

THE COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS GAMING COMMISSION
ADJUDICATORY HEARING

IN THE MATTER OF: APPLICATION OF WYNN
MASSACHUSETTS, LLC FOR SUITABILITY DETERMINATION
FOR CATEGORY 1 GAMING LICENSE

December 16, 2013, 9:30 a.m.
BOSTON CONVENTION AND EXHIBITION CENTER
415 Summer Street, Room 151
Boston, Massachusetts 02210

1 APPEARANCES:

2

3 ON BEHALF OF THE MASSACHUSETTS GAMING

4 COMMISSION:

5 MASSACHUSETTS GAMING COMMISSION

6 Investigations and Enforcement Bureau

7 84 State Street

8 Boston, Massachusetts

9 BY: Director Karen Wells

10

11 ANDERSON & KREIGER, LLP

12 One Canal Park, Suite 200

13 Cambridge, Massachusetts 02141

14 BY: David S. Mackey, Esq.

15 Mina Makarious, Esq.

16 (617) 621-6531

17

18 ON BEHALF OF THE APPLICANT WYNN MASSACHUSETTS, LLC:

19 MINTZ LEVIN

20 One Financial Center Atlantic Avenue

21 Boston, MA 02111

22 BY: The Hon. William F. Weld

23 (617) 542-6000

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1 EXHIBITS (Massachusetts Gaming Commission):

2 Exhibit 8.....1/21/2013 Wynn Corporate

3 Investigation Report of FBT Everett

4 Exhibit 9.....FBT Filing with Secretary of State

5 for 2010

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7 EXHIBITS(Wynn Massachusetts, LLC):

8 Exhibit 1.....PowerPoint Slide Presentation

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1 P R O C E E D I N G S

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3 CHAIRMAN CROSBY: Good morning,
4 ladies and gentlemen. I am pleased to call this
5 meeting to order. Today is Monday, December 16,
6 2013. This is Phase 1 suitability hearing
7 before the Massachusetts Gaming Commission
8 relative to the application of Wynn
9 Massachusetts, LLC.

10 My name is Steve Crosby and I am the
11 Chairman of the Commission. I am joined today
12 by Commissioners Cameron, McHugh, Zuniga and
13 Stebbins. The entire Commission will preside
14 over the hearing and decision in this matter.

15 This is an adjudicatory proceeding,
16 which is convened in accordance with 205 CMR
17 115.04 paragraph 3 and will be conducted
18 pursuant to the formal rules outlined in 801 CMR
19 1.01 subject to the clarifications contained in
20 205 CMR 101.03 and Chapter 30A of the General
21 Laws.

22 Before we begin, I'd like to explain
23 the procedural history that led us here as well
24 as the process that will govern this proceeding.

1 Wynn Massachusetts, LLC submitted a Phase 1
2 application to the Commission. The Commission
3 then instructed the Investigations and
4 Enforcement Bureau to commence an investigation
5 into the suitability of the applicant to hold a
6 gaming license in Massachusetts.

7 The Bureau has conducted such an
8 investigation into the qualifications and
9 suitability of the applicant and its qualifiers,
10 and generated an investigative report of its
11 findings which it submitted to the Commission.

12 A copy of the report was provided to
13 the applicant by the Commission. Based on the
14 report, the Commission has scheduled this
15 proceeding on its own initiative.

16 I see that a number of lawyers are
17 present here today as usual on behalf of the
18 applicant and the Bureau. I will ask that you
19 each please identify yourself and advise the
20 Commission as to whom you represent. On the
21 applicant side?

22 THE HON. WILLIAM WELD: Mr.
23 Chairman, good morning. My name is William
24 Weld. I am a member of the Boston firm of Mintz

1 Levin representing the applicant Wynn Mass.,
2 LLC.

3 CHAIRMAN CROSBY: Thank you.

4 MS. SINATRA: My name is Kim
5 Sinatra. I am the General Counsel of Wynn
6 Resorts and I am here representing the
7 applicant.

8 CHAIRMAN CROSBY: Thank you.

9 MR. MACKEY: Good morning, Mr.
10 Chairman, Commissioners. My name is David
11 Mackey and to my left is Mina Makarious from the
12 firm of Anderson and Kreiger. We represent the
13 Investigations and Enforcement Bureau.

14 CHAIRMAN CROSBY: Thank you very
15 much. At the conclusion of my opening comments,
16 this proceeding will commence with a recitation
17 and explanation of the investigative report by
18 the Bureau. We will ask that the Bureau outline
19 the manner in which the investigation was
20 conducted and outline the findings relative to
21 each qualifier.

22 The Bureau's presentation will
23 largely be made by Karen Wells who is the
24 Director of the Bureau. Director Wells is

1 joined by the consultant who has assisted in the
2 conduct of this investigation. We will allow
3 the consultants to offer any clarification or
4 answer any questions during Director Wells'
5 presentation.

6 Any Commissioner may ask a question
7 of Director Wells or a consultant at any point
8 during or following her presentation. At the
9 conclusion of the Bureau's presentation, the
10 applicant through its counsel will be afforded
11 an opportunity to cross-examine Director Wells
12 or a consultant relative to any information
13 contained in the investigative report or to
14 which they've testified. The applicant may
15 reserve its right to cross-examination until the
16 end of their own presentation if they so choose.

17 Next the applicant will be given an
18 opportunity to present its case. The burden is
19 on the applicant to demonstrate by clear and
20 convincing evidence both its affirmative
21 qualification for licensure and the absence of
22 any disqualification for licensure.

23 To that end, the applicant has
24 already subjected itself to a thorough

1 background investigation, the results of which
2 are set out in the investigative report. Those
3 findings will be considered in determining
4 whether the burden has been satisfied.

5 For purposes of this proceeding,
6 however, the applicant may call any witnesses
7 and present any other evidence it desires in an
8 effort to satisfy its burden. The Commission
9 has directed that at a minimum Kim Sinatra and
10 James Stern be available to present testimony as
11 to the issue set forth in the notice of this
12 hearing that was provided to the applicant.

13 I understand that Counsel for the
14 applicant had an opportunity to meet with
15 Counsel for the Bureau and the Commission to
16 discuss this proceeding. The purpose in part
17 was to clarify some of the issues that the
18 applicant should be prepared to address in its
19 presentation. Those are primarily the issues
20 that are set forth in the written notice of that
21 hearing. Is that conversation correct and did
22 it take place?

23 THE HON. WILLIAM WELD: Yes, Mr.
24 Chairman. The applicant is well content with

1 the procedures.

2 CHAIRMAN CROSBY: Thank you. While
3 those areas should be included in the
4 applicant's presentation, it may certainly
5 address any other issues it believes may be
6 relevant to its suitability determination.

7 Similarly, the Commissioners may
8 certainly inquire into any issue that is of
9 interest to us. At the conclusion of each
10 witness's direct testimony, Counsel for the
11 Bureau will be provided an opportunity to
12 conduct cross examination of the witness.

13 Then each Commissioner will be
14 afforded an opportunity to ask questions of the
15 witness,. Any Commissioner may, however, ask
16 any question of any witness at any time during
17 examination or at the conclusion of the
18 examinations. We will allow very limited
19 redirect and recross of a witness of it is
20 absolutely necessary.

21 Each party may raise any objection
22 they desire at any time, however the basis for
23 all objections must be clearly stated.

24 Finally, at the conclusion of all of

1 the evidence, the applicant will be provided an
2 opportunity to make a closing statement, summing
3 up why it believes it is suitable to be issued a
4 gaming license and should be allowed to proceed
5 to the Phase 2 portion of the process.

6 Before we begin, I understand that
7 there a number of premarked exhibits that have
8 been exchanged by the parties in advance of this
9 hearing. I will now ask the Bureau's Counsel to
10 introduce the Bureau's exhibits.

11 MR. MACKEY: Yes, Mr. Chairman. We
12 have premarked nine exhibits including two that
13 we have shown to the applicant's Counsel this
14 morning.

15 The first four are the customary
16 documents that we've introduced in connection
17 with all of these proceedings, the notice of the
18 proceeding, the memorandum that explains the
19 process of the proceeding, Director Wells' cover
20 letter and then the redacted copy of the
21 suitability report itself.

22 Then we have five additional
23 documents that we have premarked and that we may
24 make use of during the course of our questioning

1 of the applicant's witnesses. And I don't
2 believe that the applicant has any objection to
3 the introduction any of these exhibits.

4 THE HON. WILLIAM WELD: That is
5 correct.

6 CHAIRMAN CROSBY: Okay. Thank you.
7 Now if the applicant has any exhibits it would
8 like to introduce, I would ask that they'd be
9 introduced.

10 THE HON. WILLIAM WELD: I think ours
11 have been premarked, Mr. Chairman. And we may
12 have some slides this morning.

13 MS. SINATRA: The only materials we
14 have are the PowerPoint slides which we have
15 provided to staff and to Counsel.

16 MR. MACKEY: We have no objection to
17 them.

18 CHAIRMAN CROSBY: Okay. If either
19 party would like to have any additional
20 documents entered into evidence during the
21 course of the hearing, I would ask that they be
22 properly introduced and marked by the court
23 reporter.

24 The Commission anticipates that its

1 inquiry at this proceeding will be limited to
2 the matters addressed in the investigative
3 report. In the event that a line of questioning
4 conducted by the Commission or Bureau moves into
5 an area that has not been included in the report
6 but that is included as part of the
7 investigative file and is material to the
8 suitability determination, the applicant may
9 request a recess in the proceedings so as to
10 review the issue.

11 This would be an unlikely
12 happenstance however, as the Commission
13 anticipates addressing solely issues covered in
14 the investigative report.

15 No final decision will be made at
16 the conclusion of the hearing today. Instead
17 the matter will be taken under advisement at the
18 conclusion of the proceedings and a written
19 decision issued. If at any point during the
20 Commission's deliberations it determines that
21 further testimonial or documentary evidence is
22 desirable, it reserves the right to ask the
23 applicant to provide such evidence prior to a
24 suitability decision being made.

1 We will now swear all of the
2 witnesses in. Anyone who will be testifying at
3 this proceeding, please stand and raise your
4 right hand.

5
6 WITNESSES, SWORN

7
8 CHAIRMAN CROSBY: Note that all have
9 answered in the affirmative. Thank you very
10 much. Before we begin, does either Counsel have
11 any preliminary issues or objections or issues
12 for clarification?

13 MR. MACKEY: No, Sir.

14 CHAIRMAN CROSBY: Counselor?

15 THE HON. WILLIAM WELD: No, Sir.

16 CHAIRMAN CROSBY: With that, I will
17 ask Attorney Mackey to begin the Bureau's
18 presentation.

19 MR. MACKEY: Good morning, again,
20 Mr. Chairman, Commissioners. We will begin this
21 morning with a presentation by Director Wells of
22 a summary of the investigative report that was
23 done in this matter.

24 MS. WELLS: Thank you. Good

1 morning, Mr. Chairman and members of the
2 Commission. It is with great pleasure that I
3 submit the IEB's 10th and final suitability
4 report of 2013 for Wynn Mass., LLC.

5 Once again, I would like to thank
6 the team of Michael and Carroll along with the
7 IEB and Massachusetts State Police investigators
8 for their outstanding work on this
9 investigation.

10 The specific entity seeking a
11 Category 1 casino gaming license in
12 Massachusetts is Wynn Mass., LLC, which was
13 formed 2011. It is a wholly-owned subsidiary of
14 Wynn Resorts, Limited. Wynn Resorts currently
15 owns and operates Wynn Las Vegas and Encore at
16 Wynn Las Vegas in Nevada.

17 It is also the owner of an interest
18 in Wynn Macau Limited which operates Wynn Macau
19 and the Encore at Wynn Macau in Macau's special
20 administrative region of the People's Republic
21 of China. The other percentages is publicly
22 owned and traded on the Hong Kong stock
23 exchange.

24 The officers of Wynn Mass., LLC are

1 Matthew Maddox, President and Treasurer,
2 Kimmarie Sinatra, Senior Vice President and
3 Secretary. They also hold positions at Wynn
4 Resorts and are individual qualifiers.

5 The officers of Wynn Resorts and
6 natural person qualifiers for this investigation
7 are Stephen Wynn, Chairman of the Board and
8 Chief Executive Officer, Matthew Maddox,
9 President and Chief Financial Officer, John
10 Strzemp, Executive Vice President and Chief
11 Administrative Officer and Kimmarie Sinatra,
12 Senior Vice President, General Counsel and
13 Secretary.

14 Members of the board of directors
15 who are also identified as natural person
16 qualifiers, John Hagenbuch, Dr. Ray Irani,
17 Robert J. Miller, J. Edward Virtue, Alvin
18 Shoemaker, D. Boone Wayson and Elaine Wynn.

19 The Wynn Las Vegas operations
20 consists of approximately 186,000 square feet of
21 casino space, two luxury tower hotels with a
22 total of 4750 hotel rooms, suites and villas, 35
23 food and beverage outlets and other luxury
24 shopping locations and services.

1 The Macau facilities include 265,000
2 square feet of casino space, two luxury hotel
3 towers with 1008 hotel rooms and suites, eight
4 restaurants and brand-name shopping, spas,
5 lounges and meeting facilities.

6 Wynn Resorts is also currently
7 constructing Wynn Palace which is described as a
8 full-scale integrated resort in the Cotai strip
9 of Macau.

10 Wynn Mass., LLC is proposing a 350
11 to 500 room luxury hotel in Everett with average
12 room size of at least 600 plus square feet.
13 Multiple restaurants will flank the casino and
14 provide outdoor terracing overlooking the Mystic
15 River and have spa and high-end retail space.

16 Gaming is planned for 150,000 square
17 foot casino with you 2,500 to 3,000 slot
18 machines and 100 to 150 table games. The
19 project plans for lush landscaping to create a
20 resort atmosphere in essentially an urban
21 location.

22 The report gives an overview of
23 Wynn's operations in both Las Vegas and Macau
24 including security operations, surveillance

1 operations and their compliance program.

2 The Wynn Las Vegas has received only
3 two citations from the Nevada Gaming Control
4 Board during the past three years, and neither
5 violation resulted in a fine. Wynn Las Vegas
6 self-reports incidents of underage gambling to
7 the NGCB. During 2012, seven incidents were
8 reported. And during 2013, 10 incidents were
9 reported.

10 The Wynn Las Vegas liquor license is
11 current and is in good standing with no
12 violations during the past three years. The
13 Wynn Las Vegas AML compliance program that's
14 anti-money-laundering compliance program was
15 reviewed and found to be very thorough.

16 The report itself details an
17 investigation into the sellers of the property
18 for the proposed site. As I summarized the
19 concerns for the Commission on Friday, I will
20 not review those facts again. As far as
21 suitability for Wynn Mass., LLC is concerned, I
22 do note two things.

23 Number (1) the investigation
24 confirmed the applicant was not complicit in the

1 identified concerning conduct. And number (2)
2 when approached by the IEB about the concerns,
3 the applicant proactively sought to remedy the
4 situation so the sellers would not receive an
5 enhanced price for the property based on gaming
6 use.

7 The report also details the ongoing
8 controversy between Wynn and a former major
9 investor in the company, Kazuo Okada. The two
10 parties are presently involved in litigation
11 surrounding Wynn's action to remove Okada from
12 the company after concerns arose regarding
13 Okada's dealings in the Philippines and
14 potential violations of the Foreign Corrupt
15 Practices Act.

16 Okada included a counterclaim in the
17 lawsuit that the SEC had commenced a formal
18 inquiry into a Macau University donation. The
19 IEB confirmed that in July 2013, the SEC
20 announced it had terminated the investigation
21 and found no wrongdoing on the part of Steve
22 Wynn and his companies.

23 The IEB also confirmed the property
24 of the donation had been fully vetted by the

1 company before it was made including legal
2 advice approving the transaction. The Wynn's
3 claim and Okada's counterclaims are still
4 pending.

5 With respect to Macau, Wynn Macau
6 opened in 2006 and has undergone subsequent
7 expansions, the latest being the Encore at Wynn
8 Macau in 2010. Wynn Resorts entry into the
9 Macau gaming market has been a financial
10 success. Since it opened in 2006, Wynn Macau
11 operations have been the company's most
12 significant source of revenues by a wide margin
13 each year. Macau is the top grossing gaming
14 jurisdiction in the world.

15 As I indicated last week during the
16 suitability hearing last Monday for MGM, to
17 understand concerns around gaming operations in
18 Macau, it's important to differentiate between
19 pre- and post-1999. It has been widely
20 acknowledged that in the 1990s, Asian organized
21 crime groups known as triads became prominent in
22 the junket operation of Stanley Ho's casino
23 monopoly. The triad presence remained high
24 through the 1980s and the 1990s.

1 In the period 1995 through 1999,
2 large scale violence erupted between rival Macau
3 based triads vying for the lucrative gaming
4 junket operation market and its related
5 activities. During this period, Hong Kong based
6 triads also moved into the area.

7 In December 1999 pursuant to a
8 treaty between Portugal and China, Macau
9 reverted to Chinese sovereignty and became a
10 special administrative region of the People's
11 Republic of China. Casino gaming remained legal
12 in Macau while illegal in the PRC.

13 China took strong measures to
14 curtail triad violence including dispatching its
15 army and executing and imprisoning triad
16 members. There was an immediate and drastic
17 drop in violent crime.

18 Since 2000, a period in which
19 there's been a dramatic rise in gaming related
20 revenue in Macau, Macau has continued to
21 experience a significant decline in violence.
22 Nonetheless, concerns about organized crime
23 persist. And I expect that the applicant today
24 will address their approach to those concerns.

1 In 2001, the government opened a
2 bidding process for three gaming concessions.
3 Those concessions were granted to SJM owned by
4 Stanley Ho's company, Galaxy Casino and Wynn
5 Resorts.

6 Currently, in the Macau regulatory
7 structure, there are six autonomous licenses
8 operating approximately 35 of these casinos. Of
9 these licensees, there are three US-based, Wynn,
10 Sands and MGM.

11 I also discussed the gaming promoter
12 system in Macau last Monday and indicate a
13 significant portion of the gaming market is
14 composed of high-stakes patrons from the PRC who
15 almost exclusively play baccarat in dedicated
16 VIP gaming rooms.

17 VIP gaming rooms are well-appointed
18 suites generally located within a large casino
19 that provide luxury accommodations and privacy
20 exclusively for gaming by top-tier gaming
21 patrons. The gaming promoters rely on a network
22 of collaborators comprised of junket operators,
23 subjunkets and agents. The structure resembles
24 a pyramid as you go down the chain.

1 Because this lower-level network is
2 not subject to licensing and vetting, there is
3 an increased risk that criminal triads or other
4 unsuitable persons may infiltrate or resume a
5 foothold in Macau's casinos through this
6 collaborator network.

7 In Macau, it's the role of the
8 gaming promoter not the government to determine
9 the suitability of the gaming promoter's
10 partners. Wynn Macau currently has 12 gaming
11 promoters.

12 The promoters are solely responsible
13 for bringing customers to their respective
14 operation. Wynn Macau supplies all of the game
15 personnel such as dealers and game supervisors
16 as well as security personnel and surveillance
17 monitoring. The cage or financial center is
18 operated exclusively by employees of the gaming
19 promoter under the surveillance of Wynn Macau
20 and the DICJ.

21 Only the principals and owners is
22 disclosed on the licensing application are
23 subject to vetting and licensure by the DICJ
24 pursuant to regulations in Macau. Wynn takes

1 steps above and beyond those required by the DIC
2 regulations by performing background checks on
3 those employees of the gaming promoters working
4 at the Wynn Macau casino including the anti-
5 money-laundering coordinators and those
6 employees who operate the financial cages in the
7 gaming promoter rooms.

8 Wynn Macau advances commissions to
9 the gaming promoters. And the gaming promoters
10 in turn advance credit to the customer through
11 the collaborator distribution system. Wynn
12 Macau is not involved with the gaming promoter
13 to customer credit issuance and collection
14 process. Therefore, Wynn Macau has no corporate
15 knowledge of what interest rate, if any, is
16 charged or the manner in which debt collection
17 is undertaken in jurisdictions that do not
18 recognize gambling debts as legally enforceable
19 obligations such as Macau.

20 IEB investigators reviewed the due
21 diligence process that Wynn Macau uses for
22 gaming promoters. It did note that
23 investigators seldom if ever include interviews
24 with the gaming promoters themselves, although

1 personal interviews are conducted at the level
2 before it is forwarded to corporate
3 investigations.

4 When negative information regarding
5 junket personnel or activities comes to Wynn
6 Macau's attention, the company's approach is to
7 refer unsubstantiated or unverifiable
8 information as well as unconfirmed intelligence
9 to the DICJ, the Nevada Gaming Control Board or
10 other appropriate agency.

11 Wynn Macau is fully compliant with
12 DIC's regulatory requirements and as further
13 detailed in the report has at times has gone
14 above and beyond DICJ's requirements.

15 Investigators also reviewed the
16 anti-money laundering policy at Wynn Macau as
17 well as their procedures of politically exposed
18 persons, which are compliant with regulatory
19 requirements. Additionally, Wynn Resorts has a
20 foreign corrupt practices policy prohibiting
21 payments to foreign government officials.

22 Overall, the applicant was
23 cooperative and provided the information
24 requested by investigators. No issues were

1 discovered by the investigation that would
2 disqualify the applicant entities or natural
3 person qualifiers. As such, the IEB recommends
4 that the Commission find the applicant, Wynn
5 Mass., LLC, suitable subject to the following
6 condition: that the applicant should satisfy
7 the Commission at a hearing at the applicant's
8 business practices in Macau meet the statutory
9 requirement of responsible business practices in
10 any jurisdiction. Accordingly, we are here for
11 the hearing today. Thank you.

12 CHAIRMAN CROSBY: Any questions,
13 response? Commissioners?

14 COMMISSIONER MCHUGH: I have none.

15 CHAIRMAN CROSBY: Then I think we
16 will proceed to an introduction or presentation
17 by the applicant.

18 THE HON. WILLIAM WELD: Mr.
19 Chairman, the applicant would like to call four
20 witnesses in the following order: Stephen A.
21 Wynn, Founder, Chairman and CEO of Wynn Resorts,
22 Kim Sinatra, General Counsel Wynn Resorts, Jim
23 Stern, Senior Vice President Wynn Resorts in
24 charge of corporate security, and Jay Schall

1 Senior Vice President Legal and General Counsel
2 of Wynn Macau, Limited.

3 Matt Maddox, the President and Chief
4 Financial officer of Wynn Resorts is again with
5 us here today and available to answer questions.
6 So, our first witness will be Mr. Wynn.

7 MR. WYNN: Thank you, Governor.
8 First of all, can you hear me all right?

9 COMMISSIONER MCHUGH: We can.

10 CHAIRMAN CROSBY: Yes.

11 MR. WYNN: It's a pleasure to be
12 here. In the interest of moving this procedure
13 along and not taking any more time than is
14 necessary but yet meeting our requirements,
15 surely the most pressing issue in these moments
16 is suitability. These moments of suitability
17 would be our sensitivity to compliance and the
18 way we run our business.

19 We have been doing this, I have, for
20 47 years. The company was known as Golden
21 Nugget then became Mirage Resorts and then
22 subsequently Wynn Resorts. During that period,
23 since I was 25 years old, I've had the chance to
24 develop a fairly advanced sensitivity to the

1 kinds of things that are required of people in
2 our business.

3 It isn't rocket science. It doesn't
4 take an enormous amount of imagination. It just
5 takes common sense. Gaming is a business that
6 is unique. I mentioned earlier in a
7 conversation with this Commission, and I've done
8 so publicly that we in this industry have sort
9 of a presumption that we need to prove that we
10 know the difference between right and wrong, and
11 we know how to conduct our business ethically.

12 I think that presumption is due to
13 the unsavory and colorful history of gaming as
14 it was conducted illegally earlier since the
15 Depression and bootlegging days and through the
16 early days of Las Vegas. I am fully sensitive
17 to that.

18 And for the past 45 years I've dealt
19 with that as best I can. And most importantly
20 learned to be anticipatory. Anticipatory in
21 understanding what would be expected of us and
22 the kinds of things that would occur after the
23 fact in questioning about our behavior at
24 earlier times.

1 In that regard, when we entered our
2 business career when we started in China, which
3 is of course the most interesting subject,
4 knowing very well about the history of our
5 industry, the sort of you need to prove that
6 you're worthy kind of mentality that was out
7 there, we were entering a new market in Macau.

8 Our history in Las Vegas had been
9 exemplary, spotless in every regard. We had
10 been in business in New Jersey. We had never
11 received a negative vote in all of the years,
12 wherever we were. We had nothing to prove and
13 nothing to explain in terms of our past.

14 But going to China represented a
15 very interesting moment. I knew nothing of
16 China, like most Americans. And Macau had a
17 very, very funny reputation. It was Dodge City
18 in many respects. I was aware of it. We had
19 dealt to Hong Kong customers in the Mirage and
20 at Bellagio. We had known about Asian business.
21 Caesars Palace had a lot of it early on in the
22 70s.

23 Now here we were with an opportunity
24 to participate in the market. And we were lucky

1 enough, I was, to receive the first concession.
2 They were giving two new ones, one to Stanley Ho
3 because he had all of the employees in the
4 buildings. But they were going to create two
5 new primary concessions.

