

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC INPUT HEARING

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BEFORE: MEMBERS OF THE BOARD:

DAVID M. BARASCH, CHAIRMAN

Richard G. Jewell

Obra S. Kernodle, IV

Sean Logan

Kathy M. Manderino,

Merritt C. Reitzel

Dante Santoni, Jr.

EX-OFFICIO MEMBERS/DESIGNEES IN ATTENDANCE:

Fred Strathmeyer, Designee, Department of
Agriculture

Sue Leighton, Designee, Department of
Revenue

Jennifer Langan, Designee, Pennsylvania
Treasury

HEARING: Wednesday, May 30, 2018, 10:05 a.m.

Reporter: Cynthia Piro-Simpson

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1 LOCATION: Pennsylvania Gaming Control Board
2 Strawberry Square Complex
3 Fifth Floor
4 Harrisburg, PA 17101

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A P P E A R A N C E S

OFFICE OF ENFORCEMENT COUNSEL:

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MICHAEL MAGAZZU, ESQUIRE

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Counsel for Sands Bethworks Gaming, LLC

ALSO PRESENT:

BRIAN CARR, President and Chief Operating Officer,

Sands Bethworks Gaming, LLC

I N D E X

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OPENING REMARKS

By Chairman

5 - 6

PRESENTATION

By Attorney Magazzu

6 - 7

PRESENTATION

By Mr. Carr

7 - 23

QUESTIONS

By Attorney Roland

24 - 34

QUESTIONS

By Board Members

34 - 37

DISCUSSION AMONG PARTIES

37 - 38

P R O C E E D I N G S

CHAIRMAN: Good morning, everyone.

I'm David Barasch, Chairman of the Pennsylvania Gaming Control Board. As always, I give you your Miranda rights to turn off the sound on your cell phones or other electronic devices.

With us today are Fred Strathmeyer, representing Russ Redding, Secretary of Department of Agriculture; Jen Langan representing Joe Torsella, State Treasurer, and Sue Leighton representing Secretary of Revenue, Dan Hassel.

Thank you all for being here. Call to order. Quorum of the Board being present. First order of business, the Pledge of Allegiance.

(PLEDGE OF ALLEGIANCE RECITED)

CHAIRMAN: Today we have one public hearing scheduled regarding the Cat II Slot Machine License Renewal Application of Beth Sands, Bethworks Sands, LLC, operating as Sands Bethlehem. Can we have the representatives from Sands - Sands come forward at this time?

Before we begin, I'd remind one that

1 anyone that's going to speak today should please stand
2 and state and spell your name for the court reporter
3 prior to your presentation. I'd also ask that all
4 non-attorney witnesses please stand and be sworn at
5 this time.

6

7

BRIAN CARR,

8 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
9 HAVING FIRST BEEN DULY SWORN, TESTIFIED AND SAID AS
10 FOLLOWS:

11

12

COURT REPORTER: Thank you.

13

ATTORNEY MAGAZZU: Card? Oh, do I
14 have a card? No, not on me, but I can give you - my
15 last name is Magazzu, M-A-G-A-Z-Z-U. First name
16 Michael, Vice President and General Counsel Sands
17 Bethworks Gaming, LLC.

18

CHAIRMAN: Sands, you may begin
19 whenever you're ready.

20

ATTORNEY MAGAZZU: Thank you, Chairman
21 Barasch and members of the Board. I would just like
22 to take a few seconds to acknowledge the Board's
23 welcoming our presence here today to offer our
24 presentation in support of our application for our
25 Category II License Renewal.

1 I don't have much else to say, but I'd
2 like to turn it over to Brian Carr, who is the
3 president of Sands Bethworks Gaming, who has a
4 relatively brief presentation, which is largely
5 similar to what we offered at the Town Hall
6 presentation in the City of Bethlehem back in April.

7 So, for those Board members who
8 weren't able to attend, we hope you enjoy what we have
9 to offer. And of course if you have any questions,
10 when we're done with the presentation, we will do our
11 best to answer them. Thank you.

12 CHAIRMAN: Thank you.

13 MR. CARR: Chairman, members of the
14 Board, my name is Brian Carr, C-A-R-R. I'm the
15 President and Chief Operating Officer of Sands
16 Bethlehem. And switch to the presentation here.

17 Just a reminder, we'll kick it off
18 from this. Sands Bethworks acquired 124 acres that
19 were part of the former site of Bethlehem Steel. When
20 we took it over in 2007, at that time the property was
21 the largest privately-owned brownfield site in the
22 United States.

23 Over the past nine years Sands
24 Bethlehem has invested approximately \$1 billion in the
25 property versus the original license obligation of

1 \$600 million. The coming pages will just take me
2 briefly through some of that investment.

