

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: CATEGORY 2 LICENSE RENEWAL HEARING
FOR SANDS BETHWORKS GAMING, LLC

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PUBLIC INPUT HEARING

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BEFORE: Kenneth Zielonis, Presiding Officer
William H. Ryan, Jr., Chairman
John J. McNally, III; Gregory C. Fajt, Jr.;
Keith R. McCall; Annmarie Kaiser;
Anthony C. Moscato; Members

HEARING: Tuesday, October 15, 2013
10:00 a.m.

LOCATION: Bethlehem Town Hall
10 East Church Street
Bethlehem, PA 17028

WITNESSES: Robert DeSalvio, Robert Caprari, Elizabeth
Lanza, John Sentell, Michael Rosenberry,
Lorna Velazquez, Sonia Vazquez, Paul
Pierpoint, Donna Taggart

Reporter: Brian D. O'Hare

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OFFICE OF ENFORCEMENT COUNSEL

MICHAEL R. ROLAND, ESQUIRE

Assistant Chief Enforcement Counsel

PA Gaming Control Board

P.O. Box 69060

Harrisburg, PA 17106

Counsel for Pennsylvania Gaming Control Board

FREDERICK KRAUS, ESQUIRE

3355 Las Vegas Boulevard South

Las Vegas, NV 89109

Counsel for Sands Bethworks Gaming, LLC

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P R O C E E D I N G S

PRESIDING OFFICER:

My name is Kenneth Zielonis, and I am the Presiding Officer assigned by the Pennsylvania Gaming Control Board to conduct this portion of the Category 2 License renewal hearing for Sands Bethworks Gaming, LLC. Before we begin, please turn off your cell phones or switch them to vibrate so as to avoid noise during the course of this hearing.

Today is Tuesday, October 15th, 2013. The time is 10:00 a.m. We are in the City of Bethlehem Town Hall, 10 East Church Street, Bethlehem, Pennsylvania. Section 1326 of the Pennsylvania Racehorse Development and Gaming Act requires an operator to seek Board renewal every three years. This license renewal hearing is convened by the Board pursuant to Section 1205(b)1(i) of the Act, which requires the Board to conduct a public hearing on all license renewal applications. This public hearing was advertised on the Board's website and in local newspapers.

Board members present for today's hearings are, to my immediate right, Chairman William H. Ryan, Jr.; Commissioner Annmarie Kaiser; and

1 Commissioner John J. McNally, III. To my immediate
2 left, Commissioner Gregory C. Fajt, Jr.; Commissioner
3 Anthony C. Moscato; and Commissioner Keith R. McCall.

4 The hearing will begin with the
5 presentation by Sands Bethworks. Upon its conclusion,
6 the Office of Enforcement Counsel (OEC) will have the
7 opportunity to cross examine the witness. And that
8 process will continue until the parties have agreed
9 that they have all the information they need in the
10 evidentiary record.

11 After that, the OCA --- or the OEC will
12 make its presentation, and Sands Bethworks will have
13 the opportunity to cross examine their witnesses.
14 After the parties have concluded their presentations,
15 individuals who have registered --- I believe we have
16 three, four community groups, and one individual ---
17 will have the opportunity to speak. Any elected
18 officials have ten minutes. Representatives from
19 community groups have five. Individuals have three.

20 Following the close of public comment,
21 Sands Bethworks and OEC will have the opportunity to
22 make a closing statement if they so desire. There is
23 Board staff here if anyone has questions.

24 Let us begin by having all witnesses
25 from Sands Bethworks, as well as OEC, stand to be

1 sworn by the court reporter.

2 -----

3 WITNESSES SWORN EN MASSE

4 -----

5 PRESIDING OFFICER:

6 Thank you. All witnesses, before you
7 begin to speak, please state your full name and spell
8 your name for the court reporter. And Sands
9 Bethworks, you may proceed.

10 ATTORNEY KRAUS:

11 Good morning. For the record, Fred
12 Kraus, counsel for Sands Bethworks Gaming. Here with
13 me is Bob DeSalvio, president of Sands Bethworks
14 Gaming. In the audience behind us are some other
15 potential witnesses, although myself and Mr. DeSalvio
16 will be your primary witnesses. We have Doug
17 Niethold, Vice President of Finance; Mickey Trageser,
18 Vice President of Human Resources; Kathy McCracken,
19 Vice President of Casino Marketing; Kevin Brady, Vice
20 President of Operations; Denise Galloway, Director of
21 Cage Operations; Victor Bock, Director of Food and
22 Beverage; Kathy Geist (phonetic), paralegal; Rick
23 Tony, Vice President of IT; and my colleague from Las
24 Vegas, Carol Wetzal, who's Vice President and Senior
25 Associate General Counsel of the Venetian. And with

1 that, I'll turn it over to Bob.

2 MR. DESALVIO:

3 Thanks, Fred. And for the record, it's
4 Robert DeSalvio, D-E, capital S-A-L-V-I-O, president
5 of the Sands Casino Resort in Bethlehem. First of
6 all, I'd like to thank the members of the Board for
7 the opportunity to come here and tell you what we feel
8 is a really wonderful story about our property and its
9 history. I think we're going to spend a little bit of
10 time today talking about kind of where we came from
11 and the roots of the project and bring us up to the
12 current time. So, with that, I'm going to go ahead
13 and start with the first slide.

14 Now, just so we understand, we're going
15 to be working off of a screen that's obviously behind
16 you. But included we did pass out a PowerPoint
17 presentation, and it follows along with the same page
18 numbers. So, we don't want you to strain your necks
19 having to turn around and look at this, so ---.

20 On the first slide that we've got, it
21 shows the logo that's actually still up on the
22 original Bethlehem Steel headquarters and just to kind
23 of remind everyone of where we came from. When Las
24 Vegas Sands Corp originally decided to get involved
25 with this project, along with our local partners, we

1 were very interested in the steel plant and what it
2 meant. There's such an incredible history. When you
3 think about the Bethlehem Steel story, it was really
4 the story of the building and defending of America.
5 And the fact that we were entrusted with such an
6 incredibly historic site, it was very exciting to the
7 company to take the opportunity and see what we could
8 do with this in terms of a mixed-use redevelopment.

9 The next slide, Fred introduced this
10 slide for one of the hearings many years ago, and it's
11 really --- it's actually an important slide, and I'm
12 going to --- I'm actually going to take the
13 opportunity to read this, because I think it's very
14 critical and sort of speaks to our project in general.
15 It's from the Brookings Institute, the Center on Urban
16 and Metropolitan Policy. It says, problems can be
17 addressed simultaneously by investing strategically in
18 the state's older communities. Populations in older
19 Pennsylvania are sagging and with them long vibrant
20 neighborhoods. Tax bases are stagnating. And jobs
21 continue to relocate to green fields, leaving deserted
22 factories and abandoned commercial blocks behind.
23 Pennsylvania, quite simply, squandered the enormous
24 human and material investment it has made in the older
25 communities over three centuries.

1 And that sort of goes to the core of
2 what we did with the project. You know, if you look
3 at the --- at actually the next slide --- and you
4 know, Mayor Callahan talks about this all the time.
5 It would have been very easy for both the developer
6 and the City of Bethlehem to select a site somewhere
7 outside of the perimeter of the urban core and do
8 really a green field development. Instead, we took
9 the much more challenging approach and decided to put
10 our project right in the center of the urban core.
11 And you can see from where we are --- if you look ---
12 with Route 22 up above, with Route 78 below, and not
13 indicated on here we've got Route 378 to the west, and
14 to the east Route 33, we couldn't be more
15 strategically located in the center urban core of the
16 city. And the whole idea was to bring The Sands into
17 the community, make sure that we created jobs in the
18 community, make sure that we took on the challenge of
19 redeveloping the brown field. And that's exactly what
20 we did. And it was something that the community
21 wanted us to do.

22 The next slide shows --- on Slide Number
23 Five, it's kind of the overview of the property, where
24 we were prior to construction. We started, as you all
25 recall, in May of 2007. It took us 24 months to do

1 the build-out of the property. And of course, it's
2 located within the largest privately-owned brown field
3 site in the United States, a grand total of what was,
4 1,800 acres from the original Bethlehem Steel plant.
5 Quite a challenge. We found many things when we went
6 to build. We marshaled through them and wound up
7 getting the project open on time in an amazing
8 24-month period.

9 Slide number six shows really the
10 condition of the property when we got there. I mean,
11 it was a mixed bag of old industrial buildings and
12 some roadways and railways and really quite an
13 interesting challenge for the development team.

14 But it's very interesting to sort of
15 juxtapose that with the next slide, which shows you
16 the more recent development of the property and the
17 fact that we're very proud that we've invested now
18 \$830 million in this site since we started
19 construction and, as you know from the original
20 license application, well beyond the original
21 commitment of approximately \$600 million. So, the
22 company's put up serious money to make sure that we
23 can develop one of our signature integrated
24 destination resorts.

25 A little history about the casino floor.

1 We, I think, very strategically, when we did the
2 original development --- if you recall, we built the
3 casino floor large enough to accommodate what was then
4 a plan for 5,000 slots. Table games were not in the
5 equation. But the fact that we had a bigger box than
6 we needed from our grand opening turned out to be a
7 major strategic advantage. And over the years, we've
8 been able to not only add table games but just
9 continue to develop the rest of the casino floor, so
10 that now it comprises 145,000 square feet, with a
11 little over 3,000 slots, which has remained
12 consistent. By the way, as we were able to add table
13 games, it was not at the expense of slots. I know
14 that was something that the Board was interested in.
15 And having that extra square footage on the floor gave
16 us the ability to add --- continue to add table games
17 and not cut back on the slots. So, we opened up with
18 3,000. We went for a period of time a little bit
19 above that, and we wound up at pretty much that 3,000
20 level all the way since. We have 183 table games, 36
21 poker tables, high-limit slot area, Paiza Club, which
22 is our signature high-limit table games area, and all
23 that, again, spread out over the 145,000 square feet.

24 Parking, absolutely critical to any
25 facility of this magnitude. As I know when we were up

1 recently, up at the Board in Harrisburg, we now have
2 eight million visitors a year. The last 12 months,
3 it's a phenomenal amount of traffic through the
4 property. You can't do it unless you have the
5 infrastructure. We have a total of 3,400 cars in the
6 garage. We have another 2,100 for surface. Valet
7 parking is available at all times. And again, another
8 strategic move for us was the installation of 14 bus
9 bays because we have a significant amount of customers
10 that come via motor coach. And that area has really
11 proven to be a real blessing for us in trying to do
12 the numbers that we do.

13 If you look at page ten, it shows you
14 the internal and external road network. The City of
15 Bethlehem --- this was one of the biggest fears prior
16 to our coming into the community, was how would a
17 community of 72,000 people handle that much new
18 traffic. So, we made a concerted effort in
19 conjunction with PennDOT to put in a very significant
20 road network. It's a combined \$100,000 million
21 project. Privately, we put in \$20 million to do all
22 the road work that you see on this slide. And that
23 was combined with another \$80 million project from
24 PennDOT that really turns Route 412 in south Bethlehem
25 --- all the way up to The Sands it becomes a limited-

1 access, four-lane highway.

2 Now, I don't know how many of you might
3 have come in this morning on the 78. And the 78, you
4 saw all of the roadwork going on. That project will
5 go on for another couple years. But they're going to
6 turn that into a really grand boulevard, with a
7 divided median, with new intersections, and it will
8 open up not only access to The Sands but to all of
9 south Bethlehem and also open up some lots for further
10 development that are currently owned by LVIP, the
11 Lehigh Valley Industrial Park. So, all in, it's a
12 total of \$100 million in roadway investment to make
13 sure that those eight million visitors can get in and
14 out of the property without any delay.

15 I want to go back and, beginning on,
16 actually, Slide 12, talk about some of the investment
17 that was made in the property both prior to our last
18 re-licensure and since our last re-licensure. The
19 first slide is a slide on 12, but it shows Emeril and
20 the Chop House. Our relationship with Emeril has been
21 outstanding. I think he's been a great spokesman not
22 only for the property but also I think kind of a
23 signature point in the culinary experience for all of
24 the Pennsylvania casinos to see a chef of that caliber
25 come into one of the properties. Now has three

1 restaurants with us. Has worked with us extensively
2 with the community college in terms of the Lehigh
3 Valley Food & Wine Festival, raising money. Matter of
4 fact, this year was our fourth Food & Wine Festival
5 with Emeril hosting, and we have raised \$800,000 for
6 Northampton Community College. And I saw Paul up
7 here. You're going to hear from Paul later from the
8 community college and talk a little bit about our
9 partnership with the community college. But it's
10 worked well and we're very happy to have Emeril as a
11 partner.

12 Slide 13 shows St. James Gate. It's
13 been a widely successful Irish public concept that we
14 continue to reinvent. Victor Bock is here, and his
15 culinary team has done a marvelous job with all of our
16 food and beverage outlets. Again, I think we're a
17 standout in the state in terms of making sure that our
18 culinary experience is top flight.

19 Slide 14 shows the --- sort of a pre and
20 post on the Cobalt Café, that Cobalt was originally
21 opened by a local operator, and it since has been
22 bought out by Villa Enterprises, who also runs our
23 food court operation. And just recently, they did a
24 multimillion-dollar reinvestment, doubled the size of
25 it, and renamed it and redecorated it. It's now

1 called Steelworks Buffet & Grill. If you haven't been
2 to the property lately, you really should see it on
3 one of your tours. Outstanding work. Our guests love
4 it. They're doing twice the volume of the original
5 outlet. So, it's been another culinary success story
6 for the property.

7 On page 15 it shows the Market Gourmet
8 Express. Again, as I mentioned, it's operated by
9 Villa Enterprises, one of the largest, fast casual
10 food companies in the United States. They're based in
11 New Jersey and have 350 outlets all over the country
12 and overseas. So, they've been a tremendous partner.
13 And they also continue to make new investments into
14 the food court.

15 Page 16 shows Emeril's Burgers and More,
16 Emeril's first ever burger restaurant. It's been
17 extremely successful, very hard to get into on the
18 weekends. It really energized the northern part of
19 the casino floor and has served us well.

