

AGENDA
KANSAS RACING AND GAMING COMMISSION
10:00 a.m., Friday, October 16, 2015

EAST TOWER CONFERENCE ROOM
Dwight D. Eisenhower State Office Building
700 SW Harrison, Suite 410
Topeka, KS 66603

A. CALL TO ORDER

B. APPROVAL OF AGENDA

C. APPROVAL OF MINUTES

1. [Minutes of September 11, 2015](#)

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 October 2015](#)
2. Internal Control amendment approvals
 - a. [Boot Hill Casino & Resort internal control amendment approvals](#)
3. Disciplinary Review Board Settlements
 - a. [Staff Memo](#)

E. LOTTERY GAMING FACILITY REPORTS/ITEMS

1. Boot Hill Casino and Resort
 - a. [Monthly Report](#)
 - b. [September 2015 Gaming Revenue Report](#)
2. Kansas Star Casino
 - a. [Monthly Report](#)
 - b. [September 2015 Gaming Revenue Report](#)
3. Hollywood Casino at Kansas Speedway
 - a. [Monthly Report](#)

b. [September 2015 Gaming Revenue Report](#)

F. COMMISSION ITEMS – OLD BUSINESS

1. Discussion of actual vs. theoretical slot machine payouts

Commission Action: Commission review and discussion

Staff Presentation: Dennis Bachman, Director of IT & Elec. Security

Staff Recommendation: No action required

a. [Staff Memo](#)

G. COMMISSION ITEMS – NEW BUSINESS

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

Commission Action: Commission review and discussion

Staff Presentation: Don Brownlee, Executive Director

Staff Recommendation: No action required

a. [Staff Memo](#)

2. Disciplinary Review Board Hearing Policy

Commission Action: Commission review, discuss and approve

Staff Presentation: Michelle Neis, Enforcement Attorney

Staff Recommendation: No Action Required

a. [Staff Memo](#)

H. PUBLIC COMMENTS

I. STAFF REPORTS

1. Michelle Neis, Enforcement Attorney

a. [Voluntary Exclusion Program Report](#)

2. Don Brownlee, Executive Director

J. 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 attorneys, 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

K. OTHER BUSINESS/FURTHER COMMISSION ACTION

1. Consideration of proposed gaming licenses and renewals

L. ADJOURNMENT

KANSAS RACING AND GAMING COMMISSION

MINUTES – SEPTEMBER 11, 2015

CALL TO ORDER:
(A.)

Acting Chairman Dennis McKinney called the September 11, 2015, meeting to order at 9:01 a.m. The meeting was held at the Eisenhower State Office Building at 700 SW Harrison, East Tower Conference Room, in Topeka, Kansas. Commissioners David Moses, Brandon L. Jones and new commissioner Jan Kessinger were also present. Commissioner Eileen King was absent. Others present included Executive Director/Director of Security Don Brownlee, General Counsel Judith Taylor, Director of Administration, Finance and Audit Brandi White, Director of IT and Electronic Security Dennis Bachman, Recording Secretary Chris Vega and other staff.

MOTION, APPROVE
AMENDED AGENDA:
(B.)

There was an amendment to the agenda pertaining to who would be presenting the Kansas State Gaming Agency's budget. Commissioner Jones (Moses) moved to approve the amended agenda. Motion carried unanimously.

MOTION, APPROVE
AUGUST 14, 2015
MEETING MINUTES:
(C.)

Commissioner Moses (Jones) moved to approve the minutes of the August 14, 2015 meeting. Motion carried unanimously.

MOTION, APPROVE
CONSENT AGENDA:
(D.)

Commissioner Jones (Moses) moved to approve the consent agenda. Motion carried unanimously.

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

Sharon Stroburg, General Manager, reported:

- August 2015 revenue numbers compared to August 2014:
 - Total gaming revenue down 2.73%
 - Total slot revenue down 3.74%
 - Table games revenue up 6.51%
- Upcoming events at the United Wireless Arena and promotions:
 - August 15 – Comedian Ron White
 - August 29 – Boston Concert
 - 2-1 Blackjack card for the month of September
 - Buffalo Packages the month of September
 - September 9 – Don Williams

- September 24 – National Finals Rodeo Giveaway
- September 25 – 27 – Wild West Fest. Gunsmoke actors, including Burt Reynolds, will be in attendance.

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

Dan Ihm, General Manager, reported:

- August 2015 admissions were down 10.2% from August 2014.
- August 2015 revenue numbers compared to August 2014:
 - Total gaming revenue down 3%
 - Slot coin-in (handle) down 6.4%
 - Slot hold up .29 points
 - Table game drop down 7.1%
 - Table game hold up 1.3 points
 - Poker room revenue down 22.3%
- Past events at the Kansas Star Casino Arena:
 - August 8 – Deep Purple
- Upcoming events at the Kansas Star Casino Arena:
 - September 11 – 13 - USTRC
 - September 25 – 27 – Don Gay Bull Riding Finals
 - November 21 – LeAnn Rimes
 - December 12 – Wynonna Judd

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

Rick Skinner, General Manager, reported:

- August 2015 admissions were down 6.7% from August 2014.
- August 2015 revenue numbers compared to August 2014:
 - Total gaming revenue was \$11.6 million, a decrease of \$191,000.00 or 1.9%.
 - Table games revenue was \$1.2 million, a decrease of \$381,000.00 or 23.9%.
 - Slot revenue was \$10.4 million, an increase of \$190,000.00 or 1.9%.
- On August 22, 2015 Hollywood held their first of three slot tournaments in which patrons can win a trip to Las Vegas and an entry to participate in Hollywood's \$350,000.00 Blockbuster Weekend event which will be held at the M Resort in November. The other two slot tournaments will be held on September 12th and 26th. Hollywood will be sending a total of eight lucky patrons and their guest to the event in Las Vegas.
- Also on August 22, 2015 Hollywood hosted a Sporting KC

Watch Party in the Turn 2 Lounge. At this event, a signed Sporting KC jersey along with tickets to an upcoming home game will be given away.

- On September 3, 2015 Hollywood hosted a KC Chiefs Watch Party. Cheerleaders and former players were in attendance and prizes were given away to patrons.
- Upcoming events:
 - October 17 – 18 – NASCAR Weekend at Kansas Speedway, Kansas Lottery 300 Xfinity race on Saturday afternoon and the Hollywood Casino 400 Sprint Cup race on Sunday afternoon. On the Friday night of race weekend, Hollywood will be giving away a 2015 Toyota Tundra to one lucky patron which was purchased from Clint Bowyer’s dealership in Emporia, KS.
- Mr. Skinner introduced himself to the commission.

COMMISSION ITEMS –
OLD BUSINESS;
(F.)

There were no old business items.

COMMISSION ITEMS –
NEW BUSINESS;
(G.)

- Executive Director Brownlee reported on the procedure for approving instructional table games and the post audit review
- Brandi White reported on the KRGC budget.
- Kala Loomis, Director of Enforcement and Compliance, Kansas State Gaming Agency, reported on the KSG budget.

MOTION TO APPROVE
RECOMMENDATION TO
DELEGATE ON-SITE KRGC
AGENTS AUTHORITY FOR
APPROVING
INSTRUCTIONAL TABLE
GAMES OFFERED TO THE
PUBLIC

Commissioner Jones (Kessinger) moved to approve the recommendation to delegate on-site KRGC agents authority for approving instructional table games offered to the public. Motion carried unanimously.

MOTION TO APPROVE
BUDGET

Commissioner Kessinger (Jones) moved to approve the budgets for the KRGC and KSG. Motion carried unanimously.

PUBLIC COMMENTS;
(H.)

There were no public comments.

STAFF REPORTS;
(I.)

Michelle Neis, Enforcement Attorney, reported on the Voluntary Exclusion Program statistics for the month of August 2015.

Executive Director Brownlee welcomed Commissioner Kessinger, Rick Skinner and Mark Wong.

Executive Director Brownlee, reported:

- The Kansas Lottery has given Kansas Crossing a 90-day extension (November 2016). The Lottery will consider additional extensions if needed.
- Construction on Kansas Crossing has ceased and internal plans to go forward are still being worked on.
- Judith Taylor and Michelle Neis were thanked for their help regarding the Cherokee County/Castle Rock lawsuit.
- Brandi White was thanked for her help with the audit and budget.
- The next KRGC meeting will be October 16, 2015 at 10:00 a.m.
- A hearing for a licensee from Hollywood will be held on the afternoon of October 16, 2015. (KRGC case 2015-3004, Perales). (Commissioner Jones was designated hearing officer.)

MOTION, EXECUTIVE
SESSIONS:
(J.)

Acting Chairman McKinney moved for the commission to go into executive session for the purpose of (1) attorney/client privilege and (2) reviewing the list of confidential backgrounds for licensing. Those included in the executive sessions were the commissioners, executive director/director of security and general counsel. The total time for the executive sessions was anticipated to be thirty-five minutes, 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 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. Acting Chairman McKinney (Jones) made a motion to adjourn to executive session. The motion carried unanimously and the meeting was adjourned to executive session at 10:43 a.m.

RECONVENE

The commission meeting returned to open session at 11:25 a.m. with

all members present. Acting Chairman McKinney moved for the commission to extend the executive session for an additional fifteen minutes. Acting Chairman McKinney (Jones) made a motion to adjourn to executive session. The motion carried unanimously and the meeting was adjourned to executive session at 11:25 a.m. until 11:40 a.m.