3 Our casino floor opened in May 2009.
4 And as of this month, we have over 3,000 slot
5 machines, 189 tables and 6 Poker tables. The high
6 limit slot area, we just finished a \$5.7 million
7 renovation of the high limit table type salon area,
8 which is known as Paiza.

9 We just finished a \$6 million
10 renovation of our poker room. We spent \$7.4 million
11 installing the largest ETG stadiums in the United
12 States. And overall the total square footage of our
13 casino floor is just over 150,000 square feet.

14 We offer over 3,000 parking spaces in
15 the covered garage for our guests. We have 1,600
16 surface lot spaces. Valet runs 24 hours a day at two
17 different locations. And we have 14 bus bays, which
18 average 81 buses and over 4,000 guests every single
19 day. Last year it brought more than 1.5 million
20 guests to our property.

21 We've also participated with PennDOT
22 and spent over \$100 million in - in improvements to
23 the 412 artery, which brings the traffic in from 78 to
24 our property.

25 Spend a little time to go through some

1 of our nongaming amenities. We have a really great
2 partnership with Emeril Lagasse and feature three of
3 his restaurants on our property. Emeril's Chophouse
4 does over 500,000 guests every single year and is our
5 high-end steakhouse for the property. Last year we
6 spent \$1.6 million in our renovation to bring it up to
7 standards and make sure that it continues to be the
8 best steakhouse in the Lehigh Valley area.

9 Emeril's Fish House opened in 2016 and
10 we spent nearly \$2 million renovating it almost a year
11 later. It accommodates 257 guests and this is a
12 wonderful fish operation, by far the best fish
13 restaurant we got in Lehigh Valley. You may see a
14 trend in that, but I think my restaurants are the best
15 in Lehigh Valley.

16 Burgers and More, which is a quick serve
17 burger operation, which is in our north - northeast
18 corner of our casino floor, very popular with guests.

19 In 2017 we were - we were proud to
20 partner with Buddy V. and bring Carlo's Bakery to our
21 mall area. It accommodates 31 guests at a time and -
22 and offers too many pastries than I care to share with
23 all of you about how good they all are.

24 And we also at the same time opened up
25 Buddy V's Restaurant (sic), which is his feature

1 restaurant and is our Italian offering, and it's been
2 a huge success just off the casino floor.

3 We also partner with third parties.
4 Villa Enterprises offers both of our food court, our
5 buffet and also the quick service Steelworks. Seating
6 300 people in the buffet and having in the food court
7 stations that include gourmet coffees, pastries, ice
8 cream, pizza, hot dogs, so on and so forth. And it's
9 certainly popular with our guests.

10 Chopstick's is an authentic Chinese
11 restaurant based out of New York City. Great
12 partnership that we have with them. And it's
13 definitely a major driver in our bus operations for
14 our Asian guests that we bring in from New York City.

15 Molten opened up in 2009. It is our
16 only - it is our major casino bar that's on the floor.
17 It features live entertainment every single night.
18 And it's a great gathering place for our guests.

19 Coil is a center bar. It accommodates
20 gaming and is - is another key gathering place for our
21 guests as they come in. It features our specialty
22 cocktails and also the most draft beers that we offer
23 anywhere on the property.

24 Our gift shop, the mall, which is the
25 outlet at Sands Bethlehem has over 30 stores. It

1 features 200,000 square feet of shopping experience
2 for our guests featuring Coach, DKNY, Talbots, Tommy
3 Hilfiger, et cetera.

4 We have a full service spa on the
5 property. It's almost 4,500 square feet and offers
6 ten different treatment rooms. We have banquet
7 meeting space, which opened in June of 2011. It's
8 12,000 square feet of modern meeting space, with 3,000
9 square feet of exhibition space. Last year we had
10 25,000 attendees come to 324 different events we
11 hosted during the year.

12 MR. JEWELL: What's the largest number
13 of folks you can accommodate at one time in the -
14 that -?

15 MR. CARR: Well, that depends because
16 - in a couple of pages I'll talk about the event
17 center. So, the event center is significantly larger
18 and some of our - some of our events we'll do that,
19 but you can -. The events will hold 2,500 or 3,000
20 standing and - with the events.

21 So, if you're willing to count like as
22 - like a free-flow event that was going to go to three
23 different ones, you could easily handle your book,
24 say, up to 5,000 if they weren't in the same room at
25 the same time.

1 Which then leads to Vincent. Perfect
2 timing right there with his question. So, the Vincent
3 opened up in May 2012. It's a 50,000 square foot
4 featuring A-list artists that we have, DJs, boxing,
5 trade shows, conferences.

6 It also has a nightclub component to
7 it, which is Vision Bar and Nightclub. It features
8 about 80 to 100 shows a year. And it has top-level
9 talent, such as we have upcoming like Britney Spears,
10 Jerry Seinfeld, Steven Tyler and Barry Manilow in just
11 the next coming months.

