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Missouri Gaming Commission

Wednesday, May 26, 2021

9:30 a.m.

Courtyard Cape Girardeau Downtown

400 Broadway Street, 1st Floor Conference Room,

Rear Building

St. Cape Girardeau, MO 63701

Reported by: Lance Begnaud, Notary Public

JOB No.: 4590083

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A P P E A R A N C E S

List of Attendees:

- David Hane, Commissioner
- Pat Conway, Commissioner
- Brandon Boulware, Commissioner
- Mike Leara, Chairman
- Bob Fox, Mayor
- Paul Koeper
- Timothy McGrail, Deputy Director
- Judge Peggy Richardson, Executive Director
- Sergeant Brian Holcomb

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

2 MR. LEARA: Okay. We will call the
3 May 26, 2021, meeting to order for the Missouri Gaming
4 Commission to order. Angie, please call the
5 roll.

6 MS. FRANKS: Commissioner Hane?

7 MR. HANE: Present.

8 MS. FRANKS: Commissioner Conway?

9 MR. CONWAY: Present.

10 MS. FRANKS: Commissioner Boulware?

11 MR. BOULWARE: Present.

12 MS. FRANKS: Chairman Leara?

13 MR. LEARA: Present.

14 MR. LEARA: We have a quorum. Next item
15 on the agenda is adoption of the agenda. I move that we
16 adopt the agenda as printed.

17 MR. HANE: Second.

18 MR. LEARA: We have a second. Any discussion?
19 I see none. Angie?

20 MS. FRANKS: Commissioner Hane?

21 MR. HANE: Approve.

22 MS. FRANKS: Commissioner Conway?

23 MR. CONWAY: Approve.

24 MS. FRANKS: Commissioner Boulware?

25 MR. BOULWARE: Approve.

1 MS. FRANKS: Chairman Leara?

2 MR. LEARA: Approved.

3 MS. FRANKS: By your vote, you have
4 adopted the agenda.

5 MR. LEARA: Next item, we'll recognize
6 our elected officials here. I'd like to thank Mayor
7 Bob Fox for hosting us here. Thank you. Thanks for
8 coming. And Commissioner Paul Koeper. Good to
9 see you.

10 MS. RICHARDSON: Thank you all
11 for coming.

12 MR. LEARA: Yes. Thanks for having
13 us. We love your town. You have a nice casino, and
14 we had a very nice time last night, and just want
15 to say thank you for hosting us. Next item on the agenda
16 is team member recognition.

17 MS. RICHARDSON: Chairman Leara, the
18 Missouri Gaming Commission takes great pride in
19 recognizing outstanding achievements and years of
20 service for its employees. At this time, I have asked
21 Deputy Director Tim McGrail to make the
22 presentations.

23 MR. LEARA: And I'd like to introduce
24 Judge Peggy Richardson as our new executive director
25 if you have not met her. Thank you, and go

1 ahead, Tim. You have the floor.

2 MR. MCGRAIL: Good morning, attendees.

3 Today, we'll recognize two of our employees --
4 again -- for the work that they have done. We -- we
5 try as much as possible to practice as far as our core
6 values -- which is integrity, professionalism, and
7 service. And these two employees have done that. One
8 of them has had 10 years with the -- with the
9 organization. The other one has had 20 years. It's
10 been a difficult year for -- for all of us as far as
11 trying to still maintain our operation and working and
12 providing a service not only to the community and the
13 citizens, to the commission, but as well as to the
14 industry. So today, I'd like to ask for Ed Grewach
15 and Terri Hutchison to come forward.

16 So Ed has been with us for 10 years. I
17 believe he is the longest serving general counsel for
18 the Gaming Commission at this time. So
19 congratulations, Ed. Ed's the type of person where
20 he's always prepared -- as you have seen before. You
21 can always come to him, ask him a question. He
22 definitely will give you his opinion on it. Most of
23 the time it's a -- it's a valid, legal opinion. We do
24 like to argue at times, but that -- that's in his
25 blood, but that's a good thing.

