

**THURSDAY, DECEMBER 8, 2005**

**SECURITY: RACING VS. GAMING**

**Speakers:**

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**MS. KARLYN DALRING:** Good Afternoon, I'm Karlyn Dalsing with the Iowa Racing and Gaming Commission, before I begin my presentation today, I just wanted to thank the Race Track Industry Program for allowing me to present today, and I look forward to presenting and listening to all your comments and questions.

I'm going to go ahead and begin my presentation and after we finish each of our presentations we will open up the floor for questions and answers, hopefully after.

**(Chuckles)**

Okay, today's presentation, I'm going to give you a brief history of racing and gaming in the State of Iowa and then I will get into some uniform security standards that we've developed throughout the years, with those uniform security standards though, we have had some issues that we weren't able to put into and have thus remained racing- or gaming-specific issues.

The legislation in the State of Iowa that is important to today's presentation is, in 1983 the Pari-Mutuel Wagering Act created the Iowa Racing Commission. It legalized pari-mutuel wagering in the State of Iowa.

In 1989, the Riverboat Gambling Act placed the regulation of riverboats under or within the parameters of the regulation of the Iowa Racing Commission, so we at that time became the Iowa Racing and Gaming Commission. We began regulating casino gaming in the State of Iowa in approximately 1989. The riverboats began operations in 1991. In 1994, slot machines were added to racetrack enclosures. Those are slot machines, games of chance. At the time, games of skill were not allowed, so poker, video poker was not allowed at the racetrack at that point in time. However, in 2004 the table games legislation allowed for the electronic games of skill, as well to be placed at the racetracks.

So, with that legislation, the Iowa Racing and Gaming Commission is charged with the regulation of riverboats as well as pari-mutuel wagering and gaming at racetracks. So we're somewhat of a unique commission. The two things that we don't regulate in Iowa are the lottery and the tribal gaming. We do regulate the 14 riverboats, the two greyhound tracks and the horse track. Of course, all three tracks have slot machine gaming, and Prairie Meadows is open with their table game operation as well in their temporary facility. Dubuque and Bluffs Run hope to open with their table game operations by early 2006.

So we looked at the legislation, now we are looking at how far we as a commission, have come. Between 1989 and 1994, we, of course regulated riverboat gambling and the rules of racing; however, they were regulated separately by separate regulations. We as a commission regulated both operations, and with the legislation in 1994 they were merged into rules within the Iowa Racing and Gaming Commission. In 1995 the rulebook was issued, however, the rules were still separate, there were still racing security concerns and gaming security concerns.

As I stated, with IRGC regulating riverboat casinos since 1989, we've already regulated casino gaming. So, when slot machines were added to the racetracks in 1995, IRGC gaming security regulations were already in place. Some of those security requirements that were in place for the gaming side of the security had similar issues with racing.

One of those issues was ensuring only those allowed access to the restricted area of the facility are allowed access, so there needs to be a gatekeeper function. For example, on the racetrack you have your restricted areas, your backside, and on the gaming side, you would have your casino areas. So the facility's security officer maintains that gatekeeper function.

Another similarity is the security officers were the observers in the protection of the health, safety and welfare of the citizens of Iowa. Also, they secure the facility; they protect the facility as well as the revenue. Those are similar functions that you see occurring at the racetracks everyday, and we also have those going on with our gaming security.

Where racing and gaming security comes into a different issue was in the game protection; we had our racing security officer already trained in a gatekeeper function, and they were already trained in the overseeing function. The security officers went from the observers to active participants. They took on a participatory role in the verification of gaming transactions and escort of gaming revenue. Also, with the implementation of gaming, the surveillance department took on a role. In our jurisdiction, the surveillance department is a separate, distinct department; we maintain them as a separate, distinct department because the security officers actually have the verification roles and duties on the slot floor. So we decided that in order to best regulate in our jurisdiction, we've maintained surveillance and security as separate, distinct entities.

Since 1995, however, we've taken those regulations and we've merged those regulations when we had our rulebook and different chapters and our racing security in different chapters and our gaming security, we've taken them and developed them into uniform standards. The uniform standards apply to minors in the casino, exclusions, and incident reporting. However, there are certain circumstances where racing and gaming security could not be combined. For example, when I discussed minors prohibited from wagering, that is a uniform standard, but there are differences with racing and gaming accounting for and prohibiting minors from wagering.

I will go into the uniform standards and then I will get into the racing-specific and the gaming-specific issues. Basically, both racing and gaming security departments must employ adequate security to remove patrons for engaging in fraudulent practices, to secure the restricted areas such as the cage, such as the backside, the stable area, and to control the access of a non-licensed person in a non-public areas of the racetrack and casino. We've placed the responsibility of maintaining or controlling the facility to the control of non-licensed persons with the actual facility. So they are responsible if they allow someone to access an area of the facility that they are not necessarily allowed to enter. If the person is involved in prohibited conduct the facility maintains the responsibility for that.

