



**UPDATED**

**NOTICE OF MEETING/HEARING and AGENDA**  
July 11, 2013 Meeting

Pursuant to the Massachusetts Open Meeting Law, G.L. c. 30A, §§ 18-25, notice is hereby given of a meeting of the Massachusetts Gaming Commission. The meeting will take place:

Thursday, July 11, 2013  
9:30 a.m.

**Boston Convention and Exhibition Center**  
415 Summer Street, Room 102-B  
Boston, Massachusetts

**PUBLIC MEETING - #71**

1. Call to order
2. Approval of Minutes
  - a. June 27, 2013
3. Administration – Rick Day, Executive Director
  - a. General Administrative Update
  - b. Phase 1 Qualifier Deadline Discussion
  - c. Master Schedule
4. Racing Division - Jennifer Durenberger, Director
  - a. Administrative Update
  - b. Tax Withholding
5. Investigations and Enforcement Division – Karen Wells, Director
  - a. Suitability Process
  - b. Hearing and Vote
    - i. Mass Gaming and Entertainment, LLC
    - ii. PPE Casino Resorts MA LLC
6. Other business – reserved for matters the Chair did not reasonably anticipate at the time of posting

I certify that on this date, this Notice was posted as “Gaming Commission Meeting” at [www.massgaming.com](http://www.massgaming.com) and emailed to: [regs@sec.state.ma.us](mailto:regs@sec.state.ma.us), [melissa.andrade@state.ma.us](mailto:melissa.andrade@state.ma.us), [brian.gosselin@state.ma.us](mailto:brian.gosselin@state.ma.us).

July 9, 2013  
(date)

Stephen P. Crosby / j  
Stephen P. Crosby, Chairman

**Date Posted to Website:** July 9, 2013 at 3:00 p.m.



Massachusetts Gaming Commission



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## Meeting Minutes

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**Date:** June 27, 2013

**Time:** 9:30 a.m.

**Place:** Boston Convention and Exhibition Center  
415 Summer Street, Room 106  
Boston, MA 02210

**Present:** Commissioner Stephen P. Crosby, Chairman  
Commissioner Gayle Cameron  
Commissioner James F. McHugh  
Commissioner Bruce Stebbins  
Commissioner Enrique Zuniga

**Absent:** None

Clicking on the time posted in the margin will link directly to the appropriate section of the video.

### **Call to Order**

See transcript page 2.

9:31 a.m. Chairman Crosby opened the 70th public meeting.

### **Approval of Minutes**

See transcript pages 2-7.

9:31 a.m. Commissioner McHugh stated that the minutes for the June 13 meeting are ready for approval. The Commission discussed making two changes to the minutes. The Commission also clarified a discussion from the June 13 meeting: although the Commission does not have the storage space for receiving physical models submitted along with an RFA-2 application, the Commission is eager to see any models that applicants create.

*Motion made by Commissioner Zuniga that the minutes of June 13, 2013 be accepted with the changes discussed. Motion seconded by Commissioner Cameron.*

*The motion passed 4-0 with Commissioner Stebbins abstaining due to not being present at the June 13, 2013 meeting.*

### **Administration**

Report by Executive Director Day. See transcript pages 7-69.

- 9:36 a.m. Executive Director Day introduced the Commission's new Director of Supplier and Workforce Development, Jill Griffin. Ms. Griffin expressed her excitement for the position, and the Commission asked her several questions regarding how she plans to undertake this new role. The Commission looks forward to working with Ms. Griffin.
- 9:51 a.m. The Commission is continuing in its hiring process. The staff has reached a decision regarding the Director of Licensing position and hopes to present the candidate to the Commission before the end of the month. Responses regarding the financial advisor consultant are due on June 28th. The Commission posted the RFR for a building and site design consultant on June 21. The draft RFR for the economic development consultant is in the final review process. Responses to the RFR for a project manager coordinator are due July 9. Ombudsman Ziemba is working to obtain assistance in evaluating Phase 2 applications from the Department of Transportation and the Department of Energy and Environmental Affairs.
- 9:53 a.m. Commissioner Zuniga discussed his updates to the budget since the prior meeting and the assumptions on which the budget is based, including assumptions regarding the amount and timing of assessments the commission will make when it awards Category 1 and 2 gaming licenses. The Commission expects to describe the mechanism for making those assessments either in its regulations or in a policy posted on its website.
- 10:21 a.m. *Motion made by Commissioner Zuniga to accept the budget for fiscal year 2014 as presented to the Commission. Motion seconded by Commissioner Cameron. The motion passed unanimously.*
- 10:22 a.m. The Commission discussed extending the term of the contract with the gaming consultants, but not extending the monthly retainer fee because the Commission anticipates primarily needing the expertise of the consultants on a project by project basis. The investigation contracts are distinct and unaffected by this extension. The Commission also discussed the value in requesting advice from the consultants from time to time, even when there is no overarching project. The extended consultant contract should anticipate and allow for this type of service. As a more general matter, the Commission discussed the necessity of having a dollar value threshold for the size of contracts that must come before the Commission for approval.
- 10:36 a.m. *Motion made by Commissioner Zuniga that the Commission extend in time the two current contracts with its gaming consultants for the next fiscal year expiring June*

*30, 2014 and consider compensation based on future negotiations on a project or task order basis or as recommended by the Executive Director. Motion seconded by Commissioner Stebbins. The motion passed unanimously.*

10:37 a.m. The Commission reviewed the master schedule. The master schedule incorporates minor changes to the Category 2 suitability timeframe. To accommodate the expected increase in staff during the fiscal year, the Commission is acquiring additional office space, which will be ready in approximately two months. For the RFA-2 application, the first applicant has already expressed an interest in the pre-application briefing meeting.

10:46 a.m. The commission took a brief recess.

### **Racing Division**

Report by Director Durenberger. See transcript pages 69-117.

10:57 a.m. Director Durenberger reported on the matters delegated at the last meeting to the Executive Director and the Director of Racing. Director Durenberger described a problem that Suffolk Downs experienced with its financial software and stated that they are working on resolving the issue. The Commission also reviewed the amended small business impact statement that will be filed with the regulations that are going to the Secretary of the Commonwealth.

11:04 a.m. *Motion made by Commissioner McHugh that the Commission approve the amended small business impact statement dated June 24, 2013. Motion seconded by Commissioner Stebbins. The motion passed unanimously.*

11:05 a.m. Director Durenberger provided the Commission with a memo on the changes to the tax law regarding the tax treatment of winnings. The Commission agreed that the change to the tax law may have a significant effect on the racing industry in the Commonwealth and that the Commission cannot take a position on the issue without learning more about the reasons behind the change. The Commission agreed to invite people familiar with the change to speak at the next Commission meeting.

### **IEB Report**

Report by Director Wells and Ombudsman Ziembra. See transcript pages 117-170.

11:51 a.m. The Commission discussed whether to set a deadline for site selection. Currently three of the eleven applicants do not have a firmly established location. Penn National is looking for locations for a possible Category 2 establishment and is considering Region C for Category 1. PPE Casino Resorts is considering a location in Salisbury, with the Board of Selectman scheduled to take a vote on July 1. Mass Gaming and Entertainment is still looking for a site and has released no additional public information.

The Commission has already implicitly set a final deadline for site selection of around July 19, because applicants would not be able to meet the timing deadlines after that date. In order to give applicants more time to provide the election certification required as part of the RFA-2 application, the Commission will consider requests for a waiver of the requirement to include the certification with the submission of the RFA-2 application as long as the applicant submits the uncertified results with the RFA-2 application and submits the certification to the Commission as soon as it is available. Applicants should submit such requests as soon as possible, and the Commission will review the requests on a case-by-case basis.

The Commission discussed whether to set a deadline, after which an applicant would require leave of the Commission to add new qualifiers. The Commission is concerned that it may not be able to fully investigate additional qualifiers prior to the date scheduled for award of the license. The Commission requested that staff formulate a more precise recommendation for the Commission's review and approval at the next meeting.

12:48 p.m. The Commission took a brief recess.

### **Qualifier Suitability**

Report by Director Wells. See transcript pages 170-248.

1:06 p.m. Director Wells went over the investigative process that has occurred thus far and the criteria by which the Commission must determine whether the individual and entity qualifiers are suitable. Each applicant and qualifier has the burden of establishing its qualification for licensure by clear and convincing evidence. Consultants from the Commissions consulting firms, Michael & Carroll and Spectrum Gaming Group also participated in the discussion.

1:26 p.m. The consultants explained that the evaluation of the applicants' and qualifiers' past behavior is done not as a form of punishment for prior bad acts, but rather to predict whether the applicants and qualifiers can be trusted to act reputably and in accordance with the statute and regulations if awarded a license.

1:54 p.m. The Commission discussed in detail the types of activities that can make a qualifier or applicant unsuitable and how the Commission should determine the minimum level of suitability while understanding that suitability will be considered again in conjunction with the RFA-2 application. The Commission then discussed the process for the adjudicatory hearing. Pursuant to the Commission's regulations, an applicant has the option of requesting waiver of an adjudicatory hearing if the IEB finds unconditional suitability. If an applicant requests waiver of an adjudicatory hearing and the Commission grants the waiver, the applicant's suitability report will be reviewed at a public meeting of the Commission.

2:31 p.m. Meeting adjourned.

**List of Documents and Other Items Used at the Meeting**

1. Massachusetts Gaming Commission June 27, 2013 Notice of Meeting and Agenda
2. Massachusetts Gaming Commission June 13, 2013 Meeting Minutes
3. Curriculum vitae of Jill Griffin
4. June 27, 2013 Massachusetts Gaming Commission Cash Flow Projection with Draft FY'14 Budget
5. Massachusetts Gaming Commission 6-18-2013 Summary Schedule Update
6. Massachusetts Gaming Commission June 24, 2013 Memorandum Regarding Contract Extension with Gaming Consultants
7. Massachusetts Gaming Commission Racing Division Amended Small Business Impact Statement
8. Massachusetts Gaming Commission Racing Division June 27, 2013 Memorandum Regarding Changes In Withholding Requirements on Winning Pari-Mutuel Wagers
9. June 25, 2013 New England Horsemen's Benevolent and Protective Association, Inc. Letter Regarding Impact of Massachusetts' New Withholding Tax on Horse Racing Wagering
10. Department of Revenue Excerpt Regarding Withholding on Wagering Winnings Gaming Commission Evaluation
11. 26 U.S.C. Section 3402
12. 2013 W-2G Form

/s/ Catherine Blue  
Catherine Blue  
Assistant Secretary

**Massachusetts Gaming Commission**

Investigations Financial Status Report

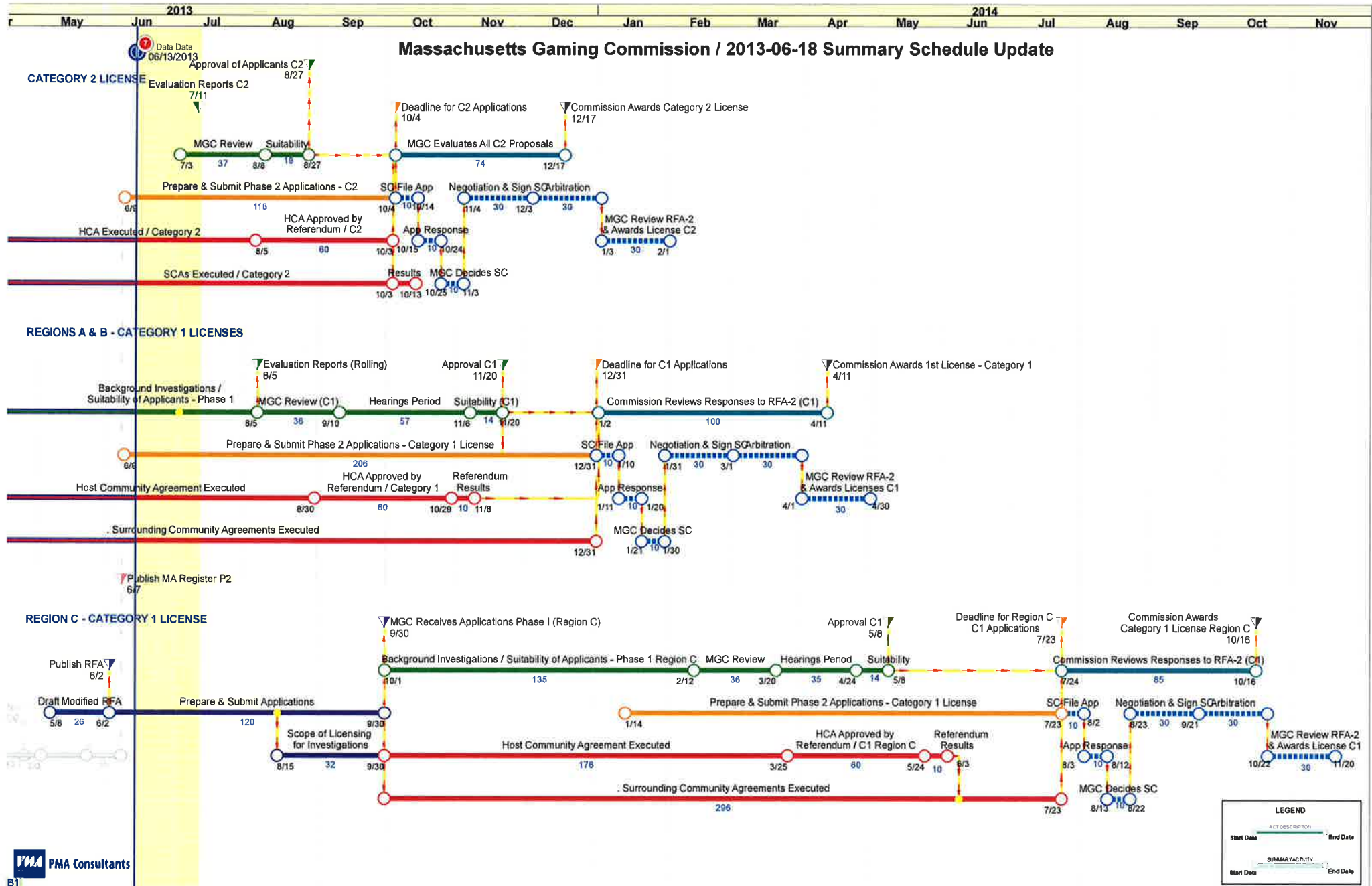
Date: June 8, 2013

#	Activity	Crossroads MA LLC	Hard Rock MA	MGE LLC	MGM Springfield	Mohegan Sun	Penn National	Plainridge Racecourse	PPE Casino Resorts	Raynham Park	Sterling Suffolk	Wynn, LLC	Totals
<b>1. Collections</b>													
1.1	Application Fee	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$4,400,000
1.2	Grant Payments <sup>(note 1)</sup>	\$0	(\$50,000)	\$0	\$0	\$0	\$0	(\$50,000)	\$0	(\$50,000)	\$0	(\$50,000)	(\$200,000)
1.3	Investigation Collections	\$370,486	\$328,755	\$275,289	\$1,242,942	\$0	\$0	\$184,039	\$102,294	\$234,354	\$1,100,771	\$755,232	\$4,200,000
<b>Total Collections (1)</b>		\$770,486	\$678,755	\$675,289	\$1,642,942	\$400,000	\$400,000	\$534,039	\$502,294	\$584,354	\$1,500,771	\$1,105,232	\$8,794,162
<b>2. Payments/Charges</b>													
2.1	Investigation Payments	\$209,363	\$308,471	\$499,139	\$1,045,005	\$243,826	\$217,028	\$569,921	\$288,744	\$581,490	\$732,389	\$602,193	\$5,297,569
2.2	Pending Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$128,050	\$0	\$134,682	\$0	\$0	\$262,732
2.3	Commission Overhead (13.71%)	\$105,634	\$99,912	\$92,582	\$225,247	\$54,840	\$54,840	\$80,072	\$68,865	\$86,970	\$205,756	\$158,382	\$1,233,100
<b>Total Payments/Charges (2)</b>		\$314,997	\$408,383	\$591,721	\$1,270,252	\$298,666	\$271,868	\$778,043	\$357,609	\$803,142	\$938,145	\$760,575	\$6,793,400
<b>3</b>	<b>Collections - Payments (1 - 2)</b>	\$455,489	\$270,372	\$83,568	\$372,690	\$101,334	\$128,132	(\$244,004)	\$144,685	(\$218,788)	\$562,626	\$344,657	\$2,000,762
<b>4</b>	<b>Invoices Issued as of 7/8/2013</b>	\$0	\$0	\$0	\$0	\$275,517	\$130,795	\$185,735	\$0	\$150,000	\$0	\$0	\$742,047
<b>5</b>	<b>Remaning Balance (3 + 4)</b>	\$455,489	\$270,372	\$83,568	\$372,690	\$376,851	\$258,927	(\$58,268)	\$144,685	(\$68,788)	\$562,626	\$344,657	\$2,742,809

Notes

1 Do not include additional grant payments to Cities/Towns via letters of agreement

# Massachusetts Gaming Commission / 2013-06-18 Summary Schedule Update



**LEGEND**

- ACT DESCRIPTION: Start Date — End Date
- SUMMARY ACTIVITY: Start Date — End Date





July 3, 2013

Stephen P. Crosby, Chairman  
Gayle Cameron, Commissioner  
James McHugh, Commissioner  
Bruce Stebbins, Commissioner  
Enrique Zuniga, Commissioner

Massachusetts Gaming Commission  
84 State Street, Suite 720  
Boston, MA 02109

RE: SUITABILITY INVESTIGATION FOR MASS GAMING AND  
ENTERTAINMENT, LLC, APPLICANT FOR A CATEGORY 2 GAMING  
LICENSE

Dear Chairman Crosby and Commissioners,

Mass Gaming and Entertainment LLC (“MGELLC”) has applied to the Massachusetts Gaming Commission (“MGC”) for a Category 2 (Slots) license pursuant to M.G.L. Ch. 23K.

Pursuant to M.G.L. Ch. 23K section 12, the Investigations and Enforcement Bureau (IEB) of the MGC was tasked with conducting a suitability investigation of each applicant for a gaming license. The MGC recognized that these types of investigations are unprecedented in Massachusetts and that it would be impractical to staff these investigations internally under the expected time frames for licensure. Accordingly, recognizing the need for expertise in this area, the MGC posted a Request for Response (RFR) in order to obtain the services of expert gaming investigators to work with the IEB in this process. 205 CMR 115.03(1) There were two responses received by the MGC and the Commission made the award to the joint application from the consulting firms of Spectrum Gaming and Michael & Carroll. The MGELLC investigation was assigned to the Michael and Carroll team.

Michael & Carroll is a New Jersey based law and consulting firm with extensive experience in the area of gaming investigations. The principals, Guy Michael and Robert Carroll, have personally conducted and/or supervised thousands of gaming applicant background investigations over the last 30 years. The Michael and Carroll investigative



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group features a structured team of 19 investigators including retired FBI, State Police, state investigators, gaming financial specialists, gaming attorneys and other support personnel who have all worked on highly complex investigations for decades.

Over the past several months, the IEB has supervised the contract investigative personnel and the Massachusetts State Police (MSP) Gaming Enforcement Unit while they worked together to conduct the statutorily required suitability and background investigations. The process commenced with “scope of licensing determinations,” based on each applicant’s organizational structure. The interested parties were permitted to submit briefs and memoranda detailing the entities and individuals they believed were required qualifiers, along with those they felt were statutorily eligible to be waived from qualification.

The IEB, MSP and investigative staff participated in various meetings with the applicant, MGELLC, to determine which entities and individuals required qualification as part of the RFA Phase I licensing process. After careful review of materials and discussions with MGELLC representatives, the entities and individuals identified in this investigative report were required to qualify in accordance with the filing requirements as established at M.G.L. c.23K Section 14 and 205 CMR 116.02. It should also be noted that the applicant was given the opportunity to object to these determinations, and after review, the IEB finalized the list of MGELLC qualifier persons and entities. This final determination was accepted by the applicant. Each qualifying entity or qualifying individual natural person was then subject to the full statutorily required background investigation conducted by the IEB.

The criteria utilized by the IEB in the determination of MGELLC’s qualifiers are set forth in the relevant statutory provisions governing the scope of licensing issues, that is, M.G.L. c.23K Section 14(a), (b), (c), (g), and (h). Additionally the IEB applied all relevant sections of the MGC’s own regulations, specifically, 205 CMR 116.01 – 116.03, inclusive. After the initial scope of licensing was determined, MGELLC then complied with the submission of the required application materials, privacy and liability waivers, application fee, and all information requested during the course of the comprehensive investigation of each qualifier.

Additionally, waivers were allowed for certain minor children who are trust beneficiaries and otherwise uninvolved in the project in any relevant way. These determinations were based upon the submissions of MGELLC and verifications by the IEB personnel, and are subject to change should contrary information be revealed during the background investigation or the Phase II processes. 205 CMR 116.03(3). It should also be emphasized that the initial scope of licensing determinations made herein do not prejudice nor limit the IEB and Commission’s right to include any person or entity as a



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qualifier at any time, should it be deemed necessary in the best interest of the Commonwealth. 205 CMR 116.03(3). Indeed, any initial waiver of a person or entity does not exclude those persons or entities from scrutiny. The IEB may, and in fact did, investigate anyone that it determined had a bearing on the evaluation of the suitability of MGELLC and its qualifiers. 205 CMR 116.03(3).

Finally, the IEB has also advised the applicant that it is required to establish the suitability of all financial sources relating to the gaming establishment. All of these financial sources may not be known at this juncture and any additional financial sources will need full disclosure, background and suitability investigation and evaluation when identified by the applicant, if the Commission approves the applicant's advancement to the Phase II processes.

In order to achieve Phase I suitability, an applicant for a casino gaming license and any person or entity deemed a qualifier pursuant to M.G.L. c.23K §14 and 205 CMR 116 et seq must provide all required application materials set forth in 205 CMR 111 relevant to Phase I evaluations, as well as satisfy the relevant statutory suitability criteria as set forth in M.G.L. c.23K §12 and §16 of the Act. The standard for satisfaction of the suitability criteria requires each applicant/qualifier to establish its qualification for licensure to the commission by clear and convincing evidence (M.G.L. c.23K §13(a)). The various statutory criteria with appropriate annotations are listed below.

## **RELEVANT PHASE 1 STATUTORY CRITERIA**

Has applicant/qualifier been convicted of a felony or other crime involving embezzlement, theft, fraud or perjury?  
M.G.L. c.23K §16(a)(i)

Has the applicant/qualifier submitted an application for a gaming license which contains false or misleading information?  
M.G.L. c.23K §16(ii)

Has the applicant/qualifier committed prior acts which have not been prosecuted or in which the applicant/qualifier was not convicted but form a pattern of misconduct that makes the applicant unsuitable for a license under this chapter?  
M.G.L. c.23K §16(iii)

Does the applicant/qualifier have affiliates or close associates that would not qualify for a license or whose relationship with the applicant may pose an injurious threat to the



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interests of the Commonwealth in awarding a gaming license to the applicant?  
M.G.L. c.23K §16(iv)

Does the applicant/qualifier demonstrate integrity, honesty, good character and reputation?  
M.G.L. c.23K §12(a)(1)

Does the applicant/qualifier demonstrate financial stability, integrity and background?  
M.G.L. c.23K §12(a)(2)

Do the business practices and the business ability of the applicant/qualifier demonstrate the capacity to establish and maintain a successful establishment?  
M.G.L. c.23K §12(a)(3)

Does the applicant/qualifier have an adverse history of compliance with gaming license requirements in other jurisdictions?  
M.G.L. c.23K §12(a)(4)

Is the applicant/qualifier a defendant in litigation involving its business practices?  
M.G.L. c.23K §12(a)(5)

Are all the parties in interest, including, but not limited to, affiliates, close associates and financial sources suitable to hold or participate in the gaming license?  
M.G.L. c.23K §12(a)(6)

Is the applicant/qualifier disqualified from receiving a license under M.G.L.c.23K section 16?  
M.G.L. c.23K §12(a)(7)

Has the applicant/qualifier failed to establish their integrity or the integrity of any affiliate, close associate, financial source or any person required to be qualified by the commission?  
M.G.L. c.23K §12(b)(i)

Has the applicant/qualifier failed to demonstrate responsible business practices in any jurisdiction?  
M.G.L. c.23K §12(b)(ii)



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Has the applicant/qualifier failed to overcome any other reason, as determined by the commission, as to why it would be injurious to the interests of the Commonwealth in awarding the applicant a gaming license?

M.G.L. c.23K §12(b)(iii)

Has the applicant/qualifier made any political contributions prohibited by M.G.L. c.23K?

M.G.L. c.23K §46, §47 and 205 CMR 108

## **INVESTIGATIVE PROCESS**

Outlined below are the various steps taken in evaluating each applicant, qualifying entity and qualifying individual's suitability. While the following items contain specific areas of inquiry, such information is gleaned from many different and diverse databases. These services were initially focused on specific areas (for example, civil litigations, criminal conviction information, real estate and title records etc.), and then expanded as needed depending on the results. If information was revealed, then it was accumulated, cross-referenced, and compiled into workable summaries for careful evaluation by analysts. Thereafter, from this mass of information, a database report was derived on each applicant/qualifier, and was then reviewed by a supervisor and field investigator. Follow-up verifications of relevant important data (for example, licenses, compliance histories etc.) and areas of concern were then the subject of follow-up investigative activities. Qualifiers were interviewed in person, and that interview included an opportunity to provide clarification of any issues in the event derogatory information was found during the investigation. Next, an attorney review of the investigative results was conducted, followed by a detailed consultation between both the legal and investigative teams. The material was then digested into the suitability report, which was submitted for final review to the IEB Director, Massachusetts State Police and staff. The subject areas of this investigation have included the following:

1. Public Record Database checks which included, but were not limited to, the following:
  - a. Searches for incorporation papers and corporate filing for incorporation in other states have been conducted for the identified privately held companies.
  - b. Verification of the applicant company and its owners and affiliated entities and individual qualifiers through address verifications and other companies operating from the same location(s).



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- c. Verification of business information and credit profiles on all qualifiers through Dun & Bradstreet.
  - d. Searches for national fictitious business names and “doing business as”.
  - e. Civil litigation searches relative to liens, bankruptcies and judgments in the state of incorporation and all other states or commonwealths that have such information online.
  - f. Nationwide bankruptcy searches on the entity and individual person qualifiers have been conducted.
  - g. Searches for all UCC filings to determine secured parties and banking affiliations.
  - h. National media searches on all entity and individual person qualifiers, as well as relevant affiliations.
  - i. Federal District Court Docket Summary searches for all states.
  - j. Business assets searches.
  - k. Limited Liabilities Company searches and Limited Partnership searches.
2. The status of all current and expired licenses, especially gaming licenses, disclosed by the entity or individual person qualifiers has been verified.
  3. The compliance history of the applicant and/or owners, parent company or gaming related affiliates or subsidiaries in all gaming jurisdictions in which they operate has been examined and evaluated.
  4. The company website and affiliated websites have been examined and evaluated.
  5. As relevant, copies of stock certificates verifying each beneficial owner of the company as well as (again, if relevant) copies of the stock registry from the corporate secretary/registered agent have been obtained. Verifications of the various qualifier entities and individual person qualifiers ownership interests have been verified.
  6. A certified public investigative accountant has conducted financial integrity and stability analysis of applicant owners and specific applicant affiliated entities relevant to



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the new applicant entities creation and formation. A critical review of the owner's annual financial statements and tax was also conducted. In addition:

- a. A review of the applicant's individual person qualifiers' financial statements was conducted.
- b. If financial statements were not audited, an analysis of three years of reviewed, compiled and/or internally prepared financial statements was conducted.
- c. If financial statements were audited, the contact name and number of the independent CPA firm's audit manager was obtained.
- d. Available management letters or internal control letters issued by the independent CPA for the past three years were evaluated.
- e. The applicant entity and all entity and individual person qualifiers' tax compliance histories were reviewed and evaluated.
- f. Documentation/information of the owners and entity and individual person qualifier historical line(s) of credit and long term debt (mostly related intra-family party debt or debt to/from a related entity) balances were obtained, reviewed and evaluated.
- g. A comprehensive list of the entity's bank accounts (domestic and foreign) with copies of complete bank statements for past three years was obtained, reviewed and evaluated by financial investigators and accountants.
- h. A letter from the banks (domestic and foreign) listing all entity and qualifiers' bank accounts and indicating the most current balance for each account along with a list of authorized signatories for each account was obtained.
- i. A listing of all-gaming-related licenses applied for by the applicant company, including the date and disposition, was obtained and reviewed. Each individual licensing agency was contacted and the applicant's status and licensure was verified.
- j. While minutes of relevant Board of Directors meetings for the past three years would typically be obtained for review, the qualifying entities herein



are all LLCs and thus do not reflect a Board structure with minutes of meetings.

- k. Minutes of audit and compliance meetings for the past three years for closely held sister subsidiaries were obtained, reviewed and evaluated.
- l. All relevant applicant qualifier compliance, due diligence and audit investigations conducted during the past five years were obtained and reviewed. Additionally, a copy of the applicant's current compliance practices in existing licensing jurisdictions was obtained and reviewed.
- m. A list of all new gaming acquisitions or sale of gaming properties for the past five years was obtained and reviewed.
- n. Income analysis, net worth and asset evaluation were conducted for all individual person qualifiers.

7. Compliance with Foreign Corrupt Practices Act (FCPA) and Anti-Money Laundering (AML) policy and protocol was reviewed on all relevant qualifier entities and individual person qualifiers. Applicable policies and procedures, as well as a sampling of internal and/or external investigations or relevant compliance hypothetical scenarios, were included as subjects of personal interviews with key owners/qualifiers and were evaluated.

For publicly traded companies, a review of all above noted checks and critical Securities and Exchange Commission (SEC) filings, including quarterly filings and annual reports filed by the company for the past three years, was conducted. A check with the SEC and state security officials as to the applicant and any investigations conducted by these agencies over the past seventeen-year period was performed.

For international companies and/or subsidiaries, steps were taken to replicate the investigatory steps taken for domestic entities, and were executed to the extent possible. The beneficial ownership of the entity was determined and, if applicable, a copy of the stock registry from the company's registered agent was secured. A media search in the country where the applicant is incorporated and headquartered, as well as within the major countries where the company engages in business activity, was conducted.

8. Motor vehicle registrations, driver's licenses and driving history records were examined and verified.



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9. The investigative team also examined the applicant and its qualifiers' past business practices and business ability as well as the qualifiers' demonstrated history to launch and maintain a successful gaming establishment.
10. The applicant qualifiers' history of compliance with gaming regulations was assessed.
11. The applicant qualifiers' litigation history was assessed.
12. The applicant qualifiers' record of political contributions in Massachusetts and, if relevant, other jurisdictions was assessed.
13. The Massachusetts State Police conducted thorough federal, state, and commonwealth criminal history inquiries based on the applicant qualifiers' submissions and also processed fingerprint examinations on all natural person qualifiers.
14. An inquiry was conducted to determine if any credible information existed in any data bases, online or available from law enforcement, and regulatory sources regarding any applicant or qualifier involvement or affiliation with any organized criminal groups or persons with criminal histories.
15. Each individual person qualifier's educational background was examined and verified.
16. Each individual person qualifier's employment history was examined and verified as necessary.
17. All personal references for individual person qualifiers were contacted and interviewed.
18. All professional licenses of applicant qualifiers were examined and verified, including specific verification of any gaming industry related licenses, permits or suitability determinations.
19. Applicant's business affiliations for applicant entities and individual person qualifiers were examined and evaluated.



Subsequent to the completion of the investigative report, the applicant notified the Commission that it would no longer be proceeding with the plans to locate the proposed slots facility in the City of Worcester. The information in the investigative report regarding the proposed Worcester site should be considered noting that change in circumstance. The applicant has not yet notified the Commission of a definitive location for the proposed slots facility.

## RECOMMENDATION

The findings of fact relative to this investigation can be found in the attached report. Specifically, those findings of fact are listed in section II of the Executive Summary and in sections III through VII of the report and the attached exhibits.

On the basis of the investigation to date and as supported by the findings of fact as described therein, the IEB advises the Commission that based on the criteria listed in the gaming laws and regulations in Massachusetts, including Mass. Gen. Laws ch. 23K, § 12, 13, 14 and 16, it has not discovered any disqualifying factors that would preclude the Applicant from being issued a Category 2 Gaming (Slot) License. As stated in 205 CMR 115.03 – 115.05, the IEB is only providing a recommendation and the final determination of suitability rests within the Commission’s sound discretion.

**The IEB recommends that the Commission find the applicant, Mass Gaming and Entertainment, LLC, suitable for licensing.**

The IEB suggests that if the applicant is awarded a Category 2 license, the Commission consider adding the following conditions to the license.

1. As with all other applicants, the IEB recommends that MGELLC be required to promptly report any changes relating to their ownership, members, managers and/or directors; any new owners, members, managers and/or directors be required to submit a PHD or BED form to the Commission; and that any owners, members, managers and/or directors must be found suitable by the Commission;
2. The Bank Secrecy Act of 1970 (“BSA,” or otherwise known as the Currency and Foreign Transactions Reporting Act) requires US financial institutions to assist US government agencies to detect and prevent money laundering. Specifically, the BSA requires financial institutions to keep records of cash purchases of negotiable instruments, file reports of cash transactions exceeding \$10,000 (daily aggregate amount), and to report suspicious activity indicative of money laundering, tax evasion, or other criminal activities. Originally applied only to financial institutions such as banks, reporting requirements have since broadened to include businesses such as casinos and check-



Massachusetts Gaming Commission

cashing agencies. In that regard, a licensed casino qualifies as a “financial institution” subject to those filing requirements if it has more than \$1,000,000 in annual gross gaming revenue.<sup>1</sup> This is a threshold any licensed gaming operation in Massachusetts should meet. As with all other applicants, the IEB recommends that MGELLC be required to submit and adhere to a Plan for compliance with the United States Currency and Foreign Transactions Reporting Act satisfactory to the Commission; and

3. The IEB does raise concern regarding the structure of the audit committees within the various entities that the applicant and its related companies operate. As noted in the findings of fact, Gregory Carlin, is a member of the audit committees of Holdings Acquisition Co. LP (Rivers Casino) and HSP Gaming LP (Sugarhouse Casino). Mr. Carlin also serves as President and Chief Executive Officer of Rush Street Gaming, LLC, the entity that provides oversight services to all of the Bluhm companies’ operating casinos. Essentially, the purpose of an audit committee is to provide oversight of management. The presence of management personnel on the audit committee raises a potential conflict of interest – management overseeing itself. For this reason, IEB recommends that the applicant be required to re-structure its audit committees of any of its related entities that conduct business in Massachusetts to replace any management personnel with independent representatives.

This report reflects the findings of the IEB as of this date. The Bureau will continue to investigate the background and qualifications of all applicants and ultimately, all licensees. Should any additional information be gleaned from further inquiry, it will be appropriately reported to the Commission for further review.

It should also be understood that any determination of suitability that might be made by the Commission based on this and other suitability reports during this Phase I process will not constitute the final analysis of those matters. This suitability report will become part of the material considered during Phase II of the evaluation process as the Commission is empowered to also consider the relative suitability of applicants when it makes its final license decision at the end of Phase II.

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<sup>1</sup> see CFR 103 §1010.100(t)(5)(i) and (6)(i).



Respectfully submitted,



Karen Wells  
Director  
Investigations and Enforcement Bureau  
Massachusetts Gaming Commission



Massachusetts Gaming Commission

## **MASS GAMING AND ENTERTAINMENT, LLC**

### **I. EXECUTIVE SUMMARY**

#### **A. INTRODUCTION**

After receipt of the required application materials and responses to supplemental information requests, a thorough, yet expedited, due diligence and background investigation of Mass Gaming and Entertainment, a Limited Liability Company, (“MGELLC”), and applicant for a Category 2 gaming license, was conducted. This suitability investigation constitutes a key component of Phase I of the Commission’s casino licensee evaluation and selection process and specifically focuses on this applicant’s background in terms of good character, honesty, integrity and financial responsibility.

As an applicant for a gaming license in the Commonwealth, MGELLC has the affirmative obligation to demonstrate its qualifications by clear and convincing evidence as required by M.G.C. c. 23K § 13(a). Likewise, the applicant is also required to establish the qualifications of all of the entities and individuals identified by the IEB as qualifiers. This attached report contains the detailed factual findings and analysis of those elements of the applicant’s background critical for the IEB and MGC to make a future informed decision regarding the suitability of MGELLC.