RECONVENE

The commission meeting returned to open session at 11:41 a.m. with all members present.

MOTION TO DENY,
CONDITIONALLY
APPROVE, TABLE AND
APPROVE LICENSE
APPLICATIONS
(K.)

Commissioner Moses (Jones) moved to *deny* two license applications, *conditionally approve with extension of work permit* three license applications, *table* one license application, *approve until March 15, 2016* one license application and *approve* the remaining 147 license applications from the September 11, 2015 list of background reports referred to the commission for action. The motion carried unanimously.

MOTION, EXECUTIVE
SESSIONS:
(J.)

Acting Chairman McKinney moved for the commission to go into executive session for the purpose of one (1) personnel issue. Those included in the executive sessions were the commissioners and the executive director. The total time for the executive sessions was anticipated to be thirty minutes. 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 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. Acting Chairman McKinney (Jones) made a motion to adjourn to executive session. The motion carried unanimously and the meeting was adjourned to executive session at 11:43 a.m. until 12:13 p.m.

RECONVENE

The commission meeting returned to open session at 12:14 p.m. with all members present.

ADJOURN:
(L.)

Acting Chairman McKinney declared the meeting adjourned at 12:14 p.m.

SUBMITTED BY:

(Signature on file)

David H. Moses
Commissioner

APPROVED BY:

(Signature on file)

Dennis McKinney
Acting Chairman

DRAFT

Recommended for Approval

	Manufacturer	File Number	ID Number	Version	Game Name	Function
1	AINSWORTH GAMING TEC	MO-286-AWG-15-01	GDKSCW1A	1A	ICE WIZARD	PERSONALITY PGM
2	AINSWORTH GAMING TEC	MO-286-AWG-15-01	GDKSCW2A	2A	ICE WIZARD	PERSONALITY PGM
3	AINSWORTH GAMING TEC	MO-286-AWG-15-02	GDKSF1A	1A	FIRE WIZARD	PERSONALITY PGM
4	AINSWORTH GAMING TEC	MO-286-AWG-15-02	GDKSF2A	2A	FIRE WIZARD	PERSONALITY PGM
5	AINSWORTH GAMING TEC	MO-301-AWG-13-41	HARDWARE	REV B	A560 LC Power Supply	HARDWARE
6	AINSWORTH GAMING TEC	MO-389-AWG-13-01	HARDWARE	N/A	A560LC PMI Board	HARDWARE
7	AINSWORTH GAMING TEC	MO-73-AWG-12-39	HARDWARE	N/A	A560 Processor PCA REV D	HARDWARE
8	AINSWORTH GAMING TEC	MO-73-AWG-12-39	HARDWARE	N/A	A560 Processor PCA REV E	HARDWARE
9	AINSWORTH GAMING TEC	MO-73-AWG-12-39	HARDWARE	N/A	A560LC EEI Board	HARDWARE
10	AINSWORTH GAMING TEC	MO-73-AWG-12-39	HARDWARE	N/A	A560LC FLB Front LED_Button Board	HARDWARE
11	AINSWORTH GAMING TEC	MO-73-AWG-12-39	HARDWARE	N/A	Link Controller Housing	HARDWARE
12	AINSWORTH GAMING TEC	MO-73-AWG-12-39	HARDWARE	N/A	Link Controller Logic Tray Assembly	HARDWARE
13	AINSWORTH GAMING TEC	MO-73-AWG-12-39	HARDWARE	N/A	Link Interface Card EEI	HARDWARE
14	AINSWORTH GAMING TEC	MO-73-AWG-12-39	HARDWARE	N/A	Monitor, 7 Inch LCD	HARDWARE
15	AINSWORTH GAMING TEC	MO-73-AWG-12-39	HARDWARE	N/A	QX-32 Link Progressive Controller	HARDWARE
16	AINSWORTH GAMING TEC	MO-73-AWG-15-24	S522052L	N/A	SAS LINK CONTROLLER BASE	OTHER
17	ARISTOCRAT	MO-73-ARI-15-100	1.02-62769	GEN7/GEN8	Indian Moon	PERSONALITY PGM
18	ARISTOCRAT	MO-73-ARI-15-33	1.01-63001	GEN7/GEN8	Emperor Yao	PERSONALITY PGM
19	ARISTOCRAT	MO-73-ARI-15-34	1.02-62535	GEN7WS	Let's Make a Deal	PERSONALITY PGM
20	ARISTOCRAT	MO-73-ARI-15-59	1.01-63191	GEN7/GEN8	00 Gold	PERSONALITY PGM
21	ARISTOCRAT	MO-73-ARI-15-61	1.01-63200	GEN7/GEN8	Secret Tower	PERSONALITY PGM
22	ARISTOCRAT	MO-73-ARI-15-62	1.01-63190	GEN7/GEN8	Twilight Spirit	PERSONALITY PGM
23	ARISTOCRAT	MO-73-ARI-15-99	1.02-62763	GEN7/GEN8	Eyes of Fortune	PERSONALITY PGM
24	ARISTOCRAT	PA-22-ARI-15-02	HARDWARE	180000	N/A	HARDWARE
25	ARISTOCRAT	PA-22-ARI-15-02	HARDWARE	180003	N/A	HARDWARE
26	ARISTOCRAT	PA-22-ARI-15-02	HARDWARE	180005	N/A	HARDWARE
27	ARISTOCRAT	PA-22-ARI-15-02	HARDWARE	180007	N/A	HARDWARE
28	ARISTOCRAT	PA-22-ARI-15-02	HARDWARE	180010	N/A	HARDWARE
29	ARISTOCRAT	PA-22-ARI-15-02	HARDWARE	180873	N/A	HARDWARE
30	ARISTOCRAT	PA-22-ARI-15-02	MACHINE	180012	N/A	MACHINE
31	ARISTOCRAT	SY-07-ARI-15-02	nConnect Batch Processor	TD103705/1.5.3000. 6	N/A	SYSTEM
32	ARISTOCRAT	SY-22-ARI-15-07	Patron Balance Service	TD103891/12.7.1501 .6	N/A	SYSTEM
33	ARISTOCRAT	SY-22-ARI-15-07	Super-PlayMate	TD111539/12.7.1501 .10	N/A	SYSTEM
34	ARISTOCRAT	SY-394-ARI-15-05	PitBOSS	12.7.1502.10	N/A	SYSTEM
35	ARISTOCRAT	SY-394-ARI-15-05	PitBOSS	12.7.1502.10	N/A	SYSTEM
36	ARISTOCRAT	SY-73-ARI-15-09	PitBOSS	TD99303/12.7.1501. 9	N/A	SYSTEM
37	ARISTOCRAT	SY-73-ARI-15-09	Super-PlayMate	TD99303/12.7.1501. 10	N/A	SYSTEM
38	BALLY	MO-22-BAL-15-11	UBA-10-SS	2.78-51US	JCM UBA-10 BILL VALIDATOR FIRMWARE	BILL VALIDATOR
39	BALLY NORTH	MO-49-BLY-15-03	BAL_OS366B	BAL_OS366B	OPERATING SYSTEM	MAIN PGM
40	Bally West	MO-22-SHU-14-02	Deck_Mate_2_CardRec_5.0.0 34.bin	5.0.034	Deck Mate 2 Upgrade	OTHER
41	Bally West	MO-22-SHU-14-02	Deck_Mate_2_CardRec_5.0.0 34_setup.enc1	5.0.034	Deck Mate 2 Upgrade	OTHER
42	Ever i Games, Inc	MO-171-MMG-15-23	Paycheck4_V6_32A_N950_M ultimedia.nff	PAY-6.32A (Multimedia)	NANOPTIX PRINTER FIRMWARE	PRINTER
43	Ever i Games, Inc	MO-171-MMG-15-23	Paycheck4_V6_32B_N950_M ultimedia.nff	PAY-6.32B (Multimedia)	NANOPTIX PRINTER FIRMWARE	PRINTER
44	Ever i Games, Inc	MO-171-MMG-15-39	5605	1.0.0-27	MF_CabinetOfCuriosities	PERSONALITY PGM

