

BEFORE THE MISSOURI GAMING COMMISSION
STATE OF MISSOURI

MEETING

May 25, 2011

Missouri Gaming Commission
3417 Knipp Drive
Jefferson City, Missouri

COMMISSIONERS PRESENT:

Noel J. Shull

Darryl T. Jones

Barrett Hatches

REPORTED BY:

Nancy L. Silva, RPR, CCR
TIGER COURT REPORTING, LLC
3610 Buttonwood, Suite 200
Columbia, Missouri 65201
573.886.8942

AGENDA

PAGE

1
2
3 I. Call to Order 4:10
4 II. Consideration of Minutes
5 A. April 27, 2011 4:20
6
7 III. Consideration of Extension of Supplier's
8 License
9 B. International Game Technology
10 1. Resolution No. 11-023 5:15
11 IV. Consideration of Relicensure of Certain
12 Suppliers
13 C. Paltronics, Inc.
14 1. Resolution No. 11-024 6:15
15 D. JCM American Corporation
16 1. Resolution No. 11-025 8:12
17
18 V. Consideration of Level I/Key Applicants
19 E. Resolution No. 11-026 9:7
20 VI. Consideration of Disciplinary Actions
21 F. Harrah's North Kansas City, LLC
22 1. DC-11-129 11:4
23 G. IOC-Kansas City, Inc.
24 1. DC-11-130 16:20
25 H. Midwest Game Supply, Inc.
1. DC-11-131 18:2
I. PNK (River City), LLC d/b/a River City
Casino
1. DC-11-132 24:5
J. The Missouri Gaming Company
1. DC-11-133 26:14
K. Michael G. Merritt
1. DC-11-141 29:19
VII. Consideration of Waiver of Institutional
Investors
L. Wolf Opportunity Fund, Ltd.
1. Resolution No. 11-027 31:24

23
24
25

AGENDA (cont.)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

VIII. Consideration of MBE/WBE Resolution

M. Resolution 11-028 33:23

IX. Consideration of Rules & Regulations

N. Proposed Rule

1. 11 CSR 45-5.194 49:21

X. New Business 52:19

XI. Old Business 53:17

XII. Motion for Closed Meeting under Sections

313.847, Investigatory, Proprietary and

Application Records and 610.021(14) 55:21

1 COMMISSIONER SHULL: Good morning.

2 We have been saddened to learn that

3 Chairman Mathewson's sister passed away earlier

4 this week and so he will be unable to be here.

5 We want to say that we extend our sympathy to

6 his family in the loss.

7 I guess we can go ahead and get

8 started.

9 Angie, will you call roll.

10 MS. FRANKS: Chairman Mathewson.

11 (No response.)

12 MS. FRANKS: Commissioner Shull.

13 COMMISSIONER SHULL: Present.

14 MS. FRANKS: Commissioner Jones.

15 COMMISSIONER JONES: Present.

16 MS. FRANKS: Commissioner Hatches.

17 COMMISSIONER HATCHES: Present.

18 MS. FRANKS: Commissioner Merritt.

19 (No response.)

20 COMMISSIONER SHULL: First issue is

21 going to be consideration of the minutes from

22 April 27.

23 COMMISSIONER JONES: Move for the

24 adoption of the minutes of April 27, 2011.

25 COMMISSIONER HATCHES: Second.

1 COMMISSIONER SHULL: Is there any
2 discussion?

3 (No response.)

4 COMMISSIONER SHULL: Call roll, please.

5 MS. FRANKS: Commissioner Hatches.

6 COMMISSIONER HATCHES: Approved.

7 MS. FRANKS: Commissioner Jones.

8 COMMISSIONER JONES: Approved.

9 MS. FRANKS: Commissioner Shull.

10 COMMISSIONER SHULL: Approved.

11 MS. FRANKS: By your vote you've adopted
12 the minutes of the April 27, 2011, meeting.

13 COMMISSIONER SHULL: Next item considered
14 will be presented by the executive director:
15 Consideration of extension of supplier's licenses.

16 DIRECTOR STOTTLEMYRE: Yes, sir. At this
17 time I would like to say that we are asking for an
18 extension on their license through July 31st of
19 2011. We still have an investigation going on on this
20 company, and it's going to be a while before we are
21 able to get that finalized, and we need to do this
22 extension.

23 COMMISSIONER SHULL: Is there a motion?

24 COMMISSIONER HATCHES: Move to accept
25 Resolution No. 11-023.

1 COMMISSIONER JONES: Second.

2 COMMISSIONER SHULL: A motion's been made
3 and seconded. Is there any discussion?

4 (No response.)

5 COMMISSIONER SHULL: Hearing none, call
6 roll, Angie, please.

7 MS. FRANKS: Commissioner Hatches.

8 COMMISSIONER HATCHES: Approved.

9 MS. FRANKS: Commissioner Jones.

10 COMMISSIONER JONES: Approved.

11 MS. FRANKS: Commissioner Shull.

12 COMMISSIONER SHULL: Approved.

13 MS. FRANKS: By your vote you've adopted
14 Resolution No. 11-023.

15 DIRECTOR STOTTLEMYRE: Mr. Chairman,
16 Item IV on the agenda is consideration of relicensure
17 of certain suppliers, and Lieutenant Rex Scism will
18 present.

19 MR. SCISM: Morning, Mr. Chairman and
20 Commissioners.

21 COMMISSIONER JONES: Morning.

22 COMMISSIONER HATCHES: Morning.

23 COMMISSIONER SHULL: Morning.

24 MR. SCISM: Missouri State Highway Patrol
25 investigators conducted the relicensing investigation

1 of two supplier companies currently licensed in
2 Missouri.

3 These investigations consisted of
4 jurisdictional inquiries, feedback from affected
5 gaming company clients, a review of disciplinary
6 actions, litigation, and business credit profiles, as
7 well as a review of the key persons associated with
8 each of the companies.

9 The results of these investigations were
10 provided to the MGC staff for their review, and you
11 possess the summary reports before you which outline
12 our investigative findings.

13 There's two supplier companies being
14 presented for your consideration this morning. The
15 first is Paltronics, Incorporated, of Crystal Lake,
16 Illinois.

17 COMMISSIONER SHULL: Are there any
18 questions?

19 (No response.)

20 COMMISSIONER SHULL: Is there a motion?

21 COMMISSIONER JONES: Move for the adoption
22 of Resolution No. 11-024.

23 COMMISSIONER HATCHES: Second.

24 COMMISSIONER SHULL: Motion made and
25 seconded. Is there any further discussion?

1 (No response.)

2 COMMISSIONER SHULL: Hearing none, call
3 roll.

4 MS. FRANKS: Commissioner Hatches.

5 COMMISSIONER HATCHES: Approved.

6 MS. FRANKS: Commissioner Jones.

7 COMMISSIONER JONES: Approved.

8 MS. FRANKS: Commissioner Shull.

9 COMMISSIONER SHULL: Approved.

10 MS. FRANKS: By your vote you've adopted
11 Resolution No. 11-024.

12 MR. SCISM: And the second company for
13 consideration is JCM American Corporation of
14 Las Vegas, Nevada.

15 COMMISSIONER SHULL: Is there a motion?

16 COMMISSIONER HATCHES: Move for adoption
17 of Resolution No. 11-025.

18 COMMISSIONER JONES: Second.

19 COMMISSIONER SHULL: Motion made and
20 seconded. Is there any further discussion?

21 (No response.)

