

1 BEFORE THE MISSOURI GAMING COMMISSION
STATE OF MISSOURI

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6 Meeting
June 25, 2014
10:00 a.m.
7 Central Office
3417 Knipp Drive
8 Jefferson City, Missouri

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10 (Meeting start time: 10:00 a.m.)

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1 BEFORE THE MISSOURI GAMING COMMISSION
2 STATE OF MISSOURI
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5 Meeting
6 June 25, 2014
7 10:00 a.m.
8 Central Office
9 3417 Knipp Drive
10 Jefferson City, Missouri

11
12 COMMISSIONERS PRESENT:

13 Darryl T. Jones, Vice Chairman
14 Suzanne Bocell Bradley
15 Diane C. Howard

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17
18
19 REPORTED BY:

20 Patricia A. Stewart
21 RMR, RPR, CCR 401
22 3432 West Truman Boulevard, Suite 207
23 Jefferson City, Missouri 65109
24 573-636-7551

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1 P R O C E E D I N G S

2 VICE CHAIRMAN JONES: Good morning, everyone.

3 COMMISSIONER HOWARD: Good morning.

4 COMMISSIONER BRADLEY: Good morning

5 VICE CHAIRMAN JONES: A little housekeeping.

6 Could you all turn off your cell phones. It interferes

7 with the transmission, so if we could do that.

8 And, Angie, call the meeting to order,

9 please.

10 MS. FRANKS: Commissioner Howard.

11 COMMISSIONER HOWARD: Present.

12 MS. FRANKS: Commissioner Bradley.

13 COMMISSIONER BRADLEY: Present.

14 MS. FRANKS: Vice Chairman Jones.

15 VICE CHAIRMAN JONES: Present.

16 Item II on the agenda, can we get a motion to

17 go into closed session, please.

18 COMMISSIONER HOWARD: Well, I guess I can do

19 that.

20 Motion for going into closed session under

21 Section 313.847 of the Revised Statutes of Missouri for

22 investigatory, proprietary and application records, and

23 Section 610.021, Subsection 1, of the Revised Statutes

24 of Missouri for legal actions, Subsections 3 and 13 for

25 personnel, and Subsection 14 for records protected from

1 disclosure by law.

2 COMMISSIONER BRADLEY: Second.

3 VICE CHAIRMAN JONES: All right.

4 Angie, could you call the roll.

5 MS. FRANKS: Commissioner Howard.

6 COMMISSIONER HOWARD: Approve.

7 MS. FRANKS: Commissioner Bradley.

8 COMMISSIONER BRADLEY: Approve.

9 MS. FRANKS: Vice Chairman Jones.

10 VICE CHAIRMAN JONES: Approve.

11 (Closed session.)

12 VICE CHAIRMAN JONES: Can we get a motion to
13 go back in the open, please.

14 COMMISSIONER HOWARD: So moved.

15 COMMISSIONER BRADLEY: Second.

16 MS. FRANKS: Commissioner Howard.

17 COMMISSIONER HOWARD: Approve.

18 MS. FRANKS: Commissioner Bradley.

19 COMMISSIONER BRADLEY: Approve.

20 MS. FRANKS: Vice Chairman Jones.

21 VICE CHAIRMAN JONES: Approve.

22 All right. Thank you.

23 Item III on the agenda, Consideration of
24 Minutes.

25 COMMISSIONER BRADLEY: Motion to approve

1 minutes from April 29th, 2014, from April 30th, 2014 and
2 from May 28th, 2014.

3 COMMISSIONER HOWARD: Second.

4 VICE CHAIRMAN JONES: Angie, would you call
5 the roll.

6 MS. FRANKS: Commissioner Howard.

7 COMMISSIONER HOWARD: Approve.

8 MS. FRANKS: Commissioner Bradley.

9 COMMISSIONER BRADLEY: Approve.

10 MS. FRANKS: Vice Chairman Jones.

11 VICE CHAIRMAN JONES: Approve.

12 MS. FRANKS: By your vote you've adopted the
13 minutes of the April 29th, 2014, April 30th, 2014 and
14 May 28, 2014 meetings.

15 VICE CHAIRMAN JONES: Okay. Thank you.

16 Now we have Consideration of Hearing Officer
17 Bryan Wolford's Recommendations.

18 MR. WOLFORD: Thank you, Mr. Vice Chairman,
19 and Commissioners Bradley and Howard.

20 First on the agenda for your consideration is
21 the matter of Marshall Beard, Resolution No. 14-027.

22 A casino employee dropped a \$20 bill on the
23 back hallway of the facility, and Mr. Beard was walking
24 by and he picked it up. He looked around and he put it
25 in his pocket. Then he proceeded to the rest room and

1 afterwards onto the gaming floor where he took his
2 position as a dealer.

3 Now, along the way he passed two security
4 officers and he did not turn over the bill to them, nor
5 did he try to find the bill's rightful owner.

6 Mr. Beard was confronted by Commission agents
7 who witnessed the event on surveillance, and he told
8 them he was going to turn the \$20 bill over to security
9 after his shift.

10 At the hearing -- sorry. He was subsequently
11 charged with theft and terminated from the casino.

12 At the hearing Mr. Beard admitted to picking
13 up the bill and not promptly turning it over, and he did
14 say that he regretted making that decision in picking up
15 the bill.

16 State law does prohibit the theft or stealing
17 of property under \$500, which is a misdemeanor, and the
18 hearing officer recommends revocation as proper and
19 appropriate discipline.

20 VICE CHAIRMAN JONES: All right.

21 Is Mr. Beard or anyone representing Mr. Beard
22 here?

23 Any questions from the Commission?

24 COMMISSIONER HOWARD: I have none.

25 COMMISSIONER BRADLEY: I have none.

1 VICE CHAIRMAN JONES: All right. Can we get
2 a motion, please?

3 COMMISSIONER BRADLEY: Motion to approve
4 Commission Resolution No. 14-027.

5 COMMISSIONER HOWARD: Second.

6 VICE CHAIRMAN JONES: Angie, call the roll,
7 please.

8 MS. FRANKS: Commissioner Howard.

9 COMMISSIONER HOWARD: Approve.

10 MS. FRANKS: Commissioner Bradley.

11 COMMISSIONER BRADLEY: Approve.

12 MS. FRANKS: Vice Chairman Jones.

13 VICE CHAIRMAN JONES: Approve.

14 MS. FRANKS: By your vote you've adopted
15 Resolution No. 14-027.

16 MR. WOLFORD: Mr. Vice Chairman, for your
17 consideration, the matter of David Merritt, Resolution
18 No. 14-028.

19 Mr. Merritt holds a Level II occupational
20 gaming license and he's employed by the Argosy Casino.
21 He was at the Ameristar in Kansas City as a patron after
22 attending a wedding.

23 At approximately 11:19 p.m. on that evening
24 Mr. Merritt was approached by a lead supervisor who was
25 inquiring about his level of intoxication, and

1 Mr. Merritt did hand over his drink at that point.

2 Then at 11:26 he was approached by the
3 security supervisor who determined or deemed him to have
4 been intoxicated and asked him to leave.

5 Now, they did have some exchanging of words.
6 Mr. Merritt never refused to leave. They got into some
7 heated conversation and some profanity was uttered by
8 Mr. Merritt towards the security officer, but
9 Mr. Merritt finally exited at 11:31.

10 Shortly after Mr. Merritt contacted his
11 ex-wife, who was also an employee of Ameristar, and
12 accused or suspected her of playing a role in getting
13 him kicked out of the casino.

14 However, she was not working that night. In
15 fact, she was at home and in bed. And he subsequently
16 sent her a couple text messages that night that did
17 contain some profanity.

18 Mr. Merritt did fail to self-report this
19 violation of him being intoxicated on the gaming floor.
20 He did testify at the hearing that he was familiar with
21 the gaming rules and regulations, and he knew that
22 intoxicated patrons could not gamble or place wagers.

23 He also did admit to calling and texting his
24 ex-wife and admitted that, you know, after the dust
25 settled that that was a mistake. He did not admit to

1 being intoxicated but he did testify that the staff at
2 the Ameristar did deem him to be intoxicated.

3 Now, the Minimum Internal Control Standards
4 do state that intoxicated patrons should not be
5 permitted to access to or allowed to remain on the
6 casino floor. And then the CSR, 11 CSR 45-1.031,
7 requires licensees to promptly report to the Commission
8 any facts which they have reasonable grounds to believe
9 indicates a violation of law, regulations, Minimum
10 Internal Control Standards or the company's internal
11 control system.

12 At the hearing there was no evidence
13 presented to rebut the Disciplinary Review Board's
14 decision that revocation is proper in this case and,
15 therefore, the hearing officer recommends revocation is
16 proper and appropriate discipline.

17 VICE CHAIRMAN JONES: Is Mr. Merritt in the
18 audience or anyone representing Mr. Merritt?

19 MR. BEDNAR: I represent Mr. Merritt,
20 Vice Chairman, Joe Bednar, attorney from --

21 VICE CHAIRMAN JONES: Speak in the mike,
22 please.

23 MR. BEDNAR: Sure.

24 VICE CHAIRMAN JONES: This is just for the
25 court reporter.

1 MR. BEDNAR: Pardon?

2 VICE CHAIRMAN JONES: So the court reporter
3 can get your name.

4 MR. BEDNAR: Joe Bednar, Spencer, Fane, Britt
5 and Browne, attorney representing Mr. David Merritt in
6 these proceedings.

7 VICE CHAIRMAN JONES: Okay. You can come up
8 to the podium. Thank you.

9 MR. BEDNAR: Mr. Vice Chairman and Madam
10 Commissioners Bradley and Howard, I have the privilege
11 of representing Mr. Merritt in this case. And I made
12 the record on my procedural position on issues related
13 to the proceedings; however, I want to focus this
14 morning on what factually occurred that evening and what
15 I believe is a disproportionate punishment for the
16 actions and conduct of Mr. Merritt that evening.

17 As the hearing officer said, Mr. Merritt was
18 not on duty, was not an employee of Ameristar, was there
19 as a patron of the casino.

20 And I think it's important to look at the
21 actions of everybody involved to determine whether or
22 not a revocation of his license, basically the end of
23 his career in gaming, is justified for this particular
24 circumstance given the fact that none of the security
25 officers involved, none of the other licensees involved

1 felt it was a serious enough offense at the casino
2 property, that is, the issues of intoxication, whether
3 he was intoxicated or not, the level of his behavior, no
4 one deemed it serious enough to write up a report that
5 night or to call local law enforcement or to even call
6 the Commission agents to the floor for further
7 reporting.

8 So again, I take that in the context of how
9 serious were the events that night and how serious
10 security took it. In fact, security never wrote a
11 report. They -- Mr. Sagez never went back -- never went
12 back to his office, never reported to the agents.

13 How this came to the attention of the
14 Commission was Ms. McCurdy thought -- as the hearing
15 officer stated, there was a divorce, and Ms. McCurdy
16 thought that she might get reported for trying to set up
17 Mr. Merritt, her ex-husband.

18 They have a very positive relationship. They
19 have a young son in which they share custody and is with
20 Mr. Merritt six days a week. There has never been any
21 evidence of domestic violence, any assaults, any
22 threats. There is nothing since this date anywhere.
23 So this was an unfortunate occurrence which Mr. Merritt
24 deeply regrets.

25 But, in fact, even that evening, after his

1 call, she called him back to try to verify what the
2 circumstances were. But she went to her supervisor
3 merely to say, hey, I'm not trying to set David up,
4 and I want to make sure that I don't get a complaint
5 against me.

6 So she just wanted the record to be clear
7 that she hadn't taken any actions against Mr. Merritt.
8 She wasn't concerned about him showing up at Ameristar
9 or had any issue there. And that evolved into the
10 supervisor reporting it to HR, who reported it to the
11 Commission's agent.

12 Apparently there was a very unfortunate
13 incident of an employee in a domestic violence situation
14 being assaulted, and so I think clearly the corporation
15 was trying to make sure that they covered their bases.

16 But it was not the intent of the wife -- the
17 ex-wife of Mr. Merritt for this to ever get anywhere
18 near a complaint, and she advised the trooper who was
19 doing the investigation of the same.

20 As I stated in my brief, the trooper then
21 advised her that if she didn't cooperate with him and
22 make the report, he would file the report with the
23 Commission and she could be subject to action.

24 So you get into the situation of a threatened
25 license, and it's without a doubt, every licensee in the

1 state of Missouri is aware of the authority of this
2 Commission, and definitely my client wants to cooperate
3 and conduct themselves appropriately. No one wants a
4 complaint. It's a career ender in some cases.

5 But at any rate, this is a situation where
6 everyone may have had good intentions but it escalated
7 to the point where it's now in front of you and
8 Mr. Merritt's license is at risk for revocation. That
9 revocation meaning he could never work in the industry
10 again.

11 Mr. Merritt has expressed his regrets as the
12 hearing officer stated. In fact, we have communicated
13 to staff that Mr. Merritt would be willing to accept a
14 suspension for 10 to 30 days, that we think that would
15 be more appropriate given the circumstances here.

16 In fact, Ms. McCurdy, his ex-wife, is with
17 him today. They're available for any questions that the
18 Commissioners would have.

19 But, again, we feel that the record and the
20 fact that no action was taken by any security for
21 Ameristar, by the Commission's own agents that night, as
22 is evidenced in the previous case, they view the video
23 and they took action immediately on that individual.
24 Here no action was taken. He went home and it wasn't
25 until five days later that the security was asked to

1 make a report for the benefit of the Commission agent on
2 the property at that time.

3 And Mr. Merritt is still gainfully employed
4 by Argosy, has a good reputation at that property, has
5 the support of the property and I think has a very
6 positive relationship with the agent on this property.

7 So he's never had any issues before. There
8 is not a track record of any type of domestic violence.
9 This was unfortunately a post divorce, an unfortunate
10 incident that he deeply regrets, but would beg for the
11 mercy of the Commission to allow him to remain -- keep
12 his license and hope that a more proportionate sanction
13 of a 10- to 30-day suspension would be the view of the
14 Commission.

