BEFORE THE MISSOURI GAMING COMMISSION

Meeting
June 29, 2016
10:00 a.m.
3417 Knipp Drive
Jefferson City, Missouri

BEFORE:
Herbert M. Kohn, Chairman
Brian Jamison, Vice Chairman
Larry D. Hale, Commissioner
Thomas Neer, Commissioner
Richard F. Lombardo, Commissioner

Reported by:
Patricia A. Stewart, CCR 401
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AGENDA

I. Call to Order 4:3

II. Consideration of Minutes 6:22
A. May 24, 2016
B. May 25, 2016

III. Consideration of Settlement Agreement
C. Michael Sullivan
   1. Resolution No. 16-035 8:22

IV. Consideration of Disciplinary Actions
D. The Missouri Gaming Company
   1. DC-16-095 12:4

V. Consideration of Rules and Regulations
E. Proposed Rules & Amendments 26:10
   1. 11 CSR 45-13.051 - Bingo Hearings
   2. 11 CSR 45-30.056 - Key Person Defined
   3. 11 CSR 45-30.175 - Organization (Operator) Record Keeping Requirements
   4. 11 CSR 45-30.280 - Net Receipts from Bingo and Bank Account
   5. 11 CSR 45-30.540 - Approval of Bingo Paraphernalia
   6. 11 CSR 45-30.600 - Electronic Bingo Card Monitoring Devices
   7. 11 CSR 45-30.610 - Wireless Technology

VI. Consideration of Waiver of Institutional Investors
F. Black Rock, Inc.
   1. Resolution No. 16-036 33:17

G. Mitsubishi UFJ Financial Group, Inc.
   1. Resolution No. 16-037 33:17

VII. Consideration of Licensure of Level I & Key Applicants
H. Resolution No. 16-038 40:9
AGENDA (CONT'D)

VIII. Consideration of Placement on Exclusion List
   I. Jane Windorski
      1. Resolution No. 16-039  42:23
   J. Anastasia Grzeskowiak
      1. Resolution No. 16-040  48:19

IX. Motion for Closed Meeting under Section
     313.847, RSMo., Investigatory, Proprietary
     and Application Records and 610.021(1),
     RSMo, Legal Actions, (3) & (13) Personnel
     and (14) Records Protected from Disclosure
     by Law  51:5
PROCEEDINGS

CHAIRMAN KOHN: It is ten o'clock. Good morning everybody. Welcome to our meeting today. We'll call the meeting of the June 29 Missouri Gaming Commission to order.

Angie, please take the roll.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Present.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Present.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Present.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Present.

MS. FRANKS: Chairman Kohn.

CHAIRMAN Kohn: Present.

We have a quorum and we're ready to with about the meeting.

We have a special presentation this morning involving our staff, and Mr. Seibert will do that, but I wanted to make a comment first.

Those of you who come to the meeting see the five of us and a few other people, but what you don't realize maybe is that there is a staff of over
100 people that work in the Gaming Commission, in addition to the about 120, 125 Highway Patrolman that are assigned to the Commission who do the real job on a day-in/day-out basis and do an excellent job, and we're very fortunate to have both the staff and the Highway Patrol supporting us in what we do, and the State is very fortunate to have such dedicated people working for them and us at the Gaming Commission.

So with that as background, Mr. Seibert, would you please proceed with your special recognition.

EXECUTIVE DIRECTOR SEIBERT: As the Chairman so graciously said, we do have some very good people that work here, and what we have this morning is years of service recognition. So as I call your name, if you would please come up.

Ed Grewach.

MR. GREWACH: Thank you.

EXECUTIVE DIRECTOR SEIBERT: Sam Dalton.

CHAIRMAN KOHN: Bill, these are for what?

EXECUTIVE DIRECTOR SEIBERT: Years of service.

Five years of service. Sam is five years of service.

Cynthia Fleener, ten years of service.

MS. FLEENER: Thank you.
EXECUTIVE DIRECTOR SEIBERT: Jennifer Hemmel, ten years of service.
Terri Huchison, fifteen years of service.

All right. So anyway, I want to congratulate you. You get to see some faces. You might know the names and might not know the faces. But these folks have had to put up with me -- not 15 years but at least almost (inaudible) years.

THE COURT REPORTER: I'm sorry. I couldn't hear you. Almost what?

EXECUTIVE DIRECTOR SEIBERT: You don't need to type that in.

(Laughter.)

CHAIRMAN KOHN: Congratulations to all of you.

(Appplause.)

CHAIRMAN KOHN: Thanks to all of you.

How many years has the Gaming Commission been in business, Angie?


Okay. We are ready now to consider and act upon the minutes of the meetings from May 24 and 25. You recall we had a two-day meeting in Kansas City.

So is there a motion to approve those
COMMISSIONER LOMBARDO: Second.

CHAIRMAN KOHN: Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

MS. FRANKS: By your vote you've adopted the minutes of the May 24th and May 25th, 2016 meeting.

CHAIRMAN KOHN: So we are ready to begin business, but before we do, let me explain what our process will be for today and you can decide whether or not you want to stay for it.

We're going to go through our regular open meeting. We will then adjourn into a closed meeting, which I don't think will be for very long, and then we're going to come back out and resume our open meeting.
And the purpose of the open meeting, the second open meeting, will be our first tutorial on Missouri Fantasy Sports Consumer Protection Act, which you may or may not know the Legislature passed and the Governor signed, and the upcoming Fantasy Sports Act has been put under the purview of the Missouri Gaming Commission.