22 COMMISSIONER SHULL: Hearing none, call
23 roll, please.

24 MS. FRANKS: Commissioner Hatches.

25 COMMISSIONER HATCHES: Approved.

1 MS. FRANKS: Commissioner Jones.

2 COMMISSIONER JONES: Approved.

3 MS. FRANKS: Commissioner Shull.

4 COMMISSIONER SHULL: Approved.

5 MS. FRANKS: By your vote you've adopted
6 Resolution No. 11-025.

7 DIRECTOR STOTTLEMYRE: Mr. Chairman,
8 Item V on the agenda is consideration of Level I and
9 Key Applicants, and Lieutenant Rex Scism will
10 present.

11 Missouri State Highway Patrol
12 investigators, along with Gaming Commission financial
13 investigators, conducted comprehensive background
14 investigations on multiple key and Level I
15 applicants.

16 The investigations included, but were not
17 limited to, criminal, financial, and general
18 character inquiries, which were made in the
19 jurisdictions where the applicants lived, worked, and
20 frequented.

21 The following individuals are being
22 presented for your consideration: Jean-Francois
23 Lendais, director of Gaming Partners International;
24 Donald A. Holsomback, information technology manager
25 for Harrah's North Kansas City Casino; Eric P. Tom,

1 chief operating officer for International Game
2 Technology; David L. Lynn, controller for Isle of
3 Capri, Lady Luck Casino; and finally, Richard A.
4 Gilbert, internal audit manager for Lumiere Place
5 Casino.

6 The results of these investigations were
7 provided to the Gaming Commission staff for their
8 review, and you have all related summary reports
9 before you.

10 COMMISSIONER SHULL: Any questions?

11 (No response.)

12 COMMISSIONER SHULL: Is there a motion?

13 COMMISSIONER JONES: Move for the adoption
14 of Resolution No. 11-026.

15 COMMISSIONER HATCHES: Second.

16 COMMISSIONER SHULL: Motion's made and
17 seconded. Is there further discussion?

18 (No response.)

19 COMMISSIONER SHULL: Hearing none, call
20 roll, please.

21 MS. FRANKS: Commissioner Hatches.

22 COMMISSIONER HATCHES: Approved.

23 MS. FRANKS: Commissioner Jones.

24 COMMISSIONER JONES: Approved.

25 MS. FRANKS: Commissioner Shull.

1 COMMISSIONER SHULL: Approved.

2 MS. FRANKS: By your vote you've adopted
3 Resolution No. 11-026.

4 DIRECTOR STOTTLEMYRE: Mr. Chairman, the
5 next item on the agenda, Item VI, Consideration of
6 Disciplinary Actions, and Mr. Ed Grewach will
7 present.

8 MR. GREWACH: Mr. Chairman and
9 Commissioners, the first item, Item F, involves
10 Harrah's of North Kansas City. This involves the \$2
11 admission fee that's required to be collected and
12 remitted by the casino.

13 The regulations require them to keep
14 certain records, turnstile reports, passenger count
15 forms and supporting documents, and then when we do
16 perform an audit, then the auditors compare the
17 detail on those documents to confirm the numbers
18 shown on those reports.

19 And during the audit that was conducted,
20 it came to light that the company did not have the
21 supporting documents for November and December of
22 2009 and indicated they had been unable to locate
23 those, and the staff is recommending a fine of
24 \$10,000.

25 COMMISSIONER SHULL: Are there any

1 questions?

2 COMMISSIONER JONES: So we're still
3 without the documents --

4 MR. GREWACH: Correct.

5 COMMISSIONER JONES: -- as of today?

6 MR. GREWACH: It's my understanding they
7 never have been able to produce those documents.

8 COMMISSIONER HATCHES: Question. So does
9 this action close that out, or would you be back
10 again saying that you still haven't found them and we
11 need to do something else?

12 MR. GREWACH: I believe this action would
13 close that out. Once you assess the fine against
14 them for this violation, I don't believe you can go
15 back and reassess anything additional.

16 COMMISSIONER HATCHES: Then a follow-up
17 question would be: I don't remember reading this.
18 Have we had this type of violation before and, if so,
19 how did we handle it?

20 MR. GREWACH: I don't know if
21 Jennifer Bruns would know that answer. I know she's
22 the one I've worked with on this particular case.
23 With Chairman's permission --

24 COMMISSIONER SHULL: We have seen
25 documents before that they were unable to present

1 so --

2 MS. BRUNS: Yeah, we've never had missing
3 admissions documents before, and especially two
4 months' worth. You know, if there's, like, one sheet
5 of paper -- you know, like, for gaming tax there
6 might be like an opener slip or a closer slip, but
7 never two whole months' worth of admission documents.

8 COMMISSIONER HATCHES: Give me just a
9 second. So what are they saying as to where the
10 documents were?

11 MR. GREWACH: They indicated they used an
12 outside vendor -- I believe it was Iron Mountain --
13 and they had contacted their outside vendor, and
14 their outside vendor were [sic] unable to produce
15 those documents. We didn't feel that was any relief
16 or excuse from the operation, the regulation.

17 It's the licensee's responsibility to
18 maintain those records for a certain time period,
19 produce them for us when we perform an audit, and so
20 that -- that was their response.

21 I might say they also offered to generate
22 unsigned copies of the documents for us to review
23 but, again, I think Jennifer could probably address
24 that. We didn't feel that really was, you know, the
25 protection that the audit provides for us, to have

1 the actual signed documents to reconcile among
2 themselves to verify the passenger counts.

3 COMMISSIONER JONES: So what was the
4 impact on the revenue?

5 MR. BRUNS: We don't know. We don't know,
6 because what they did -- what we didn't have was
7 security tapes, like a manual turnstile reading.
8 Like, they'll go to the turnstile, take the reading.
9 That's how we base our calculations for admissions,
10 and the computer -- you know, they take those manual
11 counts, transfer them to a computer-generated
12 spreadsheet that does the calculation.

13 Without having that manual, we don't know
14 if there's any transposition in numbers or if they
15 even, you know, put the right time on there. We
16 didn't have security signing saying they verified
17 they were true and accurate. We don't know. We had
18 nothing to look at other than what they turned in to
19 us electronically, so we weren't able to actually
20 look and see if there was a tax effect.

21 COMMISSIONER HATCHES: So again, these
22 forms track the amount, the number of people who
23 actually enter the casino?

24 MS. BRUNS: Correct, enter and exit, and
25 they also -- this was also the time when we had a

1 change in how they do it, how they pay on their
2 entrances. They went from card swipes at entrances
3 and exits to just doing dual turnstiles, and this is
4 when that happened, so they were having some
5 problems.

6 They were doing surveillance counts
7 because the turnstiles were having issues, so we
8 wanted to look at all of the documentation they had
9 to verify what they were saying surveillance said,
10 you know, any e-mails talking about the problems, the
11 malfunctions of the turnstiles. They had nothing, so
12 we really had nothing to go on.

