BEFORE THE MISSOURI GAMING COMMISSION
STATE OF MISSOURI

Meeting
January 29, 2014
10:00 a.m.
Central Office
3417 Knipp Drive
Jefferson City, Missouri

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

I. Call to Order 5:2

II. Consideration of Minutes
   A. December 4, 2014 5:16

III. Consideration of Disciplinary Actions
   B. Isle of Capri Casinos, Inc.
      1. DC-14-0096:17
   C. Penn National Gaming, Inc.
      1. DC-14-0108:10
   D. Casino One Corporation
      1. DC-14-0119:18
   E. Harrah's North Kansas City, LLC
      1. DC-14-01210:24
   F. WMS Gaming, Inc.
      1. DC-14-01315:10
   G. The Missouri Gaming Company
      1. DC-14-01417:12
   H. St. Louis Gaming Ventures, LLC
      1. DC-14-01520:14
   I. IOC-Cape Girardeau, LLC
      1. DC-14-01624:9
   J. The Missouri Gaming Company
      1. DC-14-01726:12
   K. IOC-Caruthersville, LLC
      1. DC-14-01827:20

IV. Consideration of Placement on Exclusion List
   L. Ronald L. Roberts
      1. Resolution No. 14-001 29:20
   M. Edward L. Weeks, Jr.
      1. Resolution No. 14-002 31:5
   N. Dewain E. Riley
      1. Resolution No. 14-003 32:12

V. Consideration of Rules and Regulations
   O. Proposed Amendments 34:12
      1. 11 CSR 45-1.090 - Definitions
      2. 11 CSR 45-4.230 - Supplier's License Criteria
      3. 11 CSR 45-5.190 - Minimum Standards for Electronic Gaming Devices
      4. 11 CSR 45-5.225 - Request for Gaming Devices and Associated Equipment Approval
VI. Consideration of Licensure of Level I/Key Applicants

P. Resolution No. 14-004

VII. Consideration of Waiver of Institutional Investors

Q. Baron Capital Group, Inc.

1. Resolution No. 14-005

R. Columbia Wanger Asset Management

VIII. Motion for Closed Meeting under Sections 313.847, Investigatory, Proprietary and Application Records and 610.021(1) Legal Actions, (3) & (13) Personnel and (14) Records Protected from Disclosure by Law
BEFORE THE MISSOURI GAMING COMMISSION

STATE OF MISSOURI

Meeting

January 29, 2014
10:00 a.m.
Central Office
3417 Knipp Drive
Jefferson City, Missouri

COMMISSIONERS PRESENT:

Dr. Barrett Hatches, Chairman
Suzanne Bocell Bradley
Darryl T. Jones
Diane C. Howard

REPORTED BY:
Patricia A. Stewart
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3432 West Truman Boulevard, Suite 207
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PROCEEDINGS

CHAIRMAN HATCHES: Good morning.

AUDIENCE: Good morning.

CHAIRMAN HATCHES: And good morning too.

All right. We're going to get started here this morning. Thanks for being here.

Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Present.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Present.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Present.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Here.

EXECUTIVE DIRECTOR STOTTLEMYRE: The first item on the agenda, Mr. Chairman, is the Consideration of Minutes for December 4, 2013.

CHAIRMAN HATCHES: Chair would entertain a motion.

COMMISSIONER BRADLEY: Motion to approve.

COMMISSIONER HOWARD: Seconded.

CHAIRMAN HATCHES: Moved and seconded.

Any discussion?

Angie, would you call the roll, please.
MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted the minutes of the December 4, 2013 meeting.

CHAIRMAN HATCHES: Mr. Stottlemyre.

EXECUTIVE DIRECTOR STOTTLEMYRE: We now have the Consideration of Disciplinary Actions, and Mr. Ed Grewach will present.

MR. GREWACH: Good morning.

CHAIRMAN/COMMISSIONERS: Good morning.

MR. GREWACH: Under Tab B we have a preliminary order of discipline directed to Isle of Capri corporate, the Class A Licensee.

On June the 13th, 2012 the Isle of Capri self-reported that they had a contract with a company, a Nip Kelley Construction Company, whose owner, Vincent Kelley, had been found guilty in 1996 of Federal charges of five counts of felony mail fraud. They had discovered it on that date and they immediately
terminated their relationship with the company.

As they investigated the cause of the problem, they found two things. One, that they failed to follow their own internal policy of requiring a vendor registration packet, and in that packet one of the questions concerns criminal history.

They did, however, also do a Westlaw check on the company and the owners but they failed to thoroughly review the entries that they received from that Westlaw search and missed that entry.

As remedial action they took several steps, training their employees and brought people in from Westlaw to help train them on how to properly review the searches that they did with that search engine.

And our recommended fine is $5,000.

CHAIRMAN HATCHES: Any questions from the Commissioners?

Chair would entertain a motion.

COMMISSIONER BRADLEY: Motion to approve DC-14-009.

COMMISSIONER JONES: Second.

