

ORIGINAL TRANSCRIPT

PENNSYLVANIA GAMING CONTROL BOARD PUBLIC MEETING

Public meeting of the
Pennsylvania Gaming Control Board,
taken at the Marriott Hotel, 12th and
Market Street, Salon Liberty C,
Philadelphia, Pennsylvania, on
Wednesday, September 28, 2005,
commencing at 10:30 a.m., before
Maureen E. Broderick, a Registered
Professional Reporter and Notary
Public, pursuant to notice.

BOARD MEMBERS PRESENT:

TAD DECKER - CHAIRMAN

MARY DiGIACOMO COLINS

**DENNIS WOLFF
SECRETARY OF AGRICULTURE**

**SANFORD RIVERS
JOSEPH W. "CHIP" MARSHALL, III**

WILLIAM P. CONABOY

KENNETH T. McCABE

JEFFREY W. COY

**ROBERT P. CASEY, JR.
(via telephone)
STATE TREASURER**



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1 MR. CHAIRMAN: I'm Tad
2 Decker, Chairman of the Pennsylvania
3 Gaming Control Board. I'd like to
4 welcome the Board and all of you to
5 this meeting. It's our second visit
6 to Philadelphia. Four of the voting
7 members of the Board are present.
8 The meeting is called to order.

9 Please note that Treasurer
10 Casey -- Bob, you're on the phone?

11 MR. CASEY: Yes.

12 MR. CHAIRMAN: Treasurer
13 Casey is participating by phone
14 today. Thank you very much for being
15 with us.

16 MR. CASEY: Thank you.

17 MR. CHAIRMAN: Secretary of
18 Revenue, Greg Fajt is unavailable
19 today, but Mark Morabito is sitting
20 in for him today.

21 As always, let me ask
22 members of the Board and the
23 audience, as I just did because I
24 forgot, to turn off your cell phones,



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1 Blackberries and other electrical
2 devices, because they can interfere
3 with the sound system in the room.

4 Let's begin with the Pledge
5 of Allegiance.

6 (Pledge of Allegiance.)

7 MR. CHAIRMAN: By way of
8 old business, we have some
9 announcements and housekeeping to
10 discuss.

11 The Board held two
12 executive sessions to discuss
13 personnel matters, specifically
14 potential candidates for positions
15 throughout the Agency. No business
16 was conducted at these meetings.

17 The first of our two,
18 Gaming Enterprise Diversity Forums,
19 is tomorrow here in Philadelphia.
20 I'm happy to report that we're sold
21 out.

22 How many do we have coming?
23 Do you know?

24 UNIDENTIFIED SPEAKER: 200.



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1 MR. CHAIRMAN: 200 people,
2 which is a great turn out. We're
3 very pleased about that. We usually
4 have great panels and great topics to
5 discuss. So it is sold out.

6 Just as a reminder, the
7 site is the Fox-Gittis Room at the
8 Liacouras Center at Temple University
9 in Philadelphia. I want to thank
10 Temple and Chip for helping to make
11 that happen.

12 We are currently, however,
13 since this is sold out, we are still
14 accepting registrations for the
15 second forum, which is going to be
16 held on Thursday, October 27th in the
17 main ballroom on the campus of
18 Duquesne University in Pittsburgh.

19 Please see our Web site for
20 any details, additional details on
21 this. It will be basically the same
22 forum as we're having in Philadelphia
23 tomorrow.

24 So if anybody is unable to



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1 get in, was unable to sign up on
2 time, we would encourage you to come
3 to Pittsburgh, because it will be
4 basically the same program.

5 Our first action this
6 morning is to approve and adopt the
7 transcript of our last meeting.

8 MR. MARSHALL: Seconded.

9 MR. COY: Seconded.

10 MR. CHAIRMAN: Comments?

11 (No response.)

12 MR. CHAIRMAN: All those in
13 favor, please indicate by saying aye.

14 (Ayes from the Board.)

15 MR. CHAIRMAN: Motion is
16 passed.

17 Please note that these
18 minutes are available on our Web site
19 and that this meeting is also being
20 recorded by a stenographer. Again,
21 thank you very much for filling in on
22 this emergency basis for us.

23 New business,
24 Administration. Mike Walsh, could



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1 you come up and tell us where you
2 stand on hiring?

3 MR. WALSH: Michael Walsh,
4 Director of Administration.

5 Thank you, Mr. Chairman.
6 Just a quick update on the
7 administration. The Bureau of
8 Administration, we stand on a total
9 of 64 staff in our compliment right
10 now. And in a moment I will propose
11 two new staff for the Board to
12 consider for hiring.

13 One item before that is
14 office space. Just an update on
15 that. As you know, we've identified
16 office space in Southeastern
17 Pennsylvania in Conshohocken, and
18 that office has been built out and
19 we're proceeding to put staff in
20 there.

21 For the southwestern
22 Pennsylvania office, we are beginning
23 a process to advertise and bid
24 through the normal procurement



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1 process.

2 MR. CHAIRMAN: That was the
3 process also for Conshohocken?

4 MR. WALSH: That was the
5 process also for Conshohocken.

6 MR. CHAIRMAN: It wasn't an
7 emergency?

8 MR. WALSH: It wasn't an
9 emergency, no.

10 MR. CHAIRMAN: Never mind.

11 MR. WALSH: While we are
12 waiting the four to five months for
13 that office to be identified and
14 built out in Pittsburgh or in
15 Southwestern Pennsylvania, we're
16 going to use temporary office space
17 in the State Office Building working
18 with DGS so we don't have to go out
19 onto the market and do a lease. I
20 just wanted the Board to be aware of
21 that.

22 The two candidates for the
23 Board to consider today to hire are
24 both in the Bureau of Licensing



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1 working with Susan Hensel, our Acting
2 Director of Licensing.

