

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-14-257
PNK (River City), 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 Pinnacle Entertainment, Inc., 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.
4. The Commission issued a Class B riverboat gambling license to PNK (River City), LLC ("Company"), to conduct games on and operate the excursion gambling boat known as River City Casino ("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 FACTS¹

6. On August 5, 2013, Corporal John Warren, of the Missouri State Highway Patrol assigned to the MGC, received an e-mail from Compliance Officer Rayna Stover regarding a Casino VIP Sales Host sending an e-mail to a prior preferred player, whose name was on the list of Disassociated Persons ("DAP List").
7. Ms. Stover's e-mail informed Cpl. Warren of the following facts:
 - a. On May 15, 2013, Preferred Player Conrad Lohutko placed himself on the DAP List;

¹ 20130829010

- b. On May 16, 2013, Lohutko's account was flagged in the Casino's ACSC tracking system, but was not flagged in the Casino's Salesforce system tasked with managing VIP patrons, which included Lohutko; and
- c. On July 30, 2013, VIP Host Ellis Ray, Jr., sent out introductory e-mails to all the patrons on his assigned VIP list, including Lohutko, who by that time had been on the DAP List for approximately two months.

LAW

- 8. Under § 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. 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[.]

- 10. 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 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 [{"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 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.

11. Title 11 CSR 45-17.010(4)(B) gives the Commission the authority to discipline a Class B licensee or its agents if “the Class B licensee or its employee(s) or agent(s) failed to follow its procedures for complying with the provisions of 11 CSR 45-17 et seq.”
12. The MICS, Chapter Q, § 2.01(C), requires the Casino to “Remove DAPs from all VIP or club member programs, within 5 calendar days of the download of new or updated information. Any joint account shall be severed.”
13. The Casino’s ICS Chapter Q, § 2.01(C), also requires River City to “Remove DAPs from all VIP or club member programs within five (5) calendar days of the download of new or updated information.”

VIOLATIONS

14. The actions or omissions of employees or agents of the Company described in paragraphs 6 and 7, including all subparts, above, constitute emailing marketing materials to persons on the DAP list, thereby violating MICS, Chapter Q, § 2.01(C), and the Casino’s ICS, Chapter Q, § 2.01(C).
15. The Company is therefore subject to discipline for such violations pursuant to §§ 313.805(6) and 313.812.14 (1) and (2), RSMo, 11 CSR 45-9.060(3) and (4), and 11 CSR 45-17.010(4)(B).

PENALTY PROPOSED

16. 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.
17. THEREFORE, it is proposed that the Commission fine PNK (River City), LLC, the amount of \$5,000 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 of _____, 2014, to:

Chris Plant, General Manager
River City Casino
777 River City Casino Boulevard
St. Louis, MO 63125

Darryl T. Jones
Vice-Chairman
Missouri Gaming Commission