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MISSOURI GAMING COMMISSION

MISSOURI GAMING COMMISSION MEETING

June 27, 2018

Jefferson City, Missouri

BEFORE: Herbert Kohn, Chairman
Brian Jamison, Board Member
Thomas Neer, Board Member
Richard Lombardo, Board Member
Daniel Finney, III, Board Member

ALSO PRESENT: William Seibert, Executive Director
Angie Franks, Designated Principal Assistant

CERTIFIED COURT REPORTER:
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1 P R O C E E D I N G S

2 I. Call to Order

3 CHAIRMAN KOHN: Good morning, everybody. We
4 will call the meeting of the Missouri Gaming Commission meeting
5 of June 27th to order. Angie, please call the roll.

6 MS. FRANKS: Commission Finney?

7 COMMISSIONER FINNEY: Present.

8 MS. FRANKS: Commissioner Lombardo?

9 COMMISSIONER LOMBARDO: Present.

10 MS. FRANKS: Commissioner Neer?

11 COMMISSIONER NEER: Present.

12 MS. FRANKS: Commissioner Jamison?

13 COMMISSIONER JAMISON: Present.

14 MS. FRANKS: Chairman Kohn?

15 CHAIRMAN KOHN: Present.

16 We have a quorum ready to begin business. And
17 we have a presentation this morning. Tim? Okay.

18 MR. MCGRAIL: If I could have Jennifer Wilbers
19 come forward please. We are recognizing Jennifer for five years
20 of service with the Missouri Gaming Commission. Of course, she's
21 worked for the state for many, many years before that. So she
22 has roughly about over 31 years with the state as far as
23 service, but five years with the Missouri Gaming Commission.

24 So we would like to congratulate her on reaching
25 significant milestone in her career. Your effort and

1 dedication is part of our success and we appreciate your
2 commitment. Jennifer is one of our assistant deputy directors
3 and she handles the administration part, which is fiscal and
4 budget, so as far as the collection and reimbursement of the
5 funds for the industry. So we congratulate Jennifer on the
6 years of service with the Commission. Thank you.

7 CHAIRMAN KOHN: Jennifer, if we can add our
8 congratulations and thank you for your service. It is nice to
9 finally meet the person who does the work that Tim takes credit
10 for.

11 MS. WILBERS: Thank you.

12 MR. MCGRAIL: I have one more, if I could. And
13 this is one that wasn't on the schedule, but Dave Kessel if
14 you would stand up, please. We want to recognize Dave Kessel.
15 He was nominated and selected as the June DPS employee of the
16 month. And then we recently found out that he was actually
17 selected by the governor as the state employee of the month of
18 for June.

19 Dave is our licensing manager and what he had
20 done was in January of this year, he was coming back from lunch
21 driving down on Knipp Drive here. And as he was about ready to
22 make the turn out of the driveway he sees an elderly man lying
23 on the ground and he was kind of waiving.

24 So he goes ahead, pulls down there and there was
25 this elderly man that had apparently fallen, couldn't get up.

1 He was scraped up all over his face, his arms, his knees,
2 bleeding, very cold. He didn't have a jacket on. So Dave helps
3 him up, gets him into his house. Asks if he wants any emergency
4 service, EMTs to come. He goes, No. I think if I just clean
5 myself up and get bandaged, I'll be okay. So then he leaves and
6 then he comes back in an hour or two just to make sure the
7 elderly gentleman was okay. He didn't even ask his name, he
8 just came back.

9 We found out about it. Again, I went down and
10 talked to the elderly gentleman. He is very feeble. He can't
11 get around very well. I asked him how long he'd been lying on
12 the ground. He said I have no clue. He said several cars had
13 drove by and waving at them and they kept driving on by. Dave
14 took the time and the effort and he stopped and checked on this
15 gentleman and took care of him. So that's why he is being
16 recognized both by DPS and the state of Missouri.

17 CHAIRMAN KOHN: Quite a story. Thank you for
18 that on behalf of everybody.

19 II. Consideration of Minutes

20 CHAIRMAN KOHN: The first item of business
21 before the meeting is the consideration of the minutes of the
22 May 29 and May 30 meetings. If you recall those are from east
23 side each side of the state. And let me -- there's one
24 correction that I've already asked Angie to make and she will
25 sync it to your minutes. It's not a substantive issue, but at

1 the beginning Larry Plunkett made the presentations at that
2 meeting, for some reason the minutes show that I called up the
3 two recipients of the awards that were given when in fact, it
4 wasn't me. It was Larry Plunkett who did. So subject to that
5 amendment, is there a motion to approve those two sets of
6 minutes?

7 COMMISSIONER LOMBARDO: Motion to approve.

8 COMMISSIONER NEER: Second.

9 CHAIRMAN KOHN: Angie, please call the roll.

10 MS. FRANKS: Commissioner Finney?

11 COMMISSIONER FINNEY: Approved.

12 MS. FRANKS: Commissioner Lombardo?

13 COMMISSIONER LOMBARDO: Approved.

14 MS. FRANKS: Commissioner Neer?

15 COMMISSIONER NEER: Approved.

16 MS. FRANKS: Commissioner Jamison?

17 COMMISSIONER JAMISON: Approved.

18 MS. FRANKS: Chairman Kohn?

19 CHAIRMAN KOHN: Approved.

20 MS. FRANKS: By your vote you've adopted the
21 minutes of the May 29th, 2018 meeting and the May 30th, 2018
22 meeting as amended.

23 CHAIRMAN KOHN: Thank you. So a lot of you see
24 the five commissioners up here. And you don't know much about
25 us other than that we levy fines and approve minutes. But we do

1 have other lives and we have a picture to demonstrate that we
2 have other lives. So if you could look on the screen and you
3 will see what we do when we are not here.

4 COMMISSIONER NEER: I don't believe this.

5 CHAIRMAN KOHN: That is Commission Neer with his
6 pet raccoon. We thought you should all see that. We got the
7 entertainment out of the way. Mr. Seibert?

8 II. Consideration of Relicensure of Class A & B Licenses

9 MR. SEIBERT: Mr. Chairman, the first order of
10 business is the consideration of relicensure of Class A and B
11 licensees. And the general manager, Mr. Darren Vandover will
12 make and make any introductions that are necessary.

13 CHAIRMAN KOHN: Mr. Vandover.

14 MR. VANDOVER: That's the cutest raccoon I've
15 ever seen. I just want to be on record for that.

16 Chairman Kohn, commissioners, Executive Director
17 Seibert, my name is Darren Vandover. I'm senior vice president
18 and general manager of Harrah's North Kansas City. I'm here to
19 present our four-year licensure renewal for both Harrah's North
20 Kansas City and Caesars Entertainment.

21 I would like to introduce a few people who are
22 with me from my team today. Nick Shelton, who is our director
23 of casino marketing; our assistant general manager, Julie Sola;
24 our as security manager, Shelley Weeks; our surveillance
25 manager, Chuck Ball; our director of casino operations, Zach

1 Mays; and probably you know our compliance manager, Sharon
2 Spencer-Drew.

3 A quick note of what I'm going to be going over
4 in the agenda. First, I'm going to talk about the development
5 agreement and where we stand with North Kansas City, how we sit
6 during from the four years from a revenue and admission
7 performance, our capital investments over the last four years,
8 what we do for responsible gaming and underage patrons, security
9 incidents that happened at the property and also crime
10 statistics from North Kansas City, highlights of our community
11 partnerships, what we do from a minority and women-owned
12 business spend perspective.

13 Then I will have the mayor of North Kansas City
14 come up and talk briefly about our relationship and what they
15 have done with the gaming revenue and then lastly, I'll end with
16 a Caesars update.

17 So as we look at our agreement with North Kansas
18 City, the agreement calls for either the larger of 2 million or
19 2 percent of gaming revenues. And as you can see over the last
20 four years we've exceeded \$3 million given to North Kansas City.
21 The high point was in '15 where we gave out 3,000,153. That was
22 the year that the Royals went to the World Series. We don't
23 expect that lift this year in October.

24 From a charitable contribution standpoint, it's
25 either \$100 thousand or 1 percent of our net operating income.

1 We have given more to charity than that, but we did meet the
2 \$100 thousand threshold and I'll go over the charitable stuff
3 later on.

4 From a review and admissions standpoint, we were
5 slightly behind where we would have like to have been. We had
6 692 million in revenue versus plans of almost over 700 million
7 over the four-year timeframe. And we're hoping to top 15
8 million in admissions and just fell short of that 14.8 million
9 in admissions.

10 From a capital perspective, as of December of
11 2013, we spent almost \$217 million in capital investment of the
12 property. Over the last four years, we spent \$21.4 million. I
13 could tell you in the previous four years we only spent 12.4
14 million. It's a sizable increase over the last four years with
15 the highlights being \$2 million dollars on the Atlantic City
16 Tower and over \$5 million in the restaurants spent over that
17 timeframe. I have a few pictures to share.

18 This is what our remodeled AC Tower looks like.
19 Standard rooms. And then at the bottom is a sitting area for
20 the suites, which we spent \$2 million on this. Capital
21 investments in the steakhouse, which was north of \$1 million,
22 '37 Steak after Harrah's was created in 1937, hence the name.
23 Plus, we put an apostrophe in front of it. We appear first in
24 any magazine or Google, it comes up first. I think that was the
25 game plan. And if you have ever at -- great wine list, the

1 best candied bacon in the world. I recommend coming to visit us
2 to and experience '37 steak.

3 We also opened in January of last year Winning
4 Streaks, which is the best sports bar in North Kansas City, if
5 not one of the best in the Kansas City area. We also spent
6 money, close to \$2 million on a new Diamond Lounge for our VIP
7 customers, and what we call a GM club for VVIP customers.

8 And then lastly, on the casino floor we spent
9 \$700,000 opening up a noodle bar and spent a million dollars on
10 putting brand-new carpet in the building.

11 As we look towards this year, what we're going
12 to spend is about 4.5 million, of that, which is about a
13 million-three in slot machines. When you add the chairs and the
14 signage together on the slot floor, it's another million
15 dollars. Escalators are a million dollars, by the way.

16 And then the safety enhancements. We work
17 closely with the police department of North Kansas City. One of
18 the things we are adding to this is a license plate reader. So
19 if the vehicle comes on the property, it goes directly to North
20 Kansas City Police Department. So if there is a felony against
21 that license plate or it's a stolen vehicle, a message goes
22 directly to them. And that will be installed the next month.
23 We are very excited about that.

24 In addition, we've added more lights. And it
25 used to be to get to our casino floor was just the VIP required

1 your key card. It will be every floor on the property will
2 require a key card.

