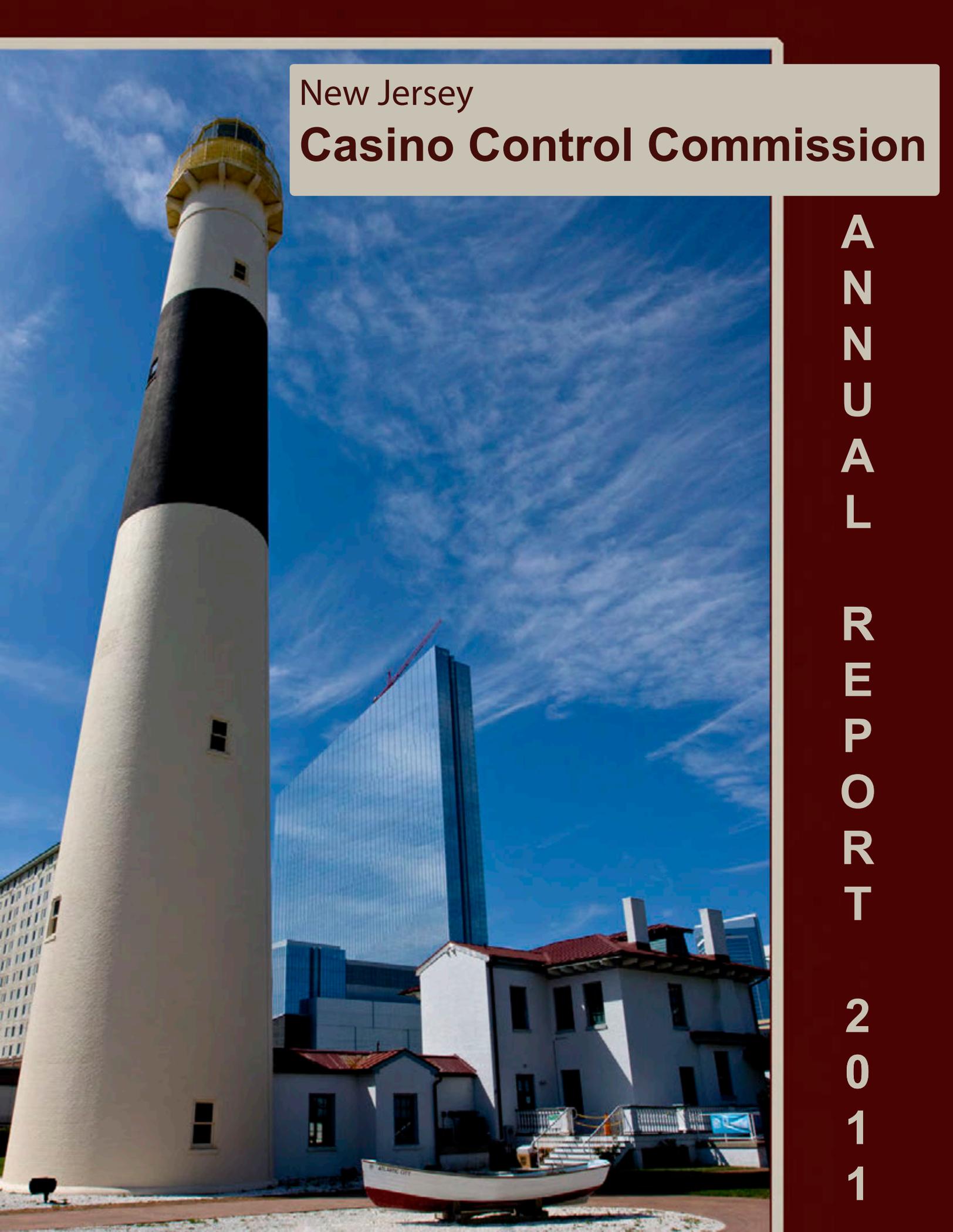


New Jersey

Casino Control Commission



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**The
2011
Annual
Report of the
New Jersey
Casino
Control
Commission**



*Chris Christie
Governor*



<u>Section</u>	<u>Page</u>
Message from the Chair	3
Members of the Commission	6
Commission in Transition	8
Organizational Chart	11
Commission Statistics	12
Team Building; Training; Outreach and Job Sharing	13
Actions of the Casino Control Commission	15
Chief of Staff's Office	26
Office of the General Counsel	28
Division of Regulatory Affairs	31
New Jersey Casinos	36
Revel Atlantic City	38
Atlantic City Tourism District	39
Gaming Industry Statistics	41
Independent Auditor's Report	55



2011 ANNUAL REPORT MESSAGE

Linda M. Kassekert, Chair

The state has truly gone all in on Atlantic City. With the creation of the new Tourism District, the formation of the Atlantic City Alliance, the start of a boutique casino program, the implementation of regulatory reforms and a host of other changes, the state dramatically increased its commitment to Atlantic City in 2011.

Legislation signed by Gov. Christie in February has completely redrawn the map for the future of Atlantic City. The creation of the new Tourism District and the development of a Master Plan for it by the Casino Reinvestment Development Authority have already started to focus a lot of the state's efforts to revitalize the district to make it more attractive for visitors, conventions, investors and others. In the Master Plan for the Tourism District, the city and the CRDA will have a blueprint for future development of new, visitor-friendly attractions along the beach and Boardwalk, as well as along the main streets. The district includes the Clean and Safe initiative that has put additional State Police troopers in the city to bolster law enforcement efforts and build the perception that Atlantic City is a safe place to play and stay. The same legislation authorized creation of the new Atlantic City Alliance – a non-profit group of the casino operators – which is charged with developing a new marketing program to promote Atlantic City, attract more visitors and increase their length of stay. Funded with \$30 million a year from the industry, it will showcase gaming and non-gaming attractions in the city and the region to enhance the city's image as an exciting destination resort.

The Casino Control Commission was also doing its part in 2011 to help position Atlantic City for a brighter future. The Commission implemented the new pilot program for small-scale or staged casinos which allows designated developers the opportunity to build a casino hotel with fewer than 500 rooms. Under recently enacted changes to the Casino Control Act, the Commission has the authority to issue up to two licenses for small-scale or staged casinos. A small-scale casino would have fewer than 500 rooms while a staged casino would start below 500 rooms but eventually expand to exceed 500. The Commission's call for expressions of interest in the licenses drew three responses. Only one – AC Gateway LLC - went on to the next step and proposed the construction of what will become the Hard Rock Hotel and Casino Atlantic City. The \$460 million project would start with 200 rooms and a signature Hard Rock Café overlooking the beach with a pool, fire pits and entertainment on the ocean side of the Boardwalk. A second phase would expand the hotel to a total of 850 rooms. The project is slated to include a rock and roll museum which could include items with ties to Atlantic City's musical past.



The Commission dealt with a number of other major issues in 2011. A unit of Landry's Inc. purchased the Trump Marina Hotel Casino and started converting the complex into Golden Nugget Atlantic City. The Commission granted the company Interim Casino Authorization and work started on a \$150 million renovation of the property, transforming the facility with an array of new restaurants, lounges and a modern casino floor. Every room in the complex will be refurbished and the outdoor pool deck will become a trendy spot with hot tubs and fire pits and the heated pool will be open all year around.

The owner of the Trump properties – Avenue NJ Entertainment LLC – was found suitable to hold a license by the Commission. The company had acquired a sizeable interest in Trump Entertainment in 2010 through reorganization and operated the company for a period under Interim Casino Authorization until the spring of 2011. As part of its efforts, the company sold its Trump Marina property and is shedding other assets in order to reduce debt and improve its financial stability.

The owner and operator of Resorts Casino Hotel – DGMB Casino LLC and Gomes Gaming LLC – were found suitable to hold a casino license. DGMB purchased the property late in 2010 and operated it under Interim Casino Authorization until the summer of 2011. However we were all saddened in the spring of 2012 by the untimely passing of Resorts' CEO Dennis Gomes. A former regulator in both New Jersey and Nevada, Dennis worked for many of the major gaming companies in both states before creating his own management firm and teaming up with a partner to buy Resorts in 2010. He will be missed.

In another matter, the Commission agreed to give MGM Resorts International additional time to complete a sale of its half-interest in the Borgata Hotel Casino and Spa. Because of objections raised by the Division of Gaming Enforcement to a partner of MGM's in Macau, the company negotiated a settlement with the Division in 2010 and agreed to sell its interest here within a set timeframe rather than sever ties with its Macau partner.

The Commission reviewed the financial stability of ACH, later renamed the Atlantic Club, and concluded the casino would remain financially stable for a period of at least one year. The casino received a cash infusion from its parent company and it embarked on a new marketing program aimed at local customers.

For the Casino Control Commission itself, 2011 was a year of transition. Legislation realigning the regulatory responsibilities between the Commission and the Division of Gaming Enforcement was signed into law in February and the next several months were taken up with implementing those changes and transferring day-to-day regulatory responsibilities to the Division. That required a complete reorientation of the agency as the Commission withdrew from various operational areas, reduced its workforce and transferred, archived and shredded millions of documents and records that the agency no longer needed to maintain or keep on site.



Once that was completed, we had the opportunity to completely rebuild the Commission in line with its new role and responsibilities. We devised a new structure that focused our activities into three main areas: Division of Regulatory Affairs, General Counsel's Office and the Chief of Staff's Office. The Commission was able to retain a core group of highly experienced employees to serve in new or revised positions throughout the agency. I am confident that with this new structure and the dedicated professionals on our staff, the Commission will meet its legislative mandate with the highest degree of integrity.

Looking forward, the future clearly looks bright for Atlantic City and the gaming industry. The opening of the new Revel casino hotel in 2012 is expected to provide a major boost for the industry, the city and the entire region. The \$2 billion complex will draw new visitors, create more jobs and stimulate the overall economy. And the state will start to reap the benefits of going all in.

Sincerely,

Linda M. Kaschner





LINDA M. KASSEKERT, Chair

Linda M. Kassekert was appointed Chair of the New Jersey Casino Control Commission in November 2002 and reappointed by Governor Corzine to a second five-year term in June 2007. Her tenure on the Commission has coincided with significant changes in Atlantic City and the gaming industry.

Consistent with the tone established by her predecessors, Chair Kassekert is committed to ensuring the integrity of the industry while promoting growth and development of the gaming industry and its venues for entertainment and is equally committed to ensuring Atlantic City's competitive edge in the face of growing competition.



Under her leadership, Atlantic City's first new property in 13 years, the Borgata, opened in 2003; the Quarter at Tropicana, a themed retail and entertainment complex opened in 2004; the House of Blues at Showboat, a multi-level music hall, restaurant, and themed casino opened in 2005. Chair Kassekert has also presided over the opening of a new hotel tower at Resorts; the expansion of the beach bar concept around the city; the sale of the Atlantic City Hilton to Colony Capital; the acquisition of Caesar's Entertainment by Harrah's Entertainment; and the reorganization of Trump Entertainment.

Chair Kassekert serves as the Commission's representative on the Casino Reinvestment Development Authority and holds a board membership on Cooper Hospital Health Systems. Chair Kassekert was the first woman to be named chair of the Commission. Chair Kassekert was the recipient of *Casino Enterprise Management* magazine's 2005 Great Women of Gaming Award.

Prior to joining the Commission, Chair Kassekert was the Associate Director of Government Relations for the New Jersey Education Association and also had 12 years of experience in various positions in state and county government. While at the NJEA, Chair Kassekert served as a lobbyist for the 179,000-member labor union which represents active and retired teachers and other professionals in the education community in the state.

Chair Kassekert spent a year as an Assistant County Counsel in Camden County in 1994 and 1995. In that position she represented the county in the state courts in litigation dealing with employment law, contracts and other governmental matters. She also represented the county on a variety of matters before bodies such as the State Merit System Board, the Office of Administrative Law and the State Public Employees Relations Commission. Between 1990 and 1994, Chair Kassekert was the Deputy Commissioner in the New Jersey Department of Personnel in Trenton and served for a period as Acting Commissioner.

Chair Kassekert holds a Bachelor of Science degree in political science from Gettysburg College, a master's degree in public policy from Rutgers University and a law degree from Widener University School of Law. She is admitted to practice law in New Jersey and Pennsylvania.

A native of Maple Shade, she currently lives in Pennsauken.



SHARON ANNE HARRINGTON
Vice Chair

Sharon Anne Harrington was appointed Commissioner of the New Jersey Casino Control Commission in July 2009. Prior to joining the Casino Control Commission, Ms. Harrington served as Chief Administrator of the New Jersey Motor Vehicle Commission (MVC) from March 2004 through July 2009. Commissioner Harrington was the State Director for U.S. Senator Frank R. Lautenberg and had previously been Managing Partner with Public Strategies Impact, a Trenton-based Government Relations/Public Affairs firm. Her portfolio included public and private sector clients at the state and federal levels. Ms. Harrington served as Vice Chair of the Region 1 Board of Directors of the American Association of Motor Vehicle Administrators (AAMVA) and is also a member and past chairperson of the New Jersey State Council on the Arts. She served as a member of the State Ethics Commission. She has a long-standing history of public service having served as the Public Member to the New Jersey Cemetery Board (1981-1983), the Urban Enterprise Zone Authority (1984 -1990) and the New Jersey State Council on the Arts (1990-1996; 2002-2010). Harrington currently serves as a board member of ArtPride New Jersey, the Non-Profit Finance Fund and the Atlantic City Improvement District Advisory Committee. Past service includes: the New Jersey Symphony Orchestra, the New Jersey Shakespeare Festival, Passage Theater, the New Jersey Performing Arts Center and the Women of Irish Heritage of the Jersey Shore. Ms. Harrington is a graduate of Glassboro State College, now Rowan University, where she served on the alumni board. She is married to George Sullivan. They reside in Bradley Beach, Monmouth County.

Edward J. Fanelle was appointed to the Casino Control Commission by Governor Jon Corzine and was sworn in on Feb. 1, 2010. Prior to joining the commission, Commissioner Fanelle served as Director of Communications/911 and as the Director of Public Safety for Camden County. As Director of Public Safety, he coordinated fire and emergency medical services throughout Camden County, and for most of the municipal police departments in the county. He oversaw the County Fire Marshall's Office, Regional Emergency Training Center, County Park Police, Juvenile Detention Center, Communications Center and Office of Emergency Management. He previously worked for the R.E. Pierson Construction Company in Pilesgrove as its Human Resource Manager-EEO Officer where he administered all human resource functions for a staff of approximately 600 union and non-union employees. Commissioner Fanelle is a 25-year veteran of the New Jersey State Police. Prior to his retirement in 2007 with the rank of captain, he served as the Personnel Officer for State Police. He provided executive leadership over a number of areas including long-range planning and best-practices identification, as well as providing cross-functional management leadership to a bureau that provides human resource services to 4,600 State Police employees. While there, he received a "Colonel's Commendation" for development of the Compliance Unit which monitored sick leave abuses and led to a savings of \$2.4 million in a one-year period. Between 1987 and 2002, Commissioner Fanelle headed the State House Complex Security Unit which provides security for the governor, the legislature and state employees who work in the Capitol Complex. He developed and implemented structural and electronic security systems for the State House and the State House Annex and developed training programs for more than 300 security guards throughout the Capitol Complex. Commissioner Fanelle received a bachelor's degree in political science from York College in York, PA. He lives in Woolwich, NJ with his wife and two sons.



EDWARD J. FANELLE
Commissioner



On February 1, 2011, Governor Chris Christie signed legislation which dramatically changed the composition and duties of the Casino Control Commission. This new law transferred the day to day regulatory duties and responsibilities over casino operations from the Casino Control Commission to the Division of Gaming Enforcement and eliminated many regulations.

This legislative restructuring effectively eliminated the Commission's largest division, the Division of Compliance, along with the requirement to continuously be present, through its inspectors, at all times during the operation of a casino and eliminated the pre-approval process of internal controls. The Compliance Division, consisting of 165 employees, spent the months of February through April, participating in the orderly transition of information and duties to the Division of Gaming Enforcement, closing all 11 field offices, and archiving and purging its numerous records.

Every Division was impacted by the new law. The General Counsel's Office, also known as the Legal Division, had its Compliance Unit and its Employee Licensing advisory functions eliminated. The current Legal Division is composed of the following: the Casino Licensing Unit, the Administrative Practices Unit, the Appeals Unit and the Standards & Procedures Unit. The role of the Affirmative Action Officer has been consolidated within the Standards & Procedures Unit.

The License Division consisting of 24 employees was reduced to a unit of five employees within the new Regulatory Affairs Division responsible for application intake, collection of fees and the issuance of license credentials for casino key employees. Most of the Commission's License Division employees were transferred to the Division of Gaming Enforcement to perform the duties previously conducted at the Commission. Specifically, registrations of casino employees, licensing of gaming and non-gaming related casino service industry and junket enterprises, registration of vendors and labor organizations, administration of the Self Exclusion List and Exclusion List, and all aspects of casino hotel alcoholic beverage licensing are now handled by the Division of Gaming Enforcement.

Prior to February 2011, the Division of Financial Evaluation consisted of three units: the Financial Evaluation Unit, the Revenue Unit and Audit Unit. A majority of the functions previously performed by the Financial Evaluation Division were transferred to the Division of Gaming Enforcement along with 12 former Commission employees. In addition, certain auditing functions previously handled by the Commission were transferred to the Division of Taxation in the Department of Treasury. Three Commission employees transferred to Taxation to assist with its new duties. The financial functions that remained with the Commission have been consolidated into the Financial Evaluation Unit of six employees which is part of the Regulatory Affairs Division.



In January, 2011, the Division of Administration encompassed four units: Administrative Operations, Budget and Fiscal Office, Human Resources and Information Technology. By May, 2011, the Division of Administration was eliminated and the reporting of the document control and building services employees moved to the Manager of Human Resources/Administrative Services Unit and the reporting of the Budget Manager and Human Resources Manager was moved to the Chief of Staff. The Information Technology functions of the agency were moved to the Regulatory Affairs Division in order to improve the alignment of the Information Technology Office's operations with the needs of all operational units.

