BEFORE THE MISSOURI GAMING COMMISSION

STATE OF MISSOURI

MEETING
December 7, 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:
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AGENDA

I. Call to Order

II. Consideration of Minutes
   A. October 26, 2016

III. Consideration of Hearing Officer Recommendations
   B. Kathleen Mulford
      1. Resolution No. 16-054
   C. Richard Thompson
      1. Resolution No. 16-056
   D. TeAnna T. Glass
      1. Resolution No. 16-057
   E. Judy Jason
      1. Resolution No. 16-058

IV. Consideration of Disciplinary Actions
   F. Ameristar Casino Kansas City, Inc.
      1. DC-16-212
   G. Aristocrat Technologies, Inc.
      1. DC-16-213
   H. Missouri Gaming Company
      1. DC-16-214
   I. Tropicana St. Louis, LLC
      1. DC-16-215

V. Consideration of Rules and Regulations
   J. Final Orders of Rulemaking
      1. 11 CSR 45-12.090 - Rules of Liquor Control
      2. 11 CSR 45-1.100 - Waiver and Variances
      3. 11 CSR 45-3.010 - Commission Records
      4. 11 CSR 45-13.054 - Fantasy Sports Contest Hearings
      5. 11 CSR 45-13.055 - Emergency Order Suspending License Privileges - Expedited Hearing
      6. 11 CSR 45-13.065 - Settlements
      7. 11 CSR 45-17.030 - Procedure for Entry of Names onto List of Disassociated Persons
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J. Final Orders of Rulemaking

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X. Consideration of Relicensure of Certain Bingo Suppliers and Manufacturers
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XI. Consideration of Delegation of Authority to Chairman
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XII. Motion for Closed Meeting under Sections 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 101:15
We'll call the meeting of the December 7 Missouri Gaming Commission meeting to order.

Angie, please call 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. We're ready to proceed with the meeting.

The first order of business will be the Consideration of Minutes from our meeting of October 26.

Is there a motion to approve those minutes?

Commissioner Hale: Mr. Chairman, I would move that we approve the minutes from the October 26, 2016 meeting.
COMMISSIONER LOMBARDO: 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 October 26, 2016 meeting.

CHAIRMAN KOHN: Mr. Seibert, I believe we're ready for business.

EXECUTIVE DIRECTOR SEIBERT: Yes.

The first order of business this morning is Consideration of Hearing Officer Recommendations.

Mr. Brian Wolford.

CHAIRMAN KOHN: Good morning, Mr. Wolford.

MR. WOLFORD: Good morning, Mr. Chairman, Commissioners. Thank you, Mr. Director.

For your consideration I present Resolution No. 16-054, the matter of Kathleen Mulford.
Now, the relevant dates to this incident are the 29th and 30th of November 2015, and at that time Ms. Mulford was working as a shift manager at the Ameristar Casino in Kansas City.

On the 29th of November the casino identified a 35-year-old gentleman who they suspected was an advantage player.

Now, what that means is it uses certain devices to make the odds more in his favor. You might know it more familiarly as counting cards in blackjack.

They saw this gentleman, they thought he was the advantage player, and some communication internally was distributed through the channels of the casino.

A supervisor contacted Ms. Mulford and said, hey, we believe that this gentleman is an advantage player, and she, in turn, ordered that supervisor to check his identification.

Now, why that is important is there is really only one reason under the statutes of Missouri that an agent of the boat or an employee of the boat or a licensee may ask for a patron's identification and that's to determine if they're age 21, that is if they're legally allowed to be on the gaming floor.

And that's Section 313.817.5 of the Revised Statutes of Missouri.
And in this case at the hearing there was some evidence presented that, well, maybe they were wanting to check his age, but the overwhelming weight of the evidence showed that their reason was to determine whether or not he was, in fact, the advantage player that they believed him to be, and checking his identification for that purpose is strictly against this statute.

In fact, the reason that the statute is in place is actually stated in the statute. It's to protect the privacy of the patrons and to protect them from undue harassment.

Therefore, the hearing officer recommends that the one-day-calendar suspension recommended in the preliminary order be upheld as appropriate discipline in this matter.

I'd be happy to answer any questions.

CHAIRMAN Kohn: Any questions of Mr. Wolford?

Is Ms. Mulford here?

MS. MULFORD: Yes, sir.

CHAIRMAN Kohn: Do you wish to address the Commission?

MS. MULFORD: Yes, please.

CHAIRMAN Kohn: Go ahead.

Can you identify yourself for the record,
MS. MULFORD: Yes, Kathleen Mulford.

Okay. And what I would like to state in reference to this is that the guest in question, I never laid eyes on this guest of his face. From 50 feet away I was actually opening a game and putting cards on the table when I was approached by my lead who said that there's a possibility there is a card counter at the other end of the pit approximately 50 feet away.

The guest was seated with his head away from me facing -- his face was facing the opposite direction from which I was opening the game, so I never had an actual view of the guest.

In viewing this guest from the back he appeared to be of age 35 or less, and that is something that we consistently do is card our guests on the floor for being of age.

We also -- although it was stated that's the only reason we card our guests, that is not the only reason we card our guests.

Consistently I card our guests for jackpots and payment of jackpots both in table games and in slots as a casino manager. Anyone who appears to be 35 or younger, which was posted on our signage on our casino, if you are 35 or younger, you are deemed to possibly be
carded for being of age.

And then also anyone who has buy-ins of over $3,000, it's our company policy that we card people for their identification to know about them and try to figure out what is going on with MTL purposes and whatnot.

So, therefore, there are many reasons --

CHAIRMAN KOHN: I'm sorry. For what purposes?

MS. MULFORD: MTL, multiple transaction listing reporting.

So there are several reasons why we would actually card a guest.

Now, in the event this guest had been a 65-year-old man there's a likelihood that I would not be here right now, but because he was 35 and meeting that criteria of 35 or younger, I did feel I had the right to card him, not knowing if he was, in fact, a card counter or not because I never viewed his face.

COMMISSIONER JAMISON: Can I ask a question?

MS. MULFORD: Sure.

COMMISSIONER JAMISON: You said from looking at him behind you could tell he was 35 or younger?

MS. MULFORD: He had the appearance of that.

COMMISSIONER JAMISON: What was the
determining factor from looking at a person from behind that he would be 35 or younger?

   MS. MULFORD: I didn't know for sure, but he had the appearance based on his haircut and the way he was dressed that it looked like he could be someone who was 35 or younger.

   COMMISSIONER JAMISON: So you based it on the back of the haircut and his clothing --

   MS. MULFORD: Yes.

   COMMISSIONER JAMISON: -- was your determination that he was 35 or younger, but you were told he was a potential card counter was the reason that your lead brought it to you.

   He didn't bring it to you that he thought it was a 35 or younger card counter; he thought it was a card counter?

   MS. MULFORD: He brought it to me because it was brought to his attention by another department, and that other department we had had challenges recently with it being a new hire, there were new hires in the department, that people were not always ID'd properly.

   So, therefore, I had no specific knowledge of who this guest was. I had never spotted him from his front, from his face. To the best of my knowledge this was someone who was 35 or younger that needed to be
carded. That's it. It wasn't -- the premise was not
that he was a card counter in my mind.

CHAIRMAN KOHN: Do we know how old he was?

MS. MULFORD: Thirty-five.

CHAIRMAN KOHN: He was 35?

MS. MULFORD: Based on the paperwork that was
provided to me, yes.

CHAIRMAN KOHN: Other questions?

COMMISSIONER LOMBARDO: Yes.

You were talking about company policy about
who you should card. What is your understanding of the
company policy as to who you should card or who you are
allowed to card?

MS. MULFORD: Sure.

Anyone who is 35 or younger I have the
ability to card. I have on several occasions been
walking across the floor and carded people who I viewed
to be younger and in carding them discovered that they
were actually underage and had to escort them off the
boat.

One of them, it was a paper that stated he
was a five-foot-six gentleman, and I was looking at
someone who was almost my height at five-two, so I knew
it wasn't the same person that was being provided the
identification for.
So, therefore, I have carded people and actually identified people who are underage on our boat before and that is part of our company policy, as well as in our TIPS training, which is alcohol training. Everyone is trained. Anyone who is 35 or younger should be carded on the casino floor to make sure that we don't have underage drinking.

COMMISSIONER LOMBARDO: But I thought I heard you say there were other reasons the company policy --

MS. MULFORD: Oh, yes. I'm sorry.

COMMISSIONER LOMBARDO: -- allowed you to card people other than simply underage.

MS. MULFORD: When there is a jackpot hit on the casino floor, whether it be in table games or in slots. All jackpots, we have to have identification of their identification.

I actually have to physically have that copy of their ID to make the copy of it to put on the back of the W-2 form.

And then any time we have buy-ins of 3,000 or greater we like to ping the access of the guest name so we have it for our MTL reporting.

CHAIRMAN KOHN: I'm interested in this one finding by our hearing officer.

The petitioner, which is you, knew that DC
was over 21 years of age and that he was an advantage player when she instructed Bailey to ask DC for his identification.

MS. MULFORD: I'm sorry to say I have to challenge that. That is not a fact. Because as I stated to you earlier, from approximately 50 feet away with their face to me -- all along in this whole process I said I never even laid eyes on this guest's face. I never saw him frontally. If this person walked in today, there is no way I could identify him because I don't know what he looked like.

And what happened at the end of this, apparently this became quite a situation where our security was called because he refused to give ID, which from this point on I knew none of this information. And so once security had it and a guest refused to provide ID to them, then the Gaming Commission was called, and from that point Gaming was involved in something that got a little bit out of hand from what I understand. I don't have firsthand information on it, but that's what I was led to believe.

CHAIRMAN KOHN: You were at this hearing, weren't you?

MS. MULFORD: I was at that hearing.
CHAIRMAN KOHN: And there's a transcript of
the testimony.

I'm going to ask Mr. Wolford about this
statement that apparently there's a contradiction in
what she knew and what she didn't know.