3 From a responsible gaming perspective, we have
4 the advanced ID detection system. We have training on
5 identifying false IDs, is conducted with security every year.
6 We ID guests that look under the age of 30. We have classes for
7 all new hires, annual classes on Project 21. We reconfigured
8 the casino entrances to make monitoring the egress a little
9 simpler for our security team. We have a bounty program. If
10 they find underage patron and fraudulent ID, which during this
11 timeframe was 176 instances of this. And lastly, strong signage
12 throughout the property.

13 Again, back to underage equipment that we use;
14 advanced ID detection, magnification tool, black lights,
15 flashlights, state ID books. Over the course of four years we
16 checked over 900,000 IDs.

17 So if we look at the incidents we've had on the
18 property, 2,300 of them have been medical, anywhere from a cut
19 in the finger to unfortunately a stroke or a heart attack.
20 We've had 625 incidents of theft, the majority being cell
21 phones, purses, or credits left on the device. 240 incidents of
22 intoxicated patrons, 229 incidents of suspicious activity
23 investigations. This is from money laundering. As you can see
24 the last two years has grown significantly. I can stand before
25 and say that there is not a casino company that does more toward

1 finding money laundering than Caesars Entertainment. We've had
2 175 arrests, 175 incidents of disassociated persons on property.
3 And thankfully, only six fires.

4 From a North Kansas City standpoint, it's fairly
5 consistent -- 2016 was little higher, 399, but nice the other
6 year and this is Part 1 crimes. And 2017 we saw a decrease to
7 310.

8 From a community partnership perspective,
9 there's four things: Our commitment to our employees to provide
10 respect and an ability to have a career; two, to our guests from
11 a responsible gaming perspective. And I'm gonna go into
12 highlights of the last two, which is our community and our
13 promise to the communities to give back and our promise to be
14 good stewards of our environment.

15 So from a community standpoint over the
16 four-year period we gave 837,000 to charity, which was a 60
17 percent increase from the previous four years. We gave
18 approximately 12,000 hours of employee time. HERO is Harrah's
19 Employees Reaching Out program, which was an increase of about
20 1,700 hours from the previous four years.

21 Some of the highlights of this; Harvesters
22 Community Food Network, we give our buffet food to that group;
23 Meals on Wheels, where we donate our time to give back to senior
24 citizens in the area; Rose Brooks, we donate time and donations
25 of clothing; Giving the Basics, which is providing hygiene

1 products for school and children; and then Dining with Dignity,
2 which we volunteer services to prepare food and cleanup.

3 Other ones we are proud about; The American
4 Cancer Society; First Downs for Down Syndrome; Operation
5 Breakthrough, where we provide donations and volunteer time in
6 classrooms for lower income families; Salvation Army angel tree
7 for Christmas and then Beanies, where employees make beanies for
8 babies and children to donate to local hospitals.

9 And then two of the ones we are most proud of is
10 the Fallen Soldiers Annual Dinner, which we do in Leavenworth,
11 Kansas, where we provide dinner and serve for fallen soldiers
12 and their families. And then Chouteau Village, which is the
13 senior living facility where we do caroling and play games with
14 the residents.

15 As I mentioned, a steward of the environment is
16 very important to us. We participate, obviously, in Earth Hour
17 and Earth Day. Some of the highlights that we've seen over the
18 years is we've updated 433 thermostats, providing \$75,000 in
19 savings. We've recycled paper, cardboard. We recycled over
20 25,000 gallons of oil and then we are one of the top companies
21 for Clean the World, donating over 100,000 bars of soap.

22 From a Going Green perspective also, we don't
23 waste anything. We provide the buffet food to the Harvesters
24 where we provided 58,000 meals and 72,000 pounds of food.

25 From a Minority and Women-owned Business spend,

1 we have a corporate purchasing policy commitment to minority
2 spend. We have competitive business bidding process to ensure
3 services and products procedures for our business are the best
4 possible quality, services, and price. Vendor selection is
5 obviously based on quality, service, price, the Business Council
6 Listing and user knowledge, past history. We make every effort
7 to identify quality minority suppliers who offer quality
8 products and services. Harrah's North Kansas City participates
9 in diversity vendor networks and we've participated in many
10 events. The most recent one is myself, Julie and our purchasing
11 people went over to Argosy for their vendor fair that just
12 happened a few, couple weeks ago.

13 When you look at the numbers, which is hard to
14 read on the screen, we still have work to do. I will -- I am
15 proud of the fact that we hit our high water mark in 2017, where
16 our minority spend was at over 5 percent of 5.3 and our
17 Women-owned Business spend was 22 percent, which is the best
18 year we have had. The unaudited numbers for the first quarter
19 of this year was a 11 percent, minority spend a significant
20 increase, and 23 percent of Women-owned Business spend for the
21 first quarter of 2018. We are proud of that too.

22 CHAIRMAN KOHN: How did that happen?

23 MR. VANDOVER: This quarter?

24 CHAIRMAN KOHN: We had a little bit more
25 construction things going on. I don't think this is here to

1 stay, but it's a good start to the year. It's not normal course
2 of business to provide some of that, but we have found some
3 vendors. And I think that 5 percent is going to be somewhere
4 around 7 or 8 for the year. We are pretty proud of -- we do a
5 lot of work trying to find as many vendors as we can for this.

6 CHAIRMAN KOHN: But the quarter, the big jump is
7 a one-off?

8 MR. VANDOVER: Three points of that is a one-off
9 but, I think we're going to see 7 percent average for the year.
10 Any questions on anything before I bring --

11 COMMISSIONER LOMBARDO: I have one. You had
12 mentioned on the crime disturbance statistics money-laundering.
13 What exactly are you referring to?

14 MR. VANDOVER: Well, we have a program which
15 call KYC, which is know your customer. What we do is we do
16 investigations into making sure where their funds come from. So
17 we actually -- if we get to the point where we can't figure out
18 where the funds come from, stop them from gambling. Now,
19 suspicious activity investigation could be anywhere from someone
20 -- if you and I are gambling together and I give you the chips
21 to cash in, that looks suspicious. We write something up for
22 that. If you walk out the building with too much chips, we
23 write stuff up for that. It could be anything that looks like
24 in the gaming play, or maybe you're structuring, because 10,000
25 is the limit before you fill something out. If you look like

1 you're structuring, we do an investigation report that says this
2 looks suspicious. So anything during the play that our casino
3 sees that looks suspicious, we do a report on it and give to the
4 federal government.

5 COMMISSIONER LOMBARDO: Okay. Thank you. It
6 just wasn't immediately apparent to me to. I appreciate the
7 explanation.

8 MR. VANDOVER: Mr. Mayor? Mr. Don Stielow,
9 mayor of North Kansas City.

10 CHAIRMAN KOHN: Good morning, Mr. Mayor. Thank
11 you for being here.

12 MR. STIELOW: One thing I can say right up
13 front, we're so damn happy that Harrah's is in North Kansas City.

14 MR. VANDOVER: The 3 million dollars is in the
15 mail.

16 CHAIRMAN KOHN: Do you want to build on that
17 statement?

18 MR. STIELOW: Actually, in the last four years
19 with the money that we get from Harrah's, we have built an
20 off-leash dog park, which has been really successful. We got
21 people coming in from the whole neighborhood. Also we have
22 built -- we had a little wading pool more or less. It was two
23 feet deep and it was built 30, 40 years ago. It was obsolete.
24 So we took all of that out and built a spray park for the
25 children and that thing has been successful. I mean, you can't

1 stir them with a stick when it good and hot. But it's really
2 been great.

3 We also built a civic center at and home for our
4 parks and rec people. We just got that done this -- well, yeah,
5 this year. It seems to be working really well. The Park
6 Department is working more with their card games and everything
7 else for the old people, that if -- I always thought parks were
8 outside. But now there is a lot of inside stuff for park
9 departments.

10 I think one of the most important things we have
11 done is we've been able to purchase an old grain mill that we
12 tore down. This has opened up 64 acres so we can develop it
13 into, you know, business and things like that that will be a
14 real draw for the whole area. We are working very hard on that.
15 We've got most of the infrastructure in, so we are expecting to
16 start moving there pretty quick. Thank you.

17 CHAIRMAN KOHN: Thank you, Mayor. Anybody have
18 a question for the mayor?

19 COMMISSIONER JAMISON: No, sir.

20 CHAIRMAN KOHN: Thank you very much for making
21 the trip here.

22 MR. VANDOVER: Thank you, Mr. Mayor. Now a
23 quick update on Caesars Entertainment, what it looks like after
24 getting out of bankruptcy last October. We have 47 properties
25 of which seven are managed and 20 are leased from Vici

1 Properties and Harrah's North Kansas City is one of those 20.

2 CHAIRMAN KOHN: Leased from who?

3 MR. VANDOVER: Vici, V-I-C-I Properties.

4 CHAIRMAN KOHN: What is that?

5 MR. VANDOVER: Is a real estate investment
6 trust.

7 CHAIRMAN KOHN: Out of where?

8 MR. VANDOVER: Well, they're in Las Vegas. I
9 think they're based out of Las Vegas. I'm not sure the answer
10 to that. I don't know. I can get back to you on that one.
11 What they did through the bankruptcy is that we had them
12 basically -- that's how we got our debt down, is that we gave
13 them ownership of the land and lowered our debt payments. You
14 will see that later on, but that's why we went into an agreement
15 with Vici Properties.

16 Again, they're silent partners. They don't get
17 involved with anything. They just own the land and we make
18 lease payments based on these 20 properties that --

19 CHAIRMAN KOHN: They own land the land or the
20 land and the building?

21 MR. VANDOVER: The land and the building.

22 COMMISSIONER JAMISON: But that was part of
23 Caesars reorganization. Correct?

24 MR. VANDOVER: That's correct.

25 COMMISSIONER JAMISON: Where they spun off some

1 of the land and buildings into the holding company that held the
2 real estate and then that relieved Caesars from some of the
3 operation of that.

4 MR. VANDOVER: Exactly. Exactly. So if you
5 look at how we've done financially when we compare the fourth
6 quarter '17 to the first quarter of '18, we did increase by \$12
7 million, increased the margin by 70 basis points. When you look
8 at EBIDAR -- and EBIDAR, the R stand for the rent payments. So
9 we take that out for this calculation. We see a nice increase
10 there and we expect through our strategic acquisitions and
11 through our marketing efforts an increase of about 7 to 10
12 percent growth in that number for this year.

13 From a cash flow perspective, we're estimating
14 that our EBITDA will be about 2.4 billion. We're going to spend
15 about 450 million as an enterprise on capital. The lease
16 expense, which is the thing I talked about, 727,000 and still
17 interest expense of 450 million. So it will leave us with 768
18 million in free cash flow.