Prior to the regulatory restructuring, the Commission had 258 employees on its payroll. In preparation for the downsizing, the Human Resources Office was extremely busy in 2011. In February and March, preparations were made to provide support to the Commission's employees. Meetings with the Department of Labor, Pensions and Deferred Compensation were scheduled to address issues pertaining to unemployment and retirement. Human Resources met with representatives from the Civil Service Commission to obtain information regarding seniority and bumping rights for classified employees. In addition, the agency's employees were provided with the opportunity to attend professional development workshops at Atlantic Cape Community College in Atlantic City.

Once the Commission's new table of organization was approved by the Governor's Office (see page 11), the Commissioners named the following members of the management team: David L. Scanlan, Chief of Staff, Dianna W. Fauntleroy, General Counsel/Executive Secretary and James E. Fehon, Director of Regulatory Affairs. To fill the remaining vacancies, the process of creating job postings and conducting interviews occurred during the months of February and March. With the exception of the management team, all Commission employees received layoff notices and had to reapply for the remaining jobs. The Human Resources office was responsible for all paperwork associated with the offers of employment.

Upon the completion of the transition period, the Commission reduced the number of employees to 57. Of the 201 employees not continuing with the Commission, 56 transferred to the Division of Gaming Enforcement; 3 transferred to the Division of Taxation; 1 transferred to the Office of Information Technology in Trenton; 80 were eligible to retire and therefore retired; and 61 employees were left without a job. This downsizing was completed by April 29, 2011. The Human Resources office handled all changes in personnel including salary certifications for the retiring employees, certifications for 141 unemployment claims, processing of vacation and sick leave time for all retirees and paperwork for title and salary adjustments for remaining Commission employees.

As of May 1, 2011, the new table of organization was in place and all duties and responsibilities being transferred to the Division were complete. However, the Commission still had several transition related issues to focus on.



Arcade Building

As a result of the downsizing many employees needed to be relocated within the building. The Document Control/Building Services Office was primarily responsible for assisting in the relocation and preparation of office space. These efforts necessitated the relocation of office furniture, restructuring of modular cube fixtures, relocation of copy machines and filing systems and the reassignment of telecommunication devices. The Budget Unit facilitated the smooth transfer of certain Commission assets to the Division of Gaming Enforcement. After all employees were consolidated into one area, the extra space in the building was reallocated by the Department of Treasury to the following: the Division of Gaming Enforcement, the Division of Civil Rights and the Atlantic City Task Force. Due to the building reorganization, the emergency evacuation procedures and routes were updated.

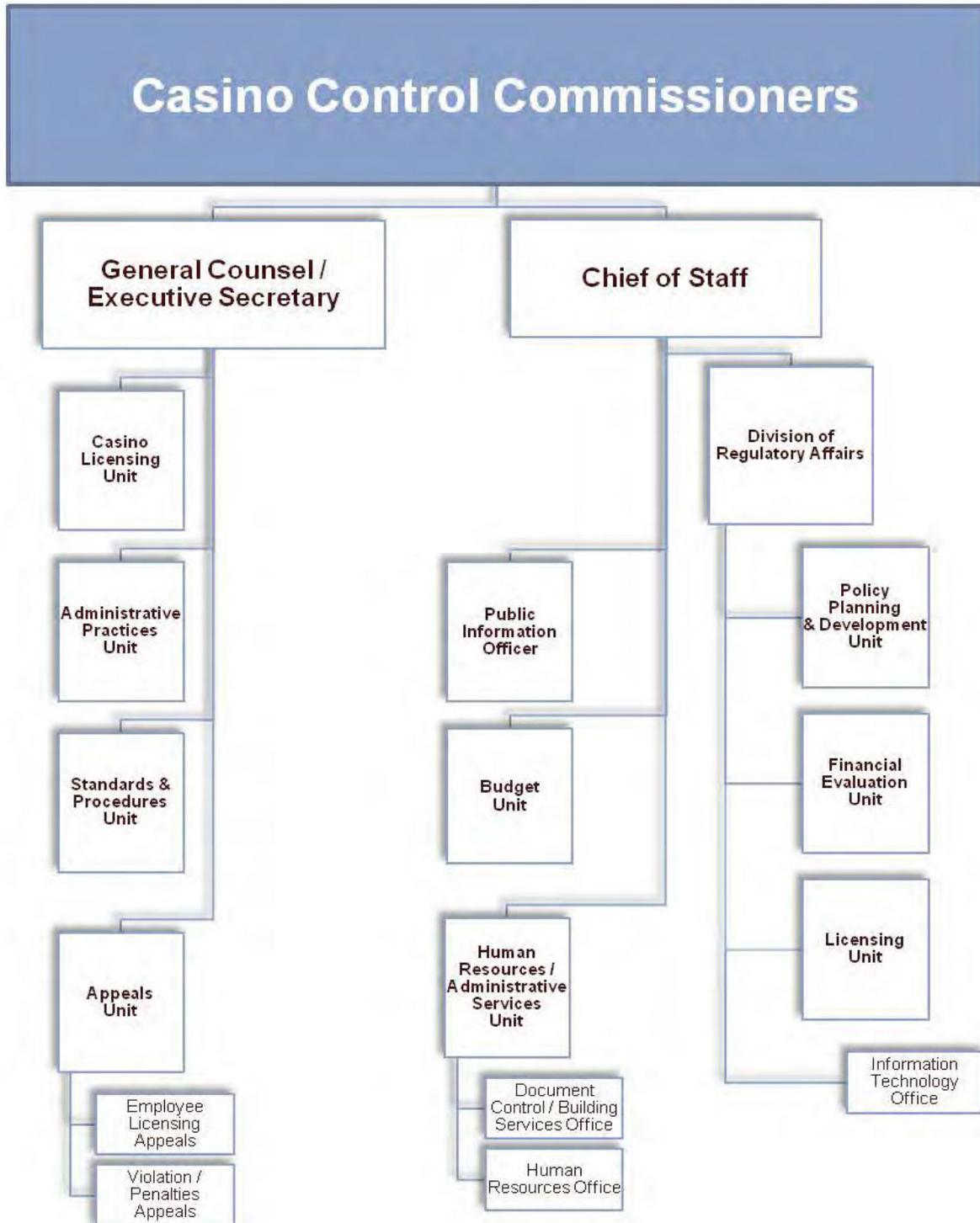
During the initial transition period, the Commission's Licensing Unit shared the first floor cage area with the Division of Gaming Enforcement and completed an intense training regimen with the assistance of the Division and retiring Licensing Manager Kathy Hamer. Eventually, a first floor conference room was renovated, and in June, the Commission's new Licensing Unit Intake Room was completely operational. This room is used to receive and process applications for casino key employee licenses.

Information Technology

With the transfer of certain responsibilities to the Division of Gaming Enforcement, the Information Technology systems that support those responsibilities had to be segregated from the Commission's Information Technology infrastructure and moved to the Division. Systems moved during this period included the Enterprise Licensing System, Financial and Invoicing Systems, the Gaming Equipment database and the Self-Exclusion System. Both regulatory agencies share the Employee Licensing System. The Commission provided the Division of Gaming Enforcement with its own stand-alone copies of other proprietary systems including the Time and Expense System and Contested Case database. By sharing these software systems, both agencies are able to provide savings to the Casino Control Fund and, in turn, the casinos that support the fund through assessments.

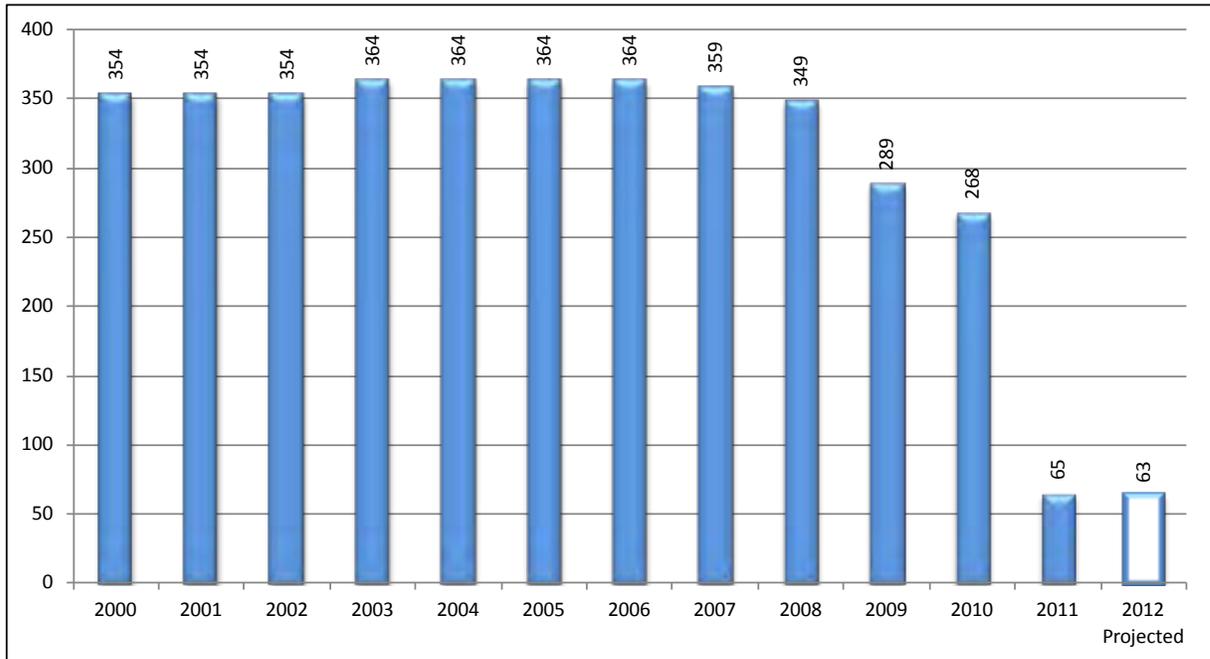
Throughout 2011, the Information Technology Office continued to provide support to the Division of Gaming Enforcement as needed for all transferred and shared systems. They also continue to provide citrix access for the Division and casino licensee personnel. The Information Technology Offices of both agencies meet periodically to facilitate the seamless delivery of the casino regulatory technology systems to all customers.

Also, as a result of the transition, a significant amount of computer equipment was transferred from the Commission to the Division, including 87 computers, 71 printers, monitors, copiers and cameras. The transfer of equipment was facilitated by the Information Technology Office and the Budget Unit.



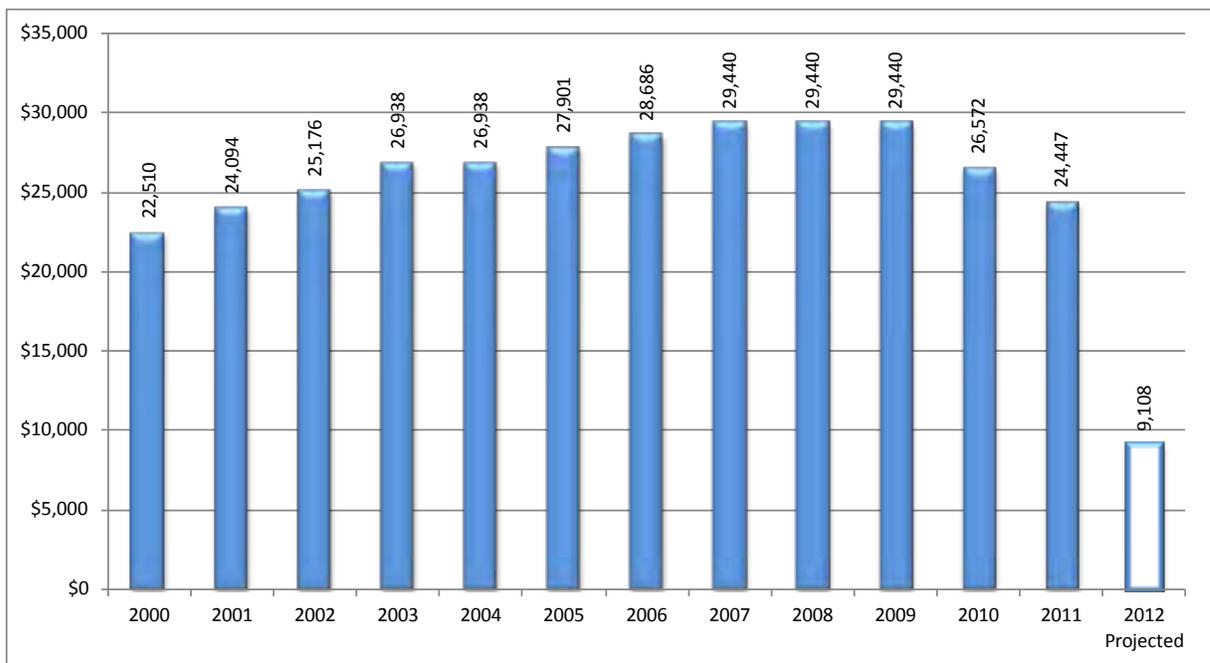


NEW JERSEY CASINO CONTROL COMMISSION NUMBER OF AUTHORIZED EMPLOYEE POSITIONS FOR FISCAL YEARS ENDED JUNE 30



NEW JERSEY CASINO CONTROL COMMISSION BUDGET APPROPRIATIONS

FOR FISCAL YEARS ENDED JUNE 30 (\$ in Thousands)



Note: The transition to the new Table of Organization was completed July 1, 2011 and the budget reduced in conjunction with the reduction of authorized positions.



Once the day to day job responsibilities and personnel were transferred to the Division of Gaming Enforcement, the Commission focused on effectively implementing its new statutory responsibilities while creating a positive work environment. During the remainder of the year, several team building, training, outreach and job sharing activities were implemented as follows:

Team Building

The Commission instituted a quarterly newsletter with such information as announcements, upcoming events, projects, and other topics that may benefit the Commission staff.

A website committee, consisting of staff members from the chief of staff's office, general counsel's office, budget and fiscal, policy, planning and development and financial evaluation units and the information technology office, met regularly to update and redesign the Commission's website.

To improve communication, regularly scheduled meetings with the chair, commissioners, directors and managers were conducted. In addition, events were held throughout the year to gather all employees together.

In December, orientation was held for strategic planning and organizational change training to be conducted by Rutgers University School of Business Camden in January 2012.



Training

In 2011, all employees participated in the following training classes:

- Violence in the Workplace: Act or React
- The New Jersey State Policy Prohibiting Discrimination in the Workplace
- Ethics Training



Community Outreach

Several Commission employees participated in the August, 11, 2011 American Red Cross Blood Drive.

In October, the Commission participated in a clothing drive to benefit the Big Brothers Big Sisters Donation Center. The items collected are placed in their thrift stores with proceeds going to its mentoring programs.

Volunteers are a vital part of the daily operations at the Atlantic City Rescue Mission. In May and September, several Commission employees volunteered to spend their lunch hour at the mission preparing and serving lunch to the homeless. In November, the Commission conducted a food drive for the benefit of the Rescue Mission which serves approximately 700 meals per day.

In December, members of the Commission along with employees of the Division, Civil Rights and Atlantic City Task Force participated in a toy drive for the Police Athletic League located in Atlantic City.



Job Sharing

A cross-training initiative was implemented and Cynthia Davis of the Policy, Planning and Development Unit was trained to assist the Licensing Unit. Cross-training is important to handle the increased workload as a result of the opening of the Revel. In November, several members of the Financial Evaluation and Policy, Planning and Development Units assisted the Licensing Unit in moving its casino key license files to its new second floor file room.



Linda M. Kassekert, Chair
Sharon Anne Harrington, Vice Chair
Edward J. Fanelle, Commissioner

Meeting of January 5, 2011

- ▶ Remanded for hearings 4 applications for initial or renewal of casino key and casino employee licenses and granted 7 casino key and casino employees licenses.
- ▶ Granted the casino key employee license application and qualification for Ryan D. Hammer as Assistant General Manager for Boardwalk Regency Corp.
- ▶ Pursuant to N.J.S.A. 5:12-89(e), and pursuant to N.J.A.C. 19:43-2.6, approved the petition and issued a temporary casino key employee license, without first having been qualified, for:
 - Michael Ray to assume the duties and exercise the power of Assistant Vice President of Information Technology for Tropicana Atlantic City Corp. (*d/b/a* Tropicana Casino and Resort).
 - Mark Tricano to assume the duties and exercise the power of Vice President and Assistant General Manager for Showboat Atlantic City Operating Company, LLC.
- ▶ Approved the stipulations of settlement and consent agreements and granted the casino key and casino employee license or renewal applications of Peter L. Delaine, Michael D. Hitchens and Hassan J. Bey.
- ▶ Granted Charles Smith, Jr., permission to reapply early for a casino service employee registration and/or to obtain employment early as a non-credential hotel employee.
- ▶ Approved the stipulation of settlement and imposed a civil penalty against:
 - Adamar of New Jersey, Inc. (*d/b/a* Tropicana Casino and Resort), for violation of Commission regulations, regarding accounting and internal controls and rules of the game (\$40,000).
 - Boardwalk Regency Corp. (*d/b/a* Caesars Atlantic City), for violation of Commission regulations, regarding accounting and internal controls (\$10,000).
 - Trump Plaza Associates (*d/b/a* Trump Plaza Casino Hotel), for violation of Commission regulations, regarding underage gambling (\$20,000).
 - RIH Acquisitions NJ, LLC (*d/b/a* Atlantic City Hilton Casino Resort), for violation of Commission regulations, regarding underage gambling (\$15,000).
 - Trump Marina Associates, LLC (*d/b/a* Trump Marina Hotel Casino), for violation of Commission regulations, regarding accounting and internal controls (\$10,000).



- Trump Taj Mahal Associates, LLC, for violation of Commission regulations, regarding underage gambling and serving an alcoholic beverage to an underage individual (\$20,000).
- ▶ Adopted the draft resolution and granted the relief requested by Trump Marina Associates, LLC, to permit the progressive multi-level instant-pay slot jackpots transfers, subject to compliance with the 30-day notice requirement in N.J.A.C. 19:45-1.39(n).
- ▶ Adopted the draft resolution and granted the relief requested by IGT, to permit the multi-casino progressive annuity slot jackpots transfer, subject to compliance with the 30-day notice requirement in N.J.A.C. 19:45-1.39(n).
- ▶ Temporarily adopted, amendments to N.J.A.C. 19:45-1.11, 1.12 and 1.14 (Staffing and functions of a satellite cage).