CHAIRMAN HATCHES: Moved and seconded.

Any further discussion?

Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.
COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted DC-14-009.

MR. GREWACH: Under Tab C we have a preliminary order of discipline directed to Penn National Gaming, Incorporated, the Class A licensee. In connection with their purchase of the Maryland Heights property, they were switching over to their systems, and it was discovered on November the 5th, 2012 that approximately 1,600 DAPs had not been flagged in their system. It was an error on the part of Penn corporate in their PUMA system not properly flagging or marking those persons as DAPs. As a remedial measure they did take steps to have the vendor, ATI, draft a script to rectify the problem. And the recommended fine in that case is $5,000.

CHAIRMAN HATCHES: Any questions?
Chair would entertain a motion.

COMMISSIONER HOWARD: I'll move for approval of DC-14-010.

COMMISSIONER JONES: Second.

CHAIRMAN HATCHES: Moved and seconded.

Any further discussion?

Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted DC-14-010.

MR. GREWACH: Tab D involves a preliminary order of discipline for Lumiere Place Casino.

On November the 11th, 2012 a count team member named Estes failed to lock a bill validator door on an electronic gaming device. This same employee had ten prior notices of investigation beginning in August of 2009, including two of which were for the same offense, one in September of 2010 and one of October of
The violation, the fine, arises out of a failure to properly train and supervise that particular employee. And the recommended fine is $2,500.

CHAIRMAN HATCHES: Any questions from the Commissioners?

Chair would entertain a motion.

COMMISSIONER JONES: Move for the approval of DC-14-011.

COMMISSIONER BRADLEY: Second.

CHAIRMAN HATCHES: Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted DC-14-011.

MR. GREWACH: Under Tab E we have a preliminary order of discipline directed to Harrah's
North Kansas City. This comes from a repeat audit finding.

In an audit that was conducted for the time period of May 2011 to August 2012, it revealed that in 69 of 1,134 cases the team members failed to clear their hands while moving them to or from the table where the money was being counted.

We did a followup on that finding in January of 2013, and the surveillance review of that date showed that in 33 of 111 instances counting members again failed to clear their hands while moving them to or from the table.

And the recommended fine is $5,000.

CHAIRMAN HATCHES: Any questions from the Commission?

COMMISSIONER JONES: Yes.

Ed, that's just simply a training issue right there. Right?

MR. GREWACH: It is, yes.

COMMISSIONER JONES: It's just reinforcing the policies. Because I know it's come up maybe one or two times on our end, but this is -- that's just a training issue?

MR. GREWACH: Correct. Yes.

COMMISSIONER JONES: Okay.
CHAIRMAN HATCHES: But are we satisfied that the training is working? If you go back and you look at it, 65 out of whatever the number was, and still doing it? I mean, are we satisfied that the training is effective?

MR. GREWACH: Actually in the next subsequent audit after that we did find the same finding again. That, however, is subject to a new disciplinary action. We're just initiating the gaming report on that and that will go through channels.

But we do continue to monitor those types of things when this comes up, and unfortunately it will appear before you again.

CHAIRMAN HATCHES: Even though we all would expect and like to see -- have a zero tolerance for those kind of issues. I know that's tough to do but that certainly is our expectation.

But when you look at the numbers that you're citing, that seems to me to be way out of line with what we should be expected or accepting.

MR. GREWACH: I would not have an argument with that. I know it's just a one-day sample but that one-day sample was percentagewise a huge increase over the review that had taken place over the audit period.

CHAIRMAN HATCHES: And especially since it
was after a review and notification that they were not. You know, since my first day here this kind of finding has always concerned me, a repeat finding. And, again, I'm certainly not going to sit here and say, oh, if it was two or three, I'd be okay. No. I wouldn't be okay with any. But these repeat findings and the numbers being as high as they are, it just doesn't indicate to me that training is working. So just for the record.

Where were we?

COMMISSIONER HOWARD: Well, we may need to be reminded a little when we see this issue arise again. We do appreciate as to the training issue that there are changes in personnel which makes the training more difficult and we do understand that. It may be the same boat. But there are new people turning over all of the time.

So I would encourage the licensees that it is a training issue, and when you have new people coming on board, again, training, training, training.

MR. GREWACH: And it's early in the process for the new violation, but assuming, as we do, that it will come before the Commission, we will make sure that we bring up this prior case for the Commission's reference, and in all likelihood you'll see that
reflected in the staff's recommended fine in the new case as well.

CHAIRMAN HATCHES: And I expect that after these hearings you will -- in your followup conversation with them, you'll make sure they know our concern?

MR. GREWACH: Yes.

CHAIRMAN HATCHES: We may be saying -- I don't know, but we may be saying okay to this fine today, but I'm certainly not going to be satisfied with this level of fine should we have these repeat findings again.

Any other questions from the Commission?

COMMISSIONER HOWARD: I agree.

CHAIRMAN HATCHES: This is big stuff. We got to get close to getting this one right.

