

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC 23-005
Bally's Kansas City Casino)

PRELIMINARY ORDER FOR DISCIPLINARY ACTION

Comes now the Missouri Gaming Commission acting in its official capacity pursuant to 11 CSR 45-13.050, and states as follows:

1. The Missouri Gaming Commission (the "Commission") is a State commission created under Chapter 313, RSMo, with jurisdiction over gaming activities, including riverboat gambling activities, in the state of Missouri.
2. The Commission issued a Class A gaming license to Bally's Corporation to develop and operate Class B gaming licensees in the state of Missouri.
3. Bally's Corporation is the parent organization or controlling entity of Bally's Kansas City Casino (the "Company").
4. The Commission issued a Class B riverboat gambling license to the Company to conduct games on and operate the excursion gambling boat known as Bally's Kansas City Casino (the "Casino").
5. As the holder of a Class B license, the Company is subject to the provisions of Sections 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS¹

6. Master Sergeant Jon Hulse ("MSgt. Hulse") of the Missouri State Highway Patrol ("MSHP"), acting as an agent of the Commission, conducted an audit of playing card boxes and envelopes from January 21, 2022 through February 8, 2022.
7. MSgt. Hulse's audit revealed the following:
 - a. 41 instances of the time that used playing cards were removed from a table not being recorded on the card box in violation of 11 CSR 45-5.184(12)(A);
 - b. one (1) instance of the envelope containing used playing cards lacking the dealer's signature in violation of 11 CSR 45-5.184(12)(B);
 - c. five (5) instances of the table number being recorded incorrectly on the envelope containing used cards in violation of 11 CSR 45-5.184(12)(B);

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d. one (1) instance of the time that used playing cards were removed from a table not being recorded on the envelope containing the used cards in violation of 11 CSR 45-5.184(12)(B);

e. three (3) instances of the envelope containing used playing cards lacking the supervisor's signature in violation of 11 CSR 45-5.184(12)(B);

f. two (2) instances of the time that used playing cards were removed from a table being recorded incorrectly on the card box in violation of 11 CSR 45-5.184(12)(A).

g. five (5) instances of the table number being recorded incorrectly on the card box in violation of 11 CSR 45-5.184(8).

h. one (1) instance of the time that used playing cards were placed on a table being recorded incorrectly on the card box in violation of 11 CSR 45-5.184(8);

i. two (2) instances of the table number not being recorded on the card box in violation of 11 CSR 45-5.184(8).

j. one (1) instance of the envelope containing used playing cards not being sealed in violation of 11 CSR 45-5.184(12)(A).

k. one (1) instance of the table number not being recorded on the envelope containing used playing cards in violation of 11 CSR 45-5.184(12)(B).

l. six (6) instances of an improper correction of an error in that the error was not initialed by the corrector in violation of the Commission's MICS and the Casino's ICS, Chapter R, Section 2.03; and

m. one (1) instance of the dealer improperly signing an envelope containing used playing cards as the supervisor in violation of 11 CSR 45-5.184(12)(B).

8. MSgt. Hulse's audit of card boxes and envelopes revealed a total of 70 violations involving 34 Casino employees.

9. Additionally, from October 8, 2021, to February 28, 2022, approximately 67 compliance directives were issued to employees of the Casino's Table Games Department.

LAW

10. Section 313.805, RSMo, states, in pertinent part, as follows:

The commission shall have full jurisdiction over and shall supervise all gambling operations governed by sections 313.800 to 313.850. The commission shall have the following powers and shall promulgate rules and regulations to implement sections 313.800 to 313.850:

* * *

(5) To investigate alleged violations of sections 313.800 to 313.850 or the commission rules, orders, or final decisions;

(6) To assess any appropriate administrative penalty against a licensee, including, but not limited to, suspension, revocation, and penalties of an amount as determined by the commission...;

* * *

(19) To take any other action as may be reasonable or appropriate to enforce sections 313.800 to 313.850 and the commission rules.

11. Section 313.812, RSMo, states, in pertinent part, as follows:

14. A holder of any license shall be subject to imposition of penalties, suspension or revocation of such license, or if the person is an applicant for licensure, the denial of the application, for any act or failure to act by such person or such person's agents or employees, that is injurious to the public health, safety, morals, good order and general welfare of the people of the state of Missouri, or that would discredit or tend to discredit the Missouri gaming industry or the state of Missouri unless the licensee proves by clear and convincing evidence that it is not guilty of such action. The commission shall take appropriate action against any licensee who violates the law or the rules and regulations of the commission. Without limiting other provisions of this subsection, the following acts or omissions may be grounds for such discipline:

(1) Failing to comply with or make provision for compliance with sections 313.800 to 313.850, the rules and regulations of the commission or any federal, state or local law or regulation;

(2) Failing to comply with any rule, order or ruling of the commission or its agents pertaining to gaming;

* * *

(9) Incompetence, misconduct, gross negligence, fraud, misrepresentation or dishonesty in the performance of the functions or duties regulated by sections 313.800 to 313.850.

