BEFORE THE MISSOURI GAMING COMMISSION

Meeting
May 31, 2017
8:00 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
(Chairman/Commissioners present via telephonically)

Reported by:
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AGENDA

I. Call to Order 3:4

II. Consideration of Minutes
   A. April 26, 2017 4:6

III. Consideration of Renewal of Supplier's License
   B. IGT
      1. Resolution No. 17-032 5:18
   C. JCM American Corporation
      2. Resolution No. 17-033 5:18

IV. Consideration of Licensure of Certain Level I and Key Applicants
   D. Resolution No. 17-034 14:2

VIII. Motion for Closed Meeting under Sections 313.847 and 313.945, RSMo., Investigatory, Proprietary and Application Records and 610.021(1), RSMo, Legal Actions, (3) & (13) Personnel and (14) Records Protected From Disclosure by Law 16:16
(Start time: 8:00 a.m.)

PROCEEDINGS

CHAIRMAN KOHN: Good morning.
We'll call the meeting of the May 31, 2017 of
the 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. FRANK: Commissioner Jamison.

COMMISSIONER JAMISON: Present.

MS. FRANK: Chairman Kohn.

CHAIRMAN KOHN: Present.

We have a quorum. We're ready to proceed.

I understand there are some people in the
hearing room. And, Angie, let me ask you, are we on
speaker phone there? Can they hear us?

MS. FRANKS: Yes, you're on speaker phone
and, yes, everyone can hear.

CHAIRMAN KOHN: Okay. Well, thank you all
for coming, and we're sorry we're not there with you but
some logistical issues cause us to do this on the phone,
which we won't do very often.

And before I forget, the next month meeting is in Kansas City, not in Jeff City. So if you're planning to come, you should arrange to come to Kansas City for that.

So the first item of business is the Consideration of the Minutes from the April 26 meeting.

Is there a motion to approve those minutes?

COMMISSIONER HALE: So moved.

COMMISSIONER NEER: Second.

CHAIRMAN KOHN: Angie, please call the roll.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approve.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Approve.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted the minutes of the April 26, 2017 meeting.

Before we turn this over to Deputy Director McGrail, let me just tell those of you who don't know
that our Executive Director Bill Seibert is getting ready for surgery today or tomorrow.

Is it today, Angie?

MS. FRANKS: Yes. He actually went in at 7:15.

CHAIRMAN KOHN: So our wishes and prayers are with him, and we're certain it will be successful and we look forward to having him back as soon as he can be.

Deputy Director McGrail, we're ready for you.

DEPUTY DIRECTOR MCGRAIL: Okay.

Mr. Chairman, Tab B is Consideration of Renewal of Supplier's License. Sergeant Julie Scerine will make the presentation.

CHAIRMAN KOHN: Sergeant Scerine, you're up.

SERGEANT SCERINE: Good morning, Mr. Chairman and Commissioners.

CHAIRMAN/COMMISSIONERS: Good morning.

SERGEANT SCERINE: Missouri State Highway Patrol investigators conducted the relicensing investigation of two supplier companies currently licensed in Missouri.

These investigations consisted of jurisdictional inquiries, feedback from affected gaming company clients, a review of disciplinary actions, litigation and business credit profiles, as well as a
review of the key persons associated with each company. The results of these investigations were provided to the Missouri Gaming Commission staff for their review and you possess comprehensive summary reports before you which outline our investigative findings for each company.

The following supplier companies are being presented for your consideration: IGT and JCM American Corporation.

CHAIRMAN KOHN: Do you have any further comments on IGT?

SERGEANT SCERINE: No, sir.

CHAIRMAN KOHN: Okay. Is Ed there?

MR. GREWACH: Yes, I am.

CHAIRMAN KOHN: Ed, there is an awful lot of litigation listed under IGT, but I understand from a previous conversation that it's not as bad as it looks. Do you want to run through that for us?

MR. GREWACH: Absolutely.

First of all, when you look at the amount of cases listed, in our evaluation it isn't unusual for a company of that size. In addition, when you look at the dates on the litigation, only the last four occurred since the last time we renewed IGT's license.

and one of those they've been dismissed out
of. That's the McGregor case. Two of them they're not named parties. The named party is the North Star Lottery Group, which they are co-owner with another supplier company of North Star which runs lotteries for states, specifically in this case for Illinois, and there are some issues as to their performance there in Illinois.

The only other case that occurred since their last relicensure on the list is a suit in ejectment that deals with the transfer of a note and deed of trust that IGT made. So in other words, that Southern Forms case listed on there is not a gaming-related case.

CHAIRMAN KOHN: Ed, are there -- I'm sorry. Questions?