COMMISSIONER BRADLEY: Absolutely.

CHAIRMAN HATCHES: Okay. Chair would entertain a motion.

COMMISSIONER BRADLEY: Motion to approve DC-14-012.

COMMISSIONER JONES: Second.

CHAIRMAN HATCHES: Moved and seconded.

Any further discussion?

Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.
COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted DC-14-012.

MR. GREWACH: Under Tab F we have a preliminary order of discipline directed to WMS Gaming. They're a supplier manufacturer.

We have a Rule 45-5.210, Subsection 2, that requires all suppliers to report within 48 hours any malfunction or anomaly in any of their systems or games regardless of what jurisdiction those take place in.

This involves two separate occasions. One was an August the 3rd of 2012 in Michigan, where some games -- WMS games had incorrect symbols displayed. There was a patron dispute. We were not notified of this malfunction and anomaly until December 21st, 2012.

Then on December 13, 2012 Ontario notified WMS of machines of theirs that were using uncertified random number generators. We were not notified of this malfunction and anomaly until January the 8th, 2013.
DRB originally recommended a $5,000 fine. We sent the 14-day letter. We got a response from WMS, and in their response they indicated that they did not notify us because they didn't believe at the time that any of the games were in place in Missouri.

Response from staff was twofold. One, they, in fact, were. For the game that was the problem in Michigan, we had 12 units already deployed and 23 more ready to be deployed in the state of Missouri. And in the case of the problem of the game in Ontario, we actually had one of those machines in Missouri.

And a second response was that that's really irrelevant because our CSR says that you have to report these malfunctions or anomalies regardless of what jurisdiction they take place in.

So it was the DRB staff's vote to retain the recommended fine of $5,000.

CHAIRMAN HATCHES: Questions from the Commission?

Chair would entertain a motion.

COMMISSIONER HOWARD: I'll move for the approval of DC-14-013.

COMMISSIONER JONES: Second.

CHAIRMAN HATCHES: Moved and seconded.

Any further discussion?
Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted DC-14-013.

MR. GREWACH: Tab D involves the Argosy Riverside Casino. We have a Minimum Internal Control Standard U2.18, which requires casinos to thoroughly investigate and resolve any variances in their EGD records play.

This particular violation involved personal banker transactions. Patrons can have a personal banker account which the casino can download points into, and those can come from either promotions or rewards for play, whatever source they do.

But the patron can take that player card that has the personal banker account points on it, insert it into a machine and get credits to play.

Well, at the end of the gaming day the system
runs a check on -- runs a report on the amount of play
and then each machine then also generates a report of
the amount of play.

So the variances occur when the system has a
different number than the individual machine does. And
the rule -- and there are diagnostic tools that can be
used to resolve that difference.

And it's important to us because that affects
the AGR, you know, what was the amount actually played.
Because even though these may be points, promotions,
whatever they are, you know, they are revenue as far as
the AGR is concerned and that affects our tax amount.

And in this case the casino did not
thoroughly use those diagnostic tools to discover
some variances that occurred on December 20th and

We were involved prior to that point during
their training process. Our personnel were to emphasize
to them that it was important to resolve that and find
out what the actual amount of play was. We were
involved in conference calls after that as well.

Our recommended fine in this case is $2,500.

CHAIRMAN HATCHES: Any questions from the
Commissioners?

COMMISSIONER JONES: A point of information,
Mr. Chairman.

Could we correct the spelling of this young lady's name? Because I think it's in there three different times and I know it's a document that's going to be approved. You know, you have it in here F-l-o-r-a and F-l-o-r-e-a and then I think it's spelled something with an I in it as well.

MR. GREWACH: We will make that correction before the final goes out. I apologize for that error. Because she works for us, we ought to know how to spell their names.

CHAIRMAN HATCHES: Nothing gets past this team. Nothing. Absolutely nothing.

COMMISSIONER JONES: I thought it was three different people. I said, well, we need to check the FTE. You know, look at your budget.

MR. GREWACH: See how many paychecks she's getting.

COMMISSIONER JONES: That's right.

COMMISSIONER HOWARD: And how she's endorsing them.

CHAIRMAN HATCHES: Any other questions?

Chair would entertain a motion.

COMMISSIONER JONES: Move for the approval of DC-14-014.
COMMISSIONER BRADLEY: Second.

CHAIRMAN HATCHES: Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted DC-14-014.

MR. GREWACH: Under Tab H we have a preliminary order of discipline directed to Hollywood Maryland Heights.

We have a Rule 45-5.053, Subsection 3A and J, that requires that gaming -- make it a violation for conducting gaming operations that are not in accordance with proper standards of the decorum and decency and aren't to permit any type of conduct on the riverboat which reflects negatively on the reputation of the State of Missouri.

In this particular case on February the 6th, 2013 in the high-limit poker room there were two patrons
engaged in lewd and inappropriate behavior involving physical contact and simulated sexual acts.

There are six casino employees who were witnesses, none of whom took any action to stop that activity.

