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MISSOURI GAMING COMMISSION MEETING

Held on January 19, 2011, at 9:00 a.m., at  
Riverside City Hall, Council Chambers, 2950 NW  
Vivion Road, Riverside, Missouri 64150.

Appearances:

James L. Mathewson, Chairman  
Jack L. Merritt, Commissioner  
Noel Shull, Commissioner  
Darryl Jones, Commissioner  
Barrett Hatches, Commissioner

Also Present:

Roger Stottlemire, Executive Director  
Angie Franks, Designated Principal Assistant

1                   CHAIRMAN MATHEWSON: Good morning,  
2                   everyone. Thank you very, very much for being  
3                   here. We'll try to move right along because I  
4                   think we have a front coming in, as you know. I'm  
5                   trying to get a flight out of here tomorrow  
6                   morning, but I'm trying to now get out of here  
7                   this afternoon, go someplace nice and warm I hope.  
8                   I want to thank the City for letting us have our  
9                   meeting here, they're always very gracious and  
10                  very kind. Angie, would you call roll, please.

11                  MS. FRANKS: Chairman Mathewson?

12                  CHAIRMAN MATHEWSON: Here.

13                  MS. FRANKS: Commissioner Shull?

14                  COMMISSIONER SHULL: Present.

15                  MS. FRANKS: Commission Jones?

16                  COMMISSIONER JONES: Present.

17                  MS. FRANKS: Commissioner Hatches?

18                  COMMISSIONER HATCHES: Here.

19                  MS. FRANKS: Commissioner Merritt?

20                  COMMISSIONER MERRITT: Here.

21                  CHAIRMAN MATHEWSON: A quorum being  
22                  present, all being present, thank you all for  
23                  that. Happy New Year to everyone. Consideration  
24                  of the minutes, we have November 15th first.  
25                  Chair will accept a motion to adopt the minutes of

1 the November 15th, 2010 meeting.

2 COMMISSIONER MERRITT: So moved.

3 COMMISSIONER JONES: Seconded.

4 CHAIRMAN MATHEWSON: I have a motion and  
5 second. Any discussion? Call roll, please.

6 MS. FRANKS: Commissioner Merritt?

7 COMMISSIONER MERRITT: Agreed.

8 MS. FRANKS: Commissioner Hatches?

9 COMMISSIONER HATCHES: Yes, agreed.

10 MS. FRANKS: Commissioner Jones?

11 COMMISSIONER JONES: Yes.

12 MS. FRANKS: Commissioner Shull?

13 COMMISSIONER SHULL: Approve.

14 MS. FRANKS: Chairman Mathewson?

15 CHAIRMAN MATHEWSON: Approve.

16 MS. FRANKS: By your vote you've adopted  
17 the minutes of the November 15th, 2010 meeting.

18 CHAIRMAN MATHEWSON: Thank you. Next is  
19 the December 1st, 2010 meeting. The Chair will  
20 accept a motion, please.

21 COMMISSIONER HATCHES: So moved.

22 COMMISSIONER JONES: Seconded.

23 CHAIRMAN MATHEWSON: Any discussion?  
24 Angie, call roll, please.

25 MS. FRANKS: Commissioner Merritt?

1 COMMISSIONER MERRITT: Approve.

2 MS. FRANKS: Commissioner Hatches?

3 COMMISSIONER HATCHES: Approve.

4 MS. FRANKS: Commissioner Jones?

5 COMMISSIONER JONES: Approve.

6 MS. FRANKS: Commissioner Shull?

7 COMMISSIONER SHULL: Approve.

8 MS. FRANKS: Chairman Mathewson?

9 CHAIRMAN MATHEWSON: Approve.

10 MS. FRANKS: By your vote you've adopted  
11 the minutes of the December 1st, 2010 meeting.

12 CHAIRMAN MATHEWSON: Mr. Stottlemyre,  
13 Executive Director.

14 MR. STOTTLEMYRE: Chairman,  
15 Commissioners, Item III on the agenda is  
16 Consideration of Relicensure of Certain Suppliers,  
17 and Lieutenant Rex Scism will present.

18 LIEUTENANT REX SCISM: Good morning,  
19 gentlemen. The Missouri State Highway Patrol  
20 Investigators conducted the relicensing  
21 investigation of one supplier company, currently  
22 licensed in Missouri. This investigation  
23 consisted of jurisdictional inquiries, feedback  
24 from affected gaming company clients, a review of  
25 disciplinary actions, litigation and business

1 credit profiles, as well as a review of the key  
2 persons associated with the company. The results  
3 of this investigation were provided to the MGC  
4 staff for their review and you possess a  
5 comprehensive summary report before you which  
6 outlines our investigative findings. We only have  
7 one supplier company this morning for your  
8 consideration, and that's Konami Gaming, Las  
9 Vegas, Nevada.

10 CHAIRMAN MATHEWSON: Any questions from  
11 the commissioners?

12 COMMISSIONER SHULL: Move for the  
13 approval of Resolution Number 11-001.

14 COMMISSIONER HATCHES: Second.

15 CHAIRMAN MATHEWSON: For the benefit of  
16 those out there and who don't know, we get these  
17 books a week before the meeting, so we're not just  
18 shooting here. We have these way in advance so we  
19 can go over them and look at the recommendations.  
20 We have a motion and a second on Resolution  
21 11-001. Any discussion? Call roll, please.

22 MS. FRANKS: Commission Merritt?

23 COMMISSIONER MERRITT: Approve.

24 MS. FRANKS: Commissioner Hatches?

25 COMMISSIONER HATCHES: Approve.

1 MS. FRANKS: Commissioner Jones?

2 COMMISSIONER JONES: Approve.

3 MS. FRANKS: Commissioner Shull?

4 COMMISSIONER SHULL: Approve.

5 MS. FRANKS: Chairman Mathewson?

6 CHAIRMAN MATHEWSON: Aprove.

7 MS. FRANKS: By your vote you've adopted  
8 Resolution Number 11-001.

9 MR. STOTTLEMYRE: Item IV on the agenda  
10 is Consideration of Waiver of Licensure for  
11 Institutional Investors, and Clarence Greeno will  
12 present.

13 MR. GREENO: Good morning, Mr. Chairman,  
14 Commissioners. Behind Tabs D and E are two  
15 resolutions regarding waiver of licensure for  
16 institutional investors holding and/or requesting  
17 to hold publicly traded interest up to 20 percent  
18 in gaming licensees. Each investor has submitted  
19 a request for waiver to hold interest in these  
20 licensees in compliance with 11CSR45-4.020. The  
21 submitted waivers certify all holdings are for  
22 institutional investment purposes only, with no  
23 intent to be involved in the management or  
24 operation of the licensees.

25 Because the holdings may exceed the 10

1           percent threshold for which the executive director  
2           may grant waiver, these resolutions are before the  
3           Commission today. The first resolution, Number  
4           11-002, is for Commonwealth Bank of Australia  
5           which presently has holdings in Aristocrat Leisure  
6           Limited. The second, Resolution Number 11-003, is  
7           for IOOF Holdings Limited which also has holdings  
8           in Aristocrat Leisure Limited. I would be happy  
9           to answer any questions.

10                    COMMISSIONER SHULL: Are these related  
11           companies?

12                    MR. GREENO: No, sir, they are not.

13           (Whereupon, Chairman Mathewson stepped out.)

14                    COMMISSIONER SHULL: Are there any other  
15           questions?

16                    COMMISSIONER MERRITT: I make a motion  
17           to approve Resolution Numbers 11-002, 11-003.

18                    COMMISSIONER JONES: Seconded.

19                    COMMISSIONER SHULL: A motion has been  
20           made, there's a second. Is there any further  
21           questions or discussion? Hearing none, call roll,  
22           please.

23                    MS. FRANKS: Commissioner Merritt?

24                    COMMISSIONER MERRITT: Approve.

25                    MS. FRANKS: Commissioner Hatches?

1 COMMISSIONER HATCHES: Approve.

2 MS. FRANKS: Commissioner Jones?

3 COMMISSIONER JONES: Approve.

4 MS. FRANKS: Commissioner Shull?

5 COMMISSIONER SHULL: Approve.

6 MS. FRANKS: By your vote you've adopted  
7 Resolution Numbers 11-002 and 11-003.

8 MR. STOTTLEMYRE: The next item on the  
9 agenda is Consideration of Extension of Supplier's  
10 License, and Clarence will present.

11 MR. GREENO: Commissioners, behind Tab F  
12 is Commission Resolution Number 11-004 which  
13 extends the Commission-issued Supplier License of  
14 Bally Technologies, Incorporated until April 30th,  
15 2011. The suitability investigation required for  
16 license renewal will not be completed prior to the  
17 expiration of the Supplier's license issued to the  
18 company. The Commission, at its October 19th,  
19 2010 meeting, granted an extension of Bally's  
20 license until January 31, 2011. The complexities  
21 of the investigation, however, have delayed its  
22 completion.