12 Our hotel, which opened in May 2011
13 and got renovated to the tune of almost \$12 million in
14 2006. We have 282 rooms, it features four Chairman
15 suites, it has six presidential suites and 16
16 executive suites, has a full fitness center.

17 And running on four years straight
18 we've received the Four Diamond award from AAA.

19 That kind of summarizes the - the
20 property and the investments that were made there.
21 Let's spend a little time and kind of talk about the
22 community involvement we've had in the area.

23 So, ArtsQuest, PBS 39 and the - the
24 local city related to the visitors' center have all
25 benefited by land that's been donated to them to form

1 their foundation. ArtsQuest built the SteelStacks
2 campus, which opened in - in spring of 2012.

3 PBS 39 developed their SteelStacks
4 Public Broadcast Center on the west end of the site,
5 which opened up also in 2012. And the Industrial
6 Stock House for the visitors' center related to the
7 trestle, which we'll talk about next.

8 The trestle. We entered into an -
9 into an easement agreement with the - with the
10 Redevelopment Authority of Bethlehem in - in September
11 of 2013. They built the - the Hoover Mason Trestle.

12 If you have not seen it, I highly
13 recommend it. It's basically a walking tour of the
14 blast furnaces and kind of takes you through the
15 history of Bethlehem Steel of exactly how the entire
16 process worked. The - the Redevelopment Authority
17 spent almost \$14 million on the project and it opened
18 up in the spring of 2015.

19 Steelworkers' Archives. We work hand
20 in hand with them. We gave them a wonderful location
21 down on the lower level of our mall, where guests can
22 come and visit them and see some of the archive items
23 that they have and some of the -. But also to talk to
24 them and - and get a feeling for the steelworkers.
25 Also give them a place to meet for some of their

1 brother meetings that they schedule.

2 We also work with - with regional
3 tourism groups in Lehigh Valley area. These are just
4 a couple of examples, Discover Lehigh Valley.

5 We help promote the Christkindlmarkt,
6 which is a major tourist attraction. Musikfest, which
7 is coming up in just a couple months here.

8 ArtsQuest and Welcome Historic
9 Bethlehem is also the - a regional partner that we
10 have.

11 From the community involvement in our
12 region, 2017, we gave over \$600,000 to charity. In
13 life to date we've given more than \$3 million.

14 We were - we're proud sponsor and we
15 work an awful lot with groups such as ArtsQuest,
16 Donegan Elementary, which is an underprivileged school
17 that's just up the hill from us. Southside Arts
18 District. We also work with Via in the Lehigh Valley
19 and the Victory House, which we'll spend a little bit
20 here talking about in the coming pages.

21 From an employment point of view, job
22 - job creation in the area is - is probably something
23 I'm the most proud of. We have almost 2,500 team
24 members as of the end of 2017. The average annual
25 compensation, including benefits and tips, is \$44,900.

1 The lifetime employee compensation has
2 paid since we opened is coming up on \$700 million. We
3 had 135 promotions within - in 2017.

4 And the biggest thing about that is
5 seeing people's careers develop from the ground up.
6 When you see frontline team members and we can walk
7 our floor right now and I can see -. You know, when
8 you walk the floor, everybody in the - you know, at
9 nine o'clock on a random Tuesday and I can find you
10 five people that are on their third job.

11 And it's because what happens is they
12 come in and they see an opportunity as a security
13 officer, but as they're in the building, over 3,200
14 people in the Greater Lehigh Valley that are directly
15 linked to take care of our employees. Not just with
16 pay, but also with the benefits. Sands pays 88
17 percent of all of employee cost-related benefits.

18 From a demographics point of view,
19 you'll see on the left the statewide numbers. And
20 Sands excels in both female and minority participation
21 in our leadership roles. And then also from an
22 overall work - workforce, we're nearly 56 percent
23 male, 43 percent female and 46 percent minority.

24 In the coming pages I'll get into a
25 little bit more detail over there. Just a snapshot.

1 Millennials are taking over my property.

2 If that hasn't happened to you guys
3 yet, from the point - I'm 50 percent millennial
4 workforce right now. And as we said before, what our
5 split by gender is -. Here's your split for in state,
6 out of state.

7 You can see that we're 82 percent in
8 the Lehigh Valley, so not only are we in PA, but we're
9 very concentrated in - in the local area. Something
10 we're very proud of is - is our work to help build our
11 workforce from the ground up and continue to offer
12 opportunities to - to our entry-level individuals.

