

# IN THE MISSOURI GAMING COMMISSION

In Re: )  
 ) DC 24-012  
Tropicana (Horseshoe) St. Louis, 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” or “MGC”) 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 Caesars Entertainment Corporation a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. Caesars Entertainment Corporation, is the parent organization or controlling entity of Tropicana St. Louis, LLC.
4. The Commission issued a Class B riverboat gambling license to Tropicana St. Louis, LLC, to conduct games on and operate the excursion gambling boat known as Horseshoe St. Louis (“Horseshoe Casino” or “casino”).
5. As the holder of a Class B license, Tropicana St. Louis, LLC, is subject to the provisions of §§ 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission.

## STATEMENT OF FACTS<sup>1</sup>

6. On November 15, 2022, Sergeant C.T. Davies (“Sgt. Davies”), assigned to the Gaming Division, initiated a regulatory investigation into the violation of the Commission’s Minimum Internal Control Standards (“MICS”), Chapter B §§ 1.01 and 7.01, and Horseshoe Casino’s Internal Control Standards (“ICS”), Chapter B §§ 1.01 and 7.01, when it was discovered that Soft Count team member John Gee had left Horseshoe Casino’s property with a sensitive key ring, identified as key ring number 110 (“key 110”), which contained the Cash Box Contents Key that opens the cash cans for the casino’s slot machines. These cash cans are also known within the casino industry as bill validator cans. Gee was off property with the sensitive key for the cash boxes for ten and a half (10 ½) hours.
  - a. At 11:05 a.m. on November 15, 2022, after the bill validator (BV) count was done for the day, Soft Count team member John Gee returned the Count Door Key, key

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<sup>1</sup> GR 20221119002 and 20230727003

number 124. Gee had just used key 124 during his duties with the casino's count. After returning key 124, Gee then checked out key 110 at 11:06 a.m. Gee left casino property at 11:33 a.m., approximately 27 minutes after he checked out key 110. Gee exited the casino through a non-employee exit which did not have a key alarm sensor. In his statement, Gee stated he didn't remember still having the key when the count was complete and said he returned the key in his hand (key 124), but didn't realize he had another key in his pocket. Surveillance coverage and the casino's sensitive key report show Gee checked out key 110 after the count was complete and after he signed in key number 124.

7. On November 18, 2022, Sgt. Davies communicated with Compliance and Risk Manager Josh Done ("Done") advising that Horseshoe Casino would need to rekey all locks associated with the sensitive key 110. On November 21, 2022, Done forwarded Sgt. Davies' email to Cage and Credit Manager Charles Baumhoff ("Baumhoff"), Security Shift Manager Jared Sides ("Sides"), Security Shift Manager Jeffrey Springmeyer ("Springmeyer"), Slot Performance Manager Melissa Steinburk ("Steinburk"), Director of Security Mark Hughes ("Hughes"), Director of Finance Dan Brinkman ("Brinkman"), General Manager Brian Marsh ("Marsh"), and Director of Slot Operations Dean Lane ("Lane"). Done's email indicated that the rekey process needed to begin as soon as possible and to let him know when it had begun.
8. On November 22, 2022, Sides emailed Done, Baumhoff, Springmeyer, Steinburk, Hughes, Brinkman, Marsh, and Lane asking to be informed when the new keys were ordered and when they arrived. On November 28, 2022, Done emailed Sgt. Davies and indicated that he had spoken with his team on November 21, 2022, and was informed that they were almost complete with the first rekey (for the key that was taken from Horseshoe Casino property on July 23, 2022), and when that rekey was finished, they will begin the current rekey.
  - a. The "first rekey" which Done referred to was required because on July 23, 2022, the same Soft Count team member, John Gee, left casino property with the same sensitive key which opened the cash can for the casino's slot machines. Gee was off property with this sensitive key for almost seventeen (17) hours.
9. On February 18, 2023, Sgt. Davies emailed Done inquiring as to the status of the rekey as discussed in November 2022. On February 20, 2023, Done emailed Baumhoff, Sides, Brinkman, and Hughes inquiring as to the status of the rekey. On February 23, 2023, Brinkman emailed Baumhoff, Sides, Brinkman, and Hughes asking for an update as to the status of the rekey. On February 27, 2023, Baumhoff emailed Brinkman and Done to inquire whether slot technicians would be permitted in the count room to complete the rekey after a drop. After that same question was posed via email to Sgt. Davies and Master Sergeant Turner ("M.Sgt. Turner") a short time later on February 27, 2023, Sgt. Davies replied that would be acceptable. Done then emailed Baumhoff, Lane, and Brinkman to inform them of approval for the plan. On February 28, 2023, Baumhoff emailed Steinburk, Lane, Count Room Supervisor Andrea McGee ("McGee"), Count Room Supervisor Laura Hale ("Hale"), and Brinkman advising of approval of the plan for slot technicians to access the count room on a Thursday and seeking input on scheduling.

