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6 MISSOURI GAMING COMMISSION

7 MEETING

8 3417 Knipp Drive

9 Jefferson City, Missouri 65109

10 JANUARY 19th, 2022

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APPEARANCES

Mike Leara, Chairman
Mr. David W. Hane, Commissioner
Mr. Pat Conway, Commissioner
Chief Jan Zimmerman, Commissioner

Also present:

The Court Reporter:

MS. LISA VALENTINE, CCR
Kansas CSR No. 1670
Missouri CCR No. 1336
ALARIS LITIGATION SERVICES
2511 Broadway Bluffs, Suite 201
Columbia, Missouri 65201
(573) 449-0561

1 (The hearing commenced at 9:30 a.m.)

2 MR. LEARA: Okay. We'll call the January
3 meeting of Missouri Gaming Commission to order.
4 Angie, would you please call the roll.

5 MS. FRANKS: Chairman Leara.

6 MR. LEARA: Present.

7 MS. FRANKS: Commissioner Conway.

8 MR. CONWAY: Present.

9 MS. FRANKS: Commissioner Hane.

10 MR. HANE: Present.

11 MS. FRANKS: Commissioner Zimmerman.

12 MS. ZIMMERMAN: Present.

13 MR. LEARA: There's a quorum. The first
14 item on the agenda, adoption of the agenda, and I
15 move for the adoption. Is there a second?

16 MS. ZIMMERMAN: Second.

17 MR. LEARA: We have a second. Any
18 discussion?

19 Seeing none, Angie, please call the roll.

20 MS. FRANKS: Chairman Leara.

21 MR. LEARA: Approved.

22 MS. FRANKS: Commissioner Conway.

23 MR. CONWAY: Approved.

24 MS. FRANKS: Commissioner Hane.

25 MR. HANE: Approved.

1 MS. FRANKS: Commissioner Zimmerman.

2 MS. ZIMMERMAN: Approved.

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

5 MR. LEARA: Next item will be Tim McGrail,
6 recognition of team member.

7 Commissioners, good morning. Thank you.
8 I'd like to have Deb McDaniel come forward. We just
9 want to recognize Deb.

10 So Deb is one of our employees that's been
11 here for a certain amount of time -- 20 years, to be
12 exact, so ...

13 She's the first one that you see coming in
14 normally for the commission meetings. She's always
15 trying to have everything prepared. She does have a
16 laundry list of duties, besides being the
17 receptionist, which she does handle very well.
18 Sometimes there may be small items but, again, it's
19 key that we have someone like Deb that's here to
20 handle a lot of those areas, as far as the mail log
21 and the phone list and everybody's birthday so we
22 know when those occur and that. So we want to
23 recognize Deb for her dedication with MGC for the
24 last 20 years with us. Would you like to say
25 anything?

1 MS. McDANIEL: Thank you. That's enough
2 for me.

3 MR. LEARA: All right. Thank you.
4 Congratulations. Next item on the agenda,
5 consideration of minutes from December 1st of last
6 year.

7 I'll move for the approval. Is there a
8 second?

9 MR. CONWAY: I'll second.

10 MR. LEARA: Second, Mr. Conway. Any
11 discussion?

12 Seeing none, Angie, please call the roll.

13 MS. FRANKS: Chairman Leara.

14 MR. LEARA: Approved.

15 MS. FRANKS: Commissioner Conway.

16 MR. CONWAY: Approved.

17 MS. FRANKS: Commissioner Hane.

18 MR. HANE: Approved.

19 MS. FRANKS: Commissioner Zimmerman.

20 MS. ZIMMERMAN: Approved.

21 By your vote, you've adopted the minutes
22 of the December 1st, 2021, meeting.

23 MR. LEARA: The next item on the agenda,
24 consideration of licensure, Level I. Who do we have
25 up?

1 MR. GREWACH: Sergeant Sammy Seaton.

2 MR. LEARA: Sammy. You have the floor
3 when ready.

4 MR. SEATON: Yes, sir.

5 Mr. Chairman and Commissioners, good
6 morning. Missouri State Highway Patrol
7 investigators and Missouri Gaming Commission
8 financial investigators conducted comprehensive
9 background investigations on multiple key and
10 Level I applicants. These investigations included
11 but were not limited to civil, criminal, financial,
12 and general character inquiries that were made in
13 the jurisdictions where the applicants have lived,
14 worked, and frequented. The respective
15 investigative findings were provided to the Missouri
16 Gaming Commission staff for their review. The
17 following applicants are being presented for your
18 consideration.

19 Erin R. Barnett, Affinity Interactive,
20 vice president and general counsel. Eric P Fiocco,
21 Affinity Interactive, chief marketing officer.
22 Douglas G. Lang, Ameristar Casino, St. Charles, vice
23 president and assistant general manager. Jason S.
24 Smith, Argosy Riverside Casino, director of
25 surveillance. Jaymin B. Patel, Bally's Corporation,

1 independent director. Derek B. Smith, BMM North
2 America, vice president of technical compliance.
3 Michael G. Couch, Mark Twain Casino, director of
4 casino operations. Adam J. Hancock, Hollywood
5 Casino St. Louis, security manager.

6 The investigators are available to answer
7 any questions you may have.

8 MR. LEARA: They're all here?

9 MR. SEATON: I believe so, yes, sir.

10 MR. LEARA: Just -- J.P. Masters? Who --
11 oh, okay. Now -- you don't have anything to add to
12 these reports. There were a couple of lengthy ones
13 in here and ...

