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4 BEFORE THE MISSOURI GAMING COMMISSION

STATE OF MISSOURI

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7

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Meeting

9

December 5, 2012

10:00 a.m.

10

Central Office

3417 Knipp Drive

11

Jefferson City, Missouri

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13 (Meeting start time: 10:05 a.m.)

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0002

	AGENDA	page
1		
2		
3	I. Call to Order	6:2
4	II. Motion for Closed Meeting under	
5	Sections 313.847, Investigatory,	
6	Proprietary and Application Records	
7	and 610.021(1) Legal Actions, and	
8	(14) Records Protected from Disclosure	
9	by Law	6:21
10	III. Consideration of Minutes	
11	A. October 24, 2012	8:7
12	IV. Consideration of Hearing Officer	
13	Recommendations	
14	B. Tameaka Swygert	
15	1. Resolution No. 12-105	9:6
16	C. Erica Parker	
17	1. Resolution No. 12-106	9:6
18	D. Lakesha Phillips	
19	1. Resolution No. 12-107	16:8
20	E. Wendy Loesing	
21	1. Resolution No. 12-108	20:5
22	F. Joshua Motley	
23	1. Resolution No. 12-109	26:11
24	G. Ralph M. Sides	
25	1. Resolution No. 12-110	28:18
26	V. Consideration of Disciplinary Actions	
27	H. Robert Nye	
28	1. DC-12-336	34:3
29	I. IOC-Caruthersville, LLC	
30	1. DC-12-619	35:17
31	J. IOC-Caruthersville, LLC	
32	1. DC-12-620	37:4
33	K. IOC-Kansas City, Inc.	
34	1. DC-12-621	39:18
35	L. PNK (River City), LLC	
36	1. DC-12-622	41:9
37		
38		
39		
40		
41		
42		
43		
44		
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17
18
19
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21
22
23
24
25

AGENDA

page

- VI. Consideration of Relicensure of Certain Suppliers
 - M. Lightning Slot Machines, LLC
 - 1. Resolution No. 12-111 43:2
 - N. Gaming Laboratories International, LLC
 - 1. Resolution No. 12-112 44:22
 - O. House Advantage, LLC
 - 1. Resolution No. 12-113 45:24
- VII. Consideration of Licensure of Level I/ Key Applicants
 - P. Resolution No. 12-114 47:3
- VIII. Consideration of Rules and Regulations
 - Q. Final Orders of Rulemaking
 - 1. 11 CSR 45-4.050 - Application Period and Fees for Class A License 49:1
 - 2. 11 CSR 45-4.055 - Application Period and Fees for Class A and Class B Licenses 49:1
 - 3. 11 CSR 45-4.190 - License Renewal
 - 4. 11 CSR 45-4.205 - Affiliate Supplier's License 49:1
 - 5. 11 CSR 45-4.240 - Supplier's License Application and Annual Fees 49:1
 - 6. 11 CSR 45-4.250 - Supplier's License Renewal 49:1
 - 7. 11 CSR 45-4.260 - Occupational Licenses for Class A, Class B, Suppliers and Affiliate Suppliers 49:1
 - 8. 11 CSR 45-4.380 - Occupational and Key Person/Key Person Business Entity License Application and Annual Fees 49:1
 - 9. 11 CSR 45-4.390 - Occupational License Renewal 49:1
 - 10. 11 CSR 45-5.184 - Table Game Cards - Receipt, Storage, Inspections, and Removal from Use 56:22
 - 11. 11 CSR 45-8.130 - Tips and Gifts 58:9

0004

1

AGENDA

page

2

IX. Delegation of Authority for
Chairman

3

R. Resolution No. 12-115

65:8

4

X. Consideration of Relicensure of Bingo
Manufacturers and Suppliers

5

S. Bingo Suppliers

6

1. Resolution No. 12-001-B

67:3

T. Bingo Manufacturers

7

1. Resolution No. 12-002-B

68:19

8

XI. Motion for Closed Meeting under
Sections 313.847, Investigatory,
Proprietary and Application Records
and 610.021(1) Legal Actions, and
(14) Records Protected from Disclosure
by Law

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BEFORE THE MISSOURI GAMING COMMISSION

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STATE OF MISSOURI

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Meeting

8

December 5, 2012

10:00 a.m.

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Central Office

3417 Knipp Drive

10

Jefferson City, Missouri

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12 COMMISSIONERS PRESENT:

13

Dr. Barrett Hatches, Chairman

Suzanne Bocell Bradley

14

Darryl T. Jones

Jack L. Merritt

15

Diane C. Howard

16

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19

20

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REPORTED BY:

22

Patricia A. Stewart

RMR, RPR, CCR 401

23

3432 West Truman Boulevard, Suite 207

Jefferson City, Missouri 65109

24

573-636-7551

25

0006

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

2 CHAIRMAN HATCHES: Good morning, everyone.

3 (Good morning.)

4 CHAIRMAN HATCHES: What are we doing?

5 MS. FRANKS: We're going into closed.

6 CHAIRMAN HATCHES: So do we open this and
7 then close?

8 Call the roll first.

9 MS. FRANKS: Commissioner Howard.

10 COMMISSIONER HOWARD: Present.

11 MS. FRANKS: Commissioner Merritt.

12 COMMISSIONER MERRITT: Present.

13 MS. FRANKS: Commissioner Jones.

14 COMMISSIONER JONES: Present.

15 MS. FRANKS: Commissioner Bradley.

16 COMMISSIONER BRADLEY: Present.

17 MS. FRANKS: Chairman Hatches.

18 CHAIRMAN HATCHES: Present.

19 Okay. So the chair would entertain a motion
20 to go into closed.

21 COMMISSIONER JONES: Motion to close meeting
22 under Section 313.847, Investigatory, Proprietary and
23 Application Records and 610.021(1) Legal Actions and
24 (14) Records Protected from Disclosure by Law.

25 COMMISSIONER MERRITT: Second.

0007

1 CHAIRMAN HATCHES: Moved and second to go
2 into closed.

3 Any discussion around that?

4 Angie, call the roll.

5 MS. FRANKS: Commissioner Howard.

6 COMMISSIONER HOWARD: Aye.

7 MS. FRANKS: Commissioner Merritt.

8 COMMISSIONER MERRITT: Approve.

9 MS. FRANKS: Commissioner Jones.

10 COMMISSIONER JONES: Approve.

11 MS. FRANKS: Commissioner Bradley.

12 COMMISSIONER BRADLEY: Approve.

13 MS. FRANKS: Chairman Hatches.

14 CHAIRMAN HATCHES: Approve.

15 We're going to go into a real short closed
16 session and be right back.

17 (CLOSED SESSION.)

18 CHAIRMAN HATCHES: Go back on the record.

19 Angie call the roll.

20 MS. FRANKS: Commissioner Howard.

21 COMMISSIONER HOWARD: Here.

22 MS. FRANKS: Commissioner Merritt.

23 COMMISSIONER MERRITT: Present.

24 MS. FRANKS: Commissioner Jones.

25 COMMISSIONER JONES: Present.

0008

1 MS. FRANKS: Commissioner Bradley.

2 COMMISSIONER BRADLEY: Present.

3 MS. FRANKS: Chairman Hatches.

4 CHAIRMAN HATCHES: Present.

5 Thank you all for your patience.

6 All right.

7 EXECUTIVE DIRECTOR STOTTLEMYRE:

8 Consideration of minutes for the October 24, 2012.

9 COMMISSIONER BRADLEY: Motion to approve.

10 COMMISSIONER JONES: Second.

11 CHAIRMAN HATCHES: Any discussion?

12 Angie, call the roll.

13 MS. FRANKS: Commissioner Howard.

14 COMMISSIONER HOWARD: Here. Oh. Approve.

15 MS. FRANKS: Commissioner Merritt.

16 COMMISSIONER MERRITT: Approve.

17 MS. FRANKS: Commissioner Jones.

18 COMMISSIONER JONES: Approve.

19 MS. FRANKS: Commissioner Bradley.

20 COMMISSIONER BRADLEY: Approve.

21 MS. FRANKS: Chairman Hatches.

22 CHAIRMAN HATCHES: Approve.

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

24 minutes of the October 24, 2012 meeting.

25 EXECUTIVE DIRECTOR STOTTLEMYRE:

0009

1 Mr. Chairman, the next item on the agenda is
2 Consideration of Hearing Officer Recommendations, and
3 Mr. Stephen Stark will present.

4 MR. STARK: Good morning.

5 CHAIRMAN/COMMISSIONERS: Good morning.

6 MR. STARK: On your agenda you have Item B,
7 Tameaka Swygeart, and also Item C, Erica Parker. Both
8 these cases were put together on a common record; that
9 is, the two of them showed up at the same time for the
10 hearing.

11 So with leave of the Commission I would like
12 to present those two together as I wrote up my
13 recommendation as a combined proposal.

14 So taking those two together, Ms. Swygeart
15 and Ms. Parker both hold Level II occupational licenses
16 for employment in the gaming industry.

17 Ms. Swygeart is employed as a slot floor
18 person at a casino in St. Louis. Petitioner Parker is
19 employed as a slot shift manager at the same casino.

20 On the afternoon of July 19th, 2011 a patron
21 of the casino disputed a payout on a slot machine. The
22 slot machine showed the patron had 120 credits. The
23 patron asserted that those credits of 120 would equal
24 \$120.

25 Actually the machine that the patron was

0010

1 playing on was a penny denomination machine, making one
2 credit equal to one penny.

3 Petitioner Swygeart answered the call of the
4 patron who was complaining about the winnings. She
5 explained that the winnings were \$1.20, not the \$120
6 that the patron was asserting.

