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DEC 22 2005

# DRAFT REGULATIONS COMMENT FORM

**Please complete all of the fields below before printing:**

DATE	12/13/2005	ADDRESS 1
SECTION # OR SUBJECT	58pa,VII,E,465.10 - 465.11	ADDRESS 2
FIRST NAME	Tim	CITY
LAST NAME	Bogden	STATE
ORGANIZATION NAME		ZIP CODE
EMAIL ADDRESS		COUNTY
		TELEPHONE
COMMENTS		

**§ 465.10. Surveillance system; surveillance department control; surveillance department restrictions.**

(a) The Board, through its Bureau of Investigation and Enforcement, shall review (\*1) and certify yearly or recertify any changes to all surveillance system specifications, inclusive of the camera configuration and any changes or modifications to the system specifications, to determine whether the system provides the adequate and effective surveillance of activities inside and outside the licensed facility mandated by section 1207(11) of the act (relating to regulatory authority of Board). A slot machine licensee shall not commence gaming operations unless and until its surveillance system is approved by the Board.

(b) Each slot machine licensee shall at all times provide the Board and the Pennsylvania State Police (\*2) or other state, federal agents, or officer of the courts, upon request, with timely access to its surveillance system and its transmissions. Each member of its surveillance department shall timely comply with any request made by the Board or the Pennsylvania State Police to:

(1) Use, as necessary, any surveillance monitoring room in the licensed facility (\*3) and a person/s qualified to operate the surveillance system (if needed).

(2) Display on the monitors in the monitoring room any event capable of being monitored by the surveillance system.

(3) Make a video and, if applicable, audio recording of, and take a still photograph of, any event capable of being monitored by the surveillance system.

(i) The slot machine licensee shall preserve and store each such recording or photograph in accordance with the

directions of the Board or the Pennsylvania State Police.

(ii) The Board and the Pennsylvania State Police shall have unfettered access to each recording or photograph

and, upon the request of either, the slot machine licensee and

its personnel shall be denied access thereto.

(c) The surveillance system required hereunder shall (\*4) at a minimum include, but need not be limited to, the following:

(1) Light sensitive cameras with lenses of sufficient magnification to allow the operator to read information on a

slot machine reel strip and credit meter and equipped with 360

degree pan, tilt and zoom capabilities, without camera stops, to

effectively and clandestinely monitor in detail and from various

vantage points, the following:

(i) The gaming conducted at the slot machines in the licensed facility.

(ii) The operations conducted at and in the cashiers' cage, any satellite cage, or slot booth and any office

ancillary thereto.

(iii) The operations conducted at automated bill breaker, gaming voucher, coupon redemption and jackpot payout

machines.

(iv) The count processes conducted in the count room.

(v) The movement of cash and slot cash storage boxes within the licensed facility.

(vi) The entrances and exits to the licensed facility, the gaming floor, and the count room.

(vii) Other areas as the Board shall designate.

(\*5) (viii) All cameras shall be placed within an enclosure, be hidden behind a protective shield, or placed in a location that will prevent the tampering of the equipment by patrons or employees.

(2) Video recording equipment which, at a minimum, shall:

(i) Permit the preservation and viewing of a clear copy of the transmission produced by any camera connected

to the surveillance system.

(ii) Be capable of superimposing the (\*6) camera number or location, time and

date of the transmission on each recording made by the video

recording equipment.

(iii) Enable the operator to identify and locate, through the use of a meter, counter or other device or method,

a particular event which was recorded.

(3) Recording media which shall be replaced immediately upon the manifestation of any significant degradation in the quality of the images or sound (\*7),

where

applicable, recorded thereon; provided, however, that where videotape is utilized it shall be used for no more than one year.

(4) Audio capability in the count room.

(5) One or more monitoring rooms in the licensed facility which shall be staffed by employees of the slot machine

licensee's surveillance department who shall at all times monitor the activities enumerated in subsection(c)(1) and elsewhere in the licensed facility as required by the Board.

(\*8) **(6) Recording equipment shall be kept in a secure location with limited access at all times.**

Each monitoring room shall be equipped with or serviced by:

(i) A communication system capable of monitoring all of the licensed facility's security department activities.

(ii) Computer terminals which facilitate read only access to any computerized slot monitoring system and/or casino management system used by the slot machine licensee in its gaming operation.

(iii) Connections to all casino alarm systems, which systems must provide a visible, audible or combination signal; provided, however, than any robbery, fire or emergency alarm shall be perceptually distinguishable from all nonemergency alarms in a manner approved by the Board.

(iv) Contain an updated photo library, consisting of photographs that are no more than four years old, of all current employees of the slot machine licensee, which photo library shall be available to the Board and the Pennsylvania State Police.

(v) Contain and have readily available a current

operational blueprint of the gaming floor and all areas of the licensed facility subject to camera coverage.

(\*9) **(vi) A current copy of all the following shall be maintain in the monitoring room/s and easily access by surveillance personnel for review.**

**(a) Emergency contingency plans**

**(b) Operational manuals**

**(c) Gaming Board rules and requirements**

**(d) Training manuals**

**(e) Emergency contract numbers of key personnel and chain of command.**

(6) An emergency power system, tested at six month intervals, that can be used to operate the surveillance system in the event of a power failure.

(7) A preventive maintenance program, implemented by technicians assigned to the surveillance department, which insures that the entire surveillance system is maintained in proper working order and that the transparent covers over the cameras are cleaned in accordance with a routine maintenance schedule.

(d) All areas subject to camera coverage pursuant to this section shall contain continuous lighting that is of sufficient quality to produce clear video recordings and still picture reproductions. (\*10) **The use of I.R. illuminators maybe used as a secondary light source as long as it does not degrade the quality of the image.**

(e) In addition to any other requirements imposed by this section, a slot machine licensee's surveillance system shall be required to continuously record, during the appropriate times and in the manner indicated below, all transmissions from cameras used to observe the following locations, persons, activities or transactions:

(1) Each transaction conducted at a cashiering location, whether or not that cashiering location services patrons. Coverage of the transaction must include, but shall not be limited to, recording transmissions from cameras used to

observe the face of each person transacting business at each

cashiering location from the direction of the cashier.

(2) The main bank, vault, satellite cage, slot booth and other areas as shall be required by the Board.

(3) The collection of slot cash storage boxes.

(4) Any armored car collection or delivery.

(5) Automated bill breaker, voucher redemption, coupon redemption and jackpot payout machines whenever such machines are opened for replenishment or other servicing.

(\*11) (6) Detainment room with audio.

(\*12) (7) Monitoring room access door/s.

(f) Each slot machine licensee shall maintain a surveillance log of all surveillance activities in the monitoring room. The log shall be maintained by monitoring room

personnel in a book with bound numbered pages that cannot be

readily removed or shall be maintained in such electronic format

as the Board shall approve. The log shall be stored and retained in accordance with § 465.7 (relating to retention, storage and destruction of books, records and documents).

At a

minimum, the following information shall be recorded in a surveillance log:

(1) Date and time each surveillance event commenced.

(2) The name and Board issued license credential number of each person who initiates, performs, or supervises the surveillance.

(3) The reason for the surveillance, including the name, if known, alias or description of each individual being monitored, and a brief description of the activity in which the person being monitoring is engaged.

(4) The time at which each video or audio recording is commenced and terminated, if different than when surveillance commenced or terminated.

(5) The time at which each suspected criminal offense is observed, along with a notation of the reading on the meter, counter or device specified in subsection (c)(2)(iii) above that identifies the point on the video recording at which such

offense was recorded.

(6) Time each surveillance event terminated.

(7) A summary of the results of the surveillance.