23 COMMISSIONER SHULL: Are there any  
24 questions?

25 COMMISSIONER MERRITT: The investigation

1 is being delayed?

2 MR. GREENO: Yes, sir, the investigation  
3 is ongoing.

4 COMMISSIONER MERRITT: Do we need an  
5 action?

6 COMMISSIONER SHULL: We need to approve  
7 this for extension until April 3rd.

8 COMMISSIONER HATCHES: I move to approve  
9 Resolution Number 11-004.

10 COMMISSIONER JONES: Second.

11 COMMISSIONER SHULL: A motion has been  
12 made and seconded. Is there any further  
13 discussion? Hearing none, call roll, please.

14 MS. FRANKS: Commissioner Merritt?

15 COMMISSIONER MERRITT: Approve.

16 MS. FRANKS: Commissioner Hatches?

17 COMMISSIONER HATCHES: Approve.

18 MS. FRANKS: Commissioner Jones?

19 COMMISSIONER JONES: Approve.

20 MS. FRANKS: Commissioner Shull?

21 COMMISSIONER SHULL: Approve.

22 MS. FRANKS: By your vote you've adopted  
23 Resolution Number 11-004.

24 MR. STOTTLEMYRE: The next item on the  
25 agenda is Consideration of Licensure of Level

1 I/Key Applicants. Lieutenant Rex Scism will  
2 present.

3 LIEUTENANT SCISM: Hello again.  
4 Missouri State Highway Patrol investigators, along  
5 with gaming commission financial investigators,  
6 conducted comprehensive background investigations  
7 on Multiple Key and Level One Applicants. The  
8 investigations included, but were not limited to,  
9 criminal, financial and general character  
10 inquiries, which were made in the jurisdictions  
11 where the applicants lived, worked and frequented.

12 The following individuals are being  
13 presented for your consideration this morning.  
14 Stephen W. Morro, Non-Executive Director for  
15 Aristocrat Leisure Limited; Corey J. Wise, Vice  
16 President of Finance for Harrah's Maryland  
17 Heights, LLC; Phillip G. Satre, Chairman of the  
18 Board for IGT, Incorporated; John V. Finamore,  
19 Senior Vice President of Regional Operations for  
20 Penn National Gaming, Incorporated; Steven T.  
21 Snyder, Senior Vice President of Corporate  
22 Development for Penn National Gaming; and finally,  
23 Daniel M. Wade, Outside Director for Shuffle  
24 Master, Incorporated.

25 The results of these investigations were

1 provided to the gaming commission staff for their  
2 review, and you have all the related summary  
3 reports before you.

4 COMMISSIONER SHULL: Are there any  
5 questions? Does Staff have a recommendation?

6 MR. STOTTLEMYRE: Staff recommends  
7 approval of Resolution Number 11-005.

8 COMMISSIONER SHULL: Is there a motion?

9 COMMISSIONER JONES: I'd make a motion  
10 to approve Resolution Number 11-005.

11 COMMISSIONER MERRITT: Second.

12 COMMISSIONER SHULL: Any further  
13 discussion? Call roll, please.

14 MS. FRANKS: Commissioner Merritt?

15 COMMISSIONER MERRITT: Approve.

16 MS. FRANKS: Commissioner Hatches?

17 COMMISSIONER HATCHES: Approve.

18 MS. FRANKS: Commissioner Jones?

19 COMMISSIONER JONES: Approve.

20 MS. FRANKS: Commissioner Shull?

21 COMMISSIONER SHULL: Approve.

22 MS. FRANKS: By your vote you've adopted  
23 Resolution Number 11-005.

24 MR. STOTTLEMYRE: The next item on the  
25 agenda is Consideration of Disciplinary Actions.

1 Mike Bradley will present.

2 MR. BRADLEY: Good morning. Behind Tab  
3 I we have Proposed Disciplinary Action, Number  
4 DC-11-013 against Lumiere Place in St. Louis. And  
5 this action is based on -- the gaming commission  
6 regulations provide that you cannot advertise  
7 products of intoxicating liquor. And we try to  
8 have the gaming commission regulations with regard  
9 to liquor licenses mirror the state regulations,  
10 and the State Alcohol/Tobacco Commission also has  
11 similar rules that you cannot advertise this kind  
12 of liquor. And to emphasize that, back on June  
13 21st, 2010 the then deputy director of enforcement  
14 had sent a letter to all the properties reminding  
15 them of this rule.

16 Then on August 11, 2010 the company  
17 Lumiere Place advertised on their big, giant  
18 billboard outside of I-70 that you would have  
19 discount drinks on the property. They also had  
20 advertising inside of the property, advertising  
21 the discounted drinks. This is in clear violation  
22 of the regulations, and we are proposing proposed  
23 discipline, and the proposed fine is \$10,000. As  
24 we've talked before, this is proposed discipline.

25 If you all approve it, it goes forward.

1 The property has the right to ask for an appeal.  
2 The hearing officer has the appeal, and it comes  
3 back to you. If the property decides not to ask  
4 for appeal, then it becomes final discipline and  
5 they'd have to pay the penalty. Any questions on  
6 this one?

7 COMMISSIONER SHULL: Are there any  
8 questions?

9 (Whereupon, Chairman Mathewson returned.)

10 CHAIRMAN MATHEWSON: Anybody have any  
11 questions or comments? Seeing none, Chair will  
12 accept a motion for DC-11-013.

13 COMMISSIONER JONES: So moved.

14 COMMISSIONER HATCHES: Seconded.

15 CHAIRMAN MATHEWSON: We have a motion  
16 and a second. Call roll, please.

17 MS. FRANKS: Commissioner Merritt?

18 COMMISSIONER MERRITT: Approve.

19 MS. FRANKS: Commissioner Hatches?

20 COMMISSIONER HATCHES: Approve.

21 MS. FRANKS: Commissioner Jones?

22 COMMISSIONER JONES: Approve.

23 MS. FRANKS: Commissioner Shull?

24 COMMISSIONER SHULL: Approve.

25 MS. FRANKS: Chairman Mathewson?

1                   CHAIRMAN MATHEWSON: Approve.

2                   MS. FRANKS: By your vote you've adopted  
3 DC-11-013.

4                   MR. BRADLEY: The next one after Tab J  
5 is against Lumiere Place, and this is a proposed  
6 discipline based on a promotion that they had.  
7 And this promotion was the Blue Suede Shoes Slot  
8 Tournament. A slot tournament is basically a  
9 situation where the property will segregate a  
10 certain number of slot machines and allow people  
11 to enter the tournament. They either pay to enter  
12 the tournament or they can be free to enter the  
13 tournament, but they set out as all promotions,  
14 they set out the rules of the tournament  
15 beforehand.

16                   And what happens is the people go and  
17 play for a certain period of time, and the person  
18 who gets the highest number of credits on the slot  
19 machine would win a prize. So it's just basically  
20 playing a slot machine as fast as you can and  
21 hoping that you get enough wins that you get more  
22 credits than somebody else. And the gaming  
23 commission regulations provide that there should  
24 be no false or misleading statements or oral  
25 representations regarding any promotional

1 activity. They're also required to have set out  
2 their promotional activities and rules.

3           These apply not only to slot  
4 tournaments, but any other type of promotional  
5 activity where they're having some sort of  
6 giveaway. The property did come up with a set of  
7 rules for the slot tournament, and their set of  
8 rules were violated in two respects. One respect,  
9 the rules provided that the tournament  
10 registration would take place from 5:00 p.m. to  
11 9:00 p.m. Then when they sent out the promotional  
12 flier to the patrons, they had put down that the  
13 tournament would take place from 4:00 p.m. to 9:00  
14 p.m., so it was an extra hour.

15           And one of the patrons showed up at 4:00  
16 o'clock to sign up and was told no, that you don't  
17 sign up until 5:00 o'clock. So she had to wait an  
18 extra hour, and it was an inconvenience to her, it  
19 was in clear violation of the rules. The next  
20 issue was the rules provided that each machine  
21 would have a timer set on it. And don't ask me  
22 how they do this, but they can do it. But it  
23 would time out after 5 minutes.

24           So the idea was you've got plenty of  
25 machines. They started everybody, you start

1 playing your machine for five minutes, and whoever  
2 got the most credits would advance and win. One  
3 of the patrons, the machine mechanically failed  
4 after 4 minutes and 30 seconds, so she did not get  
5 her entire 5 minutes. By the rule that the  
6 property had drafted, if you had that kind of a  
7 situation, what they were supposed to do is go to  
8 another machine and give that patron another 5  
9 minutes.

