1 MISSOURI GAMING COMMISSION MEETING

2

3

4 Held on January 19, 2011, at 9:00 a.m., at
Riverside City Hall, Council Chambers, 2950 NW
5 Vivion Road, Riverside, Missouri 64150.

6

7

8

9 Appearances:

10 James L. Mathewson, Chairman
Jack L. Merritt, Commissioner
11 Noel Shull, Commissioner
Darryl Jones, Commissioner
12 Barrett Hatches, Commissioner

13
Also Present:
14
Roger Stottlemyre, Executive Director
15 Angie Franks, Designated Principal Assistant

16

17

18

19

20

21

22

23

24

25

1 CHAIRMAN MATHEWSON: Good morning,
2 everyone. Thank you very, very much for being
3 here. We'll try to move right along because I
4 think we have a front coming in, as you know. I'm
5 trying to get a flight out of here tomorrow
6 morning, but I'm trying to now get out of here
7 this afternoon, go someplace nice and warm I hope.
8 I want to thank the City for letting us have our
9 meeting here, they're always very gracious and
10 very kind. Angie, would you call roll, please.
11 MS. FRANKS: Chairman Mathewson?
12 CHAIRMAN MATHEWSON: Here.
13 MS. FRANKS: Commissioner Shull?
14 COMMISSIONER SHULL: Present.
15 MS. FRANKS: Commission Jones?
16 COMMISSIONER JONES: Present.
17 MS. FRANKS: Commissioner Hatches?
18 COMMISSIONER HATCHES: Here.
19 MS. FRANKS: Commissioner Merritt?
20 COMMISSIONER MERRITT: Here.
21 CHAIRMAN MATHEWSON: A quorum being
22 present, all being present, thank you all for
23 that. Happy New Year to everyone. Consideration
24 of the minutes, we have November 15th first.
25 Chair will accept a motion to adopt the minutes of

1 the November 15th, 2010 meeting.
2 COMMISSIONER MERRITT: So moved.
3 COMMISSIONER JONES: Seconded.
4 CHAIRMAN MATHEWSON: I have a motion and
5 second. Any discussion? Call roll, please.
6 MS. FRANKS: Commissioner Merritt?
7 COMMISSIONER MERRITT: Agreed.
8 MS. FRANKS: Commissioner Hatches?
9 COMMISSIONER HATCHES: Yes, agreed.
10 MS. FRANKS: Commissioner Jones?
11 COMMISSIONER JONES: Yes.
12 MS. FRANKS: Commissioner Shull?
13 COMMISSIONER SHULL: Approve.
14 MS. FRANKS: Chairman Mathewson?
15 CHAIRMAN MATHEWSON: Approve.
16 MS. FRANKS: By your vote you've adopted
17 the minutes of the November 15th, 2010 meeting.
18 CHAIRMAN MATHEWSON: Thank you. Next is
19 the December 1st, 2010 meeting. The Chair will
20 accept a motion, please.
21 COMMISSIONER HATCHEs: So moved.
22 COMMISSIONER JONES: Seconded.
23 CHAIRMAN MATHEWSON: Any discussion?
24 Angie, call roll, please.
25 MS. FRANKS: Commissioner Merritt?

1 COMMISSIONER MERRITT: Approve.
2 MS. FRANKS: Commissioner Hatches?
3 COMMISSIONER HATCHES: Approve.
4 MS. FRANKS: Commissioner Jones?
5 COMMISSIONER JONES: Approve.
6 MS. FRANKS: Commissioner Shull?
7 COMMISSIONER SHULL: Approve.
8 MS. FRANKS: Chairman Mathewson?
9 CHAIRMAN MATHEWSON: Approve.
10 MS. FRANKS: By your vote you've adopted
11 the minutes of the December 1st, 2010 meeting.
12 CHAIRMAN MATHEWSON: Mr. Stottlemyre,
13 Executive Director.
14 MR. STOTTLEMYRE: Chairman,
15 Commissioners, Item III on the agenda is
16 Consideration of Relicensure of Certain Suppliers,
17 and Lieutenant Rex Scism will present.
18 LIEUTENANT REX SCISM: Good morning,
19 gentlemen. The Missouri State Highway Patrol
20 Investigators conducted the relicensing
21 investigation of one supplier company, currently
22 licensed in Missouri. This investigation
23 consisted of jurisdictional inquiries, feedback
24 from affected gaming company clients, a review of
25 disciplinary actions, litigation and business

1 credit profiles, as well as a review of the key
2 persons associated with the company. The results
3 of this investigation were provided to the MGC
4 staff for their review and you possess a
5 comprehensive summary report before you which
6 outlines our investigative findings. We only have
7 one supplier company this morning for your
8 consideration, and that's Konami Gaming, Las
9 Vegas, Nevada.
10 CHAIRMAN MATHEWSON: Any questions from
11 the commissioners?
12 COMMISSIONER SHULL: Move for the
13 approval of Resolution Number 11-001.
14 COMMISSIONER HATCHES: Second.
15 CHAIRMAN MATHEWSON: For the benefit of
16 those out there and who don't know, we get these
17 books a week before the meeting, so we're not just
18 shooting here. We have these way in advance so we
19 can go over them and look at the recommendations.
20 We have a motion and a second on Resolution
21 11-001. Any discussion? Call roll, please.
22 MS. FRANKS: Commission Merritt?
23 COMMISSIONER MERRITT: Approve.
24 MS. FRANKS: Commissioner Hatches?
25 COMMISSIONER HATCHES: Approve.

1 MS. FRANKS: Commissioner Jones?
2 COMMISSIONER JONES: Approve.
3 MS. FRANKS: Commissioner Shull?
4 COMMISSIONER SHULL: Approve.
5 MS. FRANKS: Chairman Mathewson?
6 CHAIRMAN MATHEWSON: Aprove.
7 MS. FRANKS: By your vote you've adopted
8 Resolution Number 11-001.
9 MR. STOTTLEMYRE: Item IV on the agenda
10 is Consideration of Waiver of Licensure for
11 Institutional Investors, and Clarence Greeno will
12 present.
13 MR. GREENO: Good morning, Mr. Chairman,
14 Commissioners. Behind Tabs D and E are two
15 resolutions regarding waiver of licensure for
16 institutional investors holding and/or requesting
17 to hold publicly traded interest up to 20 percent
18 in gaming licensees. Each investor has submitted
19 a request for waiver to hold interest in these
20 licensees in compliance with 11CSR45-4.020. The
21 submitted waivers certify all holdings are for
22 institutional investment purposes only, with no
23 intent to be involved in the management or
24 operation of the licensees.
25 Because the holdings may exceed the 10

1 percent threshold for which the executive director
2 may grant waiver, these resolutions are before the
3 Commission today. The first resolution, Number
4 11-002, is for Commonwealth Bank of Australia
5 which presently has holdings in Aristocrat Leisure
6 Limited. The second, Resolution Number 11-003, is
7 for IOOF Holdings Limited which also has holdings
8 in Aristocrat Leisure Limited. I would be happy
9 to answer any questions.
10 COMMISSIONER SHULL: Are these related
11 companies?
12 MR. GREENO: No, sir, they are not.
13 (Whereupon, Chairman Mathewson stepped out.)
14 COMMISSIONER SHULL: Are there any other
15 questions?
16 COMMISSIONER MERRITT: I make a motion
17 to approve Resolution Numbers 11-002, 11-003.
18 COMMISSIONER JONES: Seconded.
19 COMMISSIONER SHULL: A motion has been
20 made, there's a second. Is there any further
21 questions or discussion? Hearing none, call roll,
22 please.
23 MS. FRANKS: Commissioner Merritt?
24 COMMISSIONER MERRITT: Approve.
25 MS. FRANKS: Commissioner Hatches?

1 COMMISSIONER HATCHES: Approve.
2 MS. FRANKS: Commissioner Jones?
3 COMMISSIONER JONES: Approve.
4 MS. FRANKS: Commissioner Shull?
5 COMMISSIONER SHULL: Approve.
6 MS. FRANKS: By your vote you've adopted
7 Resolution Numbers 11-002 and 11-003.
8 MR. STOTTLEMYRE: The next item on the
9 agenda is Consideration of Extension of Supplier's
10 License, and Clarence will present.
11 MR. GREENO: Commissioners, behind Tab F
12 is Commission Resolution Number 11-004 which
13 extends the Commission-issued Supplier License of
14 Bally Technologies, Incorporated until April 30th,
15 2011. The suitability investigation required for
16 license renewal will not be completed prior to the
17 expiration of the Supplier's license issued to the
18 company. The Commission, at its October 19th,
19 2010 meeting, granted an extension of Bally's
20 license until January 31, 2011. The complexities
21 of the investigation, however, have delayed its
22 completion.
23 COMMISSIONER SHULL: Are there any
24 questions?
25 COMMISSIONER MERRITT: The investigation

is being delayed?