The DRB's original recommendation was a $25,000 fine. We did receive a response from the property to a 14-day letter.

In their response they indicated some of their remedial measures, that they terminated some of the employees that were involved in this incident, with the balance of them they met and had additional training with both them and other people who may be in their position.

In their letter they point out that this is the first offense prior to this property or any of their other properties for this type of problem. They indicated no member of the public had observed the behavior.

There was a third patron in the room, but on reviewing the surveillance it appeared that the third patron was involved to some degree in some of the conduct as it took place.

They asked to reduce the fine to $10,000. The staff reviewed that, however, and did agree in light
of the second review of the facts to recommend a fine of $15,000, which is the staff's recommendation today for this preliminary order of discipline.

CHAIRMAN HATCHES: Questions?

I have one.

What, if anything, happened to the patron?

MR. GREWACH: Nothing that we're aware of.

CHAIRMAN HATCHES: Okay. Other questions?

COMMISSIONER HOWARD: Well, we're short on facts, which is fine, so it's hard for us to second-guess much. I'm being candid with that.

MR. GREWACH: Sure.

COMMISSIONER HOWARD: We're a little short on facts. I think probably everybody else has noticed that. I mean, you know, it's a hefty fine with sketchy facts, so I think this is one -- my thought is this is one in which we're going to have to put some trust in the eyes that have viewed -- I'm gathering from the size of the fine that the behavior and conduct is felt to warrant the recommendation.

MR. GREWACH: We clearly feel it did, and we had several of our staff members view the surveillance as you've indicated. It's activity that went on for an hour and a half, and, again, there was six casino employees who viewed this and none of them took any
In the response to the 14-day letter, they admitted that it was inappropriate, and they themselves recommended a fine of $10,000 as an appropriate amount of the fine.

So all that together makes us comfortable in representing to you that we believe the $15,000 fine would be an appropriate penalty.

And certainly if the casino thinks that's too high, they would have the ability to ask for a hearing, argue any facts that they would think should mitigate that amount.

Given the fact that they recommended a $10,000 and we're giving a 15,000, I don't anticipate they would, but they do have that right to do so.

CHAIRMAN HATCHES: Any other questions?

Chair would entertain a motion.

COMMISSIONER BRADLEY: Motion to approve DC-14-015.

COMMISSIONER JONES: Second.

CHAIRMAN HATCHES: Moved and seconded.

Any further discussion?

Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.
MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you’ve adopted DC-14-015.

MR. GREWACH: Under Tab I we have a preliminary order of discipline directed to Isle of Capri-Cape Girardeau.

They had mailed out a coupon for $150 in free cash valid on March the 8th, 2013. The patron arrived shortly after midnight on the 8th and was told that the coupon would not be good until the beginning of the gaming day, which was 6:00 a.m. on the morning of the 8th.

There was no statement on the coupon whatsoever indicating it would start at 6:00 a.m. as opposed to 12:01.

In addition, the rules of the promotion as required -- which we require by our rules to be readily available to both the patrons and to us were not readily available for quite some time after the patron complaint arose.
DRB originally recommended a $10,000 fine.

The response from the property was that their system was set up and it would not allow the cage cashier to honor that coupon until 6:00 a.m. on the gaming day. In other words, the system wouldn't read it until -- the system was reading the 8th as 6:00 a.m. on the 8th; however, again, it wasn't on the coupon and wasn't in the game rules.

They indicated as a remedial process that they are going to put specific times on a coupon to the extent that they apply to make that clear to any patrons and they have taken steps training their staff to make sure and put processes in place to make sure that the rules of any promotion will be immediately available to us and to any patron who asks for it.

And so given that, though, DRB's vote was to retain the recommendation of a $10,000 fine.

CHAIRMAN HATCHES: Any questions from the Commissioners?

Chair would entertain a motion.

COMMISSIONER JONES: Move for the approval of DC-14-016.

COMMISSIONER HOWARD: Second.

CHAIRMAN HATCHES: Moved and seconded.

Any further discussion?
Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted DC-14-016.

MR. GREWACH: Tab J involves a preliminary order of discipline directed to Argosy Riverside.

On April the 12th, 2013 they allowed an intoxicated patron onto the gaming floor. The patron showed visible signs of intoxication, was unsteady on his feet, sat in a seat that had a drink that was reserved for another person, was very slow and deliberate in all of the actions that he took in playing the game.

He was on the gaming floor for approximately one hour and he encountered twelve different employees during that time period.

And the staff's recommendation is a $5,000 fine.
CHAIRMAN HATCHES: Questions from the Commissioners?

Chair would entertain a motion.

COMMISSIONER BRADLEY: Motion to approve DC-14-017.

COMMISSIONER JONES: Second.

CHAIRMAN HATCHES: Moved and seconded.

Any further discussion?

Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted DC-14-017.

MR. GREWACH: Tab K is a preliminary order of discipline directed to Isle of Capri-Caruthersville.

