

# IN THE MISSOURI GAMING COMMISSION

In Re: )  
 ) DC 15-136  
Lady Luck Casino, Caruthersville )

## 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,<sup>1</sup> 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 FACTS<sup>2</sup>

6. On October 9, 2014, Sergeant Carisa Goins ("Sgt. Goins"), of the Missouri State Highway Patrol ("MSHP") who was assigned to the Gaming Division of the MSHP as an agent of the Commission, arrested a cage employee for stealing, which led to an investigation of other cage practices.
7. Sgt. Goins' investigation revealed the following facts:
  - a. Sgt. Goins verified at least 12 instances of theft by Cage Cashier Sussie B. Hall ("Hall") between August 23 and October 1, 2014;
  - b. On some occasions, Hall would open the secondary drawer, which is used by cashiers to place items paid in over the course of their shift, such as coupons, table cheques, cash out vouchers and other items, including cash deemed "mutilated," and lean over it, partially

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<sup>1</sup> All statutory references are to RSMo 2000, unless otherwise specified.

<sup>2</sup> 20141026007

obstructing a view of her activities from the surveillance cameras. After using her right hand to tuck cash from the secondary drawer and place it in her sleeve, Hall would close and lock both drawers, then immediately leave for her break so she could better secure the stolen cash;

- c. On other occasions, Hall accessed different computer programs, including the CERTEGY check cashing server without patrons being present;
- d. Hall also used computer terminals at other cashiering locations to process multiple transactions, even though the equipment at her assigned location was in working order, and failed to properly scan coupons presented to her by patrons;
- e. On at least one occasion, Hall shorted a casino employee who turned in coin for currency by removing some of the coins given to her and placing them in her drawer prior to running the coin through the Jetsort machine and handing the employee the resulting currency;
- f. Hall created a strap error on at least 12 occasions between August 23, 2014 and October 1, 2014, to cover her thefts by creating an intentional shortage in a previously counted strap of currency. On those occasions, Hall removed the currency from a strap of bills from the primary drawer, took a single bill from the strap, and placed it into the loose currency. She then re-strapped the remaining bills either with an old strap prepared by another cashier or by a new one created by Hall and placed the used strap with another cashier's initials back on the strap which she intentionally shorted, creating a shortage in the counted strap;
- g. In creating the aforementioned strap errors, Hall failed to count the contents of the strap each time the strap was removed, reused old straps prepared by other cashiers, and failed to appropriately date and initial the straps. Between August 23, 2014 and October 9, 2014, Hall stole approximately \$130 by creating strap shortages;
- h. On several occasions, Sgt. Goins found that various Cage Cashiers redeemed cash out vouchers, which required an override by a supervisor. The cashiers would enter their supervisors' password into the Slot Data Software ("SDS") to authorize the override. The SDS Voucher and Coupon Cashiering report reflected that the supervisors authorized the override. However, at no time were the supervisors present for the transactions;
- i. On July 21, 2013, Cage Manager Ladonna Coble ("Coble") sent a memo to all cage employees regarding the proper procedures for handling errors in even exchange transactions, which included notifying a lead cashier of the error, taking the buy to the vault, correcting and initialing mistakes, returning to the cage after the transaction to produce a second Even Exchange Slip reflecting the correction, and voiding the first Even Exchange Slip;
- j. On several occasions Lead Cage Cashier Melodie Mixon ("Mixon") was notified of errors in some even exchange transactions with the main bank. Mixon verified the errors

and created a second Even Exchange Slip in the cage to correct what appeared to be an error in an even exchange at the end of the cashiers' shifts;

- k. Mixon then took the currency and Even Exchange Slip to the vault, placed the currency from the transaction in the vault but not a copy of the Even Exchange Slip. Instead, Mixon brought the copies of the Even Exchange Slip back to the cage. Sgt. Goins discovered three other occasions in which Mixon placed all copies of an Even Exchange Slip in the barge cage without providing copies to the main bank or revenue auditing; and
- l. A search of cage documentation forwarded to accounting failed to locate any documents to support the second exchange which involved an undetermined number of \$100 bills;

### LAW

- 8. 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.
- 9. 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[.]

- 10. 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.

11. Section 570.030.1, RSMo, states that “A person commits the crime of stealing if he or she appropriates property or services of another with the purpose to deprive him or her thereof, either without his or her consent or by means of deceit or coercion.”

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

(1) Licensees shall promptly report to the commission any facts which the licensee has reasonable grounds to believe indicate a violation of law (other than minor traffic violations), minimum internal control standard requirements or commission rule committed by licensees, their employees or others, including, without limitation, the performance of licensed activities different from those permitted under their license.

\* \* \*

(3) In the event that a licensee or employees of the licensee knows or should have known that an illegal or violent act has been committed on or about the licensed premises, they shall immediately report the occurrence to law enforcement authorities and shall cooperate with law enforcement authorities and agents of the commission during the course of any investigation into an occurrence.

(4) Licensees shall take reasonable actions to safeguard from loss all tokens, tickets, chips, checks, funds, and other gaming assets.

\* \* \*

(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

13. Both MICS and the Casino’s ICS, Chapter H, § 1.09, state, “Each time a strap is removed, the contents shall be counted. When a new strap is applied, it shall be initialed and dated by the employee who counted and strapped the funds.”

14. MICS, Chapter H, § 8.01, states, “All even exchanges between cashiering locations, excluding slot wallets, shall be documented on at least a two-part Even Exchange Slip. One part shall remain at each cashiering location at the conclusion of the exchange.”

15. The Casino's ICS, Chapter H, § 8.01, states, in pertinent part, as follows:

All even exchanges, excluding slot wallets, shall be documented on at least a two part Even Exchange Slip (RH16). One part shall remain at each cashiering location at the conclusion of the exchange. Procedures for even exchanges of funds between two casino cashiering areas are as follows:

\* \* \*

(B) The following procedures are used for even exchanges:

- 1) Even Exchanges: An Even Exchange Slip, of at least two parts, is used to document the even exchanges...The original is taken back to the place of origin along with the items requested. The items are verified at the originating bank and the person verifying the items signs the form attesting to the transaction accuracy. The original is sent to accounting at the end of the gaming day.

16. The Casino's ICS, Chapter S, § 1.05 states that "The sole Critical IT System in use by Lady Luck is Bally's SDS software."

17. Both the MICS and the Casino's ICS, Chapter S, § 4.01 state that "The Critical IT Systems shall be logically secured through the use of passwords."

18. Both the MICS and the Casino's ICS, Chapter S, § 4.03(D) requires all passwords to be confidential.

### **VIOLATIONS**

19. The acts or omissions of employees or agents of the Company, as described above, constitute a failure of the Company to provide a level of supervision sufficient to prevent its employees from stealing money from the Casino, keeping SDS passwords confidential, and following proper procedures for even exchange transactions, thereby violating § 570.030.1, RSMo, 11 CSR 45-10.030(1), (3), (4), and (7), the Commission's Minimum Control Standards ("MICS"), Chapter H, §§ 1.09 and 8.01 and Chapter S, §§ 1.05, 4.01, and 4.03, and the Casino's Internal Control Standards ("ICS"), Chapter H, § 8.01 and Chapter S, §§ 1.05, 4.01, and 4.03.

20. 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**

21. 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.

22. THEREFORE, it is proposed that the Commission fine IOC – Caruthersville, LLC, the amount of \$5,000 for the violations set forth herein.

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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:

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

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Leland M. Shurin  
Chairman  
Missouri Gaming Commission