Recommended for Approval

45	Everi Games, Inc	MO-171-MMG-15-52	6652	1.0.0-14	MFm_Smokin777	PERSONALITY PGM
46	Everi Games, Inc	MO-171-MMG-15-53	6649	1.0.0-10	MFm_Tiger7s	PERSONALITY PGM
47	Everi Games, Inc	MO-171-MMG-15-56	6051	1.0.0-11	MF_MythsAndLegends	PERSONALITY PGM
48	Everi Games, Inc.	MO-394-MMG-15-72	6048	1.0.0-8	MF_SuperJackpotWheel	PERSONALITY PGM
49	Everi Games, Inc.	MO-171-MMG-15-51	6650	1.0.0-7	MFm_TotalMeltdown	PERSONALITY PGM
50	GTECH Canada ULC	MO-22-SPE-15-03	HARDWARE	LCD07H1812-T	Dynamic Button Panel	HARDWARE
51	GTECH Canada ULC	MO-73-SPE-13-17	Game.PVZ_BackyardShowdown.Field.2.0.10.0.iso	2.0.10.0	Backyard Showdown	PERSONALITY PGM
52	GTECH Canada ULC	MO-73-SPE-13-41	OS.CFINIT.FIELD.1.0.22.7.iso	1.0.22.7	UMR	OTHER
53	GTECH Canada ULC	MO-73-SPE-13-41	OS.SYSTEM.FIELD.1.0.22.7.iso	1.0.22.7	Core Market	MAIN PGM
54	GTECH Canada ULC	MO-73-SPE-13-41	PlatformCore.Casino.CFinitGeneralCasino.59.11.32.0.iso	59.11.32.0	UMR	OTHER
55	GTECH Canada ULC	MO-73-SPE-14-20	OS.NVIDIA-GF8.FIELD.1.0.51.11.iso	1.0.51.11	CORE MARKET	MAIN PGM
56	GTECH Canada ULC	MO-73-SPE-14-20	OS.SYSTEM.FIELD.1.0.51.11.iso	1.0.51.11	CORE MARKET	MAIN PGM
57	GTECH Canada ULC	MO-73-SPE-14-20	Platform.Core.Field.2.536.31.1.iso	2.536.31.1	CORE MARKET	MAIN PGM
58	GTECH Canada ULC	MO-73-SPE-14-20	PlatformCore.Market.Field.59.11.40.1.iso	59.11.40.1	CORE MARKET	MAIN PGM
59	GTECH Canada ULC	MO-73-SPE-14-20	Protocol.Protocols.Field.3.537.12.29.iso	3.537.12.29	CORE MARKET	MAIN PGM
60	IGT	MO-132-IGT-15-02	UCOS00308	N/A	UC SERIES 3.8 O/S	OTHER
61	IGT	MO-22-IGT-15-135	GAME020003QY2D03	ASCENT GAME PACKAGE	HOT PINK 7S FREE GAMES	PERSONALITY PGM
62	IGT	MO-22-IGT-15-135	GI020003QY2D003	ASCENT INSTALL	HOT PINK 7S FREE GAMES	OTHER
63	IGT	MO-22-IGT-15-144	GAME014-005TQ2-B01	AVP GAME PACKAGE	LANTERN RICHES	PERSONALITY PGM
64	IGT	MO-22-IGT-15-144	GI014-005TQ2-B001	AVP INSTALL	LANTERN RICHES	OTHER
65	IGT	MO-22-IGT-15-144	GI014-005TQ2-B001.V02	AVP INSTALL	LANTERN RICHES	OTHER
66	IGT	MO-22-IGT-15-149	GAME020003RK5D01	ASCENT GAME PACKAGE	WILD RED SEVENS FREE GAMES	PERSONALITY PGM
67	IGT	MO-22-IGT-15-149	GI020003RK5D001	ASCENT INSTALL	WILD RED SEVENS FREE GAMES	OTHER
68	IGT	MO-22-IGT-15-152	GAME020003DZR001	ASCENT GAME PACKAGE	MUCHO DINERO	PERSONALITY PGM
69	IGT	MO-22-IGT-15-152	GI020003DZR001	ASCENT INSTALL	MUCHO DINERO	OTHER
70	IGT	MO-22-IGT-15-156	GAME020003TSCB02	ASCENT GAME PACKAGE	SPITFIRE TRIPLE RED HOT 7 FREE GAMES	PERSONALITY PGM
71	IGT	MO-22-IGT-15-156	GI020003TSCB002	ASCENT INSTALL	SPITFIRE TRIPLE RED HOT 7 FREE GAMES	OTHER
72	IGT	MO-22-IGT-15-158	AI014-B04	N/A	AVP01400517 W/O 2.0,2.5 SUPPORT	OTHER
73	IGT	MO-22-IGT-15-158	AI014-B04.V02	AVP INSTALL	AVP01400517 W/O 2.0,2.5 SUPPORT	OTHER
74	IGT	MO-22-IGT-15-158	AVP014-00517	AVP CONFIG PACKAGE	B SERIES	MAIN PGM
75	IGT	MO-22-IGT-15-158	CONFIG014-007-204	AVP CONFIG PACKAGE	B SERIES	OTHER
76	IGT	MO-22-IGT-15-162	SIGN1180	N/A	IGT HALL OF FAME SIGN CONTROLLER	SOUND/GRAPHICS
77	IGT	MO-22-IGT-15-169	GAME020005TM6B02	ASCENT GAME PACKAGE	THE FATES FREE GAMES	PERSONALITY PGM
78	IGT	MO-22-IGT-15-169	GI020005TM6B002	ASCENT INSTALL	THE FATES FREE GAMES	OTHER
79	IGT	MO-22-IGT-15-179	AI014-A0B	N/A	INSTALL KIT FOR O/S AVP014-00415	OTHER
80	IGT	MO-22-IGT-15-179	AI014-A0B.V02	AVP INSTALL	INSTALL KIT FOR O/S AVP014-00415	OTHER
81	IGT	MO-22-IGT-15-179	AVP014-00415	AVP CONFIG PACKAGE	A SERIES	MAIN PGM
82	IGT	MO-22-IGT-15-179	CONFIG014-007-139	AVP CONFIG PACKAGE	A SERIES	OTHER
83	IGT	MO-22-IGT-15-235	GAME014-001TS6-J05	AVP GAME PACKAGE	ICE HOT	PERSONALITY PGM
84	IGT	MO-22-IGT-15-235	GI014-001TS6-J005	AVP INSTALL	ICE HOT	OTHER
85	IGT	MO-22-IGT-15-235	GI014-001TS6-J005.V02	AVP INSTALL	ICE HOT	OTHER
86	IGT	MO-22-IGT-15-37	UCCF00309	AVP	UC SERIES 3 FRAMEWORK	OTHER

Recommended for Approval

87	IGT	MO-22-IGT-15-61	SIGN1177	N/A	GONG XI FA CAI SIGN CONTROLLER	SOUND/GRAPHICS
88	IGT	MO-286-IGT-15-54	GAME014-001LM2-N04	AVP GAME PACKAGE	CHERRY MISCHIEF	PERSONALITY PGM
89	IGT	MO-286-IGT-15-54	GI014-001LM2-N004	AVP INSTALL	CHERRY MISCHIEF	OTHER
90	IGT	MO-286-IGT-15-54	GI014-001LM2-N004.V02	AVP INSTALL	CHERRY MISCHIEF	OTHER
91	IGT	MO-73-ARI-15-103	1.02-62766	GEN7/GEN8	5 Dragons	PERSONALITY PGM
92	KONAMI GAMING INC	MO-73-KON-15-104	KGI_L640MLA007WD00	GAME PROGRAM	China Shores Double Winnings	PERSONALITY PGM
93	KONAMI GAMING INC	MO-73-KON-15-109	KGI_L628MLH007WD07	GAME PROGRAM	Love Stacks	PERSONALITY PGM
94	KONAMI GAMING INC	MO-73-KON-15-28	KGI_L647MLM013WD07	GAME PROGRAM	Exotic Princess	PERSONALITY PGM
95	WMS	MO-22-WMS-15-52	DBD7-000-1020	1020 H19.051	EGYPT - WINNING STREAK	PERSONALITY PGM
96	WMS	MO-22-WMS-15-53	DBD6-000-1020	1020 H19.051	JUNGLE WILD - WINNING STREAK	PERSONALITY PGM
97	WMS	MO-22-WMS-15-54	SC8E-000-1000	1000 H19.051	Dragon World - Sons of the Dragon	PERSONALITY PGM
98	WMS	MO-22-WMS-15-55	SC8C-000-1000	1000 H19.051	GAME OF DRAGONS - SONS OF THE DRAGON	PERSONALITY PGM
99	WMS	MO-22-WMS-15-56	SM2B-000-1000	1000 HM6.011	SOD Media Controller - Sons of the Dragon	SOUND/GRAPHICS
100	WMS	MO-22-WMS-15-65	DD0C-000-1000	1000 H19.053	BLACK TORTOISE	PERSONALITY PGM

Recommend for Revocation

	Manufacturer	File Number	ID Number	Version	Game Name	Replace With	Remove/ Replace by:
1	ARISTOCRAT	MO-22-ARI-14-87	1.01-62763	GEN7	Eyes of Fortune (Encrypted)	1.02-62763	15-Nov-15
2	ARISTOCRAT	MO-22-ARI-14-87	1.01-62763	GEN7/GEN8	Eyes of Fortune	1.02-62763	15-Nov-15
3	ARISTOCRAT	MO-22-ARI-14-88	1.01-62769	GEN7	Indian Moon (Encrypted)	1.02-62769	15-Nov-15
4	ARISTOCRAT	MO-22-ARI-14-88	1.01-62769	GEN7/GEN8	Indian Moon	1.02-62769	15-Nov-15
5	ARISTOCRAT	MO-73-ARI-14-43	1.01-62535	GEN7WS	Let's Make a Deal (Encrypted)	1.02-62535	15-Dec-15
6	ARISTOCRAT	MO-73-ARI-14-43	1.01-62535	GEN7WS	Let's Make a Deal	1.02-62535	15-Dec-15
7	IGT	MO-22-ARI-14-72	1.01-62766	GEN7	5 Dragons	1.02-62766	15-Dec-15
8	IGT	MO-22-ARI-14-72	1.01-62766	GEN7	5 Dragons (Encrypted)	1.02-62766	15-Dec-15
9	IGT	MO-22-IGT-12-15	GAME014-001LM2-E01	AVP GAME PACKAGE	Cherry Mischief	GAME014-001LM2-N04	14-Jan-16
10	IGT	MO-22-IGT-12-15	GI014-001LM2-E001	AVP INSTALL	Cherry Mischief	GI014-001LM2-N004	14-Jan-16
11	IGT	MO-22-IGT-12-15	GI014-001LM2-E001.V02	AVP INSTALL	Cherry Mischief	GI014-001LM2-N004.V02	14-Jan-16
12	IGT	MO-22-IGT-15-13	GAME014-001TS6-J01	AVP GAME PACKAGE	ICE HOT	GAME014-001TS6-J05	14-Jan-16
13	IGT	MO-22-IGT-15-13	GI014-001TS6-J001	AVP INSTALL	ICE HOT	GI014-001TS6-J005	14-Jan-16
14	IGT	MO-22-IGT-15-13	GI014-001TS6-J001.V02	AVP INSTALL	ICE HOT	GI014-001TS6-J005.V02	14-Jan-16

