hearing Commission for a hearing.

3           30.056 defines key persons. The background  
4 of this is State Statute 313.057 provided for the  
5 Commission to identify key persons of suppliers and  
6 manufacturers for the purpose of checking criminal  
7 history.

8           And this section establishes who those key  
9 persons are who would need to be fingerprinted and  
10 checked on behalf of the renewal application of a  
11 supplier or a manufacturer.

12           Rule 30.175 deals with the retention of pull  
13 tab records. The purpose for this is to make sure that  
14 the pull tabs and pull tab records are retained for a  
15 sufficient amount of time, so that if we have a  
16 complaint, we have the paperwork to examine to determine  
17 whether or not the complaint is valid.

18           Section 30.280 simply clarifies the necessity  
19 of a regular bingo licensee and in some circumstances a  
20 special bingo licensee to maintain a dedicated bingo  
21 checking account.

22           30.540 deals with our approval from a  
23 supplier and manufacturer for pull tab records. We had  
24 addressed this previously to -- in the past we used to  
25 require the manufacturer/suppliers to actually send us

1 the hard copy of the pull tabs for us to examine.

2 This was difficult on both sides in that it  
3 was labor intensive for us to actually physically review  
4 sample pull tabs that they created.

5 The difficulty for the manufacturers and  
6 suppliers was that they had to go through the expense of  
7 making these samples, taking the risk that we might not  
8 approve them and then they would have gone through that  
9 expense for no reason.

10 Now they can be submitted electronically and  
11 then we can review that in order to determine whether or  
12 not we're going to approve those submissions.

13 Section 30.600 and 30.610 deal with  
14 electronic bingo card monitoring devices.

15 Now, these are devices similar to an iPad or  
16 they could be some just freestanding device like that in  
17 which bingo cards, or sometimes we call them faces, can  
18 be loaded into the machine.

19 And then when a ball is pulled from the drum,  
20 let's say it's B-1, now with the wireless technology the  
21 system can send that message out to all of the bingo  
22 monitoring devices in the hall and say B-1 has been  
23 pulled. Then the player has to either hit enter or  
24 actually enter the B-1 and then it populates every card  
25 that has been loaded into the machine.

1                   And the benefit to the player is that -- and  
2 you can see there's a limit of 54 bingo cards, but as  
3 opposed to attempting to use a dauber and mark 54 bingo  
4 cards, you can just hit enter once.

5                   And they also have a feature where your  
6 closest card to winning comes up on the screen so you'll  
7 know where you're at, you know, in terms of how close  
8 you are.

9                   Because the requirement that you call out  
10 bingo as a player still remains. That is still a  
11 requirement that you have. So even though --

12                   CHAIRMAN KOHN: It sounds like that is the  
13 only job the player still has is to call out bingo.

14                   MR. GREWACH: I thought about for those of  
15 that vintage, George Jetson had to push a button at  
16 work. That was his only job.

17                   So these rules are designed to really address  
18 that and address the fact that they can now be done  
19 wireless. They used to have to be wired when they load  
20 the faces. The key to that you'll see is there is no  
21 ability for two-way communication.

22                   So that's why it says in 610 once the bingo  
23 faces are loaded -- they have to be loaded before the  
24 device is actually given to the patron. So that  
25 prevents any type of misconduct or any kind of change in

1 the actual bingo card.

2           Once you get the device, all your faces,  
3 however many you want to buy up to 54, are already on  
4 there, can't be changed and there can't be any two-way  
5 communication between your device and the system.

6           There can be the one-way communication from  
7 the system to your device indicating what ball was  
8 pulled, and then you have to take the physical step to  
9 either enter it or hit enter, and then also if you win,  
10 you have to call out bingo.

11           COMMISSIONER JAMISON: But the bingo operator  
12 owns this electronic device? It's not that you bring  
13 your iPad and load it?

14           MR. GREWACH: Correct.

15           The supplier -- I think we only have one  
16 supplier -- two suppliers, one wireless and two -- we  
17 have two suppliers that supply these. And so they're  
18 the supplier's units, and they'll bring them and then  
19 you have to rent those units and buy the faces for the  
20 night to play.

21           CHAIRMAN KOHN: Is that it?

22           MR. GREWACH: That's all of them.

23           CHAIRMAN KOHN: My iPad hasn't been synced in  
24 the last 20 minutes. I want to make sure.

25           Let me make sure that I understand the

1 process. You said there is going to be a public hearing  
2 in September?