20 The next one is Molten. Molten Lounge
21 has been our consistent on-floor entertainment venue
22 from the day we opened. We feature regional bands.
23 It's been known as a great local hotspot. It provides
24 a tremendous amount of energy for the casino floor and
25 a complete mix of music. We do everything from

1 country to comedy to karaoke to great regional bands,
2 and we will continue to do that in Molten.

3 Coil Lounge is the epitome of a great
4 spot to meet on the casino floor. Every casino needs
5 a great center bar and a place where people can use to
6 meet friends. We have gaming equipment, machines in
7 that bar. It's been successful. Business continues
8 to grow even as we add new outlets.

9 Page 19, Infusion is probably our ---
10 more of a respite from the rest of the casino floor, a
11 little quieter, more of an ultra lounge setting, a
12 great place for people to mingle if they don't want
13 live music and a little bit more of a quiet
14 atmosphere.

15 Page 20 in the presentation, the
16 Carnegie Deli. We really enjoyed our relationship
17 with Carnegie. Victor and the team are currently in
18 the process of doing yet another iteration of the
19 menu. We have so many guests that come in from north
20 Jersey and New York. They're used to the Carnegie
21 name from New York City, and it's been a great benefit
22 to partner with them as well.

23 Page 21 shows the internal Sands gift
24 shop. And I might mention they have probably one of
25 the highest per-square-foot grossing gift shops in the

1 United States. Sells lots of interesting products,
2 including Emeril-ware, T-shirts, you name it, and it's
3 been a big success for the property.

4 Page 22, I'd like to give a little
5 shout-out to the Steelworkers' Archives. If you
6 recall, one of the commitments from when we had the
7 license originally was to provide a home for the
8 Archives. They were struggling to find a great
9 location. We've got them located just down the hall
10 from our executive office. They've been recording
11 histories from a lot of the old steelworkers to
12 develop that archive. They've been running chores on
13 the site, and they've been a great partner to have
14 within the building, and it's really worked out well.
15 It was something that the Board asked us to do, and we
16 willingly cooperated, and it's turned out to be a
17 really good partnership.

18 Page 23, the National Museum of
19 Industrial History. They have made extensive
20 renovations to the outside of the building; however,
21 they have not yet been able to open their doors. Most
22 recently, they announced that they're going to look to
23 do the first floor development. Originally, it was a
24 two-level development, but they are still in their
25 fundraising mode, and they're trying to set their

1 sites on a more realistic target. But the goal is
2 still within a reasonable period of time to get this
3 museum up and operating. And they continue on their
4 fundraising effort.

5 And then I wanted to talk a little bit
6 about the amenities that we've added since our last
7 re-licensure. Emeril's Italian Table was the third
8 restaurant in the Emeril package. It's worked
9 extremely well in concert with the new hotel, as well
10 as with the new Event Center. We use this restaurant
11 every morning for our continental breakfast for the
12 hotel guests, and it gets a tremendous amount of
13 visitors every time we have entertainment, which is
14 --- I'll talk about in a moment, which is really quite
15 frequently.

16 On page 26, the newest addition, the
17 Chopstick Restaurant, off of the main casino floor, as
18 most of you know from your visitation, we have a
19 significant amount of Asian guests that visit the
20 property. We had Asian food in the food court, and
21 still do, but we really needed a sit-down restaurant
22 to complement. So, we found an operator and they came
23 in and made a substantial investment. And this
24 particular restaurant has done very well since
25 opening.

1 Page 27. I think when we opened the
2 hotel it was a real game changer for the property, 302
3 rooms, some really nice suites, tremendous guest
4 response. Occupancy been running in the mid 70s, with
5 about \$140 average daily rate. I think we have
6 successfully helped the other hotels in the immediate
7 vicinity because we have so much overflow. We're sold
8 out just about every single weekend. And we've
9 noticed now that, even in a difficult environment,
10 that the average daily rate in the immediate
11 surrounding competitive set has actually increased.
12 So, all good news on the hotel front.

13 On page 28, we've had tremendous success
14 with our meeting and banquet business. We're getting
15 --- I would say the primary user is corporations from
16 the region, not only Pennsylvania companies but those
17 from New York and northern New Jersey that are looking
18 for a way to get away from the action but still pay a
19 reasonable room rate that's substantially less than
20 the big cities. And the occupancy has steadily
21 climbed. Even this year, we're probably about 12
22 percentage points in occupancy better than the prior
23 year. So, that --- business continues to grow. We do
24 a lot of individual travelers. We do tour groups. We
25 do meeting and conference and trade show business as

1 well.

2 On page 29 we talk about the Sands
3 Bethlehem Event Center, a wonderful partnership with a
4 local group called Vision Entertainment. They took a
5 chance with us and they took the steel that we had
6 originally put up for the Event Center, they added a
7 new twist to it by partnering with Live Nation. That
8 partnership with Live Nation has been extremely
9 valuable to us. We are running anywhere from 8 to 15
10 shows a month. We're one of the top venues in the
11 country. We're able to get on the touring schedule
12 for all the major acts that are going to New York and
13 Philly. And it's brought in a whole new audience, and
14 it was able --- it enabled us to really introduce some
15 new folks that might not have come to the facility.
16 And we do everything in there from DJs to boxing to
17 MMA. We're hosting televised events for boxing
18 matches with NBC over the last year. This November,
19 for those that like mixed martial arts, we are hosting
20 a finale on Spike TV of the Bellator series. So,
21 we're trying to do things that put us on TV, which is
22 a great way for us to move the property up into the
23 forefront and expand us from not only our regional
24 base to a more national base.

25 In conjunction with that project, Vision

1 Bar opened. It serves as pre and post show
2 opportunity for guests to grab a drink and mingle with
3 friends, and also runs every Friday and Saturday night
4 as a nightclub of opportunity as well.

5 Page 30, we talk about the outlets at
6 Sands Bethlehem, a couple hundred thousand square feet
7 of outlet shopping. We're just at the tail end of our
8 leasing process. We have a couple spots left. The
9 sales per square foot has been rising as we've added
10 more and more tenants. Most recently we put in Puma.
11 We put in a Cardinal Camera store, an electronics
12 store, we added Joli Bakery. We added a beautiful day
13 spa called European Body Concepts. And the list goes
14 on and on with great brand names. I think we got this
15 right. The guests were looking for quality shopping
16 at reasonable prices. It sort of screamed outlet, and
17 I think we've delivered on that promise. So, a really
18 nice way for us to expand the guests' experience, as
19 we typically do in all of our integrated resorts.

20 Page 31 talks about SteelStacks, our
21 tremendous partnership with the arts community in the
22 area. Jeff Parks, who leads that group, has been a
23 great partner. They, themselves --- after we donated
24 four acres of land to the project, they raised a
25 significant amount of money to open up their own

1 center, their performing arts center, a 450-seat
2 venue, another 4,000 square foot of meeting space, two
3 cinemas, and then an outdoor music pavilion that they
4 did in conjunction with the Levitt Foundation. And
5 they're putting out 53 family-friendly concerts a
6 year. And it's wonderful to see out in front of the
7 blast furnaces that are lit up at night, on a great
8 summer night, a couple thousand people out there with
9 their families. So, the deal with the Levitt
10 Foundation is that all the concerts have to be free of
11 charge. So, it's a great way to bring arts and
12 culture to the site and into the community. And their
13 next phase, they are planning a festival center.

14 Right next to ArtsQuest, as you see on
15 Slide 32, PBS 39. Again, we donated the land for the
16 property, and then PBS raised their own money in a
17 fundraising effort to develop two new broadcast
18 studios, as well as a 29,000 square foot center that
19 serves as a great way to do television production,
20 community groups. They host live television out of
21 there. And that opened midsummer of '12.

22 Also new to the campus, the City of
23 Bethlehem Visitors' Center. We donated the two-and-a-
24 half acres of property and what was the oldest
25 building on the steel site. This building dates back

1 to I think it's 1863 and was the original stock house.
2 The city meticulously redeveloped that property
3 through the Redevelopment Authority and turned it into
4 a magnificent Visitors' Center. And it really serves
5 as a great entrance to the site and can show people
6 really a little bit about the history of what went on
7 on the site. And that's currently operated by the
8 local CBV, which is Discover Lehigh Valley.

9 The next project, we just began on this,
10 the renovation of what is the Hoover Mason Ore
11 Trestle. I know all of you know the property, and
12 there was an old elevated rail that used to connect
13 the property where the casino was, which was the
14 original ore pit, and delivered raw materials over to
15 the blast furnaces. When we built the casino, we
16 saved as much of the elevated railway as possible.
17 And since then, Fred worked out an easement with the
18 City of Bethlehem through the Redevelopment Authority,
19 and what we're doing is turning over that trestle to
20 the RDA, and they're using funds that come out of the
21 TIF District to do a \$13.5 million renovation of that
22 Hoover Mason Trestle, which we'll use not only as a
23 tourism attraction but a way for guests to connect the
24 eastern and the western part of our site, very similar
25 to --- I don't know if any of you have been on the

1 High Line in New York City. So, if you know the High
2 Line was an old, elevated rail trestle, that they did
3 sort of the same thing in lower Manhattan by
4 connecting areas at a higher-level grade, we're adding
5 a little bit of a different twist to it. We're
6 working with a lot of the historical groups in the
7 area. They'll be plaques along the way of the walkway
8 that described the former Bethlehem Steel plant and
9 respects what went on on the site. So, we'll be able
10 to use it as part museum, part historical, part
11 transportation network and I think something that will
12 again drive more traffic to the property. That
13 project will take about a year and will be completed
14 next fall and is already underway.

15 Page 35, we start talking about the
16 numbers because certainly we understand that one of
17 the goals of the Act was to make sure that we raised
18 money for property tax relief and to invest back in
19 the communities. So, we wanted to do a little trip
20 down memory lane here. So, if you think about where
21 we were in April of 2010, which is about the time,
22 Fred, of our re-licensure, ---

23 ATTORNEY KRAUS:

24 Yes.

25 MR. DESALVIO:

1 --- about \$21.5 million in GTR, and we
2 were about five of nine of the operators at the time.
3 And now, if you fast forward up to August of '13, so
4 we can get some comparable numbers, here the GTR is
5 about \$25.4 million, ranking us number two of ten,
6 excluding the Category 3s. And you know, we've really
7 made a significant growth in terms of our slot
8 operations and where we rank within the other list of
9 operators.

10 Also, we opened --- I guess the first
11 full month of table games would have been August of
12 '10. We opened the original games in July, as a
13 partial month. And if you can see, our table games
14 revenue back then, \$4.3 million, ranking us about
15 three of the nine operators. Since then, we've had, I
16 mean, just outstanding growth in our table games area.
17 And if you look at the August '13 number, table games
18 revenue of about \$14.7 million, first of the ten
19 operators. And we've been in that position for quite
20 a while. So, we've had, as you can see, a tremendous
21 success in not only growing the slot revenues, which I
22 know there was concern about that when tables were
23 originally introduced on the impact on slots, but we
24 continued to grow the slot revenue, and at the same
25 time, produce some pretty amazing growth on the table

1 front here.

2 How does that translate to these local
3 shares? These numbers are outstanding as well. I'll
4 start with Bethlehem, which, you know, according to
5 the Board's recent report, about \$8.6 million, plus
6 another \$826,000 for tables, so bringing that total to
7 \$9.6, \$9.7 million for the City of Bethlehem. But
8 also, if you recall, Mayor Callahan and the other
9 elected officials put together a deal early on where
10 they could share some of that wealth around Lehigh
11 Valley in terms of these numbers. And it's really
12 worked out quite well for Allentown as well. You can
13 see in the most recent report about \$3.4 million from
14 the slots, another \$300,000, \$330,000 from the table
15 games. The City of Easton was joined in when we
16 introduced table games, and every time I see the Mayor
17 he thanks us for the contribution that comes from
18 table games. This has been very significant for the
19 City of Easton, and they certainly appreciate getting
20 that additional revenue.

21 And then the county shares, Lehigh
22 County with about a million, plus \$300,000 from table
23 games. And Northampton County, almost \$2.8 million,
24 plus another million from table games. And as you
25 know, those programs take those dollars and then

1 spread them around the community for various projects
2 that go through a merit system for approval. So,
3 again, I think not only for Bethlehem, but you look
4 all across the Lehigh Valley, these numbers really
5 speak to the success that our particular property has
6 in spreading of wealth around the area.

7 Slide 36 talks about our cross marketing
8 with the other Lehigh Valley tourism entities.
9 Discover Lehigh Valley, as I mentioned, is the local
10 CBV. Musikfest, which is an outgrowth of ArtsQuest,
11 along with Christkindlmarkt, they run a 40-day holiday
12 shopping festival that begins in November. Musikfest
13 is a ten-day music festival that attracts about a
14 million visitors every August. And the --- we also
15 work very closely with historic Bethlehem to make sure
16 that we're promoting not only the Southside but all
17 the tremendous tourism assets they have on the north
18 side of Bethlehem that our guests enjoy.

19 Slide 37 is kind of a visual
20 representation of the entire campus. And I went
21 through all of the different tourism drivers that are
22 represented on the campus, but it's important to see
23 how the entire 124 acres has been energized over the
24 course of the last four-and-a-half years since we've
25 been opened. And it's a way to take a project and

1 give it legs and also buffer us from regional
2 competition, which, as you know, is an issue that
3 we're all facing in the gaming industry, as gaming
4 spreads to surrounding states. We want to make sure
5 that we're able to drive the tourism and the traffic
6 through our site and keep those dollars in the
7 Commonwealth. And by developing a campus like this,
8 it really buffers us from competition.

