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BEFORE THE MISSOURI GAMING COMMISSION

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5

Meeting

6

October 30, 2019

9:30 a.m.

7

3417 Knipp Drive

Jefferson City, Missouri

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10

BEFORE: Mike Leara, Chairman

Brian Jamison, Commissioner

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Daniel P. Finney, III, Commissioner

Brandon Boulware, Commissioner

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Pat Conway, Commissioner (via telephonically)

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Reported by:

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IX. Consideration of Licensure for Level I/Key Applicants

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I. Resolution No. 19-047

54:17

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X. Motion for Closed Meeting under Sections 313.847 and 313.945, RSMo., Investigatory, Proprietary and Application Records and 610.021(1), RSMo, Legal Actions, (3) & (13) Personnel and (14) Records Protected from Disclosure by Law 56:21

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1 (Start time: 9:30 a.m.)

2 P R O C E E D I N G S

3 CHAIRMAN LEARA: We'll call the meeting to  
4 order on October 30th.

5 Angie, please call the roll.

6 MS. FRANKS: Commissioner Conway.

7 COMMISSIONER CONWAY: Present.

8 MS. FRANKS: Commissioner Boulware.

9 COMMISSIONER BOULWARE: Present.

10 MS. FRANKS: Commissioner Finney.

11 COMMISSIONER FINNEY: Present.

12 MS. FRANKS: Commissioner Jamison.

13 COMMISSIONER JAMISON: Present.

14 MS. FRANKS: Chairman Leara.

15 CHAIRMAN LEARA: Present.

16 A quorum having been established, we'll move  
17 on to the first item on the agenda, adoption of the  
18 agenda.

19 I will move to adopt the agenda as printed.

20 Anybody wish to discuss?

21 COMMISSIONER JAMISON: Second.

22 CHAIRMAN LEARA: We have a second.

23 No further discussion. Please call the roll.

24 MS. FRANKS: Commissioner Conway.

25 COMMISSIONER CONWAY: Approved.

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1 MS. FRANKS: Commissioner Boulware.

2 COMMISSIONER BOULWARE: Approved.

3 MS. FRANKS: Commissioner Finney.

4 COMMISSIONER FINNEY: Approved.

5 MS. FRANKS: Commissioner Jamison.

6 COMMISSIONER JAMISON: Approved.

7 MS. FRANKS: Chairman Leara.

8 CHAIRMAN LEARA: Approved.

9 We've adopted the agenda.

10 The next item is consideration of minutes  
11 from September 25th.

12 COMMISSIONER JAMISON: I move for adoption of  
13 the minutes of the September 25th meeting.

14 CHAIRMAN LEARA: We have a motion. Do we  
15 have a second?

16 COMMISSIONER FINNEY: Second.

17 CHAIRMAN LEARA: We have a second.

18 Discussion?

19 Seeing none, please call the roll.

20 MS. FRANKS: Commissioner Conway.

21 COMMISSIONER CONWAY: Approved.

22 MS. FRANKS: Commissioner Boulware.

23 COMMISSIONER BOULWARE: Approved.

24 MS. FRANKS: Commissioner Finney.

25 COMMISSIONER FINNEY: Approved.

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1 MS. FRANKS: Commissioner Jamison.

2 COMMISSIONER JAMISON: Approved.

3 MS. FRANKS: Chairman Leara.

4 CHAIRMAN LEARA: Approved.

5 MS. FRANKS: By your vote you've adopted the  
6 minutes of the September 25th, 2019 meeting.

7 CHAIRMAN LEARA: All right. We'll move on to  
8 the next item on the agenda is consideration of  
9 disciplinary actions. The first one will be 19-099.

10 Mr. Grewach.

11 MR. GREWACH: Yes.

12 CHAIRMAN LEARA: You have the floor, Ed.

13 MR. GREWACH: Thank you, Mr. Chairman,  
14 Commissioners.

15 Under Tab B we have a preliminary order of  
16 discipline directed to River City Casino for followup  
17 audit findings.

18 The Commission performs regularly scheduled  
19 compliance audits of every casino. This particular  
20 audit covered a time period from April 2016 to January  
21 of 2018.

22 Throughout the audit our personnel meet with  
23 and inform the casino management as they identify  
24 problems. Then when the audit work is completed, the  
25 findings are detailed in a written report that is then

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1 delivered to the casino management.

2           After that a formal exit conference is held  
3 in which our auditors discuss the findings with the  
4 casino management and the management gives their  
5 responses in this case. That meeting took place on  
6 May the 3rd, 2018.

7           The final audit report is then generated  
8 which documents the violations or findings that were  
9 found and management response, and that report was  
10 generated on June the 4th, 2018.

11           In this particular case one of the findings  
12 that was in the original audit report involved employees  
13 having unauthorized access to keys. The management  
14 response was that all inappropriate key access had been  
15 removed and further training had been conducted to try  
16 to ensure that problem did not happen in the future.

17           However, when the Commission conducted a  
18 followup audit on October 24th, 2018, it found that six  
19 table game supervisors had unauthorized access to two  
20 keys.

21           Now, those two particular keys were to the  
22 token or tip boxes. By rule supervisors are not allowed  
23 to accept tips, and the reason for this rule is that the  
24 supervisors, because of their position, do make  
25 decisions concerning patron complaints about game

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1 outcome.

2                   So the rule is in place to try to prevent  
3 that decision made by the table games supervisor to be  
4 influenced by the amount of the tip that a patron may  
5 pay to the supervisor.

6                   So, therefore, because they're not entitled  
7 to receive tips, the rule is also in place that they're  
8 not authorized to have access to the tip boxes where  
9 those funds are located.

10                   The DRB in this case found it significant  
11 that these two particular keys that were found in the  
12 followup were also keys that were identified in the  
13 original audit report. DRB recommended a fine of  
14 \$2,500.

15                   In the 14-day letter response the casino  
16 admitted the violation. They did not contest the amount  
17 of the fine. They indicated that all unauthorized  
18 access had been removed as of April 18, 2019, that they  
19 had conducted additional training.

20                   You'll see in their 14-day letter response  
21 that they assert that 48 of the 49 original findings had  
22 been resolved.

23                   I wanted to clarify that in that there were  
24 actually 15 other findings that had not been resolved at  
25 the time that the followup had taken place. Fourteen of



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1 those were handled informally either through a  
2 compliance directive or some other method. So there  
3 were other findings that were there that were not noted.

4 Now, I want to emphasize two things. One,  
5 the fact that there are 15 followups noted in the  
6 followup audit report is not an unusual number.

7 The other thing I want to emphasize is  
8 Mr. Meyer, who wrote the letter on behalf of the casino.  
9 was unaware of those other 15 because they were handled  
10 informally, because they didn't come across his desk.  
11 So I don't want to imply that he was stating something  
12 that intentionally was incorrect.

13 I want to bring that up to emphasize that  
14 in our audit process when we look at those followup  
15 audits -- and I'll give you an example of one of the  
16 ones that was handled by a compliance directive.

17 There's a certain form that's generated that  
18 requires to have the employee's name and license number  
19 on it. The original audit finding found this form was  
20 generated without that information.

21 We came back and in followup we pulled  
22 fourteen specific reports and found that on three of  
23 them -- they all had the employee's name on them but on  
24 three of them they had the employee's name but not the  
25 employee's license number. We issued a compliance

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1 directive to the person in charge of generating or  
2 supervising the generation of that form, came back  
3 later, looked at 31 of them. They were all resolved.  
4 So there are little things that happen.

5           And the reason I bring that up is when you  
6 look at a preliminary order of discipline and we say one  
7 significant audit finding was found in the followup,  
8 that's what we mean by significant. So we look at it  
9 and evaluate it and say this one particular audit  
10 finding we believe is worthy of initiating a  
11 disciplinary action.

12           COMMISSIONER FINNEY: I have one question.  
13           I apologize if you said this before, but who  
14 does have access to the tip box then?

