

AMENDED AGENDA
(Amended items in bold)
KANSAS RACING AND GAMING COMMISSION
10:00 a.m., Friday, January 11, 2019

EAST TOWER CONFERENCE ROOM
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 December 14, 2018](#)

- 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 January 2019](#)

- 2. Internal Control amendment approvals

- a. [Boot Hill Casino internal control amendment approvals](#)

- 3. Disciplinary Review Board Waivers

- a. Kansas Star Casino, LLC, 2018-2004

- b. Sara Ann Wiebe, 2018-2006

- c. Jaron Russell Smith, 2018-2007

- d. JCM American Corporation d/b/a JCM Global, 2018-8003**

- i. [Staff Memo](#)

E. Lottery Gaming Facility Reports/Items

1. Boot Hill Casino and Resort
 - a. [Monthly Report](#)
 - b. [December Revenue Report](#)
 - c. [Semi-Annual Responsible Gambling Report](#)
2. Kansas Star Casino
 - a. [Monthly Report](#)
 - b. [December Revenue Report](#)
 - c. [Semi-Annual Responsible Gambling Report](#)
3. Hollywood Casino at Kansas Speedway
 - a. [Monthly Report](#)
 - b. [December Revenue Report](#)
 - c. [Semi-Annual Responsible Gambling Report](#)
4. Kansas Crossing Casino
 - a. [Monthly Report](#)
 - b. [December Revenue Report](#)
 - c. [Semi-Annual Responsible Gambling Report](#)

F. COMMISSION ITEMS – OLD BUSINESS

NONE

G. COMMISSION ITEMS – NEW BUSINESS

NONE

H. PUBLIC COMMENTS

I. STAFF REPORTS

1. Sarah Lynch-Chaput, Paralegal
 - 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 attorney on confidential legal matters, to discuss confidential personnel matters, to protect the confidentiality of necessarily closed information including licensee background reports, and to protect the integrity of gaming information and the confidentiality of lottery gaming facility manager finances.

1. Attorney/Client Privilege
2. Matter involving confidential data relating to the financial affairs of Kansas Star Casino, LLC
3. Background Reports

K. OTHER BUSINESS/FURTHER COMMISSION ACTION

1. Consideration of proposed gaming licenses and renewals

L. ADJOURNMENT

KANSAS RACING AND GAMING COMMISSION

MINUTES – DECEMBER 14, 2018

CALL TO ORDER
(A.)

Chairman Brandon Jones called the December 14, 2018 meeting to order at 10:00 a.m. The meeting was held in the East Tower Conference Room of the Eisenhower State Office Building, 700 SW Harrison, in Topeka, KS. Commissioners David Moses, Larry Turnquist, and Dave Myres were also present. Others present included Executive Director Don Brownlee, General Counsel Judith Taylor, Director of Administration, Audit, and Finance Brandi White, Director of Electronic Security and I.T. Dennis Bachman, Director of Security Joe Herridge, Recording Secretary Sarah Lynch-Chaput, and other staff.

MOTION, APPROVE
AGENDA
(B.)

Commissioner Turnquist (Myres) moved to approve the agenda. Motion carried unanimously.

MOTION, APPROVE
NOVEMBER 16, 2018
MEETING MINUTES
(C.1.)

Commissioner Moses (Turnquist) moved to approve the minutes of the November 16, 2018 meeting. Motion carried unanimously.

MOTION, APPROVE
CONSENT AGENDA
(D.)

Commissioner Turnquist (Myres) moved to approve the consent agenda. Motion carried unanimously.

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

Diane Giardine, General Manager, reported:

- November 2018 revenue numbers compared to November 2017:
 - Total gaming revenue increased 2.70%
 - Total slot revenue increased 1.77%
 - Table games revenue increased 9.01%
- Past Promotions and Events:
 - Thanksgiving Special Offers & Buffet
 - Hunting Opening Day Giveaway
 - The Oakridge Boys, November 29th
- Upcoming Promotions and Events:
 - Ninth Anniversary Hot Seats
 - Christmas Day Buffet
 - Jeff Foxworthy, February 8th
 - Harlem Globetrotters, February 11th
 - Gary Allen, February 15th

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

Jeff Babinski, General Manager, reported:

- November 2018 revenue numbers compared to November 2017:
 - Admissions down 2.4%
 - Total gross gaming revenue down 4.4%
 - Slot coin-in up 0.3%
 - Slot hold down 0.3 points
 - Table games drop down 15.7%
 - Table games hold up 0.3 points
 - Poker room revenue down 25.6%
- Past Events and Promotions:
 - Matchroom Boxing, November 17th
 - Miss Kansas USA & Miss Kansas Teen USA Pageants, November 24th and 25th
 - Mix, Mingle, and Jingle Party, November 30th
 - Cirque Musica Holiday Show, December 1st
- Upcoming Promotions and Events:
 - New Year's Eve

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

Richard Skinner, General Manager, reported:

- November 2018 revenue numbers compared to November 2017:
 - Total gaming revenue was \$11.8 million, a decrease of \$225,000 or 1.9%
 - Table games revenue was \$1.5 million, flat to prior year
 - Slot revenue was \$10.3 million, a decrease of \$223,000 or 2.1%
- November Events and Promotions:
 - Marquee Mall Event
 - Thanksgiving "Fixins" Giveaway
 - Black Friday Mystery Offer, November 23rd

LOTTERY GAMING
FACILITY
REPORTS/ITEMS; KANSAS
CROSSING CASINO
(E.4.a.)

Doug Fisher, General Manager, reported:

- November 2018 revenue numbers compared to November 2017:
 - Admissions decreased 2.4%
 - Net slot win increased 7.9%
 - Net table games win decreased 12.6%
 - Net gaming revenue increased 5.5%

- Past Events and Promotions:
 - November Saturdays – Wild Turkey Progressive
 - November Tuesdays – Double Points and Double Jackpots
 - VIP Blackjack Tournament, November 17th
 - Bills, Bills, Bills – Invited guests receive either a \$20, \$50, or \$100 bill, November 23rd
 - Comedian Orny Adams, November 30th
- Upcoming Events and Promotions:
 - Country Singer Moe Bandy, December 15th
 - Tune-in TV Giveaway, December 22nd
 - Crossing Cash for a Year – One patron will win \$100 a week and one patron will win \$250 a week for all of 2019, December 29th
 - “Drive into 2019” Top prize – Dodge Ram truck, December 30th
 - “\$31k on the 31st” Top prize - \$19,000 at midnight, December 31st
 - Live Band Karaoke, January 11th and 12th
 - Rock Band Great White, January 26th

COMMISSION ITEMS –
OLD BUSINESS
(F.)

There were no old business items.

COMMISSION ITEMS –
NEW BUSINESS
(G.)

There were no new business items.

PUBLIC COMMENTS
(H.)

There were no public comments.

STAFF REPORTS
(I.1.a. and I.2)

Sarah Lynch-Chaput, Paralegal, reported on the Voluntary Exclusion Program statistics for the month of November 2018.

Executive Director Brownlee reported:

- A joint hearing by Federal and State Affairs committees was held on sports wagering on December 4th. No formal action was taken during the hearing, but a report on sports wagering will be submitted to the legislature. Highlights of testimony from Ohio Senator Bill Coley, who is also Chair of the National Council of Legislators from Gaming States, included:

- Illegal sports wagering is a multi-billion dollar business.
- The best way to combat illegal sports wagering is with legal sports wagering.
- A lower tax rate of less than ten percent is recommended because players now gambling on illegal sites won't move to legal sports wagering venues where payouts would be lower due to high tax rates.
- Revenue from sports wagering is not high. For example, sports wagering in Nevada is only two percent of total gaming revenue.
- The majority of sports wagers are placed through mobile applications, such as in New Jersey where two-thirds of sports wagers are placed through mobile betting sites.
- States need to consider how sports wagers will be allowed (e.g., through brick and mortar locations, internet, and/or mobile sites), and which types of sports wagering will be allowed, such as win-loss or in-play betting. Seventy percent of sports wagers across the country are from in-play betting.
- An integrity fee for major league sports is not recommended.
- A central portal where all betting data comes into one database should be considered.
 - The Legislative session will start on January 14th.
 - The Quapaw tribe has been approved to open a casino in Jefferson County Arkansas and has granted "land in trust" status for 211 acres in Cherokee County Kansas. The tribe has stated it is not their intent to use the land for gaming.
 - A bill was introduced in Congress that would require federal approval for the states to allow sports wagering.
 - Dodge City supervising agent Kent Schoen will retire on January 12, 2019, and one enforcement agent has resigned effective December 21, 2018.

Commissioner Turnquist asked if Ohio had already passed legislation on sports wagering. Commissioner Moses inquired about potential impacts on KRGC if legislation is passed in Kansas this legislative session. Chairman Jones asked if mobile applications for sports

wagering would be through the Kansas casinos or if anyone in the nation could sign up for it.

DISCIPLINARY REVIEW
PROCESS
(J.1)

A disciplinary proceeding was held in the matter of KRGC case number 2018-1001 (Phetsamone Keovongkoth). The commission reviewed evidence and heard statements from Enforcement Attorney Michelle Neis. Respondent was not present.

MOTION TO UPHOLD
DRB'S
RECOMMENDATION
(J.1)

Commissioner Moses (Turnquist) moved to uphold the Disciplinary Review Board's findings of facts, conclusions of law, and sanction issued in KRGC case number 2018-1001 in the matter of Phetsamone Keovongkoth with the modification of a \$700.00 fine that can be paid in installments. Motion carried with three ayes and one nay.

MOTION, EXECUTIVE
SESSION; BACKGROUND
REPORTS
(K.1)

Commissioner Myres (Turnquist) moved that the Commission go into executive session for the purpose of deliberating on license applications, including reviewing confidential background reports. Those included in the executive session, in addition to the commissioners, were the executive director, general counsel, and director of security. The total time for the executive session was anticipated to be fifteen minutes until 11:45 a.m. 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. The motion carried unanimously and the meeting was adjourned to executive session at 11:30 a.m.

RECONVENE

The commission meeting returned to open session at 11:45 a.m. with all members present.

MOTIONS ON LICENSE
APPLICATIONS
(L.1)

Commissioner Turnquist (Myres) moved to *conditionally approve* two license applications, *table* one license application, and *approve* the remaining 192 license applications from the December 14, 2018 list of background reports referred to the commission for action. Motion carried unanimously.

FURTHER COMMISSION
ACTION - MOTION TO
RECONSIDER COMMIS-
SION'S SANCTION ON
KRGC CASE NO. 2018-1001

Commissioner Myres requested that the commission reconsider the previous action taken on licensee Phetsamone Keovongkoth. Commissioner Moses (Turnquist) moved to reconsider previous

(L; J.1)

commission action on KRGC case number 2018-1001. Motion carried unanimously.

FURTHER COMMISSION
ACTION - MOTION TO SET
ASIDE COMMISSION'S
SANCTION ON KRGC
CASE NO. 2018-1001
(L; J.1)

Commissioner Myres (Moses) moved to modify the earlier commission-issued sanction in KRGC case number 2018-1001 to no fine. Michelle Neis, Enforcement Attorney, spoke on behalf of the agency. Motion did not pass with one aye and three nays.

FURTHER COMMISSION
ACTION - MOTION TO
MODIFY COMMISSION'S
SANCTION ON KRGC
CASE NO. 2018-1001
(L; J.1)

Commissioner Moses (Turnquist) moved to modify the sanction in KRGC case number 2018-1001 to \$350.00, payable in installments of no less than \$50.00 per month, and if the fine remains unpaid at the time of a future Kansas license application, any approval will be conditioned on payment of the fine. The motion passed with three ayes and one nay.

ADJOURN
(M.)

Commissioner Turnquist (Myres) moved to adjourn the meeting. Motion carried unanimously. The meeting was adjourned at 12:02 p.m.

SUBMITTED BY:

Larry Turnquist
Secretary

APPROVED BY:

Brandon Jones
Chairman

	<u>Manufacturer</u>	<u>Report Number</u>	<u>ID Number</u>	<u>Version</u>	<u>Game Name</u>	<u>Function</u>
1	AGS, LLC.	LO-00-AGY-15-04	Table Game Analysis	N/A	Buster Blackjack with Free Bonus Pays	TABLE GAME
2	Aristocrat Technologies, Inc.	MO-73-ARI-18-150	1.01-66501	GEN8	McGraw Biggest Hits	PERSONALITY PGM
3	Aristocrat Technologies, Inc.	MO-73-ARI-18-151	MBH_SCH_01	VERTEX	McGraw Biggest Hits	OTHER
4	Aristocrat Technologies, Inc.	MO-73-ARI-18-154	1.01-66531	GEN8	Buffalo Ignite	PERSONALITY PGM
5	Aristocrat Technologies, Inc.	MO-73-ARI-18-155	BI109_SCH_01	VERTEX	Buffalo Ignite	OTHER
6	Aristocrat Technologies, Inc.	MO-73-ARI-18-156	1.01-66665	GEN8	Buffalo Ignite	PERSONALITY PGM
7	Aristocrat Technologies, Inc.	MO-73-ARI-18-157	BI111_SCH_01	VERTEX	Buffalo Ignite LP0111 Schedule	OTHER
8	Aristocrat Technologies, Inc.	MO-73-ARI-18-158	1.01-66664	GEN8	Buffalo Ignite	PERSONALITY PGM
9	Aristocrat Technologies, Inc.	MO-73-ARI-18-159	BI110_SCH_01	VERTEX	Buffalo Ignite LP0110 Schedule	OTHER
10	Aristocrat Technologies, Inc.	MO-73-ARI-18-160	1.01-66666	GEN8	Buffalo Ignite	PERSONALITY PGM
11	Aristocrat Technologies, Inc.	MO-73-ARI-18-161	BI112_SCH_01	VERTEX	Buffalo Ignite	OTHER

12	Aristocrat Technologies, Inc.	MO-73-ARI-18-163	1.01-66819	GEN 8	Wild Wild Samurai	PERSONALITY PGM
13	Aristocrat Technologies, Inc.	MO-73-ARI-18-166	1.03-66015	GEN8	Buffalo Max	PERSONALITY PGM
14	Aristocrat Technologies, Inc.	MO-73-ARI-18-166	1.03-66015	GEN8	Buffalo Max	PERSONALITY PGM
15	Aristocrat Technologies, Inc.	MO-73-ARI-18-172	LL_SCH_02	VERTEX	Lightning Link Schedule	OTHER
16	Aristocrat Technologies, Inc.	MO-73-ARI-18-173	1.01-66933	GEN7/GEN8	Dragon's Riches	PERSONALITY PGM
17	Aristocrat Technologies, Inc.	MO-73-ARI-18-174	1.01-66923	GEN7/GEN8	Eyes of Fortunes	PERSONALITY PGM
18	Aristocrat Technologies, Inc.	SY-00-ARI-13-12	SpeedGames	N/A	N/A	SYSTEM
19	Aristocrat Technologies, Inc.	SY-394-ARI-18-06	Report.usp_PointCompEarnings_rpt.sql	TD304237/12.11.1100.7	N/A	SYSTEM
20	Aristocrat Technologies, Inc.	SY-73-ARI-18-12	AX98696_F2_07_02_82_ISP.bin	2.3.0.1	N/A	SYSTEM
21	Aristocrat Technologies, Inc.	SY-73-ARI-18-12	os1186.S3DA	2.3.0.1	N/A	SYSTEM
22	Aristocrat Technologies, Inc.	SY-73-ARI-18-12	Rootsys.img	1.1.86	N/A	SYSTEM

23	Aristocrat Technologies, Inc.	SY-73-ARI-18-12	sbc87120008.S3DA	2.3.0.1	N/A	SYSTEM
24	Aristocrat Technologies, Inc.	SY-73-ARI-18-12	Sentinel.img	2.3.0.1	N/A	SYSTEM
25	Aristocrat Technologies, Inc.	SY-73-ARI-18-12	sentinel2.3.0.1.S3DA	2.3.0.1	N/A	SYSTEM
26	Aristocrat Technologies, Inc.	SY-73-ARI-18-12	Senux_OS1.1.86_Sentinel2.3.0.1.img	2.3.0.1	N/A	SYSTEM
27	Aristocrat Technologies, Inc.	SY-73-ARI-18-12	SENUX_OS1.1.86_SENTINEL2.3.0.1.S3DA	2.3.0.1	N/A	SYSTEM
28	Aristocrat Technologies, Inc.	SY-73-ARI-18-12	vm7282.S3DA	2.3.0.1	N/A	SYSTEM
29	Aristocrat Technologies, Inc.	SY-73-ARI-18-13	SpeedMedia Administrator	TD264766/12.10.3040.14	N/A	SYSTEM
30	Aristocrat Technologies, Inc.	SY-73-ARI-18-24	Oasis X2S	TD285214/12.10.3020.6	N/A	SYSTEM
31	Aristocrat Technologies, Inc.	SY-73-ARI-18-24	Patron Service	TD285214/12.10.3020.9	N/A	SYSTEM
32	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	AX98696_F2_07_02_82_ISP.bin	7.2.82	N/A	SYSTEM
33	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	nCLite1.25.6.0_1.18.6_to_1.56.1.0_1.46.1.S3DA	1.56.1.0	N/A	SYSTEM

34	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	nCLite1.53.4.2_1.43.4_to_1.56.1.0_1.46.1.S3DA	1.56.1.0	N/A	SYSTEM
35	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	nCLite1.56.0.3_1.46.0_to_1.56.1.0_1.46.1.S3DA	1.56.1.0	N/A	SYSTEM
36	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	nCLite1.56.1.0_1.46.1.img	1.46.1	N/A	SYSTEM
37	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	nCLite1.56.1.0_1.46.1_to_1.25.6.0_1.18.6.S3DA	1.56.1.0	N/A	SYSTEM
38	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	nCLite1.56.1.0_1.46.1_to_1.53.4.2_1.43.4.S3DA	1.56.1.0	N/A	SYSTEM
39	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	nCLite1.56.1.0_1.46.1_to_1.56.0.3_1.46.0.S3DA	1.56.1.0	N/A	SYSTEM
40	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	nCompass1.25.6.0_1.29.6_to_1.56.1.0_1.56.1.S3DA	1.56.1.0	N/A	SYSTEM
41	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	nCompass1.53.4.2_1.53.4_to_1.56.1.0_1.56.1.S3D	1.56.1.0	N/A	SYSTEM
42	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	nCompass1.56.0.3_1.56.0_to_1.56.1.0_1.56.1.S3DA	1.56.1.0	N/A	SYSTEM
43	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	nCompass1.56.1.0_1.56.1.6.1.img	1.56.1	N/A	SYSTEM
44	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	nCompass1.56.1.0_1.56.1_to_1.25.6.0_1.29.6.S3DA	1.56.1.0	N/A	SYSTEM