13 So, in - since 2014 we've had 745
14 transfers into a different role, we've had 521
15 promotions. And since 2014, females had made up 46
16 percent of the transfers and 35 percent of the
17 promotions. Minorities have made up 46 percent of the
18 transfers and 39 percent of the promotions.

19 And since 2014, females have seen 164
20 percent increase in Director-level positions. And
21 just to let you know it's not a nothing number, we now
22 have 18 females in our Director -.

23 So, very pleased with the promotions
24 we've had. And last year, Cathy McCracken who's our
25 Executive Vice President of Marketing Administration

1 reached the highest level of Vice President that our -
2 our company offers. So, very excited about her
3 development and also development of the rest of our
4 team.

5 Employment resources. Training is
6 something that's very important to us. Obviously,
7 responsible gaming, CPR for dealers, which is an
8 important thing for - for guest safety. Working with
9 Northampton Community College for training programs
10 both in facilities, but also in other areas.

11 English as a Second Language, which
12 has really taken a real bump. Nearly 17 percent of
13 Lehigh Valley and nearly 20 percent of my staff is
14 Hispanic, so that's definitely something that is
15 hugely beneficial for us.

16 We'll talk a little bit about dealer
17 school in a moment. And then employment tours for the
18 Bethlehem School District, which is something we're
19 just kind of starting to get going on, but we've very
20 excited about the potential of it. We'll talk about
21 that a little bit more in a second here.

22 So, in February 2017 we opened up our
23 first in-house dealer school. We now offer five types
24 of games.

25 To date 208 people have graduated and

1 started employment with Sands, for a graduating rate
2 of almost 62 percent. 172 of those that graduated
3 that we hired are still with us, which is an 82
4 percent retention rate. That's amazing in the dealer
5 ring.

6 But one of the reasons why we wanted
7 to bring this in house was so that we could find
8 talent, develop it and develop it for people that are
9 from the Lehigh Valley area. So, that these are
10 people that are more stable, who are going to stay
11 with us and - and are not, you know, transient, moving
12 off to - to the next casino that's opened.

13 So, hopefully starting to build this
14 with the local community and making them for hiring
15 people into these roles that have roots in our
16 community. The reason why this is a huge thing,
17 dealer school is a hundred percent free. And this is
18 a chance for individual to - after six weeks of
19 training to be eligible to be making \$38,000 to
20 \$40,000 a year, plus benefits.

21 Diversity on this is 56 percent white,
22 44 percent minority. Ninety-one (91) percent of the
23 dealer school graduates are from Pennsylvania, of
24 which 88 percent are from Lehigh Valley. So,
25 continuing that story of what we were talking about.

1 As we continue to partnership -
2 partner within the community for employment
3 opportunities Via of the Lehigh Valley is a wonderful
4 nonprofit agency that provides services for children
5 and adults with disabilities like autism, cerebral
6 palsy and Down syndrome. We're very proud to say that
7 we have four team members that they've recommended to
8 us, two of which have been employed with us for over
9 four years.

10 We also sponsor them as a charitable
11 organization. Our sponsor for - our sponsorships
12 include the Via marathon, the - the basketball banquet
13 and their golf tournaments. The basketball banquet is
14 one of their biggest fundraisers.

15 And one of the things that we do for
16 them is we pay for the speaker that's going to come in
17 and - and - you know, and host the night for them.
18 Examples we had we just had Herschel Walker in this
19 past - this past month. And to date we've donated
20 over \$275,000 to Via's organization.

21 Victory House is another one that's
22 close to my heart, which is Victory provides local
23 homeless veterans and homeless men with opportunities
24 to transition from service into private life. They do
25 an awful lot of great work. Our team goes over and

1 volunteers.

2 This is - this is kind of a halfway
3 house. So, you've got individuals living on the
4 property, but also people that are participating in
5 their services that are not seen on the property, but
6 they do a dinner every single night. And so they're
7 constantly in need of help. And our team goes over
8 and helps all the time. And to date we've also given
9 them \$103,000 in donations.

10 Hispanic Center of Lehigh Valley is a
11 local nonprofit that strives to improve the quality of
12 life for Hispanic and other families in Lehigh Valley.

13 To date we've given them \$173,400.
14 And we're, tomorrow, actually going over to help kick
15 off the opening of their new wing, which is something
16 very exciting for us and for them.

17 And then like I said before, the
18 Bethlehem Area School District. A very large
19 percentage of the children who graduate from the
20 Bethlehem Area schools do not go on to college, at
21 least initially right off the bat.

22 One of the things that we see as an
23 opportunity is to introduce to them the career
24 opportunities that the casino offers, especially
25 dealer school, like we said, with median income

1 significantly below the \$38,000 level. So, we're
2 giving an individual whose finishing school at 18 -
3 they can work in the casino environment at that age,
4 to be able to go to class in six weeks, get some
5 training and be able to be above the median income in
6 the Greater Bethlehem area. So, definitely something
7 that we're doing to help success in these areas.