So we will be regulating fantasy sports betting, and I don't know about you, but I don't know much about it, so we're going to start learning about it at the second open session today, and then at our July meeting, which will be on July 27, we will consider and probably act upon adopting regulations that will govern the fantasy sports betting in Missouri.

So that's our process for today and for next month.

Mr. Seibert, we're ready for business.

EXECUTIVE DIRECTOR SEIBERT: The first order of business, Mr. Chairman, is Consideration of Settlement Agreement. Mr. Ed Grewach will present.

MR. GREWACH: Thank you.

Under Tab C we have a resolution to approve a settlement with Michael Sullivan.

As the Commission is aware, an audit was done in 2013 of licensees who were licensed between 1994 and
1999 and who continue to be licensed at that point in time with the Commission to determine whether any of our active licensees had ever pled guilty or been convicted of a felony, because either a plea or a conviction disqualifies a person from holding a license under State Statute 313.812.8.

The audit did discover that Mr. Sullivan had pled guilty to the felony of possession of marijuana on November the 15th, 1982. At that time he received a suspended imposition of sentence and he successfully completed his probation.

Mr. Sullivan has been licensed since 1994.

However, the statute has two disqualifiers. One, if you've pled guilty, and the other, if you've been convicted of a felony.

So, therefore, the fact that he had an SIS and the fact that he successfully completed his probation doesn't remove that first disqualification of the historical fact that he did, in fact, plead guilty to this felony in 1982.

The Commission had initially filed a Preliminary Order of Discipline seeking revocation of Mr. Sullivan's license. The hearing was held on August 6, 2015. The hearing officer recommended a revocation.
This settlement comes as a result of that recommendation, and in the settlement Mr. Sullivan is surrendering his license effective today. In exchange, the Commission is withdrawing its Preliminary Order of Discipline, and Mr. Sullivan is also agreeing that he is not eligible for a license in Missouri based on the fact that he did plead guilty to this offense in 1982.

The rule does require Commission approval on any settlement of a disciplinary action against a licensee.

CHAIRMAN KOHN: Any questions?

COMMISSIONER LOMBARDO: You know, Ed, I'm not sure this matters since it's a settlement, but did he disclose on his application that he had been convicted or pled guilty to a felony?

MR. GREWACH: He did not disclose the arrest or the plea or anything. He put not applicable in response to the question have you ever been detained, arrested, charged, pled guilty to or convicted of any crime.

COMMISSIONER LOMBARDO: Okay.

CHAIRMAN KOHN: Other questions?

Okay. Is there a motion with regard to Resolution 16-035? That would be approving the settlement.
COMMISSIONER JAMISON: I move for adoption of Resolution 16-035.

CHAIRMAN KOHN: Is there a second?

COMMISSIONER NEER: Second.

CHAIRMAN KOHN: Discussion on the motion? Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

MS. FRANKS: By your vote you've adopted Resolution No. 16-035.

CHAIRMAN KOHN: And I want to thank Mr. Grewach and whoever else worked on this because it saved us from reading what I think was several hundred pages of material.

We're ready for the next order of business, Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: The next order
of business is Consideration of Disciplinary Actions.

Mr. Ed Grewach will present.

MR. GREWACH: Thank you.

Under Tab D we have a Preliminary Order of Disciplinary Actions directed to the Argosy Riverside Casino involving some promotional activity.

Our Rule 5.181 requires that any casino having promotional activity pay out prizes based on the rules of the promotion. In addition, it prohibits any promotional activity being conducted in a manner that reflects negatively on the licensee.

On July 9, 2015 we received a complaint from the patron who participated in the Hollywood Casino open poker promotion and indicated that she did not receive the proper number of points or entries that she had earned in the promotion.

Our investigation disclosed that the casino had set up the promotion in hourly sessions, and the impact of that was that in the example that we use in the Preliminary Order of Discipline, if you put your players card in at 4:00 -- if the session was set up from 4:00 to 5:00, 5:00 to 6:00, 6:00 to 7:00, if you put your card in at 4:45 and took it out and stopped playing at 5:15, it would not give you credit for any of the play that you did from 4:45 to five o'clock. It
would only give you credit for the play for the session from 5:00 to 5:15.

We further in the investigation found that 4,078 patrons in this particular promotion had not received the proper amount of entries.

As a remedial measure the casino held an invitation promotion only directed to those patrons on August 29, 2015.

Further when we investigated the matter we found out that the same software that was used in this promotion had been developed by Penn, Argosy's parent company, and had been in use for twelve years.

So we requested information and records for promotions they held using this software for the past five years, and we received information on 47 promotions and determined that 41 of those promotions actually shorted patrons the proper amount of points or entries.

It affected 134,000 patrons who were shorted 369,000 entries.

Now, the casino as a makeup did mail out some free play coupons. As a matter of fact, they mailed out $432,000 worth of those, 240,000 of which were redeemed by the patrons that received those mailings.

They in addition hired an additional employee, a promotion specialist, to look at this
problem. They also when they looked at and met with and talked to the people at Penn National Gaming who had designed the program, no longer run these promotions and sessions. They run them as one continuous promotion which alleviates the problem that were encountered in these 41 promotions.

The recommendation of the staff was a $50,000 fine.

CHAIRMAN KOHN: Questions of Mr. Grewach?

COMMISSIONER JAMISON: So over this twelve-year period that this had been occurring this was the first time we received a complaint?

MR. GREWACH: That's correct.

COMMISSIONER JAMISON: And the rationale behind the fine is based on the period of time that this occurred and the number of violations?

