

PENNSYLVANIA GAMING CONTROL BOARD

HEARING ROOM 1  
NORTH OFFICE BUILDING  
HARRISBURG, PENNSYLVANIA

TUESDAY, FEBRUARY 28, 2006, 11:13 A.M.

BEFORE :

THOMAS DECKER, CHAIRMAN  
MARY DiGIACOMO COLINS  
WILLIAM P. CONABOY  
JEFFREY W. COY  
KENNETH T. McCABE  
JOSEPH W. MARSHALL, III  
SANFORD RIVERS  
ROBERT P. CASEY, JR., STATE TREASURER

HILLARY M. HAZLETT, REPORTER  
NOTARY PUBLIC

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1                   CHAIRMAN DECKER: Good morning. I'm Tad  
2 Decker. I'm Chairman of the Pennsylvania Gaming  
3 Control Board. Welcome to the meeting.

4                   A quorum of the voting members of the Board  
5 is present. Therefore, the meeting is called to  
6 order.

7                   Please note that Secretary Wolff is unable  
8 to join us today. Secretary Fajt has also been  
9 called away, but Mark Morabito is here.

10                  Mark, thank you. Looking in every place  
11 but the obvious one.

12                  As always, let me ask everyone to turn off  
13 their blackberries and other devices because they can  
14 interfere with the sound system.

15                  As usual, please join us in the Pledge of  
16 Allegiance.

17                  (Pledge of Allegiance.)

18                  CHAIRMAN DECKER: Thank you. A couple of  
19 -- by way of old business, a couple of announcements.  
20 A housekeeping note, the Board earlier held an  
21 Executive Session to discuss personnel matters. No  
22 business was conducted at this meeting.

23                  In addition, I would like to remind  
24 everyone as a second item that the deadline for  
25 individuals to register for the Board's public input

1 hearings on our 22 operator license applicants is  
2 next Monday, March 6th.

3 I suggest you do it as soon as possible  
4 because we expect to have a good number of people  
5 that will be signing up.

6 For those individuals that don't make the  
7 list, we will accept and be glad to accept written  
8 comments.

9 We're very happy to take written comments,  
10 and we may contemplate doing something else in  
11 addition to that should we have enough people who  
12 would like to also appear but for the sake of time  
13 cannot.

14 We are allowing a number of hours for these  
15 presentations. So we really do believe we've  
16 provided adequate time; but again, most definitely,  
17 individuals will have an opportunity to comment, if  
18 they don't speak, by written form. It will be  
19 considered part of the public record.

20 To finish that up, registration forms are  
21 available on our website. That's  
22 [www.pgcb.state.pa.us](http://www.pgcb.state.pa.us).

23 If you click on the public hearing button  
24 on the home page, that will take you right into what  
25 you want. You can also find hearing dates, times,

1 and locations. They will also be on the website.

2 We believe public input is important of our  
3 licensing process. We look forward to hearing from  
4 individuals, community groups, local governments, and  
5 gaming applicants during our 13 days of hearing  
6 across the state in April and May.

7 Our next item is to approve the transcripts  
8 of our meetings on February 2nd and February 13th.  
9 May I have a motion?

10 COMMISSIONER MARSHALL: So moved.

11 COMMISSIONER COY: Second.

12 CHAIRMAN DECKER: Any comments?

13 Hearing none, all those in favor, please  
14 indicate by saying aye.

15 COMMISSIONER: Aye.

16 CHAIRMAN DECKER: Any opposed?

17 Motion carries. Thank you very much.

18 New business. We will start as usual with  
19 our Executive Director's report. Anne?

20 MS. LaCOUR NEEB: Good morning, Chairman  
21 Decker, members of the Board. In furtherance of what  
22 Chairman Decker said, I just want to let everyone  
23 know that thus far, we have had 67 individuals  
24 register for the public forum hearings and, you know,

25 ask for registration forms. We may get more. We

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1 hope we do. We do receive phone calls every day, you  
2 know, concerning the process. So we're looking --

3 CHAIRMAN DECKER: Are they spread out  
4 across the state or is it concentrated in one area?

5 MS. LaCOUR NEEB: It's pretty spread out.

6 CHAIRMAN DECKER: Good.

7 MS. LaCOUR NEEB: Very spread out. So  
8 we're happy about that. We also -- today is the  
9 deadline for the supplier and manufacturer  
10 applications that will be open.

