

OHIO CASINO CONTROL COMMISSION  
MEETING MINUTES  
10:00 A.M. – March 21, 2012  
RHODES TOWER, LOBBY HEARING ROOM  
30 E. BROAD STREET  
COLUMBUS, OHIO 43215

The regular meeting of the Ohio Casino Control Commission was called to order at 10:15 A.M. by Chair JoAnn Davidson. Commissioners McKinley Brown, Martin Hoke, Ranjan Manoranjan, Peter Silverman, John Steinhauer, and June Taylor were also in attendance. The minutes of the March 7, 2012 meeting were approved following a motion by Commissioner Hoke and seconded by Commissioner Manoranjan.

Neil Parsons, Regulatory Compliance Manager, presented a progress report on the Horseshoe Cleveland Casino. Over 1300 employees have been hired, with 600 on the payroll as of March 19. 1800 of the 2100 total slot machines have been installed.

Executive Director Matt Schuler deferred to OCCC Staff to present portions of his report. Chris Storcella reported the Licensing division is busy reviewing gaming employee applications from Toledo and Cleveland and is planning another on-site visit this week. Intermittent employees have been hired and staff is working six days a week to meet the licensing demand. Investigative reports on gaming vendors have not yet been received from Spectrum, but delays in vendor licensing are not expected.

Patrick Martin, Regulatory Compliance, introduced the Manager of Slot Operations, Chris Fleenor and reported that 85% of the slot machines have been delivered. Four financial auditors, two at Toledo and two at Cleveland, have been hired.

The OCCC budget was reviewed by Rick Anthony and Noah Browning, OCCC Staff. Operator billing for the gaming employee licenses will begin next week, but operator license fees may not be received until next fiscal year. Commissioner Silverman asked for a report showing the effects of timing on cash flow.

Executive Director Schuler also noted that the enforcement division has met with Cincinnati public safety representatives as well as Toledo to establish working relationships in those communities. Two classes of OCCC gaming agents are currently in training.

Laura Clemens, OCCC Staff, provided an update on problem gambling initiatives. As part of the effort to make certain treatment capacity is in place, gaming addiction training for service providers and clinicians is scheduled for both Toledo and Cleveland within the next two weeks. Training for 211 operators will also occur. Ms. Clemens reported that H.B. 386 is still under consideration in a Senate committee and the legislation proposing to regulate Internet Cafés is still under discussion.

Executive Director Schuler reviewed for the Commission the various components of operator applicant licensing which will soon be presented. The third party accounting firm verification of initial investment and proof of surety bonds is before the Commission at this meeting. Operators will also need to show that their problem gaming plans, voluntary exclusion programs, internal controls, security, and surveillance systems all are in place and meet OCCC requirements.

Kevin Mullally, representing Gaming Labs International, briefed the Commission on new developments in electronic gaming devices. Mr. Mullally stressed the constantly changing technology and the required ongoing review so that regulations and policies can quickly adapt.

The Confidential Personal Information rules, 3772-2-08 to 3772-2-12, have been prepared for initial filing into the Rule Review process and were presented by OCCC Staff. Commission Resolution 2012-10 to approve the filing of these rules was offered in a motion by Commissioner Taylor, seconded by Commissioner Brown. The motion was approved.

Commissioner Hoke made a motion to approve Commission Resolution 2012-11, adopting the following Administrative Rules that have completed the review process:

- 3772-3-01 Institutional investor.
- 3772-3-02 Institutional investor waiver form.
- 3772-3-03 Duty to update information.
- 3772-3-04 Rescission of designation as an institutional investor.
- 3772-3-05 Records retention requirements for a casino operator, management company, holding company and gaming-related vendor licensee.
- 3772-4-05 Casino operator, management company, and holding company license application, license period and license renewal.
- 3772-4-06 Application fees.
- 3772-4-07 License fees.
- 3772-4-08 Affirmative license standards.
- 3772-4-09 Duty to update information.
- 3772-5-05 Affirmative license standards.
- 3772-6-05 Affirmative license standards.
- 3772-8-05 Affirmative license standards.
- 3772-9-01 Definitions.
- 3772-9-02 Approval for use in a casino facility.
- 3772-9-03 Testing
- 3772-9-04 Testing results.
- 3772-9-05 Transportation of slot machines to and from a casino facility.
- 3772-9-06 Possession and storage of slot machines.
- 3772-9-07 Transportation of electronic gaming equipment to and from a certified independent testing laboratory located in this state.
- 3772-10-01 Definitions
- 3772-10-02 Requirement to submit internal control plans.
- 3772-10-03 Casino operator or casino operator applicant's organization.
- 3772-10-04 Accounting records.
- 3772-10-05 Forms, records, and documents.
- 3772-10-06 Standard financial reports.
- 3772-10-07 Annual audit; other reports; currency transaction reporting; suspicious transaction reporting.
- 3772-10-09 Complimentaries.
- 3772-10-10 Personal check cashing.
- 3772-10-11 Wire transfers.
- 3772-10-12 Cash equivalents.
- 3772-10-13 Patron deposits.
- 3772-10-14 Internal audit standards.