MR. GREWACH: Yes, the volume of the violations and the number of patrons impacted by it.

COMMISSIONER JAMISON: But there is not a history of promotion violations by Argosy prior to this?

MR. GREWACH: There is some but not an unusual --

COMMISSIONER JAMISON: So the recommendation of 50,000 is not -- 50,000 is not based on an escalation of previous violations moving up as opposed to the quantity
and length of this violation?

MR. GREWACH: That's correct.

You know, they have had prior promotional violations but not out of line with what other casinos have typically experienced.

COMMISSIONER JAMISON: Okay.

CHAIRMAN KOHN: How does the size of this penalty compare to other penalties for similar-type violations?

MR. GREWACH: I'd say it is higher, and I think connected to the materials given to the Commissioners, it shows -- and there is a wide range because there is so many different factors and circumstances that go into the setting of the fine.

And I think the thing that prompted this recommendation again was the number of promotions and number of patrons.

These are the types of problems that could be addressed if the casino had been monitoring it. Let's say you run a promotion for a week. Let's go back and run a test and make sure that everybody did get the proper amount of points and entries that the rules provide for, and then it wouldn't have gotten to this point where we have 41 years.

The idea of a makeup is all well and good,
but as you can kind of see from the numbers -- and
that's the reason I brought this out, you know. When
people come for this promotion, they're there that day
and they're expecting to get those points and entries.

When you tell them, okay, you can get more
free slot play or whatever the makeup is but you've got
to come back, that may not be practical. It may not
suit the patron. It may be an inconvenience to the
patron. So you can see only about half of the free play
promotional coupons sent out got redeemed.

So we took all of that into consideration
when we came up with this particular recommendation.

COMMISSIONER JAMISON: But to answer Herb's
question, if you didn't -- about $10,000 would be the
ballpark?

CHAIRMAN KOHN: Yeah. I notice in reading
your other examples that it ranges from 2,500 to 10,000.
This one seems a lot higher.

MR. GREWACH: Yes, that is true. That is
true. But I think if you compare the 10,000 to this
one, I mean, you're not going to find another prior with
this scope and this many patrons and this many
promotions involved and that was our rationale.

CHAIRMAN KOHN: And are we saying that the
casino could have and should have discovered this on
their own a lot sooner?

MR. GREWACH: They could. There is probably two factors in that. One is sometimes you'll see a promotion and there's a software problem and they bought the software from a third-party vendor and, you know, there's a lot of finger pointing as to who did it, you know. On this one it was actually their parent company, Penn, who supplied it.

As a matter of fact, when we talked to the person at Penn who was responsible for it and we told them, hey, you know, this casino is doing this in hourly sessions, the immediate reaction from the individual at Penn was, oh, you can't do that with this program.

So, you know, there was this -- had that communication taken place and that instruction or education been given to this individual casino by the parent, you know, this would have been avoided.

And also if they had done a spot-check from time to time before they got this far into this many promotions and this many patrons.

COMMISSIONER NEER: Was there a requirement that they spot-check?

MR. GREWACH: No, there is not. The only requirement is those two I cited.

You know, you have to pay prizes according to
the rules, which, of course, didn't happen here, and you
have to conduct it -- and you can't conduct it in a
matter that reflects negatively on the licensee.

So there is no requirement to spot-checking
it, but spot-checking it would have the practical effect
of catching this earlier than later.

COMMISSIONER NEER: This could have gone on
for an extended period of time had this one patron not
complained. Correct?

MR. GREWACH: Had this patron not complained,
we would not have known of this.

With promotions because of the volume and the
time sensitivity of the promotions, we do not review and
approve promotions before the fact. You know, our rule
as it deals with promotions deals with either a
complaint we find or something perhaps we find in an
audit that was incorrect.

So it's more of a reactive disciplinary
action. And so until this patron complained we had no
knowledge that this problem existed.

COMMISSIONER LOMBARDO: Did the Gaming
Commission staff come up with an estimate as to the
total financial impact to those affected?

MR. GREWACH: I may have to call,
Mr. Chairman, with your permission on Todd Nelson, our
gaming enforcement manager, who may or may not have the
answer to that. I don't have the answer to that.
MR. NELSON: Good morning, Chairman,
Commissioners.
Let me just look through the paperwork.
CHAIRMAN KOHN: Would you identify yourself
for the record.
MR. NELSON: Todd Nelson, Missouri Gaming
Commission.
Looking through this I believe -- off the top
of my head I believe it was, like, $400,000, but I'm
going to have to take another look at this real quick,
sir, before I can answer you absolutely.
COMMISSIONER JAMISON: Well, I guess my
question on that would be is what do they -- by not
being -- a promotion is they're getting additional
rewards by this promotion or are they put in for
winning some -- I mean, some promotions are you're put
in for, like, winning a prize. Right? So the prize is
still given out. They just didn't have a chance to win
it. And then some they get additional benefits from
promotions.
MR. NELSON: Correct.
The specific one that the person complained
on had to do with entries into a poker tournament, and
they can figure them in different ways. It all goes
back to the promotional rules that they have at that
point in time.

So it just depends on the promotional rules
and what they're offering at that time, and there is
some eligibility into that particular promotion that
they're conducting.

COMMISSIONER LOMBARDO: If, in fact, your
calculation is around 400,000, that's roughly equivalent
to the vouchers that they sent out. Right?

MR. NELSON: That would be approximately
correct.

COMMISSIONER LOMBARDO: Okay. Was there some
discussion between Argosy and the staff about how much
they should send out in vouchers?