6 Under the aegis of the People's
7 Republic of China following the turnover in
8 1999, a new chief executive had been appointed
9 named Edmund Ho. He had been educated in
10 Canada. His family had started the first
11 Chinese bank in Portuguese Macau called the
12 TienPhong Bank. He was a highly respected
13 family. He had been involved in the legislative
14 activities of Portuguese Macau and was named the
15 first chief executive.

16 The community had decided to expand
17 the horizons of Macau, to take the tackiness out
18 of it and to make it a tourist, a convention, an
19 entertainment destination worthy of dominating
20 Asia. Those were the decisions that were taken.
21 And in that regard they were going to have new
22 concessions.

23 We were lucky enough -- There were
24 20-odd applicants. Then they made a shortlist.

1 And then we got on the shortlist. And finally
2 they published the scores of the companies that
3 had made their presentations in the South China
4 Morning Post. And we were miles ahead of
5 everyone else and we got the first concession.
6 That was the beginning of our history there.

7 Early on, it occurred to me that if
8 we were to maintain our reputation, we were
9 going to have to handle this entry into Macau
10 with a great deal of circumspection and a great
11 deal of thought. So, when we put together our
12 organization there, I went to a friend of mine
13 who had been the director of the FBI and had
14 just retired during the Bush administration,
15 Papa Bush.

16 I asked him I said look, we are
17 going into China. And I need to navigate some
18 complicated waters. And I'm totally
19 inexperienced in such things. I don't speak the
20 language and I don't have any chance really of
21 second-guessing the complexities of that
22 culture. What can I do for help?

23 He said, I've got a guy for you,
24 Steve. The FBI has never been allowed to

1 participate outside the United States until
2 after 9/11. But because of the threat of
3 terrorism, the FBI has been given a new brief.
4 They now are opening offices around the world to
5 make liaisons with all of the law enforcement
6 and intelligence people around the world to
7 protect Americans.

8 The FBI assistant director who was
9 in charge of this is a man named Larry Mefford.
10 He is the one that has opened all of the offices
11 around the world. He is the most experienced
12 international intelligence guy the FBI has ever
13 had. He is just coming up for retirement. I am
14 going to introduce him to you.

15 And I hired Larry Mefford, who you
16 met last week because he's a new employee at
17 MGM. I hired Larry when we were in
18 construction. And I sat with him. And I said,
19 Larry, you are fresh out the FBI. I remember he
20 had a brand-new passport other than the one he
21 used as a policeman.

22 I said Larry, we came here together
23 during the very early days before we even broke
24 ground. -- No, we were in construction, the

1 very early days of construction in '04. And we
2 opened in '06, I might point out, Labor Day of
3 '06. I said Larry, how are we going to figure
4 out who we are doing business with here?

5 He said, good question. He said,
6 what I'm going to do is I'm going to go recruit
7 a guy that has worked on organized crime and all
8 of the shenanigans in this part of the world at
9 the Hong Kong Police Department named Lisle.
10 And we recruited this fellow Lisle who MGM
11 mentioned last week.

12 One of my employees in the early
13 stages was Grant Bowie who you met last week.
14 So, Grant Bowie met Larry Mefford with me while
15 we were in construction. And he met Lisle, Jim
16 Lisle while we were in construction. I
17 recruited those men and put them in place to do
18 background investigations and to understand the
19 way it worked over there.

20 Who was unacceptable? Who was, a
21 term I like to use, radioactive which meant we
22 couldn't touch him. And who was okay? And in
23 this world things are not black and white.
24 Frequently, they are different shades of gray.

1 In China, the word triad was a word
2 that in America had become synonymous with Mafia
3 or Cosa Nostra. That was not true and it is not
4 true today that those words are synonymous.

5 The triads started off as political
6 action and dissension groups. And it was a
7 short hop, I guess if you're a political
8 dissension groups under Mao Tse-tung to get
9 involved with other criminal or unlawful
10 activity or prohibited activity. So, some of
11 them engaged in loansharking and drugs and other
12 criminal activities like prostitution.

13 But all kinds of people in China
14 were involved or touched triads. So, triad
15 became a word that was front and center for us.
16 What did it mean if someone was associated with
17 a triad? Did that mean that we couldn't have
18 anything to do with them? Or were there some
19 people that were okay and others that were not?

20 And it came to pass in my education
21 by Mr. Lisle and Mr. Mefford and others that
22 were recruited that if someone was engaged in
23 unlawful activity or they belonged to an
24 organization that engaged in unlawful activity

1 and they were engaged in unlawful activity they
2 certainly were disqualified from doing business
3 with Wynn Resorts or Wynn Macau.

4 But having some association with a
5 triad in and of itself was not a disqualifier.
6 On that basis we began. But again, the key to
7 compliance is anticipation. Thinking in
8 advance, having a modicum of imagination to know
9 what people will expect when they look at your
10 history.

11 So, when we started making
12 investigative reports of people with whom we did
13 business, we turned those investigative reports
14 for Mr. Lisle and Mr. Mefford, we created a
15 structure where their information went directly
16 to our compliance committee. Excuse me. I'm
17 getting over a cold.

18 One of the other advantages we had
19 was that Wynn Resorts went public in '02 and was
20 a company created after Sarbanes-Oxley was
21 passed by the Congress. Which meant that all of
22 our structure corporately was done after
23 Sarbanes-Oxley and so included all of the
24 safeguards that were instituted in the

1 securities business following the Enron scandals
2 and such things.

3 So, we had a very anticipatory kind
4 of structure, and very definite areas of
5 compliance and responsibility that were built
6 into our corporate structure.

7 But I fixed it up with Mr. Mefford
8 and Mr. Lisle that their line of reporting would
9 be direct apart from management directly to the
10 compliance committee of the board of directors
11 chaired by Governor Robert Miller.

12 That was another point. When we
13 created a compliance committee pursuant to
14 Sarbanes-Oxley in our new company, we did it
15 with some anticipatory imagination again.
16 Governor Miller had been the only two-term
17 elected district attorney and prosecutor in Las
18 Vegas.

19 His father had been a casino person.
20 So, he came from a family familiar with gaming
21 and deeply acquainted with Las Vegas. But he
22 was the prosecutor in Las Vegas, the District
23 Attorney for eight years and then the president
24 of the National District Attorneys Association

1 nationwide in the United States.

2 Then he became lieutenant governor.

3 And when Dick Bryan left as governor to become a
4 senator, he did two years of Dick Bryan's term
5 as governor, and then with huge popular
6 majorities, eight more years as governor
7 himself. So, at 10 years, the longest sitting
8 governor in Nevada history up until today.

9 And then during Clinton's
10 administration, the chairman of the National
11 Governors Association. A man of unquestioned
12 integrity, total experience in gaming and
13 prosecution and criminal affairs. He became the
14 chairman of our compliance committee from day
15 one of the existence of this company.

16 And I arranged with my colleagues
17 for Larry Mefford and Jim Lisle and the whole
18 security apparatus of the company to report
19 directly anything that they discovered about
20 people we did business with. People we
21 rejected, people we accepted, went to Governor
22 Miller.

23 Then in the summer of '06, before we
24 opened the hotel in Macau, before we commenced

1 operation, not after, I instructed that all
2 reports from Mr. Mefford and Mr. Lisle up or
3 down, good or bad, would be given to the Gaming
4 Control Board of Nevada.

5 There was no requirement to do so,
6 but I understood that we would be subject to
7 after-the-fact judgments. That we would be
8 called upon to explain things in hearings like
9 this one today. There was no guarantee that we
10 would answer every question perfectly. Because
11 to quote President Kennedy in his inaugural
12 address: "Here on earth, God's work is done by
13 men and therefore must necessarily be less than
14 perfect".

15 But I bring up this story and I take
16 your time this morning to put some context into
17 the history of this company Wynn Resorts that's
18 been public since '02 and that I started in
19 2000. And it's consistent with the 27 years at
20 Golden Nugget which became known as Mirage
21 Resorts that was merged into MGM in 2000.

22 These practices are not new. They
23 are not recent. I've been doing this for 47
24 years. I must say, I've had good days and bad

1 days on this job. People who seek to trick
2 people, to connive or to misbehave, they have
3 unlimited resources to find new ways of doing
4 it. We pretty much stay ahead of that.

5 But I have to tell you that in the
6 years that I've been in Macau, and that's now
7 since '01, and having been in this business for
8 47 years, I am thoroughly impressed with the
9 energy, the integrity that has been brought to
10 bear in Macau by that government and that
11 regulatory agency as they've dealt with the most
12 historic expansion in the history of
13 civilization.

14 Between 2002 and this morning,
15 revenue in Macau went from about \$2 or \$3
16 billion to \$45 billion this year. Think of
17 that, Commissioners, \$45 billion from less than
18 \$5 billion in 10 years. There is no comparable
19 experience in the history of recorded
20 civilization to the expansion, the job creation,
21 the economic activity that's taken place under
22 the government started by Edmund Ho and
23 currently administered by Fernando Chui.

24 And to give you an idea about the

1 government in Macau, Fernando Chui, the Chief
2 Executive Officer of the company got his
3 bachelor degree in California in public health,
4 then went to the University of Oklahoma and got
5 his MBA in public health. And then he did his
6 doctoral thesis in public health at the
7 University of Oklahoma. He got a PhD. He wrote
8 his doctoral thesis on the HMO in 1983 when it
9 was a new thing. This is the quality of
10 leadership in Macau today. These are very
11 serious people who fully understand the
12 challenges that are presented by their
13 expansion.

14 But I have to say that it's the
15 squarest place I've ever been. The people are
16 wonderful. I am very proud to be in Macau and
17 that is going to be the subject today. One of
18 the reason I was so glad to be part of this
19 procedure, was I want to make sure that I make a
20 record of how proud I am to be in Macau, and
21 what a great job I think they're doing.

22 Because everything that is said here
23 today will be in the South China Morning Post
24 tomorrow. Everything that happens in the world,

1 the world has shrunk. And Boston now that
2 gambling is legal in Massachusetts, there is
3 this giant worldwide community of regulation and
4 exchange of information that's taking place.
5 And everything that happens everywhere is known
6 by everybody else.

7 When Larry Mefford came to me in
8 '07, he said, you know Steve, all of those years
9 in the FBI, my wife and I have always dreamed of
10 being in Europe. I have been offered a terrific
11 job. Because of this terrorism threat, Barclays
12 Bank in London are worried about their worldwide
13 antiterrorism protection. They contacted me
14 through a headhunter, offered me a tremendous
15 salary if I will take charge of Barclay
16 worldwide, their banking antiterrorism for their
17 branches.

18 I love working for you, but my wife
19 just wants two years in London. You won't feel
20 bad if I take advantage of it.

21 I said, no, Larry. That's great.
22 He says, but I won't leave here until I get you
23 somebody better than me. He said, you know my
24 background, but there's a guy that's a friend of

1 mine that is coming for retirement that is in
2 charge of the FBI and Asia, Asia. And he's
3 bilingual. His name is Jim Stern.

4 He can take my place and do a better
5 job than I can, Steve. And I'll go off to
6 Barclays and my wife will have her two years in
7 London.

8 I said, sure. Jim is here today.
9 And he will be glad to talk to you about China
10 and the things that he does and how we operate
11 our business.

12 But I want you to know the key to
13 compliance is anticipation and commonsense. But
14 I don't think that any executive in my business
15 can stand up and say that with all of that money
16 moving around every second that anybody can keep
17 track of it, not 100 percent perfectly.

18 But the issue is do we allow illegal
19 activity in our casinos? The answer is no, no.
20 Do we do everything that you can reasonably do
21 to stop it? Yes. And I don't believe that
22 casinos have criminal activity all of the time,
23 everywhere by any means. And I'm here to say
24 that. I am also here to answer your questions,

1 introduce my colleagues.

2 One other point, there's a
3 sensitivity to problem gaming here in
4 Massachusetts. Part of running our business is
5 to be sensitive to problem gaming. My father
6 was a compulsive gambler. And I broke because
7 of it. It's a painful thing for families.

8 I was on the first board of
9 directors of Dr. Robert Custer's Institute of
10 Pathological Gaming many years ago and supported
11 it financially. And I got education from Dr.
12 Custer who has written all of the seminal work
13 on this subject.

14 Problem gaming is like any other
15 compulsive activity, drugs and alcohol, it
16 destroys families. It affects a percentage of
17 the population of the world. In gaming, Dr.
18 Custer measured it was about one and a half to
19 two and a half percent of the population that is
20 susceptible to this form of compulsion.

21 But like alcohol and drug abuse,
22 gambling abuse and its treatment depend on one
23 essential fact, the victim has to recognize the
24 problem and voluntarily decide that they've had

1 enough of it. That's the secret to the
2 treatment of this illness according to all of
3 the experts.

4 With that in mind, we are able to
5 spot such people rather easily. If you are in
6 my business, it's not hard to spot someone who's
7 got a problem gaming. And we've always taken
8 action about that when we see it.

9 There was a man whose last name
10 begins with W, gambled when we opened Wynn. He
11 kept playing every single day. Asked for more
12 and more credit. He was a very, very wealthy
13 man, a multimillionaire worth close to half a
14 billion dollars. He applied for and got a
15 credit limit of \$5 million. He kept a villa at
16 the hotel and came every week.

17 He would win and lose \$1 million or
18 \$2 million a trip. And if he owed us money, he
19 would paid promptly. We watched this for a few
20 months. My colleague Mark Shaw came to me one
21 day and said -- I don't need to say his name to
22 you in this hearing today. He said this
23 individual Mr. W. is back. I said yes, what
24 else is new?

1 He said, Steve, he owes money in
2 three other casinos. We gave him \$5 million.
3 He's now 15. I don't think we should go any
4 further with this guy. He's got all of the marks
5 of what you and I call a compulsive player.
6 This is about the hundredth conversation I've
7 had of this sort with this guy over a period of
8 years, my colleague. He said I want to pull the
9 plug.

10 I said, of course. I said, we don't
11 need to be part of this anymore. This is all
12 wrong. As a matter of fact, I'll deal with it
13 myself. I know the customer. I picked up the
14 phone while we were sitting there. I asked my
15 secretary to call casino marketing, asked if
16 they had his cell phone, got him on the phone.

17 I said look, we appreciate that
18 you've come here and given us all of this
19 business. And you've been a gentleman to our
20 employees. You've handled yourself in a very
21 professional way. But I have to speak honestly
22 to you, this it looks to me like it's out of
23 hand. And I don't want to be part of this
24 anymore. The company doesn't want to be part of

1 this anymore.

2 I want you to pay off the \$5
3 million. And I want to tell you in advance that
4 we are not going to -- We are going to cancel
5 your credit. I don't want to be part of
6 financing this anymore. You owe money all over
7 town and that's not healthy for you. And it
8 could be embarrassing for us as well.

9 I know that you are upset. He said
10 look it, you have no right to tell me how to
11 behave. I'm 50-odd years old. This is my
12 money. I paid my debts.

13 I said, I know, but you've got a
14 problem. I don't want be part of your problem.
15 So, if you want to do this, go do it somewhere
16 else. But if you want to play here, you play
17 for cash, no more credit. And I'm going to
18 deposit your check next week if you pay us. But
19 I want to terminate the credit account.

20 Well, he said, you do what you have
21 to do. And he hung up on me. We deposited the
22 check. We got paid of course. The player never
23 came back again.

24 He got buried by the opponents, by

1 the competition, ended up in an unsuccessful
2 lawsuit. The company that gave him credit sued
3 him. His defense was that he was taken
4 advantage of and he won.

5 That kind of stuff negative
6 publicity about our industry occurs when casinos
7 don't exercise restraint and maturity. But that
8 restraint and maturity is one of the things that
9 the Commission should take into account in
10 suitability and trust us to run our business
11 properly based upon experience.

12 There are people that have applied
13 for licenses here that don't have experience.
14 Companies are like horses, they run true to
15 form. People that have run their business
16 properly for years will undoubtedly run their
17 business properly going forward.

18 So, experience does matter as much
19 as financial capability and all of the rest, or
20 good taste and design. Those are all important
21 things. But taking care of the employees, using
22 commonsense and looking -- Your investigators
23 have spent a fortune and they bill us for it, to
24 find out what we're like, what's our history

1 like. And you know. And what we ask is that
2 you accept our history for what it is, a story
3 of best efforts, not perfect.

4 But I tell you that if you pick us
5 to be in business in Massachusetts, we will do
6 what we have done before, try our best. And we
7 are here because it looks like fun. We do this
8 because it's fun. We want to have fun building
9 buildings, making people go wow.

10 And if I could dare to give some
11 advice to the Commission, I would say you should
12 pick someone that looks like fun to you. Here
13 is Ms. Sinatra.

14 MS. SINATRA: Thank you very much.
15 Are there any questions for Mr. Wynn before we
16 continue?

17 CHAIRMAN CROSBY: Questions from
18 Counsel?

19 MR. MACKEY: The Bureau has no
20 questions of Mr. Wynn.

21 CHAIRMAN CROSBY: Commissioners?

22 COMMISSIONER MCHUGH: I may come
23 back at the end, not at the moment.

24 MS. SINATRA: So, that person who

1 talked about animals and kids never met Steve
2 Wynn, right?

3 My name is Kim Sinatra. And I'm
4 going to try to go next. My job here is to give
5 you an overview of our compliance programs both
6 in the United States and Macau.

7 A little bit about my background. I
8 went to Wellesley College. I graduated in 1982.
9 I attended the University of Chicago Law School
10 and graduated from there in 1985. I proceeded
11 from there to become a partner at Gibson, Dunn
12 and Crutcher in the New York office. And my
13 specialty was real estate.

14 Through that I met Merv Griffin and
15 I represented Mr. Griffin as an outside lawyer
16 and then as his General Counsel in the early 80s
17 and 90s. I have been at Wynn Resorts for 10
18 years and that little path brings me to you
19 today.

20 This first slide while it looks a
21 bit messy and busy, I think what it's reflective
22 of it is reflective of the incredible purview of
23 compliance throughout our organization. As Mr.
24 Wynn most eloquently told you is that the idea

1 of compliance is that it needs be an essential
2 part of your entire corporate culture.

3 If one is to conduct one's business
4 with integrity and in an ethical manner,
5 compliance becomes part of what you do. And it
6 shows up in very many ways. As Mr. Wynn also
7 noted is the key for us on compliance is to be
8 anticipatory. We try to develop an
9 infrastructure before we start an area of
10 operations that equips us to identify problems
11 to stop them from happening.

12 Of course, being imperfect, and
13 dealing with imperfect people, problems will
14 arise. And the hallmark of a good compliance
15 program is being able to identify those problems
16 and deal with them in a reasonable way.

17 The second way I would describe a
18 good compliance program and ours is that it's
19 dynamic. While it is comprised of lots of boxes
20 on charts, lots of written policies and
21 procedures, and many job descriptions, is on a
22 daily basis we examine ourselves. Are we doing
23 a good job? Has anything happened that requires
24 us to reform any portion of what we do?

1 And while we have formal reviews,
2 usually annually of most of our policies and
3 clearly annually of all of our people, to the
4 extent that circumstances occur and things
5 happen that maybe we don't like, our compliance
6 procedures will be reviewed and if appropriate
7 will be reformed.

8 So, let's take a minute to go
9 through this slide. You can see at the top of
10 the slide our parent company, Wynn Resorts
11 Limited. That's our public company with a
12 market value of about \$18 billion. It's traded
13 on the NASDAQ under the symbol Wynn.

14 You can see on the left-hand side of
15 the slide, we have two operating companies, Wynn
16 Las Vegas, which is 100 percent owned by Wynn
17 Resorts. And then on the right side of the
18 slide Wynn Macau, Limited, which is traded on
19 the Hong Kong Exchange. We own 72 percent of
20 the stock of that company, 27 percent of which
21 is owned by public shareholders in China.

22 The operations of our parent company
23 are supervised by our board of directors, which
24 you've heard about earlier. We have eight

1 members on our board, six whom are fully
2 independent of management. The two inside
3 directors being Mr. Wynn and Elaine Wynn.

4 Our board of directors is comprised
5 of incredibly distinguished people. You've
6 heard about a couple of them. Governor Miller
7 chairs our compliance committee and is our
8 presiding director.

9 Among the other independent
10 directors are Ray Irani who serves as longtime
11 chairman and CEO of Occidental Petroleum. Al
12 Shoemaker who served as the chairman and CEO of
13 First Boston and a longtime chairman of the
14 Board of Trustees of the University of
15 Pennsylvania. We are very proud of our board
16 And we rely on their direction and oversight in
17 the conduct of our business.

18 You see below the board, CEO and
19 management. One of the hallmarks and essential
20 features of a successful compliance program is
21 what the books will tell you is the tone at the
22 top. I think that you probably got an idea of
23 our tone at the top from Mr. Wynn's presentation
24 this morning.

1 You see the next box over from CEO
2 and management is the corporate compliance
3 committee. This is the independent committee
4 chaired by Governor Miller described earlier by
5 Mr. Wynn.

6 That committee is also populated by
7 Mr. Maddox who serves as the president and CFO
8 of the parent company and John Strzemp, our
9 chief administrative officer of Wynn Resorts
10 Limited. That compliance committee meets
11 quarterly. It reports directly to the
12 independent board of directors. Each meeting of
13 our board of directors has a written agenda item
14 for a report from Governor Miller with respect
15 to the activities and findings of the compliance
16 committee.

17 The additional participants in those
18 quarterly meetings include myself, our
19 compliance officer Kevin Tourek who is also the
20 General Counsel of Wynn Las Vegas. Mr. Schall,
21 who you'll have the opportunity and great
22 pleasure to meet in just a few minutes who is
23 the General Counsel of Wynn Macau. Our head of
24 internal audit, the executive director of Wynn

1 Las Vegas's casino finance department and our
2 director of corporate compliance who is a woman
3 called Shannon Nadeau.

4 Next to that you will see
5 independent auditors. Ernst and Young serve as
6 our independent auditors. Due to our public
7 company status in the United States and Hong
8 Kong, we are required to file periodic reports
9 under SEC rules. Ernst and Young is our
10 independent auditor in both jurisdictions and
11 has been able to render unqualified opinions
12 with respect to our financial controls since
13 inception of our company in 2002.

14 We have a very robust internal audit
15 department. That internal audit department
16 again, pursuant to Sarbanes reports directly to
17 the audit committee and the independent chair of
18 the audit committee. So, they are independent
19 of management.

20 Marcus Trummer who has experience
21 with one of the big however many are left
22 accounting firms has been our internal audit
23 head for approximately 10 years.

24 Right below that you see corporate

1 investigations. You'll hear from Mr. Stern
2 shortly. We have a disclosure committee, again,
3 a creature of Sarbanes-Oxley. That disclosure
4 committee is comprised of the functional heads
5 of financial reporting, IT, security,
6 surveillance and the operating companies in
7 addition to legal.

8 That disclosure committee is
9 responsible for reviewing all quarterly reports
10 and annual reports before they are filed with
11 the SEC and provide accountability down through
12 the organization for all of the public
13 disclosure that is made.

14 You see next to the disclosure
15 committee, the compliance officer. That again
16 is Mr. Tourek. He reports directly to Governor
17 Miller in his capacity as the compliance officer
18 and has a direct reporting relationship to the
19 board of directors should he remain unsatisfied
20 with any of his interactions with Governor
21 Miller.

22 When we go down to the operating
23 level, you'll see that at Wynn Las Vegas there
24 is management there and a full executive

1 management team. There is a gaming compliance
2 committee at the operating company level.

3 The Wynn Las Vegas gaming compliance
4 committee is chaired by a very experienced
5 gentleman named Larry Whelan. His title is
6 executive director of casino finance. This
7 committee meets monthly. It operates pursuant
8 to a written agenda. While it is responsible
9 for assuring compliance with all of the
10 regulations promulgated by the Nevada Gaming
11 Control Board, it has as a very large part of
12 its function is to assure compliance with the
13 Bank Secrecy Act obligations we have, which is
14 filing currency transaction reports and
15 suspicious activity reports, under the aegis of
16 FinCEN as enforced by the IRS.

17 Under FinCEN and under our
18 obligations under the Bank Secrecy Act, we are
19 subject to a full audit by the IRS on our
20 currency transaction reporting every three
21 years. And what that means is the IRS, an
22 entire team of them, move into the Wynn for
23 anywhere between four and six months, and tick
24 through thousands and thousands and thousands of

1 currency transaction reports that have been
2 completed and filed by our organization.

3 We've just commenced our most recent
4 audit. Our last audit three years ago was
5 concluded with no fines being assessed and very
6 minimal findings and was by IRS admission the
7 most successful audit of our peers in Las Vegas.

8 As we move over to Wynn Resorts
9 Macau, there's quite a similar structure there.
10 Which is management, there's a gaming compliance
11 committee there that also meets monthly. They
12 are responsible for making sure that all of the
13 rules and regulations promulgated by the DICJ in
14 Macau are adhered to in the operation of Wynn
15 Macau. And they also have as a very, very large
16 part of their portfolio assurance that we comply
17 with all of the currency transaction obligations
18 in Macau, which are quite similar and mirror
19 those in the United States.