10 Well, they did that, but what happened  
11 is the patron is upset because she had got more  
12 credits on the 4 minutes and 30 seconds than she  
13 did on the full 5 minutes. So then they started  
14 violating the rules to try to accommodate her,  
15 giving her an extra 30 seconds, and it just didn't  
16 work. I mean, when you have the rule,  
17 unfortunately, you follow the rules. I mean, I  
18 played basketball in high school. If you travel,  
19 the ball gets taken away.

20 And those are the two things that they  
21 really did. One, the promotional where they sent  
22 out the wrong time is clearly something that the  
23 company should have caught. I mean, you follow  
24 the rules and send out your promotions for the  
25 rules. And the second one they had, you know, the

1 issue with the 4 minutes and 30 seconds, go to the  
2 rules, what does the rules say, and then follow  
3 the rules. They failed to do that, and for that  
4 reason, because they're responsible for their  
5 promotions, and promotions directly affect the  
6 patrons, the proposed penalty is \$20,000 in this  
7 case.

8 CHAIRMAN MATHEWSON: Any questions?

9 COMMISSIONER JONES: I have one. When  
10 they present the rules, are they approved by the  
11 Commission?

12 MR. BRADLEY: The Commission doesn't go  
13 through a separate approval process. They used to  
14 do that is my understanding, and it just, it got  
15 to be too cumbersome. But they're expected to  
16 follow when they do have to present them to the  
17 Commission. And they have to be available for the  
18 patrons too. I mean, if something comes up, the  
19 patron should be able to say I want to look at the  
20 rules. So we do have regulations on that.

21 COMMISSIONER. JONES: Okay.

22 COMMISSIONER HATCHES: I have a  
23 question.

24 MR. BRADLEY: Sure.

25 COMMISSIONER HATCHES: We have one

1 violation, it's not two, right?

2 MR. BRADLEY: Yes.

3 COMMISSIONER HATCHES: So the time was  
4 in violation?

5 MR. BRADLEY: Well, we have two  
6 violations of the same rule.

7 COMMISSIONER HATCHES: One fine for two

8 --

9 MR. BRADLEY: One fine for two  
10 violations.

11 COMMISSIONER HATCHES: Thank you.

12 CHAIRMAN MATHEWSON: Any other  
13 questions, comments? Chair will accept a motion  
14 then to accept the recommendation of the \$20,000  
15 violation.

16 COMMISSIONER SHULL: Move for approval  
17 of DC-11-014.

18 COMMISSIONER MERRITT: Second.

19 CHAIRMAN MATHEWSON: Any further  
20 discussion? Call roll, Angie, please.

21 MS. FRANKS: Commissioner Merritt?

22 COMMISSIONER MERRITT: Approve.

23 MS. FRANKS: Commissioner Hatches?

24 COMMISSIONER HATCHES: Approve.

25 MS. FRANKS: Commissioner Jones?

1 COMMISSIONER JONES: Approve?

2 MS. FRANKS: Commissioner Shull?

3 COMMISSIONER SHULL: Approve.

4 MS. FRANKS: Chairman Mathewson?

5 CHAIRMAN MATHEWSON: Approve.

6 MS. FRANKS: By your vote you've adopted

7 DC-11-014.

8 CHAIRMAN MATHEWSON: By the way, Mike,

9 did people have to wear blue suede shoes?

10 MR. BRADLEY: That wasn't in the rules,

11 so. I think that was an option.

12 CHAIRMAN MATHEWSON: What I was

13 wondering was I have a pair, 1956 I think it was.

14 I wonder if you can still buy them, I may get one.

15 MR. BRADLEY: Down in Memphis probably.

16 CHAIRMAN MATHEWSON: Sorry, go ahead,

17 Mike.

18 MR. BRADLEY: The next one is under Tab

19 K, and it's a preliminary order with regard to

20 Harrah's Maryland Heights, and it's DC-11-015.

21 This one is a minor in the casino. And just to

22 preface, the discipline and review board, we're

23 going to talk about them at next month's meeting.

24 I'm going to give a presentation on how the

25 process works to give the newer commissioners an

1           idea. But the disciplinary review board reviews  
2           several reports.

3                       We don't recommend discipline on every  
4           minor in the casino. We kind of look at the  
5           entire situation. And this one was a male minor,  
6           he came on the casino. The person, the security  
7           officer at the gate checked his ID. And what  
8           seems to be happening a lot is people, unlike in  
9           my age where you could get a razor blade and slip  
10          a new data in or use Wite-Out, they just go get an  
11          ID of somebody who is older than them but has  
12          similar features.

13                      And the person at the security gate did  
14          check the ID and didn't see a problem and let the  
15          person enter. When we look at these, oftentimes  
16          we have situations where the person checks the ID  
17          and lets the person be admitted. But a lot of  
18          times they're caught by somebody else in the  
19          casino. And that's kind of what the disciplinary  
20          review board has been looking at, is did somebody  
21          else catch them. You know, it's just not at the  
22          gate. I mean, it should be the responsibility of  
23          everybody.

24                      My analogy is like a football defense, I  
25          mean, the gate is your defensive line, but you've

1 got linebackers and defensive backs. Just because  
2 somebody gets through the defensive line doesn't  
3 mean the linebackers and defensive backs can  
4 ignore them. I mean, that's kind of the way we  
5 look at it. On this one the minor not only got  
6 through but he went and bought a beer and his ID  
7 wasn't checked there, and then he went and  
8 gambled. And nobody checked his ID. And he  
9 gambled on slot machines, which you're more able  
10 to do it at a slot machine than at a table where  
11 you've got somebody looking at you all the time.

12 But this minor came on, had a beer,  
13 played slot machines and was never caught. He was  
14 caught when he came back because he lost his  
15 wallet. When he went to retrieve his wallet they  
16 figured out that he was actually under age. And  
17 because of that, that's the reason we're proposing  
18 discipline in this. In this one we do send the  
19 proposed orders to the properties beforehand, and  
20 this one the property did respond.

21 And their response is, you know, the  
22 security officer has been there a while, does a  
23 very good job, made a mistake on this one, but you  
24 check so many ID's that you made a mistake. They  
25 also talked about how they do a lot of training on

1           this, they've gone through a lot of training,  
2           their whole casino. So they're mitigating on  
3           that, but that's more for the hearing than for  
4           this, but they have responded. But this one was  
5           because the person was able to drink and able to  
6           gamble, we proposed a penalty on this one for  
7           \$20,000. And, of course, they would like to  
8           appeal it. Any questions on this individual?

9                        COMMISSIONER HATCHES: I have a  
10           question.

11                       MR. BRADLEY: Sure.

12                       COMMISSIONER HATCHES: If a minor is  
13           admitted on the floor after security and passes  
14           that and then they go in and have an alcoholic  
15           beverage, would your recommendation be different  
16           if it stopped there? Or because they gambled on  
17           top of it, does that compound it?

18                       MR. BRADLEY: It kind of compounds it.  
19           We don't have a set formula, but we kind of -- it  
20           compounds it. And what we look at is who had  
21           access. I mean, we'll see some reports where the  
22           minor will have the ID checked or a minor will be  
23           with a group of minors and the other people start  
24           being somewhat disruptive to let the guy slip  
25           through, that type of thing. But if a waitress or

1 the bartender will catch them, then we look at  
2 that.

3 We look at, you know, is the whole  
4 property looking out for this guy. Is the whole  
5 property looking to people and saying that guy  
6 looks a little young or that gal looks a little  
7 young. It's just not at security. Our situation  
8 is we don't want it to be that once you get past  
9 the security gate you're home free. Everybody on  
10 the property should be looking at it, and that's  
11 why this discipline is set up the way it is.

12 And we do look at it a little more if  
13 they drink and gamble. We get some that just get  
14 on and don't drink or gamble, and they shouldn't  
15 have been there, but that's a little different  
16 situation.

17 CHAIRMAN MATHEWSON: Mike, I see under C  
18 where he actually played the slot machine for 2  
19 minutes?

20 MR. BRADLEY: Yeah.

21 CHAIRMAN MATHEWSON: Did we pull that  
22 off the tape?

23 MR. BRADLEY: Pulled it off the tape.  
24 The way the troopers investigate these is after  
25 they've caught somebody then they go back to the

1 surveillance room and the surveillance department  
2 can put together -- you know, they interviewed the  
3 minor. And usually they end up talking and they  
4 get an idea about what time they came in so they  
5 can just watch it from when he came in and watch  
6 his whole movements and put it all together. So  
7 that's why the times are as definite as they are,  
8 it's all off the tapes. And they can actually --  
9 they know which machine it is. I mean, they've  
10 got, as we saw yesterday, they have a board.