3 MR. GREWACH: Correct.

4 CHAIRMAN KOHN: We're approving these before  
5 the public hearing?

6 MR. GREWACH: You have to approve the  
7 proposed rules and amendments and then that triggers the  
8 public comment period and the public hearing. And then  
9 they're not final until that comes back. So if anybody  
10 comments -- when you get the final orders, you'll see  
11 their comments. You'll see our responses.

12 At that point in time you can make whatever  
13 changes to the rules you want to based on the comments  
14 that have been received or you could even not approve  
15 the rules. But this gets the process started, but we do  
16 need this as the first step in the rulemaking process.

17 CHAIRMAN KOHN: Okay. So we're -- okay. I  
18 get it.

19 We are approving these but they're not  
20 final --

21 MR. GREWACH: They're not final.

22 CHAIRMAN KOHN: -- until we approve them  
23 again?

24 MR. GREWACH: As a matter of fact, they won't  
25 have an effective date until February 28th of 2017. So

1 these rules will not have any legal effect until it goes  
2 through that process.

3 CHAIRMAN KOHN: Okay.

4 Is there a motion to adopt these rules? I  
5 think we can do them all at once.

6 MR. GREWACH: You can, Mr. Chairman, but  
7 you'd have to recite each rule in the motion.

8 COMMISSIONER NEER: Do you want me to take it  
9 this time, Brian?

10 MR. JAMISON: You can go ahead and do it.

11 COMMISSIONER NEER: I make a motion to  
12 approve Rules and Amendments 11 CSR 45-13.051,  
13 45-30.056, 45-30.175, 45-30.280, 45-30.540, 45-30.600  
14 and 45-30.610.

15 COMMISSIONER JAMISON: Second.

16 CHAIRMAN KOHN: Any discussion on the motion?  
17 Anybody want Tom to repeat that?

18 COMMISSIONER LOMBARDO: No. But I do want to  
19 thank Ed for the George Jetson reference.

20 MR. GREWACH: I may have to explain it to  
21 some of the younger members in the audience.

22 CHAIRMAN KOHN: Any further discussion on the  
23 motion?

24 If not, Angie.

25 MS. FRANKS: Commissioner Lombardo.

1 COMMISSIONER LOMBARDO: Approved.

2 MS. FRANKS: Commissioner Neer.

3 COMMISSIONER NEER: Approved.

4 MS. FRANKS: Commissioner Hale.

5 COMMISSIONER HALE: Approved.

6 MS. FRANKS: Commissioner Jamison.

7 COMMISSIONER JAMISON: Approved.

8 MS. FRANKS: Chairman Kohn.

9 CHAIRMAN KOHN: Approved.

10 MS. FRANKS: By your vote you've adopted  
11 11 CSR 45-13.051, 30.056, 30.175, 30.280, 30.540, 30.600  
12 and 30.610.

13 CHAIRMAN KOHN: Mr. Seibert.

14 EXECUTIVE DIRECTOR SEIBERT: The next order  
15 of business is Consideration of Waiver of Institutional  
16 Investors. Mr. Ed Grewach.

17 MR. GREWACH: Tabs F and G are both requests  
18 for waivers for institutional investors.

19 As you know, the background is that any  
20 person or entity that owns more than 5 percent of a  
21 gaming licensee needs to be licensed by us as a key  
22 business entity.

23 There is an exception in that rule for a  
24 company that is holding the investment merely for  
25 investment purposes and is not going to participate in

1 the management or attempt to control the corporation.

2 Under Tab F we have a request for Black Rock,  
3 Incorporated. They currently do hold 10.5 percent  
4 interest in Newell Brands, Incorporated, which is the  
5 parent company of United States Playing Cards, which is  
6 a licensed supplier here in Missouri. And the second is  
7 for Mitsubishi UFJ Financial Group, Incorporated, who  
8 intends to acquire interest in Missouri Gaming Licensees  
9 in excess of 5 percent.

10 Under the rules anything from 5 percent to  
11 10 percent can be approved by the Executive Director.  
12 Anything from 10 percent to 20 percent needs approval by  
13 the Commission, and the rules do not provide for any  
14 waiver for any interest in excess of 20 percent.

