

# IN THE MISSOURI GAMING COMMISSION

In Re: )  
 ) DC-13-697  
The Missouri Gaming Company )

## PRELIMINARY ORDER FOR DISCIPLINARY ACTION

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

1. The Missouri Gaming Commission (the "Commission") is a state commission created under Chapter 313, RSMo 2000, with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri.
2. The Commission issued Penn National Gaming, Inc. a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. Penn National Gaming, Inc. is the parent organization or controlling entity of The Missouri Gaming Company.
4. The Commission issued a Class B riverboat gambling license to The Missouri Gaming Company, LLC, ("Company"), to conduct games on and operate the excursion gambling boat known as Argosy Riverside Casino ("Casino").
5. As the holder of a Class B license, the Company is subject to the provisions of Sections 313.800 to 313.850, RSMo 2000, and the regulations promulgated thereunder by the Commission.

## STATEMENT OF FACTS<sup>1</sup>

6. On December 3, 2012, Sergeant D. A. Chenoweth, a member of the Missouri State Highway Patrol assigned to the Gaming Division at the Argosy Riverside Casino, conducted a regulatory investigation and determined that new accounts on the Disassociated Persons List ("DAP") were not entered into the data base at the Argosy Casino.
7. These deficiencies were discovered during an earlier Data Department self audit conducted in June 2012 and were reported to the Missouri Gaming Commission by Regulatory Compliance Manager Wendy Malotte on December 3, 2012.

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<sup>1</sup> 20121214004

## LAW

8. Under Section 313.805(6), RSMo 2000, the Commission may assess any appropriate administrative penalty against a licensee, including but not limited to, suspension, revocation or penalties of an amount determined by the Commission.
9. Under Section 313.812.14, RSMo 2000, a holder of any license is subject to imposition of penalties, suspension or revocation of such license for any act or failure to act by himself or his agents or employees, that is injurious to the public health, safety, morals, good order and general welfare of the people of the state of Missouri, or that would discredit or tend to discredit the Missouri gaming industry or the state of Missouri.
10. Under Section 313.812.14(1), RSMo 2000, a licensee may be disciplined for failing to comply with or make provisions for compliance with Sections 313.800 to 313.850, the rules and regulations of the commission or any federal, state or local law or regulation.
11. Under Section 313.812.14(2), RSMo 2000, a licensee may be disciplined for failing to comply with any rule, order or ruling of the Commission or its agents pertaining to gaming.
12. Under 11 CSR 45-9.060(3), violations of the minimum internal control standards (“MICS”) by a Class A licensee or an agent or employee of a Class A licensee are deemed to be unsuitable conduct for which the Class A licensee and/or its agent or employee is subject to administrative penalty pursuant to section 313.805(6), RSMo and 11 CSR 45-1 et seq., as amended from time to time. Any agent or employee of a Class A licensee that is involved in a violation of the minimum internal control standards may be subject to fine, discipline or license revocation.
13. Under 11 CSR 45-9.060(4), violations of the Class A licensee’s internal control system (“ICS”) by the Class A licensee or an agent or employee of the Class A licensee shall be prima facie evidence of unsuitable conduct for which the Class A licensee and/or its agents or employees may be subject to discipline pursuant to Section 313.806(6), RSMo, and 11 CSR 45-1 et seq., as amended from time to time.
14. Under 11 CSR 45-4.020(10) rules adopted prior to May 30, 2008 which previously referred to a Class A licensee shall refer to both a Class A and B licensee unless specifically identified otherwise.
15. Under the Commission’s MICS, Chapter Q, § 2.01, the Class B Licensee shall identify excluded persons:
  - (A) Download the updated List of Disassociated Persons (DAP List) from the designated MGC server at least once every seven calendar days and update DAP information in all associated applications within five calendar days of the download of new or updated information. The Internal

Control System shall identify the applications that are required to be updated;

