

AGENDA
KANSAS RACING AND GAMING COMMISSION
10:00 a.m., Friday, April 11, 2014

AUDITORIUM A
Dwight D. Eisenhower State Office Building
700 SW Harrison, Suite 450
Topeka, KS 66603

A. CALL TO ORDER

B. APPROVAL OF AGENDA

C. APPROVAL OF MINUTES

1. [Minutes of March 14, 2014](#)

D. CONSENT AGENDA

Items listed on the consent agenda are routine in nature. If requested by a commissioner, an item may be removed from the Consent Agenda and placed under Commission Items for further discussion and consideration.

1. Approvals and revocations for certain lottery facility games and related components
 - a. [GLI Approval Letters April 2014](#)
2. Internal control amendment approvals
 - a. [Boot Hill Casino & Resort internal control amendment approvals](#)
 - b. [Kansas Star Casino internal control amendment approvals](#)
 - c. [Hollywood Casino at Kansas Speedway internal control amendment approvals](#)

E. LOTTERY GAMING FACILITY REPORTS/ITEMS

1. Boot Hill Casino and Resort
 - a. [Monthly Report](#)
 - b. [March 2014 Gaming Revenue Report](#)
2. Kansas Star Casino
 - a. [Monthly Report](#)
 - b. [March 2014 Gaming Revenue Report](#)
3. Hollywood Casino at Kansas Speedway
 - a. [Monthly Report](#)

b. [March 2014 Gaming Revenue Report](#)

F. COMMISSION ITEMS

1. Quarterly reports on staff out-of-state travel, licensing, and illegal gambling.

Commission Action: Commission review and discussion

Staff Presentation: Richard Petersen-Klein, Executive Director

Staff Recommendation: No action required

a. [Staff Memo](#)

2. Temporary Regulation Process

Commission Action: Commission review and Final Action

Staff Presentation: Richard Petersen-Klein, Executive Director

Staff Recommendation: Approval

a. [Staff Memo](#)

3. Permanent Regulation Process

Commission Action: Commission review and Final Action

Staff Presentation: Richard Petersen-Klein, Executive Director

Staff Recommendation: Approval

a. [Staff Memo](#)

G. PUBLIC COMMENTS

H. STAFF REPORTS

1. Executive Director

a. [Voluntary Exclusion Report](#)

b. [KRGK Financial Report](#)

I. EXECUTIVE SESSIONS

The Commission conducts executive sessions in accordance with the Kansas Open Meetings Act and all discussions are limited to the specified purposes listed in K.S.A. 75-4319. The Commission utilizes executive sessions to consult with the Commission's attorney, to discuss personnel matters, to protect the confidentiality of necessarily closed information, and to protect the integrity of gaming and finances.

1. Attorney/Client privilege

2. Background reports

J. OTHER BUSINESS/FURTHER COMMISSION ACTION

1. Consideration of proposed gaming licenses and renewals

K. ADJOURNMENT

KANSAS RACING AND GAMING COMMISSION

MINUTES – MARCH 14, 2014

CALL TO ORDER:
(A.)

Chairman Timothy Shultz called the March 14, 2014, meeting to order at 9:58 a.m. at 700 SW Harrison, Auditorium A, Suite 450, Topeka, Kansas. Commissioners Dennis McKinney, R. Eileen King and David H. Moses were present. Others present included Executive Director Richard Petersen-Klein, General Counsel Judith Taylor, Director of Security Don Brownlee, Director of Administration and Finance Brandi White, Director of IT and Electronic Security Dennis Bachman, recording secretary Chris Vega and other staff.

MOTION, APPROVE
AGENDA:
(B.)

Commissioner McKinney (King) moved to approve the agenda. Motion passed unanimously.

MOTION, APPROVE
FEBRUARY 21, 2014,
MEETING MINUTES AS
AMENDED:
(C.)

Motion was made that February 21, 2014 meeting minutes reflect that the year should reflect 2014 and not 2017. Commissioner King (McKinney) moved to approve the minutes of the February 21, 2014 meeting as amended. Motion passed unanimously.

MOTION, APPROVE
CONSENT AGENDA:
(D.)

Commissioner McKinney (King) moved to approve the consent agenda. Motion passed unanimously.

LOTTERY GAMING
FACILITY
REPORTS/ITEMS; BOOT
HILL CASINO AND
RESORT:
(E.1.)

Sharon Stroburg, General Manager, reported:

- For the month of February 2014, Boot Hill Casino and Resort (BHCR) experienced an increase of just over one percent over the prior month and 1.91 percent over February 2013. This was attributed to both an increase in slot and table hold, and ongoing marketing initiatives.
- BHCR has withdrawn from the Dodge City Chamber of Commerce, but continues to meet and discuss opportunities to work together.

LOTTERY GAMING
FACILITY
REPORTS/ITEMS;
KANSAS STAR:
(E.2.)

Daniel Ihm, Assistant General Manager, reported:

- February admissions were down nineteen percent from February 2013.
- Ongoing design work continues for the proposed convention/meeting facility.
- February revenue numbers compared to February 2013:
 - Total gaming revenue down five percent.
 - Slot coin-in (handle) down ten percent.
 - Slot hold slightly higher.

- Table game drop down twelve percent.
- Table game hold down 4.3 percent.
- Poker room revenue down eighteen percent.
- Upcoming events at the Kansas Star Casino Arena are:
 - Circus, March 14th – March 16th
 - Bellator MMA, March 21st
 - Ron White, Comedian, April 4th
 - Asian Show, April 19th

LOTTERY GAMING
FACILITY
REPORTS/ITEMS;
HOLLYWOOD CASINO AT
KANSAS SPEEDWAY:
(E.3.)

Bob Sheldon, General Manager, reported:

- February revenue numbers compared to February 2013:
 - Total gaming revenue was \$10.9 million, up \$485,000, or 4.7 percent.
 - Table games revenue was \$1.5 million, down \$119,000, or 7.3 percent.
 - Slot revenue was \$9.3 million, up \$605,000, or almost 6.9 percent.
- Hollywood Casino's weekly marketing efforts remained consistent in February and also saw the culmination of the Marquee Millionaire promotion on February 14th.
- Weather adversely impacted the month affecting both revenue and patron count.

