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BEFORE THE MISSOURI GAMING COMMISSION

Meeting  
September 25, 2019  
9:30 a.m.  
3417 Knipp Drive  
Jefferson City, Missouri

BEFORE: Mike Leara, Chairman  
Brian Jamison, Commissioner  
Daniel P. Finney, III, Commissioner  
(via telephonically)  
Brandon Boulware, Commissioner  
Pat Conway, Commissioner

Reported by:  
Patricia A. Stewart, CCR 401  
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Columbia, Missouri 65201  
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6	610.021, Subsection 1, RSMo, legal actions,	
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1 (Start time: 9:30 a.m.)

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

3 CHAIRMAN LEARA: I think we'll call the  
4 meeting to order. It is 9:30.

5 And if Mr. Finney does phone in, you'll let  
6 us know. Okay. Thank you.

7 MS. FRANKS: He will probably just say I'm on  
8 the phone.

9 CHAIRMAN LEARA: That's fine.

10 Please call the roll.

11 MS. FRANKS: Commissioner Conway.

12 COMMISSIONER CONWAY: Here.

13 MS. FRANKS: Commissioner Boulware.

14 COMMISSIONER BOULWARE: Present.

15 MS. FRANKS: Commissioner Finney.

16 (No response.)

17 MS. FRANKS: Commissioner Jamison.

18 COMMISSIONER JAMISON: Present.

19 MS. FRANKS: Chairman Leara.

20 CHAIRMAN LEARA: Present.

21 Okay. The quorum has been established.

22 Our first order of business will be the  
23 adoption of the agenda. This has not been adopted. It  
24 was an agenda sent to us before this meeting.

25 I have asked for an item to be removed from

1 that preliminary agenda. It wasn't. So at this point  
2 I'm going to ask to move that to closed hearing, and  
3 that would be Item Nos. IV-C and IV-D.

4 COMMISSIONER JAMISON: When you're moving it  
5 to closed, are you just moving it to closed for  
6 discussion and then we'll bring it back to open?

7 CHAIRMAN LEARA: At this point we need to  
8 have a discussion in closed. It would be much more  
9 appropriate than having this in an open session due to  
10 some recent developments.

11 COMMISSIONER JAMISON: Okay. But any action  
12 taken on it will have to be back into open.

13 CHAIRMAN LEARA: Yes, absolutely. I'm sorry.  
14 That's right.

15 COMMISSIONER JAMISON: That's right.

16 CHAIRMAN LEARA: So since this was a  
17 preliminary agenda that has not been adopted by the  
18 Commission, I don't know if that requires a vote. If it  
19 does, why would that require a vote because it is  
20 preliminary? And I was looking at -- sent to me  
21 procedures for adoption of the agenda, which this has  
22 not been an approved agenda yet.

23 MR. GREWACH: That's correct.

24 CHAIRMAN LEARA: So why would we need to go  
25 through a vote?

1                   COMMISSIONER JAMISON: Because I think we've  
2 published this as our agenda to the public, and if we're  
3 changing that agenda, I think we would need a vote to  
4 move it to closed.

5                   CHAIRMAN LEARA: I think to add things, that  
6 would be appropriate, but to remove things or not hear  
7 an item in open session, I'm not sure that that would be  
8 the case.

9                   MR. GREWACH: Under Robert's Rules of Order,  
10 which we have adopted by rule, the agenda that's sent  
11 out ahead of time is just for informational purposes.

12                   CHAIRMAN LEARA: That's right.

13                   MR. GREWACH: Now, we have to do that because  
14 of the Sunshine Law. So you have the Sunshine Law.

15                   CHAIRMAN LEARA: That means that we can't  
16 bring up something additional?

17                   MR. GREWACH: Correct.

18                   So under Sunshine we have to post 24 hours in  
19 advance. So that's the reason for the preliminary, the  
20 proposed.

21                   CHAIRMAN LEARA: And according to Robert's  
22 Rules, that this was sent to me by staff here recently,  
23 unless a pre-circulated agenda is formally adopted at  
24 the session, which to myself it is not binding.

25                   MR. GREWACH: That is correct.

1                   So Robert's Rules of Order is set up in such  
2 a way that in the first order of business, they suggest  
3 for a body to vote on the agenda. Now, we've never done  
4 that in the past. It becomes more of a practical  
5 matter. As you did last meeting, when you come to a  
6 specific agenda item, we'd like to pass that to the next  
7 meeting, then that in turn, you know, happens.

8                   Now, historical reference, that did happen at  
9 the last meeting. The motion at the last meeting was to  
10 pass those two items to this meeting.

11                   CHAIRMAN LEARA: And it was. And I feel you  
12 kind of got me there, because I thought it was being  
13 tabled, which means that until it's brought up again in  
14 a subsequent action, that it is not automatic --

15                   MR. GREWACH: Correct.

16                   CHAIRMAN LEARA: -- in a tabling motion. Is  
17 that correct?

18                   MR. GREWACH: That's correct, if it's tabled  
19 generally.

20                   CHAIRMAN LEARA: It was tabled generally, but  
21 then I read the transcript and it did say that we moved  
22 it to this meeting.

23                   MR. GREWACH: That's correct.

24                   CHAIRMAN LEARA: So there is some ambiguity  
25 there that I'm not really clear on, that the agenda has

1 not been formally adopted, thus anything can be changed  
2 on there before it is adopted I would assume, especially  
3 by the Chair.

4 MR. GREWACH: It is by Robert's Rules of  
5 Order by the body. So whatever three members of the  
6 body would vote to either add on, leave off the agenda,  
7 that would be the action under Robert's Rules that would  
8 apply.

9 CHAIRMAN LEARA: Okay. We'll discuss more of  
10 this in closed as far as how to go about this in the  
11 future. But at this time I'm asking to move those to  
12 closed session, and I make that motion and ask for a  
13 second.

14 COMMISSIONER CONWAY: I'll second.

15 CHAIRMAN LEARA: Thank you.

16 MR. GREWACH: If I may interrupt.

17 By Sunshine Law, a motion to go into closed  
18 session has to specifically recite --

19 CHAIRMAN LEARA: I'm not going to ask to go  
20 into closed session at this point. I'm asking for those  
21 two items to be moved to closed session. We'll discuss  
22 them in closed at this point.

23 MR. GREWACH: Got it.

24 CHAIRMAN LEARA: Sorry. I wasn't clear.  
25 Thank you.

1                   COMMISSIONER BOULWARE: Before voting, I  
2 wonder, does it make sense to discuss if we need to do  
3 this in closed session so be it why we are taking it  
4 off?

5                   CHAIRMAN LEARA: So I thought about that, and  
6 I thought it would be more appropriate to have that  
7 discussion there, although if I need to, I'll get into  
8 the particular reasons, but I think there's been some  
9 developments, first of all, and then also some requests  
10 that I have that it would be better off talking in  
11 closed.

12                   COMMISSIONER BOULWARE: Right. But what I'm  
13 asking is, before voting on taking, if I understand this  
14 process, IV-C and IV-D off today's agenda --

15                   CHAIRMAN LEARA: Yes.

16                   COMMISSIONER BOULWARE: -- does it not make  
17 sense to have a conversation if it needs to be in closed  
18 so be it as to why we're taking it off the agenda?

19                   CHAIRMAN LEARA: Yes.

20                   COMMISSIONER JAMISON: I didn't take the  
21 motion as we're taking them off the agenda. We're  
22 moving them into closed to discuss, that it is still  
23 going to be discussed today and there is a possibility  
24 that we bring them back to open after that closed  
25 meeting.



1                   CHAIRMAN LEARA: Negative. My motion is to  
2 remove it from today's agenda.

3                   COMMISSIONER JAMISON: You're not moving it  
4 to closed for discussion and then possible action on it  
5 today?

6                   CHAIRMAN LEARA: That's right. That is  
7 correct.

8                   COMMISSIONER JAMISON: You're asking to  
9 remove it from the agenda?

10                  CHAIRMAN LEARA: Yes, I am.

11                  COMMISSIONER JAMISON: Okay. That isn't the  
12 way I understood it.

13                  CHAIRMAN LEARA: I'm sorry.

14                  COMMISSIONER JAMISON: That's all right.

15                  CHAIRMAN LEARA: I'm sorry.

16                  COMMISSIONER BOULWARE: Well, that being the  
17 case, before voting on removing items from the agenda, I  
18 would like to know why we're doing that. I just don't  
19 know that I can vote to do so without understanding the  
20 reasons why we're doing it.

21                  CHAIRMAN LEARA: In the past it's come to my  
22 attention that there has been an attempt to negotiate  
23 some of these items. I think we need to have a  
24 discussion on those items before we bring them up in  
25 open session.

1                   COMMISSIONER BOULWARE: Okay. And this shows  
2 my ignorance. During the investigation process we have  
3 a summary report here.

4                   I'm not necessarily opposed to this.

5                   CHAIRMAN LEARA: Okay.

6                   COMMISSIONER BOULWARE: I have a report here,  
7 although it's maybe preliminary in nature to some  
8 extent. Can you have negotiation? I mean, can a  
9 negotiation of the issues raised in the summary report  
10 happen?

11                  MR. GREWACH: Well, at this time of the  
12 proceeding the case hasn't even started yet because the  
13 preliminary offered discipline is the initial pleading  
14 in the case.

15                  Now, you know, that doesn't preclude the  
16 Commission from entertaining anybody discussing any  
17 particular item, but until the first step under rule --  
18 and the rule actually states that if the Commission is  
19 presented with facts that support a preliminary order of  
20 discipline, it may enter one, and then after that then  
21 it's served on the licensee. Then the licensee has  
22 30 days to respond.

23                  And then there is a hearing process that  
24 takes place where witnesses are sworn and exhibits are  
25 offered and legal briefs are filed, and then the hearing

1 officer, you'll see in a different tab today, will come  
2 and make a recommendation. Then the Commissioners look  
3 at the record as a whole, will make a decision whether  
4 or not that is the appropriate penalty.

5 Now, at this stage there's isn't a  
6 preliminary order of discipline for us to settle because  
7 it hasn't even been entered yet.

8 But once it's entered then, of course, at  
9 that point in time it's very common for settlement  
10 negotiations to occur after that point in the  
11 proceeding.

12 But all that's being decided today is does  
13 the Commission enter a preliminary order of discipline,  
14 which is just the initial pleading, is not making any  
15 finding as to whether any of the facts are true or the  
16 law is correct or any disputed items go one way or the  
17 other.

18 It's very similar to if it's a probable cause  
19 analysis. So if a prosecutor would go to a judge and  
20 say I want to file a complaint against John Doe and they  
21 would attach a probable cause statement to it, then at  
22 that phase of the proceeding then the judge will look at  
23 that probable cause statement, say, yeah, there is  
24 probable cause there. I'm going to go ahead and issue  
25 this, get served on the Defendant.

1                   And then the Defendant -- the Defendant  
2 doesn't come in at that filing of the probable cause  
3 statement and argue, hey, Judge, I don't think that  
4 probable cause statement is correct. You shouldn't  
5 issue the warrant. I mean, because you haven't got  
6 there yet.

7                   That's essentially where we're at.

8                   COMMISSIONER BOULWARE: So there is nothing  
9 that would preclude resolution of these issues at this  
10 stage in the process?

11                  MR. GREWACH: Well, right. Because, I mean,  
12 if there is going to be a resolution, it would have to  
13 be -- well, we're going to have to enter a preliminary  
14 order of discipline and then -- or not, you know, and  
15 then --

16                  COMMISSIONER BOULWARE: Okay.

17                  CHAIRMAN LEARA: And here is my thought  
18 process. If there is out there, which has just come to  
19 my attention, an offer to settle this before it ever  
20 gets to some sort of a preliminary order like that, that  
21 that would be advantageous to this body, the public and  
22 everybody and even them.