19 CHAIRMAN KOHN: Excuse me. I think you meant to
20 say 2.4 billion.

21 MR. VANDOVER: I did. I was just testing to see
22 if you were listening. 2.4 billion, and 450 million in capital.
23 727 million in lease expense. And it's 450 million in interest.
24 I believe that's what \$767 million is in cash flow.

25 This is what we were talking about before. This

1 is where we took the debt payments. We had 16 billion in debt
2 and we've got that down to 9 billion in debt. Our gross
3 leverage has dropped to 5.7 percent.

4 CHAIRMAN KOHN: I'm sorry. Back on the post
5 bankruptcy part -- or the bankruptcy, reorganization. I didn't
6 write down the name of the REIT that bought your property. Did
7 that same REIT buy other properties than Caesars?

8 MR. VANDOVER: They own all of them. We just
9 have with one agreement with each Vici Properties, owns all 20
10 of the leases properties, so yes.

11 And then from a financial perspective, again 16
12 billion in debt changed to 9 billion in debt. Gross leverage
13 dropped to 5.7 versus 17.2. And the fixed charges, which is the
14 big thing is now \$1.2 billion, which is the combination of the
15 interest to pay and the lease to Vici, which used to be \$2.3
16 billion were the debt payments. Taken our fixed charge coverage
17 to 2.1 versus less than one, hence the bankruptcy in 2014.

18 I would say -- I've been working with the
19 company 17 years and capital investment over the last four years
20 was stronger than it was the previous four years. During the
21 bankruptcy, we didn't feel it much from a capital investment or
22 from an employee perspective, but it's nice to be out of
23 bankruptcy.

24 CHAIRMAN KOHN: Do you happen to know in what
25 states the company's 20 properties are located?

1 MR. VANDOVER: Okay. If I look at it here,
2 we've got Nevada, Mississippi, Louisiana, Illinois, Philadelphia
3 -- that's not a state -- Pennsylvania, Iowa and Indiana.

4 CHAIRMAN KOHN: Thank you.

5 MR. VANDOVER: Uh-huh. Any questions for me
6 about Caesars or about Harrah's North Kansas City?

7 MR. SEIBERT: Mr. Chairman, just for the record,
8 that company's out of Spring Valley, Nevada.

9 CHAIRMAN KOHN: Okay. I don't know where that
10 is. Is that a suburb?

11 MR. VANDOVER: Yeah. That is a suburb of Las
12 Vegas.

13 CHAIRMAN KOHN: Any other questions? Okay.

14 MR. VANDOVER: Well, thank you for your time
15 today.

16 CHAIRMAN KOHN: Thank you very much.
17 Mr. Seibert?

18 MR. SEIBERT: Mr. Chairman, the investigative
19 summary will be presented by Sergeant Jason McTheeney.

20 CHAIRMAN KOHN: Good morning, Sergeant.

21 SERGEANT MCTHEENEY: Mr. Chairman and
22 Commissioners, applications were received by the Missouri Gaming
23 Commission for the renewal of the Class A license of Caesars
24 Entertainment Corporation and the Class B riverboat gaming
25 license for Harrah's North Kansas City, LLC.

1 Missouri State Highway Patrol investigators
2 working in conjunction with Missouri Gaming Commission financial
3 investigators investigated the suitability of Caesars
4 Entertainment Corporation and Harrah's North Kansas City to
5 continue to operate as licensees.

6 Financial and criminal background checks have
7 been conducted on the company's key and level one personnel. A
8 financial analysis of the companies was also completed. City
9 and county officials were contacted regarding business
10 activities at the casino and ABS Consulting conducted the
11 physical survey of the casino.

12 The findings of these investigations were
13 provided to the Missouri Gaming Commission staff for their
14 review and the investigating officers are present at this
15 hearing should you have any questions. Thank you.

16 CHAIRMAN KOHN: Anybody have any questions?

17 COMMISSIONER JAMISON: Just one question, the
18 issue in Indiana, that's all resolved. Correct?

19 MR. GREWACH: It is still pending there and so
20 that would be something we could discuss the details of in an
21 open meeting. I think the Indiana Gaming Commission's meeting is
22 tomorrow, I believe, to consider finalizing that matter. But
23 until then, it would still be a closed meeting item.

24 COMMISSIONER JAMISON: That's just why I asked.

25 CHAIRMAN KOHN: Any other question for the

1 sergeant. Thank you, Sergeant.

2 SERGEANT MCTHEENEY: Thank you.

3 CHAIRMAN KOHN: Mr. Seibert?

4 MR. SEIBERT: The next order of business is the
5 MBE/WBE Compliance Review presented by MS. ALONZO (inaudible).

6 MS. BONNER: Good morning, Mr. Chairman and
7 Commissioners. On April 4th, 2018, the Missouri Gaming
8 Commission staff conducted a 100 percent audit of the MBE/WBE
9 records for the Class B licensee Harrah's North Kansas City
10 Casino. The results of our audit and specific details related
11 to those findings are contained within the summary report in
12 your possession. Thank you.

13 CHAIRMAN KOHN: Don't sit down yet. Any
14 questions? Thank you. I think we saw the statistics before.

15 MS. BONNER: Okay.

16 CHAIRMAN KOHN: Mr. Seibert?

17 MR. SEIBERT: Yes, sir, Mr. Chairman. We still
18 have to ask if there's any public comment.

19 CHAIRMAN KOHN: Anybody here from the public
20 that wishes to comment? Okay. Staff recommendations?

21 MR. SEIBERT: Staff does recommend approval.

22 CHAIRMAN KOHN: Is there a motion with regard to
23 the Resolution 18-033?

24 COMMISSIONER FINNEY: Move to approve.

25 COMMISSIONER JAMISON: Second.

1 CHAIRMAN KOHN: Discussion on the motion?
2 Angie?
3 MS. FRANKS: Commissioner Finney?
4 COMMISSIONER FINNEY: Approved.
5 MS. FRANKS: Commissioner Lombardo?
6 COMMISSIONER LOMBARDO: Approved.
7 MS. FRANKS: Commissioner Neer?
8 COMMISSIONER NEER: Approved.
9 MS. FRANKS: Commissioner Jamison?
10 COMMISSIONER JAMISON: Approved.
11 MS. FRANKS: Chairman Kohn.
12 CHAIRMAN KOHN: Approved.
13 MS. FRANKS: By your vote you've adopted
14 Resolution No. 18-033.
15 CHAIRMAN KOHN: I need a motion on 18-034.
16 COMMISSIONER JAMISON: So moved.
17 COMMISSIONER NEER: Second.
18 CHAIRMAN KOHN: Discussion on the motion?
19 Angie?
20 MS. FRANKS: Commissioner Finney?
21 COMMISSIONER FINNEY: Approved.
22 MS. FRANKS: Commissioner Lombardo?
23 COMMISSIONER LOMBARDO: Approved.
24 MS. FRANKS: Commissioner Neer?
25 COMMISSIONER NEER: Approved.

1 MS. FRANKS: Commissioner Jamison?

2 COMMISSIONER JAMISON: Approved.

3 MS. FRANKS: Chairman Kohn.

4 CHAIRMAN KOHN: Approved.

5 MS. FRANKS: By your vote have adopted

6 Resolution No. 18-034.

7 CHAIRMAN KOHN: Mr. Seibert?

8 IV. Consideration of Licensure for Key Business Entities

9 MR. SEIBERT: The next order is consideration
10 for licensure for key business entities, Sergeant Mike Finnegan
11 will present.

12 CHAIRMAN KOHN: Good morning, Sergeant.

13 SERGEANT FINNEGAN: Good morning. Mr. Chairman,
14 Commissioners, the Missouri State Highway Patrol investigators
15 along with Missouri Gaming Commission financial investigators
16 conducted licensing investigation of two key business entities
17 who have applied for licensure in the state of Missouri.

18 These investigations consisted of jurisdictional
19 inquiries, feedback from affected gaming company clients, a
20 review of disciplinary actions, litigation and business credit
21 profiles, as well as a review of the key persons associated with
22 these companies. The results of these investigations were
23 provided to the Missouri Gaming Commission staff for their
24 review and you possess a comprehensive summary report before
25 you. Investigating officers are present to answer any questions

1 you may have.

2 The following key business entities are being
3 presented for your consideration; Caesars Enterprise Services,
4 LLC and Japan Cash Machine Co., LTD.

5 CHAIRMAN KOHN: Do you have any other comments
6 on Caesars Enterprise Services?

7 SERGEANT FINNEGAN: No, sir.

8 CHAIRMAN KOHN: We'll do them one at a time.

9 SERGEANT FINNEGAN: Okay.

10 CHAIRMAN KOHN: Any questions on the Caesars
11 application? Is there a motion with respect to --

12 COMMISSIONER FINNEY: I think I -- I think I saw
13 something about that there's a litigation in there. It just
14 generally said that --

15 SERGEANT FINNEGAN: On Caesars?

16 COMMISSIONER FINNEY: Right. I will refer that
17 to Sergeant (inaudible). He was the investigative officer for
18 that.

19 COURT REPORTER: I'm sorry. What is his name?

20 COMMISSIONER FINNEY: I think there is a general
21 disclaimer that there was no concern about the litigation.
22 There were a number of claims, perhaps that are being litigated.
23 But they didn't strike you as being out of the ordinary; is that
24 correct?

25 MR. GREWACH: Correct. There's no pending

1 litigation that is going to be substantial.

2 COMMISSIONER FINNEY: Okay. Then you reviewed
3 the past litigation and there was just -- did I read that
4 correctly, you said this is just kind of normal litigation?

5 MR. GREWACH: Correct.

6 COMMISSIONER FINNEY: And what would that
7 include?

8 MR. GREWACH: Well, we gather that from the SEC
9 documents and from the company as well. Specifically, the
10 litigation I don't recall what it was specifically to this
11 company, to the key business entity. But it was nothing that
12 was out of the ordinary.

