

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-18-058
International Game Technology)

PRELIMINARY ORDER FOR DISCIPLINARY ACTION

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

1. The Missouri Gaming Commission (the "Commission" or "MGC") is a state commission created under Chapter 313, RSMo, 2000,¹ with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri.
2. International Game Technology ("IGT" or "the Company") is supplier of gaming machines, progressive systems, and casino management systems, holding a license under 11 CSR 45-4, et seq.
3. The Commission issued a Supplier license to the Company to provide gaming machines, progressive systems, and casino management systems, or other items directed by the Commission to a Class A or Class B licensee or to the Commission.
4. As the holder of a Supplier license, the Company is subject to the provisions of §§ 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS²

5. On September 7, 2017, IGT submitted a Request to Ship 20 Electronic Gaming Devices (EGDs) to a Casino located in Missouri.
6. On September 8, 2017, the MGC approved the request to ship the 20 EGDs.
7. On September 18, 2017, the Casino received the 20 EGDs. Once the shipment was verified by Commission agent(s) the following issues were identified:
 - a. As required on the request to ship documentation, IGT failed to list nine of the 20 EGD cabinet serial numbers on the approved shipping request;
 - b. The 20 EGDs contained Critical Program Storage Media (CPSM) during the shipment, permitting the units to be operational; and

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

² 20170928003

- c. Two of the 20 EGDs contained CPSM not tested/certified by an independent testing laboratory (ITL) and not approved by the MGC. The two EGD cabinets contained test boot software intended for quality assurance and regulatory testing, which has not been submitted to any jurisdiction for certification and approval. The two EGD cabinets contained game software approved for use in New Jersey, but not Missouri

LAW

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

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

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

10. Title 11 CSR 45-5.237 states as follows:

- (1) Licensees shipping electronic gaming devices or gaming equipment/supplies as defined in 11 CSR 45-1.090, with the exception of critical program storage media as defined in 11 CSR 45-1.090, into, out of, or within Missouri, must file a request in a format specified by the Missouri Gaming Commission (MGC) at least five (5) days prior to such shipment. The licensee shall receive MGC approval of the request prior to shipping the listed items.
- (2) Critical program storage media shall be approved for use in the state prior to shipment and shall be shipped separately from electronic gaming devices unless otherwise approved in writing by the commission.

11. Pursuant to 11 CSR 45-5.225(2),

Effective September 30, 2014, the commission will become the sole approval authority for all gaming devices and associated equipment and slot accounting systems. Suppliers, Class A, and Class B licensees must receive an authorization letter from the commission before such gaming equipment and slot accounting systems are considered “approved” for use in the state of Missouri.

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

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

13. MICS, Chapter E, § 1.07 states as follows:

All aspects of an EGD and any associated device/system, including all hardware and software, shall be subject to:

- (A) testing by the Commission and/or an independent testing laboratory designated by the Commission;
- (B) review and approval by the Commission;
- (C) testing shall, as applicable, include examination for adherence to the applicable MGC licensed independent testing laboratory technical standards, pursuant to 11 CSR 45-4.230 et seq. as approved by the MGC; and
- (D) The testing, review and approval process shall be required prior to the implementation of the device/system by a Class B Licensee and following implementation, prior to any changes thereto, or at any other time the Commission deems appropriate, the costs for which shall be borne by the Class B Licensee.

14. MICS, Chapter E, § 4.09 states as follows:

The licensed supplier or Class B Licensee shall complete and submit a Gaming Device Shipment Request Form when facilitating an interstate or intrastate shipment into, out of, or within the state of Missouri. Written MGC approval must be received five days prior to the shipments. CPU boards may be shipped with

EGDs; however, *CPSM* must be removed and shipped separately, unless otherwise approved in writing by the MGC.

VIOLATIONS

15. The actions or omissions of employees or agents of the Company as described above constitute the shipping of EGDS without MGC approval, shipping CPSM with the EGDs, and shipping CPSM not approved by the MGC to the Casino, which is a violation of 11 CSR 45-5.237 (1) and (2) and the Commission’s MICS, Chapter E, §§ 1.07 and 4.09.
16. The Company is therefore subject to discipline for such violations under §§ 313.805(6) and 313.812.14 (1) and (2), RSMo, and 11 CSR 45-9.060(3).

PENALTY PROPOSED

17. Under § 313.805(6), RSMo, the Commission has the power to assess any appropriate administrative penalty against the Company, as the holder of a Supplier license.
18. THEREFORE, it is proposed that the Commission fine International Game Technology the amount of \$2,500 for the violations set forth herein.

Herbert M. Kohn
Chairman
Missouri Gaming Commission

CERTIFICATE OF SERVICE

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

Christine Masino
Director of Regulatory Compliance
International Game Technology
6355 Buffalo Drive
Las Vegas, NV 89113

Herbert M. Kohn
Chairman
Missouri Gaming Commission