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BEFORE THE MISSOURI GAMING COMMISSION

Meeting
September 27, 2017
10:00 a.m.
3417 Knipp Drive
Jefferson City, Missouri

BEFORE: Herbert M. Kohn, Chairman
Brian Jamison, Vice Chairman
Thomas Neer, Commissioner
Richard F. Lombardo, Commissioner
Daniel P. Finney, III

Reported by:
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AGENDA

(Start time: 10:00 a.m.)

P R O C E E D I N G S

CHAIRMAN KOHN: Good morning everybody.

We're ready to call the meeting of the Missouri Gaming Commission of September 27, 2017 to order.

Angie, please call the roll.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Present.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Present.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Present.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Present.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Present.

We have a quorum. We're ready to begin the meeting.

First on business, Consideration of Minutes from our August 30, 2017 meeting. Is there a motion to approve those minutes?

COMMISSIONER JAMISON: So moved.

COMMISSIONER NEER: Second.

CHAIRMAN KOHN: Angie, please call the roll.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approve.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted the minutes of the August 30th, 2017 meeting.

CHAIRMAN KOHN: Thank you.

I want to welcome everybody to the meeting. We have a fairly full agenda. We'll move through it as quickly as we can. We are ready to begin, and we're ready to welcome back after two missed meetings our Executive Director, Mr. Seibert. You're on.

EXECUTIVE DIRECTOR SEIBERT: Thank you. I appreciate it.

Mr. Chairman, the first order of business is Consideration of Hearing Officer Recommendations, and Mr. Charles Steib will present.

CHAIRMAN KOHN: Mr. Steib, it wouldn't be a meeting if you weren't here.

MR. STEIB: Good morning. May it please the Commission.

This first item is regarding Jennifer Fuchs. This is a case of a person on the disassociated persons list who was found on the casino floor.

To refresh the recollection of the Commissioners, in these voluntary situations where someone wishes to be placed on the disassociated persons list, they fill out an application for statewide self-exclusion.

That application at Section 2, paragraph 7 states, the consequences of you violating this agreement are criminal trespass charges and denial of any winnings resulting from gambling while on the list of disassociated persons.

Further, at Section 4 the form states, I acknowledge that I am hereby banned and forbidden from entering the premises of any Missouri excursion gambling boat and that if I am found anywhere on the premises of a Missouri casino, I will be immediately ejected, will be arrested and prosecuted for criminal trespass pursuant to 11 CSR 45-17.

I hereby certify the information that I have provided is true and accurate, and I'm not presently under the influence of alcoholic beverages, controlled substances or prescription medication which would prevent me from making an informed decision. I further certify that I have read and understand and agree to 11 CSR 45-17.

Ms. Fuchs was a Licensee II employee of the casino. She executed a document, the disassociated persons list, which stated that she would be banned from casinos for the rest of her life and she would be arrested for trespassing.

She was employed by the Lumiere Place Casino on June 10th, 2016. On June 10th, 2016 she was found on the River City Casino gaming floor. She approached the window and also Pit No. 2.

Based upon the sworn testimony and the evidence adduced it is the hearing officer's recommendation and order that Ms. Fuchs did not meet her burden of proof that she should not be disciplined and, therefore, her Level II license should be revoked.

CHAIRMAN KOHN: Are there any questions of Mr. Steib?

COMMISSIONER JAMISON: No, sir.

COMMISSIONER LOMBARDO: Mr. Steib, was she on the disassociated persons list before she took the job at the casino or did she end up on the list after she took the job at the casino?

I'm not sure how important that is, but it has to do with kind of a larger issue that I'm concerned about.

MR. STEIB: I don't know that that was introduced into evidence, and I don't know the answer to that, although I think it matters not. If she's on the list and she appears on the casino floor, she's violated the agreement.

But I think that perhaps Ms. Kerr has the actual list and she can give you that date.

MS. KERR: Yes. The DAP Information Sheet, which I think was an exhibit in the hearing, she applied in 2007 to be on the DAP list. She had not been rescinded. And she started work at Lumiere it looks like in 2010.

COMMISSIONER LOMBARDO: Okay. I was just wondering because my understanding is we have somewhere in the order of about 70 people currently working in casinos that are on the DAP list, and I'm wondering if they're taking the jobs when they're on the DAP list or they're getting the jobs and then going on the DAP list.

MS. KERR: I don't know. I'd have to check the dates on each of those.

COMMISSIONER LOMBARDO: Okay. Thank you.

MR. STEIB: The list itself does provide a section for a, quote, exclusion for employment. So if someone is employed, they're permitted -- obviously in their job they can go on the casino floor.

So there's a specific section in the application to be placed on the list where someone can say I'm an employee and I want to go on to the floor for employment purposes, and if that's the case, if that's their sole purpose for going on the floor, obviously they have not violated the agreement.

Most of these cases are situations where the person is on the list and is not going on the floor for employment purposes.

CHAIRMAN KOHN: Mr. Steib, in the testimony before you, which I don't have in front of me right now, but in reading it there was some discussion about a letter.

She claimed that there was some unethical conduct being alleged, and she said there was -- in the last page of the letter, there was a reference deleted to -- having to do with her claim of somebody acting in an unethical way. Do you know what that is?

MR. STEIB: She brought that up during the hearing, and her complaint was that during the investigation some other people had been contacted regarding her being on the floor, et cetera. It was not really relevant to the hearing or to this situation, the issues involved.

CHAIRMAN KOHN: So what was deleted?

MR. STEIB: Pardon me?

CHAIRMAN KOHN: What was deleted?

COMMISSIONER JAMISON: I think it was my understanding -- and correct me if I'm wrong -- but that we cited some previous cases.

MS. KERR: Yes.

COMMISSIONER JAMISON: Like we receive previous disciplines at the end of our disciplinary. She received a page like that that showed similar disciplines for other licensees, and those other licensees' names were on that sheet, and she thought it was unethical that we gave her that information.

Would that be her objection?

MS. KERR: I think so.

Our Exhibit 3 is the Gaming Report, and at the end of the Gaming Report we have a list of similar cases and she was upset -- my understanding is that she was upset about that.

CHAIRMAN KOHN: So was she upset because if we do that, then her name might be listed on another case? Is that her rationale?

MS. KERR: She was upset that one of her

friends was on -- was listed and that she didn't know about it until she --

COMMISSIONER JAMISON: She didn't know he'd been disciplined. She thought he just left employment --

MS. KERR: Right.

COMMISSIONER JAMISON: -- is what I remember in the testimony.

MS. KERR: Right. I don't know that she was necessarily upset that her name was going to be on there or not.

CHAIRMAN KOHN: Any other questions of Mr. Steib?

COMMISSIONER LOMBARDO: Well -- Carolyn also.

MS. KERR: Sure.

COMMISSIONER LOMBARDO: But the fact that these other people had been disciplined is public record. Right?