7 The patron was not satisfied with Petitioner
8 Swygeart's explanation. Ms. Swygeart called her
9 supervisor, Petitioner Parker, to speak with the patron.

10 Ms. Swygeart then went away to another part
11 of her job and Petitioner Parker interacted with the
12 patron, giving the same explanation, that the winning
13 was only \$1.20.

14 The patron then asked to speak to the Gaming
15 Commission agent. Ms. Parker called the Commission's
16 office and was told to bring the patron to the Gaming
17 Commission's office at the casino.

18 Now, neither Petitioner Swygeart or
19 Petitioner Parker notified Surveillance in able to allow
20 a photograph of the machine or the patron to be taken,
21 and that's where the problem comes in, in that the
22 Commission has published a minimum standard for internal
23 control, a procedure which says that -- and I quote --
24 if a patron dispute involves any display on an
25 electronic gaming device, Surveillance shall be notified

0011

1 to photograph the patron and the front of the electronic
2 gaming device in question, including all displays.

3 So the problem and the need for discipline is
4 the fact that neither of the licensees notified
5 Surveillance. They both each had a duty to do that
6 according to the internal control standards.

7 The suggested suspension of Petitioner
8 Swygart is one day. The suspension for Petitioner
9 Parker is two days.

10 The reason for Petitioner Parker having more
11 days for the discipline is the fact that she is a
12 supervisor and such supervisory role would demand a
13 heightened awareness of the rules and the need for
14 strict regulatory compliance.

15 So the facts shown at the hearing led me to
16 conclude that it was indeed appropriate to assert this
17 discipline against the two licensees and that would be
18 my recommendation.

19 CHAIRMAN HATCHES: Any questions from the
20 Commission?

21 MR. STARK: Yes.

22 COMMISSIONER JONES: Now, this is just
23 notification because the photos do exist, surveillance
24 photos existed? It's because of notification? They
25 were supposed to notify or have the photos there from

0012

1 Surveillance. Correct?

2 MR. STARK: Well, there was no evidence
3 presented to me that there were any photographs taken.

4 I'm assuming there were cameras on the gaming
5 floor that could have targeted that particular machine
6 possibly, but I think the purpose of the internal
7 controls is to make sure that there is a photograph of
8 the display of the machine, as well as the patron
9 himself or herself.

10 So I think it's more than just a general view
11 of the gaming floor that Surveillance would have. It
12 would require an additional photograph by Surveillance.

13 COMMISSIONER JONES: Okay.

14 COMMISSIONER BRADLEY: That's how I
15 interpreted it too from what I read in here, so that
16 there wouldn't be just a side view. You actually take a
17 picture of what the machine is showing at that moment
18 because otherwise --

19 MR. STARK: Yeah, I think it would have to be
20 an isolated picture of the machine itself, along with
21 the patron.

22 COMMISSIONER BRADLEY: To determine what the
23 winnings were, to have proof, because it's he said/she
24 said if not.

25 MR. STARK: Right.

0013

1 COMMISSIONER MERRITT: Mr. Chairman.

2 CHAIRMAN HATCHES: Yes, sir.

3 COMMISSIONER MERRITT: Well, when Petitioner
4 Swygeart left it with Parker and everything, I don't
5 know. I see a problem, her still having any
6 responsibility, when she told her supervisor and then
7 she went away to another task. I have trouble seeing
8 that.

9 MR. STARK: The need for discipline for her
10 because she transferred --

11 COMMISSIONER MERRITT: Yeah.

12 MR. STARK: Well, I think the Commission has
13 always taken the position that each individual licensee
14 has their own obligation, they're holding a license in
15 their own name, and they're obligated to follow the
16 rules and not just delegate to another licensee or even
17 to a supervisor. So they both equally have
18 responsibility to notify.

19 CHAIRMAN HATCHES: Other questions?

20 Commissioner Merritt, I hear your point.
21 When I read it first, I felt the same way. She did the
22 responsible thing for telling her supervisor and the
23 supervisor didn't follow through, except when I know
24 exactly what Mr. Stark is saying, that they both have
25 the same duty. So I'm okay with it.

0014

1 Any other questions?

2 Chair will entertain a motion.

3 MR. STARK: I don't know if we need to ask if
4 the Petitioners are present or not.

5 EXECUTIVE DIRECTOR STOTTLEMYRE: Are they
6 here, either one?

7 CHAIRMAN HATCHES: Neither one. Okay.
8 Now we need a motion.

9 COMMISSIONER BRADLEY: Motion to approve
10 Resolution No. 12-105.

11 CHAIRMAN HATCHES: Do we do them both?
12 Do them both.

13 COMMISSIONER BRADLEY: And Resolution
14 No. 12-106.

15 COMMISSIONER JONES: Second.

16 CHAIRMAN HATCHES: Any discussion?

17 COMMISSIONER MERRITT: I may have a different
18 vote on these because I may disagree with 105.

19 EXECUTIVE DIRECTOR STOTTLEMYRE: Do them one
20 at a time.

21 COMMISSIONER BRADLEY: I withdraw my motion.
22 Motion to approve Resolution No. 12-105.

23 COMMISSIONER JONES: Second.

24 CHAIRMAN HATCHES: Any discussion on it?
25 Okay. Call the roll.

0015

1 MS. FRANKS: Commissioner Howard.

2 COMMISSIONER HOWARD: I vote in favor for
3 approval.

4 MS. FRANKS: Commissioner Merritt.

5 COMMISSIONER MERRITT: I disagree with 105.

6 MS. FRANKS: Commissioner Jones.

7 COMMISSIONER JONES: Approve.

8 MS. FRANKS: Commissioner Bradley.

9 COMMISSIONER BRADLEY: Approve.

10 MS. FRANKS: Chairman Hatches.

11 CHAIRMAN HATCHES: Approve.

12 MS. FRANKS: By your vote you've adopted
13 Resolution No. 12-105.

14 COMMISSIONER BRADLEY: Now, motion to approve
15 Resolution 12-106.

16 COMMISSIONER JONES: Second.

17 CHAIRMAN HATCHES: Any discussion?
18 Angie, call the roll, please.

19 MS. FRANKS: Commissioner Howard.

20 COMMISSIONER HOWARD: Approve.

21 MS. FRANKS: Commissioner Merritt.

22 COMMISSIONER MERRITT: Approve.

23 MS. FRANKS: Commissioner Jones.

24 COMMISSIONER JONES: Approve.

25 MS. FRANKS: Commissioner Bradley.

0016

1 COMMISSIONER BRADLEY: Approve.

2 MS. FRANKS: Chairman Hatches.

3 CHAIRMAN HATCHES: Approve.

4 MS. FRANKS: By your vote you've adopted
5 Resolution 12-106.

6 CHAIRMAN HATCHES: Thank you.

7 Next.

8 MR. STARK: Our next item, Letter D, Lakesha
9 Phillips.

10 Ms. Phillips holds a Level II occupational
11 license. She is employed as a cage supervisor at a
12 casino, supervising employees working at the cashier
13 cage of the casino.

14 On November 30th, 2011 a patron presented
15 himself at the cashier's cage in order to cash two
16 different checks. The employee rejected the ability to
17 cash those two checks because of questions. I think
18 they were third-party checks.

19 While the patron was at the cashier's cage he
20 pulled out of his pocket a pipe designed for smoking
21 crack cocaine.

22 The employee at the cashier cage reported her
23 observation to Petitioner, Petitioner Ms. Phillips being
24 the supervisor, that she observed a patron with a crack
25 cocaine pipe.

1 Now, neither the employee, nor the Petitioner
2 Ms. Phillips reported to the Gaming Commission agent
3 that a patron on the gaming floor had participated in a
4 potential crime, possession of a crack cocaine pipe.

5 Law enforcement officials came into the
6 casino to investigate this patron and interviewed
7 Ms. Phillips on two different occasions.

8 The first occasion, the first interview,
9 Ms. Phillips claimed she did not remember if the
10 employee had informed her that a patron was with a crack
11 cocaine pipe. During the second interview Ms. Phillips
12 did admit that the employee had informed her about the
13 crack cocaine pipe.

14 The regulation applicable to this situation
15 is that any employee or licensee in the casino who knows
16 or should have known or can observe that an illegal act
17 may or has been committed on the premises should
18 immediately report the occurrence to law enforcement
19 authorities and shall cooperate with law enforcement
20 authorities and with the agents of the Commission.

21 My finding at the hearing is that
22 Ms. Phillips failed basically on two counts. First she
23 failed to report what she was told by the employee. She
24 did not actually observe the pipe herself but she was
25 informed of the possibility of an illegal act occurring

0018

1 on the gaming floor.

2 Secondly, her inconsistent statements on the
3 two different interviews with law enforcement hampered
4 their ability to investigate, and both of those counts I
5 found to be in violation of the regulation that I just
6 cited.

7 The Commission has recommended a suspension
8 of ten days for this violation. Ms. Phillips at the
9 hearing was concerned that that was too excessive, but
10 my finding is that the Commission does have authority
11 for that amount of discipline, that it was indeed
12 appropriate and that would be my recommendation that the
13 discipline be imposed.

14 CHAIRMAN HATCHES: Thank you.

15 Any questions from the Commission?

16 COMMISSIONER BRADLEY: May I ask a question?

17 CHAIRMAN HATCHES: Yes.

18 COMMISSIONER BRADLEY: So what I'm seeing in
19 this is that had she been more truthful and she'd not
20 gone through the investigative process and had told the
21 truth the first time, that this recommendation might
22 have been less than the ten days. Is that --

23 MR. STARK: Well, I don't know that it
24 actually says that in the preliminary order but that
25 would be my conclusion, that there is really two parts

0019

1 to this violation and ten days is not excessive for
2 those two parts.

