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4 BEFORE THE MISSOURI GAMING COMMISSION

STATE OF MISSOURI

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7

8

Meeting

9

September 26, 2012

9:00 a.m.

10

Central Office

3417 Knipp Drive

11

Jefferson City, Missouri

12

13 (Meeting start time: 9:08 a.m.)

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I. Call to Order 5:2

II. Consideration of Minutes

4 A. August 29, 2012 5:18

III. Consideration of Disciplinary Actions

5 B. Todd Prewitt

1. DC-12-299 6:19

6 C. Harrah's Maryland Heights, LLC

1. DC-12-415 14:22

7 D. The Missouri Gaming Company

1. DC-12-416 20:16

8 E. HGI-Mark Twain Casino, Inc.

1. DC-12-417 26:17

9 F. Casino One Corporation

1. DC-12-418 28:17

10 G. Casino One Corporation

1. DC-12-419 31:12

11 IV. Consideration of Licensure of Level I/
Key Applicants

12 H. Resolution No. 12-086 37:13

V. Consideration of Relicensure of Certain
Suppliers

13 I. DEQ Systems Corporation

14 1. Resolution No. 12-087 39:9

J. Western Money Systems

15 1. Resolution No. 12-088 40:23

K. BMM North America, Inc., d/b/a
BMM Compliance

16 1. Resolution No. 12-089 41:22

17 VI. Consideration of Rules and Regulations

L. Proposed Rule and Amendments

18 1. 11 CSR 45-5.193 - Statistical
Performance of Electronic Gaming
19 Devices 43:10

20 2. 11 CSR 45-9.105 - Minimum
Internal Control Standards
(MICS) - Chapter E 43:10

21 3. 11 CSR 45-9.118 - Minimum
Internal control Standards
22 (MICS) - Chapter R 43:10

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September 26, 2012

9:00 a.m.

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Central Office

3417 Knipp Drive

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Jefferson City, Missouri

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11 COMMISSIONERS PRESENT:

12

Dr. Barrett Hatches, Chairman

Suzanne Bocell Bradley

13

Darryl T. Jones

Jack L. Merritt

14

15

16

17

18 REPORTED BY:

19 Patricia A. Stewart

20 RMR, RPR, CCR 401

21 3432 West Truman Boulevard, Suite 207

22 Jefferson City, Missouri 65109

23 573-636-7551

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

2 CHAIRMAN HATCHES: Let's call the meeting to
3 order.

4 The first order of business is the
5 consideration of the minutes from August 29, 2012.

6 COMMISSIONER MERRITT: We need a call.

7 CHAIRMAN HATCHES: Oh. Is everybody here?

8 MS. FRANKS: Commissioner Merritt.

9 COMMISSIONER MERRITT: Present.

10 MS. FRANKS: Commissioner Jones.

11 COMMISSIONER JONES: Present.

12 MS. FRANKS: Commissioner Bradley.

13 COMMISSIONER BRADLEY: Present.

14 MS. FRANKS: Chairman Hatches.

15 CHAIRMAN HATCHES: Present.

16 All right. What's next?

17 MS. FRANKS: Minutes.

18 CHAIRMAN HATCHES: Now I can do the minutes.

19 The next order of business is consideration
20 of the minutes.

21 COMMISSIONER BRADLEY: Motion to approve the
22 minutes of the last meeting, August 29, 2012.

23 COMMISSIONER JONES: Second.

24 CHAIRMAN HATCHES: Moved and seconded.

25 Any discussion?

1 Angie, call the roll, please.

2 MS. FRANKS: Commissioner Merritt.

3 COMMISSIONER MERRITT: Approve.

4 MS. FRANKS: Commissioner Jones.

5 COMMISSIONER JONES: Approve.

6 MS. FRANKS: Commissioner Bradley.

7 COMMISSIONER BRADLEY: Approve.

8 MS. FRANKS: Chairman Hatches.

9 CHAIRMAN HATCHES: Approve.

10 MS. FRANKS: By your vote you've adopted the
11 minutes of the August 29th, 2012 meeting.

12 CHAIRMAN HATCHES: Thank you.

13 EXECUTIVE DIRECTOR STOTTLEMYRE:

14 Mr. Chairman, the next item on the agenda is
15 consideration of disciplinary actions.

16 Mr. Ed Grewach will present.

17 MR. GREWACH: Good morning.

18 CHAIRMAN/COMMISSIONERS: Good morning.

19 MR. GREWACH: Under Tab B we have a
20 preliminary order of discipline directed to Todd
21 Prewitt.

22 Mr. Prewitt is a Level I licensee. He's a
23 Manager of Information Services at the Mark Twain
24 Casino. This case involves two rules, 18.040,
25 paragraph 1, which requires a licensee to maintain an

1 accurate record of all transactions relating to the
2 revenue of electronic gaming devices, which we'll refer
3 to as EGDs. That also involves a minimum internal
4 control standard, which you'll hear from time to time
5 referred to as a MIC 4.07, which requires a licensee to
6 report any malfunction to the Commission, and 10.030,
7 which likewise requires the property and licensee to
8 promptly report any facts that may give rise to the
9 violation of a MIC to the Commission.

10 This particular incident involved the change-
11 over of time on March 11, 2012 to daylight savings time.
12 The slot data system that the property employed noted in
13 the system the time that certain revenues, certain
14 wagers were made and payouts, jackpots were entered.

15 In November of 2011 Bally, who is the company
16 that manufactured and supplied the slot data system,
17 contacted the property to indicate that some updates
18 would have to be installed to accommodate this change to
19 the daylight savings time on March 11, 2012.

20 Mr. Prewitt then scheduled the changeover,
21 the update, to be performed in January of 2012. There
22 were a couple attempts made by Bally to come out and
23 address this issue.

24 It was discovered in the course of these
25 attempts that the version of the Java software that the

1 property had was inconsistent with the updates that
2 Bally would have typically done to make this
3 accommodation for the changeover to daylight savings
4 time.

5 It became their conclusion at that point in
6 time that it was necessary to install a new version of
7 Java, which would then be capable of being adjusted to
8 the change to the daylight savings time.

9 A rather long, complicated-fact scenario,
10 which I won't get into unless the commissioners desire
11 to, but the bottom line is, it didn't get done.

12 March 11, 2012 came and the change wasn't
13 made yet and the transactions that took place after that
14 date until the fix was done had the wrong time for each
15 of those transactions, wagers, jackpots, payout.

16 It was fixed. It was actually fixed on two
17 separate dates. They had two separate sides, the Side A
18 and Side B. Side A was fixed on March 27th, 2012 and
19 Side B on April 3rd, 2012.

20 Mr. Prewitt did not notify the Commission of
21 this defect, of this anomaly. As a matter of fact, the
22 Commission found out about it just coincidentally in the
23 course of investigating another issue it was looking
24 into on March the 18th, 2012.

25 So we basically have two problems. We have

1 this time period from March 11, 2012 to April the 3rd,
2 2012 where there were records that were entered through
3 the slot data system that were not accurate.

4 Now, the significance of those is there are
5 other records that relate to those. There's a record in
6 the M-List which -- for example, which covers times when
7 slot machine doors are open, when tilts occur, you know,
8 things like that.

9 And so typically -- typically always you want
10 to reconcile all those records to make sure that they're
11 all accurate and all -- it's just a double-check you can
12 do.

13 Now, because of this discrepancy during that
14 time period when it wasn't reporting the times
15 accurately, it required their accounting department to
16 push things back an hour to try to make that adjustment,
17 to try to line up the events, which according to the two
18 separate systems, you know, one which did accommodate
19 daylight savings time, one which didn't, would then
20 somehow be able to be reconciled.

21 And the second is that the licensee did not
22 promptly notify the Commission of the problem at the
23 time it occurred.

24 The recommended discipline for Mr. Prewitt,
25 who, again, is the Manager of Information Services as a

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1 Level I employee, is a one-day suspension.

2 CHAIRMAN HATCHES: Okay. Any questions?

3 COMMISSIONER JONES: Yes.

4 Ed, so basically it wasn't a shortage or it
5 didn't have any sort of significant impact on revenue.
6 It's just more of a recordkeeping, this hour difference
7 with the daylight savings time issue. Is that correct?

8 MR. GREWACH: That's correct. There was no
9 loss in taxes. It was just a matter of making that
10 accounting and reconciliation extremely difficult
11 because you had to back off the M-List transactions an
12 hour to try to get them to determine, verify, which ones
13 matched up with the SDS transactions, which were an hour
14 later, because the daylight savings time would have
15 moved all of the clocks forward and then the SDS's were
16 not moved forward.

17 So the transaction that really took place at
18 five o'clock, the SDS system would show it happened at
19 four o'clock. So you'd have to figure that out. But
20 taxwise there was no tax loss.

21 There was a little concern early on that it
22 would give the possibility of someone to redeem a ticket
23 twice; but as we looked into that, once the ticket is
24 redeemed the bar code itself gets canceled.

25 So if you redeem a ticket, you couldn't go

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1 back, you know, and try to redeem it again, try to take
2 advantage of that time, you know, difference and say,
3 well, you know, that was -- you know, happened an hour
4 ago. So that didn't turn out to be a problem.

5 So the short answer to your question,
6 Commissioner Jones, is that it really monetarily did not
7 affect our revenues.

8 CHAIRMAN HATCHES: Would the players
9 recognize this in any way?

10 MR. GREWACH: I don't know if I could,
11 Mr. Chairman. You might have to call on Cheryl Alonzo,
12 who -- because she and I haven't even talked about that,
13 so she may or may not know the answer to that.

14 MS. ALONZO: I think maybe the tickets might
15 have had the wrong time on it. I don't know. Because I
16 didn't see the tickets.

17 But the issue that they had was that the
18 ticketing -- part of the ticketing database had the
19 wrong time. And so when the cashiers would deem their
20 tickets throughout the shift, at the end of the shift
21 they'd run a report. When they ran their reports, it
22 wasn't matching the tickets they had in the drawer, and
23 that's just because it was running off a different time
24 period.