13 COMMISSIONER FINNEY: Okay.

14 CHAIRMAN KOHN: Brian, did you have a question?

15 COMMISSIONER JAMISON: No.

16 CHAIRMAN KOHN: Anybody have any questions?
17 Okay. Let's have a motion with respect to Resolution 18-035.

18 COMMISSIONER LOMBARDO: Motion to approve.

19 COMMISSIONER JAMISON: Second.

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

22 MS. FRANKS: Commissioner Finney?

23 COMMISSIONER FINNEY: Approved.

24 MS. FRANKS: Commissioner Lombardo?

25 COMMISSIONER LOMBARDO: Approved.

1 MS. FRANKS: Commissioner Neer?
2 COMMISSIONER NEER: Approved.
3 MS. FRANKS: Commissioner Jamison?
4 COMMISSIONER JAMISON: Approved.
5 MS. FRANKS: Chairman Kohn.
6 CHAIRMAN KOHN: Approved.
7 MS. FRANKS: By your voted you've adopted
8 Resolution No. 18-035.
9 CHAIRMAN KOHN: Sergeant, do you have anything
10 else to report with respect to the Japan Cash Machine?
11 SERGEANT FINNEGAN: No, sir, I do not.
12 CHAIRMAN KOHN: Any questions?
13 COMMISSIONER LOMBARDO: Yes, I have one. This
14 is this company's initial application to do business in the
15 state of Missouri?
16 SERGEANT FINNEGAN: It's the parent company of
17 the company out of Las Vegas, yes.
18 COMMISSIONER LOMBARDO: And then it starts off
19 in the investigation that they made their application on July
20 14th, 2015. So that's two and a half, three years ago.
21 SERGEANT FINNEGAN: We've other priority
22 investigations that have taken priority. This was not a
23 priority investigation.
24 COMMISSIONER LOMBARDO: Okay. The purpose of
25 the question was not to necessarily say that you were taking too

1 long. I just wondered if there was a reason associated with
2 this applicant.

3 SERGEANT FINNEGAN: We had some turnover in the
4 division and it got passed on. There's nothing out of the
5 ordinary.

6 COMMISSIONER LOMBARDO: Okay. And so during the
7 investigation -- this is a question I ask partially out of
8 ignorance. During this investigation, were they doing business
9 in the state of Missouri?

10 SERGEANT FINNEGAN: Yes. Yes, they were.

11 COMMISSIONER LOMBARDO: And no problems with
12 that?

13 SERGEANT FINNEGAN: Absolutely not.

14 CHAIRMAN KOHN: Any other questions? May we
15 have a motion with respect to 18-036?

16 COMMISSIONER NEER: Motion to approve.

17 COMMISSIONER LOMBARDO: Second.

18 CHAIRMAN KOHN: Discussion on the motion?
19 Angie?

20 MS. FRANKS: Commissioner Finney?

21 COMMISSIONER FINNEY: Approved.

22 MS. FRANKS: Commissioner Lombardo?

23 COMMISSIONER LOMBARDO: Approved.

24 MS. FRANKS: Commissioner Neer?

25 COMMISSIONER NEER: Approved.

1 MS. FRANKS: Commissioner Jamison?

2 COMMISSIONER JAMISON: Approved.

3 MS. FRANKS: Chairman Kohn.

4 CHAIRMAN KOHN: Approved.

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

6 Resolution No 18-036.

7 CHAIRMAN KOHN: Thank you. Thanks, Sergeant.

8 Mr. Seibert?

9 V. Consideration of Licensure of Level I and Key Applicants

10 MR. SEIBERT: Next order of business is the

11 consideration of licensure of level 1 and key applicants.

12 Sergeant Gary Davidson will present.

13 SERGEANT DAVIDSON: Good morning, Chairman, how

14 are you doing this morning? Commissioners. Missouri Highway

15 Patrol investigators along with Missouri Gaming Commission

16 financial investigators conducted comprehensive background

17 investigations on multiple key and level one applicants. The

18 investigations included, but were not limited to criminal,

19 financial, and general character inquiries which were made in

20 the jurisdictions where the applicants lived, worked and

21 frequented.

22 The following individuals are being presented

23 for consideration today; John Michael Boushy, director, Caesars

24 Entertainment Corporation; James Stephen Hunt, chairman of the

25 board, Caesars Entertainment Operating Company, LLC; and Nelson

1 Norman Parker, II, senior vice president of corporate
2 development for Penn National Gaming Inc.

3 The results of these investigations were
4 provided to Missouri Gaming Commission staff and investigating
5 officers are present to answer any questions that you might
6 have.

7 CHAIRMAN KOHN: Are there any questions with
8 respect to any of these individuals?

9 COMMISSIONER NEER: No, sir.

10 COMMISSIONER LOMBARDO: No, sir.

11 CHAIRMAN KOHN: Is there a motion with regard to
12 Resolution No. 18-037?

13 COMMISSIONER JAMISON: I move for adoption.

14 COMMISSIONER FINNEY: Second.

15 CHAIRMAN KOHN: Discussion on the motion?
16 Angie?

17 MS. FRANKS: Commissioner Finney?

18 COMMISSIONER FINNEY: Approved.

19 MS. FRANKS: Commissioner Lombardo?

20 COMMISSIONER LOMBARDO: Approved.

21 MS. FRANKS: Commissioner Neer?

22 COMMISSIONER NEER: Approved.

23 MS. FRANKS: Commissioner Jamison?

24 COMMISSIONER JAMISON: Approved.

25 MS. FRANKS: Chairman Kohn?

1 CHAIRMAN KOHN: Approved.

2 MS. FRANKS: By your vote you have adopted
3 Resolution No. 18-037.

4 CHAIRMAN KOHN: Mr. Seibert?

5 VI. Consideration for Disciplinary Actions

6 MR. SEIBERT: Next order of business is
7 consideration of disciplinary actions that Mr. Ed Grewach will
8 present.

9 MR. GREWACH: Thank you, Direct Seibert.
10 Mr. Chairman, Commissioners, under Tab H we have a preliminary
11 order of discipline for two follow-up audit findings arising out
12 of an audit report that was issued on January the 12, 2017, for
13 an audit period covering March of 2015 through September of
14 2016. A follow-up to that audit report was conducted in April
15 of 2017.

16 There were two significant findings in the audit
17 report that had not been corrected. The first involved a
18 violation of minimum internal control standards E6.04, which
19 requires if an electronic gaming devices has variances in six
20 consecutive drop periods, that the device be taken out of
21 service.

22 The audit report found one EGD that had
23 variances for 15 consecutive drop periods. It was not taken out
24 of service. In the follow-up another separate EGD was
25 identified, which had variances on nine consecutive drop periods

1 and was not taken out of service.

2 The second repeat finding -- follow-up finding
3 involved a violation of minimum internal control standards
4 E12.19, which requires casinos to submit to the Commission in
5 their internal controls positions that have access to ticket
6 validation numbers prior to redemption. The audit report found
7 three employees in the compliance department who were not listed
8 in the internal controls who had authorization and had access to
9 those numbers. In the follow-up to that audit finding, the
10 staff found that those three individuals still had a mechanism
11 to have access to those numbers.

12 Staff recommended a fine of \$5,000. The
13 property's response to that recommendation was that the
14 accounting department had found the variances in the EGDs washed
15 from one drop period to the next. They traced the problem to
16 problems in the paperwork used by the count department. Their
17 position was since EGD had malfunctioned, they felt it was not
18 necessary to take EGD out of service.

19 Staff's reply to that was that the requirement
20 under the internal minimum internal control was not limited to
21 mechanical malfunctions, but after the sixth consecutive
22 variance of drop periods, the machine had to be taken out of
23 service until the problem is resolved.

24 As to the second issue, the reply response from
25 the property was that the access issue was attempted to be

1 fixed, but they had missed a step in fixing that problem that
2 they weren't aware of. When the commission personnel came to do
3 the follow-up audit finding, they did find another TM that those
4 three individuals could utilize to access that ticket redemption
5 information.

6 Staff then voted to continue with the
7 recommended \$5,000 fine on these two violations.

8 CHAIRMAN KOHN: Questions? I'm curious because
9 I've never seen the term drop period. How long is that?

10 MR. GREWACH: It's a day, a gaming day. They
11 submit to us a drop schedule as to when they're going take the
12 cash out of the electronic gaming devices and send it to the
13 count room to be counted. This whole process is in place to
14 make sure that the money collected in the drops according to the
15 casino electronic accounting system matches what the money
16 counted in the count room indicates to make sure we don't lose
17 any money in between there.

18 CHAIRMAN KOHN: So this whole episode took place
19 over six days?

20 MR. GREWACH: Well, there was actually nine days
21 -- 15 the first time, nine the second time of consecutive drops.

22 CHAIRMAN KOHN: What do they mean by wash?

23 MR. GREWACH: That means if it was too high on
24 the first day, the first drop period, it was too low by the exact
25 same number on second, on the consecutive drop period.

1 CHAIRMAN KOHN: So cumulative, it came out
2 correctly. But on the particular day of counting, it was
3 incorrect?

4 MR. GREWACH: Correct. So if you look at the --
5 if you look six days and added -- it would all wash out or add
6 up because whatever you were short or long, you were long or
7 short the next day. And that again had to do with the
8 paperwork. The paperwork in the count room was assigning some
9 of the money to the wrong EGD. And that paperwork is what
10 skewed.

11 CHAIRMAN KOHN: This is what they were having a
12 problem with: It sounds like the machine may have been okay, but
13 the people in the back office weren't handling it right?

14 MR. GREWACH: That seemed to be the result of
15 the investigation.

16 CHAIRMAN KOHN: Why take the machine out?

17 MR. GREWACH: Well, because until the problem is
18 resolved, it's the staff's position that the machine has to be
19 taken out of service until you do find that this is in fact the
20 issue. So if you get -- if you get to three consecutive drop
21 periods with these variances, then you're supposed to then
22 conduct a more thorough investigation. If you get to six drop
23 periods and still have the variances, then you take it out of
24 service so that you don't continue to use a machine not having
25 resolved the problem, not knowing exactly what the problem is

1 and having it resolved.

2 COMMISSIONER JAMISON: The philosophy on that is
3 you assume that there's a problem with the machine until you
4 prove there is not a problem with the machine and so you take it
5 out of service to determine what the actual problem is?

6 MR. GREWACH: I would say that too and leaving
7 it in service after the six drop period does run the risk that
8 there is an actual malfunction and, you know, could get us
9 further into problems with the accountability of the money.

10 CHAIRMAN KOHN: I am still not sure I understand
11 why -- maybe the fine would've been the same, but the fault
12 seems to lie in the back office not with the machine.

13 COMMISSIONER LOMBARDO: That is ultimately what
14 you guys found out. Right? That it is the back office. But
15 you start your investigation by looking at the machine and then
16 eliminating that and then go through with the rest of your
17 investigation. I guess there's a regulation that says you're
18 supposed to take the machine out of service?

19 MR. GREWACH: Exactly.

20 COMMISSIONER LOMBARDO: Have I stated your
21 position?

22 MR. GREWACH: Very well. Thank you.

23 CHAIRMAN KOHN: But the machine may have been
24 okay.

25 COMMISSIONER JAMISON: Yeah, but the point would

1 be is that the machine and the backroom are all the same
2 operation.

3 CHAIRMAN KOHN: I understand that.

4 COMMISSIONER JAMISON: If one is not working
5 properly, then until the --

6 CHAIRMAN KOHN: But there is a financial cost to
7 the casino by taking out a machine, isn't there?

8 MR. GREWACH: Yes, sir, there is.

9 CHAIRMAN KOHN: So we're really fining them
10 twice; once by making them replace the machine that was probably
11 fine, fine meaning okay; and secondly by a penalty for what was
12 done by the backroom. The casino is paying \$5,000 plus the cost
13 of replacing the machine, which as I understand it was probably
14 okay.