(8) A complete description of the time, date and, if known, the cause of any equipment or camera malfunctions, and

the time at which the security department was apprised of the

malfunction in accordance with the casino licensee's internal

controls submitted pursuant to § 465.3(b)(5) (relating to internal control systems and audit protocols).

(f) In accordance with § 465.3(b)(5), each slot machine licensee shall have a contingency plan, to be utilized whenever

there is an equipment failure that affects the slot machine licensee's monitoring room or any other aspect of its surveillance system or operations.

(g) The Board's Bureau of Investigation and Enforcement shall be notified immediately, in such manner as the Board shall

determine, of any incident of equipment failure as noted in subsection (f) including the time and cause of the malfunction,

if known, the time the slot machine licensee's security department was notified of the malfunction and the nature of any

communications with the security department relating to the malfunction.

(h) The Board's Bureau of Investigation and Enforcement shall be notified of, in such manner as the Board shall determine, and shall approve in advance:

(1) Any relocation of an approved camera.

(2) Any change in an approved camera's specifications.

(3) Any change in lighting for areas required to be subject to camera coverage.

(4) Any addition or change to the surveillance system.

(i) All surveillance recordings shall be retained for a minimum of 7 days and shall be made available for

review upon request by the Board or the Pennsylvania State Police. In addition, any recording determined by Board agents

or the Pennsylvania State Police as being of potential evidentiary value shall be stored pursuant to Board or

Pennsylvania State Police directives or turned over to Board agents or the Pennsylvania State Police upon request. At the request and expense of the slot machine licensee, a copy of any recording turned over to the Board or the Pennsylvania State Police shall be made available to the slot machine licensee.

(j) Each surveillance employee assigned to the monitoring room shall work from his or her own monitoring station.

(k) In accordance with § 465.3(a)(5), each slot machine licensee shall be required to submit, for Board approval, a minimum staffing submission with regard to its surveillance monitor room(s). The minimum staffing submission shall consider

the size and layout of the licensed facility as well as the number of slot machines and shall at all times provide for adequate and effective surveillance of activities inside and

outside the licensed facility.

(l) A slot machine licensee's surveillance department employees shall be independent of all other departments.

(m) A present or former surveillance department employee shall not accept employment as a key employee or gaming employee

with the same slot machine licensee for whom he was previously

employed as a surveillance department employee unless one year

has passed since the former surveillance department employee

worked in the surveillance department. Notwithstanding the foregoing, the Board may, upon the filing of a written petition,

waive this restriction and permit the employment of a present or

former surveillance department employee in a particular position

upon consideration of the following factors:

(1) Whether the former surveillance department employee will be employed in a department or area of operation

that the surveillance department monitors.

(2) Whether the surveillance and security systems of



the slot machine licensee will be jeopardized or compromised by the employment of the former surveillance department employee in the particular position.

(3) Whether the former surveillance department employee's knowledge of the procedures of the surveillance department would facilitate the commission by any person of irregularities or illegal acts or the concealment of any such actions or errors.

(n) Entrances to the surveillance monitoring rooms shall not be visible from the gaming floor. Any person entering surveillance monitoring room who is not an employee of the surveillance department shall sign a monitoring room entry log

upon entering the monitoring room. The monitoring room entry

log shall be:

(1) Maintained in the monitoring room by monitoring room personnel and retained in accordance with § 465.7

(relating to record retention).

(2) Maintained in a book with bound numbered pages that cannot be readily removed or shall be maintained in such

electronic format as the Board shall approve.

(3) Signed by each person entering the monitoring room, with each entry containing the following:

(i) The date and time of entering the monitoring room.

(ii) The entering person's name and his or her department or affiliation.

(iii) The reason for entering the monitoring room.

(iv) The name of the person authorizing the person's entry into the monitoring room.

(v) The date and time of exiting the monitoring room.

(4) Made available for inspection by the Board and Pennsylvania State Police.

**§ 465.11. Surveillance system recording formats.**

(a) A slot machine licensee may utilize(\*13) either an analog or digital video recording format provided the format selected

incorporates current technology with regard to video cameras, monitors, recorders, video printers, switches, selectors and other ancillary equipment and provides for adequate and effective surveillance of activities inside and outside the licensed facility.

(b) Any digital video recording system utilized by a slot machine licensee shall:

(1) Be capable of recording, and thereafter being viewed, at a minimum of thirty frames or images per second, full screen, in real time.

(2) Have a visual resolution of 640 x 480 pixels or greater unless the Board expressly determines that an alternative visual resolution can achieve the clarity required to meet the purposes of this section.

(3) Be capable of retaining for a period of not less than 7 days all images obtained from all approved video cameras.

(4) Have a failure notification system that provides an audible, as well as a visual notification, of any failure in the surveillance system or the digital video recording media storage system.

(5) Have a media storage system that is configured so that a failure of any single component will not result in the loss of any data from the media storage system.

(6) Have no more than 8 of the cameras utilized to satisfy the coverage requirements in § 465.10(c)(1) (relating to surveillance system; surveillance department control; surveillance department restrictions), be in the first stage of concentration, unless the slot machine licensee has a fault tolerant or redundant system so there is no loss of data in the event of a failure of a single first stage concentrator.

(c) No remote access to a digital surveillance system from any location outside the surveillance monitoring room shall be

permitted without the approval of the Board.

(d) All digital video disks or other storage media

produced from the digital video recording system shall contain the date and time of recording superimposed thereon, shall clearly identify the type of media player and software prerequisite to viewing the digital images and shall identify

the video verification encryption code or watermark.

(e) Details with regard to the digital video recording system's video verification encryption code or watermark shall

be provided to the Board, at no cost to the Board, prior to the

inspection and approval of the system.

(f) The slot machine licensee's contingency plan required pursuant to section 465.10(f) (relating to surveillance system;

surveillance department control; surveillance department restrictions) shall expressly provide that any failure in a digital video recording media storage system must be repaired or

replaced within 8 hours of the failure.

(g) The Board may, in its discretion, waive one or more of these requirements upon a determination that the non-conforming

surveillance system nonetheless provides for adequate and effective surveillance of activities inside and outside the licensed facility.

(\*14) (h) The surveillance system shall require a secure access log-on and password for each user and a record shall be kept of all log-on users and times for 30 days. Users will be required to change passwords every 60 days.

\* \* \* \* \*

\*1- a certified system is one that has received the approval form the bureau of investigation and enforcement as meeting all the requirements for operation. Recertifying every year will insure that the standards are maintained.

\*2- This will allow other agents access to video evidence should their investigation require it.

\*3- to assist if and when needed.

\*4- to set a limit.

\*5- a means to insure the systems remains operational.

\*6- to allow easy identification

\*7- remove the use of analog type of equipment for the reason of quality and security issues.

\*8- same as \*5

\*9- insure operator have full resources to perform they jobs and make good judgment calls as required .

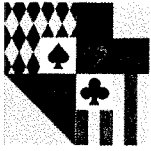
\*10- Allows for camera lighting that does not subtract from the surrounding environment or where normal lighting can be limited by it's surroundings.

\*11- Allows for a video record of questioning of a detainee.

\*12- Allows for a video record of the entry into a secure area.

\*13- same as \*7

\*14- To trace when someone has access to the surveillance system, and prevent outside users into the system.



**PENN NATIONAL**  
GAMING, INC.

JAN 09 2006

## Memorandum

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**To:** Pennsylvania Gaming Control Board

**From:** John deGrasse

**Date:** January 6, 2006

**RE:** Comments to Accounting & Internal Controls draft regulations

The following are Mountainview Thoroughbred Racing Association's comments to the Accounting & Internal Controls draft regulations:

### §465.1

This rule appears to allow the licensee to establish when a gaming day begins and ends. However, in light of the central monitoring system, it may be beneficial to the agency to standardize the gaming day for all properties.

