

PAULA T. DOW
Attorney General of New Jersey
Attorney for Complainant
State of New Jersey
Department of Law and Public Safety
Division of Gaming Enforcement
1300 Atlantic Avenue
Atlantic City, New Jersey 08401

By: Charles F. Kimmel
Deputy Attorney General

Adamar of NJ in Liquidation, LLC
f/k/a Adamar of New Jersey, Inc.
d/b/a Tropicana Casino and Resort
Brighton and The Boardwalk
Atlantic City, New Jersey 08401

Sean Mack, Esq.
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TROPICANA ATLANTIC CITY CORP
d/b/a Tropicana Casino and Resort
Brighton Avenue and The Boardwalk
Atlantic City, New Jersey 08401

By: Tama B. Hughes
Vice President and Corporate Counsel
(609) 340-4390

STATE OF NEW JERSEY, DEPARTMENT
OF LAW & PUBLIC SAFETY,
DIVISION OF GAMING ENFORCEMENT,

Complainant,

v.

ADAMAR OF NEW JERSEY,
d/b/a TROPICANA
CASINO AND RESORT,

Respondent

STATE OF NEW JERSEY
CASINO CONTROL COMMISSION
DOCKET NO. 10-0109-VC

CIVIL ACTION

STIPULATION OF
SETTLEMENT

The matters in the above-captioned contested case having been discussed by and among the parties involved, Paula T. Dow, Attorney General of New Jersey, Department of Law and Public Safety, Division of Gaming Enforcement ("Division"), Complainant, by Charles F. Kimmel, Deputy Attorney General; Adamar of NJ in Liquidation, LLC f/k/a Adamar of New Jersey, Inc. d/b/a Tropicana Casino and Resort ("Adamar"), Respondent, by Sean Mack, Esq. and Tropicana Atlantic City Corp, d/b/a Tropicana Casino and Resort ("Tropicana"), represented by Tama B. Hughes, Esq., and the following Stipulation of Facts and Conclusions of Law having been agreed to, it is hereby agreed and consented to among the parties that:

1. On the dates relevant to the Complaint, Adamar was a New Jersey enterprise having its principal place of business located at Iowa Avenue and The Boardwalk, Atlantic City, New Jersey 08401.

2. On December 12, 2007, Adamar's application to renew its license was denied by the New Jersey Casino Control Commission ("Commission")[CCC Order No. 07-12-12-27] causing a trust agreement to become "operative" vesting retired Justice Gary Stein with operating control of Adamar. Upon further order of the Commission [CCC Order 07-12-19-1], Justice Stein was also named conservator of Adamar under the conservator provisions of the New Jersey Casino Control Act ("Act") promulgated under N.J.S.A. 5:12-1 *et seq.*

3. At all times relevant herein, Adamar continued to conduct business under the direction of the aforesaid conservator subsequent to December 12, 2007.

4. On April 29, 2009, Adamar and its subsidiary Manchester Mall, Inc. ("Debtors"), filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of New Jersey, Case No. 09-20711 (the "Bankruptcy Court").

5. Thereafter, Tropicana and the Debtors entered into that certain Amended and Restated Purchase Agreement, dated November 20, 2009 (the "Purchase Agreement"), pursuant to which Tropicana agreed to purchase from the Estate of the Debtors substantially all of the assets of Debtors free and clear of all liens, claims, encumbrances and interests.

6. On March 3, 2010, Tropicana was granted Interim Casino Authorization ("ICA") which became operative on March 8, 2010, on which date, with the approval of the Bankruptcy Court, Tropicana closed on the purchase of substantially all of the assets of the Debtors free and clear of all liens, claims, encumbrances and interests, all in accordance with the terms of the Purchase Agreement.

7. On November 10, 2010, Tropicana was granted a one-year plenary license by the Commission pursuant to the Act.

8. At all times relevant to the Complaint, Adamar was authorized to conduct casino gaming within its casino hotel facility.

9. At all times relevant to the Complaint, N.J.A.C. 19:45-1.54 (d)(2) was in effect and stated that casino licensees "shall maintain a record of all transactions in the gaming voucher system for a period of time specified in the licensee's internal controls, which period shall not be less than 90 days from the date of the transaction, provided that any such records removed from the system after 90 days shall be stored and controlled in a manner approved by the Commission."

