

1 BEFORE THE MISSOURI GAMING COMMISSION

2 STATE OF MISSOURI

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7 Meeting

8 January 30, 2013

10:00 a.m.

9 Central Office

3417 Knipp Drive

10 Jefferson City, Missouri

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12 (Meeting start time: 10:05 a.m.)

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1 BEFORE THE MISSOURI GAMING COMMISSION
2 STATE OF MISSOURI

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 Meeting
 January 30, 2013
 10:00 a.m.
 Central Office
 3417 Knipp Drive
 Jefferson City, Missouri

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COMMISSIONERS PRESENT:

9

Dr. Barrett Hatches, Chairman

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Suzanne Bocell Bradley

11

Darryl T. Jones

12

Jack Merritt

13

Diane C. Howard

14

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16

17

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REPORTED BY:

20

Patricia A. Stewart

21

RMR, RPR, CCR 401

22

3432 West Truman Boulevard, Suite 207

23

Jefferson City, Missouri 65109

24

573-636-7551

25

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

2 CHAIRMAN HATCHES: Good morning.

3 Thanks again for all of you coming down this
4 morning. Based on where you came from, it may have been
5 a wet ride. I understand it's going to be a wet ride
6 when we leave here if we don't get out of here soon.

7 All right. Let's get rolling.

8 Angie.

9 MS. FRANKS: Commissioner Howard.

10 COMMISSIONER HOWARD: Here.

11 MS. FRANKS: Commissioner Merritt.

12 COMMISSIONER MERRITT: Here.

13 MS. FRANKS: Commissioner Jones.

14 COMMISSIONER JONES: Here.

15 MS. FRANKS: Commissioner Bradley.

16 COMMISSIONER BRADLEY: Here.

17 MS. FRANKS: Chairman Hatches.

18 CHAIRMAN HATCHES: Here.

19 Let me also remind you, especially,
20 Commissioners, and those of you in the audience, if you
21 would, please, turn your cell phones off. We are
22 getting feedback in our sound system and we've traced it
23 down to pretty much your cell phones, not ours, but just
24 to play along we're going to all turn our cell phones
25 off.

1 That will make LeAnn real happy and that's
2 important to us.

3 Okay. The first order of business is
4 Consideration of Minutes from December 5th.

5 COMMISSIONER BRADLEY: Motion to approve.

6 COMMISSIONER JONES: Second.

7 CHAIRMAN HATCHES: Moved and seconded.

8 Any discussion?

9 Angie, call the roll, please.

10 MS. FRANKS: Commissioner Howard.

11 COMMISSIONER HOWARD: Aye.

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 the
21 minutes of the December 5th, 2012 meeting.

22 CHAIRMAN HATCHES: Mr. Stottlemire.

23 EXECUTIVE DIRECTOR STOTTLEMYRE:

24 Mr. Chairman, the next item on the agenda is the
25 Consideration of Hearing Officer Recommendations, and

1 Mr. Stephen Stark will present.

2 MR. STARK: Good morning, Commissioners.

3 CHAIRMAN/COMMISSIONERS: Good morning.

4 MR. STARK: Commissioners, the first three
5 items that we have, B, C and D, all relate to the same
6 fact pattern. My thought is, with your permission and
7 if the three gentlemen are in the audience, with their
8 consent, that I would present those three together as
9 one presentation.

10 The names are Mr. Austin Bell, Mr. Michael
11 Brennan and Mr. Timothy Rohrbaugh. I don't see them in
12 the audience, but if the desire of the Commission is, I
13 can present all three cases in one presentation.

14 CHAIRMAN HATCHES: That's fine with us.

15 MR. STARK: The facts of this case occurred
16 on February 4th and into February 5th of 2012.

17 Mr. Austin Bell holds a Level II occupational
18 license and is employed as a lead table games
19 supervisor. Mr. Michael Brennan holds a Level II
20 occupational license and was employed as a floor
21 supervisor. Mr. Timothy Rohrbaugh holds a Level II
22 occupational license as well and was employed in a dual
23 rate capacity, serving as supervisor and as lead
24 supervisor.

25 I did conduct three different individual

1 hearings for each of the three licensees and indeed
2 arrived at the same findings and recommendations that I
3 am presenting today.

4 The initial violation of law that revolves
5 around the facts relate to the following regulation:
6 Cards opened for use on any table game in which the
7 cards are handled by the players shall be changed at
8 least every six hours.

9 At 12:43 a.m. on February 5th, 2012 another
10 employee of the casino was serving as a table dealer.
11 He retired twelve decks of cards used in a game called
12 Texas Shootout Poker at Table No. 203.

13 He removed those cards from play by marking
14 the out time on the card boxes and then placed the cards
15 in a bag to be canceled later on.

16 The twelve decks of cards placed in the bag
17 for cancellation had first been put into play at
18 4:38 p.m. on February 4th for six decks of the cards
19 being of the color green and the second set of six decks
20 of cards were put into play at 5:03 p.m. on
21 February 4th.

22 Now, all these twelve decks of cards had an
23 out of play time marked as 12:30 a.m., with the result
24 being that six decks of the green cards had a total play
25 time of seven hours and 52 minutes and the six decks of

1 cards in the color teal had a playing time of seven
2 hours and 27 minutes.

3 At approximately 1:32 a.m. on February 5th,
4 2012 Mr. Bell and Mr. Rohrbaugh, along with another
5 casino player named Mr. Mosone (phonetic sp.) were
6 present at the casino's pit podium where the playing
7 cards are stored.

8 The three of them were examining the deck of
9 cards that was used at the Table 203 and discussing the
10 fact that these decks of cards had been in play for a
11 longer time than allowed by the regulation.

12 Four minutes later, at approximately
13 1:36 a.m., Mr. Bell removed the cards -- those cards --
14 those twelve decks of cards from the bags that were used
15 on Table 203 and changed the dates on the time when the
16 cards were retired from the original time of 12:30 a.m.
17 on February 5th to a new time of ten o'clock on
18 February 4th, basically marking over the original 12:30
19 with the number of ten o'clock. However, you will note
20 in the exhibits, Exhibit No. 3 at page 55, Mr. Bell
21 failed to change the a.m. to p.m.

22 At approximately 1:39 Mr. Brennan, our third
23 licensee in this case, arrived at the pit podium and
24 engaged in a conversation with Mr. Bell about the cards
25 being played for too long. Mr. Brennan was a supervisor

1 of the dealer at Table 203.

2 At approximately 1:43 a.m. Mr. Bell removed
3 twelve new decks of unused cards from a different bag
4 and wrote down a time for beginning of play at
5 ten o'clock p.m. on February 4th for Table 203, with an
6 out of time -- or out of play time of 12:30 a.m.

7 Between 1:43 a.m. and 1:45 a.m. Mr. Bell
8 instructed Mr. Rohrbaugh and Mr. Brennan to take a black
9 marker and cancel out the twelve new cards that were not
10 used in the game.

11 At 1:45 a.m. Mr. Bell and Mr. Brennan as
12 the supervisors signed their names, along with writing
13 their gaming license numbers, to the bag tag for the
14 unused cards to show the falsified start time of
15 ten o'clock p.m.

16 Later during the day of February 5th Mr. Bell
17 had a conversation with Mr. Rohrbaugh, in which Mr. Bell
18 explained that Mr. Brennan had failed to change the
19 cards when he was supposed to.

20 Now, none of these three licensees reported
21 the incident of failing to timely change the cards to
22 any Commission agent or any other law enforcement
23 authority, nor did any of the three report the fact of
24 creating the new documentation regarding the play time
25 for these cards.

1 So rather than comply with the regulatory
2 mandates to report a violation the three made a decision
3 to change the record in an effort to avoid detection of
4 the initial regulatory violation.

5 When conducting a routine inspection of the
6 cards in the room where cards to be canceled are stored,
7 a Commission agent noticed the suspicious alterations on
8 the deck of cards and initiated an investigation.

9 He looked at surveillance and then also
10 conducted interviews with all of the parties involved.

11 Both Mr. Bell and Mr. Rohrbaugh cooperated in
12 the investigation, and at the hearings Mr. Bell and
13 Mr. Rohrbaugh each testified that they understood the
14 violation and that they were willing to take
15 responsibility for their conduct.

16 However, Mr. Brennan did not attend any of
17 the scheduled meetings with the Gaming Commission agent,
18 did not cooperate with the investigation, did not attend
19 the hearing that I conducted as he had requested.

20 Mr. Brennan's lack of cooperation would
21 constitute a separate and distinct violation of
22 regulations that require licensees to assist and
23 cooperate with the Gaming Commission's investigations.

24 The preliminary order for Mr. Bell proposed
25 revocation of his license. My recommendation is the

1 same, that the revocation is appropriate and supported
2 by the facts in the law.

3 The preliminary order for Mr. Rohrbaugh
4 proposed revocation of his license. My recommendation
5 is the same. The revocation is indeed appropriate and
6 supported by the facts in the law.

7 The preliminary order for Mr. Brennan
8 proposed a ten-day suspension of his license. Such
9 proposal can be supported by the facts in the law, but
10 my recommendation is that revocation is the more
11 appropriate discipline.

12 Mr. Brennan not only failed to report the
13 violations and then further participated in altering
14 the records and placing the incorrect times on the deck
15 of cards, he also failed to cooperate with the Gaming
16 Commission's agent's investigation.

17 So my findings are that the facts and the law
18 more appropriately support a revocation of Mr. Brennan's
19 license, and that would be my recommendation, to change
20 the proposed ten-day suspension to a revocation of
21 Mr. Brennan's license.

22 CHAIRMAN HATCHES: Thank you.

23 Any questions from the Commissioners?

24 COMMISSIONER JONES: Yes.

25 Mr. Stark, I just want to make sure that

1 the -- let's see. The Mr. Mosone --

2 MR. STARK: He was the card dealer that was
3 at the table.

4 COMMISSIONER JONES: Okay. My question is,
5 his shift started probably at that time and he noticed
6 the cards and he wanted to take them out of circulation.
7 Correct?

8 MR. STARK: No. I think he was actually
9 earlier in the evening dealing the cards and then for
10 whatever reason he picked 12:30 to take the cards out of
11 circulation. I don't know if that was the end of his
12 shift or --

13 COMMISSIONER JONES: Or the beginning of his
14 shift.

15 MR. STARK: -- or possibly the beginning of
16 the shift. But I think he was already on duty and the
17 cards were being played, and he's the one that took them
18 out of play.

19 COMMISSIONER JONES: Okay. Now, if
20 everything had gone right or if they had not falsified
21 the records, what would have been the penalty for having
22 the cards being played longer than six -- using the
23 cards longer than six hours?

24 MR. STARK: The initial violation by itself?

25 COMMISSIONER JONES: Yes.

1 MR. STARK: Well, obviously the Commission
2 has discretion on revocation or suspension. I suspect
3 that violation probably would not have generated a
4 request for revocation but rather some suspension of
5 time.

6 COMMISSIONER JONES: Okay. That's what I
7 thought.

8 MR. STARK: I think you have a disciplinary
9 group that determines those type of penalties. But my
10 experience would indicate that that's probably not that
11 severe of a violation to generate a revocation, unless
12 it's something that's been continuously being violated.

13 COMMISSIONER JONES: Okay.

14 CHAIRMAN HATCHES: Other questions?

15 EXECUTIVE DIRECTOR STOTTLEMYRE: Mr. Chairman,
16 we should do these one at a time, and Staff does
17 recommend approval of the hearing officer's
18 recommendation.

19 CHAIRMAN HATCHES: Okay. Chair would
20 entertain a motion.

21 COMMISSIONER MERRITT: I make a motion to
22 approve Resolution No. 13-001.

23 CHAIRMAN JONES: Second.

24 CHAIRMAN HATCHES: Moved and seconded.

25 Any further discussion?

1 Angie, call the roll, please.

2 MS. FRANKS: Commissioner Howard.

3 COMMISSIONER HOWARD: Aye.

4 MS. FRANKS: Commissioner Merritt.

5 COMMISSIONER MERRITT: Approve.

6 MS. FRANKS: Commissioner Jones.

7 COMMISSIONER JONES: Approve.

8 MS. FRANKS: Commissioner Bradley.

9 COMMISSIONER BRADLEY: Approve.

10 MS. FRANKS: Chairman Hatches.

11 CHAIRMAN HATCHES: Approve.

12 MS. FRANKS: By your vote you've adopted
13 Resolution No. 13-001.

14 MR. STARK: Commissioners, the next item
15 is -- or you have two more to do. Never mind.

16 CHAIRMAN HATCHES: Chair would entertain a
17 motion on Resolution No. 13-002.

18 COMMISSIONER JONES: Move for the acceptance
19 of Resolution No. 13-002.

20 COMMISSIONER BRADLEY: Second.

21 CHAIRMAN HATCHES: Moved and seconded.

22 Any further discussion?

23 Angie, call the roll.

24 MS. FRANKS: Commissioner Howard.

25 COMMISSIONER HOWARD: Approve.

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 No. 13-002.
11 CHAIRMAN HATCHES: Chair will now entertain a
12 motion for Resolution 13-003.
13 COMMISSIONER JONES: Move for the acceptance
14 of Resolution No. 13-003.
15 COMMISSIONER MERRITT: Second.
16 CHAIRMAN HATCHES: Moved and seconded.
17 Any discussion?
18 Angie, call the roll, please.
19 MS. FRANKS: Commissioner Howard.
20 COMMISSIONER HOWARD: Approve.
21 MS. FRANKS: Commissioner Merritt.
22 COMMISSIONER MERRITT: Approve.
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. 13-003.

6 CHAIRMAN HATCHES: Thank you.

7 MR. STARK: The next item, Letter E, Brian
8 Taylor.

9 Mr. Taylor made application on May 11th, 2012
10 for a Level II occupational license. Part of the
11 application process requires disclosure of any type of
12 criminal history, including arrests.

13 Mr. Taylor did disclose four tickets for
14 traffic violations and four different arrests regarding
15 alleged assaults.

16 Based on the application an interview was
17 conducted with Mr. Taylor, and Mr. Taylor indicated to
18 the Commission's agent that he was not quite sure if he
19 had disclosed everything on the application.

20 The Gaming agent instructed Mr. Taylor to go
21 obtain court records as to any past criminal activity.
22 Mr. Taylor did produce records, and the record indicated
23 that he was arrested on November 30th, 2005 for criminal
24 nonsupport and resulting in a felony conviction of
25 December 11th, 2006.

