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BEFORE THE MISSOURI GAMING COMMISSION

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5

Meeting

6

April 26, 2017

7

10:00 a.m.

8

3417 Knipp Drive

9

Jefferson City, Missouri

10

11

BEFORE: Herbert M. Kohn, Chairman

12

Brian Jamison, Vice Chairman

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Larry D. Hale, Commissioner

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Thomas Neer, Commissioner

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Richard Lombardo, Commissioner

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Reported by:

22

Patricia A. Stewart, CCR 401

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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: We'll call the meeting of the
4 April 26, 2017 Missouri Gaming Commission to order.

5 Angie, please call the roll.

6 MS. FRANKS: Commissioner Lombardo.

7 COMMISSIONER LOMBARDO: Present.

8 MS. FRANKS: Commissioner Neer.

9 COMMISSIONER NEER: Present.

10 MS. FRANKS: Commissioner Hale.

11 COMMISSIONER HALE: Present.

12 MS. FRANKS: Commissioner Jamison.

13 COMMISSIONER JAMISON: Present.

14 MS. FRANKS: Chairman Kohn.

15 CHAIRMAN KOHN: Present.

16 Our first item of business will be the
17 Consideration of Minutes of our last meeting which was
18 held on March 29.

19 Is there a motion to approve those minutes?

20 COMMISSIONER LOMBARDO: Motion to approve.

21 COMMISSIONER HALE: Second.

22 CHAIRMAN KOHN: Angie.

23 MS. FRANKS: Commissioner Lombardo.

24 COMMISSIONER LOMBARDO: Approved.

25 MS. FRANKS: Commissioner Neer.

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1 COMMISSIONER NEER: Approved.

2 MS. FRANKS: Commissioner Hale.

3 COMMISSIONER HALE: Approved.

4 MS. FRANKS: Commissioner Jamison.

5 COMMISSIONER JAMISON: Approved.

6 MS. FRANKS: Chairman Kohn.

7 CHAIRMAN KOHN: Approved.

8 MS. FRANKS: By your vote you've adopted the
9 minutes of the March 29, 2017 meeting.

10 CHAIRMAN KOHN: Before we begin, let me as
11 usual welcome all of you here who are in the audience.
12 We're glad you're here and we'll try and get through the
13 meeting as quickly as we can.

14 Mr. Seibert.

15 EXECUTIVE DIRECTOR SEIBERT: Mr. Chairman,
16 the first order of business is Consideration of Hearing
17 Officer Recommendations. Mr. Bryan Wolford will
18 present.

19 CHAIRMAN KOHN: Mr. Wolford.

20 MR. WOLFORD: Thank you, Mr. Director,
21 Mr. Chairman, Commissioners.

22 For your consideration Resolution
23 No. 17-021, the matter of James Muschamp.

24 At all relevant times Mr. Muschamp was a
25 bartender at Hollywood Casino in St. Louis and a

1 Level II licensee.

2 The events, however, occurred at the
3 Ameristar Casino in St. Charles. And just because the
4 events occur at a different facility doesn't mean that
5 the licensee is still not bound by the obligations as
6 any Level II licensee would.

7 On June 1st, 2016 a Commission agent on the
8 boat was advised of a person smoking marijuana at the
9 Ameristar parking lot. The Commission boat agent did an
10 investigation and observed Mr. Muschamp with three other
11 individuals standing by a car. One of the individuals
12 took out a marijuana cigarette and handed it to
13 Mr. Muschamp, who then possessed it and ingested it.

14 At the hearing Mr. Muschamp did admit to
15 possessing and smoking the marijuana. He did say it was
16 a bad decision and he did ask for leniency from the
17 Commission at the hearing.

18 As a Level II licensee Mr. Muschamp was aware
19 that he must refrain from illegal activity and, further,
20 that he had the duty to report illegal activity. In a
21 sense, Mr. Muschamp had the duty to self report his own
22 violation of possessing and smoking the marijuana.

23 Based on the foregoing the licensee did
24 commit misconduct and is subject to discipline by the
25 Commission. Mr. Muschamp again did not present any

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1 evidence that the recommended discipline by the panel
2 was unjust. He did ask for leniency however.
3 Therefore, the hearing officer recommends affirming
4 revocation as just and appropriate discipline.

5 I'd be happy to answer any questions.

6 CHAIRMAN KOHN: Any questions of Mr. Wolford?

7 COMMISSIONER LOMBARDO: So this took place at
8 the garage of a casino, not the one he worked at?

9 MR. WOLFORD: Correct.

10 COMMISSIONER LOMBARDO: And he was not --
11 obviously he was not on duty at the time. Right?

12 MR. WOLFORD: Correct.

13 COMMISSIONER LOMBARDO: I was looking for the
14 similar incident data here, and I looked at it a couple
15 of nights ago.

16 Do you have anything that you consider really
17 similar to this situation?

18 MR. WOLFORD: Not that I've experienced
19 during my tenure, and no evidence was presented at
20 hearing of any similarly situated licensees or
21 individuals. That's why the hearing officer didn't have
22 that data or evidence before me to diverge any from the
23 panel's recommendation of revocation.

24 COMMISSIONER LOMBARDO: Okay. And I'm
25 looking at similar cases, and it looks like somebody

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1 showed up at work intoxicated, so they're actually at
2 work intoxicated, and they got ten days. It looks like
3 other people might have been revoked for smoking
4 marijuana at their place of employment but nothing
5 really similar to this. Correct?

6 MR. WOLFORD: Not that I'm aware of.

7 And again, Level II licensees are bound by
8 the requirements whether they're at work, whether
9 they're not at work, whether they're at their facility
10 of employment or whether they're at any gaming facility.

11 COMMISSIONER LOMBARDO: Okay. And he showed
12 up at the hearing and basically said I screwed up; it's
13 on me?

14 MR. WOLFORD: Absolutely. He was very
15 contrite.

16 COMMISSIONER LOMBARDO: All right.

17 MR. WOLFORD: And he is present as well today
18 to speak to the Commission.

19 CHAIRMAN KOHN: I was just about to ask that.

20 Before we hear from Mr. Muschamp, are there
21 any other questions of Mr. Wolford?

22 COMMISSIONER HALE: Yes, I do, Mr. Chairman.

23 Were there any remnants of this marijuana
24 cigarette recovered by the Gaming Commission agent?

25 MR. WOLFORD: Yes, Commissioner Hale. The

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1 remnants were found on the floor amongst the group of
2 persons who had passed it around, by the Commission boat
3 agent.

4 I will say, Commissioner Hale, that none of
5 the individuals were cited as a result of this incident
6 criminally.

7 COMMISSIONER HALE: No arrests at all?

8 MR. WOLFORD: Correct.

9 COMMISSIONER HALE: Okay. Thank you.

10 CHAIRMAN KOHN: Any other questions?

11 Go ahead.

12 COMMISSIONER JAMISON: I thought one was
13 arrested that evening.

14 MR. WOLFORD: Correct. I'm sorry.

15 The individual who brought the marijuana
16 cigarette I guess who produced it first was cited, but
17 the other -- Mr. Muschamp and the other two individuals
18 who possessed and ingested it were not -- did not
19 receive any citations.

20 But, yes, sorry. I misspoke. The individual
21 who brought it did.

22 COMMISSIONER JAMISON: If I remember right,
23 Mr. Muschamp's judgment did come into effect when the
24 owner of the -- for lack of a better word, the guy who
25 brought the marijuana, said he was going to roll one up.

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1 Muschamp said not now but it happened anyway and what
2 happened is what happened.

3 CHAIRMAN KOHN: Any other questions of
4 Mr. Wolford?

5 COMMISSIONER LOMBARDO: No.

6 COMMISSIONER HALE: No.

7 CHAIRMAN KOHN: Is Mr. Muschamp here?

8 MR. MUSCHAMP: Yes, sir.

9 CHAIRMAN KOHN: Are you represented by
10 counsel?

11 MR. MUSCHAMP: No, sir.

12 CHAIRMAN KOHN: Would you like to address the
13 Commission?

14 MR. MUSCHAMP: Yeah. I mean, like I said --

15 CHAIRMAN KOHN: Please stand up and introduce
16 yourself for the record.

17 MR. MUSCHAMP: James Muschamp.

18 I said I admitted to everything. I
19 understand it was a completely wrong decision. I mean,
20 I don't know if you guys want to go through the whole
21 story.

22 But, yeah, after we left Ameristar I told him
23 not here. You know, he continued to roll it up. He lit
24 it and, you know, as a bad judgment I did take it. They
25 showed up. I wasn't arrested. I wasn't cited.

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1 You know, I admitted to everything. I'm not
2 saying -- you know, I never said I didn't do it. I
3 never disagreed. I never fought the battle. I took
4 full responsibility.