8 We've participated in job fairs at
9 Freedom and Liberty High Schools, which are the two
10 major high schools right there.

11 We've held tours with the guidance
12 counselors and expo days at the Vo-tech. And we're
13 looking forward to actually hosting them today, for
14 more Vo-tech counselors to come in and understand how
15 do we start to get in front of these children earlier
16 on, so they can start to learn the math skills and
17 things that they need to get in some of these
18 better-performing jobs?

19 Regulatory compliance. I just want to
20 spend a little bit of time about our dedication to
21 this. So, prevention of minors on the casino floor is
22 something that we're extremely dedicated on.

23 We recently implemented, back in March
24 of 2017, the VeriDoc system, which is a scanning
25 system for IDs. And it's very - it's something we've

1 seen tremendous success with.

2 As you know, we've had - we average
3 about 9 million people a year in visitation. That's
4 \$25,000 people a day. That's an awful lot of people
5 to sort through and make sure that we're keeping
6 minors off the floor.

7 We had over almost 900,000 challenges
8 at our entrances. And since the implementation of the
9 new system, we saw an increase of catching fake IDs by
10 58 percent, and underage incidents reduced from 29 to
11 6 over - over the course of a year.

12 You can see down below some examples
13 of some of the signage, basically letting it be known
14 long before anybody ever gets to the turnstiles that
15 we take this seriously. And the focus for the
16 security team is to make sure that that number
17 continues to fall.

18 Mitigation of compulsive gambling is
19 something we continue to focus on. We provide Level 1
20 and level 2 problem gaming treatment training to the
21 community. This - this series has been offered every
22 year since 2006. And over 3,500 people have received
23 their certification, the training that we've provided.

24 Spend a little time just talking about
25 some of the financials and what - what the property's

1 been able to do since 2014. Since 2014 we've managed
2 to grow our gaming revenue 16.1 percent. That makes
3 us number one at table game revenue for 2017, number
4 two in slot revenue for 2017, and number two overall
5 in gross gaming revenue in the state.

6 And with that comes a benefit to the
7 State, which is a 12.7 percent gross in the taxes we
8 paid since 2017.

9 The one we can just skip to the bottom
10 is total gaming taxes increased 22.9 million. They're
11 almost 13 percent during this time. And lifetime
12 through December of 2017 Sands Bethlehem has paid \$1.5
13 billion in gaming taxes and nearly \$75 million in fees
14 and - and administrative costs.

15 Just a quick breakdown of what that
16 meant to the local community. So, the local community
17 with the share breakdown was \$143.2 million to the
18 greater local area surrounding Bethlehem. And in
19 addition to that, we paid another \$110 million between
20 property taxes, sales taxes, unemployment taxes and
21 hotel occupancy taxes.

22 And with that we greatly appreciate
23 the opportunity to appear today. And we are available
24 for any questions you have.

25 CHAIRMAN: Thank you very much.

1 Questions from Enforcement Counsel?

2 ATTORNEY ROLAND: Good morning, Mr.
3 Chairman, members of the Board. Michael Roland,
4 R-O-L-A-N-D, with the Office of Enforcement Counsel
5 (OEC). We do have a few questions for the Sands
6 representatives, please. I'd like to direct your
7 attention first to slide number five.

8 And on that slide in bullet point
9 number two you state that in May of 2018 Sands will
10 have 3,053 slots, 189 table games and 26 Poker tables.

11 Additionally, the last bullet point
12 you state that the floor will be 150,709 square feet.
13 Are all those changes related to operational plan 23,
14 which was approved by the Board on February 13th,
15 2018?

16 MR. CARR: They are.

17 ATTORNEY ROLAND: And I believe you
18 alluded to this already, but since it is now the close
19 of May 2018, have all those changes been implemented?
20 And if not, what do you anticipate the completion date
21 to be?

22 MR. CARR: The completion date should
23 be any day now. It's literally just a couple of slot
24 machines that were shipped with the wrong software on
25 them. So, once they get upgraded, those will go live.

1 So, the square footage is right and
2 that is already done. The tables are right. That's
3 already done.

4 And there's a hand - I want to say
5 it's like four slot machines is what the difference
6 is.

7 ATTORNEY ROLAND: Next I'd ask you to
8 turn to slide six. You provided information regarding
9 the improvements to the roadway system around the
10 Sands facility. Specifically this is State Route 412,
11 State Route 378.