14 MR. MASTERS: No, sir. I didn't see any
15 issues or concerns, just wanted you to be aware of
16 it.

17 MR. LEARA: Sergeant McTheeney? I saw you
18 back there.

19 MR. MCTHEENEY: Yes, sir.

20 MR. LEARA: Nothing to add?

21 MR. MCTHEENEY: No, sir.

22 MR. LEARA: Okay. Thank you.

23 Any discussion?

24 MS. ZIMMERMAN: I do have a couple of
25 questions.

1 MR. LEARA: Madam Zimmerman.

2 MS. ZIMMERMAN: Thank you, Mr. Chair.

3 Just quickly on a couple of the folks.

4 Mr. Patel, we noticed in the investigation -- in the
5 investigation that he is either the director, CEO,
6 holds a director-level position with a number of
7 corporations throughout the United States. I just
8 wondered if during the investigation there was, you
9 know, any consideration or at least conversation
10 about conflict of interest in those. I noticed one
11 of the corporations in New York is an insurance
12 consulting, and then agribusiness, you know, things
13 like that, since he can -- he holds so many
14 high-level positions within corporations across the
15 United States, is there anything that either crosses
16 paths or conflicts with his position there with
17 Bally's?

18 MR. SEATON: Yeah, that's a great
19 question. And when -- the investigation did not
20 reveal that there was any cross-contamination. Some
21 of those companies, the grow materials, they are
22 startup companies and technology companies, so they
23 don't even necessarily cross the path of what
24 Bally's is doing.

25 MS. ZIMMERMAN: Okay. Thank you so much.

1 MR. LEARA: Thank you. Thank you,
2 Sergeant.

3 Any other questions or concerns?

4 MS. ZIMMERMAN: I did have one other
5 question.

6 MR. LEARA: Madam Zimmerman.

7 MS. ZIMMERMAN: Thank you again.

8 With Michael Couch -- and I noticed that
9 he's relatively new to Mark Twain.

10 MR. SEATON: Yes.

11 MS. ZIMMERMAN: Been there about a year?

12 MR. SEATON: Yes.

13 MS. ZIMMERMAN: I noticed that in the
14 investigation it -- there was -- the standard
15 information about his average income, his net worth
16 and his average income over the previous five-year
17 period, that's stated primarily from gaming, but he
18 had a considerable number of instances during that
19 period where he was unemployed.

20 MR. SEATON: Correct.

21 MS. ZIMMERMAN: And I wondered if there
22 was, you know, any delving into that -- that far
23 into the weeds, I guess.

24 MR. MASTERS: Well, when we interviewed
25 him, he -- he was just going in between jobs, kind

1 of moving around. There was -- the last -- the last
2 one was due to COVID, and then other ones were
3 management changes, stuff out of his control. It
4 was not derogatory.

5 MR. LEARA: Well, could you address the
6 level of net worth versus being -- was that all --

7 MR. MASTERS: I would have -- Steve Vago
8 talked about his net worth, the financial
9 investigator on that.

10 MR. LEARA: Thank you. We'll have him
11 come. There was a net worth -- well, not -- it was
12 substantial, but with unemployment -- unemployed
13 periods.

14 MS. ZIMMERMAN: Yeah, significant.

15 MR. LEARA: Would that sustain that level
16 of net worth?

17 MS. ZIMMERMAN: Significant unemployment,
18 and then there were some other periods where he was
19 working as an Uber driver and some other things
20 that, you know, you wouldn't think you would be
21 amassing a lot of worth, but it was substantial net
22 worth.

23 MR. VAGO: Well, his -- good morning.
24 His -- his net worth was changed. He purchased a
25 home for \$210,000, and he had a mortgage on that, so

1 his net -- his net increase was about \$53,000, and
2 that was due to him decreasing his loans. He had a
3 cash increase, and, basically, the house was
4 increase in his pension.

5 MR. LEARA: Okay. Nothing stood out,
6 then?

7 MR. VAGO: Nothing -- nothing was big in
8 terms of his net worth. That was the biggest thing
9 that changed.

10 MS. ZIMMERMAN: Absolutely. Thank you.

11 MR. VAGO: Okay. You're welcome.

12 MR. LEARA: Thank you.

13 I'm sorry. I kind of interjected myself
14 into your question there, but I think I knew where
15 that was going.

16 MS. ZIMMERMAN: Absolutely. Thank you,
17 Mr. Chairman.

18 MR. LEARA: Thank you.

19 All right. Any other questions on the
20 resolution of the Level 1 key applicants?

21 Is the general counsel wishing to -- are
22 we good there? Okay.

23 All right. If nothing else, I would move
24 for the approval of licensure of Level 1 key
25 applicants, Resolution No. 22-001, and look for a

1 second.

2 MS. ZIMMERMAN: Second.

3 MR. LEARA: We have a second. Any other
4 discussion?

5 Seeing none, Angie, please call the roll.

6 MS. FRANKS: Chairman Leara.

7 MR. LEARA: Approved.

8 MS. FRANKS: Commissioner Conway.

9 MR. CONWAY: Approved.

10 MS. FRANKS: Commissioner Hane.

11 MR. HANE: Approved.

12 MS. FRANKS: Commissioner Zimmerman.

13 MS. ZIMMERMAN: Approved.

14 MS. FRANKS: By your vote, you've adopted
15 Resolution No. 22-001.

16 MR. LEARA: Next item on the agenda,
17 consideration of relicensure of keys.

18 MR. GREWACH: Sergeant Jeff Coulson.

19 MR. LEARA: Sergeant, you have the floor
20 when you're ready.

21 MR. COULSON: Mr. Chairman and
22 Commissioners, Missouri State Highway Patrol
23 investigators conducted background investigation
24 updates on key person renewals. The investigations
25 included an application review, as well as civil,

1 criminal, and general character inquiries made in
2 the jurisdictions where the applicants live, work,
3 and frequent. The following renewals are being
4 presented for your consideration.

5 William Michael Reeg, regional president
6 of Caesars Entertainment, Incorporated. Atul Bali,
7 director of Everi Holdings, Incorporated. Robert
8 Joseph Parente, senior vice president and chief
9 revenue officer, gaming, Scientific Games
10 Corporation.

11 Investigative findings were provided to
12 the Missouri Gaming Commission staff for their
13 review, and investigators are available to answer
14 any questions you might have. Thank you.