Uniform standards, both racing and Gaming security, must submit incident reports within 72 hours detailing any Iowa law violation and any rule violation. The licensing also shall provide immediate notification if the incident involves illegal gaming activity, gaming receipts, employee theft, or criminal activity, violation of Iowa Code Chapters 99(d) and 99(f) violations. You will notice that the immediate notification of the commission comes to the commission representative and the DCI representatives on duty. Though we actually have at least one member of our staff in the field, DCI actually has two to three members at the racetrack enclosure as well. The Division of Criminal Investigation has an onsite presence as well.

Additional uniform standards, ejections and exclusions, if there is an exclusion we need to be notified. The facility can eject or exclude any person licensed from their premises, of course as long as it's not protected grounds, such as race, creed, color, disability, or national origin. I'm sure that you have that sort of regulation in your racing rule; this is applied to our gaming rules as well.

Some additional uniform standards where we discuss exclusions is identifying the problem gamblers. The 2004 legislation actually implemented regulations, actual Iowa law which required facilities to establish a process for patrons to voluntarily exclude themselves from all facilities. The facilities are responsible for identifying those problem gamblers and allowing those persons to voluntarily exclude for life. And each facility is responsible for disseminating that information to other facilities.

Both racing and gaming facility officers are responsible for recording, tracking and identifying problem gamblers, for removing problem gamblers from the casino and procedures for preventing reentry to those problem gamblers. Both racing and gaming security officers are responsible for identifying those excluded persons,

those persons on the statewide, lifetime, and volunteer exclusion list. And security and surveillance does that by looking at flow photos, looking at their records that they have received from the other facilities. The slot system and check cashing system also are set up to identify excluded persons as well. So if a person comes up to the cage and they attempt to cash a check, the check cashing system at the facility would identify them as a problem gambler and they would be promptly removed from the facility.

Additional uniform standard similarities between the racing and gaming facility include surveillance. Licensees are required to conduct continuous surveillance with the capability of recording all gambling activities. Surveillance is actually under the regulation authority of the Division of Criminal Investigation, they implement the rules, they propagate the rules, of course, if there is a violation of this chapter, then the Racing and Gaming Commission would come in, they do have the ability to sanction the facility, but surveillance is applied to both racing and gaming in the State of Iowa.

Security presence at the casino entrance applies to both racing and gaming. They are at the entrance to both the pari-mutuel side of the facility and the casino entrance. Their continual monitoring and surveillance allows the facility to monitor serious public policy issues. Those public policy issues that we've identified are things potentially affecting the health, safety and welfare of the State of Iowa, including allowing persons under the age of 21 into the casino. The facility must prevent persons under the age of 21 from entering the casino or making or attempting to make a wager. And they must prevent them from entering the wagering area as defined in Iowa Code 99(d) or on the gaming floor of a racetrack or enclosure.

So I've discussed the similarities, both racing and gaming security officers are responsible for monitoring and ensuring that those under the age of 21 do not make a wager, however, there is a difference for where those individuals are allowed on the racetrack enclosure, and that is what we will get into a little bit later with the racing and gaming security differences.

Here are some more uniform standards briefly, the security officers on both racing and gaming side are responsible for identifying visibly intoxicated persons. Visibly intoxicated persons are not allowed to participate in gaming activities. Security monitors and surveillance monitors the entrance of each facility to make sure that intoxicated patrons do not enter the facility. As well as during their visit, the security and surveillance monitors the activities of the patrons to make sure that they are not over-served. We do allow, of course, our casinos to serve alcohol; however, it is strictly monitored.

Now, we will get into a little bit more just racing security specifics. I want to point out that those of you that saw the ABC's of Start Up, this is Bruce Wentworth's slide that didn't work earlier, and this is his graphic. So we get into a little bit more just racing security specifics, this should be very common to you. The issues with racing security that we want our facilities to be aware of are underage gaming issues,

controlling access to restricted areas and monitoring prohibited conduct, which includes race tampering and wagering scams.

So when we look at underage gambling, or the prevention of underage gambling, the wagering area is defined in Iowa Code 99(d), which is the Pari-Mutuel Wagering Act. It defines the wagering area as that portion of a racetrack in which a licensee may receive wagers, pretty simple. However, in order to clearly define that or for actual persons under the age of 21 to enter the racetrack enclosure, as long as they are accompanied with an adult, we further define the wagering area, we define it as a designated wagering area. This is where it gets a little convoluted. The designated wagering area is a minimum of five feet from the front of either side of the stationary wagering window or self service wagering device. The facility shall either section off or clearly delineate the floor area and make it visible to patrons entering the area that denotes the wagering area and specifies that the wagering area is not accessible to persons under the age of 21.

So how do they do that? This is actually a photo from Prairie Meadows, this is their simulcast area, and the first sign clearly warns individuals under the age of 21 that they are now entering a designated wagering area and that no one under the age of 21 is allowed in that area. And there is a second sign, additional warnings, another sign indicating, "Stop, no persons under 21 allowed to wager." So this is how Prairie Meadows has clearly outlined their designated wagering area.

This is an additional photograph, this will show more specifically how the barrier comes into play, it's not necessarily blocked by a wall or a permanent barrier, but you can see off to the right that minors are not allowed, that is a wagering area, that is the pari-mutuel wagering area. However, if you look over to the left, minors are allowed. They are allowed to come up the escalator; however, they are not allowed to go over in front of the pari-mutuel wagering terminal. It makes it a little bit more difficult than the racetrack enclosures on the racing security department to control the access of the minors when they are allowed to enter the facility; however, we are very clear that we do not want minors in those areas of the facility.

