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BEFORE THE MISSOURI GAMING COMMISSION

Meeting  
January 11, 2017  
10:00 a.m.  
3417 Knipp Drive  
Jefferson City, Missouri

BEFORE: Herbert M. Kohn, Chairman  
Brian Jamison, Vice Chairman  
Larry D. Hale, Commissioner  
Thomas Neer, Commissioner

Reported by:  
Patricia A. Stewart, CCR 401  
Midwest Litigation Services  
Jefferson City, Missouri 65100  
(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 CHAIRMAN KOHN: Good morning everybody. We  
4 are ready -- well, we're past ready. We're four minutes  
5 late -- to call the meeting of the Missouri Gaming  
6 Commission of January 11 to order.

7 Angie, please take the roll.

8 MS. FRANKS: Commissioner Lombardo.

9 (No response.)

10 MS. FRANKS: Commissioner Neer.

11 COMMISSIONER NEER: Present.

12 MS. FRANKS: Commissioner Hale.

13 COMMISSIONER HALE: Present.

14 MS. FRANKS: Commissioner Jamison.

15 COMMISSIONER JAMISON: Present.

16 MS. FRANKS: Chairman Kohn.

17 CHAIRMAN KOHN: Present.

18 We have a quorum even though we're missing  
19 our friend Commissioner Lombardo today. We're ready to  
20 proceed with the meeting.

21 The first item of business will be the  
22 Consideration of Minutes of the meeting we held on  
23 December 7th.

24 Is there a motion to approve?

25 COMMISSIONER HALE: So moved.

1 COMMISSIONER NEER: Second.

2 CHAIRMAN KOHN: Angie, please call the roll.

3 MS. FRANKS: Commissioner Neer.

4 COMMISSIONER NEER: Approve.

5 MS. FRANKS: Commissioner Hale.

6 COMMISSIONER HALE: Approve.

7 MS. FRANKS: Commissioner Jamison.

8 COMMISSIONER JAMISON: Approve.

9 MS. FRANKS: Chairman Kohn.

10 CHAIRMAN KOHN: Approve.

11 MS. FRANKS: By your vote you've adopted the  
12 minutes of the December 7, 2016 meeting.

13 CHAIRMAN KOHN: We have a special  
14 presentation to be made this morning, and I believe  
15 we're ready for that.

16 EXECUTIVE DIRECTOR SEIBERT: Yes. I'll ask  
17 Deputy Director Tim McGrail to make the presentation to  
18 Deb McDaniel, please, if she'll come forward.

19 MR. MCGRAIL: One of the initiatives that  
20 Executive Director Seibert started when he took over in  
21 the position was recognizing the good work that the  
22 employees do here at the Missouri Gaming Commission.

23 They do a lot of long hours. And there is  
24 always a lot of things that are going on as you can see  
25 from the agenda, so it stays very active around here.

1                   One of the first people that you see whenever  
2 you come in is Deb. She always has a smile on her face  
3 and she's always willing to help and assist. But the  
4 good thing is she's been here for 15 years. It seems  
5 like only yesterday from what they said.

6                   But again, she's done a lot of good work.  
7 She's always had an upbeat and positive attitude here.  
8 So again, we want to recognize her, 15 years of service  
9 with the Missouri Gaming Commission.

10                  So I'll read the certificate of appreciation.  
11 Presented to Deb McDaniel, recognition of the 15 years  
12 of dedicated service with the Missouri Gaming  
13 Commission. Congratulations on reaching this  
14 significant milestone in your career. Your effort and  
15 dedication play a tremendous part in our success and we  
16 appreciate your commitment. Thank you for your years of  
17 dedicated service. From William K. Seibert, Executive  
18 Director.

19                  CHAIRMAN KOHN: On behalf of the Commission  
20 we certainly want to add not only our appreciation but  
21 our gratitude for the excellent work that you do, and  
22 the smile I'm seeing on your face now is the smile that  
23 we see when we open the door to the Missouri Gaming  
24 Commission, and we love seeing that, so I hope you're  
25 with us for many years to come.

1 MS. MCDANIEL: Thank you very much. I  
2 appreciate it.

3 CHAIRMAN KOHN: One note that I will make now  
4 is that we're going to be removing from the agenda all  
5 matters dealing with Roman Numeral VIII, and I will have  
6 further explanation as to why and how that came about  
7 when we get to Roman Numeral VIII.

8 We'll begin the agenda with Mr. Seibert.

9 EXECUTIVE DIRECTOR SEIBERT: The first order  
10 of business is Consideration of Hearing Officer  
11 Recommendations. Mr. Bryan Wolford will present.

12 CHAIRMAN KOHN: Good morning, Mr. Wolford.

13 MR. WOLFORD: Good morning, Mr. Chairman,  
14 Commissioners.

15 For your consideration, Resolution  
16 No. 17-001, the matter of Susan Frkovic. Ms. Frkovic is  
17 a Level II license holder, and the relevant date of the  
18 incident is January 24th, 2016 and January 25th, 2016.

19 At that time Ms. Frkovic was employed as a  
20 dealer onboard the Hollywood Casino in St. Louis,  
21 Missouri. She had a shift that day in which she did  
22 serve and worked the entirety of her shift.

23 On the 25th, the following day, the  
24 Commission became aware of a possible theft of poker  
25 chips that occurred during Ms. Frkovic's shift. In



1 fact, Ms. Frkovic had self-reported that she had two  
2 \$1,000 poker chips in her pocket. Again, this is on the  
3 25th following her shift.

4 The Commission conducted an investigation and  
5 found that Ms. Frkovic was working at her table towards  
6 the end of her shift. She started with her hand  
7 touching and shuffling the purple \$1,000 chips and that  
8 occurred for a period of approximately 16 minutes.

9 Following that she took two of the chips,  
10 placed them in her pocket and finished her shift. She  
11 cleared the table and she left.

12 Ms. Frkovic testified at the hearing that she  
13 suffers from COPD, chronic obstructive pulmonary  
14 disorder, and that she was having a flare-up that day  
15 and that because of her illness she did not realize that  
16 she had pocketed the chips.

17 And she did contact the Commission much later  
18 after having discovered these in her pocket. In fact,  
19 she talked to her daughter first --

20 CHAIRMAN KOHN: I'm sorry. You said she  
21 contacted the Commission?

22 MR. WOLFORD: After, on the following day.  
23 Yes, she did self-report this incident.

24 CHAIRMAN KOHN: To who?

25 COMMISSIONER JAMISON: To the agent.

1 MR. WOLFORD: To the agent on the boat.

2 CHAIRMAN KOHN: To the agent?

3 MR. WOLFORD: Correct.

4 CHAIRMAN KOHN: I thought you meant the  
5 Commission.

6 MR. WOLFORD: No. The agent. Sorry.

7 When I say Commission, I generally refer to  
8 whoever the agent is or the investigator is on the  
9 cases.

10 CHAIRMAN KOHN: Okay.

11 MR. WOLFORD: So she self-reported, testified  
12 that her illness caused her to black out on that final  
13 part of her shift and she didn't realize what was going  
14 on.

15 The boat agent testified that he did not  
16 observe any signs of distress in the surveillance video  
17 that he watched of Ms. Frkovic. She seemed purposeful  
18 in touching the chips when she had no reason to. Nobody  
19 was placing thousand dollar bets, and she seemed  
20 purposeful putting them into her pocket.

21 And under the Revised Statutes of Missouri a  
22 theft is defined as the taking of the property of  
23 another with the intent to deprive them of that  
24 property.

25 That intent is at the time you do the taking.

1 So even if I take the chips and a day later I have a  
2 flash of conscious and decide, oh, okay, that was wrong,  
3 the intent is at the time that the taking occurred.

4 Specifically the hearing officer did not find  
5 her testimony that she medically blacked out to be  
6 credible; therefore, the hearing officer does recommend  
7 the revocation as just and appropriate discipline in  
8 this matter.

9 I'd be happy to answer any questions.

10 COMMISSIONER JAMISON: I have a question.

11 CHAIRMAN KOHN: All right.

12 COMMISSIONER JAMISON: I believe in the  
13 hearing you were presented with a copy of the  
14 surveillance tape or surveillance video, were you?

15 MR. WOLFORD: Correct.

16 COMMISSIONER JAMISON: Did you review it too?

17 MR. WOLFORD: I did.

18 COMMISSIONER JAMISON: Okay. I just wanted  
19 to make sure that you reviewed it personally.

20 MR. WOLFORD: There were no obvious signs of  
21 what one would assume a medical distress, particularly  
22 with COPD. It causes shortness of breath. And there  
23 was no trouble with her dealing, no trouble with her  
24 movements, nothing that would indicate obvious distress.

25 COMMISSIONER JAMISON: Okay. I just wanted

1 to ask if you had reviewed it as part of the evidentiary  
2 process.

3 MR. WOLFORD: Correct.

4 COMMISSIONER JAMISON: Thanks.

5 CHAIRMAN KOHN: Any other questions?

6 COMMISSIONER HALE: I have none.

7 CHAIRMAN KOHN: Is Ms. Frkovic here or her  
8 representative?

9 (No response.)

10 CHAIRMAN KOHN: Okay. Is there a motion with  
11 regard to Resolution 17-001?

12 COMMISSIONER JAMISON: I so move.

13 COMMISSIONER HALE: Second.

14 CHAIRMAN KOHN: Discussion on the motion?  
15 Angie.

16 MS. FRANKS: Commissioner Neer.

17 COMMISSIONER NEER: Approve.

18 MS. FRANKS: Commissioner Hale.

19 COMMISSIONER HALE: Approve.

20 MS. FRANKS: Commissioner Jamison.

21 COMMISSIONER JAMISON: Approve.

22 MS. FRANKS: Chairman Kohn.

23 CHAIRMAN KOHN: Approve.

24 MS. FRANKS: By your vote you've adopted  
25 Resolution No. 17-001.

1                   CHAIRMAN KOHN: The next order of business is  
2 Consideration of Relicensure of Class A and B licensees.  
3 I would like to introduce Mr. Michael Silberling, CEO of  
4 Affinity Gaming, if he would introduce the rest of his  
5 staff.

6                   MR. RUBINSTEIN: Mr. Chairman, members of the  
7 Commission. Actually it's Marc Rubinstein, the General  
8 Counsel of Affinity Gaming. I wanted to kind of get up  
9 here and introduce our presentation.

10                   We're going to talk about Affinity Gaming,  
11 your Class A license first, and Mike Silberling, our  
12 Chief Executive Officer, will make that presentation,  
13 followed by Jim Simms, who is our General Manager at the  
14 St. Jo Frontier. He will talk about the Class B license  
15 there.

16                   Then we'll have representatives of the City  
17 of St. Jo and Buchanan County following that. Then last  
18 we will have Gerry Smriga, our General Manager from the  
19 Mark Twain Casino, present for that property, followed  
20 by representatives of LaGrange, Missouri.

21                   Before we go on I just want to say thank you  
22 to MGC staff, in particular Master Sergeant Gary  
23 Davidson, for their assistance during the investigation.

24                   And lastly I also want to introduce  
25 Martin Auerbach from ZCapital, which you

1 approved last month to take over 100 percent ownership  
2 of our company. He's here in the audience today to  
3 support this application.

4 So without further ado, here is Mike  
5 Silberling, our CEO.

6 CHAIRMAN KOHN: Before you step down, what is  
7 your estimate on the length of time for each of the  
8 presentations?

9 MR. RUBINSTEIN: We anticipate being within  
10 the 15-minute guidelines that --

11 CHAIRMAN KOHN: On each?

12 MR. RUBINSTEIN: On each, yes. We'll be well  
13 within that timeframe.

14 CHAIRMAN KOHN: Okay. We'll be watching.

15 MR. SILBERLING: Michael Silberling, CEO of  
16 Affinity Gaming, and I am happy to take guidance as to  
17 how long you want me to speak, happy to go sooner if you  
18 would like.