In specific regard to this applicant, this investigative team initially confirmed that MGELLC declared itself to be an applicant for a Massachusetts Category 2 gaming license. (It is also noted in the attached report that the applicant also reserved a right, subject to MGC approval, to submit a Category 1 application if it is unsuccessful in its Category 2 license quest). The investigation confirmed that MGELLC was originally established on August 9, 2011 for the purpose of tendering this application. MGELLC’s principal listed business address is currently 900 North Michigan Avenue, Suite 900, Chicago, Illinois, 60611.

More specifically, the investigation conducted a comprehensive in-depth inquiry into all of those persons and entities whose qualifications are a statutory and regulatory pre-condition to the suitability of the applicant (that is “qualifiers”). In this applicant’s case, that involved 19 individual, yet related, investigations. There are 8 entity qualifiers, including the applicant entity

MGELLC, an investment ownership vehicle, a multi-state, multi-facility gaming management oversight entity, 5 private family trusts, and 11 individual person qualifiers. MGELLC is the entity that has been formed essentially by entities and individuals organized by the project patriarch, Neil G. Bluhm, [REDACTED]. The individual qualifiers are mainly members of the Bluhm family, several long term family business employees and professionals, and specialized gaming experienced personnel utilized to oversee the Bluhm gaming facilities. The applicant is, for all relevant intent and purposes, operated by a family owned and controlled private and closely held organization.

To investigate these qualifiers, the investigative team utilized a wide variety of investigative resources and techniques to request, accumulate and evaluate, the voluminous amounts of information necessary to provide the IEB, and eventually the Commission, with sufficient data for those bodies to make a fully informed decision. The entire scope and methodology is detailed in the body of the attached suitability report. As a result of these efforts, the following paragraphs can provide a general introduction to this applicant.

As previously stated, the investigative team conducted an extensive review of the applicant and all of its qualifiers. The information found was analyzed in light of the Commonwealth's applicable statutory and regulatory standards. The investigative team below introduces and highlights certain key factors of those findings.

## **II. FINDINGS**

### **A. GENERAL PROJECT ORIENTATION**

Neil Bluhm is a successful businessman who has built a commercial and residential real estate empire in numerous North American cities and states. Materials submitted by the applicant indicated that from approximately 1969 onward, Bluhm, through his real estate development companies, JMB Realty, Walton Street Capital and associates, acquired, owned, sold, or controlled interests of [REDACTED] real estate in North America. [REDACTED]

[REDACTED] Included among Bluhm's portfolio, were several significant projects in Massachusetts, including former ownership of Copley Place in Boston, and capitalization of Faneuil Hall. Examples of other Boston projects include, One Boston Place, 99 High Street, and Ten Post Office Square.

[REDACTED]

[REDACTED]

As detailed in the following suitability report, this success in real estate then provided a foundation upon which Bluhm was able to enter into the gaming industry approximately 16 years ago. In his first foray, Bluhm and his associates entered into the North American Gaming industry by working with the Ontario, Canada, Lottery and Gaming Corporation to develop, and later manage 2 major Canadian casinos. The first was the \$1 billion dollar Fallsview Casino Resort, which he and his affiliates also constructed and financed. The second facility, Casino Niagara in Niagara Falls, Ontario, was already constructed, but was later awarded to Bluhm and affiliates for management and operation. Both facilities have been highly successful and Bluhm and affiliates continue to provide certain management services to both facilities.

During and after these Canadian efforts, Bluhm related entities also pursued the potential development of additional casino gaming facilities in California, Mississippi, Louisiana, Colorado, Pennsylvania, Illinois, and most recently, Massachusetts. As described in the investigative report in more detail, while Bluhm's group made credible and significant efforts in each such jurisdiction, he later chose to specifically focus on only a portion of his originally targeted opportunities. Thereafter, and in addition to their interests in the management of the 2 Canadian properties, Bluhm related entities then achieved suitability and licensing as required in Louisiana, Mississippi, Illinois, and Pennsylvania. Bluhm and his associates, after recently selling their successfully developed Vicksburg, Mississippi "Riverwalk Casino and Hotel" in 2012, currently own and/or operate 2 financially successful casinos in Pennsylvania, Sugarhouse Casino in Philadelphia, and the Rivers Casino in Pittsburgh. They also acquired and now own and operate a third domestic facility, the Rivers Casino in Des Plaines, Illinois.

These financially successful facilities utilize an efficient corporate oversight system composed of experienced on site local management personnel overseen by experienced corporate officers and professionals coordinated through the entity "Rush Street Gaming" and working from Bluhm's principal Chicago, Illinois offices. The investigation confirmed that the several licensed Bluhm gaming facilities all have acceptable records of regulatory compliance. Specifically, the investigation confirmed that when operational issues or misconduct was identified, in practically every case, the issue was self-reported to the appropriate regulatory

jurisdiction and remedial actions were instituted or satisfied in a timely fashion. As a general statement, this investigation revealed that the Bluhm affiliates have a demonstrated history and culture of regulatory sensitivity, responsiveness, compliance and transparency in their operations. The attached report details this regulatory history.

If the applicant is successful in obtaining a license, it intends to locate its Category 2 slots only (no pari-mutuel racing operations) casino facility upon a rehabilitated 14 acre former industrial tract previously owned by the Wyman-Gordon Company, and reflecting the specific address of Herman Street at Gold Street, in the designated host community of Worcester, Massachusetts. The property is currently held under option to acquire by local real estate developer Richard Friedman and his "Carpenter-Worcester Associates" entity. Under an executed agreement, if the Bluhm group is selected by the MGC for the Category 2 license, then Friedman must transfer the option to Bluhm. This land acquisition component will then also be subject to MGC review and approval. The details for the option agreement, and specifically Friedman's role, have been fully investigated and are explained in the attached report. Media reports suggest that, pending a formal host community public vote on the MGELLC application, Worcester's political leadership appears to be in favor of the MGELLC project.

Although the funding for the project will not be finalized until advancing to Phase II of the MGC process, the Bluhm related family trust entities involved in this application can be a viable source and origin for the financing, and indeed the Trusts have been historically involved in the financing of other Bluhm projects of similar size and scope. Of course, due to the Bluhm entities' demonstrated consistent successful development and operation of their other gaming properties of a similar size and scope, and indeed larger projects than that proposed for the Commonwealth, it is the investigative team's considered view that other third party and/or conventional financing will be also available for the MGELLC project. Lastly, the investigation also confirmed that several of the Bluhm entities and their various individual qualifiers possess substantial assets, personal wealth or investment holdings that only enhance the likelihood of having multiple alternative funding options for the financing of the Commonwealth project.

The final financing methodology will, of course, be subject to detailed MGC economic and accounting evaluation, if the Applicant is approved to progress to the Phase II review processes.



## **B. FINANCIAL STABILITY, INTEGRITY AND RESPONSIBILITY**

The financial suitability of all of the qualifiers was reviewed. The investigation did not find any information that would render the applicant disqualified on these grounds. Conversely, the various entity and individual qualifiers possess significant assets and resources to more than adequately enable the acquisition of the required financing for this project. The investigation did not reveal any credible or material evidence that the applicant or any of its qualifiers have operated in any manner which would cause their suitability to be negatively or adversely affected. The persons and entities involved in this applicant's submission have consistent and acceptable records for payment of their obligations, including taxes, general living bills and in sum, living within their income levels.

In terms of financial resources, as noted above, the applicant's overall financing plan is not yet complete. The investigation confirmed the applicant is composed of 8 qualifying entities:

- Mass Gaming & Entertainment, LLC
- Rush Street Gaming Partners, LLC
- Rush Street Gaming, LLC
- The Neil G. Bluhm Family Descendants Trust
- 2002 AGB Family Dynasty Trust
- 2002 LNB Family Dynasty Trust
- Meredith A. Bluhm-Wolf 2006 Family GST Trust
- Carlin Dynasty Trust

The applicant entity Mass Gaming & Entertainment, LLC was recently formed for the purpose of applying for a gaming license in Massachusetts. As such, it has no financial activity or history. Rush Street Gaming Partners, LLC [REDACTED] owns Rush Street Gaming, LLC. Excluding the activities of its subsidiary (Rush Street Gaming, LLC), Rush Street Gaming Partners, LLC also has no financial activities and little financial history. Rush Street Gaming, LLC provides oversight and consulting services related to strategy, marketing, analysis, capital expenditures and operations to 3 Bluhm-related casinos, Rivers Casino (Pittsburgh, Pennsylvania), Sugarhouse Casino (Philadelphia, Pennsylvania), and Rivers Casino (Des Plaines, Illinois). It earns consulting income, [REDACTED]

[REDACTED]

[REDACTED]

The remaining 5 qualifying entities represent grantor trusts established by the qualifying individual whose name is reflected in the title of the trust (for example, AGB is Andrew G. Bluhm and LNB is Leslie N. Bluhm, etc.). The trusts were established for family wealth planning purposes, [REDACTED]

[REDACTED]

Finally, the investigation also confirmed that the applicant has already demonstrated sufficient developmental funding and assets in other jurisdictions, as well as historical access to credible financing sources, and a record of having successfully funded and developed major projects. This history of financial success and responsibility all support the belief that MGELLC will be fully capable of meeting the required development, construction and opening costs for their Category 2 facility. However, if the applicant is found suitable in this Phase I stage, the MGC should still require the applicant to specifically demonstrate the specific method, sources and overall immediate financial ability to complete its proposed project in a timely fashion during the Phase II analysis.

This summary applies equally to the statutory standard that mandates the integrity of financial backers and investors. If as yet unidentified third party funding sources are called upon, any such new investors will be required to be fully vetted before participation is allowed by the

MGC.

### **C. GOOD CHARACTER, HONESTY, INTEGRITY AND REPUTATION**

The investigation disclosed no material issues in this regard. There are no material criminal histories of any of the qualifiers that would prevent any finding of suitability. With the exception of the newly created applicant entity, MGELLC itself, the remaining qualifier entities and individual qualifiers herein have all been found suitable in other credible gaming jurisdictions. There is no record of any prohibited political contributions or civil litigation history that would be adverse to these qualifiers being found suitable. As noted above, any regulatory violations that have been documented have been fully examined and found not to be adverse to a finding of suitability for any of the qualifiers. Indeed, their regulatory records demonstrate a sensitivity, and responsiveness so as to constitute a credible record of compliance. As such, the investigation has confirmed that the applicant, through its qualifiers, has demonstrated the requisite statutory good character, honesty and reputation.

### **D. SUFFICIENT BUSINESS ABILITY AND EXPERIENCE**

The applicant and its qualifiers have long histories of successful business activity. Neil G. Bluhm has now been involved in the gaming industry for almost 2 decades. During this period, he and his affiliated entities and individuals have satisfied the requirements for suitability for over 5 separate gaming jurisdictions. The applicant's qualifiers have also been involved in the successful operation of 4 significant casinos, in 3 separate states, as well as participating in the development and later management of 2 major Canadian resort casinos.

Through personal interviews, document evaluation, regulatory agency verifications and other investigative techniques, the investigation has confirmed that Neil G. Bluhm and his affiliated entities and persons, have consistently demonstrated responsible business probity and possess the ability and experience to operate a Category 2 gaming facility in the Commonwealth.

### **III. CONCLUSION**

While, of course, the final decision on suitability rests within the sound discretion of the Commission, the report that follows confirms that the applicant and its affiliated owners, entities and individual qualifiers have the requisite financial stability, integrity and responsibility, the availability of suitable financial resources, have demonstrated sound business experience, good character, and personal integrity. The investigation report that follows does not raise any issues

that would preclude or disqualify the MGELLC or any of its qualifiers from being issued a Category 2 gaming license pursuant to the criteria set forth in M.G.L c.23K.

**INVESTIGATIVE REPORT**  
**FOR THE**  
**MASSACHUSETTS GAMING COMMISSION**

**APPLICANT:**

**MASS GAMING AND ENTERTAINMENT, LLC**

**INDIVIDUAL QUALIFIERS**

Neil G. Bluhm

Andrew G. Bluhm

Leslie N. Bluhm

Meredith A. Bluhm-Wolf

Gregory A. Carlin

David G. Patent

Timothy J. Drehkoff

Joseph R. Scibetta

Suzanne M. Trout

Zelleeta M. Wyatt

James A. Jabczynski

**May 31, 2013**

**CATEGORY 2 GAMING (SLOTS) LICENSE**

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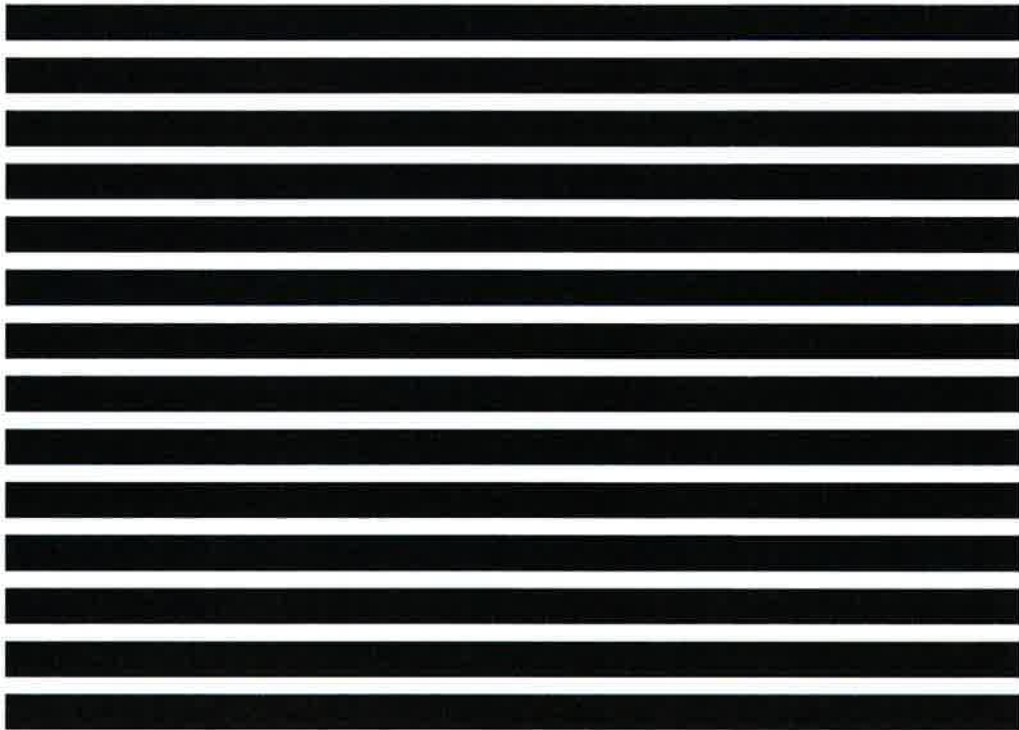
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## I. INTRODUCTION

After a formal public Request for Proposals in approximately October 2012, the firm of Michael and Carroll, PC (“M&C”) and its agents and affiliated professionals was selected and then retained by the Massachusetts Gaming Commission (“MGC”) to assist the Commission’s Investigations and Enforcement Bureau (“IEB”) in conducting thorough, yet expedited, due diligence and background investigations of numerous entities and individual qualifiers for each respective assigned applicant. In order to meet these requirements, M&C utilized the services of field investigators, financial investigators, certified public accountants, database specialists, attorneys with extensive experience in gaming regulation and other support professionals. This staff included former FBI agents and supervisors, former State Police from other jurisdictions, former Attorney General’s investigators, former state and tribal regulatory officials and former criminal prosecutors. This experienced staff was teamed with investigative personnel from the Massachusetts State Police assigned to the Gaming Enforcement Unit, and the IEB Director and staff. These suitability investigations constitute Phase 1 of the Commission’s casino selection process and focus on this applicant’s background in terms of good character, honesty, integrity and financial responsibility. This report contains the factual findings and analysis of those elements of the applicant’s background critical for MGC to make an informed decision regarding suitability.

As of the date of this report, this applicant’s origin, ownership and table of organization are discussed below in detail. While we reasonably believe that this applicant has made a significant effort to confirm that this is the final organizational framework for the applicant’s company that will oversee its planned gaming facility construction and operational logistics, M&C’s long experience in the gaming industry and in government suggests that some variation may still occur. Any material deviation that could affect the suitability of the applicant or any of its individual person qualifiers will be immediately identified and closely monitored. As warranted, the IEB will take all appropriate action to assure that any potential deviations from the applicant’s present

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intention are fully vetted to the established statutory and regulatory standards. Moreover, if the applicant does advance in the established MGC project suitability and evaluative processes, additional investors and financial participants will, in our considered view and in conjunction with the Director of the IEB, also be added and identified. Any such new participants in the applicant's project will likewise be vetted to the appropriate established standards and law.

Finally, in addition to the applicant and related qualifying entities, we have also reported herein on all of the qualifying individuals. The specific sections of this report pertaining to such persons are summaries of our investigational findings. The voluminous information from which these summaries are prepared will be retained by the IEB Director and the Massachusetts State Police. Any issues that arose in the course of any of those individuals' investigations and which bear upon the suitability of this applicant are addressed in this report.

## **II. SCOPE AND METHODOLOGY**

The entity applicant, Mass Gaming & Entertainment, LLC ("MGELLC" or "applicant"), and all individual persons identified by the IEB as "qualifiers" were required by both statutory law and the MGC's Phase 1 regulations to complete detailed application forms and various informational tables and appendices. These initial forms are based upon the universally utilized Multi-Jurisdictional Personal History Disclosure, ("PHD") and Business Entity Disclosure ("BED") Forms used in many domestic gaming jurisdictions and are designed to reveal significant and material historical and biographical information about the applicant entity and individual person qualifiers. In addition to the PHDs and BEDs, the MGC also required the submission of a special additional form set entitled the Massachusetts Supplement ("Mass. Supp") and which contains numerous more focused Commonwealth specific questions as well as significant comprehensive liability waiver and personal information privacy release forms so as to enable the thorough and efficient investigation in all relevant jurisdictions. All qualifiers,

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both entity and individual persons, have completed their respective required materials and have been examined by the M&C and IEB investigative team professionals. Additionally, supplemental requests have been issued for further specific information as each respective investigation dictate.

All materials were examined and evaluated utilizing the criteria and standards in the Massachusetts Gaming Act and attendant Regulations promulgated by the MGC, that is, M.G.L. c. 23K §12, §16, §17, §46, and §47 and 205 CMR §108 and §115. Further, all materials were also reviewed using the general regulatory standards practiced in the gaming industry, thus comprehensively evaluating each qualifier's requisite integrity, honesty, good character and reputation, financial stability and background as required by the aforementioned statute and regulations. In addition, each qualifier's financial suitability and responsibility were examined, and where the qualifier will be in an ownership, managerial or other operational role in the MGELLC operation, the qualifier's specific business experience, past business practices and business ability was reviewed in order to establish whether that qualifier can be expected to maintain a successful gaming establishment. This review also included an analysis of the qualifier's history of compliance with gaming regulations, litigation history, criminal record inquiry and political contributions all as required by M.G.L. c.23K § 12.

M&C attorneys and investigators and Massachusetts State Police personnel also conducted in-person interviews with all key qualifying personnel in the applicant's project organization. Each respective qualifier's individual history and identified issues, if any, were also examined under oath, documented as to content and memorialized in formal certified transcripts.

Also, as will be discussed below, several domestic gaming regulatory agencies have previously investigated certain of the qualifier entities and individuals as well as the other key operational qualifier employees. The investigation specifically inquired into whether those qualifiers have been confirmed as qualified and/or duly licensed and are in good standing. Further, the investigation also determined whether any regulatory

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disciplinary actions have been filed against any of the entity or individual person qualifiers by any other regulatory agency. Where relevant, law enforcement agencies were also contacted for verifications or information. Among the jurisdictions and agencies contacted and from which important verifications or other information was received included: New Jersey, Nevada, Pennsylvania, Illinois, Mississippi, Louisiana, and Ontario, Canada.

More specifically, the M&C and IEB investigative personnel have performed the following investigative steps in pursuance of the investigation.

1. Public Record Database checks which included, but were not limited to, the following:

a. Searches for incorporation papers and corporate filing for incorporation in other states have been conducted for the identified privately held companies.

b. Verification of the applicant company and its owners and affiliated entities and individual qualifiers through address verifications and other companies operating from the same location(s).

c. Verification of business information and credit profiles on all qualifiers through Dun & Bradstreet.

d. Searches for national fictitious business name and "doing business as".

e. Civil litigation searches relative to liens, bankruptcies and judgments in the state of incorporation and all other states or commonwealths that have such information online.

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f. Nationwide bankruptcy searches on the entity and individual person qualifiers have been conducted.

g. Searches for all UCC filings to determine secured parties and banking affiliations.

h. National media searches on all entity and individual person qualifiers, as well as relevant affiliations.

i. Federal District Court Docket Summary searches for all states.

j. Business assets searches.

k. Limited Liabilities Company searches and Limited Partnership searches.

2. The status of all current and expired licenses, especially gaming licenses, disclosed by the entity or individual person qualifiers has been verified.

3. The compliance history of the applicant and/or owners, parent company or gaming related affiliates or subsidiaries in all gaming jurisdictions in which they operate has been examined and evaluated.

4. The company website and affiliated websites have been examined and evaluated.

5. As relevant, copies of stock certificates verifying each beneficial owner of the company as well as (again, if relevant) copies of the stock registry from the corporate

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secretary/registered agent have been obtained. Verifications of the various qualifier entities and individual person qualifiers ownership interests have been verified.

6. A certified public investigative accountant has conducted financial integrity and stability analysis of applicant owners and specific applicant affiliated entities, relevant to the new applicant entities creation and formation. A critical review of the owner's annual financial statements and tax was also conducted. In addition:

a. A review of the applicant individual person qualifiers' financial statements was conducted.

b. If financial statements were not audited, an analysis of three years of reviewed, compiled and/or internally prepared financial statements was conducted.

c. If financial statements were audited, the contact name and number of the independent CPA firm's audit manager was obtained.

d. Available management letters or internal control letters issued by the independent CPA for the past three years were evaluated.

e. The applicant entity and all entity and individual person qualifiers tax compliance histories were reviewed and evaluated.

f. Documentation/information of the owners and entity and individual person qualifier historical line(s) of credit and long term debt (mostly related intra-family party debt or debt to/from a related entity) balances were obtained, reviewed and evaluated.

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g. A comprehensive list of the entity's bank accounts (domestic and foreign) with copies of complete bank statements for past three years was obtained, reviewed and evaluated by financial investigators and accountants.

h. A letter from the banks (domestic and foreign) listing all entity and qualifiers' bank accounts and indicating the most current balance for each account along with a list of authorized signatories for each account was obtained.

i. A listing of all-gaming-related licenses applied for by the applicant company, including the date and disposition, was obtained and reviewed. Each individual licensing agency was contacted and the applicant's status and licensure was verified.

j. While minutes of relevant Board of Directors meetings for the past three years would typically be obtained for review, the qualifying entities herein are all LLCs and thus do not reflect a Board structure with minutes of meetings.

k. Minutes of audit and compliance meetings for the past three years for closely held sister subsidiaries were obtained, reviewed and evaluated.

l. All relevant applicant qualifier compliance, due diligence and audit investigations conducted during the past five years were obtained and reviewed. Additionally, a copy of the applicant current compliance practices in existing licensing jurisdictions was obtained and reviewed.

m. A list of all new gaming acquisitions or sale of gaming properties for the past five years was obtained and reviewed.

n. Income analysis, net worth and asset evaluation were conducted for all individual person qualifiers.

7. Compliance with Foreign Corrupt Practices Act (FCPA) and Anti-Money Laundering (AML) policy and protocol was reviewed on all relevant qualifier entities and individual person qualifiers. Applicable policies and procedures, as well as a sampling of internal and/or external investigations or relevant compliance hypothetical scenarios, were included as subjects of personal interviews with key owners/qualifiers and were evaluated.

For publicly traded companies, a review of all above noted checks and critical Securities and Exchange Commission (SEC) filings, including quarterly filings and annual reports filed by the company for the past three years, was conducted. A check with the SEC and state security officials as to the applicant and any investigations conducted by these agencies over the past seventeen-year period was conducted.

For international companies and/or subsidiaries, steps were taken to replicate the investigatory steps taken for domestic entities, and were executed to the extent possible. The beneficial ownership of the entity was determined and, if applicable, a copy of the stock registry from the company's registered agent was secured. A media search in the country where the applicant is incorporated and headquartered, as well as within the major countries where the company engages in business activity, was conducted.

8. Motor vehicle registrations, driver's licenses and driving history records were examined and verified.

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9. The investigative team also examined the applicant and its qualifiers' past business practices and business ability as well as the qualifiers' demonstrated history to launch and maintain a successful gaming establishment.

10. The applicant qualifiers' history of compliance with gaming regulations was assessed.

11. The applicant qualifiers' litigation history was assessed.

12. The applicant qualifiers' record of political contributions in Massachusetts, and if relevant, other jurisdictions was assessed.

13. The Massachusetts State Police conducted thorough federal, state, and commonwealth criminal history inquiries based on the applicant qualifiers' submissions and also processed fingerprint examinations on all natural person qualifiers.

14. An inquiry was conducted to determine if any credible information existed in any data bases, online or available from law enforcement, and regulatory sources regarding any applicant or qualifier involvement or affiliation with any organized criminal groups or persons with criminal histories.

15. Each individual person qualifier's educational background was examined and verified.

16. Each individual person qualifier's employment history was examined and verified as necessary.



17. All personal references for individual person qualifiers were contacted and interviewed.

18. All professional licenses of applicant qualifiers were examined and verified, including specific verification of any gaming industry related licenses, permits or suitability determinations.

19. Applicant's business affiliations for applicant entities and individual person qualifiers were examined and evaluated.

### **III. IDENTIFICATION OF APPLICANT, PROPOSED LOCATION AND SHORT HISTORICAL CONTEXT OF APPLICANT'S GAMING INDUSTRY PARTICIPATION**

#### **A. IDENTIFICATION OF APPLICANT**

The applicant's BED and related submissions indicated, and our investigation confirmed, that the specific entity seeking a Category 2 casino gaming license in the Commonwealth is:

**Mass Gaming and Entertainment, LLC ("MGELLC" or "applicant")**

900 North Michigan Ave Suite 900, Chicago, Illinois, 60611

Telephone No. 312-915-2893

When Established: The Delaware Department of State records indicate that this limited liability company entity, MGELLC, was registered on August 9, 2011, and given Registration No. 5022082

Registered Agent: The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801.

The above information was confirmed by this investigation. The company is listed as "currently active." The investigation also confirmed that, according to a February 26,

2013, Delaware LLC filing, MGELLC is currently managed by three applicant individual person qualifiers, Neil G. Bluhm, Andrew G. Bluhm and Gregory A. Carlin.

## **B. APPLICANT SITE**

The applicant has presently designated that its Category 2 slot machine gaming facility will be located in the local host community of Worcester, MA. The facility is specifically to be built on property located upon a 14-acre parcel formerly owned by Wyman-Gordon Company and reflecting the address of Herman Street at Gold Street, Worcester, MA. The property is the subject of an option to purchase which will be exercised at the request of the applicant if selected by the MGC as the sole Category 2 license recipient. The specific owner of the property will be MGELLC. Specific details relating to this proposed site will be appropriately addressed in the Phase 2 investigation and evaluation if the applicant satisfies the required standards for Phase 1 suitability and thus are beyond the scope of this report.

It should also be noted that the MGELLC project will be a Category 2 slots only facility, but does not have any pari-mutuel racing of any type associated with the project, its location or future business plan.<sup>1</sup>

## **C. APPLICANT BACKGROUND**

A short summary of how Neil G. Bluhm's associates,<sup>2</sup> entered into the casino gaming industry and their progression of ownership and/or management of several

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<sup>1</sup> The applicant has declared its intention to build and operate a Category 2 gaming establishment on that site and does not have any pari-mutuel racing of any type associated with the project. It should also be noted that during the sworn testimony of Neil G. Bluhm, the latter indicated that he and his affiliated entities and individuals fully intended on consummating the Category 2 license competition. However, in the event their group was denied the Category 2 license, they indicated they would make every effort to, if allowed by the MGC, to commence participation in the Category 1 license competition and then aggressively pursue such alternative license.

<sup>2</sup> The use of terms "Bluhm family," "Bluhm group," "Bluhm interests" or simply "Bluhm" are interchangeably, collectively and generically used to refer to Neil Bluhm, and/or various Bluhm family members and associates who are involved in activities or projects which have been funded, managed or have been influenced by Neil Bluhm.

gaming facilities in North America will enable a fuller understanding of the applicant's gaming industry history and evolution leading to the submission of the instant Massachusetts license application. The following paragraphs reflect the summary of the Bluhm casino development chronology:<sup>3</sup>

Although originally accumulating significant wealth from a large-scale business, residential and commercial real estate empire during the 1970s through the 1990s, approximately 16 years ago Neil G. Bluhm commenced involvement in the gaming industry. As happens on occasion, the circumstances that drew Neil G. Bluhm into gaming were the result of happenstance. While skiing, Neil G. Bluhm spoke to a friend of his named [REDACTED] who suggested to Neil G. Bluhm that he (Bluhm) consider submitting a response to an Ontario Request for Proposals to develop a billion-dollar casino facility in Ontario. [REDACTED]

[REDACTED] Neil G. Bluhm liked the idea and approached the Pritzker family of Chicago (who own the Hyatt Hotel empire) to join him in the investment opportunity and they accepted. Thereafter, on February 18, 1998, Neil G. Bluhm and his associates ultimately won the RFP competition and then were retained to build what would become the Fallsview Casino in Niagara Falls, Ontario. Neil G. Bluhm's group put up the development/construction equity and financing and built the facility under budget and on time and then sold it back to the Province of Ontario. (It should be noted that under Canadian law, the Province of Ontario actually owns the gaming facility.) In return, Neil G. Bluhm's consortium received a long term management contract from the Alcohol and Gaming Commission of Ontario ("AGCO") and Bluhm remains as Chairman of the Board of Falls Management Company, along with fellow Board members and qualifiers,

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<sup>3</sup> It should be noted that due to the typical diverse timeframes that occur during casino development projects in different jurisdictions, the projects discussed in this section reflect contemporaneous and overlapping development efforts, and thus are not precisely sequential in time or completion. However, we trust that the listing does assist in an understanding of the applicant's cumulative historical evolution in the gaming industry.

Timothy Drehkoff, and Gregory A. Carlin. After the Fallsview Casino winning bid, the Bluhm-affiliated Falls Management Company was, in November 1998, also awarded a separate management contract to operate the Casino Niagara Facility in Niagara Falls, Canada. As in the earlier Casino Niagara project, the Fallsview facility, the Province of Ontario also retains ownership of this facility. In sworn testimony in this investigation, Neil G. Bluhm and Gregory A. Carlin have confirmed that, although being on the Board of Directors of the Canadian management company, they are not directly involved in the day-to-day management of the Ontario facilities. The investigation has confirmed this management contract and that these persons have been found suitable for qualification to manage the Canadian facility and all remain in good standing with the AGCO. This management contract is also discussed in more detail below.

After finding success in the Ontario project, Neil G. Bluhm looked for other gaming opportunities. Literally in his Chicago “backyard,” the Illinois Gaming Board was experiencing difficulty with a licensee who had been previously awarded a highly desirable Illinois casino gaming license that they sought to develop in Rosemont, IL. Although Neil G. Bluhm had expressed an original interest in approximately 2004, the then available tenth Illinois gaming license was given to another competitor. In later years and after some suitability issues were raised with the original licensee, the Illinois Gaming Board decided to rebid and reissue the license. Neil G. Bluhm and affiliated investors decided to again compete for the license. The Bluhm group formed Midwest Gaming and thereafter won the license and developed and constructed the Rivers Casino in Des Plaines, IL, which opened in July 2011. Although the below-discussed Bluhm gaming properties opened before the Des Plaines facility, the development of the latter was continuously progressing during the development of these other facilities. The investigation has confirmed that Midwest Gaming and the various Bluhm qualifiers attendant thereto have all been deemed suitable by the Illinois Gaming Board and remain in good standing with that agency. Notably, this operation is also overseen by another qualifying entity herein, Rush Street Gaming, LLC.

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While still actively involved in the Des Plaines facility development, Neil G. Bluhm applied for and was granted, a casino gaming license in the Commonwealth of Pennsylvania. The SugarHouse facility in Philadelphia was developed and opened September 2010 and remains in full operation. As further discussed below, all ownership and qualifiers have been found suitable by the Pennsylvania Gaming Control Board and our investigation has confirmed that all such qualifiers remain in good standing with that regulatory agency.

Next, while now actively involved in the development of the Des Plaines facility and the Philadelphia facility, Neil G. Bluhm was approached to consider assuming another Pennsylvania gaming facility project in Pittsburgh. The license for this western Pennsylvania regional casino was originally awarded to another developer, Don Barden, who commenced the project and then with the recession of 2008, failed to acquire the required financing to fulfill the project requirements. Neil G. Bluhm then applied to replace the under-financed developer and won this second Pennsylvania casino gaming license. The Bluhm-affiliated entities then created Rivers Casino, Pittsburgh, PA, and that operation opened in August 2009 and remains in full operation today. Again, all ownership and qualifiers have been found suitable by the Pennsylvania Gaming Control Board and our investigation has confirmed that all such qualifiers remain in good standing with that regulatory agency.

Also during the same decade the Bluhm group was developing its Pennsylvania gaming initiatives, it was also seeking out other casino gaming opportunities in the United States. From roughly 2001, Neil G. Bluhm and his associates evaluated opportunities in California with the Dry Creek Band of Pomo Indians. However, despite initiating a contractual relationship, the parties grew apart on developmental and environmental issues, and after a short litigation, the Bluhm-affiliated entities withdrew from the project and received a settlement/reimbursement for their costs. Thereafter, the Bluhm-affiliated entities explored an opportunity in Black Hawk, CO, but did not consummate that project either. Other projects in Louisiana and Nevada were also

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explored and, although the Bluhm principals were found by their respective regulatory agencies to be suitable to participate in each project, the Bluhm-affiliated entities' participation in the projects was not consummated.

One other project opportunity, however, did advance. In approximately 2007, an opportunity to invest and develop in a casino gaming project in Vicksburg, MS, was evaluated and was consummated. The Bluhm-affiliated entities invested in and developed the Riverwalk Casino through other Bluhm-affiliated entities and its local license holder entity, Magnolia Hill, LLC. The Bluhm group and its qualifiers, after being found suitable by the Mississippi Gaming Commission, then assumed management of the Riverwalk casino gaming facility in approximately 2008. The Bluhm-affiliated entities then continuously and successfully managed this facility until its recent sale to Churchill Downs on October 25, 2012.

Although Neil G. Bluhm and his associated persons and entities were then operating four domestic casino operations and personally serving on the Board of the Ontario based Falls Management Company, Neil G. Bluhm testified to our investigators that he had developed a keen interest in the Massachusetts gaming market. When the M.G.L. 23K legislation was passed, Neil G. Bluhm's group then fully commenced due diligence to enable his competing for a casino gaming license in the Commonwealth. He and his staff then researched and evaluated a number of potential Massachusetts casino facility sites.

[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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#### **IV. APPLICANT CORPORATE OWNERSHIP STRUCTURE**

The applicant entity's fundamental ownership structure has been confirmed and is visually depicted in the below tables of organization as follows:

VISUAL DEPICTION OF OWNERSHIP OF APPLICANT ENTITY

**TABLE 1**



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Managers: Neil Bluhm, Gregory Carlin and Andrew Bluhm

The above table was provided by the applicant and reflects its current ownership.

Each of the above owner entities or individuals is referred to hereinafter in this report as follows:

2002 AGB Family Dynasty Trust	(“AGB Trust”)
2002 LNB Family Dynasty Trust	(“LNB Trust”)
Meredith A. Bluhm-Wolf 2006 Family GST Trust	(“MAB Trust”)
Neil G. Bluhm Family Descendants Trust	(“NGB Trust”)
Carlin Family Trust	(“Carlin Trust”)
Gregory A. Carlin	(by name)
Neil G. Bluhm	(by name)

#### **D. DESCRIPTION AND EXPLANATION OF APPLICANT’S OWNERSHIP**

The investigation confirmed that the MGELLC is owned by a cadre of five trusts that are essentially family trusts with the beneficiaries being family members, spouses and other relatives and persons who are closely affiliated with the Bluhm family of Chicago, IL. The specific ownership of each of the trusts was thoroughly investigated and evaluated. These trusts will be the actual owners of record of the proposed applicant entity, MGELLC. In addition to the aforementioned trusts, two individuals, Neil G. Bluhm and Gregory A. Carlin, are also individual person qualifier/co-owners of the applicant entity, MGELLC. Apart from these specified applicant entity owners, other Bluhm family related companies and trusts have also been deemed qualifiers in this project. It should be noted that in sworn interviews with the qualifiers herein, our investigation confirmed that with the exception of Neil G. Bluhm, Gregory A. Carlin and Andrew G. Bluhm, all the other Trust beneficiaries’ participation is deemed limited as they demonstrate their role to be that of an investor, rather than participation in an active management in the applicant’s future operational plan. This description and role of the involvement of these limited Trust investors/beneficiaries has also been confirmed by our

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investigation of the existing Bluhm gaming properties which utilize this same ownership model.