15 MR. HANE: How long are the licensures
16 for? We renew these every how many years?

17 MR. COULSON: Two years.

18 MR. HANE: Every two years.

19 MR. COULSON: Yes, sir.

20 MR. HANE: So, basically, we just looked
21 back in the last couple of years to see if anything
22 has come up?

23 MR. COULSON: We conducted law enforcement
24 checks as well, yeah.

25 MR. LEARA: Is Sergeant Coulson here?

1 MR. HANE: That's him.

2 MR. LEARA: Okay. Question: Were there
3 any time issues that you had on your report?

4 MR. COULSON: Any time issues?

5 MR. LEARA: You weren't feeling like you
6 were running out of time to complete --

7 MR. COULSON: Not on these, no. Now,
8 sometimes when we have more to do -- because I have
9 other duties to do as well.

10 MR. LEARA: I understand. What I'm saying
11 is, you didn't feel like one application had been
12 sitting here a long time and you needed to move
13 along. You had all of the information you needed --

14 MR. COULSON: Correct. Yeah. Yeah.

15 Some of the things that we have to
16 consider, the law enforcement checks take a while to
17 come in, so ...

18 MR. LEARA: Okay. Sergeant, thank you.

19 Any questions for Sergeant Coulson?

20 All right. Thank you.

21 MR. COULSON: Yes, sir.

22 MR. LEARA: There's no other discussion.

23 I move for the approval of Resolution 22-002.

24 Is there a second?

25 MR. HANE: Second.

1 MR. LEARA: Second, Mr. Hane.
2 Any discussion?
3 Seeing none, Angie, please call the roll.
4 MS. FRANKS: Chairman Leara.
5 MR. LEARA: Approved.
6 MS. FRANKS: Commissioner Conway.
7 MR. CONWAY: Approved.
8 MS. FRANKS: Commissioner Hane.
9 MR. HANE: Approved.
10 MS. FRANKS: Commissioner Zimmerman.
11 MS. ZIMMERMAN: Approved.
12 MS. FRANKS: By your vote, you've adopted
13 Resolution No. 22-002.
14 MR. LEARA: Next item on the agenda,
15 consideration of waiver of the institutional
16 investors.
17 MR. GREWACH: Yes.
18 MR. LEARA: Mr. Grewach.
19 MR. GREWACH: Under Tab D, we have an
20 application for an institutional investor waiver by
21 Baron Capital Group and its subsidiaries, who
22 collectively hold a 7.35 interest in Penn National
23 Gaming. Baron Capital is registered with the SEC as
24 an investment adviser and manages approximately
25 3.1 billion in assets. This is a renewal of the

1 prior waiver this company has been granted.

2 MR. LEARA: Any questions for,
3 Mr. Grewach?

4 Seeing none -- okay.

5 MR. CONWAY: I was just kind of astounded
6 by the number of vice presidents.

7 MR. LEARA: Yeah, they have quite a few.

8 I move for the approval of Resolution No.
9 22-003. Is there a second?

10 MR. CONWAY: Second.

11 MR. LEARA: We have a second, Mr. Conway.
12 Any discussion?

13 Seeing none, Angie, please call the roll.

14 MS. FRANKS: Chairman Leara.

15 MR. LEARA: Approved.

16 MS. FRANKS: Commissioner Conway.

17 MR. CONWAY: Approved.

18 MS. FRANKS: Commissioner Hane.

19 MR. HANE: Approved.

20 MS. FRANKS: Commissioner Zimmerman.

21 MS. ZIMMERMAN: Approved.

22 By your vote, you've adopted Resolution
23 No. 22-003:

24 MR. LEARA: The next item on the agenda,
25 consideration of disciplinary action. Mr. Grewach?

1 MR. GREWACH: Yes. Mr. Chairman, under
2 Tab E we have a preliminary order of discipline
3 directed to Ameristar Casino Kansas City.

4 On April 24th, 2021, casino staff notified
5 the MGC that a minor had entered the casino through
6 an emergency exit. In investigating and reviewing
7 surveillance, it was -- we found that the emergency
8 exit was open for six minutes, and ten guests
9 entered and two guests exited. This violates a rule
10 that requires all patrons to enter through an
11 approved turnstile, and that rule is necessary to
12 ensure the proper collection of the admission fees.
13 Discipline review board recommended a fine of
14 \$2,500, and the company had no response to the
15 14-day letter.

16 MR. LEARA: Any questions for Mr. Grewach.
17 Mr. Hane.

18 MR. HANE: I have one. Are there
19 surveillance cameras on -- on all the exit doors?

20 MR. GREWACH: Yes.

21 MR. HANE: So somebody in the room would
22 have noticed people coming in and out of that door
23 and no alarm on it?

24 MR. GREWACH: They -- they certainly could
25 have. I mean, that camera is one of many cameras

1 there monitoring. The alarms on these doors don't
2 alarm -- don't sound up to the surveillance.
3 They're like any other exit door; if you open them,
4 there's a loud noise to draw your attention to the
5 fact that the -- emergency exit.

6 MR. HANE: I don't know. I've never done
7 that. I've never gone out a door I'm not supposed
8 to.

9 MR. GREWACH: Yeah, I'm a rule follower,
10 too, so I never have, either, so ...

11 MS. ZIMMERMAN: I have a question for
12 Mr. Grewach as well.

13 MR. HANE: I was just curious if, you
14 know, we had 13 people dashing in and out of the
15 doors if -- you know, I mean, somebody's not
16 looking, but, anyway, go ahead.

17 MS. ZIMMERMAN: Thank you.

18 Mr. Grewach, I was particularly
19 concerned -- and perhaps maybe to Commissioner
20 Hane's question. In the statement of facts, Item
21 No. 9, the casino stated that the admission entry
22 and exit counts were correct, but that the gaming
23 commission staff wasn't able to independently verify
24 that that was actually the case. So how did we know
25 that they fixed the problem, I guess, is my

1 question.

2 MR. GREWACH: We do not. I mean, they
3 made the statement to us that they made the
4 adjustments on one of the approved turnstiles, but
5 those numbers are just out there. There was just no
6 way we could independently verify that they were
7 made or that the problem was corrected.

