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BEFORE THE MISSOURI GAMING COMMISSION

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STATE OF MISSOURI

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7

Meeting

8

January 13, 2016

9

10:00 a.m.

10

Central Office

11

3417 Knipp Drive

12

Jefferson City, Missouri

13

14 COMMISSIONERS PRESENT:

15

Larry D. Hale, Vice Chairman

16

Thomas Neer

17

Richard F. Lombardo

18

19

20 REPORTED BY:

21

Patricia A. Stewart, CCR 401

22

Midwest Litigation Services

23

3432 West Truman Boulevard, Suite 207

24

Jefferson City, Missouri 65109

25

573-636-7551

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1 (Start time: 10:00 a.m.)

2 P R O C E E D I N G S

3 COMMISSIONER HALE: Good morning, ladies and  
4 gentlemen, and welcome to the January 2016 meeting of  
5 the Gaming Commission.

6 I'd like to call this meeting of the Gaming  
7 Commission to order.

8 Angie, would you please call the roll.

9 MS. FRANKS: Commissioner Lombardo.

10 COMMISSIONER LOMBARDO: Present.

11 MS. FRANKS: Commissioner Neer.

12 COMMISSIONER NEER: Present.

13 MS. FRANKS: Commissioner Hale.

14 COMMISSIONER HALE: Present.

15 MS. FRANKS: Commissioner Jamison.

16 (No response.)

17 MS. FRANKS: Chairman Kohn.

18 (No response.)

19 COMMISSIONER HALE: Having a quorum, I will  
20 call this meeting together as a Commissioner of the  
21 Gaming Commission, and the first item of business would  
22 be that I would entertain and certainly the Commission  
23 would entertain a motion for the election of a  
24 Vice Chairman Pro Tem for the purposes of this meeting.

25 COMMISSIONER LOMBARDO: I move that Larry

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1 Hale be appointed or elected Vice Chairman for the  
2 purpose of this meeting given that Commissioner Jamison  
3 and Chairman Kohn are not here today.

4 COMMISSIONER NEER: Second.

5 COMMISSIONER HALE: Having a motion and a  
6 second, Angie, would you please call the roll for a  
7 vote.

8 MS. FRANKS: Commissioner Lombardo.

9 COMMISSIONER LOMBARDO: Approve.

10 MS. FRANKS: Commissioner Neer.

11 COMMISSIONER NEER: Approve.

12 MS. FRANKS: Commissioner Hale.

13 COMMISSIONER HALE: Approve.

14 MS. FRANKS: By your vote you've elected  
15 Larry Hale as Vice Chairman Pro Tem for the January 13,  
16 2016 meeting.

17 VICE CHAIRMAN HALE: All right. Thank you,  
18 ma'am.

19 Deputy Director McGrail, I understand that  
20 there are a couple of employees that you'd like to  
21 recognize at this time.

22 DEPUTY DIRECTOR MCGRAIL: Yes.

23 So I'll ask Danielle Rikard and Faith  
24 Anderson, would you come forward, please.

25 Last year in the summer we started a couple

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1 of initiatives. We wanted to recognize the good work  
2 that the MGC employees do. We know that every day they  
3 come to work and they do an excellent job, but we wanted  
4 to have something special, so we started one.

5 The first initiative was having recognized an  
6 employee of the quarter. This would be where the -- as  
7 far as the employees, through either the supervisor or  
8 their peers, would nominate and then select an employee  
9 that they think went above and beyond and did some  
10 exemplary work for a period of the months ahead before  
11 then.

12 So this past quarter we ended up selecting  
13 Faith Anderson as the employee of the quarter.

14 Faith was honored for her hard work,  
15 dedication and a stellar series of events which raised  
16 over \$8,000 for our charitable campaign. Faith goes the  
17 extra mile to serve with a smile, and we congratulate  
18 her on that award.

19 She's already received it, but again, we  
20 wanted to recognize her at this point.

21 The other initiative we started was years of  
22 service. Even though this is a fairly young agency, we  
23 do have several employees that have been here for a  
24 considerable amount of time.

25 And so, Danielle, of course, she came right

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1 out of high school and started working for us, but we  
2 started recognizing especially those milestones of  
3 5 years, 10 years, 15 years and 20 years.

4 So we'd like to recognize Danielle for her  
5 15 years of service with the MGC. She started out as a  
6 Clerk Typist, worked her way up to an Account Clerk and  
7 then she's an Accountant II at this time.

8 So I'd like to present Danielle with her  
9 15 year recognition of service, dedicated service, to  
10 the Missouri Gaming Commission.

11 Danielle, congratulations on reaching this  
12 significant milestone in your career. Your effort and  
13 dedication play a tremendous part in our success, and we  
14 appreciate your commitment.

15 So again, on behalf of Executive Director  
16 Seibert and the rest of the MGC staff, we'd like to  
17 recognize you for your service.

18 Thank you.

19 (Applause.)

20 VICE CHAIRMAN HALE: Ladies, the  
21 Commissioners as well would like to thank you for your  
22 service and your tireless effort, as well as the  
23 Commission staff in general.

24 The first item of business is the approval of  
25 the minutes from the December 2nd, 2015 meeting. Is

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1 there a motion for approval of those minutes?