45	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	nCompass1.56.1.0_1.56.1.0_1.53.4.2_1.53.4.S3DA	1.56.1.0	N/A	SYSTEM
46	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	nCompass1.56.1.0_1.56.1.0_1.56.0.3_1.56.0.S3DA	1.56.1.0	N/A	SYSTEM
47	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	OS1186.S3DA	1.1.86	N/A	SYSTEM
48	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	rootsys.img	2.5.2.1	N/A	SYSTEM
49	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	sbc87120008.S3DA	2.5.2.1	N/A	SYSTEM
50	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	Sentinel.exe	1.56.1.0	N/A	SYSTEM
51	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	Sentinel.exe	1.56.1.0	N/A	SYSTEM
52	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	sentinel.img	2.5.2.1	N/A	SYSTEM
53	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	sentinel2.5.2.1.S3DA	2.5.2.1	N/A	SYSTEM
54	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	Senux_OS1.1.86_Sentinel2.5.2.1.img	2.5.2.1	N/A	SYSTEM
55	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	Senux_OS1.1.86_Sentinel2.5.2.1.S3DA	2.5.2.1	N/A	SYSTEM

56	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	userdll_rev2.dll	0.0.3.0	N/A	SYSTEM
57	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	userdll_rev2.dll	1.0.2.0	N/A	SYSTEM
58	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	vm7282.S3DA	7.2.82	N/A	SYSTEM
59	Aristocrat Technologies, Inc.	SY-73-ARI-18-34*	Voucher Service	1.0.1001.5	N/A	SYSTEM
60	BALLY	MO-73-BAL-18-98	BAL_272191A	BAL_272191A	CONTROL LOGIC	PERSONALITY PGM
61	BALLY	MO-73-BAL-18-98	BAL_272192A	BAL_272192A	ULTIMATE FIRE LINK RUE ROYALE COMMON ART	SOUND/GRAPHICS
62	BALLY	MO-73-BAL-18-98	BAL_272193A	BAL_272193A	ULTIMATE FIRE LINK RUE ROYALE LANGUAGE PACK (ENGLISH)	SOUND/GRAPHICS
63	CUMMINS-ALLISON CORP	SY-394-CAL-18-01	JetTouch.exe	1.1.17.0	N/A	Other
64	Everi Games, Inc.	SY-73-MMG-18-02	Combined Configuration.rdl	4.2.0.55	ProgressiveReports-4.2.0-55	System
65	Everi Games, Inc.	SY-73-MMG-18-02	Current Progressive Liability.rdl	4.2.0.55	ProgressiveReports-4.2.0-55	System
66	Everi Games, Inc.	SY-73-MMG-18-02	Group and Level Configuration Historical.rdl	4.2.0.55	ProgressiveReports-4.2.0-55	System
67	Everi Games, Inc.	SY-73-MMG-18-02	Group and Level Configuration.rdl	4.2.0.55	ProgressiveReports-4.2.0-55	SYSTEM

68	Everi Games, Inc.	SY-73-MMG-18-02	Progressive Adjustment.rdl	4.2.0.55	ProgressiveReports-4.2.0-55	System
69	Everi Games, Inc.	SY-73-MMG-18-02	Progressive Liability.rdl	4.2.0.55	ProgressiveReports-4.2.0-55	System
70	Everi Games, Inc.	SY-73-MMG-18-02	Progressive Prize and Reset Variance.rdl	4.2.0.55	ProgressiveReports-4.2.0-55	System
71	Everi Games, Inc.	SY-73-MMG-18-02	Progressive Prize Detail.rdl	4.2.0.55	ProgressiveReports-4.2.0-55	System
72	Everi Games, Inc.	SY-73-MMG-18-02	Progressive Prize History By Asset.rdl	4.2.0.55	ProgressiveReports-4.2.0-55	System
73	Everi Games, Inc.	SY-73-MMG-18-02	Progressive Prize History.rdl	4.2.0.55	ProgressiveReports-4.2.0-55	System
74	Everi Games, Inc.	SY-73-MMG-18-02	Progressive Prize Summary.rdl	4.2.0.55	ProgressiveReports-4.2.0-55	System
75	Everi Games, Inc.	SY-73-MMG-18-02	ProgressiveDatabaseIn staller-4.2.0-92.msi	4.2.0-92	ProgressiveDatabase-4.2.0-92	System
76	Everi Games, Inc.	SY-73-MMG-18-02	ProgressiveReportsInst aller-4.2.0-55.msi	4.2.0-55	ProgressiveReports-4.2.0-55	System
77	Everi Games, Inc.	SY-73-MMG-18-02	SASMonitor-4.2.0- 206.msi	4.2.0-206	SASMonitor-4.2.0-206	SYSTEM
78	Everi Games, Inc.	SY-73-MMG-18-02	SASMonitorManageme ntTerminal.exe	4.2.0.206	SASMonitor-4.2.0-206	System
79	Everi Games, Inc.	SY-73-MMG-18-02	ServiceManagerSvc.ex e	4.2.0.206	SASMonitor-4.2.0-206	System
80	Everi Games, Inc.	SY-73-MMG-18-02	Significant Events.rdl	4.2.0.55	ProgressiveReports-4.2.0-55	System
81	Everi Games, Inc.	SY-73-MMG-18-02	SqlExpressAgentServic e.exe	1.0.2.49	SQLExpressAgentService-1.0.2-49	System
82	Everi Games, Inc.	SY-73-MMG-18-02	SQLExpressAgentServic e-1.0.2-49.msi	1.0.2-49	SQLExpressAgentService-1.0.2-49	System

83	Everi Games, Inc.	SY-73-MMG-18-02	Taxable Progressive Prize Detail.rdl	4.2.0.55	ProgressiveReports-4.2.0-55	System
84	Everi Games, Inc.	SY-73-MMG-18-02	User Activity.rdl	4.2.0.55	ProgressiveReports-4.2.0-55	System
85	IGT	MO-10-IGT-18-13	GAME020005FLCP01	ASCENT GAME PACKAGE	WHEEL OF FORTUNE CA\$H LINK Egyptian Adventure	PERSONALITY PGM
86	IGT	MO-10-IGT-18-13	GI020005FLCP001	ASCENT INSTALL	WHEEL OF FORTUNE CA\$H LINK Egyptian Adventure	Installer
87	IGT	MO-132-IGT-18-24	GAME020001TKCM01	ASCENT GAME PACKAGE	CELTIC MAGIC	PERSONALITY PGM
88	IGT	MO-132-IGT-18-24	GI020001TKCM001	ASCENT INSTALL	CELTIC MAGIC	INSTALLER
89	IGT	MO-22-IGT-18-165	IBRF40A0KSL13	N/A	FOR SALE 4.0A HARDWARE FOR KSL	Other
90	IGT	MO-22-IGT-18-165	IBRF40I0KSL13	N/A	FOR SALE 4.0I HARDWARE FOR KSL	OTHER
91	IGT	MO-22-IGT-18-173	GAME020003M2GD04	ASCENT GAME PACKAGE	Triple Double Butterfly Sevens	PERSONALITY PGM
92	IGT	MO-22-IGT-18-173	GI020003M2GD004	ASCENT INSTALL	Triple Double Butterfly Sevens	INSTALLER
93	IGT	MO-22-IGT-18-176	UCCF00314	N/A	UC SERIES 3 FRAMEWORK	OTHER
94	IGT	MO-22-IGT-18-179	GAME020009GGCS02	ASCENT GAME PACKAGE	GOLDEN GODDESS MELISSA	PERSONALITY PGM
95	IGT	MO-22-IGT-18-179	GI020009GGCS002	ASCENT INSTALL	GOLDEN GODDESS MELISSA	INSTALLER
96	IGT	MO-22-IGT-18-180	GAME020009IH0B02	ASCENT GAME PACKAGE	Cleopatra Gold	PERSONALITY PGM

97	IGT	MO-22-IGT-18-180	GI020009IH0B002	ASCENT INSTALL	Cleopatra Gold	INSTALLER
98	IGT	MO-286-IGT-18-06	GAME014-003WS2-N09	AVP GAME PACKAGE	WHEEL OF FORTUNE WILD SIZZLING 777	Personality PGM
99	IGT	MO-286-IGT-18-06	GI014-003WS2-N009	AVP INSTALL	WHEEL OF FORTUNE WILD SIZZLING 777	Installer
100	IGT	MO-38-IGT-18-05	GAME020001S1AS18	GAME ASCENT PACKAGE	Sphinx 4D	PERSONALITY PGM
101	IGT	MO-38-IGT-18-05	GI020001S1AS018	ASCENT INSTALL	Sphinx 4D	INSTALLER
102	IGT	MO-73-IGT-18-137	GAME020009IGDB04	ASCENT GAME PACKAGE	Cleopatra Gold	PERSONALITY PGM
103	IGT	MO-73-IGT-18-137	GI020009IGDB004	ASCENT INSTALL	Cleopatra Gold	INSTALLER
104	IGT	SY-73-IGT-18-14	470004573	6	IGT TOURNAMENT MANAGER 6.0	INSTALLER
105	IGT	SY-73-IGT-18-14	IGT Tournament Manager	6	N/A	SYSTEM
106	IGT	SY-73-IGT-18-14	IGT Tournament Manager Database	6	N/A	SYSTEM
107	IGT	SY-73-IGT-18-14	IGT Tournament Manager Messaging Service	6	N/A	SYSTEM
108	IGT	SY-73-IGT-18-14	IGT Tournament Manager REST Service	6	N/A	SYSTEM
109	IGT	SY-73-IGT-18-14	IGT Tournament Manager StandAloneGCM	6	N/A	SYSTEM
110	INCREDIBLE TECHNOLOG	MO-22-INT-18-20	G00391	01.02.47	SKY DRAGONS	PERSONALITY PGM

111	INCREDIBLE TECHNOLOG	MO-22-INT-18-20	G00391	01.02.47	SKY DRAGONS	PERSONALITY PGM
112	INCREDIBLE TECHNOLOG	MO-22-INT-18-21	G00392	01.01.55	Money Rain 2	PERSONALITY PGM
113	INCREDIBLE TECHNOLOG	MO-22-INT-18-21	G00392	01.01.55	Money Rain 2	PERSONALITY PGM
114	INCREDIBLE TECHNOLOG	MO-22-INT-18-22	G00396	01.01.43	BARS UP NEBULA	PERSONALITY PGM
115	INCREDIBLE TECHNOLOG	MO-22-INT-18-22	G00396	01.01.43	BARS UP NEBULA	PERSONALITY PGM
116	KONAMI GAMING INC.	MO-73-KON-18-111	311017	311017	N/A	HARDWARE
117	KONAMI GAMING INC.	MO-73-KON-18-129	K-2646	K-2646	N/A	HARDWARE
118	KONAMI GAMING INC.	MO-73-KON-18-134	311056	N/A	N/A	HARDWARE
119	KONAMI GAMING INC.	MO-73-KON-18-45	530730	530730	N/A	HARDWARE
120	KONAMI GAMING INC.	MO-73-KON-18-45	530731	530731	N/A	HARDWARE
121	KONAMI GAMING INC.	MO-73-KON-18-45	530732	530732	N/A	HARDWARE
122	KONAMI GAMING INC.	MO-73-KON-18-45	530733	530733	N/A	HARDWARE
123	KONAMI GAMING INC.	MO-73-KON-18-88	KGI_M619MPY022WD00	GAME PROGRAM	Solstice Celebration Triple Sparkle	PERSONALITY PGM

124	KONAMI GAMING INC.	MO-73-KON-18-89	KGI_M620MPY022WD00	GAME PROGRAM	Riches With Daikoku Triple Sparkle	PERSONALITY PGM
125	KONAMI GAMING INC.	PA-73-KON-18-01	310822	310822	N/A	HARDWARE
126	KONAMI GAMING INC.	PA-73-KON-18-01	310876	310876	N/A	HARDWARE
127	KONAMI GAMING INC.	PA-73-KON-18-01	310972	310972	N/A	HARDWARE
128	KONAMI GAMING INC.	PA-73-KON-18-01	530689	530689	N/A	HARDWARE
129	KONAMI GAMING INC.	PA-73-KON-18-01	530721	530721	N/A	HARDWARE
130	KONAMI GAMING INC.	PA-73-KON-18-01	530735	530735	N/A	HARDWARE
131	KONAMI GAMING INC.	PA-73-KON-18-01	Concerto OPUS - KGP OPUS	KGP OPUS	Concerto OPUS	MACHINE
132	MICRO GAME TECHNOLOGIES	SY-394-MRT-18-07	MGT.Interfaces.UIF.dll	4.6.2.1	N/A	KIOSK
133	MICRO GAME TECHNOLOGIES	SY-394-MRT-18-07	MGT.Interfaces.UIF.dll	4.6.2.1	N/A	KIOSK
134	The U.S. Playing Card Co.	RN-123-UPC-17-01	colla.exe	N/A	CASINO PLAYING CARD RANDOMIZATION AND VERIFICATION SYSTEM	RNG
135	The U.S. Playing Card Co.	RN-123-UPC-17-01	Quantis.dll	N/A	N/A	RNG

* - This will be approved on the successful completion of a 6 Month Trial Period - K.A.R. 112-107-3(i)

	<u>Manufacturer</u>	<u>Report Number</u>	<u>ID Number</u>	<u>Version</u>	<u>Game Name</u>	<u>Function</u>	<u>Replace With</u>	<u>Replaced By</u>
1	Aristocrat Technologies, Inc.	MO-73-ARI-18-65	1.02-66015	GEN8	Buffalo Max	PERSONALITY PGM	1.03-66015	02-Feb-19
2	Aristocrat Technologies, Inc.	MO-73-ARI-18-129	1.01-66295	GEN7/GEN8	Dragon's Riches	PERSONALITY PGM	1.01-66933	02-Feb-19
3	INCREDIBLE TECHNOLOG	MO-22-INT-18-11	G00338	01.02.39	SKY DRAGONS	PERSONALITY PGM	G00391	02-Feb-19
4	INCREDIBLE TECHNOLOG	MO-73-INT-18-09	G00268	01.01.42	Money Rain 2	PERSONALITY PGM	G00392	02-Feb-19
5	INCREDIBLE TECHNOLOG	MO-73-INT-18-30	G00347	01.01.27	BARS UP	PERSONALITY PGM	G00396	02-Feb-19

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Topeka, KS 66603



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Don Brownlee, Executive Director

Jeff Colyer, Governor

Boot Hill Casino Internal Control Amendments

January 11, 2019

<u>Item #/ (Description)</u>	<u>Regulation Waiver?</u>	<u>Regulation/IC Reference</u>	<u>Staff Recommendation</u>
BH529 – Table Games Tournaments	No	KAR 112-108-18 / IC 240.020	Approval



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: January 11, 2019

AGENDA ITEM: **Disciplinary Review Board Summary Proceeding Orders for:**
2018-2004 Kansas Star Casino, LLC
2018-2006 Sara Ann Wiebe
2018-2007 Jaron Russell Smith
2018-8003 JCM American Corporation d/b/a JCM Global

PRESENTER: None – Consent Agenda

ISSUE SUMMARY: Pursuant to K.A.R. 112-114-1 *et seq.*, the Kansas Racing and Gaming Commission’s Disciplinary Review Board (DRB) considered potential gaming regulation violations by licensees Sara Ann Wiebe, Jaron Russell Smith, facility manager Kansas Star Casino, LLC, and gaming supplier JCM American Corporation d/b/a JCM Global (JCM American Corp). A Summary Proceeding Order and Notice of Hearing and Right to Waive was issued to each.

2018-2004 Kansas Star Casino, LLC

Between January 2014 and October 2018, Kansas Star Casino employees from multiple departments did not maintain custody of and return sensitive keys to the key box on thirty-two occasions. Sensitive keys were taken off casino property on four occasions. Kansas Star Casino was ordered to pay a \$10,000.00 fine. Kansas Star Casino has stipulated to the above facts and waived the right to a hearing. Kansas Star Casino additionally submitted a written response entitled “Management Response.” See attached Summary Proceeding Order, Hearing Waiver, and Kansas Star Casino’s Management response.

2018-2006 Sara Ann Wiebe

On June 1, 2018, Sara Wiebe, a main bank cashier, was on duty at Kansas Star Casino. During her shift, Ms. Wiebe and security officer Jaron Smith checked out a sensitive dual-access key which gives access to cash and gaming tickets contained within self-redemption kiosks. After refilling one of the kiosks, Ms. Wiebe and Mr. Smith left the sensitive key in the lock on the outside of the kiosk. A patron saw the key and notified a nearby jewelry counter clerk who took the sensitive key to the main cage. The sensitive key was out of Ms. Wiebe’s and Mr. Smith’s custody for approximately seven minutes. Ms. Wiebe was ordered to serve a one-day suspension. Ms. Wiebe has stipulated to the above facts, waived the right to a hearing, and served the suspension. See attached Summary Proceeding Order and Hearing Waiver.

2018-2007 Jaron Russell Smith

On June 1, 2018, Jaron Smith, a security officer, was on duty at Kansas Star Casino. During his shift, Mr. Smith and main bank cashier Sara Wiebe checked out a sensitive dual-access key which gives access to cash and gaming tickets contained within a self-redemption kiosk. After refilling a kiosk, Mr. Smith and Ms. Wiebe left the sensitive key in the lock on the outside of the kiosk. A patron saw the key and notified a nearby jewelry counter clerk who took the sensitive key to the main cage. The sensitive key was out of Mr. Smith's and Ms. Wiebe's custody for approximately seven minutes. Mr. Smith was ordered to serve a one-day suspension. Mr. Smith has stipulated to the above facts, waived the right to a hearing, and served the suspension. See attached Summary Proceeding Order and Hearing Waiver.