23                  COMMISSIONER BOULWARE: I understand.

24                  CHAIRMAN LEARA: So that's my thought.

25                  COMMISSIONER JAMISON: Well, I have a

1 question.

2                   Can we go into closed to discuss Items IV-C  
3 and D and then come back out into open and vote on the  
4 agenda? Because I'm not comfortable taking these clear  
5 off the agenda without the discussion happening first.

6                   CHAIRMAN LEARA: I'm not in favor of that  
7 process. I think we should have a discussion in normal  
8 closed session and move on.

9                   COMMISSIONER JAMISON: Move into closed right  
10 now?

11                   CHAIRMAN LEARA: That may not result. I  
12 cannot commit to that being an option to come back to --

13                   COMMISSIONER JAMISON: I'm not asking for  
14 your commitment. We can have a discussion where  
15 everybody is on the same page and then make the decision  
16 if we want to take the items off of the agenda or not.  
17 Right now you're asking us to vote to take these items  
18 off the agenda without a discussion.

19                   CHAIRMAN LEARA: Well, I think we're going to  
20 have a discussion, first of all, on things that would  
21 impact our decision.

22                   COMMISSIONER JAMISON: That's what I'm asking  
23 for is to have that discussion in closed.

24                   CHAIRMAN LEARA: Mr. Jamison, I don't think  
25 it's an urgency here that this has to be done today by

1 any means, if we bring this up again in our next  
2 meeting. I would expect that we'd have a resolution by  
3 then if we have all of the information.

4 Right now we don't have all of the  
5 information, and I'm not sure that we will have all of  
6 the information at the outcome of a closed meeting. It  
7 may or may not be the case, but I'm not confident at  
8 this point.

9 COMMISSIONER JAMISON: I don't disagree with  
10 that, but you're not giving us an opportunity to discuss  
11 it in closed before we make that determination. You  
12 want to vote to take it off before we have a discussion  
13 in closed.

14 CHAIRMAN LEARA: We can do like last time  
15 then. The motion could be amended to include this to be  
16 on the agenda for the next session -- or next meeting.  
17 I'm sorry.

18 COMMISSIONER JAMISON: Is there a problem  
19 with going into closed to discuss it and then going into  
20 open to decide?

21 CHAIRMAN LEARA: I may not be ready to  
22 decide.

23 Is there a problem with it waiting just a few  
24 more weeks?

25 COMMISSIONER BOULWARE: I think you-all are

1 talking past each other.

2 I think what Commissioner Jamison is  
3 suggesting is that we go into closed session so that we  
4 can have a fuller discussion about what has occurred  
5 that would suggest that we remove Items IV-C and IV-D  
6 from today's agenda and then come back into open session  
7 and vote on whether to remove Items IV-C and IV-D from  
8 today's agenda.

9 Am I right?

10 COMMISSIONER JAMISON: Yes, that's exactly  
11 what I'm asking.

12 COMMISSIONER BOULWARE: Okay.

13 CHAIRMAN LEARA: I think I can accept that.  
14 Yeah, I think that's reasonable. Okay.

15 MR. GREWACH: For your convenience we've  
16 drawn up the motion with language citing the statutes  
17 that would comply with the Sunshine Law.

18 COMMISSIONER BOULWARE: Oh, boy. Sure.

19 Here we go. I make a motion for a closed  
20 meeting under Section 313.847 RSMo, investigatory  
21 records, 610.021, Subsection 1, RSMo, legal actions, and  
22 Subsection 14, records protected from disclosure by law.

23 CHAIRMAN LEARA: I second that motion.

24 Discussion?

25 Seeing none, please call the roll.

1 MS. FRANKS: Commissioner Conway.

2 COMMISSIONER CONWAY: Aye.

3 MS. FRANKS: Commissioner Boulware.

4 COMMISSIONER BOULWARE: Approved.

5 MS. FRANKS: Commissioner Finney.

6 (No response.)

7 MS. FRANKS: Commissioner Jamison.

8 COMMISSIONER JAMISON: Approved.

9 MS. FRANKS: Chairman Leara.

10 CHAIRMAN LEARA: Approved.

11 We'll now go into closed session.

12 (CLOSED MEETING.)

13 CHAIRMAN LEARA: So we'll call the open

14 meeting back to order. I think that requires a vote but

15 we are back in. So please call the roll.

16 MS. FRANKS: Commissioner Conway.

17 COMMISSIONER CONWAY: Present.

18 MS. FRANKS: Commissioner Boulware.

19 COMMISSIONER BOULWARE: Present.

20 MS. FRANKS: Commissioner Finney.

21 COMMISSIONER FINNEY: Present.

22 MS. FRANKS: Commissioner Jamison.

23 COMMISSIONER JAMISON: Present.

24 MS. FRANKS: Chairman Leara.

25 CHAIRMAN LEARA: Present.



1           Okay. We will move on to the first order as  
2 I discussed, the agenda. I move to approve the agenda  
3 as previously disclosed -- or offered. Thank you.

4           COMMISSIONER JAMISON: Second.

5           CHAIRMAN LEARA: We have a second.

6           Please call the roll.

7           MS. FRANKS: Commissioner Conway.

8           COMMISSIONER CONWAY: Approved.

9           MS. FRANKS: Commissioner Boulware.

10          COMMISSIONER BOULWARE: Approved.

11          MS. FRANKS: Commissioner Finney.

12          COMMISSIONER FINNEY: Approved.

13          MS. FRANKS: Commissioner Jamison.

14          COMMISSIONER JAMISON: Approved.

15          MS. FRANKS: Chairman Leara.

16          CHAIRMAN LEARA: Approved.

17          MS. FRANKS: By your vote the agenda is  
18 approved as it was posted.

19          CHAIRMAN LEARA: All right. Consideration of  
20 minutes from the last meeting. Any discussion?

21          COMMISSIONER JAMISON: Move for approval.

22          CHAIRMAN LEARA: Very good. We have a motion  
23 to approve.

24          COMMISSIONER CONWAY: Second.

25          CHAIRMAN LEARA: Please call the roll.

1 MS. FRANKS: Commissioner Conway.

2 COMMISSIONER CONWAY: Approved.

3 MS. FRANKS: Commissioner Boulware.

4 COMMISSIONER BOULWARE: I need to abstain  
5 because I was not here.

6 MS. FRANKS: Commissioner Finney.

7 COMMISSIONER FINNEY: Approved.

8 MS. FRANKS: Commissioner Jamison.

9 COMMISSIONER JAMISON: Approved.

10 MS. FRANKS: Chairman Leara.

11 CHAIRMAN LEARA: Approved.

12 MS. FRANKS: By your vote you've adopted the  
13 minutes of the August 21st, 2019 meeting.

14 CHAIRMAN LEARA: All right. The next item,  
15 No. 3, Consideration of Hearing Officer Recommendation.

16 And who would this be?

17 EXECUTIVE DIRECTOR GROTHAUS: The hearing  
18 officer is Brian Wolford and will present.

19 CHAIRMAN LEARA: Brian, good to meet you.

20 Please proceed. You have the floor.

21 MR. WOLFORD: For your consideration is  
22 Resolution No. 19-040, the matter of Joseph Mahfood.

23 Mr. Mahfood pled guilty on August 22nd, 2017  
24 in Federal Court to the Federal charge of conducting an  
25 illegal gambling business, as well as other Federal

1 felonies. As part of his negotiated plea he received  
2 three years of probation. He had to pay restitution and  
3 had to do 100 hours of community service.

4 One of the terms of his probation was that he  
5 could not engage in any form of gambling or enter any  
6 gambling establishment or casino.

7 Subsequently on December 14th, 2018  
8 Mr. Mahfood's probation was terminated early and he was  
9 deemed by the Federal courts to have successfully  
10 completed all of the conditions of his probation.

11 On February the 27th, 2019 this Commission by  
12 Resolution 19-010 enacted its resolution adding  
13 Mr. Mahfood permanently to the exclusionary list. And  
14 what that means when you're on the exclusionary list is  
15 you cannot enter any Missouri gaming facility, any  
16 casino or you will be basically arrested for  
17 trespassing. It would be a criminal trespassing at this  
18 point.

19 CHAIRMAN LEARA: Is that just the casino  
20 floor or would that be the entire property?

21 MR. WOLFORD: The way the statute reads, it  
22 cannot be on the premises, so that would apply.

23 COMMISSIONER JAMISON: I'll clarify that from  
24 the previous hearing.

25 We only at the Commission prohibit him from

1 going to the casino, the casino floor, but the property  
2 usually makes it a blanket prohibition from any place on  
3 their facility. So they do the prohibition from any  
4 place. We do the casino floor.

5 CHAIRMAN LEARA: Thank you.

6 MR. WOLFORD: On the 25th of March  
7 Mr. Mahfood filed a petition with the Commission for  
8 removal from the list pursuant to State regulation.

9 At the hearing Mr. Mahfood admitted that he  
10 was lawfully placed on the exclusionary list by the  
11 Commission. He was very honest with the hearing officer  
12 about his prior conduct. He testified as to his prior  
13 criminal acts. He testified as to his probation. He  
14 testified about what he did for his community service  
15 when he was working for the Ronald McDonald House at  
16 Mercy Hospital. He also testified about his early  
17 discharge from probation because he didn't have any  
18 violations. He completed everything his Federal  
19 probation officer asked of him.

20 And he asked to be removed from the  
21 exclusionary list. In the alternative he asked for a  
22 specific date that his removal would be effective, which  
23 would have been November 21st, 2020, or the date that he  
24 would have normally been removed from Federal probation  
25 at the expiration of his three-year term.

1                   Alternatively he asked that the Commission  
2 grant him permission to attend or be on casino  
3 properties for the purpose of dining solely.

4                   While I did note his exemplary conduct since  
5 he's been on and off probation since he pled guilty,  
6 and, you know, it was my opinion that two years is not a  
7 sufficient sample size to know that his conduct has been  
8 sufficiently reformed from his prior criminal acts.

9                   He did plead guilty to the crime of illegal  
10 gambling, which necessarily involves gaming as an  
11 essential element of the crime; therefore, he was  
12 appropriately placed on the exclusionary list by this  
13 Commission.

14                   And I do encourage him in the future to come  
15 back and address this issue once more time has passed  
16 and we have more of his future conduct to show that he  
17 has been sufficiently rehabilitated from his criminal  
18 act.

19                   So it is my recommendation that the  
20 Commission deny his petition to be removed from the  
21 exclusionary list, and I'll be happy to answer any  
22 questions.

23                   CHAIRMAN LEARA: Any questions?

24                   COMMISSIONER JAMISON: No, sir.

25                   CHAIRMAN LEARA: Okay. Seeing none.

1 Thank you.

2 MR. WOLFORD: Thanks.

3 CHAIRMAN LEARA: Do we have a motion to  
4 accept Resolution No. 19-040?

5 COMMISSIONER JAMISON: Mike, ask  
6 if Mr. Mahfood is here.

7 CHAIRMAN LEARA: Thank you.

8 Mr. Mahfood, are you present and wish to  
9 speak to the Commission?

10 Noting his absence, we will entertain a  
11 motion now to accept the resolution.

12 COMMISSIONER FINNEY: I'll move to accept the  
13 resolution as offered.

14 COMMISSIONER BOULWARE: Second.

15 CHAIRMAN LEARA: We have a second.

16 Any other discussion?

17 Mr. Conway.

18 COMMISSIONER CONWAY: Mr. Chair, I want to  
19 throw one thing and share a history.

20 But normally when a parole or probation has  
21 been completed, we allow that person to vote. So the  
22 gentleman can vote now but he can't go eat a steak. And  
23 I don't know.