1 Mr. Taylor did not attend his hearing that we
2 scheduled for him even though duly notified. A statute
3 exists that says a license shall not be granted if an
4 applicant has pled guilty to or has been convicted of a
5 felony.

6 Based on the felony conviction that was later
7 disclosed by Mr. Taylor, that would disqualify him as a
8 license, and the decision of the Commission to deny
9 Mr. Taylor a license is appropriate and that would be my
10 recommendation.

11 CHAIRMAN HATCHES: Thank you.

12 Any questions from the Commissioners?

13 Chair would entertain a motion.

14 Is Mr. Taylor here?

15 Chair would entertain a motion.

16 COMMISSIONER BRADLEY: Motion to accept
17 Resolution No. 13-004.

18 COMMISSIONER JONES: Second.

19 CHAIRMAN HATCHES: Moved and seconded.

20 Any further discussion?

21 Angie, call the roll, please.

22 MS. FRANKS: Commissioner Howard.

23 COMMISSIONER HOWARD: Approve.

24 MS. FRANKS: Commissioner Merritt.

25 COMMISSIONER MERRITT: Approve.

1 MS. FRANKS: Commissioner Jones.

2 COMMISSIONER JONES: Approve.

3 MS. FRANKS: Commissioner Bradley.

4 COMMISSIONER BRADLEY: Approve.

5 MS. FRANKS: Chairman Hatches.

6 CHAIRMAN HATCHES: Approve.

7 MS. FRANKS: By your vote you've adopted
8 Resolution No. 13-004.

9 MR. STARK: The next item is Letter F,
10 Heather Jennings.

11 On May 21st, 2012 Ms. Jennings made an
12 application for a Level II occupational license to be
13 employed in the gaming industry.

14 As part of the application process there's a
15 question to disclose past criminal activity, including
16 arrests. Ms. Jennings gave an answer of yes, that she
17 had been arrested previously for failure to appear for a
18 speeding ticket and for a domestic violence case, as
19 well as an insufficient funds arrest as well.

20 The Gaming Commission conducted its
21 investigation and found that Ms. Jennings had another
22 arrest for felony prescription forgery of a controlled
23 substance in the state of Mississippi.

24 At the hearing conducted Ms. Jennings did
25 admit to having been arrested in Mississippi. She

1 stated that she just had forgotten all about that. It
2 had happened some twelve years ago.

3 She explained that she was not actually
4 prosecuted for that but rather the findings were that
5 someone else had forged her prescription.

6 Nevertheless, she was arrested and she failed
7 to disclose that arrest on her application and the
8 regulations allow the Commission with discretion to deny
9 a license for failure to disclose what's asked on the
10 application.

11 The decision of the Commission to deny
12 Ms. Jennings a license is appropriate and that would be
13 my recommendation.

14 CHAIRMAN HATCHES: Thank you.

15 Any questions from the Commissioners?

16 Is Ms. Jennings here?

17 Then the Chair will entertain a motion.

18 COMMISSIONER MERRITT: Make a motion to
19 approve Resolution No. 13-005.

20 COMMISSIONER JONES: Second.

21 CHAIRMAN HATCHES: Moved and seconded.

22 Any further discussion?

23 Angie, call the roll, please.

24 MS. FRANKS: Commissioner Howard.

25 COMMISSIONER HOWARD: Approve.

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 No. 13-005.

11 CHAIRMAN HATCHES: Mr. Stark.

12 MR. STARK: Okay. The next item, G, Deonte
13 Smith.

14 Mr. Smith actually has made an additional
15 submission to the record after the issuance of my
16 preliminary recommendation. I believe that's been made
17 part of your record. It actually is the Exhibit No. 2
18 and Exhibit No. 6 already in the record, so it's a
19 repeat of what he's presented before.

20 Mr. Smith had made an application on
21 June 28th, 2012 for a license for employment in the
22 Gaming Commission.

23 The question relative to his criminal
24 history, he responded no to that question, saying he has
25 nothing to declare relative to any criminal past.

1 The investigation of the Gaming Commission's
2 agent revealed that Mr. Smith had indeed been arrested
3 on April 12, 2007 for misdemeanor obstructing police in
4 Belleville, Illinois.

5 At the hearing Mr. Smith said he didn't quite
6 understand the application question. He wasn't trying
7 to falsify anything or trying to hide anything. He just
8 made a mistake and asked for leniency regarding that.

9 He did produce his arrest record, which also
10 included the fact that he pled guilty to that particular
11 incident and was convicted and had to pay a thousand
12 dollar fine. So his evidence went further to say that
13 he failed to disclose the actual conviction as well as
14 part of his application.

15 Again, the Commission has the authority to
16 deny a license for failure to fully disclose information
17 requested upon the application. Mr. Smith failed to
18 disclose his arrest and his conviction as part of the
19 application process. The decision of the Commission to
20 deny the license is appropriate, and that would be my
21 recommendation as well.

22 CHAIRMAN HATCHES: Thank you, Mr. Stark.

23 Questions from the Commissioners?

24 Is Mr. Smith here this morning?

25 Then the Chair would entertain a motion.

1 COMMISSIONER BRADLEY: Motion to approve
2 Resolution No. 13-006.

3 COMMISSIONER MERRITT: Second.

4 CHAIRMAN HATCHES: Moved and seconded.

5 Any further discussion?

6 Angie, would you call the roll, please.

7 MS. FRANKS: Commissioner Howard.

8 COMMISSIONER HOWARD: Approve.

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 MS. FRANKS: By your vote you've adopted
18 Resolution No. 13-006.

19 MR. STARK: Thank you very much.

20 CHAIRMAN HATCHES: Thank you, Mr. Stark.

21 EXECUTIVE DIRECTOR STOTTLEMYRE:

22 Mr. Chairman, the next item on the license is
23 Consideration of Relicensure of Class A and B Licensees.

24 And we have Affinity Gaming, LLC, St. Jo
25 Frontier Casino from St. Joseph and Mark Twain Casino

1 from LaGrange, and I believe Mr. Jerry Riffel will
2 present.

3 MR. RIFFEL: Mr. Chairman and Commissioners,
4 my name is Jerry Riffel. I'm with the law firm of
5 Lathrop and Gage and I have --

6 (CELL PHONE RINGS.)

7 CHAIRMAN HATCHES: A phone. Just a second,
8 Jerry.

9 Whose phone is ringing?

10 MS. SPINDLER: It's mine. I shut it off.

11 CHAIRMAN HATCHES: I knew sooner or later
12 we'd find out.

13 Is it off?

14 MS. SPINDLER: My apologies.

15 CHAIRMAN HATCHES: Do you want to have
16 someone else check it for you?

17 Last chance.

18 Okay.

19 MR. RIFFEL: May the record show I turned off
20 my cell phone.

21 I'm proud today to represent the Class A
22 Applicant Affinity Gaming, LLC and the successful
23 Missouri casinos Class B licensees St. Jo Frontier
24 Casino and Mark Twain Casino.

25 I would like to introduce you to some staff

1 members and representatives of the home dock city.

2 First Chris Krabiel, Senior Vice-President of
3 Operations; Mr. Mark Rubinstein, General Counsel of
4 Affinity Gaming; Craig Travers, Regional Vice-President
5 and General Manager of the St. Jo Frontier; Jerry
6 Smirga -- where are you, Jerry -- General Manager of
7 Mark Twain and LaGrange; and last, Mr. A. J. Wiedmaier,
8 our esteemed Director of Compliance in Missouri.

9 We also would like to let you know,
10 Mr. Chairman and Commissioners, that representing the
11 City of St. Joseph we have Mayor Bill Falkner, we have
12 Presiding Commissioner R. T. Turner, and we have Bruce
13 Woody, the City Manager. And I believe they will be
14 presenting later.

15 And finally from the City of LaGrange, City
16 Clerk Patty Spindler.

17 Are you here?

18 MS. SPINDLER: Oh, yeah.

19 CHAIRMAN HATCHES: Let's give her a call and
20 see if she answers.

21 MR. RIFFEL: Patty will not be speaking.

22 CHAIRMAN HATCHES: Patty has already spoken.

23 MR. RIFFEL: And Councilwoman Conni Blessing
24 and Councilman Mike Hudnut.

25 And with that I would like to present to you

1 for further remarks our General Counsel Mark Rubinstein.

2 Mark.

3 MR. RUBINSTEIN: Mr. Chairman, members of the
4 Commission, we have a presentation we'd like to make.

5 CHAIRMAN HATCHES: Is that it?

6 MR. RUBINSTEIN: More cell phone
7 interference.

8 Well, in front of you you have the same
9 presentation, so why don't I get started. Hopefully the
10 audience can share along when we get the technical
11 difficulties worked out.

12 Our first slide is a company overview with
13 key facts about the company. As you know, we're
14 headquartered in Las Vegas, Nevada. We own and operate
15 a diversified portfolio of twelve casinos, six in
16 Nevada, five in Southern Nevada, one in Northern Nevada.

17 As of tomorrow we are divesting ourselves of
18 three Northern Nevada casinos that are part of what we
19 call our noncore assets, and we've been divesting
20 noncore assets since the company merged from bankruptcy
21 in 2010.

22 We also have one casino in Iowa, three
23 casinos in Colorado and, of course, the two casinos in
24 Missouri.

25 As of November 30th our casinos in total had

1 approximately 7,496 slot machines and 160 table games.

2 The next slide is historical timeline, and I
3 won't belabor you with all of the history going back to
4 2005.

5 Suffice to say we emerged from bankruptcy at
6 the very end of 2010 and starting in 2011 embarked on a
7 course of divesting ourselves of what we call noncore
8 assets and acquiring some more key assets. And in
9 particular 2012 was a very busy year for the company,
10 with three separate transactions and a refinancing.

11 In 2012 we completed the Golden Gaming and
12 JETT Gaming transactions in February. We took
13 possession of the Colorado casinos in November following
14 our licensure there. We also refinanced all of our
15 corporate debt in May of 2012, which I'll get to later
16 in the presentation.

17 And then finally in terms of transactions we
18 entered into an agreement with a company called Truckee
19 Gaming to sell three of our Northern Nevada properties.
20 We entered into that agreement in September and closing
21 is scheduled for tomorrow.

22 CHAIRMAN HATCHES: Can I ask a question?

23 MR. RUBINSTEIN: Yes, sir.

24 CHAIRMAN HATCHES: These are casinos that
25 you're divesting?

1 MR. RUBINSTEIN: They are small casinos, yes.

2 CHAIRMAN HATCHES: And these are also the
3 properties that you consider noncore assets?

4 MR. RUBINSTEIN: That's correct. The assets
5 that we've divested were the slot machine route in
6 Southern Nevada and Northern Nevada, the two Pahrump,
7 Nevada casinos, very small properties, the one small
8 casino in Searchlight, Nevada and then three Northern
9 Nevada casinos are the Sands Regency in Reno, the Dayton
10 Depot in Dayton and the Gold Ranch in Verdi, again, all
11 very small properties, collectively probably account for
12 less than \$10 million of EBIDTA.

13 In the meantime we acquired three casinos in
14 Colorado that essentially offset that EBIDTA loss.
15 There are three casinos but essentially operated as one
16 property in Black Hawk, Colorado.

17 So we've kind of streamlined the operations
18 so that our properties have some consistency and some
19 substance to them and management's focus is on those
20 larger properties.

21 After the transaction tomorrow we'll only
22 have one more property that we consider noncore, and
23 it's a small bowling alley and lounge effectively with
24 99 slot machines in Henderson, Nevada. Everything else
25 will be a substantial property similar to what we have

1 here in Missouri.

2 CHAIRMAN HATCHES: Okay.

3 MR. RUBINSTEIN: Operationally we opened an
4 additional 90 rooms at our Lakeside Casino Resort in
5 Osceola, Iowa in May. We also started construction on
6 our Primm Center Travel Center at Primm, Nevada in
7 November. And lastly we converted from a limited
8 liability to a corporation in December of 2012.

9 The next slide is just a map showing the
10 geographical diversity of our property, followed by an
11 overview of each property, the square footage of gaming,
12 the number of machines and table games and the hotel
13 rooms.

14 Following that is a slide listing the members
15 of our Board of Directors. None of these names should
16 be unfamiliar to you. They've all been with our Board
17 since it came out of bankruptcy. They've all been
18 licensed multiple times in multiple jurisdictions and
19 they all have longstanding relationships and experience
20 in the gaming industry.

21 Slide 8 is our senior management team at
22 Affinity Gaming. The one change there is that Ferenc
23 Szony, who is our longtime chief operating officer since
24 2007, will be leaving the company Friday in connection
25 with the Truckee Gaming acquisition of the Northern

1 Nevada properties. Ferenc put together -- or assisted
2 in putting together that acquisition, and he's going to
3 go and have an ownership position and manage those three
4 properties for the new owners.

5 As a result of Ferenc's departure we moved
6 Chris Krabiel from the CFO seat into the Senior
7 Vice-President of Operations seat, where Chris
8 originally joined us on the operations side and is very
9 familiar and comfortable in that role. And we elevated
10 Donna Lehmann, who at one point was our CFO, back into
11 the CFO chair. So those are our core four at corporate.

12 Our last couple of slides relate to the
13 refinancing. This occurred in May 2012. We came out of
14 bankruptcy in December 2010 with some fairly expensive
15 debt, as is often the case with a bankruptcy exit
16 facility, and we refinanced in May.

17 We took out a \$350 million loan that was at
18 10 percent and replaced it with \$200 million senior
19 secured term loan at LIBOR plus four and a quarter and a
20 \$200 million senior unsecured notes offering at
21 9 percent. We also secured \$35 million senior secured
22 revolver commitment that is thus far undrawn.

23 Significant covenants in the financing is
24 that the leverage ratio not exceed 6 3/4 to 1 and the
25 interest coverage be at least 1.9 to 1.

1 And the leverage ratio will increase over
2 time and the interest coverage will increase over time
3 as well.

4 We've got certain mandatory repayment
5 provisions. We have to pay over 50 percent of our
6 excess cash flow within 95 days after year end. We've
7 got mandatory repayment for certain extraordinary
8 receipts and recoveries, and we've got a very small
9 amortization of the term loan.

10 One thing to note with respect to the
11 mandatory repayment is that the proceeds we will receive
12 from the Truckee sale tomorrow, which are going to be --
13 net about 18 -- 17, 18 million, are not required to be
14 repaid if we redeploy them within 18 months. So we'll
15 be able to reinvest that money in our properties, which
16 is something we negotiated.

17 We've got a cap ex allowance of \$40 million
18 each year as well spread across our properties, with
19 certain allowances for carryovers.