25 So at first they didn't -- you know, it took

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1 them a little bit to figure out what was going on,
2 because accounting also does that -- when they do their
3 audit, they run those same reports.

4 But once they figured out that it was
5 daylight savings time, it was off this hour --
6 apparently it had happened years ago, and so they
7 realized what was wrong and then they just had to
8 adjust.

9 Apparently it affected the ticket reports in
10 the cage and also when they were reconciling the
11 redemption kiosk, where the people redeem their tickets
12 on the floor and gives them the cash, they had to adjust
13 those reports to accommodate for the different time
14 period. But that was the only impact that they saw.

15 CHAIRMAN HATCHES: Thank you.

16 Any other questions?

17 COMMISSIONER BRADLEY: Yes.

18 So they weren't adjusting this daily? They
19 figured out daily; then they started doing it by the
20 hour?

21 MS. ALONZO: They just had to adjust it for
22 that one hour.

23 COMMISSIONER BRADLEY: Only when tickets were
24 redeemed?

25 MS. ALONZO: At the end of their shift. They

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1 kept having to do this at the end of the shift across
2 all those days until they were able to get it fixed.
3 But once they knew what they were doing, everybody was
4 adjusting for that.

5 COMMISSIONER BRADLEY: Was there anyone else
6 involved besides the manager here? I mean, it was
7 just -- do you feel they were doing their best to try to
8 fix the problem? I mean, that would have to be a lot of
9 paperwork and a lot of attention in the auditing.

10 MS. ALONZO: Well, there's a -- later down on
11 the tab --

12 COMMISSIONER BRADLEY: I saw that.

13 MS. ALONZO: Yeah. Actually he's in
14 charge of -- he was the one that was in contact, I
15 guess, with Bally and was the one that knew that it
16 wasn't going to get fixed on time, didn't, I guess,
17 tell -- report that it was going to be a problem and he
18 knew it was coming.

19 COMMISSIONER BRADLEY: That's why the manager
20 is singled out?

21 MS. ALONZO: That's right.

22 COMMISSIONER BRADLEY: That's my question. I
23 saw the one later on.

24 MS. ALONZO: Okay. Good.

25 CHAIRMAN HATCHES: Any other questions from

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1 the Commission?

2 Chair would entertain a motion for

3 DC-12-299.

4 COMMISSIONER MERRITT: I make a motion a

5 approve DC-12-299.

6 COMMISSIONER JONES: Second.

7 CHAIRMAN HATCHES: Moved and seconded.

8 Any other discussions?

9 Any other questions?

10 Angie, call the roll, please.

11 MS. FRANKS: Commissioner Merritt.

12 COMMISSIONER MERRITT: Approve.

13 MS. FRANKS: Commissioner Jones.

14 COMMISSIONER JONES: Approve.

15 MS. FRANKS: Commissioner Bradley.

16 COMMISSIONER BRADLEY: Approve.

17 MS. FRANKS: Chairman Hatches.

18 CHAIRMAN HATCHES: Approve.

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

20 Disciplinary Action DC-12-299.

21 CHAIRMAN HATCHES: Thank you.

22 MR. GREWACH: Under Tab C we have a

23 preliminary order of discipline directed to Harrah's

24 Maryland Heights. This involves a repeat audit finding.

25 The -- there's a couple rules involved.

1 The first is a minimum internal control
2 standard, a MIC P 2.05. It requires when a transaction
3 is done by the casino that two searches be done to
4 determine whether or not the person involved is a DAP.

5 The first is to run the person by their first
6 name and date of birth and then a second search to be
7 done by the last name and date of birth.

8 The second rule involved here is a
9 MIC I 7.03. Now, machines, before they're placed into
10 service, have a Phase II test performed, and then that
11 Phase II test generates a ticket, and that minimum
12 internal control standard requires that those tickets be
13 reconciled to make sure that all those test tickets that
14 were done in the Phase II -- the course of Phase II
15 testing have been redeemed.

16 Now, during an audit on November 15th, 2011
17 some observations were made of Total Reward
18 representatives interacting with patrons.

19 And of the five incidents observed, it was
20 found that three did not file -- follow the requirements
21 of MIC P 2.05. Two persons didn't perform the required
22 checks that were needed in the order and form they were
23 needed, and one person did not perform any check at all.

24 This had been a prior audit finding on
25 March 17th, 2010.

1 The second issue that's also a repeat finding
2 was the Phase II ticket testing.

3 In a 2011 audit it was observed that five of
4 the 29 tickets generated by a Phase II test were not
5 redeemed, which made -- added up to a 17.2 percent error
6 rate.

7 The prior audit finding had a 20 percent
8 error rate for that same issue, for Phase II tickets not
9 being redeemed.

10 It's probably significant to note that after
11 the 2010 audit that showed that initial error rate,
12 followup was done where it was perfect. It was ten for
13 ten, and all of the tickets had been redeemed that were
14 generated in the Phase II testing. But when we come to
15 the 2011 audit, we're now seeing that same problem pop
16 up again.

17 And we did follow up again to this 2011
18 audit. Again, we go back out there, and now we see that
19 there is a 14 for 14 for the period we observed of
20 redemption of these Phase II generated tickets.

21 The staff is recommending a fine of \$10,000.

22 CHAIRMAN HATCHES: Questions?

23 COMMISSIONER JONES: Just one.

24 And I think I may have to make this to
25 Cheryl.

1 On all these audits is the goal to get
2 100 percent error rate -- or error free, or is there
3 some type of acceptable rate?

4 Because, you know, I look at some of these
5 reports when they come in. Like this one is 17 percent.
6 So would it be acceptable to have something, like, a
7 1 percent error rate or are you looking for always
8 100 percent?

9 MS. ALONZO: It kind of depends --

10 COMMISSIONER JONES: Zero.

11 MS. ALONZO: It depends on what the risk is.

12 The problem with this particular one is that
13 these tickets are up in the accounting department and
14 they're still alive in the system.

15 So there's a possibility that if someone
16 could get that down to someone in the cage, they could
17 redeem it and keep the money and no one would
18 necessarily know that. So we're kind of -- those need
19 to be redeemed.

20 But things like -- there are other things,
21 where we have kind of what I call the 5 percent
22 rule. I figure if they're doing it 95 percent of the
23 time correctly, that management is doing -- you know,
24 giving the right training. And so we'll run -- you
25 know, we do have kind of a cutoff like that.

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1 COMMISSIONER JONES: Okay.

2 MS. ALONZO: But certain things, like
3 improper key access, that's just a problem and it has to
4 be fixed.

5 Clearing of the hands, that's something that
6 people are doing all day long, you know, and they're
7 counting. So for that we'll have -- you know, if
8 they're doing it 95 percent of the time wrong, it won't
9 even get in our report. So we do take that into
10 consideration. But there are certain areas where it's
11 wrong, it has to be fixed and it's going to go in the
12 report.

13 COMMISSIONER JONES: And the ones depending
14 on the risk level, that's when you need the zero
15 percent?

16 MS. ALONZO: That's correct.

17 COMMISSIONER JONES: Okay.

18 CHAIRMAN HATCHES: Cheryl, can I just follow
19 up on that, please?

20 MS. ALONZO: Uh-huh.

21 CHAIRMAN HATCHES: The criteria that you just
22 described in your auditing, are those also considered
23 when the team makes a determination on the
24 recommendation for a fine?

25 MS. ALONZO: The team actually doesn't

1 recommend the fine. The discipline review board does.

2 CHAIRMAN HATCHES: But do they give that
3 information -- is that part of -- where I'm going to
4 here is, if this is a violation where there's tolerance,
5 acceptable tolerance, than am I going to see on the
6 other side of that a really high fine? Is there some
7 correlation?

8 MS. ALONZO: It actually won't even get
9 forwarded to the discipline review board unless we feel
10 like they -- you know, it's gotten worse or there's
11 no tol-- either there is no tolerance for it, it's
12 something -- there's a risk and there's no tolerance or
13 it's gotten worse or it's -- if it's 20 percent and then
14 it's 19 the next time, you're going to see it.

15 So we do evaluate each one before it even
16 goes -- you don't see all of the repeat findings. You
17 just see the ones where we're -- you know, that there
18 were things that could have been done, you know, to
19 correct it and it's just not getting attention and we
20 need to get some attention to this issue.

21 CHAIRMAN HATCHES: Okay. Thank you.

22 Any other questions from the Commission?

23 Then the Chair would entertain a motion of
24 DC-12-415.

25 COMMISSIONER JONES: Move for the acceptance

1 of DC-12-415.

2 COMMISSIONER BRADLEY: Second.

3 CHAIRMAN HATCHES: Moved and seconded.

4 Any other discussion?

5 Angie.

6 MS. FRANKS: Commissioner Merritt.

7 COMMISSIONER MERRITT: Approve.

8 MS. FRANKS: Commissioner Jones.

9 COMMISSIONER JONES: Approve.

10 MS. FRANKS: Commissioner Bradley.

11 COMMISSIONER BRADLEY: Approve.

12 MS. FRANKS: Chairman Hatches.

13 CHAIRMAN HATCHES: Approve.

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

15 DC-12-415.

16 MR. GREWACH: Under Tab D we also have a
17 preliminary order of discipline, this one directed to
18 Argosy Riverside. This again involves repeat audit
19 findings.

20 It involves two rules. One, the property
21 itself had an internal control system -- we call it
22 ICS -- B 1.05(D), and that ICS listed the persons who
23 were authorized to have access to sensitive keys.

24 The second rule is one of our MICs, and that
25 is G 13.09. Now, that rule requires that counting

1 members in the count room have to clear their hands, and
2 that is, show surveillance the top and bottom of their
3 hands any time they take their hands on or off of the
4 table.

5 Now, the -- on the key issue, the most recent
6 audit showed that -- found that eleven employees who
7 were not authorized actually had access to sensitive
8 keys. That was a repeat audit finding from an earlier
9 audit.

