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BEFORE THE MISSOURI GAMING COMMISSION
STATE OF MISSOURI

Meeting
August 25, 2010
9:00 a.m.
Missouri Gaming Commission
3417 Knipp Drive
Jefferson City, Missouri

COMMISSIONERS PRESENT:

James L. Mathewson, Chairman
Darryl T. Jones
Noel J. Shull
Jack Merritt
Barrett Hatches

REPORTED BY:
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1	AGENDA	Page
2	I. Call to Order	4:14
3	II. Consideration of Minutes	
4	A. July 28, 2010	4:24
5	III. Consideration of Hearing Officer Recommendations	
6	B. Everett Gilliam	
	1. Resolution No. 10-088	6:1
7	C. Kenneth MacDonald	
	1. Resolution No. 10-089	15:3
8	D. James Krouse	
	1. Resolution No. 10-090	19:22
9	E. Terri Francy	
	1. Resolution No. 10-091	24:25
10	F. Charles Woods	
	1. Resolution No. 10-092	27:21
11	IV. Consideration of Relicensure of Certain Suppliers	
12	G. Hydeman Company	
	1. Resolution No. 10-093	42:4
13	H. Midwest Game Supply Co.	
	1. Resolution No. 10-094	42:6
14	I. Shuffle Master, Inc.	
	1. Resolution No. 10-095	42:7
15	J. WMS Gaming, Inc.	
	1. Resolution No. 10-096	42:8
16	V. Consideration of Institutional Investor Waivers	
17	K. Columbia Wanger Asset Management, L.P.	
	1. Resolution No. 10-097	44:6
18	L. Thompson, Siegel & Walmsley, L.L.C.	
	1. Resolution No. 10-098	44:10
19	M. T. Rowe Price d/b/a T. Rowe Price Associates, Inc.	
	1. Resolution No. 10-099	44:14
20	VI. Consideration of Licensure of Certain Supplier	
21	N. Aristocrat Technologies, Inc.	
	1. Resolution No. 10-100	45:24
22		
	2. Resolution No. 10-101	45:24
23	O. Interblock USA L.L.C. & Elektroncek d.d.	
	1. Resolution No. 10-102	49:22
	2. Resolution No. 10-103	49:22
24	VII. Consideration of Change of Control	
25	P. Elektroncek d.d.	
	1. Resolution No. 10-104	55:24
	Q. Harrah's Entertainment, Inc.	
	1. Resolution No. 10-105	58:23

	AGENDA (cont.)	Page
1		
2	VIII. Consideration of Disciplinary Actions	
3	R. Ameristar Casino Kansas City, Inc.	
4	1. DC-10-295	64:6
5	T. Harrah's Maryland Heights, LLC	
6	1. DC-10-297	66:17
7	U. The Missouri Gaming Company d/b/a	
8	Argosy Riverside Casino	
9	1. DC-10-298	68:21
10	IX. Consideration of Settlement Agreements	
11	V. Harrah's Maryland Heights, LLC (DC-10-212)	
12	1. Resolution No. 10-106	70:11
13	W. IOC-Caruthersville, Inc. (DC-10-213)	
14	1. Resolution No. 10-107	71:23
15	X. Consideration of Licensure of Level I/Key Applicant	
16	X. Resolution No. 10-108	73:15
17	XI. Consideration of Rulemaking	75:5
18	XII. New Business	77:6
19	XIII. Old Business	77:10
20	XIV. Motion for Closed Meeting under Sections 313.847	
21	and 610.021(1), (11), (12) and (14)	77:14
22		
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P R O C E E D I N G S

CHAIRMAN MATHEWSON: Okay. We'll start off this August meeting of the Gaming Commission. Thank you all very much for being here this beautiful morning.

I just commented to someone a while ago that it's too bad that the Missouri State Fair, which is just kind of special to me -- probably not to anyone else, but it is to me -- too bad we didn't have it this week instead of last week where it was 105 every darn day there for a while, but we got through it and overall had a pretty good fair, I think.

We'll get started this morning. We'll call this meeting to order. Angie, would you call roll, please.

MS. FRANKS: Chairman Mathewson.

CHAIRMAN MATHEWSON: Here.

MS. FRANKS: Commissioner Shull.

COMMISSIONER SHULL: Here.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Present.

MS. FRANKS: Commissioner Hatches.

COMMISSIONER HATCHES: Present.

MS. FRANKS: Commissioner Merritt.

COMMISSIONER MERRITT: Present.

CHAIRMAN MATHEWSON: Chair would accept the motion for consideration of the minutes of our July 28

1 meeting.

2 COMMISSIONER SHULL: Move for approval.

3 COMMISSIONER JONES: Second.

4 CHAIRMAN MATHEWSON: Any discussion?

5 (No response.)

6 CHAIRMAN MATHEWSON: Call roll, Angie, please.

7 MS. FRANKS: Chairman Mathewson.

8 CHAIRMAN MATHEWSON: Approved.

9 MS. FRANKS: Commissioner Shull.

10 COMMISSIONER SHULL: Approved.

11 MS. FRANKS: Commissioner Jones.

12 COMMISSIONER JONES: Approved.

13 MS. FRANKS: Commissioner Hatches.

14 COMMISSIONER HATCHES: Approved.

15 MS. FRANKS: Commissioner Merritt.

16 COMMISSIONER MERRITT: Approved.

17 MS. FRANKS: By your vote you've adopted the

18 minutes of the July 28, 2010, meeting.

19 CHAIRMAN MATHEWSON: Roger Stottlemire, sir.

20 DIRECTOR STOTTLEMYRE: Good morning, Chairman,

21 Commissioners.

22 The third item on our agenda is the

23 Consideration of Hearing Officer Recommendations, and

24 Steven Stark will present.

25 CHAIRMAN MATHEWSON: Morning, sir.

1 MR. STARK: Good morning, Commissioners.

2 The first item is your Letter B, Everett
3 Gilliam. Mr. Gilliam possesses an occupational license
4 to work in the gaming industry. He is actually employed
5 as a slot technician manager.

6 This case involves the unauthorized use of
7 outdated software in slot machines and the failure to
8 timely report the violation. If I may, with regard to my
9 findings of fact, I made a mistake with regard to the
10 year. If you'll note, I placed December 2009. The facts
11 of this case actually occurred in December of 2008, so I
12 would respectfully ask an amendment to my findings of
13 fact to reflect each of those dates as December of 2008.

14 On the date of December 26, 2008, there were
15 seven slot machines that were on the casino floor being
16 used that contained software that was no longer approved
17 for use by the Commission.

18 Mr. Gilliam had been informed back in November
19 of 2008 that this software needed to be removed by
20 December 24, 2008. He found seven different machines two
21 days later on December 26, 2008, that were still in
22 operation with this revoked software.

23 Then after the machines were turned down and no
24 longer in use -- therefore they were only on the floor
25 for two days, however Mr. Gilliam did not report to the

1 Commission that those seven machines were in operation
2 for two days with the unapproved software. He did not
3 make his report to the Commission until December 30,
4 2008.

5 The Commission has internal control standards
6 that require that slot machines be maintained in suitable
7 condition at all times, including the use of approved
8 software. Also Commission regulations require any
9 licensee to promptly report any reasonable belief that
10 there might be a violation of the law or any violation of
11 the minimum internal control standards.

12 In both cases Mr. Gilliam failed in his role as
13 supervisor. He failed to make sure that the gaming
14 devices were using approved software, and he failed to
15 report timely the violation of the fact that seven
16 machines did contain the unapproved software.

17 Furthermore, Mr. Gilliam did not show up for his
18 hearing even though duly notified, and the Commission
19 has a regulation that basically says that if you don't
20 show up for your own hearing, the facts as alleged would
21 be considered admitted.

22 So based on my finding on the evidence presented
23 as well as Mr. Gilliam's absence, the recommendation is
24 that the Commission's proposed discipline of a one-day
25 suspension is appropriate, and that would be my

1 recommendation.

2 CHAIRMAN MATHEWSON: Any questions? Mr. Shull?

3 COMMISSIONER SHULL: I move approval of
4 Commission Resolution 10-088.

5 CHAIRMAN MATHEWSON: Any discussion?

6 COMMISSIONER MERRITT: I have a question. Do we
7 know if he's still employed?

8 CHAIRMAN MATHEWSON: Yeah, I was going to ask
9 that.

10 MR. STARK: Oh. That I do not know.

11 CHAIRMAN MATHEWSON: I think we have someone
12 here that does know.

13 MR. PRESTON: Blaine Preston, Missouri Gaming
14 Commission.

15 He is currently employed, recently promoted to
16 Director of Operations.

17 COMMISSIONER MERRITT: Out of curiosity, this
18 was in '08?

19 MR. STARK: Yes. The facts were, yeah, end of
20 the year '08.

21 COMMISSIONER MERRITT: Is there a reason that
22 it's been this long? I'll let Frank Jung speak.

23 MR. JUNG: Frank Jung, General Counsel.

24 This was -- we had this case set previously for
25 a hearing. Mr. Gilliam did not receive service because

1 he did not sign for his certified letter, which meant
2 that we didn't give proper service to him so we had to
3 reschedule it for the next scheduled hearing date.

4 Mr. Stark only has hearings every so often
5 because we don't want to go to Kansas City for just one
6 case, so it was delayed until we had enough other
7 disciplinary issues in Kansas City. At that time we
8 personally hand-served it to him, and he still failed to
9 show up even after being hand-served with the hearing
10 date, so the delay was basically trying to get service on
11 Mr. Gilliam on this matter. It seemed to be a problem.

12 CHAIRMAN MATHEWSON: Well, yeah, I would say
13 so. So you never have talked to him? I mean, is that
14 the bottom line? I mean --

15 MR. STARK: No, he didn't show up for the
16 hearing, and I am only allowed to operate upon the record
17 before me.

18 CHAIRMAN MATHEWSON: Sure. I understand.

19 MR. STARK: Yeah. I don't --

20 CHAIRMAN MATHEWSON: Can you add anything to
21 this?

22 MR. PRESTON: No, I cannot.

23 CHAIRMAN MATHEWSON: Huh. Well, that's kind of
24 an interesting situation. Now he just got a promotion?

25 MR. PRESTON: Yes, sir.

1 CHAIRMAN MATHEWSON: Maybe because he didn't
2 show up. I don't know. He's working, I guess.

3 Well, has he served the day? I mean, we don't
4 even know if he's served the day until we take this
5 action. Is that where we are?

6 DIRECTOR STOTTLEMYRE: That's correct.

7 MR. JUNG: Right.

8 CHAIRMAN MATHEWSON: Yeah. Based on the facts
9 this morning, do you want to change your recommendation?

10 MR. STARK: As to the amount of discipline?

11 CHAIRMAN MATHEWSON: Yeah.

12 MR. STARK: Well --

13 CHAIRMAN MATHEWSON: I don't mean to put you on
14 the spot -- I apologize -- but, you know, I mean --

15 MR. STARK: It seems like there are two
16 violations, and then the no-show kind of compounds the
17 concern.

18 CHAIRMAN MATHEWSON: That's where I'm going.

19 MR. JUNG: I think Mr. Stark's kind of limited
20 on what the -- the DRB limited it to one day, and at that
21 time we had no clue. Like he said, it was happening in
22 December of '09. I think our first hearing -- '08.

23 I think the first hearing was scheduled sometime
24 in July of '09, and he failed to show. We maybe even had
25 a second hearing and he didn't show or something but,

1 anyway -- when was this hearing?