10. In early 2009, the Commission's Financial Unit began contacting casinos in preparation for the implementation of a statutory change, P.L. 2009, c. 36, which would cause unredeemed slot vouchers to expire one year after issuance. Vouchers issued prior to the date of the enactment of the law would expire one year after the law's enactment, and 50% of the value of such vouchers was to be paid to the Casino Revenue Fund. Accordingly, the Commission Staff sought data from the casinos' voucher systems to calculate the appropriate amounts to be deposited to the Casino Revenue Fund.

11. Adamar commenced issuing slot vouchers to its patrons in July 2003. From that time until March 30, 2009, Adamar purged its slot voucher system of both redeemed and unredeemed vouchers. Adamar did not have a methodology approved by the Commission for the archiving of data being removed from its voucher system.

12. Purging of vouchers initially started 151 days after issuance, with the first vouchers being purged on November 30, 2003. On February 2, 2004, the purging parameter was changed to the 271st day after issuance. On October 28, 2004, the parameter was changed again to purge on the 1180th day after issuance. On March 30, 2009, purging was discontinued. The last purged vouchers were issued on January 5, 2006.

13. At no time did Adamar have permission from the Commission to purge data relating to unredeemed vouchers from its slot voucher system.

14. In order to comply with P.L. 2009, c. 36, Commission Staff requested that Adamar provide to it the number and value of all unredeemed tickets from the date it commenced issuing slot vouchers through June 30, 2009. Because it had been improperly purging such data, contrary to N.J.A.C. 19:45-1.54(d)(2), Adamar was unable to comply with the request of the Staff.

15. Adamar was able to reconstruct most of the data removed from its voucher system. Specifically, data from October 30, 2003 through January 5, 2006 was able to be retrieved as it had been electronically stored by Adamar however the method of storage was not approved by the Commission. Data from July 2, 2003 through October 30, 2003 was not retrievable in Adamar's system however Adamar was able to manually reconstruct such information with a certain degree of accuracy. As with the information from October 30, 2003 through January 5, 2006, such information was not stored in a method approved by the Commission.

16. The data retrieved by Adamar was accepted by the Commission Staff for purposes of calculating the amount Adamar was required to remit to the Casino Revenue Fund for purposes of P.L. 2009, c. 36.

17. The data which was lost permanently results in the inability of the Commission Staff or Adamar to comply with P.L. 2009, c. 36 in that there is no method to accurately calculate the amount of unredeemed vouchers, 50% of the value of which should be remitted to the Casino Revenue Fund.

18. By removing unredeemed voucher data from the live voucher system as set forth in Paragraphs 6 through 12, above, Adamar violated N.J.A.C. 19:45-1.54(d)(2) from July 2, 2003 through March 30, 2009.

19. By archiving data from October 30, 2003 through January 5, 2006 using a method which was not approved by the Commission, Adamar violated N.J.A.C. 19:45-1.54(d)(2).

20. By permanently deleting data from July 2, 2003 through October 30, 2003, Adamar is in violation of P.L. 2009, c. 36 (codified at N.J.S.A. 5:12-141.2) in that it was unable to remit an accurate amount of money to the Casino Revenue Fund in satisfaction of its obligation to turn over 50% of the value of unredeemed vouchers for such time frame.

It is therefore STIPULATED AND AGREED that:

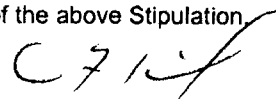
- A. Within 5 days of execution of this settlement agreement ("Agreement"), the Division shall withdraw its administrative expense proof of claim filed in the Bankruptcy Court, designated as Claim No. 760 on the Debtors' claims register (the "Administrative Expense Claim").
- B. Contingent upon such withdrawal:
1. Adamar acknowledges and agrees that the facts stated in this Agreement are true and accurate
 2. Adamar admits that on the basis of the information contained in Paragraphs 11 through 17, Adamar violated N.J.A.C. 19:45-1.54(d)(2) and N.J.S.A. 5:12-141.2.
 3. As a sanction for the foregoing violations and giving due consideration to the mitigating circumstances set forth in Paragraph 15 above, the Division recommends imposition of and Adamar accepts a civil penalty of \$5,000.
 4. Without admitting any wrongdoing or assuming any liability in connection with any event described in this Agreement or in the Complaint, and without acknowledging any obligation to do so, Tropicana agrees to pay the \$5,000 civil penalty recommended and accepted herein against Adamar.
 5. Upon final execution of this Agreement by all Parties, and within 30 days of invoice, Tropicana shall pay the civil penalty assessed herein against Adamar.
- C.. Failure on the part of the Division to withdraw the Administrative Expense Claim in the Bankruptcy Court within the time period enumerated herein, shall negate this Agreement in its entirety, including any and all admissions made by Adamar and Tropicana's agreement to pay the civil penalty assessed herein against Adamar.

