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BEFORE THE MISSOURI GAMING COMMISSION

STATE OF MISSOURI

MEETING
March 30, 2011
Missouri Gaming Commission
3417 Knipp Drive
Jefferson City, Missouri

COMMISSIONERS PRESENT:

- James L. Mathewson, Chairman
- Darryl T. Jones, Commissioner
- Noel J. Shull, Commissioner
- Jack L. Merritt, Commissioner

REPORTED BY:

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1 CHAIRMAN MATHEWSON: We really have a
2 full agenda today, so thank you all very much for
3 being here. Appreciate it.

4 Angie, would you call roll, please.

5 MS. FRANKS: Commissioner Merritt.

6 COMMISSIONER MERRITT: Here.

7 MS. FRANKS: Commissioner Hatches.

8 (No response.)

9 MS. FRANKS: Commissioner Jones.

10 COMMISSIONER JONES: Present.

11 MS. FRANKS: Commissioner Shull.

12 COMMISSIONER SHULL: Present.

13 MS. FRANKS: Chairman Mathewson.

14 CHAIRMAN MATHEWSON: Present.

15 Quorum being present, Chair would accept

16 the motion to go into closed meeting --

17 COMMISSIONER JONES: So moved.

18 COMMISSIONER MERRITT: Second.

19 CHAIRMAN MATHEWSON: -- under 313.847,

20 610.021(1) and (14).

21 For everyone's benefit, that's going to
22 be a short closed meeting, and then we'll come back
23 in and take the next order of business down the line
24 on the public side of it. Okay?

25 So we have a motion and a second to go

1 into closed. Call roll, please.
2 MS. FRANKS: Commissioner Merritt.
3 COMMISSIONER MERRITT: Approved.
4 MS. FRANKS: Commissioner Jones.
5 COMMISSIONER JONES: Approved.
6 MS. FRANKS: Commissioner Shull.
7 COMMISSIONER SHULL: Approved.
8 MS. FRANKS: Chairman Mathewson.
9 CHAIRMAN MATHEWSON: Approved.
10 Okay. We're going into closed a few
11 minutes. Then we'll be right back.

12 (Closed meeting was held.)

13 CHAIRMAN MATHEWSON: Okay. Angie, we need
14 a motion to go back into open session; is that
15 correct?

16 MS. FRANKS: We can just call roll.

17 CHAIRMAN MATHEWSON: Okay. Call roll,
18 please.

19 MS. FRANKS: Commissioner Merritt.

20 COMMISSIONER MERRITT: Still here.

21 MS. FRANKS: Commissioner Jones.

22 COMMISSIONER JONES: Present.

23 MS. FRANKS: Commissioner Shull.

24 COMMISSIONER SHULL: Present.

25 MS. FRANKS: Chairman Mathewson.

1 CHAIRMAN MATHEWSON: I'm present, don't
2 you know.

3 Okay. I guess our first thing we need to
4 do are the minutes on the February 23 meeting. Is
5 that what we need to do?

6 DIRECTOR STOTTLEMYRE: Yes.

7 CHAIRMAN MATHEWSON: Okay. Chair would
8 accept a motion on Tab A on the minutes from February
9 23, our last joint meeting together.

10 COMMISSIONER JONES: Move for the
11 acceptance of the February 23, 2011, minutes.

12 COMMISSIONER MERRITT: Second.

13 CHAIRMAN MATHEWSON: Any discussion?

14 (No response.)

15 CHAIRMAN MATHEWSON: Call roll, please.

16 MS. FRANKS: Commissioner Merritt.

17 COMMISSIONER MERRITT: Approved.

18 MS. FRANKS: Commissioner Jones.

19 COMMISSIONER JONES: Approved.

20 MS. FRANKS: Commissioner Shull.

21 COMMISSIONER SHULL: Approved.

22 MS. FRANKS: Chairman Mathewson.

23 CHAIRMAN MATHEWSON: Approved.

24 MS. FRANKS: By your vote you've adopted
25 the minutes of the February 23, 2011, meeting.

1 CHAIRMAN MATHEWSON: Roger, my man.

2 DIRECTOR STOTTLEMYRE: Mr. Chairman, the
3 next item on the agenda is the consideration of
4 hearing officer recommendations, and Mr. Stephen
5 Stark will present.

6 CHAIRMAN MATHEWSON: Good morning, Steve.

7 MR. STARK: Good morning, Commissioners.

8 COMMISSIONER JONES: Good morning.

9 COMMISSIONER SHULL: Good morning.

10 COMMISSIONER MERRITT: Good morning.

11 CHAIRMAN MATHEWSON: Your Item B is the
12 matter of Melvin Harmon. Mr. Harmon holds a Level II
13 occupational license granted by the Commission for
14 employment in the gaming industry. Mr. Harmon was
15 employed as a valet supervisor at a casino between
16 the dates of August 2009 to March of 2010.

17 In addition to his work at the casino,
18 Mr. Harmon had a side job, if you will, of selling
19 Avon products and DVD copies of motion picture
20 movies. Regarding the DVD movies, Mr. Harmon had an
21 arrangement with a gentleman who maintained a booth
22 at a flea market in which Mr. Harmon would receive
23 money or copies of movies for himself for referring
24 customers to this flea market.

25 These DVD copies were not the original

1 copies. Some of the DVDs are actual video recordings
2 inside a movie theater. The plastic covers and the
3 paper used to identify the DVDs were not from the
4 original studio, but were handmade.

5 Mr. Harmon priced his DVDs depending upon
6 the quality of the DVD with prices, ranging from \$2
7 to \$12, so the evidence was clear that someone other
8 than the original owners made these diskettes.

9 Now, the evidence did not show that
10 Mr. Harmon actually physically transacted sales on
11 the casino property, however, his e-mail account that
12 was assigned to him, belonging to the casino,
13 contained several exchanges with customers who
14 desired to purchase these nonoriginal DVDs.

15 Even some of the e-mails to Mr. Harmon
16 contained complaints about the quality of the DVDs.
17 In fact, in one e-mail correspondence, Mr. Harmon
18 himself informed one of the customers that, quote, "I
19 think I forewarned you that it was not a screener or
20 original copy. As soon as I get a better copy, I
21 will."

22 Now, Missouri has some criminal statutes
23 that prohibit the unauthorized recording of sounds
24 and images to be sold, and also a second statute that
25 prohibits knowingly selling unauthorized recordings.

1 Mr. Harmon was not charged with any crime
2 by the local prosecutor, but the Commission has taken
3 the position that the sale of unauthorized copies of
4 DVD movies constitutes grounds to revoke Mr. Harmon's
5 gaming license.

6 Now, the gaming statutes do provide
7 grounds for a revocation of a license if the holder
8 of the license commits an act that, quote, "would
9 discredit or tend to discredit the Missouri Gaming
10 industry or discredit the State of Missouri."

11 Mr. Harmon did not himself make these
12 unauthorized recordings, but the evidence, again, was
13 very clear that he was involved and knowingly sold
14 what clearly appeared to be nonoriginal DVDs, so
15 although no criminal charges exist against
16 Mr. Harmon, the regulatory structure for a gaming
17 license is that the licensee has the burden, and it's
18 clear and convincing burden of proof, to show that he
19 is suitable for licensing, whereas in the criminal
20 context, it is the prosecuting attorney who has the
21 burden beyond reasonable doubt to prove the crime.

22 So because Mr. Harmon was not charged
23 with a crime does not negate the ability of the
24 Commission to take discipline. Then the type of
25 discipline, or the severity of the discipline, is

1 completely at the discretion of the Commission.

2 The preliminary order to revoke
3 Mr. Harmon's gaming license is, indeed, within the
4 discretion of the Commission based upon the act of
5 selling unauthorized copies of DVDs. Such discipline
6 is supported by the evidence, and my recommendation
7 is that the Commission does indeed have the right to
8 revoke Mr. Harmon's gaming license.

9 CHAIRMAN MATHEWSON: Thank you, Steve.

10 Any questions of Steve?

11 (No response.)

12 CHAIRMAN MATHEWSON: Is Mr. Harmon here?

13 (No response.)

14 CHAIRMAN MATHEWSON: Okay. The Chair
15 would accept a motion --

16 COMMISSIONER MERRITT: I do have --

17 CHAIRMAN MATHEWSON: I'm sorry, Jack.

18 COMMISSIONER MERRITT: You say he was not
19 criminally charged?

20 MR. STARK: That is correct.

21 COMMISSIONER MERRITT: Was it presented
22 for prosecution?

23 MR. STARK: I believe the gaming officer
24 was planning to submit that evidence to the
25 prosecuting attorney, but at the time of the hearing

1 there was no charge.

2 COMMISSIONER MERRITT: I know pirating has
3 become a pretty big deal. It looks like that ought
4 to be pursued.

5 CHAIRMAN MATHEWSON: Steve, I didn't
6 understand your response. You said to Commissioner
7 Merritt, "I believe that" the prosecution might --
8 might have been considered for prosecution or
9 something to that effect. What does that mean?

10 MR. STARK: Well, the investigating agent,
11 on behalf of the Gaming Commission, would submit a
12 complaint to the local prosecuting attorney.

13 CHAIRMAN MATHEWSON: But you don't know if
14 that ever happened or not?

15 MR. STARK: My understanding is that it
16 did, or at least it was in the process. I don't know
17 if it actually happened yet or not.

18 DIRECTOR STOTTLEMYRE: Mr. Chairman, it
19 would've been filed with the prosecutor; however,
20 we're not sure if the prosecutor has ever done
21 anything with the case or he declined prosecution.
22 We're not sure on that.

23 CHAIRMAN MATHEWSON: Okay. Point being
24 though, Steve, from what your presentation is --
25 excuse me, Jack -- that he -- your consideration was

1 whether or not his act did violate our rules as the
2 Gaming Commission. Am I correct there?

3 MR. STARK: Correct. Correct.

4 CHAIRMAN MATHEWSON: Okay.

5 MR. STARK: Your regulatory authority is
6 separate and distinct from the criminal prosecuting
7 attorney's authority.

8 CHAIRMAN MATHEWSON: Jack?

9 COMMISSIONER MERRITT: I'm good.

10 CHAIRMAN MATHEWSON: Any other discussion,
11 questions of Steve for Mr. Harmon?

12 (No response.)

13 CHAIRMAN MATHEWSON: Chair would accept a
14 motion to adopt Resolution 11-011.

15 COMMISSIONER MERRITT: I'd make a motion
16 to approve Commissioner Resolution 11-011.

17 CHAIRMAN MATHEWSON: Any further
18 discussion?

19 (No response.)

20 CHAIRMAN MATHEWSON: Call roll, Angie,
21 please.

22 MS. FRANKS: I'm sorry. Was there a
23 second?

24 COMMISSIONER SHULL: Yeah.

25 CHAIRMAN MATHEWSON: All right.

1 MS. FRANKS: Commissioner Merritt.
2 COMMISSIONER MERRITT: Approved.
3 MS. FRANKS: Commissioner Jones.
4 COMMISSIONER JONES: Approved.
5 MS. FRANKS: Commissioner Shull.
6 COMMISSIONER SHULL: Approved.
7 MS. FRANKS: Chairman Mathewson.
8 CHAIRMAN MATHEWSON: Approved.
9 MS. FRANKS: By your vote you've adopted
10 Resolution No. 11-011.
11 CHAIRMAN MATHEWSON: Steve, I was starting
12 to ask you -- the motion carries -- boy, you-all did
13 a heck of an investigation on that one, didn't you?
14 MR. STARK: Yeah.
15 CHAIRMAN MATHEWSON: My gosh, you've got
16 60 pages in here or something. That's a compliment,
17 Steve.
18 Okay, Steve.
19 MR. STARK: The item Letter C, Jasmond
20 Hansbrough, Mr. Hansbrough made an application for an
21 occupational license with the Gaming Commission. The
22 application process requires a complete disclosure of
23 any past criminal history, including arrests,
24 detaining, being charged for any type of criminal
25 offense.

1 Mr. Hansbrough did give an answer "yes"
2 to that question about past arrests, and he disclosed
3 that he was arrested for an unlawful use of weapon.
4 The Gaming Commission conducted a background check on
5 Mr. Hansbrough and found that he had pled guilty to
6 the crime of theft of lost property and that he was
7 placed upon supervised probation for 12 months.

8 This particular plea bargain that
9 Mr. Hansbrough worked with the local prosecuting
10 attorney was the allegation of a theft of a parking
11 hang tag for an automobile to be parked on the campus
12 of the University of Southern Illinois in a
13 restricted parking area. He was actually arrested
14 and charged for the crime of theft for that hang tag.

15 Mr. Hansbrough said that his attorney
16 advised him to plead to the crime of theft, be put on
17 probation, and that his record, if he survived the
18 probation, would be a clean record; however, our
19 Gaming Commission regulations require full disclosure
20 regardless of advice of your lawyer, and therefore
21 grounds would indeed exist for the Gaming Commission
22 to deny Mr. Hansbrough's application for license,
23 especially since this is a particular crime dealing
24 with theft.

25 The Gaming Commission has a particular

1 regulation that has a five-year window in which no
2 crime related to theft may be in your history in
3 order to obtain a gaming license; therefore, my
4 recommendation is that Mr. Hansbrough did not prove
5 he's suitable for licensure and the denial was
6 appropriate.

7 CHAIRMAN MATHEWSON: Any questions?

8 COMMISSIONER JONES: Yeah.

9 CHAIRMAN MATHEWSON: Commissioner.

10 COMMISSIONER JONES: Well, Steve, you said
11 he disclosed one, but didn't disclose the other to
12 begin with --

13 MR. STARK: Well, actually, there was
14 like --

15 COMMISSIONER JONES: -- or did he disclose
16 both of them?

17 MR. STARK: He disclosed -- the unlawful
18 use of a weapon was mentioned in the police report at
19 the campus of Southern Illinois, so he was trying to
20 make the argument it was the same crime that he was
21 trying to disclose, so I think he attempted to
22 disclose that he was arrested on campus, but he
23 didn't say it was for the crime of theft of the
24 parking tag.