2 MR. STARK: This particular hearing was May 27.

3 MR. JUNG: Okay. Of this year, so there was at
4 least one attempt to try to give him a hearing and he
5 didn't show, and even when he was sent -- we had a
6 trooper hand-deliver the notice of hearing -- he still
7 did not show this time, so Mr. Stark has not heard his
8 side of this, and the recommendation from the DRB was
9 only one day, because at that time when this was issued
10 back in, I believe -- early 2009 is when we sent out the
11 letter of disciplinary action.

12 At that time he was -- well, actually, yeah,
13 when we sent out the disciplinary action at that time --

14 MR. STARK: May 7, 2009, was the date of the
15 proposed order.

16 MR. JUNG: Right.

17 MR. STARK: Mr. Gilliam requested a hearing
18 July 1, 2009.

19 MR. JUNG: So that's a delay of -- basically
20 the order didn't go out til May to Mr. Gilliam.
21 Although the offense occurred in December, it didn't go
22 out til May, was the preliminary discipline. Then the
23 first hearing was scheduled in the fall, I believe, and
24 he didn't show up at that, so we had to reschedule the
25 hearings.

1 COMMISSIONER HATCHES: Does the fact that he is
2 now in a different role have any impact on his
3 suspension? I mean, this occurred when he was in a
4 different role, a different place. Does that matter?

5 DIRECTOR STOTTLEMYRE: The suspension would
6 still be in place, if that's the finding.

7 MR. STARK: We're disciplining his license. I'm
8 assuming he maintains the same license even though he's
9 got a different job position.

10 CHAIRMAN MATHEWSON: Sorry to kind of -- I'm
11 sorry to hold this up, but this is kind of an unusual
12 situation. Is anyone from Isle of Capri here that would
13 shed some light on this?

14 MR. PRESTON: Be Ameristar.

15 CHAIRMAN MATHEWSON: Ameristar. I'm sorry. I
16 thought it was Ameristar.

17 COMMISSIONER SHULL: Has he changed jobs?

18 CHAIRMAN MATHEWSON: Yeah, I thought it was
19 Ameristar. Anyone here from Ameristar that could shed
20 some light on how we ended up here?

21 AUDIENCE MEMBER: I'm from St. Charles. I know
22 he's in Kansas City. That's all I know.

23 CHAIRMAN MATHEWSON: Well, that's good to know
24 because we didn't know where he was. Thank you. Thank
25 you.

1 You know, Commissioners, I think this sets a
2 terrible example, you know, personally. I feel like the
3 guy should've made an effort to try to at least be heard,
4 and when someone doesn't do that, then it makes me
5 wonder, you know, What the heck's going on here?

6 Roger, help me out here -- Frank -- but I'm
7 going to make a motion that we increase the penalty.

8 MR. JUNG: You have every right to do so.

9 CHAIRMAN MATHEWSON: I thought I did.

10 COMMISSIONER MERRITT: Do we need to deal with a
11 motion and second that we --

12 CHAIRMAN MATHEWSON: We have a motion. We have
13 a motion.

14 COMMISSIONER SHULL: We have to amend it.

15 CHAIRMAN MATHEWSON: Yeah. I'm going to -- my
16 motion's going to be --

17 MR. JUNG: Could you have Noel withdraw his
18 motion?

19 CHAIRMAN MATHEWSON: He can withdraw his motion.

20 COMMISSIONER SHULL: I'll withdraw the motion.

21 CHAIRMAN MATHEWSON: Okay. I'm going to make a
22 recommendation that we suspend him for three days, and I
23 really feel like that this is really going to set a
24 precedent where folks are just not going to -- they're
25 going to ignore us, basically, or ignore a hearing, and

1 that's the whole purpose of a hearing, to get facts as it
2 relates to any case that you present or anyone else
3 presents to us.

4 Historically, at least for the 15, 16 months,
5 whatever it is that I've been here, people do pay
6 attention to those or they just quit their job and go
7 away -- I mean, one or the other -- but this man's been
8 promoted after ignoring an opportunity to be heard.

9 So at this time I'm going to make a motion that
10 we -- that we extend his -- his disciplinary action to --
11 to be a suspension of three days.

12 COMMISSIONER MERRITT: I'll second that.

13 CHAIRMAN MATHEWSON: Any further discussion?

14 (No response.)

15 CHAIRMAN MATHEWSON: Call roll, Angie, on the
16 motion, please.

17 MS. FRANKS: Chairman Mathewson.

18 CHAIRMAN MATHEWSON: Approved.

19 MS. FRANKS: Commissioner Shull.

20 COMMISSIONER SHULL: Approved.

21 MS. FRANKS: Commissioner Jones.

22 COMMISSIONER JONES: Approved.

23 MS. FRANKS: Commissioner Hatches.

24 COMMISSIONER HATCHES: Approved.

25 MS. FRANKS: Commissioner Merritt.

1 COMMISSIONER MERRITT: Approved.

2 CHAIRMAN MATHEWSON: Next, sir, please.

3 MR. STARK: Item C, the matter of Kenneth
4 MacDonald, Mr. MacDonald possessed a Level II
5 occupational license as granted by the Commission. He
6 was employed as a slot technician in Kansas City. The
7 particular date is July, 2, 2009, in which Mr. MacDonald
8 put into service a particular electronic gaming device, a
9 slot machine that had not yet passed Phase II.

10 Now, let me back up a little bit. There was a
11 technical advisory memorandum that was issued by the
12 Commission on April 16, 2009, that required for any slot
13 machine that failed its Phase II testing that there be an
14 entry made into what's called the MEAL book, the Machine
15 Entry Access Logbook, which records anybody making an
16 entry into the machine so that there's a log of when the
17 machine is opened up, but this technical advisory
18 memorandum told the licensees that any time a particular
19 machine that has failed Phase II testing needed to have
20 some further documentation into the MEAL book, basically
21 stating that it did fail the Phase II testing, the reason
22 for the failure and that that particular machine should
23 remain out of service.

24 When Mr. MacDonald entered this particular
25 machine, there was no entry in the MEAL book as to any

1 failure of the Phase II testing. In fact, there was an
2 entry the day before by another employee that provided no
3 documentation as to the need for this particular machine
4 to be out of service.

5 The Commission presented a statement, a written
6 statement, from a supervisor of Mr. MacDonald indicating
7 that Mr. MacDonald was responsible for communicating the
8 technical advisory memoranda -- whenever those were
9 issued, he was to communicate to the rest of the staff;
10 however, Mr. MacDonald testified that his job was to
11 distribute it to the supervisors.

12 He himself was basically a line employee, had no
13 supervisory position, no supervisory authority and could
14 not tell other employees what to do, so he understood his
15 position was to distribute these technical advisory
16 memorandums to the supervisors who, in turn, would
17 educate their staff, make distribution to the individuals
18 under supervision and the supervisor would be responsible
19 for that.

20 Mr. MacDonald was not the supervisor of the
21 other employee that had previously entered this
22 particular machine. The evidence showed that this
23 particular employee did not have any knowledge at all of
24 the technical advisory memorandum related to making notes
25 in the MEAL book about Phase II testing failures.

1 The proposed disciplinary action was that
2 Mr. MacDonald failed to provide the Commission's
3 memorandum to this particular employee. My findings were
4 that he had no responsibility, had no supervisory
5 authority. It was not his job duty to advise this
6 particular employee about the Commission's memorandas, so
7 my finding is that Mr. MacDonald carried forth his burden
8 of proof to show that he should not be disciplined for
9 the alleged violation of failing to advise a fellow
10 employee about a Commission's memorandum, and as such, my
11 recommendation is that discipline is not appropriate and
12 the proposed discipline should be withdrawn.

13 CHAIRMAN MATHEWSON: Steve, first of all, let me
14 compliment you in doing that, okay, I mean, which, again,
15 I think is trying to prove up to the industry that we're
16 not all bad. I mean, you know, here's a situation that
17 further evidence, as concluded by you, the hearing
18 officer, that this shouldn't have happened.

19 Now, he hasn't been disciplined yet -- am I
20 understanding that correct? -- until after this order is
21 signed?

22 MR. STARK: That would be my understanding,
23 yes. Yes.

24 CHAIRMAN MATHEWSON: So if we accept your
25 recommendation this morning to not have the disciplinary

1 action, then the question is then expunged, or what
2 happens then, because that's a new one for me too?

3 MR. STARK: As far as I know, there's no
4 discipline to be imposed.

5 CHAIRMAN MATHEWSON: Which means it wouldn't be
6 expunged.

7 MR. JUNG: That's correct. There would be no
8 record of this discipline in his records then. This came
9 down to a credibility issue, and Mr. Stark found this
10 individual to be honest.

11 CHAIRMAN MATHEWSON: Good for you. Good for
12 you. Thank you, sir, for doing that.

13 Any other questions or comments?

14 COMMISSIONER JONES: Is the process understood
15 now? Does everyone at the Isle understand the process of
16 logging it in, the TAM report should be logged in? It
17 seemed like there was some confusion, you know, who was
18 supposed to do it, who had the responsibility. Is it
19 understood, the process?

20 MR. PRESTON: Again, Blaine Preston, Missouri
21 Gaming Commission. Yes, we work directly with casinos,
22 so when we see an issue with the compliance of particular
23 regulations, they insure that they are getting this
24 information to the frontline employees so, yes, they
25 have.

1 CHAIRMAN MATHEWSON: Sir, we accept the motion
2 to accept Steve's recommendation of no disciplinary
3 action.

4 COMMISSIONER MERRITT: So moved.

5 COMMISSIONER JONES: Second.

6 CHAIRMAN MATHEWSON: Any further discussion?

7 (No response.)

8 CHAIRMAN MATHEWSON: Call roll, Angie, please.

9 MS. FRANKS: Chairman Mathewson.

10 CHAIRMAN MATHEWSON: Approved.

11 MS. FRANKS: Commissioner Shull.

12 COMMISSIONER SHULL: Approved.

13 MS. FRANKS: Commissioner Jones.

14 COMMISSIONER JONES: Approved.

15 MS. FRANKS: Commissioner Hatches.

16 COMMISSIONER HATCHES: Approved.

17 MS. FRANKS: Commissioner Merritt.

18 COMMISSIONER MERRITT: Approved.

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

20 Resolution 10-089.

21 CHAIRMAN MATHEWSON: Steve.

22 MR. STARK: Item letter D, James Krouse.

23 Mr. Krouse does hold a Level II occupational license,

24 employed as a slot technician supervisor.

25 In October of 2009 the casino was moving some of

1 its slot machines around, and Mr. Krouse made entry into
2 a particular slot machine and made approval that this
3 particular slot machine be put into service.

4 Now, the problem with the particular slot
5 machine was that it did not contain the required security
6 tape that's over a critical program storage media unit,
7 so there's a particular part of a slot machine that needs
8 to have a security tape over it so that it shows that no
9 unauthorized entry has occurred internally, but that
10 particular machine was missing its security tape.

11 Now, there were two other employees that had
12 also made entry into that machine, and their inspection
13 of the machine did not make any comment about any
14 possible problem with the machine as well so, again, the
15 inference is that there were three employees in this
16 particular case that did not catch the fact that the
17 security tape was not intact on this particular machine.

18 The Commission has a particular regulation that
19 addresses that, and it does say that the gaming device
20 shall have its locked logic areas within the electronic
21 gaming device and the critical program storage media
22 housed therein sealed with the Commission security
23 seals.

24 The security seals must be affixed by an
25 authorized commissioned agent and must include the date,

1 signature, and identification number of the agent. The
2 seals may only be broken or removed by an authorized
3 gaming agent.

4 So the security tape involved a Commission's
5 agent as well, so the individuals, if they had noticed
6 that the tape was missing, should have also called on the
7 gaming agent to rectify the violation.