9 On page 38, I want to talk for a little
10 bit about something that we were just visiting with
11 you on up in Harrisburg, and that is programs to
12 prevent entry of minors onto the casino floor. We
13 certainly understand the seriousness with which the
14 Board takes this issue. As I mentioned, when we were
15 recently in Harrisburg, we recently launched a series
16 of new programs, everything from updated programs to
17 monitor minors while they're in the restaurants to new
18 equipment and software at the entrances, to increased
19 level of security at the doors, all with the effort to
20 try to keep 100 percent of the minors off the gaming
21 floor. However, with eight million visitors a year
22 and attractions like an Event Center and a mall, I
23 think you know the story, is that we have been --- you
24 know, it's a good news/bad news story. We've
25 developed the --- we've developed the property into a

1 complete integrated destination resort. One of the
2 outgrowths of that is there's more younger people in
3 the building. And as you can see from our challenges,
4 they've continued to steadily increase at the
5 entrances because there are more folks that we're
6 eyeballing and trying to see if they appear to be 30
7 or under so we can check their ID.

8 The good news is that we are checking
9 more people. And also, as a percentage, those turn-
10 aways that we get at the door have remained fairly
11 steady. What does that really mean? It means that
12 we're also getting some word out that you can get
13 caught and you can get fined if you are a minor on the
14 casino floor. Me, personally, I wish the penalties
15 were greater for the people that game the system. I
16 know we pay our penalties through fines. But quite
17 honestly, I'm frustrated that our security folks have
18 to go through a never-ending battle of trying to stay
19 ahead of the people with fraudulent IDs, that
20 manipulate IDs, that give IDs to their brothers and
21 sisters and nephews and nieces. So, it's a continual
22 battle. We're not perfect, we know it, but we try as
23 best as possible to make sure that we keep these
24 minors off the floor. And it will be an ongoing
25 battle that we will work on diligently. So, I just

1 want you to know we take it as seriously as you do,
2 and it's something that we'll continue to work on.

3 I want to talk on page 39 about job
4 creation. This is one of the most incredible stories
5 of The Sands Bethlehem. As of the June 30th Diversity
6 Report, we had 2,117 employees. If you think back,
7 when we opened, it was about 850. So, if you look at
8 that growth in four-and-a-half years, it shows you
9 that the experiment that was approved with table games
10 and the fact that we have built out the rest of the
11 facility has been highly successful in terms of
12 increasing employment and especially at one of the
13 most difficult economic times that I think we've ever
14 seen in our country.

15 According to the report, 88 percent of
16 Pennsylvania residents, matching kind of the statewide
17 number. We are close to a border, so we've got a
18 number of folks that do live in New Jersey and commute
19 over, but, clearly, almost 90 percent are PA
20 residents. Just recently, employment increased to
21 2,162. Ninety-four (94) percent are full time. So,
22 that's an important stat. Our place has been so busy,
23 our table games have been so busy, that many of these
24 team members are getting a full work week here and
25 about 80 percent are hourly.

1 The outlets employ another about 350;
2 the leased restaurants, another two and a quarter; the
3 Events Center, another 40 on a permanent basis, and
4 they flex up depending on the event. So, if you add
5 that up, all in, it's probably about 2,700, 2,800
6 total employment in the building. Because, again,
7 it's more than just The Sands employment. And then
8 the spinoff, our community partners. ArtsQuest built
9 a brand new building. PBS built a brand new building.
10 All those had to be stamped by team members. You
11 throw that all in, you're probably well over 3,000
12 people that have been employed due to Sands Bethlehem
13 coming on the scene. So, it's a wonderful employment
14 story to tell.

15 If you look on page 40, we talk about
16 employment diversity. According to the recent report,
17 the statewide representation in the category at the
18 executive/management and professional level was about
19 63 percent male, 37 percent female, about 21 percent
20 minority. For that same group, at the
21 executive/management/professional level, at The Sands,
22 we were 66 percent male, 34 percent female, about 21
23 percent minority. And in --- this is a really
24 important stat. In all categories, at September 30th,
25 2013, our representation was 60 percent white, 40

1 percent minority.

2 I know Matt Assad is here, I think,
3 somewhere from The Morning Call. He just did a story
4 recently, it was a very good story I might add, about
5 the diversity of the population of our workforce.
6 About 20 percent of our workforce is Asian and about
7 40 percent overall minority. It's very significant.
8 We have --- as you know, we have a significant amount
9 of guests that come in from the New York area that are
10 Asian. It is extremely important to have folks that
11 can speak to them in Mandarin or Cantonese. So, we've
12 made a concerted effort to make sure that our team
13 members match what our audience segment is. And so,
14 that effort we've been rewarded through Mickey
15 Trageser and the human resources programs and the
16 outreach that we've done. And through Paul's training
17 at the community college, we've been able to increase
18 the amount of minorities on the workforce so that we
19 can accommodate our very diverse audience that comes
20 to The Sands.

21 And for the host community in the
22 Northampton County area, demographic data is about 86
23 percent white and 13.7 percent minority. So, you can
24 see how overrepresented we are in terms of minorities
25 on the workforce. From nearby Lehigh County, the

1 demographic is about 80/20, as you can see as well.

2 Slide 41, we talk about our community
3 involvement and outreach. I think some of the
4 speakers you're going to hear from later are going to
5 talk a little bit about that as well, but we're very
6 active in fundraising, in charitable donations, in
7 adopting families for the holidays, in volunteer
8 service, our executives being on boards, with, you
9 know, partnerships with the Boy Scouts, with
10 Musikfest, with the community organization and arts
11 and culture. We have a very extensive recruitment
12 media plan so we can try to keep the workforce as
13 diverse as our customer base. And we work with the
14 Community Action Committee, the Boys and Girls Clubs.
15 We're both partners with the library and hosting a
16 fashion show every year, the Hispanic organization.
17 You're going to hear later from Lorna.

18 And on Slide 42 we talk about some of
19 the other groups and involvement that we've got,
20 everything from job orientation outreach to job fairs.
21 I'm on the Board of the Lehigh Valley Industrial Park,
22 which is a large landholder in the area. I'm also on
23 the board of the community college. I know Kathy
24 McCracken is here, is on the board of ArtsQuest, PBS,
25 the Convention and Visitors Bureau, the Economic

1 Development Corporation, Via, which works with
2 disabled persons. We really tried to spread ourselves
3 out throughout the community and touch as many groups
4 as possible and put in a lot of volunteer hours to
5 help their causes as well.

6 I'm going to not talk too much about the
7 community college because I saw Paul here earlier, and
8 I'm sure that's what he wants to talk about. And I'll
9 let him tell you first hand. And then just a note at
10 the bottom of 42, charitable contributions, about
11 \$528,000, based on the last report that was published.

12 So, we are very active in trying to, again, spread
13 some money around the community for very needy causes.

14 And on Slide 43 the mitigation of
15 compulsive gambling. I know that Donna Taggart is
16 here today. She is going to speak to this issue. We
17 have a very significant community outreach program.
18 That program began before we opened and it continues
19 to this day. We're very proud of the fact that we won
20 a couple awards, the Corporate Social Responsibility
21 Award by the National Council on Compulsive Gambling.
22 And then the Pennsylvania Council presented The Sands
23 with the first ever gaming award in recognition of
24 outstanding commitment to responsible gaming outreach.

25 Mayor Callahan will tell you that this

1 issue and coming into a small community as a large
2 casino operation was something that they were very
3 aware of. They wanted to make sure that we addressed
4 this early on and that we were active and proactive
5 all along the way, and we continue that commitment.

6 And before I close up, I want to go off
7 script with something that I think is important to
8 note. I get asked all the time and especially by
9 folks that are involved in Wall Street, the investment
10 community, what's it like to work with the Gaming
11 Board in Pennsylvania because they hear about this all
12 across the board. And I want to tell you how I
13 respond because I'm very happy to put it on the
14 record. I tell them that the Gaming Board is tough
15 but they're fair. They have a job to do that they
16 were given by the legislature and the Commonwealth.
17 They execute their role effectively. I tell them that
18 the gaming lab, with Mike and the team, is probably
19 the best that we've ever seen in the industry in terms
20 of introducing new equipment to the floor, which is
21 critical for a gaming operator. And I can tell you
22 that Cyrus and the entire team of the enforcement
23 group, while tough and is very clear about calling us
24 on the carpet when need be, is also reasonable and
25 they're fair to work with.

1 And so, I just want to say that, on
2 behalf of our entire team, that we appreciate the good
3 working relationship that we have with the Board and
4 we know that that --- I can't say that that goes on
5 across the country and all over the world with ---
6 between gaming regulators and the operators. And I
7 think we do have a good working relationship, and I
8 think it's made us a better operator. And with that,
9 I'm going to open it up for questions or wherever we
10 go next with the proceeding.

11 PRESIDING OFFICER:

12 If any of the Commissioners wish to ask
13 any questions?

14 MR. FAJT:

15 Thank you, Ken. I have a couple of
16 questions. Mr. DeSalvio and Mr. Kraus, thank you for
17 your presentation. It was very, very well done. And
18 it's no secret that Sands is one of the flagship
19 casinos in Pennsylvania, and you guys have a --- you
20 know, a tremendous story to tell. And I think you
21 told it very effectively today.

22 A couple of questions probably to you,
23 Mr. DeSalvio. This may be difficult but can you
24 estimate the increased business that you've seen in
25 your casino because of the Event Center and the hotel?

1 I mean, obviously, your numbers have gone up, and the
2 number of table games and slots have gone up over
3 time, but is there any way to quantify what the hotel
4 and the event center has brought to your property as
5 far as increased revenues?

6 MR. DESALVIO:

7 There are ways to get close to it. It's
8 almost impossible to get an accurate number. And I'm
9 not going to even venture a number. Typically, you
10 know, when we come before you, if you ask a question,
11 if we don't know the answer we'll tell you that we
12 don't know the answer. But there is a way to go back
13 and look at those rated casino customers that are in
14 our frequency marketing program and look at their
15 visitation patterns and what they do. That does not
16 speak to those that --- there are many visitors that
17 come to The Sands that don't use our frequency
18 marketing program for whatever reason. So, I would
19 never be able to really tell kind of what they do in
20 and around the building, but we can certainly get an
21 indication by looking at our MySands database. And it
22 probably will be something --- and Fred, let's make a
23 note. And we'll do a little bit of a study on that,
24 and maybe we could venture an estimate for you that we
25 could do at a later date.

1 I will, however, tell you, that I
2 believe it's substantial. Typically, when an
3 overnight hotel guest stays and they are a casino
4 customer, the fact that they're in the building, they
5 don't have to worry about it if they're out playing
6 later. You know, a lot of times people will stay if
7 they have a couple drinks. They do not want to get
8 behind the wheel of a car. They'll stay overnight.
9 Maybe they'll make a weekend of it. So, typically, an
10 overnight hotel guest, you will get substantially more
11 play than you would for somebody who was there just
12 for a few hours. That's been historical in the
13 industry forever.

14 The Event Center is really a totally
15 unique thing for us because what I think our marketing
16 folks would tell you is that we've introduced a whole
17 new audience set that wasn't coming here. One of the
18 --- you know, the anecdotal ways I can tell you that
19 is that, you know, we took this very prime billboard,
20 as you come through the Lincoln Tunnel, coming back
21 towards Pennsylvania out of New York City. And just
22 as you get to the Jersey Turnpike, there's a ---
23 there's probably the best billboard in the United
24 States on a corner that you can't miss because there's
25 always traffic there. And I can't tell you how many

1 people can recite the act that we're having and the
2 date when they're coming because they see that board.
3 I know that there's a lot of people that would have
4 never made the trip if we didn't have certain acts
5 that were in that event center, and so I think that
6 really was very strategic. It was something that,
7 again, was the model that we used in Vegas. Our
8 integrated resort model includes entertainment,
9 celebrity chefs, shopping, gaming, overnight stays,
10 convention and meeting business. It's the same model
11 we use everywhere in the world. And the fact that
12 we've been able to add those components I think made
13 the difference.

14 I think it's obvious from our table
15 numbers, you can see what's happened over the last few
16 years with that. And it's obvious that, in most
17 cases, we've been able to maintain slot growth where
18 some others have struggled. And I'm talking about not
19 only struggling in the state, but you look at Atlantic
20 City and what's happened regionally. You look at
21 Connecticut with Foxwoods and Mohegan Sun. Our slot
22 numbers have held very well through that, and I think
23 it's the fact that we added the integrated resort
24 components that made the difference. We can try to
25 take a stab at estimating a number, but I think it's

1 important. It's very strategic for the business.

2 MR. FAJT:

3 Thank you. And the reason for my asking
4 the question is that several of our other resorts in
5 Pennsylvania, other casinos, are looking at adding
6 hotels, some already have, also adding event centers.
7 And I think it would be good for the Board to
8 understand from you folks, who are the Cadillac of
9 developing, you know, those entrees, to see what kind
10 of business that drives to your property. So, that's
11 the reason for my ---.

12 MR. DESALVIO:

13 Now that you've said that, I'd like to
14 strike my comments ---.

15 MR. FAJT:

16 It would be good for --- you know, we're
17 all in the same boat here. I always say, the rising
18 tide raises all boats. So, you guys have done a great
19 job at that.

20 My second question is a little bit more
21 specific. You mentioned earlier and it is no secret
22 that you draw a large percentage of your guests from
23 the northern New Jersey and New York City area. There
24 are, you know, clips that we get from Doug and Richard
25 all the time about what they're doing in New Jersey

1 and the talk about expanding gaming outside of
2 Atlantic City and what they're doing in New York to
3 maybe bring a casino into, you know, the City of New
4 York. What is the status of both of those venues ---
5 I know you pay a lot more attention to it necessarily
6 than we do --- and where do you see that going? And
7 then I'm going to ask a follow-up as to, you know,
8 what you are going to be doing to combat that and hold
9 onto your base.

10 MR. DESALVIO:

11 Sure. As far as New York goes, of
12 course, there's a referendum November 5th. That
13 referendum, if passed, would authorize seven
14 commercial casinos in New York. They have clearly
15 stated in the legislation that it would be upstate
16 only for the first seven years. There's supposed to
17 be a seven-year lag time between the award of any
18 upstate licenses, of which there would be four, with
19 three that would be down state.

