

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-15-086
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 MGC conducted an audit for the period of September 1, 2012 through December 31, 2013. MGC Audit Reports 14-07 and 14-08 were issued to the Casino on April 11, 2014.
7. The MGC completed a follow-up audit beginning during July and August 2014 to determine if the audit findings from MGC Audit Reports 14-07 and 14-08, both dated April 11, 2014, had been corrected and found that the following findings had not been implemented.
8. The original audit observed 10 table game dealers on two gaming days and found that one dealer failed to clear her hands in view of surveillance and all persons in the immediate area when going to and from her body on multiple occasions, an error rate of 10 %.

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

² 20141223007

- a. During the follow-up to that finding, auditors observed five table game dealers on two separate dates and noted that out of 20 occasions, the dealers only cleared their hands 11 times.
 - b. This resulted in an error rate of 45 %.
9. The original audit found that over the course of four days, nine of the 10 poker dealers failed to clear their hands in 26 of the 41 instances observed, a 63.4 % error rate.
- a. Poker dealers were observed again on July 29, 2014, in order to follow up on the original audit finding. On that date, auditors found that all four of the poker dealers failed to clear their hands in 14 out of 25 instances.
 - b. This resulted in a 56 % error rate.
10. The original audit found that on two occasions, Casino Operations Supervisors assigned to the Casino Operations Assistant Manager user group did not log-out of the SDS system, making their accounts available for use by others
- a. During the follow-up to this finding, auditors noted that Casino Operations Supervisors assigned to the Casino Operations Supervisor user group were still not logging out of the SDS system at the end of their shift.
 - b. This failure to log out continued to leave their account available for use by others.

LAW

11. 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.
12. 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[.]

13. 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.

14. The MICS, Chapter D, § 18.01, and the Casino’s ICS, Chapter I, § 18.01 both require the following:

All dealers and boxpersons shall clear their hands in view of all persons in the immediate area and Surveillance before and after going to their body and when entering and exiting the game. Clearing of hands means holding and placing both hands out in front of the body with the fingers of both hands spread and rotating the hands to expose both the palms and the backs of the hands to demonstrate that the hands are empty.

15. The MICS, Chapter F, § 13.01, and the Casino’s ICS, Chapter F, § 13.01, both require the following:

All Poker Dealers shall clear their hands in view of all persons in the immediate area and Surveillance before and after going to their body and when entering and exiting the game. Clearing of hands means holding and placing both hands out in front of the body with the fingers of both hands spread and rotating the hands to expose both the palms and the backs of the hands to demonstrate that the hands are empty.

16. The MICS, Chapter S, § 5.01, and the Casino’s ICS, Chapter S, § 5.01 both state as follows:

Each user account shall be assigned to an individual and shall not be made available to or used by any other individual. The individual assigned to the user account will be held responsible for all activities performed under that individual’s user account.

VIOLATIONS

- 17. The acts or omissions of employees or agents of the Company, as described above, constitute a failure of the Company to correct three significant audit findings, thereby violating MICS, Chapter D, § 18.01, Chapter F, § 13.01, and Chapter S, § 5.01, and the Casino’s ICS, Chapter Chapter D, § 18.01, Chapter F, § 13.01, and Chapter S, § 5.01.
- 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 Harrah’s North Kansas City, LLC, the amount of \$10,000 for the violations set forth herein.

Leland M. Shurin
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 _____, 2015, to:

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

Leland M. Shurin
Chairman
Missouri Gaming Commission