8 But this particular case dealt just with
9 Mr. Krouse, and he was present at the hearing and he did
10 admit that this critical component to the gaming device
11 was indeed missing under his supervision, and he takes
12 responsibility for it missing.

13 His main argument was that the other two
14 employees that were involved in this particular slot
15 machine were also disciplined, but they were disciplined
16 in the same amount as being proposed for him.

17 And I'll quote what Mr. Krouse indicated in
18 writing to the hearing record: I do not feel that I
19 should have received the same discipline as the persons
20 that falsely indicated in writing that the seals were in
21 place. I am not saying that I should not have received
22 some form of discipline, but something of a lesser nature
23 than the persons who actually caused this to happen.

24 So he's making an indication or an argument that
25 his discipline should be less severe than the other

1 employees; however, the way the law's written is that
2 there is much discretion with the Commission in applying
3 discipline and, in fact, that discretion allows you to
4 treat individual licensees differently just so far as it
5 is not so arbitrary to shock the sense of justice.

6 That's the language from case law, that you have
7 the right to treat licensees differently in asserting
8 discipline against them as long as it doesn't shock
9 justice.

10 My finding is that a one-day suspension for this
11 particular violation to Mr. Krouse, regardless of what
12 other employees may have received, does not shock
13 justice, and my recommendation is that the one-day
14 suspension is appropriate and should be imposed.

15 CHAIRMAN MATHEWSON: I don't want to shock
16 justice either. What was the other twos' discipline?

17 MR. STARK: I'm assuming, based on what
18 Mr. Krouse indicated, it was a one-day suspension as
19 well.

20 COMMISSIONER JONES: You know what? This is --
21 this is unnerving for me because he's a supervisor.

22 MR. STARK: Correct.

23 COMMISSIONER JONES: You know, he's in a
24 management position and the others are just line
25 technicians; right?

1 MR. STARK: That's my understanding, yes.

2 COMMISSIONER JONES: And he's complaining? I
3 mean, that's why he's in that position. He's a
4 supervisor. Now he's lucky he didn't get a four-day
5 suspension, you know. He's a supervisor. He's supposed
6 to be watching this.

7 MR. STARK: Right.

8 COMMISSIONER JONES: And he's complaining about
9 that he's got the same suspension.

10 MR. STARK: Correct.

11 COMMISSIONER JONES: Okay. I just want to make
12 sure.

13 COMMISSIONER MERRITT: Are you going to juice it
14 up?

15 CHAIRMAN MATHEWSON: Is Mr. Krouse here?

16 (No response.)

17 CHAIRMAN MATHEWSON: No. Okay. Do you want
18 to -- someone -- would you like to make a motion that we
19 accept the recommendation of Steve, or what do you want
20 to do?

21 COMMISSIONER HATCHES: So moved.

22 CHAIRMAN MATHEWSON: Okay.

23 COMMISSIONER SHULL: Second.

24 CHAIRMAN MATHEWSON: Any further discussion?

25 COMMISSIONER MERRITT: Can I add a stipulation?

1 CHAIRMAN MATHEWSON: Sure.

2 COMMISSIONER MERRITT: That when he's notified
3 of that suspension he's also notified that it was
4 considered that as supervisor he maybe should've had more
5 discipline.

6 CHAIRMAN MATHEWSON: Can you carry that
7 message?

8 MR. PRESTON: Yes, I can.

9 CHAIRMAN MATHEWSON: Thank you very much.
10 Any other discussion?

11 (No response.)

12 CHAIRMAN MATHEWSON: Call roll, Angie, please.

13 MS. FRANKS: Chairman Mathewson.

14 CHAIRMAN MATHEWSON: Approved.

15 MS. FRANKS: Commissioner Shull.

16 COMMISSIONER SHULL: Approved.

17 MS. FRANKS: Commissioner Jones.

18 COMMISSIONER JONES: Approved.

19 MS. FRANKS: Commissioner Hatches.

20 COMMISSIONER HATCHES: Approved.

21 MS. FRANKS: Commissioner Merritt.

22 COMMISSIONER MERRITT: Approved.

23 MS. FRANKS: By your vote you've adopted
24 Resolution No. 10-090.

25 MR. STARK: Our next item, Letter E, Terri

1 Francy, Ms. Francy is a holder of a Level II occupational
2 license working in the gaming industry. I don't have her
3 job title here handy, but she is alleged to have altered
4 documentation with regard to an item in lost and found.

5 The casino has a lost-and-found department, if
6 you will, and a cell phone valued at \$349 was found, was
7 logged in to the lost-and-found department by another
8 employee.

9 Ms. Francy took it upon herself to alter that
10 documentation indicating her name as the founder of the
11 cell phone. The casino has -- had a policy at that time
12 that basically said if certain things remained in lost
13 and found for a period of time, the person that found it
14 could take possession. Ms. Francy made claim to this
15 cell phone and took it home with her.

16 There is a particular statute on lost-and-found
17 property, and the casino's policy was not in compliance
18 with that. Ms. Francy was not in compliance with
19 handling lost-and-found property. Her alteration of the
20 documentation is evidence of unsuitability.

21 Ms. Francy did not show up for her own hearing
22 even though duly notified, and the recommendation is that
23 revocation of her license be appropriately imposed by
24 you, the Commission.

25 CHAIRMAN MATHEWSON: Is Ms. Francy here this

1 morning?

2 (No response.)

3 CHAIRMAN MATHEWSON: Well, we're getting them
4 all this morning, aren't we? It's a beautiful morning.
5 Okay.

6 Is she still an employee, or do we even know?

7 DIRECTOR STOTTLEMYRE: She was termed.

8 CHAIRMAN MATHEWSON: She was termed? Okay.

9 DIRECTOR STOTTLEMYRE: Yeah.

10 COMMISSIONER HATCHES: I have one question.

11 CHAIRMAN MATHEWSON: Sure.

12 COMMISSIONER HATCHES: In reference to the
13 policy, you say it has been changed now, so if something
14 is found, what happens?

15 MR. STARK: I don't know for sure that the
16 casino changed it, but the statute provides a mechanism
17 for any individual who finds unclaimed property to file
18 an affidavit with the court, put a publication in the
19 newspaper, to make a good faith effort to locate the
20 owner, and then after a certain amount of time then the
21 judge could basically allow possession by the finder.

22 COMMISSIONER HATCHES: Thank you.

23 CHAIRMAN MATHEWSON: Any other questions?

24 Comments?

25 (No response.)

1 CHAIRMAN MATHEWSON: Chair would accept the
2 motion to accept the disciplinary action as offered.
3 COMMISSIONER SHULL: So moved.
4 COMMISSIONER JONES: Second.
5 CHAIRMAN MATHEWSON: Any discussion?
6 (No response.)
7 CHAIRMAN MATHEWSON: Call roll, Angie, please.
8 MS. FRANKS: Chairman Mathewson.
9 CHAIRMAN MATHEWSON: Approved.
10 MS. FRANKS: Commissioner Shull.
11 COMMISSIONER SHULL: Approved.
12 MS. FRANKS: Commissioner Jones.
13 COMMISSIONER JONES: Approved.
14 MS. FRANKS: Commissioner Hatches.
15 COMMISSIONER HATCHES: Approved.
16 MS. FRANKS: Commissioner Merritt.
17 COMMISSIONER MERRITT: Approved.
18 MS. FRANKS: By your vote you've adopted
19 Resolution No. 10-091.
20 CHAIRMAN MATHEWSON: Okay.
21 MR. STARK: Our next item, Letter F, Charles
22 Woods, Mr. Woods make application to obtain a Level II
23 occupational license. The application process includes a
24 written application with several questions, one of which
25 asks, Have you ever been arrested, detained, charged

1 convicted of any criminal activity?

2 Mr. Woods responded by saying "no." The
3 Commission has a process of interviewing the individual.
4 Again, Mr. Woods indicated no past criminal history. The
5 Commission does conduct its own investigation and found
6 that Mr. Woods failed to disclose a criminal record of
7 being arrested on December 17, 1993, in Kansas for
8 failure to appear, also arrested in Kansas on
9 September 2, 1995, for felony nonsupport and for pleading
10 guilty to the crime of felony nonsupport of a child on
11 October 27, 1995.

12 Mr. Woods, at the hearing, indicated that he did
13 not realize that he was a convicted felon. He was told
14 by the lawyer and he thought the judge indicated that he
15 would have no record if he followed through with the
16 particular sentence that was provided.

17 Actually, it was not a sentence. It was a stay
18 of imposition or stay of execution of sentence, I guess,
19 in Kansas where the judge basically said, I take your
20 plea of guilty to the felony, but if you pay the child
21 support and certain other conditions for several years,
22 then the record could possibly be expunged, so Mr. Woods
23 believed that he would have no record and didn't realize
24 that he was pleading guilty to a felony.

25 The law clearly says to the Commission that

1 there is no discretion with regard to granting licenses
2 to those who have pled guilty to or have been convicted
3 of a felony, so the law is pretty clear that no one with
4 a felony conviction, whether by pleading guilty or
5 actually being convicted by a jury or judge, it does not
6 allow for the granting of a license, so my recommendation
7 is that the denial by the Commission is appropriate and
8 still should be imposed based on statute.

9 CHAIRMAN MATHEWSON: Is Mr. Woods here?

10 MR. WOODS: Yes.

11 CHAIRMAN MATHEWSON: Okay. Would you like to
12 make a comment to the Commission, sir?

13 MR. WOODS: Yeah, I would.

14 CHAIRMAN MATHEWSON: Just step up to that
15 microphone and for the record identify yourself, sir,
16 please.

17 MR. WOODS: My name's Charles Woods.

18 You know, I've had this gaming badge for nine
19 months. As I showed in the hearing, the previous hearing
20 in November of this year, I had the record completely
21 expunged. I really need my job. You know, I don't know
22 if there's any other form of punishment besides taking my
23 job away.

24 CHAIRMAN MATHEWSON: Are you working presently,
25 sir?

1 MR. WOODS: Yes, I am.

2 CHAIRMAN MATHEWSON: Okay. Let me ask you
3 this -- and sir, in fairness to you, thank you for being
4 here. I appreciate that. Thank you.

5 This is one of those situations for a suspended
6 imposition of sentence, wasn't it?

7 MR. WOODS: Yes.

8 CHAIRMAN MATHEWSON: Do you know?

9 MR. WOODS: And I was --

10 CHAIRMAN MATHEWSON: You know, they're just a --
11 to me, at least, and maybe it isn't to the other
12 commissioners, but there's a shadow over that whole
13 situation, you know, and I would suspect whether or not
14 you hired an attorney on that situation or one was
15 granted to you, that attorney probably -- and I'm not
16 picking on lawyers -- but that attorney probably said
17 under a suspended imposition of sentence that it's going
18 to be expunged.

19 MR. WOODS: Yeah.

20 CHAIRMAN MATHEWSON: I bet that's what they
21 said, because that is a standard practice.

22 MR. WOODS: And I also showed in the hearing a
23 letter from her stating that, you know, in 1995 you were
24 force to sign -- that you -- you know, guilty to a felony
25 to get that stay agreement. Now you go to court on this

1 same thing, you get the stay agreement. You do not have
2 to sign "guilty" to a felony.

3 CHAIRMAN MATHEWSON: I think that's correct.

4 MR. WOODS: Because they realized that was --
5 you know, they realized that wasn't right, and they
6 changed it, so I was just unfortunate that it happened to
7 me back 15 years ago, and I hate to think that that's
8 going to cost me my job now. Those kids are grown. I've
9 got grandkids by them. Child support has all been paid
10 back. So I'm just here to plead for my job.