12 Have both of those projects been fully
13 completed?

14 MR. CARR: Yes, they were completed a
15 couple years back.

16 ATTORNEY ROLAND: Okay.

17 Next please slide 19. You present
18 information here about the outlets at Sands.

19 Do you know how many storefronts are
20 presently open?

21 MR. CARR: Well, there's 30 stores, 26
22 are occupied.

23 ATTORNEY ROLAND: And do you
24 anticipate any new tenants coming to the outlets in
25 the foreseeable future?

1 MR. CARR: We - we have two that we're
2 working on deals right now with, yes.

3 ATTORNEY ROLAND: Next slide 31,
4 please. You state that Sands had 2,473 employees at
5 the close of 2017. Is that number still accurate
6 today?

7 MR. CARR: Yes.

8 ATTORNEY ROLAND: And do you foresee
9 any changes to the number of employees at Sands in the
10 near future?

11 MR. CARR: Not in the near future, but
12 over the coming year I would hope that that number
13 will continue to grow.

14 ATTORNEY ROLAND: And do the full-time
15 positions at Sands still have benefit package and does
16 that include healthcare?

17 MR. CARR: Yes.

18 ATTORNEY ROLAND: Next slide, 37.
19 Here you discuss your dealer school. You state that
20 the graduation rate for the program is 62 percent.
21 Can you provide some insight as to what are some of
22 the biggest factors contributing to an individual not
23 graduating, like dropping out, lack of math skills,
24 those type of items?

25 MR. CARR: Dropping out is a big one.

1 And then the math skills is definitely a struggle.
2 That's why when we went to them and we started
3 discussing with the Bethlehem School District - that -
4 what we had was individuals that they thought would be
5 good candidates, making sure that they understood some
6 of the basic math that was required for it.

7 ATTORNEY ROLAND: Slide 42, please.
8 Here you provide information about the prevention of
9 underage patrons.

10 Is Sands still utilizing same
11 identification verification system that was installed
12 in March of 2017? I think you said that was VeriDoc.

13 MR. CARR: Yes.

14 ATTORNEY ROLAND: And is that system
15 regularly updated?

16 MR. CARR: It is updated every week,
17 yes.

18 ATTORNEY ROLAND: And without going
19 into specifics, are there any other general tactics
20 that Sands utilizes to prevent underage patrons from
21 accessing its gaming floor?

22 MR. CARR: Yeah. I mean, we continue
23 to work with not only the security department, but
24 also beverage service, slots, tables, which are the
25 areas in the - in the casino area to -. I realize

1 it's also their job to identify, not just assume
2 because somebody's made it onto the floor that they
3 should just assume that they are 21 years old. So,
4 there's a challenge process, there's a wrist-banding
5 process that can - that can be done.

6 We also work in the restaurants where
7 we've got some cards, where we hand out to guests when
8 they come in and they've got a minor with them, to
9 explain to them that their - they cannot leave the
10 restaurant without a security escort.

11 Because that is something we've had a
12 couple of incidences, of taking a child to the
13 bathroom, not realizing they had to check in and get
14 somebody to walk them over there.

15 ATTORNEY ROLAND: Okay.

16 And the third bullet point on this
17 slide you present there have been 898,957 challenges
18 at the entrances.

19 What time frame does that cover?

20 MR. CARR: Do you remember the time
21 frame, Mike? Is that the year?

22 ATTORNEY MAGAZZU: I think that's
23 lifetime.

24 ATTORNEY ROLAND: Okay.

25 ATTORNEY MAGAZZU: I believe.

1 ATTORNEY ROLAND: And then under ---.

2 CHAIRMAN: Excuse me. Could you
3 repeat that? We couldn't -

4 ATTORNEY MAGAZZU: Sorry. I think -
5 I'm sorry.

6 CHAIRMAN: We couldn't hear that
7 exchange up here.

8 ATTORNEY MAGAZZU: I think that's
9 lifetime. I don't think that's just for the year.

10 ATTORNEY ROLAND: Okay.

11 And then under the fourth bullet point
12 of that same slide, you indicate there have been an
13 increase of 58 percent in the number of fake
14 identifications, which have been caught and turned
15 away.

16 Can you possibly quantify that for the
17 Board?

18 ATTORNEY MAGAZZU: Yeah, I - I think
19 we reported 58 percent when we had the April 5th
20 hearing. And Mr. Roland, I remember you asking the
21 same or similar question then.

22 And we got those figures and actually
23 verified them this morning. And so we - we
24 implemented this new scanning system with the - what
25 we would call the more robust or fully-equipped

1 VeriDoc scanners in mid-March of 2017.

2 And so we did a one-year lookback from
3 that period and then looked forward one year to do a
4 comparison. And so in the one year prior to that date
5 of implementation, we caught and turned away 27 fake
6 IDs.

7 And when I say fake IDs, what I mean
8 are illegitimate IDs, not legitimate IDs of someone
9 else. So, an illegitimate ID that may have passed the
10 handheld scanner test prior to the implementation of
11 that system, but because of the implementation of that
12 improved system we were able to catch those fake IDs.

