

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

* * * * *

IN RE: SANDS BETHWORKS GAMING-PETITION REQUESTING
APPROVAL OF THE RECONFIGURATION OF THE GAMING FLOOR
PLAN (OP-11)

* * * * *

PUBLIC HEARING

BEFORE: GREGORY C. FAJT, CHAIRMAN
Raymond S. Angeli, Keith R. McCall,
Anthony C. Moscato, Gary A. Sojka,
Kenneth I. Trujillo; Members
Christopher Craig, Representing Robert M.
McCord, State Treasurer
Robert P. Coyne, Representing Dan Meuser,
Secretary of Revenue
George Greig, Secretary of Agriculture

HEARING: Thursday, February 24, 2011, 9:36 a.m.

LOCATION: North Office Building
Hearing Room 1
401 North Front Street
Harrisburg, PA 17120

WITNESSES: Robert DeSalvio

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

NAN A. DAVENPORT, ESQUIRE

Acting Chief Enforcement Counsel

PA Gaming Control Board

P.O. Box 69060

Harrisburg, PA 17106-9060

Counsel for Pennsylvania Gaming Control Board

HOLLY L. EICHER, ESQUIRE

Sands Bethworks Gaming, LLC

77 Sands Boulevard

Bethlehem, PA 18015

Counsel for Sands Bethworks Gaming, LLC

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>
--	PowerPoint Detailing Plan (OP-11)	33	33

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:

My name is Greg Fajt. I'm Chairman of the Gaming Control Board. I'd like to ask everyone, as is our normal practice, to please turn off your PDAs and Blackberries and so forth, as they tend to interfere with our communication system.

Joining us today is Christopher Craig representing State Treasurer Rob McCord, Robert Coyne representing the Acting Secretary of the Department of Revenue, Dan Meuser, and we also have Secretary George Greig, Acting Secretary of Agriculture. Hello, Mr. Secretary. Thank you all for being here.

The Quorum of the Board is present. I'd like to call today's meeting to order. As the first order of business, please join me in the pledge of allegiance.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN:

I believe our next order of business today is to have Commissioner McCabe's replacement on the Board, Anthony Moscato, publicly sworn in to become our newest Board member. And while we acknowledge Tony, who was in our audience last week

1 and today, I wanted to formally welcome you to the
2 Board, Tony. I know I speak for everyone on the Board
3 when I say thank you for your public service, and we
4 look forward to working with you. I'm sure with your
5 background and knowledge, you will serve the Board
6 well.

7 We have Susan Clough, who is going to
8 administer the Oath of Office. And while we prepare
9 for this, I'd like to note for the record that Tony
10 officially qualified, came on the Board and was sworn
11 in in the offices of the Gaming Control Board on
12 February 14, 2010. This has allowed him to get up to
13 speed on matters that are pending before the Board
14 today, as well as to participate in yesterday's
15 executive session. I also see that Mickey Kane, our
16 Board Secretary's going to help with the duties.
17 Susan, if you could begin.

18 MS. CLOUGH:

19 Do you, Anthony C. Moscato, solemnly
20 swear that you will support, obey and defend the
21 Constitution of the United States and the Constitution
22 of the Commonwealth, and that you will discharge the
23 duties of your office with fidelity?

24 MR. MOSCATO:

25 I do.

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:

While Tony is taking his seat, I'd like to move on to the meat of today's business. We have one item before the Board, by way of public hearing which will take place following our public meeting. The public hearing pertains to Sands Bethworks Gaming Petition for approval of a reconfiguration of its gaming floor, which generally is a request to expand the footage of its gaming floor as well as the number of tables on it.

Prior to your presentation, Counselor and Mr. DeSalvio, I'll ask that all witnesses that are presenting evidence today who are not lawyers, please stand and be sworn in.

ROBERT DESALVIO, HAVING FIRST BEEN DULY SWORN,
TESTIFIED AS FOLLOWS:

CHAIRMAN:

Thank you. And again, beside our Enforcement Counsel, as well as Ms. Eicher and Mr. DeSalvio, we do have a new court reporter with us today. So, prior to beginning your testimony, if you could state your name and spell your name for her. And with that, Bob or Holly, you may begin.

1 ATTORNEY EICHER:

2 Certainly. Good morning. Thank you,
3 Chairman. Thank you members of the Board. I am Holly
4 Eicher. I am Vice President General Counsel for Sands
5 Casino Resort-Bethlehem. With me today I have Robert
6 DeSalvio, D-E-S-A-L-V-I-O. He is the President of the
7 Sands Casino in Bethlehem. We're here today to
8 present to you our Petition for Operating Plan 11 for
9 a Table Games Expansion. And with that, I'll turn the
10 testimony over to Bob.

11 MR. DESALVIO:

12 Good morning. Should I state again or
13 are you covered now? First of all, good morning, Mr.
14 Chairman, members of the Board. And I want to
15 officially, on behalf of Sands, welcome the two new
16 Commissioners, Commissioner Moscato, Commissioner
17 McCall. Congratulations on your appointments and good
18 luck in your new responsibilities and welcome.

19 Before I get into our PowerPoint
20 presentation, it would probably be worth spending a
21 few minutes on historical perspective. Because today
22 we have, I believe, a really good story to tell.

23 And I want to take us all the way back to
24 deliberations that were held in the General Assembly
25 before Act 1 was passed in 2010. I remember myself

1 testifying a number of times, as well as other
2 colleagues in the industry. And there was a real
3 sense of excitement about the potential of adding
4 table games. And it surrounded, number one, the
5 customers that were coming in the Commonwealth who
6 were requesting that and the opportunities that
7 Act 1 would create in terms of additional jobs and
8 economic development for the Commonwealth.

9 And our presentation here today, I think,
10 really supports the reason that was shown back in
11 General Assembly with the passage of Act 1. It really
12 has made a significant change in our business. So, I
13 want to first of all thank the General Assembly for
14 getting Act 1 passed. I know there were a lot of
15 hearings and a lot of discussion on it, but really it
16 has propelled our business forward.

17 Second of all, I also want to thank Board
18 Staff for the implementation schedule. Trying to do
19 this getting Act 1 passed and then implemented within
20 a six month period, I don't believe anyone thought
21 that that was possible. And the fact that it was able
22 to be done in six months --- print out the
23 regulations, get them out to all the properties, open
24 nine properties within a three week period --- and to
25 do it all in six months was nothing short of amazing.