20 The last slide of my presentation is simply
21 the numbers of the capitalization, the top part showing
22 the current debt. The senior secured loan is now
23 199 million. The senior notes balance is still
24 200 million. We've got cash availability net of what we
25 have to keep in the casino cage of almost 89 million,

1 and again another 35 million in senior secured revolver
2 that's undrawn.

3 Lastly, the credit ratios, as I indicated, we
4 have to be below 6 3/4 on the net leverage. We're at
5 4.8. And we have to be above 1.9 on the interest
6 coverage, and we're at 2.4. So we're very comfortable
7 with our covenants.

8 That's all I have unless there are any other
9 questions.

10 If not, I'd like to bring up our Regional
11 General Manager Craig Travers to speak to the
12 properties.

13 CHAIRMAN HATCHES: Thank you.

14 MR. TRAVERS: Good morning.

15 CHAIRMAN HATCHES: Good morning.

16 MR. TRAVERS: Once again, three times in four
17 years, so we're very happy that the legislation got
18 passed and now we'll be able to get a four-year pass
19 this time, hopefully. Fingers are crossed.

20 It's been an experience and I really
21 appreciate being able to do this for our employees and
22 our ownership, so I want to thank you for the
23 opportunity.

24 Normally the way we've done it in the past is
25 we've gone through both properties, I believe, and that

1 expedites the process, and Cheryl can come up.

2 Do we want to follow that protocol again?

3 CHAIRMAN HATCHES: That's fine.

4 MR. TRAVERS: Okay. Starting out with Mark
5 Twain.

6 As you can see, the first slide shows the
7 property taxes and the amount of admission and AGR and
8 fees that went to the home dock for the year 2012.

9 It also shows the adjusted gross receipts for
10 that year, which is a record for the fifth year in a row
11 that we've had in revenue at the Mark Twain property.
12 We've had increases every year since the year 2008,
13 which we're very proud of, and we've also had increase
14 in the attendance at Mark Twain since 2008.

15 The attendance number of 1,153,000 is 10,000
16 more than the prior year. So obviously the Mark Twain
17 facility continues to be a growth property and for the
18 market that it's in, that's quite a -- we're quite
19 appreciated by that fact that that property does so well
20 over there.

21 Looking at the capital expenditures for 2012,
22 approximately a million dollars was reinvested in the
23 property, most of which was for new gaming devices, slot
24 machines. And the other things were basically property
25 maintenance that involved the parking lot, the

1 surveillances -- the surveillance department, and for
2 2013 we are budgeted to spend not quite 1.5 million at
3 the property.

4 Again, most of that will be involved with the
5 gaming devices that will include the slot machines, and
6 then we are also going to upgrade both property slot
7 systems to meet the 2014 requirements. We're not going
8 to wait until 2014. We're going to do it this year. So
9 that's obviously another big part of the cap ex that
10 will take place at Mark Twain.

11 Affirmative action and minority hiring.
12 Obviously you see the percentages there for our
13 employees. 70 percent of the employees live in the
14 state of Missouri, 29 percent live in Illinois,
15 1 percent live in Iowa.

16 And as far as the minority and the female
17 employees makeup of the property, you can see by those
18 figures there that the minority employees make up
19 9 percent of the property's employee base, and female
20 employees make up 58 percent of the employee base. And
21 LaGrange demographics, according to the 2010 census,
22 were 13.4 and 51.8 respectively.

23 The next sheet shows obviously the different
24 departments, different job categories and the rates of
25 pay that are paid at the LaGrange property.

1 The next page will show the employee turnover
2 being 39.8 percent, which is a little deceiving. Lewis
3 County unemployment rate is 5.7. If you look at the
4 breakdown of the employee base by the number of years
5 that they have served there, the 84 of less than three
6 years is basically the category where the turnover takes
7 place, which are the lower-end jobs, usually food and
8 beverage and that type of area.

9 If you were to account for the three -- the
10 ten-year totals, 148 of the employees have been there at
11 least three years and that makes up about 64 percent of
12 the employee base.

13 So as I said, in looking at that number it
14 seems quite high but it's the same positions turning
15 over and over that create that number, and it's not
16 really that reflective of the employee base as a total.

17 The monthly unemployment rates shown by month
18 for the years 2012 and 2011, and as you can see, over in
19 that part of the state it has come down substantially
20 from 2010 or 2011.

21 The minority and women-owned business plan
22 and purpose, of both properties is to try to do as much
23 business as we can with minority and women-owned
24 businesses in both properties.

25 Both properties are members of an

1 organization that promotes business with minority
2 vendors. On the Mark Twain side they belong to the
3 St. Louis Council, which provides them the lists and the
4 information to try to attain minority business and do
5 business with minority vendors.

6 The next slide shows the year as far as the
7 amount of minority vendor business that we have done at
8 Mark Twain for the year 2012. And it shows also at the
9 bottom, obviously, the number of minority -- Missouri
10 minority vendors and then out-of-state minority vendors,
11 the totals for that.

12 The next sheet shows the breakdown of 2011
13 and 2012, and obviously we do show a decrease from 2011
14 to 2012, and we wanted to explain how that occurred over
15 at Mark Twain.

16 In the year 2011 we had two major purchases
17 that we were able to partake in that we specified and
18 were able to do specifically with minority vendors.

19 One being the name change. That caused a
20 change in having to change all of the chips and cards
21 and dice in the casino facility, which is an
22 extraordinary occurrence.

23 And then we also at both properties embarked
24 on an energy-efficient program of lighting within the
25 properties that was a significant investment to try to

1 save on our energy costs, and that was also -- we were
2 able to find a minority vendor to do that with.

3 So those are the type of things where we see
4 opportunity, when we get extraordinary issues being
5 addressed, that we try to really look for and give us
6 the opportunity to make a big impact with regards to
7 minority and women-owned businesses.

8 The next sheet is a sheet obviously required
9 with regards to the crime rates and the property rates
10 at that property.

11 We have very little issues over at Mark Twain
12 obviously. The property is in a very small, quiet
13 community, and there is not really a problem with crime
14 at LaGrange.

15 The next screen will show the problem gambler
16 presentation, which obviously we continue to work with
17 all of the agencies that are within our state and also
18 national, and also working with the Responsible Gaming
19 Committee and the Missouri Gaming Association in the
20 state of Missouri. We continue with our efforts with
21 that on an ongoing basis at both properties.

22 The DAPs and the disassociated persons and
23 underage gaming obviously is a continual issue that we
24 deal with all of the time.

25 Once again, the smaller properties, it's much

1 more easily -- we have the ability -- it's a much more
2 easy thing to identify DAPs because most people in the
3 community know who they are and most of the employees
4 who work at our properties know who they are.

5 So we don't have a very big issue with that,
6 although we still offer a reward to the employees who
7 identify those people when we find them on our boats, or
8 in our casinos.

9 Obviously that's a change since you're not
10 required to have the card anymore to get in, and as I
11 said, in both communities everyone is very well aware of
12 who is on the DAP list and we identified them.

13 And the same thing when it goes through our
14 entrance with our turnstiles in our facilities.
15 Securities is very diligent in ID'ing anyone under
16 30 years old.

17 And once again, most of the people that work
18 there know of the people that are not of age, and we
19 don't really have a major issue with that in either
20 property.

21 The business closings. Apparently there was
22 one business closed in LaGrange and no businesses opened
23 in LaGrange during the year.

24 The list of contributions in 2012 from the
25 Mark Twain facility to the different organizations in

1 LaGrange and the organizations that all of our employees
2 at LaGrange volunteer in.

3 That's done on a continual basis, and we
4 really promote the fact that the employees should be
5 involved in the community. Most of them are already,
6 but we insist and try to make sure that they do things
7 in the community that reflect good on themselves and on
8 the facility itself.

9 Any questions or do you want me to go on?

10 CHAIRMAN HATCHES: Questions at this point?

11 MR. TRAVERS: Okay. We'll move on to St. Jo
12 then.

13 Once again, we are very happy to enjoy the
14 year 2012 without any flooding and without any closures.
15 Unfortunately we did deal with a little bit of a
16 drought, but it's much easier to deal with than the
17 flooding we experienced in 2011.

18 You can see from that slide the amount of
19 property taxes and the amount of AGR and admission fees
20 paid to the home dock through the home city in St. Jo.

21 And in St. Jo's case we are -- the situation
22 there is a little different from the other operations
23 because the City and the County share in the revenue
24 from the boat on an equal basis, 50/50. So that
25 shows -- that's one unique situation at St. Jo.

1 The adjusted gross receipts, had it not been
2 for the flood we would have anticipated that that would
3 have been our fourth consecutive year of growth in
4 income.

5 And in passenger attendance, had we not had
6 the three-month closure due to the flood, but it is,
7 once again, an all-time record when it comes to revenue
8 for a twelve-month period, that we've been open for
9 twelve months.

10 So there still shows -- that still shows
11 obviously the stability of the small markets and the
12 ability for the small markets to withstand the economic
13 impacts that have taken place across the nation.

14 And then the last two issues on that page --
15 we can go back -- there was also an agreement made with
16 the City and the County as a result of a termination of
17 an old lease agreement, where we make a \$100,000
18 donation at the end of every year both for the City and
19 \$100,000 to the County.

20 And on your sheet you can see with regards to
21 what they did with it. We basically asked them to do
22 something that is good for the community, beneficial for
23 the community and for the boat.

24 In the City's case they continued to clean up
25 and improve the softball complex that was flooded out

1 during the flood, and in the County's case they had some
2 shortages in some areas as a result of our closure for
3 the three months in '11, and they made those up with
4 that \$100,000 that we gave them at the end of the year,
5 as well as invested some more in the Expo Center, which
6 we will probably be involved with as time goes on when
7 that project gets going.

8 Capital expenditures. Once again, we're
9 concentrated on the slot machines and gaming devices for
10 the year 2012.

11 In 2013, obviously we were budgeted once
12 again to continue with the improvement of the slot
13 product, and we are also going to improve the slot and
14 upgrade the slot system to meet the 2014 guidelines as
15 required by the MGC regulations.

16 Both -- and something I failed to mention
17 when we were talking about Mark Twain, but in both
18 properties this year we will be changing the carpet,
19 replacing the carpet in both casinos, and also replacing
20 all of the slot-based stands, to have a better, improved
21 slot product and a better, improved sitting situation
22 with the slot machines with the new kind of bases, where
23 you're able to rest your feet on the base of the
24 machines.

25 So those are two very large projects for both

1 of us involving obviously the complete removal and
2 replacement of slot machines while we're in business.
3 So that will be a project that will last approximately
4 three to four weeks when we undertake it, and we're
5 looking to do that sometime in June or July in the
6 summertime once our carpet gets made and delivered.

7 Affirmative action and minority hiring as
8 well. Obviously we have 232 employees that live in
9 Missouri. Only 17 of our employees at St. Jo live in
10 Kansas.

11 And as far as our minority, the minority
12 employees, the makeup of the casino is 9 percent
13 minority and 53 percent female. And the demographics,
14 according to the 2010 census for St. Jo, was
15 12.2 percent minority and 50.2 percent female.

16 The next slide is basically the slide that
17 shows, once again, the different job categories and the
18 pay scales for the employees at St. Jo.

19 The next slide will -- once again, the
20 turnover rate looks a little skewed, 45.8 percent. The
21 unemployment rate in St. Jo is very low as well.

22 Once again, if you look at the number of
23 employees that are there from a total standpoint, we
24 have over 154 employees that have been there at least
25 three years or longer. And we also have 60 employees,

1 the amount that shows the ten years are longer. Those
2 are basically the employees that have been there since
3 the day the boat opened.

4 Unemployment rates for St. Jo. Once again, a
5 significant reduction from 2011 to 2012, which once
6 again is representative of both the small communities,
7 Mark Twain and LaGrange and St. Jo and the Frontier
8 Casino.

9 The small -- the small cities are much more
10 stable during economic times that we've had in the past
11 four or five years, and we've been very lucky in St. Jo
12 that we were able to experience that as well.

13 The same situation goes for St. Jo. We
14 belong to the Midwest Association that produces -- in
15 fact, hopefully our people are attending the luncheon
16 today that is being held in conjunction with our
17 organization in Kansas City.

18 They provide the list and the updates on
19 minority vendors in Kansas City and the surrounding
20 area. We have been a member of that organization since
21 2005 when I came to St. Jo.

22 And they provide us with the list and the
23 help and the directions in securing minority vendors.

24 The next slide shows our minority spend for
25 the year 2012, and also shows obviously the number of

1 minority -- women owned and minority-owned vendors in
2 Missouri of being ten and then the out of state being
3 six.

4 The next slide is an explanation of the same
5 thing that happened from the prior year between 2011 and
6 2012 and shows the extraordinary purchases that were
7 made as a result of the flood and the ability, once
8 again, for us to kind of focus on trying to find
9 minority and women-owned businesses when we have
10 exceptional expenditures.

11 This shows not only expenditures that were
12 made as a result of the flood but also the large
13 expenditures as we had over in Mark Twain when we redid
14 the interior lighting of the casino and also when we did
15 the name change, for all of the different things that we
16 had to change the name in at St. Jo as well.

17 Crimes statistics as requested.

18 Problem gamblers, once again, as we do in
19 Mark Twain and as we have all along, participated in the
20 different problem gaming councils and also with regards
21 to the Problem Gaming Week and things that occur as a
22 result of the association on a yearly basis.

23 The same situation that resides at the St. Jo
24 property with regards to DAPs and underage persons. We
25 do not really have an issue with that. They're easily

1 identified because the community as a whole knows who
2 they are and our employees are very familiar with that.

3 And the same thing when it goes to underage
4 gaming. We ID everybody under 30 years old no matter
5 who they are.

6 But once again, we've not had an issue with
7 that. It's an area well known in the city, that if
8 you're underage, the boat is not where you want to go.

9 We show the number of businesses opened.
10 Obviously there has been a lot more activity in St. Jo.
11 Probably the most -- the business activity that occurs
12 in St. Jo that might affect us the most is the opening
13 and closing of new restaurants. That's really the only
14 obvious competition that we have with regards to the
15 business situation over there.

16 The next slide will show the contributions
17 made for the year 2012 from St. Jo Frontier Casino to
18 the different organizations within our city.

19 And the next slide shows all of the
20 organizations that we continue to -- that our employees
21 continue to volunteer in. A lot of these were added and
22 realized when we had our employees doing voluntary work
23 within the community for the three months that we were
24 closed.