15 The rules do provide and both of these  
16 companies are requesting permission to acquire in excess  
17 of 10 percent in multiple companies. In other words,  
18 they're not tied to Black Rock's case, not tied to just  
19 Newall Brands.

20 This would give them authorization to acquire  
21 somewhere between 10 and 20 percent of any gaming  
22 company in Missouri as long as they sign the affidavit  
23 indicating that it's just for investment purposes, they  
24 have no intent to be involved in the company's  
25 operations or try to control the company.

1                   CHAIRMAN KOHN: Is Ms. LeMond also going to  
2 present?

3                   MR. GREWACH: This is it.

4                   CHAIRMAN KOHN: Any questions of Ed?

5                   I'm just curious, the last thing you said,  
6 that if we approve this, we're also approving an  
7 investment in any other supplier or casino. Is that  
8 right?

9                   MR. GREWACH: Between 10 and 20 percent  
10 provided that they provide us with an affidavit that the  
11 rule requires.

12                   When you look, for example, at Black Rock,  
13 they own a 5 percent interest in Scientific Games,  
14 7 percent in Everi Holdings, 7 percent in Pinnacle,  
15 5 percent in Penn.

16                   So it's not unusual for institutional  
17 investors to get into the market to acquire shares of  
18 stock in various companies.

19                   And again, the staff is comfortable to the  
20 extent that they really are institutional investors and  
21 have no intent to control or make any efforts to control  
22 the entities themselves.

23                   And that serves two purposes. They don't  
24 have to come back every time they acquire some more  
25 interests.

1           Let's say they go out and acquire 4 percent  
2 more interest in Everi Holdings, they don't have to come  
3 back with a new resolution. So it makes -- it frees up  
4 the ability to acquire capital and inject capital into  
5 the gaming industry.

6           CHAIRMAN KOHN: I was just curious why we  
7 think it's important enough to require our approval on  
8 this investment but we don't on any other investment?

9           MR. GREWACH: To the staff's point of view,  
10 once they meet the definition of an institutional  
11 investor, we're comfortable that they're an  
12 institutional investor no matter what company or  
13 companies they hold an interest in, and that's kind of  
14 has been staff's analysis of these situations.

15           Certainly at the Commission's discretion you  
16 could just, you know, provide for one particular  
17 company.

18           Although, you know, I'm not -- in Mitsubishi  
19 I'm not sure. I'd have to take a look at the file and  
20 determine, you know, if there is one particular company  
21 that they have a pending transaction with.

22           But it's been typical -- it's been the  
23 Commission's practice to go ahead pursuant to the rule,  
24 and once they meet the qualifications of being an  
25 institutional investor, to go ahead and give that

1 authority to acquire those interests.

2 CHAIRMAN KOHN: So that doesn't even require  
3 the Executive Director's approval in a future  
4 investment?

5 MR. GREWACH: Correct. Once they've been  
6 approved for multiple licensees, then there is no  
7 further action that has to be taken.

8 COMMISSIONER JAMISON: But they have to make  
9 notification when they do that?

10 MR. GREWACH: They have to notify us of all  
11 stock they acquire even under the 10 percent. They have  
12 to continually notify us.

13 COMMISSIONER JAMISON: So we continue to  
14 monitor it --

15 MR. GREWACH: We do monitor it.

16 COMMISSIONER JAMISON: -- and if we see a red  
17 flag, then it comes under our purview?

18 MR. GREWACH: These companies that we license  
19 we monitor very closely.

20 We have had cases in the past where we've  
21 seen something that might indicate to us that a  
22 company -- that an institutional investor is, in fact,  
23 attempting to get involved in the management of the  
24 company, in which we launch a disciplinary investigation  
25 to determine whether they've lost their qualification.

1                   So we continue to monitor this as time goes  
2 on for these investors.

3                   CHAIRMAN KOHN: Any other questions?

4                   Is there a motion with respect to  
5 Resolution 16-036?

6                   COMMISSIONER HALE: I move, Mr. Chairman,  
7 that we approve the recommended waiver of licensure with  
8 regard to Black Rock, Inc. cited under Resolution  
9 No. 16-036, and if I can include Mitsubishi in the same  
10 motion.