More racing specific security. This, of course, you all know, this is where the gatekeeper function comes in and the observatory function comes in. They are controlling the access to the kennel area, and the stable area. As I said, we regulate both horse racing and greyhound racing. I'm not going to go too much in detail on this.

An additional area where racing security is prevalent or is important is in preventing animal and race tampering. Security officers at each of our facilities do patrol the area, DCI; Division of Criminal Investigation also does walkthroughs of the facilities to make sure that there isn't any race tampering. Here is an interesting chart; I'm an accountant, so I have to have a chart in my presentation. This is an interesting little chart, we look at the purse money in the State of Iowa, it has increased since 1995, but as far as the live handle, it hasn't necessarily gone up. So we look at this increase in purse money, live handle hasn't necessarily increased, actually purse

money outpaces live handle at all three tracks. So the reason that I'm showing you this slide is that from our standpoint, we're looking not only at the wagering systems, but we're also looking at those receiving the purse money. We're looking more closely at the owners, the breeders, whether or not those breeders, for example, which are participating in the Iowa breeding program, are legally allowed to participate in that and are legally allowed to receive the casino supplements. We've actually had reports where out-of-state residents are coming forward and saying "I was never an Iowa resident and I own dogs." They've come forward with this information and so now we've gone through and we've investigated a few cases, but it's interesting with the increase in purse money, we've started to look a little more closely at those that are in fact receiving that purse money because where there is more money there are more ways and more schemes and attempts to try and obtain that money.

Here is a racing security issue that we had. We, in our jurisdiction, we issue suspicious activity alerts between the different facilities. This alert was issued to the racetrack facilities; it describes a self-betting terminal currency stringing scam. As you notice on the left, I scanned those photos and they are not very good, I just wanted to show you that the surveillance participation, the surveillance as observers of gaming has benefited racing. We now have very good surveillance coverage of these areas, surveillance is able to go back and track this incident, there was \$6,100 missing from this terminal, through surveillance tracking we were able to figure out who did it and when they did it.

Additionally, another benefit of the casino gaming coming to racing is the bill validator that was used in this self-betting terminal was inspected by one slot attendant at the facility, and the slot attendant basically came to the conclusion that it needed to have some maintenance on the gaming side. The bill validators undergo routine maintenance, any and all slot machines that are on a routine maintenance schedule, and due to this incident, the facility started to take a little closer look at the self-betting terminals and those bill validators.

Now I'm going to get into gaming-specific security. As I said earlier, the participation of a security officer in game or in gaming is game protection; they have a more active role in that. Now, to discuss slot machines versus table games, we started this presentation by studying racing versus gaming, now I'm going to get into a little more detail and discuss slot machines versus table game security. Additionally, I'm going to discuss preventing underage access to the casino floor, because as I said earlier, underage persons are allowed in the facility as long as they are accompanied by an adult, they are just not allowed access to the wagering area and not allowed to gamble. I'm going to discuss preventing access to the casino floor, and then I'm going to touch a little bit on patron or employee theft and cheating in the casino, where the security officer and surveillance comes into play in those instances.

Computer systems provide constant monitoring of all slot machines. Every slot machine that is in play on the casino floor must be connected in the slot monitoring system. Our slot monitoring system is site based. We, as I said earlier, have a field

representative at each facility that has complete access to those systems. In addition, with slot revenue protection, a security employee must accompany and observe the drop team. This is where it's actually starting to get a little interesting with gaming and racing. With the implementation of new technology slot machines, i.e., ticket-in, ticket-out, security is gradually being removed from their active participatory role as verifiers, because slot accounting systems are better at tracking the slot revenues. Ticketed jackpots, there is not necessarily the need for a security officer to come over and verify that jackpot. The fills, there aren't any fills, it's a coinless system, so the actual participatory role of the security officer in gaming is in fact somewhat moving back to that of a role similar to that as a security officer with pari-mutuel wagering.

For all table games, all containers must be escorted by a security officer and a table game supervisor. Table games still require active security surveillance participation to ensure game revenue protection. Table games are very, through the presentations that I'm sure you've heard, are very labor intensive.

Slot machines, the electronic tracking, the slot monitoring system have come a long way with removing some of that active participation of those security officers. But, with table game revenue protection, the fact that the electronic monitoring isn't there with those games, you rely heavily upon your security department and your surveillance department to monitor those games and the gaming revenue.

Gaming security, as I discussed earlier, controlling access to the gaming floor at a racetrack enclosure is a bit more difficult. They are allowed access to the racetrack, however, they are not allowed to make or attempt to make a wager in a racetrack enclosure, and shall not be allowed on the gaming floor of a racetrack enclosure. To that end, security is stationed at every entrance to identify underage patrons. All casino employees are responsible for identifying possible underage patrons and reporting them to security for follow-up. We've had some issues over the past few years where minors have gained access, surreptitiously gained access to the facility and we have imposed some fairly large sanctions. Our criteria is if the individual is in the casino, minor has access to the casino, security officers fail to identify them, minor is in the casino longer than 30 minutes and minor either gambles or consumes alcohol, it's a minimum of \$10,000 fine, and that's an escalating penalty depending upon how many violations that we've seen or the facility has had in the past year. We take a very serious look at preventing minors' access to the facility. We're discussing racino design, as far as casinos in our jurisdiction with moving from racing to gaming, and having a number entrances, and trying to have everyone kind of work through and move through the casino, it would pose a little bit more difficulty for the facilities to have a number of entrances just because they would have to staff those, but that would be their decision. They would have to staff those and have surveillance monitoring of each and every entrance.