3 CHAIRMAN HATCHES: Other questions?

4 COMMISSIONER MERRITT: By hindering the
5 investigation she could be criminally charged, so she's
6 getting along pretty good on this deal.

7 CHAIRMAN HATCHES: Other questions from the
8 Commission?

9 COMMISSIONER MERRITT: She's not here?

10 CHAIRMAN HATCHES: Is Ms. Phillips here?
11 Okay. Chair would entertain a motion.

12 COMMISSIONER MERRITT: I make a motion to
13 approve Resolution 12-107.

14 COMMISSIONER BRADLEY: Second.

15 CHAIRMAN HATCHES: Moved and second.
16 Any other discussion?

17 Angie, would you call the roll, please.

18 MS. FRANKS: Commissioner Howard.

19 COMMISSIONER HOWARD: Approve, please.

20 MS. FRANKS: Commissioner Merritt.

21 COMMISSIONER MERRITT: Approve.

22 MS. FRANKS: Commissioner Jones.

23 COMMISSIONER JONES: Approve.

24 MS. FRANKS: Commissioner Bradley.

25 COMMISSIONER BRADLEY: Approve.

0020

1 MS. FRANKS: Chairman Hatches.

2 CHAIRMAN HATCHES: Approve.

3 MS. FRANKS: By your vote you've adopted
4 Resolution 12-107.

5 MR. STARK: Our next item, Letter E, Wendy
6 Loesing.

7 Ms. Loesing holds a Level II occupational
8 license. She is employed with the casino as a cage
9 supervisor.

10 On December 5th, 2011 a patron at the casino
11 presented chips in the total amount of \$15,200 to a
12 casino employee at the cashier's cage in order to
13 exchange those chips for paper currency.

14 The employee recognizing the volume or the
15 high amount of money involved called Ms. Loesing to the
16 cashier's cage to be, in effect, a second person to
17 count the money, the exchange to be taking place.

18 The employee counted out \$17,000, with
19 Ms. Loesing standing next to the employee's side. The
20 employee handed the \$17,000 in exchange for the \$15,200
21 in chips.

22 At the hearing Ms. Loesing admitted that she
23 made the mistake in counting with the employee and
24 allowed \$1,800 of overpayment to occur.

25 However, she knew the patron and was able to

0021

1 call the patron back the next day and the patron
2 voluntarily refunded, reimbursed the casino the
3 overpayment.

4 The regulation applicable in this situation
5 is that all licensees shall take reasonable actions to
6 safeguard from loss all tokens, chips, checks, funds and
7 other gaming assets belonging to the casino.

8 Ms. Loesing did violate that by not paying
9 attention and counting out the cash in exchange for the
10 chips, and in her supervisory role, again, she should
11 have had better attention to those details.

12 The suspension that's been stated in the
13 preliminary order is for two days. Ms. Loesing thought
14 that was excessive. However, she has had a previous
15 disciplinary action on April 16th, 2011 for her lack of
16 supervision, in permitting \$10,000 in cash to be
17 unattended for 50 minutes.

18 So she previously received a one-day
19 suspension. This is her second violation. And the two-
20 day suspension is reasonable, is allowed by law, the
21 facts support it, and that would be my recommendation,
22 that the two-day suspension be imposed.

23 CHAIRMAN HATCHES: Thank you.

24 Any questions by the Commission?

25 COMMISSIONER MERRITT: Yeah, I do.

0022

1 Do we know for sure that there wasn't any
2 ties between the Petitioner here and the individual that
3 got the extra money, and did she pay that out of her
4 personal funds or did she call that patron and get the
5 money from him or her, whatever it was, and pay it back?

6 Didn't I understand that she paid back the
7 \$1,800?

8 MR. STARK: No, she did not personally. She
9 approached the patron who voluntarily --

10 COMMISSIONER MERRITT: Paid it back?

11 MR. STARK: -- paid the \$1,800 back. So it
12 was the patron.

13 COMMISSIONER MERRITT: It was the patron.

14 Okay. I just had concerns that there would
15 have been some ties there that it slipped through.
16 Okay.

17 COMMISSIONER JONES: The only reason she got
18 it back, from what I understand, is that she knew the
19 patron personally?

20 MR. STARK: Well, yeah, she approached him
21 the next day apparently, a regular customer. I don't
22 know if there's a personal --

23 COMMISSIONER JONES: That's what I mean,
24 right, a regular customer.

25 COMMISSIONER MERRITT: See, that's what

0023

1 bothered me, that she knew well enough she could just
2 call him up.

3 Okay. I'll forget about it.

4 CHAIRMAN HATCHES: So there was nothing in
5 your investigation that suggested that there was a
6 relationship with him other than the fact that he was a
7 regular patron?

8 MR. STARK: Correct. No indication of a
9 friendship or anything outside the casino, correct.

10 CHAIRMAN HATCHES: Other questions?

11 COMMISSIONER BRADLEY: Is she here?

12 CHAIRMAN HATCHES: I'm sorry.

13 Ms. Loesing, is she here?

14 MS. LOESING: Yes.

15 CHAIRMAN HATCHES: If you would like to speak
16 and come forward.

17 State your name, please, for the record.

18 MS. LOESING: Wendy Loesing.

19 CHAIRMAN HATCHES: Wendy Loesing.

20 Go ahead.

21 MS. LOESING: I guess first off I did not
22 know the patron other than inside the place of work. I
23 did not call him. He came back the next evening, and I
24 approached him at that point after Surveillance had
25 called me and notified me that he was back on the floor.

0024

1 So there is no -- the only way I knew him is through
2 work. So I don't know him anywhere outside of work.

3 I was not the original payee of the funds
4 either. That was actually a cashier that paid it, but I
5 was verifying the funds with him.

6 I kind of feel like I didn't violate the IC
7 because the IC stated that I was to verify what the
8 cashier verified, and we somehow both verified the same
9 amount. Unfortunately, it was the wrong amount, but
10 that's what got paid.

11 I took the initiative to get the money back,
12 so there was no loss to the casino. I mean, we're
13 human, we make mistakes, and I don't feel that the two-
14 day suspension warrants for that.

15 CHAIRMAN HATCHES: All right.

16 COMMISSIONER HOWARD: Ms. Loesing, did you
17 verify the amount that was paid?

18 MS. LOESING: I did. I counted the exact
19 same amount. There was, like, four of us standing there
20 and we all somehow -- even Surveillance. Because of the
21 large amount I had to call them to verify it too.

22 So somehow we all managed to get the exact
23 same amount. It was just the sum of the chips and how
24 they were laid out.

25 COMMISSIONER HOWARD: So did you verify that

0025

1 you were paying out 17,000 or did you verify that you
2 were paying out 15,800?

3 MS. LOESING: We all verified the amount of
4 chips. When we counted the chips with how they were
5 laid out, we went from counting thousands into two black
6 chips were 100, and we counted them each as a thousand
7 apiece. That's how come we all counted 17,000. The
8 cash that got paid out was 17,000.

9 COMMISSIONER HOWARD: So you counted the
10 chips incorrectly, not the cash incorrectly?

11 MS. LOESING: Correct. The cash that was
12 counted out was correct according to what we thought was
13 supposed to go out.

14 CHAIRMAN HATCHES: Other questions?

15 Thank you.

16 Any other questions from the Commission?

17 Chair would entertain a motion.

18 COMMISSIONER MERRITT: Make a motion to
19 approve Resolution No. 12-108.

20 COMMISSIONER HOWARD: Second.

21 CHAIRMAN HATCHES: Moved and second.

22 Any other discussion?

23 Angie, would you call the roll, please.

24 MS. FRANKS: Commissioner Howard.

25 COMMISSIONER HOWARD: Approve.

0026

1 MS. FRANKS: Commissioner Merritt.

2 COMMISSIONER MERRITT: Approve.

3 MS. FRANKS: Commissioner Jones.

4 COMMISSIONER JONES: Approve.

5 MS. FRANKS: Commissioner Bradley.

6 COMMISSIONER BRADLEY: Approve.

7 MS. FRANKS: Chairman Hatches.

8 CHAIRMAN HATCHES: Approve.

9 MS. FRANKS: By your vote you've adopted
10 Resolution No. 12-108.

11 MR. STARK: The next item on the agenda,
12 Letter F, Joshua Motley.

13 Mr. Motley made an application with the
14 Commission in order to obtain a Level II occupational
15 license. The application process asked several
16 questions, one of significance is have you ever been
17 arrested, detained, charged, indicted, convicted, pled
18 guilty to any type of crime or offense? Mr. Motley
19 answered no to that question.

20 Mr. Motley was interviewed by the Gaming
21 Commission, given adequate opportunity to understand the
22 application questions. He did say that he forgot to
23 mention one particular arrest being possession of
24 alcohol as a minor, so that was made part of his
25 application.

0028

1 Resolution No. 12-109.

2 COMMISSIONER JONES: Second.

3 CHAIRMAN HATCHES: Moved and second.

4 Any further discussion?

5 Angie, would you call the roll, please.

6 MS. FRANKS: Commissioner Howard.

7 COMMISSIONER HOWARD: Approve.

8 MS. FRANKS: Commissioner Merritt.

9 COMMISSIONER MERRITT: Approve.

10 MS. FRANKS: Commissioner Jones.

11 COMMISSIONER JONES: Approve.

12 MS. FRANKS: Commissioner Bradley.

13 COMMISSIONER BRADLEY: Approve.

14 MS. FRANKS: Chairman Hatches.

15 CHAIRMAN HATCHES: Approve.

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

17 Resolution No. 12-109.

18 MR. STARK: The next item is the case of
19 Ralph Sides.

20 This case is not a licensing case. It's not
21 an application for license, but rather it's a case
22 involving the exclusion list which prohibits Mr. Sides
23 from entering into a casino in Missouri.

