

Sands®

CASINO · RESORT | BETHLEHEM

511 East Third Street
Bethlehem, PA 18015

May 30, 2008

Mr. Paul Resch
Secretary
Pennsylvania Gaming Control Board
P.O. Box 69060
Harrisburg, PA 17106-9060

Mr. Richard Sandusky
Director of Regulatory Review
Pennsylvania Gaming Control Board
303 Walnut Street/Strawberry Square
Verizon Towers – 5th Floor
Harrisburg, PA 17101

RE: Public Comment on Proposed Regulation #125-85 Amending the Definition of "Licensed Facility" as defined in 58 P.A. Code § 401a.3.

Dear Sirs:

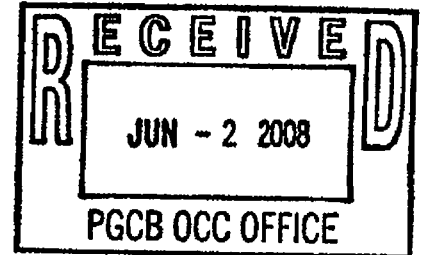
The Pennsylvania Gaming Control Board (PGCB) has recently proposed an amendment to the definition of "Licensed Facility" as set forth in proposed Regulation 58 P.A. Code § 401a.3. The current definition of "Licensed Facility" is "*The physical land-based location at which a licensed gaming entity is authorized to place and operate slot machines*". The proposed amended definition with our proposed revisions noted is as follows:

(i) The physical land-based location at which a licensed gaming entity is authorized to place and operate slot machines **including the gaming floor and all restricted areas servicing slot operations including, but not limited to, food, beverage and retail outlets and other areas serving the gaming floor and either located on or directly accessible from and immediately adjacent to the gaming floor or the restricted areas servicing slot operations.**

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INDEPENDENT REGULATORY
REVIEW COMMISSION



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(ii) The term does not encompass areas or amenities exclusive to pari-mutuel activities, hotel activities including hotel rooms, catering or room service operations serving the hotel, convention, meeting and multi-purpose facilities, retail facilities and food and beverage outlets and other amenities and activities not located on or immediately adjacent to, or related to slot machine gaming operations and serving the gaming floor

We propose the above revisions to make clear what we think is the principal purpose of the proposed regulation: to define more clearly the "licensed facility" and to capture within that definition beverage service bars located on or immediately adjacent to the gaming floor that are integral to the operation of the gaming floor, food outlets that are similarly situated that provide food service to the gaming floor, and retail stores such as a casino gift shop that are also similarly situated that serve the gaming floor and from which amenities are delivered to casino patrons. In other words, we see the purpose of the definition to bring within the definition of "licensed facility" the gaming floor and those ancillary operations integrated with the operations of the gaming floor. Likewise, we do not read the proposal to seek to sweep within the definition distinctly hotel related operations such as stand along food and beverage outlets, catering facilities including room service facilities serving the hotel, convention, meeting and multi-purpose facilities and stand-alone retail facilities.

We also propose the above revisions because Sands Casino Resort Bethlehem is building a 200,000 square-foot retail shopping mall that will be part of an integrated resort complex, but that will be entirely separate and distinct from the operations of the gaming floor. In addition, the original agreement between the principals requires that the facility be owned by a separate retail limited liability company. That retail facility including restaurant facilities will have two separate entrances: one that is accessed from an outside entrance completely independent from the building housing the gaming floor, and the other connected to the building housing the gaming floor. So our proposed revisions are designed to be consistent with what we believe is the intent of the proposed revision not to sweep within its grasp those types of facilities and other hotel related operations.

If the proposed regulation is not clarified, an unintended consequence could be that employees of all of the restaurants and retail shops that are leased to tenants and not owned by the casino licensee, Sands Bethworks Gaming LLC, but owned by Sands Bethworks Retail LLC would have to be licensed by the Board as Non-Gaming employees. We expect the third party tenants of the leased outlets in the retail facility to have approximately 1,000 employees including part-time employees. Furthermore, there could be the need for additional regulatory staffing, oversight and costs associated with the implementation of the proposed regulation.

Unless the proposed regulation is clarified, we think the potential sweep of the regulation could hamper our ability to lease the retail outlets to nationally known retail tenants and therefore could materially hamper our ability to launch the type of integrated resort we promised the Board we would develop. . Further, we made the investment in our project with the understanding that the current definition of a "Licensed Facility" was focused on the gaming operation. Unless the proposed definition is clarified as we propose, we believe another unintended consequence would be a significant impediment to future development of the remaining open space at our site.

Thank you for the opportunity to address this important issue.

Regards,

A handwritten signature in black ink, appearing to read "R. DeSalvio", is written over a horizontal line.

Robert J. DeSalvio
President

CC: F. Kraus
H. Eicher