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WolfBlock

213 Market Street, 9th Floor, P.O. Box 865, Harrisburg, PA 17108-0865  
Tel: (717) 237-7160 ■ Fax: (717) 237-7161 ■ www.WolfBlock.com

Alan C. Kohler  
Direct Dial: (717) 237-7172  
Direct Fax: (717) 237-2752  
E-mail: akohler@wolfblock.com

August 6, 2008

**HAND DELIVERY**

Jim Smith  
Independent Regulatory Review Commission  
333 Market Street, 14<sup>th</sup> Floor  
Harrisburg, PA 17101

**RE: Comments to Proposed Final Rulemaking #125-79**

Dear Jim:

Greenwood Gaming and Entertainment, Inc. ("GGE") is the holder of a Category 1 slot machine license which authorizes it to operate Philadelphia Park Casino ("PPC") in Bensalem, Pennsylvania. GGE respectfully submits the following comments to the Independent Regulatory Review Commission ("IRRC") in connection with the Pennsylvania Gaming Control Board (the "Board") proposed final rulemaking, as captioned above, which was originally published in the *Pennsylvania Bulletin* at 38 Pa.B. 1151, on March 8, 2008.

As GGE previously noted in its comments to the Board, proposed regulation 58 Pa. Code § 465a.26 causes the greatest operational concern for PPC because the proposed regulation would require substantial modifications to the current jackpot procedures and jackpot personnel. Moreover, it would require the hiring of additional staff or significant rearrangement of GGE's Player Services Department. As such, GGE has requested a meeting with IRRC Staff in order to more fully explain its concerns regarding the proposed changes. That meeting is currently scheduled for August 12, 2008.

The proposed regulation should allow some flexibility in the way GGE assigns duties and responsibilities to various personnel in connection with its jackpot payout procedures. However, the current form of the proposed regulation severely limits GGE's ability to effectuate an integral operation—i.e., the payout of jackpots to PPC patrons. The following issues are aspects of proposed regulation 58 Pa. Code § 465a.26, which represent the greatest operational impact on PPC.

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**A. Lead Slot Attendants**

Proposed regulation 58 Pa. Code § 465a.26 refers to “lead slot attendants” throughout the jackpot payout process. See e.g., 58 Pa. Code § 465a.2(b)(3) (*as proposed*). However, GGE does not designate any of its personnel as “lead slot attendants” and this position is not currently included in PPC Jobs Compendium. As GGE has repeatedly noted, there is no valid regulatory reason why the duties of “lead slot attendants” cannot be performed by slot attendants (i.e., PPC Player Services Representatives).

The Board has incorrectly opined that slot machine licensees are not required to employ “lead slot attendants” under the proposed regulation. Rather, the Board’s position is someone above the level of slot attendant must witness jackpot payouts of \$1,200 or more. The Board’s rationale is that the tax reporting requirements that are associated with jackpots of \$1,200 or more, require verification by someone above an entry level slot attendant. The Board also contends that the additional forms associated with jackpots of \$1,200 or more, warrant review by more experienced personnel.

In the case of GGE, the Board proposes that slot supervisors witness jackpots of \$1,200 or more. Again, the Board is forcing GGE to create an additional position and another level of bureaucracy in its operations structure. GGE does not designate any of its personnel as “slot supervisors” and this position is not currently included in PPC Jobs Compendium. Rather, GGE’s slot attendants are designated as Player Services Representatives and are supervised by Slot Operation Shift Managers. In order to satisfy the requirements of proposed regulation 465a.26, GGE would need to hire additional personnel and create some intermediate position between Player Services Representative and Slot Operations Shift Managers. This contradicts the Board’s position that GGE does not need to employ some form of “lead slot attendant.”

To the best of GGE’s knowledge, there has not been a systemic problem with the tax reporting requirements associated with jackpot payouts equal to or exceeding \$1,200, or the corresponding verification paperwork. Hence, the Board’s decision to require a “lead slot attendant” for these jackpot payouts appears arbitrary in the context of current procedures. In fact, the current policies and procedures for jackpot payouts have been in effect since slot machine operations began in December 2006. The jackpot payout procedures at PPC mirror the current requirements of 58 Pa. Code § 465a.26. GGE believes the current procedures are very effective and provide adequate protection for jackpots equal to or exceeding \$1,200. PPC Player Services Representatives are trained regarding all the proper policies and procedures to pay jackpots up to \$10,000. As such, PPC Player Services Representatives have been conducting and verifying jackpot payouts without issue since PPC opened.

Based upon the preceding facts, GGE believes that the “lead slot attendant” requirement of the proposed regulation is onerous and arbitrary. Moreover, the rationale provided by the Board is contradicted by GGE’s experience.

**B. Two-Part Manual Jackpot Receipt**

Proposed regulation 58 Pa. Code § 465a.26(b)(1) requires the use of a two-part manual Jackpot Payout Receipt (“Manual Payout Receipt”) and a two-part electronically generated Jackpot Payout Slip (“Electronic Payout Slip”). The Board asserts that these forms are being used to protect the integrity of the payout process by providing an audit trail. According to the Board, the Manual Payout Receipt and Electronic Payout Slip insure that the information generated by a slot machine licensee’s electronic computer system matches what was recorded by the slot attendant during the jackpot payout.

GGE believes the requirement to use **both** the Manual Payout Receipt and the Electronic Payout Slip will create significant confusion during the jackpot payout process. Initially, the jackpot forms currently utilized by GGE do not comply with the requirements of the proposed regulation. As such, GGE would need to substantially modify its current jackpot payout procedures and its computer system. If the proposed regulation is approved in its current form, GGE strongly recommends that the regulation does not become effective until 120 days after its publication in the Pennsylvania Bulletin. This 120 day implementation window would allow slot machine licensees and their vendors the necessary time to ensure that both the Manual Payout Receipt and Electronic Payout Slip are compliant with the law.