15 MR. GREWACH: Well, I wouldn't say replacing the
16 machine. Actually, in these cases --

17 CHAIRMAN KOHN: You're taking one out, aren't
18 you and putting another one in?

19 MR. GREWACH: No, because that machine, that
20 asset's there on the floor still. And so what you do is you
21 just take it out of service until you resolve the problem. Most
22 typically that is a problem with the machine itself. There are
23 certain tests that are run. In this case it just happened to be
24 outside of the machine. But in any event, you know, it's our
25 position the regulation say when you hit that sixth day of

1 consecutive variances, you have to take the machine out of
2 service until you resolve the problem.

3 In this case the resolving the problem didn't in
4 fact, end up being repairing the machine. But in either event,
5 if you don't take the machine out of service and don't fix the
6 problem, day seven, eight, through day 15, you continue to have
7 these variances. And by taking it out of service, you no longer
8 have the variances after day six.

9 COMMISSIONER NEER: But it's not uncommon to
10 have variances from time to time?

11 MR. GREWACH: I would have to call on our
12 compliance audit manager, Leshia Kempker, to answer that
13 question.

14 CHAIRMAN KOHN: Could you identify yourself?

15 MS. KEMPKER: Yes, Leshia Kempker, compliance
16 audit manager. It is not uncommon for there to be bill ticket
17 or coupon variances for each drop period. A drop period could
18 be for one day, but according to the drop scheduling they
19 submit to us, it could be up to a period of one week. So
20 Wednesday morning to Wednesday morning you can drop that
21 machine. And in the first instance, the original finding, had a
22 variance for 15 consecutive drop periods. That was over 15
23 weeks.

24 COMMISSIONER JAMISON: So I don't think the rule
25 is stating that the machine has to malfunction for it to be

1 taken out of service. It's that if there is a variance that --
2 for six drop periods, then the machine is taken out of service.
3 It doesn't mean that the machine has to be at fault. It just
4 means that if there is a variance, then that machine is taken
5 out as a first step to figure out what the problem.

6 MS. KEMPKER: To try to identify the problem.
7 Correct.

8 COMMISSIONER NEER: It's after a certain number
9 of variances?

10 MS. KEMPKER: Six consecutive periods.

11 COMMISSIONER NEER: Six consecutive. So if you
12 have four variances, that machine is not taken out of service?

13 MS. KEMPKER: No. After the first three
14 consecutive variances, then they have to prepare meter reading
15 comparison reports. And then if there are six consecutive
16 variances, that's when the machine has to be removed from
17 service.

18 COMMISSIONER JAMISON: So the stance would be
19 once they determine the problem after the three variance drops,
20 they should be finding out what the solution is before it gets
21 to the six consecutive drops? That's our desire?

22 MS. KEMPKER: That the intent of the meter
23 reading comparison reports, to try to identify if there is a
24 problem with the machine.

25 CHAIRMAN KOHN: So would it be fair to say that

1 the reason we're imposing a penalty, a fine on the casino, is
2 largely because of the failure to catch this in the back office?
3 It wasn't for having faulty machine. It was for having -- for
4 not it figuring out?

5 MS. KEMPKER: For failing to remove it from
6 service after the sixth consecutive drop period. And this
7 particular machine, the original finding had 15 consecutive
8 variances. So it certainly should have been taken out of
9 service because that would be six consecutive -- or two
10 consecutive failed removals from service?

11 COMMISSIONER NEER: So they didn't take the
12 proper action after the initial audit?

13 MS. KEMPKER: Correct.

14 COMMISSIONER NEER: The second audit, you found
15 out they had --

16 MS. KEMPKER: -- not corrected --

17 MS. KEMPKER: During the follow-up, there was
18 another --

19 COMMISSIONER NEER: -- what you recommended?

20 MS. KEMPKER: -- machine that had nine
21 consecutive --

22 MR. GREWACH: I was going to say that same thing.

23 COMMISSIONER NEER: I'm not a lawyer either.

24 MR. GREWACH: Because, you know, this -- the
25 whole process is, you know, throughout the audit there's

1 discussions between the auditors and management of the issues
2 that come up. And then there's an audit exit conference in
3 which they sit down and discuss the problems and then there is
4 the final report. And at the audit exit conference we would
5 raise to them, hey, you had this machine with 15 drop periods
6 and you didn't take it out of service. And then management's
7 reply is next time that happens, we'll do that.

8 And then we do the follow-up and then find out
9 that in fact it happened again. So as far as what the fine is
10 for, it's for, you know, not correcting their process from the
11 audit report and management's response to the second follow-up.

12 CHAIRMAN KOHN: That makes more sense. The
13 machine was probably put back into service with no adjustments
14 to it.

15 MS. KEMPKER: I'm sorry?

16 CHAIRMAN KOHN: The machine was probably -- the
17 machine, eventually after all of this was cleared up, put back
18 into service without anything having been done to the machine?

19 MS. KEMPKER: After the casino identified that
20 it was the card in the count room that was incorrect, then yes,
21 it was -- it remained in service. It was never removed.

22 CHAIRMAN KOHN: So we're imposing the fine
23 because work or non-work done by the people in the back office,
24 not because they had a faulty machine on the floor.

25 COMMISSIONER JAMISON: No. We are fining

1 because they didn't follow the process that we told them to
2 follow.

3 CHAIRMAN KOHN: Okay. Any other questions?

4 COMMISSIONER LOMBARDO: No.

5 CHAIRMAN KOHN: Or internal discussion. Is
6 there a motion with respect to DC 18-043?

7 COMMISSIONER NEER: Motion to approve.

8 COMMISSIONER LOMBARDO: Second.

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

11 MS. FRANKS: Commissioner Finney?

12 COMMISSIONER FINNEY: Approved.

13 MS. FRANKS: Commissioner Lombardo?

14 COMMISSIONER LOMBARDO: Approved.

15 MS. FRANKS: Commissioner Neer?

16 COMMISSIONER NEER: Approved.

17 MS. FRANKS: Commissioner Jamison?

18 COMMISSIONER JAMISON: Approved.

19 MS. FRANKS: Chairman Kohn?

20 CHAIRMAN KOHN: Approved.

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

22 DC-18-043.

23 CHAIRMAN KOHN: Okay, Mark Twain?

24 MR. GREWACH: Under Tab I we have a preliminary
25 order of discipline directed at Mark Twain Casino for improperly

1 altering records relating to patrons tier points status and
2 failure to follow the proper procedures for point adjustments.
3 As the commission's probably aware, a player reward program is a
4 program that casinos offer where you're given points generally
5 based on the amount of play. You can redeem those points for
6 various things, sometimes free meals, buffets, free play
7 coupons.

8 Like most properties, Mark Twain also have a
9 tier point program. You're placed in different tiers, based on
10 the points you earn during a certain time period. And there's
11 an interaction between the two. For example in this case, the
12 highest level was a GM status. To earn that you had to earn
13 500,000 points in a six-month time period. So if you hit that
14 level, then you get certain point multipliers on your play for
15 your regular player reward program points. You get items like
16 dinner with the general manager, gifts, certain gifts from the
17 casino.

18 Now, as this program relates to their table game
19 points they have a formula. And you earn points for a formula
20 based on hours played, multiplied by average bet, multiplied by
21 house advantage. As a player pays the personnel there at the
22 table that records those items; hours played, average bet, and
23 then fills out that paperwork to calculate the points.

24 There's a specific patron here who is a regular
25 at the casino who was complaining that he had not achieved a GM

1 status for the time period. The casino personnel looked at his
2 file and saw that had 350 points less than the 500,000 he
3 needed. They then went back and altered records for prior play
4 to increase the amount average bet about to put him over that
5 limit so that he would qualify for the tier status.

6 By doing this and by not filling out the proper
7 paperwork they made it impossible for the proper audit of these
8 point adjustments. There is a process that if you do want to
9 adjust points, certain paperwork has to be done so that
10 those can be tracked and audited.

11 Staff recommended a \$2,500 fine. In the
12 casino's response they acknowledged that they failed to follow
13 the proper procedures. They indicated they'd taken remedial
14 measures by changing their procedures, they pointed out this is
15 a first offense as far as table games of personnel adjusting
16 points. They also indicated they had terminated the director of
17 casino operations, who was directly involved and directly
18 oversaw the personnel that made these adjustments.

19 In our reply, was just simply that yes they --
20 because they didn't follow the proper process in altering those
21 records and they made no video review that they've made these
22 changes to these average bet amounts without any evidence to
23 back that up, that they -- and the evidence -- a matter fact
24 from the original paperwork was from people that actually
25 observed the wagering taking place and that we would continue

1 our recommendation of a \$2,500 fine.

2 COMMISSIONER JAMISON: I've got some questions.
3 When I look at similar cases, all of the similar cases were
4 against licensee individuals, not against the casino. Are we
5 taking action against this licensee that did this? Because I
6 get where they didn't follow the rules -- or where they didn't
7 follow the rule, but your discipline is based on the fact that
8 if they would have documented this they could have given the --
9 could have given the --

10 (WHEREIN; telephone interruption.)

11 COMMISSIONER JAMISON: Is that your raccoon
12 calling?

13 COMMISSIONER NEER: That is supposed to be off.
14 The off button doesn't work.

15 MR. GREWACH: The chairman did fail to make that
16 announcement. For that second part about whether they could do
17 it I'd ask Cheryl Alonzo, our assistant deputy director --

18 COMMISSIONER JAMISON: It's their promotion
19 system and they're given points away.

20 MR. GREWACH: Yes.

21 COMMISSIONER JAMISON: And so a patron was not
22 cheated points, he was given additional points. Correct?

23 MR. GREWACH: Correct.

24 COMMISSIONER JAMISON: And so they have a
25 benefit that they're giving to a customer that is no cost to the

1 state of Missouri; is that correct?

2 MR. GREWACH: That would be accurate. Yes. The
3 -- we did discipline the on director of casino operations with a
4 five-day suspension, then as I indicated, he was terminated by
5 the property. And the casino shift manager who had, at the
6 direction of the casino operations, had actually made -- or
7 directed the adjustments to be made also received a five-day
8 suspension.

9 When you look at the prior cases you'll see
10 especially two of them involve revocation of an employee because
11 they were stealing. They were stealing from the casino.