11 CHAIRMAN MATHEWSON: Yeah, from  
12 yesterday we could see that. Any other questions,  
13 thoughts?

14 COMMISSIONER MERRITT: Is the minor  
15 turned in for prosecution?

16 MR. BRADLEY: Yes, yes, they're always  
17 turned in for prosecution unless they're a  
18 juvenile and they send it to the juvenile  
19 authorities.

20 CHAIRMAN MATHEWSON: And I assume  
21 nothing happened?

22 MR. BRADLEY: I can't recall in this  
23 one. It just depends on the county. Often some  
24 of the counties prosecute them. They typically  
25 get probation. It just depends. It depends on

1 the county, it depends on the prosecutor and it  
2 depends on the facts of the case. As a former  
3 prosecutor I never second-guess another  
4 prosecutor.

5 CHAIRMAN MATHEWSON: You guys stick  
6 together.

7 MR. BRADLEY: That's right. We don't  
8 have any other friends, we've got to.

9 CHAIRMAN MATHEWSON: Okay. Any other  
10 thoughts or comments? The Chair will accept a  
11 motion for the recommendation on DC-11-015.

12 COMMISSIONER SHULL: I make a motion for  
13 015.

14 COMMISSIONER JONES: Second.

15 CHAIRMAN MATHEWSON: Any further  
16 discussion? Call roll, Angie, please.

17 MS. FRANKS: Commissioner Merritt?

18 COMMISSIONER MERRITT: Approve.

19 MS. FRANKS: Commissioner Hatches?

20 COMMISSIONER HATCHES: Approve.

21 MS. FRANKS: Commissioner Jones?

22 COMMISSIONER JONES: Approve.

23 MS. FRANKS: Commissioner Shull?

24 COMMISSIONER SHULL: Approve.

25 MS. FRANKS: Chairman Mathewson?

1                   CHAIRMAN MATHEWSON: Approve.

2                   MS. FRANKS: By your vote you've adopted  
3 DC-11-015.

4                   MR. BRADLEY: The next one we have this  
5 morning is under Tab L, and it is proposed  
6 discipline against Harrah's Maryland Heights,  
7 Number DC-11-016. And this is one that arose out  
8 of the audit of the casino, and it involves the  
9 pin numbers on the players cards. Now that we  
10 don't have loss limit, players cards are optional.  
11 But they're a big marketing and promotional tool  
12 for the casinos to use. If you go and you use  
13 your card to get a certain number of points, and  
14 they actually do rewards on the cards where if you  
15 come on certain days, you can receive more points  
16 or some of them actually you receive some cash  
17 that you can use to gamble on.

18                   So the cards have a value, and while  
19 they're not as valuable as somebody's ATM card,  
20 the pin numbers are important, because they're  
21 owned by the patron and then the patron is in  
22 charge of the pin number. And for that reason the  
23 gaming commission has instituted a minimum  
24 internal control standard that if people have lost  
25 their cards or need to have their cards reset,

1           that the pin number should be set by somebody who  
2           is at a supervisory capacity. And that's  
3           specifically in the rule.

4                         And what we found in Harrah's Maryland  
5           Heights internal, own company internal control  
6           rules which, of course, have to be no less than  
7           our minimal, also provide that supervisory  
8           personnel has to be the one that sets the pin  
9           numbers. And what the audit found was that there  
10          were persons who were not supervisory personnel  
11          who were allowed reset pin numbers for patrons.  
12          And the problem is, and nothing against the  
13          people, but we set it at a level because the pin  
14          numbers are the patrons. If somebody set a pin  
15          number for a patron and was able to get the card  
16          or was able to do things, they would have the  
17          ability to do bad things.

18                        So we're trying to limit who sets the  
19          pins to supervisors and not to other people in  
20          marketing and casino. So that's why we have the  
21          rule. The rule has been out there for a number of  
22          years. Harrah's Maryland Heights was not  
23          following the rule. I mean, the audit initially,  
24          when they go in and do the audits, found that they  
25          weren't doing it.

1                   And to compound that, not only was --  
2                   and the discipline is because they weren't  
3                   following the minimum internal control standards.  
4                   But the aggravating factor is once it was found in  
5                   the audit in March of 2010 it never was corrected.  
6                   I mean, it wasn't corrected up until -- in June  
7                   when they did a follow-up, it still had not been  
8                   corrected, but then when they had the final  
9                   follow-up in July, it had been corrected. So this  
10                  discipline isn't just because we found it in March  
11                  and they didn't fix it until June, the discipline  
12                  is because they never should have been doing it in  
13                  March. And even when they were doing it in March  
14                  they didn't get it corrected immediately.

15                  And we're recommending a proposed  
16                  penalty of \$10,000 in this case.

17                  CHAIRMAN MATHEWSON: Mike, I mean, what  
18                  kind of justification did they give to the fact  
19                  that it goes from March 18th --

20                  MR. BRADLEY: I'm going to defer that to  
21                  --

22                  CHAIRMAN MATHEWSON: -- August 31st they  
23                  contacted a member of N, I assume?

24                  MR. BRADLEY: I'm going to defer to  
25                  Cheryl Alonzo.

1                   MS. ALONZO: Hi. Cheryl Alonzo,  
2                   Director of Compliance Audit for Missouri Gaming.  
3                   The time, because this can take a lot of comment.  
4                   The reason that we brought it was not so much for  
5                   the time period, because there's always --  
6                   traditionally we will bring things to their  
7                   attention, you know, as we're finding it during  
8                   the audit, but we -- I don't think they have an  
9                   expectation that we're going to -- because we  
10                  can't really do anything until we've already  
11                  written them up. And there's a long time period  
12                  between when we start the audit and when we do the  
13                  final exit and get all the answers back as to what  
14                  they're going to do to fix it.

15                  And even at that time, sometimes there  
16                  will be a delay, and they'll say, well, we have to  
17                  do a system upgrade so it will be another month  
18                  before we can make this change. Because this  
19                  audit time simply that we thought the rule was  
20                  very clear and their system was not set up that  
21                  way. And they didn't really give any reason why  
22                  it wasn't set up that way. I'm sure it's a  
23                  corporate system, but we were never contacted to  
24                  say, hey, this is the way our system works, we  
25                  need to put some compensating controls in it so we

1 get it changed, they just didn't do the rule. And  
2 we felt it was clearly a security patron issue.

3 CHAIRMAN MATHEWSON: And you've been  
4 doing these audits for quite a while. Generally  
5 when you -- I don't think I've ever asked this  
6 before -- but when your team goes in to do an  
7 audit on the casinos, then shortly after -- I  
8 mean, in other words, you present your findings  
9 fairly soon after you complete the audit, right,  
10 to them?

11 MS. ALONZO: What we actually do is  
12 we'll be at a large property for several months  
13 and we'll start with one section, and as we  
14 complete the sensitive key audit, my audit  
15 supervisors have what we call little mini exits.  
16 And we'll just sit down, the compliance auditor,  
17 the manager of that department so that they know  
18 that we've got findings in these areas because we  
19 didn't -- we're trying to shorten -- we're going  
20 to let them know as soon as possible because at  
21 the end of three months maybe that your auditing,  
22 and by the time that the binders get reviewed and  
23 you have the final exit meeting could be a little  
24 bit of time.

25 And we felt like we wanted to let them

1 know sooner. So we've been meeting with them  
2 throughout the process to let them know what's  
3 wrong so that they could address it quicker. So  
4 that's something that we've been doing over the  
5 last couple of years, you know, just to try to  
6 shorten that. But I think people still kind of  
7 wait until the audit is finalized sometimes before  
8 they take action. Some people take it right away,  
9 it just kind of depends.

10 CHAIRMAN MATHEWSON: In this case you  
11 first were in on March 18th and then they could  
12 have changed that, recognizing that on March the  
13 31st; is that what that says? In other words,  
14 they knew then on March 31st that the information  
15 --

16 MS. ALONZO: Yes.

17 CHAIRMAN MATHEWSON: -- wrote by the  
18 company that they had the ability. That's a no,  
19 no.

20 MS. ALONZO: Right.

21 CHAIRMAN MATHEWSON: So then we could  
22 assume then by your report here that then it was  
23 June 16th, and that was a follow-up interview,  
24 they still hadn't done it, which is, what, three  
25 months later almost. And then in July when you

1 did the follow-up then, they finally said, oops --  
2 what kind of -- I'm not being critical here, I'm  
3 trying to -- did they have the opportunity to make  
4 the change early on? And I would assume by your  
5 report here that they did?

