

PENNSYLVANIA GAMING CONTROL BOARD

MAIN CAPITOL  
ROOM 8E-A  
HARRISBURG, PENNSYLVANIA

THURSDAY, NOVEMBER 17, 2005, 10:14 A.M.

BEFORE:

THOMAS DECKER, CHAIRMAN  
MARY DiGIACOMO COLINS - TELEPHONICALLY  
WILLIAM P. CONABOY  
JEFFREY W. COY  
KENNETH T. McCABE  
JOSEPH W. MARSHALL, III - TELEPHONICALLY  
SANFORD RIVERS  
ROBERT P. CASEY, JR., PA STATE TREASURER- TELEPHONICALLY  
GREGORY C. FAJT, SECRETARY OF REVENUE

LORRAINE K. TROUTMAN, RPR  
REPORTER - NOTARY PUBLIC

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1 CHAIRMAN DECKER: Good morning,  
2 everyone.

3 I am Tad Decker, Chairman of the Gaming  
4 Control Board. I would like to welcome the  
5 Board members and all of you to this meeting.

6 We have a number of people joining us  
7 by phone this morning. Let me just make sure  
8 they are on the phone. Mary Colins?

9 COMMISSIONER COLINS: I am here.

10 CHAIRMAN DECKER: Chip Marshall?

11 COMMISSIONER MARSHALL: I am here.

12 CHAIRMAN DECKER: Treasurer Casey?

13 TREASURER CASEY: [NO RESPONSE]

14 COMMISSIONER MARSHALL: I spoke to him.  
15 He has been holding for some time.

16 CHAIRMAN DECKER: Right. I knew he was  
17 going to be with us. Thank you, Chip.

18 I think he is in a meeting over at the  
19 Department of Revenue on one of the  
20 manufacturers.

21 If everybody can hear us okay on the  
22 phone?

23 COMMISSIONER COLINS: Yes, absolutely.

24 CHAIRMAN DECKER: Great. Terrific. A

25 quorum of the voting members of the Board is

4

1 present; and therefore, this meeting is

2 officially called to order.

3 Again, as I was doing a few minutes

4 ago, please, if you wouldn't mind shutting off

5 your cell phones and Blackberries, et cetera;

6 and we will begin, as usual, with the Pledge of

7 Allegiance.

8 (All present complied.)

9 CHAIRMAN DECKER: Thank you.

10 By way of old business, we have a

11 couple of announcements. First, the Board

12 earlier today held an executive session to

13 discuss personnel meetings, in fact, there were

14 two this week; specifically, potential

15 candidates positions with the agency. No

16 business was conducted during these sessions.

17 And secondly, in the form of a

18 correction, it has come to our attention that

19 the Pennsylvania Bulletin has printed an

20 incorrect date for our operator license

21 application deadline.

22 For the record -- and we are going to

23 talk about this later today -- that deadline is

24 December 28th, 2005. We are asking that the  
25 Bulletin be corrected -- will be corrected -- to

5

1 reflect that accurate date. Again, pencil that  
2 in because we are going to talk about that  
3 December 28th in a few minutes.

4 The next item is minutes from the  
5 November 2nd meeting, which was our first action  
6 item. Do I hear a motion?

7 COMMISSIONER COY: So moved.

8 COMMISSIONER MARSHALL: Second.

9 CHAIRMAN DECKER: Thank you. Any  
10 questions or corrections?

11 COMMISSIONERS: [NO RESPONSE]

12 CHAIRMAN DECKER: Hearing none, all  
13 those in favor of adopting them, please indicate  
14 by saying aye.

15 COMMISSIONERS: Aye.

16 CHAIRMAN DECKER: Any opposed?

17 COMMISSIONERS: [NO RESPONSE]

18 CHAIRMAN DECKER: Motion carries. The  
19 minutes are adopted. They will be available on  
20 our website. Again, this meeting is being  
21 recorded by a stenographer.

22 One other item on old business: I have  
23 talked to each of the Directors independently,  
24 and if we took a vote today, the vote would be  
25 exactly the same as it was at the meeting a few

6

1 weeks ago with respect to suppliers.

2 We are not in a position to approve the  
3 supplier regulations. We are working on some  
4 things in that regard, but right now we are not  
5 in a position to approve those regulations.  
6 Hopefully that will happen in the next few  
7 weeks.

8 It does -- again, I will make the point  
9 I made before, it does postpone things a bit in  
10 terms of every time we can't put suppliers in  
11 place, there is that 90-day window which pushes  
12 us out a bit if and when they are ultimately  
13 approved -- excuse me -- the regulations for  
14 suppliers are ultimately approved.

15 New business: Administration. We have  
16 several action items on the agenda today.  
17 Because some Board Members and Staff are not  
18 here in person, we are going to skip our usual  
19 operations report and move directly to motions  
20 for the Board to consider.

21 Mike, before you go into your report  
22 and recommendations, let me note that we have  
23 talked about this, and I am going to ask the  
24 Board for formal approval, we are going to  
25 promote -- Susan Hensel right now is our Acting

7

1 Director of Licensing.

2 I would like to make a recommendation  
3 that Susan be promoted or given the title of  
4 director, removing the acting, so she would  
5 henceforth be the Director of Licensing.

6 It is a well-deserved permanent  
7 appointment. Susan has done a terrific job. In  
8 fact, Susan is here today. I thought you were  
9 at the other meeting, Susan.

10 COMMISSIONER COY: So moved.

11 CHAIRMAN DECKER: And at a salary of  
12 \$115,000.

13 MR. McCABE: Second.

14 CHAIRMAN DECKER: Any questions or  
15 comments?

16 COMMISSIONER RIVERS: Mr. Chairman, I  
17 would like to make a comment.

18 I think when we initially appointed

19 Susan as acting director, we had hopes and  
20 visions that she was going to do an outstanding  
21 job. I think the action of the Board today has  
22 indicated that she has done an exemplary job.

23 I just want the public to know that you  
24 have someone who is in charge of the Licensing  
25 Bureau, who is a very knowledgeable and very

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1 credible, and more importantly, a very concerned  
2 person about taking this task and seeing it to  
3 its conclusion. I would just like to offer  
4 those comments on Susan's behalf.

