

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-17-075
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 Casino is subject to the provisions of §§ 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS²

6. On November 22, 2016, Amy Trachsel, MGC Auditor, emailed the Casino asking for an explanation of incorrect tournament payouts noted for gaming days November 6, 2016, and November 10, 2016.
 - a. For gaming day November 6, 2016, the 13th place payout percentage for the 11 a.m. \$100 Tournament of Celebrities was .0285, instead of .0275, resulting in the 13th place winner receiving \$334 instead of \$323.
 - b. For gaming day November 10, 2016, a bounty payout for the 7 p.m. \$75 Daily-Bounty tournament indicated that a patron was overpaid \$25.

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

² 20170208005

7. The Casino's December 21, 2016 response indicated that the overpayments on those tournament dates were all due to supervisor error.
8. During a review of Tax Transmittals and supporting documentation for the month of January 2017, it was noted that payout percentages calculated for certain table tournaments held in January 2017 did not follow the Standard Payout Table as specified in the January 2017 tournament rules filed with the MGC by the Casino.
9. The discrepancies were noted for three tournaments held on January 8, 14, and 16, 2017.
10. The Casino's BRAVO system used to administer the tournaments in the poker room displayed payouts following the previous month's tournament payout table.
11. As a result of using the December 2016 Tournament Payout Table instead of the January 2017 Tournament Payout Table, the Casino overpaid 21 patrons a total of \$2,110.00 and underpaid 31 patrons a total of \$2,110.00
12. The Company admitted that, due to human error, the tables were not updated properly in the BRAVO system the Casino used to administer the tournaments in the poker room.

LAW

13. 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.
14. 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[.]

15. Title 11 CSR 45-5.180(3) states, in pertinent part, as follows:

(3) As used in this rule, entry fees shall be defined as the total amount paid by patrons for participation in a tournament and any amounts awarded by the Class B licensee to patrons from previous tournament play for participation in that tournament. A tournament is a contest offered and sponsored by a Class B licensee in which patrons may be assessed an entry fee or be required to meet some other criteria to compete against one another in a gambling game or series of gambling games in which winning patrons receive a portion or all of the entry fees, if any, which may be increased with cash or non-cash prizes from the Class B licensee. Class B licensees may conduct tournaments provided:

* * *

(E) No false or misleading statements, written or oral, shall be made by a licensee or its employees or agents regarding any aspect of the tournament, and all prizes offered in the tournament shall be awarded according to the Class B licensee's rules governing the event. Tournaments shall not be structured or conducted in a manner that reflects negatively on the licensee, the commission, or the integrity of gaming in Missouri[.]

VIOLATIONS

16. The acts or omissions of employees or agents of the Company, as described above, constitute a failure of the Company to ensure that all prizes offered and awarded in its tournaments are awarded according to its rules governing the event, thereby violating 11 CSR 45-5.180(3)(E).
17. The Company is therefore subject to discipline for such violations pursuant to §§ 313.805(6) and 313.812.14 (1) and (2), RSMo.

PENALTY PROPOSED

18. 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.
19. THEREFORE, it is proposed that the Commission fine St. Louis Gaming Ventures, LLC, the amount of \$2,500 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 _____, 2017, to:

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

Herbert M. Kohn
Chairman
Missouri Gaming Commission