1 Terri has been with us for 20 years.
2 It seems like it's been, you know, a long time. She's
3 filled a lot of positions within the Gaming Commission
4 all -- all the way from dealing with policies,
5 regulations, internal policies, and now she's our
6 assistant deputy of enforcement, and she's done a very
7 fine job during this time. So again, we want to
8 recognize them for their years of service.
9 Congratulations to the both of you.

10 MR. LEARA: Thank you. Thank you.
11 Okay. Next item on the agenda, consideration
12 of minutes from April 27, 2021, and April 28, 2021.
13 I will move for the approval. Is there a
14 second?

15 MR. CONWAY: Second.

16 MR. LEARA: Do we have any discussion
17 on the minutes? I see none. Angie, please call the
18 roll.

19 MS. FRANKS: Commissioner Hane?

20 MR. HANE: Approve.

21 MS. FRANKS: Commissioner Conway?

22 MR. CONWAY: Approve.

23 MS. FRANKS: Commissioner Boulware?

24 MR. BOULWARE: Approved.

25 MS. FRANKS: Chairman Leara?

1 MR. LEARA: Approved.

2 MS. FRANKS: By your vote, you have
3 adopted the minutes of the April 27, 2021, and April
4 28, 2021, meetings.

5 MR. LEARA: Thank you. Next item on
6 the agenda is disciplinary actions. We will move to
7 disciplinary action number 21-020 I suppose would be
8 first, right, Mr. Grewach?

9 MR. GREWACH: That's correct.

10 MR. LEARA: Okay.

11 Proceed when you're ready.

12 MR. GREWACH: Yes. Thank you,
13 Mr. Chairman. Commissioners, under tab C, we have a
14 preliminary order of discipline directed to Ameristar
15 Kansas City Casino. Commission rules require that
16 casinos use table game layouts that have been approved
17 by the commission. On August 12, 2020, MGC performed
18 a review of the casino's 64 table games and found that
19 five tables -- which were the same game in the same
20 pit -- had layouts that were not approved by the
21 commission. The approved layouts stated that under
22 certain combination of player cards and dealer cards
23 resulted in a certain outcome. The actual
24 layout used said combination of player cards and
25 the dealer up card resulted in a different outcome.

1 The general rules were in different
2 locations and were different at two locations. On one spot
3 on the table game layout that was utilized, it stated
4 that doubling after split was allowed except for Aces.
5 In another location, it simply said doubling after
6 split was allowed, and that could have caused a patron
7 to believe that he could double his bet after
8 splitting cards even if he was splitting Aces. The
9 casino had a prior violation in 2017 for unapproved
10 table game layouts. The fine in that case was \$2,500.
11 The discipline review board in this case recommended a
12 fine of \$2,500. We received no response from the
13 14-day letter sent to the casino.

14 MR. LEARA: Questions for
15 Mr. Grewach?

16 MR. CONWAY: Yes.

17 MR. CONWAY: Go ahead,
18 Mr. Conway.

19 MR. CONWAY: On the layout, the
20 consistency of the table face, then, is -- can that
21 vary from casino to casino? Is that a regulatory
22 rule?

23 MR. GREWACH: It can vary from casino
24 to casino. They have to present their layouts to us.
25 We approve them, then the layouts they actually

1 install have to be consistent with the ones that we
2 approved.

3 MR. CONWAY: Okay.

4 MR. LEARA: Any other questions?

5 I see none. I think we'll move right on to the
6 second one. And then, Angie, we can take votes
7 after that.

8 MR. GREWACH: On tab D, we have a
9 preliminary order of discipline directed to Lumiere
10 Place Casino. Our rules require that the surveillance
11 system for the casino floor be a closed system to
12 prevent hacking and unauthorized access. We also in
13 our rules require camera coverage of specific areas.
14 We have a requirement that a specific number of
15 monitors be available in both the casino surveillance
16 room and the MGC surveillance room, and we also have
17 requirements for retention and archiving of
18 surveillance videos.