MR. GREENO: Yes, sir, the investigation is ongoing.

COMMISSIONER MERRITT: Do we need an action?

COMMISSIONER SHULL: We need to approve this for extension until April 3rd.

COMMISSIONER HATCHES: I move to approve Resolution Number 11-004.

COMMISSIONER JONES: Second.

COMMISSIONER SHULL: A motion has been made and seconded. Is there any further discussion? Hearing none, call roll, please.

MS. FRANKS: Commissioner Merritt?

COMMISSIONER MERRITT: Approve.

MS. FRANKS: Commissioner Hatches?

COMMISSIONER HATCHES: Approve.

MS. FRANKS: Commissioner Jones?

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Shull?

COMMISSIONER SHULL: Approve.

MS. FRANKS: By your vote you've adopted Resolution Number 11-004.

MR. STOTTLEMYRE: The next item on the agenda is Consideration of Licensure of Level

1 I/Key Applicants. Lieutenant Rex Scism will
2 present.
3 LIEUTENANT SCISM: Hello again.
4 Missouri State Highway Patrol investigators, along
5 with gaming commission financial investigators,
6 conducted comprehensive background investigations
7 on Multiple Key and Level One Applicants. The
8 investigations included, but were not limited to,
9 criminal, financial and general character
10 inquiries, which were made in the jurisdictions
11 where the applicants lived, worked and frequented.
12 The following individuals are being
13 presented for your consideration this morning.
14 Stephen W. Morro, Non-Executive Director for
15 Aristocrat Leisure Limited; Corey J. Wise, Vice
16 President of Finance for Harrah's Maryland
17 Heights, LLC; Phillip G. Satre, Chairman of the
18 Board for IGT, Incorporated; John V. Finamore,
19 Senior Vice President of Regional Operations for
20 Penn National Gaming, Incorporated; Steven T.
21 Snyder, Senior Vice President of Corporate
22 Development for Penn National Gaming; and finally,
23 Daniel M. Wade, Outside Director for Shuffle
24 Master, Incorporated.
25 The results of these investigations were

1 provided to the gaming commission staff for their
2 review, and you have all the related summary
3 reports before you.
4 COMMISSIONER SHULL: Are there any
5 questions? Does Staff have a recommendation?
6 MR. STOTTLEMYRE: Staff recommends
7 approval of Resolution Number 11-005.
8 COMMISSIONER SHULL: Is there a motion?
9 COMMISSIONER JONES: I'd make a motion
10 to approve Resolution Number 11-005.
11 COMMISSIONER MERRITT: Second.
12 COMMISSION SHULL: Any further
13 discussion? Call roll, please.
14 MS. FRANKS: Commissioner Merritt?
15 COMMISSIONER MERRITT: Approve.
16 MS. FRANKS: Commissioner Hatches?
17 COMMISSIONER HATCHES: Approve.
18 MS. FRANKS: Commissioner Jones?
19 COMMISSIONER JONES: Approve.
20 MS. FRANKS: Commissioner Shull?
21 COMMISSIONER SHULL: Approve.
22 MS. FRANKS: By your vote you've adopted
23 Resolution Number 11-005.
24 MR. STOTTLEMYRE: The next item on the
25 agenda is Consideration of Disciplinary Actions.

1 Mike Bradley will present.
2 MR. BRADLEY: Good morning. Behind Tab
3 I we have Proposed Disciplinary Action, Number
4 DC-11-013 against Lumiere Place in St. Louis. And
5 this action is based on -- the gaming commission
6 regulations provide that you cannot advertise
7 products of intoxicating liquor. And we try to
8 have the gaming commission regulations with regard
9 to liquor licenses mirror the state regulations,
10 and the State Alcohol/Tobacco Commission also has
11 similar rules that you cannot advertise this kind
12 of liquor. And to emphasize that, back on June
13 21st, 2010 the then deputy director of enforcement
14 had sent a letter to all the properties reminding
15 them of this rule.
16 Then on August 11, 2010 the company
17 Lumiere Place advertised on their big, giant
18 billboard outside of I-70 that you would have
19 discount drinks on the property. They also had
20 advertising inside of the property, advertising
21 the discounted drinks. This is in clear violation
22 of the regulations, and we are proposing proposed
23 discipline, and the proposed fine is $10,000. As
24 we've talked before, this is proposed discipline.
25 If you all approve it, it goes forward.

1 The property has the right to ask for an appeal.
2 The hearing officer has the appeal, and it comes
3 back to you. If the property decides not to ask
4 for appeal, then it becomes final discipline and
5 they'd have to pay the penalty. Any questions on
6 this one?
7 COMMISSIONER SHULL: Are there any
8 questions?
9 (Whereupon, Chairman Mathewson returned.)
10 CHAIRMAN MATHEWSON: Anybody have any
11 questions or comments? Seeing none, Chair will
12 accept a motion for DC-11-013.
13 COMMISSIONER JONES: So moved.
14 COMMISSIONER HATCHES: Seconded.
15 CHAIRMAN MATHEWSON: We have a motion
16 and a second. Call roll, please.
17 MS. FRANKS: Commissioner Merritt?
18 COMMISSIONER MERRITT: Approve.
19 MS. FRANKS: Commissioner Hatches?
20 COMMISSIONER HATCHES: Approve.
21 MS. FRANKS: Commissioner Jones?
22 COMMISSIONER JONES: Approve.
23 MS. FRANKS: Commissioner Shull?
24 COMMISSIONER SHULL: Approve.
25 MS. FRANKS: Chairman Mathewson?

1 CHAIRMAN MATHEWSON: Approve.
2 MS. FRANKS: By your vote you've adopted
3 DC-11-013.
4 MR. BRADLEY: The next one after Tab J
5 is against Lumiere Place, and this is a proposed
6 discipline based on a promotion that they had.
7 And this promotion was the Blue Suede Shoes Slot
8 Tournament. A slot tournament is basically a
9 situation where the property will segregate a
10 certain number of slot machines and allow people
11 to enter the tournament. They either pay to enter
12 the tournament or they can be free to enter the
13 tournament, but they set out as all promotions,
14 they set out the rules of the tournament
15 beforehand.
16 And what happens is the people go and
17 play for a certain period of time, and the person
18 who gets the highest number of credits on the slot
19 machine would win a prize. So it's just basically
20 playing a slot machine as fast as you can and
21 hoping that you get enough wins that you get more
22 credits than somebody else. And the gaming
23 commission regulations provide that there should
24 be no false or misleading statements or oral
25 representations regarding any promotional

1 activity. They're also required to have set out
2 their promotional activities and rules.
3 These apply not only to slot
4 tournaments, but any other type of promotional
5 activity where they're having some sort of
6 giveaway. The property did come up with a set of
7 rules for the slot tournament, and their set of
8 rules were violated in two respects. One respect,
9 the rules provided that the tournament
10 registration would take place from 5:00 p.m. to
11 9:00 p.m. Then when they sent out the promotional
12 flier to the patrons, they had put down that the
13 tournament would take place from 4:00 p.m. to 9:00
14 p.m., so it was an extra hour.
15 And one of the patrons showed up at 4:00
16 o'clock to sign up and was told no, that you don't
17 sign up until 5:00 o'clock. So she had to wait an
18 extra hour, and it was an inconvenience to her, it
19 was in clear violation of the rules. The next
20 issue was the rules provided that each machine
21 would have a timer set on it. And don't ask me
22 how they do this, but they can do it. But it
23 would time out after 5 minutes.
24 So the idea was you've got plenty of
25 machines. They started everybody, you start