20 They are applicable both to us and
21 to our junket operators. That committee is
22 chaired by the chief financial officer of Wynn
23 Macau, a gentleman named Robert Gansmo. The
24 other members of that compliance committee

1 include our chief operating officer, our General
2 Counsel in China, several members of our legal
3 and finance team, the casino controller, the EVP
4 of casino operations, the gentleman in charge of
5 cage operations, the director of surveillance,
6 the executive director of gaming compliance and
7 the senior members of the internal audit team in
8 Wynn Macau.

9 There are US participants who listen
10 in on those meetings. They include myself, our
11 compliance officer, Mr. Stern, members of my
12 team, internal audit and the compliance
13 division.

14 In addition to the gaming compliance
15 committee, there are two special committees in
16 Macau that are necessary as a result of both
17 regulatory requirements and the methods of
18 operation. The first is the junket committee.

19 The junket committee is comprised of
20 Mr. Schall, the president of Wynn Macau and the
21 chief financial officer of Wynn Macau as well as
22 a member of security. That committee is
23 responsible for approving background of junkets
24 before they are accepted to do business with

1 Wynn Macau and continues to supervise their
2 operations throughout their relationship with
3 us.

4 There is also called the PEP
5 committee, which notwithstanding its name has
6 nothing to do with cheerleaders. In Macau, we
7 are required to review our entire player
8 database for politically exposed persons as they
9 are defined under Macau law. There is a
10 worldwide database that includes this list of
11 people upon which are many government officials,
12 Chinese government officials, government
13 officials from other jurisdictions, as well as
14 those who may appear on certain watch lists or
15 prohibited countries.

16 So, the PEP committee is responsible
17 for identifying those people if they are either
18 credit customers of ours or junkets and taking
19 any action that is necessary under the laws of
20 Macau.

21 Since corporate investigations and
22 security is such an essential part of what we do
23 in compliance, I thought it would be worthwhile
24 for you to hear from Mr. Stern with respect to

1 his organization and some of the tools that he
2 employs in discharging his duties.

3 MR. STERN: Good morning,
4 Commissioners. It's nice to be back, good to
5 see you again. My background prior to coming to
6 work at Wynn Resorts six and half years ago, I
7 was in the US military. I was in the Army. I
8 was stationed in Vicenza Italy with the 509th
9 Airborne. I discharged and went to college.

10 I went to the University of Southern
11 California. I got a degree in international
12 relations. I am bilingual. I'm a Japanese-
13 American. I speak Japanese. I graduated from
14 college.

15 And I served 25 years in the FBI.
16 Eighteen of the 25 years in the Bureau was in
17 the organized crime field. I served three tours
18 at FBI headquarters. All three tours were in
19 the Asian organized crime unit.

20 I transferred 10 times in the
21 Bureau, which was not fun but that's the Bureau.
22 That's the old Bureau. One of those assignments
23 was also as the FBI attaché in Hong Kong
24 '94/'95.

1 Again, I worked Asian organized
2 crime, organized crime for about 18 years. I
3 was either involved directly as a supervisor or
4 an undercover agent in probably the three most
5 significant operations in the Bureau in the 80s
6 and 90s, Operation Tropical Storm, Crystal
7 Thunder, and Royal Charm. I retired from the
8 Bureau in 2007 as the chief of the Asian
9 criminal enterprise unit.

10 I was fortunate enough to follow
11 Larry Mefford, a FBI colleague of mine that Mr.
12 Wynn referred to earlier. And I've been with
13 the company for again, six and a half years.

14 In terms of the makeup of my
15 department, both in Las Vegas and in Macau, we
16 have hired the most experienced law enforcement
17 officials both in Macau and here in the US. We
18 have over 300 years of law enforcement
19 experience both federal, state and local in
20 Macau.

21 As an example, we've hired former
22 Royal Hong Kong Police and Hong Kong police
23 chief superintendents who have a background not
24 only in intelligence but the Organized Crime

1 Triad Bureau, the Narcotics Bureau the
2 Intelligence Bureau. They're very senior law
3 enforcement officials retired and they are now
4 working for our company at Wynn Macau.

5 On the slide, Danny Lawley is the
6 current executive director of security for Wynn
7 Macau. He has a staff of 14 investigators.
8 From that staff, he's got over 150 years of law
9 enforcement experience in Hong Kong, in the
10 region in Macau.

11 In Las Vegas, I've got two
12 additional retired FBI agents who work for me.
13 The former assistant agent in charge of Nevada
14 and also a very senior and experienced organized
15 crime agent, who I hired about a year ago who is
16 also part of our makeup.

17 We have again, very, very
18 experienced security staff both in China and Las
19 Vegas. And we take our job very, very
20 seriously. I can tell you in my 25 years in the
21 FBI, other than the two years after 9/11, I've
22 never been busier in this job in my current
23 capacity. And I spent two years in Pakistan
24 after 9/11. So, I am very busy.

1 Just so you know, I want to also
2 touch on before I get into the intensive
3 background checks, etc. that we do, to ensure
4 due diligence and all of the backgrounds that we
5 do on all of our employees, our junkets,
6 vendors, etc., I want you to hear about one of
7 our security initiative that we put into place
8 both in Las Vegas and it will be implemented in
9 Macau in 2016 when we have our third property
10 there, the Wynn Palace. It's called the
11 trifecta.

12 The trifecta is based on experienced
13 law enforcement officials overseeing the
14 security department. And what that does is it
15 focuses on experienced officials who have a
16 specific skill set in their discipline.

17 Now in Las Vegas, the trifecta is
18 three individuals who have that skill set. The
19 top person is a 30-year metro Lieutenant named
20 Dave Logue. He's the on-scene commander. And
21 we have a clear bifurcation between operation
22 and administration.

23 The operations side is supervised by
24 a very decorated and experienced navy seal Joel

1 Beam. And on the administrative side is a
2 career hotel security person who handles HR,
3 etc. So, we don't comingle the
4 responsibilities. There's a clear distinction
5 and we delineate between operations and
6 administration. And that's our trifecta.

7 And we're going to employ that also
8 in Macau. It'll be a little bit different
9 because our new property will not be contiguous
10 to Wynn Macau and Encore. It will be across the
11 bay. But we'll have a version of that trifecta.
12 I also envision that trifecta here in Wynn
13 Boston should have that opportunity.

14 Getting to the intensive background
15 initiatives that we have, I think they speak for
16 themselves from World-Check, etc. We are very
17 thorough. All of our reports are sent to the
18 regulators and enforcement agencies. We do
19 maintenance checks. We do them every six
20 months.

21 In addition, to the checks that we
22 have access to, we also because of our law
23 enforcement background, we glean and extrapolate
24 intelligence information from our law

1 enforcement sources, etc. All of that
2 information is put into our reports. And those
3 reports were provided to your investigators.

4 Are there any questions at this
5 point?

6 CHAIRMAN CROSBY: No. Proceed.

7 MR. WYNN: In observing the
8 Massachusetts Commission recently, because your
9 stuff is televised, there are some questions
10 about the board of directors and management or
11 the board's sense of self-consciousness.

12 We had a situation in our company a
13 couple of years ago. Jim, one of our directors
14 wanted to go in business in the Philippines, a
15 big stockholder, a name you're familiar with. I
16 had always heard about bad things about the
17 Philippines, anecdotally.

18 I said Jim, I don't want to insult a
19 fellow director but would you please use your
20 resources and tell us about the Philippines.
21 From the FBI and from Interpol and everybody,
22 let's just take a look at the Philippines like
23 any other person in my position might say.

24 Jim said sure. I said Jim but if

1 you do, have it translated into Japanese because
2 Mr. Okada is interested. And I want to give him
3 the courtesy of understanding any position we
4 may take and the grounds for such position.

5 Jim went and did what he had to do,
6 hired independent investigators, used his
7 sources, and wrote a very thorough report that
8 frankly speaking was a great deal of
9 condemnation to the culture in the Philippines
10 that tolerated a great deal of corruption on a
11 political level.

12 There was a suggestion that was
13 almost the way things work there. Enough for us
14 to say we are not interested in the Philippines.
15 Mr. Okada, read this. We did this for you. You
16 are the largest shareholder of this company.
17 With me, we have 25 million shares a piece. We
18 don't need this. Read this. Hi, hi, hi Steve
19 son, hi.

20 Well, we got going, it wasn't enough
21 and Okada kept going. And Okada started using
22 our names on the Internet that it was going to
23 be a joint venture that we were going to go to
24 the Philippines. I objected very strenuously

1 and told Mr. Okada he had to cease and desist
2 from that activity.

3 And in one of our board meetings,
4 which is all in your investigative reports, we
5 asked Mr. Okada are you going to go in business
6 in the Philippines? He said yes.

7 At an independent board meeting that
8 day of the outside directors, Governor Miller
9 said the other guys aren't comfortable. He's
10 got to go. Okada had made a remark in a board
11 meeting that when we told him about Foreign
12 Corrupt Practices Act and how you couldn't do
13 business in the Philippines because of the FCPA,
14 Okada in a board meeting actually made a remark
15 to the effect that in Asia it's different. You
16 can use middlemen and it won't show.

17 Blood drained out of the face of all
18 of the directors at the table. And the
19 independent directors instructed me to get rid
20 of Okada. And we couldn't do that.

21 In Macau, we could get rid of him by
22 a vote of the other directors, by a vote of the
23 other directors. But in America, you had to
24 have a special meeting of the shareholders. You

1 had to get two-thirds of all of the shares
2 outstanding to remove a director. An
3 embarrassing, time-consuming, humiliating
4 experience.

5 We said Mr. Okada, if you insist on
6 going to the Philippines, you can't be on this
7 board of directors anymore. You must resign and
8 go away. Let me think about he said. I don't
9 want it to be your idea. Don't throw me off.
10 Let me think about it. He said this in a
11 quarterly board meeting, the same day that he
12 made the very incriminating remark about
13 middlemen.

14 We had simultaneous translation for
15 this fellow at the board meetings. People in
16 another room, like in the UN, so that each of us
17 could talk in English, he could hear it
18 simultaneously. He could talk to us and we
19 could hear it simultaneously just like the UN.

20 We had the translators there. So,
21 Kim Sinatra and I sat down with Okada that night
22 and told him he had to go. He answered me, let
23 me think about it. It will be my idea. Don't
24 throw me off. We waited a month. We called.

1 We waited another three weeks. We called. It
2 was clear that Okada was not going to do it.

3 We got to the next board meeting,
4 which took place 90 days later. And in the
5 board meeting, I said Mr. Okada, do you intend
6 to go in business in the Philippines, yes or no?
7 He said yes. I said thank you.

8 At the conclusion of the meeting,
9 Governor Miller ordered Ms. Sinatra to engage in
10 a full-scale investigation of Mr. Okada's
11 activities in the Philippines. We hired Louis
12 Freeh, the director of the FBI, the youngest man
13 ever appointed to the bench as a federal judge
14 in American history, and the US Attorney for the
15 Southern District of New York and finally
16 director of the FBI for President Clinton.
17 Louis Freeh conducted an investigation that
18 revealed myriad violations of the Foreign
19 Corrupt Practices Act, a virtual horror story.

20 We published this in an 8K when we
21 received it on February 18 two years ago in an
22 11-hour board meeting. We first saw the
23 investigative report on February 18 in an 11-
24 hour board meeting and he went through it page

1 by page.

2 On that day, we excluded Kazuo Okada
3 from our board of directors. We redeemed his
4 shares, but we could not exclude him. We had to
5 go through such gyrations.

6 According to Nevada law, the board
7 of directors is entitled to create an executive
8 committee with the full power of the full board.
9 The board of directors under Nevada law must
10 meet at least once a year. In order that Okada
11 not have any further contact with the affairs of
12 our company, we excluded him as a shareholder,
13 redeemed his shares pursuant to our bylaws and
14 Nevada law.

15 And then on the spot, reorganized
16 the board of directors in Las Vegas to put the
17 entire board as an executive committee,
18 everybody became a member of the executive
19 committee except Okada so that we could conduct
20 our business without him having any access to
21 our affairs. We did that until we conducted the
22 shareholder's vote. And 99 percent of the
23 shareholders voted to remove him.

24 But my point of this long-winded

1 presentation is that the minute that we knew
2 about this guy, we reorganized our board so that
3 he could not be anywhere near us. That's
4 compliance. That's what you do when you have a
5 real strong sense of how to run the business if
6 you've got the good fortune of having the
7 information at your fingertips on which to act.

8 I wanted to add that in this
9 compliance conversation about boards of
10 directors.

11 MS. SINATRA: Thank you. Continuing
12 on just so that you have the information is
13 we've got a list in front of you of all of the
14 different regulators with whom we interact on a
15 regular basis.

16 We have the SEC and NASDAQ as a
17 result of our public company status in the US.
18 The Nevada Gaming Control Board, the Department
19 of Justice and IRS as we talked about. DOJ with
20 respect to FCPA and other items, the IRS with
21 respect to currency transaction and Bank Secrecy
22 Act, FinCEN is also under Bank Secrecy Act and
23 OFAC under currency handling.

24 We switch over to Hong Kong and

1 Macau. We have a very similar set up, which is
2 the Hong Kong Stock Exchange and its enforcement
3 the SFC. The DICJ, which is the gaming
4 regulator in Macau. The Financial Intelligence
5 Office is also another regulatory agency in
6 Macau. It is specifically responsible for
7 currency transaction reporting. You'll see
8 those reports referred to as HVTs or ROVE. I
9 noticed last week they were talking about them.
10 And a lot of that has to do with language and
11 translation.

12 In addition, it's really important,
13 Jim talked to you about what our internal
14 resources are on security and surveillance. In
15 Macau, both the judiciary police and the public
16 security police, one is uniformed and one is
17 not, maintain a 24/7 presence inside our casino
18 as does DICJ.

19 In addition, Nevada takes some
20 jurisdiction over our operations in Macau by
21 requiring us to file quarterly reports upon
22 which we are required to report any violations
23 or any other adverse action that has occurred in
24 connection with our operations outside of

1 Nevada.

2 If we go onto AML, anti-money
3 laundering compliance, you can see in the US, we
4 have currency transaction reports. And that's
5 sort of a black-and-white issue. If there is a
6 cash transaction in excess of \$10,000 you owe
7 the report. It's applicable to all patrons. It
8 includes foreign currency, and it is reported
9 within 15 days to the IRS.

10 Suspicious activity reports are also
11 mandated under the Bank Secrecy Act. They are
12 discretionary and require us to exercise our
13 supervision of currency transactions within our
14 casino. And to the extent that our staff or
15 cage is suspicious that a transaction may not be
16 as it seems, one of these reports is filed
17 within 30 days of the transaction.

18 We undergo extremely detailed and
19 continuous training with respect to CTRs and
20 SARs in the US as well as in Macau. All
21 employees are made aware of these requirements.
22 And the people who are responsible for
23 implementing and administering these reporting
24 requirements receive extensive initial training

1 and annual training in both places.

2 In Macau, you can see the high-value
3 transaction report is very similar to a CTR.
4 The threshold is larger. It has been since
5 implementation of the law. That \$10,000 number
6 hasn't moved or been indexed by the US
7 government for, I don't know, 20 or 25 years.

8 In Macau, currency transaction
9 reporting is applicable to all patrons including
10 junket players. Junkets are primarily
11 responsible for filing HVTRs with respect to
12 their players. However, we are secondarily
13 responsible for that under the law. So, we do
14 training of the junkets.

15 In addition the government does
16 training through the financial office of junket
17 administrative staff. And each junket is
18 required and has nominated an AML contact person
19 with whom we liaise on a daily basis.

20 Summary reports are submitted to the
21 DICJ. Suspicious transaction reports again,
22 same deal is that they are discretionary. They
23 apply both to ourselves and to junkets. And
24 they are submitted to the financial intelligence

1 unit.

2 If we go to the next slide, this is
3 a summary of some of the most material of our
4 compliance programs and policies. I note that
5 in Nevada the FCPA is left out of that list,
6 which is of paramount importance. We have been
7 doing annual training on Foreign Corrupt
8 Practices Act for many years, both of hundreds
9 of our employees and of our board of directors.

10 We also do FCPA compliance training
11 at Wynn Design and Development, which is
12 responsible for construction and procurement as
13 well as at Wynn Macau for our marketing staff
14 and procurement staff.

15 In addition to that, we have anti-
16 money laundering, the gaming compliance program,
17 the self-exclusion program you see limited there
18 relates to problem gaming. It will be required
19 in Massachusetts as well. It enables a player
20 to come in, fill out some paperwork and say
21 please don't give me credit or market to me.

22 We have a myriad of company
23 policies, all of which have been reviewed by the
24 IEB. The master of all of those is the company

1 code of conduct and business ethics which
2 basically sets the tone.

3 We have department procedures and
4 training for all compliance areas. There are
5 monthly and quarterly meetings of our various
6 compliance committees. There is reporting, both
7 internally and to our board of directors as well
8 as to our regulators.

9 In Macau, you can see on the right
10 side of the slide a very similar infrastructure
11 with some additional areas like PEP compliance,
12 OFAC compliance.

13 Macau actually has stiffer
14 regulations in some areas than we subject to in
15 the United States. So, there are additional
16 policies and procedures that we go through in
17 Macau.

18 We have consistent company policies,
19 starting with the company code of conduct.
20 There are some additional policies applicable to
21 Macau including our junket background policy.

22 There is as much training and
23 compliance meeting and reporting in Macau as we
24 have in our US operations and many would argue

1 probably more extensive.

2 I'm going to turn the mic. to Mr.
3 Schall to review a little bit about our junket
4 operators as well as the compliance and security
5 that is relevant to our interaction with our
6 junket operators.

7 MR. SCHALL: Good morning. It's
8 nice to be back in Boston. You can hear me okay?

9 CHAIRMAN CROSBY: Yes.

10 MR. SCHALL: A little bit of
11 background about myself. I am Jay Schall. I am
12 the General Counsel of Wynn Macau, Limited and
13 the senior vice president of legal at Wynn
14 Resorts Macau, the operating company there.

15 I graduated from Colorado College in
16 1995 and took a joint JD/MBA program at Tulane
17 University, from which I graduated in 1999. I
18 then spent about seven years in private
19 practice, almost all of it was Skadden Arps, the
20 last couple of years in their Hong Kong office
21 doing all of the work for the Wynn Macau initial
22 2004 financing, where I met Kim and Matt and Mr.
23 Wynn and other members of the company.

24 I went in-house with Wynn in 2006.

1 And I've lived in Asia now nearly a decade, and
2 the better part of eight years of that in Macau
3 with a lot of frequent flyer miles to Las Vegas
4 and now Boston.

5 Our legal team in Macau is three
6 Portuguese lawyers and myself and some
7 administrative staff. We have all been there
8 since before opening. There's been zero turn
9 over, zero attrition. We are with every
10 department of the building.

11 In recent years, our focus as you
12 can imagine as with every other company doing
13 business anywhere has been compliance. I used
14 to be a finance lawyer. Now I think I'm finance
15 and compliance lawyer. So, I am the main
16 contact I think for Kim and Jim and Matt and
17 everyone else in Las Vegas for compliance in
18 Asia. And I spend a lot of time in early
19 mornings on the phone with Kim and Jim, five or
20 six days a week.

21 I am going to take you through a few
22 things. Junket overview very brief, because I'm
23 sure you're all very familiar with the junket
24 operation system in Macau now.

1 Junkets organize playerships to
2 Macau casinos. And they extend credit and
3 collect money from those players. There are
4 over 200 licensed junket operators in Macau.

5 Some of them are publicly traded and
6 incredibly large with thousands of employees and
7 dedicated compliance departments with dozens of
8 employees in those departments. Some of them
9 operate at vast majority of the properties in
10 Macau and all six concessions or subconcessions
11 do employ the services of junkets. They
12 facilitate about 60 percent of the Macau gaming
13 revenues. That's public information.

14 In terms of economics, casinos pay
15 commissions to the junket operators. And the
16 junkets get working capital either from some
17 form of advances from casinos, which is the
18 system that Wynn uses, as you know, and
19 investments from public and private sources.

20 Junkets are licensed and regulated
21 by DICJ. And the license process is extensive.
22 The application is very long and detailed. It
23 goes through shareholders, family members,
24 businesses, banking relationships. It's what

1 you would expect out of a full gaming license
2 application.

3 The DICJ in conjunction with the
4 Macau police run full criminal background
5 checks. And licenses are only valid for one
6 yet. So, there is sort of a mini renewal
7 process every single year. And then there's
8 full relicensing every three or six years
9 depending on if the license holder is an
10 individual or a corporation.

11 DICJ also, this isn't on the slide,
12 puts the junkets through a nearly continual
13 audit as they do with us. The majority of these
14 audits focus on anti-money laundering related
15 items. The quantity and quality of their high-
16 value transaction reports, the structure and
17 layout their compliance departments, the
18 training of their compliance officers. This is
19 a focus. And when we undergo that audit, the
20 junkets are selected and undergo that audit at
21 the same time. It's generally two times per
22 year and has been intensifying over about the
23 last three or four years.

24 Wynn puts junkets through additional

1 backgrounding procedures. As Jim went through,
2 he showed you what we do. It's a fairly
3 intensive background check. We used to update
4 them annually. We now update them for the last
5 three or four years semiannually. That at the
6 request of several of our board meetings. And
7 we felt it was a good idea.

8 Those reports go to our gaming
9 regulators in the applicable jurisdictions. Our
10 junket contract has largely been the same since
11 2006. It's fairly short and sweet and fairly
12 strong in our favor.

13 It has always contained an FCPA
14 representation. It has always contained an
15 obligation of the junket to adhere to the law in
16 anything that they do, whether on or off of our
17 property. It has always contained our ability
18 to terminate them virtually instantly if we
19 found a suitability issue with them. And it has
20 always given Wynn full control of their
21 operations in our building.

22 From where they operate, how many
23 tables they get, the staff they get, the table
24 limits. So, we keep a fairly tight hand on

1 them.

2 We also have mandatory training for
3 all junket employees before they start with us.
4 In addition to going through full criminal
5 background screening, and this is down from
6 their tea lady to the person who runs the
7 operations at Wynn, they get a background check.
8 And we reserve the right to not allow their
9 employees on our property before they start.

10 We train them all in AML. And those
11 junket employees who have a compliance role or a
12 cash cage role get extra training. And that
13 training is mandatorily refreshed every year.
14 And our internal audit group as well as the
15 government makes sure that that training is
16 given to every employee before they start and on
17 an annual basis.

18 MS. SINATRA: To finish up our
19 affirmative presentation on compliance, I just
20 had a couple of random thoughts on this last
21 page. One of the most important things about
22 compliance is that it isn't within a silo. And
23 I think one of the things --

24 CHAIRMAN CROSBY: It isn't what? I

1 didn't hear what you said. A silo, okay.

2 MS. SINATRA: A silo, I'm sorry.

3 One of the things that became apparent is that
4 on Friday for us is that cooperation between the
5 regulator and the regulated is essential to
6 getting to the place where you want to be.

7 So, we have an ongoing dialogue and
8 a cooperation with our regulators on every
9 level. And we generally take that as a
10 principle to principle. You won't find layers
11 of lawyers and outside advisor to talk to,
12 although we appreciate them very much. You
13 won't find them fronting for us in your
14 interactions with us. We generally like to show
15 up and be accountable for our actions.

16 The chairman of our corporate
17 compliance committee, Governor Miller goes to
18 Macau at least once a year. He meets at that
19 time with the head of the DICJ as well as the
20 chief of police and other senior law enforcement
21 agencies directly because he wants to be sure
22 that he's not hearing filtered information
23 through management. So, he finds that to be
24 very helpful.

1 He also goes and meets annually with
2 regulators in Nevada to talk about whether or
3 not we are doing a good job as a company. And
4 he reports that back to the full board of
5 directors.

6 Nevada has begun a very, very
7 positive outreach with the DICJ. I think that
8 one of the things that maybe IEB has found, and
9 I would encourage all of you, is that the gaming
10 regulatory world is relatively small. I think
11 that people who operate in that world as
12 regulators get a lot of benefit from talking to
13 one another.

14 They get to share information about
15 of all of us. And they get to share information
16 about issues that they may be seeing in their
17 jurisdictions. So, Nevada I think was out last
18 week meeting with DICJ because they've got three
19 of Nevada operators working in Macau. So, they
20 want to make sure that they have a good open
21 communication with the DICJ regulators.

22 We participate in industry
23 roundtable discussions. The topic du jour is
24 anti-money laundering and compliance in the US

1 and abroad. As you can see, FinCEN has been
2 very, very active with Las Vegas operators. We
3 always want to make sure that we have sort of
4 best in class policies and procedures.

5 And we keep on retainer outside
6 experts in those areas to advise us of changes
7 that are happening, changes either in attitude
8 or changes in regulations.

9 So, I think with that I can conclude
10 our affirmative presentation on compliance and
11 we're available for your questions.

12 CHAIRMAN CROSBY: Thank you. We
13 sort of did all of the witnesses at once rather
14 than one by one, but I think that's okay. You
15 can manage your questions.

