

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-14-142
Pinnacle Entertainment, Inc.)

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, with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri.
2. The Commission issued Pinnacle Entertainment, Inc. (the "Company"), a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. Pinnacle Entertainment, Inc. is the parent organization or controlling entity of PNK (River City), LLC, and Casino One Corporation.
4. The Commission issued a Class B riverboat gambling license to PNK (River City), LLC, to conduct games on and operate the excursion gambling boat known as River City Casino ("River City").
5. The Commission issued a Class B riverboat gambling license to Casino One Corporation, to conduct games on and operate the excursion gambling boat known as Lumiere Place Casino ("Lumiere").
6. As the holder of a Class A 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

7. On June 8, 2013, Blaine Preston, Gaming Enforcement Manager with the MGC, was notified of promotional system issues between Lumiere and River City Casinos.
8. The issues occurred following configuration changes to the Hotel Interface system ("LMS") for the two properties. It was determined that patrons playing with Lumiere

¹ 20130628004

player cards at the River City Casino for less than one hour did not receive correct ratings, points, MyCash, and sweepstake entries.

9. Pinnacle Entertainment, Incorporated was primarily responsible for ensuring the promotional system was operating in a fully compliant manner between the Lumiere and the River City casinos.
10. It was determined that the issue occurred when patrons used a Lumiere - issued players card, identified as a P8 card, at River City Casino, which issues P9 players cards, for less than one hour of play between the June 4 and June 6, 2013.

LAW

11. Section 313.805, RSMo, states, in pertinent part, as follows:

The commission shall have full jurisdiction over and shall supervise all gambling operations governed by sections 313.800 to 313.850. The commission shall have the following powers and shall promulgate rules and regulations to implement sections 313.800 to 313.850.

* * *

- (6) To assess any appropriate administrative penalty against a licensee, including, but not limited to, suspension, revocation, and penalties of an amount as determined by the commission up to three times the highest daily amount of gross receipts derived from wagering on the gambling games, whether unauthorized or authorized, conducted during the previous twelve months as well as confiscation and forfeiture of all gambling game equipment used in the conduct of unauthorized gambling games. Forfeitures pursuant to this section shall be enforced as provided in sections 513.600 to 513.645.

12. 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;
11. Under 11 CSR 45-5.181(2) Promotional Activities, which states: “The Class B licensee shall create dated, written rules governing the promotional activity, provided the promotional activity is not structured or conducted in a manner that reflects negatively on the licensee, the commission, or the integrity of gaming in Missouri. (D) All prizes offered in the promotional activity shall be awarded according to the Class B licensee’s rules governing the event.”

VIOLATIONS

12. The actions or omissions of employees or agents of the Company as described above caused the Licensee to conduct promotional activities in a manner that reflected negatively on the Licensee and the integrity of gaming in Missouri. This conduct as alleged is a violation of section 313.812.14, 313.812.14 (1) and 11 CSR 45-5.181(2). The Company is therefore subject to discipline for such violations under sections 313.805(6) and 313.812.14, 313.812.14(1) and (2), RSMo.

PENALTY PROPOSED

13. Under Section 313.805(6), RSMo, the Commission has the power to assess any appropriate administrative penalty against the Company, as the holder of a Class A license.
14. THEREFORE, it is proposed that the Commission fine Pinnacle Entertainment, Inc., the amount of \$25,000 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 1st day of May, 2014, to:

Tara Perry
Pinnacle Entertainment, Inc.
8918 Spanish Ridge Avenue
Las Vegas, Nevada 89148

Dr. Barrett Hatches
Chairman
Missouri Gaming Commission