11                  MR. GREWACH: You probably should do two  
12 separate motions.

13                  COMMISSIONER HALE: Not a problem

14                  I move then with regard to Resolution  
15 No. 16-036.

16                  CHAIRMAN KOHN: Is there a second?

17                  COMMISSIONER LOMBARDO: Second.

18                  CHAIRMAN KOHN: Discussion on the motion?  
19 Angie.

20                  MS. FRANKS: Commissioner Lombardo.

21                  COMMISSIONER LOMBARDO: Approved.

22                  MS. FRANKS: Commissioner Neer.

23                  COMMISSIONER NEER: Approved.

24                  MS. FRANKS: Commissioner Hale.

25                  COMMISSIONER HALE: Approved.

1 MS. FRANKS: Commissioner Jamison.

2 COMMISSIONER JAMISON: Approved.

3 MS. FRANKS: Chairman Kohn.

4 CHAIRMAN KOHN: Approved.

5 MS. FRANKS: By your vote you've adopted  
6 Resolution No. 16-036.

7 CHAIRMAN KOHN: Okay. Mitsubishi.

8 COMMISSIONER HALE: Mr. Chairman, I would  
9 also move for adoption of the staff recommendation  
10 relative to the waiver of licensure as noted in  
11 Resolution No. 16-037.

12 COMMISSIONER JAMISON: Second.

13 CHAIRMAN KOHN: Angie.

14 MS. FRANKS: Commissioner Lombardo.

15 COMMISSIONER LOMBARDO: Approved.

16 MS. FRANKS: Commissioner Neer.

17 COMMISSIONER NEER: Approved.

18 MS. FRANKS: Commissioner Hale.

19 COMMISSIONER HALE: Approved.

20 MS. FRANKS: Commissioner Jamison.

21 COMMISSIONER JAMISON: Approved.

22 MS. FRANKS: Chairman Kohn.

23 CHAIRMAN KOHN: Approved.

24 MS. FRANKS: By your vote you've adopted  
25 Resolution No. 16-037.

1 MR. GREWACH: Thank you.

2 CHAIRMAN KOHN: Mr. Seibert.

3 EXECUTIVE DIRECTOR SEIBERT: Next we have  
4 Consideration of Level I and Key Applicants.

5 Sergeant Jason McTheeney will present.

6 SERGEANT MCTHEENEY: Mr. Chairman and  
7 Commissioners, good morning.

8 CHAIRMAN/COMMISSIONERS: Good morning.

9 SERGEANT MCTHEENEY: Missouri State Highway  
10 Patrol investigators, along with Gaming Commission  
11 financial investigators, conducted comprehensive  
12 background investigations on multiple key and Level I  
13 applicants.

14 The investigations included, but were not  
15 limited to, criminal, financial and general character  
16 inquiries which were made in the jurisdictions where the  
17 applicants lived, worked and frequented.

18 The following individuals are being presented  
19 for your consideration: Scott Dean Easton, Argosy  
20 Riverside Casino, surveillance manager; Benjamin Jeffrey  
21 Floyd, Caesars Entertainment Corporation, senior vice  
22 present and anti money laundering compliance officer;  
23 Mark Terry Meyer, St. Jo Frontier Casino, surveillance  
24 manager; Thomas Edward Rafferty, Interblock USA, LC,  
25 general counsel; Connie Marie Revers, Ameristar Casino

1 Kansas City, director of finance; Michael J. Silberling,  
2 Affinity Gaming, LLC, chief executive officer;  
3 Maureen A. Sweeny, Aristocrat Technologies,  
4 Incorporated, chief commercial officer.

5 The results of these investigations were  
6 provided to the Gaming Commission staff for their  
7 review, and you have all related summary reports before  
8 you.

9 Thank you.

10 CHAIRMAN KOHN: For those of you who think we  
11 just have the names, we have a very complete background  
12 check on each of the people that is mentioned.

13 Are we looking for a motion to approve all  
14 these at once? And we'll have discussion after a  
15 motion.

16 Is there a motion to approve the  
17 recommendation of Sergeant McTheeney regarding -- I  
18 forgot how many there were -- six --

19 MR. GREWACH: And it's listed as an exhibit  
20 to Resolution 16-038, so approval of that resolution  
21 would approve all of those.