Meeting of January 19, 2011

- ▶ Remanded for hearings 9 applications for initial or renewal of casino key and casino employee licenses and granted 3 casino key and casino employee licenses.
- ▶ Remanded for a hearing the casino industry license application of Mulholland Furniture, LLC and the qualification of Lewis Kramer, pursuant to N.J.S.A. 5:12-92(c).
- ▶ Granted the gaming-related casino service industry license renewal application of Bally's Gaming, Inc., pursuant to N.J.S.A. 5:12-92(a).
- ▶ Granted the casino key employee license application and qualification for:
 - Joseph R. Giunta as Vice President of Food and Beverage for Bally's Park Place, Inc.
 - Stanford G. Le as Vice President of Marketing for Harrah's Atlantic City Operating Company, LLC.
 - John P. Zappas as Director of Security for Showboat Atlantic City Operating Company, LLC.
- ▶ Approved the stipulation of settlement and granted the casino employee license renewal application of Marletheia Bryant.
- ▶ Granted German M. Chacon – Fernandez permission to obtain employment early as a non-credential hotel employee.
- ▶ Denied Kashawn C. McKinley petition to reapply early for a casino employee license, a casino service employee registration or to obtain employment early as a non-credential hotel employee.



- ▶ Denied Clarence E. Washington petition to reapply early for a casino employee license, a casino service employee registration, but granted him permission to obtain employment early as a non-credential hotel employee.
- ▶ Suspended the credentials held by Adam Dickerson.
- ▶ Adopted the initial decision of hearing examiner, Michael C. Epps, and granted Robin Chee request to be removed from the Commission's exclusion list.
- ▶ Adopted the draft resolutions and granted the relief requested by Trump Taj Mahal Associates, LLC and Trump Plaza Associates, LLC (*d/b/a* Trump Plaza Hotel Casino), to permit the progressive multi-level instant-pay slot jackpots transfers, subject to compliance with the 30-day notice requirement in N.J.A.C. 19:45-1.39(n).
- ▶ Adopted as published, without change, amendments to N.J.A.C. 19:45-3.3 and 7.3 (Complimentary vigorish form).

Meeting of February 9, 2011

- ▶ Granted 2 casino key employee licenses.
- ▶ Remanded for a hearing the application of Joseph P. Hooker for a casino key employee license.
- ▶ Granted the casino key employee license application and qualification for Nicolas E. Kurban as Vice President of Food and Beverage for Marina District Development Company, LLC.
- ▶ Approved the petition of RIH Acquisition NJ, LLC (*d/b/a* Atlantic City Hilton), and issued a temporary casino key employee license to John Zulawski, Jr., pursuant to N.J.S.A. 5:12-89 (e) and permitted him, pursuant to N.J.A.C. 19:43-2.6 to assume the duties and exercise the power of Director of Security, without first having been qualified.
- ▶ Found Eric Hession qualified to serve as Vice President Corporate Finance and Treasurer for Caesars Entertainment Corporation and Caesars Operating Company, Inc.

Meeting of March 16, 2011

- ▶ Granted 9 casino key employee licenses.



▶ Granted the casino key employee application and qualification for:

- Robert F. Griffin as Chief Executive Officer and Director for Trump Marina Associates, LLC, Trump Plaza Associates, LLC and Trump Taj Mahal Associates, LLC and General Manager for Trump Taj Mahal Associates.
- Kevin J. Sullivan as Senior Vice President of Business Development for Boyd Gaming Corporation.

▶ Found Eugene Davis qualified to serve as a Member of the Board of Directors of Trump Entertainment Resorts, Inc.

Meeting of April 6, 2011

▶ Granted 15 casino key employee licenses.

▶ Granted the casino key employee application and qualification for:

- Samuel F. Dillard as Vice President of IT Operation for Bally's Park Place, Inc., Boardwalk Regency Corporation, Harrah's Atlantic City Operating Company, LLC, and Showboat Atlantic City Operating Company, LLC.
- Jennifer H. Weissman as Regional Vice President of Marketing for Bally's Park Place, Inc., Boardwalk Regency Corporation, Harrah's Atlantic City Operating Company, LLC, and Showboat Atlantic City Operating Company, LLC.

▶ Approved the petition of DGMB Casino, LLC, and issued a temporary casino key employee license to Paschal Barnard, pursuant to N.J.S.A. 5:12-89(e), and permitted him to assume the duties and exercise the power of Surveillance Supervisor.

▶ Found qualified to serve:

- Sonia Gardner as Managing Member of Avenue NJ Entertainment Holdings, LLC, a Holding Company of Trump Entertainment Resorts, Inc., Trump Taj Mahal Associates, LLC, Trump Plaza Associates, LLC and Trump Marina Associates, LLC.
- Marc Lasry as Chairman of the Board of Directors of Trump Entertainment Resorts, Inc., and Managing Member of Avenue NJ Entertainment Holdings, LLC, a Holding Company of Trump Entertainment Resorts, Inc., Trump Taj Mahal Associates, LLC, Trump Plaza Associates, LLC and Trump Marina Associates, LLC.
- David Licht as Member of The Board of Directors of Trump Entertainment Resorts, Inc., and Senior Vice President of Avenue Capital Management II, L.P.



- Robert Symington as Member of The Board of Directors of Trump Entertainment Resorts, Inc., and Senior Portfolio Manager of Avenue Capital Management II, L.P.
- ▶ Adopted the draft resolution and found Avenue NJ Entertainment, LLC and Avenue NJ Entertainment Holdings, LLC qualified as Holding Companies of Trump Marina Associates, LLC, Trump Plaza Associates, LLC and Trump Taj Mahal Associates, LLC.
- ▶ Approved for publication, amendments to N.J.A.C. 19:43-5.1, 5.2, 5.3 and 5.5; proposed repeal of N.J.A.C. 19:43-5.4 and proposed new rule N.J.A.C. 19:43-12.1.

Meeting of May 23, 2011

- ▶ Granted 45 casino key employee licenses.
- ▶ Granted the casino key employee license application and qualification for:
 - Daniel J. Brockdorf as Vice President of Database Marketing for Bally's Park Place, Inc., Boardwalk Regency Corporation, Harrah's Atlantic City Operating Company, LLC, and Showboat Atlantic City Operating Company, LLC.
 - Donald G. Karrer as Vice President of Information Technology and Communications for Trump Marina Associates, LLC, Trump Plaza Associates, LLC and Trump Taj Mahal Associates, LLC.
 - Michael P. Mellon as Vice President of Hotel Operations for Trump Taj Mahal Associates, LLC.
 - Alyce P. Parker as Vice President of Public Affairs for Bally's Park Place, Inc., Boardwalk Regency Corporation, Harrah's Atlantic City Operating Company, LLC, and Showboat Atlantic City Operating Company, LLC.
 - Scott E. Rhoad as Director of Information Technology for RIH Acquisitions NJ, LLC.
- ▶ Approved the petition of DGMB Casino, LLC, (d/b/a Resorts Casino Hotel), and issued a temporary casino key employee license to Panzie S. Fantauzzi, pursuant to N.J.S.A. 5:12-89(e), and permitted her to assume the duties of Casino Cashiering Supervisor.
- ▶ Pursuant to N.J.S.A. 5:12-89(e), and pursuant to N.J.A.C. 13:69C-2.6 and N.J.S.A. 5:12-89(b)(4) approved the petition of Golden Nugget AC, LLC, (d/b/a Golden Nugget Casino Hotel), and issued a temporary casino key license, without first having been qualified, for:
 - Thomas M. Pohlman to assume the duties and exercise the powers of Office of the General Manager of Golden Nugget Atlantic City, LLC.
 - Tilman J. Fertitta to assume the duties and exercise the powers of Office of the President of Golden Nugget Atlantic City, LLC.



- Richard H. Liem to assume the duties and exercise the powers of Office of the Vice President and Treasurer of Golden Nugget Atlantic City, LLC.
- Steven L. Scheinthal to assume the duties and exercise the powers of Office of the Vice President and Secretary of Golden Nugget Atlantic City, LLC.

▶ Considered the petition of Tropicana Entertainment, Inc. and Tropicana Atlantic City Corp., Inc. and issued the following ruling: a) Adopted the draft resolution and authorized Elizabeth S. Nelson, Esq., on a temporary basis and prior to her plenary qualification, to assume the duties and exercise powers of General Counsel and Secretary for Tropicana Entertainment, Inc., pursuant to N.J.A.C. 13:69C-2.7(a), which among other things, required that she file a Personal History Disclosure Form-MJ and NJ Supplement by June 7, 2011.

▶ Granted the relief requested in the petition and permitted Coastal Marina, LLC to withdraw its application for Interim Casino Authorization and Casino Licensure.

▶ Considered the amended and restated petition of Golden Nugget Atlantic City, LLC and Fertitta Entertainment Holdings, LLC and adopted the draft resolution and issued the following rulings:

- Approved sealing request and redacted portions of exhibits D-1 and P-8.
- Found that the Golden Nugget Atlantic City, LLC, interim casino authorization application is complete;
- Approved the Interim Casino Authorization Trust Agreement;
- Found Thomas O'Brien qualified to serve as Trustee;
- Approved the Golden Nugget Atlantic City, LLC organizational structure;
- Found that all statements of compliance should be issued, pursuant to Sections 81, 82, 83, 84 and 134 of the Act;
- Approved Golden Nugget Atlantic City, LLC Independent Audit Committee; and
- Found Golden Nugget Atlantic City, LLC interim operation of the Trump Marina property will best serve the public interest.

▶ Adopted the Commissions' Resolution delegating authority to perform certain functions to the Director of Regulatory Affairs, and readopt as amended the Commissions' Resolutions delegating authority to perform certain functions to the General Counsel and the Executive Secretary of the Casino Control Commission, pursuant to N.J.A.C. 19:40-2.5(a).

[Meeting of June 15, 2011](#)

▶ Granted 16 casino key employee licenses.

▶ Granted the casino key employee license application of Michael J. Ray and for qualification as Assistant Vice President of Information Technology for Tropicana Atlantic City Corporation.



► Pursuant to N.J.S.A. 5:12-89(e) approved the petition and issued a temporary casino key employee license for:

- David Hughes, and permitted him to assume the duties of the Chief Financial Officer, Executive Vice President and Corporate Treasurer of Trump Entertainment Resorts, Inc., and Trump Entertainment Holdings, L.P.
- Mary E. Thompson, and permitted her to assume the duties of Supervisor Cashier Casino Services for Harrah's Atlantic City Operating Company, LLC.

► Adopted the Resolution and approved the Pilot Program for Small-Scale and Staged Casino Licenses, including the following: Instructions and Guidelines; Notice of Interest; and Notice of Intent to Proceed/Pilot Program Application.

Meeting of July 13, 2011

► Granted 18 casino key employee licenses.

► Granted the casino key employee license application and qualification for:

- Sherry G. Amos as Vice President of Marketing for DGMB Casino, LLC.
- John A. Arnesen as Vice President and Chief Administrative Officer for DGMB Casino, LLC, subject to compliance with conditions contained in the stipulation.
- Anthony P. Celona as Vice President of Slot Operations for DGMB Casino, LLC.
- Joseph A. Corbo, Jr. as Vice President and General Counsel for Marina District Development Company, LLC.
- Timothy A. Ebling as Vice President of Finance and Chief Financial Officer for DGMB Casino, LLC.
- Aaron D. Gomes as Executive Vice President of Operations for DGMB Casino, LLC.
- Matthew W. Howard as Vice President Player Development for DGMB Casino, LLC.
- David R. Hughes as Chief Financial Officer, Vice President and Treasurer for Trump Plaza Associates, LLC, and Trump Taj Mahal Associates, LLC.
- Edward J. Llambias as General Manager for Trump Plaza Associates, LLC.
- Nicholas F. Moles as Vice President and General Counsel for DGMB Casino, LLC.
- Stephanie G. Nielson as Vice President of Entertainment for DGMB Casino, LLC, subject to compliance with the conditions contained in the stipulation.
- George E. Wackenheim as Vice President of Human Resources for DGMB Casino, LLC.



- Robert A. Zitto as Vice President of Food and Beverage for DGMB Casino, LLC, subject to compliance with the conditions contained in the stipulation.

▶ Found David B. Sambur qualified to serve as Member of the Board of Directors for Caesars Entertainment Corporation.

▶ Considered the application of DGMB Casino, LLC and Gomes Gaming NJ, LLC, for Plenary Casino Licensure to own and operate Resort Casino Hotel and adopted the draft resolution and issued the following rulings: a) Approved sealing request and redacted portions of exhibit D-1; and b) Issued a casino license to DGMB Casino, LLC and Gomes Gaming NJ, LLC, based upon the findings and rulings and subject to the conditions and to the extent set forth in the resolution.

Meeting of August 8, 2011

▶ Granted 39 casino key employee licenses.

▶ Remanded for a hearing the application of Michael J. Harty for a casino key employee license.

▶ Granted the casino key employee license application and qualification for:

- John D. Smith as Senior Vice President and General Manager for Harrah's Atlantic City Operating Company, LLC.
- Mark J. Tricano as Assistant General Manager for Showboat Atlantic City Operating Company, LLC.

▶ Pursuant to N.J.S.A. 5:12-89(e) approved the petition and issued a temporary casino key employee license for:

- Patricia Nyenmoh-Jarpa to assume the duties of Supervisor Cashier Casino for Boardwalk Regency Corporation, (*d/b/a* Caesars Atlantic City Casino).
- John Diamond to assume the duties of Casino Services Supervisor for Showboat Atlantic City Operating Company, LLC, (*d/b/a* Showboat Casino Hotel).
- Michael Rodriguez, and pursuant to N.J.A.C. 19:43-2.7(c), to assume the duties and exercise the powers of Senior Vice President Finance and Chief Financial Officer of Tropicana Atlantic City Corp., without first having been qualified.

▶ Found Jinlong Wang qualified to serve as Member of the Board of Directors of Caesars Entertainment Corporation.

▶ Considered the joint petition of MGM Resorts International, Boyd Gaming Corporation and Marina District Development Company for approval of an extension of the divestiture period under a stipulation of settlement and related relief and adopted the draft resolution and issued the following rulings:

- Approved sealing request and redacted portions of the petition.



- Approved the extension of the Divestiture Period;
- Approved the First Amendment to the Stipulation;
- Approved the First Amendment to the Trust Agreement; and
- Granted the related relief specified in the resolution.

Meeting of September 14, 2011

- ▶ Granted 32 casino key employee licenses.
- ▶ Remanded for a hearing the 2 applications for a casino key employee license.
- ▶ Granted the resubmitted casino key employee license application of Mary E. Rosenbauer and for qualification as Compliance Manager for Sportech Racing, LLC, and waived the residency requirement, in accordance with N.J.S.A. 5:12-89(b)(4).
- ▶ Pursuant to N.J.S.A. 5:12-89(e), approved the petition and issued a temporary casino key employee license for:
 - Kevin F. Scull to assume the duties of Director of Food and Beverage for Golden Nugget Atlantic City, LLC (*d/b/a* Golden Nugget Casino Hotel).
 - Nimota Adebawale to assume the duties of Supervisor Slots for Showboat Atlantic City Operating Company, LLC (*d/b/a* Showboat Casino Hotel).
- ▶ Revoked the application of Cheryl Brantley for a resubmitted casino key employee license.

Meeting of October 12, 2011

- ▶ Granted 45 casino key employee licenses.
- ▶ Remanded for a hearing the 3 applications for a casino key employee licenses.
- ▶ Granted the resubmitted casino key employee license application of John Zulawski, Jr., and for qualification as Director of Security for RIH Acquisition NJ, LLC.
- ▶ Adopted the draft resolution and authorized William Murtha, Esq., on a temporary basis and prior to his plenary qualification, to assume the duties and exercise the powers of Senior Vice President, General Counsel and Secretary for Tropicana Entertainment, Inc., subject to the conditions contained in N.J.S.A. 5:12-85.1c; N.J.S.A. 5:12-89b(1) and (2); and N.J.A.C. 13:69C-2.7(a) and (c).
- ▶ Approved the petition of Trump Plaza Associates, LLC (*d/b/a* Trump Plaza Casino Resort) and issued a temporary casino key employee license to Corey A. Sprague, pursuant to N.J.S.A. 5:12-89(e), to assume the duties of Security Supervisor/Trainer.



Meeting of November 16, 2011

- ▶ Granted 38 casino key employee licenses.

- ▶ Approved the petition of Tropicana Atlantic City Corp. (*d/b/a* Tropicana Casino and Resort), and issued a temporary casino key employee license to Raymond C. Bertschy, pursuant to N.J.S.A. 5:12-89(e), and permitted him, pursuant to N.J.A.C. 13-69C-2.6, to assume the duties and exercise the powers of Vice President Food and Beverage, without first having been qualified.

- ▶ Revoked the application of Carol Ostroski for a resubmitted casino key employee license.

- ▶ Approved the stipulation of settlement and granted the initial casino key license application of William E. Hamer, Jr., subject to compliance with a wage execution consent agreement.

- ▶ Adopted the draft resolution and authorized Richard Robbins, on a temporary basis and prior to his plenary qualification, to assume the duties and exercise the powers of Member of the Audit Committee of DGMB Casino, LLC, subject to the conditions contained in N.J.S.A. 5:12-85.1c; N.J.S.A. 5:12-89b(1) and (2); and N.J.A.C. 13:69C-2.7.

- ▶ Adopted the draft resolution and authorized Richard Flaherty, on a temporary basis and prior to his plenary qualification, to assume the duties and exercise the powers of a Member of the Board of Directors of Boyd Gaming Corporation, subject to the conditions contained in N.J.S.A. 5:12-85.1c; N.J.S.A. 5:12-89b(1) and (2); and N.J.A.C. 13:69C-2.7.