1 So, I think that before we go forward sometimes it's
2 important to step back.

3 And the other thing is employment. You
4 know, this was all about jobs. And it was about
5 creating jobs. We opened up in May of 2009 with a
6 little over 900 team members. We went through a
7 couple rough patches ourselves, wound up actually
8 going backwards and down to about 800 and changed team
9 members.

10 Well, you're going to hear today as part
11 of our presentation about table games --- about our
12 upwards surge of employment. And it's not only
13 related to the Petition that's in front of you, it
14 relates to the hotel that we're going to be opening up
15 in May. That hotel will create 300 --- the motel will
16 create another 100 jobs. We have the petition in
17 front of you. We're opening a new Emeril Lagasse
18 restaurant, which is going to create another round of
19 jobs. And in total, this year we expect to climb up
20 to about 1,600 team members through all these new
21 additions.

22 So, you think back on what really Act 1
23 did for us, and our company made a commitment --- I
24 remember when our Chairman was in town for our grand
25 opening. He said if table games were passed, we would

1 then move forward with that hotel and the development
2 of projects to the property. And you look back and
3 say, look what that's done. You know, here's the
4 property that was running about 800 team members, and
5 this year we'll probably wind up somewhere in the
6 range of 1,500, 1,600 team members. So, it's really a
7 job well done on everyone's part. And I think it
8 would be remiss if we didn't acknowledge that before
9 we move forward.

10 Let's start with our presentation. We
11 have a PowerPoint that's up on your screen. I know
12 this is a little bit of an eye chart, but this is the
13 OP Plan as the way they are typically presented.
14 They're hard to do on a small screen.

15 What I really want to do is call your
16 attention to the --- and I can't really use a pointer
17 because it won't work on these screens at this angle.
18 But I want to call your attention to the top
19 right-hand corner of the gaming floor. And I know ---
20 I think almost all of you have been on our casino
21 floor. So, you'll know that that is the northwest
22 corner of the building.

23 We had a space that was behind a
24 temporary wall in the casino and that will be our new
25 --- what we're calling Pit Nine. That'll be a high

1 limit gaming area that I will describe a little bit
2 later in the presentation. And just outside of that,
3 we're adding what will be Pit Eight which will be
4 another group of 12 blackjack tables. So, in total
5 it's 29 spaces that are in addition. And again, this
6 it's just an overview of the floor. And I'll talk a
7 little bit more in detail.

8 So, if we move to the next slide. This
9 Petition before you asks for the addition of 29 new
10 table games and the creation of two new pits. As I
11 mentioned to date, 12 blackjack tables, Pit-9, one
12 roulette table, eight new Baccarat tables and eight
13 blackjack tables. And then once completed, we're
14 going to have a total of 129 table games including
15 poker. And this Petition, we're requesting to add an
16 additional 5,483 square feet of new gaming space to
17 the casino floor.

18 Just by way of results --- and I know
19 you've seen them --- December and January we had a
20 major surge in our table games business. We were
21 number one in the Commonwealth in the month of
22 December and number two, just behind Parx, in the
23 month of January. So, we continue to grow and develop
24 the business.

25 It's also table games are changing the

1 demographics of our business. We used to be about 60
2 percent instate customers, 40 percent out-of-state
3 customers. We now have changed that blend with the
4 addition of table games. We're now about 50/50. And
5 it's not due to the fact that instate business went
6 down, but it's due to the fact that out-of-state
7 business increased. And we're now earning about a
8 50/50 blend.

9 This slide shows the entrance to the new
10 gaming area. So, you know, on our floor right now,
11 that's nothing more than just a temporary wall that's
12 been painted. You'll see the names Paiza. Paiza is a
13 centuries-old term that truly refers to a golden
14 tablet. And that tablet was used to make sure that
15 those who would possess it would have access to
16 unparalleled accoutrements in luxury and those kinds
17 of things. So, we use the Paiza in all of our casinos
18 around the world --- in Singapore, in Las Vegas, and
19 in Macau. And so we're adding this Paiza concept.
20 For us it's more of a premiere gaming area and thought
21 that it would be appropriate for our project.

22 The next slide shown --- that's an
23 exterior view. It's got a main entryway with a host
24 reception area. And then we've opened up an area of
25 the gaming floor. So, you can look into the space ---

1 sort of a preconnection out to the main gaming floor.

2 The next slide shows you what the
3 interior would be like. It's very luxurious. There's
4 a small lounge at the far end of the space. We'll
5 have food that will be available to the customers.
6 There are two private gaming salons that both have two
7 mini Baccarats each in them. And again, the space is
8 conveniently located near the main cage, so we have
9 access to those features. And then just a short
10 hallway down to our new hotel operation.

11 The idea is to open the space in
12 conjunction with the hotel sometime in May, and along
13 with the addition of the Emeril restaurant. So, we're
14 trying to see if we can time the construction to
15 really wind up as a package.

16 I want to talk about job creation. All
17 right. Changes to the gaming floor. This particular
18 petition does not request any change in the number of
19 slot machines. One of the reasons why we have a
20 implementation schedule --- we'll talk about it a
21 little bit later. It takes a while to get this done.
22 We're moving 323 games to other parts of the floor.

23 We were lucky enough to have a gaming
24 floor that when we were originally built, that was
25 sized for future expansion capabilities. So, in this

1 particular case, we're able to take those machines,
2 transfer them to other areas of the floor and still
3 maintain our 3,024 slot machine count.

4 As far as the smoking goes, the
5 nonsmoking breakdown will be --- 46 percent of the
6 gaming floor will be smoking and 54 percent of the
7 gaming floor will be nonsmoking. The underage pathway
8 will be extended around the southern perimeter of the
9 gaming floor to allow an underage --- if need be, to
10 transfer from our parking area over to the hotel with
11 a security escort. There are no unescorted minors
12 that are allowed to go around the perimeter of our
13 gaming floor.

14 And if you go all the way back to what is
15 called the B Zip Back --- if we look at the original
16 OP overview --- if you notice the dark green perimeter
17 pathway along the southern edge of the casino. Right
18 now, that pathway exists all the way up to the
19 northeastern corner where the St. James Gate
20 restaurant is. What this petition asks for is that we
21 extend that pathway over to meet the new hallway that
22 connects to our new hotel.

23 Now, the hotel was designed with its own
24 separate entrance and its own separate parking
25 facilities. So, in reality, if a customer was coming

1 to the Sands and they had somebody who was underage,
2 they don't even need to go this way. If they follow
3 our new pathfinder signage package outside the
4 building, they would bypass the casino front entrance.
5 They would continue heading west, and they would go
6 around the rotary to a separate porte cochere entrance
7 to the hotel.