MR. NELSON: No, sir.

COMMISSIONER LOMBARDO: They came up with
their own number and sent out the vouchers?

MR. NELSON: Yes, sir.

COMMISSIONER LOMBARDO: Which is pretty
consistent with your number?

MR. NELSON: Yes, sir.

CHAIRMAN KOHN: Was there any discussion
between the Commission and Argosy about this entire
matter or was it just an internal inves-- one-sided
MR. GREWACH: No. There were discussions. Because we talked to both the persons at Penn who had developed the software for the promotion and the Argosy employees throughout the investigation involved a discussion with them. They were also given a Notice of Investigation, and they gave us a response to that.

So there was a discussion. I don't know that there was a discussion, as Mr. Nelson pointed out, specifically to tell them how they needed to do a makeup or whether they even needed to do a makeup because that's really not within our purview.

Now, I can tell you as a staff we consider that, just like any prosecutor would look at, you know, two similar crimes. In one case the Defendant tries to make restitution and the other they don't. That might be a factor we look at.

You know, so we do look at what they did to try to make the patrons whole. But as far as telling them, okay, here is what you have to do, you have to send out $432,000 worth of vouchers, that's not something we would do because we don't really have jurisdiction to make that directive to them.

CHAIRMAN KOHN: Just reviewing for a minute, the folks at Argosy or their parent, probably Argosy,
you said could have and maybe should have caught this on
their own before the patron complained or could they
not -- would they not have reasonably been expected to
have known that this was happening?

MR. NELSON: You know, I cannot speak to
that, but they could put procedures in place to test a
promotion prior to conducting a promotion.

CHAIRMAN KOHN: But if they didn't, then they
probably would not have known it was going on?

MR. NELSON: Then they would not have known,
no, sir.

COMMISSIONER JAMISON: And over this twelve-
year period the promotions are not audited in any
fashion by either them or us to verify?

I mean, I guess I'm kind of questioning, you
know, a twelve-year period. Is there an expectation of
an audit by them or by our investigator? I mean, I'm
just asking.

MR. NELSON: Our particular department does
not audit that type of activity. I'm going to have to
ask.

Okay. We would. The audit staff, the MGC
audit staff, they do go through and audit that.

CHAIRMAN KOHN: Okay.

COMMISSIONER LOMBARDO: I think Cheryl has
something to say.

COMMISSIONER JAMISON: Yeah, I'm just asking for informational purposes, you know, to try to figure out. Twelve years is a long time for something to be transpiring.

MR. GREWACH: With your permission,

Mr. Chairman, Leshia Kempker has some information on that.

MS. KEMPKER: Leshia Kempker, compliance audit manager.

We do audit promotions on a sample basis. We don't audit every promotion. But we have addressed this in our audit program currently, so we do currently audit the promotions on a sample basis.

CHAIRMAN KOHN: But you did not audit this one?

MS. KEMPKER: Not prior to, no.

COMMISSIONER LOMBARDO: It wasn't part of the sampling I guess. Right?

MS. KEMPKER: I don't believe there was an audit set at that time. It is currently.

COMMISSIONER LOMBARDO: Okay. Now it is?

MS. KEMPKER: Now it is.

CHAIRMAN KOHN: So everybody is mitigating what was the circumstances. The casino has put
precautions in place to keep it from happening and we are now auditing?

MS. KEMPKER: Yes. This casino has put those procedures in place. I'm not sure every casino has.

CHAIRMAN KOHN: Any other questions?

Is there a motion either to approve the staff recommendation or otherwise?

COMMISSIONER LOMBARDO: I would move to modify and would suggest a $20,000 fine.

CHAIRMAN KOHN: Is that a motion?

COMMISSIONER LOMBARDO: That is a motion.

CHAIRMAN KOHN: Is there a second?

COMMISSIONER HALE: I'll second that motion.

CHAIRMAN KOHN: Okay. Discussion on the motion which is to modify the staff recommendation for a disciplinary penalty from 50,000 to 20,000?

COMMISSIONER JAMISON: I like a reduction. I don't know if I like that much reduction, if we're going to --

COMMISSIONER NEER: I agree.

COMMISSIONER JAMISON: -- for discussion purposes.

COMMISSIONER LOMBARDO: Okay. That's fine.

We can discuss it. I'm not married to it.

CHAIRMAN KOHN: I'm not going to stick on
formalities. Do you have a suggestion?

COMMISSIONER JAMISON: Would you be comfortable with 30 as an amendment to your motion?

COMMISSIONER LOMBARDO: Sure. We can split the difference and go with 25. No. 30 is fine.

CHAIRMAN KOHN: Okay.

COMMISSIONER JAMISON: Can I amend his motion?

CHAIRMAN KOHN: He'll just change his motion.

COMMISSIONER JAMISON: Okay.

COMMISSIONER LOMBARDO: I move that the fine be amended to $30,000.

CHAIRMAN KOHN: Is there a second to that motion?

COMMISSIONER NEER: I'll second.

CHAIRMAN KOHN: Discussion on that motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.
MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

MS. FRANKS: By your vote you've adopted DC 16-095 as amended.

CHAIRMAN KOHN: Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: The next order of business is Consideration of Rules and Regulations.

Mr. Ed Grewach will present.

MR. GREWACH: Thank you.

Under Tab E we have proposed rules and amendments relating to bingo. If the Commission approves these today, there will be a public comment period. There will then be a public hearing on September the 13th, 2016, and we anticipate the Final Order of Rulemaking to be presented to the Commission on October 26, 2016, and that final order would include any comments we do receive during the comment period, as well as the Commission staff's response to those comments.