11 As of 11:10, we had 13 supplier  
12 applications submitted to the Bureau of Licensing and  
13 five new manufacturer applications. So we will  
14 process those and, you know, start our suitability  
15 backgrounds on them.

16 I just wanted to report that we're happy  
17 that tomorrow our chief counsel is starting, March  
18 1st, Frank Donaghue. We have been trying to get up  
19 to speed with his staff and trying to get him ready,  
20 get things ready for him to come on.

21 I'm going to let the Director of  
22 Administration talk about our new hires for today.  
23 Then I just want to point out that this is a pretty  
24 eventful day for this Board and for this state,

25 because this is the day when we will have motions for

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1 the first licenses to be issued for manufacturers to  
2 conduct business in gaming in the State of  
3 Pennsylvania.

4 So I'm going to let Susan Hensel, who is  
5 the Director of the Bureau of Licensing, make those  
6 presentations.

7 Unless you have any other questions, that's  
8 all I have.

9 CHAIRMAN DECKER: Any questions for Anne?  
10 Anne, thank you very much.

11 MS. LaCOUR NEEB: Thank you.

12 CHAIRMAN DECKER: Mike, would you come up  
13 and give us the report on administration?

14 MR. WALSH: Thank you, Mr. Chairman. There  
15 are nine hires that we have proposed for today. The  
16 first is in the Office of Chief Counsel.

17 The Board approved several months back the  
18 hiring as a consultant of Melinda Morris Tucker of  
19 Louisiana. She has been with us for a period of  
20 time. The recommendation today is to move her from a  
21 consultant role to Director of Racetrack Gaming,  
22 which would be under the direction of the Chief  
23 Counsel.

24                   In the Office of Chief Enforcement Counsel,  
25 Mike Schwoyer's area, there is a candidate for

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1   Assistant Enforcement Counsel, Thomas Diehl.

2                   In the Bureau of Corporate Compliance and  
3 Internal Controls, there are three candidates; James  
4 Kline as a clerical support specialist, and Natalie  
5 Jacoby, a compliance analyst, and Kevin Kline as an  
6 analyst.

7                   In the Bureau of Investigation and  
8 Enforcement, there are the final four candidates.  
9 Three are in the eastern region out in the temporary  
10 Norristown location. They are Glenn Peyton as  
11 investigator, James Poulterer as a clerical support  
12 specialist, and Sarah Marley as an administrative  
13 assistant. Here in the central region, we have Lena  
14 Malcolm as an investigative analyst.

15                   So those would be the entire list for today  
16 that we put forth for your consideration.

17                   COMMISSIONER MARSHALL: I would move the  
18 recommendations.

19                   CHAIRMAN DECKER: Do I have a second?

20                   COMMISSIONER McCABE: Second.

21                   CHAIRMAN DECKER: Any questions for anyone?

22                   Mike, how many will this take us to  
23 roughly?



24 MR. WALSH: Yes. We are at 158.

25 CHAIRMAN DECKER: Including these

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1 individuals?

2 MR. WALSH: Including these.

3 CHAIRMAN DECKER: Are there any other  
4 questions for Mike?

5 Again, this would be subject to a  
6 background investigation, which will include a  
7 criminal investigation background initially.

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

10 COMMISSIONERS: Aye.

11 CHAIRMAN DECKER: Any opposed?

12 Motion carries.

13 Thank you, Mike. Anything else?

14 MR. WALSH: That's it.

15 CHAIRMAN DECKER: You have a little hoarse  
16 throat. Did you need some chocolate milk, by any  
17 chance?

18 Let's see. Richard Williamson, I think  
19 you're next. Richard, as you know, is the head of  
20 our gaming lab area.