15           MR. GREWACH: Just the dealers themselves.  
16 Just the people who are entitled to receive the tips.

17           COMMISSIONER FINNEY: Okay.

18           MR. GREWACH: And there's an extra safeguard  
19 that's done, you know. There is security escort  
20 provisions that are involved.

21           And the casino also in their response  
22 indicated there were no incidents where improper access  
23 was actually done. It was just improper authorization,  
24 and we have no reason to doubt that that is the case.

25           COMMISSIONER FINNEY: Thank you.

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1 CHAIRMAN LEARA: Further discussion?  
2 Seeing none, do we have a motion to accept  
3 the action as described?  
4 COMMISSIONER JAMISON: I move for adoption of  
5 DC-19-099.  
6 CHAIRMAN LEARA: We have a motion. Do we  
7 have a second?  
8 COMMISSIONER FINNEY: Second.  
9 CHAIRMAN LEARA: A second from Mr. Finney.  
10 No further discussion.  
11 Angie, please call the roll.  
12 MS. FRANKS: Commissioner Conway.  
13 COMMISSIONER CONWAY: Approved.  
14 MS. FRANKS: Commissioner Boulware.  
15 COMMISSIONER BOULWARE: Approved.  
16 MS. FRANKS: Commissioner Finney.  
17 COMMISSIONER FINNEY: Approved.  
18 MS. FRANKS: Commissioner Jamison.  
19 COMMISSIONER JAMISON: Approved.  
20 MS. FRANKS: Chairman Leara.  
21 CHAIRMAN LEARA: Approved.  
22 MS. FRANKS: By your vote you've adopted  
23 DC-19-099.  
24 CHAIRMAN LEARA: Thank you.  
25 The next item will be Disciplinary Action

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1 No. 19-100.

2 Ed.

3 MR. GREWACH: Yes. This is a preliminary  
4 order of discipline directed to the Argosy Casino  
5 relating to a promotional activity.

6 The casino conducted a promotion which  
7 included a provision for patrons to earn tier and comp  
8 points for play on their Heads Up Hold'em table game.

9 On October the 14th, 2018 a patron filed a  
10 complaint indicating that he wasn't receiving the tier  
11 points or comp dollars for the play on that particular  
12 table game.

13 The investigation disclosed that although the  
14 casino slot accounting system was properly transmitting  
15 the information for the points earned, a configuration  
16 error by Penn corporate office resulted in no tier  
17 points or comp dollars being credited on this table game  
18 from the time it was installed on June 26, 2017 through  
19 October 19, 2018 when the problem was corrected by the  
20 casino.

21 There were 1,340 patrons whose points were  
22 then restored by the casino once the problem was  
23 resolved. During that same time period the casino  
24 conducted drawings, and the entries based on some of  
25 those drawings were based on a number of tier points

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1 that a patron had. So patrons who didn't have the  
2 correct number of tier points lost out on drawings on  
3 those particular promotions.

4 Now, 90 patrons were affected by this by not  
5 receiving the proper amount of entries. The casino in  
6 compensation gave \$1,840 of free table game play to  
7 these patrons.

8 DRB recommended a fine of \$5,000, and there  
9 was no response to the 14-day letter.

10 CHAIRMAN LEARA: Did I read in there, Ed,  
11 that they were also sent a letter from the casino that  
12 they had a correction that was made and they were  
13 credited this?

14 MR. GREWACH: That is correct. The casino  
15 notified all of the affected patrons, both the ones who  
16 received their comp points and the ones who received the  
17 free table game play, telling them about the problem and  
18 identifying them.

19 CHAIRMAN LEARA: Any discussion?

20 COMMISSIONER FINNEY: One question -- I'm  
21 sorry -- regarding the amount, 5,000.

22 How did you determine that this was a  
23 violation that warranted that as opposed to a lesser  
24 amount, 2,500?

25 MR. GREWACH: Well, the one thing we've tried

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1 to emphasize with the properties, which I think they're  
2 doing better now, is that when they set up a new table  
3 game like this like they did on June 26, 2017, the easy  
4 way to prevent this from happening is to test it right  
5 away. Go in a week or two after it's set up, test,  
6 confirm that the tier points and comp dollars are being  
7 awarded. And if they would do that, then you wouldn't  
8 come here, you know, what, a year down the road and find  
9 that you have these 1,340 patrons impacted.

10 And so the amount of the fine both compared  
11 to other disciplinary actions we've had and the fact  
12 that, you know, we understand the fact that it was a  
13 computer glitch, but it's one that through testing  
14 immediately or shortly after implementation, they would  
15 have mitigated the problem.

16 COMMISSIONER FINNEY: Got it. Thank you.

17 CHAIRMAN LEARA: Any other discussion?

18 COMMISSIONER JAMISON: No, sir.

19 CHAIRMAN LEARA: You know, before we move to  
20 a motion on that, Ed, I'm going to ask you a question  
21 about it.

22 There were some similar cases that were cited  
23 in our packet, and I don't see the fines for those where  
24 there were \$20,000 payouts, you know. It seems  
25 substantial but I don't see the fine amounts in those.

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1 Am I missing --

2 COMMISSIONER JAMISON: At the bottom of them,  
3 NPL means a nonpunitive letter. So they received a  
4 discipline but it wasn't in a fine.

5 If you'll look back, Argosy received one of  
6 those in February of '18, NPL.

7 CHAIRMAN LEARA: There was a \$10,000 fine.  
8 Okay. The majority of the similar cases had no fine.  
9 One had \$10,000. So this is 5.

10 Do you wish to discuss that any further, the  
11 \$5,000 amount, or are you comfortable with that?

12 COMMISSIONER FINNEY: From my understanding  
13 it seems like the issue is that it was easily prevented  
14 if they had taken action at the beginning, and so this  
15 is in a sense designed to deter or to encourage that,  
16 you know, prevention, best medicine so to speak. Is  
17 that fair?

18 MR. GREWACH: I think that's a fair  
19 statement. I can't say with the DRB because I'm not a  
20 voting member of it. If they would have tested it two  
21 weeks later and telephone reported to say, hey, we had  
22 two weeks where patrons weren't getting their points, it  
23 would have been a NPL because of a software glitch.

24 But I think the issue is the fact that they  
25 didn't test it and that allowed it to go on that long,

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1 and then we end up with a patron complaint. So now we  
2 have a patron impacted, you know, as opposed to them  
3 catching, as you said, through the testing process.

4 COMMISSIONER JAMISON: And in addition to the  
5 NPL that they received, Argosy also received a \$10,000  
6 fine on a promotional back in 2018. So it's not the  
7 first promotional issue with them, but it's not  
8 significant as the previous.

9 COMMISSIONER FINNEY: Got it. Thanks.

10 CHAIRMAN LEARA: Yeah, I'm comfortable with  
11 that number if you are, Mr. Finney.

12 COMMISSIONER FINNEY: Good to me.

13 CHAIRMAN LEARA: Okay. Good.

14 Any other discussion?

15 COMMISSIONER JAMISON: No, sir.

16 CHAIRMAN LEARA: Seeing none, do we have a  
17 motion to accept?

18 COMMISSIONER FINNEY: I move to adopt this  
19 particular resolution, 19-043.

20 CHAIRMAN LEARA: And a second.

21 COMMISSIONER JAMISON: NO. It's No. 19-100.

22 COMMISSIONER FINNEY: Beg your pardon. Move  
23 to adopt 19-100.

24 COMMISSIONER BOULWARE: Second.

25 CHAIRMAN LEARA: And we have a second.



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1 No other discussion.