### §465.2(c)(8)

Please confirm Applicant's understanding that check cashing (for gaming and non-gaming purposes) is allowed and does not fall under the prohibition of granting credit.

### §465.3(c)

This section should be stricken. Consistent with the practice of other gaming agencies, the Board and its staff should be the sole arbiters as to whether the internal controls of the Applicant address all areas required by the Act and the Board's rules. Legislation and regulations inherently have areas that require interpretation and/or clarification.

§465.3(c) will require each applicant and its auditors to guess at the Board's interpretation of these provisions. These interpretations will inevitably vary and will result in inconsistent treatment of the internal controls. This would appear to eliminate any benefit in having the assessment performed. It is more efficient and logical for the regulatory body to conduct this assessment and provide a consistent interpretation to all internal control submissions.

**§465.3(l)**

- (1) No purpose is served by having both the submission and approval dates on the internal control pages. The proposed internals should have the submission date on them. Once approved, only the approval date should be shown. For those internal control changes that are effective immediately (i.e., do not require Board approval prior to implementation), the date would be the date the new controls were implemented.
- (2) Please clarify the Board's expectations regarding the retention of a copy of any superseded internal control submission. Applicant assumes this will only require the retention of the particular pages superseded rather than the entire set of controls. Moreover, even those controls that may be changed without prior Board approval will be required to be retained once superseded.

**§465.6(d)**

Sixty days after end of fiscal year is not practical. The Form 10-K is not issued until ninety days after the end of the fiscal year. The Board's filing requirement should be no earlier than the SEC filing requirement.

**§465.6(g)**

Applicant opposes the filing of reports concurrent with the filing of those reports with the SEC. Depending on the timing of such filings, this may not be possible. Applicant recommends that the documents be submitted to the Board within five days of filing. The Board could impose a requirement (similar to Colorado) whereby the licensees must send an e-mail notice to the Board regarding the filing. By this means, the Board will have immediate notice of the filing and the licensees will have sufficient time to prepare the submissions for Pennsylvania and the other regulatory bodies.

**§465.7**

As currently drafted, this section literally requires every physical and electronic record or document to be retained. This would preclude e-mails from being deleted and would require phone message slips to be retained. Moreover, redundant records reflecting the same transaction would be required to be retained. Applicant recommends that the Board simply require the retention of records that reflect the activities of the slot machine facility's gaming operations.

**§465.7(b)(2) and (d)**

Please confirm Applicant's understanding that the regulations allow for the outsourcing of record retention.

**§465.8(a)(1)**

Please confirm Applicant's understanding that this paragraph requires the internal controls to identify the manner in which the authority to issue comps is delegated to employees. The subsequent paragraph (§465.8(a)(2)) requires the internal controls to identify those employees with such authority and the level of authority they have.

**§465.8(d)**

- (1) Applicant seeks clarification as to the definition of a "guest." Without such a definition, licensees will be in jeopardy every time they issue comps (whose cumulative total exceeds \$10,000) to two or more people who are (1) related, (2) acquainted or (3) in the same party, even though those individuals each warranted the comps.
- (2) The last sentence of this paragraph requires clarification as to its purpose. It appears that this provision requires comps based on rated play be based on actual losses. By requiring disclosure of such details, the sentence suggests that the Board will internally establish a criteria by which it will judge whether a comp should have been issued.

**§465.9(d)(3)**

Both the Pennsylvania gaming and racing agencies require a fingerprinting facility to be provided. Please confirm Applicant's understanding that only one area for fingerprinting – made available to both the gaming and racing agencies – will be required.

**§465.10(f)**

Two separate sections are identified as §465.10(f).



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JAN 09 2006

**Pacifico S. Agnellini**  
**VICE PRESIDENT OF LEGAL AFFAIRS/RISK MANAGEMENT**

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January 6, 2006

Pennsylvania Gaming Control Board  
Office of Communications  
P.O. Box 69060  
Harrisburg, PA 17106-9060

Attn: Public Comment

Re: Comments: Title 58 Part VII SUBPART E CHAPTER 465.

Dear Sir/Madam:

Please accept this correspondence as Trump Entertainment Resorts, Inc.'s comments to the above referenced draft regulations.

1) **Section 465.3 (f)**

It is requested that the 30 day implementation waiting period from the filing of a change in the Internal Control be reduced to an immediate implementation. Since the proposed regulation requires the certifications of the Chief Financial Officer and Chief Executive Officer, it is our belief that the 30 day waiting period prior to implementation is unnecessary. In addition, a procedure could be developed similar to that in New Jersey, where the Board could require a review in the event it felt the proposed change to the Internal Control contained a substantial material insufficiency.

2) **Section 465.3 (g) (1)**

Please clarify if an "alternative procedure" may be immediately implemented or if there is an additional 30 day waiting period.

3) **Section 465.3 (l)**

Please clarify that the copies requested may be maintained electronically. It is requested that the documents be maintained for three years instead of five years.

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4) **Section 465.4**

It is requested that the requirement that triplicate copies "shall be color coded" be amended to except machine generated documents. Certain documents which are machine generated (ie gaming vouchers) can not be produced in triplicate.

5) **Section 465.10 (f)**

This subsection requires that a surveillance log of all surveillance activity be maintained in a "bound" book. It is requested that the "bound" requirement be removed from this section. Having a "bound" book makes photocopying specific pages much more difficult.

After you have had the opportunity to review the above, if you have any questions, please do not hesitate to contact me. Thank you for the opportunity to comment. Thank you.

Very truly yours,



Pacifico S. Agnellini  
Vice President of Legal Affairs  
and Risk Management

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JAN 10 2006

# DRAFT REGULATIONS COMMENT FORM

Please complete all of the fields below before printing:

DATE  ADDRESS 1

SECTION # OR SUBJECT  ADDRESS 2

FIRST NAME  CITY

LAST NAME  STATE

ORGANIZATION NAME  ZIP CODE

EMAIL ADDRESS  COUNTY

TELEPHONE

COMMENTS

Please see attached letter.

Comments may be submitted to the Board by U.S. Mail at the following address:

Pennsylvania Gaming Control Board  
P.O. Box 69060  
Harrisburg, PA 17106-9060  
Attn: Public Comment

COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE AUDITOR GENERALJACK WAGNER  
AUDITOR GENERAL

January 6, 2006

Thomas A. Decker, Esquire  
Chairman  
PENNSYLVANIA GAMING CONTROL BOARD  
P.O. Box 69060  
Harrisburg, Pennsylvania 17106-9060

ATTN: PUBLIC COMMENT

Dear Mr. Decker:

The Department of the Auditor General appreciates the opportunity to comment on the proposed regulations of the Pennsylvania Gaming Control Board regarding accounting and internal controls, as published at 35 *Pa. Bulletin* 6873 (Dec. 17, 2005). Please consider the following comments for inclusion in the final version of the regulations:

- Add “minutes of meetings” to the list of documents to be maintained by slot machine licensees in Section 465.2(c)(2).
- Revise the beginning of Section 465.6(e)(2) to read: “A report expressing the opinion of the independent certified public accountant on the effectiveness of the internal controls over financial reporting and...” The purpose of this change is to ensure that the internal controls are formally reviewed during the audit.
- Add the following language as a separate subsection to Section 465.6: “Licensees shall provide copies of all financial statements, management letters, reports, and licensee responses required by this section to the Department of the Auditor General at the same time that such copies are provided to the Board.” Our receipt of such information in a routine manner will assist us in considering and conducting independent audits regarding the operation of gaming in Pennsylvania.
- Add the following language as a separate subsection to Section 465.6: “Nothing in these regulations shall prohibit the Department of the Auditor General from conducting audits or from obtaining reports, documents, and information otherwise authorized by law.” It is important that the discussion throughout the regulations of the licensees’ independent audits not be construed or used as a pretext to preempt this Department’s audit authority in any way.