3 The first is William H.
4 Kunkle, Jr., who will be a manager in
5 the Bureau, and the second is Patrick
6 Williams, who will be a licensing
7 analyst in the Bureau. Those are the
8 two candidates.

9 MR. CHAIRMAN: Any
10 questions for Mike about any of the
11 things you heard?

12 MR. RIVERS: Mr. Chairman,
13 I've talked with Mike in meetings
14 regarding the backgrounds of these
15 individuals and based on the
16 recommendations of the Director of
17 Administration, I'd like to resolve
18 that the Pennsylvania Gaming Control
19 Board hereby authorized the hiring of
20 William Kunkle, Jr., as a manager and
21 Patrick Williams as an analyst in the
22 Bureau of Licensing.

23 MR. COY: (Inaudible) --
24 was presented -- (inaudible) --



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1 subject to satisfactory completion of
2 our personnel background
3 investigation, I so move.

4 MR. MARSHALL: Second.

5 MR. CHAIRMAN: Any
6 questions about that, about the hires
7 or their qualifications?

8 (No response.)

9 Hearing none, all those in
10 favor, please indicate by saying aye.

11 (Ayes from the Board.)

12 MR. CHAIRMAN: Any opposed?

13 (No response.)

14 MR. CHAIRMAN: Motion
15 carries.

16 Ann, can I ask you to come
17 up and talk to us a little bit about
18 two subjects? One, how the staffing
19 is going and how that's starting to
20 take shape and the progress we're
21 making in some areas. And secondly,
22 to give us a little update on the
23 ethics policies.

24 MS. NEEB: Ann Neeb,



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1 Executive Director.

2 Mr. Chairman, Members of
3 the Board, just an update on
4 personnel matters. Basically, we
5 have been through a blitz of
6 interviews in trying to get the staff
7 up and running.

8 We have various sections
9 that are really filling up quickly,
10 which is very good because that
11 includes Licensing. And I think
12 that's one of the most important --
13 that and BIE -- to get things
14 started.

15 We're also making progress
16 with the general counsel search. And
17 that's getting pretty close by way, I
18 think, of decision with the Board.
19 And we continue every day, literally,
20 to interview people, set up the
21 interviews and take inquiries. So
22 we're coming up to speed. We're
23 coming up to speed.

24 MR. CHAIRMAN: And the



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1 training is going well?

2 MS. NEEB: The training is
3 going well. We've had a lot of
4 really good people come in that have
5 helped us. We've had, some of the
6 BIE people have attended law
7 enforcement seminars through UNLV,
8 which was very, very helpful, because
9 it's a very specialized school in
10 gaming.

11 We've had plenty of
12 cooperation from the agencies we're
13 working with to help us along. And
14 I'm seeing a lot of progress. A lot
15 of progress.

16 MR. CHAIRMAN: On the
17 second issue.

18 MS. NEEB: On the second
19 issue, due to the fact that it's my
20 understanding that it's like the
21 number one priority of the Board to
22 get their operating procedures and
23 code of ethics and responsibility
24 drafted, I've kind of begun steering



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1 that process along.

2 We had a working committee
3 with a Board member, Mr. Marshall and
4 some counsel. And at this point
5 where we are is I think we have a
6 good draft, a working draft that
7 we're going to have to tweak.

8 And by October 6 we would
9 like to see a draft published for
10 public comment. We're hoping to get
11 that done by that time because this
12 is very important.

13 MR. CHAIRMAN: Thank you.

14 Any questions of Ann?

15 MR. McCABE: Mr. Chairman,
16 I would like to propose, once we have
17 that draft, that we incorporate that
18 as our policy, pending the public
19 comments and, of course, reserve the
20 right to change or modify that.

21 MR. CHAIRMAN: Okay. The
22 Board members agree to that?

23 (Indicating.)

24 MR. CHAIRMAN: Thank you,



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1 **Ann.**

2 Good suggestion, Ken.

3 Is that a motion that
4 Commissioner McCabe is making? Is
5 that in the form of a motion?

6 MR. McCABE: If need be,
7 I'll so move then, move that.

8 MR. CHAIRMAN: Why don't we
9 get the draft organized and then
10 we'll vote that on the 6th. That's
11 clearly our intention. All right.
12 That's clearly our intention to do
13 that.

14 Commissioner Colins, we
15 have some regulations to approve
16 today, as I understand, as well as
17 some new ones to put on for comment.
18 Can you fill us in?

19 MS. COLINS: Yes. Thanks
20 very much, Chairman Decker. I have a
21 lot of work to review now for the
22 Board to consider. I'm going to try
23 to summarize it and go through it as
24 quickly as possible in an orderly



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1 fashion. So I hope this works.

2 I'll begin now by
3 addressing the public comments that
4 were presented to the Board and our
5 responses to those public comments on
6 the BIE regulations, Category 2 and
7 Category 3 Operator's Licensing
8 Regulations.

9 And as I've done in
10 previous public comments, I'm going
11 to go through and highlight some of
12 the more significant ones and give
13 you the Board's response to that, or
14 the summary of the Board's response,
15 so that you can all understand the
16 context of the draft that I've
17 presented to all of you in advance
18 and you'll have a chance to read it.

19 The first comment, group of
20 comments that I want to address had
21 to do with the interaction or the
22 division of roles between the
23 Pennsylvania State Police and the
24 Board's Bureau of Investigation and



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1 **Enforcement.**

2 And these comments
3 questioned basically how these
4 divisions would be made, how these
5 duties would be divided, and whether
6 or not -- and who, in fact, had the
7 right to do what. That's my general
8 summary of a number of comments that
9 dealt on that.