We have a rule that requires each property to have a designated EMS First Responder on duty at all times. In addition, our Minimum Internal Control Standard N.303 prohibits assigning that person to any
duty that would prevent them from immediately responding
to any medical emergency.

In this case the designated EMS First
Responder was assigned to a key escort duty. On
April 16, 2013 a patron experienced a medical emergency
at the turnstile. The call was placed to the designated
First Responder but she was unable to leave her position
as a key escort because she was the only security
officer there in control of those sensitive keys,
prevented her immediate response.

About five minutes after the call for help
came in there was an EMT who worked in the accounting
department who had their EMT license current who
responded from the pavilion to the turnstile to render
some aid, and about two minutes after that the
designated EMS First Responder got relief from their key
duties and responded at that point in time.

An ambulance was called and the patron was
taken to the hospital after the EMTs did what they could
to stabilize the situation.

Staff's recommended fine is $5,000.

CHAIRMAN HATCHES: Any questions?

Chair would entertain a motion.

COMMISSIONER JONES: Move for the acceptance

of DC-14-018.
COMMISSIONER HOWARD: Second.

CHAIRMAN HATCHES: Moved and seconded.

Any further discussion?

Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted DC-14-018.

EXECUTIVE DIRECTOR STOTTLEMYRE:

Mr. Chairman, the next item on the agenda is Consideration of Placement on the Exclusion List.

Mr. Grewach will present.

CHAIRMAN HATCHES: Okay.

MR. GREWACH: Under Tab L we have a resolution to place Ronald L. Roberts on the exclusion list.

In April of 2001 Mr. Roberts pled guilty to fraud and money laundering. It's alleged that he stole approximately $12 million from investors. He received a
ten-year prison sentence. He was ordered to pay
restitution of $14.5 million.

Upon his release from Federal custody he
then began extensive play at casinos, and he had a
history also prior to that of play at casinos, and
you'll see in the resolution the amounts wagered and
jackpots that we have for him at both Lumiere and River
City Casinos that occurred after his release. And
having been convicted of a felony, it does qualify him
for the exclusion list.

CHAIRMAN HATCHES: Any questions from the
Commissioners?

Chair would entertain a motion.

COMMISSIONER JONES: Move for the acceptance
of Resolution No. 14-001.

COMMISSIONER HOWARD: Second.

CHAIRMAN HATCHES: Moved and seconded.

Any further discussion?

Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.
MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 14-001.

MR. GREWACH: Tab M is a resolution to place Edward L. Weeks, Jr. on the exclusion list.

Mr. Weeks was President of the St. Charles Chamber of Commerce. He stole approximately $177,000 from the Chamber. When questioned by the police, he admitted using the proceeds of that money for both gambling and paying personal bills.

He has a gambling history of playing at Ameristar St. Charles, Mark Twain and Lumiere.

He pled guilty to a felony, received a seven-year suspended execution of sentence and was ordered to pay restitution in the sum of $88,000. The suspended execution of sentence is a conviction and does qualify him for placement on the exclusion list.

CHAIRMAN HATCHES: Any questions?

Chair would entertain a motion.

COMMISSIONER HOWARD: Move for approval of Resolution 14-002.

COMMISSIONER JONES: Second.

CHAIRMAN HATCHES: Moved and seconded.

Any further discussion?
Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted

Resolution No. 14-002.

MR. GREWACH: Under Tab N we have a

resolution to place Dewain E. Riley on the exclusion

list.

On June the 2nd, 2013 Mr. Riley was at

Ameristar Kansas City. He entered into a verbal

confrontation with another patron named Vasquez.

Riley punched Vasquez in the head and knocked

him down. While on the ground then he kicked Vasquez in

the stomach and in the arm. He then climbed on top of

him and punched him seven times. He then stood up and

kicked him in the head. Then he left the area.

Vasquez was injured, had a swollen forehead,

was bleeding from his mouth and had a cut below his

right eye.
Riley was originally charged with assault in the third degree but in plea negotiations his charges were reduced to a peace disturbance; however, he is eligible for the exclusion list in that he committed an act which adversely affects public confidence and trust in gaming.

CHAIRMAN HATCHES: Any questions? Chair would entertain a motion.

COMMISSIONER BRADLEY: Motion to approve Commission Resolution No. 14-003.

COMMISSIONER JONES: Second.

CHAIRMAN HATCHES: Moved and seconded. Any further discussion?

Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 14-003.

EXECUTIVE DIRECTOR STOTTLEMYRE:
Mr. Chairman, the next item on the agenda is Consideration of Rules and Regulations, and Mr. Grewach will present.

CHAIRMAN HATCHES: So Mr. Grewach has the entire agenda today?

EXECUTIVE DIRECTOR STOTTLEMYRE: We'll let him sit down in a little bit.

CHAIRMAN HATCHES: Did he do something wrong?

MR. GREWACH: That's why I brought my chair up here this morning, so I could get comfortable.

CHAIRMAN HATCHES: Okay.