25 As you recall, we had over 16,000 hours of

1 volunteer time in the year 2011, and obviously because
2 we weren't closed we don't have anywhere near that for
3 the year 2012. But most of the people that got involved
4 with organizations during that period continue to
5 volunteer and work in those places as a result of their
6 experience during that year.

7 Any questions I'd be happy to answer.

8 CHAIRMAN HATCHES: Any questions from the
9 Commission?

10 None.

11 MR. TRAVERS: Once again, thank you for the
12 opportunity. We appreciate it.

13 COMMISSIONER BRADLEY: I'll make a remark,
14 just for the fact that I want to appreciate Craig, since
15 most of you know I live in St. Joseph, Missouri, and the
16 casino and what you've done in St. Joseph, a great
17 corporate citizen.

18 I've only heard good things, you know, arm's
19 length, about volunteer work, the donations you've given
20 to the local organizations.

21 And I didn't see it here, but St. Joseph
22 Museum, I know you've done a lot of work with them. A
23 good corporate citizen and supporting the community.
24 It's been great for the community.

25 So I thank you guys and thank you all for

1 coming from -- are they going to speak? Is that next?

2 Are we going to have the mayor speak or anybody?

3 MR. TRAVERS: I'm sure.

4 COMMISSIONER BRADLEY: Okay. Well, I'm so
5 happy you-all came today. Thank you.

6 MR. TRAVERS: Thank you. Thank you very
7 much. I appreciate that.

8 MR. RIFFEL: The mayor. You're up, sir.

9 MAYOR FALKNER: Commissioners, good morning.

10 CHAIRMAN/COMMISSIONERS: Good morning.

11 MAYOR FALKNER: My name is Bill Falkner. I'm
12 the Mayor of St. Joseph, Missouri.

13 I speak in favor of the license for the
14 casino. Not boring you with a lot of the details that
15 we use the funding for, one of the important things that
16 we use the money for is at the airport, to support the
17 139th Air Guard, which is a vital economic engine for
18 our community.

19 And not only do we enjoy the benefits of the
20 revenue, Suzanne, you touched on it, the community, the
21 way that they interact with the community. They're good
22 corporate citizens.

23 Craig is out for almost every time we have a
24 function, a fund raiser, and it's -- that's important.
25 That's important that he be seen out in the public, and

1 he does a very good job.

2 And I appreciate the time. Thank you very
3 much.

4 CHAIRMAN HATCHES: Thank you.

5 MR. RIFFEL: Next would be Presiding
6 Commissioner Turner.

7 And he will be followed by the City Manager.

8 PRESIDING COMMISSIONER TURNER: Again, thank
9 you for this opportunity to address you and again also
10 would like to recommend for renewal of their licensing.

11 I'll just point out one small thing. The
12 \$100,000 in Slide 28, the agreement between the Casino
13 and the City and the County, that money was to be used
14 to benefit the Casino and the County or the City in ways
15 that would benefit both of us.

16 And with the flood we went through -- and we
17 had some partner agencies that we fund out of the
18 casino, the loss revenue through that, Frontier Casino
19 was gracious enough to allow us to spend a good portion
20 of that for those.

21 And one in particular, Social Welfare Board,
22 got a good chunk of that. And that is an organization
23 that we fund through gaming that works with the working
24 poor. It's folks that are working. Their employer
25 doesn't have insurance for the employees or they're

1 unable to obtain it on their own. So we're very
2 thankful that they allowed us to make up that money
3 because it's a vital part of our community, helping some
4 of our citizens that need that kind of help.

5 So again, thank you very much.

6 CHAIRMAN HATCHES: Thank you.

7 MR. RIFFEL: Next from LaGrange we'll have
8 Councilwoman Blessing.

9 Sorry. City Manager. I apologize.

10 CITY MANAGER WOODY: Thank you,
11 Commissioners. I appreciate the opportunity to speak
12 this morning and show again some continued support for
13 the local casino.

14 They provide for several funding needs within
15 our community on a regular basis. The corporate
16 citizens during -- as you've heard in the past year when
17 they were closed for a period of time, despite being in
18 a difficult situation themselves, their employees were
19 throughout our community providing volunteer services.

20 The funds they provide to the City I use on a
21 regular basis for several needs that we might not
22 otherwise be able to address.

23 Last year alone over \$800,000 went to various
24 service and supply needs, capital improvements,
25 purchases in our community. And we also used funding on

1 a regular basis to help underwrite other costs and
2 expenses. The mayor already mentioned our aviation
3 division as one particular example.

4 They're a good corporate citizen. The
5 additional \$100,000 that they voluntarily provided to
6 the City in the last three years have been spent on very
7 good causes, has saved our Street Maintenance Division
8 on the cost of repaving Waterworks Road and McCarthy
9 Drive. The following year following the flood
10 contributed to make repairs to an agricultural levy to
11 the north of the facility which also protects the
12 Heritage Park Softball Complex.

13 This year it went to underwrite costs for
14 replacing five pieces of major equipment at our Heritage
15 Park Softball Complex as well.

16 So I encourage you to consider renewal of
17 their license and appreciate their support of our
18 community.

19 CHAIRMAN HATCHES: Thank you.

20 MR. RIFFEL: Councilwoman, you're up.

21 You can speak at either podium.

22 COUNCILWOMAN BLESSING: Thank you.

23 Good morning.

24 CHAIRMAN/COMMISSIONERS: Good morning.

25 COUNCILWOMAN BLESSING: I am a new

1 councilperson in LaGrange, but I have lived there for
2 almost 35 years, and let me tell you a little bit about
3 our town and about our casino and what you-all are doing
4 faithfully and what you-all have done for us.

5 In 2002 our main employer, the LaGrange
6 Foundry, was just disintegrated. It just fell apart and
7 that was it, leaving many long-term employees out of
8 work. And they didn't have that dream anymore. They
9 lost their dreams. They lost the jobs with the
10 benefits. They lost hope for their dreams and their
11 children for college educations, and single mothers
12 didn't know what to do about their children.

13 And then you came. You brought us hope,
14 which is something a lot of people don't think of. But
15 in our last census we had 931 people. We are not large
16 but we are loving and we are close and we want to
17 succeed.

18 You have been a big part of our success. You
19 are our major employer. In fact, you are Lewis County's
20 major employer.

21 You are a huge source of entertainment for
22 our elderly folk, for the young people and for the
23 people my age who just want to get out and enjoy some
24 time out and have dinner and maybe a little gaming or
25 maybe a lot. That's why Bets Off. Right?

1 But you have done so much supporting. And we
2 have this really great riverfront when it's not
3 flooding. I remember in 2008 it just about looked like
4 Terrible's was wading knee deep in the Mississippi. The
5 sign was under. You see that.

6 EXECUTIVE DIRECTOR STOTTLEMYRE: It sure was.

7 COUNCILWOMAN BLESSING: But the community
8 supports you too. You support the community and the
9 community supports you.

10 The Quincy Herald-Whig is our newspaper.
11 We're just all but across the river from Quincy,
12 Illinois, which is a larger community which sends us a
13 lot of people. Iowa, we have towns in Iowa in the
14 southwest corner and in the northeast corner. And then
15 we have Adams County in Illinois, and, of course,
16 Hannibal, Mark Twain's hometown.

17 And these people all have people who come to
18 where we are. What a wonderful, wonderful legacy you
19 are leaving.

20 And in the newspaper when you read an
21 obituary, often it will say they wanted to go -- they
22 always loved going to the boat. They call it the boat.
23 When they say they're going to the boat, that's where
24 they're going.

25 You have a lot of advertising both person to

1 person and employee to person. You just have this
2 wonderful presence within us, and we thank you so much
3 for doing that and the many donations you made and the
4 many lives that you've helped by being there.

5 You are not just one in a million to us. You
6 are the one in our county. You are the one in a tri-
7 state area that provides what you do and chances for our
8 people, whether they be needing jobs, entertainment,
9 fun. You provide that for us. And for that we thank
10 you so much, and we would really appreciate again having
11 our license here renewed and to be able to continue.

12 We appreciate you. Thank you.

13 CHAIRMAN HATCHES: Thank you.

14 EXECUTIVE DIRECTOR STOTTLEMYRE: Could you
15 give your name, please?

16 COUNCILWOMAN BLESSING: My name is Conni
17 Blessing, C-o-n-n-i.

18 Thank you all. Did you have any questions?

19 CHAIRMAN HATCHES: Thank you.

20 COUNCILWOMAN BLESSING: Thank you.

21 MR. RIFFEL: And our last supporting speaker
22 from LaGrange is City Clerk Patty Spindler.

23 CITY CLERK SPINDLER: I thought I'd call
24 but . . .

25 I do apologize again for that.

1 I've been with the City of LaGrange 22 years,
2 so I have been with the beginning and opening of our
3 casino, and to see the achievement that they've helped
4 the City and our officials grow to meet has been
5 astonishing.

6 We have been able to have infrastructure that
7 was there never before, or repair the 900-year-old sewer
8 pipes that are making people sick, and also we've been
9 benefited by improving our health care. We have got a
10 beautiful fire department and First Responders.

11 They have an agreement with the casinos.
12 They go down and they help take care, so there is fast
13 response and proper care of the patrons, as well as the
14 citizens.

15 Our Public Works has often helped the casino
16 with the paving of their parking lot or cleaning it off
17 if there's a broken problem. It's a one on one. Hey,
18 can you help me out? Sure. And it's been more of a
19 family unit than I would really say a corporate because
20 we're so small.

21 But I am pleased to be here for the City of
22 LaGrange, and I appreciate your consideration in
23 relicensing because they're great to have. You would
24 like them in your family, so please let them stay in
25 ours.

1 Thank you.

2 CHAIRMAN HATCHES: Thank you.

3 MR. RIFFEL: Mr. Chairman and Commissioners,
4 that concludes our presentation. If you have any
5 questions, we're ready to answer them.

6 Thank you.

7 CHAIRMAN HATCHES: Thank you.

8 Any questions from any of the other
9 Commissioners?

10 EXECUTIVE DIRECTOR STOTTLEMYRE: Any public
11 comment?

12 CHAIRMAN HATCHES: Any public comments?

13 EXECUTIVE DIRECTOR STOTTLEMYRE: If not, I
14 would ask that Corporal Mike Arand to come up and go
15 over the investigative summary, please.

16 CORPORAL ARAND: Good morning, Chairman,
17 Commissioners.

18 CHAIRMAN/COMMISSIONERS: Good morning.

19 CORPORAL ARAND: On October 29, 2012
20 applications for the renewal of the Class A license of
21 Affinity Gaming and Class B Riverboat Gaming licenses
22 for HGI-St. Jo, LLC doing business as St. Jo Frontier
23 Casino, and HGI-Mark Twain, LLC doing business as Mark
24 Twain Casino, were received by the Missouri Gaming
25 Commission.

1 At the request of the Gaming Commission staff
2 suitability investigations were subsequently initiated
3 by the Missouri State Highway Patrol's Gaming Division
4 and by MGC's financial investigators.

5 HGI-St. Jo and HGI-Mark Twain are currently
6 subsidiaries of Affinity Gaming of Las Vegas, Nevada.
7 They were formerly subsidiaries of Herbst Gaming, also
8 of Las Vegas.

9 Herbst Gaming filed for financial
10 reorganization in March of 2009. A new company made up
11 of investors and creditors was formed and it is now
12 known as Affinity Gaming.

13 Financial and criminal background checks have
14 been conducted on the company's key and Level I
15 personnel, along with a financial analysis of the
16 company. City and County officials were also contacted
17 regarding any possible concerns with the casinos.

18 ABS Consulting, Incorporated conducted the
19 superstructure, life-safety systems and multi-barge
20 platform annual surveys of both HGI-St. Jo and HGI-Mark
21 Twain. Those findings of those inspections are included
22 within your respective summary reports.

23 The results of our investigations were
24 provided to the Gaming Commission staff for their review
25 and specific details related to those findings are

1 contained within the comprehensive summary report in
2 your possession.

3 Are there any questions? If not, thank you
4 very much.

5 CHAIRMAN HATCHES: Any questions from the
6 Commissioners?

7 EXECUTIVE DIRECTOR STOTTLEMYRE: At this time
8 I would ask Ms. Cheryl Bonner to come up. She will go
9 over the MBE/WBE compliance review.

10 MS. BONNER: Good morning, Mr. Chairman,
11 Commissioners.

12 CHAIRMAN/COMMISSIONERS: Good morning.

13 MS. BONNER: I present to you this morning
14 the MBE/WBE reports for St. Jo Frontier and Mark Twain.

15 I will begin with St. Jo Frontier.

16 As of November 30th, 2012 St. Jo Frontier
17 employed 8.4 percent minorities and 53.8 percent females
18 and 6.3 percent minorities and 25 females in management.

19 According to the 2010 U.S. Census the City of
20 St. Joseph population is 12.2 percent minority and
21 50.2 percent female. So St. Jo Frontier exceeds in the
22 employment of females; however, has room for improvement
23 in the employment of minorities, as well as the
24 employment of minorities and females in management.

25 As to the 2012 MBE expenditures, this is a

1 comparison as reported by St. Jo Frontier and as audited
2 by the MGC. There were no discrepancies.

3 St. Jo Frontier's total actual MBE spend for
4 2012 was \$46,200 and total spend was \$4.3 million.

5 As to the 2012 WBE expenditures, this is a
6 comparison as reported by St. Jo Frontier and as audited
7 by the MGC. The variance is due to St. Jo Frontier
8 erroneously reporting WBE spend that should have been
9 credited to Mark Twain Casino.

10 St. Jo Frontier's actual WBE spend for 2012
11 was \$219,300 and total spend was 4.3 million.

12 This is a comparison of the MBE spend for
13 2011 and 2012. The figures for both years were
14 100 percent audited.

15 In comparing the quarters for 2011 and 2012
16 St. Jo Frontier's percentage of MBE spend has decreased
17 in the first and second quarters and increased in the
18 third and fourth quarters. The significant decrease in
19 the first and second quarters is due to a remodeling
20 project in 2011.

21 This is a comparison of WBE spend for 2011
22 and 2012. The figures for both years were 100 percent
23 audited.

24 In comparing the quarters for 2011 and 2012,
25 St. Jo Frontier's percentage of WBE spend has decreased

1 in the first quarter due to the purchase of new casino
2 chips for the company name change and decreased in the
3 fourth quarter due to the purchase of several
4 replacement items due to the flood and a major lighting
5 project in 2011.

6 The WBE spend specifically significantly
7 increased in the second and third quarters due to the
8 discovery of several new WBE vendors that are being
9 utilized by St. Jo Frontier.