13 And so that's why we thought it was
14 important to look at the one year prior and the one
15 year subsequent. And so in that one year prior it was
16 27 that we caught. And then the one year after it was
17 52, which would be obviously a higher number than that
18 58 percent. But I believe that to be more exact than
19 what we report here -

20 CHAIRMAN: Thank you.

21 ATTORNEY MAGAZZU: - in the 58 percent
22 number.

23 ATTORNEY ROLAND: And then at the
24 April 5th, 2018 public renewal hearing in Bethlehem
25 you confirmed that Sands still continues to provide an

1 underage pathway around the perimeter of its gaming
2 floor.

3 Can you please explain again how that
4 process works?

5 MR. CARR: Sure. So, a guest comes to
6 the entrance, requests to enter the casino floor to go
7 to one of the restaurants or to walk over to one of
8 the other areas. So, if you come in, say, the main
9 valet area and you were going where the food court
10 was, you would have to walk along the underage
11 pathway, which - which heads up the south side of the
12 casino, heads along the west end until you get to the
13 food court area.

14 A security office - security will
15 radio in for a rover who comes over and escorts the
16 individuals with the children along that pathway and
17 then registers it as a call when they escort them to
18 that point. And then, obviously, when they were going
19 to come back, they would do the exact opposite.

20 ATTORNEY ROLAND: Okay.

21 Looking towards future growth, what is
22 Sands' position on the number of slot machines, table
23 games and/or the size of its gaming floor? And
24 specifically I'm asking you if you anticipate growing
25 or reducing your gaming floor, if you're increasing or

1 decreasing the products on the gaming floor or if
2 you're expanding the types of games offered.

3 MR. CARR: You know, we continue to
4 cap out from a table point of view especially at -
5 even at the ETGs, which is why you've seen us grown
6 over the last two years. I would anticipate continued
7 growth.

8 I feel good about where our slot
9 number is, although I wouldn't be surprised if that
10 grew a little bit as we continue to reconfigure
11 spaces. A portal you may remember from OP 23 and 24
12 that we've got pending that's coming in we - we
13 reconfigured our floor. We moved our poker room and
14 backfilled that area with more table games and more
15 slot machines.

16 We moved to where we had our car
17 giveaway on the casino floor to an unused portion of
18 the entrance, so that we can backfill that area with
19 more table games. As we continue to look at what our
20 guests are asking for, we continue to find how to best
21 maximize that 151,000 square feet, which it's hard to
22 believe that 151,000 square feet doesn't feel like
23 enough. But it's a good - it's a good situation to be
24 in.

25 And so I would say, if anything, I

1 would see us continuing to grow. And I'm actively
2 looking at new ways to continue to expand the floor.

3 ATTORNEY ROLAND: And then given the
4 existing competition already in place in the northeast
5 region and - and by that I mean, Maryland, New York,
6 Connecticut, New Jersey, Massachusetts -. The recent
7 purchase of Empire City Casino by MGM in New York, the
8 possible expansion of gaming in New York City in
9 2021 -.

10 What plans does Sands have in place to
11 combat future competition and ensure its future
12 viability?

13 MR. CARR: I think the thing that
14 we're constantly looking at is what we've been doing
15 for the last three years. We've seen the growth on
16 the properties. How do we continue to be the provider
17 of choice to our guests especially out of the New York
18 area?

19 We've been very successful to date.
20 The renovation to the hotel has been very successful,
21 helped us mitigate some of the additional risks that
22 came on because of the Atlantic City expansions.

23 We also have been able to weather the
24 storm very well for the Resorts World and have not
25 really felt much of an impact at all year over year.

1 And as we continue to think about future growth into
2 the rest of the facility, I think the number one thing
3 is how do we turn it more into a resort destination
4 and that getaway for our guests? Which is something
5 that we're going to - we'll probably continue to be
6 the competitive advantage for us going forward.

7 ATTORNEY ROLAND: Okay.

8 And lastly, do you have any plans to
9 add or remove amenities at the facility?

10 MR. CARR: Not that I'm ready to speak
11 to today. But I will say I have several options that
12 we're looking at right now.

13 ATTORNEY ROLAND: OEC has no
14 additional questions. Thank you.

15 CHAIRMAN: Thank you. Are there any
16 questions or comments from Board members?

17 MS. MANDERINO: Good morning. Thank
18 you for being here. I did have an opportunity to
19 attend the public hearing. And so I learned a lot
20 there as well. And I just want to comment on the
21 community support that came out to testify as to the
22 positive impact you've had. And I compliment you for
23 that.