8 So, the only reason this pathway exists
9 is that if somebody decides they want to park in the
10 garage and then walk over to the hotel --- which I'm
11 not sure why you would want to do that unless you just
12 missed the signage. We would be able to intercept
13 them with a security guard.

14 They would pick up a security escort.
15 The security escort would walk them around the
16 perimeter of the casino and take them over to the
17 corridor where you get to the hotel. So, this is
18 really what we consider the backup plan. The real
19 issue is that they should be able to just go over ---
20 drive over to the hotel, park at the hotel porte
21 cochere entrance and have access in and out of the
22 building.

23 The other way that we introduce this
24 pathway is --- right now we have a significant amount
25 of guests who like to use Emeril's Chop House for

1 special events --- weddings, graduations, birthdays,
2 Mother's Day, you name it --- because of the
3 prominence of Emeril Lagasse as a celebrity chef. We
4 get many parties that do that.

5 So, we've been operating since day one
6 under the premise that a security escort can meet
7 somebody at our door, take them over to the Emeril
8 restaurant, they can dine, they can leave and not ever
9 step foot on the gaming floor. So, this is an
10 extension of that concept that now carries around the
11 perimeter of the floor over to the point where we
12 connect with the hotel corridor entrance. So, I just
13 wanted to explain that.

14 Okay. Jobs. This particular OP plan and
15 floor expansion will create 139 new jobs at the Sands
16 --- approximately 80 dealers and another 30 in other
17 management personnel. And that's going to include
18 surveillance, security, cage, administrative and
19 public areas' housekeeping staff. And that really
20 concludes the formal part of the presentation. I know
21 there's --- I'm assuming there will be some questions
22 from the Board members.

23 CHAIRMAN:

24 Thank you very much, Mr. DeSalvio and Ms.
25 Eicher. Does the OEC have a presentation?

1 ATTORNEY DAVENPORT:

2 We do. Good morning, Chairman and
3 Commissioners. I'm Nan Davenport, D-A-V-E-N-P-O-R-T,
4 Acting Chief Enforcement Counsel for the OEC.

5 ATTORNEY DAVENPORT:

6 Could you just go --- please go over how
7 many slot machines Sands had in operation on October
8 1st, 2009?

9 MR. DESALVIO:

10 How many did we ---?

11 ATTORNEY DAVENPORT:

12 Okay. This is a test.

13 MR. DESALVIO:

14 I actually don't know the answer to that.
15 I'm sorry. I know that it's actually a number that's
16 significantly below where we are today.

17 ATTORNEY DAVENPORT:

18 Okay. So, are there any plans to go ---
19 I believe currently you have 3,028 machines; is that
20 correct?

21 MR. DESALVIO:

22 And we're going to keep the same number.

23 ATTORNEY DAVENPORT:

24 Okay. So, there are no plans to increase
25 that number?

1 MR. DESALVIO:

2 Correct. And we were probably --- I'm
3 just going to guess --- we were in the 2,900 range
4 probably back in October.

5 ATTORNEY DAVENPORT:

6 I think it was like 29 separate tables?

7 MR. DESALVIO:

8 Like 2,900 machines, yes.

9 ATTORNEY DAVENPORT:

10 Does Sands anticipate to ask the Board in
11 the future requesting reduction in the number of slot
12 machines?

13 MR. DESALVIO:

14 The only plan that we might have would
15 depend on the expansion of our poker room. As the
16 Board knows, we've had tremendous success in our poker
17 operation. As a matter of fact, when we opened this
18 in July, I think it took about a week and a half
19 before we started thinking about our expansion plan
20 for the poker room.

21 So, we already came back and increased
22 that to 23 games and should we want to expand it
23 further, there's a group of leased Shuffle Master
24 product that is near the poker room that I may or may
25 not want to keep if we were to expand poker. But it

1 would only be a small number of units, and they're
2 currently underperforming.

3 We don't have any plans today, but if
4 you're asking me what might be our next move, I would
5 say a possible expansion of poker. And that might
6 require a very small reduction in the number of
7 machines, but no major reduction is planned. We don't
8 anticipate ever going below the 3,000.

9 ATTORNEY EICHER:

10 Yeah, we would never go below the 3,000.
11 But just to emphasize the fact that any of those slot
12 machines that would be removed in the area are coming
13 off of lease. And it's very specific that they're
14 underperforming.

15 So, that would be the primary reason that
16 those machines would be removed --- if they were to be
17 removed. Secondary to that would be we could gain
18 more revenue by standing tables and the poker tables.

19 MR. DESALVIO:

20 And what's happened, too, just with those
21 units, as we add more and more tables --- the units
22 used to be highly popular before we had table games.
23 And as we keep adding more units, people likely are
24 migrating more towards the live games. So, we've
25 watched our numbers. So, anyway, that might be able

1 --- I don't ever anticipate it going below 3,000. So,
2 if it's --- we're at 3,024 (sic) now, maybe a few
3 games either way.

4 ATTORNEY DAVENPORT:

5 And we're talking about the machines.
6 Are those machines --- the Shuttle Masters that you're
7 referring to --- are those the electronic blackjack
8 games?

9 MR. DESALVIO:

10 Yes, and three card poker.

11 ATTORNEY DAVENPORT:

12 With respect to the 323 machines that
13 you're going to relocate, what's going to happen with
14 the location? Is it going to go off the gaming floor?

15 MR. DESALVIO:

16 No. No machines will go off the gaming
17 floor. We're doing a --- I'm going to call it a
18 two-part relocation somewhere. Assuming if we were to
19 receive approval today and we were to receive a letter
20 sometime next week, we would start immediately after
21 receiving formal notification on the slot portion of
22 the move.

23 We're going to take the area that's known
24 as Pit Eight --- which will be the new gaming table.
25 And that's on the casino floor. We'll use that to

1 temporarily corral the machines while they're being
2 relocated out on the floor. The slot moves we're
3 anticipating being done somewhere between March 1 and
4 March 2, March 3, and maybe March 25. And they never
5 have to go off of the gaming floor.

6 So, therefore, they're under surveillance
7 and that particular area is right outside of our
8 security podium on the casino floor. So, then what we
9 do is reposition slots. That opens up the area for
10 the new Pit Eight, and Pit Nine is being constructed
11 behind a temporary construction wall. So, at no time
12 do the slot machines ever leave the casino floor.