Thomas A. Decker, Esquire  
Chairman  
PENNSYLVANIA GAMING CONTROL BOARD  
January 6, 2006  
Page Two

- Include the following language after “computer generated data” in the definition of “books, records and documents” in Section 465.7(a): “software used to generate the data and records evidencing controls (including computer controls) used to ensure the completeness and authenticity of the data,…” The purpose of this addition is to ensure that auditors can review the electronic process for generating data, not merely the final work product.
- Add the following sentence to Section 465.7(b)(1): “Electronic data should be stored in a format that ensures readability, regardless of whether the technology and/or software that created or maintained it has become obsolete.” This addition is self-explanatory.
- Include the Department of the Auditor General as one of the agencies with access to books, records, and documents pertaining to the operation of a licensed facility, by listing this Department in Sections 465.7(b)(3) & (4), Section 465.7(d)(2), Section 465.7(e)(3), and elsewhere as appropriate. We agree with the comments submitted by the Department of the Treasury on this issue, with the inclusion of the additional provisions.
- Add to the various retention periods throughout Section 465.7(c): “and until subject to audit.” The purpose of this addition is to ensure that documents are actually available for auditors to review.

We believe that these revisions to the proposed regulations will help to improve the accounting and internal controls affecting the gaming industry in the Commonwealth. Thank you in advance for considering our comments. If you have any questions, please do not hesitate to contact me.

Sincerely,



JACK WAGNER  
Auditor General

JW/RFT:tm



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JAN 10 2006

January 6, 2006



HARRAH'S  
ENTERTAINMENT,  
INC.

Pennsylvania Gaming Control Board  
P.O. Box 69060  
Harrisburg, PA 17106-9060

Attention: Public Comment

**Re: Comments on Proposed Internal Control System Regulations**

Dear Chairman Decker and Board Members:

The following comments regarding the Proposed Internal Control System Regulations are offered for your consideration by the operating subsidiaries of Harrah's Entertainment, Inc. (collectively "Harrah's").

- Proposed section 465.2(c)(3) would require slot machine records to be maintained on a week to date, month to date and year to date basis. Some systems which are in use in other jurisdictions maintain this information on a daily, month to date and year to date basis, but do not provide the week to date information. It is respectfully suggested that the proposed regulation be amended to accommodate the use of existing systems. The lack of week to date information should not create any regulatory concerns as the information is otherwise captured and tracked in a manner which is a satisfactory management tool.
- Proposed section 465.9(d)(1) would provide the State Police with its own surveillance monitoring room with the ability to override the control capability of the slot machine licensee's surveillance department. It is respectfully suggested that this override capability be removed as the slot machine licensee is statutorily charged with all aspects of the gaming operation including surveillance. The override capability creates a situation wherein the licensee's obligation to provide surveillance coverage could be usurped. The surveillance system is the licensee's property which in the normal course of business should be under the licensee's custody and control. Without the override capability, the State Police will still have the ability to work with the licensee's personnel to request and direct surveillance coverage.



**Dennis Gallagher**

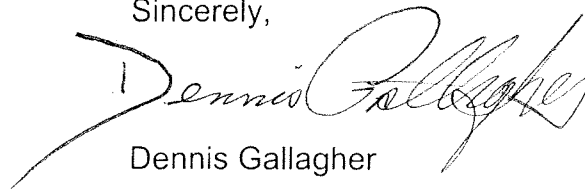
Vice President Legal Affairs  
Central & Western Divisions

Pennsylvania Gaming Control Board  
January 6, 2006  
Page 2

- Proposed section 465.9(d)(5) references a "security department podium on the gaming floor." As this reference has design, construction and operational implications it is respectfully requested that it be removed as a requirement. Security personnel will be on the floor at all times and equipped with radios. Whether to have a fixed security podium should be a business decision left to the slot machine licensee. The security personnel will be able to communicate via their radios as they move about the facility. Security personnel will be accessible to the State Police without the need of a fixed podium on the gaming floor.
- Proposed section 465.10(h) would require approval for all camera relocations and changes as well as any lighting changes in areas subject to camera coverage. It is respectfully suggested that notice of camera and lighting changes be required as opposed to approval. This would allow the licensee flexibility in operating its business while the Board maintains its ability to regulate surveillance systems.
- Proposed section 465.10(m) provides certain reemployment/transfer restrictions for surveillance personnel. We believe it is appropriate that surveillance personnel cannot directly transfer to casino money handling or slot operations positions, but would suggest they be able to transfer to any other position without Board approval. The current proposal might make it more difficult than necessary to recruit for surveillance positions if applicants felt that they would have to leave the company if the surveillance position did not work out for some reason.

Harrah's appreciates the opportunity to provide these comments to the Board. Thank you for your time and consideration in this matter.

Sincerely,



Dennis Gallagher

DG:pjr

Mark S. Stewart

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JAN 10 2006

January 6, 2006

Pennsylvania Gaming Control Board  
P.O. Box 69060  
Harrisburg, PA 17106-9060  
ATTN: Public Comment

Re: Comments to Temporary Regulations Under Title 58 of  
the PA Code, Chapter 465

Dear Sir/Madam:

On behalf of Isle of Capri Casinos and IOC Pittsburgh, we are filing the enclosed comments to temporary regulations under title 58 of the Pa. Code, Chapter 465.

Please direct any questions or comments to me.

Sincerely,



Mark S. Stewart

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

MSS/jls  
Enclosures

# DRAFT REGULATION COMMENT FORM

Please complete all of the fields below before printing:

DATE	1/6/06	ADDRESS 1
SECTION # OR SUBJECT	Temporary Regulations Under Title 58 of the PA Code, Chapter 465	ADDRESS 2
FIRST NAME	Mark	CITY
LAST NAME	Stewart	STATE
ORGANIZATION NAME	Wolf, Block, Schorr and Solis-Cohen LLP	ZIP CODE
EMAIL ADDRESS		COUNTY
		TELEPHONE

### COMMENTS

See attached comments submitted on behalf of Isle of Capri and IOC Pittsburgh.

Comments may be submitted to the Board by U.S. Mail at the following address:

Pennsylvania Gaming Control Board  
 P. O. Box 69060  
 Harrisburg, PA 17106-9060  
 Attn: Public Comment



**BEFORE THE  
PENNSYLVANIA GAMING CONTROL BOARD**

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In re: Promulgation of Temporary :  
 Regulations Under Title 58 of the :  
 Pennsylvania Code, Chapter 465 :

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**ISLE OF CAPRI CASINOS AND IOC PITTSBURGH'S  
COMMENTS TO DRAFT REGULATIONS**

**I. INTRODUCTION**

Isle of Capri Casinos, Inc. and IOC Pittsburgh, Inc. (collectively, "Isle of Capri" or "Isle") respectfully submit these comments to the Pennsylvania Gaming Control Board ("PGCB" or "Board") in regard to its publication of draft Chapter 465 regulations on December 1, 2005. The regulations are intended to implement the provisions of the Pennsylvania Race Horse Development and Gaming Act (the "Act"), 4 Pa. C.S. § 1101 *et seq.*, and address the establishment of accounting and internal control requirements and standards for slot machine licensees and applicants therefore.