2 COMMISSIONER NEER: Motion to approve.

3 COMMISSIONER LOMBARDO: Second.

4 VICE CHAIRMAN HALE: All right. We have a  
5 motion and a second.

6 Angie, would you please call the roll.

7 MS. FRANKS: Commissioner Lombardo.

8 COMMISSIONER LOMBARDO: Approve.

9 MS. FRANKS: Commissioner Neer.

10 COMMISSIONER NEER: Approve.

11 MS. FRANKS: Vice Chairman Hale.

12 VICE CHAIRMAN HALE: Approve.

13 MS. FRANKS: By your vote you've adopted the  
14 minutes of the December 2nd, 2015 meeting.

15 DEPUTY DIRECTOR MCGRAIL: Mr. Vice Chairman,  
16 the first order of business will be the Consideration of  
17 Hearing Officer Recommendations, and Mr. Bryan Wolford  
18 will present.

19 MR. WOLFORD: Thank you, Mr. Vice Chair and  
20 Commissioners.

21 For your consideration, Resolution  
22 No. 16-001, the matter of Cuong Ho.

23 Mr. Ho on the 12th of September 2014 was  
24 employed by Harrah's North Kansas City as an executive  
25 casino host. He did hold a Level II occupational gaming

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1 license.

2           The events that resulted in this hearing took  
3 place, however, at the Ameristar Casino, not at  
4 Harrah's.

5           For a little background, Ameristar was  
6 running a program at that time called the MyCash/  
7 MyRewards program. And under normal conditions patrons  
8 would have swipe cards that they would use on the  
9 machine to gain points while they played at the casino,  
10 and these points, a portion of them could be redeemed  
11 for cash at kiosks positioned about the Ameristar  
12 Casino.

13           The policy was you would insert your card  
14 into these kiosks. It would show you what your points  
15 balance was. You could withdraw the amount in cash and  
16 then the balance would zero out. So you would basically  
17 redeem your points and then they would be gone at that  
18 point.

19           On the date of the incident, September 12,  
20 there was a malfunction with the kiosk system, whereby  
21 it was not debiting the total of the points accumulated.

22           So you could go with your card, stick it in a  
23 kiosk machine and request, say, \$25 out, and it would  
24 not deduct \$25 from your balance.

25           This was not intended by Ameristar, and this

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1 was a problem that went on for approximately two days  
2 before it was caught.

3 Mr. Ho was at Ameristar that evening gaming  
4 with another individual, who also happened to be a  
5 Level II licensee and worked with Ho at his casino, at  
6 Harrah's, named Richard Martin.

7 Martin had noticed this error in the machine  
8 and had proceeded to withdraw several hundred dollars  
9 from it when his rewards card balance was only \$39.

10 Mr. Martin then gave his card to Mr. Ho and  
11 showed him -- informed him of the glitch and showed him  
12 how to make the withdrawals.

13 Mr. Ho then proceeded to withdraw a total of  
14 \$256 from the kiosk machines using Mr. Martin's card.

15 At no time did Mr. Ho report this to the  
16 casino or to the Commission.

17 Now, under Missouri -- under the Code of  
18 State Regulations found in 11 CSR 45-10.030, a licensee  
19 has a duty to inform the Commission of any facts that  
20 they believe constitute a violation of law or a  
21 violation of regulation or a violation of the internal  
22 control standards of the casinos.

23 This doesn't just apply when they're on duty  
24 at their own casino. It's a duty that follows the  
25 licensee wherever they may go. They could be at another

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1 property and come to know the violation and they then  
2 have that duty to report. It also requires  
3 self-reporting.

4 In this case Mr. Ho failed to report this to  
5 anybody, and he did testify at hearing that he knew what  
6 he was doing at the time was wrong and that it was a  
7 big -- a big mistake was his express words on that.

8 Due to his failure to report the malfunction  
9 of the machine and also report Mr. Martin's violation in  
10 using this credit device to obtain funds that were not  
11 his to obtain, the casino lost a total of \$800 in assets  
12 from those two patrons alone. The total loss during the  
13 time period of the malfunction was about \$5,000.

14 Now, I would note, it was eventually a patron  
15 that brought this to the attention of Ameristar that the  
16 machine was malfunctioning. He put in his card,  
17 deducted some money, saw that it didn't clear, and he  
18 took the money to the casino staff and did the right  
19 thing.

20 Mr. Ho did not do the right thing and,  
21 therefore, it is the recommendation of the hearing  
22 officer that the revocation imposed is proper and  
23 appropriate discipline in this case.

24 VICE CHAIRMAN HALE: Thank you, sir.

25 Do any of the Commissioners have any

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1 questions of the hearing officer?

2 COMMISSIONER LOMBARDO: What became of  
3 Mr. Martin in his matter?

4 MR. WOLFORD: Mr. Martin also requested a  
5 hearing on the matter. His hearing has been completed,  
6 findings have been turned in, and I believe he will be  
7 scheduled for the February Commission meeting.

8 Mr. Martin had an attorney and had continued  
9 the first matter. So although his and Mr. Ho's  
10 violations occurred on the same date, his hearing was  
11 about a month or two later. That's why it will be  
12 presented at the next Commission meeting.