13 ATTORNEY DAVENPORT:

14 At some point will they be disconnected
15 from the test system?

16 MR. DESALVIO:

17 Yes. During the moves. Yes. And when
18 they get relocated, they get reinstalled and
19 re-inspected as part of the process.

20 ATTORNEY DAVENPORT:

21 And who does the re-inspection?

22 MR. DESALVIO:

23 I believe that's a combination of the lab
24 and onsite surveillance and our slot tech.

25 ATTORNEY DAVENPORT:

1 If the Board approves the additional
2 square footage to the gaming floor space, will Sands
3 still be in compliance with the Pennsylvania Gaming
4 Clean Indoor Air Act with respect to the percentage of
5 gaming floor that's designated as smoking and
6 nonsmoking?

7 MR. DESALVIO:

8 Yes, because we will be at a 54/46 split,
9 with 54 percent being nonsmoking.

10 ATTORNEY DAVENPORT:

11 With respect to the current 146,313
12 square foot of gaming floor space, how many security
13 officers are assigned to that space as workers ---
14 meaning that they're not a fixed security post?

15 MR. DESALVIO:

16 Yeah, five to six, depending on the day
17 of the week. Rovers.

18 ATTORNEY DAVENPORT:

19 Currently, how many fixed security posts
20 are there?

21 MR. DESALVIO:

22 Two main entrances, and then the addition
23 of the hotel will provide our third additional
24 entrance which will be staffed, obviously, as we
25 approach the opening of the hotel. Right now there is

1 also a construction wall that blocks the entrance.
2 So, it's not currently an entrance. But our position
3 is that once that wall comes down --- even if it comes
4 down before the hotel would open --- that the day the
5 wall comes down, that would become a new fixed
6 security post.

7 And we also intend to --- with any luck
8 on finishing of the mall --- the event center, we're
9 going to need yet again one more fixed post at the
10 entrance where the food court ends and that meets up
11 with the casino because that would then become also an
12 outside entrance. So, we would anticipate when all of
13 our construction is done, we would go from the present
14 two fixed posts to four fixed posts.

15 ATTORNEY DAVENPORT:

16 Can you turn back to slide --- just for a
17 moment ---?

18 MR. DESALVIO:

19 Sure.

20 ATTORNEY DAVENPORT:

21 If you could just point out the current
22 fixed security posts and also where anticipated a
23 third fixed post would be located?

24 MR. DESALVIO:

25 Yes. Let me think of the easiest way to

1 do it. All right. On the particular chart that's on
2 the screen, if you look at the lower left-hand corner
3 and you see the large blue box. That is the main
4 entrance by the water feature. That is one of the
5 fixed posts.

6 And if you move immediately to the right
7 and you see the circular mobile lounge and behind that
8 another large space of blue, that is the other large
9 fixed security post that enters from the parking
10 garage. And if you were to go immediately north and
11 straight across the casino where the dark blue path
12 ends, you see where it just ends over by the gaming
13 cage. That's where the temporary construction wall is
14 --- where the hotel entrance will be, and that would
15 become our third fixed security post.

16 ATTORNEY DAVENPORT:

17 What is Sands' current policy with
18 respect to underage escorts to the restaurants?

19 MR. DESALVIO:

20 You are met at the main --- the two main
21 entrances. You present that you have a minor with
22 your party and you want to attend the Emeril's
23 restaurant, and we call security to come in. They
24 send over an escort. That escort brings you over to
25 the restaurant.

1 That escort is also available if the
2 underage party needs to leave the premises to go to
3 the restroom and stay along the underage pathway.
4 They escort them over to that area. They then bring
5 them back over to the restaurant. When a party leaves
6 the restaurant, the same thing happens. The post
7 calls the escort. The escort greets them at the front
8 of the door and then they move them out to the main
9 entryway.

10 ATTORNEY DAVENPORT:

11 And as you're probably aware, we have, in
12 other facilities, major problems with respect to once
13 the underage individuals are in the restaurant, that
14 they're slipping onto the gaming floor without being
15 escorted back off the gaming floor. So, obviously
16 that's one of the OEC's main concerns with respect to
17 adding additional underage pathways.

18 MR. DESALVIO:

19 Yeah, and I believe we do --- we do have
20 these rovers in the area as well. And their mission
21 is to make sure that doesn't occur. And also, we have
22 our staff that are trained as personnel in the
23 entrance and the exit. And they are trained as well,
24 obviously, to look for that.

25 We explain that to the guests when they

1 arrive that if anyone in their party who's underage
2 wants to leave the facility to use the restroom, they
3 are to stop and make sure that we do provide the
4 adequate escort. As far as I know, we never had a
5 problem with anyone leaving the Emeril's restaurant.

6 ATTORNEY EICHER:

7 But I'm not going to say that.

8 MR. DESALVIO:

9 You don't know that? I am not aware of
10 that. I know we've had some other issues that we
11 dealt with last year, but I think the restaurant
12 escorted portion has worked very well.

13 ATTORNEY DAVENPORT:

14 Does Sands have any plans to revise their
15 Compulsive Gambling Plan if the Board approves OP-11
16 with respect to the extension of the underage pathway?

17 MR. DESALVIO:

18 Yes, it would state whatever the new
19 pathway is and the fact that we have a new fixed post.

20 OFF RECORD DISCUSSION

21 MR. DESALVIO:

22 Yeah, it's something that --- actually
23 Holly brings up a very good point. With regard to the
24 challenges, I think it's important that we probably
25 should get that on the record. These entrances are

1 very, very busy, as you could imagine with our
2 traffic. We keep track of the number of people that
3 we challenge at the entrances.

4 For 2010, we challenged 288,000 people at
5 the entrances. And of those, 135,000 were issued
6 wrist bands. So, we issued them a wrist --- so if you
7 look like you are potentially 30 or under, we
8 challenge you. If in fact, you produce ID --- what we
9 then say to the guest is, listen, If you don't want to
10 be hassled everywhere you go on the floor, why don't
11 you just get it done? Get your wrist band and then
12 when people look for it, they'll know that you've
13 already been cleared at the door. So, we issued
14 135,000 of those.

15 We actually denied entry to 4,372 people
16 over the course of a year. And yes, I know this
17 question will be asked. So, I'll just answer it.
18 Minors did slip through. I mean, it's almost --- I
19 would challenge anyone to say that there is a 100
20 percent foolproof method. We'd love it to be zero.
21 We know you have a zero tolerance, but it's almost
22 impossible.