5 Like I said, I just ask for leniency. I
6 figured, you know, if I showed up here, it would show a
7 little bit better decision.

8 I've been there for a year and a half, love
9 my job, love my co-workers, love my regulars there.
10 This isn't me. I don't go out partying every night. I
11 go to my children every night. When I'm not at work,
12 I'm with my children. Even the days that I do work I
13 have my children during the day.

14 I just don't want this one stupid, bad
15 decision to affect, you know, what I was hoping to
16 become a full, long career and was allowed opportunities
17 at the casino, you know, not only as bartending but, you
18 know, to further advance possibly another position, you
19 know, of management or someone on the floor.

20 I was very excited when I got this job. I
21 just don't want it to be disrupted by one stupid
22 decision that I made.

23 The people that I was with that night, I
24 mean, that was the first time I met two of the people.
25 I have never seen them again afterwards.

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1 It was one stupid night and I took
2 responsibility for it, and I hope you guys show
3 leniency. That's all.

4 CHAIRMAN KOHN: Any questions of
5 Mr. Muschamp?

6 COMMISSIONER LOMBARDO: No.

7 COMMISSIONER HALE: None.

8 COMMISSIONER NEER: No, sir.

9 CHAIRMAN KOHN: Thank you, sir. You may be
10 seated.

11 Any other discussion?

12 If not, is there a motion to either approve
13 the staff recommendation or any other motion?

14 COMMISSIONER LOMBARDO: I would make a motion
15 to amend the staff recommendation to a seven-day
16 suspension.

17 COMMISSIONER HALE: I'll second that.

18 CHAIRMAN KOHN: Discussion on the motion?

19 COMMISSIONER NEER: I'd like to make it 15.

20 CHAIRMAN KOHN: I'm sorry. 15 days?

21 COMMISSIONER NEER: I'd recommend 15 days.

22 I know there are many different ideas from
23 one end of the spectrum to the other on the use of
24 marijuana. The fact remains that until things change it
25 is still against the law.

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1 COMMISSIONER LOMBARDO: Tom, I agree with you
2 that it is, and I'm wondering if we could maybe go ten
3 days. I don't know that we usually negotiate out loud.

4 MR. GREWACH: I was going to say,
5 procedurally there's a motion and a second on the floor,
6 so that motion would either have to be voted on or
7 withdrawn and a new motion made.

8 CHAIRMAN KOHN: But the motion could be
9 amended. Right?

10 MR. GREWACH: The motion could be withdrawn.

11 COMMISSIONER JAMISON: It could be amended
12 and you vote on the amended and then vote on the
13 amended.

14 CHAIRMAN KOHN: We're not going to get hung
15 up on procedure here. We'll decide what we want to do.

16 COMMISSIONER LOMBARDO: Ed, we like to do
17 things by consensus here when we can.

18 COMMISSIONER NEER: In the interest of time
19 and justice I would agree to ten days without any
20 argument.

21 CHAIRMAN KOHN: Will you accept the amendment
22 to ten days from seven days?

23 COMMISSIONER LOMBARDO: Absolutely.

24 CHAIRMAN KOHN: Any other discussion on
25 Resolution 17-021 as amended?

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1 Angie.

2 MS. FRANKS: Commissioner Lombardo.

3 COMMISSIONER LOMBARDO: Approved.

4 MS. FRANKS: Commissioner Neer.

5 COMMISSIONER NEER: Approved.

6 MS. FRANKS: Commissioner Hale.

7 COMMISSIONER HALE: Approve.

8 MS. FRANKS: Commissioner Jamison.

9 COMMISSIONER JAMISON: Approved.

10 MS. FRANKS: Chairman Kohn.

11 CHAIRMAN KOHN: Approve.

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

13 Resolution No. 17-021 as amended to a ten-day suspension
14 instead of revocation.

15 CHAIRMAN KOHN: Thank you.

16 Mr. Wolford, you're still up.

17 MR. WOLFORD: Thank you, Mr. Chairman.

18 For your consideration Resolution

19 No. 17-022, the Matter of Diallo Simms.

20 On September 15, 2016 Mr. Simms had made an
21 application with the Commission for a Level II
22 occupational gaming license.

23 The application has Question No. 14B, and it
24 specifically asks, have you ever been arrested,
25 detained, charged, indicted, convicted, pled guilty or

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1 pled no contest to any sort of offense, Federal, State,
2 local, anything, and the chart gives examples of what it
3 could be.

4 And Mr. Simms did disclose five arrests or
5 citations he had received throughout the years,
6 including things for no driver's license, improper
7 traffic turn signals, speeding and failure to appear on
8 municipal charges.

9 At the end of that question it has the
10 applicant affirm that they have nothing else to declare
11 in regard to this question, and Mr. Simms did sign that.

12 During the Commission investigation they
13 revealed that Mr. Simms had failed to disclose an arrest
14 on October 4th, 2007 for second-degree child molestation
15 out of the Warrensburg Police Department. Now, these
16 charges were subsequently dismissed a year later.

17 Further, Mr. Simms testified that he was
18 17 years old at the time that this happened, and he
19 didn't think it was an arrest because he was never
20 formally handcuffed and taken to the police station.

21 The Division of Family Services was involved
22 and he did meet with law enforcement officers; however,
23 he believed that it was an administrative matter with
24 Family Services and not what would be considered an
25 arrest.

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1 However, the Commission's investigator
2 testified that as part of the applicant packet that the
3 applicant receives and reviews and signs off on there's
4 an explanation page to Question 14B that states answer
5 yes and provide all of the information to the best of
6 your ability even if you did not commit the offense, the
7 charges were dismissed, you were not convicted, and
8 Mr. Simms did sign saying that he read and understood
9 that to be.

10 The burden is on the applicant to prove their
11 suitability for licensure. The burden is on the
12 applicant to disclose any of these sort of law
13 enforcement contacts from arrests to citations, and
14 Mr. Simms failed to do so in this case, and the hearing
15 officer recommends denial of his Occupational II license
16 as appropriate punishment.

17 CHAIRMAN KOHN: I just want to make sure of
18 something.

19 There is some discussion about whether he
20 answered 14A instead of 14B.

21 MR. WOLFORD: That is correct. He placed the
22 answer to 14B on 14A, so he did -- he was answering the
23 questions on 14B but he just placed them on the wrong
24 part of his application.

25 CHAIRMAN KOHN: But the recommendation is not

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1 based on him answering 14A instead of 14B?

2 MR. WOLFORD: That is correct. The
3 recommendation is based on the failure to disclose the
4 arrest from Warrensburg PD for a sexual offense.

5 CHAIRMAN KOHN: Okay.

6 COMMISSIONER LOMBARDO: Okay. Was that
7 disclosed on either 14A or 14B?

8 MR. WOLFORD: No, it was not.

9 COMMISSIONER HALE: And it was, in fact, an
10 arrest; he was taken into custody in other words?

11 MR. WOLFORD: Correct. It was an official
12 arrest. He did have a record of arrest when
13 investigated by the Commission.

14 COMMISSIONER JAMISON: So on this closed
15 record -- so to get into that closed record, was he
16 fingerprinted as part of that process, do you know?

17 MR. WOLFORD: Yes, correct, he was.

18 COMMISSIONER JAMISON: Okay. So he was taken
19 and fingerprinted to be able to have that closed record?

20 MR. WOLFORD: My understanding of what
21 occurred, yes, he was.

22 COMMISSIONER JAMISON: Okay. So it wasn't
23 that he just went to an office and had a discussion with
24 someone, he was taken somewhere, processed with
25 fingerprints and then questioned or talked to?

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1 MR. WOLFORD: I believe his testimony was
2 credible that he wasn't handcuffed and --

3 COMMISSIONER JAMISON: I agree with that.

4 MR. WOLFORD: -- there was nothing formal,
5 but I do think that there was some formal processing
6 that took place. That's how you get this sort of record
7 attached to your name. There has to be a formal process
8 involved.

9 COMMISSIONER JAMISON: And then if I remember
10 correctly by reading the transcript, was there some
11 discussion that he checked with an attorney to find out
12 what was on a record, and the attorney obtained the open
13 record for him and that's what he put on his
14 application? Is that the testimony you remember?

15 MR. WOLFORD: That is correct. That was his
16 testimony.

17 And again, I'll go back to the information
18 sheet that he signed. It says even if an attorney tells
19 you this is not on your record, you still have to
20 disclose it if it happened.