13 COMMISSIONER SHULL: Have their records
14 been provided since then? Have we had another audit?

15 MS. BRUNS: Yeah, we did actually do
16 another audit. We just got finished. We do them on
17 a calendar-year basis. In 2010 we audited 2009 and
18 so on.

19 We've audited 2010, and they were very
20 diligent about providing their documentation. We've
21 not had anything lost with our 2010 audit and,
22 really, they were like, We've got your stuff. We've
23 got your stuff. So --

24 COMMISSIONER SHULL: Are there other
25 questions?

1 COMMISSIONER HATCHES: I could just go on
2 and on with questions, but thank you.

3 MS. BRUNS: All right.

4 COMMISSIONER SHULL: Is there a motion?

5 COMMISSIONER JONES: Move for the adoption
6 of DC-11-129.

7 COMMISSIONER HATCHES: Second.

8 COMMISSIONER SHULL: Is there any further
9 discussion?

10 (No response.)

11 COMMISSIONER SHULL: Call roll, please.

12 MS. FRANKS: Commissioner Hatches.

13 COMMISSIONER HATCHES: Approved.

14 MS. FRANKS: Commissioner Jones.

15 COMMISSIONER JONES: Approved.

16 MS. FRANKS: Commissioner Shull.

17 COMMISSIONER SHULL: Approved.

18 MS. FRANKS: By your vote you've adopted
19 DC-11-129.

20 MR. GREWACH: Under Tab G we have
21 discipline against Isle of Capri, Kansas City. This
22 involves minimum internal control standards. Those
23 standards, by regulation, limit the ability to alter
24 a PIN, a personal identification number, to
25 supervisory personnel.

1 June 2010 audit revealed that 12
2 nonsupervisory personnel had the ability to alter
3 PINs, and a follow-up indicated that an amount of
4 1,662 instances where actually PINs were modified or
5 changed by nonsupervisory personnel. The staff is
6 recommending a fine of \$10,000.

7 COMMISSIONER SHULL: Are there any
8 questions?

9 (No response.)

10 COMMISSIONER SHULL: Is there a motion to
11 approve?

12 COMMISSIONER HATCHES: Move to adopt
13 DC-11-130.

14 COMMISSIONER JONES: Second.

15 COMMISSIONER SHULL: Motion made and
16 seconded. Is there further discussion?

17 (No response.)

18 COMMISSIONER SHULL: Call roll, please.

19 MS. FRANKS: Commissioner Hatches.

20 COMMISSIONER HATCHES: Approved.

21 MS. FRANKS: Commissioner Jones.

22 COMMISSIONER JONES: Approved.

23 MS. FRANKS: Commissioner Shull.

24 COMMISSIONER SHULL: Approved.

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

1 DC-11-130.

2 MR. GREWACH: Under Tab H we have a
3 proposed discipline against Midwest Game Supply, they
4 have a supplier's license, and the statute prohibits
5 a supplier from associating with persons of notorious
6 or unsavory reputation or who have extensive police
7 records.

8 An investigation revealed that in 2010,
9 Midwest Game Supply entered into a transaction with a
10 company known as East Coast Slots, Incorporated, by a
11 delivery of some slot machines to the state of
12 Louisiana.

13 And in further investigation, it was
14 determined that the president and registered agent of
15 East Coast Slots, who's identified in paragraph 8 of
16 your proposed preliminary order by his initials JNM,
17 in fact, had an extensive criminal record that
18 included one felony conviction, four misdemeanors,
19 and two pending felony cases. The recommendation,
20 therefore, on the staff is a fine of \$15,000.

21 COMMISSIONER SHULL: Are there questions?

22 COMMISSIONER HATCHES: Again, just a
23 matter of understanding. Have we had these cases
24 before?

25 MR. GREWACH: I don't know if Sergeant

1 Morrison -- there he is -- would know that or Terry
2 would know that.

3 MR. MORRISON: Morning, Commissioners.

4 COMMISSIONER SHULL: Morning.

5 COMMISSIONER JONES: Morning.

6 COMMISSIONER HATCHES: Morning.

7 MR. MORRISON: For the record, my name's
8 Sergeant Phil Morrison representing the Missouri
9 State Highway Patrol, Jeff City Background
10 Investigation Unit.

11 There have been incidents in the past
12 where companies have involved themselves with
13 unsavory characters, persons with criminal records,
14 and have been disciplined as such. As far as Midwest
15 Games, this is the first such case that our unit's
16 been involved in regarding this type of incident.

17 COMMISSIONER JONES: Question. There's no
18 policy where our suppliers do a background check on
19 their, I guess, partners or people they do business
20 with? We don't have a policy on that, do we?

21 MR. GREWACH: We do, and the statute
22 requires that and, as a matter of fact, prior to this
23 point in time, Mr. Stottlemyre had sent a letter
24 on -- in October of 2010 to the -- I'm sorry --
25 letter was before that. There was a letter sent out

1 to the licensees letting them know that, in fact,
2 they did need to do due diligence with the people
3 they did business with, so that he had, along with
4 all the other licensees, received a notice that
5 that's an expectation we had of them to conduct that
6 due diligence.

7 Basically, the licensee's response was,
8 they did actually do some but their due diligence
9 didn't uncover the same records ours did, and
10 Sergeant Morrison could probably speak more to that,
11 but it was, really, on our part, simply just a review
12 of Internet records. They're all open records.

13 I mean, the things I've said today -- we
14 used the president's initials, probably out of an
15 abundance of caution, but everything that we found
16 was an open record of the court system found by an
17 Internet search that Sergeant Morrison could probably
18 speak more to.

19 MR. MORRISON: Commissioners, a simple
20 Google Internet search of the company's owner
21 revealed a mug shot on the Google response, and
22 that's how the information was probed for further --

23 COMMISSIONER HATCHES: Question. Well,
24 just for more understanding. How do we -- in this
25 particular case, how do we get to a recommendation of

1 15,000 versus something more because, you know, based
2 on what you're telling us, not only is it 'cause of
3 statutes for them to operate, but they had received,
4 sort of, notice to pay attention to these kind of
5 things, and even after that they didn't bring it to
6 your attention, I'm sure. It was that good
7 investigation on your part that kind of -- so how do
8 you get to this number versus some other number?

9 MR. GREWACH: I was not involved in the
10 disciplinary review board that reviewed this to make
11 that recommendation, so I don't know if Terry would
12 have further --

13 COMMISSIONER HATCHES: Again, I'm not
14 questioning your judgment on it. I just want to
15 understand.

16 MS. HUTCHISON: Terry Hutchison, Missouri
17 Gaming Commission. Actually, the Discipline Review
18 Board goes over all the facts and things, and we try
19 to look at prior cases. This one I don't recall a
20 lot of prior cases of what we have fined, so we look
21 at that.

22 We also look at each licensee or each --
23 and try to determine the best fine, appropriate fine,
24 so this is -- we just came across this and we went
25 around the room to gather an amount that we felt was

1 appropriate.

2 COMMISSIONER SHULL: Do we know how
3 extensive the transaction was? Was it a couple
4 thousand dollars? 200,000? 5,000,000?