23 We had three during 2010. They all
24 occurred prior to May of 2010 that actually slipped
25 through our screening and were found gambling on the

1 floor. So, it does happen. We don't want it to
2 happen. We know you don't want it to happen. But
3 just look at the number of challenges. We challenged
4 288,000 people at the entrance.

5 No matter how good we are, a couple are
6 going to slip through, and we try for zero tolerance,
7 but I'm not sure that's a realistic expectation.

8 ATTORNEY DAVENPORT:

9 Does Sands have scanners to scan the ID?

10 MR. DESALVIO:

11 Yes, we do.

12 ATTORNEY DAVENPORT:

13 And how is that working?

14 MR. DESALVIO:

15 Works great. It works great. They make
16 a wonderful device that --- now, what's happened is
17 all of the states have gotten together and used a
18 consistent technology for licenses so that they'll all
19 scan and tells you right away whether it's good or
20 not.

21 ATTORNEY DAVENPORT:

22 What happens if a minor has either a fake
23 ID or somebody's from Asia or Europe and they have
24 some out-of-country ID?

25 MR. DESALVIO:

1 We can check other country ID. We've had
2 passports. We've probably had some military IDs.
3 There are other acceptable forms of ID. The one
4 question I can't answer is if you present it and it
5 turns out to be a fraud. Obviously, they don't get in
6 the door. I don't know what the implication is of
7 that.

8 ATTORNEY EICHER:

9 Actually, I can testify to that. The
10 answer to your first question is is if it's not caught
11 by a scanner at both of our current security posts ---
12 the hard posts at the entrances --- we actually have a
13 government-issued identification book which shows you
14 what the actual identification should look like ---
15 any identifying mark or safety security markers that
16 are on those IDs.

17 So, if it doesn't register in the
18 scanner, we then can go and reference this book. If
19 we do have a problem where an ID is actually a
20 problem, that is --- actually that information is
21 given to Gaming Control Board Compliance personnel
22 that are on the property as well as the State Police
23 that are on the property.

24 The one problem that we might have ---
25 and this has happened --- is where you have an

1 underage individual who has another person's ID. For
2 example, an older brother's ID, and they look
3 remarkably similar in their pictures and in likeness
4 because they're maybe one year apart. One is legal.
5 One is underage. That ID when swiped will register as
6 valid.

7 And it can be very difficult to tell
8 facial features whether or not an individual is of age
9 or underage. So, they're going to be challenged.
10 Their ID we got from them would be registered as an
11 appropriate valid ID, and they would have gotten in.
12 And that has been something that we've addressed in
13 the past.

14 ATTORNEY DAVENPORT:

15 I want to switch gears and discuss the
16 employment.

17 MR. DESALVIO:

18 Sure.

19 ATTORNEY DAVENPORT:

20 You already testified that if the Board
21 grants your petition, Sands will hire 139 new
22 employees. How soon is Sands going to hire these
23 employees?

24 MR. DESALVIO:

25 We started some of the process. But it

1 will come online probably really towards the end,
2 right before our opening. I'm going to say it's April
3 to May. We're trying to get this open sometime in mid
4 to late May. We're looking at the time again until
5 these --- it takes, you know, to get through all the
6 orientation training process.

7 We'd like to get them on board two to
8 three weeks in advance. So, we're going to start
9 submitting licenses very quickly and get that process
10 rolling with the licensing bureau.

11 ATTORNEY DAVENPORT:

12 Who will provide the training for the
13 dealers?

14 MR. DESALVIO:

15 Northampton Community College is still
16 running sessions for us. They've trained --- probably
17 60 to 70 percent of our dealers went through
18 Northampton Community College.

19 ATTORNEY DAVENPORT:

20 Does Sands anticipate the new employees
21 will be residents of Pennsylvania?

22 MR. DESALVIO:

23 Most will. Our current stats --- we
24 brought that thinking you may want the stats. We're
25 currently at 87 percent Pennsylvania residents. We do

1 get ---particularly in the gaming area, sometimes
2 supervisory staff, some dealers come in from out of
3 state. They've heard the Commonwealth is doing well
4 in terms of gaming, and it's a new opportunity for
5 table games.

6 Some other jurisdictions have not been as
7 lucky in terms of additional gaming revenues that we
8 are getting. I'm amazed we get people from New
9 Jersey, from Connecticut, from Mississippi, from
10 Nevada that want to, it's my impression, come into the
11 Commonwealth and join the team. So, primarily it's
12 Pennsylvania residents. I would suspect our
13 percentage would stay about the same. We're at 87
14 percent now in terms of Pennsylvania residents.

15 ATTORNEY DAVENPORT:

16 With discussion of the new employees, and
17 will your diversity reflect the diversity of the
18 surrounding community?

19 MR. DESALVIO:

20 Yeah, we're actually more diverse than
21 our surrounding community. Just currently --- I'll
22 give you a breakdown based on our fourth quarter.
23 70.89 percent of our staff was white or Caucasian.
24 African Americans, 4.36 percent. Hispanic is 8.06
25 percent, and Asian is 14.3 percent of our workforce.

1 So, all those stats exceed the diversity stats for
2 Northampton and Lehigh Counties.

3 ATTORNEY DAVENPORT:

4 Is that in compliance with the diversity
5 plan as well?

6 MR. DESALVIO:

7 Yes, it is.

8 ATTORNEY DAVENPORT:

9 Could you just go over the anticipated
10 salary of the new employees and about benefit
11 packages?

12 MR. DESALVIO:

13 Sure. All team members will be receiving
14 benefit packages after their --- I think it's 90 days,
15 90 days of employment. And the ranges are anywhere
16 from --- and I'll just give you the basics.

17 Cashiers, almost \$21,000 --- soft count,
18 almost \$21,000. Casino administration, about \$37,000.
19 We have a public areas manager, \$60,000. Cleaning
20 specialist, \$19,000. Security, nearly \$25,000.
21 Surveillance, \$31,000. Table games management staff,
22 approximately \$55,000, and the dealers are ranging
23 anywhere from \$38,000 to \$42,000 including their tips
24 or tokes.

25 And we expect the benefits for us

1 represents about 50 percent benefit load in terms of
2 additional costs on top of that.

3 ATTORNEY DAVENPORT:

4 No further questions.

5 CHAIRMAN:

6 Thank you. Does the OEC have a
7 presentation?

8 ATTORNEY DAVENPORT:

9 We don't have a presentation, but I'd
10 like to, based upon the testimony today, looking at
11 the OP-11 Plan, recommend two additional conditions be
12 placed by the Board.