19 Affinity Gaming is headquartered in  
20 Las Vegas, Nevada. We have eleven casinos at seven  
21 locations in four different states, two in Missouri, one  
22 in Iowa, three in Colorado, four in Southern Nevada, one  
23 in Northern Nevada.

24 I would characterize us as a mid-size  
25 regional operator with 5,700 slot machines, 124 table

1 games, 288,000 square feet of gaming space, 2,500 hotel  
2 rooms and just below 3,000 employees.

3 Here we go.

4 Several chapters in the history of Affinity  
5 Gaming, certainly in the Midwest. Started -- I've only  
6 heard him referred to as Mr. Grace.

7 Mr. Grace originally was the owner of the two  
8 Missouri and Iowa properties sold in 2005 to Herbst  
9 Gaming, Terribles Gaming, not great timing with the  
10 global financial crisis. They declared bankruptcy in  
11 2008, emerged from bankruptcy in 2010, 2011 as Affinity  
12 Gaming.

13 I joined the organization concurrent with  
14 ZCapital, joining the board in 2014. This is my second  
15 tour of duty in this part of the world. In a previous  
16 life I was President of Midwest operations for Harrah's  
17 Entertainment, at which point I had Harrah's St. Louis  
18 and Harrah's Kansas City under my purview at that point  
19 in time.

20 Over the last several years we have improved  
21 the financial performance of the company, which is nice.  
22 As the cash flow has improved, we have been more able to  
23 invest in capital and upgrading our properties across  
24 the United States, certainly including Missouri, as we  
25 put in new restaurants, new slot systems, a number of

1 new slot machines and a variety of other improvements to  
2 the properties as well.

3 I believe it was December 7th that you  
4 approved ZCapital's imminent ownership, 100 percent  
5 ownership, of the entire business. We hope to close on  
6 January 31st on that. We have regulatory approval in  
7 Iowa, Colorado, Missouri, thank you, and I'll be in  
8 front of the Nevada Gaming Board tomorrow morning in  
9 Las Vegas.

10 And with approval from the Gaming Board and  
11 the Gaming Commission, having received shareholder  
12 approval, having approved financing, having approval  
13 from the SEC, we will then close at the end of the  
14 month.

15 Operations. Companywide investment in excess  
16 of 20 million on capital expenditures in 2016 on a  
17 variety of items. Significant hotel upgrade on the  
18 border of Nevada in California at Whiskey Pete's, as  
19 well as the aforementioned new restaurant, Mark Twain,  
20 slot system, slot machines, et cetera.

21 Through the first nine months of 2016 we grew  
22 publicly reported EBITDA by 9.2 percent, once again,  
23 helping improve the cash flow position, which helps us  
24 reinvest in our properties.

25 This is just a little bit more visual



1 representation of our business in the Midwest, in  
2 St. Jo and LaGrange, Osceola outside of Des Moines,  
3 Black Hawk outside of Denver, one in Las Vegas very near  
4 the airport, on Flamingo and Paradise, three on the  
5 California and Nevada border, where we have Primm  
6 Valley, Whiskey Pete's and Buffalo Bill's.

7 We have roller coasters and a variety of  
8 amenities in the area, with retail shops and golf  
9 courses, et cetera.

10 And in Northern Nevada in Sparks, which is  
11 right next to Reno, we have the Rail City Casino as  
12 well.

13 Property overviews. I think I would be doing  
14 both of us a disservice if I read every row and column  
15 there, but that highlights kind of the size and scope of  
16 our businesses throughout Midwest, Nevada and Colorado.

17 Leadership. This is true for the next  
18 20 days, but of note is the fact that James Zenni, in  
19 the lower right-hand corner, should the deal go through  
20 will become the Chairman of the Board.

21 And is Martin the only Board member?

22 MR. RUBINSTEIN: Initially.

23 MR. SILBERLING: Initially.

24 So although the ownership structure of the  
25 business changes, ZCapital is a 40 percent plus owner,

1 and James Zenni, who sits on the Board, Jim will still  
2 be on the Board. The CEO the, CFO, the COO, the CMO,  
3 CTO all will remain the same.

4 So despite a transaction in sale the  
5 leadership of the business remains largely entirely  
6 unchanged.

7 CHAIRMAN KOHN: Maybe you said this and I  
8 missed it, but will it be public after the transaction?

9 MR. SILBERLING: It will not be public.  
10 We'll take the business private.

11 Myself at the top, as I said, I have been in  
12 this part of the world before in Kansas City and  
13 St. Louis with Harrah's talented management team.

14 Walter Bogumil, our CFO, has been with  
15 Disney, he's been with Microsoft, more recently with  
16 Penn Gaming.

17 Jeff Solomon, the COO, had a very senior  
18 marketing role with Caesars Entertainment and has had a  
19 number of operations jobs.

20 Vincent Lentini, who has been at Hard Rock  
21 and Caesars as well.

22 So that management team before and after the  
23 transaction will remain unchanged.

24 I will probably stumble if I go through this  
25 in great detail.

1           I believe on December 7th when ZCapital was  
2 in front of the Commission asking for approval we went  
3 through this, the financing of the deal pre and post in  
4 some detail.

5           I guess the only update I have is in a  
6 favorable environment. We have gone back on our debt.  
7 We anticipate getting a lower interest rate, so a lower  
8 interest rate is good. The financing is still in place.

9           The only change that would happen would be  
10 potentially and hopefully a lower interest rate on this  
11 deal.

12           Taxes paid over this period of time are in  
13 excess of \$75 million when you add up between St. Jo,  
14 Frontier and Mark Twain, which is a significant chunk  
15 over the several years.

16           I might go off the slide a little bit and  
17 just, you know, when I think about our involvement in  
18 the community, it is in employment, it is in capital  
19 expenditure, it is in taxes paid and it's in doing  
20 business the right way.

21           And Affinity through its various forms with  
22 Terribles and Grace and as we go forward with Z has had  
23 a dedicated team of employees at each of the properties.

24           We recently celebrated 15 years at Mark  
25 Twain. We took the opportunity to do a bit of a

1 marketing program with our employees. We put all of our  
2 day-one employees on the billboards in the community,  
3 and there's a significant number of employees that have  
4 been there the entire 15 years.

5           Our involvement in the community is  
6 significant and growing certainly as an organization.  
7 We're the largest contributor to the Alzheimer's  
8 Association in the state of Nevada, and we're  
9 significant contributors to the Alzheimer's Association  
10 in all of the communities, including Missouri in which  
11 we operate.

12           We also allow the general managers to  
13 contribute to the local causes that they see of  
14 importance as well.

15           So we talk about employment. We talk about  
16 capital. We've spent a large amount of money in these  
17 businesses. These are aging facilities.

18           St. Joseph we opened in 1996 and Mark Twain  
19 15 years ago, so we're starting to see some of the bones  
20 of the business when we're looking at HVAC systems and  
21 roofs.

22           So as we go forward over the next couple  
23 years, as we approach 15, 20 years on some of these  
24 businesses, we want to make sure that the structural  
25 parts of the business, in addition to the customer

1 facing -- we've built new restaurants, we buy new slot  
2 machines, we have new slot systems -- we're going to  
3 make sure that the bones of the business are in good  
4 shape as well.

5           The taxes that we pay are robust amounts.

6           I have to say one item when going through  
7 this and preparing with Jim and Gerry, I was  
8 disappointed in the MBE/WBE contribution percentage of  
9 spend, and I have challenged both of them to give me  
10 thoughts and ideas on how we are going to improve that  
11 on a go-forward basis, and I believe that during their  
12 presentation that they will be addressing that as well.

13           So being part of the community with the  
14 employees, with the charitable contributions, keeping  
15 the boat up, having relationships with local vendors is  
16 very important to me. It's very important to Jim and to  
17 Gerry.

18           It's an honor to be here before you today as  
19 we turn to the new chapter with ZCapital ownership. I  
20 think the transition will be seamless with the existing  
21 management carrying forward and Z having been on the  
22 Board for several years with us. It's a good story. I  
23 look forward to continuing. There's a few items I would  
24 like to improve and we're committed to doing that.

25           So with that I'm not sure what the protocol

1 is. Do I open for questions or do we just keep going?

2 CHAIRMAN KOHN: Why don't we see if  
3 Commission members have any questions for you and then  
4 we'll have another chance when the individuals come up.

5 COMMISSIONER HALE: Mr. Silberling, I  
6 appreciate your comments relative to the MBE/WBE  
7 numbers.

8 Certainly I am cognizant and I suspect other  
9 members of the Commission are likewise cognizant of  
10 pretty significant deficiencies in my judgment in the  
11 numbers.

12 I also understand that, as you represented  
13 here today, there is an interest in improving those  
14 numbers, but I'm one who believes that certainly  
15 direction for the company starts at the top and works  
16 its way down.

17 MR. SILBERLING: Certainly.

18 COMMISSIONER HALE: And you as CEO I'm sure  
19 recognize a responsibility as head of your organization  
20 to see to it that issues associated with MBE/WBE, as  
21 well as others, are addressed at lower levels.

22 So I guess my question to you, sir, is this  
23 has been going on since 2012 or '13 at the latest, and I  
24 guess why haven't we addressed it before?

25 And if you're not the person to answer that

1 question, then I'll certainly wait for a response from  
2 whoever is.

3 But these numbers have been bad, particularly  
4 at St. Jo for some time, and I have a concern and I'll  
5 just be frank. I have a serious concern about these  
6 numbers. So can you help me?

7 MR. SILBERLING: Well, I am the one. The CEO  
8 has accountability for the direction of the business,  
9 and where we stand today is not acceptable to me.

10 I don't remember the phrase but it's  
11 something along the lines if you do the same things  
12 going forward, you're going to get the same results.

13 And, you know, the things that we have talked  
14 about on a go-forward basis. We have bought a new  
15 purchasing system, where a purchasing system did not  
16 exist before, and we have now a dedicated purchasing  
17 executive, where a dedicated purchasing executive did  
18 not exist before.

19 So if I was the head of beverage or the head  
20 of table games or the head of whatever department, I was  
21 doing purchasing in my spare time. We're now going to  
22 have a dedicated person with a dedicated system that  
23 allows some degree of central monitoring as all of the  
24 businesses will be on the same purchasing system.

25 So I can look in Las Vegas and see where our

1 purchasing is actually going. And with a dedicated  
2 purchasing system and a purchasing personnel who is not  
3 just doing this in addition to all of their other  
4 duties, one of their primary remits will be to make sure  
5 that we are improving our MBE/WBE numbers.

6           And I think accountability with one person  
7 and stated goals is going to be much better than having  
8 a number of people doing it in their spare time and  
9 without a centralized purchasing system, you know, me  
10 being able to look at this when someone has put  
11 together, you know, a spreadsheet as a special effort  
12 versus being able to look at it on a daily, if not  
13 ongoing, basis.

14           There is other things that we're doing as  
15 well. I've challenged the properties to look at the  
16 statewide MBE/WBE list of every vendor that every casino  
17 is using to see if there is an opportunity that we have  
18 to use that vendor at our property as well.

19           Gerry has talked to me in the past, and I've  
20 asked him to reinvigorate his efforts at looking at a  
21 minority Chamber of Commerce in his community as well,  
22 and we have community representatives visiting us.

23           There is other initiatives that we have as  
24 well. You know, I challenge the team not to make  
25 excuses.



1                   You know, we are bidding a reasonably  
2 expensive HVAC system in LaGrange, and we delayed the  
3 bidding process twice in order to find a qualified  
4 MBE/WBE candidate to bid for the process.