2 Angie, please call the roll.

3 MS. FRANKS: Commissioner Conway.

4 COMMISSIONER CONWAY: Approved.

5 MS. FRANKS: Commissioner Boulware.

6 COMMISSIONER BOULWARE: Approved.

7 MS. FRANKS: Commissioner Finney.

8 COMMISSIONER FINNEY: Approved.

9 MS. FRANKS: Commissioner Jamison.

10 COMMISSIONER JAMISON: Approved.

11 MS. FRANKS: Chairman Leara.

12 CHAIRMAN LEARA: Approved.

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

14 DC-19-100.

15 CHAIRMAN LEARA: Thank you.

16 The next item on the agenda is consideration  
17 of placement of excluded persons.

18 I guess, Ed, you're going to present. Go  
19 right ahead.

20 MR. GREWACH: I am, Mr. Chairman.

21 Tab D is a resolution to place David J.

22 Brewer on the involuntary exclusion list.

23 The criteria for someone to be placed on that  
24 list is set forth in our Rule 15.030, and those reasons  
25 are listed in the first paragraph of the resolution

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1 presented to you.

2           The one that applies to this particular case  
3 is the conviction of a felony involving moral turpitude.

4           Now, procedurally if you pass this  
5 resolution, the resolution itself will be served on  
6 Mr. Brewer. Mr. Brewer then has 30 days to request a  
7 hearing on his placement on the exclusion list. If he  
8 doesn't request it in 30 days, then it becomes final.  
9 If he does request it in the 30 days, it goes to one of  
10 our hearing officers who conducts a hearing.

11           Then, as like the case on the prior month's  
12 agenda, it will come back to you and the hearing where  
13 we will present it and you will make a decision based on  
14 the transcript and evidence as to whether or not he  
15 should be placed on the exclusion list.

16           If placed on the exclusion list, Mr. Brewer  
17 would be prohibited from entering any part of a casino  
18 riverboat gaming operation.

19           Now, the facts are that Mr. Brewer was an  
20 insurance agent licensed in both Illinois and Missouri.  
21 Over a series of years Mr. Brewer defrauded elderly  
22 clients. He convinced them to loan him money. He sold  
23 them fake insurance policies. He overstated premiums  
24 and sent the appropriate premium to the company and kept  
25 the difference.

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1                   On March 17, 2016 Mr. Brewer pled guilty to  
2 unlawful financial exploitation of an elderly person.  
3 He was sentenced to five years in prison, ordered to pay  
4 restitution of 294,000 to three separate victims. His  
5 insurance license has been revoked both in Illinois and  
6 Missouri.

7                   When we looked at his play history at the  
8 St. Louis area casinos, we found that during the time  
9 period that this fraud was taking place, that he wagered  
10 approximately \$3.2 million.

11                   Further, there were statements made to the  
12 police during the investigation that the thefts were  
13 motivated by a gambling addiction that Mr. Brewer had.

14                   CHAIRMAN LEARA: Okay. I have a question.  
15                   How did this come to the attention of this  
16 Commission?

17                   MR. GREWACH: We will see these in  
18 typically -- in this case in a newspaper article. This  
19 was a criminal case that actually happened in Illinois,  
20 in Randolph County, Illinois.

21                   So we'll become aware of these either just  
22 through our own patrol law enforcement activity or  
23 through the media.

24                   And when you look at the rule, it's worded  
25 fairly broadly. I mean, if you read it at face value,

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1 anybody that pled guilty to a felony of moral turpitude  
2 to be eligible for the list.

3 As a practice we look for some crime that has  
4 a nexus to gambling. In this case the amount of this  
5 play, the statement that the play was -- theft was  
6 motivated by his gambling addiction.

7 CHAIRMAN LEARA: And he came to Missouri?

8 MR. GREWACH: Yes. Yes. He did gamble at  
9 two casinos in Missouri.

10 CHAIRMAN LEARA: And in substantial numbers?

11 MR. GREWACH: Yes, he did.

12 CHAIRMAN LEARA: Mr. Conway, do you wish to  
13 discuss this exclusion?

14 COMMISSIONER CONWAY: No, Mr. Chair. I think  
15 I understand it pretty well.

16 CHAIRMAN LEARA: Okay.

17 COMMISSIONER JAMISON: I have a question.

18 It said Mr. Brewer was evicted from the  
19 Ameristar St. Charles and all Pinnacle owned property in  
20 September of 2015. Was that as a result of his arrest  
21 or is that another issue that he was evicted for?

22 MR. GREWACH: I do not have that information.

23 CHAIRMAN LEARA: Okay. Because I found it  
24 unique that the eviction took place before his  
25 conviction.

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1 MR. GREWACH: Yes.

2 COMMISSIONER JAMISON: I wondered if we knew  
3 the basis for that.

4 MR. GREWACH: I do not, no.

5 CHAIRMAN LEARA: Okay.

6 COMMISSIONER JAMISON: I move for adoption of  
7 19-043.

8 COMMISSIONER FINNEY: Second.

9 CHAIRMAN LEARA: We have a second.  
10 Any discussion?

11 Okay. Angie, call the roll.

12 MS. FRANKS: Commissioner Conway.

13 COMMISSIONER CONWAY: Approved.

14 MS. FRANKS: Commissioner Boulware.

15 COMMISSIONER BOULWARE: Approved.

16 MS. FRANKS: Commissioner Finney.

17 COMMISSIONER FINNEY: Approved.

18 MS. FRANKS: Commissioner Jamison.

19 COMMISSIONER JAMISON: Approved.

20 MS. FRANKS: Chairman Leara.

21 CHAIRMAN LEARA: Approved.

22 MS. FRANKS: By your vote you've adopted  
23 Resolution No. 19-043.

24 CHAIRMAN LEARA: The next item, Resolution  
25 No. 19-044, Jordan Fussell.

1 MR. GREWACH: Yes.

2 Tab E is a resolution to place Jordan Fussell  
3 on the involuntary exclusion list.

4 Persons are eligible for that list if they  
5 violate any provision of Chapter 313 or perform any act  
6 that affects the public trust and confidence in gaming.

7 Ms. Fussell was a craps dealer at Mark Twain  
8 Casino. On July 26, 2017 casino surveillance observed  
9 her cheating at a craps game on some of the rolls. When  
10 they were losing rolls, they would not collect the  
11 losing wagers. On other losing rolls she would  
12 manipulate the dice to make it a winning roll.

13 And when we investigated and spoke with her,  
14 she indicated that she would get extra tips, you know,  
15 from the players at the table, you know, who were  
16 benefiting from either keeping their losing bets or  
17 turning their losing bets into winning bets.

18 The Commission revoked her Level II license  
19 in August of 2018. Ms. Fussell pled guilty to the  
20 Class E felony of cheating at a gambling game in  
21 violation of 313.830. She received a suspended  
22 imposition of sentence and three years' probation.

23 Because it was a significant conviction,  
24 however, there are provisions in the rule that any  
25 violation of Chapter 313, in addition to the fact that

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1 this activity affects the public's trust and confidence  
2 in gaming, do make her eligible for the exclusion list.

3 CHAIRMAN LEARA: I have a question.

4 These exclusions, these lifetime exclusions  
5 or even for a certain period, are they shared with other  
6 states?

7 MR. GREWACH: Well, we post them on our  
8 website, so they're accessible to other states. We  
9 don't take any step to send them to other states.

10 CHAIRMAN LEARA: Do you take active steps to  
11 receive those from other states?

12 MR. GREWACH: We have looked at Illinois. So  
13 we from time to time look at Illinois exclusions because  
14 of the proximity of the two, and there are a number of  
15 people on our exclusion list that are on solely for the  
16 reason that they're on Illinois' exclusion.

17 CHAIRMAN LEARA: Okay. All right.

18 Any other discussion on this?

19 Okay. Seeing none, we can entertain a motion  
20 to accept, adopt, whatever you'd like to call it.

21 COMMISSIONER FINNEY: I move to adopt  
22 Resolution 19-044.

23 CHAIRMAN LEARA: We have a motion. Do we  
24 have a second?

25 COMMISSIONER BOULWARE: Second.

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1 CHAIRMAN LEARA: We have a second.