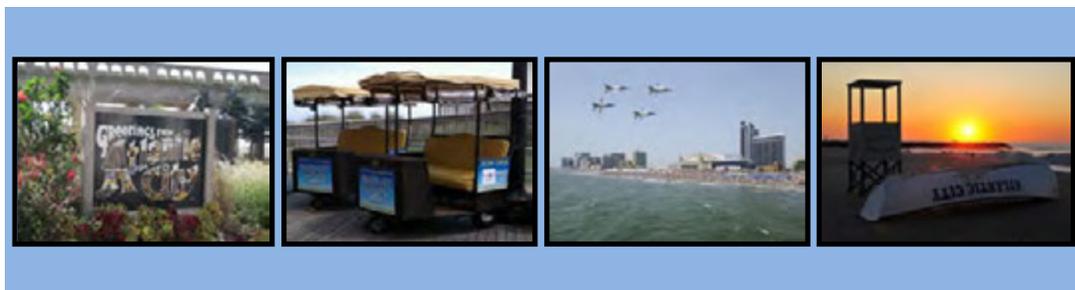
- ▶ Considered the petition of RIH Acquisitions NJ, LLC for various declaratory reliefs in connection with a Settlement Agreement and Release Agreement and adopted the draft resolution and issued the following rulings:
 - Approved the sealing request and redacted portions of exhibit D-1.
 - Approved the closing and consummation of the transactions, associated with the Settlement Agreement and the Release Agreement, subject to the conditions contained in the Draft Resolution, and a) Found that RIH Acquisitions NJ, LLC has established by clear and convincing evidence, following the transactions under the Settlement Agreement and the Release Agreement and for a period of one year, from November 1, 2011 to October 31, 2012, it will possess the financial stability, integrity and responsibility required, pursuant to N.J.S.A. 5:12-84a; b) Approved the amendment to the JP Loan agreement, the Ground Lease and the Unitary Lease, and the changes to RIH NJ, LLC's ownership structure as described in the Petition; and c) Approved the issuance and transfer of RIH Acquisitions NJ, LLC preferred membership units, pursuant to N.J.S.A. 5:12-82d(7) and N.J.A.C. 13:69C-2.8.



► Considered the application of AC Gateway LLC and Affiliates for approval to participate in the Staged Casino License Pilot Program and a) Adopted the draft resolution and permitted AC Gateway, LLC and Affiliates to participate in the Pilot Program and obtain a Staged Casino Facility License, subject to the findings, rulings and conditions specified in the resolution; and b) Authorized a deadline of April 30, 2012, for any additional applications for the Pilot Program (Small Scale Casino Facility License or a Staged Casino Facility License).

Meeting of December 14, 2011

- Granted 36 casino key employee licenses.
- Remanded for a hearing the application of Panzie S. Fantauzzi, (a/k/a Panzie Shazann and Panzie Hays) for a casino key employee license.
- Granted the casino key employee license application and qualification for:
 - William F. Callahan as Vice President of Relationship Marketing for Marina District Development Company, LLC.
 - Gary Lagrotteria as Vice President of Customer Development for Tropicana Atlantic City Corporation.
 - Scott W. Clark as Vice President of Food and Beverage for RIH Acquisition NJ, LLC.
- Approved the stipulation of settlement and granted the initial casino key employee license application of Paschal I. Barnard, subject to compliance with the conditions and timelines set forth in the stipulation.
- Adopted the draft resolutions and authorized: a) Thomas N. Jenkin, on a temporary basis and prior to his plenary qualification, to assume the duties and exercise powers of President of Operations for Caesars Entertainment Corporation and Caesars Entertainment Operating Company, Inc.; and b) Jeffrey Housenbold, on a temporary basis and prior to his plenary qualification, to assume the duties and exercise powers of a Member of The Board of Directors for Caesars Entertainment Corporation, subject to the conditions contained in N.J.S.A. 5:12-85.1c; N.J.S.A. 5:12-89b(1) and (2); and N.J.A.C. 13:69C-2.7.
- Approved Reginald G. Allen’s requested relief and waived the post employment restriction, to permit Mr. Allen to be employed with Revel Entertainment Group, LLC, as a Security Monitor Room Officer, pursuant to N.J.S.A. 5:12-60b(2).



David Scanlan, Chief of Staff

The Chief of Staff reports directly to the Chair. The primary responsibility of the Chief of Staff is to ensure that the Commission functions effectively. The Commission's budget process, human resources and all administrative matters are handled by employees who report to the Chief of Staff. The Chief of Staff directs strategic planning, agency-wide policy development and the implementation of plans and policies. As a result of the recent downsizing and reorganization, throughout the year numerous plans and policies were eliminated, revised or added.

The Budget Unit is responsible for the Commission's annual budget, purchasing and agency fiscal operations services. As a result of the Commission's downsizing and changes in its duties and responsibilities, the Budget Unit was instrumental in modifying the time and expense billing categories for the reporting of employee work hours. Throughout the year, Budget Unit employees diligently monitored the Commission's assets and budget and for the fiscal year ending June 30, 2011, reported the following:

- ▶ Through attrition and the reorganization mandated by the Casino Control Act in February 2011, overall staffing levels of the Commission decreased from 268 to 65 employees. For the period March 25 to June 30, 2011, this reorganization resulted in salaries and fringe benefits savings of \$2.6 million or 11% of total authorized spending.
- ▶ In addition to the salaries related savings, the agency under-spent its operating expense budget (i.e., supplies, services, building and vehicle maintenance and equipment) by \$462,000 or 14%.
- ▶ Due to the continued reduction in staffing levels, the Budget Unit performed a detailed analysis of telephone charges and identified efficiencies which resulted in telephone expense savings of \$70,000 or 26%.

The Commission's Human Resource Manager is responsible for the Human Resources and the Document Control/Building Services Offices. The Human Resources Office is responsible for all personnel and employee services, including, timekeeping, employee benefits, compensation and classification, and for the maintenance and storage of personnel records. It also ensures agency compliance with all Civil Service Commission requirements and directives.



The Document Control/Building Services Office is the organizational hub of the agency and manages the Commission's incoming and outgoing mail, transportation, central files, document receipt and processing, building security and all facilities operations. During the year, the employees of the Document Control/Building Services Office and the Budget Unit worked together to gather and store surplus office equipment until it could be sold. The year 2011 was an extremely busy year for the Document Control/Building Services Office. In addition to assisting the building superintendent with facility management issues, employees also assisted Civil Rights and Task Force Unit with several administrative services.

Additional noteworthy highlights for the two offices of the Human Resources/Administrative Services Unit are as follows:

- ▶ In accordance with the State's record retention schedule, employee personnel files were purged or reorganized.
- ▶ Reviewed and revised the Commission's orientation, policy and procedures and human resource system manuals.
- ▶ Participated in webinars presented by the Division of Pensions and Benefits that addressed health benefits reform. New health benefits plans and rates were communicated to all employees for the open enrollment period held in October.
- ▶ Assisted in gathering information for the Space Planning Request (SPR) for fiscal year 2012.

The Public Information Officer also reports to the Chief of Staff and is responsible for media relations for the Commission. Detailed information on the regulatory system and the licensing of casinos is provided through the Public Information Officer. The Public Information office responds to all OPRA (Open Public Records Act) requests seeking access to copies of public documents, including petitions, rulings, transcripts and reports.





Dianna Williams-Fauntleroy, Esq.
General Counsel/Executive Secretary

The General Counsel's Office renders legal advice to the Commission, represents the Commission in any proceeding to which it is a party and supports the Commission in the effective exercise of its statutory authority including the issuance of initial casino licenses, issuance of key employee licenses, consideration of contested key license matters and appellate authority to hear and decide appeals from Orders and Actions of the Director of the Division of Gaming Enforcement.

Throughout the year, the General Counsel's Office worked collaboratively with the Commission's newly established Division of Regulatory Affairs on a number of key initiatives. One such initiative was the development of guidelines and an application for a pilot program authorizing alternative methods of casino licensure. A January 5, 2011 amendment to the Casino Control Act, commonly referred to as the "boutique" casino amendment, authorized the Commission to establish a pilot program through which it was to issue two new types of casino licenses, a small scale casino facility license and a staged casino facility license. The combined efforts of the General Counsel's Office and the Division of Regulatory Affairs culminated in the Commission's consideration of the application of AC Gateway LLC and Affiliates for approval to participate in the pilot program through its proposal for a staged casino facility to be known as Hard Rock Hotel and Casino, Atlantic City, which approval was conditionally granted at the Commission's November 16, 2011 meeting.

The Casino Licensing Unit which, led by Assistant General Counsel Mary Wozniak, advises the Commission regarding all casino licensing and qualification matters, assisted the Commission during its consideration of the following complex matters:

► Application of Avenue NJ Entertainment LLC and Avenue NJ Entertainment Holdings, LLC for plenary qualification as holding companies of the three Trump casino licensees - Trump Marina Associates, LLC, Trump Taj Mahal Associates, LLC and Trump Plaza Associates, LLC as the new equity owners of the Trump casinos.

► Petition of RIH Acquisitions NJ, LLC (then doing business as "ACH") for various declaratory relief in connection with a November 2, 2011 Settlement Agreement and Release Agreement with its lenders resolving pending foreclosure proceedings which approval and rulings permitted ACH to continue operations and move forward with a planned restructuring.



► Joint Petition of MGM Resorts International, Boyd Gaming Corporation and Marina District Development Company (Borgata) for approval of an extension of the Divestiture Period and related relief under a Stipulation of Settlement between the Division of Gaming Enforcement, MGM, Borgata and Boyd executed in March 2010 which resolved issues raised by the Division of Gaming Enforcement in its 2009 Special Report of the Division of Gaming Enforcement to the Casino Control Commission on its Investigation of MGM Mirage's Joint Venture with Pansy Ho in Macau, Special Administrative Region, People's Republic of China.

► Application of DGMB Casino, LLC and Gomes Gaming LLC for plenary casino licensure to own and operate Resorts Casino Hotel.

► Petition of Golden Nugget Atlantic City, LLC and its parent company, Fertita Entertainment Holdings, LLC for interim casino authorization and other related relief as the new owner of Trump Marina.

The Hearings and Appeals Unit, under the guidance of Senior Counsel Teresa Pimpinelli, developed and implemented various forms and procedures governing the conduct of appeals before the Commission. The forms and processes developed are intended to ensure fairness and procedural due process for all applicants and licensees appealing an Order or Action of the Director of the Division as well as the timely handling of matters under consideration. With respect to contested key license matters, the Unit continues to advise and support the Commissioners serving in their quasi-judicial capacity as Hearing Officers as they exercise their statutory responsibility to ensure the good character, honesty and integrity and financial stability and responsibility of those employed in the Atlantic City casino industry.

The Standards and Procedures Unit, led by Senior Counsel Stephanie Olivo, worked in conjunction with both the Chief of Staff's Office and the Division of Regulatory Affairs. Together with the Chief of Staff's Human Resources Office, the policies and procedures of the Commission are being evaluated and updated to ensure consistency with the Commission's new regulatory directive as well as with all applicable Federal and State laws, executive orders, rules and regulations and policies and procedures. Additionally, the Unit is assisting in the review of the Commission's employee evaluation procedures to ensure that they effectuate meaningful employee performance feedback and improvement in a manner consistent with prevailing law. The Unit also supported and assisted the Policy, Planning and Development Unit of the Regulatory Affairs Division with legal research pertaining to gaming issues and legislation pending at the Federal and State levels as well as with the interpretation of relevant legal resources.



The Commission’s newly designated EEO Officer, Kenneth Doss, also within the Standards and Procedures Unit, ensures that the Commission adheres to all Federal and State laws and equal employment opportunity and affirmative action policies for the protection of all employees at the Commission. During the course of the year, as a result of the reorganization of the Commission, an unprecedented 206 Equal Employment Opportunity Exit Interviews of separating Commission employees were conducted. The EEO Officer also facilitated the completion of online training by all Commission employees addressing Violence in the Workplace as well as in-person training by the Director of the State’s Division of EEO/AA for Executives and Supervisors on Discrimination in the Workplace.

The Administrative Practice Unit coordinates preparation of the Commission’s public meeting agenda, notices and minutes as well as access to public records. As the Unit responsible for maintaining the official records of the Commission and the files of the Executive Secretary, the Unit throughout the year, both separately and in conjunction with the Commission’s Public Information Officer, responded to over 100 requests for information and/or documents under the Freedom of Information Act and the Open Public Records Act.





James E. Fehon, Director

This division is responsible for implementing all amended statutory responsibilities of the Commission other than legal affairs and supporting the Commissioner’s office in completing the agency’s annual internal control review required by the State. The director is the principal regulatory policy advisor to the commissioners and directs the operation of the division in accordance with pertinent statutes, regulations, executive orders, State directives, and agency policies. The director oversees three units, each with its own statutorily defined role and the information technology needs for the agency and reports to the Chief of Staff.

Financial Evaluation Unit

This unit is responsible for facilitating the Commission’s responsibilities under sections 82e, 84 and 87 of the Act, by analyzing documentation concerning the financial background, resources, financial stability, integrity and responsibility of casino licensees and applicants. This unit also provides expert advice and consultation to the Commissioners on all matters of a financial or economic nature. This unit also facilitates the Commission’s financial reporting responsibilities and performs audits of the casino parking fee, which benefits both the Casino Revenue Fund and public projects undertaken by the Casino Reinvestment Development Authority. Additional noteworthy highlights for the year:

- ▶ Certified Parking Fee Revenue and provided oversight to more than \$28.5 million in Parking Fee remittances that were made to the State of New Jersey during the 2011 calendar year, with \$4.7 million used to fund programs that benefit the aged and disabled residents of the State; and \$23.8 million forwarded to the Casino Reinvestment Development Authority to assist in the further redevelopment of Atlantic City and the State of New Jersey.
- ▶ Conducted Parking Fee audits to ensure the integrity of the \$3.00 parking fee remittance and oversaw the invoicing for the collection of parking fee assessments.
- ▶ Provided guidance to the industry on record retention and required filings in relation to the monthly parking fee forms.
- ▶ Reviewed the DGE report and all related financial filings and evaluated the financial stability for:
 - Golden Nugget’s ICA qualification;
 - DGMB Casino, LLC and Gomes Gaming NJ’s, (Resorts) plenary qualifications; and
 - The financial debt restructuring of Atlantic City Hilton.
- ▶ Reviewed the financial information in A.C. Gateway’s (Hard Rock) Pilot Program Application for a staged casino facility. Prepared an analysis of the project’s projected revenues and economic impact.
- ▶ Provided a 5-year Parking Fee Forecast for the Department of Treasury for inclusion in the State budget.



Licensing Unit

This unit is primarily responsible for implementing the Commission's responsibilities under Section 89 of the Act. It specifies the content of applications for casino key employee licensure, accepts and analyzes those applications, and issues licenses and temporary licenses. It monitors casino key employee license and employment practices of the gaming industry, and assists the commissioners in addressing issues of related policies. Additional noteworthy highlights for the year:

- ▶ Assisted General Counsel's Office in:
 - Drafting new, amended and repealed regulations regarding casino key employee licensing; and
 - Preparing of the Commission meeting agenda items relating to all Licensing Unit matters.
- ▶ Worked with Director's Office staff to coordinate purging of inactive casino key employee files and to assure accurate electronic employee records are available on the industry bulletin boards.
- ▶ Issued duplicate license credentials and updated credentials to reflect information changes, e.g., name or address changes.
- ▶ In preparation of the opening of Revel Atlantic City, maintained continual communication with DGE and Revel regarding the tracking and intake of key qualifier applications.
- ▶ Received and maintained revenue transmittals from the DGE's Revenue Unit documenting fee transfers.
- ▶ Tested and monitored, on a daily basis, connectivity between all components of the intake automation system including camera, computers and printer, and maintained adequate stock of supplies.
- ▶ Performed intake and processing of initial key license applications and re-submission review forms including accurate transmittal of fees, production and distribution of key license credentials for licenses approved at the Commission meetings as well as those approved via delegated authority. Handled 404 key licenses and collected \$312,030 in fees. See page 35 for details.
- ▶ Printed key license resubmission list and mailed application forms.
- ▶ Handled 59 temporary casino key licenses via delegated authority.



Policy, Planning and Development Unit

This unit is primarily responsible for implementing Section 72 of the Casino Control Act. Section 72 requires the Commission, in consultation with the Division, to carry on a continuous study of the operation and administration of casino control laws which may be in effect in other jurisdictions, related literature and Federal laws, as well as the reaction of New Jersey citizens to existing and potential features of casino gaming. This unit: monitors trends and emerging technologies in the operation of casinos; performs ongoing studies of Internet gambling and wireless gambling, and develops recommendations to modernize the Act and New Jersey gaming regulations as necessary to keep pace with the rapidly evolving landscape of casino gaming technology; makes recommendations for leveraging the unique geographical advantages and other unique attributes of the newly established Atlantic City Tourism District; and assists the Commission in carrying out its responsibility to ascertain any defects in the Act to prevent abuses and makes annual reports to the Governor and the Legislature. Additional noteworthy highlights for the year:

► Assisted the General Counsel’s Office in:

- Generating an Intent to Proceed and Pilot Program Application for small scale and staged casino applicants;
- Reviewing of AC Gateways LLC’s Pilot Program Application for a staged casino facility; and
- Reviewing of proposed legislation on Sports Book wagering.

► Prepared an analysis of Nevada’s interactive wagering system regulations minimum internal control and technical standards.

► Conducted daily research in preparation for the reports required by N.J.S.A. 5:12-72.

► Conducted an analysis of:

- Proliferation of gaming including convenience and destination style gambling along with the most recent gambling trends;
- Promotional gaming credits as compared to other jurisdictions;
- 5 year trending analyses of the table game hold percentages, hotel occupancy rates and food and beverage revenue. See pages 48-51 for details;
- Intercept programs in other gaming jurisdictions for the handling of casino patrons who owe back child support;
- Atlantic City’s smoking ban restrictions as compared to casinos in other jurisdictions; and
- Internet wagering, sports wagering, mobile wagering and related issues.



In addition to the three units noted above, the Commission’s information technology needs are handled by the **Information Technology Office** which also reports to the Director of Regulatory Affairs. Noteworthy highlights for the year 2011:

- ▶ Successfully migrated the Contested Case legacy application, used by the General Counsel’s Office, to a Microsoft .Net based application. The new application closely aligns with the current business needs of the Commission and allows the General Counsel’s Office to better track the contested cases, produce routine correspondence and run automated mail merge documents.
- ▶ Upgraded office productivity software to provide consistency across units and simplify technical support.

- ▶ Several inter-agency applications were successfully modified by in-house Commission technical staff including the Financial Evaluation System, the Time & Expense Application, the Billing System, and the Employee License System.
- ▶ Successfully consolidated multiple IBM i servers onto a single server. The new consolidated IBM server reduces both cost of ownership and management complexity while allowing the Commission to support new technologies.