20 It's pretty close in terms of the polls
21 that we've been reading. There's been a challenge
22 that's been thrown out about the wording of the ballot
23 questions, so I couldn't remotely opine on the legal
24 issues surrounding that. But I do know that the vote
25 right now is fairly close, from what the polls are

1 saying.

2 As far as New Jersey, from what we've
3 heard Governor Christie speak a number of times, that
4 he wanted to give every possible effort to the casinos
5 in Atlantic City to try to increase their business and
6 improve tourism, everything from additional funding to
7 the new tourism district. So, his plan, from what
8 we've heard and what he has said publicly, was to give
9 it time and that he would not even consider something
10 else. However, the legislature is free to act
11 independently. But I think they really do want to
12 give Atlantic City a chance to see if they can get the
13 numbers moving down there. So, I think that's a
14 wait-and-see. I think some of it might hinge on what
15 happens in New York as well, as we go down the road.

16 As far as your mitigation question, I
17 think the single best thing that we can do is to
18 develop out the rest of the site as we showed you on
19 the campus-wide plan. What's happened is, you know,
20 we've really energized the eastern portion of the
21 site. You've seen what has happened on the western
22 portion of the site, with the Visitors Center and PBS
23 and ArtsQuest, now the transportation linkage, with
24 the Hoover Mason Trestle.

25 The City of Bethlehem shortly will be

1 applying for a CRIZ designation in the Commonwealth.
2 The CRIZ is the City Revitalization and Improvement
3 Zone legislation that passed along with the budget
4 process recently. We're vying, as are other
5 communities within the Commonwealth, for one of those
6 zones. If that zone is approved, we have offered to
7 put some of our property that is owned by Sands
8 Bethworks Retail, LLC, into the zone to try to help
9 spur more development on the site. I think that's
10 important. It's been --- you know, if you look at the
11 success of the Neighborhood Improvement Zone in
12 Allentown and what it's meant for redevelopment in
13 that city, it's nothing short of amazing. And so,
14 this is a little different twist on a Neighborhood
15 Improvement Zone, one that we think could be very
16 beneficial, not only to Sands Bethworks Retail, LLC
17 but other developers around the community that want to
18 do other projects. I think that the more that we can
19 get built out in the surrounding area, the more
20 insulation that we have for potential threats to the
21 regional gaming market.

22 We also have to really provide further
23 penetration into the north Jersey area. We still
24 think there's a lot of folks that will find it and do
25 find it easier to come here than to go to other areas.

1 So, I think we can expand the market in northern New
2 Jersey, and I think we can continue to grow the
3 tourism base locally and even nationally. You know, I
4 think that, you know, we've proven that we can do
5 groups from all over the country and a hotel with 300
6 rooms. That affords us the opportunity to do meeting
7 and convention groups up to, you know, midweek. We
8 can take 150, 200 rooms and still have rooms left over
9 for regular casino players and FYT guys. So, the fact
10 that we've got the assets that will help us build out
11 the rest of the campus, I think puts us a leg up, and
12 that's how we'll protect ourselves in the future.

13 MR. FAJT:

14 Thank you.

15 PRESIDING OFFICER:

16 Commissioner Moscato, go ahead.

17 MR. MOSCATO:

18 Thank you very much, Ken. Bob, thank
19 you for your comments regarding the Board. I think
20 probably, though, our Commissioners who came before us
21 probably deserve the credit more, as they did a
22 yeoman's task, as I'm told stories about what those
23 gentlemen and ladies went through. But thank you very
24 much for those comments.

25 MR. DESALVIO:

1 Sure.

2 MR. MOSCATO:

3 Commissioner Fajt referred to The Sands
4 as a Cadillac of the industry. I think more along the
5 Ford lines, so I'm going with Lincoln.

6 MR. DESALVIO:

7 Keeping it domestic.

8 MR. MOSCATO:

9 Keeping it domestic, absolutely. But I
10 have two quick questions for you. And one I think you
11 can answer very easily. The second one, I don't know,
12 really. But speaking globally, as far as Sands
13 Corporation, what part or component of the corporation
14 does Sands Bethlehem comprise of Sands International?

15 MR. DESALVIO:

16 Well, as I'm sure most of you know, the
17 substantial amount of our both revenue and profit at
18 Las Vegas Sands Corp comes from overseas. We've had
19 tremendous growth in Macau, with four open projects
20 and a fifth one under construction. The Marina Bay
21 Sands in Singapore has been the most successful casino
22 operation I believe that's ever been open. And of
23 course, we have a wonderful operation in Las Vegas at
24 both The Venetian, The Palazzo and The Sands Expo
25 Center. So, by way of percentages, we are relatively

1 small in the overall mix for Las Vegas Sands Corp but
2 still represent an important component for the
3 company.

4 I had this discussion on a recent visit
5 with Mike Leven, who's our president, when I was out
6 in Vegas, and he said that, you know, regardless of
7 size this is still a great story to be told of how a
8 company comes in along with its local partners and
9 introduces themselves to a community, builds an
10 operation, employs a lot of people and really
11 completes its commitment in terms of making a
12 development opportunity go forward and be successful.
13 So, even though the numbers aren't large in the
14 overall portfolio, I think the concept has really
15 worked well. And we are a smaller version of the
16 integrated resort concept that the company pioneered
17 through our chairman, Sheldon Adelson. And so, it's
18 an important story; however, not a huge portion of the
19 numbers. That's the fairest way for me to say it.

20 MR. MOSCATO:

21 And that's a good way of putting it.
22 And it's kind of where I thought you were, but I
23 wanted to ask the question. And I do think it's an
24 important story. Having been a former local elected
25 official, I love to see how you work with local

1 governments, especially county commissioners, because
2 they're great guys and ladies. Put a plug in for
3 them.

4 Second question, of the 94 percent I
5 think you said that were full-time employees, ---

6 MR. DESALVIO:

7 Uh-huh (yes).

8 MR. MOSCATO:

9 --- they all receive benefits, health
10 care, ---

11 MR. DESALVIO:

12 Yes, they do.

13 MR. MOSCATO:

14 --- retirement?

15 MR. DESALVIO:

16 Yes, they do.

17 MR. MOSCATO:

18 Thank you very much.

19 PRESIDING OFFICER:

20 Commissioner McCall?

21 MR. MCCALL:

22 Thank you. I don't have a question. I
23 absolutely do have a comment. And as well you know,
24 our oversight of this industry never ceases. Our eyes
25 are always watching, and we're always probing and

1 questioning. And certainly we will call anyone on the
2 carpet if necessary, but I think it's also important
3 that, as a board, we give credit where credit is due.
4 And I think it is important for us to acknowledge that
5 you have been an outstanding community partner through
6 Community development, economic development. I'm sure
7 we're going to hear from Northampton Community College
8 and what you do in partnering with the Community
9 College in educating individuals to work at your
10 facility. So, I think it's important that we
11 acknowledge that.

12 What you have done in this brown field
13 and redevelopment that has occurred in this brown
14 field is certainly admirable, but it is a model and
15 I'm sure the envy of a lot of individuals that have
16 brown fields in their regions. So, I just wanted to
17 take this opportunity to commend you on a job well
18 done and encourage you to continue those community
19 partnerships because it is really impressive on ---
20 you know, someone who lives in a neighboring county
21 and watches regularly what happens at this facility,
22 it is impressive, and you are the gold standard.

23 Oftentimes, you know, when you come
24 before the Board there's really nothing that stands
25 out as a significant problem. I understand what

1 you're saying with underage individuals sneaking on
2 the floor. There's no question that that's something
3 that this Board has to look at, maybe with a different
4 lens, because of what's accessible in the marketplace
5 for kids to come in with fake IDs. But I just wanted
6 to take this opportunity to say thank you for a job
7 well done.

8 MR. DESALVIO:

9 Thank you, Commissioner.

10 PRESIDING OFFICER:

11 Commissioner Kaiser?

12 MS. KAISER:

13 Thank you for your presentation this
14 morning. Two quick questions. One, just following up
15 on the issue of underage, is that something that ---
16 the technology that comes out to combat underage
17 individuals coming in, is that something that the
18 industry or you discussed with other casinos, to see
19 what technology is out there to combat that?

20 MR. DESALVIO:

21 Absolutely. And you know, most
22 recently, we just completely tossed out and replaced
23 the system that we used for checking and went to a
24 more convenient smaller hand-held unit that had the
25 latest and greatest. But sadly, within a few months

1 of putting that in, there's already been some IDs that
2 have gotten through it. It's just this never-ending
3 arms race in terms of who can get the best technology.
4 So, with this new system --- it's a very significant
5 company called Veridocs. They're always doing new
6 software for detection. And so, we're going to
7 continue to work on this as well.

8 MS. KAISER:

9 It's definitely a challenge. I can
10 understand that.

11 MR. DESALVIO:

12 It is a challenge.

13 MS. KAISER:

14 And secondly, you talked a little bit
15 about your presentations. But since you have a
16 diverse clientele coming into the casino, how do you
17 overcome the language barriers when addressing the
18 issue of problem gambling with those individuals?

19 MR. DESALVIO:

20 Yes. We have individuals that work on
21 our staff as well that are --- I mean, I'm not even
22 talking about the dealing staff. I'm talking about
23 more of the professional level and the marketing area.
24 And they're --- you know, they're trained
25 professionals. We understand that people like to come

1 and play. But for those of us that have been around
2 the business long enough, it's actually not that hard
3 to spot somebody when they're in trouble and
4 especially at the higher level. You can see certain
5 patterns. And if --- you know, and I'm sure you've
6 seen the same materials that we use for training, but
7 there are some certain telltale signs. And I know
8 this firsthand because I used to be in casino credit
9 and actually issuing credit on the casino floor at one
10 point. And it's amazing how good our people are at
11 sensing that somebody may have an issue.

12 What our job then to do is to get them
13 away from the action and then, you know, suggest that
14 they maybe talk to somebody. We're not --- we are not
15 mental health professionals, and so we don't want to,
16 by any stretch of the imagination, think that we can
17 be a treatment arm. But we certainly can spot things.

18 The dealers can spot things. And with the language
19 barrier, having people that speak Mandarin or
20 Cantonese especially, it's important. And so, we can
21 back somebody off and say, you know what, I think
22 that's it. I think, you know, if they come looking
23 for credit, we'll cut them off. If we think that it's
24 an issue, we'll tell people take a break, go to your
25 hotel room, go home, but we don't want --- the last

1 thing we want is a problem gambler in the building.
2 That does no good for any of us. And so, you know,
3 you learn over the years. You can spot it. And we
4 try to intercede where possible and see if we can push
5 them in a direction of getting some professional help.

6 MS. KAISER:

7 Thank you.

8 PRESIDING OFFICER:

9 Any other Commissioner questions? Mr.
10 Roland, Cross Examination?

11 ATTORNEY ROLAND:

12 Thank you, Mr. Zielonis. Michael
13 Roland, R-O-L-A-N-D, Assistant Enforcement Counsel
14 with the OEC.

15 Mr. DeSalvio, you said approximately now
16 you have 2,162 employees. I think roughly 94 percent
17 of those are full-time employees. That seemed kind of
18 high to me when you first said it. Has that been true
19 through the history of Sands, that the full-time
20 employment has been such a large percentage, or is
21 that something that's more recent?

22 MR. DESALVIO:

23 I think we've fairly consistently been
24 high. But one of the reasons our numbers are so
25 skewed, especially since the introduction of table

1 games, is that, you know, we've added table games
2 incrementally, and they --- the customers have
3 continued to fill them up. Normally you would have a
4 lot more swings in the gaming area, where you'd be
5 very busy on a weekend but then have a significant
6 number of games that would be closed midweek.
7 Therefore, you could take a large portion of the
8 gaming population, which makes up the largest portion
9 of our workforce, and a number of them could be part
10 time. And you'd use them on weekends and holidays
11 when you were busy. The good problem that we have is
12 that the table games are so busy even midweek, that
13 we, for the most part, are giving these folks 40
14 hours.

15 So, it's really based on business
16 demand. You know, we're starting to introduce some
17 more part-timers to the mix only because, you know,
18 we're getting to the point where we have a significant
19 number of table games, and there will be some folks
20 that may just want to work on weekends, when we're
21 really busy.

22 ATTORNEY ROLAND:

23 Okay. Do you anticipate anything that's
24 going to happen to Sands in the foreseeable future
25 that's going to change that 2,162 overall employees

1 drastically, either up or down?

2 MR. DESALVIO:

3 No, but we're --- we are always looking
4 at the floor and evaluating whether we have enough
5 games. So, you know, of course, if you add table
6 games or if you open a new restaurant, any of those
7 things would add substantially to the employment. I
8 think we're going to probably be plateaued for a
9 little while, until such time as --- you know, right
10 now there's no new plans for any food and beverage
11 facilities; however, we are studying the gaming floor
12 and seeing if there is some opportunity for additional
13 games. If that happens and if we come to the Board
14 for a new OP plan, that would change the employment
15 numbers.

16 ATTORNEY ROLAND:

17 Okay. Let's, for a moment, turn to
18 underage patrons. If I recall correctly, Sands
19 utilizes an underage pathway around the gaming floor;
20 is that correct?

21 MR. DESALVIO:

22 That is correct.

23 ATTORNEY ROLAND:

24 Could you please explain for us the
25 different age restrictions throughout your entire

1 facility, because you have restaurants, you have the
2 mall. I mean, where can someone under the age of 21
3 go?

4 MR. DESALVIO:

5 Well, the way the building was
6 constructed, the hotel, the mall and the Event Center
7 all can be accessed by those under 21 without stepping
8 foot on the casino floor. So, the good news is ---
9 I'll give you a great example. We had a show this
10 past Saturday, 3,700 people. It was a younger act.
11 I'm going to say, from what I heard, the vast majority
12 were probably between 18 and 25. The great news is
13 you can run that show, they can come and go from the
14 Event Center, they can stop in the mall, they can go
15 to the food court, and never step foot in the casino
16 floor. So, that worked well. And I was praying we'd
17 get through Saturday night without an underage
18 incident, and we did. And so, you know, that setup of
19 the building works. However, there are a number of
20 really fine culinary options that are located on the
21 perimeter of the casino floor, in particular, Emeril's
22 Chop House, which gets a tremendous play from --- you
23 know, anything from parents coming to visit their sons
24 and daughters at local colleges to birthdays and
25 graduations and weddings. Those restaurants that are

1 only accessible off the casino floor, we provide a
2 security escort to and from the restaurant.
3 Obviously, they can't go on the casino floor, but they
4 can go on the underage pathway, and we escort them to
5 the restaurant, and we escort them back off the casino
6 floor. So, there are a number of restaurants that are
7 on the perimeter, and so, therefore, we do get the
8 underage that are moving around the floor on the
9 underage pathway.