8 MS. ZIMMERMAN: Okay. Thank you.

9 MR. LEARA: Any other questions for
10 Mr. Grewach?

11 Okay. So I will go to Angie on this.
12 Angie, my question to you is it looks like -- oh,
13 it's a DC. It was a -- it appeared to be the same
14 number as one of the other motions that we made, but
15 this is a DC.

16 MS. FRANKS: Correct.

17 MR. LEARA: Thank you. All right. So
18 with that in mind, I move for the approval of
19 Disciplinary Action No. DC22-001.

20 Is there a second?

21 MR. HANE: Second.

22 MR. LEARA: Second, Mr. Hane. Any other
23 discussion?

24 MS. ZIMMERMAN: Mr. Chairman?

25 MR. LEARA: Yes. Madam Zimmerman.

1 MS. ZIMMERMAN: I would ask if the
2 commission feels that \$2,500 is appropriate in this
3 instance, based on the serious lapse in security and
4 the fact that we don't really have any way of
5 independent verification that it's been fixed.

6 MR. LEARA: That's a question to me, I
7 suppose. I will say I'm -- I'm okay with that.

8 MR. HANE: Well, we have any history? Do
9 they have any history of this particular violation
10 in the past? I didn't see anything.

11 MR. GREWACH: No, I -- this is really a
12 relatively unique circumstance. So there was no --
13 neither any prior or similar offenses that we could
14 locate to give us any kind of gauge to judge that.

15 MR. HANE: Okay.

16 MR. LEARA: I'm comfortable with it.

17 Mr. Conway, anything -- okay.

18 All right. With that in mind, I will move
19 for the approval of -- I think I already did.

20 MS. FRANKS: Uh-huh. And we have a
21 second.

22 MR. LEARA: We have a second granted. Any
23 other discussion?

24 Angie, call the roll.

25 MS. FRANKS: Chairman Leara.

1 MR. LEARA: Approved.

2 MS. FRANKS: Commissioner Conway.

3 MR. CONWAY: Approved.

4 MS. FRANKS: Commissioner Hane.

5 MR. HANE: Approved.

6 MS. FRANKS: Commissioner Zimmerman.

7 MS. ZIMMERMAN: Approved.

8 MS. FRANKS: By your vote, you've adopted
9 DC-22-001.

10 MR. LEARA: All right. Next item on the
11 agenda is Ameristar Kansas City Disciplinary Action
12 No. 2. Mr. Grewach.

13 MR. GREWACH: Thank you. This is a
14 preliminary order of discipline directed to
15 Ameristar Casino Kansas City for issues with a
16 promotion and for failing to report those issues to
17 the Missouri Gaming Commission.

18 In January of 2021, MGC electronic gaming
19 device staff discovered that the casino's Play and
20 Win promotion failed to award prizes as set forth in
21 the rules for that particular promotion. The -- in
22 the promotion that was conducted was in November of
23 2020. The discipline review board recommended a
24 fine of \$2,500. In the casino's response to the
25 14-day letter, the casino asked that the fine be

1 rescinded, but in that same letter, they disclosed
2 that they also had problems in October with this
3 same promotion. And, obviously, that's the first we
4 learned of that, so they had not disclosed the
5 October issues to us, as is required by rule. We
6 investigated following receipt of that letter, and
7 in follow-up with the investigation, we asked the
8 casino why they proceeded with the promotion in
9 November, if the problem was identified in October
10 and had not been fixed. The casino's reply was that
11 they felt the risk was minimum, and they would just
12 audit and adjust the patron accounts as necessary.

13 Because they had that prior issue, which
14 they did not disclose to us, and because of
15 inconsistent statements they made to us both in the
16 letter sent to us and in response to the interviews
17 in the investigation, the fine was then increased to
18 \$5000. The response to that second 14-day letter,
19 they did not contest the violation, nor the fine,
20 and outlined some remedial measures they planned to
21 take to address the issue.

22 MR. LEARA: All right. Questions for
23 Mr. Grewach?

24 MR. HANE: I've got --

25 MR. LEARA: Mr. Hane, you have the floor.

1 MR. HANE: Well -- okay. I know what I
2 don't know. And in -- under 12(a), it says when
3 asked during the investigation of May 2021 whether
4 other similar promotions had been run prior to
5 November, the casino denied "utilizing the earning
6 function for promotion through Speed Media"
7 previously.

8 Well, I'm completely lost there. I don't
9 know that -- I don't know what Speed Media promotion
10 is.

11 MR. GREWACH: The problem they found when
12 they reported it to us in November was that they
13 were basing rewards on incrementing or earning tier
14 points. And the problem arose because the tier
15 point increase is on one system, and there's a
16 problem communicating from that system to the
17 software that tracked the promotion rewards.

18 So that -- that problem, that you have
19 this system who can't effectively communicate with
20 this system was the problem. So we asked them,
21 Well, did you use this, you know, before November,
22 and they told us no, because -- obviously, we asked
23 that question because had they said yes, we would
24 have said, when, looked at it, and discovered the
25 October issue at that point in time.

1 MR. HANE: Perfect. Thank you.

2 MR. LEARA: Madam Zimmerman.

3 MS. ZIMMERMAN: Just -- I mean, in
4 agreement with what Mr. Grewach had said, I was
5 particularly concerned in the statement of facts
6 12(c) where they said they knew about the problem,
7 but they ran the promotion again because they felt
8 that the risk was minimal, and, obviously, you know
9 they already knew that they had a problem, and they
10 decided to run the promotion again, which I
11 completely agree actually takes us a step further
12 than -- than the original problem.

13 MR. GREWACH: Yes.

14 MR. LEARA: Anything to add?

15 MR. CONWAY: I guess my only point is so
16 they contested the \$2,500 fine --

17 MR. GREWACH: Correct.

18 MR. CONWAY: -- and then turned around and
19 admitted to other offenses, and they didn't
20 challenge the \$5,000 fine.

