

IN THE MISSOURI GAMING COMMISSION

In Re:)
IOC – Caruthersville, Inc.) DC-15-012

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 Isle of Capri Casinos, Inc., a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. Isle of Capri Casinos, Inc., is the parent organization or controlling entity of the IOC – Caruthersville, LLC (the "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 *Lady Luck Casino, Caruthersville* (the "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 November 1, 2010 through June 30, 2012. MGC Audit Report 12-29 was issued to the Casino on December 21, 2012.
7. The MGC completed a follow-up audit on May 14, 2013, to determine if the audit findings from MGC Audit Report 12-29 dated December 21, 2012, had been corrected.
8. The following findings were found not to have been implemented:
 - a. Two patrons with outstanding balances were not listed on the Returned Check Log in the Cage;
 - b. Redemption kiosks were not reconciled every three days on seven occasions; and

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

² 20130829004

- c. Two employees who were not supervisors had the ability to void point redemptions in the player tracking system.

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 in 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. MICS, Chapter H § 7.02 and the Casino’s ICS, Chapter H § 7.02, require each redemption kiosk to “be reconciled at least once every three days regardless of activity.”

13. The MICS, Chapter, H § 12.01 states as follows:

Accounting shall maintain a Returned Check Log listing each returned check that was not guaranteed by an outside check guarantee service for which the licensee had been notified of the non-payment or rejection of the check. The notification document shall be date-stamped with the current date promptly upon receipt. The Class B Licensee shall include all such unsatisfied checks on the Returned Check Log within three (3) calendar days from the date the licensee received notice that the check was not accepted by the financial institution ordered in the check to make payment, and shall make identification information of all persons who currently have an unsatisfied returned check on the Returned Check Log available to all of its employees who accept checks. The Class B Licensee and its employees shall not accept any further checks from any persons who have a check listed on the current Returned Check Log

14. The Casino's ICS, Chapter H, § 12.01 states as follows:

Lady Luck shall maintain in Accounting a Returned Check Log (RH6) listing each returned check that was not guaranteed by an outside check guarantee service for which the licensee had been notified of the non-payment or rejection of the check. The notification document shall be date-stamped with the current date promptly upon receipt. Lady Luck shall include all such unsatisfied checks on the Returned Check Log within three calendar days from the date Lady Luck received notice that the check was not accepted by the financial institution ordered in the check to make payment. Unsatisfied checks shall remain on the Returned Check Log until the debt is paid in full or at least three years following the date of entry on the log.

15. Both the MICS, Chapter I, § 13.05 and the Casino's ICS, Chapter I, § 13.05 states that "Only supervisors or above shall have the ability to void point redemptions in the system."

VIOLATIONS

16. The acts 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 H §§ 7.02 and 12.01 and Chapter I, § 13.05, and the Casino's ICS, Chapter H §§ 7.02 and 12.01, and Chapter I, § 13.05.

17. The Company is therefore subject to discipline for such violations pursuant to §§ 313.805(6) and 313.812.14 (1) and (2), RSMo, and 11 CSR 45-9.060(3) and (4).

PENALTY PROPOSED

18. Under § 313.805(6), RSMo, 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 IOC – Caruthersville, LLC, 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 January, 2015, to:

Todd Connelly
Lady Luck Caruthersville
P.O. Box 1135
Caruthersville, MO 63830

Leland M. Shurin
Chairman
Missouri Gaming Commission