**NEW JERSEY CASINO INDUSTRY
CASINO KEY LICENSES ACCEPTED (INTAKE) AND ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Initial Intake	Renewal Intake	Monthly Intake	Initial Issued	Renewal Issued	Monthly Issued
January	7	15	22	12	34	46
February	6	18	24	2	1	3
March	2	16	18	10	30	40
April	1	17	18	4	13	17
May	8	23	31	17	33	50
June	9	13	22	7	10	17
July	6	20	26	18	12	30
August	5	39	44	11	31	42
September	5	43	48	2	31	33
October	21	48	69	5	41	46
November	6	46	52	5	34	39
December	<u>14</u>	<u>28</u>	<u>42</u>	<u>4</u>	<u>37</u>	<u>41</u>
Totals	90	326	416	97	307	404

**NEW JERSEY CASINO INDUSTRY
CASINO KEY LICENSE FEES COLLECTED
FOR YEAR ENDED DECEMBER 31, 2011**

	Initial Fees	Renewal Fees	Misc. Fees	Monthly Total Fees
January	\$ 5,250	\$ 11,250	\$	\$ 16,500
February	4,500	13,500		18,000
March	1,500	12,000		13,500
April	750	12,750		13,500
May	6,000	17,250		23,250
June	6,750	9,750	12	16,512
July	4,500	15,000	6	19,506
August	3,750	29,250	6	33,006
September	3,750	32,250	6	36,006
October	15,750	36,000		51,750
November	4,500	34,500		39,000
December	<u>10,500</u>	<u>21,000</u>	<u>—</u>	<u>31,500</u>
Total Fees Collected	\$ 67,500	\$ 244,500	\$ 30	\$ 312,030



The Atlantic Club Casino Hotel

Boston Avenue & The Boardwalk
Atlantic City, NJ 08401
609-347-7111
www.atlanticclubcasino.com



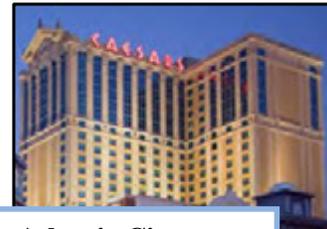
Bally's Atlantic City

Park Place and the Boardwalk
Atlantic City, NJ 08401
609-340-2000
www.ballysac.com



Borgata Hotel Casino & Spa

One Borgata Way
Atlantic City, NJ 08401
609-317-1000
www.theborgata.com



Caesars Atlantic City

2100 Pacific Avenue
Atlantic City, NJ 08401
609-348-4411
www.caesarsac.com



Golden Nugget Atlantic City

Huron & Brigantine Blvd.
Atlantic City, NJ 08401
800-777-8477
www.goldennugget.com/AtlanticCity



Harrah's Resort Atlantic City

777 Harrah's Blvd.
Atlantic City, NJ 08401
609-441-5000
www.harrahresort.com



Resorts Casino Hotel

1133 Boardwalk
Atlantic City, NJ 08401
1-800-334-6378
www.resortsac.com



Showboat Atlantic City

801 Boardwalk
Atlantic City, NJ 08401
609-343-4000
www.showboatac.com



Tropicana Atlantic City

2831 Boardwalk
Atlantic City, NJ 08401-6338
1-800-345-8767
www.tropicana.net



Trump Plaza

The Boardwalk at Mississippi Avenue
Atlantic City, NJ 08401
609-441-6000
www.trumplaza.com



Trump Taj Mahal

1000 Boardwalk at Virginia Avenue
Atlantic City, NJ 08401
609-449-1000
www.trumptaj.com



In February 2011, Revel Atlantic City (Revel) resumed construction after securing \$1.15 billion in new financing to complete the project. The ability to secure this financing was due in part to a state tax reimbursement plan approved by the New Jersey Economic Development Authority. The plan provides for \$261.4 million in state tax reimbursements over 20 years. As part of the plan, \$125 million will be used by Revel for infrastructure improvements to areas surrounding the project site. Over 2,000 construction jobs were filled to complete the project, with the estimated number of permanent employees needed to staff the resort at 5,000 to 5,500. It was Revel’s plan to give Atlantic City residents preference for jobs.

Those employees hired to work at Revel received at least 40 hours of training as a result of \$2.6 million in worker training grants awarded by the New Jersey Department of Labor. Training was provided by Atlantic Cape Community College and focused on leadership and communications skills, as well as specialized job training.

In an effort to continually provide the best customer service to its patrons, Revel plans to restrict the number of years certain frontline employees can work in their jobs. This type of job term limits (e.g., 4-6 years) is unique to the Atlantic City market. Frontline positions which include such jobs as cocktail servers, bartenders, dealers and front desk employees will need to reapply for their jobs and compete against all other applicants once the initial term of employment has expired.

Revel has a 47 story hotel tower containing 1,090 hotel rooms and is Atlantic City’s tallest building. The resort also features many amenities, including 150,000 square feet of casino space, along with retail shops, theaters, nightclubs, pools, a spa and several restaurants, including three by celebrity chef Jose Garces. Revel opened April 2, 2012, and is Atlantic City’s first voluntary 100% smoke-free property. The younger market is projected to be a major component of the Revel’s business strategy, along with capitalizing on its two venues for entertainment and its panoramic views of the ocean.



www.revelresorts.com



The Casino Reinvestment Development Authority (CRDA) was established in 1984 to facilitate the reinvestment obligations of casino licensees as originally envisioned in the Casino Control Act of 1977. CRDA has compiled a solid record of accomplishment in using the casino’s reinvestment dollars, for such things as; housing, infrastructure, and programs to benefit the people and businesses of New Jersey.

By 2007, gaming revenue began a precipitous decline that continues today, attributable to intense competition in neighboring states, the worst national economy in recent memory and negative public perceptions of Atlantic City. Governor Christie determined to reverse the fortunes of the gaming industry by signing, on February 1, 2011, new legislation initiating a multi-faceted realignment of authority and responsibility within Atlantic City designed to promote economic growth, job creation and prosperity.

The CRDA was given authority to designate the “Atlantic City Tourism District” by resolution to include those areas of the city which are primarily involved in the tourism trade. This was accomplished on April 29, 2011, following a period of public input and comment. CRDA, already a unique organization, was granted far-reaching jurisdiction over the Tourism District. Broadly, the assignment is to: establish land use regulations; develop and implement a Tourism District Master Plan; take action to improve public health and safety; facilitate commercial development; shoulder redevelopment projects; undertake infrastructure improvements; assume the duties of the Atlantic City Convention and Visitors Authority; form a public-private partnership with a not-for-profit consisting of casinos within the Tourism District (The Atlantic City Alliance) empowered to create and fund (\$30 million annually) an integrated, city-wide marketing strategy aimed at promoting Atlantic City.





CRDA's imposing assignment is balanced with authority commensurate to the task, including, in part: the power to acquire, rent, hold, use or dispose any eligible project, personal property, real property, easements or interests necessary or useful; make, enforce or amend rules and regulations for its business and affairs; require and collect fees and charges it determines reasonable; do and perform any acts or things necessary, convenient or desirable for its purposes; establish and exercise authority over the Tourism District; to invest or reinvest any of its moneys; to provide loans and assist in financing projects deemed by it to be worthy; develop design guidelines and land use regulations; jurisdiction of road projects and rules for traffic flow; and to exercise the right of eminent domain in Atlantic City.

Much progress has been made in the first year, and much remains to be accomplished. The firm of Jones Lang LaSalle Americas and The Jerde Partnership, hired to develop the master plan, has indicated a focus on the Boardwalk, South Inlet neighborhood and existing businesses along Atlantic and Pacific Avenues. A partial list of short term projects includes: a 180 foot-tall wind sculpture; expand Gardner's Basin; entertainment pavilions on the beach side of the Boardwalk; re-establish a trolley along Atlantic Avenue; relight Boardwalk Hall's dome adding laser lights; untangle the Marina District highway maze; and enhance the resort town atmosphere along Atlantic Avenue with daily parades and events, mix residential and commercial use, remove metal bars from shops, and camouflage adult-oriented businesses.



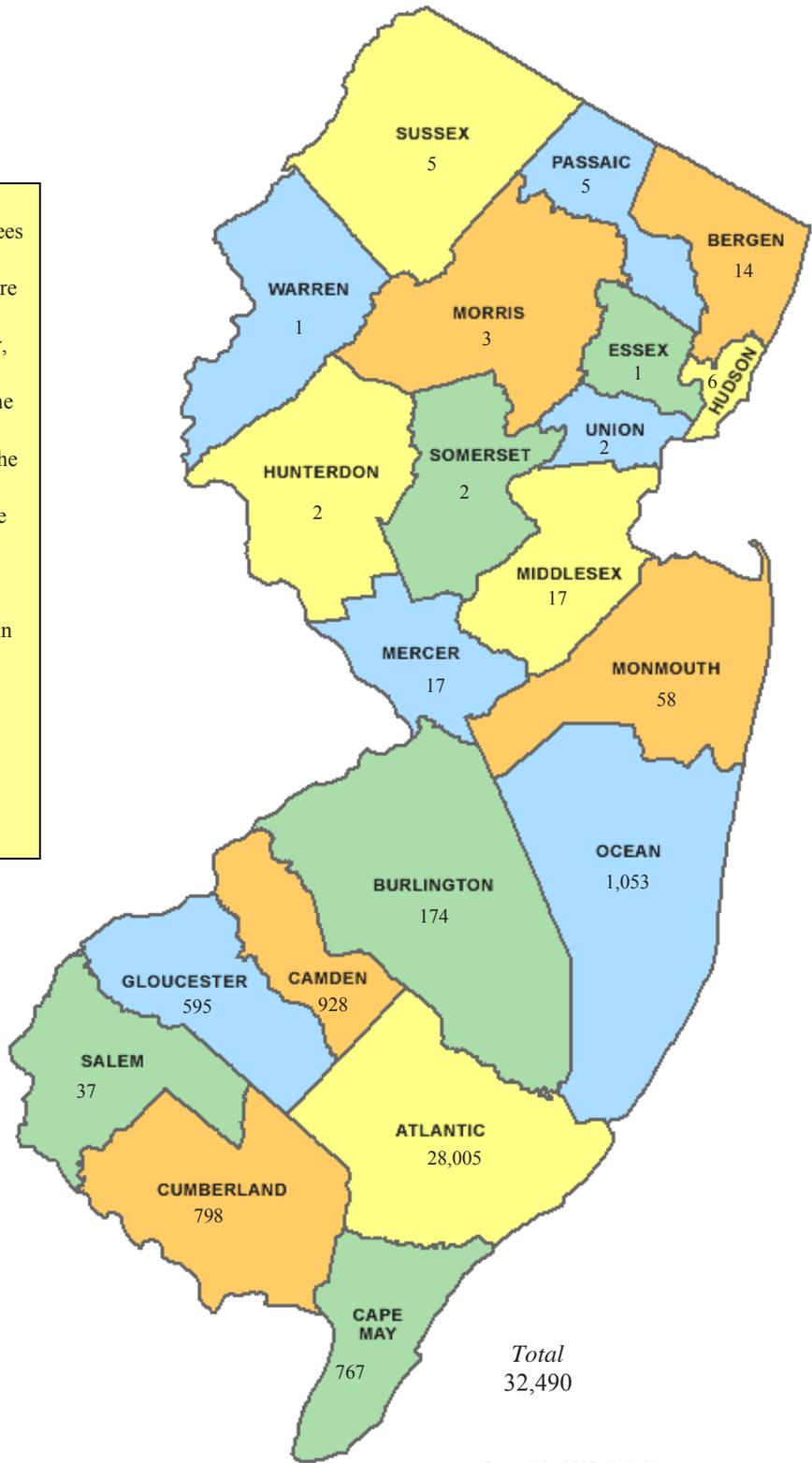


<u>Statistics</u>	<u>Page</u>
New Jersey Casino Industry Employment by County	42
New Jersey Casino Industry Employment; Salaries and Wages	43
New Jersey Casino Industry Casino Facility Statistics	44
New Jersey Casino Industry Gross Revenue Statistics	45
New Jersey Casino Industry Promotional Allowances and Expenses (Complimentary Offers) Statistics	47
New Jersey Casino Industry Revenue and Complimentary Offers Statistics	48
New Jersey Casino Industry Hotel Occupancy Statistics	51
Casino Revenue Fund	52
New Jersey Casino Industry Enterprise Volume of Business	53



ATLANTIC CITY CASINO LICENSEES EMPLOYMENT BY COUNTY
 FOR THE YEAR ENDED DECEMBER 31, 2011

Approximately 333 casino hotel employees are not represented in these figures. There are several reasons why this may occur, they are: Information is missing from the employment data that is transmitted to the Commission by the casino industry, the employment data contains errors, the person has a zip code that is not found in New Jersey, or the individual is not working for an affiliated Atlantic City casino.



NEW JERSEY CASINO INDUSTRY EMPLOYMENT STATISTICS
FOR THE FOUR YEARS ENDED DECEMBER 31, 2011

	2011	2010	2009	2008
Atlantic Club (a)	1,701	2,005	2,050	2,261
Bally's A.C.	3,856	4,061	4,360	4,759
Borgata	6,211	6,311	6,507	6,840
Caesars	3,090	3,246	3,353	3,645
Harrah's A.C.	4,115	3,858	3,886	4,001
Resorts/DGMB (b)	1,933	1,724	2,141	2,422
Showboat	2,488	2,541	2,513	2,710
Tropicana	2,952	3,011	3,229	3,517
Golden Nugget (c)	1,660	1,631	1,794	1,928
Trump Plaza	1,442	1,917	2,180	2,406
Trump Taj Mahal	<u>3,375</u>	<u>3,840</u>	<u>4,069</u>	<u>4,096</u>
Industry Totals	*32,823	34,145	36,082	38,585

***25,079 (76.4%) are full time employees, 3,958 (12.1%) are part time employees and 3,786 (11.5%) are considered other employees.**

NEW JERSEY CASINO INDUSTRY SALARIES AND WAGES
FOR THE FOUR YEARS ENDED DECEMBER 31, 2011 (\$ IN THOUSANDS)

	2011	2010	2009	2008
Atlantic Club (a)	\$ 52,972	\$ 58,624	\$ 61,799	\$ 70,098
Bally's A.C.	95,179	109,813	116,720	134,747
Borgata	149,059	152,634	154,987	164,673
Caesars	81,554	90,525	92,564	105,485
Harrah's A.C.	89,741	91,984	91,604	99,318
Resorts/DGMB (b)	47,170	50,737	56,681	62,596
Showboat	59,976	66,483	65,638	75,524
Tropicana	73,553	78,946(d)	77,804	82,777
Golden Nugget (c)	33,766	52,491	54,066	59,732
Trump Plaza	45,620	63,738	67,018	73,779
Trump Taj Mahal	<u>88,656</u>	<u>108,938</u>	<u>110,085</u>	<u>109,450</u>
Industry Totals	\$817,246	\$ 924,913	\$948,966	\$1,038,179

- (a) In March 2012, ACH changed its name to Atlantic Club.
(b) Resorts was under Resorts International Hotel, Inc. management until December 6, 2010 and operating as DGMB Casino, LLC since December 7, 2010.
(c) In May 2011, Golden Nugget began operations after acquiring the Trump Marina property.
(d) Salaries and wages for 2010 changed to reflect new chart of accounts reporting structure per consolidation with Tropicana Entertainment.

NEW JERSEY CASINO INDUSTRY CASINO FACILITY STATISTICS
AT THE YEAR ENDED DECEMBER 31, 2011

GAMES	Atlantic Club (a)	Bally's AC	Borgata	Caesars	Harrah's AC	Resorts	Showboat	Tropicana	Golden Nugget (b)	Trump Plaza	Trump Taj Mahal	Industry Totals
Blackjack	35	81	78	59	70	41	41	55	24	37	67	588
Craps	5	9	14	14	9	5	5	9	3	3	12	88
Roulette	7	21	20	17	12	8	9	15	6	9	14	138
Three Card Poker	4	15	15	11	14	4	9	8	4	2	6	92
Baccarat	0	1	1	4	0	0	0	0	0	0	0	6
Minibaccarat	18	16	16	9	6	14	9	9	6	11	14	128
Keno Windows	0	0	0	0	4	0	0	0	0	0	2	6
Caribbean Stud Poker	0	2	4	2	1	0	1	1	1	0	2	14
Let It Ride Poker	2	4	5	2	4	2	2	2	2	1	3	29
Pai Gow	4	3	2	5	1	3	2	2	1	2	2	27
Pai Gow Poker	2	6	6	6	3	4	3	2	1	2	2	37
Other Games (c)	4	11	9	8	3	5	4	6	1	2	7	60
Banking Poker Games (d)	3	11	14	10	7	3	3	4	5	2	4	66
Poker	8	26	76	32	40	0	24	27	20	0	54	307
Total Games	92	206	260	179	174	89	112	140	74	71	189	1,586
SLOT MACHINES												
\$0.01 and \$0.02	969	1,225	1,506	1,086	737	581	636	1,067	598	769	1,315	10,489
\$0.05	100	324	507	165	269	150	123	160	178	92	129	2,197
\$0.25	267	572	315	265	457	360	250	211	277	389	398	3,761
\$0.50	39	60	81	69	8	38	3	33	26	59	22	438
\$1	210	342	225	301	198	144	173	162	125	148	317	2,345
\$5	88	94	84	71	61	60	29	45	20	21	73	646
\$25	6	18	22	14	16	9	3	20	9	9	12	138
\$100	4	13	12	13	7	10	3	15	4	2	23	106
Multi-Denominational	133	593	672	311	1,093	753	1,379	909	210	155	401	6,609
Other	22	27	51	48	26	20	5	38	7	44	31	319
Total Slot Machines	1,838	3,268	3,475	2,343	2,872	2,125	2,604	2,660	1,454	1,688	2,721	27,048
CASINO STATISTICS												
Casino Square Footage	75,416	179,678	136,667	111,812	179,753	99,030	122,454	136,980	67,150	86,923	149,239	1,345,102
Simulcasting Square Footage	0	9,393	23,620	28,963	569	0	17,086	0	0	0	12,483	92,114
Total Gaming Space	75,416	189,071	160,287	140,775	180,322	99,030	139,540	136,980	67,150	86,923	161,722	1,437,216
Number of Parking Spaces	1,406	3,782	6,443	5,324	4,703	1,337	3,499	4,975	2,986	2,618	5,806	42,879

(a) In March 2012 ACH changed its name to Atlantic Club.