5                   So I assure you that our efforts are not  
6 starting from scratch, but we have spent a lot of time  
7 talking about this. I think where we are right now is  
8 not acceptable to me.

9                   I'm two years on the job. I should have  
10 turned my attention to this. There is a few things  
11 going on. This is certainly an important one, and being  
12 part of the community and being part of what Missouri  
13 wants from its gaming businesses is very important to  
14 me, and I am open to suggestions of other initiatives  
15 from the Commission as well. We are dedicated to this.

16                   COMMISSIONER HALE: So if representatives  
17 from the Gaming Commission who make contact with your  
18 Missouri management staff with suggestions and thoughts  
19 relative to how your Missouri gaming operations might be  
20 able to significantly increase your MBE and WBE numbers,  
21 I'm assuming your Missouri people will be open to that  
22 and receptive to that and willing to work with the  
23 Gaming Commission staff in that regard?

24                   MR. SILBERLING: We welcome and encourage  
25 discussion and involvement from Commission staff to

1 improving our results in this area.

2 COMMISSIONER HALE: Okay. You mentioned,  
3 sir, you know, your willingness and the willingness of  
4 your Missouri people to talk to other operators within  
5 the state for purposes of identifying qualified women  
6 and minority vendors.

7 I would encourage you in the strongest terms  
8 that I might to do that, because I know that there are  
9 other vendors -- I'm sorry -- other operators within the  
10 state who have been very successful in my mind in  
11 achieving MBE and WBE objectives that are impressive. I  
12 will encourage your Missouri people to do that.

13 And so from what you've said, sir, am I safe  
14 in assuming that next year when I look, if I'm here, at  
15 the 2017 numbers, that those numbers will be  
16 significantly improved?

17 MR. SILBERLING: I am committed to improving  
18 those numbers significantly and am open to whether it be  
19 in a formal meeting or informally monitoring with  
20 Commission staff on a go-forward basis.

21 COMMISSIONER HALE: Well, thank you, sir. I  
22 appreciate your candor and your assistance here. Thank  
23 you.

24 MR. SILBERLING: Thank you very much.

25 CHAIRMAN KOHN: Let me just add, because this

1 is a very important topic to us, in my own experience  
2 with dealing with governmental units is that when  
3 somebody at the top, in this case you, says by date X I  
4 want these percentages to be Y, it tends to happen.

5 MR. SILBERLING: Right.

6 CHAIRMAN KOHN: And I'm not sure that that  
7 isn't the only way you can make this happen.

8 MR. SILBERLING: Yeah. No. I do think that  
9 goals setting carrots and sticks. Bunnies hop where the  
10 carrots are.

11 I'm happy to commit to the Commission if you  
12 would like a series of goals and timelines to commit to  
13 the Commission.

14 CHAIRMAN KOHN: I think it would be very good  
15 and very helpful, and I think you'll find it to be good  
16 for your organization.

17 MR. SILBERLING: I think I agree with you.  
18 Thank you.

19 CHAIRMAN KOHN: Okay.

20 COMMISSIONER JAMISON: I have a question, and  
21 this may be better suited for your manager at St. Jo or  
22 maybe both of you.

23 I know that you had done a previous study  
24 relocation, and it wasn't feasible at that time. Are  
25 there any behind the scenes working or plans of

1 relocation or is that not a viable enterprise?

2 I mean, I'm just trying to find out kind of  
3 where you're going. We hear rumors of relocation.

4 MR. SILBERLING: Sure.

5 COMMISSIONER JAMISON: We hear things like  
6 that, so I just thought it would be good to ask you to  
7 kind of see where -- you know, I can't have you predict  
8 the future, you don't have a crystal ball, but just kind  
9 of your perspective on that.

10 MR. SILBERLING: I think I read in the  
11 newspaper one of the local hotel owners talking about a  
12 casino relocation, and I asked my general counsel, who  
13 is that? And, in fact, we reached out and we've got a  
14 meeting scheduled with them.

15 We have continued to discuss with the St. Jo  
16 mayor, counsel, the feasibility of that. To date when  
17 we've looked at it the capital costs and the projected  
18 revenue and expenses have not been feasible so far.

19 You know, we've had, you're aware, several  
20 years of reasonably flat revenue growth. You know,  
21 should the economic situation change, should a  
22 partnership with a private enterprise or the City allow  
23 us to crunch the numbers in a different way, you know, I  
24 assure you if we were starting from scratch with a blank  
25 piece of paper, we'd rather be --

1                   COMMISSIONER JAMISON: Sure. No. I  
2 understand that. It's kind of like remodeling a house.  
3 It's one thing to build a new house. It's another to  
4 take an older home and remodel it. You have more in it  
5 than you would the other way.

6                   MR. SILBERLING: So I have no secret plan  
7 that I am getting close to presenting, but we continue  
8 discussions on the topic.

9                   COMMISSIONER JAMISON: Okay. I appreciate  
10 that. Thanks.

11                  CHAIRMAN KOHN: Any other questions?

12                  Okay. You want to move ahead.

13                  MR. SILBERLING: All right. Thank you.

14                  Jim Simms.

15                  MR. SIMMS: Thank you, Michael.

16                  Commissioners, good morning.

17                  CHAIRMAN/COMMISSIONERS: Good morning.

18                  MR. SIMMS: My name is Jim Simms. I joined  
19 Affinity Gaming seven months ago, having been in the  
20 industry for 20 years and worked for several gaming  
21 organizations.

22                  I'm proud to be in this position, and I can  
23 tell you that Affinity Gaming is an excellent company.

24                  And just to follow up with Michael's  
25 commitment. One of the things that is a priority for me

1 is implementing systems and processes at our property  
2 that endure transition and become part of our  
3 operational, you know, standards moving forward.

4           So with respect to the points that are  
5 raised, there is more detail that I could add to that,  
6 but what I want to do this morning is take you guys  
7 through some slides just on some information that talks  
8 about the casino business in St. Jo.

9           First of all, as you can see, we've been a  
10 steady contributor in terms of taxes. Our admission  
11 taxes have exceeded \$1 million since 2013 through 2016,  
12 and our gaming taxes are approaching a million dollars  
13 each year.

14           In terms of payroll we employ over 200 people  
15 in St. Jo. Our payroll is over \$5 million, has exceeded  
16 that amount consistently, so we're an important part of  
17 the business community, and we operate a solid,  
18 reputable business which we're proud of.

19           Since 2013 we've invested over \$6.1 million  
20 in our business, most notably in new slot machines, a  
21 new slot system, computer equipment, surveillance  
22 systems, and we've done some things to really upgrade  
23 the infrastructure within the operation.

24           As we look forward to 2017, we're committing  
25 over \$1.6 million in significant capital projects, new

1 gaming products, to make sure we stay competitive.

2 We are looking at replacing the entire roof  
3 over the boat with a brand new membrane to make sure  
4 that our infrastructure is up to speed and up to date.  
5 We're looking at expanding our quick-serve restaurant on  
6 the boat so that we'll have more product offerings when  
7 our traditional restaurant is closed. And we've got  
8 some various other projects, but we're continuing to  
9 make capital improvements to upgrade our property.

10 In terms of our demographics. The majority  
11 of our employees are from Missouri. A great many are  
12 from the St. Jo area, as are customers. Minority  
13 employees make up 9 percent of our casino. We just  
14 hired a minority executive chef. And female currently  
15 make up 55 percent of our employee base.

16 As discussed, we are committed to moving  
17 forward with an affirmative action program both in terms  
18 of employment, in terms of vendor purchasing.

19 I can tell you that when we looked at these  
20 MBE and WBE customers, you were correct, sir. We're not  
21 making the progress that we should be, and Michael  
22 highlighted some significant things, but I think there  
23 is some more things we can do quite frankly.

24 And one of the focuses that I have is putting  
25 in some new approaches that will sustain and endure and

1 become an annual part of our process.

2 I think every quarter we have the opportunity  
3 to have an open house and work with any new vendors that  
4 come on. I've reached out to the local Chamber of  
5 Commerce in St. Jo who are interested in expanding their  
6 membership base, and certainly we'd like to work with  
7 them and see if there is any other opportunities to  
8 identify some new vendors that we can work with.

9 We're putting in some new processes in terms  
10 of reviewing the numbers that come with the new  
11 purchasing system.

12 I have recently joined membership with the  
13 Missouri Gaming Association, and as mentioned, I think  
14 we have an opportunity to learn from the other  
15 businesses that operate in the state.

16 So I can assure you it's one of my priorities  
17 to look at this and make it, you know, improve and start  
18 the steps forward so we can have continual improvement  
19 moving forward.

20 COMMISSIONER HALE: Okay. If I might, sir.  
21 If a representative from the Gaming Commission does make  
22 contact with you directly and discusses with you ways  
23 that you, at St. Jo in particular, you might be able to  
24 improve those numbers, would you work with that person?

25 MR. SIMMS: Absolutely. I would welcome the



1 feedback and input. As mentioned, I'm somewhat new to  
2 this position, but this is a top priority of mine, I can  
3 assure you, and I will take all of the advocacy and  
4 input that you guys can provide to us and start to make  
5 progress moving forward starting tomorrow.

6 COMMISSIONER HALE: Thank you, sir.

7 MR. SIMMS: In terms of our vendors, we have  
8 some transition with our vendors. Some of our vendors  
9 have been bought out. In other cases we've had some  
10 vendors that have actually increased in terms of their  
11 percentage of product that we're buying from them.

12 There has been some change in some vendors  
13 changing their scope of business, but as we have made  
14 some transitions, we're trying to again make sure we  
15 build a core base and then open up new opportunities  
16 wherever possible.

17 In terms of our employment program, I think  
18 we definitely have opportunities to make some  
19 improvements in this area.

20 As mentioned, we've already added a new  
21 person to our management team who is starting to make  
22 great contributions. We think there is another  
23 opportunity that may be coming our way to bring someone  
24 else on the team.

25 And, you know, in terms of succession

1 planning and development, you know, one of the things  
2 that I am doing now is sitting on a panel review  
3 committee, and it's my responsibility to make sure that  
4 before we hire somebody that they are, you know, going  
5 to be a good fit for our business, but obviously this is  
6 going to -- you know, something that is going to be in  
7 consideration of our process moving forward.

8                   Here is a summary of our purchases. As you  
9 will see, as I mentioned, there is some variation  
10 between vendors, and I won't go through this line by  
11 line, but there has been some transition.

12                   I would highlight a business such as  
13 Scavuzzo's that started at 94,000 and is now over  
14 \$524,000.

15                   We've had some other vendors, such as Zones  
16 Vazquez, that have changed their business models and  
17 doing a little less.

18                   But one of the things that we'll be doing is  
19 having a quarterly review of our purchases and looking  
20 at this data. One of the things that the system will  
21 provide, our new purchasing system, will be better  
22 trending analysis, so we can see these things, you know,  
23 as they're happening and make sure we are on the right  
24 track, the trends.

25                   We do not have final numbers yet for 2016,

1 but through Q3 we are over 42.3 million, and our total  
2 net purchases from 2013 through '15 have exceeded  
3 13 million.

4 Briefly, there is some statistics. We are in  
5 St. Jo. We have a population of over 76,000. We are a  
6 major metropolitan area, so we have some statistics  
7 similar to the larger cities.

8 And the property is -- as you're aware, we're  
9 committed to assisting with problem gaming. We have all  
10 of the requisite programs in place. We have problem  
11 gaming week, which was held in August this year, and  
12 this is something that we as part of our regular  
13 operations, that we're committed to as well.

14 We have a disassociated, DAP, underage gaming  
15 program as well, where if the patron is on the DAP list,  
16 they're removed in five calendars days. We require the  
17 proper identification before cashing checks.