11 CHAIRMAN MATHEWSON: Okay. Any questions of
12 Mr. Woods?

13 COMMISSIONER SHULL: You did indicate that you
14 had some children now that are minors.

15 MR. WOODS: I do have two minor children now.

16 COMMISSIONER SHULL: How old are they?

17 MR. WOODS: Thirteen and ten.

18 COMMISSIONER SHULL: Well, the question I have,
19 If the law in Kansas has been changed and this -- you do
20 apply to have this expunged in December -- or November --

21 MR. WOODS: November, yes.

22 COMMISSIONER SHULL: -- my question is: Can we
23 set this aside until December to see if it's expunged,
24 and at that time if it is expunged, reconsider it? I
25 agree with the Chairman that this is a very cloudy issue,

1 and that would be my thought about it, that if it's
2 expunged, then we would just -- it would be dismissed.

3 CHAIRMAN MATHEWSON: Okay.

4 COMMISSIONER MERRITT: May I ask a question --

5 CHAIRMAN MATHEWSON: Sure.

6 COMMISSIONER MERRITT: -- maybe of our legal
7 counsel?

8 Are we setting a dangerous precedent here in the
9 sense that someone else will say, Hey, if you give me a
10 few months, I'll get mine expunged? I mean, I'm
11 compassionate to his cause here, but I don't want us to
12 set a precedent we've got to live with that's not
13 livable.

14 MR. JUNG: The reason we're doing this,
15 following what the -- there is a Missouri Court of
16 Appeals case that states that if a statute says you have
17 a felony guilty plea, it doesn't matter if it's an SIS.
18 It's a guilty plea.

19 If it says a felony conviction, then an SIS will
20 not disqualify you, and that was in the conceal and carry
21 case where someone had a guilty plea to an SIS, and the
22 Court says because the statute's specific.

23 Here we have a situation where he pled guilty to
24 a felony, and so the question would be would having that
25 expunged have anything to do in wiping it clean? Well,

1 from what the Court of Appeals says is that an SIS
2 doesn't seem to take it away.

3 I'm not sure if that would -- the expungement
4 take away the guilty plea happened -- the felony guilty
5 plea happened no matter what, so I'm not -- I couldn't
6 answer that. I'd have to do more research on that
7 matter.

8 COMMISSIONER MERRITT: So would we be in
9 violation of the statute that says if you have a guilty
10 plea you don't get a license?

11 MR. JUNG: Right now the statute says you
12 cannot issue a license to anybody that has a felony
13 guilty plea, and that's just the way the statute's
14 written. Not a felony conviction. It says "felony
15 guilty plea or conviction."

16 CHAIRMAN MATHEWSON: Frank, there is a -- stay
17 with us, sir, please.

18 MR. WOODS: Yes.

19 CHAIRMAN MATHEWSON: We need to kind of say
20 where everybody is here, on what ground they're on.

21 I know of a situation where a license was not
22 granted to a person that had filed for a nurse's license
23 to practice nursing because there was a suspended
24 imposition of sentence.

25 The state regulatory agency over nursing

1 reviewed that after it was pointed out that there was an
2 Attorney General's opinion that said you could not
3 withhold a license from a nurse, because if it was, in
4 fact, a suspended imposition of sentence.

5 MR. JUNG: Right. And if -- go ahead. I'm
6 sorry.

7 CHAIRMAN MATHEWSON: And they licensed her, you
8 know, after we pointed that out. I mean -- and I'm not
9 an attorney.

10 MR. JUNG: That statute talked about a felony
11 conviction.

12 CHAIRMAN MATHEWSON: There you go.

13 MR. JUNG: And they interpreted that it was a
14 felony conviction with an SIS, and the A.G.'s office said
15 an SIS is not; however, we have our different statute
16 because it does not -- says a felony conviction but it
17 says a felony guilty plea or felony conviction, and
18 that's where the Court of Appeals has distinguished the
19 fact that, yes, if the statute says a felony conviction,
20 an SIS will not disqualify you from getting a license for
21 whatever it happened to be, but in the case that I'm
22 talking about, it was a conceal and carry, and the
23 legislature specifically said convict-- a felony guilty
24 plea, and they said it doesn't matter if it's an SIS
25 because the statute's very specific in the felony guilty

1 plea, and it doesn't matter that it's not a conviction in
2 the true sense of the term.

3 CHAIRMAN MATHEWSON: You mentioned a moment ago,
4 Frank, that you would have to do some more research.
5 Again, help us, our position out, and Mr. Woods' position
6 here.

7 Would it be -- would it be appropriate on our
8 part to just hold this up til our next meeting to see if
9 we can -- in other words, he would continue to work
10 until -- for another thirty days or until we have our
11 next meeting so we can do some more research?

12 MR. JUNG: I can look --

13 CHAIRMAN MATHEWSON: Commissioner Merritt asked a
14 good question. I mean, are we setting a precedent?

15 MR. JUNG: If the expungement would remove
16 everything, which I'm not sure of, then obviously that
17 would allow him to have a license, but I'm not sure if
18 the expungement would wipe that guilty plea clean based
19 on not only Missouri law but also Kansas law, so I'd have
20 to check what Kansas law -- how they interpret their
21 expungement and also how Missouri, you know, determines
22 expungements, whether that would remove it completely for
23 everything, and I'm not -- I can't answer you right now.
24 I don't know the answer to that question.

25 COMMISSIONER MERRITT: Mr. Woods, have you

1 sought an expungement at this point?

2 MR. WOODS: Well, my attorney, she checked into
3 it for me, and she gave me the day. It's like November
4 2010.

5 CHAIRMAN MATHEWSON: Yeah. You can't even apply
6 until November; is that correct?

7 MR. WOODS: Yeah, November. She said it's a
8 small fee. I could do it now. She said it would cost me
9 \$1000 to do it before November, and it's going to like 12
10 to \$20 in November, so that's why I haven't.

11 CHAIRMAN MATHEWSON: I mean, that seems pretty
12 logical to me, you know.

13 MR. WOODS: And I understand the whole deal
14 about according to the law I shouldn't have been issued a
15 gaming badge, but I have held it for nine months already
16 illegally, according to Gaming.

17 CHAIRMAN MATHEWSON: Yeah.

18 COMMISSIONER MERRITT: That says a lot to the
19 casino.

20 CHAIRMAN MATHEWSON: Yeah. Let me inquire of
21 you again, Frank, please.

22 MR. JUNG: Sure.

23 CHAIRMAN MATHEWSON: Based on that, we actually
24 couldn't take any action on this until December because,
25 I mean, if he's not going to apply, which I understand

1 his reasoning behind that, until November, then we can't
2 get an answer, probably, until December, although that
3 would give you -- for the Commission's standpoint that
4 doesn't stop you from continuing to investigate this.

5 Are we setting a precedent if we would take that
6 action so Mr. Woods can continue to work until such time
7 as we can do some research and make a decision based on
8 what we find and what action is taken on the expungement
9 by December?

10 MR. JUNG: Technically, if it's not a guilty
11 plea then it doesn't disqualify him because it's not a
12 felony conviction or guilty plea. This is not a case --
13 you know, a failure to report, as you know, report a
14 conviction, we do deny the license, but then they can
15 reapply as long as it wasn't a felony conviction, so in
16 this situation we'd have a legal opinion at least by the
17 next meeting to know whether that expungement would
18 change anything or not.

19 If it doesn't change anything, then we could go
20 ahead and proceed to deny the license, but if it does, I
21 think in that situation we could take -- you know, to
22 look at it and see if he has a -- he will meet the
23 qualifications once it is expunged.

24 CHAIRMAN MATHEWSON: Then it would seem logical
25 for Mr. Woods and for, I think, our comfort level, too,

1 that we would just table this particular one on Mr. Woods
2 until the next meeting, and then at that time -- and sir,
3 I'm not asking you to drive back down here the next
4 time. I think we know where you are, you know, and we
5 can contact you if we need any further information.

6 But got any problem with that as legal counsel?

7 MR. JUNG: No, I don't have a problem because
8 it does bring up a good question as to how expungement
9 related to --

10 CHAIRMAN MATHEWSON: It does, and we're going to
11 have more of these. We've had them in the past, you know,
12 and certainly, you know, we need to do the right thing
13 here for Mr. Woods and his family's sake as well as for
14 the casino.

15 MR. JUNG: Kansas has realized their problem
16 because I talked to a Kansas prosecutor, and he has
17 indicated that they were having people going into drug
18 treatment pleading guilty first and then they were wiping
19 it clean afterwards, and now they -- what they do is they
20 sign a deferred prosecution rather than having them plead
21 guilty, but they were under the belief at first that they
22 had to have them pleading guilty and then put them into
23 the drug treatment, and then once they would wipe it
24 out -- now they found out that that hangs around, so
25 they've changed their practice in Kansas too.

1 DIRECTOR STOTTLEMYRE: Mr. Chair?

2 CHAIRMAN MATHEWSON: Yes, sir.

3 DIRECTOR STOTTLEMYRE: Our next meeting is in
4 the Kansas City area so --

5 CHAIRMAN MATHEWSON: Oh, that's right. We will
6 be there for the September meeting, won't we? Okay.

7 DIRECTOR STOTTLEMYRE: We'll send the
8 information to him.

9 CHAIRMAN MATHEWSON: Okay. Then do we need a
10 motion to table? Probably should just to keep it clean.

11 MR. JUNG: Yes, sir.

12 COMMISSIONER SHULL: I'll make that motion to
13 table it until the next meeting.

14 COMMISSIONER JONES: Second.

15 CHAIRMAN MATHEWSON: Any further discussion?

16 (No response.)

17 CHAIRMAN MATHEWSON: Call roll on the table in
18 motion, please.

19 MS. FRANKS: Chairman Mathewson.

20 CHAIRMAN MATHEWSON: Approved.

21 MS. FRANKS: Commissioner Shull.

22 COMMISSIONER SHULL: Approved.

23 MS. FRANKS: Commissioner Jones.

24 COMMISSIONER JONES: Approved.

25 MS. FRANKS: Commissioner Hatches.

1 COMMISSIONER HATCHES: Approved.

2 MS. FRANKS: Commissioner Merritt.

3 COMMISSIONER MERRITT: Approved.

4 CHAIRMAN MATHEWSON: Again, Mr. Woods, thank
5 you, sir, for driving down here. We will have that next
6 meeting -- help me out, Angie.

7 MS. FRANKS: September 29 in Kansas City, and
8 the location --

9 CHAIRMAN MATHEWSON: We don't know where yet, do
10 we?

11 MS. FRANKS: -- is still not determined.

12 MR. WOODS: I really appreciate you gentlemen.

13 CHAIRMAN MATHEWSON: We're certainly trying to
14 work with you, sir, and hopefully it's going to turn out
15 to be in your favor, but thank you for caring enough
16 about your job to come down here this morning.

17 MR. WOODS: No problem.

18 COMMISSIONER MATHEWSON: You have a safe trip
19 home.

20 MR. STARK: Chairman, that concludes my
21 presentations. Thank you very much.

22 CHAIRMAN MATHEWSON: Okay. Thank you, sir.
23 Mr. Stottlemire?

24 DIRECTOR STOTTLEMYRE: At this time we have Item
25 IV, Consideration of Relicensure of Certain Suppliers,

1 and Lieutenant Rex Scism will present.

2 CHAIRMAN MATHEWSON: Good morning, sir.

3 LIEUTENANT SCISM: Good morning, Mr. Chairman,
4 Commissioners.

5 Missouri State Highway Patrol investigators
6 conducted a relicensing investigation of four supplier
7 companies currently licensed in Missouri. The
8 investigations consisted of jurisdictional inquiries,
9 feedback from affected gaming company clients, a review
10 of disciplinary actions, litigation and business credit
11 profiles as well as a review of the key persons
12 associated with each of the companies.

