

BEFORE THE MISSOURI GAMING COMMISSION

STATE OF MISSOURI

MEETING

January 25, 2012

Missouri Gaming Commission

3417 Knipp Drive

Jefferson City, Missouri

COMMISSIONERS PRESENT:

James L. Mathewson, Chairman

Suzanne Bocell Bradley

Barrett Hatches

Darryl Jones

Jack L. Merritt

REPORTED BY:

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- 4. 11 CSR 45-5.065 - Patrons Unlawfully on
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XII. New Business

XIII. Old Business

XIV. Motion for Closed Meeting under
Sections 313.847, Investigatory, Proprietary
and Application Records and 610.021(14)

1 CHAIRMAN MATHEWSON: Okay. Good morning,
2 everyone. I understand we had a little traffic backup over
3 on the bridge, so one of our outstanding commissioners got
4 caught in that. Too bad you didn't (indicating).

5 But at any rate, we're going to go into --
6 we're going to open the meeting, and then we're going to go
7 into closed session for a little while to review some
8 information from -- that was requested from our last
9 meeting. And then we'll come right back in here and
10 conduct business. Okay? Just so everybody kind of knows,
11 that's our plan this morning.

12 So with that, we'll call our meeting to
13 order. Angie, would you call role, please?

14 MS. FRANKS: Commissioner Merritt?

15 COMMISSIONER MERRITT: Present.

16 MS. FRANKS: Commissioner Hatches?

17 COMMISSIONER HATCHES: Present.

18 MS. FRANKS: Commissioner Jones?

19 COMMISSIONER JONES: Present.

20 MS. FRANKS: Commissioner Bradley?

21 COMMISSIONER BRADLEY: Present.

22 MS. FRANKS: Chairman Mathewson?

23 CHAIRMAN MATHEWSON: Present.

24 With a quorum being present -- thank you all
25 very much for being here this morning -- Chair would accept

1 a motion to go into closed meeting under 313.847, et
2 cetera, et cetera, et cetera.

3 COMMISSIONER MERRITT: So moved.

4 COMMISSIONER JONES: Second.

5 MR. GREWACH: I think in the motion you need
6 to insert the sections numbers, including 610.021(1) and
7 610.021(14).

8 CHAIRMAN MATHEWSON: Okay. Angie just did
9 that. Because that was part of the motion, wasn't it Jack?

10 COMMISSIONER MERRITT: That was my motion.

11 CHAIRMAN MATHEWSON: That's what I thought
12 you said.

13 COMMISSIONER HATCHES: That's what I heard.

14 CHAIRMAN MATHEWSON: Yeah. Call role on the
15 motion, please.

16 MS. FRANKS: Commissioner Merritt?

17 COMMISSIONER MERRITT: Approve.

18 MS. FRANKS: Commissioner Hatches?

19 COMMISSIONER HATCHES: Present.

20 MS. FRANKS: Commissioner Jones?

21 COMMISSIONER JONES: Approve.

22 MS. FRANKS: Commissioner Bradley?

23 COMMISSIONER BRADLEY: Approve.

24 MS. FRANKS: Chairman Mathewson?

25 CHAIRMAN MATHEWSON: Approve.

1 COMMISSIONER HATCHES: I approve.

2 CHAIRMAN MATHEWSON: Are you still present?

3 COMMISSIONER HATCHES: I'm present twice.

4 CHAIRMAN MATHEWSON: Hey, you still want to
5 get \$100.

6 (Off the record.)

7 CHAIRMAN MATHEWSON: Okay. Thank you all.
8 In our last month's meeting, we had the case of John
9 Renteria.

10 I'm sorry. Do you want to vote back in?

11 MR. STOTTLEMYRE: We need the minutes.

12 COMMISSIONER JONES: Yeah. We haven't
13 approved the minutes.

14 CHAIRMAN MATHEWSON: I'm sorry. Excuse me.
15 You're right; we didn't. I would accept a motion to accept
16 the minutes from December 7, 2011, please.

17 COMMISSIONER JONES: So moved.

18 COMMISSIONER HATCHES: Second.

19 CHAIRMAN MATHEWSON: Any discussion?
20 (No response.)

21 CHAIRMAN MATHEWSON: Call the role, please.

22 MS. FRANKS: Commissioner Merritt?

23 COMMISSIONER MERRITT: Approve.

24 MS. FRANKS: Commissioner Hatches?

25 COMMISSIONER HATCHES: Approve.

1 MS. FRANKS: Commissioner Jones?

2 COMMISSIONER JONES: Approve.

3 MS. FRANKS: Commissioner Bradley?

4 COMMISSIONER BRADLEY: Approve.

5 MS. FRANKS: Chairman Mathewson?

6 CHAIRMAN MATHEWSON: Approve.

7 MS. FRANKS: By your vote you've adopted the
8 minutes of the December 7, 2011, Commission meeting.

9 CHAIRMAN MATHEWSON: Okay. Thank you.
10 Thanks for keeping me on track.

11 At that meeting, on our December 7, 2011
12 meeting, we had the case of a disciplinary action on John
13 Renteria. I hope I say that correctly. At that time
14 Commissioner Bradley requested that we review those tapes
15 from the casino in which this action occurred. We had
16 those tapes brought here, and that's where we've been,
17 reviewing those tapes.

18 Now, you know, as Chair, my position is we
19 have had the hearing on that. The only reason that we
20 still have it here before us is because a commissioner
21 requested that we review those tapes. We've now reviewed
22 those tapes, and the subject of that recommendation from
23 Staff is now before us.

24 The Chair would accept a motion on John
25 Renteria's disciplinary action that we heard in a full

1 hearing, including legal counsel, on our December 7th
2 meeting, and the minutes from that meeting so point that
3 out. Chair would accept a motion on that hearing.

4 COMMISSIONER MERRITT: I would make a motion
5 to approve Resolution No. 12-001.

6 COMMISSIONER HATCHES: Second.

7 CHAIRMAN MATHEWSON: We have a motion and a
8 second. Is there any discussion?

9 (No response.)

10 CHAIRMAN MATHEWSON: Call the role, Angie,
11 please.

12 MS. FRANKS: Commissioner Merritt?

13 COMMISSIONER MERRITT: Approve.

14 MS. FRANKS: Commissioner Hatches?

15 COMMISSIONER HATCHES: Approve.

16 MS. FRANKS: Commissioner Jones?

17 COMMISSIONER JONES: Approve.

18 MS. FRANKS: Commissioner Bradley?

19 COMMISSIONER BRADLEY: No.

20 MS. FRANKS: Chairman Mathewson?

21 CHAIRMAN MATHEWSON: Approve.

22 MS. FRANKS: By your vote you've adopted
23 Resolution No. 12-001.

24 CHAIRMAN MATHEWSON: Okay. Thank you very
25 much. Okay, Roger?

1 like to make to you today, starting with an overview of
2 Affinity Gaming, and then going out to presentations for
3 each of our Missouri casinos. I'd like to bring up David
4 Ross to give the overview presentation for Affinity Gaming.

5 CHAIRMAN MATHEWSON: Do you have some slides
6 or are you going to just do it?

7 MR. RUBENSTEIN: There's some slides.

8 MR. ROSS: I think we have books. I think
9 we have slides.

10 MR. RUBENSTEIN: It should be on the screen.

11 CHAIRMAN MATHEWSON: Okay. Okay. Well, I
12 just wanted to make sure we were working with you.

13 MR. ROSS: Good morning, Mr. Chairman,
14 members of the Commission. It is a pleasure to be back in
15 front of you. It's been about 14 months. Clearly, as a
16 company that was coming out of bankruptcy, there was a lot
17 of questions. I hope I addressed them then, and I'm
18 looking forward to addressing them today.

19 From a corporate overview -- or company
20 overview, I thought it'd be helpful to give a little bit of
21 background. The company entered bankruptcy, Herbst Gaming,
22 Inc., in 2009, March of 2009. We emerged December 31st of
23 2010. We had a bil-- 1.2 billion in debt. When we
24 emerged, we had a \$350 million first loan.

25 We did do a name change in May of this year,

1 2011, to Affinity Gaming. We are a diversified gaming
2 company. We operate in three jurisdictions. We have
3 12,400 units in Nevada and approximately 2,200 in Missouri
4 and Iowa. Currently the business is broken into two
5 segments: We have a route and we have 15 casinos.

6 And I think on your Page 2, you're going to
7 see that this year we entered into an agreement with Golden
8 Gaming to do an asset swap. So basically, we're taking the
9 route, which represented about 10 percent of our overall
10 business, and two small casinos in Pahrump for Golden
11 Gaming, and we're doing an asset swap to exchange for three
12 casinos that they own in Colorado.

13 In addition to that, the predecessor of
14 JETT, which was ETT, they are taking about 10 percent of
15 the routes games back and Searchlight. So from our
16 prospective, we're going to focus on being, primarily, a
17 casino company. That's what we were about -- in about 90
18 percent of that.

19 On the next page, you'll see that we are
20 headquartered still in Las Vegas. We have five casinos
21 currently in southern Nevada; four casinos in northern
22 Nevada; three at the state line at the California border as
23 you enter into Las Vegas on I-15; one in Iowa; and two here
24 in Missouri.

25 The -- we -- the casinos have about --

1 approximately 8,600 slots right now and the route has about
2 6,000 slots, so it's a fairly large company, and we have
3 about 5,100 employees currently.

4 From financing -- this is the same slide, I
5 think, you saw last year -- a \$350 million first loan.
6 Typical covenants: Interest rate covenants; leverage
7 ratios; prepayment, in terms of capital sweeps; and then
8 CapEx covenants. So, again, pretty much standard.

9 On slide five you have, just basically,
10 historical timeline. For those that aren't familiar with
11 it, again, it sort of just takes you back to the history of
12 the company and bringing it forward.

13 The next slide really shows our geographic
14 diversity. As we are showing, a pro forma basis with those
15 three small casinos and the route out, and those three
16 Colorado casinos put into this map. We're doing that for
17 several reasons, as I said. First, and foremost, is
18 getting back to a casino company; and then, second,
19 geographically diversifying our portfolio outside of
20 Nevada.

21 Clearly, Nevada's been the epicenter of the
22 recession, as we sit next to California, with the eighth
23 largest economy in the world. So Nevada sees, I think,
24 pockets of strength, but nevertheless, this fits our
25 overall arching strategy.

1 The next slide on seven really just gives,
2 by region, a breakdown in terms of gaming square footage
3 and number of devices and table games, so I won't bore you
4 with the monotonous detail of those particular units, in
5 the essence of time. But you can see the pending assets --
6 or assets held for sale, and the pending asset purchases to
7 get a flavor. We're approximately 9,000 machines -- we'll
8 have 9,000 slots when this transaction is consummated.

9 Slide eight, basically, this is the Board
10 that you've approved. So, again, just for background:
11 Three investment bankers -- or former investment bankers --
12 or as one of them likes to say, perhaps, A recovering
13 investment banker -- and then myself and a former
14 regulator. So, again, we do have a lot of bench strength
15 in regards to our Board.

16 We brought in some new management: Mark,
17 who you just met, is our Senior Vice President and general
18 counsel; Chris Krabeil, who you approved as a CFO; and
19 Donna Lehmann's from the corporate finance side. Ferenc
20 and myself still remain.

21 Last year I told you that we did not
22 anticipate any changes at the Missouri properties, and I'm
23 very happy to say that we've not made those changes. We
24 are fortunate enough to have Craig and Gerry. Craig
25 Travers leads our Midwest region, and Gerry Smiriga, we

1 feel that they've done a terrific job. I'll get a little
2 bit more into that in a second when I turn it over to him.

3 On slide ten, just a little bit about what
4 we've been up to, not only the housekeeping from the
5 bankruptcy, a lot of stuff. A lot more transition items
6 than we thought. Probably a lot more than Marc thought as
7 he joined our team. But we did enter into a management
8 consulting contract with the J.W. Marriott and Rampart
9 Casino. We are under construction with another travel
10 center at Primm, and we are under construction with a
11 90-room hotel in Iowa.

12 So it's been a busy year for us, not the
13 least of which, we had to deal with a tragedy in St. Jo
14 this year. And I want to, again, in front of you,
15 Mr. Chairman and Commissioners, thank all of Staff, Highway
16 Patrol, our local constituents.

17 This was -- this doesn't have a playbook.
18 I've been doing this almost 30 years, and I can tell you
19 there's no manual that says, By the way, in a flood, turn
20 to chapter three. And I thought Craig Travers did a
21 wonderful job at handling that. And I think the fact that
22 we were up in 93 days is a testament to not only working,
23 again, with all of the constituents, but our team members
24 there.

25 So as I bring up Craig Travers -- I've been

1 fortunate; I've been with him almost 30 years, right now.
2 In fact, this year will be 30 years, off and on, we've
3 worked together. And, again, I think that he does a
4 terrific job for us.

5 So I hope that gives you a brief overview of
6 the company's side. I'm happy to answer any questions.
7 Ferenc, myself, Marc are here from the corporate lens, and
8 can give you any visibility, if I didn't cover it, that you
9 wanted to go over.

10 CHAIRMAN MATHEWSON: Any questions at this
11 time? Let me just make a couple comments along the same
12 line you were talking about. You know, we were getting --
13 Roger and Staff was reporting to us on a regular basis,
14 through e-mails and phone calls, as well as at our
15 meetings, when you were down in your St. Jo operation.

16 You-all -- I think you're to be commended.
17 I mean, you took care of your people up there. You know,
18 you kept the community informed. And this is your
19 community (indicating), so, you know, I'm not trying to
20 step on your area here. But just as Chair, I was really
21 proud of the way you-all handled that whole situation.

22 You -- you -- terrible thing that happened
23 to you. Like you say, there's no manual written for that.
24 And I thought Staff did a great job of working with you and
25 getting you back up as quickly as possible. So let me

1 thank you and your whole operation for what you did up
2 there.

3 Because, you know, with the economy of this
4 state, as everyone is going through the tough times, we
5 take an operation down, you know, for 90 days or 93 days,
6 whatever, that hits the bottom line of our transfer of
7 money to the education fund, significantly. And so, you
8 know, we were hoping that you were going to get that back
9 up as quickly as possible so we could get that fund flowing
10 back in, you know, so -- and you did. So we thank you.

11 Now, lady from St. Jo.

12 COMMISSIONER BRADLEY: May I add to that? I
13 observed you, Craig, did a great, great job, and also
14 taking care of the employees. That's -- I mean, I just --
15 I watched it. I heard about it. I knew people that were
16 involved, and this and that, so you really did a great job.
17 So we appre-- we in St. Joseph appreciate that.

18 MR. ROSS: Thank you very much. Working
19 with Roger, it was a -- when it happened, I said, This is a
20 defining moment for our company. We are a new company, and
21 we needed to make sure that we set the tone for the
22 culture. And I think working together -- I hope we did the
23 right thing, and I'm glad you notice that. We appreciate
24 it.

25 CHAIRMAN MATHEWSON: We recognize it.

1 MR. ROSS: Thank you.

2 CHAIRMAN MATHEWSON: Thank you very much.

3 Any other questions or comments?

4 COMMISSIONER JONES: Can I make a comment?

5 CHAIRMAN MATHEWSON: Sure. Please.

6 COMMISSIONER JONES: Mr. Travers, you have
7 all the expertise because you've been in multiple floods in
8 Illinois. So being on the team, you know, I was pretty
9 much confident that he was going to get it up and running
10 because he has a wealth of expertise from his previous days
11 of East St. Louis, Illinois. So, Mr. Travers, hey, kudos
12 to you.

13 MR. TRAVERS: Thank you.

14 MR. ROSS: We're excited to be in Missouri
15 and, again, we look forward to our future with you.

16 CHAIRMAN MATHEWSON: Coming out of East St.
17 Louis, I can understand that. A little humor. Okay. You
18 were going to call up --

19 MR. ROSS: Yes. Any questions for me? If
20 not, I'm going to bring up Craig Travers, again, our
21 Regional General Manager. Thank you very much.

22 CHAIRMAN MATHEWSON: Thank you, sir.

23 MR. TRAVERS: Good morning. A pleasure to
24 be here. Three years ago when I did this, I didn't think
25 I'd be here three years later, but, obviously, one of the

1 old things that I've learned in the business -- in 1982, I
2 hired Mr. Ross as a valet parking attendant, so apparently
3 I treated him okay because I'm still here. Small world.

4 CHAIRMAN MATHEWSON: You never know.

5 MR. TRAVERS: Wise man always said, wade
6 careful on the way up, because you meet them on the way
7 down.

8 Anyhow, we're going to start with Mark Twain
9 first because they had a much less exciting year, although
10 they had a good year. We only got -- in speaking with them
11 about the situation over there, obviously, the flood
12 situation was affecting both rivers, both Mississippi and
13 Missouri.

14 LaGrange is on the Mississippi. They got
15 the water up to their road and into their parking lot; but
16 luckily, they didn't get closed down as they had gotten
17 done -- closed down a couple years prior to that. So we
18 had basically two incidences within three years with
19 regards to flooding, and our insurance companies are
20 letting us know about it, believe me.

21 As you can see, we're going over three
22 years, even though this is our first year renewal because
23 there were two years in there that weren't presented
24 because of the timing of the bankruptcy and the timing of
25 the license renewal. So we're going to kind of look back

1 at three years on the numbers.

2 And as you can see, even with the situation
3 of the economy and the situation with the overall ability
4 in the United States, both Mark Twain and St. Jo -- had it
5 not been for the flood -- continue to show improvement.
6 Even on a very small basis, but they continue to improve.
7 I think, obviously, a lot of that has to do with the small
8 boats being a more -- in a smaller protected market, so I
9 think we've taken -- that's to our advantage and we
10 appreciate that very much.

11 As you can see from the -- what was paid to
12 the local jurisdiction in LaGrange with regard to the
13 property taxes. The AGR and admission fees are the
14 percentage of the fees that come out of the -- that they
15 get refunded back from the State.