13 VICE CHAIRMAN HALE: Any other questions?

14 All right. Is Mr. Ho present?

15 Hearing no response, I assume Mr. Ho is not  
16 present.

17 At this time the Vice Chair would entertain a  
18 motion for the adoption of this resolution.

19 COMMISSIONER NEER: I make the motion to  
20 approve.

21 COMMISSIONER LOMBARDO: Second.

22 VICE CHAIRMAN HALE: Okay. With that motion  
23 and a second, I would ask Angie to call the roll.

24 MS. FRANKS: Commissioner Lombardo.

25 COMMISSIONER LOMBARDO: Approve.

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1 MS. FRANKS: Commissioner Neer.

2 COMMISSIONER NEER: Approve.

3 MS. FRANKS: Vice Chairman Hale.

4 VICE CHAIRMAN HALE: Approve.

5 MS. FRANKS: By your vote you've adopted

6 Resolution No. 16-001.

7 MR. WOLFORD: Mr. Vice Chair and

8 Commissioners, for your consideration Resolution

9 No. 16-002, the matter of Darryl Lardge.

10 Mr. Lardge was an applicant to receive a  
11 Level II occupational gaming license, and I will note  
12 that although duly notified of the time and place of his  
13 hearing, Mr. Lardge did not show and nobody on his  
14 behalf showed at the hearing.

15 On the 4th of May 2015 he made an application  
16 with the Commission for an occupational gaming license.  
17 In the application there is a section that asks have you  
18 ever been arrested, detained, charged, indicted,  
19 convicted or pled guilty or no contest to any charge,  
20 Federal, State, local, whatsoever.

21 Mr. Lardge on his application checked the no  
22 box that he had not, and there was another portion on  
23 that application where he again could confirm whether or  
24 not he had entered such a plea, and he also checked no.

25 Through our investigation process it was

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1 revealed that on March 31st, 1989 he had pled guilty to  
2 the charge of bad checks out of Dougherty County,  
3 Georgia, and due to his nondisclosure he was denied a  
4 gaming license. He did appeal.

5           Again, he didn't show up at the hearing, and  
6 the evidence presented against him leads the hearing  
7 officer to recommend that he did not prove his  
8 suitability to be licensed and would ask that the  
9 Commission approve the denial of his license.

10           VICE CHAIRMAN HALE: All right. Thank you,  
11 sir.

12           Do any of the Commissioners have any  
13 questions for the hearing officer?

14           Hearing none, is Mr. Lardge present?

15           Hearing no response, I assume that Mr. Lardge  
16 is not present.

17           At this time the Vice Chair would entertain a  
18 motion for the adoption of Resolution No. 16-002. Is  
19 there such a motion?

20           COMMISSIONER LOMBARDO: I move that the  
21 Commission adopt Resolution No. 16-002.

22           COMMISSIONER NEER: Second.

23           VICE CHAIRMAN HALE: Angie, having a motion  
24 and a second and hearing no further discussion, I would  
25 ask that you call the roll.

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1 MS. FRANKS: Commissioner Lombardo.

2 COMMISSIONER LOMBARDO: Approve.

3 MS. FRANKS: Commissioner Neer.

4 COMMISSIONER NEER: Approve.

5 MS. FRANKS: Vice Chairman Hale.

6 VICE CHAIRMAN HALE: Approve.

7 MS. FRANKS: By your vote you've adopted  
8 Resolution No. 16-002.

9 MR. WOLFORD: Thank you, Mr. Vice Chair.

10 Thank you, Commissioners.

11 VICE CHAIRMAN HALE: Thank you.

12 DEPUTY DIRECTOR MCGRAIL: Mr. Vice Chair, the  
13 next item of business is Consideration of Disciplinary  
14 Actions, and General Counsel Ed Grewach will make the  
15 presentation.

16 MR. GREWACH: Thank you.

17 Mr. Vice Chairman, Commissioners, under Tab D  
18 we have a Preliminary Order of Discipline directed to  
19 Lumiere Place Casino involving the placing of a  
20 safekeeping deposit from a jackpot that was won by a  
21 person who was on the disassociated persons list at the  
22 time they won the jackpot, and in addition, for paying  
23 that safekeeping deposit to that patron without  
24 following the proper procedures.

25 On December 16th, 2008 a patron that was on

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1 the DAP list won a \$4,000 jackpot, that -- and we'll  
2 refer to her as the DAP, disassociated person -- told  
3 the patron sitting next to her at the next machine, gave  
4 the name actually of her sister, Michelle Billman.

5 Said I'm Michelle Billman, I've won this, but  
6 I have to go out to my car to get my ID. And so the DAP  
7 left the gaming floor and, of course, never came back.

8 When the casino personnel came, they placed  
9 the \$4,000 and the \$7.50 that was left on her ticket  
10 into a safekeeping in Michelle Billman's name.

11 The next day the casino discovered that the  
12 person who had won the jackpot was actually a DAP and  
13 changed the wording on the safekeeping deposit slip to  
14 show that it was, in fact, the DAP who had won it and  
15 put a note not to pay it out without contacting the  
16 Missouri Gaming Commission.

17 Now, that is significant in light of the fact  
18 that there is a Rule 5.065 that requires that when any  
19 person on the DAP list wins a jackpot, that the jackpot  
20 has to be voided, the wager returned to the person.

21 So instead of placing it into safekeeping, it  
22 should have just -- they should have just voided the  
23 jackpot at that point in time.

24 On April 29th, 2014 the DAP had her name  
25 removed from the list. The rule provides that once

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1 you've been on a list for five years you can send in a  
2 request for rescission, to have your name removed, and,  
3 in fact, her name was removed from the list on April  
4 29th, 2014.