21 Richard?

22 MR. WILLIAMSON: Good morning, Chairman

23 Decker and Commissioners.

24 CHAIRMAN DECKER: Good morning.

25 MR. WILLIAMSON: You have before you a

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1 request from Spectrum Gaming Group, LLC, seeking  
2 permission to temporarily possess slot machines in  
3 conjunction with the Second Annual Pennsylvania  
4 Gaming Congress, which will be held in Harrisburg on  
5 March 6th and 7th, next week.

6 The nature of this request was anticipated  
7 by the Board when it adopted the rules governing the  
8 movement and storage of slot machines within the  
9 Commonwealth. This request is not contrary to the  
10 goals and objectives of the Act.

11 As you can see in the packages before you,  
12 the show sponsor has submitted in writing that it  
13 will be the responsible party to ensure participating  
14 show vendors are compliant with all conditions of the  
15 Board's approval, if granted.

16 The four main conditions being recommended  
17 are that the appropriate slot movement notices are  
18 filed with the Board.

19 That the slot machines only have  
20 demonstration software, thus no wagering can occur.

21 That security be provided for the hours  
22 when the conference is not at labor.

23                   And that this temporary approval be limited  
24 in time not to exceed the dates of March 6th, 7th and  
25 8th, 2006, and in scope by restricting the

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1 demonstration and storage of the slot machines to  
2 areas of the conference area.

3                   If the Board approves this request, I will  
4 have an engineer from the Board's lab inspect the  
5 slot machines to ensure compliance with the software  
6 requirements. The staff interposes no objections to  
7 this request.

8                   Mr. Chairman, I respectfully request that a  
9 motion be made to approve this application.

10                  CHAIRMAN DECKER: First of all, do I have a  
11 motion on that?

12                  COMMISSIONER MARSHALL: I'll move it.

13                  CHAIRMAN DECKER: Second?

14                  COMMISSIONER CONABOY: Second.

15                  CHAIRMAN DECKER: Any questions for Richard  
16 about this?

17                  MR. WILLIAMSON: This seems to be pretty  
18 straightforward.

19                  CHAIRMAN DECKER: Please?

20                  COMMISSIONER McCABE: It will be just for  
21 -- which days? The 6th, 7th, and 8th?

22 MR. WILLIAMSON: Yes, sir.

23 COMMISSIONER McCABE: Thank you.

24 COMMISSIONER MARSHALL: So basically, as  
25 part of the Gaming Congress, Spectrum would like to

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1 have these machines so that participants in the  
2 congress can observe them, no wagering takes place,  
3 and they leave the Commonwealth at the end of the  
4 congress?

5 MR. WILLIAMSON: That's correct.

6 CHAIRMAN DECKER: And this is typical of  
7 things that happen during -- I mean, this is not  
8 unusual for a gaming conference or another type of  
9 expo conference or something to have this kind of  
10 display, if you will?

11 MR. WILLIAMSON: That's correct. This is  
12 typical for a trade show in the gaming industry.

13 COMMISSIONER MARSHALL: And this is how  
14 other jurisdictions handle it, through a request like  
15 you're making?

16 MR. WILLIAMSON: Absolutely.

17 CHAIRMAN DECKER: Any other questions?

18 If not, all of those in favor, please  
19 indicate by saying aye.

20 COMMISSIONERS: Aye.

21 CHAIRMAN DECKER: Any opposed?

22 Motion carries.

23 Thank you very much, Richard.

24 MR. WILLIAMSON: I'm told by Michelle  
25 Afragola that I need to read the resolution into the

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1 minutes.

2 CHAIRMAN DECKER: Please do.

3 COMMISSIONER MARSHALL: Does that mean we  
4 blame Michelle?

5 CHAIRMAN DECKER: Does that mean we  
6 shouldn't have voted? Go ahead.

7 MR. WILLIAMSON: Unless any of the Board  
8 Members would like to read this.

9 COMMISSIONER DiGIACOMO COLINS: Richard,  
10 you do it.

11 MR. WILLIAMSON: I'll do it. Okay.

12 COMMISSIONER MARSHALL: Maybe we should  
13 make Michelle come up and do it.

14 MR. WILLIAMSON: She offered. Whereas  
15 under Section 1202(a) of the Pennsylvania Racehorse  
16 Development and Gaming Act, the Pennsylvania Gaming  
17 Control Board has general jurisdiction over all  
18 gaming activities or related activities pursuant to  
19 the Act.