22 CHAIRMAN KOHN: But how many are there, six  
23 or seven?

24 SERGEANT MCTHEENEY: Seven.

25 CHAIRMAN KOHN: Is there a motion to approve?

1                   COMMISSIONER JAMISON: I move to approve  
2 Resolution 16-038 to include the entire docket of seven.

3                   COMMISSIONER HALE: Second.

4                   CHAIRMAN KOHN: Discussion on the motion?  
5 Angie.

6                   MS. FRANKS: Commissioner Lombardo.

7                   COMMISSIONER LOMBARDO: Approved.

8                   MS. FRANKS: Commissioner Neer.

9                   COMMISSIONER NEER: Approved.

10                  MS. FRANKS: Commissioner Hale.

11                  COMMISSIONER HALE: Approved.

12                  MS. FRANKS: Commissioner Jamison.

13                  COMMISSIONER JAMISON: Approved.

14                  MS. FRANKS: Chairman Kohn.

15                  CHAIRMAN KOHN: Approved.

16                  MS. FRANKS: By your vote you've adopted  
17 Resolution No. 16-038.

18                  CHAIRMAN KOHN: Mr. Seibert.

19                  EXECUTIVE DIRECTOR SEIBERT: The next order  
20 of business is Consideration of Placement on Exclusion  
21 List. Mr. Ed Grewach will present.

22                  MR. GREWACH: Thank you.

23                  Under Tab I we have a resolution to place  
24 Jane Windorski on the involuntary exclusion list.

25                  One of the standards that apply here is the

1 conviction of a felony of any crime involving moral  
2 turpitude.

3 Ms. Windorski was a treasurer of the  
4 St. Charles High School Booster Club. She in 2014 stole  
5 approximately \$11,000 from the club both by writing  
6 checks to herself for personal expenses or using the  
7 account's ATM card at the Ameristar St. Charles Casino.

8 She admitted on her arrest of the theft and  
9 admitted using the funds for gambling purposes. She  
10 pled guilty on December the 9th, 2015 in St. Charles  
11 County, received a five-year sentence with a suspended  
12 execution of sentence.

13 In looking at her player tracking history for  
14 the calendar year 2014 we found wagers of approximately  
15 390,000 and losses of approximately 44,000, and we  
16 picked that year because that's the year that the theft  
17 of the money took place.

18 So the resolution is requesting to place her  
19 on the involuntary exclusion list.

20 CHAIRMAN KOHN: Is there a motion to approve  
21 Resolution No. 16-039?

22 COMMISSIONER NEER: I have one quick  
23 question, Mr. Chairman.

24 How did this come to our attention initially?

25 MR. GREWACH: We from time to time just keep

1 an eye out. If we see a news article -- and the  
2 troopers are very good about that. If they become aware  
3 of a case that -- and we look for cases that involve  
4 some nexus to gaming, where there is some statement by  
5 the Defendant that the funds embezzled or stolen were  
6 used for gambling.

7 And so when we see those we investigate  
8 further, and that's how these cases came to our  
9 attention.

10 There is an article I think initially -- and  
11 I don't think I have it here with me -- in the Post  
12 Dispatch outlining the facts of the arrest and the fact  
13 of the admission that the proceeds were used for  
14 gambling.

15 CHAIRMAN KOHN: So her sentence was  
16 suspended, so she's apparently not in prison?

17 MR. GREWACH: Correct. Right. She received  
18 a suspended execution of sentence, five years supervised  
19 probation.

20 CHAIRMAN KOHN: How do all of the other  
21 twelve casinos in the state know not to let her in?

22 MR. GREWACH: Once you approve this we send a  
23 notice out to all 13 casinos that this person is on the  
24 excluded list. We also in the disassociated person, the  
25 DAP database, which the casino is required to download

1 every seven days, we also include everyone on the  
2 exclusion list.

3 So both written notice they get from us and  
4 their weekly download of the DAP database gives them the  
5 name of the persons that are on the exclusion list.

6 CHAIRMAN KOHN: With pictures?

7 MR. GREWACH: I don't know that -- I don't  
8 know that the notice we send out has pictures. It has  
9 personal information. The rule requires name, date of  
10 birth, address, identifying information, and the same  
11 with the DAP database.

12 We require when people encounter -- casino  
13 employees encounter a patron to check against the DAP  
14 database, including the excluded persons. We require  
15 them to check by first name date of birth and last name  
16 date of birth to see if they get a hit on either one.