Here is a sign at Prairie Meadows that clearly delineates the wagering or gaming floor area, and clearly informs the patron that no one under 21 years of age is permitted beyond this point. The 2004 legislation moved the prosecution of a penalty from \$100 fine to a \$500 fine to help prevent minors from entering the

casino. So the minor gets penalized and it hopefully sends a little bit stronger messages that the facilities don't want minors attempting or even coming near the gaming floor of the facility.

Gaming security as far as casino security, security officers and surveillance have the power and the authority of observing the conduct, which is similar to racing. They respond to major complaints and tips, they observe employee and patron conduct, and they also work with surveillance. I'm going to show you a brief video here, it's actually a table games case, and I thank Prairie Meadows for this surveillance video.

This is a table game, so there is no slot accounting system. All the accounting for the game is done by the dealer. So she is dealing out for a Texas Hold 'em game, we'll run through it here, and just watch her play, very casual, very friendly, working the crowd, soliciting other bets. You will see as she works through the table, this is going to play just a couple minutes, you'll see the importance of surveillance in monitoring employee conduct. Actually, with the table games there is only so much that they can monitor, at this point, but there are D chips that are actually currently on the market that would read the chips. You can see her there, she takes out the rake. She is required to take \$3 out of that pot. She took the \$3 rake and she touched her dealer's tray, she should have never touched her dealer's tray. So, she's touching her dealer's tray, she leaning over her dealer's tray.

For those who are unfamiliar, that's the dealer's tray, and over there, that little white chip right there is the rake from that game. Rake is somewhat similar to take-out in pari-mutuel wagering. And that's, of course, where we get our tax revenue. When she moved that chip, those three chips, this is a dollar game; those are dollar chips, when she moved those chips over to that dealer tray she actually dropped one of those chips into her dealer tray and then moved another chip over to the rake. So she shorted the rake \$1 and then increased her dealer tray by an additional \$1, so at this point her dealer tray is up one, the rake is down one.

Due to the fact that there is no electronic monitoring, the accounting doesn't realize that that rake is down \$1. We have no idea exactly what was wagered on that table. You see the hand play out; she's leaning over the dealer's tray, trying to conceal it, trying to conceal her activities. Now she is going to pay it out, paying out the jackpot and that guy was nice enough to give her a tip so she puts it over to the side, she drops the rake so her tip is sitting to the right, now she is going to put the cards in the automatic shuffler, get a new deck, very casual and chatty, and then she steals right there, she stole an extra \$1 from the dealer's tray, very casual, she did this routinely. She took a few extra dollars home every day and I'm sure she had probably been doing it for a while. She was actually licensed in another jurisdiction before she came here.

The interesting thing about the poker tables is that individuals, the dealers do not share the tips, so what she was getting, she was taking home. She would take it, take her tips and then walk away. And the dealer tray, we saw her put the money in dealer tray earlier, that dealer tray now balances. So she put the extra dollar in

from the rake that she stole from our gaming revenue, from our 24 percent tax at Prairie Meadow, so we lost money, the facility lost money; she just took an extra chip home.

Additional gaming security issues. That was an employee theft issue, this is actually a patron issue that we saw. An individual broke into a slot machine drop door, actually took a screwdriver and pried open the bottom of the slot machine drop doors. Pretty brazen, I can't believe no one saw him while he was doing it but apparently it was a very busy area in the casino. The individual took about \$1,500 out of the slot machine, out of the reserve hoppers; this was back, of course, when there was coin in the machine, prior to ticketing. He took the money out of the machine, dumped it into six coin cups, walked up to the cage cashier with six coin cups, you would think the cage cashier would have thought, this is strange, boy this guy really had a lot, a lot of coin, he was sitting on the floor for a while. Typically the machines don't pay out that much coin, your machine will lock up, you'll have to get a jackpot and you'll have to get verification, so it's kind of an interesting situation that we stumble upon here. In this case, security obviously didn't look like they were observing patron conduct, surveillance missed it, there should have been some indication. As we went back and we looked at surveillance, surveillance was able to show us exactly what he did and when he did it. So that was a very big part. And of course the facility learned a lesson, so that's always good as well.

Some other noteworthy points with racing and gaming security, I'm going to finish up here, with increased admissions and revenues, facilities have implemented more staff training, resulting in a skilled security officer that is qualified to address more complicated issues. We have issues with intoxicated patrons, we have issues with possible racing participants being intoxicated or the evaluation of those officers. We've seen the security officers that come from the gaming side or train in the gaming side and readily identify and work in the racing security quite easily. And throughout the years we've seen our cases actually improve in our ability to prove the case has improved due to the fact that security and surveillance are giving us very good and detailed reports.