13 The results of these investigations were
14 provided to the MGC staff for their review, and the
15 following supplier companies are being presented for your
16 consideration. We have four this morning. The first one
17 is Hydeman Company in Kansas City, Kansas.

18 CHAIRMAN MATHEWSON: Do you want to take all of
19 these in one motion? Do you want him to go ahead and go
20 through them? We've done that in the past, I think,
21 haven't we?

22 MS. FRANKS: Sure.

23 CHAIRMAN MATHEWSON: Okay. Why don't you just
24 go down through them --

25 LIEUTENANT SCISM: Okay.

1 CHAIRMAN MATHEWSON: -- and if we've got any
2 question, we'll stop you on any one of them; otherwise,
3 we'll take it in one motion.

4 LIEUTENANT SCISM: Okay. The first one, like I
5 said, is Hydeman Company in Kansas City, Kansas; the
6 second one, Midwest Game Supply Company of Kearney,
7 Missouri; the next one, Shuffle Master, Incorporated,
8 from Las Vegas, Nevada; and finally, WMS Gaming,
9 Incorporated, of Waukegan, Illinois.

10 CHAIRMAN MATHEWSON: Any questions by the
11 Commission on any one of those?

12 (No response.)

13 CHAIRMAN MATHEWSON: Chair would accept the
14 motion on 10-093, 10-094, 10-095, and on 10-096.

15 COMMISSIONER SHULL: So moved.

16 COMMISSIONER JONES: Second.

17 CHAIRMAN MATHEWSON: Any discussion?

18 (No response.)

19 CHAIRMAN MATHEWSON: Call roll, Angie, please.

20 MS. FRANKS: Chairman Mathewson.

21 CHAIRMAN MATHEWSON: Approved.

22 MS. FRANKS: Commissioner Shull.

23 COMMISSIONER SHULL: Approved.

24 MS. FRANKS: Commissioner Jones.

25 COMMISSIONER JONES: Approved.

1 MS. FRANKS: Commissioner Hatches.

2 COMMISSIONER HATCHES: Approved.

3 MS. FRANKS: Commissioner Merritt.

4 COMMISSIONER MERRITT: Approved.

5 MS. FRANKS: By your vote you've adopted
6 Resolution No. 10-093, 10-094, 10-095, and 10-096.

7 CHAIRMAN MATHEWSON: You can take the rest of
8 the day off now. We'll let you out.

9 LIEUTENANT SCISM: That sounds good. Thank
10 you.

11 DIRECTOR STOTTLEMYRE: Commissioners, Item V on
12 the agenda is Consideration of Institutional Investor
13 Waivers, and Clarence Greeno will present.

14 CHAIRMAN MATHEWSON: Mr. Greeno.

15 MR. GREENO: Good morning, Mr. Chairman,
16 Commissioners.

17 Behind Tabs K, L, and M are three resolutions
18 regarding waiver of licensure for institutional investors
19 holding and/or requesting to hold publicly traded
20 interest up to 20 percent in gaming licensees.

21 Each investor has submitted a request for waiver
22 to hold interest in these licensees in compliance with
23 11 CSR 45-4.020. The submitted waivers certify all
24 holdings are for institutional investment purposes only
25 with no intent to be involved in the management or

1 operation of the licensees.

2 Because the holdings may exceed the 10 percent
3 threshold for which the executive director may grant
4 waiver, these resolutions are before the Commission
5 today.

6 The first resolution, No. 10-097, is for
7 Columbia Wanger Asset Management, L.P., which presently
8 has holdings in Penn National Gaming, Pinnacle
9 Entertainment, Incorporated, and Bally Technologies.

10 The second Resolution, No. 10-098, is for
11 Thompson, Siegel, and Walmsley, L.L.C., which presently
12 has holdings in Global Cash Access Holdings, Isle of
13 Capri Casinos, and Shuffle Master Gaming, Incorporated.

14 The third resolution, No. 10-099, is for T. Rowe
15 Price, which is applying for renewal of their existing
16 waiver. While T. Rowe Price presently has holdings in
17 International Game Technology and WMS Gaming, those
18 holdings are below the level requiring waiver or
19 licensure; however, as an investment enterprise, T. Rowe
20 Price desires the flexibility to insure the ability to
21 invest in gaming entities as available as dictated by the
22 market.

23 CHAIRMAN MATHEWSON: Unless any member of the
24 Commission objects, we'll take all three of those in one
25 motion.

1 DIRECTOR STOTTLEMYRE: (Nodded.)

2 CHAIRMAN MATHEWSON: So the Chair would please

3 have a motion to adopt -097, - 098, and -099, please.

4 MR. HATCHES: So moved.

5 COMMISSIONER MERRITT: Second.

6 CHAIRMAN MATHEWSON: Call roll, Angie, please.

7 MS. FRANKS: Chairman Mathewson.

8 CHAIRMAN MATHEWSON: Approved

9 MS. FRANKS: Commissioner Shull.

10 COMMISSIONER SHULL: Approved.

11 MS. FRANKS: Commissioner Jones.

12 COMMISSIONER JONES: Approved.

13 MS. FRANKS: Commissioner Hatches.

14 COMMISSIONER HATCHES: Approved.

15 MS. FRANKS: Commissioner Merritt.

16 COMMISSIONER MERRITT: Approved.

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

18 Resolution Nos. 10-097, 10-098, and 10-099.

19 CHAIRMAN MATHEWSON: Thank you, Clarence.

20 Mr. Roger.

21 DIRECTOR STOTTLEMYRE: Item VI on the agenda is

22 Consideration of Licensure of Certain Suppliers.

23 Sergeant Chris Jolly will present first.

24 SERGEANT JOLLY: Good morning, Mr. Chair and

25 Commissioners.

1 You'll notice under Tab N there are two
2 resolutions. The first being Aristocrat Technologies,
3 Incorporated, of Las Vegas, Nevada, hereafter referred to
4 as ATI, and for its parent company, Aristocrat Leisure
5 Limited of North Ryde, New South Wales, Australia,
6 hereafter referred to as ALL.

7 There are 13 key persons associated with those
8 companies. On January 23, 2009, ATI made application to
9 the Missouri Gaming Commission for a suppliers license.

10 ALL filed an application for a key business
11 entity suppliers license. The companies also submitted
12 applications for the following key persons:

13 William M. Baker, a Non-Executive Director of ALL;
14 Ian D. Blackburne, Non-Executive Director of ALL;
15 Roger A. Davis, Non-Executive Director of ALL;
16 Rosalind V. Dubs, Non-Executive Director of ALL;
17 Ronald M. Dufficy, Chief Financial Officer of ATI;
18 Tracey L. Elkerton, Global Compliance Manager of ALL and
19 director of Aristocrat Leisure Cyprus Limited;
20 Nicholas R. Khin, President and CEO of ATI;
21 Antonia Korsanos, Chief Financial Officer of ALL;
22 Seamus M. McGill, Chief Operating Officer of ATI;
23 Patrick J. McGlinchey, Chief Legal Officer and company
24 secretary of ALL; James R. Odell, CEO and managing
25 director of ALL; Sally Pitkin, Non-Executive Director of

1 ALL; and David J. Simpson, chairman and Non-Executive
2 Director of ALL.

3 Missouri State Highway Patrol investigators
4 along with the Missouri Gaming Commission financial
5 investigators conducted background investigations of ATI
6 and ALL and its associated key persons.

7 The investigation included, but was not limited
8 to, criminal, civil, financial, and general character
9 inquiries of the key persons through international,
10 federal, state, and local government entities as well as
11 comprehensive financial analysis of both companies.

12 An investigative summary was submitted to the
13 Missouri Gaming Commission staff and a copy has been
14 provided for your review. All the investigating officers
15 are here today and would be happy to entertain any
16 questions that you may have.

17 CHAIRMAN MATHEWSON: Questions? I want to
18 take -- well, you want to do -100 and -101 as one motion,
19 and then we'll do the next --

20 DIRECTOR STOTTLEMYRE: We do.

21 CHAIRMAN MATHEWSON: Is that okay?

22 Chair would accept the motion on Resolution
23 10-100 and 10-101, please.

24 COMMISSIONER SHULL: So moved.

25 COMMISSIONER HATCHES: Second.

1 CHAIRMAN MATHEWSON: Any discussion?
2 (No response.)
3 CHAIRMAN MATHEWSON: Call roll, Angie, please.
4 MS. FRANKS: Chairman Mathewson.
5 CHAIRMAN MATHEWSON: Approved.
6 MS. FRANKS: Commissioner Shull.
7 COMMISSIONER SHULL: Approved.
8 MS. FRANKS: Commissioner Jones.
9 COMMISSIONER JONES: Approved.
10 MS. FRANKS: Commissioner Hatches.
11 COMMISSIONER HATCHES: Approved.
12 MS. FRANKS: Commissioner Merritt.
13 COMMISSIONER MERRITT: Approved.
14 MS. FRANKS: By your vote you've adopted
15 Resolution Nos. 10-100 and 10-101.
16 CHAIRMAN MATHEWSON: Okay. Now Chair would
17 accept --
18 DIRECTOR STOTTLEMYRE: Tab O we have another
19 presentation.
20 CHAIRMAN MATHEWSON: I'm sorry. I thought his
21 was --
22 DIRECTOR STOTTLEMYRE: Sergeant David Leitmann
23 will present on Tab O. I would like to mention that
24 Sergeant David Leitmann is retiring from the highway
25 patrol and --

1 CHAIRMAN MATHEWSON: Why would he want to do
2 that?

3 DIRECTOR STOTTLEMYRE: We all reach that point
4 in our life when that seems to be the best thing to do.

5 CHAIRMAN MATHEWSON: But you were a lot older
6 when you retired.

7 DIRECTOR STOTTLEMYRE: I didn't have as near as
8 much black hair as he did.

9 CHAIRMAN MATHEWSON: Does that tie have anything
10 to do with it?

11 DIRECTOR STOTTLEMYRE: It might.

12 SERGEANT LEITMANN: Some people take me too
13 seriously. I don't want you to take me too seriously, so
14 I always wear these comical ties.

15 CHAIRMAN MATHEWSON: Yeah, you topped me. I'd
16 take you seriously. I guarantee you that.

17 SERGEANT LEITMANN: I could say ditto to the
18 previous presentation, but I wrote it a little bit
19 different. This involves --

20 CHAIRMAN MATHEWSON: That's good. I'm glad you
21 had the -- you know, changed things just a little bit.

22 SERGEANT LEITMANN: But good morning.

23 Between April and August 2009, the Missouri
24 Gaming Commission received applications from
25 Interblock USA, L.L.C., a U.S. company, Elektroncek d.d.,

1 a Slovenian company, and Elektroncek B.V., a Netherlands
2 Company, and Aristocrat Leisure Cyprus Limited, a Cypric
3 company which is tied to the previous presentation, in
4 fact, two of the keys that were already approved or tied
5 to this company, so they will not be presented here as
6 well.

7 Interblock submitted an application as a
8 supplier, while Elektroncek d.d. submitted an application
9 as a supplier and manufacturer of electronic games.
10 Elektroncek B.V., an Aristocrat Leisure Cyprus Limited,
11 submitted applications as key business entities.

12 Following the receipt of all the applications,
13 the Missouri State Highway Patrol background unit, along
14 with MGC financial investigators commenced as an
15 investigation into the suitability of the four companies
16 and the three keys that are related to Interblock.