MR. WOLFORD: Yes. Mr. Chairman, the
evidence presented at hearing, which I did find to be
credible, said that the casino suspected that this
gentleman, DC, was, in fact, DC. They knew that DC was
of age to be gaming and they knew that he was an
advantage player or a card counter. That information
was presented to Ms. Mulford, and that's when she asked
to ID the individual.

COMMISSIONER JAMISON: Because that was my
question, is if you suspected this guy to be an
advantage player, obviously he'd been on your casino or
some casino for a period of time to be identified as a
person who may be gaming the system, and so obviously he
was allowed to be on a gaming floor long enough to be
identified as an advantage player.

He wouldn't be so young looking that they
would be IDing him for underage if he was an advantage
player, because if he was underage, it wouldn't have
mattered if he was an advantage player or not. He
couldn't be on the floor.
So obviously at some point in your casino
he's been allowed to play long enough for you guys to
become suspicious of him being an advantage player.
Would that be a safe assumption?

MS. MULFORD: That could be a safe
assumption, but, again, my knowledge of the situation
was so very limited at the time that I received the
information. I did not have any direct communication
with my surveillance department, who were the people who
allegedly deemed that he --

COMMISSIONER JAMISON: Could you have done
that?

MS. MULFORD: After I was finished opening
the game I could have, yeah, absolutely, but at no point
did I have an opportunity to leave that game to be able
to even follow through with that.

COMMISSIONER JAMISON: But if he's an
advantage player -- and that's the question of your
person that came to you. Correct?

MS. MULFORD: Uh-huh.

COMMISSIONER JAMISON: And you're trying to
identify to see if it's the advantage player to put
countermeasures in place. Is that the reason that you
want to know that it's an advantage player?

MS. MULFORD: It could be a reason, yes,
absolutely.

COMMISSIONER JAMISON: So would three to five minutes change anything that important for you to make the determination after you got that game open rather than just go ID him now and then come back later and tell us that you thought he was under 35 because of hair and clothing?

MS. MULFORD: But that's the situation that is involved here is that I didn't even know who this guest was. I didn't know he was an advantage player --

COMMISSIONER JAMISON: But your lead told you that.

MS. MULFORD: Based on information that he got from my surveillance team. And again, at that time we had some challenges with our surveillance team having a new crew, that people were misidentified. That is definitely a fact.

So I just wanted to make sure that I wasn't IDing the wrong person, and it was within my rights I felt for someone who was 35 or younger to be able to ID them.

COMMISSIONER JAMISON: Okay.

COMMISSIONER LOMBARDO: Either one of you can answer this.

Did it turn out that the individual was, in
fact, the person that surveillance thought he was?

MR. WOLFORD: Yes, Mr. DC was DC the
advantage player.

CHAIRMAN KOHN: I have maybe a little broader
question, but I'm curious about the other times that you
asked for identification other than simply age. You
said this is what the company policy is.

MS. MULFORD: Yes.

CHAIRMAN KOHN: And I don't know whether -- I
don't know who to ask. Maybe I'll ask Bryan.

Do we have regulations about that?

MR. WOLFORD: We actually --

CHAIRMAN KOHN: Do we approve of that company
policy?

MR. WOLFORD: We actually do, Mr. Chairman,
and that's also covered by the same statute. I was
giving an overview of it to get to the relevant point
here.

But they may also check identification for
any Federal or other State legal purpose. Obviously
keeping a copy for the jackpot for W-2 reporting is a
Federal requirement and then for the other reporting as
well, so those are allowable under that statute.

COMMISSIONER JAMISON: And the DAP list -- in
comparison to the DAP list on jackpots, is that a reason
for ID too?

MR. WOLFORD: That's a State reason.

COMMISSIONER JAMISON: Right.

MR. WOLFORD: And that is also allowable by that statute by Section 313 -- sorry. I already flipped my page. But under that section of the Revised Statutes that is allowable.

CHAIRMAN KOHN: So the recommendation -- I'm sorry. Any other questions?

So the recommendation by Mr. Wolford is that the petitioner is found to have violated the policy and to impose a one-calendar-day suspension against the petitioner.

Is there a motion to approve that Resolution No. 16-054?

COMMISSIONER LOMBARDO: Motion to approve Resolution No. 16-054.

COMMISSIONER JAMISON: Second.

CHAIRMAN KOHN: Any discussion on the motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: No.

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. 16-054.

CHAIRMAN KOHN: Okay. Mr. Wolford.

MR. WOLFORD: Thank you, Mr. Chairman.

For your consideration Resolution No. 16-056, the matter of Richard Thompson.

The relevant date would be the 6th of February 2016, and at that time Mr. Thompson was a senior operator at the Mark Twain Casino.

On that date the Commission learned that a cage cashier's drawer had come up short in the count. The boat agent asked Mr. Thompson to review the surveillance footing of that specific cashier during her previous shift to check for any irregularities and maybe find a reason why this cash came up missing.

The request was put in by our agent at 9:15 a.m. that day. The review would admittedly be time consuming.

At 2:40 p.m. that same day the agent returned to Mr. Thompson for an update because he had not been
contacted by Thompson throughout the shift.

Thompson said that he did not conduct the  
review because it would take too much time and interfere  
with his table fill duty that day.  

In reality his table fills, according to the  
daily log which was admitted into evidence, took up a  
total of 21 minutes of his time that day.  

At hearing Mr. Thompson testified that he  
performed as much of the review as he could and that  
this particular Commission agent had an ongoing issue  
with the Security Department at Mark Twain Casino and  
accused them of passing the buck and being lazy on their  
shift.  

The daily security log that was entered into  
evidence did show that Thompson started the video review  
at 9:17 a.m. However, the log also shows that he  
finished his task at 9:19 a.m., two minutes in between.  

At issue is 11 CSR 45-10.010, which requires  
licensees to provide all information requested by the  
Commission.  

Thompson's own daily log says that he spent  
only two minutes on the agent's request. Now, whether  
correct or not, there was some testimony of Thompson  
that he did as much as he could. It was Thompson's  
responsibility to ensure that his daily logs were
accurate.

As all of us who have been in some sort of reporting position know, if it's not logged in your report, it didn't happen.

Therefore, the hearing officer didn't find Thompson's testimony to be credible because it was inconsistent with the daily log presented.

Also, Mr. Thompson did not present any evidence at hearing that the proposed discipline was unreasonable. He didn't address that at all.

Therefore, it was the hearing officer's conclusion that he had violated Missouri law and affirmed the ten-calendar-day suspension that was proposed in the preliminary order.

I'll be happy to answer any questions.

CHAIRMAN KOHN: Any questions of Mr. Wolford?

Is Mr. Thompson here or his representative?

Is there a motion to adopt Resolution 16-056?

COMMISSIONER NEER: So moved.

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.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 16-056.

CHAIRMAN KOHN: Mr. Wolford.

MR. WOLFORD: Thank you, Mr. Chairman.

For your consideration Resolution No. 16-057, the matter of TeAnna Glass.

I will state that although duly notified of the time and place of the hearing neither Ms. Glass, nor anyone on her behalf, appeared on the hearing date.

Ms. Glass had applied for a Level II occupational gaming license with the Commission. Part of the license process, specifically Question 14A, asks have you ever been arrested, detained, charged, indicted, convicted, pled guilty or no contest to any State, Federal, local crime or ordinance.

Ms. Glass first listed N/A on there, which generally means not applicable or no affirmative answer to that question.
She had crossed it out and then disclosed that in 2014 in Fairview Heights she was arrested for driving while suspended and pled not guilty. She made no further response to that question.

And on the application there are at least three different places on there where you sign your name stating I have nothing further to say. Everything I've said is accurate.

The Commission investigated her application and found that she failed to disclose three arrests, and that would be in addition to the one that she did disclose.

These are three additional arrests ranging from 2010 through 2011 for such things as violating bail bond, driving while suspended or revoked and an additional driving while suspended or revoked.

It is the obligation of the perspective licensee to prove their suitability to the Commission, and by not disclosing three prior arrests when giving ample -- when given ample opportunities to do so, Ms. Glass has shown that she is unsuitable for licensure, and the hearing officer recommends an affirmation of her denial as a proper result in this case.

I'd be happy to answer any questions.
CHAIRMAN KOHN: What was the April 4 decision?

MR. WOLFORD: That is the DOLA, the Disposition of Occupational License. That is what the investigator issues to the perspective licensee saying we will either accept and grant you your full Level II license or we'll deny it and there's the reason. And that was issued on that date. That's what it was, the DOLA form.

CHAIRMAN KOHN: Any questions of Mr. Wolford?

COMMISSIONER HALE: If I might, Mr. Chairman.

As I understand it there was a request for a hearing that was submitted by this applicant. Correct?

MR. WOLFORD: Correct, Commissioner Hale.

COMMISSIONER HALE: And I assume that the address that we had arising from that request for hearing was the same address to which we sent our notice of hearing in Belleville, Illinois?

MR. WOLFORD: That is correct.

COMMISSIONER HALE: And that letter was returned?

MR. WOLFORD: Correct.

And it is the obligation of the licensee to keep us apprised of --

COMMISSIONER HALE: Changes in address?
MR. WOLFORD: Sure.

COMMISSIONER HALE: And then thereafter I assume that there was no further contact with the applicant, particularly in connection with a followup to determine whether or not her hearing had been granted as requested?

MR. WOLFORD: That's correct.

COMMISSIONER HALE: Okay. Thank you.

CHAIRMAN KOHN: Any other questions?

Is Mr. Thompson here or his representative?

I'm sorry. Ms. Glass.

If not, is there a motion to approve Resolution No. 16-057?

COMMISSIONER HALE: So moved.

COMMISSIONER LOMBARDO: 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.

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

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 16-057.

CHAIRMAN KOHN: Mr. Wolford, Tab E.

MR. WOLFORD: Thank you, Mr. Chairman.