21 COMMISSIONER JAMISON: But he was 17 at the
22 time?

23 MR. WOLFORD: Correct, yes. He was for all
24 intents and purposes an adult in the eyes of Missouri
25 law.

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1 Chief Financial Officer also Tom Reeg. Anthony
2 Carano, my -- I shouldn't be funny -- my son, who is our
3 General Counsel at the current time and Executive Vice
4 President of Operations. Stephanie Lepori is our Chief
5 Accounting Officer. She could not be here today. And
6 also Barron Fuller, who is our Regional Operations,
7 Senior Vice President with Isle who will continue to be
8 in that role.

9 We are here today to ask for your approval to
10 become licensed in your great state.

11 A little bit of our family culture and
12 history. My father was a gaming attorney for many years
13 in the state of Nevada and now he's a happy wine maker.
14 He and his family own a winery in California.

15 But we grew up in the business. I'm the
16 eldest of five children. We all grew up in the hotel/
17 casino business in Reno. I went to work in Las Vegas in
18 a training program at the Holiday Casino in Las Vegas
19 which is now Harrah's.

20 I think when we had the opportunity to talk
21 to Eric and Robert Goldstein from Isle, a lot of
22 the -- the first -- I'll never forget the first time we
23 had the opportunity to meet Mr. Goldstein, a lot of the
24 same family cultures that Isle practices I think has
25 been the culture that my father established in 1973 when

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1 we started the casino business in Reno, Nevada.

2 We truly are a family business. We encourage
3 family members to bring their family members to work as
4 our fellow team members.

5 We have a culture that we're very involved in
6 the local communities wherever we're at both from a
7 charitable situation and from a relationship with the
8 regulators and our policemen and firemen.

9 What else can I say?

10 Our culture, Dad said we could never afford
11 Frank Sinatra, so food became our Frank Sinatra. My
12 youngest brother is a graduate of the Culinary Institute
13 of America, Hyde Park, New York. That's where he met
14 his wife Lisa.

15 Food is our main culture, and we're happy to
16 say that we're very well known for that in all of our
17 casinos and happy to say that Isle of Capri has that
18 culture too. So like cultures.

19 As everyone in our industry is committed to
20 quality service, that we felt that meeting the Isle team
21 is very much part of their culture and it is our culture
22 too.

23 Actually my brother Gregg will head up from
24 the corporate standpoint guest relations throughout all
25 of our 19 properties.

1 Our family started the business in Reno in
2 1973 with my dad's co-founder, his high school buddy,
3 architect, and we built the Eldorado in Reno in 1973
4 from the ground up.

5 In 1995 we had the opportunity to build a
6 property between us and Circus Circus. You'll see it in
7 a future slide. It's a 1,700 room resort, Silver
8 Legacy.

9 In 2005 the family -- you know, we were
10 busting at the seams with family members. And truly we
11 promote from within. A lot of our employees are
12 40-year employees. Our Senior Vice President of
13 operations, Mike Whitemaine, played football with my
14 brother Glenn at UNLV. He's been with the company for
15 30 some odd years.

16 Our Senior Vice President of Operations came
17 in the door in internal audit, worked his way up the
18 chain. Now he's Senior Vice President of Operations.

19 So a lot of our management team -- Stephanie
20 Lepori, our Chief Accounting Officer, came in the door
21 in the Accounting Department, worked her way up to the
22 Director of Finance and now went to Corporate.

23 In 2005 we had the opportunity to buy the
24 Hollywood Casino in Shreveport, Louisiana, which is a
25 beautiful hotel/casino in Shreveport, Louisiana.

1 In 2013 the family made a big decision to
2 continue to grow and diversify out of the portfolio we
3 had, and we purchased the MTR Gaming Group with their
4 three casinos in West Virginia, Pennsylvania and Ohio.

5 And then last -- 2015 we were operating the
6 JV Partnership, the Silver Legacy, which was then
7 partners with MGM and Reno. And next to that there was
8 the 1,600 room Circus Circus we purchased through mainly
9 50 percent ownership in the Silver Legacy and all of the
10 Circus Circus in November of 2015.

11 And today we stand in front of you asking for
12 the approval of the great company Isle of Capri.

13 Reno, like I said, was built in 1973. It's
14 800 rooms. It's what we would call in downtown Reno a
15 boutique, high-end casino. Too many restaurants really
16 but we are known for our food. We have a beautiful
17 showroom. The normal number of suites.

18 The three properties are joined together.
19 There is 4,100 rooms between the Eldorado. This is the
20 Silver Legacy, which is 1,700 rooms. They're connected
21 on the mezzanine via sky bridges, one sky bridge at the
22 Eldorado.

23 We not only make our own wine but we make our
24 own beer. We have a brewery at the Silver Legacy,
25 1,711 rooms, 1,200 slot machines, 63 table games,

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1 dining, convention, hotel in downtown Reno.

2 The dome is 180 feet tall that encompasses
3 the casino. It was built with the theme of the mining
4 era in Nevada.

5 This is Circus Circus. 1,600 rooms that was
6 built by the founders of Circus, and then when we
7 purchased that it was -- MGM was the owner and operator.
8 1,600 rooms. 800 -- we've downsized the number of slot
9 machines and table games, restaurants. It's a family
10 operation.

11 It has the midway with carnival games and
12 arcade games, and it's a very, very busy family weekend
13 property.

14 This is one of the racinos that we owned when
15 we purchased MTR Gaming in Columbus, Ohio, Scioto Downs,
16 a 132,000 square foot facility, with 80,000 square foot
17 of casino space, 2,200 VLTs, or slot machines. We built
18 a microbrewery there, Brew Brothers, that we have in
19 Reno also that we make our own beer there. It's a great
20 property in Columbus and does very well. It's a harness
21 racetrack.

22 Shreveport, as I said, a 400 all-suite hotel,
23 1,400 slot machines, 60 table games, your normal
24 assortment of restaurants, your buffets, your
25 steakhouses, parking garage and a ballroom.

1 In the market it competes very well and is
2 probably the nicest property in the Shreveport/Bossier
3 market. We're very happy with that property.

4 Presque Isle Downs in Erie, Pennsylvania, a
5 racetrack again, that our general manager there is -- I
6 don't know if I should say this or not -- but Brett
7 Favre's brother, Jeff Favre, is our general manager
8 there and has been with us since we bought the company.
9 And this property is 1,600 slot machines, 39 table
10 games.

11 We remodeled the clubhouse restaurant into a
12 Brew Brothers there and a lot of surface parking and
13 again a racino.

14 Mountaineer is the legacy property of
15 MTR Gaming in West Virginia located on the Ohio River.
16 My brother Gregg is the current general manager there
17 and has been for about a year.

18 300 some odd hotel rooms, 1,500 slot
19 machines, 45 table games, again, a racetrack, with also
20 a golf course. A sprawling property that we have right-
21 sized, and it has inherited a lot of competition from
22 Pittsburgh and Cleveland and most recently from
23 Youngstown.

24 So this map gives you the idea of the scope
25 of the new company. We've gone from two and a half

1 properties, the family owning one property in Reno and a
2 half of the Silver Legacy and then the Shreveport
3 property, and then we acquired the MTR's three
4 properties to seven properties and now with the
5 acquisition of Isle of Capri with their twelve casinos,
6 that will bring us to 19 properties in ten states.

7 And we're very excited. Barron Fuller will
8 again be in charge of the Missouri division like he is
9 today, and we're just very excited about this
10 opportunity and are here to ask for your approval.

11 We take gaming licenses as a privilege and
12 nothing is guaranteed. We take it very seriously.
13 Again, my father being a gaming attorney growing up
14 taught us that.

15 So with that I'll turn it over to Tom Reeg
16 who will go through the transaction deal and will be
17 available for any questions if you have any.

18 Thank you.

19 MR. REEG: Mr. Chairman, Commissioners, Tom
20 Reeg, President and CFO of Eldorado Resorts, member of
21 the Board. Pleased to be in front of you today to
22 describe the transaction that we are asking for your
23 approval.

24 We agreed to acquire Isle for \$23 per share.
25 The Isle shareholders have an election that is ongoing

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1 as we speak. Their deadline is today to choose whether
2 they will take their consideration in cash or shares of
3 stock. The shares of stock were fixed as of date of
4 announcement of the transaction in September of last
5 year.

6 The consideration is hardwired, so that it
7 will be 58 percent cash, 42 percent stock. So to the
8 extent that the stock is oversubscribed, which likely
9 will be the case given where the stocks traded
10 subsequent to the announcement, Isle's shareholders will
11 be probated, so it will be 58 percent cash, 42 percent
12 stock.

13 Post the transaction the existing Eldorado
14 shareholders will own 62 percent of the combined
15 company. Isle shareholders will own 38 percent. Total
16 purchase price is a billion-seven, including the
17 assumption of Isle's \$900 million plus of debt.

