CHAIRPERSON JAMES: I'd like to open up for questions now.

Commissioner Lanni?

MR. LANNI: Mr. Gardner, you might suspect that I would be asking you a question.

MR. GARDNER: That would be the first one, yes.

MR. LANNI: I'm sorry?

MR. GARDNER: I assumed that you would be the first one to ask me a question.

MR. LANNI: Well good, it's good to assume things, sometimes you're correct when you assume, sometimes you're not.

Just for the record, I would like to note a couple of things. One, you referred to a number of instances that occurred at MGM Grand. I think for the record in all fairness, in your written report you didn't delineate that as far as the timing. Each and every occurrence that you talked about occurred well before I assumed my responsibilities.

MR. GARDNER: That is absolutely correct.

MR. LANNI: I know it is absolutely correct. I don't need you to confirm that. I'm saying that as of June 1st, 1995, is the date that I assumed those responsibilities. I think Mr. Wilhelm will confirm to you that I am not anti-union, that shortly after I joined the company we entered into a neutrality agreement, signed an agreement which we think is excellent for our employees, for our company, and I think John agrees that it's for his employees who are the same employees, it's excellent for them.
I have a very positive working relationship with Mr. Wilhelm's union, with the operating engineers and other unions and other properties of ours, so I want the record to state that correctly.

MR. GARDNER: Fine. I have no reason to doubt any of that.

MR. LANNI: Fine. When it comes to the issue of the sidewalks that's an issue that preceded me also. I would like to discuss that in greater length, but in the written documentation that you provided each of the Commissioners you indicate this potential litigation, further litigation in that particular matter so I think my counsel if he were next to me would suggest that I not respond to that. At the appropriate time and it may be a different forum I would like to do that.

On the issue of children and theme parks and each of these factors; I happen to be a long time believer that Las Vegas from a business standpoint should not have geared itself towards directing its marketing towards families. I'm not, I'm not opposed to families, I'm a family man myself, I have two children.

My view is very simple on this issue and I apologize taking all the time of the other Commissioners and other people in this room because I honestly think that much of what you've raised didn't deal with the particular topic that you were here to discuss, but that is your prerogative and I feel compelled to respond to it.

When it comes to the children's aspect I think something has really changed in our society right now. If you
take a look at what's different than when I was child and I have memory long enough to allow me to remember some of that, is that families didn't travel nearly as much together. Too many instances now, it's impossible for most people in this country to have a single member of a two parent family not working. When I was growing up, a single person of the two adults could work and have enough money to afford the family to have the opportunity but the second individual didn't need a position for pay because it's obviously if ones a homemaker that is position it's just not a position for pay.

What is changed is that people are working for instance, many more two family adults are working. They have less time to spend with their children and as a result of that I think they are traveling now more with their children, at every level the low, the middle, and the very high end of the income strata.

And I think Las Vegas was responding more to that than Las Vegas was in creating attractions to bring children in place.

Now I can tell you specifically where you stand today or sit today was formerly part of the theme park at MGM Grand. The theme park at MGM Grand has been reduced to approximately one-half of its original size. It was a very bad business decision in the first place. A decision I didn't make, that's easy for me to say.

Secondly, it now operates only during the summer and on certain weekends during the Easter/spring break holidays. And I suspect that will be changing as time moves forward.
Where you are sitting right now is a former portion of that theme park. And we spent $92 million on this 190,000 square foot facility which does not necessarily attract children as I think you might be willing to accept.

Secondly we took a portion of it and developed six acres of pools and spa, again not necessarily attractive to children.

So you take a look at the arcade that you mentioned, you might have noted that the original arcade that you were talking about here in this hotel was four times the size of the current arcade. We have downsized it to be one-quarter of that size, it's an amenity. We have brought in a Studio 54 nightclub, again I think clearly would not be geared to your tourist children.

So I happen to agree with you that that's not really the future or even the present for Las Vegas. However, I think you should have clearly noted that was under prior management in which these things were brought about.

Now I think that was disingenuous of you to do that. Another point you brought out in your written testimony and I must, I must respond to this because it becomes part of the permanent record and I'm obviously quite bothered by it.

You refer to an article, October 28th, 1998, in Common Cause, one of my close personal friendly publications, in which among other things they indicated that, if I may read from your written testimony, "Speaker Gingrich named two members of the Gambling Commission, one MGM Grand's Terrence Lanni was
personally approved by McGraws Resorts chair Steve Wynn,” according to the Las Vegas Sun.

Now I can tell you I have a lot of respect for Mr. Steve Wynn, I can't say necessarily he has a lot of respect for me nor I can say that we have a lot things we agree upon but one thing I can guarantee we will agree upon, he did not support my nomination to this particular Commission. You go on to conclude which, again, quoting the Las Vegas Sun, "that the National Republican Congressional Committee received it's largest gambling industry contribution ever, a $150,000.00 soft money contribution from Mirage Resorts just shortly after he had talked Speaker Gingrich into naming me for this position."

Now I happen to know how that funding came about, and again it's probably best to investigate some of these before you decide to invest in reporting an article from this particular newspaper.