21 MR. GREWACH: That is correct.

22 MR. LEARA: All right. I guess I'll chime
23 in here. What comes to my attention are similar
24 cases, and there are a lengthy number involving the
25 same group. Is that right? Oh, no. It is others.

1 MR. GREWACH: It is others.

2 MR. LEARA: It is others. Okay. So --
3 I'm sorry. Similar case was for background
4 information for us. Is that right, Mr. Grewach?

5 MR. GREWACH: That's correct. We want to
6 provide, you know, particular in something as common
7 as a promotion -- and just to give you an idea of a
8 history, to whatever help that gives you in
9 determining what you think an appropriate fine would
10 be.

11 MR. LEARA: It was an additional
12 violations of the same group -- well, there was one
13 in there.

14 MR. GREWACH: Right. Right. I mean, we
15 pretty well -- when we look at our prior cases and
16 have a promotional issue, you know, we know where we
17 fall to be consistent in that. This one is, as
18 Commissioner Zimmerman pointed out, was a little
19 different in the -- to the extent that they had this
20 issue in October, so now you throw in the failure to
21 disclose on top of a promotion violation.

22 MR. LEARA: So is there a motion for
23 amending the fine? Currently the fine is 5,000.

24 MR. GREWACH: That's correct.

25 MR. HANE: I'm concerned by their cavalier

1 altitude of, Well, not that big of a deal, we'll
2 make adjustments as they present themselves,
3 basically. I don't -- you know, I don't think that
4 that's the way that we need to be operating business
5 here, just if somebody catches me in a mistake, then
6 I'll rectify it. If they don't catch me, if they
7 don't make a claim, then what?

8 So I -- I believe that Argosy needs -- I'm
9 sorry -- Ameristar needs to understand that we don't
10 approve of conducting business this way. And to get
11 their attention, I think the fine is a little light.

12 MR. LEARA: What do you propose?

13 MR. HANE: We're at five right now?

14 MR. LEARA: (Nods.)

15 Are you comfortable with 10,000?

16 MR. HANE: I -- yes.

17 MR. LEARA: All right. I will move to
18 amend the fine to \$10,000. Is there a second?

19 MS. ZIMMERMAN: Second.

20 MR. LEARA: We have a second.

21 Now on the amendment. Mr. Conway?

22 MR. CONWAY: I take it there's no one from
23 Ameristar present for the meeting?

24 MR. GREWACH: They may be. Now,
25 typically, at this stage, they don't present because

1 yours is the preliminary order, so it's like the
2 initial pleading in the case, and then they would
3 have a chance to request a hearing and present, but
4 it's completely up to the commissioners if they do
5 want to hear from someone.

6 So it wasn't -- it wasn't that we sent
7 them a letter and said, You need to be hear at this
8 meeting, I guess, is my explanation for that,
9 but ...

10 There is someone from Ameristar Kansas
11 City here present.

12 MR. CONWAY: Are they available for
13 comment?

14 MR. LEARA: If you would like that --

15 MR. CONWAY: I would like to hear a
16 response before we --

17 MR. LEARA: Okay. Fair enough. I hate to
18 put you on the spot unexpectedly, but ...

19 MR. HENSON: Actually, I appreciate the
20 opportunity. Keith Henson, senior vice president
21 and general manager.

22 Chairman, Commissioners, first and
23 foremost, nothing cavalier about this. We take it
24 very seriously. And this was absolutely a mistake.
25 We were testing new technology between Aristocrat

1 and Loyalty, and it went wrong. And the
2 immateriality of it is what caused the team that I
3 work with to try to figure it out. It was, I think,
4 \$330 in one and \$170 in the other.

5 Truthfully, on the October ran, we had no
6 idea that it didn't work. We went ahead and run the
7 November one again, and that's when we kind of --
8 our team got together and said, Hey, something is
9 not right on this. And it was exactly what
10 Mr. Grewach said, we were utilizing the Loyalty
11 system versus the UTI system, and it was wrong.

12 MR. LEARA: I think where heartburn on
13 this side of the table comes is from the failure to
14 report.

15 MR. HENSON: Absolutely.

16 MR. LEARA: You know, so that's --

17 MR. HENSON: And, listen, we take this
18 very seriously. I've had a license in this state
19 for many, many years. My head of compliance has
20 been at the property 26 years, and Tim and his team
21 will tell you we report. And it -- this is not
22 something that we take lightly. It was unknown.
23 They weren't aware. They were trying to figure it
24 out, and by the time we got everything together
25 and -- unfortunately, the team, when they figured

1 out that it was \$170 for one and \$330 for the other,
2 they didn't take it as seriously as they should
3 have. And so we respect your decision; we
4 understand the situation you're in.

5 MR. LEARA: So this is a preliminary.
6 There would be some -- Mr. Grewach, there would be
7 some back and forth after our action today, whether
8 it's five or ten or whatever number.

9 MR. GREWACH: That is correct. If --

10 MR. LEARA: And there would be an
11 opportunity for it to come back to us as a final
12 order then -- or another request?

13 MR. GREWACH: That's correct. If you
14 approve the preliminary order, then the property has
15 30 days to request a hearing, and certainly during
16 that time they could propose any settlement offer
17 they wish, just like any other litigation. This
18 would be the preliminary pleading, and they would
19 have the opportunity to present facts and arguments
20 as the process went along.

21 MR. LEARA: I'm sorry. What was your name
22 again?

23 MR. HENSON: Keith Henson.

24 MR. LEARA: Mr. Henson, thank you.

25 Is there any other questions for

1 Mr. Henson?

2 Okay. Thanks for --

3 MR. HENSON: Thank you very much.

4 MR. CONWAY: I do want to say thank you
5 for -- I mean, I think that gives us some insight
6 into what we're doing here, and I appreciate your
7 comments.