24 COMMISSIONER FINNEY: I mean, I guess go on  
25 the property being a little facetious.

1                   CHAIRMAN LEARA: I think that's up to the --

2                   COMMISSIONER CONWAY: Management.

3                   CHAIRMAN LEARA: -- management, right,  
4 whether he's allowed on the property.

5                   COMMISSIONER CONWAY: And the management,  
6 their position is to not allow him on the property.  
7 Correct?

8                   CHAIRMAN LEARA: Well, I think that's up to  
9 each individual property.

10                  MS. KERR: The regulation that deals with  
11 whether the excluded person can go on the casino  
12 property says that they are not -- shall not be  
13 permitted on any part of the gambling operation. So  
14 just read--

15                  CHAIRMAN LEARA: Any part of the gambling  
16 operation.

17                  MR. KERR: On the gaming operation, yes.

18                  COMMISSIONER JAMISON: Well, the only thing I  
19 would say about voting as opposed to being able to go on  
20 the casino, it's a right to vote. This is more of a  
21 privilege. I view it as more of a privilege, is it  
22 appropriate or not, as opposed to a right.

23                  CHAIRMAN LEARA: Mr. Wolford, would you come  
24 back up for a moment?

25                         Thank you. We'll call you back.

1                   What are your thoughts on that? I mean, at  
2 this point this is a lifetime -- it is a permanent ban.

3                   MR. WOLFORD: It's a permanent ban, but under  
4 the Code of State Regulations he can do what he did,  
5 petition to be removed, which I certainly think is an  
6 appropriate avenue for citizens like this to exercise.

7                   However, again, in my discretion, even though  
8 he was a genuine guy, he was remorseful for what he did,  
9 two years of good behavior I think is not a sufficient  
10 track record to say that, okay, he definitely needs to  
11 come off.

12                   CHAIRMAN LEARA: And he was offered the  
13 opportunity to be here today and -- was he aware of that  
14 and understood that that was an option for him?

15                   MR. WOLFORD: Yes, he was notified. And I  
16 even recall at the hearing -- at the close of the  
17 hearing I encouraged him if he disagreed with my  
18 decision to come and present his case before the  
19 Commission.

20                   CHAIRMAN LEARA: Mr. Conway.

21                   COMMISSIONER CONWAY: You know, that was  
22 always my rule of thumb is when the courts absolve  
23 somebody or concluded that their probation or parole is  
24 completed, you know, they would come down to the  
25 Secretary of State or the election officials and, you



1 know, I guess --

2 CHAIRMAN LEARA: But they have to petition.

3 COMMISSIONER CONWAY: Right. They have to  
4 come and re-register.

5 I don't have a big disagreement with this,  
6 but my philosophy has always been when the courts make a  
7 decision to put someone back in good status -- I guess  
8 what I'm saying, do we want to make a ruling that  
9 disagrees with the court's feeling that the person has  
10 served their time or did their probation or completed  
11 their parole and they're back into their citizenship  
12 status? I know this is a little bit different. But  
13 that's just a rule of thumb.

14 I have no big objection with continuing the  
15 way we are. It's just a point I thought maybe I would  
16 like to throw out because that's always been my past  
17 experience.

18 CHAIRMAN LEARA: Any other discussion?

19 Okay. I think we have a motion and a second  
20 in front of us. Is that correct?

21 MS. FRANKS: Correct.

22 CHAIRMAN LEARA: And we don't have any other  
23 motions to amend or anything like that?

24 Okay. Then let's please call the roll.

25 MS. FRANKS: Commissioner Conway.

1 COMMISSIONER CONWAY: Approved.

2 MS. FRANKS: Commissioner Boulware.

3 COMMISSIONER BOULWARE: Approved.

4 MS. FRANKS: Commissioner Finney.

5 COMMISSIONER FINNEY: Approved.

6 MS. FRANKS: Commissioner Jamison.

7 COMMISSIONER JAMISON: Approved.

8 MS. FRANKS: Chairman Leara.

9 CHAIRMAN LEARA: Approved.

10 MS. FRANKS: By your vote you've adopted  
11 Resolution No. 19-040.

12 CHAIRMAN LEARA: Next item up, No. IV.C.,  
13 Eldorado Resorts. And I don't know who goes first.

14 MR. GREWACH: I do, yes, Your Honor.

15 Under Tab C we have a preliminary order of  
16 discipline directed to Eldorado Resorts, Incorporated.

17 In April of 2018 Eldorado filed a petition  
18 for change of control relating to their acquisition of  
19 Tropicana Entertainment, which at that point in time  
20 owned the Lumiere Place Casino.

21 There were issues and concerns that were  
22 raised by the Commissioners. And after extensive  
23 negotiations, which included discussions concerning the  
24 term of the note and about a provision, adding a  
25 provision to the deed of trust that would permit the

1 Commission to hold a deed of release in escrow, GLPI,  
2 Eldorado and MGC Executive Director executed an  
3 agreement to restructure the transaction.

4 Attached to that agreement were a note and  
5 deed of trust as Exhibit 1. The agreement had  
6 provisions that stated no amendment or revision of the  
7 documents in Exhibit 1 could be made without the MGC's  
8 prior approval.

9 It's important to note in this case that the  
10 note itself did not contain a maturity date but instead  
11 in Article 1 of the note you'll find a term that states  
12 that. And you'll see that on page 10 of the  
13 preliminary -- paragraph 10 of the preliminary order,  
14 the notes payable at the time specified in Article 2 of  
15 the loan agreement.

16 So the effect of that provision was that any  
17 change of the maturity date in the loan agreement then  
18 also automatically constituted a change in the maturity  
19 date of the note.

20 In addition in Article 3 of the note, there's  
21 a provision that provides that all of the terms of the  
22 loan agreement were made part of the note as fully set  
23 forth herein.

24 Now, the significance of that in Missouri --  
25 and I point to a 2017 Missouri Supreme Court case,

1 State ex rel Pinkerton versus Fahnestock, in which the  
2 court held -- Missouri further recognizes that matters  
3 incorporated into a contract by reference are as much a  
4 part of the contract as if they had been set out in the  
5 contract verbatim.

6 The court went on to hold there is no  
7 requirement that an incorporated document be attached to  
8 the contract or provided to the parties prior to the  
9 execution of the contract.

10 So therefore from a legal standpoint the  
11 entire text of the loan agreement was in the note, and  
12 therefore legally any change to the loan agreement would  
13 also constitute an amendment or revision of the note.

14 The loan agreement that was in place at that  
15 point in time and had been provided to the Commission  
16 had a maturity date of two years, one year secured by a  
17 deed of trust and the second year an unsecured loan.

18 The deed of trust that was attached to the  
19 agreement to restructure had a provision in Article 20  
20 that allowed the Missouri Gaming Commission to hold the  
21 deed of release in escrow and record it at the end of  
22 one year if the parties had not done so.

23 Pursuant to Rule 13.065 any settlement  
24 executed by the Executive Director needs to be approved  
25 by the Commission before it becomes effective.

1                   That agreement to restructure and the  
2 petition for change of control were presented by the  
3 parties at the September 26, 2018 Missouri Gaming  
4 Commission meeting. Tom Reeg, who was then the CFO and  
5 now the CEO of Eldorado, confirmed to the Commission  
6 that the loan was for a two-year term, one year secured  
7 and one year unsecured.

8                   There were articles in the agreement to  
9 restructure a transaction that provided for Eldorado to  
10 identify replacement property to replace the value of  
11 the Lumiere Place that was not going to be in the lease  
12 with other property that Eldorado owned.

13                   Mr. Reeg, you'll see in that discussion with  
14 the Commissioners, and particularly Commissioner  
15 Lombardo, at that meeting indicated and accepted,  
16 represented that at the end of the two-year term that  
17 Eldorado would pay off this loan in cash if the  
18 replacement property transaction for some reason had not  
19 been consummated.

20                   Following that presentation the Commission  
21 approved Resolution 18-049. It basically contained five  
22 provisions. The first approved the agreement to  
23 restructure the transaction. Paragraph 2 approved the  
24 petition for change of control. Paragraph 3  
25 specifically prohibited Eldorado or GLPI from amending

1 or revising the loan agreement without the prior written  
2 consent of the Missouri Gaming Commission.

3 Paragraph 4 provided that all of the  
4 documents were to be provided once executed to the  
5 Commission within three days of their execution.  
6 Paragraph 5 then provided that all of the findings and  
7 directives in paragraphs 1 through 4 constituted a valid  
8 order of the Commission.

9 The effect of that brings in the operation of  
10 Statute 313.812.14, which makes it a violation for any  
11 licensee to fail to comply or fail to make provisions to  
12 comply with any valid order of the Commission.

13 The transaction closed on October 1st. By  
14 October 22nd we still had not received copies of the  
15 executed documents. We requested those and received  
16 them on October 23rd.

17 On review of those documents we found that  
18 the maturity date in Article 2 of the loan agreement had  
19 been changed to add three one-year extensions to be  
20 exercised at the option of Eldorado in addition to the  
21 original two-year term.

22 The deed of trust as recorded did not include  
23 the provision allowing Missouri Gaming Commission to  
24 hold the deed of release in escrow, which also  
25 constituted an amendment or revision of the documents in

1 violation of Resolution 18-049.

2 That same date, October 23rd, we sent an  
3 e-mail to the parties demanding that they amend the deed  
4 of trust and loan agreement to bring them into  
5 compliance with the resolution, which they did on  
6 October 26, 2018.

7 The Commissioners requested the Missouri  
8 State Highway Patrol Gaming Division to conduct an  
9 investigation, and that case was assigned by the Gaming  
10 Division to Master Sergeant Sammy Seaton.

11 Sergeant Seaton finished his investigation,  
12 submitted his findings to the Commission. The  
13 Discipline Review Board of the MGC reviewed the matter,  
14 and the staff recommended a fine of \$50,000.

15 That recommendation was then sent to Eldorado  
16 and they were given 14 days to respond. That's  
17 something we refer to as a 14-day letter. We got back  
18 their 14-day letter response. In it they asked the fine  
19 to be reduced to \$35,000.

20 They cited in the letter their cooperation  
21 with the investigation, the fact that they had waived  
22 attorney-client privilege and provided all of the  
23 documents requested, and that Tom Reeg, their CEO, and  
24 both the attorneys interviewed by Sergeant Seaton, all  
25 admitted that changing the maturity date in the loan

1 agreement violated the resolution. Their failure to  
2 include the proper language in the deed of trust also  
3 violated the resolution.

4 They then cited remedial steps they have  
5 taken to ensure this type of issue will not happen  
6 again.

7 The DRB then reviewed their 14-day letter  
8 response, and while the staff acknowledged the  
9 cooperation of Eldorado in this matter and the fact that  
10 they were forthcoming in conceding these violations,  
11 that the DRB had taken that into account when making its  
12 initial recommendation, and the DRB voted to proceed  
13 with the \$50,000 recommendation.

14 CHAIRMAN LEARA: Any questions for  
15 Mr. Grewach?

16 COMMISSIONER JAMISON: No, sir.

17 COMMISSIONER FINNEY: No.

18 CHAIRMAN LEARA: Seeing none.

19 Further discussion on DC-19-076?

20 COMMISSIONER JAMISON: I'd like to make a  
21 motion if there is no other discussion.

22 COMMISSIONER BOULWARE: Is Eldorado here?

23 CHAIRMAN LEARA: Yes.

24 Can you stand by with that motion?

25 Is there any representative from Eldorado who



1 wishes to speak?