For your consideration Resolution No. 16-058, the matter of Judy Jason.

This is also an application case similar to the last one but Ms. Jason did show up at the hearing to present her evidence and argument.

She had made an application and on Question 14A she did disclose one incident of driving while suspended on April 20th, 2012 in Poplarville, Mississippi, and she said she subsequently pled guilty to that charge.

There were three prior arrests, however, that she did not disclose. And, again, after going through the application there are no less than three times on there where a person signs it, yes, we're sure this is accurate.

The investigation revealed arrests going back to 1995, 2000 and again in 2012. One was for theft and shoplifting out of Louisiana, 2001 was for aggravated battery and assault out of Louisiana, and then the
additional 2012 arrest was for a felony warrant out of Mississippi.

At hearing petitioner testified that she simply forgot about the arrest. She also said that she's been meaning to go down there to get the relevant information to show the Commission but has not yet done so.

The hearing officer found her testimony to be not credible that she forgot about these incidents. She could remember very specific details that had happened at the time of the hearing. It just didn't seem to me like she honestly forgot about it.

Therefore, she's unsuitable for licensure and I recommend the affirmation of the denial of her license.

CHAIRMAN KOHN: Any questions?

COMMISSIONER LOMBARDO: Yes.

So she actually had a felony conviction in Louisiana or Mississippi?

MR. WOLFORD: Correct. These were all arrests, but the record didn't indicate that they were disposed of as felonies. But the arrests were for felonies, yes, several different ones.

COMMISSIONER LOMBARDO: My question is, had she been totally honest and said, okay, I've got all of
this, would she have been eligible to get a license?

MR. WOLFORD: Not if it was an actual conviction, no, but that is a disqualifying factor for an occupational gaming license.

COMMISSIONER JAMISON: Did I understand that the arrest that we're talking about she spent ten days in jail before she was released from that arrest but that is the arrest she didn't remember or is that the arrest she did remember?

MR. WOLFORD: She was arrested for two separate charges on that day, one of them being the felony warrant. And although no evidence was presented, upon looking at the record of the MULE -- or the NLETS printout, it's not hard to infer that the reason why she was there for ten days was on the warrant, not for the driving while suspended.

The driving while suspended she could post bond on and get out, but the warrant they had to go through -- it was out of Louisiana, so they would have had to go through there, do their extradition procedures.

COMMISSIONER JAMISON: But she was held for ten days at the time of that arrest for the warrant and the driving while suspended?

MR. WOLFORD: Yes, correct.
COMMISSIONER JAMISON: And she acknowledged that driving while suspended?

MR. WOLFORD: She did, yes.

COMMISSIONER JAMISON: But not the warrant arrest?

MR. WOLFORD: Correct, not the warrant or the older cases out of Louisiana, the aggravated assault and battery and the theft.

CHAIRMAN KOHN: Okay. So the information that she said she would get or could have gotten but didn't wasn't anything like everything is expunged and none of --

MR. WOLFORD: She had indicated that there was something showing the disposition of the matters, and she suggested possibly that they were disposed of in her favor, but it still doesn't change the fact that she was arrested and the question asked for arrests, not simply convictions.

CHAIRMAN KOHN: Any other questions of Mr. Wolford?

Is Ms. Jason here or her representative?

Is there a motion to approve Resolution 16-058?

COMMISSIONER JAMISON: So moved.

COMMISSIONER NEER: Second.
CHAIRMAN KOHN: Any 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. 16-058.

CHAIRMAN KOHN: Mr. Seibert.

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

Mr. Ed Grewach will present.

MR. GREWACH: Thank you, Mr. Seibert, Mr. Chairman, Commissioners.

Under Tab F we have a Preliminary Order of Discipline directed to the Ameristar Casino Kansas City for repeat audit findings.

The Commission conducted an audit covering
the period of January 2014 through July of 2015. The report of those findings to the casino had an exit interview on November the 13th, 2015.

Now, at that interview they're confronted with -- or shown the violations that have been found in the audit, and they then -- at that point in time the casino outlines the steps they are going to take to correct those deficiencies.

After that the Commission staff began a followup which started on March 29, 2015. In that followup they found three of the original findings that had not been corrected.

The first involved the failure by the casino to inspect cards after they were taken out of play. The reason for this rule is to inspect the cards for any kind of marks or defects.

If they are found and they're reported to the Commission agents, then the Commission agents can follow up to see if there is any evidence of any cheating, collusion or possibly regulatory violations from the result of those cards.

The original audit finding was that they failed to conduct inspections 46.6 percent of the times that were reviewed. In the followup the error rate was still at 42.8 percent of those times reviewed.
The second audit finding involves a violation of Minimum Internal Control Standards S5.02. That rule requires the casino to limit system access to only those employees whose job duties require access to those systems.

The purpose of that rule is to properly ensure segregation of duties and to restrict unauthorized access viewing or changing of accounts by employees.

The initial audit finding found 45 employees in six different positions who had access to systems that were not consistent with their job descriptions.

Those two systems were the OneLink system and the Oasis system. The OneLink system is a system that relates to progressive electronic gaming devices. The Oasis system is a slot accounting system.

When we followed up we found that after the exit interview they had, in fact, deleted the access for the OneLink system but did not follow up and delete the access for the Oasis system.

The third audit finding involved not following the proper procedures for credit transactions.

The Minimum Internal Control Standard H21.03 states that credit transactions shall only be performed by frontline window cashiers or main bank cashiers.
And the original finding was that some supervisors who didn't fit the restrictions of the rule of being a frontline or main bank cashier were, in fact, processing credit transactions.

When we went back to do the followup, we found that the credit transactions were now being signed by the appropriate person, but instead the supervisor was going -- was participating in the process would go, let's say, from the frontline cashier window, would just walk back to the cage and say I need $20,000 for -- without any paperwork.

I need $20,000 for a patron for credit transactions, would take the money or chips, go up to the front window and then the paperwork would be done there and then taken back, and that did not follow the proper procedures for cage credit transactions.

The recommended fine is $5,000.

CHAIRMAN KOHN: Any questions of Ed?

COMMISSIONER LOMBARDO: Yeah, Ed.

Maybe I'm not reading this right. The Statement of Facts says the compliance audit for the period of January 1 through July 13 -- January 14 through July 31, '15, and the audit report was issued November 13, 2015.
report. Right?

MR. GREWACH: That's correct.

COMMISSIONER LOMBARDO: The statement says a followup was conducted on March 29th, 2015. Do you mean 2016?

MR. GREWACH: That's correct. That's a typographical error. It should be 2016.

COMMISSIONER LOMBARDO: And has there been a followup after that?

MR. GREWACH: Can I call on our Compliance Audit Manager, Leshia Kempker, to answer that?

COMMISSIONER LOMBARDO: Sure.

MS. KEMPKER: Leshia Kempker, Compliance Audit Manager.

Our audit team is currently at that property doing our compliance audit.

COMMISSIONER LOMBARDO: Do we know if there has been a correction of these audit deficiencies to date?

MS. KEMPKER: Yes, all of these issues have been corrected.

COMMISSIONER LOMBARDO: So they have now been corrected?

MS. KEMPKER: Yes.

CHAIRMAN KOHN: And you know that because of
the audit you're currently doing?

MS. KEMPKER: Correct.

CHAIRMAN KOHN: Any other questions?

Is there a motion regarding DC-16-212?

COMMISSIONER JAMISON: So moved.

CHAIRMAN KOHN: Is there a second?

COMMISSIONER HALE: I'll second it.

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.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you have adopted DC-16-212.

CHAIRMAN KOHN: Ed, Tab G.

MR. GREWACH: Yes. Tab G is a Preliminary Order of Discipline directed to Aristocrat Technologies, Incorporated. They are a supplier of electronic gaming
We have a Rule 5.210 that requires a supplier or manufacturer to report to the Commission any anomaly or malfunction regardless of what jurisdiction it takes place in within 48 hours.

They also have an obligation to provide accurate information regarding to the game, including the probability account report sheet, which is commonly referred to as a PAR sheet, on the electronic gaming devices.

One particular game theme that was supplied by Aristocrat for an electronic gaming device was designed to be used as a single denomination game. However, on the setup screen it indicated that there was an option to set it up as a multi-denomination game, and because of this the machines were set up incorrectly and were set up as multi-denomination games.

The result of that was a problem where the machines failed to award the proper amount of free games to patrons.

Now, this malfunction first occurred in Nevada in August of 2015, and obviously it was reported to the company, to Aristocrat, but they failed at that point in time to report it to the Commission and that was in violation of the rule.
CHAIRMAN KOHN: To what Commission?

MR. GREWACH: To the Missouri Gaming Commission, to us.

So again, the rule requires them, even though the anomaly, malfunction occurred in Nevada, they had an obligation to report it to us within 48 hours.

CHAIRMAN KOHN: Of August of 2015?

MR. GREWACH: Correct.

It occurred again in Colorado on December 2nd, 2015, and at that point in time they did report it to us, and we investigated it and found --

COMMISSIONER JAMISON: I have a question the way that statement is written. Colorado just notified of one time. Correct?

The way the sentence kind of reads is that Colorado notified them a second time but it's the second time cumulative with Nevada. Is that correct?

MR. GREWACH: It was their second -- yeah, the second time they had been notified, once by Nevada, once by Colorado.

COMMISSIONER JAMISON: Okay.

MR. GREWACH: And so we found that there were eleven electronic gaming devices in Missouri that had been improperly configured because of this error, and the error was both in the instructions in the setup
screens when you configured the machine and also in the PAR sheet, which indicated that it was a multi-denomination game, and the recommended fine is $5,000.

CHAIRMAN KOHN: Ed, I'm not sure I understand.

Are we fining them because they didn't report or because of the failure in the operation of the game?

MR. GREWACH: Because they did not report it. Had they reported it in August in 2015 when they found out about it from Nevada they would have been in compliance and there would not have been a violation at that time.