Rejected under 112-107-3 (j)(3)

	<u>Manufacturer</u>	<u>File Number</u>	<u>ID Number</u>	<u>Version</u>	<u>Game Name</u>	<u>Function</u>
1	IGT	MO-22-IGT-15-49	U10USA 024	2.71-24	JCM U10USA 024 BILL	BILL VALIDATOR

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Don Brownlee, Executive Director

Sam Brownback, Governor

Boot Hill Casino Internal Control Amendments

October 16, 2015

<u>Item #/ (Description)</u>	<u>Regulation Waiver?</u>	<u>Regulation/IC Reference</u>	<u>Staff Recommendation</u>
BH421 – EGM Drop Device	No	KAR 112-104-17 / IC 160.040.00	Approval
BH422 – Identification Requirements	No	IC 150.040.00	Approval



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STAFF AGENDA MEMORANDUM

DATE OF MEETING: October 16, 2015

AGENDA ITEM: **Disciplinary Review Board Settlement Agreement in Matter No. 2015-3004**

PRESENTER: None – Consent Agenda

ISSUE SUMMARY: Pursuant to K.A.R. 112-114-1 *et seq.*, the KRGC Disciplinary Review Board considered potential gaming regulation violations by licensee Daniel Perales. The Disciplinary Review Board and the licensee resolved their respective matter before any hearing on the merits and discharged the Summary Order through a settlement agreement.

COMMISSION ACTION REQUIRED/REQUESTED: Ratification of the Disciplinary Review Board's settlement agreement with Daniel Perales.

STAFF RECOMMENDATIONS: Staff recommends approval of the settlement agreement.

BOOTHILL CASINO & RESORT
REPORT PRESENTED TO
THE KANSAS RACING AND GAMING COMMISSION
October 16, 2015

BY: Sharon Stroburg

- 1) For the month of September 2015, BHCR experienced a decrease in Total Gaming Revenue of 6.37% over prior year September 2014. Total Slot revenue was down 5.97% while Table Games revenue was down 9.53%.

Casino Promotions, Dodge City Events, & Arena Events

- Buffalo Packages – Month of September
- Table Games -- 2-1 Blackjack card for the month of September
- Don Williams -- September 9th
- National Finals Rodeo Giveaway – September 24th
- Wild West Fest (Gunsmoke Banquet & Events) -- September 25-27th
- Kansas – October 3rd

BOOT HILL CASINO & RESORT

Lottery Gaming Facility Revenue-Unaudited*

	September 2015	September 2014	Fiscal YTD 2016	Fiscal YTD 2015
Electronic gaming machines	2,557,355.97	2,712,827.06	8,694,193.82	8,973,545.30
Table games	300,787.42	338,152.00	1,020,596.42	1,081,455.50
Other #	<u>3,154.58</u>	<u>2,299.65</u>	<u>3,486.22</u>	<u>2,430.42</u>
Total Lottery Gaming Facility Revenue	<u><u>2,861,297.97</u></u>	<u><u>3,053,278.71</u></u>	<u><u>9,718,276.46</u></u>	<u><u>10,057,431.22</u></u>
State Share 22%	629,485.55	671,721.32	2,138,020.82	2,212,634.87
Local Share 3%	85,838.94	91,598.36	291,548.29	301,722.94
Problem Gambling Share 2%	57,225.96	61,065.57	194,365.53	201,148.62
Casino Share 73%	2,088,747.52	2,228,893.46	7,094,341.82	7,341,924.79

****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**

October 16, 2015

BY: DAN IHM –GENERAL MANAGER

Operational Notes

- **September admissions down 1% from September 2014.**

Past Arena Events

- **Sept 11-13 USTRC**
- **Sept 25-27 Don Gay Bull Riding Finals**

Upcoming Arena Events

- **Oct 30-Nov 1 KHJA Horse Show**
- **Nov 6-7 National Finals Steer Roping**
- **Nov 21- Leann Rimes**
- **Dec 12-Wynonna Judd**
- **Dec 19 Asian Variety Show**

August Revenue #'s

- **Total Gross Gaming Revenue up 3.9% from September 2014.**
- **Slot Coin-In (Handle) up 1.66% from September 2014.**
- **Slot hold up .32 pts vs. September 2014.**
- **Table Game drop down 5.7% from September 2014.**
- **Table Game hold is up .2 pts vs. September 2014**
- **Poker Room revenue down 26% from September 2014.**

KANSAS STAR CASINO & RESORT

Lottery Gaming Facility Revenue-Unaudited*

	September 2015	September 2014	Fiscal YTD 2016	Fiscal YTD 2015
Electronic gaming machines	12,346,792.13	11,709,868.66	38,211,710.82	37,165,755.12
Table games	2,023,565.26	2,168,776.00	6,682,931.42	6,722,114.56
Other #	<u>4,820.84</u>	<u>4,933.40</u>	<u>5,265.11</u>	<u>9,900.61</u>
Total Lottery Gaming Facility Revenue	<u><u>14,375,178.23</u></u>	<u><u>13,883,578.06</u></u>	<u><u>44,899,907.35</u></u>	<u><u>43,897,770.29</u></u>
State Share 22% (Tier 1)**	3,162,539.21	3,054,387.17	9,877,979.62	9,657,509.46
State Share 2% marginal (Tier 2)**	-	-	-	-
Local Share 3%	431,255.35	416,507.34	1,346,997.22	1,316,933.11
Problem Gambling Share 2%	287,503.56	277,671.56	897,998.15	877,955.41
Casino Share	10,493,880.11	10,135,011.98	32,776,932.37	32,045,372.31

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

#Other sweeps, principally lost and found funds.

HOLLYWOOD CASINO AT KANSAS SPEEDWAY
REPORT PRESENTED TO
THE KANSAS RACING AND GAMING COMMISSION
October 16, 2015

BY: RICK SKINNER – VICE PRESIDENT & GENERAL MANAGER

Total Gaming Revenue for September 2015 was \$11.2M which was an increase of \$488K, or 4.5%, over September of last year.

Slot Revenue was \$9.8M which was an increase of \$538K, or 5.8%, over the prior year.

Table Games Revenue was \$1.5M, which was a decrease of \$50K, or 3.3%, compared to prior year.

On September 12 and September 26, we held the final two Slot Tournaments in which patrons can win a trip to Las Vegas and an entry to participate in our \$350K Blockbuster Weekend event which will be held at the M Resort in November. We will be sending a total of eight lucky patrons and their guest to this event in Las Vegas.

We hosted an official KC Chiefs Watch Party on Monday, September 28, for the Monday Night Football game against Green Bay. Unfortunately, the game didn't end well if you are a Chiefs fan, but our patrons had a good time as some Chiefs Cheerleaders, former players, and KC Wolf made an appearance for the party.

Tonight is our grand prize drawing for the Hollywood Casino 400 promotion. We will be giving away a 2015 Toyota Tundra to one lucky patron which we purchased from Clint Bowyer's dealership in Emporia, Kansas.

Tomorrow and Sunday are race weekend at Kansas Speedway. The Kansas Lottery 300 Xfinity race is tomorrow and the Hollywood Casino 400 Sprint Cup race is on Sunday afternoon.

HOLLYWOOD CASINO & RESORT

Lottery Gaming Facility Revenue-Unaudited*

	September 2015	September 2014	Fiscal YTD 2016	Fiscal YTD 2015
Electronic gaming machines	9,757,496.35	9,219,192.67	30,984,658.97	28,804,791.31
Table games	1,478,240.02	1,531,936.32	4,378,557.27	4,781,186.63
Other #	<u>7,737.99</u>	<u>3,990.84</u>	<u>7,737.99</u>	<u>3,990.84</u>
Total Lottery Gaming Facility Revenue	<u>11,243,474.36</u>	<u>10,755,119.83</u>	<u>35,370,954.23</u>	<u>33,589,968.78</u>
State Share 22%	2,473,564.36	2,366,126.36	7,781,609.93	7,389,793.13
Local Share 3%	337,304.23	322,653.59	1,061,128.63	1,007,699.06
Problem Gambling Share 2%	224,869.49	215,102.40	707,419.08	671,799.38
Casino Share 73%	8,207,736.28	7,851,237.48	25,820,796.59	24,520,677.21

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

#Other sweeps, principally lost and found funds.



