

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-14-445
Harrah's North Kansas City, LLC)

PRELIMINARY ORDER FOR DISCIPLINARY ACTION

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

1. The Missouri Gaming Commission (the "Commission" or "MGC") is a state commission created under Chapter 313, RSMo 2000,¹ with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri.
2. The Commission issued Caesar's Entertainment Corporation a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. Caesar's Entertainment Corporation is the parent organization or controlling entity of the Harrah's North Kansas City, LLC (the "Company").
4. The Commission issued a Class B riverboat gambling license to the Company to conduct games on and operate the excursion gambling boat known as *Harrah's North Kansas City* (the "Casino").
5. As the holder of a Class B license, the Company is subject to the provisions of §§ 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS²

6. The Casino's Facilities Manager William Bargman ("Bargman") had septic tank work performed at his home by Cogent Companies, Inc. ("Cogent"). Bargman received an invoice for \$2,621.35 for Cogent's work.
7. Bargman contacted Arthur Lindberg at Cogent and asked him to change the invoice to bill the cost to the Casino. Pursuant to Bargman's request, Cogent sent an invoice, dated February 3, 2014, to the Casino. Bargman approved the invoice for payment by the Casino on February 28, 2014.
8. None of the work that Bargman approved payment for by the Casino in the amount of \$2,621.35 on February 28, 2014, was done at or for the Casino.

¹ All statutory references are to RSMo 2000, unless otherwise specified.

² 20140325005

9. On March 3, 2014, the Casino's Internal Audit Manager Daniel G. Buchholz ("Buchholz") became aware of Bargman's actions and initiated an internal investigation of the matter by contacting Cogent.
10. Buchholz notified the Casino's Human Resources Manager Jennifer Jennings and its General Manager, Thomas Cook, on March 13, 2014.
11. At no time during or following his investigation did Buchholz notify any Commission agents of Bargman's actions relating to the Casino's payment of Cogent's work at Bargman's home
12. On March 18, 2014, the Casino notified MGC that Bargman had a fraudulent invoice submitted to it for work done at Bargman's residence.
13. The Casino conducted an investigation of the incident by contacting witnesses, gathering documents, and interviewing the suspect prior to notifying the MGC 16 days after becoming aware of the incident.

LAW

14. Under § 313.805(6), RSMo, the Commission may assess any appropriate administrative penalty against a licensee, including, but not limited to, suspension, revocation, or penalties in an amount determined by the Commission.
15. Section 313.812.14, RSMo, states, in pertinent part, as follows:

A holder of any license shall be subject to imposition of penalties, suspension or revocation of such license, or if the person is an applicant for licensure, the denial of the application, for any act or failure to act by himself or his agents or employees, that is injurious to the public health, safety, morals, good order and general welfare of the people of the state of Missouri, or that would discredit or tend to discredit the Missouri gaming industry or the state of Missouri unless the licensee proves by clear and convincing evidence that it is not guilty of such action. The commission shall take appropriate action against any licensee who violates the law or the rules and regulations of the commission. Without limiting other provisions of this subsection, the following acts or omissions may be grounds for such discipline.

- (1) Failing to comply with or make provision for compliance with sections 313.800 to 313.850, the rules and regulations of the commission or any federal, state or local law or regulations;
 - (2) Failing to comply with any rule, order or ruling of the commission or its agents pertaining to gaming[.]
16. Section 570.030.1, RSMo, states that "A person commits the crime of stealing if he or she appropriates property or services of another with the purpose to deprive him or her thereof, either without his or her consent or by means of deceit or coercion."

17. Title 11 CSR 45-5.053 states, in pertinent part, as follows:

(2) It is the policy of the commission to require that all riverboats and gaming conducted on riverboats be operated in a manner suitable to protect the public health, safety, morals, good order and general welfare of Missouri. Responsibility for the employment and maintenance of suitable methods of operation rests with the holder of a operator's license and willful or persistent use or toleration of methods of operation deemed unsuitable will constitute grounds for disciplinary action, up to and including license revocation.

(3) The holder of a Class A license is expressly prohibited from the following activities:

* * *

(M) Failing to report to the commission known or suspected violations of commission rules and applicable law.

18. Title 11 CSR 45-10.030 states, in pertinent part, as follows:

(1) Licensees shall promptly report to the commission any facts which the licensee has reasonable grounds to believe indicate a violation of law (other than minor traffic violations), minimum internal control standard requirements or commission rule committed by licensees, their employees or others, including, without limitation, the performance of licensed activities different from those permitted under their license.

* * *

(3) In the event that a licensee or employees of the licensee knows or should have known that an illegal or violent act has been committed on or about the licensed premises, they shall immediately report the occurrence to law enforcement authorities and shall cooperate with law enforcement authorities and agents of the commission during the course of any investigation into an occurrence.

* * *

(7) All occupational licensees shall have a working knowledge of Chapter 313.800, RSMo et seq., *Code of State Regulations*, Title 11 Division 45, and the internal controls of the Class A or B licensees for whom they are currently employed by as they pertain to the responsibilities and limitations of their job.

VIOLATIONS

- 19. The acts or omissions of employees or agents of the Casino, as described above, constitute a failure of the Casino to promptly report unlawful acts or incidents to the MGC, thereby violating 11 CSR 45-5.053(2) and (3), 11 CSR 45-10.030(1), (3), and (7).
- 20. The Company is therefore subject to discipline for such violations pursuant to §§ 313.805(6) and 313.812.14 (1) and (2), RSMo.

PENALTY PROPOSED

- 21. Under § 313.805(6), RSMo, the Commission has the power to assess any appropriate administrative penalty against the Company as the holder of a Class B license.
- 22. THEREFORE, it is proposed that the Commission fine Harrah’s North Kansas City, LLC, the amount of \$15,000 for the violations set forth herein.

Darryl T. Jones
Vice-Chairman
Missouri Gaming Commission

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he caused a true and correct copy of the foregoing to be mailed, postage prepaid, this ____ day of December, 2014, to:

Thomas Cook
Harrah’s North Kansas City
One Riverboat Drive
Kansas City, MO 64116

Darryl T. Jones
Vice-Chairman
Missouri Gaming Commission