

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

* * * * *

IN RE: WOODLANDS FAYETTE, LLC-PETITION FOR APPROVAL OF
CONTROLLING ACCESS TO GAMING FLOOR

* * * * *

PUBLIC HEARING

BEFORE: WILLIAM H. RYAN, JR., CHAIRMAN
Gregory C. Fajt, James B. Ginty, Annmarie
Kaiser, Keith R. McCall, Anthony C. Mostaco
John J. McNally, Members; Jennifer Langan,
Representing State Treasurer Robert M.
McCord; Robert Coyne, Representing
Secretary to Department of Revenue Daniel
P. Meuser; Mathew Meals, Representing
Secretary of Agriculture George Greig

HEARING: Wednesday, April, 3, 2013
10:01 a.m.

LOCATION: Strawberry Square, Second Floor
Harrisburg, PA 17101

WITNESSES: Rich Laudon, Chris Plummer, Jeanne-Marie
Wilkins, Elizabeth Tranchina, J. Philip
Kirchner

Reporter: Jolynn C. Prunoske

Any reproduction of this transcript is prohibited
without authorization by the certifying agency.

A P P E A R A N C E 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

OFFICE OF ENFORCEMENT COUNSEL

CYRUS PITRE, ESQUIRE

Chief Enforcement Counsel

GLEN STUART, ESQUIRE

Assistant Enforcement Counsel

EUGENE BARRY CREANY, ESQUIRE

Assistant Enforcement Counsel

PA Gaming Control Board

P.O. Box 69060

Harrisburg, PA 17106-9060

Counsel for Pennsylvania Gaming Control Board

J. PHILIP KIRCHNER, ESQUIRE

TAMI BOGUTZ STEINBERG, ESQUIRE

Flaster & Greenberg

1810 Chapel Avenue West

Cherry Hill, NJ 08002

Co-Counsel for Woodlands Fayette, LLC

I N D E X

1		
2		
3	OPENING REMARKS	
4	By Chairman Ryan	5 - 7
5	TESTIMONY	
6	By Attorney Kirchner	7 - 12
7	By Mr. Plummer	13 - 19
8	By Mr. Laudon	20 - 35
9	By Mr. Plummer	35 - 48
10	DISCUSSION AMONG PARTIES	48 - 50
11	QUESTIONS BY OFFICE OF ENFORCEMENT COUNSEL	50 - 66
12	QUESTIONS BY BOARD	66 - 90
13	CLOSING REMARKS	
14	By Chairman Ryan	90 - 91
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

E X H I B I T 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

<u>Number</u>	<u>Description</u>	<u>Page Offered</u>	<u>Page Admitted</u>
One	Presentation	48	48

P R O C E E D I N G 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

CHAIRMAN:

Good morning, ladies and gentlemen. My name's Bill Ryan. I'm Chairman of the Pennsylvania Gaming Control Board. Before we begin I would like to ask everyone to please turn off cell phones, PDAs and other electronic devices. Thank you very much. With us today is Jennifer Langan representing State Treasurer Robert McCord, Bob Coyne representing the Secretary for the Department of Revenue Dan Meuser and Matt Meals representing the Secretary of Agriculture George Greig. Thank the three of you for being here. And all the members being present I will call today's meeting to order and the first thing, as always, I would ask everyone to stand for the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN:

Thank you ladies and gentlemen. We have one public hearing on the agenda which will take place prior to the public meeting. The hearing pertains to Woodlands Fayette, LLC's Petition for approval of controlling access to the gaming floor plan. I see the parties are ready. I guess the first thing we

1 should do, I would ask counsel for each side to have
2 any lay witnesses who are going to present testimony
3 stand so that they can be sworn and identified for the
4 court reporter. Gentlemen. Okay. Why don't we do
5 this for the sake of the court reporter's sanity.
6 We'll start with you, sir. State your name if you
7 will, spell your last name.

8 MR. LAUDON:

9 My name is Richard Laudon, L-A-U-D-O-N.

10 CHAIRMAN:

11 And what is your title?

12 MR. LAUDON:

13 I am the Vice-President, General Manager
14 of the Lady Luck Casino Nemaocolin.

15 CHAIRMAN:

16 Thank you. Sir?

17 MR. PLUMMER:

18 Chris Plummer, P-L-U-M-M-E-R. I'm the
19 General Manager at Nemaocolin Woodlands Resort.

20 CHAIRMAN:

21 Ma'am?

22 MS. TRANCHINA:

23 Elizabeth Tranchina, T-R-A-N-C-H-I-N-A
24 and I'm the Vice-President of Legal Affairs of the
25 Isle of Capri Casinos.

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

MR. HAUSLER:

Eric Hausler, H-A-U-S-L-E-R, Chief
Strategic Officer, Isle of Capri Casinos.

MS. WILKINS:

I'm Jeanne-Marie Wilkins, W-I-L-K-I-N-S,
Chief Information Officer for Isle of Capri Casinos.

MR. BURKHALTER:

Doug Burkhalter, Senior VP of Operations
for Lady Luck. B-U-R-K-H-A-L-T-E-R.

CHAIRMAN:

Okay. If you will remain standing.
Court Reporter, like to swear them in?

WITNESSES SWORN EN MASSE

CHAIRMAN:

Okay. Thank you. Whoever is going to
speak first for Nemacolin, you can begin?

ATTORNEY KIRCHNER:

That would be me, Mr. Chairman, thank
you.

CHAIRMAN:

And you are for the record, sir?

ATTORNEY KIRCHNER:

Yes, my name is Philip Kirchner from the

1 firm of Flaster & Greenberg, representing Woodlands
2 Fayette. With me is my partner, Tami Steinberg.
3 Thank you for hearing our application today. In
4 addition to the requirements imposed on all casinos in
5 the Commonwealth to deter underage and excluded
6 persons from accessing the casino floor, which have
7 been addressed in our internal controls, the Gaming
8 Act imposes additional limitations on access to
9 Category 3 casinos. The Gaming Act provides that the
10 only persons authorized to enter the gaming floor of a
11 Category 3 casino are registered overnight guests,
12 patrons of one of the resort amenities and holders of
13 a valid membership approved by the Board and the
14 guest.

15 The Nemaocolin Access Plan which you will
16 hear about today addresses each of these categories of
17 authorized persons. And as we will demonstrate,
18 satisfies all the statutory requirements. Now I ask
19 the Board, when considering our Access Plan
20 Application, that it keep in mind an issue that the
21 Board has already flagged in an earlier adjudication.
22 In the amended adjudication and second amended Order
23 entered by the Board with respect to the Valley Forge
24 Access Plan, the Board noted that the two Category 3
25 Licensees in the Commonwealth are different in many

1 significant respects. The Board stated at that time
2 that its amended adjudication in the Valley Forge case
3 was not meant to establish any minimum threshold
4 requirements for other Category 3 Licensees. Those
5 access plans may be set up differently.

6 As an intervener in that matter,
7 Woodlands Fayette argued then and we reiterate today
8 that this application for approval of the Woodlands
9 Fayette Access Plan should be viewed by the Board
10 independently from its earlier adjudications relating
11 to Valley Forge plan. As the Board has already
12 recognized what works at one facility might not work
13 at the other and vice versa.

14 In addition to its universal recognition
15 as one of the world's first class resorts and its
16 rural setting in the beautiful Laurel Highlands,
17 Nemacolin is also different from Valley Forge because
18 its casino is being constructed with a single point of
19 access. This combination of factors, we believe,
20 makes it easier for us to control and monitor access
21 to our gaming floor. For these reasons, the access
22 plan you will hear today is fairly simple --- is a
23 fairly simple and straightforward plan.

24 We have two witnesses today to present
25 evidence in support of Woodlands Fayette's access

1 plan. You heard from both of these gentlemen a few
2 months ago in connection with our application to allow
3 table games at the Lady Luck Casino Nemacolin. First,
4 Mr. Chris Plummer who is the General Manager of the
5 Nemacolin Woodlands Resort. He has been at the resort
6 for seven years. Mr. Plummer has 17 years experience
7 in the tourism and hospitality industry including 8
8 years with Caesars Entertainment. He's a graduate of
9 Lebanon Valley College in Annville, Pennsylvania and
10 sits on the Board of Directors of the Laurel Highlands
11 Visitors Bureau. In short, Mr. Plummer combines
12 several years of experience in the tourism and
13 hospitality industry with gaming industry expertise,
14 firsthand experience running the Nemacolin Resort and
15 an insider's knowledge of the local Laurel Highlands
16 business community. Today, Mr. Plummer will share his
17 expertise with the Board in talking about the
18 Nemacolin facility, its lodging options, its amenities
19 and how the resort operates.

20 We believe that an understanding of how
21 this resort is operated and gained its well deserved
22 reputation around the world for first rate service is
23 essential to an appreciation of our proposed access
24 plan because that access plan must be consistent with
25 the level of service that our guests expect.

1 Otherwise it will fail to meet the goal that the
2 legislature had in mind when it created this Category
3 3 casino which was to increase tourism at this
4 established resort hotel in particular and in the
5 Commonwealth in general.

6 In short, our access plan must stress
7 the restrictions on accessing the casino contained in
8 the Act without overly annoying our patrons by making
9 them wait in lines exposing them to invasions of
10 privacy, et cetera. This access plan represents our
11 best effort to make those two goals compatible.
12 Number one, complying with the Act and number two,
13 providing our guests with a hassle free entertainment
14 experience that keeps them coming back to our
15 facility. Mr. Plummer will explain to you how guests
16 staying at the resort or using the amenities will be
17 able to acquire a pass to enable them to use the
18 casino. Finally he will explain Nemaocolin's existing
19 memberships and its one new proposed membership, how
20 those memberships work and how their pricing was
21 arrived at.

22 Following Mr. Plummer you'll hear
23 testimony from Mr. Richard Laudon who also testified
24 at the table games hearing and who is the General
25 Manager of the Lady Luck Nemaocolin Casino. Mr. Laudon

1 will also share his experience with the Board gained
2 from several years of experience in the gaming
3 industry in a variety of positions in multiple
4 locations around the country. Mr. Plummer and his
5 Nemacolin staff have many, many years of experience
6 operating a successful resort with a track record of
7 providing their patrons and guests with a world class
8 resort and entertainment experience. Mr. Laudon and
9 his staff have many, many years of experience running
10 successful, safe and secure casinos around the
11 country. Together we believe they will operate the
12 Lady Luck Nemacolin Casino in a way that allows those
13 patrons who are legally entitled to enter the casino
14 to have a thoroughly enjoyable casino experience
15 whether they win or lose.

16 Our goal is the same one that the
17 legislature had in mind when it approved the
18 legislation that created the Category 3 Licenses, and
19 I quote now from paragraph 1102 of the Gaming Act. To
20 enhance the further development of the tourism market
21 throughout this Commonwealth including, but not
22 limited to year round recreational and tourism
23 locations in the Commonwealth. With that introduction
24 in mind, please allow me to call our first witness,
25 Mr. Chris Plummer.