COMMISSIONER LOMBARDO: Yes.

Ed, this is Rick. What is the deal on this Dollie Williams versus Macon County? It looks like it's a class action. What's their involvement in that and what's happened?

MR. GREWACH: Well, in that particular case, that case was dismissed with prejudice on June 10, 2015.

COMMISSIONER LOMBARDO: Okay. I see that now.

CHAIRMAN KOHN: Any other questions of Ed or Sergeant Scerine?
COMMISSIONER HALE: Yes. This is Larry Hale. I just wanted to ask, Ed, if you had any thoughts relative to the number of disciplinary actions directed against this company? Is that also attributable to its size?

MR. GREWACH: It is. When you look at a company this size and the volume of products that they ship. And IGT, I don't have the exact number in front of me, but a supplier this size is typically licensed in 2 to 300 different jurisdictions, and given those number of jurisdictions and the volume that they do, when we look internally at the number of disciplines, we did not think it was any cause -- any kind of alarm or concern for us.

CHAIRMAN KOHN: All right. Did I hear somebody else start to ask a question?

COMMISSIONER NEER: This is Tom Neer. I had one issue. Well, I guess it's kind of a question. But I noticed that we have issued five letters, basically letters of reprimand, but, Ed, have we had any monetary disciplinary actions against them? I know if they've got over a quarter million dollars through 14 other jurisdictions, but we've issued five letters. Have we ever had -- I don't recall us having any monetary disciplinary issues with them. Do
you?

MR. GREWACH: I don't believe so since their last relicensure, but we have had in the past monetary fines assessed against IGT. I don't have that list in front of me, but we have.

COMMISSIONER NEER: Okay. Thanks.

CHAIRMAN KOHN: Any other questions or comments? Any discussion?

Is there a motion with respect to Resolution 17-032?

COMMISSIONER LOMBARDO: Motion to approve.

COMMISSIONER JAMISON: Second.

CHAIRMAN KOHN: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approve.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Approve.

MS. FRANKS: Commissioner Jamison.

COMMISSION JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted
Resolution No. 17-032.

CHAIRMAN KOHN: Sergeant Scerine.

DEPUTY DIRECTOR MCGRAIL: She had covered --

CHAIRMAN KOHN: Did you have anything further on JCM?

SERGEANT SCERINE: No, sir.

DEPUTY DIRECTOR MCGRAIL: No, she didn't.

CHAIRMAN KOHN: Okay. Any questions of Sergeant Scerine?

COMMISSIONER JAMISON: Well, I have a question on JCM with reference to the late application twice now, and I'm assuming we're considering some sort of discipline on that. Is the recommendation to approve this relicensure even though that discipline is being reviewed?

DEPUTY DIRECTOR MCGRAIL: I believe so.

Normally we handle a different process if they submit a late application. We may initiate a notice of investigation and actually do a GR on it. So it hasn't gone through that process at this time yet.

CHAIRMAN KOHN: Is our -- I had the same question that Brian did. Is our sequencing proper? Should we be doing this resolution before we take up the disciplinary action?

DEPUTY DIRECTOR MCGRAIL: And we have had
similar instances I believe in the past that we would
still go ahead with the process of licensure and then
let any type of investigation discipline run its course.

CHAIRMAN KOHN: Okay. Any other questions or
comments?

Is there a motion with respect to
Resolution 17-033?

COMMISSIONER JAMISON: Well, I'll move for
adoption just based on the fact that that allows them to
continue, but I don't really like the fact that they're
late in their application more than once.

CHAIRMAN KOHN: Ed, what's the -- or, Tim,
what's the ramification of our holding this until we
deal with the late application?

MR. GREWACH: We really would not be able to.

Their license is set to expire. The only extension we
could give would be through the Chairman for 60 days.
The investigation will take longer than that. We have
in the past renewed even in light of these types of
violations.

And typically when we look at a late filing
it involves the payment of a fine as a penalty as
opposed to the loss of their license, and that's our
reasoning in recommending renewal of their license and
then dealing separately for the disciplinary action and
the potential of assessing a fine against them for their late filing.

COMMISSIONER LOMBARDO: Ed, this is Rick. What is the status of any disciplinary action against them? Where is it in the system?

MR. GREWACH: I don't have that information.

SERGEANT SCERINE: It's been sent to DRB.

MS. HUTCHISON: It should be going to DRB probably next week.

MR. GREWACH: We are still -- you know, the investigation is complete. We are going to review it as a staff, probably make a recommendation on the case within the next week or two. The process then is, as we typically do, we'd send a 14-day letter to the supplier, get their response, review their response. So it's close to the end of our internal staff process.