17 So they'll know the person's name and date of  
18 birth, and so running that check is going to hit the  
19 list, and that's how they'd be notified that that person  
20 is on the list.

21 CHAIRMAN KOHN: Okay. I'm just thinking back  
22 to our tour of the casinos last month. One person is  
23 watching everybody come in. I'm amazed that they can  
24 pick them out.

25 MR. GREWACH: That doesn't typically happen.

1 In smaller communities it might or even a bigger casino  
2 where they've had personal experience, but we typically  
3 discover a DAP or an excluded person on the floor when  
4 they win a taxable jackpot or they make a cash  
5 transaction at the cage, because those events trigger.

6 Now, before the repeal of the loss limits you  
7 actually needed a player's card to enter the casino, and  
8 now, as a matter of fact, the statute specifically says  
9 they cannot require that. But back in those days, you  
10 know, they would have an identity of each person through  
11 and be able to flag it.

12 CHAIRMAN KOHN: Today we don't have that?

13 MR. GREWACH: Today if you're a DAP or you're  
14 an excluded person, you can walk through the turnstiles,  
15 and unless they just happen to know you, you're going to  
16 get caught when you encounter someone for some reason on  
17 the floor that is going to ask for an ID and then that  
18 is going to trigger the check.

19 CHAIRMAN KOHN: But if I bet \$10 or whatever  
20 at blackjack and win 100, the chances are I'm going to  
21 walk out with \$100?

22 MR. GREWACH: Right, because the W-2G, the  
23 tax reporting form, only is required if you win 600 or  
24 more. So unless they -- if you won that taxable  
25 jackpot, then they would check your ID. Then they have

1 to check you against the DAP list. But you could go --  
2 or play a slot machine and play for a while and leave.

3 So it would only be your encounter with a  
4 casino employee that would require them to check your ID  
5 that would then disclose your existence on that list.

6 CHAIRMAN KOHN: But the staff is satisfied  
7 that this is the most we can do with respect to a person  
8 who has stolen money. Is that right?

9 MR. GREWACH: It is. Because the statute  
10 specifically prohibits the casinos from requiring an ID  
11 to enter the casino floor other than for age. I mean,  
12 they can ID people if they appear -- you know, to  
13 determine whether or not they're 21, but they cannot by  
14 statute simply say that everyone who enters the casino  
15 floor, we're going to check your ID.

16 So without that requirement we don't really  
17 have any mechanism to do any more, as you said, then  
18 place them on a list, make that list available on the  
19 weekly DAP system download by the casinos and make --

20 CHAIRMAN KOHN: Have we considered trying to  
21 find a way to do more? Have we given up on that?

22 COMMISSIONER JAMISON: When they did away  
23 with loss limits, they pretty well limited that, and  
24 that was intentional.

25 CHAIRMAN KOHN: Okay. Is there a motion to

1 approve Resolution 16-039?

2 COMMISSIONER HALE: So moved.

3 COMMISSIONER NEER: Second.

4 CHAIRMAN KOHN: Discussion on the motion?

5 Angie.

6 MS. FRANKS: Commissioner Lombardo.

7 COMMISSIONER LOMBARDO: Approved.

8 MS. FRANKS: Commissioner Neer.

9 COMMISSIONER NEER: Approved.

10 MS. FRANKS: Commissioner Hale.

11 COMMISSIONER HALE: Approved.

12 MS. FRANKS: Commissioner Jamison.

13 COMMISSIONER JAMISON: Approved.

14 MS. FRANKS: Chairman Kohn.

15 CHAIRMAN KOHN: Approved.

16 MS. FRANKS: By your vote you've adopted

17 Resolution No. 16-039.

18 CHAIRMAN KOHN: Okay. Next.

19 MR. GREWACH: Tab J we have a resolution to  
20 place Anastasia Grzeskowiak on the involuntary exclusion  
21 list.

22 Ms. Grzeskowiak had a co-worker at a  
23 St. Louis area company who lost his eyesight and became  
24 legally blind. The co-worker then gave Ms. Grzeskowiak  
25 a power of attorney to handle his finances in June of

1 2003.

2                   Beginning in June of 2006 through April of  
3 2013 Ms. Grzeskowiak wrote approximately 800 checks made  
4 out to herself or for personal expenses out of her  
5 co-worker's account using that power of attorney.