(b) In May 2011 Trump Marina became Golden Nugget.

(c) Other Games includes: Big Six, Sic Bo, Supreme Pai Gow, Double Attack Blackjack, Casino War and Spanish 21.

(d) Banking Poker Games includes: Four Card Poker, Flop Poker, Asia Poker, Mini-Tex3 Card Hold 'Em, Mississippi Stud, Winner's Pot Poker, Ultimate Texas Hold 'Em, Texas Hold 'Em Bonus Poker, House Way Pai Gow Poker, 1 Bet Threat Texas Hold 'Em and Two Card Joker Poker.

Source of data is Form DGE-101.

THE NEW JERSEY CASINO INDUSTRY
GROSS REVENUE STATISTICS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(\$ IN THOUSANDS)

<u>Casino Hotel</u>	<u>Casino Win</u>	<u>Daily Average Casino Win</u>	<u>Adjustments</u>	<u>Promotional Gaming Credits</u>	<u>Taxable Gross Revenue</u>	<u>Gross Revenue Tax</u>	<u>Market Share of Casino Win</u>
Atlantic Club(c)							
2011	\$ 142,979	\$ 392	\$ -	\$ 19,713	\$ 123,266	\$ 9,861	4.3%
2010	163,650	448	-	16,762	146,888	11,751	4.6%
Bally's Atlantic City							
2011	378,311	1,036	-	45,551	332,760	26,621	11.4%
2010	426,005	1,167	-	38,340	387,665	31,013	12.0%
Borgata							
2011	651,814	1,786	-	60,953	590,861	47,269	19.7%
2010	647,670	1,774	-	50,667	597,002	47,760	18.2%
Caesars							
2011	403,346	1,105	(21)	43,238	360,129	28,810	12.2%
2010	408,730	1,120	(79)	36,357	372,452	29,796	11.5%
Harrah's Marina							
2011	439,812	1,205	-	43,347	396,465	31,717	13.3%
2010	453,471	1,242	(4)	36,090	417,385	33,391	12.7%
Resorts (a)							
2011	154,218	423	4	18,515	135,699	10,856	4.6%
2010	154,493	423	-	12,010	142,483	11,399	4.3%
Showboat							
2011	258,282	708	(8)	29,576	228,714	18,297	7.8%
2010	285,027	781	(11)	24,824	260,214	20,817	8.0%
Tropicana							
2011	277,153	759	-	29,407	247,746	19,820	8.4%
2010	300,443	823	-	24,543	275,900	22,072	8.4%
Golden Nugget (b)							
2011	125,194	343	147	2,612	122,729	9,818	3.8%
2010	147,386	404	-	13,737	133,649	10,692	4.1%
Trump Plaza							
2011	136,739	375	(31)	20,034	116,736	9,339	4.1%
2010	175,057	480	(50)	16,963	158,144	12,652	4.9%
Trump Taj Mahal							
2011	348,835	956	(17)	53,377	295,475	23,638	10.5%
2010	402,398	1,102	(20)	33,173	369,245	29,540	11.3%
TOTALS							
2011	\$ 3,316,683	\$ 9,087	\$ 74	\$ 366,323	\$ 2,950,580	\$ 236,046	100.0%
2010	\$ 3,564,330	\$ 9,765	\$ (164)	\$ 303,466	\$ 3,261,027	\$ 260,883	100.0%

- (a) Resorts was under Resorts International Hotel, Inc. management until December 6, 2010 and operating as DGMB Casino, LLC since December 7, 2010.
(b) Reflects results of Trump Marina through May 23, 2011 and Golden Nugget thereafter.
(c) In March 2012 ACH changed its name to Atlantic Club.

THE NEW JERSEY CASINO INDUSTRY
TOTAL CASINO WIN
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(\$ IN THOUSANDS)

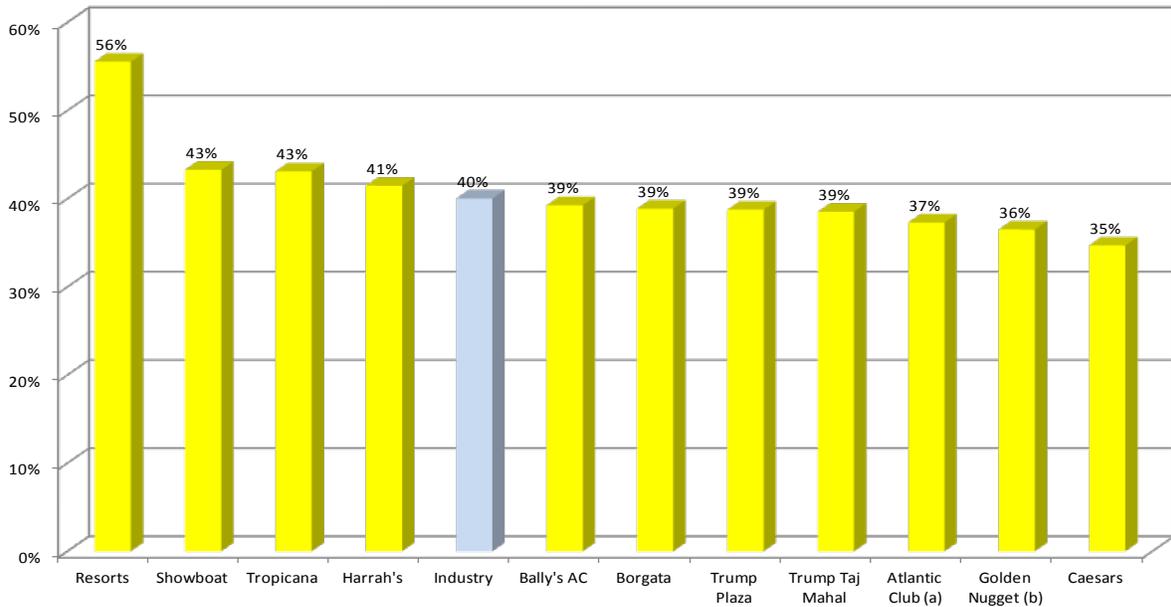
	2011	2010	Growth (Decline)	
			\$	%
<i>Table & Other Games</i>				
Blackjack	\$ 335,176	\$ 365,017	(29,841)	(8.2)
Craps	142,636	133,429	9,207	6.9
Roulette	109,227	126,630	(17,403)	(13.7)
Three Card Poker	76,845	84,598	(7,753)	(9.2)
Baccarat	9,107	12,511	(3,404)	(27.2)
Mini Baccarat	101,100	130,124	(29,024)	(22.3)
Keno	685	911	(226)	(24.8)
Caribbean Stud Poker	6,123	7,884	(1,761)	(22.3)
Let It Ride	17,655	21,412	(3,757)	(17.5)
Pai Gow	15,151	18,687	(3,536)	(18.9)
Pai Gow Poker	24,148	28,251	(4,103)	(14.5)
Other Games (a)	37,835	41,475	(3,640)	(8.8)
Banking Poker Games (b)	45,536	50,219	(4,683)	(9.3)
Poker	53,560	66,547	(12,987)	(19.5)
Subtotal	974,784	1,087,695	(112,911)	(10.4)
Simulcasting	5,720	6,133	(413)	(6.7)
Total Table & Other Games	980,504	1,093,828	(113,324)	(10.4)
<i>Slot Machines</i>				
.01 and .02 Slot Machines	873,079	805,760	67,319	8.4
.05 Slot Machines	197,859	254,606	(56,747)	(22.3)
.25 Slot Machines	284,293	345,220	(60,927)	(17.6)
.50 Slot Machines	31,174	38,122	(6,948)	(18.2)
1.00 Slot Machines	251,617	268,801	(17,184)	(6.4)
5.00 Slot Machines	81,346	82,103	(757)	(0.9)
25.00 Slot Machines	22,725	22,808	(83)	(0.4)
100.00 Slot Machines	15,802	15,051	751	5.0
Multi-Denominational Machines	548,993	607,397	(58,404)	(9.6)
Other Slot Machines	35,012	36,766	(1,754)	(4.8)
Total Slot Machines	2,341,900	2,476,634	(134,734)	(5.4)
Grand Total	\$ 3,322,404	\$ 3,570,462	(248,058)	(6.9)

(a) Other Games reflect: Big Six, Sic Bo, Supreme Pai Gow, Double Attack Blackjack, Casino War and Spanish 21.

(b) Banking Poker Games includes: Four Card Poker, Flop Poker, Asia Poker, Mini-Tex 3 Card Hold 'Em, 1 Bet Threat Texas Hold'Em,

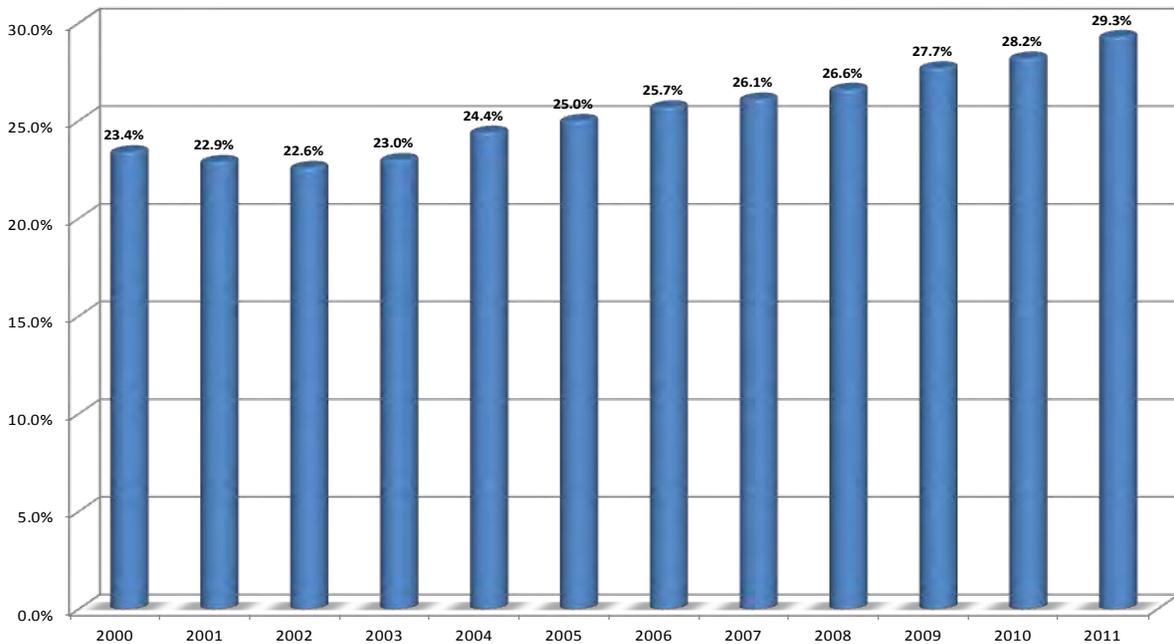
Two Card Joker Poker, Texas Hold'Em Bonus Poker, House Way Pai Gow Poker, Ultimate Texas Hold'Em, Winners Pot Poker and Mississippi Stud.

**ATLANTIC CITY CASINO INDUSTRY
PROMOTIONAL ALLOWANCES AND EXPENSES AS A PERCENT OF CASINO WIN
FOR THE YEAR ENDED DECEMBER 31, 2011**



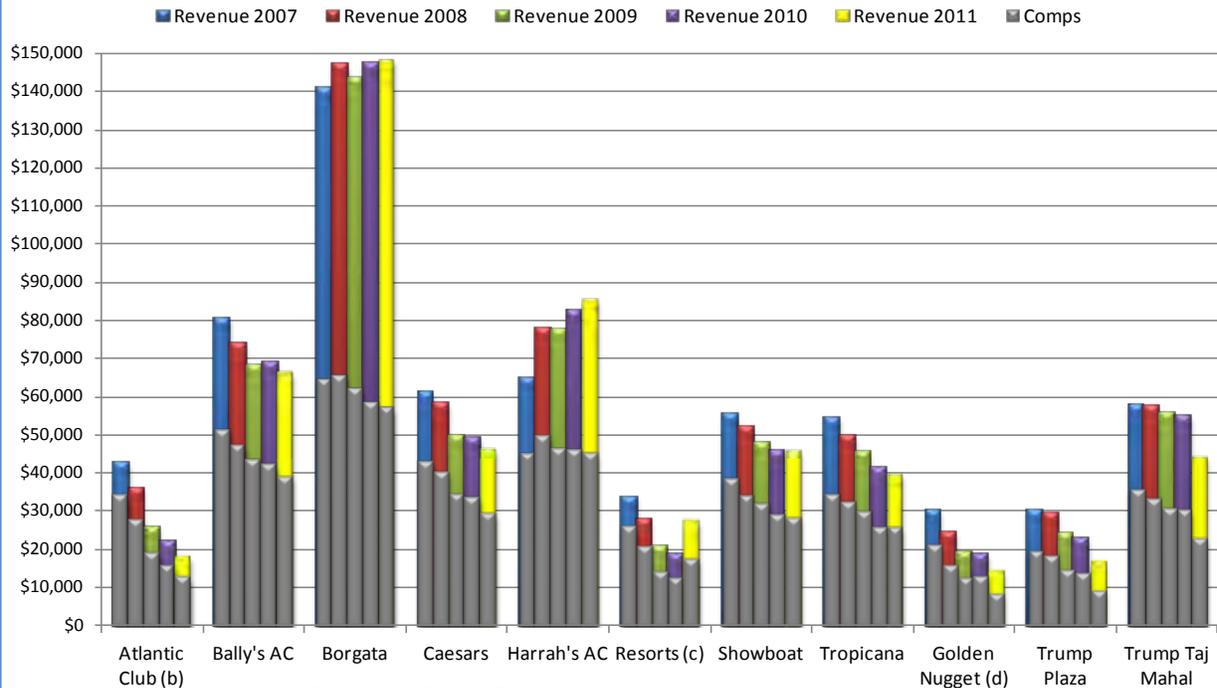
(a) In March 2012 ACH changed its name to Atlantic Club.
 (b) In May 2011 Trump Marina was purchased by Landry's, Inc. and renamed Golden Nugget.
 Source of data is Form DGE-145 and DGE Monthly Press Releases and Statistical Information.

**ATLANTIC CITY CASINO INDUSTRY
PROMOTIONAL ALLOWANCES AND EXPENSES AS A PERCENT OF TOTAL REVENUE
FOR THE TWELVE YEARS ENDED DECEMBER 31, 2011**



Source of data for 2011 is Form DGE-145, Quarterly Press Releases and Statistical Summaries by the DGE.

**FOOD AND BEVERAGE
REVENUE AND COMPLIMENTARIES (COMPS) (a)**
2007-2011 YEARLY REVENUE VS. YEARLY COMPS BY CASINO
(\$ IN THOUSANDS)



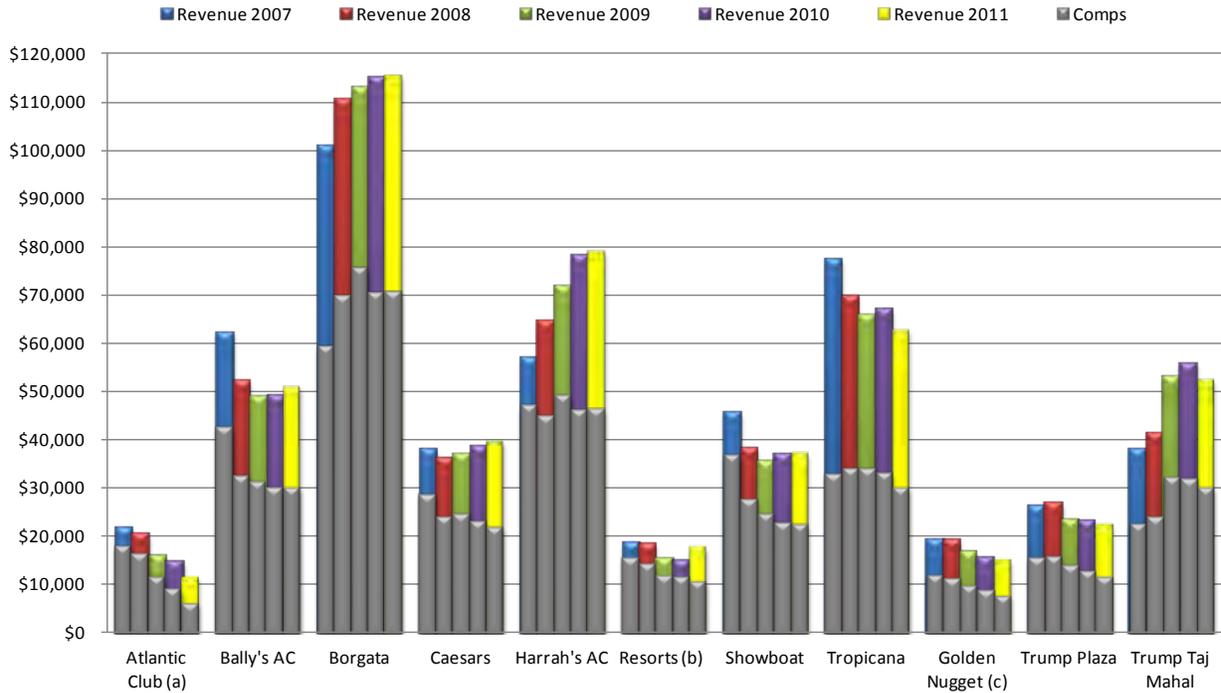
(a) Figures reflect Food and Beverage Revenue and Comps for casino owned outlets only.
 (b) In March 2012 ACH changed its name to Atlantic Club.
 (c) In December 2010 Resorts was purchased by DGMB.
 (d) In May 2011 Trump Marina was purchased by Landry's Inc. and renamed Golden Nugget.