16 The admissions remain fairly stable, even
17 though we've seen a little bit of a trend in reduction in
18 admissions. We were still improving on a win-per-pass side
19 of the equation, so we were still -- even though we were
20 able to fade the reduction in admissions, we were still
21 improving on the revenue side. So I think that's,
22 obviously, hats off to the marketing group and the
23 management group over there to be able to make that
24 adjustment.

25 And we're also forecasting for '12 a little

1 bit, and continue with the improvement situation. So it's
2 a very stable operation over there. Obviously, their main
3 market over there is Quincy, and they take very good care
4 of those people, and they take good care of us. So that's,
5 obviously, a lot of money coming from the state of Illinois
6 into Missouri, so that's always a plus.

7 As you can see the capital expenditures,
8 obviously, for the three years, I can honestly say in both
9 properties' circumstances, most of this CapEx was done
10 within the last 16 months. Things were kind of frozen as a
11 result of the bankruptcy for the first -- I don't know --
12 eight, ten months of the procedure.

13 But once David and the guys got everything
14 cleared through, we started getting back into taking care
15 and fixing, repairing, improving. And as you can see, the
16 three point -- almost \$4 million in CapEx, as I said, most
17 of that was done in the last 16 months.

18 A concentration was made at both properties
19 with regards to upgrades in slot machine software,
20 ticketing machines, kiosk machines, things of that nature,
21 customer service issues. And also, obviously, taking care
22 and keeping the property up to snuff when it comes to looks
23 and feel.

24 And you'll see from the next slide that we
25 did some -- a little bit of remodeling during that period

1 of time. We took what was the old club and coat-check
2 room, and converted that into a banquet room because they
3 had no banquet facilities over there. And we took the old
4 coat-check and some other service areas, and converted that
5 into a new gift shop. So we were able to do those
6 projects, even in light of the situation.

7 We also remodeled and redid the dining room,
8 and we just redid the carpeting again in there for the
9 second time in a couple years. So if -- I know it's very
10 tough for you guys to get over to LaGrange, but it is in a
11 very good spot, and it's in very good condition. Customers
12 really appreciate the fact that we keep it up, and that's
13 why we do that.

14 So, as I said, we were able to do those
15 small projects as well, even in light of what we were going
16 through. So more utilization of the space and provide more
17 ability to do some little conferences and little meetings
18 over there that we didn't have before, and it's going over
19 very well. So it's really helping our food and beverage
20 operation.

21 Obviously, the numbers with regards to
22 affirmative action and minority and our demographics for
23 our employees over there. We try to keep the employees on
24 the Missouri side, but, obviously, being so close to
25 Quincy, there's going to be that tendency for the Quincy

1 people looking for employment to come over.

2 Out of 100 -- we've got 231, 66 -- roughly
3 70 percent are Missouri; 30 percent are Illinois; and then
4 the 2 percent that come down from Iowa. I think that's
5 what -- David and the slot guys live in Iowa.

6 And, as you can see, minority employees
7 currently make up 11 percent of our casino employment over
8 there, and female employees make up approximately
9 58 percent of our employees over there. We have
10 231 employees total.

11 This is the wage scale. Unfortunately, the
12 wage scale is, obviously, the same as it was three years
13 ago. But I'm happy to announce today that we just got
14 approval from our board of directors; both Missouri
15 properties will be receiving a 3 percent wage increase,
16 effective the first of February, across the board.

17 Unfortunately, as part of the bankruptcy
18 procedure, obviously, wages got frozen during that period
19 of time, so -- and once we were able to clear that up,
20 obviously, that was the first thing on our list. We were
21 actually going to try to get this done in July or August,
22 but when the flood hit St. Jo, we had to put it off.

23 But we're now able to do it and we will be
24 putting these into effect the 1st of February, so both
25 places will be getting a 3 percent wage increase. And we

1 are planning on budgeting those on a yearly basis from here
2 on out, so good news for the employees.

3 On the employee statistic side, you know,
4 the turnover over there remains pretty much stable. You
5 would wonder with 231 employees, the 28 or 30 would seem to
6 be high. It's really not because basically the positions
7 that get turned over on a high-percentage basis are usually
8 in food and beverage. Back of the house, lower-end pay,
9 tip positions, where they'll take the job, work awhile,
10 learn how to do it, and then go somewhere else where they
11 make better tips.

12 So that's basically where most of all of our
13 turnover occurs, is basically in food and beverage. And
14 that's the same for both properties. Both Mark Twain and
15 St. Jo have very similar employee statistics with regards
16 to turnover.

17 These are the unemployment rates that are
18 shown -- that are requested to be shown for the years, by
19 the month. And as you can see, over on the west side of
20 the state, it went from 8.3 to 8.5. It's come down to 7.10
21 as of the December estim-- or the December -- or the 2011
22 numbers, which shows that there is, obviously, a little bit
23 of improvement over there from the unemployment side.

24 Our Minority and Women Business Enterprise
25 plan, we kind of have a tandem plan between both

1 properties. The property on the St. Louis side, on the
2 west side, belongs to the St. Louis Minority Business
3 Council organization. That helps us with, obviously,
4 getting lists of eligible people in business that we try to
5 do business with.

6 We get a list from -- there was originally a
7 list from the State that, obviously, was not very accurate.
8 The business councils on both sides of the state have
9 created a list. Now we have a list of our own that's being
10 created by the Commission that is very good to use and it's
11 very reliable. And that's the list that we start with and
12 then we go from there down when we go to work on awarding
13 business to minority businesses on both sides of the state.

14 You can see from the three quarters we have
15 a current year-to-date of 4.64 percent of eligible
16 purchases. Another thing that occurred, obviously, for
17 these three years were -- there were different processes
18 and classifications created as a result of changing in
19 policies with regards to eligibility, verifying,
20 certifying, things like that.

21 So as far as this year goes, we're at 4.6
22 percent, and if you add in the fourth quarter, which is
23 unaudited -- so we want to make sure that we're
24 acknowledging that these figures are unaudited so far by
25 the Commission, which they are going through audits now.

1 If you add that amount of purchases in, as
2 you can see, there was some significant purchases made in
3 the fourth quarter that pushed the number up from 4 to 6.51
4 percent. Those occurred because of opportunities that came
5 along in the fourth quarter as a result of our name change,
6 and buying -- and having to replace product that had the
7 name Terrible's on it that had to be removed.

8 Fortunately, we were able to find vendors --
9 obviously, cards, dice, chips, those types of things that a
10 minority vender in Missouri, GEMACO, was able to provide for
11 us, and we used them as a result of that. So you're going
12 to see this situation at both Mark Twain and St. Jo, is
13 there's significant numbers in the fourth quarter.

14 St. Jo, obviously, because of two reasons
15 over there: We were closed during the third quarter, so we
16 weren't buying much, and then, as I said, the name change
17 also resulted in some significant opportunities to buy from
18 minority vendors for those particular types of items.

19 Just for historical background, once again,
20 knowing and realizing that the numbers were computed a
21 little differently in 2009 and 2010, the 2009 number for
22 Mark Twain was 2.62 percent. The 2010 number for Mark
23 Twain for the year was 3.03 percent.

24 And as you can see, the 2011 number is 6.51
25 percent. So there was a significant improvement as a

1 result of, as I said, the opportunities that we were able
2 to take advantage of in moving our minority dollar spend to
3 minorities that were able to take and provide us with these
4 specialty products.

5 As of -- once again, the quality of life
6 issue that's requested, these are the crime rates for the
7 region. I don't think we see much in the way of change
8 there.

9 Problem gamblers, obviously, we participate
10 in all the problem gambling issues. We do the advertising.
11 We have the disclaimers on all the billboards and things
12 like that. We have a committee within the operation. We
13 have -- we participate with Missouri Gaming Association
14 with regards to issues with problem gaming.

15 We also, obviously, have a reward program
16 within the property for finding, identifying, catching, and
17 removing both -- this is both DAP individuals as well as
18 underage individuals. And we still continue that to this
19 day. And the employees know that and, believe me, the
20 customers that know they're on the list and the people that
21 know they're underage know that.

22 So we don't have -- we don't really -- we
23 haven't really seen an issue, once again, because the
24 small-market boats, everybody knows everybody, so it's very
25 easy to catch somebody whether they're a DAP or whether

1 they're underage, so -- especially in St. Jo we have that.

2 These are the businesses that were open
3 during the three years over in -- and I'm assuming this
4 would be in LaGrange.

5 Gerry, is that correct?

6 In LaGrange -- the city of LaGrange, and,
7 obviously, the businesses that closed. Very small city,
8 fairly stable economy, so it's not very remarkable that we
9 would have that low of a number of openings and closings.

10 These are the charitable contributions for
11 the three years, by year, and the organizations that we
12 provide and donate to as a company over and above whatever
13 it is we're required to do from a tax standpoint or
14 otherwise.

15 These are the organizations that our
16 employees do volunteering work. And, obviously, there's a
17 significant amount of volunteer work done by both
18 properties. Our property will be significantly higher, and
19 you will see, as a result of the flood.

20 But this is ongoing, and we really insist
21 and express to our employees that -- for them to get
22 involved in the community. Obviously, it's fairly easy for
23 most of them because they're all from the community.
24 They're very high profile because they work at the casino,
25 so they're acknowledgement as far as participating in these

1 organizations is very visible.

2 And that's it for Mark Twain. If you want
3 me to keep going, I can. I can stop if there's any
4 questions with regards to Mark Twain.

5 CHAIRMAN MATHEWSON: One of the things I
6 just wanted to mention to you was, I notice -- and maybe
7 this had been done previously, but your -- it jumped out at
8 me. You're showing your property tax as the number one
9 item on here, which I appreciate. Okay? I had asked
10 previously, a few months ago, that -- for people when they
11 come for their relicensure to do that because I didn't see
12 it.

13 You know, in other words, it wasn't
14 something that was out there real plain, and that's a
15 significant item. I suspect in -- well, you wouldn't be
16 necessarily in St. Jo, but in LaGrange, you're probably one
17 of the biggest property tax payers up there.

18 MR. TRAVERS: It's a significant number in
19 St. Jo too.

20 CHAIRMAN MATHEWSON: Is it?

21 MR. TRAVERS: Oh, yes.

22 CHAIRMAN MATHEWSON: Okay. Well, St. Jo's
23 bigger, so I --

24 MR. TRAVERS: It's a significant number in
25 St. Jo.

1 CHAIRMAN MATHEWSON: Yeah. But -- okay.

2 COMMISSIONER JONES: There's St. Jo

3 (indicating).

4 CHAIRMAN MATHEWSON: Oh, yeah. I see it is.

5 Yeah. Any rate, I just wanted to mention that, that that's

6 good. Okay. That was the big thing that I noticed. Any

7 other questions at this time?

8 COMMISSIONER HATCHES: I have just a quick

9 question. On the Minority and Women Business end, I know

10 last year we started a new process to track it. And my

11 question, I guess, is -- to you and to Staff is whether or

12 not we're tracking right here? Are our numbers the same

13 or -- thank you.

14 MR. TRAVERS: Thank you.

15 CHAIRMAN MATHEWSON: Did you get that?

16 THE COURT REPORTER: I did not hear the

17 response.

18 MS. BONNER: They're the same.

19 MR. TRAVERS: She said they're the same.

20 CHAIRMAN MATHEWSON: Yeah. But stand --

21 MR. TRAVERS: Obviously, they're being

22 audited on a quarterly basis --

23 CHAIRMAN MATHEWSON: -- up and identify

24 yourself --

25 MS. BONNER: Cheryl Bonner. They're the

1 same.

2 CHAIRMAN MATHEWSON: Okay. Thank you.

3 Anyone else? Any comments or questions?

4 (No response.)

5 MR. TRAVERS: Okay. Well, moving to St. Jo,
6 we'll start with the good stuff first. Obviously, again, I
7 have an additional piece to this presentation, with regards
8 to the flood, at the end. So we can go through that and
9 answer any questions as a result of operations in the
10 flood.

11 Obviously, the home dock jurisdiction
12 amounts, we had a lease that ended in 2009 that was created
13 during the Grace years when the boat was still docking at
14 the downtown facility, which was owned by the City.

15 We moved away from that area, I believe, in
16 1998 -- is that correct -- to the current location, but we
17 continued as a result of the lease being still in full
18 effect when Herbst bought Grace, to continue to make those
19 payments until the lease expired in June. That was the
20 balance of the payments that were made for that lease in
21 the year 2009.

22 The property taxes, as you can see, are
23 significant, as a result of, obviously, property tax
24 increases in St. Jo proper; they did go up. And we expect
25 them to, once again, go up again in 2012, as a result of

1 the rebuild/remodel from the flood. We'll get reassessed
2 again, and now that everything's new, of course, the value
3 will go up, so the property tax will go up.

4 The AGR admission numbers are -- obviously,
5 the city and the county's split from the state, that's
6 refunded back to them from the Pass Tax, the admission
7 fees, and from the AGR tax; that's their totals. And as a
8 result of the lease being ended, we made an agreement with
9 the City and the County to spend a commitment of 100,000 to
10 each one of them on a yearly basis on mutually beneficial
11 projects.

12 The 2010 payment was made directly to them
13 without any particular projects in mind. And the 61,000
14 was to repave and res-- improve the road in front of the
15 casino. The City had it done. We reimbursed them for
16 that. So that was a direct project that we felt we should
17 take care of.

18 The 2011 number, obviously, it shows the
19 repair to the levy that failed during the flood, that
20 protected not only the casino, but also the ball fields
21 that are owned by the City and property that's owned by the
22 City. We worked with the City and investigated how this
23 was going to be done and, obviously, it was discovered that
24 the area of the levy that failed was on casino property.
25 So that, obviously, caused some issues.

1 As well, ability to get it done in the fall
2 versus getting it done in the spring, we didn't think it
3 was -- we were not comfortable with waiting to fix the levy
4 in the spring, so we went ahead and fixed the levy in the
5 fall. And I'm pleased to announce that it is repaired, so
6 it will be ready for flood waters -- or high rivers again
7 in the spring, and we won't be worried about fixing the
8 levy when the river's up.

9 COMMISSIONER BRADLEY: Craig, did you say
10 you give 100,000 to the City and the County? Just -- you
11 just have a new agreement now that you don't pay this lease
12 anymore?

13 MR. TRAVERS: Correct.

14 COMMISSIONER BRADLEY: There's 100,000, then
15 you paid extra to -- for the road improvement --

16 MR. TRAVERS: Yes.

17 COMMISSIONER BRADLEY: -- and for the levy
18 repair?

19 MR. TRAVERS: Yes.

20 COMMISSIONER BRADLEY: Thank you.

21 MR. TRAVERS: You're welcome. Moving on to,
22 obviously, the gross receipts. I added this in so the
23 Vegas guys don't -- didn't see this. I added a dotted line
24 into the equation to show you where we would've been, and
25 should've been, had the Army Corps not played with us.

1 We were, obviously, on an upward -- upward
2 slope as well at St. Jo, with 2009 at 38- and 2010 at 39,9-
3 almost. We were on track at that point when we -- when we
4 started walking through the water to do about 41- to
5 \$41 and a half million at St. Jo this year. So, obviously,
6 there's about a \$10 million hit from the three months,
7 obviously, not only on our side, but, obviously, the
8 State's side and City's side and the County's side when it
9 comes to the tax. So it was very significant, as Chairman
10 Mathewson pointed out.

11 But once again, you can see that our
12 admissions were also improving. We were at -- we were
13 looking at probably an admission figure of about 1.4
14 million for the year, before the flood hit, so we were
15 improving on admissions as well over at St. Jo.

16 And then, you can see the capital
17 investments that took place in '09 and '10 and '11, where
18 you can see significance in the acceleration of improve--
19 of capital expenditures that took place once the bankruptcy
20 was sorted out. You can see, once again, we concentrated
21 on our capital and slot product, and software and hardware,
22 and patron oriented stuff: Machines, ticket kiosks, and
23 improving and continuing to take care of the property, as
24 far as appearance.

25 And now, you'll see, we've got some

1 significant amounts paid at both Missouri properties with
2 regards to the name change. I'm happy to announce that the
3 cowboy in the Terrible's sign is gone from everything. I
4 know that was kind of a concern for a lot of people.

5 CHAIRMAN MATHEWSON: You didn't like the
6 damn sign, did you? Just want to make sure.

7 MR. TRAVERS: We'll let the sign have a
8 quiet burial.

9 CHAIRMAN MATHEWSON: Yeah, okay.

10 MR. TRAVERS: But all that signage has all
11 been changed now. They just finished up the sign over at
12 Mark Twain this week.

13 And, obviously, as I said, significant
14 purchases that were made to change the chips, the cards,
15 the dice, the forms. Everything that had the logo on it
16 had to be changed, and we used that opportunity, once
17 again, to concentrate on minority vendors to get that done.
18 So that was a very opportunistic time and amount of money
19 to be able to use that and concentrate that in the
20 minority-business field.

21 Affirmative action and minority hiring,
22 we're a little different over on the St. Jo side. We're on
23 the Kansas border, so we've got people that work for us
24 over on the Kansas side. Two hundred forty-seven of our
25 employees live in Missouri, fifteen live in Kansas, for a

1 total of two hundred sixty-two.

2 We have a minority -- the minority employees
3 of our staff make up approximately 9 percent of our casino,
4 and the female employees of our staff are approximately
5 52 percent of our total employment. We're about 265,
6 270 -- oh, we're showing 262 employees when this report was
7 done.

8 Once again, you can see the salary scales
9 that were the same as they were when we did this three
10 years ago. And, once again, we are -- they are going to be
11 receiving a 3 percent, across the board, wage increase
12 beginning February 1.

13 They'll be happy to hear that because they
14 haven't heard that yet from me, so you're the first to
15 know. So I'm sure within a couple hours I should be
16 getting phone calls from St. Jo, wanting to know if that's
17 true or not, so I just want to verify that it is.