1 playing your machine for five minutes, and whoever
2 got the most credits would advance and win. One
3 of the patrons, the machine mechanically failed
4 after 4 minutes and 30 seconds, so she did not get
5 her entire 5 minutes. By the rule that the
6 property had drafted, if you had that kind of a
7 situation, what they were supposed to do is go to
8 another machine and give that patron another 5
9 minutes.
10 Well, they did that, but what happened
11 is the patron is upset because she had got more
12 credits on the 4 minutes and 30 seconds than she
13 did on the full 5 minutes. So then they started
14 violating the rules to try to accommodate her,
15 giving her an extra 30 seconds, and it just didn't
16 work. I mean, when you have the rule,
17 unfortunately, you follow the rules. I mean, I
18 played basketball in high school. If you travel,
19 the ball gets taken away.
20 And those are the two things that they
21 really did. One, the promotional where they sent
22 out the wrong time is clearly something that the
23 company should have caught. I mean, you follow
24 the rules and send out your promotions for the
25 rules. And the second one they had, you know, the

1 issue with the 4 minutes and 30 seconds, go to the
2 rules, what does the rules say, and then follow
3 the rules. They failed to do that, and for that
4 reason, because they're responsible for their
5 promotions, and promotions directly affect the
6 patrons, the proposed penalty is $20,000 in this
7 case.
8 CHAIRMAN MATHEWSON: Any questions?
9 COMMISSIONER JONES: I have one. When
10 they present the rules, are they approved by the
11 Commission?
12 MR. BRADLEY: The Commission doesn't go
13 through a separate approval process. They used to
14 do that is my understanding, and it just, it got
15 to be too cumbersome. But they're expected to
16 follow when they do have to present them to the
17 Commission. And they have to be available for the
18 patrons too. I mean, if something comes up, the
19 patron should be able to say I want to look at the
20 rules. So we do have regulations on that.
21 COMMISSIONER. JONES: Okay.
22 COMMISSIONER HATCHES: I have a
23 question.
24 MR. BRADLEY: Sure.
25 COMMISSIONER HATCHES: We have one

1 violation, it's not two, right?
2 MR. BRADLEY: Yes.
3 COMMISSIONER HATCHES: So the time was
4 in violation?
5 MR. BRADLEY: Well, we have two
6 violations of the same rule.
7 COMMISSIONER HATCHES: One fine for two
8 --
9 MR. BRADLEY: One fine for two
10 violations.
11 COMMISSIONER HATCHES: Thank you.
12 CHAIRMAN MATHEWSON: Any other
13 questions, comments? Chair will accept a motion
14 then to accept the recommendation of the $20,000
15 violation.
16 COMMISSIONER SHULL: Move for approval
17 of DC-11-014.
18 COMMISSIONER MERRITT: Second.
19 CHAIRMAN MATHEWSON: Any further
20 discussion? Call roll, Angie, please.
21 MS. FRANKS: Commissioner Merritt?
22 COMMISSIONER MERRITT: Approve.
23 MS. FRANKS: Commissioner Hatches?
24 COMMISSIONER HATCHES: Approve.
25 MS. FRANKS: Commissioner Jones?

1 COMMISSIONER JONES: Approve?
2 MS. FRANKS: Commissioner Shull?
3 COMMISSIONER SHULL: Approve.
4 MS. FRANKS: Chairman Mathewson?
5 CHAIRMAN MATHEWSON: Approve.
6 MS. FRANKS: By your vote you've adopted
7 DC-11-014.
8 CHAIRMAN MATHEWSON: By the way, Mike,
9 did people have to wear blue suede shoes?
10 MR. BRADLEY: That wasn't in the rules,
11 so. I think that was an option.
12 CHAIRMAN MATHEWSON: What I was
13 wondering was I have a pair, 1956 I think it was.
14 I wonder if you can still buy them, I may get one.
15 MR. BRADLEY: Down in Memphis probably.
16 CHAIRMAN MATHEWSON: Sorry, go ahead,
17 Mike.
18 MR. BRADLEY: The next one is under Tab
19 K, and it's a preliminary order with regard to
20 Harrah's Maryland Heights, and it's DC-11-015.
21 This one is a minor in the casino. And just to
22 preface, the discipline and review board, we're
23 going to talk about them at next month's meeting.
24 I'm going to give a presentation on how the
25 process works to give the newer commissioners an

1 idea. But the disciplinary review board reviews
2 several reports.
3 We don't recommend discipline on every
4 minor in the casino. We kind of look at the
5 entire situation. And this one was a male minor,
6 he came on the casino. The person, the security
7 officer at the gate checked his ID. And what
8 seems to be happening a lot is people, unlike in
9 my age where you could get a razor blade and slip
10 a new data in or use Wite-Out, they just go get an
11 ID of somebody who is older than them but has
12 similar features.
13 And the person at the security gate did
14 check the ID and didn't see a problem and let the
15 person enter. When we look at these, oftentimes
16 we have situations where the person checks the ID
17 and lets the person be admitted. But a lot of
18 times they're caught by somebody else in the
19 casino. And that's kind of what the disciplinary
20 review board has been looking at, is did somebody
21 else catch them. You know, it's just not at the
22 gate. I mean, it should be the responsibility of
23 everybody.
24 My analogy is like a football defense, I
25 mean, the gate is your defensive line, but you've

1 got linebackers and defensive backs. Just because
2 somebody gets through the defensive line doesn't
3 mean the linebackers and defensive backs can
4 ignore them. I mean, that's kind of the way we
5 look at it. On this one the minor not only got
6 through but he went and bought a beer and his ID
7 wasn't checked there, and then he went and
8 gambled. And nobody checked his ID. And he
9 gambled on slot machines, which you're more able
10 to do it at a slot machine than at a table where
11 you've got somebody looking at you all the time.
12 But this minor came on, had a beer,
13 played slot machines and was never caught. He was
14 caught when he came back because he lost his
15 wallet. When he went to retrieve his wallet they
16 figured out that he was actually under age. And
17 because of that, that's the reason we're proposing
18 discipline in this. In this one we do send the
19 proposed orders to the properties beforehand, and
20 this one the property did respond.
21 And their response is, you know, the
22 security officer has been there a while, does a
23 very good job, made a mistake on this one, but you
24 check so many ID's that you made a mistake. They
25 also talked about how they do a lot of training on

1 this, they've gone through a lot of training,
2 their whole casino. So they're mitigating on
3 that, but that's more for the hearing than for
4 this, but they have responded. But this one was
5 because the person was able to drink and able to
6 gamble, we proposed a penalty on this one for
7 $20,000. And, of course, they would like to
8 appeal it. Any questions on this individual?
9 COMMISSIONER HATCHES: I have a
10 question.
11 MR. BRADLEY: Sure.
12 COMMISSIONER HATCHES: If a minor is
13 admitted on the floor after security and passes
14 that and then they go in and have an alcoholic
15 beverage, would your recommendation be different
16 if it stopped there? Or because they gambled on
17 top of it, does that compound it?
18 MR. BRADLEY: It kind of compounds it.
19 We don't have a set formula, but we kind of -- it
20 compounds it. And what we look at is who had
21 access. I mean, we'll see some reports where the
22 minor will have the ID checked or a minor will be
23 with a group of minors and the other people start
24 being somewhat disruptive to let the guy slip
25 through, that type of thing. But if a waitress or

1 the bartender will catch them, then we look at
2 that.
3 We look at, you know, is the whole
4 property looking out for this guy. Is the whole
5 property looking to people and saying that guy
6 looks a little young or that gal looks a little
7 young. It's just not at security. Our situation
8 is we don't want it to be that once you get past
9 the security gate you're home free. Everybody on
10 the property should be looking at it, and that's
11 why this discipline is set up the way it is.
12 And we do look at it a little more if
13 they drink and gamble. We get some that just get
14 on and don't drink or gamble, and they shouldn't
15 have been there, but that's a little different
16 situation.
17 CHAIRMAN MATHEWSON: Mike, I see under C
18 where he actually played the slot machine for 2
19 minutes?
20 MR. BRADLEY: Yeah.
21 CHAIRMAN MATHEWSON: Did we pull that
22 off the tape?
23 MR. BRADLEY: Pulled it off the tape.
24 The way the troopers investigate these is after
25 they've caught somebody then they go back to the

1 surveillance room and the surveillance department
2 can put together -- you know, they interviewed the
3 minor. And usually they end up talking and they
4 get an idea about what time they came in so they
5 can just watch it from when he came in and watch
6 his whole movements and put it all together. So
7 that's why the times are as definite as they are,
8 it's all off the tapes. And they can actually --
9 they know which machine it is. I mean, they've
10 got, as we saw yesterday, they have a board.
11 CHAIRMAN MATHEWSON: Yeah, from
12 yesterday we could see that. Any other questions,
13 thoughts?
14 COMMISSIONER MERRITT: Is the minor
15 turned in for prosecution?
16 MR. BRADLEY: Yes, yes, they're always
17 turned in for prosecution unless they're a
18 juvenile and they send it to the juvenile
19 authorities.
20 CHAIRMAN MATHEWSON: And I assume
21 nothing happened?
22 MR. BRADLEY: I can't recall in this
23 one. It just depends on the county. Often some
24 of the counties prosecute them. They typically
25 get probation. It just depends. It depends on