17 The three key persons are Messrs. Pececnik,
18 Zvipelj -- and I think that's right, but I have trouble
19 with his name all the time -- and Mr. Uhan -- I know that
20 one's right -- affiliated with the Electroncek group of
21 companies and are included in this report.

22 The key persons associated with the Aristocrat,
23 Leisure Cyprus Limited you already heard about, and
24 that's Tracey Elkerton and Nicholas Khin. They're the
25 directors with the Aristocrat company of Australia, and

1 you've already heard about their presentations.

2 This investigation involved contacting
3 regulatory, governmental, and law enforcement officials
4 throughout the U.S., the Netherlands, Slovenia, Cyprus,
5 and Australia. The results of the investigation appear
6 behind Tab O, and I think you have two separate
7 resolutions there, one for the companies and then one for
8 the three key persons.

9 I'll be happy to answer any questions you may
10 have, and the two financial investigators who worked with
11 this are also in the room.

12 COMMISSIONER JONES: I have a question.

13 SERGEANT LEITMANN: Yes, sir.

14 COMMISSIONER JONES: Did you and staff travel to
15 Australia and Slovenia and all these other places to do
16 this investigation?

17 SERGEANT LEITMANN: I didn't get to go to
18 Australia. The previous presenter made that trip, but
19 Slovenia was beautiful in March.

20 COMMISSIONER JONES: Well, I must have missed my
21 invitation.

22 SERGEANT LEITMANN: It came through channels,
23 sir. I don't know how you got left out.

24 CHAIRMAN MATHEWSON: He went there. Where the
25 hell is Slovenia?

1 SERGEANT LEITMANN: It borders Italy.

2 CHAIRMAN MATHEWSON: Heck it does.

3 SERGEANT LEITMANN: It's one of the former
4 countries of Yugoslavia. It became an independent
5 country in 1991 following a six-day war.

6 CHAIRMAN MATHEWSON: God. They can do them in
7 six days.

8 SERGEANT LEITMANN: Wasn't much opposition, I
9 suppose.

10 CHAIRMAN MATHEWSON: Evidently. Evidently. I
11 didn't mean that to be really a joke. I just -- you
12 know, think about that, you know. I wasn't familiar with
13 Slovenia. I haven't been there.

14 SERGEANT LEITMANN: Beautiful.

15 CHAIRMAN MATHEWSON: How do you know?

16 SERGEANT LEITMANN: Been there.

17 CHAIRMAN MATHEWSON: Done that, huh? Okay.
18 Roger?

19 DIRECTOR STOTTLEMYRE: Yes, sir.

20 CHAIRMAN MATHEWSON: From now on if there's any
21 foreign travel by any member of the staff, then I'd like
22 for the commissioners to at least be notified so that
23 they -- you know, this hundred dollars a month we get
24 surely has got some benefits somewhere. Hit the casinos
25 with a fee or something and we ought to travel a little

1 bit. This hundred dollars a month, I can't take it all.

2 Okay. Thank you, sir. I'm sorry we --

3 COMMISSIONER MERRITT: Just make sure that
4 previous statement is addressed to the chairman.

5 CHAIRMAN MATHEWSON: Yeah. Okay.

6 COMMISSIONER SHULL: I do have a question about
7 their financial statements.

8 SERGEANT LEITMANN: Yes, sir.

9 COMMISSIONER SHULL: Last year they showed that
10 they had a negative capital of 167,000.

11 SERGEANT LEITMANN: Commissioner, let me stop
12 you just a second. We need to talk to Bill --

13 COMMISSIONER SHULL: Do you have a question
14 about it too?

15 SERGEANT LEITMANN: No, we need to talk to Bill
16 Reeves or Larry Stitz. They're the two financial
17 investigators. Talk to me about anything but money. If
18 you want to talk about money, your financial
19 investigators for the MGC handled that, so they would
20 need to address those issues and facts. Guys?

21 COMMISSIONER SHULL: I notice in the summary
22 they didn't indicate what the capital still was.

23 MR. JUNG: I need to check and make sure their
24 financial are public -- is public.

25 COMMISSIONER SHULL: Just drop it then.

1 MR. JUNG: Yeah, we have to -- we'd have to
2 make sure that, you know -- as we know, we have a
3 standard which encloses proprietary financial information
4 so --

5 COMMISSIONER SHULL: I'll withdraw the question.

6 CHAIRMAN MATHEWSON: Hold that question, guys.
7 There seems to be a question of whether or not you can
8 put that on the record about their financial --

9 MR. JUNG: Okay.

10 SERGEANT LEITMANN: Okay.

11 MR. JUNG: I believe this financial
12 information -- it is not public in a 313.847 -- financial
13 information of an applicant is not on there -- so I think
14 if you have any question, we should close to ask the
15 question, sir.

16 COMMISSIONER SHULL: I withdraw the question.

17 CHAIRMAN MATHEWSON: Thank you. Thank you both
18 for being here.

19 Okay. Any further questions on the retiree or
20 the retiree (indicated)?

21 (No response.)

22 CHAIRMAN MATHEWSON: Chair would accept the
23 motion that we can put -02 and -03 in the same motion, I
24 believe. Chair would accept the motion to approve
25 those.

1 COMMISSIONER JONES: Move for the acceptance of
2 Resolution No. 10-102, 10-103.

3 MR. SHULL: Second.

4 CHAIRMAN MATHEWSON: Any discussion?
5 (No response.)

6 CHAIRMAN MATHEWSON: Call roll, Angie, please.

7 MS. FRANKS: Chairman Mathewson.

8 CHAIRMAN MATHEWSON: Approved.

9 MS. FRANKS: Commissioner Shull.

10 COMMISSIONER SHULL: Approved.

11 MS. FRANKS: Commissioner Jones.

12 COMMISSIONER JONES: Approved.

13 MS. FRANKS: Commissioner Hatches.

14 COMMISSIONER HATCHES: Approved.

15 MS. FRANKS: Commissioner Merritt.

16 COMMISSIONER MERRITT: Approved.

17 MS. FRANKS: By your vote you've adopted
18 Resolution No. 10-102 --

19 CHAIRMAN MATHEWSON: Thank you.

20 MS. FRANKS: -- and Resolution No. 10-103.

21 DIRECTOR STOTTLEMYRE: Item VII, Consideration
22 of Change of Control, and Clarence Greeno will present.

23 CHAIRMAN MATHEWSON: Clarence, please.

24 MR. GREENO: Behind Tab P is Commission
25 Resolution 10-104 regarding a change in control pursuant

1 to 11 CSR 45-10.040 for supplier licensees Elektroncek
2 d.d. and Interblock U.S.A., L.L.C., by and between their
3 parent companies, Elektroncek Group B.V., and Aristocrat
4 Leisure Cyprus, Limited, both key business entities.

5 Elektroncek Group B.V. and Aristocrat Leisure
6 Cyprus Limited each own 50 shares or 50 percent of the
7 equity interests or securities of Elektroncek d.d. A
8 share sale agreement was entered into whereby Aristocrat
9 Leisure Cyprus Limited agreed to sell its 50 percent
10 equity interest to Elektroncek Group B.V.

11 The sale agreement is subject to receipt of
12 necessary regulatory pre-approvals, therefore the share
13 transfer will not take place until such time as those
14 approvals are obtained. Once received, the planned
15 transaction will be consummated, and Elektroncek Group
16 B.V. will own 100 shares or 100 percent of the equity
17 interests of Elektroncek d.d.

18 Commission staff has reviewed the share sale
19 agreement and has no objection to the requested transfer
20 of equity interests and change in control.

21 I'd be happy to answer any questions.

22 CHAIRMAN MATHEWSON: Clarence, help me out.
23 Both are licensed -- they're licensed -- both licensed
24 now, and all we're doing is just moving control over to
25 one instead of two?

1 MR. GREENO: Correct. You just licensed the two
2 entities in your previous resolutions --

3 CHAIRMAN MATHEWSON: Right.

4 MR. GREENO: -- and now Aristocrat Cyprus
5 Limited, Aristocrat Leisure Cyprus Limited that owns half
6 of the Elektroncek d.d., is going to sell their shares to
7 Elektroncek Group B.V.

8 COMMISSIONER MERRITT: Okay. Now did I
9 understand earlier in the resolution that some of the
10 same folks are intertwined back and forth as far as their
11 operating officials?

12 MR. GREENO: They are, except that once the sale
13 is consummated, those that are affiliated with Aristocrat
14 Leisure Cyprus Limited will no longer be affiliated with
15 the group because the group will separate.

16 COMMISSIONER MERRITT: Okay. Kind of got some
17 inbreeding going on there.

18 MR. GREENO: Yeah. I don't know if it's
19 inbreeding, but two separate entities owning the company,
20 and now it will all be owned by one entity.

21 COMMISSIONER MERRITT: Okay.

22 CHAIRMAN MATHEWSON: Thank you, sir.

23 Okay. Let's take these separate from each
24 other. I think that'd be a good idea.

25 Any more questions of Clarence on Resolution

1 10-104?

2 (No response.)

3 CHAIRMAN MATHEWSON: Chair would accept the
4 motion to adopt Resolution 10-104, please.

5 COMMISSIONER JONES: So move.

6 CHAIRMAN HATCHES: Second.

7 CHAIRMAN MATHEWSON: Any discussion?

8 (No response.)

9 CHAIRMAN MATHEWSON: Call roll, Angie.

10 MS. FRANKS: Chairman Mathewson.

11 CHAIRMAN MATHEWSON: Approved.

12 MS. FRANKS: Commissioner Shull.

13 COMMISSIONER SHULL: Approved.

14 MS. FRANKS: Commissioner Jones.

15 COMMISSIONER JONES: Approved.

16 MS. FRANKS: Commissioner Hatches.

17 COMMISSIONER HATCHES: Approved.

18 MS. FRANKS: Commissioner Merritt.

19 COMMISSIONER MERRITT: Approved.

20 MS. FRANKS: By your vote you've adopted
21 Resolution No. 10-104.

22 CHAIRMAN MATHEWSON: Clarence, 105, please.

23 MR. GREENO: Okay. Mr. Chairman, Commissioners,
24 behind Tab Q is Commission Resolution 10-105 regarding a
25 change in control of Harrah's Entertainment,

1 Incorporated, pursuant to 11 CSR 45-10.040 and waivers of
2 licensure pursuant to 11 CSR 45-4.020 and 11 CSR
3 45-4.430.

4 Harrah's Entertainment, a Missouri Class A
5 licensee, Harrah's Maryland Heights, L.L.C., and Harrah's
6 North Kansas City, L.L.C., both Class B licensees, and
7 Hamlet Holdings, L.L.C., a key business entity licensee,
8 have collectively petitioned the Commission for its
9 approval of the issuance of new voting common stock by
10 Harrah's Entertainment, Incorporated, to Apollo Hamlet
11 Holdings, L.L.C., Apollo Hamlet Holdings B, L.L.C., TPG
12 Hamlet Holdings, L.L.C., TPG Hamlet Holdings B, L.L.C.,
13 Co-Invest Hamlet Holdings Series, L.L.C., and Co-invest
14 Hamlet Holdings B, L.L.C., collectively the L.L.C.s,
15 as well as to Paulson and Co., Incorporated, and certain
16 individual management shareholders.

17 The newly issued common stock will have voting
18 rights and will replace all outstanding nonvoting
19 economic common stock held by the L.L.C.s and certain
20 individual management stockholders. Additionally, all
21 outstanding voting noneconomic common stock held by
22 Hamlet Holdings, L.L.C., will be canceled.