If the final orders are approved, they would become effective on February 28th, 2017.

For Rule 13.051 it's simply cleaning up the language to clarify what the next step is if we get a response from the licensee to -- or notice of intent to proceed with a disciplinary action, gives us all the
options for me to dismissing, settling or proceeding to the Administrative Hearing Commission for a hearing.

30.056 defines key persons. The background of this is State Statute 313.057 provided for the Commission to identify key persons of suppliers and manufacturers for the purpose of checking criminal history.

And this section establishes who those key persons are who would need to be fingerprinted and checked on behalf of the renewal application of a supplier or a manufacturer.

Rule 30.175 deals with the retention of pull tab records. The purpose for this is to make sure that the pull tabs and pull tab records are retained for a sufficient amount of time, so that if we have a complaint, we have the paperwork to examine to determine whether or not the complaint is valid.

Section 30.280 simply clarifies the necessity of a regular bingo licensee and in some circumstances a special bingo licensee to maintain a dedicated bingo checking account.

30.540 deals with our approval from a supplier and manufacturer for pull tab records. We had addressed this previously to -- in the past we used to require the manufacturer/suppliers to actually send us
the hard copy of the pull tabs for us to examine.

This was difficult on both sides in that it
was labor intensive for us to actually physically review
sample pull tabs that they created.

The difficulty for the manufacturers and
suppliers was that they had to go through the expense of
making these samples, taking the risk that we might not
approve them and then they would have gone through that
expense for no reason.

Now they can be submitted electronically and
then we can review that in order to determine whether or
not we’re going to approve those submissions.

Section 30.600 and 30.610 deal with
electronic bingo card monitoring devices.

Now, these are devices similar to an iPad or
they could be some just freestanding device like that in
which bingo cards, or sometimes we call them faces, can
be loaded into the machine.

And then when a ball is pulled from the drum,
let's say it's B-1, now with the wireless technology the
system can send that message out to all of the bingo
monitoring devices in the hall and say B-1 has been
pulled. Then the player has to either hit enter or
actually enter the B-1 and then it populates every card
that has been loaded into the machine.
And the benefit to the player is that -- and you can see there's a limit of 54 bingo cards, but as opposed to attempting to use a dauber and mark 54 bingo cards, you can just hit enter once.

And they also have a feature where your closest card to winning comes up on the screen so you'll know where you're at, you know, in terms of how close you are.

Because the requirement that you call out bingo as a player still remains. That is still a requirement that you have. So even though --

CHAIRMAN KOHN: It sounds like that is the only job the player still has is to call out bingo.

MR. GREWACH: I thought about for those of that vintage, George Jetson had to push a button at work. That was his only job.

So these rules are designed to really address that and address the fact that they can now be done wireless. They used to have to be wired when they load the faces. The key to that you'll see is there is no ability for two-way communication.

So that's why it says in 610 once the bingo faces are loaded -- they have to be loaded before the device is actually given to the patron. So that prevents any type of misconduct or any kind of change in
the actual bingo card.

Once you get the device, all your faces, however many you want to buy up to 54, are already on there, can't be changed and there can't be any two-way communication between your device and the system.

There can be the one-way communication from the system to your device indicating what ball was pulled, and then you have to take the physical step to either enter it or hit enter, and then also if you win, you have to call out bingo.

COMMISSIONER JAMISON: But the bingo operator owns this electronic device? It's not that you bring your iPad and load it?

MR. GREWACH: Correct.

The supplier -- I think we only have one supplier -- two suppliers, one wireless and two -- we have two suppliers that supply these. And so they're the supplier's units, and they'll bring them and then you have to rent those units and buy the faces for the night to play.

CHAIRMAN KOHN: Is that it?

MR. GREWACH: That's all of them.

CHAIRMAN KOHN: My iPad hasn't been synced in the last 20 minutes. I want to make sure.

Let me make sure that I understand the
process. You said there is going to be a public hearing in September?

MR. GREWACH: Correct.

CHAIRMAN KOHN: We're approving these before the public hearing?

MR. GREWACH: You have to approve the proposed rules and amendments and then that triggers the public comment period and the public hearing. And then they're not final until that comes back. So if anybody comments -- when you get the final orders, you'll see their comments. You'll see our responses.

At that point in time you can make whatever changes to the rules you want to based on the comments that have been received or you could even not approve the rules. But this gets the process started, but we do need this as the first step in the rulemaking process.

CHAIRMAN KOHN: Okay. So we're -- okay. I get it.

We are approving these but they're not final --

MR. GREWACH: They're not final.

CHAIRMAN KOHN: -- until we approve them again?

MR. GREWACH: As a matter of fact, they won't have an effective date until February 28th of 2017. So
these rules will not have any legal effect until it goes through that process.

CHAIRMAN KOHN: Okay.

Is there a motion to adopt these rules? I think we can do them all at once.

MR. GREWACH: You can, Mr. Chairman, but you'd have to recite each rule in the motion.

COMMISSIONER NEER: Do you want me to take it this time, Brian?

MR. JAMISON: You can go ahead and do it.


COMMISSIONER JAMISON: Second.

CHAIRMAN KOHN: Any discussion on the motion? Anybody want Tom to repeat that?

COMMISSIONER LOMBARDO: No. But I do want to thank Ed for the George Jetson reference.

MR. GREWACH: I may have to explain it to some of the younger members in the audience.

CHAIRMAN KOHN: Any further discussion on the motion?

If not, Angie.