5 MR. GREWACH: Actually, it wasn't that.
6 My understanding of it is that Midwest Game Supply
7 basically acted as an intermediary between another
8 supplier and a casino in Louisiana, so their
9 financial gain in it wasn't that great, but it was a
10 delivery of some number of machines, but I couldn't
11 tell you the exact number.

12 COMMISSIONER SHULL: Why would they be an
13 intermediary? Why wasn't it just a direct
14 transaction? Do we know that?

15 MR. GREWACH: I don't -- I don't know
16 that.

17 MR. PRESTON: For the record, Blaine
18 Preston, Gaming Enforcement Manager for the
19 Commission. A lot of times companies will use
20 Midwest Game Supply because they are licensed in the
21 state of Missouri, so any slot machine that comes
22 into or goes out of or within the state, companies
23 like to use somebody that's licensed just as a
24 clearinghouse, per se.

25 COMMISSIONER SHULL: Okay.

1 COMMISSIONER HATCHES: No further
2 questions.

3 MR. GREWACH: Thank you.

4 COMMISSIONER SHULL: Commissioner Jones?

5 COMMISSIONER JONES: No further questions.

6 COMMISSIONER SHULL: Is there a motion?

7 MR. SCISM: I move to adopt Resolution
8 DC-11-131.

9 COMMISSIONER JONES: Second.

10 COMMISSIONER SHULL: Motion made and
11 seconded. Is there any further discussion?

12 (No response.)

13 COMMISSIONER SHULL: Hearing none, call
14 roll, please.

15 MS. FRANKS: Commissioner Hatches.

16 COMMISSIONER HATCHES: Approved.

17 MS. FRANKS: Commissioner Jones.

18 COMMISSIONER JONES: Approved.

19 MS. FRANKS: Commissioner Shull.

20 COMMISSIONER SHULL: Approved.

21 MS. FRANKS: By your vote you've adopted
22 DC-11-131.

23 MR. GREWACH: And I don't know -- if the
24 Commission doesn't mind, I'm calling on other people
25 because some of these were investigations initiated,

1 obviously, before I came onboard and so I'm calling
2 on them -- relying on them quite a bit, actually.

3 COMMISSIONER HATCHES: I think they enjoy
4 it too.

5 MR. GREWACH: Under Tab I is proposed
6 discipline against River City Casino. The minimum
7 internal control standards prohibit the use of
8 unapproved software in electronic gaming devices.
9 This is a case where there was unapproved software
10 for bill validators in 37 electronic gaming devices,
11 and the staff is recommending a fine of \$5,000.

12 COMMISSIONER SHULL: Are there any
13 questions?

14 (No response.)

15 COMMISSIONER SHULL: There was, actually,
16 a bill validator. Does all that do is just tell
17 us -- the computer or the slot machine what the value
18 of the bill is that's going into it?

19 MR. GREWACH: Blaine Preston could probably
20 explain it better, but my understanding is it does a
21 couple things. It tells the -- it communicates, as
22 you said, from the bill validator to the software
23 what denomination went in and then -- you know, so
24 improper software could possibly read a \$10 bill as a
25 dollar or a \$10 bill as a hundred or -- but I don't

1 know if Blaine could shed any more light on it than I
2 can.

3 MR. PRESTON: Yeah. Ed pretty much nailed
4 it. It's a peripheral device, just like a code
5 machine accepts a bill, and it ensures that when you
6 stick a \$10 bill into an electronic gaming device
7 that it is a \$10 bill. It credits the machine, and
8 then obviously that information gets communicated to
9 the slot accounting system for checks and balances
10 and reconciliation purposes.

11 In this particular case, the software was
12 revoked for a rare circumstance where it could
13 possibly not credit the slot machine correctly, and
14 so that's the reason for the revocation.

15 COMMISSIONER SHULL: I would think if
16 someone put a \$100 bill in and only got credit for
17 \$10, it wouldn't take long to discover that.

18 MR. PRESTON: They usually flag
19 themselves, yes.

20 MR. GREWACH: Although not the other way
21 around, probably.

22 COMMISSIONER SHULL: Is there a motion?

23 COMMISSIONER HATCHES: Move for adoption
24 of DC-11-132.

25 COMMISSIONER JONES: Second.

1 COMMISSIONER SHULL: Motion's made and
2 seconded. Is there further discussion?

3 (No response.)

4 COMMISSIONER SHULL: Hearing none, call
5 roll.

6 MS. FRANKS: Commissioner Hatches.

7 COMMISSIONER HATCHES: Approved.

8 MS. FRANKS: Commissioner Jones.

9 COMMISSIONER JONES: Approved.

10 MS. FRANKS: Commissioner Shull.

11 COMMISSIONER SHULL: Approved.

12 MS. FRANKS: By your vote you've adopted
13 DC-11-132.

14 MR. GREWACH: Under Tab J we have proposed
15 discipline against Argosy Riverside Casino for a
16 minor in the casino. The minor came through the
17 turnstile, actually showed the security guard his
18 valid -- his actual ID. The ID showed he was 20, but
19 the security officer failed to look at it carefully
20 enough or do the math and allowed him in.

21 Then on top of that, the minor then
22 played at two separate table games, and neither one
23 of the dealers at either one of those two games asked
24 for his ID. A table game supervisor then came over
25 and asked for his ID, looked at it, saw that he was

1 underage and then he was escorted off the property,
2 and the Staff is recommending a fine of \$10,000.

3 COMMISSIONER SHULL: Is this their first
4 violation for minors?

5 MR. GREWACH: I would probably have to ask
6 Terri Hutchison to answer that question.

7 MS. HUTCHISON: No, it's not their first
8 with minors. It's actually their ninth case for
9 2010. The other ones were mainly where a security
10 officer did just fail to notice the IDs, and they did
11 have one other fine, and it was back in June 2010,
12 and it was for letting two minors on the floor, and
13 they were fined at that time \$20,000.

14 COMMISSIONER HATCHES: Was there alcohol
15 consumption at all?

16 MS. HUTCHISON: That one they did gamble
17 but did not consume alcohol, but they were able to
18 gamble, and there was two of them.

19 COMMISSIONER HATCHES: Thank you.

20 COMMISSIONER SHULL: Is there an
21 explanation of why it's been six months since this
22 occurred that we've been reviewing documents and
23 other materials in the process?

24 MS. HUTCHISON: Are you asking me why it
25 took six months to get here?

1 COMMISSIONER SHULL: Uh-huh.

2 MS. HUTCHISON: It just -- it takes a
3 while for all the -- for everybody to get all the
4 documents in and then go through DRB process. And
5 this one, I think, also with the change in staff here
6 during our attorneys and stuff, we've had some -- a
7 little bit of delay but, actually, I thought it ran
8 pretty fast, you know. We try to get them as fast as
9 we can.

10 COMMISSIONER SHULL: Okay. Thank you.
11 Are there any other questions?

12 (No response.)

13 COMMISSIONER JONES: Move for the adoption
14 of DC-11-133.

15 COMMISSIONER HATCHES: Second.

16 COMMISSIONER SHULL: A motion's made and
17 seconded. Is there further discussion?

18 (No response.)