20 And whereas the Board has adopted temporary

21 regulations governing the possession and movement of  
22 slot machines in the Commonwealth, specifically, 58  
23 PA Code, Chapter 463, possession of slot machines.

24                   And whereas under 58 PA Code, Section  
25 463.1(b)(6), the Board has the authority to allow

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1 certain persons authorized in writing by the Board to  
2 possess slot machines in this Commonwealth upon its  
3 finding that the possession of slot machines by such  
4 persons in this Commonwealth is not contrary to the  
5 goals and objectives of the Act.

6                   And whereas Spectrum Gaming Group, LLC, has  
7 submitted a written request to the Board in  
8 compliance with the regulations to temporarily  
9 possess slot machines at the Pennsylvania Gaming  
10 Congress in Harrisburg occurring on March 6th, 7th,  
11 and 8th, 2006.

12                   Such machines will be limited to running  
13 demonstration software, which precludes the  
14 acceptance of coin, currency, vouchers, or coupons.

15                   And whereas Spectrum Gaming Group, LLC,  
16 further agrees to insuring the security of the slot  
17 machines with the duration of the time that the slot  
18 machine will be at the conference exposition area in  
19 Harrisburg by staffing the slot machines with  
20 exhibitor personnel during exhibit hours and posting

21 a security guard during non-exhibit hours.

22 And whereas the Board finds that the use of  
23 slot machines for demonstration purposes at the  
24 Pennsylvania Gaming Congress by Spectrum Gaming Group  
25 is not contrary to the goals and objectives of the

15

1 act.

2 Be it resolved that the Board authorizes  
3 the possession of slot machines by Spectrum Gaming  
4 Group, LLC, for the Pennsylvania Gaming Congress on  
5 March 6th, 7th, and 8th, 2006, for the limited  
6 purpose of demonstration and the compliance with the  
7 requirements of 58 PA Code, Chapter 463.

8 CHAIRMAN DECKER: Thank you.

9 COMMISSIONER MARSHALL: Mr. Chairman,  
10 that's what my motion meant.

11 CHAIRMAN DECKER: That's what I thought.

12 Ken, did you second that?

13 COMMISSIONER McCABE: Yes.

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

16 COMMISSIONERS: Aye.

17 CHAIRMAN DECKER: Motion carries again.

18 Thank you very much.

19 Next up will be Commissioner Colins and

20 we're going to -- as we usually do at these meetings,  
21 there are always some changes since the new  
22 regulations.

23 Mary, would you fill us in on where we are  
24 today?

25 COMMISSIONER DIGIACOMO COLINS: Well, we're

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1 going out of order today because we're going to start  
2 with the more simple amendments that Michelle is  
3 going to present, and then Mike Schwoyer will present  
4 an amendment that relates to the future motions that  
5 we'll be entertaining to vote on manufacturers'  
6 licenses. So they've worked on these and will  
7 highlight these for everyone.

8 MS. AFRAGOLA: Good morning, Chairman  
9 Decker and Members of the Board. Chief Enforcement  
10 Counsel, Michael Schwoyer, and I are offering some  
11 editorial changes and amended language to the  
12 regulations.

13 The proposed amendments are to Section  
14 401.3, 465.1, and 481.1 of the adopted regulations.  
15 Michael Schwoyer will offer a separate section of  
16 amendment.

17 In Section 401.3 entitled Construction, we  
18 propose amending the language to give the Board the  
19 authority to permit deviations or disregard in error



20 or defect of procedure of any action or issue  
21 presented before the Board so long as the substantive  
22 rights of the participants are not affected.

23 The original regulation was limited to  
24 actions or proceedings before the Board. This  
25 amendment broadens the scope of the Board's authority

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1 by allowing the Board the same discretion over any  
2 issue presented to the Board.

3 In Section 465.1, definitions, we propose  
4 amending subparagraph 2 by replacing the term gaming  
5 day with the term hours of operation. This is made  
6 for consistency.

