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BEFORE THE MISSOURI GAMING COMMISSION

STATE OF MISSOURI

Meeting
February 28, 2018
10:00 a.m.
Central Office
3417 Knipp Drive
Jefferson City, Missouri

(Meeting start time: 10:00 a.m.)

	AGENDA	
		Page
1		
2		
3	I. Call to Order	4
4	II. Consideration of Minutes	4
5	A. January 10, 2018	
6	III. Consideration of Relicensure of	5
7	Class A & B Licensees	
8	IV. Consideration of Licensure of Fantasy	33
9	Sports Operators	
10	* Motion to Close Meeting Under Sections	58
11	313.945, RSMO, Investigatory, Proprietary	
12	and Application Records, and 610.021(14)	
13	RSMO, Records Protected from Disclosure	
14	by Law.	
15	V. Consideration of Disciplinary Actions	62
16	VI. Consideration of Rules & Regulations	74
17	VII. Consideration of Placement on List	79
18	of Excluded Persons	
19	VIII. Consideration of Bingo Settlement Agreement	84
20	IX. Consideration of Licensure of Level I and	92
21	Key Applicants	
22	XI. Motion for Closed Meeting under Sections	95
23	313.847 and 313.945, RSMO, Investigatory,	
24	Proprietary and Application Records and	
25	610.021(1) RSMO, Legal Actions (3) & (13)	
	Personnel and (14) Records Protected from	
	Disclosure by Law	

1 BEFORE THE MISSOURI GAMING COMMISSION

2 STATE OF MISSOURI

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5 Meeting
6 February 28, 2018
7 10:00 a.m.
8 Central Office
9 3417 Knipp Drive
10 Jefferson City, Missouri

9

10 COMMISSIONERS PRESENT: Daniel P. Finney, III
11 Brian Jamison
12 Herbert M. Kohn
 Thomas Neer
 Richard F. Lombardo

13 REPORTED BY:
14 Sarah Pokorski
15 CCR No. 745
16 3432 West Truman Boulevard
17 Suite 207
18 Jefferson City, Missouri 65109
19 573-636-7551

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1 * * * WEDNESDAY, FEBRUARY 28, 2018 * * *

2

3 (Start time of the meeting: 10:01 a.m.)

4

5 CHAIRMAN KOHN: Morning, everybody. We'll
6 call the meeting of the February 28th Missouri Gaming
7 Commission to order. Angie, please call the roll.

8 MS. FRANKS: Commissioner Finney.

9 COMMISSIONER FINNEY: Present.

10 MS. FRANKS: Commissioner Lombardo.

11 COMMISSIONER LOMBARDO: Present.

12 MS. FRANKS: Commission Neer.

13 COMMISSIONER NEER: Present.

14 MS. FRANKS: Commissioner Jamison.

15 COMMISSIONER JAMISON: Present.

16 MS. FRANKS: Chairman Kohn.

17 CHAIRMAN KOHN: Present. We have a quorum.

18 So the first item of business to come
19 before the meeting today is consideration of the
20 minutes of the January 10 meeting. Is there a motion
21 to approve?

22 COMMISSIONER NEER: Motion to approve.

23 COMMISSIONER LOMBARDO: Second.

24 CHAIRMAN KOHN: Discussion on the motion?

25 Angie.

1 MS. FRANKS: Commissioner Finney.

2 COMMISSIONER FINNEY: Approve.

3 MS. FRANKS: Commissioner Lombardo.

4 COMMISSIONER LOMBARDO: Approve.

5 MS. FRANKS: Commissioner Neer.

6 COMMISSIONER NEER: Approve.

7 MS. FRANKS: Commissioner Jamison.

8 COMMISSIONER JAMISON: Approve.

9 MS. FRANKS: Chairman Kohn.

10 CHAIRMAN KOHN: Approve.

11 MS. FRANKS: By your vote, you've adopted
12 the minutes of the January 10, 2018 meeting.

13 CHAIRMAN KOHN: Mr. Seibert.

14 MR. SEIBERT: First order of business,
15 Mr. Chairman, is consideration of relicensure of Class
16 A and B licensees. And I don't see Mr. -- is he
17 here? Mr. Samir Mowad will make the presentation.

18 CHAIRMAN KOHN: Mr. Mowad? Is that
19 correct?

20 MR. MOWAD: Yes, sir. I'm Samir Mowad.
21 I'm the vice president and general manager of Argosy
22 and Riverside. Honorable chairman and commissioners,
23 it's my privilege today to present the relicensing for
24 both Penn National Gaming and Argosy Riverside.

25 Penn National began as a single racetrack

1 core values of trying to provide an unparalleled guest
2 experience, work happy -- there have been several
3 groups that poll businesses nationally that have named
4 us an employer of first choice. We have a commitment
5 to diversity, and have been recognized in several
6 areas in that as well. And as I speak to the
7 property's presentation, we'll talk how we're trying
8 to improve there. And we also have a commitment to
9 our community, where we attempt to work and reinvest
10 back into the -- the communities that give us the
11 privilege of operating there. And then, of course,
12 our commitment to responsible gaming, where we ensure
13 that the people who are visiting us are there truly to
14 be entertained and to have fun.

15 From there, I'm going to speak
16 specifically to the relicensing of Argosy Riverside.
17 And it's my privilege to present today that
18 relicensing. And truthfully, the success that Argosy
19 Riverside has is due to the employees that work there.
20 And representing Argosy Riverside today, I've brought
21 some of -- I brought my executive team that -- they're
22 the ones that manage our employees, who really make it
23 happen for us on a daily basis. I have our vice
24 president of gaming, Tim Kelly; our vice president of
25 finance, John Ibarquen; our vice president of

1 marketing, Tyrone Myrick; and our vice president of
2 non-gaming, Greg Personelli; and our director of human
3 resources, Nadia Harris. In addition, the person that
4 works most closely with the Gaming Commission to
5 ensure that we're compliant and always possible, I
6 have our compliance manager, Karen Moore. And also
7 Todd George, my boss, is in the audience as well.

8 We're also privileged to operate and to
9 collaborate with the City of Riverside. And you'll
10 hear a little bit later from the honorable mayor,
11 Kathy Rose. And she's with our police chief, Chris
12 Skinrod. And he and his team do a great job. I'll
13 talk a little bit about our security plans, and how
14 they keep us safe, and how we work to keep our
15 employees and guests safe as well.

16 Our development agreement is pretty
17 standard. It's a sliding scale based on revenues.
18 We're current on all rents. We've been fortunate
19 enough to grow those revenues for our home-dock
20 community of Riverside over the last four years. In
21 addition, we pay a tourism tax which we're current on.
22 That tourism tax is related to hotel room revenues --
23 in particular, cash revenues. The reason you see it
24 fluctuate is both a function of the competitive nature
25 of the Kansas City market, where a lot of the

1 convention business has become more competitive over
2 the years, and they've opened up a lot of new hotel
3 properties. In addition, our comping strategy affects
4 that number, and that's why you see the fluctuations
5 in the tourism tax. We've been fortunate enough over
6 the last four years of our current licensing to grow
7 our revenues.

8 CHAIRMAN KOHN: I'm sorry. Can I ask you
9 just a curiosity question.

10 MR. MOWAD: Yes, sir.

11 CHAIRMAN KOHN: When you comp a room, you
12 pay no tourism tax?

13 MR. MOWAD: The tourism tax that is paid
14 locally to Riverside -- correct -- that's based on
15 cash --

16 CHAIRMAN KOHN: It is?

17 MR. MOWAD: -- revenues. Yes, sir.

18 Our -- our -- in terms of our gross
19 revenues, we've been fortunate enough to grow them
20 over the course of the last four years. You'll notice
21 that from '13 to '14, there was a dip. But that dip
22 was really more in line with what happened from a
23 macro-economic perspective. The market overall in
24 Kansas City had a dip. And -- and we've been
25 fortunate enough to out-grow the market over the

1 course of the last three years. And -- and really,
2 again, that's a credit to the team that I introduced
3 behind me, and their hard work and efforts.

4 In addition to -- to running our
5 business, it's important to us that we maintain our
6 facility, and ensure that it's on the highest end of
7 competitiveness in the Kansas City market. And so we
8 invest every year in tandem with -- we work with our
9 parent company, Penn National Gaming, to identify
10 monies that we'll invest in terms of maintenance
11 capital. And we've completed quite a few projects
12 over the last few years. Some of the most notable
13 ones is we rebranded and added a restaurant back in
14 2016. We've also reinvested back in our employees by
15 redoing the back-of-house areas, both the break areas,
16 the restroom areas. And then most recently, at the
17 end of this past year, we renovated our high-limit
18 room to create more of a higher-end experience. And
19 you can see some of those pictures, the high-limit
20 rooms up on the top left, the restaurants, that's Hops
21 House -- 99 Hops House on the top right, and The Lucky
22 Taco on the bottom left. And then that's the -- the
23 outside employee break area that we redid in 2016.

24 Like any casino, like any business
25 operating in Missouri, we try to make sure that we

1 provide a safe environment for our guests. And we
2 work closely in tandem with -- with the Riverside
3 Police Department and the troopers who are stationed
4 on property to -- to make sure that safety is always
5 the first thing we think about. You can see some of
6 the offenses. We work hard to try to make sure that
7 we're showing improvement in those, and just in
8 general to make sure that it's -- it's a safe
9 environment. As part of that, we have security plans
10 that we're constantly looking at. Coming off of
11 the -- some of the national incidents highlighted by
12 our -- our team was actually in Las Vegas for meetings
13 during the incident out there, and so we came back top
14 of mind, and did some active-shooter training with
15 local Riverside police -- with the police department
16 that we also had the gaming troopers look at to make
17 sure they thought it was appropriate. And we did that
18 with our leadership team. And then we've pushed down
19 annual training to all of our team members. In
20 addition, we purchased a security vehicle for our
21 parking lot so we can patrol it, and just have more of
22 a visible presence to -- to act more as an active
23 deterrent, as opposed to just being reactive to
24 problems that we come upon. Our local troopers meet
25 quarterly with Riverside police to ensure that --

1 that, again, we're providing the safest environment,
2 and if there is ever an issue, that they communicate
3 well to coordinate any sorts of responses. And then
4 we recently had the privilege of -- we had an internal
5 promotion, and had to hire a new security director,
6 and we were able to identify a retired detective from
7 the Kansas City Police Department -- he was already an
8 employee as a manager, and we were able to elevate him
9 to director. And that's been a win for us as well, in
10 terms of the experience that he brings to providing
11 safety. And on top of that, he is one of the foremost
12 customer service providers that we have on property.

13 We take responsible gaming very
14 seriously. We check all IDs. We currently use a
15 system called IDetect. And actually, this year we'll
16 be using some capital money to upgrade to an even more
17 robust system called Veridocs, which allows us to not
18 only check for under-age, but to identify patrons for
19 lots of different reasons, in terms of making sure the
20 integrity of the floor and the integrity of the games
21 are protected. We do annual ID training with all of
22 our employees, on top of that. We -- with all of our
23 employees that are in situations to check for IDs,
24 along with quarterly employee interviews by our
25 compliance manager to make sure folks are up-to-date

1 on what they should be checking for.

2 And -- and then one of the privileges
3 of -- of working in Riverside is they're very
4 collaborative. And they created a city code that
5 actually can result in the arrest of someone under 21
6 if they're attempting to get under the -- onto the
7 floor. And they use it very judiciously, but in
8 instances where folks just keep trying to get on, and
9 keep trying to get on, it's -- it's really a great
10 deterrent, as opposed to just having to turn them away
11 and say you can't come on. And so -- so that's been a
12 nice win.

13 And, you know, Riverside is a -- a great
14 partner of ours. And locally not only in Riverside,
15 but in the greater Kansas City area, we also attempt
16 to -- to give back to the community that gives us the
17 privilege of operating there. And so we're involved
18 in a -- a variety of organizations that provide
19 services to the community. And -- and the thing
20 that's kind of neat about it is each member of our
21 executive team takes an active role, and partners
22 directly with these charitable organizations you see.
23 And not only do we -- it's not a matter of just
24 writing a check or giving money, it's a matter of
25 working directly with the organization, and serving on

1 the board, and helping steer it to make sure that it's
2 providing the best it can for the community. And the
3 picture you have there on the right is actually
4 another way we raise money, which the commission
5 recently allowed us to put a bin on the floor to
6 collect if a guest wants to donate a TITO, or donate
7 some money. And we use that to raise money for Relay
8 for Life to fight cancer. So lots of good things that
9 we're trying to do to -- to show our appreciation for
10 the privilege to operate. And this is just some of
11 the pictures -- there is the work, serving on the
12 board, stuff like that. But here's the fun part where
13 you get to make people happy and -- and give back to
14 the community. And in every one of those pictures,
15 the folks behind me are -- are representing us in a
16 variety of ways.

17 From there, it's my privilege today to
18 have with me from Riverside the honorable mayor Kathy
19 Rose. And she's going to speak. And with her today
20 is also our police chief, Chris Skinrood, who -- who
21 really does a phenomenal job in terms of keeping us
22 and the entire community of Riverside safe.

