

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-24-053
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" 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 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.
4. The Commission issued a Class B license to Harrah's Kansas City, LLC, 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, Harrah's Kansas City, LLC, 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. MGC auditors completed a compliance audit at the Casino for the period of March 1, 2021, through October 31, 2023, during which MGC Auditors discovered two different processes in which there was deliberate misrepresentation on paperwork of the identity of the individual performing tasks related to paid-out transactions and kiosk reconciliations.
7. A review of paperwork for the gaming days from April 17 through April 23, 2023, revealed there were numerous discrepancies between the handwriting that recorded the information on the paid-out forms and the signatures on the same paid-out forms. .
8. At the floating bank, the employee window cashier can pay out credit card fee reimbursements to patrons and complete the Miscellaneous Funds form (the Casino's paid-in/paid-out form). MGC Compliance Auditors conducted an interview with a Senior Casino Cashier on June 8, 2023, after discovering the handwriting discrepancies

¹ GR 20231026001

. A comparison of the handwriting of the signatures on the Miscellaneous Funds forms to the handwriting of the dollar amount and alpha amount lines, as well as the patron's account number, appeared to come from different people. In the interview, the employee revealed that it was customary for frontline cashiers to create paid-outs for reimbursement of credit card fees. Frontline cashiers would write the amount and the patron's account number on the Miscellaneous Funds form, reimburse the patron, and later have the employee window cashier sign the form. The employee window cashier would return the amount previously paid out to the patron to the frontline cashier without creating any documentation of that transaction. The employee window cashier would retain the Miscellaneous Funds form, however, there was no record of the transaction performed with the frontline cashier or between the frontline cashier and the patron. During the interview, MGC Auditors were shown a Miscellaneous Funds form that the Senior Casino Cashier had just completed for a credit card fee reimbursement. The "issued by" space was left empty, awaiting the employee window cashier's signature and reimbursement for the payout. The employee window cashier was not present in the employee window at the time of payment to the patron. The Senior Casino Cashier further stated that sometimes the employee window cashier would do the payout if they were present but otherwise the frontline cashier would complete the payout. Further interviews revealed that it was common practice to have the floating employee window cashier sign the Miscellaneous Funds form instead of the frontline window cashier who actually conducted the transaction. MICS, Chapter H §3.15 prohibits frontline cage window cashiers from creating paid-outs for this purpose and from conducting this type of transaction.

9. Further, a review of signatures recorded on the NRT Reconciliation reports for April 20 and April 30, 2023, as well as an interview with the Senior Main Bank Cashiers on July 13, 2023, revealed that the Cage Supervisors who did not reconcile the redemption kiosks signed the reconciliation forms. It was determined that the main bank cashier who filled the cassettes later performed the reconciliation of those same cassettes, which is a violation of MICS, Chapter H § 7.13. Interviews with the Cage department revealed that it was the Cage department's standard procedure to have a Cage Supervisor sign as the employee performing the reconciliation, instead of the main bank cashier who actually performed the reconciliation.
10. On July 13, 2023, MGC Auditors followed up on the NRT reconciliation with two Senior Main Bank Cashiers. One employee explained that they would, on day shift, pull the cassettes from the redemption kiosks. One would perform the reconciliation, while the other acted as the verifier. Since they were also the ones who filled the cassettes, they could not "sign" (perform) the reconciliation. Instead, supervisors who did not participate in the reconciliations signed the forms. In some instances, the forms were sent over to the cage for the supervisors' signatures without them being present in the main bank during the reconciliations. MGC Auditors confirmed that NRTs were reconciled on Thursdays and Sundays. The audit required review of two separate days and April 20 and 30, 2023, were randomly selected. Review of additional paperwork for April 23 and 27, 2023, indicated that on April 23, the paperwork was signed by a supervisor not signed into the main bank at the time of the reconciliation.

LAW

11. 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 up to three times the highest daily amount of gross receipts derived from wagering on the gambling games, whether unauthorized or authorized, conducted during the previous twelve months as well as confiscation and forfeiture of all gambling game equipment used in the conduct of unauthorized gambling games. Forfeitures pursuant to this section shall be enforced as provided in sections 513.600 to 513.645;

* * *

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

12. 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.

* * *

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

13. 11 CSR 45-8.040 states, in pertinent part, as follows:
- (1) Each licensee shall maintain complete, accurate, legible and permanent records of all transactions pertaining to its revenues and expenses, assets, liabilities and equity[.]
14. 11 CSR 45-9.060(2) states, in pertinent part, as follows:
- (2) Failure to comply with the provisions of this chapter is an unsuitable method of operation.
 - (3) Violations of the minimum internal control standards 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.
15. The Commission's Minimum Internal Control Standards (MICS), Chapter H, states in pertinent part as follows:

3.15 To ensure proper segregation of duties, cage employees shall not create paid-ins or paid-outs or other similar documents to be used as the source document for transactions at frontline windows except for tournament buy-ins and redemption kiosk disputes.

* * *

7.04 The reconciliation of the redemption kiosk shall be performed by the Main Bank Cashier. If the count is conducted by the Main Bank Cashier, the reconciliation shall be performed by a different Main Bank Cashier. The reconciliation shall be documented and the documentation signed by the employee performing the reconciliation. The copy of the reconciliation paperwork shall be forwarded to Accounting with the daily Main Bank paperwork.

* * *

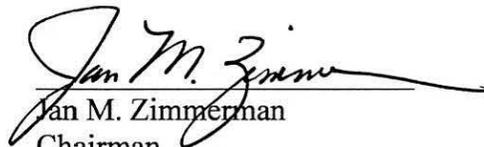
7.13 The individual who conducts the kiosk count, reconciles the redemption kiosk, or investigates any kiosk variance shall not be one of the individuals who initially prepared the currency in any of the cassettes used in the redemption kiosk since the last reconciliation. The individual who conducts the kiosk count, reconciles the redemption kiosk, or investigates the variance shall compare the seal numbers recorded on the count and reconciliation documentation to the Currency Cassette Log to verify that he/she did not prepare any of the cassettes used in the redemption kiosk since the last reconciliation.

VIOLATIONS

16. The acts or omissions of employees or agents of the Casino, as described above, involve a failure by the Casino to ensure proper process and documentation for paid-in/paid-out transactions and the proper segregation of duties for kiosk reconciliations, in violation of 11 CSR 45-8.040(1) and the Commission's MICS, Chapter H, Sections 3.15, 7.04, and 7.13.
17. Harrah's Kansas City, LLC, is therefore subject to discipline for such violations pursuant to Sections 313.805 and 313.812.14(2), RSMo, and 11 CSR 45-9.060(2) and (3).

PENALTY PROPOSED

18. Under Section 313.805, RSMo, the Commission has the power to assess any appropriate administrative penalty against Harrah's Kansas City, LLC, as the holder of a Class B license.
19. THEREFORE, it is proposed that the Commission fine Harrah's Kansas City, LLC, the amount of \$15,000 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 30th day of May, 2024, to:

Julie Sola
General Manager
Harrah's Kansas City
One Riverboat Drive
North Kansas City, MO 64116


Jan M. Zimmerman
Chairman
Missouri Gaming Commission