

IN THE MISSOURI GAMING COMMISSION

In Re:)
IOC – Kansas City, Inc.) DC-13-700
)
)

PRELIMINARY ORDER FOR DISCIPLINARY ACTION

Comes now the Missouri Gaming Commission acting in its official capacity pursuant to 11 CSR 45-13.050, and states as follows:

1. The Missouri Gaming Commission (the "Commission") is a state commission created under Chapter 313, RSMo (2000), with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri.
2. The Commission granted Isle of Capri Casinos, Inc. (Isle of Capri) a Class A riverboat gaming license to develop and operate Class B riverboat gaming licenses in the State of Missouri.
3. Isle of Capri is the parent organization or controlling entity of IOC – Kansas City, Inc. ("Company").
4. The Commission granted a Class B riverboat gaming license to the Company to maintain and conduct gambling games on and operate the excursion gambling boat or casino known as the *Isle of Capri Kansas City*.
5. As the holder of a Class B license, the Company is subject to the provisions of Sections 313.800 to 313.850, RSMo (2000), and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS¹

6. On December 29, 2012, Corporal D. L. Hughes, a member of the Missouri State Highway Patrol assigned to the Gaming Division at the Isle of Capri Casino, Kansas City initiated an investigation into the mishandling of cards by Isle of Capri Surveillance Officers. Corporal Hughes was informed by Sergeant Steve Lutjen that he was contacted by Missouri Gaming Assistant Deputy Director of Enforcement Cheryl Alonzo who reported that she was concerned that Surveillance Officers were inspecting cards, thought to be tampered with, or used in high money pay offs, and not properly returning them to the Security Department.
7. Missouri Gaming Commission Auditor Pat Robinette stated that she was conducting an audit of card and dice procedures when she discovered several decks of cards had

¹ 20121231010

not been collected, inspected, and cancelled in the time frame required. Her review of the Surveillance Card and Dice Inventory Log revealed that five decks of table game cards, one deck each from June 20, July 19 and 24, August 12 and September 4, 2012 were delivered to the surveillance department upon their request due to suspicious play or large jackpots. These cards were not collected by security at the end of the gaming day during which these cards were used, nor were they inspected by security personnel within 48 hours of being removed from play.

LAW

8. Under Section 313.805(6), RSMo 2000, the Commission may assess any appropriate administrative penalty against a licensee, including but not limited to, suspension, revocation or penalties of an amount determined by the Commission.
9. Under Section 313.812.14, RSMo 2000, a holder of any license is subject to imposition of penalties, suspension or revocation of such license for any act or failure to act by himself or his agents or employees, that is injurious to the public health, safety, morals, good order and general welfare of the people of the state of Missouri, or that would discredit or tend to discredit the Missouri gaming industry or the state of Missouri.
10. Under Section 313.812.14(1), RSMo 2000, a licensee may be disciplined for failing to comply with or make provisions for compliance with Sections 313.800 to 313.850, the rules and regulations of the commission or any federal, state or local law or regulation.
11. Under Section 313.812.14(2), RSMo 2000, a licensee may be disciplined for failing to comply with any rule, order or ruling of the Commission or its agents pertaining to gaming.

12. 11 CSR 45-5.184 (15) At the end of each gaming day or, in the alternative, at least once each gaming day, as designated by the licensee in the internal controls and approved by the commission, and at other times as may be necessary, a pit manager or above may collect all extra decks of cards. If collected, all sealed decks shall be canceled, destroyed or returned to an approved storage area. (16) When the envelopes or containers of used cards and reserve cards with broken seals are returned to the casino security department, they shall be inspected within forty eight (48) hours by a member of the security department who has been trained in proper card inspection procedures. The cards will be inspected for tampering, marks, alterations, missing or additional cards or anything that might indicate unfair play. (A) With the exception of the cards used on a traditional "full" baccarat table which are changed upon the completion of each shoe, all cards used in table games in which the cards are handled by the player will be inspected.(B) In other table games, if less than three hundred (300) decks are used in the gaming day, at least ten percent (10%) of those decks will be selected at random to be inspected. If three hundred (300) or more decks are used that gaming day, at least five percent (5%) of those decks but no fewer than thirty (30) decks will be selected at random to be inspected. (C) The licensee shall also inspect 1. Any cards which the commission requests the licensee to remove for the purpose of inspection; and 2. Any cards the licensee removed for indication of tampering. (D) The procedures for inspecting all decks required to be inspected under this subsection shall, at a minimum, include: 1. The sorting of cards sequentially by suit; 2. The inspection of the backs of the cards with an ultraviolet light; and 3. The inspection of the sides of the cards for crimps, bends, cuts and shaving. (E) The individuals performing said inspection shall complete a work order form which shall detail the procedures performed and list the tables from which the cards were removed and the results of the inspection. The individual shall sign the form upon completion of the inspection procedures. (F) The licensee shall submit the training procedures for those employees performing the inspection, which shall be approved by the commission. (G) Evidence of tampering, marks, alterations, missing or additional cards or anything that might indicate unfair play discovered at this time, or at any other time, shall be immediately reported to the commission by the completion and delivery of a Card Discrepancy Report. 1. The report shall accompany the card(s) when delivered to the commission. 2. The card(s) shall be retained for further inspection by the commission. 3. The commission agent receiving the report shall sign the Card Discrepancy Report and retain the original at the commission office. (17) The licensee shall submit to the commission for approval procedures for (A) A card inventory system which shall include, at a minimum, documentation of the following: 1. The balance of cards on hand; 2. The cards removed from storage; 3.The cards returned to storage or received from the manufacturer; 4. The date of the transaction; and 5. The signatures of the individuals involved; (B) A verification on a daily basis of the number of decks distributed, the decks destroyed or canceled, the decks returned to the storage area and, if any, the decks left in the pit podium; and (C) A physical inventory of the cards at least once every three (3) months. 1. This inventory shall be performed by an employee from compliance or a supervisory Level II licensee from the cage, slot or accounting department and shall be verified to the balance of decks on hand required in subsection (17) (A) above. 2. Any discrepancies