23 MAYOR ROSE: Thank you.

24 CHAIRMAN KOHN: Morning, Mayor Rose. We're
25 delighted to have you here, although we're much more

1 accustomed to meeting in your facilities.

2 MAYOR ROSE: Well, you're -- you're welcome
3 any time.

4 Good morning to all of you. And
5 Mr. Chairman and honorable commissioners, I am Kathy
6 Rose, and I am pleased to be here to speak in support
7 of this relicensing for the Argosy Casino Hotel & Spa.
8 I have been the mayor for the City of Riverside for
9 the last 12 years, and I've had the pleasure to
10 present in front of your board on several occasions.

11 While our relationship with the Argosy
12 has been a good relationship. It has grown stronger
13 since Argosy was acquired by Penn National Gaming. We
14 look forward to this continued partnership for
15 everyone's benefit. This partnership has allowed our
16 city to put in facilities, equipment, programming to
17 benefit our residents and businesses. In addition, it
18 allows the City to share its good fortune with our
19 neighbors. One example is we provide fire protection
20 to the communities of Houston Lake and Northmoor,
21 which have not been able to afford fire protection in
22 the past. We have always been appreciative of
23 Argosy's support in helping Riverside grow for our
24 future. For the last 20 years, the City has used our
25 Argosy funds very wisely. We have invested in our

1 citizens, our businesses, our infrastructure, our
2 facilities, and our staff. We have been successful on
3 all fronts. In the last six years, our investment has
4 allowed us to develop a Class A business park that
5 contains 3.5 million square feet of buildings, with
6 over 25 companies that employ 3500 workers. So again,
7 a small town, six square miles, population of about
8 3400, but our daytime population rises to about
9 15,000. So I'm very proud of all of those things.

10 Last but not least, we have been faced
11 with some other regional initiatives that the Argosy
12 has been very helpful with the City on. And it is
13 challenges with us working towards getting the new KCI
14 airport, the new US-69 bridge that is -- that is an
15 important link between Riverside and Kansas. And
16 hopefully a new Buck O'Neil bridge, which is our link
17 to downtown Kansas City. These connective assets are
18 important not only to Riverside, but to the Kansas
19 City region. And Argosy has been lock-step with us
20 all the way on making sure that everybody is
21 successful. And I appreciate that. So thank you for
22 allowing me to be here this morning.

23 CHAIRMAN KOHN: Thank you, Mayor. Did you
24 want your chief to make any comments?

25 MAYOR ROSE: Would you like to come up?

1 CHAIRMAN KOHN: You didn't happen to bring
2 your gavel; did you?

3 MAYOR ROSE: I didn't. I can tell you in
4 12 years I've only used it once, so --

5 CHIEF SKINROOD: Good morning. I want to
6 just kind of reiterate what Samir said. Argosy has
7 been one of the biggest companies in Riverside, that
8 have been there the longest, and have one of the best
9 partnerships -- not just on a business level, but as
10 he clearly showed you on the -- the frames there,
11 their contributions and their efforts within our
12 community, and also the communities outside.

13 We work hard to maintain an expectation
14 of safety and security down there. And they give that
15 right back to us by their cooperation and willingness
16 to work as a -- as a partner, and make sure that the
17 community, the customers that are there, and the
18 facility stays in a safe environment. So we're very
19 appreciative of that, and have, as I said, an
20 excellent business partner.

21 COMMISSIONER FINNEY: Chief, good morning.

22 CHAIRMAN KOHN: Good morning.

23 COMMISSIONER FINNEY: I have just one
24 question. When the -- the crime stats were up there,
25 I don't recall seeing -- can we go back to those real

1 quick. So I don't see anything on a UUW. Is that --

2 CHIEF SKINROOD: On what now? I'm sorry?

3 COMMISSIONER FINNEY: Unlawful use of a
4 weapon.

5 CHIEF SKINROOD: On the -- on the casino
6 itself, there have been no instances of that.

7 COMMISSIONER FINNEY: So you've never --
8 in -- in -- in four years, nobody's ever illegally
9 brought a weapon into the casino, as far as you know?

10 CHIEF SKINROOD: As far as I know, they
11 have not. No. And there's also -- also a distinction
12 there, is that we don't handle the crime that occurs
13 on the boat itself. The troopers are -- are what's
14 handling everything that's on the boat. We've
15 assisted them. But by statute, we're responsible for
16 everything that's on the land, and the highway patrol
17 covers everything that's on the boat. So -- so to my
18 knowledge, that has never happened.

19 COMMISSIONER FINNEY: Okay. The only
20 comment I guess is that, you know, in my experience,
21 generally when you have that many arrests for
22 narcotics, it usually is not unusual to have guns
23 associated with some of those arrests for narcotics.
24 So I find it kind of unusual that there hasn't been
25 any arrests at all for illegally possessing a firearm,

1 given the stats related to other arrests.

2 CHIEF SKINROOD: And you're absolutely
3 correct. The two typically go hand-in-hand. But we
4 have not had any firearms come off the casino.

5 COMMISSIONER FINNEY: Okay. Thank you.

6 CHIEF SKINROOD: A lot of our drug cases
7 that are here are -- a majority of them are
8 misdemeanor type. Where we sit, there's -- there's
9 more low-level than big operation type stuff. So to
10 my knowledge, as I said, we've recovered no weapons
11 off of there, no firearms.

12 COMMISSIONER FINNEY: So I guess I'm
13 only -- the only point I would make with that -- and I
14 believe you're correct. I just want to make sure that
15 we're, you know, aggressively enforcing the gun laws
16 as they would apply, and making sure, you know, in
17 light of everything that we've seen, that -- again, I
18 find it a little bit suspect, with all these arrests,
19 that nobody in four years has ever been arrested or
20 found illegally to bring a weapon into the casino. So
21 I would just encourage you to be very vigilant on that
22 particular issue.

23 CHIEF SKINROOD: And I appreciate that.
24 And -- and again, like I said, there's -- we work very
25 closely with both the troopers and with the gaming

1 staff down there, and the facility staff. But there
2 are instances where the troopers will make arrests and
3 work their own cases that we're not made aware of.

4 COMMISSIONER FINNEY: Okay.

5 CHIEF SKINROOD: So could that happen under
6 those instances? It is possible. Absolutely. I will
7 say this. Between our department, my officers, and
8 the gaming staff, and then also the Platt County
9 Prosecutor's Office and the sheriff's department, we
10 all work as a collaborative effort, and we are very
11 stringent upon staying vigilant on those kind of
12 things.

13 COMMISSIONER FINNEY: Great. Thank you.

14 CHAIRMAN KOHN: Any other questions of the
15 chief or the mayor? Does that conclude your
16 presentation?

17 MR. MOWAD: I have just a couple more quick
18 slides.

19 And Commissioner Finney just addressed --
20 the only other thing I can say is in my 17 months on
21 property, the only situation I'm aware of where a
22 weapon was discovered was -- it was actually found in
23 a -- in a restroom, in a garbage can, and we
24 weren't -- because there's no cameras, obviously, in
25 the restrooms, we weren't able to identify who the --

1 the person that brought that weapon in was. So I've
2 worked at a lot of other properties, and I agree with
3 you it's odd that we haven't seen anything. I'll --
4 I'll knock on wood with that. And hope it continues.

5 COMMISSIONER FINNEY: All right. Thank
6 you.

7 MR. MOWAD: Lastly, I want to speak to our
8 MBE and WBE spend. When -- when I arrived on
9 property, I think that what I found was -- is that we
10 were fairly robust, in terms of our -- our women's
11 business owned spend, but there was some room for
12 improvement on the MBE side. And so we've worked hard
13 at that over the last 17 months that certainly I've
14 been on property. And even prior to that, we've --
15 we've recently teamed up with -- with Cheryl to -- to
16 come up with a plan that will help improve that even
17 more. And while the 2017 numbers, I can't present
18 because they are unaudited at this point, I think what
19 you'll find once they're audited is that we finished
20 at about 5.2 percent, in that area. The plan that we
21 came up with is we used to include either an MBE or a
22 WBE company whenever we were doing bids. Now, we'll
23 try to include both, and always include an MBE company
24 to help get better in that area. In addition, I've
25 been meeting, along with our purchasing manager, with

1 various departments to bring attention to where they
2 can spend money with different businesses at maybe the
3 same dollar amounts, and -- and -- and make sure that
4 we're supporting those businesses more effectively.
5 We've -- we've joined lots of different groups in the
6 community to help identify more vendors. And then the
7 other thing is recently we attended the diversity fair
8 that River City held on the east side of the state.
9 And so we talked to -- to both Cheryl Bonner, along
10 with Mike Winter with the MGA, and our partners on the
11 west side of the state, and we're going to hold a
12 diversity fair in June at the Argosy in order to help
13 bring more of these vendors not only to us, but to --
14 to the Kansas City area casinos, much like the way
15 River City did at their impressive fair on the east
16 side of the state earlier. Lastly, I would add that
17 our company recently is going through a little bit
18 more centralization, and we have a new company-wide
19 purchasing leader, and he's also helping us to
20 identify more vendors that we can use. It's certainly
21 not a matter of not wanting to do it as much as we
22 haven't been as effective as we could be in
23 identifying the best vendors. So that's -- that's our
24 plan, and that's what's sort of happened over the
25 first four years -- again, it's -- over the last four

1 years. Again, it's a privilege to present to you all
2 today, and I'm open to any questions you might have.

3 CHAIRMAN KOHN: Questions of Mr. Mowad?

4 COMMISSIONER NEER: No, sir.

5 COMMISSIONER LOMBARDO: No.

6 CHAIRMAN KOHN: Will the merger impact you?

7 MR. MOWAD: No, sir. The current plan --
8 of course, pending regulatory approval -- is that when
9 Pinnacle is acquired by Penn, the two Ameristar
10 properties in Missouri will go to Boyd Gaming. And
11 that way, Argosy on the Kansas -- on the Kansas City
12 side, and then Hollywood on the St. Louis side, along
13 with River City will stay -- stay with the merged
14 company. That -- that meets both the regulatory
15 requirements and also FTC concerns in terms of
16 competition.

17 COMMISSIONER LOMBARDO: So will the merged
18 Penn National have any other properties in Kansas
19 City, other than the Argosy?

20 MR. MOWAD: In the greater Kansas City
21 area, on the Kansas side, we'll have Hollywood Casino
22 in Kansas. So that's why if you added Ameristar in
23 Kansas City into that mix, I believe the issue is
24 the -- the FTC concerns in terms of competition.
25 That's why we're spinning off that property.

1 COMMISSIONER LOMBARDO: Sure. Thank you.

2 COMMISSIONER JAMISON: I do have one
3 question. The -- the separation of the real property
4 into a separate LLC, and then a lease back, can you
5 reference that, how that's affecting your operating
6 expenses, and -- and has it been material, or has it
7 been pretty --

8 MR. MOWAD: In terms of how we operate, it
9 truly hasn't been. You know, we -- when we think of
10 how we run our business, I mean, it's strictly as if
11 we're paying rent to a landlord, and it's had -- I
12 wasn't with Penn when we went through that. But
13 everything I've heard, everything I've experienced,
14 even what I experienced today, the only time it ever
15 comes up is, for example, when we work with the levy
16 district on -- there was some rezoning of property.
17 And then you want to make sure that the REIT is
18 informed, because they're the actual owner of the
19 land. But in terms of what we do on a daily basis, it
20 literally has no impact.

21 COMMISSIONER JAMISON: And your
22 financial -- and your financial operation, budget has
23 been positively impacted by the process? Or do you
24 think --

25 MR. MOWAD: I think from a company-wide

1 perspective, we would say that. The way we look at it
2 from a property view, our budgeting, and -- and our
3 financial targets and all are largely unchanged. It's
4 more just a -- after you look at how we run our
5 business locally, there's -- there are rent payments
6 and things like that.

7 COMMISSIONER JAMISON: And you feel that
8 the -- the capital reinvestment into the property has
9 been positive?

10 MR. MOWAD: Oh, yes, sir. And not only
11 positive, but if you look at the history of it, I'd
12 say consistent both pre and post-REIT, even -- I --
13 you know, just for competitive reasons, I wasn't going
14 to put it on a slide. But this year, we'll be
15 investing more than -- than any -- any year you saw up
16 there, in the sense of we're going to completely
17 renovate our hotel. And while I certainly wanted to
18 do that, the -- in terms of how the capital works,
19 even, it was a collaborative process where originally,
20 my boss brought to me the idea, and -- because that's
21 a much heavier lift than, you know --

22 COMMISSIONER JAMISON: Sure.

23 MR. MOWAD: -- some of these standard
24 maintenance capital items you saw.

25 COMMISSIONER JAMISON: Thank you.

1 CHAIRMAN KOHN: Anybody else? Thank you
2 very much.

3 MR. MOWAD: Thank you. Appreciate it,
4 Commissioners.

5 CHAIRMAN KOHN: Are there any members of
6 the public from the Riverside area that would like to
7 comment? Mr. Seibert?