My final point is that surveillance has also provided increased monitoring, surveillance with that patron betting scam, had those surveillance cameras had not been as clear and detailed we would have never been able to detail the faces of those individuals. We've actually seen the benefit for gaming come to racing, we originally went from racing to gaming, and now gaming is coming back to racing and giving benefits as well.

I thank you for your time and I'm going to go ahead and introduce Dan Hancock, he's from the Wheeling Island Gaming Incorporated, and he will give the next presentation.

Thank you.

**(Applause)**

**MR. DAN HANCOCK:** Thank you Karlyn, I appreciate it.

Thanks again, as she said I'm Dan Hancock, director of security and surveillance at Wheeling Island Racetrack and Gaming Center in Wheeling, West Virginia, which is a greyhound track.

Although there are two directors of security and surveillance sitting here, with Oscar and I, I think it's pretty unusual to have a director of both security and surveillance, I wouldn't trade it for the world. It has given me such a great outlook on the overall workings of the racetrack/casino, racino. It's just really been a rewarding experience. I think from my background, I came from Yosemite National Park where I was a security manager for 11 years and was given an opportunity by the parent company to move to Wheeling Island. So essentially there was some gaming in place in the form of voucher-out machines at the track, but we really ramped up when coin-out gaming came out in West Virginia in 1999. And, I look at it as a challenge, two points, one is to design and the other was to implement. So, I will just kind of go through those points right now.

Under design, we look at the general layout of the new security department versus the old racing security department. Of course, there were additional posts, and I should add to this, there were some expansion that was involved in this process, and actually, several expansions between 1999 and current day, including the addition of hotels and restaurants, typical as you see in the racino industry. So in the design aspect, we looked at the additional posts, positions that would be needed in the security department, which included, of course, standing posts.

In West Virginia, no one under the age of 18 is allowed on the gaming floor, no one under the age of 18 is allowed at a betting terminal, so we had to design the security posts with that in mind, as well as patrolling positions. Initially with coin-out gaming, we were escorting every hand pay, we were escorting every movement of cash on the gaming floor, however, we realize that just due to the security of the gaming floor and due to the oversight of surveillance that that was overkill and we really ramped back on our security on the gaming floor. So I think we found the right balance there. Still, you're going to have your gaming, your patrol posts, and you can't forget racing when you're designing your posts and determining what your staff levels are. So we also looked at offices, behind the scenes, the interview room, this is something that we recently rolled out, with the ability to record audio and video.

Surveillance was a major undertaking, both with the hardware and with the staffing, and of course storage, too. So these are all things that you have to look at when you're designing, when you're implementing the gaming part of your racino. You have to make sure that you allow enough for behind-the-house for these very important functions. And you have to allow for expansion, because although you may start out 500 machines, you may find yourself with 1,500 in a couple years, and if you haven't adequately provided for the behind-the-scenes, it's going to catch up with you.

We also took a look at how the security officer appealed to the patron, because you're looking at a different patron and a different dynamic when you roll out a casino. Typically on the racing end you're dealing with elderly males. With slots, you're dealing with elderly females; you're basically getting the wives and the widows in the facility, so you've got to look at how you design not just your product but also your staff to deal with that patron.

So the look and uniforming, we look at and we're still looking at considering the changes in the uniforming, softening the image. Our experience with the supervisors in the white shirts and the officers in the blue shirts was good because it differentiated a supervisor from an officer when they were dealing with a patron on the floor. The patron knew right away that they were dealing with a person of authority. The flip side of that is that if you have two white shirts walk up to some 65-year-old woman sitting at a machine because you are either dealing with a recovery issue or assisting in some way, it can be humiliating, so that's something to consider too in your uniforming.

Consider a blazer, it softens the image and doesn't make someone appear as though they are approached by two police officers on the gaming floor. It's something to think about.

Procedures that was a big deal. Writing procedures to cover all the new gaming regulations, as Karlyn clearly spelled out, and making sure that all the T's are crossed and I's are dotted from a security and surveillance standpoint. Procedures were everything from how to conduct an appropriate investigation to how to perform shift rotation in a quick and efficient manner.

The other thing that we looked at was forms, we had to redesign the forms. We went from a fairly simplistic security incident report on the racing end to a fairly complex security incident report on the gaming end, we were able to incorporate photos and the surveillance reports incorporated also graphics to help the reader determine what exactly is going on in the photos, and if any of you are familiar with surveillance photos, you know that they can be grainy. So the more that you can help point out to the reader the better off the report is. We use Microsoft Word, we found that was the easiest way to get there and you're able to incorporate photos and circles and arrows very quickly in a Word document. And from a general manager aspect, we added a summary at the start of each report, so that the GM doesn't have to read through the detailed legalese of the report, they can actually just read what's happening at the start of the report and move on if they choose to, and if they're more interested in the details, they can still delve down into the report and see the details. So we found that the summary was a very well received.