2018-8003 JCM American Corporation d/b/a JCM Global

On February 12, 2018, KRGC agents received a package of EGM equipment sent by JCM American Corp. JCM American Corp's package contained sixty bill validator canister mounting brackets and thirty intelligent cash box conversion kits. JCM American Corp did not notify or receive approval from the KRGC before shipping this EGM equipment. JCM American Corp's Product Compliance and Contract Analyst admitted to releasing the shipment by mistake. JCM American Corp was ordered to pay a \$5,000.00 fine. JCM has stipulated to the above facts, waived the right to a hearing, and paid the fine. See attached Summary Proceeding Order and Hearing Waiver.

COMMISSION ACTION REQUIRED/REQUESTED: Accept the Hearing Waivers filed by Kansas Star Casino, LLC, Sara Wiebe, Jaron Smith, and JCM American Corp and uphold the DRB's Summary Proceeding Orders issued in KRGC Case No. 2018-2004, 2018-2006, 2018-2007, and 2018-8003.

STAFF RECOMMENDATIONS: Staff recommends the Commission accept the Hearing Waivers filed by Kansas Star Casino, LLC, Sara Wiebe, Jaron Smith, and JCM American Corp and uphold the DRB's findings of fact, conclusions of law, and sanctions issued in KRGC Case No. 2018-2004, 2018-2006, 2018-2007, and 2018-8003.

**STATE OF KANSAS
KANSAS RACING AND GAMING COMMISSION
700 SW HARRISON, SUITE 500
TOPEKA, KS 66603**

IN THE MATTER OF

KRGC Case No. 2018-2004

Kansas Star Casino, LLC, Respondent.

**SUMMARY PROCEEDING ORDER AND
NOTICE OF HEARING AND RIGHT TO WAIVE**

The Kansas Racing and Gaming Commission (KRGC), through its Disciplinary Review Board (DRB), hereby gives notice that Kansas Star Casino, LLC (Respondent), a lottery gaming facility manager, has violated KRGC regulations K.A.R. 112-104-34(a), 112-104-37(b), Kansas Star Casino Internal Control Security Sect. 3. A., and Kansas Star Casino Internal Control Security Sect. 3. D. by failing to control the custody and return of its sensitive keys:

FINDINGS OF FACT

1. Respondent was certified by the KRGC as a lottery gaming facility manager on December 12, 2011.
2. Between January 2014 and October 2018, Kansas Star Casino employees from multiple departments did not maintain custody of and return sensitive keys to the key box. A brief description of each incident follows:
 - a. 10/1/2018: Cage supervisor Stephanie Garrett left sensitive keys in a mobile bank.
 - b. 8/18/2018: Security officer Brian Wagoner did not notify the KRGC before he checked out the sensitive bill validator key for an emergency drop.
 - c. 6/27/2018: Cage supervisor Jenny Vigil left sensitive keys in a kiosk door.

- d. 6/1/2018: Security officer Jaron Smith and main banker Sara Wiebe left a dual-access sensitive key in a kiosk door. A patron told a jewelry counter clerk and the clerk returned the key to the cage.
- e. 5/31/2018: Cage cashier Ann Huff-Anderson left sensitive keys in the employee restroom.
- f. 4/7/2018: Slot technician Anthony Wise left sensitive keys in his locker.
- g. 3/7/2018: Slot technician Robert Clough left sensitive keys in his locker.
- h. 12/25/2017: Cage cashier Teresa Whiteman left sensitive keys in the employee restroom.
- i. 11/6/2017: Main bank cashier Grace Albers left sensitive keys in the main bank.
- j. 10/27/2017: Slot technician Robert Kolleck left sensitive keys in his locker.
- k. 10/3/2017: Lead count team member Sam Lyles left sensitive keys in the count room.
- l. 7/31/2017: Security officer James Fitz took sensitive keys off casino property.
- m. 6/4/2017: Slot technician Shane Voyles left sensitive keys in his locker.
- n. 6/4/2017: Slot supervisor Kelly Hegi left sensitive keys in the slot office.
- o. 4/24/2017: Cage cashier Jessica Swisher left sensitive keys in the employee dining room.
- p. 2/21/2017: Slot technician Adam Nighswonger left sensitive keys in his locker.

- q. 2/11/2017: Count team member Sam Lyles left a sensitive key in an EGM.
- r. 11/9/2016: Poker supervisor Calin Cramer took sensitive keys off casino property.
- s. 11/8/2016: Slot supervisor Kelly Hegi left sensitive keys in the slot office.
- t. 7/6/2016: Count team member Sam Lyles left sensitive keys in the count room.
- u. 6/6/2016: Slot supervisor Kelly Hegi left sensitive keys in the slot office.
- v. 5/29/2016: Slot manager Diana Crumpler left sensitive keys in the slot office.
- w. 4/17/2016: Pit manager Michael Burgess took sensitive keys off casino property.
- x. 3/28/2016: Slot technician Robert Clough left sensitive keys in his locker.
- y. 11/8/2015: Main bank cashier Tonya Voncannon took sensitive keys out of the casino during her break.
- z. 8/31/2015: Sensitive keys that had not been returned were discovered in the bottom of the key box.
- aa. 7/1/2015: Slot ambassador Tysha Keller dropped sensitive keys near an EGM and a patron picked up the keys to turn them into security.
- bb. 3/11/2015: Slot ambassador Nathan Brasher took sensitive keys off casino property.
- cc. 11/17/2014: Slot technician Shawn Westfall left sensitive keys in his locker.

- dd. 7/29/2014: Slot technician Shawn Westfall left sensitive keys in his locker.
 - ee. 1/16/2014: Slot technician Robert Clough left sensitive keys in his locker unsecured for 24 hours.
 - ff. 1/16/2014: Security supervisor Ryan Rhinehart failed to check the overdue key alerts, failed to notify the KRGC, and failed to write a security incident report regarding the missing sensitive keys.
3. The Kansas Star Casino security incident reports documenting these incidents in more detail are attached to this Summary Proceeding Order and incorporated herein by reference.
 4. KRGC agents conducted an audit of Respondent's keys and discovered that several keys did not activate the key alarm located at the employee entrance. The KRGC's Kansas Star Casino Key Audit is attached to this Summary Proceeding Order and incorporated herein by reference.
 5. K.A.R. 112-104-34(a) states: "Sensitive keys' shall mean those unlocking devices designated by the Kansas lottery, a facility manager, or the commission as important to preserving the security of the facility manager's business. Each facility manager shall control the storage, duplication, *custody, issuance, and return* of sensitive keys. . . ." (Emphasis added.)
 6. K.A.R. 112-104-34(b) states: "[s]ensitive keys may be further designated as 'critical.' Critical keys shall mean those unlocking devices that shall be maintained in a dual-lock box. If a critical key is lost or becomes missing, all locks that the key fits shall be changed within 24 hours."

7. In accordance with K.A.R. 112-104-34(a), Kansas Star Casino Internal Control Security Sect. 3. A. states:
 - “1. Kansas Star Casino exercises strict control over the storage, duplication, *custody, issuance, and return* of sensitive/critical keys.
 2. Keys classified as critical/sensitive are maintained in an electronically locked key box and if lost, missing or taken from the premises all locks the key fits will be immediately changed.” (Emphasis added.)
8. Kansas Star Casino treats all of its sensitive keys except one as critical keys and maintains both sensitive and critical keys in a dual-lock box.
9. K.A.R. 112-104-37(b) requires that “[e]ach individual who signs out a sensitive or critical key shall maintain custody of the key until the key is returned to the sensitive key or the critical key box. Keys may be passed only to count team leads and distributed to other count team members during bill validator drops and EGM drops. In the event of an emergency, illness, or injury rendering the individual incapable of returning the key, a supervisor may return the key with a notation on the sensitive key log.”
10. In accordance with K.A.R. 112-104-37(b), Kansas Star Casino Internal Control Security Sect. 3. D. states:
 - “3. The individual who accesses a sensitive or a critical sensitive key maintains custody of the key until the key is returned to the Key Box.
 4. The only keys which are passed to other individuals are the bill validator door and box release keys, which are issued to a Security Officer or above and passed on to a Lead Count Room Attendant or above.

5. If an emergency happens that renders an individual incapable of returning a key that he/she signed out, his/her supervisor may return the key. A Security Incident Report will be completed.”
11. K.A.R. 112-104-36(a) requires that “[e]ach facility manager shall maintain a current and accurate key access list for each sensitive or critical key. . . .”
12. Pursuant to K.A.R. 112-104-34(a), Kansas Star Casino maintains a Key Access List as part of its internal controls.
13. In all of the above-listed incidents, the keys at issue were designated by KRGC regulations and Kansas Star Casino as sensitive and/or critical keys and listed on Respondent’s Key Access List.
14. K.A.R. 112-113-1(a) states that “any . . . certificate holder . . . may be sanctioned for violating any provision of . . . these regulations . . . including a violation of any of the following: . . . (5) failing to follow the commission’s minimum internal control standards or the facility manager’s minimum internal control system. . . .”

CONCLUSIONS OF LAW

15. The conduct of a facility manager’s employees is imputed to the facility manager.
16. When multiple employees from multiple departments repeatedly failed to maintain custody of and return sensitive keys to the key box, Respondent failed to control the custody and return of its sensitive keys in violation of K.A.R. 112-104-34(a) and Kansas Star Casino Internal Control Security Sect. 3. A..
17. When Respondent’s employees left keys unattended and unsecured that later required other employees to return them to the key box, Respondent violated 112-104-37(b) and Kansas Star Casino Internal Control Security Sect. 3. D.

18. Repeated failure by multiple employees, including supervisory employees, to maintain custody of and return sensitive keys is evidence of widespread failure by Respondent's management and gaming operations personnel. Respondent has either failed to adequately train employees on what KRGC regulations and Kansas Star Casino internal controls require regarding sensitive keys or employees are knowingly disregarding those regulations and internal controls. In either scenario, Respondent is ultimately responsible for training its employees and enforcing the applicable rules and regulations.
19. Keys that leave casino property, are left unsecured outside the key box, or are passed off to unauthorized individuals are vulnerable to copying and tampering. Because Respondent's employees failed to keep custody of and return sensitive keys that gave access to cash, gaming chips, and gaming tickets, Respondent put gaming facility assets at risk.
20. Because Respondent's employees failed to keep custody of and return sensitive keys that gave access to table games cards and EGMs, Respondent compromised the integrity of gaming by creating the risk that lottery facility games would be tampered with to affect the outcome of games.

STATEMENT OF POLICY

Under the Kansas Expanded Lottery Act, the Kansas Racing and Gaming Commission is required to oversee the enforcement of state laws, enforcement of internal controls, and the credentialing of employees at Kansas lottery gaming facilities. The Kansas Expanded Lottery Act directed the Kansas Racing and Gaming Commission to adopt rules and regulations to oversee all lottery gaming facility operations. Pursuant to this mandate, the Kansas Racing and

Gaming Commission created regulations that subject a facility manager to sanctions when the lottery gaming facility's employees violate any provision of the Kansas Expanded Lottery Act, KRGC regulations, or a facility manager's internal controls.

By requiring lottery gaming facilities to adhere to KRGC regulations and the facility manager's internal controls, the Kansas Racing and Gaming Commission ensures the security of gaming facility assets and integrity of gaming. Regulations and internal controls regarding requirements for checking out, maintaining custody of, and returning sensitive and critical keys are integral to protecting gaming facility assets and ensuring the integrity of lottery facility games. When a facility manager fails to ensure that its employees are keeping custody of and returning sensitive keys, those keys can be taken by or passed off to unauthorized individuals who could tamper with or copy the keys in order to gain access to gaming facility assets or lottery facility games. Enforcement of these provisions is necessary to safeguard gaming facility assets and ensure the integrity of gaming in Kansas.

SANCTION

21. In accordance with K.A.R. 112-113-1(c), the DRB may consider certain factors in considering appropriate sanctions, including risk to the public and to the integrity of gaming operations created by the conduct of the certificate holder; the nature of the violation; culpability of the certificate holder; any justification or excuse for the conduct; the certificate holder's history with respect to compliance; and any corrective action taken. Moreover, K.A.R. 112-113-1(e) states "it shall be no absolute defense that the licensee [or] certificate holder . . . inadvertently, unintentionally, or unknowingly" committed a regulatory violation and "shall affect only the degree of the sanction to be imposed. . . ."

22. The DRB considers the following factors:
- a. Respondent has been certified as a gaming facility manager for approximately six years and eleven months.
 - b. Respondent's failure to control the custody and return of its sensitive keys endangered the security of gaming facility assets and compromised the integrity of gaming. Respondent's employees took keys off casino property and left keys unsecured that gave access to cash, gaming chips, and/or gaming tickets. Other unsecured or unreturned keys gave access to table games cards and EGM doors, which could be tampered with to affect the outcome of lottery facility games.
 - c. Respondent's key violations are widespread, repeated, and increasing. In 2014 and 2015, Respondent had four incidents of employees mishandling sensitive keys. In 2016, the number of incidents increased to seven. In 2017, the number of incidents increased again to ten. As of this Summary Proceeding Order, there have been seven incidents of employees mishandling sensitive keys in 2018.
 - d. There is no justification or excuse for the conduct. When there are multiple employees including supervisors from multiple departments spanning 32 incidents who fail to maintain custody of and return sensitive keys, there would appear to be a failure by the Respondent to train its employees and to enforce regulatory provisions and Kansas Star Casino policies regarding sensitive keys.
 - e. Respondent is directly culpable. Respondent has the ultimate duty to

control the issuance, custody, and return of its sensitive keys. Respondent has the duty to ensure all employees who have access to sensitive keys know and comply with regulatory requirements for securing sensitive keys.

- f. Respondent has previously committed regulatory violations in Kansas. Respondent has been issued a warning letter on one occasion, a monetary fine on one occasion, ordered to refund money to patrons on one occasion, and ordered to amend its internal controls on one occasion.
- g. Though sanctions have been issued to Respondent's employees for mishandling sensitive keys, the Respondent itself has not previously been sanctioned for failing to control the custody and return of its sensitive keys.

23. Based on the above-described findings of fact, conclusions of law, statement of policy, and sanction factors the DRB orders the Respondent to pay a \$10,000.00 fine.

24. Payment shall be sent to the following address:

Kansas Racing and Gaming Commission
Attn: Judith Taylor, General Counsel
700 SW Harrison, Suite 500
Topeka, KS 66603-3754

25. Respondent is further ordered to fix all issues identified in the attached KRGC Kansas Star Casino Key Audit and provide documentation describing those efforts.

26. Respondent is entitled to a hearing on the above matter, which Respondent may waive by signing and returning the enclosed Hearing Waiver to the KRGC by

mail, email, or fax. (See Notice of Hearing and Right to Waive below.)

27. If Respondent waives the right to a hearing, the \$10,000.00 fine must be paid within 30 days of this Order becoming final and effective, which would occur on January 11, 2019.
28. If Respondent does not pay the ordered fine within 30 days of this Order becoming final and effective, Respondent's certificate will be automatically indefinitely suspended at the end of the business day without further notification or action taken by the Commission until all terms of this Order are fulfilled and the Respondent's certificate is reinstated by the KRGC.
29. This Order shall become part of the Respondent's permanent KRGC licensing file.

ORDER

In accordance with the above-described findings of fact, conclusions of law, statement of policy, and sanction factors,

IT IS HEREBY ORDERED that the Kansas Racing and Gaming Commission issue a fine of \$10,000.00 to the Respondent.

IT IS SO ORDERED,



Don Brownlee, Executive Director
Disciplinary Review Board

NOTICE OF HEARING AND RIGHT TO WAIVE

Respondent is entitled to a hearing on the above matter. This right to a hearing may be waived at Respondent's option. (See instructions below for Waiving Right to a Hearing.)

Hearing - Presentation of Written Evidence:

Unless Respondent waives the right to a hearing, this matter will be presented to the Commission on **Friday January 11, 2019 at 10:00 a.m.** at the Eisenhower State Office Building, 700 SW Harrison, Suite 410, Topeka, KS 66603. (Date and location subject to change.)

Written evidence will be presented along with brief oral arguments by the agency and Respondent. Surveillance video may also be presented. Neither party will present live witness testimony at this time. Respondent is not required to be represented by counsel at this hearing, but may choose to do so at the Respondent's expense.

If Respondent does not appear at the hearing, a decision will be made on the evidence presented, and any decision will become final agency action. If Respondent has written evidence to present to the Commission, copies of all relevant written evidence must be sent (by mail, email, or fax) no later than December 28, 2018 to the address below.

Following arguments, the Commission will consider the arguments and evidence presented, and if the Commission determines no further evidence is necessary for a finding, the Commission will issue its Order. The Commission can uphold, overturn, or amend the Disciplinary Review Board's Summary Order. If the Commission determines further evidence is necessary for a finding, the case will be continued to the next commission meeting to allow for a full evidentiary hearing. If the Commission issues an Order without a full evidentiary hearing, the Respondent has an automatic right to a full evidentiary hearing where witness testimony will be taken. The right to a full evidentiary hearing may be waived by Respondent prior to the scheduled hearing (see Waiving Right to a Hearing below).

Full Evidentiary Hearing – Presentation of Witness Testimony:

The full evidentiary hearing with witnesses, if required, will be held at the regularly scheduled Commission meeting on Friday February 15, 2019 at 10:00 a.m. at the Eisenhower State Office Building, 700 SW Harrison, Suite 410, Topeka, KS 66603. (Date and location subject to change).

At this hearing, Respondent must be represented by counsel. Additionally, Respondent has the right to produce additional evidence and witnesses 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.

The Commission will issue a final Order either directly after deliberation or within 30 days of the hearing date. This Order will constitute final agency action and is subject to appeal under the Kansas Judicial Review Act. If Respondent does not appear at the hearing, a decision

will be made on the evidence presented, and any decision will become final agency action subject to appeal under the Kansas Judicial Review Act. The agency officer to receive service of any petition for judicial review on behalf of the Kansas Racing and Gaming Commission is Judith Taylor, General Counsel, at the address below. Any sanction imposed by the Order may be stayed pending appeal.

Respondent shall submit any additional exhibits and a witness list no later than February 1, 2019 to Judith Taylor, General Counsel, at the address below.

If a full evidentiary hearing is held, the hearing will be conducted in accordance with KRGc regulations. Regulations may be found at <http://www.krgc.ks.gov/index.php/racing-gaming-law/regulations/gaming-regulations/21-government/statute-regulations/30-article-114-rules-of-hearings>. (You may also request that a copy of the regulations be sent to you.)