8 MR. SEIBERT: Next we'll have the
9 investigative summary presented by Sergeant Gary
10 Davidson.

11 CHAIRMAN KOHN: Sergeant Davidson.

12 SERGEANT DAVIDSON: Mr. Chairman,
13 Commissioners. Missouri Gaming Company, LLC, doing
14 business as Argosy Riverside Casino, and referred to
15 as Argosy, submitted a relicensing application to the
16 Missouri Gaming Commission on September 1st, 2017 for
17 renewal of its Class A Riverboat Gaming License.
18 Argosy's parent company, Penn National Gaming,
19 Incorporated -- referred to as Penn -- is also being
20 considered for renewal of its associated Class A
21 Riverboat Gaming License, and submitted a relicensing
22 application to the Missouri Gaming Commission on July
23 24th, 2017. You'll find resolutions for both of these
24 licenses under Tabs B and C in your book.

25 Argosy was initially granted a license by

1 the Commission on June 22nd, 1994. On December 21st,
2 2004, Penn submitted an application to the Commission
3 for licensure in the State of Missouri for the purpose
4 of purchasing Argosy Gaming Company. On July 29th,
5 2005, Penn was licensed as a -- by the Commission as a
6 key business entity, and the company completed the
7 acquisition of Argosy Gaming Company on October 3rd,
8 2005. Penn, through its subsidiaries, own 100-percent
9 ownership in Argosy. The Commission has since found
10 Argosy and Penn suitable for licensure during each of
11 the subsequent relicensing investigations. The
12 current Class A and B licenses were approved by the
13 Commission on February 26, 2014, and are scheduled to
14 expire in February, 2018.

15 Missouri State Highway Patrol
16 investigators, along with Missouri Gaming Commission
17 financial investigators, conducted an investigation
18 into the suitability of Argosy and Penn to continue to
19 operate as a Class B and A license.

20 The investigations included, but were not
21 limited to criminal, financial and general character
22 inquiries of associated key and level one personnel,
23 to include where they have lived, worked and
24 frequented. The City of Riverside and Platte County,
25 as well as the state and federal agencies having

1 regulatory authority over Argosy and Penn were also
2 contacted. There were no issues, concerns or negative
3 information disclosed.

4 The findings of these investigations were
5 provided to the Commission staff and -- for their
6 review, and you possess a detailed summary of that
7 report. The investigating officers for this
8 investigation are present at this hearing, and will be
9 happy to entertain any questions you might have.

10 CHAIRMAN KOHN: Any questions of Sergeant
11 Davidson?

12 COMMISSIONER NEER: No, sir.

13 CHAIRMAN KOHN: Thank you very much,
14 Sergeant.

15 SERGEANT DAVIDSON: Thank you.

16 CHAIRMAN KOHN: Mr. Seibert?

17 MR. SEIBERT: Next, we have the MBE/WBE
18 compliance review by Ms. Cheryl Bonner.

19 MS. BONNER: Good morning, Mr. Chairman,
20 Commissioners.

21 On November 8th, 2017, the Missouri
22 Gaming Commission staff conducted a 100-percent audit
23 of the MBE/WBE records for the Class B licensee Argosy
24 Riverside Casino. The -- the results of the audit and
25 specific details related to those findings are

1 contained within the summary report in your
2 possession. I'll be happy to answer any questions.

3 CHAIRMAN KOHN: I have a question.

4 MS. BONNER: Sure.

5 CHAIRMAN KOHN: What is their MBE/WBE
6 status today versus when they last were before us?

7 MS. BONNER: Okay. And again, these are
8 unaudited numbers. However, for their MBE, currently
9 they're at a 5 -- they're at 5.2, versus 3 -- when
10 they first started in twenty -- for this period, 2013,
11 was 3.48.

12 CHAIRMAN KOHN: Okay. Let me see if I
13 understood that.

14 MS. BONNER: Okay.

15 CHAIRMAN KOHN: When they last applied,
16 they were at 3.48, now they're at five point --

17 MS. BONNER: -- one six for MBE.

18 CHAIRMAN KOHN: For MBE. Okay.

19 MS. BONNER: Uh-huh. And --

20 COMMISSIONER LOMBARDO: Excuse me. What
21 are those? Are those numbers percentages?

22 MS. BONNER: Percentages.

23 COMMISSIONER LOMBARDO: Okay.

24 MS. BONNER: And for WBE for '13, they were
25 at -- got it -- twelve -- 12.78, and right now they're

1 at -- these are unaudited as well -- 20.53. So that's
2 a big difference on their --

3 COMMISSIONER JAMISON: But 20.53 would be
4 less than what they had in 2016. Correct?

5 MS. BONNER: Correct. This -- this is --
6 that's -- yes -- '17.

7 COMMISSIONER JAMISON: So '17 would be
8 twenty --

9 MS. BONNER: And sometimes they have
10 one-time purchases that may impact that, and I always
11 include that in the summary.

12 COMMISSIONER JAMISON: Because if you go
13 back to '15, it was only 18 and a half percent.

14 MS. BONNER: Correct.

15 COMMISSIONER JAMISON: So it went up over 4
16 percent and back down. So, I mean, it's -- it may
17 have been an anomaly on the 2016 number.

18 MS. BONNER: Correct.

19 CHAIRMAN KOHN: What is your target for
20 MBE?

21 MS. BONNER: We don't have targets. It's
22 best efforts. And usually, that -- what I -- what I
23 consider best efforts is improvement year over year.
24 And like I said, sometimes they have one-time
25 purchases that may impact, where they -- they may do

1 some kind of construction that increases -- increases
2 it for one year that they're not going to do the next
3 year, and it may take that down. But I kind of look
4 at that and make sure that -- that that is what is
5 impacting that decrease.

6 CHAIRMAN KOHN: So going from 3-plus to
7 5-plus --

8 MS. BONNER: Not bad, but --

9 CHAIRMAN KOHN: -- in five years or so.

10 MS. BONNER: -- could be better. But I
11 think they have some -- they have some new staff in
12 place that I've worked closely with, and I -- I expect
13 improvement. And I'll work closely with them.

14 CHAIRMAN KOHN: Any other questions?

15 COMMISSIONER NEER: No.

16 MS. BONNER: Thank you.

17 CHAIRMAN KOHN: Thank you very much.

18 Mr. Seibert?

19 MR. SEIBERT: Staff does recommend approval
20 for the Class A and Class B.

21 CHAIRMAN KOHN: Is there a motion with
22 respect to Resolution 18-006.

23 COMMISSIONER LOMBARDO: Motion to approve.

24 COMMISSIONER JAMISON: Second.

25 CHAIRMAN KOHN: Discussion on the motion?

1 Angie.

2 MS. FRANKS: Commissioner Finney.

3 COMMISSIONER FINNEY: Approve.

4 MS. FRANKS: Commissioner Lombardo.

5 COMMISSIONER LOMBARDO: Approve.

6 MS. FRANKS: Commissioner Neer.

7 COMMISSIONER NEER: Approve.

8 MS. FRANKS: Commissioner Jamison.

9 COMMISSIONER JAMISON: Approve.

10 MS. FRANKS: Chairman Kohn.

11 CHAIRMAN KOHN: Approve.

12 MS. FRANKS: By your vote, you've adopted

13 Resolution Number 18-006.

14 CHAIRMAN KOHN: Let's look at Resolution

15 Number 18-007. Is there a motion to approve?

16 COMMISSIONER JAMISON: Move for adoption.

17 COMMISSIONER NEER: Second.

18 CHAIRMAN KOHN: Discussion on the motion?

19 Angie.

20 MS. FRANKS: Commissioner Finney.

21 COMMISSIONER FINNEY: Approve.

22 MS. FRANKS: Commissioner Lombardo.

23 COMMISSIONER LOMBARDO: Approve.

24 MS. FRANKS: Commissioner Neer.

25 COMMISSIONER NEER: Approve.

1 MS. FRANKS: Commissioner Jamison.

2 COMMISSIONER JAMISON: Approve.

3 MS. FRANKS: Chairman Kohn.

4 CHAIRMAN KOHN: Approve.

5 MS. FRANKS: By your vote, you've adopted
6 Resolution Number 18-007.

7 CHAIRMAN KOHN: Mr. Seibert?

8 MR. SEIBERT: Next item of business is
9 consideration of licensure of fantasy sports operation
10 DraftKings. The presentation will be done by Ms. Jen
11 Aguiar.

12 CHAIRMAN KOHN: One of you can't be
13 Ms. Aguiar.

14 MR. DUNN: She will join me. I'm just
15 going to do the first part of it. So Honorable
16 Chairman, Commissioners, thank you.

17 CHAIRMAN KOHN: Can you introduce yourself,
18 please.

19 MR. DUNN: My name is Tim Dunn. I'm the
20 chief financial officer and chief risk officer of
21 DraftKings. We have a very short presentation. I'm
22 here just to provide a little bit of an introduction
23 of who DraftKings is and what we do. And Jen Aguiar
24 will then go through some of the key controls in our
25 compliance measures that are of particular concern to

1 the Commission.

2 So we are a -- a sports tech and
3 entertainment platform, and we provide products that
4 bring, you know, consumers to engage with their
5 favorite sports teams, their favorite sports by
6 bringing their -- you know, by bringing them closer to
7 the game. We are headquartered in Boston, and we
8 offer daily and weekly fantasy sports games across 10
9 professional sports in the United States, Canada, UK,
10 Malta, Germany, Ireland and Austria, soon to be
11 Australia.

12 We were founded in 2012 by three
13 gentlemen who their primary backgrounds are -- are
14 tech, and data analytics. I joined the company in
15 late 2012, only shortly thereafter they launched. I
16 am -- safe to say that I'm one of the older gentlemen
17 that works at DraftKings. It is a young company, but
18 it has a very seasoned executive team in addition to
19 the three founders.

20 We are -- our primary shareholders are
21 21st Century Fox. We also have investments -- or some
22 of our investors are the sports leagues, team owners,
23 both in NBA and NFL. We're also -- the majority of
24 the investors are venture-backed companies, venture
25 capitalists, mostly out of California.

1 We have over seven million registered
2 users. We have about 380 employees. I would say
3 close to half of them are technology and product
4 people. And we are regulated in 19 states -- or
5 registered in 19 states, four of which are through
6 additional gaming commissions. We're also licensed
7 and regulated in the UK; in Malta, which covers
8 continental Europe, and like I said, in Australia.

9 This is really just a quick overview of
10 the product, if you're not familiar with daily fantasy
11 sports. Most of our players -- 80 percent of them --
12 engage through the mobile product. We do have a
13 desktop product, but most of them are just through
14 our -- our IOS, our -- our Android app. And
15 basically, you just log on, you create an account, you
16 go through the KYC procedures to create your account.
17 Once you come in, you can then choose your sport. And
18 then you can then choose the type of fantasy sport
19 contest you would like to engage in, where you can do
20 a salary cap, where we assign a detailed salary for
21 each player that is playing that evening to build your
22 fantasy team. Or you can do what's called a pick 'em,
23 in which we categorize players by having high value,
24 medium value, and low value, and you have to select
25 evenly across those three groups. Once you've

1 selected the type of game you want to play, then you
2 can see the contests that are available for that
3 evening. And it's -- those contests that are
4 available for that evening are based upon the games
5 that are actually occurring that day or that evening.
6 And you can select from -- go to the next one. You
7 can select, you know, your -- your entry fee, how much
8 you want to enter into, and what is the total prize
9 pool, and what's the structure of the payout on that
10 prize pool. Once you've selected, you know, your
11 sport, once you've selected what type of contest and
12 entry fee that you want to enter into, then you get
13 to -- to the point where you then create your team.
14 And you create your -- your -- your fantasy team by
15 using the available, you know, fantasy salaries that
16 you have as if you are a GM putting together a fantasy
17 team for those -- for those contests or for those
18 professional games that are occurring on that evening,
19 or that day, or that week. Once the games start,
20 you're locked. You can no longer make changes to
21 your -- to your fantasy team. And then from there,
22 you're then just watching the results of the contests,
23 see how you are faring against other people who
24 participate in the contests. And that's all based
25 upon the statistical performance of the players that

1 you selected. And their statistical performance will
2 then generate points. And the person who has the most
3 points wins the contest. That's how daily fantasy
4 sports works at DraftKings.

5 With that, I'll hand it over to the --
6 unless there's any questions with regard to the game
7 or the company, I'll hand it over to Jen, and she can
8 go through some of the key controls at DraftKings with
9 regard to our --

10 COMMISSIONER NEER: I have a question on --
11 maybe later, you'll answer later who establishes the
12 pay-out on the games.

13 MR. DUNN: We establish them at the time
14 that we create the contest.

15 COMMISSIONER NEER: Is that based on how
16 much is put into that game by --

17 MR. DUNN: No. It's fixed.

18 COMMISSIONER NEER: -- contestants?

19 MR. DUNN: No. It is fixed. So for
20 example, if we -- if we post a game that is \$1000, and
21 it requires, you know, 100 participants, if only 90
22 participants join, we are still paying out the --
23 the -- the \$1000. So it's not a pari-mutuel. It is --
24 it is -- it -- the prize pool is fixed and
25 determinable at the time that we create the contest.

1 So the company has a risk of, you know, making sure
2 that it can fill its contests.

3 COMMISSIONER NEER: So each contest can't
4 have a different pay-out?

5 MR. DUNN: No. They cannot have a
6 different pay-out. The pay schedules and the pay-out,
7 you know, who gets first, who gets second, third,
8 those are all -- those are all fixed and defined at
9 the time the contest is started -- or is created.