15 VICE CHAIRMAN JONES: Thank you.

16 Anything from the Commission?

17 COMMISSIONER BRADLEY: So Mr. Merritt is here
18 and Mr. Merritt's ex-wife is here?

19 MR. BEDNAR: Yes. They're in the third row
20 there.

21 If you want to stand up, Mr. Merritt, and
22 Ms. McCurdy.

23 COMMISSIONER BRADLEY: You said they were
24 here and I wanted to make sure they're here.

25 VICE CHAIRMAN JONES: What is the procedure

1 for a patron as it relates to security, if a regular
2 patron is on the -- I guess I'm addressing the staff.

3 If a patron is on there intoxicated, what is
4 the procedures as far as reporting? Just a regular --
5 if I went on there and I was intoxicated and I wasn't
6 affiliated with the industry at all, and so what is the
7 procedure? Would they file a report -- would security
8 file a report with Gaming that comes to the Commission
9 that we had to escort someone off the boat?

10 MR. GREWACH: I can't answer that,
11 Vice Chairman. I know there are security incident
12 reports that are filed under some circumstances.

13 I believe that Cheryl Alonzo here may have
14 the answer to that question with your permission.

15 VICE CHAIRMAN JONES: Okay.

16 MS. ALONZO: Normally the casino will have
17 procedures for approaching the guest if they think
18 someone has become intoxicated and they'll ask them to
19 leave and occasionally they have trouble with that, but
20 anyway, they'll escort them off.

21 And typically I would say security would do a
22 security incident report on that. I'd have to look
23 exactly to see what the -- there's a whole list of
24 reasons why they have to do security incident reports,
25 and I think escorting someone off the property is one of

1 them, or intoxication.

2 Each of them have procedures in their
3 internal controls, so it could vary a little bit from
4 boat to boat.

5 But the Gaming Commission, if that security
6 incident report is done each week -- or each day a
7 summary of the incident reports are forwarded to the
8 Gaming Commission agents.

9 So the Commission agents, unless they see
10 that security incident report in summary -- they don't
11 get every report. They get a summary of the reports.
12 And if they see something that they're, like, I wonder
13 what that is about, they can get a copy of the report
14 from the boat at that time. They get a summary whether
15 it was a medical emergency, you know.

16 VICE CHAIRMAN JONES: But in this case he's
17 reviewed as a patron because he's not at work, so he's
18 reviewed as a patron but he has a higher level of
19 responsibility because he knows the rules, but we didn't
20 file a report?

21 MR. WOLFORD: That's correct, Mr. Vice
22 Chairman.

23 As a Level II license holder he did have the
24 obligation to at least self-report his being intoxicated
25 on the floor at that time.

1 MR. BEDNAR: The principal of self-report,
2 though, I think was cited in the hearing officer's order
3 was a duty to report of all licensees for reasonable
4 suspicion of a violation, which again would be the
5 security officer if he believed, and that's why
6 intoxication -- the issue of intoxication, because it is
7 the condition precedent to a revocation should be more
8 clearly determined and actually determined rather than
9 just a suspicion or even a reasonable belief.

10 The fact is, Mr. Sagez, the security officer,
11 testified at the hearing that he didn't really recall
12 the incident and he didn't write the report until five
13 days later, so all we can rely on is the behavior that
14 there was not a report made or recorded.

15 And the trooper at the facility stated that
16 sometimes they don't record a report that is made to
17 them of a potential violation.

18 So we don't really have a clear record of
19 being able to compare this incident to other incidents,
20 of how many people get reported for suspicion of
21 intoxication, how many people get left.

22 But your point, Vice Chairman, he should be
23 viewed as a patron and not necessarily as a licensee for
24 his conduct at the time, but, again, the lower level of
25 sanction to a 10- or 30-day suspension would be more

1 appropriate if he has a heightened duty that isn't clear
2 here as to his behavior on the boat at the time. He's
3 willing to accept something less than a revocation.

4 COMMISSIONER HOWARD: Mr. Bednar, I recall
5 that you did state that the security officer made a
6 comment that -- the security officer stated in his
7 testimony that he didn't recall the incident and you
8 cited a page and line in the transcript in which he
9 stated that.

10 But I'm actually going to the portion of the
11 transcript, and as is typically the case, I believe when
12 you cite pages and lines, I don't -- I take that out of
13 context and I don't believe that's accurate because
14 there are several pages of detailed testimony about the
15 incident afterwards; whereas is often the case, he
16 says -- he's asked -- and I'm going to page 81.

17 We have the benefit but those in the audience
18 don't have the benefit of the transcript.

19 Page 81, starting with line 21, and I won't
20 go through it in detail, when asked about the incident
21 and you're okay, but do you recall your observations
22 that you made? And I'm going to page 82, starting with
23 line 1. Not on that night, no. And people are talking
24 over each other like they do. The court reporter was
25 shaking her head like they do all of the time. That's

1 why we have dot, dot, dot.

2 Okay. And then he says it's been a year and
3 a half. Do you remember what happened that night? And
4 then he goes on to say I do remember what happened that
5 night in a general aspect of what happened.

6 And I think that's what you quote in saying I
7 remember what happened in a general aspect to indicate
8 he didn't recall, and then he says okay and then he says
9 nothing specific and then you stop there, so he doesn't
10 recall.

11 And then the next followup question is what
12 do you remember happening? And then he says -- and then
13 his answer is, would you like me to run through it? And
14 it says, yes, please. And then he begins running
15 through it with substantial specificity after he says
16 nothing specific, which witnesses do that all of the
17 time.

18 Oh, no, I recall nothing, and then he says,
19 would you like me to run through it, and he says okay.

20 So at what time was I dispatched? And then
21 he goes on to go through it. So I was dispatched to
22 the -- to the craps pit to observe an intoxicated guest,
23 and he goes through and during the course, blah, blah,
24 blah, and goes through a page and a half of specific
25 testimony.

1 So by taking out that line that says I
2 recall -- not those two words, nothing specific, it
3 would seem that he doesn't have specific recollection if
4 you ignore the next two pages of specific recollections.

5 So anyway. Those are my observations.

6 MR. BEDNAR: And I appreciate that,
7 Commissioner, and I think the issue there, as was
8 brought up in reading the entire record, is there is
9 ques--

10 COMMISSIONER HOWARD: Which is always
11 important to do.

12 MR. BEDNAR: Exactly. And during this
13 hearing, in fact, the security officer was reading from
14 his report that was written five days after the
15 incident, and we made that a point of the record that
16 whether -- again, the context, are you refreshing your
17 recollection or are you reading from a report?

18 Because with the videotape hearings that are
19 occurring now we're not in the same room as the witness,
20 and so there are issues there of what documents are they
21 referring to when they're right in front of them, the
22 extent of what they're reading from the reports that
23 have previously been written, because a witness is
24 supposed to testify from memory and not from a report
25 unless he's had the opportunity to refresh his

1 recollection and then set that report aside and then
2 testify.

3 So at any rate, Commissioner, what again then
4 I would go back to, despite his specificity of that
5 hearing, he did not think -- and he's a Licensed II
6 licensee just like Mr. Merritt. He didn't report to
7 anybody an incident of intoxication, if he truly
8 reasonably believed it.

9 So under the theory of prosecution of
10 Mr. Merritt, the security officer should also have an
11 action brought against him for failing to report.

12 MR. WOLFORD: If I may, at that point the
13 security officer did not realize that Mr. Merritt was a
14 Level II license holder, so I don't -- as the hearing
15 officer, I don't believe that the security officer would
16 have had a duty to report. He just viewed him as a
17 patron, did not know, was not aware that he was a
18 Level II license holder.

19 VICE CHAIRMAN JONES: When did he acknowledge
20 that he was a Level II license holder? Because I
21 thought I read something.

22 MR. WOLFORD: This would have been
23 approximately five days after --

24 MR. BEDNAR: No. As he was leaving. When he
25 was exiting out he said he was a licensee.

1 MR. WOLFORD: I do recall from the testimony
2 that Mr. Merritt testified that he stated to Officer --
3 or Security Officer Sagez that he works for the
4 Commission and he knows how this is supposed -- or that
5 he works for the casino and he knows how this is
6 supposed to work, but that -- again, that's as he was
7 exiting the premises at about 11:31.

8 VICE CHAIRMAN JONES: But it's the same date?

9 MR. BEDNAR: Within a five-minute period.

10 COMMISSIONER BRADLEY: And then did
11 Mr. Merritt even five days later -- when did Mr. Merritt
12 find out about the report? I mean, five days later it's
13 in process. He didn't self-report then?

14 MR. BEDNAR: No, he did not self-report. He
15 wasn't aware there was going to be a report, again,
16 because he was released.

17 I mean, typically if you're going to -- if
18 there is an incident that he was going to be charged
19 with a violation of Commission rules, maybe he thought
20 he would have been stopped at that time and given a
21 report or citation of some sort, but there was no -- the
22 issue of whether he was intoxicated or not, whether he
23 had violated any rules apparently wasn't an issue at
24 that time.

25 Subsequently to the investigation, yeah, he

1 got notified. He provided a statement at that time,
2 which is part of the record, to the Commission.

3 And again, even at this point he's not trying
4 to escape any sanctions. He's just asking for something
5 more proportionate to what occurred as opposed to a
6 revocation and end of his career, support for his
7 family.

8 COMMISSIONER BRADLEY: Do we have a power to
9 do that? What are our options?

10 MR. GREWACH: Mr. Vice Chairman, I think
11 Carolyn Kerr has a response also.

12 MS. KERR: I have a response also, if I may.
13 Vice Chair Jones and Commissioners Bradley
14 and Howard.

15 David Merritt has spent over 15 years in the
16 industry and was an employee at Argosy Casino when he
17 went to Ameristar Casino to gamble on September 15th.
18 He knew the gaming regulations that forbid patrons from
19 being intoxicated on the gaming floor.

20 In fact, as a pit manager for Argosy he
21 testified that in his years of service he had to have
22 had probably 3 or 400 people escorted off the floor
23 because they were intoxicated or impaired. This is part
24 of his job.

25 Nevertheless, he was intoxicated while at

1 Ameristar Casino on September 18 and gambled.

2 I'm sorry. September 15th.

3 Nick Sagez, the security officer, who we've
4 been -- you've heard about, asked Mr. Merritt to leave
5 and escorted him out. He decided that Mr. Merritt was,
6 in fact, intoxicated.

7 When he asked Mr. Merritt to leave,
8 Mr. Merritt initially refused and became verbally
9 abusive, according to Mr. Sagez's testimony at the
10 hearing.

11 Mr. Merritt eventually left the casino but on
12 his way out he cursed Mr. Sagez. According to his
13 statement, which is made part of the gaming report and
14 report, Mr. Sagez also testified that due to
15 Mr. Merritt's, quote, demeanor and abusive language, he
16 did not want to get into a confined space with
17 Mr. Merritt as Mr. Merritt was quite a bit larger than
18 he was.

19 After Mr. Merritt left, he text his ex-wife,
20 who was, as the hearing officer explained, a licensee
21 and employee at Ameristar but not on duty at that night,
22 cursed at her, called her a liar, accused her of somehow
23 being involved behind getting him kicked out of the
24 casino.

25 The content of those texts are in the record.

1 And Mr. Merritt acknowledges that he sent those texts,
2 and it's also included in his statement that he gave to
3 the MGC on September 21st.

4 It really makes no difference that an
5 official report was not made or that a breathalyzer was
6 not administered during the incident. What matters is
7 that the incident was reported to MGC as required when
8 an intoxicated patron, who in this case also happened to
9 be a licensee, is escorted off the casino floor after
10 being belligerent with the security personnel and making
11 harassing communications to another licensee.

12 Pursuant to 11 CSR 45-13.060 and
13 Section 313.805, Subsection 6, Revised Statutes of
14 Missouri, Mr. Merritt bears the burden to show that he
15 did not violate gaming laws and regulations and that his
16 license should not be disciplined. He has failed to do
17 so.

18 Mr. Merritt was intoxicated on the casino
19 floor, failed to initially cooperate with casino
20 personnel, sent angry, crude and harassing texts to his
21 ex-wife and failed to self-report.

22 He does not deny being intoxicated and
23 gambling at the Ameristar Casino on that night. In
24 fact, in his written statement he wrote, I believe I had
25 too much to drink at the wedding and wanted to stay out

1 with my friends. Mr. Merritt testified on his own
2 behalf at the hearing under oath but did not testify
3 that he was not intoxicated.

4 As such Mr. Merritt's Level II license is
5 subject to discipline. We concur with the hearing
6 officer's recommendation and believe the revocation is
7 appropriate given his position as a pit manager and his
8 knowledge of the laws and regulations forbidding
9 intoxicated patrons from being on the gaming floor and
10 placing wagers.

11 Thank you.

12 VICE CHAIRMAN JONES: Thank you, Counsel.

13 Commissioner Bradley, do you have a question?

14 COMMISSIONER BRADLEY: I have no question.

15 COMMISSIONER HOWARD: No, I don't have any
16 other questions.

17 COMMISSIONER BRADLEY: My question was
18 earlier from the obvious disciplinary action required in
19 the facts that I hear this morning, but I'm wondering
20 if -- the revocation has been recommended, but what
21 other options do we have if we want to entertain them?
22 I'd just --

23 VICE CHAIRMAN JONES: We don't have to
24 approve the resolution, and I think you can make a
25 motion to make -- to amend that resolution to whatever

1 you want.

2 MR. GREWACH: Mr. Vice Chairman, the actual
3 language from the CSR would be to modify it, because the
4 three options would be to accept, modify or reject.

5 COMMISSIONER BRADLEY: Three options, to
6 amend --

7 VICE CHAIRMAN JONES: Modify. You can't
8 amend. You have to modify.

9 MR. GREWACH: So if you wanted to do
10 something other than revocation, the motion would be a
11 motion to modify the hearing officer's recommendation
12 to, and then whatever your penalty would be -- to assess
13 and then whatever your penalty would be.