12 COMMISSIONER JAMISON: Right. Right. I got
13 that.

14 MR. GREWACH: In this case, due to the fact that
15 someone as high level as the director of casino operations was
16 involved in directing, basically saying to his staff consider
17 every time this patron plays, that his average bet is \$500, so
18 -- irregardless of actual average bet. The problem then, of
19 course, is not following the proper procedures which I will have
20 Ms. Alonzo address, because that creates certain problems for
21 us.

22 You know, in this particular instance it's true
23 that he was given points and not awarded them, but if an
24 adjustment had been made the other way, the proper paperwork
25 hadn't been done so we're looking at this saying well, you know,

1 you really need to follow the proper process so we can go back
2 and investigate, audit point adjustments and make sure they're
3 correct.

4 COMMISSIONER LOMBARDO: Before Cheryl addresses
5 this, is there some kind of back story here? I read the
6 previous disciplinary issues where you had one case I think
7 somebody was benefiting their family members. Another case they
8 were basically selling the points. Is there some back story to
9 this one that we need to know?

10 MR. GREWACH: My understanding was it was more
11 of a customer service issue. They had a patron who was a good
12 patron, who was complaining. They were worried potentially
13 about losing his business and it was done in response to this
14 patron's persistent complaints about not being at the GM level.

15 MS. ALONZO: Cheryl Alonzo, Missouri Gaming
16 Commission. At this particular property, according to the
17 promotional rules you can't adjust -- adjustments wouldn't go
18 towards changing a patron's base points. But by them going and
19 making adjustments, sometimes 146 days later to his average bet,
20 it caused, you know, him to get these additional points and
21 normally any point adjustments would have to be done MIS and
22 they would have to be submitted to accounting and accounting
23 would review those point adjustments. Accounting never knew
24 these adjustments occurred.

25 Basically the table games department made the

1 these adjustments. The marketing department was not aware of
2 these adjustments. And so -- and they are the ones that
3 actually administer that program. And so they were actually --
4 they were the ones that brought it to light that this had been
5 changed.

6 COMMISSIONER JAMISON: And I guess that is kind
7 of my question. The casino's department brought it to light
8 that there was a problem and then they terminated the person
9 that created the problem for not following the rules. But we
10 are punishing the casino for actions of employees.

11 MS. ALONZO: High level. I mean, this was --

12 MS. JAMISON: I get it, it was high level, but
13 that --

14 MS. ALONZO: Because it's a management level.

15 COMMISSIONER JAMISON: Yeah. But I mean --

16 CHAIRMAN KOHN: Are we saying that they didn't
17 supervise this high-level management person properly? That's
18 why the casino is at fault?

19 MS. ALONZO: No. I think it's because the
20 person that orchestrated this was a high-level manager of the --
21 at the property. And the casino fines often go when management
22 fails to follow their promotional rules or any other MICS or CSR.

23 COMMISSIONER LOMBARDO: So because it was a
24 high-level employee, we're imputing it to casino, whereas if it
25 was a dealer -- I'm not sure --

1 MS. ALONZO: Right. If a dealer had done this
2 and it was all -- and management had no awareness of it, then
3 discipline would always go to that dealer. But if it's, you
4 know, high-level people in the organization, that's when we tend
5 to look at casino fines because we would expect those high-level
6 people to follow the rules and know what they are and follow
7 their own internal controls.

8 COMMISSIONER LOMBARDO: See, I get where Brian
9 is coming from on this. We look at the other disciplinary
10 actions and they're individuals. This is the first one we've
11 seen for the casino and we want to know kind of know why this
12 one is different.

13 COMMISSIONER JAMISON: Help me, when you say
14 high-level, is he over accounting and marketing and the other
15 departments or is he just over the floor games?

16 MS. ALONZO: Yeah. It's a small casino, so the
17 director of casino operations is over slots and table games, I
18 believe. And he reports directly to the GM. And this was
19 reported to the GM by the marketing manager, when she was first
20 starting to investigate it and was trying to understand why this
21 person hadn't hit any of her reports as being moved from one
22 level to the next. And then she said -- and this was a
23 corporate marketing program.

24 And so then she sent it on to corporate and then
25 when they started looking they saw those recent adjustments.

1 COMMISSIONER JAMISON: So corporate came back
2 down to the general manager of the casino with the issue?

3 MS. ALONZO: Right. And this is a, you know,
4 corporate-wide policy. And they had revised their player reward
5 program to make it more difficult to get GM status because they
6 had, I think, a lot more people in the GM status and they wanted
7 to make it more exclusive. So, you know -- anyway, it was the
8 corporate program.

9 COMMISSIONER JAMISON: Okay. Thank you.

10 CHAIRMAN KOHN: Thank you. Other questions?

11 COMMISSIONER FINNEY: I have a quick one. First
12 off, if this did not cause the state of Missouri any money --
13 I'm presuming that there was no disadvantage to any other
14 customer because of this adjustment; is that accurate?

15 MR. GREWACH: I would say yes. That is
16 accurate.

17 COMMISSIONER FINNEY: Okay. So why are we
18 concerned about it. I'm not trying to be flippant. I'm
19 generally -- I mean, why is this an issue for us?

20 MR. GREWACH: It is an issue of process. As
21 Ms. Alonzo pointed out, you know, there are certain structure,
22 certain people, IT can make adjustments. There's paperwork,
23 then accounting has to review it to make sure the adjustments
24 are proper. If you bypass that process, you certainly run risks
25 that there will be something that may harm a patron or harm the

1 state. And so it's more of an issue of not -- there was damage
2 to patrons or damage of the state in terms of AGR. It's just --
3 and that's why the fine is probably reflected and that would be
4 \$2,500 in that you need to follow these processes. So we can go
5 back and investigate it and audit it and make sure all the
6 checks and balances in that system are in place.

7 COMMISSIONER FINNEY: In a sense for us, it is a
8 transparency issue. You need to know that the processes are
9 being followed so that it makes it easier when you need to audit
10 and hold them accountable for other things that may actually
11 disadvantage the state.

12 MR. GREWACH: Correct. If you mandate a process
13 and someone doesn't follow it, the question is do you discipline
14 them at that point for not.

15 COMMISSIONER JAMISON: I have one other
16 question.

17 CHAIRMAN KOHN: Go ahead.

18 COMMISSIONER JAMISON: Was there a process for
19 them if they would have documented this correctly? Was there a
20 process for them to add points or is they were outside the
21 bounds of the process? Do you understand my question?

22 MS. ALONZO: Yes. I understand. It's my
23 understanding that you can -- the property allows point
24 adjustments to promotional points, which are the ones that you
25 can spend at the property, but not base points, which the base

1 points determine what tier you are. And in the rules it says
2 that adjustments -- point adjustments, do not affect base
3 points. So you're not really allowed to change the base points.
4 It should be based on your play and then if the property wants
5 to make adjustments for the promotional points, they could do
6 that.

7 COMMISSIONER JAMISON: So it is not just a --
8 it's not just they didn't fill in the right blank and give an
9 explanation, it's outside that realm?

10 MS. ALONZO: Yeah. They wouldn't have been able
11 to make just a point adjustment to give him a 191,000 points.
12 That's not an option in that program.

13 CHAIRMAN KOHN: But it's their program, so they
14 could have changed the rules if they wanted to.

15 MS. ALONZO: Yeah, but those rules -- those
16 rules are submitted to a legal counsel and they are approved.

17 CHAIRMAN KOHN: To our legal counsel?

18 MS. ALONZO: No. Their legal counsel signs off
19 that it doesn't violate any rules. They review it and those are
20 on file for the Commission. And anybody who goes in and wants
21 to participate in that program, any patron should, you know, get
22 that same treatment if they go and they pay the same money as
23 him. They should get GM status too. I think there is also that
24 bigger picture is if people aren't following those promotional
25 rules then all patrons aren't being treated the same, then why

1 are you doing things? Could there be some -- you know, you
2 don't know why --

3 COMMISSIONER JAMISON: Back to Rick's question,
4 is there another back --

5 MS. ALONZO: When people circumvent those rules
6 it could be because they're being given compensation for
7 circumventing those rules. That's why we have those rules.

8 COMMISSIONER LOMBARDO: Cheryl, these were the
9 rules that were in effect at the time and yes the casino, could
10 have changed them, but they hadn't changed them.

11 MS. ALONZO: Right. And any time they do change
12 them, they would have to submit them to legal counsel again for
13 approval, all changes.

14 COMMISSIONER JAMISON: Thank you.

15 CHAIRMAN KOHN: Any other questions? By the
16 way, I just noticed my mike has been off the whole day. Sorry
17 about that. Any other questions for Ed? Okay.

18 Is there a motion with respect to 18-056? Ed, I
19 have a question before they get to that. There's a gap between
20 18-043 and 056. Are there some other actions coming up?

21 MR. JAMISON: We took it out of May and put it
22 into June.

23 MR. GREWACH: Yes.

24 CHAIRMAN KOHN: Okay. Is there a motion with
25 respect to 18-056?

1 COMMISSIONER JAMISON: I move for approval.
2 COMMISSIONER LOMBARDO: Second.
3 CHAIRMAN KOHN: Before discussion on the motion?
4 Angie?
5 MS. FRANKS: Commissioner Finney?
6 COMMISSIONER FINNEY: Approved.
7 MS. FRANKS: Commissioner Lombardo?
8 COMMISSIONER LOMBARDO: Approved.
9 MS. FRANKS: Commissioner Neer?
10 COMMISSIONER NEER: Approved.
11 MS. FRANKS: Commissioner Jamison?
12 COMMISSIONER JAMISON: Approved.
13 MS. FRANKS: Chairman Kohn?
14 CHAIRMAN KOHN: Approved.
15 MS. FRANKS: By your vote you have adopted
16 DC-18-056.
17 CHAIRMAN KOHN: Ed, Boonville?
18 MR. GREWACH: Yes. Tab J, we have a preliminary
19 order of discipline directed at Isle of Capri, Boonville, for a
20 violation of the state statute 313.812.9 for failing to deposit
21 checks within 24 hours of their cashing. That statute states
22 that any check cashed must be deposited within 24 hours. It
23 goes on to state that any licensee who violates the provisions
24 of this subsection shall be subject to an administrative penalty
25 of \$5,000 for each violation. Then it goes on to say such

1 administrative penalties shall be assessed and collected by the
2 commission.

3 This was a situation where the property, since
4 2014, was using electronic depositing process with their bank.
5 And on the night shift of December 22nd, 2017, which was a
6 Friday they attempted to make their edeposit, but because of a
7 problem with the bank's website, they could not make the
8 deposit. In questioning they indicated too that personnel had
9 been doing a deposit for a long enough time period that they
10 overlooked or forgot the option of actually physically putting
11 the checks in the night dropbox of the bank.