The parties understand that this Agreement shall not preclude the Division from reviewing and considering any facts, including those which formed the basis for the Division's Complaint, in any future proceeding relating to any application by Adamar for licensure or qualification of Adamar, or other matter concerning Adamar's actions which may come before the Commission or Division.

The undersigned consent to the form and entry of the above Stipulation.

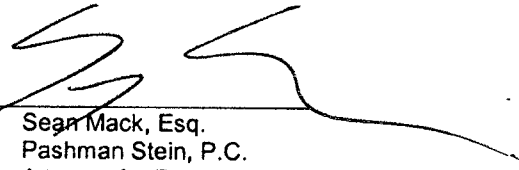
Dated: February 8, 2011

By:


Charles F. Kimmel
Deputy Attorney General

Dated: 2-9-11

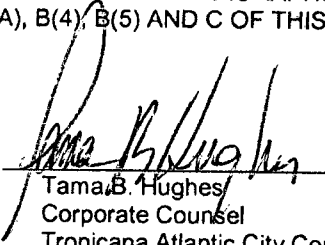
By:


Sean Mack, Esq.
Pashman Stein, P.C.
Attorney for Respondent

SO STIPULATED AND AGREED BY TROPICANA SOLELY AS TO PARAGRAPHS 5-7 (BUT ONLY TO THE EXTENT RELATING TO TROPICANA), B(4), B(5) AND C OF THIS STIPULATION OF SETTLEMENT.

Dated: 2-10-11

By:


Tama B. Hughes
Corporate Counsel
Tropicana Atlantic City Corp.
d/b/a Tropicana Casino and Resort



State of New Jersey

Chris Christie
Governor

Office of the Attorney General
Department of Law and Public Safety
Division of Gaming Enforcement
P.O. Box 047
Trenton, NJ 08625-0047

Paula T. Dow
Attorney General

Kim Guadagno
Lt. Governor

Josh Lichtblau
Director

March 31, 2011

Tama Hughes, Esq.
Vice President and Corporate Counsel
Tropicana Casino and Resort
Brighton Avenue and the Boardwalk
Atlantic City, New Jersey 08401

LETTER/ORDER


RE: STIPULATIONS OF SETTLEMENT IN STATE v. ADAMAR, 10-0109-VC, and STATE v. ADAMAR, 10-0110-VC

Dear Ms. Hughes:

Per stipulation agreed to between you and the Division in the above referenced cases, the settlements are hereby APPROVED and the civil penalties called for therein of \$5000 in Docket number 10-0109-VC and \$20,000 in Docket number 10-0110-VC are hereby assessed.

Very truly yours,

JOSH LICHTBLAU
DIRECTOR

By: 
Charles F. Kimmel
Deputy Attorney General

CFK

c: Bernadette T. Frigen, ELS
Kathryn Durning, ELS

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State of New Jersey
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Division of Gaming Enforcement
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STATE OF NEW JERSEY :
DEPARTMENT OF LAW & PUBLIC SAFETY: :
DIVISION OF GAMING ENFORCEMENT, :
: :
Complainant, :
: :
v. :
: :
ADAMAR OF NEW JERSEY, :
d/b/a TROPICANA :
CASINO AND RESORT, :
: :
Respondent :
:

STATE OF NEW JERSEY
CASINO CONTROL COMMISSION
DOCKET NO. 10-0110-VC

CIVIL ACTION

STIPULATION OF
SETTLEMENT

The matters in the above-captioned contested case having been discussed by and among the parties involved, Paula T. Dow, Attorney General of New Jersey, Department of Law and Public Safety, Division of Gaming Enforcement ("Division"), Complainant, by Charles F. Kimmel, Deputy Attorney General; Adamar of NJ in Liquidation, LLC f/k/a Adamar of New Jersey, Inc. d/b/a Tropicana Casino And Resort ("Adamar"), Respondent, by Sean Mack, Esq. and Tropicana Atlantic City Corp. d/b/a Tropicana Casino and Resort ("Tropicana"), represented by Tama B. Hughes, Esq., and the following Stipulation of Facts and Conclusions of Law having been agreed to, it is hereby agreed and consented to among the parties that:

1. On the dates relevant to the Complaint, Adamar was a New Jersey enterprise having its principal place of business located at Iowa Avenue and The Boardwalk, Atlantic City, New Jersey 08401.