MS. KERR: Yes.

COMMISSIONER LOMBARDO: Okay.

CHAIRMAN KOHN: Is Ms. Fuchs here or her representative?

Okay. Any other questions?

Is there a motion with regard to Resolution 17-046?

COMMISSIONER NEER: Motion to approve.

COMMISSIONER LOMBARDO: Second.

CHAIRMAN KOHN: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approve.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 17-046.

CHAIRMAN KOHN: Mr. Steib.

MR. STEIB: Thank you.

The next matter is concerning Phung Pham. Mr. Pham -- this again is a disassociated persons list issue in question.

On January 4th, 2011 Mr. Pham, who holds a Level II occupational license, executed a disassociated persons list application, in which it states pursuant to Exhibit 6 that he would be banned from Missouri casinos for the rest of his life.

Exhibit 6 in that hearing contains the statement, have you read 11 CSR 45-17, voluntary exclusions, to which the licensee replied in the affirmative.

Exhibit 6 also set out the consequences of you being on the disassociated persons list and appearing on a casino floor as I've related to the Commission previously.

Mr. Pham on June 9th, 2016 was employed at River City Casino, holding a Level II occupational license. On June 9th, 2016 Mr. Pham was found on the floor at the Hollywood Casino, and at that point he understood pursuant to the testimony that he was on the disassociated persons list and could not be on the casino grounds.

Subsequent to this time, some 68 days subsequent to this, Mr. Pham applied to be removed from the disassociated persons list; however, at the time that he was found on the casino floor, June 9th, 2016, he was still on the disassociated persons list and in violation of his agreement.

Based upon the sworn testimony and the evidence adduced it is the hearing officer's recommendation that Mr. Pham did not meet his burden of proof that he should not be disciplined and hence his occupational license should be revoked.

CHAIRMAN KOHN: Questions of Mr. Steib on this matter?

Is Mr. Pham here or an attorney, a representative for him?

Okay. If there are no other questions, is there a motion with respect to Resolution 17-047?

COMMISSIONER LOMBARDO: Motion to approve.

COMMISSIONER JAMISON: Second.

CHAIRMAN KOHN: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approve.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 17-047.

CHAIRMAN KOHN: Mr. Steib.

MR. STEIB: The next item on the agenda is that of Mr. Benjamin Hubbs. This is a matter in which an applicant for a license failed to divulge certain information.

The application for these licenses, a Level II license, asks, quote, have you ever been arrested, detained, charged, indicted, convicted, pled guilty or nolo contendre or forfeited bail for any crime or offense, and under Federal, State local, including findings of pleas and suspended imposition.

This question is meant to address whether there has been not only any judiciary contact but any constabulary contact with the applicant and the authorities.

Mr. Hubbs, when he filled out the application, admitted in Question 14B that he had been -- there had been two charges for possession of a controlled substance and a charge of peace disturbance.

However, in the investigation it found that Mr. Hubbs had also been arrested and detained for robbery, felony and theft of less than $500.

Mr. Hubbs' response under sworn testimony pursuant to the transcript was this felony arrest and misdemeanor, quote, simply happened to slip my mind, end quote. I find that not very plausible, nor credible.

Based upon the sworn testimony and the evidence that Mr. Hubbs did not divulge, although he was asked three times about these contacts, he did not divulge that. Based upon the sworn testimony and the evidence Mr. Hubbs did not meet his burden of proof that he should not be disciplined and hence he should be denied a license for a Level II.

CHAIRMAN KOHN: Any questions of Mr. Steib?

COMMISSIONER JAMISON: Can you clarify for me. I've tried to -- was the arrest date on these offenses 2010, the offenses that were failed to be disclosed?

MR. STEIB: You're asking for the arrest date for the felony and the misdemeanor charges?

COMMISSIONER JAMISON: Correct, the ones that he failed to disclose.

MR. STEIB: Right.

I do not have those before me.

MS. KERR: It looks --

CHAIRMAN KOHN: Carolyn, do you have that?

COMMISSIONER JAMISON: Maybe 2013.

MS. KERR: Well, it looks like '13. Yeah, it looks like 2013.

COMMISSIONER JAMISON: Okay. So they were recent arrests?

MS. KERR: Right.

COMMISSIONER JAMISON: Okay. That's all I needed.

CHAIRMAN KOHN: Any other questions?

If not, is there a motion with respect to Resolution 17-048?

EXECUTIVE DIRECTOR SEIBERT: Do you want to check and see if Mr. Hubbs is here?

CHAIRMAN KOHN: I forgot.

Is Mr. Hubbs here or a representative or attorney for him?

Okay. Is there a motion with regard to Resolution 17-048?

COMMISSIONER JAMISON: I move for adoption.

COMMISSIONER LOMBARDO: Second.

CHAIRMAN KOHN: Any discussion on the motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approve.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted Resolution 17-048.

MR. STEIB: Thank you.

CHAIRMAN KOHN: Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: The next order of business is Consideration of Disciplinary Action, Mr. Ed Grewach will present.

CHAIRMAN KOHN: Mr. Grewach.

MR. GREWACH: Thank you, Director Seibert, Mr. Chairman, Commissioners.

Under Tab E we have a Preliminary Order of Discipline directed toward Bally Technologies for two separate violations of our Rule 5.2372 for shipping critical program storage media, which is the software necessary to make the electronic gaming devices, the EGDs, operate, in the same crate as the EGD hardware itself and also in that same shipment for shipping unapproved software.

The reason for the first part of the rule requiring that the software be shipped separately from the EGD cabinet is that it's illegal in the state of Missouri for anyone other than a casino operator to possess an operational slot machine, and the logic, therefore, between -- and the importance of having the software shipped separately is that if someone by chance came into possession of the cabinet, of the hardware, the slot machine, it would not be operational because the software would not be with that.

Now, on January 23rd, 2017 we received a notice from the Isle of Capri Boonville that they had received five electronic gaming devices from Bally with the software in the same crate as the EGDs themselves.

Subsequently when we tested these five games prior to placing them into play, we found that one of them had bill validator software which was not approved in the state of Missouri.

The recommended fine is $5,000.

CHAIRMAN KOHN: Any questions?

COMMISSIONER FINNEY: How did you come up with the recommended fine amount?

MR. GREWACH: What we did, we looked at two factors. One, we viewed the shipping of the software with the EGDs themselves as a serious violation. It's one that doesn't occur very often, and it obviously does place some risk of an illegal slot machine getting into the public's circulation.

The second thing is when you look at Bally's discipline record, and particularly if you look at the ones involving unapproved or revoked software, you'll see in 2015 that they had four of those violations. The first three resulted in a nonpunitive letter, or you'll see an acronym NPL next to that, which is just a letter saying you violated this. We're not taking any action against you at this time but subsequent violations could result in discipline. The fourth violation that occurred in 2015, then we did assess a $5,000 fine on that one.