CHAIRMAN KOHN: But you said there were eleven machines in Missouri that were defective?

MR. GREWACH: That's correct, right.

CHAIRMAN KOHN: So we're not doing anything about that? We're just going by the failure to notify us?

MR. GREWACH: Correct. The failure to notify is the violation. They did correct those eleven machines and reconfigured them as single denomination.

CHAIRMAN KOHN: Within our approved rules and regulations?

MR. GREWACH: Yes.

So the machines are now in compliance. The
violation was not reporting that to us when Nevada notified them in August of 2015.

And you can see the reason for the rule to come into play there because had we known in August of 2015, the machines would have been fixed in August of 2015. Instead they weren't fixed until December. So they operated improperly during that four -- intervening four months.

CHAIRMAN KOHN: Did they notify Colorado when it happened in Nevada?

MR. GREWACH: I do not know that.

CHAIRMAN KOHN: Any other questions?

COMMISSIONER JAMISON: And this is just because I forget when it comes in the process.

Have they responded to -- have we contacted this and they responded to it or do they respond to this?

MR. GREWACH: No. Once the staff determines what fine they're going to recommend, we have sent a letter then to Aristocrat informing them of the violation, the fine we intend to recommend, and they did not respond to that.

COMMISSIONER JAMISON: Okay. So they had an opportunity to respond but we didn't get a response back?
MR. GREWACH: That's correct.

COMMISSIONER JAMISON: Okay. Thank you.

CHAIRMAN KOHN: Any other questions?

COMMISSIONER LOMBARDO: Ed, this may be unknowable but what's the percentage of compliance with suppliers actually reporting things like this that occurred in other states?

I mean, you may not know when it doesn't happen, but do you have a feeling about how good people are about reporting this stuff?

MR. GREWACH: I do not as you said. If it's not reported to us, then obviously, you know -- unless it comes to our attention from some other source we don't know.

I can tell you that it's not a very common violation. I think most of the companies have become pretty good at reporting, developing a matrix of who they have to report.

So when there is an incident like the Nevada one, and particularly as it pertains to Aristocrat, I know in the response to our investigation while that was going on, indicated they were putting some procedures in place to make sure -- or try to ensure that this didn't happen again.

Another company, for example, we had a
similar citing, just put into place a system where they
notified us of every malfunction report they received
from anywhere just to be safe, and that certainly then
brought them into compliance. So it's not a very common
violation.

CHAIRMAN KOHN: But there is no -- it's a
question. Is there also an area of cooperation between
states like Nevada finds out about this and they send
out a notice saying, hey, Missouri, you need to know
that Aristocrat is blah, blah, blah?

MR. GREWACH: I would like to call on Todd
Nelson, our Gaming Enforcement Manager, to answer that
question.

MR. NELSON: Todd Nelson, Gaming Enforcement
Manager.

No, there is no process in place for what you
speak about.

COMMISSIONER LOMBARDO: And we found out
about this because after the Colorado violation they did
report it, the company reported it?

MR. GREWACH: The company reported it to us.

And they admitted when we talked to them that they
missed it. They admitted they were wrong. They
admitted they missed that August notification.

CHAIRMAN KOHN: Any other questions of Ed?
COMMISSIONER NEER: This was software?

MR. NELSON: Yes, sir, that is correct.

COMMISSIONER NEER: Were there any losses or inconvenience to Missouri properties because of the error in that software?

MR. NELSON: The game exhibited a 3 percent -- it helped 3 percent more on this particular game. As soon as we identified it and placed it out of service, there is no way for us to identify the loss other than the 3 percent.

COMMISSIONER NEER: Thank you.

CHAIRMAN KOHN: Any other questions?

Is there a motion with regard to 16-213?

COMMISSIONER HALE: Mr. Chairman, I would move for the adoption of the staff recommendation relative to DC-16-213.

COMMISSIONER NEER: 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.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted

DC-16-213.

CHAIRMAN KOHN: Ed, H.

MR. GREWACH: Yes. Tab H is a Preliminary Order of Discipline directed to the Argosy Riverside Casino for incorrectly configuring 40 progressive electronic gaming devices to lock up at the top progressive award amount.

The electronic -- progressives are electronic gaming devices where you have a base game that you're playing, and it could be a stand-alone progressive or it could be a whole row or bank of machines that are all on one progressive that then have a display up above them that shows a progressive amount. And it has what they call a reset amount, which may be, let's say, $500 or $1,000 or $50 or whatever it is.

Then it has a progression rate. So that every dollar played at the base game might add a penny to the progressive. So as everybody plays, that progressive amount goes up and up and up.

When a certain real strip combination is hit
on the slot machine, then that triggers the progressive,
and then that player gets that progressive amount. Then
it resets back to what it originally was.

Now, the Rule 5.200(2) requires a weekly
reconciliation of the progressive amount that is on
display, and the rule requires the casino to look at the
actual amount listed from -- let's say we do it at
Wednesday at 2:00 a.m.

So this Wednesday at 2:00 a.m. to next
Wednesday at 2:00 a.m. we write down those two numbers
and we write down the difference between those two
numbers.

Then the rule requires the casino to go back
and apply a formula, and that formula is you take the
amount played, the coin in in the machine, and you
multiply that by the progressive rate. Let's say again
it's one penny for every dollar played. Then you
subtract from that the jackpots won and you add back in
the progression rate.

But in any event, there's an equation that
requires you to subtract out the jackpot amount. Then
you compare what your expected rate -- that's what you
get from the formula to the actual rate number on the
progressive to make sure everything ran right.

Well, in order for that to work the rule
requires that the machines be set to lock up and require
a hand pay for any progressive jackpot that is hit.

CHAIRMAN KOHN: I missed what you said. It
requires a hand what?

MR. GREWACH: A hand pay.

CHAIRMAN KOHN: A hand pay.

MR. GREWACH: So instead of the machine just
kicking out a ticket, the machine locks up. The
attendant from the casino comes and actually physically
hand pays you.

Then what happens is that EGD slot attendant
then writes down, records that jackpot, provides it to
the revenue audit department, so then they can use that
to plug in this equation I talked about.

What happened in this misconfiguration is the
games had been set up to where they only lock up when
you hit $1,200, which is a taxable jackpot amount.

Well, the jackpot amount of these
progressives was in many cases far lower than that. So
you would be getting progressive jackpots that were paid
out but were never recorded.

So then every time they did the
reconciliation they were always a variance because they
didn't have that one number to plug in. They didn't
have recorded the jackpot amounts because they weren't
configured correctly, weren't locking up, weren't being written down, weren't being supplied to compliance audit.

On January 25th, 2016 this started with a patron questioning the amount on the progressive display, and that complaint came to the casino. Then the casino investigated it and found 40 of the progressive electronic gaming devices had been improperly configured as I described before.

So the result again was that the proper reconciliations weren't done. Now, it was complicated by the fact when those numbers were sent up to revenue audit, what would typically happen if there's a variation, a variance, a revenue audit would identify that, send it back down to the slot department.

And they would do one of these two things. They would either just adjust the progressive display to match it and/or they would start an investigation to see why did this occur, why do we have a variance between these two numbers.

But revenue audit in this case filtered out when it sent it back to slots anything that was under $1,200. So then the slot department never knew about these variances, and that's why they went on until this customer brought it to their attention, and at that
point in time it was corrected. And the recommended fine is $5,000.

COMMISSIONER JAMISON: I have a question.

CHAIRMAN KOHN: Yes, sir.

COMMISSIONER JAMISON: What length of time -- do we know what length of time these 40 machines were installed until it was determined that -- so how long of a period were they not doing the reconciliation? Is that --

MR. GREWACH: Yeah. The 40 machines were all installed on different dates. The vast majority of them were in 2015, 2016. There were some that were a little bit older, but I don't have the exact timeframe.

COMMISSIONER JAMISON: But would this fail to reconcile, did it go on for a period of months or a period of weeks or -- I mean, I guess I'm trying to get a timeframe for the period of time that they failed to do the reconciliation that they were supposed to be doing.

Am I understanding the crux of your assertion, that they were not doing a reconciliation that they were supposed to have been doing?

MR. GREWACH: Correct, because they were doing them but for those two errors, you know, because they weren't -- you know, the information on the
COMMISSIONER JAMISON: They weren't doing them correctly?

MR. GREWACH: They weren't doing them correctly. At least a year and a half, two years.

COMMISSIONER LOMBARDO: Ed, who configured the machines? Was it the casino or a supplier?

MR. GREWACH: The casino.

COMMISSIONER LOMBARDO: Okay.

CHAIRMAN KOHN: Any other questions?

Anybody want to have Ed repeat how the whole thing works?

COMMISSIONER NEER: We can go to a gaming class and find out.

CHAIRMAN KOHN: Is there a motion regarding 16-214?

COMMISSIONER NEER: Motion to approve.

COMMISSIONER HALE: 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.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN Kohn: Approve.

MS. FRANKS: By your vote you've adopted DC-16-214.

CHAIRMAN Kohn: Okay. Ed, the last one.

MR. GREWACH: Yes. Under Tab I we have a Preliminary Order of Discipline against Lumiere Place Casino for the violation of two rules, one Minimum Internal Control, Chapter E, Section 1.10, which requires a casino to ensure that all electronic gaming devices contain approved software.

And Minimum Internal Control Standard E1.03, that requires when the document called the entry access log which is referred to as machine entry access log, so the acronym is the MEAL book, to only use acronyms that are approved in the casino's internal controls.

On April the 28th, 2016 MGC staff discovered an electronic gaming device with revoked bill validator software. The software, in fact, had been revoked on October 22nd, 2010.

Now, the problems that led from soft-- led to
this software being revoked in the first place were a problem inaccurately reading bills and tickets. In other words, it might stack bills and not read the correct amount of money put into the machine.

The staff then started an investigation to determine the timeframe when the software was installed and identify the Level II licensee who was responsible for the error.