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

MR. PLUMMER:

Thank you, Phil, and good morning, Mr. Chairman and members of the Board; thanks for your time. It's great to be here today because as I watch Lady Luck Nemacolin come to life at the resort, as the construction is busily moving along, there is simply no more important issue for us right now than our access plan. As you know, if we cannot provide our guests with a positive, seamless and understandable customer experience getting into the casino, we cannot and will not be successful. We understand our challenge and we've worked hard to devise a system that will work for us, will work for guests and, of course, will work for you. Our interests are along with those of the Board. We both want a viable, successful casino that enhances tourism in Pennsylvania, enhances Nemacolin Woodlands Resort and creates as much tax revenue as it possibly can.

First, to orient you to the Resort once again, on this slide, we are flying down to Nemacolin. It's located, as you know, in Wharton Township in Fayette County. And here is a map of the resort, a sprawling, expansive property that I'm lucky enough to call work every day. I'm so lucky because, as many of you have experienced for yourselves, there is simply

1 no place like it, not in Pennsylvania, not in the
2 United States and perhaps not in the world. Situated
3 on about 2,000 acres Nemacolin is one of the world's
4 premier resorts and that's why we already host 350,000
5 guests a year from just about every state and many
6 countries as well. Our 1,200 year round seasonal
7 associates work to provide our guests with the finest
8 in service at all of our distinct amenities around the
9 resort. Our challenge was to make the new casino
10 experience at Lady Luck equal to the experiences our
11 guests already enjoy at all our other amenities. We
12 believe we have devised an access plan that will
13 accomplish that goal. As we design our access plan,
14 we worked hard to find a way to pull all this together
15 allowing our guests and patrons of all our amenities
16 to enjoy what is to be our newest amenity and to allow
17 our resort to benefit from the increased demand
18 created by Lady Luck Nemacolin.

19 First let me talk about registered hotel
20 guests. As you can see on this map, we draw our
21 guests from nearly every state, and in fact many
22 countries as well. And at Nemacolin, guests for any
23 one of our 318 hotel and lodging rooms are greeted at
24 hotel check-in and issued a room access card and a
25 separate room hotel registration card which our hotel

1 guests use for charging amenity purchases to their
2 rooms as is common at most luxury resorts around the
3 world.

4 Next, I will address patrons of the
5 amenities. There are about 90 distinct amenities
6 available at Nemaquin for our guests to enjoy. This
7 is a listing of many of our amenities. Don't worry,
8 I'm not going to read the entire list here today. But
9 just as an example, we have 18 different places a
10 guest may choose to get something to eat ranging from
11 a five star fine dining restaurant to casual eateries.
12 If you like sports, recreation and being outdoors, we
13 have nearly 30 different amenities to enjoy, from a
14 PGA Tour golf course to tennis, mini golf and
15 paintball; we have a little bit of it all. And we've
16 been lucky enough to receive many honors for our
17 amenities.

18 Because of our dedicated and talented
19 associates and the vision of our owners, we have been
20 fortunate to be recognized by the top names in our
21 industry. Lautrec is one of only 26 restaurants in
22 the world to achieve the Forbes Travel Guide Five Star
23 Award. And Falling Rock is one of only 52 hotels in
24 the world to achieve that same honor. Mystic Rock is
25 ranked by Gold Digest as the 75th Best Public Golf

1 Course in the country. And our Woodlands Spa was
2 rated 9th best in the country by the readers of Conde
3 Nast Traveler.

4 And finally, just a quick word about our
5 membership holders. Yes, we already offer several
6 vibrant and successful membership programs including
7 shooting memberships, a spa membership and several
8 golf memberships. We have created programs that keep
9 people coming back and we'll talk more in detail about
10 these particular later in the presentation. So, now
11 as we get ready to introduce Lady Luck Casino as our
12 newest amenity at Nemaquin, our goals are very clear.
13 We have to capitalize on this tremendous opportunity
14 that the casino presents to us to draw additional
15 tourism, and support the operation of our existing
16 amenities. Perhaps most importantly we must implement
17 a customer friendly access system that will be equal
18 of a highest quality guest experience standards of
19 which we pride ourselves at Nemaquin. After all,
20 this gaming license is intended to increase revenues
21 and jobs at our resort. To do this, we kicked around
22 a lot of ideas but at the end of the day, what we
23 realized was that our best plan is to keep it very
24 simple.

25 This brings us to what we call the

1 Nemacolin experience. We're already known for it and
2 now we're taking that idea across the resort and
3 bringing it into the casino. So, to get into the
4 casino, you'll need one of these three passes that you
5 see here on the screen. That's it, just one of these
6 three things. A valid membership card for any of the
7 approved membership programs, a hotel registration
8 card showing you're a hotel guest or a casino access
9 pass for the patrons of our amenities who are not
10 members or hotel guests. The concept for the
11 Nemacolin experience which factors in everything we do
12 at the resort will start when one of our guests enters
13 the casino lobby. We will hear more about these later
14 in the presentation. But we are building a new
15 Nemacolin Experience Centers in the lobby of the
16 Chateau which is our main hotel and in the lobby of
17 the casino, outside of the casino floor. These
18 Nemacolin Experience Centers are similar to the
19 concierge counters that you will find at most luxury
20 hotels and to the extent demand requires, we will add
21 additional Nemacolin Experience Centers elsewhere at
22 the resort.

23 At these Nemacolin Experience Centers,
24 our team members who are resort employees can sell any
25 of our memberships, provide information about the

1 resort, maintain lists of events and registered
2 attendees and provide proof of participation in the
3 events at the resort which you will hear more about
4 later. There will also be a licensed casino employee
5 at the Nemaocolin Experience Center in the casino lobby
6 to print and issue casino access passes to patrons of
7 the amenities with a valid proof of purchase. You'll
8 hear a lot more about that later from Rich Laudon.

9 You know, Farmington, Pennsylvania is a
10 rather small community. These days I can't go to
11 Woody's Sunoco Station, especially on Saturday
12 morning, without getting into at least three
13 conversations about the casino. When's it going to be
14 done, what's going on in there, et cetera, et cetera;
15 how do I get a job there. But the other night, we had
16 our first Little League meeting and a topic came up,
17 which is a good one because we have a lot of new
18 people moving that we actually may be able to have
19 more than three teams in each age division in
20 Farmington. How are we going to handle all the
21 additional equipment needs and all this stuff came up,
22 which is good. The increased revenue and the job
23 creation, the additional demand at all out amenities
24 that Lady Luck Nemaocolin bring are so important to our
25 resort and to our community. But you really do get a

1 true appreciation for what this really means to our
2 community when you're confronted with the dilemma of
3 not having enough equipment for you Little League
4 teams and in this case that's an excellent problem to
5 have. I think we'll be able to figure that one out.

6 So, that's the plan to introduce Lady
7 Luck to our Nemaquin guests and grow our customer
8 base. Clearly as you can see in this picture that
9 bringing together this expansive resort in such a
10 fashion to have a streamline casino access plan that
11 meets the requirements of the Gaming Act was a
12 challenge, but we are confident that we have met that
13 challenge.

14 ATTORNEY KIRCHNER:

15 Okay. Thank you, Chris. Now it is my
16 pleasure to introduce Mr. Richard Laudon, the General
17 Manager of the Lady Luck Casino Nemaquin. Right now,
18 Rich is assisting in supervising construction
19 activities, hiring and training staff of supervisors
20 and managers and overseeing all the activities that
21 need to happen between now and the summer when we hope
22 to open the new casino to the public. Mr. Laudon will
23 testify about his experience and use that experience
24 to help the Board understand how the casino facility
25 and its layout, its security features and the

1 procedures at IOC. The Manager of the casino will
2 employ to control access to the gaming floor for each
3 category of allowed person.

4 As Mr. Laudon will explain, the goal of
5 our access plan is to limit access to the gaming floor
6 to those entitled to be there while at the same time
7 providing our guests with a fun, high quality
8 entertainment experience. Again, the access plan for
9 the Lady Luck Casino Nemaquin must be consistent in
10 its treatment of our casino guests with the way those
11 guests have always been treated at the Nemaquin
12 resort. Our guests expect no less which is the key to
13 the success the resort has enjoyed over the years.
14 Mr. Laudon.

15 MR. LAUDON:

16 Thank you, Phil. Good morning, Mr.
17 Chairman, members of the Board and staff. As you
18 already know, Isle of Capri Casinos is a publicly
19 traded corporation operating 15 casinos in 6 states
20 including over 14,000 slot machines and over 330 table
21 games. We employ over 7,500 individuals with an
22 annual payroll topping \$250 million. As we sit here
23 today, construction of the Lady Luck Casino Nemaquin
24 is well under way. The existing structure that will
25 become our casino and restaurants have been completely

1 gutted, new walls have been erected and the raised
2 casino floor has been installed. Additionally the
3 game pit canopies and casino carpet are scheduled for
4 installation next week followed by gaming equipment
5 the following week. The one story restroom and cage
6 additions have been completely enclosed and are
7 currently being fit out with power, data and
8 utilities. The interior finishes are starting in
9 these areas as we speak. The two story addition has
10 been erected, floors poured, roofing installed and
11 utilities are being roughed in and exterior walls
12 erected as well. We thank everyone for their hard
13 work and dedication and we look forward to sharing our
14 completed casino with the Commonwealth early this
15 summer.

16 Suffice it to say, the casino represents
17 a significant investment for our company of
18 approximately \$60 million. It will include 600 slot
19 machines, 28 table games and 2 restaurants. We're
20 excited and eager to get it open. As Chris and Phil
21 introduced, our access plan for the casino keeps it
22 simple. There are three categories of allowed patrons
23 under the Gaming Act, excluding the employees, the
24 regulatory staff, the law enforcement and other
25 allowed officials. And of course our proposed access

1 plan had been designed to create a viable, effective
2 and enforceable system that fulfills the statutory
3 requirements and clearly addresses each category of
4 allowed patron.

5 Each one of the categories of allowed
6 patrons will be given access to the casino by using
7 the instrument that simply makes the most sense.
8 Members will use their membership card, hotel guests
9 will use their hotel registration card and patrons of
10 the amenities will use a casino access pass that will
11 be issued by trained and licensed staff. I'm going to
12 talk through each category of allowed patron one by
13 one. But first, in order to put our plan into context
14 for the Board, I want to describe the physical plan
15 and access to the gaming floor. This slide represents
16 a front exterior rendering of the casino.
17 Importantly, guests will be able to access the
18 building only through this front entrance. Upon
19 entering the building, guests will be in the casino
20 lobby denoted here in blue and the doors for the
21 entrance are shown in red.

22 Chris described the Nemaquin Experience
23 Centers and the Nemaquin Experience Center for the
24 casino will be located here, shown in yellow, within
25 the casino lobby but outside of the casino floor.

1 Finally there is a single point of access to the
2 gaming floor shown here in green. This is where our
3 trained security officers will be located to verify
4 that each individual attempting access to the gaming
5 floor has a valid access pass, a membership card or a
6 hotel registration card and is over the age of 21.

7 As I mentioned, Isle of Capri operates
8 15 casinos in 6 states, so we are well versed in the
9 training of security officers. While the challenge
10 presented by the Gaming Act's restrictions on Category
11 3 Licensees is somewhat unique, our solution to that
12 challenge is straightforward. At the secure entrance
13 point, security officers will check for one of the
14 three necessary forms of access pass; a hotel
15 registration card, a valid membership card or a casino
16 access pass. And will verify that each form is valid
17 for entry at that time by checking the expiration date
18 and the time that will be presented on each pass.