16 Why don't we take a quick break
17 before we get into the next round.

18 COMMISSIONER MCHUGH: There was a
19 raised hand there.

20 THE HON. WILLIAM WELD: I had a
21 couple of questions, Mr. Chairman, but I'll do
22 it after the break.

23 CHAIRMAN CROSBY: Okay. Thanks.
24 Sorry, I didn't see that.

1 (A recess was taken)

2

3 CHAIRMAN CRSOBY: Why don't we
4 reconvene. We will pick up. I do just want to
5 make sure. I think this is clear to everybody,
6 just to make sure everybody has a heads-up,
7 particularly the Wynn Resorts group, we will
8 break for lunch around 12:00 and then at 1:00
9 will be convening -- the Commission has a
10 special session that hopefully won't be more
11 than about a half-hour from 1:00 to 1:30. Are
12 you familiar with this?

13 MS. SINATRA: No.

14 CHAIRMAN CROSBY: We have something
15 we have to do from 1:00 and 1:30 in a separate
16 meeting. So, we won't reconvene this in session
17 until give or take 1:30.

18 MS. SINATRA: So, you want us back
19 at 1:30?

20 CHAIRMAN CROSBY: Yes, thereabouts.
21 I thought you knew about that, sorry. It's just
22 something else we have to do to get out of the
23 way before we reconvene this meeting after
24 lunch. Is that all right?

1 MS. SINATRA: Certainly.

2 CHAIRMAN CROSBY: Okay, Mr. Mackey.

3 MR. MACKEY: Mr. Chairman, I believe
4 Governor Weld had a couple of questions.

5 THE HON. WILLIAM WELD: I am going
6 to waive those until after.

7 MR. MACKEY: Okay. Thank you.

8

9

10 EXAMINATION OF KIM SINATRA BY MR. MACKEY:

11

12 Q. Ms. Sinatra, good morning. Can you
13 hear me okay?

14 A. I can but I don't know if anyone
15 else can.

16 Q. Is this mic. on? Is it okay?

17 CHAIRMAN CROSBY: Yes. You're fine.

18 Q. (By Mr. Mackey) I want to focus
19 this morning, Ms. Sinatra, on the due diligence
20 performed by Wynn in connection with this
21 acquisition of the property in Everett.

22 A. Sure.

23 Q. Just to set the stage, I understand
24 that, and this was likely your first involvement

1 in that acquisition, that you flew to Boston
2 with Mr. Maddox at some point in November 2012;
3 is that correct?

4 A. Correct.

5 Q. Was it just the two of you, yourself
6 and Mr. Maddox?

7 A. That's my recollection.

8 Q. And at that time, you met with Mayor
9 DeMaria and you also toured the site?

10 A. DeMaria, but yes.

11 Q. Excuse me, Mayor DeMaria. Then
12 shortly after that visit, Wynn signed a
13 memorandum of agreement or a letter of intent
14 with respect to the potential of entering into a
15 more formal option agreement?

16 A. That's correct.

17 Q. And I believe the date of that was
18 November 27. Does that ring a bell?

19 A. That's my recollection.

20 Q. Prior to November 27, the execution
21 of this call it preliminary document, the
22 memorandum of agreement, Wynn performed some due
23 diligence in connection with that current
24 ownership of that site; is that correct?

1 A. That's my recollection. Is it
2 helpful for you if I sort of give you an
3 overview in a circumstance like this we would
4 approach the due diligence or do you want to
5 just ask questions?

6 Q. Let me just focus in, and then to
7 the extent you can't remember and your practice
8 would be useful for us to hear that would be
9 great. Let me just ask some further questions
10 here.

11 Do you have the report in front of
12 you, the redacted report that's been entered
13 into evidence as Exhibit 4?

14 A. I do.

15 Q. Page 61.

16 A. Okay.

17 Q. There's a paragraph in the middle
18 there that begins with in addition. Do you see
19 that?

20 A. Yes.

21 Q. "In addition, the IEB investigation
22 also confirmed that in November 2012, the
23 applicant performed some initial due diligence
24 on the sellers. They confirmed that the three

1 identified sellers that is Lohnes, Gattineri and
2 DeNunzio were in fact the owners as listed on
3 the legal documents," etc. etc.

4 Do you see that?

5 A. I do.

6 Q. Does that refresh your recollection
7 at all about an initial due diligence exercise
8 in November that was just limited to determining
9 the ownership of the property?

10 A. Again, it's a general recollection.
11 I know that Dan Gaquin, who was the real estate
12 partner at Mintz Levin pulled the Secretary of
13 State filings for this LLC that was our contract
14 counterparty. It identified all of Lohnes,
15 Gattineri and DeNunzio. It was consistent with
16 our experience as well, because first we met
17 with DeNunzio on our first trip to Everett. And
18 at either that meeting or one in very close
19 proximity, we met Mr. Lohnes.

20 Q. If I understand your answer, it
21 would've been Wynn's practice to at least look
22 at the Secretary of State filings for the LLC
23 which owned the property; is that correct?

24 A. Yes.

1 Q. Do you recall what those filings
2 with the Secretary of State's office showed at
3 this time in November?

4 A. I'm not sure that I ever looked at
5 them personally, but I was advised by Gaquin
6 that they were Lohnes, Gattineri and DeNunzio.
7 Are you aware of whether Mr. -- By the way, who
8 is Mr. Gaquin?

9 A. Dan Gaquin is a partner at the firm
10 of Mintz Levin. They have been representing our
11 company for some number of years in our
12 activities in the Commonwealth of Massachusetts.

13 Q. Thank you. Did Mr. Gaquin -- And
14 did he communicate directly with you or was it
15 with a another person at Wynn that he worked
16 with?

17 A. He was working with many of us but
18 he would have communicated that to me most
19 likely.

20 Q. Did Mr. Gaquin tell you in November
21 2012 how far back in time he went with respect
22 to the Secretary of State filings?

23 A. No.

24 Q. Do you know if he -- Did Mr. Gaquin

1 communicate to you that he had reviewed all of
2 the filings for the LLC, which owned the
3 property?

4 A. No, but I wouldn't have expected him
5 to either.

6 Q. Did you know at the time in November
7 how old this company was when it was founded?

8 A. No.

9 Q. Let me just draw your attention to
10 Exhibit Number 9, which is hopefully contained
11 in the documents that I gave you.

12 A. That's the one you handed me this
13 morning?

14 Q. Correct.

15 A. Okay.

16 Q. Just for the purposes of record,
17 this is the annual filing for FBT Realty, LLC
18 with the Secretary of State. Right there at the
19 top it reflects it was filed on February 15,
20 2011. Do you have that document in front of
21 you, Ms. Sinatra?

22 A. I do.

23 Q. And it reflects on the second page
24 of the document underlying A3 current executives

1 of the LLC. Do you see that?

2 A. I guess I would object to your word
3 current but --

4 Q. I'm sorry as of the time it was
5 filed. Sorry.

6 A. Sure.

7 Q. And those people are Gary DeCicco,
8 Paul Lohnes and Dustin DeNunzio, correct?

9 A. Yes.

10 Q. Do you recall at this time in
11 conversations with Wynn's attorney any reference
12 to Mr. DeCicco? This is back in December 2012.

13 A. They were none.

14 Q. If I could draw your attention --
15 Let me just back up a second. At this time
16 again in November, any further investigation
17 done of the three owners or really was it just
18 to determine who the current ownership was?

19 A. This is where I'm going to have to
20 tell you a little bit about practice. So, there
21 are couple of things that are going on at the
22 same time as our initial conversation with the
23 FTB Everett owners is that we are negotiating
24 formal documentation, which includes a very

1 extensive due diligence on all matters related
2 to the acquisition.

3 And we included, as we reviewed on
4 Friday, our privilege license language within
5 the contract. That required both cooperation
6 with our own internal compliance efforts and
7 with any regulatory inquiry that may come with
8 respect to the land.

9 So, the way that diligence is
10 dynamic and continuing, so it often begins with
11 a phone call from either myself or Mr. Tourek to
12 Mr. Stern's group. If something is going
13 relatively quickly, as this contractual
14 relationship was going, Mr. Stern has the
15 ability to do sort of a preliminary public
16 records type of review, which would involve
17 criminal records, property records, whatever
18 they could pull up on the computer, which would
19 be completed within a relatively short period of
20 time, and we could receive an oral report about.

21 And if the transaction is going to
22 go forward or continue that's generally followed
23 up by some kind of written document that comes
24 anywhere from three to six weeks later.

1 Q. So, that would be consistent with
2 what's in the report on page 61, an initial
3 review and it was likely just the Secretary of
4 State filings, correct?

5 A. It may have been, yes.

6 Q. Let me draw your attention to a
7 document that we've marked as Bureau Exhibit 5,
8 which is for the record a December 14, 2012
9 article in the Boston Business Journal. And the
10 headline of the article is Everett Casino Site
11 Could Be a Gamble for Wynn.

12 A. I see it.

13 Q. Do you recognize this document?

14 A. I do. I've seen it many times since
15 December. It's been of immense importance in
16 the investigation.

17 Q. Is it a document that recall you saw
18 in December when it was published?

19 A. I likely saw it in December. I
20 don't have any current recollection since I see
21 so many things. But I do remember that the
22 journalist either a day or two before he wrote
23 the article called our company with his theory.

24 Q. So, this is Mr. Moore calling?

1 A. Yes.

2 Q. Do you recall that conversation with
3 Mr. Moore, what he said, what you said?

4 A. I actually didn't talk to him
5 personally. He reached out to PR. So, he
6 would've talked to someone in Michael Weaver's
7 group asking for a comment. Since it had to do
8 with the Everett project, Michael called me to
9 say hey, do you know anything about this?

10 Q. Let me just ask you this again so
11 the record is clear, do you have a recollection
12 of reading this article on or about the time
13 that it was published in --

14 A. I don't remember particularly. I've
15 seen it so many times since.

16 Q. If you could turn to page two of the
17 article?

18 A. Sure.

19 Q. Right in the middle of page two
20 there is a one sentence paragraph: "If Wynn's
21 Everett casino gets passed Monsanto, Menino and
22 Thibeault, it may still face a final obstacle in
23 Gary P. DeCicco."

24 Do you see that?

1 A. I do.

2 Q. Do you recall hearing Mr. DeCicco's
3 name in connection either with the reporter's
4 outreach to Wynn or reading it in this article
5 at any time in the month of December?

6 A. It was in the initial outreach,
7 because it's a name I had never heard before.

8 Q. So, when you say it was in the
9 initial outreach --

10 A. With the conversation he called -- I
11 found Boston to be such an interesting place.
12 The media is very, very interested in lots of
13 what's going on with respect to your potential
14 new industry. And frankly, we get a phone call
15 two or three times a week with a bunch of
16 cockamamie theories.

17 This particular article has three
18 theories. One, this is impossible because it's
19 so overly polluted you'll never be able to do
20 it. The second theory is oh and by the way,
21 it's in Boston, so you'll never be able to do
22 it. And the third theory is and by the way
23 there's a bad guy in there.

24 So, I will tell you, and I don't

1 mean to be flippant about it, but our company
2 has endured over a year of maligning and
3 potential maligning of our integrity, our
4 directors, our operations. And I think a few
5 people in this room are sort of getting the idea
6 of what it feels like for having cockamamie
7 theories called and tried out on you on a weekly
8 basis.

9 But I will say that the first time I
10 heard Gary DeCicco's name was in the context of
11 an article. Some of the things were retreads
12 which was it's in Boston and it's overly
13 contaminated, and some of which were new.

14 Q. You described a few minutes ago this
15 November document, which is the memorandum of
16 understanding --

17 A. Yes, Sir.

18 Q. -- that ultimately led to a formal
19 option document that you executed with the
20 owners of the property, correct?

21 A. Yes.

22 Q. And that more formal option
23 agreement was executed on December 19, 2012?

24 A. Correct.

1 Q. Here's my question, and who signed
2 that document by the way on behalf of Wynn?

3 A. On behalf of?

4 Q. Of Wynn.

5 A. I believe Mr. Maddox did, but I'm
6 not looking at it.

7 Q. At the time that Mr. Maddox signed
8 that document on December 19, was anyone at Wynn
9 -- Let me ask, were you aware that there was
10 this story in the Boston Business Journal that
11 Mr. DeCicco may at one point in time have had an
12 ownership interest in the property?

13 A. Yes.

14 Q. You were aware of that?

15 A. Yes.

16 Q. Did anyone at Wynn suggest that
17 article, the linking of Mr. DeCicco's name with
18 this property cause Wynn to do some further due
19 diligence before it signed the option agreement?

20 A. This is how it went. The journalist
21 called and tried on his various theories with
22 Mr. Weaver. The new one was, again, this
23 allegation of Mr. DeCicco. We had no knowledge
24 of involvement with Mr. DeCicco. So, we called

1 Dustin DeNunzio who was our contact with the
2 sellers to say gosh, we got this funny phone
3 call. Who is Gary DeCicco and is he part of
4 your deal?

5 He said that DeCicco was not an
6 equity owner of the deal. And they actually
7 gave a written statement to the journalist to
8 that fact. And I think the journalist actually
9 received it because he writes: Dustin DeNunzio
10 told me that DeCicco has been out since January
11 2012.

12 So, the article resolved the issue
13 about whether DeCicco was in or out consistent
14 with our current understanding. So, it frankly
15 didn't change our due diligence. Our due
16 diligence was commenced and in process. It
17 didn't change what we were doing.

18 Q. So, it'd be fair to say that the
19 first you heard Mr. DeCicco's name was around
20 the time this reporter called. So, that would
21 have been a few days before the December 14
22 story, correct?

23 A. That's my recollection.

24 Q. Around there. Then the option

1 agreement, the formal option agreement was
2 executed on December 19, correct?

3 A. Correct.

4 Q. So, in that interim what I'm asking
5 is was there any further diligence done by
6 anyone at Wynn in connection with Mr. DeCicco
7 particularly?

8 A. There was not particular diligence
9 done with respect to DeCicco. The overall deal
10 investigation was continuing.

11 Q. You're anticipating where I'm going,
12 because I want you to turn to the next exhibit,
13 which is number six.

14 A. Mine aren't numbered. So, if you
15 can tell me what this is that would be great.

16 Q. Bureau Exhibit 6, it's a huge page
17 that says redacted on it with an email that
18 begins at the very bottom of the page.

19 A. From Dustin DeNunzio?

20 Q. Yes, that's right. Do you recognize
21 that email, Ms. Sinatra?

22 A. I see it now. I get hundreds of
23 them every day. But I have no reason to
24 disagree with it.

1 Q. This email is dated January 17,
2 2013?

3 A. Yes.

4 Q. It's an email from Mr. DeNunzio to
5 you. And it starts with: Kim, I assume that
6 you received the quote that we sent to the
7 Boston Herald. If you want the party line to be
8 changed at all, please let us know.

9 Then the next paragraph begins: Per
10 our conversation, below are the three people who
11 have an interest in FBT Everett Realty.

12 Do you see that?

13 A. Right.

14 Q. It says per our conversation. So,
15 what conversation was this? Is this the one you
16 were just referring to you where you called Mr.
17 DeNunzio and asked for further information?

18 A. I don't remember. He refers to a
19 conversation. I've had many with Mr. DeNunzio.

20 Q. So, you don't remember what prompted
21 the conversation with Mr. DeNunzio?

22 A. I don't. And he's referring to a
23 different publication. So, I don't know if this
24 -- He's referring to the Herald. So, there is

1 this other phenomenon which is I call it piling
2 on. I don't know if the Boston Business Journal
3 was sort of first on this and then the Herald
4 took the bit and it got passed on. I don't
5 really recall. There's hundreds if not
6 thousands of pages of media on these issues.

7 Q. Do you recall in the conversation
8 that you had with Mr. DeNunzio, at least the
9 conversation referenced here, do you remember
10 anything about that conversation?

11 A. Again, you're trying to -- And I
12 don't mean to be picky with you, I'm sorry. --
13 is that there isn't a particular conversation.
14 He's referring to one, but there were many,
15 several, whatever over the course of a period of
16 time.

17 Q. Okay. Do you recall around this
18 period of time in January, Mr. DeNunzio saying
19 anything to you about Mr. DeCicco?

20 A. No. The conversation we had about
21 DeCicco was quite definitive, which is DeCicco
22 is was not in. We are prepared to make that
23 statement publicly, which they did to the Boston
24 Business Journal. And the Boston Business

1 Journal believed him, at least enough to report
2 it that way.

3 Q. So, that was what Mr. DeNunzio was
4 quite definitively telling you at that point in
5 time, correct?

6 A. Yes.

7 Q. Did you ask Mr. DeNunzio what
8 happened to Mr. DeCicco's interest?

9 A. No.

10 Q. Did you ask Mr. DeNunzio who Mr.
11 DeCicco had conveyed his interest to?

12 A. No, I didn't. I was interested in
13 who the current owners were.

14 Q. Did you ask Mr. DeNunzio or did
15 anybody at Wynn to your knowledge ask Mr.
16 DeNunzio for documents that reflected Mr.
17 DeCicco's transfer of his interest?

18 A. No, I did not.

19 Q. Mr. DeNunzio on January 17 sends you
20 this document that we've marked as Bureau
21 Exhibit 6, correct?

22 A. Yes.

23 Q. Do you recall what you did with this
24 email once you received it? Did you pass it

1 onto anybody?

2 A. I don't know what I did with this
3 particular email.

4 Q. Did you at this point with the
5 information you were receiving from Mr. DeNunzio
6 ask Mr. Stern, for example, to investigate
7 further the current ownership of the property?

8 A. We looked at the current owners.
9 And I actually did ask Mr. Stern to do some
10 diligence about Mr. DeCicco to see who he was.

11 Q. That's helpful. If you could turn
12 then to Exhibit Number 8 for a minute.

13 A. You're going to have to describe it
14 for me.

15 Q. Exhibit Number 8 is the document,
16 Ms. Sinatra, we showed you this morning.

17 A. (Witness indicating)

18 Q. Hold it up again. Yes, correct.
19 This is, for the record, a report of an internal
20 corporate investigation done by Wynn on or about
21 January 21, 2013. Do you have the document in
22 front of you?

23 A. I do.

24 Q. Have you seen this document before?

1 A. I'm not sure that I have seen it
2 before, but it's in the usual form of our
3 reports.

4 Q. And it reflects a corporate
5 investigation performed by Wynn or at least that
6 someone at Wynn was asked on January 21, 2013 to
7 perform, correct?

8 A. It's interesting, because when you
9 handed it to me, I figured you had a reason for
10 it. And I figured that the reason was the
11 January 21, 2013 date.

12 So, the way that it works, I don't
13 think the request was made on January 21. I
14 actually think the date of the report is
15 probably January 21, but I'm speculating.
16 Because the way that we do it is that there is
17 an oral request, an oral report and then
18 generally a follow-up of a written report.
19 Frankly, if there's no adverse information, I
20 may not see the final report. It may go
21 directly to the compliance committee.

22 Q. You said just a minute ago that what
23 was important to Wynn at this point in time was
24 the fact that Mr. DeCicco was out of the deal.

1 He was no longer an owner of the property,
2 correct?

3 A. Correct.

4 Q. So, there's an investigation
5 performed on January 21, 2013 by Wynn of FBT
6 Everett, LLC, which is the seller, correct?

7 A. Correct.

8 Q. And then three key executives Mr.
9 DeNunzio, Mr. Lohnes and Mr. Gattineri, correct?

10 A. Correct.

11 Q. And it reflects that the resources
12 used during the investigation encompass
13 government sources, private sector databases,
14 media articles and other confidential sources.
15 Do you see that?

16 A. I do.

17 Q. But the report is only directed at
18 the current owners of the company, correct?

19 A. Correct.

20 Q. Do you have any reason to believe,
21 and again maybe this is a question that's better
22 directed to Mr. Stern, why there is no reference
23 in the body of this report to the Boston
24 Business Journal article that appeared five

1 weeks previously?

2 MR. STERN: I think Ms. Sinatra
3 explained that. We backgrounded the current
4 owners of the property. And that's what we did
5 at that time. It was documented as such.

6 MR. MACKEY: But it also appears
7 that you were attempting to background FBT
8 Everett, LLC; is that correct -- at least that's
9 what the front page of the investigation report
10 says.

11 MR. STERN: It was the three
12 individuals that were backgrounded at that time.
13 I think you're reading too much into the
14 vernacular on this. The individuals who were
15 backgrounded per our protocols were the current
16 owners of the property.

17 And we did use all of the resources
18 that we had access to. Again, we're not law
19 enforcement. So, we don't have subpoena power,
20 we don't have some of the traditional things
21 that we can use when I was in law enforcement.
22 But we did our due diligence checks on the
23 current owners of the property.

24 MR. MACKEY: Would that due

1 diligence check have included, for example, a
2 Google search on the three individuals
3 identified?

4 MR. STERN: Would the due diligence
5 check?

6 MR. MACKEY: Yes.

7 MR. STERN: We don't always depend
8 on Google.

9 MR. MACKEY: I should say an
10 Internet search.

11 MR. STERN: Our resources are such
12 that I think they were explained in that prior
13 slide. We look at the individuals, what their
14 history is. And those individuals again were
15 the individuals who currently own the property.

16 MR. MACKEY: So, you don't have any
17 recollection, Mr. Stern, of in connection with
18 this investigation whether it was the three
19 individuals or the company itself of you
20 generating any information whatsoever related to
21 Mr. DeCicco?

22 MR. STERN: I don't have that
23 recollection.

24 MR. MACKEY: Okay. Thank you.

1 Q. (By Mr. Mackey) Ms. Sinatra, this
2 investigation was done in January 2013. Then I
3 want to take you forward in time. You testified
4 on Friday that you received an email from some
5 of the investigators that were working on this
6 matter, I believe you said in July 2013, related
7 to the ownership of the Everett property,
8 correct?

9 A. That was my recollection of the
10 timeframe.

11 Q. Do you recall between January 2013
12 and July 2013 any further diligence work at Wynn
13 related to the ownership of the Everett
14 property?

15 A. I do not.

16 Q. Do you recall any curiosity at this
17 point, at any point between January and July
18 2013, about what had happened to Mr. DeCicco's
19 interest in the property?

20 A. No.

21 Q. You testified on Friday, I think you
22 said that you used the word shocked, if I'm not
23 mistaken, to learn that there might be some
24 hidden ownership interest in the seller entity

1 FBT?

2 A. I was surprised that it was beyond
3 some of this scurrilous reporting. The
4 investigators had been incredibly thorough. So,
5 when they came to us and talked to us, they
6 actually at that point in July did not tell us
7 what they were able to tell us in November of
8 this year that culminated with us coming to some
9 resolution with respect to this issue.

10 But they indicated and I believed
11 them that they had some serious concerns about
12 the credibility of people who had been appearing
13 before them.

14 Q. The scurrilous reporting you're
15 talking about, is that the Boston Business
16 Journal article?

17 A. It didn't stop. If you would like
18 to do a Google search, you could find a lot.

19 Q. The Boston Business Journal article
20 though simply said that Mr. DeCicco had
21 previously had an interest, correct?

22 A. Right.

23 Q. And we know as a matter of fact that
24 that is true?

1 A. Correct.

2 Q. And in fact that's reflected on the
3 Secretary of State's website?

4 A. Correct.

5 Q. Do you recall being asked a series
6 of questions -- Let me step back a second.
7 After you got this email in July, the Bureau's
8 investigative team flew out to Las Vegas and
9 they did an interview of you. Do you recall
10 that?

11 A. I do.

12 Q. It was a sworn interview. And you
13 were asked a series of questions I think at that
14 point about -- to summarize it, why you were not
15 especially interested in learning about the
16 previous owners of FTB Realty. Do you recall
17 those questions?

18 A. Again, I don't want to pick on you.
19 But I don't think to say I wasn't interested in
20 it. It's that did I think it was necessary.
21 What our compliance requirements were was to
22 understand with whom we were doing business.

23 And I'm happy to answer all of your
24 questions, but I think that maybe Judge McHugh

1 said it best, it's awfully hard if people are
2 running around and not telling you the truth and
3 being credible with you that it's awfully
4 difficult.

5 But we had not had any of those
6 conversations with the sellers. And we were
7 unaware frankly, of the IEB's investigation with
8 respect to them.

9 Q. You said in your sworn interview and
10 I'll give you a quote from it, but you have it
11 front of you so if you doubt me, you can read
12 it. When asked these questions by our
13 investigators about Wynn's not being
14 particularly interested in previous owners, your
15 response was "a licensee" -- meaning Wynn in
16 this case -- "is responsible for the entity or
17 the person with whom they have a commercial
18 relationship."

19 Do you recall that answer?

20 A. I don't specifically recall the
21 answer but there's a transcript.

22 Q. Is that a statement you would
23 generally agree with though that the licensee is
24 responsible for the person with whom they have a

1 commercial relationship?

2 A. Yes.

3 Q. When if those people with whom you
4 have a relationship have associations with
5 people who are convicted felons or otherwise
6 have an unsuitable background, is that a concern
7 of yours?

8 A. It would be a concern of mine. And
9 it would be within the purview of our security
10 and investigative team to determine how far they
11 go with those "associations" and which are real
12 and relevant to the commercial relationship at
13 hand, yes.