19 COMMISSIONER SHULL: Hearing none, call
20 roll.

21 MS. FRANKS: Commissioner Hatches.

22 COMMISSIONER HATCHES: Approved.

23 MS. FRANKS: Commissioner Jones.

24 COMMISSIONER JONES: Approved.

25 MS. FRANKS: Commissioner Shull.

1 COMMISSIONER SHULL: Approved.

2 MS. FRANKS: By your vote you've adopted
3 DC-11-133.

4 COMMISSIONER JONES: Mr. Chairman, can I
5 go back and make sure that we correct the records.
6 The previous adoption was for the adoption of 11-133,
7 and it should have been in the records for the
8 adoption of DC-11-132 on the last one that was
9 pertaining to PNC, and that should have been K -- I
10 mean L.

11 COMMISSIONER HATCHES: I.

12 DIRECTOR STOTTLEMYRE: I.

13 COMMISSIONER JONES: I. It should've been
14 I.

15 COMMISSIONER SHULL: So noted.

16 COMMISSIONER HATCHES: They are all like,
17 What are you talking about?

18 Right. Got you. Thank you, sir.

19 MR. GREWACH: Under Tab K we have a
20 proposed discipline against a Level I occupational
21 licensee, Michael Merritt. There had been an audit
22 performed in 2010 and noted some deficiencies and
23 then a follow-up audit October 18th of 2010 and found
24 that some of those deficiencies still existed, and
25 you can see they're specifically set out in the

1 resolution.

2 In paragraph F, the first was the failure
3 to properly observe the side of cards for crimps,
4 bends, or cuts. In F(2) it was allowing patrons and
5 nondrop team members to have access to the drop areas
6 during bill validator drops. And in (3) it was
7 failure to include and secure the incident reports,
8 the identification of the surveillance coverage. For
9 that reason the staff is recommending a two-day
10 suspension for the licensee.

11 COMMISSIONER SHULL: Are there any
12 questions?

13 (No response.)

14 COMMISSIONER JONES: Has the licensee
15 served those two calendar days currently -- already?

16 MR. GREWACH: I wouldn't know because this
17 actually would not be effective until --

18 COMMISSIONER JONES: -- after we approve.

19 MR. GREWACH: -- after you approve it, and
20 then even after that, the licensee would have thirty
21 days to file an appeal of that action, and then, if
22 so, it would go to the administrative hearing process
23 at that point in time.

24 COMMISSIONER JONES: Okay.

25 COMMISSIONER SHULL: Are there other

1 questions?

2 (No response.)

3 COMMISSIONER SHULL: Is there a motion?

4 COMMISSIONER HATCHES: Motion to adopt

5 DC-11-141.

6 COMMISSIONER JONES: Second.

7 COMMISSIONER SHULL: Motion's made and

8 seconded. Is there further discussion?

9 (No response.)

10 COMMISSIONER SHULL: Hearing none, call

11 roll.

12 MS. FRANKS: Commissioner Hatches.

13 COMMISSIONER HATCHES: Approved.

14 MS. FRANKS: Commissioner Jones.

15 COMMISSIONER JONES: Approved.

16 MS. FRANKS: Commissioner Shull.

17 COMMISSIONER SHULL: Approved.

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

19 DC-11-141.

20 MR. GREWACH: Thank you, gentlemen.

21 COMMISSIONER SHULL: Thank you.

22 COMMISSIONER HATCHES: Thank you.

23 COMMISSIONER JONES: Thank you.

24 DIRECTOR STOTTLEMYRE: Mr. Chairman,

25 Item VII on the agenda is Consideration of Waiver of

1 Institutional Investors, and Mr. Clarence Greeno will
2 present.

3 MR. GREENO: Good morning, Mr. Chairman,
4 Commissioners.

5 COMMISSIONER SHULL: Morning.

6 MR. GREENO: Behind Tab L is one
7 resolution regarding waiver of licensure for an
8 institutional investor holding and/or requesting to
9 hold publicly-traded interest, up to 20 percent, in
10 gaming licensees.

11 This investor has submitted a request for
12 waiver to hold interest in these licensees in
13 compliance with 11 CSR 45-4.020. The submitted
14 waiver certifies all holdings are for institutional
15 investment purposes only with no intent to be
16 involved in the management or operation of these
17 licensees.

18 Because the holdings may exceed the
19 10 percent threshold for which the executive director
20 may grant waiver, this resolution is before the
21 Commission today.

22 The Resolution No. 11-027 is for Wolf
23 Opportunity Fund, Limited, which presently has
24 holdings in Global Cash Access Holdings,
25 Incorporated, and wishes to make investments in

1 multiple licensees.

2 I'll be happy to answer any questions.

3 COMMISSIONER SHULL: Are there any
4 questions?

5 (No response.)

6 COMMISSIONER SHULL: Is there a motion?

7 COMMISSIONER HATCHES: Move to accept
8 Resolution No. 11-127.

9 COMMISSIONER JONES: Second.

10 COMMISSIONER SHULL: Motion's made and
11 seconded. Further discussion?

12 (No response.)

13 COMMISSIONER SHULL: Hearing none, call
14 roll.

15 MS. FRANKS: Commissioner Hatches.

16 COMMISSIONER HATCHES: Approved.

17 MS. FRANKS: Commissioner Jones.

18 COMMISSIONER JONES: Approved.

19 MS. FRANKS: Commissioner Shull.

20 COMMISSIONER SHULL: Approved.

21 MS. FRANKS: By your vote you've adopted
22 Resolution No. 11-027.

23 DIRECTOR STOTTLEMYRE: The next item on
24 the agenda is the consideration of MBE/WBE
25 resolution. I could have Rick Wilhoit make a

1 presentation, if he'd like, at this time.

2 COMMISSIONER SHULL: Morning.

3 MR. WILHOIT: Morning, Commissioners. You
4 have before you the resolution that was put together
5 by staff, and it's kind of self-explanatory. I'm
6 just here, along with John Nathan and Bill Reeves, if
7 you have any questions.

8 COMMISSIONER HATCHES: Just one. On the
9 spend exclusion list --

10 MR. WILHOIT: Yes, sir.

11 COMMISSIONER HATCHES: -- just a little
12 definition for what that means.

13 MR. WILHOIT: We needed to come up with a
14 process through which we could compare apples to
15 apples with the spend for all 12, and soon to be 13,
16 Class B licensees.

17 They all do their financials in different
18 ways with different categories, but we have met with
19 each of the companies on March 2 here in one group
20 meeting and then individually.

21 Bill Reeves has gone through their
22 financials and we have, using as a template, an
23 American Gaming Association report on MBE/WBE spend.

24 We started with their recommendations for
25 exclusions of expenditures. Certain things that are

1 monopolized, like large utilities, things of that
2 nature, so that those can be taken out of the spend
3 analysis and that the total spend can be kind of
4 condensed down to a general and specific -- but yet
5 specific number of categories that are analyzed each
6 quarter, and we have settled on a list, which is
7 attached to your information there, so that's how we
8 arrived at that.