1 the county, it depends on the prosecutor and it
2 depends on the facts of the case. As a former
3 prosecutor I never second-guess another
4 prosecutor.
5 CHAIRMAN MATHEWSON: You guys stick
6 together.
7 MR. BRADLEY: That's right. We don't
8 have any other friends, we've got to.
9 CHAIRMAN MATHEWSON: Okay. Any other
10 thoughts or comments? The Chair will accept a
11 motion for the recommendation on DC-11-015.
12 COMMISSIONER SHULL: I make a motion for
13 015.
14 COMMISSIONER JONES: Second.
15 CHAIRMAN MATHEWSON: Any further
16 discussion? Call roll, Angie, please.
17 MS. FRANKS: Commissioner Merritt?
18 COMMISSIONER MERRITT: Approve.
19 MS. FRANKS: Commissioner Hatches?
20 COMMISSIONER HATCHES: Approve.
21 MS. FRANKS: Commissioner Jones?
22 COMMISSIONER JONES: Approve.
23 MS. FRANKS: Commissioner Shull?
24 COMMISSIONER SHULL: Approve.
25 MS. FRANKS: Chairman Mathewson?

1 CHAIRMAN MATHEWSON: Approve.
2 MS. FRANKS: By your vote you've adopted
3 DC-11-015.
4 MR. BRADLEY: The next one we have this
5 morning is under Tab L, and it is proposed
6 discipline against Harrah's Maryland Heights,
7 Number DC-11-016. And this is one that arose out
8 of the audit of the casino, and it involves the
9 pin numbers on the players cards. Now that we
10 don't have loss limit, players cards are optional.
11 But they're a big marketing and promotional tool
12 for the casinos to use. If you go and you use
13 your card to get a certain number of points, and
14 they actually do rewards on the cards where if you
15 come on certain days, you can receive more points
16 or some of them actually you receive some cash
17 that you can use to gamble on.
18 So the cards have a value, and while
19 they're not as valuable as somebody's ATM card,
20 the pin numbers are important, because they're
21 owned by the patron and then the patron is in
22 charge of the pin number. And for that reason the
23 gaming commission has instituted a minimum
24 internal control standard that if people have lost
25 their cards or need to have their cards reset,

1 that the pin number should be set by somebody who
2 is at a supervisory capacity. And that's
3 specifically in the rule.
4 And what we found in Harrah's Maryland
5 Heights internal, own company internal control
6 rules which, of course, have to be no less than
7 our minimals, also provide that supervisory
8 personnel has to be the one that sets the pin
9 numbers. And what the audit found was that there
10 were persons who were not supervisory personnel
11 who were allowed reset pin numbers for patrons.
12 And the problem is, and nothing against the
13 people, but we set it at a level because the pin
14 numbers are the patrons. If somebody set a pin
15 number for a patron and was able to get the card
16 or was able to do things, they would have the
17 ability to do bad things.
18 So we're trying to limit who sets the
19 pins to supervisors and not to other people in
20 marketing and casino. So that's why we have the
21 rule. The rule has been out there for a number of
22 years. Harrah's Maryland Heights was not
23 following the rule. I mean, the audit initially,
24 when they go in and do the audits, found that they
25 weren't doing it.

1 And to compound that, not only was --
2 and the discipline is because they weren't
3 following the minimum internal control standards.
4 But the aggravating factor is once it was found in
5 the audit in March of 2010 it never was corrected.
6 I mean, it wasn't corrected up until -- in June
7 when they did a follow-up, it still had not been
8 corrected, but then when they had the final
9 follow-up in July, it had been corrected. So this
10 discipline isn't just because we found it in March
11 and they didn't fix it until June, the discipline
12 is because they never should have been doing it in
13 March. And even when they were doing it in March
14 they didn't get it corrected immediately.
15 And we're recommending a proposed
16 penalty of $10,000 in this case.
17 CHAIRMAN MATHEWSON: Mike, I mean, what
18 kind of justification did they give to the fact
19 that it goes from March 18th --
20 MR. BRADLEY: I'm going to defer that to
21 --
22 CHAIRMAN MATHEWSON: -- August 31st they
23 contacted a member of N, I assume?
24 MR. BRADLEY: I'm going to defer to
25 Cheryl Alonzo.

1 MS. ALONZO: Hi. Cheryl Alonzo,
2 Director of Compliance Audit for Missouri Gaming.
3 The time, because this can take a lot of comment.
4 The reason that we brought it was not so much for
5 the time period, because there's always --
6 traditionally we will bring things to their
7 attention, you know, as we're finding it during
8 the audit, but we -- I don't think they have an
9 expectation that we're going to -- because we
10 can't really do anything until we've already
11 written them up. And there's a long time period
12 between when we start the audit and when we do the
13 final exit and get all the answers back as to what
14 they're going to do to fix it.
15 And even at that time, sometimes there
16 will be a delay, and they'll say, well, we have to
17 do a system upgrade so it will be another month
18 before we can make this change. Because this
19 audit time simply that we thought the rule was
20 very clear and their system was not set up that
21 way. And they didn't really give any reason why
22 it wasn't set up that way. I'm sure it's a
23 corporate system, but we were never contacted to
24 say, hey, this is the way our system works, we
25 need to put some compensating controls in it so we

1 get it changed, they just didn't do the rule. And
2 we felt it was clearly a security patron issue.
3 CHAIRMAN MATHEWSON: And you've been
4 doing these audits for quite a while. Generally
5 when you -- I don't think I've ever asked this
6 before -- but when your team goes in to do an
7 audit on the casinos, then shortly after -- I
8 mean, in other words, you present your findings
9 fairly soon after you complete the audit, right,
10 to them?
11 MS. ALONZO: What we actually do is
12 we'll be at a large property for several months
13 and we'll start with one section, and as we
14 complete the sensitive key audit, my audit
15 supervisors have what we call little mini exits.
16 And we'll just sit down, the compliance auditor,
17 the manager of that department so that they know
18 that we've got findings in these areas because we
19 didn't -- we're trying to shorten -- we're going
20 to let them know as soon as possible because at
21 the end of three months maybe that your auditing,
22 and by the time that the binders get reviewed and
23 you have the final exit meeting could be a little
24 bit of time.
25 And we felt like we wanted to let them

1 know sooner. So we've been meeting with them
2 throughout the process to let them know what's
3 wrong so that they could address it quicker. So
4 that's something that we've been doing over the
5 last couple of years, you know, just to try to
6 shorten that. But I think people still kind of
7 wait until the audit is finalized sometimes before
8 they take action. Some people take it right away,
9 it just kind of depends.
10 CHAIRMAN MATHEWSON: In this case you
11 first were in on March 18th and then they could
12 have changed that, recognizing that on March the
13 31st; is that what that says? In other words,
14 they knew then on March 31st that the information
15 --
16 MS. ALONZO: Yes.
17 CHAIRMAN MATHEWSON: -- wrote by the
18 company that they had the ability. That's a no,
19 no.
20 MS. ALONZO: Right.
21 CHAIRMAN MATHEWSON: So then we could
22 assume then by your report here that then it was
23 June 16th, and that was a follow-up interview,
24 they still hadn't done it, which is, what, three
25 months later almost. And then in July when you

1 did the follow-up then, they finally said, oops --
2 what kind of -- I'm not being critical here, I'm
3 trying to -- did they have the opportunity to make
4 the change early on? And I would assume by your
5 report here that they did?
6 MS. ALONZO: Well --
7 CHAIRMAN MATHEWSON: Indeed, they were
8 notified?
9 MS. ALONZO: They knew about it, but I
10 do think they had to go through corporate to make
11 a system change --
12 CHAIRMAN MATHEWSON: Okay, corporate.
13 MS. ALONZO: Because the system
14 automatically combines the ability to -- when you
15 create an account you automatically have the
16 ability to reset the pin. And that was the way
17 their particular system is designed. So it wasn't
18 like you just go in and fix it. It was going to
19 take them some time and they were going to need to
20 go through corporate. Is that -- I mean, I know
21 it's not your property, but you have the same
22 system; isn't that correct? Sharon Spencer-Drew
23 is the compliance officer for the Harrah's
24 property here in Kansas City, so she's familiar
25 with that system.