10 So overall St. Jo Frontier has much room for
11 improvement to increase their MBE and WBE spend.

12 Any questions?

13 CHAIRMAN HATCHES: Questions?

14 MS. BONNER: I present to you this morning
15 the MBE/WBE report for Mark Twain.

16 As of November 30th, 2012 Mark Twain employed
17 8.4 percent minorities and 56.3 percent female, zero
18 percent minorities and 35.7 percent females in
19 management.

20 According to the 2010 U.S. Census the City of
21 LaGrange population is 13.4 percent minority,
22 51.7 percent female. So Mark Twain exceeds in
23 employment of females; however, has room for improvement
24 in the employment of minorities, as well as employment
25 of minorities and females in management.

1 As to the 2012 MBE expenditures, this is a
2 comparison as reported by Mark Twain and is audited by
3 the MGC. There were no discrepancies.

4 Mark Twain's total actual MBE spend for 2012
5 was \$1,205 and total spend was \$2.7 million.

6 As to the 2012 WBE expenditures, this is the
7 comparison as reported by Mark Twain and as audited by
8 the MGC. The variance is due to WBE spend for Mark
9 Twain erroneously being credited to St. Jo Frontier.

10 Mark Twain's total WBE spend for 2012 was
11 \$126,100, and total spend was \$2.7 million.

12 This is a comparison of the MBE spend for
13 2011 and 2012. The figures for both years were
14 100 percent audited.

15 In comparing quarters for 2011 and 2012 Mark
16 Twain's percentage of MBE spend increased in the first
17 and fourth quarters, decreased in the third quarter and
18 remained the same in the second quarter.

19 Mark Twain has much room for improvement to
20 increase their MBE spend.

21 This is a comparison of the WBE spend for
22 2011 and 2012. The figures for both years were
23 100 percent audited.

24 In comparing the quarters for 2011 and 2012,
25 Mark Twain's percentage of WBE spend increased in the

1 first quarter and decreased in the second, third and
2 fourth quarters due to the purchase of new casino chips
3 for the company name change and major lighting project
4 in 2011.

5 Any questions?

6 CHAIRMAN HATCHES: Questions?

7 Thank you, Cheryl.

8 EXECUTIVE DIRECTOR STOTTLEMYRE:

9 Mr. Chairman, Staff recommends approval of Resolution
10 No. 13-007 and 13-008 and 13-009, which would be the
11 Affinity Gaming, LLC, St. Jo Frontier Casino and Mark
12 Twain Casino.

13 CHAIRMAN HATCHES: The Chair would entertain
14 a motion.

15 COMMISSIONER MERRITT: Can they be voted on
16 in one deal or do they need to be separate?

17 MR. GREWACH: Separate.

18 COMMISSIONER MERRITT: I make a motion to
19 approve Resolution No. 13-007.

20 COMMISSIONER BRADLEY: Second.

21 CHAIRMAN HATCHES: Moved and seconded.

22 Any further discussion?

23 Angie, call the roll, please.

24 MS. FRANKS: Commissioner Howard.

25 COMMISSIONER HOWARD: Approve.

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 No. 13-007.
11 CHAIRMAN HATCHES: Chair would entertain a
12 motion for Resolution 13-008.
13 COMMISSIONER BRADLEY: Motion to approve
14 Resolution No. 13-008.
15 COMMISSIONER MERRITT: Second.
16 CHAIRMAN HATCHES: Moved and seconded.
17 Any further discussion?
18 Angie, would you call the roll, please.
19 MS. FRANKS: Commissioner Howard.
20 COMMISSIONER HOWARD: Approve.
21 MS. FRANKS: Commissioner Merritt.
22 COMMISSIONER MERRITT: Approve.
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. 13-008.

6 CHAIRMAN HATCHES: Chair will now entertain a
7 motion for Resolution No. 13-009.

8 COMMISSIONER JONES: Move for the adoption of
9 Resolution No. 13-009.

10 COMMISSIONER BRADLEY: Second.

11 CHAIRMAN HATCHES: Moved and seconded.

12 Any further discussion?

13 Angie, call the roll, please.

14 MS. FRANKS: Commissioner Howard.

15 COMMISSIONER HOWARD: Approve.

16 MS. FRANKS: Commissioner Merritt.

17 COMMISSIONER MERRITT: Approve.

18 MS. FRANKS: Commissioner Jones.

19 COMMISSIONER JONES: Approve.

20 MS. FRANKS: Commissioner Bradley.

21 COMMISSIONER BRADLEY: Approve.

22 MS. FRANKS: Chairman Hatches.

23 CHAIRMAN HATCHES: Approve.

24 MS. FRANKS: By your vote you've adopted
25 Resolution No. 13-009.

1 CHAIRMAN HATCHES: Thank you.

2 Congratulations. And maybe we won't see you
3 for four years you said?

4 EXECUTIVE DIRECTOR STOTTLEMYRE: Okay.

5 Mr. Chairman, the next item on the agenda is
6 Consideration of Disciplinary Actions, and Mr. Ed
7 Grewach will present.

8 MR. GREWACH: Good morning.

9 CHAIRMAN/COMMISSIONERS: Good morning.

10 MR. GREWACH: Under Tab --

11 CHAIRMAN HATCHES: You might want to hold on
12 a minute. I'm sure there is going to be a mad rush out
13 of here.

14 MR. GREWACH: It happens a lot when I get up
15 to speak.

16 COMMISSIONER HOWARD: We need someone to
17 clear the room.

18 MR. GREWACH: I'm your man.

19 COMMISSIONER HOWARD: We can count on you.

20 CHAIRMAN HATCHES: Okay.

21 MR. GREWACH: Tab K is a preliminary order of
22 discipline against Ameristar Casino Kansas City.

23 This involves an incident on May 20th, 2012
24 where a 20-year-old patron entered the casino with a
25 fake ID. The patron's facial characteristics did not

1 match those of the ID, and there was also a difference
2 between the height on the ID and the height of the
3 actual patron.

4 Now, this particular patron made three
5 separate trips to the casino over the course of a
6 two-day time period. His total time on the casino floor
7 was seven hours and 25 minutes. He gambled \$272 but did
8 not consume any alcohol.

9 The patron encountered eleven different
10 casino employees who did not check his ID at all, and
11 the balance of the casino employees who did check his ID
12 failed to note the difference between the actual patron
13 and the ID itself, and the Staff's recommendation is a
14 \$15,000 fine.

15 CHAIRMAN HATCHES: Just a question on this
16 ID.

17 Is this one of those cases where the fake ID
18 was just so good no one could determine it? Because,
19 you know, for this patron to have encountered as many
20 employees as he did and some of the things that are
21 happening at the turnstile, you know, checking and
22 putting the pictures on and no one could --

23 MR. GREWACH: Really when we looked at it
24 there were those two separate problems. It was fairly
25 close, I mean, as IDs go, but I think someone who really

1 was vigilant -- and as a matter of fact the person who
2 eventually caught the difference could see and say that
3 doesn't really look like you.

4 The final thing that happened then when our
5 agent was called on, said, well, give me a handwriting
6 sample and I'll compare it to what's on the driver's
7 license, and that was the key that really, you know --
8 once the question was raised and the difference, you
9 know, noted by the casino employee who finally caught
10 him, then that additional check confirmed that it wasn't
11 the same person.

12 But it was really the eleven employees who
13 didn't check that stood out with us to make this a
14 discipline case as opposed to just a discipline against
15 the individual Level IIs who dealt with the patron.

16 COMMISSIONER MERRITT: Didn't I understand
17 that the physical description was off a little bit on
18 this also? The height and --

19 MR. GREWACH: The height was. The height was
20 particularly different between the two.

21 COMMISSIONER MERRITT: Do you know how much?
22 I mean, was it significant?

23 MR. GREWACH: Not significant. The ID showed
24 a person five-eight and the person was actually five-
25 foot-five.

1 CHAIRMAN HATCHES: That's pretty significant.

2 COMMISSIONER MERRITT: Especially if he was
3 five-five and wanted to be five-eight.

4 CHAIRMAN HATCHES: I was five-five for a long
5 time. It was very significant in my life.

6 This is the first one I've seen where we
7 actually had to go to a handwriting sample to determine,
8 so it just seemed a little bit --

9 COMMISSIONER HOWARD: That's why I was
10 wondering how close it was, because the facts indicated
11 that the security individual held it up a second time
12 and checked it and then it appeared wasn't comfortable
13 enough to indicate it wasn't the individual until they
14 went to a handwriting sample. So it wouldn't have
15 appeared that on the face of the identification it was
16 that clear.

17 CHAIRMAN HATCHES: Well, we have some new
18 information.

19 MR. GREWACH: We actually do have the
20 photograph of the patron and the ID itself if any of the
21 Commission members would like to see it.

22 CHAIRMAN HATCHES: Yeah.

23 COMMISSIONER MERRITT: Yeah.

24 CHAIRMAN HATCHES: This is a case where the
25 supervisor came up and they looked together at the

1 picture and they both said okay. Just something doesn't
2 seem quite right about this to me.

3 COMMISSIONER BRADLEY: Plus, you know, there
4 is a question. Do you always sign your name exactly the
5 same way?

6 CHAIRMAN HATCHES: No.

7 COMMISSIONER BRADLEY: No, I don't.

8 CHAIRMAN HATCHES: No.

9 COMMISSIONER BRADLEY: Maybe people do.
10 Maybe if you had a cocktail you might not sign it the
11 same way. Anyway he's underage, not drinking. It's a
12 question.

13 MR. GREWACH: My handwriting is illegible.
14 That's my security fee --

15 COMMISSIONER BRADLEY: Well, we know that.

16 COMMISSIONER HOWARD: There went your
17 employment appointment as Secretary/Treasurer.

18 CHAIRMAN HATCHES: Oh, yeah. I would have
19 known this right away. Just look at the ears. I mean,
20 I'm looking at the picture here.

21 COMMISSIONER MERRITT: You're talking
22 Dumbo.

23 CHAIRMAN HATCHES: I mean, that's easy for me
24 to say sitting here. I understand the pressure when
25 you're out there.

1 I just haven't -- I have not seen one like
2 this since -- in my tenure. You have so many people
3 encountered and the multiple checks, and it seemed to me
4 that they were doing all of the right things as relates
5 to checking, so that's why I wondered whether or not
6 this was such a good fake that it truly worked.

7 Any other questions?

8 Commissioners?

9 COMMISSIONER JONES: Mr. Chairman, just some
10 housekeeping.

11 In the documents the times are really kind of
12 strange. We have a.m.'s and p.m.'s mixed in there.
13 It's a total of seven hours, seven plus hours, but if
14 you look at some of the times that are noted, you have a
15 2:03 a.m. and then you go back to 2:59 p.m.

16 And so, you know, just housekeeping and
17 cleaning up the documents. If you'd look at Item 8,
18 Item 9 and Item 10, where they start talking about the
19 times, you see the times are kind of like -- and Item 7.
20 In Item 7 it has, like, a.m. time.

21 MR. GREWACH: I see that, yes. But that
22 appears -- the exited at 4:35 a.m., so then the next
23 entry is at 2:59 p.m. he reentered.

24 So without double-checking that,
25 Commissioner Jones, I think that may have been the next

1 day then, because it was over the course of two days,
2 the three different entries that he made to the casino.

3 COMMISSIONER JONES: Okay.

4 COMMISSIONER HOWARD: In that case dates
5 would help.

6 MR. GREWACH: Yes, they --

7 COMMISSIONER JONES: The dates would have
8 helped.

9 COMMISSIONER HOWARD: So we're not thinking
10 there's typographical errors or chronology.

11 CHAIRMAN HATCHES: They're very diligent here
12 in this Commission. We watch everything.

13 COMMISSIONER HOWARD: We just want to keep
14 them on their toes.

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

17 COMMISSIONER HOWARD: The photos are very
18 helpful.

19 CHAIRMAN HATCHES: We don't always get those.
20 and I understand.

21 MR. GREWACH: We can make sure they're ready
22 for these types of cases.

23 CHAIRMAN HATCHES: I think from my
24 perspective if you have them and if we have a need to
25 see them, fine, but just to give them to us as a matter

1 of process, I don't think we need to do that.

2 MR. GREWACH: I think it's difficult to put
3 them into the documents themselves. They just don't
4 really come through very well in electronic format. So
5 we really need to produce the paper copies to get a
6 really good, you know, view.

7 And we have that same situation in DRB. You
8 know, we really need to print off the paper copies of
9 them to compare them when we consider the cases.

10 CHAIRMAN HATCHES: Okay.

11 If no further questions, the Chair would
12 entertain a motion on DC-13-063.

13 COMMISSIONER BRADLEY: Motion to approve
14 DC-13-063.

15 COMMISSIONER HOWARD: I'll second it.

16 CHAIRMAN HATCHES: Moved and seconded.

17 Any further discussion?

18 Angie, would you call the roll, please.

19 MS. FRANKS: Commissioner Howard.

20 COMMISSIONER HOWARD: Approve.

21 MS. FRANKS: Commissioner Merritt.

22 COMMISSIONER MERRITT: Approve.

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 DC-13-063.

6 CHAIRMAN HATCHES: Thank you.

7 Ed.

8 MR. GREWACH: Tab L is a preliminary order of
9 disciplinary directed to Aristocrat Technologies,
10 Incorporated.

11 On May the 7th, 2012 our staff detected three
12 electronic gaming devices that had been shipped into
13 Missouri to the Argosy property with revoked software.
14 We reported that problem to Aristocrat.

15 They reviewed it internally and then self-
16 reported a separate shipment of five EGDs with revoked
17 software that occurred on April 27th, 2012 to Lumiere
18 Casino.

19 The recommended fine in this particular case
20 is \$15,000. You'll note in the disciplines that are
21 attached to the appendix to the back of the resolution
22 that there were prior incidents with this particular
23 licensee, most recently June of 2012, which they
24 received a \$5,000 fine for and in November of 2010 for
25 which they received a \$15,000 fine, just in the way of

1 explanation of how DRB arrived at its particular
2 recommendation in this case.

3 CHAIRMAN HATCHES: Thank you, Ed.

4 Any questions?

5 Chair would entertain a motion.

6 COMMISSIONER JONES: Move for the acceptance
7 of DC-13-064.

8 COMMISSIONER HOWARD: Moved and seconded.

9 CHAIRMAN HATCHES: Any further discussion?

10 Angie, would you call the roll, please.

11 MS. FRANKS: Commissioner Howard.

12 COMMISSIONER HOWARD: Approve.

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 DC-13-064.