14 Then we would have to draw a new resolution
15 for the Vice Chairman's signature to reflect that
16 motion.

17 VICE CHAIRMAN JONES: Are there anymore
18 questions?

19 COMMISSIONER BRADLEY: Then let me move to
20 modify the Gaming Commission Resolution No. 14-028 to be
21 a 30-day suspension, a 30-day-calendar suspension.

22 COMMISSIONER HOWARD: I'll second that.

23 VICE CHAIRMAN JONES: Questions?

24 Angie.

25 MS. FRANKS: Commissioner Howard.

1 COMMISSIONER HOWARD: Approve.

2 MS. FRANKS: Commissioner Bradley.

3 COMMISSIONER BRADLEY: Approve.

4 MS. FRANKS: Vice Chairman Jones.

5 VICE CHAIRMAN JONES: Approve.

6 MS. FRANKS: By your vote you have modified
7 the Commission resolution to assess a 30-day suspension
8 of Commissioner Merritt's occupational license.

9 COMMISSIONER HOWARD: Not Commissioner.

10 VICE CHAIRMAN JONES: Not Commissioner.

11 You got elevated.

12 COMMISSIONER BRADLEY: That's quite a
13 promotion.

14 MR. GREWACH: We are short too.

15 MS. FRANKS: Do we have to then vote on the
16 resolution as modified?

17 MR. GREWACH: No. I think that motion would
18 stand. We will draft then a resolution with that change
19 and have it prepared for the Vice Chairman's signature.

20 VICE CHAIRMAN JONES: All right. Thank you.

21 All right. Thank you, Counsel.

22 MR. BEDNAR: Thank you.

23 MR. WOLFORD: Mr. Vice Chairman, for your
24 consideration the matter of Shannon Hoffman, Resolution
25 No. 14-029.

1 Ms. Hoffman is a regional gaming analyst
2 manager for Pinnacle, and Pinnacle has two Missouri
3 properties, the Lumiere Place Casino and River City
4 Casino.

5 Pinnacle ran a promotion called mychoice/
6 mymillion from April to December of 2012 at its Missouri
7 properties.

8 The rules of this promotion stated that
9 patrons would receive one promotional entry for each
10 25 points of play that they had accrued, and this was
11 for slot and table games.

12 The Pinnacle ran the same promotion at its
13 Belterra property in Indiana, where a problem arose
14 where they discovered through the formula that people
15 were receiving more than one entry for every 25 points
16 of play and that formula subsequently needed an
17 adjustment at Belterra.

18 Ms. Hoffman was aware of the issue at
19 Belterra and became aware that the same issue had
20 presented at a Pinnacle property in Lake Charles,
21 Louisiana. Ms. Hoffman did call Lake Charles and
22 confirmed that they were experiencing the same problem.

23 Based on this information she -- in an effort
24 to avoid any problems at the Missouri properties, she
25 altered the formula at both of Pinnacle's Missouri

1 properties, which did cause table game players to
2 basically have to earn double the amount of points to
3 get a promotional entry.

4 Instead of one per 25 they would only get one
5 entry per 50, because, in fact, there was not a formula
6 problem at the Missouri properties.

7 This change caused the Missouri casinos to
8 have to notify about 5,000 patrons via postcard that
9 they were eligible for additional entries in the
10 promotion.

11 Ms. Hoffman did not check or confirm that the
12 Missouri properties were having any issues with the
13 formula prior to making the adjustments that resulted in
14 the error and the fewer amount of promotional entries
15 per table game players than slot players.

16 Now, there are three regulations that are at
17 issue here that involve the promotional system that
18 casinos use.

19 The first one, 11 CSR 45-5.053(3)(A), states
20 that the holder of a license is prohibited from failing
21 to exercise discretion and good judgment to prevent
22 incidents which might reflect on the reputation of the State
23 of Missouri.

24 And Section (3)(C) states that a licensee is
25 prohibited from failing to conduct advertising and

1 public relations activities in accordance with honest
2 and fair representation.

3 And finally 11 CSR 45-5.181(2)(A) states that
4 licensees may have these promotional activities, give-
5 aways, coupons, promotional games or rewards, provided
6 that the activity is not structured or conducted in a
7 manner that reflects negatively on the licensee, the
8 Commission or the integrity of the Gaming Commission in
9 Missouri.

10 And in this case because Ms. Hoffman made
11 these changes without confirming that changes needed to
12 be made at these Missouri properties, the hearing
13 officer does believe she is subject to discipline and
14 recommends a three-calendar-day suspension as proper and
15 appropriate discipline.

16 VICE CHAIRMAN JONES: Is Ms. Hoffman or
17 anyone representing Ms. Hoffman here?

18 MR. BEDNAR: Yes, Joe Bednar, Spencer, Fane,
19 Britt and Browne for Ms. Hoffman.

20 May it please the Commission.

21 VICE CHAIRMAN JONES: Yes.

22 MR. BEDNAR: Mr. Bednar again representing
23 Ms. Hoffman.

24 The issue in this case is an interesting one,
25 and I think it has significant collateral consequences

1 from a policy standpoint for the Commissioners as they
2 decide this issue in understanding what Ms. Hoffman's
3 role was in taking the action she took.

4 This is not a case where she just kind of on
5 her own decides to change up the system and try to make
6 a fix. She actually followed all of the internal
7 control standards for the company.

8 She actually went to the designer of the
9 software, the expert, Mr. Young, who at Bally designed
10 the software, sought out his advice, sought out input
11 from multiple casino properties.

12 And so the issue is then from a policy
13 perspective. Is someone in Ms. Hoffman's position
14 supposed to wait until there is a mistake in the system
15 that penalizes the patrons of the casino, be subject to
16 discipline for that or try to take preventative action
17 so that they're not harmed and be wrong but not on their
18 own but because of all of the experts that advised her
19 what to do. She gets penalized for that.

20 The issue of how to run the promotion is
21 really not at the level of Ms. Hoffman. Ms. Hoffman is
22 being disciplined in her limited role as the IT
23 specialist for Pinnacle and in her role in trying to
24 make sure that their internal control standards are met
25 and that patrons in any jurisdiction are not harmed.

1 So her good intentions of making sure
2 Missouri patrons would not be penalized and not suffer
3 from a software program that may be wrong is being
4 penalized. Now she's going to lose three days of work
5 in pay when she followed all of the procedures that I
6 think any supervisor or manager would say, yeah, that's
7 the process. She did everything she was supposed to do
8 except wait for disaster to happen.

9 And I don't think that's good public policy
10 to force people to wait until something bad happens to
11 take action because the consequences of that to the
12 casino -- multiple casinos could have a real severe
13 impact.

14 So if there is something where -- they point
15 out she didn't follow the standards. The investigator
16 didn't even go talk to Bally, didn't go talk to
17 Mr. Young.

18 He doesn't dispute the fact that what she
19 said was truthful, that she did talk to Mr. Young, that
20 Mr. Young did tell her to make the change, instructed
21 her to make the change, that she did talk to the other
22 properties. He didn't pursue any further investigation
23 taking what she said as truthful.

24 So I just think this is one where I don't
25 think any sanctions at all are in order for Ms. Hoffman

1 because there has been no showing that she had in any
2 way violated the internal control standards of the
3 company or didn't follow any procedures that -- in
4 contradiction of the designer of the software.

5 So I think this is a troubling case from that
6 pol-- what the Commission's policy is going to be on
7 addressing software issues going down the road.

8 VICE CHAIRMAN JONES: Commissioners.

9 COMMISSIONER HOWARD: Well, if I understand
10 from the record what happened, again, if I understand
11 from the record, is she called someone at Lake Charles
12 and they didn't return her call and then she called
13 someone at New Orleans and they talked about the issue
14 that they had with New Orleans when the software had
15 problems at New Orleans.

16 And then she was at a training conference and
17 during a break caught Mr. Young at a training conference
18 and talked with Mr. Young during the break about the
19 problem that they'd had at this sister casino, and he
20 talked with her about the fix that was available for the
21 problem they had with the sister -- at the sister casino
22 and got information about the fix.

23 But I don't -- I don't think there's any
24 issue with the fact that she talked to this Mr. Young
25 about the cure for the fix.

1 I think the problem is that there wasn't a
2 determination first that there was a need for the cure.

3 MR. BEDNAR: That's why she went to the
4 expert, Mr. Young.

5 COMMISSIONER HOWARD: But someone at the
6 sister casino said they had a problem without
7 ascertaining first that she had a problem.

8 MR. BEDNAR: Well, she works for Pinnacle,
9 not the specific properties. So she's responsible for
10 multiple properties.

11 And so she had heard from the Belterra
12 property --

13 COMMISSIONER HOWARD: That they had a
14 problem.

15 MR. BEDNAR: -- that Indiana had problems.
16 Then she went to Louisiana and was at a conference and
17 inquired to them and they also had a problem.

18 Then she called Mr. Young, and he said he
19 would investigate, went back, took a look at the
20 program, got in contact with her again, instructed her,
21 yes, there's an issue, here is how you fix it, and then
22 she went and went to the properties, got sign-off
23 internally from -- not all properties have internal IT
24 folks and so you go to another officer of the property,
25 but there is an internal control standard that other

1 people within the property sign off. Everybody signed
2 off on this fix and then she just executed it.

3 And so she really doesn't -- by her own
4 testimony doesn't take the position she had the ability
5 to make any decision by herself. She had to get sign-
6 off both above and collateral to her at the properties,
7 and she followed all those standards.

8 VICE CHAIRMAN JONES: Commissioner Bradley.

9 MS. KERR: Vice Chair, if I may.

10 Thank you.

11 Thank you, Vice Chair Jones, and
12 Commissioners Bradley and Howard.

13 The problem here was that Ms. Hoffman did not
14 check to see if Missouri casinos had that problem.
15 Shannon Hoffman made the assumption that the same
16 problem affecting the nonMissouri casinos, Indiana and
17 Louisiana, also affected River City and Lumiere in
18 Missouri, and she made a configuration change to both of
19 those systems without verifying that the problem
20 experienced in those states actually affected Missouri
21 casinos.

22 The change that she made to Lumiere and River
23 City's system actually made it so that the table games
24 players had to earn twice as many points to gain access
25 to the sweepstakes. Had she verified the casino systems

1 before she initiated the system changes based on a
2 general assumption made by others, she would have
3 realized that Missouri casino systems were configured
4 correctly and required no change.

5 It was her responsibility as regional gaming
6 analyst manager to take care of the gaming system at
7 each of the Pinnacle properties and to make sure that
8 the sweepstakes run properly in each casino.

9 Ms. Hoffman never denied making the change to
10 the two casino systems or failing to verify whether they
11 did, in fact, experience the problem reported at the
12 other Pinnacle properties before she made the change.

13 In fact, Ms. Hoffman admitted that she failed
14 to double-check with the two casinos to make sure that
15 they were, in fact, experiencing the same problem.

16 Players in Missouri could not rely on the
17 rules governing the promotion being accurate once
18 Ms. Hoffman made the across-the-board change to the
19 system.

20 Her acts without making sure her changes
21 affected each individual casino led to a disconnect
22 between what the rules of the promotion were supposed to
23 be and what actually happened with the promotion in
24 Missouri.

25 Ms. Hoffman wants to pass blame to Bally or

1 some other IT individual within Bally or Pinnacle, but
2 those individuals could only rely on the facts that
3 Ms. Hoffman told them.

4 Had she done her job and checked with the
5 Missouri properties, then called Bally to tell them the
6 two Pinnacle properties in Missouri were not
7 experiencing the same problem, Bally may have given her
8 a different answer. They might have said, well, don't
9 make changes to that system. Just make changes to
10 Indiana and Louisiana.

11 Ms. Hoffman's actions discredit the casino
12 and gaming industry because patrons should be able to
13 expect and rely on promotions to be set up and run as
14 advertised.

15 The promotion claimed all players earned
16 points at the same rate. Ms. Hoffman was responsible
17 for making sure the players got what they expected. Her
18 action prevented that.

19 As a result, as the hearing officer stated,
20 Pinnacle had to send out 5,000 postcards to its Missouri
21 patrons explaining what happened and getting them the
22 benefits that they should have received in the first
23 place.

24 As such Ms. Hoffman's Level II license is
25 subject to discipline, and we concur with the hearing

1 officer's recommendation of the three-calendar-day
2 suspension.

3 Thank you.

4 VICE CHAIRMAN JONES: My concern is that she
5 checked with the experts, the designer, and with
6 checking with the designer who I guess was responsible
7 for installing the software, his assumption, is the same
8 software all over, and I think with her assumption is
9 that it's going to happen here in St. Louis.

10 So being preventative, protecting the assets
11 of Pinnacle and River City, she made a move to
12 reconfigure based on the expert telling her this is how
13 you reconfigure.

14 But she got by from everyone that said, well,
15 it's the same software and being installed in the same
16 system, the Pinnacle system on all of these boats, and
17 it should happen here.

18 You know, I don't want this to be a situation
19 where you have, you know, someone that -- where you have an
20 accident to happen and all of a sudden no one takes care
21 of knowing that this is an issue -- knowing that this is
22 an issue, no one stands up and takes care of the problem
23 to prevent it from escalating.

24 MS. KERR: Right. And I understand that. We
25 understand that.

1 But she checked with the two other casinos
2 and this was happening in Missouri. She didn't check
3 what was happening in Missouri. I don't think it would
4 have taken, you know, but a phone call to make sure,
5 okay, this is what we're seeing in two out of however
6 many properties that they had. Is it also occurring in
7 Missouri? She didn't do that.

8 Like I said, if she had told Bally it doesn't
9 look like this is happening in Missouri, you know,
10 should I still go ahead and make the changes, they
11 probably wouldn't have told her to go ahead and do the
12 across-the-board change.

