

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-14-143
Casino One Corporation)

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, with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri.
2. The Commission issued Pinnacle Entertainment, Inc., a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. Pinnacle Entertainment, Inc., is the parent organization or controlling entity of Casino One Corporation.
4. The Commission issued a Class B riverboat gambling license to Casino One Corporation ("Company"), to conduct games on and operate the excursion gambling boat known as Lumiere Place Casino ("Casino").
5. As the holder of a Class B license, the Company is subject to the provisions of Sections 313.800 to 313.850, RSMo 2000, and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS¹

6. On June 9, 2013, Trooper Jason S. Albers ("Tpr. Albers"), assigned to the Gaming Division, initiated a regulatory investigation at Lumiere Place Casino, St. Louis, Missouri, when it was discovered that a drop box had not been removed from the table game during the morning scheduled drop.
7. Tpr. Albers was contacted, by Count Room Supervisor Andrea McGee, asking permission for an emergency drop of Blackjack Table 108. When Tpr. Albers asked for the reason for the drop, McGee stated, "They forgot to drop this morning during the drop."

¹ 20130613011

8. Tpr. Albers contacted Surveillance Operator Charles Cappello and asked him to compile surveillance footage of the morning drop. Tpr. Albers reviewed the footage and determined that at 5:58 a.m., Count Room Team Member Rasheed Estes entered Pit 1. Estes proceeded to drop the tables in Pit 1. Estes removed the drop box from every table in Pit 1 except Blackjack Table 108.
9. Estes had previously been issued two prior Compliance Directives and 12 Notices of Investigation.

LAW

10. Section 313.805, RSMo, states, in pertinent part, as follows:

The commission shall have full jurisdiction over and shall supervise all gambling operations governed by sections 313.800 to 313.850. The commission shall have the following powers and shall promulgate rules and regulations to implement sections 313.800 to 313.850.

* * *

- (6) To assess any appropriate administrative penalty against a licensee, including, but not limited to, suspension, revocation, and penalties of an amount as determined by the commission up to three times the highest daily amount of gross receipts derived from wagering on the gambling games, whether unauthorized or authorized, conducted during the previous twelve months as well as confiscation and forfeiture of all gambling game equipment used in the conduct of unauthorized gambling games. Forfeitures pursuant to this section shall be enforced as provided in sections 513.600 to 513.645.

11. 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;
12. Under 11 CSR 45-9.060(3), violations of the minimum internal control standards (“MICS”) “by a Class A licensee or an agent or employee of a Class A licensee are deemed to be unsuitable conduct for which the Class A licensee and/or its agent or employee is subject to administrative penalty pursuant to section 313.805(6), RSMo and 11 CSR 45-1 et seq., as amended from time to time. Any agent or employee of a Class A licensee that is involved in a violation of the minimum internal control standards may be subject to fine, discipline or license revocation.”
13. Under 11 CSR 45-9.060(4), violations of the Class A licensee’s internal control system (“ICS”) “by the Class A licensee or an agent or employee of the Class A licensee shall be prima facie evidence of unsuitable conduct for which the Class A licensee and/or its agents or employees may be subject to discipline pursuant to Section 313.806(6), RSMo, and 11 CSR 45-1 et seq., as amended from time to time.”
14. Title 11 CSR 45-8.090(1) requires each licensee to “report to the commission the time(s) when drop boxes and slot drop buckets will be removed and the contents counted. All drop boxes and slot drop buckets must be removed and counted at the time(s) previously designated to the commission. Removal and counting of the contents at other than the designated time(s) is prohibited unless the license provides advance written notice to the commission of a change in time(s) or the commission requires a change of authorized time.”
15. The MICS Chapter G, § 8.01 states, as follows:

The Class A Licensee shall submit the current drop schedule to the MGC Jefferson City office and the MGC Boat Supervisor showing the times and days when the drop devices will be removed from the gaming tables and EGDs. (11 CSR 45-8.090) (A) At a minimum, the gaming table drop devices shall be dropped at the end of each gaming day. (B) A Class A licensee that has more than 70% of Ticket In/Ticket Out (TITO) machines that do not accept token may conduct hard drops of TITO EGDs once every two weeks at the end of Tuesday’s gaming day provided: (1) taxes are estimated and deposited daily, and (2) Accounting develops and implements a procedure by which abnormal spikes in daily coin to drop by individual electronic gaming devices will be identified, investigated and documented. Abnormal spikes are an increase in coin to drop of 200% or more when compared to the quarterly average coin to drop for the same day of the week for that machine.

16. The ICS Chapter G, § 8.01 states, as follows:

Lumiere Place shall submit the current drop schedule to the MGC Jefferson City office and the MGC Boat Supervisor showing the times and day when the drop devices will be removed from the gaming tables and EGs. (11 CSR 45-8.00) (A) At a minimum the gaming table drop devices shall be dropped at the

end of each gaming day. BVs are dropped as indicated on the approval drop schedule provided to the MGC; and, Lumiere Place EGDs are 100% TITO; therefore hard count drops do not occur and MICS G-8301(B) is not applicable.

VIOLATIONS

17. The actions or omissions of employees or agents of the Company as described above constitutes a failure of a count room team member to drop the hot box from a Blackjack Table, and the Company's failure to properly train and supervise the employee which is a violation of section 11 CSR 45-45-8.090(1), the Commission's MICS Chapter G, § 8.01, and the Company's ICS Chapter G, § 8.01. The Company is therefore subject to discipline for such violations under sections 313.805(6) and 313.812.14(1) and (2), RSMo, and 11 CSR 45-9.060(3) and (4).

PENALTY PROPOSED

18. Under Section 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.
19. THEREFORE, it is proposed that the Commission fine Casino One Corporation the amount of \$2,500 for the violations set forth herein.

Dr. Barrett Hatches
Chairman
Missouri Gaming Commission

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he caused a true and correct copy of the foregoing to be mailed, postage prepaid, this 1st day of May, 2014, to:

Jeff Babinski, General Manager
Lumiere Place Casino
999 North Second
St. Louis, MO 63102

Dr. Barrett Hatches
Chairman
Missouri Gaming Commission