23 The L.L.C.s do not now hold Missouri Gaming
24 Commission licenses and do not intend to do so in the
25 future as each is executing an irrevocable voting proxy

1 to Hamlet Holdings, L.L.C., granting Hamlet control over
2 all voting rights the L.L.C.s would otherwise have in the
3 new stock. By virtue of the proxy, Hamlet will continue
4 to exercise full control of Harrah's Entertainment,
5 Incorporated.

6 Further, the L.L.C.s and Paulson and Company,
7 Incorporated, have each requested waiver of licensure
8 pursuant to 11 CSR 45-4.020 or 11 CSR 45-4.430, either
9 as institutional investors or through execution of an
10 irrevocable voting proxy to Hamlet Holdings, L.L.C.

11 After issuance of the new stock, Harrah's
12 Maryland Heights, L.L.C., and Harrah's North Kansas City,
13 L.L.C., will continue to operate as Missouri riverboat
14 gaming operations under the respective Class B licenses.

15 Hamlet Holdings, L.L.C., will continue to
16 control Harrah's Entertainment, Incorporated, by virtue
17 of the proxy which grants Hamlet control of the voting
18 rights in the new stock.

19 Neither the board of directors of Harrah's
20 Entertainment, Incorporated, nor the day-to-day business
21 of the gaming operations will be affected by the issuance
22 of the new stock, and Harrah's current senior management
23 team will continue to lead Harrah's after issuance of the
24 new stock.

25 Issuance of the new stock and its registration

1 with the Securities and Exchange Commission effectively
2 positions Harrah's Entertainment, Incorporated, to once
3 again become a publicly traded entity.

4 Pursuant to 11 CSR 45-10.040, issuance of the
5 new stock constitutes a change in control of Harrah's
6 Entertainment, Incorporated, and requires the approval of
7 the Commission.

8 I would be happy to answer any questions you
9 might have.

10 COMMISSIONER MERRITT: I'm not even going to say
11 anything on this.

12 CHAIRMAN MATHEWSON: Wow.

13 COMMISSIONER JONES: Who will have the Class A
14 license?

15 MR. GREENO: The Class A license will be held by
16 Harrah's Entertainment, Incorporated, as is present.

17 COMMISSIONER JONES: Okay. Now, what about --
18 now is Hamlet Holdings --

19 MR. GREENO: Okay. Effectively, Hamlet Holdings
20 is presently a key business entity licensee as really the
21 owner of Harrah's Entertainment, the Class A licensee.

22 COMMISSIONER JONES: Okay. I gotcha.

23 MR. GREENO: There are five or six L.L.C.s, the
24 Hamlet L.L.C.s, okay, that hold nonvoting economic stock,
25 okay? Hamlet Holdings, L.L.C., holds the voting

1 noneconomic stock, 100 percent of it, so they control all
2 voting -- or they control all of Harrah's Entertainment,
3 Incorporated, okay?

4 With the issuance of the new stock, each of
5 those L.L.C.s will give up their nonvoting economic
6 shares and will be granted voting shares, okay?

7 COMMISSIONER JONES: Okay.

8 MR. GREENO: But they are executing an
9 irrevocable voting proxy granting all voting authority to
10 Hamlet Holdings, L.L.C., so Hamlet will remain the
11 controlling entity over Harrah's Entertainment.

12 COMMISSIONER JONES: I got it. Okay.

13 MR. GREENO: So really what we have is kind of a
14 change of control, if you will, in form but not in
15 substance.

16 CHAIRMAN MATHEWSON: Is Hamlet an American --

17 MR. GREENO: Yes, sir.

18 CHAIRMAN MATHEWSON: They're an American holding
19 company?

20 MR. GREENO: Yes. Hamlet Holdings is a group of
21 TPG and Apollo, two private equity firms, and then Hamlet
22 Holdings was organized as a limited liability company
23 strictly to hold the stock of Harrah's Entertainment.

24 CHAIRMAN MATHEWSON: Once more, I understand why
25 I should not be an investor in the stock market. I get

1 confused, don't you know.

2 MR. GREENO: I think as do many.

3 CHAIRMAN MATHEWSON: Yeah.

4 Any more questions for Clarence? Comments?

5 (No response.)

6 CHAIRMAN MATHEWSON: Chair would accept motion
7 for Resolution 10-105.

8 COMMISSIONER JONES: Move approval.

9 COMMISSIONER MERRITT: Second.

10 CHAIRMAN MATHEWSON: Discussion?

11 (No response.)

12 CHAIRMAN MATHEWSON: Call roll, Angie, please.

13 MS. FRANKS: Chairman Mathewson.

14 CHAIRMAN MATHEWSON: Approved.

15 MS. FRANKS: Commissioner Shull.

16 COMMISSIONER SHULL: Approved.

17 MS. FRANKS: Commissioner Jones.

18 COMMISSIONER JONES: Approved.

19 MS. FRANKS: Commissioner Hatches.

20 COMMISSIONER HATCHES: Approved.

21 MS. FRANKS: Commissioner Merritt.

22 COMMISSIONER MERRITT: Approved.

23 MS. FRANKS: By your vote you've adopted
24 Resolution No. 10-105.

25 DIRECTOR STOTTLEMYRE: At this time Item VIII

1 will be Consideration of Disciplinary Actions. Frank
2 Jung will present.

3 CHAIRMAN MATHEWSON: Thanks, Frank.

4 MR. JUNG: Good morning, Chairman,
5 Commissioners.

6 Behind Tab R is a preliminary order of
7 discipline concerning Ameristar Casino, Kansas City. The
8 casino failed to notify the Commission that the card and
9 dice room gate lock had broken in January of this year
10 and that a chain and padlock were being used to secure
11 the gate.

12 Also the key to the padlock was being maintained
13 in the pit podium drawer rather (sic) in the Morris
14 Watchman System despite this being a sensitive key. The
15 Commission only became aware of the situation when an
16 employee left the property with the padlock key on
17 April 3 of this year, three months after the gate lock
18 had broken.

19 The staff recommends a \$10,000 fine in this
20 matter.

21 CHAIRMAN MATHEWSON: Any questions of Frank on
22 this?

23 COMMISSIONER HATCHES: I have a question,
24 Mr. Chair.

25 CHAIRMAN MATHEWSON: Sure.

1 COMMISSIONER HATCHES: Frank, any idea why it
2 took so long to get the lock replaced?

3 MR. JUNG: Cheryl has the answer, I think, to
4 this question. This is her --

5 MS. ALONZO: Cheryl Alonzo, Director of
6 Compliance Audit, Gaming Commission.

7 In the gaming incident report it indicated that
8 this was kind of a special lock that they had to order,
9 and they had ordered it and got part of what they needed,
10 realized they needed another piece so they had to place
11 another order which extended the time in getting it
12 repaired.

13 MR. JUNG: The discipline is for failure to
14 notify us regarding the broken lock and also, I believe,
15 for storing the key in the podium drawer.

16 COMMISSIONER HATCHES: Thank you. I recognize
17 that. I just had a --

18 MR. JUNG: And I think that was my
19 understanding, too, but I wanted to clarify. I thought
20 that's what the GIR said was that they ordered the part,
21 and apparently part of it came in and then they realized
22 there was some extra pieces they needed.

23 COMMISSIONER SHULL: I move approval of 10-295.

24 COMMISSIONER MERRITT: Second.

25 CHAIRMAN MATHEWSON: Any discussion? Comments?

1 Questions?

2 (No response.)

3 CHAIRMAN MATHEWSON: Call roll, Angie, please.

4 MS. FRANKS: Chairman Mathewson.

5 CHAIRMAN MATHEWSON: Approved.

6 MS. FRANKS: Commissioner Shull.

7 COMMISSIONER SHULL: Approved.

8 MS. FRANKS: Commissioner Jones.

9 COMMISSIONER JONES: Approved.

10 MS. FRANKS: Commissioner Hatches.

11 COMMISSIONER HATCHES: Approved.

12 MS. FRANKS: Commissioner Merritt.

13 COMMISSIONER MERRITT: Approved.

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

15 Disciplinary Complaint DC-10-295.

16 CHAIRMAN MATHEWSON: Frank.

17 MR. JUNG: Behind Tab T is a preliminary order

18 of discipline concerning Harrah's Maryland Heights. In

19 this matter a casino employee assisted a patron in

20 winning a casino-run promotion called Asian Hot Seat.

21 The promotion ran every Saturday and Sunday in March from

22 10 p.m. to midnight.

23 The promotion supervisors -- the promotion

24 supervisor used a Microsoft Excel random number generator

25 to pick which seats would be the winners. He then placed

1 the winning seat numbers in a folder in the computer in
2 the casino's computer system.

3 The folder the promotion supervisor placed the
4 information in was accessible to all Total Rewards
5 employees. On March 7 and 13, a Total Rewards employee
6 texted a friend and informed him what table and seat he
7 needed to be sitting at to win the game.

8 The employee's friend won \$999, a prize on March
9 7, and an \$888 prize on March 13. The promotion's
10 supervisor failed to protect the integrity of the
11 promotion by placing the winning information in the
12 computer file folder accessible to all Total Rewards
13 employees. The staff recommends a \$20,000 fine in this
14 matter.

15 And just as information, we revoked the
16 employee's license, the one that was involved. The
17 highway patrol referred this to prosecution, to the local
18 prosecutor. This came in by a tip to the casino, to the
19 Gaming Commission at that casino, and also I'd like to
20 commend the trooper in this matter because he did a lot
21 of legwork to build this case.

22 Staff recommends a \$20,000 fine.

23 CHAIRMAN MATHEWSON: Any questions of Frank?

24 (No response.)

25 CHAIRMAN MATHEWSON: Chair would accept the

1 motion to accept the recommendation on 10-297.

2 COMMISSIONER MERRITT: So moved.

3 COMMISSIONER JONES: Second.

4 CHAIRMAN MATHEWSON: Any discussion?

5 (No response.)

6 CHAIRMAN MATHEWSON: Call roll, Angie, please.

7 MS. FRANKS: Chairman Mathewson.

8 CHAIRMAN MATHEWSON: Approved.

9 MS. FRANKS: Commissioner Shull.

10 COMMISSIONER SHULL: Approved.

11 MS. FRANKS: Commissioner Jones.

12 COMMISSIONER JONES: Approved.

13 MS. FRANKS: Commissioner Hatches.

14 COMMISSIONER HATCHES: Approved.

15 MS. FRANKS: Commissioner Merritt.

16 COMMISSIONER MERRITT: Approved.

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

18 Disciplinary Complaint DC-10-297.

19 MR. JUNG: Tab S was pulled.

20 COMMISSIONER MERRITT: It's still in here.

21 MR. JUNG: Behind Tab U is a preliminary order

22 of discipline concerning Missouri Gaming Company doing

23 business as Argosy Riverside Casino.

24 In this matter a security officer allowed two

25 underaged patrons on the casino gaming floor by

1 presenting the security officer false identification.

2 The security offer failed to note that one
3 identification listed the patron as 6'1" tall, while the
4 patron's actual height was 5'5" tall. A dealer allowed
5 the two underaged patrons to gamble after reviewing the
6 same false identification. The two underaged patrons did
7 not consume any alcohol. The two underaged patrons
8 remained on the casino gaming floor for approximately
9 three hours. Staff recommends a \$20,000 fine in this
10 matter.

11 CHAIRMAN MATHEWSON: Any questions of Frank on
12 this recommendation?

13 (No response.)

14 CHAIRMAN MATHEWSON: Chair would accept the
15 motion to accept 10-298.

16 COMMISSIONER HATCHES: So moved.

17 COMMISSIONER JONES: Second.

18 CHAIRMAN MATHEWSON: Any further questions?

19 (No response.)