10 We did followup. And the last followup on
11 March 27th, 2012 showed that the problem at that point
12 had been corrected and that the only persons that had
13 authority to access sensitive keys were ones authorized
14 by the internal controls.

15 On the issue of clearing the hands in the
16 count room, observations were made in May and June of
17 2011 and found that those count room employees failed to
18 clear their hands in 158 of 704 incidents, constituting
19 a 22.7 error rate.

20 We then did a followup in March of 2012 on
21 the 1st, 2nd and 13th, and that followup found that
22 163 of 328 of employees failed to clear their hands
23 during those count room procedures, amounting to a
24 49.6 error rate.

25 Then we did another followup on March 27th,

1 2012. And this may follow up with Commissioner Jones'
2 question. And at that followup we found a 2.3 percent
3 error rate. Only four of the 168 persons who in the
4 count room put their hands above or withdrawn from the
5 table failed to clear them.

6 And that as a staff we look at and say, well,
7 that's an acceptable rate. A rate like that, you know,
8 from our point of view in this type of situation I don't
9 think would really concern us.

10 The concern came from the staff of the
11 percentages of the prior incidents and the fact that it
12 was a repeat -- repeat audit finding, and it was a
13 repeat audit finding from a prior -- from a prior audit.

14 The staff is recommending a fine of \$10,000.

15 CHAIRMAN HATCHES: Questions?

16 I have a quick one.

17 How many followups do you conduct before we
18 see it?

19 MS. ALONZO: Well, when we do the audit, if
20 we have repeats from the last audit, then some of them
21 might end up in the GR and then you guys would see them.

22 We also follow up to the audit, the current
23 audit, and if they didn't correct it, those can go to a
24 GR and you can see it.

25 So that's the two ways it can come to you,

1 the Commissioners, in the form of a discipline.

2 But something like clearing the hands, we
3 also have what we call compliance directive, and that is
4 like -- almost kind of like a ticket that warns the
5 person that, you know, hey, you're not clearing your
6 hands, and then as part of the policy we follow up that.

7 So, like, with the clearing of the hands, we
8 came back several times because we issued a CD and then
9 we followed up again.

10 And then the last followup he was talking
11 about was just a check that we did in case, you know,
12 you guys were wondering where they're at today, and so
13 they had improved, but that was, you know, after the --
14 that's not part of what the discipline is today, but if
15 you're curious, we wanted to have that information for
16 you.

17 CHAIRMAN HATCHES: Can I just follow up with
18 that?

19 MS. ALONZO: Yes, you can follow up.

20 CHAIRMAN HATCHES: What happens -- and I
21 don't want you to get into all of the details, but what
22 happens when you go out on the followup after June 23rd
23 and there's a 22 percent error rate and then you go back
24 the next year and you see a 46 percent error, what
25 happens? I mean, what kind of conversations are you

1 having?

2 MS. ALONZO: Well, we'll have an exit meeting
3 and we'll talk with management and, you know, tell them
4 what the findings are. And they'll often try to find
5 out where are we going wrong? You know, is there
6 some -- and when he talked about the error rate, on that
7 one it was 163 out of 328. That's -- out of 328 times
8 that they should have cleared their hands, they failed
9 to do it 163 times. So we count by event.

10 So you could have one guy that keeps doing
11 the same motion over and over and keeps failing, which
12 is causing that error rate to go up.

13 So we'll try to tell them, hey, we saw this
14 problem repeatedly when they were going from -- you
15 know, taking the box and sitting it on the table. He
16 wasn't clearing his hands. Or when they move from one
17 table to the next table they weren't. So we'll try to
18 key in on that.

19 But they'll want to know, what are you guys
20 doing to try to fix it? But I think it's like anything.
21 You know, you work on it, it's priority and then it
22 might fall by the wayside, so then the next time we come
23 we can see it again. You know, it's whatever is urgent
24 today kind of thing.

25 CHAIRMAN HATCHES: Well, that's helpful, the

1 example you just gave, because it could be one guy
2 during the course of a shift doing it many times.

3 MS. ALONZO: We'll try not to take the
4 discipline if it's just one guy though. We do try to
5 take that into consideration if it's just one person and
6 it's just a matter of focusing on that one person.
7 We've given days off to just one person several times
8 because she just wasn't doing it.

9 So we'll try -- you know, we try to weigh all
10 this, because you don't want to bring it unless there's
11 a systemic problem or, you know, it's not just one guy.

12 CHAIRMAN HATCHES: And that's what I wanted
13 to be clear about because, you know, when you look at
14 the 163 out of 328 times, you can say -- I mean, you can
15 say, how many people are doing this? How many people
16 are not doing it right? But if you break it down and
17 say it may be eight people or two people doing it, you
18 know, I can be okay with that.

19 MS. ALONZO: Yeah, we don't do it if it's
20 just one.

21 CHAIRMAN HATCHES: Okay.

22 Any other questions from the Commission?

23 Then the Chair will entertain a motion on
24 DC-12-416.

25 COMMISSIONER BRADLEY: Motion to approve

1 DC-12-416.

2 COMMISSIONER JONES: Second.

3 CHAIRMAN HATCHES: Moved and seconded.

4 Any other discussion?

5 Angie, call the roll, please.

6 MS. FRANKS: Commissioner Merritt.

7 COMMISSIONER MERRITT: Approve.

8 MS. FRANKS: Commissioner Jones.

9 COMMISSIONER JONES: Approve.

10 MS. FRANKS: Commissioner Bradley.

11 COMMISSIONER BRADLEY: Approve.

12 MS. FRANKS: Chairman Hatches.

13 CHAIRMAN HATCHES: Approve.

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

15 DC-12-416.

16 CHAIRMAN HATCHES: Ed.

17 MR. GREWACH: Under Tab E, this is a proposed
18 order of discipline against Mark Twain Casino. This
19 arises out of the same fact and incident that we covered
20 under Tab B for Todd Prewitt, and this is the monetary
21 fine directed toward the casino.

22 I would point out to the Commission that as
23 the investigation was going forward, both the casino and
24 Bally made, you know, accusations against each other,
25 tried to point the finger to each other as to who was

1 the problem here.

2 As we analyzed it as a staff, we looked at
3 the situation where in November of 2011 the property,
4 Mark Twain, knew there was a problem that needed to be
5 addressed.

6 In January there was an attempt to address
7 it, which was unsuccessful, which from our point of view
8 then placed the burden on the property to follow up and
9 make sure this got accomplished.

10 Now, there are a lot of facts that will go
11 into this, which, you know, if a hearing is requested,
12 you know, will be more fully developed, but without
13 taking, you know, an hour of your time today to go
14 through each e-mail and each, you know, incident, it was
15 really the staff's, you know, evaluation that bottom
16 line, it's the property's obligation to get this fixed
17 by the March 11, 2012 date.

18 They did not. They did not notify us of the
19 problem on March 11th or March 12th when the problem
20 occurred and that, therefore, we are recommending a fine
21 of \$5,000 against the casino.

22 CHAIRMAN HATCHES: Any questions from the
23 Commission?

24 The Chair will entertain a motion on
25 DC-12-417.

1 COMMISSIONER MERRITT: Make a motion to
2 approve DC-12-417.

3 COMMISSIONER JONES: Second.

4 CHAIRMAN HATCHES: Moved and seconded.

5 Any other discussion?

6 Angie, call the roll, please.

7 MS. FRANKS: Commissioner Merritt.

8 COMMISSIONER MERRITT: Approve.

9 MS. FRANKS: Commissioner Jones.

10 COMMISSIONER JONES: Approve.

11 MS. FRANKS: Commissioner Bradley.

12 COMMISSIONER BRADLEY: Approve.

13 MS. FRANKS: Chairman Hatches.

14 CHAIRMAN HATCHES: Approve.

15 MS. FRANKS: By your vote you've adopted
16 DC-12-417.

17 MR. GREWACH: Tab F, we have a preliminary
18 order of discipline against Lumiere Place Casino. It
19 involves a Rule 5.053(D)(3), which requires our
20 licensees to comply with all Federal, State and local
21 laws and regulations.

22 The particular local law or local ordinance
23 that we're dealing with here is that the City of
24 St. Louis requires that all private security personnel
25 be licensed with the City.

1 In this particular case there is a security
2 guard, Paul Singleton, whose St. Louis City security
3 license expired at the end of March. He continued then
4 and he worked two days in April. And on the third day,
5 April 3rd, at a pre-shift meeting it was discovered that
6 he had an expired St. Louis City license, was sent to
7 get it renewed and, in fact, did get it renewed.

8 The staff is recommending a fine of \$20,000,
9 and the reason for that is this was the fourth case for
10 this same violation, having a security officer working
11 for this particular property who did not have an active,
12 valid St. Louis City security officer license. And that
13 is the recommendation of the staff is \$20,000.

14 CHAIRMAN HATCHES: Any questions from the
15 Commission?

16 COMMISSIONER MERRITT: I guess I'm curious.
17 Do they have, like, a file that says, okay, so and so's
18 license expired here? Obviously they should. It would
19 probably be cheaper than \$20,000.

20 MR. GREWACH: I do not know, and I don't know
21 if Cheryl Alonzo would know what steps they've taken to
22 correct this.

23 But I do want to point out, though, to the
24 Commission as you look at this, that you're going to see
25 the Item G, 12-419, is basically the same offense, which

0030

1 is now their fifth offense, you know.

2 COMMISSIONER MERRITT: Pretty close to the
3 same dates.

4 MR. GREWACH: Yes, on the same dates.

5 CHAIRMAN HATCHES: Cheryl, do you know what
6 they've done?

7 MS. ALONZO: I don't know what they were
8 doing, but I do remember reading in one of the reports
9 that they found it at a pre-shift meeting.

10 So I think they were checking badges maybe at
11 the pre-- you know, when people were starting their
12 shift, because that's how they caught it one of the
13 times, so it makes me think they were doing that, but I
14 don't know what else they were doing.