5 On November the 7th, 2014 the casino sent a  
6 letter to the former DAP telling her that they had this  
7 money in safekeeping, that she could send in a copy of  
8 her driver's license and fill out a form and the money  
9 would be mailed back to them. And, in fact, they did  
10 mail the check back to the patron who was the former  
11 DAP.

12 Now, that act in doing that then was a  
13 separate violation of a Minimum Internal Control  
14 Standard, H10.09, which requires a patron when coming to  
15 claim money from safekeeping to appear in person, show a  
16 photo ID, requires the casino personnel to compare the  
17 photo ID to the person physically present to make sure  
18 they are the same person.

19 So for those violations the recommended fine  
20 is \$5,000.

21 VICE CHAIRMAN HALE: Thank you, Ed.

22 Do any of the Commissioners have any  
23 questions concerning this proposed disciplinary action?

24 COMMISSIONER LOMBARDO: Go on, Tom, please.

25 COMMISSIONER NEER: Did the casino do this

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1 knowingly or do they claim they just didn't know that  
2 they weren't supposed to hold this money for the DAP  
3 until she gets off the DAP and then give her the money?

4 MR. GREWACH: Well, one thing I might point  
5 out, the error for not voiding the jackpot took place  
6 when Lumiere was owned by a different company. At that  
7 point in time Pinnacle owned Lumiere. Then Tropicana  
8 purchased Lumiere in April of 2014.

9 So you really have two different errors that  
10 happened in different timeframes. So we don't really  
11 have access to the personnel back in 2008 when that  
12 error was originally made.

13 Now, I will say as far as paying it out  
14 without her being present, that appears from the  
15 evidence just to be the act of one employee who looked  
16 and saw that there was a great deal of backlog in their  
17 safekeeping and was mistakenly attempting to address  
18 that problem and in that process not following the rules  
19 that required a patron to show up in person to claim the  
20 safekeeping deposit.

21 COMMISSIONER NEER: Okay.

22 VICE CHAIRMAN HALE: Any other questions?

23 COMMISSIONER LOMBARDO: No.

24 VICE CHAIRMAN HALE: All right. Hearing  
25 none, the Chair would entertain a motion to approve

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1 DC-16-001.

2 Is there such a motion?

3 COMMISSIONER NEER: Motion to approve.

4 COMMISSIONER LOMBARDO: Second.

5 VICE CHAIRMAN HALE: Having a motion and a  
6 second and hearing no further questions, Angie, would  
7 you please call the roll.

8 MS. FRANKS: Commissioner Lombardo.

9 COMMISSIONER LOMBARDO: Approve.

10 MS. FRANKS: Commissioner Neer.

11 COMMISSIONER NEER: Approve.

12 MS. FRANKS: Vice Chairman Hale.

13 VICE CHAIRMAN HALE: Approve.

14 MS. FRANKS: By your vote you've adopted

15 DC-16-001.

16 MR. GREWACH: Under Tab E we have a  
17 Preliminary Order of Discipline directed to Lumiere  
18 Place Casino relating to a promotion.

19 When a casino holds a promotion, Rule 5.181  
20 requires the casino to draft data to written rules and  
21 make those rules immediately available to both the  
22 public and the Missouri Gaming Commission.

23 Now, Lumiere held what they called the  
24 noncashable table games coupon promotion which was  
25 scheduled to start on January the 1st, 2015 and

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1 scheduled to end on December the 31st, 2015.

2 On June 22nd, 2015 the casino self-reported  
3 that they had neglected to draft the rules for this  
4 promotion, and the recommended fine is \$5,000.

5 VICE CHAIRMAN HALE: Thank you, sir.

6 Do any of the Commissioners have any  
7 questions concerning this proposed disciplinary action?

8 COMMISSIONER NEER: No, sir.

9 COMMISSIONER LOMBARDO: No.

10 VICE CHAIRMAN HALE: Hearing none, is there a  
11 motion for the approval of DC-16-002?

12 COMMISSIONER LOMBARDO: Motion to approve.

13 COMMISSIONER NEER: Second.

14 VICE CHAIRMAN HALE: With a motion and a  
15 second, Angie, would you please call the roll, hearing  
16 no further discussion.

17 MS. FRANKS: Commissioner Lombardo.

18 COMMISSIONER LOMBARDO: Approve.

19 MS. FRANKS: Commissioner Neer.

20 COMMISSIONER NEER: Approve.

21 MS. FRANKS: Vice Chairman Hale.

22 VICE CHAIRMAN HALE: Approve.

23 MS. FRANKS: By your vote you've adopted

24 DC-16-002.

25 MR. GREWACH: Tab F is a Preliminary Order of

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1 Discipline directed to Lumiere Place Casino. Our  
2 Rule 5.181 requires prizes be awarded according to the  
3 rules of the promotion. That same rule also prohibits a  
4 casino from conducting a promotion in any manner that  
5 reflects negatively on the licensee.

6 On August 22nd, 2015 the casino held what  
7 they call the \$25,000 host drawing. There were  
8 42 contestants invited to draw a pod from a drum, and in  
9 each pod was a slip of paper which indicated what you  
10 won.

11 There was one \$10,000 prize, five \$1,000  
12 prizes and 36 \$100 free slot play coupons.

13 Again, the pods were cylindrical, plastic  
14 units that were placed into the drum. When the 40th  
15 person came to draw the pod out of the drum, they  
16 noticed that that was the last pod in there, even though  
17 they had two more contestants left to draw pods.