14 Q. If I could just have one minute.

15 MR. MACKEY: Nothing further.

16 CHAIRMAN CROSBY: For all of the
17 witnesses?

18 MR. MACKEY: I do have some
19 additional questions of Mr. Stern.

20 CHAIRMAN CROSBY: Let's hold right
21 now. Go ahead Governor Weld.

22

23

24

1 EXAMINATION OF KIM SINATRA BY THE HON. WILLIAM WELD:

2
3 Q. Ms. Sinatra, you told Counsel Blue
4 on Friday that you had not encountered this
5 behavior pattern before of counterparties being
6 less than forthcoming with you concerning their
7 ownership of what they were selling you.

8 Do you recall that?

9 A. Generally.

10 Q. So, it's correct that this was an
11 unusual and even surprising situation, the back
12 and forth with the sellers?

13 A. The back and forth with the sellers
14 was surprising to me, yes.

15 Q. And a negative experience I take it?

16 A. Yes.

17 Q. Did you institute any new procedures
18 as a result of that negative experience?

19 A. As I testified earlier, our
20 compliance program is dynamic. And when you're
21 dealing with people who are not going to be
22 forthcoming and are going to lie to you, it's
23 sometimes difficult no matter how strenuous and
24 arduous you work on your compliance programs.

1 But I will say that our company is
2 engaged in a very high volume of development
3 related work over the past 18 months as we
4 pursued both this project and the project in
5 Philadelphia.

6 We ran through our general
7 compliance requirements with respect to both of
8 those projects. But since our tussle with the
9 FBT folks and the amount of time it has taken
10 both for the IEB of this Commission to sort of
11 get happy with that, we have taken a very hard
12 Look at our development activities.

13 And we have instituted some
14 additional pieces of paper and checks and
15 requirements that maybe would help us in this
16 sort of circumstances. It made it really hard
17 for ad agencies and printers in Boston to get
18 paid because we actually have a new process
19 where unless the compliance is completed with
20 respect any vendor or material contract, the
21 check request can't go through.

22 So, we have a couple of additional
23 signatures box before payments are processed in
24 the development area. And I'm hoping that the

1 frustration is worked out.

2 Q. Development, referring generally to
3 real estate development?

4 A. I view development very broadly.
5 It's basically new jurisdictions. I think one
6 of the things that hopefully the Commission and
7 the IEB will find is that a sophisticated level
8 of gaming hopefully is conducted within the
9 Commonwealth is that vendors and people will get
10 used to what the requirements are.

11 And they will know how to fill out
12 the forms. And they will know that they need to
13 be notarized by a real notary. And they will
14 know that they can't participate and they will
15 be caught if they try to horse around with
16 either the IEB or with you. And that you take
17 it very seriously. That will discourage people
18 from trying to horse around with you or with
19 your operators.

20 So, I think as this rolls out, if
21 you get the right operators, and you maintain
22 the assiduous nature and the rigorous nature of
23 what you are doing here that I think it gets
24 easier because people figure out what is and is

1 not acceptable.

2 Q. That's all I have.

3 CHAIRMAN CROSBY: Thank you. Other
4 questions?

5 COMMISSIONER MCHUGH: Can we take a
6 break. Mr. Wynn looks like he's tired.

7 THE HON. WILLIAM WELD: No, he's
8 okay. Thank you.

9 CHAIRMAN CROSBY: Do we have other
10 questions for Ms. Sinatra?

11 COMMISSIONER CAMERON: Mr. Mackey,
12 do you have other the questions for other
13 witnesses?

14 MR. MACKEY: I do have questions of
15 others.

16 COMMISISONER CAMERON: I'll hold.

17 MR. MACKEY: I was going to shift
18 gears at this point and talk about something
19 just related to Macau with Mr. Stern.

20 CHAIRMAN CROSBY: Others,
21 Commissioners Stebbins, Zuniga? I have some
22 here. I'm not quite sure where they go, but go
23 ahead and we'll see where we end up.

24 MR. MACKEY: Give me one minute to

1 switch gears.

2

3

4 EXAMINATION OF JAMES STERN BY MR. MACKEY:

5

6 Q. Mr. Stern, good morning. Can you
7 hear me okay?

8 A. I can.

9 Q. As I understood -- I just want to
10 ask you a couple of questions about the team you
11 have on the ground in Macau. It sounded like
12 from this morning's PowerPoint that you had an
13 investigative staff there in Macau with 14
14 people, 14 investigators or is that the entire
15 staff?

16 A. That's the entire staff.

17 Q. That staff includes experts in
18 particular on Asian organized crime?

19 A. It includes experts on Chinese
20 organized crime not Asia organized crime.

21 Q. And includes a former Macau police
22 detective, correct?

23 A. It includes four former Hong Kong
24 police detectives.

1 Q. And the director of the staff is a
2 man named Danny Lawley who is also a former Hong
3 Kong police detective?

4 A. He is the executive director of the
5 corporate investigations handling Macau
6 security.

7 Q. And I take it, that one of the
8 primary responsibilities of this group is to try
9 to determine whether there is possible criminal
10 influence of the triads in the gaming promoter
11 system, correct?

12 A. That's correct.

13 Q. I do want to ask you a few questions
14 about the background vetting of the gaming
15 promoters. And I will describe to you the
16 process and maybe you can correct me if I get it
17 wrong. It starts, as I understand with an
18 application to that the DICJ. A gaming promoter
19 has to be licensed, correct?

20 A. That's correct.

21 Q. And then assuming -- Nothing can
22 happen if they're not licensed. You couldn't do
23 business with them?

24 A. There's a step after that step.

1 Q. I understand many steps in fact, but
2 just as a threshold matter, you can't even start
3 if they're not licensed by the DICJ?

4 A. That's correct.

5 Q. Then from there if a gaming promoter
6 wishes to do business in a VIP room at your
7 hotel, they let you know that in some way or
8 they submit a written application or is it just
9 an expression of interest orally? Or how does
10 that work?

11 A. There's an application process.

12 Q. Different from the application that
13 goes to the DICJ?

14 MR. SCHALL: Generally, they'll be
15 known in the market. It's hard to get into our
16 property without an applicant junket. We
17 haven't had a new junket in as long as I can
18 remember, it's probably a year. Gaming
19 operations and other people who deal with those
20 (INAUDIBLE).

21 CHAIRMAN CROSBY: Be sure to speak
22 into the mic.

23 MR. SCHALL: They'd be aware of
24 those junkets who would like to operate with us.

1 And the junkets will express that interest and
2 if we have that space and people are willing to
3 do it then we will go through the application
4 for DICJ and ourselves.

5 MS. SINATRA: Just to back up a
6 little, because I just wanted to let you know we
7 don't take sort of unsolicited over the trans,
8 hey, I want to be a junket at Wynn. This is a
9 very serious process. Anybody who makes it
10 through the formal investigative process has
11 been vetted and are commended by the marketing
12 people in our organization.

13 Q. (By Mr. Mackey) I take it before -
14 Again, sort of traditional steps is they are
15 licensed by DICJ, they submit an application to
16 you. Again, assuming they've got a decent
17 reputation. Then you do a pretty extensive
18 records check, correct?

19 A. Actually, prior to that, the DICJ
20 also conducts a full background investigation on
21 the applicant. That's step number two before
22 they are cleared to the next process.

23 Q. Then, as I understand it from your
24 report at least, they are interviewed by the

1 chief financial officer at Wynn Macau, a woman
2 named Linda Chen?

3 MR. SCAHLL: Linda Chen is the
4 chief operating officer of the Wynn Macau and
5 she'll be involved in junket selection and the
6 space sort of vetting the reputation financially
7 and suitability wise before working with us.

8 MR. MACKEY: Does she conduct an
9 interview of the gaming promoters?

10 MR. SCHALL: I can't speak for
11 exactly to what she does, but she would at a
12 minimum be aware of their reputation in terms of
13 suitability and financial performance in order
14 that's the most important thing for us.

15 Q. (By Mr. Mackey) I understand from
16 the report that no interviews are conducted of
17 the gaming promoters by your investigative team;
18 is that correct?

19 A. You're referring to a face-to-face?

20 Q. Yes.

21 A. Unless there's an issue that comes
22 up through the investigation, if the background
23 is suitable, we do not do a face-to-face
24 interview.

1 Q. Why not? Because you have the team
2 of experts including experts on Chinese
3 organized crime, why don't you deem it
4 appropriate to do a face-to-face interview of
5 the gaming promoter?

6 A. I'm not saying that we deem it
7 appropriate or inappropriate. It's just not
8 part of our business protocols. Quite frankly,
9 I don't think it's necessary based on my
10 experience.

11 Q. Mr. Stern, maybe you could borrow
12 from Ms. Sinatra a copy of the redacted
13 investigative report?

14 A. (Witness complying)

15 Q. If you could turn to page 157. Are
16 you there?

17 A. Yes.

18 Q. The third bullet on Exhibit 5. The
19 second sentence, I'll just read it into the
20 record and have a discussion about it. It
21 references -- Just below that it references the
22 corporate security background investigations
23 that you were describing earlier; is that a fair
24 statement?

1 A. Earlier in the investigation?

2 Q. During your testimony just a minute
3 ago, you talked about the background
4 investigation conducted on the gaming promoters?

5 A. Yes.

6 Q. It looks like a written report of
7 some kind is prepared on a gaming promoter
8 candidate?

9 A. Yes. We have the initial
10 investigative background report that as Mr.
11 Schall alluded to, we also do maintenance,
12 reports which are semiannual.

13 Q. This document Exhibit 5 states that
14 several of these reports, I'm presuming reports,
15 identified persons of questionable reputation
16 having some type of association within the
17 junkets operating out of several VIP rooms at
18 Wynn Macau.

19 Did I read that correctly?

20 A. I think it says raw intelligence.
21 Is that what you are referring to?

22 Q. I'm just reading the sentence.

23 A. I'm trying to read the same
24 sentence. I believe it means raw intelligence

1 related to our semiannual maintenance checks and
2 I think what that shows is that we are very
3 transparent in everything that we put in and
4 glean from our sources. However, we don't act
5 on rumor, innuendo or conjecture.

6 Having been in the FBI, when
7 intelligence was a huge issue, still is, I take
8 the same stance. Is we don't overreact to
9 things that are not substantiated as fact. I
10 didn't do that in the FBI and I don't do that
11 for Wynn.

12 Q. Would it be an overreaction, to use
13 your words, if you have raw intelligence that's
14 suggestive of questionable association and you
15 follow up and ask the gaming promoter a question
16 about it?

17 A. To answer your question, that
18 information is provided to enforcement agencies
19 and regulators who get those reports. They're
20 active government officials who have the ability
21 to vet that information we provided more
22 thoroughly than us.

23 It's my opinion that that they are
24 in a position to get our reports and act on it

1 or ask us to further vet the information which
2 they have not done.

3 We have these reports and these
4 maintenance checks done semiannually now.
5 They've always gone to both the DICJ and the
6 Nevada regulators who are experts in this area.
7 If they were to come to me and say can you
8 further vet this information, this raw
9 intelligence that you're getting that you've
10 provided us, we would do something.

11 But I'm not going to react or
12 overreact on information or intelligence that's
13 not substantiated that is conjecture in some
14 situations. But I will report it, which we have
15 done to the people who need to know it. And
16 those are the regulators both in Macau and in
17 Nevada. That's been the policy and I think
18 that's what I explained to the investigators
19 that came out. I was with them both in Las
20 Vegas and in Macau.

21 Q. Let me ask you, one of the
22 regulators you mentioned the Nevada Gaming
23 Control Board, the NGCG; is that correct - would
24 be one of the regulators that you report this

1 information to?

2 A. Yes.

3 Q. Does the NGCB have any staff on the
4 ground in Macau?

5 A. As far as I know, they don't have
6 staff. But they do on-site inspections. They
7 are obligated both statutorily and also
8 internally their own policy to do on-sites. In
9 fact, they were just there last week. They do
10 it on a routine basis. They have an expertise
11 in Asian matters. And of course we also provide
12 it to the DICJ.

13 Q. Let me just stick with Nevada Gaming
14 Control Board for a minute. I understand, and I
15 may have this wrong and actually maybe Mr.
16 Schall you can help on this that the Nevada
17 Gaming Control Board cannot get access to any of
18 the gaming promoter applications with the DICJ;
19 is that fair to say?

20 MR. SCHALL: If you're talking about
21 the actual application form, that's a
22 proprietary form promulgated by DICJ. And it
23 is between the junket promoter and the DICJ.
24 While we internally get a copy of this for our

1 own background checks, it is not our place to
2 give it out.

3 And we were specifically directed by
4 the head of the DICJ not to. So, we respected
5 that wish. It's just simply not our form to
6 give out.

7 But we do provide our reports to the
8 Gaming Control Board redacted for data privacy.
9 But given the fact that our reports are largely
10 proprietary and produced from our own sources
11 there isn't a lot of redaction. We might redact
12 a picture or a passport number but the guts of
13 the report will all be there for the regulatory
14 agencies.

15 Q. (By Mr. Mackey) So, how often in
16 connection with these corporate investigative
17 reports that you submit to the
18 Nevada Gaming Control Board does the Nevada
19 Gaming Control Board come back to you and say
20 we're concerned about this, we're concerned
21 about that. We want you to follow up on this
22 information? How often do you get those
23 directives from your regulator?

24 A. It's seldom, but I can tell you that

1 if they did, I would act immediately.

2 Q. When you say seldom?

3 A. I can't think of a situation.

4 Q. You cannot think of a situation
5 where they have ever done that?

6 A. Not right now, no.

7 Q. Thank you. What about the DICJ?
8 You also submit these reports to them, correct?

9 A. That's correct.

10 Q. On how many occasions has the DICJ
11 come to you with expressions of concern about a
12 gaming promoter?

13 MR. SCHALL: I don't recall any, but
14 you also have to remember that the DICJ is the
15 initial vetting authority of these people. So,
16 we don't know how many people have gone to them
17 to be licensed and then want to put themselves
18 out there in the market have been turned down.

19 So we are getting people who are
20 coming to us who are likely already active in
21 the market. But if they're not, they've at
22 least gone through the vetting process with DICJ
23 and the police agencies that DICJ uses.

24 MR. WYNN: If I could add to that

1 answer. If we turned in a report to the DICJ,
2 they wouldn't have to come back to us. They'd
3 do it directly investigate themselves. They
4 wouldn't need us anymore.

5 We made this point clear. They
6 wouldn't come back to us. They're right there.
7 They have primary jurisdiction. They wouldn't
8 need to come back to us. If we give them
9 something that's provocative that we hear about
10 and ask them to check it out, if they wanted to
11 check it out, they wouldn't necessarily share
12 that with us. They'd just plain do it.

13 MR. MACKEY: Thank you.

14 Q. (By Mr. Mackey) Mr. Stern, if I
15 could draw your attention to page 36 of the
16 redacted report. In that paragraph in the
17 middle of page 36, if you read down, there's
18 reference to a review by gaming investigators of
19 a specific corporate security background
20 investigative report. Do you see that? It's
21 kind of in the middle of the paragraph.

22 A. I do.

23 Q. It was an investigative report on
24 one of Wynn Macau's gaming promoters. And it

1 reflects that in this background report that,
2 I'm quoting now, "a close associate of an
3 individual identified as an alleged" -- I'm
4 sorry that "the gaming promoter is a close
5 associate of an individual identified as an
6 alleged senior member of a specific triad
7 group."

8 Did I read that correctly?

9 A. Yes.

10 Q. And I take it that when the Bureau's
11 gaming investigators came to Macau, they had an
12 opportunity to interview an employee of this
13 particular gaming promoter. Do you recall that?

14 A. I do.

15 Q. Were you present during that
16 interview?

17 A. I was.

18 Q. And the employee was asked about
19 this questionable individual's relationship with
20 the gaming promoter. And the employee
21 identified the individual as the gaming
22 promoter's husband. Do you recall that?

23 A. Yes. I believe they said common-
24 law.

1 Q. Common-law husband?

2 A. I believe so. I don't remember that
3 specifically but I generally do.

4 Q. Then the next sentence reads the
5 employee identified this -- I'm sorry strike
6 that.

7 The next sentence reads "the
8 employee further stated that the individual" --
9 that's the individual with the questionable
10 association -- "is her 'big boss'".

11 Do you recall that?

12 A. I remember those words. I do.

13 MR. SCHALL: That was in
14 translation. I was in the interview. The
15 employee in question was speaking in Cantonese.
16 And she used the term lao ban, which one
17 translation can be boss. But it can also be a
18 matriarchal or patriarchal or form of respect
19 for someone.

20 We identified the person you're
21 talking about in our report that he was likely a
22 close associate of this woman. So, to use the
23 English term boss, it is not applicable in our
24 meaning.

1 You need to get into a Chinese sense
2 and she used lao ban, which could just mean he's
3 a patriarchal figure in this organization
4 somewhere. It doesn't necessarily mean he's at
5 Wynn running things, because he is not. The
6 person who is on the license is.

7 MR. STERN: And we explained that to
8 your Massachusetts investigators.

9 MR. WYNN: We all got involved in
10 this one, including me during my investigation.
11 So, we're going to help you out here.

12 David Wong and chief operating
13 officer said use that word. The person who is a
14 junket operator who may be sleeping with David
15 Wong was in Beijing that day. That woman runs
16 the junket operation every day. It happened to
17 be one of the only ones you didn't meet when you
18 were there, your detectives.

19 But the woman that is the licensed
20 junket operator is the licensed junket operator
21 and runs it. She may or may not be sleeping
22 with David Wong. That's not really important to
23 us.

24 But the reason that we know about

1 this is because we pointed out that David Wong
2 was involved. This was our investigative report
3 given to the DICJ. That was us that did that.
4 That's how you know about this. And that's how
5 come the detective found out about it.

6 And at the time when I was asked
7 about it, the question was what would David Wong
8 be doing? Why would that girl who's an employee
9 of the junket operator know about David Wong? I
10 explained that David Wong and folks like him
11 could be involved with the junket operation in a
12 number of ways.

13 They could be a stockholder of the
14 public company. They could be involved as part
15 of the financing syndicate because these guys
16 have tremendous amounts of money on the street.
17 And like a mutual fund, this is our form of
18 American Express, the junket operators. David
19 Wong could have been could have been part of the
20 financing syndicate that puts the money together
21 and gets paid a certain amount every month for
22 financing the float on the junket operator.

23 A guy like David Wong could've been
24 involved as he is in so many of the junket

1 operations in town in the collection aspect of
2 it or in the financing aspect of it.

3 So, that's what that story was
4 about. So, we all know about that. So, we can
5 deal with it really specifically if you'd like.

6 But remember you got that from us.
7 We turned that information over the DIJC (SIC).
8 They didn't find that out about us. We brought
9 that up so that they could go check it out and
10 tell us what they thought of it and whether we
11 should follow through on it.

12 You asked a sequence of questions
13 and I thought maybe we could get right to the
14 heart of the matter.

15 Q. (By Mr. Mackey) Well, Mr. Wynn,
16 what I'm interested in and let me direct this
17 question back to Mr. Stern, obviously, I don't
18 speak Cantonese and I don't know what the
19 specific facts are related to this individual's
20 association with this triad group.

21 What I am interested in is your
22 response to the interview that took place with
23 the gaming investigators where this employee
24 described the relationship with this person with

1 the questionable associations.

2 Do you recall getting an email
3 inquiry from the gaming investigators in,
4 actually it was this month December 2013? There
5 was some follow-up on this issue from our
6 investigative team?

7 A. Yes, and my email response I think
8 is in the record.

9 Q. It's quoted in the report?

10 A. Yes.

11 Q. I just wanted to ask you a couple of
12 questions about that. You said in the first
13 sentence we update our contracted junket reports
14 semiannually. And those are those reports that
15 you've already testified about, correct?

16 A. Correct.

17 Q. Then you said and no extraordinary
18 work has been done as a result of employee's
19 interview in August 2013. Do you see that? I'm
20 just reading from the report. It's just below
21 that sentence.

22 A. Okay.

23 Q. Did you see that?

24 A. I actually don't. I'm just agreeing

1 with you.

2 Q. Okay. Well, don't do that. In the
3 block quote there where it begins with we
4 update?

5 A. Okay, I got you on that.

6 Q. We update our contracted junket
7 reports semiannually, and no extraordinary work
8 has been done as a result of employee's
9 interview in August 2013. That's what you said?

10 A. That's correct.

11 Q. When you say no extraordinary work
12 was done, what did you mean by that? That there
13 was nothing further done to investigate this
14 matter?

15 A. That's correct.

16 Q. Did one of your team of 14
17 investigators ask the gaming promoter about it
18 following the revelations in that interview?

19 MR. SCHALL: There was no need. The
20 employee you interviewed ran the operations for
21 that junket citywide, which probably means she
22 ran five or 600 tables in 20 different casinos
23 because the license holder was in Beijing that
24 day as Mr. Wynn said.

1 So, there was no need for us to
2 because we know who the boss at Wynn is and it's
3 the license holder. And there isn't any need to
4 go any further that the report already says
5 which says the license holder may have a
6 relationship with the individual that you're
7 basing this line of questioning on.

8 Q. (By Mr. Mackey) The next sentence
9 of your email response, Mr. Stern, says our
10 reports reflect that the individual, I'm
11 presuming that's the individual with the
12 questionable association, may possibly be
13 associated with the, and redacted, junket. But
14 there is no documented ownership.

15 Did I read that correctly?

16 A. That's correct.

17 Q. So, I guess would it in fact take
18 some form of documented ownership by someone
19 associated with Chinese organized crime to
20 trigger further investigation?

21 A. What are you referring to when you
22 say documented ownership? I don't understand.

23 Q. I'm just using the words that you
24 used there.

1 A. In the context of this, are you
2 talking about an arrest record, criminal history
3 record? I don't know what you're referring to.

4 Q. You used the words, Mr. Stern. I'm
5 assuming that the phrase documented ownership
6 refers to some document that reflects ownership
7 of the gaming promoter that actually has the
8 name of the person with the questionable
9 association on it. Is that the threshold for
10 conducting further inquiry?

11 A. No.

12 Q. Then what would be?

13 A. This was the result of an interview
14 that was conducted by your people. And we
15 answered a follow-up question via this email.
16 There was no additional investigation required.
17 We've been putting the results in the semiannual
18 reports for years. There's no reason to act on
19 anything as a result of August 13 because
20 nothing else had fundamentally changed, period.

21 Q. Okay. Mr. Stern, I understand that
22 the DICJ has never sanctioned the Wynn casino
23 since it opened in September 2006 for any
24 regulatory violation; is that correct?

1 MR. SCHALL: That's correct.

2 MR. MACKEY: And on an annual basis
3 -- strike that.

4 For that same period of time, 2006
5 to the present, approximately how many
6 regulatory violations have gaming regulators in
7 Nevada cited you for?

8 MS. SINATRA: The number in the
9 report. It's really quite small. You could say
10 it if you want.

11 MR. MACKEY: Should the Commission
12 draw any inference from the fact that since the
13 casino opened in Macau in 2006 there has never
14 been a regulatory sanction from the DICJ to Wynn
15 Macau?

16 MS. SINATRA: So, I think it's a
17 function of how the regulatory process works.
18 They are in our building every single day, 24
19 hours a day. The failure to send people letters
20 and assess fines does not mean that there's no
21 regulation.

22 MR. WYNN: They operate completely
23 differently there. It's all oral.

24 MS. SINATRA: So, you'll get a phone

1 call that says I'm worried about this or that.
2 With respect to the anti-money-laundering, there
3 is a lot of work as between our compliance
4 people, anti-money-laundering people, a lot of
5 training, a lot of auditing.

6 It's just not their way to send you
7 letters and assess fines. But you won't get
8 your concession renewed if you're not doing the
9 right thing.

10 CHAIRMAN CROSBY: Mr. Mackey, excuse
11 me. How much more time do you have on this?
12 Because of our one o'clock issue, we will be
13 reconvening.

14 MR. MACKEY: Fifteen minutes,
15 probably 20 minutes.

16 CHAIRMAN CROSBY: I think we better
17 stop now. Let me just make sure I'm right about
18 this. At 1:00 we have this brief meeting.
19 Where's Director Day and Ombudsman Ziemba,
20 right, to talk briefly about the arbitration
21 discussion, correct?

22 MR. ZIEMBA: Mr. Chairman, that may
23 not be a full half hour

24 CHAIRMAN CROSBY: Is there any

1 reason why this has to get done at 1:00? Since
2 we posted it, we can start it at 1:00 and then
3 do it later on at the end.

4 We'll have to convene at 1:00
5 because we said we would, but then we'll
6 postpone it. I think we should take a temporary
7 break now. We'll have a quick lunch break.
8 We'll come back here at 1:00. We'll convene
9 that meeting for a moment or two and then pick
10 back up with you all and finish the Wynn
11 suitability hearing.

12 MR. ZIEMBA: We're back here at
13 1:00?

14 CHAIRMAN CROSBY: Yes. Everybody
15 clear on that? Thank you.

16 (A recess was taken)

17

18 CHAIRMAN CROSBY: We may now
19 reconvene public meeting number 98, which is
20 Wynn Suitability hearing. And if I'm not
21 mistaken Mr. Mackey was in the midst of
22 questioning the applicant at 1:15.

