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STATE OF MISSOURI
MISSOURI GAMING COMMISSION MEETING

TRANSCRIPT OF PROCEEDINGS
Open Meeting
September 29, 2010
Mike Onka Memorial Building
11520 Putnam Street
Sugar Creek, Missouri

In The Matter of:
Open Meeting of Missouri Gaming Commission

A P P E A R A N C E S

James L. Mathewson, Chairman
Darryl Jones, Commissioner
Jack L. Merritt, Commissioner
Barrett Hatches, Commissioner
Noel Shull, Commissioner
Roger Stottlemyre, Executive Director
Angie Franks, Secretary

REPORTED BY:
James A. Leacock, CCR
Cross Reporting Service, Inc.

1 CHAIRMAN MATHEWSON: Angie, we are still
2 in our meeting, so we can move forward; is that
3 correct? We are still in our meeting?

4 MS. FRANKS: Correct.

5 CHAIRMAN MATHEWSON: So we can move
6 forward? Okay, the first thing on the agenda is
7 the consideration of minutes from the August 24th
8 meeting. Any discussion? There is none. Chair
9 would accept a motion to adopt the minutes from
10 the August 24th meeting, please.

11 COMMISSIONER HATCHES: So moved.

12 COMMISSIONER JONES: Second.

13 CHAIRMAN MATHEWSON: Motion and second.
14 Any discussion? Call the role, Angie, please.

15 MS. FRANKS: Chairman Mathewson.

16 CHAIRMAN MATHEWSON: Approve.

17 MS. FRANKS: Commissioner Shull.

18 COMMISSIONER SHULL: Approve.

19 MS. FRANKS: Commissioner Jones.

20 COMMISSIONER JONES: Approve.

21 MS. FRANKS: Commissioner Hatches.

22 COMMISSIONER HATCHES: Approve.

23 MS. FRANKS: Commissioner Merritt.

24 COMMISSIONER MERRITT: Approve.

25 MS. FRANKS: By your vote you have

1 adopted the minutes of the August 24th, 2010
2 meeting.

3 CHAIRMAN MATHEWSON: Now we need to move
4 the minutes from the August 25th meeting. If
5 there is no discussion, Chair will accept a motion
6 to approve.

7 COMMISSIONER JONES: So moved.

8 COMMISSIONER HATCHES: Second.

9 CHAIRMAN MATHEWSON: Any discussion?
10 Call the role, Angie, please.

11 MS. FRANKS: Chairman Mathewson.

12 CHAIRMAN MATHEWSON: Approve.

13 MS. FRANKS: Commissioner Shull.

14 COMMISSIONER SHULL: Approve.

15 MS. FRANKS: Commissioner Jones.

16 COMMISSIONER JONES: Approve.

17 MS. FRANKS: Commissioner Hatches.

18 COMMISSIONER HATCHES: Approve.

19 MS. FRANKS: Commissioner Merritt.

20 COMMISSIONER MERRITT: Approve.

21 MS. FRANKS: By your vote you have
22 adopted the minutes of the August 25th, 2010
23 meeting.

24 CHAIRMAN MATHEWSON: Thank you.

25 Director Stottlemyre.

1 DIRECTOR STOTTLEMYRE: At this time we
2 have consideration of Hearing Officer
3 Recommendations. And I will have Mike Bradley
4 present. This is the case that was from last
5 month. And he will explain to you what we're
6 going to do here.

7 CHAIRMAN MATHEWSON: Counselor.

8 MR. BRADLEY: Mr. Chairman, members of
9 the Commission. The next item on the Agenda is
10 consideration of a Hearing Officer Recommendation
11 concerning Level 2 licensee Charles Woods. There
12 was a discussion about this at the last meeting,
13 and at that time the matter was tabled. What we
14 are recommending at this point is for the
15 Commission to refer this matter back to the
16 hearing officer so it could be dealt with further
17 pursuant to the discussion that was made last
18 meeting.

19 MR. STOTTLEMYRE: I think the first
20 thing you would have to do, Mr. Chairman, would be
21 to vote to take it off the table and then vote to
22 send it back to the hearing officer.

23 CHAIRMAN MATHEWSON: I apologize, and I
24 know that you weren't involved in this. I thought
25 we did that. Last time we referred it back.

1 MR. STOTTLEMYRE: It is tabled at this
2 time.

3 CHAIRMAN MATHEWSON: Okay. Go ahead.

4 MR. BRADLEY: So the first motion that
5 would be made is to untable it. And then the
6 second motion, if that motion passes, is to refer
7 it back to the hearing officer.

8 CHAIRMAN MATHEWSON: That would be
9 Resolution Number 10-109. We need to refer -- no?
10 What is it?

11 MS. FRANKS: There's no resolution.

12 MR. BRADLEY: There's no resolution. We
13 just need to have a motion.

14 CHAIRMAN MATHEWSON: Okay.

15 COMMISSIONER MERRITT: I would make a
16 motion that it be tabled --

17 MR. BRADLEY: Removed from the table.

18 COMMISSIONER MERRITT: Untabled and
19 referred to the, back to investigation.

20 COMMISSIONER HATCHES: Second.

21 CHAIRMAN MATHEWSON: Any discussion?
22 Call roll, Angie, please.

23 MS. FRANKS: Chairman Mathewson.

24 CHAIRMAN MATHEWSON: Approve.

25 MS. FRANKS: Commissioner Shull.

1 COMMISSIONER SHULL: Approve.

2 MS. FRANKS: Commissioner Jones.

3 COMMISSIONER JONES: Approve.

4 MS. FRANKS: Commissioner Hatches.

5 COMMISSIONER HATCHES: Approve.

6 MS. FRANKS: Commissioner Merritt.

7 COMMISSIONER MERRITT: Approve.

8 MS. FRANKS: By your vote, you have
9 taken the recommendation of Charles Woods off the
10 table and you have remanded it back to the hearing
11 officer.

12 CHAIRMAN MATHEWSON: Okay.

13 MR. STOTTLEMYRE: Item 4 on the agenda
14 is consideration of institutional and investor
15 waivers. Clarence Greeno will present.

16 MR. GREENO: Mr. Chairman.
17 Commissioners. Behind Tab C is Resolution 10-109
18 regarding waiver of licensure for an institutional
19 investor. Capital World Investors, a division of
20 Capital Research and Management Company, is an
21 institutional investor holding more than five
22 percent publicly traded interest in Penn National
23 Gaming and requesting to hold publicly traded
24 interest in multiple licensees.

25 Capital World has submitted a request

1 for a waiver to hold up to 20 percent interest in
2 these licensees in compliance with 11 CSR
3 45-4.020. The submitted waiver certifies all
4 holdings are for institutional investment purposes
5 only, with no intent to be involved in the
6 management or operation of the licensees. Because
7 the holdings may exceed the 10 percent threshold
8 for which the Executive Director may grant waiver,
9 this resolution is before the Commission today. I
10 would be happy to answer any questions.

11 CHAIRMAN MATHEWSON: Any questions of
12 Clarence? Chair would accept a motion to accept
13 the recommendation.

14 COMMISSIONER JONES: Move for the
15 acceptance of Resolution Number 10-109.

16 COMMISSIONER SHULL: Second.

17 CHAIRMAN MATHEWSON: Any discussion?
18 Call the roll, Angie, please.

19 MS. FRANKS: Chairman Mathewson.

20 CHAIRMAN MATHEWSON: Approve.

21 MS. FRANKS: Commissioner Shull.

22 COMMISSIONER SHULL: Approve.

23 MS. FRANKS: Commissioner Jones.

24 COMMISSIONER JONES: Approve.

25 MS. FRANKS: Commissioner Hatches.

1 COMMISSIONER HATCHES: Approve.

2 MS. FRANKS: Commissioner Merritt.

3 COMMISSIONER MERRITT: Approve.

4 MS. FRANKS: By your vote you have
5 adopted Resolution Number 10-109.

6 MR. STOTTLEMYRE: Mr. Chairman, at this
7 time I would advise consideration of licensure of
8 certain suppliers. Sergeant George Hamilton will
9 present it.

10 SERGEANT HAMILTON: Good morning, Mr.
11 Chairman, Commissioners. You will notice under
12 Tab D there are two resolutions, one for BMM North
13 America Incorporated, doing business as BMM
14 Compliance, hereinafter referred to as BMM. And
15 the second resolution for five persons associated
16 with the company.

17 On August 13, 2008, BMM made application
18 to the Missouri Gaming Commission for a supplier's
19 license. The company also submitted applications
20 for the following five key persons:

21 Martin Storm, President and CEO. June
22 Light, Group Manager. Richard Williamson, Senior
23 Vice President of Engineering. Frank Oh, Group
24 Manager. And Nathan Gu, Group Manager.

25 Missouri Highway Patrol investigators,

1 along with Gaming Commission financial
2 investigators conducted background investigations
3 on BMM and its associated key persons.

4 The investigation included, but was not
5 limited to, criminal, civil, financial and general
6 character inquiries of the key persons, through
7 international, federal, state and local government
8 entities, as well as a comprehensive financial
9 analysis of the company.

10 An investigation summary was submitted
11 to the Missouri Gaming Commission Staff. A copy
12 of that comprehensive summary has been provided
13 for your review. I would be happy to answer any
14 questions at this time.

