

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-15-008
Casino One Corporation)

PRELIMINARY ORDER FOR DISCIPLINARY ACTION

Comes now the Missouri Gaming Commission acting in its official capacity pursuant to 11 CSR 45-13.050, and states as follows:

1. The Missouri Gaming Commission (the "Commission" or "MGC") is a state commission created under Chapter 313, RSMo 2000,¹ with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri.
2. The Commission issued Pinnacle Entertainment, Inc., a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. At all relevant times as alleged herein, Pinnacle Entertainment, Inc., was the parent organization or controlling entity of Casino One Corporation ("Company").
4. The Commission issued a Class B riverboat gambling license to the Company to conduct games on and operate the excursion gambling boat known as *Lumière Place Casino* ("Casino").
5. As the holder of a Class B license, the Company is subject to the provisions of §§ 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS²

6. The MGC conducted an audit for the period of July 1, 2011 through April 30, 2013. MGC Audit Reports 13-14C and 13-15 were issued to the Casino on August 28, 2013.
7. The MGC completed a follow-up audit on February 13, 2014, to determine if the audit findings from MGC Audit Reports 13-14C and 13-15, both dated August 28, 2013, had been corrected.
8. The following findings were found not to have been implemented:
 - a. Four of 10 instances were noted in which a poker dealer failed to clear his/her hands when entering or leaving a poker table;

¹ All statutory references are to RSMo 2000, unless otherwise specified

² 20140515005

- b. Upon reviewing the User Authority by Menu/Option Report, it was noted that the Casino's Compliance Officer and Compliance Representative still had system access to activate wagering and promotional accounts through the Add/Update Patron function; and
- c. MGC auditors reviewed the Detailed User List Report dated February 19, 2014, and found that one of the nine employees still had access to keys in the automated key system for which they were not authorized according to the Electronic Key Box Access List.

LAW

9. Under § 313.805(6), RSMo, the Commission may assess any appropriate administrative penalty against a licensee, including but not limited to, suspension, revocation or penalties of an amount determined by the Commission.

10. Section 313.812.14, RSMo, states, in pertinent part, as follows:

A holder of any license shall be subject to imposition of penalties, suspension or revocation of such license, or if the person is an applicant for licensure, the denial of the application, for any act or failure to act by himself or his agents or employees, that is injurious to the public health, safety, morals, good order and general welfare of the people of the state of Missouri, or that would discredit or tend to discredit the Missouri gaming industry or the state of Missouri unless the licensee proves by clear and convincing evidence that it is not guilty of such action. The commission shall take appropriate action against any licensee who violates the law or the rules and regulations of the commission. Without limiting other provisions of this subsection, the following acts or omissions may be grounds for such discipline.

- (1) Failing to comply with or make provision for compliance with sections 313.800 to 313.850, the rules and regulations of the commission or any federal, state or local law or regulations;
- (2) Failing to comply with any rule, order or ruling of the commission or its agents pertaining to gaming[.]

11. Title 11 CSR 45-9.060 states, in pertinent part, as follows:

- (3) Violations of the minimum internal control standards [{"MICS"}] by a Class A licensee or an agent or employee of a Class A licensee are deemed to be unsuitable conduct for which the Class A licensee and/or its agent or employee is subject to administrative penalty pursuant to Section 313.805(6), RSMo, and 11 CSR 45-1 et seq.
- (4) Violations of the Class A licensee's internal control system [{"ICS"}] by the Class A licensee or an agent or employee of the Class A licensee shall be *prima facie* evidence of unsuitable conduct for which the Class A licensee

and/or its agents or employees may be subject to discipline pursuant to Section 313.805(6), RSMo, and 11 CSR 45-1 et seq.

12. Both the MICS, Chapter B § 1.06, and the Casino's ICS, Chapter B § 1.06, require "All keys and individuals authorized to access keys in the automated system [to] be the same as those authorized on the key access list and access granted in the individual employee's job description."
13. Both the MICS, Chapter F § 13.01, and the Casino's ICS, Chapter F § 13.01 states as follows:

All Poker Dealers shall clear their hands in view of all persons in the immediate area and Surveillance before and after going to their body and when entering and exiting the game. Clearing of hands means holding and placing both hands out in front of the body with the fingers of both hands spread and rotating the hands to expose both the palms and the backs of the hands to demonstrate that the hands are empty.
14. Both the MICS, Chapter U § 2.11, and the Casino's ICS, Chapter U § 2.11 states, "Only ticketing employees are authorized to activate accounts. Ticketing employees shall not perform any cash or chip transactions."
15. The Casino's ICS, Chapter U § 2.11, specifically lists Player's Club Representatives, Lead Player's Club Reps, Player's Club Supervisor, and Player's Club Manager as those authorized to activate such accounts.

VIOLATIONS

16. The actions or omissions of employees or agents of the Company as described above constitute a failure of the Company to correct three significant audit findings, thereby violating MICS, Chapter U § 2.11, Chapter F § 13.01, and Chapter U § 2.11, and the Casino's ICS, Chapter U § 2.11, Chapter F § 13.01, and Chapter U § 2.11.
17. The Company is therefore subject to discipline for such violations pursuant to §§ 313.805(6) and 314.812.14(1) and (2), RSMo and 11 CSR 45-9.060(3) and (4).

PENALTY PROPOSED

18. Under § 313.805(6), RSMo, the Commission has the power to assess any appropriate administrative penalty against the Company, as the holder of a Class B license.

19. THEREFORE, it is proposed that the Commission fine Casino One Corporation, the amount of \$10,000 for the violations set forth herein.

Leland M. Shurin
Chairman
Missouri Gaming Commission

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he caused a true and correct copy of the foregoing to be mailed, postage prepaid, this ____ day of _____, 2015, to:

Jeffrey A. Babinski
Vice President & General Manager
Lumière Place Casino & Hotel
999 North Second
St. Louis, MO 63102

Leland M. Shurin
Chairman
Missouri Gaming Commission