18 The financing. We completed our financing
19 about a month ago. A new five-year 300 million
20 revolving credit facility, a billion-four-fifty term
21 loan and a new \$375 million bond issue. We have an
22 existing \$375 million bond issue that remains
23 outstanding. All other data on both sides is refinanced
24 in that transaction.

25 Those proceeds are in escrow as we stand here

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1 today. Once we move to closing escrow proceeds will be
2 released. The debt will be repaid. And that will be
3 our new capital structure. In terms of financing rates
4 we got -- we are fortunate as we approach the markets,
5 got favorable rates. Our cash interest expense post
6 transaction will be under \$100 million a year. We were
7 expecting over \$110 million a year when we entered into
8 the deal.

9 In terms of timing we're in front of you
10 today. There's a concurrent meeting going on in
11 Pennsylvania as we speak. If we're fortunate enough to
12 be approved in both jurisdictions today, those are the
13 remaining approvals that we need at the State level to
14 close the transaction. Expectation would be we would
15 close next week.

16 This is an exciting transaction for us. Gary
17 talked about the diversity it creates for us. We
18 consolidate the corporate functions of both companies.
19 That's where the bulk of the \$35 million of synergies is
20 created at the property level.

21 And in the state of Missouri, as Gary said,
22 Barron will be in charge of our Missouri and Iowa
23 division. He's already running Missouri operations for
24 Isle.

25 As Gary told you, this is the latest in a

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1 series of acquisitions for us. We tend to change, you
2 know, very little personnelwise at the property levels.
3 We want to come in and work with the existing management
4 teams. You know, we're not someone who comes in and
5 says, you know, we're going to bounce your guys and put
6 in our guys.

7 Post transaction we're going to be a strong
8 free cash flow generator. As I said we'll be under
9 \$100 million of interest expense. We should be over
10 400 million of EBITDA. Our free cash flow should be in
11 excess of \$200 million per year, so quite substantial.

12 Our intention in the near term is to use that
13 free cash flow to pay down debt. We come out of this
14 transaction a little over five times levered. We're
15 more comfortable in the fours than we would expect to be
16 and that's on a debt to EBITDA. Measurement base is we
17 would expect to be there by this time next year.

18 If you look at the structure of the
19 transaction, ERI is the public entity, Eldorado Resorts,
20 Inc. IOC Holdco becomes a wholly owned subsidiary below
21 Eldorado Resorts, Inc., standing alongside Eldorado
22 Holdco, LLC, which is the original Eldorado entity that
23 the family started in '73, and then the MTR Gaming Group
24 subsidiary which we acquired toward the end of 2014.

25 In terms of ownership Recreational

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1 Enterprises is the Carano family entity. It will own
2 about 15 percent of the combined company. Hotel Casino
3 Management is the Poncia family entity, the original
4 partner in the Eldorado. They'll be about 8 percent.

5 GFIL is the Goldstein family entity that
6 you're familiar with. They will be somewhere around
7 9 3/4 percent. That will be determined completely once
8 the Isle shareholder election is done. 9 3/4 is based
9 on full proration.

10 The rest are public shareholders, typical
11 institutional shareholders, mutual funds, insurance
12 companies, hedge funds and the like.

13 Our board is -- moves to nine members. There
14 are seven independent members. Gary and myself are the
15 insiders, but we run as an independent board under
16 NASDAQ guidelines.

17 So with that I will turn it over to Barron.

18 MR. FULLER: Good morning everybody,
19 Commissioners, Chairman Kohn, Bill, Tim.

20 I had the pleasure of meeting these guys
21 about six months ago, and at that immediate moment I
22 felt like family.

23 So the past 20 years -- 20 plus years I've
24 had the fortune of working for the Goldstein family and
25 the Isle of Capri team, spending 15 years of that in the

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1 state of Iowa and then the last eight plus down here in
2 the state of Missouri, where the winters are much more
3 conducive to my liking down in Missouri, so I appreciate
4 that.

5 I'm looking forward to joining this team, and
6 as they pointed out, I'm currently over the Missouri
7 region and then taking on the title Senior Vice
8 President of Regional Operations for the Missouri and
9 Iowa regions.

10 I have two kids up in the state of Wisconsin,
11 so getting back into Iowa moves me back a little bit
12 closer to my family, so I'm looking forward to that.

13 What does this mean to Missouri moving
14 forward and what are some of the objectives we're
15 looking at for the state of Missouri?

16 As we pointed out earlier, stable operational
17 teams. We have great teams at the four properties that
18 we operate in at our Class B licenses.

19 Our newest member is Tony Rohrer
20 down in Caruthersville. Tony has done an outstanding
21 job down there. Tony has a good Legacy team surrounding
22 him there.

23 Todd Steffen is a longstanding general
24 manager at Kansas City. Todd has been with the Isle for
25 a long time.

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1 Lyle Randolph came to Cape Girardeau in 2013.
2 Since Lyle's arrival in Cape Girardeau we have seen
3 eleven consecutive quarters of year-over-year growth in
4 both net revenue and EBITDA. So Lyle has done a good
5 job there and done an outstanding job embedding himself
6 into that community.

7 Boonville, again, a lot of talent in
8 Boonville. Currently I hold the general manager's title
9 there. We have a good replacement in mind to take my
10 seat once I leave -- once I leave Boonville.

11 Continued commitment to compliance. This is
12 a nonnegotiable in the state of Missouri for us and
13 within our company. We look at operating in a highly
14 regulated environment as a privilege. We form a lot of
15 relationships with the people in this room, with our
16 boat sergeants and the staff at the property. So we
17 know trust is the No. 1 element, and that's how we live
18 within this region.

19 Operational excellence. Obviously we want to
20 take a look at growing the market, growing net revenue
21 and growing EBITDA, but at the same time I think we have
22 a great advantage to combine the two companies together,
23 take the best practices of Eldorado, their knowhow as it
24 relates to gaming operations and food operations and
25 make it a much better experience for our team members.

1 Continued focus on minority spend and
2 diversity. This has always been a big one for us. Over
3 three years ago we created a strategic plan with the
4 help of Marks & Associates.

5 Within that plan we focus on growing existing
6 business with our current vendors, secondly cultivating
7 new business with vendors that we don't currently do
8 business with, and then lastly setting up a reporting
9 structure that we monitor on a monthly basis. This
10 program has worked out great for us. We continue to
11 plan to use that moving forward.

12 In regards to capital, diligent plans in
13 relation to our Cap X and our maintenance Cap X. We'll
14 continue with that to keep our properties fresh, keep
15 our properties safe for our team members and our guests.

16 And then our commitment to our team members.
17 As the Eldorado team pointed out earlier, you look at
18 their culture. It's a lot about family. We have always
19 lived with that. We feel the same way. So that's a
20 great opportunity for us moving forward.

21 The 1,500 team members that we have in the
22 state of Missouri, we want to provide them with great
23 jobs, great opportunities for growth and a great
24 engaging environment to come to work with every day.

25 So I will turn it back over to Gary unless

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1 there is any questions for me.

2 COMMISSIONER HALE: I just have one, if I
3 might, Mr. Chairman.

4 You're certainly correct. The Isle in my
5 view has had a very respectful MBE/WBE performance.

6 I'm assuming with the merger that you're not
7 anticipating any change in the culture at least in that
8 regard?

9 MR. FULLER: Not at all. I know that right
10 now we have a couple relationships that we're working on
11 right now within the state of Missouri, and more
12 specifically with a Coca-Cola vendor, that will even add
13 to that.

14 COMMISSIONER HALE: All right. Thank you
15 very much.

16 MR. FULLER: Thank you.

17 All right. I'll turn it back over to Gary.
18 Thank you.

19 MR. CARANO: With that I appreciate this
20 opportunity to present to you today, and we're happy to
21 answer any questions.

22 One question that seems like it always comes
23 up is do we have any plans for capital spending at the
24 properties?

25 I think that, again, I go back to our

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1 culture. It was not always the culture of Isle of Capri
2 but it has been I think for about five years, and our
3 culture, it always has been.

4 We don't get behind in our infusion of
5 capital into our properties, whether it's the back of
6 the house for our team members or the front side for our
7 guests or, like Barron said, safety for our guests.

8 We feel in our industry if you ever get
9 behind in your capital spending, you can't keep up. You
10 can't catch up. So our properties are always fresh,
11 exciting and both from an employee standpoint and from a
12 player standpoint.

13 So with that we do not have any current
14 plans. We haven't had the opportunity to really dive
15 into all of the properties, but we have been to all of
16 the properties two or three times, and we're very
17 excited about this opportunity to stand in front of you
18 today.

19 With that we'll answer any questions.

20 CHAIRMAN KOHN: Before we go on, let me
21 announce that I'm going to recuse myself from this. I
22 did not realize, or maybe I should have but I didn't,
23 that one of your shareholders is a client of one of my
24 firm's offices for estate planning purposes. So even
25 though it may not be a conflict I'm going to recuse

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1 myself and Vice Chairman Jamison will take over.