In fact, those specific persons and identified subsidiary entities (described below) specifically oversee the operation of several other domestic United States casino gaming facilities and are licensed by gaming regulatory agencies in several jurisdictions including the Pennsylvania Gaming Control Board, the Illinois Gaming Board and the Mississippi Gaming Commission. Key qualifiers Neil G. Bluhm, Gregory A. Carlin and Andrew G. Bluhm have also personally been found qualified to participate as members of a Board of Directors of a Canadian-based entity, Falls Management Company, which is responsible for a long term management contract for the Ontario Lottery and Gaming Corporation to provide casino gaming management services for two government owned casino gaming facilities, Casino Niagara and Fallsview Casino Resort. Andrew Bluhm was recently replaced on the FMC's Board by RSG CFO Timothy Drekhoff.

In 1998, FMC was chosen by the Ontario Lottery and Gaming Corporation ("OLGC") to assume facility management (including gaming) responsibility for a pre-existing casino, Casino Niagara. Additionally, the OLGC also chose FMC as the developer of another Ontario new casino facility, the one-billion dollar ("Canadian") Fallsview Casino Resort in Niagara Falls, Ontario, Canada. This latter facility opened in 2004.

Due to Ontario law, the ownership of both facilities lies exclusively with the Province of Ontario. FMC, via on-site management personnel, manages the day-to-day operations of these successful facilities pursuant to long term management contracts. Neil G. Bluhm, in his capacity as FMC Board Chairman, and qualifiers Gregory A. Carlin and Andrew G. Bluhm as Board Members participated in customary Board roles and participate in periodic meetings to discuss and take Board level action on operational and strategic matters related to both Ontario facilities. As noted above, RSG CFO Timothy Drekhoff has recently replaced Andrew G. Bluhm on the FMC Board of Directors. It should be noted that Neil G. Bluhm, Andrew Bluhm, Gregory A. Carlin and Timothy

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Drehkoff have all been found qualified by the aforementioned Canadian regulatory entity to participate in this management contract. The compliance history of these facilities under FMC management is discussed in the following section

Finally, in regard to the Ontario facilities, the investigation has confirmed only three regulatory fines during the past five years. While no violations during this period were documented at the Casino Niagara facility, the following table No. 5 depicts just three minor non-gaming food service fines were documented at the Fallsview facility.

**TABLE 5A  
FALLSVIEW CASINO RESORT  
ONTARIO PROVINCE, CANDADA**

DATE OF FINE	TYPE OF INCIDENT	AMOUNT OF FINE
September 23, 2011	Use of food preparation not in good repair	\$120
September 23, 2011	Operating food premise maintained in a manner permitting health hazard	\$460
December 17, 2012	Operate food premise maintained in a manner affecting sanitary conditions	\$120

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**TABLE 5B  
CASINO NIAGARA  
ONTARIO PROVINCE, CANADA**

DATE OF FINE	TYPE OF INCIDENT	AMOUNT OF FINE
None	None	None

It should also be noted that additional data base research on the Canadian facilities indicated media reports of minors gaining prohibited admittance into the Canadian facilities over ten years ago and which resulted in significant fines to the respective facilities. The specifics of these violations are still being sought from the applicant as well as Canadian gaming authorities and as of the date of the submission of this report are still pending. The applicant has confirmed that such violations did, in fact, occur in the early years of the facilities operations and have advised that the Board of Directors acting in conjunction with the onsite management team and others involved in regulatory compliance instituted corrective actions including more stringent security and other remedial regulatory compliance processes. The paucity of any repeat violations during the recent five year period would seemingly corroborate that the Board action was effective.

The investigation confirmed that the applicant entity, MGELLC, is registered as being managed by individual person qualifiers Neil G. Bluhm (CEO/Manager), Gregory A. Carlin (Manager) and Andrew G. Bluhm (Manager). As further detailed below in the operational discussion, other gaming executives in the Bluhm family gaming empire will also be involved in the Massachusetts gaming project in a managerial or oversight role and have been identified as qualifiers. The latter persons will be supplemented in the

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future by a Massachusetts based facility management team who will report to the corporate oversight structure consistent with the managerial model utilized by the Bluhm operations in the other domestic gaming jurisdictions.

The two key entities to whom the MGELLC management will report are detailed below and are identified as qualifiers “Rush Street Gaming Partners, LLC” (“RSGP”) a passive non-operating ownership entity which in turn owns 100 percent of the Bluhm subordinate operational gaming oversight entity, “Rush Street Gaming LLC” (“RSG”). The organization of RSGP and RSG and their internal interrelationship and hierarchy are depicted in Table 2 below and discussed in detail below in Section V.

## V. LIST OF QUALIFIERS

As a result of the examination of the above corporate structure, it was determined by the IEB that the following persons and entities were deemed as “qualifiers,” i.e., those persons and entities whose suitability is a necessary precondition to the suitability of the applicant as required by M.G.L. c. 23K §12, §14, and §16 and 205 116.02. It should be noted, however, that our investigation was not necessarily limited to qualifiers and that we looked into any persons or entities whose involvement with the applicant might have been relevant to our suitability inquiry.

The qualifiers are as follows:

Massachusetts Gaming & Entertainment	(APPLICANT ENTITY)
Rush Street Gaming, LLC	(APPLICANT ENTITY OVERSIGHT)
Rush Street Gaming Partners	(APPLICANT ENTITY OVERSIGHT)
2002 AGB Family Dynasty Trust	(APPLICANT OWNER)
2002 LNB Family Dynasty Trust	(APPLICANT OWNER)
Meredith A. Bluhm-Wolf 2006 Family GST Trust	(APPLICANT OWNER)
Neil G. Bluhm Family Descendants Trust	(APPLICANT OWNER)
Carlin Dynasty Trust	(APPLICANT OWNER)

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Neil G. Bluhm	(APPLICANT OWNER/INVESTOR/ CEO)
Andrew G. Bluhm	(APPLICANT OWNER/INVESTOR)
Leslie N. Bluhm	(APPLIANT OWNER/INVESTOR)
Meredith A. Bluhm-Wolf	(APPLICANT OWNER/INVESTOR)
Gregory A. Carlin	(APPLICANT OWNER/INVESTOR/Manager)
David G. Patent	(QUALIFIER OFFICER)
Timothy J. Drehkoff	(QUALIFIER OFFICER)
Joseph R. Scibetta	(QUALIFIER OFFICER)
Suzanne M. Trout	(QUALIFIER OFFICER)
Zellea M. Wyatt	(QUALIFIER OFFICER)
James A. Jabczynski	(QUALIFIER OFFICER)

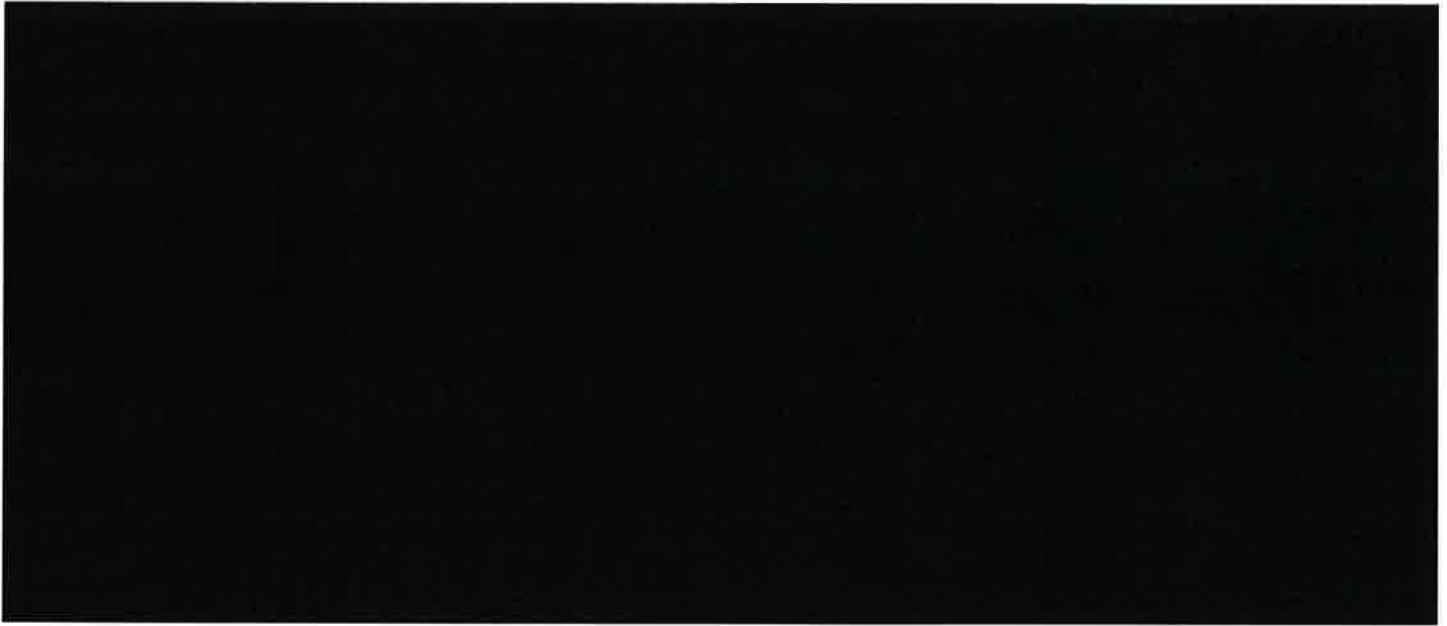
## **VI. APPLICANT OPERATIONAL STRUCTURE**

As described above and confirmed by our investigation, the Bluhm family gaming operation entities have established an operational protocol that is used in all of their casinos. Neil Bluhm, Greg Carlin and David Patent have certified during in-person and sworn interviews that they will use the same oversight structure in Massachusetts. Again as noted above, the operational entities involved in such oversight are Rush Street Gaming Partners, LLC (“RSGP”), which owns Rush Street Gaming (“RSG”). The former is also a passive non-operating entity, as its purpose is to wholly own Rush Street Gaming, LLC, the specific operational entity created for oversight and consulting services related to strategy, marketing, analysis, capital expenditures and gaming operations for the following casinos: Rivers Casino (Pittsburgh, PA), SugarHouse Casino (Philadelphia, PA), and Rivers Casino (Des Plaines, IL). (See following table).

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TABLE 2



Managers: Neil Bluhm and Andrew Bluhm (Non-Operation passive owner)

Chairman: Neil Bluhm CEO: Gregory Carlin (Operational entity)

The above table was provided by the applicant and reflects its current ownership.



Rush Street Gaming Partners, LLC, is a Chicago-based Delaware Limited Liability Company formed on October 27, 2009. It is owned by Neil G. Bluhm, ■■■■■ the 2002 AGB Family Dynasty Trust (33 percent), 2002 LNB Family Dynasty Trust ■■■■■ Meredith A. Bluhm-Wolf 2006 Family GST Trust ■■■■■. RSGP is managed by Neil G. Bluhm and his son, qualifier Andrew G. Bluhm. RSGP owns ■■■■■ of the actual subordinate operational oversight entity, RSG, which specifically functions as the gaming oversight administrative entity over the Bluhm family owned gaming operations and to include Massachusetts. As stated, these entities will serve a similar oversight structural role in the subject applicant's Massachusetts's project herein.

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Neil G. Bluhm is the Chairman and Gregory A. Carlin is the Chief Executive Officer of RSG. In addition to Neil G. Bluhm and Carlin, RSG is also supervised by individual qualifier David Patent, who is identified as RSG President and Chief Operating Officer. RSG has six other executive officer employees (see Table 3 below). The ownership of the RSGP (and its 100 percent owned subordinate) RSG is composed of the portion of the ownership Trusts and the identified individuals that also compose the ownership of the applicant entity MGELLC.

The above-identified ownership entities in Tables 1 and 2 of the applicant MGELLC and specific individual qualifier participation roles in Bluhm family gaming projects are similar, but not necessarily identical. As a general statement, the MGELLC ownership operates its domestic gaming operations out of its central Chicago-based corporate office. More specifically, the applicant has established the following core corporate management structure for its RSG gaming oversight operations which will be also utilized in the Massachusetts project.<sup>4</sup>



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**TABLE 3**



The above table of organization includes position descriptions and the names of persons holding such positions. The above table was provided by the applicant and reflects its current ownership.

As depicted, apart from Neil G. Bluhm, Gregory A. Carlin and David Patent, the above Chicago-based gaming oversight entity RSG personnel, that is, Tim Drehkoff, Chief Financial Officer; Joseph Scibetta, Vice President of Operations; Suzanne Trout,

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Vice President of Marketing; Zellea Wyatt, Vice President of Planning; and James Jabczynski, Director of Slots, are also individual qualifiers for the applicant entity and have been the subject of the required investigation processes as required by the applicable statutory and regulatory law. A more specific commentary setting forth the findings of our investigation relating to each of these individual person qualifiers and related qualifier entities are set forth in Section VII below.

## **VI. APPLICANT SUITABILITY**

### **A. LICENSING AND COMPLIANCE HISTORY**

The applicant herein, MGELLC, is a new entity with no previous operational history. However, the aforementioned qualifier gaming oversight entities, that is, RSGP through its operational subsidiary, RSG, has and continues to operate casino gaming facilities in other jurisdictions as follows:

As discussed above, the applicant entity will be supervised by persons and entities currently overseeing the Bluhm family gaming operations in other jurisdictions. For this section's evaluation of the applicant qualifiers' licensing and compliance history, these facilities are more specifically described below. The gaming facilities currently operated and overseen by RSG (and are NOT specifically qualifiers in this application) are:

1. SugarHouse Casino, Philadelphia, PA (Opened September 2010 and is licensed [renewal due September 2014] and regulated by the Pennsylvania Gaming Control Board). This facility's ownership presents a complex network of interrelated Bluhm family entities and persons as well as a similar network of interrelated Pennsylvania based entities and individuals all of whom have been examined, evaluated and found suitable by the Pennsylvania Gaming Control Board. Moreover, these same entities and persons have also been evaluated in this investigation. The licensee is owned by a series of interlocking holding companies that ultimately control approximately 99 percent of the license. All of the owners

have been backgrounded and found qualified in that Commonwealth by the Pennsylvania Gaming Control Board, as well as being independently evaluated herein.

2. Rivers Casino, Pittsburgh, PA (Opened August 2009 and is licensed [renewal due September 2014] and regulated by the Pennsylvania Gaming Control Board). This facility is also owned by a series of interlocking holding companies which includes the Bluhm interests, all of whom have been examined, evaluated and found suitable by the Pennsylvania Gaming Control Board. These same entities have also been independently evaluated in this investigation.

3. Rivers Casino, Des Plaines, IL (Opened July 2011 and is licensed and regulated by the Illinois Gaming Board). This facility is owned by Midwest Gaming and Entertainment, LLC, and is owned by entities that include Neil Bluhm family entities and Greg Carlin. All material owners have been found qualified and are licensed in the State of Illinois by the Illinois Gaming Board.

As noted above, and in addition to the above active functioning gaming facilities, RSG has previously overseen another licensed casino gaming facility which is the Riverwalk Casino, Vicksburg, MS. This latter facility was sold to a new owner, Churchill Downs, by another Bluhm family entity, Magnolia Hill, LLC, (“Magnolia”) on October 23, 2012. Although the sale was for all assets relating to this gaming facility, the gaming license itself was retained in the name of Magnolia Hill. Churchill Downs now indirectly owns and solely operates this Mississippi gaming facility. RSG and RSGP and all relevant qualifiers herein are no longer affiliated nor involved in any capacity with the Vicksburg property.

Also as noted above and in addition to the aforementioned casino gaming operations where an ownership interest was involved, qualifiers Neil G. Bluhm and Gregory A. Carlin are also Board Chairman and a Board member, respectively, and indirect principals of a (non-ownership) gaming management company, Falls

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Management Company (“FMC”). Qualifier Andrew G. Bluhm was also a board member, but has testified he had no operational role. FMC served as the developer of the C\$1 billion Fallsview Casino Resort in Niagara Falls, Ontario, Canada. Due to Ontario law, the ownership of this facility lies exclusively with the Province of Ontario. FMC manages the day-to-day operations of this successful facility. In addition, FMC also manages under a long-term management contract with the Ontario Lottery and Gaming Corporation, the nearby Casino Niagara. Again, while Neil G. Bluhm and Gregory A. Carlin have been found qualified by the aforementioned Canadian regulatory entity to participate in this management contract, these individual qualifiers provided sworn testimony that they are not involved in the day-to-day management operations of the two facilities.

## **B. REGULATORY VIOLATIONS/REMEDIAL ACTIONS**

In the course of the management, oversight and operation of the various gaming operations described above, there have been certain gaming regulatory violations that have been documented in the respective jurisdictions where the related oversight entities, RSG and RSGP and/or their local subsidiary owner and/or management affiliates have been and are currently operating. The vast majority of these violations are minor and typical of the type and frequency that is common in the casino gaming industry. More importantly, these violations were self-reported by the respective gaming property managers to the regulatory agency and have been addressed with remedial actions.

For example, the database and document review in this investigation revealed there were a number of violations involving minors below the age of 21 gaining prohibited admittance to, and/or gaming within the gaming facilities. Other violations included the failure to exclude certain persons who were on the self-exclusion list as well as installing some slot machines without proper pre-approvals. After notification to the regulatory agency, the gaming management team instituted corrective actions such as modifications to floor plans, security enhancements, retraining, personnel actions and

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policy changes in a timely fashion. Where regulatory fines were imposed, they were also paid in a timely fashion. The regulatory actions, remedial fines and management corrective actions are all summarized in table No. 4 below. As noted below, these violations cover the approximately three years of facility operation by the Bluhm entities and in the investigative team's experienced viewpoint are consistent with the typical number and types of violations properties of this size demonstrate. They do not represent a pattern of regulatory disregard and conversely demonstrate timely management reporting and remedial response and corrective action. As noted in the attached table No. 4, the violations primarily occurred in the Pennsylvania properties, with a single violation being disclosed and confirmed at the Illinois casino. The investigation also confirmed that no significant or material compliance violations were reported to have occurred at the formerly owned Vicksburg, MS casino facility during the Bluhm affiliate's management from 2008 through 2012. The IEB will continue to monitor reports of any new relevant regulatory/operational incident information subsequent to the date of this report. If needed, a supplemental memorandum addendum may be provided to the Commission at any time during the licensing process.

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**TABLE 4**

<b>RIVERS CASINO, DES PLAINES, IL</b>			
<b>DATE OF COMPLAINT</b>	<b>FINE</b>	<b>VIOLATION (Incident Dates)</b>	<b>REMEDIAL STEPS TAKEN</b>
March 15, 2012	\$25,000	Incidents involving self-excluded individual (July, August, September 2011)	Re-training and revision of internal procedures; new ID training; employee discipline and terminations regarding SEP violations
<b>RIVERS CASINO, PITTSBURGH, PA</b>			
<b>DATE OF CONSENT AGREEMENT</b>	<b>FINE</b>	<b>VIOLATION (Incident Dates)</b>	<b>REMEDIAL STEPS TAKEN</b>
January 28, 2010	\$16,000	One Underage Incident (10/14/09)	Re-training and reinforcement of procedures
February 15, 2011	\$105,000	Seven Underage Incidents (6/3/10; 6/13/10; 8/8/10; 8/21/10; 9/11/10; and 1/1/11)	New training regimen and reinforcement of procedures; additional staffing and identifying patrons outside on high volume days
July 20, 2011	\$80,000	Three Underage Incidents (3/6/11; 4/9/11; 6/21/11)	Re-training and reinforcement of procedures; new ID training
July 20, 2011	\$70,000	Slot machine placed into service without Gaming Lab auth. (5/29/10; 9/22/10; 10/5/10; 12/5/10; 1/29/11)	Implementation of checklists and supervisor approval prior to brining machine online
September 14, 2011	\$40,000	Payments to Rush Street Gaming prior to licensure	Accounts payable to verify licensure prior to disbursements
November 20, 2012	\$5,000	Self-Exclusion Violation (12/21/11)	Re-training and reinforcement of procedures
November 20, 2012	\$45,000	Four Underage Incidents (1/6/12; 3/30/12; 4/1/12; 5/7/12)	Re-training and reinforcement of procedures
<b>SUGARHOUSE CASINO, PHILADELPHIA, PA</b>			
<b>DATE OF CONSENT</b>	<b>FINE</b>	<b>VIOLATION</b>	<b>REMEDIAL STEPS TAKEN</b>

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<b>AGREEMENT</b>		<b>(Incident Dates)</b>	
September 14, 2011	\$2,000	Payments to Rush Street Gaming prior to licensure	Accounts payable to verify licensure prior to disbursements
May 23, 2012	\$10,000	Two Self-Exclusion Violations (11/5/10 and 3/2/11)	Re-training and reinforcement of procedures
May 23, 2012	\$70,000	Seven Underage Incidents (2/4/11; 6/19/11; 7/23/11;8/25/11; 9/23/11; 10/12/11; and 3/27/12)	Re-training and reinforcement of procedures; increased security
December 12, 2012	\$10,000	Two Self-Exclusion Violations (7/3/12 and 8/26/12)	Re-training and reinforcement of procedures
December 12, 2012	\$5,000	One Exclusion Violation (5/13/12)	Re-training and reinforcement of procedures

In interviews with key management personnel of RSG and RSGP as well as principal qualifiers Neil G. Bluhm, Andrew G. Bluhm, Gregory A. Carlin and David Patent, all acknowledged their complete understanding of their regulatory obligations as well as confirming a commitment to assure future adherence to all applicable laws and regulations. The investigation also revealed that after corrective actions were implemented, violations were reduced and compliance strengthened. The occurrence of these violations do not reveal any inherent or systemic weakness nor any pattern of intentional or negligent disregard of regulatory compliance responsibilities and none were deemed material to adversely impact the suitability of either the qualifying entities or individuals.

Apart from the above-mentioned casino operational violations, the investigation documented two other violations that warrant mention in this report. The first involved a recent April 2013 settlement with the federal government and Army Corps of Engineers that emanated from impermissible actions that were committed by construction contractors and subcontractors working for RSG-supervised local subsidiary SugarHouse-HSP Gaming. This issue arose during the construction phase of the riparian Philadelphia Pennsylvania SugarHouse casino facility. The violations essentially

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involved the unauthorized and unpermitted work and discharge of dredge and fill material into the Delaware River by SugarHouse construction contractors and subcontractors, thus violating the Clean Water Act and the Rivers and Harbor Act. Although the settlement was neither with RSG nor any other MGELLC qualifier, the enforcement action was the subject of a \$650,000 fine and settlement to be paid by local license holder/operating entity SugarHouse-HSP Gaming. It should be noted that no admission of liability or fault by SugarHouse-HSP Gaming was part of the final settlement.

Finally, the Pennsylvania Gaming Control Board also cited the two local Pennsylvania gaming entities overseen by RSGP and RSG, that is, the Pittsburgh casino license holder/operating entity Holdings Acquisition Company, LP, and the Philadelphia casino license/operating entity SugarHouse-HSP Gaming, LP (neither of which are qualifiers in the Massachusetts project) for a premature distribution of oversight service fees to RSGP and RSG. The actual violation involved the payment of such fees to these entities before they were licensed as Pennsylvania vendors, a requirement that was contested as unneeded as both entities had already been fully investigated and found suitable as qualifiers for the project. Nonetheless, the violation was fully investigated and evaluated and resulted in a final consent agreement with the Pennsylvania Gaming Control Board in full settlement that resulted in the Holdings Acquisition Company, LP's payment of a \$40,000 fine for the Rivers Casino and HSP Gaming LP's payment of a \$2,000 fine for the SugarHouse Casino. The applicant asserted that while the subject compensation distributions were in fact made before the oversight entities were fully licensed, the alleged violations were not an intentional disregard of regulatory obligations, but simply made before the ultimate requirement for such licensing of the entities was determined. The applicant stated that the parties were actually involved in a continuing negotiation over whether the oversight entities needed to be licensed when the distributions occurred. The applicant also explained that all of the qualifying individuals involved in the as yet unlicensed entities were fully qualified at the time of the distribution. This was confirmed by our investigation.

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The two subject violations have been fully resolved and any attendant fines have been or are pending final payment. The applicants herein have confirmed their understanding of the violations and have instituted, where appropriate, remedial actions. They have certified their commitment to avoid any repetition of such misconduct or unacceptable behavior. The occurrence of these violations, taken cumulatively and in a proper time sequence, does not constitute a pattern or practice of regulatory non-adherence.

The last identified regulatory violation, that is, from the Des Plaines, IL, gaming facility, involved the improper mailing of a promotional invitation to individual(s) who were on the self-exclusion list. The property paid a \$25,000 fine and promptly instituted appropriate corrective actions designed to prevent recurrence.

Next the investigation confirmed that detailed regulatory Compliance Programs have been instituted in all RSG-supervised gaming properties currently in operation in North America. These plans have been submitted to the IEB and reviewed by the investigative team. They have also been submitted to and approved by the relevant gaming regulatory agencies in Illinois and Pennsylvania. Additionally, detailed audit testing plans have been instituted in the latter properties. Both the Compliance and Audit functions are supervised by respective Compliance and Audit Committees. These oversight controls demonstrate management's understanding of the importance of regulatory compliance and it has been represented by applicant's counsel that these same processes will be installed in the Massachusetts's gaming facility.

While we commend management's efforts toward establishing oversight controls, we are concerned with one aspect of their system. A vital part of any control apparatus is the utilization of an objective and vigilant Audit Committee. In order for such a committee to operate at peak effectiveness, it must maintain independence from corporate operations. We note that Gregory Carlin is a member of the Holdings Acquisition Co., LP's (Rivers Casino) and HSP Gaming, LP's (SugarHouse Casino) audit committees. As discussed later in this report, Carlin serves as President and Chief Executive Officer of

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Rush Street Gaming, LLC, the entity that provides oversight services to the operating casinos.

Gregory A. Carlin oversees the operations of those two casinos while also serving on the committee that acts to review his management activities. In our view this is a conflict of interest and is exemplified by an issue that was discussed in HSP Gaming, LP's Audit Committee meetings. In those meetings, a member of the Audit Committee questioned the appropriateness of certain disclosures in the company's financial statements. Carlin defended the disclosures, including some that originated from correspondence that he prepared as chief executive officer. Insofar as the financial statements are management's responsibility to begin with and they included certain disclosures that Carlin was responsible for, it is inconsistent for him to be in a position to approve his own financial statements. As such, we recommend that the audit committees of all Rush Street Gaming companies be comprised of, and only of, qualified independent members. We suggest that this condition be appended to any finding of suitability of this applicant.

This suggestion is not intended as a reflection on Carlin's actions or his intentions. It is, instead, an observation aimed at improving the controls used by the applicant should it obtain a license to operate in the Commonwealth.

Apart from the gaming operational and other legal or regulatory violations specified and resolved as set forth above, it should be noted that the five qualifier trusts, that is, the AGB Trust, LNB Trust, MAB Trust, NGB Trust and the Carlin Trust, did not and do not have any operational role as entities in the operation of any of the Bluhm gaming operations in any jurisdiction. As such, they have not committed nor experienced any violations from any regulatory agency in any jurisdiction.

### **C. APPLICANT LITIGATION**

Again, the applicant herein, MGELLC, is a new entity with no previous litigation history. However, the aforementioned qualifier gaming oversight entities, that is, RSG

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and RSGP, have had certain albeit limited, litigation history. The investigation has reviewed all documented civil litigation and has requested and been provided explanations by the applicant for each material and relevant action. Where relevant to the suitability assessment the specific cases are identified and described in the individual and entity qualifier reports. After review and evaluation of the matters and the applicant explanations and other relevant materials as needed, the specified litigation appear to be those that would be ordinarily expected in the course of a typical business and do not demonstrate conduct evidencing any unacceptable business practices.

## **VII. APPLICANT ENTITY AND INDIVIDUAL PERSON QUALIFIERS SUITABILITY SUMMARY OF FINDINGS<sup>5</sup>**

### **A. INDIVIDUAL PERSON QUALIFIERS**

#### **1. Neil G. Bluhm**

The investigation has confirmed that Neil G. Bluhm, [REDACTED], is the patriarch of the Bluhm family real estate and expanding casino gaming empire. He is extensively educated and holds degrees in law and in accounting. Neil G. Bluhm reported and the investigation confirmed that he attended the University of Illinois, where he was awarded a Bachelor's degree in Accounting in 1959, and attended Northwestern University, where he was awarded a Juris Doctorate in 1962. Neil G. Bluhm, in his sworn interview stated that in his early years he was employed as an Illinois licensed attorney and as a certified public accountant, but does not publicly practice such professions. Neil G. Bluhm has also reported that he has been licensed as a real estate broker in Illinois and has held a license to transact in securities. The investigation confirmed that there were no reported

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<sup>5</sup> What follows are summaries of each applicant qualifier background, including a brief mention of financial status. Attached hereto are more extensive, albeit redacted, financial analysis of each of these parties.

disciplinary actions regarding Neil G. Bluhm's law or real estate licenses. No other records were found regarding any of the other licenses he has testified to holding.

This investigation has confirmed that Neil G. Bluhm has been the key principal in developing the Massachusetts gaming project that is the subject of this report, that is, MGELLC, as well as the principal subject arranging for the development and financing of same. The investigation has also established the following information relevant to Neil G. Bluhm's suitability determination.

Neil G. Bluhm is, along with qualifiers Gregory Carlin and Andrew Bluhm, a designated manager of the applicant entity and he and Gregory Carlin have been confirmed (along with several Trusts involved therein) as also having an individual ownership interest in the applicant entity. Our investigation has specifically confirmed that Neil G. Bluhm has a [REDACTED] ownership interest and Carlin a [REDACTED] interest in the applicant entity with trusts possessing the remaining ownership interests. However, the MGELLC project will, consistent with the successful protocol and methodologies established and in use in the other Bluhm family gaming operations, utilize a Massachusetts-project-specific on-site management team to perform the day-to-day operational duties. Also as practiced in the other Bluhm operation, the project's specific management will be subject to the oversight of Rush Street Gaming, which is itself managed by Chairman Neil G. Bluhm, Chief Executive Officer Gregory A. Carlin, Chief Operating Officer David Patent and the other on-site RSG management personnel who are also qualifiers in this applicant's submission. Neil G. Bluhm has disclosed and it has been confirmed that he has an ownership interest in [REDACTED].

According to financial and tax records reviewed by our financial investigators/accountants, he reports a significant confirmed annual income [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED] Neil G. Bluhm has reported a significant amount of personal

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assets and corresponding net worth, comprised mainly of holdings in several investment firms and closely held entities. [REDACTED]

[REDACTED] The investigation thoroughly evaluated Neil G. Bluhm's submissions, inclusive of his financial materials and tax records as well as his general financial history, and the investigation found no adverse information that would indicate that he does not possess the requisite financial integrity, responsibility and financial stability to be found suitable to participate in the proposed project.

Neil G. Bluhm has reported, and the investigation has confirmed, that he has held or currently holds gaming licenses from, or been found suitable by, the following gaming regulatory agencies: Illinois Gaming Board (current), Pennsylvania Gaming Control Board (two separate facility interests), Mississippi Gaming Commission (found suitable, but sold facility interests), Colorado Division of Gaming (withdrawn due to project withdrawal), Nevada Gaming Control Board (pending, but no project), Louisiana Department of Public Safety, Indian Gaming Division (granted, but expired), and Alcohol and Gaming Commission of Ontario (found suitable as gaming related supplier of management services; current). Neil G. Bluhm also holds numerous alcohol retail sale licenses from diverse jurisdictions, for example, the Illinois Liquor Control Commission and City of Chicago, Department of Business Affairs and Licensing, as well as numerous licenses related to his ownership and interests in hotels, shopping centers and retail restaurant properties in numerous states and commonwealths in the United States and Canada. The investigation reviewed and evaluated Neil G. Bluhm's submitted materials, database and, where necessary, confirmatory agency records relating to these license holdings and there are no material findings adverse to Neil G. Bluhm's suitability.

[REDACTED]

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[REDACTED]

Neil G. Bluhm's personal civil litigation history has been examined and evaluated. Civil litigation involving the extensive number of investments, developments and commercial interests in which he was involved have also been disclosed and evaluated by the IEB investigative team. Although numerous instances of litigation relating to Neil G. Bluhm's vast commercial holdings and investments have been recorded, the investigation did not reveal any credible information from such litigation that would substantiate a finding that this qualifier is not suitable to participate in the applicant project

The investigation also confirmed that Neil G. Bluhm has not been personally cited with any regulatory violations in any gaming jurisdiction. He also has not made any prohibited political contributions in Massachusetts that violate M.G.L. c.23K §46 or 205 CMR 108.

Due to Neil G. Bluhm's substantial history of developing many large and successful commercial endeavors as well as his more recent development of six significant and financially successful casino gaming facilities in Canada, Mississippi, Pennsylvania and Illinois, Neil G. Bluhm has demonstrated that he possesses a substantial quantum of business acumen and financial experience. Based upon the records examined, the interviews conducted, his successful multi-jurisdictional licensing or qualification and maintaining such status in good standing as confirmed by our regulatory agency verification, the review of his financial records and responsibility all illustrate that Neil G. Bluhm demonstrates the qualities necessary for suitability to develop and operate the proposed MGELLC facility project.

Based upon the comprehensive investigation of Neil G. Bluhm, the investigation did not reveal any information that would preclude a finding that he possessed the requisite integrity, honesty, and good character that are statutorily mandated in M.G.L. c.23K §12(c). Further, the review of all submitted material, independent investigations,

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comprehensive database searches, regulatory agency verifications, personal interviews and past business practices indicate that Neil G. Bluhm has demonstrated a business ability to establish, participate in, and maintain a successful gaming establishment as mandated by M.G.L. c.23K §12 a (3) as well as general history of compliance with applicable gaming regulation as required by M.G.L. c.23K.

## **2. Andrew G. Bluhm**

The investigation has confirmed that Andrew G. Bluhm, [REDACTED], is the son of applicant qualifier Neil G. Bluhm and is an active or, in certain entities, limited participant in many Bluhm family entities, trusts, and businesses. In addition, Andrew G. Bluhm also has been involved in numerous other business ventures with other individual and entities, but in recent years has been concentrating on Bluhm family interests. While he is listed as a “manager” of the applicant entity MGELLC, he has provided our investigators sworn testimony that his actual operational role will be more limited. In fact, he indicated that he will participate in family decision making in the project, but will be deferring to co-qualifiers Gregory A. Carlin, David Patent and the other experienced gaming managerial executives to make gaming operational decisions. In sum, it would be more accurate to characterize his project involvement as that of a limited participant and financial investor.

In regard to education, Andrew G. Bluhm graduated from the University of Pennsylvania with a Bachelor of Science degree in Economics and an MBA in Finance from Harvard University.

In Andrew G. Bluhm’s post-graduate employment, he has held numerous positions in diverse public and private entities which have all been identified by this investigation and evaluated where relevant to assessing suitability. To appreciate the scope of Andrew G. Bluhm’s business interests, a sampling of the positions held by him include Trustee or Settler in numerous Bluhm family trusts, owner and/or investor in internet businesses, principal in several major real estate companies including the

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expansive Bluhm family owned entities. Some examples of such interests include the following: JMB Realty Corp.; Walton Street Capital Group; Walton Street Capital, LLC; Delaware Street Capital; Holding's Acquisition Co., LP; MachineWeb; Stir Crazy Enterprises, LLC; Falls Management Company; DSC Acquisitions, LLC; Park Gaming, LLC; WSC Capital Investors, LLC; Cadillac Fairview; Shopping Center Properties, Inc.; Cybertel; RSA Corp. Lamb LLC; Highland Gaming, LP; High Penn Gaming, LP and LLC; Midwest Gaming; and dozens of other businesses and charitable trusts and funds.

In addition to a careful evaluation and verification of Andrew G. Bluhm's detailed application materials, the investigation also conducted a comprehensive database and public record inquiry, regulatory agency inquiries and personal interviews regarding this subject. Andrew G. Bluhm is a principal in several of the Bluhm family trusts who own the applicant entity as well as the specific applicant oversight entities, RSGP and RSG.