12. 11 CSR 45-9.060 states, in pertinent part, as follows:

(3) Violations of the minimum internal control standards [{"MICS"}] by a Class A or Class B licensee or an agent or employee of a Class A or Class B licensee are deemed to be unsuitable conduct for which the Class A or Class B licensee and/or its agent or employee is subject to administrative penalty pursuant to section

313.805(6), RSMo and 11 CSR 45-1 et seq., as amended from time-to-time. Any agent or employee of a Class A or Class B licensee that is involved in a violation of the minimum internal control standards may be subject to fine, discipline, or license revocation.

(4) Violations of the Class B licensee's internal control system [{"ICS"}] by the Class A or Class B licensee or an agent or employee of the Class A or Class B licensee shall be *prima facie* evidence of unsuitable conduct for which the Class A or Class B licensee and/or its agents or employees may be subject to discipline pursuant to section 313.805(6), RSMo and 11 CSR 45-1 et seq., as amended from time-to-time.

13. 11 CSR 45-5.184 states, in pertinent part, as follows:

(8) When cards are placed in play, the Class B licensee shall record on each deck/multi-deck box the table number, the date, and the time the cards were placed on the table for use.

* * *

(12) At the end of the gaming day or, in the alternative, at least once each gaming day at the same time each day, as designated by the licensee and approved by the commission, and at other times as may be necessary, the floor supervisor or above shall collect all used cards.

(A) These cards shall be counted down manually by the dealer or by an automated shuffler and placed in the original deck/multi-deck boxes. The time the decks were removed from the table shall be recorded on the deck/multi-deck boxes. The boxes shall be placed in a sealed envelope or container. For games in which dealing procedures require cards to be dealt only once, the sealed envelopes or containers shall be easily distinguishable from those used for all other table games. The bags will be conspicuously labeled as containing single-use cards.

(B) A label shall be attached to each envelope or container which identifies the table number, date, and time and shall be signed by the dealer and floor supervisor assigned to the table.

14. The Commission's MICS, Chapter R, Section 2.03 states as follows:

All information shall be recorded in ink or other permanent form. Monetary corrections to a figure originally recorded may only be made in ink by crossing out the error, entering the correct figure, and obtaining the initials of the employee making the change and the initials of the employee's supervisor. Non-monetary corrections shall be initialed by the employee making the correction. If an Accounting Department employee makes the corrections after the completion and transfer of the documentation, that individual shall initial the correction(s) and include their MGC license number.

15. The Casino's ICS, Chapter R, Section 2.03 states as follows:

All information will be recorded in ink or other permanent form. Monetary corrections to a figure originally recorded are made in ink by crossing out the error, entering the correct figure, and obtaining the initials of the employee making the change and the initials of the employee's supervisor. Non-monetary corrections shall be initialed by the employee making the correction. If an Accounting Department employee makes the corrections after the completion and transfer of the documentation, that individual will initial the correction(s) and include their MGC license number.

VIOLATIONS

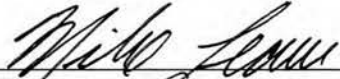
16. The Company's actions in permitting its employees to not follow playing card placement and removal procedures is injurious to the public health, safety, morals, good order and general welfare of the people of the state of Missouri and discredits the Missouri gaming industry and the State of Missouri, in that the Company's acts violate 11 CSR 45-5.184(8), (12)(A), and (12)(B), and the Commission's MICS and the Casino's ICS, Chapter R, Section 2.03.

17. The Company is therefore subject to discipline for such violations pursuant to Sections 313.805 and 313.812.14 (1), (2), and (9), RSMo, and 11 CSR 45-9.060(3) and (4).

PENALTY PROPOSED

18. Under Section 313.805, RSMo, the Commission has the power to assess any appropriate administrative penalty against the Company as the holder of a Class B license.

19. THEREFORE, it is proposed that the Commission fine Bally's Kansas City Casino the amount of \$5,000 for the violations set forth herein.

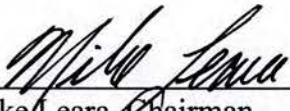


Mike Leara, Chairman
Missouri Gaming Commission

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he caused a true and correct copy of the foregoing to be mailed, postage prepaid, this 23rd day of February, 2023, to:

Michael Donovan
Bally's Kansas City
1800 E. Front Street
Kansas City, MO 64120



Mike Lera, Chairman
Missouri Gaming Commission