13 So I think as the manager of that -- the
14 system, making sure that Pinnacle has the right systems
15 in place in all of the casinos, she had an obligation to
16 make sure that each casino was -- had the right system
17 and the right changes, if any.

18 VICE CHAIRMAN JONES: Thank you.

19 COMMISSIONER BRADLEY: Did each casino
20 accept -- where you said the internal controls. So two
21 casinos here accepted the change?

22 MR. BEDNAR: Yes, they did.

23 George Young at Bally's. She's not trying to
24 blame anybody. This is -- you know, software is
25 software. We see it every day that there is issues that

1 happen.

2 Everybody signed off, as Vice Chairman said.
3 George Young was the expert. He said, we designed it.
4 You need to make these changes to prevent it from
5 happening in Missouri.

6 And so they then went internally at those
7 properties, got sign-off there by the people in charge
8 there and then made the changes only after she'd gotten
9 through all of the internal control processes.

10 So, I mean, those are the facts. As I said,
11 the investigator -- and the supposition of -- the
12 investigator never went and talked to Mr. Young at
13 Bally's.

14 So we've got that -- Ms. Hoffman testified
15 that she talked to Young. We submitted those e-mails
16 that occurred between Mr. Young and Ms. Hoffman in which
17 he lays out what is to be done.

18 COMMISSIONER BRADLEY: So basically it was
19 just miscommunication? She didn't communicate directly
20 before she did it?

21 MR. BEDNAR: No. I think the issue is did
22 she wait for something bad to occur in Missouri? It
23 really focuses on prevention. Do you want to do it
24 before there is a problem or after there's a problem?

25 She went to the experts, said should we make

1 these changes? Is there a problem with the software and
2 do we need to make changes? And Young's response was
3 there is a problem. You need to make these changes.
4 And so she went and made those changes companywide to
5 make sure that there wasn't a problem.

6 COMMISSIONER HOWARD: It appears to me from
7 looking at the e-mail that there must have been two
8 versions of the software.

9 The e-mail from Mr. Young from April 19, 2012
10 indicates that there was an old version of the
11 sweepstakes software and a new version of sweepstakes
12 software, and apparently their casino was using the old
13 version of the software instead of the new version.

14 And, you know, again, this is an interesting
15 job that requires us to become experts in all kinds of
16 things that we weren't experts in last week, but for the
17 next ten seconds I'm an expert in IT.

18 And if I'm to understand this e-mail from
19 April 19 of 2012, this casino was using a different
20 version.

21 And so when Ms. Hoffman is talking with
22 Mr. Young and saying we want to be prophylactic as far
23 as not having these problems that some of the other
24 casinos were having, so we want to do these changes.
25 What she didn't say is, by the way, we're using

1 Version 9.2. Well, the problem was with Version 10.5.

2 So she goes ahead and keys in these changes
3 that Mr. Young suggests that she makes, but they're not
4 using the latest version. They've not using 10.5.
5 They're Version 9.2. So she makes the changes and she's
6 making the changes to the wrong version.

7 MR. BEDNAR: Well, that wasn't in the record
8 that she was making changes to the wrong version. There
9 is no testimony from --

10 COMMISSIONER HOWARD: Well, I'm looking at
11 what you provided us. I'm not smart enough to make this
12 stuff up. I'm pretty smart but not smart enough to make
13 this stuff up.

14 MR. BEDNAR: My point is, she felt she was
15 following the directions of the expert in making the
16 changes and testified to that at the hearing.

17 COMMISSIONER BRADLEY: Do I recall that we
18 had disciplinary action against the licensee and the
19 casino for this?

20 MR. BEDNAR: I believe there was. I'm not
21 sure.

22 COMMISSIONER BRADLEY: Am I recalling that,
23 that the casino itself was fined --

24 VICE CHAIRMAN JONES: Yes.

25 COMMISSIONER BRADLEY: -- because of this?

1 COMMISSIONER HOWARD: And these situations,
2 we all acknowledge this is what happens when you have a
3 job where you hold a license and your job impacts an
4 industry that is licensed, that when you make mistakes,
5 which, by the way, most of us make six of them before
6 we get in the shower every morning, can impact the
7 industry -- you know, this is my opinion and I guess I
8 get to express it when I get behind this microphone --
9 can sometimes impact the industry where you work when
10 it's just a mistake.

11 MR. BEDNAR: And my point was that the
12 mistake whether it's an intentional mistake or failure
13 to follow internal controls. I appreciate it.

14 MS. KERR: Two things.

15 First of all, the two Missouri casino systems
16 apparently are independent systems and they need to be
17 treated independently. So each system needs to be
18 checked before an across-the-board change was made, and
19 Ms. Hoffman failed to do that.

20 Also, the promotion was already running when
21 this happened -- when this change was made. And so, you
22 know, if it wasn't working right, then people would have
23 been shorted those entries. That should have been
24 reported too and that wasn't because the written rules
25 weren't followed.

1 But the fact that most software is the same
2 across the board doesn't take away the fact that
3 Ms. Hoffman didn't double-check and make sure that the
4 casinos in Missouri or Illinois or any of the other
5 states, that their promotions were running correctly
6 based on how the system was set up.

7 And she needed to make sure that these
8 independent systems were checked independently and she
9 didn't. You know, if she had checked and then told --
10 like I said, told Bally, this seems to be working all
11 right, you know, do I still need to change it, this
12 probably wouldn't have never happened.

13 So, you know, I think that she did have that
14 obligation and she didn't meet that.

15 VICE CHAIRMAN JONES: Commissioner Howard,
16 anymore questions?

17 COMMISSIONER HOWARD: No.

18 VICE CHAIRMAN JONES: Commissioner Bradley?

19 COMMISSIONER BRADLEY: No, I don't have
20 anymore.

21 VICE CHAIRMAN JONES: Okay. Can we get a
22 motion?

23 COMMISSIONER HOWARD: And I do appreciate all
24 this information that we're provided. It's very helpful
25 to the Commission because these are important decisions

1 that we make.

2 COMMISSIONER BRADLEY: Absolutely.

3 VICE CHAIRMAN JONES: Do I get a motion?

4 COMMISSIONER HOWARD: I move for the approval
5 of Resolution No. 14-029.

6 COMMISSIONER BRADLEY: Second.

7 VICE CHAIRMAN JONES: Angie, call the roll,
8 please.

9 MS. FRANKS: Commissioner Howard.

10 COMMISSIONER HOWARD: Approve.

11 MS. FRANKS: Commissioner Bradley.

12 COMMISSIONER BRADLEY: Approve.

13 MS. FRANKS: Vice Chairman Jones.

14 VICE CHAIRMAN JONES: Approve.

15 MS. FRANKS: By your vote you've adopted
16 Resolution No. 14-029.

17 MR. WOLFORD: Mr. Vice Chairman, for your
18 consideration, the matter of Mark Goldsworthy. It's
19 Resolution No. 14-030.

20 Mr. Goldsworthy applied for a Missouri
21 occupational gaming license on 4 September of 2012. In
22 his application he disclosed a pending charge in the
23 state of Colorado, a misdemeanor for accepting a tip
24 from a patron at a gaming establishment.

25 Goldsworthy kept the Commission informed by

1 the Colorado court proceedings during his application
2 process. A Commission agent did tell him that if he
3 pled guilty to that charge, he would not be able to
4 obtain a Missouri gaming license.

5 Goldsworthy did subsequently enter a guilty
6 plea to the charge and was denied his Missouri license.

7 The State regulations state that an applicant
8 is unsuitable to hold a license if they have pled guilty
9 to any gambling-related offense within the past five
10 years.

11 At the hearing Mr. Goldsworthy testified that
12 the charge was a gaming offense and not a gambling-
13 related offense. However, none of the statutes or
14 regulations governing gaming in the state of Missouri
15 make any distinction between gambling related or gaming
16 related; therefore, the hearing officer recommends that
17 the license denial is proper in this case.

18 VICE CHAIRMAN JONES: Is Mr. Goldsworthy here
19 today? Anyone representing Mr. Goldsworthy?

20 Commissioner Bradley, Commissioner Howard,
21 anything?

22 COMMISSIONER HOWARD: No.

23 VICE CHAIRMAN JONES: Can we get a motion,
24 please?

25 COMMISSIONER HOWARD: Move for approval of

1 Resolution No. 14-030.

2 COMMISSIONER BRADLEY: Second.

3 VICE CHAIRMAN JONES: Angie, call the roll,
4 please.

5 MS. FRANKS: Commissioner Howard.

6 COMMISSIONER HOWARD: Approve.

7 MS. FRANKS: Commissioner Bradley.

8 COMMISSIONER BRADLEY: Approve.

9 MS. FRANKS: Vice Chairman Jones.

10 VICE CHAIRMAN JONES: Approve.

11 MS. FRANKS: By your vote you've adopted

12 Resolution No. 14-030.

13 MR. WOLFORD: Mr. Vice Chairman, for your
14 consideration, the matter of Adrienne Kirkland,
15 Resolution No. 14-031.

16 On 12 April of 2013 Ms. Kirkland applied for
17 a Level II occupational gaming license. In her
18 application she failed to disclose an arrest on
19 December 8, 1988 for failure to appear out of Ferguson,
20 Missouri.

21 She testified that she forgot and had no
22 memory of the arrest due to the passage of time, and
23 later during her testimony it was brought out that she
24 recalled it being just an infraction and it was taken
25 care of.

1 As you know, the Commission may refuse a
2 license to someone who fails to disclose information in
3 the application process; therefore, the hearing officer
4 believes that license denial is proper in this
5 situation.

6 VICE CHAIRMAN JONES: Is Ms. Kirkland present
7 or anyone representing Ms. Kirkland?

8 Any comments from the Commission?

9 Can we get a motion, please?

10 COMMISSIONER BRADLEY: I'll move to approve
11 Resolution No. 14-031.

12 COMMISSIONER HOWARD: Second.

13 VICE CHAIRMAN JONES: Angie, call the roll.

14 MS. FRANKS: Commissioner Howard.

15 COMMISSIONER HOWARD: Approve.

16 MS. FRANKS: Commissioner Bradley.

17 COMMISSIONER BRADLEY: Approve.

18 MS. FRANKS: Vice Chairman Jones.

19 VICE CHAIRMAN JONES: Approve.

20 MS. FRANKS: By your vote you've adopted
21 Resolution No. 14-031.

22 MR. WOLFORD: Mr. Vice Chairman, for your
23 consideration, the matter of Richard Mott, Jr. It's
24 Resolution No. 14-032.

25 Now, although duly and properly notified of

1 the time and date of the hearing, Mr. Mott did not
2 appear.

3 Mr. Mott made an application for a Level II
4 occupational gaming license on 31 October 2013. In his
5 application he failed to disclose a February 2007 arrest
6 for making a false report in St. Louis, Missouri;
7 therefore, the hearing officer believes that license
8 denial is proper in this case.

9 VICE CHAIRMAN JONES: Is Mr. Mott present?

10 Commissioner Bradley, Commissioner Howard.

11 COMMISSIONER HOWARD: I'll move for approval
12 of Resolution No. 14-032.

13 COMMISSIONER BRADLEY: Second.

14 VICE CHAIRMAN JONES: Angie, call the roll.

15 MS. FRANKS: Commissioner Howard.

16 COMMISSIONER HOWARD: Approve.

17 MS. FRANKS: Commissioner Bradley.

18 COMMISSIONER BRADLEY: Approve.

19 MS. FRANKS: Vice Chairman Jones.

20 VICE CHAIRMAN JONES: Approve.

21 MS. FRANKS: By your vote you've adopted
22 Resolution No. 14-032.

23 MR. WOLFORD: Mr. Vice Chairman, for your
24 consideration, the matter of Raymond Merida, Resolution
25 No. 14-033.

1 Mr. Merida applied for a Level II
2 occupational gaming license on 17 October of 2013. In
3 his application he failed to disclose an arrest on
4 December 15, 2002 for an assault out of Canton,
5 Missouri.

6 At hearing Mr. Merida initially testified
7 that he simply forgot about it; however, he was well
8 aware of many of the details surrounding the assault,
9 which led the hearing officer to believe that he, in
10 fact, did recall it and should have disclosed it;
11 therefore, the hearing officer believes that license
12 denial is proper in this case.

13 VICE CHAIRMAN JONES: Is Mr. Merida here?

14 COMMISSIONER HOWARD: Was this not the one
15 that he indicated that he thought it had been expunged?

16 MR. WOLFORD: Correct. He thought because he
17 was a juvenile at the time that it was off his record,
18 and he did say that he didn't recall many of the
19 details, but he did have --

20 COMMISSIONER HOWARD: He acknowledged that it
21 occurred but thought it had been expunged?

22 MR. WOLFORD: Correct.

23 COMMISSIONER HOWARD: And, therefore, didn't
24 need to disclose it?

25 MR. WOLFORD: That was his theory, correct.

1 COMMISSIONER BRADLEY: Is he here?

2 VICE CHAIRMAN JONES: No, he's not here.

3 Can we get a motion?

4 COMMISSIONER BRADLEY: I'll move to approve
5 Commission Resolution No. 14-033.

6 COMMISSIONER HOWARD: I'll second.

7 VICE CHAIRMAN JONES: Angie.

8 MS. FRANKS: Commissioner Howard.

9 COMMISSIONER HOWARD: Approve.

10 MS. FRANKS: Commissioner Bradley.

11 COMMISSIONER BRADLEY: Approve.

12 MS. FRANKS: Vice Chairman Jones.

13 VICE CHAIRMAN JONES: Approve.

14 MS. FRANKS: By your vote you've adopted
15 Resolution No. 14-033.

16 MR. WOLFORD: Thank you, Vice Chairman Jones,
17 and Commissioners Bradley and Howard.

18 VICE CHAIRMAN JONES: All right. Thank you.
19 Item V on the agenda, Hearing Officer
20 Mr. Steib.

21 MR. STEIB: May it please the Commission, the
22 first item under Item V is that of Tonya Macon,
23 Resolution 14-034.

24 Ms. Macon was a bartender with a Level II
25 occupational license. She was employed as a bartender

1 on February 23rd, 2013.