In specific regard to Andrew G. Bluhm's business and gaming industry experience, he has been an investor, board member, executive and manager of the Bluhm-family-owned entities that are now operating as overseeing five casinos in three separate jurisdictions. He has been thoroughly investigated by the Illinois Gaming Board, the Pennsylvania Gaming Control Board and the Ontario Alcohol and Gaming Commission and has been found suitable for participation in the gaming industry in each jurisdiction. Further, Andrew G. Bluhm also has held or currently holds gaming licenses from the following gaming regulatory agencies: Illinois Gaming Board (found suitable, current), Pennsylvania Gaming Control Board (two separate properties, current), Mississippi Gaming Commission (found suitable, but sold facility interests), Colorado Division of Gaming (withdrawn due to project withdrawal), Nevada Gaming Control Board (pending, but no project), Louisiana Department of Public Safety, Indian Gaming Division (found suitable, inactive), Alcohol and Gaming Commission of Ontario (found suitable as gaming related supplier of management services; current). Andrew G. Bluhm or entities in which he is a principle also holds numerous alcohol retail sale licenses from diverse jurisdictions, for example, the Illinois Liquor Control Commission, City of

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Chicago, Department of Business Affairs and Licensing, as well as numerous licenses related to his ownership and interests in hotels, shopping centers and retail restaurant properties and casinos in numerous states and commonwealths in the United States and Canada. The investigation reviewed and evaluated submitted database sources and, where necessary, agency records relating to these license holdings and there are no material findings adverse to Andrew G. Bluhm's suitability

The investigation herein further confirmed the multi-jurisdictional licensure of Andrew G. Bluhm and also confirmed that he has never been the subject of any regulatory complaint or sanction. His ownership, investment or other relationship with any of the Bluhm family gaming operations has not exhibited any personal involvement in any of documented regulatory infractions that have already been addressed in this report.

Andrew Bluhm reports, and the investigation has confirmed, his high level of income, including significant earnings from several closely held entities and other investments. In addition, he has a substantial amount of assets and net worth, much of which is constituted by his interest in such closely held entities. [REDACTED]

[REDACTED] The investigation thoroughly evaluated Andrew G. Bluhm's financial submissions inclusive of income verification materials and tax records as well as his general financial history and the investigation can report no adverse findings or information that would indicate that he does not possess the requisite financial integrity, responsibility and financial stability to be found suitable to participate in the proposed project.

[REDACTED]

[REDACTED]

[REDACTED]

Andrew G. Bluhm's personal civil litigation history has also been examined and evaluated. Any civil litigation involving any of the many investments, developments and commercial interests in which he was involved have also been disclosed, documented in the investigative files of the IEB and evaluated by the IEB investigative team and none are of a nature that would be adverse to a determination of Andrew Bluhm's suitability.

Next, the investigation confirmed that Andrew G. Bluhm has not made any prohibited political contributions in Massachusetts that violate M.G.L. c.23K §46 or 205 CMR 108.

Due to Andrew G. Bluhm's substantial history of participation in the development of many large and successful commercial endeavors as well as his more recent oversight in the investment and development of six substantial casino gaming facilities in Canada, Mississippi, Pennsylvania and Illinois, Andrew Bluhm has demonstrated that he possesses substantial business and financial experience and based upon the records examined, the interviews conducted and the agencies contacted, he appears qualified to be found suitable to invest in and assist in the development and oversight of the proposed Category 2 MGELLC facility project.

Based upon the comprehensive investigation of Andrew G. Bluhm, the investigation did not reveal any information that would preclude a finding that he possesses the requisite integrity, honesty, and good character that are statutorily mandated in M.G.L. c.23K §12(c). Further, the review of all submitted material, independent investigations, comprehensive database searches, regulatory agency verifications, personal interviews and past business practices indicate that Andrew G. Bluhm has demonstrated a business ability to establish, participate in, and maintain a successful gaming establishment as mandated by M.G.L. c.23K §12 a (3) as well as general history of compliance with applicable gaming regulation as required by M.G.L. c.23K.

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### 3. Leslie N. Bluhm

Leslie N. Bluhm is the daughter of Neil G. Bluhm and the sister of Meredith Ann Bluhm-Wolf and Andrew G. Bluhm. Together, these family members constitute principals in the various entities that form the corporate structure of all of the Bluhm casino investments including the proposed investment in Massachusetts. Through ownership in related entities, Leslie N. Bluhm is an indirect owner of this applicant. The specific relation she holds to the applicant is described in the applicant entity section of this report. Leslie N. Bluhm will not be involved in any direct sense in the activities of the applicant. She serves only in the limited capacity of an investor whose investment responsibilities are overseen by others, in the main, her father.

Leslie N. Bluhm grew up in Chicago, IL, where she attended primary and secondary schools. She then when to the University of Michigan where she was awarded a Bachelor of Arts degree in Legal Justice in 1986. After graduation, she attended Law School at the University of Chicago, where she obtained a Juris Doctorate in 1989.

After graduating from law school, Leslie N. Bluhm worked for the law firm of Skadden, Arps, Slate, Meagher and Flom from October 1989 to October 1990. She then left the practice of law to found Chicago Cares, a charitable organization she still runs as President. Leslie N. Bluhm has developed Chicago Cares into one of the largest charities in Chicago. Chicago Cares works closely with community leaders to identify and research critical needs and develop targeted programs to coordinate volunteer participation. Since 1991, Chicago Cares volunteers have completed more than 1.4 million hours of service through over 30,000 group volunteer projects. Leslie N. Bluhm's work in this capacity is highly commendable.

Leslie N. Bluhm reports and the investigation has confirmed her high level of income, including significant earnings from several closely held entities and other investments. In addition, she has a substantial amount of assets and net worth, much of which is constituted by her interest in such closely held entities. [REDACTED]

[REDACTED] Her submissions, inclusive of

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her financial materials and tax records as well as her financial history, were extensively reviewed. No adverse findings were discovered. Leslie N. Bluhm possesses substantial financial wherewithal.

Leslie N. Bluhm holds gaming licenses in a number of jurisdictions. More specifically, she was found suitable and/or licensed by: the Alcohol and Gaming Commission of Ontario in 1997; the Louisiana Department of Public Safety and Correction in August, 1999; the Pennsylvania Gaming Board in both December 2005 and August 2008; the Mississippi Gaming Commission in March 2007; and the Illinois Gaming Board in October 2008. She made application in February 2001 to the Dry Creek Gaming Agency, but the project was not pursued and the application was withdrawn. Similarly, Leslie N. Bluhm made application to the Nevada Gaming Control Board and while that application remains pending, she no longer needs to seek that license. Leslie N. Bluhm has never been found unsuitable nor has she personally been disciplined by any gaming agency.

[REDACTED]

A review of her civil litigation history reveals nothing out of the ordinary. Leslie N. Bluhm has not made any political contributions in Massachusetts since the applicant filed its application.

Based upon the comprehensive investigation of Leslie N. Bluhm, the investigation did not reveal any information that would preclude a finding that she possesses the requisite integrity, honesty, and good character that are statutorily mandated in M.G.L. c.23K §12(c). Further, the review of all submitted material, independent investigations,

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comprehensive database searches, regulatory agency verifications, personal interviews and past business practices indicate that Leslie N. Bluhm has demonstrated a business ability to establish, participate in, and maintain a successful gaming establishment as mandated by M.G.L. c.23K §12 a (3) as well as general history of compliance with applicable gaming regulation as required by M.G.L. c.23K.

#### **4. Meredith Ann Bluhm-Wolf**

Meredith Ann Bluhm-Wolf is the daughter of Neil Bluhm and the sister of Leslie Bluhm and Andrew Bluhm. Together, these family members constitute principals in the various entities that form the corporate structure of all of the Bluhm casino investments including the proposed investment in Massachusetts. Through ownership in related entities, Bluhm-Wolf is an indirect owner of this applicant. The specific relation she holds to the applicant was described in the applicant entity section of this report. Bluhm-Wolf will not be involved in any direct sense in the activities of the applicant. She serves only in the limited capacity of an investor whose investment responsibilities are overseen by others, in the main, her father.

Bluhm-Wolf grew up in and around Chicago, IL, where she attended primary and secondary schools. She then went to the University of Vermont where she was awarded a Bachelor of Arts degree in Political Science in 1991. After graduation, she attended Law School at Northwestern University, where she obtained a Juris Doctorate in 1995.

After graduating from law school, Bluhm-Wolf worked for the City of Chicago in its Law Department. She was assigned to the Labor Division. Her tenure with the City lasted from October 1995 to September 1997. During this time, more specifically from January 1996 to June 1996, she also worked part-time with New York University doing social work. During 1998, Bluhm-Wolf attended courses at New York University, but not toward any particular degree. Since leaving the employ of the City and attending NYU, Bluhm-Wolf has concentrated on raising a family, participating in a limited way in the family businesses, and doing charity work.

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Bluhm-Wolf reports and the investigation has confirmed her high level of income, including significant earnings from several closely held entities and other investments. In addition, she has a substantial amount of assets and net worth, much of which is constituted by her interest in such closely held entities. [REDACTED]

[REDACTED] Her submissions, inclusive of her financial materials and tax records as well as her financial history, were extensively reviewed. No adverse findings were discovered. Bluhm-Wolf possesses substantial financial wherewithal.

Bluhm-Wolf holds gaming licenses in a number of jurisdictions. More specifically, she was found suitable and/or licensed by: the Alcohol and Gaming Commission of Ontario in 1997; the Louisiana Department of Public Safety and Correction in August, 1999; the Pennsylvania Gaming Board in both December, 2005 and August, 2008; the Mississippi Gaming Commission in March, 2007; and the Illinois Gaming Board in October, 2008. She made application in February 2001 to the Dry Creek Gaming Agency, but the project was not pursued and the application was withdrawn. Similarly, Bluhm-Wolf made application to the Nevada Gaming Control Board in May 2006 and, while that application remains pending, she no longer needs to seek that license. Bluhm-Wolf has never been found unsuitable nor has she personally been disciplined by any gaming agency.

[REDACTED]

Based upon the comprehensive investigation of Bluhm-Wolf, the investigation did not reveal any information that would preclude a finding that she possesses the requisite

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integrity, honesty, and good character that are statutorily mandated in M.G.L. c.23K §12(c). Further, the review of all submitted material, independent investigations, comprehensive database searches, regulatory agency verifications, personal interviews and past business practices indicate that Bluhm-Wolf has demonstrated a business ability to establish, participate in, and maintain a successful gaming establishment as mandated by M.G.L. c.23K §12 a (3) as well as general history of compliance with applicable gaming regulation as required by M.G.L. c.23K.

#### **5. Gregory A. Carlin**

The investigation has confirmed that Gregory A. Carlin (“Carlin”), [REDACTED], is the current Chief Executive Officer of entity qualifier RSG. Previously, Carlin has been in an executive position with various Bluhm family businesses since joining their operations in approximately 1995. Initially hired to assist in handling and providing advice on the Bluhm family investment portfolio, he quickly progressed from handling investments to handling gaming opportunity analysis and eventually to assuming primary corporate executive level management over the various gaming operations that have been developed since the mid-1990s. As noted above, he is presently the Chief Executive Officer of RSG and reports to Neil G. Bluhm.

The investigation confirmed that Carlin graduated from the University of Pennsylvania, Wharton School of Business, and was awarded a Bachelor of Science in Economics in 1988. It was also confirmed that he attended the University of Chicago for the MBA Program from 1993-1996, but has not received a degree. The investigation has also established the following information relevant to Carlin’s suitability.

Carlin is, along with qualifiers Neil Bluhm and Andrew Bluhm, a designated manager of the applicant entity and he and Neil Bluhm have been confirmed as also having an individual ownership interest in the applicant entity. Our investigation has specifically confirmed that Neil G. Bluhm has a [REDACTED] ownership interest and Carlin a [REDACTED] interest in the applicant entity with the various aforementioned trusts

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owning the residual interests. However, the MGELLC project will, consistent with the successful protocol and methodologies established and in use in the other Bluhm-family-owned gaming operations, utilize a Massachusetts-project-specific onsite management team to perform the day-to-day operational duties. Also as practiced in the other Bluhm operations, the project-specific management will be subject to the oversight of Rush Street Gaming, which is managed by Chief Executive Officer Greg Carlin and his subordinate, Chief Operating Officer David Patent. Both of the latter two executive managers in turn report to Neil G. Bluhm. RSG also utilizes several other onsite RSG management personnel who are also qualifiers in this applicant's submission and identified in this report.

Carlin has disclosed and it has been confirmed that he has an ownership interest in several other commercial, trust or investment entities. According to financial and tax records reviewed by our financial investigators/accountants, he reports a significant confirmed annual income [REDACTED]

[REDACTED]. Carlin also has substantial assets and net worth consisting of investments and closely held entities, cash in bank accounts, marketable securities, real estate and other routine personal assets. [REDACTED]

[REDACTED]. The investigation thoroughly evaluated Carlin's submissions, inclusive of his financial materials and tax records as well as his general financial history and can report no adverse findings or information that would indicate that he does not possess the requisite financial integrity, responsibility and financial stability to be found suitable to participate in the proposed project.

Carlin has reported and the investigation has confirmed that he has held or currently holds gaming licenses from, or been found suitable by, the following gaming regulatory agencies: Illinois Gaming Board (found suitable, current), Pennsylvania

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Gaming Control Board (licensed, two separate facility interests), Mississippi Gaming Commission (found suitable, but sold facility interests), Colorado Division of Gaming (withdrawn due to project withdrawal), Nevada Gaming Control Board (found suitable), Louisiana Department of Public Safety, Indian Gaming Division (found suitable, inactive) and Alcohol and Gaming Commission of Ontario (found suitable as gaming related supplier of management services; current). Carlin also holds or has held alcohol retail sale related licenses from Pennsylvania and Mississippi. The investigation reviewed and evaluated applicant's submitted materials, database information and where necessary, confirmatory agency records relating to these license holdings and there are no material findings adverse to Carlin's suitability.

[REDACTED]

The investigation has confirmed that Carlin's personal civil litigation history has been examined and evaluated. Although a few instances of civil litigation have been fully disclosed and documented in the IEB investigative files, such matters all relate to Carlin's managerial involvement in the various Bluhm gaming ventures and after examination and evaluation have been fully explained to the investigative team's satisfaction. As such, none of these matters reflect any credible information which would substantiate a finding that this qualifier is not suitable to participate in the applicant's project.

The investigation also confirmed that Carlin has never been personally cited with any regulatory violations in any gaming jurisdiction. Further, he has not made any prohibited political contributions in Massachusetts that violate M.G.L. c.23K §46 or 205 CMR 108.

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Due to Carlin's significant role in the oversight and development of six significant and financially successful casino gaming facilities in Canada, Mississippi, Pennsylvania and Illinois, he has demonstrated that he possesses a substantial quantum of business acumen and financial experience. Based upon the records examined, the interviews conducted, his successful multi-jurisdictional licensing or qualification and maintaining such status in good standing as confirmed by our regulatory agency verification, the review of his financial records and responsibility all illustrate that Carlin demonstrates the qualities necessary for suitability to develop, oversee and operate the proposed MGELLC facility project.

Based upon the comprehensive investigation of Carlin, the investigation did not reveal any information that would preclude a finding that he possesses the requisite integrity, honesty, and good character that are statutorily mandated in M.G.L. c.23K §12(c). Further, the review of all submitted material, independent investigations, comprehensive database searches, regulatory agency verifications, personal interviews and past business practices indicate that Carlin has demonstrated a business ability to establish, participate in, and maintain a successful gaming establishment as mandated by M.G.L. c.23K §12 a (3) as well as general history of compliance with applicable gaming regulation as required by M.G.L. c.23K.

## **6. David G. Patent**

The investigation has confirmed that David G. Patent ("Patent"), [REDACTED], of Chicago IL, is the Chief Operating Officer and President of entity qualifier Rush Street Gaming and has worked for the Bluhm family interests since 2009. He graduated from Harvard University in 1988 and then attended Harvard Law School and graduated with a Juris Doctor Degree in 1992. Patent originally commenced his post-graduate career as an attorney in Texas. After several years as a litigation attorney and later in finance, Patent commenced working in the gaming industry. Starting in the position as a Vice President of Slot Revenue for the Harrah's company in Las Vegas, he then progressed to hold

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several General Manager positions with the Showboat Marina USA in East Chicago, IN, then the Rio Hotel and Casino in Las Vegas, then the Flamingo Hotel and Casino, Las Vegas, then returned to Harrah's Entertainment as the Vice President of Enterprise Gaming, before finally accepting the employment and current position with Rush Street Gaming in 2009. This investigation has confirmed via documentation and sworn testimony that Patent will be key manager and principal in developing the Massachusetts gaming project that is the subject of this report, that is, MGELLC. The investigation has also established the following information relevant to Patent's suitability.

Patent will be involved as a key executive manager of the qualifier oversight entity, Rush Street Gaming. RSG is the Chicago-based corporate entity which serves as the key gaming oversight entity for the Bluhm family casinos and will serve the same function in the MGELLC project. As is also practiced in the Bluhm gaming management structure, the MGELLC project will also utilize a Massachusetts-project-specific onsite management team to perform the day-to-day operational duties. Sworn testimony in this investigation has confirmed that this local management will be overseen by Patent who will, in turn, report to his superior, Gregory A. Carlin, and who himself will report directly to Rush Street Chairman Neil Bluhm. Patent has no ownership interest in the MGELLC facility.

[REDACTED]

[REDACTED] The investigation thoroughly evaluated Patent's submissions, inclusive of his financial materials and tax returns and records as well as his general financial history. It was also confirmed that Patent's reported assets and net worth are modest, though consistent with his reported levels of income and expenses. The investigation did not establish any adverse findings or information that would indicate that he does not possess the requisite financial integrity, responsibility and financial stability to be found suitable to participate in the proposed project.

Patent has also held or currently holds gaming licenses from the following gaming regulatory agencies: Illinois Gaming Board (current), Pennsylvania Gaming Control

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Board (current, two separate facility interests), Indiana Gaming Board, Nevada Gaming Control Board, Mississippi Gaming Commission and Missouri Gaming Commission. He also holds a liquor licenses from the Illinois Liquor Control Commission. Patent has never been personally cited with any regulatory violations in any gaming jurisdiction. The investigation reviewed and evaluated Patent's submitted materials, database information, and where necessary, confirmatory agency records relating to these license holdings and there are no material findings adverse to Patent's suitability.

[REDACTED]

Patent's personal civil litigation history has been examined and evaluated. Two instances of civil litigation involving Patent were disclosed by this applicant and after review by the investigative team are not deemed material or adverse to Patent's suitability.

The investigation has also confirmed that Patent has not made any prohibited political contributions in Massachusetts that violate M.G.L. c.23K §46 or 205 CMR 108.

The investigation has confirmed that Patent has credible history of managing successful gaming operations and has demonstrated that he possesses a substantial quantum of gaming industry experience, has demonstrated a history of regulatory compliance and has held numerous positions of substantial responsibility requiring key operational supervision and management duties. Based upon the records examined, the interviews conducted, his successful multi-jurisdictional licensing or qualification and maintaining such status in good standing as confirmed by our regulatory agency verification, the review of his financial records and responsibility all illustrate that Patent

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demonstrates the qualities necessary for suitability to develop and operate the proposed MGELLC facility project.

Based upon the comprehensive investigation of Patent, the investigation did not reveal any information that would preclude a finding that he possesses the requisite integrity, honesty, and good character that are statutorily mandated in M.G.L. c.23K §12(c). Further, the review of all submitted material, independent investigations, comprehensive database searches, regulatory agency verifications, personal interviews and past business practices indicate that Patent has demonstrated a business ability to establish, participate in, and maintain a successful gaming establishment as mandated by M.G.L. c.23K §12 a (3) as well as general history of compliance with applicable gaming regulation as required by M.G.L. c.23K.

#### **7. Timothy Drehkoff**

Timothy Joseph Drehkoff (“Drehkoff”) is the Chief Financial Officer of Rush Street Gaming. RSG is the entity that provides administrative and financial oversight to the Bluhm group of casino operations. A full description of RSG and its role in the Bluhm group’s casino operations is included in prior portions of this report.

Drehkoff attended high school in Wilmette, IL. He then went to the University of Chicago, where he obtained a Bachelor of Arts degree in Economics in June 1999. He returned to that same university to later be awarded a Master’s in Business Administration with concentrations in Finance and Entrepreneurship in June 2006.

After graduating from college Drehkoff worked for Lehman Brothers from July 1999 until June 2001. During that time he was engaged as an analyst in the Global Industrials Group. In July 2001 Drehkoff began working with CIVC Partners. He held a position as a Pre-MBA Associate. He helped the company analyze new opportunities that were presented to them for investment. He also assisted in the management of some the company’s existing portfolio of investments. Drehkoff left CIVC Partners in July 2004 to attend Business School.

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It was during his attendance at Business School that Drehkoff first became associated with the Bluhm companies. In the summer of 2005 during his first year at the school, he responded to a job posting for a summer intern at LAMB Partners, the entity that essentially serves as the central office for the Bluhm family businesses. LAMB was looking for a hedge fund analyst. Drehkoff applied and got the job. He developed an excellent relationship with LAMB and continued there, ultimately being hired on a full-time basis. Drehkoff concentrated on reviewing investment strategies for the family, either on a public or private basis, in areas of hedge funds, public securities, private equity funds, internal hedge funds and private equity transactions.

Shortly thereafter, Drehkoff began working in the gaming area. His first project was the SugarHouse Casino in Philadelphia in the fall of 2006. He worked on preparing the company's application and in putting together the financial projections that would form the basis for the presentation to the Pennsylvania Gaming Control Board. The company was eventually awarded the license, as described elsewhere in this report.

After Philadelphia, Drehkoff turned his attention to and performed similar activities in the Bluhm casino developments in Mississippi; Pittsburgh, PA; and Des Plaines, IL. During the period from 2006 through 2008, Drehkoff's work focus changed from that of a securities analyst to one involved in analysis of and preparation for gaming activities. While Drehkoff still retains some responsibility for general securities analysis, his concentration now, by his own estimate, is some 95 to 100 percent gaming. In 2012 he assumed his present position as the CFO of Rush Street Gaming.

In relation to the proposed Massachusetts project, Drehkoff has been involved in its feasibility analysis. He has assisted in formulating projections for the casino in various areas throughout the Commonwealth. Analysis was performed on areas in or near Boston, Springfield, and Palmer. Eventually, for a variety of factors including population concentration, location and competitive conditions, the company decided on its present proposed location in Worcester.

While Drehkoff performs an important function in the evaluation of gaming



investments, he is not the person within the organizational structure who makes the final decisions on those investments. Those decisions are made, essentially, by either or both of Neil G. Bluhm and Gregory A. Carlin.

If the applicant is chosen for a gaming license, Drehkoff anticipates that his role will be one of providing the oversight services that RSG typically provides in other jurisdictions. He would not be employed by the operating company, but he would assist David Patent and Gregory A. Carlin in evaluating persons to be hired as the Vice President of Finance for the property. Then that person, in conjunction with the General Manager of the property, would fill out the remainder of the finance team. Drehkoff would assist this financial staff in building up their chart of accounts and initiate their operations from a financial standpoint. He would also help the property to raise any necessary external financing.

[REDACTED]

[REDACTED] The investigation thoroughly evaluated Drehkoff's submissions, inclusive of his financial materials and tax returns and records as well as his general financial history. It was also confirmed that Drehkoff's reported assets and net worth are modest, though consistent with his reported levels of income and expenses. The investigation did not establish any adverse findings or information that would indicate that he does not possess the requisite financial integrity, responsibility and financial stability to be found suitable to participate in the proposed project.

Drehkoff holds gaming licenses in a number of jurisdictions. More specifically, he was found suitable and/or licensed by: the Alcohol and Gaming Commission of Ontario as a Board member of Falls Management in 2007; a pending license application with the Pennsylvania Gaming Control Board as a Principal and Key Licensee in 2012; and the Illinois Gaming Board as a part owner in 2011. Drehkoff has never been found unsuitable nor has he personally been disciplined by any gaming agency.

[REDACTED]

[REDACTED]

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[REDACTED]

Based upon the comprehensive investigation of Drehkoff, the investigation did not reveal any information that would preclude a finding that he possesses the requisite integrity, honesty, and good character that are statutorily mandated in M.G.L. c.23K §12(c). Further, the review of all submitted material, independent investigations, comprehensive database searches, regulatory agency verifications, personal interviews and past business practices indicate that Drehkoff has demonstrated a business ability to establish, participate in, and maintain a successful gaming establishment as mandated by M.G.L. c.23K §12 a (3) as well as general history of compliance with applicable gaming regulation as required by M.G.L. c.23K.

**8. Zellea Wyatt**

The investigation has confirmed that Zellea Wyatt (“Wyatt”), age 39, of Maryland Heights, MO, is the Vice President of Strategic Planning and Operations of entity qualifier, Rush Street Gaming.

Wyatt has worked for the Bluhm family interests since 2010. She is a high school graduate and has taken various courses in a continued pursuit of a Bachelor’s Degree in Business Administration from the Southwest Missouri State University in Springfield, MO, the University of Phoenix, and Webster University in St. Louis, MO. She advised that she is starting to pursue her education further this August at St. Louis University studying Business Administration.

Wyatt commenced working in the gaming industry at Harrah’s St. Louis Casino in 1997 and held the following positions: 1) Cage Cashier; 2) Regulatory and Compliance and Audit Manager (2001-2004); 3) Casino Controller (2004-2006); 4) Slot Operations

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Manager (2006-2009); 5) Director of Casino Services, (2009-2010). After leaving Harrah's, Wyatt commenced employment with Midwest Gaming and Entertainment, the Bluhm interest that operates the Rivers Casino in Des Plaines, IL. She began with Midwest at the Des Plaines property when that casino was opening. She was hired as Director of Regulatory Compliance. In that capacity, she developed the casino's internal controls and procedures.

For personal reasons, Wyatt later needed to return to St. Louis, and the company promoted her to Vice President of Strategic Planning and Operations, a job she could perform from that location and the job she still holds. In that position Wyatt is responsible for vendor negotiations on contracts regarding technology products, such as casino slot data systems. She also works with all property compliance officers evaluating and drafting procedures.

Wyatt has received Gaming Occupational Licenses from the Illinois Gaming Board and the Missouri Gaming Commission. She received a Gaming Employee License from the New Jersey Casino Control Commission. She has applied for a Key Employee License with the Pennsylvania Gaming Control Board and she has received a temporary license while her plenary license application is pending.

Wyatt was the subject of one regulatory proceeding after her licensing in 2002. Because she was the Director of Regulatory Compliance at the Harrah's Casino there, she was included in the matter. Harrah's had acquired a second property in Missouri, the Player's Casino. In order to improve its overall facilities, the company decided to consolidate the two cage operations. While the necessary construction for this purpose was proceeding, it became necessary to transport coin outside of secure areas to take it from one location to another. There was a dispute over whether the casino had obtained the proper approvals in order to do this. Because Wyatt was responsible for Compliance, she was named as potentially having violated regulations. A hearing was held and the Commission ultimately determined that Wyatt had done all she could to make sure that approval would be obtained. The problem lay elsewhere. In fact, so careful was the

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Commission to make sure that Wyatt would not be blamed for the problem, it rejected even the minor penalty of a letter of reprimand. It did so, in part, because, as the transcript discloses: “It would go in the file in their official record. If any regulators from another jurisdiction were to ever inquire about this individual, they would have an official disciplinary action . . . That would not look good on her official record.” The Missouri Commission itself, therefore, did not consider this incident something that should be counted against Wyatt.

[REDACTED]

[REDACTED] The investigation thoroughly evaluated Wyatt’s submissions, inclusive of her financial materials and tax returns and records as well as her general financial history. It was also confirmed that Wyatt’s reported assets and net worth are modest, though consistent with her reported levels of income and expenses. The investigation did not establish any adverse findings or information that would indicate that she does not possess the requisite financial integrity, responsibility and financial stability to be found suitable to participate in the proposed project.

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[REDACTED]

Wyatt's personal civil litigation history has also been examined and evaluated. There are no cases of a nature that would be adverse to a determination of Wyatt's suitability.

Next, the investigation confirmed that Wyatt has not made any prohibited political contributions in Massachusetts that violate M.G.L. c.23K §46 or 205 CMR 108.

Due to Wyatt's background in casino operations over a substantial period of years and in a variety of capacities, she has demonstrated that she possesses substantial business and financial experience

Based upon the comprehensive investigation of Wyatt, the investigation did not reveal any information that would preclude a finding that she possesses the requisite integrity, honesty, and good character that are statutorily mandated in M.G.L. c.23K §12(c). Further, the review of all submitted material, independent investigations, comprehensive database searches, personal interviews and past business practices indicate that Wyatt has demonstrated a business ability to establish, participate in, and maintain a successful gaming establishment as mandated by M.G.L. c.23K §12 a (3) as well as general history of compliance with applicable gaming regulation as required by M.G.L. c.23K.

**9. Suzanne M. Trout**

The investigation has confirmed that Suzanne M. Trout ("Trout"), [REDACTED], of Evanston, IL, is the Chief Marketing Officer of entity qualifier Rush Street Gaming and

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has worked for the Bluhm family interests since 2011. Trout is a high school graduate and holds a Bachelor of Arts degree awarded in 1983 from Wells College in Aurora, NY. Trout started in the gaming industry in the Tropicana Casino, Las Vegas, NV, in 1990 and continued such employment until 1993. During her employment at the Tropicana, she held the following positions: Front Desk Clerk, Front Desk Manager, Director of Slot Marketing, Director of Casino Marketing and Director of Special Events. Leaving Tropicana in 1993, she was next employed at the Isle of Capri casino in Vicksburg, MS, until 1994. Next she was employed at various Grand Casino properties from 1994 to 1999, where she held various positions including Director of Player Development and Vice President of Marketing at the facilities owned by the Tunica-Biloxi Tribe of Louisiana, the Coushatta Tribe of Louisiana, and three other Grand-operated properties in Mississippi. She next worked in Harrah's Entertainment from 1999 to 2010 where she held a Vice President position for Marketing and oversaw the Las Vegas Flamingo casino and Harrah's Las Vegas casino as well as also overseeing Marketing for the Eastern Division of that Harrah's region. From 2010 through 2011 she worked as the Vice President of Marketing for the Pechanga Tribe in California. In 2011 she joined Rush Street Gaming and holds her current CMO position.

This investigation has confirmed via database inquiries, documentation review, agency verifications and sworn testimony that Trout is the corporate level Chief Marketing Officer for RSG (the Chicago-based corporate entity which will serve as the key gaming oversight entity for the Bluhm family casinos) and will serve as a principal in overseeing the development of the Massachusetts gaming project that is the subject of this report, that is, MGELLC. The investigation has also established the following information relevant to Trout's suitability.

In her key position as Chief Marketing Officer of RSG, Trout will be involved in gaming oversight relating to marketing in the MGELLC project. As is also practiced in the Bluhm gaming management structure, the MGELLC project will also utilize a Massachusetts-project-specific onsite management team to perform the day-to-day

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operational duties. This investigation has confirmed that Trout will specifically participate in the local facilities marketing and promotional planning and will, in turn, report to her superior, RSG COO David A. Patent. Trout has no ownership interest in the MGELLC facility.

[REDACTED]

[REDACTED] The investigation thoroughly evaluated Trout's submissions, inclusive of her financial materials and tax returns and records as well as her general financial history. It was also confirmed that Trout's reported assets and net worth are modest, though consistent with her reported levels of income and expenses. The investigation did not establish any adverse findings or information that would indicate that she does not possess the requisite financial integrity, responsibility and financial stability to be found suitable to participate in the proposed project.

Trout has also held or currently holds gaming licenses from the following gaming regulatory agencies: Illinois Gaming Board (current), and the Pennsylvania Gaming Control Board (current, two separate facility interests). In addition to the latter two current licenses, Trout has also held licenses in the following jurisdictions: the Missouri Gaming Commission, Mississippi Gaming Commission, Louisiana Department of Public Safety and Louisiana State Police Indian Gaming Division, New Jersey Casino Control Commission, Cherokee Tribal Gaming Commission and Pechanga Tribe Gaming Commission. Her application is pending in Nevada. Trout has never been personally cited with any regulatory violations in any gaming jurisdiction. The investigation carefully reviewed and evaluated Trout's submitted materials, database information, and where necessary, confirmatory agency records relating to the current license holdings and there are no material findings adverse to Trout's suitability.

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

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[REDACTED]  
[REDACTED]  
[REDACTED]

Trout's personal civil litigation history has been examined and evaluated. [REDACTED]  
[REDACTED] the investigation did not reveal any civil litigation involving this subject qualifier or any litigation that is adverse to her suitability.

The investigation has also confirmed that Trout has not made any prohibited political contributions in Massachusetts that violate M.G.L. c.23K §46 or 205 CMR 108.

The investigation has confirmed that Trout has credible history of gaming marketing experience with successful gaming operations and has demonstrated a history of regulatory compliance. She also has held numerous positions of substantial responsibility requiring key operational supervision and management duties. Based upon the records examined, the interviews conducted, her successful multi-jurisdictional licensing or qualification and maintaining such status in good standing as confirmed by our regulatory agency verification, the review of her financial records and responsibility all illustrate that Trout demonstrates the qualities necessary for suitability to participate in the development of the proposed MGELLC facility project.

Based upon the comprehensive investigation of Trout, the investigation did not reveal any information that would preclude a finding that she possesses the requisite integrity, honesty, and good character that are statutorily mandated in M.G.L. c.23K §12(c). Further, the review of all submitted material, independent investigations, comprehensive database searches, regulatory agency verifications, personal interviews and past business practices indicate that Trout has demonstrated a business ability to establish, participate in, and maintain a successful gaming establishment as mandated by M.G.L. c.23K §12 a (3) as well as general history of compliance with applicable gaming regulation as required by M.G.L. c.23K.

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## 10. Joseph Scibetta

Joseph Scibetta (“Scibetta”), [REDACTED] is the Vice President of Operations for Rush Street Gaming. He attended high school in Santee, CA, and graduated in 1988. He then attended Grossmont Community College from September 1988 through May 1991. He studied political science but did not obtain a degree. His education continued in September 1991 at Buffalo State College, but left there short of a degree as well. He returned to Grossmont in January 1993, resumed his study of political science and graduated this time with an AA degree in May 1993. He then attended San Diego State University from September 1993 until January 1995, but has not yet received a degree from that institution.

Scibetta began his gaming career in August 1995 with Tom’s Sunset Casino in Henderson, NV, as a Sports Book Supervisor. After leaving Tom’s, he went to work in March 1997 at the Showboat Casino in East Chicago, IN, where he served as a Table Games Supervisor. Harrah’s then bought that property and Scibetta became a Harrah’s employee. While at that property, he also worked as a Beverage Manager, a Slots manager, and ultimately, as the Director of Customer Services. Harrah’s then sold that property and Scibetta was transferred to Harrah’s Rincon property in Valley Center, CA, just outside San Diego. He worked there as the national Casino Marketing Manager in 2004. He held that position for about three months and then was promoted to Director of Customer Services. He stayed there until 2006, when he moved to Las Vegas. There, he served as Director of Customer Service at the Rio, another Harrah’s property. His last job with Harrah’s was a dual one: as both Director of Casino Marketing and Slot Manager.

In October 2009, Scibetta began employment with the Bluhm entities. He had worked previously with COO David Patent in other properties. Patent was then with Rush Street Gaming. Patent recruited Scibetta, who was interested in going in a different direction and the opportunity to work with Patent again was an intriguing one. It also gave him a chance to move the family to Illinois from Las Vegas, a locale that Scibetta thought might be more family friendly. Scibetta was hired as the Director of Customer

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Service and Operations. He has since been elevated to his present role as Vice President of Operations. Despite all of these job changes, the record shows that all were undertaken under good terms.

In his present position, Scibetta is responsible for directing design and construction from the corporate level. When a new Rush Street property is proposed, Scibetta assists in determining how it will be designed and built. If this applicant is given a license in Massachusetts, Scibetta will work with the architects and designers, including interior designers, to create a property that is, as he said, “an efficient work environment that’s safe for our team members and is consistent with the way we run our properties.” Once the building is up, Scibetta will participate in the hiring phase. As he described it, he acts in the nature of a Vice President of Human Resources in this regard. He also typically spends time with the local community, helping to keep the people informed with what is happening with the property. He travels a great deal, going between the various Rush Street properties, serving as needed.

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED] The investigation thoroughly evaluated Scibetta's submissions, inclusive of his financial materials and tax returns and records as well as his general financial history. It was also confirmed that Scibetta's reported assets and net worth are modest, though consistent with his reported levels of income and expenses. The investigation did not establish any adverse findings or information that would indicate that he does not possess the requisite financial integrity, responsibility and financial stability to be found suitable to participate in the proposed project.

