

9. The dealer admitted that when the dice “went bad,” meaning they rolled “7,” she would give the dice back to the patrons without collecting the losing bets, or she would manipulate the dice so the outcome of the roll was not a seven and that those patrons sometimes added or put money down on the dealer’s bet or gave her “extra tips” when she took action so those patrons would not lose. None of the activity was identified by surveillance or the table game supervisor. Such activity resulted in a net loss of taxable income for the State of Missouri
10. A Table Games Supervisor/Dealer admitted changing the outcome of the game to keep it going by calling “no rolls” when patron’s “Crapped out” or calling the dice a different number and failing to collect all the losing bets placed on the table when he was dealing Craps and, although he witnessed patrons cheating by capping bets while playing Roulette, he allowed those bets to stand. None of the activity was identified by surveillance or the table game supervisor. Such activity resulted in a net loss of taxable income for the State of Missouri.
11. Instead of providing oversight to the table games under their direction, the Pit Manager was looking at players’ hands, telling patrons how to bet, and allowing patrons to add to their bets after the hands were known to win.
12. The Pit Manager admitted to permitting patrons to cheat by adding money to their bet, known as “capping” or allowing a “past-post” bet, when the outcome of the game became known and failing to follow proper table game procedures regarding the types and amounts of bets he allowed to be placed on various table games. None of the activity was identified by the surveillance department or the Director of Operations.
13. By changing the outcome of the games, patrons would benefit by keeping losing wagers, and the dealers, in turn, would also benefit from the extra tips left by those cheating patrons.
14. The Surveillance Department failed to discover or suspect any cheating.
15. The Surveillance Department and table game supervisors are required to monitor live Table Games as part of their respective job responsibilities and to detect dealers cheating.
16. The failure of these safeguards to detect this activity displays a systemic failure of the Casino’s regulatory compliance duties.
17. The Casino and its employees failed to promptly notify the on-duty Gaming Agent of possible cheating and failure to follow the rules of the game, demonstrating a lack of care regarding maintaining the integrity of the gaming industry. As a result, many people within the Table Games Department knew, or strongly suspected, the activity was occurring, but said nothing. This activity resulted in a net loss of taxable income for the State of Missouri
18. The investigation revealed an estimated loss of over \$50,000.00 of table game revenue in one month to the Casino. Since the activity was admittedly going on since December 2016, the actual loss to the casino would be much higher, but cannot be accurately calculated due to surveillance retention limitations. Both the state of Missouri and the City of LaGrange share in that loss, since it resulted in lower gaming taxes. The dealer, Pit Manager, and Table Games

Supervisor/Dealer were charged with “Violation of Laws Pertaining to Riverboat Gambling,” in violation of § 313.830, RSMo. Two have plead guilty, and the third is awaiting trial.

LAW

19. 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.

20. 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[.]

21. Title 11 CSR 45-5.053 states, in pertinent part, as follows:

- (2) It is the policy of the commission to require that all riverboats and gaming conducted on riverboats be operated in a manner suitable to protect the public health, safety, morals, good order and general welfare of Missouri. Responsibility for the employment and maintenance of suitable methods of operation rests with the holder of an operator’s license and willful or persistent use or toleration of methods of operation deemed unsuitable will constitute grounds for disciplinary action, up to and including license revocation.
- (3) The holder of a Class A or B license is expressly prohibited from the following activities:
 - (A) Failing to exercise discretion and good judgment to prevent incidents which might reflect on the repute of the state of Missouri and act as a

detriment to the development of the industry, including allowing lewd entertainment on a boat;

* * *

(G) Permitting, if the licensee was aware or should have been aware of, any cheating whatsoever;

* * *

(J) Failing to conduct gaming operations in accordance with proper standards of custom, decorum and decency; or to permit any type of conduct on the riverboat which reflects negatively on the repute of the state of Missouri or acts as a detriment to the gaming industry;

* * *

(M) Failing to report to the commission known or suspected violations of commission rules and applicable law.

22. Title 11 CSR 45-9.020(1)(B)5. requires “Functions, duties, and responsibilities [to be] appropriately segregated and performed by competent personnel with integrity and an understanding of prescribed procedures.”