23 MR. MACKEY: Mr. Stern, I want to
24 turn now to the suspicious transaction reports,

1 the STRs. You're familiar with what those are.
2 Could you just describe them generally for the
3 Commission?

4 MR. SCHALL: Suspicious transaction
5 report in Macau is very similar to a suspicious
6 activity report in the US. If you have a
7 reasonable suspicion that there is something
8 untoward possibly about the transaction at hand,
9 you would file a report to the applicable
10 authority in Macau, which is the Bureau of
11 Financial Intelligence, Financial Intelligence
12 Unit I think you refer to it in your report.

13 The difference between Macau and
14 Vegas is that the frontline staff in Macau is
15 trained to be -- the frontline staff in Macau is
16 a little more, I would say, oversensitive to
17 these. So, we'll have a lot more preliminary
18 reports than in Vegas.

19 Because in Vegas, they have less
20 cages, less transactions. So, they have more
21 senior people dealing with them in Vegas right
22 from the outset. Whereas in Macau we could have
23 a very junior level let's say cashier employee
24 dealing with it. So, we'll deal with a lot of

1 preliminary reports each month and then filter
2 them through to actual suspicious transaction
3 reports which get filed.

4 MR. MACKEY: And could you give some
5 examples of situations that would trigger the
6 filing of a suspicious transaction report? I
7 know there are a million different scenarios,
8 but maybe just the top three or four.

9 MR. SCHALL: First, in Macau, the
10 reach of your AML policies and the laws is a
11 little further than the United States in that
12 affects any financial transaction.

13 So, in the US you focus on cash. In
14 Macau of course we focus on cash but we also
15 focus on wire transfers, checks, money orders,
16 anything. So, even though money might be in the
17 financial system coming from a reputable bank,
18 let's say a major Hong Kong bank that would also
19 have branches in the US and around the world, we
20 would take a look at it both from a high-value
21 transaction report standpoint and file, even if
22 it's a wire transfer in from somebody's bank
23 account and from a suspicious standpoint.

24 So, the most common suspicious

1 transaction that you get in Macau, because
2 people -- I think 30-, 40,000 people a day walk
3 in the casino and there's multiple cages, is
4 somebody trying to what you'd refer to in the US
5 is smurf under the reporting threshold.

6 So, if the reporting threshold is
7 500,000 patakas, which it is, they come in and
8 they try to do one and \$200,000 transactions in
9 multiple cages, not provide ID, not tell us
10 where they got the chips from, things like that.
11 That is your most common.

12 You'll have somebody who tries to
13 play a game on us and because we have
14 sophisticated surveillance and highly trained
15 cage staff, we catch these for the most part.
16 Can I say we catch them all, no. But I would
17 suspect we catch the overwhelming majority of
18 them.

19 The second one would be, and it's a
20 distant second to the first, would be when we
21 receive a wire transfer from a third-party. So,
22 party A transfers in funds for the benefit of
23 party B. When this happens, it triggers a few
24 things. We immediately run full corporate

1 investigations on both parties, both the
2 remitter and the beneficiary. And that means
3 the full corporate investigations department
4 figures out who these people are.

5 And then they need to show us, now
6 under current policies, they need to show us a
7 nexus. So, if it's father-son, husband-wife.
8 Or in a company situation, it's a company that
9 is a sole proprietorship and the owner is
10 sending the money. That's fine. But they need
11 to document that relationship for us so that we
12 can tie the two together. And it isn't me
13 sending in money for someone that is completely
14 unrelated to me.

15 That would be the second case where
16 we would file suspicious. So, if somebody is
17 sending in money from a bank account and we
18 can't establish why that bank account would be
19 used to be sending money to a casino, we would
20 file a suspicious.

21 We also bounce the wire back. So,
22 we won't accept it. But that doesn't mean that
23 we won't file the suspicious transaction report.

24 MR. SCHALL: How about with respect

1 to PEPs. politically exposed persons?

2 MR. SCHALL: So, from the outset of
3 operations, the Macau AML statute that applies
4 to casinos. So, you have an AML law that the
5 Legislature in Macau called LegCo passed. Then
6 they passed an administrative regulation which
7 basically told all of the various bureaus in
8 Macau who oversee the different businesses in
9 Macau how to act on it.

10 Then you have the regulators who
11 oversee the various businesses tell those
12 businesses here's how we want you to act. Our
13 main regulator is DICJ.

14 In their instruction to us, written
15 instruction it said you need to use enhanced
16 diligence to make sure the politically exposed
17 persons, if they're doing business with you,
18 it's legitimate.

19 So, what happens is every month,
20 there's a threshold that we have. And your
21 investigators got the procedures. The threshold
22 is about US\$500,000 in activity in a 24-hour
23 period, we run full investigation on the person
24 who engage in that type of activity.

1 If they have any type of political
2 exposure, which some do because people get
3 appointed to committees because they're people
4 of certain notoriety in the country that they're
5 from. We will examine number one, what is their
6 political exposure? Are they the mayor of a
7 city or are they just appointed to some
8 consultative body that advises maybe a Chinese
9 agency on occasion?

10 After that then we have to verify
11 that that person has a source of wealth
12 independent from their government position that
13 would allow them to be gaming at this level.

14 MR. MACKEY: Because otherwise, let
15 me just stop you there, the concern would be
16 that they're using public money to gamble.

17 MR. SCHALL: Correct. So, we've
18 never had an instance that you're referring to
19 that someone has possibly taken state funds and
20 used them. But we run across plenty of
21 politically exposed persons, maybe between two
22 and eight per month. And we will vet them out
23 and make sure that they have an independent
24 source of wealth.

1 Quite frankly, a lot of these
2 people, they are on the fortune list of the
3 richest people in the world. And that's
4 probably the reason they're a politically
5 exposed person because of their wealth and their
6 business stature in whatever country they're
7 from. The government appoints them to an
8 advisory body to help the government on economic
9 affairs, social affairs, etc.

10 MR. MACKEY: Would there be another
11 scenario where you would have a person at your
12 facility who attempts to cash in a large number
13 of chips but your surveillance or whatever kind
14 of security you have reflects that they actually
15 weren't gaming at all?

16 MR. SCHALL: That does happen on
17 occasion. And there is a DICJ instruction that
18 says if you want to cash out chips, you need to
19 have verified gaming winnings not just activity
20 that supports that level cash out.

21 So, if someone comes in with \$1
22 million in chips and they don't have any game
23 activity at all, they're not going to get cashed
24 out. They're stuck with the chips. If they

1 have 800,000 in verified winnings, they'll get
2 800,000 and they're left with 200,000 in chips.

3 MR. MACKEY: And how do you monitor
4 what their winnings are?

5 MR. SCHALL: Surveillance and
6 ratings. So, in a VIP program, we're rating
7 every single bet of every single player. And
8 we're also surveying every single bet in the
9 entire casino at all times.

10 So, when someone comes to the cage
11 and says here's my chips and it's a substantial
12 amount, which for us is over
13 HK\$200,000/US\$25,000, the cage will call
14 surveillance. They'll ask the person where did
15 you get these? And they'll say pit 96. Okay.
16 We'll call surveillance and see were they in pit
17 96 gaming. Then we'll call pit 96 and say was
18 this person playing? Do you have ratings? How
19 much did they win? And we'll let them cash out
20 or not.

21 MR. MACKEY: So, there's really no
22 ability to sneak into your Wynn Macau casino and
23 sneak out again with nobody noticing?

24 MR. SCHALL: It would very difficult

1 with any type of material amount of money. If
2 you want to do it for HK\$500, sure. But that's
3 not really on anyone's radar.

4 MR. MACKEY: At the Wynn Macau there
5 are, as I understand it, independent of the VIP
6 rooms where the gaming promoters operate, you
7 have your own casino floor, correct?

8 MR. SCHALL: Correct.

9 MR. MACKEY: And it's about, is it
10 60 percent of the revenue gaming promoters, 40
11 percent your own floor, more or less?

12 MR. SCHALL: More or less, yes.

13 MR. MACKEY: With respect to the
14 suspicious transactions like some of the ones
15 you just described for us, on your own floor you
16 would file those, correct?

17 MR. SCHALL: Correct.

18 MR. MACKEY: What about the gaming
19 promoters, do they fill out their own suspicious
20 transaction reports?

21 MR. SCHALL: Because they're
22 regulated and licensed independently by DICJ
23 although we do have a large measure of
24 responsibility for their activities, they are

1 responsible to fill out their own STRs.

2 MR. MACKEY: The report reflects,
3 the redacted reported, it's Exhibit 4 reflects
4 that at least two of the gaming promoters said
5 they have never filled out a suspicious
6 transaction report. Is that of concern to you?

7 MR. SCAHLL: For two reasons, no.
8 One is that I believe one of the answers given
9 to your investigators when asked why have you
10 never had any was because if somebody doesn't
11 give me all of the documentation I need, I don't
12 do the transaction.

13 You can take the view that an STR is
14 not required if no transaction is performed.
15 So, if you reject the transaction and don't
16 transact with them, you don't need to do an STR.
17 Wynn does not take that view. We try to be more
18 proactive. But the reality is oftentimes if you
19 don't have the person's ID, filling out an STR
20 doesn't really do much good, because there is no
21 detail.

22 The second piece of that is simply
23 that junkets, as you pointed out, have their own
24 cages. They transact with their own customers.

1 Random people don't walk into junket rooms and
2 go to their cages and try to transact. It
3 simply does not happen.

4 Whereas our cages are opened to the
5 public. So, we do have random people walk up
6 and try occasionally to pull a fast one on us
7 and we stop them.

8 MR. MACKEY: For those gaming
9 promoters that do fill out the suspicious
10 transaction reports, do they give Wynn Macau a
11 copy of those?

12 MR. SCHALL: You know, I believe
13 that we have on occasion worked with them when
14 they have a suspicious issue and want to file a
15 report. But the nature of a suspicious
16 transaction report is such that by law you can't
17 tell other people that you filled the report out
18 because it could tip off the person who has had
19 the report filled out about them that they might
20 be under scrutiny by law enforcement.

21 So, therefore, it is not our policy
22 get the STRs. And my understanding of the way
23 the law works in Macau and in talking with my
24 Macau lawyers is it's actually not appropriate

1 for us to ask them for their suspicious
2 transaction reports.

3 I understand from reading another
4 company's report that that might be a little bit
5 different and maybe that's where you're going.
6 That's not something that we do for the reasons
7 I just articulated.

8 MR. MACKEY: Do you have a
9 discussion? Is there some kind of periodic
10 meeting with each of the gaming promoters where
11 you have an opportunity at least to ask them
12 about the suspicious transactions that are
13 happening in their rooms?

14 MR. SCHALL: Our gaming compliance
15 group at Wynn Macau literally speaks with the
16 gaming promoters on a daily basis. I'm not
17 going to tell you they speak to all 12 every
18 single day. But certainly they are speaking
19 with all 12 on a weekly basis.

20 And we do work closely with them on
21 their HVTRs and making sure that they are doing
22 STRs when needed. Because ultimately the gaming
23 regulator will come to us and say we're not
24 happy with how a junket or a gaming promoter is

1 performing in their AML area and we want them to
2 step up their quality, quantity, oversight, etc.

3 To be honest with you, the gaming
4 promoters in our building are of the highest
5 quality. We simply don't really have that issue
6 very often with the DICJ. Our junkets at least
7 as they operate in our building, operate at a
8 very high level. They know that they will not
9 last in our building if there is any kind of
10 compliance issue with them. They will be gone
11 in a second. We will put them right out.

12 MR. MACKEY: Let me ask you, Mr.
13 Schall or Mr. Stern, whoever is appropriate
14 about the subjunkets or the collaborators. I
15 don't know what would be the right term that you
16 would use. Collaborators?

17 MR. SCHALL: It's a broad term. You
18 can use either with me and I can answer your
19 question.

20 MR. MACKEY: What I'm referring to
21 are those entities that work under the gaming
22 promoters that I'm presuming help feed the
23 gaming promoters customer base and provide other
24 services of some sort. Am I correct that these

1 collaborators, for lack of a better word, they
2 have to register with the DICJ?

3 MR. SCHALL: You're correct in the
4 sense that there is some level, and I can't
5 articulate what it is, where a collaborator
6 would be expected to register with the DICJ.
7 And there's what I would call a licensing
8 process, like a light form of a licensing
9 process.

10 It's not as much as a junket,
11 certainly not as much as us. But there are
12 levels below that that don't register because
13 they might bring six players one time per year
14 and they bring them in through a licensed
15 junkets.

16 MR. MACKEY: Do you get a list from
17 each of your 12 gaming promoters of the
18 collaborators that each one of them works with?

19 MR. SCHALL: So, our junkets are
20 contractually required to provide us a list of
21 their collaborators, and they do so. And we do
22 have a list of collaborators on file for our
23 junkets.

24 MR. MACKEY: How often do you get

1 that list? Is this something that you get
2 annually or semiannually?

3 MR. SCHALL: They're either required
4 to give it to us monthly or quarterly, but it's
5 at least four times a year. It might be 12
6 times per year.

7 MR. MACKEY: Can you give me some
8 sense of a ballpark of what the numbers are? I
9 know you've got 12 gaming promoters. So, is
10 there like an average number that each works
11 with?

12 MR. SCHALL: Are you asking about
13 how many are registered or how many work for us?

14 MR. MACKEY: I shouldn't say how
15 many are registered. But it sounds like you get
16 a list from the promoters. They're
17 contractually required to give you a list. So,
18 I guess I'm saying in order of magnitude, how
19 many on that list for each of the promoters?

20 MR. SCHALL: I don't know per each,
21 but we have about 20 on the total list.

22 MR. MACKEY: Do the collaborators,
23 do they work with different gaming promoters or
24 they have one that they have an exclusive

1 relationship with?

2 MR. SCHALL: It varies. I would
3 suspect most of them probably work with more
4 than one junket for sure.

5 MR. MACKEY: There's 20 ballpark, I
6 won't hold you to the exact number, but
7 approximately 20 of these collaborators. What
8 form of due diligence, if any, does Wynn Macau
9 do on those?

10 MR. SCHALL: Full background, just
11 like a junket.

12 MR. MACKEY: Same background check
13 that the gaming promoters get?

14 MR. SCHALL: Yes. Danny Lawley's
15 group does a full check of them. The one thing
16 we -- Yes, full background check.

17 They come and go. And like I said,
18 you might have a collaborator who might show up
19 once and never come again. You might have one
20 that comes three times a year. You might have
21 one who comes every day and likely be on our
22 list. It's a process that is between the
23 collaborator and the junket and the DICJ.

24 We can require them to give us

1 things. But we don't have -- It's not a process
2 DICJ or anyone expects us to be actively
3 involved in. So, we do the best that we can as
4 they provide it.

5 MR. MACKEY: So, if I understand
6 your testimony, when the gaming promoters
7 actually give you the name of a collaborator,
8 then you do your full background check on those?

9 MR. SCHALL: Correct.

10 MR. MACKEY: I read by one account
11 that there may be gaming promoters working at
12 Wynn Macau and other casinos as well that have
13 as many as 100 or more collaborators working for
14 them.

15 MR. SCHALL: I think this is where
16 you get into the distinction, and I don't mean
17 to split hairs or plug Macau legalese for you
18 where my reading of the law, my understanding is
19 that the term collaborator would apply to more
20 of a formal subjunct, almost a mini junket that
21 in some cases even could be bigger than a
22 junket.

23 MR. WYNN: Your junket operators who
24 are the ones that are licensed and investigated

1 who give credit. And they're the only ones that
2 can do that. Then there are these subjunket
3 operators, guys they use on a regular basis in
4 different regions or parts of the country.

5 And within that system, there's also
6 this mass of salesmen that come and go. And
7 that's a much larger group that are just people
8 that are just sort of bird dogging customers.

9 This whole thing makes up this huge
10 moving complex of salespeople and sub salesmen.
11 And they're salesmen, travel agents, people
12 trying to hustle business for these different
13 operators.

14 MR. MACKEY: It's the salesmen and
15 the travel agents are the ones who are unlikely
16 to be showing up on these lists that you get
17 from the gaming promoters?

18 MR. WYNN: Right. And they change
19 constantly. They're adding and subtracting and
20 dropping off and adding on. The minute any of
21 them get any kind of traction and have a
22 following, they become subjunket operators. And
23 then invariably they try to become junket
24 operators.

1 They try and move up the
2 entrepreneurial ladder. That's how that mainly
3 works. That's what's fueled the growth there is
4 that a guy will be a subjunket operator for
5 somebody in Guangdong Province and get very
6 strong in Fujian and all of a sudden a new hotel
7 opens and they'll try and get to be a junket
8 operator on his own, and get a larger share of
9 the portion of the commission we give for that
10 sort of thing. That's how this works.

11 MR. MACKEY: So, it's this group
12 it's very difficult to do -- I guess what you're
13 saying it it's very difficult to do any formal
14 due diligence with respect to the salespeople
15 and the travel agents that operate at a level
16 below the formal collaborator level?

17 MR. SCHALL: Yes. And you have to
18 remember, it's a little proprietary to both the
19 collaborator and the junket that they don't
20 really want to give us too much information,
21 because these are their customers. And they
22 know that we will go try and market them. And
23 then thus cut them out of the commission stream
24 if we could. So, that's a business concern for

1 them as well.

2 MR. WYNN: We would never do that.

3 CHAIRMAN CROSBY: Of course not.

4 MR. WYNN: I want to make it clear,
5 Mr. Schall is not speaking for the company on
6 that. We have respect for their customers and
7 their relationship with their customers.

8 MR. MACKEY: Mr. Stern, I want to
9 direct your attention to page 158 in the
10 redacted report, if I could, maybe 157. Just a
11 question for Mr. Stern or Mr. Schall, whoever is
12 more appropriate to answer. It's the second
13 page of Exhibit 5. I just want to ask you about
14 the anecdote that's described in the bullet
15 point of that exhibit. It begins with during
16 one interview.

17 MR. STERN: Okay.

18 MR. MACKEY: Mr. Stern, were you
19 present for this?

20 MR. STERN: Are you referring to the
21 last bullet?

22 MR. MACKEY: Yes.

23 MR. STERN: I was.

24 MR. MACKEY: You were?

1 MR. STERN: Yes.

2 MR. MACKEY: Is this description of
3 what happens an accurate description of what
4 transpired between the Massachusetts
5 investigators and the gaming promoter?

6 MR. STERN: Well, you're using the
7 terms here as I quote "displaying belligerent,
8 arrogant and disrespectful behavior." Is that
9 what you're asking me?

10 MR. MACKEY: Yes. Would that be
11 your view as well?

12 MR. STERN: Well my view would be
13 more it was there was more lost in translation I
14 think in that than there was. That was one of a
15 dozen interviews that were conducted over this
16 period. I think the frustration of the
17 questions that were being translated was
18 palpable in that meeting.

19 MR. MACKEY: Frustration on whose
20 part?

21 MR. STERN: I think just on the
22 translation part. You're trying to annunciate
23 certain words, etc. to people that perhaps
24 weren't on their A-game that day. I don't know

1 if I'd describe it that way, but I was there
2 during that meeting. It did end that way in
3 terms of it ended prematurely.

4 MR. MACKEY: The way it was
5 described in the report?

6 MR. STERN: Yes.

7 MR. MACKEY: Where the gaming
8 promoter asks can I leave? And the investigator
9 says no, we've got more questions but that no
10 one was making them stay. And at that point the
11 gaming promoter terminated the interview and
12 abruptly left the room?

13 MR. STERN: That's correct.

14 MR. MACKEY: Was there any follow-up
15 with this particular gaming promoter about their
16 conduct during this interview?

17 MR. STERN: About their?

18 MR. MACKEY: About their conduct
19 during the interview.

20 MR. STERN: I had no follow-up with
21 them. I'm not sure if the investigators did.

22 MS. SINATRA: So, if you don't mind
23 I just have an observation with respect to that.
24 I was not at the interview, but while we

1 submitted our company and our company's
2 operations to the travails of the Commonwealth
3 of Massachusetts, not all of our junket
4 operators submitted to individual licensing.

5 They were not use to this process.
6 I don't know how well it was explained to them
7 or understood by them. So, you had a whole room
8 full of Anglo police swearing people in and
9 trying to take their deposition in a place where
10 they were used to just conducting their
11 business.

12 So, I think there was a lot of sort
13 of cultural misinformation, which is translated
14 through to some of these "anecdotes". I guess I
15 would try to focus on the overall level of
16 submission and cooperation.

17 If you felt like our company was not
18 adequate in its cooperation then that is
19 something you should take up with us for sure.

20 MR. MACKEY: No. I'm not obviously
21 taking any issue with any of the conduct of the
22 Wynn people who participated. My question is
23 more did Wynn take any steps to inform the
24 gaming promoters that discourteous or

1 disrespectful behavior towards your regulators
2 was something that would not be acceptable?

3 MR. SCHALL: We did. And that
4 particular junket is relatively small and that
5 guy runs it actively. He, I think, was having a
6 pretty busy day. I can't recall which junket it
7 was.

8 MR. WYNN: It happens to be, and
9 there's no nexus here, that'd be a guy who's not
10 there anymore. He was a small operator in the
11 link between Encore and Wynn. And he has been
12 excluded from our ranks as a matter of fact, not
13 because he was impatient with the interview, but
14 also because he was inadequate. This particular
15 fellow is not an issue anymore. He's not there.

16 MR. MACKEY: Mr. Schall, you said
17 you did take it up with the gaming promoter or
18 somebody?

19 MR. SCHALL: Well, beforehand, we
20 told them that this was a process that our
21 company was going through to get a casino in
22 another jurisdiction in the United States. And
23 that they needed to participate and be
24 cooperative.

1 And we got that cooperation out of
2 11 of the 12. This guy was agitated, impatient
3 and I believe there was a lot lost in
4 translation. And he had three cell phones with
5 him and he just decided he wanted be somewhere
6 else.

7 MR. MACKEY: Okay. But you said you
8 took it up with him afterwards?

9 MR. SCHALL: Before he was told.
10 Afterwards, I did not. I did relay to the
11 people who had set up the interview to convey
12 that we weren't really happy with his
13 performance but he wouldn't be called back.

14 MR. WYNN: He was under other
15 pressure and was severed from the company
16 thereafter.

17 MR. MACKEY: I don't have any
18 further questions.

19 CHAIRMAN CROSBY: For any witnesses?

20 MR. MACKEY: No, not at this point.

21 CHAIRMAN CROSBY: Any redirect at
22 this point?

23 THE HON. WILLIAM WELD: No, Mr.
24 Chairman.

1 CHAIRMAN CROSBY: Commissioners?

2 COMMISSIONER CAMERON: I have a few
3 questions, Mr. Chair. This may be for either
4 Mr. Stern or Mr. Schall. You were speaking
5 about the suspicious activity reports.

6 I'm looking on page 94. I see an
7 increase every year with those reports. Mr.
8 Schall, I think you mentioned that some of the
9 folks over in Macau may be less sophisticated.
10 I'm not sure that's the word you used. But are
11 they more experienced now? Is that why there's
12 an increase every year?

13 MR. SCHALL: I'm sorry you're saying
14 that the number of STRs is going up in Macau?

15 COMMISSIONER CAMERON: Yes.
16 According to this report from 193 in 2010 and
17 it's up to 395 in 2013.

18 MR. SCHALL: My personal view of
19 that is that transactions in Macau have gone up.
20 The gaming market has grown.

21 COMMISSIONER CAMERON: So, it's a
22 question of volume?

23 MR. SCHALL: That would be my best
24 educated guess for you.

1 COMMISSIONER CAMERON: Thank you.
2 Also, you mentioned earlier I believe it was Mr.
3 Stern that there are now semiannual
4 investigations for the junket operators. And
5 that was due to the board of directors asking
6 for that; is that correct?

7 MR. SCHALL: That was me. About two
8 or three years ago, a couple of board members in
9 Hong Kong said we like that you do this annually
10 but let's do it semiannually. It seems
11 appropriate. And we of course completely agreed
12 and started doing it that way.

13 COMMISSIONER CAMERON: Was there a
14 reason asked for semiannual?

15 MR. SCHALL: No. They just thought
16 that doing it every six months was more
17 appropriate than saying we do it once per year.

18 MR. WYNN: Commissioner Cameron, the
19 chairman of the audit committee -- We were the
20 first American company to be allowed to be
21 listed on the Hong Kong Exchange in the history
22 of that Exchange.

23 We're required also in order to
24 obtain that listing to have outside directors

1 that were not from the parent company because of
2 the minority shares that were traded on the
3 Exchange.

4 Our audit committee chairman is Nick
5 Sallnow-Smith a businessman of wide-ranging
6 respect and honor. He was the chairman of Hong
7 Kong Land, which is the real estate division of
8 Jardine Matheson, the great British colonial
9 trading company. Nick Sallnow-Smith works very
10 closely with Mr. Schall. And it was his idea
11 that we tighten that up.

12 COMMISSIONER CAMERON: I see. Thank
13 you. Mr. Wynn, while you're speaking, I just
14 had one question for you, Sir. And you've
15 explained to us, probably this is your second
16 occasion explaining to us about the system of
17 junkets and the promoters.

18 But you did make one statement that
19 I found -- I just wasn't sure what you meant.
20 That was that the junket system was a giant
21 entrepreneurial pyramid scheme, Sir. I just
22 wanted you to explain that statement, if you
23 could.