5 CHAIRMAN DECKER: Thank you, Sanford.

6 I think, also, when we had this concept  
7 of Susan being acting -- just so you all know  
8 how great a job she has done -- we thought that  
9 it would probably be about a one-year period  
10 before we would be in a position to do this.

11 After four or five months, it was  
12 obvious to us that Susan had worked so hard  
13 preparing for this job and actually getting it  
14 going, that there was no need to wait for this.  
15 Susan, congratulations. Thank you for all of  
16 your hard work and efforts and results so far.

17 The only downside is that we had to



18 spend a lot of time training her because of her  
19 -- about a year with the Department of Revenue,  
20 so once we got past that kind of negativity --  
21 you knew that was coming. Right?

22 SECRETARY FAJT: I knew that was  
23 coming.

24 COMMISSIONER COY: In spite of that.

25 CHAIRMAN DECKER: In spite of that, she

9

1 has overcome that time period and she has really  
2 done a terrific job for us.

3 Mike?

4 MR. WALSH: Thank you. I'm just glad  
5 you took a shot at Secretary Fajt. I thought  
6 you were going to say she had to work with Mike  
7 Walsh, so it was great.

8 MR. MARSHALL: I am still here, Mike.

9 COMMISSIONER COLINS: Can we vote on  
10 that now? Are we voting on that now?

11 CHAIRMAN DECKER: We do need to vote.  
12 I'm sorry. All of those in favor, please  
13 indicate by saying aye.

14 COMMISSIONERS: Aye.

15 CHAIRMAN DECKER: Opposed?

16 COMMISSIONERS: [NO RESPONSE]

17 CHAIRMAN DECKER: Motion carries.

18 Thank you very much. And congratulations,

19 Susan.

20 MR. WALSH: Thank you, Mr. Chairman.

21 The Bureau of Administration puts forth 11

22 recommended candidates today as proposed hires

23 for the Board to consider.

24 The first is actually the legislative

25 liaison position, which the Board has looked at

10

1 for a long period of time and this person will

2 work in the complement under the Executive

3 Director, and Steven DeFrank is the person that

4 we have proposed for that position. Steve has

5 worked in the Senate of Pennsylvania for the

6 past 13 years and has worked for members in

7 leadership positions virtually the entire time,

8 most recently for the Policy Chair in the

9 Democratic Caucus. So he would be the first

10 proposed hire.

11 The second is Lydia Monti Andrews, who

12 would be an analyst in the Bureau of Corporate

13 Compliance and Internal Controls.

14 Evelyn Early, who would be a licensing

15 analyst working with Susan; and then the  
16 remaining are all in the Bureau of  
17 Investigations and Enforcement. I will begin  
18 with those who will be employees who will be  
19 working in the eastern regional office:

20       The first is Dexter Green, who would be  
21 a supervisor; Ronald Poplos, who would be an  
22 investigator; Donna Kibbie, who would also be an  
23 investigator; and Christopher Costigan, as an  
24 investigator.

25       In the central regional office, here,

11

1 there are four candidates, Paul Mauro, who would  
2 be the supervisor; and three investigators, Greg  
3 Matthew Richardson, Michael Rosenberry and Jay  
4 Berthelson.

5       Those are the 11 candidates today that  
6 we recommend to the Board.

7       CHAIRMAN DECKER: May I have a motion?

8       COMMISSIONER MARSHALL: So move.

9       COMMISSIONER COLINS: Second.

10       CHAIRMAN DECKER: Sandy, did you --

11       COMMISSIONER RIVERS: No, sir.

12       CHAIRMAN DECKER: Any comment or

13 questions?

14 COMMISSIONERS: [NO RESPONSE]

15 CHAIRMAN DECKER: All those in favor,  
16 please indicate by saying aye.

17 COMMISSIONERS: Aye.

18 CHAIRMAN DECKER: Any opposed?

19 COMMISSIONERS: [NO RESPONSE]

20 CHAIRMAN DECKER: The motion carries  
21 and congratulations to all of those individuals.

22 Mike, why don't you stay up for one  
23 second. One of the things, just so people know,  
24 as to why we are having these regions, all  
25 right, it is where the casinos are going to be.

12

1 If you look at Nevada -- again, we use  
2 the same examples -- New Jersey, Michigan and  
3 others, their BIE and enforcement people,  
4 compliance people, if you will, are located near  
5 their casinos.

6 If you look at Las Vegas in particular,  
7 they have a pretty sizable office in Reno, I  
8 forget the other town up in the northern part of  
9 Nevada where they have pretty active gaming.

10 When we looked at this, Mike, am I  
11 correct to say that we saw, in your position of

12 administration, that it was important to have,  
13 kind of, you know, people on the ground with  
14 that expertise near our casinos, in addition to  
15 the State Police who already have barracks, if  
16 you will, in those areas, so we thought with  
17 that collection that we would be better off  
18 doing that.

19 MR. WALSH: That's correct. If you  
20 look at the -- of course, we are still  
21 advertising for the physical space in western  
22 Pennsylvania.

23 CHAIRMAN DECKER: Right.

24 MR. WALSH: Even the physical site of  
25 the Conshohocken space, not only allows the

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1 employees to be centrally located, but allows  
2 them to get on 476 and down to Chester pretty  
3 quick and the Schuylkill Expressway, into the  
4 two sites, potentially, that would be in Philly  
5 and north on the turnpike to the northeast  
6 extension, which gets you up towards the  
7 Poconos, if there is something up there,  
8 Allentown and, of course, Philadelphia Park  
9 Racetrack.

10           So, the physical site is pretty  
11 valuable, as well as, you know, the number of  
12 employees that the eastern region will have.  
13 They are going to be doing, as you know,  
14 thousands of background investigations, and they  
15 will be doing them on the employees who work at  
16 those seven or eight sites.

17           CHAIRMAN DECKER: And they will be  
18 coordinated with the State Police, who will also  
19 be playing a large role in the background  
20 investigations of those employees, and who will  
21 also be near those particular areas.

22           MR. WALSH: That's correct.

23           CHAIRMAN DECKER: Okay. Thank you.

24           MR. WALSH: Thank you.

25           CHAIRMAN DECKER: All right.

14

1           One other thing, when we looked at  
2 those sites, particularly Conshohocken, that we  
3 are now bidding at, we did public bids for  
4 those.

5           MR. WALSH: We did public bids. We  
6 have advertised for that, and we are currently  
7 advertising until November 21st for a site in  
8 western Pennsylvania.