2 VICE CHAIRMAN JAMISON: And if I'm reading
3 this correctly, Missouri will become your largest market
4 share percentagewise of your holdings?

5 MR. REEG: Yes, it will be neck and neck with
6 Reno and Ohio, but Missouri is the largest.

7 VICE CHAIRMAN JAMISON: But it's a
8 substantial holding of your operations?

9 MR. REEG: No question.

10 VICE CHAIRMAN JAMISON: Okay. I don't have
11 any other questions.

12 COMMISSIONER LOMBARDO: I don't have any
13 questions.

14 COMMISSIONER NEER: No, sir.

15 COMMISSIONER HALE: No.

16 VICE CHAIRMAN JAMISON: We would now
17 entertain any public comment if there is anyone in the
18 audience that has any comments to make in reference to
19 the resolutions.

20 Seeing none we'll proceed to the
21 investigative summary.

22 EXECUTIVE DIRECTOR SEIBERT: Sergeant Brian
23 Holcomb will present.

24 VICE CHAIRMAN JAMISON: Thank you, guys.

25 MR. CARANO: Thank you very much.

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1 SERGEANT HOLCOMB: Mr. Chairman, Vice
2 Chairman, Commissioners, good morning.

3 VICE CHAIRMAN JAMISON: Good morning.

4 SERGEANT HOLCOMB: Missouri Gaming Commission
5 staff reviewed the corporate and ownership structure of
6 Eldorado Resorts, Incorporated and identified four
7 companies which would require licensure prior to the
8 company's planned acquisition of Isle of Capri Casinos,
9 Incorporated.

10 The Missouri Gaming Commission began
11 receiving the following applications in October 2016, a
12 Class A application from Eldorado Resorts, Incorporated,
13 a key business entity application from Eagle II
14 Acquisition Company, LLC, a wholly owned subsidiary of
15 Eldorado Resorts, Incorporated, a key business entity
16 application from Recreational Enterprises, Incorporated,
17 which owns more than 5 percent of Eldorado's stock but
18 is not a financial investment fund, and a key business
19 entity application from Hotel Casino Management,
20 Incorporated, which also owns more than 5 percent of
21 Eldorado stock but is not a financial investment fund.

22 The Missouri Gaming Commission financial
23 investigators and members of the Missouri State Highway
24 Patrol were tasked with examining each company for the
25 purpose of assisting the Missouri Gaming Commission in

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1 determining Eldorado's suitability for licensure in the
2 state of Missouri.

3 A detailed company profile was created by
4 investigators who conducted site inspections,
5 interviewed company representatives, confirmed
6 appropriate insurance coverages, ensured the payment of
7 taxes, contacted gaming regulators and law enforcement
8 officials, reviewed litigation history and performed a
9 comprehensive financial analysis. The fiscal and
10 corporate mechanics of the proposed acquisition were
11 also examined.

12 Additionally, comprehensive background
13 investigations were conducted on multiple key person
14 applicants. The investigations included but were not
15 limited to criminal, financial and general character
16 inquiries which were made in the jurisdictions where
17 each applicant lived, worked and frequented.

18 The following individual applicants are being
19 presented for your consideration: Gary Louis Carano,
20 Chairman and CEO, Eldorado Resorts, Incorporated;
21 Anthony Louis Carano, Executive Vice President of
22 Operations, Secretary and General Counsel for Eldorado
23 Resorts, Incorporated; Thomas Robert Reeg, Director,
24 President and Chief Financial Officer for Eldorado
25 Resorts, Incorporated; Stephanie Dana Lepori, Chief

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1 Accounting Officer, Eldorado Resorts, Incorporated;
2 Frank Joseph Fahrenkopf, Jr., Independent Director,
3 Eldorado Resorts, Incorporated; James Barry Hawkins,
4 Independent Director, Eldorado Resorts, Incorporated;
5 Michael Edward Pegram, Independent Director, Eldorado
6 Resorts, Incorporated; David Paul Tomic, Independent
7 Director, Eldorado Resorts, Incorporated; Roger Philip
8 Wagner, Independent Director, Eldorado Resorts,
9 Incorporated; Donald Louis Carano, Shareholder,
10 Recreational Enterprises, Incorporated.

11 All investigative findings were provided to
12 the Missouri Gaming Commission staff for their review
13 and investigators are present at this hearing and would
14 be happy to entertain any questions you might have.

15 VICE CHAIRMAN JAMISON: Thank you.

16 Any questions?

17 COMMISSIONER LOMBARDO: No.

18 COMMISSIONER HALE: I have none.

19 COMMISSIONER NEER: No, sir.

20 VICE CHAIRMAN JAMISON: A recommendation.

21 EXECUTIVE DIRECTOR SEIBERT: Staff does
22 recommend approval.

23 VICE CHAIRMAN JAMISON: Can we do all four of
24 these resolutions at once since they're intertwined or
25 do we need to do one resolution at a time?

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1 MR. GREWACH: One at a time.

2 VICE CHAIRMAN JAMISON: Okay. Any particular
3 order or the way they're listed?

4 MR. GREWACH: I would do them the way they're
5 listed.

6 COMMISSIONER LOMBARDO: Thank you for that,
7 Ed.

8 MR. GREWACH: I'm glad to help.

9 VICE CHAIRMAN JAMISON: The Chair would
10 entertain a motion on Resolution 17-023, Class A
11 licensure.

12 COMMISSIONER NEER: Motion to approve 17-023.

13 COMMISSIONER HALE: Second.

14 VICE CHAIRMAN JAMISON: It's been first and
15 seconded.

16 Angie.

17 MS. FRANKS: Commissioner Lombardo.

18 COMMISSIONER LOMBARDO: Approved.

19 MS. FRANKS: Commissioner Neer.

20 COMMISSIONER NEER: Approve.

21 MS. FRANKS: Commissioner Hale.

22 COMMISSIONER HALE: Approve.

23 MS. FRANKS: Vice Chairman Jamison.

24 VICE CHAIRMAN JAMISON: Approved.

25 MS. FRANK: By your vote you've adopted

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1 Resolution No. 17-023.

2 VICE CHAIRMAN JAMISON: Are you back?

3 CHAIRMAN KOHN: I'm back.

4 VICE CHAIRMAN JAMISON: We have three more to
5 do. Do you want to do those or do you want me to
6 continue?

7 CHAIRMAN KOHN: Go ahead.

8 VICE CHAIRMAN JAMISON: I'd entertain a
9 motion on Resolution 17-024, change of control.

10 COMMISSIONER HALE: Move for adoption of
11 17-024.

12 COMMISSIONER LOMBARDO: Second.

13 VICE CHAIRMAN JAMISON: It's been first and
14 seconded.

15 Angie.

16 MS. FRANKS: Commissioner Lombardo.

17 COMMISSIONER LOMBARDO: Approve.

18 MS. FRANKS: Commissioner Neer.

19 COMMISSIONER NEER: Approve.

20 MS. FRANKS: Commissioner Hale.

21 COMMISSIONER HALE: Approve.

22 MS. FRANKS: Vice Chairman Jamison.

23 VICE CHAIRMAN JAMISON: Approved.

24 MS. FRANKS: By your vote you've adopted
25 Resolution No. 17-024.

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1 VICE CHAIRMAN JAMISON: The Chair would
2 entertain a motion on Resolution 17-025, key business
3 entity licensure.

4 COMMISSIONER LOMBARDO: Motion to approve.

5 COMMISSIONER NEER: Second.

6 VICE CHAIRMAN JAMISON: First and seconded.

7 Angie, please call the roll.

8 MS. FRANKS: Commissioner Lombardo.

9 COMMISSIONER LOMBARDO: Approved.

10 MS. FRANKS: Commissioner Neer.

11 COMMISSIONER NEER: Approve.

12 MS. FRANKS: Commissioner Hale.

13 COMMISSIONER HALE: Approve.

14 MS. FRANKS: Vice Chairman Jamison.

15 VICE CHAIRMAN JAMISON: Approve.

16 MS. FRANKS: By your vote you've adopted
17 Resolution 17-025.

18 VICE CHAIRMAN JAMISON: Finally I will
19 entertain a motion on the slate of individuals,
20 Level I's and key person licensure, 17-026.

21 COMMISSIONER NEER: Motion to approve
22 Resolution 17-026.

23 COMMISSIONER LOMBARDO: Second.

24 VICE CHAIRMAN JAMISON: First and seconded.

25 Angie, please.

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1 MS. FRANKS: Commissioner Lombardo.