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STAFF AGENDA MEMORANDUM

DATE OF MEETING: October 16, 2015

AGENDA ITEM: Old Business: Providing the Commission additional information on actual versus theoretical payout and “life of the machine”

PRESENTER: Dennis E. Bachman, Director of I. T. and Electronic Security

ISSUE SUMMARY:

At the September 11th Commission meeting, Chairman McKinney asked KRGC Staff and casino operators to present additional information on actual versus theoretical payout percentages. This discussion originated following a staff presentation on the July 2015 Legislative Post Audit (LPA) findings, in which LPA reported:

“The Kansas Racing and Gaming Commission’s interpretation of slot machine payouts is more stringent than in other states and affects casino revenues. Kansas law requires that a slot machine ‘pay out an average of not less than 87% of the amount wagered’ on that machine over its lifetime. This percentage is more than at least other three [sic] states, Missouri, Nevada, and New Jersey who have minimum payouts of between 75% to 83%. Three other states we talked to use a theoretical payout to determine whether the slot machine meets state law. In Missouri, Nevada, and New Jersey, as long as the payout percentage is set at the minimum amount required by law, casinos in these states are able to remove or replace a slot machine as needed. This is referred to as a theoretical payout. In theory, the slot machine will eventually reach the payout the percentage that is programmed in the machine. Kansas staff require slot machines to reach an actual payout before being moved or removed, which is more stringent. Unlike other states, Racing and Gaming officials told us that a slot machine must have reached the actual the payout [sic] requirement to be removed or replaced. This is referred to as an actual payout. Regardless of the number of plays, commission staff will deny a slot machine change request, if the payout is below 87%. For example, we saw a request denied because the machine had paid out only 86.97% of the amount wagered.”

KRGC *does* in fact use theoretical payout to determine whether the statutory 87% minimum payout is likely to be met over the life of the machine, which is the industry standard. Unfortunately, the statute requiring electronic gaming machines to “pay out an average of not

less than 87% of the amount wagered over the life of the machine” does not define “life of the machine”, which under theoretical payout is based on number of “pulls” or reel “spins” over a long period of time. When a machine is permanently removed from the floor, is reset, or a new game is installed, the theoretical life of the machine ends regardless of the number of spins or pulls that have occurred. Because the minimum payout of 87% using theoretical payout may not be reached until *many* pulls or spins (e.g., one million, ten million, fifty million) have occurred, a machine (game) whose life has ended prematurely may have never reached the 87% theoretical payout, particularly if it is removed early in the theoretical life of the machine.

In order to achieve the statutory mandate that a machine “pay out an average of not less than 87% of the amount wagered over the life of the machine”, KRGC staff determines whether the machine has actually reached the 87% minimum before approving its removal from the floor. If it has not reached an actual minimum payout of 87%, the casino is asked to select a higher payout percentage so that the 87% minimum may be reached more quickly. Staff believes that allowing a machine whose theoretical lifetime has been cut short well ahead of the end of its theoretical life, and has not reached an actual 87% minimum payout before being removed from the floor, violates state statute and is unfair to casino patrons who believe they have been guaranteed a minimum 87% payout.

The Commission will hear a presentation from staff about theoretical payout, life of the machine, confidence intervals and other relevant concepts. The Commission will also hear from casino operators on their positions on this issue.

COMMISSION ACTION REQUIRED/REQUESTED: Review and discuss

STAFF RECOMMENDATIONS: Consider current and alternate methods to achieve the statutory 87 percent minimum payout



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STAFF AGENDA MEMORANDUM

MEETING DATE: October 16, 2015
AGENDA ITEM: Quarterly Reports on (1) staff out-of-state travel, (2) licensing and (3) illegal gambling
PRESENTER: Don Brownlee

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 fourth quarter (July through September) of the State’s FY 2016, commission staff out-of-state travel includes:

Purpose of Trip	Traveler	Dates	Destination	Registration	Total
FBI-LEEDA Supervisor Leader Course	Joe York	8/16/15-8/21/15	Broken Arrow, OK	-	\$696.55
FBI-LEEDA Supervisor Leader Course	Kent Schoen	8/16/15-8/21/15	Broken Arrow, OK	-	\$733.55
FBI-LEEDA Supervisor Leader Course	Roger Bailey	8/16/15-8/21/15	Broken Arrow, OK	-	\$708.55
Mid-States Organized Crime Information Center Conference	Darin Altenburg	9/14/15-9/18/15	St. Charles, MO	-	-

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 July

through September 2015 quarter. The three previous quarters are included for comparison purposes.

	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014
VENDORS, SUPPLIERS, MANAGERS:				
Corporate permanent licenses approved	7	5	8	13
Corporate temporary licenses approved*	100	64	43	53
Corporate employee licenses approved	84	82	109	114
Corporate renewal licenses approved	5	6	3	1
Corporate employee licenses renewed	78	80	53	38
Corporate employee licenses denied	1	2	0	3
BOOT HILL CASINO EMPLOYEE LICENSES				
Permanent license approvals	19	8	26	16
Temporary license approvals*	17	11	8	19
Renewal license approvals	32	27	22	15
Licenses denied	0	0	0	0
HOLLYWOOD CASINO EMPLOYEE LICENSES				
Permanent license approvals	76	43	93	57
Temporary license approvals*	70	81	48	80
Renewal license approvals	109	106	105	37
Licenses denied	4	3	1	2
KANSAS STAR CASINO EMPLOYEE LICENSES				
Permanent license approvals	70	58	97	79
Temporary license approvals*	96	96	91	65
Renewal license approvals	93	77	82	84
Licenses denied	0	3	0	1

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

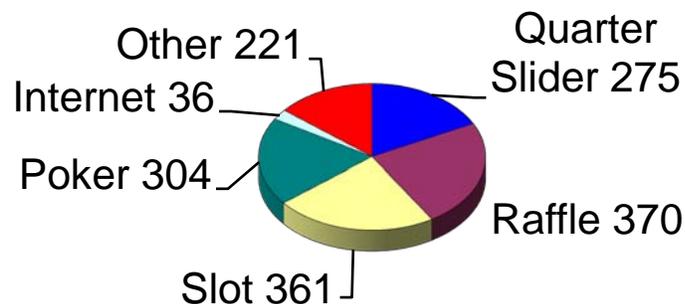
III. ILLEGAL GAMBLING

Following passage of expanded gaming in Kansas, the Commission became the state's go-to agency for illegal gambling questions and complaints. That role requires the KRGC to employ educational, administrative and law enforcement methods to maintain the integrity of gaming 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 1,567 total illegal gambling-related questions or complaints from the general public. The pace of reporting has slowed since the legalization of charitable raffles and certain fantasy sports games during the most recent legislative session. During the third quarter of 2015, the Commission received twenty-two (22) calls and emails from the general public, up seven (7) from the previous quarter and down ten (10) from the third quarter of 2014.

Of the twenty-two calls and emails received in Q-3, one (1) involved an illegal poker room; fourteen (14) pertained to reports of various illegal gambling devices found in fraternal organizations, bars, restaurants and convenience stores; five (5) involved commercial raffles; one (1) involved internet gambling and one (1) call involved a miscellaneous inquiry regarding other entertainment ventures where the legality of the activity was questioned.

Breakdown of illegal gambling inquiries and complaints to-date:



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

- 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.
- Inquiries from the public that are answered through access to KRGC's Illegal Gambling Frequently Asked Questions (FAQs) web page. KRGC updated the FAQs portion of the webpage in late January 2014. During the twenty months since KRGC began tracking the new page, there have been a total of 3,222 inquiries to the page. A total of 573

inquiries were made during the third quarter of 2015. The Illegal Gambling FAQs page can be found here: <http://www.krgc.ks.gov/index.php/racing-gaming-law/illegal-gambling/faq-s-2> . It may also be accessed from the KRGC main page (www.krgc.ks.gov) by selecting Public Info/Illegal Gambling FAQ's from the drop down menu option.

During the third quarter of 2015, the KRGC:

- Seized four (4) illegal gambling machines
- Assisted three (3) law enforcement agencies with questions about illegal gambling issues



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STAFF AGENDA MEMORANDUM

DATE OF MEETING: October 16, 2015

AGENDA ITEM: **Approval of the Disciplinary Review Board Hearing Policy**

ISSUE SUMMARY: The KRGC has determined that the current disciplinary process for licensees and certificate holders is often lengthy and burdensome to both Respondents and KRGC staff. Instead of a dual step process which requires the Disciplinary Review Board to conduct an initial hearing before the Commission conducts an appeal hearing, the Commission will conduct the initial disciplinary hearing whenever possible. The Disciplinary Review Board will conduct initial hearings in limited circumstances, such as in the absence of a quorum of the Commission, as requested by the Commission chair, or when matters require additional fact finding, or are more appropriately addressed first by the Disciplinary Review Board.

The elimination of the initial Disciplinary Review Board hearing will reduce the number of hours required of staff to resolve each disciplinary case, significantly shorten the amount of time from initiation to the resolution of a case, and help eliminate the ongoing backlog of cases that results from the current lengthy disciplinary process. The attached Disciplinary Review Board Hearing Policy will result in a more efficient disciplinary process.

COMMISSION ACTION REQUIRED/REQUESTED: Review, discuss, and approve.

STAFF RECOMMENDATIONS: Staff recommends the policy be adopted by the Commission.

Subject Disciplinary Review Board Hearing Policy		Number 5-44	Draft # 2015-001
Adopted	Last Revision	Rescinds	
Executive Director Authorization		Commission Authorization	
Don Brownlee, Executive Director Date:		Dennis McKinney, Interim Chair Date:	

A. Purpose/Background

The Kansas Expanded Lottery Act (KELA) requires the Kansas Racing and Gaming Commission (KRGCC) to oversee all lottery gaming facility operations including the oversight of security of facilities; the credentialing of employees, contractors, and agents of lottery gaming facility managers and ancillary lottery gaming facilities; the enforcement of all state laws; and the maintenance of the integrity of lottery gaming facilities. Pursuant to this mandate, the KRGCC promulgated regulations creating a disciplinary process to address violations of statutes, regulations, and internal controls by Licensees and Certificate Holders.