MR. GREWACH: We are in the process of adopting a new system for approving gaming equipment and systems for the State of Missouri. Part of that is to develop a system where we have direct communication between our staff and the manufacturers.

We've taken steps to formalize the approval process, establish criteria for the games, establish test scripts, certain test scripts standards that they would have to be tested against and then test cases.

We've relaxed some testing requirement. For example, we no longer necessarily require that all of the tests take place within the United States. Many of these manufacturers are global companies and work throughout the world.
When you look at the amendments proposed under Tab O, Nos. 1, 2 and 4 all deal with that change in that process to change the definitions to deal with those supplier license criteria, and 4 deals with the request for the gaming devices and associated equipment.

Item 3, 45-5.190, addresses a different problem. We have a statute, first of all, that requires that all games pay back at least 80 percent of the sums that are wagered. So then we have rules to try to implement or place -- you know, place that into effect and help us enforce that.

The prior rule then said that the games had to pay out that 80 percent over the lifetime of the game, but that term lifetime of the game then became a subject of some controversy and various interpretations by manufacturers, and obviously to the manufacturer the higher number for lifetime of the game that they could -- they could use, the better for them and easier for them to pass that test standard.

And so you look at it in terms of handle pulls. So the rule change was to make -- is to require that the games pay back 80 percent over 10 million handle pulls, so it gives us an objective standard then to test that too.

Now, you'll see, as you read it, they're
always required to pay over 80 percent. So if we test the game and find out, well, at 20 million handle pulls it wouldn't, you know, pay back the 80 percent, then, you know, they will still be in violation. So it just gives us some objective when we look at a game to test that too.

And that is a summary of those four proposed amendments to the rule, these rules. And we have, as we always do, have had discussion with the industry throughout this whole process, even brought several industry members in to sit down and go through some of the new testing procedures and requirements that we would be implementing in connection with this, but as per the rulemaking process, there will be a period for public comment, public hearing, on April the 4th, 2014.

Then these rules either in their current state or whatever suggested modifications we have would be presented to you at a later meeting.

CHAIRMAN HATCHES: Is this information only?

EXECUTIVE DIRECTOR STOTTEMYRE: Staff recommends approval of the proposal.

CHAIRMAN HATCHES: Questions?

COMMISSIONER JONES: Yeah.

Mr. Chairman, you know, I had not thought about this pull until I read this. I said, 10 million
pulls. That's a lot of pulls.

In years how long is that, or in months or whatever? I mean, that is a lot of pulls. But, like I said, I had not thought about the number of people that go on to a vessel and go to one of the EGDs and they're just pulling all day long. So I guess you can hit 10 million.

CHAIRMAN HATCHES: On a weekend.

COMMISSIONER JONES: Yeah, on a weekend or something.

MR. GREWACH: Todd Nelson may be my best source for that. Chairman, with your permission I'll have him address that question.

CHAIRMAN HATCHES: Okay.

It looks like he was prepared for it. That takes all of the fun out of the question.

MR. NELSON: Good morning, Chairman, Commissioners.

CHAIRMAN HATCHES: Good morning.

MR. NELSON: We actually ran that scenario that you speak of. Depending on the game and the settings, we saw an average of a million handle pulls per year, but that could be statistically different for different games and depending on how hot they are versus a game that is a house game and an older game.
So we reached out to other jurisdictions to see what an industry standard was. 10 million handle pulls is what we came up with. The manufacturers also said they could work within the 10 million handle pull area as well.

COMMISSIONER JONES: So if you average -- let's just say you average a year, you know, maybe 2 million pulls in a year. So why is it that they're changing these games out, like, every couple years then?

MR. NELSON: In my opinion they're doing that for performance reasons.

So a game may -- like if you walk into one of the casinos, they put all of the new product in the front of the casino, and then when that game starts underperforming, then they'll get rid of that game when it's not a game that is playing that it was supposed to.

CHAIRMAN HATCHES: So in theory most of these machines will probably never do their 10 million pulls. Right?

MR. NELSON: In theory, probably not, but at least it gauges. It gives us a marker now. Some of the games we've seen come across today being wider progressives, ones that you play for the big amount, the Big Kahuna. We've seen one billion handle pulls as a marker for the low end of the 80 percent, which I don't
believe that was ever the intent.

You go back a long time ago when you had the three reel slot machines. 10 million handle pulls you could do. But when you're moving into an area of substituting symbols for these massive five line, ten real games or something along those lines, then at that juncture that definitely spreads the lifetime of the game.

We're just trying to set a ground marker for this. It's not unreasonable.

COMMISSIONER HOWARD: So you're saying that many of the machines will never see the 10 million but there are some that will and have, so there needs to be some standards?

MR. NELSON: There needs to be some standards set for this type of activity.

COMMISSIONER HOWARD: For example, for the progressives that --

MR. NELSON: Correct.

COMMISSIONER HOWARD: -- can and may?

MR. NELSON: And another thing, you may only have a slot machine that is on the floor six months because of the contract the casino has with it. They may say, okay, this is a lease game and once this game starts underperforming, then we're going to take it off
the floor. So it could have a very short timeframe.

