

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC 23-041
St. Louis Gaming Ventures, 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”) is a State commission created under Chapter 313, RSMo, with jurisdiction over gaming activities, including riverboat gambling activities, in the state of Missouri.

2. The Commission issued a Class A gaming license to PENN Entertainment, Inc. to develop and operate Class B gaming licensees in the state of Missouri.

3. Penn Entertainment, Inc., is the controlling entity of St. Louis Gaming Ventures, LLC.

4. The Commission issued a Class B riverboat gambling license to St. Louis Gaming Ventures, LLC, to conduct games on and operate the excursion gambling boat known as Hollywood Casino St. Louis (the “Casino”).

5. As the holder of a Class B license, the St. Louis Gaming Ventures, LLC, is subject to the provisions of Sections 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission.

STATEMENT OF FACTS¹

6. On September 9, 2022, the Commission gave approval to the Casino to conduct cashless gaming demonstrations on Electronic Gaming Devices (EGDs), and on September 21, 2022, the Commission gave approval for the Casino to conduct cashless gaming demonstrations on table games. The EGD demonstration was scheduled for September 14, 2022, but delays caused the demonstration to be rescheduled to September 26, 2022. The approval included conditions set forth in the Casino’s request that the EGD and table games shall remain under surveillance coverage and the demonstration room shall be restricted from patron access when not occupied by a licensed employee. The commission’s approval included a condition to RAM clear the EGD and assign an asset number not found on the live system to the EGD.

7. On September 26, 2022, Electronic Gaming Device Coordinator Kelly Allen was accompanied by Master Sergeant A.K. Johnson (“Master Sgt. Johnson”) to inspect the

¹ GR 20221002004

environment for the cashless gaming demonstrations. On inspection, there was no dedicated surveillance coverage of the room in the MGC Surveillance Room. There was a blurry overall room shot but the coverage did not meet the standards of regulation camera approval for these items. Upon approaching the Ultra High Limit room, where the demonstration was being held, the door to the room, which is accessible to the public, was found to be unsecured. EGD Coordinator Allen also determined that the EGD had not been RAM cleared yet or assigned an asset number, as requested by the commission in the approval letter.

8. A review of surveillance footage showed that on September 23, 2022, at 2:02 p.m., the EGD was brought to the Ultra High Limit room. At 2:36 p.m., Slot Tech Manager Thomas Kruse locked the door which led to the gaming floor. At 2:39 p.m., Operations Manager Craig Nunnally unlocked the door and it was not secured again until EGD Coordinator Allen discovered it on September 26, 2022. Between September 23, 2022, at 2:59 p.m., and September 26, 2022, at 8:20 a.m., there were multiple licensees who entered and exited the Ultra High Limit room through the unsecured door.

LAW

9. Section 313.805, RSMo, states, in pertinent part, as follows:

The commission shall have full jurisdiction over and shall supervise all gambling operations governed by sections 313.800 to 313.850. The commission shall have the following powers and shall promulgate rules and regulations to implement sections 313.800 to 313.850:

* * *

(5) To investigate alleged violations of sections 313.800 to 313.850 or the commission rules, orders, or final decisions;

(6) To assess any appropriate administrative penalty against a licensee, including, but not limited to, suspension, revocation, and penalties of an amount as determined by the commission up to three times the highest daily amount of gross receipts derived from wagering on the gambling games, whether unauthorized or authorized, conducted during the previous twelve months as well as confiscation and forfeiture of all gambling game equipment used in the conduct of unauthorized gambling games. Forfeitures pursuant to this section shall be enforced as provided in sections 513.600 to 513.645;

* * *

(19) To take any other action as may be reasonable or appropriate to enforce sections 313.800 to 313.850 and the commission rules.

10. Section 313.812, RSMo, states, in pertinent part, as follows:

14. 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 such person or such person's 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.

* * *

(2) Failing to comply with any rule, order or ruling of the commission or its agents pertaining to gaming[.]

11. 11 CSR 45-7.040 states, in pertinent part, as follows:

(1) Every licensee shall conduct and record surveillance which allows clear, unobstructed views in the following areas of the riverboat and land-based facilities:

* * *

(L) All areas on the general casino floor with sufficient clarity to permit identification of all players, employees, patrons, and spectators.

12. The Commission's MICS, Chapter A, states, in pertinent part, as follows:

3.03 For short term variances, the Class B Licensee shall submit a detailed written request to the Jefferson City MGC office showing a specific need for the variance, including any proposed conditions or restrictions. The request must be approved in writing by MGC prior to implementation.

VIOLATIONS

14. The Casino received written variance approval from the Commission for the aforementioned cashless demonstrations under defined conditions, which included that the demonstration area would remain under surveillance coverage and the doors to the demonstration area would remain restricted from patron access when not occupied by a licensed employee. Despite approval subject to these conditions, the Casino failed to maintain appropriate surveillance coverage and the demonstration area was unsecured and accessible to the public during periods when licensed employees were not present.

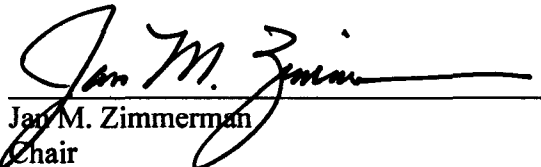
15. The Casino's actions in failing to adhere to the conditions set forth, approved, and directed by the Missouri Gaming Commission during the Casino's cashless gaming demonstrations is injurious to the public health, safety, morals, good order and general welfare of the people of the state of Missouri and discredits the Missouri gaming industry and the State of Missouri, in that the Casino's acts violate 11 CSR 45-9.060(2) and (3), 11 CSR 45-10.040(1)(L), and the Commission's MICS, Chapter A, Section 3.03.

16. St. Louis Gaming Ventures, LLC, is therefore subject to discipline for such violations pursuant to Sections 313.805 and 313.812.14(2), RSMo, and 11 CSR 45-9.060(2) and (3).

PENALTY PROPOSED

17. Under Section 313.805, RSMo, the Commission has the power to assess any appropriate administrative penalty against St. Louis Gaming Ventures, LLC, as the holder of a Class B license.

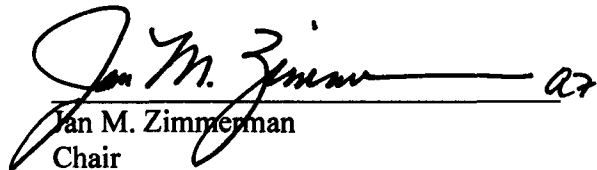
18. THEREFORE, it is proposed that the Commission fine St. Louis Gaming Ventures, LLC, the amount of \$5,000 for the violations set forth herein.


Jan M. Zimmerman
Chair
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 31st day of August, 2023, to:

Michael Jerlecki, GM
Hollywood Casino St. Louis
777 Casino Center Drive
Maryland Heights, MO 63043


Jan M. Zimmerman
Chair
Missouri Gaming Commission