18 Employment statistics, as far as the
19 turnover, once again, what's kind of ironic with this
20 number is, in light of the catastrophe, somehow or another
21 the number went down as far as employee turnover. And at
22 the time that we went down, we had approximately
23 270 employees. At the time that we came back up, we only
24 lost 20 in that 93 days.

25 Obviously, taking care of them from the pay

1 standpoint helped. We think that that was a tremendous
2 reason why we didn't try to start -- get back in business
3 and have no employees, so we wouldn't have been able to get
4 back in business that quickly. We stayed in very close
5 contact with them. I'll go over some of that, with regards
6 to how we did that, during the flood presentation. But we
7 were happy to see that that amount of turnover rate has
8 gone down.

9 And we're also happy to see that our
10 unemployment rate from 2009, 2010, and 2011, 2011 shows
11 it's going down, so that's a good sign in St. Jo.
12 Unemployment rates by the month for the three years: As
13 you can see in St. Jo it got up into the -- in February of
14 2010, it got up to almost 10 percent, 9.7, so it's been --
15 it was a tough couple years in St. Jo for -- from the
16 employment standpoint, so that's --

17 CHAIRMAN MATHEWSON: Let me stop you just a
18 minute before you move on. I don't remember asking anyone
19 this before on renewals. On your -- on the DAP program,
20 the Dissociated Persons, that goes into effect on -- the
21 abolishment, if you will, of that --

22 MR. TRAVERS: Right.

23 CHAIRMAN MATHEWSON: -- on March the 30th.

24 MR. TRAVERS: Uh-huh.

25 CHAIRMAN MATHEWSON: But I noticed in here

1 that your check cashing company also ran that check against
2 the name -- against the DAP list, or that's what it says
3 here.

4 MR. TRAVERS: Correct.

5 CHAIRMAN MATHEWSON: How -- what does a
6 check cashing company charge the casino for running checks?
7 Is there a flat percentage or percentage of the amount? Or
8 how's that work? Does anybody know?

9 UNIDENTIFIED SPEAKER: Percentage of the
10 dollar amount.

11 MR. TRAVERS: Percent to the dollar? Yeah.
12 Percentage of the dollar amount of the checks.

13 CHAIRMAN MATHEWSON: Okay. Okay. So do you
14 have, like, a \$500 cap on that, on the amount of the
15 check --

16 MR. TRAVERS: The amounts --

17 CHAIRMAN MATHEWSON: -- at a time?

18 MR. TRAVERS: The amount's established by
19 the check cashing courtesy [sic] based on the -- because of
20 their ability to check the person's credit rating right
21 when they're cashing the check. So I don't think there's a
22 limit.

23 Is there? Do we limit those to 1,000 or
24 500?

25 UNIDENTIFIED SPEAKER: It's up to the check

1 cashing company.

2 MR. TRAVERS: Yes. Basically, limited by
3 the check cashing company.

4 CHAIRMAN MATHEWSON: Okay.

5 MR. TRAVERS: Because they're actually
6 checking --

7 CHAIRMAN MATHEWSON: If I walk up to the
8 counter and want to write a \$1,000 check, they're going to
9 run that and then come back to me and say, No, we can cover
10 500, or whatever. Right?

11 MR. TRAVERS: No. They won't come back and
12 tell you what the amount is. They'll come back and say
13 that the check cashing company is refusing to cash the
14 check in that amount. They can't -- they do not tell us
15 what -- in other words, if the possibility was there that
16 you were trying to cash a \$1,000 check, and there was only
17 \$500 in your account, they would not come back and tell us,
18 The check's good up to 500.

19 They'd just come back and say, The check's
20 not -- we're not authorizing the cashing of that check from
21 our standpoint. It could be credit. It could be that the
22 account -- because they have actual access to the person's
23 accounts and to the person's credit rating.

24 CHAIRMAN MATHEWSON: Okay. Well, let me
25 stay there. Now, I won't dwell on this forever --

1 MR. TRAVERS: Okay.

2 CHAIRMAN MATHEWSON: -- but I -- but that's
3 always concerned me, how that works.

4 MR. TRAVERS: Uh-huh.

5 CHAIRMAN MATHEWSON: So you're saying that
6 when Jim Mathewson goes up to write a check -- which I
7 can't even come in a casino, as you know, as a member of
8 the Commission. That's a good law because I'd be there.

9 MR. TRAVERS: We'd like to have you there.

10 CHAIRMAN MATHEWSON: Yeah. I'm going to --

11 MR. TRAVERS: Come see us when you retire.

12 CHAIRMAN MATHEWSON: I'm going to get off
13 this Commission one of these days, and I'll come see you.

14 COMMISSIONER JONES: Take your \$200.

15 CHAIRMAN MATHEWSON: Yeah. I'll take my
16 \$200 and go up there and have a good time.

17 So if I write a check, okay, to any
18 casino -- it doesn't make any difference. You all probably
19 have the same rules, don't you, as far as --

20 MR. TRAVERS: I think we all use a check
21 cashing --

22 CHAIRMAN MATHEWSON: Probably check
23 cashing --

24 MR. TRAVERS: -- service in most cases. Do
25 we not, Clarence?

1 CHAIRMAN MATHEWSON: All of you is about the
2 same.

3 MR. TRAVERS: In that situation --

4 CHAIRMAN MATHEWSON: Is it Clarence?

5 MR. GREENO: Yes.

6 CHAIRMAN MATHEWSON: Okay. Okay. So how do
7 they have access to my account in Sedalia, Missouri, Third
8 National Bank, to know? I mean, I have never given them --
9 anyone access to my account.

10 MR. TRAVERS: Well, I think a lot of it's
11 based on they have access to the credit rating agencies,
12 first of all. And I think through the credit rating
13 agencies -- obviously, the credit rating agencies have
14 access to your accounts to give you a credit rating, to
15 know that you have a good cred-- a good record with cashing
16 checks at whatever institutions you use.

17 CHAIRMAN MATHEWSON: Okay.

18 MR. TRAVERS: And if there's any returned
19 checks that would come through in any -- at any casino who
20 uses these agencies' services, they will be put in all
21 their data banks. So the minute one of them comes back,
22 they all know that you got a problem with your --

23 CHAIRMAN MATHEWSON: Because when I'm
24 going -- like, you know, I go out to Vegas two or three
25 times a year. Before I go --

1 MR. TRAVERS: Yeah.

2 CHAIRMAN MATHEWSON: -- I always call --

3 MR. TRAVERS: Right.

4 CHAIRMAN MATHEWSON: -- and make sure that
5 my line is in place.

6 MR. TRAVERS: Correct.

7 CHAIRMAN MATHEWSON: And they'll call my
8 bank sometimes, and sometimes they don't. When I'm going
9 out of country, then I do the same thing.

10 MR. TRAVERS: A little different in Vegas
11 because your line of credit at the casino in Vegas is a
12 form of credit, and we're not allowed --

13 CHAIRMAN MATHEWSON: I know that.

14 MR. TRAVERS: -- in Missouri --

15 CHAIRMAN MATHEWSON: I know that.

16 MR. TRAVERS: -- to do credit, so --

17 CHAIRMAN MATHEWSON: Which I think is goofy,
18 but that's my thought.

19 MR. TRAVERS: Okay. I think we're working
20 on that situation, but right now the rules are, we don't
21 extend credit and we don't extend markers.

22 CHAIRMAN MATHEWSON: I understand that. Is
23 legislation introduced to change that? Anybody know?
24 Mike, do you know? Leave it alone, huh?

25 MR. WINTER: There's not been a bill filed.

1 CHAIRMAN MATHEWSON: That sounds --

2 MR. TRAVERS: Good answer, Mike.

3 CHAIRMAN MATHEWSON: I think Mike worked at
4 one of those credit games on the casino at one time or
5 something. Okay. Thank you.

6 MR. TRAVERS: Once again, following along
7 the same program, as I said --

8 CHAIRMAN MATHEWSON: Yeah. Following along.
9 Thank you.

10 MR. TRAVERS: Thank you, sir. Minority and
11 women owned businesses, we have, as I said, the tandem
12 plan. On the Missouri -- on the western side of the state,
13 we are members of the Mid-America Minority Business
14 Council, which has its offices in Kansas City. Have been
15 since I went to the boat in '05, '06.

16 They were another organization that you
17 become a member of, and you have access to their certified
18 lists. So now we have the State list, their list, and as
19 well as the Commission's list. So we have a much better
20 reference area of lists with regards to businesses and
21 services in the minority- and women-owned minority business
22 arena to refer to.

23 When you look at -- at our expenditures that
24 were audited as of the third quarter, you can see that from
25 the year-to-date. And for that quarter we show a 6.91

1 percent, by percentage, for the year.

2 And if you, once again, take into
3 consideration the extraordinary purchases that we made in
4 the fourth quarter, which are unaudited at this time, but
5 we're pretty sure that they're all going to qualify -- you
6 can see from what we had to do in the third quarter --
7 obviously, the third quarter was low because, once again,
8 we were closed.

9 When we got back up to business and back up
10 to speed, significant purchases were made in the fourth
11 quarter that also, once again, brought the figure for the
12 year up to 8.43 percent. And looking at historical
13 numbers, the percentage for St. Jo in 2009 was 3.1, for
14 2010 it was 4.22. So we've made some significant inroads,
15 obviously, on that front.

16 As I said, one opportunity that was brought
17 to our ability was, obviously, the name change. Another
18 opportunity that we looked at and were able to get done in
19 the fourth quarter was the energy-efficient lighting
20 systems for both properties. You'll see a significant
21 number of the MCOR Lighting, \$56,000. That was to change
22 every light bulb in the casino to an energy-efficient bulb.

23 We've done this in Las Vegas at several
24 properties and found the energy savings versus the cost of
25 the bulbs, the ROI on it's less than a year. So we're

1 making a concerted effort to do -- make all of our
2 properties, I guess you could say, quasi green -- is that
3 the term -- with lighting and, obviously, make them more
4 energy efficient.

5 Because our power bills are, as you know,
6 increasing significantly every year. So we're making an
7 effort to try to control our costs with regards to energy
8 by changing the light bulbs. That was a significant
9 number, and that is, as I said, once again, a
10 minority-owned business that we were able to do that with,
11 so --

12 COMMISSIONER HATCHES: Just a quick
13 question: How does this number back up against your
14 overall spend?

15 MR. TRAVERS: The overall spend, I'll go
16 back to that. I think Cheryl will have those numbers, but
17 the overall spend is a spend that's qualified with a
18 certain list. Correct? Where some purchases are exempt
19 and then there's a total number? She has all those numbers
20 in her presentation, I'm sure, so if --

21 Do you have those numbers, A.J., what our
22 overall qualified spend was in -- this year? You had to do
23 it to get the percentage.

24 CHAIRMAN MATHEWSON: Need you for the record
25 to identify yourself, please.

1 MR. TRAVERS: This is A.J. Wiedmaier.

2 MR. WIEDMAIER: A.J. Wiedmaier.

3 CHAIRMAN MATHEWSON: I know, but you need,
4 if you will, please, sir, identify yourself in the mic so
5 she can -- so our reporter here can hear you, please.

6 MR. TRAVERS: That's the qualified number?

7 MR. WIEDMAIER: The total spend is --

8 MR. TRAVERS: Yeah. Yeah. The total spend
9 on 2011 -- the total spend for 2011 in St. Jo was 4.4
10 million.

11 COMMISSIONER HATCHES: Thank you.

12 MR. TRAVERS: Once again, as I said, these
13 are the unaudited fourth quarter. But we're fairly
14 comfortable that they're going to make the grade now that
15 we've been doing it for three quarters, so we know how it
16 works and who should be there and who shouldn't.

17 Just to point out on that list, three years
18 ago, I pointed out to Commissioner Jones that we had helped
19 a minority women-owned business that resides in St. Jo get
20 into business. Ms. Bradley's probably familiar with
21 Delishe, downtown. I'm sure she's a patron, as well as
22 most of the people who work downtown.

23 We're happy to say that she's not only still
24 in business, but they're getting ready to move into a
25 larger facility and she has four employees now. So for

1 three years -- and, obviously, we're still doing some
2 significant business with her. Now that she's moved into
3 her bigger facility, she's going to be able to provide more
4 product for us since she's got more capacity and she's got
5 three employees.

6 COMMISSIONER JONES: Great.

7 MR. TRAVERS: Prime rates, obviously,
8 information that's requested as part of the application.

9 Problem gamblers, same situation in St. Jo
10 as it is in Mark Twain. For -- participate in all the
11 organizations and we also have the same rewards for DAPs
12 and for underage. And I'm happy to say that we definitely
13 have not had an issue with either DAPs or underage at
14 St. Jo, as well as we have not had it at Mark Twain.

15 Once again, it's because of our small
16 market, our small communities. Everybody knows everybody.
17 All the employees know who's of age and who's not, so they
18 don't even -- most people don't even try to -- attempt it
19 because we know who they are.

20 Businesses that were opened and closed, this
21 seems very minute. I'm sure there were more that we don't
22 know about, but those were the ones that we got from the
23 information we were able to receive from the sources that
24 we use. So not too much has changed in St. Jo for that
25 period of time.

1 We're starting to see some expansion of
2 businesses. We've got another big store -- facility going
3 in, Dick's Sporting Goods, and some other things. We've
4 had some new restaurants come online. So the economy there
5 is starting to show signs of picking up and recovering, and
6 we're happy that we're part of it.

7 Unfortunately, we're sad that we weren't
8 able to participate for three months, but we have some
9 information that I'll show you that we -- will have made up
10 for some of that.

11 These are our contributions for the three
12 years. Obviously, significant reduction in 2011, mostly
13 due, in part, to our being closed. We weren't in the
14 position to be donating for the three months, so we,
15 obviously, scaled back, but we will get back up to speed
16 now that we're back 100 percent again.

17 The organizations that our employees
18 volunteer for on a continual basis year-round. And other
19 than that, that's my presentation until we get into the
20 wonderful -- I would attempt to make this my third 100-year
21 flood, after having been through a 500 and two 300s. So
22 although this one was not -- this one was not -- was not
23 man -- was man-made, not natural.

24 The pictures you can see here, and you were
25 all given a CD -- or will be given a DVD that shows

1 timeline and pictures for the 93 days that we were down,
2 from the time the water came in until the time the water
3 went out.

4 Unfortunately, we didn't get any pictures of
5 Roger walking around in the water when we came to visit us.
6 Mr. Stottlemyre was in my office the day after -- or the
7 morning after the flood occurred. And, unfortunately, I
8 had to disrobe and talk to him because I had been in my
9 waders and fell in the river, and so I wanted to get dried
10 out.

11 But he spent about an hour and a half going
12 over what I thought we were going to do. And, obviously,
13 the issue there was, it's not a matter of what we're going
14 to do, it's when we're going to do it. Because we were
15 told at that point in time that the water was going to be
16 like that for three months before we could do anything.

17 And the initial timelines that were given to
18 me as a result of the adjuster showing up and us taking
19 them out to the island in a boat were that we -- they
20 thought we would be lucky to get back in business by the
21 first of the year. So the insurance companies were looking
22 at a six-month timeline when this first occurred. So,
23 obviously, six months and 93 days, a little bit different
24 in time span, so --

25 CHAIRMAN MATHEWSON: Sure is.

1 MR. TRAVERS: And you will see, this is,
2 obviously -- what occurred was that the boat -- or the
3 barge, obviously, went up in the moat because it's
4 flooding, so there was no -- little -- very little damage
5 to the casino itself. However, to get to the boat, you
6 have to go through the land base and there was a foot of
7 water in the land base for ten days. So, obviously, you
8 can see from those pictures, and you'll see from your DVD
9 when you go through it, the significant amounts of damage
10 and water that occurred in the building.

11 Fortunately, we were able to keep the
12 electrical room pumped down, so we were able to keep the
13 power on the entire time we were flooded. So we kept the
14 air moving in the building, which resulted in a significant
15 reduction in the damage that occurred because the building
16 was being aerated the entire time there was water in it.

17 These, you will see at the beginning of
18 construction -- in the picture you see in the upper
19 left-hand corner, is the road that I built to get to the
20 island so we could work on the casino. Had it not -- had
21 we not been able and given the ability to build this road,
22 the only way to get to the boat for three -- for two months
23 was to get to the boat with another boat, and either get in
24 a rowboat or a motorboat. That was the only way you could
25 get to it.

1 Then there would've been the problem, as the
2 water started receding, that it would be too deep -- not
3 deep enough for a boat, too deep to walk over there. So
4 this road cost approximately \$130,000 to build. It was
5 built in the wet, so what you see here was -- when it was
6 originally built, it was built in the water, so we were
7 quite pleased that it was level when the water went down.

8 And that was the road we used to start the
9 rebuild project about three weeks after the flood had
10 occurred. Otherwise, we would've had to wait until
11 September the 10th to start rebuild. So that saved us
12 approximately 60 days in time by constructing this road.

13 You can see the rebuild -- obviously, if you
14 look at the structure when this occurred, you can see in
15 the lower right, all the vertical walls within the
16 structure had to be stripped either four feet, six feet, or
17 eight feet from the floor, both sides, sheetrock,
18 insulation, everything. Then it had to be chemically
19 treated.

20 We had to go through two air-quality tests
21 before the insurance companies would allow us to rebuild,
22 to verify the air quality in the building so that once we
23 were rebuilt, it was verified safe for -- obviously, for
24 the employees as well as the patrons. That was also part
25 of the ABS inspection, that that occurred.

1 We -- when we went back to get back open, we
2 combined the ABS yearly inspection with the ABS flood
3 inspection, so we were able to save a few bucks because we
4 combined those two and they did all the yearly inspections
5 at the same time. So we got certified for the flood, as
6 well as for the year as far as our building safety is
7 concerned. Mr. Boyle and the ABS worked very closely with
8 us on that. It came out -- it worked out very well, so,
9 once again, another time-saving issue.