Then you can have what they call a house game, something that they own. That will stay on the floor until they decide to get rid of it or if it starts beginning to underperform. So it's kind of mixed bags is what we're dealing with.

CHAIRMAN HATCHES: Thank you.

MR. NELSON: Thanks.

CHAIRMAN HATCHES: Other questions?

EXECUTIVE DIRECTOR STOTTLEMYRE: We don't have a motion yet.

CHAIRMAN HATCHES: Do we need one? How about that?

Chair would entertain a motion.

COMMISSIONER HOWARD: I'm not sure we've gotten -- are we going to consider all of these together?

MR. GREWACH: It would be up to the Commission. You can include them all in one motion. Because what you're approving now is just the proposed amendment. That puts in wheel the process to set the dates for the public comments and the public hearing and then they'll come back to the Commission as a final order of rulemaking where you actually will rule by rulemaking a final decision.
COMMISSIONER HOWARD: We've got the 190. We don't want to cut you off. We've got 225 yet. Is that --

CHAIRMAN HATCHES: I think he's gone through all of them.

COMMISSIONER JONES: Yeah, he's gone through all of them.

COMMISSIONER HOWARD: Yes, briefly.

MR. GREWACH: Right. The 1.090, 4.230 and 5.225 all deal with this change in our testing process and just make our rules --

COMMISSIONER HOWARD: I wanted to make sure you weren't shortchanged at all in your thorough explanation of these up and coming rule changes.

MR. GREWACH: No. You have every -- you have my complete understanding of them.

CHAIRMAN HATCHES: So Chair would entertain a motion on all of these.

COMMISSIONER BRADLEY: Okay. I'll make the motion to approve the proposed amendments of 11 CSR 45-1.090, 4.230, 5.190 and 5.225.

COMMISSIONER JONES: Second.

CHAIRMAN HATCHES: Moved and seconded.

Any further discussion?

Angie, would you call the roll, please.
MS. FRANKS: Commissioner Howard.
COMMISSIONER HOWARD: Approve.
MS. FRANKS: Commissioner Jones.
COMMISSIONER JONES: Approve.
MS. FRANKS: Commissioner Bradley.
COMMISSIONER BRADLEY: Approve.
MS. FRANKS: Chairman Hatches.
CHAIRMAN HATCHES: Approve.
MS. FRANKS: By your vote you've adopted the
Proposed Amendments 11 CSR 45-1.090, 4.230, 5.190 and
5.225.
CHAIRMAN HATCHES: Thank you.
MR. GREWACH: Thank you.
EXECUTIVE DIRECTOR STOTTLEMYRE:
Mr. Chairman, the next item on the agenda is
Consideration of Licensure of Level I and key
applicants, and Lieutenant Mark Bielawski will present.
CHAIRMAN HATCHES: Lieutenant?
EXECUTIVE DIRECTOR STOTTLEMYRE: Lieutenant
Mark Bielawski.
CHAIRMAN HATCHES: Bielawski.
LIEUTENANT BIELAWSKI: Good morning.
CHAIRMAN/COMMISSIONER: Good morning.
LIEUTENANT BIELAWSKI: Mr. Chairman and
Commissioners, Missouri State Highway Patrol
investigators, along with Gaming Commission financial investigators, conducted comprehensive background investigations on multiple key and Level I applicants.

The investigations included, but were not limited to, criminal, financial and general character inquiries which were made in the jurisdictions where the applicants lived, worked and frequented.

The following individuals are being presented for your consideration: Adam Y. Fong, Senior Director of Service Delivery, BMM North America, Incorporated; Scott D. Johnson, Slot Department Manager, Isle of Capri, Incorporated; Michael N. Regan, Hold Separate Manager, Pinnacle Entertainment, Incorporated; and Robert C. Becker, Vice-President and Treasurer, Scientific Games Corporation.

The results of these investigations were provided to the Gaming Commission staff for their review, and you have all related summary reports before you.

Thank you.

CHAIRMAN HATCHES: Thank you.

Any questions from the Commissioners?

EXECUTIVE DIRECTOR STOTTLEMYRE:

Mr. Chairman, staff recommends approval of Resolution No. 14-004.
CHAIRMAN HATCHES: Chair would entertain a motion.

COMMISSIONER JONES: Move for the acceptance of Resolution No. 14-004.

COMMISSIONER BRADLEY: Second.

CHAIRMAN HATCHES: Moved and seconded.

Any further discussion?

Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 14-004.

EXECUTIVE DIRECTOR STOTTLEYRE: Mr. Chairman, the next item on the agenda is Consideration of Waiver of Institutional Investors.

Ms. Martha LeMond will present.

MS. LEMON: Good morning, Mr. Chairman, Commissioners.

CHAIRMAN/COMMISSIONERS: Good morning.
MS. LEMOND: Behind Tabs Q and R are resolutions regarding waivers of licensure for institutional investors holding and/or requesting to hold publicly traded interests of up to 20 percent in gaming licensees.