9 CHAIRMAN DECKER: Right.

10 MR. WALSH: And a site for BIE and the  
11 gaming labs here in central Pennsylvania.

12 CHAIRMAN DECKER: Right.

13 MR. WALSH: As you know, Director  
14 Williamson talked about the need to have the lab  
15 space that we saw down in New Jersey, you know,  
16 duplicated here. We are looking at where that  
17 potentially would be located in the central part  
18 of the state. There is a need for a dock for  
19 the machines to be unloaded and to be brought to  
20 a central area to be tested and the circuit  
21 boards to be looked at. There is a whole  
22 process to be involved with that. We put that  
23 in the specifics for the bids that we have  
24 advertised.

25 CHAIRMAN DECKER: Any questions for

15

1 Mike about any of this?

2 COMMISSIONER RIVERS: Yes.

3 CHAIRMAN DECKER: Please.

4 COMMISSIONER RIVERS: Michael, as we  
5 add this 11 to our roster --

6 MR. WALSH: Yes.

7 COMMISSIONER RIVERS: -- what does it

8 bring our full complement up to as of this date?

9 MR. WALSH: It would bring it up to 90.

10 CHAIRMAN DECKER: You added that up

11 without the benefit of --

12 MR. WALSH: I did that ahead of time.

13 CHAIRMAN DECKER: -- SAP?

14 MR. WALSH: Yes.

15 CHAIRMAN DECKER: All right. Good.

16 Ninety. Okay. Thank you.

17 MR. WALSH: Thank you.

18 CHAIRMAN DECKER: Any other questions?

19 COMMISSIONERS: [NO RESPONSE]

20 CHAIRMAN DECKER: Thank you.

21 Regulations: The first topic is

22 additions to alternative licensing standards,

23 and let me turn this now over to Commissioner

24 Mary Colins for an update, for that and other

25 topics on regulations. Mary?

16

1 COMMISSIONER COLINS: Tad, we should

2 call this an update from the field today.

3 CHAIRMAN DECKER: The field. Okay.

4 COMMISSIONER COLINS: First, I am going

5 to introduce Nanette Horner, who is going to



6 talk to everyone about the Louisiana standards,  
7 plus her input on why we should adopt those  
8 standards in terms of alternative licensing  
9 process.

10 If Nanette is there, I think she is  
11 ready to make a presentation and after that I  
12 will make a motion to all of us.

13 CHAIRMAN DECKER: Thank you. Nan is  
14 here.

15 MS. HORNER: Good morning, Chairman  
16 Decker and Members of the Board.

17 On September 8th, 2005, I made a  
18 presentation concerning Section 1319 of the  
19 Pennsylvania Racehorse Development and Gaming  
20 Act.

21 Section 1319 concerns alternative  
22 manufacturer licensing standards and allows the  
23 Board upon the request of a manufacturer to  
24 incorporate information from another gaming  
25 jurisdiction about that manufacturer into the

17

1 Board's evaluation of the manufacturer for  
2 licensure here.

3 At the conclusion of that presentation,

4 I recommended that the Board pass the motion  
5 accepting the current manufacturer licensing  
6 standards of New Jersey, Nevada and Mississippi  
7 as comprehensive and thorough and providing  
8 similar safeguards as those required by the  
9 Commonwealth of Pennsylvania.

10 I also stated that this was a  
11 preliminary list, and that I would conduct  
12 research of other jurisdictions that may be  
13 requested by applicants in the future.

14 Attorneys assisting the Bureau after  
15 licensing have conducted a due diligence review  
16 of the laws, rules and regulations and  
17 manufacturer applications from Louisiana, and  
18 have had conversations with regulators from  
19 Louisiana and other gaming jurisdictions.

20 Based upon the findings of that  
21 research, I now recommend that the Board pass a  
22 motion accepting the current manufacturer  
23 licensing standards of Louisiana as  
24 comprehensive and thorough and providing similar  
25 safeguards as those required by the Commonwealth

1 of Pennsylvania.

2 CHAIRMAN DECKER: Any questions?

3 COMMISSIONERS: [NO RESPONSE]

4 CHAIRMAN DECKER: Nan, what are  
5 alternative licensing standards?

6 MS. HORNER: The alternative licensing  
7 standards allows the Bureau of Licensing and  
8 Bureau of Investigation and Enforcement to look  
9 at an applicant who has been licensed in another  
10 jurisdiction and not necessarily rely wholly  
11 upon that licensure, but to look at it and use  
12 that as a step up to moving the licensure in  
13 Pennsylvania forward.

14 CHAIRMAN DECKER: So it's a starting  
15 point?

16 MS. HORNER: Yes.

17 COMMISSIONER McCABE: I have a  
18 question. Thank you, Mr. Chairman.

19 Nan, how similar are these states'  
20 standards, and have these states adopted each  
21 other's standards too as being acceptable?

22 MS. HORNER: They have not necessarily  
23 adopted each other's standards; however, we are  
24 a new jurisdiction so we are not adopting the  
25 other standards but looking to them and

1 utilizing the standards to get us moving faster,  
2 especially with manufacturers who are licensed  
3 in all other jurisdictions.

4 When we looked at the application  
5 forms, the method of investigation of the  
6 applicants, the rules and regulations and laws  
7 concerning manufacturer applicants, we found  
8 them to be sufficiently similar and provide  
9 similar safeguard.

10 COMMISSIONER McCABE: Thank you.

11 SECRETARY FAJT: Thanks, Mr. Chairman.

12 Nan, just so I understand this, so we  
13 would use -- say somebody was licensed by  
14 Louisiana in 1995, so we would use that baseline  
15 application that they were licensed by Louisiana  
16 and say, okay, at that point they were "okay,"  
17 and we would roll it forward for the next 10  
18 years, for instance, and do an investigation.

19 Instead of going back to the beginning  
20 of time with that organization, we would simply  
21 start with '95 and go forward? I mean, does  
22 that --

23 MS. HORNER: Yes. We are asking for  
24 the most recent submission in the other  
25 jurisdictions.

1 SECRETARY FAJT: Okay.

2 MS. HORNER: If 1995 was their most  
3 recent, then we would utilize that; but not just  
4 rely upon it, we can look back at that  
5 application and the information found in that,  
6 but not use so much time in the going back  
7 portion of it.

