

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-14-342
St. Louis Gaming Ventures, 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 Penn National Gaming, Inc., a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. Penn National Gaming, Inc., is the parent organization or controlling entity of St. Louis Gaming Ventures, 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 Hollywood Casino St. Louis (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. At all relevant times as alleged herein, Electronic Gaming Device (EGD) Specialist Jared Looser ("Looser") was an employee of the MGC.
7. On September 17, 2013, the Casino's Information Technology (IT) Department personnel informed Looser of a system misconfiguration which resulted in information requested by Looser for a separate investigation of one of the Casino's EGDs being unavailable.
8. That misconfiguration resulted in backup information being held in a buffer by the Casino's system to be overwritten on a daily basis. As a result, only 10 days of available backup information for any given month was being maintained between October 2012 and September 2013.

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

² 20131002006

9. The misconfiguration described above resulted in the loss of detailed slot transactions including information on EGD transactions related to player card in, ticket in, employee card in, and information from OASIS programs “Diagnostic Monitor” and “Surveillance Monitor,” which contained information such as real-time alerts on EGDs.

LAW

10. 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.

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. Title 11 CSR 45-9.060 states, in pertinent part, as follows:

- (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.
- (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 313.805(6), RSMo, and 11 CSR 45-1 et seq.

13. Title 11 CSR 45-5.220 states, in pertinent part, as follows:

- (1) The holder of a Class A license must have a computer connected to all electronic gaming devices in the riverboat to record and monitor the activities of these devices. Unless otherwise approved by the commission, electronic gaming devices shall be operated on-line and in communications with a computer monitoring system approved by the commission. This computer monitoring system shall provide on-line, real-time monitoring and data acquisition capability in the format and media approved by the commission.
- (2) The computer permitted by section (1) of this rule shall be designed and operated to automatically perform and report functions relating to electronic gaming device meters, and other exceptional functions and reports in the riverboat as follows:
 - (A) Record the number and total value of tokens placed in the electronic gaming device for the purpose of activating play;
 - (B) Record the number and total value of tokens deposited in the drop bucket of the electronic gaming device;
 - (C) Record the number and total value of tokens automatically paid by the electronic gaming device as the result of a jackpot;
 - (D) Record the number and total value of tokens to be paid manually as the result of a jackpot;
 - (E) Have an on-line computer alert and alarm monitoring capability to insure direct scrutiny of any device malfunction, tampering, or any open door to the electronic gaming device or drop area. In addition, any person opening the electronic gaming device or drop area shall make an entry to that effect in the machine entry authorization log and the entry shall include the time, date, machine identity and reason for entry;
 - (F) Be capable of logging in and reporting any revenue transactions not directly monitored by token meter, such as tokens placed in the electronic gaming device as a result of a fill and any tokens removed from the electronic gaming device in the form of a credit;
 - (G) Identify any electronic gaming device taken off-line or placed on-line with the computer monitoring system, including the date, time and electronic gaming device identification number; and
 - (H) Not be connected to or accessible by any other computer, device or telecommunications link and possess adequate safeguards to prevent any such access, unless access has specifically been authorized by the

commission under conditions that have been specified in the Class A and B licensee's system of internal controls and approved by the commission.

(3) The holder of an operator's license shall store, in machine-readable format, all information required by section (2) of this rule for the period of one (1) year. The holder of an operator's license shall store all information in a secure area and certify that this information is complete and unaltered. This information shall be available in the format and media approved by the commission.

14. Both the MICS and the Casino's ICS, Chapter S § 8.04, require the Casino to "test data redundancy procedures to ensure data is retrievable at least monthly." It also requires documentation of the test to be retained.

15. MICS, Chapter S § 8.05, states as follows:

The backup processes and procedures implemented for restoring data and application files shall be available upon request. The job position of the employee responsible for the backup shall be included in the Internal Control System.

16. The Casino's ICS, Chapter S § 8.05, states as follows:

The backup processes and procedures implemented for restoring data and application files shall be available upon request. The IT Technician or Systems Administrator are responsible for the backup.

VIOLATIONS

17. The acts or omissions of employees or agents of the Company, as described above, constitute a failure of the Company to properly and adequately maintain detailed slot information for the Casino's EGDs, thereby violating 11 CSR 45-5.220, MICS, Chapter S §§ 8.04 and 8.05, and the Casino's ICS, Chapter S §§ 8.04 and 8.05.

18. The Company is therefore subject to discipline for such violations pursuant to §§ 313.805(6) and 313.812.14 (1) and (2), RSMo, and 11 CSR 45-9.060(3) and (4).

PENALTY PROPOSED

19. 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.

20. THEREFORE, it is proposed that the Commission fine St. Louis Gaming Ventures, LLC, the amount of \$5,000 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 18th day of September, 2014, to:

Todd George
Hollywood Casino St. Louis
777 Casino Center Drive
Maryland Heights, MO 63043

Darryl T. Jones
Vice-Chairman
Missouri Gaming Commission