2 I don't believe so.

3 Mr. Jamison, please proceed.

4 COMMISSIONER JAMISON: I move for approval of  
5 DC-19-076 in the amount of \$35,000.

6 CHAIRMAN LEARA: Do we have a second?

7 COMMISSIONER CONWAY: I'll second.

8 CHAIRMAN LEARA: Mr. Conway seconds.

9 Discussion on the motion?

10 Seeing none, Angie, please call the roll.

11 MS. FRANKS: Commissioner Conway.

12 COMMISSIONER CONWAY: Approved.

13 MS. FRANKS: Commissioner Boulware.

14 COMMISSIONER BOULWARE: Approved.

15 MS. FRANKS: Commissioner Finney.

16 COMMISSIONER FINNEY: Approved.

17 MS. FRANKS: Commissioner Jamison.

18 COMMISSIONER JAMISON: Approved.

19 MS. FRANKS: Chairman Leara.

20 CHAIRMAN LEARA: Approved.

21 MS. FRANKS: By your vote you've adopted  
22 DC-19-076 as amended.

23 CHAIRMAN LEARA: Very good.

24 The next item, Sub D, Gaming and Leisure  
25 Properties, Incorporated.

1           Mr. Grewach, proceed.

2           MR. GREWACH: Thank you.

3           Under Tab D we have a preliminary order of  
4 discipline directed to Gaming and Leisure Properties,  
5 Incorporated, which I'll refer to as GLPI.

6           The background of this case is the same as  
7 what I previously described here in Tab C. In the  
8 investigation it was discovered adding the three  
9 one-year extensions in the loan agreement that was  
10 initiated by GLPI in an e-mail from their general  
11 counsel, Brandon Moore, to Eldorado at approximately  
12 7:30, the night of the Commission meeting, October 26.

13           In that e-mail Mr. Moore stated that if we  
14 are comfortable that Missouri does not care, we are  
15 considering adding in these extensions. In fact, the  
16 GLPI never contacted the Commission to determine if it  
17 was comfortable.

18           In the response to a document request sent by  
19 Sergeant Seaton, GLPI indicated that at the time that  
20 e-mail was sent, 7:30 on the 26th, GLPI was under the  
21 impression that the proposed extension to Eldorado  
22 should be previewed by the Missouri Gaming Commission,  
23 and that in the same response they represented to  
24 Sergeant Seaton that sometime between that e-mail and  
25 the next morning is when the actual draft of the

1 extension to the maturity date in the loan agreement  
2 happened, that they came to the conclusion that it was  
3 not subject to MGC approval.

4 DRB recommended a \$300,000 fine. In the  
5 response to the 14-day letter by GLPI, they admitted  
6 that failing to provide the documents in three days did,  
7 in fact, violate the resolution. They admitted they had  
8 some responsibility for ensuring that the deed of trust  
9 was recorded; however, stated that the amendment to the  
10 loan agreement -- they stated their legal theory that  
11 the changing maturity date in the loan agreement did not  
12 violate the resolution.

13 And both those documents and the staff's  
14 reply are in the Commission packet, so I'm not going to  
15 go over them in great detail other than to say we  
16 disagreed with that legal theory on three bases.

17 One, the note itself did not contain a  
18 maturity date, and the change in the maturity date in  
19 the loan agreement, in fact, did change the maturity  
20 date in the note.

21 I do note that they stated at one point in  
22 time that since it was an extension it didn't really  
23 change the maturity date in the note.

24 Our position was that if you have a note that  
25 says this is due in two years or a note that says this

1 is due in two years with three one-year extensions,  
2 those are two different notes. To get from Point A to  
3 Point B there has to be some amendment or revision to  
4 accomplish that.

5           The second is that the loan agreement was  
6 incorporated by reference into the note and, in fact,  
7 incorporated by reference into the resolution and that  
8 by law meant that the entire text of the loan agreement  
9 was part of the note and, therefore, by law any  
10 amendment to the loan agreement was also an amendment to  
11 the note.

12           And the third reason was that the resolution  
13 specifically prohibited them from amending or revising  
14 the loan agreement. We disagree with their reading of  
15 the part of the resolution which you will find on page 2  
16 of the staff's August 20th report.

17           Give me just a second -- I'm sorry -- to  
18 locate that.

19           You see the first sentence of paragraph 3  
20 states that the resolution orders the companies to  
21 comply with the terms of the agreement to restructure.  
22 It goes on to say, and to comply with all of the terms  
23 of the note, deed of trust and loan agreement which are  
24 incorporated here and made a part hereof that relate to  
25 the agreement to restructure transactions.

1                   So it's clear from that language to us that  
2 the order is to comply with the terms that relate to the  
3 agreement to restructure. It's more clear because when  
4 that paragraph moves on, it then starts to highlight or  
5 list some of those terms, including their obligation to  
6 execute the deed of release and have it held in escrow,  
7 that they not now or in the future enter any other  
8 agreement to acquire Lumiere Place real estate without  
9 the prior written consent of the Commission. And the  
10 last phrase, and the parties' obligation not to amend or  
11 revise any of the loan documents, which by definition up  
12 above includes loan agreement, without the express  
13 written consent of the Commission.

14                   The difference and distinction between the  
15 DRB discussions that took place between those two cases  
16 really centered upon the fact that the idea of adding  
17 the extension was a concept initiated by GLPI.

18                   Sergeant Seaton's investigation indicated  
19 that although -- and in response to that October 26th  
20 e-mail, Eldorado said I think we're on the same page --  
21 Sergeant Seaton found somewhat credible the position of  
22 Eldorado that they just missed that.

23                   Now, I have to say that in this one thing  
24 that -- and we understand this is a large commercial  
25 transaction and there were a lot of things going on and

1 we are a very small slice of what they were looking at,  
2 but it's interesting to note that -- and you'll see also  
3 on page 3 of Eldorado's -- or Gaming and Leisure  
4 Properties' response to the 14-day letter, the second  
5 paragraph from the bottom. They state, in fact, the  
6 version of the deed of trust with Article 20 was the  
7 only version to which both parties agree.

8                   So here you have a situation for this  
9 \$238 million deed of trust, that a deed of trust gets  
10 executed and recorded that no one has agreed on. And,  
11 you know, that was one thing -- I think that was a  
12 little difficult as the DRB looked at this whole  
13 transaction.

14                   And the second thing is that, you know, when  
15 looking at the loan agreement, you know, change, that it  
16 wasn't looked at anywhere up and down the line for any  
17 of the attorneys involved to see if it did or did not,  
18 on Eldorado's side anyway, comply with the resolution.

19                   So with all that in mind the DRB's vote was  
20 to continue with the recommendation.

21                   CHAIRMAN LEARA: Okay. Any questions for  
22 Mr. Grewach?

23                   COMMISSIONER JAMISON: No, sir.

24                   CHAIRMAN LEARA: Okay. Further discussion on  
25 Disciplinary Order No. 77?

1 COMMISSIONER BOULWARE: Anyone from GLPI?

2 CHAIRMAN LEARA: Thank you for reminding me  
3 of that.

4 Does anyone from GLPI here wish to speak?

5 Please proceed, gentlemen, one at a time  
6 hopefully. And please state your name and then you have  
7 the floor.

8 MR. CARLINO: I'm Peter Carlino, Chairman and  
9 Chief Executive Officer of Gaming and Leisure  
10 Properties.

11 Here today, because I think the reputation of  
12 our company is at stake through our process -- and I  
13 should say at the outset that I'll give you a little  
14 history, but I'm very uncomfortable discussing some of  
15 the issues that we would wish to discuss in an open  
16 session.

17 I'd like to prefer and perhaps it will get  
18 ultimately to a hearing where we'll be able to depose  
19 and get a more balanced view of what has occurred today.

20 By way of background, I've been in the gaming  
21 business for a very, very long time, Chairman of Penn  
22 National since 1972, became a public company in 1994.  
23 We've been here in Missouri since I think the early  
24 2000s. It's been a long stretch as an operator at Penn  
25 National.

1                   And it occurs to me that one of the last  
2 things I did as Chairman and before we formed Gaming and  
3 Leisure Properties of Penn National was the acquisition  
4 of the Harrah's property which we converted to  
5 Hollywood, and, of course, I think dramatically improved  
6 it.

7                   I think we have many, many years of good  
8 behavior, good record here in the state. Gaming and  
9 Leisure Properties is a spinoff of Penn National that we  
10 did some six years ago. I think our presence here has  
11 been largely uneventful in a positive way. We've been  
12 certainly supportive of our tenants here.

13                   We also, I should emphasize, are an  
14 investment grade company, actually the only one in our  
15 segment in the United States, we have no secured debt.  
16 So we're about as solid as a rock as the owner of these  
17 properties.

18                   We have more than \$2.3 billion invested here  
19 in the state which we wish to protect and we'd like to  
20 do more, and that's really what this is about.

21                   The shocking and mystifying thing to me is  
22 simply this -- and it looks like we may have to get to  
23 the details at a later time. But all we ever did here  
24 was ask for the approval to buy a property in  
25 St. Louis as part of a large transaction with Carl



1 Icahn, with whom we had a contract and an obligation, by  
2 the way, for a specific performance should we fail to  
3 get the closing.

4           How a simple request, which by the way could  
5 have been yes or no, has mushroomed into what appears  
6 almost to be a criminal proceeding, I just don't  
7 understand.

8           And I'll further emphasize that having made  
9 that request we have repeatedly talked to staff about a  
10 desire to make our case to the Commission, and we are  
11 big boys. We can accept yes or no. And that is all  
12 this ever was about. We ask the Commission to consider  
13 how did we get to this point? Because it's a very sad  
14 in my judgment and sort of a sordid story.

15           To the specifics at hand today for the things  
16 for which there is a fine, I think I'll let our General  
17 Counsel, Brandon Moore, who was in involved in this  
18 detail, speak.

19           But I would like to leave the impression here  
20 that there is so much more to this situation that  
21 appears in the issue before you today, and it's been a  
22 very, very, very difficult process, treated all along  
23 actually from the very first request as if somehow  
24 we're -- this was a criminal proceeding and we would get  
25 such language as a settlement.

1                   Well, there has never been anything to  
2 settle. We're just trying to get approval to purchase a  
3 property.

4                   The requirement or the loan issues that are  
5 at hand followed our need to get to closing with  
6 Mr. Icahn, who is not the most forgiving fellow in the  
7 planet, and we had to find some way to handle the  
8 acquisition of this property.

9                   We were forced into a loan and then we were  
10 forced into an unsecured loan, which by the way could  
11 have been a loan by unsecured, not tied to the property  
12 at all.

13                   So this whole thing is mystifying. But to  
14 the specific issues before you, I'm going to keep myself  
15 confined to that. We're good guys. We run a great  
16 company. I think we're among the most admired in the  
17 industry, a national company I founded, I think is now  
18 the largest regional gaming company in America today.  
19 I'm a single racetrack in Harrisburg, Pennsylvania over  
20 these last 25 years.

21                   Gaming and Leisure Properties, again, an  
22 investment grade company, worked hard to create it,  
23 we're good guys, and that's the point I'll try to leave  
24 with you as you consider this matter.

25                   I'm going to ask Mr. Brandon Moore to speak

1 to the details of the specific issue.

2 MR. MOORE: Good morning, Commissioners. I'm  
3 Brandon Moore, General Counsel of Gaming and Leisure  
4 Properties.

5 As Peter said, I know that there's another  
6 venue for us on an appeal process to lay out all of the  
7 facts and our explanations and advocate for our  
8 position, and I don't pretend to do that today.

9 CHAIRMAN LEARA: Mr. Moore, I will interrupt  
10 you real quickly.

11 As I understand it -- and correct me if I'm  
12 wrong -- while in concept it's probably an appeal but it  
13 is not an appeal. It's a hearing post any potential  
14 determination today. Right? It would be a hearing and  
15 then an appeal would be the next step after that.

16 MR. MOORE: My understanding is that once the  
17 preliminary order is issued, we'll have a right to  
18 appeal that within 30 days and a hearing officer will be  
19 assigned.