13 Based on the location of the new Pit
14 Number Nine, adding the additional bypass and 483
15 square feet of gaming floor space and scanning the
16 underage pathway, OEC believes it will be appropriate
17 for the Board to consider a condition that Sands add
18 one additional security officer as a rover to the
19 gaming floor.

20 In addition, OEC believes that the Board
21 should consider adding an additional condition that,
22 prior to the hotel opening, Sands be required to have
23 a fixed security post located at the hotel passageway
24 entry. Thank you.

25 CHAIRMAN:

1 Thank you. Does Sands have any questions
2 for the OEC before we move to the Board questions?

3 MR. DESALVIO:

4 None at all, and we would gladly concur
5 with those conditions and/or planning on that. It's
6 appropriate for what we're adding. So, we have no
7 objection or question on that whatsoever.

8 CHAIRMAN:

9 Very good. I assume you want the
10 PowerPoint moved into evidence?

11 ATTORNEY EICHER:

12 Yes, please.

13 CHAIRMAN:

14 Okay. So noted, and we will do that.
15 Let me turn to the Board for questions. Commissioner
16 Angeli?

17 MR. ANGELI:

18 Yeah, just two questions. One, you said
19 of the benefits --- is the 50 percent an add-on?

20 MR. DESALVIO:

21 Yeah, and the reason that number seems
22 unusually high is because of the number of the
23 employees. If they're in a tip position, sometimes
24 the salary is lower. So, for example, let's use a
25 dealer. A dealer who might have a low base salary of

1 \$5.25, but can range in tips anywhere from --- you
2 know. We have weeks it goes from \$13 to \$18 an hour.

3 So, what happens is when you assign a
4 benefits load percentage against somebody who makes a
5 very low salary but high tips, it skews that. So,
6 really that's an artificial number. If you were to
7 normalize their salaries, our benefit low percentage
8 would actually be much lower than that, especially in
9 the service industry jobs where you have lots of
10 gaming, lots of food and beverage. They make a good
11 portion of their income on tips. And our benefits
12 load percentage is based on just their base salary.

13 MR. ANGELI:

14 You're adding a restaurant --- or Emeril
15 is adding a new restaurant?

16 MR. DESALVIO:

17 Yes.

18 MR. ANGELI:

19 And I may have missed it, but would the
20 pathway that you created take you to the new
21 restaurant also?

22 MR. DESALVIO:

23 Yes, it will. And it sits between the
24 hotel and the casino. And even though it's not on
25 that particular chart, it would just be to the north

1 of where the pathway is.

2 MR. ANGELI:

3 So, where you have it now, it would cover
4 that? Where you have it shown on that?

5 MR. DESALVIO:

6 Yes. Right where the pathway ends, ---

7 MR. ANGELI:

8 Right.

9 MR. DESALVIO:

10 --- if you would immediately head north,
11 the Emeril's restaurant is there. And after the
12 Emeril's restaurant, you would then be at the hotel.

13 MR. ANGELI:

14 Okay.

15 MR. DESALVIO:

16 There'll also in the future be an
17 entrance there for the new special event center. And
18 the nice part about the Emeril's restaurant, that's in
19 that pathway for a hotel guest. They'll be able to
20 actually approach and get into that restaurant if you
21 had somebody underage without actually going onto the
22 casino floor.

23 MR. ANGELI:

24 Okay.

25 MR. DESALVIO:

1 So, there's a real advantage. Now, we do
2 think, regardless of that, people are going to want to
3 go to the Chop House. So, we're still going to be
4 providing security escorts over to there. But it is
5 nice that we have a new restaurant that is basically
6 approaching the casino floor, but you can get to it
7 without actually going on the casino floor. It's a
8 nice feature we're going to add with this project.

9 MR. ANGELI:

10 And I know we walked through it, and I'm
11 just trying to remember. The hotel has its own
12 parking?

13 MR. DESALVIO:

14 Yes. There's a surface lot right outside
15 the hotel or you could use valet service.

16 MR. ANGELI:

17 All right. Thank you. That's all I
18 have.

19 CHAIRMAN:

20 Mr. Sojka?

21 MR. SOJKA:

22 I've got a few as well.

23 A. Sure.

24 MR. SOJKA:

25 Again, that 139 new jobs with the

1 benefits package --- they've got benefit packages.
2 I'm assuming that's 139 FTEs and not 139 headcount?

3 MR. DESALVIO:

4 It might actually be a few more headcount
5 because some people do work less than a full 40-hour
6 week. We got it at 139. It could very well wind up
7 being 150.

8 MR. SOJKA:

9 But for now it is the FDE?

10 MR. DESALVIO:

11 I'm sorry, yes. Yes.

12 MR. SOJKA:

13 Okay. So, if the head count's higher, so
14 be it. But those people would not qualify then for a
15 benefits package; right?

16 MR. DESALVIO:

17 Well, if they work at least 30 hours per
18 week, they would qualify for benefits.

19 MR. SOJKA:

20 You're talking about jobs. Short term,
21 what about construction jobs? You're building out
22 some space. Emeril's coming in. Do you have a handle
23 on that?

24 MR. DESALVIO:

25 Yes. Approximately 300 construction

1 jobs. And we're probably at peak right now, because
2 they're in on every single --- there's ten stories of
3 the hotel, and they're currently working on every
4 single floor. So, on the lower floors they are into
5 finishing work and painting. On the upper floors,
6 they are still doing drywall, HVAC installation.

7 And so we have crews on literally every
8 floor. We have crews that are working on the Emeril
9 restaurant, and we're starting some of the preliminary
10 work at risk in this particular space that we're
11 talking about today with the hopes of getting approval
12 for it.

13 MR. SOJKA:

14 And it's the same contractors, and so
15 basically this build-out isn't going to swell the
16 number of workers beyond what's now working on the
17 Emeril restaurant and hotel?

18 MR. DESALVIO:

19 Well, we're at --- I think we're about
20 peak right now. So, over the next month and a half,
21 it'll be a full 300. We started out as 40 to 50. It
22 grew to 100. Went to 200, and we're in full swing
23 right now. And then as these projects open, it's
24 going to very quickly ramp down as we get to the major
25 completions.

1 MR. SOJKA:

2 I was fascinated by your numbers showing
3 instate and out-of-state participants in the gaming
4 activities. You've got two things happening now.
5 You're expanding table games, and you'll be opening a
6 hotel. I know you don't have the data and I know
7 you're a good data collector, but would you care to
8 hazard a guess as to what those two things together
9 will do to your mix of instate and out-of-state?