6 MS. ALONZO: Well --

7 CHAIRMAN MATHEWSON: Indeed, they were  
8 notified?

9 MS. ALONZO: They knew about it, but I  
10 do think they had to go through corporate to make  
11 a system change --

12 CHAIRMAN MATHEWSON: Okay, corporate.

13 MS. ALONZO: Because the system  
14 automatically combines the ability to -- when you  
15 create an account you automatically have the  
16 ability to reset the pin. And that was the way  
17 their particular system is designed. So it wasn't  
18 like you just go in and fix it. It was going to  
19 take them some time and they were going to need to  
20 go through corporate. Is that -- I mean, I know  
21 it's not your property, but you have the same  
22 system; isn't that correct? Sharon Spencer-Drew  
23 is the compliance officer for the Harrah's  
24 property here in Kansas City, so she's familiar  
25 with that system.

1                   CHAIRMAN MATHEWSON: Okay.

2                   MS. SPENCER-DREW: Our system is pretty  
3 complex and some functions within the system are  
4 associated and linked to other ones. This  
5 particular one I'm not familiar with, is that what  
6 has to happen if we need to make a change, we have  
7 to request a change, and then it has to be done.  
8 Some things can be done from the property level,  
9 others have to be done through a corporate  
10 request, so it can take a little bit of time to  
11 get those transitioned and taken care of. Any  
12 other questions?

13                  CHAIRMAN MATHEWSON: Any questions?

14                  COMMISSIONER JONES: I would like to  
15 make sure to clear this up, because when I read  
16 this it just looks like they just ignored it and  
17 we'll do it when we get ready.

18                  MS. ALONZO: Well, I think --

19                  COMMISSIONER JONES: It appears to be  
20 quite simple. They don't do it, you know, the  
21 supervisor has to reset that pin. So anyone else,  
22 you're prohibited from doing that. So I'm glad  
23 you cleared it up in my mind, because I just  
24 thought they flat out ignored it.

25                  MS. ALONZO: That's why the fine is not

1 high or anything. It was just we felt like --  
2 really for me, I prefer you guys focus on the fact  
3 that they just weren't in compliance as opposed to  
4 the time line, because I think they kind of have a  
5 comfort zone of kind of waiting a little bit until  
6 the audit is completed just in case the finding  
7 would change or something like that.

8 COMMISSIONER SHULL: That leads to  
9 another question for me, is the Kansas City  
10 Harrah's property in compliance?

11 MS. SPENCER-DREW: The supervisor or  
12 above.

13 COMMISSIONER SHULL: Pardon?

14 MS. SPENCER-DREW: The supervisor or  
15 above has authority to make the changes to the  
16 pin, because we actually got addressed I think on  
17 that in one of our last audits and we corrected  
18 that.

19 COMMISSIONER SHULL: Were you in  
20 compliance in 2010?

21 MS. SPENCER-DREW: I would say we were,  
22 yes. I think it was -- not the 2010 audit, I  
23 believe it was the previous audit, we had been  
24 addressed on that and we corrected that.

25 COMMISSIONER SHULL: So it shouldn't

1 have been a long process to get it changed?

2 MS. SPENCER-DREW: I don't think it's a  
3 lengthy process really to get it changed. The  
4 challenge that we have with our system, our system  
5 is very complex. And the functions within our  
6 system are not necessarily written user-friendly  
7 to where we clearly understand what each function  
8 does, and a lot of times what we'll find is  
9 functions are related. Credits are an example.  
10 We had been addressed on adjustment of credit, but  
11 then there were other things within our system  
12 that were related to it that did the same thing,  
13 which was found on an audit as well.

14 So a part of it is, is the system is  
15 very complex and is finding the right functions  
16 within the system to make the corrections on. So,  
17 again, it's not that it takes a tremendous amount  
18 of time to correct it, it's just making sure you  
19 get the right functions turned off.

20 COMMISSIONER SHULL: At the same time?

21 MS. SPENCER-DREW: Yes, they are. But I  
22 will tell you we did get addressed on our audit  
23 issue for the same type of finding.

24 COMMISSIONER SHULL: Previously?

25 MS. SPENCER-DREW: Yes.

1                   COMMISSIONER SHULL: Before March of  
2                   2010?

3                   MS. SPENCER-DREW: Yes.

4                   CHAIRMAN MATHEWSON: That raises to me,  
5                   you just said that on a previous audit the Kansas  
6                   Harrah's operation had been told that this has to  
7                   be this way, okay. But I assume then that the  
8                   Kansas City Harrah's does not talk to the St.  
9                   Louis Harrah's?

10                  MS. SPENCER-DREW: We do talk, we talk  
11                  on a regular basis, but I don't necessarily  
12                  forward my audit reports over to them. If they  
13                  request them, I would be more than glad to do  
14                  that. I mean, it's definitely something I could  
15                  look and see.

16                  COMMISSIONER JONES: I'm having a  
17                  problem is, if this is corporate function, it  
18                  should have come back down from corporate to  
19                  correct all of Harrah's properties to comply?

20                  CHAIRMAN MATHEWSON: Yes, that's what  
21                  I'm saying.

22                  MS. SPENCER-DREW: Each property has  
23                  their own CMS. And each property has their own  
24                  CMS, so it's not as simple as there is one change  
25                  at the corporate level that fixes everybody.

1           Every property has their own individual flags for  
2           their system that get turned off and on.

3                    COMMISSIONER SHULL: Well, maybe there  
4           needs to be --

5                    MS. SPENCER-DREW: I hear you.

6                    CHAIRMAN MATHEWSON: That's what I'm  
7           saying.

8                    MS. ALONZO: There was a difference too,  
9           I think what we found here at Harrah's North  
10          Kansas City is that people had improper access but  
11          they didn't use it. While in St. Louis they had  
12          it and they were doing it. So sometimes you'll  
13          find properties don't realize that their system  
14          access is inappropriate and employees don't  
15          realize it. And so whenever they audit who is  
16          making resets, it's actually -- there's no  
17          violation occurring in the fact that, you know,  
18          they're not -- the employees are still acting  
19          properly and following the rules and they don't  
20          even realize they have access.

21                    But at Harrah's St. Louis they had the  
22          access and they were actually resetting the pin,  
23          which brought it to a more serious level for me as  
24          opposed to okay, you guys did not violate the rule  
25          by having someone reset the pin, but you've got to

1 realize your access needs to be corrected. So  
2 that was the difference too between the  
3 properties.

4 CHAIRMAN MATHEWSON: Thank you. I will  
5 tell you, though, and I don't mean this  
6 threateningly, certainly not to you, but that does  
7 say to me that they need to talk to each other  
8 once in a while. You know, I understand that  
9 every operation, Ceasars Incorporated or whatever,  
10 I mean, they're big, they're all over everywhere,  
11 okay. And I understand that sometimes Harrah's  
12 Kansas City might get lost in that whole picture  
13 of all of that, and that that's a problem in a big  
14 corporate structure. But maybe that's one of the  
15 problems they have, somebody needs to get on it.  
16 You know, because all they have is two operations  
17 in the state.

18 But at the same time it sort of sounds  
19 to me like a breakdown between those two. And it  
20 has nothing to do with you. And I think the  
21 report to this commission, that we're going to  
22 fine you if you keep doing this. Mike and Roger,  
23 they ought to not be doing that. Maybe this is  
24 the exception and not the rule, let's hope it is,  
25 okay.

1 MS. SPENCER-DREW: Thank you.

2 CHAIRMAN MATHEWSON: Thank you for being  
3 here. Any other comments or thoughts? The Chair  
4 will accept a motion for DC-11-016, please.

5 COMMISSIONER JONES: Move for the  
6 acceptance of DC-11-016.

7 COMMISSIONER SHULL: Second.

8 CHAIRMAN MATHEWSON: Any further  
9 discussion? Call roll, please.

10 MS. FRANKS: Commissioner Merritt?

11 COMMISSIONER MERRITT: Approve.

12 MS. FRANKS: Commissioner Hatches?

13 COMMISSIONER HATCHES: Approve.

14 MS. FRANKS: Commissioner Jones?

15 COMMISSIONER JONES: Approve.

16 MS. FRANKS: Commissioner Shull?

17 COMMISSIONER SHULL: Approve.

18 MS. FRANKS: Chairman Mathewson?

19 CHAIRMAN MATHEWSON: Approve.

20 MS. FRANKS: By your vote you've adopted  
21 DC-11-016.

22 CHAIRMAN MATHEWSON: Thank you. Mike.

23 MR. BRADLEY: Thanks. Under Tab M is  
24 the next proposed order of discipline, and this is  
25 against Harrah's North Kansas City, and it's

1 DC-11-017. And this one again is audit findings,  
2 and this one we've broken down into three counts.  
3 The first count is our regulation provides that  
4 prior to being placed into play, any decks used in  
5 poker shall be inspected. The audit found that  
6 they observed that one dealer opened two tables  
7 without properly inspecting the back of the cards.

