

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC 23-006
Harrah's Kansas City, LLC)

PRELIMINARY ORDER FOR DISCIPLINARY ACTION

Comes now the Missouri Gaming Commission acting in its official capacity pursuant to 11 CSR 45-13.050, and states as follows:

1. The Missouri Gaming Commission (the "Commission") is a State commission created under Chapter 313, RSMo, with jurisdiction over gaming activities, including riverboat gambling activities, in the state of Missouri.
2. The Commission issued a Class A gaming license to Caesars Entertainment, Inc. to develop and operate Class B gaming licensees in the state of Missouri.
3. Caesars Entertainment, Inc. is the parent organization or controlling entity of Harrah's Kansas City, LLC (the "Company").
4. The Commission issued a Class B riverboat gambling license to the Company to conduct games on and operate the excursion gambling boat known as Harrah's Kansas City (the "Casino").
5. As the holder of a Class B license, the Company is subject to the provisions of Sections 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS¹

6. Commission auditors performed an audit of the Casino for the period of April 1, 2019 through February 28, 2021, which resulted in the issuance of MGC Audit Report No. 21-05.
7. Per MGC Audit Report No. 21-05, Finding D-1, Commission auditors found the following:

A review of surveillance footage of the bill validator and table games counts from November 13, 14, and 16, 2020, revealed count team members failed to clear their hands in 376 of 864 instances when moving to or away from count room tables while currency was on the table. (43.5% Error Rate) (Violation of MICS, Chapter G § 7.10) (Prior MGC Audit Finding, Report #19-09, 37.0% Error Rate)[.]

8. Subsequently, Commission auditors performed a follow-up review to determine if Finding D-1 had been addressed and corrected by the Casino. The auditors reviewed surveillance footage of the bill validator and table games counts from April 18 and 19, 2022, and noted that

¹ GIR 20220622005

Casino count team members failed to clear their hands in 182 of 272 instances when moving to or from the count table while currency was on the table, which is an error rate of 66.9%.

9. Previously, Commission auditors issued MGC Audit Report No. 19-09 on June 11, 2019, which noted an error rate of 37.0% for Casino count team members failing to clear their hands during bill validator and table games counts. Subsequently, the follow-up review found an error rate of 54.6%, which resulted in a \$5,000 fine to the Casino.

LAW

10. Section 313.805, RSMo, states, in pertinent part, as follows:

The commission shall have full jurisdiction over and shall supervise all gambling operations governed by sections 313.800 to 313.850. The commission shall have the following powers and shall promulgate rules and regulations to implement sections 313.800 to 313.850:

* * *

(5) To investigate alleged violations of sections 313.800 to 313.850 or the commission rules, orders, or final decisions;

(6) To assess any appropriate administrative penalty against a licensee, including, but not limited to, suspension, revocation, and penalties of an amount as determined by the commission...;

* * *

(19) To take any other action as may be reasonable or appropriate to enforce sections 313.800 to 313.850 and the commission rules.

11. Section 313.812, RSMo, states, in pertinent part, as follows:

14. A holder of any license shall be subject to imposition of penalties, suspension or revocation of such license, or if the person is an applicant for licensure, the denial of the application, for any act or failure to act by such person or such person's agents or employees, that is injurious to the public health, safety, morals, good order and general welfare of the people of the state of Missouri, or that would discredit or tend to discredit the Missouri gaming industry or the state of Missouri unless the licensee proves by clear and convincing evidence that it is not guilty of such action. The commission shall take appropriate action against any licensee who violates the law or the rules and regulations of the commission. Without limiting other provisions of this subsection, the following acts or omissions may be grounds for such discipline:

(1) Failing to comply with or make provision for compliance with sections 313.800 to 313.850, the rules and regulations of the commission or any federal, state or local law or regulation;

(2) Failing to comply with any rule, order or ruling of the commission or its agents pertaining to gaming;

* * *

(9) Incompetence, misconduct, gross negligence, fraud, misrepresentation or dishonesty in the performance of the functions or duties regulated by sections 313.800 to 313.850.

12. 11 CSR 45-9.060 states, in pertinent part, as follows:

(3) Violations of the minimum internal control standards [“MICS”] by a Class A or Class B licensee or an agent or employee of a Class A or Class B licensee are deemed to be unsuitable conduct for which the Class A or Class B licensee and/or its agent or employee is subject to administrative penalty pursuant to section 313.805(6), RSMo and 11 CSR 45-1 et seq., as amended from time-to-time. Any agent or employee of a Class A or Class B licensee that is involved in a violation of the minimum internal control standards may be subject to fine, discipline, or license revocation.

(4) Violations of the Class B licensee’s internal control system [“ICS”] by the Class A or Class B licensee or an agent or employee of the Class A or Class B licensee shall be *prima facie* evidence of unsuitable conduct for which the Class A or Class B licensee and/or its agents or employees may be subject to discipline pursuant to section 313.805(6), RSMo and 11 CSR 45-1 et seq., as amended from time-to-time.

13. The Commission’s MICS, Chapter G, Section 7.10, states as follows:

All contents removed from each drop device shall remain on or above the count table or other work surface in plain view of surveillance until transferred to transport carts. If contents are accidentally dropped on the floor, a count team member shall clear his/her hands before picking up the contents and after returning the contents to the table. Count team members may not remove their hands from or return them to a position on or above the count table or other work surface, where funds are exposed, unless the backs and palms of their hands are first held out and exposed to other members of the count team and the surveillance cameras.

14. The Casino’s ICS, Chapter G, Section 7.10, states as follows:

All contents removed from each drop device shall remain on or above the count table or other work surface in plain view of surveillance until transferred to transport carts. If contents are accidentally dropped on the floor, a count team

member shall clear his/her hands before picking up the contents and after returning the contents to the table. Count team members may not remove their hands from or return them to a position on or above the count table or other work surface, where funds are exposed, unless the backs and palms of their hands are first held out and exposed to other members of the count team and the surveillance cameras.

VIOLATIONS

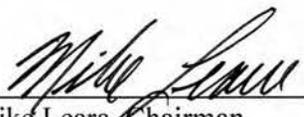
15. The Company's actions in failing to address and correct the issue of Casino count team members failing to clear their hands is injurious to the public health, safety, morals, good order and general welfare of the people of the state of Missouri and discredits the Missouri gaming industry and the State of Missouri, in that the Company's acts violate the Commission's MICS and the Casino's ICS, Chapter G, Section 7.10.

16. The Company is therefore subject to discipline for such violations pursuant to Sections 313.805 and 313.812.14 (1), (2), and (9), RSMo, and 11 CSR 45-9.060(3) and (4).

PENALTY PROPOSED

17. Under Section 313.805, RSMo, the Commission has the power to assess any appropriate administrative penalty against the Company as the holder of a Class B license.

18. THEREFORE, it is proposed that the Commission fine Harrah's Kansas City, LLC the amount of \$15,000 for the violations set forth herein.

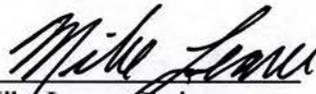


Mike Leara, Chairman
Missouri Gaming Commission

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he caused a true and correct copy of the foregoing to be mailed, postage prepaid, this 22nd day of February, 2023, to:

Julie Sola
Harrah's Kansas City
1 Riverboat Dr.
North Kansas City, MO 64116


Mike Leara, Chairman
Missouri Gaming Commission