

IN THE MISSOURI GAMING COMMISSION

In Re:)
IOC – Cape Girardeau, LLC) DC-14-447

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

STATEMENT OF FACTS²

6. On or about March 11, 2014, a set of seven sensitive keys were found unsecured in a desk in the Security Supervisor's office.
7. These keys were marked "AG," and were determined to be master keys to the tech rooms on the gaming floor.
8. The tech rooms on the gaming floor, which the aforementioned keys opened, were designated as housing "Critical IT Systems."
9. The aforementioned keys had been missing for approximately 16 months before being found in March 2014.

¹ All statutory references are to RSMo 2000, unless otherwise specified.

² 20140401008

LAW

10. Under § 313.805(6), RSMo, the Commission may assess any appropriate administrative penalty against a licensee, including, but not limited to, suspension, revocation, or penalties in an amount determined by the Commission.

11. Section 313.812.14, RSMo, states, in pertinent part, as follows:

A holder of any license shall be subject to imposition of penalties, suspension or revocation of such license, or if the person is an applicant for licensure, the denial of the application, 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 unless the licensee proves by clear and convincing evidence that it is not guilty of such action. The commission shall take appropriate action against any licensee who violates the law or the rules and regulations of the commission. Without limiting other provisions of this subsection, the following acts or omissions may be grounds for such discipline.

- (1) Failing to comply with or make provision for compliance with sections 313.800 to 313.850, the rules and regulations of the commission or any federal, state or local law or regulations;
- (2) Failing to comply with any rule, order or ruling of the commission or its agents pertaining to gaming[.]

12. Title 11 CSR 45-9.060 states, in pertinent part, as follows:

- (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.
- (4) Violations of the Class A licensee’s internal control system [(“ICS”)] 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.

13. The MICS, Chapter, B § 1.01, states, in pertinent part, as follows:

Sensitive keys are those keys that either management or the MGC considers sensitive to the Class B Licensee’s operation. All licensees must exercise strict control over storage, duplication, custody, issuance and return of sensitive keys. The Internal Control System shall identify each sensitive key used by the Class B

Licensee. Sensitive keys shall be maintained in a dual locked sensitive key box and if lost, missing, or taken from the premises all locks the key fits must be immediately changed[.]

14. The Casino's ICS, Chapter B § 1.01, states, in pertinent part, as follows:

Sensitive keys are those keys that either management or the Missouri Gaming Commission considers sensitive to the Isle Casino Cape Girardeau's operation. The Isle Casino Cape Girardeau and its employees will exercise strict control over storage, duplication, custody, issuance and return of sensitive keys. The Internal Control System shall identify each sensitive key used by the Isle Casino Cape Girardeau in Chapter B Section 1.03. Sensitive keys shall be maintained in a dual locked sensitive key box and if lost, missing, or taken from the premises all locks the key fits must be immediately changed[.]

15. The Casino's ICS, Chapter B § 1.03(A), states, in pertinent part, as follows:

All sensitive keys, including those, which access drop funds, are housed in an electronically controlled key box hereinafter referred to as the Key Box. The Key Box will be located within the employee entrance on the south wall. ... They will be under constant surveillance.

VIOLATIONS

16. The acts or omissions of employees or agents of the Company, as described above, constitute a failure of the Company to maintain strict control over sensitive keys, thereby violating MICS, Chapter B § 1.01, and the Casino's ICS, Chapter B §§ 1.01 and 1.03.

17. The Company is therefore subject to discipline for such violations pursuant to §§ 313.805(6) and 313.812.14 (1) and (2), RSMo, and 11 CSR 45-9.060(3) and (4).

PENALTY PROPOSED

18. Under § 313.805(6), RSMo, the Commission has the power to assess any appropriate administrative penalty against the Company as the holder of a Class B license.

19. THEREFORE, it is proposed that the Commission fine IOC – Cape Girardeau LLC, the amount of \$2,500 for the violations set forth herein.

Darryl T. Jones
Vice-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 December, 2014, to:

Lyle Randolph
IOC-Cape Girardeau LLC
777 N. Main
Cape Girardeau, MO 63701

Darryl T. Jones
Vice-Chairman
Missouri Gaming Commission