MS. FRANKS: Commissioner Lombardo.
COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

MS. FRANKS: By your vote you've adopted 11 CSR 45-13.051, 30.056, 30.175, 30.280, 30.540, 30.600 and 30.610.

CHAIRMAN KOHN: Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: The next order of business is Consideration of Waiver of Institutional Investors. Mr. Ed Grewach.

MR. GREWACH: Tabs F and G are both requests for waivers for institutional investors.

As you know, the background is that any person or entity that owns more than 5 percent of a gaming licensee needs to be licensed by us as a key business entity.

There is an exception in that rule for a company that is holding the investment merely for investment purposes and is not going to participate in
the management or attempt to control the corporation.

Under Tab F we have a request for Black Rock, Incorporated. They currently do hold 10.5 percent interest in Newell Brands, Incorporated, which is the parent company of United States Playing Cards, which is a licensed supplier here in Missouri. And the second is for Mitsubishi UFJ Financial Group, Incorporated, who intends to acquire interest in Missouri Gaming Licensees in excess of 5 percent.

Under the rules anything from 5 percent to 10 percent can be approved by the Executive Director. Anything from 10 percent to 20 percent needs approval by the Commission, and the rules do not provide for any waiver for any interest in excess of 20 percent.

The rules do provide and both of these companies are requesting permission to acquire in excess of 10 percent in multiple companies. In other words, they're not tied to Black Rock's case, not tied to just Newall Brands.

This would give them authorization to acquire somewhere between 10 and 20 percent of any gaming company in Missouri as long as they sign the affidavit indicating that it's just for investment purposes, they have no intent to be involved in the company's operations or try to control the company.
CHAIRMAN KOHN: Is Ms. LeMond also going to present?

MR. GREWACH: This is it.

CHAIRMAN KOHN: Any questions of Ed?

I'm just curious, the last thing you said, that if we approve this, we're also approving an investment in any other supplier or casino. Is that right?

MR. GREWACH: Between 10 and 20 percent provided that they provide us with an affidavit that the rule requires.

When you look, for example, at Black Rock, they own a 5 percent interest in Scientific Games, 7 percent in Everi Holdings, 7 percent in Pinnacle, 5 percent in Penn.

So it's not unusual for institutional investors to get into the market to acquire shares of stock in various companies.

And again, the staff is comfortable to the extent that they really are institutional investors and have no intent to control or make any efforts to control the entities themselves.

And that serves two purposes. They don't have to come back every time they acquire some more interests.
Let's say they go out and acquire 4 percent more interest in Everi Holdings, they don't have to come back with a new resolution. So it makes -- it frees up the ability to acquire capital and inject capital into the gaming industry.

CHAIRMAN KOHN: I was just curious why we think it's important enough to require our approval on this investment but we don't on any other investment?

MR. GREWACH: To the staff's point of view, once they meet the definition of an institutional investor, we're comfortable that they're an institutional investor no matter what company or companies they hold an interest in, and that's kind of has been staff's analysis of these situations.

Certainly at the Commission's discretion you could just, you know, provide for one particular company.

Although, you know, I'm not -- in Mitsubishi I'm not sure. I'd have to take a look at the file and determine, you know, if there is one particular company that they have a pending transaction with.

But it's been typical -- it's been the Commission's practice to go ahead pursuant to the rule, and once they meet the qualifications of being an institutional investor, to go ahead and give that
authority to acquire those interests.

CHAIRMAN KOHN: So that doesn't even require the Executive Director's approval in a future investment?

MR. GREWACH: Correct. Once they've been approved for multiple licensees, then there is no further action that has to be taken.

COMMISSIONER JAMISON: But they have to make notification when they do that?

MR. GREWACH: They have to notify us of all stock they acquire even under the 10 percent. They have to continually notify us.

COMMISSIONER JAMISON: So we continue to monitor it --

MR. GREWACH: We do monitor it.

COMMISSIONER JAMISON: -- and if we see a red flag, then it comes under our purview?

MR. GREWACH: These companies that we license we monitor very closely.

We have had cases in the past where we've seen something that might indicate to us that a company -- that an institutional investor is, in fact, attempting to get involved in the management of the company, in which we launch a disciplinary investigation to determine whether they've lost their qualification.
So we continue to monitor this as time goes on for these investors.

CHAIRMAN KOHN: Any other questions?

Is there a motion with respect to Resolution 16-036?

COMMISSIONER HALE: I move, Mr. Chairman, that we approve the recommended waiver of licensure with regard to Black Rock, Inc. cited under Resolution No. 16-036, and if I can include Mitsubishi in the same motion.

MR. GREWACH: You probably should do two separate motions.

COMMISSIONER HALE: Not a problem. I move then with regard to Resolution No. 16-036.

CHAIRMAN KOHN: Is there a second?

COMMISSIONER LOMBARDO: Second.

CHAIRMAN KOHN: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Approved.
MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

MS. FRANKS: By your vote you've adopted Resolution No. 16-036.

CHAIRMAN KKHON: Okay. Mitsubishi.

COMMISSIONER HALE: Mr. Chairman, I would also move for adoption of the staff recommendation relative to the waiver of licensure as noted in Resolution No. 16-037.

COMMISSIONER JAMISON: Second.

CHAIRMAN KOHN: Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

MS. FRANKS: By your vote you've adopted Resolution No. 16-037.
MR. GREWACH: Thank you.

CHAIRMAN KOHN: Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: Next we have

Consideration of Level I and Key Applicants.

Sergeant Jason McTheeney will present.