23 CHAIRMAN HATCHES: Next.

24 MR. GREWACH: Tab M. The Staff is requesting
25 that matter be passed and no action be taken today.

1 In doing our final review in preparation for
2 the meeting, we came to the conclusion that we needed to
3 redraft this preliminary order to add additional facts
4 and additional citations to make sure we had an accurate
5 presentation to make.

6 So with the Chairman's permission we will not
7 take any action today and put this on the February
8 regular meeting agenda for a preliminary order of
9 discipline.

10 CHAIRMAN HATCHES: So moved.

11 MR. GREWACH: Under Tab N --

12 CHAIRMAN HATCHES: Do we have to vote on
13 that?

14 I can do that myself?

15 EXECUTIVE DIRECTOR STOTTLEMYRE: Just give
16 him the order. He's going to know.

17 MR. GREWACH: In my opinion if we take no
18 action, then there is really nothing to do. We don't
19 have to table it because we'll automatically just put it
20 on the February agenda once we make the corrections that
21 we need to make on that.

22 CHAIRMAN HATCHES: Okay.

23 MR. GREWACH: Under Tab N we have a
24 preliminary order of discipline directed to Harrah's
25 North Kansas City.

1 This involves an incident on April the 6th,
2 2012 when an 18-year-old patron entered the casino using
3 his own ID. The security officer checked the ID but
4 didn't notice that the birth date indicated that he was
5 under 21 and allowed the patron in.

6 The patron played blackjack at three
7 different tables. One of the three dealers checked the
8 ID and also failed to notice that the age discrepancy
9 indicated he was a minor. Two of the dealers did not
10 check his ID at all.

11 The patron then went to the bar to attempt to
12 buy a drink. The bartender checked the ID and finally
13 noticed that the person was 18 years old and contacted
14 our agents. And the patron was on the floor for
15 approximately three hours, and the Staff recommendation
16 is a \$20,000 fine.

17 CHAIRMAN HATCHES: Any discussion from the
18 Commissioners?

19 COMMISSIONER MERRITT: Was there any action
20 taken to the employees?

21 MR. GREWACH: Yes. There were -- the
22 security officer received a two-day suspension, the
23 dealer -- one dealer had a one-day suspension. The
24 other two dealers had two-day suspensions.

25 COMMISSIONER MERRITT: Those were penalties

1 assessed by this Board?

2 MR. GREWACH: By the DRB, yes.

3 And those penalties are initiated by a
4 preliminary order of discipline issued by the Executive
5 Director to those individuals, who then have the ability
6 to appeal that, but they go on a separate track and
7 timetable than the casino discipline. But we did assess
8 those four individuals those penalties.

9 CHAIRMAN HATCHES: And can you just talk a
10 little bit about the \$20,000 fine, maybe some of the
11 discussion of how you arrived at that number?

12 MR. GREWACH: With the Chairman's permission,
13 I might call Terri Hutchison up to speak to that,
14 because she works with and keeps track of the penalties
15 both in relation to other cases and priors for this
16 particular property.

17 CHAIRMAN HATCHES: Thank you.

18 MS. HUTCHISON: When we looked at -- Terri
19 Hutchison, Missouri Gaming Commission.

20 When we looked at this fine, we looked at the
21 prior cases and prior fines and what else they have. So
22 for 2012 this is actually their third case. But they
23 also had prior fines. Their last fine was a \$30,000
24 fine, but it was also over a period of several days and
25 it involved 35 employees who failed to ID.

1 So those are the things that we looked at
2 when we looked at this fine. We also -- I do have a
3 picture of this individual, and if you see this
4 individual, they look very young and they should have
5 been able to ask ID for this patron.

6 CHAIRMAN HATCHES: Thanks, Terri.

7 Anyone else?

8 COMMISSIONER MERRITT: Yeah.

9 What type of training do they have to their
10 employees as far as identifying?

11 MS. HUTCHISON: From my understanding they go
12 through an ID training, and actually one of our gaming
13 enforcement managers, Les Hahn, also conducts training
14 with all of the individuals on ID.

15 COMMISSIONER MERRITT: But they have been
16 consistent with the training?

17 MS. HUTCHISON: They have been consistent
18 with the training.

19 Les says he hasn't done --

20 MS. HAHN: They're actually using -- the
21 local agents do provide assistance, but I have not been
22 there for several years.

23 CHAIRMAN HATCHES: Okay. Other questions?

24 Thanks, Terri.

25 No other questions. Then Chair would

1 entertain a motion on DC-13-066.

2 COMMISSIONER BRADLEY: Motion to approve
3 DC-13-066.

4 COMMISSIONER HOWARD: I'll second.

5 CHAIRMAN HATCHES: Moved and seconded.

6 Any further discussion?

7 If not, then, Angie, will you call the roll,
8 please.

9 MS. FRANKS: Commissioner Howard.

10 COMMISSIONER HOWARD: Approve.

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 DC-13-066.

21 EXECUTIVE DIRECTOR STOTTLEMYRE:

22 Mr. Chairman, the next item on the agenda is
23 Consideration of Placement on the Exclusion List.

24 Mr. Ed Grewach will present.

25 MR. GREWACH: Under Tab 0 we have a

1 resolution to place Stella Palladino on the exclusion
2 list.

3 And just to review, the regulation allows us
4 to place a person on the exclusion list if they're
5 convicted of a felony in any jurisdiction involving
6 moral turpitude, if they're convicted of any crime
7 involving gaming, if they violate any provision of
8 Chapter 313 RSMo or if they perform any act or have an
9 association which would adversely affect public
10 confidence and trust in gaming.

11 So there's basically four different things
12 that can put you on the exclusion list.

13 In this particular case Ms. Palladino was
14 playing at Harrah's Maryland Heights on September the
15 7th, 2010 in a card game. The dealer announced and
16 called no more bets.

17 Ms. Palladino looked at her cards and saw
18 that she was going to win, so she slid another chip onto
19 her pile. The dealer caught her doing that, called over
20 our agent.

21 Ms. Palladino was then charged with a
22 violation of 313.830, cheating at a gambling game, which
23 is a Class D felony. She pled guilty to that charge on
24 July the 18th, 2011 and received a suspended imposition
25 of sentence and three years probation.

1 She had also been previously warned by the
2 casino. She tried that before, done that before, been
3 warned by the casino not to place past-posted bets, so
4 it wasn't the first time she had done that, and that's
5 the reason the Staff believes she's an appropriate
6 candidate for the exclusion list.

7 CHAIRMAN HATCHES: Let me ask a question
8 first.

9 MR. GREWACH: Sure.

10 CHAIRMAN HATCHES: Is this part of the
11 catchup that we're doing here?

12 MR. GREWACH: This is part of the catchup,
13 and you'll see some of these that have some dates that
14 are far. But as I stated before, you know, when I came
15 on nothing had been done for a significant time period
16 on exclusion cases, so it's a project that we've been
17 working on to catch up.

18 And as we review them, we try to prioritize
19 them depending on the events. You know, we don't
20 necessarily take the oldest one. We kind of go through
21 them and try to do -- and we also try not to -- not to
22 tie up the agenda too long, you know, and put 20 of them
23 on one agenda. We try to spread them out among
24 meetings.

25 And we really think with the caseload that we

1 have on these, probably in about a year's time we should
2 be pretty close to being current and deal with the new
3 ones that come in at that point.

4 CHAIRMAN HATCHES: I mean, we have that many
5 left?

6 MR. GREWACH: We have quite a few pending,
7 yes, but it had been several years since we did any.

8 EXECUTIVE DIRECTOR STOTTLEMYRE: We can speed
9 it up if you'd like. It means more cases--

10 CHAIRMAN HATCHES: Could we have a separate
11 hearing for just those cases?

12 MR. GREWACH: It really -- I mean, we could
13 put them on a regular meeting agenda. It would just --
14 as long as this case took to present, for example, if I
15 had ten of them or twelve of them, it would just take
16 that amount of time to do it. It's really at the
17 Commission's pleasure.

18 We just didn't want to load up an agenda with
19 items, you know, that really it's a matter of catching
20 up with caseload that we have there.

21 EXECUTIVE DIRECTOR STOTTLEMYRE:
22 Mr. Chairman, we do have some months throughout the
23 summer that we have no licensing, and if you would like,
24 we could try to load up on one of those months where it
25 shouldn't be as busy.

1 CHAIRMAN HATCHES: I think everything we can
2 do to expedite these would be helpful.

3 Let me ask this question. So, for example,
4 this person, is she still -- I mean, she still goes into
5 a casino?

6 MR. GREWACH: She would have every right to,
7 you know. There is no restriction against her until
8 this resolution is passed.

9 CHAIRMAN HATCHES: Which is my concern about
10 these cases getting so old. You know, you call her and
11 tell her she can't go to a casino and tell her it was
12 because of what happened in 2010.

13 So, yeah, I'd like to see us move as quickly
14 as we can with these. And certainly I'm one who does
15 not care -- the Commission does not care to have really
16 long meetings, but I think we would really like to get
17 this list whittled down.

18 I didn't realize we had that many
19 outstanding. So I think we'd be willing to put in some
20 time on those agendas, where we can afford to have five
21 or six more added on, that we do that.

22 EXECUTIVE DIRECTOR STOTTLEMYRE: We'll work
23 on that.

24 CHAIRMAN HATCHES: Good. Thanks.

25 So where are we?

1 COMMISSIONER MERRITT: With that said I would
2 make a motion to approve Resolution No. 13-010.

3 COMMISSIONER BRADLEY: Would she be here?
4 Would she receive notice?

5 MR. GREWACH: No. This initiates the
6 process. Once this resolution is passed it's mailed to
7 her, served on her certified mail, but the exclusion is
8 really effective -- as opposed to the other disciplines
9 we do, for exclusions, the exclusions is effective the
10 day the resolution is passed, and then she then has a
11 right to request a hearing on this once she gets the
12 notice that it has been.

13 So it would seem a little bit awkward,
14 but until we know we're going to exclude her, we don't
15 send the notice. Once we do the exclusion we send her
16 the notice. She then has a right to request a hearing.
17 If so, she gets the hearing, but the exclusion continues
18 until such time as the Commission or some court would
19 reverse it.

20 CHAIRMAN HATCHES: Okay.

21 COMMISSIONER JONES: Second.

22 CHAIRMAN HATCHES: Moved and seconded.

23 Any discussion?

24 Angie, call the roll.

25 MS. FRANKS: Commissioner Howard.

1 COMMISSIONER HOWARD: Approve.

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
11 Resolution No. 13-010.

12 MR. GREWACH: Tab P is an exclusion case
13 against Sean Patrick Taylor.

14 Mr. Taylor was the Executive Director of the
15 Epilepsy Foundation. In that capacity he embezzled
16 between 100,000 and \$200,000 in a time period from 2007
17 to 2010 from the Epilepsy Foundation.

18 He pled guilty on June 19, 2012 to bank fraud
19 and aggravated identity theft. Federal Court sentenced
20 him to 68 months in prison and to pay restitution.

21 In looking at this case we checked his player
22 tracking information and saw that in the year 2006 alone
23 that he had gambled \$80,344.

24 So once again the regulation allows us to
25 place anybody on the exclusion list who has pled guilty

1 to a felony involving moral turpitude.

2 When we as a staff look at it, we try to look
3 at some nexus between the crime and gaming. And here we
4 have somebody who is a very active gambler who has pled
5 guilty to embezzling funds from a charity and in that
6 context felt this was an appropriate case to be placed
7 on the exclusion list.

8 CHAIRMAN HATCHES: Any questions?

9 COMMISSIONER MERRITT: I just regret we can't
10 do a public logging for somebody that stole from the
11 Epilepsy funds.

12 CHAIRMAN HATCHES: And hopefully he's not
13 near the casino where he is.

14 Any other questions?

15 Jack, would you like to --

16 COMMISSIONER MERRITT: I would make a motion
17 to approve Resolution No. 13-011.

18 COMMISSIONER JONES: Second.

19 CHAIRMAN HATCHES: I think we'll allow you to
20 second this one too if that will help.

21 It's been moved and seconded.

22 Any further discussion?

23 All in -- I'm sorry.

24 MS. FRANKS: Commissioner Howard.

25 COMMISSIONER HOWARD: Approve.

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 No. 13-011.

11 CHAIRMAN HATCHES: Ed.

12 MR. GREWACH: Tab Q is an exclusion list
13 against Jasmin Zahirovic.

14 Mr. Zahirovic was at the President Casino on
15 October 2nd, 2005. Back then you could use coins to
16 play slot machines, and he put nickels into a quarter
17 slot machine. That's a violation -- we actually have a
18 specific statute on that -- 313.830.4, subparagraph 12,
19 by knowingly using a coin other than denomination that
20 the machine requires.

21 He was charged originally with that charge.
22 In a plea bargain the plea was -- the charge was reduced
23 to trespassing. The Defendant pled guilty and was
24 placed on probation. The judge entered an order in the
25 probation stating that the court orders that the

1 Defendant voluntarily enter himself into the Missouri
2 Gaming Commissions's bar and banned list and to stay out
3 of Missouri casinos.

4 Now, because he had probation it doesn't
5 count as a conviction, so we can't use that first prong
6 of the regulation, but it was a violation of a section
7 of Chapter 313, so that does make him eligible for the
8 exclusion list.

9 And, again, because it did involve a case of
10 cheating at a gambling game that we thought -- the staff
11 thought this was an appropriate case for the exclusion
12 list.

13 CHAIRMAN HATCHES: Any questions?

14 The Chair would entertain a motion.

15 COMMISSIONER JONES: Move for the acceptance
16 of Resolution No. 13-012.

17 COMMISSIONER BRADLEY: Second.

18 CHAIRMAN HATCHES: Moved and seconded.

19 Any further discussion?

20 If not, Angie, would you call the roll,
21 please.

22 MS. FRANKS: Commissioner Howard.

23 COMMISSIONER HOWARD: Approve.

24 MS. FRANKS: Commissioner Merritt.

25 COMMISSIONER MERRITT: Approve.

1 MS. FRANKS: Commissioner Jones.

2 COMMISSIONER JONES: Approve.

3 MS. FRANKS: Commissioner Bradley.

4 COMMISSIONER BRADLEY: Approve.

5 MS. FRANKS: Chairman Hatches.

6 CHAIRMAN HATCHES: Approve.

7 MS. FRANKS: By your vote you've adopted
8 Resolution No. 13-012.

9 EXECUTIVE DIRECTOR STOTTLEMYRE:

10 Mr. Chairman, the next item on the agenda is
11 Consideration of Approval of Change in Control.

12 Mr. Grewach will present.

13 MR. GREWACH: This application is made by
14 Z Capital Partners, LLC. They are a key business entity
15 and owner of an amount of equity in Affinity Gaming, and
16 you just heard the presentation on the Affinity
17 relicensing, so I won't go into the whole history.