24 The Commission has a regulation that allows
25 it to place a person on the exclusion list or eject that

1 person from a riverboat gaming operation if the person
2 has been convicted of a felony in any jurisdiction of
3 any crime of moral turpitude or of a crime involving
4 gaming or if the person has performed any act which
5 would adversely affect public confidence and trust in
6 gaming.

7 The facts of the case that provided the basis
8 for placing Mr. Sides on the exclusion list occurred on
9 May 28th, 2008 when Mr. Sides was on the gaming floor of
10 a casino located in St. Louis. Mr. Sides was involved
11 in an altercation with another patron at the casino.

12 Mr. Sides struck the other person's -- other
13 patron's face with his fist, causing that person to fall
14 to the floor.

15 Now, the hit to the face did not appear to
16 result in injury to the other patron, but by the force
17 of the hit the gentleman fell to the floor and broke his
18 foot, requiring hospitalization.

19 At the time of this incident Mr. Sides was
20 63 years old. The other patron was 81 years old.

21 Mr. Sides was charged and prosecuted for
22 felony assault in the second degree. He was found
23 guilty and was ordered to serve 14 days in jail, five
24 years probation, pay restitution of over \$2,000 and
25 enroll in an anger management program.

0030

1 So the case involved whether or not
2 Mr. Sides, his actions and his felony conviction for
3 assault, was a crime of moral turpitude or a crime
4 involving gaming.

5 Moral turpitude is defined as the conduct
6 that is contrary to justice, honesty or morality and can
7 be further defined as shameful wickedness so extreme, a
8 departure from ordinary standards of honesty and
9 justice.

10 My first reaction was is the crime of assault
11 a crime of moral turpitude? That was the conclusion of
12 the Gaming Commission.

13 I did find a case that is actually a Federal
14 immigration deportation case that arrived at that
15 conclusion, that the act of a felony assault is indeed a
16 crime of moral turpitude.

17 So the law -- and this was a case actually
18 interpreting Missouri law, Missouri criminal law, with
19 the conclusion that an assault much like Mr. Sides was
20 convicted for does involve moral turpitude because of
21 the serious injury inflicted upon the other patron and
22 basically being a departure from ordinary standards of
23 conduct.

24 So just based on moral turpitude I found that
25 there does exist a basis for excluding Mr. Sides from

0031

1 casinos in Missouri.

2 Secondly, the second basis was the fact
3 that -- the other prong was that such acts would
4 adversely affect public confidence and trust in gaming.

5 Committing assaults on the gaming floor would
6 probably impact the public's perception as to whether or
7 not it would be safe to participate in gaming in
8 Missouri.

9 So both of those bases I concluded were
10 appropriate to exclude Mr. Sides from casinos in
11 Missouri.

12 Mr. Sides' defense was that the other patron
13 was the aggressor. However, the criminal court found
14 otherwise and that would be my conclusion as well,
15 relying on the criminal court to conclude that Mr. Sides
16 was the aggressor, not the other patron.

17 Also, Mr. Sides brought in friends of his
18 that testified that there was no anger or abusive
19 conduct on the part of Mr. Sides other than this one
20 incident.

21 And then thirdly Mr. Sides indicated and
22 provided a statement from the doctor that was to conduct
23 the anger management program for him, with the
24 conclusion that Mr. Sides did not need to participate in
25 that program.

0032

1 However, those defenses do not overcome the
2 conclusion that Mr. Sides should be excluded from
3 casinos in Missouri, and that affirmation would be my
4 recommendation as well.

5 CHAIRMAN HATCHES: Thank you.

6 Any questions from the Commissioners?

7 COMMISSIONER MERRITT: You don't have the
8 video of that assault, do you? I would kind of like to
9 see them old men fighting.

10 MR. STARK: No, I did not see that.

11 CHAIRMAN HATCHES: We have a new stenographer
12 here today. I don't think you have to take everything,
13 do you?

14 COMMISSIONER HOWARD: I think she just did.

15 CHAIRMAN HATCHES: Thanks.

16 Other questions from the Commission?

17 Well, is Mr. Sides here?

18 Any other questions?

19 Chair will entertain a motion.

20 COMMISSIONER MERRITT: I make a motion to
21 approve Resolution 12-110.

22 COMMISSIONER JONES: Second.

23 COMMISSIONER MERRITT: Moved and second.

24 Any further discussion?

25 Angie, would you call the roll, please.

0033

1 MS. FRANKS: Commissioner Howard.

2 COMMISSIONER HOWARD: Approve.

3 MS. FRANKS: Commissioner Merritt.

4 COMMISSIONER MERRITT: Approve.

5 MS. FRANKS: Commissioner Jones.

6 COMMISSIONER JONES: Approve.

7 MS. FRANKS: Commissioner Bradley.

8 COMMISSIONER BRADLEY: Approve.

9 MS. FRANKS: Chairman Hatches.

10 CHAIRMAN HATCHES: Approve.

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

12 Resolution 12-110.

13 MR. STARK: That concludes my presentation.

14 Thank you. Merry Christmas.

15 CHAIRMAN HATCHES: Thank you. Merry

16 Christmas to you.

17 EXECUTIVE DIRECTOR STOTTLEMYRE:

18 Mr. Chairman, the next item on the agenda is

19 Consideration of Disciplinary Actions. Mr. Ed Grewach

20 will present.

21 COMMISSIONER MERRITT: Mr. Chairman,

22 before we do that, we may want to acknowledge a special

23 guest we have in the audience, and he may even have a

24 few words to say to us, Major Vislay back there.

25 MAJOR VISLAY: Happy holidays to everybody.

0034

1 And you're absolutely right. I have fewer words.

2 I appreciate it. Thank you. And I owe you.

3 MR. GREWACH: Mr. Chairman, Tab H is a
4 preliminary order of discipline directed to a Robert Nye
5 who is a Level I licensee who works at Mark Twain
6 Casino. His position is table games manager.

7 An employee under his supervision failed to
8 lock a tray on a blackjack table. Mr. Nye was informed
9 of that fact on April 26th at 1:40 p.m.

10 Now, that notification, Mr. Nye under the
11 rules, triggered an obligation in him to immediately
12 notify the Gaming Commission. However, Mr. Nye did not
13 report that incident to us until April 27th at
14 11:00 a.m.

15 When questioned about this, Mr. Nye indicated
16 that he was busy with instructional blackjack as his
17 reason for not reporting it more promptly than he did,
18 and the staff's recommendation is a one-day suspension.

19 CHAIRMAN HATCHES: Thank you.

20 Any questions from the Commission?

21 Chair would entertain a motion.

22 COMMISSIONER JONES: Move for the adoption of
23 DC-12-336.

24 COMMISSIONER MERRITT: Second.

25 CHAIRMAN HATCHES: Moved and second.

0035

1 Any further discussion?

2 Angie, would you call the roll, please.

3 MS. FRANKS: Commissioner Howard.

4 COMMISSIONER HOWARD: Move to approve.

5 MS. FRANKS: Commissioner Merritt.

6 COMMISSIONER MERRITT: Approve.

7 MS. FRANKS: Commissioner Jones.

8 COMMISSIONER JONES: Approve.

9 MS. FRANKS: Commissioner Bradley.

10 COMMISSIONER BRADLEY: Approve.

11 MS. FRANKS: Chairman Hatches.

12 CHAIRMAN HATCHES: Approve.

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

14 DC-12-336.

15 CHAIRMAN HATCHES: Thank you.

16 Next.

17 MR. GREWACH: Tab I is a preliminary order of
18 discipline directed to Isle of Capri-Caruthersville.

19 Our Rule 7.030 requires that surveillance
20 equipment have full redundancy and further that the
21 failure of any single component would not cause the loss
22 of any data.

23 On April 15th, 2012 there was an incoder
24 failure at the property that affected the surveillance
25 system, and there was a time period when both the

0036

1 primary and secondary recorders failed to operate and
2 there was no surveillance on eight surveillance cameras
3 in the property for a period of approximately two and a
4 half minutes, and the recommended fine by the staff is
5 \$10,000.

6 CHAIRMAN HATCHES: Thank you.

7 Questions from the Commission?

8 Chair would entertain a motion.

9 COMMISSIONER BRADLEY: Motion to approve
10 DC-12-619.

11 COMMISSIONER JONES: Second.

12 CHAIRMAN HATCHES: Moved and second.

13 Any further discussion?

14 Angie, please call the roll.

15 MS. FRANKS: Commissioner Howard.

16 COMMISSIONER HOWARD: Approve.

17 MS. FRANKS: Commissioner Merritt.

18 COMMISSIONER MERRITT: Approve.

19 MS. FRANKS: Commissioner Jones.

20 COMMISSIONER JONES: Approve.

21 MS. FRANKS: Commissioner Bradley.

22 COMMISSIONER BRADLEY: Approve.

23 MS. FRANKS: Chairman Hatches.

24 CHAIRMAN HATCHES: Approve.

25 MS. FRANKS: By your voted you've adopted

0037

1 DC-12-619.

2 CHAIRMAN HATCHES: Thank you.

3 Next.

4 MR. GREWACH: Under Tab J is a preliminary
5 order of discipline directed to Isle of Capri-
6 Caruthersville.

7 Regulations require that we have both audio
8 and video coverage on surveillance in certain areas,
9 including the count room.

10 The property was in the process of installing
11 a new component, and that occurred on April 26th, 2012,
12 and that process switched from their primary
13 surveillance equipment to the secondary surveillance
14 equipment.