SERGEANT MCTHEENEY: Mr. Chairman and Commissioners, good morning.

CHAIRMAN/COMMISSIONERS: Good morning.

SERGEANT MCTHEENEY: Missouri State Highway Patrol investigators, along with Gaming Commission financial investigators, conducted comprehensive background investigations on multiple key and Level I applicants.

The investigations included, but were not limited to, criminal, financial and general character inquiries which were made in the jurisdictions where the applicants lived, worked and frequented.

The following individuals are being presented for your consideration: Scott Dean Easton, Argosy Riverside Casino, surveillance manager; Benjamin Jeffrey Floyd, Caesars Entertainment Corporation, senior vice present and anti money laundering compliance officer; Mark Terry Meyer, St. Jo Frontier Casino, surveillance manager; Thomas Edward Rafferty, Interblock USA, LC, general counsel; Connie Marie Revers, Ameristar Casino
Kansas City, director of finance; Michael J. Silberling, Affinity Gaming, LLC, chief executive officer; Maureen A. Sweeny, Aristocrat Technologies, Incorporated, chief commercial officer.

The results of these investigations were provided to the Gaming Commission staff for their review, and you have all related summary reports before you.

Thank you.

CHAIRMAN KOHN: For those of you who think we just have the names, we have a very complete background check on each of the people that is mentioned. Are we looking for a motion to approve all these at once? And we'll have discussion after a motion.

Is there a motion to approve the recommendation of Sergeant McTheeney regarding -- I forgot how many there were -- six --

MR. GREWACH: And it's listed as an exhibit to Resolution 16-038, so approval of that resolution would approve all of those.

CHAIRMAN KOHN: But how many are there, six or seven?

SERGEANT MCTHEENNEY: Seven.

CHAIRMAN KOHN: Is there a motion to approve?
COMMISSIONER JAMISON: I move to approve Resolution 16-038 to include the entire docket of seven.

COMMISSIONER HALE: Second.

CHAIRMAN KOHN: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

MS. FRANKS: By your vote you've adopted Resolution No. 16-038.

CHAIRMAN KOHN: Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: The next order of business is Consideration of Placement on Exclusion List. Mr. Ed Grewach will present.

MR. GREWACH: Thank you.

Under Tab I we have a resolution to place Jane Windorski on the involuntary exclusion list.

One of the standards that apply here is the
conviction of a felony of any crime involving moral
turpitude.

Ms. Windorski was a treasurer of the
St. Charles High School Booster Club. She in 2014 stole
approximately $11,000 from the club both by writing
checks to herself for personal expenses or using the
account's ATM card at the Ameristar St. Charles Casino.

She admitted on her arrest of the theft and
admitted using the funds for gambling purposes. She
pled guilty on December the 9th, 2015 in St. Charles
County, received a five-year sentence with a suspended
execution of sentence.

In looking at her player tracking history for
the calendar year 2014 we found wagers of approximately
390,000 and losses of approximately 44,000, and we
picked that year because that's the year that the theft
of the money took place.

So the resolution is requesting to place her
on the involuntary exclusion list.

CHAIRMAN KOHN: Is there a motion to approve
Resolution No. 16-039?

COMMISSIONER NEER: I have one quick
question, Mr. Chairman.

How did this come to our attention initially?

MR. GREWACH: We from time to time just keep
an eye out. If we see a news article -- and the
troopers are very good about that. If they become aware
of a case that -- and we look for cases that involve
some nexus to gaming, where there is some statement by
the Defendant that the funds embezzled or stolen were
used for gambling.

And so when we see those we investigate
further, and that's how these cases came to our
attention.

There is an article I think initially -- and
I don't think I have it here with me -- in the Post
Dispatch outlining the facts of the arrest and the fact
of the admission that the proceeds were used for
gambling.

CHAIRMAN KOHN: So her sentence was
suspended, so she's apparently not in prison?

MR. GREWACH: Correct. Right. She received
a suspended execution of sentence, five years supervised
probation.

CHAIRMAN KOHN: How do all of the other
twelve casinos in the state know not to let her in?

MR. GREWACH: Once you approve this we send a
notice out to all 13 casinos that this person is on the
excluded list. We also in the disassociated person, the
DAP database, which the casino is required to download
every seven days, we also include everyone on the
exclusion list.

So both written notice they get from us and
their weekly download of the DAP database gives them the
name of the persons that are on the exclusion list.

CHAIRMAN KOHN: With pictures?

MR. GREWACH: I don't know that -- I don't
know that the notice we send out has pictures. It has
personal information. The rule requires name, date of
birth, address, identifying information, and the same
with the DAP database.

We require when people encounter -- casino
employees encounter a patron to check against the DAP
database, including the excluded persons. We require
them to check by first name date of birth and last name
date of birth to see if they get a hit on either one.

So they'll know the person's name and date of
birth, and so running that check is going to hit the
list, and that's how they'd be notified that that person
is on the list.

CHAIRMAN KOHN: Okay. I'm just thinking back
to our tour of the casinos last month. One person is
watching everybody come in. I'm amazed that they can
pick them out.

MR. GREWACH: That doesn't typically happen.
In smaller communities it might or even a bigger casino
where they've had personal experience, but we typically
discover a DAP or an excluded person on the floor when
they win a taxable jackpot or they make a cash
transaction at the cage, because those events trigger.

Now, before the repeal of the loss limits you
actually needed a player's card to enter the casino, and
now, as a matter of fact, the statute specifically says
they cannot require that. But back in those days, you
know, they would have an identity of each person through
and be able to flag it.