10 And the Board's overall
11 response to this issue is that in
12 order to prevent -- to implement the
13 provisions of Section 1517 of the
14 Act, that being the section that
15 assigns duties to the Board through
16 the Bureau and the State Police,
17 among other things, but in order to
18 implement those provisions, the Board
19 has had ongoing discussions with the
20 Pennsylvania State Police to outline
21 their role in accordance with the
22 statute in an effort by the Board to
23 maximize expertise by minimizing
24 duplication of efforts toward



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1 implementing the specific provisions
2 of the Act.

3 There was then a comment
4 regarding the role of the Office of
5 Counsel for Enforcement and
6 Investigations. And I would like to
7 address that comment, which
8 questioned whether or not there was
9 an overlap or assumption of power by
10 that office that the Board, in fact,
11 should have.

12 I want to address that by
13 explaining that in creating that
14 office through regulation, the Board
15 essentially did that as its answer to
16 the Lyness due process issue, which
17 every agency must address.

18 And, specifically, by
19 creating that specific office, the
20 Board has separated the power of
21 prosecution from the Board's quasi
22 judicial power. And so the Board --
23 the language of Section 405.3(a)3 has
24 been drafted in compliance with the



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1 requirements of the Supreme Court's
2 decision Lyness versus Commonwealth
3 of Pennsylvania State Board of
4 Medicine.

5 The next comment that I
6 want to talk about -- now I'm going
7 to go to the issue of the comments
8 that were basically raised with
9 respect to multiple slot machine
10 ownership.

11 And this is a very
12 complicated issue that interprets a
13 number of sections of the statute,
14 specifically the sections that deal
15 with each of the categories of
16 ownership. I believe it would be
17 1302, 1304 and 1305.

18 And in dealing with the
19 comment, the Board also reviewed a
20 response to the comment. The initial
21 comment was from representatives from
22 Harrah's I believe, and the response
23 came from Senator Fumo's office --
24 (inaudible) -- along with other



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1 members of the working group
2 discussed this comment and those
3 provisions I've just cited, in terms
4 of who would be eligible or what type
5 of entity is eligible for what
6 category of license and how the
7 multiple slot license prohibition
8 would work.

9 And in response, the Board
10 basically -- or what I'm proposing to
11 the Board is basically a summary of
12 the interpretation of the law that
13 was provided in Christopher Craig's
14 letter and also that was affirmed
15 through a number of the lawyers in
16 the working group who have been very
17 helpful in illuminating the
18 legislative intent on a lot of these
19 provisions.

20 The Board's response is as
21 follows: The Board at this time
22 declines to accept the
23 recommendation, specifically the one
24 from Harrah's.



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1 And it is the Board's
2 interpretation of the Act that
3 Sections 1302, 1304, 1305, which
4 refer to the eligibility requirements
5 of the Category 1, 2 and 3 licensing
6 were specifically drafted to require
7 that a person eligible to apply for a
8 specific category of license should
9 not be eligible to apply for a
10 license in any other categories.

11 The language is clear to
12 the Board for the purposes of
13 eligibility, a Category 1 applicant
14 cannot apply for Category 2 or 3. A
15 Category 2 applicant cannot apply for
16 Category 1 or 3. And Category 3
17 cannot apply for 1 or 2.

18 The Board declines to
19 accept the commenting party's
20 interpretation of 1307. And 1307 is
21 the section that deals with the
22 Category 1 licenses, where the
23 Category 1 licenses, if not applied
24 for by the eligible parties within a



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1 five-year period, would then convert
2 to a Category 2.

3 And the comment was that
4 basically that conversion, the
5 implication of the comment was that
6 that conversion could happen and then
7 a Category 1 could apply for a 2.

8 The Board disagrees with
9 that and believes that the language
10 of 1307 is clear in that a person who
11 is eligible to apply for a Category 1
12 license, but chooses not to do so
13 within the five-year limitation of
14 1307 is prohibited from seeking a
15 Category 2 license because of the
16 eligibility requirements of Section
17 1304.

18 Finally, the Board will be
19 offering for public comment today,
20 and I will go into this in a little
21 bit, this proposed regulation. One,
22 that a regulation entitled change in
23 ownership or control of slot machine
24 licensees and multiple slot machine



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1 licensed prohibition.

2 This regulation addresses
3 the limitations in multiple slot
4 machine licensed ownership provided
5 in Section 1330 and applies these
6 limitations pursuant to Section 1328,
7 which is the provision dealing with
8 changes in ownership after the
9 initial operator's license has been
10 issued.

11 The next comment that I
12 want to address was a comment that
13 was requesting that the Board create
14 geographic limitations that basically
15 would preclude the Board from issuing
16 a Category 3 or 2 license within a
17 city of the first or second class for
18 a facility to be located within two
19 miles of the boundary of a national
20 battle field, national historic site,
21 national military park as
22 administered by the National Park
23 Service, and for any other location
24 within 15 miles of the boundary of a



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1 national battle field, national
2 historical site or national military
3 park as administered by the National
4 Park Services.

5 And the Board's response to
6 this that I offer is that the Board
7 declines to accept this
8 recommendation. And in awarding the
9 slot machine licenses, the Board is
10 bound by the geographical provisions
11 present in Act 71.

12 And by way of further
13 response, the Board notes that it
14 will and intends to consider all
15 factors which are required by the
16 Act, including impact on existing
17 tourism, including impact on
18 historical and cultural resources
19 required by Section 441.4(21) of the
20 regulations in evaluating
21 applications for slot machine
22 licenses.

23 With respect to the
24 Category 3 comments, there were many.



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1 One of the comments was significant
2 in that it requested that the Board
3 would waive the specific application
4 requirements that the Board has
5 enunciated in its general chapter of
6 application requirements, and allow
7 those requirements to be phased in by
8 the Category 3 applicants.

9 The Board essentially will
10 not do that due to the competitive
11 nature of the Category 3 licenses.
12 It is very important that those
13 applications be completed as fully as
14 any other applications and submitted
15 to the Board for review and process.