COMMISSION ITEMS;
(F.1.)

- Patsy Congrove, Director of Charitable Bingo, spoke about the Semi-Annual Activity Report of Inspections and Investigations of Bingo operation.
- Casino Mobile Gaming Test Report and Internal Control Amendment HW51 were discussed during Executive Session.

PUBLIC COMMENTS:
(G.)

There were no public comments at this meeting.

STAFF REPORTS;
(H.1.)

Mr. Petersen-Klein, reported:

- The Voluntary Exclusion Program currently has over 700 enrollees, with the majority of the enrollees from the South Central gaming zone.
- KRGC's financial report compares favorably to prior year and prior months.
- The Commission by statute elects the vice-chair and secretary annually. Chairman Shultz requested a motion to retain Commissioner McKinney as vice-chair and Commissioner King as secretary. Commissioner Moses (King) moved to retain officers in their current positions. Motion passed unanimously.
- Mr. Petersen-Klein announced that the next commission meeting will be held on April 11, 2014.

MOTION, EXECUTIVE
SESSIONS:
(I.)

Chairman Shultz moved that the commission go into executive session for the purpose of (1) attorney/client privilege (2) electronic security and (3) reviewing the list of confidential backgrounds for licensing. Those included in the executive sessions were the commissioners, executive director, general counsel, director of security and director of IT and electronic security. The total time for the executive sessions was anticipated to be one hour and fifteen minutes, from 10:30 a.m. until 11:50 a.m., preceded by a five minute break. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as a part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. Commissioner McKinney (King) made a motion to adjourn to executive session. Motion passed unanimously. Adjourned to executive session at 10:30 a.m.

RECONVENE:

The commission meeting was back in open session at 11:52 a.m. with all members present.

MOTION TO APPROVE
CASINO MOBILE GAMING
REPORT AND INTERNAL
CONTROL AMENDMENT
HW51

Commissioner King (McKinney) moved to approve Casino Mobile Gaming Report and Internal Control Amendment HW51. Motion passed unanimously.

MOTION TO
CONDITIONALLY
APPROVE, AND TO
APPROVE LICENSE
APPLICATIONS
(J.)

Commissioner King (McKinney) moved to *conditionally approve* one application, and *approve* the remaining 134 license applications from the March 14, 2014 list of background reports referred to the commission for action. Motion passed unanimously.

ADJOURN:
(K.)

Chairman Shultz reminded all that the next commission meeting will be held on April 11, 2014. Commissioner King (McKinney) moved to adjourn the meeting. Motion passed unanimously. The commission meeting adjourned at 11:56 a.m.

SUBMITTED BY:

(Signature on file)

R. Eileen King
Secretary

APPROVED BY:

(Signature on file)

Timothy A. Shultz
Chairman

Recommended for Approval					
	Manufacturer	File Number	ID Number	Version	Game Name
1	ARISTOCRAT	MO-22-ARI-14-01	1.02-62204	GEN7WS	Let's Make a Deal
2	ARISTOCRAT	MO-22-ARI-14-01	1.02-62204	GEN7WS	Let's Make a Deal
3	ARISTOCRAT	MO-73-ARI-14-01	1.02-62239	GEN7WS	Watts of Cash
4	ARISTOCRAT	MO-73-ARI-14-01	1.02-62239	GEN7WS	Watts of Cash
5	ARISTOCRAT	MO-73-ARI-14-06	1.04-62325	GEN7WS	Pharoah's Oasis
6	ARISTOCRAT	MO-73-ARI-14-06	1.04-62325	GEN7WS	Pharoah's Oasis
7	DEQ SYSTEMS CORP	SY-286-DEQ-13-01	EZTRAKPAIGOW	3.6	EZ TRAK PAI GOW SYSTEM V3.6
8	DEQ SYSTEMS CORP	SY-286-DEQ-13-01	Hardware	PSG3-ETLCDV5	EZ TRAK PAI GOW SYSTEM V3.6
9	DEQ SYSTEMS CORP	SY-286-DEQ-13-01	LCD_Custom	3.6	EZ TRAK PAI GOW SYSTEM V3.6
10	IGT	MO-22-IGT-14-26	G3N0010154	N/A	N/A
11	IGT	MO-22-IGT-14-26	G3U0010155	N/A	N/A
12	IGT	MO-286-IGT-14-12	GI014-005RP5-B007	AVP INSTALL	MYSTICAL MERMAID RETURNS
13	IGT	MO-286-IGT-14-12	GI014-005RP5-B007.V02	AVP INSTALL	MYSTICAL MERMAID RETURNS
14	IGT	MO-286-IGT-14-12	GAME014-005RP5-B07	AVP GAME PACKAGE	MYSTICAL MERMAID RETURNS
15	IGT	MO-286-IGT-14-13	GAME014-005QW3-B03	AVP GAME PACKAGE	DRAGON DANCE
16	IGT	MO-286-IGT-14-13	GI014-005QW3-B003	AVP INSTALL	DRAGON DANCE
17	IGT	MO-286-IGT-14-13	GI014-005QW3-B003.V02	AVP INSTALL	DRAGON DANCE
18	IGT	MO-286-IGT-14-14	GAME014-001PF3-J06	AVP GAME PACKAGE	ISLAND DREAMS
19	IGT	MO-286-IGT-14-14	GI014-001PF3-J006.V02	AVP INSTALL	ISLAND DREAMS
20	IGT	MO-286-IGT-14-14	GI014-001PF3-J006	AVP INSTALL	ISLAND DREAMS
21	IGT	MO-286-IGT-14-16	GAME014-005RZ9-B03	AVP GAME PACKAGE	PROWLING PANTHER
24	IGT	MO-286-IGT-14-16	GI014-005RZ9-B003	AVP INSTALL	PROWLING PANTHER
25	IGT	MO-286-IGT-14-16	GI014-005RZ9-B003.V02	AVP INSTALL	PROWLING PANTHER
26	KONAMI GAMING INC.	MO-73-KON-13-101	KGI_L594MLA003WD00	GAME PROGRAM	Fortunes Ablaze
27	KONAMI GAMING INC.	MO-73-KON-13-106	KGI_L603MLA006WD00	GAME PROGRAM	Sparkling Nightlife
28	KONAMI GAMING INC.	MO-73-KON-13-134	KGI_L614MLA001WD00	GAME PROGRAM	Flying Fortune
28	KONAMI GAMING INC.	MO-73-KON-13-136	KGI_L585MLA004WD00	GAME PROGRAM	Lotus Land
29	KONAMI GAMING INC.	MO-73-KON-13-159	KGI_L583MLA004WD00	GAME PROGRAM	Fists of Fire
30	KONAMI GAMING INC.	MO-73-KON-13-160	KGI_L604MLA004WD00	GAME PROGRAM	Legend of Captain
31	KONAMI GAMING INC.	MO-73-KON-13-164	KGI_L595MLB010WD00	GAME PROGRAM	Majestic Warriors
32	KONAMI GAMING INC.	MO-73-KON-13-74	KGI_L600MLA005WD04	GAME PROGRAM	Dynasty Riches
33	KONAMI GAMING INC.	MO-73-KON-13-88	HARDWARE	310393(A)	N/A
34	KONAMI GAMING INC.	MO-73-KON-13-90	KGI_LW4KP3C001XX	Master Boot Record	4GB MBR
35	KONAMI GAMING INC.	MO-73-KON-14-26	CHBV108G12	GAME PROGRAM	China Shores Boosted Wins & Spins
36	KONAMI GAMING INC.	MO-73-KON-14-26	CHBV108G12	GAME PROGRAM	China Shores Boosted Wins & Spins
36	KONAMI GAMING INC.	MO-73-KON-14-26	CHBV108G12-CF	SOUND/GRAPHICS	China Shores Boosted Wins & Spins
37	KONAMI GAMING INC.	MO-73-KON-14-33	LFBV103G12	GAME PROGRAM	Lion Festival Boosted Celebration
38	KONAMI GAMING INC.	MO-73-KON-14-33	LFBV103G12	GAME PROGRAM	Lion Festival Boosted Celebration
39	KONAMI GAMING INC.	MO-73-KON-14-33	LFBV103G12-CF	SOUND/GRAPHICS	Lion Festival Boosted Celebration
40	MULTIMEDIA GAMES	MO-171-MMG-14-09	OSA5920-01	Rev 131	OSA5920-M11xQ_V01-S140
41	MULTIMEDIA GAMES	MO-286-MMG-14-04	DOA5526-27	9.26.113.20.5	M11m_WildWild7s_5L5C
42	SPIELO	MO-14-SPE-13-06	UBA-10/11 (USA)-SS	2.51-49	JCM UBA BILL VALIDATOR FIRMWARE
42	WMS	MO-22-WMS-13-124	D9E9-000-1000	1000 H19.001	OMG! KITTENS