The KRGCC regulations establish minimum procedural requirements for the disciplinary process to ensure the protection of Licensees' and Certificate Holders' due process rights. As part of the disciplinary process, the KRGCC regulations establish a Disciplinary Review Board (DRB) which has the authority to review alleged violations and issue summary orders through the agency's enforcement attorney, conduct hearings, and impose sanctions when appropriate. If a Respondent challenges the DRB's findings following a DRB hearing, the Respondent may appeal the DRB's findings to the Commission. The Commission will then conduct an appeal hearing to determine whether the DRB's findings should be upheld, overturned, or modified.

An initial hearing may also be heard by the full Commission, a panel comprised of two or more commissioners, or an individual Presiding Officer appointed by the Commission chair. To promote efficiency, the Commission will conduct the initial disciplinary hearing whenever possible. The DRB will conduct initial hearings in the absence of a quorum of the Commission, as requested by the Commission chair, or when matters require additional fact finding or are more appropriately addressed first by the DRB. This policy outlines in further detail this disciplinary process to ensure it is conducted consistently, efficiently, and fairly.

Under K.S.A. 74-8751, the KRGCC "through rules and regulations, shall establish: . . .

(c) provisions for revocation of a certification . . . upon a finding that the certificate holder, an officer or director thereof or a person directly or indirectly owning a 0.5% or more interest therein: (1) Has knowingly provided false or misleading material information to the Kansas lottery or its employees; or (2) has been convicted of a felony, gambling related offense or any crime of moral turpitude; and

(d) provisions for suspension, revocation or nonrenewal of a certification . . . upon a finding that the certificate holder, an officer or director thereof or a person directly or indirectly owning a 0.5% or more interest therein: . . . (4) has violated any provision of the Kansas expanded lottery act or any rule and regulation adopted hereunder."

Under K.S.A. 74-8772, the KRGCC "shall adopt such rules and regulations as the commission deems necessary to carry out the duties and functions of the commission pursuant to the Kansas Expanded



Lottery Act. Such rules and regulations shall include, but not be limited to, rules and regulations:

(a) Promoting the integrity of the gaming and finances of lottery gaming facilities and racetrack gaming facilities and shall meet or exceed industry standards for monitoring and controlling the gaming and finances of lottery gaming facility operations and racetrack gaming facility operations and shall give the Kansas racing and gaming commission sufficient authority to monitor and control the gaming operation and to ensure its integrity and security; . . .

(e) provisions for oversight of all lottery gaming facility operations and racetrack gaming facility operations, including, but not limited to, oversight of internal controls; oversight of security of facilities; performance of background investigations, determination of qualifications and credentialing of employees, contractors and agents of lottery gaming facility managers, ancillary lottery gaming facility operations and racetrack gaming facilities; auditing of lottery gaming facility revenues and net electronic gaming machine income of racetrack gaming facilities; enforcement of all state laws; and maintenance of the integrity of lottery gaming facility and racetrack gaming facility operations.

Disciplinary hearings conducted under the Kansas Expanded Lottery Act are not subject to the requirements of the Kansas Administrative Procedures Act. Disciplinary hearings conducted under the Kansas Parimutuel Racing Act are subject to the requirements of the Kansas Administrative Procedures Act and will be conducted in accordance with the Kansas Administrative Procedures Act.

Under KRGC regulation K.A.R. 112-114-3, “(a) [i]f disposition of [a violation] allegation raised in a report could result in suspension or revocation, the respondent shall be provided by the Commission with reasonable notice of the alleged violation and hearing.

(b) The notice of alleged violation and hearing shall include the following information:

- (1) the time and location of the hearing;
- (2) the identity of the hearing body;
- (3) the case number and the name of the proceeding;
- (4) a statement of the legal authority and a general description of the allegation, including the time of the occurrence;
- (5) a statement that a respondent who fails to attend the hearing may be subject to the entry of an order that is justified by the evidence presented at the hearing; and
- (6) a statement that a respondent has the right to appear at the hearing with counsel, the right to produce any evidence and witness on the respondent’s behalf, the right to cross-examine any witness who may testify against the respondent, and the right to examine any evidence that may be produced against the respondent.”

Under KRGC regulation K.A.R. 112-114-9, “(a) The presiding officer at each hearing shall regulate the course of the proceedings. (b) To the extent necessary for full disclosure of all relevant facts and issues, the presiding officer shall afford to all parties the opportunity to respond, present evidence and argument, conduct cross-examination, and submit rebuttal evidence.”

B. Definitions

1. *Commission*: The appointed Commissioners of the Kansas Racing and Gaming Commission. (KRGC).
2. *Certificate Holder*: An entity, such as a facility manager or gaming supplier, that has been issued a certificate by the KRGC.
3. *Disciplinary Review Board (DRB)*: A board established by the executive director who reviews licensee or certificate holder conduct to ensure compliance by applicants, licensees, and certificate holders with these regulations, the act, and other laws.

4. *Executive Director*: The executive director of the Kansas Racing and Gaming Commission.
5. *Full Evidentiary Hearing*: A hearing which includes the presentation of live witness testimony, cross examination and rebuttal, in addition to documents and surveillance video, in accordance with K.A.R. 112-114-9(b).
6. *Incident Report*: Reports of alleged statutory, regulatory, or internal control violations which are created by KRGC agents, KRGC auditors, and KRGC electronic security staff.
7. *Licensee*: A person who has been issued a gaming license by the KRGC.
8. *Order*: A brief statement of the findings of the Commission and any penalty prescribed. Orders are written and issued within 30 days after a hearing.
9. *Presiding Officer*: The hearing officer who conducts prehearing conferences, hearings, and issues legal rulings on evidentiary and procedural matters. The presiding officer can be the Executive Director, chairperson of the Commission, or a person designated by the Commission.
10. *Respondent*: The Licensee or Certificate Holder who is alleged to have committed the violation.
11. *Sanction*: The penalty ordered, which may include monetary fines, license/certificate suspensions, and license/certificate revocations.
12. *Summary Order*: The initial violation finding issued by the Disciplinary Review Board.

C. Policy – Disciplinary Process for Licensees and Certificate Holders

1. The Disciplinary Review Board receives Incident Reports from agents, auditors, and electronic security and meets to discuss whether a regulatory, statutory or internal control violation has occurred and, if so, what sanction to issue.
2. Once the DRB determines a statutory, regulatory, or internal control violation has occurred and warrants a sanction, the DRB will direct the agency's enforcement attorney to issue a warning letter, letter of reprimand, or Summary Order to the Respondent.
3. If the DRB issues a Summary Order, the Respondent has the right to request a hearing before the Commission. If the Respondent requests a hearing, the hearing will be held no less than 4 weeks from the date of the Summary Order at a Commission meeting or on another date determined by the Commission.
4. At the hearing, the Respondent and the KRGC, through its enforcement attorney, will argue and present evidence to the Commission. Neither party will be allowed to present live witness testimony.
5. Following arguments, the Commission will deliberate, and if the Commission determines no further evidence is necessary for a finding, the Commission will issue an Order. If the Commission determines further evidence is necessary for a finding, the case will be continued to allow for a Full Evidentiary Hearing. The Commission can uphold, overturn, or amend the DRB's Summary Order.
6. If the Commission issues an Order without a Full Evidentiary Hearing, the Respondent may request a Full Evidentiary Hearing. If the Respondent timely requests a Full Evidentiary Hearing, the Commission will schedule and conduct such hearing with live witness testimony in accordance with K.A.R. 112-114-9(b). After the Full Evidentiary Hearing, the Commission will issue a final Order. This Order constitutes final agency action and is subject to appeal under the Kansas Judicial Review Act.
7. If the Respondent does not timely request a Full Evidentiary Hearing, the Commission's Order will become final subject to appeal under the Kansas Judicial Review Act.

D. Citations/References

K.S.A. 74-8751(c)-(d)



K.S.A. 74-8772(a), (e)
K.A.R. 112-114-3
K.A.R. 112-114-9(a)-(b);

E. Attachments

K.S.A. 74-8751(c)-(d)
K.S.A. 74-8772(a), (e)
K.A.R. 112-114-3
K.A.R. 112-114-9(a)-(b);

F. Action

This policy supersedes all other existing Racing and Gaming Commission policies on this topic and shall be implemented upon approval by the Commission.