20 CHAIRMAN LEARA: Essentially it's an appeal  
21 with this body.

22 MR. MOORE: With this body. And I understand  
23 that.

24 Part of the problem is that when this  
25 disciplinary order comes down today, whatever it may be,

1 we will have to report that to the other gaming  
2 jurisdictions where we're licensed, and we'll do so.  
3 We've done that. We've kept them up to date to today.

4 I dare say most of these jurisdictions know  
5 more about this, or as much as you folks do, because  
6 they've heard from us.

7 And in that hearing as well the burden is  
8 going to switch to us to prove by clear and convincing  
9 evidence that we didn't do these things. And so part of  
10 what we're here today is just to defend our reputation,  
11 because some of the information that may have been  
12 provided to you -- and I don't know what you have and  
13 what you don't have, but there was a letter sent to us  
14 on August 20th after the close of business, which was  
15 the day before the last hearing, that was very  
16 inflammatory, some of which to me personally, others to  
17 the company, that will harm the reputation of our  
18 business if not defended.

19 And some of the things alleged in this are  
20 simply not true, and some of the information that we'll  
21 present and we'll make available will contradict some of  
22 those statements.

23 And so if this Commission is deciding the  
24 preliminary disciplinary order in part based on any of  
25 those allegations, I would like to have the same

1 opportunity that we had with the 14-day letter to  
2 provide additional evidence or our position, because a  
3 lot of those weren't included in the original August 5th  
4 letter we received from the DRB.

5           As to the specifics of this, there is no  
6 doubt that we did not provide the documents within three  
7 days of closing. We don't have a good excuse for it.  
8 We didn't do it and we apologized for that. That isn't  
9 something that we've had happen in the past with the  
10 company. We had two major deals going on and it slipped  
11 through the cracks, and we've changed our processes so  
12 it doesn't happen again.

13           I'm not here to tell you we didn't do it. We  
14 did. Nor will I be here to tell you in a subsequent  
15 hearing that the deed of trust was filed. The deed of  
16 trust wasn't signed by GLPI. They were signed by  
17 Eldorado Resorts. They were given to us. We didn't  
18 know what version they sent.

19           I believe you'll find that Sergeant Seaton's  
20 investigation revealed that this was just a mistake.  
21 The wrong document was sent. Keep in mind there were  
22 six properties in six different states. There were  
23 hundreds of documents, literally deeds, being sent to  
24 the title company.

25           We had agreed this Article 20 that

1 Mr. Grewach described, we in Eldorado agreed that was  
2 the right provision. We were fine with it. We have no  
3 problem with the Missouri Gaming Commission holding the  
4 deed of release. The wrong deed of trust was sent to  
5 the title company.

6 The discussion that we should have seen it  
7 when it came back from the title company. For anyone  
8 who has done a large M&A transaction, there were  
9 hundreds of documents. We didn't review them all in  
10 their record form when they were returned. There was  
11 no -- there was no intention. We were happy to include  
12 it. From our perspective the GLPI was included.

13 So the suggestion in your letter as between  
14 us and Eldorado, the two parties, that that document, we  
15 both agreed Article 20 was part of it, so if either  
16 party tried to enforce that against the other to say it  
17 was included, I don't think that would be enforceable.  
18 We weren't trying to circumvent anybody.

19 And that leaves the loan agreement. And  
20 we've set forth our interpretation of that loan  
21 agreement, importantly in the agreement to restructure,  
22 because what is not being told is that there was a whole  
23 history that led to that loan agreement.

24 We're not in the business of making loans.  
25 GLPI owns 46 properties and we don't make loans. We're

1 not a mortgage company. We own them and we lease them  
2 to our tenants.

3           The loan was an accommodation because it was  
4 clear to us from the staff that they were not going to  
5 permit us to own Lumiere Place despite the review of the  
6 Federal Trade Commission not finding any anti-  
7 competitive concerns related to our leasing our  
8 ownership structure.

9           It was clear to us between that and pressure  
10 we were getting from our counterparts to close the  
11 transaction, that we needed to do something to find a  
12 way to get this closed, because our liability to  
13 Tropicana and Carl Icahn was specific performance.

14           So you're talking about a \$1.8 billion  
15 transaction. You're looking at \$246 billion in value in  
16 Missouri specifically from GLPI at Lumiere Place.

17           We couldn't risk the bigger transaction. We  
18 closed, like, three business days after this approval.  
19 This was approved on September 26th. The closure  
20 happened on October 1st, and there was a weekend in  
21 between. We were jamming to get a deal closed.

22           That agreement to restructure and our legal  
23 interpretation of that, which is set out in there, the  
24 reasons that we didn't think the loan agreement were  
25 included in that are pretty specific in there.

1                   Most importantly, that loan agreement, we  
2 were talking about a 24-month term with the staff, and  
3 we never spoke to the Commission, so all these  
4 communications were through the staff. We needed it to  
5 be secured by real property because we are a Real Estate  
6 Investment Trust. In order to get good REIT income from  
7 a loan, it has to be secured by real estate.

8                   So we really weren't interested in subverting  
9 any process. We weren't trying to own. We weren't.  
10 And I don't believe there is a single shred of evidence  
11 to suggest that we were. We were simply trying to get a  
12 good REIT income from our loan, replace with other  
13 Eldorado until we could judge the staff wasn't  
14 comfortable with the 24-month security interest.

15                   So we got a letter, which I'm sure you  
16 probably have, and if you don't, we will be providing in  
17 the next phase of this, that said if the security  
18 interest isn't realized in 12 months, it's a \$5 million  
19 fine. If it's not realized in 18 months, it's a  
20 \$2.5 million fine. If it's not realized in 24 months  
21 it's a \$100,000-a-day fine.

22                   This was all about the security interest. If  
23 we release the security interest, under that construct  
24 in that letter there is no fines. There is no problem.  
25 Right? This was about having our loans secured by



1 Missouri real estate.

2           We called off the dogs on this. We said  
3 we're a publicly traded company. We can't afford to  
4 have these types of fines potentially subjected to us,  
5 which flow through to our shareholders as a REIT.

6           So what we're going to do, we'll release the  
7 security in twelve months. Let's forget all of fines.  
8 We'll agree upfront there will be no security interest  
9 after twelve months.

10           And we also agreed that during the term of  
11 the security interest foreclosure on the property will  
12 not be a remedy. So the deed of trust specifically  
13 provides that if they breach the loan agreement or don't  
14 pay, we can't foreclose on the property. We can  
15 exercise other remedies. We can't exercise foreclosure.

16           You might say that's crazy. It's not crazy  
17 from our perspective because we didn't need the right to  
18 foreclose on the properties to make this good REIT  
19 income. What we were trying to do was get a transaction  
20 closed in a manner that would be acceptable to our  
21 shareholders and acceptable to Missouri.

22           So we never believed that any term of this  
23 loan beyond the end of the security interest was  
24 something that this Commission cared about, because when  
25 they did care about the 24 months, it was actually

1 secured. Now we're to a point where it's unsecured.

2           We entered into this agreement to restructure  
3 that Mr. Grewach mentioned, referenced we put a  
4 provision in there that says no further conditions can  
5 be added to that, because there is a whole host of  
6 reasons we did not trust the process that led to that.

7           We do not feel that we were treated fairly of  
8 that process, and, therefore, we wanted to ensure that  
9 if we were agreeing to this agreement to restructure,  
10 that the resolutions that were approved wouldn't broaden  
11 the obligations under that agreement to restructure.

12           And as Mr. Grewach said, the note and the  
13 deed of trust are attached. I'm not refuting that there  
14 is an incorporation by reference provision in the note.  
15 Quite frankly there is also an incorporation by  
16 reference provision of the note into the deed of trust.

17           There is no need to attach the note either.  
18 We do not believe -- we believe the loan agreement was  
19 intentionally excluded for that agreement to  
20 restructure. When we read the resolution, we read it to  
21 be consistent with the agreement to restructure.

22           Now, we may all agree at the end of the day  
23 our interpretation isn't as good as Mr. Grewach's  
24 interpretation, but we weren't seeking to circumvent  
25 anybody. We didn't benefit by the change to the loan

1 agreement.

2                   This was a process where we had a situation  
3 in the loan agreement, which I described in my testimony  
4 and it's set forth in some of the written materials,  
5 where it wasn't as simple as Eldorado just repaying the  
6 loan at the end of the long term. They were also going  
7 to have to add rent to our lease. So there was a  
8 punitive aspect to repaying the loan at the end of the  
9 loan term.

10                   We were starting to have our arguments  
11 between counsel about, well, under what circumstances  
12 should they pay the rent, should they be penalized and  
13 pay the rent, because it was a huge windfall to us.

14                   So three days or four days from closing,  
15 whatever it was, we said, look, why don't we just say at  
16 the end of the loan term if you haven't breached the  
17 loan agreement, if you're in compliance with the loan  
18 agreement, you can extend the loan on an unsecured basis  
19 for a year up to three times. That wasn't some diabolic  
20 attempt to circumvent the Gaming Commission. That was  
21 an attempt to make sure that your licensee, our tenant,  
22 didn't run into a financial hardship under circumstances  
23 that could not be predicted at that time.

24                   Keep in mind this was all an accommodation  
25 where we were supposed to own the property. We and

1 Eldorado were trying to figure out what are we going to  
2 do to replicate the economics in this transaction and  
3 get it closed on time.

4           We did not -- Mr. Grewach is absolutely  
5 right. When I proposed that that night, I said if  
6 Missouri doesn't care. Absolutely true. And there  
7 seems to be a discussion in the letter that we couldn't  
8 possibly have figured that out between the night and the  
9 next morning. Well, we did.

10           We were working all night on trying to close  
11 the transaction. We looked at the agreement to  
12 restructure. We looked at the resolution. These are  
13 only a few pages. It doesn't take -- it doesn't take  
14 days to analyze. And I said, oh, the loan agreement is  
15 not included here, and that makes sense to us because  
16 it's on an unsecured basis. The loan agreement is  
17 called a loan agreement, but it contains a lot of  
18 provisions in it about how we were going to replace  
19 these properties and the mechanics for that.

20           The loan agreement doesn't stop when the loan  
21 is repaid. If the loan is repaid and replacement  
22 properties aren't in, the loan agreement keeps going.  
23 There are other provisions in there.

24           Well, I said, we can go ahead and include  
25 this provision because it's unsecured, if you're even

1 able to exercise it. It's not clear on day one that  
2 they'd even be in a position to be able to exercise that  
3 option, which is why I said the long term is two years.  
4 At the end of two years you have to repay it unless  
5 these other conditions are met, in which case you can  
6 extend it.

7           When we found out how much Missouri cared  
8 about this, we were very surprised. I mean, it's an  
9 unsecured loan. We have another unsecured loan to  
10 Casino Queen across the river. That's not  
11 something that we've come to the Missouri Gaming  
12 Commission to say we're making an unsecured loan.

13           We were floored, but at the same time we  
14 said, fine. That's okay. This benefits Eldorado. We  
15 at GLPI are fine if you take it. That's fine. Eldorado  
16 is going to take it out. We took it out.

17           At no point did we believe or have reason to  
18 believe that the Commission had a different view of this  
19 than we did. As soon as we found out they did have a  
20 different view, we immediately changed it.

21           So there's a lot that will go into it. I  
22 think there's a lot of information and a lot of  
23 documents and things that need to be presented in order  
24 for all of the information to be present, and we will do  
25 that in due course.

1                   But I just want from me because I'm the  
2 person that is alleged to have circumvented the  
3 Commission and the suggestion is that I did so  
4 intentionally in some sort of vendetta, that it's simply  
5 not true.

6                   This was a different understanding of the  
7 agreement to restructure, and reasonable minds can  
8 differ. I think you'll see -- when you see this, you  
9 may say legally one party has a better position than the  
10 other. I'm just telling you that was our position, and  
11 there was no intention to circumvent. And I think the  
12 difference between a \$35,000 fine and a \$300,000 fine,  
13 which is extraordinarily high, has to come with some  
14 sort of indication that we've done something intentional  
15 to harm the process in Missouri or the reputation of the  
16 industry, and it's simply not true.