10 COMMISSIONER NEER: Thank you.

11 COMMISSIONER JAMISON: Per contest.
12 Different contests --

13 MR. DUNN: That is right.

14 COMMISSIONER JAMISON: -- can have a
15 different amount.

16 MR. DUNN: That is right. That is right.

17 COMMISSIONER LOMBARDO: Which of you is
18 going to address the protection for player funds,
19 which -- it's no secret -- has been a concern of this
20 Commission?

21 MR. DUNN: That is going to be Jen.

22 COMMISSIONER LOMBARDO: Thank you.

23 MR. DUNN: I can certainly answer
24 questions.

25 MS. AGUIAR: Hi. Thank you. I'm Jen

1 Aguiar. I'm the VP of compliance and risk management,
2 and I report in to Tim.

3 So I'm going to go through a couple of
4 areas. First and foremost, the ID verification
5 process. Essentially, we have several layers of
6 protection as it comes to ID verification. And that's
7 both from an age and location perspective.

8 Initially, the terms of use, because we
9 are offering the products in different states, we have
10 different age requirements based on -- on what the
11 rules are in those states. So what -- the terms of
12 use actually outline the age and the jurisdiction, and
13 what the rules are there. And when the participant
14 actually logs in, we use geolocation technology to
15 identify where they're located. And that's based on
16 either GPS signal, their cellular, and their IP
17 address. So we're locating where they are, and then
18 that will drive basically the age -- the minimum age
19 requirement they're required to -- to -- to have in
20 order to basically play on our site. At that point,
21 when the individual enters in their information, if
22 they put in a date of birth that is under the -- the
23 required minimum, they are not allowed to play, and
24 they would not be able to move forward on the
25 application. Basically, if they successfully create

1 an account, they'll go through a more formal age and
2 identify verification upon initial deposit, or when
3 they actually set up the account. Basically, if they
4 cannot be positively identified as being located in a
5 jurisdiction that permits -- permits our product, they
6 will not be able to move forward and participate in
7 any paid games. And they're also prohibited from
8 making deposits or entering paid contests at that
9 point. So there's restrictions throughout the
10 different components of the process that would then
11 stop them if they don't meet the appropriate criteria.
12 We use a third -- a leading third-party provider known
13 as CAMS, which is an aggregate provider of a bunch of
14 KYC providers, which are basically companies like
15 IDology or a LexisNexis that actually have the
16 technology to let us know that somebody is who they
17 say that they are. We use the name, date of birth and
18 address that are provided by the user, run it through
19 the -- the CAMS product. And basically anyone that
20 cannot be identified has to go through a secondary
21 review process. They would not be able to move
22 forward until they essentially provide documentation
23 to our -- through our document upload process that
24 would identify who they actually are, and go through a
25 manual review.

1 CHAIRMAN KOHN: How long -- how long does
2 that process take?

3 MS. AGUIAR: It depends. So that part --
4 the initial process, as far as running through the --
5 the identity verification systems, is almost
6 instantaneous. If there is a problem, like if they
7 can't be verified at that point, we would then reach
8 out to them. They would -- they would be aware that
9 they're not allowed to move forward until they've then
10 supplied the appropriate documentation. So it really
11 depends at that point on when the -- the customer
12 provides that documentation.

13 CHAIRMAN KOHN: So they might miss the game
14 that they --

15 MS. AGUIAR: Exactly. They wouldn't be --
16 they -- at that point, they wouldn't even be able to
17 enter into any games or anything. They're blocked
18 until their identity is verified. Again, if -- if
19 they go through that verification process, and we
20 cannot validate that the -- the documents are legit to
21 satisfy the age, we would not allow them to go
22 through, and they would not be able to enter into any
23 paid contests, make any deposits, or take any action
24 on the site at that point.

25 In addition to -- to those account

1 verification measures, we have the -- we have
2 additional measures that -- regarding parents,
3 responsible gaming. Essentially, if a parent suspects
4 that a minor is playing, they can contact us, and we
5 will then ensure that they're restricted, and not
6 allowed to play on the site any longer. We also have
7 a fraud team that investigates any suspicion
8 activities that -- that come through. And in the
9 event that somebody is determined to be a minor, we'll
10 close the account, refund any deposits that have been
11 made on the account, and then notify the user of
12 the -- the closure, and essentially blacklist the
13 devices that they're on so they're not allowed to come
14 through our process again.

15 Additionally, we have parental controls
16 on our site that allows software to be downloaded for
17 parents so that the user would not be -- the minor
18 user would not be able to come to our site.

19 We also look at unusual deposit amounts
20 in patterns. So if somebody has like a high --
21 high-dollar deposit amount, we'll do additional due
22 diligence on them to make sure that they're -- they're
23 basically able to kind of afford the -- the process,
24 that they are who they say they are, and that they're
25 essentially allowed to go through.

1 And then, again, we have a -- a multitude
2 of additional alerts for other suspicious activity.
3 So if somebody is, you know, trying to enter a game
4 very quickly, you know, and -- or setting up an
5 account and then withdrawing the funds very quickly,
6 then we'll -- that will be alerted and we'll
7 investigate and make a determination on if we have to
8 close or restrict the account accordingly.

9 And we also have controls in place for
10 multi-accounting so somebody can't come in and set up
11 multiple accounts with the same name, the same payment
12 method that -- that they've used. So we can see those
13 in our system, and we'll block anybody that tries to
14 create multiple accounts, which would then give them a
15 potential leg-up.

16 So those are -- those are the kind of
17 initial age and geolocation controls and verification.
18 If there are any questions before I move on to the
19 segregation of funds and how that actually works.

20 CHAIRMAN KOHN: I have a question, but I'm
21 not sure if it falls in either category that you've --

22 MS. AGUIAR: Okay.

23 CHAIRMAN KOHN: -- that you've described.
24 I'm just wondering about operationally. Last year,
25 around the Superbowl, there was a tremendous amount of

1 advertising. And I can't remember if it was
2 DraftKings, or FanDuel, or somebody else. But there
3 was a lot of it. And this year, there wasn't. Has
4 there been a basic change in the way you operate?

5 MR. DUNN: Yes. Back in 2015 and early
6 2016, both DraftKings and FanDuel were in a very --
7 kind of very competitive race to try to grab market
8 share. And in that situation, both companies were
9 spending a lot on marketing. Since then, both
10 companies have -- have kind of more kind of adjusted
11 their marketing spend, and it's more or less no
12 longer -- you know, we -- we spent a lot of money in
13 2015. We were able to raise awareness. We were both
14 able to grow our companies. But there's only so much
15 money you spend on raising awareness, and we pretty
16 much spent that in 2015. And so therefore, we've now
17 kind of -- you know, since then, in 2016 and 2017,
18 we've more kind of normalized our -- our marketing
19 spend. And that is the reason why you're not seeing
20 us as frequently as you did say, you know, 2015 or
21 2016.

22 CHAIRMAN KOHN: And the result of that on
23 your revenues has been --

24 MR. DUNN: It's been very positive.
25 Because, you know, we acquired a lot of players in

1 2015. And typically what we see is that, you know, a
2 certain percentage will drop off and not play again.
3 But then we'll see that there are -- you know, there's
4 a pretty big -- you know, 40 to 50 percent of the
5 players will continue to play. Right? And then if
6 you just keep layering on, then, players that you
7 acquired in 2016 and 2017, then you start having a
8 base of players that is now, you know, continuing to
9 play at DraftKings or at FanDuel, you know, for the
10 most part, you know, during specific sports seasons.
11 Most of our players don't play through, you know, the
12 entire year. They're -- they're really interested in
13 either baseball or football or basketball, but they're
14 not necessarily, you know, vested and playing at a --
15 at a high rate in all sports. And so, you know,
16 through the years of us investing in marketing, we've
17 been able to build a -- a player base that is now
18 frequently engaging in our -- in our products, and is
19 now driving sustainable revenues.

20 CHAIRMAN KOHN: Go ahead.

21 MS. AGUIAR: So the last section was
22 maintaining cash reserves and the segregation of
23 funds.

24 CHAIRMAN KOHN: Want to talk into the
25 microphone. I'm not sure --

1 MS. AGUIAR: Oh, sorry.

2 CHAIRMAN KOHN: -- the people in the back
3 can hear you.

4 MS. AGUIAR: So DraftKings is currently
5 complying with both Subsections A and B of 11 CSR 45
6 through 40. We have set up a special-purpose entity
7 to segregate the operational funds, preventing the use
8 of player funds for business purposes, and basically
9 essentially protecting the player funds in the event
10 of financial distress or bankruptcy. We've -- we have
11 an independent directive that provides certain
12 safeguards with regards to our funds held in SPE.
13 Additionally, under the SPE, DraftKings has set up a
14 custodial agreement with MVB Bank that essentially
15 meets or exceeds the criteria which are set forth in
16 the regulations. So we established an account held in
17 trust for the benefit of the Missouri players. We
18 essentially set it up so that no money can be released
19 without the written -- the written instructions from
20 you all. And essentially, to minimize the
21 transactions requiring the approval -- the approval of
22 you for us to do anything in the account, we're
23 essentially intending to overfund the reserve account.
24 And then it really can only be amended with prior --
25 prior permission from the commission. And

1 essentially, DraftKings has no interest in the -- in
2 the title or the reserve related to the Missouri
3 player funds or any of the funds under our SPE
4 agreement. So we've done this for Missouri. We set
5 up a specific account for Missouri purposes that's
6 separate.

7 CHAIRMAN KOHN: And we very much appreciate
8 you taking that extra step for the protection of our
9 residents.

10 MS. AGUIAR: Thank you.

11 COMMISSIONER FINNEY: Can I ask one
12 question on that point real quick.

13 MS. AGUIAR: Certainly.

14 COMMISSIONER FINNEY: So as far as that
15 account goes --

16 MS. AGUIAR: Yep.

17 COMMISSIONER FINNEY: -- is there interest
18 that's generated from that reserve?

19 MS. AGUIAR: There is interest that's
20 generated from the reserve.

21 COMMISSIONER FINNEY: Okay. And where
22 does -- where does that interest go?

23 MS. AGUIAR: At this point, it's -- it's
24 staying in the --

25 COMMISSIONER FINNEY: Okay.

1 MS. AGUIAR: -- in the account. So that
2 wouldn't be transferred or moved --

3 COMMISSIONER FINNEY: Okay.

4 MS. AGUIAR: -- without the permission.

5 COMMISSIONER FINNEY: Okay. Thanks.

6 MS. AGUIAR: Is there any other questions?

7 CHAIRMAN KOHN: No. And I know we're going
8 to have an investigative report on our side. Any
9 other questions for the company?

10 COMMISSIONER JAMISON: No, sir.

11 COMMISSIONER NEER: Not at this time.

12 COMMISSIONER LOMBARDO: No.

13 CHAIRMAN KOHN: Thank you very much, both
14 of you, for the report. Ed, don't leave. I have a
15 question for our counsel.

16 MR. GREWACH: Yes.

17 CHAIRMAN KOHN: The agreement that was just
18 referenced between DraftKings and -- or the DraftKing
19 separate entity and the bank -- MVB Bank -- have you
20 read that agreement?

21 MR. GREWACH: I have. I've reviewed it. I
22 was involved with the -- negotiating the terms of that
23 agreement to make sure they complied with the
24 regulation and all the Commission's requirements.

25 CHAIRMAN KOHN: And you're satisfied that

1 it does?

2 MR. GREWACH: I am. The written agreement
3 provides the -- the items that Ms. Aguiar pointed out,
4 and the key being that none of the funds can be
5 withdraw without express written permission from the
6 Commission.

7 CHAIRMAN KOHN: Any other questions of Ed?
8 Mr. Seibert?

9 COMMISSIONER FINNEY: I'm sorry.

10 CHAIRMAN KOHN: Go ahead.

11 COMMISSIONER FINNEY: So let me tell you
12 what -- what my concern with this is. As far as the
13 interest goes, my concern is who actually has the
14 right to that interest. Because the question would be
15 whatever entity has right to that interest, if they
16 would declare bankruptcy say in a Chapter 11 to become
17 a debtor in possession, or if should go to a trustee,
18 then that debtor in possession or trustee would have a
19 fiduciary obligation to both creditors and potentially
20 equity holders to make sure that all the assets
21 remained within the estate or within the possession of
22 the debtor in possession. So the concern I guess
23 would be if the court would determine that that was an
24 asset of DraftKings -- in other words, they would
25 determine that that interest that was generated does

1 not belong -- does not belong to the State of
2 Missouri, but was actually property of the entity that
3 was declaring bankruptcy, could freeze the assets
4 until the confirmation of any bankruptcy plan, or
5 until they were dismissed in Chapter 7. So I guess
6 the concern would be not necessarily that
7 DraftKings -- the creditors would seize the assets --
8 the money that belongs to us -- but that everything
9 would get frozen during the pendency of any potential
10 bankruptcy because of fiduciary obligation that the
11 debtor in possession would have. It would have to,
12 until it was determined who that interest belonged to.
13 So, you know, that's my hesitation with it. I mean,
14 I'm still a little unclear as to where this interest
15 goes, and who has a right to that interest.