Article 87. – STATE LOTTERY

74-8751. Rules and regulations; certification of certain persons connected with lottery gaming and racetrack gaming. The Kansas racing and gaming commission, through rules and regulations, shall establish:

(a) A certification requirement, and enforcement procedure, for officers, directors, key employees and persons directly or indirectly owning a 0.5% or more interest in a lottery gaming facility manager or racetrack gaming facility manager. Such certification requirement shall include compliance with such security, fitness and background investigations and standards as the executive director of the Kansas racing and gaming commission deems necessary to determine whether such person's reputation, habits or associations pose a threat to the public interest of the state or to the reputation of or effective regulation and control of the lottery gaming facility or racetrack gaming facility. Any person convicted of any felony, a crime involving gambling or a crime of moral turpitude prior to applying for a certificate hereunder or at any time thereafter shall be deemed unfit. The Kansas racing and gaming commission shall conduct the security, fitness and background checks required pursuant to this subsection. Certification pursuant to this subsection shall not be assignable or transferable;

(b) a certification requirement, and enforcement procedure, for those persons, including electronic gaming machine manufacturers, technology providers and computer system providers, who propose to contract with a lottery gaming facility manager, a racetrack gaming facility manager or the state for the provision of goods or services related to a lottery gaming facility or racetrack gaming facility, including management services. Such certification requirements shall include compliance with such security, fitness and background investigations and standards of officers, directors, key gaming employees and persons directly or indirectly owning a 0.5% or more interest in such entity as the executive director of the Kansas racing and gaming commission deems necessary to determine whether such person's reputation, habits and associations pose a threat to the public interest of the state or to the reputation of or effective regulation and control of the lottery gaming facility or racetrack gaming facility. Any person convicted of any felony, a crime involving gambling or a crime of moral turpitude prior to applying for a certificate hereunder or at any time thereafter shall be deemed unfit. If the executive director of the racing and gaming commission determines the certification standards of another state are comprehensive, thorough and provide similar adequate safeguards, the executive director may certify an applicant already certified in such state without the necessity of a full application and background check. The Kansas racing and gaming commission shall conduct the security, fitness and background checks required pursuant to this subsection. Certification pursuant to this subsection shall not be assignable or transferable;

(c) provisions for revocation of a certification required by subsection (a) or (b) upon a finding that the certificate holder, an officer or director thereof or a person directly or indirectly owning a 0.5% or more interest therein: (1) Has knowingly provided false or misleading material information to the Kansas lottery or its employees; or (2) has been convicted of a felony, gambling related offense or any crime of moral turpitude; and

(d) provisions for suspension, revocation or nonrenewal of a certification required by subsection (a) or (b) upon a finding that the certificate holder, an officer or director thereof or a person directly or indirectly owning a 0.5% or more interest therein: (1) Has failed to notify the Kansas lottery about a material change in ownership of the certificate holder, or any change in the directors or officers thereof; (2) is delinquent in remitting money owed to the Kansas lottery; (3) has violated any provision of any contract between the Kansas lottery and the certificate holder; or (4) has violated any provision of the Kansas expanded lottery act or any rule and regulation adopted hereunder.

History: L. 2007, ch. 110, § 20; Apr. 19.



Article 87. – STATE LOTTERY

74-8772. Kansas racing and gaming commission; rules and regulations. The Kansas racing and gaming commission shall adopt such rules and regulations as the commission deems necessary to carry out the duties and functions of the commission pursuant to the Kansas expanded lottery act. Such rules and regulations shall include, but not be limited to, rules and regulations:

(a) Promoting the integrity of the gaming and finances of lottery gaming facilities and racetrack gaming facilities and shall meet or exceed industry standards for monitoring and controlling the gaming and finances of lottery gaming facility operations and racetrack gaming facility operations and shall give the Kansas racing and gaming commission sufficient authority to monitor and control the gaming operation and to ensure its integrity and security;

(b) prescribing the on-site security arrangements for lottery gaming facilities and racetrack gaming facilities;

(c) requiring reporting of information about any lottery gaming facility manager or racetrack gaming facility manager, and its employees, vendors and finances, necessary or desirable to ensure the security of lottery gaming facility and racetrack gaming facility operations. None of the information disclosed pursuant to this subsection shall be subject to disclosure under the Kansas open records act;

(d) requiring reporting and auditing of financial information of lottery gaming facility managers and racetrack gaming facility managers, including, but not limited to, the reporting of profits or losses incurred by lottery gaming facility managers and racetrack gaming facility managers and the reporting of such other information as the Kansas racing and gaming commission requires to determine compliance with the Kansas expanded lottery act and rules and regulations adopted hereunder. None of the information disclosed pursuant to this subsection shall be subject to disclosure under the Kansas open records act; and

(e) provisions for oversight of all lottery gaming facility operations and racetrack gaming facility operations, including, but not limited to, oversight of internal controls; oversight of security of facilities; performance of background investigations, determination of qualifications and credentialing of employees, contractors and agents of lottery gaming facility managers, ancillary lottery gaming facility operations and racetrack gaming facilities; auditing of lottery gaming facility revenues and net electronic gaming machine income of racetrack gaming facilities; enforcement of all state laws; and maintenance of the integrity of lottery gaming facility and racetrack gaming facility operations.

History: L. 2007, ch. 110, § 41; Apr. 19.



Kansas Racing and Gaming Commission Regulation

112-114-3. Notice of alleged violation and hearing. (a) If disposition of the allegation raised in a report could result in suspension or revocation, the respondent shall be provided by the commission with reasonable notice of the alleged violation and hearing.

(b) The notice of alleged violation and hearing shall include the following information:

- (1) The time and location of the hearing;
- (2) the identity of the hearing body;
- (3) the case number and the name of the proceeding;
- (4) a statement of the legal authority and a general description of the allegation, including the time of occurrence;
- (5) a statement that a respondent who fails to attend the hearing may be subject to the entry of an order that is justified by the evidence presented at the hearing; and
- (6) a statement that a respondent has the right to appear at the hearing with counsel, the right to produce any evidence and witness on the respondent's behalf, the right to cross-examine any witness who may testify against the respondent, and the right to examine any evidence that may be produced against the respondent.

(Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective May 1, 2009.)



Kansas Racing and Gaming Commission Regulation

112-114-9. Hearing procedure. (a) The presiding officer at each hearing shall regulate the course of the proceedings.

(b) To the extent necessary for full disclosure of all relevant facts and issues, the presiding officer shall afford to all parties the opportunity to respond, present evidence and argument, conduct cross-examination, and submit rebuttal evidence.

(c) Upon the request of the respondent, the presiding officer may conduct all or part of the hearing by telephone or other electronic means, if each participant in the hearing has an opportunity to participate in the entire proceeding while it is taking place.

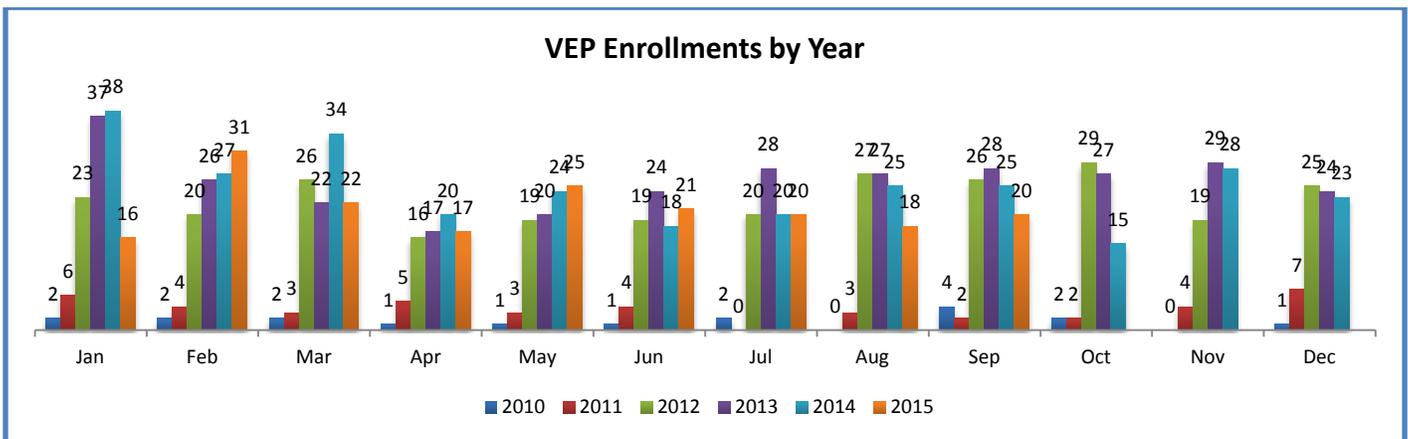
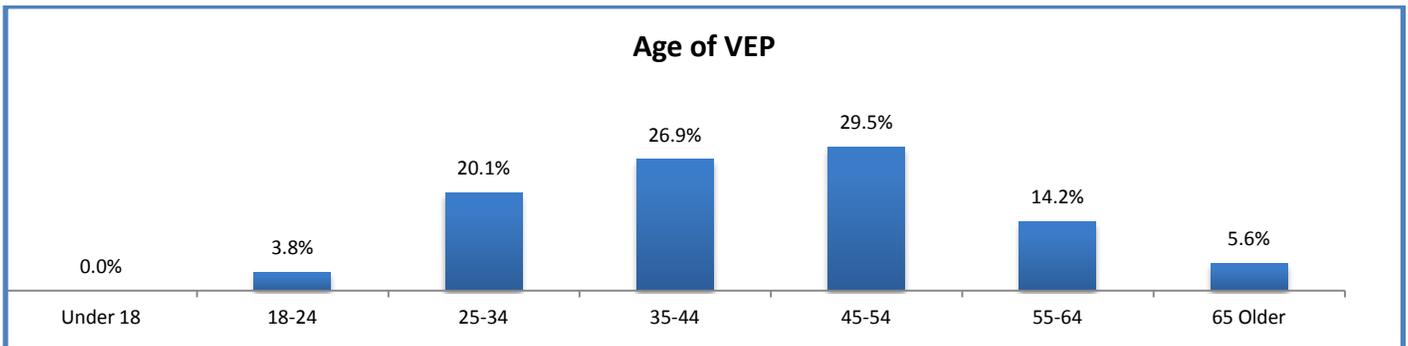
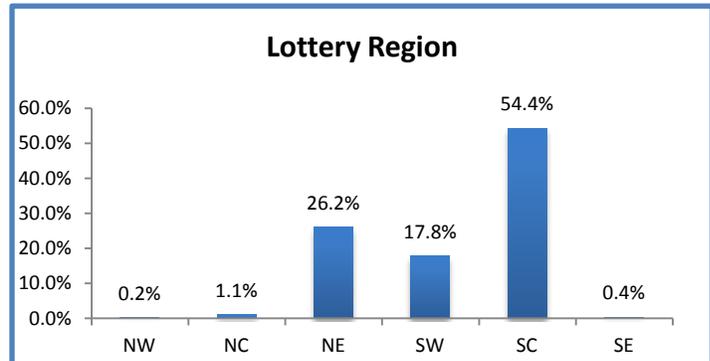
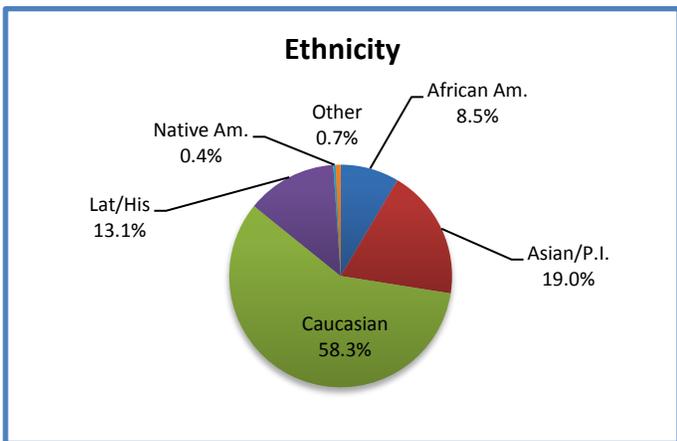
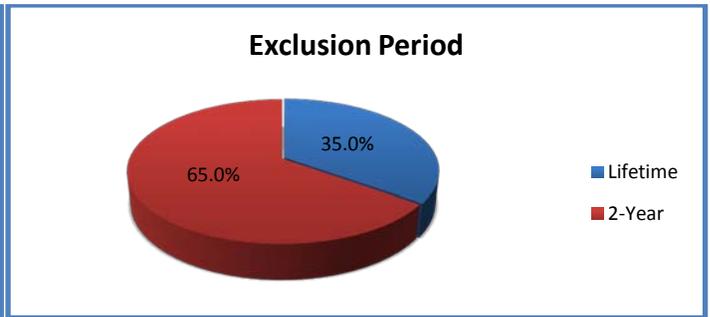
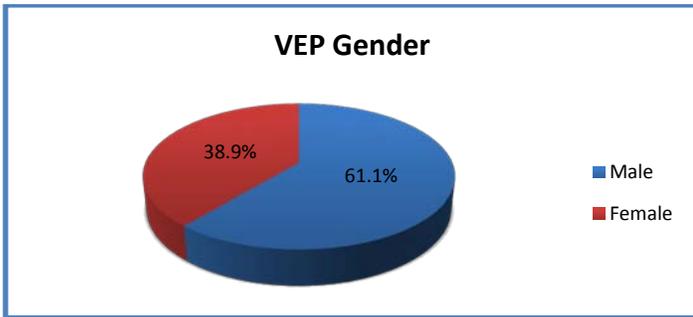
(d) The presiding officer shall cause the bearing to be recorded at the commission's expense. The commission shall not be required to prepare a transcript at its expense. Subject to any reasonable conditions that the presiding officer may establish, any party may cause a person other than the commission to prepare a transcript of the proceedings.

