

0001

1 BEFORE THE MISSOURI GAMING COMMISSION

2 STATE OF MISSOURI

3

4

5

6

7

8 Commission Meeting

9 March 27, 2013

10 10:00 a.m.

11 Missouri Gaming Commission

12 3417 Knipp Drive

13 Jefferson City, Missouri

14

15

16

17

18

19

20

21

22

23

24

25

0002

	AGENDA	
		Page
1		
2		
3		
4	I. Call to Order	6.18
5	II. Consideration of Minutes	7.3
	A. February 27, 2013	
6		
	III. Consideration of Disciplinary Actions	7.22
7	B. Kee Hung	
	1. DC-12-446	8.2
8	C. Christopher Stevenson	
	1. DC-12-447	9.13
9	D. Richard M. Reece	
	1. DC-13-098	14.24
10	E. Richard M. Reece	
	1. DC-13-101	17.4
11	F. Richard M. Reece	
	1. DC-13-150	18.12
12	G. Richard M. Reece	
	1. DC-13-152	20.25
13	H. Richard M. Reece	
	1. DC-13-156	23.6
14	I. Gaming Partners International USA	
	1. DC-13-065	27.12
15	J. Casino One Corporation	
	1. DC-13-137	30.8
16	K. Casino One Corporation	
	1. DC-13-138	31.22
17	L. Casino One Corporation	
	1. DC-13-139	33.17
18	M. Casino One Corporation	
	1. DC-13-140	35.3
19	N. IOC-Kansas City	
	1. DC-13-141	13.18
20	O. PNK (River City) LLC	
	1. DC-13-142	36.9
21	P. Spielo International USA, LLC	
	1. DC-13-143	38.2
22	Q. Ameristar Casino St. Charles, Inc.	
	1. DC-13-202	39.13
23	R. International Game Technology, USA	
	1. DC-13-203	39.9
24	S. International Game Technology, USA	
	1. DC-13-204	42.22
25		

0003

	AGENDA (cont'd.)	Page
1		
2		
3	IV. Consideration of Placement on the Exclusion List	47.19
4	T. Richard S. Taylor	
	1. Resolution No. 13-023	48.2
5	U. Tracy R. Williams	
	1. Resolution No. 13-024	49.13
6	V. Devin M. Poetz	
	1. Resolution No. 13-025	51.15
7	W. Richard A. Minnick	
	1. Resolution No. 13-026	52.22
8	X. Marcus T. Neal	
	1. Resolution No. 13-027	54.22
9	Y. Louis N. Walker	
	1. Resolution No. 13-028	56.7
10	Z. Roger C. Arpin	
	1. Resolution No. 13-029	57.16
11		
12	V. Consideration of Rules and Regulations	61.11
13	AA. Proposed Amendments	
	1. 11 CSR 45-8.010 - Definition of Licensee	62.12
14	2. 11 CSR 45-8.060 - Audits	62.14
15	3. 11 CSR 45-8.090 - Mandatory Count Procedures	63.5
16	4. 11 CSR 45-8.100 - Count Room - Characteristics	63.5
17	5. 11 CSR 45-8.150 - Cash Reserve Requirements	63.5
18	6. 11 CSR 45-9.106 - Minimum Internal Control Standards - (MICS) - Chapter F	63.14
19	7. 11 CSR 45-9.107 - Minimum Internal Control Standards - (MICS) - Chapter G	64.19
20		
21	VI. Consideration of Relicensure of Certain Suppliers	66.16
22	BB. Spielo International USA, LLC	
	1. Resolution No. 13-030	67.2
23	CC. Spielo International Canada, ULC	
	1. Resolution No. 13-031	68.17
24	VII. Consideration of Licensure of Level 1/Key Applicants	67.13
25	DD. Resolution No. 13-032	

0004

1

AGENDA (cont'd.)

Page

2

VIII. Consideration of Licensure of  
Institutional Investors

71.12

3

EE. Fine Capital Partners, L.P.

4

1. Resolution No. 13-033

72.6

FF. Neuberger Berman Group, LLC

5

1. Resolution No. 13-034

72.7

GG. Prudential Financial Inc.

6

1. Resolution No. 13-035

72.9

7

IX. Informational Presentation on  
Pinnacle/Ameristar's Petition for  
Change of Control

74.12

8

9

X. Motion for Closed Meeting under  
Sections 313.847, Investigatory,  
Proprietary, and Application Records and  
610.021(1) Legal Actions and (14)  
Records Protected from Disclosure  
by Law

114.4

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

0005

1

BEFORE THE MISSOURI GAMING COMMISSION

STATE OF MISSOURI

2

3

4

Commission Meeting

5

March 27, 2013

6

10:00 a.m.

7

Missouri Gaming Commission

8

3417 Knipp Drive

9

Jefferson City, Missouri

10

11

12 COMMISSIONERS PRESENT:

13

Dr. Barrett Hatches, Chairman

14

Suzanne Bocell Bradley

15

Darryl T. Jones

16

Diane C. Howard

17

18

REPORTED BY:

19

Melissa Bennett

20

Midwest Litigation Services

21

401 Locust Street, Suite 204

22

Columbia, MO 65201

23

(573)449-0561

24

25

0006

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

P R O C E E D I N G S

(Proceedings commenced at

CHAIRMAN HATCHES: Good morning. Good to see all of you here this morning. We got a full agenda, and so we're going to go ahead and get started. But I would like to remind you all if you would, please, to turn your cell phones off. Not on vibrate, but off. We get a lot of feedback that you may not hear, but Angie certainly does and LeAnn, and it bothers them a lot. So we want to make sure you turn those completely off. Now, we did this two months ago was the first time, I think, we asked everyone to turn them off, and there was one person who left the phone on. And when it rings like that, it just makes these troopers real nervous, so I'm asking you to turn them off. Turn them off so they don't ring in the middle of the presentation. Thank you so much. Angie, would you call the roll, please.

MS. FRANKS: Commissioner Howard.

COMMISSIONER HOWARD: Here.

MS. FRANKS: Commissioner Merritt.

Commissioner Jones.

COMMISSIONER JONES: Present.

MS. FRANKS: Commissioner Bradley.

COMMISSIONER BRADLEY: Present.

0007

1 MS. FRANKS: Chairman Hatches.

2 CHAIRMAN HATCHES: Present.

3 MR. STOTTLEMYRE: Mr. Chairman, the first  
4 item on the agenda would be the consideration of  
5 minutes from February 27.

6 COMMISSIONER BRADLEY: Motion to approve.

7 COMMISSIONER JONES: Second.

8 CHAIRMAN HATCHES: Move and second. Any  
9 questions or discussions about the agenda from  
10 February 27? Hearing none, Angie, would you call the  
11 roll, please.

12 MS. FRANKS: Commissioner Howard.

13 COMMISSIONER HOWARD: 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 the minutes of the February 27, 2013, meeting.

22 MR. STOTTLEMYRE: Mr. Chairman, next item  
23 on the agenda is consideration of disciplinary  
24 actions. Mr. Ed Grewach will present.

25 MR. GREWACH: Good morning. Mr. Chairman,

0008

1 with your permission I'd like to present Items B and C  
2 together. They arise out of the same incident. Item  
3 B is a preliminary order of discipline directed to Kee  
4 Hung. He's a Level 1 licensee. He is the manager of  
5 casino operations at the Isle of Capri Kansas City.  
6 We have a rule that requires that pit managers be  
7 present and performing their supervisory duties for  
8 90 percent of their shifts. In July of 2012, we  
9 received information that that was not occurring. We  
10 looked at surveillance video for the July 3 to July 4  
11 gaming day, and in viewing that, found that three pit  
12 managers were only in their pits for respectively  
13 23 percent, 28 percent, and 17 percent of their  
14 shifts.

15 We, in further investigation, found out  
16 that there had been an administrative assistant who  
17 had left the employ of the casino and had not been  
18 replaced. The pit managers had been instructed to  
19 assume that administrative assistant's duties. And  
20 when we questioned the pit managers, their indication  
21 for the reasons they were not present doing their  
22 duties for the required time was that they were  
23 performing those additional administrative duties.

24 We spoke to Mr. Hung. Mr. Hung's position  
25 was that the administrative duties they had were not

0009

1 that much and could have easily been done within the  
2 10 percent of their shift and it should not have  
3 caused a problem. The three pit managers obviously  
4 disagreed with that and indicated that the duties  
5 required them to be out of the pit for that time  
6 period. Mr. Hung, though, did concede that they were  
7 not giving -- the pit managers were not given any  
8 instructions about when to do these additional duties  
9 and were not given any guidance or reminded of their  
10 90 percent obligation to be present in their pit. And  
11 the recommendation on Item B is a seven-day suspension  
12 for Mr. Hung.

13                   Item C is another Level 1 licensee, Chris  
14 Stevenson, who is the director of casino operations at  
15 the Isle of Capri Kansas City. Mr. Hung is a direct  
16 supervisor of these three pit managers. Mr. Stevenson  
17 is Mr. Hung's direct supervisor. He also agreed that  
18 the administrative assistant left and was not  
19 replaced. He had a different position than Hung. His  
20 position was that these pit managers were salaried,  
21 exempt for overtime employees, and it was his  
22 expectation that they would perform these duties  
23 either before or after their shift occurred, although  
24 he also conceded that that position was not  
25 communicated to them and no discussion was had with

0010

1 the pit managers as to when they would be performing  
2 those duties. And the recommendation for Mr.  
3 Stevenson is a five-day suspension.

4 CHAIRMAN HATCHES: Can we take these  
5 together?

6 MR. GREWACH: Actually, you'll probably  
7 have to vote on the resolutions separately. But I  
8 wanted to present them together because -- without  
9 repeating the common facts.

10 CHAIRMAN HATCHES: Any questions from the  
11 commissioners?

12 COMMISSIONER JONES: I have one. You say  
13 this issue was brought to our attention. I mean, last  
14 month we had similar -- some similar situations where  
15 the pit managers were not spending 90 percent of their  
16 time. Are we currently doing audits on all of the  
17 casinos now to make sure, or will we see this again  
18 on -- with other licensees?

19 MR. GREWACH: I'm not aware that we do any  
20 routine audits of the surveillance, which would be the  
21 only way you could actually check that. I think we  
22 respond to any reports or observations that we have.  
23 Cheryl Alonzo may have a better answer to that than I  
24 do though.

25 MS. ALONZO: This is -- Cheryl Alonzo,

0011

1 Missouri Gaming Commission. This is -- we had this in  
2 our audit program, and it's one of those things that's  
3 difficult to audit cause you have to watch the person.  
4 The only thing way you can do it is physically watch a  
5 person all day long and calculate their time. And so  
6 this is more than something that the agents have been  
7 looking into because it is -- it's hard to -- cause  
8 every time someone leaves for any kind of break, you  
9 know, it's -- so they are looking -- they've been  
10 looking at that, and I'm not sure where that all --  
11 what triggered it in the beginning, but the agents are  
12 there every day watching that or observing that.

13 MR. GREWACH: What triggered this  
14 particular case is someone reported -- someone else at  
15 the casino reported to our agent that they believe  
16 this rule was not being complied with. The agent  
17 followed up on that -- on that information, that  
18 report, observed the surveillance. And as Ms. Alonzo  
19 said, you know, the -- really that's the only way you  
20 can do it because you have to look at the  
21 surveillance, calculate the times to see whether or  
22 not -- now, these three obviously were so far below  
23 the 90 percent it wouldn't have been difficult at all  
24 to calculate that. It wouldn't have been a matter of  
25 87 or 88 percent and getting that -- cutting it that

0012

1 closely. But that's how this particular case came to  
2 light.

3 CHAIRMAN HATCHES: Other questions?

4 MR. STOTTLEMYRE: Mr. Chairman, the staff  
5 recommends approval of DC-12-446.

6 CHAIRMAN HATCHES: Any discussion? Chair  
7 will entertain a motion.

8 COMMISSIONER JONES: Move for the approval  
9 of DC-12-446.

10 COMMISSIONER BRADLEY: Second.

11 CHAIRMAN HATCHES: Move and second. Any  
12 other discussion? Angie, call the roll, please.

13 MS. FRANKS: Commissioner Howard.

14 COMMISSIONER HOWARD: 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-12-446.

23 MR. STOTTLEMYRE: Staff also recommends  
24 approval of DC-12-447.

25 COMMISSIONER BRADLEY: Motion to approve

0013

1 DC-12-447.

2 COMMISSIONER HOWARD: I'll second.

3 CHAIRMAN HATCHES: Move and second. Any  
4 discussion? Hearing none, Angie, call the roll,  
5 please.

6 MS. FRANKS: Commissioner Howard.

7 COMMISSIONER HOWARD: Approve.

8 MS. FRANKS: Commissioner Jones.

9 COMMISSIONER JONES: Approve.

10 MS. FRANKS: Commissioner Bradley.

11 COMMISSIONER BRADLEY: Approve.

12 MS. FRANKS: Chairman Hatches.

13 CHAIRMAN HATCHES: Approve.

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

15 DC-12-447.

16 CHAIRMAN HATCHES: Ed, how are you going to  
17 do these?

18 MR. GREWACH: Well, Mr. Chairman, with your  
19 permission I'd like to jump ahead to Item N on the  
20 agenda because this is the preliminary order of  
21 discipline directed to Isle of Capri Kansas City, the  
22 casino, arising out of these same facts. And the  
23 casino has a duty to properly train and ensure that  
24 the compliance is being done by their employees, and  
25 the recommended fine directed to the casino in that

0014

1 case is \$10,000.

2 CHAIRMAN HATCHES: Okay. Any questions  
3 from the commissioners?

4 MR. STOTTLEMYRE: Staff recommends approval  
5 of DC-13-141.

6 CHAIRMAN HATCHES: Chair will entertain a  
7 motion.

8 COMMISSIONER HOWARD: I'll move for the  
9 approval of DC-13-141.

10 COMMISSIONER JONES: Second.

11 CHAIRMAN HATCHES: Move and second. Any  
12 discussion? Hearing none, Angie, would you call the  
13 roll, please.

14 MS. FRANKS: Commissioner Howard.

15 COMMISSIONER HOWARD: Approve.

16 MS. FRANKS: Commissioner Jones.

17 COMMISSIONER JONES: Approve.

18 MS. FRANKS: Commissioner Bradley.

19 COMMISSIONER BRADLEY: Approve.

20 MS. FRANKS: Chairman Hatches.

21 CHAIRMAN HATCHES: Approve.

22 MS. FRANKS: By your vote you've adopted  
23 DC-13-141.

24 MR. GREWACH: Under Tab D we have a  
25 preliminary order of discipline directed to Richard

0015

1   Reece. Mr. Reece is the chief of security at the Isle  
2   of Capri Cape Girardeau. On November the 1st, 2012 --  
3   well, to back up. There's a large sliding door that  
4   separates the restaurant from the casino floor there  
5   at the facility, and those of you that went on the  
6   tour are probably familiar with that door. There was  
7   significant conversation at several levels during the  
8   course of the construction of the casino of the  
9   importance of keeping that closed. It had several  
10  effects on security, you know, not allowing people in  
11  or out through that access that would be unmonitored.  
12  It even had an effect on the hours of operation of the  
13  Lone Wolf Bar. You know, is it accessible from the  
14  outside, is it accessible only from the casino floor  
15  made a difference in the hours of operation.