Waiving Right to a Hearing:

Respondent may choose to waive the right to a hearing by signing and returning the enclosed Hearing Waiver (by fax, email, or mail) at the address below. If Respondent chooses to waive the right to a hearing, the above Order becomes final and effective on January 11, 2019 or on the day of waiver, whichever is later. The fine must be paid within 30 days of this Order becoming final.

Send all requests to appear by phone, hearing waivers, written exhibits, witness testimony lists, notices, and petitions for judicial review to:

Judith Taylor, General Counsel
700 SW Harrison, Suite 500
Topeka, KS 66603-3754
(785) 296-0900 (fax)
judy.taylor@krgc.ks.gov

CERTIFICATE OF SERVICE

I certify that on this 7th day of December, 2018, I served a copy of the above Summary Proceeding Order and Notice of Hearing and Right to Waive by email and U.S. Mail, first class postage prepaid, to the following addresses:

Kansas Star Casino, LLC
Attn: Jeff Babinski, General Manager
777 Kansas Star Drive
Mulvane, KS 67110
jeffreybabinski@boydgaming.com

James Adams
Vice President – Legal Affairs
Peninsula Gaming, LLC
600 Star Brewery Dr., Suite 110
Dubuque, IA 52001
jamesadams@boydgaming.com

John C. Frieden
Frieden, Unrein & Forbes LLP
1414 SW Ashworth Place, Suite 201
Topeka, KS 66604
jfrieden@fuflaw.com


Commission Representative

cc: KRGK Licensing File
Disciplinary Review Board Members
Harry Spencer, KRGK Supervisory Agent at Kansas Star Casino

STATE OF KANSAS
KANSAS RACING AND GAMING COMMISSION
700 SW HARRISON, SUITE 500
TOPEKA, KS 66603

IN THE MATTER OF

KRGC Case No. 2018-2004

Kansas Star Casino, LLC, Respondent.

HEARING WAIVER

I, Jeff Babinski, on behalf of the Respondent, stipulate to the Facts
(print name)
and Conclusions of Law as set forth in the Summary Proceeding Order and Notice of Hearing
and Right to Waive issued to Kansas Star Casino, LLC and therefore waive the right to a
hearing. Respondent agrees to pay the \$10,000.00 fine as ordered by the Disciplinary Review
Board.



Kansas Star Casino, LLC Representative
License No. 2010787

12/13/18

Date

KANSAS STAR

casino ★ hotel ★ event center

ALL. RIGHT. HERE.

Jeff Babinski
Vice President and General Manager
Kansas Star Casino - Hotel - Event Center
P 316-719-5013 | C 316-253-5654
777 Kansas Star Drive | Mulvane, KS 67110
jeffrehabinski@boydgaming.com

December 12, 2018

Via Email: Don.Brownlee@krgc.ks.gov

Don Brownlee, Executive Director
700 SW Harrison, Suite 500
Topeka, KS 66603

Re: KRGCC Case No. 2018-2004

Dear Mr. Brownlee,

This correspondence is provided in response to the Summary Proceeding Order received by Kansas Star Casino, LLC on December 7, 2018, notifying the property of apparent violations of KRGCC regulations K.A.R. 112-104-34(a), 112-104-37(b), Kansas Star Casino Internal Control Security Sect. 3. A., and Kansas Star Casino Internal Control Security Sect. 3. D. by failing to control the custody and return of its sensitive keys.

It should be noted that Kansas Star Casino takes its obligations under the Kansas Expanded Lottery Act, Kansas Racing and Gaming Commission Regulations, Respondent's Lottery Gaming Facility Contract, as well as our System of Internal Controls very seriously. Additionally, we require each and every team member to adhere to these obligations and to make a diligent effort to ensure compliance in all aspects of operations.

Kansas Star Casino has reviewed the Summary Proceeding Order in detail and in comparison to our records, the KRGCC regulations, and our System of Internal Controls. Based on our review, we are in agreement with the Facts and Conclusions of Law as set forth therein, and agree to pay the related \$10,000 fine as ordered by the Disciplinary Review Board. The attached Management Response provides additional clarification and perspective on the incident, along with detail of our corrective actions, which we believe are appropriate to reasonably assure proper sensitive key control and compliance going forward.

If you have questions regarding our response or if further discussion is needed, please do not hesitate to contact me at (316) 719-5013.

Sincerely,



Jeff Babinski

cc: Brian Larson, EVP, Secretary & General Counsel
Ted Bogich, EVP of Operations
Keith Henson, SVP of Operations
David Krasn, VP of Internal Audit
Rick Goldstein, Assistant General Manager
Michelle Rasmusson, Director of Regulatory Compliance
Shonda Larson, Compliance Manager
Judith Taylor, General Counsel, KRGCC

KANSAS STAR CASINO, LLC.
Detailed Response to Kansas Racing and Gaming Commission
Case No. 2018-2004

Management Response

Kansas Star Casino takes its obligations under the Kansas Expanded Lottery Act, Kansas Racing and Gaming Commission Regulations, Respondent's Lottery Gaming Facility Contract, as well as our System of Internal Controls very seriously. We are in agreement with the citation of KRGC regulations K.A.R. 112-104-34(a), 112-104-37(b), Kansas Star Casino Internal Control Security Sect. 3. A., and Kansas Star Casino Internal Control Security Sect. 3. D with regard to each of the noted sensitive key control incidents. However, we find it important to note that in relation to the total number of sensitive key transactions that took place during the review period, the error rate for the number of instances cited for violation is quite minimal.

For the period of January 2014 through December 2018, Kansas Star Casino employees performed a total of approximately 188,424 key issuance transactions, with only 32 transactions resulting in reported sensitive key control exceptions. This calculates to a transaction error rate of approximately 0.017%, which is rather reasonable when taking all factors into consideration. As such, we find the noted key control incidents to be isolated instances of human error, rather than an indication of any pervasive procedural concerns or weaknesses. Regardless, Kansas Star Casino strives for full compliance with all regulatory requirements, and accordingly we will implement the corrective actions noted below in an effort to achieve this objective.

Incident Summary

1. During the period of January 2014 through October 2018, there were 32 noted instances of key control exceptions by Kansas Star Casino employees with regards to maintaining proper control of sensitive keys.
2. During a December 2017 KRGC Kansas Star Casino Key Audit, it was noted that several sensitive key rings did not properly activate the key alarm sensor located at the employee entrance as required, due to battery failures in the sensor fobs.

Corrective Actions

Sensitive Key Storage in Employee Lockers Prohibited

Employees will be reminded that they are prohibited from temporarily storing assigned sensitive keys in their lockers at any time. Sensitive keys must remain in the assigned employee's custody at all times and must be returned to the electronic key box when going outside the casino or off property for any reason.

Additional Training

A read and sign memo reiterating Kansas Star Casino Internal Control Security Sect. 3.A and Kansas Star Casino Internal Control Security Sect. 3.D shall be issued to all gaming personnel with access to sensitive keys. The memo shall reiterate the strict control requirements over the custody, issuance, and return of sensitive keys.

Signage Reminders

Sensitive key signage reminders shall be placed by time clocks, the electronic key box, employee locker areas, the slot tech area, and the employee entrance to routinely remind employees of the strict control requirements over the custody, issuance, and return of sensitive keys.

Key Sensor System

The Security Department will continue to conduct a review of alarm fob battery levels on at least a monthly basis to ensure that the alarm fobs remain in proper working order and are replaced as needed.

**STATE OF KANSAS
KANSAS RACING AND GAMING COMMISSION
700 SW HARRISON, SUITE 500
TOPEKA, KS 66603**

IN THE MATTER OF

KRGC Case No. 2018-2006

Sara Ann Wiebe, Respondent.

**SUMMARY PROCEEDING ORDER AND
NOTICE OF HEARING AND RIGHT TO WAIVE**

The Kansas Racing and Gaming Commission (KRGC), through its Disciplinary Review Board (DRB), hereby gives notice that Sara Ann Wiebe (Respondent), a main bank cashier, has violated KRGC regulations K.A.R. 112-104-37(b) and Kansas Star Casino Internal Controls Security Sect. 3. D. 3. by failing to keep custody of a sensitive critical key:

FINDINGS OF FACT

1. On June 4, 2015, Respondent received a temporary occupation permit for a position as a main bank cashier from the KRGC. Respondent received a permanent level II gaming license on November 16, 2015, which is currently in active status.
2. On June 1, 2018, Respondent was on duty as a main bank cashier at Kansas Star Casino.
3. At approximately 10:00 a.m., Respondent and a security officer checked out dual-access key [REDACTED], which is named the [REDACTED] key, from the electronic dual-lock key box.
4. Key [REDACTED]
[REDACTED].
5. At approximately 10:13 a.m., Respondent and a security officer opened kiosk 7 to

refill it with currency. After completing the refill, Respondent locked kiosk 7 but left key [REDACTED] in the lock of the kiosk door.

6. Respondent and the security officer moved on to refill the next kiosk without key [REDACTED]. A patron then attempted to use kiosk 7 but could not because key [REDACTED] remained in the door. The patron notified a nearby jewelry counter clerk and the clerk took the key out of the kiosk's door then returned it to the main cage.
7. After the key was taken to the cage, Respondent and the security officer noticed that they did not have the key and returned to kiosk 7 to search for it.
8. At approximately 10:25 a.m., a lead cage cashier returned key [REDACTED] to Respondent and the security officer.
9. Key [REDACTED] was out of Respondent's custody for approximately seven minutes.
10. KRGC regulation K.A.R. 112-104-34(a) states: "Sensitive keys' shall mean those unlocking devices designated by the Kansas lottery, a facility manager, or the commission as important to preserving the security of the facility manager's business. Each facility manager shall control the storage, duplication, custody, issuance, and return of sensitive keys. . . ."
11. K.A.R. 112-104-34(b) states: "Sensitive keys may be further designated as 'critical.' Critical keys shall mean those unlocking devices that shall be maintained in a dual-lock box. If a critical key is lost or becomes missing, all locks that the key fits shall be changed within 24 hours. At a minimum, the following keys shall be deemed critical keys: . . . (7) the self-redemption or bill breaker kiosk key. . . ."
12. Pursuant to K.A.R. 112-104-34(a) & (b), Kansas Star Casino implemented Kansas

Star Casino Internal Controls Security Sect. 3. A. which states:

- “1. Kansas Star Casino exercises strict control over the storage, duplication, custody, issuance and return of sensitive/critical sensitive keys.
 2. Keys classified as critical/sensitive are maintained in an electronically locked key box . . .
 9. Critical sensitive keys are those unlocking devices that require a higher level of security. . . .
 11. The following are critical sensitive keys: . . . w. [REDACTED] . . . [REDACTED]”
13. Kansas Star Casino’s Key Access List lists key [REDACTED] as a dual access critical sensitive key. Kansas Star Casino’s Key Access List states: [REDACTED]
[REDACTED]
[REDACTED]
14. K.A.R. 112-104-37(b) requires that “[e]ach individual who signs out a sensitive key or a critical key *shall maintain custody of the key until the key is returned to the sensitive key or the critical key box.* . . . In the event of an emergency, illness, or injury rendering the individual incapable of returning the key, a supervisor may return the key with a notation on the sensitive key log.” (Emphasis added.)
15. Pursuant to K.A.R. 112-104-37(b), Kansas Star Casino implemented Kansas Star Casino Internal Controls Security Sect. 3. D. which states:
- “3. The individual who accesses a sensitive or critical sensitive key maintains custody of the key until the key is returned to the Key Box. . . .
 5. If an emergency happens that renders an individual incapable of returning

a key that he/she signed out, his/her supervisor may return the key. A Security Incident Report will be completed. . . .”

16. K.A.R. 112-113-1(a) states that “any licensee may be sanctioned for violating any provision of the . . . [KRGCC] regulations . . . including . . . [for] (5) failing to follow . . . the facility manager’s minimum internal control system. . . .”

CONCLUSIONS OF LAW

17. Pursuant to K.A.R. 112-104-34(b)(2), Kansas Star Casino Internal Controls Security Sect. 3. A. 11, and Kansas Star Casino’s Key Access List, key [REDACTED] is a sensitive critical key that must always be kept in the authorized employee’s custody when checked out until it is returned to Kansas Star Casino’s secure dual-lock key box.
18. Respondent violated K.A.R. 112-104-37(b) and Kansas Star Casino Internal Controls Security Sect. 3. D. 3. & 5., when Respondent left key [REDACTED] in the door of kiosk 7 thereby failing to keep custody of a sensitive critical key. As a result of Respondent’s actions, an unauthorized individual was able to gain custody of a sensitive critical key.
19. Sensitive keys that are left unsecured outside the key box are vulnerable to copying and tampering. Because Respondent left unattended a sensitive critical key which gave access to [REDACTED] containing cash and gaming tickets, Respondent put gaming facility assets at risk.

STATEMENT OF POLICY

Under the Kansas Expanded Lottery Act, the Kansas Racing and Gaming Commission is required to oversee the enforcement of state laws, enforcement of internal controls, and the

credentialing of employees at Kansas lottery gaming facilities. The Kansas Expanded Lottery Act directed the Kansas Racing and Gaming Commission to adopt rules and regulations to oversee all lottery gaming facility operations. Pursuant to this mandate, the Kansas Racing and Gaming Commission created regulations that subject a licensee to sanctions, including license suspension or revocation, when the licensee violates any provision of the Kansas Expanded Lottery Act, KRGC regulations, or a facility manager's internal controls.

By requiring licensees to adhere to KRGC regulations and the facility manager's internal controls, the Kansas Racing and Gaming Commission ensures the security of gaming facilities in Kansas. Regulations and internal controls regarding requirements for maintaining custody of sensitive and critical keys are integral to protecting gaming facility assets. When a licensee fails to maintain custody of a sensitive critical key, that key is no longer secure and could be taken by unauthorized individuals to copy or tamper with the key in order to gain access to gaming facility assets. Enforcement of these provisions is necessary to safeguard gaming facility assets and ensure the integrity of gaming in Kansas.

SANCTION

20. In accordance with K.A.R. 112-113-1(c), the DRB may consider certain factors in considering appropriate sanctions, including risk to the public and to the integrity of gaming operations created by the conduct of the licensee; the nature of the violation; culpability of the licensee; any justification or excuse for the conduct; the licensee's history with respect to compliance; and corrective action taken by the licensee. Moreover, K.A.R. 112-113-1(e) states "it shall be no absolute defense that the licensee . . . inadvertently, unintentionally, or unknowingly" committed a regulatory violation and "shall affect only the degree of the sanction

to be imposed. . . .”

21. The DRB considers the following factors:
 - a. Respondent had been employed as a main bank cashier for approximately three years at the time of this incident.
 - b. Respondent’s actions posed a risk to the security of gaming facility assets.
 - c. There is no justification or excuse for the conduct. There was no emergency or other extraordinary circumstance which caused Respondent to leave the key unattended.
 - d. Respondent is directly culpable. As one of the two authorized employees who checked out the dual-access key, Respondent was responsible for maintaining custody of the sensitive critical key until it was returned to the key box and Respondent failed to do so.
 - e. Respondent took some corrective action. Respondent and the security officer realized they no longer had the key after a couple minutes and returned to find it. However, in the short time Respondent left the key unattended, an unauthorized person was able to take the key out of the kiosk door and return it to the main cage.
 - f. Respondent has no previous regulatory violations.
22. Based on the above-described findings of fact, conclusions of law, statement of policy, and sanction factors the DRB orders the Respondent to serve a one-day unpaid suspension. The one-day suspension shall total 8 hours. The date of the one-day unpaid suspension shall be determined by the KRGC supervising enforcement agent for the gaming facility where Respondent is employed.

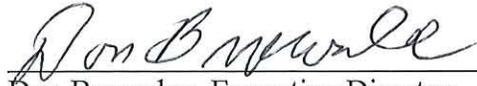
23. Respondent is entitled to a hearing on the above matter, which Respondent may waive by signing and returning the enclosed Hearing Waiver to the KRGC by mail, email, or fax. (See Notice of Hearing and Right to Waive below.)
24. If Respondent waives the right to a hearing, the one-day unpaid suspension must be served within 30 days of this Order becoming final and effective, which would occur on January 11, 2019.
25. Once the suspension is served, Respondent must also send a timesheet showing the suspension occurred to the KRGC by mail, email, or fax to the address listed below within 30 days of this Order becoming final and effective.
26. If Respondent does not serve the ordered one-day unpaid suspension or does not send a timesheet showing the suspension occurred within 30 days of this Order becoming final and effective, Respondent's license will be automatically indefinitely suspended at the end of the business day without further notification or action taken by the Commission until all terms of this Order are fulfilled and the Respondent's license is reinstated by the KRGC.
27. This Order shall become part of Respondent's permanent KRGC licensing file.

ORDER

In accordance with the above-described findings of fact, conclusions of law, statement of policy, and sanction factors,

IT IS HEREBY ORDERED that the Kansas Racing and Gaming Commission suspend Respondent's license for one day.

IT IS SO ORDERED,

A handwritten signature in cursive script, appearing to read "Don Brownlee", is written over a horizontal line.

Don Brownlee, Executive Director
Disciplinary Review Board

NOTICE OF HEARING AND RIGHT TO WAIVE

Respondent is entitled to a hearing on the above matter. This right to a hearing may be waived at Respondent's option. (See instructions below for Waiving Right to a Hearing.)

Hearing - Presentation of Written Evidence:

Unless Respondent waives the right to a hearing, this matter will be presented to the Commission on **Friday January 11, 2019 at 10:00 am** at the Eisenhower State Office Building, 700 SW Harrison, Suite 410, Topeka, KS 66603. (Date and location subject to change.)

Written evidence will be presented along with brief oral arguments by the agency and Respondent. Surveillance video may also be presented. Neither party will present live witness testimony at this time. Respondent has the right to be represented by counsel at the Respondent's expense.

If Respondent does not appear at the hearing, a decision will be made on the evidence presented, and any decision will become final agency action. If Respondent has written evidence to present to the Commission, copies of all relevant written evidence must be sent (by mail, email, or fax) no later than December 28, 2018 to the address below.