19 Additionally our security will be
20 trained in our standard operating procedure across all
21 of our casinos of verifying the age of any patron who
22 appears to be under 30 years of age. Those guests at
23 the casino with a valid membership card or hotel
24 registration card will proceed directly to the casino
25 access point and show their pass. While guests who do

1 not have a membership or hotel registration card but
2 who have patronized one or more of the amenities will
3 proceed to the Nemaocolin Experience Center. Now along
4 with Phil, we are going to address each of the
5 categories of allowed patrons individually and in more
6 detail. Phil.

7 ATTORNEY KIRCHNER:

8 Thank you, Rich. As Rich mentioned, we
9 are now going to address each specific category of
10 person authorized by the Gaming Act to enter the
11 casino floor. But first let me emphasize that
12 Woodlands Fayette recognizes that it must work
13 cooperatively with its patrons to make its plan a
14 success. Indeed no plan is full proof. An indevious
15 person bent on breaking the law and gaining access,
16 unauthorized access to the casino might be able to
17 find ways to do so.

18 Although we believe our type of facility
19 and rural location makes such threats less likely and
20 our access plan will substantially discourage such
21 attempts. However, in order to minimize the risk of
22 such abuses of the system and to educate our guests
23 about their responsibility to assist us in maintaining
24 the security of our access plan, we will ask each
25 overnight guest, a patron of the amenities and member

1 desiring access to the casino to sign a statement
2 acknowledging that they are aware of their obligations
3 under the laws of the Commonwealth. And I want to
4 read what they'll sign. And I quote, the undersigned
5 agrees to surrender this pass on demand and be bound
6 by the terms of its use under Pennsylvania law. The
7 undersigned understands and agrees that the transfer
8 of this pass to a person other than the undersigned is
9 strictly prohibited. Improper use may result in
10 criminal penalties including criminal trespass under
11 18 Pennsylvania Consolidated Statute, Section 3503 and
12 revocation of any future gaming privileges and rights
13 under Pennsylvania casino --- to enter Pennsylvania
14 casino facilities. All restrictions relating to the
15 use of this pass are available at the casino's
16 website.

17 That legend will appear on each hotel
18 registration pass given to our registered overnight
19 guests, each casino access pass given to our patrons
20 of the amenities and each membership card given to our
21 members. And all persons issued any one of these
22 passes will be asked to sign it before being given
23 access to the gaming floor.

24 Now we are going to address each of the
25 three categories. We'll start with registered

1 overnight guests. Gaming access as a registered
2 overnight guest of the well-established resort hotel
3 is allowed to access the casino games. Mr. Laudon
4 will now explain the plans we have for giving our
5 registered overnight guests access to the casino
6 floor. Rich.

7 MR. LAUDON:

8 In total, about 150,000 people stay
9 overnight at the Nemaquin every year. These are
10 people of diverse backgrounds of all ages, all coming
11 to Nemaquin to enjoy the amazing amenities the resort
12 has to offer. Registered hotel guests who want access
13 to the casino will be allowed access to the casino by
14 presenting their hotel registration card as Chris
15 previously described. An illustration of this card is
16 on the screen. As discussed, each guest will be
17 required to sign the terms and condition that Phil
18 mentioned before found on the back of the card.

19 So, how does a guest get a hotel
20 registration card? Hotel guests are issued a hotel
21 registration card when they check in at any of the
22 resort's lodging options. These cards are generally
23 used for making room charges while at the resort and
24 are ubiquitous among high-end resorts around America.
25 As Chris previously described Nemaquin currently uses

1 this system to allow guests to charge amenity costs to
2 their rooms. Guests currently use their cards at the
3 resort's many restaurants, at the spa, at the golf
4 courses, at the shooting range and at the many other
5 amenities the resort had to offer. Note that casino
6 patrons will not be able to charge any gaming to their
7 room. The card will contain the name of the
8 registered guest and the dates of arrival and checkout
9 in addition to the room number and the previously
10 mentioned terms and conditions and the signature
11 panel.

12 Although the hotel registrations cards
13 can be and are used by guests under the age 21, to
14 make various charges from the user resort amenities,
15 any person presenting a hotel registration card at the
16 casino access point who appears to be under the age of
17 30 will be required to produce a valid ID to verify
18 that they are sufficient age to gain access onto the
19 casino floor. And finally the hotel registration card
20 will provide guests with access to the casino floor
21 until 11:59 p.m. of the day of their checkout which is
22 clearly marked on the card itself. Phil.

23 ATTORNEY KIRCHNER:

24 Okay. Next we will discuss how we plan
25 to give patrons of the amenities access to the casino

1 gaming floor. The Gaming Act provides that any
2 individual who is a registered attendee of a
3 convention, meeting or banquet event or a participant
4 in a sport or recreational event or any other social,
5 cultural or business event held at the resort hotel or
6 who participates in one or more of the amenities
7 provided to registered guests of the well-established
8 resort hotel may access the casino floor.

9 So, as the Act describes, patrons of the
10 amenities are divided into two categories. First
11 there are resort attendees, event attendees and
12 participants and second are persons who participate in
13 one or more of the resort's amenities. Mr. Laudon is
14 going to describe how both types of patrons of the
15 amenities will be given access to the gaming floor.

16 MR. LAUDON:

17 Qualified patrons of the amenities will
18 be eligible to receive a casino access pass which will
19 allow access to the casino for the patron. The casino
20 access pass we intend to provide, looks like the
21 illustration you see on your screen and is printed on
22 demand like a movie ticket. Again just like the hotel
23 registration card, it contains the terms and
24 conditions for the pass along with a space for
25 required guest's signature.

1 In addition to the required signatures
2 the casino access pass will be dated and time stamped
3 allowing access to the casino for one eligible patron
4 for 24 hours following the issuance. These passes
5 will be available only by presenting valid proof of
6 purchase or participation from any of the resort
7 amenities at the Nemaquin Experience Center in the
8 casino lobby and will be printed on controlled water
9 marked ticket stock. Also worth noting, these casino
10 access passes will be printed from a ticket printer
11 that will only be operated by a licensed and trained
12 casino employee. Phil.

13 ATTORNEY KIRCHNER:

14 Thank you, Rich. Now we want to
15 address, more specifically, how the first category of
16 patrons of the amenities will be allowed to access the
17 casino floor. We're talking about registered
18 attendees at conventions, meetings and banquets and
19 participants in sporting, recreational, business,
20 social and cultural events at the resort. Mr. Laudon
21 will now explain how those particular persons will be
22 allowed to gain access to the casino floor. Rich.

23 MR. LAUDON:

24 Specifically relating to registered
25 event attendees. Nemaquin's event coordinators will

1 work with external event organizers and the event
2 attendees to compile a list of those in attendance at
3 each event will be available at the Nemaquin
4 Experience Center. Registered event attendees can
5 visit the Nemaquin Experience Center where a resort
6 employee will verify their registration or attendance.
7 The Nemaquin Experience employee will issue proof of
8 participation, similar to a receipt which will include
9 the name and the time of the event as proof of
10 participation as long as it is valid within the past
11 72 hours, can then be presented for a casino access
12 pass at the Nemaquin Experience Center in the casino
13 lobby. And potentially other centers as demand
14 requires it in the future.

15 The 72 hour period will begin upon
16 check-in at the amenity of the beginning of the event.
17 The casino access pass will be issued to these events
18 attendees as long as the host or the attendees pay the
19 de minimus consideration of at least \$10 per attendee.
20 Phil.

21 ATTORNEY KIRCHNER:

22 Okay. Next we will address how the
23 second category of patrons of the amenities, and that
24 is individuals who participate in one or more of the
25 resort's amenities may gain access to the casino

1 floor. The Gaming Act defines amenities as any
2 ancillary activities, services or facilities in which
3 a registered guest or the transient public, in return
4 for non de minimis consideration as defined by Board
5 regulation may participate at a well-established
6 resort hotel. The Board has defined non-de minimis
7 consideration as a payment of fair market value of at
8 least \$10 per patron, paid to the resort hotel for use
9 of one or more of the amenities. Mr. Laudon will now
10 explain how we plan to get those individual patrons of
11 the amenities access to the casino. Rich.

12 MR. LAUDON:

13 These participants of the amenities will
14 be issued a casino access pass upon providing proof of
15 participation or purchase. Basically for all patrons,
16 except those who are attendees at or participants in
17 resort events, they will need to produce a receipt.
18 Nemaquin already has in place the ability to indicate
19 on those receipts how many patrons used the amenity
20 covered by the receipt. For example, five diners, or
21 four golfers or two for the spa treatments.

22 Proof of purchase for any amenity for at
23 least \$10 within the past 72 hours may be redeemed for
24 a casino access pass at the Nemaquin Experience
25 Center in the casino lobby. A proof of purchase may

1 not be reused for future casino access and will be
2 marked voided upon usage. Again, the casino access
3 pass allows access to the casino for a patron who has
4 signed the pass for 24 hours following its issuance.
5 Phil.

6 ATTORNEY KIRCHNER:

7 Thank you, Rich. Now the final category
8 of person authorized by the Gaming Act to access a
9 Category 3 casino is a holder of a valid membership
10 and his or her guest. Gaming Act provides the holders
11 of a valid membership approved by the Board may access
12 the gaming floor. In a minute, Mr. Laudon will
13 explain to you the procedure that we plan to use to
14 allow our authorized membership holders to enter the
15 casino. After Mr. Laudon, Mr. Plummer will then
16 describe the content and pricing of Nemacolin's
17 existing membership plans. He will describe the
18 existing memberships that pre-date of Lady Luck Casino
19 Nemacolin, the privileges that members are currently
20 offered and how they are priced.

21 The Gaming Act requires that the Board
22 shall base its approval of a membership on all of the
23 following. Number one, the duration of the
24 membership, number two, the amenity covered by the
25 membership and number three, whether the fee charged

1 for the membership represents the fair market value
2 for the use of the amenity.

3 Later in our presentation, we will
4 address the specifics of the fair market value
5 calculation and assumptions used by Nemacolin's
6 Woodlands Resort in arriving at its membership prices.
7 Because all but one of the memberships that are before
8 the Board for approval today are already in existence,
9 and pre-date the arrival of the casino at the resort,
10 they have been priced without regard for driving
11 persons to use the casino. In other words, their
12 prices were established to drive business to the
13 existing amenities at the resort. The value of each
14 of these pre-existing memberships have been tested in
15 the market place and as Mr. Plummer will explain to
16 you time has demonstrated fair price fairly for both
17 the resort and its patrons.

18 Woodlands Fayette would like to expand
19 its existing membership offerings to add casino access
20 with a list of privileges associated with them. And
21 we ask that the Board approve the memberships for that
22 purpose. Mr. Plummer will explain to you that in
23 seeking to expand its existing memberships to add
24 casino access Woodlands Fayette seeks to use the
25 casino for exactly the purpose for which the

1 legislature authorized the creation of Category 3
2 Licenses and that is to use the casino as a means to
3 draw more visitors to the established resort hotel to
4 use its other amenities and to increase tourism in the
5 Commonwealth. Before Mr. Plummer, however, Mr. Laudon
6 will now describe how the membership holders may gain
7 access to the casino.

8 MR. LAUDON:

9 For members of approved resorts and
10 membership programs, a casino access pass will be
11 granted upon presentation of a membership card. The
12 resort plans to re-issue standardized cards like you
13 see here to all of its existing members prior to the
14 opening of the casino. Again on the back you can see
15 the same terms and conditions as well as the signature
16 panel.