In 2016 you'll see that this is the third violation for either unapproved or revoked software in Missouri. Again, for the first two we issued a nonpunitive letter. This one, you look at that issue, the fact that this is their third unapproved or revoked software violation for that calendar year, in addition to the fact they shipped the software with the same crate, all factored into the staff arriving at that recommendation.

COMMISSIONER JAMISON: But in '16 they received three fines, correct, and then in '17 we've sent them two letters?

MR. GREWACH: The dates I'm using, when you see the dates in black --

COMMISSIONER JAMISON: Oh. You're using the date of occurrence?

MR. GREWACH: Date of occurrence.

COMMISSIONER JAMISON: I apologize.

MR. GREWACH: And the confusion is understandable because the date in black is the date they actually went through the Discipline Review Board process and the recommendation was made.

We use that internally to be able to track to go back and see, well, if we need to look at those notes from that review board meeting, we can access that, but I go by the date of the incident.

COMMISSIONER JAMISON: Okay. The smaller one, that I really have to squint to see.

MR. GREWACH: The ones that the lawyers put in small print, yes.

CHAIRMAN KOHN: Any other questions?

If not, is there a motion with respect to DC-17-119?

COMMISSIONER FINNEY: Motion to adopt.

COMMISSIONER JAMISON: Second.

CHAIRMAN KOHN: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approve.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted DC-17-119.

CHAIRMAN KOHN: Ed, you're still up.

MR. GREWACH: Under Tab F we have a Preliminary Order of Discipline directed to Landry Holdings doing business as Casino Tech for a violation of Rule 5.2501 which requires supplier licensees to file their application for renewal 120 days prior to the expiration date.

The reason for the rule is to give our investigators adequate time to conduct the investigation for the renewal and present it to the Commissioners.

And the important of the rule is that if someone doesn't submit their renewal application in time, we're really faced with two undesirable options.

You know, one is you could say, well, that's fine, you were late and we're just not going to renew you, but that has tremendous impractical impact on the casinos, the patrons. You may have machines that have to be taken off the floor. You may have machines on the floor that can't be serviced anymore. So that's not -- I mean, that is an option, although it has its problems.

The second option is when we get a renewal application late, it really puts a strain on our manpower to be able to complete an investigation in time for the renewal.

In this particular case Casino Tech's license was set to expire on February 28, 2017. That made by rule their renewal application due on November the 1st, 2016.

When we hadn't received it on November the 14th, 2016, licensing staff sent a reminder e-mail to them telling them they needed to get their application in.

We then heard from them on December 19th, 2016 in an e-mail asking which application they needed to fill out?

They had, by the way, previously filed the same application, and there really is only one supplier application on the website.

In spite of that, that same day we got back to them, sent them an e-mail walking them through the process, showing which application needed to be filled out.

On December 21st, 2016 we received a phone call from the licensee's employee asking for assistance again in filling out the application, and again the same day we responded helping walk that employee through the process of filling out that application.

On January 17, 2016 we received an application from the supplier but didn't have the exhibits attached to it.

Now, the significance of that is the majority of information asked for in the application is found on the exhibits. To give you an example, like you take Question 8, they'll say in Exhibit 8 please outline all your litigation, including the parties, the subject matter, the progress of the case, et cetera, et cetera. So an application without exhibits is not only partially incomplete but for the most part not a complete enough application for us to act on.

Because of the pending expiration that caused the Chairman then on January the 26th under the applicable rule to extend the supplier's license until March the 31st, 2017.

On March the 1st of 2017 we still had not received the completed application with the exhibits, and the Chairman then did a second extension of the supplier's license to April the 30th, 2017.

Finally, after numerous phone calls and e-mails we did receive a complete application on March 22nd, 2017, and the company was renewed at the Commission meeting on April the 26th, 2017.

The recommended fine for this case is $2,500.

CHAIRMAN KOHN: Ed, I had a question.

Even though they went through several renewals and didn't comply when they were supposed to comply, did they finally get the final completed application in within the extended period?

MR. GREWACH: Well, before their license expired they did. Now, the rule, of course, requires --

COMMISSIONER JAMISON: Only because we gave them extensions.

MR. GREWACH: Right.

COMMISSIONER JAMISON: They didn't get it in by February 28 when the original expiration date was.

MR. GREWACH: And they didn't get it in by November the 1st, which the rule says the 120-day time period.

COMMISSIONER JAMISON: Right.

MR. GREWACH: So they did get it in before it expired but not 120 days before it expired.

CHAIRMAN KOHN: Was it within the time period which we extended their right to file the application?

MR. GREWACH: We never extended their right to file -- well, I guess we extended their license.

COMMISSIONER LOMBARDO: Would it be accurate to say we gave them a grace period?

MR. GREWACH: Right.

And I guess --

COMMISSIONER JAMISON: Two.

MR. GREWACH: -- the distinction I wanted to make is that we extended the grace period for the expiration of their license.

As far as the rule, which I view as a separate matter, of it being due 120 days before that expiration, you know, that -- I don't think we formally extended that obligation. We extended their expiration date to facilitate them getting this to us.

You know, when you look at --

CHAIRMAN KOHN: Now you're hitting on my question. Was it within the expiration date that they filed or within the time that we allowed them to file by extending the expiration date? I'm confused as to what the extending did.

COMMISSIONER JAMISON: Well, they got their application -- finished application in on March 22nd, and their original license would have expired on February 28th. So they didn't even make their original expiration date by 22 days.

COMMISSIONER LOMBARDO: Right.

CHAIRMAN KOHN: But we extended it?

COMMISSIONER JAMISON: We extended their license for 60 days.

CHAIRMAN KOHN: I'm just wondering by extending the license we also -- by extending the expiration date I'm wondering if we also impliedly extended their time to file.

MR. GREWACH: Not in my view. As I look at that, those are two separate events, your expiration date and your obligation to file 120 days prior to those. So you have those two dates existing.

So November the 1st is a date in which -- a date by which their application has to be filed, and February 28th is the date in which it's going to expire.

So I guess in my view when I look at the extensions, all it did is extend that February 28th date out. It didn't extend the November 1st date forward.

CHAIRMAN KOHN: You think that was made clear?

MR. GREWACH: I know there was a lot of phone calls and e-mails made back and forth to them that they were late and that this was causing a problem.

I guess the other thing you look at, I mean, I really have to applaud our licensing staff to be able to complete a supplier renewal application in the course of basically a month. That's all they really had, from March 22nd to April 26th.

COMMISSIONER NEER: What's the year of their original license, the initial licensing?

MR. GREWACH: David Kessel, our licensing manager.

MR. KESSEL: Good morning, Mr. Chairman, Commissioners.

CHAIRMAN/COMMISSIONERS: Good morning.

MR. KESSEL: The original application was -- our license was issued April 1st of 2015.

CHAIRMAN KOHN: So it expired March 31 of '16?

