



November 27, 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 BLUE TARP reDEVELOPMENT,
LLC, APPLICANT FOR A CATEGORY 1 GAMING LICENSE

Dear Chairman Crosby and Commissioners,

Blue Tarp Redevelopment, LLC ("Blue Tarp") has applied to the Massachusetts Gaming Commission ("MGC") for a Category 1 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 Spectrum team was assigned to assist the IEB with the Blue Tarp investigation.

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, former gaming regulators, attorneys, CPAs, analysts, and former journalists. Recent



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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, Blue Tarp, 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 Blue Tarp 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 Blue Tarp 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 Blue Tarp’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, Blue Tarp 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.

These determinations were based upon the submissions of Blue Tarp 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



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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 Blue Tarp 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)



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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)

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.

An attorney review of the investigative results was conducted, followed by detailed consultation between both legal and investigative teams. The material was then digested into a draft suitability report, which was submitted for review, editing and final analysis by the Massachusetts State Police, IEB legal and ultimately the IEB Director.

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. Relevant licensing agencies were contacted to verify the applicant's status and licensure.



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- j. Minutes of relevant Board of Directors meetings and compliance committee meetings for the past three years were obtained, reviewed and evaluated.
- k. 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.
- l. A list of all new gaming acquisitions or sale of gaming properties for the past five years was obtained and reviewed.
- m. 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.

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.



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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.

AREAS OF NOTE

While not rising to the level of a proposed issue for an adjudicatory hearing, the IEB does take note of the often incomplete manner in which David Callahan, a natural person qualifier, submitted required information to the Commission's suitability review. Accuracy and completeness in filings made to the Commission



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are of the utmost importance and all persons and/or entities seeking to do business in the Commonwealth of Massachusetts should be mindful of all requirements.

With respect to Dubai World, while not rising to the level of a proposed issue for an adjudicatory hearing, the IEB does take note that authority over the management of the Infinity World of Companies has been delegated to named Infinity World directors and managers, who have control, voting and dispositive authority over the Infinity World companies' interest in the MGM and CityCenter investments. Chief Financial Officer Rahimullah, although not a party to this delegation, did not recollect this arrangement during his interview with Investigators and believed that Dubai World controlled the investment in MGM stock. The delegation of authority resolution is important to the Commission because it ensures that those responsible for managing Dubai World's equity interest in MGM Resorts International fall within the Commission's scope of licensing.

RECOMMENDATION

The findings of fact relative to this investigation can be found in the attached report. The portion of the investigative report addressing the six entity and six natural person qualifiers associated with Dubai World's beneficial ownership of 5.3 percent of MGM Resorts International common stock is attached separately and fully incorporated. Specifically, those findings of fact are listed in the Executive Summary and in sections III through XII of the Blue Tarp report and in the Executive Summary and in sections III through V of the Dubai World 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 necessarily preclude the Applicant from being issued a Category 1 Gaming License. However, the IEB recommends that the determination of suitability be subject to the recommended conditions listed below. 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, Blue Tarp redevelopment, LLC, suitable for licensing subject to the following conditions:

1. The Applicant should satisfy the Commission at a hearing that the Applicant's and relevant qualifiers' response to the Christiansen matter and subsequent



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remedial measures adequately demonstrate the Applicant's and relevant qualifiers' suitability under M.G.L. Ch. 23K.

2. The Applicant should satisfy the Commission at a hearing that the Applicant's business practices in Macau meet the statutory requirement of "responsible business practices in any jurisdiction" under M.G.L. c.23K §12(b)(ii).
3. The Applicant should also present evidence at a hearing to satisfy the Commission that Vincent Barletta and Ronald Gillis meet the statutory criteria for suitability given concerns outlined in the report.

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 suggests that if the applicant is awarded a Category 1 license, the Commission consider adding the following conditions to the license:

1. The applicant (including Dubai World) shall 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 and Mass Supp, or BED form to the Commission; and that any owners, members, managers and/or directors must be found suitable by the Commission;
2. The IEB recommends that the applicant be required to continue to adhere to a Plan for compliance with the United States Currency and Foreign Transactions Reporting Act satisfactory to the Commission;
3. The Applicant, and its individual principals and principal entities, shall refrain from any personal or business contact with Terry Christensen;
4. Any unavoidable contact with Terry Christensen shall be reported to the Commission within 10 days of the contact;
5. Documents and information required to be provided to regulators in any U.S. jurisdiction on Macau operations also be provided to the Massachusetts Gaming Commission in a timely manner; and
6. Dubai World shall provide to the Massachusetts Gaming Commission in a timely manner, copies of the quarterly certifications attested to by the principals regarding compliance with the delegation resolution, and accompanying materials, as required to be filed with Nevada gaming regulators; and



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7. Dubai World and its qualifying entities shall submit annual audited financial statements 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.

Respectfully submitted,



Karen Wells
Director
Investigations and Enforcement Bureau
Massachusetts Gaming Commission



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