17 Beginning with the debut of the casino,
18 membership cards for all of the resort memberships
19 will be available for sale at the Nemaquin Experience
20 Centers in addition to other locations around the
21 resort. Membership cards are valid for casino
22 entrance for the membership holder and one guest who
23 must enter along with the membership holder. If that
24 guest leaves, he or she may not re-enter the casino
25 without that member. Membership cards, as you saw,

1 will contain the name of the member and the expiration
2 date of the membership.

3 Each membership at the resort is for at
4 least one year. Annual membership dues have been
5 previously calculated for each of the membership class
6 based on Nemaocolin's experience as the operator of a
7 world class destination resort for the last 26 years.
8 These existing memberships, as you will hear, have
9 been successful in enhancing the resort and therefore
10 we believe the prices that the resort currently
11 charges for them already reflect the fair market
12 value. Now Chris Plummer will talk more about all of
13 the existing memberships and the single new membership
14 the resort proposes to create. Chris.

15 MR. PLUMMER:

16 Thank you, Rich. As I did mention
17 earlier, Nemaocolin already offers a variety of
18 membership programs at the resort and they have been
19 successful in helping us to drive additional business
20 essentially through the economic challenges we have
21 faced the last few years. Our first membership
22 program is called the 400 Club Membership. It was
23 created in 1990 by approximately 350 members. The
24 original price of this lifetime membership was \$1,500
25 and it is no longer for sale. Mr. Hardy created this

1 membership just around the time the resort was opened
2 as a way to get people involved and invested in our
3 brand new resort.

4 The membership has a variety of benefits
5 including discounted rates of many of our amenities.
6 Principally though, the membership offers free or
7 discounted rates on greens fees, cart fees and guest
8 fees on golf courses. We would like to add casino
9 access to the list of privileges associated with 400
10 Club Membership. We also offer four shooting
11 memberships; an individual membership, a family
12 membership, a group membership and a corporate
13 membership. Each of these is for sale for either one
14 or two years. The benefits for these membership are
15 listed on the screen but most significantly include
16 complimentary gun rental, 15 percent discounts on
17 lodging and at certain retail and food and beverage
18 outlets and discounted rates on shooting targets.

19 The fees for the membership vary based
20 on type ranging from \$125 a year for an individual
21 membership to \$2,000 a year for a corporate
22 membership. We would like to add single access to the
23 list of privileges associated with the shooting
24 memberships.

25 We also offer a membership for our spa.

1 The spa program offers one complimentary monthly
2 promotional service, one complimentary monthly
3 personal training session and complimentary access to
4 the fitness facility and wet areas, including steam
5 room, hot tub and indoor pool. Membership also offers
6 certain retail and food and beverage discounts all
7 listed on the screen. The annual fee for this
8 membership is \$1,500 with the option to add a spouse
9 for an additional \$1,200. We would like to add casino
10 access to the list of privileges associated with the
11 spa memberships.

12 For golf, our first golf membership is
13 for the Links Golf Course. One of our two golf
14 courses we offer at the resort. The primary benefits
15 of this membership are complimentary green fees on the
16 Links and \$100 credit at the Nike Shop, complimentary
17 access to the Links practice facilities, the ability
18 to reserve a tee time 30 days in advance, a discounted
19 \$50 greens fee on Mystic Rock and discounted cart and
20 guest fees. Like many of our other member programs,
21 the golf memberships for the Links Golf Course also
22 includes certain other discounts on rates for other
23 amenities at the resort. This membership is also
24 available for individuals and costs \$600 per year. In
25 addition, we offer membership for only the practice

1 facilities along with more limited food and beverage
2 discounts for \$100 per year.

3 For membership to the Mystic Rock Golf
4 Course, a Pete Dye designed award winning PGA tour
5 course we offer two options, a corporate membership
6 and an individual membership. The corporate
7 membership is available for an annual rate of \$20,000.
8 Benefits of the corporate membership include
9 complimentary greens fees for up to eight golfers per
10 day, practice facility usage, private locker and bag
11 storage, advanced tee times and discounted guest rates
12 and cart fees. Additionally, members receive certain
13 other discounts across the resort that are listed on
14 the screen. Our individual membership to Mystic Rock
15 offers similar benefits for the individual member.
16 This membership is sold for \$2,500 per year. We would
17 like to add casino access to the list of privileges
18 associated with all of our golf memberships.

19 ATTORNEY KIRCHNER:

20 Woodlands Fayette is mindful that the
21 Act requires that the Board must determine that its
22 memberships are priced at the fair market value. And
23 considering the fair market value of our memberships,
24 the Board should consider, among other factors, the
25 impact that Nemaocolin's location in Fayette County has

1 on the prices it can charge for its various amenities.
2 Mr. Plummer will speak to that in a minute.

3 In the case of resort memberships the
4 price charged must be fair market value for both the
5 member and the resort. The ideal membership is a
6 win/win for the patron and the resort. In order to
7 accomplish that result, the membership must be priced
8 at a level low enough that the patron will be willing
9 to pay for future uses of the amenity in advance but
10 not so low that the resort loses money every time the
11 amenity is used by a member. You've already heard
12 from Chris Plummer that he and his resort staff have
13 tracked usage of these pre-existing memberships and
14 their accompanying amenities and have concluded in
15 their experience that those memberships are priced
16 right where they need to be to strike the proper fair
17 market value balance. They're neither too high to
18 discourage customers from purchasing them or too low
19 to break the bank. We believe that the new membership
20 proposed by Woodlands Fayette is also fairly priced.

21 Woodlands Fayette seeks approval of the
22 Board to include casino access among the privileges
23 associated with this new membership, the Nemaquin
24 Experience Membership. Mr. Plummer will describe the
25 concept of Nemaquin Experience Membership, the

1 amenities included within it and how the resort
2 arrived at its assessment of the fair market value and
3 price to be charged for that membership. As you will
4 hear from Mr. Plummer, we are seeking Board approval
5 for the Nemaquin Experience Membership for the same
6 reasons that we are seeking approval to have casino
7 access to our other memberships. And that is to
8 attract more patrons to the resort and to encourage
9 more use of its amenities.

10 One final word about the fair market
11 value calculation for the Nemaquin Experience
12 Membership. The Board is already aware of the
13 management contract between the resort and its casino
14 management partner IOCPA. The terms of that agreement
15 actually give the resort a significant financial
16 disincentive to undervalue its memberships in order to
17 attract more casino business. As Mr. Plummer will
18 explain in more detail, the resort's revenues will
19 increase, not as more patrons use the casino but
20 rather as the casino acts as a drawing card to drive
21 more patrons to use the resort's guest accommodations,
22 patronize its amenities and purchase its memberships.
23 That is precisely the goal our legislature had in mind
24 when it created the Category 3 License. Mr. Plummer
25 will now describe the Nemaquin Experience Membership.

1 MR. PLUMMER:

2 With the opening of Lady Luck we plan to
3 offer one new membership to the resort. We call it
4 the Nemaquin Experience Membership and we are
5 particularly excited about it because we think it
6 represents the single, greatest opportunity for
7 Nemaquin moving forward. The goal is simple. We
8 want to introduce guests to new amenities available at
9 the resort, encourage repeat visitation, promote the
10 use of our amenities during off peak hours and grow
11 our marketing database. We expect the addition of a
12 casino at Nemaquin to attract the customer who does
13 not actively visit Nemaquin because we currently do
14 not offer casino gaming as an amenity.

15 According to the 2010 active gambler
16 profile study conducted by WMS Gaming, approximately
17 two-thirds of active gamblers spend their money on
18 experiences that will enrich their lives such as
19 travel, vacations, theater, good restaurants, et
20 cetera. They are experientialists by nature with
21 nearly one-third stating they prefer to go to places
22 that are more than just entertainment but also enable
23 a sense of participation. We are in the participation
24 business at Nemaquin. Our resort is a place where a
25 guest can have many, many experiences. They can drive

1 a Jeep, view art galleries, eat in fine restaurants,
2 golf, fly fish, go to the spa and shoot clays. You
3 name it, we provide it and our resort is perfect for
4 active gamblers. Furthermore, we know that these
5 customers spend money on other leisure activities.

6 According to that same study of active
7 overnight gamblers, 88 percent spend money on food and
8 beverage, more than half spent money on shopping and
9 39 percent spent money on entertainment. Even
10 gamblers who visit for the day seek out other
11 experiences beyond gaming. Seventy-five (75) percent
12 spent money on food and beverage, nearly 20 percent
13 spent money on entertainment and 27 percent spent
14 money on shopping. So, the casino may be the first
15 stop at our resort but what really interests us at
16 Nemacolin is where their next stop happens.

17 The Nemacolin Experience Membership is a
18 generalist membership. It is designed to reach a
19 broader target demographic in terms of income levels
20 and interests than the more targeted and more
21 expensive memberships that we currently offer. Our
22 expectation is that if a guest is an avid golfer, then
23 they will see better value by trading up to a golf
24 membership where the benefits are much greater and
25 exclusively targeted to golfers. If they're an avid

1 shooter, they will see better value of any of our
2 shooter members. However, if the guest is a once or
3 twice a year golfer and also shoots clays once or
4 twice a year, they will find our unique offerings
5 attractive in the Nemaocolin Experience Membership.

6 Increasing participation, particularly
7 at off peak times, will allow us to drive further
8 utilization which leads to an increase in revenues and
9 ultimately an increase in jobs at our resort. For \$25
10 annually, members will enjoy certain, unique, member
11 only benefits. Golf; on Sundays, members will receive
12 complimentary greens fees, and \$15 cart fees on the
13 Links Golf Course which is \$60 for non-members. An
14 \$85 twilight and greens fees on the Mystic Golf Course
15 which is \$185 for non-members. Members will also
16 benefit from the 15 percent discount on our pro-shops
17 and 10 percent discount on golf instructions, both
18 individuals and clinics.

19 The Woodland Spa, Sunday through
20 Thursday after 4:00 p.m., members can access the
21 fitness center Olympic pool and steam and sauna room
22 for only \$10 while the cost is \$30 for non-members.

23 At the Shooting Academy, members will
24 receive Shooting Academy member pricing on Mondays.
25 At the Adventure Center, Monday through Thursday,

1 members can enjoy \$20 Fatbird Flyer rides, \$4
2 miniature golf and bowling and \$10 bike rentals.
3 These rates are all lower than the rates charged to
4 our non-members. At Mystic Mountain, members will be
5 allowed to purchase a \$42 lift ticket for only \$25.
6 Additionally, we will offer special discounts at
7 various amenities which will change seasonally based
8 on demand. These discounts are specifically targeted
9 to introduce casino patrons to the other amenities
10 available at the resort as well as increase our
11 business volumes during off peak times and a net
12 benefit of the resort and every membership class.
13 Here is a listing of some examples that may be
14 offered.