However, when we looked at the MEAL book, it had unapproved acronyms in that for entries into the machine. They were labeled guest op or some variation of that that wasn't defined in their internal controls.

The effect of that was, when we look at that, we don't know why someone went into that machine. Now, more than just being a technical rule to have the acronyms approved, this way, when we see if there's an acronym for -- let's say guest op was defined in their thing, we would know that, okay, here is this acronym used in the MEAL book. We know why the machine was accessed on that day and time and who did it.

But because of this and we didn't know what guest op meant we were unable to really determine which Level II licensee was responsible for the error.

In addition, this casino had four prior cases of revoked or unapproved software during the calendar
year 2015, the most recent of which resulted in a $5,000 fine. The recommendation on this case is a $7,500 fine.

CHAIRMAN KOHN: Questions?

Is there a motion regarding DC-16-215?

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.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted DC-16-215.

MR. GREWACH: Okay. 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, Mr. Seibert.
The rules -- and I want to first go through the rulemaking process because of the number of rules that are on here and kind of let you know how we got to where we are now.

CHAIRMAN KOHN: Let me ask another question. All of the rules and regulations pertain to fantasy sports betting?

MR. GREWACH: No. Item No. 1 contains the liquor control and --

CHAIRMAN KOHN: Let's do those first and then we'll talk about fantasy sports.

MR. GREWACH: Okay. Would you like me to go through the whole process first?

CHAIRMAN KOHN: No. Why don't you do that when we get to the fantasy sports.

MR. GREWACH: Perfect.

The first item, which I would again suggest we take up separately, is an amendment to Liquor Control Rule 12.090.

As you know, by statute the Commission is the sole liquor licensing authority for casinos and any adjacent property operated by the casino, any adjacent outlet, restaurant, bar that the casino runs. State Liquor Control then has jurisdiction over the balance of the liquor control outlets.
Now, we've had input from industry that
because the State Liquor Control rules, if they're
different than ours, gives an advantage to competitors
basically of the casino because they operate under
different rules than we do.

So we make an effort to the extent possible
when there is a change in the State Liquor Control rules
or statutes that we make a corresponding change to the
extent we can and still protect the interests that we're
protecting here.

Now, this particular change that occurred for
the State Liquor Control rules and laws was to allow
self-dispensing liquor systems.

And so we then drafted this proposed
amendment which the Commission approved on August 31st,
2016 to allow off the gaming floor a self-dispensing
system which is monitored and patrolled by the licensee
and required an employee of the licensee to first
authorize an amount of beer or wine not to exceed
32 ounces of beer or 16 ounces of wine per patron to be
dispensed by a self-dispensing system.

Now, that then went for a public comment
period, written comment period, which began on October
the 3rd and ended with a public hearing on November
the 2nd, 2016. No comment was received on this proposed
amendment. If the Commission approves it, it will become effective on March the 30th, 2017.

COMMISSIONER LOMBARDO: How does the self-dispensing system work? Is there a chip or something that somebody has that will be recognized in terms of how many ounces have been poured?

MR. GREWACH: There are different delivery systems, so I really can't speak, you know, definitively to that.

I did discuss it with my counterparts in Liquor Control to talk to them about how it operates, and you have to get an authorization code in the ones that I spoke to him about from the server and then punch in the code and then the machine is calibrated to limit the amount dispensed to the amount restricted under the rule at that point in time.

CHAIRMAN KOHN: As I recall, we saw one on our tour and didn't understand it then either.

COMMISSIONER LOMBARDO: Well, I want to report to the Commission that I was out in California and I went to a place that had 52 beers and you get a little bracelet and you have a little chip and you put it up there and it keeps track of how much you pour and it works pretty well.

MR. GREWACH: There are different delivery
systems by vendors, and case by case as we looked at
them we would just have to make sure they comply with
the rule. It's the same rule the State has for all of
the other outlets.

COMMISSIONER LOMBARDO: Just putting people
on equal footings.

MR. GREWACH: That's the goal of this.

But we did not allow it on the gaming floor
because there's a separate rule that prohibits
intoxicated patrons on the gaming floor. So having more
sensitivity to that issue we did not allow this kind of
system on the gaming floor.

CHAIRMAN KOHN: So, Ed, procedurally I think
there are three rulemaking orders that are nonfantasy
sports related. Is that right?

MR. GREWACH: No. Just the one. This is the
only one.

CHAIRMAN KOHN: So should we vote on this
one?

MR. GREWACH: I would suggest that.

CHAIRMAN KOHN: Then can we vote on all of
the others in a group?

MR. GREWACH: Yes, you can make one motion to
adopt 2 through 17.

CHAIRMAN KOHN: Is there a motion to adopt
COMMISSIONER JAMISON: So moved.

COMMISSIONER HALE: Second.

CHAIRMAN KOHN: 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 the
Final Order of Rulemaking 11 CSR 45-12.090.

CHAIRMAN KOHN: Now, also all of the rest of
them are dealing with fantasy sports?

MR. GREWACH: Yes. 2 through 17 all deal
with fantasy sports.

CHAIRMAN KOHN: So what Ed and I have talked
about is Ed will go back -- even though he's done it
once, I think it will be helpful to us to explain the
entire process of how a rule becomes a law in effect and
then we'll also talk about what has occurred so far, including the public hearing and the changes that were requested, the changes that were requested which we are making or recommending and the changes that were requested which we're not recommending and you're going to focus on those.

Let me ask: Even though no one apparently has asked for permission to appear here this morning from the fantasy sports company, is there anyone here? Okay. Ed, go ahead.

MR. GREWACH: The State statute, Chapter 536, outlines the legal requirements for the rule writing process in terms of public comment period, public hearings, publications.

Now, we go beyond that because whenever we're given a task like this to draft these regulations when House Bill 1941 passed to assign us to regulate this fantasy sports activity, we as a group bring in all of the subject matter experts and we communicate with the industry through the drafting process and we get their input through the drafting process early on, learn more about the companies, how they operate, so we can do a better job in drafting the rules. So after that process all takes place then we draft the proposed rules or proposed amendments.
Then those come to the Commission for approval, and that happened in this particular case on July 27th, 2016. So the Commission then at that point in time approves the proposed amendment or rules.

After that then by law there's a public written comment period, which in this case started on October the 3rd, 2016 and ended at the public hearing which took place on November the 2nd, 2016.

Now, for any particular rule if there is no public comment, then you'll see that the -- no comment at all. You'll see that the rule is not reprinted in your Final Order of Rulemaking.

If there is comment on the rule, then you'll see the comment on the rule, along with the change that was made and the explanation. So if it's a public comment asking for a change or for new language, you'll see the public comment and then you'll see our response.

And our response could be, yes, we'll make the change or our response may be, no, we can't make the change and here is the reasons why we cannot make those changes.

The statutes in Chapter 536 restrict our ability to change the language in proposed rules or amendments to only those changes that are in response to comments that are made.
So as we look at a rule through the whole rulemaking process, we can only make changes in response to comments that have been made.

So now the Final Order of Rulemakings come to you for your final decision, and in those you'll see rule by rule the comments and our responses to them.

As the Chairman has indicated, my plan today is to just focus on the changes that we did not make and go over our reasoning for not making those, but obviously if any Commissioner has any questions on any particular rule, I'd be more than happy to review those.

One that you'll see comment and change that you'll see throughout all these rules is that there were changes in the section numbers.

When House Bill 1941 was passed the bill itself had specific section numbers assigned to each section of the statute.

When it got to the reviser of statutes, the reviser changed those numbers. So every rule that we had referred to that original 1941 statute number for authority or rule we had that incorporated the statute by reference or a form that incorporated, referred to a statute number, those all had to be changed, and you'll see that running throughout all of the comments on each particular statute that we have.
Now, when you look at Item Nos. 2 through 8, those are all rules that were existing rules and the changes just had to be made to add in a reference to fantasy sports.

So I won't go through those unless there is any particular questions, because the actual new rules that specifically address fantasy sports start at Item No. 8 -- sorry -- Item No. 9 with 40.010.

COMMISSIONER JAMISON: But 1.100 had a comment that we had to change. Correct?

MR. GREWACH: Yeah. 1.100 had a comment that we did agree to and that came from Yahoo.

Now, the situation -- and you'll see this in a later rule too that we'll address. Yahoo is a very large corporation, thousands of employees. They offer fantasy sports. But their fantasy sports operation is just a division within the company. It's not a separate legal entity.

They had concerns about how broad the application was, because the statute requires that the applicant be a person or an entity. Well, the division of Yahoo's fantasy sports is not a separate entity, so the applicant would have to be Yahoo, Incorporated.

So the releases that were signed and the information requested would all be for the entire
company and not this small division.

And what their question specifically addressed to 1.100 was can the Commission -- does the Commission have the flexibility to change the application?

Now, the application by the provisions of Chapter 536 has to be incorporated by reference into the rule. So that application is set. So the original draft of 1.100 gave the Commission the authority to waive a rule for a licensee but did not give the Commission the authority to waive a rule for an applicant.

So to accommodate Yahoo's request -- if Yahoo came to us and said we would sure like you to limit the scope of Question 8 on the application, we would like you to change the scope of the release that we have to sign, 1.100 then gives us the ability to at least consider that. Now, whether we will or not as the request comes in, I mean, that's a separate issue all together but it gives us that authority.

COMMISSIONER JAMISON: And would that waiver be handled by whom?

MR. GREWACH: That waiver would be handled by the Executive Director.

COMMISSIONER JAMISON: Okay.
MR. GREWACH: And that is the change we agreed to in response to their concern.

In 010 there was also a comment asking in the rules -- Yahoo asking us to change the definition of an operator, and the language they suggested was a person or entity that operates within the larger corporation.

Our response was we can't do that because we're limited by statute. We can't alter or vary the operation of the statute. The applicant has to be a legally constituted entity.

Now, if Yahoo Sports wanted to go out and form Yahoo Sports, LLC as a wholly owned subsidiary of Yahoo corporate, then that LLC could be the applicant, but we can't change the rule to vary from what the statutory requirement of the definition of an applicant be.