8 SECRETARY FAJT: I understand. And so  
9 the point being that we would -- whatever that  
10 baseline application is, we would do an  
11 investigation, a thorough investigation, from  
12 that point forward?

13 MS. HORNER: Correct.

14 SECRETARY FAJT: Okay. Thank you.

15 COMMISSIONER COLINS: I would like to  
16 make a motion at this time.

17 CHAIRMAN DECKER: Go ahead, Mary. You  
18 got a motion. Is there a second?

19 COMMISSIONER RIVERS: Second.

20 CHAIRMAN DECKER: Okay. Commissioner  
21 Conaboy has a question.

22 COMMISSIONER CONABOY: Just a quick  
23 question, Nan.

24 MS. HORNER: Uh-huh.

25 COMMISSIONER CONABOY: Is it the

1 applicant that requests us to look to the other  
2 jurisdiction or is that something that we do on  
3 our own?

4 MS. HORNER: No, it is the applicants.  
5 What we had requested of the manufacturers, when  
6 submitting the application, is we asked them,  
7 Where are you licensed? Initially, the most  
8 popular other jurisdictions were Nevada, New  
9 Jersey and Mississippi.

10 Since the majority of the manufacturers  
11 had requested one of those jurisdictions, that  
12 was our immediate concern. We have had a chance  
13 to revisit and open it up to Louisiana. We will  
14 continue to revisit the issue as it relates to  
15 manufacturers, and we are going to look into the  
16 process of doing the same, the alternative  
17 licensing standards for the Category 1  
18 applicants in the future.

19 CHAIRMAN DECKER: So if someone's last  
20 license was Nevada or New Jersey, they would  
21 give that to you?

22 MS. HORNER: Yes.

23 CHAIRMAN DECKER: Okay. And the  
24 standards for the licensing, I mean, are we a  
25 lot -- we are not going to be a lot different

1 than New Jersey or Nevada, are we?

2 MS. HORNER: No. No, we are not.

3 CHAIRMAN DECKER: The suitability  
4 standards are pretty much there. Correct?

5 MS. HORNER: They are. Yes.

6 CHAIRMAN DECKER: Okay. Any other  
7 questions for Nan or Mary for that matter?

8 COMMISSIONERS: [NO RESPONSE]

9 CHAIRMAN DECKER: Okay. We have a  
10 motion?

11 COMMISSIONER COLINS: The motion would  
12 be, then, that we adopt the Louisiana licensing  
13 standards for the purpose of using the  
14 alternatives abbreviated licensing process for  
15 manufacturers. This would be in accordance with  
16 Section 1319 of the act and Section 427.3 of the  
17 regulations.

18 CHAIRMAN DECKER: Thank you, Mary.

19 COMMISSIONER MARSHALL: Second.

20 CHAIRMAN DECKER: Yes, Chip?

21 COMMISSIONER MARSHALL: I am seconding  
22 it.

23 CHAIRMAN DECKER: Okay. Oh, good.

24 Thank you.

25 All right. Are there any more

23

1 questions for Nan or Mary on this topic or

2 Susan, who is here as well?

3 COMMISSIONERS: [NO RESPONSE]

4 CHAIRMAN DECKER: Hearing none, all of

5 those in favor of the motion, please indicate by

6 saying aye.

7 COMMISSIONERS: Aye.

8 CHAIRMAN DECKER: Any opposed?

9 COMMISSIONERS: [NO RESPONSE]

10 CHAIRMAN DECKER: Motion carries.

11 Thank you, Nan.

12 MS. HORNER: Can I make a brief

13 announcement?

14 CHAIRMAN DECKER: Please.

15 MS. HORNER: It's about an update to

16 the Board's website.

17 CHAIRMAN DECKER: Yes.

18 MS. HORNER: Okay. There are going to

19 be two additions to the Board's website that

20 will be posted this week. First is an

21 additional appendix has been added to the

22 conditional/Category 1 application and



23 disclosure information form.

24 The additional appendix will be

25 available on the Board's website this week and

24

1 it will be Appendix 43. Appendix 43 will  
2 require the applicant to provide a chart of  
3 existing vendors, including the name, address,  
4 phone and tax identification number of the  
5 vendor, types of goods or services provided by  
6 the vendor, the total dollar amount of business  
7 conducted with the vendor in the past 12 months,  
8 and the anticipated total dollar amount of  
9 business conducted with the vendor in the next  
10 12 months.

11 This appendix is already included in  
12 the Category 2 and 3 applications. It was not  
13 included in the conditional/Category 1 license  
14 application because the vendor regulations had  
15 not been finalized at the time of the posting of  
16 that first application form.

17 CHAIRMAN DECKER: Do we need to have a  
18 vote on that or is that something that can be  
19 done --

20 MS. HORNER: It was just a housekeeping  
21 matter.

22 CHAIRMAN DECKER: Okay. Thank you.

23 MS. HORNER: The second item is another

24 posting on the website having to do with

25 application forms. In addition to a Category 1,

25

1 Category 2 and Category 3 license applicant

2 completing its application form, that

3 applicant's affiliated entities must also fill

4 out that respective categories application form.

5 While all appendices must be completed

6 by the applicant itself, some of the appendices

7 are site specific for the specific project,

8 therefore an affiliated entity need not complete

9 those appendices that have nothing to do with

10 this site.

11 We are going to post a message on the

12 Board's website that affiliated entities of a

13 conditional and Category 1 license applicant

14 must complete appendices 1 through 22, a portion

15 of appendix 34 and appendix 38.

16 The Category 2 affiliated entity would

17 have to complete appendices 1 through 22, a

18 portion of appendix 35 and appendix 39.

19 A Category 3 applicant's affiliated

20 entities would have to complete appendices 1  
21 through 22, appendix 37 -- a portion of appendix  
22 37 -- and appendix 41. Most of these go to the  
23 financial fitness, the good character, honesty  
24 and integrity of the affiliated entity.

25 CHAIRMAN DECKER: Any questions for Nan

26

1 on all of the appendices?

2 COMMISSIONERS: [NO RESPONSE]

3 CHAIRMAN DECKER: Thank you, Nan.

4 MS. HORNER: Thank you.

5 CHAIRMAN DECKER: Mary, I think there  
6 is a second part today as I understand it?

7 Public comments on the draft regulations

8 governing slots.