10 This is the rebuild, obviously, back to not
11 only the way it was, but better than the way it was. I'm
12 sure once you come and see us in your next tour, you'll see
13 we made some significant improvements with regards to --
14 instead of replacing all the stone that had to be removed,
15 that would've taken two months, we replaced all of it with
16 wood wainscot.

17 Two issues there it resolved: It's a much
18 quicker timeline and it was product and finishes that were
19 able to be done locally by Bruner Construction, who did the
20 remodel. Bruner Construction did the original building,
21 which is a St. Joseph contractor. Bruner Construction did
22 the remodel in 2005, and Bruner Construction put the
23 building back together in 2009.

24 So that was approximately a \$3 million
25 expenditure that was paid in -- that -- for a local

1 contractor, and a local work force was used to do it. So
2 all the insurance money to rebuild the place stayed in
3 St. Jo.

4 A quick timeline of what happened, and this
5 is where we'll give you the explanation of what we did with
6 the employees: Why and how. Obviously, we went down
7 June 27th. We continued, obviously, where we were using
8 some of the employees for some of the removal, up to a
9 point, and then they were not able to be used anymore.

10 But we paid them 100 percent of their pay
11 for the month of July. Whether they were working at the
12 casino or whether they were volunteering out in the
13 community, they were all paid 100 percent for the month of
14 July.

15 Once we'd established a timeline that we
16 were going to be open either in September or October, we
17 had really decided -- or not positively, but we knew it was
18 going to be sometime between the end of September and the
19 end of October. And we talked with the unemployment
20 agencies of the state, and came to the understanding we'd
21 put the employees on unemployment.

22 Those who continued to volunteer in the
23 community were augmented 100 percent, up to their full pay,
24 for the months of August and September. In addition to
25 that, whether they volunteered or not, we kept their

1 benefits in full force and effect, 100 percent. They were
2 not required to pay any premiums on their benefits for
3 those three months that they were volunteering out in the
4 community.

5 And as a result of that, at the end of the
6 process, there were still approximately 160 employees --
7 150 employees continuing to be paid at the 100 percent
8 rate, volunteering in the community, which resulted in
9 16,000 hours of community volunteer work during the time
10 that we were down. There's a huge list of the areas and
11 the organizations they volunteered for, and I'll bring that
12 up in a moment.

13 But I can tell you that was one of the very
14 most positive things that we heard from the community, both
15 while we were down and once we got back up, is that they
16 had all these people out there working and doing things for
17 them that in most cases they couldn't get anybody else to
18 do for a long, long time. So a lot of them caught up on a
19 lot of stuff that they wanted and needed to get done. The
20 museum people had a lot of stuff that they couldn't get
21 done until they had our army over there working for them.

22 As I said, the cost, the \$3 million
23 construction -- reconstruction cost was totally contained
24 in the community through Bruner Construction, through the
25 subs of Bruner Construction. We're happy to say that our

1 fine mayor is also the owner of a plumbing contracting
2 company, and they were part of the crew that put our
3 building back together, in conjunction with Bruner
4 Construction.

5 So we were able to keep all the funds from
6 the insurance proceeds for the reconstruction inside the
7 community of St. Jo. So even though we were down, from a
8 tax standpoint, we still had some money flowing in the
9 community for the construction project, so I think that was
10 a tremendous help.

11 We had -- the three million was the direct
12 cost on the building. There was another half a million
13 that was spent with regards to equipment replacement. We
14 bought the equipment from a Kansas City kitchen equipment
15 company, Missouri equipment company. And all the
16 furnishings, fixtures, carpeting, and all that was
17 installed by local, St. Jo contractors.

18 So approximately three and a half million
19 dollars while we were down was generated in return
20 income -- in money flowing back into the community as a
21 result of the project. So we think that had a significant
22 effect on the community as well.

23 These are a list of all the organizations
24 that we had people volunteering. As you can see, it's
25 about four times bigger than the norm. Once they were

1 aware that we had this army out there, we had a hotline
2 that they called.

3 They would call the hotline and say, We need
4 five people here, this day, for this many hours, and more
5 than likely there would be ten there to do it. Because
6 they were only required to volunteer 20 hours a week to
7 receive 40 hours pay, so it was a pretty good deal as well.

8 And these are two of the letters that we
9 received, obviously, from the YWCA and the Patee House
10 Museum. These were organizations that had a lot of things
11 that needed to be done, never had the opportunity, the
12 money, or the volunteer staff to do it. They got it all
13 done within those two months that they were volunteering
14 out in the community.

15 So very, very positive effect, both from a
16 community standpoint -- obviously, that was one of the
17 things we heard when we got back open. Mr. Ross was there
18 the day we got back open. The customers were coming back
19 in, not only saying they were sure glad we were open, but
20 they were sure glad that we helped out in the community
21 while we were down. So very positive from all aspects.
22 Taking a very negative situation and turning it into a
23 positive, so I think it worked out the best for everybody.

24 And it was my insistence, with the
25 corporate, obviously, directors and things, that, you know,

1 this was going to be our chance to show the community and
2 show the state what kind of company we were. So we needed
3 to step up to the plate and do it, and they helped me to
4 get it done, so I thank them as well.

5 Any questions?

6 CHAIRMAN MATHEWSON: Any questions?

7 (No response.)

8 CHAIRMAN MATHEWSON: Thank you, sir.

9 MR. TRAVERS: Thank you, Commissioners.

10 COMMISSIONER BRADLEY: Great job.

11 CHAIRMAN MATHEWSON: Okay. Public comments?
12 Please.

13 MR. FALKNER: Good morning. My name is Bill
14 Falkner; I'm the mayor of St. Joseph. And it's a pleasure
15 to be here today to talk on behalf of the St. Jo casino
16 because of the unique partnership that they share with not
17 only the City, but Buchanan County as well. With me today
18 is presiding commissioner, Archie Turner, and city manager,
19 Bruce Woody, so if you have any technical questions, I'm
20 sure they could answer them.

21 Some of the funding that we -- or some of
22 the items that we spend the money on is very important to
23 our community. It goes to emergency services, equipment
24 for our fire and our police. It has gone to emergency
25 siren system, which we all know is very important. And it

1 serves Save Our Heritage Grant. We do programs such as
2 that to help save our unique architecture in the city of
3 St. Joseph.

4 It has also enabled us to breathe new life
5 in historic Phil Welch Stadium, which now hosts the
6 St. Joseph Mustangs, which is a college baseball team,
7 which in the last two years has averaged between 500 and
8 800 fans a home game, which is outstanding.

9 So, you know, Craig's touched on several
10 items that they do above and beyond what we get on the
11 regular funding, and I won't -- for time, I won't go into
12 some of those things. But I would personally like to thank
13 Craig and his group for becoming a part of our community.
14 And just, like, having the employees work, volunteering
15 their time, was huge, huge for our community in such a
16 devastating time. And so with that, like I said, it's a
17 pleasure to talk on their behalf. And I thank you very
18 much.

19 CHAIRMAN MATHEWSON: Thank you, Mayor. Any
20 questions of the mayor, presiding commissioner, or city
21 administrator?

22 (No response.)

23 CHAIRMAN MATHEWSON: Thank you-all very much
24 for coming down today. Good idea.

25 MR. CAMPBELL: Good morning, Commissioners.

1 My name is Mark Campbell; I am the city administrator for
2 LaGrange, Missouri.

3 CHAIRMAN MATHEWSON: Oh, okay. Good.

4 MR. CAMPBELL: And I'd like to also say that
5 the casino has been a wonderful benefit to our community
6 and we've had a great working relationship with them. The
7 monies that we have received over the years have went to
8 many infrastructure projects.

9 Craig did show that three businesses -- we
10 lost three businesses. That was merely due to the flood of
11 2008. We are increasing.

12 A couple of the projects that we're looking
13 at doing in the upcoming few years are developing the
14 infrastructure for a newly annexed area for business
15 development out of the floodplain; an eight-year plan for
16 sewer rehab within the city; new contact basin for our
17 water department; new water tower for better service
18 pressure; and the rest of it within the community.

19 We're looking at about five million over the
20 next years. Major part of that will be done in the next
21 two years. The sewer plan is an eight-year plan. Without
22 this money, we would not be able to do any of this.

23 In the past we have done a lot of
24 infrastructure: We've done eight miles of water lines;
25 we've built a new waste water treatment plant; roads; fixed

1 the parks, including a nice little dedication to the war
2 memorial that we put into our parks; we fixed the
3 ballparks.

4 Everything that we do with this money in our
5 community is for the public good and is for the public use.
6 There's no part of our community that does not benefit from
7 anything that the City does with this money.

8 CHAIRMAN MATHEWSON: So you don't use any of
9 your money that comes from the casinos for your regular
10 budget items. You use it for the benefits of --

11 MR. CAMPBELL: To a certain extent we do
12 have to because we're such a small community and we have to
13 maintain a police department of a certain size. So we do
14 have to use it for operations, but everything else is in
15 regards to capital improvements, as much we can do. Also,
16 it helps tremendously when we do have floods or natural
17 disasters of some sort, that we have up-front money to fix
18 such things.

19 So I would like to say thank you very much
20 for the casino, and I think they're a wonderful benefit to
21 our community, and I think it's great.

22 CHAIRMAN MATHEWSON: Thank you. Any
23 questions of the commissioner here?

24 (No response.)

25 CHAIRMAN MATHEWSON: Thank you, sir. Thanks

1 for coming down. Anyone else like to speak on either one
2 of the communities?

3 (No response.)

4 CHAIRMAN MATHEWSON: Thank you all very,
5 very much. Thanks for being here.

6 MR. STOTTLEMYRE: Mr. Chairman, the next
7 item would be the investigative summary, and Corporal Mike
8 Arand will present on that.

9 CHAIRMAN MATHEWSON: Morning, sir.

10 MR. ARAND: Good morning, Mr. Chairman,
11 Commissioners. On November 2, 2011, applications for the
12 renewal of the Class B Riverboat Gaming licenses were
13 received by the Missouri Gaming Commission for HGI-St. Jo,
14 LLC, doing business as St. Jo Frontier Casino and HGI-Mark
15 Twain, LLC, doing business as Mark Twain Casino.

16 At the request of the Missouri Gaming
17 Commission Staff, suitability investigations were
18 subsequently initiated by the Missouri Highway Patrol's
19 Gaming Division.

20 HGI-St. Jo and HGI-Mark Twain are currently
21 subsidiaries of Affinity Gaming, LLC of Las Vegas, Nevada.
22 They were formerly subsidiaries of Herbst Gaming, also of
23 Nevada. As you heard earlier, Herbst Gaming filed for
24 financial reorganization in March of 2009. A new company
25 made up of investors and creditors is now known as Affinity

1 Gaming.

2 Financial and criminal background checks
3 have been conducted on the company's Key and Level I
4 personnel, along with a financial analysis of the company.
5 City and County officials were also contacted regarding any
6 possible concerns of the casinos.

7 ABS Consulting, Incorporated conducted the
8 superstructure, life safety systems, and multi-barge
9 platform annual surveys for both HGI-St. Jo and HGI-Mark
10 Twain. The findings of these inspections are included with
11 their respective summary reports.

12 The results of these investigations were
13 provided to the Gaming Commission Staff for their review,
14 and specific details related to those findings are
15 contained within the comprehensive summary report in your
16 possession.

17 Also, Mr. Chairman, I think I can answer one
18 question you made reference to, the taxes. Lewis County,
19 which is where LaGrange resides, the Mark Twain casino is
20 the biggest tax payer in the county of Lewis County, and
21 believed to be the largest employer in Lewis County.

22 It's also a substantial tax payer in
23 Buchanan County, where St. Jo is. In fact, because of them
24 being out of business for three months, their budgets were,
25 in both the county and city, cut substantially because of

1 that loss.

2 CHAIRMAN MATHEWSON: Sure.

3 CORPORAL ARAND: Any other questions?

4 CHAIRMAN MATHEWSON: Any questions?

5 (No response.)

6 CHAIRMAN MATHEWSON: Thank you very much.

7 Roger?

8 MR. STOTTLEMYRE: We now have the MBE/WBE

9 Compliance Review, and Cheryl Bonner will present.

10 CHAIRMAN MATHEWSON: Good morning, Cheryl.

11 MS. BONNER: Good morning.

12 CHAIRMAN MATHEWSON: What are you going to

13 do now, Cheryl?

14 MS. BONNER: Good morning. I'll begin by

15 presenting the MBE/WBE report for St. Jo Frontier. As of

16 November 30, 2011, minority employment for St. Jo Frontier

17 is 9 percent, and female employment is 52 percent. St. Jo

18 Frontier's employment in management, 6 percent minority and

19 28 percent female.

20 According to the 2010 U.S. Census, the city

21 of St. Jo population is 12.2 percent in minorities and 50.2

22 percent female. So St. Jo Frontier's employment of females

23 exceeds the population of the city; however, they have room

24 for improvement of employment of minorities, especially in

25 management.

1 This is a comparison of the 2010 and 2011
2 MBE expenditures for St. Jo. I'd like to note that the
3 2010 expenditures were not audited, but the 2011 figures
4 were audited at 100 percent.

5 The question that was asked earlier about
6 the total spend for the -- I just report the first three
7 quarters -- the total spend for the first three quarters
8 was 2.7 million.

9 So compared to 2010, St. Jo Frontier has
10 increased their MBE and WBE expenditures for each quarter
11 in 2011, except for the third quarter, which was due to the
12 flood-related closure. There's still plenty of room for
13 improvement, but St. Jo is moving in the right direction.

14 I would like to point out that in the
15 presentation of the licensee, they combined the MBE and the
16 WBE numbers, where I kept them separate here.

17 Next will be the MBE/WBE report for Mark
18 Twain. As of December 15, 2011, minority employment for
19 Mark Twain is 10.8 percent and female employment is
20 58 percent. Mark Twain's employment in management is
21 zero percent minority and 36 percent female.

22 According to the 2010 U.S. Census, the city
23 of LaGrange population is 14.3 percent minority and 15 --
24 50.1 -- 51.8 percent female. So Mark Twain's employment
25 for females exceeds the population of the city; however,

1 they have room for improvement in the overall employment of
2 minorities, as well as the employment of minorities and
3 females in management.

4 This is a comparison of the 2010 and 2011
5 MBE/WBE expenditures. I'd like to note that the 2010
6 figures were not audited, but the 2011 figures were audited
7 at 100 percent. The total expenditures for the first three
8 quarters was 1.8 million. Compared to 2010, Mark Twain has
9 increased their MBE expenditures for each quarter; however,
10 has a lot of room for improvement in MBE spend.

11 In order to assist Mark Twain in increasing
12 their MBE and WBE spend, Rick and I have identified several
13 MBE and WBE vendors located outside of the LaGrange area
14 that could possibly provide drop-shipment commodities. As
15 additional vendors are located, they will be added to a
16 list that is available to all properties via the MGC
17 website.

18 This slide shows a comparison of the MBE/WBE
19 expenditures for all 12 casinos. The numbers highlighted
20 in red have been 100 percent audited.

21 CHAIRMAN MATHEWSON: Yeah. I was going to
22 suggest that for the future because that's --

23 MS. BONNER: Hard to read.

24 CHAIRMAN MATHEWSON: Yeah. It's hard to
25 read.

1 COMMISSIONER MERRITT: Question,
2 Mr. Chairman.

3 CHAIRMAN MATHEWSON: Sure, Jack.

4 COMMISSIONER MERRITT: Is there any way to
5 know how many applicants they had -- minority applicants
6 they have for employment and how many they have for -- to
7 provide contracts? How many -- are they turning them away
8 or are they just not getting the applicants?

9 I know they're working through an
10 organization, Kansas City and St. Louis. I noticed in here
11 the minority organizations in Kansas City and St. Louis.
12 Are they just not receiving them or --

13 MS. BONNER: I'm not sure about the
14 applicants.

15 MR. TRAVERS: For the applications, we
16 can -- we can do a -- we could go back and look through our
17 employment records, as far as applications that were
18 submitted, and start tracking that, if you would like to do
19 that.

20 COMMISSIONER MERRITT: Well, I don't want to
21 cause a lot of trouble, but I know if they don't apply, you
22 can't hire them.

23 MR. TRAVERS: Correct. Correct.

24 COMMISSIONER MERRITT: And the same with
25 contracts.

1 MR. TRAVERS: Right. As far as the bidding
2 out of things and the reply of bids from minority
3 contractors or minority vendors, we do do that, but we
4 don't keep them. If they don't -- if they don't qualify or
5 they don't win the bid, then we don't keep the paperwork.

6 CHAIRMAN MATHEWSON: Stay with me just a
7 minute.

8 MR. TRAVERS: Okay.

9 CHAIRMAN MATHEWSON: I wonder if maybe we
10 couldn't do that with all the -- with all of the casinos,
11 Roger. And maybe since this is only the 25th of January,
12 we could start January 1 in 2012. And I don't --
13 personally, I don't know that we need to have name,
14 address, et cetera, of every person that has applied for a
15 contract. As you point out, you know, you might have a
16 room full of stuff that you don't want to keep, you know.