9 COMMISSIONER HATCHES: Thank you.

10 COMMISSIONER JONES: Rick, on that same
11 list, there was just one item that I had some -- just
12 some questions on, because you wanted to exclude
13 shipping, and with shipping, you know, you have --
14 and I guess that can be -- you know, you have some
15 minorities that own or operate the UPS stations or,
16 you know, offices or branches and things like that of
17 that nature, so that would exclude them from being in
18 there, because you could have, I guess, a licensee
19 ask the UPS to ship something, and they could go to a
20 minority-owned UPS station, but they wouldn't get
21 credit for it, is that true --

22 MR. WILHOIT: That is correct.

23 COMMISSIONER JONES: -- if you have
24 shipping on this exclusion list?

25 MR. WILHOIT: One thing that each licensee

1 is responsible for when they submit their spend
2 category or their spend per quarter is that each and
3 every vender with whom they do business has to either
4 be verified by certification or the affidavit that
5 we --

6 COMMISSIONER JONES: Correct.

7 MR. WILHOIT: -- enacted.

8 We went to all 12 licensees. If any of
9 them -- we started out with a general list that's
10 probably smaller than this. We did not include
11 anything on this list that any licensee stated would
12 be an opportunity for them. And specifically with
13 shipping, it was looked at, essentially, as a
14 monopoly, FedEx, UPS --

15 COMMISSIONER JONES: Right.

16 MR. WILHOIT: -- things of that nature,
17 and is not as a cooperation certified, and none of
18 the licensees with whom we spoke thought that that
19 would be something that they would want to include in
20 their spend. There were no MBE/WBE opportunities
21 there that were brought up to us.

22 COMMISSIONER JONES: Well, I'm just
23 letting you know that there are some MBE/WBE-owned
24 franchises of the UPS system. We have, like, four or
25 five of them in St. Louis that are owned and operated

1 by minorities and women.

2 MR. WILHOIT: Okay. And that's duly
3 noted, and this is not a list that is set in stone.
4 While we don't want to change it on a monthly basis,
5 we have spoken with all of the licensees, and they
6 know that this -- if opportunities arise that are on
7 this list, that it's amendable and that, you know, if
8 it changes for one, it changes for everyone, if you
9 understand what I'm saying.

10 COMMISSIONER JONES: Yeah.

11 COMMISSIONER HATCHES: To that point,
12 Rick, is that a policy? Is that part of this policy,
13 that periodically you go in and look at this
14 exclusion list and make adjustments to it based on
15 what's occurring, or is that a conversation that you
16 had?

17 MR. WILHOIT: Right now it's
18 conversational, but when we bring our full-time
19 person on, the policy is one of the first issues that
20 will be addressed.

21 COMMISSIONER HATCHES: Just a question:
22 If I look at an exclusion list, I would naturally
23 ask, What is the inclusion list? Is there a list
24 that says, Here are the things that are included, or
25 are we to assume that everything that's not on this

1 list is included, and if we're to assume that, I have
2 no idea what's all on that list. I wouldn't know
3 where to begin. So is there a list?

4 MR. WILHOIT: In the American Gaming
5 Association list there is an inclusion list and an
6 exclusion list. We did not go down the path of an
7 inclusion list. It's kind of, I guess, like you were
8 saying in the second part of your question, accepted
9 that if it's not on the exclusion list, it is
10 included, but there was a lot of discussion as to the
11 categories and the subcategories within these
12 categories to make sure that everything's uniform.

13 COMMISSIONER HATCHES: If a vendor would
14 call this office, and say, I'm Supplier "X," is that
15 on your inclusion list, how would you respond to
16 that? Would you take this list and say, Well, it's
17 not on the exclusion list, so it probably is, or is
18 there --

19 MR. WILHOIT: I have -- I would say that
20 if a question like that was asked and they were a
21 MBE/WBE possibility, you know, to do business with a
22 licensee, if they were on the exclusion list, that
23 that category would come off the list.

24 COMMISSIONER HATCHES: Thank you.

25 MR. WILHOIT: Sure.

1 COMMISSIONER SHULL: Since those are
2 mutually-exclusive, could we put together an
3 inclusive list, because in their accounting, I assume
4 that's where these items came from, would be to look
5 at, you know, the accounting records that they have,
6 so we have excluded those items, and if I was a
7 business person and you had to try to figure out
8 whether or not it was included, it would be much
9 easier to have a short list of the included to see if
10 you fit that list.

11 MR. WILHOIT: I'll let Bill answer that,
12 but I did want to say that typically the questions
13 that you're asking that would be posed to us would
14 typically come from the licensee, because they would
15 be looking at possible business opportunities that
16 they may be entering into or possibly entering into,
17 so these questions would probably come from the
18 licensee because they have been approached or have
19 approached a possible vender but, you know,
20 regardless, that -- that's typically how our
21 interaction would be, not that we wouldn't maybe get
22 a direct call every once in a while, but typically we
23 would be talking with the licensee.

24 MR. REEVES: I'm Bill Reeves. I'm the
25 financial investigator that worked on the exclusion

1 situation. What you find when you go to all these
2 different companies, it would be impossible to come
3 up with a total list because every company has
4 different titles for their general ledger accounts
5 and whatever, so what we said that we want to see is
6 their records as to all spending with all vendors,
7 and then we wanted to see where the categories were
8 that these vendors were going into, so what we're
9 asking is that they have records of what they totally
10 spent, and then the exclusion list comes along then
11 and they get to eliminate those off their total
12 spend, but there's no way to have a universal list of
13 everything out there because every business does
14 their general ledger differently, titles or their
15 expenses differently.

16 There's a lot of commonality between the
17 gaming companies. They rely on the Gaming
18 Association for a lot of their procedures and
19 everything, I would think, but it's -- there's no way
20 we could come along and say these are the expenses
21 that have to be considered. You have to go in and
22 look at the way the company has their books, and
23 that's what we envision happening.

24 COMMISSIONER SHULL: That's what confuses
25 me on No. 19, intercompany payments. They may be

1 making payments that are transferred from company to
2 company that really do qualify as a transaction
3 that -- that you could count.

4 MR. REEVES: The intercompany one was a
5 hard one. Generally what you're seeing are expenses
6 that the company allocate -- the headquarters
7 allocates out, and this was universally what they
8 asked to have excluded.

9 These are -- if they have charges that
10 they could get in on the MBE/WBE, then if they would
11 bring it to our attention then, then we could go into
12 the intercompany charges saying that those would be
13 included and if they can come up with certification.

14 It's a difficult process to come up with
15 an exclusion list. I wanted to be really tough on it
16 and include almost everything except for, like,
17 taxes. Shipping was one that at first I wanted to
18 include, you know. There was -- a lot of places
19 wanted to exclude their soda contracts and things
20 like this because they say those are done at the
21 headquarters, so it was -- this was done with input
22 back from them, and then some we wouldn't leave off
23 the exclusion list because we were concerned with
24 having an opportunity out there. And I hope that
25 answers your question on that.

1 COMMISSIONER HATCHES: Well, understand
2 that this is absolutely a process and is ever-
3 changing. This is certainly more than we've had.
4 It's a real good start in the direction that we need
5 to be heading, so I don't want to give the impression
6 from my perspective that I'm not very pleased with
7 what you-all have done.