2 She was observed under a surveillance camera
3 of serving alcohol to an intoxicated person. There were
4 further observances at different times. The patron left
5 the floor, came back, was still observed being
6 intoxicated.

7 Ms. Macon asked for a hearing before the
8 hearing officer. She was properly notified of the
9 hearing; however, she appeared not.

10 So based on the evidence adduced by the
11 investigator and the staff, it does not appear that she
12 met her burden of proof to show that she should not be
13 disciplined, and hence the hearing officer recommended
14 that the discipline be approved, that being a three-day
15 suspension of Ms. Macon's license.

16 VICE CHAIRMAN JONES: Is Ms. Macon present?
17 Commissioners.

18 COMMISSIONER HOWARD: I'll move for approval
19 of Resolution No. 14-034.

20 COMMISSIONER BRADLEY: Second.

21 VICE CHAIRMAN JONES: Angie.

22 MS. FRANKS: Commissioner Howard.

23 COMMISSIONER HOWARD: Approve.

24 MS. FRANKS: Commissioner Bradley.

25 COMMISSIONER BRADLEY: Approve.

1 MS. FRANKS: Vice Chairman Jones.

2 VICE CHAIRMAN JONES: Approve.

3 MS. FRANKS: By your vote you've adopted
4 Resolution No. 14-034.

5 MR. STEIB: Mr. Vice Chairman, the next item
6 on the agenda is that of Cynthia D. Storz, Resolution
7 No. 14-035.

8 I'd like to point out to the Commissioners
9 that the introductory language under the findings of
10 fact has the language petitioner appeared not.

11 At the hearing on April 9th there were a
12 number of hearings scheduled, a number of nonappearing
13 petitioners.

14 This is not accurate as to Ms. Storz. In
15 fact, if you refer to Item No. 5 under the findings of
16 fact, at the hearing of April 9th Ms. Storz did, in
17 fact, appear, did deliver sworn testimony. Her
18 testimony I believe was sincere, honest; however,
19 mistaken.

20 In this particular situation on March 16th,
21 2013 Ms. Storz learned of a violation involving an
22 unsecured bank transfer. That is a money cart was taken
23 from the main cage without being locked.

24 Ms. Storz did not report that as was her duty
25 under the mistaken belief that it already had been

1 reported. And so as the findings of fact based on the
2 evidence adduced reflects that even though Ms. Storz
3 believed that it had already been reported, the
4 violation, that does not absolve her of her
5 responsibility to report that, which she did not do.

6 Based on the evidence adduced and the
7 testimony taken, including that of Ms. Storz, the
8 hearing officer believes that a one-day suspension is
9 appropriate in this matter.

10 VICE CHAIRMAN JONES: Is Ms. Storz present?

11 MS. STORZ: Yes. Yes.

12 VICE CHAIRMAN JONES: State your name.

13 MS. STORZ: Cynthia Storz, S-t-o-r-z.

14 VICE CHAIRMAN JONES: Go right ahead.

15 MS. STORZ: I did not report it to Missouri
16 Gaming because I was under the assumption that it had
17 already been reported three hours prior to the start of
18 my shift.

19 The incident occurred around -- from what I
20 remember, around 3:15 in the afternoon. I was scheduled
21 at seven o'clock that night. And when I arrived prior
22 to my start of my shift, I was told that per the
23 supervisor who was on duty at the time, that she
24 notified our department manager. She does not know how
25 MGC or Sky One found out but they were made aware of it.

1 At that point I assumed that everyone had already known
2 about it.

3 VICE CHAIRMAN JONES: Counsel.

4 MS. KERR: Thank you.

5 Thank you, Vice Chair Jones, Commissioners
6 Howard and Bradley.

7 The cart was left unsecured three hours
8 before she found -- before Ms. Storz found out about it.
9 There was about \$109,000 in that unsecured cart.

10 Mr. Spearman reported it to the Gaming
11 Commission. Ms. Storz did not. She admits that she
12 never told the Commission or a Commission agent.

13 But it was her responsibility as a supervisor
14 and as a licensee to report the fact that there was an
15 unsecured money -- unsecured cart on the floor. Even if
16 it was duplicative, you shouldn't make assumptions that
17 somebody else reported it.

18 She made that assumption and it was
19 obviously not valid, but she had -- she had the duty to
20 report it. Because she failed to do so she violated
21 11 CSR 45-10.030 which requires licensees to take action
22 to protect assets of the casino, and we concur with the
23 recommendation of the hearing officer for a one-day
24 suspension.

25 Thank you.

1 VICE CHAIRMAN JONES: Commissioners.

2 COMMISSIONER HOWARD: I don't have any
3 questions.

4 COMMISSIONER BRADLEY: So I just want to
5 clarify. The procedure is that there would have been a
6 security advisor on the shift before Ms. Storz's shift
7 who did report it but then when she came on she needed
8 to report it again? Is that the proper procedure? I'm
9 trying to understand.

10 MS. STORZ: According to the reports that I
11 have read, actually it wasn't reported until 9:30 or
12 9:20.

13 COMMISSIONER BRADLEY: That's why I'm
14 confused.

15 MS. STORZ: Believe me, I'm confused too,
16 because it happened at 3:15 in the afternoon. And Meeka
17 Reed, the supervisor who was on duty at the time, told
18 me -- I did not ask her had she reported it, but she
19 told me she didn't know how Missouri Gaming or
20 Sky One found out but they were aware of that situation.

21 At that point I assumed the responsibility
22 had been met to what we were required to report to
23 Missouri Gaming and Sky One, so Sky One could watch the
24 coverage of the money being transferred.

25 At about 9:15, 9:30 that night, from what I

1 recall, Pierre Crawford, their shift manager, had come
2 to me and asked me how much was in the cart. I actually
3 had to pull what we called dead paperwork, which had the
4 amount of the transfer at the bottom, and show them
5 that's how much it was, \$109,000.

6 COMMISSIONER BRADLEY: So was the other
7 security manager disciplined?

8 MS. STORZ: Their shift started at
9 three o'clock that afternoon.

10 COMMISSIONER BRADLEY: Were they disciplined
11 on the prior shift?

12 MS. KERR: I'm not sure. I'd have to check
13 the report, because there were other people involved.

14 Ms. Alonzo might be able to.

15 COMMISSIONER BRADLEY: Sure.

16 MS. ALONZO: Cheryl Alonzo, Missouri Gaming
17 Commission.

18 There were several other licensees that
19 received discipline, a security officer, a main cashier,
20 a shift manager and a shift supervisor.

21 Now, I'm not sure. You said whose name?

22 MS. STORZ: Spearman, Eddie Spearman, was the
23 one who -- he was the shift supervisor that was on duty
24 at the time.

25 MS. ALONZO: That person was not disciplined

1 in this case, or not recommended discipline.

2 COMMISSIONER BRADLEY: I'm just a little
3 confused. If the supervisor who was on duty, the
4 security advisor who was on duty, wasn't disciplined but
5 the person who was came in the next shift three hours
6 later is disciplined.

7 MS. KERR: Well, Mr. Spearman did notify MGC.

8 COMMISSIONER BRADLEY: Then that's my
9 question. Then is there a duty for the next person
10 coming in? I mean, if he notified --

11 MS. KERR: Well, I'm not sure that Ms. Storz
12 knew that anybody had notified MGC, and just to verify
13 and make sure that there's this cart, this unsecured
14 cart, out there, does everybody know that, you know --

15 COMMISSIONER BRADLEY: And it was still out
16 there? Is that what the issue is? It was still out
17 there when you came on your shift?

18 MS. STORZ: No.

19 From what I understand, when the cart came
20 over to the cage at 3:20ish in the afternoon, once the
21 cart is inside the cage, it's considered in a secure
22 location and the funds were accepted in by the cashier
23 that it actually belonged to.

24 So where it was unsecured from was from when
25 it was transferred from off the casino floor through the

1 casino floor to a secure location.

2 COMMISSIONER BRADLEY: But that was not on
3 your shift. Correct?

4 MS. STORZ: It was not, no.

5 VICE CHAIRMAN JONES: When did your shift
6 start?

7 MS. STORZ: I was scheduled at 1900 that
8 night, which is 7:00 p.m., and I arrived at about 6:45.

9 COMMISSIONER BRADLEY: I'm trying to figure
10 out the duty.

11 VICE CHAIRMAN JONES: Yeah.

12 COMMISSIONER BRADLEY: I understand there's a
13 duty to report, but if it's already been reported --

14 MS. STORZ: And I understand that too, it is
15 my duty, and I have a really good rapport with our
16 Missouri Gaming agents on staff.

17 And when I spoke to the officer on duty,
18 Rhonda Shanika, I told her that I understand that you
19 have an investigation to do. I will help you in any way
20 and get you whatever information you need.

21 I just don't understand why myself, you know,
22 three and a half, four hours after the incident
23 occurred, I was told -- I didn't specifically ask was
24 MGC notified but the supervisor on duty said I don't
25 know how they found out but they know, to me that was

1 meeting the responsibility. As long as you guys are
2 aware of the situation, then the proper people were
3 notified.

4 VICE CHAIRMAN JONES: I'm confused. I'm also
5 confused on that.

6 At 3:20 it goes to a secure place. So it's
7 not even on the floor when you come on?

8 MS. STORZ: That is correct. The funds were
9 actually already being used.

10 VICE CHAIRMAN JONES: They were already
11 secured?

12 MS. STORZ: Secured and probably handed out
13 to guests at that point.

14 I don't remember the exact day of the week,
15 but I believe it was a Friday or Saturday. It's a busy
16 weekend, and those banks can go through, you know, 4 or
17 \$500,000.

18 CHAIRMAN JONES: It's secured. It's not
19 there. You just hear there's an investigation going on?

20 MR. STORZ: That is correct.

21 VICE CHAIRMAN JONES: But we're saying it was
22 your responsibility to report that this cart was there
23 prior to your shift at three o'clock in the afternoon?

24 MR. STORZ: Yes, sir.

25 COMMISSIONER HOWARD: I guess I don't

1 understand. The transcript talks about the -- and
2 that's where we need the information about the cart not
3 being locked and that's where -- I guess I was under the
4 impression where they were talking about -- in the
5 transcript earlier about an unlocked cart and -- a bank
6 cart valued at \$109,000 left the main cage and went to
7 the cage on the casino floor without being locked, and
8 the cart not being locked, and that occurred -- and
9 you're saying that occurred at three o'clock in the
10 afternoon.

11 MS. STORZ: Around 3:15 from what I
12 understand.

13 COMMISSIONER HOWARD: Well, we're not
14 securing it while transporting it from one secure
15 location to another secure location, and then who is
16 responsible for doing that?

17 MS. STORZ: The responsibility was the main
18 banker, Brenda, who left -- who sent the cart from the
19 main bank. Security Officer Mustafa Al-Hiti should have
20 made sure that the lock was locked on it. Usually they
21 pull on the lock. It's like a padlock. You have to have a
22 key in it to unlock it. You have to have a key in it to
23 lock it.

24 Once that cart comes out of the main bank,
25 they usually pull on the lock. Assuming he never

1 checked the lock. I have no idea. They walk across the
2 floor. That lock was never on that cart.

3 So at any time anybody could have taken the
4 lid literally and lifted it up and then there's the
5 money inside the cart.

6 COMMISSIONER HOWARD: And I guess this is
7 where -- when looking at the transcript, it said that
8 there was a recognition that that was not done properly,
9 and then the question was asked, well, who was
10 responsible for informing the Gaming Commission
11 personnel that that had occurred, and I believe you
12 testified that you were the one that was notified that
13 this -- the transporting of that cart had occurred
14 improperly.

15 MS. STORZ: I was probably about the fourth
16 or fifth person notified of it.

17 Meeka Reed was the supervisor who -- the
18 employee told her that it was unlocked. She then called
19 our department leader at the time and said that the cart
20 was unlocked. And then when I came in at seven o'clock
21 that night -- if you read Meeka's statement, it says in
22 there that she had talked to Pierre Crawford shortly
23 after this had happened in what's called the JPH area,
24 so that they could speak about the situation, and then I
25 was notified later that night.

1 COMMISSIONER HOWARD: And told that something
2 had happened earlier that day that had not been done
3 properly?

4 MS. STORZ: Correct.

5 COMMISSIONER HOWARD: On somebody else's
6 shift?

7 MS. STORZ: Correct.

8 MS. KERR: I'm sorry. If I may.

9 As a supervisor -- when she found out that
10 this had happened, as a supervisor Ms. Storz had the
11 duty to make sure that, well, did anybody get notice,
12 and in her statement she states that at no time did I
13 ask if MGC or Sky One had been notified. She didn't
14 take that extra step just to make sure.

15 I think she told the trooper, well, I was
16 trying to figure out what was going on. I wanted to get
17 the facts straight before coming to you with it.

18 But the fact is she needed -- when she was
19 told that this was happening, as a supervisor she should
20 have taken that step to notify MGC immediately that this
21 was going on or who was taking care of it, make sure
22 that MGC was notified.

23 COMMISSIONER HOWARD: I don't think
24 there's -- I have to take a distinction between was
25 happening and had happened.

1 There wasn't anything continuing to happen.

2 There was something that had happened --

3 MS. KERR: Right.

4 COMMISSIONER HOWARD: -- four hours ago.

5 MS. KERR: And had MGC been --

6 COMMISSIONER HOWARD: There's a significant
7 distinction between --

8 VICE CHAIRMAN JONES: And had been reported.

9 MS. KERR: And she did not check.

10 COMMISSIONER HOWARD: So I guess our
11 responsibility is to decide what the obligation is of
12 subsequent supervisors to find out any misconduct that
13 had occurred prior to their shift by employees and then
14 are they responsible for making sure we know.

15 MS. KERR: Well, I don't think we're asking
16 for the supervisor on the next shift to say did anybody
17 do anything wrong last shift? When she found out that
18 this had occurred and nobody had notified MGC
19 immediately.