10 ATTORNEY ROLAND:

11 Now, when they're escorted to the Chop
12 House, for instance, by security, does security remain
13 there or is it the restaurant staff who are then
14 required to call security back when that family with
15 the underage patron wishes to leave?

16 MR. DESALVIO:

17 We now keep them at the entrance. And
18 it's the responsibility now, in our new policy that
19 Fred and I worked on with the folks, that we also are
20 putting the onus on the restaurant managers to make
21 sure they don't sort of slip out when somebody's
22 turned the other way. So, the answer is both.
23 Security stays, plus it's an obligation now of the
24 restaurant team to try to keep their eyes on the
25 underage as well.

1 ATTORNEY ROLAND:

2 Okay. I think at one point in time,
3 before the Board, at a meeting, you told us Sands
4 utilizes wristbands. And I think a lot of the
5 facilities may do that. Are you still doing it? And
6 have you found any more or less effective means to
7 perfect that?

8 MR. DESALVIO:

9 Still using them. Have not found any
10 more or less effective means. We changed the look of
11 the wristbands, thinking that might help a little bit,
12 but it's tough. You know, for younger people, you
13 know, they don't like identifying themselves that way.
14 However, it's --- you know, we try to tell them that
15 you'll get hassled less if you wear a wristband. So,
16 you know, it's a --- again, it's part of that battle
17 we go through, but yes we are still using the
18 wristbands at Sands.

19 ATTORNEY ROLAND:

20 Okay. I believe it was Slide 38 of your
21 presentation ---

22 MR. DESALVIO:

23 Okay.

24 ATTORNEY ROLAND:

25 --- where --- you basically utilize this

1 slide to indicate how the number of challenges have
2 increased throughout Sands' history. And my question
3 is, what really constitutes a challenge and are
4 security officers required to keep a log of those and
5 turn those in? I mean, how do you come up with that
6 number?

7 MR. DESALVIO:

8 Oh, we --- they are required to keep a
9 log. And the basic scenario is that if you appear to
10 be 30 or under, we should challenge you. So, there's
11 --- there --- it should --- well, the only gray area
12 is it's sometimes difficult to really put an eyeball
13 on somebody and try to figure out how old they are.
14 But we're instructing all of the officers if they
15 appear to be 30 or under, challenge it. And that's
16 why --- so, you see that consistent increase in
17 challenges. It's not only the fact we have more
18 security officers, and of course, we opened one new
19 post when we opened the hotel, but also it moves with
20 the visitor count of the building. So, if you go back
21 a few years ago, we had five million visitors. We now
22 have eight million visitors. Just by sheer math, the
23 number of challenges is going to continue to go up.

24 ATTORNEY ROLAND:

25 Okay. Is it at the end of their shift

1 then that they would turn those numbers in?

2 MR. DESALVIO:

3 I don't know exactly when they do, but
4 Jim Dougherty, who runs security, they have a very
5 sort of intense reporting process that does all that.
6 And then we send out --- actually, a report goes out
7 every day. And on that report it lists any security
8 instances and then whether or not somebody might have
9 been on the gaming floor. And then we tabulate those
10 stats and when we've come up to visit recently, we
11 usually recite those stats. But yes, they're
12 tabulated by shift by day.

13 ATTORNEY KRAUS:

14 And if I could just add, the Veridocs
15 system, when you scan --- when you scan an ID, it
16 creates a record of the scan. So, you can also
17 tabulate it that way, on a realtime basis.

18 ATTORNEY ROLAND:

19 Okay.

20 MR. DESALVIO:

21 And that's important, by the way,
22 because we have a lot of folks that go from entrance
23 to entrance. So, they try at one, then they'll move
24 around to another entrance. And if you swipe one of
25 the IDs, the new system, when you go to swipe it at

1 another entrance, it shows that it's already been
2 swiped at another spot. So, it's another way to try
3 to get in through another door. Hopefully somebody
4 isn't looking as carefully.

5 ATTORNEY ROLAND:

6 I know you've put a lot of time and
7 effort into the scanning software and the systems.
8 But even today, you had to tell us, unfortunately,
9 there still seems to be ways to beat technology. How
10 frequently can you receive updates for your scanner
11 software? I mean, how frequently can you, again, have
12 the better hand, for lack of a better term?

13 MR. DESALVIO:

14 Veridocs will release versions. So, as
15 soon as they put in the latest and greatest, they'll
16 do a software version upgrade, and then we can just
17 download that and upgrade it.

18 The other issue we're having is some
19 of them recently, and I know you see these because you
20 see all of the documents, but the scanners don't read
21 passports. You know, we had one just a few days ago
22 of an altered passport. Now, you think about it, who
23 is altering their passport to get into a casino? I
24 mean, this is --- you know, this is, again, --- yet
25 again, another issue. We're talking to Veridocs. It

1 would be great if they would be able to add the
2 passport scanning capability as well on the little
3 handhelds, but we're not there yet. So, it's just
4 going to be --- again, it's a technology arms race
5 here, and the fakes are getting better and better.
6 And remember, they --- you know, unfortunately, I'm
7 sure they're using these at bars and other places
8 other than the casino. It's just a never-ending
9 battle.

10 I think --- honestly, I think it's an
11 issue that, sooner or later, might have to be
12 addressed at the legislature level in terms of
13 increasing the penalties because I contend that if you
14 said that the first offense was that you're going to
15 lose your driver's license privileges for one year,
16 watch what happens. Watch what happens to this if you
17 can take away the ability ---. Because quite
18 honestly, unfortunately, there's a lot of young people
19 that can pay the fines or the parents can pay the
20 fine. What I think we've got to do is really get to
21 the heart of the issue. As you start taking away
22 driving privileges --- and it's something that, again,
23 we'll work on that independently from the Board. It's
24 something that, you know, we're going to talk to some
25 of the legislative folks about. I think they ought to

1 in crease the penalties for those that are actually
2 doing the scanning, and we'll see if we can get this
3 under control through going right at that side of it.

4 ATTORNEY ROLAND:

5 I'd like to look at what interaction
6 Sands has had with the Bureau of Liquor Control
7 Enforcement. Have there been any liquor control
8 violations during this renewal period that you're
9 aware of?

10 MR. DESALVIO:

11 Are you able to ---?

12 ATTORNEY KRAUS:

13 Yeah. I believe you have two exhibits.
14 Yes.

15 ATTORNEY ROLAND:

16 Are they completely resolved?

17 ATTORNEY KRAUS:

18 Yes.

19 MR. DESALVIO:

20 Yes.

21 ATTORNEY ROLAND:

22 And there's no pending ones that you're
23 aware of at this point coming down the pike?

24 MR. DESALVIO:

25 None.

1 ATTORNEY ROLAND:

2 Now, when you get cited by Liquor
3 Control Enforcement, is there any opportunity to take
4 staff on the side, retrain them, counsel them? What
5 do you do to address that issue?

6 MR. DESALVIO:

7 We do a RAMP training program. That is
8 required as part of that. Also, we constantly go back
9 through the food and beverage team and making sure
10 that they understand that, A, you don't want to over
11 serve somebody; and B, if they see somebody that
12 appears to be young, that it's okay for them to
13 challenge them again. And quite honestly, any of the
14 incidents that we've had on the floor, gaming or
15 liquor, I'm happy to say that usually they are
16 reported through another team member. So, if they
17 happen to get through the door, we need somebody at a
18 bar or a restaurant or at a table game to jump in and
19 fill that gap. So, everybody is keenly aware of this,
20 and we're constantly doing training.

21 ATTORNEY KRAUS:

22 And you can note on the slide that the
23 food and beverage policy is the same as the casino
24 entry policy, the directive being to card anybody who
25 looks 30 or under. That includes the RAMP training

1 and Liquor Control Board signage at lounges and
2 service bars.

3 ATTORNEY ROLAND:

4 Now, twice we mentioned RAMP. And
5 that's the Responsible Alcohol Management Program;
6 right?

7 MR. DESALVIO:

8 Correct.

9 ATTORNEY ROLAND:

10 That's put forth by the state for
11 training?

12 MR. DESALVIO:

13 Correct.

14 ATTORNEY ROLAND:

15 If I understand correctly, there's
16 actually a certain percentage or a threshold of
17 employees that have to be RAMP certified before a
18 facility can be certified. And I would assume Sands
19 is certified.

20 MR. DESALVIO:

21 Correct.

22 ATTORNEY ROLAND:

23 Do you know what percentage of your
24 alcohol service employees are certified in RAMP?

25 MR. DESALVIO:

1 I don't, but anyone want to offer ---?
2 Do you know --- I don't know if you know, Mickey, the
3 answer to that.

4 MS. TRAGESER:

5 I can tell you that, of the --- those
6 required, it's probably close to 90 percent, because
7 we require everyone. And then also as part of our
8 problem gaming plan, our managers are not required by
9 the Liquor Control Board but we --- our managers are
10 certified as well.

11 PRESIDING OFFICER:

12 And please state ---.

13 ATTORNEY KRAUS:

14 And for the record, that was Mickey Lowe
15 (phonetic) --- excuse me, Mickey Trageser.

16 MS. TRAGESER:

17 Sorry, Mickey Trageser.

18 ATTORNEY KRAUS:

19 I've known her too long. That was her
20 maiden name.

21 PRESIDING OFFICER:

22 Thank you.

23 ATTORNEY ROLAND:

24 Okay. At this point, are there any
25 plans to increase or decrease the number of slot

1 machines at Sands?

2 MR. DESALVIO:

3 No plans to change the number of
4 machines up or down.

5 ATTORNEY ROLAND:

6 How about table games?

7 MR. DESALVIO:

8 We are considering another table games
9 expansion, and we'll probably be back before the Board
10 in the not too distant future with a new OP plan.

11 ATTORNEY ROLAND:

12 Okay. And any other amenities that you
13 anticipate, outside of everything you've already done,
14 down the road?

15 MR. DESALVIO:

16 We just have a few more spaces left
17 inside of the mall that we're currently working with
18 retailers. So, expect a few more stores in the mall
19 and hopefully some more table games.

20 ATTORNEY ROLAND:

21 Okay. I believe that's all my
22 questions.

23 PRESIDING OFFICER:

24 Mr. Kraus, any Redirect?

25 ATTORNEY KRAUS:

1 None.

2 PRESIDING OFFICER:

3 The witness is excused. Do you have
4 another witness to call?

5 ATTORNEY KRAUS:

6 We do not. That would be our
7 presentation.

8 PRESIDING OFFICER:

9 Mr. Roland, do you have any witnesses to
10 call?

11 ATTORNEY ROLAND:

12 We do, Mr. Zielonis, and we have a
13 presentation as well. If I may proceed?

14 PRESIDING OFFICER:

15 Go ahead.

16 ATTORNEY ROLAND:

17 Again, Michael Roland, R-O-L-A-N-D, the
18 OEC. Mr. Zielonis, Mr. Chairman and Commissioners,
19 the OEC was established by the Pennsylvania Racehorse
20 Development and Gaming Act within the Board's Bureau
21 of Investigations and Enforcement (BIE) to advise BIE
22 on all matters, including background investigations,
23 audits, inspections and investigations of violations
24 of the Gaming Act, the Board's regulations, and the
25 facilities' internal controls. The OEC also files

1 recommendations and objections relating to the
2 issuance of licenses, permits and registrations on
3 behalf of BIE, including renewal applications.

4 Sands Bethworks Gaming, LLC, was issued
5 a Category 2 Slot Machine License on August the 8th,
6 2007. That license was renewed on May the 26th, 2010.
7 Additionally, Sands was issued a Table Games
8 Certificate on July the 18th, 2010. Sands has
9 submitted a renewal application and, as part of the
10 renewal process, we're here today for a public
11 hearing. The OEC intends to call several witnesses
12 today to testify regarding Sands' suitability for
13 renewal of its Slot Machine License. You'll hear
14 testimony from the Pennsylvania State Police, the
15 Office of Compulsive and Problem Gambling, and the
16 Bureau of Casino Compliance, along with BIE. At this
17 point I'd like to call my first witness, if that's
18 permissible. And we'd like to call Sergeant Robert
19 Caprari of the Pennsylvania State Police.

20 -----

21 ROBERT CAPRARI, HAVING BEEN PREVIOUSLY SWORN,
22 TESTIFIED AS FOLLOWS:

23 -----

24 ATTORNEY ROLAND:
25 May I proceed?

1 PRESIDING OFFICER:

2 Go ahead.

3 ATTORNEY ROLAND:

4 Thank you.

5 DIRECT EXAMINATION

6 BY ATTORNEY ROLAND:

7 Q. Sergeant Caprari, I'm going to start with the
8 basic questions. Please state your name and spell it
9 for the record.

10 A. My name is Sergeant Robert Caprari,
11 C-A-P-R-A-R-I.

12 Q. And how are you employed, sir?

13 A. I am employed with the Commonwealth of
14 Pennsylvania as a State Trooper.

15 Q. And where?

16 A. I'm currently assigned as the station or office
17 commander at The Sands Casino Enforcement Office.

18 Q. And how long have you been in that position?

19 A. Since February of 2009.

20 Q. And how long have you been with the State Police?

21 A. Over 29 years.

22 Q. What are your individual responsibilities as the
23 commander for the Bureau of Gaming Enforcement at
24 Sands?

25 A. It is my responsibility to ensure that our office

1 and all the members that are employed there comply
2 with all Department directives and regulations, that
3 we respond appropriately to any criminal incidents
4 that occur upon the gaming floor and the overall
5 running of the office, acquiring supplies, member
6 discipline. Just any business that goes through that
7 office has to go through me.