12 So then this process went on. It would go from
13 the night shift to the day shift. Since they could not get them
14 deposited, they secured them in a locked cabinet. And again the
15 next day they would attempt. They finally then on Wednesday,
16 December 27th, 2017, physically deposited the checks at the
17 bank.

18 The staff recommended a \$5,000 fine. In the
19 casino's response they indicated that the bank was closed on the
20 23rd, 24th, and 25th and had they deposited the checks on those
21 days they would not have cleared, that the checks were secured,
22 there was no risk of any of the checks not -- anything happening
23 to them, that it was an isolated incident. It is the first time
24 it had ever happened to them, that they took remedial actions in
25 updating their supervisor manual to try to prevent this problem

1 from happening in the future.

2 Our reply was that the statute requires the
3 deposits to be made within 24 hours. It doesn't require the
4 that the checks be cleared by the bank or accepted by the bank.
5 And in addition to that, that bank was in fact open on December
6 26th, but no deposits were made on that date and not until the
7 next banking day of December 27th. So it's the staff's position
8 to continue with the recommendation of the \$5,000 fine.

9 CHAIRMAN KOHN: Questions?

10 COMMISSIONER FINNEY: It seems the statute is
11 pretty clear. Do you see any way around -- any way that we
12 could do anything about the \$5,000 based on what you see in the
13 statute?

14 MR. GREWACH: I do not. I mean, it has two
15 "shalls" in it. You know, shall pay the \$5,000 for each
16 violation and the Commission shall assess and collect that. So
17 as you know, we can waive our own rules, but we don't really
18 have authority to waive the statutory.

19 COMMISSIONER FINNEY: And when was this statute
20 passed, do you know? I was just wondering as far as the deposit
21 goes, what that means.

22 MR. GREWACH: I don't have that information.

23 COMMISSIONER FINNEY: So they are assuming, I'm
24 guessing, that when they write this a deposit means
25 electronically deposit. Obviously, it would be after the

1 traditional banking hours of 9:00 to 5:00. Would this apply to
2 holidays? As far as you read it is that what you see, it has to
3 24 hours, not 24 business hours or anything like that?

4 MR. GREWACH: As I read the statute, it just
5 says, "must be deposited within 24 hours". I could look up the
6 date it was passed. I am assuming that it probably was at the
7 same time in 1994 when, you know, the statutes were first
8 established, probably prior to the ability to make an edeposit.
9 Take for example, the fact they didn't start making edeposits
10 until 2014 for this particular property. It seems to me when I
11 read the statute it envisions depositing those checks much like
12 any business would, you know, at the close of business take
13 their checks to the night drop and deposit them.

14 COMMISSIONER NEER: So there's no provision if
15 electronic deposit isn't working? You're required to manually
16 take it to the bank versus the dropbox?

17 MR. GREWACH: Well, I would say the opposite.
18 The statute says it is must be deposited within 24
19 hours. So there's really no provision saying you're expected --
20 you're relieved of that duty if you have a problem with
21 electronic deposit. We looked at it and certainly you can say,
22 well, what is each violation? Is that every day. We looked at
23 this two ways; this just being one transaction, one
24 violation in the entire incident; the second is the fact that
25 that Tuesday, you know -- Christmas was a Monday and the bank

1 was closed. Tuesday was a business day and the bank was open
2 and no deposits were made. It seemed that day in and of itself
3 mandated us to assess the \$5,000.

4 COMMISSIONER FINNEY: Did they give you an
5 explanation on why no deposits were made on the 26th?

6 MR. GREWACH: They just kind of had a perfect
7 storm here of people being on vacation and the person, you know,
8 that was really in charge of this didn't come back until the
9 27th and made the deposit on that particular day.

10 CHAIRMAN KOHN: Any other questions? Is there a
11 motion with respect to DC-18-057.

12 COMMISSIONER FINNEY: Motion to approve.

13 COMMISSIONER NEER: Second.

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

16 MS. FRANKS: Commissioner Finney?

17 COMMISSIONER FINNEY: Approved.

18 MS. FRANKS: Commissioner Lombardo?

19 COMMISSIONER LOMBARDO: Approved.

20 MS. FRANKS: Commission Neer?

21 COMMISSIONER NEER: Approved.

22 MS. FRANKS: Commissioner Jamison?

23 COMMISSIONER JAMISON: Approved.

24 MS. FRANKS: Chairman Kohn?

25 CHAIRMAN KOHN: Approved.

1 MS. FRANKS: By your vote you've adopted
2 DC-18-057.

3 CHAIRMAN KOHN: Okay. IGT?

4 MR. GREWACH: Under Tab K we have a preliminary
5 order of discipline directed to International Game Technology,
6 who is a licensed supplier in the state for a violation of
7 Section 5.237 of our rules, which requires that electronic
8 gaming device software be approved for use in Missouri prior to
9 shipment and that the critical program storage media, the
10 software that makes the machine operate, be shipped separately
11 from the electronic gaming device.

12 On September the 18th, 2017, 20 EGDs were
13 shipped to the Argosy Casino and they all contained the
14 software, the CPSM and two in addition contained software that
15 had not been approved for use in Missouri. The company also had
16 a prior similar violation in September 9th, 2016. The prior
17 2016 violation they received a non-punitive letter, a warning
18 letter. And so in this event, for this case the staff
19 recommended a fine of \$2,500.

20 COMMISSIONER JAMISON: Didn't they also have an
21 incident back in 2014?

22 MR. GREWACH: Yes.

23 COMMISSIONER JAMISON: This would be their third
24 incident in four years?

25 MR. GREWACH: Yes, that is correct.

1 COMMISSIONER JAMISON: Or less than four years.
2 Okay. 08/27 OF '14, so this will be their third incident in
3 less than four years.
4 MR. GREWACH: That's correct.
5 CHAIRMAN KOHN: Any questions? Any other
6 questions or comments. Okay. Is there a motion with respect to
7 DC-18-058?
8 COMMISSIONER NEER: Motion to approve.
9 COMMISSIONER LOMBARDO: Second.
10 CHAIRMAN KOHN: Discussion on the motion?
11 Angie?
12 MS. FRANKS: Commissioner Finney?
13 COMMISSIONER FINNEY: Approved.
14 MS. FRANKS: Commissioner Lombardo?
15 COMMISSIONER LOMBARDO: Approved.
16 MS. FRANKS: Commissioner Neer?
17 COMMISSIONER NEER: Approved.
18 MS. FRANKS: Commissioner Jamison?
19 COMMISSIONER JAMISON: Approved.
20 MS. FRANKS: Chairman Kohn?
21 CHAIRMAN KOHN: I am not recusing myself, but for
22 the record about 15 or more years ago my law firm represented
23 IGT. But we haven't in at least that long, so I will vote
24 approved.
25 MS. FRANKS: By your vote you've adopted

1 DC-18-058.

2 CHAIRMAN KOHN: Okay. Mr. Seibert?

3 VII. Consideration of Placement on List of Excluded Persons

4 MR. SEIBERT: Next order of business is
5 consideration of placement on list of excluded persons. Mr. Ed
6 Grewach will present.

7 MR. GREWACH: Thank you. Under Tab L we have a
8 resolution to place Janet Frigerio on the involuntary exclusion
9 list. Ms. Frigerio was employed at the St. Louis Activity
10 Center, which is an organization that provides services to
11 seniors. Between January of 2014 through September of 2014 she
12 stole an amount of money in excess of \$10,000 from her employer.
13 She pled guilty in August 27, 2015, to a felony of a federal
14 programs theft. She was ordered to make restitution, given five
15 years supervised probation, conditioned on her not participating
16 any gambling activity and for her to enroll in a gambling
17 addiction program. A review of her play history indicated she
18 had an extensive gambling history.

19 CHAIRMAN KOHN: Is there a motion with respect
20 to 18-038?

21 COMMISSIONER LOMBARDO: Motion to approve.

22 COMMISSIONER FINNEY: I'm guessing she's not
23 here.

24 MR. GREWACH: No. The way these particular
25 cases go, first you initiate it with the resolution. She then

1 gets notice and she has 30 days after she receives a notice to
2 request a hearing. Then, if she requests a hearing, we have the
3 hearing officer here it, and then it comes back to you.

4 COMMISSIONER FINNEY: Sorry. Go ahead.

5 CHAIRMAN KOHN: Motion with respect 18-038?

6 COMMISSIONER LOMBARDO: Motion to approve.

7 COMMISSIONER JAMISON: Second.

8 CHAIRMAN KOHN: Discussion on the motion?

9 Angie?

10 MS. FRANKS: Commissioner Finney?

11 COMMISSIONER FINNEY: Approved.

12 MS. FRANKS: Commissioner Lombardo?

13 COMMISSIONER LOMBARDO: Approved.

14 MS. FRANKS: Commissioner Neer?

15 COMMISSIONER NEER: Approved.

16 MS. FRANKS: Commissioner Jamison?

17 COMMISSIONER JAMISON: Approved.

18 MS. FRANKS: Chairman Kohn?

19 CHAIRMAN KOHN: Approved.

20 MS. FRANKS: By your vote you have adopted

21 Resolution No. 18-038.

22 CHAIRMAN KOHN: Okay. I'm just going to call
23 this one 18-039.

24 MR. GREWACH: Under Tab M, we have a resolution
25 to place Khuyen Nguyen on the involuntary exclusion list. In

1 2016, Nguyen was a graduate student and also employed at
2 Washington University. The Psychology Department where he was
3 working was conducting a research project where volunteers would
4 fill out a voucher, were paid in cash for their participation.

5 Nguyen had access to that cash and he falsified
6 755 vouchers and took an amount of \$23,700 from the University
7 using that mechanism. He pled guilty on June 22nd, 2017, to
8 five counts of forgery. He received a suspended imposition of
9 sentence, five years probation, and was ordered to pay
10 restitution in the sum of \$23,710. And again, reviewing his
11 play record it indicated that during the applicable time periods
12 Mr. Nguyen had an extensive gambling history.

13 CHAIRMAN KOHN: Any questions on that? Is there
14 motion on resolution 18-039.

15 COMMISSIONER JAMISON: Move for approval.

16 COMMISSIONER NEER: Second.

17 CHAIRMAN KOHN: Discussion of the motion?
18 Angie?

19 MS. FRANKS: Commissioner Finney?

20 COMMISSIONER FINNEY: Approved.

21 MS. FRANKS: Commissioner Lombardo?

22 COMMISSIONER LOMBARDO: Approved.

23 MS. FRANKS: Commissioner Neer?

24 COMMISSIONER NEER: Approved.

25 MS. FRANKS: Commissioner Jamison?

1 COMMISSIONER JAMISON: Approved.

2 MS. FRANKS: Chairman Kohn?

3 CHAIRMAN KOHN: Approved.

4 MS. FRANKS: By your vote you have adopted
5 Resolution No. 18-039.

6 CHAIRMAN KOHN: Mr. Seibert?

7 VIII. Consideration of Final Orders of Rulemaking

8 MR. SEIBERT: The next order of business is
9 consideration of final orders of rulemaking. Mr. Ed Grewach
10 will present.