Following arguments, the Commission will consider the arguments and evidence presented, and if the Commission determines no further evidence is necessary for a finding, the Commission will issue its Order. The Commission can uphold, overturn, or amend the Disciplinary Review Board's Summary Order. If the Commission determines further evidence is necessary for a finding, the case will be continued to the next commission meeting to allow for a full evidentiary hearing. If the Commission issues an Order without a full evidentiary hearing, the Respondent has an automatic right to a full evidentiary hearing where witness testimony will be taken. The right to a full evidentiary hearing may be waived by Respondent prior to the scheduled hearing (see Waiving Right to a Hearing below).

Full Evidentiary Hearing – Presentation of Witness Testimony:

The full evidentiary hearing with witnesses, if required, will be held at the regularly scheduled Commission meeting on Friday February 15, 2019 at 10:00 am at the Eisenhower State Office Building, 700 SW Harrison, Suite 410, Topeka, KS 66603. (Date and location subject to change.)

At this hearing, Respondent has the right to produce additional evidence and witnesses 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.

The Commission will issue a final Order either directly after deliberation or within 30 days of the hearing date. This Order will constitute final agency action and is subject to appeal under the Kansas Judicial Review Act. If Respondent does not appear at the hearing in person or

by phone, a decision will be made on the evidence presented, and any decision will become final agency action subject to appeal under the Kansas Judicial Review Act. The agency officer to receive service of any petition for judicial review on behalf of the Kansas Racing and Gaming Commission is Judith Taylor, General Counsel, at the address below. Any sanction imposed by the Order may be stayed pending appeal.

Respondent shall submit any additional exhibits and a witness list no later than February 1, 2019 to Judith Taylor, General Counsel, at the address below.

If a full evidentiary hearing is held, the hearing will be conducted in accordance with KRGC regulations. Regulations may be found at <http://www.krgc.ks.gov/index.php/racing-gaming-law/regulations/gaming-regulations/21-government/statute-regulations/30-article-114-rules-of-hearings>. (You may also request that a copy of the regulations be sent to you.)

Appearing by Phone:

Respondent is expected to appear in person for all hearings. Respondent *may* be allowed to appear by phone, at the Commission's discretion, upon written request (by mail, email, or fax) to the address below no later than five days prior to the hearing. If allowed to appear by phone, KRGC will *not* be responsible for sound quality issues that arise from Respondent's use of a cell phone, voice-over-internet (VOIP) connection, or other non-landline phone connection. Sound quality issues could affect the Commission's ability to understand Respondent's testimony, thus every effort to appear in person should be made.

Waiving Right to a Hearing:

Respondent may choose to waive the right to a hearing by signing and returning the enclosed Hearing Waiver (by fax, email, or mail) at the address below. If Respondent chooses to waive the right to a hearing, the above Order becomes final and effective on January 11, 2019 or on the day of waiver, whichever is later. The suspension must be served within 30 days of this Order becoming final.

Send all requests to appear by phone, hearing waivers, written exhibits, witness testimony lists, notices, and petitions for judicial review to:

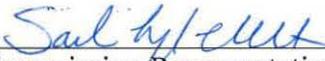
Judith Taylor, General Counsel
700 SW Harrison, Suite 500
Topeka, KS 66603-3754
(785) 296-0900 (fax)
judy.taylor@krgc.ks.gov

Nothing stated herein precludes Respondent from entering into informal settlement negotiations which could make a hearing unnecessary. To discuss your case, you may contact Michelle Neis, Enforcement Attorney, at 785-296-5800 or by email at michelle.neis@krgc.ks.gov.

CERTIFICATE OF SERVICE

I certify that on this 16th day of November, 2018 (date of service), I served a copy of the above Summary Proceeding Order and Notice of Hearing and Right to Waive on the following by U.S. Mail, first class postage prepaid, addressed to:

Sara Ann Wiebe
10606 Westport
Wichita, KS 67212



Commission Representative

cc: KRGC Licensing File
Disciplinary Review Board Members
Harry Spencer, KRGC Supervisory Agent at Kansas Star Casino
Jeff Babinski, Kansas Star Casino General Manager
Kansas Star Casino Human Resource Department

STATE OF KANSAS
KANSAS RACING AND GAMING COMMISSION
700 SW HARRISON, SUITE 500
TOPEKA, KS 66603

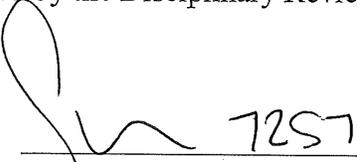
IN THE MATTER OF

KRGC Case No. 2018-2006

Sara Ann Wiebe, Respondent.

HEARING WAIVER

I, Sara Ann Wiebe, stipulate to the Facts and Conclusions of Law as
(print name)
set forth in the Summary Proceeding Order and Notice of Hearing and Right to Waive issued to
me and therefore waive my right to a hearing. I agree to serve the one-day unpaid suspension as
ordered by the Disciplinary Review Board.



Sara Ann Wiebe
License No. 2007257

11/29/18

Date

**STATE OF KANSAS
KANSAS RACING AND GAMING COMMISSION
700 SW HARRISON, SUITE 500
TOPEKA, KS 66603**

IN THE MATTER OF

KRGC Case No. 2018-2007

Jaron Russell Smith, Respondent.

**SUMMARY PROCEEDING ORDER AND
NOTICE OF HEARING AND RIGHT TO WAIVE**

The Kansas Racing and Gaming Commission (KRGC), through its Disciplinary Review Board (DRB), hereby gives notice that Jaron Russell Smith (Respondent), a security officer, has violated KRGC regulations K.A.R. 112-104-37(b) and Kansas Star Casino Internal Controls Security Sect. 3. D. 3. by failing to keep custody of a sensitive critical key:

FINDINGS OF FACT

1. On October 12, 2016, Respondent received a temporary occupation permit for a position as a security officer from the KRGC. Respondent received a permanent level II gaming license on May 26, 2017, which is currently in active status.
2. On June 1, 2018, Respondent was on duty as a security officer at Kansas Star Casino.
3. At approximately 10:00 a.m., Respondent and a main bank cashier checked out dual-access key [REDACTED], which is named the [REDACTED] key, from the electronic dual-lock key box.
4. Key [REDACTED]
[REDACTED].
5. At approximately 10:13 a.m., Respondent and a main bank cashier opened kiosk 7 to refill it with currency. After completing the refill, the main bank cashier locked

kiosk 7 but left key [REDACTED] in the lock of the kiosk door. Respondent did not notice that the key remained in the kiosk door.

6. Respondent and the main bank cashier moved on to refill the next kiosk without key [REDACTED]. A patron then attempted to use kiosk 7 but could not because key [REDACTED] remained in the door. The patron notified a nearby jewelry counter clerk and the clerk took the key out of the kiosk's door then returned it to the main cage.
7. After the key was taken to the cage, Respondent and the main bank cashier noticed that they did not have the key and returned to kiosk 7 to search for it.
8. At approximately 10:25 a.m., a lead cage cashier returned key [REDACTED] to Respondent and the main bank cashier.
9. Key [REDACTED] was out of Respondent's custody for approximately seven minutes.
10. KRGC regulation K.A.R. 112-104-34(a) states: "'Sensitive keys' shall mean those unlocking devices designated by the Kansas lottery, a facility manager, or the commission as important to preserving the security of the facility manager's business. Each facility manager shall control the storage, duplication, custody, issuance, and return of sensitive keys. . . ."
11. K.A.R. 112-104-34(b) states: "Sensitive keys may be further designated as 'critical.' Critical keys shall mean those unlocking devices that shall be maintained in a dual-lock box. If a critical key is lost or becomes missing, all locks that the key fits shall be changed within 24 hours. At a minimum, the following keys shall be deemed critical keys: . . . (7) the self-redemption or bill breaker kiosk key. . . ."

12. Pursuant to K.A.R. 112-104-34(a) & (b), Kansas Star Casino implemented Kansas Star Casino Internal Controls Security Sect. 3. A. which states:
- “1. Kansas Star Casino exercises strict control over the storage, duplication, custody, issuance and return of sensitive/critical sensitive keys.
2. Keys classified as critical/sensitive are maintained in an electronically locked key box . . .
9. Critical sensitive keys are those unlocking devices that require a higher level of security. . . .
11. The following are critical sensitive keys: . . . w. [REDACTED]
[REDACTED]. . . .”
13. Kansas Star Casino’s Key Access List lists key [REDACTED] as a dual access critical sensitive key. Kansas Star Casino’s Key Access List states: [REDACTED]
[REDACTED]
[REDACTED]
14. K.A.R. 112-104-37(b) requires that “[e]ach individual who signs out a sensitive key or a critical key *shall maintain custody of the key until the key is returned to the sensitive key or the critical key box.* . . . In the event of an emergency, illness, or injury rendering the individual incapable of returning the key, a supervisor may return the key with a notation on the sensitive key log.” (Emphasis added.)
15. Pursuant to K.A.R. 112-104-37(b), Kansas Star Casino implemented Kansas Star Casino Internal Controls Security Sect. 3. D. which states:
- “3. The individual who accesses a sensitive or critical sensitive key maintains custody of the key until the key is returned to the Key Box. . . .

5. If an emergency happens that renders an individual incapable of returning a key that he/she signed out, his/her supervisor may return the key. A Security Incident Report will be completed. . . .”
16. K.A.R. 112-113-1(a) states that “any licensee may be sanctioned for violating any provision of the . . . [KRGCC] regulations . . . including . . . [for] (5) failing to follow . . . the facility manager’s minimum internal control system. . . .”

CONCLUSIONS OF LAW

17. Pursuant to K.A.R. 112-104-34(b)(2), Kansas Star Casino Internal Controls Security Sect. 3. A. 11, and Kansas Star Casino’s Key Access List, key [REDACTED] is a sensitive critical key that must always be kept in the authorized employee’s custody when checked out until it is returned to Kansas Star Casino’s secure dual-lock key box.
18. Respondent violated K.A.R. 112-104-37(b) and Kansas Star Casino Internal Controls Security Sect. 3. D. 3. & 5., when Respondent left key [REDACTED] in the door of kiosk 7 thereby failing to keep custody of a sensitive critical key. As a result of Respondent’s actions, an unauthorized individual was able to gain custody of a sensitive critical key.
19. Sensitive keys that are left unsecured outside the key box are vulnerable to copying and tampering. Because Respondent left unattended a sensitive critical key which gave access to [REDACTED] containing cash and gaming tickets, Respondent put gaming facility assets at risk.

STATEMENT OF POLICY

Under the Kansas Expanded Lottery Act, the Kansas Racing and Gaming Commission is

required to oversee the enforcement of state laws, enforcement of internal controls, and the credentialing of employees at Kansas lottery gaming facilities. The Kansas Expanded Lottery Act directed the Kansas Racing and Gaming Commission to adopt rules and regulations to oversee all lottery gaming facility operations. Pursuant to this mandate, the Kansas Racing and Gaming Commission created regulations that subject a licensee to sanctions, including license suspension or revocation, when the licensee violates any provision of the Kansas Expanded Lottery Act, KRGC regulations, or a facility manager's internal controls.

By requiring licensees to adhere to KRGC regulations and the facility manager's internal controls, the Kansas Racing and Gaming Commission ensures the security of gaming facilities in Kansas. Regulations and internal controls regarding requirements for maintaining custody of sensitive and critical keys are integral to protecting gaming facility assets. When a licensee fails to maintain custody of a sensitive critical key, that key is no longer secure and could be taken by unauthorized individuals to copy or tamper with the key in order to gain access to gaming facility assets. Enforcement of these provisions is necessary to safeguard gaming facility assets and ensure the integrity of gaming in Kansas.

SANCTION

20. In accordance with K.A.R. 112-113-1(c), the DRB may consider certain factors in considering appropriate sanctions, including risk to the public and to the integrity of gaming operations created by the conduct of the licensee; the nature of the violation; culpability of the licensee; any justification or excuse for the conduct; the licensee's history with respect to compliance; and corrective action taken by the licensee. Moreover, K.A.R. 112-113-1(e) states "it shall be no absolute defense that the licensee . . . inadvertently, unintentionally, or unknowingly"

committed a regulatory violation and “shall affect only the degree of the sanction to be imposed. . . .”

21. The DRB considers the following factors:
 - a. Respondent had been employed as a security officer for approximately one year and eight months at the time of this incident.
 - b. Respondent’s actions posed a risk to the security of gaming facility assets.
 - c. There is no justification or excuse for the conduct. There was no emergency or other extraordinary circumstance which caused Respondent to leave the key unattended.
 - d. Respondent is directly culpable. As one of the two authorized employees who checked out the dual-access key, Respondent was responsible for maintaining custody of the sensitive critical key until it was returned to the key box and Respondent failed to do so.
 - e. Respondent took some corrective action. Respondent and the main bank cashier realized they no longer had the key after a couple minutes and returned to find it. However, in the short time Respondent left the key unattended, an unauthorized person was able to take the key out of the kiosk door and return it to the main cage.
 - f. Respondent has no previous regulatory violations.
22. Based on the above-described findings of fact, conclusions of law, statement of policy, and sanction factors the DRB orders the Respondent to serve a one-day unpaid suspension. The one-day suspension shall total 8 hours. The date of the one-day unpaid suspension shall be determined by the KRGC supervising

- enforcement agent for the gaming facility where Respondent is employed.
23. Respondent is entitled to a hearing on the above matter, which Respondent may waive by signing and returning the enclosed Hearing Waiver to the KRGC by mail, email, or fax. (See Notice of Hearing and Right to Waive below.)
 24. If Respondent waives the right to a hearing, the one-day unpaid suspension must be served within 30 days of this Order becoming final and effective, which would occur on January 11, 2019.
 25. Once the suspension is served, Respondent must also send a timesheet showing the suspension occurred to the KRGC by mail, email, or fax to the address listed below within 30 days of this Order becoming final and effective.
 26. If Respondent does not serve the ordered one-day unpaid suspension or does not send a timesheet showing the suspension occurred within 30 days of this Order becoming final and effective, Respondent's license will be automatically indefinitely suspended at the end of the business day without further notification or action taken by the Commission until all terms of this Order are fulfilled and the Respondent's license is reinstated by the KRGC.
 27. This Order shall become part of Respondent's permanent KRGC licensing file.

ORDER

In accordance with the above-described findings of fact, conclusions of law, statement of policy, and sanction factors,

IT IS HEREBY ORDERED that the Kansas Racing and Gaming Commission suspend Respondent's license for one day.

IT IS SO ORDERED,

A handwritten signature in cursive script, appearing to read "Don Brownlee".

Don Brownlee, Executive Director
Disciplinary Review Board

NOTICE OF HEARING AND RIGHT TO WAIVE

Respondent is entitled to a hearing on the above matter. This right to a hearing may be waived at Respondent's option. (See instructions below for Waiving Right to a Hearing.)

Hearing - Presentation of Written Evidence:

Unless Respondent waives the right to a hearing, this matter will be presented to the Commission on **Friday January 11, 2019 at 10:00 am** at the Eisenhower State Office Building, 700 SW Harrison, Suite 410, Topeka, KS 66603. (Date and location subject to change.)

Written evidence will be presented along with brief oral arguments by the agency and Respondent. Surveillance video may also be presented. Neither party will present live witness testimony at this time. Respondent has the right to be represented by counsel at the Respondent's expense.

If Respondent does not appear at the hearing, a decision will be made on the evidence presented, and any decision will become final agency action. If Respondent has written evidence to present to the Commission, copies of all relevant written evidence must be sent (by mail, email, or fax) no later than December 28, 2018 to the address below.

Following arguments, the Commission will consider the arguments and evidence presented, and if the Commission determines no further evidence is necessary for a finding, the Commission will issue its Order. The Commission can uphold, overturn, or amend the Disciplinary Review Board's Summary Order. If the Commission determines further evidence is necessary for a finding, the case will be continued to the next commission meeting to allow for a full evidentiary hearing. If the Commission issues an Order without a full evidentiary hearing, the Respondent has an automatic right to a full evidentiary hearing where witness testimony will be taken. The right to a full evidentiary hearing may be waived by Respondent prior to the scheduled hearing (see Waiving Right to a Hearing below).

Full Evidentiary Hearing – Presentation of Witness Testimony:

The full evidentiary hearing with witnesses, if required, will be held at the regularly scheduled Commission meeting on Friday February 15, 2019 at 10:00 am at the Eisenhower State Office Building, 700 SW Harrison, Suite 410, Topeka, KS 66603. (Date and location subject to change.)

At this hearing, Respondent has the right to produce additional evidence and witnesses 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.

The Commission will issue a final Order either directly after deliberation or within 30 days of the hearing date. This Order will constitute final agency action and is subject to appeal under the Kansas Judicial Review Act. If Respondent does not appear at the hearing in person or

by phone, a decision will be made on the evidence presented, and any decision will become final agency action subject to appeal under the Kansas Judicial Review Act. The agency officer to receive service of any petition for judicial review on behalf of the Kansas Racing and Gaming Commission is Judith Taylor, General Counsel, at the address below. Any sanction imposed by the Order may be stayed pending appeal.

Respondent shall submit any additional exhibits and a witness list no later than February 1, 2019 to Judith Taylor, General Counsel, at the address below.

If a full evidentiary hearing is held, the hearing will be conducted in accordance with KRGC regulations. Regulations may be found at <http://www.krgc.ks.gov/index.php/racing-gaming-law/regulations/gaming-regulations/21-government/statute-regulations/30-article-114-rules-of-hearings>. (You may also request that a copy of the regulations be sent to you.)

Appearing by Phone:

Respondent is expected to appear in person for all hearings. Respondent *may* be allowed to appear by phone, at the Commission's discretion, upon written request (by mail, email, or fax) to the address below no later than five days prior to the hearing. If allowed to appear by phone, KRGC will *not* be responsible for sound quality issues that arise from Respondent's use of a cell phone, voice-over-internet (VOIP) connection, or other non-landline phone connection. Sound quality issues could affect the Commission's ability to understand Respondent's testimony, thus every effort to appear in person should be made.

Waiving Right to a Hearing:

Respondent may choose to waive the right to a hearing by signing and returning the enclosed Hearing Waiver (by fax, email, or mail) at the address below. If Respondent chooses to waive the right to a hearing, the above Order becomes final and effective on January 11, 2019 or on the day of waiver, whichever is later. The suspension must be served within 30 days of this Order becoming final.