16 And then I'm going to sum
17 up. I'm going to finish now with one
18 further public comment, which
19 addressed regulation, proposed
20 regulation 443.5(b)4 that relates to
21 the Board's request that Category 3
22 applicants provide a detailed plan
23 for monitoring gaming areas to ensure
24 that only registered guests or



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1 patrons of its amenities of the age
2 of 21 are permitted to enter the
3 gaming area.

4 And the Board's response to
5 that is that in summary that those
6 regulations are a proper assertion of
7 the statutory authority of the Board,
8 that all individuals under 21 who are
9 not employees of the licensee will be
10 precluded from being on the gaming
11 floor and that this is a consistent
12 application for the statute and in
13 the best interest of the Commonwealth
14 for the Board to have that
15 regulation.

16 So at this point, I would
17 also like to add that there have been
18 certain amendments to the regulations
19 in response to the public comments.

20 In the Category 3 area we
21 have amended the regulations to more
22 clearly define specifically what a
23 substantial -- looking for the
24 phrase, specific phrase, substantial



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1 year-round recreational activities,
2 we've more clearly defined that.

3 And so I'd like to -- I'll
4 answer questions, whatever questions
5 are about the public comment. And
6 after that, I'll make a motion
7 regarding approving the BIE, Category
8 2 and Category 3, adopting those
9 regulations.

10 MR. CHAIRMAN: Any
11 questions for Mary?

12 MR. McCABE: Mary, I'm
13 still just a little bit confused on
14 the ownership. Can they own 50
15 percent, no more than 50 percent in
16 one and 33, 33 or less than a third
17 in the other categories?

18 MS. COLINS: Well, I
19 will -- if you don't mind, I would
20 like to address that question when I
21 go over very briefly what the
22 proposed regulation for public
23 comment will be, if that's all right
24 with you.



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1 MR. McCABE: Yeah.

2 MR. CHAIRMAN: Any
3 questions for Mary about the comments
4 on the categories that we were just
5 talking about?

6 (No response.)

7 MR. CHAIRMAN: Mary, make a
8 motion, please.

9 MS. COLINS: Yes. I'll
10 make this motion for the Board to
11 adopt the responses to the public
12 comments on the draft regulations
13 pertaining to Category 2 licenses,
14 Category 3 and the Bureau of
15 Investigations and Enforcement
16 regulations.

17 MR. CHAIRMAN: Can I have a
18 second?

19 (Seconded.)

20 MR. CHAIRMAN: Any
21 questions for Mary about that?

22 All in favor say aye.

23 (Ayes.)

24 MR. CHAIRMAN: Opposed?



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1 (No response.)

2 MR. CHAIRMAN: Motion
3 carries.

4 MS. COLINS: And I'd like
5 to further move that the Board adopt
6 as the Board's temporary regulations
7 the regulations as amended today for
8 the BIE, Category 2 and Category 3.

9 MR. CHAIRMAN: The finals,
10 right?

11 MS. COLINS: That's right.

12 MR. CHAIRMAN: May I have a
13 second?

14 MR. CONABOY: Second.

15 MR. CHAIRMAN: Questions or
16 comments for Mary on that?

17 (No response.)

18 MR. CHAIRMAN: All those in
19 favor, please indicate by saying aye.

20 (Ayes.)

21 MR. CHAIRMAN: Any opposed?

22 (No response.)

23 MR. CHAIRMAN: Motion
24 carries.



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1 MS. COLINS: Chairman
2 Decker, I have a resolution, which I
3 would ask to be incorporated into the
4 record, which embodies the motions
5 that we just passed. And ask to
6 waive the reading of this resolution
7 at this time and incorporate the
8 document.

9 MR. CHAIRMAN: Is it a
10 technical requirement?

11 MS. COLINS: To read it?

12 MR. CHAIRMAN: Is that a
13 motion?

14 MR. MARSHALL: Second.

15 MR. CHAIRMAN: All those in
16 favor.

17 (Aye.)

18 MR. CHAIRMAN: Opposed?

19 (No response.)

20 MR. CHAIRMAN: Thank you.

21 Mary, as I understand,
22 we're going to post some new draft
23 regulations for comment. Ken was
24 asking you questions on them.



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1 MS. COLINS: Yeah.

2 MR. CHAIRMAN: One set is
3 ownership of multiple game licenses
4 and the other one was slot machine
5 possession; is that correct?

6 MS. COLINS: Right.

7 The first one I'm going to
8 talk about, which is 441.18 and the
9 next one, Maureen Williamson will
10 address, which is slot machine
11 movement.

12 On 441.18, is entitled
13 Change in Ownership or Control of
14 Slot Machine Licensee and Multiple
15 Slot Machine License Prohibition.

16 And this is for
17 publication. And we invite public
18 comment as to this. We will
19 anxiously await public comment as to
20 this regulation.

21 It contains a number of
22 issues that the Board will have to
23 resolve with respect to the language
24 in the statute and policy on multiple



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1 slot machine ownership.

2 Specifically, Subparagraph
3 (b) of that -- let me read this
4 regulation. This is Paragraph (a):
5 Pursuant to a change in ownership and
6 control of the slot machine licensee
7 under Section 1328 of the Act, and in
8 accordance with Section 1330 of the
9 Act relating to multiple slot machine
10 license prohibition, the slot machine
11 licensee, including its affiliates,
12 intermediaries, subsidiaries and
13 holding companies is prohibited from
14 possessing an ownership and financial
15 interest in any slot machine licensee
16 or any other person eligible to apply
17 for the Category 1 slot machine
18 licensee or its affiliates,
19 intermediaries, subsidiaries or
20 holding companies that exceeds 33 and
21 a third percent.

