
Valley Forge Casino Resort

Casino Access Concerns



Premise

- ▶ Casino gaming is controversial
- ▶ Legislature balanced conflicting demands
- ▶ The different license categories reflect this effort
- ▶ The Category 3 license for well established resorts is restrictive concerning who can access the casino floor
- ▶ This restrictive nature of the license has many purposes
- ▶ I believe a significant reason to restrict access is to limit the societal impact on the surrounding population



Concerns

- ▶ Adequacy of security staffing levels
- ▶ Access control of guests of members
- ▶ Inventory controls on card blanks
- ▶ Fair market value of club memberships



Security Staffing Levels

	Sands Bethlehem	Mohegan Sun at Pocono Downs	Valley Forge Casino Resort
Table Games	129	84	46
Slots	3010	2330	600
Square Feet	139,000	55,000	32,980
Restaurants	6 + food court	5 + food court	3
Night Spots	4	1	2
Hotel Rooms	300	0	488
Security – Swing	22-25	20-22	Confidential
Day	18-20	18-22	Confidential
Gyd	16-18	18-20	Confidential

Access Control of Member's Guests

▶ Scenario

- ▶ People trying to skirt the rules are clever
- ▶ Young people trying to skirt the rules are devious
- ▶ A member brings a guest into the casino, but they split up
- ▶ Without controlling egress, the member exits the casino, meets another guest, and accompanies them into the casino
- ▶ What are the usual controls to prevent this situation?
- ▶ Are the security staffing levels adequate to prevent this situation?
- ▶ Are extra precautions anticipated for high volume periods?



Inventory Control of Card Blanks

- ▶ Card Blanks are valuable
 - ▶ Similar to cash equivalents (chips, markers), cards, and dice
 - ▶ Controls are essential to prevent abuse and illegal activity
 - ▶ Concerns
 - ▶ Will the card blanks be sequentially numbered?
 - ▶ Will the card blanks be stored under lock and key?
 - ▶ Will the key or combination be issued to a limited number of employees?
 - ▶ Will the card blanks be issued with normal inventory controls demonstrating a chain of custody?
 - ▶ Will the issuance of a card be tied electronically to an exchange of funds?
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Fair Market Value

- ▶ Siegel Management Company verified the assumptions and calculations
- ▶ Siegel Management Company calculated a range of patronization which is accepted analytical protocol
- ▶ Siegel Management Company provided no opinion whether the resulting club pricing is Fair Market Value
- ▶ Fair Market Value is based on multiple transactions between sellers and buyers of identical or similar products or services
- ▶ A survey of similar clubs provides a gauge



Fair Market Value – Dining Clubs

	Benefits	Membership Fee
Valley Forge Casino Valley Forge, PA	1 free meal 10% discount on all meals Invitation to events	\$59
Eden Resort & Suites Lancaster, PA	25% discount on meals Two \$25 gift cards \$400 in discounts	\$50
Prestige Dining Club Columbus, OH	BOGO at participating restaurants	\$59.95
Palm Court Diners Club Scottsdale, AZ	20% discount on food 10% discount on beverage	\$75
▶ Aquaterra Dining Club San Diego, CA	25% discount on food	\$99

Fair Market Value – Entertainment Clubs

	Benefits	Membership Fee
Valley Forge Casino Valley Forge, PA	1 free headline show 10% on all shows No cover at night club	\$69
Circuit Nightclub Chicago, IL	Reduced admission Free member only parties Invitation to special events	\$20
	Free admission + guest Free admission to member only parties and special performances Invitation to special events	\$350
▶ Whitaker Center Harrisburg, PA	10% discount on 4 tickets IMAX theater discounts	\$59

Fair Market Value – Health Clubs

	Benefits	Membership Fee
Valley Forge Casino Valley Forge, PA	1 free spa treatment 10% discount on spa treatments Access to pool/fitness center	\$64
Eden Resort & Suites Lancaster, PA	Fitness center, recreation complex, sauna/spas, pools	\$375
Omni Hotel Philadelphia, PA	Full use of facility, sauna, pool, and spa	\$948 (\$179 initiation)
	30 minute monthly spa service 10% discount: services/products	\$1,428 (\$199 initiation)
Bally Total Fitness King of Prussia, PA	Full use of facility Free classes	\$259.74

Fair Market Value

- ▶ When comparing the pricing of the clubs offered by Valley Forge Casino Resort, consideration should be given to the benefit of casino access
- ▶ Casino access is purposely limited by statute
- ▶ Competing clubs cannot offer this amenity
- ▶ In a free enterprise system, a competitive advantage commands a premium