2 COMMISSIONER LOMBARDO: Approved.

3 MS. FRANKS: Commissioner Neer.

4 COMMISSIONER NEER: Approved.

5 MS. FRANKS: Commissioner Hale.

6 COMMISSIONER HALE: Approve.

7 MS. FRANKS: Vice Chairman Jamison.

8 VICE CHAIRMAN JAMISON: Approve.

9 MS. FRANK: By your vote you've adopted

10 Resolution No. 17-026.

11 VICE CHAIRMAN JAMISON: Okay.

12 CHAIRMAN KOHN: Thank you very much.

13 Mr. Seibert.

14 EXECUTIVE DIRECTOR SEIBERT: The next order

15 of business is Consideration of Disciplinary Actions.

16 Mr. Ed Grewach will present.

17 MR. GREWACH: Thank you, Director Seibert,

18 Mr. Chairman, Commissioners.

19 Under Tab E we have a Preliminary Order of

20 Discipline directed to Lumiere Place Casino for three

21 separate violations of our Rule 5.184.

22 The first violation is for failure to

23 properly cancel cards before placing them for sale in

24 the gift shop, the second is for failing to provide the

25 required daily inspection of the cards in storage and

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1 the third is the failure to perform the required
2 independent quarterly investigation of cards in storage.

3 The rule requires those two investigations.
4 The daily inspection is typically done by security
5 personnel inventory rather by security personnel. The
6 independent quarterly inventory is done by someone
7 either in compliance or accounting.

8 The cards, as a little background in
9 Missouri, are approved for play by color, and the
10 cards -- the cards that are taken out of use that are
11 going to be sold in a gift shop have to be canceled, and
12 according to the rule that cancellation has to take
13 place by either drilling a hole in the cards or cutting
14 the corners off of the cards.

15 And the reason for that rule is to prevent
16 someone from purchasing cards in a gift shop and
17 reintroducing them into play at a table game and
18 cheating by the use of those extra cards.

19 When we were reviewing the gift shop
20 inventory on October the 11th, 2016 we found three decks
21 of cards that were not properly canceled. There was one
22 yellow deck and two magenta decks that were being
23 offered for sale in their gift shop.

24 The Commission personnel then instructed the
25 casino to immediately take both the yellow and magenta

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1 cards out of play in the table games area.

2 The casino contacted us and indicated that if
3 they took those cards out of play, they would not have
4 enough cards to use in their table games.

5 Now, five months prior to this incident they
6 had an occasion where two cards were missing from gold
7 decks when the table games were closed. In response to
8 that issue five months ago the Commission instructed the
9 casino to take those gold decks out of use for a time
10 period of six months.

11 So the casino came to us and asked if they
12 could go ahead and use those gold decks in spite of the
13 fact only five and not the six months had expired. We
14 agreed to that.

15 However, when we looked at the inventories we
16 found that those decks had not been inventoried, either
17 the daily inventory, nor the quarterly independent
18 inventory for that five-month time period.

19 The recommended fine is \$5,000.

20 CHAIRMAN KOHN: Any questions of Mr. Grewach?

21 COMMISSIONER HALE: No.

22 COMMISSIONER LOMBARDO: No.

23 COMMISSIONER NEER: No.

24 CHAIRMAN KOHN: Is there a motion with
25 respect to DC-17-056?

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1 COMMISSIONER JAMISON: So moved.

2 COMMISSIONER LOMBARDO: Second.

3 CHAIRMAN KOHN: Discussion on the motion?

4 Angie.

5 MS. FRANKS: Commissioner Lombardo.

6 COMMISSIONER LOMBARDO: Approved.

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: Approved.

13 MS. FRANKS: Chairman Kohn.

14 CHAIRMAN KOHN: Approve.

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

16 DC-17-056.

17 CHAIRMAN KOHN: Mr. Grewach.

18 MR. GREWACH: Thank you.

19 Under Tab F we have a Preliminary Order of
20 Discipline directed to Isle of Capri Caruthersville for
21 a violation of Minimum Internal Control Standard H3.05
22 which prohibits cashiers from sharing imprest bank and
23 a violation of Minimum Internal Control Standard H2.03,
24 which requires that an imprest bank be assigned to an
25 individual cashier who is then responsible for all

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1 transactions out of that bank.

2 On October 14, 2016 there was a \$100 shortage
3 in one of the cashier's imprest banks. As routinely
4 is done and required in this situation, surveillance
5 reviewed that day's transactions and surveillance
6 noticed that both the lead cashier and a new cashier who
7 was going through the training process being supervised
8 by the lead cashier both conducted transactions out of
9 that same imprest bank.

10 The situation appeared at that point in time
11 that the new cashier was struggling and there was a
12 backup of a line in front of that cashier and the lead
13 cashier stepped in and conducted transactions.

14 Now, that transaction, in fact, included the
15 one transaction that caused the \$100 variance.

16 As we investigated the violation, we found
17 that this practice of the lead cashier sharing an
18 imprest bank with a new cashier that they were
19 supervising had been going on for a time period of
20 approximately five years.

21 And sometimes -- the cashier that is assigned
22 the imprest bank is required by the rules to sign in a
23 sheet as the incoming cashier for that bank. Sometimes
24 both the lead cashier and the new cashier would sign it.
25 Sometimes only one of them would sign it. There was

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1 also some inconsistencies on who they would report the
2 shortage or variance to.

3 When the issue came to our attention on
4 October 14th and again on -- and there were discussions
5 on that date, and again on October 19th by Commission
6 personnel with casino management addressing the problem,
7 it then came to Commission personnel's attention that on
8 October 31st, 2016 a review of surveillance showed that
9 both the lead cashier and a new cashier that that lead
10 cashier was supervising were both conducting
11 transactions out of the same imprest bank.

12 And the recommended fine is \$2,500.

13 CHAIRMAN KOHN: And I understand what you
14 said about how it happened, but is this a matter of the
15 lead cashier helping out the other -- the new cashier?
16 Is that how they got -- how she or he got involved in
17 the new cashier's imprest bank?

18 MR. GREWACH: That was certainly the case in
19 the October 14th case, and the October 31st case, I
20 wasn't clear from the report whether it was that
21 situation or just two cashiers working out of the same
22 imprest bank.

23 So that's all of the information I have.

24 COMMISSIONER LOMBARDO: You're looking for
25 somebody.

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1 COMMISSIONER JAMISON: I mean, it does seem
2 like there would be a difference between two cashiers
3 operating out of one cash bank as opposed to a trainee
4 and a trainer operating out of that same cash bank
5 during a training period.

6 So do we have an allowance for that to occur
7 during a training period or not?

8 MR. GREWACH: We do not. It would be our
9 expectation to comply with the rules, that if there was
10 a problem, a new cashier struggling or a backup, that it
11 would be -- the rules would require then the lead
12 cashier to go ahead and open a new imprest bank, the
13 new drawer, and then divert the line over to that new
14 drawer.

15 Then you'd have A cashier accountable for
16 A drawer, you know, and it would keep that clear for
17 accounting and responsibility for the variances.

18 CHAIRMAN KOHN: Wouldn't that result in the
19 patron being made to wait or move to another line or
20 being inconvenienced because we're training somebody?

21 MR. GREWACH: That -- that could. I think --
22 I don't really know the exact time but probably about
23 five or six minutes it would take to set up -- open a
24 new imprest bank process.

25 CHAIRMAN KOHN: I'm just not sure how else to

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1 handle it without inconveniencing a lot of people for
2 training. I mean, we're training our own people to do
3 this.

4 MR. GREWACH: Our expectation, I guess,
5 basically in response to that is that training should
6 take place --

7 COMMISSIONER JAMISON: In a simulated
8 situation --

9 MR. GREWACH: -- in a simulated situation.

10 COMMISSIONER JAMISON: -- as opposed to
11 on-the-job training?

12 MR. GREWACH: Right.

13 So once you're licensed on the job, we should
14 be past that point. We should be to the point where
15 you're -- you know, through those simulating, through
16 the training exercises, you're to the point where you
17 can handle the -- but that's our expectation when we
18 looked at that in response to that, to their reasoning
19 for having this practice for that five-year time period.

20 COMMISSIONER LOMBARDO: How does this casino
21 train their employees to do this function? Do they have
22 a simulated process or is it on-the-job training, and
23 what is the general standard in the industry in terms of
24 how somebody gets trained to do this?

25 MR. GREWACH: Can I call on our Assistant

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1 Deputy Director of Compliance, Cheryl Alonzo?

2 CHAIRMAN KOHN: She didn't shake you off.

3 MR. GREWACH: No.

4 COMMISSIONER LOMBARDO: You looked over there
5 and somebody was there.

6 MS. ALONZO: Cheryl Alonzo, Missouri Gaming
7 Commission.

8 I'm not familiar with that property's
9 particular training procedures, but in their own
10 internal controls it says that cashiers will not share
11 impress banks.