25 COMMISSIONER JONES: For the parking.

1 MR. STARK: Regardless, he pled guilty, so
2 even if it's a question of disclosure or not, we
3 still have his plea of guilty to the crime of theft.
4 It was a misdemeanor, not a felony but --

5 CHAIRMAN MATHEWSON: Uh-huh.

6 MR. STARK: -- still a crime related to
7 theft, so that by itself, regardless of whether he
8 identified his particular arrest appropriately, he
9 still pled guilty to a theft crime.

10 CHAIRMAN MATHEWSON: Any other questions
11 of Steve on this?

12 (No response.)

13 CHAIRMAN MATHEWSON: Okay. Chair would
14 accept a motion.

15 COMMISSIONER SHULL: Is he here?

16 CHAIRMAN MATHEWSON: I'm sorry. Is
17 Mr. Hansbrough here?

18 (No response.)

19 CHAIRMAN MATHEWSON: I have to make a
20 comment, Steve. Then we'll move on.

21 MR. STARK: Sure.

22 CHAIRMAN MATHEWSON: You know, it really
23 bothers me, having raised five kids that, you know,
24 sometimes kids do dumb things, you know. I mean, I'm
25 really happy I never did anything like that. Make

1 sure that's in the record that I didn't ever do
2 anything. Okay. And, you know, it hurts them
3 forever, you know, but -- okay.

4 Chair would accept the motion on the
5 recommendation on 11-012, please.

6 COMMISSIONER SHULL: So moved.

7 COMMISSIONER JONES: Second.

8 CHAIRMAN MATHEWSON: Call roll, Angie,
9 please.

10 MS. FRANKS: Commissioner Merritt.

11 COMMISSIONER MERRITT: Approved.

12 MR. FRANKS: Commissioner Jones.

13 COMMISSIONER JONES: Approved.

14 MS. FRANKS: Commissioner Shull.

15 COMMISSIONER SHULL: Approved.

16 MS. FRANKS: Chairman Mathewson.

17 CHAIRMAN MATHEWSON: Approved.

18 MS. FRANKS: By your vote you've adopted
19 Resolution No. 11-012.

20 CHAIRMAN MATHEWSON: Mr. Stottlemyre.

21 MR. STARK: Thank you very much.

22 CHAIRMAN MATHEWSON: Thank you.

23 DIRECTOR STOTTLEMYRE: Mr. Chairman,
24 Item V on the agenda is consideration of relicensure
25 of certain suppliers, and Lieutenant Rex Scism will

1 present.

2 CHAIRMAN MATHEWSON: Morning, Rex.

3 MR. SCISM: Morning.

4 CHAIRMAN MATHEWSON: How are you, sir?

5 MR. SCISM: Good.

6 CHAIRMAN MATHEWSON: Good.

7 MR. SCISM: Mr. Chairman and
8 Commissioners, Missouri State Highway Patrol
9 investigators conducted a relicensing investigation
10 of one supplier company currently licensed in
11 Missouri.

12 This investigation consisted of
13 jurisdictional inquiries, feedback from affected
14 gaming company clients, a review of disciplinary
15 actions, litigation, business credit profiles, as
16 well as a review of the key persons associated with
17 the company.

18 The results of this investigation were
19 provided to the MGC staff for their review, and you
20 possess a comprehensive summary report before you
21 which outlines our investigative findings.

22 There's one supplier company presented
23 this morning for your consideration. It's Spielo
24 Manufacturing from Moncton, New Brunswick, Canada.

25 CHAIRMAN MATHEWSON: Any questions of Rex?

1 (No response.)

2 COMMISSIONER SHULL: Move approval of
3 11-013.

4 COMMISSIONER JONES: Second.

5 CHAIRMAN MATHEWSON: Any further
6 discussion?

7 (No response.)

8 CHAIRMAN MATHEWSON: Call roll, Angie,
9 please.

10 MS. FRANKS: Commissioner Merritt.

11 COMMISSIONER MERRITT: Approved.

12 MS. FRANKS: Commissioner Jones.

13 COMMISSIONER JONES: Approved.

14 MS. FRANKS: Commissioner Shull.

15 COMMISSIONER SHULL: Approved.

16 MS. FRANKS: Chairman Mathewson.

17 CHAIRMAN MATHEWSON: Approved.

18 MS. FRANKS: By your vote you've adopted
19 Resolution No. 11-013.

20 CHAIRMAN MATHEWSON: Thank you.

21 DIRECTOR STOTTLEMYRE: Mr. Chairman, the
22 next item, Item VI, is consideration of licensure of
23 Level I and key applicants, and Lieutenant Scism will
24 present.

25 MR. SCISM: Mr. Chairman and

1 Commissioners, Missouri State Highway Patrol
2 investigators, along with the Gaming Commission
3 financial investigators, conducted comprehensive
4 background investigations on multiple key and Level I
5 applicants. The investigations included, but were
6 not limited to, criminal, financial and general
7 character inquiries, which were made in the
8 jurisdictions where the applicants lived, worked, and
9 frequented.

10 The following individuals are being
11 presented for your consideration this morning:
12 Michael D. Galle, Vice President of Casino Operations
13 for Argosy Riverside; Shelia V. Jones, Information
14 Technology Manager for Isle of Capri, Kansas City;
15 Shelly L. Weaks, Security Manager for Isle of Capri,
16 Kansas City; Stephen C. Comer, Director for Pinnacle
17 Entertainment; Judith M. Harris, Director of
18 Information Technology for River City Casino; Trudy
19 L. Malkey, Financial Controller for River City
20 Casino; and, finally, Ronald R. Olivares, Director of
21 Cable Games for River City Casino.

22 The results of all investigations were
23 provided to the Gaming Commission staff for their
24 review, and you have all related summary reports
25 before you.

1 CHAIRMAN MATHEWSON: Any question of Rex
2 on any of these?

3 (No response.)

4 CHAIRMAN MATHEWSON: Seeing none, Chair
5 would accept the motion to adopt Resolution No.
6 11-014, please.

7 COMMISSIONER MERRITT: I would make a
8 motion to approve the Commission Resolution No.
9 11-014.

10 COMMISSIONER SHULL: Second.

11 CHAIRMAN MATHEWSON: Any further
12 discussion?

13 (No response.)

14 CHAIRMAN MATHEWSON: Call roll, Angie,
15 please.

16 MS. FRANKS: Commissioner Merritt.

17 COMMISSIONER MERRITT: Approved.

18 MS. FRANKS: Commissioner Jones.

19 COMMISSIONER JONES: Approved.

20 MS. FRANKS: Commissioner Shull.

21 COMMISSIONER SHULL: Approved.

22 MR. FRANKS: Chairman Mathewson.

23 CHAIRMAN MATHEWSON: Approved.

24 MS. FRANKS: By your vote you've adopted
25 Resolution No. 11-014.

1 DIRECTOR STOTTLEMYRE: Mr. Chairman, Item
2 VII on the agenda is consideration of disciplinary
3 action, and Mr. Mike Bradley will present.

4 MR. BRADLEY: Good morning.

5 The first one we have is on Tab F, and
6 that is on a Level I license, Pacey Bowens. Pacey
7 Bowens was the financial controller for Lady Luck
8 Casino in Caruthersville, and as such, one of her
9 duties was to make sure that the proper IRS
10 documentation had been filed with the Internal
11 Revenue Service.

12 There is a W-2G, which is a IRS form
13 similar to the W-2 that is given to people who win a
14 certain amount of money on the casino. There is no
15 question that Lady Luck Casino in Caruthersville
16 actually made the withholding payments as required.

17 The problem was, for years 2008 and part
18 of 2009, Pacey Bowens did not file the W-2Gs with the
19 Internal Revenue Service, and for that reason we're
20 recommending a revocation of her license. We looked
21 at this. It was clearly her duty to do so. It
22 wasn't a systemic issue with the casino in
23 Caruthersville. It was just simply her not doing her
24 job.

25 The payments were made, so there was no

1 problem to the patrons. It was just the problem that
2 she didn't file the proper paperwork with the
3 Internal Revenue Service and it wasn't one or two
4 situations; it was just for a matter of years, so for
5 that reason we're recommending a revocation of her
6 Level I license.

7 CHAIRMAN MATHEWSON: Mike, what would be
8 the result of that? In other words, so the IRS
9 didn't have that information?

10 MR. BRADLEY: The IRS didn't have the
11 information. What the result would be is when the
12 individual filed the tax returns, they would file the
13 W-2G as part of their taxable income --

14 CHAIRMAN MATHEWSON: Sure.

15 MR. BRADLEY: -- but it wouldn't be picked
16 up by the IRS, so the result could be that if they
17 did not file, that they could have gotten away with
18 not paying taxes on it, but since they had
19 withholdings, they normally would want to file
20 because they'd probably get a refund on it, so it's
21 mainly a paperwork result.

22 IRS has been notified of the situation,
23 and the Lady Luck has made the corrections to them,
24 and the Lady Luck will have to pay whatever penalties
25 will be required to be paid by the Internal Revenue

1 Service.

2 CHAIRMAN MATHEWSON: Was that a lot of
3 names over a period of, what, two years?

4 MR. BRADLEY: Yeah, I don't have the
5 number of names, but it was several names because --

6 CHAIRMAN MATHEWSON: I would think so,
7 because they don't ever pay.

8 MR. BRADLEY: Yeah. Well, but some of
9 them do withholding that you're going --

10 COMMISSIONER SHULL: Was it a systems
11 issue?

12 MR. BRADLEY: No, it was her issue. I
13 mean, we really were looking more of it as being a
14 systems --

15 COMMISSIONER SHULL: Meaning she decided
16 not to do it.

17 MR. BRADLEY: She just didn't do her job.
18 You know, it's a small-enough casino. It was her
19 responsibility, and she just didn't do it for
20 whatever reason, you know, because we originally
21 looked at it as being a systems issue, and it just --
22 everything focused directly on her.

23 CHAIRMAN MATHEWSON: Okay. Any other
24 questions on that one?

25 (No response.)

1 CHAIRMAN MATHEWSON: So any other
2 questions of Mike on Pacey Bowens?

3 (No response.)

4 CHAIRMAN MATHEWSON: Chair would accept a
5 motion for disciplinary action on DC-11-047.

6 COMMISSIONER JONES: Move for the
7 acceptance of DC-11-047.

8 COMMISSIONER MERRITT: Second.

9 CHAIRMAN MATHEWSON: Call roll, Angie,
10 please.

11 MS. FRANKS: Commissioner Merritt.

12 COMMISSIONER MERRITT: Approved.

13 MS. FRANKS: Commissioner Jones.

14 COMMISSIONER JONES: Approved.

15 MS. FRANKS: Commissioner Shull.

16 COMMISSIONER SHULL: Approved.

17 MS. FRANKS: Chairman Mathewson.

18 CHAIRMAN MATHEWSON: Approved.

19 MS. FRANKS: By your vote you've adopted
20 DC-11-047.

21 CHAIRMAN MATHEWSON: Mike, was she -- she
22 isn't there anymore?

23 MR. BRADLEY: She's not there anymore.
24 She's been terminated by them.

25 CHAIRMAN MATHEWSON: Okay.

1 Go ahead, please, sir.

2 MR. BRADLEY: Okay. The next one is under
3 Tab G, and that is proposed discipline against
4 Ameristar Casino, Kansas City, and we're recommending
5 a \$50,000 fine on this.

6 The law in Missouri, Section 575.170,
7 provides that an employer is required to make their
8 employees available for service of process, and it
9 makes it a Class C misdemeanor for an employer to
10 refuse service of process.

11 What happened at Ameristar in Kansas City
12 is, December 9, 2010, a deputy from Clay County
13 Sheriff's Department contacted the Ameristar Kansas
14 City's human resources department in order to serve
15 process upon a specific individual.

16 The human resource person told the deputy
17 that the Ameristar, Kansas City, would not comply
18 with the service of process request and that the Clay
19 County Sheriff's Department would have to serve the
20 individual somewhere else.

21 The Clay County sheriff then notified the
22 highway patrolman assigned to the Gaming Commission
23 at Ameristar Kansas City, and they contacted the
24 director of regulatory compliance of Ameristar,
25 Kansas City, and told her the situation.

1 She informed them that the company's
2 policy was not to assist in the service of the
3 process. The highway patrolman informed her that the
4 statutes required her -- required Ameristar, Kansas
5 City, required the company, to assist in service of
6 process.

7 She told them that it would be a
8 nightmare, logistical nightmare, for the company and
9 they just weren't going to do it because it's too
10 much trouble.

11 Then law enforcement talked to the
12 company's human resources department director and
13 advised her of the situation, and she, again, said
14 that the company's policy was that they were not
15 going to assist in the service of process. She said
16 that was at the direction of the company's vice
17 president of legal affairs in Nevada. She claimed to
18 have an e-mail from him saying that. A search was
19 made of the e-mails. The e-mail was never found, so
20 we're not quite sure what happened there.

21 Part of it was they -- you know, when the
22 troopers would say, Look, the law is you have to do
23 that, they would say, show us the law. You know,
24 they were kind of being skeptical of it.

25 So by the whole situation, talking to

1 three separate individuals, it is clear that the
2 policy of Ameristar, Kansas City, was not to assist
3 service of process in clear violation of the Missouri
4 law. Ironic of the whole situation is the employee
5 that the Clay County deputies were coming to serve
6 was no longer employed there.

7 Well, when the highway patrol did the
8 search of the employment, found that they weren't
9 even employed, Ameristar, Kansas City, didn't do that
10 search and didn't tell the deputy that, you know,
11 they don't work here anymore; they just said, it's
12 our policy not to do that.

13 Among the laws that regulate casinos are
14 Section 313.812.14, first paragraph, provides that a
15 casino can be disciplined for failing to comply with
16 or make provisions for complying with state law. The
17 state law is clear that this is a misdemeanor to not
18 assist in service of processes. It is a hassle, but
19 it's routinely done throughout the state of Missouri.