18 The same thing for admitting patrons. We  
19 have recently put in a new driver's license  
20 identification system software so we can make sure that  
21 we're bringing in valid identification before anyone is  
22 admitted to the boat. So we're responsible there. And  
23 we also have a reward program if we identify any patrons  
24 who are on the DAP program.

25 But we have regular interaction between our

1 marketing department and our IT department to make sure  
2 that these processes are happening regularly.

3                   We are a big believer at St. Jo of  
4 contributing to the community along several fronts. Our  
5 numbers have improved in this area over the past few  
6 years. Our community contributions have exceeded 32,000  
7 this year alone.

8                   CHAIRMAN KOHN: Are those from your employees  
9 or from the company?

10                   MR. SIMMS: These are basically donations we  
11 make as a company to these organizations.

12                   As Michael mentioned, we're aligned with  
13 corporate in terms of supporting Alzheimer's, but we are  
14 involved with making contributions to a lot of these  
15 organizations.

16                   We attend a lot of the community functions,  
17 the YWCA banquet, the Chamber annual event. I think --  
18 and I'm going to call upon some City representatives  
19 that were -- I can confidently say we're a good  
20 community partner and that this is also something part  
21 of our priorities as we operate.

22                   Our employees volunteer within several  
23 organizations, Alzheimer's, Big Brothers, Big Sisters.  
24 We recently did a toy drive for the Salvation Army in  
25 December to provide toys for underprivileged children.

1 We're involved with the YMCA, YWCA, United Way and  
2 various other organizations as well.

3 One of my goals this year is to make sure  
4 that every member of our management staff is involved  
5 with at least one organization.

6 At this time, before I invite our City  
7 representatives, I wanted to open up if you have any  
8 specific questions with regard to St. Jo.

9 CHAIRMAN KOHN: Any questions?

10 COMMISSIONER HALE: No, sir.

11 MR. SIMMS: Thank you.

12 If I may, I'd like to welcome our Mayor, Bill  
13 Falkner, Bruce Woody, our City Manager, and Harry  
14 Roberts, our Presiding Commissioner.

15 MAYOR FALKNER: Chairman, Commissioners, it's  
16 a pleasure to be here today to speak in support.

17 CHAIRMAN KOHN: For the record, tell us your  
18 name.

19 MAYOR FALKNER: Okay. I'm Mayor Bill  
20 Falkner, St. Joseph, Missouri.

21 It's a pleasure to be here to talk in support  
22 of Affinity Gaming and their casino located here in  
23 St. Joseph, Missouri.

24 And to keep it brief I'm just going to touch  
25 on a few of the programs that we use the funding that we

1 receive, and it's very -- it's over a wide spectrum.

2           We help support local festivals and various  
3 local events that otherwise would be hurt for funding.  
4 We also fund our downtown partnership. We're trying to  
5 rejuvenate our downtown, and the downtown partnership  
6 helps us in that area.

7           We are very heavy in the animal health  
8 corridor, and so this helps fund the Innovation  
9 Stockyards, which I am on the board, and we -- that's a  
10 place to bring businesses in to kind of help them get  
11 along and start up in that animal health.

12           We fund our economic development in the  
13 Chamber of Commerce through this funding. And just last  
14 year we were able to build some shelters for Camp  
15 Geiger, for the Boy Scouts, so they would have a place  
16 to go in case it stormed, after the incident out in  
17 Colorado I believe where some Boy Scouts were killed  
18 with lightening. So, you know, we try to use these  
19 funds to promote every aspect of our community.

20           And they have been a wonderful supporter of  
21 our community. And any time that I need anything, you  
22 know, I don't even hesitate to call. So I really  
23 appreciate them being in and helping with our community.

24           Any questions for me?

25           CHAIRMAN KOHN: Just for the record you are

1 in favor of extending the license? You're in favor of  
2 this licensing process?

3 MAYOR FALKNER: Oh, absolutely, 100 percent.

4 CHAIRMAN KOHN: I just wanted to get that on  
5 the record.

6 MAYOR FALKNER: No. I am firmly behind and  
7 in their court, yes.

8 CHAIRMAN KOHN: Thank you, Mr. Mayor.

9 MAYOR FALKNER: Thank you.

10 MR. WOODY: Mr. Chairman, my name is Bruce  
11 Woody. I'm City Manager with the City of St. Joseph,  
12 Missouri, and I too support and recommend your favorable  
13 approval of the renewal of their licensure.

14 Affinity Gaming is a very important employer  
15 in our community, 220 employees. Their operation in  
16 maintenance expenses certainly contribute to our local  
17 economy.

18 Our city is not unlike a lot of cities, where  
19 the majority of the incoming revenue is largely  
20 committed to our core services, meaning that there isn't  
21 much left for discretionary expenditures.

22 Riverboat gaming is one of those  
23 discretionary areas where our City Council has a lot of  
24 flexibility to address issues that come up over the  
25 course of the year on any particular issue.

1                   So it's a real go-to source that the City  
2 Council really appreciates to be able to address issues,  
3 whether they be capital issues in a particular year,  
4 economic development issues or special projects, and  
5 that's the predominant use within our community.

6                   Affinity has a good reputation in our  
7 community for the support of the community. Back in the  
8 2011 flood they kept their employees on their payroll  
9 despite not being in service at the time.

10                  They contribute heavily to charitable  
11 organizations. Those employees who weren't working at  
12 the time were involved with working at charitable  
13 organizations during that period of time.

14                  As was shown in the screen earlier, they  
15 contribute regularly to charitable organizations, over  
16 \$30,000 a year. They also work in those and provide  
17 services to United Way, Big Brothers, Big Sisters, Food  
18 Kitchen, Noyes Home, et cetera.

19                  So overall they're a good community provider,  
20 and our City Council has used that funding for many  
21 purposes. In addition to the ones already mentioned by  
22 the mayor, we also contribute to and provide funds to  
23 community groups for parades, festivals. We had a local  
24 air show at our airport last year. We had over 20,000  
25 people in attendance.



1           Some past year expenditures of importance to  
2   our community, replacing some computer mobile data  
3   computers for our police force, adding defibrillators  
4   for replacement for our fire department. We also use it  
5   as subsidiary expenditures for our property maintenance  
6   division to help upkeep the enforcement of appearance of  
7   our community.

8           So in conclusion we appreciate them as a  
9   local business, and certainly their contributions for  
10  the City Council is used for discretionary funding, and  
11  I favorably recommend your consideration for the  
12  relicensure.

13           CHAIRMAN KOHN: Any questions of Mr. Woody?

14           COMMISSIONER JAMISON: No.

15           COMMISSIONER HALE: No.

16           COMMISSIONER NEER: No.

17           CHAIRMAN KOHN: Mr. Roberts.

18           MR. ROBERTS: Yes. Thank you.

19           My name is Harry Roberts. I'm the Presiding  
20  Commissioner of Buchanan County. So as I address this  
21  Commission, I appreciate you giving us this time.

22           Before I get started I was asked by Suzanne  
23  Bradley, past Commissioner, to tell everybody she served  
24  with on this Commission hello. She misses you.

25           So with that being said, they've already

1 covered a lot of the details here on benefits to  
2 St. Joseph.

3 From a county standpoint, the county receives  
4 part of the tax revenue just like the City does, and so  
5 I just wanted to cover a couple of things that we do  
6 with that.

7 We don't have a lot of extra funds as a  
8 county, but this does assist our county from the  
9 standpoint of being able to help out some of those  
10 things we couldn't do normally.

11 And one of those items is the Social Welfare  
12 Board. We receive about a million dollars a year in  
13 revenue from the casino being there. So we provide  
14 about \$300,000 a year to the Social Welfare Board in  
15 St. Jo which provides services, medical services, basic  
16 medical services to those folks who quite honestly fall  
17 between the cracks of being able to qualify for services  
18 or being able to afford their own services, and it's  
19 several hundred folks that the Social Welfare Board is  
20 able to serve, including dental services and that type  
21 of thing.

22 So it saves us a lot of money as a community  
23 by them not ending up at the ER and different places  
24 like that as well.

25 We also fund our commitment to the University

1 of Missouri Extension Council. Now, for those of you  
2 who might be aware, I mean, we have an obligation as a  
3 county to fund -- by State statute to fund the  
4 University of Missouri Extension Council, but that's at  
5 a lower amount. And so we actually are able to fund  
6 extra dollars to them which helps support their efforts  
7 with many counties in Northwest Missouri.

8 We also fund our tower expenses,  
9 communication tower expenses, that we share with the  
10 City, the hospital and the ambulance service, and  
11 approximately \$300,000 goes to that.

12 So these funds we are using in an effort to  
13 maintain our services, provide services to folks that  
14 fall between the cracks and to try to put those funds to  
15 a use that is actually good in our community. So it is  
16 reaching a lot of folks.

17 And so I guess you're going to ask me for the  
18 record, and I'm in support of the licensure renewal as  
19 well.

20 CHAIRMAN KOHN: Any questions?

21 COMMISSIONER HALE: No, sir.

22 COMMISSIONER NEER: No.

23 COMMISSIONER JAMISON: Oh, I have questions  
24 of Harry but I'm not going to ask him. I've known Harry  
25 for quite a while.

1                   CHAIRMAN KOHN: Okay. Moving right along.

2                   Ready for Mark Twain.

3                   MR. SMRIGA: Good morning.

4                   CHAIRMAN KOHN: Good morning.

5                   MR. SMRIGA: Thank you, Commissioners, thank  
6 you Missouri Gaming staff for allowing me to speak  
7 today on behalf of the Mark Twain Casino.

8                   My name is Gerry Smriga. I am the General  
9 Manager for Mark Twain Casino. I have been there for  
10 the past seven years both under Herbst prior to  
11 bankruptcy and now with Affinity Gaming.

12                   Our home dock community is LaGrange,  
13 Missouri. We provide over -- the last four years we  
14 provided over \$7 million in taxes to the home dock  
15 community. Our city mayor and people will talk a little  
16 bit about that later as we go on with the presentation.

17                   As far as payroll goes, over the years we  
18 average \$4 million in payroll. Almost 70 percent of our  
19 employees come from the Missouri area. As mentioned  
20 earlier, we provide over \$35 million in actual taxes in  
21 the last four years.

22                   Capital expenditurewise, we've done over  
23 \$6 million in the last four years. 60 percent of that  
24 has gone toward slot machines to keep our casino floor  
25 fresh and up to date, as well as many building and

1 property maintenance programs, such as barge  
2 maintenance, with the installation of a rust protection  
3 system for the barge, as well as \$350,000 in parking lot  
4 improvements.

5 We've invested in technology, such things as  
6 new marketing kiosks, upgrades, computer systems to  
7 allow for downloadable points and free play, as well as  
8 invested in some customer comfort areas, such as new  
9 slot chairs and a cigarette smoke removal system.

10 One of our main projects that we've done over  
11 the last year has been in the New Winners Grill. We  
12 have some pictures up there to show you that. We spent  
13 over \$350,000 to remodel that area. Now we have two  
14 distinct outlets, the one sit-down restaurant, as well  
15 as the deli area, that services 50 guests, serves them  
16 directly to the casino floor, allowing for a better  
17 experience for the overall gambler.

18 CHAIRMAN KOHN: From the looks of the empty  
19 tables, you must not have too many winners.

20 MR. SMRIGA: Yeah, that was before we opened.  
21 Didn't want to get any customers that didn't want to be  
22 known shown.

23 But we also removed some walls by the bar  
24 area and redesigned the whole self-serve drink area to  
25 make that a little more comfortable for those patrons as

1 well.

2           It has improved the overall appearance  
3 greatly for the casino.

4           As we go forward in 2017 we have a lot of  
5 capital projects, \$1.5 million in total. The main one  
6 would be the HVAC system. We're looking to spend close  
7 to 700,000 on that.