15 CHAIRMAN HATCHES: Any other questions from
16 the Commission?

17 The Chair will entertain a motion for
18 DC-12-418.

19 COMMISSIONER JONES: Move for the acceptance
20 of DC-12-418.

21 COMMISSIONER MERRITT: Second.

22 CHAIRMAN HATCHES: Moved and seconded.

23 Any other discussion?

24 Angie.

25 MS. FRANKS: Commissioner Merritt.

1 COMMISSIONER MERRITT: Approve.

2 MS. FRANKS: Commissioner Jones.

3 COMMISSIONER JONES: Approve.

4 MS. FRANKS: Commissioner Bradley.

5 COMMISSIONER BRADLEY: Approve.

6 MS. FRANKS: Chairman Hatches.

7 CHAIRMAN HATCHES: Approve.

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

9 DC-12-418.

10 CHAIRMAN HATCHES: Thank you.

11 Ed.

12 MR. GREWACH: Under Item G we have another

13 preliminary order of discipline directed to Lumiere

14 Place Casino.

15 This case involves the same rule, the same

16 law and City ordinance, and this case is Security

17 Officer Robert Williams.

18 Now, Mr. Williams' license actually expired

19 at the end of February 2012. He then worked 21 days in

20 March and then three days in April, and then on April

21 the 4th, again, his situation was discovered by the

22 property. He went in and renewed his license. But he

23 did work that amount of time without a valid City of

24 St. Louis license.

25 And as I pointed out before, this constitutes

1 this property's fifth case for this same problem, and,
2 again, the Staff is recommending a \$20,000 fine.

3 CHAIRMAN HATCHES: So I guess it's fair to
4 say that this \$20,000 fine in both of these cases have
5 very little to do with how long they worked without this
6 license rather than the fact that they were working
7 without a license?

8 MR. GREWACH: I would have to say that. I
9 don't know if Bill Seibert would have a different view
10 on it.

11 But I guess as I looked at it as a member of
12 DRB, we're looking at these, and it would have been
13 probably just as easy for us to make this one discipline
14 case for \$40,000 saying, here you go. You got two
15 security guards who worked during this time period
16 without a license.

17 But, you know, just mechanically it got --
18 they already had, you know, GR numbers and they already
19 had -- you know, so we just kind of went and channelled
20 those back into two different discipline cases.

21 But to more directly answer your question,
22 you know, we didn't -- so from those two, we just looked
23 at this as -- I looked at this as more of one problem
24 with two individuals involved and just went 20 -- and
25 thought let's do 20,000 on each, which obviously is up

1 to the Commission's, you know, discretion to increase,
2 decrease that or leave it the same.

3 I mean, we're really always looking for
4 direction from the Commission as to how the fine
5 structure should be made, and we want to make sure we
6 carry out, you know, what you -- your policies and what
7 your -- you know, what your thoughts, priorities and
8 guidelines should be on these facts of the cases.

9 CHAIRMAN HATCHES: And I on the other hand
10 would just like to understand what goes into the
11 decision-making process. Because in one case a person
12 was working without a license for three days and it's a
13 \$20,000 fine and the other case they were working
14 21 days without one. I just want to make sure that the
15 amount of time -- there's no greater risk for exposure
16 to the system working more days without a license than
17 not. So I just want to understand that.

18 MR. GREWACH: And really, at the risk of
19 sounding evasive, you know, in the DRB there is six
20 voting members, and sometimes, you know, there is six
21 different views on, you know, what is and isn't
22 important, what is and isn't significant and what it
23 should be. Then Bill Seibert is the one who tallies the
24 votes of the members and synthesizes that into the
25 group's position.

1 So it may be very difficult, and that's why I
2 wanted to, you know, explain it. I never want to sound
3 evasive when that question comes up.

4 CHAIRMAN HATCHES: But you know when you are.
5 Right? And that's a good thing. At least you know.

6 MR. GREWACH: Would you hire a lawyer who
7 couldn't be evasive?

8 CHAIRMAN HATCHES: You got the job.

9 COMMISSIONER MERRITT: It seems to me like
10 the repetition of the offense is what needs to be
11 considered, if they keep doing it over and over and
12 over, to increase the fine.

13 CHAIRMAN HATCHES: I agree. I have an equal
14 amount of concern, though, about the duration of the
15 offense.

16 COMMISSIONER MERRITT: That's true.

17 MR. GREWACH: And I can give a little
18 background on that.

19 CHAIRMAN HATCHES: No. That's okay.

20 MR. SEIBERT: Mr. Chair, if I could just real
21 quickly.

22 CHAIRMAN HATCHES: Yes, sir.

23 MR. SEIBERT: Bill Seibert.

24 One of the reasons these fines are the same
25 is because they were so close together, and we felt as a

1 Board it wasn't fair if Lumiere wasn't advised of the
2 second one in a timely manner to increase that fine.
3 That's why those fines are the same.

4 Even though -- even though one person was
5 working a lot longer without a license than the other
6 person, when the trooper discovered those, they were --
7 it was just a matter of days in between them.

8 So they were advised on one that they had a
9 discipline but they didn't have time to correct that
10 when the other one came out. So that's why the fines
11 are the same.

12 CHAIRMAN HATCHES: Okay. That helps. That
13 helps. And I'm okay with that. You know, they have
14 time to correct it. So the fine will stay the same.
15 I'm okay.

16 Any other questions?

17 COMMISSIONER BRADLEY: Well, then I also
18 notice that each of the security officers did -- there
19 was action taken against them. Correct?

20 MR. GREWACH: Yes.

21 COMMISSIONER BRADLEY: A two-day suspension
22 on each one. Is that correct?

23 EXECUTIVE DIRECTOR STOTTLEMYRE: That is
24 correct.

25 MR. GREWACH: Yes, that's correct.

1 COMMISSIONER BRADLEY: So I'm assuming that
2 they are now, you know, either making a better plan for
3 how to assess if someone -- you know, checking their
4 badge or whatever? I mean, is that -- do we have
5 information -- obviously they're going back to the
6 licensee, to the security officer, but, you know, are we
7 just going to be giving more fines? Is the sixth
8 offense in the works?

9 MR. GREWACH: You know, and the question
10 becomes when do we run out of patience with that, their
11 ability to deal with that particular problem.

12 And that will affect obviously both from the
13 staff's viewpoint and the Commission's viewpoint what
14 the fine should be if another one comes up.

15 CHAIRMAN HATCHES: Any other questions?

16 Then Chair would entertain a motion for
17 DC-12-419.

18 COMMISSIONER JONES: Move for the acceptance
19 of DC-12-419.

20 COMMISSIONER BRADLEY: Second.

21 CHAIRMAN HATCHES: Any other discussion?

22 Angie.

23 MS. FRANKS: Commissioner Merritt.

24 COMMISSIONER MERRITT: Approve.

25 MS. FRANKS: Commissioner Jones.

1 COMMISSIONER JONES: Approve.

2 MS. FRANKS: Commissioner Bradley.

3 COMMISSIONER BRADLEY: Approve.

4 MS. FRANKS: Chairman Hatches.

5 CHAIRMAN HATCHES: Approve.

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

7 DC-12-149.

8 MR. GREWACH: Thank you.

9 EXECUTIVE DIRECTOR STOTTLEMYRE:

10 Mr. Chairman, the next item on the agenda is considering
11 of licensure of Level I and Key applicants.

12 Lieutenant Rex Scism will present.

13 LIEUTENANT SCISM: Good morning.

14 Mr. Chairman and Commissioners: Missouri
15 State Highway Patrol investigators, along with Gaming
16 Commission financial investigators, conducted
17 comprehensive background investigations on three key and
18 Level I applicants.

19 The investigations included, but were not
20 limited to, criminal, financial and general character
21 inquiries, which were made in the jurisdictions where
22 the applicants lived, worked and frequented.

23 The following individuals are being presented
24 for your consideration -- we only have three this
25 morning -- Timothy R. Kelly, Vice-President of Casino

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1 Operations for Argosy Riverside Casino; Todd A. Steffen,
2 Vice-President and General Manager of IOC-Kansas City
3 Casino; and finally, Keith R. Wyche, Independent
4 Director for WMS Gaming, Incorporated.

5 The results of these investigations were
6 provided to the Gaming Commission staff for their review
7 and you have all related summary reports before you.

8 EXECUTIVE DIRECTOR STOTTLEMYRE: And staff
9 recommends approval of Resolution 12-086.

10 CHAIRMAN HATCHES: Any questions from the
11 Commission?

12 Chair would entertain a motion for Resolution
13 No. 12-086.

14 COMMISSIONER BRADLEY: Motion to approve
15 Commission Resolution 12-086.

16 COMMISSIONER MERRITT: Second.

17 CHAIRMAN HATCHES: Approved and seconded.

18 Any other discussion?

19 Angie.

20 MS. FRANKS: Commissioner Merritt.

21 COMMISSIONER MERRITT: Approve.

22 MS. FRANKS: Commissioner Jones.

23 COMMISSIONER JONES: Approve.

24 MS. FRANKS: Commissioner Bradley.

25 COMMISSIONER BRADLEY: Approve.

1 MS. FRANKS: Chairman Hatches.

2 CHAIRMAN HATCHES: Approve.

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

4 Resolution No. 12-086.

5 EXECUTIVE DIRECTOR STOTTLEMYRE:

6 Mr. Chairman, the next item on the agenda is

7 consideration of relicensure of certain suppliers, and

8 Lieutenant Rex Scism will present.

9 LIEUTENANT SCISM: Missouri State Highway

10 Patrol investigators conducted the relicensing

11 investigation of three supplier companies currently

12 licensed in Missouri.

13 These investigations consisted of

14 jurisdictional inquiries, feedback from affected gaming

15 company clients, a review of disciplinary actions,

16 litigation and business credit profiles, as well as a

17 review of the key persons associated with each company.

18 The results of these investigations were

19 provided to the MGC staff for their review and you

20 possess summary reports before you which outline our

21 investigative findings.