- (B) Upon receipt of the DAP List or an addition to the List, flag any existing disassociated person's player account(s) or, if no account exists, create a new account for the disassociated person which clearly denotes that the individual is a disassociated person and is barred from entering the gaming floor or from receiving a player's card. The Internal Control System shall specify which job position(s) is (are) responsible for flagging the accounts;
- (D) Remove DAPs from all mailing lists (including but not limited to electronic mail, marketing offers, slot club programs, coupon promotions, and other marketing promotions) within 5 calendar days of the download of new or updated information. This rule does not prohibit mass mailings to "Resident" or mass distributions not directed toward specific individuals;
- (E) Ensure the player's club, cage, security, or any other department identified by the Gaming Commission or the Class B Licensee's Internal Control System that has a responsibility for detecting DAPs on the gaming floor have access to the Class B's most current DAP List or the current player account information;
- (F) Maintain a current hard copy or electronic copy of the DAP List at the player's club, any cage that performs check cashing, processes credit card transactions, debit card transactions, payments of taxable promotional winnings or taxable jackpots, or any other location designated by the Missouri Gaming Commission.

16. Under the Company's ICS, Chapter Q, § 2.01, Argosy shall:

- (A) Download the updated List of Disassociated Persons (DAP List) from the designated MGC server at least once every seven calendar days and update DAP information in all associated applications within five calendar days of the download of new or updated information. The Internal Control System shall identify the applications that are required to be updated;
- (B) Upon receipt of the DAP List or an addition to the List, flag any existing disassociated person's player account(s) or, if no account exists, create a new account for the disassociated person which clearly denotes that the individual is a disassociated person and is barred from entering the gaming floor or from receiving a player's card. The Internal Control System shall specify which job position(s) is (are) responsible for flagging the accounts;

- (D) Remove DAPs from all mailing lists (including but not limited to electronic mail, marketing offers, slot club programs, coupon promotions, and other marketing promotions) within 5 calendar days of the download of new or updated information. This rule does not prohibit mass mailings to “Resident” or mass distributions not directed toward specific individuals;
- (E) Argosy Casino shall ensure Player Services, Cage, Hotel, Slots, Security, or any other department identified by the Gaming Commission have access to the most current DAP List or the current player account information;
- (F) Maintain a current hard copy or electronic copy of the DAP List at the player’s club, any cage that performs check cashing, processes credit card transactions, debit card transactions, payments of taxable promotional winnings or taxable jackpots, or any other location designated by the Missouri Gaming Commission.

**VIOLATIONS**

17. The actions or omissions of employees or agents of the Company as described above constitute a failure of the Casino to abide by the regulations and internal controls governing the timely entry of DAP information into the Casino’s database system. The conduct alleged above discredits the State of Missouri and violates the Commission’s MICS, Chapter Q § 2.01 (A), (B), (D), (E) & (F) and the Company’s ICS Chapter Q, § 2.01 (A), (B), (D), (E) & (F). The Company is subject to discipline for such violations under 11 CSR 45-9.060(3) & (4), and Sections 313.805(6) and 313.812.14, 313.812.14 (1) & (2), RSMo.

**PENALTY PROPOSED**

- 18. Under Section 313.805(6), RSMo 2000, the Commission has the power to assess any appropriate administrative penalty against the Company, as the holder of a Class B license.
- 19. THEREFORE, it is proposed that the Commission fine the The Missouri Gaming Company the amount of \$5,000 for the violations set forth herein.

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Dr. Barrett Hatches  
Chairman  
Missouri Gaming Commission

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that he caused a true and correct copy of the foregoing to be mailed, postage prepaid, this \_\_\_\_ day of \_\_\_\_\_, 2013, to:

Mr. John Chaszar, General Manager  
Argosy Riverside Casino  
777 NW Argosy Parkway  
Riverside, MO 64150

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Dr. Barrett Hatches  
Chairman  
Missouri Gaming Commission