18 They looked and they discovered the two  
19 missing pods behind a computer monitor. They invited  
20 the -- they identified -- and the two pods -- let me  
21 back up -- one was for \$1,000 and one was for \$100.

22 So they identified the 36 invitees who had  
23 won less than \$1,000 to come back and redraw, to give  
24 them a chance to win that \$1,000 pod that had been  
25 missing and found behind the computer monitor.

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1                   31 of those invitees returned. One of them,  
2 in fact, pulled the \$1,000 pod, but the other five did  
3 not, and the casino made no attempt to contact those  
4 five persons who missed the second drawing, and the  
5 recommended fine in this case is \$5,000.

6                   VICE CHAIRMAN HALE: Okay. Thank you, sir.

7                   Do any of the Commissioners have any  
8 questions concerning this proposed disciplinary action?

9                   COMMISSIONER LOMBARDO: How did the pods end  
10 up behind the computer monitor or is that a mystery that  
11 we'll never know?

12                  MR. GREWACH: It's a little bit of a mystery,  
13 but from the best we can tell, in just the physical act  
14 of transferring them from the box they came in into the  
15 drum to be pulled, they somehow either rolled or were  
16 just accidentally misplaced, because they were found  
17 just up against the back of the monitor, between the  
18 monitor and the cables that went behind the monitor.

19                  COMMISSIONER LOMBARDO: Okay.

20                  MR. GREWACH: So it's human error I guess  
21 would be the short answer to that in loading those.

22                  VICE CHAIRMAN HALE: Are there any other  
23 questions?

24                  Hearing none, at this time the Vice Chair  
25 would entertain a motion to approve DC-16-003.

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1 COMMISSIONER LOMBARDO: Motion to approve.

2 COMMISSIONER NEER: Second.

3 VICE CHAIRMAN HALE: With a motion and a  
4 second, hearing no further discussion, Angie, would you  
5 call the roll.

6 MS. FRANKS: Commissioner Lombardo.

7 COMMISSIONER LOMBARDO: Approve.

8 MS. FRANKS: Commissioner Neer.

9 COMMISSIONER NEER: Approve.

10 MS. FRANKS: Vice Chairman Hale.

11 VICE CHAIRMAN HALE: Approve.

12 MS. FRANKS: By your vote you've adopted  
13 DC-16-003.

14 MR. GREWACH: Under Tab G we have a  
15 Preliminary Order of Discipline directed to River City  
16 Casino for failing to notify the Commission of an  
17 employee's termination.

18 Rule 4.4101 requires notice within ten days  
19 of the termination of an employee and that's termination  
20 of that employee's casino access badge. So that  
21 termination includes complete separation from the  
22 company or transfer to another facility or transfer to  
23 the corporate headquarters.

24 There was an employee who was transferred to  
25 the corporate office and, therefore, was terminated by

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1 River City on July the 13th, 2015, and the Commission  
2 was not notified until August 11th, 2015.

3 Now, because this involves one employee it's  
4 important, and we do set that forth in the Preliminary  
5 Order of Discipline, the background and history that led  
6 up to this particular violation.

7 On January 29th, 2015 it was discovered that  
8 there were 29 employees who had been terminated from the  
9 company and the Commission had not been notified of  
10 those terminations.

11 We assessed the \$2,500 fine for that  
12 instance. The casino took corrective actions to address  
13 this problem with terminated employees but unfortunately  
14 didn't take steps to address the problem for  
15 transferring employees to whom the rule also applied.

16 Then on March 15th, 2015 we discovered six  
17 transferred employees for which we did not receive the  
18 required notice, and the fine for that disciplinary  
19 action was \$5,000.

20 They then took corrective actions to address  
21 this issue of us not being notified of the transfer of  
22 employees.

23 This case appears not to be due to any system  
24 error but an employee error and not processing the  
25 notice of the transfer and not getting it to the proper

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1 people to get it to the Gaming Commission.

2 The recommended fine is \$7,500.

3 As you know, whenever the staff recommends a  
4 fine, we send a letter to the casino and give them  
5 14 days to respond with their position. So you'll hear  
6 us refer to that as the 14-day letter.

7 They did respond to the 14-day letter. They  
8 did not contest the violation and they did not contest  
9 the amount of the fine, and what they wanted to point  
10 out to the Commission were the remedial steps they've  
11 now taken to make sure this doesn't happen in the  
12 future.

13 And as you may see from their response,  
14 they've put in some double checks, weekly checks by  
15 different people just to make sure there is nobody who  
16 was transferred or was terminated, and they look for the  
17 corresponding notice to the Gaming Commission.

18 After reviewing that it was the staff's  
19 position that we continue to recommend the \$7,500 fine  
20 for this particular case.

21 VICE CHAIRMAN HALE: Ed, let me ask you: In  
22 the event that there are future violations similar to  
23 the ones that have occurred before, would I be safe in  
24 assuming that the amount of the fine would gradually  
25 become more severe?

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1                   MR. GREWACH: Yes. And as you can see from  
2 the history, it has for every successive event, and,  
3 yes, it definitely would -- given the amount of  
4 attention that this has now received, having three  
5 consecutive violations for that, the staff would  
6 certainly consider that.