19 On August 1, 2020, the casino
20 suffered -- the casino surveillance system was subject
21 to a Ransomware attack. And as a result, the number
22 of monitors available were less than the number
23 required by the rule. In addition, the Ransomware
24 attack rendered 130 cameras inoperable, and the
25 remediation of the Ransomware attack also led to the

1 loss of the archive surveillance coverage required by
2 the rules. Investigation disclosed that the casino
3 also had an external wireless system for their parking
4 garage and other external areas of the property. In
5 order to fix a licensing issue with that wireless
6 system, the casino opened up a public -- a portal with
7 a public IP address for the vendor to access and fix
8 the problem. That public portal was open for nine
9 days. The hackers accessed the system through that
10 portal.

11 Now, although the wireless and the
12 casino hardwire system were on different servers, both
13 servers were connected to a domain computer. So once
14 the Ransomware hacker accessed the wireless system
15 that went up to the main computer, came back down to
16 the casino surveillance system which caused the
17 problems that I have previously recited. Discipline
18 review board recommended a \$5,000 fine.

19 In the property's response to the
20 14-day letter, they did not contest the violation nor
21 the fine. They pointed out that they acted quickly to
22 remedy the situation and that the external wireless
23 system was very valuable in helping protect the safety
24 of patrons and to help prevent crime in the areas
25 immediately surrounding the casino.

1 They suggested in that letter remedial
2 measures -- which included e-mail distribution to
3 members of their team and to the commission and that
4 when a vendor was making a repair of a system
5 that that system would be functionally segregated from
6 the rest of the system during the time it was being
7 repaired. Now, not in your 14-day letter that you see
8 in your packet because it just recently completed,
9 they have -- in fact -- then gone on to fix the
10 problem and now have a fully isolated wireless system
11 isolated from the casino hardwired system.

12 MR. LEARA: Questions for Mr. Grewach?
13 Mr. Conway, or Mr. Boulware, proceed.

14 MR. BOULWARE: Yeah. Just one. And I
15 apologize if I missed this. During the Ransomware
16 attack, was there any -- was there any theft of any
17 kind?

18 MR. GREWACH: Any theft? Not that
19 we're aware of. You know, what the Ransomware did was
20 it encrypted the files. And obviously as most
21 of you know how Ransomware works then, if you respond
22 to their e-mail, they will tell you how much you have
23 to pay to get the encryption key to unlock files. The
24 property in this case didn't even open the e-mail or
25 respond to the hackers. What they did first is, they

1 just isolated the areas where the -- where the virus
2 was. And then when they were finished, then they
3 wiped clean the servers -- which is what resulted
4 in the loss of the surveillance archive footage.
5 But from our review and from what the information
6 the casino provided to us, there was no theft and
7 no theft of any information that occurred from this
8 Ransomware attack.

9 MR. BOULWARE: Thank you.

10 MR. LEARA: Mr. Conway?

11 MR. CONWAY: I'm just wondering, what
12 did they -- so they didn't have to pay to get the
13 information or get the encryption?

14 MR. GREWACH: No because they never
15 even opened the e-mail, so they didn't even know what
16 the ransom demand was. They just approached it by
17 let's fix it, and they just went around and handled
18 it that way.

19 MR. LEARA: Thank you, Mr. Grewach.
20 I don't think we have anything else on those two
21 actions. At this time, I will move for the approval
22 of disciplinary action number DC-21-020 for
23 Ameristar. Is there a second?

24 MR. HANE: Second.

25 MR. LEARA: We have a second. Any

1 discussion? I see none. Angie, please call the
2 roll.

3 MS. FRANKS: Commissioner Hane?

4 MR. HANE: Approve.

5 MS. FRANKS: Commissioner Conway?

6 MR. CONWAY: Approve.

7 MS. FRANKS: Commissioner Boulware?

8 MR. BOULWARE: Approved.

9 MS. FRANKS: Chairman Leara?

10 MR. LEARA: Approved.

11 MS. FRANKS: By your vote, you have
12 adopted DC-21-020.

13 MR. LEARA: I will now moves for the
14 approval of disciplinary action number DC-21-021,
15 Tropicana. Is there a second?