15 CHAIRMAN MATHEWSON: Any questions by
16 the Commission? Chair would accept a motion on
17 the recommendation of 10-110.

18 COMMISSIONER HATCHES: So moved.

19 COMMISSIONER JONES: Second.

20 CHAIRMAN MATHEWSON: Any discussion?

21 Call the role, please.

22 MS. FRANKS: Chairman Mathewson.

23 CHAIRMAN MATHEWSON: Approve.

24 MS. FRANKS: Commissioner Shull.

25 COMMISSIONER SHULL: Approve.

1 MS. FRANKS: Commissioner Jones.
2 COMMISSIONER JONES: Approve.
3 MS. FRANKS: Commissioner Hatches.
4 COMMISSIONER HATCHES: Approve.
5 MS. FRANKS: Commissioner Merritt.
6 COMMISSIONER MERRITT: Approve.
7 MS. FRANKS: By your vote you have
8 adopted Resolution Number 10-110.
9 MR. STOTTLEMYRE: Next would be the
10 Resolution Number 10-111. Recommend approval.
11 COMMISSIONER MERRITT: So moved.
12 COMMISSIONER HATCHES: Second.
13 CHAIRMAN MATHEWSON: Any discussion?
14 MR. STOTTLEMYRE: That's the
15 individuals.
16 MS. FRANKS: Chairman Mathewson.
17 CHAIRMAN MATHEWSON: Approve.
18 MS. FRANKS: Commissioner Shull.
19 COMMISSIONER SHULL: Approve.
20 MS. FRANKS: Commissioner Jones.
21 COMMISSIONER JONES: Approve.
22 MS. FRANKS: Commissioner Hatches.
23 COMMISSIONER HATCHES: Approve.
24 MS. FRANKS: Commissioner Merritt.
25 COMMISSIONER MERRITT: Approve.

1 MS. FRANKS: By your vote you have
2 adopted Resolution Number 10-111.

3 MR. STOTTLEMYRE: Item 6 on the Agenda
4 is Consideration of Licensure of Level 1 and Key
5 Applicants. Lieutenant Rex Scism will present.

6 LIEUTENANT SCISM: Good morning, Mr.
7 Chairman and Commissioners. Missouri State
8 Highway Patrol investigators along with Gaming
9 Commission financial investigators conducted
10 comprehensive background investigations on
11 multiple key and level one applicants.

12 The investigations included, but were
13 not limited to, criminal, financial and general
14 character inquiries, which were made in the
15 jurisdictions where the applicants lived, worked
16 and frequented. The following individuals are
17 being presented this morning for your
18 consideration.

19 Sean L. Barnard, Senior Vice President
20 and General Manager for Ameristar Kansas City.
21 Teresa K. Yockey, Director of Finance for
22 Ameristar Kansas City. Michael A. Hackman,
23 Director for DEQ Systems Corporation in Canada.
24 Paul R. Avery, Vice President and General Manager
25 for IOC Kansas City. The results of all

1 investigations were provided to the Gaming
2 Commission Staff for their review and you have
3 comprehensive summary reports before you for all
4 of the applicants being considered this morning.

5 MR. STOTTLEMYRE: Staff recommends
6 approval of Resolution Number 10-112.

7 CHAIRMAN MATHEWSON: Any questions or
8 discussion? Chair would accept -- well, do we
9 have a motion?

10 COMMISSIONER MERRITT: I make a motion.

11 COMMISSIONER JONES: Second.

12 CHAIRMAN MATHEWSON: Call roll, Angie,
13 please.

14 MS. FRANKS: Chairman Mathewson.

15 CHAIRMAN MATHEWSON: Approve.

16 MS. FRANKS: Commissioner Shull.

17 COMMISSIONER SHULL: Approve.

18 MS. FRANKS: Commissioner Jones.

19 COMMISSIONER JONES: Approve.

20 MS. FRANKS: Commissioner Hatches.

21 COMMISSIONER HATCHES: Approve.

22 MS. FRANKS: Commissioner Merritt.

23 COMMISSIONER MERRITT: Approve.

24 MS. FRANKS: By your vote you have
25 adopted Resolution Number 10-112.

1 MR. STOTTLEMYRE: Item 7 on the Agenda
2 is Consideration of Relicensure of Certain
3 Suppliers. Lieutenant Rex Scism will again
4 present.

5 LIEUTENANT SCISM: Missouri State
6 Highway Patrol investigators conducted the
7 re-licensing investigation of one supplier
8 company, currently licensed for Missouri. The
9 investigation consisted of jurisdictional
10 inquiries, feedback from affected gaming company
11 clients, a review of disciplinary actions,
12 litigation and business credit profiles, as well
13 as a review of key persons associated with the
14 company. The results of the investigation were
15 provided to the MGC Staff for their review, and
16 the following supplier company is being presented
17 for your consideration. We just have one this
18 morning, it is DEQ Systems Corporation, Quebec,
19 Canada.

20 MR. STOTTLEMYRE: Staff recommends
21 approval of 10-113.

22 CHAIRMAN MATHEWSON: Any discussion or
23 questions? Chair would accept a motion.

24 COMMISSIONER SHULL: Move for the
25 approval of Resolution 10-113.

1 COMMISSIONER MERRITT: Second.

2 CHAIRMAN MATHEWSON: Call role, please.

3 MS. FRANKS: Chairman Mathewson.

4 CHAIRMAN MATHEWSON: Approve.

5 MS. FRANKS: Commissioner Shull.

6 COMMISSIONER SHULL: Approve.

7 MS. FRANKS: Commissioner Jones.

8 COMMISSIONER JONES: Approve.

9 MS. FRANKS: Commissioner Hatches.

10 COMMISSIONER HATCHES: Approve.

11 MS. FRANKS: Commissioner Merritt.

12 COMMISSIONER MERRITT: Approve.

13 MS. FRANKS: By your vote you have
14 adopted Resolution Number 10-113.

15 MR. STOTTLEMYRE: Item 8 on the Agenda
16 is Consideration of Disciplinary Action. Mike
17 Bradley will present.

18 MR. BRADLEY: Good morning again. These
19 next four items are the beginning of the
20 disciplinary process. These are against certain
21 casinos, and this is beginning your process, it
22 isn't the culmination of it.

23 The first one is Title G. It concerns
24 Ameristar Casino in St. Charles. This
25 disciplinary action basically comes down to two

1 counts. Basically two counts. Both of these came
2 from the audits of the casino by the Gaming
3 Commission. The issue on each of them was that
4 the audits discovered issues at the prior audit,
5 and then the more recent audit found out that some
6 of those issues had not been satisfactorily
7 addressed.

8 The one issue was the people who have
9 placed themselves on the disassociated persons
10 list, the casino is required to take them off the
11 player tracking system and take them out of their
12 marketing system. They had a problem with it at
13 the prior audit. They were told about it and did
14 not get that solved. And there were, two of the
15 three individuals who were mentioned before had
16 not been taken off. So we are asking for
17 discipline on that one.

18 The other one was to the sensitive key
19 list. The Gaming Commission works with the
20 casinos on who can have certain keys. Because if
21 you have access to certain areas -- certain people
22 should have access, certain people should not have
23 access. They had problems at the Ameristar St.
24 Charles on the list, where they were having people
25 who had access to the keys who were not persons

1 who should have been on the key list. They made a
2 recommendation at the prior audit, it was not
3 satisfactorily resolved and it still is an issue
4 and they are working on resolving that. Because
5 of these two issues that they had not fixed
6 between the two audits, we are recommending a fine
7 of \$10,000. If approval of the Commission, the
8 Resolution is D.C. 10-345.

9 CHAIRMAN MATHEWSON: Any questions?

10 COMMISSIONER HATCHES: Mr. Chairman, I
11 just have a couple concerns. We see more and more
12 of these where there have been corrections
13 suggested, and we go back a second time, the
14 second audit, and these things are not -- they
15 have not been dealt with. And when we look at the
16 history here, not necessarily of this casino, you
17 know a first warning doesn't get the message
18 across. So I would just like to be on record of
19 having saying, I have concern about the level of
20 fines that we impose once an audit has been done
21 and there has been recommended changes, and you go
22 back a second time and those things still have not
23 been done, to get what is considered -- as I look
24 over the record -- a minimum fine. I just think
25 we need to take a look at.

1 MR. BRADLEY: This is the preliminary
2 discipline. What the procedure will be, is that
3 the casino, if they dispute the matter, they can
4 ask for a hearing. Then the Hearing Officer's
5 recommendation will come before you and you make a
6 determination at that point. But if the casino
7 doesn't dispute the matter, then they will just
8 pay the fine as it is.

9 CHAIRMAN MATHEWSON: Okay.

10 MR. BRADLEY: I know the Gaming
11 Commission now, as opposed to when I was involved
12 years ago, has more of a history of what the fines
13 were. And that's how Staff is making the
14 recommendations. The point is taken.

15 COMMISSIONER HATCHES: Again, my concern
16 is that if we continue to see these, I'm going to
17 always push for stiffer fines on these.