2. On December 12, 2007, Adamar's application to renew its license was denied by the New Jersey Casino Control Commission ("Commission")[CCC Order No. 07-12-12-27] causing a trust agreement to become "operative" vesting retired Justice Gary Stein with operating control of Adamar. Upon further order of the Commission [CCC Order 07-12-19-1], Justice Stein was also named conservator of Adamar under the conservator provisions of the New Jersey Casino Control Act ("Act") promulgated under N.J.S.A. 5:12-1 *et seq.*

3. At all times relevant to the complaint, Adamar continued to conduct business under the direction of the aforesaid conservator subsequent to December 12, 2007.

4. On April 29, 2009, Adamar and its subsidiary Manchester Mall, Inc. ("Debtors"), filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of New Jersey, Case No. 09-20711 (the "Bankruptcy Court").

5. Thereafter, Tropicana and the Debtors entered into that certain Amended and Restated Purchase Agreement, dated November 20, 2009 (the "Purchase Agreement"), pursuant to which Tropicana agreed to purchase from the Estate of the Debtors substantially all of the assets of Debtors free and clear of all liens, claims, encumbrances and interests.

6. On March 3, 2010, Tropicana was granted Interim Casino Authorization ("ICA") which became operative on March 8, 2010, on which date, with the approval of the Bankruptcy Court, Tropicana closed on the purchase of substantially all of the assets of the Debtors free and clear of all liens, claims, encumbrances and interests, all in accordance with the terms of the Purchase Agreement.

7. On November 10, 2010, Tropicana was granted a one-year plenary license by the Commission pursuant to the Act.

8. At all times relevant to the Complaint, Adamar was authorized to conduct casino gaming within its casino hotel facility.

9. At all times relevant to the Complaint, N.J.A.C. 19:45-1.39(l) was in effect and stated, in pertinent part, "[A] slot machine offering a progressive jackpot that is removed from the casino floor shall be returned or replaced on the casino floor within five gaming days." Alternatively, the jackpot on such link can be transferred.

10. At all times relevant to the Complaint, N.J.A.C. 19:45-1.39(b)(3) was in effect and stated, in pertinent part, that each progressive jackpot that is controlled by a device other than the game's approved program, such as a progressive controller, shall have "A separate key and key switch to reset the "progressive meter(s)" or such other separate reset mechanism as may be approved by the Commission."

11. At all times relevant to the Complaint, N.J.A.C. 19:45-1.39(e)(1) was in effect and stated, in pertinent part, that a casino offering a progressive jackpot was required to have the Commission's approval of "[t]he initial and reset amounts at which the 'progressive meter(s)' will be set."

12. Link 89 on Adamar's casino floor, consisting of 29 linked progressive machines, was taken out of service at 2:51 AM on March 9, 2009. The 29 machines on the link were located in various slot zones across the casino floor.

13. At approximately 1:00 PM on March 17, 2009, Adamar attempted to return eight of the 29 games on Link 89 to service. The link at that time had been down for nine gaming days.

14. When the eight games referenced in Paragraph 8 above were returned to service, a progressive controller was used that was different than the controller specified in Adamar's Appendix E paperwork submitted to the Division. The paperwork specified that a Mikohn

Controller model 2IF was to be used. Adamar placed the eight machines back in service using a Mikohn Con 2I controller.

15. A few hours after eight of the 29 games on Link 89 were placed back into service using the wrong progressive controller, one machine on the link malfunctioned, displaying an incorrect jackpot amount to a winning patron. The patron was paid the correct amount, but this machine was again taken out of service while remaining on the casino floor. The following day, while attempting to fix the one machine which had malfunctioned, Adamar slot personnel believed the malfunction to be caused by the progressive controller and therefore took all eight operating games on the link out of service. All 29 machines on Link 89 were therefore out of service on March 18, 2009.

16. The progressive controller which was suspected of causing the malfunction was taken as evidence by the Division for further examination and was found to be a Mikohn Con 2I controller, which was at variance with the Mikohn Con 2IF controller set forth in Adamar's paperwork regarding the link. Adamar personnel admitted to using the wrong controller in an attempt to make Link 89 operational while waiting for IGT to send a replacement of the correct Con 2IF controller.