MR. KESSEL: Correct.

Or '14. I'm sorry. It was originally issued in '14 and expired in '16.

CHAIRMAN KOHN: It's a two-year license?

MR. KESSEL: Correct.

CHAIRMAN KOHN: So it expired March 31 of '16?

MR. KESSEL: Yes.

COMMISSIONER NEER: This would be their second renewal application then?

MR. KESSEL: This would be their first renewal.

COMMISSIONER JAMISON: So it expired in '17. It expired in February of '17.

COMMISSIONER FINNEY: February 20th, 2017.

CHAIRMAN KOHN: We're getting a lot of dates here. Can you tell us exactly what the dates are?

MR. KESSEL: It was April 1st of -- or March 1st of '15. Then it expired February 28th of '17. Sorry.

CHAIRMAN KOHN: There is no April date?

MR. KESSEL: No.

COMMISSIONER FINNEY: The April date is the extension. Right?

MR. GREWACH: Correct.

The second extension the Chairman gave pursuant to the rule was to extend it to April.

COMMISSIONER FINNEY: So when the Chairman granted the extension, the first one was on January 26, 2017?

MR. GREWACH: Correct.

COMMISSIONER FINNEY: Okay. And then that extension extended the expiration of the license from February 28th to March 31st?

MR. GREWACH: That is correct.

COMMISSIONER FINNEY: And at that time they had not put their application in, the completed application?

MR. GREWACH: Correct.

COMMISSIONER FINNEY: So from the time of the extension to -- from the time of the date that extension was granted, January 26th, to the end of the license, March 31st, there is no way they could have been in compliance with 120 days?

MR. GREWACH: Correct.

COMMISSIONER FINNEY: Okay.

MR. GREWACH: Because even if you take their expiration date as being the end of April of '17, you still would have to go back 120 days under the rule.

You know, now we view it as that 120 days is from the original expiration date, but either way they did not get us a renewal application 120 days prior to their expiration. Even their extended expiration date they only gave it to us 30 days prior to that day.

CHAIRMAN KOHN: Ed, do you think they realize that they were getting in harm's way by not filing?

MR. GREWACH: I think it would be safe to say that was communicated to them several times during the course.

MR. KESSEL: Yes, it was.

CHAIRMAN KOHN: All right. Any other questions of Ed?

COMMISSIONER JAMISON: I get that this could be a dilemma for customers of theirs since they're a supplier. I guess I don't share the same feeling that they just get granted extensions because they're just lax in getting -- I mean, they were notified 14 days after the time that they should have got their application in and yet still didn't get it done in a timely fashion.

I understand the hardship on customers, but I don't understand that we bend over backwards if they're not making a good-faith effort. So I guess my thoughts would be I think 2,500 is a little light but --

COMMISSIONER LOMBARDO: I think it was 2,000, wasn't it?

CHAIRMAN KOHN: 2,500.

COMMISSIONER LOMBARDO: Ed, how frequent of an occurrence is this? How often do you see this with suppliers?

MR. GREWACH: You know, I think this is probably the fourth case we've seen, and I think the similar cases are posted, you know, with your packet.

It happens with suppliers. It's not a problem we really have with the Class A or Class B licensees. They have a separate rule, 180 days, but we're in more constant contact with them.

The difficulty with suppliers, many of them are licensed in -- the biggest one is maybe 250 different jurisdictions they're licensed in, so they have to have sort of a spreadsheet of when everything is due.

Now, we have implemented since this occurred and since the discussion took place at the last Commission meeting on this issue, that 150 days before a supplier's license is due we send them an e-mail reminding them of their upcoming due date. So going forward we'll know whether or not that alleviates this occurring.

So it doesn't happen a lot but enough that when it does happen, again, it does put us in that uncomfortable situation, because we really with all of the licensees that we have to investigate and then throughout transitions like you'll see later in the agenda with the Caesars reorganization, you know, we have deadlines we're constantly looking at, and with the limited resources we have, to all of a sudden to have to do a complete supplier investigation in 30 days, it does put us in a very difficult situation.

COMMISSIONER LOMBARDO: Ed, if they had

gotten it done during the first extension let's say as opposed to the second or third, what would your recommendation have been?

MR. GREWACH: Mine personally still would have been to fine them.

I think it's a situation where it does -- a late application does create that problem. Now, if the application is 14 days late or 20 days late, I would probably -- me personally. I'm not speaking for the Executive Director, Deputy Director or the rest of the staff -- but me personally, I just think you have this rule. Late filings causes this problem, the behavior modification.

And that's the reason we fine people is to, you know, say, okay. If you're late, here you go. You're going to pay this, pay this fine, and that's my view.

I guess case by case as you look at, you know, the staff, I think it depends on so many different factors, one of which primary in my mind is how late was it.

COMMISSIONER LOMBARDO: So there might be some grace period but in your opinion they blew way past it?

MR. GREWACH: You know, once they got to the second extension and, again, they filed 30 days prior to their -- to their second extended expiration date, I think they were well past it in this particular case.

COMMISSIONER FINNEY: Ed, how did you come up with the figure on this one, the 2,500?

MR. GREWACH: Just looking at similar cases and as a ballpark.

The other thing I guess to consider in this company, it's a relatively small company, a relatively small presence in Missouri, and as I think pointed out in the questioning to Mr. Kessel, you know, relatively new to the Missouri process. It's just the first renewal application. All that came into effect as we reviewed the recommendation for the fine.

CHAIRMAN KOHN: Any other questions?

If not, is there a motion with regard to Disciplinary Action 17-120?

COMMISSIONER LOMBARDO: Motion to approve.

COMMISSIONER JAMISON: Second.

CHAIRMAN KOHN: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approve.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted DC-17-120.

MR. GREWACH: Thank you.

CHAIRMAN KOHN: Thank you, Ed.

Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: Mr. Chairman, the next order of business is Consideration of Omnibus Petition for Approval of Transfer of Interest and Change in Control, and I will just introduce Mr. Tim Donovan, Vice President, who will make any introductions or presentation.

MR. DONOVAN: Good morning, Chairman Kohn, Commissioners, Executive Director. Pleased to be here today. As we all know, it's been a long and winding road to get here, and very pleased to be here on this Omnibus Petition.

I am the Executive Vice President, General Counsel and Chief Regulatory and Compliance Officer for Caesars Entertainment and its various affiliated companies, one of whom is a Class B licensee, Harrah's North Kansas City, LLC.

I'm here today along with quite a few other people to present information that will hopefully assist you in your consideration of the Omnibus Petition.

The underlying transactions that form the basis of the Omnibus Petition are connected to Caesars Entertainment Operating Company, Inc., and I'll refer to that sometimes as CEOC -- it's a bit easier -- their proposed plan of reorganization by which it will emerge its subsidiaries. It will emerge from bankruptcy.