22 (b), nothing in Subsection
23 (a) should be construed to prevent a
24 slot machine licensee from presenting



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1 ownership and financial interests of
2 33 and a third percent or less in
3 multiple slot machine licensees or in
4 persons eligible to apply for a
5 Category 1 slot machine licensee or
6 its affiliate, intermediary,
7 subsidiary or holding company.

8 If a slot machine --
9 Subparagraph (c), if a slot machine
10 licensee or its affiliates,
11 intermediary, subsidiary or holding
12 company has an ownership or financial
13 interest in a slot machine licensee
14 that is in violation of Subsection
15 (a), the licensee will be required to
16 divest that interest which is in
17 excess of 33 and a third percent in
18 compliance with Section 1330 of the
19 Act relating to multiple slot machine
20 license prohibition.

21 There are a number of
22 issues in this regulation, which the
23 Board is going to have to resolve.

24 Ken, in response to your



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1 question, there is -- the language of
2 the Act is, I'll go so far as to say,
3 ambiguous. It does not give terribly
4 clear guidance on whether or not the
5 slot machine multiple license
6 prohibition, number one, applies to
7 cross category lines.

8 For example, can a slot
9 machine licensee in Category 1 have a
10 third of a Category 2?

11 The language is not
12 dispositive of that, nor is it
13 dispositive, in my opinion, of
14 whether or not a licensee can only
15 own one license and a third of just
16 one other, or one license and a third
17 of multiple other licenses.

18 So the two issues that are
19 open ended at this point are whether
20 or not the licensee can cross
21 category lines and whether or not the
22 licensee can have a number of
23 one-third interest.

24 Subparagraph (b) of the



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1 regulation takes the broadest
2 approach to that. Specifically, it
3 says you can have a third if you own
4 a license of as many of the licenses
5 out there as you want.

6 I took the broadest -- we
7 took the broadest approach and put it
8 in there. It's for public comment.
9 We will get comment and we will have
10 to make those decisions.

11 Another issue to be
12 decided, in my opinion, is, does an
13 entity that has a license have to
14 have 51 percent, 51 percent of that
15 license, and then be restricted to a
16 third of all the others, or can an
17 entity just have a third of as many
18 licenses as possible?

19 What is ownership? Is it
20 50 percent? Is it 33 -- is it 34
21 percent? I'm not so sure about that.
22 So I've opened those issues up and
23 welcome insight into that.

24 If there are no more



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1 questions, I'll make a motion to
2 publish it.

3 MR. CHAIRMAN: Any
4 questions for Mary about these
5 proposed regulations subject to
6 public comment?

7 As Mary suggests, there's
8 some seemingly complex and
9 interesting issues that are to be
10 dealt with. We encourage you to read
11 them carefully and get comments on
12 them.

13 MS. COLINS: Then I will
14 move that the Board make available
15 for public review and comment the
16 draft temporary regulations
17 pertaining to change in ownership of
18 multiple slot machine license
19 prohibition through publishing of the
20 regulation through a bulletin and
21 through the posting of the
22 regulations on the Board's Web site,
23 and the Board keep this 30-day period
24 open until the close of business



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1 October 28, 2005.

2 MR. MARSHALL: Second.

3 MR. CHAIRMAN: Any

4 additional questions or comments for
5 Ms. Colins?

6 (No response.)

7 MR. CHAIRMAN: Hearing
8 none, all those in favor please
9 indicate by saying aye.

10 (Ayes.)

11 MR. CHAIRMAN: Opposed?

12 (No response.)

13 MR. CHAIRMAN: Motion
14 carries.

15 We'll introduce Maureen
16 Williamson, Special Counsel for
17 Policy and Planning. Please give us
18 an overview of the draft regulation
19 on the second topic that we just
20 talked about.

21 MS. WILLIAMSON: Good
22 morning.

23 Before you this morning for
24 consideration is the opening of a



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1 30-day public comment period on draft
2 regulations dealing with the
3 possession and transportation of slot
4 machines.

5 Essentially, this
6 regulation will enumerate with
7 specificity those persons who may
8 possess a slot machine within the
9 Commonwealth and will impose upon
10 them certain reporting requirements
11 to the Board in the form of slot
12 movement notices and slot machine
13 master list filings.

14 These reports will in turn
15 be utilized by the Board to create
16 and maintain a state-wide slot
17 machine inventory database.

18 In addition, the draft
19 regulations articulate certain notice
20 requirements to the Department of
21 Revenue applicable to the movement of
22 slot machines required to be
23 connected to the Commonwealth's
24 central computer system.



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1 In drafting regulatory
2 parameters addressing those persons
3 who may, for certain enumerated
4 purposes, possess a slot machine
5 within the Commonwealth, care was
6 taken to accommodate parties
7 reasonably expected to need to
8 possess a slot machine.

9 Thus, in addition to the
10 obvious persons, applicants or
11 holders of a slot machine,
12 manufacturer or supplier license, the
13 regulations provide that an
14 educational institution who may be
15 offering a technical program for slot
16 machine technicians or a slot
17 accounting course may possess.

18 It provides for a
19 manufacturer or supplier not
20 currently licensed by the Board to
21 exhibit a product at a trade show
22 within the Commonwealth.

23 It provides for common
24 carriers who will be transporting



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1 slot machines in inter and intra
2 state commerce, and it provides for
3 the possession of slot machines by
4 agents or employees of the Board or
5 Pennsylvania State Police or any
6 other law enforcement agency who may
7 possess a slot machine in the course
8 of their official duties.

9 In addition, the regulation
10 as drafted has a general provision
11 authorizing the Board to consider
12 other persons in the exercise of its
13 sound discretion.

14 And this, of course,
15 preserves the Board's ability to
16 respond to reasonable requests that
17 are wholly unanticipated, but that
18 may, in fact, be quite worthy of
19 action.