16 MR. GREWACH: Well, to -- to kind of walk
17 through that process, that's why we have the trust
18 account held in the special purpose entity's name.
19 And if the bankruptcy was -- if the operating company
20 filed bankruptcy, the special purpose entity would not
21 be a debtor in possession. That's -- the special
22 purpose entity is the holder of that trust account.
23 Now, that being said, you know, the bankruptcy courts,
24 as you probably know, have very broad equity powers.
25 But essentially at that point in time, absent the

1 substantive consolidation of the two companies, which
2 I'll get into in a second, the debtor in possession --
3 the operating company -- may have a claim to certain
4 receivables, could be receivable from a credit card
5 company, it could be receivable from PayPal, it could
6 be receivable from this account.

7 COMMISSIONER FINNEY: Right.

8 MR. GREWACH: Could be money -- because
9 really, all we're entitled to under the rule is the
10 amount of deposits made by Missouri residents. And so
11 the excess that's held over and above that really
12 would be a receivable of the operating company. So
13 the debtor in possession of the bankruptcy could then
14 say I want -- you know, just like any -- like they
15 make any other claim on any receivable from any other
16 entity.

17 COMMISSIONER FINNEY: Yeah.

18 MR. GREWACH: Now, the rule requires, and
19 the -- and the operating agreement of the special
20 purpose entity states that the special purpose entity
21 itself cannot file bankruptcy without unanimous
22 agreement of all its directors, including its
23 independent director, and it can't file bankruptcy
24 without our express written consent. So the special
25 purpose entity filing bankruptcy would be outside its

1 authority under the articles of organization. And
2 then, you know, on top of that, you have that extra
3 protection that it's in a trust account and -- and
4 then the trust account is set up in such a way that
5 with the agreement between the -- with the -- with the
6 special purpose entity and the bank, we have the right
7 to demand the withdrawal of those funds. And then in
8 that process, then, we would interplead them into Cole
9 County, we would identify through the interpleader the
10 Missouri residents and pay them. And it's certainly
11 possible after that process there might still be money
12 going over to the operating company after all that
13 stuff's done. But -- but that's how --

14 COMMISSIONER FINNEY: So those funds that
15 our clients -- I'm sorry -- our constituents' funds
16 and the interest that's generated, we agree that
17 doesn't belong to the players. Those are commingled?
18 Those funds would be commingled in the same trust
19 account?

20 MR. GREWACH: They would. They would.
21 Because that account would be earning interest, and --
22 and it would have player fund deposits and some
23 interest included. Now, whatever that amount is --
24 and how it would work also, technically, going forward
25 is once they're licensed, on the 15th of each month,

1 DraftKings would have to send us a -- a documentation
2 of the amount of Missouri player funds they hold and
3 the amount in their account. And they wouldn't be
4 able to withdraw any money out of this account unless
5 they had more money in the account than they had owed
6 to Missouri players. And then if it's short then in
7 that report, then we'd make a demand on them to
8 bring -- to -- to add additional funding to that
9 account. But on a monthly basis, we're going to be
10 checking this, checking the documentation to make sure
11 there is an adequate amount in that account to -- to
12 cover the Missouri players. As Ms. Aguiar said,
13 they're going -- and they have over-funded that. I
14 don't know what the percentage is. I don't recall.
15 But a certain percent to give a little cushion. And
16 we were more comfortable with that than trying to hit
17 an exact number, because the amount of Missouri player
18 funds they hold changes minute to minute. You know?

19 CHAIRMAN KOHN: I think it was about 110
20 percent, as I recall.

21 MR. GREWACH: Yeah. I think that sounds
22 right. Yes. That's right.

23 CHAIRMAN KOHN: Any other questions of our
24 counsel?

25 COMMISSIONER FINNEY: Yes. I have one more

1 question. Sorry to belabor this point. But I guess
2 the concern, again, would be -- let's just say, you
3 know, the entity DraftKings declares bankruptcy,
4 becomes a debtor in possession. And they call upon
5 this trust, as you said, as an account receivable.
6 And so they then request that all of the interest
7 that's drawn off this principal is now part of the
8 bankruptcy estate. And then our people come in and
9 say well, DraftKings is no longer in existence, I've
10 got a thousand bucks in that account, I want my money
11 back. And so then we seek to get that money back. At
12 the same time, then, the -- the fiduciary, the debtor
13 in possession or the -- the bankruptcy trustee says
14 no, we need to keep that revenue generating, because
15 that accounts receivable is not a one-time payment.
16 It's an ongoing -- changes minute to minute. So we --
17 we need to keep that revenue continuing in order to
18 fund the bankruptcy estate. That's I think where the
19 conflict is. You know, and for me, I think that
20 that's an issue that I still don't have an answer to
21 is, you know, why is it not a breach of fiduciary duty
22 for the debtor in possession to say okay, State of
23 Missouri, go ahead and take all that money out? I
24 mean, I think it would be. And I think that they're
25 going to make a strong push with the bankruptcy judge

1 to say that money has to stay there until we have
2 confirmation of a plan. Because as soon as you take
3 that out, our equity and our creditors now no longer
4 have account receivable based upon that principal.
5 And that's the problem I have with this interest being
6 generated as an asset belonging to the potential
7 debtor in possession.

8 MR. GREWACH: And again, given the broad
9 equity powers of the bankruptcy court, I would never
10 discount or say that wouldn't occur. Obviously at
11 that point our argument is that that account is not
12 property of the debtor in possession, that's property
13 of the SPE. So that -- that would be our response at
14 that point.

15 CHAIRMAN KOHN: Let me have you hold off
16 for five minutes, because we may be talking about that
17 again. But let's finish up here. Mr. Seibert?

18 MR. SEIBERT: The investigative summary
19 will be presented by Lieutenant Ed Aylward.

20 CHAIRMAN KOHN: Lieutenant Aylward,
21 welcome.

22 LIEUTENANT AYLWARD: Good morning,
23 Commissioners, Mr. Chairman. I remembered this time.

24 Missouri Gaming Commission staff,
25 financial investigators with the Missouri Gaming

1 Commission, and Missouri State Highway Patrol
2 investigators completed application reviews and
3 verification of statutory compliance for the following
4 fantasy sports operators who have applied for
5 licensure with State of Missouri: FanDuel,
6 Incorporated; Sports Hub Technologies, doing business
7 as CDMSports; and DraftKings, Incorporated.

8 The results of these reviews and
9 statutory verification were provided to the MGC staff,
10 and you have all related summaries before you. Thank
11 you.

12 CHAIRMAN KOHN: Any questions of Lieutenant
13 Aylward? All right. Mr. Seibert, do you want to give
14 us a staff recommendation?

15 MR. SEIBERT: Staff does recommend
16 approval.

17 CHAIRMAN KOHN: Okay. So here's where we
18 are. And this is why I said to wait just a minute.
19 We have three applications that we're considering and
20 voting on this morning. Two of them we discussed in
21 closed session in our last meeting. We have not
22 discussed DraftKings in closed session at this point.
23 So if any of the commissioners would like to go into
24 closed session at this point to have a further
25 discussion on these applications, we will do so. If

1 not, we'll move ahead and vote on the applications.

2 So my question is of the Commission is there a desire
3 to go into closed session at this time?

4 COMMISSIONER FINNEY: I have a desire to do
5 so, Chairman.

6 CHAIRMAN KOHN: Sorry?

7 COMMISSIONER FINNEY: I do. I guess I
8 would make a motion, then.

9 CHAIRMAN KOHN: Well, you can't. Only
10 Brian can.

11 COMMISSIONER JAMISON: I move to close the
12 meeting under Sections --

13 COMMISSIONER LOMBARDO: Whoa, whoa, whoa,
14 whoa, whoa. I know you want to do that, but --

15 COMMISSIONER NEER: Doesn't he have to have
16 a second?

17 COMMISSIONER LOMBARDO: I was just going to
18 say the issue that has been raised I think's common to
19 all of these applications. Do we want to -- does
20 DraftKings have a -- or is there anybody else, I
21 should say, that has something that they want to
22 present before we go into closed session on that
23 issue? Does that -- does that make sense?

24 CHAIRMAN KOHN: Anybody on the --
25 commissioners?

1 COMMISSIONER LOMBARDO: No. Any -- any of
2 the other applicants.

3 CHAIRMAN KOHN: Okay.

4 MR. GREWACH: There is a representative of
5 FanDuel here. Now, they did present at the prior
6 meeting. I asked Corey Fox from FanDuel to come. And
7 I -- basically I asked him to come here to be able to
8 answer any questions that the Commission had. I don't
9 know that he has a presentation ready.

10 COMMISSIONER LOMBARDO: Okay. Then we
11 don't need to do that. We don't need to do that. I
12 apologize, Brian.

13 COMMISSIONER JAMISON: No problem.

14 CHAIRMAN KOHN: All right. Go ahead and
15 make your motion.

16 COMMISSIONER JAMISON: I move to close the
17 meeting under Sections 313.945, Revised Missouri
18 Statutes, investigatory, proprietary and application
19 records; and 610.021 Subparagraph 14, Revised Missouri
20 Statutes, records protected from disclosure by law.

21 CHAIRMAN KOHN: Is there a second to the
22 motion?

23 COMMISSIONER FINNEY: Second.

24 CHAIRMAN KOHN: Discussion on the motion?
25 Angie.

1 MS. FRANKS: Commissioner Finney.

2 COMMISSIONER FINNEY: Approve.

3 MS. FRANKS: Commissioner Lombardo.

4 COMMISSIONER LOMBARDO: Approve.

5 MS. FRANKS: Commissioner Neer.

6 COMMISSIONER NEER: Approve.

7 MS. FRANKS: Commissioner Jamison.

8 COMMISSIONER JAMISON: Approve.

9 MS. FRANKS: Chairman Kohn.

10 CHAIRMAN KOHN: Approve. Okay. So here's
11 where we are. As I think most of you know, we have a
12 lot more material to cover in our meeting, and which
13 will involve some of you sitting out here. We'll try
14 and make this as brief as possible, and come back out
15 and conclude the business that we have remaining on
16 the agenda. So -- and then we'll have another closed
17 session at the end which will be our regular closed
18 session. This one will be specifically to talk about
19 this one issue. So I hope we'll be back out shortly.

20 (OFF THE RECORD.)

21 CHAIRMAN KOHN: Okay. Going back to staff
22 recommendation, why don't you repeat that,
23 Mr. Seibert.

24 MR. SEIBERT: Staff does recommended
25 approval for FanDuel. Staff recommends approval for

1 SportsHub and Fan -- or excuse me. Staff recommends
2 approval for DraftKings.

3 CHAIRMAN KOHN: Okay. Is there a motion
4 with respect to Resolution 18-008 which is FanDuel?

5 COMMISSIONER LOMBARDO: Motion to approve.

6 COMMISSIONER JAMISON: Seconded.

7 CHAIRMAN KOHN: Discussion on the motion?
8 Angie.

9 MS. FRANKS: Commissioner Finney.

10 COMMISSIONER FINNEY: Approve.

11 MS. FRANKS: Commissioner Lombardo.

12 COMMISSIONER LOMBARDO: Approve.

13 MS. FRANKS: Commissioner Neer.

14 COMMISSIONER NEER: Approve.

15 MS. FRANKS: Commissioner Jamison.

16 COMMISSIONER JAMISON: Approve.

17 MS. FRANKS: Chairman Kohn.

18 CHAIRMAN KOHN: Approve.

19 MS. FRANKS: By your vote, you've adopted
20 Resolution Number 18-008.

21 CHAIRMAN KOHN: Is there a motion with
22 respect to 18-009 for Sports Hub Technologies?

23 COMMISSIONER JAMISON: So moved.

24 COMMISSIONER NEER: Second.

25 CHAIRMAN KOHN: Discussion on the motion?

1 Angie.

2 MS. FRANKS: Commissioner Finney.

3 COMMISSIONER FINNEY: Approve.

4 MS. FRANKS: Commissioner Lombardo.

5 COMMISSIONER LOMBARDO: Approve.

6 MS. FRANKS: Commissioner Neer.

7 COMMISSIONER NEER: Approve.

8 MS. FRANKS: Commissioner Jamison.

9 COMMISSIONER JAMISON: Approve.

10 MS. FRANKS: Chairman Kohn.

11 CHAIRMAN KOHN: Approve.

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

13 Resolution Number 18-009.

14 CHAIRMAN KOHN: Is there a motion with

15 respect to Resolution 18-010 for DraftKings?

16 COMMISSIONER LOMBARDO: Motion to approve.

17 COMMISSIONER JAMISON: Second.

18 CHAIRMAN KOHN: Discussion on the motion?

19 Angie.

20 MS. FRANKS: Commissioner Finney.

21 CHAIRMAN KOHN: Sorry, did you want to

22 discuss, Dan?

23 COMMISSIONER FINNEY: I think we did.

24 CHAIRMAN KOHN: Okay. All right. Go

25 ahead.