20 COMMISSIONER HOWARD: We're not being asked
21 to do that? We're not being asked to do that?

22 Let's say that one more time. We're not
23 being asked to make a determination as to whether
24 Ms. Storz should be responsible for failing to report
25 something that had happened on a prior shift?

1 MS. KERR: Well, once she found out there was
2 a violation, yes.

3 COMMISSIONER BRADLEY: As far as from what I
4 have read and what I've heard, she had an understanding
5 that the incident had been reported and it had been.

6 VICE CHAIRMAN JONES: Anymore questions?

7 COMMISSIONER BRADLEY: No.

8 COMMISSIONER HOWARD: I have no more
9 questions.

10 VICE CHAIRMAN JONES: Commissioner Howard.

11 COMMISSIONER HOWARD: I don't have anymore
12 questions.

13 VICE CHAIRMAN JONES: Do we get a motion?

14 COMMISSIONER BRADLEY: I'm going to move to
15 reject Commission Resolution No. 14-035.

16 COMMISSIONER HOWARD: Is reject the right
17 word?

18 MR. GREWACH: Reject is the right word.

19 COMMISSIONER HOWARD: We have magic words we
20 have to use.

21 I'll second that.

22 VICE CHAIRMAN JONES: Angie, call the roll.

23 MS. FRANKS: Commissioner Howard.

24 COMMISSIONER HOWARD: I approve we reject.

25 MS. FRANKS: Commissioner Bradley.

1 COMMISSIONER BRADLEY: I approve we reject.

2 MS. FRANKS: Vice Chairman Jones.

3 VICE CHAIRMAN JONES: I approve the
4 rejection.

5 MS. FRANKS: By your vote you've rejected
6 Commission Resolution No. 14-035.

7 VICE CHAIRMAN JONES: Thank you.

8 MS. STORZ: Thank you.

9 MR. STEIB: May it please the Commission, the
10 next item on the agenda is Mr. Todd R. Cruts,
11 Resolution No. 14-036.

12 Mr. Cruts did appear via videotape at a
13 hearing on April 9th.

14 On April 11th, 2013 Mr. Cruts was employed as
15 a security supervisor for the Cape Girardeau casino. In
16 that capacity he instructed security officers under his
17 supervision to fix errors on their card inspection logs.
18 The licensee had the security officer fill out new logs
19 without voiding the originals.

20 At the hearing Mr. Cruts testified
21 extensively regarding what he thought the appropriate
22 protocol should be, which differed from what the actual
23 protocol is, if you've read the transcript.

24 He is no longer an employee by his own
25 volition of the casino. The original erroneous law

1 should have been voided with an accompanying brief
2 description of why the originals were voided.

3 It is the opinion of the hearing officer that
4 Mr. Cruts did not meet his burden of proof to show why
5 he should not be disciplined, and the discipline which
6 was suggested by the staff is that Mr. Cruts be affirmed
7 in a five-day suspension, which may be moot under the
8 circumstances since he's no longer an employee; however,
9 I would still ask that the resolution be approved.

10 VICE CHAIRMAN JONES: Is Mr. Cruts in the
11 audience?

12 Now, my understanding now is that if we suspend
13 his license, so he gets to keep the license, but he was
14 just fired from -- or he was terminated from his previous
15 employer, so he could possibly with the license move to
16 another employer.

17 MR. STEIB: I believe that the record will
18 reflect that he was not terminated but he chose other
19 pursuits. So he was not terminated from the casino,
20 just to make the record clear. He decided to pursue
21 other things.

22 As to the ramifications of the suspension, I
23 defer to the staff to relate that to the Commissioners.

24 MR. GREWACH: Yeah. To answer your question,
25 Vice Chairman, he will keep his license for whatever his

1 license term is, but being able to renew it when the
2 renewal date comes around, unless he's employed by a
3 casino.

4 VICE CHAIRMAN JONES: Got it.

5 MS. KERR: And actually I think his license
6 has since expired.

7 VICE CHAIRMAN JONES: Okay. Commissioners.

8 COMMISSIONER HOWARD: I'll move for approval
9 of Resolution No. 14-036.

10 COMMISSIONER BRADLEY: Second.

11 VICE CHAIRMAN JONES: Angie.

12 MS. FRANKS: Commissioner Howard.

13 COMMISSIONER HOWARD: Approve.

14 MS. FRANKS: Commissioner Bradley.

15 COMMISSIONER BRADLEY: Approve.

16 MS. FRANKS: Vice Chairman Jones.

17 VICE CHAIRMAN JONES: Approve.

18 MS. FRANKS: By your vote you've adopted
19 Resolution No. 14-036.

20 MR. STEIB: The next item on the agenda,
21 Mr. Vice Chairman, is that of Brandon Nichols, and the
22 issue here being a failure to disclose an arrest record.

23 There was a hearing conducted April 9th, 2014
24 where Ms. Kerr, the Commissioner's attorney, appeared,
25 evidence was presented and arguments made.

1 The issue in this situation revolves around
2 an application that was denied for failure to disclose
3 arrests, convictions, failure to disclose a battery
4 arrest in Cahokia, Illinois on October 4th, 2004, a
5 failure to disclose a battery arrest on November 15,
6 2002 in Cahokia, Illinois, a failure to disclose
7 obstructing identification on July 4th, 2010 in
8 Fairview Heights, Illinois, and a failure to disclose
9 battery causing harm January 15, 2011, all of which were
10 not disclosed on the application which was filed.

11 Based on that evidence adduced at the hearing
12 the staff recommends that the denial of the gaming
13 application be approved and that is the finding of fact
14 and conclusions of the hearing officer.

15 VICE CHAIRMAN JONES: Is Mr. Nichols present?
16 Commissioners.

17 COMMISSIONER HOWARD: I move for approval of
18 Resolution No. 14-037.

19 COMMISSIONER BRADLEY: Second.

20 VICE CHAIRMAN JONES: Angie.

21 MS. FRANKS: Commissioner Howard.

22 COMMISSIONER HOWARD: Approve.

23 MS. FRANKS: Commissioner Bradley.

24 COMMISSIONER BRADLEY: Approve.

25

1 MS. FRANKS: Vice Chairman Jones.

2 VICE CHAIRMAN JONES: Approve.

3 MS. FRANKS: By your vote you've adopted
4 Resolution No. 14-037.

5 MR. STEIB: Commissioners, the next item on
6 your agenda is that of Brittney Bridgett.

7 This involves the same issue of failure to
8 disclose an arrest record. There was a hearing
9 conducted on April 9th, 2014, of which the applicant was
10 duly noted. However, the applicant appeared not.

11 There was a record made, which I'm sure you
12 have been advised of. The applicant pursuant to the
13 exhibits adduced and admitted into evidence failed to
14 disclose an arrest dated June 12, 2013 for disturbing
15 the peace in the City of St. Louis, Missouri. That was
16 not reflected in the application.

17 Based on the applicant's failure to appear on
18 and the record made and evidence adduced, including
19 clear and convincing, evidence that the applicant in
20 absentia, lead the hearing officer to the conclusion
21 that the applicant's application was properly denied,
22 which was the recommendation of the staff.

23 VICE CHAIRMAN JONES: Is Ms. Bridgett
24 present?

25 Commissioners.

1 COMMISSIONER BRADLEY: Motion to approve
2 Commission Resolution No. 14-038.

3 COMMISSIONER HOWARD: Second.

4 VICE CHAIRMAN JONES: Angie.

5 MS. FRANKS: Commissioner Howard.

6 COMMISSIONER HOWARD: Approve.

7 MS. FRANKS: Commissioner Bradley.

8 COMMISSIONER BRADLEY: Approve.

9 MS. FRANKS: Vice Chairman Jones.

10 VICE CHAIRMAN JONES: Approve.

11 MS. FRANKS: By your vote you've adopted
12 Resolution No. 14-038.

13 VICE CHAIRMAN JONES: Mr. Steib.

14 MR. STEIB: Commissioners, the next item on
15 your agenda is of that DeAndre Davis, the issue here
16 being failure to disclose five arrests.

17 There was a hearing conducted April 9th, 2014
18 in which sufficient evidence was presented to reflect
19 that the applicant had failed to disclose multiple
20 arrests, which were the results of a fingerprint check
21 which had been taken after the application was
22 submitted.

23 There were indeed five arrests in various
24 jurisdictions. Based on that and the evidence adduced
25 at that hearing, it is the hearing officer's judgment

1 and opinion that the applicant did, in fact, fail to
2 disclose the arrest records and that the recommendation
3 of the staff, that the denial of the gaming license is
4 appropriate, that being the conclusion of the hearing
5 officer in this matter.

6 VICE CHAIRMAN JONES: Is Mr. Davis present?
7 Commissioners.

8 COMMISSIONER HOWARD: Move for approval of
9 Resolution No. 14-039.

10 COMMISSIONER BRADLEY: Second.

11 VICE CHAIRMAN JONES: Angie.

12 MS. FRANKS: Commissioner Howard.

13 COMMISSIONER HOWARD: Approve.

14 MS. FRANKS: Commissioner Bradley.

15 COMMISSIONER BRADLEY: Approve.

16 MS. FRANKS: Vice Chairman Jones.

17 VICE CHAIRMAN JONES: Approve.

18 MS. FRANKS: By your vote you've adopted
19 Resolution No. 14-039.

20 MR. STEIB: Thank you, Commissioners.

21 VICE CHAIRMAN JONES: Thank you, Mr. Steib.

22 COMMISSIONER HOWARD: Thank you, Mr. Steib.

23 VICE CHAIRMAN JONES: We're going to take a
24 ten-minute minute break. Then we'll get into the rest
25 of the agenda. So 12:10.

1 (A RECESS WAS TAKEN.)

2 EXECUTIVE DIRECTOR STOTTLEMYRE:

3 Mr. Chairman, we have Tom Cook with us, the General
4 Manager of Harrah's in North Kansas City, and he will
5 start the presentation and introduce any of the guests
6 that he has with him.

7 MR. COOK: Well, I guess it's officially
8 afternoon. So good afternoon, Chairman Jones,
9 Commissioner Howard and Commissioner Bradley.

10 Tom Cook, General Manager for Harrah's North
11 Kansas City.

12 COMMISSIONER HOWARD: Good afternoon.

13 MR. COOK: I had time to think about some
14 things. This is my fifth visit before you seeking again
15 our license renewal for North Kansas City.

16 There are a number of folks with me that I'd
17 like to introduce with us. Because we're also seeking
18 our Class A license renewal as well, we have Jackie
19 Bioto (phonetic sp.), Sue Carletta and Tim Lambert. They
20 are with our corporate office in Las Vegas. And locally
21 from North Kansas City, Jim Janchar and Sharon Spencer-
22 Drew, our finance and regulatory compliance manager.

23 And then finally on the conclusions of my
24 comments we have our mayor, Mr. Don Stielow, who would
25 also like to say a few words at the conclusion of our

1 brief presentation.

2 So without further ado I'll cruise through
3 the request. I appreciate that we've minimized a little
4 bit of this. You've asked me to speak for no more than
5 15 minutes, and I promise you I will adhere to that.

6 North Kansas City, this is our star property.
7 We are in our 20th year. So in September we will be
8 celebrating our 20th year. So we've been around now for
9 quite a while.

10 And things are good. With regard to the
11 agreements, we continue to adhere to the development
12 agreement, our rent being the greater of \$2 million per
13 year, or 2 percent of gaming revenues. So you see
14 before you how we did in 2012 and '13.

15 As well as our charitable contributions,
16 which were in this particular component \$100,000 in each
17 of the last two years. You'll see later in the
18 presentation where our charitable donations are in
19 excess of this requirement.

20 I do want to point out that through this
21 particular piece of the process we partnered -- or
22 actually almost allowed the City of North Kansas City to
23 determine where all of these funds go, and I think that
24 they do a terrific job of balancing the needs, not just
25 of North Kansas City but in the surrounding communities,

1 in providing funds to a whole bunch of local charitable
2 organizations through a really good process.

3 So the revenue in our admission performance
4 is not surprising. Revenues haven't been quite up to
5 what our planned revenue was, and the same with the
6 admissions, but our adherence to the -- to the record
7 and then obviously to the taxes have been in place.

8 We keep -- it's been a tough market, and it's
9 been particularly tough, I think, for gaming. As the
10 rest of the economy rebounds, we seem to be a little bit
11 lagging, and we're hopeful that this will come back
12 around.

13 From a capital investment perspective, as we
14 look at 2012 and '13, we have a list before you of some
15 of the things that we have done.

16 Honestly, unless you're sort of a facilities
17 guy and not really sexy kinds of capital investment type
18 things but more necessary maintenance types of things,
19 with certainly things thrown in.

20 But there's a couple probably I would
21 characterize as lean years for 2012 and '13, and while
22 the presentation is focused on '12 and '13, I did want
23 to at least acknowledge or point out that in this year,
24 our 20th year, we've got some exciting changes
25 happening, where we're spending approximately \$3 million

1 on a renovated restaurant. We've built out an employee
2 health and wellness center. So beyond just the
3 investment, just the idea that we're taking care of our
4 employees locally, where there will be a nurse on site.
5 It will be terrific.

6 We're spending almost \$2 million to refurbish
7 one of our two hotel towers, and we're continuing with
8 the process of remodeling the restrooms and components
9 of the hotel. A plumbing issue that is being addressed
10 is a singular issue that is on the order of \$100,000,
11 and about the same amount with the restroom remodels.

12 So those are both going to be done through
13 MBEs, which is terrific.

14 Our responsible gaming, that is something
15 that Caesars Entertainment has always been particularly
16 proud of. This is a busy slide. Hopefully you've had a
17 chance to peruse it because I won't go through it in
18 great detail.

19 But one of the things worth noting is we did
20 in the last year purchase this advanced ID detection
21 system which has significantly helped both in speed and
22 accuracy of scanning IDs and taking the pictures of the
23 IDs and checking for alterations and those kind of
24 things. And it's deemed -- you know, it's been really
25 successful.

