

# IN THE MISSOURI GAMING COMMISSION

In Re: )  
 ) DC 14-255  
St. Louis Gaming Ventures, LLC )

## 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 Penn National Gaming, Inc., a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. Penn National Gaming, Inc., is the parent organization or controlling entity of St. Louis Gaming Ventures, LLC.
4. The Commission issued a Class B riverboat gambling license to St. Louis Gaming Ventures, LLC ("Company"), to conduct games on and operate the excursion gambling boat known as Hollywood Casino, St. Louis ("Casino").
5. As the holder of a Class B license, the Company is subject to the provisions of §§ 313.800 to 313.850, RSMo 2000, and the regulations promulgated thereunder by the Commission.

## STATEMENT OF FACTS<sup>1</sup>

6. On June 15, 2013, Sergeant Matt LoPane, a member of the Missouri State Highway Patrol assigned to the MGC, initiated an investigation of an Electronic Gaming Device ("EGD") failing to lock up, thereby requiring the completion of a W-2G tax form by the Casino.
7. On June 15, 2013, an EGD located at EZ03, asset 5249, dealt a patron a "Royal Flush." The EGD failed to lock up the game when, at the \$1 denomination being played, the winning hand was valued at \$4,000.
8. Furthermore, that EGD should have required the completion of a W-2G form.
9. Sgt. LoPane's investigation revealed the following:

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<sup>1</sup> 20130701007

- a. The option on the EGD for a taxable amount was incorrectly set to \$11,999.99, instead of \$1,199.99;
  - b. Slot Technician Bryan Mock set up the incorrect value during the initial Harrah's Casino to Hollywood Casino conversion on October 30, 2012, according to the Machine Entry Authorization Log book; and
  - c. While the EGD was in play with the incorrect value setting, there were a total of 31 tickets printed that equaled or exceeded \$1,200.00, including the occurrence on June 15, 2013.
10. As a result of Sgt. LoPane's investigation, the correct option was set on the EGD, and the EGD was placed out of service on June 15, 2013.

### LAW

11. 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 of an amount determined by the Commission.
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[.]
13. Title 11 CSR 45-9.060 states, in pertinent part, as follows:
- (3) Violations of the minimum internal control standards 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 license 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.

(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 license 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.

14. Under § 313.826, RSMo, "each excursion gambling boat licensed by the commission shall withhold for state income tax purposes from electronic gaming device jackpots ... of twelve hundred dollars or more an amount equal to four percent of the prize...."
15. Both the Commission's Minimum Internal Control Standards ("MICS") and the Casino's Internal Control Standards ("ICS"), Chapter E, § 2.02 require a jackpot of \$1,200 or more to "cause the EGD to lock up, resulting in a hand paid jackpot. A jackpot of \$1,200 or more requires completion of a W-2G."

### **VIOLATIONS**

16. The actions or omissions of employees or agents of the Company as described above constitute a failure to set up the correct value setting necessary to cause the EGD to lock up after a jackpot of \$1,200 or more and to complete a W-2G tax form, thereby violating § 313.826, RSMo, and both the MICS and the Casino's ICS, Chapter E, § 2.02.
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 2000, 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 St. Louis Gaming Ventures, LLC, the amount of \$2,500 for the violations set forth herein.

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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 of \_\_\_\_\_, 2014, to:

Mr. Anthony Carlucci, General Manager  
Hollywood St. Louis Casino  
777 Casino Center Drive  
Maryland Heights, MO 63043

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Darryl T. Jones  
Vice-Chairman  
Missouri Gaming Commission