17 MR. TRAVERS: Right.

18 CHAIRMAN MATHEWSON: I would understand
19 that.

20 MR. TRAVERS: Well, it would be very simple
21 for the employees because, obviously, most of our employee
22 application process now is automated and they're entered
23 into a computer. So there could be a simple program
24 created to keep track of employee applications by --

25 CHAIRMAN MATHEWSON: Okay.

1 MR. TRAVERS: -- group. I don't think that
2 would be a problem.

3 CHAIRMAN MATHEWSON: There's what I'm
4 looking for.

5 MR. TRAVERS: Okay.

6 CHAIRMAN MATHEWSON: I wonder if we couldn't
7 do that also on the contracts --

8 MR. TRAVERS: Okay.

9 CHAIRMAN MATHEWSON: -- so we get some
10 sense --

11 MR. TRAVERS: Right.

12 CHAIRMAN MATHEWSON: Like Commissioner
13 Merritt said, I mean, if you're going --

14 MR. TRAVERS: Who's trying and who's not?

15 CHAIRMAN MATHEWSON: -- all the way from
16 LaGrange --

17 MR. TRAVERS: Who's coming from the outside
18 trying to --

19 CHAIRMAN MATHEWSON: Well, St. Louis, and
20 there must be a problem somewhere in between, you know. So
21 if we just had numbers to kind of indicate that, then it
22 would seem to me like that would be a logical thing.

23 MR. TRAVERS: Okay.

24 CHAIRMAN MATHEWSON: And, Cheryl -- and I'm
25 looking at Roger and Bill, I mean, maybe, you know, we

1 could request they all start doing that, if that would be
2 the will of the Commission.

3 MR. STOTTLEMYRE: We'll do that through
4 Cheryl. She'll be --

5 CHAIRMAN MATHEWSON: Yeah. Effective
6 January 1 this year. I mean, we're not that far behind.

7 MR. STOTTLEMYRE: No.

8 MR. TRAVERS: Most people -- most of the
9 applications that would've been received in the last
10 30 days would still be on file or they're still in the
11 system.

12 CHAIRMAN MATHEWSON: Yeah. You'd probably
13 still be reviewing most of them, wouldn't you?

14 MR. TRAVERS: Are we allowed -- I'm
15 questioning -- obviously, I'm not a specialist in labor
16 law. Are we allowed to ask the question as far as minority
17 with regards to an applicant when they fill an application
18 out?

19 COMMISSIONER HATCHES: No. Well, you'd have
20 to talk to your counsel on that, but they -- you do have to
21 be careful about the kind of things you ask.

22 MR. TRAVERS: I'm thinking that might be --

23 CHAIRMAN MATHEWSON: Who?

24 MR. TRAVERS: We might not have that
25 information on the application.

1 CHAIRMAN MATHEWSON: Oh, yeah. Okay. Good
2 point. Good point.

3 COMMISSIONER MERRITT: Catch 22, isn't it?

4 CHAIRMAN MATHEWSON: Might not be able to do
5 that.

6 MR. TRAVERS: Catch 22, yeah. We can't ask
7 that question.

8 COMMISSIONER HATCHES: No. I think if you
9 think through it, though, there's ways to provide the
10 information that we're looking for without violating any
11 EEOC issues. I just think it's a conversation you ought to
12 have.

13 COMMISSIONER MERRITT: How does Cheryl get
14 these numbers if we don't know if they're minority or not?

15 MR. TRAVERS: They're employees that are
16 actual employees --

17 COMMISSIONER JONES: Yeah. Those are
18 actually working.

19 MR. TRAVERS: -- that now we have that
20 information on, as they provide that subsequent to their
21 hiring. But I'm pretty sure there's not an ability for you
22 to ask --

23 CHAIRMAN MATHEWSON: Yeah. I'm pretty sure
24 too.

25 COMMISSIONER JONES: In the application

1 process. Right. That's almost akin --

2 CHAIRMAN MATHEWSON: Be the same with the
3 contracts.

4 COMMISSIONER JONES: -- to you can't ask me
5 how to --

6 MR. TRAVERS: It is in the application when
7 they file for their gaming license. That's part of the --
8 I'm sure that's in that information.

9 CHAIRMAN MATHEWSON: Okay. Well, let's
10 leave it this way: Let's -- you about to add something?

11 CORPORAL ARAND: Yes, sir. As part of --
12 just to see if they're in line -- I think she is -- about
13 9 percent employees. And the demographics for St. Joseph
14 is 89 percent white, so that's pretty much in line with the
15 demographics of the city. And I think 8-- I got 88 percent
16 in Buchanan County, so it's about 9 percent minority
17 population in the city.

18 So that's pretty much in line with what the
19 casino is hiring with what the city has overall. I just
20 thought I'd mention that.

21 CHAIRMAN MATHEWSON: You got LaGrange on
22 there?

23 CORPORAL ARAND: Yes, sir. It's even
24 smaller, as you would suspect.

25 CHAIRMAN MATHEWSON: I'm sure it probably

1 is. The whole population's smaller.

2 CORPORAL ARAND: LaGrange is 94 percent
3 white.

4 CHAIRMAN MATHEWSON: Yeah. Okay. Okay.
5 Well, let's leave it this way then, Roger or Cheryl: Let's
6 look at that and, you know, if we can't do it, we can't do
7 it. But it would seem to me like that if we can, then that
8 would sure give us an idea of where we need to focus our
9 attention to try to create some more minority businesses,
10 or, you know, move some people. Move, you know. Get on up
11 the road.

12 MS. BONNER: I think it would be definitely
13 possible to get their procurement, like what MBEs or WBEs
14 submitted bids, and maybe even the bid amount so we'll
15 know. I kind of want to look at, in the future, doing some
16 small audits on the MBEs that submitted bids and how much
17 they lost the bid by, or something in that -- something
18 like that.

19 COMMISSIONER MERRITT: These statistics can
20 be really twisted by not knowing all the actual facts.

21 CHAIRMAN MATHEWSON: That's exactly right.
22 That's exactly right.

23 COMMISSIONER JONES: But, again, unless we
24 get with counsel, you know, the application is going to be
25 a different thing. I think it's a lot easier to do the

1 contractors because you don't have the legal --

2 MR. TRAVERS: Right.

3 CHAIRMAN MATHEWSON: And you don't have near
4 as many, probably.

5 COMMISSIONER JONES: Right. Right.

6 COMMISSIONER MERRITT: I just think it's
7 difficult --

8 CHAIRMAN MATHEWSON: Well, let's look into
9 it, Cheryl. Okay? Let's look into it, Rog, if we can.

10 COMMISSIONER MERRITT: I just think it's
11 difficult to put pressure on them to hire minorities if you
12 don't know -- if they're not applying enough.

13 COMMISSIONER JONES: Right. Oh, absolutely.

14 CHAIRMAN MATHEWSON: Okay. Any other
15 questions or comments on that section?

16 (No response.)

17 CHAIRMAN MATHEWSON: Roger, Staff
18 recommendation on these?

19 MR. STOTTLEMYRE: Staff recommends approval
20 of the three resolutions you have on Affinity Gaming,
21 St. Jo Frontier Casino, and Mark Twain Casino.

22 CHAIRMAN MATHEWSON: Okay. I think we
23 probably need to take those one at a time, don't we?

24 MR. STOTTLEMYRE: Yes, sir.

25 CHAIRMAN MATHEWSON: Thank you. Chair would

1 accept a motion on Resolution No. 12-002 for approval,
2 please.

3 COMMISSIONER HATCHES: Move for approval of
4 Resolution No. 12-002.

5 COMMISSIONER MERRITT: Second.

6 CHAIRMAN MATHEWSON: Have a motion and a
7 second. Any discussion?

8 (No response.)

9 CHAIRMAN MATHEWSON: Call the role, Angie,
10 please.

11 MS. FRANKS: Commissioner Merritt?

12 COMMISSIONER MERRITT: Approve.

13 MS. FRANKS: Commissioner Hatches?

14 COMMISSIONER HATCHES: Approve.

15 MS. FRANKS: Commissioner Jones?

16 COMMISSIONER JONES: Approve.

17 MS. FRANKS: Commissioner Bradley?

18 COMMISSIONER BRADLEY: Approve.

19 MS. FRANKS: Chairman Mathewson?

20 CHAIRMAN MATHEWSON: Approve.

21 MS. FRANKS: By your vote you've adopted
22 Resolution No. 12-002.

23 CHAIRMAN MATHEWSON: Chair will now accept a
24 motion on 12-003 for approval.

25 COMMISSIONER BRADLEY: Motion to approve

1 Resolution No. 12-003.

2 COMMISSIONER JONES: Second.

3 CHAIRMAN MATHEWSON: Any discussion?

4 (No response.)

5 CHAIRMAN MATHEWSON: Call the role, please.

6 MS. FRANKS: Commissioner Merritt?

7 COMMISSIONER MERRITT: Approve.

8 MS. FRANKS: Commissioner Hatches?

9 COMMISSIONER HATCHES: Approve.

10 MS. FRANKS: Commissioner Jones?

11 COMMISSIONER JONES: Approve.

12 MS. FRANKS: Commissioner Bradley?

13 COMMISSIONER BRADLEY: Approve.

14 MS. FRANKS: Chairman Mathewson?

15 CHAIRMAN MATHEWSON: Approve.

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

17 Resolution No. 12-003.

18 CHAIRMAN MATHEWSON: Chair will now accept a

19 motion on 12-004, please.

20 COMMISSIONER MERRITT: I make a motion to

21 approve Resolution No. 12-004.

22 COMMISSIONER BRADLEY: Second.

23 CHAIRMAN MATHEWSON: Any discussion?

24 (No response.)

25 CHAIRMAN MATHEWSON: Call the role, please.

1 MS. FRANKS: Commissioner Merritt?

2 COMMISSIONER MERRITT: Approve.

3 MS. FRANKS: Commissioner Hatches?

4 COMMISSIONER HATCHES: Approve.

5 MS. FRANKS: Commissioner Jones?

6 COMMISSIONER JONES: Approve.

7 MS. FRANKS: Commissioner Bradley?

8 COMMISSIONER BRADLEY: Approve.

9 MS. FRANKS: Chairman Mathewson?

10 CHAIRMAN MATHEWSON: Approve.

11 MS. FRANKS: By your vote you've adopted
12 Resolution No. 12-004.

13 CHAIRMAN MATHEWSON: Okay. Why don't we
14 take a quick five minutes, okay, before we start on --
15 thanks guys. Congratulations.

16 (Off the record.)

17 CHAIRMAN MATHEWSON: Mr. Director, sir,
18 would you like to go to Consideration of Disciplinary
19 Actions or someplace like that?

20 MR. STOTTLEMYRE: The next items we have on
21 the agenda, sir, is Consideration of Disciplinary Actions,
22 and Ed Grewach will present.

23 CHAIRMAN MATHEWSON: Let's go.

24 MR. GREWACH: Thank you. Under Item F we
25 have a preliminary order of discipline against Ameristar

1 Kansas City. We have regulations that required the
2 properties to immediately report to us any illegal or
3 violent activity that occurs on the property.

4 This involves an incident that occurred on
5 September 2 and September 3, 2011, when a patron used a
6 knife to vandalize some of the chairs in the casino. And
7 the Commission was not notified until September 7, 2011,
8 and the troopers involved in the case felt that that late
9 notification hindered their ability to address the
10 situation or investigate the case. And the Staff is
11 recommending a \$5,000 fine.

12 CHAIRMAN MATHEWSON: Any questions of Ed on
13 this?

14 COMMISSIONER HATCHES: Just --

15 CHAIRMAN MATHEWSON: Sure. Go ahead.

16 COMMISSIONER HATCHES: It doesn't have
17 anything to do with the vote. Did they -- I mean, they
18 eventually caught the guy. Right? They came back and --

19 MR. GREWACH: Yes, they did.

20 COMMISSIONER HATCHES: And -- okay. Thank
21 you.

22 CHAIRMAN MATHEWSON: Okay. Chair would
23 accept -- do you want to do these as we go down through
24 them, one at a time?

25 COMMISSIONER JONES: Yeah.

1 CHAIRMAN MATHEWSON: Chair would accept a
2 motion on DC -- is it -- DC-12-001, please.

3 COMMISSIONER HATCHES: Move to approve
4 DC-12-001.

5 COMMISSIONER BRADLEY: Second.

6 CHAIRMAN MATHEWSON: Any discussion?

7 (No response.)

8 CHAIRMAN MATHEWSON: Call the role, Angie,
9 please.

10 MS. FRANKS: Commissioner Merritt?

11 COMMISSIONER MERRITT: Approve.

12 MS. FRANKS: Commissioner Hatches?

13 COMMISSIONER HATCHES: Approve.

14 MS. FRANKS: Commissioner Jones?

15 COMMISSIONER JONES: Approve.

16 MS. FRANKS: Commissioner Bradley?

17 COMMISSIONER BRADLEY: Approve.

18 MS. FRANKS: Chairman Mathewson?

19 CHAIRMAN MATHEWSON: Approve.

20 MS. FRANKS: By your vote you've adopted
21 DC-12-001.

22 MR. GREWACH: Item G is against Casino One
23 Corporation operating Lumiere Casino. The city of St.
24 Louis has a requirement that all security officers be
25 licensed by the city. And we, in turn, have a rule that

1 requires all our licensees to obey all state, federal, and
2 local requirements, rules, regulations, and ordinances.

3 We found out in this case that there were a
4 number of security officers working there at Lumiere who
5 were not licensed with the city. We found four of them,
6 and they worked unlicensed for time periods ranging from
7 two days to thirty days.

8 We also found out in the course of the
9 investigation that Lumiere's Director of Security, Cortez
10 Slack, knew about the unlicensed persons, and attempted to
11 place them in locations where they were less likely to be
12 seen doing their job. So the Staff is recommending a fine
13 of \$25,000.

14 CHAIRMAN MATHEWSON: How many were there?

15 MR. GREWACH: There were four altogether.

16 COMMISSIONER HATCHES: There was some level
17 of intent there if he was placing them in places --

18 CHAIRMAN MATHEWSON: Well, yeah.

19 COMMISSIONER JONES: Just a question on --
20 do you know how long that process takes for the City, for
21 them to go through that license?

22 MR. GREWACH: I do not.

23 COMMISSIONER JONES: Okay.

24 MR. STOTTLEMYRE: We have folks from Lumiere
25 here that might.

1 CHAIRMAN MATHEWSON: Yeah. Yeah. You can
2 use that microphone right there or come up, either one,
3 please.

4 MR. ZIEBOLD: Dustin Ziebold, Compliance
5 Officer, Lumiere Place. There are two processes that are
6 in place. In the city of St. Louis, it's approximately a
7 six-week process. When we began, when Cortez Slack -- he
8 would send them to the city of St. Louis. Currently, we
9 send them to St. Louis County now, which is the same
10 license. We send them now to the county, and in that
11 process they get the license immediately so we've
12 alleviated this problem to the majority of the extent.

13 In one of the instances, the individual had
14 his license prior to starting security duties. Like he
15 said, it was a two-day gap. Those two days were new-hire
16 orientation, which he was not performing security duties.

17 So to answer your question, it depends on
18 which county you send them to and whether it's the city of
19 St. Louis or the county of St. Louis.

20 COMMISSIONER HATCHES: Does the policy allow
21 them to work in any capacity, even in training, prior to
22 getting a license?

23 MR. GREWACH: My reading of both -- when you
24 read together the city's requirement and ours, it pro-- if
25 they're unlicensed, they're prohibited from conducting any

1 activity that would be in the job description of a security
2 officer. Checking patron IDs, you know, that type of
3 activity would be prohibited -- would violate both
4 St. Louis City ordinance and our regulation if they were
5 conducting those types of activities without a license.

6 COMMISSIONER HATCHES: Thank you.

7 CHAIRMAN MATHEWSON: Okay. Any other
8 questions?

9 (No response.)

10 CHAIRMAN MATHEWSON: Chair would accept a
11 motion on DC-12-002, please.

12 COMMISSIONER JONES: Move for the acceptance
13 of DC-12-002.

14 COMMISSIONER BRADLEY: Second.

15 CHAIRMAN MATHEWSON: Any discussion?

16 (No response.)

17 CHAIRMAN MATHEWSON: Call the role, please.

18 MS. FRANKS: Commissioner Merritt?

19 COMMISSIONER MERRITT: Approve.

20 MS. FRANKS: Commissioner Hatches?

21 COMMISSIONER HATCHES: Approve.

22 MS. FRANKS: Commissioner Jones?

23 COMMISSIONER JONES: Approve.

24 MS. FRANKS: Commissioner Bradley?

25 COMMISSIONER BRADLEY: Approve.

1 MS. FRANKS: Chairman Mathewson?

2 CHAIRMAN MATHEWSON: Approve.

3 MS. FRANKS: By your vote you've adopted
4 DC-12-002.

5 CHAIRMAN MATHEWSON: Ed.

6 MR. GREWACH: The next item is Item I, and
7 that's also Casino One Corporation, Lumiere. This involves
8 a minor on the boat. This was a 20-year-old male. He came
9 in two different dates: July 12th and he was there for two
10 hours, and July 13th and was there for two and a half
11 hours. He did not consume any alcohol.

12 However, both times he entered, neither of
13 the security guards asked for or checked his ID. He also
14 encountered one slot attendant who did not check his ID.
15 And the Staff is recommending a fine of \$5,000.

16 CHAIRMAN MATHEWSON: Any questions?

17 (No response.)

18 CHAIRMAN MATHEWSON: Chair would accept a
19 motion.

20 COMMISSIONER BRADLEY: Motion to approve
21 DC-12-004.

22 COMMISSIONER JONES: Second.

23 CHAIRMAN MATHEWSON: Any discussion?

24 (No response.)

25 CHAIRMAN MATHEWSON: Call the role, please.

1 MS. FRANKS: Commissioner Merritt?

2 COMMISSIONER MERRITT: Approve.

3 MS. FRANKS: Commissioner Hatches?

4 COMMISSIONER HATCHES: Approve.

5 MS. FRANKS: Commissioner Jones?

6 COMMISSIONER JONES: Approve.

7 MS. FRANKS: Commissioner Bradley?

8 COMMISSIONER BRADLEY: Approve.

9 MS. FRANKS: Chairman Mathewson?

10 CHAIRMAN MATHEWSON: Approve.

11 MS. FRANKS: By your vote you've adopted

12 DC-12-004.

13 CHAIRMAN MATHEWSON: Ed.

14 MR. GREWACH: Item J is also Casino One

15 Corporation, Lumiere. And this involves -- also involves

16 their Director of Security, Cortez Slack. He -- his

17 license expired on May 11, 2011, and he continued to work

18 through May 30, 2011.