1 MS. FRANKS: Okay. Commissioner Finney.

2 COMMISSIONER FINNEY: Approve.

3 MS. FRANKS: Commissioner Lombardo.

4 COMMISSIONER LOMBARDO: Approve.

5 MS. FRANKS: Commissioner Neer.

6 COMMISSIONER NEER: Approve.

7 MS. FRANKS: Commissioner Jamison.

8 COMMISSIONER JAMISON: Approve.

9 MS. FRANKS: Chairman Kohn.

10 CHAIRMAN KOHN: Approve.

11 MS. FRANKS: By your vote, you've adopted
12 Resolution Number 18-010.

13 CHAIRMAN KOHN: Mr. Seibert?

14 MR. SEIBERT: Next order of business,
15 Mr. Chairman, is consideration of disciplinary
16 actions. Mr. Ed Grewach will present.

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

19 Under Tab E we have a preliminary order
20 of discipline directed to Lumiere Place Casino for
21 supplying alcohol to a minor, allowing alcoholic
22 drinks to be taken off the premises, and failing to
23 report a violation for incidents that occurred on June
24 30th, 2017 at the Wet Willy's bar at the casino
25 property.

1 Now, Wet Willy's bar opened on December
2 22nd, 2015. Under the statute, the Commission has
3 exclusive licensing jurisdiction over any liquor
4 outlet that's on the casino floor or on property
5 adjacent to it owned and operated by the casino. In
6 the Wet Willy's -- particular outlet's license, it is
7 limited to consumption on the casino premises. The
8 physical setup of the bar is that it's a walk-up
9 counter off the gaming floor in -- it's not enclosed
10 in any area. It's open to the general public,
11 including access to areas accessible by minors.

12 In this particular case, a 16-year-old
13 and an adult relative walked up to the counter and
14 ordered drinks. The bartender did take the
15 16-year-old's identification and ran it through the
16 Veridocs, but did not wait for the result of the
17 Veridocs to come back. She put the drinks on the
18 counter, the 16-year-old took the drink and began to
19 walk away from the counter. At that point in time,
20 the bartender did look at the Veridocs and saw that it
21 was -- that he was a minor, and retrieved the drink
22 from the 16-year-old. The 16-year-old and his adult
23 relative then walked a few feet away from the bar,
24 spoke to another acquaintance named Huddleston. They
25 gave Huddleston the money. Huddleston walked back up

1 to the counter and bought the same drink that had been
2 prepared for the 16-year-old. The three of them then
3 walked out of the entrance of the casino, where
4 Huddleston handed the drink to the 16-year-old, and
5 the 16-year-old and the adult relative got into a car
6 and drove off of the casino property.

7 Background I think is important in this
8 case, in that from the opening, the Commission has
9 expressed concern about the physical layout and the
10 business model of that -- of that outlet increasing
11 the risk of violations for these types of
12 violations -- minors obtaining drinks, people leaving
13 the premises with the drinks. As a matter of fact, as
14 you see in your materials, in the 18 months from the
15 opening until this particular incident, there were 19
16 separate incidents in which a notice of investigation
17 for violations were -- were issued to this specific
18 outlet. They range from supplying alcohol to minors,
19 allowing patrons to buy alcohol, and leaving the
20 premises. And in six of those incidents, the MGC sent
21 letters to the casino directing them to take steps to
22 prevent a future violation.

23 The recommendation in this case is a
24 \$5000 fine. I will also note that we did have a
25 meeting at Lumiere Place with both representatives of

1 Lumiere and of Wet Willy's last Thursday to discuss
2 alternatives with which to address -- to address this
3 issue.

4 CHAIRMAN KOHN: What are alternatives?

5 MR. GREWACH: Well --

6 CHAIRMAN KOHN: What should they be doing?

7 MR. GREWACH: You know, we had -- you know,
8 we gave our input at that meeting, but we really
9 basically left it up to them, and indicated to them
10 that we're -- you know, we have to react to the
11 results. You know, whatever steps they take, whether
12 it's, you know, putting signs up, or putting something
13 on a lid of the container indicating that you can't
14 take the drink off the premises, you know, we're
15 really interested in the violations stopping. So
16 while we did give some input and thoughts, we really
17 left it up to the property to -- to address those
18 issues.

19 COMMISSIONER NEER: Is this on a gaming
20 floor, or off -- off the gaming floor?

21 MR. GREWACH: It's off the gaming floor,
22 which I think adds to the risks and the types of
23 violations that you've seen.

24 CHAIRMAN KOHN: But -- but a lot of these
25 prior ones are under-age. Correct? So that comes

1 into an identification process as opposed to walking
2 off the premises.

3 MR. GREWACH: Correct. I think you can
4 separate those as you read them. Some are maybe
5 training issues, as far as identifying a false ID,
6 or -- or even how -- even checking an ID. You know,
7 someone maybe didn't check an ID when they should
8 have. The physical layout, though, is the one that
9 lends itself to those two. The -- what we referred to
10 in our meeting as the hand-off problem. You know,
11 buy -- walk up to the counter, buy a drink, and walk,
12 in this case, just a few feet away and hand it to a --
13 to a minor; and the -- and the property -- and the
14 drinks leaving the premises.

15 COMMISSIONER LOMBARDO: And how does this
16 compare -- you had mentioned I think 19 violations in
17 18 months. How does this compare to the rate of
18 violations at other properties? Is this a real
19 outlier?

20 MR. GREWACH: You know, I really don't have
21 the numbers to back that up. But just anecdotally, I
22 can -- I don't know that I've seen this many
23 violations in that time span for one liquor outlet
24 since I've been.

25 COMMISSIONER LOMBARDO: And have they been

1 fined on any of the previous ones?

2 MR. GREWACH: I don't believe so. This is
3 the first fine that we're recommending.

4 COMMISSIONER LOMBARDO: Okay. I was
5 having -- some of the abbreviations as to what
6 happened were a little inscrutable to me. I was
7 having a hard time figuring out what the result was.

8 MR. GREWACH: We do have a lot of acronyms.
9 NPL is a non-punitive letter. That's the letter that
10 we send to them that I was discussing earlier saying
11 you violated, we're not going to take action now, but
12 you need to fix this. And to my count, there's been
13 six of those sent during this time period.

14 COMMISSIONER LOMBARDO: Looked like there
15 were some suspensions. Were those for employees, or
16 was that to shut the -- the bar down for a day?

17 MR. GREWACH: Those were for the employees.
18 Now, we -- under the rule, we -- we do have the
19 authority, although we -- it's not included in this
20 recommendation, to suspend a liquor license, similar
21 to what liquor control would have for a specific time
22 period.

23 CHAIRMAN KOHN: Any other questions of Ed?

24 COMMISSIONER JAMISON: Well, you brought up
25 liquor control. Have they weighed in on this?

1 MR. GREWACH: They have not. No. No.

2 This is outside their jurisdiction, so --

3 CHAIRMAN KOHN: Any other questions? Is
4 there a motion with respect to DC-18-006?

5 COMMISSIONER JAMISON: So moved.

6 COMMISSIONER NEER: Second.

7 CHAIRMAN KOHN: Discussion on the motion?
8 Ed, I don't know -- I don't think you mentioned what
9 the fine is.

10 MR. GREWACH: \$5000.

11 CHAIRMAN KOHN: \$5000. Yeah. Okay. I
12 just wanted to make sure we had it on the record. Any
13 discussion on the motion? Angie.

14 MS. FRANKS: Commissioner Finney.

15 COMMISSIONER FINNEY: Approve.

16 MS. FRANKS: Commissioner Lombardo.

17 COMMISSIONER LOMBARDO: Approve.

18 MS. FRANKS: Commissioner Neer.

19 COMMISSIONER NEER: Approve.

20 MS. FRANKS: Commissioner Jamison.

21 COMMISSIONER JAMISON: Approve.

22 MS. FRANKS: Chairman Kohn.

23 CHAIRMAN KOHN: Approve.

24 MS. FRANKS: By your vote, you've adopted
25 DC-18-006.

1 CHAIRMAN KOHN: Ed, you're on for the
2 foreseeable future.

3 MR. GREWACH: Under Tab F, we have a
4 preliminary order of discipline also directed to
5 Lumiere Place Casino for using unapproved table games
6 layouts in violation of minimum internal control
7 standards D-12.01. That rule requires that the MGC
8 approve any table game layout prior to it being placed
9 into play.

10 On June 20th, 2017 the Commission
11 received a shipping approval request for a table game
12 layout from a supplier. Now, the shipping approval
13 request isn't required. It was sent to us in error.
14 But that caused the employee that received it to look
15 at that layout and compare it to the approved layout.
16 And she found that it did not match the approved
17 layout. That, in turn, caused her to do an additional
18 investigation to look at the layouts on the floor,
19 compare them to the layouts that she had in the
20 records as approved layouts. And in the course of
21 that, she found that there were 11 layouts which
22 impacted 42 of the 62 table games that were -- had not
23 been approved by the Commission. Now, the majority of
24 those did involve design changes or color changes,
25 although there were two other significant ones. One

1 table layout contained a side bet on the layout which
2 was not approved in the rules of the game. As
3 background, for every table game, we require that
4 the -- the casino submit the rules of the game to us
5 so that if there is any patron dispute or problem or
6 issue, we can then check the rules of the game. And
7 in this case, the layout had a bet that was not
8 authorized in the rules of the game. In another table
9 layout, there was a payout that was not authorized,
10 and didn't match up the rules of the game that we had
11 on file from the casino.

12 The staff recommendation was a \$5000
13 fine. We sent that to the casino. In response, the
14 casino pointed out that most of the violations were
15 design issues, that they had had a change in the table
16 game department leadership, and that they had fixed or
17 were working to fix the problem. Staff, in looking at
18 that response, felt that because of the scope of the
19 problem, the number of layouts involved, and the fact
20 that those two specific problems could very well have
21 affected a patron and the payout of the game, to
22 continue to pursue the recommendation of the \$5000
23 fine.

24 CHAIRMAN KOHN: Any questions of Ed? Is
25 there a motion with respect to DC-18-007?

1 COMMISSIONER NEER: Motion to approve.

2 COMMISSIONER LOMBARDO: Second.

3 CHAIRMAN KOHN: Discussion on the motion?

4 Angie.

5 MS. FRANKS: Commissioner Finney.

6 COMMISSIONER FINNEY: Approve.

7 MS. FRANKS: Commissioner Lombardo.

8 COMMISSIONER LOMBARDO: Approve.

9 MS. FRANKS: Commissioner Neer.

10 COMMISSIONER NEER: Approve.

11 MS. FRANKS: Commissioner Jamison.

12 COMMISSIONER JAMISON: Approve.

13 MS. FRANKS: Chairman Kohn.

14 CHAIRMAN KOHN: Approve.

15 MS. FRANKS: By your vote, you've adopted

16 DC-18-007.

17 CHAIRMAN KOHN: Ed.

18 MR. GREWACH: Tab G, we have a preliminary
19 order of discipline directed to River City Casino for
20 a repeat audit finding for failing to count an imprest
21 bank, in this case a slot wallet, at least once every
22 seven days as required by minimum internal control
23 standards H-3.10.

24 Staff conducted its routine regulatory
25 compliance audit for -- and in the process of that

1 audit, as you probably know from prior cases, the
2 issues are discussed while the audit's going on.
3 There's a formal exit conference, which in this case
4 took place on June 15th, 2016. A report that was
5 issued on August 8th, 2016. And then in -- and in it,
6 one of those findings was that there was a slot wallet
7 which had not been counted for 340 days. We received
8 a management response indicating that the audit --
9 wallets would be audited daily. In the follow-up to
10 that audit, it was found that a -- another slot
11 wallet -- a different one -- had not been counted for
12 118 days. And the recommended fine for this follow-up
13 repeat audit finding is \$2500.

14 CHAIRMAN KOHN: Questions of Ed? Is there
15 a motion with respect to 18-008?

16 COMMISSIONER FINNEY: Motion to approve.

17 COMMISSIONER JAMISON: Second.

18 CHAIRMAN KOHN: Discussion on the motion?

19 Angie.

20 MS. FRANKS: Commissioner Finney.

21 COMMISSIONER FINNEY: Approve.

22 MS. FRANKS: Commissioner Lombardo.

23 COMMISSIONER LOMBARDO: Approve.

24 MS. FRANKS: Commissioner Neer.

25 COMMISSIONER NEER: Approve.

1 MS. FRANKS: Commissioner Jamison.

2 COMMISSIONER JAMISON: Approve.

3 MS. FRANKS: Chairman Kohn.

4 CHAIRMAN KOHN: Approve.

5 MS. FRANKS: By your vote, you've adopted
6 DC-18-008.

7 CHAIRMAN KOHN: Harrah's?

8 MR. GREWACH: Yes. Tab H, we have a
9 preliminary order of discipline directed at Harrah's
10 North Kansas City for repeat audit findings. A
11 compliance audit that had been done on December 1st,
12 2015 through April 30th, 2017, there were two findings
13 in that audit that had also been findings in the prior
14 audit, which covered a time period from January of
15 2014 through November of 2015.

16 The first involved a violation of minimum
17 internal control standards H-3.11 in which cashier
18 variance slips with variances in excess of \$20 did not
19 include the results of an investigation. The -- that
20 finding was -- as I indicated in the prior audit and
21 also in the follow-up to the prior audit.