9 COMMISSIONER COLINS: Did we vote on  
10 the motion to adopt Louisiana standards?

11 CHAIRMAN DECKER: I thought we did.

12 COMMISSIONER COLINS: I'm sorry.

13 CHAIRMAN DECKER: No, I think I missed  
14 it, obviously. You voted, though, Mary.

15 COMMISSIONER COLINS: Good. Good.

16 All right. The next thing I wanted to  
17 talk about was that the responses to the public  
18 comments on multiple slot machine license

19 ownership are finished, finalized, and also the  
20 responses to the public comments on slot machine  
21 possession and slot machine movement are  
22 completed.

23 I wanted to offer those public comments  
24 to be published to the website, that we vote on  
25 that and just briefly -- I just want to talk

27

1 briefly about the multiple slot machine  
2 ownership regulation.

3 The public comments on that, as a  
4 result of those public comments, we did not  
5 change the original theory that I had talked  
6 about when these were first offered for  
7 publication.

8 We did add language -- and Jeff will  
9 embellish on this, it was language that he had  
10 provided -- that makes clearer the concept that  
11 an initial application of a Category 1 or a  
12 Category 2 or a Category 3 applicant can only be  
13 made by applicants that qualify that are  
14 eligible for those categories. There cannot be  
15 multiple slot machine ownership between  
16 categories on the initial ownership, in the

17 initial application process. That does not  
18 include management contracts, options to  
19 purchase, those are exempted.

20 The regulation does provide, though, in  
21 what is now subsection (c), that multiple  
22 ownership limited to a third or less can cross  
23 category lines and be unlimited once the initial  
24 applications are awarded and there is a change  
25 of ownership pursuant to Section 1328.

28

1 Again, that was how we originally  
2 outlined the regulation when we first proposed  
3 it. It stays essentially the same, although  
4 there is language that makes it clearer.

5 With respect to the public comments on  
6 multiple slot machines, on possession of slot  
7 machines and slot machine movement, those public  
8 comments speak for themselves.

9 Maureen, who is very expert, Maureen  
10 Williamson, who is our expert in that area and  
11 in the internal controls area, was responsible  
12 for that drafting. Again, they are all  
13 responses that I submitted to all of you in  
14 advance to review. I would ask that we vote on  
15 the motion to publish them.

16 CHAIRMAN DECKER: Jeff? Jeff, I think,  
17 had one question there.

18 COMMISSIONER COY: Thank you, Ms.  
19 Colins and Mr. Chairman.

20 The section that I felt needed  
21 clarification, although I think the act is very  
22 clear, is Section 441.18 concerning a change in  
23 ownership for control of slot machine licensee,  
24 in particular the multiple slot machine license  
25 prohibition.

29

1 The amendatory license, and I believe  
2 the language is in there -- correct, Michelle?  
3 Michelle is nodding in the affirmative.

4 The proposed language simply clarifies  
5 that for initial licenses, a person who is  
6 eligible or a corporation who is eligible for  
7 racetrack slot facility license, cannot apply  
8 for stand-alone slot facility license.

9 The prohibition, as I said, I think is  
10 explicit in Section 1304 of the act. The  
11 prohibition exists to ensure that someone or a  
12 corporation who is eligible for a racetrack slot  
13 facility license, does not obtain a stand-alone

14 slot facility license instead, and thereby  
15 avoiding the racing requirements that are in the  
16 act.

17       The prohibition also exists to ensure  
18 that the full number of the 14 slot facilities  
19 is realized. So because the racetrack slot  
20 facility license category is extremely limited,  
21 if anyone eligible for a racetrack slot facility  
22 license were to obtain a stand-alone slot  
23 facility license instead, there would not be any  
24 other eligible applicant for the racetrack slot  
25 facility license; and therefore it could

30

1 potentially go unissued, which would result in a  
2 loss of revenue for the Commonwealth.

3       Although the Board -- again, which is  
4 explicit in the act -- can convert any racetrack  
5 slot facility license that has not been applied  
6 for a stand-alone facility license, that can  
7 only occur until after five years after the  
8 passage of the statute.

9       COMMISSIONER COLINS: Right.

10       COMMISSIONER COY: As long as we've  
11 amended the language, I think to further  
12 clarify, I think that helps.

13 COMMISSIONER COLINS: Right.

14 CHAIRMAN DECKER: That has been done.

15 COMMISSIONER COLINS: The language is

16 in the regulation. The language that you are

17 submitting makes it even clearer. It's there.

18 CHAIRMAN DECKER: I think this does

19 clarify a point about which we have received a

20 number of questions from potential applicants.

21 I hope that does resolve that issue going

22 forward.

23 COMMISSIONER COY: Thank you, Mr.

24 Chairman.

25 COMMISSIONER COLINS: Now, this motion

31

1 is just to -- the motion I am making right now

2 is just to publish the responses, and then I

3 will ask for -- I have a resolution regarding

4 adopting resolutions.

5 CHAIRMAN DECKER: Mary, did you

6 include -- are the junket regulations also in

7 this?

8 COMMISSIONER COLINS: The junket

9 regulations are also in the --

10 CHAIRMAN DECKER: Parts of this?



11 COMMISSIONER COLINS: The junket  
12 regulations are going to be in the resolution,  
13 yes.

14 CHAIRMAN DECKER: Okay. Well, I just  
15 wanted to make sure. Thank you.

16 Any other questions for Commissioner  
17 Colins?

18 COMMISSIONERS: [NO RESPONSE]

19 CHAIRMAN DECKER: Okay. Then you are  
20 asking us to vote on the public comments now,  
21 right, Mary?

22 COMMISSIONER COLINS: Right. To vote  
23 on a motion to publish the public -- the  
24 responses to the public comments, that is the  
25 first thing.

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1 CHAIRMAN DECKER: Okay. Can I have a  
2 second for that?

3 COMMISSIONER RIVERS: Second.

4 CHAIRMAN DECKER: Any more questions of  
5 Mary?

6 COMMISSIONERS: [NO RESPONSE]

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

9 COMMISSIONERS: Aye.

10 CHAIRMAN DECKER: Any opposed?

11 COMMISSIONERS: [NO RESPONSE]

12 CHAIRMAN DECKER: Motion carries.

13 Mary, did you have a second part of that?

14 COMMISSIONER COLINS: Yes. The second

15 part is one of these long resolutions, which has

16 to go into the record, which I would like to

17 make, regarding adopting the regulations.