19 And, Commissioner Hatches, to kind of tie

20 into your question a little bit. He was Director of

21 Security, but he was observed during this time frame

22 conducting activities a security officer would: Refusing

23 entry to the casino floor of an intoxicated person,

24 checking an ID of a patron, telling patrons to leave the

25 property who were facing trespass charges, and driving a

1 marked security vehicle.

2 So that we found to be a violation of both
3 that city ordinance and, again, our regulations, and we are
4 recommending a \$10,000 fine.

5 COMMISSIONER HATCHES: I guess my question
6 would be, do we have a broader issue here in security
7 because this is about the second, third kind of offense?
8 Has this been corrected so we don't see this going forward?

9 MR. GREWACH: Mr. Slack has been
10 terminated -- well, he's been -- and his license has been
11 revoked. At this stage, I believe, he's appealing that,
12 but I think he's also been terminated. Yes.

13 COMMISSIONER HATCHES: Thank you.

14 CHAIRMAN MATHEWSON: Any other questions?

15 (No response.)

16 CHAIRMAN MATHEWSON: Chair would accept a
17 motion on 12-005, please.

18 COMMISSIONER HATCHES: Move for approval of
19 DC-12-005.

20 COMMISSIONER MERRITT: Second.

21 CHAIRMAN MATHEWSON: Call the role, please.

22 MS. FRANKS: Commissioner Merritt?

23 COMMISSIONER MERRITT: Approve.

24 MS. FRANKS: Commissioner Hatches?

25 COMMISSIONER HATCHES: Approve.

1 MS. FRANKS: Commissioner Jones?

2 COMMISSIONER JONES: Approve.

3 MS. FRANKS: Commissioner Bradley?

4 COMMISSIONER BRADLEY: Approve.

5 MS. FRANKS: Chairman Mathewson?

6 CHAIRMAN MATHEWSON: Approve.

7 MS. FRANKS: By your vote you've adopted

8 DC-12-005.

9 MR. GREWACH: Item K is directed to Casino

10 One --

11 COMMISSIONER HATCHES: There's someone

12 behind you.

13 MR. PLANT: Yeah. Chris Plant, vice

14 President of Finance and --

15 MR. STOTTLEMYRE: Would you step up to the

16 mic.

17 MR. PLANT: Sure. Chris Plant, Vice

18 President of Finance and Accounting for Lumiere and River

19 City. I did want to address one comment. Yes, we have

20 taken proactive steps to mitigate the risk of security

21 officers being -- working without the appropriate

22 metropolitan security license.

23 We have with us our Director of Security

24 from River City, as well as our Director -- or Manager of

25 Security for Lumiere with us here today.

1 We've implemented a calendar system to
2 ensure that licenses are tracked on a per-person basis,
3 notifying the team when somebody's license is going to come
4 up for expiration in the 30-day window. We've done an
5 internal audit to make sure that all team members have the
6 appropriate licenses.

7 So we did take very -- we do take the need
8 for the licenses very seriously, and did implement steps to
9 mitigate the risk of it happening in the future. I just
10 want to make sure that that was put out there.

11 COMMISSIONER HATCHES: I really appreciate
12 you saying that. Thank you.

13 COMMISSIONER BRADLEY: Thank you.

14 MR. GREWACH: Item K involves some repeat
15 audit findings for Lumiere. There are two audits done.
16 The first covered a time period from June 1, 2008 to
17 January 31, 2010. The second, from February 1, 2010, to
18 June 30, 2011.

19 The first repeat finding was a failure to
20 properly inspect cards that had been handled by players.
21 There's guidelines of how often and how to do that, and
22 that violation appeared in both of those two audit reports.

23 The second repeat finding was, we have a
24 requirement that all tournament rules have provisions in
25 them for the timely notification of the entrants and the

1 gaming agents, in the event the tournament is canceled.

2 And, again, that was a violation in both those two audits.

3 And the last one was our regulation that
4 requires that key access be removed within 72 hours of an
5 employee's termination. And, again, that finding was shown
6 in both the original and the second audit. So therefore
7 the Staff is recommending a fine of \$15,000.

8 CHAIRMAN MATHEWSON: Any questions of Ed on
9 this?

10 (No response.)

11 CHAIRMAN MATHEWSON: Chair would accept a
12 motion then on 12-006. Is that the one we're on?

13 COMMISSIONER HATCHES: Yeah.

14 COMMISSIONER MERRITT: I would make a motion
15 to approve DC-12-006.

16 COMMISSIONER JONES: Second.

17 CHAIRMAN MATHEWSON: Any discussion?

18 (No response.)

19 CHAIRMAN MATHEWSON: Call the role, Angie,
20 please.

21 MS. FRANKS: Commissioner Merritt?

22 COMMISSIONER MERRITT: Approve.

23 MS. FRANKS: Commissioner Hatches?

24 COMMISSIONER HATCHES: Approve.

25 MS. FRANKS: Commissioner Jones?

1 COMMISSIONER JONES: Approve.

2 MS. FRANKS: Commissioner Bradley?

3 COMMISSIONER BRADLEY: Approve.

4 MS. FRANKS: Chairman Mathewson?

5 CHAIRMAN MATHEWSON: Approve.

6 MS. FRANKS: By your vote you've adopted
7 DC-12-006.

8 MR. GREWACH: Item L is directed toward
9 Harrah's Maryland Heights. As a 24-hour gaming facility,
10 we require them to take a manual count on certain days:
11 The close of the gaming day Wednesday, Thursday, Sunday,
12 and Monday. Now, the close of the gaming day Wednesday is
13 actually 6:00 a.m. Thursday. So that's when we require
14 them to conduct a manual count to double check that count
15 against the turnstiles.

16 We found that on May 4, 2011, no manual
17 count had been conducted, and it showed a zero, of course,
18 for the manual count since they had not done it. The
19 significance of that is the -- you know, the holdovers, the
20 people that have been there for more than two hours, we
21 have to check that against the turnstiles.

22 In addition, there are things that can
23 malfunction with the turnstile. I've got to say, hand
24 counting is probably not the world's most accurate measure
25 of counting either, but, you know, they just go through and

1 they count the people on the floor. But you can have two
2 people walking side-by-side. You can have, you know,
3 somebody's purse. You can have just a lot of -- someone in
4 a wheelchair -- a lot of things may not trigger the
5 turnstile.

6 As we look back on our records, about
7 75 percent of the time, the hand counts come out higher
8 than the turnstile counts do. And it makes it, you know,
9 impossible for us to, for that time period, verify that the
10 turnstile count was or was not correct. We don't have that
11 number to check on that. So we're recommending a fine of
12 \$10,000.

13 CHAIRMAN MATHEWSON: Any questions of Ed on
14 this?

15 COMMISSIONER JONES: Yeah, I have a
16 question. Aren't they required to keep the surveillance
17 tapes? Isn't there a number of days you have to keep all
18 surveillance tapes?

19 MR. GREWACH: I -- two week -- they keep
20 them two weeks. So they were not available by the time
21 this problem came to light. And I might point out too, the
22 reason we ask for hand counts, is surveillance counts are
23 very difficult, you know, to do, as people move around and,
24 you know, it -- different camera angles. And so a hand
25 count's what we really require, but they didn't do either.

1 I mean, that's kind of immaterial here, but --

2 COMMISSIONER JONES: Yeah.

3 MR. GREWACH: They didn't do the
4 surveillance count. They didn't do a hand count. They
5 didn't do anything to double-check the turnstile for that
6 one gaming day that we have there.

7 CHAIRMAN MATHEWSON: Okay. Any other
8 questions?

9 (No response.)

10 CHAIRMAN MATHEWSON: Chair would accept a
11 motion on 12-007, please.

12 COMMISSIONER BRADLEY: Motion to approve
13 DC-12-007.

14 COMMISSIONER JONES: Second.

15 CHAIRMAN MATHEWSON: Call the role -- any
16 discussion?

17 (No response.)

18 CHAIRMAN MATHEWSON: Call the role, Angie,
19 please.

20 MS. FRANKS: Commissioner Merritt?

21 COMMISSIONER MERRITT: Approve.

22 MS. FRANKS: Commissioner Hatches?

23 COMMISSIONER HATCHES: Approve.

24 MS. FRANKS: Commissioner Jones?

25 COMMISSIONER JONES: Approve.

1 MS. FRANKS: Commissioner Bradley?
2 COMMISSIONER BRADLEY: Approve.
3 MS. FRANKS: Chairman Mathewson?
4 CHAIRMAN MATHEWSON: Approve.
5 MS. FRANKS: By your vote you've adopted
6 DC-12-007.
7 MR. GREWACH: Item M is against Konami --
8 oh, sorry. Item M is against Isle of Capri-Caruthersville,
9 and it involves having revoked software in four of the
10 machines -- they were Konami machines. I apologize for my
11 mistake. That's where I picked up the wrong item. And for
12 that the Staff is recommending a \$5,000 fine.
13 CHAIRMAN MATHEWSON: Any questions?
14 (No response.)
15 CHAIRMAN MATHEWSON: Chair would accept a
16 motion on 12-008, please.
17 COMMISSIONER MERRITT: Make a motion to
18 approve DC-12-008.
19 COMMISSIONER JONES: Second.
20 CHAIRMAN MATHEWSON: Any discussion?
21 (No response.)
22 CHAIRMAN MATHEWSON: Call the role, Angie,
23 please.
24 MS. FRANKS: Commissioner Merritt?
25 COMMISSIONER MERRITT: Approve.

1 MS. FRANKS: Commissioner Hatches?
2 COMMISSIONER HATCHES: Approve.
3 MS. FRANKS: Commissioner Jones?
4 COMMISSIONER JONES: Approve.
5 MS. FRANKS: Commissioner Bradley?
6 COMMISSIONER BRADLEY: Approve.
7 MS. FRANKS: Chairman Mathewson?
8 CHAIRMAN MATHEWSON: Approve.
9 MS. FRANKS: By your vote you've adopted
10 DC-12-008.
11 MR. GREWACH: Now, further explaining my
12 confusion, Item N is against Konami Gaming, and this -- we
13 have a rule that requires suppliers to notify us within 48
14 hours if they're aware of any malfunction or anomaly on
15 their games that they have supplied.
16 On August 23, 2011, Konami became aware of a
17 malfunction in a certain machine; however, the Gaming
18 Commission was not notified until September 16, 2011. So
19 therefore we are requesting --
20 CHAIRMAN MATHEWSON: A \$5,000 fine.
21 MR. GREWACH: -- a \$5,000 fine.
22 COMMISSIONER HATCHES: This is really
23 getting to you, isn't, counsel?
24 CHAIRMAN MATHEWSON: What did he say?
25 COMMISSIONER HATCHES: I said this is really

1 getting to counsel, isn't it?

2 CHAIRMAN MATHEWSON: Why don't you take a
3 drink of water there.

4 COMMISSIONER HATCHES: Yeah. Step away from
5 the podium.

6 CHAIRMAN MATHEWSON: Okay. Now that you've
7 been kind of flushed there a little bit, go ahead.

8 MR. GREWACH: Yeah.

9 CHAIRMAN MATHEWSON: There you go. Yeah.
10 \$5,000. Any questions on this one?

11 (No response.)

12 CHAIRMAN MATHEWSON: Okay. Chair would --
13 12-009, please.

14 COMMISSIONER JONES: Move to accept
15 DC-12-009.

16 COMMISSIONER BRADLEY: Second.

17 CHAIRMAN MATHEWSON: You're going to get the
18 next one. I'm going to make sure.

19 Any discussion?

20 (No response.)

21 CHAIRMAN MATHEWSON: Thank you. Call the
22 role, Angie, please.

23 MS. FRANKS: Commissioner Merritt?

24 COMMISSIONER MERRITT: Approve.

25 MS. FRANKS: Commissioner Hatches?

1 COMMISSIONER HATCHES: Approve.

2 MS. FRANKS: Commissioner Jones?

3 COMMISSIONER JONES: Approve.

4 MS. FRANKS: Commissioner Bradley?

5 COMMISSIONER BRADLEY: Approve.

6 MS. FRANKS: Chairman Mathewson?

7 CHAIRMAN MATHEWSON: Approve.

8 MS. FRANKS: By your vote you've adopted

9 DC-12-009.

10 MR. GREWACH: Item O involves Argosy

11 Riverside and, again, there was revoked software in an EGD,

12 electronic gaming device, and it was in play from August

13 the 9th to August 22, 2011. And the Staff's recommending a

14 \$5,000 fine.

15 CHAIRMAN MATHEWSON: Any questions on 010?

16 (No response.)

17 CHAIRMAN MATHEWSON: Seeing none,

18 Commissioner Bradley, would you like to make a motion,

19 please.

20 COMMISSIONER BRADLEY: Motion to approve

21 DC-12-010.

22 COMMISSIONER HATCHES: Second.

23 CHAIRMAN MATHEWSON: Thank you very much.

24 Any discussion?

25 (No response.)

1 CHAIRMAN MATHEWSON: Call the role, please.

2 MS. FRANKS: Commissioner Merritt?

3 COMMISSIONER MERRITT: Approve.

4 MS. FRANKS: Commissioner Hatches?

5 COMMISSIONER HATCHES: Approve.

6 MS. FRANKS: Commissioner Jones?

7 COMMISSIONER JONES: Approve.

8 MS. FRANKS: Commissioner Bradley?

9 COMMISSIONER BRADLEY: Approve.

10 MS. FRANKS: Chairman Mathewson?

11 CHAIRMAN MATHEWSON: Approve.

12 MS. FRANKS: By your vote you've adopted

13 DC-12-010.

14 MR. GREWACH: Item P also involves Argosy
15 Riverside. We have a regulation that requires that if you
16 take out of service a machine that's having a progressive
17 jackpot built up, that you have to, within 30 days,
18 transfer that -- the amount of that progressive jackpot to
19 another game.

20 This is a case where the progressive jackpot
21 was taken out of play on August the 7th, which would've
22 given it a deadline of September the 6th to be put back
23 into play. We received on September 8th a request for an
24 extension of time. And from what I understand, the -- it
25 was transferred that day or shortly after that day.

1 But because they failed to meet the 30-day
2 time requirement, the Staff is recommending a fine of
3 \$5,000.

4 CHAIRMAN MATHEWSON: What do you do if you
5 have a progressive sign up there, \$25,000, whatever, okay,
6 and then all of the sudden we decide we don't want to do
7 that, as a casino. So we have 30 days -- we take the sign
8 down. What, do we put up a sign that says, This
9 progressive jackpot not in play for 30 days, or what --
10 what do we do here?

11 MR. GREWACH: That I don't know. I don't
12 know if Blaine would know.

13 CHAIRMAN MATHEWSON: He's all-knowing.

14 MR. PRESTON: I know your answer. So, yeah.
15 They have to reallocate those funds to a progressive --
16 another game that has equal or less than requirement from a
17 waging standpoint.

18 CHAIRMAN MATHEWSON: Okay. But here's what
19 I don't understand: If I'm a player and I'm in that casino
20 and I go in there, you know, twice a week or something, and
21 I've been playing toward that progressive, and all of the
22 sudden the sign's not there anymore, so -- it seems like
23 there's something wrong with what I'm hearing here. I --
24 so what do you to the player? I mean, the player then just
25 played for a progressive that doesn't exist anymore.

1 Right?

2 MR. PRESTON: There are patrons that pay
3 attention to that, and they notice when those progressive
4 funds do get moved. But, you know, those games -- new
5 technology comes into play and they want to put newer
6 technology on the floor. And we do allow them to
7 reallocate those funds in this methodology.

8 MR. GREWACH: I might mention for the
9 Commission's benefit too, the specific facts of this case
10 were they were going to replace the carpet in the area
11 where this game was, and that's what caused this particular
12 game to be taken out of order. But I don't -- I'm with
13 Blaine. I think that's -- the regulations allow them, as
14 long as they keep it transferred within that 30 days, to do
15 so.

16 MR. PRESTON: Yeah. And they convey to the
17 customers that the funds are still out there to be won.
18 They just might be on a different bank of progressive
19 games. So the funds are still available to be won by the
20 patron.

21 CHAIRMAN MATHEWSON: Okay. So who would
22 know that on the floor of the casino to tell the patron?

23 MR. PRESTON: Either your slot department or
24 your host that would interact with the customers would be
25 the ones to kind of explain that process to the patrons.

1 CHAIRMAN MATHEWSON: Clarence, as far as you
2 know -- I'm going to you now -- has anyone ever complained
3 about that? If they haven't, I'll shut up. I mean, it
4 seems to me like there's a void there that a customer
5 doesn't know anything about.

6 MR. GREENO: Clarence Greeno, Assistant
7 Deputy Director. Mr. Chairman, typically, a casino will
8 not remove a progressive game from the floor if it is
9 getting play. Typically, what we see is they remove a
10 machine when the play has died off. And perhaps that's
11 because no one has won the progressive. The odds of
12 winning a progressive are sometimes staggering.

13 If a progressive is actively being played by
14 patrons, then that progressive will stay on the floor. It
15 becomes a matter of when play dies off that the cas-- that
16 the game is not getting much play, that they request to
17 move it and put those funds onto another progressive device
18 that is getting play.

19 CHAIRMAN MATHEWSON: Okay. So as far as you
20 know, we've never had complaints from patrons about that.

21 MR. GREENO: No, sir. Rarely do we get
22 complaints because it's typically moved off of games that
23 are not getting much play.

24 CHAIRMAN MATHEWSON: Okay. Thank you.

25 COMMISSIONER MERRITT: Blaine might want to

1 identify himself for the record.