8 I just think there's things we need to
9 continue to consider, and I don't -- I would like to
10 think it's not going to take us long to consider and
11 reconsider some of the decisions we're making.

12 There are just some things on this list
13 that we all have conversation around. Just an
14 example -- and I think I understand when it says
15 "telecommunication services provider." Maybe you
16 mean the Bells and those big guys, but there may be
17 some small communication companies that supply cell
18 phones or pagers or those kinds of things that then
19 when they look at this and say, Well, I can't go to
20 them for that because that's on the exclusion list.
21 So when you talk about telecommunications, you're
22 talking about at the broader sense at the highest
23 level, but I want to make sure we don't develop a
24 policy that by the very nature would say to a
25 potential vendor that they're excluded and they're

1 not thinking at that broad level, they're thinking
2 about where they operate.

3 Those are the kind of things, again,
4 others on this list that we ought to think about.
5 Insurance, for example. Just talk more about them
6 and keep transforming this document.

7 MR. REEVES: Those are exactly the same
8 questions we had. Insurance was one I was concerned
9 with, and generally what we found out, that these
10 places are self-insured. They don't deal with local
11 agents. I come from a small town, and I worked in
12 the large city in my career, so I've got a little
13 varied background in that, and I had some similar
14 concerns.

15 And if you would have seen the list of
16 exclusions we had when we started, there was nothing
17 on it, basically, because of these concerns. It's
18 going to have to be a living thing. And one thing we
19 told them is, call us immediately if you have
20 something that comes up like that and throw it back
21 into the mix.

22 And then the big thing that Rick brought
23 up is, we've got to get them to apples to apples,
24 because it wasn't apples to apples before. This is
25 as close as we can come at this point with taking the

1 input from the casinos.

2 And another thing you've got to consider
3 is, when you go into these records, they really have
4 to drill down to come out with some of these details,
5 because if you get a broad category, it doesn't
6 necessarily cover the situation, so it's -- and this
7 is another reason for having a full-time person
8 overseeing this, and then there is back-up help to
9 look at the books, if necessary.

10 COMMISSIONER HATCHES: Again, I think
11 you-all have done a really good job of pulling this
12 together, and we probably have twice as much work to
13 do to continue to put this in the kind of text that
14 we wanted to.

15 This message is not just going to the
16 casinos. This message, this policy, will be viewed
17 by everyone in this state or around this country who
18 would like to do business with these casinos, and
19 what we don't want to say to them is, Here are the
20 things that are excluded. That's not the message we
21 want to give.

22 COMMISSIONER JONES: You know, I'm happy
23 you did realize that this has to be a living
24 document, you know, and again, I want to commend you
25 on all the work you've done. John, you as well. You

1 know, your input, the staff, it's a good start. It's
2 a great start, as a matter of fact, to be honest.
3 It's a great start.

4 And, you know, angled with what the
5 Commissioner said that, you know, this is something
6 that's going to take some work on. We'll look at it
7 and, again, we want everyone in the country and
8 everyone in the state to realize, Hey, the casinos
9 are open for business and not closed, like they were
10 in the past so --

11 MR. REEVES: Not to belabor, but hopefully
12 to clarify, this exclusion list is a living document
13 that kind of exists between the licensees and the
14 Gaming Commission staff. In other words, it won't be
15 published somewhere for vendors to see.

16 We can all say, after speaking with all
17 the licensees, they're seeking every opportunity that
18 they can find, and I can assure you, if some of the
19 compliance officers are sitting out here today and
20 they locate a vendor that falls into one of these
21 categories, our phone will be ringing saying that
22 needs to come off the list. That's the understanding
23 we have with them.

24 COMMISSIONER HATCHES: That's the spirit
25 in which I hope this policy is taken --

1 MR. REEVES: It is.

2 COMMISSIONER HATCHES: -- rather than them
3 saying when a potential vendor calls them in one of
4 these areas to just end the conversation by saying,
5 No, that's on the exclusion list, and that's it.
6 We're done. There's nothing we can do about it.
7 That's what the Commission said. We don't want that.

8 MR. WILHOIT: And we have not gotten that
9 indication at all. It's just that this was a -- this
10 list is the end result of a long negotiation,
11 conversation process with all of the licensees.

12 COMMISSIONER HATCHES: You do realize that
13 if this list was -- had a thousand items on it, we'd
14 still --

15 MR. WILHOIT: Sure. I understand. We've
16 already been down this road.

17 COMMISSIONER HATCHES: Thank you.

18 MR. WILHOIT: Sure.

19 COMMISSIONER SHULL: I had one further,
20 why the travel, travel airfare and out-of-town travel
21 is on the exclusion list?

22 MR. REEVES: All of the -- that's why we
23 clarified it. Anyplace you see a parenthesis with a
24 clarification behind it means that was one that was
25 difficult to deal with.

1 At first we had on that one travel and
2 transportation -- or transportation. I forget what
3 it was. When we went out to see some of the casinos,
4 we found out that they were -- as a part of their
5 general ledger system, that transportation includes,
6 like, busses, local bus service, and it stood right
7 out on one of them that they had a minority- or
8 women-business enterprise that provided that service,
9 so that's why we clarified that.

10 And we made it clear that it was for
11 airfare because those were all national companies,
12 and this wasn't a travel agent. Say if you had a
13 travel agent that made the arrangements, and then
14 out-of-town travel, this would be like hotels out of
15 town or something like that where it's -- and that
16 was our thinking on that.

17 MR. WILHOIT: So in other words, a
18 MBE/WBE-owned travel agency, you know, expenditures
19 to those can be included. This is strictly like
20 charges to United Airlines, you know, things of that
21 nature, the monopolized areas.

22 COMMISSIONER JONES: Like if they just
23 went up to the ticket counter and purchased the
24 ticket.

25 MR. WILHOIT: Right.

1 MR. REEVES: And if they go to Las Vegas
2 and stay there, you know, which is -- you know, for
3 most of these casinos, what you find out is they're
4 not spending money outside of what they do there, so
5 the travel expenses that they incur are more for
6 meetings and things like that having to do with the
7 corporate office, I would think, but it just shows
8 you the difficulty, because you can go through this
9 and find out kinds of little items.

10 COMMISSIONER SHULL: Are there any other
11 comments or questions?

12 COMMISSIONER HATCHES: Good job.

13 COMMISSIONER SHULL: Is there a motion to
14 approve?

15 COMMISSIONER HATCHES: I move to approve
16 Resolution 11-028.

17 COMMISSIONER JONES: Second.

18 COMMISSIONER SHULL: A motion and
19 seconded. Is there further discussion?

20 (No response.)

21 COMMISSIONER SHULL: Call roll, Angie.

22 COMMISSIONER HATCHES: I don't know
23 whether or not you have a schedule for when you're
24 going to come back and talk to us about this from a
25 process standpoint, but I would like to request that

1 they have at least some discussion about it -- have
2 an agenda, you know, for the next several months just
3 so we know how it's going and how you're drilling
4 down this list and that kind of thing, certainly
5 after you bring on-board that full-time person and
6 you start putting your arms around what this policy
7 is going to look like.

