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BEFORE THE MISSOURI GAMING COMMISSION

STATE OF MISSOURI

Commission Meeting

July 25, 2012

9:00 a.m.

Missouri Gaming Commission

3417 Knipp Drive

Jefferson City, Missouri

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12 COMMISSIONERS PRESENT (via telephone):

13           Barrett Hatches, Chairman

14           Suzanne Bocell Bradley

15           Darryl T. Jones

16           Jack L. Merritt

17

18 REPORTED BY:

19           Melissa Bennett, CCR 1307(T)  
20           Midwest Litigation Services  
21           401 Locust Street, Suite 204  
              Columbia, MO 65201  
              (573)449-0561

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## 1 P R O C E E D I N G S

2 (Proceedings commenced at 9:04 a.m.)

3 CHAIRMAN HATCHES: Let's call the meeting  
4 to order. Angie, would you call the role.

5 MS. FRANKS: Commissioner Merritt.

6 COMMISSIONER MERRITT: Present.

7 MS. FRANKS: Commissioner Jones.

8 COMMISSIONER JONES: Present:

9 MS. FRANKS: Commissioner Bradley.

10 COMMISSIONER BRADLEY: Here.

11 MS. FRANKS: Chairman Hatches.

12 CHAIRMAN HATCHES: Present. Roger.

13 MR. STOTTLEMYRE: Okay. Mr. Chairman and  
14 Commissioners, the first item on the agenda is the  
15 consideration of rules and regulations, and Mr. Ed  
16 Grewach will present.

17 MR. GREWACH: Thank you.

18 CHAIRMAN HATCHES: Ed, welcome back.

19 MR. GREWACH: Thank you, Mr. Chairman, and  
20 Commissioners. We have two final orders of rulemaking  
21 on the agenda today. The first is to 11 CSR 45-5.181.  
22 That deals with promotional activities. This  
23 amendment clarifies the definition of promotional  
24 activities. Specifically it includes player reward  
25 programs in that definition of promotional activities,

1 and it also excludes coupons issued through mass media  
2 for food. Now, the significance of something being  
3 defined as a promotional activity requires the  
4 licensee to have dated and written rules immediately  
5 available for the patrons and MGC review of that  
6 activity.

7           The second primary change is the change on  
8 what's required to be printed on coupons relating to  
9 promotional activities. The old rule required a  
10 statement on the coupons that any change or  
11 cancellation of the activity had to be approved by the  
12 MGC. However, the rule didn't require our approval  
13 for those, so we deleted that requirement from the  
14 rule change. This is a proposed rule that was  
15 presented to the Commission on March 28, 2012. We had  
16 a public hearing on June 13, 2012, and received no  
17 comment at that.

18           We did throughout the course of this  
19 rewrite process consult with the industry, and we  
20 received written comments from both the industry and  
21 from the staff, which you'll see in the proposed order  
22 of rulemaking. Some of those comments led to changes  
23 in the amendment to the rule; others did not. And  
24 it's the staff's recommendation that the rule be --  
25 final order of rulemaking be adopted as presented.

1                   And if I can go on. The second one --  
2 because it's a little bit -- it's fairly  
3 straightforward -- is a change to 11 CSR 45.9114 and  
4 specifically to the minimum internal control standards  
5 in Chapter N.

6                   COMMISSIONER MERRITT: Excuse me, Ed. I'm  
7 sorry to interrupt you, but I wanted to ask this on  
8 the first one there before I forgot. This is  
9 Commissioner Merritt. So they can have a promotion  
10 and then just cancel it and -- for no cause or cause  
11 or what's the deal on that? Could they use that to  
12 get people in and then cancel it right before the time  
13 that they're supposed to have the promotion?

14                   MR. GREWACH: It's certainly -- and I may  
15 call on Cheryl Alonzo for more specific, but I can  
16 tell you the general structure is that we don't  
17 approval the rules before they're presented.

18                   COMMISSIONER MERRITT: You mean the  
19 promotion?

20                   MR. GREWACH: Right. They have to get an  
21 affidavit from their attorney stating that the rules  
22 comply with our regulations. Their advertisement for  
23 the rules has to be an honest and fair representation  
24 of those. They have to make the rules immediately  
25 available to patrons and the Commission, and they have

1 to keep the rules on file for a certain time period  
2 after the promotional activity takes place. But I  
3 may -- and -- and if -- with your permission, Mr.  
4 Chairman, Cheryl Alonzo's here, if she has anything  
5 further to add to answer Commissioner Merritt's  
6 question.