8           It will include such things as a new HVAC  
9 unit, building management system, air filtration system,  
10 duct cleaning and modifications to improve the overall  
11 15-year-old facility.

12           Arnell Consulting is helping us  
13 with this project. They held meetings this week,  
14 including yesterday and today, to go over the final --  
15 the bids from the final vendors. We expect the  
16 completion of that HVAC process to be in May.

17           We are also working with the Gaming  
18 Commission to get the slot and player tracking system  
19 upgraded. We're going to be moving through Oasis and  
20 Aristocrat. It's a project we look to complete in April  
21 with the help of the Commission.

22           As far as employee demographics go, according  
23 to U.S. Census, Mark Twain, we are exceeding currently  
24 for our female but we have a little bit of work to do  
25 with the minority area, something that we'll be focusing

1 on as we go forward.

2 As Jim mentioned earlier, I as the general  
3 manager do attend all interviews, so the ongoing process  
4 and part of the interview process, the panel interviews.  
5 I'm greatly involved with the hiring of employees, as  
6 well as the followup with them after their first  
7 90 days of employment.

8 The affirmative action policy, we talked a  
9 little bit about that. The efforts from Michael and Jim  
10 are going to -- talked earlier about. We're going to  
11 devise a plan that is going to be successful and help us  
12 improve in some of these areas.

13 As you look at the minority spend overall, we  
14 advertise locally in St. Louis, trying to attract people  
15 up to the LaGrange area, which is about two hours north  
16 of St. Louis, and various papers.

17 We did attend all of the diversity fairs last  
18 year. There were two in St. Louis, as well as we're  
19 going to look to collaborate with our corporate  
20 purchasing team. As Mike said earlier, this will be the  
21 first year that Mark Twain will have a full-fledged  
22 purchasing system, with a dedicated purchasing clerk to  
23 handle those assignments.

24 COMMISSIONER HALE: Mr. Smriga, not to  
25 interrupt, but let me inquire as with Jim.

1           Would you, sir, also be willing to talk to  
2 and communicate with Gaming Commission staff relative to  
3 ways that you and your casino might be able to improve  
4 the MBE/WBE numbers, particularly the MBE numbers?

5           MR. SMRIGA: Yes, absolutely would be willing  
6 to work with them 100 percent, work with Cheryl Bonner  
7 and the Missouri Gaming Commission as well.

8           COMMISSIONER HALE: Thank you.

9           MR. SMRIGA: So looking at the purchases  
10 overall. We did -- in 2015 Mark Twain did increase its  
11 overall MBE/WBE spend to \$390,000. Consistently we've  
12 been around 7 1/2 percent for the women's spend.

13           With the help of some bigger purchases from  
14 minority vendors in 2015 we actually were able to get to  
15 6.4 percent for minority spending.

16           CHAIRMAN KOHN: I'm curious. With your  
17 affirmative action program as you've described, how did  
18 you fall off by over 50 percent from '15 to '16?

19           MR. SMRIGA: One of the big purchases we had  
20 in '15 was the new slot chairs we talked about a little  
21 bit earlier. That was from a minority business.

22           So that was one of the larger spends that we  
23 had in 2015, compared to not having that big project we  
24 had in 2016 versus 2015. So that was one of the main  
25 ones, the main one.



1           Which as someone with a smaller spend  
2 overall, a smaller property, when you get some of these  
3 bigger purchases, it helps your percentage quite a bit.

4           CHAIRMAN KOHN: Okay.

5           MR. SMRIGA: Talk a little bit about going  
6 forward overall.

7           One of the things we were doing, utilizing  
8 data limited for our direct marketing program. They are  
9 one of the companies that we are increasing our spend  
10 with as far as women-owned business goes.

11           We're also working to replace our uniforms  
12 next year. We use most of our uniforms currently  
13 through a women-owned business, and we'll continue to  
14 look at women and minority businesses as we replace all  
15 uniforms in 2017.

16           As we talked about a little bit earlier,  
17 we're committed to spending more using our purchasing  
18 system. We've also contracted with Bethel Business  
19 Machines. They are a minority business company.  
20 They'll be doing all our TITO tickets.

21           We started with them about June of last year,  
22 so that will be a full year of spend with that minority  
23 business for all of our TITO tickets that come out of  
24 our slot machines.

25           As well as the Gaming Association, we talked

1 about adding a diversity fair in Kansas City, and we  
2 plan to attend things like that, and then just overall  
3 utilizing our purchasing system to improve our spend  
4 overall.

5 COMMISSIONER HALE: Mr. Smriga, do I  
6 understand correctly from the last -- or from this chart  
7 that in -- I guess year-to-date 2016 up to the third  
8 quarter, I guess, we've got \$15,573.60 spent with MBEs?  
9 Do I understand that correctly?

10 MR. SMRIGA: I'm sorry. Which one?

11 COMMISSIONER HALE: It's the MBE number.

12 MR. SMRIGA: Yeah, the 15,500?

13 COMMISSIONER HALE: Correct.

14 MR. SMRIGA: Yeah.

15 COMMISSIONER HALE: That's total spend for  
16 MBEs through the third quarter of 2016?

17 MR. SMRIGA: Yeah.

18 And then in the fourth quarter Bethel Machine  
19 Business is one of those companies that we use going  
20 forward, so that will increase in the fourth quarter to  
21 '17.

22 COMMISSIONER HALE: So that will increase  
23 that number for 2016?

24 MR. SMRIGA: Yeah, because they're only a  
25 partial year in 2016.

1 COMMISSIONER HALE: Okay.

2 MR. SMRIGA: Crime rates. The LaGrange crime  
3 statistics continue to be below national average. The  
4 law enforcement team includes the State Troopers  
5 assigned to the property, as well as the City of  
6 LaGrange do a wonderful job of keeping the casino  
7 property secure.

8 Problem gamingwise. Mark Twain Casino  
9 obviously participates in responsible gaming weeks where  
10 employees are involved.

11 We receive training from the Life Crisis  
12 Center. All employees help educate them on the signs of  
13 problem gaming, as well as we have people wear  
14 responsible gaming T-shirts and wrist bands, et cetera.

15 We do have a bounty team program for the  
16 disassociated person and underage gamblers. It's a  
17 program where people who identify people who are on the  
18 DAP list, as well as people who are under the age of 21.

19 Going forward we plan to increase our ID  
20 check to people who look over the age -- from 40 years  
21 and older -- or younger. Excuse me.

22 As far as charity, Mark Twain Casino has  
23 received some new commitment with the leadership of  
24 Michael Silberling who is very involved with a lot of  
25 charities and is leading the charge as far as increasing

1 our charity spend nationally with the Alzheimer's  
2 Association, as well as locally. We are the main  
3 sponsor for the Alzheimer's Association Walk. One of  
4 our walkers this year actually achieved grand  
5 championship status raising personal money. That was  
6 well over a lot locally, which I think they finished  
7 No. 3 locally.

8 As well as we're the main sponsor locally  
9 with the breast cancer walk. The Blessing Foundation,  
10 we do a lot of work with them as well.

11 Employee volunteer hours are very important  
12 to us. The management team alone logged over 925 hours  
13 to such groups as the LaGrange Youth Center, Mid-  
14 American Military Salute, Illinois Veterans Home,  
15 Palmyra Food Pantry and United Way.

16 I personally worked with the Big Brother, Big  
17 Sister program. I have a mentor that I've been  
18 mentoring for the last four years, a young boy. I'm  
19 very proud of that and enjoy working with that program  
20 locally as well.

21 That is what we've had for Mark Twain Casino.  
22 We do have some representatives from the City of  
23 LaGrange. I'll invite them up now.

24 We have Mike Lowe who is the Mayor of the  
25 City of LaGrange, Bob Corbin who is on the City Council,

1 and then John Roach is our City Administrator in the  
2 City of LaGrange, and he will be doing the presentation  
3 on behalf of the City of LaGrange.

4 MR. ROACH: Hello. My name is John Roach.  
5 I'm the City Administrator with the City of LaGrange,  
6 and I have Mayor Mike Lowe with me and Councilman Bob  
7 Corbin. Thank you for letting us speak for a few  
8 minutes today.

9 I would like to maybe initially point out  
10 that LaGrange is a small community. We are a population  
11 of 931, and the casino is our biggest source of revenue,  
12 if not to say just about our only source of revenue.  
13 Without it we would suffer tragedy.

14 With their revenues that we receive we've  
15 accomplished some great projects. We bought some great  
16 equipment, even small stuff, like the police department.  
17 We've bought new car cameras, new body cameras,  
18 shotguns, vests. We've bought a new truck, two new  
19 police vehicles.

20 And we would continue to with the police  
21 department to even get -- we're going to upgrade our  
22 radio systems next year and get another car camera to go  
23 with that.

24 Our fire department has seen some great  
25 things. We've bought all new turnout gear. We bought

1 all new SCBA tanks for the firemen. We've bought a new  
2 truck. And we have plans in the near future to purchase  
3 a generator for the fire department so in times of  
4 emergencies we can still operate.

5 Our sewer department has -- over the last few  
6 years we've made significant upgrades to our wastewater  
7 treatment plant, and those are -- those are still  
8 ongoing.

9 One thing that I'm kind of proud that the  
10 City has done is we've done a sewer lining project over  
11 the last several years, and with that we've -- we have  
12 one more year of a sewer lining project and we'll have  
13 completed the whole town, which consists of you put a  
14 new -- basically a new line inside of your old pipes.

15 That one I'm significantly proud of because I  
16 don't think there is another city in the state that can  
17 say the same.

18 We've also purchased a new sewer camera  
19 within the sewer department.

20 Our water department, we have made major  
21 upgrades to our treatment plant, and we continue every  
22 year to budget money for water main extensions so that  
23 we can eliminate old pipes and put in new. That's an  
24 ongoing project.

25 The water department has also purchased a

1 generator to -- you know, in times of power outage that  
2 we can still operate. And they did get a new truck  
3 also.

4 Our street department, we have a paving  
5 project every year. So we budget every year to pave  
6 streets. We have a sidewalk project that we budget for  
7 every year and put in new sidewalks.

8 The street department did get as far as  
9 equipment a new truck, a new skid steer and a trailer.

10 And some of our -- one of our maybe bigger  
11 projects working on in the future is -- of course, we're  
12 located on the Mississippi River and we are interested  
13 in building and expanding on our riverfront properties  
14 and that's a significant project. Of course, it's still  
15 in the works. But without the casino and their source  
16 of revenue we'd be unable to do it.

17 And maybe just a few other things, you know,  
18 that we do, you know, plan for in the future. We have  
19 some dilapidated old dump trucks. You know, we'll  
20 probably purchase a new dump truck in the near future.

21 With that I would -- the City of LaGrange  
22 would be in favor of renewal of the license and with  
23 that I'll answer if you have any questions.

24 COMMISSIONER HALE: I have nothing.

25 CHAIRMAN KOHN: Any questions?

1 COMMISSIONER JAMISON: No, sir.

2 COMMISSIONER NEER: No, sir.

3 CHAIRMAN KOHN: Mr. Mayor.

4 MAYOR LOWE: Yes. I'm Mike Lowe, the Mayor  
5 of the City of LaGrange. This is my second year as  
6 being Mayor. I was on the Council for over 20 years.

7 John has pretty well covered everything that  
8 the boat has done for us. I would like to add that I  
9 was in charge of the LaGrange Appreciation Days for over  
10 13 years, and any time we asked the boat for help for  
11 money we got it.

12 For those 13 years we took that money and had  
13 an evening meal and it was free for the public to come.  
14 It was like hamburgers, hotdogs, chips, cake, but the  
15 boat did furnish money for that and we want to thank  
16 them for that.

17 And I think John has pretty well covered  
18 everything else that, you know, the boat has done for  
19 us, and we do very much want the boat to be relicensed.