16               So with all that background, on that day on  
17  November the 1st, 2012, some -- some vendors --  
18  laborers came in to do some work on the door. In the  
19  course of doing that work, they left the door open for  
20  three and a half hours. And during that time period,  
21  once we became aware of it, there was no security  
22  officer posted there, nothing was done on the part of  
23  the casino during that time. We looked at  
24  surveillance and saw that 14 persons went on through  
25  that unmonitored entrance and 15 persons went off

0016

1 during that time period. Obviously, there was no  
2 security officer there to check any ID's for minors,  
3 any potential DAP's. There's no, you know, entry for  
4 the turnstiles as far as the admission tax would go.  
5 As chief of security it's Mr. Reece's obligation to  
6 monitor those types of situations, and we are  
7 recommending a one-day suspension for Mr. Reece for  
8 this incident.

9 MR. STOTTLEMYRE: The staff does recommend  
10 approval of DC-13-098.

11 CHAIRMAN HATCHES: Any questions from the  
12 Commission? Chair will entertain a motion.

13 COMMISSIONER JONES: Move for the  
14 acceptance of DC-13-098.

15 COMMISSIONER BRADLEY: Second.

16 CHAIRMAN HATCHES: Move and second. Any  
17 further discussion? Angie, would you call the roll,  
18 please.

19 MS. FRANKS: Commissioner Howard.

20 COMMISSIONER HOWARD: Approve.

21 MS. FRANKS: Commissioner Jones.

22 COMMISSIONER JONES: Approve.

23 MS. FRANKS: Commissioner Bradley.

24 COMMISSIONER BRADLEY: Approve.

25 MS. FRANKS: Chairman Hatches.

0017

1                   CHAIRMAN HATCHES: Approve.

2                   MS. FRANKS: By your vote you've adopted  
3 DC-13-098.

4                   MR. GREWACH: Tab E is another preliminary  
5 order of discipline directed to Richard Reece. On  
6 November the 7th, 2011, our agents realized that they  
7 had not received any daily summary logs of security  
8 incidents that are required to be submitted daily, by  
9 rule, to the Commission. In questioning Mr. Reece, he  
10 acknowledged that was his responsibility and it had  
11 not been done. And we are recommending a three-day  
12 suspension for Mr. Reece in that we did not receive  
13 any of those reports from the opening on October 30 to  
14 the date it came to our attention on November 7.

15                   CHAIRMAN HATCHES: Any questions from the  
16 commissioners?

17                   MR. STOTTLEMYRE: Staff recommends approval  
18 of DC-13-101.

19                   CHAIRMAN HATCHES: Chair will entertain a  
20 motion.

21                   COMMISSIONER HOWARD: I'll move for the  
22 approval of DC-13-101.

23                   COMMISSIONER JONES: Second.

24                   CHAIRMAN HATCHES: Move and second. Any  
25 further discussion? Angie, would you call the roll,

0018

1 please.

2 MS. FRANKS: Commissioner Howard.

3 COMMISSIONER HOWARD: 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 DC-13-101.

12 MR. GREWACH: Item F is also directed to

13 Richard Reece. Each property is required to keep a

14 daily log of visitor and vendor badges and required

15 certain information to be contained in those. On

16 November 26, 2012, it came to our agent's attention

17 that the daily logs were not complete and were

18 disorganized. And we spoke to a security supervisor

19 on site who was a subordinate of Mr. Reece who said

20 that he was aware that there was a policy relating to

21 that, but was not familiar with the terms of the

22 policy.

23 The investigation further discovered

24 several violations. First, the security officers were

25 not collecting identifications when they were handing

0019

1 out visitor or vendor's badges as required. They were  
2 not entering the badges issued into the log. There  
3 were lost badges, and even after this came to our  
4 attention, several of the lost badges were never  
5 found. They didn't know where those were. And in  
6 addition, the rules require if there is a lost badge  
7 that MGC be notified of that, and we were not notified  
8 of any of the missing badges, all of which for  
9 situations that violate our regulations and are Mr.  
10 Reece's responsibility, and we are recommending a  
11 five-day suspension for this incident.

12 CHAIRMAN HATCHES: Do we know whether or  
13 not they've corrected this problem?

14 MR. GREWACH: Yes, they have. We followed  
15 up and they have this, and you'll see the next two  
16 disciplines also relate to the issue of visitor-vendor  
17 badges prior to the meeting, and I had the agent down  
18 there check, and they have corrected this situation.

19 COMMISSIONER JONES: Mr. Chairman, I don't  
20 mean to skip ahead, but the suspension, is that going  
21 to be concurrent?

22 CHAIRMAN HATCHES: Yeah. Good question.

23 MR. GREWACH: They'll be consecutive.  
24 They'll all be separate consecutive.

25 CHAIRMAN HATCHES: That's almost a month.

0020

1                   COMMISSIONER JONES: Yeah. That's more  
2 than a month.

3                   MR. GREWACH: There's more to come, yes.

4                   CHAIRMAN HATCHES: Okay. Other questions  
5 from the commissioners?

6                   MR. STOTTLEMYRE: Staff recommends approval  
7 of DC-13-150.

8                   CHAIRMAN HATCHES: Chair will entertain a  
9 motion.

10                  COMMISSIONER BRADLEY: Motion to approve  
11 DC-13-150.

12                  COMMISSIONER JONES: Second.

13                  CHAIRMAN HATCHES: Move and second. Any  
14 further discussion? Angie, call the roll, please.

15                  MS. FRANKS: Commissioner Howard.

16                  COMMISSIONER HOWARD: 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                  MS. FRANKS: By your vote you've adopted  
24 DC-13-150.

25                  MR. GREWACH: Now, Item G on the agenda

0021

1 also directed to Richard Reece also involves the issue  
2 of visitor badges, although in a different setting.  
3 On November 29, 2012, we were approached by a cage  
4 cashier who said that she had lost her employee access  
5 badge. We told her to go to security and they would  
6 have a temporary replacement employee access badge to  
7 issue. She was told that they did not have those. In  
8 further investigation we were told by their security  
9 department that they had been, in practice, giving out  
10 visitor badges to employees who had lost their  
11 employee access badges. We knew that was the case in  
12 this particular case of the cashier. We found out  
13 there were two additional times where that had  
14 occurred. And that again was Mr. Reece's  
15 responsibility to ensure compliance, and we are  
16 recommending a five-day suspension for Mr. Reece for  
17 that incident.

18 CHAIRMAN HATCHES: Questions from the  
19 commissioners?

20 MR. STOTTLEMYRE: Staff recommends  
21 approval --

22 COMMISSIONER BRADLEY: I'm sorry. I just  
23 have a quick question. Other employees that were  
24 involved, was there any suspensions for anybody else,  
25 or is it just the responsibility strictly for the

0022

1 director of security, Mr. Reece?

2 MR. GREWACH: Yeah. The only -- the only  
3 discipline that DRB recommended was to Mr. Reece for  
4 not properly training and supervising the personnel.

5 COMMISSIONER BRADLEY: And once again, that  
6 issue has been resolved by handing out the badges for  
7 people who've forgotten -- the employees who have  
8 forgotten their badges?

9 MR. GREWACH: It has, it has, correct.

10 CHAIRMAN HATCHES: Other questions?

11 MR. STOTTLEMYRE: Staff recommends approval  
12 of DC-13-152.

13 CHAIRMAN HATCHES: And the Chair would  
14 entertain a motion.

15 COMMISSIONER HOWARD: I'll move for the  
16 approval of DC-13-152.

17 COMMISSIONER JONES: Second.

18 CHAIRMAN HATCHES: Move and second. Any  
19 further discussion? Angie, would you call the roll,  
20 please.

21 MS. FRANKS: Commissioner Howard.

22 COMMISSIONER HOWARD: Approve.

23 MS. FRANKS: Commissioner Jones.

24 COMMISSIONER JONES: Approve.

25 MS. FRANKS: Commissioner Bradley.

0023

1 COMMISSIONER BRADLEY: Approve.

2 MS. FRANKS: Chairman Hatches.

3 CHAIRMAN HATCHES: Approve.

4 MS. FRANKS: By your vote you've adopted  
5 DC-13-152.

6 MR. GREWACH: Three days after this  
7 incident that we described in Tab G, we went back to  
8 review and see if it had been corrected at that point  
9 in time. And arising out of that is this preliminary  
10 order of discipline again directed to Mr. Reece. A  
11 follow-up found that visitor-vendor badges had been  
12 issued to employees who had lost their property access  
13 badges. They should have been issued temporary  
14 employee badges, instead were issued the  
15 visitor-vendor badges. They had issued at that point  
16 in time since the prior violation three more temporary  
17 visitor-vendor badges.

18 And in questioning the security officers,  
19 some had indicated they had been told about the  
20 problem; others indicated they weren't aware that  
21 there was a problem or any change in practice that  
22 they needed to do. So again, being Mr. Reece's  
23 responsibility, the staff is recommending a ten-day  
24 suspension for this particular incident.

25 CHAIRMAN HATCHES: These incidents occurred

0024

1 in November or December of last year; right?

2 MR. GREWACH: Correct.

3 CHAIRMAN HATCHES: When was the follow-up?

4 MR. GREWACH: The follow-up -- the  
5 incident -- the follow-up to make sure they were  
6 compliant? That was done on Saturday, March 23.

7 CHAIRMAN HATCHES: Okay, thanks. Other  
8 questions?

9 MR. STOTTLEMYRE: Chairman, staff  
10 recommends approval of DC-13-156.

11 CHAIRMAN HATCHES: Chair will entertain a  
12 motion.

13 COMMISSIONER BRADLEY: Motion to approve  
14 DC-13-156.

15 COMMISSIONER JONES: Second.

16 CHAIRMAN HATCHES: Any discussion? Angie,  
17 would you call the roll.

18 MS. FRANKS: Commissioner Howard.

19 COMMISSIONER HOWARD: Approve.

20 MS. FRANKS: Commissioner Jones.

21 COMMISSIONER JONES: Approve.

22 MS. FRANKS: Commissioner Bradley.

23 COMMISSIONER BRADLEY: Approve.

24 MS. FRANKS: Chairman Hatches.

25 CHAIRMAN HATCHES: Approve.

0025

1 MS. FRANKS: By your vote you've adopted  
2 DC-13-156.

3 CHAIRMAN HATCHES: Probably -- I don't want  
4 to make a big comment about this, but it's a little  
5 concerning to see, you know, one person at a property  
6 with multiple cases like this with multiple suspended  
7 days. It's just a little concerning, so I'll leave it  
8 at that.

9 MR. GREWACH: And I may, Mr. Chairman,  
10 follow up with that, that there are also going to be  
11 disciplines directed to the casino, but because of the  
12 whole process in sending the 14-day letter and  
13 allowing them to respond to that, they'll come up in a  
14 later meeting, mostly likely the April meeting, you  
15 know, once they go through that 14-day process. But  
16 there's disciplines directed to Mr. Reece as chief of  
17 security, and then there'll be separate disciplines in  
18 a monetary amount directed toward the casino for these  
19 same violations. And those will come up before the  
20 Commission at a future meeting.

21 CHAIRMAN HATCHES: My question would be  
22 then, I'll ask now. Is there -- is there any need to  
23 be -- to be concerned about the -- well, if this is  
24 head of security, is there any need to be concerned  
25 about security and other violations that we may get?

0026

1 You know, I know there's been a period -- they haven't  
2 been open that long, but are you going to bring  
3 something to us next month that's going to shine a  
4 bigger light on this, or do you think we have control,  
5 got our hands around it?

6 MR. GREWACH: The control we have -- of  
7 course, a decision to retain him or not is a personnel  
8 decision on them, but we do have the -- because he's  
9 on a temporary license now awaiting a permanent  
10 license, so we will have a decision at one point as a  
11 staff whether we are going to recommend granting or  
12 denying of his permanent Level 1 license. And then  
13 obviously if we make some decision then, he would have  
14 the right to appeal that, and then it would come  
15 before the Commission at that point in time. But all  
16 we can look at is do these errors affect his  
17 suitability to be a Level 1 licensee.

18 MR. STOTTLEMYRE: Mr. Chairman, I might add  
19 that continued actions like this will affect whether  
20 or not he's suitable to be a Level 1, in my opinion.

21 CHAIRMAN HATCHES: And the property is  
22 aware of that?

23 MR. STOTTLEMYRE: Yes, sir.

24 MR. GREWACH: And to just touch base on the  
25 property's awareness. Every time one of these

0027

1 happens, we issue an NOI, notice of investigation, at  
2 that point in time. Now, the properties really don't  
3 know until just recently when we send out the agendas  
4 what the result of the notice of investigation was  
5 because for Level 1 we don't follow that 14-day, you  
6 know, process. So if you look at the Isle of Capri  
7 Cape Girardeau, you know, they didn't know until today  
8 or a couple days ago probably at the earliest what  
9 suspensions were being recommended toward Mr. Reece  
10 for these incidents.

11 CHAIRMAN HATCHES: Okay. Thank you.

12 MR. GREWACH: Tab I, preliminary order of  
13 discipline directed to Gaming Partners International.  
14 We have a Regulation 5.237 that requires suppliers to  
15 send a five-day notice to us prior to shipping any  
16 gaming supplies. On May 11, 2012, cards from Gaming  
17 Partners arrived at Ameristar Casino. We had not  
18 received any prior notice of that. We -- in fact,  
19 just for reference, there were, in fact, then some  
20 cards that were of a color that had not been approved  
21 for play at that particular casino. But the violation  
22 is them not sending a five-day notice prior to the  
23 shipping which violates that rule. They did respond  
24 to the 14-day letter in which they said they admitted  
25 the violation for not sending the five-day notice, but

0028

1 they said the error for the blue cards was based on  
2 the blue cards having been approved in the past in  
3 some prior shipment, so their 14-day letter didn't  
4 really address the violation we're presenting here  
5 today, but they just wanted to tell us that for their  
6 position. So the recommended fine by the staff on  
7 this is a \$5,000 fine.

8 CHAIRMAN HATCHES: Questions from the  
9 commissioners?

10 COMMISSIONER JONES: I have. Am I correct  
11 in understanding -- because I was going to ask that  
12 same thing. If I get it approved -- because this  
13 isn't the first time. I think we had something like  
14 this similar, I guess, maybe one to two meetings ago.  
15 If I get the color approved to ship to another casino,  
16 does that hold if I ship it to this particular casino  
17 to another casino? You know, if I get it approved  
18 once, do I have to get it approved every time, the  
19 color?

20 MR. GREWACH: Well, for that particular  
21 casino, you would not. So if we approved the --

22 COMMISSIONER JONES: No. If there's two  
23 different casinos. So every time -- if I ship  
24 something to two different casinos -- and I'm just  
25 talking about the color -- I have to get it approved

0029

1 for that particular casino?

2 MR. GREWACH: My understanding -- and Les  
3 Hahn (ph) can correct me if I'm wrong -- is that the  
4 colors of cards are approved by casinos. So this  
5 casino has approved these five different colors. And  
6 if you ship color six, then you're in violation  
7 because it wasn't one of the five. So if these five  
8 are approved here, but one of them's blue, that  
9 doesn't mean you can ship blue cards everywhere  
10 because you have to go casino by casino and get the  
11 colors approved.