Recommend for Revocation							
	<u>Manufacturer</u>	<u>File Number</u>	<u>ID Number</u>	<u>Version</u>	<u>Game Name</u>	<u>Replace With</u>	<u>Remove/ Replace by:</u>
1	ARISTOCRAT	MO-73-ARI-13-73	1.03-62325	GEN7WS	Pharaoh's Oasis	1.04-62325	
2	ARISTOCRAT	MO-73-ARI-13-73	1.03-62325	GEN7WS	Pharaoh's Oasis	1.04-62325	
3	KONAMI GAMING INC.	MO-73-KON-12-16	LFBV101G12-CF	SOUND/GRAPHICS	Lion Festival Booste	LFBV103G12-CF	
4	KONAMI GAMING INC.	MO-73-KON-12-16	LFBV101G12	GAME PROGRAM	Lion Festival Booste	LFBV103G12	
5	KONAMI GAMING INC.	MO-73-KON-12-16	LFBV101G12	GAME PROGRAM	Lion Festival Booste	LFBV103G12	
6	KONAMI GAMING INC.	MO-22-KON-12-57	CHBV105G12-CF	SOUND/GRAPHICS	China Shores Boosted	CHBV108G12-CF	
7	KONAMI GAMING INC.	MO-22-KON-12-57	CHBV105G12	GAME PROGRAM	China Shores Boosted	CHBV108G12	
8	KONAMI GAMING INC.	MO-22-KON-12-57	CHBV105G12	GAME PROGRAM	China Shores Boosted	CHBV108G12	
9	KONAMI GAMING INC.	MO-22-KON-11-40	CHBV104G12-CF	SOUND/GRAPHICS	China Shores Boosted	CHBV108G12-CF	
10	KONAMI GAMING INC.	MO-22-KON-11-40	CHBV104G12	GAME PROGRAM	China Shores Boosted	CHBV108G12	
11	KONAMI GAMING INC.	MO-22-KON-11-40	CHBV104G12	GAME PROGRAM	China Shores Boosted	CHBV108G12	
12	KONAMI GAMING INC.	MO-73-KON-10-37	CHBV102G12	Game Program	China Shores Boosted	CHBV108G12	
13	KONAMI GAMING INC.	MO-73-KON-10-37	CHBV102G12	Game Program	China Shores Boosted	CHBV108G12	
14	KONAMI GAMING INC.	MO-73-KON-10-37	CHBV102G12-CF	Sound/Graphics	China Shores Boosted	CHBV108G12-CF	

Boot Hill Casino Internal Control Amendments

April 11, 2014

<u>Item #/ (Description)</u>	<u>Regulation Waiver?</u>	<u>Regulation/IC Reference</u>	<u>Staff Recommendation</u>
BH339 – Bad Beat and Special Hand	No	KAR 112-108-1, KAR 112-108-6, KAR 112-108-20, KAR 112-108-41 through KAR 112-108-43/ IC 220.020.00	Approval

Kansas Star Casino Internal Control Amendments

April 11, 2014

<u>Item #/ (Description)</u>	<u>Regulation Waiver?</u>	<u>Regulation/IC Reference</u>	<u>Staff Recommendation</u>
KS154 – Safety Manager	No	112-104-2; IC Security Section 1, Organizational Chart and Section 2, Job Descriptions	Approval
KS155 – IT Standards	No	112-104-25; IC Admin 8c (10) (b) and (11) (a-f)	Approval
KS157 – Change to Pai Gow Rules	No	112-108-4; IC Table Games Sections 1 (c) (5) and (K) (1) (e)	Approval