8 Q. And do the State Police have a 24-hour presence
9 at the casino?

10 A. No, we do not.

11 Q. How much time are you actually there on a given
12 day?

13 A. We do not cover approximately five eight-hour
14 shifts in any given week. We're selected in that
15 manner because those are the times of the week in
16 which we don't anticipate as much of a crowd or as
17 much of a possibility of criminal activity.

18 Q. Do you know how many troopers you have under your
19 command at the facility now?

20 A. The facility is allotted 11 total, 8 working
21 troopers, 2 front-line supervisors and myself. But
22 the actual number of personnel I have is subject to
23 change from retirements or transfers and so forth. At
24 the present time I'm down to 10.

25 Q. Do you know how that compares to other casinos in

1 the Commonwealth?

2 A. It's my belief that every casino is allotted 11
3 slots for State Troopers.

4 Q. Now, what's the local police department where
5 Sands sits? Which jurisdiction is that in?

6 A. The entire Sands facility resides within the
7 jurisdiction of the City of Bethlehem.

8 Q. And can you please explain or describe your
9 relationship with that police department?

10 A. Yes, I can. It's been my personal experience ---
11 I have worked within Troop M, which covers all of
12 police services for Bucks --- excuse me, Lehigh,
13 Northampton and Bucks County, and I've been within
14 Troop M for over 25 years at the headquarters. And
15 the Pennsylvania State Police, in general, has always
16 had a wonderful working relationship with all of the
17 local police departments, more especially, the city
18 police. In this particular case, we have a very good
19 working relationship with the city because of --- if
20 we had a necessity for an immediate need of assistance
21 from additional police services, the city could
22 respond to the casino and assist us within minutes,
23 where Troop M, it may take --- could be up to a half
24 an hour or even more, depending on their manpower
25 limitations.

1 We also have developed a Memorandum of
2 Understanding with the local police, which clearly
3 defines our lines of primary jurisdiction on the Sands
4 property, but also affords for an overlap or a
5 situation where we might extend into their area to
6 perform a police service if they're not available or
7 it needs immediate response. And likewise, if we're
8 not present at the casino or we're unable to respond,
9 the city will enter into our jurisdiction through the
10 Memorandum of Agreement and provide assistance.

11 Q. Okay. Next, how is your relationship, that being
12 the State Police, with the Bureau of Casino
13 Compliance?

14 A. We have an excellent working cooperation. We're
15 well aware of each other's respective duties. And
16 although ours and theirs are completely separate, we
17 do work together, sharing information. We provide
18 reports, copies and things of that nature, so that the
19 Gaming Control Board members can perform their duties
20 and prepare their reports. And vice versa, they have
21 helped us with our enforcement of such things as
22 people that are self-excluded and come into the
23 casino. It's a very transparent relationship.

24 Q. And the last relationship I'm interested in is
25 between the State Police and the actual staff of the

1 casino. What has that been like?

2 A. Are you speaking of the executive staff or
3 the ---?

4 Q. Actually, both, the executive staff and even the
5 people that are on the floor.

6 A. Yes. As I said, I was actually assigned to begin
7 working at The Sands site before the casino even
8 opened. And that was when we were still located down
9 at the Fowler Center. And I could say that my entire
10 experience --- and I do speak for my entire staff ---
11 has been positive. The administrative staff and
12 everybody that we've ever had to encounter at The
13 Sands Casino has been completely cooperative, open.
14 Our relationship is transparent. They report
15 absolutely everything they're required to report.

16 I can give you an example. Most recently, The
17 Sands allowed us to use their facility to hold the
18 regional conference and information sharing of
19 tabletop exercise on emergency responses within the
20 casino to critical incidences, such as active
21 shooters. And we've had --- we had a great output
22 from the emergency services community. The city
23 police showed up with several of their special
24 departments. The fire department was there, health,
25 emergency services. And The Sands was very

1 cooperative in that effort.

2 Q. Okay. Next, are you familiar with the uniform
3 crime reporting system?

4 A. Yes, I am.

5 Q. Okay. Can you generically tell us what that is?

6 A. Following federal guidelines, the Uniform Crime
7 Reports mandates that any state or local police
8 jurisdiction report known offenses and arrests and
9 other criminal data on a monthly basis so that they
10 can establish crime trends.

11 Q. How's the information collected?

12 A. Each individual jurisdiction obtains collection
13 sheets, and several persons are designated as UCR
14 officers and are so trained in the collection of that
15 data. And we compile the reports. They're required
16 to be submitted electronically, by computer, by the
17 tenth date of the following month. In other words, by
18 October 10th we had to have all of our September data
19 entered into the computer.

20 Q. And when that data goes in, is it ever subject to
21 editing or altering or any type of change?

22 A. Yes. Actually, matter of fact, on the printouts
23 I've shown you, it clearly states on each sheet, at
24 the bottom, which I can't read ---.

25 Q. And just so we're referring up on the screen, is

1 this --- this is the Uniform Crime Report that we have
2 up on the screen; is that correct?

3 A. Yes, it is.

4 Q. And that's what you're referring to that you have
5 in front of you?

6 A. Yes.

7 Q. Okay.

8 A. It states that the information on this system,
9 which is a public system, is subject to continual edit
10 and should not be considered complete until the annual
11 report is compiled. The annual report is also
12 available to the public.

13 Q. And you said it's available to the public. Where
14 is that made available to the public?

15 A. Through the Pennsylvania State Police public
16 website, under public services.

17 Q. Okay. And my next question was going to be can
18 this be reduced to a written form. But obviously, we
19 have it here in front of us, so I think I know the
20 answer to that. Is this the report that you produced?

21 A. Yes, it's a copy of the report. And there ---
22 and let me just state that there are many varieties of
23 reports that can be obtained through the UCR system
24 for the public. They can look for a specific offense
25 and a specific jurisdiction and broken down monthly or

1 annually. There's a wide variety of reports that the
2 public can look at and use. These, in particular, are
3 year-to-date totals and comparisons from 2010 through
4 2013, which is what I provided counsel.

5 Q. All right. And that's during the course of this
6 renewal period; correct?

7 A. That's correct.

8 Q. Okay. Now, I'm going to turn your attention to
9 the screen again. Now, this is one of the pages from
10 Uniform Crime Report that you've provided. Can you
11 just give everyone a quick walk-through? I mean, what
12 are we looking at here? We have a lot of numbers.
13 What does this mean?

14 A. This is an annual ---. This is a report which
15 indicates offenses reported to our jurisdiction, the
16 Bethlehem Gaming Enforcement Office, for year to date
17 of January 2011. It compares 2010 data to 2011. It
18 lists offenses reported. It lists offenses known. It
19 lists actual offenses and year-to-date changes. And
20 let me briefly explain. A known --- a known offense
21 is an offense that was reported to us. It is possible
22 that, subsequent to the investigation, it may turn out
23 that the offense is unfounded. That's why there might
24 be a difference between the known offense and the
25 actual offense.

1 Q. Okay. So, the report doesn't really indicate in
2 any way whether charges were ever filed?

3 A. Not this report, no, sir. That would be a
4 separate report. I've provided counsel with --- it's
5 a report of arrests by age and sex for the gaming
6 enforcement office at Bethlehem for the year to date
7 2010, '11, '12, and '13.

8 Q. Okay. Now, when you reviewed the Uniform Crime
9 Report for Sands, what did you find to be the most
10 common offense?

11 A. It would probably be a toss-up, depending on the
12 month, any given month, between larceny theft, which
13 really I should clarify. It's under Code 060, which
14 also carries several different classifications of
15 theft. In the case of the casino, it's generally
16 Section 39.24, which is theft of loss or mislaid
17 property. A tossup between that offense and the
18 offense of fraud/forgery, which would be the
19 discovery of counterfeit money within the soft count.

20 Q. And is there any way to quantify how frequently
21 that would occur in maybe any given month, like the
22 theft offense?

23 A. If you're asking for exact numbers, no. I mean,
24 the report speaks for itself, but it's feast or
25 famine. Sometimes we may have several in a month or

1 several in a week. Sometimes we may go weeks with
2 none. The most frequent one that we can count on is
3 every Monday and Friday we pick up probably a
4 sufficient quantity of counterfeit bills from the soft
5 counter.

6 Q. Now, in your experience, do you find that the
7 numbers related to those offenses, specific to Sands,
8 deviate greatly from any of the other facilities?

9 A. No, I don't believe we do. I think that they
10 generally are commensurate with the size of the
11 facility. In other words, I believe some of the
12 casinos out west may be a little bit bigger than The
13 Sands, and I believe their numbers would reflect just
14 that increase in size.

15 Q. Did you notice any changes in the types of crimes
16 or the numbers of crimes when table games were
17 introduced to Sands?

18 A. I would not say that there was any increase in
19 the number of criminal activities reported. However,
20 when the table games were initiated, we were then
21 afforded under Title IV the ability to investigate and
22 charge for crimes such as cheating at table games.

23 Q. How about offenses for individuals under the age
24 of 21? How would you describe those at the property?

25 A. It's my belief that The Sands makes a very active

1 and concerted effort to deter that. However, they
2 have been completely transparent in reporting that to
3 us. I believe I gave counsel a breakdown of --- I
4 keep --- personally, I keep a tally for my department,
5 for my bureau, of those numbers. And in 2013, to
6 date, there's been approximately 12 or 13 incidences.
7 The year before, about the same, about 10 to 12. So,
8 there's no significant increase in that.

9 Q. And again, in your experience, how does that
10 compare with the other facilities?

11 A. Again, commensurate with the size of the
12 facility, not greater or lesser.

13 Q. So are there any issues or concerns that you have
14 that you believe would negatively impact the
15 suitability of Sands at this point from your
16 perspective?

17 A. None at all. As I said, they've been very
18 cooperative. As Mr. DeSalvio had pointed out, The
19 Sands has a very large Asian clientele. And I can
20 give an example that when we frequently have to
21 interact with these people, The Sands has been very
22 eager to provide us with translation services from
23 their managers or even sometimes their pit bosses.

24 ATTORNEY ROLAND:

25 Okay. I don't believe I have any

1 additional questions.

2 PRESIDING OFFICER:

3 Commissioners, any questions? Mr.
4 Kraus, any Cross Examination?

5 ATTORNEY KRAUS:

6 No questions. Thank you.

7 PRESIDING OFFICER:

8 The witness is excused.

9 ATTORNEY ROLAND:

10 Thank you. And we'd like to call our
11 next witness please. That would be Elizabeth Lanza,
12 the Director of Office and Compulsive Problem
13 Gambling.

14 -----

15 ELIZABETH LANZA, HAVING BEEN PREVIOUSLY SWORN,
16 TESTIFIED AS FOLLOWS:

17 -----

18 DIRECT EXAMINATION

19 BY ATTORNEY ROLAND:

20 Q. Ms. Lanza, can you please state your name and
21 spell it for the record?

22 A. Sure. My name is Elizabeth Lanza, L-A-N-Z-A.

23 Q. And what is your position with the Board?

24 A. I'm the Director of the Office of Compulsive and
25 Problem Gambling.

1 Q. And how long have you been in that position?

2 A. Almost three years now. Since December of 2010.

3 Q. Okay. And can you briefly describe for us what
4 are the responsibilities that go along with that
5 position?

6 A. Absolutely. When I discuss the responsibilities
7 of our office, I talk about the two main
8 responsibilities. One of them is the maintenance and
9 administration of our self-exclusion program. And the
10 other is ensuring that all casinos comply with their
11 compulsive and problem gambling plans.

12 Q. Okay. And Sands, they do have a compulsive and
13 problem gambling plan in place?

14 A. Yes.

15 Q. And in your opinion, do you think it effectively
16 addresses all the provisions of the Act and the
17 Board's regulations, as a plan would be required to
18 do?

19 A. Yes. They do --- some of those provisions would
20 be the training of their employees, signage within
21 their facility, the Gaming Act requires each licensee
22 has 20 signs located within their facility stating the
23 problem gambling --- a problem gambling helpline
24 number and a problem gambling statement. And they, as
25 far as I'm aware, have at least 20 signs located

1 throughout their facility with this statement.

2 Q. Okay. Do you know approximately when their plan
3 was approved?

4 A. It was initially approved in April of 2009, I
5 believe. Yes, 2009. And there's been several
6 amendments to that plan since then.

7 Q. Okay. Are you familiar with the training that
8 each Sands employee receives with respect to
9 compulsive and problem gambling?

10 A. Yes.

11 Q. Can you describe for us what that is?

12 A. Sure. Each employee of the casino must go
13 through this training prior to starting their job at
14 the casino, and then they must receive compulsive and
15 problem gambling training every year that they are
16 employed with the casino. And this training includes
17 the characteristics and symptoms of a problem gambler.
18 They must learn these, what to do if they identify a
19 problem gambler on the gaming floor, higher-level
20 employees will receive training on approaching a
21 problem gambler. All casino employees are trained on
22 what to do if they're approached by a problem gambler,
23 where material is that they can give to somebody
24 asking for problem gambling information.

25 The training also includes how to identify

1 underage individuals, intoxicated individuals. It
2 touches on that. Although, like Mr. DeSalvio said,
3 they also retreat --- receive RAMP training, as well.
4 That goes into greater detail in the intoxicated
5 gambler. So, the training touches on that. It
6 touches on our self-exclusion program, on excluded
7 individuals, and all of that.

8 Q. Okay. And you said that is renewed yearly?

9 A. Yes.

10 Q. Do you know who provides the training?

11 A. The Council on Compulsive Gambling in
12 Pennsylvania.

13 Q. And I may have already asked this, but is it your
14 opinion that Sands has met all the requirements of the
15 Act and the Board's regulations regarding the
16 submission and implementation ---

17 A. Yes.

18 Q. --- of its compulsive and problem gambling plan?

19 A. Yes.

20 Q. And do you have any issues or concerns that you
21 think would negatively impact the suitability of Sands
22 at this point?