Scibetta has gaming licenses in Pennsylvania, Illinois and Indiana. He held a Nevada license that has since expired. Those licenses are in good standing.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Based upon the comprehensive investigation of Scibetta, the investigation did not reveal any information that would preclude a finding that he possesses the requisite integrity, honesty, and good character that are statutorily mandated in M.G.L. c.23K §12(c). Further, the review of all submitted material, independent investigations, comprehensive database searches, regulatory agency verifications, personal interviews and past business practices indicate that Scibetta has demonstrated a business ability to establish, participate in, and maintain a successful gaming establishment as mandated by M.G.L. c.23K §12 a (3) as well as general history of compliance with applicable gaming regulation as required by M.G.L. c.23K.

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## 11. James Jabczynski

James (Jay) Jabczynski (“Jabczynski”), [REDACTED], is the Director of Slot Performance and Analytics for Rush Street Gaming. He attended high school in Highland, IN, and graduated in 2000. He then attended Purdue University and obtained a Bachelor of Science degree in Finance in 2005.

After graduating from college, Jabczynski began his gaming career by working for Resorts Casino in Indiana, from October 2004 until January 2006. He was first employed as a casino auditor and then later as a count room supervisor. He was separated from his employment at Resorts for reasons that will be discussed in more detail below. After Resorts, in January 2006 Jabczynski went to work at the Blue Chip Casino in Michigan City, IN. He served as a Slot Shift Supervisor. He left the Blue Chip Casino in March 2007 and began employment at the Horseshoe Casino in Hammond, IN. He worked at the Horseshoe as both a Slot Supervisor and as an Administrator of the SDS slot information system. Jabczynski left the Horseshoe in November 2010 and began working for Harrah’s in Joliet, IL. During his tenure there, he served as a Senior Financial Analyst. He left Harrah’s in Joliet in March 2011 and began his career with the Bluhm organization. He became a Slot Performance Manager for the Rivers Casino in Des Plaines, IL, served there for a year and then in March 2012, he assumed his present position at Rush Street Gaming.

[REDACTED]

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In his present position, Jabczynski is responsible for the analysis of a variety of gaming operational areas. For example, he conducts his own analysis of slot floor performance and educates the persons at the various local properties on the right metrics to review and how to make game purchase decisions. He also handles vendor relationships, negotiating for corporate discounts with major gaming equipment manufacturers. He brings his variety of gaming experience to this function.

[REDACTED]

[REDACTED] The investigation thoroughly evaluated Jabczynski's submissions, inclusive of his financial materials and tax returns and records as well as his general financial history. It was also confirmed that Jabczynski's reported assets and net worth are modest, though consistent with his reported levels of income and expenses. The investigation did not establish any adverse findings or information that would indicate that he does not possess the requisite financial integrity, responsibility and financial stability to be found suitable to participate in the proposed project.

Jabczynski has applied for a gaming license in Pennsylvania and that application is pending. He previously held licenses in Illinois and Indiana, but those licenses have expired. Jabczynski has never been found unsuitable nor has he personally been disciplined by any gaming agency.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] A review of his litigation history reveals nothing out of the ordinary. Jabczynski has made no political contributions in Massachusetts since the applicant filed its application.

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Based upon the comprehensive investigation of Jabczynski, the investigation did not reveal any information that would preclude a finding that he possesses the requisite integrity, honesty, and good character that are statutorily mandated in M.G.L. c.23K §12(c). Further, the review of all submitted material, independent investigations, comprehensive database searches, regulatory agency verifications, personal interviews and past business practices indicate that Jabczynski has demonstrated a business ability to establish, participate in, and maintain a successful gaming establishment as mandated by M.G.L. c.23K §12 a (3) as well as general history of compliance with applicable gaming regulation as required by M.G.L. c.23K.

**B. MGELLC OWNER-TRUSTS**

**1. Neil G. Bluhm Family Descendants Trust (NGB Trust)**

This trust was formed on June 25, 2002, by Neil G. Bluhm, who is documented as Grantor. [REDACTED]

[REDACTED]

This and other Bluhm family trusts have been created in order to enable a fair distribution of the accumulated wealth of the Bluhm family descendants as well as enabling investments, loans, purchases, sales and ownership and other financing vehicles for various Bluhm family commercial endeavors. The investigation established that the Bluhm Trusts, including the NGB Trust, have been involved in robust funding of various gaming investments.

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The specific investments and bank accounts of this Trust have been disclosed to the financial investigators and have been examined and evaluated. The assets of the Trust consist of bank accounts and investments in closely held or related entities. The bank account activities have been examined to the extent necessary to conclude that the reported values are reasonably accurate. The investments in closely held and related entities represent the large majority of the trust's assets. Insofar as these are not investments in publicly traded entities, the valuation given to each investment cannot be ascertained with certainty. Nonetheless, based on the financial investigators' review of tax documents and other financial statements on which the activities of the closely held or related party entities are reported, the valuation assigned to the trust's investments is not unreasonable.

This review established that this NGB Trust has direct or indirect ownership of specific local single-purpose entities that own or operate the particular gaming facility. These specific ownership interests have been disclosed to the investigators, examined and evaluated and are documented in the IEB files.

[REDACTED]

[REDACTED]

[REDACTED]

In all of the jurisdictions where this NGB Trust possesses any ownership interest in a gaming facility, the NGB Trust has been found suitable and/or where required, licensed by the appropriate regulatory agency to participate in the gaming facility project and finances. Examples of such jurisdictions include Illinois, Mississippi, and Pennsylvania. Further, there has been no reported non-compliance with any regulatory agency in any of the jurisdictions in which a gaming facility having a NGB Trust investment or ownership interest operates. The few instances of regulatory citations in Bluhm owned or operated gaming facilities have not involved the NGB Trust entity herein or any conduct on the part of the grantor or any trustee or beneficiary.

No negative civil litigation was revealed during this investigation.

No political contributions by the NGB Trust prohibited by M.G.L. c. 23K §46 and §47 were revealed during this investigation.

In regard to the proposed Massachusetts project that is the subject of this report, this NGB Trust is documented as having a [REDACTED] ownership interest in the applicant entity, MGELLC. The Trust itself will not be involved in any operational or managerial activities relating to the gaming operation, but will be confined to an investor/ownership role. The role of the NGB Trust in this project will be that of an investor.

The investigation also conducted a thorough media search regarding the NGB Trust and has confirmed no material negative information.

The investigation conducted a thorough review of the financial history and stability of the NGB Trust and there were no negative findings. The investigation included a review of the recent financial history and make-up of the NGB Trust and there were no negative findings. The assets of this Trust, along with the assets of the other qualifying Trusts, represent the majority of the applicant's assets. (The operating entities, MGELLC, Rush Street Gaming Partners, LLC, and Rush Street Gaming, LLC, have little

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to no assets.) As previously stated, the large majority of the Trust's assets are investments in closely held or related party entities. While difficult to value with certainty, the valuations assigned do not appear to be unreasonable, resulting in the closely held or related party entities being a source of immediate funds to the Trust, and the applicant.

The investigation did not establish any information that would indicate that the NGB Trust does not possess the requisite good character, honesty or integrity to be found suitable to participate in the applicant entity's project herein.

## **2. 2002 AGB Family Dynasty Trust ("AGB Trust")**

This trust was formed on June 28, 2002, by Andrew G. Bluhm who is documented as Grantor and Trustee. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

This and other Bluhm family trusts have been created in order to enable a fair distribution of the accumulated wealth of the Bluhm family as well as enabling investments, loans, purchases, sales and ownership and other financing vehicles for various Bluhm family commercial endeavors. The investigation established that the Bluhm Trusts, including the AGB Trust, have been involved in robust funding of various gaming investments.

The specific investments and bank accounts of this Trust have been disclosed to the financial investigators and have been examined and evaluated. The assets of the Trust consist of bank accounts and investments in closely held or related entities. The bank account activities have been examined to the extent necessary to conclude that the reported values are reasonably accurate. The investments in closely held and related entities represent the large majority of the trust's assets. Insofar as these are not investments in publicly traded entities, the valuation given to each investment cannot be

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ascertained with certainty. Nonetheless, based on the financial investigators' review of tax documents and other financial statements on which the activities of the closely held or related party entities are reported, the valuation assigned to the trust's investments is not unreasonable.

This review established that this AGB Trust has [REDACTED] ownership interests of RSGP and RSG, as well as in certain areas, direct or indirect ownership of specific local single-purpose entities who own or operate the particular gaming facility. These ownership interests have been disclosed to the investigators, examined and evaluated and are documented in the IEB files.

[REDACTED]

In all of the jurisdictions where this AGB Trust possesses any ownership interest in a gaming facility or in the oversight entity over said facility, the Trust has been found suitable and/or where required, licensed by the appropriate regulatory agency to participate in the gaming facility project and finances. Examples of such jurisdictions include Illinois, Mississippi, Pennsylvania, and Ontario, Canada.

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Further, there has been no reported non-compliance with any regulatory agency in any of the jurisdictions in which a gaming facility having an AGB Trust investment or ownership or oversight interest operates. The few instances of regulatory citations in Bluhm owned or operated gaming facilities have not involved the AGB Trust entity herein or any conduct on the part of any Trustee or beneficiary.

No negative civil litigation was revealed during this investigation.

No political contributions by the 2002 AGB Trust prohibited by M.G.L. c. 23K §46 and §47 were revealed during this investigation.

In regard to the proposed Massachusetts project that is the subject of this report, this AGB Trust is documented as having a [REDACTED] ownership interest in the applicant entity, MGELLC. The Trust itself will not be involved in any operational or managerial activities relating to the gaming operation, but will be confined to an investor/ownership role. The role of the AGB Trust in this project will be that of an investor.

The investigation also conducted a thorough media search regarding the AGB Trust and has confirmed no material negative information.

The investigation conducted a thorough review of the financial history and stability of the AGB Trust and there were no negative findings. The investigation included a review of the recent financial history and make-up of the AGB Trust and there were no negative findings. The assets of this Trust, along with the assets of the other qualifying Trusts, represent the majority of the applicant's assets. (The operating entities, MGELLC, Rush Street Gaming Partners, LLC, and Rush St. Gaming, LLC, have little to no assets.) As previously stated, the large majority of the Trust's assets are investments in closely held or related party entities. While difficult to value with certainty, the valuations assigned do not appear to be unreasonable, resulting in the closely held or related party entities being a source of immediate funds to the Trust, and the applicant.

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The investigation did not establish any information that would indicate that the AGB Trust does not possess the requisite good character, honesty or integrity to be found suitable to participate in the applicant entity's project herein.

### **3. 2002 LNB Family Dynasty Trust (LNB Trust)**

LNB Trust was formed on June 25, 2002, by Leslie N. Bluhm who is documented as Grantor and Trustee. [REDACTED]

The address of the LNB Trust is confirmed as 900 N. Michigan Avenue, Suite 900, Chicago, Ill. 60611.

This and other Bluhm family trusts have been created in order to enable a fair distribution of the accumulated wealth of the Bluhm family as well as enabling investments, loans, purchases, sales and ownership and other financing vehicles for various Bluhm family commercial endeavors. The investigation established that the Bluhm Trusts, including the LNB Trust, have been involved in robust funding of various gaming investments.

The specific investments and bank accounts of this Trust have been disclosed to the financial investigators and have been examined and evaluated. The assets of the Trust consist of bank accounts and investments in closely held or related entities. The bank account activities have been examined to the extent necessary to conclude that the reported values are reasonably accurate. The investments in closely held and related entities represent the large majority of the trust's assets. Insofar as these are not investments in publicly traded entities, the valuation given to each investment cannot be ascertained with certainty. Nonetheless, based on the financial investigators' review of tax documents and other financial statements on which the activities of the closely held or related party entities are reported, the valuation assigned to the trust's investments is not unreasonable.

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This review established that this LNB Trust has [REDACTED] ownership interests of the operational oversight entities, RSGP and RSG, as well as in certain areas, direct or indirect ownership of specific local single-purpose entities who own or operate the particular gaming facility. These ownership interests have been disclosed to the investigators, examined and evaluated and are documented in the IEB files.

[REDACTED]

[REDACTED]

In all of the jurisdictions where this LNB Trust possesses any ownership interest in a gaming facility or in the oversight entity over said facility, the Trust has been found suitable and/or where required, licensed by the appropriate regulatory agency to participate in the gaming facility project and finances. Examples of such jurisdictions include Illinois, Mississippi, Pennsylvania, and Ontario, Canada.

Further, there has been no reported non-compliance with any regulatory agency in any of the jurisdictions in which a gaming facility having a LNB Trust investment or ownership or oversight interest operates. The few instances of regulatory citations in

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Bluhm owned or operated gaming facilities have not involved the LNB Trust entity herein or any conduct on the part of any Trustee or beneficiary.

No negative civil litigation was revealed during this investigation.

No political contributions by the LNB Trust prohibited by M.G.L. c. 23K §46 and §47 were revealed during this investigation.

In regard to the proposed Massachusetts project that is the subject of this report, this LNB Trust is documented as having a [REDACTED] ownership interest in the applicant entity, MGELLC. The LNB Trust itself will not be involved in any operational or managerial activities relating to the gaming operation, but will be confined to an investor/ownership role. The role of the LNB Trust in this project will be that of an investor.

The investigation also conducted a thorough media search regarding the LNB Trust and has confirmed no material negative information.

The investigation conducted a thorough review of the financial history and stability of the LNB Trust and there were no negative findings. The investigation included a review of the recent financial history and make-up of the LNB Trust and there were no negative findings. The assets of this Trust, along with the assets of the other qualifying Trusts, represent the majority of the applicant's assets. (The operating entities, MGELLC, Rush Street Gaming Partners, LLC, and Rush St. Gaming, LLC, have little to no assets.) As previously stated, the large majority of the Trust's assets are investments in closely held or related party entities. While difficult to value with certainty, the valuations assigned do not appear to be unreasonable, resulting in the closely held or related party entities being a source of immediate funds to the Trust, and the applicant.

The investigation did not establish any information that would indicate that the LNB Family Dynasty Trust does not possess the requisite good character, honesty or integrity to be found suitable to participate in the applicant entity's project herein.

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#### 4. Meredith A. Bluhm 2006 Family GST Trust (MAB Trust)

This MAB Trust was formed on May 17, 2006, by Meredith A. Bluhm-Wolf and who is documented as Grantor and Trustee. [REDACTED]

The address of the MAB Trust is confirmed as 900 N. Michigan Avenue, Suite 900, Chicago, IL 60611.

This and other Bluhm family trusts have been created in order to enable a fair distribution of the accumulated wealth of the Bluhm family as well as enabling investments, loans, purchases, sales and ownership and other financing vehicles for various Bluhm family commercial endeavors. The investigation established that the Bluhm Trusts, including the MAB Trust, have been involved in robust funding of various gaming investments

The specific investments and bank accounts of the MAB Trust have been disclosed to the financial investigators and have been examined and evaluated. The assets of the Trust consist of bank accounts and investments in closely held or related entities. The bank account activities have been examined to the extent necessary to conclude that the reported values are reasonably accurate. The investments in closely held and related entities represent the large majority of the trust's assets. Insofar as these are not investments in publicly traded entities, the valuation given to each investment cannot be ascertained with certainty. Nonetheless, based on the financial investigators' review of tax documents and other financial statements on which the activities of the closely held or related party entities are reported, the valuation assigned to the trust's investments is not unreasonable.

This review established that this MAB Trust has [REDACTED] ownership interests of the operational oversight entities, RSGP and RSG, as well as in certain areas, direct or indirect ownership of specific local single-purpose entities who own or operate the particular gaming facility. These ownership interests have been

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disclosed to the investigators, examined and evaluated and are documented in the IEB files.

[REDACTED]

In all of the jurisdictions where this MAB Trust possesses any ownership interest in a gaming facility or in the oversight entity over said facility, the MAB Trust has been found suitable and/or where required, licensed by the appropriate regulatory agency to participate in the gaming facility project and finances. Examples of such jurisdictions include Illinois, Mississippi, Pennsylvania, and Ontario, Canada.

Further, there has been no reported non-compliance with any regulatory agency in any of the jurisdictions in which a gaming facility having a MAB 2006 Trust investment or ownership or oversight interest operates. The few instances of regulatory citations in Bluhm owned or operated gaming facilities have not involved the MAB Trust entity herein or any conduct on the part of any Trustee or beneficiary.

No negative civil litigation was revealed during this investigation.

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No political contributions by the MAB Trust prohibited by M.G.L. c. 23K §46 and §47 were revealed during this investigation.

In regard to the proposed Massachusetts project that is the subject of this report, this MAB Trust is documented as having a [REDACTED] ownership interest in the applicant entity, MGELLC. The Trust itself will not be involved in any operational or managerial activities relating to the gaming operation, but will be confined to an investor/ownership role. The role of the MAB Trust in this project will be that of an investor.

The investigation also conducted a thorough media search regarding the MAB Trust and has confirmed no material negative information.

The investigation conducted a thorough review of the financial history and stability of the MAB Trust and there were no negative findings. The investigation included a review of the recent financial history and make-up of the MAB Trust and there were no negative findings. The assets of this Trust, along with the assets of the other qualifying Trusts, represent the majority of the applicant's assets. (The operating entities, MGELLC, Rush Street Gaming Partners, LLC, and Rush St. Gaming, LLC, have little to no assets.) As previously stated, the large majority of the Trust's assets are investments in closely held or related party entities. While difficult to value with certainty, the valuations assigned do not appear to be unreasonable, resulting in the closely held or related party entities being a source of immediate funds to the Trust, and the applicant.

The investigation did not establish any information that would indicate that the Meredith A. Bluhm-Wolf Family GST Trust does not possess the requisite good character, honesty or integrity to be found suitable to participate in the applicant entity's project herein.

#### **5. Carlin Dynasty Trust (Carlin Trust)**

This trust was formed on August 3, 2011, [REDACTED] Gregory A. Carlin,  
[REDACTED]

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[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] The address of the Trust is confirmed as 900 N. Michigan Avenue, Suite 900, Chicago, IL 60611.

The Carlin Trust and other Bluhm intra-family trusts have been created in order to enable a fair distribution of the accumulated wealth as well as enabling investments, loans, purchases, sales and ownership and other financing vehicles for various Bluhm family commercial endeavors. The investigation established that the Bluhm related Trusts, including the Carlin Trust, have been involved in robust funding of various gaming investments.

The specific investments and bank accounts of this Trust have been disclosed to the financial investigators and have been examined and evaluated. The assets of the Trust consist of bank accounts and investments in closely held or related entities. The bank account activities have been examined to the extent necessary to conclude that the reported values are reasonably accurate. The investments in closely held and related entities represent the large majority of the trust's assets. Insofar as these are not investments in publicly traded entities, the valuation given to each investment cannot be ascertained with certainty. Nonetheless, based on the financial investigators' review of tax documents and other financial statements on which the activities of the closely held or related party entities are reported, the valuation assigned to the trust's investments is not unreasonable.

This review established that this Carlin Trust has indirect, ownership of specific local single-purpose entities that own or operate the particular gaming facility. These specific ownership interests have been disclosed to the investigators, examined and evaluated and are documented in the IEB files.

[REDACTED]  
[REDACTED]

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[REDACTED]

In the jurisdictions where this Carlin Trust possesses any ownership interest in a gaming facility, the Carlin Trust has been found suitable and/or where required licensed by the appropriate regulatory agency to participate in the gaming facility project and finances. Two such jurisdictions are Illinois and Pennsylvania. Further, there has been no reported non-compliance with any regulatory agency in any of the jurisdictions in which a gaming facility having a Carlin Trust investment or ownership interest operates. The few instances of regulatory citations in Bluhm owned or RSG overseen or operated gaming facilities have not involved the Carlin Trust indirect ownership trust entity herein or any conduct on the part of any Trustee or beneficiary.

No negative civil litigation was revealed during this investigation.

No political contributions by the Carlin Trust prohibited by M.G.L. c. 23K §46 and §47 were revealed during this investigation.

In regard to the proposed Massachusetts project that is the subject of this report, this Carlin Trust is documented as having a [REDACTED] ownership interest in the applicant entity, MGELLC. The Trust itself will not be involved in any operational or managerial activities relating to the gaming operation, but will be confined to an

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investor/ownership role. The role of the Carlin Trust in this project will be that of an investor.

The investigation also conducted a thorough media search regarding the Carlin Trust and has confirmed no material negative information.

The investigation conducted a thorough review of the financial history and stability of the Carlin Trust and there were no negative findings. The investigation included a review of the recent financial history and make-up of the Carlin Trust and there were no negative findings. The assets of this Trust, along with the assets of the other qualifying Trusts, represent the majority of the applicant's assets. (The operating entities, MGELLC, Rush Street Gaming Partners, LLC, and Rush St. Gaming, LLC, have little to no assets.) As previously stated, the large majority of the Trust's assets are investments in closely held or related party entities. While difficult to value with certainty, the valuations assigned do not appear to be unreasonable, resulting in the closely held or related party entities being a source of immediate funds to the Trust, and the applicant.

The investigation did not establish any information that would indicate that the Carlin Trust does not possess the requisite good character, honesty or integrity to be found suitable to participate in the applicant entity's project herein.



July 3, 2013

Stephen P. Crosby, Chairman  
Gayle Cameron, Commissioner  
James McHugh, Commissioner  
Bruce Stebbins, Commissioner  
Enrique Zuniga, Commissioner

Massachusetts Gaming Commission  
84 State Street, Suite 720  
Boston, MA 02109

RE: SUITABILITY INVESTIGATION FOR PPE CASINO RESORTS MA, LLC,  
APPLICANT FOR A CATEGORY 2 GAMING LICENSE

Dear Chairman Crosby and Commissioners,

PPE Casino Resorts MA LLC (“PPE MA”) has applied to the Massachusetts Gaming Commission (“MGC”) for a Category 2 (Slots) license pursuant to M.G.L. Ch. 23K.

Pursuant to M.G.L. Ch. 23K section 12, the Investigations and Enforcement Bureau (IEB) of the MGC was tasked with conducting a suitability investigation of each applicant for a gaming license. The MGC recognized that these types of investigations are unprecedented in Massachusetts and that it would be impractical to staff these investigations internally under the expected time frames for licensure. Accordingly, recognizing the need for expertise in this area, the MGC posted a Request for Response (RFR) in order to obtain the services of expert gaming investigators to work with the IEB in this process. 205 CMR 115.03(1) There were two responses received by the MGC and the Commission made the award to the joint application from the consulting firms of Spectrum Gaming and Michael & Carroll. The PPE MA investigation was assigned to the Spectrum team.

Spectrum Gaming is an independent research and consulting firm entrusted by gaming commissions around the world to conduct entity and individual due diligence investigations of casino applicants. The investigative team is headed by Managing Director Fredric Gushin, a former Assistant Attorney General with the New Jersey Division of Gaming Enforcement, and includes former law enforcement personnel,



Massachusetts Gaming Commission

former gaming regulators, attorneys, CPAs, analysts, and former journalists. Recent Spectrum clients for such investigations include the Maine Harness Racing Commission, Maryland Lottery Commission, Ohio Casino Control Commission, Singapore Casino Regulatory Authority, Singapore Ministry of Home Affairs, and several tribal governments. Spectrum has provided investigative, regulatory and other services to governments in 14 US states and territories and to national governments in Asia, Europe, and the Caribbean.

Over the past several months, the IEB has supervised the contract investigative personnel and the Massachusetts State Police (MSP) Gaming Enforcement Unit while they worked together to conduct the statutorily required suitability and background investigations. The process commenced with “scope of licensing determinations,” based on each applicant’s organizational structure. The interested parties were permitted to submit briefs and memoranda detailing the entities and individuals they believed were required qualifiers, along with those they felt were statutorily eligible to be waived from qualification.

The IEB, MSP and investigative staff participated in various meetings with the applicant, PPE MA, to determine which entities and individuals required qualification as part of the RFA Phase I licensing process. After careful review of materials and discussions with PPE MA representatives, the entities and individuals identified in this investigative report were required to qualify in accordance with the filing requirements as established at M.G.L. c.23K Section 14 and 205 CMR 116.02. It should also be noted that the applicant was given the opportunity to object to these determinations, and after review, the IEB finalized the list of PPE MA qualifier persons and entities. This final determination was accepted by the applicant. Each qualifying entity or qualifying individual natural person was then subject to the full statutorily required background investigation conducted by the IEB.

The criteria utilized by the IEB in the determination of PPE MA’s qualifiers are set forth in the relevant statutory provisions governing the scope of licensing issues, that is, M.G.L. c.23K Section 14(a), (b), (c), (g), and (h). Additionally, the IEB applied all relevant sections of the MGC’s own regulations, specifically, 205 CMR 116.01 – 116.03, inclusive. After the initial scope of licensing was determined, PPE MA then complied with the submission of the required application materials, privacy and liability waivers, application fee, and all information requested during the course of the comprehensive investigation of each qualifier.

Additionally, waivers were allowed for certain minor children who are trust beneficiaries and otherwise uninvolved in the project in any relevant way. These determinations were based upon the submissions of PPE MA and verifications by the IEB



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personnel, and are subject to change should contrary information be revealed during the background investigation or the Phase II processes. 205 CMR 116.03(3). It should also be emphasized that the initial scope of licensing determinations made herein do not prejudice nor limit the IEB and Commission's right to include any person or entity as a qualifier at any time, should it be deemed necessary in the best interest of the Commonwealth. 205 CMR 116.03(3). Indeed, any initial waiver of a person or entity does not exclude those persons or entities from scrutiny. The IEB may, and in fact did, investigate anyone that it determined had a bearing on the evaluation of the suitability of PPE MA and its qualifiers. 205 CMR 116.03(3).

Finally, the IEB has also advised the applicant that it is required to establish the suitability of all financial sources relating to the gaming establishment. All of these financial sources may not be known at this juncture and any additional financial sources will need full disclosure, background and suitability investigation and evaluation when identified by the applicant, if the Commission approves the applicant's advancement to the Phase II processes.

In order to achieve Phase I suitability, an applicant for a casino gaming license and any person or entity deemed a qualifier pursuant to M.G.L. c.23K §14 and 205 CMR 116 et seq must provide all required application materials set forth in 205 CMR 111 relevant to Phase I evaluations, as well as satisfy the relevant statutory suitability criteria as set forth in M.G.L. c.23K §12 and §16 of the Act. The standard for satisfaction of the suitability criteria requires each applicant/qualifier to establish its qualification for licensure to the commission by clear and convincing evidence (M.G.L. c.23K §13(a)). The various statutory criteria with appropriate annotations are listed below.

## **RELEVANT PHASE 1 STATUTORY CRITERIA**

Has applicant/qualifier been convicted of a felony or other crime involving embezzlement, theft, fraud or perjury?

M.G.L. c.23K §16(a)(i)

Has the applicant/qualifier submitted an application for a gaming license which contains false or misleading information?

M.G.L. c.23K §16(ii)



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Has the applicant/qualifier committed prior acts which have not been prosecuted or in which the applicant/qualifier was not convicted but form a pattern of misconduct that makes the applicant unsuitable for a license under this chapter?

M.G.L. c.23K §16(iii)

Does the applicant/qualifier have affiliates or close associates that would not qualify for a license or whose relationship with the applicant may pose an injurious threat to the interests of the Commonwealth in awarding a gaming license to the applicant?

M.G.L. c.23K §16(iv)

Does the applicant/qualifier demonstrate integrity, honesty, good character and reputation?

M.G.L. c.23K §12(a)(1)

Does the applicant/qualifier demonstrate financial stability, integrity and background?

M.G.L. c.23K §12(a)(2)

Do the business practices and the business ability of the applicant/qualifier demonstrate the capacity to establish and maintain a successful establishment?

M.G.L. c.23K §12(a)(3)

Does the applicant/qualifier have an adverse history of compliance with gaming license requirements in other jurisdictions?

M.G.L. c.23K §12(a)(4)

Is the applicant/qualifier a defendant in litigation involving its business practices?

M.G.L. c.23K §12(a)(5)

Are all the parties in interest, including, but not limited to, affiliates, close associates and financial sources suitable to hold or participate in the gaming license?

M.G.L. c.23K §12(a)(6)

Is the applicant/qualifier disqualified from receiving a license under M.G.L.c.23K section 16?

M.G.L. c.23K §12(a)(7)

Has the applicant/qualifier failed to establish their integrity or the integrity of any affiliate, close associate, financial source or any person required to be qualified by the commission?

M.G.L. c.23K §12(b)(i)



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Has the applicant/qualifier failed to demonstrate responsible business practices in any jurisdiction?

M.G.L. c.23K §12(b)(ii)

Has the applicant/qualifier failed to overcome any other reason, as determined by the commission, as to why it would be injurious to the interests of the Commonwealth in awarding the applicant a gaming license?

M.G.L. c.23K §12(b)(iii)

Has the applicant/qualifier made any political contributions prohibited by M.G.L. c.23K?

M.G.L. c.23K §46, §47 and 205 CMR 108

## INVESTIGATIVE PROCESS

Outlined below are the various steps taken in evaluating each applicant, qualifying entity and qualifying individual's suitability. While the following items contain specific areas of inquiry, such information is gleaned from many different and diverse databases. These services were initially focused on specific areas (for example, civil litigations, criminal conviction information, real estate and title records etc.), and then expanded as needed depending on the results. If information was revealed, then it was accumulated, cross-referenced, and compiled into workable summaries for careful evaluation by analysts. Thereafter, from this mass of information, a database report was derived on each applicant/qualifier, and was then reviewed by a supervisor and field investigator. Follow-up verifications of relevant important data (for example, licenses, compliance histories etc.) and areas of concern were then the subject of follow-up investigative activities. Qualifiers were interviewed in person, and that interview included an opportunity to provide clarification of any issues in the event derogatory information was found during the investigation. Next, an attorney review of the investigative results was conducted, followed by detailed consultation between both the legal and investigative teams. The material was then digested into the suitability report, which was submitted for final review to the IEB Director, Massachusetts State Police and staff. The subject areas of this investigation have included the following:

1. Public Record Database checks which included, but were not limited to, the following:
  - a. Searches for incorporation papers and corporate filing for incorporation in other states have been conducted for the identified privately held companies.



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- b. Verification of the applicant company and its owners and affiliated entities and individual qualifiers through address verifications and other companies operating from the same location(s).
  - c. Verification of business information and credit profiles on all qualifiers through Dun & Bradstreet.
  - d. Searches for national fictitious business names and “doing business as”.
  - e. Civil litigation searches relative to liens, bankruptcies and judgments in the state of incorporation and all other states or commonwealths that have such information online.
  - f. Nationwide bankruptcy searches on the entity and individual person qualifiers have been conducted.
  - g. Searches for all UCC filings to determine secured parties and banking affiliations.
  - h. National media searches on all entity and individual person qualifiers, as well as relevant affiliations.
  - i. Federal District Court Docket Summary searches for all states.
  - j. Business assets searches.
  - k. Limited Liabilities Company searches and Limited Partnership searches.
2. The status of all current and expired licenses, especially gaming licenses, disclosed by the entity or individual person qualifiers has been verified.
  3. The compliance history of the applicant and/or owners, parent company or gaming related affiliates or subsidiaries in all gaming jurisdictions in which they operate has been examined and evaluated.
  4. The company website and affiliated websites have been examined and evaluated.
  5. As relevant, copies of stock certificates verifying each beneficial owner of the company as well as (again, if relevant) copies of the stock registry from the corporate secretary/registered agent have been obtained. Verifications of the various qualifier entities and individual person qualifiers ownership interests have been verified.



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6. A certified public investigative accountant has conducted financial integrity and stability analysis of applicant owners and specific applicant affiliated entities relevant to the new applicant entities creation and formation. A critical review of the owner's annual financial statements and tax was also conducted. In addition:

- a. A review of the applicant's individual person qualifiers' financial statements was conducted.
- b. If financial statements were not audited, an analysis of three years of reviewed, compiled and/or internally prepared financial statements was conducted.
- c. If financial statements were audited, the contact name and number of the independent CPA firm's audit manager was obtained.
- d. Available management letters or internal control letters issued by the independent CPA for the past three years were evaluated.
- e. The applicant entity and all entity and individual person qualifiers' tax compliance histories were reviewed and evaluated.
- f. Documentation/information of the owners and entity and individual person qualifier historical line(s) of credit and long term debt (mostly related intra-family party debt or debt to/from a related entity) balances were obtained, reviewed and evaluated.
- g. A comprehensive list of the entity's bank accounts (domestic and foreign) with copies of complete bank statements for past three years was obtained, reviewed and evaluated by financial investigators and accountants.
- h. A letter from the banks (domestic and foreign) listing all entity and qualifiers' bank accounts and indicating the most current balance for each account along with a list of authorized signatories for each account was obtained.
- i. A listing of all-gaming-related licenses applied for by the applicant company, including the date and disposition, was obtained and reviewed. Each individual licensing agency was contacted and the applicant's status and licensure was verified.



- j. While minutes of relevant Board of Directors meetings for the past three years would typically be obtained for review, the qualifying entities herein are all LLCs and thus do not reflect a Board structure with minutes of meetings.
  - k. Minutes of audit and compliance meetings for the past three years for closely held sister subsidiaries were obtained, reviewed and evaluated.
  - l. All relevant applicant qualifier compliance, due diligence and audit investigations conducted during the past five years were obtained and reviewed. Additionally, a copy of the applicant's current compliance practices in existing licensing jurisdictions was obtained and reviewed.
  - m. A list of all new gaming acquisitions or sale of gaming properties for the past five years was obtained and reviewed.
  - n. Income analysis, net worth and asset evaluation were conducted for all individual person qualifiers.
7. Compliance with Foreign Corrupt Practices Act (FCPA) and Anti-Money Laundering (AML) policy and protocol was reviewed on all relevant qualifier entities and individual person qualifiers. Applicable policies and procedures, as well as a sampling of internal and/or external investigations or relevant compliance hypothetical scenarios, were included as subjects of personal interviews with key owners/qualifiers and were evaluated.

For publicly traded companies, a review of all above noted checks and critical Securities and Exchange Commission (SEC) filings, including quarterly filings and annual reports filed by the company for the past three years, was conducted. A check with the SEC and state security officials as to the applicant and any investigations conducted by these agencies over the past seventeen-year period was performed.

For international companies and/or subsidiaries, steps were taken to replicate the investigatory steps taken for domestic entities, and were executed to the extent possible. The beneficial ownership of the entity was determined and, if applicable, a copy of the stock registry from the company's registered agent was secured. A media search in the country where the applicant is incorporated and headquartered, as well as within the major countries where the company engages in business activity, was conducted.

8. Motor vehicle registrations, driver's licenses and driving history records were examined and verified.



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9. The investigative team also examined the applicant and its qualifiers' past business practices and business ability as well as the qualifiers' demonstrated history to launch and maintain a successful gaming establishment.
10. The applicant qualifiers' history of compliance with gaming regulations was assessed.
11. The applicant qualifiers' litigation history was assessed.
12. The applicant qualifiers' record of political contributions in Massachusetts and, if relevant, other jurisdictions was assessed.
13. The Massachusetts State Police conducted thorough federal, state, and commonwealth criminal history inquiries based on the applicant qualifiers' submissions and also processed fingerprint examinations on all natural person qualifiers.
14. An inquiry was conducted to determine if any credible information existed in any data bases, online or available from law enforcement, and regulatory sources regarding any applicant or qualifier involvement or affiliation with any organized criminal groups or persons with criminal histories.
15. Each individual person qualifier's educational background was examined and verified.
16. Each individual person qualifier's employment history was examined and verified as necessary.
17. All personal references for individual person qualifiers were contacted and interviewed.
18. All professional licenses of applicant qualifiers were examined and verified, including specific verification of any gaming industry related licenses, permits or suitability determinations.
19. Applicant's business affiliations for applicant entities and individual person qualifiers were examined and evaluated.



## RECOMMENDATION

The findings of fact relative to this investigation can be found in the attached report. Specifically, those findings of fact are listed in section B of the Executive Summary and in sections IV through VII of the report.

On the basis of the investigation to date and as supported by the findings of fact as described therein, the IEB advises the Commission that based on the criteria listed in the gaming laws and regulations in Massachusetts, including Mass. Gen. Laws ch. 23K, § 12, 13, 14 and 16, it has not discovered any disqualifying factors that would preclude the Applicant from being issued a Category 2 Gaming (Slot) License. As stated in 205 CMR 115.03 – 115.05, the IEB is only providing a recommendation and the final determination of suitability rests within the Commission's sound discretion.

