

STATE OF NEW JERSEY
DIVISION OF GAMING ENFORCEMENT
PETITION No. 2131401

IN THE MATTER OF THE)
APPLICATION OF SHOWBOAT)
ATLANTIC CITY OPERATING)
COMPANY, LLC d/b/a SHOWBOAT)
CASINO HOTEL FOR)
DECLARATORY RULINGS)
RELATED TO THE CESSATION OF)
GAMING OPERATIONS)

ORDER
PRN 2131401

WHEREAS, Showboat Atlantic City Operating Company, LLC d/b/a Showboat Casino Hotel (hereinafter "Showboat") obtained an Operation Certificate prior to commencing casino operations, which certificate required compliance with all legal and regulatory provisions, pursuant to *N.J.S.A. 5:12-96*; and

WHEREAS, the Division of Gaming Enforcement ("Division") has the authority, pursuant to *N.J.S.A. 5:12-96(d)*, to alter or amend an Operation Certificate; and

WHEREAS, Showboat filed a Petition, PRN 2131401, with the Division on August 1, 2014, seeking declaratory rulings related to the termination of casino operations and the surrender of its Operation Certificate; and

WHEREAS, Showboat has also requested a declaratory ruling concerning surrender of its casino Operation Certificate; and

WHEREAS, Showboat is the holder of a Casino Hotel Alcoholic Beverage ("CHAB") license, issued pursuant to *N.J.S.A. 5:12-103*. By this Petition seeks approval to retain its CHAB license until the surrender of its Operation Certificate, as amended, and has submitted procedures to terminate its Food and Beverage operations. Specifically, Showboat represents that:

- a) Service bars and front house bars will be closed between 12:00 a.m. on August 23, 2014 (Carousel) and 4:00 p.m. on August 31, 2014 (North Service Bar);
- b) All beverage service will cease at 3:45 p.m. on August 31, 2014;
- c) iBev service will cease on at 12:01 a.m. on August 30, 2014;
- d) All alcoholic products in satellite locations will be counted and removed upon the cessation of gaming operations;
- e) The Food and Beverage department will be staffed in accordance with the supplemental schedule dated August 15, 2014, and
- f) All alcoholic products will be stored in Showboat's Second Floor Banquet Beverage storeroom, an approved CHAB location; and, the Division having considered the law and the submission of Showboat;

IT IS ORDERED that procedures set forth in the petition related to Showboat's CHAB license, including audit and storage of alcoholic products, are approved subject to the following:

- i. All partially used containers of alcohol shall be disposed of;
- ii. All other alcoholic products shall be secured in the Showboat's Second Floor Banquet Beverage storeroom until distributed;
- iii. The Internal Audit department shall prepare the final inventory of alcohol and shall provide a copy to the Division by September 2, 2014;
- iv. A supplemental plan for the distribution of alcoholic beverages to affiliated entities will be provided to the Division by September 2, 2014;
- v. No alcoholic products shall be transferred to an affiliated entity without prior approval by the Division;
- vi. Internal Audit shall submit to the Division a report of any discrepancies regarding the inventory of alcoholic beverages;
- vii. Showboat shall maintain staffing according to the supplemental schedule dated August 15, 2014, and
- viii. Showboat shall surrender its CHAB license concurrent with the surrender of its Certificate of Operation; and

WHEREAS, Showboat seeks approval of the procedures it submitted regarding the payment of Gaming Vouchers and the redemption of gaming chips and tokens and has submitted a Notice to its customers and the public regarding same. Specifically, Showboat represents that:

- a) Gaming Vouchers may be redeemed at either Caesars Atlantic City or Harrah's Resort Atlantic City for up to 12 months from the date of issue;
- b) Gaming chips may be redeemed at Bally's Atlantic City, Caesars Atlantic City or Harrah's Resort Atlantic City;
- c) Notice will be published in the Atlantic City Press advising the public of the above mentioned procedures; and
- d) Notices will be posted within the Showboat facility advising the public of the above described procedures; and, the Division having considered the law and the submission of Showboat;

IT IS ORDERED that the Notice to the public is approved, in part, and procedures set forth in the petition related to the redemption and payment of the above stated gaming obligations, including the mailing of notices to patrons, are approved subject to the following:

- i. The Notice shall be posted on all entrances and exits to the Showboat facility, in all elevators, at the Hotel front desk, and at the casino cage;
- ii. The Notice shall be published in all local newspapers until the termination of gaming operations;
- iii. The Notice shall be posted to the Showboat website;
- iv. The Notice shall be mailed to all known patrons of Showboat and E-mailed to all patrons of which Showboat has an E-mail address;
- v. All advertising shall include a statement that Showboat will be terminating its gaming operations on August 31, 2014, at 4:00 p.m.;
- vi. Showboat shall account for the ending gaming voucher liability in accordance with the direction of the Division's Revenue Certification Unit;
- vii. Showboat shall continue casino cage operations until 5:00 p.m. on August 31, 2014, to permit patrons to redeem gaming vouchers and chips after the cessation of gaming operations; and
- viii. Showboat will continue to redeem gaming vouchers held by patrons for up to 12 months following the cessation of gaming operations; and

WHEREAS, Showboat seeks approval of the procedures it submitted regarding the issuance of credit and the collection of counterchecks. Specifically, Showboat represents that:

- a) It will cease creating new credit accounts for patrons at 12:01 a.m. on August 29, 2014;
- b) The issuance of credit by Showboat will cease concurrent with the cessation of gaming operations at 4:00 p.m. on August 31, 2014;
- c) Upon the cessation of business, Showboat will transfer its countercheck inventory and credit function to an affiliated entity, and
- d) All outstanding counterchecks will be deposited or redeemed by the affiliated entity on or before October 15, 2014 (45 days from the cessation of gaming operations) in accordance with the applicable regulations, and the Division having considered the law and the submission of Showboat;

IT IS ORDERED that the procedures related to the issuance and collection of counterchecks are approved, provided, Showboat creates and files with the Division an accounting and reconciliation of its credit activity to the Division no later than October 24, 2014; and

WHEREAS, Showboat seeks approval for the procedures related to the return of patron funds held, on deposit or otherwise, by the casino licensee. Specifically, Showboat represents that:

- a) It will make reasonable efforts to refund money held on deposit to patrons, including mailing correspondence to each patron at the address on file in Showboat's records advising the patron to contact Showboat for return procedures;
- b) All unredeemed funds remaining in possession of Showboat as of 4:00 p.m. on August 31, 2014, will be transferred to the Caesars Unclaimed Property Division and, thereafter, escheated to the State of New Jersey, in accordance with applicable laws and regulations; and, the Division having considered the law and the submission of Showboat;

IT IS ORDERED that the procedures for the return of patron funds held, on deposit or otherwise, by Showboat are approved, in part, subject to the following:

- i. In addition to other means of notice, including regular mailing, Showboat shall notify patrons by E-mail, at the address on file in Showboat's records, regarding refund procedures;
- ii. Showboat shall submit to the Division an accounting of the funds it is holding, on deposit or otherwise, as of 4:00 p.m. on August 31, 2014;

- iii. Showboat shall retain patron funds held, on deposit or otherwise, at its licensed facility or at Harrah's Atlantic City until October 14, 2014, to permit patrons to redeem their funds, and
- iv. Showboat shall submit to the Division an accounting, including the patron name and amount, of any and all patron funds, held on deposit or otherwise, as of October 14, 2014, and may thereafter make application to transfer said funds to Caesars Unclaimed Property; and

WHEREAS, Showboat seeks approval of the procedures related to the termination of progressive jackpots, including approval of certain public notices required by *N.J.A.C. 13:69D-1.39(o)*; and, the Division having considered the law and the submission of Showboat;

IT IS ORDERED that the procedures related to the termination of progressive jackpots, including the adequacy of the public notices required by *N.J.A.C. 13:69D-1.39(o)*, are approved; and

WHEREAS, Showboat seeks approval of the procedures to be used related to the termination of casino table game operations. Specifically, Showboat has represented that:

- a) Poker game operations will cease on August 30, 2014, at 6:00 a.m.;
- b) Any outstanding Bad Beat Jackpot will be shared among affiliated casino licensees;
- c) Certain Gaming Pits will be closed during the day of August 31, 2014, pursuant to the schedule submitted to the Division with the Petition ;
- d) Gaming equipment, including cards and dice, will be secured and ultimately destroyed;
- e) Table game drop boxes will be collected and the contents counted according to a revised schedule submitted to the Division;
- f) Automated Teller Machines will be disabled and removed from the casino floor according to the schedule provided to the Division; and
- g) The casino management system, together with supporting operating systems, will be transferred to affiliated entities located in New Jersey; and, the Division having considered the law and the submission of Showboat;

IT IS ORDERED that the procedures related to the termination of table game operations, are approved subject to the following:

- i. Showboat will provide an accounting of any outstanding Bad Beat Jackpot;

- ii. Showboat will submit to the Division its plan for the allocation of any Bad Beat jackpot to its affiliates, including the amount of any transfer;
- iii. Showboat will provide documentation to the Division regarding the destruction of its gaming chips;
- iv. Showboat shall maintain staffing of its table games department, required pursuant to *N.J.A.C. 13:69D-1.11(b)4*, in accordance with the schedule submitted to the Division, and
- v. Internal Audit shall submit to the Division a report of any discrepancies regarding the destruction of gaming equipment, including gaming chips, or the transfer of any Bad Beat Jackpot; and

WHEREAS, Showboat seeks approval of the procedures related to the termination of its slot machine operations. Specifically, Showboat has represented that:

- a) The slot cash storage containers will be collected and the contents counted according to a revised schedule submitted with the petition;
- b) Certain slot machines will be transferred to affiliated casinos, both within Atlantic City and elsewhere;
- c) All slot machines not transferred to an affiliated entity will be sold; and
- d) The slot data system, together with supporting operating systems will be transferred to affiliated entities in New Jersey and, the Division having considered the law and the submission of Showboat;

IT IS ORDERED that the procedures related to the termination of slot machine operations, are approved subject to the following:

- i. Showboat will remove all funds from slot machines prior to any movement of the gaming equipment;
- ii. Showboat shall provide adequate security and/or surveillance, as approved by the Division, for all slot machines while located within the facility, specifically including security and/or surveillance following cessation of gaming operations;
- iii. Showboat will provide, in advance, documentation regarding slot machine transfers and/or sales to the Division's Technical Services Bureau in accordance with applicable statutes and regulations;
- iv. Showboat shall maintain staffing of its slot department, required pursuant to *N.J.A.C. 13:69D-1.11(b)4v*, in accordance with the schedule submitted to the Division, and

- v. Internal Audit shall submit to the Division a report of any discrepancies regarding the disabling, movement and inventory of slot machines; and

WHEREAS, Showboat seeks approval for the record retention plan including both digital and hard copy records; and, the Division having considered the law and the submission of Showboat. Specifically, Showboat represents that:

- a) Certain business records, in hard copy form, will be moved to an affiliate; and
- b) Records will be maintained in accordance with existing internal controls and, the Division having considered the law and the submission of Showboat;

IT IS ORDERED that the procedures related to the retention of records required by *N.J.A.C. 13:69D-1.8* are approved subject to the following:

- i. Showboat shall arrange for the secure storage of all records required by *N.J.A.C. 13:69D-1.8* to be retained;
- ii. Showboat shall insure that the storage retention facility will grant Division employees unfettered access to any and all records;
- iii. Showboat shall designate a records manager to be responsible for the ongoing maintenance of records and for the destruction of records in accordance with the provisions of *N.J.A.C. 13:69D-1.8*; and
- iv. Showboat shall destroy records only upon notice to the Division; and

WHEREAS, Showboat seeks approval for the continuation of its surveillance functions required by *N.J.A.C. 13:69D-1.10 and 1.11(b)1*, and, further, Showboat has submitted a supplemental surveillance staffing plan; and, the Division having considered the law and the submission of Showboat;

IT IS ORDERED that the procedures related to the surveillance required by *N.J.A.C. 13:69D-1.10 and 1.11(b)1*, are approved subject to the following:

- i. Showboat shall maintain its surveillance function, including staffing, in accordance with the approved internal controls, as revised;
- ii. Following the cessation of gaming operations, Showboat may, with prior Division approval, remove surveillance equipment; and