1 CHAIRMAN MATHEWSON: Okay.
2 MS. SPENCER-DREW: Our system is pretty
3 complex and some functions within the system are
4 associated and linked to other ones. This
5 particular one I'm not familiar with, is that what
6 has to happen if we need to make a change, we have
7 to request a change, and then it has to be done.
8 Some things can be done from the property level,
9 others have to be done through a corporate
10 request, so it can take a little bit of time to
11 get those transitioned and taken care of. Any
12 other questions?
13 CHAIRMAN MATHEWSON: Any questions?
14 COMMISSIONER JONES: I would like to
15 make sure to clear this up, because when I read
16 this it just looks like they just ignored it and
17 we'll do it when we get ready.
18 MS. ALONZO: Well, I think --
19 COMMISSIONER JONES: It appears to be
20 quite simple. They don't do it, you know, the
21 supervisor has to reset that pin. So anyone else,
22 you're prohibited from doing that. So I'm glad
23 you cleared it up in my mind, because I just
24 thought they flat out ignored it.
25 MS. ALONZO: That's why the fine is not

1 high or anything. It was just we felt like --
2 really for me, I prefer you guys focus on the fact
3 that they just weren't in compliance as opposed to
4 the time line, because I think they kind of have a
5 comfort zone of kind of waiting a little bit until
6 the audit is completed just in case the finding
7 would change or something like that.
8 COMMISSIONER SHULL: That leads to
9 another question for me, is the Kansas City
10 Harrah's property in compliance?
11 MS. SPENCER-DREW: The supervisor or
12 above.
13 COMMISSIONER SHULL: Pardon?
14 MS. SPENCER-DREW: The supervisor or
15 above has authority to make the changes to the
16 pin, because we actually got addressed I think on
17 that in one of our last audits and we corrected
18 that.
19 COMMISSIONER SHULL: Were you in
20 compliance in 2010?
21 MS. SPENCER-DREW: I would say we were,
22 yes. I think it was -- not the 2010 audit, I
23 believe it was the previous audit, we had been
24 addressed on that and we corrected that.
25 COMMISSIONER SHULL: So it shouldn't

1 have been a long process to get it changed?
2 MS. SPENCER-DREW: I don't think it's a
3 lengthy process really to get it changed. The
4 challenge that we have with our system, our system
5 is very complex. And the functions within our
6 system are not necessarily written user-friendly
7 to where we clearly understand what each function
8 does, and a lot of times what we'll find is
9 functions are related. Credits are an example.
10 We had been addressed on adjustment of credit, but
11 then there were other things within our system
12 that were related to it that did the same thing,
13 which was found on an audit as well.
14 So a part of it is, is the system is
15 very complex and is finding the right functions
16 within the system to make the corrections on. So,
17 again, it's not that it takes a tremendous amount
18 of time to correct it, it's just making sure you
19 get the right functions turned off.
20 COMMISSIONER SHULL: At the same time?
21 MS. SPENCER-DREW: Yes, they are. But I
22 will tell you we did get addressed on our audit
23 issue for the same type of finding.
24 COMMISSIONER SHULL: Previously?
25 MS. SPENCER-DREW: Yes.

1 COMMISSIONER SHULL: Before March of
2 2010?
3 MS. SPENCER-DREW: Yes.
4 CHAIRMAN MATHEWSON: That raises to me,
5 you just said that on a previous audit the Kansas
6 Harrah's operation had been told that this has to
7 be this way, okay. But I assume then that the
8 Kansas City Harrah's does not talk to the St.
9 Louis Harrah's?
10 MS. SPENCER-DREW: We do talk, we talk
11 on a regular basis, but I don't necessarily
12 forward my audit reports over to them. If they
13 request them, I would be more than glad to do
14 that. I mean, it's definitely something I could
15 look and see.
16 COMMISSIONER JONES: I'm having a
17 problem is, if this is corporate function, it
18 should have come back down from corporate to
19 correct all of Harrah's properties to comply?
20 CHAIRMAN MATHEWSON: Yes, that's what
21 I'm saying.
22 MS. SPENCER-DREW: Each property has
23 their own CMS. And each property has their own
24 CMS, so it's not as simple as there is one change
25 at the corporate level that fixes everybody.

1 Every property has their own individual flags for
2 their system that get turned off and on.
3 COMMISSIONER SHULL: Well, maybe there
4 needs to be --
5 MS. SPENCER-DREW: I hear you.
6 CHAIRMAN MATHEWSON: That's what I'm
7 saying.
8 MS. ALONZO: There was a difference too,
9 I think what we found here at Harrah's North
10 Kansas City is that people had improper access but
11 they didn't use it. While in St. Louis they had
12 it and they were doing it. So sometimes you'll
13 find properties don't realize that their system
14 access is inappropriate and employees don't
15 realize it. And so whenever they audit who is
16 making resets, it's actually -- there's no
17 violation occurring in the fact that, you know,
18 they're not -- the employees are still acting
19 properly and following the rules and they don't
20 even realize they have access.
21 But at Harrah's St. Louis they had the
22 access and they were actually resetting the pin,
23 which brought it to a more serious level for me as
24 opposed to okay, you guys did not violate the rule
25 by having someone reset the pin, but you've got to

1 realize your access needs to be corrected. So
2 that was the difference too between the
3 properties.
4 CHAIRMAN MATHEWSON: Thank you. I will
5 tell you, though, and I don't mean this
6 threateningly, certainly not to you, but that does
7 say to me that they need to talk to each other
8 once in a while. You know, I understand that
9 every operation, Ceasars Incorporated or whatever,
10 I mean, they're big, they're all over everywhere,
11 okay. And I understand that sometimes Harrah's
12 Kansas City might get lost in that whole picture
13 of all of that, and that that's a problem in a big
14 corporate structure. But maybe that's one of the
15 problems they have, somebody needs to get on it.
16 You know, because all they have is two operations
17 in the state.
18 But at the same time it sort of sounds
19 to me like a breakdown between those two. And it
20 has nothing to do with you. And I think the
21 report to this commission, that we're going to
22 fine you if you keep doing this. Mike and Roger,
23 they ought to not be doing that. Maybe this is
24 the exception and not the rule, let's hope it is,
25 okay.

1 MS. SPENCER-DREW: Thank you.
2 CHAIRMAN MATHEWSON: Thank you for being
3 here. Any other comments or thoughts? The Chair
4 will accept a motion for DC-11-016, please.
5 COMMISSIONER JONES: Move for the
6 acceptance of DC-11-016.
7 COMMISSIONER SHULL: Second.
8 CHAIRMAN MATHEWSON: Any further
9 discussion? Call roll, please.
10 MS. FRANKS: Commissioner Merritt?
11 COMMISSIONER MERRITT: Approve.
12 MS. FRANKS: Commissioner Hatches?
13 COMMISSIONER HATCHES: Approve.
14 MS. FRANKS: Commissioner Jones?
15 COMMISSIONER JONES: Approve.
16 MS. FRANKS: Commissioner Shull?
17 COMMISSIONER SHULL: Approve.
18 MS. FRANKS: Chairman Mathewson?
19 CHAIRMAN MATHEWSON: Approve.
20 MS. FRANKS: By your vote you've adopted
21 DC-11-016.
22 CHAIRMAN MATHEWSON: Thank you. Mike.
23 MR. BRADLEY: Thanks. Under Tab M is
24 the next proposed order of discipline, and this is
25 against Harrah's North Kansas City, and it's

1 DC-11-017. And this one again is audit findings,
2 and this one we've broken down into three counts.
3 The first count is our regulation provides that
4 prior to being placed into play, any decks used in
5 poker shall be inspected. The audit found that
6 they observed that one dealer opened two tables
7 without properly inspecting the back of the cards.
8 And this is important in that in
9 protecting the game, if somebody were able to
10 somehow get ahold of a deck of cards and somehow
11 mark them, especially in poker, it gives them a
12 really unfair competitive advantage. And so
13 that's one of the reasons they use new cards so
14 much and one of the reasons they're required that
15 they inspect the back of the cards, to make sure
16 there aren't any marks or anything. Again, this
17 was an audit finding. They should have been
18 following the rule to begin with. They should
19 have been inspecting the cards.
20 But a compliance directive was issued to
21 the company on July 22nd and then a follow-up
22 audit was conducted and it revealed that they
23 still had about 40 percent were not inspecting the
24 back of the cards. So they've had the problems in
25 2009, they had problems with not inspecting the