**The IEB recommends that the Commission find the applicant, PPE Casino Resorts, MA LLC, suitable for licensing.**

The IEB suggests that if the applicant is awarded a Category 2 license, the Commission consider adding the following conditions to the license:

1. As there are several pending instances of litigation involving the applicant, PPE Casino Resorts MA LLC and Cordish Family II LLC the IEB recommends that the applicant be required to report on a timely basis regarding the status of all pending litigation, and promptly notify the Commission of any litigation commenced subsequent to the issuance of the license, with timely updates regarding the status of any new litigation;
2. As with all other applicants, the IEB recommends that PPE Casino Resorts MA LLC and Cordish Family II LLC be required to promptly report any changes relating to their ownership, members, managers and/or directors; any new owners, members, managers and/or directors be required to submit a PHD or BED form to the Commission; and that any owners, members, managers and/or directors must be found suitable by the Commission;
3. Investigation revealed that while PPE MD has a Compliance Committee and a Compliance Plan in place, investigators were informed that there are no minutes kept of meetings, which is in direct contravention of the PPE MD Compliance Plan. Accordingly, investigators could not independently examine records evidential of the operational efficiency of the Compliance Committee. The primary role of minutes is to maintain an official and accurate record of the actions and decisions of the Committee. The lack of Committee minutes impacts effective regulatory oversight, as the minutes



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serve as a guide for regulators in determining whether the Committee has acted in compliance with applicable law and regulations. For regulatory purposes, a comprehensive official record of the entire Committee meeting should exist. For this reason, the IEB recommends that PPE Casino Resorts MA, LLC be required to submit and adhere to a Compliance Plan satisfactory to the Commission, and that Plan shall include the requirement that detailed minutes be kept of all meetings of the Compliance Committee, and of all meetings of the Internal Audit Committee; and

4. The Bank Secrecy Act of 1970 (“BSA,” or otherwise known as the Currency and Foreign Transactions Reporting Act) requires US financial institutions to assist US government agencies to detect and prevent money laundering. Specifically, the BSA requires financial institutions to keep records of cash purchases of negotiable instruments, file reports of cash transactions exceeding \$10,000 (daily aggregate amount), and to report suspicious activity indicative of money laundering, tax evasion, or other criminal activities. Originally applied only to financial institutions such as banks, reporting requirements have since broadened to include businesses such as casinos and check-cashing agencies. In that regard, a licensed casino qualifies as a “financial institution” subject to those filing requirements if it has more than \$1,000,000 in annual gross gaming revenue.<sup>1</sup> This is a threshold any licensed gaming operation in Massachusetts should meet. PPE Casino Resorts MA LLC has indicated that it intends to comply with its BSA requirements in Massachusetts by adopting the BSA procedures in use by PPE Casino Resorts Maryland LLC. As with all other applicants, the IEB recommends that PPE Casino Resorts MA LLC be required to submit and adhere to a Plan for compliance with the United States Currency and Foreign Transactions Reporting Act satisfactory to the Commission.

This report reflects the findings of the IEB as of this date. The Bureau will continue to investigate the background and qualifications of all applicants and ultimately, all licensees. Should any additional information be gleaned from further inquiry, it will be appropriately reported to the Commission for further review.

It should also be understood that any determination of suitability that might be made by the Commission based on this and other suitability reports during this Phase I process will not constitute the final analysis of those matters. This suitability report will become part of the material considered during Phase II of the evaluation process as the Commission is empowered to also consider the relative suitability of applicants when it makes its final license decision at the end of Phase II.

<sup>1</sup> see CFR 103 §1010.100(t)(5)(i) and (6)(i).



Respectfully submitted,



Karen Wells  
Director  
Investigations and Enforcement Bureau  
Massachusetts Gaming Commission



Massachusetts Gaming Commission



**INVESTIGATIVE REPORT**  
**FOR THE**  
**MASSACHUSETTS GAMING COMMISSION**

**APPLICANT:**  
**PPE Casino Resorts MA LLC**

**INDIVIDUAL QUALIFIERS:**

Jonathan A. Cordish  
Joseph S. Weinberg  
Charles F. Jacobs  
Blake L. Cordish  
Reed S. Cordish  
David S. Cordish

**June 18, 2013**

**CATEGORY 2 GAMING (SLOT) LICENSE**

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## **I. Executive Summary**

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### **A. Introduction**

After a formal public Request for Proposals in approximately October 2012, Spectrum Gaming Group LLC was selected and then retained by the Massachusetts Gaming Commission (“MGC”) to assist the Commission’s Investigations and Enforcement Bureau (“IEB”) in conducting a suitability background license investigation of PPE Casino Resorts MA LLC (“PPE MA” or “Applicant”) in connection with its application to the Massachusetts Gaming Commission (“Commission”) for a Category 2 Gaming (Slot) License. Spectrum staff was teamed with investigative personnel from the Massachusetts State Police assigned to the Gaming Enforcement Unit at the IEB, and the IEB Director and staff. PPE MA was created on January 9, 2013, as a single-purpose entity to facilitate the entry of The Cordish Company<sup>1</sup> into the Massachusetts gaming market.

The Applicant has no direct entity affiliates, and is comprised of five natural person members: Jonathan A. Cordish, holder of a [REDACTED] interest; Blake L. Cordish, holder of a [REDACTED] interest; Reed S. Cordish, holder of a [REDACTED] interest; Joseph S. Weinberg, holder of a [REDACTED] interest; and Charles F. Jacobs, holder of a [REDACTED] interest. Weinberg is the Managing Member. All five members of PPE MA have been deemed qualifying individuals by the Commission. In addition to the Applicant entity, one other entity was required by the Commission to submit to the qualification process: Cordish Family II LLC (also “CF II”), which may serve as a source of financing for the gaming project. It is described in its application as “a family investment vehicle whose primary business activity is lending funds for start-up and working capital purposes for developments of affiliates of The Cordish Company.” David S. Cordish, as the beneficial owner of CF II, was also required to submit to the qualification process.

There is yet no definitive location for the gaming facility proposed by PPE MA. On May 7, 2013, the Applicant publicly announced that it intended to site its slot facility in the Town of Boxborough through the purchase and renovation of a Holiday Inn hotel at the junction of I-495

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<sup>1</sup> In the course of this report, the terms Cordish and The Cordish Company is being utilized to collectively refer to the various Cordish-related entities that comprise the conglomerate of business conducted by the Cordish family. Individual Cordish officials are identified by their full names.

and Route 111. On May 13, 2013, the Boxborough Board of Selectmen voted not to support the proposal. Subsequently, investigators spoke with Weinberg, who reported that while the Applicant is hopeful the Town of Boxborough will reconsider, other sites are being considered. Thus, at this point there is significant uncertainty regarding the ultimate site selection.

While PPE MA is a standalone legal entity, an examination of its proposed funding and management team leaves no doubt it is an undertaking of The Cordish Company, a privately held, family-owned business dating back to 1910. The Cordish Company is a major real estate developer and operator of entertainment businesses in the United States, with divisions focused on Entertainment/Mixed-Use districts, Gaming and Lodging, Shopping Centers, Sports Anchored Developments, Residential/Student Housing, Urban (low income area) Redevelopment, and Office space. There is also a private equity venture component. Patriarch David S. Cordish leads The Cordish Company, and his sons, Jonathan, Blake and Reed, play key management roles in the various operating sectors of the company. From our research, it is apparent The Cordish Company has established a nationwide reputation for revitalizing urban regions through the development of multi-faceted retail and entertainment complexes. Many of The Cordish Company projects involve public-private partnerships that have made significant contributions to their urban core locations, including but not limited to such successful projects as the Inner Harbor in Baltimore, Fourth Street Live! in Louisville, KY, and The Walk in Atlantic City, NJ. We recognize that all six qualifiers – Jonathan A. Cordish, Blake L. Cordish, Reed S. Cordish, Joseph S. Weinberg, David S. Cordish and Charles F. Jacobs – have long associations with The Cordish Company.

The Cordish Company initially entered the gaming industry as the developer (but not manager or operator) of two Hard Rock Hotel and Casino complexes for the Seminole Tribe of Florida (in Tampa and Hollywood) that opened in 2004. Cordish then expanded into gaming management by developing the Indiana Live! Casino in Shelbyville, IN, for Indianapolis Downs LLC, and managing the gaming operation from the opening of its temporary facility in June 2008. In March 2009 the operation moved into its permanent 233,000-square-foot complex. Although monthly revenue reports filed with the Indiana Gaming Commission indicate revenue mainly on the high end of industry average, Indianapolis Downs LLC struggled financially due to debt load. Indianapolis Downs terminated its management contract with Cordish in August 2010, alleging breach of the agreement. The Cordish Company countersued, alleging

defamation, invasion of privacy, and failure to pay approximately \$8.4 million in management fees. Indianapolis Downs LLC filed for bankruptcy in April 2011.

The Cordish Company currently operates one gaming establishment. PPPE Casino Resorts Maryland LLC has developed the Maryland Live! Casino, a plenary gaming facility adjacent to the Arundel Mills mall in Hanover, MD. Open since June 6, 2012, Maryland Live! features 4,750 video lottery terminal (“VLT”) machines, several restaurants, and live entertainment. Live table games (122) were added on April 11, 2013. Maryland Live! follows a model of other “Live!” entertainment venues developed by The Cordish Company.

In addition to this application before the Commission, Cordish is presently an applicant competing for a gaming license in Philadelphia, PA, through its applicant entity, Stadium Casino LLC. As described in further detail in the body of this report, Cordish has also explored entering into existing and emerging gaming markets, including Atlantic City, and Kansas.

As an applicant for a Category 2 Gaming (Slot) License, PPE MA has the affirmative obligation to demonstrate its qualifications by clear and convincing evidence pursuant to the Massachusetts Gaming Act, specifically Massachusetts General Laws Chapter 23K (“Mass. Gen. Laws ch. 23K”), § 13(a). An applicant for a Category 2 Gaming (Slot) License is also required to establish the qualifications of all of the individuals and entities identified as qualifiers, in accordance with the standards enunciated in the statute and regulations. In this regard, the six qualifying individuals filed the Multi-State Personal History Disclosure Form (“PHDF”) and Massachusetts Supplement. In addition, Cordish Family II LLC must also satisfy the licensing standards.

In the course of this license investigation, investigators requested the production of voluminous records and documents from the Applicant and related entities. Such requests for relevant information were necessary in order to conduct the requisite, thorough background review. While the Applicant and the related entities raised several concerns over confidentiality of sensitive and proprietary information requested by the Commission, it was cooperative and compliant, providing updated information upon request as the investigation progressed. Notably, our examination of the Applicant’s books and records revealed no irregularities or improprieties that could potentially impact adversely upon this license application.

## **B. Findings**

The IEB conducted a thorough suitability background investigation pursuant to Mass. Gen. Laws ch. 23K, § 12, 13, 14 and 16. Investigators analyzed corporate records and documents and scrutinized the business operations, practices, and transactions of segments of The Cordish Company and the above-named qualifying entities from an integrity and financial stability standpoint. Investigators adhered to well-defined and approved investigative protocols in assembling the factual information incorporated in this report. Pursuant to a April 4, 2013, Memorandum of Understanding between the Commission and the Maryland State Lottery and Gaming Control Agency, the probity review also included a review of the suitability investigation conducted on behalf of the latter into the six qualifying individuals as well as CF II relative to the 2009 application by PPE Maryland Casino Resorts LLC for entry into the Maryland gaming market.<sup>2</sup> Investigators also examined the regulatory record of PPE Casino Resorts Maryland LLC, as well as PPE Casino Resorts Indiana LLC, The Cordish Company affiliate that developed, managed and financed Indiana Live, a casino owned by Indianapolis Downs LLC and located at a horse racing facility in Shelbyville, IN.

Investigative results for the specific licensing criteria enunciated in the Massachusetts Gaming Act are summarized as follows:

### **1) Financial stability, integrity and responsibility**

The IEB contract investigators examined the financial suitability of PPE Casino Resorts MA, as well as the financial suitability of the Cordish Family II LLC and PPE Casino Resorts Maryland (“PPE MD”). CF II is the reported possible source of start-up capital. PPE MD, which was licensed by the State of Maryland and began operations in June 2012 in Anne Arundel County, MD, is currently one of highest grossing slot parlors on the East Coast. PPE MD was examined both because all of the owners anticipated partially funding their capital investments into the Applicant with their share of distributions from PPE MD and because this licensed gaming operation in Maryland closely mirrors their intentions in Massachusetts and is illustrative of their ability to develop and manage a gaming facility. During interviews, Jonathan Cordish

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<sup>2</sup> As previously disclosed to the Commission, the then-Maryland Lottery Commission had engaged Spectrum Gaming Group to conduct that probity investigation on its behalf into Power Plant Entertainment Maryland Casino Resorts LLC, CF II and other entities, as well as the six named individual qualifiers. The Memorandum of Understanding permitted, inter alia, official Commission access to the 2009 Maryland investigative report.

and Joseph Weinberg both indicated that it was their intent to develop the Massachusetts project with the increasing cash flow from PPE MD and had a significant credit facility from Cordish Family II LLC backing this up. If additional funding is required downstream The Cordish Company appears to have excellent relations with lenders who would be willing to fund this project.

**2) Integrity of financial backers, investors, mortgages, bondholders, and other holders of indebtedness**

The money to be utilized to ensure the successful operation of the Applicant will be derived from cash flow from PPE MD, with a credit facility available from CF II. Based on our review, there are no material issues involving the integrity of the financial backers of the Applicant.

**3) Good character, honesty, integrity and reputation**

Investigators found that PPE Casino Resorts MA LLC, and Cordish Family II LLC, possess the requisite good character, honesty, integrity and reputation. Significantly, no issues surfaced concerning the overall suitability of these entities or the individual qualifiers Jonathan A. Cordish, Blake L. Cordish, Reed S. Cordish, Joseph S. Weinberg, David S. Cordish and Charles F. Jacobs. The Cordish Company enjoys a reputation for integrity within the business community. Although its operational experience in the gaming sector has been of relatively limited duration both in Indiana and Maryland, there are no material issues pertaining to The Cordish Company's record of gaming regulatory compliance, its dealings with vendors and business partners, or litigation matters.

**4) Sufficient business ability and experience**

As a newly formed entity, PPE MA does not have any demonstrable business experience. The Cordish Company has relatively limited experience in the management and operation of casino gaming facilities; Indiana operations commenced in June 2008 and The Cordish Company's management contract there terminated August 2010; and Maryland operations have been ongoing from June 2012. Nonetheless, Massachusetts law does not require that business ability and experience be demonstrated solely in the gaming industry. In operation since 1910, The Cordish Company has proven itself – on a nationwide basis – as a successful real estate development company and operator of entertainment complexes. Its business ability and

experience is further documented by the successful operation of numerous going concerns within its corporate divisions, including those focused on Entertainment/Mixed-Use districts, Gaming and Lodging, Shopping Centers, Sports Anchored Development, Residential/Student Housing, Urban (low income area) Redevelopment, and Office space. Company patriarch David S. Cordish is clearly an accomplished businessman who has demonstrated business ability and experience via the successful operation of The Cordish Company, and qualifiers Jonathan A. Cordish, Blake L. Cordish, Reed S. Cordish, Joseph S. Weinberg, and Charles F. Jacobs, have long associations with The Cordish Company and play key management roles in the various operating sectors.

The Applicant intends to manage the day-to-day operations of the proposed slot facility through an on-site gaming team. The executive in charge will be company principal Joseph S. Weinberg. [REDACTED]

The business experience and ability of The Cordish Company, including the six executives who constitute the natural person qualifiers in this application, coupled with the positive (albeit relatively short term) gaming business experience The Cordish Company has demonstrated in operations in Indiana, and Maryland, satisfies the relevant requirements of Massachusetts law.

### **C. Applicant and Principal Entities**

PPE MA was created specifically to be the applicant entity. CF II, which is beneficially and wholly owned by David S. Cordish, may serve as the financing vehicle for the project, and therefore was required to submit to the application process.

### **D. Principal Qualifiers**

Natural person qualifiers that are associated with the Applicant and its affiliated entities are listed below. IEB contract investigators conducted a comprehensive due diligence investigation, on each qualifier and found no disqualifying criterion applicable, as listed in Mass. Gen. Laws ch. 23K, § 12, 13, 14 and 16.

- Jonathan A. Cordish

- Blake L. Cordish
- Reed S. Cordish
- Joseph S. Weinberg
- Charles F. Jacobs
- David S. Cordish



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### **III. Introduction**

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On January 15, 2013, PPE Casino Resorts MA LLC filed an application with the Commission for a gaming license, more particularly for a Category 2 license, which by statutory definition “permits the licensee to operate a gaming establishment with no table games and not more than 1,250 slot machines.”<sup>3</sup>

As part of its application, the Applicant also submitted a Business Entity Disclosure Form for affiliate Cordish Family II LLC, which may provide funding for the project. Six individuals who occupy qualifying positions within the Applicant Company and CF II also filed individual applications. Specifically Jonathan A. Cordish, Blake L. Cordish, Reed S. Cordish, Joseph S. Weinberg, and Charles F. Jacobs are the members of PPE MA, while David S. Cordish is the sole beneficial owner of CF II.<sup>4</sup> The IEB’s decision to require David S. Cordish to submit to the licensing process extended beyond his ownership of the possible funding source. As head of The Cordish Company and overseer of its expansive business operations, he is in a position to exert substantial influence and control over the decision-making process of the Applicant. As detailed herein, The Cordish Company is a privately held, family-owned major real estate developer and operator of entertainment businesses in the United States, dating back to 1910.

This report entails an assessment of the suitability of the Applicant and the qualifiers, both individuals and entities, which comprise this license application. The review encompassed an evaluation of the statutory licensing criteria, including good character, honesty, reputation and integrity of the Applicant and the various qualifiers, as well as an evaluation of their financial stability, integrity, and responsibility.

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### **IV. Scope and Methodology**

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The Applicant and CF II were required to complete Business Entity Disclosure Forms, and the six designated individual qualifiers were all required to complete the Multi-Jurisdictional Personal History Disclosure Form, as well as the Massachusetts Supplement. The various entities and individuals were required to execute Release Authorizations, which authorized the

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<sup>3</sup> M.G.L. c.23K, Section 2.

<sup>4</sup> Jonathan A. Cordish also serves as the non-member manager of CF II.

Commission and contract investigators access to information not necessarily in the public domain.

Investigators reviewed the documents submitted in connection with the application process and then secured additional and updated information from the PPE MA, CF II, and the individual qualifiers as needed throughout the investigation. A detailed examination of the financial records of PPE Casino Resorts Maryland LLC was also undertaken. Investigators made a series of document and informational requests of the Applicant based on issues that surfaced during the review. In addition, interviews were undertaken with various Principals of the Applicant and associated entities. In all respects, the Applicant and the individual qualifiers cooperated fully with these requests from investigators.

In conducting the investigation, applications were evaluated based on general gaming standards typically used by gaming regulatory agencies and the specific standards set forth in Massachusetts gaming statute and accompanying regulations. The universal standard for suitability includes an evaluation of the following criteria:

- 1) Good character, honesty, and integrity
- 2) Financial stability, responsibility, and integrity
- 3) Business experience

In addition, the Massachusetts gaming statute requires a review of certain other specific areas under M.G.L. c.23K section 12, including, but not limited to “reputation” (M.G.L. c.23K,12(a)(1)); as well as “business practices” (Id. at (3)). Moreover, 12(a)(7)(b) requires a demonstration of “responsible business practices in any jurisdiction.” Accordingly, we included an examination of the Applicant’s reputation in our review, and examined its business practices, particularly in relation to its two gaming operations in Indiana and Maryland. Investigators also conducted financial reviews and interviews of qualifiers and other parties with relevant information as part of this investigation. During the course of the investigation, we gathered information from a variety of governmental and non-governmental sources. Pursuant to a April 4, 2013, Memorandum of Understanding between the Commission and the Maryland State Lottery and Gaming Control Agency, the probity review included a review of the suitability investigation conducted on behalf of the latter into the six qualifying individuals as well as CF II relative to the 2009 application by PPE Casino Resorts Maryland LLC for entry into the

Maryland gaming market. Investigators also examined the regulatory record of PPE Casino Resorts Indiana LLC, The Cordish Company affiliate that developed, managed and financed Indiana Live!, a casino owned by Indiana Downs LLC and located at a horse racing facility in Shelbyville, IN. Various electronic databases were also queried for material information.

The resultant report represents an accumulation of data and information pertaining to the Applicant and was prepared based upon the best evaluation of the information obtained.

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## **V. General Information**

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### **A. Corporate Applicant and Corporate History**

#### **1. PPE Casino Resorts MA LLC**

PPE Casino Resorts MA LLC is a Maryland limited liability company formed on January 9, 2013, as a vehicle to apply for a gaming license in the Commonwealth of Massachusetts. The Applicant conducts no other business, and is in good standing with the Maryland Secretary of State under registration ID No. W15018039. [REDACTED]

[REDACTED] There is no history of bankruptcy, judgments or liens. The company was created to provide real estate ownership and management services as well as to provide casino/gaming development and management services and to engage in any and all activities necessary, convenient, or incidental to the primary purpose.

PPE MA is located at 601 E. Pratt Street, Suite 600, Baltimore, MD 21202. Its members are Jonathan A. Cordish, holder of a [REDACTED] interest; Blake L. Cordish, holder of a [REDACTED] interest; Reed S. Cordish, holder of a [REDACTED] interest; Joseph S. Weinberg, holder of [REDACTED] interest; and Charles F. Jacobs, holder of a [REDACTED] interest. The members are all signatories to an Operating Agreement that details operating procedures including: capital contributions, profit and loss allocations, return of capital, legal title to assets, management, banking, financial records, tax elections, assignability of company interests, and dissolution of the company. Additionally, this agreement names Joseph S. Weinberg as the initial Managing Member and details his general powers and responsibilities, which are consistent with the definition of Chief Executive Officer as defined by Massachusetts Gaming Commission 205 CMR 102.02. Investigators examined the relevant formation and governing documents,

including the certified articles and operating agreement, and are satisfied they are routine and that the entity is controlled by the identified Manager. Due to its very recent origin, there is no regulatory history for the Applicant.

On May 7, 2013, The Cordish Company announced that it intended to site its slot facility in Boxborough through the purchase and renovation of a Holiday Inn hotel at the junction of I-495 and Route 111. Upon request, the Applicant provided the Option Agreement pertaining to the potential real estate purchase. The Option Agreement encompasses a period of 18 months, is extendable, and the purchase of the Holiday Inn facility is contingent upon voter approval of a Host Community Agreement between the Town of Boxborough and the Applicant. On May 13, 2013, the Boxborough Board of Selectmen voted not to support the proposal. Accordingly, there is significant uncertainty regarding the ultimate site selection.

While PPE MA is associated with The Cordish Company in that it shares office space in the same building, has common employees and owners, and has preferred access to resources of other Cordish Company entities, it is legally a standalone entity [REDACTED]. Regardless, it is clearly an undertaking of The Cordish Company, a privately held, family-owned business dating back to 1910 when founded by Louis Cordish. Louis Cordish began the business by developing office and apartment complexes in the Baltimore/Washington area. [REDACTED]

[REDACTED]

## 2. The Cordish Company

The Cordish Company has evolved into a major real estate developer and operator of entertainment businesses in the United States, with divisions focused on Entertainment/Mixed-Use districts, Gaming and Lodging, Shopping Centers, Sports Anchored Development, Residential/Student Housing, Urban (low income area) Redevelopment, and Office space. There is also a private equity venture component.<sup>5</sup> Research confirmed that The Cordish Company has established a nationwide reputation for revitalizing urban regions through the development of multi-faceted retail and entertainment complexes such as the Inner Harbor in Baltimore. The

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<sup>5</sup> Information regarding the descriptive history and activities of the Cordish Company contained in this report is attributed in part to public information maintained by the Company, which has been verified.

company cites five Urban Land Institute Awards of Excellence, and boasts consistent recognition as the leading national developer for urban revitalization projects. Its media distribution subsidiary, Cordish Media Inc., has distributed five Academy Award-nominated films, including one Academy Award winner. The Gaming and Lodging division operates the Maryland Live! casino in Hanover, MD, and that facility, including its financial performance, is discussed in detail, *infra*. A snapshot of the Entertainment/Mixed Use, Media Distributions, and Private Ventures components follow:

**Entertainment/Mixed Use:** The Cordish Company has developed numerous high-profile entertainment and mixed-use districts throughout the United States that integrate shopping, dining and entertainment. Developments include, (but are not limited to):

[REDACTED]

Many of these developments involve public/private partnerships and are of unique significance to the cities in which they are located, often serving to revitalize distressed urban areas.

**Private Ventures:** Cordish Private Ventures (“CPV”) is the private equity investment arm of The Cordish Company. Founded in 1998, it invests primarily in leading private equity funds, and seeks superior risk-adjusted returns with a long-term investment horizon. Since 1998, CPV has made more than 40 investments. While CPV has investment experience across the spectrum of private equity asset classes – including venture capital, buyouts, mezzanine debt and distressed assets – it has a particular focus on smaller, highly differentiated and specialized buyout funds focused on lower middle-market operating businesses.

[REDACTED]

**Media Distribution:** Cordish Media Inc. was founded in 1994 and does business as Seventh Art Releasing. The company is an independent film distribution company, headquartered in Los Angeles and with offices in New York City. According to its



website, the company was founded by Chairman Jonathan Cordish and CEO Ehud Epstein.

Focusing primarily on feature-length documentaries, the company has distributed seven Academy Award nominated films since 1998, including the 1998 Academy Award winner for Best Documentary, *The Long Way Home*. It has also distributed such other films such as *Word Wars*, *A Perfect Candidate*, *Long Night's Journey into Day*, and *American Pimp*. Seventh Art also has an active foreign sales division.

The company claims close, active relationships with all the major media companies in film and television, and is often employed by these companies to handle specialized theatrical releases on their behalf. The company also serves as an executive producer on select projects.

The Cordish Company is headquartered in Baltimore, MD, with regional offices and managers throughout the country. All three of David S. Cordish's sons, Jonathan, Blake and Reed Cordish are active in the business of The Cordish Company. [REDACTED]

[REDACTED] Partners and Vice Presidents of The Cordish Company include [REDACTED], Joseph Weinberg and Charles Jacobs, [REDACTED]

[REDACTED] As stated, all six qualifiers – Jonathan A. Cordish, Blake L. Cordish, Reed S. Cordish, Joseph S. Weinberg, David S. Cordish and Charles F. Jacobs – have long associations and executive responsibilities with The Cordish Company.

## **B. Cordish Family II LLC**

Cordish Family II LLC, ("CF II"), a limited liability company, was formed in Alaska by David S. Cordish on April 23, 2001.<sup>6</sup> It is self-described as "a family investment vehicle whose primary business activity is lending funds for start-up and working capital purposes for developments of affiliates of The Cordish Company. It has no employees or other staff. It is solely managed by Jonathan A. Cordish as its non-member Manager, [REDACTED]

<sup>6</sup> The Articles of Incorporation were filed with the State of Alaska on April 23, 2001, according to the date stamp on the document. Dun and Bradstreet database reflects a filing date of April 21, 2001. This discrepancy is immaterial to our review.

██████████.” This is consistent with its statement on the gaming license application to the Commission, wherein it states “Entity may serve as a lender to an initial applicant for a gaming license (PPE Casino Resorts MA LLC).”

The business address for CF II on file with the Alaska Division of Banking, Securities and Corporations is 119 N. Cushman Street, Suite 400, Fairbanks, AK 99701. Alaska mandates biennial reports, and current records indicate CF II was non-compliant with the January 2, 2013, filing requirement. Investigators raised this issue during an April 4, 2013, interview with Joseph S. Weinberg, who attributed this to a clerical oversight and resolved to quickly address it. A subsequent check with the Alaska Division of Banking, Securities and Corporations’ online database on May 14, 2013, revealed CF II’s status as compliant. The Applicant has been registered with the Maryland Secretary of State since August 30, 2002, and is in good standing. The Applicant lists its principal place of business as 601 East Pratt Street, Baltimore, MD, which is the corporate home of The Cordish Company. There is no history of bankruptcy. ██████████

██████████. CF II disclosed it maintains the following ownership interests: ██████████  
██████████  
██████████  
██████████

The current ownership of CF II is as follows: David S. Cordish, ██████████ interest; the David S. Cordish Alaska Trust, ██████████; and the Cordish Family Grantor Trust of 2010, ██████████. The Applicant declares that the beneficial owner of both Trusts, for tax purposes, is David S. Cordish. ██████████  
██████████  
██████████.<sup>7</sup>

The Operating Agreement for CF II was executed on June 6, 2001. David S. Cordish, as the initial Managing Member, was responsible for the administration and management of CF II through December 31, 2005. ██████████

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<sup>7</sup> As all beneficiaries of the Trusts were identified as qualifiers for purposes of this investigation, the Trusts were not separately identified as a qualifier by the IEB. The Cordish Alaska Trust was deemed a qualifying entity by the Maryland Lottery Commission during the Cordish licensing process in 2009; pursuant to a Memorandum of Understanding between the Commission and the Maryland Lottery Commission, investigators were provided access to Maryland’s investigative report, which contains a thorough review of the Trust. A review of that material, and interviews with the Applicants, showed that there are no hidden ownership interests.

[REDACTED]

[REDACTED]

[REDACTED] Investigators examined the relevant formation and governing documents, including the certified articles and operating agreement, as well as all of the Assignments and Amendments documents concerning the transfers described herein, and all appear routine.

**C. Gaming Operations, Interests and Experience**

The Cordish Company initially entered the gaming industry as the developer (but not manager or operator) of two Hard Rock Hotel and Casino complexes in Tampa and Hollywood, FL, for the Seminole Tribe of Florida that opened in 2004. Cordish then expanded into gaming management by developing the Indiana Live! Casino in Shelbyville, IN, for Indiana Downs LLC, and managing the gaming operation until August 2010. Cordish developed and has operated Maryland Live!, a plenary gaming facility in Hanover, MD, since June 2012. These gaming

operations, as well as historical and current efforts to enter other gaming markets in the United States, are discussed below.

## **1. Maryland**

The Cordish Company currently operates one gaming establishment. PPE Casino Resorts Maryland LLC, has developed the Maryland Live! Casino, a plenary gaming facility adjacent to the Arundel Mills mall, a retail, dining, and entertainment destination in Hanover, MD. On June 6, 2012, Maryland Live! opened with 3,200 machines and electronic table games. In September 2012, the total increased to 4,750. On December 27, 2012 Maryland Live! went to 24/7 gaming. Live table games (122) were added on April 11, 2013. Maryland Live! features several restaurants and live entertainment. Its integrated dining and entertainment offerings follow the model of other "Live!" entertainment venues developed by The Cordish Company.

PPE Casino Resorts Maryland, LLC was awarded a gaming license by the Maryland State Lottery and Gaming Agency in December 2009. On April 11, 2013, investigators visited the Maryland regulators to discuss the regulatory performance of the Maryland Live! gaming operation. According to the Maryland State Lottery and Gaming Agency, there are no compliance issues with the operation of Maryland Live! other than minimal and routine regulatory matters. [REDACTED]

[REDACTED]

## **2. Indiana**

On September 10, 2007, Power Plant Entertainment Casino Resorts Indiana LLC, a Cordish Company affiliate, entered into a 10-year agreement with Indiana Downs LLC to finance, develop, and manage Indiana Live! a casino owned by Indiana Downs LLC located at a horse racing facility in Shelbyville, IN, near Indianapolis. Management of the facility was initially done through Gomes + Cordish Gaming Management LLC, a joint venture between Cordish and Dennis Gomes, a well known and respected executive with many years of

experience in the gaming industry. On July 24, 2009, Gomes formally withdrew from the management company; Cordish continued to staff the gaming management. Indiana Live! includes dining and nightlife facilities.

The casino opened in a temporary facility on June 6, 2008. In March 2009 the operation moved into its permanent 233,000-square-foot-entertainment complex, open 24/7 throughout the year. Although monthly revenue reports filed with the Indiana Gaming Commission reflected revenue mainly on the high end of industry average, Indiana Live! struggled financially due to its debt load. Indiana Downs LLC terminated its management contract with a Cordish affiliate in July 2010, alleging breach of the agreement. The Cordish affiliate countersued, claiming defamation, invasion of privacy, and failure to pay approximately \$8.4 million in management fees. Indiana Downs LLC, filed for bankruptcy in April 2011. In July 2012, a settlement was reached [REDACTED]

On April 17, 2013, investigators visited the Indiana Gaming Commission to discuss the regulatory history of the Cordish entities in Indiana. While there was a relatively minor history of regulatory violations (as set forth in detail *infra*), in our opinion most violations involved routine enforcement proceedings typical to gaming operations and do not demonstrate a pattern that would cause us concern.

### 3. Florida

The Cordish Company initially entered the gaming industry as the developer (but not manager or operator) of two Hard Rock Hotel and Casino complexes for the Seminole Tribe of Florida that opened in 2004. The Tribe contracted with Power Plant Entertainment LLC, a joint venture between [REDACTED] Coastal Development LLC and [REDACTED] Native American Development LLC, a Cordish Company affiliate, to construct and develop two hotel, casino, and entertainment related complexes on the Hollywood and Tampa (Florida) reservations of the Tribe. Although Cordish did not participate in management of the gaming operations, the facilities were highly successful. Litigation between Cordish and the Tribe ensued and terminated in favor of The Cordish Company. This litigation is described in detail in the Significant Litigation portion of this Report.

#### **4. New Jersey**

The Cordish Company made an unsuccessful effort to enter the Atlantic City gaming market. In December 2007, Columbia-Sussex, the owner and licensee of the Tropicana Casino Hotel in Atlantic City was denied re-licensure by the New Jersey Casino Control Commission, resulting in a Trustee sale of the property. Gomes + Cordish Gaming Management LLC was one of several unsuccessful bidders to purchase the property.<sup>8</sup>

#### **5. Kansas**

On September 19, 2008, the Kansas Lottery Gaming Facility Review Board awarded a contract to Kansas Entertainment LLC (“KE”), a joint venture between Kansas Speedway Development Corp, a wholly owned subsidiary of International Speedway Corporation, and Kansas Entertainment Investors LLC, (“KEI”) an affiliate of The Cordish Company, to develop and manage a casino facility in Wyandotte County. The facility contemplated by the joint venture was to be located at the Kansas Speedway. Thereafter, due to concerns stemming from the nationwide economic crisis, KE withdrew its application for the project on December 4, 2008. At that time, KE expressed its continuing interest in the project, but it said that it needed the option to phase in the construction of the hotel, convention facilities, and other parts of the project. The overall project was estimated to cost \$705.6 million. Other applicants similarly withdrew their proposals. The Kansas regulatory authorities re-opened the application process in the spring of 2009.

In April 2009, KE submitted a new application for consideration as the site developer in Wyandotte County. Its sole competitor for the site location was Penn National Gaming Inc. (“Penn National”). KE’s proposal called for an approximate \$700 million project that would include a casino, hotel, spa, convention center and entertainment/retail district. The project’s first phase would be a Hard Rock-branded casino with a budget of about \$390 million. On August 19, 2009, the Kansas Lottery Commission approved KE as one of two contracts with developers seeking to become lottery gaming facility managers in Wyandotte County, Northeast Gaming Zone. The other developer was Penn Hollywood Kansas, a subsidiary of Penn National. Subsequently, on September 10, 2009, Penn National and The Cordish Company announced that

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<sup>8</sup> The joint venture dissolved amicably in 2008. Dennis Gomes ultimately led a group of investors in the purchase of Resorts International Hotel/Casino in Atlantic City before his untimely passing in 2012.

they had entered into an agreement whereby Penn National would acquire Cordish's [REDACTED] interest in Kansas Entertainment LLC. The Cordish Company stated at that time that its decision would enable the company to focus its attention on its development of the Maryland Live! Facility.

## **6. Other Pending Gaming Interests**

The Cordish Company entity Stadium Casino LLC is presently one of six applicants currently competing for a gaming license in Philadelphia, PA. It has proposed a 200,000-square-foot casino housing 2,000 slot machines and 125 table games on the site of an existing Holiday Inn at 900 Packer Avenue in the professional sports stadium area of South Philadelphia. Stadium Casino LLC is a joint venture with Greenwood Gaming and Entertainment Inc., which operates the Parx Casino in Bensalem, PA.