Send all requests to appear by phone, hearing waivers, written exhibits, witness testimony lists, notices, and petitions for judicial review to:

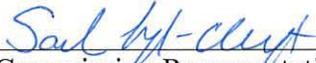
Judith Taylor, General Counsel
700 SW Harrison, Suite 500
Topeka, KS 66603-3754
(785) 296-0900 (fax)
judy.taylor@krgc.ks.gov

Nothing stated herein precludes Respondent from entering into informal settlement negotiations which could make a hearing unnecessary. To discuss your case, you may contact Michelle Neis, Enforcement Attorney, at 785-296-5800 or by email at michelle.neis@krgc.ks.gov.

CERTIFICATE OF SERVICE

I certify that on this 16th day of November, 2018 (date of service), I served a copy of the above Summary Proceeding Order and Notice of Hearing and Right to Waive on the following by U.S. Mail, first class postage prepaid, addressed to:

Jaron Russell Smith
3540 N Maize Rd. #1808
Wichita, KS 67205



Commission Representative

cc: KRGC Licensing File
Disciplinary Review Board Members
Harry Spencer, KRGC Supervisory Agent at Kansas Star Casino
Jeff Babinski, Kansas Star Casino General Manager
Kansas Star Casino Human Resource Department

STATE OF KANSAS
KANSAS RACING AND GAMING COMMISSION
700 SW HARRISON, SUITE 500
TOPEKA, KS 66603

IN THE MATTER OF

KRGC Case No. 2018-2007

Jaron Russell Smith, Respondent.

HEARING WAIVER

I, Jaron Smith, stipulate to the Facts and Conclusions of Law as
(print name)
set forth in the Summary Proceeding Order and Notice of Hearing and Right to Waive issued to
me and therefore waive my right to a hearing. I agree to serve the one-day unpaid suspension as
ordered by the Disciplinary Review Board.

Jaron Smith 8634
Jaron Russell Smith
License No. 2008634

11-24-18
Date

**STATE OF KANSAS
KANSAS RACING AND GAMING COMMISSION
700 SW HARRISON, SUITE 500
TOPEKA, KS 66603**

IN THE MATTER OF

KRGC Case No. 2018-8003

**JCM American Corporation d/b/a
JCM Global, Respondent.**

**SUMMARY PROCEEDING ORDER AND
NOTICE OF HEARING AND RIGHT TO WAIVE**

The Kansas Racing and Gaming Commission (KRGC), through its Disciplinary Review Board (DRB), hereby gives notice that JCM American Corporation d/b/a JCM Global (Respondent), a gaming supplier, has violated KRGC regulations K.A.R. 112-100-4, K.A.R. 112-102-8(b)(3), K.A.R. 112-113-1(a), and 112-107-5(a) by shipping unapproved electronic gaming machine (EGM) equipment to Hollywood Casino:

FINDINGS OF FACT

1. On October 19, 2011, Respondent received a temporary gaming supplier permit from the KRGC. On January 17, 2014, Respondent received its permanent gaming supplier certification, which is currently in active status.
2. On February 12, 2018, KRGC agents at Hollywood Casino received a package of EGM equipment shipped by the Respondent.
3. Respondent's package contained two thirty-packs of bill validator canister mounting brackets, which are used to handle bill validator canisters, and one thirty-pack of intelligent cash box conversion kits, which record bill validator canister activity including the amount of cash and gaming tickets that are inserted into the EGM.

4. Respondent did not notify the KRGC that they intended to ship the above-listed EGM equipment to Hollywood Casino.
5. Respondent did not receive approval from the KRGC to ship the above-listed EGM equipment to Hollywood Casino.
6. When a KRGC agent contacted Respondent regarding the shipment, Respondent's Product Compliance and Contract Analyst Kathy Haynes wrote: "OH NO!! I very much apologize – **this was my error** – I released it by mistake. I thought I had sent the notification. I am so very sorry – will not happen again – PROMISE!!" (Emphasis in original.)
7. K.A.R. 112-100-4 states: "[e]ach . . . certificate holder . . . shall be responsible for knowing and complying with the applicable provisions of the [Kansas expanded lottery] act [KELA], these regulations, and each amendment to the law or regulations relating to the certificate. . . ."
8. K.A.R. 112-102-8(b) states: ". . . a certificate holder may be sanctioned by the commission . . . if the certificate holder . . . (3) has violated any provision of [KELA] or any regulation adopted under [KELA]. . . ."
9. K.A.R. 112-113-1(a) states: "[a]ny . . . certificate holder . . . may be sanctioned for violating any provision of [KELA], [KRGC] regulations, or any other law that directly or indirectly affects the integrity of gaming in Kansas. . . ."
10. K.A.R. 112-107-5(a) states: "[t]he transportation of any LFG [lottery facility game] into or out of this state shall be approved *in advance* by the executive director. The person causing the LFG to be transported or moved shall notify the executive director of the proposed importation or exportation at least 15 days

before the LFG is moved. . . .” (Emphasis added.)

11. To assist gaming suppliers with complying with K.A.R. 112-107-5(a), the KRGC posted a document on its website in August 2017 entitled: “KRGC Shipping Requirements for EGMs, Components, and Associated Hardware and Software” (KRGC Shipping Requirements).
12. The KRGC Shipping Requirements document states:
 - “1. All shipping of EGMs, EGM components, and associated hardware and/or software must be approved prior to shipment. . . .
 2. KRGC must be notified at least 15 days prior to shipping date unless vendor requests a waiver of 15 day requirement to accommodate casino needs. . . .
12. All shipping requests must be sent through: krgcshipping@krgc.ks.gov.”

CONCLUSIONS OF LAW

13. Pursuant to K.A.R. 112-100-4, Respondent (as a gaming supplier certificate holder) has the duty to know and comply with all applicable provisions of the Kansas Expanded Lottery Act and KRGC regulations.
14. K.A.R. 112-102-8(b) and K.A.R. 112-113-1(a) provide that the Respondent (as a gaming supplier certificate holder) and its employees (as licensees) can be sanctioned for violating any applicable provision of the Kansas Expanded Lottery Act or KRGC regulations. KRGC regulations set forth specific requirements the Respondent must abide by to guarantee the integrity of all lottery facility games operating within the state of Kansas.
15. K.A.R. 112-107-5(a) requires that Respondent notify and receive advance

approval from the KRGC before shipping lottery facility games, including EGMs, into Kansas. Because EGM equipment is part of a lottery facility game, Respondent is required to notify the KRGC at least fifteen days in advance and receive approval before shipping EGM equipment to a Kansas lottery gaming facility. This regulatory requirement exists so that the KRGC can verify that only EGMs which have proven to operate fairly and accurately are played by the public in Kansas. When Respondent fails to fulfill these requirements, incorrect or defective EGM equipment could be placed into play directly impacting members of the public and putting the integrity of gaming in Kansas at risk.

16. Because Respondent had a duty to notify the KRGC before shipping the EGM equipment, Respondent violated K.A.R. 112-107-5(a) when Respondent shipped two thirty-packs of bill validator canister mounting brackets and one thirty-pack of intelligent cash box conversion kits to Hollywood Casino without notification to or approval from the KRGC.

STATEMENT OF POLICY

Under the Kansas Expanded Lottery Act, the Kansas Racing and Gaming Commission is required to oversee the enforcement of state laws and the enforcement of all requirements for LFGs, including EGMs. Pursuant to this mandate, the Kansas Racing and Gaming Commission created regulations requiring gaming suppliers to submit notice and receive approval before EGM equipment is shipped to lottery gaming facility in Kansas. To enforce these requirements, the Kansas Racing and Gaming Commission created regulations that subject a gaming supplier to sanctions when the gaming supplier or its employees violate any provision of KRGC regulations.

By requiring gaming suppliers to adhere to KRGC regulations, the Kansas Racing and Gaming Commission ensures the integrity of gaming in Kansas. Regulations regarding notice and approval requirements before shipping EGM equipment are integral to ensuring all EGMs operating at lottery gaming facilities are compliant with basic fairness and quality control standards. When a gaming supplier fails to give proper notice and receive approval before shipping EGM equipment, the KRGC cannot ensure that the equipment has been properly tested and approved for use in Kansas thereby putting the operational integrity of EGMs at risk. Enforcement of these provisions is necessary to protect the public interest and integrity of gaming in the state of Kansas.

SANCTION

17. In accordance with K.A.R. 112-113-1(c), the DRB may consider certain factors in considering appropriate sanctions, including risk to the public and to the integrity of gaming operations created by the conduct of the certificate holder; the nature of the violation; culpability of the certificate holder; any justification or excuse for the conduct; the certificate holder's history with respect to compliance; and any corrective action taken. Moreover, K.A.R. 112-113-1(e) states "it shall be no absolute defense that the licensee [or] certificate holder . . . inadvertently, unintentionally, or unknowingly" committed a regulatory violation and "shall affect only the degree of the sanction to be imposed. . . ."
18. The DRB considers the following factors:
 - a. Respondent had been certified as a gaming supplier for approximately six years and four months at the time of this incident.
 - b. There is no justification or excuse for the conduct. There was no special

circumstance which necessitated the shipment of this EGM equipment without proper notification to or approval from the KRGC. Although Respondent's Product Compliance and Contract Analyst stated that she released the shipment because she thought she had already sent a notification, Respondent was *also* required to obtain the KRGC's approval *before* shipping the EGM equipment. Despite never receiving KRGC approval, Respondent shipped the EGM equipment to Hollywood Casino.

- c. Respondent is directly culpable for this incident. Respondent knew the KRGC's regulatory requirements regarding shipping EGM equipment and failed to comply with them.
- d. Respondent took no corrective action. Because Respondent failed to notify the KRGC before shipping the EGM equipment, KRGC agents had no knowledge of the shipment when it arrived at Hollywood Casino and had to conduct an investigation to determine how and why the EGM equipment was delivered.
- e. Respondent has no history of regulatory violations.

19. Based on the above-described findings of fact, conclusions of law, statement of policy, and sanction factors the DRB orders the Respondent to pay a \$5,000.00 fine.

20. Payment shall be sent to the following address:

Kansas Racing and Gaming Commission
Attn: Judith Taylor, General Counsel
700 SW Harrison, Suite 500
Topeka, KS 66603-3754

21. Respondent is entitled to a hearing on the above matter, which Respondent may

waive by signing and returning the enclosed Hearing Waiver to the KRGC by mail, email, or fax. (See Notice of Hearing and Right to Waive below.)

22. If Respondent waives the right to a hearing, the \$5,000.00 fine must be paid within 30 days of this Order becoming final and effective, which would occur on January 11, 2019.
23. If Respondent does not pay the ordered fine within 30 days of this Order becoming final and effective, Respondent's certificate will be automatically indefinitely suspended at the end of the business day without further notification or action taken by the Commission until all terms of this Order are fulfilled and the Respondent's certificate is reinstated by the KRGC.
24. This Order shall become part of the Respondent's permanent KRGC licensing file.

ORDER

In accordance with the above-described findings of fact, conclusions of law, statement of policy, and sanction factors,

IT IS HEREBY ORDERED that the Kansas Racing and Gaming Commission issue a fine of \$5,000.00 to the Respondent.

IT IS SO ORDERED,



Don Brownlee, Executive Director
Disciplinary Review Board

NOTICE OF HEARING AND RIGHT TO WAIVE

Respondent is entitled to a hearing on the above matter. This right to a hearing may be waived at Respondent's option. (See instructions below for Waiving Right to a Hearing.)

Hearing - Presentation of Written Evidence:

Unless Respondent waives the right to a hearing, this matter will be presented to the Commission on **Friday January 11, 2019 at 10:00 a.m.** at the Eisenhower State Office Building, 700 SW Harrison, Suite 410, Topeka, KS 66603. (Date and location subject to change.)

Written evidence will be presented along with brief oral arguments by the agency and Respondent. Surveillance video may also be presented. Neither party will present live witness testimony at this time. Respondent is not required to be represented by counsel at this hearing, but may choose to do so at the Respondent's expense.

If Respondent does not appear at the hearing, a decision will be made on the evidence presented, and any decision will become final agency action. If Respondent has written evidence to present to the Commission, copies of all relevant written evidence must be sent (by mail, email, or fax) no later than December 28, 2018 to the address below.

Following arguments, the Commission will consider the arguments and evidence presented, and if the Commission determines no further evidence is necessary for a finding, the Commission will issue its Order. The Commission can uphold, overturn, or amend the Disciplinary Review Board's Summary Order. If the Commission determines further evidence is necessary for a finding, the case will be continued to the next commission meeting to allow for a full evidentiary hearing. If the Commission issues an Order without a full evidentiary hearing, the Respondent has an automatic right to a full evidentiary hearing where witness testimony will be taken. The right to a full evidentiary hearing may be waived by Respondent prior to the scheduled hearing (see Waiving Right to a Hearing below).

Full Evidentiary Hearing – Presentation of Witness Testimony:

The full evidentiary hearing with witnesses, if required, will be held at the regularly scheduled Commission meeting on Friday February 15, 2019 at 10:00 a.m. at the Eisenhower State Office Building, 700 SW Harrison, Suite 410, Topeka, KS 66603. (Date and location subject to change).

At this hearing, Respondent has the right to produce additional evidence and witnesses 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.

The Commission will issue a final Order either directly after deliberation or within 30 days of the hearing date. This Order will constitute final agency action and is subject to appeal under the Kansas Judicial Review Act. If Respondent does not appear at the hearing in person or

by phone, a decision will be made on the evidence presented, and any decision will become final agency action subject to appeal under the Kansas Judicial Review Act. The agency officer to receive service of any petition for judicial review on behalf of the Kansas Racing and Gaming Commission is Judith Taylor, General Counsel, at the address below. Any sanction imposed by the Order may be stayed pending appeal.

Respondent shall submit any additional exhibits and a witness list no later than February 1, 2019 to Judith Taylor, General Counsel, at the address below.

If a full evidentiary hearing is held, the hearing will be conducted in accordance with KRGC regulations. Regulations may be found at <http://www.krgc.ks.gov/index.php/racing-gaming-law/regulations/gaming-regulations/21-government/statute-regulations/30-article-114-rules-of-hearings>. (Respondent may also request that a copy of the regulations be sent.)

Waiving Right to a Hearing:

Respondent may waive the right to either hearing by a representative signing and returning the enclosed Hearing Waiver (by fax, mail, or email) to the address below. If Respondent waives the right to a hearing, the above Order becomes final and effective on January 11, 2019, or on the day of waiver, whichever is later. The fine must be paid within 30 days of this Order becoming final.

Send all hearing waivers, written exhibits, witness testimony lists, notices, and petitions for judicial review to:

Judith Taylor
General Counsel
700 SW Harrison, Suite 500
Topeka, KS 66603-3754
(785) 296-0900 (fax)
judy.taylor@krgc.ks.gov

CERTIFICATE OF SERVICE

I certify that on this 16th day of November, 2018, I served a copy of the above Summary Proceeding Order and Notice of Hearing and Right to Waive by U.S. Mail, first class postage prepaid, to the following addresses:

JCM American Corporation
Attn: Imai Takatomo, President
925 Pilot Road
Las Vegas, NV 89119



Commission Representative

cc: KRGC Licensing File
Disciplinary Review Board Members
Brett Jacobs, KRGC Supervisory Agent at Kansas Crossing Casino

STATE OF KANSAS
KANSAS RACING AND GAMING COMMISSION
700 SW HARRISON, SUITE 500
TOPEKA, KS 66603

IN THE MATTER OF

KRGC Case No. 2018-8003

JCM American Corporation d/b/a
JCM Global, Respondent.

HEARING WAIVER

I, Dana Talich, on behalf of the Respondent, stipulate to the Facts
(print name)
and Conclusions of Law as set forth in the Summary Proceeding Order and Notice of Hearing
and Right to Waive (Summary Order) issued to JCM American Corporation d/b/a JCM Global
and therefore waive the right to a hearing. Respondent agrees to fulfill the terms of the Summary
Order and pay the \$5,000.00 fine issued by the Disciplinary Review Board.

Dana Talich
JCM American Corporation Representative

1/8/19
Date

License No. 5000093

BOOT HILL CASINO & RESORT
REPORT PRESENTED TO
THE KANSAS RACING AND GAMING COMMISSION
JANUARY 11, 2018

BY: Diane Giardine

- 1) For the month of December 2018, BHCR experienced an increase in Total Gaming Revenue of 0.17% over prior year December 2017. Total Slot revenue was up 2.45% while Table Games revenue was down 15.48%.

Upcoming Promotions & Events

- Earn & Eat Mondays
- Lottery Ticket Trade Ins Tuesdays
- Earn & Win Powerball Tickets Wednesdays
- Scratch, Match and Win Thursdays
- Max Bet Drawings
- New Year, No Payments Drawings
- Gift of the Month
- Food Specials
- Stay & Play Hotel Packages

Upcoming Entertainment & Events

- Jeff Foxworth at United Wireless Arena, February 8, 2019
- Harlem Globetrotters at United Wireless Arena, February 11, 2019
- Gary Allen at United Wireless Arena, February 15, 2019

BOOT HILL CASINO & RESORT

Lottery Gaming Facility Revenue-Unaudited*

	December 2018	December 2017	Fiscal YTD 2019	Fiscal YTD 2018
Electronic gaming machines	3,196,845.25	3,114,615.52	17,995,715.97	17,361,287.88
Table games	383,754.23	453,929.50	2,543,265.17	2,413,881.77
Other #	<u>2,631.08</u>	<u>1,962.43</u>	<u>4,970.58</u>	<u>5,721.32</u>
Total Lottery Gaming Facility Revenue	<u><u>3,583,230.56</u></u>	<u><u>3,570,507.45</u></u>	<u><u>20,543,951.72</u></u>	<u><u>19,780,890.97</u></u>
State Share 22%	788,310.72	785,511.64	4,519,669.38	4,351,796.01
Local Share 3%	107,496.92	107,115.22	616,318.55	593,426.73
Problem Gambling Share 2%	71,664.61	71,410.15	410,879.03	395,617.82
Casino Share 73%	2,615,758.31	2,606,470.44	14,997,084.76	14,440,050.41

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

#Other sweeps, principally lost and found funds.