1 cards. When they came back and did the audit in
2 2010, the problem had not been corrected. For
3 that reason we're recommending a proposed
4 discipline on Count 1 of $10,000 on that count
5 alone. Any questions on that count? If not, I'll
6 go to Count 2.
7 And Count 2 is the minimum internal
8 control standards, provides that the company's
9 security person should provide to the gaming
10 commission agents on the boat a summary log of all
11 the security incidents generated. Whenever they
12 have contact where they have some sort of incident
13 they generate a report. And a summary of those
14 reports are, by rule, supposed to go to our
15 highway patrolmen there at the casino. And they
16 weren't doing that in 2009 during the audit, and
17 they had a problem with that. The follow-up audit
18 in 2010 found that the problem had not been
19 corrected. Something close to 14, 15 percent of
20 the reports were not making it to our highway
21 patrol.
22 Again, with all these audits -- I mean,
23 the violations when they violated the rule to
24 begin with, but it's aggravated by the fact that
25 once they were told they were violating the rule,

1 they didn't correct it. Again, for Count 2 we're
2 recommending a fine for that count of $10,000.
3 Any questions on Count 2? The third count is --
4 CHAIRMAN MATHEWSON: Hold on.
5 MR. BRADLEY: Sure.
6 CHAIRMAN MATHEWSON: On Count 2, that
7 14.5 percent was not reported. Help me out with
8 that, isn't that a pretty high percentage, I mean,
9 with other casinos?
10 MR. BRADLEY: Yeah. Well, you'd be more
11 --
12 MS. ALONZO: Yes. Actually the initial
13 finding was better than the follow-up. It got
14 worse on the followup.
15 CHAIRMAN MATHEWSON: Well, I see 5
16 percent.
17 MS. ALONZO: Yeah, and so that's why --
18 CHAIRMAN MATHEWSON: It says June 24th
19 in '09, and then a year later, about a year later
20 on May 30, 2010, the June 5th jumped to 14.5.
21 Like you say, it was going the wrong direction.
22 MS. ALONZO: Right.
23 CHAIRMAN MATHEWSON: Help me out because
24 I don't remember seeing this before with other
25 casinos. I mean, is that -- Roger, does anyone

1 know?
2 MS. ALONZO: We've had that as a repeat
3 finding before, we have.
4 CHAIRMAN MATHEWSON: You have?
5 MS. ALONZO: Uh-huh.
6 CHAIRMAN MATHEWSON: Okay.
7 MS. ALONZO: In this particular, I think
8 the timing, the way they had their system was it
9 would populate the summary report based on when
10 the report was completed. And if someone didn't
11 finish it until the next gaming day, then it
12 wasn't grabbing that report. So I think once we
13 had the several incidents of us finding it, I
14 think that was one of the things that they thought
15 was causing a problem with the report, was that it
16 wasn't the timing of the automated system creating
17 this summary log. So we have had the finding at
18 other casinos, so it's not unique I guess.
19 CHAIRMAN MATHEWSON: Do you remember
20 that?
21 COMMISSION SHULL: I don't remember.
22 MS. ALONZO: Well, maybe it's just -- it
23 seems like it to me.
24 CHAIRMAN MATHEWSON: I tell you, it
25 seems to me like, my God, 14.5 percent is --

1 MS. ALONZO: Yeah, that's why it ended
2 up here, because it got worse. Because it was on
3 the borderline at the beginning and it then got
4 worse. And then we did a compliance directive,
5 and when we came and checked again, the third
6 time, you know, it was --
7 CHAIRMAN MATHEWSON: Send it to
8 corporate again.
9 MS. ALONZO: Oh.
10 CHAIRMAN MATHEWSON: Okay. Let's go to
11 Count 3 and see what we can do there, Mike.
12 MR. BRADLEY: Count 3 deals with
13 sensitive key access. And I noticed on the tour
14 yesterday that they're in the back rooms, there
15 are certain areas where they're all locked down.
16 And we have rules as to who has access to
17 sensitive key. And, again, in the 1990 -- excuse
18 me, in the 2009 audit the accounting department
19 did not do all the steps required, the daily steps
20 for review of the manual and automated key boxes.
21 There are certain situations where they're
22 required to do on a daily basis, and they weren't
23 doing them in 2009 and they were written up for
24 it.
25 And then again in 2010, the follow-up

1 audit reveals that they, the accounting department
2 did not perform all the required daily steps,
3 review of the manual and automated key boxes in
4 the sensitive key audit. A compliance directive
5 was issued on July 21st, and after the compliance
6 directive was issued, a follow-up inspection
7 revealed that the audit department had change and
8 the reviews were being corrected. So the problem
9 was, first off, in 2009, they were in violation
10 because they weren't doing it as required by our
11 rules. And then when we came back in 2010 they
12 still hadn't corrected the problem. But after the
13 2010 audit they did correct the problem.
14 And this one, again, we're recommending
15 a $10,000 penalty on Count 3.
16 CHAIRMAN MATHEWSON: Any questions or
17 comments on that one, on Count 3?
18 COMMISSIONER SHULL: Well, what I see
19 here generally that disturbs me is that this
20 started in 2009 and it appears to have been
21 ignored until 2010. I'm not sure why.
22 MR. BRADLEY: Yeah, the discipline is
23 for --
24 COMMISSIONER SHULL: Violation?
25 MR. BRADLEY: Yeah, they were in 2009,

1 but they didn't get it corrected in 2010. That's
2 why we put these as proposed discipline.
3 CHAIRMAN MATHEWSON: This seems like
4 pick on Harrah's day. For those of you that are
5 here representing Harrah's, sorry for that. But,
6 you know, when you have three counts that all
7 three could have been very serious, you're
8 combining into one package, is not a very positive
9 thing. And there needs to be a message go forth
10 to them that -- you know, we're not picking on
11 them, although it looks like we were because we
12 have five different sections here just on
13 Harrah's. But these are pretty serious violations
14 or the potential was there for very serious
15 violations, and there needs to be a message go
16 forth to them that they need to restructure or
17 something here so that these things can be
18 clarified.
19 Put these off for a year is just not
20 acceptable. I mean, am I speaking for the
21 Commission here?
22 COMMISSIONER JONES: Yes.
23 CHAIRMAN MATHEWSON: Does anybody
24 disagree with that?
25 MS. ALONZO: We did have a follow-up

1 meeting from this audit with the general manager,
2 with deputy director of enforcement. And I met
3 with him and went over some of these because we
4 were a little concerned too. And we kind of
5 worked out some things to help get some notice
6 directly to him so that he's aware when a
7 compliance directive comes out that -- well, he
8 always gets a copy, but we're also going to copy
9 the compliance officer so she can kind of
10 follow-up on those too. But we did meet with
11 them, we were concerned.
12 CHAIRMAN MATHEWSON: Okay. Thank you.
13 COMMISSIONER SHULL: It seems to me like
14 these violations could be more expensive to them.
15 CHAIRMAN MATHEWSON: You're right. I
16 mean, if you look at all three of those, they
17 could have been very costly to Harrah's. Any one
18 of those three could have been very costly to
19 them. The violation is almost negligible compared
20 to what it could have cost them because of the
21 actions, so I think that's a good point.
22 COMMISSIONER MERRITT: We're doing them
23 a favor.
24 CHAIRMAN MATHEWSON: I don't think so.
25 Would you like to make a motion on this?

1 COMMISSIONER MERRITT: Move for approval
2 on DC-11-017.
3 COMMISSIONER SHULL: Second.
4 CHAIRMAN MATHEWSON: Okay. We have a
5 motion and a second. Any further discussion?
6 Call roll, Angie, please.
7 MS. FRANKS: Commissioner Merritt?
8 COMMISSIONER MERRITT: Approve.
9 MS. FRANKS: Commissioner Hatches?
10 COMMISSIONER HATCHES: Approve.
11 MS. FRANK: Commissioner Jones?
12 COMMISSIONER JONES: Approve.
13 MS. FRANKS: Commissioner Shull?
14 COMMISSIONER SHULL: Approve.
15 MS. FRANKS: Chairman Mathewson?
16 CHAIRMAN MATHEWSON: Approve.
17 MS. FRANKS: By your vote you've adopted
18 DC-11-017.
19 COMMISSIONER HATCHES: That will be the
20 last time we see DC-11.
21 MR. STOTTLEMYRE: You got to work on
22 that, Angie.
23 MR. BRADLEY: Our next one is after Tab
24 N, and again it's Harrah's North Kansas City,
25 DC-11-018. And this one is a minor on the casino.