- iii. Showboat shall make any and all adjustments to its surveillance procedures which the Division, in its sole discretion, deems necessary and proper to secure the facility; and

WHEREAS, Showboat seeks approval for the continuation of its security functions required by *N.J.S. A. 5:12-99(a)11* and *N.J.A.C. 13:69D-1.11(b)5*, and, further, Showboat has submitted a supplemental security staffing plan; and, the Division having considered the law and the submission of Showboat;

IT IS ORDERED that the procedures related to the security and surveillance required by *N.J.A.C. 13:69D-1.10* and *1.11*, are approved subject to the following:

- i. Showboat shall maintain the security function, including staffing, in accordance with the approved internal controls, as revised;
- ii. All persons who are not Showboat or Division employees shall be required to sign an entry log maintained by the Security Department, which shall include the time(s), the individual's employer, and the purpose for being within the premises;
- iii. All persons who are not Showboat or Division employees shall be required to wear an identification credential issued by the Security Department;
- iv. All non-Showboat employees shall be escorted by a Showboat security officer at all times he/she is within the premises;
- v. Any individual found within the premises without an identification credential and/or without an escort by Showboat security shall be removed from the casino floor, not permitted to re-enter the premises, and the incident shall be reported to the Division; and
- vi. Showboat shall make any and all adjustments to its security procedures which the Division, in its sole discretion, deems necessary and proper to secure the facility; and

WHEREAS, Showboat is required to maintain an Internal Audit Department pursuant to *N.J.A.C. 13:69D-1.11(b)2*. By this Petition, Showboat seeks approval to amend the procedures related to the function of the Internal Audit Department. Specifically, Showboat represents that the Internal Audit Department will:

- a) Verify the chip inventory;
- b) Be present when the gaming chips are destroyed, which is scheduled for September 2, 2014;

- c) Monitor the crediting of table game chip inventories to the casino cage;
- d) Monitor the collection of table game drop boxes and slot cash storage boxes; and
- e) Inventory all controlled keys and, the Division having considered the law and the submission of Showboat;

IT IS ORDERED that the procedures related to the function of the Internal Audit Department, are approved, provided that any discrepancies shall be reported to the Division with supporting documentation; and,

WHEREAS, Showboat seeks approval for procedures related to the closure and securing of the Hotel and, the Division having considered the law and the submission of Showboat;

IT IS ORDERED that the procedures related to the closure and securing of the Hotel are approved; and

WHEREAS, Showboat seeks approval for procedures related to the payment of fees and taxes. Specifically, Showboat represents that all fees, interest, penalties and taxes will be paid in accordance with applicable statutes and regulations and, the Division having considered the law and the submission of Showboat;

IT IS ORDERED that the procedures related to the payment of fees and taxes are approved; and

WHEREAS, Showboat seeks relief from the requirements of *N.J.A.C. 13:69D-1.7(a)* pertaining to its annual financial statements, specifically that it be exempt from the submission of audited financial statements for the year ending December 31, 2014, and, the Division having considered the law and the submission of Showboat;

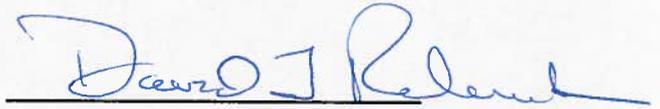
IT IS ORDERED that the relief requested by Showboat that it be allowed to forego the submission of annual audited financial statements for 2014 is approved, subject to the filing of all financial filings in accordance with the requirements of the Office of Financial Investigations.

I HEREBY ORDER that the **OPERATION CERTIFICATE** issued to Showboat Atlantic City Operating Company, LLC d/b/a Showboat Casino Hotel be Amended as set forth above and subject to the following additional conditions:

1) Showboat shall satisfy all conditions set forth in the several appendices attached to the Petition, and as supplemented thereafter; and

2) Showboat shall comply with all State, County and Municipal laws, regulations, ordinances and rulings.

Dated: August 18, 2014

A handwritten signature in blue ink, reading "David L. Rebeck", written over a horizontal line.

DAVID L. REBUCK
DIRECTOR