18 COMMISSIONER JONES: I concur with the
19 Commissioner, because it seems like we give them
20 ample time to correct the problem, and the problem
21 is still not being corrected. The penalties
22 should be a little stiffer.

23 CHAIRMAN MATHEWSON: Mike, I think we've
24 had this discussion similar to this. Help me out,
25 either one of you. Are we now showing not just

1 that they agreed to pay the fine, or we dropped it
2 from 10,000 to 9,000, which we seem to have a
3 habit of doing. Are we also asking the casino and
4 we show in the report that comes back to us as a
5 final action, why they didn't take the action? I
6 mean, we've discussed that one before, too. So
7 help me, are we showing that now? Because I don't
8 know that we are.

9 MR. STOTTLEMYRE: I don't know that
10 we've asked them to explain why they didn't take
11 care of the matter the first time. I would ask
12 Cheryl if she has comments on that, since it is
13 her department.

14 CHAIRMAN MATHEWSON: Sure.

15 MS. ALONZO: Hi. Cheryl Alonzo.
16 Director of Compliance Audit. I don't think
17 it has been when they do a settlement agreement.
18 I think the language is always that they call,
19 took responsibility for the findings and are
20 offered the settlement agreement. I don't know if
21 they have asked them what they've done.

22 But on these two findings we did go back
23 and sample again just two weeks -- within the last
24 two weeks. The one on excluded people, there have
25 not been anybody added to the excluded list. So

1 we can't really test that. But as far as the
2 sensitive keys, we did take another sample in that
3 time of people. All the documentation was there
4 to say who was working what job to show that, yes,
5 they did have access -- they should have had
6 access to these keys. So it has been corrected in
7 this last sample that we looked at. Of course it
8 is an ongoing thing. Every day people are
9 checking out more keys. So they might -- you
10 might go look one day and find some issues, and
11 then the next time you look it is fixed. But at
12 least for now it was fixed. So.

13 COMMISSIONER JONES: Cheryl, what you
14 are saying is that in between the two audits,
15 after you do the initial audit, and I guess the
16 post audit --

17 MS. ALONZO: The follow-up?

18 COMMISSIONER JONES: Yeah, the
19 follow-up, it could have been fixed and then out
20 of compliance again in between there?

21 MS. ALONZO: I would say that several
22 audit things continue to be a daily -- I mean,
23 every day they can go wrong. You know what I am
24 saying? You hope that the casino will put in some
25 procedure that will keep it on track going

1 forward. But with keys, one of the things that we
2 struggle with is that they will have people step
3 up. So maybe I am a dealer, and then somebody
4 gets sick and goes home, so then I step up and I
5 act as a table game supervisor. So then I might
6 go check out table game supervisor keys. But the
7 schedule is going to show that is a dealer that
8 day. So now here we come to audit, and we want to
9 know, well, who was the supervisor that day?
10 Well, they're not on the documentation as a
11 supervisor, then why did they check these keys
12 out? Because we have to hold them to the standard
13 of, only table game supervisors can have these
14 keys. I think for many of the folks it is a
15 struggle to document that every single day who is
16 in those positions, because they are allowing
17 people to not just work in an individual position,
18 but to actually step up for vacations and someone
19 sick.

20 CHAIRMAN MERRITT: Is that a training
21 issue or negligence?

22 MS. ALONZO: I don't know.

23 CHAIRMAN MATHEWSON: Could be either, I
24 think, Jack. Or maybe some of both.

25 COMMISSIONER MERRITT: Maybe a

1 negligence from the training commission.

2 CHAIRMAN MATHEWSON: Well, you know, I
3 think -- Commissioner Hatches, I think you made a
4 point. Looking out there, and everyone looks
5 rather serious, so I think the point has been
6 made. Okay? So Cheryl, I compliment you and your
7 staff again. We want to keep hearing about these
8 things. If it reaches a point that there's a fine
9 involved, let it be. We trust you all to tell us.

10 So if there is a response, and we've had
11 those before, then I would like to know why that
12 happened. I think that's one of the keys. I
13 mean, maybe there is a reason. Certainly for my
14 vote on increasing a fee or a fine on it, then I'm
15 going to take that into consideration if it is a
16 reasonable reason why this occurred. Somewhere
17 along the line, before we have reached final
18 resolve on these, that maybe we ought to know
19 that, if it is possible. Okay? Is that fair?
20 Okay. So we have before us now D.C. 10-345. That
21 is a referral back to further investigation.

22 MR. STOTTLEMYRE: Well, it is a referral
23 that will put the discipline to the casino. They
24 have a right to request a hearing in front of the
25 Hearing Officer and then we will report it back.

1 If they do not, then they just have to pay the
2 fine.

3 CHAIRMAN MATHEWSON: Sure. So Chair
4 would accept a motion on 10-345, please.

5 COMMISSIONER SHULL: So moved.

6 COMMISSIONER JONES: Second.

7 CHAIRMAN MATHEWSON: Call role, Angie.

8 MS. FRANKS: Chairman Mathewson.

9 CHAIRMAN MATHEWSON: Approve.

10 MS. FRANKS: Commissioner Shull.

11 COMMISSIONER SHULL: Approve.

12 MS. FRANKS: Commissioner Jones.

13 COMMISSIONER JONES: Approve.

14 MS. FRANKS: Commissioner Hatches.

15 COMMISSIONER HATCHES: Approve.

16 MS. FRANKS: Commissioner Merritt.

17 COMMISSIONER MERRITT: Approve.

18 MS. FRANKS: By your vote you have
19 adopted DC-10-345.

20 MR. BRADLEY: The next proposed
21 discipline is under Tab H. This one is against
22 Harrah's Maryland Heights. Again, this is an
23 issue that arose during an audit. What the audit
24 found is that Harrah's Maryland Heights, the poker
25 card or placement decks were not being reconciled

1 as damaged on the damaged card log on a weekly
2 basis. The Missouri Gaming Commission rules
3 provide that poker decks have to be reconciled on
4 a weekly basis on the damaged card log. You may
5 think, "Well, what difference does it make?" It
6 can make a great deal of difference, because in
7 poker, years ago going to gaming classes, somebody
8 with a high skill set, if they get ahold of the
9 cards, can make enough modification that the game
10 suddenly becomes unfair. So it is very important
11 that the casinos make sure that the cards are
12 properly disposed of and recorded as properly
13 disposed of. And this was the issue they had with
14 Harrah's Maryland Heights. Again, the staff is
15 recommending a \$5,000 fine for this issue. It is
16 Resolution DC-10-346.

17 CHAIRMAN MATHEWSON: Okay.

18 COMMISSIONER SHULL: This is also a
19 follow-up issue?

20 MR. BRADLEY: Yes, sir.

21 COMMISSIONER SHULL: So it is just
22 exactly like --

23 MR. BRADLEY: It is exactly the same
24 issue as we had as the last one, as far as they
25 were warned on it, on one audit, and then didn't

1 comply by the next audit.

2 MR. STOTTLEMYRE: The difference in this
3 one and the last one, was the fact that there was
4 the one violation, and the previous one had two.

5 MR. BRADLEY: Basically we are looking
6 at \$5,000 per violation.

7 COMMISSIONER JONES: Again, we can have
8 some type of documentation on why they didn't
9 correct it, the problem or the issue, from one
10 audit to the next audit.

11 MS. ALONZO: We can try to find out.

12 MR. STOTTLEMYRE: We will work with
13 Cheryl on that, see if we can develop something
14 that requires them to put in writing what they
15 have done to correct the problems so that you can
16 have that.

17 CHAIRMAN MATHEWSON: I was looking back
18 on -- well, actually the previous one, Ameristar
19 and now this one on Harrah's. I know I get
20 confused. But we asked back some time ago to get
21 a report on whether or not that operation had been
22 fined, penalized, for the same action previously.
23 But what I have forgotten is, at what point do we
24 get that? At the final? When the final comes
25 through, or what point do we have that?

1 MR. BRADLEY: So you are looking to see
2 if they've had a prior offense?

3 CHAIRMAN MATHEWSON: For the same thing.
4 That's what our concern was months ago. As I
5 remember you were there. There you go. That's
6 it.

7 COMMISSIONER JONES: It is right here.

8 COMMISSIONER SHULL: It is also right
9 here in March of 2009. It appears a similar issue
10 was brought up --

11 CHAIRMAN MATHEWSON: I thought we were
12 still getting those, but for some reason I
13 couldn't find any. There it is right here. Thank
14 you, Darrell.

15 COMMISSIONER SHULL: We also have a
16 \$5,000 fine for a similar issue.

17 MS. ALONZO: They have never been fined
18 for this before. To your question.

19 COMMISSIONER SHULL: I am reading here
20 from March of 2009. It says, "It was found that
21 Poker Card Inspection Report at this casino did
22 not include procedures performed during inspection
23 and a list of tables from which the cards were
24 removed." Is that not similar? March of 2009.

25 MS. ALONZO: Different finding. That

1 finding has to do with inspections. This has to
2 do with them keeping track of the cards in the
3 poker room. When they have a damaged card. If
4 you have a damaged card in play, they have a
5 replacement deck where they will take a card out
6 and replace it. So somebody every week should be
7 looking and reconciling back to make sure that the
8 cards that are left in the deck are the cards that
9 should be still there. So it is a different
10 finding. Different violation.