Let me tell you what happened. If you go back to 1996 there was a gubernatorial campaign in the state of New Jersey, Christine Todd Whitman (ph) was a reasonably tight election at that particular time. Mr. Wynn was very bothered by the fact that President Clinton went into that state to campaign for her democratic opponent and during a presentation happened to mention that he thought a federal excise tax on gaming might be a very interesting approach to the government in Washington, D.C. Mr. Wynn was incensed by that and very bothered by it. Logically, without spending a lot of time on excise taxes, I don't know how you pass on an excise in a gaming casino unless you change the odds of the game because that is a consumer tax.
He was very bothered by that and shared it with a number of industry leaders that he was very bothered with the President of the United States, a democrat had suggested this and it might well be desirable from his standpoint that his company through a legal contribution make a contribution to the Republican party.

To tie these two events together, the first being a canard and the second time the aspect, the appointment being the canard and the aspect of having the $150,000.00 donation as a payoff was wrong obviously for the Las Vegas Sun to report it. I think it was abysmal for you to include it in your report.

You obviously had the prerogative to do that. You have the prerogative to present your case as you see it and I certainly respect that right, but I think you really literally need to check the facts.

I would end in one last point on this as it reminds me and I never met you before I don't think but I know that I had a great respect for the late Hubert Humphrey, Vice President of the United States. He was a member of the United States Senate and at one point there was a person who came before one of his meetings and made some outrageous statements and Hubert Humphrey said to that individual and I think it fits you quite frankly, sir, is that the right to be heard does not necessarily include the right to be taken seriously.

MR. GARDNER: Mr. Lanni, first of all I have been involved in enough events that have hit the newspaper to understand that people on the inside frequently know a lot more and a lot better than what the newspapers report. And I have no
reason to doubt anything that you have said here about those incidents.

And I apologize to you if in fact those have, that the quoting newspaper articles that I have disturbed you. I had at no time mentioned anybody's name in the MGM or implied that anyone in particular was responsible for anything before their time. It's my understanding that there is now. I have not tried to be personal and I think I'm owed an apology at this point.

It's my understanding that there is no question posed to me and the panel may proceed.

CHAIRPERSON JAMES: Well, thank you.

(Laughter.)

CHAIRPERSON JAMES: Commissioner Wilhelm.

MR. WILHELM: Two comments and a question, the first, well I certainly wouldn't attempt to delve into what happens in the Republican party or --

(Laughter.)

MR. WILHELM: -- or any other party for that matter, with respect to Mr. Lanni's comments about his relationship with our union and his employees represented by our union, that's absolutely correct. And more over, there's not a shadow of doubt in my mind that the arrest on the sidewalks in May of 1994 in which you refer, Mr. Gardner, would never had happened if Mr. Lanni had at that time been the chairman of this company. At the same time, which he was not then as he said. There's no question that none of that would have happened.

Having grown up in Virginia and having a family come from southwest Virginia I would suggest to you, Mr. Gardner, not
November 11, 1998  N.G.I.S.C. Las Vegas Meeting

1 a whole lot of difference between company towns whether they're
2 in gambling or in other industries, you know, the coal miners
3 union has a tough time using the sidewalks in southwest Virginia,
4 too.

5 I do, however, want to say publically, Mr. Gardner,
6 that your memorandum with respect your defense of the rights of
7 free speech in Las Vegas I think it took a great deal courage at
8 that time and I've never had a chance to say that publically and
9 I wish to say it.

10 MR. GARDNER: Thank you.

11 MR. WILHELM: When you were then the deputy attorney
12 general. And I don't know if that memorandum led in part to the
13 end of your employment, but personally I suspect it probably did.
14 I think it took a lot of courage and all of us in our union
15 remember that.

16 With respect to Mr. O'Reilly's brief summary of the
17 kinds of extremely detailed and in any other setting intrusive
18 information that is demanded of gaming licensees, in case my
19 fellow Commissioners are interested in that, the forms that are
20 used as the basis for that are in the back of this booklet that
21 we were given yesterday.

22 Mr. Smith didn't mention that in addition to casino
23 executives and employees and vendors that both in New Jersey and
24 Nevada union representatives in this industry are likewise
25 subject to a form of supervision and investigation by the control
26 board and the Commissions in their respective states which I
27 believe to be entirely appropriate by the way.
So because of that Mr. Lanni and myself have each filled out different versions of these forms and the rest of you, however, might be interested in them, they are, they would be regarded as Mr. O'Reilly says in any other setting as extremely intrusive, I personally think they are quite appropriate.

The question I have is this and it's a question of Mr. DuCharme. We heard testimony yesterday from the NCAA representative who actually arrived in and left Nevada in one piece. That's an inside joke about UNLV.

We heard testimony from him about the recent point shaving scandal at Arizona State University and I wonder if you could briefly describe to us the way in which that scandal was discovered?

MR. DuCHARME: Well actually the posted odds were taking some wild swings on Saturday morning and betters were chasing these odds even though they were being skewed ten points the other way. I received a call at home from one of the book operators and then a follow-up called from a sports wagerer, that said something is going on here. This game is not right.