7                   And as we have talked about before,  
8 regardless of the staff's recommendation, the Commission  
9 also has the ability if they think our recommendation is  
10 too low to recommend a higher one; and if they think  
11 it's too high, to recommend a lower one.

12                   So at that point in time those are all things  
13 that could be considered by both staff and you as  
14 Commissioners.

15                   VICE CHAIRMAN HALE: All right. Any other  
16 questions?

17                   COMMISSIONER LOMBARDO: No.

18                   VICE CHAIRMAN HALE: Hearing none, at this  
19 time the Vice Chair would entertain a motion to approve  
20 DC-16-004.

21                   COMMISSIONER NEER: Motion to approve.

22                   COMMISSIONER LOMBARDO: Second.

23                   VICE CHAIRMAN HALE: We have a motion, a  
24 second and hearing no further discussion, Angie, would  
25 you please call the roll.

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1 MS. FRANKS: Commissioner Lombardo.

2 COMMISSIONER LOMBARDO: Approve.

3 MS. FRANKS: Commissioner Neer.

4 COMMISSIONER NEER: Approve.

5 MS. FRANKS: Vice Chairman Hale.

6 VICE CHAIRMAN HALE: Approve.

7 MS. FRANKS: By your vote you've adopted

8 DC-16-004.

9 DEPUTY DIRECTOR MCGRAIL: The next item of  
10 business is Consideration of Rules and Regulations, and  
11 General Counsel Grewach will make the presentation.

12 MR. GREWACH: Under Tab H we have proposed  
13 amendments to our rules. These are revisions to a  
14 Chapter 10 -- 12, rather, relating to liquor control.

15 In Missouri most liquor sales, alcohol sales,  
16 are licensed and regulated by the State Division of  
17 Alcohol and Tobacco Control, State Liquor Control.

18 But our particular statute, 313.840 RSMo,  
19 states that the Missouri Gaming Commission is the sole  
20 liquor licensing authority aboard any casino gambling  
21 boat and any neighboring facility owned and operated by  
22 the casino, thus the reason for our own set of  
23 regulations here.

24 Now, there are really two different sources  
25 that went into the drafting of this revision. We have

1 over the years received questions from casinos for  
2 interpretation of our existing rules, and we noticed as  
3 a staff that the same questions tended to come up over  
4 and over again.

5           So what we did is we gathered the personnel  
6 here at the Commission that ends up answering these  
7 questions, brainstorm, came up with the questions we  
8 hear most frequently, and we made an attempt to amend  
9 the rules to clarify or to answer those questions on a  
10 permanent basis so we don't continually have to address  
11 those.

12           The second source was that the industry  
13 expressed some concern about the differences between our  
14 rules and State Liquor Control rules. They felt like  
15 our rules being a little more strict than the others, or  
16 in the event being different than the others, created a  
17 competitive disadvantage for a liquor outlet in the  
18 casino as opposed to a liquor -- a bar, restaurant,  
19 adjacent to or in the same neighborhood of the casino  
20 property.

21           So we approached that and we looked at the  
22 State Liquor Control statutes and regulations, and  
23 you'll see throughout these rules that we have adopted  
24 some of the same language in some areas that the State  
25 Liquor Control has in order to attempt to achieve that

1 level playing field between the two groups of licensees.

2           When you look at 12.010 and 12.030, this  
3 deals with clarifying that on a liquor license there are  
4 specific locations that are listed. So one casino may  
5 have twelve or thirteen liquor outlets, a bar,  
6 restaurant, whatever the case may be, but they're issued  
7 one license, and in that one license they're issued the  
8 twelve, thirteen or whatever number the outlets are.

9           We had some existing language that allowed us  
10 to suspend a license for a violation, but we thought it  
11 would be more appropriate to give us the option to be  
12 able to look at one particular outlet.

13           So if we have one bar that has a habitual  
14 problem in serving minors, let's say, we'd like the  
15 ability to be able to suspend that one particular bar's  
16 license as opposed to the entire casino's liquor  
17 license.

18           So that was the impetus behind that amendment  
19 in 12.010 or 12.030. We still have the ability to  
20 suspend the entire boat of their license, but we just  
21 wanted that ability to take more precise measured action  
22 to address the problem.

23           If you look at 12.090 in paragraph 5 or 6,  
24 this is language that was lifted almost verbatim from  
25 the State Liquor Control regulations to again bring us

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1 in line with them to create the level playing field that  
2 the industry had requested from us.

3 If you look at paragraph 9 in 12.090, this is  
4 an example of one of those things I talked about, a  
5 frequent question we would get.

6 And it addresses, for example, if there's a  
7 private party at a venue on a casino, that that private  
8 party can provide their own alcohol and the employees of  
9 the casino can serve that.

10 For example, there's going to be a wedding  
11 reception and they rent out one of the halls or  
12 convention areas in the casino, that we would permit  
13 that to take place.

14 The balance of the language you'll see in  
15 these proposed amendments are to clean up and clarify  
16 language. We, as you know, routinely go through rules  
17 and review them on a rotating scheduled basis.

18 And in this particular case, as is our normal  
19 practice, we involved industry in the drafting stage and  
20 received their comments and made some questions even  
21 before it got to you at this point in time.

22 Now, if you approve these today, there will  
23 be a public written comment period and then there will  
24 also be a public hearing on March 29th, 2016.