22 The following supplier companies are being

23 presented for your consideration this morning. There

24 are three of them. The first is DEQ Systems

25 Corporation, Levis, Quebec, Canada.

0040

1 EXECUTIVE DIRECTOR STOTTLEMYRE: Staff
2 recommends approval of Resolution No. 12-087.

3 CHAIRMAN HATCHES: Any questions from the
4 Commission?

5 The Chair will entertain a motion for
6 Resolution No. 12-087.

7 COMMISSIONER MERRITT: I would make a motion
8 to approve Resolution No. 12-087.

9 COMMISSIONER JONES: Second.

10 CHAIRMAN HATCHES: Moved and seconded.

11 Any other discussion?

12 Angie.

13 MS. FRANKS: Commissioner Merritt.

14 COMMISSIONER MERRITT: Approve.

15 MS. FRANKS: Commissioner Jones.

16 COMMISSIONER JONES: Approve.

17 MS. FRANKS: Commissioner Bradley.

18 COMMISSIONER BRADLEY: Approve.

19 MS. FRANKS: Chairman Hatches.

20 CHAIRMAN HATCHES: Approve.

21 MS. FRANKS: By your vote you've adopted
22 Resolution No. 12-087.

23 LIEUTENANT SCISM: The next company is
24 Western Money Systems, Las Vegas, Nevada.

25 EXECUTIVE DIRECTOR STOTTLEMYRE: And staff

0041

1 recommends approval of Resolution No. 12-088.

2 CHAIRMAN HATCHES: Any questions from the
3 Commission?

4 Then Chair would entertain a motion for
5 Resolution No. 12-088.

6 COMMISSIONER JONES: Move for the acceptance
7 of Resolution No. 12-088.

8 COMMISSIONER BRADLEY: Second.

9 CHAIRMAN HATCHES: Moved and seconded.

10 Any other discussion?

11 Angie.

12 MS. FRANKS: Commissioner Merritt.

13 COMMISSIONER MERRITT: Approve.

14 MS. FRANKS: Commissioner Jones.

15 COMMISSIONER JONES: Approve.

16 MS. FRANKS: Commissioner Bradley.

17 COMMISSIONER BRADLEY: Approve.

18 MS. FRANKS: Chairman Hatches.

19 CHAIRMAN HATCHES: Approve.

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

21 Resolution No. 12-088.

22 LIEUTENANT SCISM: And then finally BMM North
23 America, Incorporated, doing business as BMM Compliance,
24 Las Vegas, Nevada.

25 EXECUTIVE DIRECTOR STOTTLEMYRE: And staff

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1 recommends approval of Resolution No. 12-089.

2 CHAIRMAN HATCHES: Any questions from the
3 Commission?

4 Then Chair would entertain a motion for
5 Resolution No. 12-089.

6 COMMISSIONER MERRITT: I'd move for the
7 approval of Resolution No. 12-089.

8 COMMISSIONER JONES: Second.

9 CHAIRMAN HATCHES: Moved and seconded.
10 Any other discussion?

11 Then Chair would entertain a motion for
12 Resolution No. 12-089.

13 MS. FRANKS: You already did that.

14 Commissioner Merritt.

15 COMMISSIONER JONES: You've repeated
16 yourself.

17 COMMISSIONER MERRITT: You need to take a
18 cigarette break.

19 CHAIRMAN HATCHES: And I don't even smoke.

20 MS. FRANKS: Commissioner Merritt.

21 COMMISSIONER MERRITT: I will agree with
22 that.

23 MS. FRANKS: Commissioner Jones.

24 COMMISSIONER JONES: Approve.

25 MS. FRANKS: Commissioner Bradley.

1 COMMISSIONER BRADLEY: Approve.

2 MS. FRANKS: Chairman Hatches.

3 CHAIRMAN HATCHES: Approve.

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

5 Resolution No. 12-089.

6 EXECUTIVE DIRECTOR STOTTLEMYRE:

7 Mr. Chairman, the next item on the agenda is

8 consideration of rules and regulations, and Mr. Ed

9 Grewach will present.

10 MR. GREWACH: I want to say first that all
11 three of these proposed rules and amendments are part of
12 an ongoing process we have here. As technology changes
13 and as our practical experience, you know, on the floor
14 regulating these activities change, we're on a constant
15 process of reviewing these and making changes to make
16 them make sense and make them work better and be more
17 practical to administer.

18 From here a proposed rule, of course, as you
19 know, will then -- there will be a public comment
20 period, there will be a public hearing and all those
21 things technically by law will happen in the future.

22 Even though we're legally not required to,
23 before we take these steps that we're taking now we meet
24 with representatives of the industry to get their input
25 before we even get to this stage to see what we can do

1 that will both protect our interest and be something
2 practical that will work from their perspective.

3 The first one, the change to 5.193, this sets
4 up a mathematical statistical analysis of the games, the
5 probability of payout under certain handle pulls, and so
6 it allows us to create the theoretical payback under
7 certain scenarios and create a math worksheet of what we
8 would anticipate this machine to pay back to the player.

9 So that's done. The manufacturer
10 manufactures it. The independent testing laboratory
11 tests those, and to list the payback percentage
12 intervals for, as I said, a certain number of handle
13 pulls, and that's certified in a letter from the testing
14 laboratory.

15 You'll see later on when we get into the
16 changes in Chapter E, we then later on have the
17 properties themselves do semiannual checks to compare
18 the actual performance of the machine to the theoretical
19 findings that the lab and the manufacturers have
20 presented to us.

21 We have a certain, you know, degree of
22 variance or tolerance rate as to how far above and
23 beyond at certain levels of handle pulls. And as you'll
24 see later, we start that at 100,000 handle pulls. We
25 start requiring the properties to -- to test those --

0045

1 run those reports twice a year at that point, so we can
2 review those.

3 But this is to determine the formula, as you
4 can see from the proposed rule, that -- of how that
5 mathematical worksheet would be completed.

6 Now, in 1976 I took a statistics class at the
7 University of Missouri-Columbia, so I know what the sign
8 for a standard deviation is. After that I can't help
9 you. If you have more questions than that, I'd have to
10 call on Todd Nelson to answer it.

11 CHAIRMAN HATCHES: I think we all feel the
12 same way. We were hoping you would explain this.

13 COMMISSIONER JONES: Now, I have a question
14 before you go further on this.

15 This is for every machine and not a group,
16 like all of the dollar machines and all of the 50 cents
17 or whatever or something like that? This is done on
18 every machine?

19 MR. GREWACH: Every machine.

20 MR. NELSON: Yes.

21 COMMISSIONER MERRITT: Way above me. I'm
22 pretty much bumfuzzled by that.

23 MR. GREWACH: The court reporter may need
24 help with spelling that later.

25 CHAIRMAN HATCHES: What are we supposed to do

1 here?

2 MR. GREWACH: Let me go on then because you
3 can take them all three together because they really are
4 related.

5 Then No. 2 under this item is a change to
6 Chapter E. This is really a very extensive rewrite
7 again. You know, we looked at new technology, actual
8 experience we've had on the floor.

9 Just to give you some examples in this
10 without going through the entire thing, I mean, we
11 deleted any references to hopper fills because it just
12 doesn't happen anymore, so there is no need to deal with
13 that. We removed references to tokens. We don't use
14 tokens anymore. We use TITOs.

15 You know, we revised the jackpot chart to
16 really make it more realistic for the, you know, amount
17 played and to make sure it complied with all of the, you
18 know, regulations, Federal and State, that required
19 certain events to happen for each event that is shown in
20 that matrix on the jackpot chart.

21 We also had-- as I mentioned before, you'll
22 see in 6.08 the -- the requirement now that -- which we
23 have from the manufacturer and the testing lab, the
24 theoretical statistical payment to players that should
25 occur.

1 We now have them after 100,000 handle pulls,
2 start actually track the machine's performance against
3 that. We can compare to see if they're outside the
4 tolerance level, and if so, potentially indicate there's
5 a problem, so we can follow up with that particular
6 machine to see if there is something wrong with that.

7 CHAIRMAN HATCHES: Okay.

8 MR. GREWACH: And the third item is dealing
9 with Chapter R, the forms. The same process here
10 involves -- you know, we had things that come up, like
11 we decided, well, we need to have an unclaimed property
12 log, you know, added. A lot of the other changes were
13 just the changes to make the forms work better, flow
14 better, make them easier to fill out and understand.

15 We did -- if you look at paragraph 302
16 dealing with electronic signatures, because, again,
17 that's going to become more and more of a reality in
18 the industry, and we've even dealt with it here on the
19 Commission level of accepting, you know, what do we need
20 to accept an electronic signature.

21 So we built into this rule what we feel are
22 safeguards to make sure of that, and we'll be able to
23 establish that something signed from an electronic
24 signature by a Level II, Level I licensee, we can prove
25 that particular person signed that document.

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1 And I would be happy to divert any questions
2 you have to people who really know the answers.

3 CHAIRMAN HATCHES: Any questions from the
4 Commission?

5 EXECUTIVE DIRECTOR STOTTLEMYRE: Staff
6 recommends approval of the proposed rules and amendments
7 as listed.

8 CHAIRMAN HATCHES: Then the Chair would
9 entertain a motion for the proposed rules and amendments
10 as listed.

11 COMMISSIONER JONES: Move for the acceptance
12 of proposed rule and amendments 11 CSR 45-5.193,
13 45-9.105, 45-9.118.

14 COMMISSIONER BRADLEY: Second.

15 CHAIRMAN HATCHES: Moved and seconded.

16 Any discussion?

17 Angie, call the roll, please.

18 MS. FRANKS: Commissioner Merritt.

19 COMMISSIONER MERRITT: I agree with it.

20 MS. FRANKS: Commissioner Jones.

21 COMMISSIONER JONES: Approve.

22 MS. FRANKS: Commissioner Bradley.

23 COMMISSIONER BRADLEY: Approve.

24 MS. FRANKS: Chairman Hatches.

25 CHAIRMAN HATCHES: Approve.

1 MS. FRANKS: By your vote you've adopted the
2 proposed rule and amendments for 11 CSR 45-5.193, 9.105
3 and 9.118.

4 EXECUTIVE DIRECTOR STOTTLEMYRE:
5 Mr. Chairman, the next item on the agenda is
6 consideration of waiver of institutional investors.

