

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-18-008
PNK (River City), LLC)

PRELIMINARY ORDER FOR DISCIPLINARY ACTION

Comes now the Missouri Gaming Commission acting in its official capacity pursuant to 11 CSR 45-13.050, and states as follows:

1. The Missouri Gaming Commission (the “Commission” or “MGC”) is a state commission created under Chapter 313, RSMo 2000,¹ with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri.
2. The Commission issued Pinnacle Entertainment, Inc., a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. The Commission issued a Class B riverboat gambling license to PNK (River City), LLC, (the “Company”) to conduct games on and operate the excursion gambling boat known as *River City Casino* (the “Casino”).
4. As the holder of a Class B license, PNK (River City), LLC, is subject to the provisions of §§ 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS²

5. The MGC completed a compliance audit for the period of June 1, 2014, through March 31, 2016, and issued MGC Audit Report No. 16-19 to the Casino on August 8, 2016.
6. A follow-up was conducted in January 2017 by MGC auditors to determine if the audit findings from that audit report had been corrected.
7. The follow-up audit found that the following significant finding had not been implemented:
 - a. Audit Report 16-19, finding B-4, revealed that Slot Wallet #7, an imprest bank, had not been counted for 340 days.
 - i. The Management Response indicated that slot supervisors would audit wallets daily; and

¹ All statutory references are to RSMo 2000, unless otherwise specified.

² GIR 20170621005

- ii. The auditors followed up on finding B-4 and found that Slot Wallet #1, another imprest bank, had not been counted for 118 days.
 - a) A review of Slot Wallet Count Sheets for November 28, 2016, through December 4, 2016, found that there was not a Slot Wallet Count Sheet for Slot Wallet #1. On January 4, 2017, Slot Wallet #1 was verified and the count sheet was dated January 3, 2017. A review of the cage paperwork revealed that the last count sheet before the count on January 3, 2017, had occurred on September 6, 2016.
 - b) A review of the Audit Key Transactions Report from September 6, 2016 through January 3, 2017, revealed that the key to Slot Wallet #1 had been checked out numerous times during this period, but the key was returned within a short time period. On two occasions the key was signed out for a longer time period; however, a review of cage paperwork revealed no Slot Wallet Count Sheets were filled out on those dates.

LAW

- 8. Under § 313.805(6), RSMo, the Commission may assess any appropriate administrative penalty against a licensee, including, but not limited to, suspension, revocation, or penalties in an amount determined by the Commission.
- 9. Section 313.812.14, RSMo, states, in pertinent part, as follows:

A holder of any license shall be subject to imposition of penalties, suspension or revocation of such license, or if the person is an applicant for licensure, the denial of the application, for any act or failure to act by himself or his agents or employees, that is injurious to the public health, safety, morals, good order and general welfare of the people of the state of Missouri, or that would discredit or tend to discredit the Missouri gaming industry or the state of Missouri unless the licensee proves by clear and convincing evidence that it is not guilty of such action. The commission shall take appropriate action against any licensee who violates the law or the rules and regulations of the commission. Without limiting other provisions of this subsection, the following acts or omissions may be grounds for such discipline.

- (1) Failing to comply with or make provision for compliance with sections 313.800 to 313.850, the rules and regulations of the commission or any federal, state or local law or regulations;
- (2) Failing to comply with any rule, order or ruling of the commission or its agents pertaining to gaming[.]

10. Title 11 CSR 45-9.060 states, in pertinent part, as follows:

(3) Violations of the minimum internal control standards [(“MICS”)] by a Class A or Class B licensee or an agent or employee of a Class A or Class B licensee are deemed to be unsuitable conduct for which the Class A or Class B licensee and/or its agent or employee is subject to administrative penalty pursuant to section 313.805(6), RSMo and 11 CSR 45-1 et seq., as amended from time-to-time. Any agent or employee of a Class A or Class B licensee that is involved in a violation of the minimum internal control standards may be subject to fine, discipline, or license revocation.

(4) Violations of the Class B licensee’s internal control system [(“ICS”)] by the Class A or Class B licensee or an agent or employee of the Class A or Class B licensee shall be *prima facie* evidence of unsuitable conduct for which the Class A or Class B licensee and/or its agents or employees may be subject to discipline pursuant to section 313.805(6), RSMo and 11 CSR 45-1 et seq., as amended from time-to-time.

11. Both the Commission’s MICS and the Casino’s ICS, Chapter H, § 3.10, state as follows:

If an imprest bank has not been opened for use, a Main Bank Cashier or Supervisor of the respective department shall count and verify the bank and complete a count sheet at least once every seven days. The count sheet shall have “verification only” on it. If any imprest banks, other than table banks and slot wallets, are maintained outside of the cage on the gaming floor, those banks shall be counted and verified at least once a gaming day.

VIOLATIONS

12. The acts or omissions of employees or agents of the Company, as described above, constitute a failure of the Company to correct a significant audit finding, thereby violating MICS, Chapter H, § 3.10, and the Casino’s ICS, Chapter H, § 3.10.

13. The Company is therefore subject to discipline for such violations pursuant to §§ 313.805(6) and 313.812.14 (1) and (2), RSMo, and 11 CSR 45-9.060(3) and (4).

PENALTY PROPOSED

14. Under § 313.805(6), RSMo, the Commission has the power to assess any appropriate administrative penalty against the Company as the holder of a Class B license.

15. THEREFORE, it is proposed that the Commission fine PNK (River City), LLC, the amount of \$2,500 for the violations set forth herein.

Herbert M. Kohn
Chairman
Missouri Gaming Commission

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he caused a true and correct copy of the foregoing to be mailed, postage prepaid, this 1st day of March, 2018, to:

Chris Plant
General Manager
River City Casino
7774 River City Casino Blvd.
St. Louis, MO 63125

Herbert M. Kohn
Chairman
Missouri Gaming Commission