7 COMMISSIONER MERRITT: Good morning,  
8 Cheryl.

9 MS. ALONZO: Hi. Years ago the Commission  
10 did approve all promotions, and then we would approve  
11 any cancellation or changes. Many years ago. I think  
12 around 2001 or 2. We -- the rules were changed  
13 because there were so many promotions and it was very  
14 hard to keep up with the volume, and so the Commission  
15 stepped out of that process of approving those, and so  
16 a lot of language was removed from the rules.  
17 However, this one statement remained that they  
18 actually just had to print that on their coupons. But  
19 there was no language in there that actually allowed  
20 us to do that or gave us that authority, but they were  
21 still having to print this on the coupons, so there  
22 was kind of a disconnect there. So really we were  
23 just trying to clean that up so that they're not  
24 printing something that in fact isn't anywhere else in  
25 the rules. We didn't have that -- we didn't really

1 have that power anyway. Does that help?

2                   COMMISSIONER MERRITT: It just seems to me  
3 there ought to be some guidelines concerning the  
4 cancellation or some notification to the public or  
5 even a public notice when they're here in the casino  
6 so they won't get in there and get all involved and  
7 then throw a big hissy fit.

8                   MS. ALONZO: Well, they do -- I mean, there  
9 are other rules about promotional activities that they  
10 have like in their advertisement of them. They have  
11 to be fair -- a fair representation.

12                   COMMISSIONER MERRITT: Okay.

13                   MS. ALONZO: They can't do any  
14 misleading -- any kind of misleading. There's other  
15 rules that they can't have misleading promotions where  
16 they bring you in and then say, oh, sorry, that's not  
17 available. You know, we're going to give away these  
18 free pots and pans when you come in and they only had  
19 one pot or something. So there are other ways that if  
20 we did have a problem with being compliant that we  
21 could regulate that.

22                   MR. GREWACH: For example, the -- this is  
23 Ed Grewach -- we did have a discipline a while back  
24 where a mailing was sent out, the promotion and the  
25 rules was limited to people over 55, but the mailing

1 didn't state that, so we had this exactly, that type  
2 of situation where a patron came to the casino after  
3 receiving the mailing, then found out that the rules  
4 didn't permit her to participate, and we did pursue  
5 discipline and assess a penalty against the property,  
6 the licensee, for that.

7 COMMISSIONER MERRITT: Okay. Thank you.

8 CHAIRMAN HATCHES: Go ahead, Ed.

9 MR. GREWACH: Yeah. Mr. Chairman, if you  
10 want me to take other questions on this one before I  
11 proceed to the next one.

12 CHAIRMAN HATCHES: Yes. Any other  
13 questions? Go ahead.

14 MR. GREWACH: The next one, like I said, is  
15 to Chapter N -- security -- this is really just a  
16 housekeeping change. The last change inadvertently  
17 omitted from Paragraph 3.03 the job title. In that  
18 paragraph we outlined that job title's duty, but the  
19 job title, emergency medical service first responder,  
20 was omitted, and this amendment just cleans up that --  
21 that omission and doesn't make any substantive change  
22 to the rule.

23 MR. STOTTLEMYRE: Did you get that through  
24 all the feedback?

25 COMMISSIONER MERRITT: Yeah. There was

1 less feedback as you went on.

2 COMMISSIONER BRADLEY: Yeah, I heard it  
3 too. It cleared up.

4 COMMISSIONER MERRITT: I thought it was  
5 just Ed.

6 CHAIRMAN HATCHES: Any other questions,  
7 discussion? Roger, how do you want to take these?  
8 Individual?

9 MR. STOTTLEMYRE: We can go ahead and do  
10 both of these under the same vote. We would just need  
11 a motion on 11 CSR 45-5.181 and 9.114 for approval.

12 CHAIRMAN HATCHES: The Chair will accept a  
13 motion on 11 CSR 45-5.181 and 11 CSR 45-9.114.

14 COMMISSIONER MERRITT: I would make a  
15 motion to approve the consideration of rules and  
16 regulations of 11 CSR 45-5.181 and 9.114.

17 CHAIRMAN HATCHES: Any other discussion?  
18 Second. Any other discussion? Angie, call the role,  
19 please.

20 MS. FRANKS: Commissioner Merritt.

21 COMMISSIONER MERRITT: Approved.

22 MS. FRANKS: Commissioner Jones.

23 COMMISSIONER JONES: Approved.

24 MS. FRANKS: Commissioner Bradley.

25 COMMISSIONER BRADLEY: Approved.

1 MS. FRANKS: Chairman Hatches.

2 CHAIRMAN HATCHES: Approved.

3 MS. FRANKS: By your vote you've adopted  
4 the final orders of rulemaking 11 CSR 45-5.181 and  
5 11 CSR 45-9.114.

6 COMMISSIONER MERRITT: I'm getting what  
7 sounds like a busy signal.

8 COMMISSIONER JONES: Did someone drop?

9 COMMISSIONER BRADLEY: I'm still here.

10 COMMISSIONER MERRITT: Merritt is here.

11 COMMISSIONER JONES: Jones is here.

12 COMMISSIONER BRADLEY: Bradley's here.

13 MR. STOTTLEMYRE: I would say the Chairman  
14 got lost.

15 CHAIRMAN HATCHES: He's like the Senator.

16 (An off-the-record discussion was held.)