16 MR. BOULWARE: Second.

17 MR. LEARA: Second, Mr. Boulware.

18 Any discussion? I see none. Angie?

19 MS. FRANKS: Commissioner Hane?

20 MR. HANE: Approve.

21 MS. FRANKS: Commissioner Conway?

22 MR. CONWAY: Approve.

23 MS. FRANKS: Commissioner Boulware?

24 MR. BOULWARE: Approved.

25 MS. FRANKS: Chairman Leara?

1 MR. LEARA: Approved.

2 MS. FRANKS: By your vote, you have
3 adopted DC-21-021.

4 MR. LEARA: Okay. We're going to --
5 I make a motion to go into closed session prior to the
6 next item on the agenda. So I'll read that motion.
7 Assuming that motion is approved, we will then
8 go into closed clearing the room other than
9 necessary staff, and then we will come back into
10 open session after a short discussion. Okay.

11 So at this time, I move for a motion to
12 go to closed meeting under sections 313.847 of the
13 Revised Statutes of Missouri -- investigatory,
14 proprietary, and application records -- and section
15 610.021 section 1, 3 and section 13 for personnel,
16 section 12 -- contracts -- and section 14 -- records
17 protected from disclosure by law. Is there a second?

18 MR. HANE: Second.

19 MR. LEARA: We have a second. Any
20 discussion? I see none. Angie?

21 MS. FRANKS: Commissioner Hane?

22 MR. HANE: Approve.

23 MS. FRANKS: Commissioner Conway?

24 MR. CONWAY: Approve.

25 MS. FRANKS: Commissioner Boulware?

1 MR. BOULWARE: Approved.

2 MS. FRANKS: Chairman Leara?

3 MR. LEARA: Approved.

4 MR. LEARA: We are now in closed, and
5 I think there's a member of the media here that has
6 recording -- I don't know if there's more than one
7 device, but can we feel comfortable that it's
8 not?

9 (Off the record.)

10 MR. LEARA: All right. We're back
11 in open session. Next item on the agenda
12 is consideration of relicensure of certain
13 suppliers -- first being IGT. Sergeant Holcomb,
14 you have the floor when you're ready.

15 MR. HOLCOMB: Good morning, Mr.
16 Chairman -- Commissioners.

17 MR. LEARA: Good morning.

18 MR. HOLCOMB: Missouri State Highway
19 Patrol officers and Missouri Gaming Commission
20 financial investigators conducted three supplier
21 license renewal investigations for the purpose of
22 assisting the commission and determine the continued
23 suitability of IGT, JCM American Corporation, and NRT
24 Technology Corp. These investigations consisted
25 of -- but were not limited to -- financial reviews,

1 feedback from Missouri Gaming facility operators,
2 jurisdictional inquiries, a review of disciplinary
3 actions, litigation, business credit profiles, and a
4 review of the key persons associated with each
5 company. Results of these investigations were
6 provided to the MGC staff for their review. I'd be
7 glad to answer any questions that you might have.

8 MR. LEARA: Okay. Relating to
9 IGT, we have financial and background investigators
10 here. Any questions? I see none. Please proceed
11 with the next. That's a presentation for all three,
12 sir?

13 MR. HOLCOMB: That was all three of
14 them, yes, sir.

15 MR. LEARA: Okay. So we
16 have -- we have consideration of relicensure
17 resolution number 21-023 for IGT, and I move for the
18 approval. Is there a second?

19 MR. HANE: Second.

20 UNIDENTIFIED SPEAKER #1: We have a
21 second, Mr. Hane. No discussion? Angie, please call
22 the roll.

23 MS. FRANKS: Commissioner Hane?

24 MR. HANE: Approve.

25 MS. FRANKS: Commissioner Conway?

1 MR. CONWAY: Approve.

2 MS. FRANKS: Commissioner Boulware?

3 MR. BOULWARE: Approved.

4 MS. FRANKS: Chairman Leara?

5 MR. LEARA: Approved.

6 MS. FRANKS: By your vote, you have
7 adopted resolution number 21-023.

8 MR. LEARA: I will now move for
9 the approval of relicensure for JCM American
10 Corporation resolution number 21-024. Is there a
11 second?