8 DIRECTOR STOTTLEMYRE: We'll set up a time
9 line and we'll be prepared to make presentations to
10 you each meeting going forward until you're
11 comfortable with where we're at.

12 COMMISSIONER HATCHES: Thank you.

13 MS. FRANKS: Commissioner Hatches.

14 COMMISSIONER HATCHES: Approved.

15 MS. FRANKS: Commissioner Jones.

16 COMMISSIONER JONES: Approved.

17 MS. FRANKS: Commissioner Shull.

18 COMMISSIONER SHULL: Approved.

19 MS. FRANKS: By your vote you've adopted
20 Resolution No. 11-028.

21 DIRECTOR STOTTLEMYRE: The next item on
22 the agenda, Mr. Chairman, is Item IX, Consideration
23 of Rules and Regulations, and Ms. Terri Hutchison
24 will present.

25 MS. HUTCHISON: Good morning,

1 Commissioners.

2 COMMISSIONER HATCHES: Good morning.

3 COMMISSIONER SHULL: Good morning.

4 COMMISSIONER JONES: Good morning.

5 MS. HUTCHISON: Behind Tab N you'll find
6 one proposed rule: 11 CSR 45-5.194, Operator Content
7 Delivery Systems. This rule establishes the minimum
8 standards for operator content delivery systems.

9 This technology authorized video mixing
10 technology which is displayed on the electronic
11 gaming device monitor. This is limited to activities
12 involving promotional and service windows. A comment
13 period for these rules will run from July 1 through
14 July 31 with a public hearing date set for August 10,
15 2011. I'll try to answer any questions you may have.

16 COMMISSIONER JONES: I have one. When I
17 read this, you know, I guess I got stuck on this.
18 I'm old school. I don't know what is video mixing
19 technology. I mean, when I read through this, I
20 said, I still don't understand, you know, so if you
21 can put it in kind of layman's terms.

22 MS. HUTCHISON: I know a little bit, but
23 maybe Blaine can help me. To help explain this is
24 like picture in picture, you know, like a TV, you
25 know, that you want to see.

1 approve?

2 COMMISSIONER JONES: Move to approve Rule
3 and Regulations on Proposed Rule Change 11 CSR
4 45-5.194.

5 COMMISSIONER HATCHES: Second.

6 COMMISSIONER SHULL: Motion's made and
7 seconded. Is there further discussion?

8 (No response.)

9 COMMISSIONER SHULL: Hearing none, call
10 roll, please.

11 MS. FRANKS: Commissioner Hatches.

12 COMMISSIONER HATCHES: Approved.

13 MS. FRANKS: Commissioner Jones.

14 COMMISSIONER JONES: Approved.

15 MS. FRANKS: Commissioner Shull.

16 COMMISSIONER SHULL: Approved.

17 MS. FRANKS: By your vote you've adopted
18 the Proposed Rule 11 CSR 45-5.194.

19 DIRECTOR STOTTLEMYRE: Mr. Chairman, under
20 Item X is new business. For informational purposes,
21 we do have a name change for one of our companies,
22 and I'll let Mr. Greeno present on this.

23 MR. GREENO: Mr. Chairman, Commissioners,
24 just an informational note: We received notification
25 that effective May 20th of 2011, Herbst Gaming, LLC,

1 changed their name to Affinity Gaming, LLC, with the
2 Nevada Secretary of State's office, so the -- there
3 was no change in the ownership of the company nor the
4 members of the board or any of the key persons
5 involved with the company. It's just a name change.

6 And upon receipt of documentation from
7 the company that the registration changes have been
8 made with the Missouri Secretary of State, we will
9 issue a new Class A license reflecting that name
10 change.

11 DIRECTOR STOTTLEMYRE: Thank you,
12 Clarence. No questions?

13 COMMISSIONER HATCHES: No action
14 required?

15 DIRECTOR STOTTLEMYRE: No action required.

16 COMMISSIONER SHULL: Thank you.

17 DIRECTOR STOTTLEMYRE: Next item would be
18 just to include the old business, but I'm going to do
19 it under new business, and that's the update on
20 Caruthersville and the Lady Luck Casino down there.

21 We did have it closed from May 1 through
22 May 13. It did open back up again on the -- at
23 5:00 p.m. on the 13th. I can tell you that they did
24 a lot of work down there to keep it from being worse
25 than it was. They did keep it open as long as they

1 possibly could.

2 There was -- we got fortunate down in
3 Caruthersville, I believe, just because the floods
4 did not reach the height that they thought it might
5 at one point, because it was going to be dangerously
6 close to topping that levy. In fact, the National
7 Guard had worked down there and even put up an
8 additional levy, a sand bag-type levy behind the wall
9 and pumps set up to be pumping water out to protect
10 the city.

11 There was some damage within the city
12 because of water boiling up from underground. The
13 highway coming into town was -- they did lose part of
14 it for a while; however, that's all fixed now, so
15 we're really very fortunate.

16 The Mississippi still has some casinos
17 closed from the flooding, and some of those casinos
18 have been closed for over a month, so I would say
19 we're pretty fortunate that we didn't have any
20 further problems than we did.

21 Do you have any questions on that
22 process?

23 COMMISSIONER HATCHES: I just want to say
24 thanks to the staff for keeping us really well
25 updated with photographs. That really helped.

1 DIRECTOR STOTTLEMYRE: The next thing I'd
2 like to say is that because of the tornado down in
3 Joplin and everything that's going on down there,
4 Captain Geiger is going to be sending some of our
5 troopers down. We're sending ten officers down to
6 assist on that this weekend.

7 They'll be going down to be assigned to
8 whatever they're needed to do and will be -- we do
9 have those officers already assigned. I think
10 Captain Geiger has a list out and they know who
11 they're going to be, and I'm glad that we're able to
12 be a part of that process too. It's a terrible
13 disaster they've encountered down there, and I'm glad
14 that we can give some assistance and the patrol's
15 involved in that way.

16 COMMISSIONER SHULL: Thank you, Roger.

17 Any other business?

18 DIRECTOR STOTTLEMYRE: No old business.

19 At this time we need a motion to go into
20 closed.

21 COMMISSIONER JONES: Mr. Chairman, I'd
22 like to make a motion to enter into a closed meeting
23 under Sections 313.847, investigatory, proprietary
24 and application records, and 610.021(14).

25 COMMISSIONER HATCHES: Second.

1 COMMISSIONER SHULL: Motion made and
2 seconded. Further discussion?

3 (No response.)

4 Call roll, please.

5 MS. FRANKS: Commissioner Hatches.

6 COMMISSIONER HATCHES: Approved.

7 MS. FRANKS: Commissioner Jones.

8 COMMISSIONER JONES: Approved.

9 MS. FRANKS: Commissioner Shull.

10 COMMISSIONER SHULL: Approved.

11 That concludes our meeting. Thank
12 you.

13 (The hearing concluded.)

14

15

16

17

18

19

20

21

22

23

24

25

1
2 CERTIFICATE

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

18 _____
19 Nancy L. Silva, RPR, CCR
20
21
22
23
24
25