7 Ms. Martha LeMond will present.

8 MS. LEMOND: Good morning, Mr. Chairman,
9 Commissioners.

10 CHAIRMAN/COMMISSIONERS: Good morning.

11 MS. LEMOND: With your permission, in order
12 to expedite this, I'd like to break the resolutions into
13 two groups, M through Q and then R and S separately.

14 Behind Tabs M, N, O, P and Q are resolutions
15 regarding waiver of licensure for an institutional
16 investor holding and/or requesting to hold publicly
17 traded interests of up to 20 percent in a gaming
18 licensee.

19 These investors have submitted a request for
20 waiver to hold interest in the licensee in compliance
21 with 11 CSR 45-4. The submitted waiver requests certify
22 all holdings are for institutional investment purposes
23 only, with no intent to be involved in the management or
24 operation of the licensees.

25 The first group of resolutions consist of

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1 No. 12-090 is for Apollo Hamlet Holdings, LLC.

2 No. 12-091 is for Apollo Hamlet Holdings B, LLC.

3 No. 12-092 is for Co-Invest Hamlet Holdings B, LLC.

4 No. 12-093 is for TPG Hamlet Holdings, LLC, and

5 No. 12-094 is for TPG Hamlet Holdings B, LLC.

6 All requests are for the holding of multiple
7 interests in the licensee.

8 This is actually an extension of a waiver
9 that was granted by the Commission two years ago, so we
10 have looked at it before.

11 Any questions?

12 CHAIRMAN HATCHES: Any questions from the
13 Commission?

14 Then the Chair would entertain a motion.

15 EXECUTIVE DIRECTOR STOTTLEMYRE: Staff
16 recommends approval of Resolution Nos. 12-090, 12-091,
17 12-092, 12-093 and 12-094.

18 CHAIRMAN HATCHES: Any questions?

19 Chair would entertain a motion.

20 COMMISSIONER MERRITT: Make a motion to
21 approve Resolution Nos. 12-090, 091, 092, 093 and 094.

22 COMMISSIONER JONES: Second.

23 CHAIRMAN HATCHES: Moved and seconded.

24 Any other discussion?

25 Angie, call the roll, please.

1 MS. FRANKS: Commissioner Merritt.

2 COMMISSIONER MERRITT: Approve.

3 MS. FRANKS: Commissioner Jones.

4 COMMISSIONER JONES: Approve.

5 MS. FRANKS: Commissioner Bradley.

6 COMMISSIONER BRADLEY: Approve.

7 MS. FRANKS: Chairman Hatches.

8 CHAIRMAN HATCHES: Approve.

9 MS. FRANKS: By your vote you've adopted
10 Resolution Nos. 12-090, 12-091, 12-092, 12-093 and
11 12-094.

12 MS. LEMOND: With the second group behind
13 Tabs R and S are separate resolutions regarding waiver
14 of licensure for an institutional investor holding
15 and/or requesting to hold publicly traded interests in
16 up to two separate Missouri gaming licensees, of up to
17 20 percent in each.

18 These investors have submitted a request for
19 waiver to hold interest in these licensees in compliance
20 with 11 CSR 45-4. The submitted waiver requests certify
21 all holdings are for institutional investment purposes
22 only, with no intent to be involved in the management or
23 operation of the licensees.

24 Because the holdings may exceed the
25 10 percent threshold for which the Executive Director

1 may grant a waiver, these resolutions are before the
2 Commission today.

3 All requests are for the purchase of interest
4 between 10 and 20 percent each in two separate
5 licensees.

6 The Resolution No. 12-095 and Resolution
7 No. 12-096 are each for Addison Clark Management, LLC.

8 Any questions?

9 CHAIRMAN HATCHES: Any questions from the
10 Commission?

11 EXECUTIVE DIRECTOR STOTTLEMYRE: Staff
12 recommends approval of 12-095 and 12-096.

13 CHAIRMAN HATCHES: Chair would entertain a
14 motion.

15 COMMISSIONER BRADLEY: Motion to approve
16 Commission Resolution 12-095 and Commission
17 Resolution 12-096.

18 COMMISSIONER JONES: Second.

19 CHAIRMAN HATCHES: Moved and second.

20 Any other discussion?

21 Angie, call the roll, please.

22 MS. FRANKS: Commissioner Merritt.

23 COMMISSIONER MERRITT: Approve.

24 MS. FRANKS: Commissioner Jones.

25 COMMISSIONER JONES: Approve.

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1 MS. FRANKS: Commissioner Bradley.

2 COMMISSIONER BRADLEY: Approve.

3 MS. FRANKS: Chairman Hatches.

4 CHAIRMAN HATCHES: Approve.

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

6 Resolution Nos. 12-095 and 12-096.

7 EXECUTIVE DIRECTOR STOTTLEMYRE:

8 Mr. Chairman, before we go into closed I would like to
9 make mention of Todd Nelson receiving the DPS employee
10 of the month for October and give him a congratulations.

11 (Applause.)

12 MR. NELSON: I appreciate it.

13 CHAIRMAN HATCHES: For October. They already
14 know he's going to do a good job?

15 EXECUTIVE DIRECTOR STOTTLEMYRE: Actually
16 it's for something already performed.

17 CHAIRMAN HATCHES: We're carrying it over.

18 EXECUTIVE DIRECTOR STOTTLEMYRE: The
19 expectations for October we're not sure of yet.

20 COMMISSIONER JONES: Is there a take-back?

21 CHAIRMAN HATCHES: Well, congratulations,
22 Todd.

23 MR. NELSON: Thank you. I appreciate it.

24 EXECUTIVE DIRECTOR STOTTLEMYRE: At this
25 time, Mr. Chairman, we are ready to go into closed, and

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1 we will be holding closed in this room, so we'll have to
2 have the room vacated.

3 CHAIRMAN HATCHES: Okay.

4 The Chair would entertain a motion for
5 closed.

6 COMMISSIONER JONES: I'd like to make a
7 motion for a closed meeting under Section 313.847,
8 Investigatory, Proprietary and Application Records and
9 610.021(1) Legal Actions and (14) Records Protected from
10 Disclosure by Law.

11 COMMISSIONER MERRITT: Second.

12 CHAIRMAN HATCHES: There's a second.

13 Any discussion?

14 Angie, call the roll.

15 MS. FRANKS: Commissioner Merritt.

16 COMMISSIONER MERRITT: Approve.

17 MS. FRANKS: Commissioner Jones.

18 COMMISSIONER JONES: Approve.

19 MS. FRANKS: Commissioner Bradley.

20 COMMISSIONER BRADLEY: Approve.

21 MS. FRANKS: Chairman Hatches.

22 CHAIRMAN HATCHES: Approve.

23 (CLOSED SESSION.)

24 EXECUTIVE DIRECTOR STOTTLEMYRE: We are back
25 in open session and we have Mr. Mike Winter that will

1 make a presentation. We also have several of the
2 general managers here.

3 Mike --

4 MR. WINTER: Yeah, I'll introduce them here.

5 Thank you, Mr. Chairman, Commissioners. I'm
6 Mike Winter, Executive Director of the Missouri Gaming
7 Association, and we appreciate the opportunity today to
8 spend a little bit of time with you going over an issue
9 that you-all deal with quite a bit and one that is of
10 importance to the industry and one that we take very
11 seriously on a day-to-day basis.

12 Before I get started, let me introduce a
13 number of the general managers. We have eight of them
14 here today. I think that shows some of the importance
15 of the issue in the things we'd like to discuss a little
16 about today.

17 As we go through this, if you have questions,
18 by no means I am the expert on all this, but the eight
19 general managers obviously bring a wealth of information
20 that we can tap into today as well.

21 So hopefully either as I go through it or at
22 the end, if you have questions about this or other
23 things that you see in your Commission meetings, we can
24 kind of entertain those questions as we move forward.

25 Let me introduce the GMs that are here.

1 Jeff Babinski with Lumiere.

2 MR. BABINSKI: Good morning.

3 MR. WINTER: Jim Franke, General Manager of
4 Ameristar Casino of St. Charles.

5 MR. FRANKE: Good morning.

6 MR. WINTER: Sean Barnard, General Manager of
7 Ameristar Casino of Kansas City; Lyle Randolph, Lady
8 Luck in Caruthersville; Barron Fuller, Isle of Capri
9 Boonville.

10 MR. FULLER: Good morning.

11 MR. WINTER: Todd Steffan, Isle of Capri
12 Kansas City; Craig Travers, General Manager at St. Joe;
13 and last, but not least, Gerry Smirga, who is the
14 General Manager at Mark Twain in LaGrange.

15 So as we go through --

16 EXECUTIVE DIRECTOR STOTTLEMYRE: John is back
17 there too.

18 MR. WINTER: Oh, I'm sorry. John is here,
19 John Chaszar.

20 You know, I knew I counted nine but I only
21 had eight on here. It was invariable when I started
22 rattling through here that I would probably miss one of
23 them.

24 And really what I'd like to talk about today
25 is the underage patron issue. Based on the disciplinary

1 process that you-all have in place and the inability of
2 the industry really to answer some of the most basic
3 questions as you move through the disciplinary process
4 and adopt preliminary orders, I think that prevents us
5 from at least providing you with some information that
6 may be helpful in the process.

7 And I understand the reason for the process,
8 but I think it does preclude us from providing you with
9 some useful information at some point in time, rather
10 than having to go through a formal hearing process and
11 have that vetted at the hearing.

12 So hopefully we'll give you some things that
13 you can take home and consider in your future
14 deliberations.

15 New employee training -- and I'm just going
16 to walk through some of the things that we do with
17 employees, both new employee training, ongoing training
18 and a number of other items.

