

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-15-046
St. Louis Gaming Ventures, LLC)

PRELIMINARY ORDER FOR DISCIPLINARY ACTION

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

1. The Missouri Gaming Commission (the "Commission" or "MGC") is a state commission created under Chapter 313, RSMo 2000,¹ with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri.
2. The Commission issued Penn National Gaming, Inc., a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. Penn National Gaming, Inc., is the parent organization or controlling entity of St. Louis Gaming Ventures, 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 *Hollywood Casino St. Louis* (the "Casino").
5. As the holder of a Class B license, the Casino is subject to the provisions of §§ 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS²

6. On August 21, 2014, the MGC received a report that an Electronic Gaming Device ("EGD") at location BO04, Asset 5605, had been set up for a taxable lockup amount of \$1,299.99 instead of \$1,199.99 and available for patron play since October 30, 2012.
7. The incorrect value was set up during the initial Harrah's to Hollywood conversion on October 30, 2012.
8. On June 15, 2013, a different EGD at location EZ03, Asset 5249, dealt a patron a winning hand valued at \$4,000, which should have locked up the game, but failed to do so because the option on that EGD was incorrectly set to \$11,999.99 instead of \$1,999.99.

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

² 2014082202

9. A compliance directive (“CD”) issued on July 17, 2013, required the Casino employee to check the jackpot limit option on all EGDs on the floor at that time and as they come back onto the Casino floor from storage.
10. At the time the July 17, 2013 CD was issued, EGD at location BO04, Asset 5605 was housed in a storage container off of the floor.
11. The Machine Entry Authorization Log book for the EGD at location BO04, Asset 5605 did not contain any entries indicating that an audit was performed to check the jackpot limit option when it was returned to the Casino floor on November 5, 2013.

LAW

12. 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.
13. 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[.]

14. Section 313.826, RSMo, states as follows:

Each excursion gambling boat licensed by the commission shall withhold for state income tax purposes from electronic gaming device jackpots or table game jackpots of twelve hundred dollars or more an amount equal to four percent of the prize. Withholdings made pursuant to this section shall be subject to the withholding tax provisions pursuant to sections 143.191 to 143.261, including section 143.261.”

15. 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.

16. Title 11 CSR 45-10.030 states, in pertinent part, as follows:

- (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 regulation;
- (2) Failing to comply with any rule, order or ruling of the commission or its agents pertaining to gaming;

* * *

- (7) All occupational licensees shall have a working knowledge of Chapter 313.800, RSMo et seq., *Code of State Regulations*, Title 11 Division 45, and the internal controls of the Class A or B licensees for whom they are currently employed by as they pertain to the responsibilities and limitations of their job.

17. Both the MICS, Chapter E, § 2.02 and the Casino’s ICS, Chapter E, § 2.02 state that “a jackpot of \$1,200 or more shall cause the EGD to lock up, resulting in a hand paid jackpot. A jackpot of \$1,200 or more requires completion of a W-2G.”

VIOLATIONS

18. The acts or omissions of employees or agents of the Casino, as described above, constitute a failure of the Casino to correctly option its EGDs for taxable lockup amounts, thereby violating §§ 313.826 and 313.830.2(1), RSMo, 11 CSR 45-10.030(1), (2), and (7), MICS, Chapter E, § 2.02 and the Casino’s ICS, Chapter E, § 2.02.

19. The Casino 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

20. 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.

21. THEREFORE, it is proposed that the Commission fine St. Louis Gaming Ventures, LLC, the amount of \$2,500 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 February, 2015, to:

Todd George
Hollywood Casino St. Louis
777 Casino Center Drive
Maryland Heights, MO 63043

Leland M. Shurin
Chairman
Missouri Gaming Commission