3772-10-15	Information technology standards.
3772-12-01	Establishment of voluntary exclusion program and list.
3772-12-02	Application for voluntary exclusion.
3772-12-03	Responsibilities of voluntarily excluded individual.
3772-12-04	Responsibilities of casino operators.
3772-12-05	Removal from voluntary exclusion list.
3772-12-06	Compulsive and problem gambling plan.
3772-15-01	Independent testing laboratory certification.
3772-15-02	Independent testing laboratory information, certification period and certification renewal.
3772-15-03	Certification fees.
3772-15-04	Background investigation of an independent testing laboratory.
3772-15-05	Conditions of certification.
3772-15-06	Duties of a certified independent testing laboratory.

Commissioner Brown seconded and the motion was approved.

The next issue before the Commission was the approval of required third party accounting or engineering firms for casino operator applicants. OCCC staff reminded the Commission of the constitutionally imposed initial investment required of each casino operator seeking a license. The report required by the third party accounting or engineering rule verifies that this requirement has been met. A presentation was made by Michael McAleer for KPMG, seeking approval to issue the investment report for Penn. Val Bauduin of Deloitte asked for approval to issue the report for Rock Ohio Caesars. Commission resolution 2012-15, to approve the third party accounting or engineering firms for both Ohio casino operators, was proposed in a motion by Commissioner Hoke. Commissioner Manoranjan seconded the motion and it was approved.

Due to the time constraints and the number of operators' key employees needing probity investigations, OCCC staff requested approval of an addition to the scope of services with Spectrum Gaming Group. OCCC and Spectrum will divide the investigations of this group of employees. Commissioner Hoke made a motion to authorize up to \$104,000 for Spectrum for this purpose. Commissioner Brown seconded and the motion was approved.

Chris Storcella, OCCC staff, presented a list of 276 applicants for Gaming Employee Licenses. These applicants have been investigated and there are no objections to the granting of licenses. In response to a question from Commission Silverman, OCCC Legal Counsel advised that a Commission member recuse him or herself from voting on a license of an applicant related to or known by the Commission member. Commission Resolution 2012-12, approving the Gaming Employee Licenses for 275 individuals, was offered in a motion by Commissioner Taylor, seconded by Commissioner Steinhauer and approved. Commission Resolution 2012-16 was then presented, granting an employee gaming license to Margo Conn. Commissioner Taylor offered a motion to adopt the Resolution, seconded by Commissioner Hoke and approved, with Commissioner Peter Silverman abstaining.

Commissioner Steinhauer made a motion to adopt Commission Resolution 2012-13, to approve the surety bond for Hollywood Toledo Casino. The motion was seconded by Commissioner Manoranjan and approved. Commissioner Silverman made a motion to adopt Commission Resolution 2012-14, to approve the surety bond for Horseshoe Cleveland Casino, subject to the receipt of the original documents. The motion was seconded by Commissioner Hoke and approved.

Executive Director Schuler suggested additional meeting dates for the Commission to allow adequate time for operator license review. The next regular meeting of the Commission will be on April 4<sup>th</sup>, followed by April 18 and an additional meeting on April 19. May 2 and May 9 will also be scheduled for regular Commission meetings.

Commissioner Silverman requested information on the theoretical payout and volatility of slot machines at the casinos and would also like responses to questions that were directed to the operators on their loyalty programs. Commissioner Taylor requested information about the posting of odds for slot machines at the casinos. Commissioner Hoke would like an opinion on the discussion of certain key personnel licensing decisions in executive session. Pete Thomas, of the Attorney General's Office, will review the issue.

There being no further business, the meeting was adjourned at 2:10 PM.

Signed: Katherine L. Kelly