8 And this is important in that in  
9 protecting the game, if somebody were able to  
10 somehow get ahold of a deck of cards and somehow  
11 mark them, especially in poker, it gives them a  
12 really unfair competitive advantage. And so  
13 that's one of the reasons they use new cards so  
14 much and one of the reasons they're required that  
15 they inspect the back of the cards, to make sure  
16 there aren't any marks or anything. Again, this  
17 was an audit finding. They should have been  
18 following the rule to begin with. They should  
19 have been inspecting the cards.

20 But a compliance directive was issued to  
21 the company on July 22nd and then a follow-up  
22 audit was conducted and it revealed that they  
23 still had about 40 percent were not inspecting the  
24 back of the cards. So they've had the problems in  
25 2009, they had problems with not inspecting the

1 cards. When they came back and did the audit in  
2 2010, the problem had not been corrected. For  
3 that reason we're recommending a proposed  
4 discipline on Count 1 of \$10,000 on that count  
5 alone. Any questions on that count? If not, I'll  
6 go to Count 2.

7 And Count 2 is the minimum internal  
8 control standards, provides that the company's  
9 security person should provide to the gaming  
10 commission agents on the boat a summary log of all  
11 the security incidents generated. Whenever they  
12 have contact where they have some sort of incident  
13 they generate a report. And a summary of those  
14 reports are, by rule, supposed to go to our  
15 highway patrolmen there at the casino. And they  
16 weren't doing that in 2009 during the audit, and  
17 they had a problem with that. The follow-up audit  
18 in 2010 found that the problem had not been  
19 corrected. Something close to 14, 15 percent of  
20 the reports were not making it to our highway  
21 patrol.

22 Again, with all these audits -- I mean,  
23 the violations when they violated the rule to  
24 begin with, but it's aggravated by the fact that  
25 once they were told they were violating the rule,

1           they didn't correct it. Again, for Count 2 we're  
2           recommending a fine for that count of \$10,000.

3           Any questions on Count 2? The third count is --

4                         CHAIRMAN MATHEWSON: Hold on.

5                         MR. BRADLEY: Sure.

6                         CHAIRMAN MATHEWSON: On Count 2, that  
7           14.5 percent was not reported. Help me out with  
8           that, isn't that a pretty high percentage, I mean,  
9           with other casinos?

10                        MR. BRADLEY: Yeah. Well, you'd be more

11           --

12                        MS. ALONZO: Yes. Actually the initial  
13           finding was better than the follow-up. It got  
14           worse on the followup.

15                        CHAIRMAN MATHEWSON: Well, I see 5  
16           percent.

17                        MS. ALONZO: Yeah, and so that's why --

18                        CHAIRMAN MATHEWSON: It says June 24th  
19           in '09, and then a year later, about a year later  
20           on May 30, 2010, the June 5th jumped to 14.5.  
21           Like you say, it was going the wrong direction.

22                        MS. ALONZO: Right.

23                        CHAIRMAN MATHEWSON: Help me out because  
24           I don't remember seeing this before with other  
25           casinos. I mean, is that -- Roger, does anyone

1 know?

2 MS. ALONZO: We've had that as a repeat  
3 finding before, we have.

4 CHAIRMAN MATHEWSON: You have?

5 MS. ALONZO: Uh-huh.

6 CHAIRMAN MATHEWSON: Okay.

7 MS. ALONZO: In this particular, I think  
8 the timing, the way they had their system was it  
9 would populate the summary report based on when  
10 the report was completed. And if someone didn't  
11 finish it until the next gaming day, then it  
12 wasn't grabbing that report. So I think once we  
13 had the several incidents of us finding it, I  
14 think that was one of the things that they thought  
15 was causing a problem with the report, was that it  
16 wasn't the timing of the automated system creating  
17 this summary log. So we have had the finding at  
18 other casinos, so it's not unique I guess.

19 CHAIRMAN MATHEWSON: Do you remember  
20 that?

21 COMMISSION SHULL: I don't remember.

22 MS. ALONZO: Well, maybe it's just -- it  
23 seems like it to me.

24 CHAIRMAN MATHEWSON: I tell you, it  
25 seems to me like, my God, 14.5 percent is --

1 MS. ALONZO: Yeah, that's why it ended  
2 up here, because it got worse. Because it was on  
3 the borderline at the beginning and it then got  
4 worse. And then we did a compliance directive,  
5 and when we came and checked again, the third  
6 time, you know, it was --

7 CHAIRMAN MATHEWSON: Send it to  
8 corporate again.

9 MS. ALONZO: Oh.

10 CHAIRMAN MATHEWSON: Okay. Let's go to  
11 Count 3 and see what we can do there, Mike.

12 MR. BRADLEY: Count 3 deals with  
13 sensitive key access. And I noticed on the tour  
14 yesterday that they're in the back rooms, there  
15 are certain areas where they're all locked down.  
16 And we have rules as to who has access to  
17 sensitive key. And, again, in the 1990 -- excuse  
18 me, in the 2009 audit the accounting department  
19 did not do all the steps required, the daily steps  
20 for review of the manual and automated key boxes.  
21 There are certain situations where they're  
22 required to do on a daily basis, and they weren't  
23 doing them in 2009 and they were written up for  
24 it.

25 And then again in 2010, the follow-up



1 but they didn't get it corrected in 2010. That's  
2 why we put these as proposed discipline.

3 CHAIRMAN MATHEWSON: This seems like  
4 pick on Harrah's day. For those of you that are  
5 here representing Harrah's, sorry for that. But,  
6 you know, when you have three counts that all  
7 three could have been very serious, you're  
8 combining into one package, is not a very positive  
9 thing. And there needs to be a message go forth  
10 to them that -- you know, we're not picking on  
11 them, although it looks like we were because we  
12 have five different sections here just on  
13 Harrah's. But these are pretty serious violations  
14 or the potential was there for very serious  
15 violations, and there needs to be a message go  
16 forth to them that they need to restructure or  
17 something here so that these things can be  
18 clarified.

19 Put these off for a year is just not  
20 acceptable. I mean, am I speaking for the  
21 Commission here?

22 COMMISSIONER JONES: Yes.

23 CHAIRMAN MATHEWSON: Does anybody  
24 disagree with that?

25 MS. ALONZO: We did have a follow-up

1 meeting from this audit with the general manager,  
2 with deputy director of enforcement. And I met  
3 with him and went over some of these because we  
4 were a little concerned too. And we kind of  
5 worked out some things to help get some notice  
6 directly to him so that he's aware when a  
7 compliance directive comes out that -- well, he  
8 always gets a copy, but we're also going to copy  
9 the compliance officer so she can kind of  
10 follow-up on those too. But we did meet with  
11 them, we were concerned.

12 CHAIRMAN MATHEWSON: Okay. Thank you.

13 COMMISSIONER SHULL: It seems to me like  
14 these violations could be more expensive to them.

15 CHAIRMAN MATHEWSON: You're right. I  
16 mean, if you look at all three of those, they  
17 could have been very costly to Harrah's. Any one  
18 of those three could have been very costly to  
19 them. The violation is almost negligible compared  
20 to what it could have cost them because of the  
21 actions, so I think that's a good point.

22 COMMISSIONER MERRITT: We're doing them  
23 a favor.

24 CHAIRMAN MATHEWSON: I don't think so.  
25 Would you like to make a motion on this?

1                   COMMISSIONER MERRITT: Move for approval  
2 on DC-11-017.

3                   COMMISSIONER SHULL: Second.

4                   CHAIRMAN MATHEWSON: Okay. We have a  
5 motion and a second. Any further discussion?  
6 Call roll, Angie, please.

7                   MS. FRANKS: Commissioner Merritt?

8                   COMMISSIONER MERRITT: Approve.

9                   MS. FRANKS: Commissioner Hatches?

10                  COMMISSIONER HATCHES: Approve.

11                  MS. FRANK: Commissioner Jones?

12                  COMMISSIONER JONES: Approve.

13                  MS. FRANKS: Commissioner Shull?

14                  COMMISSIONER SHULL: Approve.

15                  MS. FRANKS: Chairman Mathewson?

16                  CHAIRMAN MATHEWSON: Approve.

17                  MS. FRANKS: By your vote you've adopted  
18 DC-11-017.

19                  COMMISSIONER HATCHES: That will be the  
20 last time we see DC-11.

21                  MR. STOTTLEMYRE: You got to work on  
22 that, Angie.

23                  MR. BRADLEY: Our next one is after Tab  
24 N, and again it's Harrah's North Kansas City,  
25 DC-11-018. And this one is a minor on the casino.