23 A. No, I don't. I do want to say that Sands did
24 touch on this in their presentation. They do partner
25 with the Council on Compulsive Gambling of

1 Pennsylvania. They do a lot of outreach and trainings
2 within this area, within the Bethlehem area. And I
3 think that's really important to look at when it comes
4 to the prevention of problem gambling, as well as
5 treatment for individuals in this area. So, that's
6 just something that should be highlighted, and it is a
7 great, great outreach program that they have.

8 Q. Thank you.

9 ATTORNEY ROLAND:

10 I don't believe I have any additional
11 questions.

12 PRESIDING OFFICER:

13 Any Commissioner questions? Any Cross
14 Examination?

15 ATTORNEY KRAUS:

16 None from The Sands. We thank the
17 witness for her testimony.

18 ATTORNEY ROLAND:

19 May she be excused?

20 PRESIDING OFFICER:

21 The witness is excused.

22 ATTORNEY ROLAND:

23 Thank you.

24 A. Thank you.

25 PRESIDING OFFICER:

1 Call your next witness.

2 ATTORNEY ROLAND:

3 Next, the OEC would like to call John
4 Sentell, the Senior Supervisor with the Bureau of
5 Casino Compliance.

6 -----
7 JOHN SENTELL, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED
8 AS FOLLOWS:

9 -----
10 DIRECT EXAMINATION

11 BY ATTORNEY ROLAND:

12 Q. Mr. Sentell, can you please state your name and
13 spell it for the record?

14 A. Sure. John Sentell, S-E-N-T-E-L-L.

15 Q. And how are you employed?

16 A. I'm employed as the Casino Compliance Senior
17 Supervisor for the Bureau of Casino Compliance.

18 Q. And how long have you been in that position?

19 A. Approximately three years.

20 Q. And tell us about your responsibilities. What do
21 you do?

22 A. My main responsibility is to oversee the casino
23 compliance offices in every casino, primarily the
24 eastern part of the Commonwealth of Pennsylvania.

25 Q. And how many casino compliance representatives do

1 you have at your facility?

2 A. Well, each facility is unique. Category 1 and
3 Category 2 facilities have a supervisor and nine
4 casino compliance representatives. Category 3
5 facilities have a supervisor and five casino
6 compliance representatives.

7 Q. Okay. So, how many would be at Sands?

8 A. At Sands, there would be a supervisor and nine
9 casino compliance representatives.

10 Q. Okay. Can you explain the daily role of the
11 Bureau of Casino Compliance at the licensed facility?

12 A. Yes. We are the 24-hour-a-day, 7-day-a-week,
13 boots-on-the-ground, casino compliance regulatory
14 review and oversight presence in each facility in
15 Pennsylvania.

16 Q. And what kind of access does your office have
17 throughout the facility?

18 A. Our office has unfettered access to every facet
19 of the casino.

20 Q. That includes surveillance, count room,
21 everything?

22 A. Yes. That's correct.

23 Q. What kind of interaction does the casino
24 compliance staff have with patrons?

25 A. We are often a sounding board for patrons. They

1 bring to us their concerns and their complaints and
2 their comments. Some of those result in
3 investigations of a regulatory review.

4 Q. Are you also involved in the self-exclusion
5 process?

6 A. Yes. We assist the Office of Compulsive and
7 Problem Gambling in maintaining and administering the
8 Voluntary Self-Exclusion List, as well as the
9 Involuntary State Exclusion List.

10 Q. Okay. I asked Sergeant Caprari this, but I'm
11 going to ask for your take on it. What do you believe
12 your relationship is with the State Police?

13 A. It's always been an excellent relationship, and
14 that's due to the diligent and hard work of Sergeant
15 Caprari and the troopers assigned to the Bureau of
16 Gaming Enforcement at Sands Bethlehem, as well as
17 Kevin Small, the Casino Compliance supervisor here,
18 and his staff.

19 Q. Now, you heard Sergeant Caprari testify today
20 that the State Police actually are not at the facility
21 24 hours a day. Has that ever been a problem for you
22 and your staff?

23 A. No, it has not.

24 Q. How about The Sands staff? How cooperative have
25 they been and how willing have they been to assist and

1 help with investigations?

2 A. They've always been extremely cooperative and
3 transparent to all of our investigations.

4 Q If you had to label what the largest regulatory
5 issue was at this point for Sands, what would it be?

6 A. It would be the access to the gaming floor by
7 underage individuals.

8 Q. And how do you feel that that issue is being
9 addressed?

10 A. Well, Sands has always done their best to be
11 proactive and diligent and responsive in their efforts
12 to combat that problem.

13 Q. Outside of that issue, do you think there are any
14 other areas of concerns that would negatively impact
15 their general suitability for this renewal license?

16 A. No, I do not.

17 ATTORNEY ROLAND:

18 I don't believe I have anything else.

19 PRESIDING OFFICER:

20 Any Commissioner questions? Mr. Kraus,
21 any Cross?

22 ATTORNEY KRAUS:

23 No Cross Examination. I want to thank
24 the witness for his testimony.

25 PRESIDING OFFICER:

1 The witness is excused.

2 A. Thank you.

3 ATTORNEY ROLAND:

4 Thank you, Mr. Zielonis. And then our
5 last witness will be Michael Rosenberry. He is the
6 Regional Director for the Central Region, BIE.

7 -----

8 MICHAEL ROSENBERY, HAVING BEEN PREVIOUSLY SWORN,
9 TESTIFIED AS FOLLOWS:

10 -----

11 DIRECT EXAMINATION

12 BY ATTORNEY ROLAND:

13 Q. Mr. Rosenberry, I'm going to ask you to state
14 your name and spell it for the record.

15 A. Good morning. It's Michael Rosenberry,
16 R-O-S-E-N-B-E-R-R-Y.

17 Q. And how are you employed?

18 A. I'm the Regional Director for the Central Region
19 of the Bureau of Investigations and Enforcement, or
20 BIE.

21 Q. And how long have you been in that Director
22 position?

23 A. I've been in the Director position for a little
24 over five years. I've been with Gaming for almost
25 eight.

1 Q. And could you please explain for everyone your
2 responsibilities as Director?

3 A. I oversee and direct all the investigations that
4 are conducted by BIE within the Central Region, which
5 consists of the Northeast Regional Office in Scranton
6 and in Harrisburg.

7 Q. And does that region also cover where The Sands
8 Casino is located?

9 A. It does.

10 Q. Did you oversee any investigation or background
11 review that went into The Sands' renewal application?

12 A. I did.

13 Q. Do you know approximately when that investigation
14 began?

15 A. It began --- the actual renewal investigation
16 began in early April of this year.

17 Q. Okay. And when we talk about the renewal, is
18 that just one application that comes in or is it ---
19 does it have more components than that?

20 A. No, it's not one application. The actual renewal
21 investigation is the facility itself, ten entities and
22 I believe 28 principals.

23 Q. And can you just give us a general flavor for the
24 scope of the investigation when you're looking at all
25 of those applications?

1 A. In general, BIE is investigating issues relating
2 to their honesty, integrity and character. Some
3 specific examples of that would be any non-disclosure
4 issues, employment history, tax compliance, litigation
5 trends, litigation history, criminal history. And BIE
6 works closely with other gaming jurisdictions who are
7 also examining their history within other gaming
8 jurisdictions as well.

9 Q. What about finances or any kind of monetary
10 review, who does that and how thorough is that
11 process?

12 A. It's a very thorough process. For an individual,
13 the agent assigned to that investigation works closely
14 with a forensic accountant from FIU. FIU is the
15 Financial Investigations Unit, which is a unit within
16 BIE. And for those individuals, the investigator
17 works closely with the forensic accountant to analyze
18 their net worth. It may be a cash flow analysis or an
19 income disclosure analysis. For a facility, FIU is
20 examining their overall financial suitability, which
21 is a --- as well as their corporate structure of their
22 debt, their income and general financial history.

23 Q. Okay. Would you say The Sands, its affiliates,
24 its principals, they've been cooperative during the
25 course of this current investigation?

1 A. They've been absolutely cooperative. As a matter
2 of fact, the two representatives from Sands that are
3 here today, Mr. DeSalvio and Mr. Kraus, will
4 oftentimes pick up the phone and self-report potential
5 incidents or potential issues before the actual report
6 makes it to my desk.

7 Q. And at this point in time would you say your
8 investigation is complete?

9 A. The investigation, as it pertains to the renewal
10 investigation, is complete. BIE, however, continues
11 to monitor some pending litigation issues that are
12 still outstanding.

13 Q. Once your investigation is wrapped up, what
14 essentially happens with those findings?

15 A. BIE's findings are reduced in writing into a
16 Report of Investigation. When that report is
17 completed by the investigator, it makes its way
18 through the chain and is delivered to the OEC for the
19 completion of a BIR, or Background Investigative
20 Report.

21 Q. And through this investigation, have you
22 discovered anything that would preclude The Sands from
23 being found suitable for renewable?

24 A. Nothing at all.

25 ATTORNEY ROLAND:

1 I don't think I have anything
2 additional.

3 PRESIDING OFFICER:

4 Any Commissioner questions? Any Cross
5 Examination? Mr. Kraus, ---

6 ATTORNEY KRAUS:

7 Oh, I'm sorry.

8 PRESIDING OFFICER:

9 --- any Cross?

10 ATTORNEY KRAUS:

11 No Cross Examination. I thank the
12 witness for his testimony.

13 ATTORNEY ROLAND:

14 May the witness be excused?

15 PRESIDING OFFICER:

16 Yes.

17 ATTORNEY ROLAND:

18 And that was our final witness. At this
19 point we would just have a few closing remarks and ask
20 to have the exhibits moved in, if I may proceed with
21 that.

22 PRESIDING OFFICER:

23 You had six exhibits, I believe?

24 ATTORNEY ROLAND:

25 We do have six exhibits, Exhibit One

1 being the Uniform Crime Report; Exhibit Two being a
2 letter from the Department of Revenue; Exhibit Three,
3 the Bureau of Liquor Control Enforcement materials;
4 Exhibit Four are Consent Agreements between the OEC
5 and the facility; Exhibit Five contains two Compliance
6 Conference Memorandums; Exhibit Six contains 74
7 warning letters issued by OEC and the responses that
8 Sands would have returned regarding those warning
9 letters.

10 We would ask specifically that Exhibits
11 Five and Six be kept confidential. I believe in the
12 packets that have been supplied they're already marked
13 as such. And at this point we would ask that they be
14 moved in --- Exhibit One through Six be moved into
15 evidence.

16 PRESIDING OFFICER:

17 Your exhibits --- OEC Exhibits Numbers
18 One through Six are admitted into the --- are marked
19 and admitted into the record.

20 (OEC Exhibits One through Six marked for
21 identification.)

22 PRESIDING OFFICER:

23 And Five and Six will be marked and kept
24 confidential, as required by statute.

25 ATTORNEY ROLAND:

1 Okay. We have no additional testimony
2 at this point and no closing statement.

3 PRESIDING OFFICER:

4 Okay.

5 ATTORNEY KRAUS:

6 Just one housekeeping matter for Sands
7 Bethworks Gaming. I'd like to move into evidence our
8 PowerPoint presentation.

9 PRESIDING OFFICER:

10 And we'll have that marked as Sands
11 Exhibit Number One.

12 (Sands Exhibit One marked for
13 identification.)

14 ATTORNEY KRAUS:

15 Yes. Thank you.

16 PRESIDING OFFICER:

17 It will be admitted into the record.

18 PRESIDING OFFICER:

19 Okay. That concludes the presentation
20 by the two parties. We have four individuals who wish
21 to testify. When I call your name, please come up to
22 the podium. When you start speaking, please make sure
23 you spell your full name for purposes of the court
24 reporter.

25 The first person is Lorna Velazquez for

1 the Bethlehem Area School District.

2 MS. VELAZQUEZ:

3 Hi. My name is Lorna --- did you mean
4 here or ---?

5 PRESIDING OFFICER:

6 Yeah, right there.

7 MS. VELAZQUEZ:

8 Lorna Velazquez, L-O-R-N-A, the last
9 name is V-E-L-A-Z-Q-U-E-Z. And I am the Executive
10 Director of the Hispanic Center of Lehigh Valley here
11 in Southside Bethlehem.

12 Our nonprofit social service
13 organization offers an array of programs basically
14 from prenatal until the last years of life. And I'm
15 not going to go too deep into that because that would
16 be pretty long. But I just wanted to speak on behalf
17 of our organization, about our partnership with The
18 Sands Casino.

19 The Sands Casino has been such a safety
20 net and source of support for our center and, in turn,
21 the people that we serve. Our partnership started
22 around the winter of 2011 and when we humbly went to
23 The Sands Casino in a time of dire need to help us
24 continue to provide programs and services to our
25 clients, which typically are disadvantaged and

1 underserved.

2 The Sands Casino offered us support by
3 helping us to fund our social services program, which
4 we had lost funding for, complete funding for. The
5 most basic needs are met at that program, such as
6 resources for housing, food, clothing and employment,
7 some of the things that we might take for granted.
8 They then came to us in order to help fill another
9 void in our immediate community, which there were many
10 students at Donegan Elementary School who were worried
11 that at the end of the week, over the course of the
12 weekend, they wouldn't have any food. The Sands
13 approached us with a plan to meet this need by
14 creating a food pantry. Not only did they help us
15 financially but were a part of it every step of the
16 way. The Sands purchased the shelves; their staff
17 delivered/built the shelves that store our food.

18 We only have a staff of ten total at our
19 organization, including myself, and we serve I'd say
20 on an average, monthly, around 2,800 participants.
21 They are the best type of partners. They think long
22 term and have continued to support our food pantry.
23 So, it wasn't a one-time deal. During the winter
24 holidays, they adopt 50 children. This is such a
25 sincere and genuine gesture, as they make every

1 adoption very personal. The Sands Casino staff
2 personalize all the gifts with notes of encouragement,
3 which I think are just as important as the actual
4 gifts.