These investors have submitted requests for waivers to hold interests in these licensees in compliance with 11 CSR 45-4. The submitted waiver request certifies the holding is for institutional investment purposes only, with no intent to be involved in the management or operation of the licensee.

Because the holdings may exceed the 10 percent threshold for which the executive director may grant a waiver, this resolution is before the Commission today.

Resolution No. 14-005 is for Baron Capital Group, Inc. and Resolution No. 14-006 is for Columbia Wanger Asset Management, LLC.

CHAIRMAN HATCHES: Our numbers are different.
COMMISSIONER JONES: I don't have five.
CHAIRMAN HATCHES: Six and seven, not five.
EXECUTIVE DIRECTOR STOTTHELMYRE: It is five and six.
MS. LEMOND: It is five and six. It was changed.
COMMISSIONER BRADLEY: Yeah, I have five and six.

CHAIRMAN HATCHES: Two of us have five and six and two of us have five and six and seven.

COMMISSIONER JONES: It's not on the agenda.

CHAIRMAN HATCHES: No problem.

MS. LEMOND: Okay. Any other questions?

EXECUTIVE DIRECTOR STOTTLEMYRE:

Mr. Chairman --

CHAIRMAN HATCHES: Are we clear?

EXECUTIVE DIRECTOR STOTTLEMYRE: Yes.

First staff recommends approval of Resolution No. 14-005.

CHAIRMAN HATCHES: Chair would entertain a motion.

COMMISSIONER HOWARD: Move for approval of Resolution No. 14-005.

COMMISSIONER BRADLEY: Second.

CHAIRMAN HATCHES: Moved and seconded.

Any further discussion?

Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.
MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 14-005.

EXECUTIVE DIRECTOR STOTTLEMYRE: And staff recommends approval of Resolution No. 14-006.

CHAIRMAN HATCHES: Chair would entertain a motion.

COMMISSIONER HOWARD: Also move for approval of Resolution No. 14-006.

COMMISSIONER BRADLEY: Second.

CHAIRMAN HATCHES: Any further discussion?

Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.

COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 14-006.
EXECUTIVE DIRECTOR STOTTLEMYRE:
Mr. Chairman, you've been very fast today.
The only thing we have left on the agenda would be the closed session.
CHAIRMAN HATCHES: The record should reflect that we had a very thorough meetings and were able to get it done in less than an hour.
EXECUTIVE DIRECTOR STOTTLEMYRE: Record breaking.
CHAIRMAN HATCHES: Which means everything is going well thanks to the staff.
That's it.
Oh. I guess we need a motion.
COMMISSIONER HOWARD: Because the Commission exhausted themselves in December --
EXECUTIVE DIRECTOR STOTTLEMYRE: That is true.
COMMISSIONER HOWARD: -- with the record breaking meeting to the contrary.
CHAIRMAN HATCHES: I'm sure we'll pay for it.
Chair would entertain a motion to go into closed.
COMMISSIONER HOWARD: I'll make a motion that we go into closed session under Sections 313.847, Investigatory, Proprietary and Application Records and
under 610.021, Subsection 1, Legal Actions,
Subsection 3 and 13, Personnel, and Subsection 14,
Records Protected from Disclosure by Law.

CHAIRMAN HATCHES: Do I have a second?
COMMISSIONER BRADLEY: Second.

CHAIRMAN HATCHES: All in favor.
Angie, call the roll, please.

MS. FRANKS: Commissioner Howard.
COMMISSIONER HOWARD: Approve.

MS. FRANKS: Commissioner Jones.
COMMISSIONER JONES: Approve.

MS. FRANKS: Commissioner Bradley.
COMMISSIONER BRADLEY: Approve.

MS. FRANKS: Chairman Hatches.

CHAIRMAN HATCHES: Approve.

WHEREIN, the meeting concluded at 11:00 a.m.
CERTIFICATE OF REPORTER

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
The Missouri Gaming Commission (the “Commission”) went into the second open session meeting at approximately 12:06 p.m. on January 29, 2014, at the Commission’s Jefferson City office.

Assistant Deputy Director of Enforcement Rick Willhoit explained that he had been asked by the Executive Director to have all the files of the Level II licensees who were licensed between 1994 and 1999 gone through to ensure that we did not have any convicted felons working on the boats. This was done and the investigators and staff found three files of individuals that they will be looking into further.

Commissioner Bradley updated the other Commissioners and staff on several issues in St. Jo including the smoking ban and the company wanting to relocate the boat because of the possibility of flooding at its current location.

Staff updated the Commissioners on developments in internet gambling and video sweepstakes machines.

No motion, vote or action was taken.

Commissioner Bradley moved to adjourn the second open session meeting. Commissioner Jones seconded the motion. After a roll call vote was taken, Howard – yes, Jones – yes, Bradley – yes, and Hatches – yes, the motion passed unanimously.

The meeting ended at approximately 12:45 p.m.