15 They later discovered that there was no audio
16 recorded in the secondary surveillance equipment. There
17 was video but no audio. In further investigation they
18 discovered that on initial installation the audio had
19 not been attached to the secondary surveillance
20 equipment.

21 There was a period of approximately five and
22 a half hours where there was video but no audio coverage
23 in these areas, including the count room where it is
24 required by rule, and the staff's recommendation is a
25 \$5,000 fine.

0038

1 CHAIRMAN HATCHES: Thank you.

2 Questions from the Commission?

3 COMMISSIONER JONES: Yeah.

4 Ed, now, am I reading this right? For almost
5 a year -- and do they periodically go back and check?
6 For almost a year no one discovered that this audio was
7 not connected.

8 MR. GREWACH: With the Chairman's permission,
9 I think Les Hahn would probably be a better source to
10 answer that question than I.

11 MR. HAHN: They actually had audio on the
12 primary coverage. They just didn't have it on the
13 backup system.

14 CHAIRMAN HATCHES: So it was already -- I
15 mean, it's on the primary, but when they went to check
16 the entire system, they discovered that it wasn't on the
17 secondary?

18 MR. HAHN: That's correct, the backup audio,
19 but the primary did.

20 CHAIRMAN HATCHES: Okay. Thank you.

21 Any other questions?

22 Then the chair would entertain a motion.

23 COMMISSIONER JONES: Move for the adoption of
24 DC-12-620.

25 COMMISSIONER MERRITT: Second.

0039

1 CHAIRMAN HATCHES: Moved and second.

2 Any further discussion?

3 Angie, would you call the roll, please.

4 MS. FRANKS: Commissioner Howard.

5 COMMISSIONER HOWARD: Approve.

6 MS. FRANKS: Commissioner Merritt.

7 COMMISSIONER MERRITT: Approve.

8 MS. FRANKS: Commissioner Jones.

9 COMMISSIONER JONES: Approve.

10 MS. FRANKS: Commissioner Bradley.

11 COMMISSIONER BRADLEY: Approve.

12 MS. FRANKS: Chairman Hatches.

13 CHAIRMAN HATCHES: Approve.

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

15 DC-12-620.

16 CHAIRMAN HATCHES: Thank you.

17 Next, sir.

18 MR. GREWACH: Under Tab K we have a

19 preliminary order of discipline directed to the Isle of

20 Capri-Kansas City.

21 A minor utilized a false ID to obtain

22 admission to the boat on April the 20th of this year.

23 The minor played at two different table games, and the

24 dealers at those two games failed to check the minor's

25 ID. He was on the floor for approximately an hour and

0040

1 twelve minutes. He did not -- he gambled but did not
2 consume any alcohol.

3 He left the floor and then attempted to
4 re-enter. When he attempted to re-enter, the security
5 guard at the gate stopped him, questioning the
6 difference between the ID and the appearance of the
7 individual, called over the Gaming agent, who then
8 discovered the fact that the ID was fake.

9 The recommendation of the Commission is a
10 \$5,000 fine.

11 CHAIRMAN HATCHES: Thank you.

12 Any questions from the Commission?

13 Chair would entertain a motion.

14 COMMISSIONER BRADLEY: Motion to approve
15 DC-12-621.

16 COMMISSIONER JONES: Second.

17 CHAIRMAN HATCHES: Moved and second.

18 Any further discussion?

19 Angie, would you call the roll, please.

20 MS. FRANKS: Commissioner Howard.

21 COMMISSIONER HOWARD: Approve.

22 MS. FRANKS: Commissioner Merritt.

23 COMMISSIONER MERRITT: Approve.

24 MS. FRANKS: Commissioner Jones.

25 COMMISSIONER JONES: Approve.

0041

1 MS. FRANKS: Commissioner Bradley.

2 COMMISSIONER BRADLEY: Approve.

3 MS. FRANKS: Chairman Hatches.

4 CHAIRMAN HATCHES: Approve.

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

6 DC-12-621.

7 CHAIRMAN HATCHES: Thank you.

8 Ed.

9 MR. GREWACH: Under Tab L we have a
10 preliminary order of discipline directed to River City.

11 Our rules and regulations require that when
12 playing cards are taken out of play, and also the
13 company's internal controls require that the cards be
14 canceled by either drilling a hole in them or shredding
15 the cards.

16 On April 28th of this year two decks of cards
17 that had been taken out of play were discovered in the
18 casino's gift shop and had not been drilled. We
19 investigated but were unable to determine how many other
20 decks may or may not have been sold or distributed
21 through the gift shop, and the staff's recommendation is
22 a \$10,000 fine.

23 CHAIRMAN HATCHES: Okay. Any other
24 questions?

25 Questions from the commissioners?

0042

1 Chair would entertain a motion.

2 COMMISSIONER MERRITT: Make a motion to
3 approve DC-12-622.

4 COMMISSIONER JONES: Second.

5 CHAIRMAN HATCHES: Any further discussion?
6 Angie, call the roll, please.

7 MS. FRANKS: Commissioner Howard.

8 COMMISSIONER HOWARD: Approve.

9 MS. FRANKS: Commissioner Merritt.

10 COMMISSIONER MERRITT: Approve.

11 MS. FRANKS: Commissioner Jones.

12 COMMISSIONER JONES: Approve.

13 MS. FRANKS: Commissioner Bradley.

14 COMMISSIONER BRADLEY: Approve.

15 MS. FRANKS: Chairman Hatches.

16 CHAIRMAN HATCHES: Approve.

17 MS. FRANKS: By your vote you've adopted
18 DC-12-622.

19 MR. GREWACH: Thank you.

20 CHAIRMAN HATCHES: Thanks, Ed.

21 EXECUTIVE DIRECTOR STOTTLEMYRE:

22 Mr. Chairman, the next item on the agenda is
23 Consideration of Relicensure of Certain Suppliers.
24 Lieutenant Rex Scism will present.

25 LIEUTENANT SCISM: Good morning again.

0043

1 CHAIRMAN/COMMISSIONERS: Good morning.

2 LIEUTENANT SCISM: Missouri State Highway
3 Patrol investigators conducted the relicensing
4 investigation of three supplier companies currently
5 licensed in Missouri. These investigations consisted of
6 jurisdictional inquiries, feedback from affected gaming
7 company clients, a review of disciplinary actions,
8 litigation and business credit profiles, as well as a
9 review of the key persons associated with each company.

10 The results of the investigations were
11 provided to the MGC staff for their review and you
12 possess summary reports before you which outline our
13 investigative findings.

14 The following supplier companies are being
15 presented for your consideration. We have three this
16 morning, the first of which is Lightning Slot Machines,
17 LLC, Boothwyn, Pennsylvania.

18 EXECUTIVE DIRECTOR STOTTLEMYRE: Staff
19 recommends approval of Resolution No. 12-111.

20 CHAIRMAN HATCHES: Any questions from the
21 Commission?

22 Angie, call the roll, please.

23 COMMISSIONER MERRITT: I make a motion to
24 approve Resolution No. 12-111 real quick before we vote.

25 COMMISSIONER JONES: Second.

0044

1 CHAIRMAN HATCHES: Before we what?

2 Has it been moved and second?

3 COMMISSIONER JONES: Yes.

4 CHAIRMAN HATCHES: All right. Thank you.

5 Any questions?

6 Now, Angie, if you'd call the roll, please.

7 MS. FRANKS: Commissioner Howard.

8 COMMISSIONER HOWARD: Approve.

9 MS. FRANKS: Commissioner Merritt.

10 COMMISSIONER MERRITT: Approve.

11 MS. FRANKS: Commissioner Jones.

12 COMMISSIONER JONES: Approve.

13 MS. FRANKS: Commissioner Bradley.

14 COMMISSIONER BRADLEY: Approve.

15 MS. FRANKS: Chairman Hatches.

16 CHAIRMAN HATCHES: Approve.

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

18 Resolution No. 12-111.

19 CHAIRMAN HATCHES: I'm just about a half step
20 off this morning. Are we having lunch?

21 Okay. Lieutenant.

22 LIEUTENANT SCISM: The second company for
23 consideration this morning, Gaming Laboratories
24 International, Incorporated, Lakewood, New Jersey.

25 EXECUTIVE DIRECTOR STOTTLEMYRE: The staff

0045

1 recommends approval of Resolution No. 12-112.

2 CHAIRMAN HATCHES: Any questions from the
3 Commission?

4 Chair would entertain a motion.

5 COMMISSIONER JONES: Motion to approve
6 Resolution No. 12-112.

7 COMMISSIONER BRADLEY: Second.

8 CHAIRMAN HATCHES: Moved and second.

9 Any further discussion?

10 Angie, would you call the roll, please.

11 MS. FRANKS: Commissioner Howard.

12 COMMISSIONER HOWARD: Approve.

13 MS. FRANKS: Commissioner Merritt.

14 COMMISSIONER MERRITT: Approve.

15 MS. FRANKS: Commissioner Jones.

16 COMMISSIONER JONES: Approve.

17 MS. FRANKS: Commissioner Bradley.

18 COMMISSIONER BRADLEY: Approve.

19 MS. FRANKS: Chairman Hatches.

20 CHAIRMAN HATCHES: Approve.

21 MS. FRANKS: By your vote you've adopted
22 Resolution No. 12-112.

23 CHAIRMAN HATCHES: Thank you.

24 LIEUTENANT SCISM: And finally House
25 Advantage, LLC, Las Vegas, Nevada.

0046

1 EXECUTIVE DIRECTOR STOTTLEMYRE: Staff
2 recommends approval of Resolution No. 12-113.

3 CHAIRMAN HATCHES: Any questions from the
4 Commission?

5 Chair would entertain a motion.

6 COMMISSIONER BRADLEY: Motion to approve
7 Resolution No. 12-113.

8 COMMISSIONER MERRITT: Second.

9 CHAIRMAN HATCHES: Any further discussion?
10 Angie, will you call the roll, please.

11 MS. FRANKS: Commissioner Howard.

12 COMMISSIONER HOWARD: Approve.

13 MS. FRANKS: Commissioner Merritt.

14 COMMISSIONER MERRITT: Approve.

15 MS. FRANKS: Commissioner Jones.

16 COMMISSIONER JONES: Approve.

17 MS. FRANKS: Commissioner Bradley.

18 COMMISSIONER BRADLEY: Approve.

19 MS. FRANKS: Chairman Hatches.

20 CHAIRMAN HATCHES: Approve.

21 MS. FRANKS: By your vote you have adopted
22 Resolution No. 12-113.

23 CHAIRMAN HATCHES: Thank you.

24 EXECUTIVE DIRECTOR STOTTLEMYRE:
25 Mr. Chairman, the next is Consideration of Licensure of

0047

1 Level I and Key Applicants, and Lieutenant Scism will
2 present.

3 LIEUTENANT SCISM: Missouri State Highway
4 Patrol investigators, along with Gaming Commission
5 financial investigators, conducted comprehensive
6 background investigations on four key and Level I
7 applicants.