5 What makes The Sands community giving
6 unique is that they go the extra mile. They provide
7 us volunteer staff and they also make sure to inform
8 community partners with updates by hosting quarterly
9 meetings, with follow-up to questions or concerns that
10 we might have. And what I have to say I love the most
11 about them is that they are very transparent. We
12 couldn't ask for more caring, involved and supportive
13 partners. Thank you for your time.

14 PRESIDING OFFICER:

15 Thank you. Sonia Vazquez.

16 MS. VAZQUEZ:

17 Buenos dias. My name is Sonia Vazquez,
18 S-O-N-I-A, V-A-Z-Q-U-E-Z. I am the principal of
19 Donegan Elementary School, a community school. The
20 school is located less than one mile from The Sands
21 Casino. In a community that has been affected by
22 poverty, our children's future was questionable.

23 I requested to be transferred to Donegan
24 four years ago with the sole intention of leading
25 Donegan to a level of achievement that I knew it could

1 reach. As a native Southsider, born and raised, I
2 knew this would not be an easy task. I also knew if
3 we were to be successful, it would take the community
4 to embrace us and help us move forward.

5 To reach the expectations as directed by
6 our superintendent in the district roadmap to
7 excellence, things had to be done differently. To be
8 able to achieve the level of stretch learning, to be
9 able to have children experience student engagement,
10 to have our children achieve the levels of core
11 learning, as well as develop the personal skills in
12 each child to move them to a level of competence that
13 would create well-rounded and competitive citizens, we
14 needed a great deal of support. The Sands has adopted
15 Donegan and has provided continuous support regardless
16 of the demands.

17 To name just a few, they have provided
18 warm breakfast and lunch for every child during our
19 summer programs for the last three years. Although it
20 sounds trivial, how often do our children come to
21 school hungry? The team members have run school
22 supply drives for the last three years, providing our
23 children with the necessary tools. This is something
24 many take for granted. The teams have assisted our
25 teachers in providing our children with a Thanksgiving

1 meal. How many children do you know have to receive
2 this in their schools? They have consistently
3 provided food for our family events, which are now
4 drawing over 400 family members. Four years ago I was
5 lucky to get 30. They have provided countless
6 volunteer hours to help run our Math Family Night, as
7 well as reading to our classes during Dr. Seuss Day.
8 They tutor our children during the day, as well as
9 during our after-school programs, filling in the
10 educational gaps that many take for granted.

11 Mr. DeSalvio and his team at The Sands
12 responded to the need of this most impoverished school
13 and have worked side by side to raise the hopes,
14 dreams and leadership potential of every child at
15 Donegan. They also provide many of our families with
16 employment opportunities that gives the families the
17 opportunity to stabilize. Cultural differences are
18 non-existent, but the loving care that is being
19 provided regularly is making a difference in a
20 community plagued with the ugliness of poverty.

21 Changes happen. Are we where we want to
22 be? No. But we are moving in the right direction.
23 By taking care of the children's most basic human
24 needs, we allow for the academic growth to happen
25 naturally. It will take time to reach our goal. But

1 knowing that The Sands partnership exist gives hope to
2 all who live within our close-knit community. Our
3 community will rise above this one child at a time.
4 Thank you.

5 PRESIDING OFFICER:

6 Mr. Paul Pierpoint.

7 MR. PIERPOINT:

8 Good morning. Paul Pierpoint,
9 P-I-E-R-P-O-I-N-T. I'm the Vice President of
10 Community Education and Dean of the Fowler Family
11 Southside Center for Northampton Community College.
12 It's my pleasure to speak today in support of renewing
13 The Sands Casino Resort Bethlehem's license to operate
14 in Bethlehem.

15 Sands has been an outstanding community
16 neighbor and key partner with the community college in
17 preparing area residents for well-paying jobs in south
18 Bethlehem. We've worked with Bob and Mickey Trageser
19 and many other Sands executives to create what we
20 think is a first-class training facility at our Fowler
21 Family Center, less than half a mile from the casino.
22 As soon as we knew that The Sand was coming, we
23 relocated our entire hotel/restaurant management
24 program to the Southside, created what we call the
25 Center for Hospitality and Tourism. And just

1 being --- just knowing that The Sands was even near
2 it, people began enrolling in our program at rates
3 that we haven't seen before. In the four years since
4 we opened, our program --- both management programs
5 have doubled in enrollment. Nearly all those students
6 are from Bethlehem or from Northampton County.

7 We also have --- by the way, as part of
8 the hotel management, we have a perfect exact replica
9 of a hotel room in our facility, built and designed
10 and furnished completely by The Sands. We use it for
11 training our managers in room inspections, room
12 design, room layout, things like that. It's almost a
13 complete, perfect replica of a hotel room, except the
14 plumbing is not connected to anything. But it does
15 have a robe hanging in the shower, a magnificent
16 training facility for us. And of course, I think
17 where most people --- well, let me just --- one more
18 item.

19 We did not move our culinary program to
20 the Southside. The restaurant is too complicated to
21 move. The culinary program has benefited enormously
22 from association with Sands, primarily through its
23 relationship with Emeril Lagasse. Emeril takes three
24 of our students down to New Orleans to his flagship
25 restaurant every year for internships down there. He

1 hires many of our culinary graduates. And if you put
2 an Emeril Lagasse restaurant on your resume as a chef,
3 you're going places pretty quickly. It's been a
4 remarkable opportunity for many of our culinary
5 students.

6 But I think what most people know is
7 probably the highest profile partnership between us
8 and The Sands is our table games training/casino
9 training facility, located in our Fowler Family
10 Southside Center. They're a remarkable
11 employer/college partnership from the beginning. When
12 The Sands needed 500 table game dealers, when they
13 were opening the table games, and of course, there
14 aren't that many in Pennsylvania, we worked together.
15 They provided the tables. They provided the initial
16 team of instructors. They allowed us to train
17 hundreds and hundreds of people in preparation for
18 their opening. And through our experience with them,
19 we developed our own in-house expertise now. We
20 believe we operate the finest casino training program
21 certainly in Pennsylvania, we think one of the finest
22 in the country. We couldn't have done that without
23 the close interaction and partnership with The Sands.

24 I will point out, by the way, the
25 graduates of our program, and there have been more

1 than a thousand graduates of our program so far, most
2 of them go to The Sands, but many of those students
3 here locally are looking to get out of Bethlehem, if
4 you can imagine that, and having a certificate in a
5 couple of table games has been a passport across the
6 country and, in fact, internationally for some of our
7 table games students.

8 I would also point out --- this is a
9 little bit of a dated piece of information, it's
10 probably a couple months old at this point, even more
11 like six months old, but at least 300 people who live
12 in the neighborhoods of south Bethlehem, the
13 neighborhoods that are the most economically
14 challenged neighborhoods in our county, went through
15 our program and are employed in full-time jobs at the
16 casino, with full benefits. That's an incredible
17 impact on those families and an incredible impact on
18 that community. I'm proud to be part of that, to be
19 able to make that opportunity happen.

20 There are other --- oh, I do want to
21 mention also --- it's not just the workforce
22 development which is critical but the partnership we
23 have with The Sands in support of the college itself,
24 their philanthropy. Mention the Mid-Atlantic Food
25 Festival again, but they've also provided guest

1 speakers in their classes. We've actually had adjunct
2 instructors who are Sands employees. It's been a
3 great benefit throughout the entire college.

4 The Food & Wine Festival is special.
5 Bob indicated it raised \$800,000 in support of the
6 community college. Much of that money has gone to
7 help us match the largest grant from the National
8 Endowment for Humanities, which has allowed us to
9 endow a humanities program perpetually in Northampton
10 Community College. We could not have pulled that off
11 in the time frame without the support and help of The
12 Sands. That's going to benefit our students, not just
13 our culinary and gambling --- or gaming students but
14 all of our students at the college for generations to
15 come.

16 And so, I just want to speak again on
17 behalf of the community college. We are so proud and
18 so happy to have The Sands as a neighbor, as a
19 partner, and we certainly support their application
20 for renewal of their license. Thank you.

21 PRESIDING OFFICER:

22 Donna Taggart.

23 MS. TAGGART:

24 Good morning. I don't think this is
25 even on. My name is Donna Taggart. That's D-O-N-N-A,

1 T-A-G-G-A-R-T. I'm president of Taggart Associates.
2 We're a women-owned business, certified by the
3 Commonwealth of Pennsylvania through the Unified
4 Certification Program and also through the Department
5 of General Services. Our offices are located right
6 here in south Bethlehem, at 26 East Third Street.

7 I have served as the Community Outreach
8 Liaison for The Sands Casino Resort-Bethlehem since
9 2006. The Las Vegas Sands Corporation originally
10 contracted our services prior to being awarded one of
11 the gaming licenses, recognizing the importance of
12 building strong partnerships in our community.

13 I appreciate the opportunity to speak
14 with you this morning about the key strategic
15 partnerships we've developed that help support the
16 community while, at the same time, help The Sands
17 accomplish their goals. You've heard from several of
18 our community partners as part of this hearing, and
19 they've told you themselves about the strong
20 partnerships that have been established over the last
21 six years and the positive results they're creating in
22 our community. Many of these relationships were
23 established early on, as The Sands contributed
24 \$118,000 to 15 local nonprofits as part of their test
25 days prior to opening The Sands.

1 The Sands has developed a partnership
2 with The Community Action Committee of the Lehigh
3 Valley, known as CACLB, through its development
4 subsidiaries, the Community Development
5 Corporation-Bethlehem and the Community Development
6 Corporation-Allentown, in the area of minority and
7 women-owned business certification.

8 CAC is a grass roots organization with
9 the ability to identify these types of businesses and
10 help them through the certification process. The
11 Sands reimburses CACLB for every business that
12 successfully completes the certification process. To
13 date, 25 companies have become certified through this
14 partnership, and at least five of them have had
15 contracts with The Sands. That's the other thing we
16 try to do, is connect them there. They include a
17 drycleaner, an ice cream manufacturer, a jewelry
18 artist, entertainment professional, bakery and
19 photographer.

20 The Sands continues to explore
21 employment partnerships with our community partners,
22 such as Good Shepherd Rehabilitation Center, Catholic
23 Charities and the Bethlehem area school districts to
24 diversify their workforce. The Sands currently
25 employs three Via of the Lehigh Valley employments.

1 Via is a local nonprofit human services agency that
2 services children and adults with disabilities.

3 The Sands continues to support various
4 local nonprofit organizations with monetary
5 contributions, as well as placing team members on
6 their boards, Bob did a great job of explaining that,
7 participating in fundraising events, such as walks,
8 cleanup events, providing donations of services for
9 silent auctions --- everybody loves a good gift
10 certificate at Emeril's --- fundraising events,
11 providing meeting space at the hotels and restaurants
12 for nonprofit events. Sands employees have organized
13 food drives, clothing drives, provided speakers. Paul
14 and Bob both talked about the annual Food & Wine
15 Festival, which is just huge for the college. I'm
16 also on their Foundation Board, and it's been a great
17 partnership.

18 The Sands has invested a significant
19 amount of time and resources into the area of
20 responsible gaming. To accomplish this, they've
21 established a strong partnership with the Pennsylvania
22 Council on Compulsive Gambling, which provides
23 professional trainers for all the seminars offered by
24 The Sands. Trainers from the council conducted Levels
25 I and II, Problem Gambling Treatment Training Series,

1 for the local professional counseling community. That
2 was fully underwritten by The Sands. The only cost to
3 our attendees was for continuing education credits
4 through either the Pennsylvania Chapter of the
5 National Association of Social Workers or the Lehigh
6 Valley Chapter of the National Psychologists
7 Association. We began offering this series in 2006,
8 prior to the license being awarded. The Level I and
9 II series have been offered annually since then.

10 Feeling the need to offer a little
11 different training, just this past year, in 2003, the
12 council took a slightly different approach to include
13 training in dealing with the more at-risk populations
14 of both youth and older adults. And to date, over 500
15 professionals have been involved in these courses.

16 Several members of the faith-based
17 community attended our earlier professional training
18 series and expressed an interest in a one-day training
19 workshop focused on the faith-based community. This
20 workshop, underwritten by The Sands, was held in April
21 of 2008. The full Level I series was then offered to
22 the faith-based group, with that component, in the
23 spring of 2009. But the partnership with the faith-
24 based community continues, as now we have chaplains
25 from our various assisted living facilities attending

1 our trainings. The clergy that have attended our
2 previous trainings have established a local non-profit
3 organization known as Sure Bet Living for the purpose
4 of counseling those suffering from problem gambling.

5 The Sands has been an extraordinary
6 partner in the six years since they opened in our
7 community. When gaming was first approved in
8 Pennsylvania, many citizens were concerned about the
9 negative impact it could seemingly have on our
10 community. In response, The Sands has reactively and
11 proactively responded to the concerns, alleviating
12 most of those initial concerns by forging strong
13 strategic partnerships with the community. They've
14 become a model corporation for community involvement
15 and employment practices in the Lehigh Valley. And I
16 thank you very much for your time.

17 PRESIDING OFFICER:

18 Thank you. Some housekeeping matters
19 now for the parties. If you desire to file a brief or
20 a memorandum regarding anything that arose today at
21 today's hearing, please have that filed by the close
22 of business Tuesday, October 22nd, 2013.

23 The record shall remain open, as the
24 Board will decide this matter at a future public
25 meeting. I am required to prepare a report based upon

1 the oral testimony and documentary evidence entered in
2 today's record and a subsequent suitability report.
3 My report will be sent to all Board members, along
4 with today's transcript, all exhibits, as well as
5 other documents. The Board shall schedule this for
6 decision at a future public meeting.

7 On behalf of the Chairman and all Board
8 members present today, I wish to thank the City of
9 Bethlehem for the use of their facilities, and thank
10 you all for coming today and your cooperation. This
11 hearing is now concluded. Thank you.

12 * * * * *

13 HEARING CONCLUDED AT 12:06 P.M.

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CERTIFICATE

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I hereby certify that the foregoing proceedings,
hearing held before Presiding Officer Zielonis was
reported by me on 10/15/2013 and that I Brian D.
O'Hare read this transcript and that I attest that
this transcript is a true and accurate record of the
proceeding.



Court Reporter