The Isle of Capri appreciates the opportunity to submit these comments to the PGCB, and participate in the process of creating the rules and regulations under which Pennsylvania's future licensed gaming entities will operate. Internal controls, administrative procedures, and accounting and audit protocols (collectively "internal controls") are all vital components of a gaming operation to both the gaming entity, in terms of protecting its customers, facility and assets, and the Board, in terms of protecting the public and assuring the integrity of Pennsylvania gaming. Effective internal controls and their proper use by casino personnel are essential to ensuring a successful gaming operation and that the casino's operations and its employees' duties are conducted in accordance with the Board's requirements.

Isle of Capri Casinos, Inc., through its licensed gaming activities in other jurisdictions, possesses extensive experience in developing and employing such controls. The Isle's comments to the proposed regulations stem from and reflect that experience, and are submitted in order to share the same with the Board. The Board should certainly be commended for the thoroughness and thoughtfulness embodied in the draft regulations. Nonetheless, the Isle respectfully submits that the modifications detailed herein will contribute positively to the regulations, and urges the Board to incorporate its comments into its final product.

## **II. BACKGROUND**

Isle of Capri Casinos was formed in 1992, and has established a reputation for creating exciting and complete entertainment experiences. The Isle of Capri has evolved into a \$1 billion Company, and one of the 10 largest publicly held gaming companies in the United States. The Isle's stock is traded on the NASDAQ Stock Market under the symbol, ISLE.

The Isle is led by Chairman and Chief Executive Officer Bernard Goldstein, a gaming industry pioneer known as the "Father of Riverboat Gaming." Mr. Goldstein's pioneer spirit and leadership made the Isle the first gaming operation in the South, when it opened its first property in Biloxi, Mississippi. Since that time, the Isle of Capri, through its subsidiaries, has strategically grown to own and operate 15 casinos in 13 locations in the United States and the Bahamas. Additionally, the Isle holds a two-thirds ownership interest in casinos in Dudley, Walsall and Wolverhampton, England, and owns and operates Pompano Park Harness Racing Track in Pompano Beach, Florida. The Isle of Capri is a member of the American Gaming Association, as well as the Colorado, Iowa, Louisiana, Mississippi and Missouri Gaming Associations.

Isle of Capri hopes to expand its gaming operations and success so as to include the Commonwealth of Pennsylvania. IOC Pittsburgh, Inc. and Isle of Capri Casinos, Inc. have

applied for a Category 2 slot machine license for a proposed facility to be located in Pittsburgh. The Isle's application, filed on December 28, 2005, sets forth in detail its plan for developing a first class gaming and entertainment complex in Pittsburgh, as well as its plans to provide \$290 million in private funding for the new Pittsburgh Arena, future home to the National Hockey League's Pittsburgh Penguins, and its participation in the dramatic community redevelopment efforts of the coalition group known as "Pittsburgh First."

At each of its locations, the Isle possesses a total commitment to building a complete entertainment experience that offers guests unsurpassed excitement, quality, service, value and fun. This approach, combined with leadership from a team of some of the most experienced, innovative and dedicated members of the gaming industry, has made the tropically-themed Isle of Capri Casinos one of the most recognized brands in gaming. An estimated 23 million guests visit Isle of Capri casinos annually, and the Isle employs approximately 11,000 team members.

### **III. COMMENTS**

#### **A. Section 465.3(a)(1)**

Section 465.3(a)(1) requires that a slot machine licensee applicant's written system of internal controls include records of direct and indirect ownership in the applicant and its affiliates, intermediaries, subsidiaries and holding companies. While the Isle recognizes that this provision tracks Section 1322(c)(1) of the Act, it urges the Board to exercise flexibility in implementing the Act on this point for two reasons. First, internal controls should be for the use of casino personnel to ensure that their duties are performed and that the licensee's administrative systems operate in accordance with the Board's regulations and the licensee's policies. The ownership records identified in Section 465.3(a)(1) do not facilitate this function and, in some instances, may contain confidential information to which casino personnel would not be privy.

Second, any slot machine licensee applicant will have already provided this ownership information to the Board via its application, and licensees would provide it upon renewal and in the event of any qualifying changes to the information already provided. Accordingly, providing the information again, in the context of internal controls, constitutes an unnecessary regulatory burden.

The Isle respectfully submits that the Board implement Section 1322(c)(1) of the Act by incorporating the ownership information provided via the application and renewal/amendment processes. Alternatively, the Isle requests that the PGCB clarify that the inclusion of this information in applicants' written systems of internal controls is only required for the required submission to the Board, and that such information need not be included in the applicants' working written systems of internal controls.

B. Section 465.4(c)

This provision requires that, whenever the Board's regulations require forms or serial numbers to be accounted for and an exception is noted, the licensee must report such exception "immediately in writing" to its internal audit department and the Board's Bureau of Investigation and Enforcement. The Isle urges the Board to build some flexibility into the timing of the reporting requirement in order allow for confirmation that the form or serial number is actually missing. With the volume of gaming documents produced every day, documents are occasionally sent to the wrong department, laid aside and mixed in with unrelated paperwork, or otherwise inadvertently misplaced. In many instances, upon inspection after initially noting an exception in such instances, the misplaced documents or information is quickly discovered. In such circumstances, as nothing is missing, no exception exists to report. This concern could be addressed by modifying Section 465.4(c) to require that "*such exceptions shall be reported in writing to the slot machine licensee's internal audit department and the Board's Bureau of*

*Investigation and Enforcement within three days of identification of the exception or upon its confirmation, whichever is sooner.”*

C. Section 465.6(f)

This section requires that certain independent reports on the licensee’s internal controls, and adherence thereto, be filed with the Board by April 30 following the end of the calendar year at issue or upon receipt of the report by the licensee from the independent certified public accountant, whichever is earlier. The Isle requests that the Board modify or add to this provision to account for licensees that operate on a fiscal year that is different than the calendar year.

For instance, Section 465.6(f) could be modified to read: “The slot machine licensee shall file two copies of the reports . . . within 120 days of the end of its fiscal year or upon receipt, whichever is earlier.” Or, the Board could add a sentence to the provision, such as: “*For licensees operating on a fiscal year that does not end on December 31, the reports required by subsection (e) shall be filed within 120 days of the end of its fiscal year or upon receipt, whichever is earlier.*”

D. Section 456.9(d)(1)

This provision addresses the requirements of onsite facilities that licensees must provide for the PGCB and the Pennsylvania State Police (“PSP”). The Isle suggests that the last sentence of Section 465.9(d)(1) be modified as follows:

Full camera control capability shall include the ability to override the control capability of any camera within the slot machine licensee’s surveillance ~~department~~ system.

The Isle submits that, while it is possible to override components of the surveillance system, such as cameras, it is unlikely that the entire system can be overridden due to design parameters.

E. Section 465.10

1. Section 465.10(b)(3)(ii).

This provision addresses Board and PSP access to events captured on the licensee's surveillance system, as well as their ability to deny access to the same for licensee personnel. The Isle submits that it is essential to licensees that personnel assigned to surveillance be permitted to retain access to these images and recordings. Accordingly, the Isle suggests the following change in the draft regulation:

The Board and the Pennsylvania State Police shall have unfettered access to each recording or photograph and, upon the request of either, the slot machine licensee and its personnel not assigned to surveillance shall be denied access thereto. Nothing in this subsection shall be construed to limit the ability of the Board or Pennsylvania State Police to deny access to any specific employee of a licensee's surveillance department.

2. Section 465.10(c)(1)(ii).

This provision addresses the requirements of a licensee's surveillance system and what activities and areas must be capable of being monitored. The Isle suggests that following change:

The operations conducted at and in the cashiers' cage, any satellite cage, or slot booth and any ~~office~~ ancillary office adjacent thereto.