The other thing that we looked at was equipment, the type of equipment that we needed. Of course in surveillance, you're looking at several million dollars worth of equipment. These days, you're looking at digital video recorders. A single DVR might handle up to 40 cameras. You're probably looking at, if you're in the gaming side especially, you're going to be looking at about 15 images per second. Where we are at, and also where Oscar is at, we're looking at 30 days storage as provided

by law, which makes a rather expensive product when you're looking at digital video storage. And, you're going to want some redundancy, you're going to want the ability for the video to overwrite in several areas on the hard drive so that in case the hard drive goes down, you still have backup of your 30 days of video. So that was a significant investment on the surveillance end.

On the security end, of course we look at, again, trying to be as low key as possible on the gaming floor, so we went with earpieces. And actually the slots department, and some of the other departments went with earpieces initially, but they've gone away from them, probably just due to the heavier use. A security officer typically puts a radio on their holster, uses the earpiece and usually doesn't have to switch channels, usually channel switching goes to the security department. So really, with the high traffic that you're seeing in security, you want to have earpieces, because you don't want be on the look-out and descriptions of suspects going out over the air so that everyone can hear them. So don't skimp on hardware, it will pay off in the long run; in the end make sure that you plan to allow for expansion.

After we figured out everything that we needed to design, it was just a matter of implementing and rolling out the changes. We noticed that one of the things that you have to look at when you're introducing gaming is staffing, and you're going to find that in some cases there is going to be reluctance for the old line guards to want to switch over to the gaming side. So, I think that you're going to have to work with that and if you can, do so and just take in their requests and keep them in the racing side if possible.

We also have some tracks that actually have separate security departments, and they prefer to keep the security of the racing separate. Those are usually the horse tracks and they work with TRPB and run a separate investigatory and oversight department in security. However, we at Wheeling Island, we're not in the jockey environment, we're dogs, we don't have such a heavy presence on racing side, so we are very able to incorporate everybody into one big security department, which is good, because it allows lots of cross-training, you really learn each other's positions, which really works out well, especially when you have call-offs, people not reporting to work, or turnover transition.

Look at your wages, look at what you're paying, make sure that you're competitive in the market, the better the wage, the better the candidate typically, especially when you get into the supervisory positions. We're in a union environment for the security guards, not because it's an antagonistic environment; we had only one grievance filed last year. It just allowed the guards to get into a medical plan so that they don't have a deduction out of their checks on a regular basis. So, it's actually a very friendly environment; obviously, if you can avoid a union environment, you're better off. Although, I have a union background, I still feel that you're always better off dealing straight with managing employees.

Education and training became a big issue with us too, especially on the casino end of the business. We outsourced the training to the International Casino Surveillance Network, which is one of the many sources for onsite training. And we had Woody

Pierce come out from ICSN, in Reno, Nevada, and actually provide us a great level of training on casino security, he walked our security supervisors and our surveillance crew through that. They are one of many providers at that level of training out of Las Vegas and Reno, but we were very happy with the product that we had and he came back a couple years later when we hit our largest expansion and basically refreshed everybody.

The other thing that I wanted to say was that on the intelligence level, it's really important to establish relationships with the other regional properties. There may be competition on slots level, there isn't on security level. It's very important to know the security directors in the outlying areas and talk with them, e-mail back and forth. We exchange intelligence with regard to scam artists, if we have a look-out for somebody who is doing a particular activity that we think can happen at the other facility, we will exchange that information. So I think it's very important to establish a relationship, as well as, of course, the importance of establishing relationships with the new regulators. In our case, we have two regulators, we have the racing commission and the gaming commission in West Virginia. So we're dealing with both of them, they have not combined as they have in Iowa. For whatever it's worth, we feel that the relationship with regulators makes for good business and especially coming from my background in Yosemite, as you know, it's a government park, it's so important to have a good relationship with regulators, in this case with both our regulators.

Again, we've noticed that you can't forget your liability concerns, especially when you're dealing with an older patron, you've got to make sure that you provide a safe environment, you have to make sure that the elevators are well marked so that if somebody has aided walking and they don't want to use the escalator or stairs, they can clearly find the elevators. Of course on the flip side of that, you've got to make sure that your camera coverage isn't forgetting racing and isn't forgetting your liabilities, your stairwells, your areas where there is some exposure to hazard.

And, as Karlyn stated, racing benefited from advent of gaming because it allowed us to expand our new surveillance department into the racing end and we've actually been able to place them in the food and beverage outlets, and really been able to keep an eye on what's going on there. Cameras over the bar will pay for themselves, I guarantee you that. It's just a good idea and I think it's responsible stewardship to have those cameras in place, over not just the gaming, but also the liability areas and the racing and food and beverage areas.

That's my presentation. So now I would like to introduce Oscar Renteria, again, like I said, a director of security and surveillance at Black Gold Casino in New Mexico.

**(Applause)**

**MR. OSCAR RENTERIA:** Hello everybody, I am the director of security and surveillance for Zia Park and Black Gold Casino. My experience, I have worked in the racing/gaming management for 17 years. I was fortunate to be here when we

started the gaming into the racing industry. And the way that I viewed myself as director of security was that first we needed to establish the boundaries of gaming and racing. We went from an existing racetrack and we put in a casino. Once we established boundaries, once we went down to the gaming issues of it, like we have now, we still have gaming and racing as separate entities. We both have different commissions and both have different ways that we have to report to each commission.