1 I think, you know, we have about three to
2 four million admissions a year. We ultimately check on
3 the order of a few hundred thousand IDs that are
4 physically checked, and about once every ten days on
5 average we will catch a fraudulent ID.

6 So I think our teams do a pretty good job,
7 and we're highly sensitive to the minors getting on
8 board and we do our best, and I think we've made some
9 progress in that regard.

10 Our responsible gaming, as I said, is
11 something that Caesars has always been proud of. This
12 is just a little bit more of the tools that we use to
13 identify people with false IDs, from the detection
14 system, that I noted, to black lights and flashlights
15 and all sorts of things.

16 And we -- you know, we've been -- that's
17 really been in place for a long time, and again, as I
18 tried to emphasize, I think Caesars has always been
19 known as one of the pioneers, and really moving forward,
20 responsible gaming is something we're really proud of.

21 This slide I can't speak intelligently about.
22 It was requested and -- you know, so I can't put a
23 comparison about what those stats are relative to other
24 major cities of any kind.

25 But it was requested. It's provided. I wish

1 I could say more to it.

2 I think that in our property in Kansas City,
3 I think talking to the boat sergeant most recently that
4 did come on, it seems like this is a safer environment
5 than some of the other places he's worked.

6 But I think that it's -- that we've done very
7 well at Harrah's in North Kansas City and our crime is
8 pretty darn low, really small stuff.

9 Our code of commitment. This is really about
10 a commitment to our employees. The section on a
11 commitment to our guests with respect to responsible
12 gaming to the communities in which we work and operate
13 and to the environment and really making efforts to do
14 more green types of activities.

15 This is an ongoing code that is properly
16 mentioned and reiterated and reminded of our teams, and
17 a lot of the things that we do particularly from an
18 environment are based on a grassroots effort that are
19 near and dear to the employees' hearts.

20 This is where I noted that in addition to the
21 mandatory requirement on the charitable donations in
22 total, we've given about \$550,000. That does include
23 the \$200,000 that was noted on the earlier part, and you
24 see before you a list of all of the different entities
25 in which we have provided funds to for all sorts of

1 various reasons.

2 In addition to that, we're proud of our
3 Harrah's Entertainment Reaching Out program, acronym
4 HERO. That's a program where our employees get involved
5 in all sorts of activities, and we try to note their
6 hours that they participate and recognize and reward
7 them for being -- you know, for their charitable service
8 in and around our community.

9 These are just some of the things that we've
10 done.

11 You know, Harvesters. We're getting ready to
12 open up our restaurant, and doing a little research I
13 think somebody said we've given out about 187,000 meals
14 through Harvesters. There are relationships we've had
15 for a number of years now and it's just a win-win. The
16 employees and the guests appreciate it, and obviously
17 it's great to be a part of that community.

18 Green is probably one that is a little bit
19 more -- made more progress -- progress in the past few
20 years as that seems to be something that is really
21 taking root, particularly I think with the grassroots
22 effort, so we're getting behind a lot of the efforts and
23 activities there.

24 And then we get into the utilization of MBE
25 and WBE, and I think we have a good story. You know, I

1 know this is one that's always been of interest. You
2 know, we've continued to partner with our corporate
3 partners on our national purchasing program, as well as
4 our local purchasing folks.

5 And this is again another busy slide but, you
6 know, I do want to point out just as a point of
7 reference, that in 2002 when I add the MBE and WBE
8 together, our percentage was 7.1 percent. In '11 it
9 went to 8.9 percent. In '12 we went right up to about
10 12 percent, 11.99 percent. And in 2013, now for the
11 year, it was 16 percent.

12 Looking more carefully, if you go back to the
13 third quarter of 2012 forward, every -- for the last six
14 consecutive quarters we've increased that percentage
15 such that the final fourth quarter of 2013 was 17.3
16 percent.

17 So clearly in my mind significant progress
18 has been made, and one particular vendor that we worked
19 with here locally we have introduced to our sister
20 property in Iowa, where we spent, I think, on the order
21 of \$300,000 given our size with them, and they'll do
22 about \$400,000 in Iowa with the same vendor.

23 So I think too that that is worthy of note
24 and something that, you know, we do continue to work
25 hard to try to identify areas in which we can invest in

1 minority and women-owned businesses.

2 We, as I think I said, on some of the capital
3 work that we're doing, some of the construction work
4 that we do, we have recently found two different vendors
5 and talked about the restroom remodel and the hotel
6 renovation, that we have now been able to parcel out some
7 of that work to them.

8 And then actually, you know, one of our food
9 providers has been a good source of improvement for us.
10 We're currently, as I noted in our capital combining --
11 well, I didn't note that we combined it, but we used to
12 have our own steakhouse and a third-party Italian
13 restaurant.

14 We have since -- we'll be in the new
15 restaurant combining those two outlets into one. It
16 will be all of our purchases, so we anticipate that the
17 spend to that particular vendor will go up as well as we
18 will likely be buying more food for what is our much
19 bigger restaurant.

20 So I think, you know -- and the numbers bear
21 them out -- that we have done a really nice job and
22 hopefully will continue to make progress in that area.

23 That is -- except for your questions or
24 comments, and these were just some of the more recent
25 ones. Scavuzzo is the food provider that I talked

1 about, the restroom remodel that I talked about and a
2 couple other vendors that we have found to do some work
3 here and there.

4 That really sums up briefly, as requested,
5 you know, what's happened at Harrah's North Kansas City
6 and our results over the last two years.

7 So certainly I'd be interested in any
8 questions. I also did want to allow a few minutes for
9 our mayor to come speak to the Commission, Mr. Stielow.

10 VICE CHAIRMAN JONES: Any questions?

11 MR. COOK: Mr. Stielow.

12 MR. STIELOW: First of all, I'd like to say
13 I've only been the mayor for North Kansas City now for
14 about a year and a half but I have been a resident of
15 North Kansas City for 45 years.

16 So I have -- before Harrah's was there we
17 were there, I was there, and I was there during the
18 whole thing.

19 And really during all that time I think that
20 Harrah's has been a very good corporate neighbor and
21 helper for our city. I know a lot of things that we've
22 done we never could have accomplished without the help
23 of Harrah's and their money, and we appreciate them to
24 be in North Kansas City.

25 One of the things that we are doing right now

1 is we're putting in an off-leash dog park in the north
2 part of our city, which a lot of people in the whole
3 north area will benefit from that. And due to Harrah's
4 monies we've been able to do stuff like that.

5 So basically that's about all I've got to
6 say. Any questions?

7 VICE CHAIRMAN JONES: Any questions?

8 COMMISSIONER BRADLEY: Thank you.

9 VICE CHAIRMAN JONES: Thank you, Mr. Mayor.

10 COMMISSIONER HOWARD: Thank you.

11 EXECUTIVE DIRECTOR STOTTLEMYRE: At this
12 time, Mr. Vice Chairman, if we had any public comments
13 from anyone, it would be the appropriate time.

14 If not, the investigative summary will be
15 presented by Sergeant Gary Davidson.

16 SERGEANT DAVIDSON: Mr. Vice Chairman,
17 Commissioners, on March 26, 2012, Caesars
18 Entertainment -- excuse -- 2014 Caesars Entertainment
19 Corporation, or later referred to as Caesars, submitted
20 a relicensing application to the Missouri Gaming
21 Commission for renewal of its Class A riverboat gaming
22 license.

23 Additionally, Harrah's North Kansas City
24 Casino submitted a relicensing application for renewal
25 of their associated Class B riverboat gaming license.

1 You will find the resolutions for renewing
2 those licenses under Tabs Q and R. Both licenses are
3 set to expire on June 30th, 2014.

4 Missouri State Highway Patrol background
5 investigators, working closely in conjunction with
6 Missouri Gaming Commission financial investigators,
7 conducted an investigation into the suitability of
8 Caesars and Harrah's North Kansas City Casino.

9 The investigations included, but were not
10 limited to, criminal, civil, regulatory and financial
11 inquiries.

12 Key and Level I personnel have either been
13 subject to or are currently the subject of general
14 character inquiries, to include where they lived, worked
15 and frequented.

16 North Kansas City, Clay County, State and
17 Federal agencies having regulatory authority over
18 Caesars and North Kansas City were also contacted.

19 The findings of these investigations were
20 provided to the Gaming Commission staff for review and
21 you now possess the detailed summary report before you.

22 The investigating officers are present and
23 financial investigators are present to entertain any
24 questions you may have at this time.

25 VICE CHAIRMAN JONES: Commissioners, any

1 questions?

2 COMMISSIONER HOWARD: No, I don't believe so.

3 Thank you.

4 VICE CHAIRMAN JONES: Thank you.

5 EXECUTIVE DIRECTOR STOTTLEMYRE: Vice
6 Chairman, at this time Cheryl will present the MBE/WBE
7 compliance review.

8 MS. BONNER: Mr. Vice Chairman and
9 Commissioners, on May 1st, 2014 the Missouri Gaming
10 Commission staff conducted a 100 percent audit of the
11 MBE/WBE records for the Class B licensee Harrah's North
12 Kansas City.

13 The results of our audit and specific details
14 related to those findings are contained with the
15 comprehensive summary report in your possession,
16 and I will be happy to answer any questions.

17 VICE CHAIRMAN JONES: Any questions?

18 Thank you.

19 EXECUTIVE DIRECTOR STOTTLEMYRE:
20 Mr. Chairman, you had talked at one point about maybe
21 wanting to go into closed to discuss this before you
22 voted on the resolutions.

23 VICE CHAIRMAN JONES: Okay.

24 EXECUTIVE DIRECTOR STOTTLEMYRE: I don't know
25 if you're still wanting to do that.

1 VICE CHAIRMAN JONES: Yes, sir.

2 Can we get a motion to go into closed?

3 COMMISSIONER HOWARD: I'll do that.

4 I move that we go into closed session. I
5 believe that's going to be under Section 313.847 of the
6 Revised Statutes of Missouri, for the purpose of
7 investigatory, proprietary and application records, I
8 believe is where that is going to fall under, and as
9 well as Section 610.021, Subsection 14, for records
10 protected from disclosure by law.

11 COMMISSIONER BRADLEY: Second.

12 VICE CHAIRMAN JONES: Angie.

13 MS. FRANKS: Commissioner Howard.

14 COMMISSIONER HOWARD: Approve.

15 MS. FRANKS: Commissioner Bradley.

16 COMMISSIONER BRADLEY: Approve.

17 MS. FRANKS: Vice Chairman Jones.

18 VICE CHAIRMAN JONES: Approve.

19 (Closed session.)

20 MS. FRANKS: Commissioner Howard.

21 COMMISSIONER HOWARD: Present.

22 MS. FRANKS: Commissioner Bradley.

23 COMMISSIONER BRADLEY: Present.

24 MS. FRANKS: Vice Chairman Jones.

25 VICE CHAIRMAN JONES: Present.

1 EXECUTIVE DIRECTOR STOTTLEMYRE:
2 Mr. Chairman, staff does recommend approval of
3 Resolution No. 14-040 and Caesars Entertainment
4 Corporation Class A.

5 VICE CHAIRMAN JONES: Commissioners.

6 COMMISSIONER BRADLEY: Motion to approve
7 Commission Resolution No. 14-040.

8 COMMISSIONER HOWARD: I'll second that
9 motion.

10 VICE CHAIRMAN JONES: Angie, call the roll.

11 MS. FRANKS: Commissioner Howard.

12 COMMISSIONER HOWARD: Approve.

13 MS. FRANKS: Commissioner Bradley.

14 COMMISSIONER BRADLEY: Approve.

15 MS. FRANKS: Vice Chairman Jones.

16 VICE CHAIRMAN JONES: Approve.

17 MS. FRANKS: By your vote you've adopted
18 Resolution No. 14-040.

19 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Vice
20 Chairman, staff also recommends approval of Resolution
21 No. 14-041 for Harrah's North Kansas City, LLC, the
22 Class B.

23 COMMISSIONER HOWARD: I'll move for approval
24 of Resolution No. 14-041.

25 COMMISSIONER BRADLEY: Second.

1 VICE CHAIRMAN JONES: Angie.

2 MS. FRANKS: Commissioner Howard.

3 COMMISSIONER HOWARD: Approve.

4 MS. FRANKS: Commissioner Bradley.

5 COMMISSIONER BRADLEY: Approve.

6 MS. FRANKS: Vice Chairman Jones.

7 VICE CHAIRMAN JONES: Approve.

8 MS. FRANKS: By your vote you've adopted
9 Resolution No. 14-041.

10 EXECUTIVE DIRECTOR STOTTLEMYRE: That's it.

11 MR. COOK: Thank you.

12 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Vice
13 Chairman, the next item on the agenda is Consideration
14 of Disciplinary Actions. Mr. Grewach will present.

15 MR. GREWACH: Thank you.

16 Under Tab S we have a preliminary order of
17 discipline directed to Bally.

18 On January the 2nd, 2013 Bally shipped one
19 piece of revoked software to the St. Jo Frontier Casino.
20 That software had been revoked on December 21st, 2012,
21 and the recommendation is for a \$5,000 fine.

22 VICE CHAIRMAN JONES: Commissioners.

23 COMMISSIONER BRADLEY: I'll move for approval
24 of DC-14-252.

25 COMMISSIONER HOWARD: I'll second that.

1 VICE CHAIRMAN JONES: Angie.

2 MS. FRANKS: Commissioner Howard.

3 COMMISSIONER HOWARD: Approve.

4 MS. FRANKS: Commissioner Bradley.

5 COMMISSIONER BRADLEY: Approve.

6 MS. FRANKS: Vice Chairman Jones.

7 VICE CHAIRMAN JONES: Approve.

8 MS. FRANKS: By your vote you've adopted
9 DC-14-252.

10 MR. GREWACH: Under Tab T there's a
11 preliminary order of discipline directed to Lumiere
12 Casino. This results from an audit MGC did for a time
13 period beginning June 1st, 2011 through April 30th,
14 2013.