20 I would suggest the Ford Motor client in
21 Claycomo probably assists the Clay County deputies in
22 service of process. Because Ameristar had a policy
23 that was in clear contradiction of the law, we're
24 recommending a fine of \$50,000.

25 CHAIRMAN MATHEWSON: Okay.

1 COMMISSIONER JONES: Mike, has that policy
2 been corrected?

3 MR. BRADLEY: Yes. Yes. And they have
4 responded and they have --

5 COMMISSIONER JONES: I hope so.

6 MR. BRADLEY: You know, the defenses are
7 that, you know, he didn't work there, it was a
8 misunderstanding, that they just put the policy in
9 place a short time before that. It's not clear where
10 the policy came from, but it is -- we have been told
11 it's been corrected now.

12 I mean, it is a hassle for employers, but
13 it is the law, and serving people summons it is --
14 you know, any type of thing, you know, it's routinely
15 done throughout the state.

16 CHAIRMAN MATHEWSON: Yeah, and that's not
17 a Gaming Commission law.

18 MR. BRADLEY: No.

19 CHAIRMAN MATHEWSON: That's just the law.

20 MR. BRADLEY: That's just the law. I
21 mean, if you go to, you know, any employer and say,
22 I'm here to serve a suit on, you know, your divorce
23 action, whatever, you go get them, you bring them
24 there, they're served, they go back to work. It's
25 routine.

1 CHAIRMAN MATHEWSON: Okay. Any other
2 discussion, questions of Mike?

3 (No response.)

4 Chair would accept a motion to adopt
5 DC-11-067.

6 COMMISSIONER JONES: Move for the adoption
7 of DC-11-067.

8 COMMISSIONER MERRITT: Second.

9 CHAIRMAN MATHEWSON: Call roll, please.

10 MS.FRANKS: Commissioner Merritt.

11 COMMISSIONER MERRITT: Approved.

12 MS. FRANKS: Commissioner Jones.

13 COMMISSIONER JONES: Approved.

14 MS. FRANKS: Commissioner Shull.

15 COMMISSIONER SHULL: Approved.

16 MS. FRANKS: Chairman Mathewson.

17 CHAIRMAN MATHEWSON: Approved.

18 MS.FRANKS: By your vote you've adopted
19 DC-11-067.

20 MR. BRADLEY: The next proposed discipline
21 is under Tab H, and it's against Ameristar Casino,
22 St. Charles, and this is a minor in the casino. This
23 one was September 13, 2010.

24 A male minor entered the casino with
25 another person's identification. I may have

1 mentioned last month that the cases we see are a lot
2 of people with another person's identification, and I
3 said, Well, apparently we don't have any false IDs.
4 The captain corrected me. They have a lot of false
5 IDs; they're just very hard to catch nowadays because
6 of the Internet and that sort of thing. But the ones
7 we catch tend to be other person's identifications.

8 They presented the ID to the security
9 officer at the turnstile. The photo revealed the
10 card belonged to an individual 5'10" in height and
11 150 pounds. The minor was several inches shorter
12 than that and 30 or 40 pounds heavier, so the ID was
13 checked. It wasn't a very good identification there.

14 But the issues became: Then the minor --
15 the minor went on the boat at 7:28. At 7:48 the
16 minor started playing a table game, no ID checked.
17 Played there for a while. At 11:37 he bought a beer
18 from a beverage server, no ID checked.

19 And the entire time the player -- the
20 minor was there, four dealers were there. None of
21 them requested identification, and three table game
22 supervisors were there and nobody requested
23 identification, as well as the beverage server. So
24 the minor was there for multiple hours, was checked
25 when they went in; was never checked at all since

1 then, and for that reason we're recommending a
2 proposed penalty of \$30,000.

3 CHAIRMAN MATHEWSON: Any questions?

4 (No response.)

5 CHAIRMAN MATHEWSON: Chair would accept --

6 COMMISSIONER JONES: Wait a minute. I
7 have a question.

8 CHAIRMAN MATHEWSON: I'm sorry. Go ahead.

9 COMMISSIONER JONES: First of all, I want
10 to thank Les for giving me some knowledge over the
11 last week.

12 Now, is it the dealer's responsibility to
13 check the IDs, or is it the dealer's responsibility
14 to assist the customer? I mean, because, you know --
15 and this comes from the gaming protection -- you
16 know, I just got enough knowledge to be kind of crazy
17 or dangerous right now, so I have to watch myself.

18 MR. BRADLEY: The Staff has taken the
19 position that it's every casino employee's
20 responsibility, that the casino cannot just say, We
21 checked the IDs at the turnstile and never check them
22 again, and that's what we're trying to get across.

23 We'll have one later where the dealer
24 actually does check the ID and catches them a short
25 time, and we're representing a shorter fine on that,

1 but the position the Staff has been advocating is
2 that it's not only the responsibility of the person
3 at the turnstile, the security officer at the
4 turnstile, it's everybody else on the floor.

5 If somebody looks young, you should check
6 their ID or get security or do something about it.
7 And we're -- where we've been hitting them harder on
8 the fines has been when nobody's doing it, where
9 they're getting -- and a lot of these they're checked
10 at the turnstile, but then they go and they're
11 playing table games or getting drinks and they're
12 there for several periods of time and nobody's
13 checking it, and we want to -- we want everybody --
14 and I understand the customer service issue, and I
15 understand the issue that, you know, somebody who --
16 who's 24 that looks 18 gets tired of getting their ID
17 checked every time they go to play a game or go to
18 buy a drink but, you know, the minors in the casino
19 is a high priority as far as the Gaming Commission,
20 and so we're saying it's everybody.

21 COMMISSIONER JONES: So that's an
22 established policy now?

23 MR. BRADLEY: That's an established --
24 that's what we -- that's what we look at.

25 And the other thing, and we talked about

1 this a lot last meeting, but when the disciplinary
2 review board looks at these, we don't -- we don't
3 do -- we don't send to you every one that has a minor
4 that gets on the casino.

5 I mean, we literally will sit there
6 saying, Two or three people checked the ID; we've got
7 the ID, we got the picture of the minor, and we'll
8 look at it and say, You could have fooled me. We're
9 not going to recommend discipline on those kind of
10 cases.

11 COMMISSIONER MERRITT: It's a very obvious
12 one.

13 MR. BRADLEY: It's a very obvious one.

14 And this one, you know, in fairness to
15 the security officer, he did check the ID, but it --
16 you know, if he had read it, this guy didn't even
17 look the same.

18 CHAIRMAN MATHEWSON: Mike, I might also
19 add to what Commissioner Jones asked, you know,
20 Liquor Control has the same policy, by the way --

21 MR. BRADLEY: Right.

22 CHAIRMAN MATHEWSON: -- because, as an
23 example, at the State Fair -- that's in Sedalia,
24 everybody. It's in August. So a commercial in
25 there. Thank you.

1 But like the Bud tent, which does a lot
2 of business --

3 MR. BRADLEY: Right. Right.

4 CHAIRMAN MATHEWSON: -- they have a person
5 checking IDs, and Liquor Control just sits in there
6 and watches.

7 MR. BRADLEY: Yeah.

8 CHAIRMAN MATHEWSON: And if someone serves
9 one of them --

10 MR. BRADLEY: Right.

11 CHAIRMAN MATHEWSON: -- well, they checked
12 it. You know, why would I check it?

13 MR. BRADLEY: Right.

14 CHAIRMAN MATHEWSON: They get penalized.
15 They served them, not the guy checking them.

16 MR. BRADLEY: Yeah.

17 CHAIRMAN MATHEWSON: They've been doing
18 that for a long, long time and they've kind of cut
19 down on underaged drinking over there in the Bud
20 tent.

21 MR. BRADLEY: Or you see them -- a lot of
22 them when they check it, they'll put a wristband on
23 people.

24 CHAIRMAN MATHEWSON: Yeah. Uh-huh.

25 Okay. Thank you. Any other questions of

1 Mike on that?

2 (No response.)

3 CHAIRMAN MATHEWSON: Chair would accept a
4 motion on DC-11-068, please.

5 COMMISSIONER SHULL: So moved.

6 COMMISSIONER MERRITT: Second.

7 CHAIRMAN MATHEWSON: Call roll, Angie,
8 please.

9 MS. FRANKS: Commissioner Merritt.

10 COMMISSIONER MERRITT: Approved.

11 MS. FRANKS: Commissioner Jones.

12 COMMISSIONER JONES: Approved.

13 MS. FRANKS: Commissioner Shull.

14 COMMISSIONER SHULL: Approved.

15 MS. FRANKS: Chairman Mathewson.

16 CHAIRMAN MATHEWSON: Approved.

17 MS. FRANKS: By your vote you've adopted
18 DC-11-068.

19 MR. BRADLEY: The next one is under Tab I,
20 and this is proposed discipline against Aristocrat
21 Technologies, who is a supplier -- holds a supplier's
22 license, and they manufacture, basically, slot
23 machines.

24 We're recommending a \$15,000 penalty on
25 this one, and the issue that we have is all these --

1 all the software that goes into slot machines is --
2 as we all have learned since we've come over here,
3 slot machines are nothing more than computers.

4 All the software has to be -- not
5 necessarily all the software. There's certain
6 designated software that has to be checked by GLI or
7 somebody else as far as being approved. In the way
8 that the system is set up to make sure that the
9 approval can be traced is that there are electronic
10 verification signatures included in the software, and
11 people that know what they're doing can put the
12 software in the devices and pull it up to see if the
13 proper signature is on the software and to see if
14 that signature meets one of the software that's been
15 approved. So it is a key on the system to make sure
16 that the software in the machines have been checked
17 and approved.

18 What Aristocrat did is they shipped four
19 pieces of communication software to Ameristar Casino
20 in Kansas City. That software was intended to be
21 used in electronic gaming devices, but the software
22 did not contain the accurate verified signature
23 evidence approved by Gaming Laboratories,
24 Incorporated; thus, the software, since it didn't
25 have the signature, was not approved by the Missouri

1 Gaming Commission for use in Missouri.

2 I'd like to emphasize we don't -- there
3 was no evidence that this software was in any way
4 defective or had been revoked or anything like that.
5 The software was probably in and of itself proper,
6 but the entire system revolves around -- the only way
7 we know the software is proper is if these electronic
8 signatures are on it, and by their system out there
9 not verifying before they shipped it out to a casino
10 in Missouri that had the signature, that -- it's not
11 approved, so they're basically sending us unapproved
12 software, and for that reason we're recommending a
13 \$15,000 penalty.

14 CHAIRMAN MATHEWSON: Any questions of Mike
15 on this?

16 COMMISSIONER SHULL: Who discovered it?

17 MR. BRADLEY: Well, I've told you
18 everything I know about it.

19 CHAIRMAN MATHEWSON: This big tall kid
20 right here might have the answer.

21 MR. PRESTON: Blaine Preston, Missouri
22 Gaming Commission. This was discovered when it was
23 shipped into the casino. We have a verification
24 process that's put in place to catch scenarios like
25 this, so it was one of our staffers that verified the

1 software had not been an approved status.

2 COMMISSIONER SHULL: So it was never put
3 into service?

4 MR. PRESTON: No, sir.

5 COMMISSIONER SHULL: Thanks.

6 CHAIRMAN MATHEWSON: Thank you. Glad
7 you're in the record now.

8 MR. BRADLEY: I warned him on that. I
9 told him -- I said, I'm telling everything I know.
10 If there are any questions --

11 CHAIRMAN MATHEWSON: That's why he's
12 sitting right there grinning.

13 MR. BRADLEY: That's right.

14 CHAIRMAN MATHEWSON: Good for you.

15 Any other questions?

16 (No response.)

17 CHAIRMAN MATHEWSON: Chair would accept a
18 motion on DC-11-069, please.

19 COMMISSIONER MERRITT: I would make a
20 motion to approve DC-11-069.

21 COMMISSIONER JONES: Second.

22 CHAIRMAN MATHEWSON: Call roll, Angie,
23 please.

24 MS. FRANKS: Commissioner Merritt.

25 COMMISSIONER MERRITT: Approved.

1 MS. FRANKS: Commissioner Jones.

2 COMMISSIONER JONES: Approved.

3 MS. FRANKS: Commissioner Shull.

4 COMMISSIONER SHULL: Approved.

5 MS. FRANKS: Chairman Mathewson.

6 CHAIRMAN MATHEWSON: Approved.

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

8 DC-11-069.

9 MR. BRADLEY: Under Tab J we have proposed
10 discipline against Bally Technologies, again a
11 software issue. One of the things -- and I'll tell
12 you what I know, but it isn't very much. One of the
13 things that amazes me working here is on the software
14 for the electronic gaming devices how complex it is
15 and what a good job these guys do, and the industry
16 does, keeping the software straight.

17 There will be situations where software
18 will be approved and will get into play and a glitch
19 is discovered in it, not necessarily a glitch that
20 causes any impact to the game or performance of the
21 game but just -- like any other -- you know, like
22 Microsoft does when they come out with a new Word,
23 any other software, there's glitches that are found.

24 When a glitch is found, that specific
25 software is then considered revoked, and then the

1 software that corrects the glitch is the approved
2 software. Highly complex on how they do it. It is
3 routinely done in the casinos. There's a whole
4 website that we maintain to help the casinos do that,
5 working with GLI, so this is very complex to me. The
6 people that know what they're doing do it extremely
7 well.

8 The problem and the recommended penalty
9 against Bally is on a couple times -- and we're
10 really more focused on the November 20, 2010, they
11 shipped eight main processing units to Harrah's,
12 North Kansas City, and of those eight, two of the
13 processing boards contained software in them that had
14 been revoked.

15 That is something they should have caught
16 before they shipped it out. There's no allegation or
17 hint that the revoked software in any way would have
18 affected the play of the game or was overwhelmingly
19 defective, but it's routine to have revoked software
20 because these things are so complex.

21 And because their system didn't catch it
22 and they shipped it out, we're recommending they be
23 penalized \$5,000.

24 CHAIRMAN MATHEWSON: Any questions of Mike
25 on this one?

1 (No response.)