12 MR. CONWAY: Second.

13 MR. LEARA: We have a second,
14 Mr. Conway. Any discussion? I see none. Angie,
15 please call the roll.

16 MS. FRANKS: Commissioner Hane?

17 MR. HANE: Approve.

18 MS. FRANKS: Commissioner Conway?

19 MR. CONWAY: Approve.

20 MS. FRANKS: Commissioner Boulware?

21 MR. BOULWARE: Approved.

22 MS. FRANKS: Chairman Leara?

23 MR. LEARA: Approved.

24 MS. FRANKS: By your vote, you have
25 adopted resolution number 21-024.

1 MR. LEARA: I now move for the
2 approval of relicensure for NRT Technology
3 Corporation, resolution number 21-025. Is there a
4 second?

5 MR. BOULWARE: Second.

6 MR. LEARA: Second, Mr. Boulware.
7 Any discussion? I see none. Angie, please call the
8 roll.

9 MS. FRANKS: Commissioner Hane?

10 MR. HANE: Approve.

11 MS. FRANKS: Commissioner Conway?

12 MR. CONWAY: Approve.

13 MS. FRANKS: Commissioner Boulware?

14 MR. BOULWARE: Approved.

15 MS. FRANKS: Chairman Leara?

16 MR. LEARA: Approved.

17 MS. FRANKS: By your vote, you have
18 adopted resolution number 21-025.

19 MR. LEARA: Okay. I think our
20 elected officials have left. I was going to give them
21 a moment if they wished, but I want to thank them
22 for being here. We will now go back into closed
23 session. Do we need to take a vote on that? Okay.
24 So I will move -- I will make a motion for closed
25 meeting under sections 313.847 of Revised Statutes of

1 Missouri -- investigatory, proprietary, and
2 application records -- and section 610.021 section 1,
3 3, and 13 -- personnel -- section 12 -- contracts --
4 and section 14 -- records protected from disclosure by
5 law. Is there a second?

6 MR. HANE: Second.

7 MR. LEARA: I have a second. No
8 discussion? Angie, please call the roll.

9 MS. FRANKS: Commissioner Hane?

10 MR. HANE: Approve.

11 MS. FRANKS: Commissioner Conway?

12 MR. CONWAY: Approve.

13 MS. FRANKS: Commissioner Boulware?

14 MR. BOULWARE: Approved.

15 MS. FRANKS: Chairman Leara?

16 MR. LEARA: Approved.

17 MR. LEARA: Thank you all for
18 coming.

19 (Whereupon, at 10:02 a.m., the
20 proceeding was concluded.)

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CERTIFICATE OF NOTARY PUBLIC

I, LANCE BEGNAUD, the officer before whom the foregoing proceedings were taken, do hereby certify that any witness(es) in the foregoing proceedings, prior to testifying, were duly sworn; that the proceedings were recorded by me and thereafter reduced to typewriting by a qualified transcriptionist; that said digital audio recording of said proceedings are a true and accurate record to the best of my knowledge, skills, and ability; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this was taken; and, further, that I am not a relative or employee of any counsel or attorney employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

<%21297,Signature%>
LANCE BEGNAUD

Notary Public in and for the
State of Missouri

1 CERTIFICATE OF TRANSCRIBER

2 I, STEPHANIE MILLER, do hereby certify that
3 this transcript was prepared from the digital audio
4 recording of the foregoing proceeding, that said
5 transcript is a true and accurate record of the
6 proceedings to the best of my knowledge, skills, and
7 ability; that I am neither counsel for, related to,
8 nor employed by any of the parties to the action in
9 which this was taken; and, further, that I am not a
10 relative or employee of any counsel or attorney
11 employed by the parties hereto, nor financially or
12 otherwise interested in the outcome of this action.

13

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<%26363,Signature%>

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STEPHANIE MILLER

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MISSOURI GAMING COMMISSION
Second Open Session Minutes
May 26, 2021

The Missouri Gaming Commission (the “Commission”) went into the second open session at approximately 11:53 a.m. on May 26, 2021, at the Courtyard by Marriott, 400 Broadway Street, Cape Girardeau, Missouri.

Chairman Leara moved to adjourn the open session meeting. Commissioner Hane seconded the motion, and after a roll call vote was taken, Hane – yes, Conway – yes, and Leara – yes, the motion passed unanimously.

The first open session meeting ended at 11:54 a.m.