17 CHAIRMAN HATCHES: Angie, would you call  
18 the role.

19 MS. FRANKS: Commissioner Merritt.

20 COMMISSIONER MERRITT: Present.

21 MS. FRANKS: Commissioner Jones.

22 COMMISSIONER JONES: Present.

23 MS. FRANKS: Commissioner Bradley.

24 COMMISSIONER BRADLEY: Present.

25 MS. FRANKS: Chairman Hatches.

1                   CHAIRMAN HATCHES: Present.

2                   MR. STOTTLEMYRE: Okay. Mr. Chairman, the  
3 next item on the agenda is consideration of waiver of  
4 licensure for institutional investors. Miss Martha  
5 LeMond will present.

6                   MS. LEMOND: Good morning, Mr. Chairman,  
7 Commissioners. How are you this morning?

8                   COMMISSIONER MERRITT: Good.

9                   CHAIRMAN HATCHES: Good. Morning.

10                  MS. LEMOND: Behind Tabs B, C, and D are  
11 resolutions regarding waivers of licensure for  
12 institutional investors holding and/or requesting to  
13 hold publicly-traded interests of up to 20 percent in  
14 gaming licensees. These investors have submitted  
15 requests for waivers to hold interests in these  
16 licensees in compliance with 11 CSR 45-4.020. The  
17 submitted waivers certify all holdings are for  
18 institutional investment purposes only, with no intent  
19 to be involved in the management or operation of the  
20 licensees.

21                  Because the holdings may exceed the 10  
22 percent threshold for which the executive director may  
23 grant a waiver, these resolutions are before the  
24 Commission today. Resolution No. 12-071 is for  
25 T. Rowe Price Associates. Resolution No. 12-072 is

1 for Mediobanca Group, S.A., and Resolution No. 12-073  
2 is for the Mitsubishi UFJ Group, Inc. Any questions?

3 MR. STOTTLEMYRE: Mr. Chairman, staff  
4 recommends approval of Resolution 12-071, 12-072, and  
5 12-073, and that can be voted on at the same time.

6 CHAIRMAN HATCHES: Okay. Chair will accept  
7 a motion to approve.

8 COMMISSIONER JONES: Move for the approval  
9 of Resolution No. 12-071, 12-072, 12-073.

10 COMMISSIONER BRADLEY: Second.

11 CHAIRMAN HATCHES: Angie, call the role,  
12 please.

13 MS. FRANKS: Commissioner Merritt.

14 COMMISSIONER MERRITT: Approved.

15 MS. FRANKS: Commissioner Jones.

16 COMMISSIONER JONES: Approved.

17 MS. FRANKS: Commissioner Bradley.

18 COMMISSIONER BRADLEY: Approved.

19 MS. FRANKS: Chairman Hatches.

20 CHAIRMAN HATCHES: Approved.

21 MS. FRANKS: By your vote you've adopted  
22 Resolution Nos. 12-071, 12-072, and 12-073.

23 CHAIRMAN HATCHES: Roger, anything else?

24 MR. STOTTLEMYRE: Mr. Chairman, that's all  
25 we have on the agenda for today.

1                   CHAIRMAN HATCHES: Anything further from  
2 the commissioners?

3                   COMMISSIONER JONES: I'd like to go on  
4 record saying that this is two meetings that we've had  
5 where we've been really short, and you know, I had a  
6 conversation with Senator Mathewson, and I told him  
7 that, hey, you know, since he's been gone, we've been  
8 having really good meetings, no cigarette breaks, no  
9 potty breaks, and all that other stuff, so I'm happy  
10 that you're there, Barrett.

11                  COMMISSIONER MERRITT: I think I'm being  
12 set up. I think I'm being set up.

13                  CHAIRMAN HATCHES: Jack, I didn't hear a  
14 comment from you.

15                  COMMISSIONER MERRITT: I said God bless  
16 him.

17                  CHAIRMAN HATCHES: Anybody have a motion  
18 for adjournment?

19                  CHAIRMAN JONES: So moved.

20                  COMMISSIONER BRADLEY: Second.

21                  CHAIRMAN HATCHES: Go ahead and call the  
22 role.

23                  MS. FRANKS: Commissioner Merritt.

24                  COMMISSIONER MERRITT: Approved.

25                  MS. FRANKS: Commissioner Jones.

1 COMMISSIONER JONES: Approved.

2 MS. FRANKS: Commissioner Bradley.

3 COMMISSIONER BRADLEY: Approved.

4 MS. FRANKS: Chairman Hatches.

5 CHAIRMAN HATCHES: Approved.

6 (Proceedings concluded at 9:19 a.m.)

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CERTIFICATE OF REPORTER

I, Melissa Bennett, CCR for the State of Missouri, do hereby certify that the meeting aforementioned was held on the time and in the place previously described.

---

Melissa Bennett

CCR #1307(T)