



Pennsylvania
Gaming Control Board



“Opening a Casino in Pennsylvania”

Kevin Hayes, Esq.
Director of Gaming Operations

The Year in Review

Casino Opening Dates & Number of Slot Machines:

| | | |
|-----------------------------------|-------------------|-------------|
| ♦ Mohegan Sun at Pocono Downs: | November 14, 2006 | 1,203 Slots |
| ♦ Philadelphia Park: | December 19, 2006 | 2,402 Slots |
| ♦ Harrah's Chester: | January 25, 2007 | 2,796 Slots |
| ♦ Presque Isle Downs: | February 28, 2007 | 2,000 Slots |
| ♦ The Meadows: | June 11, 2007 | 1,738 Slots |

TOTAL SLOTS = 10,139



Next in Line

❖ **Mount Airy Casino Resort**

- ❖ Opening date tentatively set for October 2007
- ❖ 2,525 Slot Machines

❖ **Hollywood Casino at Penn National**

- ❖ Opening date tentatively set for February 2008
- ❖ 2,000 Slot Machines



The Opening Team

- ✦ Comprised of Board Staff from the various divisions including:
 - ❖ Office of Gaming Operations
 - ❖ Bureau of Investigation & Enforcement
 - ❖ Bureau of Gaming Laboratory Operations
 - ❖ Bureau of Licensing



Board Authorization to Commence Slot Operations

Step 1: *Approval of a Slot Machine License:*

§ 1301 of the Gaming Act sets this as the initial step.

Step 2: *Issuance of a Slot Machine License:*

§ 1301 of the Gaming Act requires conditions precedent to this action:



Board Authorization to Commence Slot Operations

Step 2 (con't)

1. The Board's licensing decision is final and non-appealable
2. All conditions precedent to issuance of the license are met including:
 - ❖ Execution of the Statement of Conditions
 - ❖ Tender of the \$1M Bond pursuant to § 1316 of the Gaming Act (prior to issuance)
 - .
3. Tender of the \$50M Licensing Fee pursuant to § 1209 of the Gaming Act (upon issuance).

Step 3: Authorization to Operate: Chapter 467a of the Board's regulations



Commencement of Slot Operations

Chapter 467a



§ 467a.2 –General Prerequisites to Commencement of Slot Operations

This section sets forth the actual prerequisites to commencement of slot operations. In specific, it requires the recipient of a slot machine license to demonstrate that:

1. The licensed facility itself complies in all respects with the Gaming Act and the Board's Regulations/Technical Standards.
2. All slot machines and associated equipment have been tested and approved by the Board's Lab.
3. The gaming floor plan has been approved by the Board.



§ 467a.2 – General Prerequisites to Commencement of Slot Operations (Cont'd)

4. The internal control systems have been approved by the Board
5. All employees are licensed and trained in the performance of their duties/responsibilities.
6. The slot machine licensee has complied with any conditions precedent to commencement of slot operations contained in its Statement of Conditions.
7. The licensed facility is prepared in all respects to receive the public.
8. The slot machine licensee has successfully completed a test period.



§ 467a.2 – General Prerequisites to Commencement of Slot Operations (Cont'd)

- ◆ *If all of the above eight (8) general requirements are fulfilled, then the Board **MAY** authorize the date and time at which the slot machine licensee may commence slot operations at the licensed facility.*



1. Licensed Facility

Chapter 465a.8



The Licensed Facility - § 465a.8

The Licensed Facility must include the following:

- 1. A Surveillance System**, which provides for adequate & effective surveillance of activities inside and outside the licensed facility and includes:
 - ◆ Light sensitive cameras with lenses of sufficient magnification to allow the operator to read information on a slot machine reel strip and credit meter
 - ◆ 360° pan, tilt and zoom capabilities, without camera stops, to clandestinely monitor in detail all gaming activities
 - ◆ If digital, the ability to record at a minimum of 30 frames or images per second, full screen, in real time and to retain all images for at least 30 days.



The Licensed Facility (Cont'd)

§ 465a.8

2. Onsite Facilities for the Board's Casino Enforcement Agents and Pennsylvania State Police, which include:

- ✦ A surveillance monitoring room
- ✦ A detention area for individuals apprehended by PSP
- ✦ A fingerprinting and photographing facility for PSP
- ✦ Read-only access to GTECH's CCCS and the licensee's slot accounting system
- ✦ 800 MHz System for PSP



2. Slot Machine Testing & Approval

Chapter 461a



Slot Machine Testing & Approval

Chapter 461a

- ✦ Pursuant to § 1324 of the Gaming Act, all slot machines must be configured to communicate with the Central Control Computer System (CCCS)
- ✦ Pursuant to § 1320 of the Gaming Act, all slot machines and associated equipment must be tested and approved prior to operation and use in a licensed facility
- ✦ A slot machine may not be set to pay out less than the theoretical payout percentage which may not be less than 85% or equal or exceed 100% over the lifetime of the game or 10 million plays



3. Gaming Floor Plan

§ 467a.1



Gaming Floor Plan - § 467a.1

Pursuant to § 467a.1 of the Board's Regulation a licensee must submit a gaming floor plan which includes a depiction of:

- ❖ A clearly delineated route for underage persons to transverse the gaming floor
- ❖ Each slot machine, ticket redemption unit and ATM to be placed on the gaming floor
- ❖ Each slot seat to be installed on the gaming floor
- ❖ Each surveillance camera installed above the gaming floor and other secured areas
- ❖ The cashiers' cage and any satellite cashiers' cages
- ❖ The count room
- ❖ The man trap
- ❖ The vault and armored car bays locations



4. Internal Control Systems

Chapter 465a



Internal Control Systems & Audit Protocols – Chapter 465a

What are Internal Controls?