1 And one of the things that I found really
2 interesting on this one, the minor was to turn 21
3 August 1st and he came there July 31st of 2010.
4 So he was 20 years, 364 days and decided he was
5 going to celebrate his birthday a day early. And
6 that's actually one of the things he told the
7 officers. But he entered the casino about 10:40
8 in the evening, showed his ID to the security
9 officer.
10 The security officer did not notice the
11 discrepancy, that he wasn't turning 21 until
12 midnight, so he got past the security officer at
13 the turnstiles. Then he went to the bar and
14 purchased rum and Coke, and consumed his rum and
15 Coke. Again, no check of ID at the bar. Then he
16 went to the cage and purchased $100 worth of
17 chips. Again, the security officer made a
18 mistake, but it's compounded because the bartender
19 didn't check anything. And then you get another
20 contact at the cage where he was able to buy $100
21 worth of chips.
22 Then he went and put his name on the
23 waiting list for the poker room, so yet another
24 contact where somebody could have noticed it.
25 Since he didn't get in the poker room he then went

1 to play a table game. And at that point the table
2 game dealer thought he was young and asked to see
3 the ID. And since the minor was still 20 years
4 old until midnight, and this was at 11:39, the
5 table game dealer finally did the right thing and
6 was like, you're not 21, you're not allowed to be
7 here, called the security department who contacted
8 the highway patrol and the individual was
9 arrested, and we have the discipline.
10 The minor did tell the trooper that they
11 came to the casino to celebrate his 21st birthday,
12 they were just a little early. And, again, we're
13 recommending a proposed penalty of $10,000 on this
14 one. Again, this is one where they had multiple
15 times to rectify the situation. And in fairness
16 to Harrah's, the dealer finally did ask for it,
17 but it was the third or fourth one who had the
18 opportunity to do it, so we're requesting a
19 $10,000 penalty in this case.
20 COMMISSIONER HATCHES: Mike, how is the
21 recommendation for this one, on this case
22 different than on I think 11-015 of a minor?
23 MR. BRADLEY: This one, the property
24 actually caught the guy, where the other one he
25 was never caught. He actually came in, drank and

1 gambled and left. And then came back because he
2 forgot his wallet. I mean, if he hadn't forgot
3 his wallet, he would have gotten away scot-free
4 with it.
5 But this one we're giving them a little
6 bit of credit because even though some people in
7 between could have done things, you know, somebody
8 on the property actually is the one that said,
9 hey, you don't look 21, I want to see your ID.
10 And checked the ID, and was like, today is July
11 31st, you turn 21 tomorrow, you know, we're
12 calling security. That's what we're looking at.
13 CHAIRMAN MATHEWSON: Go ahead.
14 COMMISSIONER HATCHES: I'm done.
15 CHAIRMAN MATHEWSON: Mike, I've always
16 supported the recommendations, but I've got a
17 little heartburn on this one, okay. I really do.
18 They did finally catch him?
19 MR. BRADLEY: Yes.
20 CHAIRMAN MATHEWSON: My concern has been
21 on previous ones of these that we've had, and
22 we've discussed this before as the commission that
23 we want to encourage every one of those casino
24 operations to do what ultimately happened here.
25 MR. BRADLEY: Right.

1 CHAIRMAN MATHEWSON: Now, you're right
2 by the report, it took the third or fourth person
3 or whatever to get there.
4 MR. BRADLEY: Right.
5 CHAIRMAN MATHEWSON: But, again, they
6 finally did. Now, I know several of the casinos
7 now I think, I don't know that all of them do, but
8 they have a plan in place, which we have been very
9 supportive of, that says they give bonuses to the
10 employees that catch someone that got on the floor
11 who is under age. And if they catch two of them,
12 it's a pretty nice bonus. So in my mind they're
13 doing the right thing here.
14 MR. BRADLEY: Right.
15 CHAIRMAN MATHEWSON: And I've been
16 concerned for some time that we -- by just having
17 a flat fine of $10,000 that we may be discouraging
18 them to do that. You know, keep doing those
19 bonuses. I share that, I don't know how the other
20 commissioners feel, but I would like some thoughts
21 about that. Maybe this ought to be 5,000 instead
22 of 10,000 or whatever, something so -- we don't
23 want those minors on there, and we don't want to
24 send a message, that concerns me too that the
25 Commission supports it, having minors on boats, we

1 don't want them on the boats.
2 MR. BRADLEY: Right.
3 CHAIRMAN MATHEWSON: And I really do
4 believe casinos are really trying to do that. By
5 gosh, the equipment at the gate now, it's
6 unbelievable. I mean, that's very expensive to
7 try to check those ID's for out of state driver's
8 licenses, etc., etc., all those different things
9 that they could use. So I would invite any
10 thoughts or if you don't think that I'm right
11 here, well, it would be the first time you've ever
12 thought that. But people, I mean, jump in.
13 Commissioners, you know what my thoughts are.
14 COMMISSIONER JONES: What would have
15 happened if he had not gone to play another table
16 game? By midnight he would have been legal.
17 MR. BRADLEY: Right.
18 COMMISSIONER JONES: And nothing would
19 have been said.
20 MR. BRADLEY: Right.
21 COMMISSIONER JONES: And then the other
22 minors that are coming on, they're already
23 catching a small portion of those minors that are
24 coming on. I've got to believe that. So there's
25 got to be more than this, you know, the ones that

1 we get in the DC reports that are coming on.
2 MR. BRADLEY: Right. And we don't send
3 everyone to you. I mean, we have some that we
4 don't recommend penalties because even if they got
5 past the turnstile -- I mean, one I just remember
6 got past the turnstile and the cocktail waitress
7 just looked at the guy and said, "You don't look
8 21," and called security and he wasn't. We don't
9 send them all to you, but, Chairman, this is you
10 all's decision and this is the way the system
11 works. We just recommend, and whatever you guys
12 decide to do is what we do going forward.
13 COMMISSIONER JONES: Again, my concern
14 in this case is it took the system four steps
15 basically before they caught him, this violation.
16 And in the earlier case, three steps in the time
17 that they found discrepancy in their case. And,
18 again, you're the professional on your suggestions
19 for a recommendation on the fine. And I'm not
20 suggesting there ought to be some consistency that
21 says if you go past the first time, you'll pay,
22 and then four times. I'm not suggesting, it's
23 just a enough for me to ask about.
24 MR. BRADLEY: Yeah. We're trying to be
25 more consistent when we're looking at the prior

1 fine. That's one of the reasons we put that in
2 the books, but that's a good point.
3 CHAIRMAN MATHEWSON: Any other comments?
4 If there's no more comments, Chair will accept a
5 recommendation to accept the recommendation of
6 penalty.
7 COMMISSIONER HATCHES: So moved.
8 COMMISSIONER JONES: Second.
9 CHAIRMAN MATHEWSON: Any discussion?
10 Angie, call roll, please.
11 MS. FRANKS: Commissioner Merritt?
12 COMMISSIONER MERRITT: Approve.
13 MS. FRANKS: Commissioner Hatches?
14 COMMISSIONER HATCHES: Approve.
15 MS. FRANKS: Commissioner Jones?
16 COMMISSIONER JONES: Approve.
17 MS. FRANKS: Commissioner Shull?
18 COMMISSIONER SHULL: Approve.
19 MS. FRANKS: Chairman Mathewson?
20 CHAIRMAN MATHEWSON: Approve.
21 MS. FRANKS: By your vote you've adopted
22 DC-11-018.
23 CHAIRMAN MATHEWSON: Good discussion on
24 that, thank you very much. New business, Roger?
25 MR. STOTTLEMYRE: The staff has no new

1 business for this Commission at this time.
2 CHAIRMAN MATHEWSON: Don't have anything
3 at this time. Old business?
4 MR. STOTTLEMYRE: No old business to
5 present.
6 CHAIRMAN MATHEWSON: You don't have any
7 new, you don't have any old. Is there somewhere
8 in between here?
9 MR. STOTTLEMYRE: You don't want us to
10 share with you everything, though.
11 CHAIRMAN MATHEWSON: Yeah, that's true.
12 COMMISSIONER JONES: I have a question
13 for the staff, if I may ask. How is the IOC
14 project coming along?
15 MR. STOTTLEMYRE: We really don't have a
16 lot to report yet other than the fact we have met
17 with them. We do have their plans that they have
18 presented, but other than that I think they're
19 getting contractors lined up and all those. But
20 maybe Bill Seibert might have more information,
21 they are going to be reporting to him. We can
22 check.
23 MR. SEIBERT: Bill Seibert,
24 S-E-I-B-E-R-T, Deputy Director of Enforcement. I
25 didn't know I would be making a presentation

today, but it looks like I will be, and I don't have presentation, so. I'm just glad I was awake when you said my name.