12 COMMISSIONER JONES: Okay.

13 CHAIRMAN HATCHES: Other questions?

14 MR. STOTTLEMYRE: Mr. Chairman, staff  
15 recommends approval of DC-13-065.

16 CHAIRMAN HATCHES: Chair with entertain a  
17 motion.

18 COMMISSIONER HOWARD: I'll move for  
19 approval of DC-13-065.

20 COMMISSIONER BRADLEY: Second.

21 CHAIRMAN HATCHES: Any further discussion?  
22 Angie, would you call the roll, please.

23 MS. FRANKS: Commissioner Howard.

24 COMMISSIONER HOWARD: Approve.

25 MS. FRANKS: Commissioner Jones.

0030

1 COMMISSIONER JONES: Approve.

2 MS. FRANKS: Commissioner Bradley.

3 COMMISSIONER BRADLEY: Approve.

4 MS. FRANKS: Chairman Hatches.

5 CHAIRMAN HATCHES: Approve.

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

7 DC-13-065.

8 MR. GREWACH: Tab J is a preliminary order  
9 of discipline directed to Lumiere. By regulation and  
10 by their own internal controls, the Lumiere is  
11 required to have an emergency operation plan. Our  
12 agent conducted an inspection of their compliance on  
13 April 26, 2012, and found some deficiencies. He found  
14 a large number of fire extinguishers whose inspections  
15 were not up to date. Now, some of those inspections  
16 were only a couple months behind, some were several  
17 months behind. He also found that there was no chalk  
18 in the fire extinguisher cabinets. Now, the purpose  
19 of that chalk in the cabinets is if there's a fire and  
20 the responders go through or the security officers go  
21 through and clear a room, then they mark that door as  
22 that room being cleared so the responders don't have  
23 to go back to that area, and there was no chalk in the  
24 fire extinguisher cabinets. And for that violation  
25 staff is recommending a \$5,000 fine.

0031

1                   CHAIRMAN HATCHES: Questions from the  
2 Commission?

3                   MR. STOTTLEMYRE: Mr. Chairman, staff  
4 recommends approval of DC-13-137.

5                   CHAIRMAN HATCHES: Chair will entertain a  
6 motion.

7                   COMMISSIONER JONES: Move for the approval  
8 of DC-13-137.

9                   COMMISSIONER HOWARD: I'll second.

10                  CHAIRMAN HATCHES: Any discussion? Angie,  
11 would you call the roll.

12                  MS. FRANKS: Commissioner Howard.

13                  COMMISSIONER HOWARD: 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 DC-13-137.

22                  MR. GREWACH: Tab K is a preliminary order  
23 of discipline directed to, again, to Lumiere Casino.  
24 We have a regulation that prohibits casinos from  
25 marketing directly to minors or to persons on the DAP

0032

1 list, disassociated person list. The property sent  
2 out a mailing on April 27, 2012. They hired an  
3 outside company, Axiom, to scrub the list, to  
4 eliminate from the marketing list they'd obtained  
5 those minors and DAP's. Axiom did not do that  
6 correctly, and the result was that mailings were made  
7 to minors and DAP's. It became -- came to our  
8 attention because we were actually contacted by some  
9 DAP's and by the parent of one minor who was wondering  
10 why his child, minor child, got the solicitation.

11           The -- there are several counts -- not to  
12 go into too much detail on that -- as to how many, you  
13 know, were actually sent to DAP's or minors. Final  
14 count that we had were that 134 DAP's received the  
15 mailing and 46 minors received the mailing. There are  
16 1,934 persons who received the mailing whose date of  
17 birth we did not know, so we can't tell out of that  
18 group whether there were or were not DAP's on that --  
19 in that group. And the staff is recommending a  
20 \$25,000 fine.

21           CHAIRMAN HATCHES: Questions from the  
22 commissioners?

23           MR. STOTTLEMYRE: Mr. Chairman, staff  
24 recommends approval of DC-13-138.

25           CHAIRMAN HATCHES: Chair will entertain a

0033

1 motion.

2 COMMISSIONER JONES: Move for the approval  
3 of DC-13-138.

4 COMMISSIONER BRADLEY: Second.

5 CHAIRMAN HATCHES: Any discussion? Angie,  
6 call the roll, please.

7 MS. FRANKS: Commissioner Howard.

8 COMMISSIONER HOWARD: Approve.

9 MS. FRANKS: Commissioner Jones.

10 COMMISSIONER JONES: Approve.

11 MS. FRANKS: Commissioner Bradley.

12 COMMISSIONER BRADLEY: Approve.

13 MS. FRANKS: Chairman Hatches.

14 CHAIRMAN HATCHES: Approve.

15 MS. FRANKS: By your vote you've adopted  
16 DC-13-138.

17 MR. GREWACH: Item L is a preliminary order  
18 of discipline directed to Lumiere Casino. The -- we  
19 have a Rule 5.200 and also minimum internal control  
20 standard Chapter E 13.01 that requires properties to  
21 reconcile their progressive meters once a week. I  
22 believe this particular property did them on  
23 Wednesdays by their internal controls. On April -- on  
24 May 22, 2012, the progressive jackpot amounts were  
25 lost during troubleshooting. We were unable to

0034

1 capture those on surveillance. And so in further  
2 investigation, we found out that there were 11  
3 progressive banks where reconciliations were not done  
4 from March 31, 2012, until May 22, 2012, when the  
5 problem was discovered. And the staff is recommending  
6 a fine of \$10,000.

7 CHAIRMAN HATCHES: Questions from the  
8 commissioners?

9 MR. STOTTLEMYRE: Mr. Chairman, staff  
10 recommends approval of DC-13-139.

11 CHAIRMAN HATCHES: Chair will entertain a  
12 motion.

13 COMMISSIONER HOWARD: Move for approval of  
14 DC-13-139.

15 COMMISSIONER JONES: Second.

16 CHAIRMAN HATCHES: Any discussion? Angie,  
17 call the roll, please.

18 MS. FRANKS: Commissioner Howard.

19 COMMISSIONER HOWARD: Approve.

20 MS. FRANKS: Commissioner Jones.

21 COMMISSIONER JONES: Approve.

22 MS. FRANKS: Commissioner Bradley.

23 COMMISSIONER BRADLEY: Approve.

24 MS. FRANKS: Chairman Hatches.

25 CHAIRMAN HATCHES: Approve.

0035

1 MS. FRANKS: By your vote you've adopted  
2 DC-13-139.

3 MR. GREWACH: Under Tab M we have a  
4 preliminary order of discipline directed to Lumiere  
5 Casino. On June 19, 2012, a 19-year-old male entered  
6 the casino using a fake ID. The security officer  
7 failed to catch the differences between the person's  
8 appearance and the ID. In addition, two bartenders  
9 had direct contact with the minor and did not check  
10 his ID. He played slot machines, had four drinks, and  
11 was on the floor for approximately three hours. And  
12 the staff is recommending a \$10,000 fine.

13 CHAIRMAN HATCHES: Questions from the  
14 commissioners?

15 MR. STOTTLEMYRE: Mr. Chairman, staff  
16 recommends approval of DC-13-140.

17 CHAIRMAN HATCHES: Chair will entertain a  
18 motion.

19 COMMISSIONER JONES: Move for the approval  
20 of DC-13-140.

21 COMMISSIONER BRADLEY: Second.

22 CHAIRMAN HATCHES: Any discussion? Angie,  
23 would you call the roll, please.

24 MS. FRANKS: Commissioner Howard.

25 COMMISSIONER HOWARD: Approve.

0036

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 DC-13-140.

9 MR. GREWACH: We've already taken care of

10 Item N, so I'll skip ahead to Item O. This is a

11 preliminary order of discipline directed to River

12 City. This is similar to Item K we dealt with before,

13 Lumiere. Both properties are owned by the same parent

14 company. They also did a promotion on April 27, 2012.

15 They also hired Axiom to scrub the list to eliminate

16 any DAP's or minors, and it was determined that the

17 mailing was sent to 21 DAP's. And the staff is

18 recommending a \$25,000 fine.

19 CHAIRMAN HATCHES: Just a question about

20 the amount of the fine on this one versus the other

21 one.

22 MR. GREWACH: The staff's view in DRB --

23 and that question was discussed there -- was that

24 really the error in both cases was the same. And just

25 by circumstance or size of the lists or pure chance,

0037

1 there were more DAP's that received it from one  
2 property than the other. We didn't feel like that  
3 justified a difference in fine because the error was  
4 the same, even though the result was different in the  
5 two -- in the two cases.

6 CHAIRMAN HATCHES: Thank you. Other  
7 questions from the commissioners?

8 MR. STOTTLEMYRE: Mr. Chairman, staff  
9 recommends approval of DC-13-142.

10 CHAIRMAN HATCHES: Chair will then  
11 entertain a motion.

12 COMMISSIONER BRADLEY: Motion to approve  
13 DC-13-142.

14 COMMISSIONER JONES: Second.

15 CHAIRMAN HATCHES: Any discussion? Angie,  
16 call the roll, please.

17 MS. FRANKS: Commissioner Howard.

18 COMMISSIONER HOWARD: 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

0038

1 DC-13-142.

2 MR. GREWACH: Tab P is a preliminary order  
3 of discipline directed to Spielo International USA.  
4 We have a Rule 5.210 that requires any supplier,  
5 manufacturer to notify MGC of any malfunction of any  
6 electronic gaming device within 48 hours. Beginning  
7 on January 16, 2012, six of Spielo's EGD's started to  
8 generate system errors. The only way to fix the  
9 system error was to do a RAM clear on the machine.  
10 This process went on for these six machines from  
11 January 16 until May the 8th, 2012, and in no time  
12 during that time period did Spielo send us any  
13 notification of that malfunction. During that time  
14 period, there were 21 separate RAM clears performed on  
15 those machines. And the recommendation by the staff  
16 is a \$5,000 fine.

17 CHAIRMAN HATCHES: Questions from the  
18 commissioners?

19 MR. STOTTLEMYRE: Mr. Chairman, staff  
20 recommends approval of DC-13-143.

21 CHAIRMAN HATCHES: Chair will entertain a  
22 motion.

23 COMMISSIONER BRADLEY: Move for approval of  
24 DC-13-143.

25 COMMISSIONER JONES: Second.

0039

1 CHAIRMAN HATCHES: Any further discussion?

2 Angie, would you call the roll, please.

3 MS. FRANKS: Commissioner Howard.

4 COMMISSIONER HOWARD: Approve.

5 MS. FRANKS: Commissioner Jones.

6 COMMISSIONER JONES: Approve.

7 MS. FRANKS: Commissioner Bradley.

8 COMMISSIONER BRADLEY: Approve.

9 MS. FRANKS: Chairman Hatches.

10 CHAIRMAN HATCHES: Approve.

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

12 DC-13-143.

13 MR. GREWACH: Under Tab Q we have a  
14 preliminary order of discipline directed to Ameristar  
15 St. Charles. On June 2, 2012, a 20-year-old female  
16 with a fake ID entered the property. The security  
17 officer failed to notice the differences between the  
18 ID and the patron. Three different casino employees  
19 encountered the patron and did not check the  
20 identification. One was a security officer that  
21 contacted the patron near one of the bars. Another  
22 was a slot attendant who exchanged currency for the  
23 underage patron, and the third who didn't check the ID  
24 was a cashier who redeemed slot vouchers for the  
25 patron. The patron was on the floor for 36 minutes,

0040

1 played four different slot machines, and did not  
2 consume any alcohol. And the recommendation is a  
3 \$10,000 fine.

4 CHAIRMAN HATCHES: Any questions from the  
5 commissioners?

6 MR. STOTTLEMYRE: Mr. Chairman, staff  
7 recommends approval of DC-13-202.

8 CHAIRMAN HATCHES: Chair will entertain a  
9 motion.

10 COMMISSIONER HOWARD: I'll move for the  
11 approval of DC-13-202.

12 COMMISSIONER JONES: Second.

13 CHAIRMAN HATCHES: Any discussion? Angie,  
14 call the roll, please.

15 MS. FRANKS: Commissioner Howard.

16 COMMISSIONER HOWARD: 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 MS. FRANKS: By your vote you've adopted  
24 DC-13-202.

25 CHAIRMAN HATCHES: You need some water or

0041

1 something? You need a break?

2 MR. GREWACH: No, I'm fine. I thought  
3 about bringing a toothbrush, but I didn't know if the  
4 Commission would see the humor in that.

5 CHAIRMAN HATCHES: Probably wouldn't have.

6 MR. GREWACH: It's a good call on my part.

7 CHAIRMAN HATCHES: Another good call on  
8 your part.

9 MR. GREWACH: Tab R is a preliminary order  
10 of discipline directed to International Game  
11 Technology. On April 24, 2012, the company submitted  
12 a request to upgrade a wide area progressive system.  
13 It was a request that needed to be approved by us  
14 prior to its implementation. On May the 1st, 2012,  
15 they went ahead and installed the application without  
16 getting our prior approval and without the on-site  
17 testing as required in our regulation 5.200. That  
18 required us to take those 11 games out of service. It  
19 also required for us to fly our personnel out to Reno,  
20 Nevada, to test the equipment at that site. Now, when  
21 tested, the equipment was fine, but the violation was  
22 in not giving us the -- not obtaining the prior  
23 approval and the proper testing prior to implementing  
24 the changes. And the staff is recommending a \$10,000  
25 fine.

0042

1                   CHAIRMAN HATCHES: Questions from the  
2 commissioners?

3                   MR. STOTTLEMYRE: Mr. Chairman, staff  
4 recommends approval of DC-13-203.

5                   CHAIRMAN HATCHES: Chair will entertain a  
6 motion.

7                   COMMISSIONER HOWARD: Move for approval of  
8 DC-13-203.

9                   COMMISSIONER BRADLEY: Second.

10                  CHAIRMAN HATCHES: Any discussion? Angie,  
11 would you call the roll, please.

12                  MS. FRANKS: Commissioner Howard.

13                  COMMISSIONER HOWARD: 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 DC-13-203.

22                  MR. GREWACH: Tab S is also a preliminary  
23 order of disciplined directed to International Game  
24 Technology. As we discussed in a prior case, there's  
25 an obligation on the part of a manufacturer to notify

0043

1 MGC within 48 hours of a malfunction. Some of their  
2 wide area progressive machines experienced memory dump  
3 errors on May 4, 2012. They did not report those  
4 incidents to us until May the 8th, 2012. And although  
5 this isn't as large a time frame as the prior case you  
6 looked at, we felt -- DRB felt the significance of  
7 that is that this happened during the same time period  
8 as the case you just heard when we were flying out to  
9 Reno, and we felt that they should have been a little  
10 more diligent in knowing that this is something that  
11 had to be reported in that time frame. And the staff  
12 is recommending a fine of \$5,000.

13 CHAIRMAN HATCHES: Any questions?

14 COMMISSIONER JONES: I have one. And I  
15 guess, you know, you see these reoccurring themes sort  
16 of going on and on. Are these companies just so big  
17 that they just overlook this, or they just say, well,  
18 the heck with it, you know, here's \$20,000 here for  
19 this month, here's \$10,000 over there? I mean, it  
20 seems like we have these occurring themes of shipping  
21 software that hasn't been tested and, you know, the  
22 notifications and all that all the time. So is there  
23 an issue, or they just don't, you know, give a heck?  
24 That was a good word. I wanted to say something else.

25 MR. GREWACH: I understand.

0044

1                   CHAIRMAN HATCHES:  Since Jack is not here.

2  Go ahead.

3                   MR. GREWACH:  At the DRB level, you know,  
4  this is not a case where we get that impression.  And  
5  not to defend their failure because they are obligated  
6  to do it.  But unlike a casino who's just licensed  
7  here or even a Class A who may be licensed in 12 or 13  
8  states, suppliers supply around the world, and so they  
9  might have 200 different regulatory agencies they deal  
10 with.  So they all, that I know of, the ones I've  
11 worked with, develop a matrix to try to determine,  
12 okay, if A happens, then we need to do B and try to  
13 follow that.

14                   You know, it's certainly our impression  
15 that these errors are just human errors at that level.  
16 And certainly if we see a pattern, you know, you'll  
17 see the DRB coming back or we think, you know, they  
18 have a hostile or careless approach to their  
19 regulatory compliance, I think you'd see that  
20 reflected in the DRB's recommendations because we're  
21 obviously in the business of enforcing these  
22 regulations.  It bothers us as well if that happens.