25 After that public hearing we'll draft Final

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1 Orders of Rulemaking, and in that we'll incorporate  
2 comments and any changes that have been made in response  
3 to those comments to you, and we anticipate that being  
4 presented to you at the April 27th, 2016 meeting.

5 VICE CHAIRMAN HALE: Thank you.

6 Are there any questions concerning any of the  
7 proposed amendments from the Commissioners?

8 Hearing none, I have a procedural question,  
9 Angie.

10 In asking for the motion in regard to these  
11 amendments, can I include the numbers in the request for  
12 the motion and that way make it easy?

13 With no questions, the Vice Chair would  
14 entertain a motion for approval of the proposed  
15 amendments to 11 CSR 45-12.010, 12.020, 12.030, 12.040,  
16 12.050, 12.060, 12.070, 12.080 and 12.090.

17 Is there such a motion?

18 COMMISSIONER LOMBARDO: I move that the  
19 Commission adopt all of those amendments as read by the  
20 Vice Chair.

21 COMMISSIONER NEER: Second.

22 VICE CHAIRMAN HALE: With a motion and a  
23 second and no further discussion, Angie, would you  
24 please call the roll.

25 MS. FRANKS: Commissioner Lombardo.

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1 COMMISSIONER LOMBARDO: Approve.

2 MS. FRANKS: Commissioner Neer.

3 COMMISSIONER NEER: Approve.

4 MS. FRANKS: Vice Chairman Hale.

5 VICE CHAIRMAN HALE: Approve.

6 MS. FRANKS: By your vote you've adopted the

7 Proposed Amendments 11 CSR 45-12.010, 12.020, 12.030,

8 12.040, 12.050, 12.060, 12.070, 12.080 and 12.090.

9 MR. GREWACH: Thank you.

10 VICE CHAIRMAN HALE: Thank you, sir.

11 DEPUTY DIRECTOR MCGRAIL: Mr. Vice Chairman,

12 the next item of business is Consideration of Licensure

13 for Level I and Key Applicants, and Sergeant Mike

14 Finnegan will make the presentation.

15 SERGEANT FINNEGAN: Good morning, Mr. Vice

16 Chairman and Commissioners.

17 VICE CHAIRMAN/COMMISSIONERS: Good morning.

18 SERGEANT FINNEGAN: Missouri Highway Patrol

19 investigators, along with Gaming Commission financial

20 investigators, conducted comprehensive background

21 investigations on multiple key and Level I applicants.

22 The investigations included, but were not

23 limited to, criminal, financial and general character

24 inquiries which were made in the jurisdictions where the

25 applicants lived, worked and frequented.

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1                   The following individuals are being presented  
2 for your consideration: Todd M. George, Penn National  
3 Gaming, Hollywood Casino St. Louis, Vice President and  
4 General Manager; Jason Andrew Stump, Affinity Gaming,  
5 Vice President of Information Technology; and Eric  
6 Vincent Tanjeloff, Affinity Gaming, Director.

7                   The results of these investigations were  
8 provided to the Gaming Commission staff for their  
9 review, and you have all related summary reports before  
10 you.

11                   Thank you.

12                   VICE CHAIRMAN HALE: Thank you, sir.

13                   Do any of the commissioners have any  
14 questions concerning this proposed resolution?

15                   COMMISSIONER LOMBARDO: No.

16                   COMMISSIONER NEER: No.

17                   VICE CHAIRMAN HALE: Hearing none, at this  
18 time the Vice Chair would entertain a motion to adopt  
19 Resolution No. 16-003.

20                   COMMISSIONER NEER: Motion to approve.

21                   COMMISSIONER LOMBARDO: Second.

22                   VICE CHAIRMAN HALE: Hearing a motion and a  
23 second, hearing no further discussion, Angie, would you  
24 please call the roll.

25                   MS. FRANKS: Commissioner Lombardo.

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1 COMMISSIONER LOMBARDO: Approve.

2 MS. FRANKS: Commissioner Neer.

3 COMMISSIONER NEER: Approve.

4 MS. FRANKS: Vice Chairman Hale.

5 VICE CHAIRMAN HALE: Approve.

6 MS. FRANKS: By your vote you've adopted

7 Resolution No. 16-003.

8 DEPUTY DIRECTOR MCGRAIL: The next item of  
9 business is Consideration of Waiver of Institutional  
10 Investor, and Martha LeMond will make the presentation.

11 MS. LEMOND: Good morning, Mr. Vice Chairman,  
12 Commissioners.

13 VICE CHAIRMAN/COMMISSIONERS: Good morning.

14 MS. LEMOND: Behind Tabs J and K are  
15 resolutions regarding waivers of license for  
16 institutional investors holding and/or requesting to  
17 hold publicly traded interests of up to 20 percent in  
18 gaming licensees.

19 These investors have submitted requests for  
20 waivers to hold interest in these licensees in  
21 compliance with 11 CSR 45-4. The submitted waiver  
22 request certify the holding is for institutional  
23 investment purposes only, with no intent to be involved  
24 in the management or operation of the licensee.

25 Because the holdings may exceed the

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1 10 percent threshold for which the Executive Director  
2 may grant a waiver, this resolution is before the  
3 Commission today.

4 Resolution No. 16-004 is for Baron Capital  
5 Group and Resolution No. 16-005 is for Sylebra.

6 Any questions?

7 VICE CHAIRMAN HALE: As I understand it,  
8 ma'am, let's see. Sylebra is submitted for waiver under  
9 Resolution No. 16-004.