18 The resolution is as follows: Whereas,

19 on July 5th, 2004, the Pennsylvania General

20 Assembly enacted the Pennsylvania Racehorse

21 Development and Gaming Act, establishing the

22 Pennsylvania Gaming Control Board as the primary

23 regulatory agency charged with the

24 responsibility of implementing and overseeing

25 slot machine gaming in the Commonwealth.

33

1 And, whereas, the act authorizes the

2 Board to adopt temporary regulations in order to

3 facilitate the prompt implementation of the act

4 during the two years following the act's

5 effective date.

6 And, whereas, the Board has developed

7 draft temporary regulations to the registration

8 and licensing of junkets, the change in  
9 ownership or control of slot machine licensees  
10 and multiple slot machine license prohibition  
11 and the possession and movement of slot  
12 machines, and whereas the public has had an  
13 opportunity to comment on the draft's temporary  
14 regulations and the Board has incorporated  
15 appropriate public comments into the  
16 regulations.

17 And, whereas, the Board's final  
18 temporary regulations are designated as Title 58  
19 Recreation, Part 7, Gaming Control Board,  
20 subpart (b), licensing, registering, certifying  
21 and permitting, specifically Chapter 439, junket  
22 enterprises; subpart (c), slot machine  
23 licensing, specifically Section 441.18, changing  
24 ownership or control of slot machine licensee  
25 and multiple slot machine prohibition; subpart

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1 (e), slot machine testing certification and  
2 control, specifically Chapter 463, possession of  
3 slot machines.

4 And, whereas, the Board reserves the  
5 right to amend the temporary regulations as it  
6 deems necessary, in accordance with the act, and

7 in order to further the intent of the act, be it  
8 resolved that the Board adopts the draft  
9 regulations as its temporary regulations for the  
10 registration and licensing of junkets, the  
11 change in ownership or control of slot machine  
12 licensee and multiple slot machine license  
13 prohibition and the possession and movement of  
14 slot machines. End of resolution.

15 I move we adopt that resolution.

16 COMMISSIONER MARSHALL: Second.

17 CHAIRMAN DECKER: Mary, did you  
18 memorize that before you --

19 COMMISSIONER COLINS: I have it  
20 tattooed on my inner arm.

21 CHAIRMAN DECKER: Thank you.

22 COMMISSIONER COLINS: You are welcome.

23 CHAIRMAN DECKER: Just like a  
24 quarterback in football.

25 COMMISSIONER COLINS: Exactly.

35

1 CHAIRMAN DECKER: Thank you.

2 COMMISSIONER COLINS: I would like just  
3 to make one comment. Those resolutions are  
4 lengthy but they are necessary to make a record

5 which this board is responsible for.

6 CHAIRMAN DECKER: We understand.

7 COMMISSIONER COLINS: And also, it

8 culminates -- you know, the Board has

9 accomplished an awful lot in terms of creating

10 the body of rules and regulations which are

11 going to form the gaming, and this is just

12 another step towards getting us towards our

13 goal.

14 CHAIRMAN DECKER: Thank you. I think

15 Chip seconded that; is that right --

16 COMMISSIONER MARSHALL: Yes, I did.

17 CHAIRMAN DECKER: -- Commissioner

18 Marshall?

19 Any questions for Commissioner Colins

20 on this?

21 COMMISSIONERS: [NO RESPONSE]

22 CHAIRMAN DECKER: Hearing none, all

23 those in favor indicate by saying aye.

24 COMMISSIONERS: Aye.

25 CHAIRMAN DECKER: Any opposed?

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1 COMMISSIONERS: [NO RESPONSE]

2 CHAIRMAN DECKER: The motion carries.

3 Thank you very much, Commissioner Colins, for  
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4 all of the hard work.

5 COMMISSIONER COLINS: You are welcome.

6 CHAIRMAN DECKER: Before we move on, I

7 would like to just -- we have talked about the

8 things that we have been doing, and even during

9 the time period when the lawsuit was keeping us

10 from hiring people and moving forward in that

11 direction, that committee on licensing, as I

12 have mentioned before, did a terrific job.

13 I would like to thank, not only Mary

14 and Michelle and Susan and others, and then Nan,

15 as she came on board afterwards, and Lisa and

16 others who came on board and helped, but theirs

17 was a volunteer group. I keep coming back to

18 people. And I know I am going to miss somebody.

19 So I apologize if I do. Kathy Eakin, George

20 Bedwick, Audrey Powell, Christopher Craig, Frank

21 Weaver, and then Michael Schwoyer before he came

22 with us full-time was in that volunteer group as

23 well. They did a terrific job for us.

24 Each one of them, including our own

25 staff, became experts on various segments of

1 these regulations. We are pretty happy about

2 the help they provided us during that time  
3 period. That allowed us to get where we are  
4 today and didn't slow down the regulatory  
5 process at all. In fact, I think we are right  
6 on track in the regulatory process, and  
7 particularly now we have the hiring.

8 We have done that. We are into the  
9 licensing mode. We are hiring and pretty well  
10 up to date in terms of being able to take on at  
11 least a portion with the outsourced contract of  
12 the kind of investigations with the State Police  
13 that we are going to need to do to get this  
14 thing moving forward. I think there has been a  
15 lot of progress, and we will continue to update  
16 you as time goes on.

17 TREASURER CASEY: Mr. Chairman, this is  
18 Bob Casey. I just checked in a few minutes ago.

19 CHAIRMAN DECKER: Say it again,  
20 Treasurer.

21 TREASURER CASEY: I just checked in a  
22 few minutes ago.

23 CHAIRMAN DECKER: We knew you were  
24 there. We heard.

25 TREASURER CASEY: Okay.

1 CHAIRMAN DECKER: Thank you.

2 COMMISSIONER COLINS: Tad, in new  
3 business, were we going to discuss the  
4 application period?

5 CHAIRMAN DECKER: Yes, I am just  
6 bringing that up now.

7 COMMISSIONER COLINS: Good.

8 CHAIRMAN DECKER: As we talked about  
9 earlier, we had suggested that the December  
10 before, we had passed a regulation which called  
11 for all permanent licensing applications to be  
12 filed with us on or before December 28th.