23                   CHAIRMAN HATCHES:  I appreciate that  
24 question.  I know in some of our discussions with  
25 properties that same -- those same kind of questions

0045

1 have come up about whether or not they disregard or  
2 are just playing the numbers here. I certainly have  
3 been convinced through discussions that that's not the  
4 case, that they -- the properties are certainly  
5 concerned about these fines and don't want to be in  
6 that position. But with the suppliers, you know, we  
7 haven't had those kind of discussions with suppliers.  
8 Certainly not at the Commission level. So we  
9 certainly -- I, again, think it's a very fair  
10 question, and we know you're on top of that. But when  
11 they keep coming up like this from our perspective, it  
12 just looks -- it warrants the question. That's all.

13 COMMISSIONER JONES: And I guess it's easy  
14 from my perspective because I'm not there and I don't  
15 know how many licenses they have around the world and  
16 I don't see the big room or anything like that where  
17 they're doing all the processes and everything, so I  
18 guess it's easy from my perspective to start pointing  
19 fingers and say, hey, there's an issue there or they  
20 just don't care or whatever.

21 MR. GREWACH: Right. And you will see from  
22 DRB recommendations if we do get a second similar  
23 violation within a relatively short time period an  
24 increased fine because that's just natural for us to  
25 say we're not going to give you the same fine six

0046

1 months after you committed this same regulatory  
2 violation.

3 CHAIRMAN HATCHES: Although we don't have a  
4 written policy in the DRB where there's a progression  
5 of fines if the same offense occurs, do we?

6 MR. GREWACH: We do not. You know, every  
7 case is so different that we do not have any kind of  
8 written fine schedule. I mean, we just -- we assess  
9 every case on its facts, but we do look at those  
10 issues. Have they had a prior, how many priors, how  
11 recently, similar in nature, you know, that type of  
12 thing.

13 CHAIRMAN HATCHES: Well, we certainly  
14 appreciate the information that you give us in most of  
15 these cases where you show some history of what has  
16 occurred in similar situations, but that's sort of  
17 where I get some comfort to say, well, you know, we've  
18 had ten of these and they're all in the same area. I  
19 understand that every situation's different. It at  
20 least gives us some basis to at least be comfortable  
21 with what's being recommended.

22 MR. GREWACH: Thank you.

23 CHAIRMAN HATCHES: Where are we?

24 MR. STOTTLEMYRE: Any other questions?

25 Staff recommends approval of DC-13-204.

0047

1 CHAIRMAN HATCHES: Chair will entertain a  
2 motion.

3 COMMISSIONER JONES: Move for the approval  
4 of DC-13-204.

5 COMMISSIONER HOWARD: Second.

6 CHAIRMAN HATCHES: Any further discussion?  
7 Angie, call the roll, please.

8 MS. FRANKS: Commissioner Howard.

9 COMMISSIONER HOWARD: Approve.

10 MS. FRANKS: Commissioner Jones.

11 COMMISSIONER JONES: Approve.

12 MS. FRANKS: Commissioner Bradley.

13 COMMISSIONER BRADLEY: Approve.

14 MS. FRANKS: Chairman Hatches.

15 CHAIRMAN HATCHES: Approve.

16 MS. FRANKS: By your vote you've adopted  
17 DC-13-204.

18 CHAIRMAN HATCHES: Okay.

19 MR. STOTTLEMYRE: Mr. Chairman, I was going  
20 to say the next item on the agenda is consideration of  
21 placement on the exclusion list, and Mr. Grewach will  
22 present if he can still talk.

23 MR. GREWACH: Unfortunately, I can.

24 CHAIRMAN HATCHES: Someone else was  
25 supposed to say that.

0048

1                   MR. GREWACH: I wanted to interrupt Captain  
2 Geiger before he said that. Tab T is Richard Taylor,  
3 a resolution to place him on the exclusion list. Mr.  
4 Taylor was convicted on March 27, 2009, in the state  
5 of Connecticut for wagering after time limit, a  
6 misdemeanor. Also misdemeanor of accessory to  
7 wagering after a time limit. Also a felony of larceny  
8 in the first-degree and -- for events that happened  
9 between June 1, 2007, and December 8, 2007, at the Fox  
10 Woods Resort Casino in Ledyard, Connecticut.

11                   Now, this is a case that had started before  
12 I came on board and had been reviewed and placed on  
13 the list to be processed, and it's our belief that he  
14 was -- because he was convicted of a felony involving  
15 gaming that he would be an appropriate person to place  
16 on the exclusion list.

17                   CHAIRMAN HATCHES: Any questions from the  
18 commissioners?

19                   MR. STOTTLEMYRE: Staff recommends approval  
20 of Resolution 13-023.

21                   CHAIRMAN HATCHES: Chair will entertain a  
22 motion.

23                   COMMISSIONER JONES: Move for the approval  
24 of Resolution No. 13-023.

25                   COMMISSIONER HOWARD: Second.

0049

1                   CHAIRMAN HATCHES: Any discussion? Angie,  
2 call the roll, please.

3                   MS. FRANKS: Commissioner Howard.

4                   COMMISSIONER HOWARD: Approve.

5                   MS. FRANKS: Commissioner Jones.

6                   COMMISSIONER JONES: Approve.

7                   MS. FRANKS: Commissioner Bradley.

8                   COMMISSIONER BRADLEY: Approve.

9                   MS. FRANKS: Chairman Hatches.

10                  CHAIRMAN HATCHES: Approve.

11                  MS. FRANKS: By your vote you've adopted  
12 Resolution No. 13-023.

13                  MR. GREWACH: Under Tab U we have a  
14 resolution to place Tracy Williams on the exclusion  
15 list. He was on August 15, 2007, playing baccarat at  
16 the Ameristar St. Charles. He past posted a bet. He  
17 was charged with a felony violation of Section 313830.  
18 He pled guilty on November the 19th, 2008, to a  
19 reduced charge of stealing, misdemeanor stealing, and  
20 received a sentence of five days in jail. He's  
21 eligible for the exclusion list because he both  
22 violated a section of Chapter 313 and he was found --  
23 he was convicted of a crime involving gaming.

24                  CHAIRMAN HATCHES: Questions from the  
25 commissioners? I have a question. Just process wise.



0051

1 Resolution No. 13-024.

2 COMMISSIONER JONES: Second.

3 CHAIRMAN HATCHES: Any discussion? Angie,  
4 call the roll, please.

5 MS. FRANKS: Commissioner Howard.

6 COMMISSIONER HOWARD: Approve.

7 MS. FRANKS: Commissioner Jones.

8 COMMISSIONER JONES: Approve.

9 MS. FRANKS: Commissioner Bradley.

10 COMMISSIONER BRADLEY: Approve.

11 MS. FRANKS: Chairman Hatches.

12 CHAIRMAN HATCHES: Approve.

13 MS. FRANKS: By your vote you've adopted  
14 Resolution No. 13-024.

15 MR. GREWACH: Tab V is a resolution to  
16 place Devin Poetz on the exclusion list. He was at  
17 the Ameristar St. Charles on December 7, 2009. He was  
18 playing blackjack. He capped a bet, was caught. He  
19 was charged with a felony violation of Section 313830.  
20 He pled guilty on December the -- on February 7, 2011,  
21 to an amended charge of attempting to cheat at a  
22 gambling game in violation of 313830 and was sentenced  
23 to 45 days in jail. And he's eligible for the  
24 exclusion list both for violating Chapter 313 and for  
25 being convicted of a crime involving gaming.

0052

1                   CHAIRMAN HATCHES: Questions from the  
2 commissioners?

3                   MR. STOTTLEMYRE: Mr. Chairman, staff  
4 recommends approval of Resolution No. 13-025.

5                   CHAIRMAN HATCHES: Chair will entertain a  
6 motion.

7                   COMMISSIONER HOWARD: Move for approval of  
8 Resolution 13-025.

9                   COMMISSIONER BRADLEY: Second.

10                  CHAIRMAN HATCHES: Any discussion? Angie,  
11 call the roll, please.

12                  MS. FRANKS: Commissioner Howard.

13                  COMMISSIONER HOWARD: 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. 13-025.

22                  MR. GREWACH: Tab W is a resolution to  
23 place Richard Minnick on the exclusion list. Mr.  
24 Minnick was on the Ameristar Kansas City on April 2,  
25 2011. An employee had lost a data system yellow card.

0053

1 Now, that's a card that the slot attendants use to  
2 verify jackpots. The -- Mr. Minnick then attempted to  
3 use it at three different machines. He was able to  
4 trigger a jackpot override in the amount of \$900.  
5 Now, that amount wasn't actually paid to him because  
6 it takes two aspects to actually pay a jackpot. This  
7 would just -- the machine would read a jackpot, but  
8 the slot accounting system would not, so he didn't  
9 actually receive the money. But he was caught,  
10 arrested, he was charged with the Class D felony of  
11 violating Section 313830. He pled guilty on June 13,  
12 2012, to the Class D felony of violating the section  
13 laws pertaining to riverboat gambling in violation of  
14 313830. He was given a suspended imposition of  
15 sentence.

16 Now, the significance of that is our rules  
17 say that being convicted of a crime involving gaming  
18 is one way you can be eligible for the exclusion list.  
19 An SIS is not a conviction, so we're not going under  
20 that subsection of the rule. But it also says that  
21 anyone who violates any provision of Chapter 313 is  
22 eligible for the exclusion list. So it's our position  
23 that Mr. Minnick is eligible for the list in virtue of  
24 the fact that he did violate a provision of Chapter  
25 313 and, in fact, pled guilty to that violation.

0054

1                   CHAIRMAN HATCHES: Any questions from the  
2 commissioners?

3                   MR. STOTTLEMYRE: Mr. Chairman, the staff  
4 recommends approval of Resolution No. 13-026.

5                   CHAIRMAN HATCHES: Chair will entertain a  
6 motion.

7                   COMMISSIONER HOWARD: I'll move for  
8 approval of Resolution No. 13-026.

9                   COMMISSIONER JONES: Second.

10                  CHAIRMAN HATCHES: Any further discussion?  
11 Angie, would you call the roll, please.

12                  MS. FRANKS: Commissioner Howard.

13                  COMMISSIONER HOWARD: 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. 13-026.

22                  MR. GREWACH: Item X is a resolution to  
23 place Marcus Neal on the exclusion list. Mr. Neal was  
24 at Harrah's North Kansas City on November 17, 2011.  
25 Was playing craps and he past posted a bet. He placed

0055

1 a bet after the dice had actually landed and showed  
2 two sixes, which was a winning -- winning bet for him.  
3 He was paid \$900 for that bet. He was caught. He was  
4 charged with a Class D felony of a violation of  
5 Section 313830 in Clay County, and he pled guilty on  
6 August 21, 2012, to an amended charge of misdemeanor  
7 stealing. He was given an SIS and two years  
8 probation. Again, it's our position that he is  
9 eligible for the exclusion list in that his actions  
10 did violate the provisions of Chapter 313.

11 CHAIRMAN HATCHES: Questions from the  
12 commissioners?

13 MR. STOTTLEMYRE: Mr. Chairman, staff  
14 recommends approval of Resolution No. 13-027.

15 CHAIRMAN HATCHES: Chair will entertain a  
16 motion.

17 COMMISSIONER BRADLEY: Motion to approve  
18 Resolution No. 13-027.

19 COMMISSIONER HOWARD: I'll second that.

20 CHAIRMAN HATCHES: Any further discussion?  
21 Angie, call the roll, please.

22 MS. FRANKS: Commissioner Howard.

23 COMMISSIONER HOWARD: Approve.

24 MS. FRANKS: Commissioner Jones.

25 COMMISSIONER JONES: Approve.

0056

1 MS. FRANKS: Commissioner Bradley.

2 COMMISSIONER BRADLEY: Approve.

3 MS. FRANKS: Chairman Hatches.

4 CHAIRMAN HATCHES: Approve.

5 MS. FRANKS: By your vote you've adopted  
6 Resolution No. 13-027.

7 MR. GREWACH: Tab Y we have a resolution to  
8 place Louis Walker on the exclusion list. On  
9 September 16, 2011, he was at Isle of Capri Kansas  
10 City playing blackjack. He capped a bet. The dealers  
11 were advised by surveillance of the fact that he had  
12 done that. He was caught. He was charged with a  
13 felony violation of Chapter 313830. He pled guilty to  
14 an amended charge of misdemeanor stealing on  
15 September 12, 2012. He was given a suspended  
16 imposition of sentence and one year of probation. And  
17 also we feel Mr. Walker is eligible for the list in  
18 that his actions did violate the provisions of Chapter  
19 313.

20 CHAIRMAN HATCHES: Questions from the  
21 commissioners?

22 MR. STOTTLEMYRE: Mr. Chairman, staff  
23 recommends approval of Resolution No. 13-028.

24 CHAIRMAN HATCHES: Chair will entertain a  
25 motion.

0057

1                   COMMISSIONER HOWARD: Move for approval of  
2 Resolution No. 13.028 (sic).

3                   COMMISSIONER JONES: Second.

4                   CHAIRMAN HATCHES: Any further discussion?  
5 Angie, call the roll, please.

6                   MS. FRANKS: Commissioner Howard.

7                   COMMISSIONER HOWARD: Approve.

8                   MS. FRANKS: Commissioner Jones.

9                   COMMISSIONER JONES: Approve.

10                  MS. FRANKS: Commissioner Bradley.

11                  COMMISSIONER BRADLEY: Approve.

12                  MS. FRANKS: Chairman Hatches.

13                  CHAIRMAN HATCHES: Approve.

14                  MS. FRANKS: By your vote you've adopted  
15 Resolution No. 13-028.

16                  MR. GREWACH: Tab Z we have a resolution to  
17 place Roger Arpin on the exclusion list. He was  
18 playing blackjack at Isle of Capri Cape Girardeau on  
19 December 14, 2012. He capped a bet. And just, I  
20 guess, for -- I think the Commission's familiar with  
21 those terms, but past posting and capping are  
22 basically the same thing where you place a bet after  
23 the result is already known to you, so you know you  
24 have a winning hand and you slide another chip on the  
25 pile, and that's what really both -- these cases have

0058

1 all revolved around in that. So I didn't mean to use  
2 that term without explaining it on the record.

3 He was charged with a felony cheating under  
4 Section 313830. He pled guilty on February 2, 2013,  
5 to an amended charge of attempting to cheat at a  
6 gambling game. He was ordered to pay a fine of \$300,  
7 which constitutes a conviction of a crime involving  
8 gaming, and also his actions violate the provisions of  
9 Chapter 313, both of which make him eligible for the  
10 exclusion list.

11 CHAIRMAN HATCHES: Questions from the  
12 commissioners?

13 COMMISSIONER JONES: I just have a comment.  
14 This guy's got to be an idiot. This boat was only  
15 open for like two months and now he's excluded from  
16 every boat in Missouri, you know. So that was just my  
17 personal opinion when I read this. I said, how crazy  
18 can you get? Unless he's done this so many times and,  
19 you know, he's only gotten caught this one time, you  
20 know, so --

21 CHAIRMAN HATCHES: Thanks, Jack. I mean --

22 COMMISSIONER JONES: Sorry. You know what?  
23 Next time I'll just move over to this chair to make  
24 any comment.

25 CHAIRMAN HATCHES: I'll mention that.

0059

1                   COMMISSIONER HOWARD: He's a tenured  
2 professor at the University.

3                   CHAIRMAN HATCHES: A learning man.

4                   COMMISSIONER HOWARD: So it made  
5 interesting headlines.

6                   COMMISSIONER JONES: This is research, huh?

7                   COMMISSIONER HOWARD: Yes. Post doctoral  
8 research. Made for some interesting newspaper  
9 headlines.