17                   CHAIRMAN LEARA: Okay. Questions for  
18 Mr. Moore?

19                   Mr. Boulware.

20                   COMMISSIONER BOULWARE: Yes.

21                   Let me first say, Mr. Carlino, I agree with  
22 many of your comments. Both Penn National and GLPI have  
23 a very impressive history and a strong reputation. I'm  
24 not going to ask you any questions. I'm just making  
25 that statement. And my concerns are not with your

1 companies at large. I don't think there is some  
2 systemic issue with your corporations.

3 My concerns are, Mr. Moore, with your  
4 conduct. And the conduct that is concerning and the  
5 statements that are concerning were laid out by  
6 Commission's General Counsel, but I'm also concerned by  
7 how you've responded to it.

8 You haven't come forward and said, gee,  
9 sorry. Yeah, in hindsight I should have done things  
10 differently. Instead you've kind of doubled down, gone  
11 on defense.

12 And I'm looking at a letter that you wrote  
13 September 11, 2019, and what you say in part, the DRB  
14 staff letter contains several materially misleading  
15 statements, as well as certain new allegations not  
16 previously set forth in the initial DRB staff  
17 recommendation letter dated August 5, 2019.

18 You've been asked to identify these  
19 materially misleading statements and you haven't done  
20 so. Those words, materially misleading --

21 MR. MOORE: Yeah.

22 COMMISSIONER BOULWARE: -- pack quite a  
23 punch. That's strong language.

24 What you are accusing the DRB of doing is  
25 misleading this Commission, making materially misleading

1 statements. So let me ask you, Mr. Moore, what are  
2 those materially misleading statements? And be  
3 specific.

4 MR. MOORE: I can do that.

5 CHAIRMAN LEARA: And take your time there. I  
6 want to pull that letter up.

7 I think I have that, Mr. Moore. Stand by for  
8 just a second if you would.

9 MR. MOORE: Sure.

10 CHAIRMAN LEARA: Okay. Proceed.

11 MR. MOORE: Okay. And I'll highlight a few  
12 of these for you.

13 In the DRB staff letter it includes testimony  
14 that I gave to Sergeant Seaton in one instance, and it  
15 quotes his question and my response.

16 My response quoted in here is four lines long  
17 in this letter. My actual response was over forty lines  
18 long. And part of that response is necessary for an  
19 understanding of our view on the issue that he's raised  
20 in here.

21 So my concern is that the letter is painting  
22 a picture where we're doing this intentionally to  
23 circumvent something, and we're painting a picture of --  
24 I believe it paints a picture of trying to circumvent  
25 the Commission when that is not true. And we laid that



1 out in there.

2 I also say --

3 COMMISSIONER BOULWARE: But let me stop you  
4 there. We don't need to get into back and forth here.  
5 I don't think that would be productive.

6 So I asked you for materially misleading  
7 statements, and what you pointed to was a quote that you  
8 gave and you're taking fault with the DRB staff letter  
9 not laying out the full quote. But materially  
10 misleading statement is a quote that you gave.

11 You're saying that's materially misleading.  
12 Is that right?

13 MR. MOORE: No. I'm saying it's misleading  
14 to tell the Commission only a part of my response, only  
15 a part of the story.

16 But there are more. Can I go through a few  
17 other examples?

18 COMMISSIONER BOULWARE: Please.

19 MR. MOORE: So there is another one on the  
20 morning of the Commission meeting that I sent an e-mail  
21 suggesting on whether I should attend. That's not true.  
22 That e-mail was sent the night previous.

23 And it wasn't a question as to whether or not  
24 we should show up here at that hearing, because we were  
25 concerned that if we showed up, that we were walking

1 into a trap here, that we would be asked to present and  
2 that would be used against us or could be used in a way  
3 to deny the transaction.

4 So that e-mail wasn't sent the night before  
5 the -- the day of. I wasn't here in the parking lot.  
6 It was sent in the night before from my office.

7 COMMISSIONER BOULWARE: And that's materially  
8 misleading?

9 MR. MOORE: I believe it could be because it  
10 could suggest that we were trying to do something  
11 intentional here, where that's not the case.

12 COMMISSIONER JAMISON: I have a question on  
13 that then if we're going to get into this.

14 You make the statement that you could lie to  
15 the Commission on why you were not available. Was it a  
16 part of your e-mail?

17 MR. MOORE: I didn't say I would lie. I had  
18 another transaction that day. We were closing.

19 COMMISSIONER JAMISON: You can say that I was  
20 unavailable. That sounds like a lie by omission.

21 MR. MOORE: No. I believe my intention of  
22 that was I had two commitments that day. If somebody  
23 said it would be negligent of you to show up in this  
24 hearing, because if you do, you could be denied the  
25 transaction, then I would not come. The Commission

1 didn't ask me to come. I wasn't asked to be here. We  
2 were coming voluntarily.

3 COMMISSIONER JAMISON: Why come up with a  
4 plan on why you could explain why you wouldn't be here  
5 if you could have just not come?

6 MR. MOORE: Because I didn't know if I should  
7 be here or not. I didn't know if it was appropriate for  
8 us to be here. It wasn't our petition at that time.

9 COMMISSIONER JAMISON: Okay. I don't have  
10 any other questions.

11 CHAIRMAN LEARA: Mr. Boulware.

12 COMMISSIONER BOULWARE: Do you have any other  
13 materially misleading statements?

14 MR. MOORE: I think, yeah, there are more  
15 here. I mean, there are more statements in that letter  
16 that suggested we had engaged in wrongdoing that I think  
17 were intending to lead that that was our intent, and  
18 that wasn't our intent.

19 And I think there is information contained in  
20 the interviews and in the letters that quite clearly  
21 indicates that that wasn't our intent. And so I think  
22 that by presenting that in the way that it was  
23 presented, it could mislead the Commission.

24 I'll give you another example.

25 There is a passage in there that says that --

1 you know, it's questioning the decision to include this  
2 into the loan agreement.

3 That decision to include it, the provision in  
4 the loan agreement, I had testified and I explained  
5 happened in a meeting in someone's office.

6 There is information in the letter that says  
7 they scoured the privilege log. They went through.  
8 They didn't find any e-mails or anything to suggest that  
9 that was the case, to suggest that this decision was  
10 made by a committee of people at GLPI. I had testified  
11 there was no e-mails. There was no information  
12 contained in e-mails. It was in a meeting.

13 So I think the purpose of that was to get  
14 into the letter that we had not waived privilege in  
15 this. And so I just feel like the whole -- that letter  
16 was drafted in such a way that would mislead the  
17 Commission into thinking we did something intentionally,  
18 that it was all part of a plan to mislead the  
19 Commission.

20 And I can provide you this. We have a  
21 summary of all of the statements and how we think it was  
22 misleading, which I can provide.

23 CHAIRMAN LEARA: So, Mr. Moore, I think from  
24 the Executive Director the following day after your  
25 letter asserting these things -- well, they weren't

1 specific until today. I think that the staff requested  
2 the specifics of this, and I don't know why that was not  
3 provided until this point.

4 MR. MOORE: The reason we didn't provide it,  
5 with all due respect, is that we felt as though the  
6 staff was advocating for a certain position in this from  
7 the very beginning, from the very first phone call in  
8 October of 2018.

9 I think when you look at written  
10 communications and the agreement that we made to get in  
11 front of the Commission to set forth the benefits that  
12 we thought we would bring to Missouri by owning Lumiere  
13 Place, I think it becomes fairly clear that that was  
14 never going to be permitted.

15 And so the reason that we specifically didn't  
16 respond to that request was we weren't sure if it was  
17 coming from you or from the staff. And it's the staff  
18 that made the original statements in the August 20  
19 letter, that we were concerned that if we were to  
20 provide this, which is essentially a summary of the  
21 statements and why we think they're inaccurate, that  
22 would further be used as just another -- there would be  
23 another letter and another letter. And as the staff's  
24 letter pointed out, there will be an opportunity for us  
25 in a hearing to present all that information.



1 Angie, what is that?

2 MS. FRANKS: That's Commissioner Finney.

3 CHAIRMAN LEARA: Mr. Finney. I stand  
4 corrected.

5 Thank you. Go ahead.

6 COMMISSIONER FINNEY: Thank you, Chairman.

7 Mr. Moore, what facts gave you the impression  
8 that we, the Commission, were not receiving the letters  
9 that you were sending to the Commission?

10 MR. MOORE: I won't say there's a specific  
11 fact that I will point to that would say we didn't  
12 think you were getting it. The letters we were getting  
13 back --

14 COMMISSIONER FINNEY: I'm sorry. Go ahead.

15 MR. MOORE: The letters we were getting back  
16 said that we needed to provide the information in order  
17 for the staff to decide whether or not to present it to  
18 the Commission. That's what we thought the process was,  
19 was that they wouldn't present our request until we had  
20 provided that information.

21 COMMISSIONER FINNEY: Okay. So are you  
22 alleging today -- and I'm not trying to put you on the  
23 spot. I'm trying to clarify what your position is.

24 Are you alleging today that your organization  
25 was somehow denied the due process afforded by the

1 regulations?

2 MR. MOORE: You know, I -- the answer is yes  
3 and no. First of all, I recognize --

4 COMMISSIONER FINNEY: You have to pick either  
5 one.

6 MR. MOORE: The answer is yes. Yes, I do  
7 believe we were not provided an opportunity to present  
8 information; however, I also don't believe we have that  
9 right necessarily under statute. Because a license is a  
10 privilege. It's not a right.

11 So the rights that we have in a general sense  
12 in the court system outside of this are not afforded to  
13 licensees necessarily here.

14 So I don't think there's any obligation by  
15 the Commission to hear our side of the story or to  
16 permit us to present the benefits that we think we bring  
17 or our positions. I think that's within the discretion  
18 of the Commission, and, therefore, I think that right  
19 comes later.

20 I think that right would be if we have a  
21 disciplinary order and we then have a right to present  
22 the facts and circumstances that we think refute that  
23 order or refute the violations, then we have that right,  
24 but we don't have it before that.

25 COMMISSIONER FINNEY: Okay. Can I ask one



1 more question? I'm sorry.

2 CHAIRMAN LEARA: Yes, Mr. Finney. Go ahead.

3 COMMISSIONER FINNEY: Thank you.

4 Mr. Moore, thank you. I appreciate you  
5 clarifying your position on that, and I'll just offer  
6 this and then yield to the floor.

7 You know, I've been listening to what you  
8 have to say, and, you know, my concerns are that, you  
9 know, certain things that I've heard such as, well, we  
10 assumed that this was -- this particular issue was not  
11 material in that sense or that the Commission would  
12 really care about that or, you know, we were worried  
13 that you weren't going to get our letters or, you know,  
14 certain presumptions and that kind of thing, you know,  
15 frankly were unfounded and created a lot of problems,  
16 you know.

17 And I think that, you know, as far as I think  
18 where everybody is in agreement, that you guys are being  
19 afforded every opportunity that you're entitled to or  
20 that, you know, we are required to give you.

21 I understand that you wanted a private  
22 audience or a private meeting, but my concern is that  
23 there were certain assumptions that were made which kind  
24 of put us in an awkward position and an inability to  
25 really have everything we needed, and I hold you guys

1 responsible for that.

2 So that's all I have to say.

3 MR. MOORE: I apologize, Commissioner, if we  
4 put you in that position. That was certainly not our  
5 intention.

6 CHAIRMAN LEARA: All right. We're going to  
7 go to Mr. Boulware. He has some comments or questions.

8 COMMISSIONER BOULWARE: Just quickly, a two-  
9 part question.

10 One, do you believe you made any mistakes,  
11 you personally made any mistakes here today? That's  
12 part one. Part two is if so, what would you do  
13 differently?