Perhaps all that is required in regard to this provision is clarification by the Board of its use of the terms "office ancillary thereto." The Isle notes that offices may be ancillary in function to the cashier's cage, but may not be adjacent to the cage and may be of such a nature as not to require surveillance. For instance, the cage manager's office is ancillary in function to the cage. Yet, this office, which typically is not monitored because it handles no money and only processes already audited paperwork, may be located in the administrative offices or an area that is not in or adjacent to a controlled space. If Section 465.10(c)(1)(ii)'s "office ancillary thereto" language is interpreted broadly, surveillance of the cage manager's office under such a scenario

could be considered to be required. Such a requirement would be an unnecessary regulatory burden.

3. Section 465.10(c)(5)(iii).

This provision sets forth requirements for equipment and services in or related to the surveillance system's monitoring rooms. The Isle proposes the following modification:

Connections to all casino alarm systems, which systems must provide a visible, audible or combination signal; ~~provided, however, that any robbery, fire or emergency alarm shall be perpetually distinguishable from all non-emergency alarms in a manner approved by the Board.~~

In the Isle of Capri's experience, the security department typically monitors life safety type alarm systems such as fire alarms. The security department's close proximity to the gaming floor enables a more expedient reaction and/or response to alarm conditions. Additionally, it is more appropriate for the surveillance department not to get distracted in the event an alarm is staged, especially if the alarm is staged specifically to distract surveillance from protecting company assets. Surveillance will, however, monitor panic and/or holdup alarm zones maintained in sensitive areas such as the cashier's cage.

4. Section 465.10(c)(7).

This section addresses preventative maintenance requirements of the surveillance system.

The Isle suggests the following changes:

A preventive maintenance program, implemented by technicians assigned to the surveillance department, which insures that the entire surveillance department is maintained in proper working order and that the transparent or semi-transparent covers over the cameras are cleaned in accordance with a routine maintenance schedule.

The Isle's experience has shown that, as determined by the design characteristics of general lighting and ceiling height, semi-transparent covers such as smoke, chrome or gold may be used

to enhance the clandestine nature of camera positioning within the camera housing. This modification would permit the use of such devices.

5. Section 465.10(f).

The draft regulations contain two subsections identified as (f). This should be corrected and the provisions re-lettered.

6. Section 465.10(f)(3).

This provision entails specific information that the Board will require licensees to include in their surveillance logs. The Isle suggests the following change:

When suspicious activity or suspected and/or alleged criminal activity is taking place, the reason for the surveillance, including the name, if known, alias or description of each individual being monitored, and a brief description of the activity in which the person being monitored is engaged.

The very nature of the surveillance department is to clandestinely observe and monitor anything within view of any camera. Requiring the licensee to document in great detail routine observations made by a surveillance operator/agent in order to prove that procedures and/or controls were maintained intact during such a routine observation would be counter-productive.

7. Section 465.10(f)(6).

The Isle proposes that this provision be modified as follows: “Time each drop, count or required surveillance event terminated.” Surveillance routinely but randomly monitors all activity within the confines of the casino. Taxable jackpot payouts, CTR transactions, fills, and impress activities are typically logged with a start time and reviewed to conclusion of the event. The activity log would contain the time of the event, type of event being observed, who was observing the event and the working station on which the event was being monitored. The logging of termination times for surveillance events should be limited to those events that are



time sensitive. Other events may take anywhere from minutes to an hour, and termination time would not be essential.

8. Section 465.10(f)(7).

The Isle proposes that this provision be modified as follows:

A summary of the results of the surveillance in events requiring an incident report, including, but not limited to, procedure violations, violations of the Board's internal control regulations, criminal activity, and emergency or medical response.

Surveillance routinely but randomly monitors all activity within the confines of the casino. Certainly, for any events requiring an incident report, the activity log would contain a full report, including a summary of the results of the surveillance. However, given the volume of events monitored by surveillance, it would be counter-productive and burdensome to require a report in the log of the results of every event monitored. If no illegal or inappropriate activity were observed, the Isle's experience is that the event would typically not be documented in further detail.

9. Section 465.10(f)(8).

This provision addresses the reporting requirements in the surveillance log of equipment or camera malfunctions. The Isle suggests the following change:

~~A complete description of the time, date and, if known, the cause of any equipment malfunctions, and the time at which the security department was apprised of the malfunction in accordance with the casino licensee's internal controls submitted pursuant to § 465.3(b)(5) (relating to internal control systems and audit protocols).~~

First, the reference to "§ 465.3(b)(5)" should be to subsection (d)(5), as there is no 465.3(b)(5) in the draft regulations. Significantly, nothing in Section 465.3(d)(5) requires this proposed communication between the surveillance and security departments. The provision simply requires the licensee's internal control submission to the Board to include procedures that ensure,

“through *the use* of a surveillance and security department,” that the facility will be secure during any equipment malfunctions, among other events. 58 Pa. Code § 465.3(d)(5) (emphasis added).

Based on the Isle’s experience, any weakness in the surveillance system, real or perceived, should not be communicated with any department outside of surveillance. Non-surveillance personnel must always assume surveillance cameras are fully functional. Further, the licensee is already required to report this information to the Board, through the Bureau of Investigation and Enforcement (“BIE”), in Section 465.10(g).

10. Section 465.10(f) – the second subsection (f).

This provision contains the erroneous reference to “§ 465.3(b)(5)” which should be (d)(5).

11. Section 465.10(g).

Like Section 465.10(f)(8), this provision includes the notion that a malfunction in surveillance equipment would be disclosed to the security department. The provision should be modified consistent with the comments above in Comment (E)(9).

12. Section 465.10(h)(2).

This provision requires that BIE be informed of, and approve in advance, alterations to the surveillance system. The Isle proposes that the section be modified as follows:

Any change in an approved camera’s specifications resulting in inferior specifications as compared to the original equipment.

The Isle’s experience has shown that routine and non-routine maintenance may require a camera to be replaced or equipped with higher resolution or a glare resistant device, an auto iris lens, or other equipment that enhances or improves image quality. Notification to and/or advance approval from BIE of such positive changes should not be required, and may actually hinder security and surveillance.

## 13. Section 465.10(h)(3).

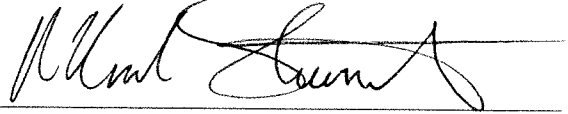
This provision requires notification to and advance approval from BIE of “any change in lighting for areas required to be subject to camera coverage.” The Isle suggests that this provision should be deleted or, at least, modified to limit the section to a notice requirement applied in certain instances. In the Isle’s experience, surveillance may need the flexibility to test different lighting configurations to ensure a quality camera image is maintained. For example, hardwiring a light and bypassing its light switch to ensure sufficient lighting is maintained for a quality camera image may be necessary. In such circumstances, any regulatory obligation should be limited to a notice requirement and to instances where changes in lighting are permanent.

**IV. CONCLUSION**

The Isle of Capri commends the Board on all of its work in establishing gaming in Pennsylvania, and its effort to benefit from and incorporate the experience of other jurisdictions. The Isle appreciates the opportunity to share the perspective of a gaming operator and its experience with internal controls.

WHEREFORE, Isle of Capri Casinos, Inc. and IOC Pittsburgh, Inc. respectfully request that the Pennsylvania Gaming Control Board include the modifications discussed above in its final Chapter 465 regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Tami Bogutz Steinberg', written over a horizontal line.

Tami Bogutz Steinberg, Esq.

Mark Stewart, Esq.

Wolf, Block, Schorr and Solis-Cohen LLP

Date: January 6, 2006

Dino A. Ross

RECEIVED

JAN 10 2006

January 6, 2006

Pennsylvania Gaming Control Board  
P.O. Box 69060  
Harrisburg, PA 17106-9060  
ATTN: Public Comment

RE: Comments to Draft Regulations

Dear Sir/Madam:

On behalf of Downs Racing L.P., t/a Mohegan Sun at Pocono Downs, we are filing the enclosed comments to draft regulations.