15 Finally we would like to add casino
16 access to the list of privileges associated with a
17 Nemaquin Experience Membership. At \$25 annually, we
18 are confident that this membership price reflects fair
19 market value and let me explain why. First of all we
20 know our market. We have been in business in Fayette
21 County for 26 years and it is our strong belief that
22 \$25 annually is the price that a consumer will pay for
23 this membership in that locale. If we were located in
24 suburban Philadelphia or Pittsburgh, we would expect
25 to charge a higher price for the Nemaquin Experience

1 Membership. But located in rural Fayette County, we
2 believe that \$25 is the price we can charge and make
3 this membership work for us. For example, the average
4 household income in Uniontown is approximately \$46,000
5 while it's approximately \$43,000 in Morgantown, West
6 Virginia. By contrast, the average household income
7 in the Philadelphia, Wilmington, Camden MSA is
8 \$73,000. As such, we believe we have priced the
9 membership where we'd be able to attract additional
10 local guests with an attractive package to experience
11 all of our amenities.

12 So, when we looked at all the evidence
13 available to us, we decided that \$25 was the right
14 price point for this new membership. Of course we
15 monitor all of our prices constantly and regularly to
16 assure that they are priced competitively to give us
17 the best possible advantage in our marketplace. If we
18 see that an amenity or a membership is priced
19 incorrectly, either too high or too low, we will
20 consider adjusting that price. At the risk of
21 sounding too self-confident, we didn't hire a market
22 expert because we are the market expert in this case.
23 In terms of pricing we have structured this membership
24 to incentivize guests by offering a diverse array of
25 experiences at a fair price for them where the resort

1 doesn't lose money.

2 As the Board's aware, under the terms of
3 our management agreement with Isle of Capri the
4 resort's share of the revenues from the casino
5 operation is small. That amount will only cover our
6 maintenance and other requirements we have as the
7 resort owner. Instead, it is our hope that the casino
8 will become a popular draw to encourage new and
9 returning guests to visit the resort and patronize our
10 amenities. If we can sell the Nemaquin Experience
11 Memberships to this new group of people visiting the
12 resort for the purpose of gambling then we are giving
13 them an incentive to try our other amenities in
14 addition to the casino. We know that once they try
15 our other amenities, they will want to return and use
16 them again. This is the real value to us in having a
17 first class casino on the property and we believe this
18 new membership is the best way for us to capitalize on
19 that.

20 Nemaquin's best opportunity to profit
21 from the casino is through increased demand on our
22 rooms, our restaurants, our golf courses, our spa and
23 other activities as a result of adding this casino as
24 an amenity. At Nemaquin, our memberships have only
25 been successful with the percent balance of revenue

1 from sales value and increased demand. If one of
2 those key factors is off by enough, the programs can
3 be disastrous to that operation. If we were to under
4 price the Nemaocolin Experience Membership we would put
5 our operation at great risk and we have in an effort
6 to create casino only customers. Our opportunity with
7 Lady Luck Nemaocolin is not in selling memberships to
8 allow access to the casino but rather to increase the
9 demand for our other amenities as a result of it. The
10 Nemaocolin Experience Membership is our best
11 opportunity to do that.

12 With every membership sale, we'll also
13 build our database and gain the opportunity to create
14 a lifetime guest which is another invaluable benefit
15 to the resort. With every membership sale, we gain
16 the opportunity to increase our current business
17 volume at just about each and every point of sale at
18 the resort. With every membership sale, our discount
19 program will help fill seats that may otherwise remain
20 empty during non-peak hours. With every membership
21 sale, we obtain the opportunity to entice a guest into
22 joining one of our other more expensive membership
23 programs. We believe that the Nemaocolin Experience
24 Membership Program will make our amenities more
25 utilized, our restaurants more lively, our hotels more

1 active and our resort, overall, more vibrant. With or
2 without the casino, this is the right thing to do for
3 our resort.

4 That concludes our presentation for
5 today. Let me again, speaking on behalf of Nemaquin
6 and our partners at Isle of Capri, tell you how
7 excited we are to bring Lady Luck to life and we look
8 forward to opening this summer. Devising our access
9 plan certainly had its challenges and it is a unique
10 requirement but at every turn, we tried to view these
11 challenges as opportunities. Opportunities to further
12 increase tourism and better market our resort by
13 introducing our vast array of amenities to more and
14 more guests. Thank you.

15 ATTORNEY KIRCHNER:

16 Okay. That concludes our testimony in
17 favor of approving the Woodlands Fayette Access Plan.
18 Thank you for your attention. Before closing our case
19 and answering any questions that the Board or Staff
20 might have, I have two other items of business. First
21 I would like to move into evidence our slide show
22 presentation.

23 (Exhibit Number One marked for
24 identification.)

25 ATTORNEY PITRE:

1 No objection.

2 CHAIRMAN:

3 Okay. So, moved.

4 ATTORNEY KIRCHNER:

5 Thank you. Second, I have one
6 additional request of the Board before we move to the
7 questions. This request concerns an item that came up
8 during our presentation and we have talked with
9 Enforcement staff about it. But it concerns the
10 resort's ability to make minor changes to its
11 memberships in the normal course of business. To
12 continue as a successful world class resort, Nemaquin
13 needs to have the ability to react quickly to market
14 conditions with respect to the pricing of its
15 accommodations, its amenities and its numerous
16 memberships.

17 Prior to the introduction of the casino,
18 Nemaquin was used to making business decisions about
19 the pricing of its memberships and the mix of
20 amenities included within them in the normal course of
21 business. Now we understand that adding the casino
22 changes that dynamic but in an attempt to streamline
23 the process for making such minor changes in addition
24 to approving the Access Plan presented today we ask
25 the that the Board also permit Nemaquin to do the

1 following things after giving notification to the
2 Executive Director.

3 The three things we're asking for are
4 first, we would like approval to increase any of the
5 prices for any of the memberships we have discussed
6 today with notice to the Executive Director. Second,
7 we would like approval to decrease the price of a
8 membership so long as the resulting price is not less
9 than the fair market value of that membership as
10 determined by the Board. And third, we would like the
11 ability to change the amenity offerings included
12 within a membership provided that any significant
13 change would require full approval of the Board. So,
14 what we're talking about is minor adjustments,
15 swapping out a ten percent discount at Restaurant A
16 for a ten percent discount at Restaurant B and things
17 of that nature. We ask that the Board permit this
18 delegation of authority to the Executive Director in
19 order to eliminate lengthy delays in approving changes
20 to the membership plans. Thank you for your
21 attention, that ends our case and we are now prepared
22 to answer any questions.

23 CHAIRMAN:

24 Cyrus, does the Office of Enforcement
25 Counsel (OEC) have any questions?

1 ATTORNEY PITRE:

2 Yeah, I have several questions. Before
3 I get into the questions, with regard to the recent
4 requests that was discussed yesterday, it's my opinion
5 that once the Board establishes a fair market value
6 that anything that falls below that fair market value
7 established by the Board, the Board would need to
8 approve a decrease below that fair market value. And
9 any increase above that fair market value, we're fine
10 with notification. Any minor changes in the amenities
11 we're also fine with, that as long as there's
12 notification and we can keep track of any changes that
13 they make. If it's something that we view as
14 egregious, we'd ask them to petition the Board to get
15 that approval. As long as, you know, they don't go
16 below the fair market value established by the Board,
17 whatever the Board establishes those fair market
18 values at, I don't have any problem with that latest
19 request but I'll leave it to the Board's discretion.

20 The questions that I have, with regard
21 to the lifetime membership, is that something that
22 you're seeking casino access for?

23 MR. PLUMMER:

24 Yes.

25 ATTORNEY PITRE:

1 Okay. The Act mentions that the Board
2 can approve seasonal and year round memberships. How
3 do you view the lifetime membership as it relates to a
4 seasonal or year round membership? Is it my
5 understanding that the lifetime membership --- once a
6 person gets that membership they have that membership
7 for life I assume?

8 MR. PLUMMER:

9 Correct.

10 ATTORNEY PITRE:

11 Okay. So, as a result, what's your
12 interpretation under the Act with regard to the Board
13 only being able to approve seasonal or year round
14 memberships as it relates to the lifetime membership?

15 ATTORNEY KIRCHNER:

16 Let me try to address that. These are a
17 very limited group of memberships. I think there are
18 350 currently and these are people who have been
19 associated with the resort for many years, mostly
20 older people, Mr. Hardy's cronies and things like
21 that. And they are --- so, it's a very small number.
22 We're not sure how many of them are going to use the
23 casino but we would like the approval to add that
24 casino access to the membership. We're no longer
25 selling these memberships. So, the number that we

1 have today will only decrease over time. And I guess
2 we're asking for an exception to the seasonal nature
3 for this one particular category of membership.

4 ATTORNEY PITRE:

5 I don't know if we could call it an
6 exception because the Act requires this but I'm sure
7 it's open to interpretation by the Board. How the
8 Board wants to interpret that membership. So, I'll
9 leave that to the discretion of the Board but I wanted
10 to know your take on that. Also, with regard to the
11 employees working in the hotel and working at the
12 other Nemaquin Experience counter or counters,
13 outside of the casino lobby, I didn't hear you mention
14 whether or not you had some plan that those employees
15 would be licensed. Do you have any interpretation or
16 a take on that particular scenario?

17 ATTORNEY KIRCHNER:

18 Let me try to clarify that we plan to
19 open with two Nemaquin Experienced Centers. One at
20 the casino lobby and one at the hotel lobby, the
21 Chateau. The one in the hotel lobby initially will be
22 staffed only with resort employees and they will not
23 be issuing casino access passes. They will simply be
24 there to provide proofs of purchase for event
25 attendees, participants in the amenities, things like

1 that.

2 The Nemaacolin Experience Center in the
3 casino lobby will be staffed by both resort employees,
4 who will do the things I mentioned and a licensed
5 casino employee, who will be able to take that proof
6 of purchase and convert it into a casino access pass
7 by printing out a pass from the ticket machine that we
8 mentioned in our testimony. Now in the future, for
9 example, if we have a large event, like a large
10 wedding, a large conference or the like, in order to
11 avoid having long lines at the Nemaacolin Experience
12 Center in the casino lobby, we may staff the hotel
13 lobby Nemaacolin access center with a licensed casino
14 employee so that we can print access passes there.
15 So, we'll have two locations operating but each one
16 will then have a licensed operator. Right now, though
17 in the normal course of business, we plan to have the
18 licensed casino operator or person only at the counter
19 in the casino lobby itself.

20 ATTORNEY PITRE:

21 Okay. So, with regard to registered
22 hotel guests or guests that purchase memberships at
23 any of the Nemaacolin Experience counters or anywhere
24 else on the resort, what is your plan to ensure that
25 --- any individuals under the age of 21 that are

1 registered hotel guests or have sole memberships or
2 any individuals on the Board Self-Exclusion List, or
3 on the Board's Exclusion List, what is your plan to
4 cross check to ensure that those individuals do not
5 gain access into the casino?

6 MR. LAUDON:

7 Any time the membership cardholder or a
8 hotel registration guest or a patron of an amenity
9 with a casino access pass passes through the security
10 access point the entryway, they look for 30 years or
11 less, they will be ID'd by a well-trained security
12 officer.

13 ATTORNEY PITRE:

14 Okay. Underage is a lot easier, I
15 think, than self-excluded. I think we have somewhere
16 in the neighborhood of 4,000 or 5,000 people in our
17 Self-Excluded List. And I know it's close to well
18 over 100 with regard to the Exclusion List. And you
19 have one, two, three security guards, whatever you may
20 have, at those entry points. How are those
21 individuals going to be able to identify the
22 self-excluded individuals? Is there going to be some
23 type of list that's generated when the person checks
24 in, when people check that is sent over to the casino
25 that can be cross checked against the self-excluded or

1 excluded list to ensure that security guards are well
2 aware that those individuals are at the resort and
3 they cannot gain access into the casino?