2 CHAIRMAN MATHEWSON: Chair would accept a
3 motion on DC-11-070, please.

4 COMMISSIONER SHULL: Move approval of
5 DC-11-070.

6 COMMISSIONER JONES: Second.

7 CHAIRMAN MATHEWSON: Call roll, Angie,
8 please.

9 MS. FRANKS: Commissioner Merritt.

10 COMMISSIONER MERRITT: Approved.

11 MS. FRANKS: Commissioner Jones.

12 COMMISSIONER JONES: Approved.

13 MS. FRANKS: Commissioner Shull.

14 COMMISSIONER SHULL: Approved.

15 MS. FRANKS: Chairman Mathewson.

16 CHAIRMAN MATHEWSON: Approved.

17 MS.FRANKS: By your vote you've adopted
18 DC-11-070.

19 MR. BRADLEY: Under Tab K we have
20 proposed discipline against Casino One Corporation,
21 which is a Pinnacle property in St. Louis, Lumiere
22 Place, and this one, again, is a minor in the
23 casino. This one, the proposed penalty is \$20,000.

24 This one, on April 9, 2010, the minor
25 entered the casino with another person's

1 identification. He was checked by the company
2 security officer, and after review of the card
3 allowed the minor to enter, so the security officer
4 did what he was supposed to do, didn't catch it but
5 it went on. This was about eleven o'clock.

6 At 11:01 the minor went to the mobile bar
7 and purchased an alcoholic beverage. The bartender
8 did not check the identification. At 12:04 the minor
9 went to the casino floor, went to an ATM. At
10 12:06 a.m. the minor exited the casino floor to go to
11 the ATM and then came back at 12:06. His
12 identification was not checked when he returned
13 through the turnstile.

14 Then about 12:10 the minor gambled at a
15 table game until 2:00 in the morning. The dealers
16 never checked for identification, so he's at the
17 table game for about two hours. Then he went to a
18 different table game, and the dealer did not check.
19 And then about 2:12 in the morning this minor left
20 the casino.

21 On April 13, 2010, the same minor came
22 back to the casino at 11:43, used another person's
23 identification. The identification card was checked
24 by the security officer at that time. The minor then
25 went and gambled at a table game for a period of

1 time. The table game dealer did not check.

2 Then went to a different table game
3 for -- from 11:49 to 2:23. The dealers did not check
4 for identification. Then at 2:55 the minor went to
5 the main cage and attempted a transaction, but he
6 left without completing the transaction.

7 And we were putting this together from
8 the surveillance tapes, so it's [sic] not quite sure
9 what happened at the main cage, but he got spooked
10 and left. So then about 3:00 in the morning he left
11 the casino.

12 Then on a third day, April 14, the minor
13 came back to the casino. The security guard checked
14 his identification, did not believe it was the
15 minor's identification, caught him, contacted the
16 highway patrol. The highway patrol did the
17 investigation, got the minor to talk. You know,
18 basically not only he said, Not only did I try to get
19 on today and you caught me, but I've been here a
20 couple days before, so they were able to go back and
21 use the surveillance tapes and put together he had
22 been there on two previous occasions and had not been
23 caught.

24 We're recommending a \$20,000 fine in
25 this. The casino security officer did catch him, but

1 it was the third time and, again, as we talked
2 before, it was all the -- the security officers check
3 the ID; it was nobody else on the floor was checking
4 and he's doing table games and that sort of thing.

5 CHAIRMAN MATHEWSON: Any questions of
6 Mike?

7 (No response.)

8 CHAIRMAN MATHEWSON: Chair would accept --
9 oh. I'm sorry.

10 COMMISSIONER JONES: Mr. Chairman, as a
11 matter of record and just some housekeeping, in our
12 books it's showing that those times that you quoted
13 as being 11:43 and 11:49 is 1:43 and 1:49.

14 MR. BRADLEY: Okay. Thank you.

15 COMMISSIONER JONES: I just wanted to make
16 sure the record reflects that.

17 MR. BRADLEY: I appreciate that. Thank
18 you.

19 CHAIRMAN MATHEWSON: You're right on the
20 ball, are you not?

21 Okay. Chair would accept a motion on
22 DC-11-072.

23 COMMISSIONER JONES: -- 1.

24 COMMISSIONER MERRITT: -- 1.

25 CHAIRMAN MATHEWSON: -- 1. Okay. Let's

1 do 11-071.

2 COMMISSIONER MERRITT: So moved.

3 COMMISSIONER JONES: Second.

4 CHAIRMAN MATHEWSON: Call roll, Angie,
5 please.

6 MS. FRANKS: Commissioner Merritt.

7 COMMISSIONER MERRITT: Approved.

8 MS. FRANKS: Commissioner Jones.

9 COMMISSIONER JONES: Approved.

10 MS. FRANKS: Commissioner Shull.

11 COMMISSIONER SHULL: Approved.

12 MS. FRANKS: Chairman Mathewson.

13 CHAIRMAN MATHEWSON: Approved.

14 MS. FRANKS: By your vote you've adopted
15 DC-11-071.

16 MR. BRADLEY: The next tab is Tab L, and
17 that, again, is a proposed discipline against Casino
18 One Corporation in downtown St. Louis, Lumiere
19 Place. And this one is on -- the regulations provide
20 specific regulations on what is done with drop boxes
21 and slot drop buckets. Drop boxes are still there;
22 slot drop buckets we don't use hardly anymore.

23 And it provides that they must be removed
24 and counted at times designated by the Commission.
25 It's all -- the regulation provides for what needs to

1 be done. We're proposing a \$10,000 penalty against
2 Lumiere because during the calendar year of 2010,
3 they had five separate incidents where the regulation
4 was violated, and because it was something that was
5 an ongoing separate problem, we believe it
6 established a pattern of violations.

7 But the incidents were on January 7,
8 2010. Five electronic gaming devices had the
9 unlocked belly glass and bell validator doors. They
10 were unlocked and open allowing access to the dropped
11 containers. The doors were wide open and were
12 clearly visible.

13 And again, these drop boxes are where the
14 money goes. When the term "hot box" is used, "hot"
15 means it's got money in it as opposed to an empty
16 box.

17 On April 30, 2010, the employees -- two
18 soft count employees failed to remove a hot box bill
19 validator from the drop storage count cart room, and
20 then the box was not located until the count was
21 completed. They just lost track of it.

22 On May 12, five company soft count
23 employees failed to remove two hot box bill
24 validators from the drop storage cart. They were not
25 located again until after the count was completed.

1 On August 5, 2010, the count team failed
2 to drop, which is the count of bill validator of an
3 electronic gaming device. While one company employee
4 was removing the boxes, another company employee
5 secured the doors of the gaming devices before the
6 box could be removed, so they weren't doing it proper
7 then.

8 Then on October 22, 2010, a hot drop box
9 from the poker table was found on a cart after it had
10 been removed from the soft count storage room.
11 Again, they just lost track of them.

12 Each of these events violates the
13 regulation. The fact that there were five such
14 events shows that they were -- had a pattern that
15 wasn't being corrected, and for that reason we're
16 recommending a penalty of \$10,000.

17 CHAIRMAN MATHEWSON: Commissioner Jones,
18 please.

19 COMMISSIONER JONES: Mike, on average,
20 what's the amount of cash that's contained in one of
21 those hot boxes?

22 MR. BRADLEY: I don't know.

23 MS. ALONZO: Cheryl Alonzo, Director of
24 Compliance Audit. It can vary. I mean, it's really
25 just how much play the game gets. More popular games

1 could have \$8,000 in the can. Another game might
2 have 125 or 20 bucks. It just depends.

3 MR. BRADLEY: Thanks.

4 COMMISSIONER SHULL: Have there been any
5 violations in the last five months?

6 MR. BRADLEY: Not that we've had reported.

7 CHAIRMAN MATHEWSON: Okay. Any other
8 questions of Mike?

9 (No response.)

10 CHAIRMAN MATHEWSON: Chair would accept a
11 motion for 11-072.

12 COMMISSIONER JONES: So moved.

13 COMMISSIONER MERRITT: Second.

14 CHAIRMAN MATHEWSON: Call roll, Angie,
15 please.

16 MS. FRANKS: Commissioner Merritt.

17 COMMISSIONER MERRITT: Approved.

18 MS. FRANKS: Commissioner Jones.

19 COMMISSIONER JONES: Approved.

20 MS. FRANKS: Commissioner Shull.

21 COMMISSIONER SHULL: Approved.

22 MS. FRANKS: Chairman Mathewson.

23 CHAIRMAN MATHEWSON: Approved.

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

25 DC-11-072.

1 MR. BRADLEY: The next one is under Tab M
2 and, again, this one's on Casino One Corporation,
3 Lumiere Place, a Pinnacle property in downtown
4 St. Louis. This is a proposed penalty of \$50,000
5 against the company for one of their promotions.

6 And just a brief background, the Gaming
7 Commission Staff does not approve the promotions.
8 The procedure is, the company brings up a promotion,
9 has the rules. The rules have to be there and they
10 have to follow the rules they have, and the Gaming
11 Commission can verify them, but we don't approve them
12 before they do them. We leave that to the company.
13 We just, you know, correct it if there's an issue.

14 The problem -- they had multiple
15 problems, but they had a promotion called Home Game
16 Bonus, and we've attached the official rules to the
17 proposed discipline.

18 And under the Home Game Bonus, the idea
19 was, if the St. Louis Cardinals won a home game, you
20 got two buffets for the price of one the next day, so
21 if the Cardinals win, you know, Monday night, you can
22 go to the casino Tuesday and get two buffets for the
23 price of one.

24 The rules that they submitted provided
25 that this promotion would be in effect June 2010.

1 They never amended the rules or never changed the
2 rules. The rules were simply June 2010. After the
3 end of June 2010, they kept the promotion going,
4 which isn't a problem, except they should have
5 amended the rules to make sure the paperwork was
6 consistent with what they were doing.

7 That's not why they're being disciplined,
8 but that was one of the problems that they had. The
9 advertising in the promotional materials kept
10 advertising the Home Game Bonus past June of 2010.
11 They had signs in the casino that said, Free buffet
12 with the purchase of another when Cards win. Get one
13 buffet meal free when you purchase another at the
14 kitchen the day after the Cards win a home game.

15 As late as September of 2010 on the
16 Cardinal telecast, the promotions were -- spots were
17 read that said, Cardinal Baseball on Fox Sports
18 Midwest is brought to you by Lumiere Casino. Every
19 time the Cardinals win, next day get a free buffet
20 with the purchase of one at the kitchen at Lumiere
21 Place. Visit My Choice for details. So the
22 promotions were out there.

23 On September 30, 2010, on a Thursday
24 night, the Cardinals defeated the Colorado Rockies.
25 A patron, hearing the promotion, decided that he and

1 a friend of his were going to go to Lumiere the next
2 day and get two buffets for the price of one, so on
3 Friday, October 1, they went. They actually
4 telephoned first and said, Hey, we're coming down,
5 and they said, You have to have a rewards card, which
6 is part of the promotion. No problem.

7 They get down there and they were told,
8 No, we don't honor that promotion anymore. That's no
9 longer valid. We decided we're not going to do it on
10 weekends, so on Friday they didn't honor it.

11 Friday night the Cards beat the Rockies
12 again. A different patron comes in Saturday and
13 wants to get two-for-one buffets, and they again tell
14 them, We don't do that on weekends anymore. You
15 can't get the two-for-one promotion, even though the
16 ads were still up, even though the ads were on the
17 ball game, so those two patrons reported it to the
18 Gaming Commission.

19 We don't know if there were other patrons
20 that were turned away, but those two were incensed
21 enough that they let the Gaming Commission know, and
22 we did the investigation. Because the pro-- and, of
23 course, the irony is, that was the last weekend of
24 the Cardinal season. I mean, this is like -- the
25 season was over after that weekend.

1 Lumiere never changed the promotion nor
2 never told the general public that it's no longer
3 going to be honored. They were still putting the ads
4 out, Come in and get two for one. This violates the
5 regulations that -- violates so many regulations, but
6 one is: We have a regulation that says no false or
7 misleading statements written or oral shall be made
8 by the licensee or its employees or agents regarding
9 any aspect of the promotional activity.

10 By the fact that they were still
11 advertising two for one and not giving two for one,
12 it made this promotion a false and misleading
13 statement. It hindered, you know, the reputation of
14 gaming. I mean, part of gaming is, you know, the
15 trust that, you know, you're getting a fair game. If
16 you're advertising you get a free buffet and you
17 don't get a free buffet, it hinders the reputation.

18 And for all those reasons, we thought a
19 \$50,000 penalty was appropriate, that if they're
20 going to advertise they're doing something, they need
21 to be doing it.

22 CHAIRMAN MATHEWSON: Any questions of
23 Mike?

24 (No response.)

25 CHAIRMAN MATHEWSON: Chair would accept

1 the motion on DC-11-073, please.

2 COMMISSIONER JONES: So moved.

3 COMMISSIONER SHULL: Second.

4 CHAIRMAN MATHEWSON: Call roll, Angie,
5 please.

6 MS. FRANKS: Commissioner Merritt.

7 COMMISSIONER MERRITT: Approved.

8 MS. FRANKS: Commissioner Jones.

9 COMMISSIONER JONES: Approved.

10 MS. FRANKS: Commissioner Shull.

11 COMMISSIONER SHULL: Approved.

12 MS. FRANKS: Chairman Mathewson.

13 CHAIRMAN MATHEWSON: Approved.

14 MS. FRANKS: By your vote you've adopted
15 DC-11-073.

16 MR. BRADLEY: The next one under Tab N,
17 again, is against Casino One Corporation, the
18 Pinnacle property downtown, Lumiere Place. And under
19 the Gaming Commission's minimal internal control
20 standards, which are applicable to all the casinos,
21 it provides that the Gaming Commission boat agent on
22 duty shall be provided on a daily basis a copy of the
23 security incident log of all security incident
24 reports generated during the gaming day. It's just
25 whatever log they have, they give it to our patrolman

1 there assigned to the casino.