8 The investigations included but were not
9 limited to criminal, financial and general character
10 inquiries which were made in the jurisdictions where the
11 applicants lived, worked and frequented.

12 The following individuals are being presented
13 for your consideration: Steven A. Peate, Vice-
14 President, Assistant General Manager and Vice-President
15 of Hospitality for Ameristar Casino, St. Charles;
16 Thomas M. Jenkin, President of Operations for Caesars
17 Entertainment; John M. Vandemore, CFO and Treasurer for
18 International Game Technology; and finally Hideji Naru,
19 Director for JCM American Corporation.

20 The results of these investigations were
21 provided to the Gaming Commission staff for their review
22 and you have all related summary reports before you.

23 EXECUTIVE DIRECTOR STOTTLEMYRE:
24 Mr. Chairman, staff recommends approval of Resolution
25 No. 12-114.

0048

1 CHAIRMAN HATCHES: Any questions from the
2 Commission?

3 Then the chair would entertain a motion.

4 COMMISSIONER BRADLEY: Motion to approve
5 Resolution No. 12-114.

6 COMMISSIONER JONES: Second.

7 CHAIRMAN HATCHES: Been moved and second.
8 Any further discussion?

9 Chair would entertain a motion.

10 Angie, call the roll.

11 MS. FRANKS: Commissioner Howard.

12 COMMISSIONER HOWARD: Approve.

13 MS. FRANKS: Commissioner Merritt.

14 COMMISSIONER MERRITT: Approve.

15 MS. FRANKS: Commissioner Jones.

16 COMMISSIONER JONES: Approve.

17 MS. FRANKS: Commissioner Bradley.

18 COMMISSIONER BRADLEY: Approve.

19 MS. FRANKS: Chairman Hatches.

20 CHAIRMAN HATCHES: Approve.

21 MS. FRANKS: By your vote you've adopted
22 Resolution No. 12-114.

23 EXECUTIVE DIRECTOR STOTTLEMYRE:

24 Mr. Chairman, the next item is Consideration of Rules
25 and Regulations, and Mr. Ed Grewach will present.

1 MR. GREWACH: Under Tab Q we have a number of
2 Final Orders of Rulemaking.

3 As the Commission is aware, the Legislature
4 recently made changes to Section 313.807, lengthening
5 the term of our licensees. It lengthened the term of
6 the Class A and Class B licensees from two years to four
7 years and the occupational licensees and suppliers from
8 one year to two years.

9 This caused us to reexamine the provisions in
10 our Section 4 of our rules because there are several
11 references in those rules that tied back to the terms of
12 those licenses.

13 Our main objective in reviewing those is to
14 make those corrections and make sure that the terms
15 referenced in the rules coincided with the new statutory
16 change.

17 The second thing we did in reviewing those
18 rules was to clarify that the annual fees are indeed
19 payable annually.

20 Prior to this change we did permit the A and
21 B licensees, who then had a two-year term, to pay their
22 entire two years of annual fees upfront. Permitting all
23 of the licensees to do that, however, would really
24 create an uneven flow of revenue and create some
25 budgetary problems for us.

0050

1 So we went back to saying annual fees are
2 annual. They're due every year that they're due.

3 So under Tab Q, Nos. 1 through 9, all pertain
4 to this examination that we did, and so I'd like to
5 present those together first with the Chairman's
6 permission and go over those changes.

7 As we looked at them too we also identified
8 some other concerns that we'll speak about here in a
9 minute.

10 And the first one under Item 1 that you'll
11 see was a Rule 4.050, that gave certain time limits to
12 apply for a Class A license which tied to an emergency
13 rule that had taken place some prior date.

14 That's a rule we looked at, and staff's
15 conclusion was it was really obsolete. Those time
16 periods didn't really matter anymore, and so, therefore,
17 we are recommending as the Final Order of Rulemaking is
18 the rescision of that rule as being moot and not
19 necessary.

20 Now, under Item 2, when we looked at 4.055,
21 in addition to changing the terms and the payment of the
22 fees annually that we previously discussed, we found a
23 provision in there that was added in 2008 that allowed
24 each Class A Licensee to get one Class B -- free Class B
25 license when they paid their fee for the Class A

0051

1 license.

2 Now, as I looked at that, it was my opinion
3 that that provision violated the provisions of
4 Section 313.807, paragraph 1.

5 If you look at the last sentence of that
6 Section 1 it says, the annual fee for anyone licensed
7 pursuant to this subsection shall be set by the
8 Commission at a minimum of \$25,000.

9 So I guess it goes without saying that free
10 is less than \$25,000. So in my opinion in reading that
11 we simply don't have the authority under the statute to
12 give away free Class B licenses as was done in 2008.

13 So that change then was proposed to correct
14 that situation. We had a public hearing. Mike Winter
15 appeared at the public hearing on behalf of the Missouri
16 Gaming Association, which, of course, represents our A
17 and B licensees here in the state. They objected to
18 this change.

19 Their specific comments you'll see
20 incorporated into the Final Order of Rulemaking. Among
21 those they indicated that there should have been a
22 fiscal note attached to the order of rulemaking because
23 it's their belief that the aggregate cost to all of the
24 licensees of correcting this discrepancy would be
25 \$150,000 per year.

0052

1 We certainly don't disagree with their math.
2 There are six -- you know, six Class A licensees which
3 under the old rule would get a free Class B. They no
4 longer will. It will cost them \$25,000 each to get
5 that, and so that math would work out to the \$150,000.

6 So in response to that comment we clarified
7 the rule to state more clearly that we were doing this
8 change to bring it into compliance with 313.807, and
9 also agreeing with them that that was, in fact, going to
10 be the aggregate cost of making this change to bring the
11 rule into compliance.

12 Now, I also asked Dave Kessel to look into
13 the history of this situation as to how we got to where
14 we are with it.

15 And speaking with Dave, when he looked into
16 it, he found that in the beginning when we first began
17 licensing under this section in January of 1994 we did
18 at that point in time have both A and B licensees, the A
19 being the parent company or the owner, the B being the
20 boat itself.

21 In December of 1998 we changed that, and back
22 then -- of course, this is an annual fee that has not
23 changed. The statutory minimum has been in place since
24 1994. And back then we charged \$25,000 to all of the
25 those, each one. Each A, each B paid the \$25,000.

1 In December of 1998 we then changed it to
2 where we called everybody a Class A and still had the
3 same number of licensees. We just called them
4 different.

5 So we had the same number when we made that
6 change in '98, and we charged them all the \$25,000 per
7 year for their licenses.

8 Then in May of 2008 we made this change that
9 we're addressing here today and went back to having
10 Class A and Class B licensees.

11 And we have the same again -- when we changed
12 them from calling them all A's to calling some of them
13 A's and some of them B's, we had the same number of
14 licensees. We didn't change that, increase or decrease
15 it, but then the rule was adopted at that point in time
16 to give the A's the free B's, each A a free B at that
17 point in time.

18 So we again are seeking -- you know, the
19 purpose of this rule is to change that and bring that
20 back into compliance with the original statute, language
21 of the statute.

22 And, of course, the law is -- you know, by
23 rule we can't abrogate anything the statute -- if the
24 statute requires each licensee to pay \$25,000, we cannot
25 abrogate that obligation by rule.

0054

1 So I would like to present -- well, I guess I
2 can entertain questions on this particular rule, or if
3 you want me to go on and do the others, Mr. Chairman,
4 I --

5 CHAIRMAN HATCHES: Well, since we have so
6 many, I'd rather, if we have questions by rule, then we
7 do that.

8 So any questions now?

9 COMMISSIONER MERRITT: I'm pretty well
10 bumfuzzled on this one. I don't know what to ask.

11 COMMISSIONER HOWARD: It's clear to the
12 lawyers probably.

13 COMMISSIONER MERRITT: Yeah. Not to me.

14 CHAIRMAN HATCHES: We have a couple of those.

15 COMMISSIONER HOWARD: Yes, we have a couple
16 of those.

17 CHAIRMAN HATCHES: Then proceed.

18 I'm sorry. When we vote on these, are we
19 going to vote on them individually or the first nine and
20 then --

21 MR. GREWACH: It would be completely up to --
22 there have been occasions where we voted for all of the
23 rules together. I can tell you that the first nine all
24 relate to the same basic issue.

25 No. 10 is a separate issue of some changes

0055

1 were made on table games in card recordkeeping, and 11
2 is a separate issue on tips and gifts.