2 No further discussion.

3 Angie.

4 MS. FRANKS: Commissioner Conway.

5 COMMISSIONER CONWAY: Approved.

6 MS. FRANKS: Commissioner Boulware.

7 COMMISSIONER BOULWARE: Approved.

8 MS. FRANKS: Commissioner Finney.

9 COMMISSIONER FINNEY: Approved.

10 MS. FRANKS: Commissioner Jamison.

11 COMMISSIONER JAMISON: Approved.

12 MS. FRANKS: Chairman Leara.

13 CHAIRMAN LEARA: Approved.

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

15 Resolution No. 19-044.

16 CHAIRMAN LEARA: All right. Next up would be

17 consideration of rules and regulations.

18 Mr. Grewach.

19 MR. GREWACH: Yes.

20 Under Tab F we have a number of proposed rule

21 amendments.

22 This year the Legislature passed and the

23 Governor signed Senate Bill 87 which made several

24 changes to the law relating to fantasy sports.

25 The most material changes in that law were



1 changing the method of calculating the annual operating  
2 fee paid by licensees from a resident percentage to a  
3 location percentage.

4           In the prior law the annual operating fee was  
5 calculated by dividing the entry fees paid by players  
6 with a Missouri residence by the total of all entry fees  
7 paid from any location of residents. The new law  
8 divides entities divided by people physically located of  
9 people in Missouri at the time they pay the entry fee  
10 into the contest by the total.

11           The new law also changed the filing of  
12 the annual operating fee from April 15th to  
13 November the 1st. It changes the annual operating fee  
14 from 11 1/2 percent to 6 percent, and it changed the  
15 date for the renewal application's due date to  
16 November the 1st.

17           The law was effective on August 28th, 2019,  
18 and these amounts are proposed to make our rules  
19 consistent with the statutory changes.

20           When you look at the first item, 40-010, it  
21 deletes the definition of residents' percentage and  
22 inserts the definition of location percentage.

23           As to Item 2, 40.020, the new statute  
24 required changes to our renewal form. We're required by  
25 law for any form that we require licensees to sign, that

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1 those forms be incorporated by reference into our rule,  
2 and any change in a form that's incorporated by  
3 reference into our rule has to be done by a rule change,  
4 and that's what .020 does.

5 Item 3 --

6 COMMISSIONER JAMISON: Ed, can I ask a  
7 question before I forget it and before we get farther?

8 MR. GREWACH: Sure.

9 COMMISSIONER JAMISON: When we changed from  
10 April to November, so then I'm assuming that what would  
11 have been due in April is now extended out to November.  
12 We're not doing anything this November. We're not  
13 pushing it forward. We're pushing it seven months back.

14 Is that so like their license period -- their  
15 last license will be actually 19 months as opposed to  
16 12 months?

17 MR. GREWACH: Correct, yeah. Because before,  
18 when the renewal would have been on their anniversary  
19 date, now we're going to give them, as you said, more  
20 than a 12-month period, so that we get everybody due for  
21 renewal on November 1.

22 COMMISSIONER JAMISON: Okay.

23 MR. GREWACH: And that way it will keep that  
24 consistent. Otherwise we might have a case where we're  
25 licensing somebody for a month or two rollback.

1                   COMMISSIONER JAMISON: Will the same thing be  
2 true of the revenue that they pay; it will be a 19-month  
3 revenue as opposed to a 12-month revenue?

4                   MR. GREWACH: No, because the revenue is  
5 based on the last calendar year, and the thing that  
6 changed in the statute is the due date of the payment.

7                   COMMISSIONER JAMISON: But the payment is  
8 going to be delayed by seven months?

9                   MR. GREWACH: The payment will be delayed by  
10 seven months.

11                  CHAIRMAN LEARA: Is it prorated?

12                  MR. GREWACH: No.

13                  COMMISSIONER JAMISON: So it's 2019. The  
14 amount they owe for 2019 in the old law would have been  
15 due in April but now won't be due until November but it  
16 still just covers the year of 2019?

17                  MR. GREWACH: Correct. Correct. So you pay  
18 the annual operating fee on -- let's go to the calendar  
19 year 2018. You earn revenues of X and you pay an annual  
20 operating fee on that. On the old law you would have  
21 paid it on April 15. Now you pay it on November 1, but  
22 it's the same amount that you pay.

23                  COMMISSIONER JAMISON: Right. Sorry to  
24 interrupt you but I would have lost my question in  
25 there.

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1 MR. GREWACH: Okay. Any other questions on  
2 that?

3 CHAIRMAN LEARA: Well, I do, Ed.  
4 When I run a proration, there's a renewal fee  
5 for that license. Right?

6 MR. GREWACH: There is, yes.

7 CHAIRMAN LEARA: And that renewal fee, do  
8 they somehow -- I'm sure they didn't get a free seven  
9 months out of it.

10 MR. GREWACH: No.

11 CHAIRMAN LEARA: Okay.

12 MR. GREWACH: That renewal fee will be paid  
13 on a different date.

14 CHAIRMAN LEARA: Fair enough. Go ahead.  
15 Please continue.

16 MR. GREWACH: Sure.

17 Item 3, 40.050, requires a licensee to submit  
18 a detailed description of the method that they use to  
19 determine the location of a player when they pay an  
20 entry fee, so we can evaluate and ensure that their  
21 method of geolocation complies with the statutory  
22 requirements.

23 CHAIRMAN LEARA: How do they determine that?

24 MR. GREWACH: Well, the statute itself  
25 actually requires them to determine within a degree of

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1 accuracy consistent with generally available internet  
2 protocol address locaters.

3           Now, so that's what is the standard we have  
4 to test against. Now, in reality, particularly the  
5 bigger companies have much more sophisticated  
6 geolocations, that they can use the GPS features on a  
7 mobile device, and the people that run the geo-  
8 compliance operations claim that they can place somebody  
9 in a room in a house. Now, I don't know if that's  
10 really necessarily true, but they do have several things  
11 they check to determine a physical location.

12           The example that they like to use is  
13 New Jersey and New York, because in New Jersey mobile  
14 wagering on sports is legal. In New York it's not. And  
15 so they claim that when somebody is driving down the  
16 road, when they get to the bridge, it will kick them off  
17 of the system. But we have knowledge of what the  
18 companies use now.

19           And the other thing to think about is these  
20 companies -- and the bigger ones drafting in FanDuel  
21 have one system they use nationwide. So the system they  
22 use is designed to meet the restrictive state that they  
23 operate in.

24           Internet protocol address locaters is a  
25 fairly low standard, because you can, if you're

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1 sophisticated enough in this, go through a proxy server  
2 and convince that your IP address you're using is  
3 actually in Missouri when you're not really in Missouri,  
4 or vice versa.

5           So you could go to a commercial  
6 establishment, a Starbucks, and somewhere near the  
7 border, and you might, you know, use their internet and  
8 it might actually ping off of the IP address that is  
9 located across the state line. But, I mean, if they do,  
10 they comply with the statute.

11           But I guess my point is, the geolocation  
12 technology that's being commonly used in the industry is  
13 much more advanced than that and much more accurate.

14           COMMISSIONER JAMISON: I have a question  
15 about that then.

16           So then the reserve funds that are being held  
17 for Missouri people, are we holding -- I mean, that's  
18 the way that the reserve funds are supposed to be set up  
19 is for Missouri resident funds to be protected and  
20 isolated from the company's other funds. Correct?

21           MR. GREWACH: That changed in this statute  
22 also.

23           COMMISSIONER JAMISON: So there isn't a  
24 reserve fund for Missouri residents any longer or is it  
25 just different how it's held?

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1                   MR. GREWACH: There is a reserve fund for  
2 players in general.

3                   COMMISSIONER JAMISON: So Missouri residents  
4 have less protection of their funds than they did  
5 before?