2 Lumiere failed to do that. As we've got
3 in paragraph eight, there are numerous days in
4 September of 2010 and October of 2010 that the
5 company just failed to provide those logs to our
6 agents.

7 This was discovered during the audit.
8 Going back, it was revealed that they had same type
9 of issues in 2009 and weren't corrected, so they just
10 weren't complying with the mix the way they were
11 supposed to. For that reason we're recommending a
12 \$10,000 penalty.

13 CHAIRMAN MATHEWSON: Any questions of
14 Mike?

15 (No response.)

16 CHAIRMAN MATHEWSON: Chair would accept a
17 motion.

18 COMMISSIONER SHULL: Move approval of
19 DC-11-074.

20 COMMISSIONER MERRITT: Second.

21 CHAIRMAN MATHEWSON: Call roll, Angie,
22 please.

23 MS. FRANKS: Commissioner Merritt.

24 COMMISSIONER MERRITT: Approved.

25 MS. FRANKS: Commissioner Jones.

1 COMMISSIONER JONES: Approved.
2 MS. FRANKS: Commissioner Shull.
3 COMMISSIONER SHULL: Approved.
4 MS. FRANKS: Chairman Mathewson.
5 CHAIRMAN MATHEWSON: Approved.
6 MS. FRANKS: By your vote you've adopted
7 DC-11-074.

8 MR. BRADLEY: The next one's under Tab O,
9 and it is proposed discipline against Harrah's,
10 Maryland Heights, again for a minor in the casino.
11 This was a male minor that entered the casino on
12 October 29, 2010.

13 The security officer at the turnstile
14 requested ID, checked the ID, did not closely compare
15 the card to the minor's face but allowed the minor to
16 enter, and this occurred at 11:51 p.m.

17 At 11:54 the minor, along with others,
18 went to a bar where they -- where he purchased four
19 beers. The bartender did not check for
20 identification. At 12:14 the minor purchased chips
21 and played two hands of Texas Hold-em. About the
22 time of the second hand the dealer notified her
23 supervisor that the minor did not appear to be 21.

24 The supervisor asked the minor to produce
25 identification, didn't think the identification fit,

1 contacted the highway patrol and the minor was
2 caught. So because the dealer was proactive in this
3 one, we're recommending a fine of \$10,000 less than
4 the other two that we've had. He did get on. He
5 wasn't checked for liquor, was able to play a little
6 bit of a table game, but they were able to catch him,
7 so we're recommending a smaller fine.

8 CHAIRMAN MATHEWSON: Any questions of
9 Mike?

10 (No response.)

11 CHAIRMAN MATHEWSON: Chair would accept a
12 motion on DC-11-075, please.

13 COMMISSIONER MERRITT: So moved.

14 COMMISSIONER SHULL: Second.

15 CHAIRMAN MATHEWSON: Call roll, Angie,
16 please.

17 MS. FRANKS: Commissioner Merritt.

18 COMMISSIONER MERRITT: Approved.

19 MS. FRANKS: Commissioner Jones.

20 COMMISSIONER JONES: Approved.

21 MS. FRANKS: Commissioner Shull.

22 COMMISSIONER SHULL: Approved.

23 MS. FRANKS: Chairman Mathewson.

24 CHAIRMAN MATHEWSON: Approved.

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

1 DC-11-075.

2 MR. BRADLEY: The next one, and the final
3 discipline of the day, is under Tab P, and it is
4 proposed discipline under Harrah's Maryland Heights.
5 This is from audit findings in 2010. There are three
6 counts. We're recommending a penalty of \$5,000 each
7 count for a total of \$15,000.

8 The first count is that the regulations
9 provide that the decks of cards shall be inspected,
10 and the decks are inspected, and Les has informed --
11 taught me on the importance of this. There can be
12 crimps. There can be bends. There can be cuts on
13 shaving. It is really pretty easy for people who
14 know what they're doing to do bad things to cards and
15 be able to figure out what the card is.

16 During the course of the audit, it was
17 brought out in March that the security officers
18 weren't properly inspecting the cards, and then again
19 in October it was, you know, reiterated they don't
20 seem to be properly inspecting cards, and the
21 inspection was not only an observation of the
22 inspections, but it was questioning them, what are
23 you doing?

24 And specifically the sides of these cards
25 weren't inspected as much as they should've been

1 because bad things can be done by people that know
2 what they're doing, and that's why they have this
3 requirement.

4 The second issue was Count II. Now that
5 we have 24-hour gaming, they actually do drop areas
6 while there are patrons on the floor. Back when the
7 casinos closed, they just waited till they closed,
8 everybody was gone and they went around doing their
9 drops.

10 But because we have 24-hour gaming, we
11 have a minimum internal control standard that says
12 they should have a sufficient number of security
13 officers to ensure that people don't get within the
14 drop area.

15 And on multiple occasions it was noted
16 that both in April and then again in October, that
17 they didn't have enough people, enough security
18 people, out there because people were getting
19 through. I mean, a bartender walked through.
20 Patrons walked through. It just -- you know,
21 whatever it takes to have enough is what they needed,
22 and they weren't getting that done.

23 The third count is, there's a minimum
24 internal control standard that requires that the
25 identification -- the casino security department's

1 reports should have the identification number of the
2 videotape from the surveillance room, so if you're
3 reading the report, you can get the number and go get
4 the tape.

5 It was noted that two of the eleven
6 reports in October and four of the thirty-eight
7 reports in April did not have that information on the
8 reports. And because this was required and they
9 weren't getting it done, we're recommending a penalty
10 on that, so it's \$5,000 for each count for a total of
11 15,000.

12 CHAIRMAN MATHEWSON: Any questions?

13 (No response.)

14 CHAIRMAN MATHEWSON: Chair would accept
15 the motion on DC-11-082, please.

16 COMMISSIONER JONES: So moved.

17 COMMISSIONER SHULL: Second.

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

20 MS. FRANKS: Commissioner Merritt.

21 COMMISSIONER MERRITT: Approved.

22 MS. FRANKS: Commissioner Jones.

23 COMMISSIONER JONES: Approved.

24 MS. FRANKS: Commissioner Shull.

25 COMMISSIONER SHULL: Approved.

1 MS. FRANKS: Chairman Mathewson.

2 CHAIRMAN MATHEWSON: Approved.

3 MS. FRANKS: By your vote you've adopted
4 DC-11-082.

5 CHAIRMAN MATHEWSON: Thanks, Mike.
6 Roger.

7 DIRECTOR STOTTLEMYRE: Item VIII on the
8 agenda is consideration of waiver of institutional
9 investors, and Clarence Greeno will present.

10 CHAIRMAN MATHEWSON: Good morning,
11 Clarence.

12 MR. GREENO: Good morning, Mr. Chairman,
13 Commissioners.

14 COMMISSIONER JONES: Good morning.

15 COMMISSIONER SHULL: Good morning.

16 MR. GREENO: Behind Tabs Q, R, S, and T
17 are four resolutions regarding waiver of licensure
18 for institutional investors holding and/or requesting
19 to hold publicly-traded interest, up to 20 percent,
20 in gaming licensees.

21 Each investor has submitted a request for
22 waiver to hold interest in these licensees in
23 compliance with 11 CSR 45-4.020. The submitted
24 waiver certify all holdings are for institutional
25 investment purposes only, with no intent to be

1 involved in the management or operation of the
2 licensees.

3 Because the holdings may exceed the
4 10 percent threshold for which the executive director
5 may grant waiver, these resolutions are before the
6 Commission today.

7 The first resolution, No. 11-015, is for
8 Oppenheimer Funds, Incorporated, which presently has
9 holdings in Shuffle Master, Incorporated, and wishes
10 to make investments in multiple licensees.

11 The second resolution, No. 11-016, is for
12 Wells Capital Management, Incorporated, which also
13 has holdings in Shuffle Master, Incorporated, and
14 requests waiver to make cumulative acquisitions of up
15 to 20 percent.

16 The third resolution, No. 11-017 is for
17 Addison Clark Management, L.L.C., which has holdings
18 in Isle of Capri Casinos, Inc., and also wishes to
19 make cumulative acquisitions of up to 20 percent.

20 The fourth resolution, No. 11-018, is for
21 Capital Management Investment Advisors, L.L.C., which
22 has holdings in Bally Technologies, Incorporated, and
23 wishes to make investments in multiple licensees.

24 I'd be happy to answer any questions.

25 CHAIRMAN MATHEWSON: Okay, Mr. Clarence.

1 I'm sorry, Clarence. I wandered off on you. Did you
2 just do Oppenheimer?

3 MR. GREENO: I did.

4 CHAIRMAN MATHEWSON: But you didn't do
5 Wells Capital or the rest of them?

6 MR. GREENO: Yes, sir, I did.

7 CHAIRMAN MATHEWSON: Okay. I'm sorry. I
8 wasn't paying attention.

9 COMMISSIONER MERRITT: What did you say a
10 while ago?

11 CHAIRMAN MATHEWSON: I was inquiring of
12 the Commission over here on a very important subject.

13 COMMISSIONER SHULL: I would make the
14 motion, if we're ready --

15 CHAIRMAN MATHEWSON: We are ready.

16 COMMISSIONER SHULL: -- to approve 11-015,
17 11-016, 11-017, and 11-018.

18 COMMISSIONER MERRITT: Second.

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

21 MS. FRANKS: Commissioner Merritt.

22 COMMISSIONER MERRITT: Approved.

23 MS. FRANKS: Commissioner Jones.

24 COMMISSIONER JONES: Approved.

25 MS. FRANKS: Commissioner Shull.

1 COMMISSIONER SHULL: Approved.

2 MS. FRANKS: Chairman Mathewson.

3 CHAIRMAN MATHEWSON: Approved.

4 MS. FRANKS: By your vote you've adopted
5 Resolution Nos. 11-015, 11-016, 11-017, and 11-018.

6 CHAIRMAN MATHEWSON: Very good.

7 DIRECTOR STOTTLEMYRE: Item IX on the
8 agenda is consideration of revocation of a bingo
9 license, and Mike Bradley will present.

10 MR. BRADLEY: Tab U -- and this is a
11 proposed discipline against Amvets Post 114, and as
12 we discussed last month, the riverboat casinos are
13 the exception to the rule that all disciplines for
14 licensees go through the Administrative Hearing
15 Commission. That exception does not exist for bingo.

16 So the proposed discipline was that the
17 bingo staff went to do an inspection of the Amvets
18 Post 114 down in Flemington, Missouri, and Amvets
19 refused to allow them to do the inspection.

20 And there's several things they do in
21 inspections. There's a lot of requirements on bingo,
22 for the bingo cards, make sure they have everything
23 in proper place, and they just refused.

24 We filed -- working with the Attorney
25 General's office, filed a complaint against them with

1 the Administrative Hearing Commission. The
2 Administrative Hearing Commission proceedings were
3 resolved by Amvets Post, and the Gaming Commission
4 filed the stipulation with the Administrative Hearing
5 Commission that there was a violation and that
6 discipline was in order.

7 As we talked last time, in the
8 Administrative Hearing Commission, the only issue
9 that the Commission, Administrative Hearing
10 Commission, deals with is whether or not there is
11 grounds for discipline. They don't get involved in
12 the scope of the discipline.

13 After the consent order was filed, the
14 Administrative Hearing Commission issued its order
15 that found that there were grounds for discipline
16 against this Amvets Post.

17 Our procedure is that then the Amvets
18 Post has the opportunity to come to the Gaming
19 Commission hearing officer and argue over penalty.
20 You know, we were recommending revocation because
21 they refused to allow us in. We gave them the
22 opportunity to have a hearing where they could come
23 in and argue, you know, beg for mercy, basically.

24 That opportunity was given to them. They
25 had thirty days to respond and ask for a hearing.

1 They did not do so within the thirty days, so what we
2 have before you this morning is a resolution asking
3 that the discipline be a revocation of their bingo
4 license.

5 CHAIRMAN MATHEWSON: Mike, I know you're a
6 Missouri traveler. Where is this town?

7 MR. BRADLEY: I had to look it up.

8 CHAIRMAN MATHEWSON: Okay. Since you
9 looked it up, where is it?

10 MR. BRADLEY: It is --

11 MS. MCCARTHY: Near Pomme de Terre Lake.

12 MR. BRADLEY: Yeah, down around Clinton
13 County.

14 CHAIRMAN MATHEWSON: Hickory County?

15 MR. BRADLEY: Hickory -- it was in Cedar
16 County, but I didn't -- and I had to be very careful
17 because my wife is from Farmington, which doesn't
18 have anything to do with Flemington, but when I first
19 saw it, I thought --

20 CHAIRMAN MATHEWSON: Probably never will.

21 MR. BRADLEY: I thought, Oh, my god, one
22 of my in-laws has gotten involved in this, but
23 fortunately, it wasn't.

24 MS. FARR: It is actually in Polk County.

25 COMMISSIONER MERRITT: It's right on the

1 lake, isn't it?

2 CHAIRMAN MATHEWSON: Evidently. Okay.

3 Any other questions? Comments? Thoughts?

4 (No response.)

5 CHAIRMAN MATHEWSON: Okay. Chair would
6 accept a motion on -- okay. Mike, help me out,
7 because we don't deal with bingo that often.

8 MR. BRADLEY: Yeah.

9 CHAIRMAN MATHEWSON: They're suspended for
10 like a year, aren't they, and they can reapply?

11 MR. BRADLEY: They're revoked. Their
12 license is gone. They're revoked. They're not
13 suspended.

14 What we do as a policy, if they come back
15 within a year and reapply, we'll give them
16 consideration and possibly give it to them, but
17 there's no guarantee that they get it back, but
18 they're -- they're revoked.

19 COMMISSIONER MERRITT: Is there any
20 precedent on this?

21 MR. BRADLEY: Yeah, we've given them back
22 in other ones, but they have to come in -- you know,
23 again, they have to prove that they're suitable, so
24 they have to come in and, you know, show us that
25 they've changed whatever the problems are.