11 They haven't received discipline on this
12 issue. This one is different. This is from the
13 last audit to this audit. So that's why the time
14 period is greater. The tab before this, it was an
15 audit and then the follow-up directly after it.
16 So this is a repeat from one audit to the next,
17 versus from an audit to just the time of the
18 follow-up. Because the dates would look
19 different.

20 CHAIRMAN MATHEWSON: Okay with that?

21 COMMISSIONER SHULL: That's fine.

22 CHAIRMAN MATHEWSON: Any other
23 questions, comments on that issue? Let me get
24 back to that page. So what we have before us is
25 10-346. Do we accept a motion on 10-346?

1 COMMISSIONER MERRITT: So moved to
2 accept.

3 COMMISSIONER HATCHES: Second.

4 CHAIRMAN MATHEWSON: Call the roll,
5 Angie, please.

6 MS. FRANKS: Chairman Mathewson.

7 CHAIRMAN MATHEWSON: Approve.

8 MS. FRANKS: Commissioner Shull.

9 COMMISSIONER SHULL: Approve.

10 MS. FRANKS: Commissioner Jones.

11 COMMISSIONER JONES: Approve.

12 MS. FRANKS: Commissioner Hatches.

13 COMMISSIONER HATCHES: Approve.

14 MS. FRANKS: Commissioner Merritt.

15 COMMISSIONER MERRITT: Approve.

16 MS. FRANKS: By your vote you have
17 adopted DC-10-346.

18 MR. BRADLEY: Mr. Chairman, the next one
19 is at Tab I. Proposed disciplinary action against
20 the River City Casino. Again, this is the
21 beginning of the process. This is for the River
22 City Casino allowing underage patrons. They had
23 two underage females who played the slot machines
24 while on the casino floor. And they had -- one of
25 the underage females actually consumed beer while

1 she was there. She didn't purchase it, her
2 companion who was above age purchased it, but she
3 consumed it and it was visible to the bartender.
4 They had presented false I.D.'s. This is one that
5 was discovered by the Gaming Commission agent.
6 Thought these girls looked younger than 21, did
7 the investigation and realized that they were.
8 This is something that the Gaming Commission agent
9 recognized their age by looking at them, where the
10 casino employees did not do enough due diligence
11 to do so. Again, the Staff is recommending a fine
12 of \$10,000 for this matter. And the proposed
13 resolution is DC-10-347.

14 CHAIRMAN MATHEWSON: I doubt if there
15 are any previous ones on them, since they are so
16 new.

17 MR. STOTTLEMYRE: This was the first one
18 to come before the Disciplinary Review Board.

19 CHAIRMAN MATHEWSON: That's what I
20 thought. They haven't been around long enough to
21 have very many. I hope. Okay. Chair would
22 accept a motion on DC-10-347.

23 COMMISSIONER HATCHES: Move to accept
24 DC-10-347.

25 COMMISSIONER MERRITT: Second.

1 CHAIRMAN MATHEWSON: Call role, Angie.

2 MS. FRANKS: Chairman Mathewson.

3 CHAIRMAN MATHEWSON: Approve.

4 MS. FRANKS: Commissioner Shull.

5 COMMISSIONER SHULL: Approve.

6 MS. FRANKS: Commissioner Jones.

7 COMMISSIONER JONES: Approve.

8 MS. FRANKS: Commissioner Hatches.

9 COMMISSIONER HATCHES: Approve.

10 MS. FRANKS: Commissioner Merritt.

11 COMMISSIONER MERRITT: Approve.

12 MS. FRANKS: By your vote you have
13 adopted DC-10-347.

14 MR. BRADLEY: Mr. Chairman, the next
15 proposed discipline is under Tab J. This one is
16 for Argosy Riverside Casino. This one is somewhat
17 different from the first one we did, that we dealt
18 with. But this one again deals with the
19 disassociated persons list.

20 Under this, the disassociated person was
21 gambling at the Argosy Casino. And he was
22 arrested by the Gaming Commission agent, the
23 highway patrolman there, for gambling there. The
24 disassociated person said, you know, "Even though
25 I put my name on the DAP list, I have been getting

1 mailings from the casino and coupons and even had
2 a player's card that was issued to him.

3 Then it was further discovered, pursuant
4 to the investigation, that this individual was
5 being rated by playing Texas Holdem and Blackjack
6 at the casino. Clearly, as we talked on the first
7 discipline, those people whose names are on the
8 list, are not supposed to -- they are supposed to
9 be taken off all the marketing tools and their
10 cards should be voided. It is impossible to keep
11 somebody from sneaking on and surreptitiously
12 playing. But they shouldn't be rated, they
13 shouldn't be getting mailings, they shouldn't be
14 encouraged. The whole point of the list is they
15 are a problem gambler. We can't be encouraging
16 problem gamblers. Staff is recommending a \$10,000
17 fine in this matter. It is Resolution DC-10-348.

18 CHAIRMAN MATHEWSON: Do we know at this
19 point that it was in that person that was on the
20 casino's name, though?

21 MR. BRADLEY: There was a middle initial
22 difference. There was a middle initial
23 difference. So that could be a mitigating factor
24 for them.

25 COMMISSIONER HATCHES: Wasn't there also

1 the address was different?

2 CHAIRMAN MATHEWSON: Okay.

3 MR. BRADLEY: So there are some
4 mitigating factors.

5 CHAIRMAN MATHEWSON: That's why I asked
6 the question. I thought that might happen.

7 MR. BRADLEY: Right. Yeah.

8 CHAIRMAN MATHEWSON: That's all going to
9 be taken into consideration as we move forward on
10 this.

11 MR. BRADLEY: Yes.

12 CHAIRMAN MATHEWSON: Any other
13 questions, comments? Here is Lester.

14 MR. BRADLEY: The Captain reminds me
15 that the address was identical. It was just the
16 middle initial that was different.

17 CHAIRMAN MATHEWSON: Okay. Any further
18 comments on DC-10-348? Chair would accept a
19 motion.

20 COMMISSIONER SHULL: Move for approval
21 of 10-348.

22 COMMISSIONER JONES: Second.

23 CHAIRMAN MATHEWSON: Call roll, please.

24 MS. FRANKS: Chairman Mathewson.

25 CHAIRMAN MATHEWSON: Approve.

1 MS. FRANKS: Commissioner Shull.

2 COMMISSIONER SHULL: Approve.

3 MS. FRANKS: Commissioner Jones.

4 COMMISSIONER JONES: Approve.

5 MS. FRANKS: Commissioner Hatches.

6 COMMISSIONER HATCHES: Approve.

7 MS. FRANKS: Commissioner Merritt.

8 COMMISSIONER MERRITT: Approve.

9 MS. FRANKS: By your vote you have
10 adopted DC-10-348.

11 MR. STOTTLEMYRE: Item 9 on the agenda
12 is Consideration of Settlement Agreements. Mike
13 Bradley will again present.

14 MR. BRADLEY: Mr. Chairman, the next
15 item I have is under Tab K. It deals with the
16 Casino One Corporation, which is Lumiere Place in
17 downtown St. Louis. And this is proposed
18 discipline for mailing a false or misleading
19 promotion.

20 They had sent out mailers that
21 incorrectly said that the promotion was going to
22 be from 6:00 a.m. and 2:00 p.m., when in fact the
23 intent was to have the promotion between 8:00 a.m.
24 and 2:00 p.m. They actually had patrons showing
25 up at 6:00 a.m. wanting to be involved in the

1 promotion.

2 The Staff had proposed a fine of
3 \$10,000. The staff is proposing a settlement of
4 -- Lumiere has accepted responsibility for it.
5 This proposed settlement is reducing the fine from
6 10,000 to 9,000. If the Commission accepts the
7 settlement, the case is over and they have to pay
8 the 9,000. If the Commission rejects the
9 settlement, then the matter goes before the
10 Hearing Officer to be heard, and comes back before
11 you after the Hearing Officer completes his
12 process.

13 CHAIRMAN MATHEWSON: Any comments?
14 Could somebody, just for my benefit, make it 8,700
15 or 10,200 or something sometime. I mean, these
16 are just standard. I mean, we just go from 10,000
17 to 9,000 every time. My goodness. I mean, it
18 seems like -- I get bored with these. Could
19 someone please change the number a little bit
20 sometimes just to make me happy? Okay. That's my
21 comment for the day.

22 COMMISSIONER SHULL: I move for approval
23 of 10-114.

24 COMMISSIONER JONES: Second.

25 CHAIRMAN MATHEWSON: Any further

1 comments or discussion or nonsense? Angie, call
2 roll, please.

3 MS. FRANKS: Chairman Mathewson.

4 CHAIRMAN MATHEWSON: Approve.

5 MS. FRANKS: Commissioner Shull.

6 COMMISSIONER SHULL: Approve.

7 MS. FRANKS: Commissioner Jones.

8 COMMISSIONER JONES: Approve.

9 MS. FRANKS: Commissioner Hatches.

10 COMMISSIONER HATCHES: Approve.

11 MS. FRANKS: Commissioner Merritt.

12 COMMISSIONER MERRITT: Approve.

13 MS. FRANKS: By your vote you have
14 adopted Resolution Number 10-114.

15 MR. BRADLEY: The next one is Tab L. and
16 this is dealing with Harrah's Maryland Heights
17 Casino. Again this is a settlement and the
18 proposed discipline was for advertising a sale of
19 intoxicating liquor at discount or below cost.