10 MS. LEMOND: I have them backwards.

11 VICE CHAIRMAN HALE: That is not a problem.

12 And then Baron Capitol is 16-005.

13 MS. LEMOND: That's great. Thank you for the  
14 correction.

15 VICE CHAIRMAN HALE: Not a problem, ma'am.

16 Thank you.

17 MS. LEMOND: I appreciate it.

18 COMMISSIONER NEER: You thought we weren't  
19 paying attention, didn't you?

20 MS. LEMOND: No. It wasn't a test.

21 VICE CHAIRMAN HALE: All right. Do any of  
22 the Commissioners have any questions relative to these  
23 resolutions?

24 Which I think we have to take one at a time.

25 Is that correct?

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1 MS. FRANKS: Yes.

2 VICE CHAIRMAN HALE: Hearing no further  
3 discussion, no questions, the Vice Chair would entertain  
4 a motion to adopt Resolution No. 16-004.

5 Is there such a motion?

6 COMMISSIONER LOMBARDO: Motion to approve.

7 COMMISSIONER NEER: Second.

8 VICE CHAIRMAN HALE: With a motion, a second  
9 and hearing no further discussion, Angie, would you  
10 please call the roll.

11 MS. FRANKS: Commissioner Lombardo.

12 COMMISSIONER LOMBARDO: Approve.

13 MS. FRANKS: Commissioner Neer.

14 COMMISSIONER NEER: Approve.

15 MS. FRANKS: Vice Chairman Hale.

16 VICE CHAIRMAN HALE: Approve.

17 MS. FRANKS: By your vote you've adopted  
18 Resolution No. 16-004.

19 VICE CHAIRMAN HALE: Also with regard to  
20 Resolution No. 16-005, the Vice Chair would entertain a  
21 motion to approve that resolution as well.

22 COMMISSIONER NEER: Motion to approve.

23 COMMISSIONER LOMBARDO: Second.

24 VICE CHAIRMAN HALE: With a motion and  
25 a second, Angie, would you please call the roll

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1 relative to the adoption of Resolution  
2 No. 16-005.

3 MS. FRANKS: Commissioner Lombardo.

4 COMMISSIONER LOMBARDO: Approve.

5 MS. FRANKS: Commissioner Neer.

6 COMMISSIONER NEER: Approve.

7 MS. FRANKS: Vice Chairman Hale.

8 VICE CHAIRMAN HALE: Approve.

9 MS. FRANKS: By your vote you've adopted  
10 Resolution No. 16-005.

11 VICE CHAIRMAN HALE: As our final item of  
12 business, I understand that we have minutes from our  
13 December meeting of the closed session portion of our  
14 meeting, and at this time the Vice Chair would entertain  
15 a motion for approval of the minutes from the  
16 December 2nd, 2015 closed session.

17 MR. GREWACH: Mr. Vice Chairman, that has to  
18 be done in closed session. So we need first a motion to  
19 go into closed session.

20 VICE CHAIRMAN HALE: I can do that.

21 Is there a motion to go into closed  
22 session?

23 COMMISSIONER LOMBARDO: I so move that we go  
24 into closed session.

25 VICE CHAIRMAN HALE: Is there a second?

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1 COMMISSIONER NEER: I second.

2 MR. GREWACH: And also, Vice Chairman, the  
3 motion has to have all of the language that you see on  
4 your agenda.

5 VICE CHAIRMAN HALE: Okay. I got you.

6 COMMISSIONER LOMBARDO: I move that we go  
7 into closed session under Section 313.847 of the Revised  
8 Statutes of Missouri, investigatory, proprietary and  
9 application records, and 610.021(1), of the Revised  
10 Statutes of Missouri, legal actions, Subsections 3 and  
11 13 and 14 which are protected under those statutes from  
12 disclosure by law.

13 VICE CHAIRMAN HALE: Hearing the motion and  
14 no further discussion, Angie, would you please call --  
15 well, we have to have a second.

16 COMMISSIONER NEER: Second.

17 VICE CHAIRMAN HALE: And, Angie, with  
18 a second and a motion, would you please call the  
19 roll.

20 MS. FRANKS: Commissioner Lombardo.

21 COMMISSIONER LOMBARDO: Approve.

22 MS. FRANKS: Commissioner Neer.

23 COMMISSIONER NEER: Approve.

24 MS. FRANKS: Vice Chairman Hale.

25 VICE CHAIRMAN HALE: Approve.

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1                   We're in closed session.

2                   WHEREIN, the meeting concluded.

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CERTIFICATE OF REPORTER

I, Patricia A. Stewart, CCR, a Certified Court Reporter in the State of Missouri, do hereby certify that the testimony that appears in the foregoing transcript was taken by me to the best of my ability and thereafter reduced to typewriting by me; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

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Patricia A. Stewart  
CCR No. 401

**MISSOURI GAMING COMMISSION**  
**Second Open Session Minutes**  
**January 13, 2016**

The Missouri Gaming Commission (the “Commission”) went into open session at approximately 10:54 a.m. on January 13, 2016, at the Missouri Gaming Commission’s Jefferson City Office.

**Commissioner Lombardo moved to adjourn the second open session meeting. Commissioner Neer seconded the motion. After a roll call vote was taken, Lombardo – yes, Neer – yes, and Hale – yes, the motion passed unanimously.**

The open session adjourned at 10:55 a.m.