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## Business

### At Wynn casino, dealers now must share tips

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By Peter Sanders, The Wall Street Journal

In June, an elderly blackjack player on a hot streak at the Wynn Las Vegas casino decided to share his good fortune. Up more than \$1 million in winnings at one point, according to people in the know, the 79-year-old Texan went on an equally impressive tipping spree with dealers and cocktail waitresses. By the time he quit playing at 6 a.m., the tips totaled more than \$450,000.

The unidentified man's generosity excited the Wynn casino's staff that night, and for good reason: The dealers' tips were split among the casino's 580 dealers, the customary arrangement in Las Vegas gambling establishments.

But, at Wynn, the system has now abruptly changed. In August, Steve Wynn, the CEO of Wynn Resorts Ltd., decreed that, in the case of dealers, the coveted tip pool will now be expanded to include about 220 of their supervisors. The move, the company says, is meant to correct a strange inequity in the casino workplace: Thanks to tips, dealers make thousands of dollars more than some of their bosses do.

The luxurious \$2.7 billion Wynn Las Vegas casino, which opened in April 2005, is the world's most expensive casino resort. A Las Vegas legend, Mr. Wynn previously developed the Mirage, the Bellagio and the pirate-theme casino originally called Treasure Island.

According to people who attended Mr. Wynn's recent meetings with dealers, he angrily accused the employees of "mugging" his players and pointedly referred to the June tipping binge. A Wynn Resorts spokeswoman said in a statement that Mr. Wynn was simply reinforcing the idea that employees have "a responsibility to service the guests without being solicitous."

The company maintains that, with tips included, its dealers average close to \$100,000 per year in wages. (Dealers say it's closer to \$88,000.) Their supervisors typically make far less - between \$50,000 and \$60,000 annually, according to Wynn Resorts.

Bringing supervisors into the tip pool means that dealers' income will drop, though it isn't clear how much. Wynn Resorts says the drop would be 10 percent, while dealers contend it will be closer to 15 percent or 20 percent. Managers would see their pay jump to about \$95,000 annually with new tip income factored in, the company says.

The 64-year-old Mr. Wynn and his lieutenants have said the change was necessary to hire and retain casino supervisors. Andrew Pascal, Wynn Las Vegas's president and Mr. Wynn's nephew, said in an interview that there is little incentive for supervisors to stick to a management career track, "when they look at the people they're managing and realize how much more they're making."

Mr. Wynn declined to comment and through a spokeswoman referred questions to Mr. Pascal. The Wynn spokeswoman and Mr. Pascal both declined to comment on "matters that relate to the activities of our guests or employees." But the spokeswoman said that no incident at the casino had provoked the change in the tip policy.

In the days following Mr. Wynn's announcement, Internet sites frequented by casino dealers - - casinodealers.net and dicedealer.com -- were abuzz with the news and vitriol. Longtime dealers who left good jobs at rival casinos like Caesars Palace and Bellagio felt slighted by Mr. Wynn. Many said they had gone to work at Wynn Las Vegas specifically because of the chance to earn more money.

Dealers have been hesitant to speak out. They fear losing their jobs and hurting chances for future employment. Unlike thousands of service employees at many Las Vegas casinos, dealers in Las Vegas are not protected by labor unions.

Historically, casino dealers have lived off their tips, or "tokens," as in "tokens of gratitude." Years ago, they shared the tips they made at their tables with the guys they worked with at those tables. That benefited dealers working peak hours and fostered competition for tips. It also put pressure on players to tip dealers, who cultivated gamblers in much the way bartenders do their good customers.

"At a casino where it was 'pit-for-pit,' the dealers definitely muscled players to tip, and, if they didn't, they were made to feel unwelcome at the table and in the casino," says Jim Kilby, professor of gaming at the University of Nevada, Las Vegas, and a former dealer.

In the late 1980s, Mr. Wynn -- then the head of Mirage Resorts Inc. -- pioneered a big change that soon became the Vegas norm. He tweaked the system to combine the tips from the blackjack, roulette, craps and baccarat dealers into one pot. The new arrangement was "by far the most equitable thing to do," says Mr. Kilby.

As a result, the modern token is no longer cash in the envelope at the end of a shift, but taxable income that appears on a paycheck every two weeks. At most casinos, the dealers collect the money themselves under the auspices of a "token committee." At Wynn Las Vegas, the committee members collected the day's tips from the casino floor at 4 a.m., then counted the money and presented the results to the casino cashier for verification, according to Mr. Pascal and the "Wynn Las Vegas Table Game Operations Dealer Department Handbook." The money was then paid as part of each dealer's paycheck, supplementing their nominal \$6.15 per hour wages.

But now, the task of gathering and counting the daily token is in the hands of management. The casino's security staff collects the daily tips and counts the money behind closed doors, according to a revised copy of the Handbook issued last month. The company said it will make available DVDs, taken off casino security cameras, for any dealers who want to review the daily count.

In the weeks after the tip policy was modified, more than 100 anonymous complaints flooded Nevada's labor board, alleging the abrupt move violated state labor laws. After a quick review of the situation, Commissioner Michael Tanchek said that he himself had been taken aback by the move. But "when we looked into it, we found they weren't doing anything illegal in terms of state law," Mr. Tanchek said.

Two dealers -- Joseph Cesarz and Daniel Baldonado -- have filed a lawsuit in Nevada state court seeking class-action status in an attempt to recoup wages lost to the new arrangement. "When I walked out of that meeting, my heart just broke because he was taking money from

us to pay his managers," said Mr. Cesarz, a 36-year-old craps dealer at the casino, referring to Mr. Wynn. "The company needs to start paying the right salaries to the managers and if it has to be more than the dealers are making, so be it," he said, adding, "We're paying for Wynn's mistakes."

The suit claims Wynn Resorts violated state laws that dictate how employers can modify tip-pooling arrangements. "These are laws designed to prevent tip sharing by people who weren't in the chain of service," says Mark Thierman, a Reno, Nev., attorney representing dealers in the suit. "It's almost a conflict of interest to be tipping your own boss, the person who is supposed to catch you making mistakes and reprimand you."

A big question in the casino industry is whether rivals will adopt Mr. Wynn's move. A spokesman for Harrah's Entertainment Inc., the world's largest casino operator by revenue, said, "We don't have any plans to change our system, but we will look at what happens there."

MGM Mirage said it has no plans to change the current system, which excludes managers from the tip pool.

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