3 So I'd probably at a minimum suggest that we
4 vote on 1 through 9 together and then 10 and 11
5 separately since they are separate issues.

6 CHAIRMAN HATCHES: Okay.

7 MR. GREWACH: 3 through 9, really again as
8 you'll see there really wasn't significant public
9 comment or questions on those.

10 Those again are all just to change those two
11 items, make the terms consistent with what the statute
12 says and make sure it's clear that all of the fees are
13 payable annually.

14 CHAIRMAN HATCHES: Any questions?

15 Chair would entertain a motion. And we're
16 going to take 1 through 9.

17 MR. GREWACH: Certainly.

18 EXECUTIVE DIRECTOR STOTTLEMYRE: If you're
19 okay with all of the 1 through 9, we can do those all
20 together, yes.

21 CHAIRMAN HATCHES: Chair will take a motion.

22 COMMISSIONER BRADLEY: Motion to approve
23 11 CSR 45-4.050, 4.055, 4.190, 4.205, 4.240, 4.250,
24 4.260, 4.380 and 4.390.

25 CHAIRMAN HATCHES: A second on that?

0056

1 COMMISSIONER JONES: Second.

2 CHAIRMAN HATCHES: Moved and second.

3 Any discussion on any of the nine
4 resolutions?

5 Hearing none, Angie, would you call the roll,
6 please.

7 MS. FRANKS: Commissioner Howard.

8 COMMISSIONER HOWARD: Approve.

9 MS. FRANKS: Commissioner Merritt.

10 COMMISSIONER MERRITT: Approve.

11 MS. FRANKS: Commissioner Jones.

12 COMMISSIONER JONES: Approve.

13 MS. FRANKS: Commissioner Bradley.

14 COMMISSIONER BRADLEY: Approve.

15 MS. FRANKS: Chairman Hatches.

16 CHAIRMAN HATCHES: Approve.

17 MS. FRANKS: By your vote you've adopted the
18 Final Orders of Rulemaking, 11 CSR 45-4.050, 4.055,
19 4.190, 4.205, 4.240, 4.250, 4.260, 4.380 and 4.390.

20 CHAIRMAN GREWACH: Thank you.

21 Ed.

22 MR. GREWACH: Again, under Tab Q, Item 10, is
23 a change to 5.184, which is table game cards.

24 This comes about -- and we routinely review
25 our rules and update them either in routine rotation or

0057

1 response to questions or problems that have come up, and
2 this was one of those reviews that came up in the
3 ordinary course of our reviewing our rule process.

4 It involves, as stated in the rule, changes
5 according to card inspection and storage. And that is
6 the extent of my knowledge on that topic, but Les Hahn
7 is here to answer any questions that the Commission may
8 have on that.

9 CHAIRMAN HATCHES: Does this have any impact
10 on the earlier case we looked at with the cards that
11 were not --

12 MR. GREWACH: No, it does not.

13 CHAIRMAN HATCHES: Thank you.

14 Any other questions from the Commission?
15 Then the chair would entertain a motion.

16 COMMISSIONER MERRITT: Make a motion to
17 approve 11 CSR 45-5.184.

18 COMMISSIONER JONES: Second.

19 CHAIRMAN HATCHES: Moved and second.
20 Any further discussion?

21 Angie, would you call the roll, please.

22 MS. FRANKS: Commissioner Howard.

23 COMMISSIONER HOWARD: Approve.

24 MS. FRANKS: Commissioner Merritt.

25 COMMISSIONER MERRITT: Approve.

0058

1 MS. FRANKS: Commissioner Jones.

2 COMMISSIONER JONES: Approve.

3 MS. FRANKS: Commissioner Bradley.

4 COMMISSIONER BRADLEY: Approve.

5 MS. FRANKS: Chairman Hatches.

6 CHAIRMAN HATCHES: Approve.

7 MS. FRANKS: By your vote you've adopted the
8 Final Order of Rulemaking, 11 CSR 45-5.184.

9 MR. GREWACH: Once again, under Tab Q,
10 Item 11, addresses Rule 8.130, which is tip and gifts.

11 The original rule allows obviously tips to be
12 received by certain Level II licensees, dealers, food
13 and beverage servers, valet, valet parking, that type of
14 thing. Other than that it's prohibited that any
15 Level II receive any tip or gift from any player or
16 patron.

17 And the obvious reason behind that rule is we
18 don't want to see -- two things. We don't want to see a
19 flow of money from the patrons to the Level IIs. You
20 know, we don't want to see Level IIs, you know,
21 soliciting money from patrons, two general purposes that
22 we were attempting to deal with in that prohibition.

23 Mike Winter -- well, let me back up.

24 And then so -- to change that we're making --
25 the original language said that those Level IIs that

0059

1 couldn't -- weren't allow to take tips were prohibited
2 from accepting any tip or gift from any player or
3 patron.

4 We had a number of disciplinary actions that
5 came before us where the Level II would say, well, that
6 wasn't a tip or a gift. That was a loan. Of course,
7 the loan wasn't repaid.

8 Now, these things come to us from patron
9 complaints, you know, because we'll have a patron come
10 in and say, well, I loaned this casino employee money,
11 they never paid me back, or I gave them -- or they hit
12 me up for money, or whatever the case may be.

13 So as we went through that, we saw, well,
14 this is a loophole we really need to address and to
15 close that because, you know, it's an easy enough
16 defense to say, well, it wasn't a tip or a gift, it was
17 a loan, but it's a very difficult factual scenario to
18 take care of, and we thought, well, let's do the most
19 simple way to approach that problem.

20 Had a public hearing, and again Mike Winter
21 appeared on behalf of the Missouri Gaming Association,
22 and you'll see his comments in the Final Order of
23 Rulemaking.

24 But just to summarize those, the
25 Association's position was, well, that rule is too broad

0060

1 and too vague. You know, that could be read to prohibit
2 a Level II employee from going to a bank and to a loan
3 officer and the loan officer is a patron at the casino
4 and getting a loan, or it could be read to prohibit a
5 Level II from going to a family member who is also a
6 patron at the casino and saying, hey, I want to borrow
7 money from you. And I certainly can't argue with the
8 proposition that that is a very broad prohibition.

9 I guess the staff would say two things about
10 it. One is we're adding -- we're just adding the word
11 "loan."

12 So the broadness and the vagueness of the
13 prohibition existed prior to this rule change. I mean,
14 that's always been there.

15 As a practice the way the staff has handled
16 it is by looking -- you know, when it goes to the
17 disciplinary review board, we really, you know, only
18 look at cases that are affecting that original purpose
19 we talked about, affecting that flow of money from, you
20 know, the patron to the Level II and affecting Level IIs
21 trying to solicit money, you know, from patrons.

22 One of Mr. Winter's suggestions was that the
23 prohibition be limited to activity on the game floor. I
24 guess our comment on that is, you know, if it's the
25 Commission's desire that we really look at this and make

0061

1 it more specific, I think that's going to take a lot of
2 research and consideration on our part to come up with
3 something where we're just not creating another loophole
4 in place of the loophole we're trying to close here.

5 So if we say, for example, you know, this
6 prohibition is limited to activity on the floor and
7 Level IIs know that and they follow the patron out to
8 the door and follow them to the coffee shop and say,
9 hey, can I get some money, or whatever is happening, and
10 then we lose our ability to enforce it.

11 So if it was the Commission's desire for us
12 to look at it and try to change it to make it more
13 specific, our request would be that we approve the Final
14 Order of Rulemaking as presented. You assign us to look
15 at this. We'll look at what other states do. We'll
16 discuss it internally here with staff and with
17 enforcement personnel to make sure that we have a system
18 that will work and will prevent the problems that this
19 rule is designed to prevent in the first place.

20 CHAIRMAN HATCHES: Okay. Thanks.

21 Any questions?

22 COMMISSIONER HOWARD: Ed, we're not going to
23 be able to discipline for an action that occurs
24 unrelated to the place of employment, so I'm not
25 concerned about having to modify a rule to cover

1 behavior that is unrelated to their employment.

2 MR. GREWACH: Well, in complete candor I
3 think that's the Gaming Association's argument is the
4 way the rule is written you could, because it just says
5 a Level II shall not accept any gift, loan or tip from a
6 player or patron.

7 COMMISSIONER HOWARD: Without regard to how
8 the rule is written, we can't discipline an employee
9 for -- I mean, I'm talking to you lawyer to lawyer.

10 MR. GREWACH: Lawyer to lawyer, and I can
11 tell you --

12 COMMISSIONER HOWARD: Nexus isn't going to be
13 there.

14 MR. GREWACH: It certainly wouldn't be our
15 practice to attempt that.

16 COMMISSIONER HOWARD: Nor do I believe
17 legally upholdable.

18 So rather than write a rule that's unrelated,
19 rather than write a rule that has lots of exceptions and
20 loopholes and complications, I think it's better to have
21 a rule written more simply and apply the rule as
22 appropriate related to an employee's employment.

23 MR. GREWACH: I can tell you the staff is in
24 complete agreement with your position. We feel
25 comfortable with the rule. We feel comfortable with how

0063

1 we deal with it.

2 And, again, the only cases I've ever been
3 aware of are generated by a patron's complaint. So the
4 patron comes in and says I gave money to this or this
5 Level II hit me up for some money and, you know, that's
6 how we get involved in the first place. So every case
7 we see and every case we act on does relate to the
8 employment situation.

9 COMMISSIONER HOWARD: It's hard for me to see
10 sitting here how this group would ever have knowledge of
11 an employee going to a bank and applying for a mortgage
12 and having that loan officer be someone who happens to
13 also be a patron. So I know that that's a scenario, but
14 it's not a scenario that is troublesome in this room.