14 MR. MOORE: I believe that I did make  
15 mistakes. I mean, clearly there are a couple of  
16 violations; namely, in not providing the documents and  
17 in the filing of the deed of trust that clearly are  
18 mistakes that could have been prevented by either party.  
19 Certainly could have been prevented by us.

20 And we will do things differently from now on  
21 as it relates to those two violations. We will be sure  
22 that after these hearings, that when we have conditions  
23 and follow-up items, that those are catalogued and  
24 somebody is taking care of those immediately.

25 Because I have no excuse for that. That was

1 wrong. We should have gotten those documents in on  
2 time.

3 I don't believe I did anything wrong  
4 personally with respect to the loan agreement and our  
5 interpretation of that. I mean, I think that our  
6 interpretation of why that agreement wasn't included and  
7 what led up to that and the reasons why it wasn't until  
8 we heard from the staff that they were upset about that,  
9 I would not have done anything differently. Now, as  
10 soon as we heard, we immediately changed that.

11 In hindsight -- and I think I testified with  
12 Sergeant Seaton. In hindsight I think I probably would  
13 have pushed everything to the staff whether or not I  
14 thought it was included or not, because all this could  
15 have probably been avoided. I think most of this comes  
16 down to this loan agreement and the change in terms, and  
17 just because it was unsecured it was not. In hindsight  
18 I should have sent it anyway.

19 But we didn't feel like it was included. At  
20 that point in time we were trying to provide what we  
21 thought was included. And if I had known it was so  
22 important to the Gaming Commission how long that  
23 unsecured loan lasted, we certainly would have provided  
24 it. We had no problem changing it when we were demanded  
25 to change it.

1                   And as I think I testified with Sergeant  
2 Seaton, if we're asked to do anything by a gaming  
3 commission, we're happy to do it. I mean, as long as  
4 it's not something that, you know, we think it would be  
5 detrimental or destroy our business, in which case we  
6 think that this is something that you should understand  
7 before we do it. We're always happy to do anything that  
8 you want us to do with respect to the documents and  
9 transactions that impact the State. So we were happy to  
10 do all of that the minute we learned about it.

11                   And I think Mr. Grewach indicated when he  
12 called on the 22nd, the documents were sent on the 23rd.  
13 We made changes to the agreement by the 26th. We  
14 weren't seeking to circumvent anybody. We were happy to  
15 make the changes.

16                   CHAIRMAN LEARA: Thank you.

17                   Any other questions for Mr. Moore?

18                   COMMISSIONER JAMISON: No, sir.

19                   CHAIRMAN LEARA: Mr. Moore, thank you.

20                   Is there anyone else that wishes to speak on  
21 behalf of GLPI?

22                   MR. CARLINO: Yeah, I can't resist. I should  
23 sit down and know when to shut up.

24                   CHAIRMAN LEARA: Mr. Carlino, go ahead.

25                   MR. CARLINO: I feel like I have to defend

1 Brandon Moore, who I know to be an honorable, decent,  
2 finest attorney and a good guy that I've ever known. I  
3 can promise you that nothing that he did was intentional  
4 in any way.

5 We know it's a privilege. We've been around  
6 this business a very long time. The respect of gaming  
7 commissions for our company is essential to our life and  
8 well-being. This thing got off to a bad start. Maybe  
9 it will come out later as we look into detail.

10 But I think if you look at how this process  
11 evolved, I would ask you again. All we ever asked for  
12 was a yes or a no. How did it get to this? There's a  
13 lot more stuff that we would have liked to present, but  
14 this is not the time for it.

15 So all I can say is to the degree anything  
16 has happened that makes you folks unhappy, it was  
17 completely and utterly inadvertent. That's the point I  
18 feel I have to make. And I just have to defend Brandon.  
19 He really is an honest, an honorable guy.

20 CHAIRMAN LEARA: Mr. Carlino, hold on.

21 Since you brought yourself back up, does  
22 anyone else have questions relating to that?

23 COMMISSIONER JAMISON: No, sir.

24 COMMISSIONER FINNEY: I have just one thing,  
25 Mr. Chairman.

1                   CHAIRMAN LEARA: Mr. Finney, go ahead.

2                   COMMISSIONER FINNEY: I just want to say  
3 that, you know, I appreciate your position particularly  
4 regarding Mr. Moore.

5                   From what I know now I don't necessarily have  
6 any reason to disagree that this was anything but a poor  
7 assumption on his part as to what was material to the  
8 Commission. I could even, you know, speculate that  
9 maybe if you guys had approached us with this issue,  
10 that we would have been agreeable.

11                   But that's not what happened. What happened  
12 is we've had to spend a lot of time, effort and  
13 resources getting to what exactly happened. And that is  
14 the issue from my perspective. It's not that this was  
15 necessarily with the intention to mislead, but it was we  
16 just felt like we were just getting the runaround, that  
17 there were certain presumptions made on our behalf  
18 without first consulting us, and then that led us to  
19 spending resources and time and energy like we've had  
20 to, like we're doing right now, the meeting this  
21 morning. And I think that's a mistake. That problem is  
22 what you guys are responsible for.

23                   So I'm not disparaging anybody's character  
24 here, but I think that's the responsibility that lies on  
25 you and that's why you're facing the discipline that you

1 are from my perspective.

2 CHAIRMAN LEARA: Mr. Carlino, do you wish to  
3 respond to that?

4 MR. CARLINO: That was never our intent. We  
5 always have from the beginning been trying to reach you.  
6 Remember, the votes rest with the Commission, you folks  
7 up here.

8 It was you that I felt we had to make our  
9 case for. We never had an opportunity to make the case  
10 for us owning the Lumiere property. Never. Never ever.  
11 It was clear from the outset that we were not going to  
12 be given that opportunity.

13 It was part of a large transaction, and in  
14 the eleventh hour we found a panic way to get to closing  
15 for the reasons that I think Brandon laid out pretty  
16 well, but we never had an opportunity to speak to the  
17 people who voted about why it made sense to own that  
18 property. That's all we ever wanted. That's all we  
19 ever asked for. What we got unfortunately was, you  
20 know -- well, I'll just leave it at that.

21 CHAIRMAN LEARA: Thank you.

22 MR. CARLINO: Thank you very much.

23 CHAIRMAN LEARA: Any further discussion on  
24 No. -- I'll just call it 77? Everybody knows. I'm  
25 sorry.

1 Does someone wish to say something?

2 COMMISSIONER JAMISON: I'm willing to make a  
3 motion if there is no further discussion, whenever  
4 you're ready.

5 CHAIRMAN LEARA: All right. Any further  
6 discussion?

7 Seeing none, Mr. Jamison.

8 COMMISSIONER JAMISON: I move for adoption of  
9 DC-19-077 with an amended fine of \$150,000.

10 CHAIRMAN LEARA: Do we have a second on that  
11 motion?

12 COMMISSIONER BOULWARE: Second.

13 CHAIRMAN LEARA: We have a second from  
14 Mr. Boulware.

15 Discussion on the amendment?

16 Seeing none, Angie, call the roll.

17 MS. FRANKS: Commissioner Conway.

18 COMMISSIONER CONWAY: Approved.

19 MS. FRANKS: Commissioner Boulware.

20 COMMISSIONER BOULWARE: Approved.

21 MS. FRANKS: Commissioner Finney.

22 COMMISSIONER FINNEY: Approved.

23 MS. FRANKS: Commissioner Jamison.

24 COMMISSIONER JAMISON: Approved.

25 MS. FRANKS: Chairman Leara.



1                   CHAIRMAN LEARA: Approved.

2                   MS. FRANKS: By your vote you've adopted  
3 DC-19-077 with an amended fine of \$150,000.

4                   CHAIRMAN LEARA: Okay. With that in mind  
5 we'll move on to Item IV.E, No. 090.

6                   Mr. Grewach, you have the floor.

7                   MR. GREWACH: Thank you, Mr. Chairman.

8                   CHAIRMAN LEARA: Did I say that right?

9                   MR. GREWACH: Grewach.

10                  CHAIRMAN LEARA: That will be the next time I  
11 say it.

12                  Go ahead.

13                  MR. GREWACH: My grandfather came through  
14 Ellis Island. They couldn't understand what he was  
15 saying and it became incorrect, Grewach.

16                  CHAIRMAN LEARA: I suffer that myself. I  
17 understand.

18                  MR. GREWACH: Tab E is a preliminary order of  
19 discipline directed to Hollywood Casino Maryland Heights  
20 for followup audit findings.

21                  The MGC Commission staff conducts routine and  
22 scheduled compliance audits of all our casinos. This  
23 particular audit was for a time period from December  
24 2015 through August of 2017.

25                  As our audits are being conducted, we notify

1 casino management of violations as we find them. At the  
2 conclusion of the audit we then sit down and meet with  
3 the management, have a formal exit conference to discuss  
4 our findings. That meeting in this case took place on  
5 January 3rd, 2018.

6 Then the casino management provides us with  
7 written responses for the findings, and those documents  
8 all then complete a final audit report which was issued  
9 on February the 15th, 2018.

10 Then as we always do, we did a followup. In  
11 this case a followup was in July of 2018. We found two  
12 significant findings that had not been corrected from  
13 the first audit.

14 The first finding involves using the  
15 incorrect form to document additions of currency,  
16 cassettes or coins to the ticket redemption kiosks.

17 The management response back before the final  
18 audit report was that they were going to use the correct  
19 forms by January 31st, 2018, but our followup in July  
20 found that they were still using those improper forms.

21 The second finding was the failure to  
22 properly document time worked by dual-rate employees.

23 A dual-rate employee in this case is an  
24 employee who is regularly a frontline employee who on  
25 occasion for certain time periods moves up to a

1 supervisor position.

2           The importance of correctly documenting that  
3 is when you're acting as a supervisor you have different  
4 key access. There are certain sensitive keys to certain  
5 boxes or areas of the casino that a supervisor has that  
6 the frontline employee would not.

7           Also the supervisor has rights to sign forms  
8 that the front line employee wouldn't, the kiosk and  
9 signature are correct, so we need that proper  
10 documentation of when the dual-rate employee was  
11 performing that task.

12           The management response to the audit finding  
13 was to issue a memo to the dual-rate employees  
14 instructing them to correctly code when clocking in and  
15 out and to supervisors to ensure that the revenue audit  
16 was made aware of the changes by the next gaming day.

17           When we followed up also in July, we found  
18 that they were still not properly documenting the  
19 changes and the time periods in which the dual-rate  
20 employees worked.

21           Staff recommended a fine of \$2,500. The  
22 response to the 14-day letter, the property acknowledged  
23 the violation indicated, that it was not contesting the  
24 fine amount but did note that it had taken steps to  
25 correct these violations. So with that in mind DRB

1 voted to continue with the \$2,500 recommendation.

2 CHAIRMAN LEARA: Questions of Mr. Grewach?

3 Seeing none, does anybody -- is there anyone  
4 from St. Louis Gaming Ventures that wishes to speak?

5 None.

6 Okay. I would entertain a motion to adopt  
7 090 disciplinary order.

8 COMMISSIONER BOULWARE: So moved.

9 CHAIRMAN LEARA: We have a motion. Do we  
10 have a second?

11 COMMISSIONER JAMISON: Second.

12 CHAIRMAN LEARA: We have a second.

13 Any discussion on the motion?

14 Seeing none, Angie, please call the roll.

15 MS. FRANKS: Commissioner Conway.

16 COMMISSIONER CONWAY: Approved.

17 MS. FRANKS: Commissioner Boulware.

18 COMMISSIONER BOULWARE: Approved.

19 MS. FRANKS: Commissioner Finney.

20 COMMISSIONER FINNEY: Approved.

21 MS. FRANKS: Commissioner Jamison.

22 COMMISSIONER JAMISON: Approved.

23 MS. FRANKS: Chairman Leara.

24 CHAIRMAN LEARA: Approved.

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

1 DC-19-090.

2 CHAIRMAN LEARA: Thank you.

3 Next item up for discussion, IV.F., Tropicana  
4 St. Louis, Disciplinary Order 091.

5 Mr. Grewach.

6 MR. GREWACH: Yes. Thank you, Mr. Chairman.

7 It's a preliminary order of discipline  
8 directed to Lumiere Place Casino for a violation of  
9 Rule 45-5.181, arising out of a problem with one of the  
10 casino's promotions.