10                  COMMISSIONER JONES: Wow.

11                  CHAIRMAN HATCHES: Any other questions from  
12 the commissioners?

13                  MR. STOTTLEMYRE: Mr. Chairman, staff  
14 recommends approval of Resolution No. 13-029.

15                  COMMISSIONER JONES: Move for the  
16 acceptance of Resolution No. 13-029.

17                  COMMISSIONER BRADLEY: Second.

18                  CHAIRMAN HATCHES: Any further discussion?  
19 Angie, call the roll, please.

20                  MS. FRANKS: Commissioner Howard.

21                  COMMISSIONER HOWARD: Approve.

22                  MS. FRANKS: Commissioner Jones.

23                  COMMISSIONER JONES: Approve.

24                  MS. FRANKS: Commissioner Bradley.

25                  COMMISSIONER BRADLEY: Approve.

0060

1 MS. FRANKS: Chairman Hatches.

2 CHAIRMAN HATCHES: Approve.

3 MS. FRANKS: By your vote you've adopted  
4 Resolution No. 13-029.

5 MR. GREWACH: And I want to say before I  
6 move on to Tab AA that there have been some  
7 discussions at a prior meeting, and I know I've said  
8 before that when I first started here there had been  
9 quite some time period in the past where nothing had  
10 been done with the resolution -- the -- the  
11 involuntary exclusion list cases, and we made an  
12 effort then and since that point in time to review  
13 them all. We had files dating back to 2001. And  
14 what -- there are quite a few on today, but what you  
15 see is we've gone through everything, and we're now up  
16 to date up until 2012.

17 Now, I say that. There's about three or  
18 four cases we're still awaiting records on that could  
19 predate that to get added on. But assuming those  
20 cases don't show any plea or conviction, we are  
21 getting very close to being current on these cases,  
22 and I just wanted to bring that to the Commission's  
23 attention. So you won't be seeing this many on every  
24 agenda.

25 CHAIRMAN HATCHES: So don't complain

0061

1 anymore is what you're saying.

2 MR. GREWACH: Be careful what you ask for.

3 CHAIRMAN HATCHES: You're delivering.

4 COMMISSIONER HOWARD: We had said we were

5 willing to extend the length of the agenda at a

6 meeting or two in order to get caught up, so I guess

7 our -- we put our money where our mouth is at this

8 meeting, haven't we?

9 CHAIRMAN HATCHES: I didn't know we really

10 meant that.

11 MR. STOTTLEMYRE: Mr. Chairman, next item

12 on the agenda is consideration of rules and

13 regulations. Mr. Grewach is still on.

14 CHAIRMAN HATCHES: This is Mr. Grewach this

15 morning.

16 MR. GREWACH: It is, yes. With the

17 Chairman's permission, I'll just go over these

18 generally -- go over all of them and then entertain

19 whatever questions as to any particular one that the

20 Commission has.

21 CHAIRMAN HATCHES: And do we vote on the

22 package?

23 MR. GREWACH: Yes. You can vote -- it can

24 be one motion to approve. Because these are proposed

25 rules, so these all -- the first five of which deal

1 with Section 8 which is accounting and audits, and the  
2 last two are changes in some minimum internal controls  
3 in Chapter F which is poker and Chapter G which are  
4 drops and counts. So these are proposed rules, so if  
5 you make a motion and pass a motion to approve these  
6 at this stage, then they go on to have a comment  
7 period, and then we have a public hearing scheduled  
8 for June the 12th of this year. And then after all  
9 that, if there are changes and comments, those will  
10 come back to the Commission at a future date to be  
11 considered as a final order of rulemaking.

12               8.010, just clarifying. When we say  
13 licensee in that particular section, we're talking  
14 about a Class B licensee. 8.060, it's a little more  
15 substantial change. There are a couple things in  
16 there, one of which was that we had a rule that  
17 required for their independent audits for them to  
18 submit a list of three CPA's, and then we would select  
19 one of those CPA's to perform the audit. Created some  
20 practical problems to get bids from three different  
21 CPA's, firms large enough that would be interested in  
22 doing this type of work, and then that put us in the  
23 spot of selecting somebody's CPA. It was the staff's  
24 feeling they're CPA's, they have their guidelines,  
25 they have their rules, they have their own licensing

1 requirements, they're independent. We were  
2 comfortable with that. So we took that part out and  
3 just required them to obtain a CPA to do those  
4 independent audits.

5           Also made some changes to some description  
6 of what was a physical count of assets, what was  
7 included in that, to clarify some questions that had  
8 come up in relation to that. In 8.090, .100, .150 are  
9 all changes that we made -- we had made changes to the  
10 minimum internal control standards on these same  
11 topics, and then now we're going back to change the  
12 CSR's to make the CSR's consistent with the MICS, so  
13 that's the case for those three particular rules.

14           Item 6, the MICS Chapter F which is on  
15 poker. We had a rule that prohibited the use of any  
16 electronic device while you were playing poker. We  
17 had input from patrons and from the casinos that the  
18 poker players, you know, liked to listen to music, you  
19 know, on their iPods or whatever while they were at  
20 the table. We checked with other states, and they did  
21 not have the same restriction that we had. We looked  
22 at that and particularly as it relates to poker.  
23 Poker's a game where the players play against each  
24 other, so there's two things about this when we look  
25 at our restriction. One is if one poker player thinks

1 the other's cheating, you know, they're going to  
2 certainly raise that issue at that point in time  
3 because us and the house aren't going to be affected  
4 by that. The rake is whatever percentage the rake is  
5 that the house keeps, and we get our tax off of the  
6 rake, and the rest is distributed among the players  
7 themselves.

8                   The other thing is there's nothing to  
9 prevent the properties themselves from creating  
10 whatever guidelines they want for people using or not  
11 using electronic devices while they're playing poker.  
12 Different issue on the other card games because they  
13 are playing against the house and we have some vested  
14 interest in that. So with all that taken into  
15 consideration, we're proposing a rule where we ask  
16 that poker, we eliminate our restriction against using  
17 electronic devices while playing and leave that up to  
18 the properties to implement that.

19                   And Item G just relates to drops and  
20 counts. Now, this was a rewrite of the chapter, which  
21 is something we do, you know, on a regular basis. We  
22 meet with industry, we get their input, you know, we  
23 find out what's working, what isn't working. And this  
24 rewrite removes some outdated terms such as coin,  
25 makes some other technical changes, and that was the

0065

1 genesis of the rewrite for Chapter G.

2 CHAIRMAN HATCHES: Any questions from the  
3 commissioners on any of these items?

4 MR. STOTTLEMYRE: Mr. Chairman, the staff  
5 recommends approval of the proposed amendments as  
6 presented by Mr. Grewach.

7 CHAIRMAN HATCHES: Chair will entertain a  
8 motion.

9 MR. STOTTLEMYRE: And you can do all these  
10 at the same time.

11 COMMISSIONER BRADLEY: Motion to approve  
12 the 11 CSR 45-8.010, 8.060, 8.090, 8.100, 8.150,  
13 9.106, and 9.107.

14 COMMISSIONER JONES: Second.

15 CHAIRMAN HATCHES: Any discussion? Angie,  
16 call the roll, please.

17 MS. FRANKS: Commissioner Howard.

18 COMMISSIONER HOWARD: 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 11

0066

1 CSR 45-8.10 -- 8.010, 8.060, 8.090, 8.100, 8.150,  
2 9.106, and 9.107.

3 COMMISSIONER HOWARD: I think to clarify  
4 that. We haven't adopted those at this point.

5 MR. GREWACH: You've approved --

6 COMMISSIONER HOWARD: We've approved the  
7 proposed amendments to those.

8 MR. GREWACH: Correct.

9 COMMISSIONER HOWARD: And we'll see those  
10 again for adoption.

11 MR. GREWACH: The final order of rulemaking  
12 will come after the public comment and public hearing  
13 takes place.

14 CHAIRMAN HATCHES: Okay. Thank you. Great  
15 job.

16 MR. STOTTLEMYRE: The next item on the  
17 agenda is consideration of relicensure of certain  
18 suppliers. Lieutenant Rex Scism will present.

19 CHAIRMAN HATCHES: Lieutenant.

20 LIEUTENANT SCISM: Morning, Mr. Chairman,  
21 Commissioners.

22 CHAIRMAN HATCHES: Got a tough act to  
23 follow there.

24 LIEUTENANT SCISM: Luckily not as long;  
25 right?



0068

1 motion.

2 COMMISSIONER JONES: Move for the  
3 acceptance of Resolution 13-030.

4 COMMISSIONER HOWARD: I'll second that.

5 CHAIRMAN HATCHES: Any discussion? Angie,  
6 call the roll, please.

7 MS. FRANKS: Commissioner Howard.

8 COMMISSIONER HOWARD: Approve.

9 MS. FRANKS: Commissioner Jones.

10 COMMISSIONER JONES: Approve.

11 MS. FRANKS: Commissioner Bradley.

12 COMMISSIONER BRADLEY: Approve.

13 MS. FRANKS: Chairman Hatches.

14 CHAIRMAN HATCHES: Approve.

15 MS. FRANKS: By your vote you've adopted  
16 Resolution No. 13-030.

17 LIEUTENANT SCISM: And the second is Spielo  
18 International Canada, ULC.

19 MR. STOTTLEMYRE: And staff recommends  
20 approval of Resolution No. 13-031.

21 CHAIRMAN HATCHES: Chair will entertain a  
22 motion.

23 COMMISSIONER JONES: Move for the  
24 acceptance of Resolution No. 13-031.

25 COMMISSIONER HOWARD: I second that motion.

0069

1                   CHAIRMAN HATCHES: Any discussion? Angie,  
2 call the roll, please.

3                   MS. FRANKS: Commissioner Howard.

4                   COMMISSIONER HOWARD: Approve.

5                   MS. FRANKS: Commissioner Jones.

6                   COMMISSIONER JONES: Approve.

7                   MS. FRANKS: Commissioner Bradley.

8                   COMMISSIONER BRADLEY: Approve.

9                   MS. FRANKS: Chairman Hatches.

10                  CHAIRMAN HATCHES: Approve.

11                  MS. FRANKS: By your vote you've adopted  
12 Resolution No. 13-031.

13                  MR. STOTTLEMYRE: Mr. Chairman, the next  
14 item on the agenda is consideration of licensure of  
15 Level 1 and Key applicants, and Lieutenant Scism will  
16 present.

17                  LIEUTENANT SCISM: Thank you. Missouri  
18 State Highway Patrol investigators along with Gaming  
19 Commission financial investigators conducted  
20 comprehensive background investigations on multiple  
21 Key and Level 1 applicants. The investigations  
22 included but were not limited to criminal, financial,  
23 and general character inquiries, which were made in  
24 the jurisdictions where the applicants lived, worked,  
25 and frequented.

0070

1                   The following individuals are being  
2 presented for your consideration: Ginger L. Albrecht,  
3 director of finance for the Isle of Capri Cape  
4 Girardeau; John Birchfield, information technology  
5 manager for Isle of Capri Cape Girardeau; Joshua I.  
6 Ervin, slot department manager, Isle of Capri Cape  
7 Girardeau; Scot M. Campbell, vice president and chief  
8 information officer, Pinnacle Entertainment,  
9 Incorporated; Trevor R. Grosvenor, surveillance  
10 director for Ameristar Casino Kansas City.

11                   The results of these investigations were  
12 provided to the Gaming Commission staff for their  
13 review, and you have all related summary reports  
14 before you.

15                   MR. STOTTLEMYRE: Mr. Chairman, staff  
16 recommends approval of Resolution No. 13-032.

17                   CHAIRMAN HATCHES: Chair will entertain a  
18 motion.

19                   COMMISSIONER BRADLEY: Motion to approve  
20 Commission Resolution No. 13-032.

21                   COMMISSIONER JONES: Second.

22                   COMMISSIONER HOWARD: Second.

23                   CHAIRMAN HATCHES: Any further discussion?  
24 Angie, call the roll, please.

25                   MS. FRANKS: Commissioner Howard.

0071

1 COMMISSIONER HOWARD: Approve.

2 MS. FRANKS: Commissioner Jones.

3 COMMISSIONER JONES: Approve.

4 MS. FRANKS: Commissioner Bradley.

5 COMMISSIONER BRADLEY: Approve.

6 MS. FRANKS: Chairman Hatches.

7 CHAIRMAN HATCHES: Approve.

8 MS. FRANKS: By your vote you've adopted  
9 resolution No. 13-032.

10 CHAIRMAN HATCHES: I think she was getting  
11 ready to call me Jack.

12 MR. STOTTLEMYRE: Mr. Chairman, the next  
13 item on the agenda is consideration of licensure of  
14 institutional investors. Ms. Martha LeMond will  
15 present.

16 MS. LEMON: Good morning, Mr. Chairman,  
17 Commissioners. Behind Tabs EE, FF, and GG are  
18 resolutions regarding waivers of licensure for  
19 institutional investors holding and/or requesting to  
20 hold publicly-traded interest of up to 20 percent in  
21 gaming licensees. These investors are submitted --  
22 have submitted requests for waivers to hold interest  
23 in these licensees in compliance with 11 CSR 45-4.  
24 The submitted waivers certify all holdings are for  
25 institutional investment purposes only, with no intent

0072

1 to be involved in the management or operation of the  
2 licensees.

3 Because the holdings may exceed the 10  
4 percent threshold for which the executive director may  
5 grant a waiver, these resolutions are before the  
6 Commission today. Resolution No. 13-033 is for Fine  
7 Capital Partners, Limited. Resolution No. 13-034 is  
8 for Neuberger Berman Group, L.L.C., and Resolution No.  
9 13-035 is for Prudential Financial, Inc. I'd be happy  
10 to answer any questions.

11 CHAIRMAN HATCHES: Any questions from the  
12 commissioners?

13 MR. STOTTLEMYRE: Mr. Chairman, staff  
14 recommends approval of the resolutions as described by  
15 Miss LeMond.

16 CHAIRMAN HATCHES: Is there a motion?

17 COMMISSIONER JONES: Move for the  
18 acceptance of Resolution No. 13-033, 034, and 035.

19 COMMISSIONER HOWARD: I will second those  
20 motions.

21 CHAIRMAN HATCHES: Any further discussion?  
22 Angie, call the roll, please.

23 MS. FRANKS: Commissioner Howard.

24 COMMISSIONER HOWARD: Approve.

25 MS. FRANKS: Commissioner Jones.

0073

1 COMMISSIONER JONES: Approve.

2 MS. FRANKS: Commissioner Bradley.

3 COMMISSIONER BRADLEY: Approve.

4 MS. FRANKS: Chairman Hatches.

5 CHAIRMAN HATCHES: Approve.

6 MS. FRANKS: By your vote you've adopted  
7 Resolution Nos. 13-033, 13-034, and 13-035.

8 MR. STOTTLEMYRE: Mr. Chairman, the next  
9 item on the agenda, we will have a presentation by  
10 Pinnacle representatives. Mr. Anthony Sanfilippo will  
11 present that. You might want to take a short break  
12 here since you haven't had one for a little bit before  
13 we do that and let them get set up.

14 CHAIRMAN HATCHES: Okay. Then let's --  
15 let's be back at 11:30.

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

17 CHAIRMAN HATCHES: Thank you for being  
18 patient, everybody, and coming back to hear this  
19 presentation. Let me just say a couple things up  
20 front. We're very happy to have you here today to  
21 make this presentation. We appreciate it. But we  
22 just want you to know that as a Commission we're not  
23 going to ask any questions. We will -- we will write  
24 our questions out and give them to Roger, and Roger  
25 will communicate with you, and then we'll get those

0074

1 responses back. And I just want you to know even  
2 before you make your presentation, that's going to be  
3 real hard for us to do not to ask any questions, but  
4 we think we should allow you to do that and give us  
5 some time to think about what we've heard and write  
6 questions down, and then we'll proceed that way.