On 40.020 --

CHAIRMAN KOHN: Ed, I'm curious. Is Yahoo or some form of Yahoo going to be applying?

MR. GREWACH: Not at this point in time because they still have that concern that they don't want to -- the current application, the current rule, would require them to disclose finances for the entire corporation on the application. They do not want that. And so at this point in time we have not received an
application from Yahoo.

CHAIRMAN KOHN: Okay.

MR. GREWACH: It's certainly possible after these rules are adopted they could come in with requests for variances and theoretically we could grant variances that would make them comfortable, but at this point in time given their legal structure they are not -- they have not applied.

CHAIRMAN KOHN: So we're not doing anything to make it easier for them either?

MR. GREWACH: We are to the extent that if they come to us with suggested changes or limitations to the application that we felt would still protect our ability to investigate and regulate the company, that we could have the legal authority to.

CHAIRMAN KOHN: Which would not require an amendment to the legislation?

MR. GREWACH: We cannot change the legislation.

CHAIRMAN KOHN: No. You're saying we can pass rules and regulations short of an amendment to the legislation that would allow them to become a vendor?

MR. GREWACH: Correct.

So if you look at their request saying we want you, MGC, in the rules to change the definition of
an applicant to be just a division within a larger
corporation, we can't do that because the statute says
otherwise.

But if they came to us and said we'd like for
you to change the wording on Question 8 of an
application to limit it to this information, we could do
that, as long as we're comfortable that it does, again,
give us the ability -- retain with us the ability to do
our job.

So that's the change we made in response to
Yahoo's concerns.

Are there any other questions?

COMMISSIONER LOMBARDO: Yes.

Ed, and just for context -- I don't want this
to take any longer than this needs to, and I'm sure that
is shared by everybody up here.

I noted on 010 that Yahoo had a concern and
then the FanDuel and DraftKings also had a concern. Are
we going to go through this by focusing on the concerns
of a particular potential licensee or are we going to go
through it section by section? How do you want to do
that? What's the easiest?

MR. GREWACH: Section by section would be the
easiest way to do it, because a lot of times you'll see
the same concern expressed by all of the companies.
COMMISSIONER LOMBardo: Okay. And if I understand what Herb wants, we're going to talk specifically about where the potential licensees maybe wanted a change and the response was we can't do that?

MR. GREWACH: Correct.

COMMISSIONER LOMBardo: So I think there was something else on 010 that we haven't talked about.

MR. GREWACH: There was, you're correct. I jumped ahead too quickly because FanDuel and DraftKings both complained that the -- calculating the annual operation fee, which is 11 1/2 percent of the net revenue that the company pays to the State every year based on residency, could lead to double taxation.

Because other states have taxes that are based on geolocation, specifically Tennessee and New York at this point in time.

CHAIRMAN KOHN: Geolocation of what?

MR. GREWACH: Of where the person is at the time they pay the entry fee.

So if I'm a Missouri resident but I'm physically in Memphis and I submit an entry fee for fantasy sports to one of our licensees, that licensee will have to report that as revenue both to Tennessee and to Missouri. Because we base the revenue on residency. Tennessee bases it on geolocation.
So that's their concern, but our response was, but the statute says that. The statute specifically says that the resident percentage, the net revenue and annual operating fee calculation is based on residency and it would take a statutory change and we don't have the authority to vary or modify that legislation.

CHAIRMAN Kohn: Okay.

MR. Grewach: Any other questions on 010?

COMMISSIONER LOMBARDO: No.

MR. Grewach: 020, similarly in the request concerning the makeup of their company they do list in their concerns about the makeup of the application, restricting the language that was required in the application and identifying the persons authorized to sign the application on behalf of a company.

Our response to that was to tie it back to 1.100. We fixed that in 1.100 to say if you want -- if you come to us with a specific request to modify the application, we can now consider that.

So we didn't change -- instead of changing the rule and the application for everybody we said, okay, your particular -- peculiar circumstances, particular circumstances leads you to ask for us to make a modification to the application we will consider on a
case-by-case basis.

The second item, again, from Yahoo was that
the release was too broad and they wanted us to change
the form. Again, we referred back to the change we made
in 1.100. Instead of just changing the form for
everybody we're telling Yahoo, okay. If you want us to
change, modify this release form in the application,
make a request and we'll look at it on a case-by-case
basis.

40.030 requires that patrons be allowed to
withdraw funds from an account within five days. The
comment indicated that the company has what they call
site credits which cannot be withdrawn as cash. They
asked for us to consider modifying the rule to
specifically exclude the site credits.

However, the statute -- the rule mirrors the
language of the statute that requires to be able to
withdraw funds in their account within five days, and so
we did not have the authority to waive or modify that
statutory requirement, so we made no change in response
to that request.

In Comments 2 and 3 the background is, first
of all, that again, this rule mirrors the statute, and
the statute identifies certain procedures that the
licensee has to have approved by the Commission before
operating in Missouri.

So in furtherance of our ability to enforce and mandate compliance with this statutory section, the rule stated that once approved those procedures could not be changed without prior Commission approval.

The comment that was directed to that rule indicated that that requirement was too burdensome and proposed language and limited to changes that they would have to get prior approval for as those that -- and they use language, substantially altered the stated objective of the legislation.

Another comment was instead of getting preapproval to notify us within 15 days after the change was made.

Again, we can't waive or modify the operation of the statute. If you have a statute that says MGC has to approve these procedures before they were put into place, if we allow once we approve them then to change without our prior approval, then what the net effects of that is going to be you're going to have unapproved procedures in place for something that that particular section of the statute requires our approval. So we did not make any change in response to that request.

Moving on to 40.040. We have a requirement there that provides all information requested by the
Commission within seven days or less if the Commission
so orders.

The comment, first of all, wanted to limit
the information that we could obtain to information, and
the term they use is pertaining to Missouri Fantasy
Sports.

However, to do our job we need -- we may need
to get documents, information concerning financial
issues with companies, criminal history of employees.
So limiting that information we could get would really
seriously restrict our ability to do our job to enforce,
investigate violations and the financial condition of
the company.

I can tell you this is the same rule we use
on the casino statutes. It's been an extremely
essential tool for us from a regulatory standpoint.
It's impossible to sit here today and predict what kind
of documents we would need, but our ability to get those
is essential.

In addition, there is a separate section of
the statute that gives us the power to subpoena any
record we want. So, I mean, it's not records we're not
going to get anyway. It's just puts an obligation on
the licensee to deliver them without us having to go
through any more formal procedure. So no change was
made in response to that comment.

The other complaint was the seven-day time limit. There was a comment suggesting we extend that to 30. We didn't make a change to that because, first of all, the seven days is something we have discretion. If it's a large document, we have discretion if they say we need more time to grant that anyway.

If for every piece of information we wanted we had to wait 30 days to get it, you can see how that would really grind an investigation almost to a halt, that every time we wanted something more we had to wait another 30 days to get it. So we didn't make any change in response to that comment.

40.050. The statute in Section 313.920 lists a number of requirements that the fantasy sports licensees have to have in place. They don't require prior approval but they still require us to enforce, ensure compliance with the statutory requirements.

And the rule was adopted in furtherance of that duty and required them if they change these procedures that are in place -- and these relate to age verification, parental controls, self exclusions, that type of thing, that they notify us within five days of the date that the change was made.

Their response was or comment was that it
would create a high overhead and they wanted an exception for the temporary testing of certain software systems, but from our point of view we need to know at any one particular time, you know, what their procedures are to make sure we can investigate a complaint and make sure we can see that those procedures do comply with the statutory requirement.

The section also in 313.329 has a requirement that the licensee adopt commercially reasonably steps to confirm an individual opening an account is not a minor. So the statute requires that you check age verification at the time that you open an account.

The comment was from DraftKings that we only verify age at the time of funding. We allow anyone to open an account, but then when they put money in, that's when we do the age verification.

Unfortunately it just doesn't comply with the statute. The statute very clearly requires that age verification be done at the time the account is opened, so we made no change in response to that.

Should I proceed, Chairman, or wait for the Commissioner?

CHAIRMAN KOHN: No. Go ahead.

MR. GREWACH: 40.060. 313.915.3 requires procedures to make it clear that funds are not -- the
player funds are not the property of the licensee, not available to licensee's creditors and maintain a cash reserve equal to player accounts.

40.060 then sets up a framework for compliance with those statutory sections, offers two options. The first is to maintain a separate cash reserve in an amount equal to the amount of your player deposits.

In that option that cash reserve would be something that you couldn't withdraw any money from without the Commission's approval.

The second option is to set up a separate special purpose entity where the player accounts would be held. And in that entity there are certain guidelines you'll see in the rule to protect it from creditors to keep it -- to protect it from any bankruptcy claim.

One of the comments in the rule further provides that we get a monthly reconciliation of the amount in the cash reserve compared to the amount in the player accounts to make sure that the money is covered in there.

Their complaint comment was that that was overly burdensome and expensive to comply with, and they suggested separately either a quarterly or three or six-
month reconciliation with us.

But in the public hearing the information from the industry was that they do go ahead on their own and do reconciliations of the player accounts with the bank accounts on a monthly basis, so we didn't see where it would be overly burdensome for them to share that information with us monthly.

CHAIRMAN KOHN: So the bank accounts are at a bank of their choice?

MR. GREWACH: The bank accounts are a bank of their choice in the name of the special purpose entity. So they'd have an operating company and they'd have a separate company that would be the player account company. So the bank accounts would be at their bank. Of course we'd have some limitations, federally insured, et cetera, that would -- it would be titled in the player account company.

And then as you know, what they do is their revenue comes from the fact that they keep a certain percentage of all entry fees, just like you would a rake in a poker game. Let's say it's 10 percent.

So if a thousand dollars is entered in this game, they only pay out $900 in prizes. So at the end of any one particular month they can go in and look and
see how much is owed to players and how much is in this bank account, and the difference is their 10 percent. The difference is their rake. And then they move that money over from the player account company to the operating.