Hollywood Casino Internal Control Amendments

April 11, 2014

<u>Item #/ (Description)</u>	<u>Regulation Waiver?</u>	<u>Regulation/IC Reference</u>	<u>Staff Recommendation</u>
HW53 – Complimentaries	No	112-104-9; IC Chapter G: Accounting, Section 7, Complimentaries	Approval

BOOTHILL CASINO & RESORT
REPORT PRESENTED TO
THE KANSAS RACING AND GAMING COMMISSION
APRIL 11, 2014

BY: SHARON STROBURG

- 1) For the month of March 2014, BHCR experienced an increase of 16.71% over prior month. This is contributed to an increase in slot hold; which is attributable to new game software being installed.

BOOT HILL CASINO & RESORT

Lottery Gaming Facility Revenue-Unaudited*

	March 2014	March 2013	Fiscal YTD 2014	Fiscal YTD 2013
Electronic gaming machines	3,437,754.80	3,720,106.01	26,180,629.57	27,497,020.80
Table games	412,826.00	698,753.00	3,643,349.00	4,903,297.00
Other #	<u>1,019.99</u>	<u>4,233.80</u>	<u>9,092.90</u>	<u>14,362.39</u>
Total Lottery Gaming Facility Revenue	<u><u>3,851,600.79</u></u>	<u><u>4,423,092.81</u></u>	<u><u>29,833,071.47</u></u>	<u><u>32,414,680.19</u></u>
State Share 22%	847,352.17	973,080.42	6,563,275.72	7,131,229.64
Local Share 3%	115,548.02	132,692.78	894,992.14	972,440.41
Problem Gambling Share 2%	77,032.02	88,461.86	596,661.43	648,293.60
Casino Share 73%	2,811,668.58	3,228,857.75	21,778,142.17	23,662,716.54

****Unaudited-as reported by the Kansas Lottery Central Computer system.***

#Other sweeps, principally lost and found funds.

KANSAS STAR CASINO
REPORT PRESENTED TO
THE KANSAS RACING AND GAMING COMMISSION
April 11, 2014

BY: SCOTT COOPER – GERNERAL MANAGER

Operational Notes

- March admissions down 12% from March 2013.
- Ongoing design work continues for the proposed convention/meeting facility. Ground breaking scheduled for mid-April

Upcoming Arena Events

- Ron White, April 4
- Asian Show, April 19th
- American Cancer Society Fund Raising Event - May
- Several Equestrian / Rodeo Type Events - May

March Revenue #'s

- Total Gaming Revenue down 15% from March 2013.
- Slot Coin-In (Handle) down 17% from March 2013.
- Slot hold flat from March 2013.
- Table Game drop down 15% from March 2013.
- Table Game hold up .4% from March 2013.
- Poker Room revenue down 17% from March 2013.

KANSAS STAR CASINO & RESORT

Lottery Gaming Facility Revenue-Unaudited*

	March 2014	March 2013	Fiscal YTD 2014	Fiscal YTD 2013
Electronic gaming machines	13,961,248.48	16,435,277.02	116,099,264.92	121,924,016.76
Table games	2,441,609.85	2,593,827.62	20,451,953.10	20,809,449.11
Other #	<u>8,888.31</u>	<u>10,978.94</u>	<u>22,426.84</u>	<u>22,148.31</u>
Total Lottery Gaming Facility Revenue	<u><u>16,411,746.64</u></u>	<u><u>19,040,083.58</u></u>	<u><u>136,573,644.86</u></u>	<u><u>142,755,614.18</u></u>
State Share 22% (Tier 1)**	3,610,584.26	4,188,818.39	30,046,201.87	31,406,235.12
State Share 2% marginal (Tier 2)**	-	-	255,027.09	63,998.26
Local Share 3%	492,352.40	571,202.51	4,097,209.35	4,282,668.43
Problem Gambling Share 2%	328,234.93	380,801.67	2,731,472.90	2,855,112.28
Casino Share	11,980,575.05	13,899,261.01	99,443,733.66	104,147,600.09

****Unaudited-as reported by the Kansas Lottery Central Computer system.***

#Other sweeps, principally lost and found funds.

*****During both calendar years 2012 and 2013, Kansas Star's revenue exceeded the tax Tier 1 as stated in their contract. The Tier 2 tax rate was applied to the revenue above Tier 1.***

HOLLYWOOD CASINO AT KANSAS SPEEDWAY
REPORT PRESENTED TO
THE KANSAS RACING AND GAMING COMMISSION
APRIL 11, 2014

BY: BOB SHELDON – VICE PRESIDENT & GENERAL MANAGER

Total Gaming Revenue for March 2014 was \$ 11.8MM which was \$83K, or 0.7%, less than March 2013.

Slot Revenue was \$10.2 MM which was a slight increase of \$47K or 0.5% over the prior year.

Table Games Revenue was \$1.6MM, which was down \$130 K or 7.4% compared to prior year. Hold percentage was up slightly from last year but the volume of table game business was down, in part due to the winter storm conditions during the first weekend of the month.

We continue to be consistent with our monthly marketing approach. Also, in the month of March we launched our \$25,000 Hidden Treasures Giveaway sweepstakes promotion. The promotion culminates on April 18th and we had a preliminary drawing on Friday, March 28th which was well attended.

HOLLYWOOD CASINO & RESORT

Lottery Gaming Facility Revenue-Unaudited*

	March 2014	March 2013	Fiscal YTD 2014	Fiscal YTD 2013
Electronic gaming machines	10,215,126.58	10,167,764.31	83,750,660.03	76,047,740.42
Table games	1,621,626.22	1,756,730.77	15,018,751.44	15,809,165.16
Other #	4,520.65	16,920.82	13,718.85	16,920.82
Total Lottery Gaming Facility Revenue	<u>11,841,273.45</u>	<u>11,941,415.90</u>	<u>98,783,130.32</u>	<u>91,873,826.40</u>
State Share 22%	2,605,080.16	2,627,111.50	21,732,288.67	20,212,241.81
Local Share 3%	355,238.20	358,242.48	2,963,493.91	2,756,214.79
Problem Gambling Share 2%	236,825.47	238,828.32	1,975,662.61	1,837,476.53
Casino Share 73%	8,644,129.62	8,717,233.61	72,111,685.13	67,067,893.27

****Unaudited-as reported by the Kansas Lottery Central Computer system.***

#Other sweeps, principally lost and found funds.