20 Regulations requiring
21 reporting of slot movements into a
22 state, at any point within a state
23 and out of the state are common
24 practice in the gaming industry, as



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1 is the practice of a regulatory
2 agency maintaining a state-wide
3 inventory database capable of
4 identifying the precise location
5 within the jurisdiction that a slot
6 machine is located.

7 In drafting the reporting
8 parameters applicable to both our
9 slot movement notices and our slot
10 machine master list filings, care was
11 taken to emulate, wherever possible,
12 the reporting requirements of
13 established jurisdictions in order to
14 minimize the need for customized
15 reporting by slot machine
16 manufacturers and operators, many of
17 whom are active in multiple
18 jurisdictions and do this type of
19 reporting on a regular basis.

20 As I alluded to earlier,
21 the Commonwealth's central computer
22 system will impact slot movements on
23 and off the floor and between
24 authorized locations on the gaming



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1 floor.

2 And as a result, the draft
3 regulations require slot machine
4 licensees to provide to the
5 Department of Revenue a notice of an
6 intended slot movement.

7 And this will be a notice
8 in a form and pursuant to a time
9 frame that is dictated by the
10 Department of Revenue in order to
11 facilitate activation or disabling in
12 the system and in order to allow the
13 realtime meter information to be
14 polled for retrieval from the slot
15 machine coincident with the slot
16 movement.

17 At this juncture, I would
18 like to just take a minute and go
19 over with a little bit more detail
20 the procedural requirements
21 applicable to any public comment
22 period.

23 And this would apply to the
24 multiple slot machine ownership



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1 proposal as well as this slot
2 possession and transportation
3 proposal should the Board move
4 forward and articulate in an
5 authorization for this proposal for
6 public review.

7 In order to initiate the
8 public review we will, in fact,
9 publish the two proposals on our Web
10 site. The address is
11 www.pgcb.state.pa.us. Both drafts
12 will be published in the October 8th
13 Pennsylvania Bulletin.

14 And drafts are available by
15 mail by making a request to the Board
16 accompanied by a certified check
17 payable to the Commonwealth of
18 Pennsylvania in the amount of \$10 to
19 cover the cost of copying, staff time
20 and postage.

21 And the address, of course,
22 is Pennsylvania Gaming Control Board,
23 PO Box 69060, Harrisburg. ZIP is
24 17106.



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1 Again, as Commissioner
2 Colins remarked, the month-long
3 comment period will begin today,
4 September 28, and will end on October
5 28 of 2005. To be considered,
6 comments must be postmarked no later
7 than Friday October 28.

8 Comments must be
9 accompanied by the commentator's name
10 and the name of the entity or
11 organization on whose behalf he or
12 she is commenting. We also require a
13 mailing address, including county,
14 for both the individual and the
15 organization, if that's applicable.

16 In addition, we require a
17 telephone number and an e-mail
18 address in order to verify the source
19 of the information.

20 When submitting comments,
21 we would urge commentators to please
22 cite the specific provision they're
23 commenting with regard to or the
24 general topic at a minimum. Comments



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1 which are not related specifically to
2 the proposals published today cannot
3 be entertained or considered during
4 comment period.

5 Once staff have reviewed
6 the public comments, we'll publish
7 both the comments themselves and the
8 Board's response to same on our Web
9 site.

10 Again, hard copies are
11 available upon written requests to
12 the Board and the payment of the \$10
13 fee.

14 So if there are any
15 questions specific to the slot
16 proposal or the procedural
17 requirements with regard to
18 commenting...

19 MR. CHAIRMAN: Thank you.

20 Any questions?

21 MR. McCABE: I have a
22 question, Maureen, about enforcement
23 of this. In your experience, who is
24 responsible to ensure that the



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1 casinos are doing this?

2 MS. WILLIAMSON: What will
3 happen under the draft proposal is
4 what is relatively normal in most
5 jurisdictions; and that is, that the
6 slot machine master list and the slot
7 movements would be actually noticed
8 to our director of gaming lab
9 operations.

10 The lab, which is the
11 repository of the initial games that
12 are reviewed and approved for use in
13 the Commonwealth, will maintain a
14 database. And so normally they would
15 be the recipient and they would
16 maintain the database.

17 Then Bureau of
18 Investigation and Enforcement, State
19 Police or any other entity that would
20 have questions about the legal status
21 of a game would reach out to the
22 Board through that department and
23 would have information from the
24 database. So it will be a tool that



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1 will be available really to all
2 parties.

3 MR. McCABE: Thank you.

4 MR. CHAIRMAN: Any other
5 questions for Maureen?

6 (No response.)

7 MR. CHAIRMAN: Thank you,
8 Maureen. Very helpful.

9 MR. MARSHALL: I'll make
10 the motion.

11 MR. CHAIRMAN: Thank you.
12 Second?

13 MR. CONABOY: Second.

14 MR. CHAIRMAN: Any comment
15 or further questions?

16 (No response.)

17 MR. CHAIRMAN: All those in
18 favor, indicate by saying aye.

19 (Ayes.)

20 MR. CHAIRMAN: Opposed?

21 (No response.)

22 MR. CHAIRMAN: Motion
23 carries. Ms. Colins, anything else?

24 MS. COLINS: I do have



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1 more. It's a good sign. It means
2 we've done a lot.

3 What I have now are
4 editorial changes. And I want to
5 read these into the record, because I
6 think that's very important to do
7 that.

8 On June 16 and July 21, we
9 adopted two sets of regulations and
10 we also adopted a proposal that we
11 will able to amend these regulations
12 as on an ongoing basis as we saw the
13 need to move forward and to refine
14 things.

15 So I'm going to now itemize
16 what the changes are that I'm
17 proposing today. Section 401.4 in
18 the Definition section, we've added
19 financial backer to the definition of
20 Key Employee Qualifier. The
21 financial backer is a defined term in
22 Act 71 in our regulations and in our
23 applications.