4 MR. LAUDON:

5 We will have that data of the names that
6 are on the Pennsylvania list and we will also include
7 all of the disassociated or self-excluded people with
8 all of the Isle of Capri Casino customers. We are
9 going to rely on checking through the traditional
10 methods for self-excluded people through various ---
11 such as WT jackpots, check cashing and credit. We
12 will not check those people as they enter into the
13 casino entry lanes.

14 ATTORNEY PITRE:

15 Will the casino employees have access to
16 the list of registered hotel guests that exist on
17 property? For instance, this week there's a list of
18 guests that have registered and staying overnight at
19 the hotel. Will the casino have access to that list
20 of guests?

21 MR. LAUDON:

22 The Lady Luck employees will not have
23 access but they will be working next to the resort
24 employees at the Nemacolin Experience Center. The
25 resort employees will have access to that list. Am I

1 correct, Chris?

2 MR. PLUMMER:

3 (Indicates yes).

4 ATTORNEY PITRE:

5 Okay. I'm all for letting you run your
6 business the way you see fit but I'm going to
7 encourage you to share those lists with the casino
8 employees so that they may cross check against the
9 Self-Excluded List and excluded list to ensure that
10 those people don't gain access. Because if we do see
11 a problem in the future, I'm going to request that the
12 Board implement that or that you implement that into
13 your internal controls. So, if you don't do it
14 willingly, when there's a problem, we'll do it
15 forcefully. I just want to put everybody on notice
16 about that.

17 ATTORNEY KIRCHNER:

18 We appreciate that and certainly take
19 that under consideration. And I appreciate also the
20 fact that that's really something that belongs in the
21 internal controls, which I believe are under
22 consideration right now.

23 ATTORNEY PITRE:

24 Yes, they are.

25 ATTORNEY STUART:

1 I have a few questions, Chairman. Glen
2 Stuart, last name S-T-U-A-R-T. I guess I'll throw
3 these out to Chris and Rich and you guys can answer it
4 as you deem appropriate. Who does Nemaclin currently
5 market its existing memberships to?

6 MR. PLUMMER:

7 Our existing memberships are completely
8 marketed for like --- like I said in the testimony ---
9 the avid golfer, the avid shooter, the avid spa goer,
10 more those avid fans of that amenity or what I see the
11 value of that memberships such ---.

12 ATTORNEY STUART:

13 Are those people generally located in
14 the Farmington area or to like the Pittsburgh area,
15 West Virginia area?

16 MR. PLUMMER:

17 It expands outside of the Farmington
18 area, absolutely. Yes.

19 ATTORNEY STUART:

20 Okay. And the new Nemaclin Experience
21 Membership, who do you plan on marketing that
22 membership to?

23 MR. PLUMMER:

24 We plan on marketing that new membership
25 to a guest-base that is created because of us adding

1 this casino as an amenity, as a way to introduce them
2 to the other amenities that we offer.

3 ATTORNEY STUART:

4 Okay. Do you foresee more locals buying
5 that membership than they do, say the golf membership
6 or the shooting?

7 MR. PLUMMER:

8 I would definitely anticipate that, that
9 local. And when I say local maybe 30 to 45 minute
10 range, which currently isn't a very large market for
11 Nemaquin. This is a big opportunity in attracting
12 that market to Nemaquin. Our market is much further
13 out. We have got to get an hour and a half to two to
14 three hours for our core market.

15 ATTORNEY STUART:

16 Now I think you've already stated this
17 in your testimony, but there's a very strong
18 probability that people are going to buy this
19 Nemaquin Experience just for casino access. Is that
20 the intent of this membership?

21 MR. PLUMMER:

22 That would not help us whatsoever. In
23 fact, it would be disastrous to Nemaquin. If we
24 don't have these people participating, we have no
25 incentive to do that whatsoever with our structure set

1 up of Isle of Capri. No.

2 ATTORNEY STUART:

3 Okay. Does Nemacolin plan on offering
4 any seasonal membership at this point?

5 MR. PLUMMER:

6 At this point, no.

7 ATTORNEY STUART:

8 Okay. How often or at all does
9 Nemacolin change the benefits or the duration of ---
10 or the price I mean of its existing memberships?

11 MR. PLUMMER:

12 We have from time to time. Over the
13 last few years, we've raised it more than we've had to
14 lower it but we do need to keep a mind on the market
15 and what that market's dictating so we do need to have
16 that ability to be able to change that if we see
17 trends that are going that way or opportunities that
18 we have by adjusting that price.

19 ATTORNEY STUART:

20 Okay. It's generally an increase in
21 price; it's not a decrease in price?

22 MR. PLUMMER:

23 Generally, yes.

24 ATTORNEY STUART:

25 Okay. On the shooting range membership,

1 it says you offer a group membership. Can you advise
2 the Board how you determine what a group is for that
3 membership?

4 MR. PLUMMER:

5 A group would be --- it's a lot of
6 corporate, a lot of business groups that we have. It
7 wouldn't be a group situation where we have ---.
8 Twenty (20) people constitutes a group for that
9 membership. However, it's paid for by one person with
10 one check and then they're responsible for getting 20
11 names to us before it starts. We don't take names and
12 add them to a list or anything. It's one person, one
13 transaction and then we manage the names off of a
14 list.

15 ATTORNEY STUART:

16 Is that so much for the corporate
17 membership, for like the golf and ---?

18 MR. PLUMMER:

19 Correct.

20 ATTORNEY STUART:

21 And I think you already addressed this
22 as well but like waiters, spa attendants, the golf
23 pro, the person that checks you out at the gift shop,
24 they will not be issuing access cards they will just
25 be issuing proof of participation ---?

1 MR. PLUMMER:

2 Yes.

3 ATTORNEY STUART:

4 What if I were to lose my proof of
5 participation or receipt? Is there a way that I could
6 get, you know, a new one or is there a way of
7 generating a new receipt?

8 MR. PLUMMER:

9 With a Nemaocolin Experience Center that
10 we have in the casino lobby we would we'd try to find,
11 validate. We would call the pro shop or call the spa
12 or call wherever that person was to see if they did
13 use that amenity. If we weren't able to verify that,
14 then they would have to find another way to access the
15 casino.

16 ATTORNEY STUART:

17 All right. Those are all the questions
18 I have.

19 ATTORNEY CREANY:

20 I have a few more questions, Chairman.
21 My name is Eugene Barry Creany, that's C-R-E-A-N-Y.
22 I'm a Deputy Chief Enforcement Counsel. Mr. Kirchner,
23 I'm going to direct a couple of questions relative to
24 the Nemaocolin Experience Membership. I believe most
25 of them would be items that Mr. Plummer can speak to

1 based upon his testimony, but if Mr. Laudon's more
2 appropriate he could please chime in as well. First,
3 I wanted to know with respect to this new membership,
4 the Nemaocolin Experience, what is the duration of a
5 membership that you're selling in this regard?

6 MR. PLUMMER:

7 It would be one year.

8 ATTORNEY CREANY:

9 It's a one-year membership?

10 MR. PLUMMER:

11 Yes.

12 ATTORNEY CREANY:

13 Then you had a second type of marketing
14 with respect to Nemaocolin Membership and these were
15 these special one time offers. With respect to the
16 special one time offers, are those offers that are
17 made available only to the Nemaocolin Experience member
18 or is that a general marketing list that you'll be
19 sending those to?

20 MR. PLUMMER:

21 Those specific offers that we would,
22 would only be to those in that we would be selling
23 those to Nemaocolin Experience members only. We would
24 be offering those offers to them only.

25 ATTORNEY CREANY:

1 And, Mr. Plummer, you mentioned how you
2 have to be responsive to pricing changes with respect
3 to one of the amenities, the Mystic Mountain. Do you
4 fluctuate the lift pass by season? I mean late
5 season, a lot of resorts are going to be dropping
6 their prices a little, is that done down at Nemaquin?

7 MR. PLUMMER:

8 Not for our lift tickets, no.

9 ATTORNEY CREANY:

10 And typical is \$42. That's a fairly
11 affordable lift pass as is. One final question I had,
12 with respect to the Nemaquin Experience Membership,
13 in the retail business and not to equate Nemaquin
14 with some discounters, but there is the concept of
15 loss leaders. You put out something to bring people
16 and, at that time, hopefully they will buy more. With
17 respect to the Nemaquin Experience, is that kind of a
18 product or, you know, a package being sold where you
19 are going to be either taking a loss or just covering
20 your costs or is it something that you're able to make
21 a profit even if they just buy that \$25 membership
22 utilizing all of the discounts available? You'll
23 still be able to at least break even on it?

24 MR. PLUMMER:

25 No. We would need amenity usage out of

1 those memberships for us to be successful.

2 ATTORNEY CREANY:

3 That's what I mean. Like if they buy
4 the membership and they do the, you know, ten percent
5 discount on golf you're still going to net some profit
6 at Nemaocolin?

7 MR. PLUMMER:

8 Yeah. Sure. Absolutely, yeah.

9 ATTORNEY CREANY:

10 So, your member price to discount these,
11 you're not --- do you see as potential for an overuse
12 of these types of memberships? Like if the response
13 was much more overwhelming than you anticipate, what
14 would your response be as far as pricing or limiting
15 the sale of these?

16 MR. PLUMMER:

17 Again, we'd have to monitor that program
18 and every aspect of the business and make adjustments
19 from there. I don't anticipate, and I'm not concerned
20 about that because I believe we priced it fairly and
21 for what's offered, I think it'll be very successful.

22 ATTORNEY CREANY:

23 And perhaps that's the scenario that Mr.
24 Kirchner's talking about, the need to monitor and
25 adjust prices if there's some sort of overuse,

1 underuse, whatever. That's all I had, Chairman.

2 ATTORNEY PITRE:

3 That concludes our questioning. We
4 don't have a presentation, Chairman. We open it up to
5 Board questions.

6 CHAIRMAN:

7 Okay. Questions from Board members.
8 Start with you, Greg.

9 MR. FAJT:

10 Thank you, Mr. Chairman. Welcome and
11 let me start with you, Mr. Laudon. I just want to
12 verify something and again get it on the record. I
13 think you said that somebody will not be able to
14 charge gaming to their hotel guest card. In other
15 words, somebody checks into the hotel, gets a hotel
16 guest card, uses that to go golfing, do whatever and
17 then when they check out of the hotel, they simply put
18 all of the charges on that guest card onto to their
19 credit card. So, I think you said in response, maybe
20 to Mr. Stuart, or maybe just on your own, that you
21 would not be able to get any credit in the casino onto
22 that hotel guest card; is that correct?

23 MR. LAUDON:

24 Yes, sir.

25 MR. FAJT:

1 Okay. Mr. Plummer, the Nemaclin
2 Experience Card, I have some questions on that. It's
3 a \$25 annual card and that allows the holder of the
4 card and one guest to enter the casino any day they
5 want to during the course of a year; is that correct?

6 MR. PLUMMER:

7 That membership, specifically to
8 Nemaclin, would allow them to participate in all the
9 benefits associated with that membership.