19 So our current training programs, you know,
20 any employee that is going to spend time on the casino
21 floor is going to be trained in techniques to identify
22 fraudulent identification cards and be trained to
23 identify minors, as well as any kind of gaming issues or
24 alcohol consumption problems.

25 We train our security guards and officers

1 extensively on how to recognize fraudulent IDs. There's
2 a number of different programs or processes that we use.

3 One is commonly referred to as FLAG, which is
4 feel, look, ask and give. So you are spending a decent
5 amount of time when anyone comes forward at the
6 turnstile looking at their identification, seeing if you
7 can tell if it's been modified, asking questions of
8 individuals before they are allowed on the casino floor.

9 Security officers receive that basic
10 training, as well as will -- another program is commonly
11 referred to as TIPS, which is more focused on
12 recognizing alcohol-related issues. It's training for
13 intervention programs.

14 And then we also do fraudulent document
15 recognition skills and education with our new trainees.

16 And then we do a lot of training with the new
17 hires on facial recognition. You know, we're going to
18 talk a little bit about the technology that is available
19 in the market today, but by and large a lot of the
20 people that are going to be caught are going to have to
21 be caught by the diligent work of the security officers.

22 The next slide.

23 We also -- after training our new hires, we
24 just don't turn them loose to handle these kinds of
25 situations on their own. They're going to have security

1 managers, as well as security management, regularly
2 involved in their training, and then we'll typically
3 have them shadow more experienced training officers for
4 some period of time. Usually it's several weeks.

5 Obviously the goal is for them to become
6 familiar and proficient in their job, but they've got to
7 be comfortable in some of the situations that they're
8 going to encounter, and we'll talk a little bit more
9 about that in a few of the slides we'll see in a little
10 while.

11 Ongoing training. There's been a number of
12 comments and questions raised by the Commissioners as we
13 see these violations come before you, if the industry is
14 continuing to train their individuals on an ongoing
15 basis, and I'm here to tell you that they do.

16 There's annual reviews or refresher courses.
17 Sometimes Les Hahn and MGC participates and helps put on
18 those training programs.

19 We regularly review the State identification
20 manuals that are available to the security officers that
21 work at the turnstiles.

22 In preparing for this I've also found out
23 that, you know, we will have buckets full -- the
24 properties will have buckets full of fake IDs that they
25 can share with staff and let them become more accustomed

1 to see kind of what's going on out there, how the
2 identification cards are altered or if they're just
3 being purchased offline from some of these other things
4 that are available on the internet as far as fake IDs.

5 The other thing that we do, that there are
6 delay reminders at pre-shift meetings to be aware and be
7 vigilant in what you're doing. So they do get that
8 daily reminder before going out on the casino floor to
9 the turnstiles.

10 Some of the technology and tools that are
11 available to the industry, simple things like black
12 lights and flashlights assist in seeing if IDs have
13 actually been altered.

14 We get updates and have the most recent
15 versions of any state and international identification
16 manual, so we can compare IDs that are being presented,
17 whether they be U.S. driver's licenses or out-of-the
18 country driver's licenses.

19 Identification scanners, another tool that we
20 use, which really allows a quick check of the driver's
21 license or the identification that can be made just
22 flashing up if that individual is 21 or not.

23 You've also heard in the Commission meeting a
24 considerable amount of discussion on Veridocs. It's
25 probably the most up-to-date technology that is out

1 there that allows for cards to be swiped and then actual
2 authentication of the card to take place to see if it's
3 been changed or not.

4 I will tell you that, you know, still key in
5 this whole process is going to be the ability of our
6 security officers to take the time to review the
7 identification cards to make sure that they are indeed
8 theirs.

9 General policies that we have in place at the
10 casino. If you've been to any facilities, signage is
11 posted before entering the casino floor warning those
12 individuals that you must be 21 before gaining access to
13 the casino floor, and if you do get on the casino floor,
14 that there may be penalties for doing so.

15 Also we post the current date, so it's very
16 easy to recognize if you're of age as of that date,
17 similar to what you may see in a convenience store or
18 some other places where carding of individuals is done
19 regularly.

20 The under 30 policy. We have a policy as an
21 industry that if anyone appears to be under 30 years of
22 age, that they're going to be carded when they try to
23 enter the casino, and if they happen to leave and come
24 back, they can expect to be carded again to show their
25 identification. It's just not going to be that one time

1 they enter the casino floor.

2 That is also the policy that, you know, the
3 actual folks working the floor of the casino should also
4 be aware of as they monitor what's going on on the
5 casino floor.

6 We only accept valid identification cards,
7 State-issued IDs, driver's license, valid passports,
8 valid military IDs. If they are not valid, we are not
9 going to accept them.

10 And then lastly one of the general policies
11 that is in place -- and you'll see this in the slides --
12 during peak hours -- and you'll see our peak hours here
13 in a little bit.

14 We'll significantly increase the amount of
15 security officers that are manning the turnstiles to
16 make sure that we are doing our best to prevent anyone
17 underage from gaining access to the casino floor.

18 When a questionable ID is presented,
19 oftentimes if the security officer is in doubt, they
20 will call their direct supervisor to come review the ID.
21 If they continue to have some doubt, it's very common
22 for a Gaming agent to be called to further review that
23 identification.

24 The last bullet point. You-all had some
25 questions in the past if we do incentivize our employees

1 in their positions to make sure that they're on top of
2 their game in monitoring underage individuals.

3 Bonuses are fairly common, where others
4 provide reward points to their employees should they
5 catch a fake or altered ID when someone is trying to
6 gain access to the casino floor.

7 When we find an underage person -- and
8 virtually all of the individuals that are found on the
9 casino floor or by casino employees and self-reported to
10 the Commission, we are internally going to investigate
11 those cases and determine how it happened.

12 If an employee made an honest mistake and
13 they were following policy, oftentimes they're going to
14 get some remedial training, and as long as we are
15 comfortable that they're following policy and have just
16 not ignored policy, then they're going to receive that
17 remedial training and given an opportunity to improve in
18 their job.

19 If they've been negligent or failed to follow
20 policy, oftentimes that is going to result in the
21 termination of the employee.

22 Some of the challenges that we face, fake
23 IDs. You know, there's a website that just got recently
24 shut down. It's a Chinese website that you can go on
25 and for 100 or \$200 buy a very, very good fake ID. In

1 fact, some of the fake IDs out there are actually able
2 to confuse the Veridocs machine. So even some of the
3 technology is not catching some of these fake IDs as
4 easily as you would think.

5 Using identification of another person. It's
6 pretty common that if you've got an older brother or an
7 older sister, you may get their ID at some point in time
8 if you wanted to get into a bar. We see that also. We
9 see a lot of fake -- using the ID of another person.

10 Altered IDs. Oddly enough, you know, people
11 still think that they can alter the identification cards
12 and gain access. So that's when you use your black
13 light and flashlights to try to gain the information to
14 know if those have been altered or not.

15 Large crowds. And you'll see this here in a
16 few minutes in the slides.

17 At given points in time there are
18 significantly large numbers of patrons trying to gain
19 access to the casino floors. Not uncommon to have some
20 friends trying to distract a security officer if that
21 person may be underage to get them on the casino floor.

22 Parents or peers assisting. Oddly enough
23 some parents will do the same thing in trying to get
24 their underage children on the casino floor, and we've
25 seen instances in the past of that taking place.

1 And I think recently in one of your
2 Commission meetings you absolutely heard about some
3 individual who climbed over a three- or four-foot wall
4 trying to gain access to the casino floor because they
5 were underage, rather than going through the turnstiles.

6 Some statistics, which I think are very
7 telling, when you look at the number of patrons that
8 were our facilities in fiscal year -- in State fiscal
9 year '12, we had 25 million patrons visit our
10 properties.

11 Obviously a wide range of admissions were
12 seen by the different types of properties that we had.
13 But in asking our members the number of minors that they
14 were caught or prevented from gaining access by use of
15 either fake, altered IDs, using someone else's ID, we
16 caught an additional 845 minors at the turnstiles from
17 going on the floor.

18 And then lastly during that same fiscal year,
19 2012, the number of minors who were caught on the gaming
20 floor were 44.

21 And I think when you look at the total number
22 of patrons and admissions that we had in 2012, I'm not
23 even sure how far to go to tell you what that number is,
24 but it kind of looks like a current CD rate but maybe
25 even smaller than that. And I like to think that my CD

1 rates are statistically insignificant.

2 COMMISSIONER MERRITT: Where is Ed? He can
3 probably read that for us.

4 MR. WINTER: Let me take a few minutes and
5 run through few slides that we've asked the properties
6 to provide to us.

7 And those of you with a military background
8 will recognize the times that are on here. This is
9 approximately 10:30. It shows two turnstiles,
10 individuals being checked on both turnstiles to gain
11 access to the casino floor.

12 And this is February 18th in St. Louis.

13 Why don't you go to the next one.

14 This is -- you can't really see it with the
15 light very well, but this is the same property at 10:30
16 that night. This was an activity in St. Louis during
17 Mardi Gras and Souldard had just -- the event in Souldard
18 had just quit. And so this was the line of people to
19 get into the casino at 10:30 at night.

20 And, you know, you can tell by the -- by the
21 crowd, it looks to be a pretty young crowd, and it's
22 going to take a significant amount of time for security
23 to check all those individuals to make sure that we're
24 not seeing any underage patrons gaining access.

25 It probably took -- if you were waiting in

1 that line and you needed to be carded, it probably took
2 upwards of an hour to get in just because of the volume,

3 Why don't we go to the next one.

4 Another property, the gentleman with his back
5 to us in black is the security officer. He's got, it
6 looks like, a young lady that he is checking the ID of,
7 and the other individuals are waiting either for her ID
8 to be checked or also to be checked.