Having worked with your investigative team for many months, going through the details of this plan, I can assure you that from a corporate transaction standpoint it is as complex as any of us ever will probably see again, and I hopefully say that personally that we'll never see something as complex again, many moving parts, and it's been worked on for months and months and months, as well as obviously the negotiations leading up to the plan that was ultimately confirmed.

Luckily for our purposes in Missouri there are only two main regulatory approvals required, along with a number of entity and individual licensees, to allow the plan to proceed as per the plan confirmed by the bankruptcy court in Chicago.

Those two approvals are described in the Omnibus Petition, and relate to, one, the transfer of the real estate of Harrah's North Kansas City, LLC to VICI Properties, a Real Estate Investment Trust that has been formed as part of the plan of reorganization, and two, the merger of the direct parent company of Harrah's North Kansas City, LLC with and into a new parent company, CEOC, LLC.

We truly appreciate all of your staff's hard work on this complicated matter and your consideration of it as well. We are seeking approval of the Omnibus Petition today and have brought a number of key Caesars management and other interested parties to ensure that any questions that you may have can be addressed, and I'd like now to introduce those various individuals to you.

Of course, myself, Tim Donovan; Eric Hession, here I'm joined, our Chief Financial Officer, to the right; Sue Carletta, Deputy Regulatory Counsel; Steve Pesner from the law firm of Akin Gump, outside counsel to Caesars.

Also not listed here, I'd also like to introduce Mr. Paul Aronzon from Milbank Tweed. Paul is our primary bankruptcy lawyer for Caesars. Also here is Rob Cantwell, who I think you're probably very familiar with, Missouri counsel.

Where are you, Rob?

MR. CANTWELL: Right behind you.

MR. DONOVAN: I'm sorry.

And then VICI Properties, Inc. we have Mr. Ed Pitoniak. VICI Properties again is the Real Estate Investment Trust. He's Chief Executive Officer and Board member of VICI Properties.

John Payne, who is not listed here but is in the audience, who is the Chief Operating Officer and President of the newly formed REIT.

Eric Hausler who is on the Board of Directors of VICI Properties, and Rob Kim who is with outside counsel at Ballard Spahr. It's a long list of people, but I assure you it's a much shorter list than all of the various people and lawyers that worked on this plan of reorganization.

So as I mentioned, it's been a long and winding road beginning more than two years ago, beginning with the bankruptcy filing of CEOC and its subsidiaries on January 15th in the Northern District of Illinois.

After approximately 18 months of negotiations, and I assure you they were very, very intense negotiations, a lot of people involved, a lot of moving parts to get to a plan that was agreed to back, you know, nearly over -- well, over a year ago.

The agreement was reached with approximately $16.5 billion of the holders of our outstanding indebtedness, and they represented approximately 80 percent of the dollar amount of the creditors involved in the bankruptcy of CEOC and its subsidiaries.

The plan was confirmed earlier this year in January '17, and we have been working since that time to finalize the myriad of documents and other terms, financing, all of the things related to the plan of reorganization in order to implement.

We have received regulatory approvals in every state, and we have saved the best for last, the state of Missouri. So again, very pleased to be here both on behalf of Caesars Entertainment and personally, quite frankly, because this has been a long and arduous road for all of us involved.

Key components of the confirmed plan. First and foremost it will there be the merger of Caesars Acquisition Company, which I'll sometimes refer to, or Eric may refer to, as CAC, back into CEC. Caesars Acquisition Company after that merger will cease to exist, and the remaining survivor of that merger will be Caesars Entertainment Corporation.

The approvals for that merger were obtained sometime back this year. It was a very -- I don't know -- well over 90 percent of the vote was in favor of the merger.

As part of the merger, the existing stockholders of CAC will receive approximately 27 percent of the resultant equity interest in CEC. Apollo and TPG, the existing stock that they hold in CEC will be contributed to the creditors as part of the consideration called for under the plan of reorganization to settle the bankruptcy disputes.

And based solely on Apollo's and TPG's existing holdings in CAC, each of them will hold approximately 7 percent of the outstanding equity of CEC immediately following the merger. Their co-investors will hold another 7 percent. So altogether roughly 21, 22 percent of the outstanding resultant equity following the merger.

CEOC will as part of the plan of reorganization, as I mentioned, create a Real Estate Investment Trust. It will hold after closing most of CEOC's estate assets, those assets being those held in the United States, domestic assets, and will just be a landlord leasing those properties to Caesars and its entities following the merger, and those operations will continue to be operated as they have been by the various operating entities running those facilities.

CEC will also issue new convertible notes to CEOC creditors in approximately $1.2 billion, $1.1 billion at an interest rate of 5 percent, and they are convertible at their election into 18.6 percent of CEC stock on a fully diluted basis.

Also as part of the plan of reorganization CEC will have a brand new Board of Directors. That Board of Directors will consist of eleven individuals, eight of whom by the terms of the plan of reorganization must be independent, independent under the NASDAQ rules. And CEC is a listed company under NASDAQ rules. And then CEOC is restructured by merger into CEOC, LLC.

Many of the subsidiaries are converting from a regular Subchapter C corporation to an LLC corporation for tax purposes, to get the flow through of the dividends, et cetera, on a tax-free basis. And, in essence, that ultimately is what the REIT is as well. It is a flow-through entity.

So this is the final structure you'll see at a high level where you have -- and this is the REIT Final Structure, where you have REIT, which is VICI Properties. You'll have various first lien noteholders owning the stock of the REIT, and then it will in turn -- the REIT will in turn have a wholly owned subsidiary and several wholly owned subsidiaries that ultimately own all of the real estate assets that CEOC owned domestically prior to the restructuring.

And on the bottom hand right you'll see where New Harrah's North Kansas City, LLC resides in that organizational structure.

This is how Caesars Entertainment will look again at a high level, where the stockholders will be. As I mentioned before, Apollo and TPG and its co-invest will own approximately 22 percent. The employees will continue to own their interest, 6 percent, 5 percent investors into the operating company. And then the CEOC, LLC, of course, will continue to own wholly the Harrah's North Kansas City, LLC.

So for purposes of Missouri and the Class B licensee we'll have two changes in control, the transfer of the real estate of Harrah's North Kansas City, LLC to the REIT, the merger of the CEOC entity into a new CEOC, LLC. There will be virtually no impact on Harrah's North Kansas City, LLC, virtually no changes in personnel.

And frankly when we filed more than two years ago we were telling our vendors, telling our customers, telling our employees, telling our regulators that they would see no change in operations at the operational level in any of our properties. That remained true.

In fact, the company has continued after post bankruptcy to operate very well. Performance has been very good. It was virtually seamless on the filing of bankruptcy, post bankruptcy, and now with this transition to emerge from bankruptcy, again, it will be virtually seamless and frankly nonvisible to our customers, our employees, our managers and our vendors. Everything will continue as it did before the bankruptcy, during the bankruptcy and again after the bankruptcy.