(\$ in Thousands)	FOOD AND BEVERAGE REVENUE					FOOD AND BEVERAGE COMPS				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
Atlantic Club (b)	\$42,750	\$36,104	\$25,843	\$21,984	\$18,153	\$34,357	\$27,671	\$19,116	\$15,802	\$12,759
Bally's AC	\$80,559	\$73,843	\$68,429	\$68,961	\$66,301	\$51,317	\$47,090	\$43,442	\$41,972	\$38,913
Borgata	\$141,061	\$147,334	\$143,410	\$147,751	\$148,083	\$64,202	\$65,221	\$61,838	\$58,225	\$56,834
Caesars	\$61,337	\$58,340	\$49,707	\$49,508	\$46,208	\$42,894	\$40,108	\$34,463	\$33,519	\$29,252
Harrah's AC	\$65,003	\$78,206	\$77,921	\$82,552	\$85,455	\$45,107	\$49,431	\$46,313	\$45,894	\$44,992
Resorts (c)	\$33,760	\$28,048	\$21,053	\$18,856	\$27,560	\$25,962	\$20,549	\$14,077	\$12,371	\$17,457
Showboat	\$55,620	\$52,295	\$47,988	\$46,136	\$45,706	\$38,293	\$33,915	\$31,819	\$28,857	\$28,346
Tropicana	\$54,693	\$49,587	\$45,689	\$41,557	\$39,742	\$34,151	\$32,189	\$29,966	\$25,758	\$25,714
Golden Nugget (d)	\$30,412	\$24,643	\$19,336	\$19,085	\$14,566	\$20,977	\$15,870	\$12,425	\$12,819	\$8,532
Trump Plaza	\$30,568	\$29,754	\$24,096	\$22,977	\$17,059	\$19,525	\$18,274	\$14,523	\$13,940	\$9,390
Trump Taj Mahal	\$57,979	\$57,461	\$55,931	\$55,286	\$44,300	\$35,719	\$33,113	\$30,719	\$30,135	\$22,903

As of February 2011, source of data is Form DGE-145, Quarterly Press Releases and Statistical Summaries by the DGE.

HOTEL REVENUE & HOTEL COMPLIMENTARIES (COMPS)

2007-2011 YEARLY REVENUE VS. YEARLY COMPS BY CASINO
(\$ IN THOUSANDS)



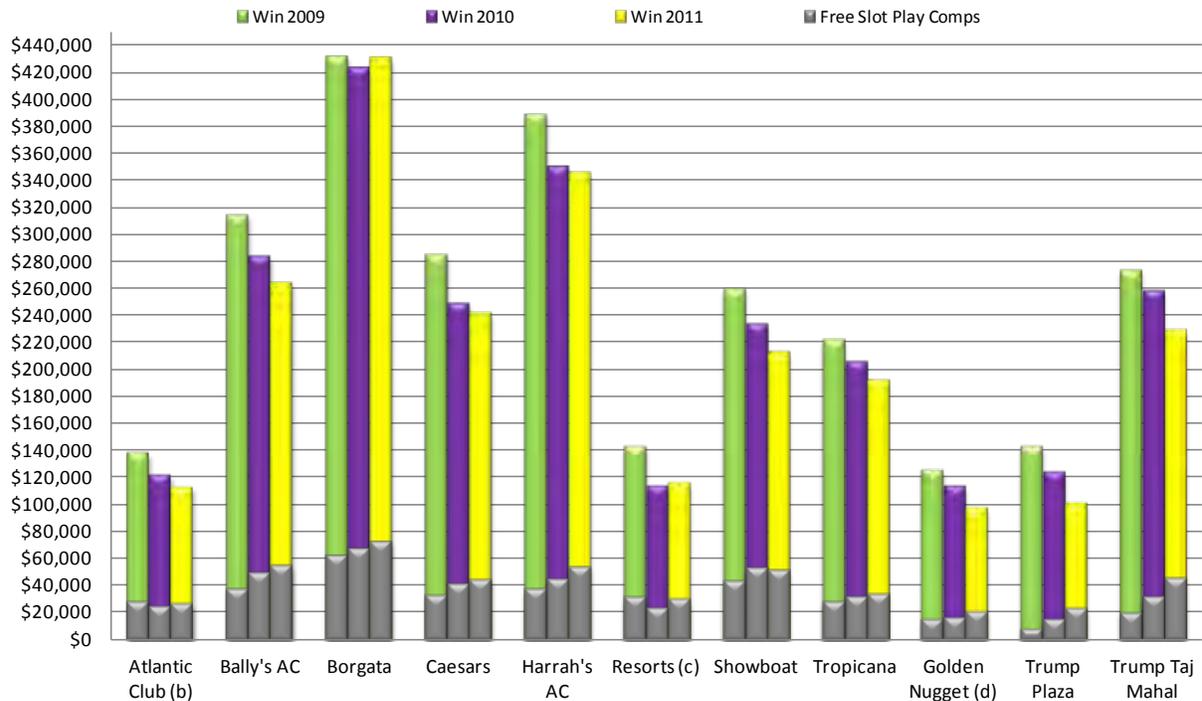
(a) In March 2012 ACH changed its name to Atlantic Club
(b) In December 2010 Resorts was purchased by DGMB.
(c) In May 2011 Trump Marina was purchased by Landry's Inc. and renamed Golden Nugget.

(\$ in Thousands)	HOTEL REVENUE					HOTEL COMPS				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
Atlantic Club (a)	\$21,625	\$20,365	\$16,021	\$14,743	\$11,818	\$18,132	\$16,614	\$11,675	\$9,207	\$6,346
Bally's AC	\$62,290	\$52,195	\$48,805	\$49,318	\$51,186	\$42,497	\$32,612	\$31,259	\$30,103	\$30,084
Borgata	\$100,898	\$110,616	\$113,143	\$115,199	\$115,548	\$59,204	\$69,723	\$75,654	\$70,329	\$70,704
Caesars	\$38,135	\$36,261	\$37,114	\$38,576	\$39,752	\$28,697	\$24,191	\$24,822	\$23,126	\$22,062
Harrah's AC	\$57,200	\$64,644	\$71,759	\$78,263	\$79,242	\$46,991	\$45,060	\$49,127	\$46,115	\$46,429
Resorts (b)	\$18,787	\$18,371	\$15,450	\$15,006	\$17,958	\$15,516	\$14,423	\$12,141	\$11,582	\$10,832
Showboat	\$45,493	\$38,215	\$35,501	\$37,071	\$37,439	\$36,762	\$27,796	\$24,683	\$23,026	\$22,518
Tropicana	\$77,208	\$69,807	\$65,856	\$66,917	\$62,941	\$32,780	\$34,083	\$33,984	\$33,072	\$30,052
Golden Nugget (c)	\$19,410	\$19,203	\$16,699	\$15,642	\$15,373	\$12,079	\$11,395	\$9,765	\$8,896	\$7,825
Trump Plaza	\$26,275	\$26,915	\$23,387	\$23,205	\$22,749	\$15,767	\$15,973	\$14,235	\$12,935	\$11,715
Trump Taj Mahal	\$38,048	\$41,218	\$53,214	\$55,856	\$52,576	\$22,754	\$24,209	\$32,160	\$32,041	\$30,100

As of February 2011, source of data is Form DGE-145, Quarterly Press Releases and Statistical Summaries by the DGE.

SLOT WIN AND PROMOTIONAL GAMING CREDITS WAGERED (FREE SLOT PLAY COMPS)

2009-2011 YEARLY SLOT WIN VS. YEARLY FREE SLOT PLAY COMPS WAGERED (a)
(\$ IN THOUSANDS)



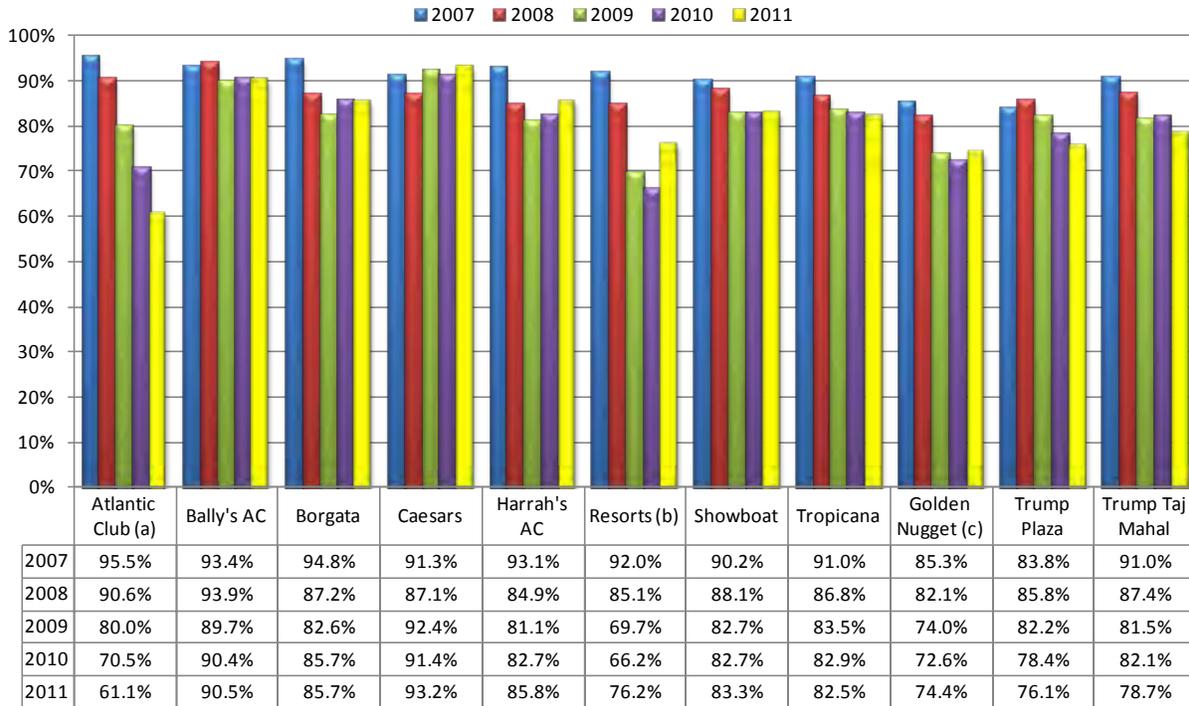
(a) Promotional gaming credit deductions became effective August 2008.
 (b) In March 2012 ACH changed its name to Atlantic Club.
 (c) In December 2010 Resorts was purchased by DGMB.
 (d) In May 2011 Trump Marina was purchased by Landry's Inc. and renamed Golden Nugget.

(\$ in Thousands)	SLOT WIN			FREE SLOT PLAY COMPS WAGERED		
	2009	2010	2011	2009	2010	2011
Atlantic Club (b)	\$138,018	\$121,823	\$113,093	\$27,653	\$23,917	\$26,751
Bally's AC	\$314,339	\$283,639	\$264,441	\$37,050	\$49,191	\$54,503
Borgata	\$431,395	\$422,853	\$430,412	\$61,875	\$66,330	\$72,208
Caesars	\$284,752	\$248,515	\$241,776	\$32,889	\$40,687	\$44,571
Harrah's AC	\$388,328	\$350,536	\$345,375	\$36,602	\$44,568	\$53,810
Resorts (c)	\$142,391	\$113,733	\$115,873	\$31,041	\$23,303	\$29,531
Showboat	\$259,278	\$234,117	\$212,569	\$43,346	\$52,001	\$50,811
Tropicana	\$221,776	\$205,543	\$191,905	\$28,183	\$31,765	\$34,122
Golden Nugget (d)	\$125,270	\$113,359	\$97,553	\$15,010	\$16,535	\$20,759
Trump Plaza	\$142,521	\$124,446	\$101,103	\$8,404	\$14,879	\$22,539
Trump Taj Mahal	\$273,706	\$258,071	\$228,837	\$19,713	\$31,466	\$45,545

As of March 2011, source of data is Form DGE-101, Monthly Press Releases and Statistical Summaries by the DGE

HOTEL OCCUPANCY RATES FOR ATLANTIC CITY CASINOS

2007-2011 YEARLY AVERAGES BY CASINO



(a) In March 2012 ACH changed its name to Atlantic Club.

(b) In December 2010 Resorts was purchased by DGMB.

(c) In May 2011 Trump Marina was purchased by Landry's Inc. and renamed Golden Nugget.

ATLANTIC CITY CASINO INDUSTRY HOTEL ROOM STATISTICS

AT THE YEAR ENDED DECEMBER 31, 2011

	Atlantic Club (a)	Bally's AC	Borgata	Caesars	Harrah's AC	Resorts (b)	Showboat	Tropicana	Golden Nugget (c)	Trump Plaza	Trump Taj Mahal	Industry Total
# of Hotel Rooms (d)	809	1,727	2,767	1,141	2,590	942	1,331	2,078	728	906	2,010	17,029
Average Rate per Occupied Room	\$66	\$88	\$134	\$101	\$99	\$69	\$94	\$102	\$84	\$91	\$92	\$99

As of February 2011, source of data is Quarterly Press Releases and Statistical Summaries by the DGE.

(a) In March 2012 ACH changed its name to Atlantic Club.

(b) In December 2010 Resorts was purchased by DGMB.

(c) In May 2011 Trump Marina was purchased by Landry's Inc. and renamed Golden Nugget.

(d) Number of guest rooms at end of year.



CASINO REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

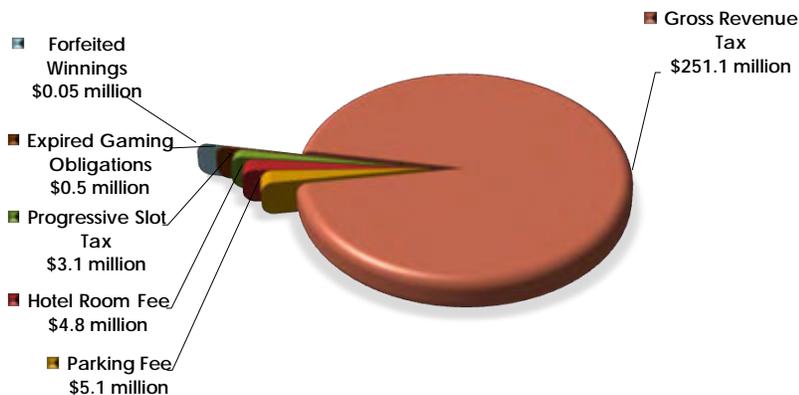
New Jersey casinos pay the state 8% tax on their gross revenues appropriated to the Casino Revenue Fund for the benefit of the aged and disabled citizens of the State of New Jersey. Gross gaming revenue is the amount casinos win from gamblers after all payouts have been made.

Funding is generated through two casino related taxes and five casino related fees. The largest is an 8 percent tax on casino gross revenues and can only be spent on programs that benefit New Jersey State seniors and people with disabilities.

The responsibility for administering these taxes and fees resides with the Division of Gaming Enforcement, Division of Taxation and the Casino Control Commission.

- ▶ Gross Revenue Tax includes audit assessments, penalties, interest and other adjustments.
- ▶ Casino Parking Fee requires casinos to remit a fee of \$3.00 per day for any parking space in use in their facility. In FY 11, \$0.50 of the parking fee revenue was deposited into the Casino Revenue Fund, with the remaining \$2.50 forwarded to the Casino Reinvestment Development authority (CRDA) for statutory restricted projects.
- ▶ Casino Room Fee requires casinos to remit \$3.00 per day for each hotel room occupied by a guest. In FY 11, \$1.00 went to the CRDA and \$2.00 went into the Casino Revenue Fund.
- ▶ Multi-Casino Progressive Slot Tax assesses an 8% tax on casino service industry multi-casino progressive slot revenue.
- ▶ Expired Obligations - Casinos are required to remit a percentage of each expiring gaming obligation.
- ▶ Forfeited Winnings: Winnings of underage gamblers or excluded persons are subject to forfeiture. Forfeitures under \$100,000 are split equally between Casino Revenue Fund and Compulsive Gambling Programs. For forfeitures over \$100,000, Compulsive Gambling Programs get \$50,000 and the balance goes to the Casino Revenue Fund.
- ▶ Fines: The first \$600,000 of fines imposed on casinos in a fiscal year goes to the General Fund for Compulsive Gaming Programs. Any amount over \$600,000 goes to the Casino Revenue Fund. For fiscal year ended June 30, 2011, no fines went to the Casino Revenue Fund.

Total Taxes Deposited Into Casino Revenue Fund for FY 2011
\$264.65 million



Casinos have paid more than **\$8.9 billion** in taxes to the Casino Revenue Fund since 1978.

TOTAL VOLUME OF BUSINESS – CASINO SERVICE INDUSTRY
FOR CALENDAR YEAR 2011

	<u>Total</u> <u>Companies</u>	<u>Percent of</u> <u>Total</u> <u>Companies</u>	<u>Dollar Volume</u> <u>of Business*</u>	<u>Percent of</u> <u>Total</u> <u>Business</u>
Total Number of Vendors Receiving Payments	5,003	100.00%	\$2,597,506,555**	100.00%
New Jersey Enterprises	1808	36.14	1,859,367,680	71.58
Pennsylvania Enterprises	504	10.07	156,962,350	6.04
New York Enterprises	577	11.53	171,773,574	6.61
Delaware Enterprises	23	0.46	859,762	0.03
All Other States	2007	40.12	393,423,445	15.15
Foreign Enterprises	84	1.68	15,119,744	0.58

*"Dollar Volume of Business" represents only those monies paid by casino licensees for goods or services. This figure does not include such payments as governmental taxes, fines and fees to the Casino Control Commission, charitable contributions, guest losses or court garnishments.

** This dollar figure includes disbursements to subcontractors.

Numbers reflect the states in which the offices serving hotel/casinos are located and may not be the states in which the enterprises are incorporated or have a home office.