Please direct any questions or comments to me.

Sincerely,



Dino A. Ross

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

DAR/lww  
Enclosure

HAR:63119.1/ISL005-221764

**DRAFT REGULATION COMMENT FORM****Please complete all of the fields below before printing:**

DATE	1/6/06	ADDRESS 1
SECTION # OR SUBJECT	Temporary Regulations Under Title 58 of the PA Code, Chapter 465	ADDRESS 2
FIRST NAME	Dino	CITY
LAST NAME	Ross	STATE
ORGANIZATION NAME	Wolf, Block, Schorr and Solis- Cohen LLP	ZIP CODE
EMAIL ADDRESS		COUNTY
		TELEPHONE

**COMMENTS**

See attached comments submitted on behalf of Downs Racing L.P. t/a Mohegan Sun at Pocono Downs.

Comments may be submitted to the Board by U.S. Mail at the following address:

Pennsylvania Gaming Control Board  
P. O. Box 69060  
Harrisburg, PA 17106-9060  
Attn: Public Comment

**BEFORE THE PENNSYLVANIA  
GAMING CONTROL BOARD**

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In re: Promulgation of Temporary  
Regulations Under Title 58 of the  
Pennsylvania Code, Chapter 465

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**DOWN RACING L.P.'S COMMENTS TO DRAFT  
ACCOUNTING AND INTERNAL CONTROLS REGULATIONS**

Downs Racing L.P., t/a Mohegan Sun at Pocono Downs ("MSPD") respectfully submits these comments to the Pennsylvania Gaming Control Board ("Board") to its draft regulations published on December 1, 2005, regarding the accounting and internal controls of a slot machine licensee. These regulations are intended to implement the provisions of Section 1322 of the Pennsylvania Race Horse Development and Gaming Act (the "Act"), 4 Pa. C.S. §1322, and create a system of internal procedures and administrative accounting controls for the slot licensee.

**I. Introduction**

MSPD appreciates the opportunity to submit these comments to the Board, and participate in the process of creating the rules and regulations under which Pennsylvania's licensed gaming entities will operate. Accounting and internal controls are important components to the successful operation of a gaming entity. Moreover, effective accounting and internal controls assures and protects the integrity of the gaming industry in the Commonwealth, one of the stated purposes of the Act. MSPD, through its gaming entities in other jurisdictions, possesses a wealth of experience with the development and implementation of accounting and internal controls, and offers these comments to the proposed regulations in the hope that the

Board will consider the modifications set forth herein with the understanding that they reflect the extensive experience of MSPD in the gaming industry.

## **II. Background**

Pocono Downs, located in Pennsylvania, has been providing citizens and visitors to the Commonwealth with the excitement of harness racing since 1965. During that time period, Pocono Downs has operated under the oversight and regulations of the Pennsylvania State Harness Racing Commission. The Harness Racing Commission's jurisdiction under the Pennsylvania Race Horse Industry Reform Act, 4 P.S. § 325.201 *et seq.*, includes ensuring the integrity of harness racing in Pennsylvania and the character and integrity of those engaged and licensed for racetrack ownership and operation. Much like the provisions of the Act, the laws and regulations administered by the Harness Racing Commission extend beyond the licensee to its corporate organization and shareholders, require financial and operational fitness of those engaged in harness racing, and extend to all aspects of a harness racetrack's operations including employees, finances and accounting, simulcast and off-site wagering, facilities requirements, political influence, etc.

On January 25, 2005, the Mohegan Tribal Gaming Authority ("MTGA")<sup>1</sup> and Mohegan Commercial Ventures PA, LLC (a wholly owned subsidiary of MTGA) acquired all of the partnership interests in Downs Racing, L.P., Mill Creek Land, L.P., Backside, L.P. and Northeast Concessions, L.P. (collectively, the "Pocono Entities") from Penn National Gaming, Inc. As the result of such acquisition of the Pocono Entities, MTGA, through its various subsidiaries, came to control the harness racing track now known as Mohegan Sun at Pocono

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<sup>1</sup> The MTGA is an entity controlled by the federally recognized Mohegan Tribe of Indians of Connecticut.



Downs and five Pennsylvania OTW's located in Carbondale, East Stroudsburg, Erie, Hazleton and Lehigh Valley (Allentown).

In addition to its operations in the Commonwealth, MTGA is proud to operate one of the world's most respected and successful resort casinos, the 240 acre Mohegan Sun Casino, in Uncasville, Connecticut. Amenities at Mohegan Sun include more than 300,000 square feet of gaming space, a 34-story, 1,200-room luxury hotel tower, a 20,000 square foot world-class spa, The Shops at Mohegan Sun, a 130,000 square foot retail shopping experience, 30 restaurants/food and beverage outlets, three entertainment venues, including a 10,000-seat arena, a 300-seat Cabaret Theatre and the 350-seat Wolf Den, more than 100,000 square-feet of meeting and function space, including the Northeast's largest ballroom, a professionally-managed business center and a 10,000 square foot indoor pool. MTGA has operated this very successful casino for over a decade.

On December 8, 2005, MSPD submitted an application for a Conditional Category 1 License (the "Conditional Application"), which consisted of eighteen (18) volumes. Thereafter, on December 19, 2005, MSPD submitted its first Supplement To Application For A Conditional Category 1 Slot Machine License ("Supplement"), which consisted of one (1) volume. MSPD voluntarily included within the Application and Supplement all of the submissions required for approval of a permanent Category 1 application and issuance of a permanent Category 1 license. On December 28, 2005, MSPD submitted an application for a permanent Category 1 License, which incorporated all of the submissions filed with the Conditional Application.

### **III. Comments**

#### **A. Section 465.2(c)(3)**

Section 465.2(c)(3) requires that the slot licensee maintain "records which identify . . . the differences between theoretical and actual win amounts and percentages, for each slot machine on a week-to-date, month-to-date, and year-to-date basis." Based upon MSPD's experience with certain slot systems, this type of information is not maintained and readily available from certain slot machine systems. Moreover, maintaining such records would require at least one additional full time employee.

To eliminate these practical concerns, MSPD suggests that the language be amended to require that records be maintained which identify the differences between theoretical and actual win amounts and percentages that exceed a specified threshold, as is done in other jurisdictions. MSPD recommends a threshold of the greater of 2% or \$100.00.

#### **B. Section 465.3(i)**

Section 465.3(i) provides that any changes or amendments to the jobs compendium (organization charts and description of the duties and responsibilities of each position shown on such chart) may be implemented by a slot licensee without prior approval of the Board provided that the change or amendment is submitted to the Board by the end of the business day on the date of implementation. The filing must include a detailed cover letter listing by department each position title that has been modified, a brief summary of each change, and various other instructions. Unfortunately, for jobs not in the information technology, internal audit, security, slot accounting, slot operators or surveillance departments, this requirement could be very burdensome given that the description of the duties and responsibilities of these jobs change frequently which, in turn, may require concomitant revisions to the organization charts.

Requiring daily notification of these changes to the Board will unnecessarily increase the administrative burden on the licensee.

To reduce this administrative burden without sacrificing the goal of the internal control, MSPD suggests a simple change. The slot licensee may implement changes or amendments to the jobs compendium without approval of the Board in all departments other than the information technology, internal audit, security, slot accounting, slot operators and surveillance departments provided that the change or amendment is submitted within five (5) business days of the change or amendment.