2 CHAIRMAN MATHEWSON: He did.

3 MR. PRESTON: Blaine Preston, Enforcement
4 Manager for the Commission.

5 CHAIRMAN MATHEWSON: Okay. Any other
6 questions of Ed on this one?

7 (No response.)

8 CHAIRMAN MATHEWSON: 12-011, the Chair would
9 like to hear a motion on, please.

10 COMMISSIONER HATCHES: Move for approval of
11 DC-12-011.

12 COMMISSIONER BRADLEY: Second.

13 CHAIRMAN MATHEWSON: Okay. Any further
14 discussion?

15 (No response.)

16 CHAIRMAN MATHEWSON: Call the role, Angie,
17 please.

18 MS. FRANKS: Commissioner Merritt?

19 COMMISSIONER MERRITT: Approve.

20 MS. FRANKS: Commissioner Hatches?

21 COMMISSIONER HATCHES: Approve.

22 MS. FRANKS: Commissioner Jones?

23 COMMISSIONER JONES: Approve.

24 MS. FRANKS: Commissioner Bradley?

25 COMMISSIONER BRADLEY: Approve.

1 MS. FRANKS: Chairman Mathewson?

2 CHAIRMAN MATHEWSON: Approve.

3 MS. FRANKS: By your vote you've adopted
4 DC-12-011.

5 MR. GREWACH: Item Q is directed to River
6 City. We require before an electronic gaming device is put
7 into play that it go through a phase 2 test. It's a test
8 we do to check out the game function, run system reports,
9 make sure -- you know, make sure everything's running
10 properly in the game.

11 This game was put into play without that
12 phase 2 test for a relatively short time period. It was up
13 for play for nine hours; there was \$17 wagered. But given
14 the violation, the Staff is recommending a \$5,000 fine.

15 CHAIRMAN MATHEWSON: Good thing it didn't
16 have \$20 worth of play, isn't it. Just a side comment, as
17 usual. Okay. Any further discussion?

18 (No response.)

19 CHAIRMAN MATHEWSON: Chair would accept a
20 motion, Commissioner Bradley, on 12-012, please.

21 COMMISSIONER BRADLEY: Motion to approve
22 DC-12-012.

23 COMMISSIONER HATCHES: Second.

24 CHAIRMAN MATHEWSON: Now I'm coming off of
25 you guys' side and I'm going back over here.

1 Call the role, Angie, please.

2 MS. FRANKS: Commissioner Merritt?

3 COMMISSIONER MERRITT: Approve.

4 MS. FRANKS: Commissioner Hatches?

5 COMMISSIONER HATCHES: Approve.

6 MS. FRANKS: Commissioner Jones?

7 COMMISSIONER JONES: Approve.

8 MS. FRANKS: Commissioner Bradley?

9 COMMISSIONER BRADLEY: Approve.

10 MS. FRANKS: Chairman Mathewson?

11 CHAIRMAN MATHEWSON: Approve.

12 MS. FRANKS: By your vote you've adopted

13 DC-12-012.

14 MR. GREWACH: R and S are really related to

15 one another, so when I give the facts, they might kind of

16 relate to the two of them together. There was a

17 malfunction in some software, and what it did is it caused

18 the numbers to be credited to the incorrect meters. On

19 April the 7th, Pinnacle contacted Bally to report the

20 problem. Bally, in our opinion, misdiagnosed the problem.

21 But in any event, neither Bally nor Pinnacle

22 reported this malfunction to us, and we did not learn about

23 it until May 12, 2011. So when you look at Item R and

24 Bally, the Staff's recommendation is \$7,500. When you look

25 at Item S, the Staff's recommendation is \$2,500.

1 CHAIRMAN MATHEWSON: Roger, do you want one
2 vote on that? Or since we have two different entities,
3 probably needs to be separate, doesn't it?

4 MR. STOTTLEMYRE: Needs to be separate.

5 CHAIRMAN MATHEWSON: Thank you. Chair would
6 accept a motion on DC-12-021, please.

7 COMMISSIONER MERRITT: Make a motion to
8 approve DC-12-021.

9 COMMISSIONER JONES: Second.

10 CHAIRMAN MATHEWSON: Any further discussion?

11 (No response.)

12 CHAIRMAN MATHEWSON: Call the role, Angie,
13 please.

14 MS. FRANKS: Commissioner Merritt?

15 COMMISSIONER MERRITT: Approve.

16 MS. FRANKS: Commissioner Hatches?

17 COMMISSIONER HATCHES: Approve.

18 MS. FRANKS: Commissioner Jones?

19 COMMISSIONER JONES: Approve.

20 MS. FRANKS: Commissioner Bradley?

21 COMMISSIONER BRADLEY: Approve.

22 MS. FRANKS: Chairman Mathewson?

23 CHAIRMAN MATHEWSON: Approve.

24 MS. FRANKS: By your vote you've adopted
25 DC-12-021.

1 CHAIRMAN MATHEWSON: Now we'll do the next
2 one for 2,500. Any questions on it?

3 (No response.)

4 CHAIRMAN MATHEWSON: Chair would accept a
5 motion on, I guess, phase 2 of the same situation.

6 COMMISSIONER JONES: Move for acceptance of
7 DC-12-022.

8 COMMISSIONER MERRITT: Second.

9 CHAIRMAN MATHEWSON: Any discussion?

10 (No response.)

11 CHAIRMAN MATHEWSON: Call the role, please.

12 MS. FRANKS: Commissioner Merritt?

13 COMMISSIONER MERRITT: Approve.

14 MS. FRANKS: Commissioner Hatches?

15 COMMISSIONER HATCHES: Approve.

16 MS. FRANKS: Commissioner Jones?

17 COMMISSIONER JONES: Approve.

18 MS. FRANKS: Commissioner Bradley?

19 COMMISSIONER BRADLEY: Approve.

20 MS. FRANKS: Chairman Mathewson?

21 CHAIRMAN MATHEWSON: Approve.

22 MS. FRANKS: By your vote you've adopted
23 DC-12-022.

24 MR. STOTTLEMYRE: The next item on the
25 agenda is Consideration of Settlement Agreement, and Ed

1 Grewach will present.

2 MR. GREWACH: This is a resolution approving
3 a settlement agreement between the Commission and IGT. As
4 the Commission's probably aware, this involves activities
5 in the state of Alabama, and the response or lack of
6 notification, lack of response in some areas that we got
7 from IGT.

8 After going through the internal process and
9 discussing the matter with IGT, Staff, subject to
10 Commission's approval, and IGT have reached a Settlement
11 Agreement.

12 The basic provisions of which are the -- IGT
13 will agree to pay a fine of \$375,000. Gaming Commission
14 agreed to just put forth the specific counts that you'll
15 see in the Settlement Agreement, and not bring any other
16 counts related to their activity in Alabama. And IGT then
17 on their part agreed not to request a hearing and not to
18 appeal the matter further.

19 CHAIRMAN MATHEWSON: Tell me again -- I know
20 we've had this before, but where does that -- does that
21 fine money, the 375,000, if we approve that on IGT, go to
22 the same fund as the 5's and the 10's and so forth? I
23 mean, does that all go to the same fund?

24 MR. STOTTLEMYRE: It goes to the --

25 CHAIRMAN MATHEWSON: Distribute it later?

1 MR. STOTTLEMYRE: Yes, sir. It's
2 distributed to the schools.

3 CHAIRMAN MATHEWSON: Yes. But somewhere
4 down the road when that finally happens.

5 MR. STOTTLEMYRE: As soon as it comes in, it
6 goes to --

7 CHAIRMAN MATHEWSON: Oh, as soon as --

8 MR. STOTTLEMYRE: -- the County so it can be
9 distributed.

10 CHAIRMAN MATHEWSON: Oh, okay. Okay.

11 COMMISSIONER HATCHES: Is there a time frame
12 on when they come in after it's been approved?

13 MR. STOTTLEMYRE: Thirty days after your
14 ruling they would be required to pay.

15 CHAIRMAN MATHEWSON: Okay. So big 375,000,
16 that's going into the formula of the schools to be
17 distributed out? No? How does it work? I've asked
18 before, but I've forgotten.

19 MR. STOTTLEMYRE: Well, I don't know that
20 any of us have the correct answer; however, I do know that
21 it goes through the county. This fund would go to this
22 county and it would be distributed amongst the schools in
23 this county. And I don't know how they -- how they --

24 CHAIRMAN MATHEWSON: What the formula is
25 they use. Okay. I think that's what I was confused on.

1 MR. STOTTLEMYRE: It's just like fines in
2 any county that go through the court system. And they're
3 distributed to the schools, but I have no idea what the
4 formula is.

5 CHAIRMAN MATHEWSON: Okay. Chair would
6 accept a motion on the IGT settlement. Maybe we're through
7 with this, huh? Maybe? You want to do it?

8 COMMISSIONER JONES: Yeah. Move for the
9 acceptance of Resolution No. 12-005.

10 COMMISSIONER BRADLEY: Second.

11 CHAIRMAN MATHEWSON: Any further discussion?

12 (No response.)

13 CHAIRMAN MATHEWSON: Call the role, please.

14 MS. FRANKS: Commissioner Merritt?

15 COMMISSIONER MERRITT: Approve.

16 MS. FRANKS: Commissioner Hatches?

17 COMMISSIONER HATCHES: Approve.

18 MS. FRANKS: Commissioner Jones?

19 COMMISSIONER JONES: Approve.

20 MS. FRANKS: Commissioner Bradley?

21 COMMISSIONER BRADLEY: Approve.

22 MS. FRANKS: Chairman Mathewson?

23 CHAIRMAN MATHEWSON: Approve.

24 MS. FRANKS: By your vote you've adopted

25 Resolution No. 12-005.

1 MR. STOTTLEMYRE: Item VIII on the agenda is
2 Consideration of Relicensure of Suppliers. Lieutenant Rex
3 Scism will present.

4 CHAIRMAN MATHEWSON: Thank you, Ed.

5 MR. GREWACH: You're welcome. Thank you.

6 CHAIRMAN MATHEWSON: Go get you another
7 drink.

8 Hi, big guy.

9 LIEUTENANT SCISM: Morning, Mr. Chairman,
10 Commissioners. Missouri State Highway Patrol investigators
11 conducted the relicensing investigation of one supplier
12 company currently licensed in Missouri. The investigation
13 consisted of jurisdictional inquiries, feedback from
14 affected gaming company clients, a review of disciplinary
15 actions, litigation, and business credit profiles, as well
16 as a review of the key persons associated with the company.

17 The results of this investigation were
18 provided to the MGC Staff for their review, and you possess
19 a comprehensive summary report before you which outlines
20 our investigative findings.

21 The following supplier company is being
22 presented for your consideration. This morning we just
23 have one, and it's Konami Gaming, Incorporated, Las Vegas,
24 Nevada.

25 CHAIRMAN MATHEWSON: Any questions?

1 (No response.)

2 MR. STOTTLEMYRE: Mr. Chairman, Staff
3 recommends approval of Resolution No. 12-006.

4 CHAIRMAN MATHEWSON: Thank you. Any
5 questions? Discussion?

6 (No response.)

7 CHAIRMAN MATHEWSON: If not, Chair would
8 accept a motion please on 12-006.

9 COMMISSIONER BRADLEY: Motion to approve
10 Commission Resolution No. 12-006.

11 COMMISSIONER HATCHES: Second.

12 CHAIRMAN MATHEWSON: Discussion?

13 (No response.)

14 CHAIRMAN MATHEWSON: Call the role, Angie,
15 please.

16 MS. FRANKS: Commissioner Merritt?

17 COMMISSIONER MERRITT: Approve.

18 MS. FRANKS: Commissioner Hatches?

19 COMMISSIONER HATCHES: Approve.

20 MS. FRANKS: Commissioner Jones?

21 COMMISSIONER JONES: Approve.

22 MS. FRANKS: Commissioner Bradley?

23 COMMISSIONER BRADLEY: Approve.

24 MS. FRANKS: Chairman Mathewson?

25 CHAIRMAN MATHEWSON: Approve.

1 MS. FRANKS: By your vote you've adopted
2 Resolution No. 12-006.

3 MR. STOTTLEMYRE: Item IX on the agenda is
4 Consideration of Licensure of Level I and Key Applicants.
5 Lieutenant Scism will present.

6 LIEUTENANT SCISM: Missouri State Highway
7 Patrol investigators, along with Gaming Commission
8 financial investigators, conducted comprehensive background
9 investigations on multiple Key and Level I applicants. The
10 investigations included, but were not limited to, criminal,
11 financial, and general character inquiries, which were made
12 in the jurisdictions where the applicants lived, worked,
13 and frequented.

14 The following individuals are being
15 presented for your consideration this morning: Lisa M.
16 Juergensen, Internal Audit Manager for Argosy Riverside;
17 Neil P. Davidson, Treasurer and Director for Bally
18 Technologies; Ryan D. Hammer, General Manager for Harrah's
19 Maryland Heights; and finally, Vincent L. Sandusky,
20 Independent Director for International Gaming Technology.

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

24 MR. STOTTLEMYRE: Mr. Chairman, Staff
25 recommends approval of Resolution No. 12-007.

1 CHAIRMAN MATHEWSON: Any discussion,
2 comments, questions?

3 (No response.)

4 CHAIRMAN MATHEWSON: Seeing none, Chair
5 would accept a motion on 12-007, please.

6 COMMISSIONER HATCHES: Move for approval of
7 Resolution No. 12-007.

8 COMMISSIONER MERRITT: Second.

9 CHAIRMAN MATHEWSON: Call the role, Angie,
10 please.

11 MS. FRANKS: Commissioner Merritt?

12 COMMISSIONER MERRITT: Approve.

13 MS. FRANKS: Commissioner Hatches?

14 COMMISSIONER HATCHES: Approve.

15 MS. FRANKS: Commissioner Jones?

16 COMMISSIONER JONES: Approve.

17 MS. FRANKS: Commissioner Bradley?

18 COMMISSIONER BRADLEY: Approve.

19 MS. FRANKS: Chairman Mathewson?

20 CHAIRMAN MATHEWSON: Approve.

21 MS. FRANKS: By your vote you've adopted
22 Resolution No. 12-007.

23 MR. STOTTLEMYRE: The next item on the
24 agenda is Consideration of Waiver of Licensure for
25 Institutional Investors, and Martha LeMond will present.

1 MS. LEMON: Good morning, sir.
2 Mr. Chairman, Commissioners, behind Tabs W, X, Y, and Z are
3 resolutions regarding waiver of licensure for an
4 institutional investor holding and/or requesting to hold
5 publicly-traded interests of up to 20 percent in gaming
6 licensees.

7 These investors have submitted a request for
8 waiver to hold interest in these licensees, in compliance
9 with 11 CSR 45-4.020. The submitted waiver requests
10 certify all holdings are for institutional investment
11 purposes only, with no intent to be involved in the
12 management or operation of the licensees.

13 Because the holdings made exceed the
14 10 percent threshold for which the Executive Director may
15 grant a waiver, these resolutions are before the Commission
16 today. The Resolution No. 12-008 is for National Australia
17 Bank; No. 12-009 is for Columbia Wanger Asset Management;
18 No. 12-010 is for Maple-Brown Abbott Limited; and No.
19 12-011 is for Lazard Asset Management.

20 All requests are for the purchase of
21 multiple interests in the licensees. Any questions?

22 CHAIRMAN MATHEWSON: Any questions?

23 MS. LEMON: Pardon me.

24 CHAIRMAN MATHEWSON: No. That's okay. Any
25 questions?

1 (No response.)

2 CHAIRMAN MATHEWSON: Okay. I guess we need
3 to take these one at a time too, don't we?

4 MR. STOTTLEMYRE: Yes, sir.

5 CHAIRMAN MATHEWSON: Okay. Chair would
6 accept a motion on 12-008, please.

7 COMMISSIONER BRADLEY: Motion to approve
8 Commission Resolution No. 12-008.

9 COMMISSIONER HATCHES: Second.

10 CHAIRMAN MATHEWSON: Call the role, Angie,
11 please.

12 MS. FRANKS: Commissioner Merritt?

13 COMMISSIONER MERRITT: Approve.

14 MS. FRANKS: Commissioner Hatches?

15 COMMISSIONER HATCHES: Approve.

16 MS. FRANKS: Commissioner Jones?

17 COMMISSIONER JONES: Approve.

18 MS. FRANKS: Commissioner Bradley?

19 COMMISSIONER BRADLEY: Approve.

20 MS. FRANKS: Chairman Mathewson?

21 CHAIRMAN MATHEWSON: Approve.

22 MS. FRANKS: By your vote you've adopted
23 Resolution No. 12-008.

24 CHAIRMAN MATHEWSON: Chair would accept a
25 motion on 12-009, please.

1 COMMISSIONER MERRITT: Move for the approval
2 of No. 12-009.

3 COMMISSIONER JONES: Second.

4 CHAIRMAN MATHEWSON: Any discussion?

5 (No response.)