During an interview with Joseph Weinberg on April 4, 2013, investigators addressed The Cordish Company's potential interests in other gaming jurisdictions. Weinberg explained that the company actively monitors the opening of new gaming licenses and gaming jurisdictions in the US as well as internationally. In that regard, The Cordish Company has considered, but has not committed to, pursuing a gaming license in Ontario, Canada. It has long assisted the Oneida Tribe of Indians of Wisconsin in pursuing a potential gaming facility in New York; however, a contingency includes the Tribe reaching a land claims settlement with the State. On May 16, 2013, the State of New York and the Oneida Nation announced they have reached an agreement that would give the Tribe exclusive rights to run gaming operations in Central New York in return for annual payments in lieu of property taxes. The agreement is subject to federal endorsement and approvals of the state legislature and affected county boards. Weinberg reiterated that they are in the business to develop, own and/or operate real estate, entertainment and gaming properties, and stated that while it fully expects to pursue other gaming opportunities in the future, it has not committed to any other undisclosed gaming venture at this time.

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## **VI. Financial Suitability Review**

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### **A. The Cordish Company**

The Cordish Company origins dates back to 1910 and encompasses four generations of privately held, family ownership. During the past century, the company has grown into a global

conglomerate of businesses defined by two major areas of expertise: real estate development and the operation of entertainment districts and casinos. The company has established a national reputation for urban revitalization through the development of multi-faceted retail and entertainment complexes. The Company has remained family held and the company still owns and manages virtually every business it has created. The company has extensive expertise in almost every discipline of real estate including entertainment & mixed-use, gaming & lodging, sports anchored developments, retail, office and residential. Widely recognized as the leading international developer of large-scale urban revitalization projects and entertainment districts, the Company has been awarded more Urban Land Institute Awards for Excellence than any other developer in the world. Many of the Company's developments involve public/private partnerships and are of unique significance to the cities in which they are located. The Company enters its eleventh decade well-capitalized and highly energized to continue its growth. Every new venture undertaken by The Cordish Company is set up as a separate partnership or Limited Liability Company and the sole source of funding are the partners or owners.

In addition to investigating PPE Casino Resorts MA LLC, investigators also examined the financial suitability of the Cordish Family II LLC. Additionally, as a major financial component of The Cordish Company, investigators also examined PPE Casino Resorts Maryland (also "PPE MD"). CF II is the reported as a possible source of start-up capital. PPE MD, which was licensed by the State of Maryland and began operations in June 2012 in Anne Arundel County, MD, is currently one of highest grossing slot parlors on the East Coast. PPE MD was examined both because all of the owners anticipated partially funding their capital investments into PPE Casino Resorts Massachusetts LLC with their share of distributions from PPE MD and because this licensed gaming operation in Maryland closely mirrors their intentions in Massachusetts and is illustrative of their ability to develop and manage a gaming facility.

## **B. PPE Casino Resorts MA LLC**

As noted, PPE MA is a single-purpose entity formed to compete for a gaming license in Massachusetts. The entity was created as a limited liability company pursuant to the provisions of the Maryland Limited Liability Act on January 9, 2013. The company was created to provide real estate ownership and management services as well as to provide casino/gaming development and management services and to engage in any and all activities necessary, convenient, or



incidental to the primary purpose. The company has established offices at 601 E. Pratt Street, 6<sup>th</sup> Floor, Baltimore, MD 21202.

PPE MA is initially capitalized through a capital contribution by each of the Members (hereinafter owners); this initial capital contribution is also the basis of each owners' percentage ownership interest. PPE MA initial capitalization was \$10,000; [REDACTED]

[REDACTED] Although, PPP MA is affiliated with The Cordish Company in that they share office space in the same building, share employees and owners, and have preferred access to resources of other entities of The Cordish Company, it is legally a standalone entity [REDACTED].

As noted, David S. Cordish, although not a listed owner of PPE MA, is the family patriarch exercising complete control over CF II, the designated funding source. In addition to this listed source David S. Cordish has significant additional resources to provide additional capital if other financing is not available.

### **C. Cordish Family II LLC**

As stated previously, CF II, a limited liability company was formed in Alaska by David S. Cordish on March 31, 2001, to provide a means for the members to manage and preserve CF II assets and has full authority to engage in all aspect of real estate businesses. More recently, the CF II has restructured its assets placing a greater focus on liquidity and has evolved into a structure designed to provide start-up capitalization for new Cordish ventures. Although many of its projects are organically funded from internal cash flows from real estate holdings, it also avails itself of debt financing particularly for real estate development. In order to facilitate the review and approval of debt financing and particularly to ease the licensing process as it pertains to gaming properties, CF II was established to hold highly liquid assets which are used to provide loans to Cordish ventures and guarantee debt financing. CF II is owned by David S. Cordish individually [REDACTED] as well as through two separate trusts (described below) which [REDACTED]. For all purposes germane to this financial suitability inquiry, CF II LLC [REDACTED]

[REDACTED]

[REDACTED]

We reviewed the internally prepared, unaudited financial statements of CF II. The internally prepared Statement of Assets and Liabilities (Balance Sheet) is a snapshot of the CF II financial position at a specific point in time. This statement does not disclose existing commitments. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] fund their individual capital contribution requirements in connection with Stadium Casino LLC should their application for a gaming license in the City of Philadelphia be approved. Stadium Casino LLC is one of six entities currently competing for this license so there is a definite degree of uncertainty around this project and the future requirements for capital. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

#### **D. David S. Cordish Alaska Trust**

The David S. Cordish Alaska Trust was formed on April 3, 2001. David Cordish is settler, grantor, beneficiary [REDACTED] of the Trust [REDACTED]. The trust is formed as an irrevocable grantor trust for federal trust and estate tax purposes. This trust owns [REDACTED] CF II.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## F. PPE Casino Resorts Maryland LLC

PPE Casino Resorts Maryland LLC, is the operator of Maryland Live! Casino. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PPE MD, dba Maryland Live! Casino owns and operates one casino property in Hanover, MD. The 160,000-square-foot casino floor features 4,750 slot machines, 122 table games, two high limit rooms, six restaurants, and a live entertainment venue. Other amenities include a retail store, bus lounge and 5,000-space parking garage. Additionally, the property is integrated into Arundel Mills, which claims to be Maryland's largest outlet and value retail shopping, dining and entertainment complex. The casino is near the intersection of the Baltimore Washington Parkway and Route 100, 10 miles south of Baltimore, 20 miles north of Washington, DC, and 2 miles west of the Baltimore Washington International Airport. Maryland Live! opened 122 live table games on April 11, 2013. Traditional poker tables are scheduled to open in summer 2013.

There has been a significant restructuring of the ownership since their original 2009 licensing investigation in Maryland. We reviewed the original Maryland financial investigation, as well as the additional investigation required as a result of the restructuring. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

These changes were conducted in a manner consistent with Maryland gaming regulations. While this was handled properly and consistent with Generally Accepted Accounting Principles (“GAAP”) the presentation of these issues in the audited financial statements of PPE MD may not be clear to an uninformed observer resulting in a situation where the ability of the owners of PPE Casino Resorts Massachusetts LLC to fund this development from the cash flow from PPE MD is not completely understood. [REDACTED]

[REDACTED]

[REDACTED] Accordingly, some percentage of the distributions from PPE MD is for all practical purposes debt service and would not be available to fund the development of PPE Casino Resorts Massachusetts LLC.

[REDACTED]

[REDACTED]

[REDACTED]

Gross gaming revenue is the aggregate net difference between gaming wins and losses, with liabilities recognized for coupons in the customer's possession and for accruals related to the anticipated payout of progressive jackpots. Maryland Live! is subject to gaming taxes based on gross gaming revenue. The current tax expense paid to the State of Maryland is 67 percent of slot machine revenue; table games are taxed at 20 percent of revenue. [REDACTED]

[REDACTED]

[REDACTED]

Maryland Live! expensed costs associated with the opening of the gaming facility as incurred. These costs include employee recruitment, screening and training; advertising; and, operating costs prior to opening the facility. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The total cost of the Maryland Live! Casino including land acquisition, land improvements, construction, furniture, fixtures and equipment was [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Maryland Live! reported \$228.3 million in gaming revenue for seven months of operation in 2012. On an annualized basis this would be \$391,344,000. The Maryland Gaming Resources & Information site<sup>9</sup> reports 2013 YTD (through March 31) gaming revenue from Maryland Live! to be \$118.9 million. On an annualized basis this would amount to \$475.6 million in gaming revenue, or a 21.5 percent increase over 2012.

In the final analysis, PPE Casino Resorts Massachusetts LLC appears to have adequate financial underpinnings. During interviews, Jonathan A. Cordish and Joseph S. Weinberg both indicated that they hoped to develop the Massachusetts project with the increasing cash flow

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<sup>9</sup> See: <http://gaming.mdlottery.com/about-us/maryland-state-lottery-commission/>

from Maryland and had the [REDACTED] credit facility from Cordish Family II LLC backing this up. Although both of these capital sources are more impaired than they would appear at first blush, they probably will be sufficient to fund the project in Massachusetts. If additional funding is required downstream, The Cordish Company appears to have excellent relations with lenders who would be willing to fund this project. The IEB needs to monitor this applicant for any additional investors or debtors they may be brought into the project after the initial licensing process.

Our analysis encompassed the PPE Casino Resorts MD Balance Sheet as well as Cordish Family II Tax Return Analysis, Income, and Liabilities; as follows:

[Redacted Section Header]

[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
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## VII. Applicant Suitability

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### A. Significant Litigation

Investigators conducted a review of litigation involving the Applicant and its related entities. As expected with an organization the size and scope of The Cordish Company, there are several pending matters, as well as a history of settled litigation, both as plaintiff and defendant. While investigators have reviewed these matters (and they are part of the Commission's files), synopses of all these cases are not included in this report, as some do not impact qualification for licensure. Many involve personal injury matters arising out of commercial real estate ownership. However, there are three matters of reportable significance that arise out of The Cordish Company involvement in Florida and Indiana gaming concerns, and they are set forth in detail below.

#### *PPE Casino Resorts Indiana LLC v. Indiana Downs LLC*

On September 10, 2007, Power Plant Entertainment Casino Resorts Indiana LLC ("PPE Indiana"), a Cordish Company affiliate, entered into a 10-year agreement with Indianapolis Downs LLC to finance, develop and manage Indiana Live! a casino owned by Indianapolis Downs LLC located at a horse racing facility in Shelbyville, IN, near Indianapolis. As noted previously, management of the facility was initially through Gomes + Cordish Gaming Management LLC, a joint venture between Cordish and Dennis Gomes, a well-known and respected executive with many years of experience in the gaming industry. PPE Indiana was to receive a management fee [REDACTED], plus a potential annual incentive fee tied to the operating profits of the facility. The casino opened in a temporary facility on June 6, 2008. In March 2009 the operation moved into its permanent 233,000-square-foot-entertainment complex. Although monthly revenue reports filed with the Indiana Gaming Commission reflected revenue mainly on the high end of industry average, Indiana Live! struggled financially due to debt load. According to court filings, Indianapolis Downs and its subsidiary Indianapolis Downs Capital Corp. owed \$98,125,000 on a first lien debt, \$375,000,000 on secured notes and \$72,649,048 in subordinated notes.

In or about July 2010 Indianapolis Downs provided notice to Cordish of termination of its management agreement, alleging breach of the agreement. PPE Indiana responded with a lawsuit claiming, *inter alia*, defamation, invasion of privacy, and sought \$8.4 million in management

fees. The suit was filed in the US District Court for the District of Maryland, case no. 1:11-CV-01133. This matter was ultimately submitted to arbitration. On February 15, 2011, the Plaintiffs filed an action in the Maryland Circuit Court for Baltimore City, seeking to recover damages related to the costs of defending their rights to build Maryland Live! and for defamation of character, and other claims. Thereafter on April 7, 2011, Indianapolis Downs filed for Chapter 11 bankruptcy in the US Bankruptcy Court for the District of Delaware. On April 29, 2011, the Circuit Court matter was removed to the Bankruptcy Court as a related matter. While the Bankruptcy matter was pending, a settlement was reached in the Indiana arbitration. The settlement was submitted for approval by the Bankruptcy Court. [REDACTED]

***Power Plant Entertainment LLC v. The Seminole Tribe of Florida***

Another significant litigation matter involved a dispute with the Seminole Tribe of Florida with respect to The Cordish Company's involvement in the construction of two casino hotel projects approximately 10 years ago. The Tribe contracted with Power Plant Entertainment LLC (a Cordish Company affiliate) to construct and develop hotel, casino, and entertainment related complexes on the Hollywood and Tampa (Florida) reservations of the Tribe. Following completion of the facilities, the parties had a disagreement regarding the fees paid to Power Plant Entertainment and the ongoing role to be played by that entity. Power Plant Entertainment objected to perceived interference by the Tribe in The Cordish Company's ability to bid on the sale of Hard Rock Cafe International (USA) Inc. They exchanged lawsuits alleging material breaches of contract. The Cordish Company originally filed a lawsuit in the 17<sup>th</sup> Judicial Circuit in and for Broward County, FL, (Case No. 06-21416) seeking redress for Seminole Hard Rock Entertainment Inc.'s alleged wrongful interference in PPE's efforts to acquire Hard Rock Cafe International. At or about the same time the Seminole Tribe of Florida filed an action in the US District Court for the Southern District of Florida against Power Plant Entertainment LLC (Case No. 06-60827-CIV-Ziock/Snow) seeking a declaration that the Development Agreement and the Financial Services Engagement Letter were void in violation of law (pertinent tribal gaming ordinances requiring the Tribe to maintain the sole proprietary interest in gaming, and that the payments were outside of the authority of the ordinances), and sought restitution of monies paid under the agreements. On April 17, 2007, the parties agreed on a settlement of the dispute, and

dismissed the respective claims against each other. [REDACTED]

*Trump Hotels & Casino Resorts v. Power Plant Entertainment LLC; Joseph S. Weinberg, Richard T. Fields, et al*

The third matter involved allegations by Trump Hotel and Resorts that Richard T. Fields, a consultant with the Trump Organization during the 1990s, acted in his own self-interest and steered the Seminole Tribe of Florida to contract with Fields (and The Cordish Company) rather than with Trump to build the Tribe's Hollywood and Tampa (Florida) casinos. Filed in the 17<sup>th</sup> Judicial Circuit in and for Broward County, FL, (Case No: CACE04020291) on December 30, 2004, the allegations were that Fields misled the Seminole Tribe into believing he was still negotiating with them on behalf of Trump, while in reality he had left the Trump Organization and had partnered with The Cordish Company. Trump alleged fraud, breach of fiduciary duty, conspiracy, and other claims including breach of the Florida Deceptive and Unfair Trade Practices Act. Fields publicly defended himself by declaring that Trump had abandoned pursuit of the Seminole deal, and gave Fields permission to pursue it on his own. As described above, the Seminole Tribe eventually entered into a development contract with Power Plant Entertainment LLC, a joint venture between Coastal Development LLC (owned by Richard T. Fields), and North American Development LLC, (owned by The Cordish Company interests). [REDACTED]

[REDACTED] The matter was subsequently dismissed, with each party assuming responsibility for their respective fees and expenses of suit.

## **B. Criminal History**

## **C. Compliance History**

As the Applicant, PPE Casino Resorts MA LLC is a newly formed entity and thus there is no compliance history. However, it is instructive to examine the two jurisdictions – Indiana and Maryland – where Cordish Company entities have conducted gaming operations. On April

17, 2013, investigators visited the Indiana Gaming Commission to review the regulatory performance of The Cordish Company entities and Indianapolis Downs LLC while Cordish<sup>10</sup> served as manager and operator of Indiana Live! from June 2008 to August 2010. While there was a moderate history of regulatory violations, in our opinion most involved routine enforcement proceedings typically relative to gaming operations and do not constitute a pattern of regulatory indifference. We note the following regulatory actions by the Indiana Gaming Commission:

1. On March 4, 2010, Cordish Gaming Management LLC was fined \$20,000 because its annual renewal form and fee was submitted nearly a month late.
2. On June 11, 2009, Indianapolis Downs LLC was fined \$5,000 for failure to report criminal activity when an altercation took place on the casino floor and gaming agents were not notified.
3. On June 11, 2009, Indianapolis Downs LLC was also fined \$1,500 for the use of unapproved gaming software.
4. On June 11, 2009, Indianapolis Downs LLC was also fined \$75,000 for accounting infractions and the under-reporting of \$460,000 in casino revenue. The Indiana Gaming Commission's audit staff found that a Soft Count Report, which reported a ticket drop of over \$300,000, was received by the finance department on March 13, 2009. The finance department did not include this information on the required report to the Gaming Commission. The finance department admitted to knowing that the report filed for that gaming day was incorrect, but claimed that they filed the form to meet the filing deadline. The settlement noted, however, that the incident occurred on a Thursday and the form did not have to be filed until the following Monday. We note that the circumstances of this incident raise some level of concern; however, at this juncture, it appears to be an isolated incident that does not impact on the suitability of the Applicant.
5. On June 11, 2009, Indianapolis Downs LLC was also fined \$2,500 for removing gaming devices from play. The machines were found to be functioning properly and appear to have been removed from play due to large amount of jackpots won (in excess of \$100,000).
6. On March 12 and 13, 2009, prior to the grand opening of the Indiana Live! permanent facility, several media outlets announced that entertainers Justin Timberlake and Jessica Biel would be at the ceremonial ribbon-cutting. The public relations firm hired by Indiana Live! reported that the entertainers would be appearing, but they did not appear as advertised. It was later determined that there was never confirmation of

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<sup>10</sup> Gomes + Cordish Gaming Management LLC served as manager from opening through July 24, 2009; Cordish Gaming Management LLC continued from that date to termination in August, 2010.

Timberlake's appearance. The error was not reported for four days. On June 11, 2009, the Indiana Gaming Commission approved a settlement and imposed a \$40,000 fine for this violation relating to false advertising. The settlement noted that, although there was no evidence of fraud or intentional wrongdoing on the part of Indian Live! the casino's failure to take prompt remedial action foreclosed the possibility of minimizing the damage.

7. On September 17, 2009 Indianapolis Downs LLC was fined by the Indiana Gaming Commission for two violations. Count 1 involved a failure to request approval to convert the payout percentage on DigiDeal Blackjack machines. The fine was \$5,000. Count 2 arose out of a failure to remedy surveillance issues raised by the Gaming Enforcement Supervisor. The matter was not addressed for three months. The fine was \$5,000.
8. On November 12, 2009 Indianapolis Downs LLC was fined by the Indiana Gaming Commission for four violations. Count 1 involved two minors having gained access to the casino on separate occasions. The fine was \$9,000. Count 2 involved a slot machine having been placed in service without first having passed a coin test due to incorrect settings. The fine was \$5,000. Count 3 involved a finding that an occupational licensee had failed to renew his license as required by the Commission. The fine was \$1,000. Count 4 involved a voluntarily excluded person ("VEP") having been able to obtain \$3,543 in transactions at the Cage and a VEP being on the property and having received a second player card. The fine was \$4,500.
9. On March 4, 2010 the Indiana Gaming Commission fined Indianapolis Down LLC for three violations. Count 1 involved an underage patron having been able to access the casino floor. The fine was \$6,000. Count 2 involved a VEP having been found on property and having been able to obtain a credit card advance at the Cage. The fine was \$3,000. Count 3 involved a failure to notify the Indiana Gaming Commission of position changes and terminations. The fine was \$20,000.
10. On June 17, 2010 the Indiana Gaming Commission fined Indianapolis Downs LLC for two violations. Count 1 involved a gaming device attendant leaving a DigiDeal blackjack table unattended for approximately 13 minutes. The fine was \$2,500. Count 2 involved a bank of slot machines not having proper surveillance coverage despite prior notification. The fine was \$1,500.

This was the extent of the regulatory violations that occurred during The Cordish Company engagement in Indiana. Indiana infractions generally involved routine enforcement proceedings typically relative to gaming operations and do not raise material licensing concerns.

Regarding the Maryland operations, the gaming facility has been open only since June 6, 2012. Live table games were added on April 11, 2013. On April 11, 2013, investigators visited the Maryland State Lottery and Gaming Control Agency to discuss the regulatory history of

Power Plant Entertainment Casino Resorts Maryland LLC. The Maryland regulators reported that other than minimal and routine regulatory matters, nothing of an unusual or derogatory nature was noted. The Applicant confirmed there has been no regulatory actions filed against PPE MD by Maryland regulators.

#### **D. Compliance Plan and Compliance Committee**

In response to a request for its current Compliance Plan (“the Plan”), the Applicant provided the latest revision of the Compliance Plan in use by PPE Casino Resorts Maryland LLC for the Maryland Live! gaming operation. PPE Casino Resorts MA LLC has advised investigators that it proposes to conduct its Massachusetts gaming operations within the framework of the PPE MD Compliance Plan. The PPE MD Compliance Plan recites that it was designed to perform appropriate due diligence to determine the suitability and advisability of proposed relationships with other entities and individuals, to identify and evaluate situations arising in the course of business by the Company and its Affiliates that may have an adverse effect on gaming control objectives, and to review and ensure compliance by the company and its affiliates with the laws and regulations of any jurisdiction in which the company and its affiliates may conduct gaming operations. According to the Plan, it is the strict policy of the company and its affiliates to conduct their business with honesty and integrity, and in accordance with high moral, legal and ethical standards. The plan comprises 15 pages.

To accomplish the goals of the plan, a Compliance Officer is appointed by the Board of the company. Currently Thomas Coppinger, an attorney and former member of the Maryland State Police, fills that position. Among the Compliance Officer’s duties is responsibility for overseeing implementation of compliance programs and the Internal Reporting System.

According to the PPE MD plan, the Compliance Committee is to be comprised of at least three members. The membership of the committee includes a Director, and at least one person who is familiar with gaming regulatory laws and procedures and is a person independent of the company. The Compliance Committee is to meet at least quarterly, unless called for a special meeting by the Chair. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Additionally, there are

executives that may attend meetings in an advisory capacity, but are not voting members of the Committee: [REDACTED]

The Compliance Committee is to review information brought to the Committee's attention or discovered by the Compliance Officer, and to formulate recommendations to management regarding a course of action to appropriately address the specific event, transaction, circumstance or situation. The Compliance Committee shall also maintain an Internal Reporting System under the direction of the Compliance Officer.

The PPE MD Compliance Plan appears to have appropriate "material" thresholds to provide guidance when due diligence review is necessary. We note that the PPE MD Compliance Plan defines "material" in various measures depending on the specific context. For example, Material Financing is defined as any public or private equity or debt financing exceeding \$5 million. A Material Transaction is defined in the Plan as:

- a. A commercial transaction involving an Unsuitable Person or an entity that may be regarded as an Unsuitable Person.
- b. A transaction that exceeds Two Million Dollars (\$2,000,000.00) including without limitation, any financing and any strategic alliances, joint venture, partnership, or similar relationship between the Company or an Affiliate and a Person other than the Company an affiliate or any Professional Advisor thereof.
- c. Acquisition or disposition of assets or equity interests where the value given or received by the Company or an Affiliate exceeds \$3,000,000, except for such transactions involving temporary investments in securities as included on the Company's consolidated balance sheets or the purchase or disposition of less than 20 percent interest in a non-gaming entity or facility.

Unsuitable Person is defined as follows:

- a. A person who has been denied a license or whose license has been revoked by any Gaming Authority, or a person who has been determined to be unsuitable or unqualified to be associated with a gaming enterprise by an Gaming Authority and whose license denial or revocation, or finding of unsuitability or disqualification has been reported to the Company or its Affiliates; or
- b. A person that the Company, through its own investigation, determines is unqualified as a business associate of the Company based on that person's antecedents, associations, financial practices, and financial condition of business probity.

According to the Plan, minutes of all Committee meetings are to be prepared and maintained by the Compliance Committee and if requested provided to gaming authorities.

Investigators discussed the practical application of the Compliance Plan with Joseph S. Weinberg. Due diligence investigations are overseen by Director of Compliance and Risk Management [REDACTED]. In the event of a concern, the principals of PPE MD have the ultimate authority whether to proceed with the relationship or transaction. While it appears the Committee and Plan are in place, we were informed that there are no minutes kept of meetings, which is in direct contravention of the Plan. Accordingly, we could not independently examine records evidential of the operational efficiency of the Compliance Committee. The primary role of minutes is to maintain an official and accurate record of the actions and decisions of the Committee. The lack of Committee minutes impacts effective regulatory oversight, as the minutes serve as a guide for regulators in determining whether the Committee has acted in compliance with applicable law and regulations. Using the hypothetical purchase of an adjoining real estate parcel as an example, Committee minutes would (or should) reflect any discussions about due diligence aspects of the transaction. Indeed, in a most basic task, minutes reflect those present and participating in the meeting as well as the agenda before the Committee. For regulatory purposes, a comprehensive official record of the entire Committee meeting must exist. Accordingly, as a condition of licensure it is our recommendation that the Commission require the Applicant to keep complete and accurate minutes of all of its Compliance Committee meetings.

Joseph S. Weinberg discussed the operation of the Internal Audit Committee with investigators. The Internal Audit Committee consists of three members [REDACTED] and meets quarterly. There appears to be a systematic process in place in which various areas of the gaming operations (i.e., slots, table games, cage, Title 31) are reviewed on a revolving basis. We did identify an issue with the operation of the Internal Audit Committee in that no minutes of the meetings are kept. Similar to our recommendation pertaining to Compliance Committee meetings, it is our recommendation that as a condition of licensure the Commission require the Applicant to keep complete and accurate minutes of all of its Audit Committee meetings.

While PPE Casino Resorts Maryland LLC operation has a suitable Compliance Plan, for the reasons set forth above its practical implementation does not permit effective regulatory



oversight. While we view these operational deficiencies as errors of an organization relatively new to operating within a stringent regulatory environment rather than intentional missteps, they are material deficiencies. Therefore, we cannot endorse a blanket transfer of The Cordish Company's existing Maryland compliance effort to Massachusetts. It is our recommendation to the Commission that should the Applicant be awarded a license, the Commission require submission of, and strict adherence to, a comprehensive Compliance Plan satisfactory to the Commission.

### **1. Policy – Dealings with Government Officials**

In conversations with investigators, PPE Casino Resorts MA LLC management acknowledged that any potential dealings in the international markets could subject the company to an exposure risk under the Foreign Corrupt Practices Act (“FCPA”), 15 U.S.C. 78dd-1, et seq. This law's major provisions address accounting transparency and bribery of foreign officials. The anti-bribery provisions of the FCPA prohibit any person from making use of interstate commerce corruptly, in furtherance of an offer or payment of value to a foreign official, foreign political party, or candidate for political office, for the purpose of influencing any act of that foreign official in violation of the duty of that official, or to secure any improper advantage in order to obtain or retain business.

PPE Casino Resorts MA LLC management has advised investigators that it intends to adopt FCPA Compliance guidelines. Once adopted, the company should submit same to the Commission for analysis and approval.

### **2. Anti-Money Laundering Policy**

The Bank Secrecy Act of 1970 (“BSA,” or otherwise known as the Currency and Foreign Transactions Reporting Act) requires US financial institutions to assist US government agencies to detect and prevent money laundering. Specifically, the BSA requires financial institutions to keep records of cash purchases of negotiable instruments, file reports of cash transactions exceeding \$10,000 (daily aggregate amount), and to report suspicious activity indicative of money laundering, tax evasion, or other criminal activities. Originally applied only to financial institutions such as banks, reporting requirements have since broadened to include businesses such as casinos and check-cashing agencies. In that regard, a licensed casino qualifies as a “financial institution” subject to those filing requirements if it has more than

\$1,000,000 in annual gross gaming revenue.<sup>11</sup> This is a threshold any licensed gaming operation in Massachusetts should meet. The BSA is also referred to as an “anti-money laundering” law (“AML”). Several AML acts, including provisions in Title III of the USA PATRIOT Act, have effectively amended the BSA.

PPE Casino Resorts MA LLC has indicated that it intends to comply with its BSA requirements in Massachusetts by adopting the BSA procedures in use by PPE Casino Resorts Maryland LLC. We have reviewed these Maryland procedures, and while they appear satisfactory, we recommend a comprehensive review of those Procedures by the Commission when submitted by the Applicant for formal approval and implementation.

## **E. Political Contributions**

Investigators found no evidence that Massachusetts political contributions laws were violated.

## **F. Media and Internet Search**

Investigators conducted searches of all available local and national media, in addition to the Internet, for derogatory information on the Applicant, its affiliated Company, and qualifiers. Numerous articles were identified regarding the Applicant. Those media reports generally involve discussions of The Cordish Company various business enterprises, its recent plans for expanding into gaming in Massachusetts, and the circumstances and/or resolution of certain litigation. There are no credible media reports that adversely impact on the Applicant’s suitability.

Database searches conducted on the Applicant, including a Dun & Bradstreet, Experian Business Reports, Hoovers Company Reports, and related checks revealed no derogatory information disclosed that would adversely impact on a finding of qualification.

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<sup>11</sup> see CFR 103 §1010.100(t)(5)(i) and (6)(i).

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## VIII. Natural Person Qualifiers

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Investigators conducted suitability investigations of the six natural person qualifiers to determine their suitability for a gaming license in the Commonwealth of Massachusetts. The following information represents the findings of those investigations.

As part of our overall suitability assessment, a comprehensive database examination of the following United States and International databases and/or sanction lists was undertaken for every named qualifier:

- United States Office Of Foreign Assets Control, List of Specially Designated Nationals and Blocked Persons.
- Bureau Of Industry And Security, Denied Parties List
- United States Foreign Corrupt Practices Act (“FCPA”), List of subjects under investigation. The FCPA is a US Federal Regulation (15 USC, Sec. 78dd-1 Re: Anti-Bribery Provisions) that prohibits US companies from making payments to officials or employees of companies outside of the US in order to gain an advantage in obtaining contracts.
- Politically Exposed Persons
- Organization for Economic Cooperation and Development, Non Cooperative Countries and Territories
- Swiss Federal Banking Commission - Bush Lists
- US Bureau of International Security and Non-Proliferation Sanctions
- Commodity Futures Trading Commission News Releases
- FBI Most Wanted Lists
- US Office of Comptroller of Currency Enforcement Actions
- National Futures Association Regulatory and Responsibility Actions
- Federal Deposit Insurance Corporation Enforcement Decisions and Orders
- US Office of Thrift Supervision Enforcement Orders
- Federal Reserve Board Enforcement Actions
- National Credit Union Administration Administrative Orders
- Interpol Lists
- World Bank Listing of Ineligible/Debarred Firms/Individuals
- US Securities Exchange Commission Litigation Releases
- US State Department Terrorist Exclusion List

- United Nations Sanctions Lists and Travel Bans
- Memorial Institute for the Prevention of Terrorism Case Profiles
- US Marshals Service Fugitives Lists
- US Drug Enforcement Administration Fugitives Lists
- US Directorate of Defense Trade Controls Debarment Lists
- US Postal Inspection Service Most Wanted List
- US Department of Health and Human Services, Office of Inspector General-Excluded Parties/Entities List
- Immigration and Customs Enforcement Investigations
- Arms Export Control Act List of Statutorily Debarred Parties
- United Kingdom - Bank of England (BOE) Financial Sanctions List
- Canada - Office of the Superintendent of Financial Institutions Sanctions List

All responses from the aforesaid databases/sanction lists were negative for each individual qualifier.

### **A. David S. Cordish**

The investigation of David S. Cordish, Chairman of The Cordish Company, did not reveal any derogatory information that would adversely impact his suitability for licensure with the Massachusetts Gaming Commission.

#### **1. Qualifier's Name and Verified Information**

Research of available online public records and documents provided by Cordish verifies that David S. Cordish [REDACTED]

[REDACTED]

[REDACTED] Cordish currently holds a valid passport. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Basic personal information disclosed by the applicant was verified without issue.

## **2. Employment History**

David S. Cordish has disclosed, and research confirms, that he is currently Chairman of The Cordish Company, having held this position since 1967. Listed employment confirmed through review of applicant's submissions and online resources.

## **3. Criminal Record**

[REDACTED]

## **4. Education**

David S. Cordish has disclosed, and research confirms, that he attended John Hopkins University from 1956 to 1960, majoring in Political Science and received a Bachelor of Arts degree. The applicant then enrolled at the University of Maryland Law School, graduating in 1963 with a Master of Law degree (Juris Doctor equivalent). Cordish further advanced his education by attending the John Hopkins University in 1965 and graduated with a Master of Liberal Arts degree.

## **5. Professional and Gaming Licenses**

David S. Cordish was admitted into the Maryland State Bar on June 1, 1964, and currently holds a license to practice law. No derogatory information or sanctions are noted on his license.

Investigators requested gaming license confirmation and qualification status from the appropriate casino gaming regulatory authorities. David S. Cordish is currently licensed by the Maryland State Lottery and Gaming Control Agency as a principal licensee under PPE MD's Video Lottery and Table Games Operational License, expiring September 29, 2024. There is no known history of regulatory sanctions. David S. Cordish held no direct license as a result of the

Cordish gaming operations in Indiana; only Cordish Gaming Management LLC, (and key employee Joseph S. Weinberg) were licensed by the Indiana Gaming Commission.

## 6. Directorships and Stockholdings

Research of available Dun & Bradstreet business filings, Secretary of State records, Experian Business Reports, Hoovers Company Reports, and assorted company records has revealed the following business affiliations for this applicant with 5 percent ownership or greater as indicated:

- Cordish Family I LLC [REDACTED]
- Cordish Family II LLC [REDACTED]
- Cordish Family III LLC [REDACTED]
- Cordish Family IV, LLV [REDACTED]
- Cordish Enterprises Inc. [REDACTED]
- Doubles, LP [REDACTED]
- Water Street Inc. [REDACTED]
- The Cordish Company Inc. [REDACTED]
- David S. Cordish Alaska Trust [REDACTED]
- PL Phase One Investors, LLV [REDACTED]
- Directorships:
- The Cordish Company Inc. (Chairman)  
[REDACTED]
- American Israel Political Affairs (Board of Directors)
- Friends of Yemin Orde Inc. (Board of Directors)

Research has verified this information. David S. Cordish's business and financial interests are discussed in greater detail in the financial suitability evaluation section of this report.

## 7. Civil Litigation Records

Research of available online civil records, judgments, liens, and UCC filings in the United States did not reveal any litigation naming David S. Cordish as an individual beyond his affiliation with The Cordish Company. Review of research/litigation reports associated with this applicant indicates that all litigation originates from the extensive business ventures controlled and managed by The Cordish Company and its affiliated entities. An example of this litigation is as follows:

**Circuit Court, Baltimore County, MD**

Case Title: Cordish Family III LLC, et al v. Staudenmier Sales & Services LLC, et al.

Case Number: 03C09001972

Type: Contract

Filed: 02/20/2009

Plaintiff: Cordish Family III LLC; Cordish, David S.

Defendant: Staudenmier Sales & Services LLC; Yeadon Fabric Domes LLC

Third Party Plaintiff: Yeadon Fabric Domes LLC

Third Party Defendant: Peters Contracting Inc.

Case Status: Closed/Inactive

Disposition: Dismissal

Disposition Date: 12/14/2009

Research has revealed that this complaint involves a contract dispute between the plaintiff David S. Cordish, Cordish Family III LLC and the defendant Staudenmier Sales and Service LLC, Yeadon Fabric Domes LLC, Peters Contracting Service Inc. regarding normal business contract disputes. This case was voluntarily dismissed on December 14, 2009.

**U.S. District Court, Western District of New York (Buffalo)**

Case Title: Cordish, et al. v. Parlato, et al.

Docket Number: 1:10-cv-00325

Filed: 04/20/2010

Nature of Suit: 320 Assault Libel & Slander

Cause: Personal Injury

Plaintiff: David S. Cordish; The Cordish Company

Defendant: Frank Parlato, Jr.; Niagara Roar Publications Inc. (terminated 01/30/2011, dba Niagara Falls Reporter)

Date of Last Filing: 04/19/2011

Research revealed that the defendant, Frank Parlato Jr., doing business as *Niagara Falls Reporter*, wrote a series of disparaging news articles about The Cordish Company and David Cordish. Parlato did not believe that The Cordish Company, specifically David Cordish, was developing a property according to what he believed should be done. This suit was dismissed on April 19, 2011, [REDACTED]

**Superior Court, Atlantic County, New Jersey**

Case Title: Mitchell Annamarie vs. Casino Reinvestment

Docket Number: 0077339997

Filed: 12/18/2012

Nature of Suit: Tort/ Negligence, Personal Injury

Cause: Personal Injury

Plaintiff: Mitchell Annamarie

Defendant: Casino Reinvestment, Cordish Company, David Cordish, City of Atlantic City

Date of last filing: 12/28/2012

At this time, no briefing has been filed. This matter appears to be that of an injury sustained while on property developed by The Cordish Company and funded by the Reinvestment Authority and in the city of Atlantic City, NJ.

Research has revealed that David S. Cordish did not list these suits in his PHDF. Review of the these civil cases associated with Cordish found that the litigation mainly originates from the extensive business ventures controlled and managed by The Cordish Company and its affiliate entities.