6                   MR. GREWACH: Correct.

7                   COMMISSIONER JAMISON: So there is not a  
8 reserve fund for Missouri specifically?

9                   MR. GREWACH: Correct.

10                  COMMISSIONER JAMISON: Okay. I knew we  
11 changed the requirement of how that was held but I  
12 thought there was still a reserve for separate states  
13 and there is not anymore?

14                  MR. GREWACH: No.

15                  COMMISSIONER JAMISON: Okay.

16                  MR. GREWACH: It requires that there is a  
17 special-purpose entity set up. It gives special  
18 purposes for that entity, requires that special-purpose  
19 entity to hold an amount equal to total of player funds,  
20 and the special-purpose entity has certain protections  
21 in it against bankruptcy, against claims of the  
22 operating company's creditors.

23                  Then in that case if something would happen,  
24 then the various states would be going into  
25 interplead -- or attempt to interplead those funds for

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1 their specific residents.

2 COMMISSIONER JAMISON: So the Missouri  
3 residency isn't as big an issue when the funds aren't  
4 held separately?

5 MR. GREWACH: Interesting question.

6 By the statute when it was residency, we  
7 could have gone in with our Missouri specific account  
8 and identified the people and identified the amount owed  
9 to them and just disbursed the money through an  
10 interpleader action.

11 Now the question becomes -- you know, let's  
12 say you're a Tennessee resident and you're driving  
13 through Missouri when you place the entry fee, and then  
14 you place another one when you're in Tennessee and you  
15 place another one when you're in Illinois. I mean, how  
16 do we identify who the money goes to?

17 You could identify globally by saying, well,  
18 here is your list of players and here is the money  
19 they're owed; but as far as doing it on a state-by-state  
20 basis, since we migrated from a resident percentage to  
21 geolocation it makes it more difficult to do.

22 I will say the one thing we like about the  
23 statute is that it also adds a provision where they can  
24 use an alternative method to secure funds. And one of  
25 the more popular methods that companies use is a letter



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1 of credit.

2 Now, it's great for both parties, because a  
3 bank can issue a letter of credit to Missouri for a  
4 specific amount that's payable under specific  
5 circumstances set out in the letter of credit.

6 It really costs the companies a minimal  
7 amount if they have a very good working relationship  
8 with their bank, and it saves us the effort of doing an  
9 interpleader, finding out the people who -- finding out  
10 who should get so much money. The bank just writes us a  
11 check and we disburse it from that.

12 CHAIRMAN LEARA: In the event of a default?

13 MR. GREWACH: In the event of a default,  
14 right. Either the company would go bankrupt as the  
15 operating company or the company's license would not get  
16 renewed. Those are the two events that would trigger us  
17 having to access the player funds that are held in  
18 reserve.

19 CHAIRMAN LEARA: And this would be going  
20 forward, that this hasn't been in the last LOCs, letter  
21 of credits?

22 MR. GREWACH: Correct. Because the letter of  
23 credit until the law became effective in August was not  
24 authorized. Other states had it. Tennessee for example  
25 had it. And several companies approached us asking to

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1 give us a letter of credit. Statute just didn't  
2 authorize it until now.

3 CHAIRMAN LEARA: Any other discussion?

4 I'm sorry, Ed. Please continue. Were you on  
5 050 or 060?

6 MR. GREWACH: I'm ready for 060.

7 CHAIRMAN LEARA: All right. Proceed.

8 MR. GREWACH: 060 changes the requirement for  
9 segregation of players' funds, which we already talked  
10 about, and it does just those things that we talked  
11 about. It requires them to create that special-purpose  
12 entity, have funds that are equal to the player funds.

13 We require them by rule on the 15th of every  
14 month to give us a couple things, to give us the balance  
15 of both the -- of all of the players, the player funds  
16 and the balance in the account, and then we also ask for  
17 a breakdown of that by state so that we can kind of  
18 double-check that.

19 So if we ever looked at the 15th of any month  
20 and see that their special-purpose entity is short of  
21 money, then we have a mechanism where we can go in and  
22 say pursuant to this rule you need to increase this  
23 account. So we're continually monitoring the amount in  
24 that special-entity player segregation account and make  
25 sure it's accurate.

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1                   COMMISSIONER FINNEY: Ed, how does the  
2 Commission monitor it exactly or who is the party in  
3 charge of that?

4                   MR. GREWACH: Barb Whittle is the program  
5 manager, charitable games program manager, gets those  
6 reports, reviews those.

7                   Item 070, the rule required the annual  
8 operating report to be due to us on January 15th. Since  
9 it was payable on April 15, in light of the change of  
10 the due date to November the 1st, we now have the report  
11 due to us on September the 1st.

12                   The last two items, 090 and 100, are changes  
13 to make the rule consistent with the statute concerning  
14 location percentage and audit requirements that were  
15 made in the statute.

16                   By Governor's Executive Order 17-03 we're  
17 required to obtain approval from the Governor's office  
18 on any rule or amendment. We received that approval  
19 from the Governor's office on September the 5th, 2019.

20                   If you approve these proposed amendments  
21 today, there will be a public comment period. There  
22 will be a public hearing then on January 2nd, 2020. Any  
23 comments we receive and any changes we make in response  
24 to those comments will be presented to you at your  
25 February meeting for a vote on the final order of

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1 rulemaking, and if you approve the final orders, the  
2 rules will be effective on June the 30th, 2020.

3 CHAIRMAN LEARA: Okay. Any other discussion?

4 COMMISSIONER JAMISON: No, sir.

5 CHAIRMAN LEARA: All right. Seeing none, do  
6 we have a motion to approve?

7 COMMISSIONER JAMISON: I move for approval --  
8 or adoption of the proposed amendments under F, all  
9 seven.

10 CHAIRMAN LEARA: A second?

11 COMMISSIONER FINNEY: I second that.

12 CHAIRMAN LEARA: We have a second.

13 Any other discussion?

14 Angie, please call the roll.

15 MS. FRANKS: Commissioner Conway.

16 COMMISSIONER CONWAY: Yeah. Before we pass  
17 this, I did have one question.

18 CHAIRMAN LEARA: Please.

19 COMMISSIONER CONWAY: How many of our  
20 bordering states have approved some method of fantasy  
21 sports contest?

22 COMMISSIONER JAMISON: Ed is thinking.

23 MR. GREWACH: I'm thinking. All eight.

24 COMMISSIONER CONWAY: All eight?

25 MR. GREWACH: Yes.

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1                   COMMISSIONER CONWAY: Okay. Thank you,  
2 Mr. Chair.

3                   COMMISSIONER FINNEY: If I remember  
4 correctly, I think almost every state had approved some  
5 type of fantasy sport contest except for maybe New York.  
6 I don't know. Not that it matters.

7                   MR. GREWACH: I don't think it's every state,  
8 but it's far more than sports betting. I mean, it's  
9 ahead of sports betting in terms of states authorizing.

10                  CHAIRMAN LEARA: Okay. We have motion, a  
11 second. Any other discussion?

12                  Seeing none, Angie.

13                  MS. FRANKS: Commissioner Conway.

14                  COMMISSIONER CONWAY: Approved.

15                  MS. FRANKS: Commissioner Boulware.

16                  COMMISSIONER BOULWARE: Approved.

17                  MS. FRANKS: Commissioner Finney.

18                  COMMISSIONER FINNEY: Approved.

19                  MS. FRANKS: Commissioner Jamison.

20                  COMMISSIONER JAMISON: Approved.

21                  MS. FRANKS: Chairman Leara.

22                  CHAIRMAN LEARA: Approved.

23                  MS. FRANKS: By your vote you've adopted the  
24 proposed amendments 11 CSR 45-40.010, 40.020, 40.050,  
25 40.060, 40.070, 40.090 and 40.100.

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1                   CHAIRMAN LEARA: Thank you.

2                   The next item on the agenda, No. VII, a  
3 settlement agreement.

4                   Mr. Grewach.

5                   MR. GREWACH: This is a resolution for  
6 approval of a settlement agreement pursuant to  
7 Rule 13-065.