TIPS/ Responsible Alcohol Serving/Responsible Gaming
Report to Commission from BHCMC, LLC
7/1/2018 – 12/31/2018

Presented by Diane Giardine, General Manager

TIPS/Responsible Alcohol Service:

- All new hires have taken TIPS testing during the reporting period.
- 20 existing employees have recertified their TIPS testing for another 3-year period.
- All active employees took annual refresher training for TIPS/Responsible Alcohol Service during the 4th Quarter of 2018.
- BHCMC, LLC has 2 certified TIPS Trainers on property. We plan to add at least one more TIPS trainer during the next 12 months.

Responsible Gaming:

- All new hires have taken Responsible Gaming during the reporting period.
- All active employees took annual refresher training for Responsible Gaming during the 4th Quarter of 2018.
- BHCR participated in Responsible Gaming Education Week August 6-10, 2018.

As of 1/14/2019

Security Activity Data is provided by Robert Holeman, Director of Security

Training Data for TIPS & Responsible Gambling is provided by Larissa Craig, Compliance Supervisor, and Lizzie Mendoza, Director of Human Resources

**KANSAS STAR CASINO
REPORT PRESENTED TO
THE KANSAS RACING AND GAMING COMMISSION
January 11, 2019**

BY:

Jeff Babinski – VP/General Manager

Operational Notes

- **December admissions up 0.1% from Dec. 2017.**

December 2018 Revenue #'s

- **Total Gross Gaming Revenue down 0.3% to December 2017.**
- **Slot Coin-In (Handle) up 2.4% to December 2017.**
- **Slot hold (gross) down 0.15 pts from December 2017.**
- **Table Game drop down 2.2% from December 2017.**
- **Table Game hold is down 1.1 pts from December 2017.**
- **Poker Room revenue down 9.0% from December 2017.**

Past Arena Events

- **Nov. 17 – Matchroom Boxing**
- **Nov. 24-25 - Miss Kansas USA & Miss Kansas Teen USA Pageant**
- **Nov 30 – Mix, Mingle, Jingle Party**
- **December 1 – Cirque Musica Holiday – Wonderland**
- **New Year's Eve**

Upcoming Events

- **Unannounced**

KANSAS STAR CASINO & RESORT

Lottery Gaming Facility Revenue-Unaudited*

	December 2018	December 2017	Fiscal YTD 2019	Fiscal YTD 2018
Electronic gaming machines	13,854,953.10	13,995,235.26	77,029,699.80	76,752,936.15
Table games	2,250,565.96	2,438,849.51	12,654,039.45	13,019,499.53
Other #	<u>9,459.25</u>	<u>4,326.16</u>	<u>15,683.63</u>	<u>11,808.08</u>
Total Lottery Gaming Facility Revenue	<u><u>16,114,978.31</u></u>	<u><u>16,438,410.93</u></u>	<u><u>89,699,422.88</u></u>	<u><u>89,784,243.76</u></u>
State Share 22% (Tier 1)**	3,545,295.23	3,616,450.40	19,733,873.03	19,752,533.63
State Share 2% marginal (Tier 2)**	-	-	-	-
Local Share 3%	483,449.35	493,152.33	2,690,982.69	2,693,527.31
Problem Gambling Share 2%	322,299.57	328,768.22	1,793,988.46	1,795,684.88
Casino Share 73%	11,763,934.17	12,000,039.98	65,480,578.70	65,542,497.94

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

#Other sweeps, principally lost and found funds.

Kansas Star Casino

Responsible Gaming Report for July 1 - December 31, 2018

BY: Shonda Larson, Compliance Manager

Employees

During the second half of 2018, Kansas Star Casino processed 120 new team members through new hire orientation. All received the following training courses as part of orientation:

- Responsible Gaming with special emphasis on underage awareness and an overview of the Voluntary Exclusion Program
- Alcohol Awareness

An additional and more intensive alcohol awareness program, ServSafe, is given to all team members in Food and Beverage, Table Games and Security, who interact with customers. It is a three-hour course with a test at the end which team members must pass with at least a 75% score. In the second half of 2018, 186 took this training; 20 failed and will be required to re-take until they pass the course.

Kristi Lubash in the Food and Beverage Department is our certified ServSafe trainer and administers the classes.

The property's Responsible Gambling trainers are:

- Lauren Logsdon, Human Resources
- Alecia Pray, Human Resources
- Miranda Fields, Human Resources

As of December 31, 2018, Kansas Star Casino had 821 active employees.

Ongoing Training

In addition to the training given in new hire orientation, KSC team members undergo annual refresher training in Responsible Gaming. A training sheet was given to all team members, requiring them to read and sign the document, acknowledging that they have reviewed the information and understood the specifics of Responsible Gaming that apply to their job position. If any team members have any questions, they can be referred to HR for help with their questions.

The total amount spent on responsible gaming materials was \$721.00 and \$6,875.08 was spent on ServSafe training manuals.

For Responsible Gaming Education during the month of August, we had several efforts at the property including:

- All team members will wear ribbons for the occasion
- In the Employee Dining Room we have Responsible Gaming messages displayed on tables and TV's.

Daily Application

While all departments and team members are actively involved in preventing underage, intoxicated and self-excluded patrons from entering the casino floor and from gambling if they do gain access, the Security Officers stationed at the gated entrances are the primary method of prevention. They follow the property's policy of checking IDs for people who appear 30 or younger; the statistics for these ID checks during the second half of 2018 are:

- Underage individuals denied gaming floor access: 231
- People denied access for not having ID: 712
- People denied for invalid ID: 451
- Intoxicated individuals denied gaming floor access: 162
- VEPs denied access to the gaming floor: 1

Further, there were 419 intoxicated individuals ejected from the casino, 14 VEPs were removed and turned over to the KRGC and the Mulvane Police Department; 5 underage persons were caught and ejected from the casino. Also, 160 persons were removed from the casino for a variety of reasons.

During the second half of 2018, 1,102,177 guests entered the casino floor. Security team members checked 101,849 IDs and 58 ID checks took place on the gaming floor in situations involving suspected minors.

Several other ongoing efforts are noteworthy as the Kansas Star Casino is an active member and participant in the Kansas Coalition on Problem Gambling and the South Central Task Force on Problem Gambling. We attended the annual Midwest Conference on Problem Gambling and Substance Abuse. The program the Kansas Star helped establish in Mulvane Municipal Court for VEPs arrested for entering the casino is ongoing. This program allows VEPs to avoid prosecution by entering into treatment with a Kansas Certified Gambling Counselor.

HOLLYWOOD CASINO AT KANSAS SPEEDWAY
REPORT PRESENTED TO
THE KANSAS RACING AND GAMING COMMISSION
December 14, 2018

BY: RICK SKINNER – VICE PRESIDENT & GENERAL MANAGER

December 2018

Admissions

- December admissions down 1.1% from December 2017

December 2018 Revenue Numbers

- Total Gaming Revenue was \$13.8M - an increase of 4.2%
- Slot Revenue was \$11.9M – an increase of 3.5%
- Table Games Revenue was \$1.9M – an increase of 9.1%

December Events

- December 1 - NCL Cruise Event
- December 1 - Night of 103 Winners
- December 14 – Kansas Lottery Instant Scratch Ticket Giveaway
- December 15 – Stuff Your Stockings
- December 27 & 28 – Winning Hand
- December 29 - \$300,000 Progressive Extravaganza Grand Finale
- December 31 – New Year’s Eve Celebration

Upcoming Events

- January 11 – Touchdown Pigskin Drawing
- January 12 – Raid the Vault
- January 18 - Pigskin Payoff Grand Prize Drawing
- January 19 – VIP Mystery Drum

HOLLYWOOD CASINO & RESORT

Lottery Gaming Facility Revenue-Unaudited*

	December 2018	December 2017	Fiscal YTD 2019	Fiscal YTD 2018
Electronic gaming machines	11,905,424.47	11,504,670.66	66,126,153.79	64,426,251.46
Table games	1,879,576.18	1,720,113.42	8,954,526.21	9,029,355.94
Other #	<u>2,028.31</u>	<u>4,629.26</u>	<u>10,307.66</u>	<u>16,667.62</u>
Total Lottery Gaming Facility Revenue	<u><u>13,787,028.96</u></u>	<u><u>13,229,413.34</u></u>	<u><u>75,090,987.66</u></u>	<u><u>73,472,275.02</u></u>
State Share 22%	3,033,146.37	2,910,470.93	16,520,017.29	16,163,900.50
Local Share 3%	413,610.87	396,882.40	2,252,729.63	2,204,168.25
Problem Gambling Share 2%	275,740.58	264,588.27	1,501,819.75	1,469,445.50
Casino Share 73%	10,064,531.14	9,657,471.74	54,816,420.99	53,634,760.76

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

#Other sweeps, principally lost and found funds.

Hollywood Casino at Kansas Speedway

Responsible Gambling Plan Semi-Annual Report

July 1, 2018 thru December 31, 2018

1. Employees

At the end of the reporting period, Hollywood Casino had a total of 644 employees. During the reporting period, 52 employees were hired.

2. Responsible Gaming Training:

All employees hired during the reporting period received initial training on responsible gaming during property orientation. This consisted of approximately 30 minutes dedicated to responsible gaming. All 52 employees successfully completed this training.

Of those new hires, 39 were hired into positions which require additional training to understand the proper procedures for responsible alcohol service. All of those employees successfully completed the TiPS training.

In addition, there were 7 existing employees who attended and successfully completed refresher TiPS training.

The TiPS training which was conducted by one of the 8 certified TiPS trainers on property.

Finally, all active employees received Responsible Gaming Refresher Training in December.

3. Statistics:

To assist in tracking the success of the Responsible Gaming Plan, Hollywood Casino maintains statistics related to responsible gaming. Some of the numbers from the reporting period include:

- Hollywood Casino refused entry to 125 minors who attempted to gain access to the property.
- Two minors gained access to the casino.
- In addition, Hollywood Casino either refused entry to or removed from the property 176 individuals who appeared to be under the influence of alcohol.
- In addition to training officers to be observant at the casino entrances, Hollywood Casino has procedures in place to identify VEPs when they attempt to cash a check, perform a cash advance, attempt to claim a taxable jackpot, or attempt to create a Marquee Rewards (player club) account. During the reporting period, Hollywood Casino discovered 6 VEPs on property. The local KRGC Agent on Duty was contacted immediately in each of these instances and took custody of the VEP for processing.

KANSAS CROSSING CASINO + HOTEL
REPORT PRESENTED TO
THE KANSAS RACING AND GAMING COMMISSION
January 11, 2018

BY: Doug Fisher

Year over year, Kansas Crossing Casino is forecasting the following preliminary results for November;

- -5.4% Decrease in Admissions
- 10.6% Increase in Net Slot Revenue
- -3.1% Decrease in Table Win
- 7.7% Overall Increase in Net Gaming Revenue

Promotions + Events

- **December –**
 - 8th - VIP Blackjack Tournament; top prize of \$3,750.
 - 22nd – Tune in TV Giveaway; 10 big screen TVs were given away
 - 29th – Win Crossing Cash for a Year – One person won \$100 and one person won \$250 in Crossing Cash every week for all of 2019.
 - 30th – Drive into 2019; top prize was a Dodge Ram Truck. Qualifying drawings took place every Sunday and Friday in December.
 - 31st - \$31k on the 31st; Top prize was \$19,000 in cash at midnight.
 - Every Wednesday – Camp 49 Events

- **January –**
 - 1st – nineteen times slot points.
 - Every Thursday and Friday invited guests will receive a piece of copper bakeware. 4 pieces in all.

- Every Saturday night from 8p – 11p, every 30 minutes, \$1,000 Hot Seats.
- Every Sunday invited players will get to play a kiosk game for a chance to win up to \$500 in Crossing Cash.
- Every Wednesday – Camp 49 Events.
- Every Tuesday from 10a – 10p, every 30 minutes \$158 Hot Seats – Celebrating Kansas' 158th birthday.

The Corral Stage

- Previous Events
 - December 15th – Country Singer, Moe Bandy
 - December 29th – Showed UFC 232 Pay per View
- Upcoming Events
 - January 11th and 12th - Live Band Karaoke
 - January 26th – Rock Band, Great White
 - February 9th – Rock Band, Candlebox
 - March 2nd, Coolio and Tag Team

KANSAS CROSSING CASINO & RESORT

Lottery Gaming Facility Revenue-Unaudited*

	December 2018	December 2017	Fiscal YTD 2019	Fiscal YTD 2018
Electronic gaming machines	2,618,291.65	2,406,245.31	14,976,226.62	13,028,747.62
Table games	275,480.50	284,352.00	1,454,978.00	1,567,597.00
Other #	<u>563.90</u>	<u>1,881.05</u>	<u>3,345.24</u>	<u>2,369.75</u>
Total Lottery Gaming Facility Revenue	<u><u>2,894,336.05</u></u>	<u><u>2,692,478.36</u></u>	<u><u>16,434,549.86</u></u>	<u><u>14,598,714.37</u></u>
State Share 22%	636,753.93	592,345.24	3,615,600.97	3,211,717.16
Local Share 3%	86,830.08	80,774.35	493,036.50	437,961.43
Problem Gambling Share 2%	57,886.72	53,849.57	328,691.00	291,974.29
Casino Share 73%	2,112,865.32	1,965,509.20	11,997,221.40	10,657,061.49

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

#Other sweeps, principally lost and found funds.

**Responsible Gambling Semi-Annual Report
To KRGC Commission from Kansas Crossing Casino, LC
7/1/2018 to 12/31/18**

Employee Information

248 active team members as of December 31, 2018

66 team members hired since opening July 1, 2018

We currently have 2 inactive (on leave) team members

Controlling Alcohol Risks Effectively (C.A.R.E.) Training

Out of 148 team members requiring C.A.R.E. training:

143 have been certified

1 is pending certification

4 need to attend training

C.A.R.E. class is held during weekly New Hire Orientation and monthly for re-certification.

2 team members are certified C.A.R.E. trainers

Responsible Gambling

100% of our team members have had Responsible Gambling training. Annual training for Responsible Gambling is scheduled for February 2019. New Hires receive Responsible Gambling training during New Hire Orientation.

Shannon Tarvin, Kansas Crossing's Compliance Officer attends the monthly meetings for the Southeast Kansas (SEKS) Problem Gambling Task Force. The task force members are seeking to find ways to get the message out to the Southeast Kansas communities letting people know that there is Problem Gambling treatment available free to everyone. The Task Force has placed billboards in Crawford County, had tables at community events, distributed brochures to Pittsburg State University and various public offices, and put up an information booth at the Pittsburg Meadowbrook Mall during the holiday season.

Kansas Crossing participated in Responsible Gambling Awareness week in August. The focus was on the gambling industry and KCC had activities to enlighten team members as to the importance of Responsible Gambling. KCC had a quiz for team member and asked questions to random team members on each shift for the week to test their knowledge.

Security Reports July 1 through December 31, 2017 (need figures from December)

115 minors were refused entry attempting to enter the Casino floor

2 minors were ejected from the Casino floor

24 patrons seeming impaired were refused entry to the Casino floor

81 patrons seeming impaired were ejected from the Casino floor

**Responsible Gambling Semi-Annual Report
To KRGC Commission from Kansas Crossing Casino, LC
7/1/2018 to 12/31/18**

2 VEPs were removed or excluded from the Casino floor

231 Invalid ID's refused

541 No IDs refused

December 2018 Casino Financials

Casino Gaming Revenue for Month Ending December 31, 2018					
Revenue Source	Boot Hill Casino	Kansas Star Casino	Hollywood Casino	Kansas Crossing Casino	Total All Casinos
EGM	\$ 3,196,845	\$ 13,854,953	\$ 11,905,424	\$ 2,618,292	\$ 31,575,514
Table Games	383,754	2,250,566	1,879,576	275,481	4,789,377
Other #	2,631	9,459	2,028	564	14,683
Total	\$ 3,583,231	\$ 16,114,978	\$ 13,787,029	\$ 2,894,336	\$ 36,379,574

Cumulative Gaming Revenue per Fiscal Year					
Fiscal Year	Boot Hill	Kansas Star	Hollywood	Kansas Crossing	Total All Casinos
2010	\$ 20,663,987	-	-	-	\$ 20,663,987
2011	40,055,280	-	-	-	40,055,280
2012	43,886,501	98,855,928	54,622,687	-	197,365,116
2013	43,353,504	192,187,166	124,993,721	-	360,534,391
2014	39,906,275	181,079,650	132,036,392	-	353,022,317
2015	40,513,186	181,754,051	142,759,065	-	365,026,302
2016	38,937,088	181,600,677	143,833,330	-	364,371,095
2017	40,222,932	178,105,968	144,582,037	8,206,260	371,117,197
2018	41,186,638	182,084,527	148,770,984	32,465,853	404,508,001
2019	20,543,952	89,699,423	75,090,988	16,434,550	201,768,912
Total Since Opening	\$ 369,269,342	\$ 1,285,367,390	\$ 966,689,203	\$ 57,106,663	\$ 2,678,432,599

Fund Distribution FY 2019					
Recipients	Boot Hill	Kansas Star	Hollywood	Kansas Crossing	Total All Casinos
State of Kansas	\$ 4,519,669	\$ 19,733,873	\$ 16,520,017	\$ 3,615,601	\$ 44,389,161
Local Governments	616,319	2,690,983	2,252,730	493,036	6,053,067
Problem Gambling and Addictions Fund	410,879	1,793,988	1,501,820	328,691	4,035,378
Casino Manager	14,997,085	65,480,579	54,816,421	11,997,221	147,291,306
Total	\$ 20,543,952	\$ 89,699,423	\$ 75,090,988	\$ 16,434,550	\$ 201,768,912

Fund Distribution Since Opening					
Recipients	Boot Hill	Kansas Star	Hollywood	Kansas Crossing	Total All Casinos
State of Kansas	\$ 81,239,255.32	\$ 282,780,825.83	\$ 212,671,624.74	\$ 12,563,465.78	\$ 589,255,171.67
Local Governments	11,078,080.27	38,561,021.70	29,000,676.10	1,713,199.88	80,352,977.96
Problem Gambling and Addictions Fund	7,385,386.85	25,707,347.80	19,333,784.07	1,142,133.25	53,568,651.97
Casino Manager	269,566,619.93	938,318,194.81	705,683,118.45	41,687,863.73	1,955,255,796.92
Total	\$ 369,269,342.37	\$ 1,285,367,390.15	\$ 966,689,203.36	\$ 57,106,662.64	\$ 2,678,432,598.52