CHAIRMAN KOHN: Today we don't have that?

MR. GREWACH: Today if you're a DAP or you're
an excluded person, you can walk through the turnstiles,
and unless they just happen to know you, you're going to
get caught when you encounter someone for some reason on
the floor that is going to ask for an ID and then that
is going to trigger the check.

CHAIRMAN KOHN: But if I bet $10 or whatever
at blackjack and win 100, the chances are I'm going to
walk out with $100?

MR. GREWACH: Right, because the W-2G, the
tax reporting form, only in required if you win 600 or
more. So unless they -- if you won that taxable
jackpot, then they would check your ID. Then they have
to check you against the DAP list. But you could go --
or play a slot machine and play for a while and leave.

So it would only be your encounter with a
casino employee that would require them to check your ID
that would then disclose your existence on that list.

CHAIRMAN KOHN: But the staff is satisfied
that this is the most we can do with respect to a person
who has stolen money. Is that right?

MR. GREWACH: It is. Because the statute
specifically prohibits the casinos from requiring an ID
to enter the casino floor other than for age. I mean,
they can ID people if they appear -- you know, to
determine whether or not they're 21, but they cannot by
statute simply say that everyone who enters the casino
floor, we're going to check your ID.

So without that requirement we don't really
have any mechanism to do any more, as you said, then
place them on a list, make that list available on the
weekly DAP system download by the casinos and make --

CHAIRMAN KOHN: Have we considered trying to
find a way to do more? Have we given up on that?

COMMISSIONER JAMISON: When they did away
with loss limits, they pretty well limited that, and
that was intentional.

CHAIRMAN KOHN: Okay. Is there a motion to
approve Resolution 16-039?

COMMISSIONER HALE: So moved.

COMMISSIONER NEER: Second.

CHAIRMAN KOHN: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

MS. FRANKS: By your vote you've adopted Resolution No. 16-039.

CHAIRMAN KOHN: Okay. Next.

MR. GREWACH: Tab J we have a resolution to place Anastasia Grzeskowiak on the involuntary exclusion list.

Ms. Grzeskowiak had a co-worker at a St. Louis area company who lost his eyesight and became legally blind. The co-worker then gave Ms. Grzeskowiak a power of attorney to handle his finances in June of
Beginning in June of 2006 through April of 2013 Ms. Grzeskowiak wrote approximately 800 checks made out to herself or for personal expenses out of her co-worker's account using that power of attorney. The total amount stolen in that time period was $2.9 million. Again, she made statements at the time of her arrest that the money was used for both personal expenses and gambling. She pled guilty on April 20th, 2016 in the U.S. District Court to two felonies, wire fraud and filing a false tax return. She received a sentence of seven years and three months in prison and was ordered to pay $3.5 million in restitution.

We looked at her wagering history from 2006 to 2013 and found wagers of approximately $50 million and losses of approximately $5 million over that timeframe.

COMMISSIONER JAMISON: You'd have to work pretty hard to wager $50 million in seven years.

COMMISSIONER LOMBARDO: So it's safe to assume that if she goes back in the casinos, she'll be getting a taxable jackpot?

MR. GREWACH: Eventually, I guess, if you play that much.
CHAIRMAN KOHN: Any questions of Ed?

Is there a motion with respect to Resolution 16-040?

COMMISSIONER HALE: I move that we adopt the staff's recommendation relative to exclusion under Resolution No. 16-040.

COMMISSIONER LOMBARDO: Second.

CHAIRMAN KOHN: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

MS. FRANKS: By your vote you've adopted Resolution No. 16-040.

CHAIRMAN KOHN: Okay. We're going to go into closed session now. Just a reminder that I don't think we'll be in there very long, and when we come out, we will take up our first attempt to understand the
Missouri Fantasy Sports Consumer Protection Act. You're welcome to stay for that.

With that, is there a motion to adjourn and go into closed session, Bryan?

COMMISSIONER JAMISON: Yes. I move we adjourn into a closed meeting under Section 313.847, Revised Missouri Statutes, investigatory, proprietary and application records, and Section 610.021, Subsection Paragraph 1, Revised Missouri Statutes, legal actions, Subsection 3 and Subsection 13, personnel, and Subsection 14, records protected from disclosure by law.

CHAIRMAN KOHN: Is there a second?

COMMISSIONER HALE: Second.

CHAIRMAN KOHN: Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approved.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Approved.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approved.

WHEREIN, the meeting concluded at 11:00 a.m.
CERTIFICATE OF REPORTER

I, Patricia A. Stewart, CCR, a Certified Court Reporter in the State of Missouri, do hereby certify that the testimony taken in the foregoing transcript was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this transcript was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

______________________________
Patricia A. Stewart
CCR 401
MISSOURI GAMING COMMISSION  
Second Open Session Minutes  
June 29, 2016

The Missouri Gaming Commission (the “Commission”) went into open session at approximately 11:30 a.m. on June 29, 2016, at the Missouri Gaming Commission, 3417 Knipp Drive, Jefferson City, Missouri.

General Counsel Ed Grewach and Deputy Director Tim McGrail made a presentation to the Commission concerning House Bill 1941, the Missouri Fantasy Sports Consumer Protection Act. No motion, vote or action was taken.

Commissioner Jamison moved to adjourn the open session meeting. Commissioner Hale seconded the motion. After a roll call vote was taken, Lombardo – yes, Neer – yes, Hale – yes, Jamison – yes, and Kohn – yes, the motion was unanimously approved.

The meeting ended at 12:43 p.m.