20 As you all are aware, the Gaming
21 Commission does have the liquor licensing aspect
22 for the casinos. That doesn't go back to Alcohol
23 Tobacco control, it is actually the Gaming
24 Commission for the casinos. Similar to the ATC,
25 the Gaming Commission regulations prohibit

1 advertisements of liquor at reduced cost.

2 In this one, the local website -- the
3 casino was advertising on STLdrunks.com, that they
4 had calls, wells and bottles for just a
5 Washington. So basically you could get dollar
6 drinks. Clearly in violation of the regulations
7 concerning advertising.

8 The original proposed discipline was for
9 10,000. Harrah's Maryland Heights has taken
10 responsibility for this, and the settlement
11 agreement with Staff and Harrah's is \$9,000 fine
12 that they would pay. Again if you accept it, the
13 discipline is over and they pay the \$9,000. If
14 you reject the settlement, it just goes back to
15 the Hearing Officer and the matter will be heard
16 and brought back before you.

17 CHAIRMAN MATHEWSON: Okay. Any comments
18 or questions?

19 COMMISSIONER SHULL: Move approval of
20 10-115.

21 CHAIRMAN MATHEWSON: Thank you. I will
22 second it. Call role, Angie, please.

23 MS. FRANKS: Chairman Mathewson.

24 CHAIRMAN MATHEWSON: Approve.

25 MS. FRANKS: Commissioner Shull.

1 COMMISSIONER SHULL: Approve.

2 MS. FRANKS: Commissioner Jones.

3 COMMISSIONER JONES: Approve.

4 MS. FRANKS: Commissioner Hatches.

5 COMMISSIONER HATCHES: Approve.

6 MS. FRANKS: Commissioner Merritt.

7 COMMISSIONER MERRITT: Approve.

8 MS. FRANKS: By your vote you have

9 adopted Resolution Number 10-115.

10 MR. BRADLEY: The next one is under Tab
11 B, and it deals with a proposed settlement with
12 Isle of Capri Caruthersville. Again it is
13 Resolution 10-116. This situation was the Isle of
14 Capri Caruthersville was violating the rules and
15 also violating just good common accounting
16 practice, by not doing subsequent and second
17 counts of what was in the cash drawer. They were
18 going on what was the blind count received instead
19 of just what was in the cash drawer. They were
20 using the totals from the receipt tab tape that
21 the cashier placed in the drawer rather than do an
22 independent count. Of course what happens, and
23 what discovered it, is if you have a typographical
24 error or something along those lines on the tape,
25 you are going to have more or less money in the

1 drawer than you are going to have on the tape.

2 The original proposed discipline was a
3 \$30,000 fine. The proposed settlement is to
4 reduce the fine to \$27,000 fine. In this one, not
5 only did the Isle of Capri Carruthersville accept
6 responsibility, it appears to me that they have
7 actually taken some action to correct the
8 situation. So the settlement is not only that
9 they are just getting a reduced fine for taking
10 responsibility, they are getting a reduced fine
11 for doing something to keep this from happening
12 again.

13 Now one of the things that happened is
14 that the person who was the financial controller
15 at the time this was occurring has since resigned.
16 So that is one step that has been taken. I don't
17 say that to mean that the casino industry will
18 take -- if we get another discipline, we'll just
19 fire somebody and ask for a break. This one it
20 does look like Caruthersville has taken some
21 action to try to correct the situation.
22 Everything apparently was innocuous, but as any
23 businessman -- I have prosecuted enough
24 embezzlements in my time to know, if you've got
25 differences between what you think you have in the

1 drawer and what you have in the drawer, bad things
2 happen. So this is a recommendation of a finding
3 to reduce it to \$27,000. If you accept it, the
4 case is over and they'll pay the fine. If you
5 reject it, it will go back to the Hearing Officer
6 to report to you.

7 CHAIRMAN MATHEWSON: Any questions or
8 comments? Chair would accept a motion.

9 COMMISSIONER SHULL: Move approval of
10 10-116.

11 COMMISSIONER JONES: Second.

12 CHAIRMAN MATHEWSON: Call role, Angie,
13 please.

14 MS. FRANKS: Chairman Mathewson.

15 CHAIRMAN MATHEWSON: Approve.

16 MS. FRANKS: Commissioner Shull.

17 COMMISSIONER SHULL: Approve.

18 MS. FRANKS: Commissioner Jones.

19 COMMISSIONER JONES: Approve.

20 MS. FRANKS: Commissioner Hatches.

21 COMMISSIONER HATCHES: Approve.

22 MS. FRANKS: Commissioner Merritt.

23 COMMISSIONER MERRITT: Approve.

24 MS. FRANKS: By your vote you have
25 adopted Resolution Number 10-116.

1 MR. STOTTLEMYRE: The next item on the
2 Agenda, Item 10 is Consideration of Licensure of
3 Certain Suppliers. Sergeant Steve Akridge will
4 present.

5 SERGEANT AKRIDGE: Mr. Chairman and
6 Commissioners. You will notice under Tab N there
7 are two resolutions. One for Western Money
8 Systems, Incorporated of Sparks, Nevada,
9 (hereafter referred to as WMS.) The second is for
10 Global Cash Access, Incorporated, Las Vegas,
11 Nevada, (hereafter referred to as GCA, Inc.) And
12 for the parent company, Global Cash Access
13 Holdings, Inc. of Las Vegas, Nevada, (hereafter
14 referred to as GCAH, Inc.) And for eight key
15 persons associated with those companies.

16 On March 2nd, 2010, GCA Inc. and GCAH
17 Inc. made applications to Missouri Gaming
18 Commission for key business entity supplier's
19 licenses. On May 3rd, 2010, WMS filed an
20 application for a supplier's license. The
21 companies also submitted applications for the
22 following eight key persons:

23 Edwin Kilburn, Chairman of the Board,
24 GCA, Inc., GCA Holdings, Inc. Geoffrey Judge,
25 Director for GCA, Inc., GCA Holdings, Inc. Fred

1 Enlow, Director for GCA, Inc. and GCA Holdings,
2 Inc. Debbie Olson, Director for GCA, Inc., GCA
3 Holdings, Inc. Scott Betts, CEO, Director,
4 President, Secretary-Treasurer of WMS, GCA, Inc.
5 and GCA Holdings, Inc. Michael Dowty,
6 Vice-President of Business Development, GCA, Inc.
7 and GCA Holdings, Inc. Helen Ellis,
8 Vice-President of Development and Technology, GCA,
9 Inc. and GCA Holdings, Inc. And David Lucchese,
10 Vice-President of Domestic Sales for GCA, Inc. and
11 GCA Holdings, Inc.

12 Missouri State Highway Patrol
13 investigators, along with the Missouri Gaming
14 Commission financial investigators, conducted
15 background investigations of WMS, GCA, Inc. and
16 GCAH, Inc., and its associated persons.

17 The investigation included, but was not
18 limited to, criminal, civil, financial and general
19 character inquiries of the key persons through
20 international, federal, state and local government
21 entities, as well as a comprehensive financial
22 analysis of all three companies.

23 An investigative summary was submitted
24 to the Missouri Gaming Commission Staff, and a
25 copy has been provided for your review. The

1 investigating officers are present at this
2 hearing, and we would be happy to entertain any
3 questions that you may have at this time. Thank
4 you.

5 CHAIRMAN MATHEWSON: Not necessarily at
6 you, Steve. Have we previously had any concern
7 that -- I was here when this transition happened
8 between these two companies. Did we have any
9 concern in the past about when you have a
10 transition of companies like this -- see, this
11 transition, actually the sale occurred, was
12 completed on May the 5th of 2010 when the supplier
13 license that was May 3rd, 2010. In other words,
14 two days later than we, the Commission. I was
15 here. We issued a temporary license to the new
16 owners.

17 Do we have any concern -- and we're just
18 now getting to the point here, the first of
19 October, basically, that we have made the
20 investigation and, you know, we find them to be
21 okay. The only reason I am raising the question.
22 I am not trying to be negative about it. My
23 concern is that if you had a situation where we
24 gave a temporary license to a company that were
25 foul type folks. I mean, you could do a lot of

1 damage in six, seven, eight months. You know.
2 Have we discussed that, Clarence? Or is that
3 something that we should be concerned about or
4 should I shut up? One or the other.

5 MR. GREENO: Mr. Chairman, we watch
6 these companies very closely. What we had here,
7 Western Money Systems was a supplier licensee
8 within the State of Missouri. It was a very
9 competently run operation. They entered into an
10 agreement with Global Cash Access, where Global
11 Cash Access and Global Cash Access Holdings were
12 going to purchase Western Money Systems.

13 So Global Cash Access and Global Cash
14 Access Holdings applied for key entity licenses in
15 the state. As it happened, the investigation --
16 the investigation was not completed prior to the
17 consummation of the transfer of ownership. By 11
18 CSR 4510, if the consummation takes place prior to
19 the Commission granting approval of the change of
20 control, the supplier license automatically
21 becomes null and void. And that's what occurred
22 in this particular situation. So they immediately
23 reapplied. Western Money Systems immediately
24 reapplied under its new ownership and were granted
25 a temporary supplier license to continue to

1 conduct business within the State of Missouri.