- ◆ In short, internal controls are procedures that a licensee must implement and follow in order to safeguard and account for its assets.

Why does the PGCB require licensees to adopt detailed-Internal Controls?

- ◆ To protect the casino's assets
- ◆ To ensure accounting records are accurate
- ◆ To ensure adherence to all applicable laws and regulations



Internal Control Systems & Audit Protocols (Cont'd)

- ✦ Pursuant to § 465a.2, a licensee must submit to the Board a written description of its internal controls at least 90 days before gaming operations are to commence.
- ✦ The internal controls must include:
 - ❖ Records of direct and indirect ownership
 - ❖ An organization chart depicting a segregation of duties
 - ❖ A jobs compendium
 - ❖ A detailed narrative description of the administrative and accounting procedures
 - ❖ Procedures to ensure that assets are safeguarded and counted in conformance with effective count procedures



Internal Control Systems & Audit Protocols (Cont'd)

The PGCB requires that a casino have six (6) separate and autonomous departments to prevent collusion. The six mandatory departments are:

- ◆ Security
- ◆ Surveillance
- ◆ Slot Operations
- ◆ Internal Audit
- ◆ Information Technology
- ◆ Finance



5. Employee Licensing & Training

Chapter 435



Employee Licensing

Chapter 435

- ♦ All employees must be licensed prior to commencement of the test period including employees of manufacturers and suppliers on the floor for the initial installs. Licensing resources must be allocated to finalizing jobs compendiums and licensing employees, the majority of which will be hired and have employment start dates within the last 3-4 weeks prior to a projected opening date. Below is the number of submitted and approved applications received for key, gaming non-gaming employee licenses.

| | Submitted | Approved |
|-----------------------------------|-----------|----------|
| ■ Mohegan Sun at Pocono Downs: | 886 | 751 |
| ■ Philadelphia Park: | 1,231 | 998 |
| ■ Harrah's Chester | 2,490 | 2,041 |
| ♦ Presque Isle Downs | 1,509 | 1,352 |
| ♦ The Meadows | 656 | 622 |



Employee Training

The operator will conduct training for cashiers, slot attendants and technicians and income control audit personnel during the three to four week period immediately preceding a projected opening date. The Opening Team observes the training of all casino departments, including training for:

- ◆ **Compulsive & Problem Gambling**
- ◆ **Diversity**
- ◆ **Title 31 Compliance**



6. Ability to Receive the Public

§ 467a.2(a)(8)



Ability to Receive the Public

The licensee must provide the Opening Team with evidence of the following:

- ◆ LCB License
- ◆ Crowd Control Procedures
- ◆ Signage Regarding Restrictions on Minors and Deadly Weapons
- ◆ Signage for Compulsive & Problem Gambling Treatment
- ◆ Occupancy Permits
- ◆ Fire Inspector Approvals



6. Successful Completion of a Test Period

§ 467a.2(a)(9)



Scheduling of the Test Period under §467a.2(a)(9)

- ◆ Full slot connectivity must be established prior to commencement of the test period. Each slot machine must be interfaced to:
 - ◆ Central Control Computer System
 - ◆ Operator's Slot Monitoring System
 - ◆ The operator's gaming voucher system, redemption kiosks and count room equipment must also be interfaced to its slot monitoring system.



Conduct of the Test Period under §467a.2(a)(9)

Licensee's Test Night Submission must include:

- ◆ Designation of a 501(c)(3) Charity to receive the proceeds of the event net the tax on GTR due to the Commonwealth
- ◆ Designation of a Invited Guests – Fixed number of family and friends (1.25 x # of slots). Charity and Operator to issue an invited guest credential.
- ◆ Duration – Schedule two (2) test nights.
- ◆ Prohibition on Minors and Media Attendance
- ◆ Drop/Count – Operator is required to drop and count the entire casino floor over the course of the two test nights.
- ◆ Revenue Audit - Operator must perform a full revenue audit upon the completion of the count.



Board Authorization to Commence Slot Operations

“After full and careful evaluation of the conduct of slot operations by [Licensee] during the [Date], 2007 and [Date], 2007 test periods and following consultation with the Executive Director regarding the readiness of the gaming floor to receive the public, authorization is hereby given to [Licensee] to commence slot operations in accordance with its approved floor plan and internal control systems and audit protocols on [Date], 2007 at 9:00 a.m. Specifically, the floor plan approved by the Board reflects a gaming floor of ____ square feet and a maximum slot machine configuration of _____ slot machines.”