11 On December 23rd, 2018 the Commission  
12 received a complaint from a patron who stated that he  
13 had not received the points he was entitled to according  
14 to the rules.

15 Our investigation into that complaint  
16 indicated that that was true. The casino had updated  
17 its slot accounting system which resulted in 1,430  
18 patrons not receiving the proper amount of points for a  
19 promotional time period that spanned from May 22nd, 2018  
20 to September 23rd, 2018.

21 The promotional points themselves often have  
22 direct rewards such as free slot play. Also the other  
23 factor considered is there is also in each player reward  
24 program a tier point status, and as you accumulate more  
25 tier points, you move up into a category. And each

1 category might have specific benefits for that player  
2 club member, such as free buffet, VIP parking.

3 Of the review of the 1,430 players who didn't  
4 get the correct amount of points, 34 would have moved up  
5 to a higher status and there were also some that would  
6 have earned drawings in promotions that did not get them  
7 because of that factor.

8 The casino did go correct the problem and put  
9 the correct amount of points once identified onto the  
10 player club cards. The recommendation of the DRB was a  
11 \$2,500 fine, and there was no response to the 14-day  
12 letter.

13 CHAIRMAN LEARA: Questions of Mr. Grewach?  
14 Seeing none, anyone from -- so a quick  
15 question.

16 Who is this? Is this Lumiere? Tropicana?

17 MR. GREWACH: It's Tropicana. I said  
18 Lumiere.

19 CHAIRMAN LEARA: And the order of discipline  
20 is for Tropicana St. Louis. Is that correct?

21 MR. GREWACH: That's correct. Tropicana  
22 St. Louis, LLC.

23 CHAIRMAN LEARA: I see that.

24 Does anyone wish to speak on behalf of  
25 Tropicana St. Louis, LLC?

1                   Okay. Seeing none, further discussion on  
2 disciplinary order 091?

3                   COMMISSIONER JAMISON: I move for adoption.

4                   CHAIRMAN LEARA: We have a motion. Do we  
5 have a second?

6                   COMMISSIONER BOULWARE: Second.

7                   CHAIRMAN LEARA: We have a second from  
8 Mr. Boulware.

9                   Discussion?

10                  Seeing none, Angie, please call the roll.

11                  MS. FRANKS: Commissioner Conway.

12                  COMMISSIONER CONWAY: Approved.

13                  MS. FRANKS: Commissioner Boulware.

14                  COMMISSIONER BOULWARE: Approved.

15                  MS. FRANKS: Commissioner Finney.

16                  COMMISSIONER FINNEY: Approved.

17                  MS. FRANKS: Commissioner Jamison.

18                  COMMISSIONER JAMISON: Approved.

19                  MS. FRANKS: Chairman Leara.

20                  CHAIRMAN LEARA: Approved.

21                  MS. FRANKS: By your vote you've adopted  
22 DC-19-091.

23                  CHAIRMAN LEARA: Thank you.

24                  We'll move on to Item No. V.G., and this  
25 would be Consideration of Rules and Regulations.

1 Mr. Grewach, you have the floor.

2 MR. GREWACH: Thank you, Mr. Chairman.

3 Under Tab G we have final orders of  
4 rulemaking.

5 The proposed orders of rulemaking were  
6 approved by the Commission on May 29th, 2019. Those  
7 proposed orders are also included in your packet, so you  
8 can see the specifics of the changes that were proposed  
9 in those. There's a public comment period after that  
10 entry and also a public hearing conducted on July  
11 the 30th, 2019.

12 No comments were received from either of the  
13 public hearing or written comment periods, so,  
14 therefore, the proposed amendment is not set forth in  
15 the final order itself. If the Commission approves  
16 these, they will have an effective date of January 30th,  
17 2020.

18 When you look at the specific rules that are  
19 listed, when you look at Items 1 and 2, these two  
20 amendments came about as part of our continuing effort  
21 to review our rules under the guideline of the  
22 Governor's Executive Order 17-03 to identify rules that  
23 isn't necessary or overly burdensome to our licensees as  
24 businesses.

25 The first rule, the 11.020, required that for



1 any refund of any amount on an overpayment of tax, the  
2 licensee was required to fill out and file a claim form.  
3 The change in the rule only requires if the overpayment  
4 request is over \$100. So it's simplified, cut down on  
5 the paperwork.

6 Similarly Item 11.110, Item No. 2. The  
7 original rule required those claim forms when they're  
8 filed to be done in duplicate. This eliminated that  
9 requirement. It just requires them to file one copy of  
10 that document.

11 Items 3 and 4 relate to bingo. The original  
12 constitutional amendment that approved bingo included a  
13 provision that a person had to be a member of the  
14 organization for two years before they could work at a  
15 bingo event. At the November 2018 election the voters  
16 approved a constitutional amendment to reduce that time  
17 period to six months.

18 These two amendments that you're presented  
19 with are to bring our rules into compliance or to make  
20 them consistent with that constitutional amendment  
21 change.

22 CHAIRMAN LEARA: Both of them are?

23 MR. GREWACH: Both of them are.

24 CHAIRMAN LEARA: So any discussion or  
25 questions of Mr. Grewach?

1 I might just move to calling you Ed. I'm  
2 serious. I think that's going to happen.

3 Any discussion on the order of rulemaking?

4 MR. GREWACH: One motion can include all four  
5 of them.

6 CHAIRMAN LEARA: I understand that.

7 Does anyone from the audience wish to speak  
8 on the proposed rules?

9 Seeing none, I'll entertain a motion to  
10 accept.

11 COMMISSIONER JAMISON: I move to adopt all of  
12 the items under Tab G.

13 CHAIRMAN LEARA: We have a motion and a  
14 second waiting.

15 COMMISSIONER CONWAY: Second.

16 CHAIRMAN LEARA: Second from Mr. Conway.  
17 Any discussion?

18 Seeing none, Angie, please call the roll.

19 MS. FRANKS: Commissioner Conway.

20 COMMISSIONER CONWAY: Approved.

21 MS. FRANKS: Commissioner Boulware.

22 COMMISSIONER BOULWARE: Approved.

23 MS. FRANKS: Commissioner Finney.

24 COMMISSIONER FINNEY: Approved.

25 MS. FRANKS: Commissioner Jamison.

1 COMMISSIONER JAMISON: Approved.

2 MS. FRANKS: Chairman Leara.

3 CHAIRMAN LEARA: Approved.

4 MS. FRANKS: By your vote you've adopted the  
5 final orders of rulemaking, 11 CSR 45-11.020, 11.110,  
6 30.090 and 30.130.

7 CHAIRMAN LEARA: Thank you.

8 The next item, Consideration of Licensure for  
9 Level I/Key Applicants, No. 041.

10 EXECUTIVE DIRECTOR GROTHAUS: Mr. Chairman,  
11 Assistant Director Maggie White will present.

12 CHAIRMAN LEARA: Yes. You have the floor  
13 when you're ready.

14 MS. WHITE: Mr. Chairman, Commissioners,  
15 Tab H, Resolution No. 19-041.

16 Missouri Gaming Commission conducted  
17 comprehensive background investigations on multiple key  
18 and Level I applicants for licensure.

19 The investigations consisted of financial  
20 review and analysis, including examination of bank and  
21 security accounts, net worth and tax returns, general  
22 character inquiries made in the jurisdictions where the  
23 applicants lived, worked and frequented and criminal  
24 history checks to determine the suitability for  
25 licensure.

1                   The following individuals are being presented  
2 for your consideration: Kameron Dee Hibbard, Ameristar  
3 Casino Kansas City, Inc., Vice President of Finance;  
4 Patrick Sean Murphy, Argosy Riverside Casino, Vice  
5 President of Finance/Chief Financial Officer; Joyce  
6 Arpin, Caesars Entertainment Corporation, Senior Vice  
7 President, Finance and Treasurer; Darren Donald Albert  
8 Simmons, Everi Payments, Inc., Executive Vice President,  
9 FinTech Business Leader; Eric Wayne Dudley, Mark Twain  
10 Casino, Safety and Security Manager.

11                   Thank you.

12                   CHAIRMAN LEARA: Questions of Maggie?

13                   I have one.

14                   So I've read through this and it's very  
15 interesting, the extent of the background checks that  
16 you go through and the sources that you use. Do you  
17 have agreements with some of these law enforcement  
18 agencies or governmental bodies that you have access  
19 through computers or is this a manual process where you  
20 call them on the phone, e-mail? How is that done?

21                   MS. WHITE: I believe I will ask one of the  
22 investigators to answer that that actually does those  
23 checks.

24                   CHAIRMAN LEARA: You know, I can do that  
25 later if you don't have an answer. That's fine. I was

1 just curious. I saw it was quite extensive what you go  
2 through.

3 MS. WHITE: Yes, it is.

4 CHAIRMAN LEARA: Okay. Any other questions?

5 Does anyone wish to speak on the licensees'  
6 behalf?

7 Seeing none. Thank you.

8 All right. Any further discussion?

9 COMMISSIONER JAMISON: I move for adoption.

10 CHAIRMAN LEARA: We have a motion to adopt.

11 Do we have a second?

12 COMMISSIONER BOULWARE: Second.

13 CHAIRMAN LEARA: And a second from  
14 Mr. Boulware.

15 No further discussion.

16 Angie, please call the roll.

17 MS. FRANKS: Commissioner Conway.

18 COMMISSIONER CONWAY: Approved.

19 MS. FRANKS: Commissioner Boulware.

20 COMMISSIONER BOULWARE: Approved.

21 MS. FRANKS: Commissioner Finney.

22 COMMISSIONER FINNEY: Approved.

23 MS. FRANKS: Commissioner Jamison.

24 COMMISSIONER JAMISON: Approved.

25 MS. FRANKS: Chairman Leara.

1 CHAIRMAN LEARA: Approved.

2 MS. FRANKS: By your vote you've adopted  
3 Resolution No. 19-041.

4 CHAIRMAN LEARA: And at this time I would  
5 enter that we -- unless there is anything else anyone  
6 wishes to bring before the Commission.

7 Seeing none, I will accept a motion to  
8 adjourn.

9 COMMISSIONER JAMISON: So moved.

10 CHAIRMAN LEARA: I have a motion. A second?

11 COMMISSIONER BOULWARE: Second.

12 CHAIRMAN LEARA: We have a second.

13 Angie, please call the roll.

14 MS. FRANKS: Commissioner Conway.

15 COMMISSIONER CONWAY: Approved.

16 MS. FRANKS: Commissioner Boulware.

17 COMMISSIONER BOULWARE: Approved.

18 MS. FRANKS: Commissioner Finney.

19 COMMISSIONER FINNEY: Approved.

20 MS. FRANKS: Commissioner Jamison.

21 COMMISSIONER JAMISON: Approved.

22 MS. FRANKS: Chairman Leara.

23 CHAIRMAN LEARA: Approved.

24 We stand adjourned.

25 WHEREIN, the meeting concluded at 12:05 p.m.

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CERTIFICATE OF REPORTER

I, Patricia A. Stewart, CCR, a Certified Court Reporter in the State of Missouri, do hereby certify that the testimony taken in the foregoing transcript 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 transcript was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

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Patricia A. Stewart

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