7 MR. SANFILIPPO: Thank you.

8 MR. STOTTLEMYRE: Mr. Chairman and  
9 Commissioners, this is Mr. Anthony Sanfilippo. I will  
10 turn it over to him. He has guests with him, and  
11 we'll turn it over to you.

12 MR. SANFILIPPO: Thank you very much,  
13 Roger. It's a pleasure to be here. We appreciate the  
14 opportunity to present to the Commission and talk  
15 about our company and the pending transaction with  
16 Ameristar. With me today is our chief financial  
17 officer, Carlos Ruisanchez. Also Ginny Shanks, who is  
18 our chief marketing officer. And both will  
19 participate in the presentation. We also have a  
20 number of people that are in attendance including Jack  
21 Godfrey, who's our general counsel, as well as Neil  
22 Walkhoff (ph), who is our executive vice president  
23 over operations which includes the two properties that  
24 we do have in St. Louis as well as our property in  
25 Indiana, Belterra, and Ohio, River Downs.

0075

1                   We'd like to just spend some time taking  
2 you through the transaction that we have, so we want  
3 to talk about the rationale for the transaction, the  
4 benefits of having both Pinnacle Entertainment and  
5 Ameristar Casinos combined. Really we want to take  
6 you through some gaming operating environment and  
7 revenue trends, what's been happening in the state of  
8 Missouri. We're going to spend some time talking  
9 about the St. Louis market approach. That will be  
10 more from a marketing side Ginny will speak with you  
11 about, and then Carlos will talk about the process  
12 that we have left -- the overview of the process for  
13 us to complete the transaction.

14                   I want to add that in the audience is also  
15 Troy Stremming. Troy is the head of government affairs  
16 and public affairs for Ameristar, lives here in  
17 Missouri, lives in Kansas City, and he's also  
18 available.

19                   We've really had a terrific interface with  
20 Ameristar since we announced this in late December.  
21 We have spent time with their management team in Las  
22 Vegas. That's where their corporate offices are. We  
23 have also visited each one of their properties and met  
24 with their top management team to really give a --  
25 more of a face and a personality for Pinnacle to all

0076

1 of their team members. We find -- and you'll see in  
2 the presentation -- a lot of similarities between  
3 their company and our company. The cultures are very,  
4 very much alike. The focus on providing great guest  
5 service is completely aligned. The quality of the  
6 facilities are completely aligned. We have been -- we  
7 have many times thought we were looking in the mirror  
8 when we were meeting with their management teams,  
9 whether it was at one of their properties or whether  
10 it was in Las Vegas. We think that this is an  
11 extremely good fit for all of the team members that  
12 are involved and for both of our companies.

13           Let me just take you through really the two  
14 main points of why we believe this makes sense. It'll  
15 create a stronger financial profile for both  
16 companies. We'll have diversification. And you're  
17 going to see it in a map that we're going to show you  
18 before long. There'll be a larger cash flow base.  
19 It'll provide us more scale, larger scale, and  
20 distribution. Lower risk as cash flow diversity  
21 reduces volatility in financial performance. And I'll  
22 say it a little bit different. We -- neither one of  
23 us will be as dependent on any one single property.  
24 When we go from 8 properties to 17 properties and  
25 continue to grow, any one property won't have the same

0077

1 type of effect if there's a downturn at that property  
2 because of the scale that we'll now have as a combined  
3 company. And this will be instantly accretive for the  
4 company following the closing.

5           The second main point is we're really  
6 combining complementary assets. We'll have 17  
7 properties as I mentioned, and we really believe  
8 cross-property visitation, the ability for guests to  
9 come from another market, another state, to another  
10 location is pretty important. And you'll hear that  
11 from Ginny when we talk about our loyalty program, and  
12 Ameristar also has a loyalty program, and we believe  
13 there's an opportunity to increase revenues here in  
14 Missouri. We will be, and we are today, one of the  
15 strongest financially sound companies in the industry  
16 when our two businesses come together.

17           This next slide will just show you some key  
18 stats. We're about the same size if you look at  
19 through 2012 in net revenue. We're a company -- both  
20 of us are right at \$1.2 billion in net revenue. As  
21 combined companies, we'll be close to \$2.4 billion.  
22 That effectively doubles the companies. Our adjusted  
23 EBITDA, which is earnings before interest, taxes, and  
24 depreciation, Ameristar has a little bit higher EBITDA  
25 than we do right now. We'll be a combined company of

0078

1 right around \$700 million. We'll have 18 properties.  
2 We'll be in nine states as a result of this. We'll  
3 have guest rooms of close to 5,000. We'll have over  
4 23,000 slot machines, close to 700 table games, and  
5 we'll have combined team members of over 15,000 team  
6 members. So as you can see, the company by coming  
7 together will be greatly enhanced.

8                   That's a map of the United States, and you  
9 can see the locations that with a combined company  
10 we'll have. We're -- we're, as you can see, in the  
11 middle part of the United States, the Heartland of the  
12 United States. And it just goes without saying, but  
13 I'm going to say it because I want to make sure you  
14 know it. Missouri's very important to us. Missouri  
15 is very important to us today, and it becomes even  
16 more important to us once this transaction occurs.  
17 You -- if you had a question of where these all are, I  
18 would tell you that we have a location in Texas, and  
19 that is Retama Park. It's a racetrack that our  
20 company owns. We're the red stars that you see here.

21                   We own the Boomtown brand that is in both  
22 north and south Louisiana. We have two properties  
23 that's called Lauberge, one in Baton Rouge and one in  
24 Lake Charles. And then you can see up in Ohio and  
25 Indiana we own Belterra, which is right on the Indiana

0079

1 border. We are developing another racetrack that will  
2 have VLT's in Cincinnati, and that is called River  
3 Downs. You can then see that Ameristar is in east  
4 Chicago right on the corner of Indiana. And then in  
5 addition to the property that is in St. Louis, there's  
6 also an Ameristar property in Kansas City where we are  
7 not today.

8                   In south Louisiana there'll be two  
9 properties, two properties in Lake Charles, and we'll  
10 have one large, integrated resort. So it's on a piece  
11 of land that is -- we lease from the local port that's  
12 there. That's approximately 500 acres. And we'll  
13 have two golf courses, two spas. We currently have a  
14 1,000-room hotel that's there. What's being built,  
15 what Ameristar is building right now, is 700 guest  
16 rooms. So it really will be a premiere southern  
17 regional resort for that part of the country. And  
18 then also Ameristar's in Council Bluffs, Iowa; in  
19 Black Hawk, Colorado; and then up in northern Nevada.  
20 The two stars in southern Nevada, both of us have our  
21 corporate offices in southern Nevada. So as you can  
22 see, it really does change the scale and the diversity  
23 of our companies by combining the companies.

24                   And then another thing I'd like to add is  
25 that from day one when we announced this on the 20th

0080

1 of December, I said to our team members, I said to the  
2 Ameristar team members, we said publicly that our goal  
3 is to combine the best of both companies. Our goal is  
4 to have the best practices from both Pinnacle  
5 Entertainment and Ameristar and to create an even  
6 stronger company, and that's how we've approached it.  
7 We've approached by the many meetings that we've had  
8 in getting to know individuals, we absolutely intend  
9 on having the operations today stay the way they are  
10 for Ameristar. We don't plan on changing the names of  
11 their properties, and we would hope that the  
12 management that's in place would continue to be the  
13 management with Ameristar. We believe they do a very  
14 good job.

15                   This next slide will graphically show you  
16 really the -- what's considered top regional gaming  
17 companies. And it's depicted by on the top net  
18 revenue and on the bottom EBITDA. If you were to look  
19 where we stand alone today, both Pinnacle and  
20 Ameristar are right below \$1.2 billion in revenue, and  
21 you can see Ameristar's \$362 million in EBITDA and  
22 we're 285. By combining the companies, we will be the  
23 third largest regional gaming company. The other  
24 companies that are larger would be companies that have  
25 presence in Las Vegas like Wynn, like Caesar's, like

0081

1 MGM. Those are the companies that would be larger  
2 companies than we are. We will be one of the largest  
3 gaming companies in the United States and clearly one  
4 of the largest regional gaming companies. And again,  
5 that speaks to the strength of our company.

6           And I've mentioned a couple of times the  
7 importance of diversity and making sure we're not  
8 reliant on any one single property. You know, we  
9 believe we're able to produce really great results  
10 from each one of our properties, but this more shows  
11 you that if you take a look at Pinnacle Entertainment  
12 in 2012, what our net revenue was and how it was  
13 distributed, and then you look at where we'll be on a  
14 going forward basis with Ameristar, you can see that  
15 Missouri's 37 percent going forward of our net  
16 revenue. But then again, when you look at the Chicago  
17 land area, when you look at Lake Charles, well,  
18 Missouri clearly is again very important to us and a  
19 big presence for us. We will be a very diverse  
20 company, so we have many other pieces of that pie that  
21 helps build the whole total story on net revenue.

22           Today our St. Louis properties are almost  
23 33 percent of net revenue, and so we'll be going from  
24 33 to 37 percent. And our Lake Charles property is  
25 32 percent. What's really notable here is that our

0082

1 Lake Charles will go from 32 to 16 percent, which  
2 again helps us from a diversification standpoint and  
3 less reliant on any one property, any one -- one  
4 jurisdiction.

5           There's a number of benefits for us to  
6 combine our companies. This is -- we're showing you  
7 construction-related economic benefits, and this is  
8 specifically for Missouri. And when you take a look  
9 at -- and this is information we were able to pull  
10 from the Missouri Gaming Commission web site. When  
11 you look at the total investments that have been made  
12 by both companies here in Missouri, it's over  
13 \$2.3 billion. So both companies have made significant  
14 investments, capital investments, here in Missouri  
15 with the properties that we're talking about.

16           And then when you take direct benefits and  
17 then indirect and induced benefits because of the  
18 other jobs that are created from it, you can see that  
19 just from construction-related investments only that  
20 there's been more than \$3 billion worth of  
21 investments, and more than half of that was focused on  
22 labor. Economic benefits -- and these are -- again,  
23 these are construction-related benefits that have to  
24 do with employment. If you look at direct benefits --  
25 and this is the number of jobs that our combined

0083

1 companies would have an impact on -- over 18,000 in  
2 direct and then indirect and induced is 7700 with  
3 total employment of over 26,000. So it's -- it is --  
4 while it's -- while it's large from our company's  
5 standpoint, it is not -- when you look at the whole  
6 pie for Missouri, it is -- it's about 1 percent of all  
7 jobs in Missouri.

8                   Next page is really looking at recurring  
9 benefits that we have by running these properties.  
10 And if you take a look at combined annual gaming and  
11 non-gaming net revenue, that is \$900 million that the  
12 two companies would have together. And -- let's see.  
13 We're -- we're looking to generate economic benefits,  
14 direct benefits, of \$900 million on an annual basis.  
15 And that has to do with the businesses that we're  
16 running. The money that we're spending within those  
17 businesses would have a direct benefit of  
18 \$900 million, indirect and induced benefits of over  
19 300 million, and total benefits of over \$1.2 billion  
20 to this state on an annual basis. And that's just  
21 purely what we do through strategic sourcing, what  
22 we're doing in paying an individual to run our  
23 businesses, that the combined businesses have a very  
24 large impact on the state of Missouri.

25                   This next slide is operations-related

0084

1 investments that we have here, and this again is  
2 strictly focused on employment. And as you can see,  
3 the direct benefits from the operations that we run on  
4 a daily basis would be close to 5,000 individuals.  
5 And then the indirect or induced benefits, those  
6 people to service us, would be close to 2,000  
7 individuals.

8                   And then this is a slide that we put  
9 together to show you average annual recurring fiscal  
10 benefits, and this is really having a lot to do with  
11 all the taxes that we pay because of the facilities.  
12 And if you go to the box on the right, the average  
13 annual recurring fiscal benefits is close to \$300  
14 million. And we are just completing in River City an  
15 \$82 million expansion, and that expansion includes a  
16 205 room hotel, an event center, and a parking garage.  
17 So this doesn't fully reflect the change that will  
18 occur because of real estate or personal property tax  
19 changes.

20                   But as you look at the box on the left and  
21 take a look at the different buckets this comes from,  
22 real estate/personal property tax is \$27 million, and  
23 then you can just go all the way down the line.  
24 Gaming tax is \$184 million, admissions tax is  
25 \$54 million, to add up to the estimated \$294 million.

0085

1 So this is -- we -- you know, we have, whether it's  
2 state sales tax of over \$5 million or the withholding  
3 tax that we would collect on paying jackpots or city  
4 lease payments, this again is a large economic benefit  
5 to the actual cities we're in as well as the state of  
6 Missouri.

7                   And then we pride ourselves, as does  
8 Ameristar, that we are very, very involved in the  
9 communities that we both live and operate in. And  
10 we've just shown -- this slides just shows you some of  
11 the examples of our participation in communities. We  
12 recently donated to the City Arch River Foundation to  
13 really help with the project with the downtown Arch,  
14 \$5 million. The National Blues Museum, we're the --  
15 you know, we're the main funder of that National Blues  
16 Museum which is going to be in downtown St. Louis,  
17 \$6 million. And we continue to look to partner with  
18 the different communities that we're in to try to help  
19 to make the community a better place through donations  
20 that we make.

21                   We're also very proud at Pinnacle  
22 Entertainment at our commitment to really having a  
23 diverse work force, and these are statistics that show  
24 the minority team members as a percent of total team  
25 members. At River City it's 40 percent. Lumiere,

0086

1 it's 57 percent. And then when you combine the two,  
2 it's right at 49 percent. You can see on the right  
3 the statistics that Ameristar has and combined with  
4 both companies, together we would have over 40 percent  
5 minority employment.

6           And we keep providing you statistics along  
7 the way, so this next slide is employment statistics.  
8 I mentioned this a little bit earlier. While the  
9 numbers that we have are impressive, you can look at  
10 the one in the top right-hand corner, and that's the  
11 Missouri employment summary number. We are under  
12 2 percent of the total employment in Missouri. So the  
13 reason we show this, we realize that this transaction  
14 is very important for Missouri, but when you look at  
15 the total jobs that are in Missouri, we're less than  
16 2 percent of the total jobs in Missouri. We employ a  
17 lot of people, we pay a lot of taxes, but we wanted to  
18 put in perspective where we stand in the whole state  
19 as far as if you compared the number of employees that  
20 we have in the whole state. And then if you looked at  
21 the box right below that, the Missouri total jobs that  
22 are there, you know, we don't even register at 1  
23 percent that's there.

24           So it is -- again, we realize this is very,  
25 very important, and for you to grant us the number of

0087

1 licenses this would have in the state, we're trying to  
2 help put into perspective what it means for the whole  
3 state. And you're going to hear more about how we  
4 look at other things with this, but we're trying to  
5 impress upon you also that this would be very good for  
6 the state, that this will make both companies that are  
7 separate stronger together and make us one of the  
8 strongest companies in the gaming industry.

9           The next slide is to take you through  
10 Missouri gaming operating environment revenue trends.  
11 This is really just fact based. When you start to  
12 look at what the gaming revenue trends have been in  
13 the state, they really haven't moved much. The number  
14 of -- the revenue has stayed fairly flat if you take a  
15 look at it. You can look right in the center there.  
16 River City opens in March of '10. River City, which  
17 was a new entry into the state, that did help boost  
18 revenue somewhat. But when you start to look at where  
19 River City flattens out, the revenues in the state,  
20 the industry itself has stayed fairly flat. There  
21 hasn't been a lot of growth from a revenue side in the  
22 state. We show at the end the Isle Cape Girardeau  
23 opening up and what that actually means. It's still  
24 too early to tell.