(e) Each hearing shall be open to public observation, except for deliberations and parts that the presiding officer states are to be closed pursuant to a provision of law expressly authorizing closure.

(Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective May 1, 2009.)

Voluntary Exclusion Program January 2010 – September 2015

Voluntary Exclusions = 1127
Violation Incidents = 89 (71 individuals)



All Departments		Cash Fund Balances as of September 30, 2015															
DeptID	All	ELARF				Backgrounds				Illegal Gambling				Racing			
All Funds		Beg. Balance	3,261,338			Beg. Balance	365,172			Beg. Balance	19,442			Beg. Balance	79,586		
		Revenue	969,970			Revenue	10,026			Revenue	2,413			Revenue	11		
		Expenses	1,379,091			Expenses	71,137			Expenses	1,207			Expenses	1,004		
		End Balance	2,852,217			End Balance	304,061			End Balance	20,649			End Balance	78,593		
Fund	BudgetUnit	Grand Total All Funding Sources															
		YTD FY2015 ACTUALS	YTD FY2016 ACTUALS	\$ VARIANCE	% VARIANCE	September FY2015 ACTUALS	September FY2016 ACTUALS	\$ VARIANCE	% VARIANCE	YTD FY2016 BUDGET	YTD FY2016 ACTUALS	\$ VARIANCE	% VARIANCE				
51000	Payroll	1,095,740	1,165,751	70,011	6%	316,688	334,838	18,150	6%	1,442,948	1,165,751	-277,196	-19%				
10	Shrinkage	0	0	0	0%	0	0	0	0%	-27,586	0	27,586	-100%				
Net Salaries and Wages		1,095,740	1,165,751	70,011	6%	316,688	334,838	18,150	6%	1,415,362	1,165,751	-249,611	-18%				
52000	Communication	9,284	10,711	1,427	15%	6,428	3,084	-3,343	-52%	22,890	10,711	-12,179	-53%				
52100	Freight and Express	79	136	58	73%	45	8	-36	-81%	338	136	-201	-60%				
52200	Printing and Advertising	108	39	-69	-64%	108	0	-108	-100%	575	39	-536	-93%				
52300	Rents	3,053	54,965	51,912	1700%	239	421	182	76%	43,952	54,965	11,013	25%				
52400	Repair/Service/Mainten	6,831	1,232	-5,599	-82%	3,950	32	-3,918	-99%	15,302	1,232	-14,070	-92%				
52510	InState Travel and Subsistence	7,409	10,783	3,373	46%	1,469	5,494	4,024	274%	30,836	10,783	-20,053	-65%				
52520	Out of State Travel and Subsistence	10,285	10,717	432	4%	3,151	-422	-3,573	-113%	22,823	10,717	-12,106	-53%				
52530	International Travel and Subsistence	0	4,668	4,668	0%	0	4,325	4,325	0%	0	4,668	4,668	0%				
52600	Fees-Other Services	55,984	64,799	8,815	16%	16,058	16,845	788	5%	75,014	64,799	-10,216	-14%				
52700	Fee-Professional Services	1,548	5,298	3,750	242%	1,078	39	-1,039	-96%	438,352	5,298	-433,054	-99%				
52900	Other Contractual Services	2,418	3,316	898	37%	105	559	454	433%	10,261	3,316	-6,944	-68%				
Subtotal Contractual Services		96,999	166,662	69,664	72%	32,630	30,386	-2,244	-7%	660,342	166,662	-493,680	-75%				
53200	Food for Human Consumption	0	124	124	0%	0	0	0	0%	0	124	124	0%				
53400	Maint Constr Material Supply	0	1,035	1,035	0%	0	0	0	0%	850	1,035	185	22%				
53500	Vehicle Part Supply Accessory	2,644	1,495	-1,149	-43%	652	907	255	39%	6,464	1,495	-4,969	-77%				
53600	Pro Science Supply Material	46	0	-46	-100%	0	0	0	0%	6,940	0	-6,940	-100%				
53700	Office and Data Supplies	6,758	3,070	-3,688	-55%	3,819	-14	-3,833	-100%	18,725	3,070	-15,655	-84%				
53900	Other Supplies and Materials	3,988	51	-3,937	-99%	142	0	-142	-100%	1,839	51	-1,788	-97%				
Subtotal Commodities		13,435	5,774	-7,661	-57%	4,613	893	-3,720	-81%	34,818	5,774	-29,043	-83%				
54000	TOTAL Capital Outlay	6,372	14,816	8,444	133%	4,997	0	-4,997	-100%	42,699	14,816	-27,883	-65%				
55960	Vol Retirement Incentive	1,143	1,568	426	37%	1,143	523	-620	-54%	1,749	1,568	-181	-10%				
56000	Debt Service - Principal	0	0	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	0	0%				
Subtotal VRIP and Debt Service		1,143	1,568	426	37%	1,143	523	-620	-54%	1,749	1,568	-181	-10%				
Grand Total		1,213,689	1,354,573	140,884	12%	360,071	366,640	6,569	2%	2,154,970	1,354,573	-800,397	-37%				

*This report has not been audited by the State of Kansas and is intended solely for the use of the Executive Director of the Kansas Racing and Gaming Commission.

October 2015 - September 2016

Kansas Racing and Gaming Commission Planner

Oct 2015						
S	M	T	W	T	F	S
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25	26	27	28	29	30	31

OCTOBER

16 Commission Meeting

NOVEMBER

13 Commission Meeting

DECEMBER

11 Commission Meeting

JANUARY

15 Commission Meeting

FEBRUARY

12 Commission Meeting

MARCH

11 Commission Meeting

APRIL

15 Commission Meeting

MAY

13 Commission Meeting

JUNE

17 Commission Meeting

JULY

15 Commission Meeting

AUGUST

19 Commission Meeting

SEPTEMBER

16 Commission Meeting

Apr 2016						
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May 2016						
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Dec 2015						
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Jan 2016						
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Aug 2016						
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Feb 2016						
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Sep 2016						
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Mar 2016						
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