2 CHAIRMAN MATHEWSON: In my mind, to
3 summarize what you just said was, we were already
4 familiar with the buyer.

5 MR. GREENO: Yes, sir, we were, but the
6 investigation had not yet been complete. To be
7 quite honest, the supplier -- "to be quite
8 honest", that sounds like I wasn't being honest
9 before.

10 CHAIRMAN MATHEWSON: I was accepting
11 what you said before as being honest.

12 MR. GREENO: I am being quite honest.
13 But what happens, supplier entities are the only
14 entities to which we grant temporary licenses.
15 And it allows them to conduct business within the
16 State of Missouri while investigations are being
17 conducted. It is possible that we could find,
18 during an investigation, that those individuals or
19 that company is unsuitable, and there would then
20 be product in the State of Missouri at casino
21 properties for which -- sold to them by an
22 unsuitable company. That then would go back on
23 the Class A. and Class B. licensee. They would
24 have to get rid of that.

25 CHAIRMAN MATHEWSON: Rather than have

1 long debates on this. I am bringing it up really
2 from the standpoint of the Commission's point.
3 But I would also suggest, sir, that the casinos,
4 they are being placed in a position the same as we
5 are. If we, the Commission, then approve a
6 temporary license for someone to do business,
7 they, the casinos, accept that they can do
8 business with them, right?

9 MR. GREENO: Correct.

10 CHAIRMAN MATHEWSON: We are kind of
11 leading them. I guess my concern is that, God
12 forbid, I don't want this to ever happen. I don't
13 think this is the case where it is. But at the
14 same time if we were to give a temporary license,
15 and the casino then did business and ended up
16 doing business with people that weren't being
17 honest with them, then aren't we held possible?
18 Because we told the casinos that they were okay.

19 MR. GREENO: We have granted a temporary
20 license with this company, or to a company based
21 upon preliminary investigative findings that we
22 have done. It would then be the Class B. licensee
23 assuming any liability for equipment they buy from
24 that individual.

25 CHAIRMAN MATHEWSON: I just hope that

1 doesn't ever happen. Sorry to hold you up, Steve.
2 I don't have a problem with what you are doing.
3 It just raised a question to me. You don't see at
4 every one of our meetings where you have a company
5 that transferred owners. Okay. That just doesn't
6 happen very often.

7 COMMISSIONER SHULL: On Page 5 of that
8 letter. The Missouri Department of Gaming.
9 Regarding the underpayment of \$26 million.

10 MR. GREENO: Yes, sir.

11 COMMISSIONER SHULL: Has that been
12 resolved?

13 MR. GREENO: Yes, sir. That situation
14 was under the owner's -- under a previous
15 ownership and board of directors of Global Cash
16 Access and Global Cash Access Holdings. All of
17 those individuals have since been replaced.

18 SERGEANT AKRIDGE: Anybody who had
19 anything to do with those transactions are no
20 longer with the company. They have all been --

21 COMMISSIONER SHULL: My question is, how
22 has it been resolved? Was it paid? Was it
23 settled?

24 SERGEANT AKRIDGE: It was settled with
25 the companies.

1 CHAIRMAN MATHEWSON: Settled with what?

2 SERGEANT AKRIDGE: It was settled. I
3 believe it was a Visa company was one of the -- I
4 guess they were the ones that were getting the --

5 CHAIRMAN MATHEWSON: You mean I can get
6 a Visa card and get a \$26 million line of credit?
7 Hell, I'll go now. I want one of those.

8 SERGEANT AKRIDGE: One of the
9 investigators who was also in on the settlement
10 agreement. I asked him that question. Visa
11 apparently just didn't want to follow through with
12 any type of prosecution. So in the end they did
13 pay the fine to Visa. That settled it. It is
14 hard to believe that that's all they did.

15 COMMISSIONER SHULL: So the company has
16 no further liability?

17 SERGEANT AKRIDGE: No, sir.

18 COMMISSIONER SHULL: Was that in this
19 information, the settlement?

20 SERGEANT AKRIDGE: Sir?

21 COMMISSIONER SHULL: Was the settlement
22 in this information that we received?

23 SERGEANT AKRIDGE: I thought it was,
24 sir.

25 COMMISSIONER SHULL: But there is no

1 further liability to this company?

2 SERGEANT AKRIDGE: No, sir. I
3 interviewed the Assistant Attorney General for
4 Arizona and I talked to her. She said everything
5 was over as far as. She gave the company a clean
6 bill of health. Arizona went ahead and licensed
7 them. Arizona is very happy with them. I
8 interviewed the lead investigator for the Arizona
9 Department of Gaming. He worked on this
10 investigation. He was happy with them. And also
11 he gave me some names of some of the informants
12 actually working within the company for Global
13 Cash. I interviewed those people also, and they
14 said there was no -- as far as they know, there
15 was no wrongdoing going on in the company.

16 And also Western Money, just to let you
17 know. I did the original investigation on Western
18 Money. They haven't had any problems since they
19 have been licensed. Since this transaction took
20 place, the buy-out, I have stayed in constant
21 contact with people inside Western Money Systems
22 just to make sure there is nothing going on that
23 shouldn't be. And they assured me, the people
24 that I feel I could trust within the company.
25 They assured me that there is nothing going on

1 with any problems since the buy-out took place.

2 CHAIRMAN MATHEWSON: Sorry, Clarence.

3 You look like you have something to add to this.

4 MR. GREENO: I might just add that when
5 the existing present owners of GCA were made aware
6 of this situation, they terminated their
7 relationship with the individuals involved.
8 Totally. Terminated them from the company. And
9 they were cooperative with the authorities in all
10 of the investigations.

11 COMMISSIONER SHULL: That's a lot of
12 money for a company making a million dollars a
13 year.

14 SERGEANT AKRIDGE: Visa has also hiked
15 up their internal controls.

16 CHAIRMAN MATHEWSON: There's an idea.

17 SERGEANT AKRIDGE: They have tightened
18 their controls up on this. If it happens again
19 they will be hit with a very, very hefty fine.
20 The way it was set up before, there wasn't much
21 they could do in the way of a fine. It was a bad
22 situation. But like I said, the only ones who
23 really pursued it was the State of Arizona. And I
24 have talked to all the people in Arizona and they
25 are happy with the company. Also, I think they

1 discussion? Chair would accept a motion to adopt
2 Resolution 10-117 and 10-118. That is one motion.

3 COMMISSIONER JONES: So moved.

4 COMMISSIONER SHULL: Second.

5 CHAIRMAN MATHEWSON: Call role, please.

6 MS. FRANKS: Chairman Mathewson.

7 CHAIRMAN MATHEWSON: Approve.

8 MS. FRANKS: Commissioner Shull.

9 COMMISSIONER SHULL: Approve.

10 MS. FRANKS: Commissioner Jones.

11 COMMISSIONER JONES: Approve.

12 MS. FRANKS: Commissioner Hatches.

13 COMMISSIONER HATCHES: Approve.

14 MS. FRANKS: Commissioner Merritt.

15 COMMISSIONER MERRITT: Approve.

16 MS. FRANKS: By your vote you have
17 adopted Resolution Numbers 10-117 and 10-118.

18 MR. STOTTLEMYRE: Item 11 on the Agenda
19 is Consideration of Rulemaking. And Terri
20 Hutchison will present.

21 MS. HUTCHISON: Good morning Chairman
22 and Commissioners. Behind Tab O you will find
23 seven proposed rules. We updated and clarified
24 provisions throughout these rules based on past
25 problems, changes in the industry, rapidly

1 changing technology in slot machines and slot
2 systems, and concerns from MGC auditors and MGC
3 enforcement personnel.

4 The first proposed rule is 11 CSR
5 45-5.130, Exchange of Chips and Tokens. This
6 amendment updates the rule to provide for the use
7 of chips to be accepted as payment for food or
8 beverages on the casino floor per the statutory
9 change made by Senate Bill 984.

10 11 CSR 45-7.070 Surveillance Logs. This
11 amendment removes the requirements for the logs,
12 which were duplicated in the rule. This
13 requirement for the logs may be found in the new
14 Minimum Internal Control, Chapter M. of
15 surveillance.

16 11 CSR 45-9.102. Minimum Internal
17 Controls Chapter B. Key Controls. This amendment
18 clarifies some rules and also adds rules for the
19 use of proximity cards for sensitive keys.

20 11 CSR 45-9.105. Chapter E. Electronic
21 Gaming Devices. This amendment was revised to
22 remove the system upgrade form and redundant
23 technical standards of Chapter E. and place them
24 in Chapter S., Management Information Systems.

25 11 CSR 45-9.119. Chapter S. Management

1 Information Systems. This chapter was completely
2 reviewed and revised in detail to be more specific
3 and clarify requirements. This chapter also
4 brings the information technology controls up to
5 date within our minimum internal control
6 standards.