We had to be careful once we started hiring individuals on the gaming side, because the attitude towards racing and gaming is totally different. As security, we are responsible for making sure our patrons are safe, that they feel secure, and also, have them feel that we are friendly enough that they feel that they can talk to us if they have issues and that they aren't intimidated. As we learn, a lot of our existing racing security really did not like to go into the gaming because it is very different. The attitude is different. A lot of gaming security really doesn't work that well with the racing and visa versa. Finding those officers that can literally work on both sides has been a struggle. This is one of the more important things that we have established with the gaming and racing.

Once we set up the hiring point we work with the gaming commission to work on New Mexico, on what the rules and regulation would be. We had Native American gaming, but the racino was something new and the state was involved. Once we established ourselves with the gaming, with the training, it's always been an issue on the training side. There's really nowhere we can really say, okay, we've sent our officers, our surveillance, to this location so they would be trained. There is other training on the property.

Security wise, we worked on it, we worked with the building of the casino, we had them on hand until we brought in the machines, and as we went along we walked along with everybody on training on the gaming side and honestly, we went on as we opened up, working with it, with the positives and negatives, what worked and what didn't work. On the gaming side we have the ability to have the investigators of the gaming commission there on our property.

It was a growing experience with us and the gaming in New Mexico. But it has always been a positive act on merging racing and gaming. The main reason that New Mexico did it was to help the racing industry grow, and it has. It has always been a positive view of the gaming with the racing. Through every good and bad there has always been 100 percent positive. We have expanded what we can offer our patrons. We have more venues to offer our patrons, we haven't seen, we have heard that people have a concern of the gaming taking over the racing, but we haven't seen that happen.

The gaming is totally different from the racing, our racing people have not wanted to let the racing go and go into the gaming. It is a very different gaming, aspect wise, on the machine then on the racing. Some of them know about the racing, and they think that it's a lot harder to be a good gambler on the racing than it is on the

gaming. It hasn't taken away anything on the racing side. It has just been giving more and more.

And yes, in New Mexico, merging the racing and the gaming has improved and increased the racing side, as in the horses, and in the purses, for the owners and for the patrons. We have increased our popularity on the racing side, it has been exciting because we have seen a younger generation coming in, now we pull them in with the gaming and they look at the horses and they want to learn the racing side. And we give them that opportunity to learn it and they enjoy it. So I myself, in New Mexico, haven't seen anything taken away from the racing side, it has always been a positive.

The new measures that I have received in surveillance, we've always had security, but surveillance has been the new one in the racing industry. As of right now, it stays for the gaming and we've slowly but surely we have increased to cover the racing side. The training on surveillance is onsite only. Yes, there is some surveillance training that you could send your employees to. However, every single area has different rules and regulations and different issues they want to view or cover. So we most definitely need to start seeing somewhere that we can get some kind of training so that we can increase our view and our coverage that the state says we must have.

Now, in New Mexico, we've definitely come along and we've grown and increased, now we're going to go on to a new venture next year, we are planning to merge the gaming and the racing together.

Now, on that aspect, I really can't say much, all I can say is we will just go along and hang on and see what happens. Overall, the merging in New Mexico has been a positive merge. Security-wise, to the gaming or racing, it has always been a positive, workable. Everybody works together, we get it done and it has been done. That is all I have to say, thanks so much.

**(Applause)**

**MR. HANCOCK:** Any questions? Yes sir?

**A VOICE:** In Iowa, you talked about security officers, surveillance officers, and the DPS Criminal Investigation Division; any of these people work for you or how does the commission interact with all the enforcement people?

**MS. DALRING:** We are the administrative — we are the regulators, of course. The security department is under the employment of the facility and the DCI provides onsite criminal peace officer presence for the facility as well. So there is an officer assigned for the racing, there's an officer assigned for slots gaming and now there's a patrol officer being added at each facility when the table games come on. And the surveillance department would be under the facility as well. When a facility submits their license application, they submit their table of organization and we evaluate that table of organization, and that's where we, of course, evaluate the surveillance

department, who they are reporting to, and the security department, and who they are reporting to.

And, I understand that these gentlemen have both, but that's what we found works best for us in our jurisdiction, and that's how we maintain it in our jurisdiction.

**A VOICE:** Does the state DPS people then do your investigation for you?

MS. DALRING: Yes, they are criminal investigators, they do our backgrounds. All of the facility employees that work in the gaming area, they are Class C backgrounded by the Division of Criminal Investigation. So, when we talk about, for example, security, pulling security away for verification, we are not really removing, necessarily, a person who was backgrounded at a higher level. All slot attendants, all the slot technicians, they are backgrounded equally as a security officer, so the DCI performs our criminal investigations, our background investigations and we regulate from the administrative standpoint, if there are violations, things of that nature, rule violations, the commission will take action. We are kind of unique, in that we are both racing and gaming, if there is a violation, we also have a tribunal, quasi-investigative tribunal that reviews the violations, so it's very similar to a board of stewards. And that is what our commission does, we review the violations, DCI reports the background investigations back to us, we decide, of course, who is able to obtain a license, who is able to hold that license, review license eligibility.