15 There were three findings in that audit
16 report which were also violations in prior audits. The
17 first involved employees who had access to keys that
18 they were not authorized to have. This was a finding in
19 a prior audit.

20 The second was a failure to terminate
21 employees from the key system within 72 hours of the
22 time of their termination of employment. This, in fact,
23 was a finding in three prior MGC audits.

24 The third audit finding was that count team
25 members failed to clear their hands when moving them to

1 and from the count table, which again was a finding in a
2 prior audit, and the recommended fine is \$15,000.

3 VICE CHAIRMAN JONES: Commissioners,
4 questions, motion?

5 COMMISSIONER BRADLEY: Motion to approve
6 DC-14-253.

7 COMMISSIONER HOWARD: I'll second.

8 VICE CHAIRMAN JONES: Angie.

9 MS. FRANKS: Commissioner Howard.

10 COMMISSIONER HOWARD: Approve.

11 MS. FRANKS: Commissioner Bradley.

12 COMMISSIONER BRADLEY: Approve.

13 MS. FRANKS: Vice Chairman Jones.

14 VICE CHAIRMAN JONES: Approve.

15 MS. FRANKS: By your vote you've adopted
16 DC-14-253.

17 MR. GREWACH: Tab U is a preliminary order of
18 discipline directed to Lumiere Casino.

19 On January the 20th, 2013 a 20-year-old
20 female entered the casino's Stadium Bar and Grill,
21 ordered and was served two drinks by the bartender and
22 the bartender failed to request an ID for those drinks,
23 and the recommended fine is \$5,000.

24 VICE CHAIRMAN JONES: Commissioners.

25 COMMISSIONER BRADLEY: Motion to approve

1 DC-14-254.

2 COMMISSIONER HOWARD: I'll second that.

3 VICE CHAIRMAN JONES: Angie, call the roll,
4 please.

5 MS. FRANKS: Commissioner Howard.

6 COMMISSIONER HOWARD: Approve.

7 MS. FRANKS: Commissioner Bradley.

8 COMMISSIONER BRADLEY: Approve.

9 MS. FRANKS: Vice Chairman Jones.

10 VICE CHAIRMAN JONES: Approve.

11 MS. FRANKS: By your vote you've adopted

12 DC-14-254.

13 MR. GREWACH: Under Tab V we have a
14 preliminary order of discipline directed to the
15 Hollywood Casino in Maryland Heights.

16 We have a Minimum Internal Control, E2.02,
17 which requires that the EGDs, when they experience a
18 jackpot of \$1,200 or more, lock up and require a hand
19 pay to the patron.

20 There are two reasons for this. One is for
21 an EGD jackpot over \$1,200 the IRS requires a W-2G form
22 to be filled out, and secondly, Missouri has a statute,
23 313.826, which requires a 4 percent withholding of State
24 income tax from a jackpot over that amount.

25 On June 15, 2013 it came to MGC's attention

1 that a certain EGD paid out a \$4,000 jackpot and did not
2 lock out.

3 We investigated the matter and found that
4 when it was set up, the amount for the lockup was
5 incorrectly set at \$11,999.99 instead of 1,199.99, which
6 caused the problem, and the recommended fine in this
7 case is \$2,500.

8 VICE CHAIRMAN JONES: A question: Is there
9 any way -- I guess unless you do a physical inspection,
10 is there any technological way for them to check to make
11 sure everything is set at the correct floor or correct
12 ceiling in this case in all of the machines?

13 MR. GREWACH: Your question is we're looking
14 at a bank of machines; how would we know that they're
15 all set correctly?

16 VICE CHAIRMAN JONES: Yes.

17 MR. GREWACH: I might have to call on Todd
18 Nelson to answer that particular question.

19 MR. NELSON: Good morning.

20 That depends on the manufacturer of the
21 gaming device. Some gaming devices are set up to where
22 it's hard coded, to where it locks up at a certain
23 limit, and other ones you have to input that information
24 into the game.

25 So to answer your question, it depends on the

1 supplier of the game.

2 VICE CHAIRMAN JONES: Okay. All right.

3 COMMISSIONER HOWARD: And how is that
4 information inputted? Is it inputted with the software?

5 MR. NELSON: So what will happen procedurally
6 is a casino tech will install the software and they have
7 to manually enter that amount into the gaming device.

8 COMMISSIONER HOWARD: So when the software is
9 installed?

10 MR. NELSON: Yes. We looked at different
11 manufacturers and they handle it different ways as well.

12 VICE CHAIRMAN JONES: So we still wouldn't
13 know -- with the manual input we still wouldn't know
14 until it generates -- until we find out, just similar to
15 this case?

16 MR. NELSON: That is correct.

17 VICE CHAIRMAN JONES: Right.

18 COMMISSIONER HOWARD: So when someone was
19 installing the software, they just got the decimal point
20 off?

21 MR. NELSON: That's exactly correct.

22 COMMISSIONER HOWARD: Good thing I've never
23 done that.

24 VICE CHAIRMAN JONES: After this hearing I
25 can tell you a horror story. I've done that.

1 All right. Thank you, Todd.

2 MR. NELSON: Thank you.

3 VICE CHAIRMAN JONES: Commissioners.

4 COMMISSIONER BRADLEY: Motion to approve
5 DC-14-255.

6 COMMISSIONER BRADLEY: Second.

7 VICE CHAIRMAN JONES: Angie, call the roll,
8 please.

9 MS. FRANKS: Commissioner Howard.

10 COMMISSIONER HOWARD: Approve.

11 MS. FRANKS: Commissioner Bradley.

12 COMMISSIONER BRADLEY: Approve.

13 MS. FRANKS: Vice Chairman Jones.

14 VICE CHAIRMAN JONES: Approve.

15 MS. FRANKS: By your vote you've adopted
16 DC-14-255.

17 MR. GREWACH: Under Tab W we have a
18 preliminary order of discipline directed to River City
19 Casino.

20 The casino ran a promotion in which it gave
21 away Schnucks gift cards. After the promotion was
22 finished there was approximately 1,700 gift cards left
23 over. They were put into a storage room to which only
24 revenue audit staff employees had access.

25 A subsequent inventory found that all of the

1 gift cards were missing. They were \$25 denomination
2 gift cards. So the total value of cards missing was
3 \$42,700.

4 The Schnucks gift cards were later found to
5 be cashed in by several members of the revenue audit
6 staff, including 47 gift cards cashed in by the spouse
7 of one of these revenue audit staff employees within a
8 ten-day period.

9 Section 10.030, Subparagraph 4, makes it a
10 violation for a casino to fail to safeguard assets, and
11 the recommendation here is a \$5,000 fine.

12 VICE CHAIRMAN JONES: Commissioners,
13 questions, motion.

14 COMMISSIONER BRADLEY: Motion to approve
15 DC-14-256.

16 COMMISSIONER HOWARD: I'll heartily second.

17 VICE CHAIRMAN JONES: Angie, call the roll.

18 MS. FRANKS: Commissioner Howard.

19 COMMISSIONER HOWARD: Approve.

20 MS. FRANKS: Commissioner Bradley.

21 COMMISSIONER BRADLEY: Approve.

22 MS. FRANKS: Vice Chairman Jones.

23 VICE CHAIRMAN JONES: Approve.

24 MS. FRANKS: By your vote you've adopted

25 DC-14-256.

1 MR. GREWACH: Under Tab X we have a
2 preliminary order of discipline directed to River City
3 Casino.

4 The Minimum Internal Controls require that
5 when anyone is added to the DAP list, that they be
6 removed from any VIP or club program.

7 A patron signed up for the DAP list on
8 May 15th, 2013. On May 16th, 2013 that person was
9 flagged in the casino slot accounting system, however
10 was not flagged in the system that managed VIP patrons.
11 On July 30th, 2013 a VIP host sent an introductory
12 e-mail to that DAP patron.

13 The recommendation by the DRB was a fine of
14 \$5,000. We did get a response to the 14-day letter from
15 the casino. They indicated in that letter that they had
16 self-reported this incident, that the e-mail was only an
17 introductory e-mail, that the patron never responded to
18 the e-mail, and that they have subsequently fixed the
19 problem to make sure that the VIP database is also
20 flagged when someone is added to the DAP list. They
21 also indicated they believed that the fine was
22 excessive.

23 DRB considered this correspondence and voted
24 to retain its recommendation of a \$5,000 fine.

25 VICE CHAIRMAN JONES: Commissioners.

1 COMMISSIONER HOWARD: I make a motion for
2 approval of DC-14-257.

3 COMMISSIONER BRADLEY: Second.

4 VICE CHAIRMAN JONES: Angie, call the roll.

5 MS. FRANKS: Commissioner Howard.

6 COMMISSIONER HOWARD: Approve.

7 MS. FRANKS: Commissioner Bradley.

8 COMMISSIONER BRADLEY: Approve.

9 MS. FRANKS: Vice Chairman Jones.

10 VICE CHAIRMAN JONES: Approve.

11 MS. FRANKS: By your vote you've adopted
12 DC-14-257.

13 EXECUTIVE DIRECTOR STOTTLEMYRE:

14 Mr. Vice Chairman, the next item on the agenda is the
15 Consideration of Waiver of Institutional Investors.
16 Martha LeMond will present.

17 MS. LEMOND: Mr. Vice Chairman,
18 Commissioners, behind Tab Y and Z are resolutions
19 regarding waivers of licensure for institutional
20 investors holding and are requesting to hold publicly
21 traded interests of up to 20 percent in gaming
22 licensees.

23 These investors have submitted requests for
24 waivers to hold interest in these licensees in
25 compliance with 11 CSR 45-4.

1 The submitted waiver request certifies the
2 holding is for institutional investment purposes only,
3 with no intent to be involved in the management or
4 operation of the licensee.

5 Because the holdings may exceed the
6 10 percent threshold for which the Executive Director
7 may grant a waiver, this resolution is before the
8 Commission today.

9 Resolution No. 14-042 is for T. Rowe Price
10 Associates, Inc. and Resolution No. 14-043 is for Nomura
11 Asset Management Company, Limited.

12 Any questions?

13 COMMISSIONER HOWARD: I move for the approval
14 of Resolution Nos. 14-042 and 14-043.

15 COMMISSIONER BRADLEY: Second.

16 VICE CHAIRMAN JONES: Angie, call the roll,
17 please.

18 MS. FRANKS: Commissioner Howard.

19 COMMISSIONER HOWARD: Approve.

20 MS. FRANKS: Commissioner Bradley.

21 COMMISSIONER BRADLEY: Approve.

22 MS. FRANKS: Vice Chairman Jones.

23 VICE CHAIRMAN JONES: Approve.

24 MS. FRANKS: By your vote you've adopted
25 Resolution Nos. 14-042 and 14-043.

1 EXECUTIVE DIRECTOR STOTTLEMYRE:
2 Vice Chairman, the next item on the agenda is Delegation
3 of Authority for Chairman and Vice Chairman.

4 MR. GREWACH: This is a resolution that we
5 consider every year under our rules. It would grant the
6 Chairman, and now in this event the Vice Chairman, to
7 extend any existing license for up to 60 days subject to
8 the ratification by the Commissioners at the next full
9 meeting.

10 It's one that is necessary because sometimes
11 occasions occur where someone's license is going to
12 expire and some circumstances arise that prevent us from
13 having a meeting, and it gives us that flexibility.

14 The only change between this year's draft and
15 prior drafts is we did add the designation of
16 Vice Chairman, which we didn't have at the time.

17 But again, that would allow us that
18 flexibility to be able to extend a license until the
19 next regularly scheduled meeting.

20 COMMISSIONER HOWARD: We might have to go
21 into closed session to debate this.

22 MR. GREWACH: It does need three votes to
23 pass on it.

24 COMMISSIONER BRADLEY: I guess.

25 VICE CHAIRMAN JONES: I'm sweating over here.

1 COMMISSIONER BRADLEY: Motion to approve
2 Commission Resolution No. 14-044.

3 COMMISSIONER HOWARD: I'll second.

4 MS. FRANKS: Commissioner Howard.

5 COMMISSIONER HOWARD: Approve.

6 MS. FRANKS: Commissioner Bradley.

7 COMMISSIONER BRADLEY: Approve.

8 MS. FRANKS: Vice Chairman Jones.

9 VICE CHAIRMAN JONES: Approve.

10 MS. FRANKS: By your vote you've adopted
11 Resolution No. 14-044.

12 EXECUTIVE DIRECTOR STOTTLEMYRE:

13 Mr. Chairman, having taken care of all of the closed
14 meeting needs, I believe you're ready to adjourn the
15 meeting without going into another closed session.

16 VICE CHAIRMAN JONES: Is there a motion to
17 adjourn the meeting?

18 COMMISSIONER BRADLEY: So moved.

19 COMMISSIONER HOWARD: Second it.

20 VICE CHAIRMAN JONES: Angie, call the roll,
21 please.

22 MS. FRANKS: Commissioner Howard.

23 COMMISSIONER HOWARD: Approve.

24 MS. FRANKS: Commissioner Bradley.

25 COMMISSIONER BRADLEY: Approve.

1 MS. FRANKS: Vice Chairman Jones.

2 VICE CHAIRMAN JONES: Approve.

3 Okay. Thank you, everyone, and have a great
4 afternoon.

5 WHEREIN, the meeting concluded at 1:25 p.m.

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I, Patricia A. Stewart, RMR, RPR, CCR, a

Certified Court Reporter in the State of Missouri, do

hereby certify that the testimony that appears in the

foregoing transcript was taken by me to the best of my

ability and thereafter reduced to typewriting by me;

that I am neither counsel for, related to, nor employed

by any of the parties to the action in which this

hearing was taken, and further that I am not a relative

or employee of any attorney or counsel employed by the

parties thereto, nor financially or otherwise interested

in the outcome of the action.

Patricia A. Stewart

CCR No. 401

