

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-15-298
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 2000,¹ 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. On April 25, 2015, Sergeant Carisa Goins ("Sgt. Goins"), of the Missouri State Highway Patrol ("MSHP") and assigned to the Gaming Division of the MSHP as an agent of the Commission, noticed multiple patrons redeeming promotional coupons which did not comply with regulatory requirements.
7. The promotional coupons being redeemed by patrons on April 25, 2015, were for the amount of \$10 in cash, valid only on April 25, 2015, and did not contain sequential identification numbers or player tracking numbers with unique numbers added to them.
8. The promotional coupons being redeemed by patrons on April 25, 2015, were printed on in-house computer by marketing personnel based on the number of patrons in the group.

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

² 20150428007

9. The Casino provided the coupons on April 25, 2015, by placing one coupon at each place setting at the tables in the Otis and Henry's Restaurant. None of the coupons contained the patron's name or any type of tracking number.
10. When patrons redeemed the promotional coupons on April 25, 2015, they handwrote their signatures on the coupons and presented their identification, but because they could not be electronically canceled, cashiers lined through the face of the coupon with a marker.
11. No promotional rules existed for the promotional coupons being redeemed by patrons on April 25, 2015.
12. Because no inventory form or tracking log for the coupons existed at the Casino for the promotional coupons provided to patrons on April 25, 2015, the Casino was unable to track the issuance and redemption of each promotional coupon or attempt to maintain the inventory of unissued promotional coupons to prevent theft or fraud.
13. On several occasions when patrons redeemed the promotional coupons provided to them on April 25, 2015, Casino employees failed to use the identification information provided to them by the patrons to verify whether the patron presenting the coupon was on the Missouri Disassociated Person List.
14. The Casino utilized similar promotional coupons on previous occasions which also failed to meet regulatory requirements.

LAW

15. 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.
16. 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[.]

17. 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 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.

18. Title 11 CSR 45-5.181 states, in pertinent part, as follows:

- (1) For the purposes of this rule, the following words are defined as:

* * *

- (A) Promotional giveaway—a promotional gift or item given by a licensee to any person meeting the licensee’s promotional criteria, where the person provides no consideration and there is no chance or skill involved in the awarding of the promotional gift or item, and all persons meeting the criteria receive the same promotional gift or item;
 - (B) Patron—any person present on the premises of a Class B licensee that is not employed by such Class B licensee or the commission and is not on the premises as a vendor of the Class B licensee;
 - (C) Promotional coupon—any instrument offering any person something of value and issued by a Class B licensee to entice the person to come to the Class B licensee’s premises or for use in or related to licensed gambling games at a licensee’s gaming establishment[.]
- (2) Class B licensees may provide promotional activities such as promotional giveaways, promotional coupons, ... or similar activities for patrons without the prior approval of the commission, provided the promotional activity is not structured or conducted in a manner that reflects negatively on the licensee, the commission, or the integrity of gaming in Missouri and complies with the following:

* * *

- (C) The Class B licensee shall create dated, written rules governing the promotional activity, which rules shall be immediately available to the public and the commission upon request. The licensee shall maintain the

rules of the event and all amendments thereto, including criteria for entry and winning, prizes awarded, and prize winners, for a minimum of two (2) years from the last day of the event;

- (D) All prizes offered in the promotional activity shall be awarded according to the Class B licensee's rules governing the event;

* * *

- (F) The Class B licensee shall designate in its internal control system an employee position acceptable to the commission that shall be responsible for ensuring adherence to the rules set forth in this section.

* * *

- (5) Promotional coupons shall contain the following information preprinted on the coupon:

* * *

- (D) Sequential identification numbers, player tracking numbers with unique numbers added to them, or other similar means of unique identification of each coupon for complete, accurate tracking and accounting purposes[.]

* * *

- (7) Class B licensees offering promotional coupons shall track the issuance and redemption of each promotional coupon. Documentation of the promotional coupon tracking shall be maintained on file for two (2) years and made readily available to the commission upon request. The inventory of un-issued promotional coupons must be maintained in a reasonable manner that prevents theft or fraud.

- (8) Promotional coupons shall be cancelled at the time they are redeemed in a manner that will prevent multiple redemptions of the same coupon.

19. The MICS, Chapter H, § 17.07, states that “Coupons not designed to be electronically cancelled shall be cancelled by marking redeemed or by lining through the face of the coupon with a black permanent marker upon receipt from the patron.”

20. The Casino's ICS, Chapter H, § 17.07, states, “Coupons not designed to be electronically cancelled shall be cancelled by time/date stamping the coupon and by marking ‘paid’ on the face of the coupon with a black permanent marker upon receipt from the patron.”

21. Both the MICS, Chapter Q, § 2.04, and the Casino’s ICS, Chapter Q, § 2.04, forbid Class B Licensees from enrolling “DAPs in any sweepstakes, tournaments, or other types of promotions.”
22. The MICS, Chapter Q, § 2.04, further requires the Class B Licensee to verify the winner of a sweepstakes, tournament, or other promotion is not a DAP “prior to awarding any sweepstakes, tournament, or promotional prize.”

VIOLATIONS

23. The acts or omissions of employees or agents of the Company, as described above, constitute a failure of the Company to assure that the Casino’s promotional coupons complied with regulatory requirements, thereby violating 11 CSR 45-5.181, and MICS, Chapter H, § 17.07 and Chapter Q, § 2.04, and the Casino’s ICS, Chapter H, § 17.07 and Chapter Q, § 2.04.
24. 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

25. 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.
26. THEREFORE, it is proposed that the Commission fine IOC – Caruthersville, LLC, the amount of \$5,000 for the violations set forth herein.

Brian Jamison
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 September, 2015, to:

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

Brian Jamison
Chairman
Missouri Gaming Commission