10 MR. DESALVIO:

11 I would guess it's going to skew it a
12 little bit more out-of-state. I do think people in
13 the Commonwealth will come and stay at the hotel. I
14 think it's less likely that somebody from Lehigh
15 Valley will stay there, although maybe for a special
16 occasion.

17 I think as you get further out of the
18 Commonwealth, we'll get business. But for us, if you
19 look at our market demographics, the big chunks of
20 population are to the east. And so we suspect we're
21 going to get New York, New Jersey, Connecticut,
22 Delaware, Maryland, Virginia --- anywhere in that sort
23 of mid-Atlantic corridor, I think, would be a perfect
24 opportunity for people to come and stay.

25 And those that are gaming enthusiasts

1 like to see and stay at new properties. So, we do
2 think we're going to get a lot of new trial. I would
3 not be surprised if we don't start skewing a little
4 bit more out-of-state than instate. We went from
5 60/40 in. Now we're at 50/50. And we'll probably
6 grow to a little more out of state.

7 ATTORNEY EICHER:

8 You might want to tell them a little bit
9 about the meeting spaces within the hotel itself.

10 MR. DESALVIO:

11 In the hotel we're putting in, to start
12 with, 5,000 square feet of meeting space. We have a
13 national sales manager who's already out booking. We
14 already have confirmed bookings for the space. And it
15 looks like it's going to be a very strong appeal for
16 the corporate market.

17 And by that I mean New Jersey
18 pharmaceutical companies, companies from outside of
19 Philadelphia, Lehigh Valley companies that have sales
20 and industry business meetings. We represent an
21 opportunity where they can stay relatively close to
22 home, have some fun and exciting, good meeting
23 facilities and not have to put people on airplanes.
24 So, we think the corporate market is going to be very
25 good for us, especially midweek demand for that hotel.

1 MR. SOJKA:

2 I have one other question, which at first
3 may not seem on the subject, but I think it is because
4 it will --- it implies an impact on an issue that OEC
5 is asking about that others I can tell are interested
6 in. And that's the issue of escorts and underage
7 people and the traffic issues and patterns.

8 As the hotel is completed --- and I think
9 we on this Board --- and I think you were thinking of
10 a hotel which would principally support the gaming
11 part of your total operation. But some of my life is
12 lived outside this. And I pay attention to the world
13 of the arts and there has been --- because of what
14 you've done there's, I think, considerable uptake in
15 interest there.

16 And there will be times, I think, when
17 that hotel may be filled with guests who are not
18 interested in gaming. Is that possible? That may be
19 involved in arts programs or something. And those
20 people are likely to have more underage people than
21 people who come for gaming. And they're probably
22 going to be highly interested in the restaurants.

23 Do you sense that that would ever be a
24 problem for your security situation? That you may get
25 some overloads in having to escort people? And you

1 might have an influx of underage people because
2 there's another kind of event going on?

3 MR. DESALVIO:

4 First of all, I do agree with you that we
5 will be attracting arts and culture. As part of our
6 complex, as you all know onsite, ArtsQuest is opening
7 up a very significant complex in May as well. And
8 PBS39 is opening their broadcast facilities.

9 One of the reasons we designed the hotel
10 the way we did was that it has its own separate
11 entrance. You can literally go to the hotel. You can
12 go to the new Emeril's Italian restaurant. When the
13 mall opens, you'll be able to go to the mall. When
14 you go to the event center, you can do all of that
15 without crossing the threshold into the gaming part of
16 the building.

17 It's up to us to create the fixed post
18 positions and monitor them very carefully. And if, in
19 fact, there is more demand for the restaurants because
20 of the hotel and music fest and ArtsQuest and things
21 like that, that means more business. And if that is
22 the case, then we're going to be adding more escorts.

23 MR. SOJKA:

24 Okay.

25 MR. DESALVIO:

1 We don't to intend to let minors go
2 unescorted around that building, because I think you
3 know and we know that's not going to work.

4 MR. SOJKA:

5 Okay.

6 MR. DESALVIO:

7 So, the nice part about our building is
8 even in the new configuration, there's only four
9 entrances. If we guard those entrances carefully, and
10 if we provide security escorts, we should have minimal
11 amount of infiltration. I will never guarantee you
12 it's going to be zero. I can't make that guarantee,
13 but I will tell you that we --- we're as close as I
14 think you can get. And our building is such that we
15 can protect the entrances. And if we need to, guess
16 what --- we'll add more security because that would
17 mean that our business is that much stronger.

18 MR. SOJKA:

19 Promise --- one final, short question.
20 We keep hearing some consistency about the impact of
21 table games on slots activity?

22 MR. DESALVIO:

23 Uh-huh (yes).

24 MR. SOJKA:

25 But I thought I heard you say something

1 slightly different today. Are you seeing any level of
2 erosion of your slots activity as your table games
3 pick up?

4 MR. DESALVIO:

5 None whatsoever at the Sands. If you
6 look at the period from July through December --- and
7 I'm going to have to check on that --- I think we were
8 up 16.5 percent GTR in the period from when we opened
9 table games. So, if ever there was a case where we
10 exceeded what was originally projected in the
11 innovations report --- the innovations report, I
12 think, suggested a three percent or three to five
13 percent slot growth. We've had the reverse positive
14 effect, which ours has gone up near --- I think it's
15 16 and a half percent in the last six months.

16 MR. SOJKA:

17 So, you are like virtually everyone else
18 that has an increase in slots play?

19 MR. DESALVIO:

20 Yeah.

21 MR. SOJKA:

22 Thank you.

23 MR. DESALVIO:

24 Uh-huh (yes).

25 CHAIRMAN:

1 Thank you. Commissioner Trujillo?

2 MR. TRUJILLO:

3 I actually do not have any questions. I
4 just wondered --- I was just reflecting that one of my
5 first things I did was come to your table games. And
6 I just want to say congratulations. I think you have
7 done an outstanding job. And I'm not accustomed to
8 having somebody sitting in your chair under-promise
9 and over-deliver, but you guys have surely done that.

10 So, all I can do is say I don't know of
11 very many new hotels or malls that are under
12 construction in this country. Mayor Callahan was
13 asking for additional tables. If you had planned
14 construction --- and you've done that in a better time
15 frame, I think, than any of us could have imagined.
16 So, congratulations, and I think you did an
17 outstanding job.

