

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC-18-068
Harrah's North Kansas City, LLC)

PRELIMINARY ORDER FOR DISCIPLINARY ACTION

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

1. The Missouri Gaming Commission (the "Commission" or "MGC") is a state commission created under Chapter 313, RSMo 2000,¹ with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri.
2. The Commission issued Caesar's Entertainment Corporation, a Class A gaming license to develop and operate Class B gaming licenses in the State of Missouri.
3. Caesar's Entertainment Corporation is the parent organization or controlling entity of Harrah's North Kansas City, LLC ("Company").
4. The Commission issued a Class B riverboat gambling license to the Company to conduct games on and operate the excursion gambling boat known as *Harrah's North Kansas City* ("Casino").
5. As the holder of a Class B license, Harrah's North Kansas City, LLC, is subject to the provisions of §§ 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS²

6. The MGC completed a compliance audit for the period of December 1, 2015 through April 30, 2017, and issued MGC Audit Report 17-18 to the Casino on September 12, 2017.
7. A follow-up was conducted November 29, 2017 through December 20, 2017, by MGC auditors to determine if the audit findings from Audit Report 17-18 had been corrected.
8. The follow-up audit found one significant finding had not been implemented:
 - b. Audit Report 17-18, finding B-7, revealed two of five cashiers experienced a variance when counting out of their frontline window banks, and the variance was recorded on the Funds Transfer/Order Form instead of only on the Cashier Count Sheet and Cashier Variance Slip.

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

² 20180109003

- i. The Management Response indicated that proper procedures were be reinforced via department email to ensure cashier variances are not recorded on the end of shift Funds Transfer.
- ii. The auditors followed up on finding B-7 by reviewing Cage paperwork from October 30 and 31, 2017, and found that five of five cashiers who experienced a variance at the end-of-shift count out recorded the variance on the Count Sheet and the Funds Transfer/Order Form.
- iii. The cashier variances noted in the auditor’s follow-up should only have been recorded on the Cashier Count Sheet and Cashier Variance Slip and not also on the Funds Transfer/Order Forms, in violation of the MGC Variance #49991-14A, which specifically prohibits the recording of variances on the transfer document.

LAW

- 9. Under § 313.805(6), RSMo, the Commission may assess any appropriate administrative penalty against a licensee, including, but not limited to, suspension, revocation, or penalties in an amount determined by the Commission.
- 10. 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 regulation;
- (2) Failing to comply with any rule, order or ruling of the commission or its agents pertaining to gaming[.]

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

(3) Violations of the minimum internal control standards [(“MICS”)] by a Class A or Class B licensee or an agent or employee of a Class A or Class B licensee are deemed to be unsuitable conduct for which the Class A or Class B licensee and/or its agent or employee is subject to administrative penalty

pursuant to section 313.805(6), RSMo and 11 CSR 45-1 et seq., as amended from time-to-time. Any agent or employee of a Class A or Class B licensee that is involved in a violation of the minimum internal control standards may be subject to fine, discipline, or license revocation.

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

12. Title 11 CSR 45-10.030 states, in pertinent part, as follows:

- (1) Licensees shall promptly report to the commission any facts which the licensee has reasonable grounds to believe indicate a violation of law (other than minor traffic violations), minimum internal control standard requirements or commission rule committed by licensees, their employees or others, including, without limitation, the performance of licensed activities different from those permitted under their license.

* * *

- (4) Licensees shall take reasonable actions to safeguard from loss all tokens, tickets, chips, checks, funds, and other gaming assets.

* * *

- (7) All occupational licensees shall have a working knowledge of Chapter 313.800, RSMo et seq., *Code of State Regulations*, Title 11 Division 45, and the internal controls of the Class A or B licensees for whom they are currently employed by as they pertain to the responsibilities and limitations of their job.

13. The MICS, Chapter H, § 3.08, stated, in pertinent part, as follows:

At the end of each shift, the outgoing Cashier shall count all assigned assets and prepare and sign a Cashier/Bank Count Sheet listing the inventory. A reconciliation shall be performed of the opening imprest amount to the closing inventory total. Any variance shall be documented on the count sheet and Cage/Bank Variance Slip.

14. The Casino’s ICS, Chapter H, § 3.08, states, more specifically, as follows:

At the end of each shift, the outgoing Casino Cashier shall count all assigned assets and prepare and sign a Casino Cashier/Bank Count Sheet listing the inventory. A reconciliation shall be performed of the opening imprest amount to the closing inventory total. Any variance shall be documented on the CASHIER

COUNT SHEET (Exhibit 131), NNRR CASHIER COUNT SHEET (Exhibit 136) and CASHIER VARIANCE SLIP (Exhibit 132).

Pursuant to approved Missouri Gaming Commission variance #49991-14a, dated August 31, 2015, Harrah's North Kansas City shall allow a cashier to end his/her shift before he/she receives the items needed from the main bank cashier to re-impress his/her cage window. This would allow the cashier to count all assigned assets and the final transfer at the end of the shift to identify variances prior to the end of the shift.

Conditions/Restrictions:

The Internal Controls for MICS, Chapter H § 3.04 and 3.08 shall include a reference to this variance and describe the procedures required at the end of shift and the procedures for the incoming cashier or verifier.

At the end of shift the cashier and the incoming cashier or verifier shall count down the assets and the transfer before it is sent to the main bank. Any variance shall be documented on the CASHIER COUNT SHEET (Exhibit 131) and NNRR CASHIER COUNT SHEET (Exhibit 136) * in the over/short field. Any variance between the beginning inventory amount and the ending inventory amount shall be processed using a CASHIER VARIANCE SLIP (Exhibit 132) as the transfer document and shall not be included in the end of shift transfer for that window. When the transfer has been processed by the main bank cashier, it will be given to either the next cashier to enter the drawer or a Cage Shift Supervisor or above who will count into the drawer, place the funds into the drawer, and then count out of the drawer. This final count will be verified by another employee. The main bank cashier must process the final transfer and return the requested assets to the cage window prior to the end of the incoming cashier's shift.

*NOTE: Per the conditions/restrictions of Missouri Gaming commission variance # 0277-09C dated September 28, 2009, prior to concluding his/her shift, the cage cashier must complete the exchange for all Patron NNRRs and reprint coupons redeemed during his/her shift with the main bank for Generic NNRRs. Redeemed Patron NNRRs and redeemed reprint coupons may only be exchanged for generic NNRRs. (See ICS, Chapter H § 17 for the additional details regarding Missouri Gaming commission variance # 0277-09C.)

VIOLATIONS

15. The acts or omissions of employees or agents of the Company, as described above, constitute a failure of the Company to correct one significant audit findings, thereby violating 11 CSR 45-10.030, MICS, Chapter H, § 3.08, and the Casino's ICS, Chapter H, § 3.08.
16. The Company is therefore subject to discipline for such violations pursuant to §§ 313.805(6) and 313.812.14 (1) and (2), RSMo, and 11 CSR 45-9.060(3) and (4).

PENALTY PROPOSED

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 Class B license.
18. THEREFORE, it is proposed that the Commission fine Harrah’s North Kansas City, LLC, the amount of \$2,500 for the violations set forth herein.

Herbert M. Kohn
Chairman
Missouri Gaming Commission

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he caused a true and correct copy of the foregoing to be mailed, postage prepaid, this 30th day of August, 2018, to:

Darren VanDover
Harrah’s North Kansas City
One Riverboat Drive
Kansas City, MO 64116

Herbert M. Kohn
Chairman
Missouri Gaming Commission