STAFF AGENDA MEMORANDUM

MEETING DATE: April 11, 2014

AGENDA ITEM: Quarterly Reports on (1) staff out-of-state travel, (2) licensing and (3) illegal gambling

PRESENTER: Richard Petersen-Klein

To ensure that it is being consistent and efficient, the commission has requested quarterly updates on out-of-state travel, licensing matters, and illegal gambling efforts.

I. OUT-OF-STATE TRAVEL

The quarterly out-of-state travel report includes the employees who traveled and the purpose of the trip and the total expenses incurred for the trip. Because the Commission maintains its background investigation details as highly confidential, the quarterly travel report does not include out-of-state trips for investigative or targeted purposes.

For the third quarter (January through March) of the State's FY 2014, commission staff out-of-state travel includes:

Purpose of Trip	Traveler	Dates	Destination	Registration	Total
ABA Gaming Law Conference	Judith Taylor	02/12/14 – 02/14/14	Las Vegas, NV	\$520	\$1,271.35
ABA Gaming Law Conference	Richard Petersen-Klein	02/12/14 – 02/12/14	Las Vegas, NV	\$520	\$1,347.50
GLI Roundtable	John Connett	3/11/14 – 3/14/14	Las Vegas, NV	\$0	\$910.85

II. LICENSING

Objectives of the commission include conducting timely, but thorough, background investigations on all gaming employees, management contractors, manufacturers and distributors seeking licensure at lottery gaming facilities located in this state. Background investigations are conducted to protect the public interest by maintaining a legitimate and viable gaming industry assuring honesty, good character and integrity of racing and gaming facility operators, employees, and vendors. Following is the licensing report for the January through March FY 2014 quarter. The three previous quarters are included for comparison purposes.

	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013
VENDORS, SUPPLIERS, MANAGERS:				
Corporate permanent licenses approved	2	4	5	5
Corporate temporary licenses approved*	68	3	7	5
Corporate employee licenses approved	82	45	92	63
Corporate renewal licenses approved	6	0	0	1
Corporate employee licenses renewed	21	51	73	40
Corporate employee licenses denied	0	0	2	1
BOOT HILL CASINO EMPLOYEE LICENSES				
Permanent license approvals	11	14	23	26
Temporary license approvals*	14	12	10	18
Renewal license approvals	45	31	35	28
Licenses denied	0	3	4	2
HOLLYWOOD CASINO EMPLOYEE LICENSES				
Permanent license approvals	60	103	104	96
Temporary license approvals*	68	76	73	96
Renewal license approvals	36	109	174	117
Licenses denied	4	5	9	4
KANSAS STAR CASINO EMPLOYEE LICENSES				
Permanent license approvals	55	79	148	93
Temporary license approvals*	90	41	75	123
Renewal license approvals	86	89	80	105
Licenses denied	1	3	2	2

*Temporary licenses approved will still need to be permanently approved in future quarter(s) once all backgrounding activities are completed.

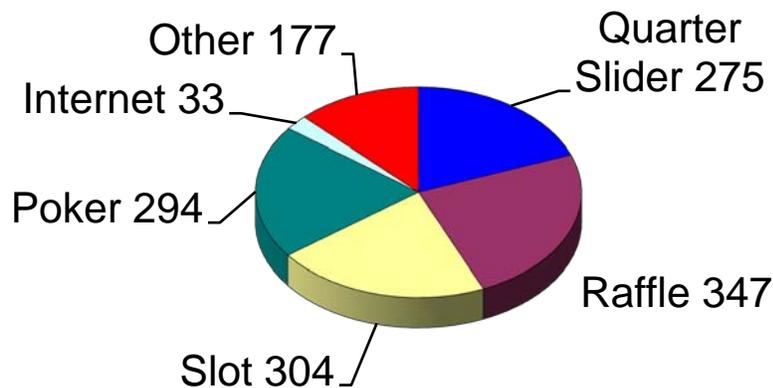
III. ILLEGAL GAMBLING

The Commission acts as the state's coordinating agency for most illegal gambling questions and complaints. That role requires the KRGC to employ educational, administrative and law enforcement methods to maintain the integrity of gambling in Kansas and to help curtail illegal gambling that occurs in bars, restaurants, convenience stores and other venues throughout Kansas.

Since 2008, the Commission has received 1,430 total illegal gambling-related questions or complaints from the general public. During the first quarter of 2014, the Commission received 36 calls and emails from the general public, up eighteen (18) from the previous quarter and down twenty-three (23) from the first quarter of 2013.

Of the 36 calls and emails received in Q-1, thirteen (13) involved inquiries and complaints involving raffles; ten (10) involved poker runs, poker games and poker tournaments; six (6) pertained to reports of various illegal gambling devices found in bars, restaurants and convenience stores; and seven (7) calls involved miscellaneous inquiries about the legality of planned lotteries and other entertainment ventures.

Breakdown of illegal gambling inquiries and complaints to-date:



The above chart does not reflect calls and activity related to the following:

- Inquiries from the public that are answered through access to KRGC’s Illegal Gambling Frequently Asked Questions web page, located here: <http://www.krgc.ks.gov/index.php/racing-gambling-law/illegal-gambling/faq-s> .
- Reports made to KRGC agents by other law enforcement officers around the state.
- Discussions with local law enforcement and district and county attorneys regarding the legal aspects of illegal gambling and the services that KRGC can provide.
- Time spent by agents and legal counsel to assist in active local investigations and prosecutions.
- Time spent pursuing seizures and forfeitures of illegal gambling devices.