10. On March 21, 2023, Sgt. Davies emailed Done inquiring as to the status of the rekey. In a reply, Done indicated the first round was scheduled for April 6, 2023. In a series of emails on April 3 and April 4, 2023, details of the process for rekey were confirmed between Done, Baumhoff, Sides, Hughes, Brinkman, and Sgt. Davies.
11. On April 13, 2023, Sgt. Davies emailed Done asking for an update on the rekey as it had been scheduled to take place a week prior. Done replied that half the cans in the Soft Count room had been completed and they were working to see when they could schedule the remainder. On April 28, 2023, Sgt. Davies emailed Done as to the status of the rekey and a reminder that Sgt. Davies needed the paperwork associated with the rekey. On May 1, 2023, in a series of emails between Done, Baumhoff, Lane, Brinkman, and Steinburk, there was discussion about scheduling the completion of the rekey with tentative agreement on May 11, 18, and 25 as possible dates. Steinburk later emailed Done, Lane, Baumhoff, and Brinkman to ask if it could be completed on May 18 and 25 as “[w]e have a lot going on May 11th.”
12. On May 2, 2023, Compliance Audit Manager Leshia Kempker (“Kempker”) of the Jefferson City MGC office emailed Done asking for a breakdown of the timeline to complete the rekey and further noting that five months was an excessive amount of time for completion, especially for one of the most critical keys on property. On May 3, 2023, Brinkman emailed Steinburk, Done, Lane, and Baumhoff and stated “I don’t think we can wait any longer.” He further indicated a belief they would begin this Thursday (May 4, 2023). Later that day, Lane emailed Brinkman, Steinburk, Done, and Baumhoff expressing a need to complete the project “right away” and suggesting an offer of overtime to get it completed.
13. On May 3, 2023, Done emailed Kempker apologizing for the delay and advising of an apparent miscommunication between the Cage/Count Room and Slot Performance departments and indicating the project would be completed the following week. Done also emailed Lane, Brinkman, Steinburk, and Baumhoff to inform them he had told MGC the project would be completed the following week. Later, on May 3, 2023, Kempker emailed Done asking for a timeline of when the keys/locks were ordered and when they were received. A further series of emails on May 3, 2023, between Done, Sides, Baumhoff, Hughes, Lane, and Sgt. Davies discussed the timeline and logistics for completion of the rekey. On May 5, 2023, in response to Kempker’s request, Done submitted a letter of the timeline for this rekey, which indicated that the determination of a rekey was made on November 18, 2022, the property placed an order for the new keys on November 22, 2022, the keys were delivered to the property on December 21, 2022, and the first round had been completed on April 6, 2023, with the final round scheduled for May 11, 2023.
14. On May 9, 2023, Done emailed Sgt. Davies advising that the rekey had been completed with the exception of ten to fifteen cans that would be completed no later than Saturday, May 13, 2023.
15. On May 16, 2023, Sgt. Davies emailed Done, inquiring if the entire rekey had been completed. Done subsequently emailed Baumhoff, Lane, and Brinkman, seeking confirmation that the rekey was complete. On May 17, 2023, Baumhoff confirmed that the rekey was complete, and Done emailed Sgt. Davies later that day to advise of the same.

16. On June 7, 2023, Security Shift Manager Dana Hampton (“Hampton”) emailed Sides and Hughes inquiring as to the location of the reports regarding the rekey. In response, Sides emailed Hampton and Hughes and indicated the “key exchange/lock change is still pending as the count team must finish changing out the old locks so we can remove all the old keys and place them in the Duplicate (sic) box set for destruction.” Later on June 7, 2023, Hughes emailed Done, Marsh, Brinkman, Sides, Baumhoff, Hampton, and Springmeyer, indicating that the changes were still ongoing. Done later emailed Sgt. Davies to inquire about a conversation with MGC Assistant Deputy Director of Compliance, Cheryl Alonzo (“Alonzo”), regarding a report that the rekey for some cash cans had not been completed and asking for more information. On June 8, 2023, Sgt. Davies emailed Done, M.Sgt. Turner, Marsh, Hughes, Springmeyer, Hampton, Alonzo, Kempker, and Lieutenant Kevin Hunter (“Lt. Hunter”). In his email, he advised that the casino should have a system in place to know which cans had not been switched, and that a sampling taken by Sgt. Davies indicated a potential of 22% left to be rekeyed. Sgt. Davies indicated he had checked cash cans that were in service (known as “good cans”) and the old keys were still able to be used to access the cans. He stated that the rekey did not appear complete, contrary to what he was told on May 17, 2023.
17. In a series of emails on June 8, June 9, and June 10, 2023, Brinkman confirmed that the cans were accessible both with new keys and old keys. A later request by Done to send the locks for further testing by the supplier was approved, with further instructions from Sgt. Davies for a count of all cans that were defective and all cans that had not been rekeyed. In an email on June 19, 2023, Steinburk emailed Sgt. Davies with the invoice for the new keys. A review of associated documents and reports indicated that the keys had not been ordered until December 20, 2022, and were overnighted with delivery on December 21, 2022. This contradicted written correspondence which had listed the order date as both November 21, 2022, and December 8, 2022.
18. In total, from the date the rekey was determined to be necessary and the date it was reported to be completed was a span of five months and twenty-seven days.