18 MR. DESALVIO:

19 Thank you. Thank you, Commissioner. We
20 appreciate that.

21 CHAIRMAN:

22 Commissioner Angeli for another question?

23 MR. ANGELI:

24 One more. The road that goes from
25 Bethlehem Bridge to the main street that comes back to

1 the casino --- there's a lot of businesses in there.
2 Could you comment --- have the casinos, the
3 development done anything for that positively or
4 negatively along that strip there?

5 MR. DESALVIO:

6 I think the strip on Third Street that
7 has a lot of the nice small shops --- I think has had
8 --- it's been whipsawing. And by that I mean when we
9 first opened, a number of new stores opened. It was
10 remarkable how many store fronts that were boarded up,
11 opened up.

12 Then after we opened, of course, the
13 economy just tanked. So, I will tell you there's been
14 some turnover in those stores. There were, I think,
15 three or four that closed. And now I see --- now some
16 new businesses are going in. So, I think as we
17 hopefully approach the tail-end of the real tough
18 economic downturn, I think you'll see those businesses
19 pick back up.

20 Also, the entire western end of Third
21 Street is under construction right now. They're
22 designing a new entry ramp from 378 to Third Street
23 which will greatly improve the traffic flow in that
24 area. And the city went under long-term lease for
25 some additional parking. And I think the combination

1 of the end of the road construction, the end of the
2 downturn and the additional parking, we'll probably
3 see again another resurgence in south Bethlehem.

4 MR. ANGELI:

5 Thank you.

6 CHAIRMAN:

7 I have a couple of questions, Mr.
8 DeSalvio. The first one deals with the smoking and
9 nonsmoking. Could you go back to the board --- and I
10 thank you. And again, just for new members and some
11 the ex-officios here today, the blue and the gold
12 designate smoking, nonsmoking; correct?

13 MR. DESALVIO:

14 Correct.

15 CHAIRMAN:

16 Okay. I thought I read in your OP-11
17 that you are significantly increasing the amount of
18 table games smoking area. Did I read that correctly?

19 MR. DESALVIO:

20 Well, yes because the new table games
21 areas --- both of those pits, Pit Eight and Pit Nine
22 fall in the smoking side of the casino, but we still
23 have a significant amount of games in the nonsmoking
24 area. And I mean unfortunately, because this is just
25 the way life is, the tables are following a similar

1 pattern as slots.

2 The units that are in the smoking side
3 are out-producing the ones in the nonsmoking side.
4 And we have that equation in slots, and we have that
5 equation in tables. Although our entire poker room,
6 23 games, is nonsmoking. And then we have significant
7 --- I don't know the exact number of games. We have
8 two full pits plus poker that are in nonsmoking. So,
9 we have quite a bit. The new ones, yes, they're in
10 the bay. Those are the smoking areas, and that's
11 where the demand is right now.

12 CHAIRMAN:

13 And again, I just wanted to ask you, I
14 mean your observance of your place smoking versus
15 nonsmoking, there is still a high demand of smokers in
16 the casinos for both slots and table games?

17 ATTORNEY EICHER:

18 Yes.

19 MR. DESALVIO:

20 Yes, that is true.

21 CHAIRMAN:

22 Okay. The second question I have is on
23 underage restaurant patrons. And again, this is a
24 statement and a question. But you obviously made a
25 business decision at the Sands that you will get more

1 business, I assume. So, that's my question. Do you
2 see more business by your admittance of underage
3 patrons into the casino and then into the restaurant
4 than you think you otherwise would see if you just
5 outright banned anyone under 21, as most of the other
6 casinos in Pennsylvania do?

7 You are an anomaly in allowing underage
8 patrons on the floor, escorted of course. But
9 obviously you made a business decision that you get
10 more business by allowing that than not?

11 MR. DESALVIO:

12 Yes, and there are really two main
13 reasons for that. Number one, when we brought in
14 celebrity chef Emeril Lagasse, we even underestimated
15 his drawing power. Originally we debated this
16 ourselves. We got hammered when we originally thought
17 we might go with a complete total ban.

18 We had a number of Lehigh Valley
19 residents saying I cannot believe that I can't bring
20 somebody over there --- my daughter, my son --- if
21 there's a graduation from Lehigh or whatever it is.
22 And have family come over and get an Emeril Lagasse
23 restaurant experience. And why can't you guys handle
24 that? Why can't you just make sure that they don't go
25 on the gaming floor, and we instituted the system.

1 The other is that our company develops a
2 business model known as an integrated resort. You
3 know, we came to the State under the premise that we
4 would develop a smaller version of our integrated
5 resort business model that we use in Las Vegas, Macau
6 and Singapore. And that includes a number of
7 components. We're not interested in just doing a
8 casino. We're interested in a hotel. We're
9 interested in the mall component. We're interested in
10 the events center.

11 And so with that comes more business, but
12 it also comes with the challenge of handling a minor
13 underaged and making sure we protect the gaming floor.
14 And so I think it's important that, you know, we stay
15 true to our business model. And it's up to us to
16 devise systems to make sure that we really limit the
17 potential. Is that how many there were?

18 ATTORNEY EICHER:

19 Yes.

20 MR. DESALVIO:

21 Wow. Holly just gave me a number. I'm
22 kind of surprised at this myself. In 2010, we
23 escorted 1,900 minors to Emeril's Chop House. So,
24 unless --- that's a lot. And that means most of them
25 come in large dinner parties. You know, it might be a

1 husband and wife, a family and, you know, you see 8
2 and 10 and 12 people, so ---. You know, that's a lot
3 of people.

4 And we really don't --- and Emeril would
5 have been highly upset if he had to close off that
6 restaurant to minors. He's very big with children's
7 charities. And again, it was something that we really
8 thought if we could do a good job policing it --- and
9 I think we have.

10 Again, we're not perfect, but I think
11 we've done a good job policing it. But it's truly an
12 amenity we want to add as part of our integrated
13 resort component.

14 CHAIRMAN:

15 Thank you. Any other questions from OEC?
16 Any more from the Board? Yes, I'm sorry, Counsel.

17 ATTORNEY DAVENPORT:

18 No, no.

19 CHAIRMAN:

20 Okay. We're going to conclude today's
21 hearing. We will recess to about 10:32 --- how about
22 for 18 minutes or 12 minutes? We'll come back in ---
23 13 minutes. We'll come back in about 10:45. Thank
24 you.

25 A. Thank you.

* * * * *

HEARING CONCLUDED AT 10:32 A.M.

* * * * *

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

CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before the Pennsylvania Gaming Control Board, was reported by me on 02/24/2011 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