20 Thank you very much.

21 CHAIRMAN KOHN: Thank you very much,  
22 Mr. Mayor.

23 Mr. Corbin, anything to add?

24 MR. CORBIN: I just want to thank you all for  
25 inviting us here today, and I think John and Mike has



1 probably went over pretty much of everything, the big  
2 things.

3           But there are small things. I belong to the  
4 Lion's Club there in LaGrange, and we were short of some  
5 money to buy candy this year for our candy day. I went  
6 and asked Gerry and he said sure, you know, send me the  
7 bill on it and I'll pay for that.

8           So it's the little things too that matter as  
9 much as some of the big things does, because we are a  
10 small community. I go to the casino every day. I eat  
11 there most every day, which Gerry can vouch for.

12           And, you know -- and probably 80 percent of  
13 the people that come to our casino I know or Gerry  
14 knows, and being a small community like that I think,  
15 you know, we work hand in hand to try to take care of  
16 everybody.

17           And my thing as a City Council member, we  
18 definitely need the casino in LaGrange, Missouri. So  
19 thank you. If you have any questions or --

20           CHAIRMAN KOHN: As the sole funder of City  
21 revenue, I think we understand that.

22           MR. CORBIN: Thank you all.

23           CHAIRMAN KOHN: Any questions?

24           COMMISSIONER JAMISON: No.

25           COMMISSIONER NEER: No, sir.

1 COMMISSIONER HALE: No.

2 CHAIRMAN KOHN: Any members of the public  
3 want to comment, anybody from LaGrange here?

4 And I forgot to ask that with respect to  
5 St. Jo.

6 Any members of the public want to comment on  
7 the St. Jo application?

8 Okay. We are ready for Sergeant Davidson's  
9 report.

10 SERGEANT DAVIDSON: Good morning,  
11 Mr. Chairman, Commissioners.

12 CHAIRMAN/COMMISSIONERS: Good morning.

13 SERGEANT DAVIDSON: On August 4th, 2016  
14 applications were received by the Missouri Gaming  
15 Commission for the renewal of the Class A license of  
16 Affinity Gaming and the Class B riverboat gaming  
17 licenses of HGI-St. Jo, LLC, doing business as St. Jo  
18 Frontier Casino, and HGI-Mark Twain, LLC, doing business  
19 as Mark Twain Casino.

20 You will find resolutions for those licensees  
21 under Tab 4 in your book.

22 Missouri State Highway Patrol investigators,  
23 working in conjunction with Missouri Gaming Commission  
24 financial investigators, investigated the suitability of  
25 Affinity Gaming, HGI-St. Jo, LLC and HGI-Mark Twain

1 Casino to continue to operate as licensees.

2 Financial and criminal background checks were  
3 conducted on the companies' key and Level I personnel,  
4 and a financial analysis of the company was completed.

5 City and county officials were contacted  
6 regarding business activities at the casinos, and ABS  
7 Consulting, Incorporated conducted the superstructure,  
8 life safety systems and multi-barge platform annual  
9 surveys of both casinos.

10 The findings of these investigations were  
11 provided to the Missouri Gaming Commission staff for  
12 their review and the investigating officers are present  
13 at this hearing to answer any questions.

14 Thank you.

15 CHAIRMAN KOHN: Any questions of  
16 Sergeant Davidson?

17 COMMISSIONER HALE: No, sir.

18 COMMISSIONER JAMISON: No, sir.

19 COMMISSIONER NEER: No, sir.

20 CHAIRMAN KOHN: Okay. Thank you very much,  
21 Sergeant.

22 We're ready for the MBE/WBE report from  
23 Cheryl Bonner.

24 MS. BONNER: Good morning, Mr. Chairman, and  
25 Commissioners.

1                   In November 2016 the Missouri Gaming  
2 Commission staff conducted a 100 percent audit of the  
3 MBE/WBE records for the Class B licensees, St. Jo  
4 Frontier and Mark Twain Casinos.

5                   The results of our audit and specific details  
6 related to those findings are included with the summary  
7 report in your possession.

8                   Any questions?

9                   CHAIRMAN KOHN: Any questions?

10                  COMMISSIONER HALE: Just, Ms. Bonner, you've  
11 heard from Mr. Silberling and the two managers at St. Jo  
12 and Mark Twain, and I assume then that in the future you  
13 will make direct contact with them and aid them in  
14 improving their MBE and WBE numbers?

15                  MS. BONNER: Yes, sir.

16                  COMMISSIONER HALE: All right. Thank you,  
17 ma'am.

18                  CHAIRMAN KOHN: If there are no questions of  
19 Ms. Bonner, Mr. Seibert, the staff recommendation?

20                  EXECUTIVE DIRECTOR SEIBERT: The staff does  
21 recommend approval.

22                  CHAIRMAN KOHN: Of all three resolutions?

23                  EXECUTIVE DIRECTOR SEIBERT: Yes, sir.

24                  CHAIRMAN KOHN: Okay. We're going to do  
25 these separately.

1                   Is there a motion to approve 17-002?

2                   COMMISSIONER JAMISON: So moved.

3                   COMMISSIONER NEER: Second.

4                   CHAIRMAN KOHN: Discussion on the motion?

5                   Angie.

6                   MS. FRANKS: Commissioner Neer.

7                   COMMISSIONER NEER: Approve.

8                   MS. FRANKS: Commissioner Hale.

9                   COMMISSIONER HALE: Approved with the

10                  assurances given by Mr. Silberling and the others.

11                  MS. FRANKS: Commissioner Jamison.

12                  COMMISSIONER JAMISON: Approve.

13                  MS. FRANKS: Chairman Kohn.

14                  CHAIRMAN KOHN: Approve.

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

16                  Resolution No. 17-002.

17                  CHAIRMAN KOHN: Is there a motion to adopt

18                  Resolution No. 17-003?

19                  COMMISSIONER NEER: I recommend approval of

20                  Resolution 17-003.

21                  COMMISSIONER JAMISON: Second.

22                  CHAIRMAN KOHN: Discussion on the motion?

23                  Angie.

24                  MS. FRANKS: Commissioner Neer.

25                  COMMISSIONER NEER: Approve.

1 MS. FRANKS: Commissioner Hale.

2 COMMISSIONER HALE: Approved with the same  
3 caveat that I mentioned with regard to 17-002.

4 MS. FRANKS: Commissioner Jamison.

5 COMMISSIONER JAMISON: Approve.

6 MS. FRANKS: Chairman Kohn.

7 CHAIRMAN KOHN: Approve.

8 MS. FRANKS: By your vote you've adopted  
9 Resolution No. 17-003.

10 CHAIRMAN KOHN: Okay. And now we're ready  
11 for 17-004. Is there a motion to approve?

12 COMMISSIONER JAMISON: So moved.

13 COMMISSIONER NEER: Second.

14 CHAIRMAN KOHN: Discussion on the motion?  
15 Angie.

16 MS. FRANKS: Commissioner Neer.

17 COMMISSIONER NEER: Approve.

18 MS. FRANKS: Commissioner Hale.

19 COMMISSIONER HALE: Approve.

20 MS. FRANKS: Commissioner Jamison.

21 COMMISSIONER JAMISON: Approve.

22 MS. FRANKS: Chairman Kohn.

23 CHAIRMAN KOHN: Approve.

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

1                   CHAIRMAN KOHN: Mr. Seibert.

2                   EXECUTIVE DIRECTOR SEIBERT: The next order  
3 of business is Consideration of Disciplinary Actions.  
4 Mr. Ed Grewach will present.

5                   MR. GREWACH: Thank you, Director Seibert,  
6 Mr. Chairman, Commissioners.

7                   Under Tab F we have a Preliminary Order of  
8 Discipline directed to Lumiere Place Casino. This  
9 disciplinary action was originated by a patron complaint  
10 regarding a casino promotion.

11                   Our Rule 55.181 makes it a violation for a  
12 casino to conduct a promotion in the manner that  
13 reflects negatively on the licensee.

14                   Also that rule requires dated written rules  
15 to be immediately available to the patron and to the  
16 Commission.

17                   In addition, Minimum Internal Control  
18 Standards Chapter I-1301 requires all player reward  
19 systems to be based on predetermined formulas, and  
20 Minimum Internal Control Standard I-1302 provides that  
21 the casino is required to present to the patron  
22 information regarding the reward structure of a  
23 promotion or player reward program upon request.

24                   The promotion in question was a \$250,000 slot  
25 challenge point chase. The winner of the prizes were

1 based on the amount of tier points that patrons earned  
2 in the player reward program between May the 1st and  
3 May 21st of 2016.

4           The top 20 tier point earners during that  
5 time period won some specific prizes set out in the  
6 promotional rules.

7           The website advertising the promotion  
8 indicated that the total -- the point totals would be  
9 posted at the Trop advantage counter every Monday.

10           The patron that issued the complaint visited  
11 the Trop advantage counter on Monday, May the 9th to see  
12 what the standings and point totals were to determine  
13 how much he would need to have to play in order to have  
14 a chance of winning one of the prizes.

15           The employee she encountered at the desk did  
16 not know anything about the promotion. The employee  
17 called a casino host who was unavailable, could not  
18 reach them. The person at the desk gave the phone  
19 number of the casino host to the patron, had them call.

20           She did call. She took a couple attempts to  
21 reach that person and to make an appointment to meet.  
22 When they first met, that casino host did not have the  
23 point totals and later came back with the point totals.

24           I go into that level of detail in presenting  
25 this because that ties into the 5.181 prohibition of



1 conducting a promotion in the manner that reflects  
2 negatively on the licensee.

3           When they did come back with the point  
4 totals, the first-place participant had 121,000 points,  
5 the second place had 55,000 points and the third place  
6 had 32,000 points.

7           Now, this particular patron had played before  
8 and had played once, for example, and bet the maximum  
9 amount for six hours, earned 800 points.

10           So looking at those numbers just determined  
11 there was no way that she could possibly get into the  
12 running giving those numbers and left.

13           We investigated the complaint and found that  
14 the rules didn't have any information on how tier points  
15 were earned. They did have a brochure, however, they  
16 handed out which showed that for slot machines you got  
17 one tier point for every \$5 coin in. For video poker  
18 you got one tier point for every \$10 coin in. For poker  
19 you got one tier point -- you got 20 tier points for  
20 every hour played.

21           It just had the general statement then that  
22 all table games were based on the average bet and time  
23 played.

24           As a patron looking at that brochure and you  
25 see someone who has 121,000 points in one week, you

1 would have had to have bet on slot machines six -- had  
2 \$605,000 of coin in in one week to earn that many  
3 points. If you played video poker, you would have had  
4 to have \$1.2 million coin in to earn that many points.  
5 Playing poker you would have had to play 6,050 hours in  
6 one week to earn that many points.

7 COMMISSIONER JAMISON: That would be  
8 difficult.

9 MR. GREWACH: Unless you're a lawyer and  
10 billing someone. I've seen some bills and it might be  
11 possible.

12 There is a separation provision of 5.181 that  
13 comes into play that requires that all prizes be paid  
14 out according to the rules of the promotion.

15 The problem there presented was how would a  
16 patron know and how they'd be able to evaluate how they  
17 could win and how we'd be able to evaluate compliance.

18 How do we know that 121,000 points was  
19 correctly calculated according to the rules? Because as  
20 you recall, Section I-1301 requires that the points be  
21 based on a predetermined formula.

22 Without having to immediately get our hands  
23 on the formula, we couldn't answer that patron's  
24 question as to how -- how did someone get 121,000 points  
25 and was that the correct number of points for the table

1 games.

2                   It was a table game player by the way. All  
3 three of those top persons were all table game players  
4 during that week prior to this complaint being lodged.