CHAIRMAN KOHN: Can I ask you a question?

When you started this last part of your presentation regarding the Missouri property, you said there would be virtually no changes. Could you dig into that a little bit?

MR. DONOVAN: The same people that operate it today and operated it before bankruptcy. The same management will all stay the same. There will be no visible change at the operational level. The only thing that is happening is the actual real estate. So the brick and mortar will be transferred to a subsidiary of the Real Estate Investment Trust.

But nothing else other than that change from an ownership interest in the real estate to a leasehold interest in the real estate changes.

CHAIRMAN KOHN: So the employees or customers of the casinos will not notice anything?

MR. DONOVAN: No. No change at all. And again, as I said, that was true even when we filed back over two years ago. There was really no impact that was seen or visible to customers and to employees at any of our properties, including here in Missouri.

CHAIRMAN KOHN: Okay. Thank you.

MR. DONOVAN: I think with that I'll turn it over to Mr. Hession, and he'll take you through the economics and financial implications of the plan of reorganization.

MR. HESSION: Thanks, Tim.

Chairman, Commissioners, thanks for allowing us to be here today.

What I wanted to do was at a high level walk you through the financial impact that this restructure will have on our balance sheet.

As you're well aware, prior to filing bankruptcy we had too much debt relative to the amount of cash that we were generating, and it caused us to have to reorganize. When we're coming out of this restructuring, we'll have a dramatically improved balance sheet, we'll have significant cash flow generation and significantly reduced amounts of debt.

On the upper left-hand chart you can see the debt levels. Prior to entering restructuring we had about $23.5 billion worth of debt. Post structuring we'll have $8.5 billion of traditional debt.

On top of that we think it's appropriate to reflect the lease payments as an obligation, and so if you capitalize the lease payments at eight times the amount of lease payment, which is traditionally the way that the rating agencies and other investors look at it, it creates a present value liability of about 5 billion, and we've shown that in the white bar here.

And then in addition we have the convertible notes that Mr. Donovan referenced earlier. Those are likely going to be converted into equity. However, to be thorough and to show the absolute potential risk, if they're not converted into equity, they could ultimately have to be paid off, and so we reflected those in the gray bar as debt.

If you add all of those together, you'd get $14.6 billion of cumulative liabilities and that would compare very favorable against the 23.5 billion that we had entering the restructure.

From a leverage perspective we entered at

14 times levered. And again you can see here that adding the lease and the convert and the traditional debt we're levered at 5.7 times. That's right in the range of our gaming peers.

From my perspective and that of Mark Frissora, our CEO, we've communicated that we'd like to reduce the leverage by another term over the next term three to four years. So pulling that down even further through repayments of the debt, investing in the properties and also the cash flow generation that we're going to receive through the entities as our EBIDA improves.

You can see that without the convert, which, again, I think is likely to be converted into equity, our leverage is 5.3 times, and so we've guided that we'd like to get our leverage to around four and a half, in the middle of the fours, using that metric.

From a fixed charge perspective, you can see entering the restructuring we were paying approximately $2.6 billion a year in interest-related expenses. Emerging from the restructuring that will be significantly lower.

Again, we think it's appropriate here to include both the interest that we're paying to the various lenders but also to include the lease payment, because that's technically an obligation that the entity has, and so not including that would not be apples to apples. And you can see we're reducing that to $1.277 billion.

The one thing I would point out is that we're currently in the market refinancing some of our legacy debt, and that will reduce our interest expense by approximately another 150 million. So this 1.277 should drop down to more like 1.1 billion and have further a reduction in terms of our interest expense when we close that transaction.

From a CEOC perspective we originally entered with $18.4 billion worth of debt. We'll be coming out with a single term loan of 1.235 billion. That price varied favorably at LIBOR plus 250 basis points. And we'll have annual rent payment of $640 million split into three trunches outlined here, but in aggregate the payments are 640 million per year.

We'll provide a guarantee, our parent will, on the lease payments. And effectively our cost of capital that was around 10.4 percent prerestructuring, not only is the aggregate amount of debt falling significantly but the cost of that debt fell dramatically as well, and that's where we're into the three and a half to four and a half percent range. So a drop in both the amount of debt and the interest rate percentage that we're paying.

CHAIRMAN KOHN: So there's a new lease for the Missouri property?

MR. HESSION: The Missouri property is included in the lease for the $465 million, excluding Caesars Palace. It's not an explicit amount per property. It's an aggregate for all of the non-Caesars Palace properties.

So there is no specific amount allocated to the specific Missouri property or any other property in that but it's an aggregate amount that has to be paid by the parent entity.

CHAIRMAN KOHN: So is there -- maybe this is not possible, but is there an impact on the Missouri property if there's a default in paying on any other property, lease payments on any other property?

MR. HESSION: So the payment is effectively guaranteed by the parent and aggregate, so it's not an individual property matter.

So one way to think about it is if there is a property in let's say another jurisdiction that has financial challenges, that should not have an impact on the Missouri property other than the fact that it could make the entire entity weaker. However, the entire entity for all of the properties is what is obligated to make the payments.

CHAIRMAN KOHN: So who is the landlord for the Missouri property?

MR. HESSION: The landlord would be the REIT. So we would be making a --

CHAIRMAN KOHN: And a default by any other property under the REIT would --

COMMISSIONER JAMISON: But it's not individual payments by any of the properties. It's one payment for all of the properties. So there isn't like an individual default per property.

MR. HESSION: That's exactly right. You'd either make your $465 million payment or not, and we have sufficient coverage in terms of the cash flow that is generated by those entities to confidently make that payment.

But in any individual property, their performance doesn't matter in terms of having cross defaults or being able to impact Missouri properties. It's only the ability to make the entire payment itself.

COMMISSIONER LOMBARDO: How many properties are there under what I'll call the blanket lease?

MR. HESSION: It's around -- I believe around 25.

COMMISSIONER LOMBARDO: Okay.

CHAIRMAN KOHN: So just to make sure that we're all saying the same thing, a default or a failure to operate successfully of any one of the 25 properties will not impact the Missouri property?

MR. HESSION: So a failure on any individual property couldn't create a default. A failure to have a profitable property would not create any default unless the aggregate of all of the properties' performance fell in such a considerable way that it made it impossible to make the ultimate payment. And even then the parent, Caesars, guarantees the lease payment.

So even if all of the aggregate values and cash generation by the property becomes insufficient to make the lease payment, the parent, which still owns a number of assets outside of the Opco, is obligated to make those payments on their behalf. So then that still wouldn't impact the Missouri property.

It would only be if the entire Caesars enterprise, which includes both the Opco and the wholly owned ten properties, would in aggregate fail to be able to make the lease payment, then you'd have a default under the lease.

CHAIRMAN KOHN: What is the net worth of the guarantor?