20 CHAIRMAN MATHEWSON: Call roll, Angie, please.

21 MS. FRANKS: Chairman Mathewson?

22 CHAIRMAN MATHEWSON: Approved.

23 MS. FRANKS: Commissioner Shull.

24 COMMISSIONER SHULL: Approved.

25 MS. FRANKS: Commissioner Jones.

1 COMMISSIONER JONES: Approved.

2 MS. FRANKS: Commissioner Hatches.

3 COMMISSIONER HATCHES: Approved.

4 MS. FRANKS: Commissioner Merritt.

5 COMMISSIONER MERRITT: Approved.

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

7 Disciplinary Complaint DC-10-298.

8 DIRECTOR STOTTLEMYRE: At this time we have Item
9 IX, Consideration of Settlement Agreements. Frank Jung
10 will present.

11 MR. JUNG: I direct your attention to Tab V.
12 This is a settlement and waiver of hearing in Harrah's
13 Maryland Heights, DC-10-212, in which the Commission
14 issued a proposed fine of \$10,000 for failing to make the
15 current rules available to both the public and the
16 Commission upon request.

17 Upon the Commission's issuing of the proposed
18 fine, the licensee contacted Commission staff and took
19 responsibility. The licensee and staff negotiated the
20 matter, and pending Commission approval agreed to settle
21 the matter for \$9,000.

22 Staff recommends the Commission adopt this
23 resolution of settling the matter for \$9,000.

24 CHAIRMAN MATHEWSON: Oh, here you go. Appeal it
25 and you get a \$1000 bonus.

1 Any discussion, questions, of Frank on this
2 one?

3 (No response.)

4 CHAIRMAN MATHEWSON: Seeing none, Chair would
5 accept the motion to accept this settlement agreement.

6 COMMISSIONER HATCHES: So moved.

7 COMMISSIONER MERRITT: Second.

8 CHAIRMAN MATHEWSON: Discussion?

9 (No response.)

10 CHAIRMAN MATHEWSON: Call roll, please.

11 MS. FRANKS: Chairman Mathewson.

12 CHAIRMAN MATHEWSON: Approved.

13 MS. FRANKS: Commissioner Shull.

14 COMMISSIONER SHULL: Approved.

15 MS. FRANKS: Commissioner Jones.

16 COMMISSIONER JONES: Approved.

17 MS. FRANKS: Commissioner Hatches.

18 COMMISSIONER HATCHES: Approved.

19 MS. FRANKS: Commissioner Merritt.

20 COMMISSIONER MERRITT: Approved.

21 MS. FRANKS: By your vote you've adopted
22 Resolution No. 10-106.

23 MR. JUNG: Behind Tab W is a settlement and
24 waiver of hearing in Isle of Capri, Caruthersville,
25 DC-10-213, in which the Commission issued a proposed fine

1 of \$10,000 for two repeat audit violations, one being a
2 variance from redemption kiosks not being documented and,
3 two, nonelectronically redeemed tickets did not have
4 their bar codes manually cancelled.

5 Upon the Commission issuing the proposed fine,
6 the licensee contacted Commission staff and took
7 responsibility. The licensee and staff negotiated the
8 matter, and pending Commission approval agreed to settle
9 the matter for \$9,000. Staff recommends adoption of this
10 settlement.

11 CHAIRMAN MATHEWSON: Any questions of Frank?

12 (No response.)

13 CHAIRMAN MATHEWSON: Chair would accept the
14 motion to accept the Settlement on 10-107.

15 COMMISSIONER SHULL: So move.

16 COMMISSIONER HATCHES: Second.

17 CHAIRMAN MATHEWSON: Discussion?

18 (No response.)

19 CHAIRMAN MATHEWSON: Call roll, please.

20 MS. FRANKS: Chairman Mathewson.

21 CHAIRMAN MATHEWSON: Approved.

22 MS. FRANKS: Commissioner Shull.

23 COMMISSIONER SHULL: Approved.

24 MS. FRANKS: Commissioner Jones.

25 COMMISSIONER JONES: Approved.

1 MS. FRANKS: Commissioner Hatches.

2 COMMISSIONER HATCHES: Approved.

3 MS. FRANKS: Commissioner Merritt.

4 COMMISSIONER MERRITT: Approved.

5 MS. FRANKS: By your vote you've adopted
6 Resolution No. 10-107.

7 DIRECTOR STOTTLEMYRE: Item X, Consideration of
8 Licensure of Level I/Key Applicant. Lieutenant Rex Scism
9 will present. You thought he was done.

10 CHAIRMAN MATHEWSON: I thought Rex took the rest
11 of the day off.

12 LIEUTENANT SCISM: I almost took your advice,
13 but I can't retire yet.

14 CHAIRMAN MATHEWSON: Proceed, please, sir.

15 LIEUTENANT SCISM: Okay. Mr. Chairman and
16 Commissioners, Missouri State Highway Patrol
17 investigators, along with Gaming Commission financial
18 investigators conducted a comprehensive background
19 investigation on one Level I applicant.

20 The investigation included but was not limited
21 to criminal, financial, and general character inquiries
22 which were made in the jurisdictions where the applicant
23 lived, worked, and frequented.

24 The following individuals being presented for
25 your consideration -- there's just one this morning, and

1 it's Daniel G. Buchholz, the audit manager for Harrah's
2 North Kansas City.

3 The results of this investigation were provided
4 to the Gaming Commission staff for their review, and you
5 have Mr. Buchholz's summary report before you.

6 CHAIRMAN MATHEWSON: Any questions of Rex on
7 this?

8 (No response.)

9 CHAIRMAN MATHEWSON: Chair would accept the
10 motion that we adopt Resolution 10-108.

11 COMMISSIONER JONES: So moved.

12 COMMISSIONER MERRITT: Second.

13 CHAIRMAN MATHEWSON: Any discussion?

14 (No response.)

15 CHAIRMAN MATHEWSON: Call roll, please.

16 MS. FRANKS: Chairman Mathewson.

17 CHAIRMAN MATHEWSON: Approved.

18 MS. FRANKS: Commissioner Shull.

19 COMMISSIONER SHULL: Approved.

20 MS. FRANKS: Commissioner Jones.

21 COMMISSIONER JONES: Approved.

22 MS. FRANKS: Commissioner Hatches.

23 COMMISSIONER HATCHES: Approved.

24 MS. FRANKS: Commissioner Merritt.

25 COMMISSIONER MERRITT: Approved.

1 MS. FRANKS: By your vote you've adopted
2 Resolution No. 10-108.

3 LIEUTENANT SCISM: Thank you.

4 CHAIRMAN MATHEWSON: Thank you, sir.

5 DIRECTOR STOTTLEMYRE: Item XI, Consideration of
6 Rulemaking. Frank Jung will present.

7 MR. JUNG: Behind Tab Y you'll find a final
8 order of rulemaking for 11 CSR 45-9.115, which relates
9 to Section O of the Commission's minimum internal control
10 standards.

11 The Commission previously approved the rule
12 change which relates to MBE/WBE reporting by the
13 casinos. A notice of proposed rulemaking containing the
14 text of the proposed rule was published in the Missouri
15 Register, and a comment period was provided.
16 Additionally, a public hearing was held at which
17 individuals could express their comments. No written
18 comments were received and no one appeared at the public
19 hearing.

20 If you have any further questions regarding this
21 matter, I'd be happy to answer it, but we would ask that
22 you approve the final rulemaking for this CSR.

23 CHAIRMAN MATHEWSON: Any questions of Frank on
24 this?

25 (No response.)

1 CHAIRMAN MATHEWSON: Chair would accept motion
2 for adoption of Resolution 10-108, please.

3 COMMISSIONER HATCHES: Approved.

4 MR. JUNG: No, there's no resolution.
5 You just need to vote. Just a vote of approval. There
6 is no -- you don't need a resolution for CSRs.

7 CHAIRMAN MATHEWSON: Oh. I'm sorry. I'm still
8 in the one above it. Excuse me.

9 MR. JUNG: That's okay.

10 CHAIRMAN MATHEWSON: Sorry.

11 Do I have a motion for adoption of rulemaking
12 authority or -- of -- whatever the hell order of
13 rulemaking?

14 COMMISSIONER HATCHES: So ruled.

15 COMMISSIONER SHULL: So ruled.

16 CHAIRMAN MATHEWSON: Call roll, please.

17 MS. FRANKS: Is there a second?

18 COMMISSIONER HATCHES: Second.

19 MS. FRANKS: Chairman Mathewson.

20 CHAIRMAN MATHEWSON: Approved.

21 MS. FRANKS: Commissioner Shull.

22 COMMISSIONER SHULL: Approved.

23 MS. FRANKS: Commissioner Jones.

24 COMMISSIONER JONES: Approved.

25 MS. FRANKS: Commissioner Hatches.

1 COMMISSIONER HATCHES: Approved.

2 MS. FRANKS: Commissioner Merritt.

3 COMMISSIONER MERRITT: Approved.

4 MS. FRANKS: By your vote you've adopted the
5 Final Order of Rulemaking, 11 CSR 45-9.115.

6 DIRECTOR STOTTLEMYRE: Item XII would be new
7 business. Staff has nothing.

8 CHAIRMAN MATHEWSON: Staff has nothing?

9 DIRECTOR STOTTLEMYRE: No, sir.

10 CHAIRMAN MATHEWSON: Okay. Any old business
11 there, Uncle Roger?

12 DIRECTOR STOTTLEMYRE: The staff has no old
13 business at this time.

14 CHAIRMAN MATHEWSON: Okay. We have to vote
15 ourselves out and then Chair would accept the motion to
16 go out of the public open meeting.

17 COMMISSIONER MERRITT: So moved.

18 COMMISSIONER HATCHES: Second.

19 CHAIRMAN MATHEWSON: Call roll, please.

20 MR. JUNG: I'm sorry. You're going to have to
21 cite the reliance on what you're going out on.

22 CHAIRMAN MATHEWSON: Okay. We just did.

23 COMMISSIONER JONES: Motion for closed meeting
24 under Section 313.847 and 610.021 --

25 CHAIRMAN MATHEWSON: I thought we had to vote on

1 another one.

2 COMMISSIONER JONES: -- 1, 11, 12, and 14.

3 COMMISSIONER SHULL: Second.

4 CHAIRMAN MATHEWSON: Why don't you call the
5 roll.

6 MS. FRANKS: Chairman Mathewson.

7 CHAIRMAN MATHEWSON: I've lost total control
8 here.

9 Yes.

10 MS. FRANKS: Commissioner Shull.

11 COMMISSIONER SHULL: Approved.

12 MS. FRANKS: Commissioner Jones.

13 COMMISSIONER JONES: Approved.

14 MS. FRANKS: Commissioner Hatches.

15 COMMISSIONER HATCHES: Approved.

16 MS. FRANKS: Commissioner Merritt.

17 COMMISSIONER MERRITT: Approved.

18 CHAIRMAN MATHEWSON: Okay. Adios, fellas.

19 Thank you all very, very much. Thanks for being here.
20 God love you. Be safe going home.

21 (Closed meeting 11:05 a.m.)

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CERTIFICATE OF REPORTER

I, Nancy L. Silva, CCR, within and for the State
of Missouri, do hereby certify that the foregoing hearing
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 hearing 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.

Nancy L. Silva, CCR

MISSOURI GAMING COMMISSION
Open Session Minutes
August 25, 2010

The Missouri Gaming Commission (the “Commission”) went into open session at approximately 1:20 p.m. on August 25, 2010, at the Missouri Gaming Commission’s Jefferson City office.

Commissioner Jones moved to adjourn the open meeting. Commissioner Hatches seconded the motion. After a roll call vote was taken, the motion passed unanimously.

The meeting ended at approximately 1:21 p.m.