9 There's a second security officer to the
10 right. It's pretty common that when individuals are
11 pulled to the side to have IDs checked, if you appear to
12 be over 30 years of age, the other security officers
13 will allow you to go and enter the casino floor.

14 If it were the situation where both security
15 officers were checking IDs, the others would be kept in
16 line until one of them was free to review the rest of
17 the people waiting to access the casino floor.

18 Another one of our properties. The gentleman
19 in the red is the actual security officer, the gentleman
20 to his right is his supervisor and then the gentleman
21 facing us in the coat and tie is one of the Gaming
22 agents.

23 Obviously they weren't comfortable allowing
24 this individual access to the floor, so asked for the
25 Gaming agent to come down and verify the identification

1 before allowing him to enter.

2 Another one of our properties on the eastern
3 side of the State, exit turnstiles on the right,
4 entrance turnstiles on the left. The security person in
5 the middle is monitoring to make sure that people are
6 going in and out the right turnstiles, as well as if
7 there are any individuals likely who need additional
8 checking.

9 What doesn't appear in this picture are two
10 or three more security officers who are actually
11 checking IDs of the individuals before they're gained
12 access to the casino floor.

13 About midnight on September 15th, outside one
14 of the casino turnstiles, you know, a decent line at
15 midnight to be -- to be going through the turnstiles.
16 Obviously it's backed up a little bit because IDs are
17 being checked.

18 The same turnstile, a little bit later that
19 night, 1:40 in the morning. I believe I counted six
20 different security officers reviewing IDs or monitoring
21 the crowd as they're trying to gain access to the casino
22 floor.

23 You can go on to the next one.

24 Two minutes later, the same casino. This is
25 the line that had formed outside the turnstiles at the

1 property. It happens that St. Charles bars close down
2 around 1:30, and we see a significant amount of
3 individuals coming to this property on Thursday, Friday
4 Saturday night. So this is not an uncommon sight.

5 But obviously when we have this kind of line,
6 a significant number of security officers are there to
7 try to accommodate them and make sure we're diligent in
8 what we need to do.

9 What more can we do? Obviously we are not
10 going to do any less and probably enhance our efforts to
11 try to keep minors from gaining access to the floor.

12 What we've seen -- even though the Gaming
13 agents will arrest those on the floor for violating the
14 law, the prosecution -- actual prosecution of those
15 individuals is pretty spotty. Plus the penalty for that
16 violation probably is not significant enough to be a
17 deterrent for those individuals to keep them off their
18 casino floor.

19 So I know we as the industry continue to talk
20 about, you know, if there are other avenues and other
21 deterrents that we should support and take to the
22 Legislature to try to address this situation, and we
23 have those discussions ongoing to see what we believe an
24 actual deterrent would be for individuals under 21 from
25 trying to gain access to our floor.

1 So that real quickly are some of the points
2 we wanted to make on what our efforts are as an industry
3 on trying to catch minors. It's something we take very
4 seriously.

5 The security officer jobs are high pressure
6 as you can see from those lines that are formed. Those
7 folks have got to be under a great deal of pressure not
8 to make a mistake.

9 And unfortunately, regardless of their best
10 efforts, our best efforts in training our employees and
11 stressing the importance of catching minors before they
12 gain access to the floor, those situations are going to
13 happen.

14 And, you know, we are continuing to spend
15 capital on making sure we have the best technology
16 available, as well as adequate, if not superior,
17 training for our employees in those positions.

18 But again, the mistakes are going to occur,
19 but we are doing the best we can to try to prevent those
20 from occurring.

21 And I'd be happy to answer any questions or
22 if you'd like some input from the GMS, we can do that,
23 Mr. Chairman.

24 CHAIRMAN HATCHES: First, Mike, thanks so
25 much for the presentation, and also thank you to all of

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1 the GMS for being here. It really does support your
2 concern and your efforts to manage this problem.

3 And I don't think any of us have the answers,
4 but it's rewarding to know that you're seeking them
5 anyway.

6 So any questions from the Commissioner?

7 COMMISSIONER MERRITT: Yes.

8 Any idea of the personnel turnover that is in
9 these security positions? Are they constantly having
10 new people training? Is it hard to keep them?

11 MR. WINTER: You know, I'm not sure,
12 Commissioner Merritt. Probably one of the GMS can give
13 you an idea of what their current turnover is, but I did
14 not ask for that information.

15 CHAIRMAN HATCHES: And as you get into that
16 answer, we certainly recognize while the security guards
17 are the first line of defense of this, all of the other
18 employees have a role to play too.

19 And one of the things that we see on a
20 regular basis is they get through the security guard and
21 sometimes as many as five, six, seven, eight other
22 employees.

23 So we do recognize that the responsibility is
24 not just in one place and the followup training and
25 those kind of things, I just recommend that you continue

1 to do that maybe more intensely.

2 MR. WINTER: Yeah. And I think the servers
3 or dealers or whoever they may encounter on the floor
4 understand their responsibility as well.

5 Obviously as many people as we see coming
6 through the turnstiles, and we catch the vast majority
7 of them, we don't want the others to let down their
8 emphasis in also making sure that they're looking for
9 underage patrons.

10 CHAIRMAN HATCHES: Okay.

11 COMMISSIONER JONES: Mike, I have a question.

12 And again, with the security being the first
13 line of defense. If they're able to bypass -- or if
14 they're able to get through the security, is the rest of
15 the staff equipped with some of the technology or
16 equipment used to identify, you know, the fake IDs, the
17 black light or the flashlight?

18 Because I didn't realize -- I didn't realize
19 that you had sites out there -- I guess you can get
20 everything off of the internet -- you have sites out
21 there that can manufacture these IDs that are so good
22 that they just can slip by even the trained security
23 systems that we have.

24 But are the -- and I guess the general
25 managers can answer. Are the bartenders or the dealers,

1 do they have access to these black lights, I mean, if
2 they want to question them?

3 Because I guess if you're using the black
4 lights or the flashlight, you have some possibility of
5 detecting whether it's a fake ID or not.

6 MR. WINTER: My guess -- and I'll ask one of
7 them to also comment -- as far as the ID scanners and
8 the Veridocs, these are going to be at the turnstiles.

9 But the others, I'm assuming if they're
10 questioning the validity of an ID or an underage
11 patron's age, that they will call security if they need
12 assistance or maybe a Gaming agent.

13 Is that right?

14 MR. FRANKE: That's correct.

15 Good afternoon, Commissioners. I did want to
16 respond --

17 CHAIRMAN HATCHES: State your name.

18 MR. FRANKE: I'm sorry. Jim Franke, General
19 Manager of Ameristar St. Charles.

20 I did want to comment on Commissioner
21 Merritt's question. Our security staff have been
22 challenged over the last few years, you know, as more
23 and more pressure gets put, you know, on them with this
24 minor -- or issues with minors trying to get on the
25 facility.

1 I think we as an industry have gone a long
2 ways with the training and making sure that our team
3 members understand exactly what is expected of them.

4 And like Mike said in the presentation, as
5 long as they follow all of the steps that they're to
6 follow, we do not hold them accountable if somebody does
7 get on. You know, we will continue to coach and address
8 that.

9 But again, those mistakes are going to be
10 there. If they don't follow the procedures and they
11 just neglect in what we have trained them to do, then we
12 do take that action.

13 So we've tried to lessen that by letting
14 them -- all you need to do is do your job and you don't
15 have to worry about your job. But at the same time, you
16 know, we all put a lot of pressure on ourselves.

17 And our teams do that as well because they
18 care about their job. They care about what they're
19 doing and they take pride in that.

20 COMMISSIONER MERRITT: Does the pay structure
21 give them any incentive to deal with this pressure,
22 anything like that, over other positions within the
23 casino?

24 MR. FRANKE: Well, with the pay structure --
25 and everything that we've done with pay throughout the

1 property, we do a lot of comparisons not only within
2 different positions within the casino but even the
3 security positions within the City, and we try to make
4 sure that we are able to attract a team member that is
5 able to perform that job and that we can retain them.

6 COMMISSIONER MERRITT: Yeah, that's what I
7 was . . .

8 MR. FRANKE: And we continue to focus year
9 after year. I know a lot of the companies do surveys of
10 our team members, you know, what they think of the
11 property and their position and their job and so forth,
12 and, you know, we continue to get better retention and
13 better feedback year after year.

14 It's an issue that we continue to deal with,
15 because our goal is to retain our team members so we
16 don't -- the longer they're there, the better they get
17 at identifying these things.

18 COMMISSIONER MERRITT: Thank you.

19 CHAIRMAN HATCHES: Anything else from the
20 Commission? Staff?

21 Again, Mike, thanks so much and thanks to all
22 of you general managers for the work that you do. We
23 appreciate it.

24 MR. WINTER: Thank you.

25 CHAIRMAN HATCHES: Do we have a motion to

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1 adjourn?

2 COMMISSIONER JONES: So move.

3 CHAIRMAN HATCHES: So move what?

4 COMMISSIONER JONES: To adjourn. I was
5 answering your question.

6 COMMISSIONER BRADLEY: Second.

7 CHAIRMAN HATCHES: So moved and seconded.

8 Call roll, Angie.

9 MS. FRANKS: Commissioner Merritt.

10 COMMISSIONER MERRITT: Approve.

11 MS. FRANKS: Commissioner Jones.

12 COMMISSIONER JONES: Approve.

13 MS. FRANKS: Commissioner Bradley.

14 COMMISSIONER BRADLEY: Approve.

15 MS. FRANKS: Chairman Hatches.

16 CHAIRMAN HATCHES: Approve.

17 CHAIRMAN HATCHES: Okay. We're done.

18 WHEREIN, the meeting concluded at 11:55 a.m.

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CERTIFICATE OF REPORTER

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I, Patricia A. Stewart, RMR, RPR, CCR, a

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Certified Court Reporter in the State of Missouri, do

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hereby certify that the testimony that appears in the

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ability and thereafter reduced to typewriting by me;

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that I am neither counsel for, related to, nor employed

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Patricia A. Stewart

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CCR No. 401

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