MR. HESSION: So we'll have approximately 860 million shares when we emerge, and we're trading at around $12.50 today. So our equity value will be approximately $10 billion post emergence.

CHAIRMAN KOHN: Thank you.

COMMISSIONER FINNEY: How long is the lease for?

MR. HESSION: The lease is a -- let's see. It's a 35-year lease. I believe it's 25 years with two five-year extensions I believe. Yes, 35 total.

COMMISSIONER LOMBARDO: Do the lease payments escalate over time?

MR. HESSION: They do.

COMMISSIONER LOMBARDO: How is that calculated?

MR. HESSION: There are two different ways. The Caesars Palace lease escalates almost immediately starting in year two. The remainder of the properties, where the Missouri property is located, have a grace period where they don't escalate for six years and then there is an escalator, and it's based on effectively a CPI and performance-based approach. That is then reset every five years after that.

So it's actually a big benefit to the CEOC entity to not have an increasing lease for a period of time. Most of the other leases that you've seen with Penn and Pinnacle and the others do escalate immediately when the lease is put in place.

I also wanted to take the opportunity to just talk a little bit about where we see the future of Caesars going and where we believe that the industry is heading and where we're planning to invest.

One of the areas that we've been challenged in during the restructuring is that we haven't been able to necessarily pursue all of the growth opportunities and all of the investment areas that we had hoped to, so I wanted to talk a little bit about that.

We continue to be very proud of our loyalty program. We now have 50 million members in the Total Rewards loyalty program, and we think it's very much a differentiator in terms of our ability to continue to drive incremental gaming revenues and reinvest in the properties.

We're investing heavily into different aspects of the Total Rewards program, including the application that we have, the Total Rewards ap, where we had a million downloads.

What the objective is is to take the application and really integrate it into the customers' experience, so that when they walk on the casino floor, they'll be able to use the application to further enhance their gaming.

One of the challenges that I'm sure you're aware of, and we are as an industry, is that we need to continue to stay relevant and provide a product to our customers that makes them want to continue to visit the casino and experience what we have to offer.

To do that we believe we need to continue to invest in technology and making the experience fun, making it exciting and making it appealing to all of the age demographics that we're trying to come visit our properties.

We believe from a Las Vegas perspective we have a great presence. We are generating about 50 percent of our profits from Las Vegas at this point. That's a big benefit from the network effect, which customers in Missouri will gamble and in other states and be able to get rewards when they go visit Las Vegas. It helps both the local properties, as well as the destination resorts.

And then from a network expansion opportunity we continue to believe that expanding the Total Rewards program to bring it into new markets, to allow customers to be able to utilize it and visit cross properties is really a strategic advantage that we can use to further the development of the company, and we can do that through M&A or through other opportunities that we haven't been able to pursue.

And then finally from a management execution perspective, as Tim has mentioned, one of the things we're very proud of is during this restructuring, despite having constraints on our ability to operate in certain ways and certain restrictions placed on our resources, our employee surveys are at the all-time highs, as are our customer surveys.

So our employee opinion surveys and our customer surveys are at all-time highs, and we continue to focus making sure that our businesses at the property level are run to the excellent caliber that we expect. And that's been a great accomplishment for us to do over throughout this restructuring.

And if you look at our turnover stats, you look at other positions like that, they've been very positive, and it shows that we've been successful at decoupling the actual operations from the stresses associated with the bankruptcy.

From a gaming standpoint, one of the areas that we talked about investing heavily in is what we're calling the casino of the future. I mentioned the ap briefly. But we're trying to take technology and be able to integrate it into the casino floor, so that when you walk in, you'll be able to find your friends. You'll be able to interact with your friends through this application. You'll be able to have challenges against your friends while you're on the gaming floor participating in the gaming product.

And we think that is something that is going to be appealing to the younger generation as they come into the gaming space with respect to the millennials and how they've grown up with these enabled technologies.

So we're very excited about that. We're going to be piloting that and rolling it out, but we're investing considerable resources at the corporate level that will then be able to be deployed across the entire company.

So with that I'll pause and again thank everybody for the time that the staff and everyone has had in reviewing this very complex transaction.

We as a management team are very excited about the future of Caesars. We're excited to be able to have a greatly improved capital structure that is generating a significant amount of cash. We'll exit with a significant cash balance and be able to move the company forward.

Thank you.

CHAIRMAN KOHN: Does that conclude your presentation?

MR. HESSION: That does conclude the presentation.

CHAIRMAN KOHN: Okay. So we're not going to hear 20 minutes from each of your 34 lawyers you brought with you?

COMMISSIONER LOMBARDO: Do you want that?

CHAIRMAN KOHN: Mr. Seibert, does staff have a recommendation?

EXECUTIVE DIRECTOR SEIBERT: Yes, Mr. Chairman. Staff does recommend approval.

CHAIRMAN KOHN: Okay. Any questions of any of the senior representatives?

COMMISSIONER LOMBARDO: I'd like to comment that I think you and your team have done an excellent job of restructuring the debt.

MR. HESSION: Thank you very much.

From a capital structure perspective our cost to capital is so much lower than it was before the restructuring. I agree with you. I think we're in great shape going forward.

CHAIRMAN KOHN: Any other questions or comments?

Is there a motion to approve Resolution 17-049?

COMMISSIONER JAMISON: So moved.

COMMISSIONER LOMBARDO: Second.

CHAIRMAN KOHN: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approve.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted Resolution No. 17-049.

CHAIRMAN KOHN: Thank you.

And Mr. Donovan and your team, thank you very much for an excellent presentation.

MR. HESSION: Thank you.

MR. DONOVAN: Thank you, Mr. Chairman.

EXECUTIVE DIRECTOR SEIBERT: The next order of business is Consideration of Licensure for Key

Business Entities, and Sergeant Jason McTheeney will present.

CHAIRMAN KOHN: Sergeant McTheeney.

SERGEANT MCTHEENEY: Good morning, Chairman and Commissioners.

CHAIRMAN/COMMISSIONERS: Good morning.

SERGEANT MCTHEENEY: On January 15, 2015 Caesars Entertainment Operating Company, Inc. entered Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the Northern District of Illinois.

On January 17, 2017 the aforementioned court confirmed the reorganization plan of Caesars Entertainment Operating Company, Inc. to form a Real Estate Investment Trust as a viable option to emerge from bankruptcy following regulatory approvals.

In order to facilitate the reorganization plan and emergence from bankruptcy as a Real Estate Investment Trust, several new companies were formed. Three companies were identified by the Missouri Gaming Commission as key business entities. Those companies are VICI Properties, Inc., CEOC, LLC and non-CLV Manager, LLC.

Missouri State Highway Patrol background investigators, working in conjunction with Missouri Gaming Commission financial investigators, conducted investigations into the suitability of the three aforementioned companies to be key business entities.

The investigations included but were not limited to criminal, financial and general character inquiries of associated key personnel, as well as contact with State and Federal agencies which will have regulatory authority over the associated entities.