1 CHAIRMAN MATHEWSON: Okay. Chair would
2 accept a motion on 11-002-B, please.

3 COMMISSIONER MERRITT: So moved.

4 COMMISSIONER JONES: Second.

5 CHAIRMAN MATHEWSON: Call roll, Angie,
6 please.

7 MS. FRANKS: Commissioner Merritt.

8 COMMISSIONER MERRITT: Approved.

9 MS. FRANKS: Commissioner Jones.

10 COMMISSIONER JONES: Approved.

11 MS. FRANKS: Commissioner Shull.

12 COMMISSIONER SHULL: Approved.

13 MS. FRANKS: Chairman Mathewson.

14 CHAIRMAN MATHEWSON: Approved.

15 MS. FRANKS: By your vote you've adopted
16 Resolution No. 11-002-B.

17 CHAIRMAN MATHEWSON: Are you going to be
18 very long on this one, because I need to go to the
19 bathroom?

20 DIRECTOR STOTTLEMYRE: We can take a
21 break, if you'd like to.

22 CHAIRMAN MATHEWSON: Could we just take
23 about a five-minute break, everyone?

24 (A recess was taken.)

25 CHAIRMAN MATHEWSON: Okay. Mr. Roger.

1 DIRECTOR STOTTLEMYRE: Mr. Chairman, Item
2 X is the consideration of rules and regulations, and
3 Clarence Greeno will present on Tabs V and W, and
4 Terri Hutchison will present on Tabs X and Y.

5 CHAIRMAN MATHEWSON: Clarence, please.

6 MR. GREENO: Mr. Chairman, Commissioners,
7 behind Tabs V and W are seven proposed rules relating
8 to the operation and conduct of Junket, Junket
9 enterprises, and Junket representatives.

10 These revisions propose to remove the
11 requirement Junket enterprises and Junket
12 representatives be licensed and moves the rules
13 setting forth definitions, prohibited activities and
14 required reports from Chapter IV, which relates to
15 licensing, and to Chapter V, conduct of gaming.

16 The responsibility for regulatory
17 compliance is then shifted to the Class B licensee
18 that enters into any Junket agreement. While
19 licensing was initially deemed to be the appropriate
20 course, we soon found the costs associated with
21 licensing, particularly the suitable investigation,
22 to be prohibitive for the vast majority of Junket
23 enterprises, most of which are what we might refer to
24 as mom and pop operations.

25 Staff feels issuing licenses without

1 having conducted indepth investigations into the
2 suitability of the entities not to be in the best
3 interest of the Commission or the state of Missouri;
4 therefore, we recommend Junket enterprises and Junket
5 representatives not be licensed, but rather the
6 responsibility of conducting due diligence be placed
7 upon the Class B licensees which enter into Junket
8 arrangements with these enterprises and
9 representatives.

10 We do not wish to inhibit the industry's
11 ability to utilize the services of Junket enterprises
12 as their use benefits not only the casinos but the
13 state as well. At the same time, Staff feels there
14 must be controls in place to protect the integrity of
15 gaming within the state.

16 The proposed rule amendments before you
17 today facilitate these recommendations. I would be
18 happy to entertain any questions you might have
19 relative to the proposed rules.

20 CHAIRMAN MATHEWSON: Junket, are they
21 presently doing business in the state of Missouri?

22 MR. GREENO: Yes, sir, they are.

23 CHAIRMAN MATHEWSON: Okay. And other
24 states also?

25 MR. GREENO: Yes, sir.

1 CHAIRMAN MATHEWSON: Okay.

2 COMMISSIONER JONES: Clarence, since we
3 enacted this provision, how has that service been? I
4 mean, has it been a boon for the casinos?

5 MR. GREENO: The rules as they presently
6 stand really have not been a boon for the casinos
7 because we've had very few Junket enterprises --

8 COMMISSIONER JONES: Because of this fee
9 that's associated --

10 MR. GREENO: Yes, sir.

11 COMMISSIONER JONES: All right. So what
12 about then once we remove that, it'll get off the
13 ground and running?

14 MR. GREENO: Correct. Once we remove the
15 licensing, it will facilitate their ability to come
16 into, but at the same time it places the
17 responsibility for conducting due diligence on these
18 companies upon the Class B licensee, and then it also
19 imposes upon the Class B licensee the responsibility
20 to ensure that Junket enterprises and Junket
21 representatives with which they conduct business do
22 not engage in any of the prohibited activities that
23 the regulation precludes.

24 CHAIRMAN MATHEWSON: So in the event that
25 somewhere down the road we find a problem with Junket

1 enterprises or whatever, then we're going to look to
2 the Class B license for correction or penalty, if
3 that's the case?

4 MR. GREENO: Yes, sir. If we find that
5 any Junket representative or Junket enterprise to be
6 unsuitable for whatever reason or we find that they
7 have conducted themselves in a manner that is
8 contrary to the regulations, the Class B licensee
9 with whom they have entered into an Junket
10 arrangement will be held responsible.

11 COMMISSIONER JONES: And the Class B
12 licensees are on board with that?

13 MR. GREENO: Yes, sir. The Class B
14 licensees that I've talked to about this and what we
15 plan on doing going forward, I think are in favor of
16 those changes.

17 CHAIRMAN MATHEWSON: I mean, so just to
18 follow up on that question: We're going to inform --
19 we, you, the Commission --

20 MR. GREENO: Yes, sir.

21 CHAIRMAN MATHEWSON: -- is going to inform
22 the Class B licensee that this is in effect whenever
23 we vote it and put it in effect; right?

24 MR. GREENO: Yes, sir.

25 CHAIRMAN MATHEWSON: So clearly they can't

1 use it as a defense, Well, we didn't know that.

2 MR. GREENO: Correct.

3 CHAIRMAN MATHEWSON: They're going to
4 know --

5 MR. GREENO: Yes, sir.

6 CHAIRMAN MATHEWSON: -- before they enter
7 into a contract with us; right?

8 MR. GREENO: Yes, sir. Like I say, I've
9 talked to several of the Class B licensees, and they
10 are -- they are very positive about these changes,
11 that it's going to facilitate their ability to
12 utilize Junket enterprises and Junket
13 representatives, and I think it's normal course of
14 action for them and a requirement of our regulations
15 that they conduct due diligence on any business
16 enterprise with which they do business.

17 CHAIRMAN MATHEWSON: I mean, there's
18 precedent already in place in other contractual
19 arrangements that they may have or do have --

20 MR. GREENO: Yes, sir.

21 CHAIRMAN MATHEWSON: -- for this?

22 MR. GREENO: Correct.

23 CHAIRMAN MATHEWSON: Okay. So shouldn't
24 have any, Oh, I didn't know?

25 MR. GREENO: No, sir.

1 CHAIRMAN MATHEWSON: Okay. Any other
2 questions of Clarence on that?

3 (No response.)

4 CHAIRMAN MATHEWSON: Okay. We probably
5 need to take these one at a time, don't we?

6 MS. FRANKS: I think we can do them all
7 together, the proposed amendments together.

8 CHAIRMAN MATHEWSON: Okay.

9 COMMISSIONER SHULL: Does that include 11
10 CSR 45-12.090?

11 MS. FRANKS: Just under Tab V.

12 COMMISSIONER SHULL: Okay.

13 CHAIRMAN MATHEWSON: Okay. I'm just
14 reading down through here. So we can cover the first
15 five in one motion?

16 MS. FRANKS: Sure.

17 CHAIRMAN MATHEWSON: Okay. Are you
18 comfortable with that?

19 COMMISSIONER JONES: (Nodded.)

20 COMMISSIONER MERRITT: I make a motion we
21 approve 11 CSR 45-4.020, 45-4.200, 45-4.500,
22 45-4.530, 45-4.540.

23 CHAIRMAN MATHEWSON: Okay.

24 COMMISSIONER SHULL: Second.

25 CHAIRMAN MATHEWSON: Any other discussion?

1 (No response.)

2 CHAIRMAN MATHEWSON: Call roll, Angie,
3 please.

4 MS. FRANKS: Commissioner Merritt.

5 COMMISSIONER MERRITT: Approved.

6 MS. FRANKS: Commissioner Jones.

7 COMMISSIONER JONES: Approved.

8 MS. FRANKS: Commissioner Shull.

9 COMMISSIONER SHULL: Approved.

10 MS. FRANKS: Chairman Mathewson.

11 CHAIRMAN MATHEWSON: Approved.

12 MS. FRANKS: By your vote you've adopted
13 the Proposed Amendments 11 CSR 45-4.020, 4.200,
14 4.500, 4.530, and 4.540.

15 CHAIRMAN MATHEWSON: Thank you.

16 Clarence?

17 MR. GREENO: I've already covered what was
18 under Tab W, sir. This is the rescission of the two
19 regulations requiring the actual licensure.

20 CHAIRMAN MATHEWSON: Okay. Okay. I'm
21 with you now. Thank you.

22 Any further questions on either 510 or
23 520?

24 (No response.)

25 CHAIRMAN MATHEWSON: Seeing none --

1 COMMISSIONER JONES: Mr. Chairman, I move
2 for the approval of 11 CSR 45-4.510, 4.520.

3 COMMISSIONER MERRITT: Second.

4 CHAIRMAN MATHEWSON: Any discussion?

5 (No response.)

6 CHAIRMAN MATHEWSON: Call roll, Angie,
7 please.

8 MS. FRANKS: Commissioner Merritt.

9 COMMISSIONER MERRITT: Approved.

10 MS. FRANKS: Commissioner Jones.

11 COMMISSIONER JONES: Approved.

12 MS. FRANKS: Commissioner Shull.

13 COMMISSIONER SHULL: Approved.

14 MS. FRANKS: Chairman Mathewson.

15 CHAIRMAN MATHEWSON: Approved.

16 MS. FRANKS: By your vote you've adopted
17 the Proposed Rescissions 11 CSR 45-4.510 and 4.520.

18 CHAIRMAN MATHEWSON: Morning, ma'am.

19 MS. HUTCHISON: Morning, Mr. Chairman and
20 Commissioners. Behind Tab X you'll find one proposed
21 rule, 11 CSR 45-5.192, electronic gaming device
22 authentication.

23 The proposed rule establishes the minimum
24 standards for authenticating critical program, slash,
25 media. The object of the technical standards is to

1 require electronic gaming device manufacturers to
2 support a port and protocol referred to as game
3 authentication terminal for electronic gaming device
4 verification.

5 The game authentication terminal will
6 permit a Commission agent to authenticate items
7 defined as critical program storage media external to
8 the electronic gaming device locked logic area. In
9 short, the central processing unit board and critical
10 program storage media will not be required to be
11 removed in order to verify the content. The comment
12 period for these rules arises from May 2 through
13 June 2, and a public hearing date has been set for
14 June 15, 2011.

15 CHAIRMAN MATHEWSON: Any questions?

16 (No response.)

17 CHAIRMAN MATHEWSON: Chair would accept a
18 motion on 11 CSR 45-5.192.

19 COMMISSIONER SHULL: So moved.

20 COMMISSIONER JONES: Second.

21 CHAIRMAN MATHEWSON: Any discussion?

22 (No response.)

23 Call roll, Angie, please.

24 MS. FRANKS: Commissioner Merritt.

25 COMMISSIONER MERRITT: Approved.

1 MS. FRANKS: Commissioner Jones.
2 COMMISSIONER JONES: Approved.
3 MS. FRANKS: Commissioner Shull.
4 COMMISSIONER SHULL: Approved.
5 MS. FRANKS: Chairman Mathewson.
6 CHAIRMAN MATHEWSON: Approved.
7 MS. FRANKS: By your vote you've adopted
8 the Proposed Rule 11 CSR 45-5.192.
9 MS. HUTCHISON. Behind Tab Y is a final
10 order of rulemaking amending 11 CSR 45-12.090
11 relating to rules of liquor control. The amendment
12 revises the restrictions for consumption of alcoholic
13 beverages by employees. No comments received either
14 in writing or at the public hearing, this rule will
15 become effective July 30, 2011.
16 CHAIRMAN MATHEWSON: Any questions?
17 (No response.)
18 CHAIRMAN MATHEWSON: Chair would accept a
19 motion on 45-012.090.
20 COMMISSIONER MERRITT: So moved.
21 COMMISSIONER JONES: Second.
22 CHAIRMAN MATHEWSON: Call roll, please.
23 MS. FRANKS: Commissioner Merritt.
24 COMMISSIONER MERRITT: Approved.
25 MS. FRANKS: Commissioner Jones.

1 COMMISSIONER JONES: Approved.
2 MS. FRANKS: Commissioner Shull.
3 COMMISSIONER SHULL: Approved.
4 MS. FRANKS: Chairman Mathewson.
5 CHAIRMAN MATHEWSON: Approved.
6 MS. FRANKS: By your vote you've adopted
7 the Final Order of Rulemaking 11 CSR 45-12.090.

8 CHAIRMAN MATHEWSON: Thank you.

9 DIRECTOR STOTTLEMYRE: Mr. Chairman,
10 Item XI on the agenda is consideration of approval
11 of permanent docking. Mike Bradley will present.

12 MR. BRADLEY: This is behind Tab Z, and
13 this is a situation where I acted as hearing officer
14 for the hearing on Isle of Capri, Cape Girardeau's
15 motion for permanent docking.

16 This has been a tradition. Kevin Mullally
17 did it when he was here. Patricia Churchill acted as
18 hearing officer, and Mike Bushmann all acted as
19 hearing officers, so it's traditionally a role that
20 the chief counsel fulfills with regard to those
21 docking hearings.

22 These docking hearings really have three
23 issues to them. First, is the facility located
24 within a thousand feet of the main channel, either
25 the Mississippi or Missouri River; second is, the law

1 presumes that the riverboat casinos shall cruise
2 unless the Gaming Commission finds that it's in the
3 best interest of Missouri and the safety of the
4 public to allow it to continuously dock; and the
5 third is, the law provides that the design of
6 the riverboat casinos shall reflect the riverboat
7 heritage of Missouri and the home dock city.