Kansas Racing and Gaming Commission
700 SW Harrison, Suite 500, Topeka, Kansas 66603
(785) 296-5800, Fax (785) 296-0900

STAFF AGENDA MEMORANDUM

DATE OF MEETING: April 11, 2014

AGENDA ITEM: Consideration of KRGC Gaming Regulation Amendments to K.A.R. 112-100-1; -104-1; -104-9 and -108-13, and New K.A.R. 112-102-14 for the Temporary Regulatory Approval Process

PRESENTER: Richard Petersen-Klein, Executive Director

ISSUE SUMMARY:

The KRGC staff is in the process of reviewing and revising its Article 104 gaming regulations to clarify existing regulations, and address new gaming industry issues, practices, and technologies. The review process involved obtaining input from each of the facility managers. During the review process, the facility managers requested the use of gaming chips for the purchase of alcohol and food as a customer service to patrons, so patrons' gaming play is not interrupted if patrons do not have cash available for such purchases because a patron's cash has been used to purchase gaming chips at a gaming table. The use of gaming chips for such purchases requires a regulatory change to ensure that appropriate internal controls are implemented for the control and accounting of gaming chips used for these purchases. In order to accommodate the facility managers' request as quickly as possible, staff updated and revised K.A.R. 112-108-13, which was part of the review process, and recommends Commission approval to implement the revisions using the temporary regulation process to expedite implementation.

Additionally, the gaming regulations related to the reporting of complimentary goods and services provided to patrons require revision to accurately reflect the deductibility of the cost of those complimentary goods and services under the internal revenue code. Under the current gaming regulations the definition of a complimentary inaccurately combines the definition of a complimentary with an internal revenue code exception. Further, the reporting requirements under the current gaming regulations combine the reporting of complimentary goods and services with another internal revenue code exception. The purposes for the reporting requirement related to complimentary goods and services are to monitor the issuance of complimentary goods and services to ensure that: 1) patrons are fairly treated; and 2) facility managers' operations are financially sound. One facility manager has requested a waiver of the reporting requirement. The revisions to the definition of a complimentary in K.A.R. 112-104-1, and the revisions to the reporting requirement in K.A.R. 112-104-9 will correct the current gaming regulations and eliminate the need for the waiver request, while maintaining the Commission's ability to ensure that patrons are fairly treated and facility

managers' operations are financially sound. In an effort to implement these changes as soon as possible, the staff recommends Commission approval using the temporary regulation process.

The Commission previously approved changes to the definition of junket in K.A.R. 112-100-1, and approved a new K.A.R. 112-102-14 related to junket service provider agreements. Staff recommends Commission approval to use the temporary regulation process for the revisions to K.A.R. 112-100-1 and the implementation of K.A.R. 112-102-14.

Upon approval by the Commission to use the temporary regulation process for the above-described regulatory amendments and addition, staff will submit the regulations to the Department of Administration and the Attorney General's Office for approval. Once approved by these agencies, staff will resubmit these regulations to the Commission for formal adoption of the temporary regulations prior to submission to the Secretary of State.

COMMISSION ACTION REQUIRED/REQUESTED: Commission review and approval.

STAFF RECOMMENDATION: Commission approval.



Kansas Racing and Gaming Commission
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(785) 296-5800, Fax (785) 296-0900

STAFF AGENDA MEMORANDUM

DATE OF MEETING: April 11, 2014

AGENDA ITEM: Consideration of KRGC Gaming Regulation Amendments to K.A.R. 112-104-2; -104-3; -104-4; -104-6; -104-7; -104-10; -104-11; -104-13; -104-14; -104-15; -104-16; -104-18; -104-19; -104-20; -104-25; -104-26; 104-31; -104-32; -104-34; -104-35; and -104-43.

PRESENTER: Richard Petersen-Klein, Executive Director

ISSUE SUMMARY:

The KRGC staff is in the process of reviewing and revising its Article 104 gaming regulations to clarify existing regulations, and address new gaming industry issues, practices, and technologies. The review process involved obtaining input from each of the facility managers. During the review process, the facility managers' input resulted in revisions to regulation changes previously presented to the Commission, as well as revisions to several additional Article 104 sections. Staff has incorporated certain of the facility managers' recommendations, and added others prompted by the facility managers' suggestions. Staff recommends approval of the gaming regulation revisions presented using the permanent regulation approval process. However, because the number of Article 104 sections being revised and the number of revisions adopted significantly expanded, staff is presenting all of Article 104 proposed revisions for consideration to allow the Commission more time, if the Commission deems it necessary before taking action.

Upon approval by the Commission to submit these proposed permanent regulations for formal approval, staff will submit the regulations to the Department of Administration (DOA) and the Attorney General's Office (AG) for approval. Once approved by these agencies, staff will publish a notice of public hearing and take comments from the public during the 60-day notice period. The proposed regulations may be further revised and resubmitted to the DOA and AG for approval, after which they will be resubmitted to the Commission for formal adoption prior to submission to the Secretary of State.

COMMISSION ACTION REQUIRED/REQUESTED: Commission review and consideration.