6                   The total amount stolen in that time period  
7 was \$2.9 million. Again, she made statements at the  
8 time of her arrest that the money was used for both  
9 personal expenses and gambling. She pled guilty on  
10 April 20th, 2016 in the U.S. District Court to two  
11 felonies, wire fraud and filing a false tax return. She  
12 received a sentence of seven years and three months in  
13 prison and was ordered to pay \$3.5 million in  
14 restitution.

15                   We looked at her wagering history from 2006  
16 to 2013 and found wagers of approximately \$50 million  
17 and losses of approximately \$5 million over that  
18 timeframe.

19                   COMMISSIONER JAMISON: You'd have to work  
20 pretty hard to wager \$50 million in seven years.

21                   COMMISSIONER LOMBARDO: So it's safe to  
22 assume that if she goes back in the casinos, she'll be  
23 getting a taxable jackpot?

24                   MR. GREWACH: Eventually, I guess, if you  
25 play that much.

1 CHAIRMAN KOHN: Any questions of Ed?

2 Is there a motion with respect to  
3 Resolution 16-040?

4 COMMISSIONER HALE: I move that we adopt the  
5 staff's recommendation relative to exclusion under  
6 Resolution No. 16-040.

7 COMMISSIONER LOMBARDO: Second.

8 CHAIRMAN KOHN: Discussion on the motion?  
9 Angie.

10 MS. FRANKS: Commissioner Lombardo.

11 COMMISSIONER LOMBARDO: Approved.

12 MS. FRANKS: Commissioner Neer.

13 COMMISSIONER NEER: Approved.

14 MS. FRANKS: Commissioner Hale.

15 COMMISSIONER HALE: Approved.

16 MS. FRANKS: Commissioner Jamison.

17 COMMISSIONER JAMISON: Approved.

18 MS. FRANKS: Chairman Kohn.

19 CHAIRMAN KOHN: Approved.

20 MS. FRANKS: By your vote you've adopted  
21 Resolution No. 16-040.

22 CHAIRMAN KOHN: Okay. We're going to go into  
23 closed session now. Just a reminder that I don't think  
24 we'll be in there very long, and when we come out, we  
25 will take up our first attempt to understand the

1 Missouri Fantasy Sports Consumer Protection Act. You're  
2 welcome to stay for that.

3 With that, is there a motion to adjourn and  
4 go into closed session, Bryan?

5 COMMISSIONER JAMISON: Yes. I move we  
6 adjourn into a closed meeting under Section 313.847,  
7 Revised Missouri Statutes, investigatory, proprietary  
8 and application records, and Section 610.021, Subsection  
9 Paragraph 1, Revised Missouri Statutes, legal actions,  
10 Subsection 3 and Subsection 13, personnel, and  
11 Subsection 14, records protected from disclosure by law.

12 CHAIRMAN KOHN: Is there a second?

13 COMMISSIONER HALE: Second.

14 CHAIRMAN KOHN: Angie.

15 MS. FRANKS: Commissioner Lombardo.

16 COMMISSIONER LOMBARDO: Approved.

17 MS. FRANKS: Commissioner Neer.

18 COMMISSIONER NEER: Approved.

19 MS. FRANKS: Commissioner Hale.

20 COMMISSIONER HALE: Approved.

21 MS. FRANKS: Commissioner Jamison.

22 COMMISSIONER JAMISON: Approved.

23 MS. FRANKS: Chairman Kohn.

24 CHAIRMAN KOHN: Approved.

25 WHEREIN, the meeting concluded at 11:00 a.m.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

CERTIFICATE OF REPORTER

I, Patricia A. Stewart, CCR, a Certified Court Reporter in the State of Missouri, do hereby certify that the testimony taken in the foregoing transcript was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this transcript was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

---

Patricia A. Stewart

CCR 401

**MISSOURI GAMING COMMISSION**  
**Second Open Session Minutes**  
**June 29, 2016**

The Missouri Gaming Commission (the “Commission”) went into open session at approximately 11:30 a.m. on June 29, 2016, at the Missouri Gaming Commission, 3417 Knipp Drive, Jefferson City, Missouri.

General Counsel Ed Grewach and Deputy Director Tim McGrail made a presentation to the Commission concerning House Bill 1941, the Missouri Fantasy Sports Consumer Protection Act. No motion, vote or action was taken.

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

The meeting ended at 12:43 p.m.