Later that morning I believe Roxie Roxbourgh who disseminates line information to almost all the casinos called the league commission, we later called the FBI and investigation and sued. But it was because one our local bookmakers and book operators noticed this unusual betting occurrence and reported it.

MR. WILHELM: So at least in that one circumstance it's fortunate that one small corner of the huge world of sports betting is both legal and regulated?
MR. DuCHARME: That's correct.

MR. WILHELM: Thank you.

CHAIRPERSON JAMES: Commissioner McCarthy.

MR. McCARTHY: Mr. Smith, it's been reported that the
New Jersey Regulatory Commission --

CHAIRPERSON JAMES: I need you, Leo, could I get you
to pull that up? Thanks.

MR. McCARTHY: It's been reported that the New Jersey
Regulatory Commission promulgated regulations which would allow
any casinos operating in your state to allow credit cards to be
inserted into slot machines and perhaps other kinds of gambling
machines.

Could you please tell us where that idea originated
and what the rationale of your Commission was? And I ask the
question with the background of looking at credit practices and
procedures and trying to understand whether there is any
empirically demonstrable tie to some pathological gamblers by
simply easing the avenues credit that they might use even when
they're chasing their losses.

MR. SMITH: Yeah, let me briefly explain what that
was. It was not the use of credit cards in the slot machines,
sir. It was a system developed by I believe it was COMDATA who
had been mentioned earlier, where a person at a gaming table
rather than leaving the table and going to an ATM machine on the
casino floor or right outside the casino, could present his
credit card at the table. The system would, would check the
credit, be certain that it was a valid card, and issue the credit
at the table.
MR. McCARTHY: I'm given to understand that no operating casinos in New Jersey have taken advantage, have chosen to exercise the right that your state agency would give them. Is that correct?

MR. SMITH: No, that is not correct.

MR. McCARTHY: Can you tell us what the experience has been so far?

MR. SMITH: Yeah, I can tell you the experience as of the time that I left the Commission and that was the beginning of September. We having had a public issue come from that regulation, we determined that we would track the amount of play on these, on these systems so that we would be able to tell whether or not there were any abuses, whether or not there were any complaints, et cetera.

And the tracking showed to us what we believed, what the Commission believed when we passed the regulation, that it would simply be a convenience to the customer.

The amount of money obtained through that system was very, very small; I think less than one percent when compared to the credit issued by casinos themselves and that doesn't even compare it to the credit taken on third party accounts.

So it was very limited use. It didn't, there did not appear to be any abuses and it seemed to confirm to me that our reason for passing it, customer convenience, was in fact a valid reason.

MR. McCARTHY: Thank you. One final brief question. We know that you keep good records on the amount of credit extended, house credit extended by New Jersey gambling
facilities. Do you also track the amount of credit extended through credit card machines that are on the floors, not a part of house credit, but the machines are --

MR. SMITH: You mean ATM machines?

MR. MCCARTHY: Correct.

MR. SMITH: Yeah, I, I, no, we do not. They're, to my knowledge there is no way to track that, no effective way.

MR. MCCARTHY: You've attempted to track that and --

MR. SMITH: No, we --

MR. MCCARTHY: -- and find it's not possible?

MR. SMITH: I cannot say that we have attempted to track that.

MR. MCCARTHY: Thank you.

CHAIRPERSON JAMES: Commissioner Bible.

MR. BIBLE: I just have a brief comment is that the one thing that strikes me is that today is our last day of public hearings and we have a regulatory panel before us and I think a testament to the effectiveness of the regulation is the topic we have not talked about during our hearings. We've had hearings now for some 18 months and we really have not talked about organized crime.

Our predecessor Commission some 25 years ago put out volumes and volumes in detail about organized crime and the impact of organized crime on gambling. We have not had any discussion of any detail on that particular testament related to the effectiveness --

DR. DOBSON: Madame Chairman?

CHAIRPERSON JAMES: Commissioner Dobson.
DR. DOBSON: I would like to make a statement here at the end of the day about organized crime in Las Vegas. Somebody has stolen my name tag--

(Laughter.)

DR. DOBSON: -- and I resent it very deeply.

CHAIRPERSON JAMES: Well, Commissioner Dobson, --

MR. BIBLE: It wasn't organized, there was probably a $25.00 bounty on it.

CHAIRPERSON JAMES: Commissioner Dobson, we, the rest of Commission was a little concerned that your name tag was the only one worth taking as a souvenir.

MR. BIBLE: We all know who you are here in town.

CHAIRPERSON JAMES: And that was the best souvenir and nobody cared to have the rest of ours.

DR. DOBSON: Well I want it back.

(Laughter.)

CHAIRPERSON JAMES: I want to thank this particular panel. Thank you Mr. Gardner.

MR. GARDNER: Thank you.

CHAIRPERSON JAMES: Thank you for your testimony, Mr. O'Reilly, Mr. DuCharme, Mr. Smith. And you will always have the distinction of being the last panel and in some measure we believe one of the most important panels in terms of looking at this issue and putting it in the proper context and understanding the importance of regulation as we discuss this very important issue.

Any final comments from any Commissioners?

(No response.)