Even if the Manual Payout Receipt and the Electronic Payout Slip create an audit trail, the Board’s rationale for using both of these jackpot forms is significantly undercut by the confusion that could be created by using said forms. GGE believes that the forms in proposed regulation 58 Pa. Code § 465a.26(b)(1) would cause significant confusion during jackpot payouts and hand pays because the information contained on both forms is nearly identical. Therefore, it would be easy to confuse one form for another, which would result in a procedural violation for the slot machine licensee.

**C. Patron Signatures**

Proposed regulation sections 465a.26(b)(7)(vii) and 465a.26(b)(9)(ii) require the patron to sign the Manual Payout Receipt. GGE has maintained that its computer system (ACSC) and the electronically generated jackpot slips are more than adequate verifiers for jackpot payouts. Moreover, the replenishment of the slot attendant’s (PPC Player Services Representative) pouch acts as another check in the jackpot payout process. As such, the requirement of a patron’s signature simply adds more time to the jackpot payout process without attendant benefit.

The Board asserts that a patron’s signature assures proper payment of the jackpot and eliminates patron disputes. However, the Board’s own regulation undercuts this analysis. According to proposed regulation 58 Pa Code § 465a.26(b)(9)(ii), the patron must sign the Manual Payout Receipt **before** payment of the jackpot can be made. Therefore, the patron’s signature does not ensure proper payment of the jackpot. GGE believes that the signature requirement will increase patron disputes. For example, patrons may not want to sign the Manual Payout Receipt until they receive the appropriate payment. They may fear that they are waiving some right or jackpot

amount. Again, the signature requirement adds more time to jackpot payouts and could create confusion for patrons.

**D. Distribution of Manual Payout Receipt and Electronic Payout Slip**

Proposed regulation 58 Pa. Code § 465a.26(b)(11) provides for the distribution of the Manual Payout Receipt and the Electronic Payout Slip. It appears that section 465a.26(b)(11)(i) contradicts section 465a.26(b)(11)(ii). In particular, section 465a.26(b)(11)(i) states that the original and duplicate Manual Payout Receipt “shall be handed to the witnessing slot operations department member or security department member [i.e., verifier] by the preparer [i.e., slot attendant] for verification and signature.” 58 Pa. Code § 465a.26(b)(11)(i) (*as proposed*). However, section 465a.26(b)(11)(ii) provides that the duplicate of the Manual Payout Receipt needs to be provided to the winning patron, who must present it the same verifier.

GGE has repeatedly noted that section 465a.26(b)(11)(i) is not an appropriate step in the jackpot payout and verification process. Under the proposed regulation, the verifier would initially receive both the original and duplicate Manual Payout Receipt from the slot attendant. Then, that verifier would hand the duplicate Manual Payout Receipt to the winning patron, who in turn must present it back to the very same verifier. This procedure is redundant and unreasonable. Moreover, the Board fails to identify how this procedure ensures the integrity of the jackpot payout process.

**E. WIZ Machines**

GGE has asserted that proposed regulation 58 Pa. Code § 465a.26 needs to include language regarding WIZ machines for jackpot payouts when the slot computer system is offline. Under the proposed regulation, a three-part manual jackpot payout book (“Payout Book”) must be utilized for jackpot payouts when Electronic Payout Slips cannot be created or the slot computer system is offline. See 58 Pa. Code § 465a.26(b)(15)-(21) (*as proposed*). At this point, the Board has refused to include language regarding the usage of WIZ machines for jackpot payouts. The Board has opined that WIZ machines were commonly used in the past, but current casino practice is to use the three-part manual jackpot payout books. The Board does not dispute that WIZ machines have been used effectively and accurately for incidents when electronic jackpot payout slips could not be created.

Sections 465a.26(b)(15) through 465a.26(b)(21) continually reference the Payout Book and the various requirements connected with the Payout Book when Electronic Payout Slips cannot be created. GGE has suggested that language be added to the relevant provisions of proposed regulation 58 Pa. Code § 465a.26 for WIZ machines and their three-part manual jackpot payout slips. The following list represents the recommendations made by GGE to the Board regarding WIZ machines:

- Proposed Section 465a.26(b)(15) should include a corresponding requirement that when the slot computer system is offline or an electronic jackpot payout slip cannot be created, a three-part manual jackpot payout slip shall be utilized. The


WIZ machine would use a pre-printed, serial numbered three-part manual jackpot payout slip that includes all of the information that is required for Electronic Payout Slips in accordance with proposed Section 465a.26(b)(8).

- Proposed Section 465a.26(b)(16) should include a corresponding requirement that the excess forms for the WIZ machines must be secured in a locked cabinet, with the key to the cabinet held by the Accounting Department.
- Proposed Section 465a.26(b)(18)(iii) should provide that at the end of the gaming day, the Accounting Department will unlock the third copy of the three-part manual jackpot payout slip from the WIZ Machine and marry it with the original copy from the Cage Cashier and the duplicate copy from the accounting drop box.

As previously mentioned, the Board has refused to include any of GGE's suggestions about WIZ machines in proposed regulation 58 Pa. Code § 465a.26. GGE believes WIZ machines are effective and accurate to record jackpot payouts when electronic jackpot payout slips cannot be created.

Thank you for considering GGE's comments in connection with the final rulemaking for 58 Pa. Code § 465a.26. GGE will be happy to answer any questions that IRRC Staff may have on these comments.

Respectfully submitted,

  
Alan C. Kohler  
For WolfBlock LLP

ACK

cc: Tom Bonner, General Counsel  
Bryan Schroeder, Assistant General Counsel