7 11 CSR 45-9.121. Chapter U. Cashless
8 Promotional and Bonusing Systems. This is a new
9 chapter to the add rules for these systems.
10 Should casinos choose to adopt this technology,
11 this enabling language will permit casinos the
12 ability offer patrons downloadable credits at slot
13 machines through the use of a secure pin.

14 11 CSR 45-9.122. Chapter B. Server
15 Supported Gaming Systems. This is a new chapter
16 to add rules for the server-supported gaming.
17 Central system houses the gaming and electronic
18 gaming devices, are terminals where games are
19 displayed. Should casinos choose to adopt this
20 technology, this enabling language will permit
21 casinos the ability to convert Gaming Device
22 themes and configurations from one central server.

23 The Missouri Gaming Association has had
24 the opportunity to review these drafts. They have
25 met with us, asked questions and expressed

1 concerns and suggested changes. Some were
2 incorporated into the proposed rule you have
3 before you. A common period for these rules will
4 run from November 1st to November 30th, with a
5 public hearing date set for December 2nd.

6 MR. STOTTLEMYRE: Staff recommends
7 approval of the proposed rules. They are all
8 under 11 CSR 45. The first one being 5.130. The
9 second 7.070. The third, 9.102. Fourth is 9.105.
10 Five is 9.119. Six is 9.121. And 7 is 9.122.

11 CHAIRMAN MATHEWSON: Thank you. We are
12 going to require "All value chips accepted as
13 payment for food or beverages shall be exchanged
14 for cash at the cage or main bank during the same
15 shift they were accepted as payment." Is that an
16 auditing thing?

17 MS. ALONZO: Yes.

18 CHAIRMAN MATHEWSON: Help me with that.

19 MS. ALONZO: The reason that we are
20 asking them is -- during their shift they can take
21 the chips as payment. We are asking them to go
22 ahead at end of shift, go ahead and sell those to
23 the main bank. Because we didn't want gaming
24 chips going through the drop and count process for
25 non-gaming drops and counts, which we do not

1 regulate at this time. So we don't want our
2 gaming chips getting in with the food and beverage
3 drops. We have always let the casino handle those
4 drops. We don't have rules regarding those drops.
5 We have rules regarding gaming drops, but not
6 those.

7 So we really wanted to stay out of that
8 process, let them continue to manage that. Let's
9 get our chips back into inventory. Because the
10 chips are also used to look into liability. The
11 chips that you purchase and the chips that you
12 know you have on the casino floor, the difference
13 is their chips are out and that people could bring
14 in. We ask them to watch their chip and token
15 floats to make sure that no one is introducing
16 counterfeit chips.

17 So we really just don't want these chips
18 at all kinds of different locations. So that was
19 the idea behind that.

20 CHAIRMAN MATHEWSON: Okay. Thank you.

21 COMMISSIONER HATCHES: Mr. Chairman. I
22 want to make sure I understand the process here.
23 We are going to approve the changes. Did I hear
24 you say that there were going to be some
25 discussions somewhere about this?

1 MS. HUTCHISON: Yes, there's going to be
2 a -- we have a public comment period, so the
3 casinos can express their concerns, if they have
4 issue with one of the rules that we did submit.
5 That's November 1st through November 30th. After
6 that then we have a public comment period, where
7 they still can express their concerns on that day.

8 COMMISSIONER HATCHES: Then my question
9 is, what if there is a valid concern expressed
10 about these rules that we need to consider. Have
11 we approved them prior to --

12 MR. STOTTLEMYRE: These are just
13 proposed rules. So there still can be changes
14 made to them.

15 COMMISSIONER HATCHES: Will they come
16 back before us?

17 MR. STOTTLEMYRE: And they'll come back
18 to you. You are getting ready to look at Final
19 Orders of Rulemaking. They will come back to you
20 at that time.

21 CHAIRMAN MATHEWSON: That's true of any
22 rule by any agency. It is the same process.

23 MR. STOTTLEMYRE: The whole process is
24 the same.

25 MR. BRADLEY: Everybody has the same

1 process. And the legislature gets to look at it
2 before the final rulemaking. The whole process.
3 It takes a lot of time to bring it.

4 MS. HUTCHISON: After you approve these,
5 they go to the Secretary -- we have to get them
6 prepared to go to the Secretary of State's office
7 and do that, so then they will be published up
8 there so we can see and then respond to them.

9 Again, we will be bringing them back to
10 you for the final, after all the changes have been
11 made and we have worked through them.

12 COMMISSIONER HATCHES: Thank you.

13 CHAIRMAN MATHEWSON: Any other questions
14 or comments? Okay.

15 COMMISSIONER SHULL: I do have a
16 question. Will it be possible to turn the chips
17 in to pay for food, et cetera, and then you get
18 cash back?

19 MS. HUTCHISON: To get the cash back,
20 yes.

21 COMMISSIONER SHULL: Okay.

22 CHAIRMAN MATHEWSON: I guess, Noel, as I
23 am hearing this, if I am hearing it correctly. I
24 did start to ask, basically the same question. If
25 I have a 50 dollar chip and I buy a hamburger and

1 a beer over at one of the restaurants, and they
2 give me the change back to my 50 dollar chip in
3 cash. Am I saying basically it is that simple,
4 isn't it?

5 MS. HUTCHISON: Correct.

6 CHAIRMAN MATHEWSON: Is that what you
7 were saying?

8 COMMISSIONER SHULL: I am just wondering
9 about the A.G.R. and how that stays pure.

10 MR. STOTTLEMYRE: That's why Cheryl is
11 doing what she is doing.

12 CHAIRMAN MATHEWSON: Here is the pure
13 board. Right here.

14 MS. ALONZO: It will have no effect on
15 A.G.R. Right now A.G.R. is, as far as chips go,
16 are what is dropped at table games and the rank
17 and poker. Other than that, no one is paid out of
18 the tray. So none of this will be coming out of
19 the tray. So the only thing, if when you do give
20 cash back, you have to make sure too, that you are
21 not bumping up against any currency transaction
22 reporting for CTRC's. I think we are looking at
23 limiting the size of the value chip that they can
24 take, and making the minimal internal controls.
25 But that hasn't come forth yet.

1 COMMISSIONER SHULL: I don't understand
2 it.

3 CHAIRMAN MATHEWSON: I hear what you are
4 saying. I don't understand all of it too.

5 MS. ALONZO: Go ahead.

6 COMMISSIONER SHULL: It is confused
7 accounting to me.

8 MS. ALONZO: On the A.G.R., are you
9 concerned about the change in table inventory or
10 that piece of it?

11 COMMISSIONER SHULL: I guess I am just
12 struggling to see the entire circle. How the
13 chips get back for the hamburgers and their sales.

14 MS. ALONZO: We get our money when that
15 person buys at the table. They buy in for 500.
16 So that \$500 cash goes to the drop and that is
17 going to be taxed. What that individual does with
18 the \$500 in chips doesn't affect taxes until they
19 gamble it and lose it back to the table. Then
20 that tray inventory fluctuates up and down. Each
21 day they pay taxes on that change in the table
22 inventory. But if someone were to buy-in for
23 \$100, get the chips, go buy \$100 worth of
24 hamburgers, use that chip to pay for it, that chip
25 goes back to the main bank. You've got gaming

1 revenue from the money that was dropped, but --

2 CHAIRMAN MATHEWSON: You still have
3 revenue for the hamburgers that they bought.

4 MS. ALONZO: Right. They sell that
5 product, so that wouldn't affect the table.

6 COMMISSIONER JONES: You know what,
7 Cheryl, I have a concern. What happens -- I am
8 thinking about the security. Suppose I come in
9 there with some counterfeit chips.

10 MS. ALONZO: I know.

11 COMMISSIONER JONES: How do we account
12 for that? Because I could go right on the floor
13 or I go right to one of the restaurants with a
14 counterfeit chip. Spend that counterfeit chip and
15 you won't even know it until later sometime
16 whenever.

17 MS. ALONZO: Right. I wholeheartedly
18 appreciate that concern, too. But this was a
19 change that the Legislature made. So we are
20 reacting to that decision that they made.

21 COMMISSIONER SHULL: I notice that it
22 did say "You can do it" but they did not require
23 it.

24 MS. ALONZO: I'm sorry?

25 COMMISSIONER SHULL: When I was reading

1 this, it said they made a change to allow it.

2 MS. ALONZO: Technically it
3 decriminalized it, is what it did. We know their
4 intent. It just said it wasn't a Class C.
5 misdemeanor anymore, I think is what the language
6 was, but we know the intent was to allow it. So,
7 we are changing our rules to allow it.

8 COMMISSIONER HATCHES: Just a follow-up
9 to Commissioner Jones. Not only if it is a
10 counterfeit chip would they have access to go in
11 and purchase hamburgers or beer with it, but they
12 get cash back. So it is a way to get cash from a
13 counterfeit chip.

14 MS. ALONZO: Yeah. You know, at table
15 games, you hope that -- dealers handle chips all
16 day long, and if they get introduced into a game,
17 you feel good that those guys might notice
18 something. So they'll probably have to be
19 diligent about training those other staff to know
20 what their chips look like and to be on the
21 lookout.