CHAIRMAN MATHEWSON: Okay.

MR. SEIBERT: I did get an e-mail from their legal counsel that said they will start sending me a report weekly. It looks like right now they're not going to start, break ground until around August. But once I start getting reports from them I'll start making a monthly presentation.

COMMISSIONER HATCHES: August?

MR. SEIBERT: Around August so far.

COMMISSIONER JONES: I thought it would be earlier.

CHAIRMAN MATHEWSON: Well, yeah.

MR. SEIBERT: I think that's when they get everything in place and when they actually break ground. I mean, I could be wrong in that, but what I read was around August.

CHAIRMAN MATHEWSON: Well, I thought our time frame on that -- or at least we were hoping, maybe that's what it was, that we were hoping that it was going to be sooner than that.

MR. STOTTLEMYRE: We do have a design

1 hearing and it's going to be set up probably in
2 February. And what we're hoping for was they will
3 present their information to us at that time.
4 Mike Bradley will be setting that up and we'll
5 hear that, and they would have to approve all
6 their designs that they have to go over at that
7 time.
8 MR. BRADLEY: By law their design has to
9 reflect riverboat character. And the law presumes
10 that they would cruise unless you all gave them
11 permission to dock. So there's going to be a
12 designed docking hearing, and they've been done
13 for every casino here in the State. And they will
14 make a presentation, typically the general counsel
15 has acted as hearing officer, and then they've
16 reported to the Commission. But they'll
17 definitely get those done before they actually
18 start construction in case you all decided they
19 have to cruise or something. By the way, I've
20 been talking to Tom and we'll get that set up so
21 we're working on that too.
22 MR. STOTTLEMYRE: I can say they also
23 are still doing heavy construction on the property
24 that's there. There's some older houses, there's
25 some older buildings. They have started that, the

removal of the old buildings and clearing land areas. And also the city is working on movement of the streets there, because Main Street will be moving to the west. They're going to move around the casino property where Main Street right now could go right through where the casino was going to be built.

So there's lots of planning and work being done, it's just that they really aren't ready to dig yet until summer.

CHAIRMAN MATHEWSON: I mean, I would assume, I meant to ask you this, has the City been in on all this, the city government been involved in this?

MR. STOTTLEMYRE: Yes, sir, they're very involved with the casino property right now planning.

CHAIRMAN MATHEWSON: They know some of the changes and so forth, I mean, are we working with them?

MR. STOTTLEMYRE: They're very aware of everything that's happening as far as the changes.

CHAIRMAN MATHEWSON: Okay. And they bought into that?

MR. STOTTLEMYRE: Yes, sir.

1 CHAIRMAN MATHEWSON: Okay. I mean,
2 that's important.
3 MR. STOTTLEMYRE: Sure.
4 CHAIRMAN MATHEWSON: I assume that that
5 would be correct, but then when I saw your report
6 saying that you all were meeting and made changes
7 and whatever, you know, that they were involved.
8 MR. STOTTLEMYRE: And they were
9 involved, and all parties agreed that the changes
10 that were made would benefit everybody in the end,
11 so.
12 CHAIRMAN MATHEWSON: Okay.
13 MR. STOTTLEMYRE: It seemed to be that
14 everybody is on board so far.
15 MR. SEIBERT: I will make a monthly
16 report as soon as they start sending information.
17 CHAIRMAN MATHEWSON: Okay. Thank you.
18 MR. SEIBERT: I'm glad I hear
19 everybody's curiosity today.
20 MR. STOTTLEMYRE: And at the point when
21 you want, we can also have them come in and
22 present it at a commission meeting at any time
23 that you would like to have them do that.
24 COMMISSIONER SHULL: What about next
25 month?

1 MR. STOTTLEMYRE: We could have them
2 come next month, if you'd like. At least they can
3 give you a real current, up-to-date what's
4 happened to this point and where they're going.
5 If you'd like for us to do that, we'll do that.
6 CHAIRMAN MATHEWSON: Okay.
7 COMMISSIONER SHULL: That will come
8 under new business.
9 MR. STOTTLEMYRE: I'm going to have
10 something for new businesses, I don't know exactly
11 what.
12 COMMISSIONER SHULL: I have a question
13 regarding the status of the MBEWBE certification
14 project. Is there a date on that?
15 MR. STOTTLEMYRE: Rick Wilhoit will talk
16 to you about that. They have been actively
17 working on that.
18 MR. WILHOIT: Rick Wilhoit,
19 W-I-L-H-O-I-T, Assistant Deputy Director of
20 Enforcement. It's a process that's still
21 underway. We're working with Commissioner Hatches
22 to gain his ideas and perspective on where we're
23 going. But we have been engaged with the
24 properties and we anticipate having something out
25 to them within the next month or so after we've

1 met with Commissioner Hatches.
2 COMMISSIONER SHULL: I thought that by
3 the 31st of March we'd have that completed. Is
4 that still the plan?
5 MR. WILHOIT: That's still our time
6 frame.
7 COMMISSIONER HATCHES: And just for the
8 record, I don't have a report.
9 CHAIRMAN MATHEWSON: Thank you very
10 much.
11 MR. WILHOIT: Sure.
12 CHAIRMAN MATHEWSON: Anything else?
13 Commissioner Merritt, would you all share a little
14 bit with us. You went through that training
15 program, which I've always wanted to do and
16 haven't done it, but you did, so any comments or
17 thoughts on that?
18 COMMISSIONER MERRITT: That was
19 certainly worth while and I really have a better
20 understanding of what they go through, the
21 investigations, reports, and it was very
22 interesting. I didn't think they'd tell and that
23 did. It was time well spent, it really was, I
24 have a good understanding of it.
25 CHAIRMAN MATHEWSON: Thank you, thanks

for doing that, we appreciate it. A better understanding for meetings when you have the opportunity to do that. Roger, anything else?

MR. STOTTLEMYRE: Right now we just need a motion for closed meeting under Section 313.847 and 610.021.

CHAIRMAN MATHEWSON: Both under 1 and 14. Would someone like to make a motion, please -- while you're sitting here I thought I had a question on that, but then I guess I don't. I've been looking at it and I thought there's something about information, but I don't. Okay. We're going to make a motion under 313.847 and 610.0211 and 14 -- I guess we've got to vote ourselves out and then vote ourselves back in.

COMMISSIONER JONES: So moved.

COMMISSIONER MERRITT: Second.

CHAIRMAN MATHEWSON: Call roll, Angie, please.

MS. FRANKS: Commissioner Merritt?

COMMISSIONER MERRITT: Approve.

MS. FRANKS: Commissioner Hatches?

COMMISSIONER HATCHES: Approve.

MS. FRANKS: Commissioner Jones?

COMMISSIONER JONES: Approve.

1 MS. FRANKS: Commissioner Shull?
2 COMMISSIONER SHULL: Approve.
3 MS. FRANKS: Chairman Mathewson?
4 CHAIRMAN MATHEWSON: Approve. Now we're
5 going to go into closed meeting. Thank you all.
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 C E R T I F I C A T E

2

3 I, JENNY L. EASTABROOKS, Certified Court
4 Reporter, do hereby certify that I appeared at
5 the time and place hereinbefore set forth; I took
6 down in shorthand the entire proceedings had at
7 said time and place, and the foregoing sixty-five
8 pages constitute a true, correct and complete
9 transcript of my said shorthand notes.
10 Certified to this ___ day of _____, _____.
11
12
13 _____
14 Jenny L. Eastabrooks, CCR.
15 Certified Court Reporter No. 1032
16 State of Missouri
17
18
19
20
21
22
23
24
25