22 The second violation was a violation of
23 minimum internal control standards F-3.03 for failing
24 to properly document variances from the poker bank.
25 Again, this had been a finding not only in the prior

1 audit but in the follow-up to the prior audit.

2 And the recommended fine in this case is
3 \$5000.

4 CHAIRMAN KOHN: Questions of Ed? Is there
5 a motion with respect to 18-009?

6 COMMISSIONER FINNEY: Motion to approve.

7 COMMISSIONER NEER: Second.

8 CHAIRMAN KOHN: Discussion on the motion?
9 Angie.

10 MS. FRANKS: Commissioner Finney.

11 COMMISSIONER FINNEY: Approve.

12 MS. FRANKS: Commissioner Lombardo.

13 COMMISSIONER LOMBARDO: Approve.

14 MS. FRANKS: Commissioner Neer.

15 COMMISSIONER NEER: Approve.

16 MS. FRANKS: Commissioner Jamison.

17 COMMISSIONER JAMISON: Approve.

18 MS. FRANKS: Chairman Kohn.

19 CHAIRMAN KOHN: Approve.

20 MS. FRANKS: By your vote, you've adopted
21 DC-18-009.

22 CHAIRMAN KOHN: Mr. Seibert.

23 MR. SEIBERT: The next order of business is
24 consideration of rules and regulations. Mr. Ed
25 Grewach will present.

1 CHAIRMAN KOHN: Oh, Ed's presenting.

2 MR. GREWACH: Surprise.

3 COMMISSIONER LOMBARDO: You're on a roll,
4 Ed.

5 MR. GREWACH: You'll see under Tabs I, J
6 and K proposed amendments for partial rescission of
7 rules. Now, these proposed amendments are
8 continuing -- a product of continuing our work under
9 the direction given by the Governor's Executive Order
10 17-03 and the requirements under the State Statute
11 536.175 that we review our rules in a -- on a regular
12 basis.

13 For organization and convenience, I've
14 grouped these into categories. And if you -- if these
15 preliminary orders are approved, then we will have a
16 written comment period that will begin on April the
17 2nd, 2018, and which would end on May the 2nd, 2018.
18 We'll also conduct a public hearing on May the 1st,
19 2018. The -- any comments received during those
20 written or public hearing, and any proposed changes to
21 the rules will be presented back to the Commission at
22 the June 27th meeting for a final order of rulemaking.
23 And as you may recall, under the governor's executive
24 order, we're required to send all amendments to the
25 governor's office. We did in this case, and did

1 receive written approval to proceed with these.

2 Under Tab I, then, we have a rescission
3 of rules and regulations which overlap, duplicate or
4 conflict with a statute or another rule.

5 CHAIRMAN KOHN: Okay. So we're looking at
6 a motion for Tab I, which includes 14 items. Right?

7 MR. GREWACH: Yes. And they could all be
8 included in one motion.

9 CHAIRMAN KOHN: Yeah. That's -- that's
10 what we're doing. So is there a motion with respect
11 to those rules and regulations listed under Tab I, all
12 14 of them?

13 COMMISSIONER LOMBARDO: Motion to approve
14 the resolution to the -- I guess what? Repeal them?

15 MR. GREWACH: Rescind.

16 CHAIRMAN KOHN: Rescind.

17 COMMISSIONER LOMBARDO: Rescind.

18 COMMISSIONER FINNEY: Second.

19 CHAIRMAN KOHN: Is there discussion on the
20 motion? Angie.

21 MS. FRANKS: Commissioner Finney.

22 COMMISSIONER FINNEY: Approve.

23 MS. FRANKS: Commissioner Lombardo.

24 COMMISSIONER LOMBARDO: Approve.

25 MS. FRANKS: Commissioner Neer.

1 COMMISSIONER NEER: Approve.

2 MS. FRANKS: Commissioner Jamison.

3 COMMISSIONER JAMISON: Approve.

4 MS. FRANKS: Chairman Kohn.

5 CHAIRMAN KOHN: Approve.

6 MS. FRANKS: By your vote, you've adopted
7 the rules under Tab I.

8 CHAIRMAN KOHN: Okay. J.

9 MR. GREWACH: Tab J, we have rescission of
10 rules that are unnecessary, or not essential to the
11 health, safety or welfare of Missouri residents. I
12 might add that the title to these categories
13 correspond with the title to either the governor's
14 executive order or the statute for categories that we
15 need to consider for rescission or amendment --
16 amendment of the rules.

17 CHAIRMAN KOHN: Okay. So there are nine in
18 this category under -- under Tab J. Is there a motion
19 to approve the rescission of the rules listed under
20 Tab J?

21 COMMISSIONER FINNEY: So moved.

22 COMMISSIONER NEER: Second.

23 CHAIRMAN KOHN: Discussion on the motion?
24 Angie.

25 MS. FRANKS: Commissioner Finney.

1 COMMISSIONER FINNEY: Approve.

2 MS. FRANKS: Commissioner Lombardo.

3 COMMISSIONER LOMBARDO: Approve.

4 MS. FRANKS: Commissioner Neer.

5 COMMISSIONER NEER: Approve.

6 MS. FRANKS: Commissioner Jamison.

7 COMMISSIONER JAMISON: Approve.

8 MS. FRANKS: Chairman Kohn.

9 CHAIRMAN KOHN: Approve.

10 MS. FRANKS: By your vote, you've adopted

11 the rules under Tab J.

12 CHAIRMAN KOHN: You don't have to list

13 those. Right?

14 MS. FRANKS: Yeah. No.

15 CHAIRMAN KOHN: Okay. K.

16 MR. GREWACH: Tab K, we have rescission of

17 rules that are obsolete.

18 CHAIRMAN KOHN: So we have three of those.

19 Is there a motion to approve rescission of the rules

20 listed under Tab K?

21 COMMISSIONER JAMISON: So moved.

22 COMMISSIONER FINNEY: Second.

23 CHAIRMAN KOHN: Discussion on the motion?

24 Angie.

25 MS. FRANKS: Commissioner Finney.

1 COMMISSIONER FINNEY: Approve.

2 MS. FRANKS: Commissioner Lombardo.

3 COMMISSIONER LOMBARDO: Approve.

4 MS. FRANKS: Commissioner Neer.

5 COMMISSIONER NEER: Approve.

6 MS. FRANKS: Commissioner Jamison.

7 COMMISSIONER JAMISON: Approve.

8 MS. FRANKS: Chairman Kohn.

9 CHAIRMAN KOHN: Approve.

10 MS. FRANKS: By your vote, you've adopted
11 the rules Under Tab K.

12 CHAIRMAN KOHN: Thank you. Mr. Seibert.

13 MR. SEIBERT: Next order of business is
14 consideration of placement on list of excluded
15 persons.

16 CHAIRMAN KOHN: And who's making that
17 presentation?

18 MR. SEIBERT: Mr. Ed Grewach.

19 MR. GREWACH: It was convenient. I'm
20 already here, so --

21 This is a resolution to place Patrick
22 Ahlering on the involuntary exclusion list.
23 Mr. Ahlering pled guilty on December the 1st, 2016 for
24 the felonies of identity theft, stealing, and
25 receiving stolen property. He received a seven-year

1 sentence with a suspended execution of that sentence.
2 Then subsequently on October 3rd, 2017, he pled guilty
3 to the felony of stealing. He again received a
4 seven-year sentence concurrent with the prior
5 conviction, but he was ordered to serve 120-day shock
6 incarceration, which he has served, and been released
7 from at this point in time. All these crimes involve
8 him stealing from his parents, and fraudulent use of
9 their credit cards. In statements he made to the
10 police after he was arrested, he indicated that these
11 thefts and the proceeds from the thefts were used to
12 support his gambling addiction.

13 In addition, the -- on May 24th, 2010,
14 which was eight months after his 21st birthday,
15 Mr. Ahlering had placed himself on the voluntary
16 disassociated person list. The rule provides that you
17 can be then removed from the list on your request
18 after five years. He did file that request, and was
19 removed from the list on August the 2nd, 2016. During
20 the time he was on the list, however, he was
21 encountered four times on the gaming floor by gaming
22 agents, one of which resulted in him pleading guilty
23 in the St. Louis City Circuit Court to trespass for an
24 event that occurred on April the 5th, 2016.

25 CHAIRMAN KOHN: Ed, the four visits to the

1 casino, was that the same casino, or four different
2 casinos?

3 MR. GREWACH: I have to check. Just a
4 second.

5 CHAIRMAN KOHN: I'm just wondering why --
6 so they noticed it four times.

7 MR. GREWACH: They were at two different
8 casinos: Lumiere Place and Hollywood.

9 CHAIRMAN KOHN: Okay.

10 MR. GREWACH: But what happens is when we
11 encountered someone on the -- on the property, they're
12 arrested, and then the report and -- and request to
13 file charges is sent to the county prosecutors. Or
14 city -- city prosecutors, depending on which casino
15 he's at. And then it's really up to the prosecutor
16 whether or not they file -- file the charges.

17 CHAIRMAN KOHN: When we had our tours, we
18 were introduced to the new, high-tech method of
19 checking IDs and checking people out. But I guess
20 it's not foolproof.

21 MR. GREWACH: Well --

22 CHAIRMAN KOHN: He got past that and went
23 on the floor.

24 MR. GREWACH: Yes. The --

25 COMMISSIONER JAMISON: A lot of times they

1 don't check people that are above age. And if they
2 don't know them as being on the disassociated-person
3 list, then they wouldn't necessarily connect those
4 two.

5 MR. GREWACH: As a matter of fact, the
6 statute prohibits them from checking ID for any
7 purpose other than to check for age. So unless
8 they're checking for age when -- at the point in time
9 that -- that the statute was passed -- and that
10 really -- before that statute was passed, you know,
11 you had to go get a card to get onto the casino floor,
12 and it was a fairly failsafe method to keep
13 disassociated persons off the floor. After that, the
14 disassociated person is typically encountered if they
15 win a taxable jackpot, you know, if they try to make a
16 cash transaction at a cage, if for some reason some
17 employee recognizes them, having a previous encounter
18 with them as a disassociated person. But there's
19 nothing -- unless they check because they look young,
20 and check their ID, they would not -- they would not
21 notice that.

22 COMMISSIONER LOMBARDO: Ed, it looks like
23 he was originally convicted for identify theft and
24 receiving stolen property in 2016. And then it looks
25 like he was again convicted of theft in late 2017.

1 I'm wondering why it took this long to get to this
2 point. Maybe you can explain the process by which if
3 somebody gets a conviction that that leads to them
4 being excluded.

5 MR. GREWACH: At this point in time, the --
6 if a case comes to the attention of one of our
7 troopers, or perhaps Director Seibert, or -- or Deputy
8 Director McGrail notice a case that they think would
9 be eligible for the exclusion list, they send it to
10 us. We then investigate, gather all the court
11 documents, make sure they fit the criteria for
12 exclusion. Now, when you read the rule, it's very
13 broad, in that really any conviction of a felony
14 involving moral turpitude would qualify you for the
15 exclusion list. But we really look for felony
16 convictions that have a nexus to gaming, as this one
17 did, and the statements he made to the police that the
18 thefts were -- well, on two fronts: The thefts were
19 for the purpose of funding his gambling addiction; and
20 the fact that he had identified himself as being a
21 problem gambler, and in spite of that been on the
22 floor -- caught on the floor four times. Probably
23 been on the floor much more than that.

24 CHAIRMAN KOHN: Any other questions? Is
25 there a motion with respect to Resolution 18-011?

1 COMMISSIONER LOMBARDO: Motion to approve.
2 COMMISSIONER FINNEY: Second.
3 CHAIRMAN KOHN: Discussion on the motion?
4 Angie.
5 MS. FRANKS: Commissioner Finney.
6 COMMISSIONER FINNEY: Approve.
7 MS. FRANKS: Commissioner Lombardo.
8 COMMISSIONER LOMBARDO: Approve.
9 MS. FRANKS: Commissioner Neer.
10 COMMISSIONER NEER: Approve.
11 MS. FRANKS: Commissioner Jamison.
12 COMMISSIONER JAMISON: Approve.
13 MS. FRANKS: Chairman Kohn.
14 CHAIRMAN KOHN: Approve.
15 MS. FRANKS: By your vote, you've adopted
16 Resolution Number 18-011.
17 MR. GREWACH: Thank you.
18 CHAIRMAN KOHN: Thank you, Ed.
19 Mr. Seibert?
20 MR. SEIBERT: Next order of business is
21 consideration of Bingo settlement agreement.
22 Ms. Carolyn Kerr will present.
23 CHAIRMAN KOHN: Hi.
24 MS. KERR: Good afternoon.
25 CHAIRMAN KOHN: Ms. Kerr. Good afternoon.