10 MR. FAJT:

11 Correct. Including walking onto the
12 casino floor 365 days a year with a guest?

13 MR. PLUMMER:

14 We are requesting that, yes.

15 MR. FAJT:

16 Okay. And you had mentioned that this
17 is something new but that I think in relation to Mr.
18 Stuart's question that it was not --- or Mr. Creany's
19 question, it was not a pass to the casino per se; is
20 that correct?

21 MR. PLUMMER:

22 Correct.

23 MR. FAJT:

24 Why then have you not offered this
25 before?

1 MR. PLUMMER:

2 Again it's the demand that we're
3 anticipating from the casino and the ability to
4 provide these people with a generalist. And these
5 potential new customers, with this generalist
6 membership that can expose them to many different
7 amenities at Nemaquin with the hopes of them --- with
8 our job then being taken over with the experience and
9 them wanting to ---. If they become avid golfers,
10 upgrade to that, become lifelong customers of ours and
11 this is the best vehicle to capture that new market
12 that's going to be created because of this amenity.

13 MR. FAJT:

14 But isn't the driver of the \$25 card the
15 casino?

16 MR. PLUMMER:

17 No.

18 MR. FAJT:

19 Then why haven't you offered it before?

20 MR. PLUMMER:

21 Well, the driver would be the demand
22 created by the casino, but it wouldn't be the casino
23 itself.

24 MR. FAJT:

25 That may be a distinction without a

1 difference, but I'll let that go.

2 ATTORNEY KIRCHNER:

3 Let me just add, we wished we had
4 offered if before. I think the thought didn't occur
5 to offer this type of membership until the opportunity
6 was presented by the casino. But looking back I think
7 the resort wishes that it had the type of membership
8 like this and it's hoping to capitalize on the casino
9 as a way to make this work.

10 MR. FAJT:

11 I understand. Thank you. Is this
12 something that IOC has asked for?

13 MR. PLUMMER:

14 No.

15 MR. FAJT:

16 It is not. Okay. For corporate golf
17 memberships, how many people would get access to the
18 casino floor if somebody has a corporate gold
19 membership? Is there a limit on how many people can
20 participate in that golf membership? Is it 5, 10, 50?

21 MR. PLUMMER:

22 It would be layed out just like the
23 benefit offers. For that benefit, you're allowed
24 eight --- a tee time on Mystic and a tee time on the
25 Links, so that's eight people plus guests, would be 16

1 people per day.

2 MR. FAJT:

3 Okay. So, 16 people per day would be
4 allowed to go into the casino, okay. Mystic Rock,
5 your annual membership there I believe is \$2,500 a
6 year. What is the greens fees for somebody who just
7 walks in off the street? Let's just use a weekend
8 because I know they're a little higher on the weekends
9 than weekday.

10 MR. PLUMMER:

11 \$185 per person.

12 MR. FAJT:

13 \$185 per person. So, my guess if you
14 golf 15 times a year, you're going to get your money's
15 worth out of that. Okay. And one last question, the
16 counterfeiting protections. Again I think Mr. Laudon
17 or Mr. Plummer, somebody addressed that earlier. What
18 protections do you have in place to restrict or
19 protect against counterfeiting for the casino access
20 passes? I heard somebody talk about card stock and
21 other things, if you could just lay that out a little
22 bit clearer for me.

23 MR. LAUDON:

24 Well it's printed on a printer with a
25 time stamp. It's on what we call a watermarked ticket

1 stock. We don't anticipate that it's done right
2 there, close to the casino until we expand into the
3 casino lobby. But we don't anticipate that we're
4 going to have customers that are going to be motivated
5 enough to try to devise any kind of high tech methods
6 of counterfeiting these access passes.

7 MR. FAJT:

8 All right. Thank you. Thank you, Mr.
9 Chairman.

10 CHAIRMAN:

11 I think somebody wants your attention,
12 Counselor.

13 MR. LAUDON:

14 We have an additional answer. Thank
15 you.

16 CHAIRMAN:

17 Can you please state your name, ma'am?

18 MS. WILKINS:

19 My name is Jeanne-Marie Wilkins.

20 MR. FAJT:

21 Could you please come up maybe to the
22 microphone because this is being streamed and I ---
23 people have a tough time hearing that?

24 MS. WILKINS:

25 Thank you. The ticket stock is the

1 controlled stock that we order from Specialty Printer
2 which will have a special watermark in it which is a
3 counterfeit protection in addition to which the device
4 that will print these tickets will be controlled by
5 our casino licensed employees. So, we have controlled
6 paper stock and a control device and a control design
7 for the ticket which we believe is a significant
8 preventative method to counterfeiting.

9 MR. FAJT:

10 Thank you.

11 CHAIRMAN:

12 Ma'am, once again, what's your position?

13 MS. WILKINS:

14 I'm the Chief Information Officer for
15 Isle of Capri.

16 CHAIRMAN:

17 Okay. Thank you.

18 MS. WILKINS:

19 You're welcome.

20 CHAIRMAN:

21 Greg.

22 MR. FAJT:

23 Thank you.

24 CHAIRMAN:

25 Keith.

1 MR. MCCALL:

2 I think most have been asked but I'm
3 going to try to work my way through some of these.
4 Again on the identifications, when you're checking a
5 person's identification, you're not going to be doing
6 that if I'm checking into the hotel at the hotel desk.
7 It's going to be at the point of access to the casino;
8 correct?

9 MR. PLUMMER:

10 Correct.

11 MR. MCCALL:

12 I want to ask the Nemaquin Experience
13 question a different way and that is, it's a \$25
14 membership and it looks like a pretty good membership.
15 Does a person ever have to use one of those amenities
16 to get access to the casino floor?

17 MR. PLUMMER:

18 No, that would be a benefit of the
19 membership. Of course we're going to market them and
20 get them to --- it would be our job to make them and
21 get them to use those amenities.

22 MR. MCCALL:

23 But there would be no requirement for
24 that individual to use any of those amenities. He
25 pays that \$25 fee, he's a member, no requirement for

1 him to use the amenities.

2 MR. PLUMMER:

3 Right.

4 MR. MCCALL:

5 On the Exclusion List, did I understand
6 correctly that you will not be cross checking any of
7 the persons entering the casino against our Exclusion
8 List? Do I understand that correctly?

9 MS. WILKINS:

10 That's correct.

11 ATTORNEY KIRCHNER:

12 That's correct.

13 MR. MCCALL:

14 So, someone that is on the Exclusion
15 List will be able --- or conceivably could get into
16 the casino, game. And then at some point, they win a
17 big jackpot that requires somebody to come over and
18 pay them, and/or they want to join one of your clubs,
19 their name's going to pop up and you will identify
20 them as a person who should have been on the Exclusion
21 List. But in the meantime, we're allowing that person
22 who was on the Exclusion List to game in your
23 facility.

24 MS. WILKINS:

25 Isle of Capri has a very robust,

1 responsible gaming program and it's spelled out very
2 thoroughly in our internal controls that have already
3 been submitted. We believe that this program is
4 sufficient to meet the needs of the regulation while
5 providing us with the ability to give the guests of
6 Nemacolin the experience that is non-confrontational
7 and non-intrusive that they're entitled to.

8 MR. MCCALL:

9 I understand but they're on our
10 Exclusion List, they shouldn't be in your facility.
11 And how are you going to prevent that from happening I
12 guess is the question. Because if they don't win or
13 if they don't sign up for any of your programs, a
14 person who is excluded could kind of fall through the
15 cracks and game at your facility.

16 CHAIRMAN:

17 I think we have another participant.

18 MS. TRANCHINA:

19 Sorry for the musical chairs.

20 CHAIRMAN:

21 That's okay.

22 MS. TRANCHINA:

23 Elizabeth Tranchina, Vice President of
24 Legal Affairs for Isle of Capri casinos. To your
25 point, we --- first of all, we see the access plan as

1 somewhat separate from our obligation regarding
2 responsible gaming. The access plan is designed to
3 make sure that those people that meet the criteria for
4 being able to access the casino under the Act; that
5 they fulfill that criteria and that they can gain
6 access.

7 With regard to responsible gaming, I will
8 tell you that we plan to do --- we submitted a
9 responsible gaming plan to the staff that has a litany
10 of duties and obligations by various departments,
11 various team members within the casino that we fully
12 intend to implement and comply with. From the
13 Category 3 standpoint, we are at the same risk for
14 having a self-excluded or an excluded patron on the
15 floor that the Category 2s and Category 1s are.
16 They're not checking IDs, I don't believe, for every
17 person that walks into the casino. I'm not aware of
18 any casino in the United States that does. And so is
19 there a risk that somebody could get on the floor?
20 There is. And we will do our best to ensure that that
21 does not happen and that if it does happen we find
22 them quickly and we have them escorted off the
23 property.

24 In the same vein, there is some personal
25 responsibility for those people who have signed up on

1 the Exclusion List. And we realize we need to do our
2 part, but they also --- we hope that they will also do
3 their part as well.

4 MR. MCCALL:

5 Great. Thank you. So, in Isle of Capri
6 --- so you will be doing compliance spot checks on
7 the floor?

8 MS. TRANCHINA:

9 Not compliance spot checks. But
10 certainly there are a number of touch points, some of
11 them you mentioned, where people are required to give
12 their IDs. And at that point, they are run against
13 the excluded list, whether it's exclusion or a
14 voluntary self-exclusion. But I think we would
15 operate the same way that the rest of the casinos in
16 the state, as I understand, are operating. And quite
17 frankly, the way most operators operate throughout the
18 United States. And certainly Pennsylvania is
19 obviously very concerned about responsible gaming, as
20 are other jurisdictions that we operate in. I mean
21 this is a serious issue for every jurisdiction I know
22 that Isle of Capri operates in by both the regulators
23 and the industry and the public in general. And we
24 fully intend to operate ---. It worked in those
25 states with the processes and the procedures that

1 we've implemented. And we intend to implement and
2 abide by those same processes and procedures.

3 MR. MCCALL:

4 Great. Thank you. One more question.

5 CHAIRMAN:

6 Okay.

7 MR. MCCALL:

8 The memberships that you list, the
9 existing resort memberships, they are the term
10 existing. But they aren't new membership prices that
11 were put in place by virtue of this application. They
12 were existing membership amounts for the last five
13 years so to speak?

14 MR. PLUMMER:

15 Now maybe in the last five years, we
16 might have had a little price fluctuation.

17 MR. MCCALL:

18 Sure. Sure. They're pretty consistent.
19 No more questions.

20 CHAIRMAN:

21 John.

22 MR. MCNALLY:

23 If I could follow up on those
24 memberships, you're asking us to grandfather a lot of
25 those memberships in. Do you have a plan in place to

1 review your current membership list to determine if
2 anybody's on the Exclusion List?

3 MR. PLUMMER:

4 We do not. Not on our membership list.

5 MR. MCNALLY:

6 With regard to your corporate
7 memberships, I believe you said that the shooting one
8 would require you to prove a list of names. Is that
9 the same with the golf corporate membership?

10 MR. PLUMMER:

11 Yes.

12 MR. MCNALLY:

13 And again, those lists won't be checked
14 to determine if someone's on the Exclusion List?

15 MR. PLUMMER:

16 No.

17 MR. MCNALLY:

18 That's all I have.

19 CHAIRMAN:

20 Jim.

21 MR. GINTY:

22 I just want to be clear here. Your
23 position is that on the issue of exclusions, that that
24 really is separate and apart from the access plan that
25 you presented to us today. But whatever your policy

1 is on exclusion will be part of the --- I forget the
2 term we use, but how you operate.