11 MR. GREWACH: Under Tabs N, O and P, we have for
12 your consideration final orders of rulemaking. These involve
13 amendments and rescission to rules. They arise from our
14 continuing process of review in compliance with the governor's
15 executive order and statutory mandated review. The Commission
16 had approved these proposed orders of rulemaking on February the
17 28th, 2018. That was followed by a public comment period.

18 There was a public hearing held on May the 1st,
19 2018. No comments were received on any of these rules
20 throughout those two processes. If the Commission approves
21 these, they would have an effective date of October 30th, 2018.

22 I have for the Commission's convenience broken
23 them down into the same categories as they were when the
24 proposed order of rulemaking were first presented back in
25 February. Under Tab N we have rescission of rules and

1 regulation that overlap, duplicate, or conflict with the statute
2 or another rule. I'd be happy to answer any questions.

3 CHAIRMAN KOHN: We're going to do these one by
4 one. Is there a motion with regard to those rules and
5 regulations listed Under Tab N?

6 COMMISSIONER JAMISON: I move for final approval
7 of the rules under Tab N.

8 COMMISSIONER NEER: Second.

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

11 MS. FRANKS: Commissioner Finney?

12 COMMISSIONER FINNEY: Approved.

13 MS. FRANKS: Commissioner Lombardo?

14 COMMISSIONER LOMBARDO: Approved.

15 MS. FRANKS: Commissioner Neer?

16 COMMISSIONER NEER: Approved.

17 MS. FRANKS: Commissioner Jamison?

18 COMMISSIONER JAMISON: Approved.

19 MS. FRANKS: Chairman Kohn?

20 CHAIRMAN KOHN: Approved.

21 MS. FRANKS: By your vote you have adopted the
22 final orders of rulemaking 11 CSR 45-3.010, 5.053, 7.070, 8.100,
23 10.055, 11.020, 11.080, 11.120, 12.020, 17.010, 30.520, 30.535,
24 40.070, and 40.100.

25 CHAIRMAN KOHN: Okay. And we're now going to

1 Tab O, rescission of rules and regulations that are unnecessary,
2 et cetera.

3 MR. GREWACH: That's correct. And are not
4 essential to the health safety or welfare of Missouri residents.
5 I might mention too, again, that these categories correspond to
6 the categories for requirements in the Governor's executive
7 order or the statutory review. So that's where the wording of
8 these categories came. I'd be happy to answer any questions
9 under Tab O.

10 CHAIRMAN KOHN: Any questions on any of the ones
11 under Tab O? If not, is there a motion to approve the
12 rescission of rules and regulations listed under Tab O?

13 COMMISSIONER LOMBARDO: So moved.

14 COMMISSIONER NEER: Second.

15 CHAIRMAN KOHN: Discussion on the motion?
16 Angie?

17 MS. FRANKS: Commissioner Finney?

18 COMMISSIONER FINNEY: Approved.

19 MS. FRANKS: Commissioner Lombardo?

20 COMMISSIONER LOMBARDO: Approved.

21 MS. FRANKS: Commissioner Neer?

22 COMMISSIONER NEER: Approved.

23 MS. FRANKS: Commissioner Jamison?

24 COMMISSIONER JAMISON: Approved.

25 MS. FRANKS: Chairman Kohn?

1 CHAIRMAN KOHN: Approved.

2 MS. FRANKS: By your vote you have adopted final
3 orders of rulemaking 11 CSR 45-7.020, 7.150, 9.010, 9.040,
4 11.030, 11.070, 11.130, 11.160, and 17.020.

5 CHAIRMAN KOHN: Under P.

6 MR. GREWACH: Under P we have an amended of
7 rescission of rules and regulations that are obsolete.

8 CHAIRMAN KOHN: Any questions of Ed? Is there a
9 motion with respect to the rescission of rules and regulations
10 that are obsolete and listed under Tab P?

11 COMMISSIONER NEER: Motion to approve.

12 COMMISSIONER JAMISON: Second.

13 CHAIRMAN KOHN: Discussion on the motion?
14 Angie?

15 MS. FRANKS: Commissioner Finney?

16 COMMISSIONER FINNEY: Approved.

17 MS. FRANKS: Commissioner Lombardo?

18 COMMISSIONER LOMBARDO: Approved.

19 MS. FRANKS: Commissioner Neer?

20 COMMISSIONER NEER: Approved.

21 MS. FRANKS: Commissioner Jamison?

22 COMMISSIONER JAMISON: Approved.

23 MS. FRANKS: Chairman Kohn?

24 CHAIRMAN KOHN: Approved.

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

1 final orders of rulemaking 11 CSR 45-4.085, 5.170, and 7.100.

2 CHAIRMAN KOHN: Mr. Seibert?

3 IX. Consideration of Waiver of Institutional Investor

4 MR. SEIBERT: The next order of business is
5 consideration of waiver of institutional investor. Ms. Maggie
6 White will present.

7 MS. WHITE: Good morning, Mr. Chairman,
8 Commissioners. Behind Tabs Q and R are resolutions regarding
9 waiver of licensure for institutional investors holding and are
10 requesting to hold publicly-traded interest of up to 20 percent
11 in multiple gaming licensees. These investors have submitted
12 requests for a waiver to hold interest in multiple Missouri
13 licensees, in compliance with 11 CSR 45-4. The submitted waiver
14 requests certify the holdings are for institutional investment
15 purposes only, with no intent to be involved in the management
16 or operation of the licensees.

17 Because the holdings may exceed the 10 percent
18 threshold for which the executive director may grant a waiver,
19 these resolutions are before the Commission today. Resolution
20 No. 18-040 is for Mitsubishi UFJ Financial Group, Inc.
21 Resolution No. 18-041 is for Black Rock Inc.

22 CHAIRMAN KOHN: Let's take them one at a time.
23 Do you have any other comments about Mitsubishi?

24 MS. WHITE: No, I do not.

25 CHAIRMAN KOHN: Any questions on that one? I

1 have a question. Do they do any other business in the gaming
2 industry in the city other than their mothership casino?
3 MS. WHITE: Not to my knowledge.
4 CHAIRMAN KOHN: There's no real estate holdings
5 in the casinos?
6 MS. WHITE: No, they are investing Konami
7 Gaming.
8 CHAIRMAN KOHN: Any other questions? Is there a
9 motion with respect 18-040?
10 COMMISSIONER FINNEY: Move to approve.
11 COMMISSIONER JAMISON: Second.
12 CHAIRMAN KOHN: Discussion on the motion?
13 Angie?
14 MS. FRANKS: Commissioner Finney?
15 COMMISSIONER FINNEY: Approved.
16 MS. FRANKS: Commissioner Lombardo?
17 COMMISSIONER LOMBARDO: Approved.
18 MS. FRANKS: Commissioner Neer?
19 COMMISSIONER NEER: Approved.
20 MS. FRANKS: Commissioner Jamison?
21 COMMISSIONER JAMISON: Approved.
22 MS. FRANKS: Chairman Kohn?
23 CHAIRMAN KOHN: Approved.
24 MS. FRANKS: By your vote you've adopted
25 Resolution Number 18-040.

1 CHAIRMAN KOHN: Okay. Now, Black Rock.

2 MS. WHITE: Okay. This is Resolution 18-041.

3 CHAIRMAN KOHN: So you have the same comments
4 that you have about --

5 MS. WHITE: Yes. They're invested in multiple
6 Missouri gaming licensees.

7 CHAIRMAN KOHN: And because they may go over 10
8 percent --

9 MS. WHITE: That's correct.

10 CHAIRMAN KOHN: You don't know at this point
11 whether or not they are?

12 MS. WHITE: They are ranging in the various one
13 from like 5 percent to 10 percent. With your approval, that
14 allows them to go over 10 percent.

15 CHAIRMAN KOHN: Okay. Is there a motion with
16 respect to Resolution 18-041?

17 COMMISSIONER JAMISON: I move for approval.

18 COMMISSIONER LOMBARDO: Second.

19 CHAIRMAN KOHN: Discussion? Angie?

20 MS. FRANKS Commissioner Finney?

21 COMMISSIONER FINNEY: Approved.

22 MS. FRANKS: Commissioner Lombardo?

23 COMMISSIONER LOMBARDO: Approved.

24 MS. FRANKS: Commissioner Neer?

25 COMMISSIONER NEER: Approved.

1 MS. FRANKS: Commissioner Jamison?
2 COMMISSIONER JAMISON: Approved.
3 MS. FRANKS: Chairman Kohn?
4 CHAIRMAN KOHN: Approved.
5 MS. FRANKS: By your vote you've adopted
6 Resolution No. 18-041.
7 CHAIRMAN KOHN: I believe that -- unless I'm
8 missing, Mr. Seibert, that concludes our open meeting? That
9 concludes our business in the open session. We will go into
10 closed session and come back and reopen the open session after
11 the closed session. You're welcome to stay for that, but
12 chances are we will not be conducting any business after we
13 adjourn the closed session. So does anybody here want to make a
14 motion to go into close session?
15 COMMISSIONER JAMISON: I move for a closed
16 meeting under Section 313.847 and 313.945, RSMo., Investigatory,
17 Proprietary, and Application Records and 610.021(1), RSMo.,
18 Legal Actions (3) and (13), Personnel and (14), Record Protected
19 from Disclosure by Law.
20 CHAIRMAN KOHN: Angie?
21 COMMISSIONER LOMBARDO: I second.
22 MS. FRANKS: Commissioner Finney?
23 COMMISSIONER FINNEY: Approved.
24 MS. FRANKS: Commissioner Lombardo?
25 COMMISSIONER LOMBARDO: Approved.

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MS. FRANKS: Commissioner Neer?

COMMISSIONER NEER: Approved.

MS. FRANKS: Commissioner Jamison?

COMMISSIONER JAMISON: Approved.

MS. FRANKS: Chairman Kohn?

CHAIRMAN KOHN: Approved.

So we will go into closed session. And I've
been waiting three years to do this, we are adjourned.

(Meeting concluded.)

CERTIFICATE OF REPORTER

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I, Lisa M. Banks, CCR within and for the State of Missouri, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further, that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Lisa M. Banks, CCR No. 1081

MISSOURI GAMING COMMISSION
Open Session Minutes
June 27, 2018

The Missouri Gaming Commission (the “Commission”) went into open session at approximately 1:10 p.m. on June 27, 2018, at the Jefferson City office of the Missouri Gaming Commission.

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

The meeting ended at 1:11 p.m.