25           We have been -- and I'll sort of go off of

0088

1 this presentation for a second. You know, we have --  
2 we have -- we believe it's very, very important the  
3 state do a couple of things. One of those things --  
4 and there's legislation pending right now -- approved  
5 credit for the state. It's purely a convenience  
6 factor, and that is, that would allow someone who may  
7 come and visit one of the casinos to be able to  
8 pre-qualify for a line of credit. And the other  
9 states we operate in, that is -- that is something  
10 that's offered in the other states that we operate in.  
11 And the reason that is convenient. There are a lot of  
12 people who enjoy this industry as a form of  
13 entertainment and they like to go to different places,  
14 but they like to be able to access their own personal  
15 line of credit when they do that. I believe that will  
16 help grow the revenues here because that will help us  
17 attract more people from out of the state.

18 We think Missouri is a terrific state. We  
19 love being in St. Louis. We're going to enjoy being  
20 in Kansas City. There's a lot to offer there that are  
21 both sports as well as other entertainment. I'm  
22 amazed at the quality of the live entertainment that  
23 comes to St. Louis. St. Louis gets a lot of live  
24 entertainment, and we participate in that. We buy  
25 tickets, we host guests there, we like to invite

0089

1 guests in from our other locations to say come on in  
2 and see Lady Gaga or whoever it might be. And we  
3 think that helps drive more out of state play here if  
4 credit does get passed in the legislature. It just --  
5 it's a reason that those who like to play in other  
6 states may go to Las Vegas, but say I'm going to come  
7 to Missouri and play.

8                   And what I'd also tell you. It has been an  
9 environment -- we see this throughout the United  
10 States -- that gaming revenues have mostly flattened  
11 out, and I believe that's also due that, you know,  
12 people have -- have become accustomed to this as an  
13 industry. It's another industry, and they're looking  
14 to do a variety of things. It's not as novel as it  
15 was when it opened up, you know, 20, 25 years ago in a  
16 lot of states. So it's important from the standpoint  
17 of the state of Missouri staying competitive with  
18 other options that people have throughout the United  
19 States for them to go and play.

20                   And we have received terrific support from  
21 Roger and the staff in our efforts to try to do that.  
22 And again, I sort of went off this presentation just  
23 to let you know that, you know, we are a business that  
24 people come and visit us because they have a great  
25 experience because they can come and visit casinos in

0090

1 a lot of places in the United States. And we mainly  
2 compete on providing quality experiences, whether it's  
3 through food, entertainment we may have at our  
4 facilities, overnight in the hotel, just a variety of  
5 things that while gaming is a core part of that  
6 experience, our guests come and visit us because of  
7 enjoying the experience they have while they're there.

8                   A few more statistics. And this is, again,  
9 state of Missouri. Wanted just to show you -- again,  
10 this lists out. And if you go to the -- towards the  
11 bottom, Pinnacle and Ameristar combined as a percent  
12 of Missouri total revenue would be -- in '12, if you  
13 just looked at '12 -- about 49 percent of the state's  
14 total revenue. If you look at the right with the  
15 Isle's property, Cape Girardeau, and the estimate that  
16 they have on the revenues they'll have being a new  
17 entrant, it would be closer to 47.7 percent or 48  
18 percent. And I'll remind you that both companies have  
19 made huge investments here, and the reason you see  
20 revenues of almost 50 percent is because there's been  
21 tremendous investments in all of the facilities that  
22 we're talking about. They're the largest, nicest  
23 facilities that are in the state right now. If you go  
24 up a little bit, we just took a look at what's  
25 actually Ameristar right now. They're at 28 percent

0091

1 and Pinnacle is at 21 percent. So the combined  
2 companies again with Cape Girardeau there would be at  
3 47.7 percent.

4                   The other thing we look at is market share  
5 statistics, and this is for St. Louis. And if you  
6 took a look at the market -- now, this is outside of  
7 St. Louis. We think about the market being the Casino  
8 Queen as well as Alton Belle and the Cape Girardeau  
9 Isle property. If you look at the total market that  
10 we believe more defines the greater St. Louis market,  
11 you could see that PNK, or our company, would have in  
12 '12 about 32 percent market share, and the two  
13 combined companies in St. Louis would be 55 percent  
14 market share.

15                   There becomes a natural concern that says  
16 are you too big, are there not enough choices for the  
17 guests to go to. We say no. If you look at the other  
18 properties that they have choices to go to, the new  
19 Hollywood property, Casino Queen, and we -- you know,  
20 we are directly across the river from Casino Queen and  
21 the other two properties. We believe that that is --  
22 that's not a great argument to say that it limits the  
23 choices that one company has for our guests to go to  
24 because there are other companies for them to go to.

25                   And then I'll go back to my earlier

0092

1 statement. We really believe we compete on service is  
2 what we do. We buy the slot machines and the table  
3 games from the same manufacturers. And it's all about  
4 the experience we provide to our guests while they're  
5 inside each one of our buildings that will determine  
6 where they're going to go and where they're going to  
7 spend their money.

8                   And so this chart, one, shows you that I  
9 think the combined market share of the two companies  
10 is less than people maybe thought at 55 percent, that  
11 there's still a number of other choices that would be  
12 in the immediate area. There are -- and this is just  
13 showing you things you already know -- there are  
14 multiple gaming license holders in the state. The  
15 Isle has four licenses. Pinnacle and Ameristar would  
16 have four licenses, and Penn National has two gaming  
17 licenses.

18                   Now, there's another argument that comes up  
19 that says, well, you would control potentially both  
20 table hold and also a slot hold, that if you had more  
21 properties in the state and there were limited choices  
22 for guests that you would -- you would have a way to  
23 control that. We just don't believe that's the case.  
24 We think that -- we wanted to show you some  
25 statistics. If you just look at -- we'll start with

0093

1 table hold percentage -- you can see that table hold  
2 percentage is really determined by -- largely by a  
3 player's skill, and there's plenty of times that we're  
4 not lucky and the guests may be lucky. It is -- it is  
5 determined by rules of the game, but we all have the  
6 ability to have those same type of rules. And we  
7 really believe that table games is really much more of  
8 a component of skill than anything else and that it  
9 would be difficult to do anything that would be at a  
10 disadvantage to the player on the table side.

11 Now, slot side, we'll talk about that, and  
12 I actually spent some of my career at a slot  
13 manufacturing company. We believe that that is --  
14 it's not in our best interest not to have competitive  
15 pay tables. That -- that -- we've seen -- and I've  
16 been in the industry for 30 years -- that what every  
17 guest wants is a reasonable chance to play their  
18 money, that they typically come with a limited budget,  
19 they're going to play for a period of time, and if  
20 someone's used to playing for 45 minutes to an hour  
21 with their budget and then all of a sudden they're  
22 playing ten minutes, they will not come back. It's --  
23 people know that, and it's -- it is very difficult to  
24 say, look, we're going to -- we're going to have slot  
25 payout percentages so high that -- because we think we

0094

1 can -- customers just would not come and see us. And  
2 this is a slide showing you that from a slot hold  
3 standpoint, it's been fairly consistent in the market  
4 what the overall slot hold has been.

5                   Now, this is an aggregate number that's  
6 here. You know, if we were to look at it by  
7 denomination, penny slots, quarter slots, dollar  
8 slots, it's much different, and it's typically you'll  
9 give the guests back more if they're willing to risk  
10 more. So penny slots are typically the highest hold  
11 for a casino, and then the higher denomination slots  
12 are typically a little bit more theoretically looser.  
13 But overall, when you see everything combined, you  
14 would see that there's a consistency in slot hold  
15 percentage. And more importantly, you know, we are --  
16 we are competing with guests not only to go to other  
17 facilities that have casinos, but their disposable  
18 time. You know, they -- other choices they may have,  
19 and it does include going to casinos outside the  
20 state, and it may include going to other entertainment  
21 options that are -- that are close by.

22                   And I think that takes us through really  
23 talking about the two companies coming together. We  
24 really want to spend some time in talking about how we  
25 currently market today our three properties and how we

0095

1 would expect to continue to market them. We do not --  
2 we are not a company that takes a McDonald's approach.  
3 We try to have each one of our properties have  
4 individual personalities. And Ginny's going to come  
5 up and spend some time taking you through that. Thank  
6 you.

7 MS. SHANKS: Good afternoon. I'm going to  
8 spend the next few minutes walking you through how we  
9 market River City and Lumiere today, and then give you  
10 some context as to how we would look at marketing the  
11 combined company between Ameristar and Pinnacle.

12 Let's start first, though, by defining the  
13 competitive landscape. As Anthony mentioned, we have  
14 four major regional competitors today. And our  
15 players, really all gamblers, play in other markets  
16 besides their home market. And every year we  
17 interview or do a survey to our MyChoice members.  
18 MyChoice is our loyalty program. And we survey about  
19 3,000 members, and we ask them a variety of questions  
20 about the program, their satisfaction with it, and we  
21 also ask them where else do you gamble. And you can  
22 see 34 percent -- this is 2012 data -- 34 percent have  
23 gambled in Las Vegas during the past 12 months and 37  
24 percent have played in Tunica. So not only do they  
25 have choices locally, they have choices either

0096

1 regionally or in the case of Las Vegas in a more  
2 national type destination. So they play in a variety  
3 of locations.

4           The strategy that we have for marketing the  
5 combined company are really based on four things.  
6 First, we want to maintain three distinctive brands.  
7 We don't have plans to change any of the names. We  
8 market River City and Lumiere -- which I'll share with  
9 you here in a moment -- very differently. People want  
10 choices. It's to our benefit to provide choices, not  
11 to have a homogenous experience among a set of, in  
12 this case, three different properties.

13           The second objective that we have is that  
14 we provide differentiated experiences focusing on each  
15 brand's unique assets. In the case of Lumiere, we  
16 have the Four Seasons Hotel. We have the spa at the  
17 Four Seasons. We also have -- or I should say  
18 Ameristar has a very nice spa at their property here  
19 in St. Louis. River City will soon open an  
20 entertainment center in Quarter 2. Between the three  
21 properties in St. Louis, we have 18 different  
22 restaurants, so quite a few venues in which to market  
23 against. Meetings and conventions, very important for  
24 the Ameristar St. Charles property and also for the  
25 Four Seasons. Different assets, different brand

0097

1 positioning, and really targeting different audiences.

2                   Today Pinnacle has a very regimented  
3 program around growing our customer base, and I'll  
4 explain to you what that is, but it's basically how do  
5 we bring Pinnacle guests either that we know or that  
6 we're looking to know into different states or  
7 different jurisdictions in which we operate. We use  
8 branch offices, which today we have five. Independent  
9 agent programs, think of them as travel agents that  
10 get commissions based on bringing either new or  
11 inactive guests into a casino, and they're  
12 commission-based on theoreticals. And then  
13 cross-property events. Anthony talked about that.  
14 How do we showcase unique events in each city and  
15 bring customers from outside, in this case, in St.  
16 Louis and have them experience what we have to offer,  
17 and I'll give you a few examples of that.

18                   And then lastly, in terms of our marketing  
19 strategy, our plan is to create one consolidated  
20 loyalty program. We'll take the best of MyChoice and  
21 the best of Ameristar's Star Awards program, and not  
22 the best as we define it, but the best in terms of how  
23 the guests define it.

24                   So let me start first with the loyalty  
25 program. In 2010, late 2010, we got together as a

0098

1 marketing team at Pinnacle and said we really think  
2 there's an opportunity to redefine the casino loyalty  
3 program in terms of the landscape and the offerings.  
4 Not a lot of innovation has been put forth in this  
5 space over the years. Casinos will offer cash, comps,  
6 trips to Las Vegas if they happen to have a property  
7 in Las Vegas. And so our approach was to create a set  
8 of benefits that were, one, both unique in terms of  
9 their experience and that the benefits were tangible,  
10 and I'll share you what the construct of that program  
11 was.

12                   But what this slide shows you is the impact  
13 that loyalty program has had on our two properties in  
14 St. Louis. So if you see there to the left, you see  
15 the average gaming revenue before the 12 months before  
16 we launched the new loyalty program, April '10 through  
17 March '11, and then you see the 12 months of gaming  
18 revenue after we launched the program, which was May  
19 '11 through April 2012. The increase in gaming  
20 revenue for the two St. Louis properties, our two  
21 properties at Pinnacle, about 7.5 percent. You  
22 extract those two properties from the market, and you  
23 actually see a decline of almost 2 percent. So a lot  
24 of things go into growing revenue, but we believe that  
25 our loyalty program and the changes we made have a

0099

1 definite positive impact, and we would look to have  
2 that same type of impact with the Ameristar properties  
3 once we created a centralized loyalty program.

4                   So when we launched this MyChoice in April  
5 2011, we thought, how do we do it in a way that is  
6 symbolic and revelant (sic) -- or relevant and also  
7 just very big. And so what we did is we took over  
8 Busch Stadium. We brought our guests down to home  
9 field. We had dinner right there on the field.  
10 Fireworks, big display of lights and excitement, and  
11 then what we did coming out of right field -- this was  
12 the first year we introduced the Mercedes, which I'll  
13 get to here in a moment -- but coming out of right  
14 field, we had a caravan of Mercedes coming around the  
15 field with our guests lined up ready to think that  
16 maybe one of them was going to win one, but what we  
17 told them was indeed everyone at that event, our  
18 Owners Club event which is our top tier, was going to  
19 get a leased Mercedes for 12 months as a reward for  
20 them in maintaining or in this case earning Owners  
21 Club.

22                   So when I talk to you about redefining the  
23 casino loyalty program space, one of the ways that we  
24 sought to do this was to create and to forge  
25 partnerships with world class brands. I mentioned

0100

1 Mercedes. What we did there is we said how do we  
2 create a reward that is tangible that somebody enjoys  
3 when they're in the casino or when they're not in the  
4 casino, and one of the folks on my team said what if  
5 we were to give a leased luxury car. And hence the  
6 idea of Mercedes was born for our Owners Club members.  
7 We also have an exclusive arrangement with the Wynn in  
8 Las Vegas where our top three tiers can go any time  
9 during the year and enjoy a three day -- or I should  
10 say three night, four day stay. They can also enjoy  
11 Royal Caribbean cruises. Now, these are not  
12 either/or. They enjoy all of these. And then last  
13 year we formed a partnership with the Atlantis in the  
14 Bahamas. So for those folks who enjoy travel, which a  
15 lot of our guests do, they have a good deal of  
16 options. We also have a partnership with Tiffany.

17           So you see this collection, and you can see  
18 that world class brands are something that we are  
19 proud to associate ourselves with, and they are also  
20 proud to be a part of our MyChoice program. The plan  
21 going forward in the consolidated company would be to  
22 take the best, as I mentioned, of MyChoice and the  
23 best of Ameristar's loyalty program called Star  
24 Awards. We would review the benefit usage by the  
25 guests, so what benefits do they enjoy today. We

0101

1 would talk to our guests and determine what they'd  
2 like to see going forward. And then we would expect  
3 to launch a combined loyalty program early 2014.

4 As I mentioned, we showcase high profile  
5 events in St. Louis, and we look to bring guests,  
6 Pinnacle guests, who don't reside in St. Louis into  
7 the market to partake in these. You can see the World  
8 Series in the upper right, the Marshall Faulk Golf  
9 Classic, and then the view of the Arch was actually a  
10 Four Seasons package that we put together. We do  
11 between six to eight high profile events during the  
12 course of the year based here in St. Louis, taking  
13 advantage of what the city has to offer and what our  
14 assets have to offer.

15 Attracting new guests to St. Louis is  
16 important to us. As Anthony showed in the revenue  
17 trend graph, it has been a rather stagnant market in  
18 terms of gaming revenue, so one way to bolster that is  
19 to bring people into the area who have not been here  
20 before. What the map represents are branch offices  
21 where today we have in east Chicago -- or excuse me --  
22 we have a branch office in Chicago. We have a branch  
23 office in Dallas, in San Antonio, in Houston, and I  
24 think I've covered them.