CHAIRMAN KOHN: So what happens if one of these companies goes under? Is there any chance that the players would not recover their money?

MR. GREWACH: There is always that chance, and this rule is designed to try to limit that, and the monthly reporting is also designed to limit that.

If we didn't know -- if we didn't know until -- if this account was deficient and we didn't know until six months later, our chance of mitigating that loss to the players would be very, very small.

But, I mean --

CHAIRMAN KOHN: So our only protection is that they're not required to put up a bond of any kind?

MR. GREWACH: The statute did not authorize a bond or irrevocable letter of credit.

COMMISSIONER LOMBARDO: But if I understand correctly, if the system works, they can only get 30 days behind so to speak?

MR. GREWACH: Correct.

COMMISSIONER LOMBARDO: And what if they
don't report timely on the 30 days? What are the possible sanctions at that point?

MR. GREWACH: Well, that would be a violation and we would have authority under the statute to initiate a disciplinary action against them.

COMMISSIONER LOMBARDO: Which would include what, suspending them?

MR. GREWACH: Right. And there is also --

COMMISSIONER LOMBARDO: Suspending their operations?

MR. GREWACH: There is also, when you look back at 13.050, there is a provision in our rules for an emergency suspension of a license.

So we could under those circumstances step in and immediately suspend their license, and then there is provisions in the rule where if that happens, we then become the receiver on that account.

And we have the authority under that rule to then interplead in Cole County that money for the players' benefit, which is a lot easier said than done, but that's the only really method as we looked at that that we could address that situation.

What if they lose their license? What if there is an insufficient amount? What if we have to step in? And that would be the process.
CHAIRMAN KOHN: So we never get control of their money without going to court first?

MR. GREWACH: Correct. Correct. We would have to go to court, file an interpleader with those funds.

Moving on to 40.100 on the audits. The comment is that the requirement -- the statute requires that they have an independent audit, sets forth the scope of the audit and requires them to file that with the Commission by March 1st of each year for the company's prior fiscal year.

Their comment is that's burdensome. That's too quick a turnaround for an independent audit to take place and get reported. Our response is that's what the statute says. We once again cannot vary or modify.

CHAIRMAN KOHN: And this is a little bit off the subject, but it makes me think as you talk about the protection or lack of protection.

And I don't know any more than what has been in the paper about the financial problems that both DraftKings and FanDuel are having.

Are we looking into that?

MR. GREWACH: We are following that. And, of course, their applications are pending, so we're currently looking at their financials. Now, neither one
are licensed yet. They're operating under the terms of
the statute where they're grandfathered in.

But in terms of whether to license them we
will look at their financial status, and then once
they're licensed will continue to monitor that as we do
all licensees as necessary.

And the reason of the detail in that rule for
the reserve accounts is doing our best effort to make
sure it's protected, and if they did file bankruptcy,
that those funds in the player account company would not
be an asset of the bankruptcy estate, to have enough
separation, enough protections built in.

I did send our rule to the Attorney General's
Office. They have subject matter experts there on
bankruptcy to review it before we implemented that to
make sure we had a comfort level that in case of a
bankruptcy the players' funds would not be -- part of
the bankruptcy estate would not go to creditors.

COMMISSIONER LOMBARDO: What is the
timeframe? When will the staff's recommendation with
regard to licensure of these companies come before the
Commission, do you think?

MR. GREWACH: We don't have one yet. We only
have one company, one of the smaller operators that
actually has gotten us all of the information we've
So the variable there, to answer your question, is we don't know when we're going to get all this information from them, and the bigger companies may very likely take a longer time to investigate than the smaller ones. But as of today we only have one company that has given us everything the application asks for. They all when they filed them were missing information. We have -- so all of them sent correspondence saying we need this, miss this, we need this. And, again, only one of them has -- is in a position where we can start.

COMMISSIONER JAMISON: But does this grandfather license go on for -- I mean, is it bound by a period of time if they drag their feet and don't give us the information? Are they entitled to this grandfather license if they're not cooperating with the actual license application?

MR. GREWACH: The statutory language is that they're grandfathered in until their license has been granted or denied.

So the question would be if -- because there is a rule that says they have to give us information as requested. At what point in time would they be delinquent enough that we could justify a denial of the
license? So it wouldn't go on forever, but when do you
cross that line is not really a --

COMMISSIONER JAMISON: That's a discussion
that we could have down the road as a Commission, that
if we determined that entities were not trying to be
timely or it appeared that they're continuing to operate
on their grandfather license, that we could take notice
and go to a denial process if they didn't follow up on
that notice?

MR. GREWACH: That's correct.

COMMISSIONER LOMBARDO: The same question as
Brian really.

I have a concern, just reading what I read in
the press, that they're operating in the state of
Missouri and they're going through the licensure process
but there is no finite end to it; however, they're
operating with whatever safeguards we have yet. We
don't really know everything about their financial
condition.

MR. GREWACH: That's correct.

Now, the way the statute is structured,
grandfathering them in did that have that effect of --
internally our interest is in getting the licensing
process done as quickly as possible because there's a
lot in the statute that addresses licensee's
responsibilities but doesn't necessarily address an applicant's responsibilities.

Now, one thing in the statute that does also go to the applicant, the ones that are grandfathered in, is that they have to pay the annual operating fee by April the 15th, 2017.

The report to us under our rule for showing their revenue and the resident percentage and their calculation of their annual operating revenue fee is due to us on January 15, 2017.

So we will know -- at that point in time we'll have a little clearer picture of, you know, who is in compliance and really what the numbers are, what the numbers look like as far as revenues and where they're at.

COMMISSIONER JAMISON: But when you say we know if they're in compliance, will they have had to conduct an audit for that under this grandfather? Will they have to conduct that audit and provide that to us by March 1st under the grandfather clause even though they're not?

MR. GREWACH: That's a very good question.

COMMISSIONER JAMISON: That's why I asked it.

COMMISSIONER LOMBARDO: Well, if they're grandfathered in, shouldn't all of the rules we just
talked about apply to them even now?

COMMISSIONER JAMISON: But we had emergency rules that we put in place that they're falling under which mimic these.

MR. GREWACH: Correct. Right.

The rules aren't the problem. The statute is the problem. The statute is statutory compliance.

COMMISSIONER JAMISON: So do you have an answer to my good question or an opinion?

MR. GREWACH: I don't at this point in time. I think that's an issue that we really need to look at, and we haven't really formed a final legal opinion on that.

COMMISSIONER LOMBARDO: For instance, Ed, are we getting the 30-day reports now on these entities?

MR. GREWACH: No.

COMMISSIONER LOMBARDO: They're operating in the state of Missouri. They're supposed to have a separate account. We're supposed to know every 30 days according to this rule. Is this what is going on now?

MR. GREWACH: No, not at this point in time.

COMMISSIONER LOMBARDO: Okay. That's a problem.

COMMISSIONER JAMISON: I think it's -- as a Commission -- and I'm just speaking for myself here, not
as the Commission -- but there are two parts of this.
One is their ability to get themselves prepared to be
licensed and our ability to process that, and that's two
different timeframes.

But I think at least from my point, I think
as a Commission we need to examine the part on what they
are or aren't doing to put themselves in a positive
position to be licensed. If they're not doing that, I
think we need to review that and take a look at that as
a Commission.

CHAIRMAN KOHN: Ed, I think what you're
hearing from several of us is a level of concern about
what is going on both under the existing law and
possibly under the rules yet to be adopted with what we
hear. It may be hearsay.

But I'm wondering if you could come up with a
suggested process that would take care of the current
situation; in other words, operating under the
grandfather rules until the new rules are in effect, and
do so as quickly as possible so we will have done our
due diligence as much as we can in fixing what is an
apparent unattended consequence of the grandfather
versus a public hearing process for the new rules.

There is a gap there.

MR. GREWACH: There is. And, you know, I
can't talk about a specific applicant because it's a closed record under the statute.

But I can tell you in general these are the documents we're waiting for, you know. I mean, there are some applicants that don't even have a special purpose entity or reserve fund, you know, set up or they haven't shown us that yet. So we're saying, send us your account. Send us your account agreements. Send us that type of information.

So there may be some that we look at and say, you know, you're not in compliance at this point in time. You know, we can't grant your application if you don't do -- set this up according to the rule, but we haven't got that far in the application process.

COMMISSIONER JAMISON: But unless as a Commission we make a stand of deadlines, there is no deadline -- you can say you need to submit this, but if you don't have what I would view as a Commission-imposed deadline, then they're going to get it to you. As long as they've promised it to you, how are they out of compliance?

CHAIRMAN KOHN: There's a lot of moving parts, including the reputed merger of the two big guys. And I don't expect you to say, okay, here is what we should do, but I would like you and staff to come up
pretty immediately with a list of recommendations as to whether this is -- and I don't know that there is, but if there is, how do we reconcile this unintended loophole that we seem to be operating in.

MR. GREWACH: We will certainly meet and address that and have a report back to you.

CHAIRMAN KOHN: Thank you.

Anything else on this before we go on?

COMMISSIONER JAMISON: I mean, you brought up and that's a whole separate question, but what happens -- forget that. It's way too long.

CHAIRMAN KOHN: Let's move on, Ed.

MR. GREWACH: That's all I had on the rules believe it or not.

CHAIRMAN KOHN: Before I ask for a motion, are there any further questions of Ed?

I'm going to make this easier for you, Brian.

Will you make a motion to adopt 11 CSR 45-1.100, 3.010, 13.054, 13.055, 13.065, 17.030, 17.040, 40.010, 40.020, 40.030, 40.040, 40.050, 40.060, 40.070, 40.090 and 40.100? Don't say no.

COMMISSIONER JAMISON: Yes, I so move.

CHAIRMAN KOHN: Is there a second?