12 If they felt that they needed for training
13 purposes to do that, they should have requested that --
14 put that in their IC's that they were going to do this
15 and then we would have questioned them and said, hey,
16 that's a violation of the MICS. You need to ask for a
17 variance to that rule.

18 But according to their internal controls they
19 do not share impress banks, and the other properties --
20 this is not a common finding that you see other places.
21 You can have multiple windows open at one time to manage
22 lines, but that accountability, especially in this case,
23 the variance, when one person counted at the window that
24 variance is theirs, and if the variance occurred, it's
25 going to be due to their mistake. And in this case that

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1 variance was written up against the cashier who didn't
2 make the error. So that's the reason for the
3 accountability in the cage.

4 MR. GREWACH: I might also point out --

5 CHAIRMAN KOHN: Any other questions of Ed
6 that he can throw off to somebody else?

7 COMMISSIONER LOMBARDO: Can I ask Cheryl a
8 question?

9 CHAIRMAN KOHN: Sure.

10 COMMISSIONER JAMISON: We're just going to
11 bypass Ed.

12 MS. ALONZO: There is also a CSR that says
13 licensees shall have working knowledge of all of the
14 areas of the rules that affect their job position before
15 conducting -- or before acting in that position.

16 So you would expect a cashier to know that
17 the internal controls say they're not supposed to share
18 an impress bank. You'd certainly expect the lead
19 cashier, the cage manager, to all know that the rules
20 says you can't share these impress banks.

21 COMMISSIONER LOMBARDO: I hope I'm not
22 venturing into stupid question territory, but you say
23 internal control. This is an internal control that is
24 adopted by this particular casino operator as their own
25 internal control?

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1 MS. ALONZO: We set the minimum internal
2 control which says you can't share impress banks and
3 then they submit to us their own internals, and they
4 mirrored that statement exactly. There was no
5 additional language in there except during training,
6 because then we would have questioned that when we
7 reviewed those internal controls.

8 COMMISSIONER LOMBARDO: So this is going to
9 be uniform at least in terms of the minimum standard for
10 internal control --

11 MS. ALONZO: For all casinos.

12 COMMISSIONER LOMBARDO: Okay. Thank you.

13 COMMISSIONER JAMISON: And is it -- I think
14 it's my understanding from the report is it's not like
15 we had one situation where things got harried and the
16 lead cashier jumped in and took over for sake of time
17 but this has occurred as a common practice or an ongoing
18 event that occurred as opposed to just all of a sudden
19 the lead cashier saw a long line, jumped in, took
20 control of it to alleviate that problem and it was a one
21 off. It's more of a pattern of doing this.

22 MS. ALONZO: It's standard practice. All of
23 the statements from the employees indicated that they
24 all thought that's the way, you know, it could be done,
25 that's all how they were trained to do it, and clearly

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1 the rule doesn't allow it.

2 COMMISSIONER JAMISON: Okay.

3 MR. GREWACH: I might also share somewhat in
4 response to the Chairman's question that internally when
5 we looked at the e-mails, there was an e-mail from the
6 general manager who was relatively new to the property
7 addressing this question, and he says are we violating
8 anything by allowing two people to work out of the same
9 bank? This is a very uncommon practice.

10 So industrywide I think it's fairly well
11 understood that this is not something that's permitted,
12 not only in Missouri but just as an accountability
13 issue.

14 CHAIRMAN KOHN: So the only way to cure the
15 immediate problem that these two people were dealing
16 with is for a new bank to be opened up and the customer
17 or patron either be sent to another line or cut in front
18 of somebody?

19 Should we be thinking about amending our
20 rules so that a trainer can help out a trainee in a
21 situation like this?

22 MR. GREWACH: Well, certainly if that's the
23 Commission direction. I think we always prefer to have
24 a situation when a Level II licensee and a CSR that
25 Cheryl Alonzo mentioned, when a Level II licensee hits

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1 the floor on their first day at work, we really expect
2 them to be able to do their job as of that day, and any
3 preparation having taken place in training prior to that
4 point in time.

5 COMMISSIONER JAMISON: I guess my thoughts on
6 that would be is if you had a trainee there, it would be
7 the casino's responsibility to have additional cashier
8 people available, so maybe you have overstaffed the
9 cashier location for that rush, and then if that
10 situation arises, you have an extra cashier available.
11 If it doesn't arise, you've just overstaffed for a day
12 or two until training was over. So I would like that as
13 opposed to allowing a change to the rules.

14 CHAIRMAN KOHN: Any other questions?

15 COMMISSIONER LOMBARDO: No.

16 COMMISSIONER HALE: No.

17 CHAIRMAN KOHN: Is there a motion with
18 respect to DC-17-057?

19 COMMISSIONER JAMISON: Move for approval.

20 COMMISSIONER LOMBARDO: Second.

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

23 MS. FRANKS: Commissioner Lombardo.

24 COMMISSIONER LOMBARDO: Approved.

25 MS. FRANKS: Commissioner Neer.

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1 COMMISSIONER NEER: Approve.

2 MS. FRANKS: Commissioner Hale.

3 COMMISSIONER HALE: Approve.

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 DC-17-057.

10 MR. GREWACH: Thank you.

11 CHAIRMAN KOHN: Mr. Seibert.

12 EXECUTIVE DIRECTOR SEIBERT: The next order
13 of business is Consideration of Renewal of Supplier's
14 License. Sergeant Gary Davidson will present.

15 CHAIRMAN KOHN: Good morning, Sergeant.

16 SERGEANT DAVIDSON: Chairman, Commissioners.

17 Missouri State Highway Patrol investigators
18 conducted the relicensing investigation of five supplier
19 companies currently licensed in the state of Missouri.

20 These investigations consisted of
21 jurisdictional inquiries, feedback from affected gaming
22 company clients, a review of disciplinary actions,
23 litigation and business credit profiles, as well as a
24 review of the key persons associated with each company.

25 The results of these investigations were

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1 provided to the Missouri Gaming Commission staff for
2 their review and you possess a comprehensive summary
3 report before you of each of these which outline the
4 investigative summary and findings for each company.

5 The following supplier companies are being
6 presented for your consideration: Aristocrat
7 Technologies, Incorporated; Landry Holdings, LLC doing
8 business as Casino Tech; NRT Technology Corp;
9 Interblock D.D. Corporation; Interblock USA L.C.

10 CHAIRMAN KOHN: Okay. Our order is a little
11 bit different than that but we'll take them up one at a
12 time.

13 Are there any questions of Sergeant Davidson
14 on -- I'll ask on each one -- on Landry?

15 COMMISSIONER JAMISON: No, sir.

16 CHAIRMAN KOHN: Aristocrat?

17 COMMISSIONER JAMISON: No, sir.

18 CHAIRMAN KOHN: NRT?

19 COMMISSIONER JAMISON: No.

20 CHAIRMAN KOHN: Interblock and Interblock?
21 Interblock USA and Interblock D.D, any questions on any
22 of those?

23 COMMISSIONER JAMISON: No, sir.

24 COMMISSIONER NEER: No.

25 COMMISSIONER LOMBARDO: No.

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1 CHAIRMAN KOHN: We'll take them up -- we have
2 to take these one at a time, don't we?

3 Is there a motion with respect to Resolution
4 No. 17-027?

5 COMMISSIONER HALE: Move approval of
6 Resolution 17-027.

7 CHAIRMAN KOHN: That's Landry.

8 COMMISSIONER JAMISON: Second.

9 CHAIRMAN KOHN: Discussion on the motion?
10 Angie.

11 MS. FRANKS: Commissioner Lombardo.

12 COMMISSIONER LOMBARDO: Approve.

13 MS. FRANKS: Commissioner Neer.

14 COMMISSIONER NEER: Approve.

15 MS. FRANKS: Commissioner Hale.

16 COMMISSIONER HALE: Approve.

17 MS. FRANKS: Commissioner Jamison.

18 COMMISSIONER JAMISON: Approve.

19 MS. FRANKS: Chairman Kohn.

20 CHAIRMAN KOHN: Approve.

21 MS. FRANKS: By your vote you've adopted
22 Resolution No. 17-027.

23 CHAIRMAN KOHN: Okay. 17-028 is Aristocrat.
24 Is there a motion to approve that resolution?

25 COMMISSIONER JAMISON: So moved.

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1 COMMISSIONER NEER: Second.