3 MS. TRANCHINA:

4 It's part of the internal controls. And
5 there is also a separate ---.

6 MR. GINTY:

7 Well, those are two separate --- in your
8 view, two separate issues?

9 MS. TRANCHINA:

10 Yes. And I might just clarify, if I
11 might, regarding the memberships. Those people that
12 participate in the memberships --- Chris might speak
13 to this better. There's no guarantee that they are
14 going to access the casino. And, you know, to some
15 extent, you want to keep that ---. Obviously, there's
16 a confidentiality factor with regard to those people
17 who are on the list. And we want to make sure that
18 that is protected.

19 CHAIRMAN:

20 Annemarie?

21 MR. GINTY:

22 I have one last question. Some of our
23 Category 2, Category 1 casinos have hotels affiliated
24 with them. Do you know whether we require those
25 casinos to check their hotel registrations?

1 MS. TRANCHINA:

2 Not to my knowledge, but I probably can't
3 speak ---

4 ATTORNEY PITRE:

5 No, we don't.

6 MS. TRANCHINA:

7 --- to that.

8 MR. GINTY:

9 Do we require that?

10 ATTORNEY PITRE:

11 No.

12 CHAIRMAN:

13 Annmarie?

14 MS. KAISER:

15 Just one quick clarification. When you
16 were saying excluded persons, you know, are
17 individuals that place themselves on the list ---?
18 And you know, I agree that they have a certain
19 responsibility not to access the casino. But
20 exclusion could also include individuals that the
21 Board has said should not be in the casino.

22 MS. TRANCHINA:

23 Correct.

24 MS. KAISER:

25 So, it would really behoove you to take

1 steps to ensure that those individuals do not get any
2 access to the casino, whether it would be through
3 internal controls of checking lists. But I would make
4 a point to look at your plan and ensure that you are
5 preventing individuals from getting in, because it
6 could be individuals who are causing problems at the
7 casino who have been excluded by the Board.

8 MS. TRANCHINA:

9 Absolutely. And your point is well
10 taken.

11 CHAIRMAN:

12 Tony?

13 MR. MOSCATO:

14 Nothing that hasn't already been asked
15 and answered.

16 MR. FAJT:

17 Thank you, Mr. Chairman. One quick
18 question. Mr. Plummer, back on the golf membership.
19 Just for the record, you had said that they could ---
20 somebody that has a golf membership could have, in
21 essence, 16 people per day that could golf and then
22 come into the casino. So, it could be 16 different
23 people every day of the year. So, 16 times 365 days a
24 year. So, there would be, if you have a golf
25 membership, the potential to have, you know, 4,000

1 different people enter the casino.

2 MR. PLUMMER:

3 Correct. That's handled by way --- we
4 have a point person with that. You're speaking of the
5 corporate membership.

6 MR. FAJT:

7 Correct.

8 MR. PLUMMER:

9 We have a point person at that corporate
10 membership who supplies us with a list of golfers ---
11 with a list of people who will be using the benefits
12 for the membership.

13 MR. FAJT:

14 Thank you.

15 CHAIRMAN:

16 If I can? Mr. Plummer, you may have
17 already gleaned this. I'm not sure. The Nemaquin
18 Experience membership may be problematical, certainly
19 for me, maybe other members of the Board. It seems
20 that you are saying directly or indirectly that it is
21 your hope, management's hope, that having this
22 membership will attract to Nemaquin Woodlands persons
23 who may not otherwise come to Nemaquin Woodlands
24 because now they'll have the opportunity to go into
25 the casino and gamble; correct?

1 MR. PLUMMER:

2 Absolutely.

3 CHAIRMAN:

4 You have also expressed, speaking for
5 Nemacolin Woodlands, your clear statement that you
6 don't benefit if all this becomes is a pass, a cover
7 charge for people to come in and gamble and then
8 leave. Can you explain again why that is so?

9 MR. PLUMMER:

10 Absolutely not. The only way that we
11 benefit is from increased demand on our hotel rooms,
12 on our amenities and everything there. The
13 relationship and the agreement we have Isle of Capri,
14 the rent so to say or the fees that are in that are
15 really only going to cover some of our basic expenses
16 that we have in upcoming the property and whatnot. If
17 we don't attract and get these new guests that are
18 created into our amenities and increasing demand on
19 it, then it will be --- will not be successful for us.

20 CHAIRMAN:

21 Okay.

22 ATTORNEY PITRE:

23 And Chairman, I can say that the way the
24 agreement is structured, Mr. Plummer is correct that
25 they really don't make that much on the casino as far

1 as Nemacolin itself is concerned. You know, it's
2 viewed as another amenity to get people on the
3 Nemacolin resort. I think we dealt with that early on
4 when we first licensed them, with regard to that ---
5 the structure of that contract.

6 CHAIRMAN:

7 Okay. Thank you, Cyrus. Keith.

8 MR. MCCALL:

9 Sorry about this. This is just a point
10 of clarification and it's with OEC. My understanding
11 is Valley Forge is required to check all hotel
12 occupants against the Exclusion List, Self-Exclusion
13 List. I just want someone to investigate that and for
14 my edification verify if that is true or not true.

15 ATTORNEY STUART:

16 I don't think it was a Board requirement.
17 I think they voluntarily did it. They also have
18 people at the hotel and the waiters and waitresses,
19 they are also licensed by the Board because they hand
20 out access passes. But I don't think there's a Board
21 requirement or a regulation or anything in the Act
22 that requires that a hotel check against the list.

23 MR. MCCALL:

24 But as part of their plan, though, that
25 was something that we did adopt, the Board, is it not?

1 ATTORNEY PITRE:

2 I agree with you, Commissioner McCall.
3 And I think that's something that was implemented
4 initially and then it grew over time to expand to
5 include other individuals based upon what we were
6 seeing, that was going on at Valley Forge. So, like I
7 said earlier, I'm going to leave that to the Board's
8 discretion. But if we see there is a problem in the
9 future, no matter what the Board does, we'll force
10 them to have certain individuals licensed or we'll
11 tell them that you've got to do this or we're going to
12 bring this before the Board and have the Board --- ask
13 the Board to implement it.

14 So, I guess I'm willing to allow them to
15 run their business. But when we start to see
16 problems, we won't hesitate to implement certain
17 corrections.

18 MR. MCCALL:

19 Well, in addition, any staff member that
20 issues that membership card will have to be vetted and
21 licensed by the Board?

22 ATTORNEY PITRE:

23 Definitely, yeah. Yeah, that's left to
24 the Board's --- the Board orders that. That's exactly
25 what will happen.

1 MR. MCCALL:

2 Okay.

3 MS. TRANCHINA:

4 And just as a point, if I may. I would
5 ask the Board, if you are inclined to consider the
6 Valley Forge situation as it is now, that you consider
7 one of the reasons that we've looked at this, A, is
8 because we do feel that we have skilled staff, we have
9 annual responsible gaming training, we will have all
10 of our departments more than adequately trained to
11 address the issues of responsible gaming.

12 Having said that, we also want to balance
13 it with the customer service. And we firmly believe
14 that asking a patron, a casino patron, to present an
15 ID and be checked against a Self-Exclusion List or an
16 Exclusion List every time they want to enter the
17 casino has a chilling effect on customer service. And
18 they have a lot of other options where they're not
19 required to do that. And so it, to some extent, puts
20 us at a competitive advantage with not only casinos in
21 Pennsylvania but casinos across the country. And so
22 we ask that you take that into consideration when
23 formulating your Order for us.

24 ATTORNEY PITRE:

25 I don't think the Board is going to

1 request that every individual that walks in the casino
2 show their ID. I think what Commissioner McCall was
3 getting at was that when a guest checks into the hotel
4 that the person who issues that hotel registration
5 card should be licensed and should be able to check
6 against the Self-Exclusion List or the Exclusion List
7 to ensure --- and so they can notify casino employees,
8 or at least the casino employees should see the list
9 of the individuals staying in the hotel so they can
10 check against the Self-Exclusion List and the
11 Exclusion List to ensure that those individuals ---.

12 MR. MCCALL:

13 And that's my thing, is that it seems to
14 be a simple software issue that if someone checks into
15 your casino --- we have a list of 5,000 names. We
16 just hit the 5,000 name mark. We have a list of 5,000
17 names, when that person enters the hotel, that you
18 just cross reference that name against the Exclusion
19 List so they can't get onto the casino floor, that's
20 all.

21 MS. TRANCHINA:

22 And I completely understand. And if
23 you'll just let me make this one last comment?

24 MR. MCCALL:

25 Sure.

1 MS. TRANCHINA:

2 Again, the competitive disadvantage. I
3 don't --- I'm not aware of the Category 2s or the
4 Category 1s that have hotels having to do that.

5 MR. MCCALL:

6 We're not asking you to go and card them
7 and say are you on the Exclusion List. All I'm simply
8 saying is that it seems to me if we have a list of
9 5,000 names, that when a person checks into your
10 hotel, you should be able to cross reference that name
11 to see if it's on the Exclusion List. I'm not saying
12 you ask the person whether or not he's on the
13 Exclusion List. I don't want you to do that.

14 I understand, you know, your
15 responsibility to the people that you're trying to
16 make very comfortable and enjoy their experience
17 there. But it seems it should be a very simple task
18 to cross reference that name against our Exclusion
19 List. That's all.

20 ATTORNEY KIRCHNER:

21 Just one point of clarification, a
22 complication with what you're suggesting. And that is
23 currently these hotel check-in people. They're resort
24 employees, not casino employees. So, the plan was not
25 to have them licensed casino employees. That would be

1 a significant change for us to do that because
2 hundreds of people man those desks. And in order to
3 have access to the Exclusion List, they would have to
4 be licensed, which is not part of our current plan.

5 ATTORNEY PITRE:

6 Is there ---? And I'm not trying to make
7 this any worse than it already is. But is there some
8 way that the people who work at, let's say at the
9 casino can be shared, given the names of the people
10 who checked into the hotel so that they can cross
11 check? I mean I think that's all Commissioner McCall
12 is getting at. Nobody's trying to make it more
13 inconvenient. And to Commissioner Ginty's point,
14 yeah, I think there are --- that we don't do it for
15 Sands, we don't --- we're probably not going to do it
16 for Mohegan. And as Commissioner Fajt has said in the
17 past, Category 3 is a different animal. And we
18 struggle with trying to find a balance for you guys.
19 So, anything you can help in that regard, it'll make
20 all our lives a lot easier.

21 MS. TRANCHINA:

22 We appreciate it.

23 MR. MCCALL:

24 Thank you.

25 CHAIRMAN:

1 Okay. Any more questions? Ex-officio members?
2 Nothing. Okay. Thank you, ladies and gentlemen. We
3 appreciate your presentations. The matter is now
4 closed. The Board will be taking this matter up for a
5 vote at a future meeting.

6 * * * * *

7 HEARING CONCLUDED AT 12:30 P.M.

8 * * * * *

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE

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

I hereby certify that the foregoing proceedings, hearing held before Chairman Ryan was reported by me on 4/3/2013 and that I Jolynn C. Prunoske read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.

Jolynn C. Prunoske