23. Title 11 CSR 45-9.040 sets forth, in pertinent part, the following:

(1) Each Class B licensee and other licensees as directed by the commission shall describe, in a manner that the commission may approve or require, its administrative and accounting procedures in detail in a written system of internal control. Each written system must include a detailed narrative description of the administrative and accounting procedures designed to satisfy the requirements of 11 CSR 45-9.020 and 11 CSR 45-9.030(1). Additionally, this description shall include a separate section for the following:

(A) An organizational chart depicting appropriate segregation of functions and responsibilities;

(B) A description of the duties and responsibilities of each position shown on the organizational chart[.]

24. 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 licensee or an agent or employee of a Class A licensee are deemed to be unsuitable conduct for which the Class A 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

- (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.

25. 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.

* * *

- (3) In the event that a licensee or employees of the licensee knows or should have known that an illegal or violent act has been committed on or about the licensed premises, they shall immediately report the occurrence to law enforcement authorities and shall cooperate with law enforcement authorities and agents of the commission during the course of any investigation into an occurrence.

- (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.

26. The Casino’s ICS, Chapter D, Table Games (Live Games), Job Descriptions, requires the Pit Manager to supervise the table games supervisor and assist “the Casino Shift Manager and Director of Casino Operations in the overall operation of all live games during an assigned shift,” including the safeguarding the assets of the company.

27. The Casino’s ICS, Chapter D, Table Games (Live Games), Job Descriptions, requires the Craps Box Supervisor to supervise craps dealers “during the operation of a craps game” and safeguard the assets of the company.

28. The Casino’s ICS, Chapter D, Table Games (Live Games), Job Descriptions, requires the Table Games Supervisor to supervise “the Craps Box Supervisor and all Dealers” and safeguard the assets of the company.

29. The Casino's ICS, Chapter D, Table Games (Live Games), Job Descriptions, requires the Table Games Dealer to safeguard the assets of the company, deal cards to customers, and take bets and pay winning wagers.

30. The MICS, Chapter D, §13.03, states as follows:

If a licensee uses job titles other than "table games supervisor" and /or "pit manager," the Internal Control System shall specify which job titles used by the licensee correspond to these positions and ensure the job descriptions of those positions properly delineate the duties.

31. Pursuant to the Casino's ICS, Chapter D, §13.03, "'Table Games Supervisor' as stated on page D17, paragraph 13.03 in the MICS will be referred to as 'Games Supervisor.'"

32. Both the MICS and the Casino's ICS, Chapter D, §13.04, require "at least one Games Supervisor [to] be on duty in the pit providing direct supervision of each four open gaming tables if one or more of the tables being supervised is a craps table."

33. Both the MICS and the Casino's ICS, Chapter D, §13.05, require "at least one Pit Manager [to] be on duty directly supervising Games Supervisors."

34. The Casino's ICS, Chapter M, Surveillance, Job Descriptions, Surveillance Manager, states, in pertinent part, as follows:

Authority and Supervisory Capacity: Complete authority and supervisory capacity, as referenced in the surveillance department organization chart, over all surveillance personnel.

Duties and Responsibilities:

1. Supervises all procedures and controls for the surveillance department.
2. Safeguards assets of the company.

* * *

4. Manages, directs and supervises all personnel assigned to surveillance operations and conducts surveillance as needed for the protection of the casino assets[.]

35. The Casino's ICS, Chapter M, Surveillance, Job Descriptions, requires the Surveillance Senior Operator, Surveillance Operators, and Surveillance Technicians/Operators to safeguard "assets of the company," and to conduct "surveillance of areas, customers and employees to ensure the protection of the assets of the casino."

VIOLATIONS

36. The acts or omissions of employees or agents of the Company, as described above, constitute a failure of the Company to take corrective action to prevent known or suspected cheating at

its casino, thereby violating 11 CSR 45-5.053(3)(A), (G), (J), and (M), 11 CSR 45-10.030(1), (3), (4), and (7), and the Job Descriptions set forth in the Casino's ICS, Chapters D – Table Games (Live Games) and M – Surveillance.

37. 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

38. 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.

39. THEREFORE, it is proposed that the Commission fine HGI – Mark Twain, LLC, the amount of \$50,000 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 1st day of November, 2018, to:

Luke Keller, General Manager
Mark Twain Casino
104 Pierce Street
LaGrange, MO 63448

Herbert M. Kohn
Chairman
Missouri Gaming Commission