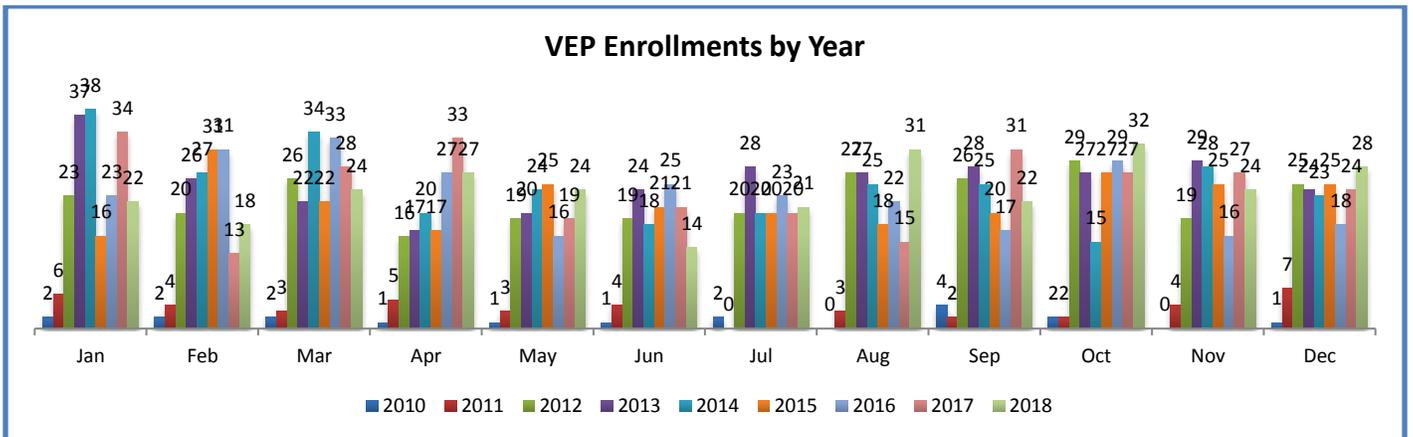
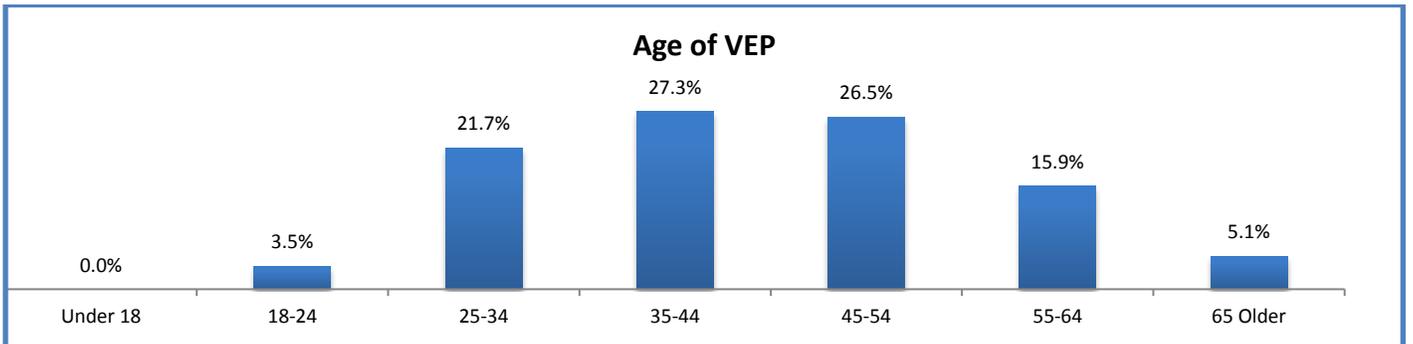
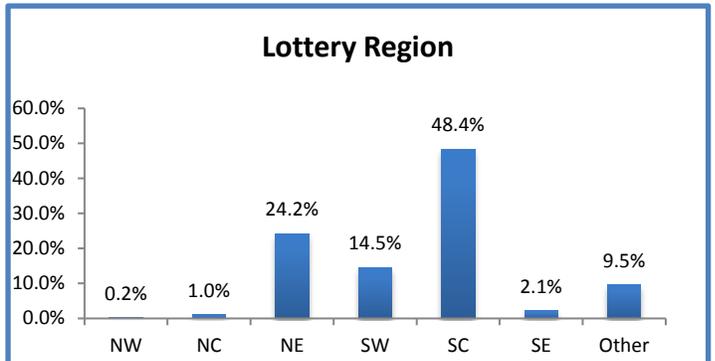
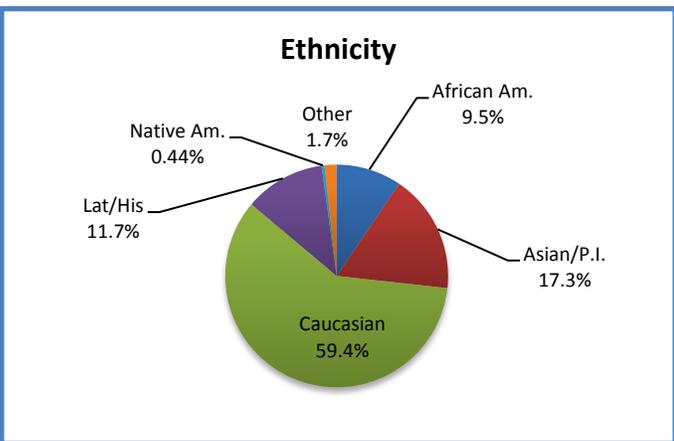
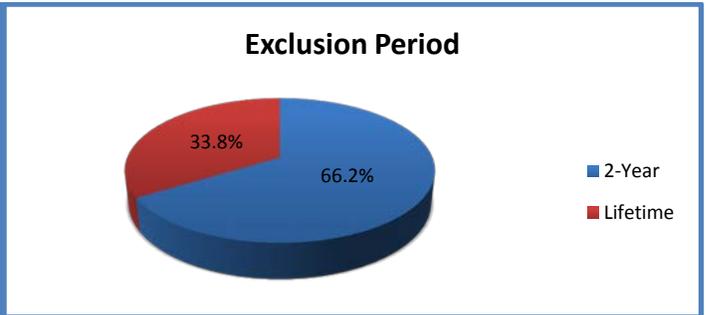
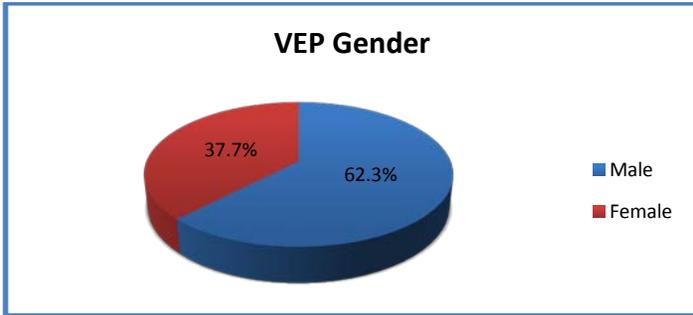
**Unaudited-as reported by the Kansas Lottery Central Computer system.*

#Other sweeps, principally lost and found funds.



Voluntary Exclusion Program January 2010 – December 2018

Voluntary Exclusions = 2064
Violation Incidents = 248 (204 individuals)





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

STAFF AGENDA MEMORANDUM

MEETING DATE: January 11, 2019
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 (October through December) of 2018, commission staff out-of-state travel includes:

Purpose of Trip	Traveler	Dates	Destination	Registration	Total
Midwest Gaming Investigators and Regulators (MGIR) Fall Conference	Jim Root	10/01/18 – 10/05/18	Larchwood, Iowa	\$100	\$593.90
G2E Gaming Conference	Harry Spencer	10/07/18 – 10/12/18	Las Vegas, Nevada	\$0	\$1,283.91
G2E Gaming Conference	Roger Bailey	10/07/18 – 10/12/18	Las Vegas, Nevada	\$0	\$1,743.24
Pre-Licensing Financial & Background Investigations Training	Wade Schneider	10/09/18 – 10/13/18	Las Vegas, Nevada	\$1,300	\$2,681.37
NRA Firearms Training	Brandon Edwards	10/28/18 – 11/02/18	Owasso, Oklahoma	\$645	\$1,400.95
NRA Firearms Training	Aaron Harvey	10/28/18 – 11/02/18	Owasso, Oklahoma	\$645	\$988.75
Calibre Press Bulletproof	Bradley Smith	12/04/18 – 12/06/18	Liberty, Missouri	\$229	\$683.62
Calibre Press Bulletproof	Thomas Sipp	12/04/18 – 12/06/18	Liberty, Missouri	\$229	\$394.00

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 October through December 2018 quarter. The three previous quarters are included for comparison purposes.

	Oct-Dec 2018	Jul-Sep 2018	Apr-Jun 2018	Jan-Mar 2018
VENDORS, SUPPLIERS, MANAGERS:				
Corporate permanent licenses approved	5	1	2	2
Corporate temporary licenses approved*	0	3	1	2
Corporate employee licenses approved	96	95	108	41
Corporate renewal licenses approved	7	3	9	7
Corporate employee licenses renewed	111	72	101	76
Corporate employee licenses denied	1	0	0	0
BOOT HILL CASINO EMPLOYEE LICENSES				
Permanent license approvals	15	29	37	8
Temporary license approvals*	17	14	21	18
Renewal license approvals	19	30	35	14
Licenses denied	0	2	0	0
HOLLYWOOD CASINO EMPLOYEE LICENSES				
Permanent license approvals	68	41	83	51
Temporary license approvals*	63	84	41	78
Renewal license approvals	49	45	61	31
Licenses denied	0	1	2	1
KANSAS STAR CASINO EMPLOYEE LICENSES				
Permanent license approvals	72	80	35	68
Temporary license approvals*	65	68	33	82
Renewal license approvals	65	76	61	31
Licenses denied	0	0	2	1
KANSAS CROSSING CASINO EMPLOYEE LICENSES				
Permanent license approvals	47	33	35	68
Temporary license approvals*	30	41	33	82
Renewal license approvals	23	27	25	57
Licenses denied	0	2	1	1

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

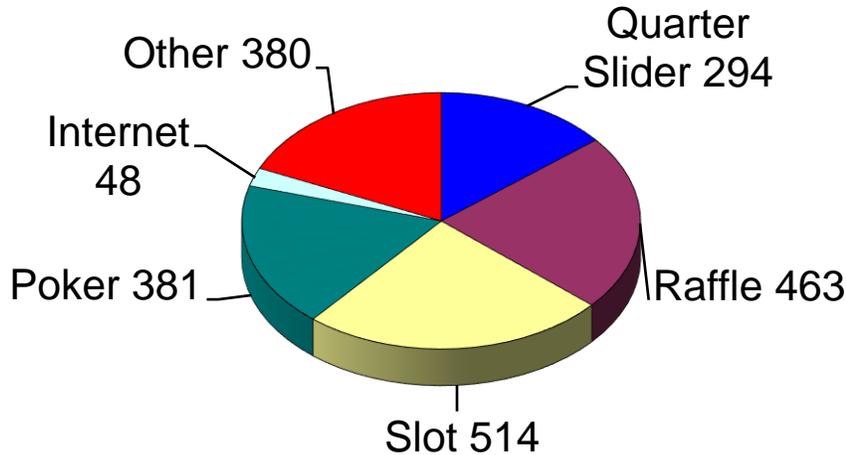
III. ILLEGAL GAMBLING

Following passage of expanded gaming in Kansas, the Kansas Racing and Gaming Commission has been the go-to resource for local law enforcement, prosecutors and the public on illegal gambling questions, education and complaints. The KRGC responds to email and phone complaints and inquiries, conducts continuing legal education seminars for prosecutors, assists local law enforcement agencies with illegal gambling investigations, and conducts civil seizures of illegal gambling devices for forfeiture, all in an effort to curtail illegal gambling in bars, restaurants, convenience stores and other venues throughout Kansas.

Since 2008, the Commission has received 2,080 total illegal gambling-related questions or complaints from the general public. During the fourth quarter of 2018, the Commission received thirty-one (31) calls and emails from the general public, down twenty-nine (29) from the previous quarter and down four (4) from the fourth quarter of 2017.

Of the thirty-one (31) calls and emails received in Q-4, five (5) involved raffles; nine (9) involved slot machines; one (1) involved quarter pushers; two (2) involved poker; and fourteen (14) involved other types of gambling. Of the fourteen (14) other calls received, seven (7) involved bingo; two (2) involved the legality of sale incentives; one (1) involved fantasy sports; one (1) involved sports wagering; one (1) involved the legality of a fundraising idea; and two (2) were general inquiries.

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 five years since KRGC began tracking the new page, there have been a total of 15,655 unique page views. A total of 722 unique page views were made during the fourth quarter of 2018. 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 fourth quarter of 2018, the KRGC also:

- destroyed twenty forfeited gambling devices;
- seized a quarter pusher in Newton, Kansas; and
- seized three gambling devices in Walton, Kansas.

All Departments		Cash Fund Balances as of December 31, 2018															
DeptID	All	ELARF				Backgrounds				Illegal Gambling				Racing			
All Funds		Beg. Balance	3,978,720			Beg. Balance	270,377			Beg. Balance	15,324			Beg. Balance	69,972		
		Revenue	2,738,225			Revenue	85,073			Revenue	-			Revenue	58		
		Expenses	2,994,899			Expenses	118,373			Expenses	1,087			Expenses	47		
		End Balance	3,722,045			End Balance	237,078			End Balance	14,237			End Balance	69,982		
Fund	BudgetUnit	Grand Total															
		All Funding Sources															
		YTD FY2018	YTD FY2019	\$ VARIANCE	% VARIANCE	December	December	\$ VARIANCE	% VARIANCE	YTD FY2019	YTD FY2019	\$ VARIANCE	% VARIANCE				
		ACTUALS	ACTUALS			FY2018	FY2019			BUDGET	ACTUALS						
51000	Payroll	2,511,180	2,664,354	153,175	6%	582,924	433,760	-149,164	-26%	3,140,621	2,664,354	-476,267	-15%				
10	Shrinkage	0	0	0	0%	0	0	0	0%	-61,636	0	61,636	-100%				
Net Salaries and Wages		2,511,180	2,664,354	153,175	6%	582,924	433,760	-149,164	-26%	3,078,986	2,664,354	-414,631	-13%				
52000	Communication	38,640	26,685	-11,955	-31%	4,198	6,291	2,094	50%	42,600	26,685	-15,915	-37%				
52100	Freight and Express	1,125	1,129	5	0%	181	112	-69	-38%	675	1,129	454	67%				
52200	Printing and Advertising	0	0	0	0%	0	0	0	0%	900	0	-900	-100%				
52300	Rents	111,344	116,554	5,210	5%	458	10,626	10,167	2218%	120,400	116,554	-3,846	-3%				
52400	Repair/Servicing/Mainten	15,718	18,095	2,377	15%	273	6	-267	-98%	27,854	18,095	-9,759	-35%				
52510	InState Travel and Subsistence	23,251	19,766	-3,484	-15%	1,969	4,192	2,223	113%	46,172	19,766	-26,406	-57%				
52520	Out of State Travel and Subsistence	24,958	15,528	-9,430	-38%	803	1,590	787	98%	29,645	15,528	-14,117	-48%				
52530	International Travel and Subsistence	0	0	0	0%	0	0	0	0%	0	0	0	0%				
52600	Fees-Other Services	161,612	160,556	-1,056	-1%	13,327	19,549	6,221	47%	153,995	160,556	6,561	4%				
52700	Fee-Professional Services	7,467	31,657	24,190	324%	45	1,076	1,031	2291%	64,850	31,657	-33,193	-51%				
52900	Other Contractual Services	3,664	1,605	-2,059	-56%	50	0	-50	-100%	7,347	1,605	-5,742	-78%				
Subtotal Contractual Services		387,778	391,576	3,798	1%	21,305	43,442	22,137	104%	494,438	391,576	-102,862	-21%				
53200	Food for Human Consumption	7	32	25	333%	0	0	0	0%	0	32	32	0%				
53400	Maint Constr Material Supply	339	408	69	20%	140	0	-140	-100%	1,750	408	-1,342	-77%				
53500	Vehicle Part Supply Accessory	3,313	4,249	936	28%	20	650	630	3151%	13,428	4,249	-9,179	-68%				
53600	Pro Science Supply Material	166	505	339	204%	0	0	0	0%	13,380	505	-12,875	-96%				
53700	Office and Data Supplies	17,051	10,967	-6,084	-36%	2,420	2,676	256	11%	37,550	10,967	-26,583	-71%				
53900	Other Supplies and Materials	5,513	15,947	10,434	189%	173	1,564	1,391	802%	4,078	15,947	11,870	291%				
Subtotal Commodities		26,389	32,108	5,719	22%	2,753	4,890	2,137	78%	70,185	32,108	-38,077	-54%				
54000	TOTAL Capital Outlay	22,062	26,369	4,307	20%	0	413	413	0%	65,150	26,369	-38,781	-60%				
55960	Vol Retirement Incentive	0	0	0	0%	0	0	0	0%	0	0	0	0%				
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		0	0	0	0%	0	0	0	0%	0	0	0	0%				
Grand Total		2,947,409	3,114,407	166,998	6%	606,981	482,505	-124,476	-21%	3,708,758	3,114,407	-594,351	-16%				

*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.

January - December, 2019

Kansas Racing and Gaming Commission Planner

Jan 2019

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		

JANUARY

11 Commission Meeting

Jul 2019

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		

FEBRUARY

15 Commission Meeting

Feb 2019

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		

MARCH

15 Commission Meeting

Aug 2019

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						

APRIL

12 Commission Meeting

Mar 2019

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

17 Commission Meeting

Sep 2019

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					

JUNE

14 Commission Meeting

Apr 2019

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						

JULY

12 Commission Meeting

Oct 2019

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						

AUGUST

16 Commission Meeting

May 2019

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						

SEPTEMBER

13 Commission Meeting

Nov 2019

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

OCTOBER

11 Commission Meeting

Jun 2019

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						

NOVEMBER

15 Commission Meeting

Dec 2019

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					

DECEMBER

13 Commission Meeting