8 MR. HENSON: We appreciate it very much,
9 so thank you.

10 MR. LEARA: How do you feel?

11 MR. HANE: There's a motion on the floor.

12 MR. LEARA: There's a motion.

13 MR. CONWAY: Can I chime in?

14 MR. LEARA: You can.

15 MR. CONWAY: Would you be willing to amend
16 your motion to a \$7,500 fine?

17 MR. LEARA: Yeah. I think you would be
18 proposing an amendment to the amendment.

19 MR. CONWAY: Yes.

20 MR. LEARA: And I would second that.

21 Now, discussion?

22 MR. HANE: So you're making a motion --

23 MR. CONWAY: I'm amending his --

24 MR. LEARA: He's amending the amendment.

25 MR. HANE: You're making a motion to amend

1 amendment to 7-5, and you second it?

2 MR. LEARA: And I seconded it.

3 MR. HANE: Okay.

4 MR. LEARA: Now, discussion. Is that a
5 problem?

6 MR. HANE: No.

7 MR. LEARA: All right. So we have a vote
8 on the amendment -- to the amendment. I approve.

9 MS. FRANKS: Chairman Leara.

10 MR. LEARA: Approve.

11 MS. FRANKS: Commissioner Conway.

12 MR. CONWAY: Approve.

13 MS. FRANKS: Commissioner Hane.

14 MR. HANE: Approve.

15 MS. FRANKS: Commissioner Zimmerman.

16 MS. ZIMMERMAN: Approve.

17 Okay. By your vote --

18 MR. LEARA: We're not used to doing
19 amendments to amendments.

20 So now we are voting on the full
21 amendment, really, is --

22 MR. HANE: As amended.

23 MS. FRANKS: As amended for the \$7,500
24 fine?

25 MR. LEARA: Yes.

1 MS. FRANKS: Okay. Chairman Leara.

2 MR. LEARA: Approved.

3 MS. FRANKS: Commissioner Conway.

4 MR. CONWAY: Approved.

5 MS. FRANKS: Commissioner Hane.

6 MR. HANE: Approved.

7 MS. FRANKS: Commissioner Zimmerman.

8 MS. ZIMMERMAN: Approved.

9 MS. FRANKS: By your vote, you've adopted
10 DC-22-002 as amended to \$7,500.

11 MR. LEARA: Yes. Out of the ordinary, but
12 I think that's the proper way.

13 Okay. Next item on the agenda.

14 MR. GREWACH: Under Tab G we have a
15 preliminary order of discipline directed to Century
16 Casino Caruthersville for two follow-up audit
17 findings. This audit covered the time period from
18 April 1st, 2018, to March 31st, 2020. An audit
19 report was issued on August 12th, 2020, which
20 included two findings. The first significant
21 finding was that three of the 25 electronic gaming
22 devices examined failed to sound alarm or send alarm
23 to the surveillance when the machine doors were
24 open. We found further that two of those three were
25 wired backwards.

1 The management response was that they
2 would follow up after each week's full drop to
3 ensure that all of the doors' alarms were operating
4 properly. The MGC followed up on March 16th of 2021
5 and found that three of the ten electronic gaming
6 devices examined failed to send an alarm to
7 surveillance and found that all three were, in fact,
8 wired backwards.

9 The second finding involved five of ten
10 progressive jackpots not resetting to the correct
11 amount. And the MGC follow-up on March 1st, 2021,
12 was found that two of the eight progressives were
13 still not resetting to the correct amount.
14 Discipline review board recommended a fine of \$5000.
15 There was no reply to the 14-day letter.

16 MR. LEARA: Okay. Questions for
17 Mr. Grewach? Mr. Hane.

18 MR. HANE: Well, I just found it kind of
19 curious that the doors open, and the alarms don't go
20 off. Okay? And then they looked at them, and
21 they're wired backwards. Well, I mean, how often do
22 they open the doors? Wouldn't -- I would think that
23 if you open the doors then -- I mean, on a fairly
24 regular basis to empty the machine or to do
25 whatever, then that would be kind of a self-check

1 or ...

2 MR. GREWACH: Can I call on compliance
3 audit manager Alicia Kempker to answer that
4 question.

5 MS. KEMPKER: Alicia Kempker, compliance
6 audit manager.

7 They open these doors every day that --
8 every time that they do a full BV drop; however,
9 during that drop, they're allowed to turn those
10 alarms off. So it wouldn't necessarily sound in
11 surveillance during the drop. However, after every
12 full drop, they have to run a report that shows all
13 of the alarms are not working.

14 And because they were wired backwards, the
15 alarm would sound when the door was closed, instead
16 of opened. So they weren't hitting that report. So
17 that's why they were not identified.

18 MR. HANE: Okay. Seems kind of weird,
19 but ...

20 After all this time we discovered that the
21 doors are wired backwards.

22 MS. ZIMMERMAN: It's probably contained
23 here, but to your, Mr. Hane, how -- how long had
24 they been wired backwards? I mean, how long --
25 surely that would happen pretty frequently.

1 MS. KEMPKER: That's really unknown how
2 long they were wired backwards.

3 MS. ZIMMERMAN: Okay. Thank you.

4 MR. LEARA: Okay. Any other questions for
5 Mr. Grewach or Lisa [sic]?

6 Okay. I will move for the approval of
7 Isle of Capri Caruthersville Disciplinary Action
8 No. 22-003.

9 Is there a second?

10 MR. CONWAY: Second.

11 MR. LEARA: Second, Mr. Conway. Any other
12 discussion?

13 Seeing none, Angie, please call the roll.

14 MS. FRANKS: Chairman Leara.

15 MR. LEARA: Approved.

16 MS. FRANKS: Commissioner Conway.

17 MR. CONWAY: Approved.

18 MS. FRANKS: Commissioner Hane.

19 MR. HANE: Approved.

20 MS. FRANKS: Commissioner Zimmerman.

21 MS. ZIMMERMAN: Approved.

22 MS. FRANKS: By your vote, you've adopted
23 DC-22-003.

24 MR. LEARA: Next item on the agenda,
25 consideration of exclusion list. Mr. Grewach.

1 MR. GREWACH: Yes. Items H, I, J, and K,
2 our request to put those four individuals on the
3 involuntary exclusion list. All of these cases
4 arise from a series of events at Lady Luck Casino in
5 Caruthersville in 2014 and 2015. Certain dealers
6 were flashing cards to patrons to allow the patrons
7 to cheat at table games.