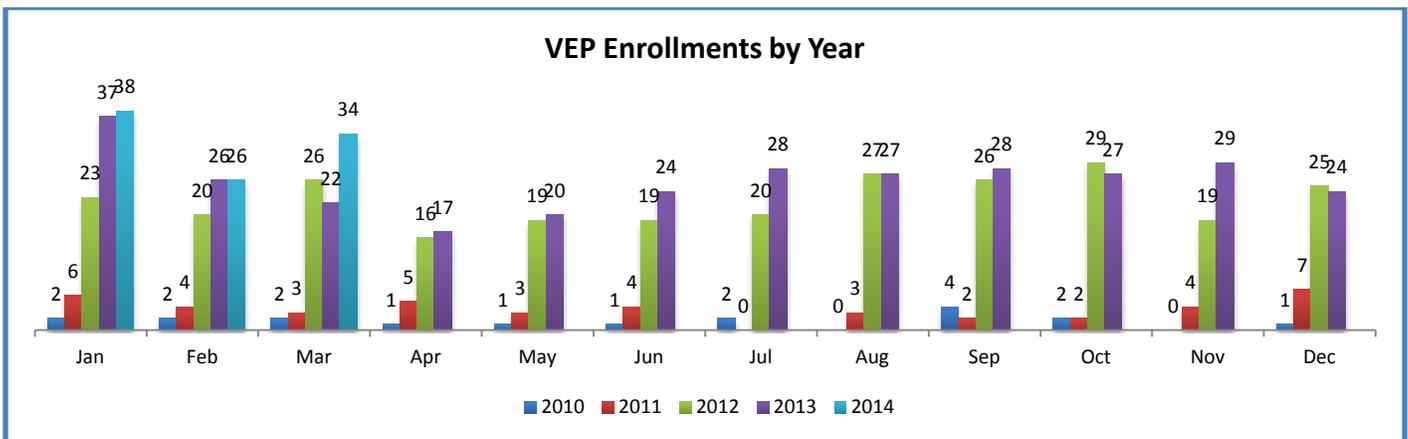
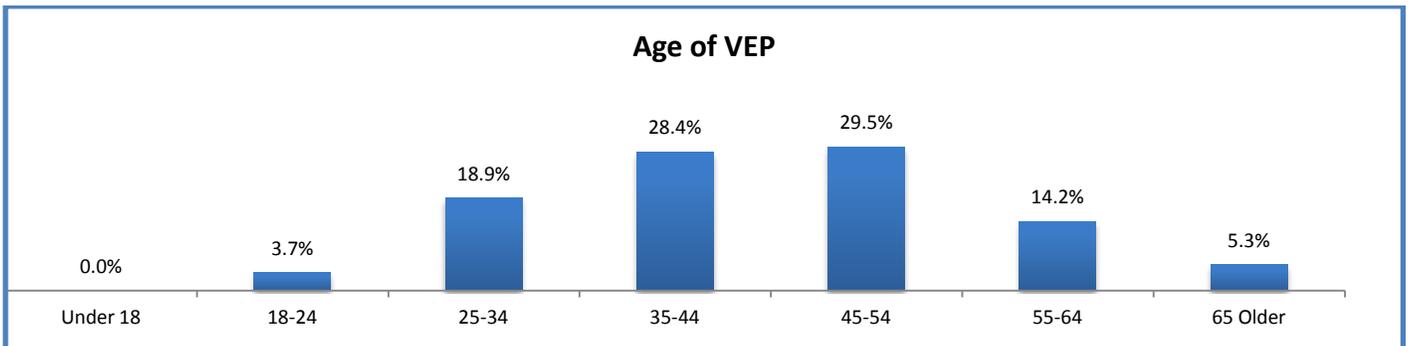
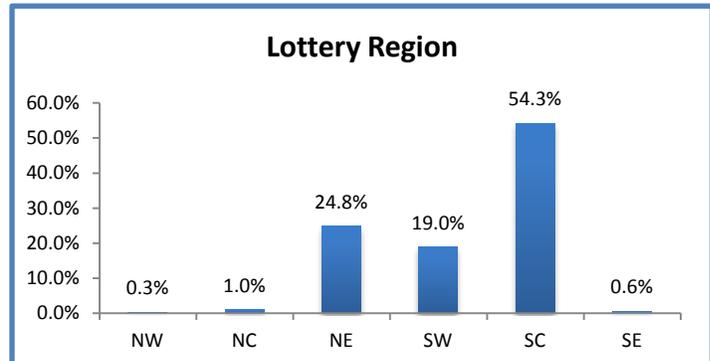
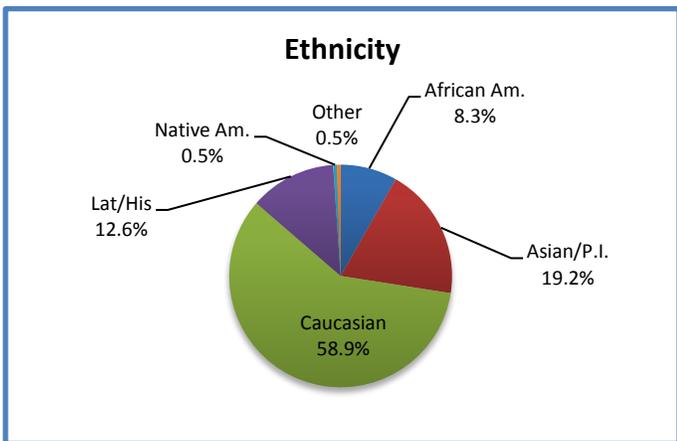
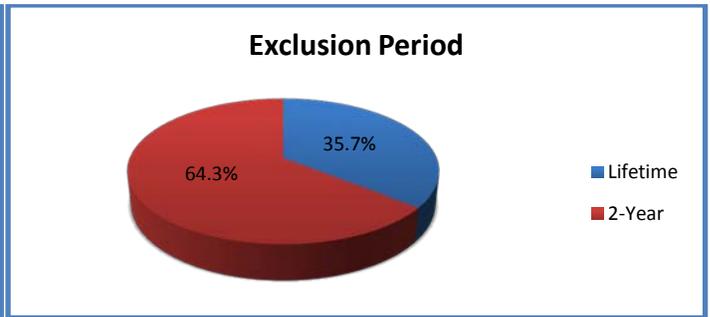
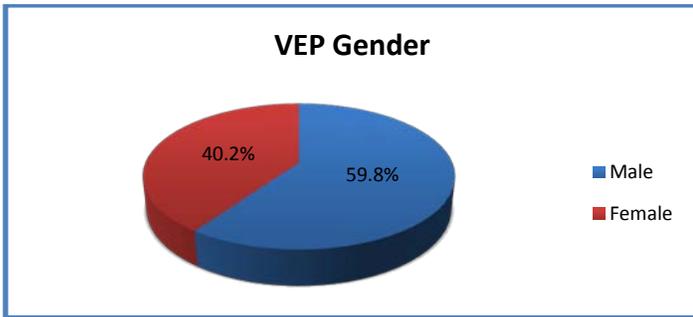
STAFF RECOMMENDATION: Commission approval.