### **8. Bankruptcy**

[REDACTED]

### **9. Property Ownership**

[REDACTED]

### **10. Financial Suitability Evaluation**

An analysis of the financial statements, including the Net Worth Statement and five years of Federal and State Tax Returns, would lead us to characterize the overall financial position of David S. Cordish as wealthy and stable. (See Net worth Statement below.)



David S. Cordish Net Worth Statement, December 31, 2012 (on two pages)

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**Schedule A – Cash in Bank**

[REDACTED]

[REDACTED]

[REDACTED]

**Schedule C – Securities**

[REDACTED]

**Schedule D - Real Estate**

[REDACTED]

**Schedule E – Cash Value of Life Insurance**

[REDACTED]

**Schedule F – Cash Value of Pension/Retirement Funds**

[REDACTED]

**Schedule H Other Assets Verification**

[REDACTED]

**Cordish Family I LLC**

We reviewed the internally prepared and unaudited financial statements for the Cordish Family I LLC. The company has total assets of [REDACTED]

[REDACTED]

**Cordish Family II LLC**

The CF II was established to provide start-up capitalization for new Cordish ventures. Although many of their projects are organically funded from internal cash flows from real estate holdings, they also avail themselves of debt financing particularly for real estate development. In order to facilitate the review and approval of debt financing and particularly to ease the licensing process as in pertains to gaming properties, CF II was established to [REDACTED] [REDACTED] provide loans to Cordish ventures and guarantee debt financing. We reviewed the internally prepared financial statements for Cordish Family II LLC which has been identified

as a potential source of initial funding for the development of PPE Casino Resorts MA LLC project should a license be awarded. [REDACTED]

**Other Asset Schedules**

[REDACTED]

***Summary of Financial Suitability***

David S. Cordish is an extremely wealthy real-estate developer and business owner [REDACTED]

[REDACTED] In our opinion David S. Cordish is financially suitable to be granted a gaming license by the Commonwealth of Massachusetts.

**11. Political Contributions**

Research of available public information sources was conducted regarding the applicant’s political contributions. All identified contributions were forwarded to the Massachusetts Gaming Commission for its review.

**12. Significant Investigative Issues**

None.

**13. References**

References were contacted and queried regarding the character and integrity of David S. Cordish. All of the references indicated that Cordish was of the highest character and integrity. All references denied any issues with alcohol, narcotics, gambling or any other issues that would impinge on Cordish’s suitability to be involved in the casino industry. No derogatory information

was developed which would preclude David S. Cordish from being licensed by the Massachusetts Gaming Commission.

#### **14. Media Coverage**

Research of available online and print media sources did not reveal any derogatory or adverse items relative to David S. Cordish.

#### **15. Summary**

The investigation did not reveal any facts that would disqualify David S. Cordish based on any of the criteria listed in the gaming laws or regulations in Massachusetts.

### **B. Jonathan A. Cordish**

The investigation of Jonathan A. Cordish, a Vice President of The Cordish Company, did not reveal any derogatory information that would adversely impact his suitability for licensure with the Massachusetts Gaming Commission.

#### **1. Qualifier's Name and Verified Information**

Research of available online public records and documents provided by Cordish verifies that Jonathan A. Cordish [REDACTED]

[REDACTED]

[REDACTED] Cordish currently holds a valid passport. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Basic personal information disclosed by the applicant was verified without issue.

#### **2. Employment History**

Jonathan A. Cordish has disclosed, and research confirms, that he is currently a Vice President of The Cordish Company, having held this position since January 2004.

Prior employment disclosed indicates that he was employed at Riggs Bank in Washington, DC, as a Vice President from January 1999 through December 2003. From June 1994 through July 1997 he was self-employed as the CEO/Founder of Cordish Media Los Angeles, CA. This entity remains active currently conducting business as Seventh Art Releasing, a distributor of independent films.

Listed employment confirmed through review of applicant's submissions and online resources.

### **3. Criminal Record**

[REDACTED]

### **4. Education**

Jonathan A. Cordish has disclosed, and research confirms, that he attended the University of Pennsylvania from September 1985 to December 1987, majoring in English. Applicant then transferred/enrolled at Brandeis University graduating on May 19, 1990, with a Bachelor of Arts degree in English and American Literature. From September 1991 through September 1994 the applicant attended graduate school at the University of Southern California, majoring in Cinema/Television, but did not receive a degree from this program. He then enrolled at the University of Pennsylvania Wharton School of Finance graduating May 17, 1999, receiving a Masters of Business Administration with distinction.

### **5. Professional and Gaming Licenses**

Jonathan A. Cordish did not disclose, and research confirms, that he does not hold any non-gaming professional licenses. Investigators requested gaming license confirmation and qualification status from the appropriate casino gaming regulatory authorities. Jonathan A. Cordish is currently licensed by the Maryland State Lottery and Gaming Control Agency as a principal licensee under PPE MD's Video Lottery and Table Games Operational License,



expiring September 29, 2024. There is no known history of regulatory sanctions. Jonathan A. Cordish held no direct license as a result of the Cordish gaming operations in Indiana; only Cordish Gaming Management LLC (and key employee Joseph S. Weinberg) were licensed by the Indiana Gaming Commission.

## 6. Directorships and Stockholdings

Research of available Dun & Bradstreet business filings, Secretary of State records, Experian Business Reports, Hoovers Company Reports, and assorted company records has revealed the following business affiliations for this applicant with 5 percent ownership or greater as indicated:

- BP Entertainment I LLC [REDACTED]
- Downtown Sports LLC [REDACTED]
- FSL Management LLC [REDACTED]
- Houston Lounge LLC [REDACTED]
- Cordish Entertainment LLLP [REDACTED]
- Cordish Entertainment II LLLP [REDACTED]
- Cordish Media Inc. (dba Seventh Art Releasing)
- PNC Bank
- Riggs Capital Partners

Those entities listed above were disclosed by the applicant as mandated by this investigation and confirmed through research.

- ARB KC LLC [REDACTED]
- Beach Entertainment LLC [REDACTED]
- Boutique KC LLC [REDACTED]
- CTB Investors [REDACTED]
- Discoville LLC [REDACTED]
- Doubles LP
- Fourth St. LLC [REDACTED]
- Hampton McFaddens LLC [REDACTED]
- HPP Western LLC [REDACTED]
- Hydro Entertainment LLC [REDACTED]
- Irish Pub KC LLC [REDACTED]
- Kansas City Live [REDACTED]
- KC Concessions LLC [REDACTED]
- KC Hotel LLC [REDACTED]
- KCL Catering LLC [REDACTED]
- Kentucky R & L LLC [REDACTED]
- Live Holdings LLC [REDACTED]
- Lounge KC LLC [REDACTED]

- Mexas KC LLC [REDACTED]
- NC Myrtle Beach LLC [REDACTED]
- Phoenix 100 LLC [REDACTED]
- PL Phase One LLC [REDACTED]
- PPE Casino Resorts [REDACTED]
- RCP Investors LP [REDACTED]
- Rooftop Lounge LLC [REDACTED]
- Shealy Ave. LLC [REDACTED]
- Southern Lounge LLC [REDACTED]
- Stadium Casino Baltimore [REDACTED]
- Water St. Inc. [REDACTED]
- [REDACTED]
- Tapestry Films

The above-listed entities were disclosed by the applicant but were not confirmed through research via the standard online database inquiries.

- TCC Solar
- Sereflex Group LLC
- Washtec.com

Jonathan A. Cordish did not disclose the above-listed entities, but they were linked to him through research via the standard online database checks. At the interview of April 17, 2013, the applicant stated that with the exception of Sereflex Group the remaining entities are associated with current and former subsidiaries of The Cordish Company. Sereflex Group was an old business venture and is no longer in existence. We do not believe that these failures to disclose were intentional or designed to conceal information from the IEB, but are attributable to the number of entities in which the applicant has an interest, and we draw no negative inference from the failure to disclose.

## 7. Civil Litigation Records

Research of available online civil records, judgments, liens, and UCC filings in the United States did not reveal any litigation personally naming Jonathan A. Cordish. Review of research/litigation reports associated with this applicant indicate that all litigation originates from the extensive business ventures controlled and managed by The Cordish Company and its affiliated entities.

## 8. Bankruptcy

[REDACTED]

## 9. Property Ownership

[REDACTED]

## 10. Financial Suitability Evaluation

Investigators conducted an evaluation of Jonathan A. Cordish's financial integrity, responsibility and stability by focusing on two areas, namely Cordish's net worth statement as disclosed in his PHDF filed with the Massachusetts Gaming Commission as of January 9, 2013, and through a review of his sources of income as reported on the PHDF and his income tax returns filed for 2007 through 2011.

### *Income Analysis*

[REDACTED]

***Net Worth Analysis***

[REDACTED]

***Assets***

**Cash in Banks**

[REDACTED]

**Securities**

[REDACTED]

**Real Estate Interests**

[REDACTED]

[REDACTED]

Cash Value – Life Insurance

[REDACTED]

Other Assets

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

*Liabilities*

[REDACTED]

Contingent Liabilities

[REDACTED]

***Summary as to Financial Suitability***

The investigation has not uncovered any information that the applicant does not possess financial integrity and responsibility as it relates to financial stability.

**11. Political Contributions**

Research of available public information sources was conducted regarding the applicant’s political contributions. All identified contributions were forwarded to the Massachusetts Gaming Commission for its review.

**12. Significant Investigative Issues**

None.

**13. References**

References were contacted and queried regarding the character and integrity of Jonathan A. Cordish. All of the references indicated that Cordish was of the highest character and

integrity. All references denied any issues with alcohol, narcotics, gambling or any other issues that would impinge on Cordish's suitability to be involved in the casino industry. No derogatory information was developed which would preclude Cordish from being licensed by the Massachusetts Gaming Commission.

#### **14. Media Coverage**

Research of available online and print media sources did not reveal any derogatory or adverse items relative to Jonathan A. Cordish.

#### **15. Summary**

Based on our investigation there are no known facts that would disqualify Jonathan A. Cordish based on any of the criteria listed in the gaming laws or regulations in Massachusetts.

### **C. Blake L. Cordish**

The investigation of Blake L. Cordish, a Vice President of The Cordish Company, did not reveal any derogatory information that would adversely impact his suitability for licensure with the Massachusetts Gaming Commission.

#### **1. Qualifier's Name and Verified Information**

Research of available online public records and documents provided by Cordish verifies that Blake L. Cordish [REDACTED]

[REDACTED]

[REDACTED] Cordish currently holds a valid passport. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**2. Employment History**

Blake L. Cordish has disclosed, and research confirms, that he is currently a Vice President at CTR Management, the management company within The Cordish Company, having held this position since October 1994.

Previous employment disclosed by the applicant indicates that he was employed as an analyst for Wertheim-Schroder from August 1993 through October 1994.

Applicant did not disclose any employment prior to 1993, the year in which he graduated from Princeton University.

Listed employment confirmed through review of applicant’s tax records and various independent online resources.

**3. Criminal Record**

[REDACTED]

**4. Education**

Blake L. Cordish disclosed, and research confirms, that he graduated from Princeton University on June 8, 1993, with a Bachelor of Arts degree in Politics.

**5. Professional and Gaming Licenses**

Blake L. Cordish did not disclose, and research confirms, any non-gaming professional licenses. Investigators requested gaming license confirmation and qualification status from the



appropriate casino gaming regulatory authorities. Blake L. Cordish is currently licensed by the Maryland State Lottery and Gaming Control Agency as a principal licensee under PPE MD's Video Lottery and Table Games Operational License, expiring September 29, 2024. There is no known history of regulatory sanctions. Blake L. Cordish held no direct license as a result of the Cordish gaming operations in Indiana; only Cordish Gaming Management LLC (and key employee Joseph S. Weinberg) were licensed by the Indiana Gaming Commission.

## 6. Directorships and Stockholdings

Research of available Dun & Bradstreet business filings, Secretary of State records, Experian Business Reports, Hoovers Company Reports and assorted company records has revealed the following company affiliations for this applicant with 5 percent ownership or greater as indicated:

- BP Entertainment I LLC [REDACTED]
- Downtown Sports LLC [REDACTED]
- FSL Management LLC [REDACTED]
- Houston Lounge LLC [REDACTED]
- Cordish Enterprises [REDACTED]

Those entities listed above were disclosed by the applicant as mandated by this investigation and confirmed through research.

- Beach Entertainment LLC [REDACTED]
- Boutique KC LLC [REDACTED]
- CTB Investors [REDACTED]
- Discoville LLC [REDACTED]
- Doubles LP
- Fourth St. LLC [REDACTED]
- FSH Management [REDACTED]
- Hampton McFaddens LLC [REDACTED]
- HPP Western LLC [REDACTED]
- Hydro Entertainment LLC [REDACTED]
- Irish Pub KC LLC [REDACTED]
- Kansas City Live [REDACTED]
- Kansas Entertainment LLC [REDACTED]
- KC Concessions LLC [REDACTED]
- KC Hotel LLC [REDACTED]
- KCL Catering LLC [REDACTED]
- Kentucky R & L LLC [REDACTED]
- Live Holdings LLC

- Lounge KC LLC [REDACTED]
- NC Myrtle Beach LLC [REDACTED]
- Phoenix 100 LLC [REDACTED]
- PL Phase One LLC [REDACTED]
- PPE Casino Resorts Maryland [REDACTED]
- Rooftop Lounge LLC [REDACTED]
- Shealy Ave. Inc. [REDACTED]
- Southern Lounge LLC [REDACTED]
- Stadium Casino Baltimore [REDACTED]
- Water St. Inc.
- Wertheim-Schroder Inc.
- Maryland Casino Live Inv. LLC
- Gomes & Cordish Gaming Management
- NAD NY [REDACTED]
- PPE NY [REDACTED]
- PPE Indiana LLC

The above-listed entities were disclosed by the applicant but were not confirmed through research via the standard online database inquiries.

- Fourth St. Starks Inc. Kentucky
- Center City Master Developers Inc. Kentucky

The Applicant failed to disclose the above-listed entities but were linked to him through research of the standard online database checks. During an in-person interview conducted on April 17, 2013, the applicant advised that these entities remain active and are associated with Fourth Street Live development in Louisville, KY. The omission is attributable to the number of entities in which the applicant has an interest, and we draw no negative inference from the failure to disclose.

## **7. Civil Litigation Records**

Research of available online civil records, judgments, liens, and UCC filings in the United States did not reveal any litigation personally naming Blake L. Cordish. Review of research/litigation reports associated with this applicant indicate that all litigation originates from the extensive business ventures controlled and managed by The Cordish Company and its affiliated entities.

## 8. Bankruptcy

[REDACTED]

## 9. Property Ownership

[REDACTED]

## 10. Financial Suitability Evaluation

Investigators conducted an evaluation of Blake L. Cordish's financial integrity, responsibility and stability by focusing on two areas, namely Cordish's net worth statement as disclosed in his PHDF filed with the Massachusetts Gaming Commission as of January 10, 2013, and through a review of his sources of income as reported on the PHDF and his income tax returns filed for 2007 through 2011.

***Income Analysis***

[REDACTED]

***Net Worth Analysis***

[REDACTED]

***Assets***

**Cash in Banks**

[REDACTED]

**Real Estate Interests**

[REDACTED]

[Redacted]

[Redacted]

[Redacted]

**Cash Value – Life Insurance**

[Redacted]

**Other Assets**

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

*Liabilities*

[Redacted]

**Contingent Liabilities**

[Redacted]

### ***Conclusion as to Financial Suitability***

Investigators have not uncovered any information that the applicant does not possess financial integrity and responsibility as it relates to financial stability.

### **11. Political Contributions**

Research of available public information sources was conducted regarding the applicant's political contributions. All identified contributions were forwarded to the Massachusetts Gaming Commission for its review.

### **12. Significant Investigative Issues**

None.

### **13. References**

References were contacted and queried regarding the character and integrity of Blake L. Cordish. All of the references indicated that Cordish was of the highest character and integrity. All references denied any issues with alcohol, narcotics, gambling or any other issues that would impinge on Cordish's suitability to be involved in the casino industry. No derogatory information was developed which would preclude Cordish from being licensed by the Massachusetts Gaming Commission.

### **14. Media Coverage**

Research of available online and print media sources did not reveal any derogatory or adverse items relative to Blake L. Cordish.

### **15. Summary**

Based on our investigation there are no known facts that would disqualify Blake L. Cordish based on any of the criteria listed in the gaming laws or regulations in Massachusetts.

## **D. Reed S. Cordish**

The investigation of Reed S. Cordish, a Vice President of The Cordish Company, did not reveal any derogatory information that would adversely impact his suitability for licensure with the Massachusetts Gaming Commission.

### **1. Qualifier's Name and Verified Information**

Research of available online public records and documents provided by Cordish verifies that Reed S. Cordish [REDACTED]

[REDACTED]

[REDACTED] Cordish currently holds a valid passport. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Basic personal information supplied by the applicant via his PHDF's was confirmed without incident.

### **2. Employment History**

Reed S. Cordish has disclosed, and research confirms, that he is currently a Vice President at CTR Management, the management company within The Cordish Company, having held this position since June 1998.

Prior employment provided by the applicant indicates that Cordish was a professional tennis player on the Association of Tennis Professionals world tour from July 1996 through May 1998. Further investigation of available online resources confirms this information.

Applicant did not disclose any employment prior to 1996 the year in which he graduated from Princeton University.

Listed employment confirmed through review of applicant's tax records and various independent online resources.



### 3. Criminal Record

[REDACTED]

### 4. Education

Reed S. Cordish has disclosed, and research confirms, that he graduated from Princeton University on June 4, 1996, with a Bachelor of Arts degree in English.

### 5. Professional and Gaming Licenses

Reed S. Cordish did not disclose, and research confirms, any non-gaming professional licenses. Investigators requested gaming license confirmation and qualification status from the appropriate casino gaming regulatory authorities. Reed S. Cordish is currently licensed by the Maryland State Lottery and Gaming Control Agency as a principal licensee under PPE MD's Video Lottery and Table Games Operational License, expiring September 29, 2024. There is no known history of regulatory sanctions. Reed S. Cordish held no direct license as a result of the Cordish gaming operations in Indiana; only Cordish Gaming Management LLC, (and key employee Joseph S. Weinberg) were licensed by the Indiana Gaming Commission.

### 6. Directorships and Stockholdings

Research of available Dun & Bradstreet business filings, Secretary of State records, Experian Business Reports, Hoovers Company Reports and assorted company records has revealed the following business affiliations for this applicant with 5 percent ownership or greater as indicated:

- BP Entertainment I LLC [REDACTED]
- Downtown Sports LLC [REDACTED]
- FSL Management LLC [REDACTED]
- Houston Lounge LLC [REDACTED]
- Houston Saloons LLC [REDACTED]
- Cordish Entertainment LLLP [REDACTED]

- Cordish Entertainment II LLLP [REDACTED]

Those entities listed above were disclosed by the applicant as mandated by this investigation and confirmed through research.

- ARB KC LLC [REDACTED]
- Beach Entertainment LLC [REDACTED]
- Boutique KC LLC [REDACTED]
- CTB Investors [REDACTED]
- Discoville LLC [REDACTED]
- Doubles LP [REDACTED]
- Entertainment Holdings LLC [REDACTED]
- Fourth St. LLC [REDACTED]
- FSH Management LLC [REDACTED]
- Hamptons McFaddens LLC [REDACTED]
- HPP Western LLC [REDACTED]
- Hydro Entertainment LLC [REDACTED]
- Irish Pub KC LLC [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- Kansas City Live [REDACTED]
- Kansas Entertainment LLC [REDACTED]
- KC Concessions LLC [REDACTED]
- KC Hotel LLC [REDACTED]
- KCL Catering LLC [REDACTED]
- Kentucky R&L LLC [REDACTED]
- Live Holdings LLC [REDACTED]
- Lounge KC LLC [REDACTED]
- Mexas KC LLC [REDACTED]
- NC Myrtle Beach LLC [REDACTED]
- Phoenix 100 LLC [REDACTED]
- PL Phase One LP [REDACTED]
- PPE Casino Resorts [REDACTED]
- Rooftop Lounge LLC [REDACTED]
- Shealy Ave. Inc. [REDACTED]
- Southern Lounge LLC [REDACTED]
- Stadium Casino Baltimore [REDACTED]
- Water St. Inc. [REDACTED]
- 34 Marketplace Holdings LLC [REDACTED]

The above-listed entities were disclosed by the applicant but were not confirmed through research via the standard online database inquiries.

- BP Entertainment II LLC
- Louisville Saloons LLC
- NASCAR Sports Grill
- RC Ventures Maryland
- Abe Pollin Properties

- CDF Development LLC
- Coliseum Central
- Heritage Properties
- Monumental Sports & Entertainment
- Sliders
- The Capital Centre
- Washington Sports & Entertainment

Reed S. Cordish failed to disclose the above-listed entities but were linked to him through research obtained via the standard online database checks. At the interview of April 17, 2013, the applicant stated that with the exception of Abe Pollin Properties all are related through current and former subsidiaries of The Cordish Company. Abe Pollin was a former business partner now deceased. Based on the interview, we do not believe that these failures to disclose were intentional or designed to conceal information from the IEB, but are attributable to the number of entities in which the applicant has an interest, and we draw no negative inference from the failure to disclose.

## **7. Civil Litigation Records**

Research of available online civil records, judgments, liens, and UCC filings in the United States did not reveal any litigation personally naming Reed S. Cordish. Review of research/litigation reports associated with this applicant indicate that all litigation originates from the extensive business ventures controlled and managed by The Cordish Company and its affiliated entities.

## **8. Bankruptcy**

[REDACTED]

## **9. Property Ownership**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

### **10. Financial Suitability Evaluation**

Investigators conducted an evaluation of Reed S. Cordish's financial integrity, responsibility and stability by focusing on two areas, namely Cordish's net worth statement as disclosed in his PHDF filed with the Massachusetts Gaming Commission as of January 10, 2013, and through a review of his sources of income as reported on the PHDF and his income tax returns filed for 2007 through 2011.

***Income Analysis***

[REDACTED]

***Net Worth Analysis***

[REDACTED]

***Assets***

**Cash in Banks**

[REDACTED]

**Securities**

[REDACTED]

**Real Estate Interests**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Cash Value – Life Insurance**

[REDACTED]

**Other Assets**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

*Liabilities*

[REDACTED]

Contingent Liabilities

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

***Summary as to Financial Suitability***

Investigators have not uncovered any information that the applicant does not possess financial integrity and responsibility as it relates to financial stability.

**11. Political Contributions**

Research of available public information sources was conducted regarding the applicant's political contributions. All identified contributions were forwarded to the Massachusetts Gaming Commission for its review.

**12. Significant Investigative Issues**

None.

**13. References**

References were contacted and queried regarding the character and integrity of Reed S. Cordish. All of the references indicated that Cordish was of the highest character and integrity. All references denied any issues with alcohol, narcotics, gambling or any other issues that would impinge on Cordish's suitability to be involved in the casino industry. No derogatory information was developed which would preclude Cordish from being licensed by the Massachusetts Gaming Commission.



#### **14. Media Coverage**

Research of available online and print media sources did not reveal any derogatory or adverse items relative to Reed S. Cordish.

#### **15. Summary**

Based on our investigation there are no known facts that would disqualify Reed S. Cordish based on any of the criteria listed in the gaming laws or regulations in Massachusetts.

## **E. Charles F. Jacobs**

The investigation of Charles F. Jacobs, a Vice President of The Cordish Company, did not reveal any derogatory information that would impact on his suitability for licensure with the Massachusetts Gaming Commission.

### **1. Qualifier's Name and Verified Information**

Research of available online public records and documents provided by Cordish verifies that Charles Franklin Jacobs [REDACTED]

[REDACTED]  
[REDACTED] Jacobs currently holds a valid passport. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Basic personal information disclosed by the applicant was verified without issue.

### **2. Employment History**

Jacobs has disclosed, and research confirms, that he is currently Vice President and General Counsel of The Cordish Company, having held positions with the company since 1988.

Listed employment confirmed through review of applicant's submissions and online resources.

### **3. Criminal Record**

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

#### **4. Education**

Jacobs has disclosed, and research confirms, that he attended State University of New York - Binghamton from September 1976 to June 1980 and received a Bachelor of Arts degree. The applicant then enrolled at the Benjamin N. Cardozo Law School from September 1980 to June 1983, graduating with a Juris Doctor degree.

#### **5. Professional and Gaming Licenses**

Charles F. Jacobs was admitted to both the Maryland State Bar in January 1984 and the New York State Bar in June 1984. Jacobs currently holds licenses in both states. No derogatory information or sanctions are noted on his licenses.

Investigators requested gaming license confirmation and qualification status from the appropriate casino gaming regulatory authorities. Jacobs is currently licensed by the Maryland State Lottery and Gaming Control Agency as a principal licensee under PPE MD's Video Lottery and Table Games Operational License, expiring September 29, 2024. There is no known history of regulatory sanctions. Jacobs held no direct license as a result of the Cordish gaming operations in Indiana; only Cordish Gaming Management LLC, (and key employee Joseph S. Weinberg) were licensed by the Indiana Gaming Commission.

#### **6. Directorships and Stockholdings**

Research of available Dun & Bradstreet business filings, Secretary of State records, Experian Business Reports, Hoovers Company Reports, and assorted company records has revealed the following business affiliations for this applicant with 5 percent ownership or greater as indicated:

- Rehoboth Mall Executives Limited Partnership [REDACTED]
- Jacobs Family Investment LLC [REDACTED]
- Saddlebrook Investments LLC [REDACTED]
- Rehoboth Mall GP. L.P. [REDACTED]
- Directorships:
  - Brehm Preparatory School. (Trustee)
  - The Bryn Mawr School. (Trustee)
  - Lab School of Washington (Trustee)
  - Beth Am Synagogue (Trustee)

Research has verified this information. Jacobs's business interests are discussed in greater detail in the Financial Suitability Evaluation section of this report.

### **7. Civil Litigation Records**

Research of available online civil records, judgments, liens and UCC filings in the United States revealed no records personally naming Jacobs that were relevant to a determination of suitability.

### **8. Bankruptcy**

[REDACTED]

### **9. Property Ownership**

[REDACTED]

### **10. Financial Suitability Evaluation**

[REDACTED]

***Income Analysis***

[REDACTED]

[REDACTED]

***Net Worth Analysis***

[REDACTED]

**Assets**

**Cash in Banks**

[REDACTED]

[Redacted text block]

**Loans and Notes Receivable**

[Redacted text block]

**Securities**

[Redacted text block]

**Real Estate**

[Redacted text block]

**Other Assets**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Liabilities**

**Mortgages**

[REDACTED]

### ***Summary as to Financial Suitability***

Investigators have not uncovered any information that the applicant does not possess financial integrity and responsibility as it relates to financial stability.

### **11. Political Contributions**

Research of available public information sources was conducted regarding the applicant's political contributions. All identified contributions were forwarded to the Massachusetts Gaming Commission for its review.

### **12. Significant Investigative Issues**

None.

### **13. References**

References were contacted and queried regarding the character and integrity of Jacobs. All of the references indicated that Jacobs was of the highest character and integrity. All references denied any issues with alcohol, narcotics, gambling or any other issues that would impinge on Jacobs's suitability to be involved in the casino industry. No derogatory information was developed which would preclude Jacobs from being licensed by the Massachusetts Gaming Commission.

### **14. Media Coverage**

Research of available online and print media sources did not reveal any derogatory or adverse items relative to Jacobs. He is mentioned numerous times on the Internet, however no adverse information was found regarding this individual.

### **15. Summary**

Based on our investigation there are no known facts that would disqualify Jacobs based on any of the criteria listed in the gaming laws or regulations in Massachusetts.



## **F. Joseph S. Weinberg**

The investigation of Joseph S. Weinberg, President of The Cordish Company, Gaming Operations, did not reveal any derogatory information that would impact his suitability for licensure with the Massachusetts Gaming Commission.

### **1. Qualifier's Name and Verified Information**

Research of available online public records and documents provided by Cordish verifies that Joseph Weinberg [REDACTED]

[REDACTED]

[REDACTED] Weinberg currently holds a valid passport. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Basic personal information disclosed by the applicant was verified without issue.

### **2. Employment History**

Weinberg has disclosed, and research confirms, that he is currently President of Gaming Operations of The Cordish Company, having held positions with the company since 1988.

Listed employment confirmed through review of applicant's submissions and online resources.

### **3. Criminal Record**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

#### **4. Education**

Weinberg has disclosed, and research confirms, that he attended the University of Virginia from August 1979 to May 1983 and received a Bachelor of Science degree in Commerce.

#### **5. Professional and Gaming Licenses**

Joseph S. Weinberg did not disclose any non-gaming professional licenses in his PHDF and research did not reveal any such licenses for Weinberg.

Investigators requested gaming license confirmation and qualification status from the appropriate casino gaming regulatory authorities. Weinberg is currently licensed by the Maryland State Lottery and Gaming Control Agency as a principal licensee under PPE MD's Video Lottery and Table Games Operational License, expiring September 29, 2024. Weinberg was also licensed as a key employee by the Indiana Gaming Commission as a result of the Cordish Gaming Management LLC gaming operations in Indiana. There is no known history of regulatory sanctions in either jurisdiction.

#### **6. Directorships and Stockholdings**

Research of available Dun & Bradstreet business filings, Secretary of State records, Experian Business Reports, Hoovers Company Reports, and assorted company records has revealed the following business affiliations for this applicant with 5 percent ownership or greater as indicated:

- Native American Development LLC [REDACTED]
- New Native Development LLC [REDACTED]
- National Development Investors LLC [REDACTED]
- Power Plant Casino Resorts Holdings LLC [REDACTED]
- Cordish Gaming Management LLC [REDACTED]
- Native American Development New York LLC [REDACTED]
- Kansas Entertainment LLC [REDACTED]
- PPE Casino Resorts Maryland LLC [REDACTED]
- Power Plant Investors LLC [REDACTED]
- 34 Marketplace Concessionaires LLC [REDACTED]
- Rehoboth Mall Executives LLC [REDACTED]
- Stadium Casino Baltimore Investors LLC [REDACTED]
- Phoenix 100 LLC [REDACTED]
- Hampton McFaddens LLC [REDACTED]

- Shealy Avenues Inc. [REDACTED]
- NC Myrtle Beach LLC [REDACTED]
- NC Orlando LLC [REDACTED]
- Hydro Entertainment LLC [REDACTED]
- FSL Entertainment LLC [REDACTED]
- Irish Pub KC LLC [REDACTED]
- KC Vin LLC [REDACTED]

Directorships:

[REDACTED]

Research has verified this information. Weinberg's business interests are discussed in greater detail in the Financial Suitability Evaluation section of this report.

## 7. Civil Litigation Records

Research of available online civil records, judgments, liens and UCC filings in the United States revealed the following records personally naming Weinberg.

### Hartford Superior Court of Connecticut

Case Title: Power Plant et al. vs. In re. Subpoena  
 Case Number: HHD-CV07-4029056-S  
 Type: Miscellaneous/Other  
 Filed: 3/26/2007  
 Plaintiff: Cordish Company; Native American Development LLC; Power Plant Entertainment LLC; Joseph S. Weinberg  
 Defendant: In. Re. Subpoena  
 Case Status: Judgment Without Trial on 3/26/2007

### Broward County 17<sup>th</sup> Judicial Circuit of Florida

Case Title: Trump Hotels & Casino Resorts v. Richard T. Fields  
 Case Number: CACE04020291  
 Type: Civil-Other  
 Filed: 12/30/2004  
 Plaintiff: Trump Hotels & Casino Resorts

Defendant: Coastal Development LLC; Cordish Company; Richard T. Fields; Native American Development; Power Plant Entertainment LLC; Joseph S. Weinberg; Dan Wisher

Case Status: Disposition Entered

**District Court of Appeal of the State of Florida, Fourth District**

Case Title: Power Plant, etc., et al. v. Trump Hotels & Casino Resorts

Case Number: 4D06-3984

Type: Appeal

Docketed: 10/10/2006

Petitioner: Power Plant Entertainment LLC; Native American Development, LLC; Joseph S. Weinberg; The Cordish Company

Respondent: Trump Hotels & Casino Resorts Development Company LLC; Richard T. Fields; Coastal Development LLC

Case Closed: 11/30/2007

**Superior Court, Los Angeles County, CA**

Case Title: Trump Hotels & Casino Resort v. Coastal Development LLC

Case Number: BS107528

Type: Civil-Special Proceedings

Filed: 02/22/2007

Plaintiff: Trump Hotels & Casino Resort

Defendant: Coastal Development LLC; Richard T. Fields; Native American Development; The Cordish Co.; Joseph S. Weinberg

Case Status: Dismissed w/out prejudice, 02/04/2008

**Broward County 17<sup>th</sup> Judicial Circuit of Florida**

Case Title: Trump Hotels & Casino Resorts v. Richard T. Fields

Case Number: CACE04020291

Type: Civil-Other

Filed: 12/30/2004

Plaintiff: Trump Hotels & Casino Resorts

Defendant: Coastal Development LLC; Cordish Company; Richard T. Fields; Native American Development; Power Plant Entertainment LLC; Joseph S. Weinberg; Dan Wisher

Case Status: Disposition Entered

**District Court of Appeal of the State of Florida, Fourth District**

Case Title: Power Plant, etc., et al. v. Trump Hotels & Casino Resorts

Case Number: 4D06-3984

Type: Appeal

Docketed: 10/10/2006

Petitioner: Power Plant Entertainment LLC; Native American Development,

LLC; Joseph S. Weinberg; The Cordish Company  
Respondent: Trump Hotels & Casino Resorts Development Company LLC;  
Richard T. Fields; Coastal Development LLC  
Case Closed: 11/30/2007

**Superior Court, Los Angeles County, CA**

Case Title: Trump Hotels & Casino Resort v. Coastal Development LLC  
Case Number: BS107528  
Type: Civil-Special Proceedings  
Filed: 02/22/2007  
Plaintiff: Trump Hotels & Casino Resort  
Defendant: Coastal Development LLC; Richard T. Fields; Native American  
Development; The Cordish Co.; Joseph S. Weinberg  
Case Status: Dismissed w/out prejudice, 02/04/2008

Research has revealed that the above-listed complaints mainly involve contract disputes. During the April 17, 2013, interview of Weinberg several of these cases were brought to his attention. Weinberg explained that these are suits in which he is named through his association and positions with The Cordish Company and are not personal in nature. Research and review confirmed Weinberg's explanation that indicates all litigation originates from the extensive business ventures controlled and managed by The Cordish Company.

**8. Bankruptcy**

[REDACTED]

**9. Property Ownership**

[REDACTED]

[Redacted text block]

**10. Financial Suitability Evaluation**

[Redacted text block]

***Income Analysis***

[Redacted text block]

***Net Worth Analysis***

[Redacted text block]

[REDACTED]

**Assets**

**Cash in Banks**

[REDACTED]

**Securities**

[REDACTED]

**Real Estate Interests**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



[REDACTED]

**Pension / Retirement Funds**

[REDACTED]

***Liabilities***

[REDACTED]

***Summary as to Financial Suitability***

Investigators have not uncovered any information that the applicant does not possess financial integrity and responsibility as it relates to financial stability.

**11. Political Contributions**

Research of available public information sources was conducted regarding the applicant's political contributions. All identified contributions were forwarded to the Massachusetts Gaming Commission for its review.

**12. Significant Investigative Issues**

None.

**13. References**

References were contacted and queried regarding the character and integrity of Joseph S. Weinberg. All of the references indicated that Weinberg was of the highest character and integrity. All references denied any issues with alcohol, narcotics, gambling or any other issues that would impinge on Weinberg's suitability to be involved in the casino industry. No

derogatory information was developed which would preclude Weinberg from being licensed by the Massachusetts Gaming Commission.

#### **14. Media Coverage**

Research of available online and print media sources did not reveal any derogatory or adverse items relative to Weinberg. He is mentioned numerous times on the Internet, however no adverse information was found regarding this individual.

#### **15. Summary**

Based on our investigation there are no known facts that would disqualify Joseph S. Weinberg based on any of the criteria listed in the gaming laws or regulations in Massachusetts.

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## **IX. Areas of Concern**

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Investigators found no significant issues that may impact upon a finding of suitability.

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## **X. Exhibits**

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These exhibits appear on the following pages:

- Exhibit 1:** PPE MA Ownership Chart
- Exhibit 2:** Cordish Family II LLC Income and Expense Summary
- Exhibit 3:** Cordish Family II LLC Statement of Assets and Liabilities
- Exhibit 4:** Cordish Family II LLC Tax Return
- Exhibit 5:** PPE Casino Resorts MD LLC Income Statement
- Exhibit 6:** PPE Casino Resorts MD LLC Statement of Cash Flows