8 The Isle of Capri, Cape Girardeau, filed
9 the petition requesting a hearing on these three
10 issues. A hearing was held here on February 19,
11 2011. You should have the transcript of the hearing,
12 and you also should have a book that contains the
13 exhibits that were admitted into evidence at the
14 hearing, and that is things like the design of the
15 boat, the layout of the boat and certain documents.

16 The hearing was held here. I presided.
17 It's an uncontested hearing -- there's nobody on the
18 other side -- but evidence was ascertained. And
19 based on that evidence, we presented a Findings of
20 Fact and Conclusions of Law to you.

21 The first piece of evidence was that the
22 boat has to be within a thousand feet of the main
23 channel of the river. The Corps of Engineers'
24 definition of what the main channel of a river is is
25 flood stage, so when you hear this spring, you know,

1 the Mississippi's two feet below flood stage or two
2 feet above flood stage, that's what the Corps of
3 Engineers considers to be the main channel, and that
4 has been adopted by the Gaming Commission as the
5 definition of "main channel."

6 So what was presented in evidence by Isle
7 of Capri, Cape Girardeau, was that the facility that
8 they planned is within a thousand feet of what the
9 Corps of Engineers has defined for flood stage for
10 that area, and it's in one of the diagrams and
11 they've got the red line, and so we're recommending
12 that their proposed design be approved as being
13 within a thousand feet of the main channel of the
14 river.

15 The second issue is, the law presumes
16 that the excursion gambling boat should cruise unless
17 it's found in the best interest of Missouri and the
18 safety of the public that it can be continuously
19 docked. There have been these hearings on every
20 casino in the state, and all of them have been
21 allowed to be continuously docked.

22 But the evidence was presented about the
23 dangers that exist on the Mississippi River down
24 there where the location is of Cape Girardeau,
25 including there's bend and weirs. They have

1 situations with ice in the winter. Flooding and low
2 water can cause problems to them. Debris can cause
3 problems, as well as if the boat is cruising, there
4 have been incidents, and we have set them out in the
5 Findings of Fact, where riverboat casinos have
6 actually been run into by barges and that sort of
7 thing in various states, including the Admiral Casino
8 that was hit back in 1998 in downtown St. Louis by a
9 runaway barge.

10 Also the evidence was presented that's
11 part of one of the exhibits, is the fire chief of
12 Cape Girardeau sent a letter that pointed out that
13 the portion of the Mississippi River there by Cape
14 Girardeau is challenging to navigate, there's
15 significant barge traffic on the river, and he points
16 out that there is no emergency rescue or rescue-type
17 operations in Cape Girardeau that would be able to
18 rescue them. If we had 2,000 people on a cruising
19 boat in the Mississippi River, something bad happens,
20 we don't have the resources to rescue them.

21 And then we also look at the economic
22 impact and the job creation. That's another element
23 brought out by statute. If the boat is permanently
24 docked, the plan is to employ about 450 people.
25 Without the waiver, the gaming boat capacity to

1 cruise will be smaller, you'll have less employment.

2 Also there's evidence in the record that
3 they're expecting about 450 construction jobs to come
4 out because of this project and, again, if it's a
5 boat, you would have less than that because the
6 development wouldn't be as big.

7 Plus, also, it has taken care of a
8 blighted area in downtown Cape Girardeau, and they're
9 hoping they'll bring more traffic to downtown by
10 having that. After looking at all the statutory
11 elements, the proposed findings recommends that we
12 allow them to continuously dock.

13 The third element is the design of the
14 excursion gambling facility. Again, our statutes
15 provide that the Gaming Commission must require that
16 the excursion gambling boat resemble, as nearly as
17 practical, Missouri or the home dock city's riverboat
18 history. And I've cited some of the examples. I
19 didn't go through all the different casinos, but some
20 of them where it's been pretty broad what the Gaming
21 Commission has approved in the past as to resemble a
22 a gaming boat and riverboat history.

23 It doesn't necessarily mean a snapshot in
24 time of when we had the big paddle wheel riverboats.
25 I mean, the history in this state has been since

1 before statehood up to and including today.

2 The architects of the proposed casino in
3 Cape Girardeau testified. They had their
4 architectural drawings there, and they talked about
5 how their design -- and you-all heard it when they
6 were making the presentations before selection, their
7 design isn't just a mirror of riverboat with paddle
8 wheel and that sort of thing, but to do a collage of
9 riverboat history and incorporate different design
10 elements from riverboat history into the design.

11 And some of those elements are, the
12 entrance to it is a cable suspended on stone and
13 steel masses. They said that's the design to not
14 only resemble the gantry to a riverboat, but it also
15 resembles the Emerson Bridge that's recently been
16 completed down in Cape Girardeau, which is the major
17 bridge down there, and so they've got the cable
18 suspension-type thing.

19 Then they've also talked about how parts
20 of the side of the building will be designed to
21 resemble port buildings. This is similar to what the
22 downtown St. Louis building is where it resembles
23 LaClede's Landing. They have design elements to
24 resemble port buildings, and you have some pictures
25 of old brick buildings in Cape Girardeau where things

1 were located.

2 They have a design that's designed to
3 resemble a grain silo, which are located on rivers
4 and is very particularly important to Cape Girardeau
5 because one of the major products shipped out of Cape
6 Girardeau is grain, and we've all seen grain silos.

7 They use wooden slabs to represent the
8 timber rafts that were used to transport timber down
9 the Mississippi River, and they use the color red to
10 represent Loamier's red house that was one of the
11 first houses built in Cape Girardeau when the French
12 settled there.

13 Part of the design is to reflect the levy
14 wall that everybody sees in downtown Cape Girardeau.
15 There's some nautical shapes to reflect smoke stacks.
16 They have, in the interior, flowing ceiling shapes
17 designed to represent the sandbars on the river, and
18 then interior columns are covered in wood to
19 represent trusses on railroad bridges that go over
20 rivers.

21 For those reasons, it appears that the
22 design does reflect the riverboat heritage of
23 Missouri and Cape Girardeau, so the proposed order is
24 recommending that it be approved as well.

25 In the Final Order, the final orders are

1 contingent upon them actually doing what they're
2 proposing to do. I mean, if they build it where they
3 said they're going to build, it's going to be within
4 a thousand feet, and when licensing comes around, it
5 will be approved.

6 If they do the design substantially the
7 way they've described it to us, it resembles Missouri
8 heritage and would be approved at license, and the
9 continuous docking, there may permits that they
10 need -- there may not be. We put that language in
11 general because if it's on the river, they do have to
12 get Corps of Engineer permits. Being within a
13 thousand feet, they just have no other charges of
14 permits.

15 So based on the hearing and based on the
16 evidence presented that you have copies of, I'd
17 recommend approval of the Findings of Fact and
18 Conclusions of Law and allow them to proceed as
19 meeting all the statutory elements.

20 CHAIRMAN MATHEWSON: Is it complete now
21 with all the purchase and -- the property? Do we
22 know? Is anyone here?

23 DIRECTOR STOTTLEMYRE: Mr. Tom Campbell's
24 here. He might be able to speak to that.

25 CHAIRMAN MATHEWSON: Tom, do you know,

1 have we been -- I know that last meeting we had
2 discussion about that.

3 MR. CAMPBELL: All the purchases have been
4 closed.

5 CHAIRMAN MATHEWSON: Okay.

6 MR. CAMPBELL: The vast majority of the
7 structures have been raised. There were two
8 properties with underground storage tanks. Those
9 have been removed and we're awaiting DNR sign-off on
10 this. There is one structure which is still going
11 through a heirship issue, which is almost concluded.

12 CHAIRMAN MATHEWSON: So we're close to
13 having everything completed?

14 MR. CAMPBELL: Groundbreaking is tomorrow
15 at 2 p.m.

16 CHAIRMAN MATHEWSON: Okay. Thank you.

17 Any questions of Mike?

18 (No response.)

19 CHAIRMAN MATHEWSON: Good job, Mike. That
20 must have been a lengthy hearing.

21 MR. BRADLEY: It was an interesting
22 hearing. It was very interesting.

23 CHAIRMAN MATHEWSON: Starting something
24 from scratch like that had to be.

25 MR. BRADLEY: Yeah.

1 CHAIRMAN MATHEWSON: Mark that down as one
2 of your memories.

3 MR. BRADLEY: Okay. I will.

4 CHAIRMAN MATHEWSON: Okay. Any other
5 questions or comments?

6 (No response.)

7 CHAIRMAN MATHEWSON: Chair would accept
8 the motion as recommended.

9 COMMISSIONER SHULL: Move approval of
10 No. 11-019.

11 COMMISSIONER JONES: Second.

12 CHAIRMAN MATHEWSON: Any further
13 discussion?

14 (No response.)

15 CHAIRMAN MATHEWSON: Call roll, Angie,
16 please.

17 MS. FRANKS: Commissioner Merritt.

18 COMMISSIONER MERRITT: Approved.

19 MS. FRANKS: Commissioner Jones.

20 COMMISSIONER JONES: Approved.

21 MS. FRANKS: Commissioner Shull.

22 COMMISSIONER SHULL: Approved.

23 MS. FRANKS: Chairman Mathewson.

24 CHAIRMAN MATHEWSON: Approved.

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

1 Resolution No. 11-019.

2 CHAIRMAN MATHEWSON: Roger, Roger.

3 DIRECTOR STOTTLEMYRE: Mr. Chairman, Item
4 XII is new business, and at this time we would like
5 to have -- Mr. John Nathan and Rick Wilhoit will
6 present considering our MBE/WBE compliance plan that
7 we're putting together.

8 CHAIRMAN MATHEWSON: Okay. At what point
9 are we going to try to get the Commissioner
10 Hatches -- are we running a little ahead of what we
11 thought we'd be?

12 DIRECTOR STOTTLEMYRE: We are, and I think
13 once this is completed we'll be able to make that
14 call.

15 CHAIRMAN MATHEWSON: Okay.

16 John, nice to have you here, sir.

17 How are you feeling?

18 MR. NATHAN: Like a million dollars.

19 CHAIRMAN MATHEWSON: How do you know?

20 MR. NATHAN: Last time I went to my
21 cardiologist, he said, You're fine.

22 CHAIRMAN MATHEWSON: Good.

23 MR. NATHAN: So that was good enough for
24 me.

25 CHAIRMAN MATHEWSON: Proceed, please, sir.

1 MR. NATHAN: Mr. Chairman, Commissioners,
2 the status of MWBE program, I just to want give you
3 kind of an update. We think that we've done all the
4 things to make this program perform and continue the
5 way you would have it to be.

6 On March the 2nd we had 20
7 representatives from the Class B boats here,
8 compliance officers, financial officers, and
9 purchasing officers; we had two people from the
10 Office of Administration; we had four representatives
11 from the Missouri Gaming Commission.

12 At the beginning we had our executive
13 director come in and give a welcoming greeting, Roger
14 Stottlemire, all of the members to come in. Our
15 purpose was to try to streamline, identify, involve
16 the Class B representatives in the decisions of
17 trying to identify certain areas and make the
18 reporting more palatable to -- and less cumbersome to
19 all of them.

20 We defined "best efforts," and no longer
21 will I ever have to mention "slippery slope" ever
22 again. We think we have some definition to "best
23 efforts," that we got inputs from those that were in
24 attendance.

25 We went through and tried -- not try --

1 we went through to get those items on a uniform basis
2 of inclusion and exclusions on the vendor reporting,
3 and that memo will go out after the commissioners
4 approve it outlining all of the things that will be
5 included in that vendors report and the things that
6 would be excluded.

7 Effective January the 1st of this year we
8 implemented the affidavit program to certify that all
9 of the vendors reporting to be minorities will be
10 certified by an affidavit or other acceptable items.

11 We have posted the job for a full-time
12 compliance officer that will be stationed here in
13 Jefferson City and will be coming onboard. The
14 announcement is out. The advertising is in both
15 Kansas City and St. Louis and on the website, so it
16 will be well-documented and well-advertised for that
17 particular position, so upon my leaving, the job will
18 continue to be in good hands with the compliance
19 officer.

20 We've also established that we'll have a
21 report to the Commissioners on a quarterly basis
22 rather than only at relicensing, and we think that
23 will be keeping you up-to-date on everything we're
24 doing so that you can weigh in and ask questions or
25 anything else that you have.

1 Any questions that you have about the
2 MWBE program, I'd be glad to answer them, but we
3 think the reporting is streamlined, and we think that
4 we're in good position to proceed and get the best
5 results.

6 CHAIRMAN MATHEWSON: Good job. Thank you
7 all very much for doing this.

8 MR. NATHAN: Thank you.

9 CHAIRMAN MATHEWSON: Roger, may I inquire
10 of you: What action does the Commission need to
11 take? I mean, do we need to -- at some point, either
12 now or in the future, do we need to put this in the
13 form of a resolution, or what do we need to do?

14 DIRECTOR STOTTLEMYRE: We don't believe
15 that we need a resolution. We just need your okay as
16 a commission to go forward with the plan that we have
17 developed. It wouldn't have to be a resolution form,
18 I guess, just approval, so to speak.

19 CHAIRMAN MATHEWSON: Okay.

20 COMMISSIONER SHULL: 313.805, does it also
21 discuss employment, or is it primarily for the
22 procurement? Does anyone --

23 MR. WILHOIT: Rick Wilhoit with the Missouri
24 Gaming Commission. It addresses both: The use of
25 best efforts to achieve maximum employment and

1 maximum participation and procurement, so it
2 addresses both.

3 COMMISSIONER SHULL: Are you reading
4 directly from 313.805 or --

5 MR. WILHOIT: Yes, sir.

6 COMMISSIONER SHULL: Okay. I just didn't
7 remember that it covered -- I think, you know, from
8 what I've seen, the participation on the employment
9 has been excellent, the percentages --

10 DIRECTOR STOTTLEMYRE: Yes, sir.

11 COMMISSIONER SHULL: -- but the issues we
12 had related to the use of the MBEs and WBEs for the
13 procurement.

14 DIRECTOR STOTTLEMYRE: That's correct.

15 CHAIRMAN MATHEWSON: Any other questions
16 of Rick or John or anybody else?

17 (No response.)