It is important to note for the Board's consideration that New Jersey recognized the potential unnecessary administrative burden of same day notification of changes in the jobs compendium for certain jobs. For example, New Jersey does not require any notice for changes in job descriptions for jobs which do not require a license or registration within the New Jersey regulatory scheme nor does it require same day notification for changes to job descriptions for positions which require a casino service employee registration. *See*, N.J.A.C. § 19:45-1.11A(d).

**C. Section 465.9(d)(1)**

Section 465.9(d)(1) requires that the Board/Pennsylvania State Police have "full camera control capability" which includes the "ability to override the control capability of the slot machine licensee's surveillance department." MSPD has been advised that "override capability" is not possible in some digital surveillance systems. To accomplish this override in a digital system, MSPD's understanding is that the Board or Pennsylvania State Police would be required to call the licensee's monitor room if control of a camera is needed, at which time control of the camera could and would be relinquished.

To correct this problem and avoid the potential violation that would otherwise occur using digital surveillance technology, MSPD suggests that the language be amended to provide as follows: if the Board/Pennsylvania State Police seek to override the control capability of the slot licensee's surveillance department and it is not possible to have full camera control capability in the licensee's surveillance system, the Board/Pennsylvania State Police is directed to call the licensee's monitor room at which time control will be relinquished.

**D. Section 465.10(f)(2)**

Section 465.10(f)(2) requires that each slot licensee maintain a surveillance log of all surveillance activities in the monitoring room, which includes the name and Board issued license credential number of each person who initiates, performs, or supervises the surveillance. In MSPD's experience, copies of the log are frequently forwarded to department heads for corrective action. In such cases, to ensure full and accurate disclosure of transgressions and to avoid any fear of retaliation, the anonymity of the person doing the surveillance and reporting is critical. Requiring the name of surveillance personnel to be recorded in the log eliminates their anonymity, potentially inhibits full disclosure, increases the possibility of retaliation and also increases the time required to make each surveillance log entry.

MSPD suggests that the requirement of the inclusion in the entry of the name of surveillance personnel in the log be eliminated. An operator number or license number can be used and, when necessary, cross-referenced to identify the surveillance employee. The cross-reference list can be posted in the surveillance room or be otherwise available when necessary.

**E. Section 465.10(f)(8) and Section 465.10(g)**

Section 465.10(f)(8) and Section 465.10(g) require that the security department be notified of any malfunction in surveillance equipment. While MSPD believes that the security

department should be notified of the malfunction, it also believes that such notification should be limited to the security department head or to management level personnel in the security department. In MSPD's experience, it is important to minimize the number of persons who are aware of surveillance equipment malfunctions. The reason for this is simple – knowledge of the malfunction may provide a window of opportunity for employees to commit breaches of procedure, policy or theft.

To alleviate this potential problem, MSPD suggests that the language be modified to limit notification to the head of the security department or to management level personnel in the security department. Thereafter, that person would have the discretion to notify other security personnel of the malfunction. Of course, notification to the Board's Bureau of Investigation and Enforcement ("BIE") would continue to be required.

**F. Section 465.10(h)(3)**

Section 465.10(h)(3) requires that the BIE be notified in advance of any change in lighting for areas required to be subject to camera coverage. This section is too vague in that it fails to specify what type of lighting is subject to the regulation. There are many occasions when lighting is changed but has no effect on camera coverage. For example, the slot machines and lighted signs in the casino require periodic changes in their light bulbs on an as needed basis. Under the present regulation, arguably BIE would be required to be notified of these simple changes.

MSPD suggests that this provision be eliminated, or alternatively modified to specify the type of lighting covered by the section or to specify that only a change in lighting that may affect the ability of the camera to properly view the area would require advance notification.

**G. Section 465.10(h)(4)**

Section 465.10(h)(4) requires notification to and advance approval from BIE for any change or addition to the surveillance system. In MSPD's experience in its other casino operations, from time to time changes are made to the surveillance system that exceed minimum regulatory standards. In other words, changes are made that improve the system and exceed the requirements mandated by the Board. For example, it is not unusual for security cameras to be added to enhance coverage. This section requires advance approval of any changes to the system, even improvements or enhancements. This requirement is not necessary.

MSPD suggests that the language be modified to eliminate any notification requirement for changes that exceed existing minimum standards or alternatively, to allow for notification to BIE, but not prior approval, when the licensee adds camera coverage or otherwise exceeds the minimum security standards required by the regulations.

**H. Section 465.10(1) and Section 465.9(a)**

Section 465.10(1) and Section 465.9(a) require respectively that the licensee's "surveillance department employees shall be independent of all other departments" and that "the surveillance system be under the exclusive control of the surveillance department." Unfortunately, this language does not address a practical problem – that the surveillance department and any other department within the casino organization, most likely the security department, may ultimately report to a single department leader. For example, MSPD has an organizational structure that maintains independence of the surveillance department from other departments and the surveillance system is under the exclusive control of the surveillance department. However, for reporting purposes, both the surveillance department and the security

department report to the Director of Security and Surveillance. MSPD is concerned that this structure may not technically conform to the requirement that the surveillance department be independent of any other departments. Moreover, it is very likely that this type of organizational convergence of the security department and the surveillance department occurs at some point in the management structure in many casino operations. However, this reporting structure does not effect the independence of surveillance employees nor does it effect their exclusive control of the surveillance system.

To eliminate any uncertainty with regard to compliance with these regulations, MSPD suggests that the language be modified to allow the surveillance department and the security department to report to a single director at some point in the corporate hierarchy. This director is obviously a key employee position under the Act which requires vigorous licensing review and scrutiny and accordingly, there would be no chance that the integrity of the system would be harmed.

Alternatively, in the spirit of the waiver provisions set forth in Section 465.10(m) and 465.11(g), allow the licensee to petition the Board to seek approval of the aforementioned reporting structure to ensure full and complete compliance with the regulations.

**I. Section 465.10(m)**

Section 465.10(m) essentially prohibits a surveillance department employee of a slot licensee from transferring to another department within the casino (unless that employee has left the slot licensee and one year has passed since the employee worked in the surveillance department). This absolute prohibition may be waived by the Board upon consideration of the following factors: (1) whether the former surveillance department employee will be employed in a department or area of operation that the surveillance department monitors; (2) whether the

surveillance and security systems of the slot machine licensee will be jeopardized or compromised by the employment of the former surveillance department employee in the particular position; (3) whether the former surveillance department employee's knowledge of the procedures of the surveillance department would facilitate the commission by any person of irregularities or illegal acts or the concealment of any such actions or errors.

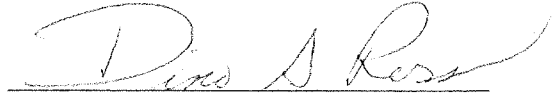
The concern is with factor (1) – whether the former surveillance department employee will be employed in a department or area of operation that the surveillance department monitors. Given that surveillance will cover virtually the entire area of the casino operations, it will be extremely difficult if not impossible to show that the employee will not be employed in a surveillance area. Consequently, the possibility of obtaining a waiver of the transfer prohibition would be diminished in most circumstances. This could severely restrict the job and promotion options of surveillance employees, thereby making it difficult to recruit and retain such employees.

To deal with this concern, MSPD suggests that the factor indicated in subparagraph (1) be eliminated. Consideration of the factors identified in subparagraphs (2) and (3) provide ample safeguards to protect the integrity of the surveillance and security system without unduly restricting the Board's ability to approve or disapprove a waiver petition under this section. Because factor (1) will likely never be satisfied, it should be eliminated and not considered.



WHEREFORE, Downs Racing, L.P., t/a Mohegan Sun at Pocono Downs ("MSPD") respectfully requests that the Pennsylvania Gaming Control Board include the modifications discussed above in its final Chapter 465 regulations.

Respectfully submitted:



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