18 But, in essence, as was discussed there, it
19 was originally Herbst Gaming, came out of bankruptcy and
20 became Affinity Gaming.

21 In that process we have a regulation that
22 defines a key business entity as any entity that owns
23 over 5 percent of a publicly traded company.

24 There are two of those currently, SPH
25 Manager, LLC, which owns a 24.9 percent interest in

1 Affinity, and our applicant here, Z Capital Partners,
2 which owns a 24.97 percent interest in Affinity.

3 Now, we have a regulation, 10.040,
4 paragraph 12, that requires Commission approval before
5 there is any -- before a change of control occurs as to
6 any of our licensees.

7 Now, 10.040(8)(A)(1) defines a change of
8 control as any person or entity acquiring any amount in
9 excess of 25 percent of a licensee.

10 Now, there has been some discussion here in
11 staff about that term and the confusion that it might,
12 you know, create.

13 We define -- and that's our definition of
14 change in control. So someone acquiring 26 percent or
15 29 percent of a publicly trade company may or may not be
16 an actual control as you would normally use that term,
17 but as far as our regulations are concerned, that
18 constitutes a change of control.

19 It's not that unusual of a provision because
20 you can gain control of a publicly traded company
21 without necessarily having to own 51 percent of the
22 company.

23 So to address this we set that, you know,
24 concededly, you know, number, that we just say, okay,
25 over 25 percent you need to apply for -- petition for

1 change of control.

2 Now, I want to address that because I didn't
3 want to cause any confusion in the future. It's
4 certainly possible that SPH Manager or someone else may
5 come to you at some future meeting with a petition for
6 change of control and you might look back and say, well,
7 didn't we already do this and aren't -- this other
8 company in control.

9 But any entity that goes over 25 has to file
10 this petition for change of control, and that what our
11 regulations require, and that's what Z Capital has done
12 here.

13 Now, Z Capital had provided us originally
14 with the amended petition two contracts that were
15 pending that would increase their holding in equity to
16 29.144 percent if they're closed.

17 They've indicated to us that in the near
18 future they have intentions of acquiring up to a
19 38 percent equity interest in the company.

20 Now, in reviewing this matter we found that
21 Affinity has a covenant in their loan documents that
22 states that if any entity obtains up to or in excess of
23 40 percent equity interest, that that could trigger an
24 event of default and give the lender the right to call
25 the debt due.

1 And that's why you'll see in the last
2 paragraph of our resolution that if they acquire
3 additional interest in the company that reaches or
4 exceeds 40 percent, they have to come back to us and
5 reapply for another petition for change of control,
6 because at that point we'll want to make sure that they
7 do have -- in a practical sense, I mean, it would be
8 perfectly logical that they would have all of this taken
9 care ahead of time because they don't want to buy a
10 business only to have the bank foreclose on the
11 business.

12 But to be cautious we said if you're going to
13 hit or exceed the 40 percent mark, you need to come back
14 to us so we can confirm that you've made arrangements
15 with the lender or with another lender and there is no
16 potential harm to the company itself or any of the other
17 shareholders in the company.

18 Now, we had previously investigated Z Capital
19 and approved them and their key persons when they first
20 became a key business entity of Affinity. There wasn't
21 a lot of additional -- we did do some additional
22 followup on looking at some tax returns and looking at
23 some other financial information.

24 They were required to do a similar
25 application in Nevada, and that was approved on

1 December 20th of 2012.

2 CHAIRMAN HATCHES: One quick question.

3 So the change from what we have here on this
4 is just the last part of the sentence on page 1. It
5 talks about 40 percent or more. Right?

6 MR. GREWACH: Correct.

7 CHAIRMAN HATCHES: Okay. Thank you.

8 Any other questions?

9 Chair would entertain a motion.

10 COMMISSIONER JONES: Move for the acceptance
11 of Resolution No. 13-013.

12 CHAIRMAN HATCHES: Moved and seconded.

13 Any further discussion?

14 If not, Angie, would you call the roll.

15 MS. FRANKS: Commissioner Howard.

16 COMMISSIONER HOWARD: Approve.

17 MS. FRANKS: Commissioner Merritt.

18 COMMISSIONER MERRITT: Approve.

19 MS. FRANKS: Commissioner Jones.

20 COMMISSIONER JONES: Approve.

21 MS. FRANKS: Commissioner Bradley.

22 COMMISSIONER BRADLEY: Approve.

23 MS. FRANKS: Chairman Hatches.

24 CHAIRMAN HATCHES: Approve.

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

1 Resolution No. 13-013.

2 MR. GREWACH: Thank you.

3 EXECUTIVE DIRECTOR STOTTLEMYRE:

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

5 Consideration of Relicensure of Certain Suppliers.

6 Sergeant Phil Morrison will present.

7 SERGEANT MORRISON: Good morning, Chairman,
8 Commissioners.

9 CHAIRMAN/COMMISSIONERS: Good morning.

10 SERGEANT MORRISON: My name is Phillip
11 Morrison. I'm a sergeant with the Missouri State
12 Highway Patrol's Gaming Background Unit.

13 I'm here to report that the Missouri State
14 Highway Patrol investigators conducted the relicensing
15 investigation of one supplier company currently licensed
16 in Missouri.

17 The investigation consisted of jurisdictional
18 inquiries, feedback from affected gaming company
19 clients, a review of disciplinary actions, litigation
20 and business credit profiles, as well as a review of the
21 key persons associated with the company.

22 The results of the investigation were
23 provided to the MGC staff for their review and you
24 possess a summary report which outlines our
25 investigative findings.

1 The following supplier company is being
2 presented to you today for your consideration: Konami
3 Gaming, Incorporated of Las Vegas, Nevada.

4 EXECUTIVE DIRECTOR STOTTLEMYRE: Staff
5 recommends approval.

6 CHAIRMAN HATCHES: Any questions?

7 Chair would entertain a motion.

8 COMMISSIONER BRADLEY: Motion to approve
9 Resolution 13-014.

10 COMMISSIONER HOWARD: Second.

11 CHAIRMAN HATCHES: Moved and seconded.

12 Further discussion?

13 If not, Angie, call the roll, please.

14 MS. FRANKS: Commissioner Howard.

15 COMMISSIONER HOWARD: Approve.

16 MS. FRANKS: Commissioner Merritt.

17 COMMISSIONER MERRITT: Approve.

18 MS. FRANKS: Commissioner Jones.

19 COMMISSIONER JONES: Approve.

20 MS. FRANKS: Commissioner Bradley.

21 COMMISSIONER BRADLEY: Approve.

22 MS. FRANKS: Chairman Hatches.

23 CHAIRMAN HATCHES: Approve.

24 MS. FRANKS: By your vote you've adopted
25 Resolution No. 13-014.

1 CHAIRMAN HATCHES: Thank you.

2 EXECUTIVE DIRECTOR STOTTLEMYRE: The next
3 item is consideration of Level 1 and Key Applicants, and
4 Sergeant Morrison will present again.

5 SERGEANT MORRISON: I would like to report
6 that the Missouri State Highway Patrol investigators,
7 along with Gaming Commission financial investigators,
8 conducted comprehensive background investigations on
9 multiple key and Level I applicants.

10 These investigations included, but were not
11 limited to, criminal, financial and general character
12 inquiries, which were made in the jurisdictions where
13 the applicants lived, worked and/or frequented.

14 The following individuals are being presented
15 for your consideration: Taylor J. Foster, Surveillance
16 Manager of Argosy Riverside Casino; Atul Bali,
17 President/CEO of Aristocrat Technologies, Incorporated;
18 Richard M. Gonzalez, Security, Risk and Safety Manager
19 for Harrah's North Kansas City Casino; Walter Giacomo
20 Bugno, CEO - Gaming Solutions of Lottomatica Group, SpA;
21 Alberto Fornaro, Chief Financial Officer, Lottomatica
22 Group, SpA; Billy Lee Walton, Chief of Security for Mark
23 Twain Casino; Dennis G. Doerfler, Regional Director of
24 Information Technology for Pinnacle Entertainment,
25 Incorporated; and finally, Kiley S. Slater, Audit

1 Manager for St. Jo Frontier Casino.

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

6 CHAIRMAN HATCHES: Any questions from the
7 Commissioners?

8 Hearing none -- thank you, Sergeant.

9 EXECUTIVE DIRECTOR STOTTLEMYRE: Staff
10 recommends approval of Resolution No. 13-015.

11 CHAIRMAN HATCHES: Chair would entertain a
12 motion.

13 COMMISSIONER BRADLEY: Motion to approve
14 Resolution No. 13-015.

15 COMMISSIONER HOWARD: Second.

16 CHAIRMAN HATCHES: Moved and seconded.

17 Any further discussion?

18 Angie, call the roll, please.

19 MS. FRANKS: Commissioner Howard.

20 COMMISSIONER HOWARD: Approve.

21 MS. FRANKS: Commissioner Merritt.

22 COMMISSIONER MERRITT: Approve.

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. 13-015.

6 EXECUTIVE DIRECTOR STOTTLEMYRE: The next
7 item on the agenda is Consideration of Rules and
8 Regulations. Mr. Ed Grewach will present.

9 MR. GREWACH: Under Item U we have a proposed
10 amendment.

11 The background on this particular proposed
12 amendment, currently before the change their Level II
13 disciplinary actions for employees, licensees, were
14 initiated, as I indicated before, by a preliminary order
15 of discipline issued by the executive director.

16 Then the Level II employee then has the
17 opportunity to request a hearing, and in that case the
18 hearing takes place with our hearing officer, currently
19 Mr. Stark, presented to the Commission as those were
20 earlier on the agenda.

21 Now, under the current state of the rules,
22 though, the Level I disciplines have to be initiated by
23 the Commission itself.

24 And so what happens is that we run into a lot
25 of circumstances where the disciplines -- there is one

1 event and then there are both Level IIs and Level Is
2 involved in this infraction.

3 Maybe, for example, the cases we looked at
4 earlier, not taking cards out of play when they should
5 be, and so we might want to give everybody a one-day
6 suspension.

7 So the Level IIs get a letter -- get a letter
8 and order from Mr. Stottlemire. The Level I's we have
9 to place on the next Commission agenda. And so they end
10 up on different timeframes.

11 Now, Mr. Stark has the ability to consolidate
12 these for hearing. So if we have four or five people
13 wanting a hearing arising out of one incident, if they
14 are all level IIs, it's fine, because if they consent,
15 Mr. Stark can consolidate them. Then we don't put on
16 the same witness four or five times and the same
17 exhibits four or five times, and it just really makes it
18 an efficient way to proceed.

19 But regardless of everybody's consent, if
20 there is a Level I, you know, or maybe a couple of them
21 involved in this incident, we have to retry the case
22 again, because they reach Mr. Stark's desk later,
23 because a Level I has the same right of appeal.

24 The discipline begins with the preliminary
25 order of discipline by the Commission. They get the

1 letter. They have 30 days to request the hearing. But
2 by the time that all happens the Level IIs have already
3 got their hearing scheduled.

4 And so this rule change is designed -- it's a
5 proposed amendment -- is designed to allow the executive
6 director to initiate disciplines for both Level I's and
7 Level IIs, and then -- it doesn't change their appeal
8 rights. They all still have the same right to request a
9 hearing. It is just going to keep those cases together.

10 It's also going to alleviate those cases
11 where we have to take up a Commission agenda item to do
12 a preliminary order of discipline for a one-day
13 suspension for a Level I that's already been served, you
14 know.

15 And it's just, you know -- really it seems to
16 be a waste of resource and time for the Commission to
17 have to address that. If they want to appeal that,
18 they'll come back before the Commission.

19 So we are leaving in place the licensing of
20 Level I's. The Level I's -- currently Level II, the
21 licensing decision can be made by the executive
22 director.

23 And, again, as you saw some of those today
24 from Mr. Stark, they can ask for a hearing and go on.

25 The Level I's, even after the rule change,

1 will still come before the Commission for approval or
2 denial of their application for a Level I.

3 CHAIRMAN HATCHES: Any questions from the
4 Commission?

5 EXECUTIVE DIRECTOR STOTTLEMYRE: The Staff
6 recommends approval of 11 CSR 45-4.260.

7 CHAIRMAN HATCHES: The Chair would entertain
8 a motion.

9 COMMISSIONER MERRITT: Make a motion to
10 approve Amendment 11 CSR 45-4.260.

11 COMMISSIONER JONES: Second.

12 CHAIRMAN HATCHES: Moved and seconded.
13 Any further discussion?

14 If not, Angie, call the roll, please.

15 MS. FRANKS: Commissioner Howard.

16 COMMISSIONER HOWARD: Approve.

17 MS. FRANKS: Commissioner Merritt.

18 COMMISSIONER MERRITT: Approve.

19 MS. FRANKS: Commissioner Jones.

20 COMMISSIONER JONES: Approve.

21 MS. FRANKS: Commissioner Bradley.

22 COMMISSIONER BRADLEY: Approve.

23 MS. FRANKS: Chairman Hatches.

24 CHAIRMAN HATCHES: Approve.

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

1 Proposed Amendment 11 CSR 45-4.260.

2 CHAIRMAN HATCHES: Okay.

3 MR. GREWACH: On Tab V, No. 1, is a final
4 order of rulemaking as it relates to Section 45-5.193.

5 This is rule changes that were drafted for
6 the standardization of the math calculation for gaming
7 manufacturers and the testing laboratories, and it was
8 intended to address concerns relative to tracking game
9 performance.

10 Some of the standardization issues included
11 calculation of minimum payback percentages, a required
12 number of simulations to meet the jurisdictional
13 payback, standards required by our statutes, establishes
14 information to be provided to Missouri operators and
15 also metering methodologies that enable operators to
16 track true game performance.

17 And that exhausts my technical knowledge of
18 this. I reviewed all of the equations in that rule and
19 have no idea what they mean, but we have people that
20 could answer questions if you have them.

21 Although I can tell you that we have reviewed
22 this thoroughly with our own EGD staff, with outside
23 sources that are experts in the mathematics involved in
24 the rule changes you see here, and that person is also
25 here available for any questions that the Commission may

1 have.

2 COMMISSIONER HOWARD: So you're not saying
3 we're going to get a presentation on the development of
4 these equations today?