24 MR. WYNN: I meant exactly that.

1 And I'll be glad to clarify it, Ma'am. The top
2 of the pyramid, of course, is the casino and
3 ourselves. Then right below us is the junket
4 operator. And it begins to spread with his
5 licensed and registered junket operators.

6 And then these salesmen that fan out
7 in ever larging groups throughout mainland
8 China, Taiwan and even Thailand. This huge
9 massive group tends to be, in my mind I
10 visualize it a pyramid of -- like a tree with
11 branches that keep growing out wider and wider.

12 The reason that we're perhaps more
13 sanguine about this structure than we would be
14 in the United States for example is one basic
15 reason. That all of this credit, all of this
16 activity is done in our VIP room that we operate
17 ourselves -- There are several of them. -- and
18 those operated by the junket operators. We
19 operate them but that are occupied by junket
20 guys, is that they give the money in
21 nonredeemable chips.

22 So, the opportunity for money-
23 laundering is chopped off at the knees. They
24 can't take the chips and cash them out. They

1 have to bet them. Which means as a scheme for
2 money-laundering is completely counterintuitive
3 and uneconomical.

4 The customers take the chips when
5 they win when they bet the nonredeemable chips
6 -- Well, I'm getting off the point.

7 The system that is in operation in
8 these casinos, the \$45 billion, \$30 billion of
9 it, \$38 to \$40 billion of it rather is done in
10 nonredeemable chips. That makes control a lot
11 easier, because people can't just switch money
12 and do exchanges.

13 In Las Vegas, there is no such
14 thing. In Pennsylvania, in Chicago, in
15 Mississippi, this is not a system. Dead chips
16 they're called. They're nonredeemable chips.
17 This is not a system that's taken hold in the
18 United States.

19 It might be nice if it did. It
20 makes life a lot simpler. So, people can't play
21 games with credit and money in a casino where
22 you have to bet the chips that you get.

23 And all of these salespeople in that
24 pyramidal scheme, that's my choice of words.

1 You could also think of it as a tree with lots
2 of branches. That was the sense of --

3 THE HON. WILLIAM WELD: Next time a
4 tree.

5 MR. WYNN: Pyramid is a pejorative
6 term?

7 THE HON. WILLIAM WELD: It starts
8 with the same letter as Ponzi.

9 MR. WYNN: Oh, I failed to be
10 sensitive to that. Sorry.

11 CHAIRMAN CROSBY: I was struck by
12 the same thing.

13 COMMISSIONER CAMERON: Thank you for
14 explaining Mr. Wynn. I just had two questions
15 for Mr. Stern. More of investigative questions,
16 so I thought I would ask you, Sir.

17 The first was this statement now and
18 we've heard this a couple of times is that Wynn
19 Macau is unaware of any manner in which credit
20 is extended debts collected. There's a whole
21 paragraph there at the bottom of page 33.

22 Does that mean that there's nothing
23 substantiated, because I know you like to
24 differentiate between intelligence and

1 substantiated information. And I certainly see
2 the value in that.

3 It can't mean that you don't have
4 any idea. It must mean that there's just not
5 anything substantiated, so there's no action for
6 you to take; is that correct?

7 MR. STERN: Yes, that's correct.

8 COMMISSIONER CAMERON: And I had one
9 more question for you, Sir. You've had a chance
10 to read about the land transaction and whatnot,
11 the information in the report about the land
12 transaction.

13 MR. STERN: Yes.

14 COMMISSIONER CAMERON: And I just
15 was wondering from an investigative standpoint
16 what your thoughts were on the fact that Mr.
17 DeCicco asserted his Fifth Amendment right, Mr.
18 Gattineri asserted his Fifth Amendment right as
19 well as the fact that Mr. DeNunzio provided
20 sworn testimony that he personally altered the
21 dates on the August 12 promissory notes.

22 What were your thoughts when you
23 learned of that information?

24 MR. STERN: That what just said,

1 Ma'am, is troubling. And we had the answers to
2 the test beforehand, we would not have these
3 questions. It's just very bad. I wish we had
4 that information before.

5 COMMISSIONER CAMERON: Okay. Thank
6 you. That's all I have.

7 CHAIRMAN CROSBY: Commissioner
8 McHugh?

9 COMMISSIONER MCHUGH: Mr. Mackey
10 asked most of the questions that I was going to
11 ask. So, I will be brief. I have a few
12 questions for Mr. Schall.

13 I thought I understood this chip
14 thing last week, but now I'm not so sure that I
15 do. Before I get to that. Let me ask you to
16 describe what again, and I know Ms. Sinatra
17 covered this in her introductory remarks.
18 What's the function of the junket committee?

19 MR. SCHALL: The junket committee is
20 just a committee made up of the senior
21 executives that Kim when through that after DICJ
22 and after Jim and Danny's group do their report
23 that we sit together. We look at the report
24 together and say okay, this junket is now okay

1 to operate at Wynn Macau.

2 Rather than just getting a report
3 and they just sort of fall into operations, we
4 wanted a definitive step where you put senior
5 executive on the line who say we read the
6 report. We looked at it. And we are okay with
7 them to operate here. That is the pure function
8 of the junket committee.

9 COMMISSIONER MCHUGH: Does the
10 junket committee review the semiannual reviews
11 of the junkets?

12 MR. SCHALL: A small group including
13 myself does. If an issue were to arise in a
14 semiannual review, we would convene the junket
15 committee and then we would convene the full
16 compliance committee. And then we would convene
17 the Wynn Resorts Limited compliance committee
18 with Governor Miller.

19 COMMISSIONER MCHUGH: Does the
20 junket committee have any role with respect to
21 the sub-promoters, the next level down?

22 MR. SCHALL: To the extent we get a
23 major collaborator and they're registered with
24 us and there's a background investigation, the

1 junket committee will go through that and say
2 that we are okay with them to be at our property
3 because we have actual knowledge that they're
4 there operating under X-junket and so we want to
5 take the same steps.

6 MR. WYNN: Commissioner, in our
7 company both in America and in China, in direct
8 response to your question, there are two major
9 personalities at work. There is the revenue
10 side looking to increase the topline, market,
11 sell. Then there's the administrative and
12 control side looking to control, regulate,
13 control costs, control regulatory exposure,
14 protect our reputation.

15 These two competing forces hopefully
16 come into equilibrium. The junket committee is
17 composed of the marketing and the regulatory
18 part of the personality. And it's after the
19 background checks that the junket committee
20 starts to try and balance that issue.

21 So, the junket committee's primary
22 function is to try and reach equilibrium between
23 the marketing and the revenue side of the
24 company and the control side.

1 COMMISSIONER MCHUGH: Thank you.
2 You described, Mr. Schall, what I think would be
3 fairly characterized as a robust anti-money
4 laundering regime on the side where you're
5 dealing with your own customers.

6 The validation of third-party wire
7 transfers for example. Not allowing people to
8 cash out in a different currency than they
9 cashed in on and other matters like that. Is
10 that also in operation in the VIP rooms that the
11 junket operators use?

12 MR. SCHALL: To the best of my
13 knowledge, they largely mirror our policies.
14 The reason is one, they are interested in
15 compliance. They're big businesses. They're
16 not interested in risking their businesses over
17 silly transactions, notwithstanding what some
18 members of the media in US and other countries
19 would like to say.

20 And number two is they're under the
21 same audit procedure from DICJ as we are. And
22 that audit procedure does things like takes a
23 rating card, takes surveillance of a player and
24 makes sure that the rating card matches the

1 player and then matches the cash out.

2 And believe it or not, they can
3 forensically do this and they do it all of the
4 time. And if there's issues there, whether it's
5 in our own program, if there's been an issue,
6 which there hasn't been, or with the junket,
7 DICJ will call them on it and ask them how did
8 you let this person get rated over here under
9 this name and then do this cash out. It's
10 wrong.

11 So, DICJ's been squeezing down on
12 this over the last few years. And they largely
13 have it in hand. So, the junkets have their own
14 compliance standards that they want their
15 business to keep going. They want to keep going
16 at Wynn, certainly.

17 And so, they are very strict and
18 they have the regulators sitting on top of them
19 digging down into individual transaction
20 employers to make sure all of these things line
21 up correctly.

22 COMMISSIONER MCHUGH: In each of the
23 rooms that the junket operators is conducting
24 business in, you supply and train the dealers,

1 the people who are on the operational side in
2 those rooms?

3 MR. SCHALL: Correct. The rooms are
4 staffed entirely, just about entirely by our
5 staff, our dealers, our supervisors, our staff.
6 They will have some marketing representatives
7 who help them move chips back and forth between
8 the cage. As you said, they do have their own
9 cages, but those cages are surveilled by us and
10 DICJ. And all of their cage transactions are
11 audited by DICJ as well.

12 MR. WYNN: Their employees are
13 basically involved with what's called the chip
14 roll. And it's important for me to make that
15 distinction again and again so you can visualize
16 this activity.

17 The nonredeemable chip is wagered,
18 It's a 50-50 game. If they lose the bet, the
19 nonredeemable chip is taken away and they bet
20 another one.

21 If they win, the nonredeemable chip
22 is returned to the player and the winning, the
23 equal amount is given in a redeemable chip,
24 which the customers 99.9 percent of time, put on

1 the side and then bet the nonredeemable until
2 all of the nonredeemables are gone. Then they
3 take the redeemables, they give it to the girl,
4 the chip runner.

5 She goes over and buys more
6 nonredeemables. And for every dollar gets \$1.01
7 or \$1.02 in extra chips. They get a bonus.
8 There's a premium.

9 So, they make money by rolling the
10 chips. They get more nonredeemable chips,
11 dollar for dollar than their redeemables that
12 they buy them with. So, that's what the
13 customers do.

14 And the employees of the junket
15 operators, they provide transportation and those
16 girls that run back and forth that do the chip
17 roll. All of the gaming supervision, all of the
18 surveillance, all of the touching of the cards
19 is just us.

20 COMMISSIONER MCHUGH: And the
21 surveillance in those rooms, if it detects
22 improper activity is reported to the DICJ?

23 MR. WYNN: That's correct.

24 COMMISSIONER MCHUGH: The DICJ does

1 the enforcement. You do the operation and
2 reporting; is that it?

3 MR. WYNN: That's correct.

4 MR. SCHALL: Correct.

5 COMMISSIONER MCHUGH: At the end of
6 the day when the successful bettor has won a
7 substantial amount and has nonredeemable chips
8 to show for it, that bettor cashes those chips
9 out at the cage, right?

10 MR. WYNN: Yes, Sir.

11 COMMISSIONER MCHUGH: And gets
12 redeemable chips or currency, right?

13 MR. WYNN: Gets currency.

14 COMMISSIONER MCHUGH: Gets currency.

15 MR. WYNN: He can't cash the
16 nonredeemables, Judge. He can only cash the
17 redeemables. And he gets cash in Hong Kong
18 dollars.

19 COMMISSIONER MCHUGH: Let's assume
20 -- That's the part, a piece of the part that I
21 don't understand. Let's assume that a bettor is
22 there, has been successful, has started out with
23 \$100,000 in nonredeemable chips. Has won
24 \$50,000, has bet \$50,000 and won another

1 \$50,000. So, he has now got \$50,000 or a pile
2 of redeemable chips, but he's still got \$50,000
3 in nonredeemable chips. He has had enough. He
4 wants to go home or she. What do they do with
5 the nonredeemable chips?

6 MR. WYNN: That would depend on the
7 junket operator and his relationship with the
8 junket operator. If it's our program, we don't
9 cash him out. He bought them, he owns them.
10 He's got to bet them.

11 I think the junk operators almost
12 entirely are exactly the same. There's no
13 incentive for them to refund the money. The
14 customers buy the nonredeemables in chunks that
15 they're willing to risk.

16 COMMISSIONER MCHUGH: I understand
17 that. But at some point, they get tired, hard
18 to believe, but they get tired of betting. And
19 they may have some nonredeemables left. And
20 what you're telling me --

21 MR. WYNN: They put them in their
22 pocket and go home.

23 We have a large amount of
24 outstanding nonredeemed chips, an

1 extraordinarily large amount. They keep them.

2 COMMISSIONER MCHUGH: All right. I
3 hear you.

4 CHAIRMAN CROSBY: They could use
5 them again if they wanted to.

6 MR. WYNN: They could always play
7 them. The amount of unredeemed chips is a
8 staggering amount.

9 COMMISSIONER MCHUGH: All right. I
10 understand. Thank you very much.

11 CHAIRMAN CROSBY: Commissioner
12 Zuniga?

13 COMMISSIONER ZUNIGA: Yes, a couple
14 questions. Ms. Sinatra, you spoke a little bit
15 about or quite a bit about the compliance
16 committees in both Nevada and Macau. And you
17 also mentioned briefly that you attend some of
18 those monthly meetings or calls.

19 If you could just expound on how
20 those two committees and other related
21 compliance committees roll up to the corporate
22 compliance chaired by Mr. Miller that you were
23 describing. Help me understand more of those
24 communications.

1 MS. SINATRA: Of course. So, let's
2 start at the bottom. So, in the operating
3 properties we talked about, both Wynn Las Vegas
4 and Wynn Macau have gaming compliance
5 committees. Those committees are the ones that
6 meet monthly.

7 They are attended by the corporate
8 compliance officer and a whole host of other
9 people from different functional areas. They
10 consider on a transaction by transaction basis
11 things that are happening in the casino. So, in
12 Las Vegas, as Jay alluded to with respect to
13 suspicious activity reporting, is that they
14 actually discuss the filing of certain
15 suspicious activity reports.

16 If one hasn't been filed, but there
17 has been an incident in the casino that they
18 think about filing, they actually take a vote as
19 to whether or not this rises to the level of a
20 suspicious transaction. So, there is the
21 granular business of the everyday conduct of the
22 casino that is monitored and considered by the
23 gaming compliance committee in each place.

24 And to the extent that issues arise

1 out of either those committees, it is reported
2 up to the corporate compliance committee either
3 by the compliance director, whose sole job is to
4 make sure that all of the compliance committees
5 are doing what they're supposed to be doing.

6 So, that's Shannon Nadeau who your inspectors
7 and the IEB has had extensive experience with in
8 our organization.

9 So, it's either reported to Governor
10 Miller directly by either Kevin Tourek or
11 Shannon Nadeau or in a written report. Things
12 will happen in between committee meetings that
13 are referred on a daily, weekly, whenever they
14 arise basis to the appropriate committee.

15 The way that communication is
16 assured is by there's a certain constancy in
17 participation throughout all levels, with the
18 idea that everyone in that chain has access to
19 and authority to contact directly Governor
20 Miller or any member of the compliance or audit
21 committee.

22 COMMISSIONER ZUNIGA: Does that
23 happen with some frequency, some kind of
24 exception communication?

1 MS. SINATRA: We are a really
2 communication heavy organization. It's the only
3 way that you can keep track of the amount of
4 financial activity that is happening in our
5 organization. So, there is daily, weekly,
6 monthly communication as among different
7 functional areas in our company.

8 We have scheduled calls. For
9 example, I have an every other week call with
10 all of my lawyers in Macau. We sort of cover
11 the waterfront with respect to issues. The
12 finance people have that same sort of rubric.
13 Internal audit has it. So, it all rolls up in
14 not a pyramid but a tree to ultimately having
15 good communication all of the way to independent
16 overseers.

17 COMMISSIONER ZUNIGA: You also
18 described -- Your team described also the PEP,
19 the politically exposed people. I think it was
20 in the context of Macau. Does that also happen
21 in Nevada, in Las Vegas?

22 MS. SINATRA: There's not a US
23 requirement to run the database through the PEP
24 software which we call World-Check. We actually

1 as a proactive matter in light of sort of FinCEN
2 screwing down on its scrutiny of our
3 participation of the Bank Secrecy Act, we are
4 actually having World-Check installed in our
5 operations in Wynn Las Vegas. And in the first
6 quarter of '14 that will be live. And we will
7 begin using it.

8 MR. WYNN: Commissioner, in the
9 People's Republic of China, a politically
10 exposed person, a real public official, a mayor,
11 a city councilman, a government official,
12 gambling with the people's money is the death
13 penalty. And I don't mean that term in
14 exaggeration. It literally carries the death
15 penalty.

16 The time between conviction and
17 execution in the PRC is 60 days. Pretty serious
18 business. And the State Security Police of the
19 People's Republic of China have a presence.
20 They don't have an office but they are
21 constantly around in Macau. It's almost as if
22 the CIA and the FBI were hanging around every
23 casino in Las Vegas.

24 They are there and they are looking

1 for the people's representatives gambling with
2 the people's money. It is a legal offense in
3 China. There is no second chance, no appeal.
4 It's the death penalty. And they do it.

5 COMMISSIONER ZUNIGA: Also, back to
6 the junkets for a little bit. You mentioned
7 there's about 200 plus licensed junket
8 operators.

9 MS. SINATRA: In Macau, yes.

10 COMMISSIONER ZUNIGA: But you do
11 business with 12 or 13.

12 MS. SINATRA: That's correct.

13 COMMISSIONER ZUNIGA: Last week we
14 also heard from MGM. They do business with
15 about eight.

16 MS. SINATRA: Yes.

17 COMMISSIONER ZUNIGA: Where are all
18 the others? Just help me understand it.

19 MS. SINATRA: There are different
20 levels of participation in junkets. Some of the
21 Chinese operators almost their whole casino is
22 run by junkets. They are not actively in the
23 business running their own program. And I think
24 that the monopoly that existed prior to

1 liberalization in 2001 and 2002 -- Oh, I got a
2 helper.

3 MR. WYNN: SJM, which is the company
4 that is commonly associated with Stanley Ho,
5 although he is for all intents and purposes no
6 longer functional. He is very ill. His firm
7 has although they're one of six licensed
8 concessionaires, he has prior to 2002 engaged in
9 what's known as service agreements. He has 20
10 odd casinos that are operated under SJM with
11 these service agreements.

12 And these service agreements have
13 subcontracted the casino's operation almost
14 entirely to other people. These service
15 agreements are no longer permitted. For
16 example, none of the concessionaires, the
17 American concessionaires have them. We don't
18 have service agreements. We operate our own
19 business. We don't have anybody else operating
20 our business except us.

21 But SJM had all of these little
22 casinos. And they're in office buildings that
23 are converted into casinos and small hotels.
24 There are two dozen of them. Out of the -- Jay

1 what do we have 33 casinos, 34?

2 MR. SCHALL: Thirty-five.

3 MR. WYNN: -- 35 operating gaming
4 casinos that you and I would call a gaming
5 casino in a building, Stanley Ho has what, 24 of
6 them?

7 MR. SCHALL: Twenty-three, 24.

8 MR. WYNN: Twenty-three or 24 of
9 them and they're in these service agreements.
10 That is where all of those myriad junket guys
11 are.

12 COMMISSIONER ZUNIGA: Thank you.

13 CHAIRMAN CROSBY: Commissioner
14 Stebbins?

15 COMMISSIONER STEBBINS: Mr. Stern or
16 Mr. Schall you talked about -- picking up on
17 some of the junket operator questions -- the
18 DICJ licenses the junket operators first before
19 they even can approach you; is that correct?

20 MR. SCHALL: Yes.

21 COMMISSIONER STEBBINS: Are you
22 satisfied with the process that the DICJ uses?

23 MR. SCHALL: Yes.

24 COMMISSIONER STEBBINS: So, the

1 junket operator gets licensed there. They come
2 to you. They submit an application. There is
3 no face-to-face interview. And the junket
4 committee looks at whatever application -- No?
5 That's all right. You can shake your head no if
6 I'm wrong.

7 They apply to get to be a junket
8 operator within your facility and then there's
9 kind of a background investigation that's
10 undertaken internally of the junket committee.
11 There is also, I think Ms. Chen looks at the
12 reputation of the person applying. You don't
13 have a lot of turnover from what you testified
14 earlier. But am I following the right process?

15 MR. SCHALL; You are. So, they go
16 through their application process with DICJ.
17 The concession companies play a very small part
18 in that in that a junket when it goes to apply
19 needs to tell DICJ here are the casinos I plan
20 to operate at.

21 And the DICJ will ask us, if this
22 guy passes all of the different levels of
23 scrutiny both with DICJ and with yourselves, can
24 they operate with you? And we'll say yes, of

1 course, subject to the caveat that they pass the
2 background checks and we have room, etc.

3 Then as you said and as we've said,
4 they come through the DICJ process. They
5 actually get a physical license. And on the
6 license, it says which hotels they can work at.

7 Then we put them through all of our
8 backgrounding checks. When that report comes
9 out, the junket committee will review it. It
10 obviously gets discussed with the compliance
11 committee, but not at a high level of detail
12 with the whole compliance committee.

13 Governor Miller is appraised of
14 here's the new junket that wants to come in.
15 Here's the report. Here's all of their staff.
16 Here's all of the background checks on all of
17 their staff, and I mean all of their staff.
18 Sometimes their staff list is 80 or 90 people.
19 We have to redact the names because of data
20 privacy.

21 But we can let him know three of the
22 employees we found unsuitable because they had a
23 drunk driving issue or something when they were
24 younger. We want everybody just to have

1 perfectly clean records. It's much easier.
2 Then they proceed forward, space provided in our
3 property. Like I said, I don't think we've had
4 a new junket, Mr. Wynn or Matt may know better,
5 in quite a long time because we're just full.

6 COMMISSIONER STEBBINS: It sounds
7 like you do have a new opening recently.

8 MR. WYNN: Not in the last 12
9 months, about a year ago.

10 MR. SCHALL: What Mr. Wynn alluded
11 to, we took those tables for our own program in
12 the space that that junket was removed from. We
13 took them for ourselves.

14 COMMISSIONER STEBBINS: In the
15 report it talks about you do go beyond DICJ
16 regulations in that you do do an investigation
17 of the junket operator, the promoter's
18 employees.

19 How willing if something turns up,
20 as you mentioned the DUI conviction or anything
21 else in their record, does the promoter
22 cooperate with you and say fine that person
23 won't be allowed on the property?

24 MR. SCHALL: Quite frankly, they

1 have no choice but yes they do cooperate. We
2 have to issue them staff cards. They have
3 special staff cards for them to be on our
4 property. If any of them ever don't have that
5 staff card, they are removed. Even if they
6 forgot it at home, they have to leave.

7 So, you're not going to get a staff
8 card if we don't want you there get. So, what
9 happens is if we find let's say an issue with
10 one junket employee a DUI or something like
11 that, some minor assault, it's usually very
12 minor things. Don't get me wrong, we don't want
13 them in our property, we just tell the junket
14 you can't have this person on our property.
15 Find someone else or do without. And there's
16 never been an issue.

17 COMMISSIONER STEBBINS: You talk
18 about the relationship that the state of Nevada
19 has with the DICJ, and that there's certainly
20 some proprietary information that can't be
21 shared. What is really the value to our
22 counterparts in Nevada about the relationship
23 with the DICJ in terms of how you operate?

24 MR. WYNN: May I answer that

1 question, Commissioner?

2 COMMISSIONER STEBBINS: Sure.

3 MR. WYNN: I, understanding that
4 probably in my company I had the most experience
5 and tutelage in how to behave in China.

6 When the process started in 2001, I
7 was fortunate enough to have a personal
8 relationship with President Bush 41. And as I
9 started the process for the concession, we were
10 together socially. We were staying at my home.
11 We were playing golf, and he asked me if I was
12 serious about going forward. And I said I am
13 going to try.

14 He said, well, when we finish, we're
15 going to sit down for an hour and I'm going to
16 give you a lecture about how things work in a
17 culturally driven society as opposed to the one
18 we have out West in the Western part of the
19 world.

20 And as a result of that
21 conversation, President Bush is -- Thank
22 goodness, he's still alive. -- one of the most
23 knowledgeable cinephiles alive. He started as
24 our emissary before we had an Embassy in the

1 70s. He continued those relationships after
2 being in Beijing in the 70s through his period
3 as head of the CIA, the UN ambassadorship, his
4 vice presidency.

5 He was a houseguest and vice versa
6 with Jiang Zemin before when Jiang Zemin was
7 mayor of Shanghai. So, you can imagine the
8 intensity of the relationship between China and
9 President Bush 41. He told me how to behave and
10 what would happen and the differences.

11 Well, I shared that conversation
12 with chairman of the gaming control board much
13 later. And suggested, as I am today here that
14 the gulf could be bridged easily between what
15 may seem at the moment to be murky issues of
16 Macau and the more crisp version you have of
17 American regulation by simply getting to know
18 these people.

19 And I explained to AG Burnett that
20 the greatest thing we could do is to take the
21 gaming control board over to Macau. Never mind
22 getting fussy. Just show up as people. And go
23 to dinner and spend some time talk, create a
24 relationship and all of the walls will come

1 down. All of the windows will open. The doors
2 will open. There'll be no more resistance.
3 It'll be a whole different world.

4 It's not a thing you could do in one
5 single visit, but the development of a
6 relationship in Macau makes all of this mystery
7 and these complex differences that we've been
8 referring to go away.