8 The first on Tab H is Barbara Belle. She
9 is -- she was a patron. The next three, Matthew
10 Downy, Carla Benítez, and James Goodman were
11 dealers. Ms. Belle actually paid dealers Downy and
12 Goodman for their assistance in flashing the cards,
13 and she was permanently banned from the casino.
14 Charges were initially filed against her in Pemiscot
15 County but were later dismissed.

16 You want me to go through all of them?

17 MR. LEARA: No.

18 Madam Zimmerman, you have a question.

19 MS. ZIMMERMAN: Just a really quick
20 question, Mr. Grewach.

21 Was there any -- I mean, considering this
22 is, you know, fairly dated, 2014, 2015, when these
23 instances occurred -- any discipline on the casino
24 based on the fact that this was obviously a pattern
25 that was happening with a number of their dealers?

1 MR. GREWACH: There was. I believe the
2 casino was fined, although I don't have that
3 information here. I can get that.

4 MS. ZIMMERMAN: I was just interested
5 because I -- you know, obviously, you know, those
6 individuals being fired, was there any consideration
7 to fining? And if you say that there wasn't, I'm
8 fine with that.

9 MR. GREWACH: I will. I'll confirm that.
10 If it's not correct, I'll let you know. But I'm --
11 just the -- again, from that far back. But all
12 three of the individual dealers listed, their
13 licenses were revoked.

14 MS. ZIMMERMAN: Yes. Yeah, I just
15 wondered if there was action with the casino as
16 well. Thank you.

17 MR. LEARA: Okay. Any other questions?

18 Seeing none, I will move for the
19 approval -- we have to go each one of these down the
20 line -- Resolution No. 22-004. Is there a second?

21 MS. ZIMMERMAN: Second.

22 MR. LEARA: Second. Any other discussion?

23 Seeing none, Angie, call the roll.

24 MS. FRANKS: Chairman Leara.

25 MR. LEARA: Approved.

1 MS. FRANKS: Commissioner Conway.

2 MR. CONWAY: Approved.

3 MS. FRANKS: Commissioner Hane.

4 MR. HANE: Approved.

5 MS. FRANKS: Commissioner Zimmerman.

6 MS. ZIMMERMAN: Approved.

7 MS. FRANKS: By your vote, you've adopted
8 Resolution No. 22-004.

9 MR. LEARA: Next item, I move for the
10 approval of Resolution No. 22-005.

11 Is there a second?

12 MR. HANE: Second.

13 MR. LEARA: Second, Mr. Hane. Any
14 discussion?

15 Seeing none, Angie, call the roll.

16 MS. FRANKS: Chairman Leara.

17 MR. LEARA: Approved.

18 MS. FRANKS: Commissioner Conway.

19 MR. CONWAY: Approved.

20 MS. FRANKS: Commissioner Hane.

21 MR. HANE: Approved.

22 MS. FRANKS: Commissioner Zimmerman.

23 MS. ZIMMERMAN: Approved.

24 MS. FRANKS: By your vote, you've adopted
25 Resolution No. 22-005.

1 MR. LEARA: Next item, Resolution
2 No. 22-006. I move for approval.
3 MR. CONWAY: Second.
4 MR. LEARA: Second, Mr. Conway.
5 Angie, call the roll.
6 MS. FRANKS: Chairman Leara.
7 MR. LEARA: Approved.
8 MS. FRANKS: Commissioner Conway.
9 MR. CONWAY: Approved.
10 MS. FRANKS: Commissioner Hane.
11 MR. HANE: Approved.
12 MS. FRANKS: Commissioner Zimmerman.
13 MS. ZIMMERMAN: Approved.
14 MS. FRANKS: By your vote, you've adopted
15 Resolution No. 22-006.
16 MR. LEARA: Next item on the agenda,
17 Resolution No. 22-007. I move for the approval.
18 Is there a second?
19 MS. ZIMMERMAN: Second.
20 MR. LEARA: Second, Madam Zimmerman.
21 MS. ZIMMERMAN: Any discussion?
22 Seeing none, Angie, call the roll.
23 MS. FRANKS: Chairman Leara.
24 MR. LEARA: Approved.
25 MS. FRANKS: Commissioner Conway.

1 MR. CONWAY: Approved.

2 MS. FRANKS: Commissioner Hane.

3 MR. HANE: Approved.

4 MS. FRANKS: Commissioner Zimmerman.

5 MS. ZIMMERMAN: Approved.

6 MS. FRANKS: By your vote, you've adopted
7 Resolution No. 22-007.

8 MR. LEARA: Okay. Mr. McGrail, any word
9 from the big building?

10 MR. MCGRAIL: None.

11 MR. LEARA: Seeing none. I will move -- I
12 make a motion to go for close -- or I'm sorry.

13 MR. GREWACH: Actually, we do have
14 governor's approval on Items L and M.

15 MR. LEARA: We do.

16 MR. GREWACH: It was just Item N we don't
17 have to approve.

18 MR. LEARA: Standby.

19 We have governor's approval on L and M?

20 MR. GREWACH: Correct.

21 MR. LEARA: Okay. So I withdraw that
22 original motion. My motion now is consideration of
23 rule-making final orders. Mr. Grewach.

24 MR. GREWACH: Yes. Under Tab L we have
25 two final orders of rule-making relating to

1 surveillance. Rule 7.130 reduced the amount of
2 personnel required during times where the casinos
3 were closed and no drops were taking place. Rule
4 9.113 were changes to the minimum internal controls
5 Chapter M on surveillance. Most significant of
6 those was it reduced the surveillance staffing
7 requirements for the smaller casinos, and we -- we
8 define those as being casinos with less than 600
9 electronic gaming devices and less than ten table
10 games.