13 It's an effort to keep the ball moving  
14 along so we can get licensing -- to get people  
15 licensed and up and running as soon as possible.

16 However, with all of the other things  
17 that we have to do right now, it seems as if we  
18 may not be getting to those applications on  
19 December 28th, that's a possibility.

20 Secondly, we have gotten comments from  
21 applicants, potential applicants, that December  
22 28th is not giving them enough -- the deadline  
23 is not giving them enough time to file a more  
24 complete application as we would want, that  
25 would require additional questions going back



1 and forth, which takes a lot of time. There  
2 will be some of that, anyway, but to have it as,  
3 sort of, too much wastes everyone's time.

4 The third part of that is, we would be  
5 requiring people to come up with a bond or  
6 letter of credit as part of the application  
7 process. On \$50 million, that is a very  
8 expensive proposition, if we were not going to  
9 be able to move quickly, either because the  
10 applications weren't to the state that we would  
11 like or we weren't able to throw enough people  
12 at processing.

13 So the proposal from our staff that I  
14 would like to make to the Board today is that we  
15 postpone that deadline until March 1st. So that  
16 all applications would have to be done by March  
17 1st. I would urge potential applicants if they  
18 have questions about the application  
19 or the regs., et cetera -- am I doing this  
20 wrong?

21 MS. HORNER: Just for the 2s and 3s.

22 CHAIRMAN DECKER: I'm sorry. I don't  
23 want to cause any confusion. It is the  
24 permitting license on 2s and 3s, categories 2s  
25 and 3s. The conditional category of licensing

1 for Category 1 is going to require virtually  
2 almost the same information in the application.  
3 Right?

4 COMMISSIONER COLINS: Right. Right.  
5 That's right.

6 CHAIRMAN DECKER: So I apologize for  
7 that. It is the remaining portion of the  
8 categories, 2s and 3s, that we are talking  
9 about.

10 I would urge you, if you have questions  
11 about the application, that you don't wait until  
12 the last minute, obviously, and get moving on  
13 this if you want to be an applicant, and get  
14 your application in as soon as possible and not  
15 wait until the March 1st deadline.

16 Again, ask questions. Get your  
17 applications as complete as possible and let's  
18 just move on. That is the date that we would  
19 propose, for the March 1st. Any questions? Can  
20 I have a motion to that effect?

21 COMMISSIONER MARSHALL: This is Chip.  
22 Well, why don't we have a motion because I want  
23 to speak against it.

24 CHAIRMAN DECKER: Oh, sure. Okay.  
25 Fine.

1 COMMISSIONER RIVERS: So moved.

2 COMMISSIONER COLINS: I will make a  
3 motion.

4 CHAIRMAN DECKER: We have a motion. Is  
5 there a second? Sandy, second?

6 COMMISSIONER RIVERS: Second.

7 CHAIRMAN DECKER: Chip?

8 COMMISSIONER MARSHALL: Well, I have  
9 not had the benefit of the discussion as to why  
10 we would do this. I think the application date  
11 has been one of the things that we have said  
12 from the very beginning. There's been plenty of  
13 notice.

14 You know, I am amenable to proposals to  
15 extending or modifying the letter of credit  
16 requirement and everything else; but remember,  
17 the application basically processed that is  
18 contemplated, says, get your application in and  
19 then there is a period by which applicants and  
20 our licensing staff can work until the licensing  
21 staff comes to us and recommends that we deem  
22 them complete.

23 So I think, at least at this point -- I

24 would be happy to revisit it, but at this point

25 I would not be prepared to extend without

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1 further analysis.

2 CHAIRMAN DECKER: Okay. That's fine.

3 COMMISSIONER MARSHALL: We don't

4 require people to file a complete application by

5 December 28th.

6 CHAIRMAN DECKER: Yes, we do.

7 COMMISSIONER MARSHALL: Well, then we

8 are going to start to -- we deem the complete

9 period on December 29th?

10 CHAIRMAN DECKER: No. No. No. Not at

11 all. There would be a lot of questions back and

12 forth.

13 COMMISSIONER MARSHALL: Right.

14 CHAIRMAN DECKER: But the comments,

15 Chip, that we have gotten, not only with respect

16 to the cost, but the cost to both us and them of

17 applications not being as complete as one would

18 like on December 28th and diverting staff from

19 other activities that they would be doing during

20 that time period, particularly the conditional

21 licenses.

22 COMMISSIONER MARSHALL: Right. And I

23 am not saying I am intractable on the subject.  
24 I need more background. I mean, I think there  
25 is the thought that we need to move forward; and

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1 I would be a little reluctant to knock back a  
2 quarter of a year without a little further  
3 information.

4 CHAIRMAN DECKER: That's fine. Well,  
5 why don't we postpone this, if the rest of the  
6 Board is okay?

7 COMMISSIONER COLINS: Yes.

8 COMMISSIONER McCABE: We have a motion.

9 COMMISSIONER COLINS: I withdraw the  
10 motion.

11 COMMISSIONER RIVERS: I withdraw the  
12 second.

13 CHAIRMAN DECKER: Go ahead, Jeff.

14 COMMISSIONER COY: Well, I mean, with  
15 respect to Commissioner Marshall, it is pretty  
16 clear, if he has objections, and he does, we  
17 will not move further. So I think this can be  
18 voted on with further explanation at the first  
19 meeting in December.

20 CHAIRMAN DECKER: Sure. I think that

21 is right. We try not to surprise our directors,  
22 so we will postpone this until we get -- until  
23 we can have further discussion, Commissioner  
24 Marshall, full discussion with the staff.  
25 COMMISSIONER MARSHALL: Tad, I am not

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1 claiming surprise. I just think, you know, that  
2 is a big decision --  
3 CHAIRMAN DECKER: Oh, I know.  
4 COMMISSIONER MARSHALL: -- and I would  
5 like to, you know, explore that a little  
6 further.  
7 CHAIRMAN DECKER: No, it is a very fair  
8 comment. I think people have heard our  
9 discussion on it and can act accordingly.  
10 As I said, I don't think I would wait  
11 on the applications, regardless of whether we  
12 pass this or not. I think you ought to move  
13 forward and get ready.  
14 COMMISSIONER COY: Mr. Chairman.  
15 CHAIRMAN DECKER: Please.  
16 COMMISSIONER COY: Candidly, I think  
17 now that the public, and certainly potential  
18 licensees, have heard the discussion, they may  
19 want to react during the next two-week period,

20 even in a formal way, to members of the staff or  
21 executive director or the director of licensing  
22 about the potential proposal. You are anxious  
23 for something else to do, aren't you?

