

# IN THE MISSOURI GAMING COMMISSION

In Re: )  
 ) DC-24-075  
The Missouri Gaming Company, 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 PENN Entertainment, Inc., to develop and operate Class B gaming licensees in the State of Missouri.
3. PENN Entertainment, Inc., is the parent organization or controlling entity of The Missouri Gaming Company, LLC.
4. The Commission issued a Class B license to The Missouri Gaming Company, LLC, to conduct games on and operate the excursion gambling boat known as Argosy Riverside Casino (the “Casino”).
5. As the holder of a Class B license, The Missouri Gaming Company, LLC, is subject to the provisions of Sections 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission.

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

6. MGC Compliance Auditors completed a compliance audit for the period of April 1, 2020, through October 31, 2022. On March 1, 2023, a formal exit conference was conducted, during which all of the audit findings were presented to Casino management. The final audit reports (#23-05 and #23-06) were issued to the Casino on March 21, 2023.
7. In November 2023, MGC Compliance Auditors conducted a follow-up to determine if the audit findings from the final audit reports had been corrected. During this follow-up, MGC auditors determined that two (2) significant findings had not been corrected. Specifically, MGC auditors determined that MGC Audit Report No. 23-06, Finding B-3 and Finding D-9 had not been corrected.

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<sup>1</sup> GR 20231214003

8. With respect to MGC Audit Report No. 23-06, Finding B-3:
  - a. The Finding stated that the review of fourteen (14) override jackpot payouts from June and July 2022 that exceeded \$100 revealed that thirteen (13) were not recorded on the Surveillance Jackpot Override Log, for a 92.8% error rate. This finding was in violation of the Commission's Minimum Internal Control Standards (MICS), Chapter E § 2.16.
  - b. Casino management's response to Finding B-3 stated that beginning on October 27, 2022, slot team members were being reminded via email, posted signage, and pre-shifts to ensure they were contacting surveillance on all override jackpots of \$100 or more so that such override jackpots could be properly logged. The response further stated that the Casino managers would be responsible for all subsequent follow-up.
  - c. During follow-up procedures for Finding B-3, MGC auditors reviewed a sample of twelve (12) override jackpot slips from August 27 through October 27, 2023. Only two of the twelve jackpot slips exceeded \$100 and neither of the two had been recorded in the Jackpot Override Log, for a 100% error rate.
  
9. With Respect to MGC Audit Report No. 23-06, Finding D-9:
  - a. The Finding stated that an interview with the IT Manager on September 21, 2022, revealed that Argosy Casino did not retain a current list of all user accounts, including the employee's name and the corresponding user provisioning access for all Critical IT systems, for at least one day each month, in violation of the Commission's MICS, Chapter S § 9.04.
  - b. Casino management's response to Finding D-9 stated that the monthly report was not saving the PDF to a specific location and further stated that the Casino's IT team would have the issue resolved by March 31, 2023, for both the Aristocrat system and the Onelink system now that Onelink had been upgraded. The response also indicated the Director of IT would be responsible for further follow-up.
  - c. During follow-up procedures for Finding D-9, MGC Auditors requested documentation on October 26, 2023, showing the Casino had retained a list of all user accounts, including the employee's name and the corresponding user provisioning access, for all Critical IT systems for the months of April through October 2023. On November 13, 2023, Director of IT Jack Berkowitz provided an email response. A review of the email and attachments showed that although the Casino thought the reports were being generated automatically each month and saved, they were not. It further appeared that the Casino became aware that the reports were not being generated and saved automatically when the request from MGC came and the Casino was unable to fulfill it. The only acceptable document retained was the Oasis provisioning by employee for November 2, 2023, which

were not retained following MGC's request for documentation on October 26, 2023. The provisioning for Onelink was not retained.

## 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 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.

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.

\* \* \*

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

12. 11 CSR 45-9.060(3) states, in pertinent part, as follows:

(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.

13. The Commission's MICS, Chapter E § 2.16 states as follows:

Override jackpots shall be paid by a slot supervisor and witnessed according to the Jackpot Chart. The jackpot slip shall be signed by the supervisor processing the jackpot, the required witness, and the winning patron. Override jackpots of \$100 or more shall require Surveillance notification. Surveillance shall visually verify the jackpot and shall document the jackpot amount, the EGD number and the time on a jackpot override log. The log shall be submitted to Accounting each day. Accounting shall compare the jackpot override log entries to the manual jackpots processed for the day to ensure the overrides were witnessed by Surveillance.

14. The Commission's MICS, Chapter S § 9.04 states as follows:

A current list of all user accounts including the employee's name and the individual's corresponding user provisioning access for all Critical IT Systems and equipment shall be retained for at least one day of each month for the most recent five years. The lists may be archived electronically, if the listing is written to unalterable media (secured to prevent alteration).

#### **VIOLATIONS**

15. The acts or omissions of employees or agents of the Casino, as described above, involve a failure by the Casino to ensure proper documentation of override jackpots and a failure to provide necessary IT access system reports, in violation of the Commission's Minimum Internal Control Standards, Chapter E § 2.16 and Chapter S § 9.04.
16. The Missouri Gaming Company, 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(3).

#### **PENALTY PROPOSED**

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

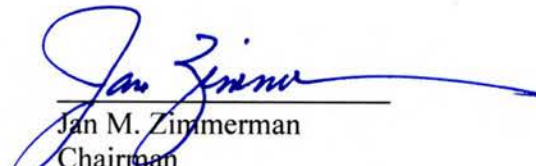
18. THEREFORE, it is proposed that the Commission fine The Missouri Gaming Company, LLC, in the amount of five thousand dollars (\$5,000.00) for the violations set forth herein.

  
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 \_\_\_\_ day of August, 2024, to:

Lance George  
General Manager  
Argosy Riverside Casino  
777 Northwest Argosy Parkway  
Riverside, MO 64150

  
Jan M. Zimmerman  
Chairman  
Missouri Gaming Commission