25 And those are folks who are Pinnacle

0102

1 employees who are basically salespeople. Their job is  
2 to go out and solicit new business and then bring that  
3 business into our properties. I described what  
4 independent agents are. You can see those that are  
5 active and those that are pending. What's important  
6 to note here is Ameristar does not have this  
7 infrastructure. They do not have branch offices and  
8 they do not have independent agent programs, so that's  
9 something that we think would benefit both Missouri as  
10 well as our properties that we'd be able to grow the  
11 amount of revenue coming into Missouri because we  
12 would apply this network to the Ameristar properties  
13 as well.

14 I'm going to spend the next few minutes  
15 talking about the brands and how they're  
16 differentiated, and then I'll wrap up. So first with  
17 Ameristar. Let me walk you through their amenities  
18 because there are quite a few. This is the Ameristar  
19 property here in St. Charles. Almost 400 suites,  
20 eight dining options. As I mentioned, a focus on  
21 conventions and meetings. Slots, full table  
22 offerings, and a beautiful full-service spa. They  
23 have a terrific set of amenities in which they  
24 compete.

25 Our view of Ameristar's brand position --

0103

1 and when you think of a brand position, think about  
2 what it is that you want the guests to think about  
3 your brand, who is your target audience, and how do  
4 you market yourselves -- and our view of Ameristar is  
5 that they are slot product centric positioning here in  
6 St. Louis, and then they leverage their all-suite  
7 hotel, meetings and conventions, and their spa to  
8 attract regional guests.

9           Now, River City, let me walk you through  
10 their amenities, and then I'll walk you through their  
11 positioning. So again, a full complement of slots and  
12 tables, beautiful casino. In the upper right is our  
13 high-end casino that was opened about a year, year and  
14 a half ago. It, too, has a number of dining options.  
15 Anthony mentioned an events center opening in the  
16 spring and a 200-room hotel opening in the fall of  
17 this year. You can see an example of what a hotel  
18 room will look like there in the lower left.

19           And how do we compete? What does the River  
20 City brand stand for? Let me read you the positioning  
21 statement. This is an internally developed  
22 positioning that is typically done with the marketing  
23 team and their advertising agency. Hence when a  
24 campaign is born, it's usually rooted in what you want  
25 guests to think about your brand. "To gamblers in

0104

1 suburban St. Louis" -- that's the audience -- "River  
2 City is the city's newest, most spectacular casino" --  
3 playing off the word new at the time -- "offering the  
4 best gambling, best dining, and best service," with  
5 really the tag line being "The Best City in St.  
6 Louis." That is the positioning for River City. You  
7 can see the common look. You can see the use of the  
8 word "best" in the advertising.

9                   Now I'm going to show you -- hoping to show  
10 you -- the River City television spot. We have to  
11 switch out of the presentation. It's a 30-second  
12 spot. So just give us a minute and we will load it  
13 up.

14                   (Video was shown.)

15                   MS. SHANKS: It'll be important when I  
16 share with you the Lumiere television spot for those  
17 of you who have not seen that, keep in mind how River  
18 City portrays itself, and then when you see Lumiere  
19 here shortly, you will see the contrast. I'll wait  
20 till we get full screen.

21                   So now let me walk you through Lumiere.  
22 Again, full complement of slots and tables including  
23 13 poker tables. This is for Lumiere Hotel. Almost  
24 300 suites, four dining options at Lumiere. And of  
25 course, anchored by the Four Seasons with 200 rooms,

0105

1 meetings and conventions being an important part of  
2 their business. And then recently voted one of the  
3 top ten luxury hotels the U.S. This really serves as  
4 an attraction for us when we look to invite other  
5 Pinnacle guests into the St. Louis region.

6                   So how does Lumiere compete? "To St. Louis  
7 gamblers, entertainment seekers, and regional  
8 destination travelers" -- that's the audience.  
9 Remember suburban St. Louis for River City? A very  
10 different audience here for Lumiere. "Lumiere Place  
11 is the contemporary and electrifying casino  
12 destination which provides a must-see experience with  
13 world-class amenities" -- Four Seasons spa -- or Four  
14 Seasons Hotel -- "and more of the games players love  
15 because Lumiere Place is the center of the action and  
16 excitement in St. Louis." And that center of the  
17 action and excitement was really meant to celebrate  
18 downtown.

19                   And you can see in the hotel ad down there  
20 at the bottom, you see the Arch in the background.  
21 We're all about celebrating the property's location.  
22 Marshall Faulk is right there in our Stadium ad. A  
23 little bit more irreverent, a little bit more fun, but  
24 connected to the city.

25                   And now we're going to cut over to the

0106

1 Lumiere television commercial. So just take, again, a  
2 few minutes.

3 (Video was shown.)

4 MS. SHANKS: Very different feel, very  
5 different audience. I thought it was important to  
6 show you how we differentiate two properties today  
7 because the same approach would be taken with a  
8 combined company of Ameristar and Pinnacle.

9 So let me just wrap up before I turn it  
10 over to Carlos. So our marketing strategy, as I told  
11 you, was rooted in four things. One, we're going to  
12 maintain three distinctive brands, continue to provide  
13 differentiated experiences. You see how those are  
14 brought to life via the advertising I shared with you.  
15 Expand the number of guests that we bring into St.  
16 Louis by applying the branch offices in the  
17 independent agent program to the Ameristar properties  
18 as well. And then lastly, create one consolidated  
19 loyalty program that we would look to have the same  
20 type of positive financial impact that it did when we  
21 launched it here in St. Louis with River City and  
22 Lumiere. And with that I will turn it over to Carlos.

23 CHAIRMAN HATCHES: Thank you.

24 MR. RUISANCHEZ: Good afternoon. Chairman,  
25 members of the Commission, staff, thank you once again

0107

1 for allowing us to talk about the transaction. All  
2 these -- this information we talked about with the  
3 staff, and you may have read about it as the  
4 transaction got announced in December.

5           Just some broad stats. We're paying \$26.50  
6 per Ameristar share. It is about a \$2.8 billion  
7 transaction overall, which represents about 7.7 times  
8 2012 EBITDA for the company. We have committed  
9 financing. Originally we had committed financing from  
10 two institutions. That's broadened now to about nine  
11 that have come in to participate as that assures the  
12 transaction will be completed and financed at the time  
13 that the requisite approvals are actually in place.  
14 The approval process will include the proxy vote that  
15 will take place on April 25 from Ameristar  
16 shareholders as well as all the regulatory approvals,  
17 of course, including this commission. And our hope  
18 and the expectation would be based on where we are  
19 today that we would be doing that sometime late the  
20 second quarter to early third quarter should the  
21 approvals be granted by all the different regulatory  
22 bodies.

23           As far as the financial strengthen, the  
24 liquidity and the flexibility the company would have,  
25 which was one of the reasons why Pinnacle pursued this

0108

1 transaction. Clearly as Anthony mentioned, the  
2 diversity of the properties, diversity of cash flows  
3 in a very material way, de-risks the company by not  
4 having as much reliance in any particular property.  
5 Missouri as a state being one exception where we are  
6 going up in our reliance in Missouri as a state, and  
7 that's something that obviously we welcome and cherish  
8 being here.

9                   There are -- based on 2012 there will not  
10 be a single property that will represent more than 17  
11 percent of our cash flow of our company. The \$2.4  
12 billion, which is doubling last -- last year what each  
13 company had, specifically in the \$700 million of cash  
14 flow, discretionary cash flow, the company will have  
15 to continue to grow, manage its balance sheet, and  
16 address issues that come up to make sure that we are  
17 competitive in growing our platform are a big reason  
18 why we're pursuing this. In the -- the only way that  
19 I can put it, the ability to raise capital will be  
20 easier for the company. Our expected cost of capital  
21 is actually going to go down from where it is today,  
22 and the response from capital sources on Wall Street  
23 has been overwhelmingly positive, looking to  
24 participate with the company not only by its credit  
25 profile, but by the stature that it would have in

0109

1 regional gaming in the United States.

2           The -- and then lastly, we are -- having  
3 lived through the downturn through '08 and '09 and  
4 seeing what could happen when things go wrong, we view  
5 liquidity as a must-have in our ability to make sure  
6 that we do not run out of capital should things not  
7 turn out as planned. And as part of that, we expect  
8 to have over \$800 million of dry powder, if you will,  
9 in the form of a revolver that will not be drawn by  
10 the time of closing. In regards to the process, and  
11 certainly we have spent some time with the staff  
12 talking through this, at least as best we can tell,  
13 and we'll continue to do that, the -- we have -- there  
14 are a lot of things that have been done already, and  
15 certainly we hope that the momentum that we have to  
16 bring this transaction to fruition, to close and allow  
17 us to integrate the companies, it's something that  
18 will get done here in a few months.

19           The merger obviously was executed at the  
20 tail end of last year, December 20 of 2012. We did  
21 have a financing syndication initial launch that  
22 brought in additional banks into the financing. All  
23 the applications that are needed, both federal and  
24 state levels, have been submitted. We're under way in  
25 all the transactions in getting through those

0110

1 processes. The Hart-Scott-Rodino notice to the FTC  
2 was done. As you know, they're going through a second  
3 review, which we're in the midst of right now. The  
4 proxy filing for Ameristar was approved and filed and  
5 date officially set, actually two days ago, for  
6 April 25.

7                   We did launch a consent to allow us for a  
8 more simplified financing under the Ameristar bonds.  
9 What I could tell you is that that was launched about  
10 eight to ten days ago. And we -- that consent we  
11 expect to be in a position to determine the  
12 appropriate capital structure when the consent is due  
13 for next Tuesday, so very soon we will have clarity of  
14 exactly the financing and what that will look like and  
15 are optimistic on the prospects of simplifying our  
16 structure. The Federal Trade Commission will continue  
17 their process which is well down the tracks, if you  
18 will. And we expect to get that -- get through that  
19 process here in the near term. And as far as the  
20 regulatory approvals, we've had discussions,  
21 obviously, with everybody that needs to approve.  
22 There's actually three jurisdictions that do not need  
23 approval prior to closing. That includes Colorado,  
24 Texas, and Ohio. All the other ones will need to  
25 approve it, and our hope and expectation is that will

0111

1 happen in the next couple of months given the  
2 schedules and what the different control boards or  
3 commissions are capable of working through.

4                   And then following that or along the same  
5 time, we expect to have a broader syndication of the  
6 financing, what we would call the retail portion of  
7 the financing. And that -- following that we would  
8 look to obviously close the transaction, which as I  
9 mentioned, our hope is to be able to do that sometime  
10 late second quarter, if not early third. With that  
11 let me take it back to Anthony.

12                   CHAIRMAN HATCHES: Thank you.

13                   MR. SANFILIPPO: Thank you, Ginny and  
14 Carlos. And thank you for allowing us to come in and  
15 talk about this transaction. I know I've said it.  
16 I'll say it again. Missouri's very important to us,  
17 and in this process you are all very important to us.  
18 The staff has been very engaged to a person, and we  
19 greatly appreciate that.

20                   Let me just go through a couple key  
21 takeaways. With the Ameristar properties, we'll be  
22 stronger from a financial standpoint. We truly have  
23 complimentary assets. We'll be better positioned to  
24 grow the gaming market here in Missouri. And Ginny  
25 took you through how we market, how we think about

0112

1 marketing. We're very proud of our loyalty program,  
2 but I'll go back to what I said earlier. If we don't  
3 take great care of our guests, that's -- that's  
4 hollow. And we take great care of our guests, and  
5 that's a reason that we have been as successful as we  
6 are. We are committed to being very good citizens,  
7 not only in the local communities, but in the state.

8                   And this is important. This is a -- this  
9 transaction puts us on a different level. And as  
10 Carlos pointed out, our ability -- we'll be stronger  
11 financially. I think if you looked at our properties  
12 today -- if you looked at the Ameristar properties,  
13 there's been reinvestment back in the properties. We  
14 have kept our properties through room refurbishment or  
15 through redesign of restaurants, carpet replacement,  
16 whatever it might be. We take great pride in our  
17 properties, and we are actually very prudent managers  
18 of our business, so we are very disciplined when it  
19 comes to making sure that we're financially  
20 conservative enough that we can reinvest back in our  
21 properties and back into our team members. We're  
22 proud of what people say about working at Pinnacle  
23 Entertainment. It is a company that we truly believe  
24 is the best gaming company in the world. That's our  
25 mission statement. We're the best casino

0113

1 entertainment company in the world, and we work to try  
2 to live up to that every day.

3 We look forward to receiving your written  
4 questions, and we would welcome any other opportunity  
5 to be before you. Thank you very much for allowing us  
6 to be here.

7 CHAIRMAN HATCHES: Thank you so much.  
8 Wonderful presentation. Really appreciate that. I  
9 know for me in my time on this commission, this has  
10 been one of the hardest meetings I've had to work  
11 through cause I couldn't ask any questions. That's  
12 probably best too. But we really appreciate the  
13 information. You all did a wonderful job in  
14 presenting it. Easy to keep up with. And I look  
15 forward to continuing discussions around this item,  
16 certainly to rely on staff to continue to do what  
17 they're doing, provide the information that we need  
18 to. But as we said before, we'll submit our questions  
19 to you, and Roger will get back with you.

20 MR. SANFILIPPO: Thank you very much.

21 CHAIRMAN HATCHES: Thank you so much.

22 MR. STOTTLEMYRE: Mr. Chairman, the next  
23 item on the agenda would be to go into closed.

24 CHAIRMAN HATCHES: Do we have to? Do we  
25 have to get a motion on that?

0114

1 MR. STOTTLEMYRE: Sorry.

2 CHAIRMAN HATCHES: The chairman will  
3 entertain a motion to go into closed.

4 COMMISSIONER HOWARD: We do have to. I'll  
5 move to go into closed session under Sections 313.847,  
6 Investigatory, Proprietary, and Application Records;  
7 and Section 610.021, Subsection 1, Legal Actions, and  
8 Subsection 14, Records Protected from Disclosure by  
9 Law.

10 COMMISSIONER BRADLEY: Second.

11 CHAIRMAN HATCHES: Any discussion on  
12 whether or not we should go into closed? Just try.  
13 Angie, call the roll, please.

14 MS. FRANKS: Commissioner Howard.

15 COMMISSIONER HOWARD: Approve.

16 MS. FRANKS: Commissioner Jones.

17 COMMISSIONER JONES: Approve.

18 MS. FRANKS: Commissioner Bradley.

19 COMMISSIONER BRADLEY: Approve.

20 MS. FRANKS: Chairman Hatches.

21 CHAIRMAN HATCHES: Approve.

22 (Proceedings concluded at 12:39 p.m.)

23

24

25

0115

1

CERTIFICATE OF REPORTER

2

3

I, Melissa Bennett, do hereby certify that

4

the meeting aforementioned was held on the time and in

5

the place previously described.

6

7

8

9

10

11

12

13

14

15

16

---

17

Melissa Bennett

18

19

20

21

22

23

24

25

**MISSOURI GAMING COMMISSION**  
**Second Open Session Minutes**  
**March 27, 2013**

The Missouri Gaming Commission (the “Commission”) went back into open session at approximately 1:12 p.m. on March 27, 2013, at the Missouri Gaming Commission’s Jefferson City office.

A discussion was held concerning the information that went into the drafting of the monthly memorandum relative to revenue and taxes and concerning the discipline review board taking into account prior and repeat violations in making its recommendations for fines to the Commission.

The Executive Director also informed the Commission of the reassignment of Rachel Farr to the position of Auditor I. No motion, vote or action was taken.

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

The open session ended at 1:56 p.m.