**MR. HANCOCK:** We're in a completely different environment. To work at Wheeling Island you essentially -- everyone has to have a greyhound license, which is not a very thorough background check; it's a single-page application. But then if you work on the gaming floor, that's when you get into the multiple-page application to obtain your gaming license. However, that is only for people who open the machines or handle the cash, so security is not part of that process.

Also, although we have an investigator assigned on the racing side, he really doesn't have a lot of intense investigation to handle. And on the gaming side, the security person from West Virginia more or less is a chip keeper and just takes care of the machines; he doesn't really do criminal investigations. We, in the security department, do all the criminal investigations, there's no state police presence. If we have someone that we need to prosecute, we call in the local police department, and we turn over our cases to the detective division. So, we've got a much heavier investigative role than is typical in the industry.

**MR. RENTERIA:** On our side, everybody who works in the track holds racing licenses, and the backgrounds are done by the racing commission. Any kind of criminal investigation, we have to do our own, unless it is a live meet. Then we have an onsite investigator. On the gaming side, if anybody is going to work, any kind of work that falls under the book of regulations, they must have a gaming commission license. And there we do have the ability to do investigations. We call the investigator and they take over in the gaming side.

**MR. HANCOCK:** The beauty of the investigation, I found, the Wheeling police typically get involved with drug investigations and more of the municipal type of crime. So they are going to steer away from or be reluctant to get involved in white collar-type situations, embezzlement that you might see at a track. However, with the surveillance department and being able to hand them video on a disk, on a DVD or CD, of exactly what went down, as well as a fairly detailed report, or better yet, to take someone into the interview room and get a confession with a recorded audio and video, then they are really happy to take those investigations and they usually just result in some kind of a deal with a non-jury trial. It's interesting, because they are not trained in the industry, so you kind of have to walk them through the process, but it's a friendly process.

**A VOICE:** If a horseman, owner or trainer on the racing side of the operation has been issued a full suspension, does it also apply to the gaming side of the operation?

**MR. RENTERIA:** In New Mexico, yes it does. Because, it is first a racetrack and the rules and regulations are enforced on the whole property. The casino is inside a racing property.

**MR. HANCOCK:** Plus, can your stewards exclude people?

**MR. RENTERIA:** Well, our stewards don't get involved with gaming.

**MR. HANCOCK:** On our side, the judges can exclude people from the property based on some offense on the racing side as well, and the general manager can exclude people based on the gaming offense.

**MR. RENTERIA:** Being a racing owner, it's basically, anything that is affecting you on the racing side will definitely affect you on the gaming, because our gaming is on a racing property.

**MS. DALRING:** In our jurisdiction, stewards, of course, do regulate the racing side, and in the suspensions that they've written, since the gaming has been implemented, they have specifically restricted the person from entering a restricted area of the facility, that being the stable area. As far as the gaming area, or entering the gaming area of the casino, of the facility, we've allowed the facility to make that determination of whether or not they want that person to be present. Typically, our racing stewards won't disallow someone from coming onto the gaming floor. There would have to be an incident where the gaming floor was related. So, that's how we handle it in our jurisdiction. There have been some cases where our stewards have suspended or revoked a license and somebody has excluded the person, but that becomes a facility decision.

And there have also been issues where the actual racetrack has excluded individuals, for conduct or possibly harassing employees. For conduct in the gaming side of the facility and then the jockey says, "You can't exclude me, I have a right to do business here, my conduct was game related, it wasn't related to racing."

So, the facilities then have an issue to deal with. We've had some interesting cases. So when the two have conflicted, and there have been, of course, with anything someone's not happy with, there's always a lawsuit and in time ended up in district court.

**A VOICE:** Karlyn, you mentioned that you have a \$10,000 penalty or fine, is that against the racetrack or is that against the individual security guard?

**MS. DALSING:** It's against the facility. The security guard will actually be given a penalty as well, typically. That is usually a suspension of their license for a few days as well as possibly a monetary fine. As far as the fine being imposed against the facility, we're holding the facility responsible for not properly training that employee to in fact stop that patron and not requesting that identification of that patron.

**A VOICE:** Is that statutory or is that in rules and regs?

**MS. DALSING:** That is actually what our law provides for, 99(f), the Riverboat Gaming Act, it of course provides for the ability of the commission to impose a fine. So we over the years have developed a policy for dealing with gaming issues. We don't necessarily want that to become an issue for the facility and of course it's not very good press for them. We've come forward with proactive stances that these are our requirements, these are the standards that we're looking at, if these factors occur, if these situations occur, then this will be the fine.

Of course, if those elements, or that threshold isn't hit, the facility can still take them before the gaming board, as I discussed, the quasi-judicial tribunal that we have on our gaming side as well. So that can be taken to the gaming board, the gaming board has the ability to fine up to \$1,000. So those fines have been taken as well. There have been issues that didn't necessarily meet those thresholds, in the casino for longer than 30 minutes, and the gaming issue. We've had issues where the person showed their ID upon entry, and then they go down and sit in the table games, for example, interacting with numerous individuals, and the person was under 21. No one asked that person for ID. Now, that case did get bumped up to the commission level rather than being reviewed by our gaming board.

**A VOICE:** So your gaming board is similar to a board of stewards?

**MS. DALSING:** Exactly. Yes.

Any other questions?

Well, we thank you for coming to our panel.

**(Applause)**