24 COMMISSIONER MARSHALL: I agree with  
25 that. I don't know that we have to go to a

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1 formal comment period, but I'm sure that Anne  
2 and Susan would be happy to receive comments and  
3 pass them along.

4 COMMISSIONER COLINS: I just want to  
5 add my two cents on this. If we are going to  
6 postpone the 2s and 3s, it would be good to have  
7 the supplier applications to work on in that  
8 interim time.

9 [PUBLIC APPLAUSE]

10 CHAIRMAN DECKER: We will talk about  
11 that, Mary, at our -- in separate discussions.  
12 We all would like to move that process forward.

13 COMMISSIONER COLINS: I mean, if we are  
14 going to create another two-month vacuum, let's  
15 find something to do in it and move on the  
16 suppliers.

17 CHAIRMAN DECKER: Okay. We should look

18 at this in, maybe, one big picture when we all  
19 get together at the next meeting.

20 COMMISSIONER COLINS: All right. Thank  
21 you.

22 CHAIRMAN DECKER: I think it is a good  
23 discussion, and I think it is a fair point.

24 Any other comments on this? Do we have  
25 to vote on the withdrawal? I guess I am a

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1 little light on my Robert's Rules of Order.

2 COMMISSIONER COY: No.

3 COMMISSIONER COLINS: There is no  
4 motion.

5 CHAIRMAN DECKER: Thank you,  
6 Commissioner Coy.

7 COMMISSIONER COY: You are welcome.

8 CHAIRMAN DECKER: Okay. Is there any  
9 other new business that should be brought before  
10 the Board today?

11 COMMISSIONERS: [NO RESPONSE]

12 CHAIRMAN DECKER: Again, I emphasize  
13 the importance with moving on with the  
14 suppliers, and I know the Board members have  
15 worked very hard to reach some compromise on  
16 this subject, and it is just not there yet.



17 Hopefully within the next few weeks we will have  
18 something positive to report, but today I can't  
19 do that.

20 If there is no other -- before we  
21 finally -- before we adjourn, we will be holding  
22 an executive session. We may be -- we will be  
23 holding an executive session to discuss  
24 personnel matters afterward. No action will be  
25 taken at the meeting, which will be closed to

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1 the press and public. We will not return to  
2 open session today.

3 Our next meeting is in -- December 1st  
4 here in Harrisburg somewhere.

5 UNIDENTIFIED SPEAKER: North Office  
6 Building.

7 CHAIRMAN DECKER: Please, Commissioner  
8 Coy.

9 COMMISSIONER COY: Just a comment. I  
10 know we are prepared, but I think we, the Board,  
11 would like to indicate that we are informally,  
12 at least, considering the scheduled meetings for  
13 next year. Would you like to --

14 CHAIRMAN DECKER: Yes, please.

15 COMMISSIONER COY: -- in terms of  
16 people's schedules and everything?

17 CHAIRMAN DECKER: We talked about the  
18 first and third Thursdays of the month. Again,  
19 it gets moved around a bit, but we will be  
20 asking each of the Commissioners to take a look  
21 at their schedule and see if that works. We  
22 will publish something less tentative, sort of a  
23 preliminary schedule, anyway, in the coming  
24 weeks, once we get our individual schedules  
25 worked out.

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1 Generally, the guidelines will be the  
2 first and third. It seemed to work this year,  
3 and we will try to see if it will work next  
4 year.

5 COMMISSIONER MARSHALL: Tad?

6 CHAIRMAN DECKER: Yes.

7 COMMISSIONER MARSHALL: This is Chip.

8 I am happy to do that, and I think we all  
9 should. I think at the same time, we need to  
10 begin on reflecting on What we will be doing  
11 once the applications are filed.

12 It seems to me that just by the very  
13 nature of our roles changing at that point, I

14 just ask that we think about it. I think it  
15 raises other issues.  
16 Right now we don't have any  
17 applications really before us or limited  
18 applications before us, but in our deliberative  
19 phase, should have some kind of quiet period or  
20 not-as-visible period.

21 CHAIRMAN DECKER: You are right. We  
22 will have to talk about that, Chip. I think you  
23 are right to raise the issue.

24 We are going to meet. Some people  
25 don't realize -- all of you look very familiar

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1 so I know you know we meet twice a month. In  
2 addition to that, we have had numerous meetings,  
3 numerous meetings, for example, Monday, to  
4 discuss personnel matters, conference calls,  
5 meetings, et cetera. So it's not as if we  
6 disappear during the other interim periods of  
7 time. Just so everyone knows that we are  
8 around.

9 We, again, are not, because of our ex  
10 parte rule, we are not taking questions directly  
11 from the public or applicants. We have staff

12 now that are quite able to do this and, frankly,  
13 are more knowledgeable than we are on a lot of  
14 the details. I would encourage you, if you have  
15 questions, to contact the staff on those issues,  
16 but we are around.

17 Any other questions or comments from  
18 the Board about this?

19 COMMISSIONERS: [NO RESPONSE]

20 CHAIRMAN DECKER: Thank you. Hearing  
21 none, may I have a motion to adjourn the  
22 meeting?

23 COMMISSIONER COY: So moved.

24 COMMISSIONER McCABE: Second.

25 CHAIRMAN DECKER: Meeting is adjourned.

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1 Thank you very much. Thank you very much for  
2 participating today.

3 Commissioners Marshall and Colins and  
4 Treasurer Casey, thank you very much for  
5 participating today.

6 COMMISSIONER MARSHALL: Thanks, Tad.

7 TREASURER CASEY: Thank you.

8 COMMISSIONER COLINS: Thank you.

9 (The meeting concluded at 11:02 a.m.)

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1 I hereby certify that the proceedings  
2 and evidence are contained fully and accurately  
3 in the notes taken by me on the within  
4 proceedings and that this is a correct  
5 transcript of the same.  
6  
7  
8

Lorraine K. Troutman, RPR  
Reporter - Notary Public

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