5                   This particular casino has had prior problems  
6 with promotions. There were eight prior promotional  
7 violations since June of 2014. Seven of them have gone  
8 to final order and one you'll see later in a settlement  
9 under Tab H on this agenda, and the recommended fine was  
10 \$5,000.

11                   CHAIRMAN KOHN: Any questions of Ed?

12                   COMMISSIONER HALE: I have none.

13                   COMMISSIONER NEER: No, sir.

14                   COMMISSIONER JAMISON: No.

15                   CHAIRMAN KOHN: Okay. Is there a motion to  
16 approve Resolution DC-17-001?

17                   COMMISSIONER HALE: So moved.

18                   CHAIRMAN KOHN: Is there a second?

19                   COMMISSIONER NEER: Second.

20                   CHAIRMAN KOHN: Discussion on the motion?  
21 Angie.

22                   MS. FRANKS: Commissioner Neer.

23                   COMMISSIONER NEER: Approve.

24                   MS. FRANKS: Commissioner Hale.

25                   COMMISSIONER HALE: Approve.

1 MS. FRANKS: Commissioner Jamison.

2 COMMISSIONER JAMISON: Approve.

3 MS. FRANKS: Chairman Kohn.

4 CHAIRMAN KOHN: Approve.

5 MS. FRANKS: By your vote you've adopted  
6 DC-17-001.

7 CHAIRMAN KOHN: Mr. Seibert.

8 EXECUTIVE DIRECTOR SEIBERT: The next order  
9 of business is Consideration of Placement on the  
10 Exclusion List. Mr. Ed Grewach will present.

11 MR. GREWACH: Under Tab G we have a  
12 resolution to place Bob J. Young on the involuntary  
13 exclusion list.

14 Our Rule 45-15.030 allows us to place a  
15 person on the involuntary exclusion list for any  
16 violation of Chapter 313 or any act that adversely  
17 affects the public confidence and trust in gaming.

18 On October the 4th, 2015 Mr. Young was  
19 playing Easy Mini/Baccarat in Lumiere Place Casino. He  
20 placed the bet, he saw what the cards were, saw that he  
21 had lost the hand and quickly removed the chips from the  
22 table.

23 It's a term that you'll hear us calling  
24 pinching a bet. When you know the outcome of the game,  
25 know you're going to lose and pull back chips out of the

1       wager line that you put them on.

2                       He also had been previously warned by the  
3       casino about pinching bets, so it wasn't his first time  
4       that he had done that.

5                       He was charged with the violation in criminal  
6       court, a violation of Section 313.830.4, parentheses 4.  
7       He then pled guilty on October the 5th, 2016 of one  
8       count of misdemeanor stealing and one count of felony  
9       resisting arrest. He received a suspended imposition of  
10      sentence with a six-month unsupervised probation.

11                      But those acts both in violating Chapter 313  
12      and performing an act adversely affecting public  
13      confidence and trust in gaming make Mr. Young eligible  
14      for the involuntary exclusion list.

15                      CHAIRMAN KOHN: And that's your  
16      recommendation?

17                      MR. GREWACH: Yes.

18                      CHAIRMAN KOHN: Any questions?

19                      COMMISSIONER JAMISON: No, sir.

20                      COMMISSIONER HALE: No.

21                      COMMISSIONER NEER: No.

22                      CHAIRMAN KOHN: Is there a motion to approve  
23      Resolution 17-005?

24                      COMMISSIONER JAMISON: So moved.

25                      COMMISSIONER HALE: Second.

1                   CHAIRMAN KOHN: Any discussion on the motion?  
2                   Angie.  
3                   MS. FRANKS: Commissioner Neer.  
4                   COMMISSIONER NEER: Approve.  
5                   MS. FRANKS: Commissioner Hale.  
6                   COMMISSIONER HALE: Approve.  
7                   MS. FRANKS: Commissioner Jamison.  
8                   COMMISSIONER JAMISON: Approve.  
9                   MS. FRANKS: Chairman Kohn.  
10                  CHAIRMAN KOHN: Approve.  
11                  MS. FRANKS: By your vote you've adopted  
12 Resolution No. 17-005.  
13                  CHAIRMAN KOHN: Mr. Seibert.  
14                  EXECUTIVE DIRECTOR SEIBERT: The next order  
15 of business is Consideration of Settlement Agreement.  
16 Mr. Ed Grewach.  
17                  MR. GREWACH: Thank you.  
18                  This case -- and I'd like to present Tabs H  
19 and I together because they both arise out of the same  
20 incident, and they're settlements of disciplinary  
21 actions against Lumiere Place Casino and against  
22 Marketing Manager Jacquelyn Woody arising out of  
23 problems with a certain promotion.  
24                  Again, 5.181 prohibits the licensee from  
25 conducting a promotion in a manner reflecting negatively

1 on the licensee. Again, it requires all promotional  
2 prizes to be paid out according to the rules.

3 Section 10.030 requires a licensee to  
4 promptly report any facts which give the licensee  
5 reasonable grounds to believe a regulatory violation may  
6 have occurred.

7 The casino acquired from Bally a sweepstakes  
8 program system, and on April the 9th, 2015 Bally sent a  
9 field advisory notifying Lumiere that in certain  
10 circumstances sweepstakes entries were deleted if a  
11 casino manually adjusted player ratings.

12 Now, those manual adjustments are fairly  
13 common and take place when you have a player playing  
14 table games.

15 The casino at that point in time did not  
16 notify the MGE as required by 10.030. Instead it  
17 continued to conduct promotions using that system.

18 In June of 2015 the casino held the \$60,000  
19 convertible giveaway promotion.

20 In the time period from June the 1st to  
21 June 27th the patrons would earn one entry into the  
22 promotion -- into the drawing for every 25 points  
23 earned.

24 And the drawings were going to be held in two  
25 dates, June 20th beginning at 2:00 p.m. and every

1 30 minutes after that and June 27th beginning at  
2 7:00 p.m. and again every 30 minutes after that time.

3           When they went to conduct their first drawing  
4 at 2:30 on June the 20th, they saw that there were no  
5 active entries in the drawing, which obviously alerted  
6 them to the fact that there was some problem.

7           And the problem was the same problem that had  
8 been detailed in the April the 9th field advisory that  
9 Bally had sent to the casino.

10           At that point in time the casino did not  
11 notify MGC. The casino did contact Bally, worked on  
12 what they believed was going to fix the problem.  
13 However, when they checked again on June 23rd, they  
14 found that the problem still hadn't been fixed, that  
15 there were still being entries deleted, and once again  
16 they did not notify the MGC but continued to conduct the  
17 promotion at that point in time.

18           On June 27th when they began to conduct  
19 drawings again they once again saw that entries were  
20 deleted.

21           Now, at that point in time what they did is  
22 they switched to -- they selected an alternate method of  
23 selecting the winners of the drawing, the entries, what  
24 they called a hot-seat method.

25           Now, in the hot-seat method the patron had to



1 have a card in an electronic gaming device in order to  
2 be recognized and to earn drawings.

3 Now, that system was not sufficient because  
4 it did not give any entries to the table games players  
5 according to the rules of the promotion.

6 We investigated the matter, and they did  
7 notify us then on -- actually had notified us the day  
8 before. On June 26th the compliance officer had  
9 notified us of the problem.

10 We investigated the matter and found that  
11 there were a number of promotions that were conducted  
12 after the field advisory up through and including the  
13 June 27th drawings that took place.

14 I should note that when we talk about the  
15 number of drawings -- and I'll talk about that a little  
16 bit later and their response -- there's -- you know,  
17 there was an issue as to how many drawings were really  
18 affected by this.

19 You'll see in the Preliminary Order of  
20 Discipline we allege 11, which they admit for the  
21 purpose of the settlement.

22 Really I think if you -- if you looked at  
23 that and the case went to hearing, you may look at --  
24 more likely the evidence would be that there would be  
25 six drawings involved and a total of \$293,000 involved

1 in total prize money of those drawings.

2 Now, the important thing to note is they  
3 actually paid out all of the prize money for all of the  
4 drawings.

5 What happened was there are a number of  
6 patrons -- and we were able to quantify that at 17,672  
7 individual patrons who in one promotion or another had  
8 entries deleted because of that manual adjustment made  
9 during the course of the promotion, and the casino made  
10 no efforts to compensate or conduct any makeup drawing  
11 for those 17,672 patrons.

12 The staff in looking at this case also  
13 considered the disciplinary history with promotions that  
14 we've spoken about previously in the earlier Tab F item,  
15 and the staff's recommendation was a \$100,000 fine and a  
16 three-day suspension of Jacquelyn Woody, the Marketing  
17 Manager.

18 We sent out a letter and asked for a response  
19 within 14 days, which as you know we refer to as the  
20 14-day letter.

21 The casino in their response stated that they  
22 weren't actually aware that the April field advisory  
23 would have that specific effect on the promotions that  
24 were conducted.

25 They indicated that the only impact was

1 limited to a specific set of circumstances and not all  
2 promotions that were necessarily conducted between April  
3 and June.

4           And in the course of that, discussions that  
5 followed that response to the 14-day letter, the casino  
6 offered to settle, and it was a package offer basically  
7 of -- they offered to pay a fine of \$40,000 and to  
8 reduce Ms. Woody's suspension from three days to one  
9 day.

10           In reviewing their 14-day letter response and  
11 further investigating the matter, we found that we  
12 really couldn't quantify the number of entries that were  
13 deleted for those 17,000 plus patrons. We couldn't  
14 quantify a dollar amount.

15           And we looked at similar cases involving  
16 multiple promotions, and the staff came to the  
17 conclusion that given all that, that the \$40,000 offer  
18 was fair and reasonable and agreed to accept that  
19 subject to the Commission's approval. The rule requires  
20 Commission approval of any settlement of a disciplinary  
21 action.

22           CHAIRMAN KOHN: So I'm just curious. As a  
23 practical matter, how does that work? She continues her  
24 job but gets one pay period deducted from it?

25           MR. GREWACH: She has a one-day suspension.

1                   COMMISSIONER JAMISON: One day she's not  
2 licensed.

3                   CHAIRMAN KOHN: One day she's not paid?

4                   COMMISSIONER JAMISON: No. One day she's not  
5 licensed.

6                   CHAIRMAN KOHN: So she can't work one day?

7                   COMMISSIONER JAMISON: Right. It doesn't  
8 mean that she necessarily gets without pay. It says one  
9 day she's not licensed.

10                  CHAIRMAN KOHN: Okay. Any questions?

11                  COMMISSIONER NEER: Yeah, I have a question.  
12 Did the patrons know that this system was not  
13 functioning?

14                  MR. GREWACH: No.

15                  COMMISSIONER NEER: Okay. When it came time  
16 to the drawing, the date of the drawing, what were the  
17 patrons told?

18                  The drawings couldn't occur. Correct?

19                  MR. GREWACH: The drawings did occur. They  
20 went ahead and did the drawings.

21                  And I'm going to call on Todd Nelson, our  
22 Electronic Gaming Device Manager, to maybe answer that  
23 question further.

24                  But, you know, for a patron all you know is  
25 you didn't -- your name wasn't drawn.

1 COMMISSIONER NEER: You didn't win.

2 MR. GREWACH: Right.

3 So I don't know if Todd Nelson has more he  
4 can add to that.

5 MR. NELSON: Good morning, Chairman,  
6 Commissioners. Todd Nelson, Gaming Enforcement Manager.

7 It's my understanding that they did make an  
8 announcement over the PA that you had to leave the table  
9 to go put your card in.

10 It's also my understanding that there was no  
11 indication of the difference between a sweepstakes or a  
12 hot-seat that was made to a patron.

13 So you would have to get up from the table  
14 and go put your card into a slot machine in order to be  
15 eligible.