17. On March 20, 2009 Adamar informed the Division that it had corrected the flaw in the original Con 2IF controller and was therefore ready to return all 29 games to service using the correct controller. Link 89 was placed back in service at approximately 12:30 PM on March 20, 2009.

18. On March 27, 2009, the entire link was again taken out of service as the supposedly repaired Con 2IF controller had again malfunctioned, displaying a secondary jackpot exceeding \$10 million. Adamar then revealed to the Division that on March 24, 2009, four days after the entire link was placed back into service on March 20, 2009, a malfunction had occurred on one machine when a patron had won a jackpot of \$1629.40. The controller was supposed to reset the jackpot to the approved reset amount of \$1000 but failed to do so. Rather than take the

link out of service, Adamar decided to allow the jackpot to remain progressing from the winning amount of \$1629.40. Had there been another winner, such patron would have gotten a windfall of \$629.40. As noted, when the display jumped inexplicably to over \$10 million, the entire 29 game link was taken out of service.

19. A replacement Mikohn Con 2 IF controller was received from IGT on March 27, 2009 and all 29 games were placed back into service at approximately 12:15 PM. With the correct controller in place, no further malfunctions were reported.

20. By allowing all 29 games on Link 89 to be down from March 9, 2009 through March 17, 2009, Adamar violated N.J.A.C. 19:45-1.39(l).

21. By allowing eight games on Link 89 to be placed into service from March 17, 2009 until March 18, 2009 using a controller other than the Mikohn Con 2IF controller identified in its paperwork, Adamar violated N.J.A.C. 19:45-1.39(b)(3) in that it used a progressive controller not approved by the Commission for that particular link.

22. By allowing the link to continue to progress without resetting to the approved reset amount after a secondary jackpot was won by a patron, as detailed in Paragraph 17 above, Adamar violated N.J.A.C. 19:45-1.39(e)(1).

23. In mitigation of the above violations, a working model of the correct controller was unavailable from either the manufacturer or from any other source, and Adamar was trying to get the link into service as soon as possible for both regulatory and business reasons.

It is therefore STIPULATED AND AGREED that:

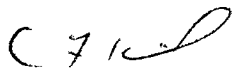
- A. With 5 days of execution of this settlement agreement ("Agreement"), the Division shall withdrawal its administrative expense proof of claim filed in the Bankruptcy Court, designated as Claim No. 762 on the Debtors' claims register (the "Administrative Expense Claim").
- B. Contingent upon such withdrawal:

1. Adamar acknowledges and agrees that the facts stated in this Agreement are true and accurate
 2. Adamar admits that on the basis of the information contained in Paragraphs 12 through 19 above, that Adamar violated N.J.A.C. 19:45-1.39(1), N.J.A.C. 19:45-1.39(b)(3) and N.J.A.C. 19:45-1.39(e)(1).
 3. As a sanction for the foregoing violations, and giving due consideration to the mitigating circumstances set forth in Paragraph 23 above, the Division recommends imposition of and Adamar accepts a civil penalty of \$20,000.00.
 4. Without admitting any wrongdoing or assuming any liability with any event described in this Agreement or in the Complaint and without acknowledging any obligation to do so, Tropicana agrees to pay the \$20,000 civil penalty recommended and accepted herein against Adamar.
 5. Upon final execution of this Agreement by all parties, and within 30 days of invoice, Tropicana shall pay the civil penalty assessed herein against Adamar.
- C.. Failure on the part of the Division to withdraw the Administrative Expense Claim in the Bankruptcy Court within the time period enumerated herein, shall negate this Agreement in its entirety, including any and all admissions made by Adamar and Tropicana's agreement to pay the civil penalty assessed herein against Adamar.


The parties understand that this Agreement shall not preclude the Division from reviewing and considering any facts, including those which formed the basis for the Division's Complaint, in any future proceeding relating to any application by Adamar for licensure or qualification Adamar or other matters concerning Adamar's actions which may come before the Commission or Division.

The undersigned consent to the form and entry of the above Stipulation.

Dated: February 8, 2011

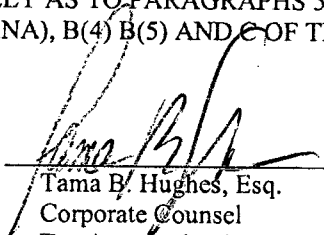
By: 
Charles F. Kimmel
Deputy Attorney General

Dated: 2-9-11

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Sean Mack, Esq.
Pashman Stein, P.C.
Atty for Respondent

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Corporate Counsel
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