### LAW

19. 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:

20. Section 313.812.14, RSMo, states, in pertinent part, as follows:

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[.]

21. Title 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.

22. The Commission's MICS, Chapter B §1.01 states as follows:

Sensitive keys are those keys that either management or the MGC considers sensitive to the Class B Licensee's operation. All licensees must exercise strict control over storage, duplication, custody, issuance and return of sensitive keys. Sensitive keys shall not be removed from the premises. The Internal Control System shall identify each sensitive key used by the Class B Licensee. Sensitive keys shall be maintained in a dual locked sensitive key box and if lost, missing, or taken from the premises all locks the key fits must be immediately changed unless the Commission, in its sole discretion, deems this is not necessary. If sensitive keys are maintained in an automated key box, the box shall require two keys, which shall be issued to individuals from different departments, to

access the box when the box is accessed without using the automated system.

23. Horseshoe Casino's ICS, Chapter B §1.01 states as follows:

Sensitive keys are those keys that either Horseshoe St. Louis or the Missouri Gaming Commission considers sensitive to Horseshoe St. Louis operation. Horseshoe St. Louis and its' employees will exercise strict control over storage, duplication, custody, issuance and return of sensitive keys. Sensitive keys shall not be removed from the premises. Chapter B of the Internal Controls shall identify each sensitive key used by Horseshoe St. Louis. Sensitive keys shall be maintained in a dual locked sensitive key box and if lost, missing, or taken from the premises all locks the key fits must be immediately changed, unless the Commission, in its sole discretion, deems this is not necessary. If sensitive keys are maintained in an automated key box, the box shall require two keys, which shall be issued to individuals from different departments, to access the box when the box is accessed without using the automated system.

24. The Commission's MICS, Chapter B § 7.01 states in relevant part as follows:

At minimum, the following keys shall be considered sensitive keys:

...

(F) Bill Validator Contents Key . . . .

25. Horseshoe Casino's ICS, Chapter B §7.01 states in relevant part as follows:

At minimum, the following keys are considered sensitive keys:

...

(F) Bill Validator Contents Key . . . .


### VIOLATIONS

26. The acts or omissions of employees or agents of Horseshoe Casino, as described above, constitute a failure of Horseshoe Casino to timely rekey after a sensitive key left property for ten and a half (10 ½) hours. Such failure 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 casino's actions violate the Commission's MICS and Horseshoe Casino's ICS, Chapter B §1.01.

27. Horseshoe Casino (Tropicana St. Louis, LLC), is therefore subject to discipline for such violations pursuant to §§ 313.805(6) and 313.812.14 (1) and (2), RSMo, and 11 CSR 45-9.060(3) and (4).

**PENALTY PROPOSED**

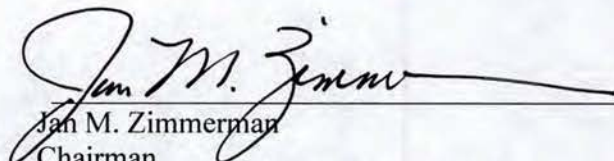
28. Under § 313.805(6), RSMo, the Commission has the power to assess any appropriate administrative penalty against Tropicana St. Louis, LLC (Horseshoe Casino), as the holder of a Class B license.
29. THEREFORE, it is proposed that the Commission fine Tropicana St. Louis, LLC (Horseshoe Casino), the amount of \$25,000 for the violations set forth herein.

  
Jan M. Zimmerman  
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 22<sup>nd</sup> day of February, 2024, to:

Brian Marsh, GM  
Horseshoe St. Louis  
999 N. 2<sup>nd</sup> Street  
St. Louis, MO 63102

  
Jan M. Zimmerman  
Chairman  
Missouri Gaming Commission