2 CHAIRMAN KOHN: Discussion on the motion?

3 Angie.

4 MS. FRANKS: Commissioner Lombardo.

5 COMMISSIONER LOMBARDO: Approved.

6 MS. FRANKS: Commissioner Neer.

7 COMMISSIONER NEER: Approve.

8 MS. FRANKS: Commissioner Hale.

9 COMMISSIONER HALE: Approve.

10 MS. FRANKS: Commissioner Jamison.

11 COMMISSIONER JAMISON: Approve.

12 MS. FRANKS: Chairman Kohn.

13 CHAIRMAN KOHN: Approve.

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

15 Resolution No. 17-028.

16 CHAIRMAN KOHN: Okay. 17-029 is NRT

17 Technology. Is there a motion to approve?

18 COMMISSIONER HALE: So moved.

19 COMMISSIONER LOMBARDO: Second.

20 CHAIRMAN KOHN: Discussion?

21 Angie.

22 MS. FRANKS: Commissioner Lombardo.

23 COMMISSIONER LOMBARDO: Approved.

24 MS. FRANKS: Commissioner Neer.

25 COMMISSIONER NEER: Approved.

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1 MS. FRANKS: Commissioner Hale.

2 COMMISSIONER HALE: Approve.

3 MS. FRANKS: Commissioner Jamison.

4 COMMISSIONER JAMISON: Approve.

5 MS. FRANKS: Chairman Kohn.

6 CHAIRMAN KOHN: Approve.

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

8 Resolution 17-029.

9 CHAIRMAN KOHN: 17-030 is Interblock USA. Is

10 there a motion to approve?

11 COMMISSIONER NEER: Motion to approve.

12 COMMISSIONER JAMISON: Second.

13 CHAIRMAN KOHN: Discussion?

14 Angie.

15 MS. FRANKS: Commissioner Lombardo.

16 COMMISSIONER LOMBARDO: Approved.

17 MS. FRANKS: Commissioner Neer.

18 COMMISSIONER NEER: Approve.

19 MS. FRANKS: Commissioner Hale.

20 COMMISSIONER HALE: Approve.

21 MS. FRANKS: Commissioner Jamison.

22 COMMISSIONER JAMISON: Approve.

23 MS. FRANKS: Chairman Kohn.

24 CHAIRMAN KOHN: Approve.

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

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1 Resolution No. 17-030.

2 CHAIRMAN KOHN: And the last one is
3 Interblock D.D., Resolution No. 17-031. Is there a
4 motion to approve?

5 COMMISSIONER LOMBARDO: Motion to approve.

6 COMMISSIONER HALE: Second.

7 CHAIRMAN KOHN: Discussion on the motion?
8 Angie.

9 MS. FRANKS: Commissioner Lombardo.

10 COMMISSIONER LOMBARDO: Approved.

11 MS. FRANKS: Commissioner Neer.

12 COMMISSIONER NEER: Approve.

13 MS. FRANKS: Commissioner Hale.

14 COMMISSIONER HALE: Approve.

15 MS. FRANKS: Commissioner Jamison.

16 COMMISSIONER JAMISON: Approve.

17 MS. FRANKS: Chairman Kohn.

18 CHAIRMAN KOHN: Approve.

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

20 Resolution No. 17-031.

21 CHAIRMAN KOHN: Mr. Seibert.

22 EXECUTIVE DIRECTOR SEIBERT: The next order
23 of business is Consideration of Bingo Settlement.

24 Mr. Ed Grewach will present.

25 MR. GREWACH: Thank you.

1 Under Tab L we have a resolution to approve
2 the settlement of a disciplinary action against the
3 bingo licensee, the American Legion Brown Twitty Post
4 No. 595. The post holds a bingo license for its
5 facility in New Madrid, Missouri.

6 On November the 17th, 2016 we received an
7 anonymous complaint reporting to us that they were
8 conducting illegal poker games at this location.

9 A Commission agent investigated and went to
10 the facility on December the 9th, 2016 and found that
11 that report and complaint were, in fact, true.

12 The investigation disclosed that they were
13 holding poker games every Saturday for the last five to
14 seven years, that they had two tables on location, each
15 with ten seats. They had chips.

16 The games as he learned as he investigated,
17 it typically had a \$30 buy-in and an aggregate pot of
18 approximately 4 to \$500.

19 The person at the -- persons at the game with
20 the most chips at the end won prizes. 10 percent of the
21 pot went to the post and typically the first through
22 four top chip holders split the rest of the money
23 between them.

24 The investigation indicated that the post
25 commander was involved in the conduct of these poker

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1 games and that the bingo chairperson knew about the
2 conduct of the games.

3 Both the post commander and, of course, the
4 bingo chairperson were on the approved worker list for
5 the bingo location.

6 That activity does constitute illegal
7 gambling under 572.020; therefore, it violates our
8 Rule 30.270 and subjects the bingo licensee to
9 discipline.

10 On January the 26th, 2017 we sent a letter to
11 the post indicating our intent to pursue a disciplinary
12 action, told them we were going to pursue a \$3,000 fine,
13 asked for a two-day suspension for -- or two occasion
14 suspension of their bingo license and that the post
15 commander be barred from any further involvement in the
16 play of bingo.

17 After negotiation with the post attorney --

18 CHAIRMAN KOHN: I'm sorry. Say that last
19 sentence again about the commander.

20 MR. GREWACH: That he be barred from any
21 further participation in the bingo operation.

22 Following negotiation with the post attorney
23 the staff reached a settlement, again subject to the
24 Commission's approval, of a fine of \$1,500, for a
25 suspension for two bingo occasions and that the post

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1 commander no longer be involved in bingo operations and,
2 in fact, that he step down as post commander.

3 CHAIRMAN KOHN: Questions of Ed?

4 COMMISSIONER HALE: No, sir.

5 COMMISSIONER JAMISON: No, sir.

6 COMMISSIONER LOMBARDO: No.

7 CHAIRMAN KOHN: Is there a motion with
8 respect to Resolution 17-001-B?

9 COMMISSIONER LOMBARDO: Motion to approve.

10 COMMISSIONER JAMISON: Second.

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

13 MS. FRANKS: Commissioner Lombardo.

14 COMMISSIONER LOMBARDO: Approve.

15 MS. FRANKS: Commissioner Neer.

16 COMMISSIONER NEER: Approve.

17 MS. FRANKS: Commissioner Hale.

18 COMMISSIONER HALE: Approve.

19 MS. FRANKS: Commissioner Jamison.

20 COMMISSIONER JAMISON: Approve.

21 MS. FRANKS: Chairman Kohn.

22 CHAIRMAN KOHN: Approve.

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

25 MR. GREWACH: Thank you.

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1 CHAIRMAN KOHN: Mr. Seibert, anything else?

2 EXECUTIVE DIRECTOR SEIBERT: That concludes
3 our business.

4 CHAIRMAN KOHN: Okay. That concludes our
5 business for the open session. Do we have a motion,
6 Mr. Vice Chairman, to go into closed session?

7 COMMISSIONER JAMISON: I do.

8 I move for a closed meeting under
9 Sections 313.847 and 313.945, Revised Missouri Statutes,
10 investigatory, proprietary and application records, and
11 610.021, Subparagraph 1, Revised Missouri Statutes,
12 legal actions, Subparagraph 3 and Subparagraph 13,
13 personnel, and Subparagraph 14, records protected from
14 disclosure by law.

15 CHAIRMAN KOHN: Is there a second to the
16 motion?

17 COMMISSIONER HALE: Second.

18 CHAIRMAN KOHN: Angie.

19 MS. FRANKS: Commissioner Lombardo.

20 COMMISSIONER LOMBARDO: Approved.

21 MS. FRANKS: Commissioner Neer.

22 COMMISSIONER NEER: Approve.

23 MS. FRANKS: Commissioner Hale.

24 COMMISSIONER HALE: Approve.

25 MS. FRANKS: Commissioner Jamison.

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1 COMMISSIONER JAMISON: Approve.

2 MS. FRANKS: Chairman Kohn.

3 CHAIRMAN KOHN: Approve.

4 So we will now go into closed session and we
5 will re-open the open session after we adjourn the
6 closed session.

7 Thank you all for being here. We are
8 adjourned.

9 (Meeting concluded at 11:08 a.m.)

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CERTIFICATE OF REPORTER

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5

I, Patricia A. Stewart, CCR, a Certified

6

Court Reporter in the State of Missouri, do hereby

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certify that the testimony taken in the foregoing

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transcript was taken by me to the best of my ability and

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thereafter reduced to typewriting under my direction;

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that I am neither counsel for, related to, nor employed

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by the parties thereto, nor financially or otherwise

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Patricia A. Stewart

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CCR 401

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MISSOURI GAMING COMMISSION
Second Open Session Minutes
April 26, 2017

The Missouri Gaming Commission (the “Commission”) went back into open session at approximately 11:50 a.m. on April 26, 2017, at the Missouri Gaming Commission’s Jefferson City office.

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

The meeting ended at 11:51 a.m.