24 But I do want to concentrate a little
25 bit more today on - you had a slide there about your

1 compulsive gambling training. It was towards the end.
2 And you talked about providing problem Level 1 and 2,
3 which I'm not sure I understand exactly what that
4 means. I'd like you to explain it.

5 Problem gambling treatment for
6 professionals and talked about training professionals.
7 And I got the impression from the slide that you were
8 training like community professionals. So, I'd like
9 to understand a little bit more exactly what you're
10 doing there.

11 And then as a follow-up, I'd also like
12 to know what kind of training, if any, to recognize
13 folks with a gambling problem that you do with your
14 own employees or associates.

15 MR. CARR: So, I'll take the first
16 part - the last part of that first, because it's
17 something that we do. So, responsible gaming is
18 something that is trained in every employee when they
19 come in the door for new hire every single time. That
20 is also renewed every single year where they go
21 through it.

22 All employees are aware and know who
23 their contacts are, if an individual makes comments to
24 them or they have concerns for whatever reason or
25 something comes to our attention regarding an

1 individual patron -. About how we would get them
2 assistance, how we would give them information about
3 how they could get assistance and move it from there.
4 So, that's - that's the employee part of it.

5 Level 1 and Level 2 problem gaming
6 treatment training is really a certification that
7 you'll see in local areas, which - which could be
8 local community counselors, it could be church
9 individuals. It could be any one of a large group.

10 Off the top of my head I won't even
11 try to run through the list. I would have no problem
12 pulling our records of who's attended and sending it
13 off to the Board from that point if you'd like further
14 details on that.

15 MS. MANDERINO: I would. And I don't
16 know if you also could answer this, but I would be
17 interested, from whoever does that training with - for
18 your community folks, what kind of feedback they get
19 from community folks as to whether or not they think
20 the resources to treat problem gambling are adequate
21 in the community.

22 MR. CARR: So, the training is done by
23 the PA Council of Compulsive Gambling. It's not my
24 team doing it. We just simply -.

25 MS. MANDERINO: So, you're hosting?

1 Oh, okay.

2 MR. CARR: We host it and we - and we
3 fund for the training to be done.

4 MS. MANDERINO: Gotcha.

5 MR. CARR: Yeah.

6 MS. MANDERINO: Okay.

7 Thank you. Thank you, Mr. Chairman.

8 CHAIRMAN: Any other questions or
9 comments from the Board?

10 Enforcement Counsel, do you have any
11 presentation?

12 ATTORNEY ROLAND: The OEC does not
13 have a public presentation. However, at this time OEC
14 would like to amend its exhibit list to introduce into
15 the record, in addition to OEC Exhibit Number 1, which
16 is the Uniform Crime Reporting System Report for
17 Sands. That amendment will include statistics for
18 March and April of 2018.

19 Second would be, in addition to OEC
20 Exhibit 7, which is a copy of the OEC warning letters
21 issued to Sands, along with the responses submitted by
22 Sands -. The amendment today includes nine additional
23 warning letters and the submitted responses, which
24 have been marked confidential pursuant to Section 1206
25 F1, 3 and 4.

1 Finally Sands Bethworks Gaming, LLC,
2 along with its affiliates and Principals, filed
3 renewal applications with the Board and the Bureau of
4 Investigations and Enforcement (BIE) has completed its
5 background investigation related to these
6 applications. Sands fully cooperated with BIE during
7 the course of the background investigation.

8 BIE did not identify any information
9 that would preclude a finding of suitability or
10 financial fitness of Sands, its Principals or its
11 affiliates. The background investigation reports have
12 been submitted as part of Sands' suitability report to
13 the Board for consideration. As a result, the OEC
14 will be happy to answer any questions the Board may
15 have in this regard. Thank you.

16 CHAIRMAN: Thank you very much. Does
17 Sands have any questions for OEC?

18 ATTORNEY MAGAZZU: Nothing.

19 CHAIRMAN: Thank you. Any other
20 questions or comments from the Board?

21 Hearing none, I want to thank you for
22 your time. And there will be a vote on this matter
23 later today under the Bureau of Licensing section of
24 the agenda. Thank you very much.

25 ATTORNEY MAGAZZU: Thank you.

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MR. CARR: Thank you.

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HEARING CONCLUDED AT 10:45 A.M.

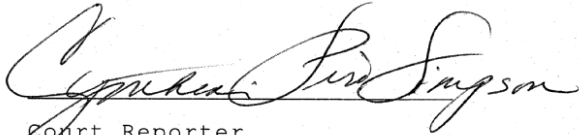
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CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Chairman Barasch, was reported by me on 5/30/2018 and that I, Cynthia Piro Simpson, read this transcript, and that I attest that this transcript is a true and accurate record of the proceeding.

Dated the 21st day of June, 2018


Court Reporter
Cynthia Piro Simpson