11 Commissioner approved these proposed rules
12 at your September 29th, 2021, meeting. There was a
13 public hearing on December 2nd, 2021. A public
14 comment period that lasted from November the 1st,
15 2021, to December the 1st, 2021.

16 The only comment received was from an MGC
17 staff member who suggested that the opening sentence
18 of 9.113 read that "the commission has established
19 standards" instead of the draft language of "the
20 commission shall adopt and publish standards."

21 The governor approved the proposed rule on
22 August 3rd, 2021, and his office approved the final
23 order on December the 7th, 2021. If you approve the
24 final orders today, they will become effective on
25 May 30th, 2022.

1 MR. LEARA: Okay. Any questions for
2 Mr. Grewach?

3 Seeing none, I move for the approval of
4 Resolution No. 22-008.

5 Is there a second?

6 MR. CONWAY: Second.

7 MR. LEARA: Second, Mr. Conway. Any other
8 discussion?

9 Seeing none, Angie, call the roll.

10 MS. FRANKS: Chairman Leara.

11 MR. LEARA: Approved.

12 MS. FRANKS: Commissioner Conway.

13 MR. CONWAY: Approved.

14 MS. FRANKS: Commissioner Hane.

15 MR. HANE: Approved.

16 MS. FRANKS: Commissioner Zimmerman.

17 MS. ZIMMERMAN: Approved.

18 MS. FRANKS: By your vote, you've adopted
19 Resolution No. 22-008.

20 MR. LEARA: Mr. Grewach.

21 MR. GREWACH: Yes. Under Tab M we have
22 three proposed rule changes relating to cards and
23 dice. The -- and their handling and storage. Rule
24 5.184 would allow cards to be inspected at an
25 alternate table in a closed pit. It also identified

1 handheld cards that were -- needed to be inspected
2 and clarified deck receipt procedures.

3 Rule 5.265 requires the dice be inspected
4 upon receipt from the manufacturer and included
5 changes to make the CSR consistent with the minimum
6 internal control standard.

7 Rule 9.104 is minimum control standards,
8 Chapter D. There were some changes that would
9 address allowing cashless wagering at table games.
10 It also removed mandating staffing levels in the
11 existing rules for table games and instead required
12 each casino to establish staffing levels in their
13 internal controls that they file with the
14 commission. It also sets requirements for
15 replacement decks of cards. That particular
16 requirement is found in Chapter D 11.19.

17 Three of the casinos in response to our
18 inquiry indicated there would be cost to them in
19 complying with that regulation. You'll see on your
20 dais a fiscal note that will be filed with the
21 secretary of state. One property indicated the
22 compliance with the rule would cost them \$1,500.
23 The other two indicated it would cost them \$3,500.
24 So the total cost for the three casinos would be
25 \$8,500.

1 If you approve this -- oh, and the
2 governor approved the proposed orders on January
3 the 3rd, 2022.

4 If you approve the proposed orders,
5 there'll be a preliminary public hearing on April
6 the 4th, 2022. There'll be a public comment period
7 from March 1st to March 31st, 2022, and then the
8 final orders of rule-making will be placed on your
9 May 25th, 2022, agenda.

10 MR. LEARA: Okay. Any questions for
11 Mr. Grewach?

12 Seeing none, I move for approval of
13 Resolution 22-009. Is there a second?

14 MS. ZIMMERMAN: Second.

15 MR. LEARA: Second, Madam Zimmerman.

16 No other discussion. Angie, please call
17 the roll.

18 MS. FRANKS: Chairman Leara.

19 MR. LEARA: Approved.

20 MS. FRANKS: Commissioner Conway.

21 MR. CONWAY: Approved.

22 MS. FRANKS: Commissioner Hane.

23 MR. HANE: Approved.

24 MS. FRANKS: Commissioner Zimmerman.

25 MS. ZIMMERMAN: Approved.

1 MS. FRANKS: By your vote, you've adopted
2 Resolution No. 22-009.

3 MR. LEARA: All right. Now we -- I will
4 make a motion for closed meeting under
5 Sections 313.847 of the Revised Statute of Missouri,
6 investigatory, proprietary, and application records
7 and Section 61.021(1), Revised Statutes of Missouri,
8 legal actions and matters subject to attorney-client
9 privilege and legal work product, Section 3 and 13,
10 personnel. Section 12, contracts, and Section 14,
11 records protected from disclosure by law.

12 Is there a second?

13 MR. HANE: Second.

14 MR. LEARA: Second, Mr. Hane. Any
15 discussion?

16 Seeing none, Angie, please call the roll.

17 MS. FRANKS: Chairman Leara.

18 MR. LEARA: Approved.

19 MS. FRANKS: Commissioner Conway.

20 MR. CONWAY: Approved.

21 MS. FRANKS: Commissioner Hane.

22 MR. HANE: Approved.

23 MS. FRANKS: Commissioner Zimmerman.

24 MS. ZIMMERMAN: Approved.

25 MS. FRANKS: We are adjourned.

1 MR. LEARA: Thank you all.

2 (The hearing concluded at 10:18 a.m.)

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C E R T I F I C A T E

I, Lisa Valentine, a Certified Court Reporter for the State of Missouri, do hereby certify that I appeared at the time and place first hereinbefore set forth, that I took down in shorthand the entire proceedings had at said time and place, and that the foregoing constitutes a true, correct, and complete transcript of my said shorthand notes.

Witness my hand and seal this 3rd day of February 2022.

Lisa D. Valentine
Certified Court Reporter
State of Missouri

MISSOURI GAMING COMMISSION
Second Open Session Minutes
January 19, 2022

The Missouri Gaming Commission (the “Commission”) went into the second open session at approximately 11:44 a.m. on January 19, 2022, at the Missouri Gaming Commission, 3417 Knipp Drive, Jefferson City, Missouri.

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

The open session meeting ended at 11:45 a.m.