1 MS. KERR: Thank you. The -- should I
2 start with the first one?

3 CHAIRMAN KOHN: Yes. Go.

4 MS. KERR: Wasn't sure.

5 The first one is regarding a settlement
6 with New Madrid Eagles Lodge 4206. They had a Bingo
7 license, and we received a complaint on September 5th
8 of 2017 that they were playing poker on their
9 premises. We inspected the premises later that month,
10 found that they were in fact conducting poker games on
11 their premises. And that is -- as we've had in some
12 other cases before the Commission, that is not allowed
13 under our statutes or rules. So we proposed a
14 discipline, and after some discussions, we ended up
15 with the settlement that's in front of you. The fine
16 against the lodge is \$1000, and the forfeiture of two
17 Bingo occasions. They did sign the settlement
18 agreement and submitted it to us. Again, this is
19 consistent with other disciplines that we've had
20 against Bingo establishments or Bingo licensees that
21 have run a poker game. We just ask that the
22 settlement agreement be --

23 CHAIRMAN KOHN: This isn't the same one
24 that we had before?

25 MS. KERR: No. No. Different -- different

1 entity, but still --

2 COMMISSIONER NEER: Are those currently
3 relinquished?

4 MS. KERR: Yes.

5 COMMISSIONER NEER: The Bingo license.

6 MS. KERR: Yes. After -- after this, they
7 decided not to renew their license.

8 CHAIRMAN KOHN: And I notice that the
9 settlement provided for payment for -- from funds
10 other than those collected in Bingo.

11 MS. KERR: Correct.

12 CHAIRMAN KOHN: What funds do they have?

13 MS. KERR: Whatever funds the -- like the
14 VFW or the Eagles would have.

15 CHAIRMAN KOHN: I mean, is this a -- this a
16 dues-paying organization?

17 COMMISSIONER NEER: Eagles Lodge, it's like
18 the Elks.

19 COMMISSIONER JAMISON: I think they have a
20 bar.

21 MS. KERR: Any money they get from doing --

22 CHAIRMAN KOHN: So they get these things
23 from other than Bingo --

24 MS. KERR: Right.

25 CHAIRMAN KOHN: -- proceeds.

1 MS. KERR: Right.

2 CHAIRMAN KOHN: Is there a motion with
3 respect to 18-001-B?

4 COMMISSIONER NEER: Motion to approve.

5 COMMISSIONER LOMBARDO: Second.

6 CHAIRMAN KOHN: Discussion on the motion?
7 Angie.

8 MS. FRANKS: Commissioner Finney.

9 COMMISSIONER FINNEY: Approve.

10 MS. FRANKS: Commissioner Lombardo.

11 COMMISSIONER LOMBARDO: Approve.

12 MS. FRANKS: Commissioner Neer.

13 COMMISSIONER NEER: Approve.

14 MS. FRANKS: Commissioner Jamison.

15 COMMISSIONER JAMISON: Approve.

16 MS. FRANKS: Chairman Kohn.

17 CHAIRMAN KOHN: Approve.

18 MS. FRANKS: By your vote, you've adopted
19 Resolution Number 18-001-B.

20 CHAIRMAN KOHN: Now you want to tell us
21 what you're doing to Little Guys.

22 MS. KERR: Sure. The next settlement
23 agreement is regarding Little Guys Baseball Club.
24 They are also a Bingo licensee. We received two
25 complaints that they were -- there were workers that

1 were not on their list of approved workers working at
2 Bingo. You're -- the -- the statute and the rules
3 require that only certain individuals that are
4 approved on their worker list can actually work that
5 Bingo occasion. And there were two -- two dates the
6 complaints were that they did not. So we went and
7 inspected the -- the Bingo games on two occasions,
8 once in November of 2016 and once in September of
9 2017. The inspection corroborated the complaints that
10 were made. There were workers that were not on the
11 list that were either conducting, participating, or --
12 conducting or participating in Bingo on those
13 occasions, and they were not on the list. So we
14 proposed this discipline, which is a \$500 fine for
15 having unapproved workers working on their Bingo
16 occasions, and they accepted the terms of the
17 discipline, signed the settlement agreement, and
18 submitted it.

19 CHAIRMAN KOHN: So the people that -- that
20 are on the list as approved Bingo callers, whatever
21 you call them, how do they get on that list? Do they
22 get training from -- from us, or -- what's the
23 difference between those that are on the list and
24 those that aren't on the list?

25 MS. KERR: I think you have to be -- might

1 ask Barb Whittle to answer that.

2 MS. WHITTLE: I'm Barbara Whittle, and I'm
3 the charitable games manager. In order to be on the
4 approved list, you have to have been a member of the
5 licensed organization for two years; and you have to
6 be free of felony convictions; and you have to meet the
7 age requirement. So what happens is we ask each
8 organization, either upon application or renewal, to
9 submit their list of members with the start date, so
10 when they submit people who would like to work their
11 Bingo, we can verify that they have been a member of
12 the organization for two years. They also have to
13 submit name, date of birth, Social Security number,
14 and a photocopy of either a driver's license or a
15 state-issued ID. When we get that, we submit that to
16 the highway patrol, they run a background check on
17 them to make sure that they meet all those
18 qualifications. And once that is returned, then we
19 add those people, if they qualify, to the list of
20 workers.

21 CHAIRMAN KOHN: That's a very complete
22 answer.

23 MS. WHITTLE: Thank you.

24 MS. KERR: Much better than I could.

25 COMMISSIONER JAMISON: I do have a

1 question. So can you tell me the reason that people
2 were not on the list. Did they have felony
3 convictions? Had they not been there long enough?

4 MS. KERR: I think they were not on --

5 COMMISSIONER JAMISON: Were they just short
6 of people and they needed people? I mean, I --

7 MS. KERR: Let me -- let me double check.
8 I think they had not been members long enough.

9 COMMISSIONER NEER: They may have felt they
10 didn't really have to bother, either.

11 MS. WHITTLE: I can do that one, too.
12 Sorry.

13 MS. KERR: Okay.

14 MS. WHITTLE: There's a lot of different
15 reasons. Sometimes they'll be short people, so
16 they'll just grab people and throw them in there. The
17 two people on this occasion have not been members long
18 enough to have been on the list. So I think that
19 they -- I mean, they have to have known that. They're
20 aware of the rule. And so they had not been members
21 long enough. Once they meet the membership
22 requirement -- the two-year membership requirement --
23 it won't be held against them, and if they resubmit
24 them to add, we will add them as long as they pass the
25 background check.

1 COMMISSIONER JAMISON: So in this
2 particular case, they just shouldn't have had Bingo
3 that night?

4 MS. WHITTLE: They shouldn't have had those
5 people working their Bingo that night.

6 COMMISSIONER JAMISON: But if you don't
7 have enough people to work it, then you just don't
8 have Bingo.

9 MS. WHITTLE: That's up to the
10 organization. I mean, it depends on the size of the
11 Bingo and how many people they need.

12 COMMISSIONER JAMISON: Okay.

13 COMMISSIONER NEER: Isn't there a push to
14 change that membership rule now?

15 MS. WHITTLE: There is. There is. But
16 that's Constitutional, so we're tracking that, I
17 believe.

18 MS. KERR: Yes.

19 CHAIRMAN KOHN: Any other questions about
20 the Little Guys?

21 COMMISSIONER LOMBARDO: I understand they
22 were short a few people. I'm sorry. I apologize.

23 COMMISSIONER JAMISON: That was -- that was
24 Rick.

25 CHAIRMAN KOHN: Okay. Is there a motion

1 with respect to Resolution 18-002-B?

2 COMMISSIONER FINNEY: Motion to approve.

3 COMMISSIONER NEER: Second.

4 CHAIRMAN KOHN: Discussion on the motion?

5 Angie.

6 MS. FRANKS: Commissioner Finney.

7 COMMISSIONER FINNEY: Approve.

8 MS. FRANKS: Commissioner Lombardo.

9 COMMISSIONER LOMBARDO: Approve.

10 MS. FRANKS: Commissioner Neer.

11 COMMISSIONER NEER: Approve.

12 MS. FRANKS: Commissioner Jamison.

13 COMMISSIONER JAMISON: Approve.

14 MS. FRANKS: Chairman Kohn.

15 CHAIRMAN KOHN: Approve.

16 MS. FRANKS: By your vote, you've adopted

17 Resolution Number 18-002-B.

18 CHAIRMAN KOHN: Mr. Seibert?

19 MR. SEIBERT: Next order of business is

20 consideration of licensure of Level I and key

21 applicants. Sergeant Julie Scerine will present.

22 CHAIRMAN KOHN: Sergeant Scerine.

23 MS. SCERINE: Mr. Chairman and

24 Commissioners, the Missouri State Highway Patrol

25 investigators, along with the Gaming Commission

1 financial investigators, conducted comprehensive
2 background investigations on multiple key and Level I
3 applicants. The investigations included, but were not
4 limited to criminal, financial and general character
5 inquiries which were made in the jurisdictions where
6 the applicants lived, worked, and frequented.

7 The following individuals are being
8 presented for your consideration: George Barrios,
9 Argosy Casino Director of Security. Albert Britton,
10 Penn National Gaming Senior VP of Regional Operations.
11 Thomas Graf, Novomatic AG/Novo Invest Chief Technology
12 Officer/Managing Director. Ronald McKito, Ameristar
13 Casino Kansas City Surveillance Manager. Jonathon
14 Morten, IOC Caruthersville -- Lady Luck Casino
15 Surveillance Manager. Ryszard Presch, Novomatic
16 AG/Novo Invest Chief Operations Officer Managing
17 Director. Peter Stein, Novomatic AG Chief Financial
18 Officer. Christian Widhalm, Novomatic AG Chief
19 Investment Officer and Vice Chairman of the Management
20 Board. Bernard Zuroff, Caesars Entertainment
21 Operating Independent Director.

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

1 CHAIRMAN KOHN: Any questions of Sergeant
2 Scerine or about the materials that she provided us?
3 Is there a motion?

4 COMMISSIONER NEER: No. No.

5 CHAIRMAN KOHN: Is there a motion with
6 respect to Resolution 18-012?

7 COMMISSIONER LOMBARDO: Motion to approve.

8 COMMISSIONER JAMISON: Second.

9 CHAIRMAN KOHN: Discussion on the motion?
10 Angie.

11 MS. FRANKS: Commissioner Finney.

12 COMMISSIONER FINNEY: Approve.

13 MS. FRANKS: Commissioner Lombardo.

14 COMMISSIONER LOMBARDO: Approve.

15 MS. FRANKS: Commissioner Neer.

16 COMMISSIONER NEER: Approve.

17 MS. FRANKS: Commissioner Jamison.

18 COMMISSIONER JAMISON: Approve.

19 MS. FRANKS: Chairman Kohn.

20 CHAIRMAN KOHN: Approve.

21 MS. FRANKS: By your vote, you've adopted
22 Resolution Number 18-012.

23 CHAIRMAN KOHN: I believe, Mr. Seibert,
24 that concludes our --

25 MR. SEIBERT: It does.

1 CHAIRMAN KOHN: -- agenda for the open
2 session. Is there a motion, Vice Chairman Jamison, to
3 go into closed session?

4 COMMISSIONER JAMISON: There is. I move
5 for a closed meeting under Section 313.847 and
6 313.945, revised Missouri Statutes, investigatory,
7 proprietary and application records; and 610.021
8 Subparagraph 1, Revised Missouri Statutes, legal
9 action; Subparagraph 3 and Subparagraph 13, personnel;
10 and Subparagraph 14, records protected from disclosure
11 by law.

12 CHAIRMAN KOHN: Is there a second to the
13 motion?

14 COMMISSIONER LOMBARDO: Second.

15 CHAIRMAN KOHN: Angie.

16 MS. FRANKS: Commissioner Finney.

17 COMMISSIONER FINNEY: Approve.

18 MS. FRANKS: Commissioner Lombardo.

19 COMMISSIONER LOMBARDO: Approve.

20 MS. FRANKS: Commissioner Neer.

21 COMMISSIONER NEER: Approve.

22 MS. FRANKS: Commissioner Jamison.

23 COMMISSIONER JAMISON: Approve.

24 MS. FRANKS: Chairman Kohn.

25 CHAIRMAN KOHN: Approve. We are going into

1 closed session now. And we will come out and -- and
2 close the open session afterwards. But we certainly
3 don't expect anybody to stay for that. So thank you
4 all for attending. We got through a lot of material
5 in two hours, including our closed session, so that
6 may be a modern-day record. I'm not sure. But we'll
7 see you next month. Thanks.

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11 (Ending time of the hearing: 12:00 p.m.)

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1 CERTIFICATE OF REPORTER

2

3 I, Sarah J. Pokorski, CCR, a Certified Court
4 Reporter in the State of Missouri, do hereby certify
5 that the testimony that appears in the foregoing
6 transcript was taken by me to the best of my ability
7 and thereafter reduced to typewriting by me; that I am
8 neither counsel for, related to, nor employed by any
9 of the parties to the action in which this hearing was
10 taken, and further that I am not a relative or
11 employee of any attorney or counsel employed by the
12 parties thereto, nor financially or otherwise
13 interested in the outcome of the action.

14

15

16

Sarah J. Pokorski
CCR No. 745

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MISSOURI GAMING COMMISSION
Open Session Minutes
February 28, 2018

The Missouri Gaming Commission (the “Commission”) went into open session at approximately 12:27 p.m. on February 28, 2018, at the Jefferson City office of the Missouri Gaming Commission.

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

The meeting ended at 12:28 p.m.