COMMISSIONER NEER: 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.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted the Final Orders of Rulemaking 11 CSR 45-1.100, 3.010, 13.054, 13.055, 13.065, 17.030, 17.040, 40.010, 40.020, 40.030, 40.040, 40.050, 40.060, 40.070, 40.090 and 40.100.

CHAIRMAN KOHN: Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: The next order of business is Consideration of Petition for Change of Control. Mr. Ed Grewach will present.

MR. GREWACH: Thank you.

Under Tab K we have a joint petition for approval of change of control filed by ZCapital Group, LLC and Affinity Gaming.

By way of background Affinity Gaming is our
Class A licensee. They're the corporate entity that owns two of our Class B casinos, St. Jo Frontier Casino and the Mark Twain Casino.

This is the third request. We've twice before approved petition for change of control filed by ZCapital. The rule requires a petition to be filed when the company goes over 25 percent.

Now, they currently at this point in time own 41.14 percent of the company. They have a contract to acquire substantially all of the remaining shares of stock in the company. After the closing Affinity would continue as the Class A licensee, would not affect the status of them or the two casinos as a Class B licensee.

ZCapital's President and CEO, Mr. James Zenni, would be the sole board member, and he and ZCapital both are already licensed as key business entities and a keyperson respectively.

As I've indicated, they had twice before obtained approval from the Commission for change of control when they -- first in January of 2012 when they went up to 38 percent and then in January of 2015 when they went from 39 to 40 percent.

Also after the transaction the company will change from a publicly traded to a privately traded company.
CHAIRMAN KOHN: Any questions?

Is there any reason not to do this?

MR. GREWACH: No. Staff saw no objection or concern.

EXECUTIVE DIRECTOR SEIBERT: Staff does recommend approval, Mr. Chairman.

CHAIRMAN KOHN: Is there any questions of Ed?

Is there a motion to adopt Resolution 16-059?

COMMISSIONER JAMISON: So moved.

COMMISSIONER LOMBARDO: 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.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 16-059.

MR. GREWACH: Thank you.
CHAIRMAN KOHN: Good job, Ed.
MR. GREWACH: Thank you.
CHAIRMAN KOHN: Mr. Seibert.
EXECUTIVE DIRECTOR SEIBERT: Believe it or not we do have more staff than Ed Grewach.
Consideration of Relicensure of Certain Suppliers, and Trooper John Masters will present.
CHAIRMAN KOHN: Good morning, Trooper.
TROOPER MASTERS: Good morning, Gentlemen.
Missouri State Highway Patrol investigators conducted the relicensing investigation of three supplier companies currently licensed in Missouri.
These investigations consisted of jurisdictional inquiries, feedback from affected gaming company clients, a review of disciplinary actions, litigation, business credit profiles, as well as a review of key persons associated with each company.
The results of these investigations were provided to the MGC 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: Gaming Laboratories International, LLC; Lightning Slot Machines, LLC and House Advantage, LLC.
Thank you.

CHAIRMAN KOHN: And we need to do this one at

a time.

TROOPER MASTERS: They're three separate

resolutions.

CHAIRMAN KOHN: Do you have any comments

about any of the three as to any reason not to do it?

Is there a motion to approve 16-060?

COMMISSIONER HALE: So moved.

COMMISSIONER LOMBARDO: 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.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted

Resolution No. 16-060.

CHAIRMAN KOHN: Is there a motion to 16-061?
COMMISSIONER HALE: So moved.

COMMISSIONER LOMBARDO: 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.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 16-061.

CHAIRMAN KOHN: And any questions of Trooper Masters on the last one, House Advantage? Is there a motion to approve 16-062?

COMMISSIONER HALE: So moved.

COMMISSIONER LOMBARDO: 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.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 16-062.

CHAIRMAN KOHN: Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: The next order of business is Consideration of Level I and key applicants. Sergeant Jason McTheeney will present.

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

CHAIRMAN/COMMISSIONERS: Good morning.

SERGEANT MCTHEENNEY: 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 applicants are being presented for your consideration:

Walter Anthony Bogumil, Chief Financial Officer and Treasurer, Affinity Gaming, LLC; Elizabeth Lynne Cochran, Officer-Secretary, Modern Gaming, Incorporated; Claudio Marco Demolli, Senior Vice President and Treasurer, International Game Technology, PLC; Philip Robert Erlanger, Director, Caesars Acquisition Company; Jon Ibarguen, Vice President of Finance and Chief Financial Officer, Argosy Riverside Casino; and David Anthony Reganato, Chairman of the Board of Directors, Affinity Gaming, LLC.

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

Thank you.

EXECUTIVE DIRECTOR SEIBERT: Staff does recommend approval.

CHAIRMAN KOHN: Okay. Any questions of Sergeant McTheeney?

Is there a motion to approve Resolution 16-063?

COMMISSIONER JAMISON: So moved.

COMMISSIONER NEER: Second.

CHAIRMAN KOHN: Discussion on the motion?
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. 16-063.

CHAIRMAN KOHN: Thank you, Sergeant.

Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: Next we have Consideration of Waiver of Institutional Investors. Ms. Maggie White will present.

MS. WHITE: Mr. Chairman, Commissioners, behind Tab P is a resolution regarding waiver of licensure for an institutional investor holding and requesting to hold publicly traded interests of up to 20 percent in gaming licensees.

This investor has submitted a request for waiver to hold interest in these licensees in compliance
with 11 CSR 45-4. The submitted waiver request certifies the holding is for institutional investment purposes only, with no intent to be involved in the management or operation of the licensee.

Because the holdings made exceed the 10 percent threshold for which the Executive Director may grant a waiver, this resolution is before the Commission today. Resolution No. 16-064 is for FMR, LLC.

I'd be happy to answer any questions.

CHAIRMAN KOHN: Staff recommends approval.

EXECUTIVE DIRECTOR SEIBERT: Yes, sir.

CHAIRMAN KOHN: Any questions?

COMMISSIONER JAMISON: No, sir.

CHAIRMAN KOHN: Is there a motion to adopt Resolution 16-064?

COMMISSIONER HALE: So moved.

COMMISSIONER LOMBARDO: 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.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you’ve adopted Resolution No. 16-064.

CHAIRMAN KOHN: Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: The next order is Reconsideration of Relicensure of Certain Bingo Suppliers and Manufacturers. Sergeant Mike Finnegan will present.

SERGEANT FINNEGAN: Good morning.

CHAIRMAN/COMMISSIONERS: Good morning.

SERGEANT FINNEGAN: Mr. Chairman, Commissioners, today I am presenting several companies for relicensure as suppliers or manufacturers of bingo products in the state of Missouri.

All bingo supplier and manufacture licenses are issued for the calendar year and will expire on December 31st of each year.

The relicensure of both manufacturers and suppliers includes but is not limited to a review of the Federal and State tax checks, customer and product lists and an examination of the corporate organization.
The following company has applied for relicensure of their supplier's license: All American Bingo.

Are you going to lump it together?

CHAIRMAN KOHN: No. We'll do them separately.

COMMISSIONER JAMISON: Go ahead and list both of them, though, and then we'll deal with it separately.

SERGEANT FINNEGAN: Okay. The following five companies have applied for relicensure of their manufacturer's license: Douglas Press, Incorporated; Arrow International, Incorporated; Fortunet, Incorporated; Pollard Games, Incorporated doing business as American Games; and VKGS, Incorporated.

Thank you.

CHAIRMAN KOHN: So those are the bingo suppliers?

SERGEANT FINNEGAN: Those are the manufacturers. The first one, All American Bingo, is the supplier.

CHAIRMAN KOHN: So there is only one supplier?

SERGEANT FINNEGAN: Yes, sir.

CHAIRMAN KOHN: All right. Is there a motion to adopt Resolution 16-003-B?
COMMISSIONER LOMBARDO: What's the staff's recommendation on this?

EXECUTIVE DIRECTOR SEIBERT: We recommend approval.

COMMISSIONER JAMISON: So moved.

COMMISSIONER LOMBARDO: 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.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 16-003-B.

CHAIRMAN KOHN: Okay. And so on the manufacturers there is how many?

SERGEANT FINNEGAN: There is five.

CHAIRMAN KOHN: Five?

SERGEANT FINNEGAN: Yes, sir.
CHAIRMAN KOHN: And you've listed them all?

SERGEANT FINNEGAN: Yes.

CHAIRMAN KOHN: And we have a staff recommendation?

EXECUTIVE DIRECTOR SEIBERT: We recommend approval on all five.

CHAIRMAN KOHN: Is there a motion to approve Resolution 16-004-B?

COMMISSIONER NEER: So moved.

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.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 16-004-B.

CHAIRMAN KOHN: Mr. Seibert.
EXECUTIVE DIRECTOR SEIBERT: The next order of business is Consideration of Delegation of Authority to the Chairman. Mr. Ed Grewach will present.

MR. GREWACH: Thank you.

This is a resolution authorizing the Chairman or in his absence the Vice Chairman to extend any license for up to 60 days. The rule then requires that extension to be ratified at the next Commission meeting and by rule this is an authorization that has to be done annually and, therefore, it's coming to you for approval for the next calendar year.

CHAIRMAN KOHN: Any questions of Ed?

Brian, we promise not to exercise our authority unless Angie tells us to. Is that right?

COMMISSIONER JAMISON: Pretty much. You can't sign anything if she doesn't give it to you.

CHAIRMAN KOHN: Is there a motion to adopt Resolution 16-065?

COMMISSIONER HALE: So moved.

COMMISSIONER LOMBARDO: 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.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 16-065.

MR. GREWACH: Thank you.

CHAIRMAN KOHN: And believe it or not we are concluding our open session before noon.

Do we have a motion, Brian, to go into closed?

COMMISSIONER JAMISON: I move for a closed meeting under Sections 313.847, Revised Missouri Statutes, investigatory, proprietary and application records and 610.021, Subparagraph 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: 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.

WHEREIN, the meeting adjourned at 11:55 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.

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Patricia A. Stewart
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