1           And one of the things that I found really  
2           interesting on this one, the minor was to turn 21  
3           August 1st and he came there July 31st of 2010.  
4           So he was 20 years, 364 days and decided he was  
5           going to celebrate his birthday a day early. And  
6           that's actually one of the things he told the  
7           officers. But he entered the casino about 10:40  
8           in the evening, showed his ID to the security  
9           officer.

10                        The security officer did not notice the  
11           discrepancy, that he wasn't turning 21 until  
12           midnight, so he got past the security officer at  
13           the turnstiles. Then he went to the bar and  
14           purchased rum and Coke, and consumed his rum and  
15           Coke. Again, no check of ID at the bar. Then he  
16           went to the cage and purchased \$100 worth of  
17           chips. Again, the security officer made a  
18           mistake, but it's compounded because the bartender  
19           didn't check anything. And then you get another  
20           contact at the cage where he was able to buy \$100  
21           worth of chips.

22                        Then he went and put his name on the  
23           waiting list for the poker room, so yet another  
24           contact where somebody could have noticed it.  
25           Since he didn't get in the poker room he then went

1 to play a table game. And at that point the table  
2 game dealer thought he was young and asked to see  
3 the ID. And since the minor was still 20 years  
4 old until midnight, and this was at 11:39, the  
5 table game dealer finally did the right thing and  
6 was like, you're not 21, you're not allowed to be  
7 here, called the security department who contacted  
8 the highway patrol and the individual was  
9 arrested, and we have the discipline.

10 The minor did tell the trooper that they  
11 came to the casino to celebrate his 21st birthday,  
12 they were just a little early. And, again, we're  
13 recommending a proposed penalty of \$10,000 on this  
14 one. Again, this is one where they had multiple  
15 times to rectify the situation. And in fairness  
16 to Harrah's, the dealer finally did ask for it,  
17 but it was the third or fourth one who had the  
18 opportunity to do it, so we're requesting a  
19 \$10,000 penalty in this case.

20 COMMISSIONER HATCHES: Mike, how is the  
21 recommendation for this one, on this case  
22 different than on I think 11-015 of a minor?

23 MR. BRADLEY: This one, the property  
24 actually caught the guy, where the other one he  
25 was never caught. He actually came in, drank and

1           gambled and left. And then came back because he  
2           forgot his wallet. I mean, if he hadn't forgot  
3           his wallet, he would have gotten away scot-free  
4           with it.

5                         But this one we're giving them a little  
6           bit of credit because even though some people in  
7           between could have done things, you know, somebody  
8           on the property actually is the one that said,  
9           hey, you don't look 21, I want to see your ID.  
10          And checked the ID, and was like, today is July  
11          31st, you turn 21 tomorrow, you know, we're  
12          calling security. That's what we're looking at.

13                        CHAIRMAN MATHEWSON: Go ahead.

14                        COMMISSIONER HATCHES: I'm done.

15                        CHAIRMAN MATHEWSON: Mike, I've always  
16          supported the recommendations, but I've got a  
17          little heartburn on this one, okay. I really do.  
18          They did finally catch him?

19                        MR. BRADLEY: Yes.

20                        CHAIRMAN MATHEWSON: My concern has been  
21          on previous ones of these that we've had, and  
22          we've discussed this before as the commission that  
23          we want to encourage every one of those casino  
24          operations to do what ultimately happened here.

25                        MR. BRADLEY: Right.

1                   CHAIRMAN MATHEWSON: Now, you're right  
2 by the report, it took the third or fourth person  
3 or whatever to get there.

4                   MR. BRADLEY: Right.

5                   CHAIRMAN MATHEWSON: But, again, they  
6 finally did. Now, I know several of the casinos  
7 now I think, I don't know that all of them do, but  
8 they have a plan in place, which we have been very  
9 supportive of, that says they give bonuses to the  
10 employees that catch someone that got on the floor  
11 who is under age. And if they catch two of them,  
12 it's a pretty nice bonus. So in my mind they're  
13 doing the right thing here.

14                  MR. BRADLEY: Right.

15                  CHAIRMAN MATHEWSON: And I've been  
16 concerned for some time that we -- by just having  
17 a flat fine of \$10,000 that we may be discouraging  
18 them to do that. You know, keep doing those  
19 bonuses. I share that, I don't know how the other  
20 commissioners feel, but I would like some thoughts  
21 about that. Maybe this ought to be 5,000 instead  
22 of 10,000 or whatever, something so -- we don't  
23 want those minors on there, and we don't want to  
24 send a message, that concerns me too that the  
25 Commission supports it, having minors on boats, we

1 don't want them on the boats.

2 MR. BRADLEY: Right.

3 CHAIRMAN MATHEWSON: And I really do  
4 believe casinos are really trying to do that. By  
5 gosh, the equipment at the gate now, it's  
6 unbelievable. I mean, that's very expensive to  
7 try to check those ID's for out of state driver's  
8 licenses, etc., etc., all those different things  
9 that they could use. So I would invite any  
10 thoughts or if you don't think that I'm right  
11 here, well, it would be the first time you've ever  
12 thought that. But people, I mean, jump in.  
13 Commissioners, you know what my thoughts are.

14 COMMISSIONER JONES: What would have  
15 happened if he had not gone to play another table  
16 game? By midnight he would have been legal.

17 MR. BRADLEY: Right.

18 COMMISSIONER JONES: And nothing would  
19 have been said.

20 MR. BRADLEY: Right.

21 COMMISSIONER JONES: And then the other  
22 minors that are coming on, they're already  
23 catching a small portion of those minors that are  
24 coming on. I've got to believe that. So there's  
25 got to be more than this, you know, the ones that

1 we get in the DC reports that are coming on.

2 MR. BRADLEY: Right. And we don't send  
3 everyone to you. I mean, we have some that we  
4 don't recommend penalties because even if they got  
5 past the turnstile -- I mean, one I just remember  
6 got past the turnstile and the cocktail waitress  
7 just looked at the guy and said, "You don't look  
8 21," and called security and he wasn't. We don't  
9 send them all to you, but, Chairman, this is you  
10 all's decision and this is the way the system  
11 works. We just recommend, and whatever you guys  
12 decide to do is what we do going forward.

13 COMMISSIONER JONES: Again, my concern  
14 in this case is it took the system four steps  
15 basically before they caught him, this violation.  
16 And in the earlier case, three steps in the time  
17 that they found discrepancy in their case. And,  
18 again, you're the professional on your suggestions  
19 for a recommendation on the fine. And I'm not  
20 suggesting there ought to be some consistency that  
21 says if you go past the first time, you'll pay,  
22 and then four times. I'm not suggesting, it's  
23 just a enough for me to ask about.

24 MR. BRADLEY: Yeah. We're trying to be  
25 more consistent when we're looking at the prior

1 fine. That's one of the reasons we put that in  
2 the books, but that's a good point.

3 CHAIRMAN MATHEWSON: Any other comments?  
4 If there's no more comments, Chair will accept a  
5 recommendation to accept the recommendation of  
6 penalty.

7 COMMISSIONER HATCHES: So moved.

8 COMMISSIONER JONES: Second.

9 CHAIRMAN MATHEWSON: Any discussion?  
10 Angie, call roll, please.

11 MS. FRANKS: Commissioner Merritt?

12 COMMISSIONER MERRITT: Approve.

13 MS. FRANKS: Commissioner Hatches?

14 COMMISSIONER HATCHES: Approve.

15 MS. FRANKS: Commissioner Jones?

16 COMMISSIONER JONES: Approve.

17 MS. FRANKS: Commissioner Shull?

18 COMMISSIONER SHULL: Approve.

19 MS. FRANKS: Chairman Mathewson?

20 CHAIRMAN MATHEWSON: Approve.

21 MS. FRANKS: By your vote you've adopted  
22 DC-11-018.

23 CHAIRMAN MATHEWSON: Good discussion on  
24 that, thank you very much. New business, Roger?

25 MR. STOTTLEMYRE: The staff has no new

1 business for this Commission at this time.

2 CHAIRMAN MATHEWSON: Don't have anything  
3 at this time. Old business?

4 MR. STOTTLEMYRE: No old business to  
5 present.

6 CHAIRMAN MATHEWSON: You don't have any  
7 new, you don't have any old. Is there somewhere  
8 in between here?

9 MR. STOTTLEMYRE: You don't want us to  
10 share with you everything, though.

11 CHAIRMAN MATHEWSON: Yeah, that's true.

12 COMMISSIONER JONES: I have a question  
13 for the staff, if I may ask. How is the IOC  
14 project coming along?

15 MR. STOTTLEMYRE: We really don't have a  
16 lot to report yet other than the fact we have met  
17 with them. We do have their plans that they have  
18 presented, but other than that I think they're  
19 getting contractors lined up and all those. But  
20 maybe Bill Seibert might have more information,  
21 they are going to be reporting to him. We can  
22 check.