6 CHAIRMAN MATHEWSON: Call the role, Angie,
7 please.

8 MS. FRANKS: Commissioner Merritt?

9 COMMISSIONER MERRITT: Approve.

10 MS. FRANKS: Commissioner Hatches?

11 COMMISSIONER HATCHES: Approve.

12 MS. FRANKS: Commissioner Jones?

13 COMMISSIONER JONES: Approve.

14 MS. FRANKS: Commissioner Bradley?

15 COMMISSIONER BRADLEY: Approve.

16 MS. FRANKS: Chairman Mathewson?

17 CHAIRMAN MATHEWSON: Approve.

18 MS. FRANKS: By your vote you've adopted
19 Resolution No. 12-009.

20 CHAIRMAN MATHEWSON: Chair would accept a
21 motion on 12-010.

22 COMMISSIONER HATCHES: Move for acceptance
23 of Resolution No. 12-010.

24 COMMISSIONER BRADLEY: Second.

25 CHAIRMAN MATHEWSON: Call the role, please.

1 MS. FRANKS: Commissioner Merritt?
2 COMMISSIONER MERRITT: Approve.
3 MS. FRANKS: Commissioner Hatches?
4 COMMISSIONER HATCHES: Approve.
5 MS. FRANKS: Commissioner Jones?
6 COMMISSIONER JONES: Approve.
7 MS. FRANKS: Commissioner Bradley?
8 COMMISSIONER BRADLEY: Approve.
9 MS. FRANKS: Chairman Mathewson?
10 CHAIRMAN MATHEWSON: Approve.
11 MS. FRANKS: By your vote you've adopted
12 Resolution No. 12-010.
13 CHAIRMAN MATHEWSON: Chair would accept a
14 motion on 12-011, please.
15 COMMISSIONER JONES: Move for acceptance of
16 Resolution No. 12-011.
17 COMMISSIONER MERRITT: Second.
18 CHAIRMAN MATHEWSON: Call the role, please.
19 MS. FRANKS: Commissioner Merritt?
20 COMMISSIONER MERRITT: Approve.
21 MS. FRANKS: Commissioner Hatches?
22 COMMISSIONER HATCHES: Approve.
23 MS. FRANKS: Commissioner Jones?
24 COMMISSIONER JONES: Approve.
25 MS. FRANKS: Commissioner Bradley?

1 COMMISSIONER BRADLEY: Approve.

2 MS. FRANKS: Chairman Mathewson?

3 CHAIRMAN MATHEWSON: Approve.

4 MS. FRANKS: By your vote you've adopted
5 Resolution No. 12-011.

6 CHAIRMAN MATHEWSON: Thank you, Martha.

7 MS. LEMOND: Thank you, sir.

8 MR. STOTTLEMYRE: Mr. Chairman, next item on
9 the agenda is Consideration of Rules and Regulations. Ed
10 Grewach will present.

11 MR. GREWACH: A little slower this time.

12 CHAIRMAN MATHEWSON: Son, you need a carrier
13 to carry all your paper there.

14 MR. GREWACH: I'm glad you brought that up,
15 Mr. Chairman. I'll have to look at the next budget and see
16 what I can do.

17 CHAIRMAN MATHEWSON: Yeah. I know. I know
18 you need an assistant. All lawyers do, I know. Proceed,
19 Ed, please.

20 MR. GREWACH: Thank you. The first rule for
21 consideration is a proposed amendment. This is the start
22 of the process, and it's an amendment to 45-5.185. And
23 what it does is it moves these detail requirements we have
24 for poker cards -- storage, inspections, and removal from
25 use -- from the CSRs to the MICS. It's just a little more

1 logical place where you would look for that level of detail
2 of the instructions given and requirements for that
3 activity.

4 CHAIRMAN MATHEWSON: Any questions? I guess
5 we have to vote these all one at a time too, don't we?

6 MR. STOTTLEMYRE: No. We can do these
7 together. The proposed amendments under AA here can be
8 done all at the same time.

9 CHAIRMAN MATHEWSON: Okay. Okay. We'll
10 take one motion then on 45-5.185, 45-8.130, 45-9.106,
11 45-9.120 in one motion, please.

12 COMMISSIONER MERRITT: Do we need to hear
13 the other three before we take --

14 CHAIRMAN MATHEWSON: Probably not, same
15 thing; but we will.

16 MR. GREWACH: Basically, they're all in the
17 same -- addressing the same issues because -- just you'll
18 find references different places to poker dealers and to
19 tips, and that's why we have to change all four sections.

20 Poker dealers have the ability to just
21 retain their own tips, and then we have to set up all the
22 mechanisms, you know, to make sure that, you know, it's --
23 integrity of that process is protected as much as possible.
24 So the first one, we just move those to the MICS.

25 The second one, the 8.130, we put that

1 clarification in the tips CSR section to indicate that
2 poker dealers could keep their own tips. And then there
3 were two minimum internal control standard sections we also
4 had to change to correct that -- or just to clarify that.

5 Chapter F went a little further, kind of
6 clarified poker operations. It set up minimal internal
7 control standards for automated poker tables. I don't
8 believe we have any yet, but so that would be in place.
9 And then, No. 4, the 9.120, was, again, clarifying in that
10 minimal internal control standard section that the poker
11 dealers were entitled to keep their own tips.

12 CHAIRMAN MATHEWSON: Any questions of Ed?

13 (No response.)

14 CHAIRMAN MATHEWSON: I'm all for tips. I
15 just want you to know that. Just out of curiosity --
16 someone can just nod -- do the table games pool tips?
17 Okay. Thank you. The response was yes. Okay. I assumed
18 they did.

19 Okay. Now, having heard Ed's presentation,
20 Chair would accept a motion on all four under AA.

21 COMMISSIONER MERRITT: I'd make a motion to
22 approve 11 CSR 45-5.185, 45-8.130, 45-9.106, 45-9.120.

23 COMMISSIONER HATCHES: Second.

24 CHAIRMAN MATHEWSON: Any discussion?

25 (No response.)

1 CHAIRMAN MATHEWSON: Call the role, Angie,
2 please.

3 MS. FRANKS: Commissioner Merritt?

4 COMMISSIONER MERRITT: Approve.

5 MS. FRANKS: Commissioner Hatches?

6 COMMISSIONER HATCHES: Approve.

7 MS. FRANKS: Commissioner Jones?

8 COMMISSIONER JONES: Approve.

9 MS. FRANKS: Commissioner Bradley?

10 COMMISSIONER BRADLEY: Approve.

11 MS. FRANKS: Chairman Mathewson?

12 CHAIRMAN MATHEWSON: Approve.

13 MS. FRANKS: By your vote you've adopted
14 proposed amendments 11 CSR 45-5.185, 8.130, 9.106, and
15 9.120.

16 CHAIRMAN MATHEWSON: Roger.

17 MR. GREWACH: Going on to BB, No. 1 is an
18 amendment to the -- this is actually an Order of
19 Rulemaking. This is a final step for the Commission in the
20 process, besides the steps to the Secretary of State and
21 the Joint Commission on Administrative Rulemaking.

22 This clarified the prohibition of Commission
23 members and Commission employees to make it clear that they
24 can't gamble at any licensee or applicant, or any property
25 that licensee or applicant might own in a different state.

1 So if Pinnacle owns a property in a different state, then
2 it's a breach of our code of ethics to gamble at that
3 facility, wherever it is: In Nevada, in California, in
4 Iowa, wherever.

5 So that's -- there's a little inconsistency
6 between our -- what our policies are and the CSR was, and
7 this makes them agree, and that's the recommendation of the
8 Staff.

9 CHAIRMAN MATHEWSON: So in the future then,
10 Ed, we will have all the employees sign off that they
11 understand that, or what are you saying as it relates to
12 the employees?

13 MR. GREWACH: That part I don't know. Now,
14 I know Mr. Greeno has a list of all the properties that
15 this would apply to. You know, for example, if I go
16 somewhere -- if I'm going to a conference in Las Vegas --

17 CHAIRMAN MATHEWSON: I understand. What
18 we're doing is bringing the employees in line with the
19 Commission members. Right?

20 MR. GREWACH: Well --

21 CHAIRMAN MATHEWSON: Because we can't do
22 that either. We never could.

23 MR. GREENO: Correct. Well, Mr. Chairman,
24 there was some conflict between what our policy stated,
25 which prohibited employees from gambling at any location

1 owned by a Class A licensee in Missouri, and the regulation
2 was actually somewhat vague and could've allowed them to do
3 so. So we're changing the regulation, the code of ethics,
4 to prohibit -- so that the policy and the code of ethics
5 will agree.

6 CHAIRMAN MATHEWSON: How will I know -- if
7 I'm working over at Boonville in the office at the casino,
8 how am I going to know that?

9 MR. GREENO: People have been -- our
10 employees have been notified that if they plan to take a
11 trip and they plan on doing any gambling, to check with
12 Jefferson City and get a list of those casinos that are
13 owned by properties in the state of Missouri.

14 CHAIRMAN MATHEWSON: Okay. Everyone okay
15 with that?

16 COMMISSIONER HATCHES: You okay?

17 COMMISSIONER MERRITT: I think you ought to
18 make a motion.

19 COMMISSIONER HATCHES: This applies to you.

20 COMMISSIONER JONES: This is your walk.

21 COMMISSIONER HATCHES: I'm pretty sure they
22 put this in place --

23 CHAIRMAN MATHEWSON: Just so you know, you
24 know, I've been cleared. I know where I can go, and been
25 going there, by the way. And they like me, which you guys

1 ought to understand.

2 Okay. So we will do 11 CSR 45-1.015 in a
3 motion, please.

4 MR. STOTTLEMYRE: Do you want to -- are you
5 going to give the rest of these so we can do them all
6 together.

7 MR. GREWACH: I certainly could, sure.

8 CHAIRMAN MATHEWSON: Well, why don't you.

9 MR. STOTTLEMYRE: Because we can vote on
10 them all together, if he wants to go ahead and make a
11 presentation.

12 CHAIRMAN MATHEWSON: All right.

13 MR. GREWACH: No. 2 is really addressing the
14 same problem that Mr. Greeno mentioned, just making that
15 CSR consistent with our policy. Again, saying that
16 Commission members and employees cannot gamble at any
17 property owned by any of our licensees or applicants.

18 5.030, we actually did get some comments
19 during the comment period, and those comments are shown in
20 your packet. And they came from Pinnacle and from Missouri
21 Gaming Commission and, again, they're there for your
22 review.

23 But basically it was Pinnacle's position
24 that -- in the rule change, I guess I should say first, is
25 that if you're an employee of one Class B licensee, let's

1 say River City, then you can't gamble at any other casino
2 that your Class A, that the parent company, owns. So if
3 you work at River City, you couldn't gamble at Lumiere.
4 You work at Ameristar St. Charles, you couldn't gamble at
5 Ameristar Kansas City.

6 I mean, it's -- so we just made that extra
7 requirement, and that was their comment. Staff reviewed
8 the comment and thought that the rule was really a --
9 should stay as drafted because it's a matter of protecting
10 the integrity of the game, you know, so that you don't have
11 an employee of a parent company gambling at a casino the
12 parent company owns.

13 CHAIRMAN MATHEWSON: Okay. Any questions on
14 that?

15 (No response.)

16 CHAIRMAN MATHEWSON: Move on to the next
17 one, Ed.

18 MR. GREWACH: The next one is 5.065. We had
19 a provision in the rules that indicated when jackpots would
20 be voided, and it had a certain set of -- you know, a
21 certain list of things -- circumstances where that would
22 take place: If the jackpot was won by a DAP, if it was won
23 by somebody on the exclusion list, if it was won by
24 somebody under the age of 21.

25 But then it had a catchall, and the catchall

1 was, Or anyone else unlawfully on the boat. Now, the
2 problem with that came -- and I found memos dating back --
3 of course, we don't have to go very far to go four or five
4 general counsels, but even a little farther back than
5 that --

6 CHAIRMAN MATHEWSON: We go through them kind
7 of quick, and you need to be reminded of that.

8 MR. GREWACH: Whenever I tell some of the
9 people here that have been here a long time something they
10 don't agree with, they just kind of give me this look,
11 Well, I'll just wait you out; you'll be gone.

12 CHAIRMAN MATHEWSON: Good for you, buddy.

13 MR. GREWACH: But the problem we run into
14 is -- you know, let's just say, who are, Otherwise
15 unlawfully on the boat. I mean, does the casino say, Well,
16 we sent this guy a trespass letter, you know, two years
17 ago. Well, the guy says, I didn't get it, or that's a
18 different John Jones; I'm not him. Or, I talked to
19 somebody at the front desk and they said I said I was good
20 to come back.

21 You know, I mean -- and that puts our agent
22 in the spot of, like, trying the case on the spot. He's
23 got to figure out, Are you trespassing or are you not
24 trespassing. And that's really what the system -- you
25 know, judicial system's for.

1 But we're put in the spot with the prior
2 wording of that rule to use our enforcement, you know,
3 ability and arrest ability, you know, to impose that
4 voiding of the jackpot on what's basically a dispute
5 between a patron and the casino. Now, all those other
6 things are very bright-line things. You know, if you have
7 somebody on the DAP list, exclusion list, under 21, no
8 problem. There's no real facts that really are in dispute.

9 But here, this kind of gets us out of that
10 business of trying to guess whether they are or are not
11 guilty, trespassing, or whatever. Whatever the status is,
12 we just leave that up to the casino then to deal with their
13 patron on that.

14 And then, the last rule is one of -- for
15 liquor control, 12.090. And as with the 5.030, talking
16 about the Class Bs and Class As, originally we had drafted
17 that with the same rule: That if you were an employee of
18 this Class B, again, using the example of River City, and
19 you couldn't go -- as the rule was originally drafted, you
20 couldn't go to Lumiere and consume alcohol.

21 The comment from that, you know, well,
22 that's not as much as an issue of the integrity of the
23 games, you know, just by the virtue of the fact that
24 somebody can come from this casino to that casino and
25 consume alcohol. So responding to the comment, we changed

1 that back to the rule where you're only prohibited from
2 consuming alcohol at the facility where you worked.

3 MR. GREWACH: Any questions of Ed on that?

4 (No response.)

5 CHAIRMAN MATHEWSON: Ed, I have one more
6 before we get off this section.

7 MR. GREWACH: Sure.

8 CHAIRMAN MATHEWSON: When -- I'm looking
9 down the road here, you know, three or four months. So
10 when I get off this Commission, and I go to some of the
11 folks that might be sitting in this room to gamble, they're
12 not going to get a fine because I used to be on this
13 Commission, are they? There's nothing in here, rulemaking,
14 that would prohibit me from going on a casino --

15 MR. GREWACH: Nothing --

16 CHAIRMAN MATHEWSON: -- or fine them if I
17 did? I want to make sure.

18 MR. GREWACH: Nothing in these rules here.

19 CHAIRMAN MATHEWSON: Okay. But you think
20 there's some -- one someplace else?

21 MR. GREWACH: Well, I mean, I don't -- I
22 don't believe so, but I'd really rather take a good look at
23 those sections and get back to you.

24 CHAIRMAN MATHEWSON: I wish you would. I'm
25 looking forward to getting off --

1 Ed. Before you -- as you're walking away, you know, that
2 was a good come-back to me a while ago. I appreciate it.
3 They're just going to wait you out. In the past history,
4 it wouldn't take long.

5 MR. GREWACH: No.

6 MR. STOTTLEMYRE: Mr. Chairman, next item on
7 the agenda is New Business, and I have a couple of items
8 I'd like to pass along. The Hollywood Casino in Kansas
9 City, Kansas is opening on February 3rd, so they have their
10 operations just about ready to roll over there.

11 Also, I want to announce to you that
12 Clarence Greeno has submitted his retirement papers. He's
13 planning on retiring the 1st of March.

14 COMMISSIONER HATCHES: This Clarence
15 (indicating)?

16 MR. STOTTLEMYRE: This Clarence. So you
17 better start figuring out who to ask these questions of now
18 besides Clarence, down the road it looks like.

19 CHAIRMAN MATHEWSON: Well, he can't go on
20 casinos either.

21 MR. STOTTLEMYRE: I just want to let you
22 know that --

23 CHAIRMAN MATHEWSON: Thank you.

24 MR. STOTTLEMYRE: -- Clarence has been here
25 about 13 years now. And we'll have something put together

1 for that meeting probably at the last of the month.

2 CHAIRMAN MATHEWSON: Hope so.

3 MR. STOTTLEMYRE: We'll recognize him at
4 that time.

5 CHAIRMAN MATHEWSON: Just out of curiosity,
6 not for the record, please.

7 (Off the record.)

8 CHAIRMAN MATHEWSON: Okay. What else do you
9 have?

10 MR. STOTTLEMYRE: I have no old business for
11 discussion, and the next will be a motion for going into
12 closed.

13 CHAIRMAN MATHEWSON: Chair would accept a
14 motion to go into closed, please, under 313.847,
15 610.021(14).

16 COMMISSIONER HATCHES: I make a motion for
17 closed meeting under Section 313.847, Investigatory,
18 Proprietary and Application Records and 610.021, Section
19 14.

20 COMMISSIONER BRADLEY: Second.

21 CHAIRMAN MATHEWSON: Call the role, Angie,
22 please.

23 MS. FRANKS: Commissioner Merritt?

24 COMMISSIONER MERRITT: Approve.

25 MS. FRANKS: Commissioner Hatches?

1 COMMISSIONER HATCHES: Approve.

2 MS. FRANKS: Commissioner Jones?

3 COMMISSIONER JONES: Approve.

4 MS. FRANKS: Commissioner Bradley?

5 COMMISSIONER BRADLEY: Yeah. Approve. Yes.

6 MS. FRANKS: Chairman Mathewson?

7 CHAIRMAN MATHEWSON: Approve.

8 (Off the record.)

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1 CERTIFICATE OF REPORTER

2
3 I, Kristy B. Bradshaw, CCR within the State
4 of Missouri, do hereby certify that the foregoing meeting
5 was taken by me; that the testimony of said meeting was
6 taken by me to the best of my ability and thereafter
7 reduced to typewriting under my direction; that I am
8 neither counsel for, related to, nor employed by any of
9 the parties to the action in which this meeting was taken,
10 and further, that I am not a relative or employee of any
11 attorney or counsel employed by the parties thereto, nor
12 financially or otherwise interested in the outcome of the
13 action.

14
15
16 _____
17 Kristy B. Bradshaw, CCR
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MISSOURI GAMING COMMISSION
Second Open Session Minutes
January 25, 2012

The Missouri Gaming Commission (the “Commission”) went into open session at approximately 1:30 p.m. on January 25, 2012, at the Missouri Gaming Commission’s Jefferson City Office, Jefferson City, MO.

Commissioner Jones moved to adjourn the open session meeting. Commissioner Hatches seconded the motion. After a roll call vote was taken, the motion passed unanimously.

The open session ended at 1:31 p.m.