18 CHAIRMAN MATHEWSON: You know, I guess
19 maybe I'm a little uncomfortable. I mean, we've
20 worked on this for the last couple of years and we've
21 finally seen a resolve, hopefully, but I wonder if
22 just us saying it's okay is enough.

23 I'm not asking Mike or Roger, anybody --
24 I'm not saying get something ready for us right this
25 minute here. What I'm saying is, it seems to me like

1 just us saying, Okay, and we move on to the next
2 order of business might not send a message that we've
3 adopted a plan.

4 DIRECTOR STOTTLEMYRE: Okay.

5 CHAIRMAN MATHEWSON: Okay? I mean, what
6 do you think? I mean, seems like it ought to be more
7 than that. Again, it doesn't have to be today, but
8 it seems like we need to do that. Got a thought on
9 it?

10 COMMISSIONER JONES: My thought is --

11 CHAIRMAN MATHEWSON: You worked on it a
12 long time too.

13 COMMISSIONER JONES: -- still it's been
14 known it's never been an issue with employment.
15 There's always been the issues with --and it's never
16 been -- I don't think -- a really big issue with the
17 construction. It's always been an issue with, after
18 the last mail is mailed in the casino, there's an
19 issue with the services and goods, ongoing revenue
20 streams for a lot of minority, women-owned
21 contractors, and I just want to make sure that that
22 part is enforced, because the other two, I think they
23 carry themselves, but just the enforcement or
24 understanding that we are looking at goods and
25 services as being just as important as the

1 construction or the employment part of the -- of that
2 statute.

3 DIRECTOR STOTTLEMYRE: Mr. Chairman, could
4 we -- let us work on that this next month and we'll
5 put together a resolution --

6 CHAIRMAN MATHEWSON: Draft something.
7 That was what I was going to suggest, Roger.

8 DIRECTOR STOTTLEMYRE: -- that you can
9 vote on that directs us. Okay.

10 CHAIRMAN MATHEWSON: Yeah, why don't
11 you-all draft up something for us to look at at the
12 next meeting, including -- there's an old saying, and
13 as Daryl says, Make sure that it follows -- it tracks
14 the whole process all the way through, okay --

15 DIRECTOR STOTTLEMYRE: We'll work on that.

16 CHAIRMAN MATHEWSON: -- because otherwise,
17 what was the point, you know?

18 DIRECTOR STOTTLEMYRE: Sure.

19 COMMISSIONER SHULL: With regard to the
20 statute, does it not imply that 10 percent is the
21 standard that they're looking for?

22 MR. WILHOIT: No, sir, it does not.

23 COMMISSIONER SHULL: Where did I get the
24 10 percent?

25 MR. WILHOIT: Probably from any one of the

1 development agreements, one of the three licensees
2 that are covered under development agreements may
3 fall under -- that's probably where you got that
4 from.

5 COMMISSIONER SHULL: Should we establish
6 some standard of expectation?

7 MR. BRADLEY: No, I would recommend
8 against that. I mean, it's a goal. It's not a
9 standard. I mean, we have goals. The statute
10 provides for goals, but we don't provide for quotas
11 or anything more than that.

12 COMMISSIONER JONES: We don't have a
13 written goal, but we do have written expectations.

14 MR. BRADLEY: We have expectations. We
15 have expectations, but I think we would have trouble
16 if we set a number for the expectation. I think it
17 should be a reasonable number.

18 CHAIRMAN MATHEWSON: You know, Mike, if I
19 remember -- you correct me -- but when we did
20 lottery, that was in the statute on a percentage.

21 MR. BRADLEY: Yeah.

22 CHAIRMAN MATHEWSON: So you're saying that
23 this wouldn't apply the same as that would?

24 MR. BRADLEY: The cases that have come
25 down on it have stated that it is perfectly legal for

1 the government to set goals, but if you set,
2 actually, a standard that has a quota, that may have
3 legal protection issues.

4 CHAIRMAN MATHEWSON: Okay. Okay. Yeah.
5 And I can see how that could end up being a problem.

6 MR. BRADLEY: Yeah.

7 CHAIRMAN MATHEWSON: Okay.

8 COMMISSIONER JONES: But what I want to
9 make sure is that the wording says that we have a
10 reasonable expectation.

11 MR. BRADLEY: I think that's fair.

12 CHAIRMAN MATHEWSON: Yeah, I don't have a
13 problem with that, even though you're picking on me.

14 COMMISSIONER MERRITT: Is there any point
15 in time where there's a consideration that there may
16 not be providers?

17 MR. BRADLEY: I think that's what the term
18 "reasonable expectation" would encompass.

19 COMMISSIONER MERRITT: And then you're
20 putting yourself and someone in the corner saying,
21 Hey, and you're going to cause people to set up a
22 false entity to be a provider.

23 COMMISSIONER JONES: Well, I think when
24 you say "reasonable expectation," I don't expect, you
25 know, to have a 35 percent minority or women

1 participation in Boone County, because you don't have
2 that many minority- or women-owned businesses that
3 are in that area, so I don't expect that, so that's
4 not a reasonable expectation.

5 Do I expect that in the St. Louis and the
6 urban areas, St. Louis and Kansas City? Absolutely.
7 It's a reasonable expectation because you have more
8 of an influx of minority-owned and women-owned
9 businesses.

10 COMMISSIONER MERRITT: Okay.

11 CHAIRMAN MATHEWSON: Yeah, and I think --
12 I think -- I go back -- I think we run into a heck of
13 a problem putting that percentage in the law, because
14 there were so many acts in which there were no
15 providers. You couldn't meet what the statute
16 required because there wasn't any --

17 MR. BRADLEY: Yeah.

18 CHAIRMAN MATHEWSON: -- and so I think
19 that's where we run into the wall --

20 MR. BRADLEY: Yeah.

21 CHAIRMAN MATHEWSON: -- of doing that and,
22 you know, as Commissioner Jones says, expecting is
23 one thing. I mean, I don't have a problem with
24 that. I mean, I think we ought to try to do that, so
25 you'll draft up something?

1 DIRECTOR STOTTLEMYRE: Yes, sir, we will.

2 CHAIRMAN MATHEWSON: Okay. Good.

3 So do you have any other new business?

4 DIRECTOR STOTTLEMYRE: No, sir, I have no
5 new business.

6 Item XIII would be old business. We have
7 no old business unless --

8 CHAIRMAN MATHEWSON: Let me.

9 COMMISSIONER JONES: Mr. Chairman, I want
10 to mention something before you mention something.

11 CHAIRMAN MATHEWSON: Yeah, I knew you
12 would.

13 COMMISSIONER JONES: You know, for
14 everyone out there, I'd like to commend Les and the
15 Staff for inviting me to attend the Gaming Protection
16 Seminar all week, and I suggest, or I offer, if any
17 of the other commissioners have 40 hours in their
18 tenure to devote to that Gaming Protection Seminar,
19 it's well worth it.

20 I think Michael did a good job when he
21 said that, Hey, you have a lot of bad things happen
22 when you have crimped cards. If you go to the Gaming
23 Protection, you know, I think that was like you could
24 have not bad thieves. You could have horrible things
25 that happen with bent or crimped cards, and that's

1 something that you learned in the Gaming Protection
2 Seminar.

3 And, like I said, I ask that the other
4 commissioners, if they have time, 40 hours set aside
5 sometime, the next time they offer this class, please
6 take it, because it's well worth it.

7 CHAIRMAN MATHEWSON: Good. Appreciate you
8 doing that. Appreciate you attending that. Okay.
9 Thanks for those comments.

10 Last meeting -- did everyone get a copy
11 of this letter from River City responding to my
12 question on taxation, on how much taxes they pay?
13 Remember at the end of the last meeting what they
14 were here on their --

15 DIRECTOR STOTTLEMYRE: Yes, sir.

16 CHAIRMAN MATHEWSON: -- new licensure?
17 Did you distribute that out to everybody? I found
18 that interesting. And River City, signed by the vice
19 president of finance and accounting, Christopher
20 Plant, says that 2010 River City Casino adjusted
21 gross receipts was approximately \$143,000,000.

22 What I had asked for was, How did that
23 break down in taxes at all levels, as I remember was
24 my question? Their casino taxes and rent paid, which
25 was also part of that, because part of that goes to

1 municipalities, was approximately 53,000,000 or
2 37 percent of their adjusted gross, which to me is
3 significant, you know.

4 So my further question, then, and I
5 appreciate this, and I wanted this to be a part of
6 the record, that they did comply with what I asked
7 for. Do we have a similar document from the other
8 11 casinos in the state?

9 DIRECTOR STOTTLEMYRE: I'm not aware of
10 that, no, that we do --

11 CHAIRMAN MATHEWSON: You know, I -- well,
12 you know, I guess just to comment but, you know, we
13 get -- or at least I do, and I suspect the other
14 commissioners and Staff do, too, you know, boy, these
15 casinos just come in here and rape and pillage and
16 they don't pay anything, you know. Well, you know,
17 37 percent, pretty big pay, you know, when you look
18 at that.

19 At any rate, I appreciate the fact that
20 they provided that. That's something that maybe we
21 ought to think about that we ought to be a file on --

22 COMMISSIONER SHULL: All of them.

23 CHAIRMAN MATHEWSON: -- on all of them,
24 you know, because I mean, that's just good
25 information. Now, I wish -- what I wish, if we're

1 going to ask for that, they would break that
2 37 percent down. You see what I'm saying? All that
3 says is approximately 53,000,000, 37 percent, okay,
4 of their adjusted gross.

5 What I had hoped they would do was break
6 that down of how much of that went to the City,
7 how much went to the subdivision and, et cetera,
8 et cetera, and to State and to the Gaming Commission,
9 to the State Taxpayers for Education Fund,
10 et cetera. That would have been a lot better, and if
11 he knew that it was 37 percent of 53,000,000, I
12 wouldn't have thought that would've been another
13 punch on the computer to break that down.

14 So may I inquire: Mike, I'm inquiring of
15 Mike Winter, who's all-important. Mike, you think
16 that's possible that we could have that, and I'm
17 getting it -- I'm getting it as a positive. I'm not
18 getting it as a negative.

19 MR. WINTER: I don't know why we couldn't
20 ask the rest of these operators to provide the same
21 information. I just need to know the format you'd
22 like it in, similar to what you already have.

23 CHAIRMAN MATHEWSON: Yeah, but, again,
24 it'd be really good for us to have, and future
25 commissions to have, if you broke it down, you know,

1 on the whole percentage down to the percentage that
2 went to where, okay, showing the impact that it has
3 on the community and whatever political subdivision
4 as well as to the education fund to run the
5 Commission, et cetera, et cetera.

6 MR. WINTER: Okay. I'll talk with Roger.

7 CHAIRMAN MATHEWSON: Okay. If we could
8 have at that, I'd appreciate it.

9 MR. WINTER: We'll work on that.

10 CHAIRMAN MATHEWSON: Okay. That's under
11 old business.

12 Have we got anything else, Roger?

13 DIRECTOR STOTTLEMYRE: No, sir. It's time
14 to recess for lunch.

15 CHAIRMAN MATHEWSON: Okay. What we'll
16 plan to do, then, we'll recess for lunch, and then we
17 will go into a closed meeting, and I think our lady
18 is here that we're hearing today also.

19 DIRECTOR STOTTLEMYRE: We have a couple of
20 different items for closed.

21 CHAIRMAN MATHEWSON: Okay. Okay. All
22 right. So with that, do we need a motion then? We
23 do need a motion to come out of one and go into the
24 other, don't we?

25 DIRECTOR STOTTLEMYRE: Do you want to set

1 a time that we're going to come back?.

2 CHAIRMAN MATHEWSON: Yeah, how about
3 30 minutes? Is that okay? We will have the closed
4 meeting at twelve o'clock. Is that okay with
5 everybody?

6 DIRECTOR STOTTLEMYRE: (Nodded.)

7 CHAIRMAN MATHEWSON: Okay. We need to
8 vote now?

9 COMMISSIONER SHULL: I make a motion for
10 closed meeting under Section 313.847 and 610.021(1) and (3).

11 CHAIRMAN MATHEWSON: There's a motion. Is
12 there a second?

13 COMMISSIONER JONES: Second.

14 MS. FRANKS: Commissioner Merritt.

15 COMMISSIONER MERRITT: Approved.

16 MS. FRANKS: Commissioner Jones.

17 COMMISSIONER JONES: Approved.

18 MS. FRANKS: Commissioner Shull.

19 COMMISSIONER SHULL: Approved.

20 MS. FRANKS: Chairman Mathewson.

21 CHAIRMAN MATHEWSON: Approved.

22 Thank you all for being here today. We
23 appreciate it.

24 (A lunch recess was taken and
25 Item XVI and XVII on the agenda were heard.)

1 COMMISSIONER JONES: I make a motion.

2 COMMISSIONER SHULL: I move.

3 COMMISSIONER JONES: Second. I move

4 to adjourn.

5 COMMISSIONER SHULL: And I second.

6 CHAIRMAN MATHEWSON: Okay.

7 MS. FRANKS: Commissioner Merritt.

8 COMMISSIONER MERRITT: Approved.

9 MS. FRANKS: Commissioner Jones.

10 COMMISSIONER JONES: Approved.

11 MS. FRANKS: Commissioner Shull.

12 COMMISSIONER SHULL: Approved.

13 MS. FRANKS: Chairman Mathewson.

14 Are you going to approve?

15 CHAIRMAN MATHEWSON: (Nodded.)

16 (The meeting concluded.)

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CERTIFICATE

I, Nancy L. Silva, RPR, a Certified Court Reporter, CCR No. 890, the officer before whom the foregoing hearing was taken, do hereby certify that the witness whose testimony appears in the foregoing hearing was duly sworn; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken, and further, that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Nancy L. Silva, RPR, CCR