22 COMMISSIONER HATCHES: The dealers
23 handle chips every day and they see them, but the
24 guy selling the hamburgers --

25 COMMISSIONER JONES: They won't be

1 handling those chips like that. I just think
2 about the chips that were introduced a couple
3 years ago. It was a slightly larger. The only
4 way they caught it is when they put it back in the
5 tray. It wouldn't fit in the tray. That was the
6 only way they were able to catch it.

7 MS. ALONZO: Yeah.

8 CHAIRMAN MATHEWSON: Cheryl, a little
9 bit off the subject, but really on it. How
10 serious a problem is it now on counterfeit chips?
11 Do we find very many of them anymore?

12 MS. ALONZO: It is very rare.

13 CHAIRMAN MATHEWSON: I would think if
14 you took the \$500 limit off, that that would have
15 an impact on \$500 chips too. That became a
16 cottage industry, where people were selling chips
17 to someone who wanted to go into the casino and
18 not be stopped with a \$500 cap.

19 MS. ALONZO: Right. The one instance we
20 do know this happened, at least in the years that
21 I have been with the Commission, was the one that
22 you are referring to. Even the dealers didn't
23 know those were. They were such good counterfeit
24 chips that it took, until you put -- or tried to
25 put them in that rack that there was a problem.

1 But it hasn't been an ongoing issue that we are
2 aware of. The casinos are checking their float
3 every month. We audit and make sure that they are
4 doing that. They have been doing that. That's
5 just one indicator. If someone doesn't introduce
6 too much, you could still get under that
7 threshold. There hasn't been a big historic
8 problem. If that makes you feel better.

9 CHAIRMAN MATHEWSON: Okay. So we need
10 to vote on 45-5.130?

11 MR. STOTTLEMYRE: And the others that I
12 listed. That whole list of proposed rules.

13 CHAIRMAN MATHEWSON: Can we take them
14 all?

15 MR. STOTTLEMYRE: You can take them all
16 at the same time.

17 CHAIRMAN MATHEWSON: All the way 1
18 through 7, is that what you are saying?

19 MR. STOTTLEMYRE: Yes, sir.

20 CHAIRMAN MATHEWSON: Chair would accept
21 a motion to adopt those, which Angie will read
22 when she does that motion.

23 COMMISSIONER JONES: So moved.

24 COMMISSIONER HATCHES: Second.

25 CHAIRMAN MATHEWSON: Any further

1 discussion? Call roll.

2 MS. FRANKS: Chairman Mathewson.

3 CHAIRMAN MATHEWSON: Approve.

4 MS. FRANKS: Commissioner Shull.

5 COMMISSIONER SHULL: Approve.

6 MS. FRANKS: Commissioner Jones.

7 COMMISSIONER JONES: Approve.

8 MS. FRANKS: Commissioner Hatches.

9 COMMISSIONER HATCHES: Approve.

10 MS. FRANKS: Commissioner Merritt.

11 COMMISSIONER MERRITT: Approve.

12 MS. FRANKS: By your vote you have
13 adopted 11 CSR 45-5.130, 7.070, 9.102, 9.105,
14 9.119, 9.121 and 9.122.

15 CHAIRMAN MATHEWSON: Thank you. Are you
16 still up on Final Orders of Rulemaking?

17 MS. HUTCHISON: Yes.

18 CHAIRMAN MATHEWSON: That would be P.

19 MS. HUTCHISON: Behind Tab P. I will
20 take the first four. The Final Orders of
21 Rulemaking to Title 11, Division 45, Chapters 1
22 and 9, Proposed State Regulations.

23 Written comments received along with
24 Staff's responses are summarized in information
25 that you have been provided. A public hearing was

1 held on September 8th, 2010 at which individuals
2 and groups were provided the opportunity to
3 express their agreement with or concerns about the
4 proposed rules as written. No comments were made
5 at the hearing. These rules will be effective
6 January 30th, 2011. I would be happy to entertain
7 any questions you might have.

8 MR. STOTTLEMYRE: Do you have any
9 questions of Terri? Rachel Farr will be making
10 the next presentation on the rest of the final
11 presentation.

12 CHAIRMAN MATHEWSON: Let me read this
13 here. I apologize. Okay. So we are going to
14 take the first four in one motion?

15 MR. STOTTLEMYRE: In fact, we can
16 actually have Rachel come up and present the rest
17 of them. We'll go over them at the same time.
18 Rachel is going to present because they do deal
19 with bingo. The new law. So we are going to let
20 her make the presentation.

21 MR. FARR: Mr. Chairman, Commissioners,
22 behind Tab P., Numbers 5 through 18, are Final
23 Orders of Rulemaking for 14 regulations relating
24 to bingo. The Commission approved the proposed
25 rule changes and an emergency rule change at the

1 July meeting.

2 A notice of the proposed orders of
3 rulemaking contained in the text of the proposed
4 rules was published in the September 1, Missouri
5 Register. The comment period for these rules will
6 end on Friday.

7 As of today, we have received two
8 written comments in favor of Regulation 11 CSR
9 45-30.190 and one comment on Regulation 11 CSR
10 45-30.540.

11 The written comments, along with the
12 Staff's responses, are summarized in the
13 information that you have been provided.

14 In order to get the final rule in place
15 prior to the expiration of the emergency
16 amendment, these final orders of rulemaking must
17 be filed prior to our next Commission meeting. We
18 are requesting the Commission approve the final
19 orders of rulemaking and give the Executive
20 Director the authority to give final approval and
21 file the Final Orders of Rulemaking once the
22 comment period expires on Friday.

23 CHAIRMAN MATHEWSON: Okay. There you
24 are. Okay. Any questions on actually 5 through
25 18? Chair would accept a motion, then, that we

1 adopt in one motion 1 through 18.

2 COMMISSIONER MERRITT: So moved.

3 COMMISSIONER JONES: Second.

4 CHAIRMAN MATHEWSON: Any discussion?

5 Call the roll, Angie, please.

6 MS. FRANKS: Chairman Mathewson.

7 CHAIRMAN MATHEWSON: Approve.

8 MS. FRANKS: Commissioner Shull.

9 COMMISSIONER SHULL: Approve.

10 MS. FRANKS: Commissioner Jones.

11 COMMISSIONER JONES: Approve.

12 MS. FRANKS: Commissioner Hatches.

13 COMMISSIONER HATCHES: Approve.

14 MS. FRANKS: Commissioner Merritt.

15 COMMISSIONER MERRITT: Approve.

16 MS. FRANKS: By your vote you have

17 adopted Final Orders of Rulemaking 11 CSR

18 45-1.010, 9.113, 9.114, 9.118, 30.020, 30.025,

19 30.030, 30.035, 30.070, 30.175, 30.190, 30.205,

20 30.210, 30.225, 30.355, 30.535, 30.540 and 30.600.

21 CHAIRMAN MATHEWSON: New business there,

22 Mr. Director?

23 MR. STOTTLEMYRE: Next item on the

24 Agenda is new business, Item 12. We have none

25 from Staff.

1 CHAIRMAN MATHEWSON: You have none at
2 this time. Okay. How about old business?

3 MR. STOTTLEMYRE: Old business. Be the
4 next Agenda item. We have no old business that I
5 am aware of.

6 CHAIRMAN MATHEWSON: Do we have reason
7 to go into a closed session?

8 MR. STOTTLEMYRE: We do have.

9 CHAIRMAN MATHEWSON: Huh?

10 MR. STOTTLEMYRE: Yes, sir.

11 CHAIRMAN MATHEWSON: Okay. Very good.
12 Then we will accept a motion to go out of the
13 public meeting and make a motion to go into the
14 closed.

15 COMMISSIONER HATCHES: So moved.

16 COMMISSIONER JONES: Second.

17 MS. FRANKS: We need to retitle the
18 motion.

19 CHAIRMAN MATHEWSON: Okay. I
20 understand. To go out of the meeting, we need to
21 vote on that before we go into a closed, don't we?

22 MR. STOTTLEMYRE: We need a motion
23 specifying why we are going into Executive
24 Session.

25 COMMISSIONER JONES: Mr. Chairman, I

1 would like to make a motion to go to close meeting
2 under Sections 313.847 and 610.021, Sections 1,
3 11, 12 and 14.

4 COMMISSIONER MERRITT: Second.

5 CHAIRMAN MATHEWSON: Call the roll.

6 MS. FRANKS: Chairman Mathewson.

7 CHAIRMAN MATHEWSON: Approve.

8 MS. FRANKS: Commissioner Shull.

9 COMMISSIONER SHULL: Approve.

10 MS. FRANKS: Commissioner Jones.

11 COMMISSIONER JONES: Approve.

12 MS. FRANKS: Commissioner Hatches.

13 COMMISSIONER HATCHES: Approve.

14 MS. FRANKS: Commissioner Merritt.

15 COMMISSIONER MERRITT: Approve.

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C E R T I F I C A T E

I, JAMES A. LEACOCK, Certified Court Reporter,
do hereby certify that I appeared at the time and place
hereinbefore set forth; I took down in shorthand the
entire proceedings had at said time and place, and the
foregoing 68 pages constitute a true, correct and
complete transcript of my said shorthand notes.

Certified to this 1st day of October, 2010.

James A. Leacock, CCR.
Certified Court Reporter No. 662 (G)
Notary Public, State of Missouri