23 MR. SEIBERT: Bill Seibert,  
24 S-E-I-B-E-R-T, Deputy Director of Enforcement. I  
25 didn't know I would be making a presentation

1           today, but it looks like I will be, and I don't  
2           have presentation, so. I'm just glad I was awake  
3           when you said my name.

4                     CHAIRMAN MATHEWSON: Okay.

5                     MR. SEIBERT: I did get an e-mail from  
6           their legal counsel that said they will start  
7           sending me a report weekly. It looks like right  
8           now they're not going to start, break ground until  
9           around August. But once I start getting reports  
10          from them I'll start making a monthly  
11          presentation.

12                    COMMISSIONER HATCHES: August?

13                    MR. SEIBERT: Around August so far.

14                    COMMISSIONER JONES: I thought it would  
15          be earlier.

16                    CHAIRMAN MATHEWSON: Well, yeah.

17                    MR. SEIBERT: I think that's when they  
18          get everything in place and when they actually  
19          break ground. I mean, I could be wrong in that,  
20          but what I read was around August.

21                    CHAIRMAN MATHEWSON: Well, I thought our  
22          time frame on that -- or at least we were hoping,  
23          maybe that's what it was, that we were hoping that  
24          it was going to be sooner than that.

25                    MR. STOTTLEMYRE: We do have a design

1 hearing and it's going to be set up probably in  
2 February. And what we're hoping for was they will  
3 present their information to us at that time.  
4 Mike Bradley will be setting that up and we'll  
5 hear that, and they would have to approve all  
6 their designs that they have to go over at that  
7 time.

8 MR. BRADLEY: By law their design has to  
9 reflect riverboat character. And the law presumes  
10 that they would cruise unless you all gave them  
11 permission to dock. So there's going to be a  
12 designed docking hearing, and they've been done  
13 for every casino here in the State. And they will  
14 make a presentation, typically the general counsel  
15 has acted as hearing officer, and then they've  
16 reported to the Commission. But they'll  
17 definitely get those done before they actually  
18 start construction in case you all decided they  
19 have to cruise or something. By the way, I've  
20 been talking to Tom and we'll get that set up so  
21 we're working on that too.

22 MR. STOTTLEMYRE: I can say they also  
23 are still doing heavy construction on the property  
24 that's there. There's some older houses, there's  
25 some older buildings. They have started that, the

1 removal of the old buildings and clearing land  
2 areas. And also the city is working on movement  
3 of the streets there, because Main Street will be  
4 moving to the west. They're going to move around  
5 the casino property where Main Street right now  
6 could go right through where the casino was going  
7 to be built.

8 So there's lots of planning and work  
9 being done, it's just that they really aren't  
10 ready to dig yet until summer.

11 CHAIRMAN MATHEWSON: I mean, I would  
12 assume, I meant to ask you this, has the City been  
13 in on all this, the city government been involved  
14 in this?

15 MR. STOTTLEMYRE: Yes, sir, they're very  
16 involved with the casino property right now  
17 planning.

18 CHAIRMAN MATHEWSON: They know some of  
19 the changes and so forth, I mean, are we working  
20 with them?

21 MR. STOTTLEMYRE: They're very aware of  
22 everything that's happening as far as the changes.

23 CHAIRMAN MATHEWSON: Okay. And they  
24 bought into that?

25 MR. STOTTLEMYRE: Yes, sir.

1                   CHAIRMAN MATHEWSON: Okay. I mean,  
2                   that's important.

3                   MR. STOTTLEMYRE: Sure.

4                   CHAIRMAN MATHEWSON: I assume that that  
5                   would be correct, but then when I saw your report  
6                   saying that you all were meeting and made changes  
7                   and whatever, you know, that they were involved.

8                   MR. STOTTLEMYRE: And they were  
9                   involved, and all parties agreed that the changes  
10                  that were made would benefit everybody in the end,  
11                  so.

12                  CHAIRMAN MATHEWSON: Okay.

13                  MR. STOTTLEMYRE: It seemed to be that  
14                  everybody is on board so far.

15                  MR. SEIBERT: I will make a monthly  
16                  report as soon as they start sending information.

17                  CHAIRMAN MATHEWSON: Okay. Thank you.

18                  MR. SEIBERT: I'm glad I hear  
19                  everybody's curiosity today.

20                  MR. STOTTLEMYRE: And at the point when  
21                  you want, we can also have them come in and  
22                  present it at a commission meeting at any time  
23                  that you would like to have them do that.

24                  COMMISSIONER SHULL: What about next  
25                  month?

1                   MR. STOTTLEMYRE: We could have them  
2                   come next month, if you'd like. At least they can  
3                   give you a real current, up-to-date what's  
4                   happened to this point and where they're going.  
5                   If you'd like for us to do that, we'll do that.

6                   CHAIRMAN MATHEWSON: Okay.

7                   COMMISSIONER SHULL: That will come  
8                   under new business.

9                   MR. STOTTLEMYRE: I'm going to have  
10                  something for new businesses, I don't know exactly  
11                  what.

12                 COMMISSIONER SHULL: I have a question  
13                 regarding the status of the MBEWBE certification  
14                 project. Is there a date on that?

15                 MR. STOTTLEMYRE: Rick Wilhoit will talk  
16                 to you about that. They have been actively  
17                 working on that.

18                 MR. WILHOIT: Rick Wilhoit,  
19                 W-I-L-H-O-I-T, Assistant Deputy Director of  
20                 Enforcement. It's a process that's still  
21                 underway. We're working with Commissioner Hatches  
22                 to gain his ideas and perspective on where we're  
23                 going. But we have been engaged with the  
24                 properties and we anticipate having something out  
25                 to them within the next month or so after we've

1 met with Commissioner Hatches.

2 COMMISSIONER SHULL: I thought that by  
3 the 31st of March we'd have that completed. Is  
4 that still the plan?

5 MR. WILHOIT: That's still our time  
6 frame.

7 COMMISSIONER HATCHES: And just for the  
8 record, I don't have a report.

9 CHAIRMAN MATHEWSON: Thank you very  
10 much.

11 MR. WILHOIT: Sure.

12 CHAIRMAN MATHEWSON: Anything else?  
13 Commissioner Merritt, would you all share a little  
14 bit with us. You went through that training  
15 program, which I've always wanted to do and  
16 haven't done it, but you did, so any comments or  
17 thoughts on that?

18 COMMISSIONER MERRITT: That was  
19 certainly worth while and I really have a better  
20 understanding of what they go through, the  
21 investigations, reports, and it was very  
22 interesting. I didn't think they'd tell and that  
23 did. It was time well spent, it really was, I  
24 have a good understanding of it.

25 CHAIRMAN MATHEWSON: Thank you, thanks

1 for doing that, we appreciate it. A better  
2 understanding for meetings when you have the  
3 opportunity to do that. Roger, anything else?

4 MR. STOTTLEMYRE: Right now we just need  
5 a motion for closed meeting under Section 313.847  
6 and 610.021.

7 CHAIRMAN MATHEWSON: Both under 1 and  
8 14. Would someone like to make a motion, please  
9 -- while you're sitting here I thought I had a  
10 question on that, but then I guess I don't. I've  
11 been looking at it and I thought there's something  
12 about information, but I don't. Okay. We're  
13 going to make a motion under 313.847 and 610.0211  
14 and 14 -- I guess we've got to vote ourselves out  
15 and then vote ourselves back in.

16 COMMISSIONER JONES: So moved.

17 COMMISSIONER MERRITT: Second.

18 CHAIRMAN MATHEWSON: Call roll, Angie,  
19 please.

20 MS. FRANKS: Commissioner Merritt?

21 COMMISSIONER MERRITT: Approve.

22 MS. FRANKS: Commissioner Hatches?

23 COMMISSIONER HATCHES: Approve.

24 MS. FRANKS: Commissioner Jones?

25 COMMISSIONER JONES: Approve.

1 MS. FRANKS: Commissioner Shull?

2 COMMISSIONER SHULL: Approve.

3 MS. FRANKS: Chairman Mathewson?

4 CHAIRMAN MATHEWSON: Approve. Now we're  
5 going to go into closed meeting. Thank you all.

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C E R T I F I C A T E

I, JENNY L. EASTABROOKS, Certified Court Reporter, do hereby certify that I appeared at the time and place hereinbefore set forth; I took down in shorthand the entire proceedings had at said time and place, and the foregoing sixty-five pages constitute a true, correct and complete transcript of my said shorthand notes.

Certified to this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

Jenny L. Eastabrooks, CCR.  
Certified Court Reporter No. 1032  
State of Missouri