5 MR. GREWACH: I did see at one point that --

6 CHAIRMAN HATCHES: She's just joking.

7 COMMISSIONER HOWARD: I'm joking. Please.

8 COMMISSIONER MERRITT: I think she can stay
9 later and listen to that.

10 MR. GREWACH: I did see at one point that K
11 is the Z value for confidence level, and I can give you
12 that, what my confidence level is.

13 CHAIRMAN HATCHES: But you did say there are
14 people here who could answer?

15 MR. GREWACH: Absolutely.

16 CHAIRMAN HATCHES: Just raise your hand. Who
17 could answer these? Okay. Okay. Okay.

18 COMMISSIONER HOWARD: And that's impressive.

19 CHAIRMAN HATCHES: Are you new to the team?

20 MR. HORROM: Seven months, eight months.

21 COMMISSIONER HOWARD: They don't get out
22 much.

23 CHAIRMAN HATCHES: No, I don't have any
24 questions. I just want to know if I do who to go to.

25 MR. HORROM: I have a mathematic's degree.

1 CHAIRMAN HATCHES: Are you sure?

2 MR. NELSON: He's here. I'm just a little
3 bit -- that's why I --

4 CHAIRMAN HATCHES: You can go all of the way
5 up.

6 COMMISSIONER HOWARD: How would we know if
7 they were fooling us?

8 CHAIRMAN HATCHES: I don't know.

9 Any other questions? All right.

10 Staff.

11 EXECUTIVE DIRECTOR STOTTLEMYRE: We can do
12 all three of these.

13 MR. GREWACH: Well, I haven't covered the
14 other two, but I --

15 EXECUTIVE DIRECTOR STOTTLEMYRE: That's fine.
16 Whenever you get done. We can do them all three at the
17 same time if you want.

18 MR. GREWACH: Sure.

19 Item 2 and 3.

20 2 are some very extensive changes to
21 Chapter E, electronic gaming devices.

22 Now, this arises out of an ongoing process we
23 have here with our staff where we are constantly
24 reviewing our rules to try to isolate rules that are
25 obsolete, that are redundant, that are covered in other

1 sections, that technology has changed and they're no
2 longer necessary, and this review and rewrite came out
3 of that process.

4 We always engage the industry early on in the
5 process to discuss, you know, what our concerns are and
6 what our proposed changes may be, and there is quite a
7 bit of discussion that goes on between us and them
8 before it even gets to you originally as a proposed
9 amendment.

10 You'll see in the materials the comments that
11 industry had and the responses that we had, some of
12 which resulted in us making changes to the proposed
13 rule, others which did not.

14 They are -- just to give you an example of
15 some of the things we -- you know, we look at when we do
16 these rewrites, you know, there were still references in
17 some of the old rules as the tokens and hopper fills,
18 which we don't do anymore, so these are obsolete.

19 There were some things in this chapter that
20 were also found in Chapter H, so there was a redundancy,
21 so we made some changes to eliminate that. A lot of
22 other changes that are in there.

23 We had issued some technical advisory
24 memorandums that we wanted to incorporate into the rule
25 to make sure they were in one place and that they were

1 all accessible, as opposed to being just a memorandum
2 out there giving some advice or answer to a question.
3 We wanted to incorporate them all into one rule.

4 And there's a public hearing on December
5 the 2nd, 2012, and you'll see that, and then it comes on
6 here today as a final order.

7 Also Chapter R you're going to see a lot
8 of -- almost any time we make a change to one of the
9 other minimum internal control standards, R contains the
10 guidelines for all of the forms.

11 If you change a form, if you change a rule,
12 most cases that's going to cause us to either eliminate
13 a form or change a form or what information has to be
14 kept on a form.

15 So the Chapter R changes really just
16 implement the changes that we are asking in Chapter E.

17 CHAIRMAN HATCHES: Any questions from the
18 Commissioners?

19 EXECUTIVE DIRECTOR STOTTLEMYRE: Staff
20 recommends approval of the three final orders of
21 rulemaking, 11 CSR 45-5.193, 45-9.105 and 45-9.118.

22 CHAIRMAN HATCHES: Chair would entertain a
23 motion.

24 COMMISSIONER JONES: Make a motion to approve
25 CSR -- or 11 CSR 45-5.193, 45-9.105 and 45-9.118.

1 COMMISSIONER JONES: Second.

2 CHAIRMAN HATCHES: Moved and seconded.

3 Any further discussion?

4 Angie, call the roll, please.

5 MS. FRANKS: Commissioner Howard.

6 COMMISSIONER HOWARD: Approve.

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 the

16 Final Orders of Rulemaking, 11 CSR 45-5.193, 9.105 and

17 9.118.

18 EXECUTIVE DIRECTOR STOTTLEMYRE:

19 Mr. Chairman, the next item is the Consideration of

20 Waiver of Institutional Investors. Ms. Martha LeMond

21 will present.

22 MS. LEMOND: How are you all today,

23 Mr. Chairman, Commissioners?

24 CHAIRMAN HATCHES: How are you?

25 MS. LEMOND: I'm fine. It's good to see you.

1 Behind Tabs W and X are resolutions regarding
2 waivers of licensure for institutional investors holding
3 and/or requesting to hold publicly traded interests of
4 up to 20 percent in gaming licensees.

5 These investors have submitted requests for
6 waiver to hold interest in these licensees in compliance
7 with 11 CSR 4504.

8 The submitted waivers certify all holdings
9 are for institutional investment purposes only, with no
10 intent to be involved in the management or operation of
11 the licensees.

12 Because the holdings made exceed the
13 10 percent threshold for which the executive director
14 may grant a waiver, these resolutions are before the
15 Commission today.

16 Resolution No. 13-016 is for Columbia Wanger
17 Asset Management, LLC and Resolution No. 13-017 is for
18 Spectrum Investment Partners, L.P.

19 Any questions, I'll be happy to answer them.

20 CHAIRMAN HATCHES: Any questions from the
21 Commissioners?

22 EXECUTIVE DIRECTOR STOTTLEMYRE:

23 Mr. Chairman, Staff recommends approval. I believe we
24 do need to do these separately.

25 First would be Resolution No. 13-016.

1 CHAIRMAN HATCHES: Chair would entertain a
2 motion.

3 COMMISSIONER BRADLEY: Motion to approve
4 Resolution No. 13-016.

5 COMMISSIONER JONES: Second.

6 CHAIRMAN HATCHES: Moved and seconded.

7 Any questions?

8 Discussions?

9 Angie, call the roll, please.

10 MS. FRANKS: Commissioner Howard.

11 COMMISSIONER HOWARD: Approve.

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. 13-016.

22 EXECUTIVE DIRECTOR STOTTLEMYRE: And Staff
23 recommends approval of Resolution No. 13-017.

24 CHAIRMAN HATCHES: Chair would entertain a
25 motion.

1 license of the Fraternal Order of Eagles Golden Valley
2 Aerie 3667.

3 This is a case where our staff inspected the
4 premises of this licensee on May 17th, 2011 and found
5 five tabletop illegal gambling machines at the property.
6 We tested them, confirmed that they were illegal.
7 Obviously that's not only on a violation of law but a
8 violation of the bingo regulations.

9 We have gone through the Administrative
10 Hearing Commission process as is outlined, that you'll
11 see in the resolution itself. On December 7th, 2012 the
12 Administrative Hearing Commission entered into a finding
13 that the bingo's license was subject to discipline.

14 And that's how the process is bifurcated.
15 The Administrative Hearing Commission just makes a
16 finding if they are or are not subject to discipline,
17 but then the appropriate discipline itself is a final
18 decision for the Commission.

19 There's a time period after the AHC's finding
20 that they're subject to discipline that the licensee can
21 even request a hearing here before this Commission.
22 That time period elapsed and they failed to request a
23 hearing, so it does come on here before you today for
24 this resolution to revoke the Eagles' bingo license.

25 EXECUTIVE DIRECTOR STOTTLEMYRE: Staff does

1 recommend approval of Resolution No. 13-001-B.

2 CHAIRMAN HATCHES: Okay. Chair would
3 entertain a motion.

4 COMMISSIONER MERRITT: Can I have a question
5 first?

6 CHAIRMAN HATCHES: Oh, I'm sorry. Yes.

7 COMMISSIONER MERRITT: If they would get some
8 new Eagles and get new management, could they be
9 reinstated any time or would they have to just apply
10 under a whole different --

11 MR. GREWACH: They could. We allow them to
12 reapply one year after this action took place.

13 And this particular licensee actually -- and
14 I'll ask Rachel Farr to correct me if I'm wrong -- was
15 revoked once before or came back and reapplied and got
16 their license and then this incident happened.

17 So they can reapply in a year, but we can
18 take into consideration all of these factors and the
19 history of this club, and just as Commissioner Merritt
20 said, is there really a change or are we comfortable
21 that the bad eggs are gone and, you know, we can trust
22 that it won't happen again.

23 We can make that decision and then they can
24 appeal that decision if we deny -- if we deny that
25 license. But that would be the mechanics of how that

1 would work.

2 COMMISSIONER HOWARD: And they were revoked
3 before because?

4 MS. GREWACH: Is Rachel here?

5 Can I call on Rachel Farr? She would
6 probably know the answer to that question.

7 MS. FARR: I'm sorry. Your question was
8 again?

9 COMMISSIONER HOWARD: They were revoked
10 previously because?

11 MS. FARR: They had illegal gambling devices
12 back in 2004. They were revoked, and they reapplied in
13 2005 and we gave them their license back, and now they
14 have gambling devices again.

15 COMMISSIONER JONES: How many bingo licenses
16 have we revoked in the state, do you know? Has there
17 been a lot? Because I don't -- we haven't done any I
18 don't think.

19 COMMISSIONER BRADLEY: I don't recall.

20 MS. FARR: Not recently. We used to have a
21 bigger problem with illegal gambling devices in the
22 state, but we have taken a stance of if you have illegal
23 gambling devices you get your license revoked, and our
24 licensees have taken that into consideration and have
25 gotten them out in most cases.

1 then they can appeal to us?

2 MR. GREWACH: Correct.

3 And so if they came back to reapply after a
4 year, denied, they could appeal that decision to the
5 Commission.

6 COMMISSIONER JONES: I guess I'm out of touch
7 because, you know, the only thing -- I probably need to
8 visit a bingo parlor because all I can see is how do you
9 have illegal little balls in there when you're turning
10 this crank and stuff?

11 So I guess you have -- I see that you have
12 tabletop machines. So I guess I'm really out of touch
13 with bingo.

14 MR. GREWACH: We treat the facility as the
15 entire building. So they may conduct bingo in a hall
16 and they may have the illegal gambling devices in a bar
17 in the back of the hall, but in spite of the fact
18 they're in two different rooms --

19 COMMISSIONER JONES: Oh, slots. Okay. Okay.
20 Slots. Okay.

21 COMMISSIONER HOWARD: You are out of touch.

22 COMMISSIONER BRADLEY: How do we go in and --
23 you know, how often are licensees evaluated, audited,
24 open the doors, you know, visit them, find out what is
25 out there? What's the procedure?

1 MS. FARR: Our audit staff is out conducting
2 audits on a regular basis. Most of our licensees get
3 seen by an auditor at least every two years. So they're
4 out there looking around quite often.

5 COMMISSIONER HOWARD: I'm assuming if you
6 have a history, they're looking in the supply closets --

7 MS. FARR: Certainly.

8 COMMISSIONER HOWARD: -- to make sure it's
9 not the secret room that everyone knows about?

10 MS. FARR: Certainly.

11 CHAIRMAN HATCHES: I think I'd like to ask
12 that at some future meeting we have a broader discussion
13 around bingo and our rules, roles and responsibility and
14 a little bit of history what happens, what has happened.

15 This may be the beginning of more of them,
16 and I think we need to make sure we at least have some
17 foundational knowledge about the history of bingo.

18 EXECUTIVE DIRECTOR STOTTLEMYRE: We'll put
19 that on our agenda for one of our training sessions
20 after a meeting.

21 CHAIRMAN HATCHES: Thank you.

22 Thank you.

23 COMMISSIONER JONES: The Staff recommended.

24 CHAIRMAN HATCHES: So we need a motion?

25 COMMISSIONER JONES: Right.

1 COMMISSIONER HOWARD: I'll move for approval
2 of Resolution 13-001-B.

3 COMMISSIONER BRADLEY: Second.

4 CHAIRMAN HATCHES: Moved and seconded.

5 Any further discussion?

6 Angie, would you call the roll.

7 MS. FRANKS: Commissioner Howard.

8 COMMISSIONER HOWARD: Approve.

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 MS. FRANKS: By your vote you've adopted
18 Resolution No. 13-001-B.

19 MR. GREWACH: Thank you.

20 CHAIRMAN HATCHES: Thank you, Ed.

21 EXECUTIVE DIRECTOR STOTTLEMYRE: At this
22 time, Mr. Chairman, we're ready for a motion to go into
23 closed.

24 CHAIRMAN HATCHES: Chair would entertain a
25 motion to go into closed meeting under Section 313.847

1 and so forth.

2 COMMISSIONER BRADLEY: Motion to go into
3 closed meeting under Sections 313.847, under
4 Investigatory, Proprietary and Application Records, and
5 610.021, Subsection 1, Legal Actions, and Subsection 14,
6 Records Protected from Disclosure by Law.

7 COMMISSIONER HOWARD: I'll second that.

8 CHAIRMAN HATCHES: How appropriate.

9 COMMISSIONER HOWARD: It was perfectly clear
10 to me.

11 CHAIRMAN HATCHES: Moved and seconded.

12 All in favor.

13 MS. FRANKS: Commissioner Howard.

14 COMMISSIONER HOWARD: Approve.

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 WHEREIN, the meeting went into closed
24 session.

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CERTIFICATE OF REPORTER

I, Patricia A. Stewart, RMR, RPR, CCR, a
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Patricia A. Stewart
CCR No. 401

MISSOURI GAMING COMMISSION
Second Open Session Minutes
January 30, 2013

The Missouri Gaming Commission (the “Commission”) went back into open session at approximately 1:35 p.m. on January 30, 2013, at the Missouri Gaming Commission’s Jefferson City office.

Chairman Hatches reported to the Commissioners and staff the opinions expressed to him during his meetings with the General Managers of the casinos which took place on January 9-10, 2013. No motion or formal action was taken.

Commissioner Merritt moved to adjourn the open session meeting. Commissioner Bradley seconded the motion. After a roll call vote was taken, Howard – yes, Merritt – yes, Jones – yes, Bradley – yes and Hatches – yes, the motion passed unanimously.

The open session ended at 2:20 p.m.