The findings of these investigations were provided to the Missouri Gaming Commission staff for their review and you possess the summary report. Investigators are available to entertain any questions you may have at this time.

Thank you.

CHAIRMAN KOHN: Any questions of Sergeant McTheeney?

COMMISSIONER JAMISON: Just a curiosity question.

The vacant land that they own in Missouri, is that associated with Harrah's or is that in another location?

SERGEANT MCTHEENEY: No. I believe it's with Harrah's. It's with Harrah's, is it not?

MR. PAYNE: John Payne.

The piece of land is near the old Harrah's St. Louis property in Maryland Heights.

SERGEANT MCTHEENEY: So the property they sold in St. Louis, they still own a parcel of land over there.

COMMISSIONER JAMISON: Okay. I was just curious.

CHAIRMAN KOHN: Any other questions?

If not, is there a motion with respect to Resolution No. 17-050?

COMMISSIONER JAMISON: So moved.

COMMISSIONER NEER: Second.

CHAIRMAN KOHN: Discussion on the motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approve.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

MS. FRANKS: By your vote you've adopted No. 17-050.

CHAIRMAN KOHN: Sergeant McTheeney, you're still up.

SERGEANT MCTHEENEY: Yes, sir.

Missouri State Highway Patrol investigators, along with Missouri Gaming Commission financial investigators, conducted comprehensive background investigations on multiple key applicants.

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

The following applicants are being presented for your consideration: James Robert Abrahamson, VICI Properties, Inc., Director; Eugene Irwin Davis, VICI Properties, Inc., Director; Eric Littmann Hausler, VICI Properties, Incorporated, Director; Craig Macnab, VICI Properties, Incorporated, Director; and Edward Baltazar Pitoniak, VICI Properties, Inc., as Director.

And that should be changed. He's actually the CEO, the last one.

CHAIRMAN KOHN: I just missed what you said. What was the last statement you made?

SERGEANT MCTHEENEY: The last person, Edward Baltazar Pitoniak, VICI Properties, Inc., is the CEO.

CHAIRMAN KOHN: And the Director?

SERGEANT MCTHEENEY: Just CEO. No. Both.

So he is both. Excuse me. He's the Chairman, which was left off of this paper, and the Director.

The results of these inves--

CHAIRMAN KOHN: I'm sorry. Is he Chairman, CEO and Director?

MR. PITONIAK: No. I, Ed Pitoniak, will be CEO and a Board Director, and our Chairman will be James Abrahamson.

CHAIRMAN KOHN: Okay.

SERGEANT MCTHEENEY: The results of these investigations were provided to MGC staff for their review and you have all of the related summary reports.

Thank you.

CHAIRMAN KOHN: Mr. Seibert.

EXECUTIVE DIRECTOR SEIBERT: Staff does recommend approval on all.

COMMISSIONER JAMISON: Do we have to reword that based on their report and what the actual role is?

EXECUTIVE DIRECTOR SEIBERT: We should make a correction to the title.

COMMISSIONER JAMISON: In the resolution?

MR. GREWACH: We can make that amendment change to the exhibit attached to the resolution.

CHAIRMAN KOHN: So the exhibit is correct?

COMMISSIONER JAMISON: The exhibit shows

Director all of the way through.

CHAIRMAN KOHN: You're going to amend the exhibit?

COMMISSIONER JAMISON: We need to make a motion with an amendment to the exhibit.

CHAIRMAN KOHN: Go ahead.

COMMISSIONER JAMISON: I'll move for the approval of Resolution 17-051 with an amendment to the exhibit to show that Edward Pitoniak is also the CEO in addition to being a Director.

SERGEANT MCTHEENEY: Correct.

CHAIRMAN KOHN: Unless you'd rather have him removed as CEO. That way we wouldn't have to correct our exhibit.

MR. PITONIAK: Not yet.

CHAIRMAN KOHN: Is there a second to the motion?

COMMISSIONER FINNEY: I second the motion.

CHAIRMAN KOHN: Any discussion of the motion?

Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approve.
MS. FRANKS: Commissioner Jamison.
MR. JAMISON: Approve.
MS. FRANKS: Chairman Kohn.
CHAIRMAN KOHN: Approve.
MS. FRANKS: By your vote you've adopted Resolution No. 17-051 as amended.
CHAIRMAN KOHN: Thank you.
Mr. Seibert, anything else?
EXECUTIVE DIRECTOR SEIBERT: That concludes our business here.
CHAIRMAN KOHN: Let me just make an announcement.
At some future meeting -- and I'm not sure whether it will be the next one or two meetings from now -- we'll take up a discussion of the DAP rule as it relates to those people on the list who are also employees of the casino. Not saying that there will be a change but it hasn't been looked at since the year 2000, and so we are going to take a look at it and have a discussion among the Commissioners and the staff.
With that we will go into closed session and come back out for an open session to adjourn the meeting and report out anything from the closed session.
Vice Chairman Jamison.

COMMISSIONER JAMISON: I move for a closed meeting under Sections 313.847 and 313.945, Revised Missouri Statutes, investigatory, proprietary and application records, and 610.021, Subparagraph 1, Revised Missouri Statutes, legal actions, Subparagraph 3 and Subparagraph 13, personnel, and Subparagraph 14, records protected from disclosure by law.

CHAIRMAN KOHN: Is there a second?

COMMISSIONER LOMBARDO: Second.

CHAIRMAN KOHN: Angie.

MS. FRANKS: Commissioner Lombardo.

COMMISSIONER LOMBARDO: Approve.

MS. FRANKS: Commissioner Finney.

COMMISSIONER FINNEY: Approve.

MS. FRANKS: Commissioner Neer.

COMMISSIONER NEER: Approve.

MS. FRANKS: Commissioner Jamison.

COMMISSIONER JAMISON: Approve.

MS. FRANKS: Chairman Kohn.

CHAIRMAN KOHN: Approve.

So we will go into closed session.

Thank you all for coming and thanks for all of the Caesars representatives for their presentation.

WHEREIN, the meeting concluded at 11:12 a.m.

CERTIFICATE OF REPORTER

I, Patricia A. Stewart, CCR, a Certified Court Reporter in the State of Missouri, do hereby certify that the testimony taken in the foregoing transcript 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 transcript 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.

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Patricia A. Stewart
CCR 401

MISSOURI GAMING COMMISSION
Second Open Session Minutes
September 27, 2017

The Missouri Gaming Commission (the “Commission”) went back into open session at approximately 11:40 a.m. on September 27, 2017, at the Missouri Gaming Commission’s Jefferson City office.

Commissioner Jamison moved to adjourn the open session. Commissioner Neer seconded the motion. After a roll call vote was taken, Lombardo – yes, Finney – yes, Neer – yes, Jamison – yes, and Kohn – yes, the motion was unanimously approved.

The meeting ended at 11:41 a.m.