8                   Taylor Perry was a poker dealer at Isle of  
9 Capri Cape Girardeau. On July 14, 2014 the casino  
10 reported to the Commission that she had not collected  
11 the rake and bad beat in poker games.

12                   Now, in most table games the patron plays  
13 against the house, and the house advantage that is built  
14 into the game's rules is the source of the casino's  
15 revenue for blackjack, for craps or the other typical  
16 games.

17                   Poker is different in that the players play  
18 against each other. So the casino revenue is a rake or  
19 an amount taken out of every spot. It's typically  
20 around 10 percent, and that's the casino's revenue, plus  
21 that's also our source of our tax revenue for that  
22 particular game.

23                   Now, the bad beat occurs when a player has a  
24 really good hand and loses the hand anyway. And what  
25 that really good hand is is set forth in the poker game

1 rules and how it's paid out is also set forth in the  
2 rules.

3           So when a bad beat is collected it's also from  
4 a portion of every pot. It's set aside in a fund that's  
5 available for the bad beat payout when a player does so.

6           For example, if the rules says if you have a  
7 full house and lose, you get a certain payment out of  
8 the bad beat pool, and so I have a full house and I lose  
9 to someone who has four of a kind, then I'm eligible.

10           So when we investigated the activity, we  
11 found that Ms. Perry failed to collect the rake and/or  
12 the bad beat 232 times in a time period between July  
13 the 2nd and July the 13th, 2014. The amount of the rake  
14 not collected is \$675 and the amount of the bad beat not  
15 collected is \$231.

16           The Commission issued a preliminary order of  
17 discipline on May the 5th of 2015 recommending  
18 revocation. The rule provides for us to mail the  
19 preliminary order to the last known address of the  
20 licensee. That came back undeliverable, no return  
21 address available.

22           After due-process issues, our next step is to  
23 try to get personal service on the person of discipline.  
24 We attempted that and contact with casino personnel.  
25 The only thing they knew is that Ms. Perry had moved

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1 somewhere to the East Coast and they had no address for  
2 her.

3 In 2019 she reapplied for a gaming license in  
4 the state of North Carolina. She claims that's the  
5 first she became aware of the preliminary order of  
6 discipline recommending revocation.

7 On May the 9th of 2019 through her attorney  
8 Ms. Perry requested a hearing. Through discussion and  
9 negotiations with her attorney those led to this  
10 settlement agreement.

11 The terms of the settlement agreement is that  
12 Ms. Perry agrees that she's not eligible to apply for a  
13 license in the state of Missouri until October 31st,  
14 2024, and that even after that date the Commission  
15 reserves the right to deny any application she might  
16 request or file based on the facts of this case.

17 CHAIRMAN LEARA: Is she licensed on the  
18 East Coast? Did you say North Carolina?

19 MR. GREWACH: North Carolina. I don't know  
20 that information. I know she applied. I don't know if  
21 that's awaiting the disposition of this case or not. I  
22 didn't find that.

23 COMMISSIONER JAMISON: I have a question.

24 CHAIRMAN LEARA: Go ahead.

25 COMMISSIONER JAMISON: I know she has to



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1 acknowledge and understand that this settlement  
2 agreement is an administrative action, but does  
3 administration action carry the same amount of weight as  
4 a revocation?

5 MR. GREWACH: No.

6 COMMISSIONER JAMISON: Pardon?

7 MR. GREWACH: No.

8 COMMISSIONER JAMISON: So when she applies in  
9 another state, this administrative action would not show  
10 up or not have the same impact as a revocation from the  
11 State of Missouri?

12 MR. GREWACH: Right.

13 COMMISSIONER JAMISON: Okay. That's what I  
14 thought you were going to say.

15 CHAIRMAN LEARA: Did the investigation  
16 uncover that this was intentional or was it just --

17 MR. GREWACH: We really weren't able to  
18 disclose much, because as soon as it was found, she was  
19 terminated. As soon as she was terminated, she left.

20 CHAIRMAN LEARA: There was termination?

21 MR. GREWACH: Yeah.

22 So we have statements she made at the time to  
23 her supervisor saying, oops, I forgot again. Now, can  
24 you forget 232 times? I don't know. You know, all  
25 those are factors that led to the original Disciplinary

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1 Review Board, but we never were able to establish what  
2 motive she may have had for failing to collect those  
3 rake and bat beats.

4 COMMISSIONER JAMISON: So if we rejected this  
5 settlement agreement, we have a way to contact her now?

6 MR. GREWACH: We do.

7 CHAIRMAN LEARA: And she has the opportunity  
8 to request a hearing?

9 MR. GREWACH: And she has, yes.

10 COMMISSIONER JAMISON: So the additional  
11 burden on the Commission would be then to provide her a  
12 hearing through our hearing process and then come back  
13 to the Commission for discipline as a revocation or not?

14 MR. GREWACH: That's correct.

15 COMMISSIONER JAMISON: So what we're changing  
16 here for a lesser -- what I view as a lesser offense or  
17 a lessor conviction is that we don't have to go through  
18 the steps of doing the hearing and then rehearing it by  
19 the Commission?

20 MR. GREWACH: That's correct.

21 I think there was some feeling on management  
22 here as we looked at it that the original recommendation  
23 of revocation might have been more harsh than second  
24 line as we evaluated it and we compared it to other  
25 individual disciplines. I think that also factored in,

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1 not just the avoiding the time and effort of the  
2 hearing. You know, we kind of reevaluated the facts.

3 COMMISSIONER JAMISON: So we're not taking --  
4 the rake wasn't an advantage to the players or giving  
5 them -- she was giving them additional monies?

6 MR. GREWACH: Yeah. Yes, she was.

7 COMMISSIONER JAMISON: So she was profiting  
8 players and we don't know if she was getting the benefit  
9 from that?

10 MR. GREWACH: Correct. We do not.

11 COMMISSIONER JAMISON: Like the other, our  
12 previous person who wasn't taking losing bets on the  
13 craps table, we didn't have any problem revoking that  
14 person because that money went back to the players. And  
15 so not knowing if the rake had not been taken, again, we  
16 don't know if there was any kind of agreement between  
17 this person and the players for them to receive  
18 additional funds. I know it's a thousand dollars, but  
19 was this over one night or was this over several days?

20 MR. GREWACH: This was the time period that  
21 we had access to -- or right. Lost my place -- was over  
22 eleven days.

23 COMMISSIONER JAMISON: Eleven days.

24 CHAIRMAN LEARA: How long was she employed in  
25 that position? Do we know that?

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1 MR. GREWACH: Her original license issue date  
2 was October of 2012, so a little less than two years.

3 CHAIRMAN LEARA: Mr. Boulware.

4 MR. BOULWARE: If you don't mind.

5 Assuming we approve the settlement agreement,  
6 let's say in 2025 she reapplies. Will this settlement  
7 agreement pop up on our radar at some time?

8 MR. GREWACH: Yes. We are going to put a  
9 note in the licensing system to indicate both her  
10 ineligibility during that time and the fact that the  
11 settlement agreement was entered.

12 COMMISSIONER BOULWARE: Okay. Thank you.

13 COMMISSIONER JAMISON: To discuss what my  
14 point is, my point is not so much as the State of  
15 Missouri as it is are we being responsible to other  
16 states' license process if this doesn't carry the same  
17 weight as revocation if they would have normally  
18 revoked? I don't know that is.

19 I mean, I get the point that we not have  
20 revoked originally, but since time has passed we're  
21 just, it seems to me, taking the easier way out in  
22 settling and not doing the process, but I'm kind of on  
23 the fence on it.

24 CHAIRMAN LEARA: Yeah. Let me ask a quick  
25 question and then we'll go to Mr. Finney.

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1                   Do we license people that have had similar  
2 disciplinary actions in other states?