16 CHAIRMAN KOHN: Any other questions?  
17 Anything else?

18 COMMISSIONER NEER: No. That's it.

19 COMMISSIONER HALE: No. I have nothing.

20 CHAIRMAN KOHN: Is there a motion with regard  
21 to Resolution No. 17-007?

22 COMMISSIONER JAMISON: Wait. Do you want to  
23 do six first?

24 COMMISSIONER HALE: Yes, six.

25 CHAIRMAN KOHN: Okay. Yeah. Scratch that.

1                   Is there a motion with regard to Resolution  
2 17-006?

3                   COMMISSIONER HALE: So moved.

4                   COMMISSIONER JAMISON: Second.

5                   CHAIRMAN KOHN: Discussion on the motion?  
6 Angie.

7                   MS. FRANKS: Commissioner Neer.

8                   COMMISSIONER NEER: Approve.

9                   MS. FRANKS: Commissioner Hale.

10                  COMMISSIONER HALE: Approve.

11                  MS. FRANKS: Commissioner Jamison.

12                  COMMISSIONER JAMISON: Approve.

13                  MS. FRANKS: Chairman Kohn.

14                  CHAIRMAN KOHN: Approve.

15                  MS. FRANKS: By your vote you've adopted  
16 Resolution No. 17-006.

17                  CHAIRMAN KOHN: Okay. Is there a motion with  
18 regard to Resolution 17-007?

19                  COMMISSIONER HALE: So moved.

20                  COMMISSIONER JAMISON: Second.

21                  CHAIRMAN KOHN: Discussion on the motion?  
22 Angie.

23                  MS. FRANKS: Commissioner Neer.

24                  COMMISSIONER NEER: Approve.

25                  MS. FRANKS: Commissioner Hale.

1 COMMISSIONER HALE: Approve.

2 MS. FRANKS: Commissioner Jamison.

3 COMMISSIONER JAMISON: Approve.

4 MS. FRANKS: Chairman Kohn.

5 CHAIRMAN KOHN: Approve.

6 MS. FRANKS: By your vote you've adopted  
7 Resolution No. 17-007.

8 CHAIRMAN KOHN: At the beginning of the  
9 meeting I said we would make further comments with  
10 regard to Consideration of Rules and Regulations which  
11 shows up as Item Roman Numeral VIII on the agenda.

12 Many you of you probably saw the Governor's  
13 order yesterday regarding any new regulations, and we  
14 have decided that even though we may not technically be  
15 covered by that order, we have decided to comply at  
16 least with the spirit of it and we will not be  
17 considering new rules and regulations that are listed in  
18 Roman Numeral VIII.

19 In discussing this matter with Mr. Seibert  
20 and staff, there is nothing that is contained in those  
21 rules and regulations which will in any way hamper the  
22 operation of any of our casinos or will interfere with  
23 the operation of the Gaming Commission.

24 So unless something else happens we will take  
25 these rules and regulations up at our -- sometime after

1 February 28th, which is the date the Governor put forth  
2 in his order.

3 So we're ready for No. IX, Mr. Seibert.

4 EXECUTIVE DIRECTOR SEIBERT: The next order  
5 of business is Consideration of Relicensure of Certain  
6 Supplier. Sergeant Mike Finnegan will present.

7 SERGEANT FINNEGAN: Good morning,  
8 Mr. Chairman, Commissioners.

9 CHAIRMAN/COMMISSIONERS: Good morning.

10 SERGEANT FINNEGAN: Missouri State Highway  
11 Patrol investigators, along with Missouri Gaming  
12 Commission financial investigators, conducted the  
13 relicensing investigation of one supplier company which  
14 is currently licensed in the state of Missouri.

15 This investigation consisted of  
16 jurisdictional inquiries, feedback from affected gaming  
17 company clients, a review of disciplinary actions,  
18 litigation and business credit profiles, as well as a  
19 review of the key persons associated with this company.

20 The result of this investigation was provided  
21 to the Missouri Gaming Commission staff for their  
22 review, and you possess a comprehensive summary report  
23 before you.

24 Investigating officers are present at this  
25 meeting to answer any questions you may have.



1           The following supplier company is being  
2 presented for your consideration: Konami Gaming,  
3 Incorporated.

4           EXECUTIVE DIRECTOR SEIBERT: Mr. Chairman,  
5 staff does recommend approval.

6           CHAIRMAN KOHN: Is there a motion with  
7 regard -- well, any questions?

8           Is there a motion regarding  
9 Resolution 17-008?

10          COMMISSIONER JAMISON: So moved.

11          COMMISSIONER NEER: Second.

12          CHAIRMAN KOHN: Discussion on the motion?  
13 Angie.

14          MS. FRANKS: Commissioner Neer.

15          COMMISSIONER NEER. Approve.

16          MS. FRANKS: Commissioner Hale.

17          COMMISSIONER HALE: Approve.

18          MS. FRANKS: Commissioner Jamison.

19          COMMISSIONER JAMISON: Approve.

20          MS. FRANKS: Chairman Kohn.

21          CHAIRMAN KOHN: Approve.

22          MS. FRANKS: By your vote you've adopted  
23 Resolution No. 17-008.

24          CHAIRMAN KOHN: Mr. Seibert.

25          EXECUTIVE DIRECTOR SEIBERT: The next order

1 of business, Mr. Chairman, is Consideration of Level I  
2 and Key Applicants. Sergeant Brian Holcomb will  
3 present.

4 SERGEANT HOLCOMB: Mr. Chairman,  
5 Commissioners, good morning.

6 CHAIRMAN/COMMISSIONERS: Good morning.

7 SERGEANT HOLCOMB: Missouri State Highway  
8 Patrol investigators, along with Missouri Gaming  
9 Commission financial investigators, conducted  
10 comprehensive background investigations on multiple key  
11 and Level I applicants.

12 These investigations included, but were not  
13 limited to, criminal, financial and general character  
14 inquiries which were made in the jurisdictions where the  
15 applicants lived, worked and frequented.

16 The following individuals are being presented  
17 for your consideration: Linster Walter Fox, Director,  
18 Everi Holdings, Incorporated and Everi Payments,  
19 Incorporated; Brian Eugene Hairston, Table Games  
20 Manager, Hollywood Casino St. Louis; Richard Matthew  
21 Primus, Senior Vice-President and Chief Information  
22 Officer, Penn National Gaming, Incorporated; Eileen Fein  
23 Raney, Director, Everi Holdings, Incorporated and Everi  
24 Payments, Incorporated; Anthony Alan Rohrer,  
25 Vice-President and General Manager, Lady Luck Casino -

1 Caruthersville.

2 The results of the investigations were  
3 provided to the Gaming Commission staff and the  
4 investigating officers are present at this meeting to  
5 answer any questions you might have.

6 CHAIRMAN KOHN: Are there any questions?

7 Is there a motion with regard to  
8 Resolution 17-009?

9 COMMISSIONER HALE: So moved, Mr. Chairman.

10 COMMISSIONER JAMISON: Second.

11 CHAIRMAN KOHN: Thank you.

12 Any discussion on the motion?

13 Angie.

14 MS. FRANKS: Commissioner Neer.

15 COMMISSIONER NEER: Approve.

16 MS. FRANKS: Commissioner Hale.

17 COMMISSIONER HALE: Approve.

18 MS. FRANKS: Commissioner Jamison.

19 COMMISSIONER JAMISON: Approve.

20 MS. FRANKS: Chairman Kohn.

21 CHAIRMAN KOHN: Approve.

22 MS. FRANKS: By your vote you've adopted  
23 Resolution No. 17-009.

24 CHAIRMAN KOHN: Thank you.

25 Mr. Seibert.

1 EXECUTIVE DIRECTOR SEIBERT: The next order  
2 of business is Consideration of Petition for Change of  
3 Control. Mr. Ed Grewach will present.

4 MR. GREWACH: Thank you.

5 Under Tab O we have a joint petition for  
6 approval of changing control for Scientific Games  
7 Corporation and DEQ Systems Corporation.

8 Scientific Games Corporation is a licensed  
9 key business entity in the state of Missouri and DEQ  
10 Systems is a licensed supplier who supplies table game  
11 systems in the state of Missouri.

12 On August 30th, 2016 Scientific Games entered  
13 into a contract to acquire DEQ. That acquisition  
14 requires Commission approval subject to 10.040. The  
15 staff review of this transaction did not disclose any  
16 discrepancies or concerns.

17 CHAIRMAN KOHN: So you're recommending  
18 approval?

19 EXECUTIVE DIRECTOR SEIBERT: Staff does  
20 recommend approval.

21 CHAIRMAN KOHN: Thank you.

22 Is there a motion regarding 17-010?

23 COMMISSIONER JAMISON: So moved.

24 COMMISSIONER HALE: Second.

25 CHAIRMAN KOHN: Discussion on the motion?

1 Angie.

2 MS. FRANKS: Commissioner Neer.

3 COMMISSIONER NEER: Approve.

4 MS. FRANKS: Commissioner Hale.

5 COMMISSIONER HALE: Approve.

6 MS. FRANKS: Commissioner Jamison.

7 COMMISSIONER JAMISON: Approve.

8 MS. FRANKS: Chairman Kohn.

9 CHAIRMAN KOHN: Approve.

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

11 Resolution No. 17-010.

12 CHAIRMAN KOHN: Unless any Commissioner has  
13 any other matter to come before us, that concludes our  
14 matters in the open session, and we will be going into  
15 closed session. Is there a motion?

16 COMMISSIONER JAMISON: I move for a closed  
17 meeting under Sections 313.847, Revised Missouri  
18 Statutes, investigatory, proprietary and application  
19 records, and 610.021, Subparagraph 1, Revised Missouri  
20 Statutes, legal actions, Subparagraph 3 and  
21 Subparagraph 13, personnel and Subparagraph 14, records  
22 protected from disclosure by law.

23 CHAIRMAN KOHN: Is there a second?

24 COMMISSIONER HALE: Second.

25 CHAIRMAN KOHN: Angie.

1 MS. FRANKS: Commissioner Neer.

2 COMMISSIONER NEER: Approve.

3 MS. FRANKS: Commissioner Hale.

4 COMMISSIONER HALE: Approve.

5 MS. FRANKS: Commissioner Jamison.

6 COMMISSIONER JAMISON: Approve.

7 MS. FRANKS: Chairman Kohn.

8 CHAIRMAN KOHN: Approve.

9 We will be going into closed session and we  
10 will report out after that. Thank you all for coming,  
11 especially the public officials, if any of them are  
12 still here, who made the trip to Jeff City to attend our  
13 hearing.

14 WHEREIN, the meeting concluded.

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## 1 CERTIFICATE OF REPORTER

2 I, Patricia A. Stewart, CCR, a Certified  
3 Court Reporter in the State of Missouri, do hereby  
4 certify that the testimony taken in the foregoing  
5 transcript was taken by me to the best of my ability and  
6 thereafter reduced to typewriting under my direction;  
7 that I am neither counsel for, related to, nor employed  
8 by any of the parties to the action in which this  
9 transcript was taken, and further that I am not a  
10 relative or employee of any attorney or counsel employed  
11 by the parties thereto, nor financially or otherwise  
12 interested in the outcome of the action.

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Patricia A. Stewart

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CCR 401

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**MISSOURI GAMING COMMISSION**  
**Second Open Session Minutes**  
**January 11, 2017**

The Missouri Gaming Commission (the “Commission”) went back into open session at approximately 1 p.m. on January 11, 2017, at the Missouri Gaming Commission’s Jefferson City office.

**Commissioner Jamison moved to adjourn the open session. Commissioner Hale seconded the motion. After a roll call vote was taken, Neer – yes, Hale – yes, Jamison – yes, and Kohn – yes, the motion was unanimously approved.**

The meeting ended at 1 p.m.