TOTAL VOLUME OF BUSINESS –NEW JERSEY COMPANIES
FOR CALENDAR YEAR 2011

	<u>Total Companies</u>	<u>Percent of Total Companies</u>	<u>Dollar Volume of Business</u>	<u>Percent of Total Business</u>
NEW JERSEY ENTERPRISES	1808	100.00%	\$1,859,367,680	100.0000%
Atlantic	906	50.11	1,436,178,361	77.2401
Bergen	86	4.76	22,890,357	1.2311
Burlington	110	6.08	63,979,151	3.4409
Camden	139	7.69	31,908,034	1.7161
Cape May	42	2.32	7,595,267	0.4085
Cumberland	48	2.65	63,733,730	3.4277
Essex	43	2.38	46,414,534	2.4963
Gloucester	63	3.48	60,453,402	3.2513
Hudson	28	1.55	4,884,967	0.2627
Hunterdon	6	0.33	3,940,864	0.2119
Mercer	34	1.88	15,477,548	0.8324
Middlesex	58	3.21	15,530,331	0.8352
Monmouth	60	3.32	13,719,500	0.7379
Morris	28	1.55	2,074,972	0.1116
Ocean	51	2.82	23,301,272	1.2532
Passaic	31	1.71	2,601,373	0.1399
Salem	9	0.50	28,684,837	1.5427
Somerset	23	1.27	9,536,192	0.5129
Sussex	1	0.06	4,419	0.0002
Union	39	2.16	6,155,130	0.3310%
Warren	3	0.17	303,439	0.0163%

INDEPENDENT

AUDITORS REPORT



**New Jersey State Legislature
Office of Legislative Services
Office of the State Auditor**

Casino Control Fund

Fiscal Year 2011

**Stephen M. Eells
State Auditor**

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New Jersey State Legislature

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Assistant State Auditor

The Honorable Chris Christie
Governor of New Jersey

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Sheila Y. Oliver
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

Enclosed is our report on the audit of the Casino Control Fund for Fiscal Year 2011. If you would like a personal briefing, please call me at (609) 292-3700.

Stephen M. Eells
State Auditor
February 1, 2012

Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements	
Balance Sheet	3
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	4
Notes to the Financial Statements	5
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Budgetary Basis.....	12
Budgetary Comparison Schedule Budget-to-GAAP Reconciliation.....	13
Supplementary Information	
Expenditure Detail	15
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17



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INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of the State of New Jersey Casino Control Fund as listed in the accompanying table of contents as of and for the years ended June 30, 2011 and 2010. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1-G, the Casino Control Fund adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of July 1, 2010.

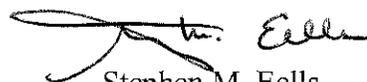
As discussed in Note 1, the financial statements present only the Casino Control Fund and do not purport to, and do not, present fairly the financial position of the State of New Jersey as of June 30, 2011 and 2010, the changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Casino Control Fund as of June 30, 2011 and 2010 and the changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2012 on our consideration of the Casino Control Fund management's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Budgetary Basis and reconciliation are not required as part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Casino Control Fund financial statements. The expenditure detail schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The expenditure detail schedule has been subjected to the auditing procedures applied in the audit of the Casino Control Fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Stephen M. Eells
State Auditor
January 31, 2012

**STATE OF NEW JERSEY
CASINO CONTROL FUND
BALANCE SHEET
JUNE 30, 2011 AND 2010**

	2011	2010
<u>ASSETS</u>		
Cash	\$ 51,000	\$ 51,000
Accounts Receivable	10,291,783	9,761,124
Less: Allowance for Doubtful Accounts	1,228,161	90,363
Net Accounts Receivable	9,063,622	9,670,761
Due from General Fund	6,370,599	8,237,156
Total Assets	\$ 15,485,221	\$ 17,958,917
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities		
Accounts Payable	\$ 4,039,150	\$ 4,563,033
Deferred Revenue	6,983,500	9,053,500
Total Liabilities	11,022,650	13,616,533
Fund Balances		
Committed	4,462,571	4,342,384
Total Fund Balances	4,462,571	4,342,384
Total Liabilities and Fund Balances	\$ 15,485,221	\$ 17,958,917

The accompanying notes are an integral part of the financial statements

**STATE OF NEW JERSEY
CASINO CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

<u>REVENUES</u>	2011	2010
Casinos		
Licenses - Casino	\$ 42,380,528	\$ 46,429,936
- Slot Machine	14,263,958	15,520,792
- Alcoholic Beverage	79,632	86,838
Assessments	-	-
	56,724,118	62,037,566
Credits - Prior Year Fund Balance	(29,867)	(1,868,224)
Total from Casinos	56,694,251	60,169,342
Other Sources		
Licenses - Casino Employees	1,109,397	1,047,494
- Casino Service Industry	813,869	765,368
Equipment Prototype Testing	2,144,369	2,027,316
Other Revenues	25,018	50,686
Total from Other Sources	4,092,653	3,890,864
Investment Earnings	17,702	23,817
Total Revenues	60,804,606	64,084,023
 <u>EXPENDITURES</u>		
Public Safety and Criminal Justice (Division of Gaming Enforcement)	39,498,111	37,587,075
Government Direction, Management and Control (Casino Control Commission)	21,186,308	24,552,653
Total Expenditures	60,684,419	62,139,728
Excess (Deficiency) of Revenues over Expenditures	120,187	1,944,295
 <u>OTHER FINANCING SOURCES</u>		
Transfers from Other Funds	-	500,000
Net Change in Fund Balance	120,187	2,444,295
Fund Balance - Beginning	4,342,384	1,898,089
Fund Balance - Ending	\$ 4,462,571	\$ 4,342,384

The accompanying notes are an integral part of the financial statements

**STATE OF NEW JERSEY
CASINO CONTROL FUND
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

B. Financial Reporting Entity

The Casino Control Commission and the Division of Gaming Enforcement are agencies of the State of New Jersey. N.J.S.A. 5:12-143 established the Casino Control Fund to account for the financial transactions of these agencies.

C. Fund Level Financial Statements

The State of New Jersey issues government-wide financial statements that report information for all of the non-fiduciary activities of the State including that of the Casino Control Fund. Due to the legislative mandate that the Casino Control Fund be financed exclusively by licensing fees assessed upon the casino industry, a Fund Level Financial Statement is prepared for the Casino Control Fund.

A Fund Level Financial Statement includes a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

D. Measurement Focus and Basis of Accounting

The Casino Control Fund statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and liabilities are included on the balance sheet. The operating statement for the fund presents increases and decreases in total fund balances.

In accordance with the modified accrual basis, revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues susceptible to accrual would include casino license fees.

Expenditures are recognized when the related fund liabilities are incurred. Disbursements for prepaid expenses, inventory items, and fixed assets are recorded as expenditures when incurred.

E. Fund Accounting

The financial activities of the State are recorded in individual funds, each of which is deemed to be a separate accounting entity. The State uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, which represents the fund's assets, liabilities, equity, revenues, and expenditures or expenses. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds.

Governmental Fund Type - Special Revenue Fund

The Casino Control Fund is a governmental fund type - Special Revenue Fund. Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

The Casino Control Fund (N.J.S.A. 5:12-143) accounts for fees from the issuance and renewal of casino licenses and other license fees. Appropriations are made from the Casino Control Fund to finance the operations of the Casino Control Commission and the Division of Gaming Enforcement.

F. Budgetary Process

An annual budget is adopted for the Casino Control Fund. The Legislature enacts the budget through passage of a specific appropriation, the sum of which may not exceed estimated revenues. The annual appropriations act for fiscal year 2011 authorized \$68,847,427 which consists of an original appropriation of \$66,696,000 and other authorized appropriations of \$2,151,427. Budgetary control is maintained at the program unit level.

During the year, the spending authority delineated in the appropriations act may be revised for supplemental appropriations approved by both the Legislature and the Governor. For fiscal year 2011, no supplemental appropriations were granted to the Division of Gaming Enforcement or Casino Control Commission.

A Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Budgetary Basis for the fiscal year ended June 30, 2011 is presented as required supplementary information to these statements. This statement presents a comparison of the final budget adopted for the Casino Control Fund with actual data on a budgetary basis.

The State's budgetary basis of accounting differs from that utilized to present financial statements in conformity with generally accepted accounting principles (GAAP). The main differences between the budgetary basis and the GAAP basis are that under the budgetary basis encumbrances are recognized as expenditures, and the budgetary basis reflects transactions only for the current fiscal year.

There were no expenditures in excess of appropriations in the Casino Control Fund.

G. Fund Balances

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 54, the fund balances of a Special Revenue Fund are classified depicting the relative strength of the spending constraints placed on the purposes for which fund resources can be used.

The fund balances of the Casino Control Fund are classified as *Committed*. Fund balances designated as *Committed* can only be used for specific purposes pursuant to constraints imposed by the government itself. N.J.S.A. 5:12-143b mandates that moneys in the Casino Control Fund shall be appropriated exclusively for the operating expenses of the Casino Control Commission and the Division of Gaming Enforcement.

Within the committed fund balances as of June 30, 2011 and June 30, 2010, money has been set aside (encumbered) pending vendor performance in the amounts of \$280,586 and \$325,817, respectively.

H. Reclassification of Prior Year Fund Balance

The fund balance of \$4,342,384 existing as of June 30, 2010 has been reclassified on the Balance Sheet as *Committed* in accordance with GASB Statement No. 54.

I. Other

Other significant accounting policies are described in Notes 2 to 10.

NOTE 2 - Cash

Represents a \$500 petty cash fund maintained by each agency and a \$50,000 confidential fund maintained by the Division of Gaming Enforcement.

NOTE 3 - Accounts Receivable

Represents amounts due from casinos and related entities. Net receivables are substantially collected within three months.

Allowance for doubtful accounts represents one hundred percent of non-current receivables.

NOTE 4 - Due From General Fund

Cash transactions of the Casino Control Fund are made by and through the General Fund cash accounts. The balance of cash for this fund held in the General Fund, after receipt and disbursement transactions, is accounted for and reflected in the Due From account on the Balance Sheet.

NOTE 5 - Capital Assets

Capital Assets acquired with fund resources are recorded as expenditures of the fund at the time of acquisition. Assets greater than \$20,000 are also recorded in the State's government-wide financial statements. Capital assets are depreciated using the straight line method. The State assigned estimated useful life for machinery and equipment is 4-30 years. A summary of these capital assets and related accumulated depreciation for the year ended June 30, 2011 follows:

<u>Program</u>	<u>Asset</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets June 30, 2011</u>
Government Direction, Management and Control	Machinery & Equipment	\$921,820	-	\$ 27,000	\$678,513	\$216,307
Public Safety and Criminal Justice	Machinery & Equipment	\$419,943	-	-	\$354,768	\$65,175

NOTE 6 - Deferred Revenue

Deferred Revenue represents fiscal year 2012 and fiscal year 2011 slot machine license billings collected and recorded in June 2011 and 2010, respectively.

NOTE 7 - Fund Balance

The Casino Control Fund ended with a positive fund balance as of June 30, 2011. This balance includes \$ 4,312,519 of the fiscal year 2010 fund balance which was credited to casino licensees during fiscal year 2012. Pursuant to N.J.A.C. 19:41-9.1(e) the remaining fund balance as of June 30, 2011 totaling \$150,052 will be credited to casino licensees in fiscal year 2012 upon approval by the Director of the Division of Gaming Enforcement in proportion to the relative amount of total fees paid by each casino licensee with respect to the fiscal year ended June 30, 2011.

NOTE 8 - Employee Benefit Costs

Fringe benefit costs which include pension, health benefits, payroll taxes, and amounts for unused sick leave are originally paid by the General Fund and are charged to the Casino Control Fund using a composite fringe benefit rate.

Cash payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payment is based on fifty percent of the employee's sick leave accumulation, at the pay rate in effect at the time of retirement up to a maximum of \$15,000. Employees separating from state service prior to retirement are not entitled to payments for accumulated sick leave balances. Sick leave accumulations may also be used by an employee for a personal illness or injury as a means of continuing regular pay. The liability for accumulated employee sick leave balances as of June 30, 2011 and June 30, 2010 of approximately \$3.4 million and \$3.3 million, respectively, is reflected as a non-current liability on the State's government-wide financial statements and is not accrued in these financial statements.

Employees annually earn 12 to 25 vacation days based on years of service and are permitted to carry over those days earned within a one-year period. The liability for accumulated vacation pay as of June 30, 2011 and June 30, 2010 of approximately \$1.5 million and \$1.4 million, respectively, is reflected as a non-current liability on the State's government-wide financial statements and is not accrued in these financial statements.

NOTE 9 - Interest

The General Fund charges interest to the Casino Control Fund when disbursements exceed receipts collected and credits interest to the Casino Control Fund when receipts collected exceed disbursements made. The interest rate used during fiscal year 2011 and fiscal year 2010 was equal to the effective rate of return on investments in the General Fund and varied from 0.23% to 0.36% in fiscal year 2011 and from 0.35% to 0.61% in fiscal year 2010. The net effect of these transactions is reflected in the Investment Earnings account on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

NOTE 10 - Contingent Liability

As of the issuance date of these statements, the Casino Control Fund is not involved in any legal actions wherein there is potential for unanticipated expenditure. Should any legal actions subsequently materialize, N.J.A.C. 9:41-9.1 allows the Casino Control Fund to apportion any uncollected cost among the licensed casino facilities.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**STATE OF NEW JERSEY
CASINO CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES				
Casinos				
Licenses - Casino	\$ 50,378,428	\$ 50,355,428	\$ 42,350,661	\$ (8,004,767)
- Slot Machine	14,244,000	14,244,000	14,263,958	19,958
- Alcoholic Beverage	87,000	87,000	79,632	(7,368)
Assessments	-	-	-	-
Total from Casinos	<u>64,709,428</u>	<u>64,686,428</u>	<u>56,694,251</u>	<u>(7,992,177)</u>
Other Sources				
Licenses - Casino Employees	1,275,491	1,275,491	1,109,397	(166,094)
- Casino Service Industry	831,860	831,860	813,869	(17,991)
Equipment Prototype Testing	1,971,833	1,971,833	2,144,369	172,536
Other Revenues	35,815	35,815	25,018	(10,797)
Total from Other Sources	<u>4,114,999</u>	<u>4,114,999</u>	<u>4,092,653</u>	<u>(22,346)</u>
Investment Earnings	<u>23,000</u>	<u>20,000</u>	<u>17,702</u>	<u>(2,298)</u>
Total Revenues	<u>68,847,427</u>	<u>68,821,427</u>	<u>60,804,606</u>	<u>(8,016,821)</u>
EXPENDITURES				
Public Safety and Criminal Justice (Division of Gaming Enforcement)	43,450,846	41,720,321	39,462,509	2,257,812
Government Direction, Management and Control (Casino Control Commission)	<u>25,396,581</u>	<u>24,385,106</u>	<u>21,243,744</u>	<u>3,141,362</u>
Total Expenditures	<u>68,847,427</u>	<u>66,105,427</u>	<u>60,706,253</u>	<u>5,399,174</u>
Net Change in Fund Balance	-	2,716,000	98,353	(2,617,647)
Fund Balance - July 1, 2010	-	-	-	-
Fund Balance - June 30, 2011	<u>\$ -</u>	<u>\$ 2,716,000</u>	<u>\$ 98,353</u>	<u>\$ (2,617,647)</u>

**STATE OF NEW JERSEY
CASINO CONTROL FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Budgetary Basis - Net Increase (Decrease) in Fund Balances **\$ 98,353**

Differences - Budget to GAAP

Encumbrances for items ordered but not received are reported in the year the resources are encumbered for budgetary purposes, but in the year the items were received for GAAP purposes. \$ 274,500

Expenditures in prior fiscal year accounts are reported in the year the resources are encumbered for budgetary purposes, but in the year the funds are disbursed for GAAP purposes. (252,666)

Total Differences - Budget to GAAP 21,834

GAAP Basis - Net Increase (Decrease) in Fund Balances **\$ 120,187**

SUPPLEMENTARY INFORMATION

**STATE OF NEW JERSEY
CASINO CONTROL FUND
EXPENDITURE DETAIL
FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>		<u>2010</u>	
	<u>PUBLIC SAFETY AND CRIMINAL JUSTICE</u>	<u>GOVERNMENT DIRECTION MANAGEMENT AND CONTROL</u>	<u>PUBLIC SAFETY AND CRIMINAL JUSTICE</u>	<u>GOVERNMENT DIRECTION MANAGEMENT AND CONTROL</u>
EXPENDITURES:				
Salaries	\$ 25,786,756	\$ 13,980,338	\$ 24,621,491	\$ 16,249,394
Payroll Taxes and Employee Benefits	8,379,283	4,727,514	7,818,591	5,608,853
Printing and Office Supplies	128,283	114,123	104,603	115,853
Vehicular Supplies	278,238	-	229,018	-
Travel	99,056	7,101	82,347	11,061
Telephone	239,967	199,739	278,835	269,047
Data Processing	277,970	455,799	321,159	640,752
Professional Services	63,325	49,935	51,652	97,280
Other Services Other Than Personal	267,583	97,685	275,318	92,940
Rent-Facilities	2,281,689	1,385,887	2,043,086	1,300,818
Rent-Automobiles and Other	54,101	102,306	53,739	110,494
Indirect Costs	447,603	37,652	1,405,196	35,340
Improvements	-	-	7,970	-
Office Equipment	702	551	46,902	1,278
Vehicular Equipment	923,110	-	(5,625)	(13,180)
Other Equipment	270,445	27,678	252,793	32,723
Total Expenditures	<u>\$ 39,498,111</u>	<u>\$ 21,186,308</u>	<u>\$ 37,587,075</u>	<u>\$ 24,552,653</u>

Office of the State Auditor
Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on
an Audit of the Financial Statements of the
State of New Jersey Casino Control Fund

For the Fiscal Year Ended
June 30, 2011



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Chairman

SENATOR
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The Honorable Chris Christie
Governor of New Jersey

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Sheila Y. Oliver
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the State of New Jersey Casino Control Fund as of and for the year ended June 30, 2011, and have issued our report thereon dated January 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Casino Control Fund is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Casino Control Fund management's internal control over financial

reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Casino Control Fund management's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Casino Control Fund management's internal control over financial reporting.

A deficiency in internal controls exists when the design or the operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Casino Control Fund's financial statements are free of material misstatement, we performed tests of management's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the legislature, and is not intended to be and should not be used by anyone other than these specified parties.



Stephen M. Eells
State Auditor
January 31, 2012

Chris Christie
Governor

*New Jersey
Casino
Control Commission*

Linda M. Kassekert
Chair

Sharon Anne Harrington
Vice Chair

Edward Fanelle
Commissioner



If you or anyone you know has a gambling problem, call
1-800-GAMBLER