

IN THE MISSOURI GAMING COMMISSION

In Re:)
IOC – Boonville, Inc.) DC 15-134

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 Isle of Capri Casinos, Inc., a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. Isle of Capri Casinos, Inc., is the parent organization or controlling entity of the IOC – Boonville, Inc. (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 *Isle of Capri, Boonville* (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 completed a compliance audit for the period of June 1, 2013 through August 31, 2014 and issued MGC Audit Report 14-33 to the Casino on December 16, 2014.
7. During that audit, the following exceptions were noted which had been previously noted in MGC Audit Reports 13-12 and 13-13, issued to the Casino on August 23, 2013, for the period of March 1, 2012 through May 31, 2013:
 - a. Licensees failed to count down playing cards at the gaming table where they were used when removing them from play.
 - i. The previous audit report, Report 13-13, found one instance when the playing cards were removed from play and not counted down at the table from which they were removed; and

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

² 20141119003

- ii. The current audit, Report 14-33, found that two decks of cards removed from Table DD-02 were counted down at the pit podium instead of at the table where the cards were used.
- b. Slot personnel failed to conduct proper searches to ensure patrons receiving a jackpot payout were not on the List of Disassociated Persons (DAP List).
- i. The previous audit report, Report 13-12, found that on at least six occasions, employees failed to conduct the proper searches to ensure a patron was not a DAP or an Excluded Person when cashing checks, conducting credit card transactions, or paying taxable jackpots; and
 - ii. The current audit, Report 14-33, found that on at least two occasions slot personnel failed to conduct proper searches to ensure patrons receiving jackpot payouts were not DAPs.

LAW

8. 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.

9. 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[.]

10. 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.

11. The MICS, Chapter D, § 11.12, requires “all decks being removed from play [to] be counted down at the table to ensure that no cards are missing.”
12. The Casino’s ICS, Chapter D, § 11.12, also requires “all decks being removed from play [to] be counted down at the table to ensure that no cards are missing,” but adds that if a shuffler is available, “the shuffler will be used to ensure the proper number of cards is present.”
13. The MICS, Chapter Q, § 2.02, and the Casino’s ICS, Chapter Q, § 2.02, state, in pertinent part, as follows:

Prior to performing any of the following transactions with a patron the Class B Licensee shall require the patron to present valid, non-expired government-issued photo identification. The licensee shall perform two searches of the name listed on the identification in the downloaded DAP list, the player tracking system (if capable), or the MGC Web DAP List to determine whether the patron is a DAP. One search shall include a search of the first name and date of birth. The second search shall be by last name and date of birth. In the event a W-2G is prepared, the Class B Licensee will further verify the name listed on the identification is consistent with the name of the patron recorded on the W-2G. The Class B Licensee shall not perform the following transactions with a DAP:

* * *

(G) Payment of any taxable jackpots[.]³

VIOLATIONS

14. The acts or omissions of employees or agents of the Company, as described above, constitute a failure of the Company to correct two significant audit findings, thereby violating MICS, Chapter D, § 11.12, and Chapter Q, § 2.02, and the Casino’s ICS, Chapter D, § 11.12, and Chapter Q, § 2.02.

³ When the Gaming Report was filed in November 2014, MICS Chapter Q, §2.02 listed payment of taxable jackpots as subparagraph (G). On the date Audit Report 14-33 was issued, MICS Chapter Q, §2.02 listed payment of taxable jackpots as subparagraph (E). On either date, the introductory language of MICS Chapter Q, §2.02 is identical.

15. 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

16. 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.

17. THEREFORE, it is proposed that the Commission fine IOC – Boonville, Inc., the amount of \$5,000 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:

Lyle Randolph
IOC-Cape Girardeau LLC
777 N. Main
Cape Girardeau, MO 63701

Leland M. Shurin
Chairman
Missouri Gaming Commission