15 MR. GREWACH: I would agree. The Association
16 would probably say, but, you know, what do we tell our
17 people as we look at this and, you know, what kind of
18 advice do we give them?

19 But I agree completely with you, and staff
20 does, that as written it gives us the ability to enforce
21 the rule and prevent the types of problems it's intended
22 to prevent without having to worry about those types of
23 loopholes that this change is designed to prevent.

24 If we were, again, to undertake trying to
25 rewrite this, it would be a very difficult undertaking

0064

1 to try to pin it down to where it would be enforceable,
2 and we wouldn't be giving any suggestions, ideas for the
3 Level IIs, say, okay, here is an exemption, here is the
4 way I can get around this, here is the way I can come
5 out from under the provisions of this rule.

6 CHAIRMAN HATCHES: Any other questions of the
7 Commission?

8 Then the chair will entertain a motion.

9 COMMISSIONER MERRITT: Make a motion to
10 approve 11 CSR 45-8.130.

11 COMMISSIONER JONES: Second.

12 CHAIRMAN HATCHES: Moved and second.

13 Any further discussion?

14 Angie, call the roll.

15 MS. FRANKS: Commissioner Howard.

16 COMMISSIONER HOWARD: Approve.

17 MS. FRANKS: Commissioner Merritt.

18 COMMISSIONER MERRITT: Approve.

19 MS. FRANKS: Commissioner Jones.

20 COMMISSIONER JONES: Approve.

21 MS. FRANKS: Commissioner Bradley.

22 COMMISSIONER BRADLEY: Approve.

23 MS. FRANKS: Chairman Hatches.

24 CHAIRMAN HATCHES: Approve.

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

0065

1 Final Order of Rulemaking 11 CSR 45-8.130.

2 EXECUTIVE DIRECTOR STOTTLEMYRE:

3 Mr. Chairman, the next item on the agenda is the
4 Delegation of Authority for Chairman.

5 CHAIRMAN HATCHES: Did everybody approve
6 that?

7 All right. Can you talk about that one?

8 MR. GREWACH: This is a resolution we present
9 every year. It's authorized under Rule 1.020, and the
10 Commission can authorize the Chairman to extend the
11 license of any licensee for up to 60 days without formal
12 Commission action.

13 That extension, if granted by the Chairman to
14 a licensee, has to be ratified by the Commission at the
15 next regularly scheduled meeting, and if not, then it
16 it's void and terminates at that point in time.

17 But it is -- and by rule the delegation is
18 only good for -- the delegation expires in 12 months, so
19 that's why we have to bring it up every year and place
20 it on the agenda.

21 CHAIRMAN HATCHES: Thank you.

22 Any questions for Ed?

23 Any questions?

24 Then the chair would entertain a motion.

25 COMMISSIONER HOWARD: The momentary silence

0066

1 was deafening. Just wanted to scare you for a minute.

2 CHAIRMAN HATCHES: Oooh.

3 COMMISSIONER BRADLEY: I'll help you out.

4 Don't worry.

5 Move to approve Resolution No. 12-115.

6 COMMISSIONER HOWARD: Second it.

7 CHAIRMAN HATCHES: Moved and second.

8 Thanks.

9 Angie, call the roll.

10 MS. FRANKS: Commissioner Howard.

11 COMMISSIONER HOWARD: Approve.

12 MS. FRANKS: Commissioner Merritt.

13 COMMISSIONER MERRITT: Approve.

14 MS. FRANKS: Commissioner Jones.

15 COMMISSIONER JONES: Approve.

16 MS. FRANKS: Commissioner Bradley.

17 COMMISSIONER BRADLEY: Approve.

18 MS. FRANKS: Chairman Hatches.

19 CHAIRMAN HATCHES: Approve.

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

21 Resolution No. 12-115.

22 CHAIRMAN HATCHES: Thank you.

23 Thanks, Ed.

24 EXECUTIVE DIRECTOR STOTTLEMYRE:

25 Mr. Chairman, the next item is Consideration of

0067

1 Relicensure of Bingo Manufacturers and Suppliers.

2 Lieutenant Scism.

3 LIEUTENANT SCISM: Mr. Chairman and
4 Commissioners. Today I am presenting multiple companies
5 for relicensure as suppliers or manufacturers of bingo
6 products in the state of Missouri. All bingo supplier
7 and manufacturer licenses are issued for the calendar
8 year and expire on December 31st of each year.

9 The relicensing investigation for both
10 manufacturers and suppliers includes but is not limited
11 to Federal and State tax checks, a review of customer
12 and product lists, corporate organizational analysis,
13 gaming license checks, as well as general criminal and
14 financial inquiries on each company's key keyperson.

15 The following two companies have applied for
16 relicensure of their supplier's license: All American
17 Bingo, Incorporated and MMG, Incorporated doing business
18 as Bingo Supply Center.

19 EXECUTIVE DIRECTOR STOTTLEMYRE: And staff
20 recommends approval of Resolution No. 12-001-B.

21 CHAIRMAN HATCHES: Any questions from the
22 Commission?

23 Then the chair would entertain a motion.

24 COMMISSIONER JONES: Move for the adoption of
25 Resolution No. 12-001-B.

0068

1 CHAIRMAN HATCHES: Are we doing them both?

2 COMMISSIONER JONES: 001-B.

3 COMMISSIONER BRADLEY: Second.

4 CHAIRMAN HATCHES: Moved and second.

5 Any further discussion?

6 Angie, will you call the roll, please.

7 MS. FRANKS: Commissioner Howard.

8 COMMISSIONER HOWARD: Approve.

9 MS. FRANKS: Commissioner Merritt.

10 COMMISSIONER MERRITT: Approve.

11 MS. FRANKS: Commissioner Jones.

12 COMMISSIONER JONES: Approve.

13 MS. FRANKS: Commissioner Bradley.

14 COMMISSIONER BRADLEY: Approve.

15 MS. FRANKS: Chairman Hatches.

16 CHAIRMAN HATCHES: Approve.

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

18 Resolution No. 12-001-B.

19 LIEUTENANT SCISM: And the following eight

20 companies have applied for relicensure of their

21 manufacturer's license: Universal Manufacturing

22 Company; Douglas Press, Incorporated; International

23 Gamco, Incorporated; Arrow International, Incorporated;

24 Fortunet, Incorporated; Pollard Games, Incorporated

25 doing business as American Games; VKGS, Incorporated;

0069

1 and finally MMG, Incorporated.

2 EXECUTIVE DIRECTOR STOTTLEMYRE: And staff
3 recommends approval of Resolution No. 12-002-B.

4 CHAIRMAN HATCHES: Thank you.

5 Any questions from the Commission?

6 Chair would entertain a motion.

7 COMMISSIONER MERRITT: Make a motion to
8 approve Resolution No. 12-002-B.

9 COMMISSIONER JONES: Second.

10 CHAIRMAN HATCHES: Moved and second.

11 Any further discussion?

12 Angie, would you call the roll, please.

13 MS. FRANKS: Commissioner Howard.

14 COMMISSIONER HOWARD: Approve.

15 MS. FRANKS: Commissioner Merritt.

16 COMMISSIONER MERRITT: Approve.

17 MS. FRANKS: Commissioner Jones.

18 COMMISSIONER JONES: Approve.

19 MS. FRANKS: Commissioner Bradley.

20 COMMISSIONER BRADLEY: Approve.

21 MS. FRANKS: Chairman Hatches.

22 CHAIRMAN HATCHES: Approve.

23 MS. FRANKS: By your vote you've adopted
24 Resolution No. 12-002-B.

25 CHAIRMAN HATCHES: Thank you.

0070

1 EXECUTIVE DIRECTOR STOTTLEMYRE: Go into
2 closed.

3 CHAIRMAN HATCHES: Chair would entertain a
4 motion for a closed session.

5 COMMISSIONER JONES: I make a motion to move
6 to a closed meeting under Section 313.847,
7 Investigatory, Proprietary and Application Records and
8 610.021(1) Legal Actions and (14) Records Protected from
9 Disclosure by Law.

10 COMMISSIONER BRADLEY: Second.

11 CHAIRMAN HATCHES: Moved and second.

12 Any discussion?

13 Angie.

14 MS. FRANKS: Commissioner Howard.

15 COMMISSIONER HOWARD: Approve.

16 MS. FRANKS: Commissioner Merritt.

17 COMMISSIONER MERRITT: Approve.

18 MS. FRANKS: Commissioner Jones.

19 COMMISSIONER JONES: Approve.

20 MS. FRANKS: Commissioner Bradley.

21 COMMISSIONER BRADLEY: Approve.

22 MS. FRANKS: Chairman Hatches.

23 CHAIRMAN HATCHES: Approve.

24 (CLOSED SESSION.)

25

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CERTIFICATE OF REPORTER

I, Patricia A. Stewart, RMR, RPR, CCR, a
Certified Court Reporter in the State of Missouri, do
hereby certify that the testimony that appears in the
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Patricia A. Stewart
CCR No. 401

MISSOURI GAMING COMMISSION
Second Open Session Minutes
December 5, 2012

The Missouri Gaming Commission (the “Commission”) went into open session at approximately 1:20 p.m. on December 5, 2012, at the Missouri Gaming Commission’s Jefferson City office.

Staff and Commissioners discussed the dates for the 2013 Commission meetings.

The Commission discussed a potential rule change, allowing Level I disciplines to be proposed by the Executive Director instead of being taken before the Commission.

Commissioner Merritt moved to adjourn the open session meeting. Commissioner Hatches seconded the motion. After a roll call vote was taken, Howard – yes, Merritt – yes, Jones – yes, Bradley – yes and Hatches – yes, the motion passed unanimously.

The open session ended at 1:35 p.m.