Voluntary Exclusion Program

January 2010 – March 2014

Voluntary Exclusions = 739

Violation Incidents = 47 (29 individuals)



All Departments		Cash Fund Balances as March 31, 2014															
DeptID	All	ELARF				Backgrounds				Illegal Gambling				Racing			
All Funds	All	Beg. Balance	2,959,400			Beg. Balance	479,075			Beg. Balance	3,800			Beg. Balance	87,452		
		Revenue	3,537,386			Revenue	179,141			Revenue	5,678			Revenue	1,628		
		Expenses	3,552,425			Expenses	289,089			Expenses	3,077			Expenses	7,498		
		End Balance	2,944,361			End Balance	369,127			End Balance	6,401			End Balance	81,583		
Fund		Grand Total															
BudgetUnit		All Funding Sources															
		YTD FY2013	YTD FY2014	\$	%	March FY2013	March FY2014	\$	%	YTD FY2014	YTD FY2014	\$	%	YTD FY2014	YTD FY2014	\$	%
		ACTUALS	ACTUALS	VARIANCE	VARIANCE	ACTUALS	ACTUALS	VARIANCE	VARIANCE	BUDGET	ACTUALS	VARIANCE	VARIANCE	BUDGET	ACTUALS	VARIANCE	VARIANCE
51000	Payroll	3,600,843	3,296,188	-304,655	-8%	489,975	310,518	-179,457	-37%	3,586,042	3,296,188	-289,854	-8%				
10	Shrinkage	0	0	0	-	0	0	0	-	-71,784	0	71,784	-100%				
Net Salaries and Wages		3,600,843	3,296,188	-304,655	-8%	489,975	310,518	-179,457	-37%	3,514,258	3,296,188	-218,070	-6%				
52000	Communication	50,810	51,692	882	2%	9,289	5,875	-3,414	-37%	56,096	51,692	-4,404	-8%				
52100	Freight and Express	428	490	62	15%	37	67	30	81%	1,500	490	-1,010	-67%				
52200	Printing and Advertising	1,195	188	-1,008	-84%	570	106	-464	-81%	2,700	188	-2,512	-93%				
52300	Rents	131,650	128,741	-2,909	-2%	314	314	0	0%	128,948	128,741	-207	0%				
52400	Repair/Service/Mainten	38,464	17,980	-20,484	-53%	102	97	-5	-5%	48,154	17,980	-30,174	-63%				
52510	InState Travel and Subsistence	45,995	41,086	-4,909	-11%	4,082	4,515	434	11%	71,133	41,086	-30,047	-42%				
52520	Out of State Travel and Subs	36,539	48,028	11,489	31%	5,489	4,145	-1,344	-24%	47,730	48,028	298	1%				
52530	International Travel and Subs	0	12,383	12,383	-	0	0	0	-	0	12,383	12,383	0%				
52600	Fees-other Servies	187,832	181,849	-5,982	-3%	16,377	6,739	-9,639	-59%	217,561	181,849	-35,711	-16%				
52700	Fee-Professional Services	2,067	12,630	10,563	511%	1,076	44	-1,032	-96%	27,900	12,630	-15,271	-55%				
52900	Other Contractual Services	3,235	3,192	-43	-1%	0	0	0	-	10,832	3,192	-7,640	-71%				
Subtotal Contractual Services		498,214	498,258	44	0%	37,336	21,903	-15,432	-41%	612,554	498,258	-114,295	-19%				
53100	Fee and Forage	0	0	0	-	0	3,996	3,996	-	0	0	0	0%				
53200	Food for Human Consumption	0	0	0	-	0	0	0	-	525	0	-525	-100%				
53400	Maint Constr Material Supply	927	514	-412	-45%	496	0	-496	-100%	1,883	514	-1,368	-73%				
53500	Vehicle Part Supply Accessory	7,099	7,831	732	10%	1,254	715	-539	-43%	18,600	7,831	-10,769	-58%				
53600	Pro Science Supply Material	4,506	2,275	-2,231	-50%	0	68	68	-	14,850	2,275	-12,575	-85%				
53700	Office and Data Supplies	21,403	20,652	-751	-4%	1,559	502	-1,057	-68%	47,550	20,652	-26,898	-57%				
53900	Other Supplies and Materials	6,609	4,913	-1,695	-26%	109	639	530	488%	3,300	4,913	1,613	49%				
Subtotal Commodities		40,544	36,186	-4,358	-11%	3,418	5,919	2,502	73%	86,708	36,186	-50,522	-58%				
54000	TOTAL Capital Outlay	50,506	15,971	-34,534	-68%	0	277	277	-	73,441	15,971	-57,469	-78%				
55960	Vol Retirement Incentive	4,080	5,246	1,166	29%	583	0	-583	-100%	5,246	5,246	0	0%				
56000	Debt Service - Principal	0	0	0	-	0	0	0	-	0	0	0	0%				
56100	Payments for Interest and Service	0	0	0	-	0	0	0	-	0	0	0	0%				
Subtotal VRIP and Debt Service		4,080	5,246	1,166	29%	583	0	-583	-100%	5,246	5,246	0	0%				
Grand Total		4,194,187	3,851,850	-342,337	-8%	531,312	338,618	-192,693	-36%	4,292,206	3,851,850	-440,356	-10%				

April 2014 - March 2015

Kansas Racing and Gaming Commission Planner

Apr 2014						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

APRIL

11 Commission Meeting

Oct 2014						
S	M	T	W	T	F	S
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

MAY

16 Commission Meeting

May 2014						
S	M	T	W	T	F	S
			1	2	3	
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JUNE

13 Commission Meeting

JULY

Nov 2014						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

11 Commission Meeting

AUGUST

Jun 2014						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

15 Commission Meeting

SEPTEMBER

Dec 2014						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

12 Commission Meeting

OCTOBER

Jul 2014						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

17 Commission Meeting

NOVEMBER

Jan 2015						
S	M	T	W	T	F	S
			1	2	3	
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

14 Commission Meeting

DECEMBER

Aug 2014						
S	M	T	W	T	F	S
			1	2		
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

12 Commission Meeting

JANUARY

Feb 2015						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

16 Commission Meeting

FEBRUARY

Sep 2014						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

13 Commission Meeting

MARCH

Mar 2015						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

13 Commission Meeting