CHAIRMAN KOHN: Can we look for this in the July meeting or it will be after that?

MR. GREWACH: We won't have a July meeting.

CHAIRMAN KOHN: I'm sorry. The June meeting.

MR. GREWACH: It would be a little quick for the June meeting because by the time we decide and we have to send them a letter, give them 14 days to respond and we have to review their response, so a more likely target would be the August meeting.
CHAIRMAN KOHN: Okay. I have lost track of who made the motion to approve this resolution.

COMMISSIONER JAMISON: I made the motion to approve it.

CHAIRMAN KOHN: Okay. Is there a second?

COMMISSIONER HALE: I'll second it, Larry.

CHAIRMAN KOHN: Any further discussion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approve.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Approve.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 17-033.

CHAIRMAN KOHN: Deputy Director McGrail.

DEPUTY DIRECTOR MCGRAIL: Next on the agenda is Tab D, which is Consideration of Licensure of Certain Level I and Key Applicants, and Sergeant Mike Finnegan will make the presentation.
CHAIRMAN Kohn: Sergeant Finnegan.

Sergeant Finnegan: Good morning, Commissioners.

CHAIRMAN/COMMISSIONERS: Good morning.

Sergeant Finnegan: Missouri State Highway Patrol investigators, along with Missouri 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: Marcie Arai, Group Manager for BMM North America; Jason Elison, Director of Technical Compliance and Strategic Development, BMM North America; Osamu Kakano, Director, Konami Holdings Corporation; Anuj Nayyar, Group Manager, BMM North America; Donna Negrotto, Executive Vice President, Secretary and General Counsel, Pinnacle Entertainment; Fumiake Tanaka, Director, Konami Holdings Corporation; Kaori Yamaguchi, Outside Director, Konami Holdings Corporation; Jeremy Nixon, Director of Slot Operations, Lumiere Place Casino and Hotel; Leslie Ottolenghi, Executive Vice President
and Chief Information Officer, Caesars Entertainment Corporation; and last, James Simms, Vice President and General Manager of St. Jo Frontier Casino.

The results of these investigations were provided to the Gaming Commission staff and the investigators are present at this meeting to answer any questions you might have.

Thank you.

CHAIRMAN KOHN: Any questions of Sergeant Finnegan?

Is there a motion with respect to Resolution 17-034?

COMMISSIONER HALE: Mr. Chairman, move to adopt Resolution No. 17-034.

COMMISSIONER NEER: Second.

CHAIRMAN KOHN: Further discussion on the motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approve.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Approve.

MS. FRANKS: Commissioner Jamison.
COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 17-034.

CHAIRMAN KOHN: Angie, did we just set a modern day record?

MS. FRANKS: I think so.

CHAIRMAN KOHN: I believe that concludes our open session meeting. I hope Brian is still on because we need a motion to go into closed.

Brian, do you have your script?

MR. JAMISON: Hello. I'm here.

CHAIRMAN KOHN: Oh, okay. We need a motion to go into closed.

COMMISSIONER JAMISON: I move that we go into a closed meeting under Sections 313.847 and 313.945, Revised Missouri Statutes, investigatory, proprietary and application records, and 610.021, Subparagraph 1, Revised Missouri Statutes, legal actions, Subparagraph 3 and Subparagraph 13, personnel, and Subparagraph 14, records protected from disclosure by law.

CHAIRMAN KOHN: Brian, do you have that tattooed on your arm?

Is there a second?
COMMISSIONER LOMBARDO: Second.

CHAIRMAN KOHN: Okay. We have a motion, a second.

Angie, please call the roll.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approve.

MS. FRANKS: Commissioner Hale.

COMMISSIONER HALE: Approve.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

We are going to go into closed session, and again logistically with us on the phone and people there in the hearing room, somebody explain to me how we're going to do this.

DEPUTY DIRECTOR MCGRAIL: We'll excuse anyone except those from the Commission and the Commissioners themselves and then we'll shut all of the doors and then we'll just have the closed session here.

CHAIRMAN KOHN: Okay. So you're going to stay on the line?

DEPUTY EXECUTOR MCGRAIL: Yes, we'll stay on
CHAIRMAN KOHN: All right. We'll now go into closed session.

Thank you all for attending and for understanding our need to be on the phone instead of there with you.

WHEREIN, the meeting concluded at 8:40 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
The Missouri Gaming Commission (the “Commission”) went back into open session at approximately 8:37 a.m. on May 31, 2017, at the Missouri Gaming Commission’s Jefferson City office.

Commissioner Neer moved to adjourn the open session. Commissioner Jamison 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 8:38 a.m.