3                   MR. GREWACH: Well, this --

4                   CHAIRMAN LEARA: Would we?

5                   MR. GREWACH: Would we?

6                   CHAIRMAN LEARA: If this was an action --  
7 this settlement was in North Carolina and this applicant  
8 is coming now to Missouri, would that be an easy decline  
9 or would we consider it?

10                  MR. GREWACH: Short of revocation, what our  
11 likely response would be is to note this and then go and  
12 really investigate the facts that gave rise to this  
13 particular settlement and then make a decision based on  
14 those facts if we think the person is --

15                  CHAIRMAN LEARA: We have the facts that you  
16 presented us.

17                  MR. GREWACH: Right.

18                  CHAIRMAN LEARA: What would be the sentiment  
19 of your recommendation on that?

20                  MR. GREWACH: I know I'm dodging the  
21 question, but I don't actually have the final, you know,  
22 say on those, so I hate to speculate what our reaction  
23 would be, although it is something we would very  
24 thoroughly investigate it. I guess that's the best  
25 commitment I can make.

1                   CHAIRMAN LEARA: Mr. Boulware.

2                   COMMISSIONER BOULWARE: So there is no  
3 central database where all states can go and say whether  
4 any individuals have been reprimanded, disciplined in  
5 other states. Right? There is no such thing?

6                   MR. GREWACH: No. When we get a license  
7 application, on the application it states what other  
8 states they've been licensed in. We go directly to  
9 those states. We have memorandums of understanding,  
10 MOUs, with those states to give us access to all their  
11 information, and then our investigators first find out  
12 if there has been any action and then also access the  
13 specifics arising out of any disciplinary action.

14                   COMMISSIONER BOULWARE: And piggyback off  
15 of Commissioner Jamison's comments. Under Missouri law  
16 what obligation -- I'm not saying that we don't have the  
17 statutory or obligation under the rules not to do this  
18 or that there shouldn't be consideration.

19                   But under Missouri law what obligation does  
20 the Commission have to provide information to other  
21 states to consider how other states might deal with an  
22 individual?

23                   MR. GREWACH: Well, for every state, which is  
24 just about every U.S. gaming regulatory body, we have  
25 the MOU, and so we're under an obligation under that MOU

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1 to share information.

2 COMMISSIONER BOULWARE: And how do we do  
3 that?

4 MR. GREWACH: Typically it's a personal  
5 contact from the investigator to the company. The MOU  
6 is written authorizing us to go to the other state and  
7 physically look at the documents. Although there is a  
8 provision that if both sides agree, they can actually  
9 mail us documents. But that's the typical standard  
10 format of an MOU between state regulatory agencies.

11 COMMISSIONER BOULWARE: An example. Assume  
12 we approve the settlement agreement. What do we do with  
13 it? Do we notify other states?

14 MR. GREWACH: No. No. That's the licensee's  
15 obligation to notify any state they're licensed in.

16 COMMISSIONER BOULWARE: Okay.

17 COMMISSIONER FINNEY: Just a general question  
18 because I'm a little -- I have some questions about our  
19 responsibility to other regulatory agencies in other  
20 states.

21 If there is a party whose license has been  
22 revoked in another state, does that necessitate that we  
23 revoke that license in our state?

24 MR. GREWACH: It doesn't necessitate it. We  
25 have a rule that says that's -- just like the

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1 involuntary exclusion. If they're revoked somewhere  
2 else, we don't have to prove any other grounds other  
3 than the fact that they've been revoked somewhere else.

4 As a practical matter, if a person who may  
5 apply to us who has been revoked somewhere else, we're  
6 not going to license them.

7 COMMISSIONER FINNEY: Okay. So there is no  
8 requirement -- we don't necessarily have a specific  
9 responsibility to other states, but as a matter of  
10 practice we usually honor other states' decisions  
11 regarding a particular applicant and vice versa?

12 MR. GREWACH: In the context of a revocation,  
13 yes, that's true.

14 COMMISSIONER FINNEY: Okay. Thank you.

15 CHAIRMAN LEARA: Mr. Jamison, a question.

16 Did you feel that not accepting this  
17 settlement, that a revocation was more appropriate, or  
18 what was kind of your thought there?

19 COMMISSIONER JAMISON: Part of me really  
20 feels that way.

21 I guess my question would be is do we feel  
22 that if we were presented these facts, would we revoke?  
23 And I guess my feeling is if we would revoke, then  
24 that's the step we ought to take.

25 So then if our feeling is that we see the



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1 facts and we say, no, we wouldn't revoke, we'd do a  
2 60-day suspension, then I don't have any problem with  
3 the settlement agreement.

4 I guess my initial reaction would be without  
5 having the hearing, without getting her statement to the  
6 hearing officer, and whether or not the hearing officer  
7 finding out all of the particular facts, when I read  
8 this, I would move for revocation, but then we don't  
9 have all of the facts.

10 CHAIRMAN LEARA: No. And we have moved out  
11 of state. We have that fact. And it sounds like she  
12 wants to license in North Carolina and that this may  
13 provide a pathway to that.

14 MR. GREWACH: That's my understanding.

15 CHAIRMAN LEARA: Is that your understanding?  
16 What benefit do we get by this other than any  
17 further --

18 COMMISSIONER JAMISON: I don't think we get  
19 any benefit. The only thing for me personally  
20 benefitwise would be the reputation of the Commission  
21 that we settled out just because it's four years old and  
22 it's an easy thing to do.

23 CHAIRMAN LEARA: If this is the standard that  
24 we hold, that we would have revoked, why wouldn't we  
25 continue to do the revocation? So it would be -- it

0050

1 would be the Commission's -- you know, we have a  
2 standard. We keep following that standard no matter  
3 what that case is and not just settle because it's  
4 easier.

5 Mr. Conway, do you have thoughts?

6 COMMISSIONER BOULWARE: While he's gathering  
7 those thoughts, my thought is I don't know that -- I'll  
8 speak for myself.

9 I'm not in a position to say revocation would  
10 be where we would end up if we did an investigation  
11 because we don't have the facts. And it may very well  
12 be that this was not intentional at all, just complete  
13 negligence, and if that's the case, maybe revocation  
14 would not be the appropriate outcome.

15 COMMISSIONER JAMISON: I agree.

16 COMMISSIONER CONWAY: Mr. Chair.

17 CHAIRMAN LEARA: Yes, Mr. Conway.

18 COMMISSIONER CONWAY: I found out how to  
19 rapidly use my phone. I have been listening.

20 But, no, I can agree with this. I see the  
21 time lapse. So there is no central database. I'm not  
22 sure that anything else would be more beneficial than  
23 just going the route that is recommended.

24 CHAIRMAN LEARA: Well, they would have to  
25 provide a timeline to any application process in another

0051

1 state that would determine they've worked in the  
2 industry in this state and there would be some contact  
3 hopefully from another state to ask us and we would  
4 share that, and that's been established. Right?

5 MR. GREWACH: That's how the issue came to  
6 light because North Carolina contacted us and we made  
7 them aware of the pending preliminary order of  
8 disciplinary order.

9 CHAIRMAN LEARA: All right. I'm comfortable.  
10 Any other discussion?

11 COMMISSIONER JAMISON: No.

12 CHAIRMAN LEARA: Okay. Anything else to add,  
13 Mr. Grewach?

14 MR. GREWACH: No.

15 CHAIRMAN LEARA: All right. Item No. VII,  
16 Taylor Perry settlement agreement. I will entertain a  
17 motion to adopt.

18 COMMISSIONER BOULWARE: So moved.

19 CHAIRMAN LEARA: We have a motion. Do we  
20 have a second?

21 COMMISSIONER CONWAY: Second.

22 CHAIRMAN LEARA: We have a second from  
23 Mr. Conway.

24 Any other discussion?

25 Seeing none, Angie.

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1 MS. FRANKS: Commissioner Conway.

