

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-16-212
Ameristar Casino Kansas City, Inc.)

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 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 Ameristar Casino Kansas City, 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 the *Ameristar Casino 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 completed a compliance audit for the period of January 1, 2014 through July 31, 2015 and issued MGC Audit Reports 15-18 and 15-19 to the Casino on November 13, 2015.
7. A follow-up was conducted beginning on March 29, 2016, by MGC auditors to determine if the audit findings from those audit reports had been corrected.
8. The follow-up audit found that the following three significant findings had not been implemented:
 - a. Audit Report 15-19, finding A-6, revealed that on 14 of 30 days in which the Card and Dice Collection Logs and the daily card inspection logs were reviewed, not all cards handled by players were inspected and that on one day, the inspection log showed more

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

² 20160503015

cards being inspected for one game type than were actually collected for that game type, resulting in a 46.6 % error rate.

- i. The Management Response indicated that the proper procedures for documenting items on those logs were communicated to team members via a “read and sign” memo.
 - ii. The auditors followed up on finding A-6 and found that on six of 14 days in March 2016, not all cards handled by players were inspected, or it could not be determined if all cards were inspected, resulting in a 42.8 % error rate.
- b. Audit Report 15-19, finding G-1, found that upon review of the July 7, 2015, OneLink User Groups report and an Oasis Position Rights Listing, 45 employees in six different positions had system access inconsistent with their job descriptions approved in the Casino’s Internal Control System (“ICS”).
- i. The Management Response stated that the Casino’s Director of IT made changes to the permissions so that those team members would no longer have that access, and that the Casino would follow-up on the issue by November 30, 2015.
 - ii. When following up on finding G-1 on April 8, 2016, auditors found that the incorrect OneLink access had been corrected but not the Oasis access.
- c. Audit Report 15-18 finding B-11, dealing with a review of Counter Check Issue Slips between February 28 and March 10, 2015, revealed that Cage Supervisors signed as the acceptor for 11 of 14 counter checks issued at the Cage, instead of the frontline window or Main cashiers, resulting in a 78.5 % error rate. In addition, surveillance review from April 2, 3, and 6, 2016, revealed that Cage Supervisors prepared the counter checks and paid the patrons using funds from the Main Bank without presenting documentation to the Main Cashier.
- i. The Management Response indicated that an e-mail was sent to Cage team members reminding them of the proper procedure, and that the Casino would follow-up on the issue by November 30, 2015.
 - ii. The auditors followed up on finding B-11 and noted three instances in March 2016, where counter checks were issued by the Cage Supervisor who failed to present the Counter Check Issue Slip to the Main Cashier when retrieving funds from the Main Bank, and where the Main Cashier signed the Counter Check Issue Slip after the transaction, but not always immediately after the Counter Check Issue Slip was presented to them.

LAW

9. 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.

10. 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[.]

11. 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.

12. Title 11 CSR 45-5.184(16)(A) states as follows:

- (16) When the envelopes or containers of used cards and reserve cards with broken seals are returned to the security department, they shall be inspected within forty-eight (48) hours by a member of the security department who has been trained in proper card inspection procedures. The cards will be inspected for tampering, marks, alterations, missing or additional cards, or anything that might indicate unfair play.

(A) With the exception of cards which are changed upon the completion of each shoe and dealt only once, all cards used in table games in which the cards are handled by the player shall be inspected. Cards that are changed upon completion of each shoe and are dealt only once shall be recorded separately on the Card Inspection Log and are not required to be inspected.

13. The MICS, Chapter H, § 21.03 states that “Credit issued from the cage shall be conducted only by a front line window cashier or by the cashier responsible for credit instrument accountability.”
14. The Casino’s ICS, Chapter H, § 21.03 specifically states, “Credit issued from the cage shall be conducted only by a front line window cashier or the main bank cashier.”
15. The MICS and the Casino’s ICS, Chapter R, § 7.01(NNN)(8) require the signature of dealer or cashier “accepting the counter check (issue slip only)” to be on the Counter Check.
16. The MICS and the Casino’s ICS, Chapter S, § 5.02 each have the following requirements:

A system administrator shall establish all user accounts. Each account shall only provide access consistent with the employee’s current job responsibilities as delineated in the employee’s job description. The access shall maintain a proper segregation of duties and restrict unauthorized users from viewing, changing or deleting critical files and directories. The user accounts established for MIS personnel must be reviewed and approved by the MIS Manager.³ The approval must be documented.

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 11 CSR 45-5.184(16)(A), the MICS and the Casino’s ICS, Chapter H, § 21.03, Chapter R, § 7.01(NNN)(8), and Chapter S, § 5.02.
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.

³ The “MIS” personnel and “MIS” Manager at the Casino are referred to as “IT” in the Casino’s ICS. Otherwise, the MICS and ICS have identical language. The MIS Manager at the Casino is designated as the “Director of IT.”

20. THEREFORE, it is proposed that the Commission fine Ameristar Casino Kansas City, Inc., the amount of \$5,000 for the violations set forth herein.

Herbert M. Kohn
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, 2016, to:

Keith Henson
Ameristar Casino Kansas City
P.O. Box 33480
Kansas City, MO 64120-3480

Herbert M. Kohn
Chairman
Missouri Gaming Commission