24 In order to capture all of



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1 the core qualifiers in the particular
2 entity, we found the need to add
3 financial backers to the list of key
4 employee qualifiers requiring
5 licensing. Therefore, we added this
6 term to be consistent with this
7 provision of this statute.

8 423.1, General

9 Requirements, this section pertains
10 to general application requirements.
11 We've added a new Subsection (a) that
12 reads, For the purposes of this
13 section a reference to an applicant
14 shall include the applicant's
15 affiliates, intermediaries,
16 subsidiaries and holding companies.

17 We made this amendment in
18 order to ensure that all companies
19 affiliated with an applicant are
20 subject to the same application
21 requirements as the applicant.

22 Section 427.1,

23 Manufacturers Licensing Requirements.
24 In this section, in Subsection (a),



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1 the words "which meet one or more of
2 the following criteria were added."

3 In this section the
4 regulations discussed the different
5 functions which qualify an applicant
6 as a manufacturer. This language was
7 added to clarify the scope of this
8 section.

9 Section 443.2, Alternative
10 Category 1 Licensing Standards. In
11 this section entitled Alternative
12 Category 1 Licensing Standards we
13 amended Subsection (b)3 to read, the
14 Board has received a copy of the
15 completed application, all renewal
16 applications and all accompanying
17 documents filed in another
18 jurisdiction.

19 In this section, we
20 eliminated the requirement that the
21 application be provided through the
22 other gaming jurisdiction.

23 In the interest of
24 efficiency, we have determined that a



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1 copy of the application may be
2 provided by the applicant itself
3 seeking the alternative licensing so
4 long as that copy is properly
5 certified.

6 Section 443.3, Conditional
7 Category 1 Licenses, the Board
8 requires the applicant to provide a
9 copy of the applicant's audited
10 financial statements for the last
11 five years. We added the language,
12 unless otherwise requested by the
13 Board. By adding this language the
14 Board may invoke its discretionary
15 power to examine other documentation
16 if necessary.

17 Section 461, Slot Machine
18 Testing and Certification, we've
19 changed the title of the chapter 461
20 to Slot Machine Testing,
21 Certification and Control.

22 These regulations will
23 govern not only slot machine testing
24 and certification as the original



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1 title indicated, but also possession
2 and movement of slot machines and the
3 security required for the machines.

4 And the Board will also
5 over the next couple of weeks address
6 further potential amendments to that
7 section as well.

8 Section 501.8, Prohibition
9 on Check Cashing. The Board
10 prohibits licensed facilities from
11 cashing any checks with the exception
12 of travelers checks, cashier checks,
13 money orders, wire transfers or other
14 cash equivalent.

15 The Board has amended this
16 section to add personal checks to the
17 list of accepted checks that a
18 facility may cash.

19 And this change is made
20 based on concern -- actually, this
21 was input from Maureen Williamson,
22 whose had a lot of experience in this
23 area through New Jersey.

24 This adjustment was made



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1 because there's concern that if a
2 facility is prohibited from cashing
3 personal checks, then such check
4 cashing could occur through
5 unmonitored or otherwise
6 inappropriate means outside of the
7 casino or the casino floor.

8 So this is basically to
9 keep the cashing of personal checks
10 within the legitimate confines of the
11 operation.

12 One other grouping. This
13 is Section 427.2; 433.1; 441.4; 443.3
14 and 495.7. And the Board originally
15 had asked for an original and seven
16 copies, and we've reduced that to an
17 original and three copies. And the
18 reason for that is just to spare the
19 forest.

20 So I would like to make a
21 motion that we adopt these changes.

22 MR. MARSHALL: Second.

23 MR. CHAIRMAN: Any

24 questions?



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1 (No response.)

2 MR. CHAIRMAN: Hearing
3 none, all those in favor please
4 indicate by saying aye.

5 (Ayes.)

6 MR. CHAIRMAN: Opposed?

7 (No response.)

8 MR. CHAIRMAN: Motion
9 carries.

10 Thank you very much,
11 Commissioner Colins.

12 Again, I think it's
13 important for us to note that each of
14 the meetings, really hard work has
15 been -- one more?

16 MS. COLINS: I do. Sorry
17 to do this.

18 MR. CHAIRMAN: Go ahead.
19 I'm sorry.

20 MS. COLINS: The
21 Pennsylvania Gaming Control Board
22 under the authority contained in
23 Section 1306 of the Pennsylvania Race
24 Horse Development Gaming Act of 2004,



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1 Section 441.2 of the adopted
2 regulations, adopted a schedule for
3 the acceptance of applications for
4 the permanent Category 1, 2 and 3
5 licenses.

6 The Board has set a date of
7 October 31 for the deadline for
8 acceptance of Conditional Category 1
9 applications.

10 In answer to concerns from
11 potential applicants as to the time
12 frame for receipt of applications for
13 Conditional Category 1 licenses, the
14 Board, this is a proposal for the
15 Board to consider, so I'm using the
16 present tense in my proposal, but
17 this again has to be voted on.

18 The Board has extended the
19 deadline for these applications until
20 December 28, 2005. Remember, these
21 are Conditional Category 1 to
22 correspond with the deadline for
23 receipt of all applications for slot
24 machine licenses.



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1 Submissions of application
2 by -- this has to do with the
3 submission of an application by the
4 final recipient of the last Harness
5 Race Track license.

6 MR. CHAIRMAN: The second
7 point.

8 MS. COLINS: Yes, the
9 second point. Thank you.

10 In addition, the Board has
11 been informed that the Pennsylvania
12 Harness Racing Commission has not yet
13 awarded the remaining Harness racing
14 license available under the race
15 horse industry format.