shall immediately be reported to the commission. (18) Where cards in an envelope or container are inspected and found to be without any indication of tampering marks, alterations, missing or additional cards or anything that might indicate unfair play, those cards shall be destroyed or canceled. Once released by the commission, the cards submitted as evidence shall immediately be destroyed or canceled. (A) Destruction shall occur by shredding or other method approved by the commission. (B) Cancellation shall occur by drilling a circular hole of at least one-fourth of one inch(1/4") in diameter through the center of each card in the deck or other method approved by the commission. (C) The destruction and cancellation of cards shall take place in a secure place, the location and physical characteristics of which shall be approved by the commission, and shall be performed by a member of the casino security department specifically trained in proper procedures.

13. Under 11 CSR 45-9.060(3), violations of the minimum internal control standards ("MICS") by a Class A licensee or an agent or employee of a Class A licensee are deemed to be unsuitable conduct for which the Class A licensee and/or its agent or employee is subject to administrative penalty pursuant to section 313.805(6), RSMo and 11 CSR 45-1 et seq., as amended from time to time. Any agent or employee of a Class A licensee that is involved in a violation of the minimum internal control standards may be subject to fine, discipline or license revocation.
14. Under 11 CSR 45-9.060(4), violations of the Class A licensee's internal control system by the Class A licensee or an agent or employee of the Class A licensee shall be prima facie evidence of unsuitable conduct for which the Class A licensee and/or its agents or employees may be subject to discipline pursuant to Section 313.805(6), RSMo, and 11 CSR 45-1 et seq., as amended from time to time.
15. According to the Commission's Minimum Internal Control Standards, (MICS), Chapter D, § 11.14, Cards and dice being removed from play shall be inspected within 48 hours of their removal as required in 11 CSR 45-5.184. All cards used in games in which the player touches the cards will be inspected. In other card games if less than 300 decks are used that gaming day, at least ten percent (10%) of those decks shall be selected at random to be inspected. If 300 or more decks are used that gaming day, at least five percent (5%) of those decks but no fewer than 30 decks shall be selected at random to be inspected. Procedures for inspecting used cards and dice shall include: (D) When and where the inspection will be conducted.
16. According to the Commission's Minimum Internal Control Standards, (MICS), Chapter D, § 11.15, Procedures for canceling or destroying cards and dice, and ensuring they are cut, notched, drilled, or destroyed per 11 CSR 45-5.184 and 11 CSR 45-5.265 shall include: (C) Surveillance notification prior to inspecting the cards and dice.
17. According to the Company's Internal Control Standards, (ICS), Chapter D, § 11.14, All poker decks that do not have an intact seal shall be inspected within 48 hours of delivery to the Card and Dice Inspection Room. The cards shall be inspected by a

member of the Security Department who has been trained in proper card inspection procedures for tampering, marks, alterations, missing or additional cards or anything that might indicate unfair play. Cards and dice being removed from play shall be inspected within 48 hours of their removal as required in 11 CSR 45-5.184. All cards used in games in which the player touched the cards will be inspected. In other card games if less than 300 decks are used that gaming day, at least ten percent (10%) of those decks will be selected at random to be inspected. If 300 or more decks are used that gaming day, at least five percent (5%) of those decks, but no fewer than 30 decks shall be selected at random to be inspected. Procedures for inspecting used cards and dice shall include: (D) At the end of the gaming day and such times as may be necessary the envelopes of used cards/dice and reserve cards/dice with broken seals are returned to the Security department, and will be inspected in the Card and Dice inspection room for tampering, marks, alterations, missing or additional cards or anything that might indicate unfair play.

18. According to the Company's Internal Control Standards, (ICS), Chapter D, § 11.15, (C) Cards/Dice removed from play shall be inspected and canceled within 48 hours of their removal as required by 11 CSR 45-5.184. Inspection will be conducted in the inspection room, a secure room specifically used for card and dice control. The Commission will approve the location and physical characteristics.

VIOLATIONS

18. The actions or omissions of employees or agents of the Company as described above constitute failure in which playing cards were not collected by security at the end of the gaming day, nor were they inspected by security personnel within 48 hours of being removed from play, which is a violation of 11CSR 45-5.184; the Commission's MICS, Chapter D, § 11.14 (D), 11.15 (C), The Company's ICS, Chapter D, § 11.14 (D) and 11.15 (C). The Company is subject to discipline for such violations under 11 CSR 45-9.060(3) & (4), and Sections 313.805(6), 313.812.14, 313.812.14 (1) & (2) RSMo.

PENALTY PROPOSED

19. Under Section 313.805(6), RSMo 2000, the Commission has the power to assess any appropriate administrative penalty against the Company, as the holder of a Class B license.
20. THEREFORE, it is proposed that the Commission fine IOC-Kansas City, Inc. the amount of \$5,000 for the violations set forth herein.

Dr. Barrett Hatches
Chairman
Missouri Gaming Commission

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he caused a true and correct copy of the foregoing to be mailed, postage prepaid, this ____ day of _____, 2013, to:

Mr. Todd Steffan, General Manager
IOC-Kansas City, Inc.
1800 East Front Street
Kansas City, MO 64120

Dr. Barrett Hatches
Chairman
Missouri Gaming Commission