9 And that process has begun in Nevada
10 and in Macau. And it's getting better all of
11 the time. And to the extent that we're involved
12 in Massachusetts, if we are lucky enough to have
13 that happen, you want Chinese business here.
14 You want us to license some junket operator guy
15 and bring all of those people here. You want
16 that money in Boston, in Massachusetts. You
17 really do.

18 And the way to get the job done is
19 to do what AG Burnett is doing is to develop the
20 exchange between the two countries.

21 They do things differently than us,
22 but they are intelligent. It's a meritocracy.
23 They just have a different cultural approach to
24 things, but there is a meeting ground. And

1 that's the most important thing, I think, is to
2 bridge that gap. And then a lot of that
3 discomfort or uncertainty will vanish.

4 COMMISSIONER STEBBINS: Thank you,
5 Mr. Wynn. I had one more question and it was
6 actually for you. And maybe I'm afraid to open
7 this window but I'll try it.

8 The IEB report talked about 1986 you
9 pulled out of New Jersey, you had lost faith in
10 New Jersey political environment. Can you tell
11 us how that faith was lost?

12 MR. WYNN: It had to do with local
13 government in Atlantic City. It was and I fear
14 may even today, I'm not sure about the moment,
15 but every year that I was there, one or two of
16 the politicians went to prison, year after year.
17 These flaky people that had no conception of the
18 opportunity being presented to the community.

19 The state of New Jersey turned its
20 back on Atlantic City with the exception of a
21 couple of senators who tried very hard. But
22 gaming became legal in New Jersey by accident.
23 The first time they tried to license it, it
24 failed. And the people up north who didn't like

1 South Jersey in that respect thought it was
2 over. And the second time that the referendum
3 went on the ballot, nobody paid any attention
4 and the proponents got it passed.

5 Well, Brendan Byrne was the
6 governor. And it was almost resentful, the
7 establishment almost resented what happened in
8 South Jersey. So, a process began where
9 everything was left to the local politicians in
10 Atlantic City.

11 A group of unsophisticated venal
12 people in many respects, year after year, prison
13 term after prison term off they trotted for
14 misconduct in public office. And you could just
15 see that there was no plan of development.
16 There was no intelligent exchange.

17 I myself appealed to several
18 governors to change that. And sort of got
19 patted on the back, yeah, thanks, Steve. We had
20 the best place there. We had the smallest
21 casino. We had the most revenue by far than
22 even the bigger places. But you could see that
23 Atlantic City was going nowhere. That was going
24 to end up where it is now, unfortunately.

1 And it had a chance to be a great
2 beginning. It had the ocean. It had monopoly
3 on the eastern seaboard of the United States to
4 be a great destination resort. But the
5 political naïveté, the political venality, the
6 lack of sophistication of the government of New
7 Jersey until Governor Christie came along -
8 Chris, the lady governor.

9 COMMISSIONER CAMERON: Governor
10 Whitman.

11 MR. WYNN: -- Whitman came along,
12 nobody cared about Atlantic City. Christine
13 Whitman tried to light the fire again. And
14 that's how the marina and the tunnel got built.
15 There's been books written about that. But
16 unfortunately it was too little too late.

17 And we all know what position that
18 community is in. Now gaming is spread
19 everywhere in the eastern seaboard and I fear
20 that maybe Atlantic City lost its moment.

21 Here in Boston, we've got a whole
22 different opportunity. But that's why I left.
23 I could see where it was going. And a guy came
24 and made an offer to pay a lot of money for the

1 company and I was thrilled to leave.

2 CHAIRMAN CROSBY: I would point out,
3 Mr. Wynn that it was our Commissioner Cameron
4 who put a lot of those local politicians in the
5 slammer.

6 MR. WYNN: Commissioner Cameron
7 knows what happened there. I didn't exaggerate,
8 did I Commissioner?

9 COMMISSIONER CAMERON: A lot of what
10 you said has merit, Sir.

11 MR. WYNN: They kept going to
12 prison. It was the damnest thing you ever saw.

13 COMMISSIONER STEBBINS: Imagine if
14 we had the Chinese rules. That's it. Thanks.

15 CHAIRMAN CROSBY: If we had the
16 Chinese rules, Commissioner Cameron would be
17 executing people. Is that what you mean? Were
18 you finished, Commissioner Stebbins?

19 COMMISSIONER STEBBINS: Yes, I am.

20 CHAIRMAN CROSBY: I had a few
21 questions. And thank you all for your time and
22 patience. The PEP processes that you described,
23 do the gaming promoters have the same regs. and
24 practices or does that apply only to yours?

1 MR. SCHALL: It's the same
2 instruction applies to both us and the junkets.

3 CHAIRMAN CROSBY: Okay. Good.
4 There is a reference on page 94, some of which
5 is blacked out in the redacted version, but it's
6 a reference to what seemed to be a great many
7 Bank Secrecy Act violations. And you've got the
8 unredacted, you've seen it somewhere.

9 MS. WELLS: Is that regulatory
10 infractions.

11 CHAIRMAN CROSBY: I only have the
12 redacted. Yes, it's in that section.

13 MS. WELLS: It starts on page 93.

14 CHAIRMAN CROSBY: They just appeared
15 to be -- I couldn't understand what to make of
16 it. It seemed like it was significant but had
17 not been mentioned.

18 MS. SINATRA: This refers to the
19 audit.

20 CHAIRMAN CROSBY: Yes.

21 MS. SINATRA: One half of one
22 percent of all filings in that year, no fine
23 imposed. So, you know what a violation is if
24 someone took a picture of someone's passport and

1 they forgot to fill in their middle initial, if
2 someone forgot to write the exact date.

3 So, the way that people in this
4 industry look at this is the percentage of all
5 transactions, which is what was right and what
6 was wrong, so one half of one percent were found
7 to have some kind of -- and they're vast
8 majority is stenographic type errors. They
9 would have imposed a fine if they found
10 anything.

11 CHAIRMAN CROSBY: Which they did
12 not.

13 MS. SINATRA: It's excruciating.

14 CHAIRMAN CROSBY: This was just out
15 of curiosity. On my page 31 of the redacted
16 version, in the middle there is a -- this talks
17 about one of the steps that Wynn takes that's
18 beyond those required by the DICJ performs
19 background checks of the gaming employers -- of
20 the employees of the gaming promoters. Does MGM
21 do that as well, do you remember?

22 MS. WELLS: I think the answer is
23 no, but I'd rather hold off. I can report back
24 to the Commission, but I want to be sure.

1 MR. WYNN: I can't answer the
2 question, Sir.

3 MS. WELLS: I think they do the key
4 employees, but I'll refer back to the
5 Commission. I just don't want say anything
6 unless I am absolutely 100 percent sure.

7 CHAIRMAN CROSBY: Okay. It's
8 meaningful if it is something which is
9 distinctive.

10 This would be maybe Mr. Schall, I'm
11 not sure. Can you characterize -- I think,
12 Commissioner Stebbins or somebody was getting at
13 this. But when you tell us that the DICJ does
14 background checks of the gaming promoters and
15 that pretty much stands as the sine qua non of
16 whether these folks are right to do business
17 with, can you characterize those background
18 checks compared for example to the kind of
19 background checks that you folks are having to
20 go through now? Where on the continuum of
21 "background checks" does the DICJ background
22 checks fit?

23 MR. SCHALL: I can't speak to them.
24 Given they have access to law enforcement and

1 actually have an enforcement division similar to
2 yours that has police powers, I expect they can
3 do a fairly extensive both Macau and regional
4 check on the gaming promoter license applicants
5 and the other people who fall within their
6 purview like the five percent shareholders. But
7 I can't speak for them. That probably would be
8 something you could discuss with them.

9 MS. SINATRA: I don't know if Jim,
10 do you have anything?

11 MR. STERN: Yes. I agree with what
12 Jay just said. They have all of the resources
13 that an agency like that would have.

14 CHAIRMAN CROSBY: Do some promoters
15 fail the background checks?

16 MR. STERN: You would have to ask.
17 I don't know what the ratio is on that. But I
18 can also tell you that the background that we
19 then do encompasses not only a lot of the
20 investigative resources that they have, but we
21 also have the ability to check both
22 internationally and in the US.

23 A good example of that was we had --
24 it wasn't a bad issue, but we had an applicant

1 or somebody that wanted to be licensed, we
2 couldn't corroborate where this individual had
3 gotten married. It was in another Asian
4 country. We had to dig down pretty deep to
5 confirm and corroborate what this person was
6 alleging on the application.

7 So, it wasn't anything that was
8 egregious or salacious. It was just something
9 that we make sure that we confirm all of the
10 information thoroughly. And of course the DICJ,
11 to answer your question, does a very, very nice
12 job also but they do it with a lot more
13 resources officially than we do.

14 CHAIRMAN CROSBY: Okay, thank you.
15 This one is just a little bit theoretical. And
16 maybe it's for Mr. Wynn. By all accounts as
17 best we can tell and a lot of time and money has
18 been spent, your compliance procedures seem by
19 the upshot of this investigation to be quite
20 buttoned up. I don't think there is going to be
21 any question about that. But I'm a little bit
22 puzzled by the makeup of the compliance
23 committee.

24 You have Governor Miller who, again,

1 by all accounts, is a very strong personality
2 and a very capable personality for this role.
3 But the other two members, so a majority are
4 executives of the company. They're staff
5 essentially. And I think as I have begun to
6 learn a little bit more about this, it's a
7 little more standard operating procedure to have
8 your compliance committee be made up at least of
9 a majority of outside people and certainly not
10 of staff for reasons which you can well
11 understand.

12 And I'm curious why you do it that
13 way since it is kind of obvious that another
14 practice might make more sense, at least
15 optically?

16 MR. WYNN: An interesting point you
17 just made. Very much the same kind of reasoning
18 one would say for example that a board of
19 directors of a public company should be made of
20 outside directors not just in management.

21 The trouble with that is this.
22 Compliance in a casino is a technical full-time
23 job. I have to say, Sir, that I believe that
24 the only way it can actually be done well is

1 with full-time, trained people totally familiar
2 with the nuance of the operation of the casino.

3 No matter how reputable someone may
4 be as an outsider, they could never have the
5 kind of continuity, the kind of intimate
6 relationship with the regulatory process that's
7 necessary to run a casino in a tight way.

8 So, the obvious counterpoint is yes,
9 but aren't the people on the inside those that
10 very well may be the most -- earliest those that
11 may be compromised, that would drop the ball, so
12 to speak, or be careless in compliance. That's
13 the job of management. That's the job of people
14 elect the board of directors.

15 If our technically trained,
16 intimately acquainted employees who really know
17 how all of the jazz happens in a casino, if you
18 really know how to watch it 24/7, you need full-
19 time people to watch it 24/7. Because the
20 shenanigans and the jazz that goes on in the
21 casino is unrelenting. There's too much money
22 around. So, you've got to have very, very tight
23 24/7 surveillance and control of the process in
24 compliance issues.

1 Now if it's true that insiders are
2 less qualified to do this than sooner rather
3 than later the system would erupt in failure.
4 And a guy like Bob Miller, Governor Miller would
5 know about it. And an entirely different staff
6 would have to be installed.

7 But instead, Sir, our experience has
8 been that we don't have trouble with compliance
9 because we follow this notion of highly trained,
10 full-time employees whose sole paycheck is based
11 upon their ensuring compliance. They have an
12 entirely different perspective than the revenue
13 folks, the salesmen so to speak in the company.

14 I personally wouldn't know how to
15 approach this with an outside person. If I had
16 Commissioner Cameron, a long-standing woman of
17 law-enforcement, how much compliance can I get
18 from someone like that if it's a part-time
19 employee? Unless, it's full-time, even
20 Commissioner Cameron's experience wouldn't mean
21 much when applied to the intricacies of day-to-
22 day shenanigans in a casino.

23 So, we'd need Ms. Cameron full-time.
24 So, she wouldn't be an outsider anymore.

1 CHAIRMAN CROSBY: She's busy.

2 MR. WYNN: She'd be an insider. So,
3 inevitably we'd get to specialization. And I
4 guess, Chairman, that's my answer.

5 THE HON. WILLIAM WELD: Another
6 thing that occurred to me, Mr. Chairman, while I
7 was wondering about this is that if there's a
8 serious issue, it's going to get kicked upstairs
9 by Bob Miller over just Bob Miller's head to a
10 committee of the board as we heard in a story
11 that Mr. Wynn told us earlier.

12 CHAIRMAN CROSBY: Which is
13 substantially made up of outsiders.

14 THE HON. WILLIAM WELD: Right.

15 MR. WYNN: But how else could we do
16 it really? Has it occurred to you what our
17 better approach would be?

18 CHAIRMAN CROSBY: We've talked about
19 this with other applicants. And there's many
20 ways to skin a cat. And I'm sure there's no
21 obviously right or wrong here.

22 What you were describing to me was
23 the staff role. There's a critical need for
24 full-time very experienced staff people.

1 A committee role, like any board
2 committee maybe could be made up of people whose
3 perspectives are independent. And your
4 committee chair oversees the staff. And you
5 don't lose any of the authority and the power
6 and the expertise that all of those staff people
7 have. But there is a committee of independent
8 folks sitting there, at least two of the three.

9 As I say, everything we can tell is
10 that your compliance operation works well.

11 MR. WYNN: It's not broken.

12 CHAIRMAN CROSBY: So, one way to
13 look at it is don't fix it if it ain't broken. But
14 these things surprise us as we all have learned
15 in our lives. And your anticipatory approach in
16 terms anticipating what structure will best
17 protect you and the public interest might be
18 worth thinking about. I leave it at that.

19 MS. SINATRA: Chairman Crosby, I
20 just have one observation to make is we've
21 thought about that.

22 And we've talked about a lot about
23 it a lot internally. And as a lawyer who talks
24 to lots of other lawyers and watches corporate

1 governance developments all of the time, that's
2 what I do, the composition of our compliance
3 committee as dominated by management is
4 something that we've thought about.

5 But I will tell you if you look at
6 us and you look at our peers in the industry is
7 we have had fewer issues of really busted up
8 compliance than most anyone. And I think it's
9 because from top to bottom we have experts like
10 Jay and Jim who are dedicated every single day
11 and every single minute. We also have a lot of
12 them.

13 And they're pretty independent-
14 minded people. So, we feel like providing a
15 culture that says you have access to independent
16 people. You have access to experts, but you
17 must be experts has served our company well so
18 far.

19 MR. WYNN: When Stern came to work,
20 when Larry introduced me to Jim, I said, Jim
21 here's how it works here. You get to look at
22 this stuff. If you don't like what you see, act
23 on it. If you're not satisfied, go to Governor
24 Miller. You do not have to come to me.

1 Those are the terms of your
2 employment. Let's get it straight. We're alone
3 in the room. He is sitting here. He can
4 confirm this. It's real simple. If you think
5 that something is out of line here in terms of
6 compliance, change it. You don't need my
7 permission. I'd appreciate knowing if you
8 thought something was so bent that it needed
9 straightening. I'd like to be informed about it
10 after the fact, but you don't need my assent.

11 And if you're not satisfied, go to
12 Bob Miller. You don't have to come to me. You
13 won't be going over my head. I want to sleep at
14 night because sure as hell if anything goes
15 wrong, I'm the one that's going to get blamed.
16 My name is on the signs. So, I'm going to take
17 the rap. Don't let it happen. You're not doing
18 me a favor.

19 We do things a certain way here.
20 Your job is to make sure we stay on the straight
21 and narrow as best you can. That's the
22 philosophy that's guided this company as it has
23 grown over the years. It was a philosophy of
24 Mirage Resorts, which we built from a little

1 thing, the Golden Nugget on Fremont Street with
2 no rooms to the thing that we sold to MGM.

3 And there's only one way to run the
4 business. If the right people are there and
5 they understand the ground rules, they will do
6 the right thing, inside, outside, independent or
7 not. It's a question of what kind of message
8 they get from the top. The board of directors,
9 the chairman and the rest. And the way to judge
10 that is the history of the company.

11 And I guess there's more than one
12 way to skin that cat, Chairman, but it's a
13 tentacled business and stuff happens late at
14 night, on Sunday morning at 5:00 AM, and the
15 people have to be on it tight. It's an inside
16 kind of challenge if you're going to be
17 victorious.

18 CHAIRMAN CROSBY: Thank you. I had
19 one last question. Would you, Mr. Wynn, explain
20 the context and the recipient and the request
21 and the strategy of the \$125 million
22 contribution to the whatever it was, the Macau
23 Foundation or something or other? That's one
24 that on its face looks a little funny. Our

1 investigation didn't suggest that but I'd be
2 interested in hearing your description of how
3 that came about, what that was about.

4 MR. WYNN: From the very beginning
5 when we received the concession, I recognized
6 that in order to be successful, we just couldn't
7 be an American company in Macau. We had to be
8 part of the community. And the ability to
9 assimilate or to be considered a really good
10 neighbor, for people in Macau to say, boy, we're
11 glad they came, this round-eye is okay. We're
12 glad they came. I had to get our company
13 integrated in the community. And that was all
14 about our employees.

15 So, the first thing that happened
16 was that we had a chance to buy a wonderful Ming
17 Dynasty vase, which I bought at auction and I
18 donated to the museum. But I was really looking
19 for a way -- Our history in Las Vegas is we've
20 been one of the main supporters of education for
21 40 odd years, almost 46 years in the state of
22 Nevada.

23 We started Communities in Schools,
24 we started Afterschool All-Stars. One of my

1 board members, Elaine Wynn is the national
2 chairman of Communities in Schools, which is
3 14,000 volunteers in 28 states 1,500,000 kids,
4 the nation's largest dropout prevention program.
5 It's here in Boston. And Elaine and I are the
6 largest endowers of that program privately.
7 We've always been an education company.

8 So, I would say to Edmund Ho, the
9 Chief Executive Officer, Edmund, I really am
10 looking for the right way to really play a role
11 in the community. And he would say to me at our
12 monthly or semimonthly meetings, Steve, you have
13 to wait for the right moment. He speaks perfect
14 English. At the time, he was the chairman.
15 It's Fernando now, the man I described earlier
16 that has that PhD in public health.

17 Fernando would say you have to find
18 the right moment. It will occur. So, we'll
19 see. Well, time went by and then a few years
20 ago Hu Jintao then President of China and the
21 Chairman of the Standing Committee of the
22 Central Committee of the Communist Party, which
23 means he is the boss in China.

24 Hu Jintao, his picture was in all of

1 the newspapers in Macau. And they had annexed
2 in Kwantung Province 400 odd acres of Kwantung
3 Province and were in the process of adding it to
4 Macau, which is a small place.

5 That was a big deal. Hu Jintao,
6 there he was taking his picture with Fernando
7 Chui and Edmund Ho and the woman who is the
8 minister of education for the People's Republic
9 of China. The picture was in all of the papers.
10 And I get the clippings every day electronically
11 of what's going on in Macau when I'm in America.

12 There they were and they were
13 announcing a new university that was going to be
14 the pride of South China. And there was the
15 president of China with a shovel standing next
16 to the two leading politicians in Macau.

17 A week later I was in Macau and I
18 saw Edmund. And I said this is a big deal with
19 the University. He said it's a very big deal,
20 Steve. They're going to spend \$1 billion. It's
21 going to be the pride of this part of China.

22 I said this would be a great place
23 for us to be involved. He said it would be an
24 excellent place since you're so interested in

1 education.

2 I said, well, maybe we can get
3 involved.

4 He said, I'll introduce you to the
5 Rector. That's the name of the president over
6 there. He says, he's a Chinese guy from around
7 here, but he's been at Texas A and M for the
8 past 10 years and I brought him back. Why don't
9 you meet with him and discuss some of the plans.

10 It's very ambitious. They've going
11 to have 80 buildings. They're going to have
12 10,000 students right away. Really? He said
13 we're going to build a tunnel from Macau under
14 the water because it's by the corner of Hennison
15 (PHONETIC) Island separated by several hundred
16 meters of water. We're going to build a tunnel
17 so there won't have to be a border control. One
18 tunnel for pedestrians and bicycles, one tunnel
19 for cars. Really?

20 So, I met the director. Very
21 interesting man, spoke perfect English, of
22 course, like most Chinese. And we got friendly.
23 And it occurred to me that this was really our
24 moment. This would be a chance for us to really

1 make a statement in the community.

2 At this point, I have to put in
3 perspective I said that I'm thinking that I'll
4 give them \$10 million a year for the next 10 or
5 12 years. We're making \$110 million a month
6 there. So, \$125 million is a month of the
7 business, one month to play a major role in the
8 development of that community, to send a strong
9 message about our commitment.

10 Last July -- That was two and a half
11 years ago. This past July, I was there for my
12 monthly visit. And the Rector called up and
13 said, Steve, I'm going to come get you and
14 whoever you want to bring with you, I had my
15 stepson with me, I want to show you.

16 I went on a bus in July. I went
17 through a tunnel that looked like Callahan or
18 Ted Williams. I came out of the tunnel 30
19 months later, in case you want to know about
20 China, Commissioners, and there in front of me
21 where there was dirt was 80 buildings all
22 connected with corridors so the kids don't have
23 to carry an umbrella. Even the fire station was
24 an architectural beauty designed by the guy who

1 did the opening ceremonies of the Olympics.

2 Eighty buildings in 30 months, and
3 they're matriculating students this month, the
4 first 2000 and the rest, the other 8000 in the
5 spring. And they had a lecture hall that had
6 1500 seats. And the whole back of the lecture
7 hall was a clerestory with glass. There's a fly
8 loft above the stage and a trap room below for a
9 lift. It's a full-on Broadway theater with 1500
10 seats. And the Rector invited me to make a
11 business lecture to be the first one in
12 February.

13 I'm thrilled to be supporting that
14 university. I found a spot for our company to
15 make that gesture. My directors in America were
16 enthused about it. My directors in China were
17 enthused about it even, what's his name, Okada
18 was enthused about it.

19 But he only wanted to give it to
20 them for five years and I wanted to give it to
21 them for 10 and make the first one \$25 million.
22 Okada voted against it. All of the other board
23 members in both companies voted for it. And
24 then Okada insisted on being there for the

1 groundbreaking and taking his picture with
2 Fernando Chui. That's how we got involved with
3 the University, a great opportunity.

4 I'm very proud. And I'm hoping to
5 get involved with the company in a number of
6 ancillary support initiatives in the community.

7 It's very important whether you're
8 in Boston or in Macau that you have to become a
9 good neighbor. You have to take a real interest
10 in the community. First of all, because it's
11 the key message you send to this staff. If the
12 people that work for you think it's a high-class
13 thing to work for the company that you care
14 about the community then they feel good about
15 working there.

16 And the minute the employees feel
17 that it's an increase in their self-esteem to be
18 working for you, you've harnessed the energy of
19 the universe. You've cracked the atom. That's
20 more important than money.

21 So, our role in the community is
22 very important to the people that work for us.
23 I've noticed that in Atlantic City where we're
24 the employer of choice. The newspaper in Las

1 Vegas said where's the best place to work in Las
2 Vegas? They hired a big outside consulting
3 firm. We won go and away.

4 And I do that not because I'm
5 altruist or that I'm particularly liberal. I do
6 it because it's good business.

7 So, that university donation was
8 something I had been looking for. I was hungry
9 to get into that. I had the money that's for
10 sure. We're going to make a \$1.3 billion this
11 year, more depending on how we end up in the
12 next few weeks. Think of that. The investment
13 was \$1.5 billion. We've brought \$5 or \$6
14 billion home. We've reinvested it in Macau,
15 reinvested it in Las Vegas. Maybe we'll invest
16 it in Boston. China has been fabulous for us.

17 CHAIRMAN CROSBY: Al right. Thank
18 you, Mr. Wynn. I don't have any other
19 questions. Any other Commissioners?

20 COMMISSIONER ZUNIGA: No.

21 COMMISSIONER MCHUGH: No, I don't.

22 CHAIRMAN CROSBY: Do you have any
23 redirect, Governor or cross?

24 THE HON. WILLIAM WELD: No, Sir.

1 CHAIRMAN CROSBY: Would the
2 applicant like to make a closing statement or
3 did you just do that?

4 THE HON. WILLIAM WELD: He did.

5 CHAIRMAN CROSBY: Thank you all
6 Counsel. With that we will conclude this
7 portion of the suitability proceeding. The
8 Commission will deliberate about the matter in
9 private and issue a written decision.

10 The proceeding at this point however
11 remains open. If at any point during
12 deliberations, the Commission determines that
13 further testimonial or documentary evidence is
14 desirable, it may send notice of such to the
15 applicant and provide instructions as to how to
16 proceed. Question?

17 MR. WYNN: How long does the
18 deliberation last on unsuitability.

19 CHAIRMAN CROSBY: Well, as long as
20 it takes. But we will start possibly this
21 afternoon. And we're scheduled to do it
22 tomorrow. We expect a written decision
23 generally, it's like in a week to 10 days. That
24 is sort of generally how it's been. We will

1 come to a decision and then submit it in writing
2 rather than announcing it orally.

3 Further, all applicants of course
4 have a continuing duty to provide any updated
5 information to the Commission and to the Bureau.
6 It is now December 16, 2013 at 2:45. And we
7 will temporarily adjourn. Thank you all very
8 much.

9 (Hearing suspended at 2:45 p.m.)

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C E R T I F I C A T E

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LAURIE J. JORDAN My Commission expires:
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