16 As a result, the Board has
17 also agreed to extend the date for
18 receiving the application for
19 conditional and permanent Category 1
20 license from that -- from the
21 applicant that is awarded the
22 remaining Harness racing license to
23 occur 30 days following the
24 commission's award of the license,



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1 meaning the race horse -- the
2 Pennsylvania Harness Racing
3 Commissions award for the license.

4 If this 30-day period
5 extends beyond the date for receiving
6 all applications for initial slot
7 machine licenses, the application of
8 the remaining Harness racing licensee
9 shall be considered an initial
10 application for the purposes of
11 Section 1301 of the Act requiring
12 that all initial applications be
13 considered, approved, conditioned or
14 denied collectively within 12 months
15 following the time set by the Board
16 of which all applications are to be
17 filed and deemed complete.

18 What this does is two
19 things: The first thing it does is
20 extends for all applicants for
21 Conditional Category 1 licenses, the
22 application period to the same time
23 frame as the permanent application
24 period.



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1 And the second thing that
2 it does, it allows whatever entity
3 receives that final Harness track
4 license to have 30 days from the
5 receipt of that track license to
6 apply for a Conditional license, or
7 any license for that matter.

8 MR. CHAIRMAN: Let's make
9 it clear to the group here. If that
10 seventh license is never issued, and
11 I know it's going to be, but if it's
12 never issued, that does not delay
13 anything with respect to our Board
14 taking action on the conditional
15 applications; is that correct?

16 MS. COLINS: Correct.

17 MR. CHAIRMAN: As a matter
18 of convenience, we have extended this
19 period on conditional license
20 applications. It does not in any way
21 alter our goal of trying to get these
22 things done in the first quarter of
23 next year.

24 MS. COLINS: Nor does it



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1 alter that one year time frame from
2 the --

3 MR. CHAIRMAN: I just want
4 to make that clear. When someone is
5 reading it to you, it makes it more
6 difficult.

7 MS. COLINS: I have a
8 motion, unless there's a question.

9 MR. CHAIRMAN: Any
10 questions on that position?

11 MR. McCABE: I just have a
12 question. The second part of the
13 submission for the seventh race track
14 30 days after receiving the license,
15 that's only if the license is issued
16 after December, right?

17 If it's issued next month
18 in October, they still have the same
19 time period, to December 28?

20 MS. COLINS: Right. That's
21 a good point.

22 MR. CHAIRMAN: Or December
23 15, however, they will have to
24 January.



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1 MS. COLINS: The larger
2 time frame would apply.

3 MR. COY: Whichever is
4 larger.

5 MR. CHAIRMAN: Any other
6 questions for Commissioner Colins?

7 MR. MARSHALL: I'll second.

8 MR. CHAIRMAN: Thank you.

9 All those in favor, please
10 indicate by saying aye.

11 (Ayes.)

12 MR. CHAIRMAN: Opposed?

13 (No response.)

14 MR. CHAIRMAN: Motion
15 carries.

16 Mary, thank you very much
17 and all the group that's working on
18 it, members of our staff and again
19 the volunteer group. This is hard
20 work. I don't know how many have
21 participated in drafting the
22 committee of 45, it's not really 45,
23 but these are not easy things to do.
24 It takes a lot of work.



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1 The substance of this is
2 often complex and interpretative in
3 the sense that the statute isn't
4 always defining in all these issues.
5 So it's a lot of hard work and good
6 work going on the last few months.

7 By way of announcement, we
8 have made some -- we have made some
9 progress, but as a result of my
10 separate discussions with our
11 individual Board members, we are
12 going to postpone the issue of
13 supplier licenses until our next
14 meeting next week. We will act upon
15 it then.

16 Again, our goal in the long
17 term, as I said before, is to have
18 conditional licenses issued by the
19 end of March at the latest. We
20 talked about mid February, end of
21 March.

22 I also, in light of the
23 most recent piece of litigation that
24 we have, I would like to make a



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1 motion to the Board that we retain
2 counsel, the firm of Hoyle Morris,
3 who has represented us in litigation,
4 in the constitutional litigation,
5 some months ago, and also has been
6 providing legal advice to us on
7 issues relating to the subject matter
8 on this particular lawsuit.

9 MR. MARSHALL: Second.

10 MR. CONABOY: Second.

11 MR. CHAIRMAN: Any
12 discussion?

13 (No response.)

14 MR. CHAIRMAN: Again, this
15 is just for this particular case.

16 All those in favor, please
17 indicate by saying aye.

18 (Ayes.)

19 MR. CHAIRMAN: Opposed?

20 (No response.)

21 MR. CHAIRMAN: Thank you.
22 Motion carries.

23 Is there any other business
24 to come before the Board today?



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1 (No response.)

2 MR. CHAIRMAN: I have two
3 more announcements before we adjourn.

4 First, we'll have a brief
5 executive session for the purposes of
6 discussing personnel issues. No
7 business will be conducted at the
8 executive session, which will be
9 closed to the media and public.

10 Last, the next Board
11 meeting is scheduled for 10:00 a.m.,
12 Thursday, October 6th in Harrisburg.
13 As I understand it, we'll be in
14 Hearing Room No. 1 of the north
15 office building as of now. If
16 there's any change, we will publish
17 that.

18 Any other business to come
19 before this?

20 (No response.)

21 MR. CHAIRMAN: Hearing
22 none, motion to adjourn.

23 (Meeting adjourned at
24 11:33 a.m.)



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CERTIFICATION

I, MAUREEN E. BRODERICK, a Registered Professional Reporter and Notary Public in and for the Commonwealth of Pennsylvania, hereby certify that the foregoing is a true and accurate transcript.

I FURTHER CERTIFY that I am neither attorney nor counsel for, not related to nor employed by any of the parties to this action; and further that I am not a relative or employee of any attorney or counsel employed in this action, nor am I financially interested in this case.



MAUREEN E. BRODERICK
Registered Professional Reporter and Notary
Public



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James C. [unclear]