2 COMMISSIONER CONWAY: Approved.

3 MS. FRANKS: Commissioner Boulware.

4 COMMISSIONER BOULWARE: Approved.

5 MS. FRANKS: Commissioner Finney.

6 COMMISSIONER FINNEY: Approved.

7 MS. FRANKS: Commissioner Jamison.

8 COMMISSIONER JAMISON: Approved.

9 MS. FRANKS: Chair Leara.

10 CHAIRMAN LEARA: Approved.

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

12 Resolution No. 19-045.

13 MR. GREWACH: Thank you.

14 CHAIRMAN LEARA: The next item, No. VIII, is  
15 consideration of licensure.

16 Maggie, you have the floor when you're ready.

17 MS. WHITE: Good morning, Chairman,

18 Commissioners.

19 COMMISSIONER FINNEY: Good morning.

20 MS. WHITE: Tab H, Resolution No. 19-046,

21 licensure of fantasy sports contest operator.

22 Missouri Gaming Commission conducted  
23 financial review and analysis, including examination of  
24 financial statements, income tax returns, application  
25 reviews and verification of statutory compliance for the

0053

1 following fantasy sports contest operator which has  
2 applied for licensure: FFPC, LLC.

3 The results of this review, analysis and  
4 statutory verification are provided in the summary  
5 report.

6 Thank you.

7 EXECUTIVE DIRECTOR GROTHAUS: Mr. Chairman,  
8 staff recommends licensure.

9 CHAIRMAN LEARA: I will be right with you in  
10 a second.

11 Does anyone have any discussion, questions?

12 COMMISSIONER JAMISON: No, sir.

13 CHAIRMAN LEARA: I do.

14 Is this applicant licensed in any other  
15 state?

16 MS. WHITE: I am not sure.

17 COMMISSIONER JAMISON: Yes. It's in the  
18 report. Page 4 I believe. Conducts business right now  
19 except for those states.

20 CHAIRMAN LEARA: I see all of the games or  
21 jurisdictions. Okay. Thank you.

22 All right. Any other discussion?

23 Seeing none, do we have a motion to approve?

24 COMMISSIONER BOULWARE: So moved.

25 CHAIRMAN LEARA: We have a motion. Do we

0054

1 have a second?

2 COMMISSIONER JAMISON: Second.

3 CHAIRMAN LEARA: Any other discussion?

4 Seeing none, Angie.

5 MS. FRANKS: Commissioner Conway.

6 COMMISSIONER CONWAY: Approved.

7 MS. FRANKS: Commissioner Boulware.

8 COMMISSIONER BOULWARE: Approved.

9 MS. FRANKS: Commissioner Finney.

10 COMMISSIONER FINNEY: Approved.

11 MS. FRANKS: Commissioner Jamison.

12 COMMISSIONER JAMISON: Approved.

13 MS. FRANKS: Chairman Leara.

14 CHAIRMAN LEARA: Approved.

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

16 Resolution No. 19-046.

17 CHAIRMAN LEARA: The next item is Resolution

18 No. 19-047. Maggie.

19 MS. WHITE: Okay. Tab I, Resolution 19-047.

20 Missouri Gaming Commission conducted

21 comprehensive background investigations on multiple Key

22 and Level I applicants for licensure.

23 The investigations consisted of financial

24 review and analysis, including examination of bank and

25 security accounts, net worth and tax returns, general

0055

1 character inquiries made in the jurisdictions where the  
2 applicants lived, worked and frequented, and criminal  
3 history checks to determine the suitability for  
4 licensure.

5           The following individuals are being presented  
6 for your consideration: Ronald Scott Barber, Caesars  
7 Entertainment Corporation, Regional President; Janis  
8 Laverty Jones Blackhurst, Caesars Entertainment  
9 Corporation, Director; Todd Anthony Connelly, Eldorado  
10 Resorts, Inc., Senior Vice President of Operations; Chad  
11 John Kornett, Gaming Laboratories International, LLC,  
12 Senior Director of Technical Compliance; Michael Duane  
13 Oneth, Harrah's North Kansas City, LLC, Market  
14 Technology Manager; Yoshihiro Luchi, JCM American  
15 Corporation d/b/a JCM Global, Director; Nick Theofanis,  
16 NRT Technology Corp, Chief Financial Officer;  
17 Christopher Byron Rogers, Penn National Gaming,  
18 Incorporated, Senior Vice President, Corporate  
19 Development; Kimberly Lynette Young, River City Casino,  
20 Director of Security.

21           Thank you.

22           EXECUTIVE DIRECTOR GROTHAUS: Mr. Chairman,  
23 staff recommends licensure.

24           CHAIRMAN LEARA: Do we have any discussion?  
25           How about an adoption -- or a motion to adopt

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1 the resolution?

2 COMMISSIONER FINNEY: I move to adopt  
3 Resolution No. 19-047.

4 CHAIRMAN LEARA: Do we have a second?

5 COMMISSIONER BOULWARE: Second.

6 CHAIRMAN LEARA: We have a second.

7 Any other discussion?

8 Seeing none, Angie.

9 MS. FRANKS: Commissioner Conway.

10 COMMISSIONER CONWAY: Approved.

11 MS. FRANKS: Commissioner Boulware.

12 COMMISSIONER BOULWARE: Approved.

13 MS. FRANKS: Commissioner Finney.

14 COMMISSIONER FINNEY: Approved.

15 MS. FRANKS: Commissioner Jamison.

16 COMMISSIONER JAMISON: Approved.

17 MS. FRANKS: Chairman Leara.

18 CHAIRMAN LEARA: Approved.

19 MS. FRANKS: By your vote you've adopted  
20 Resolution No. 19-047.

21 CHAIRMAN LEARA: At this time I will make a  
22 motion for closed meeting under Sections 313.847 and  
23 313.945 of the Revised Missouri Statutes, investigatory,  
24 proprietary and application records, and 610.021(1),  
25 Revised Missouri Statutes, legal actions, 3 and 13,



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1 personnel, and records protected from disclosure of law.

2 Do we have a second?

3 COMMISSIONER FINNEY: I second that.

4 MS. FRANKS: Mr. Chair, I believe there  
5 should have been 3, 13, personnel, and 14. You just  
6 missed 14.

7 CHAIRMAN LEARA: Yeah. 13 and 14. Thank  
8 you. I stand corrected. Records protected from  
9 disclosure by law.

10 We have a motion and a second. Please call  
11 the roll.

12 MS. FRANKS: Commissioner Conway.

13 COMMISSIONER CONWAY: Approved.

14 MS. FRANKS: Commissioner Boulware.

15 COMMISSIONER BOULWARE: Approved.

16 MS. FRANKS: Commissioner Finney.

17 COMMISSIONER FINNEY: Approved.

18 MS. FRANKS: Commissioner Jamison.

19 COMMISSIONER JAMISON: Approved.

20 MS. FRANKS: Chairman Leara.

21 CHAIRMAN LEARA: Approved.

22 We will now go into closed session. Thank  
23 you.

24 WHEREIN, the meeting concluded at 10:40 a.m.

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CERTIFICATE OF REPORTER

I, Patricia A. Stewart, CCR, a Certified Court Reporter in the State of Missouri, do hereby certify that the testimony taken in the foregoing transcript was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this transcript was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

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Patricia A. Stewart  
CCR 401

**MISSOURI GAMING COMMISSION**  
**Second Open Session Minutes**  
**October 30, 2019**

The Missouri Gaming Commission (the “Commission”) went into open session at approximately 11:05 a.m. on October 30, 2019, at the Missouri Gaming Commission, 3417 Knipp Drive, Jefferson City, Missouri.

**Commissioner Jamison moved to adjourn the open session meeting. Commissioner Boulware seconded the motion. After a roll call vote was taken, Conway – yes, Boulware – yes, Finney – yes, Jamison – yes, and Leara – yes, the motion was unanimously approved.**

The meeting ended at 11:06 a.m.