7 Finally, in Section 481.1, which pertains  
8 to the purpose and policy of the chapter on minority  
9 and women's business enterprises, in this section, we  
10 have added a provision that lists the different  
11 entities that must comply with the diversity plan  
12 requirements.

13 That concludes my presentation. Michael  
14 Schwoyer will discuss a separate amendment for your  
15 consideration.

16 MR. SCHWOYER: Good morning. The staff is  
17 also proposing that the Board amend 58 PA Code,  
18 Section 423.3, which relates to license issuance.

19                   This regulation is contained in the general  
20 provision subpart of the regulations, which applies  
21 to all applicants seeking any type of authorization  
22 from the Board to engage in activities under the  
23 Gaming Act.

24                   Amendments are being proposed that will  
25 restructure this regulation, specifically include

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1 each type of authorization provided for in the  
2 regulations, accommodate amendments proposed to be  
3 made to 481.1 that Michelle just identified dealing  
4 with minority and women's business enterprises, and  
5 to add a new subsection to set forth provisions to  
6 establish a framework under which the Board may  
7 require any applicant to execute a statement of  
8 conditions in connection with the issuance of any  
9 authorization, license, permit, etc.

10                   The subsection dealing with statement of  
11 conditions is entitled Statement of Conditions. I  
12 would like to read that subsection for you.

13                   Statement of Conditions, Subsection B,  
14 Paragraph 1, in addition to any other conditions  
15 required or imposed by the Board, the Board may  
16 require that the following occur prior to the  
17 issuance of a license, certification, permit,  
18 registration, or other authorization to any

19 applicant.

20           If the Board approves an entity's  
21 application for a license, certification,  
22 registration, or other authorization from the Board,  
23 or for the renewal of a license, certification,  
24 registration, or other authorization, the Executive  
25 Officer of the entity whose application has been

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1 approved or other competent individual designated by  
2 the entity in accordance with Paragraph 2 shall  
3 execute a statement of conditions in the manner and  
4 form required by the Board.

5           Execution of the Statement of Condition  
6 shall constitute the acceptance of each and every  
7 provision contained in the Statement of Conditions by  
8 both the entity and the Executive Officer.

9           The Executive Officer shall ensure that the  
10 entity fully complies with each and every provision  
11 contained in the Statement of Conditions.

12           If the Board approves an individual's  
13 application for a license, certification, permit,  
14 registration, or other authorization from the Board  
15 or for the renewal of a license, certificate,  
16 registration, or other authorization, the individual  
17 whose application has been approved by the Board

18 shall execute a Statement of Conditions in the manner  
19 and form required by the Board.

20           The execution of the Statement of  
21 Conditions shall constitute the acceptance of each  
22 and every provision contained in the Statement of  
23 Conditions by the individual.

24           The individual shall fully comply with each  
25 and every provision contained in the Statement of

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1 Conditions.

2           Prior to the issuance of a licence,  
3 certification, registration, or other authorization  
4 to an entity, the entity shall determine whether its  
5 Executive Officer will execute the Statement of  
6 Conditions or whether the entity will designate  
7 another competent individual with a direct reporting  
8 relationship to its Executive Officer to execute the  
9 Statement of Conditions on behalf of both the entity  
10 and its Executive Officer.

11           If the entity determines that it will  
12 designate another competent individual with a direct  
13 reporting relationship to its Executive Officer to  
14 execute the Statement of Conditions on behalf of the  
15 entity and its Executive Officer, the entity shall  
16 adopt the resolution identifying the individual so  
17 designated authorizing said individual to execute the

18 Statement of Conditions on behalf of both the entity  
19 and its Executive Officer and evidencing the  
20 Executive Officer's concurrence in said individual's  
21 designation.

22 A copy of any such resolution certified as  
23 true and correct shall be provided to the Board and  
24 attached to the Statement of Conditions.

25 Failure to comply with any provision

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1 contained in an executed Statement of Conditions  
2 shall constitute a violation of the Statement of  
3 Conditions and may result in the imposition of Board  
4 imposed, administrative sanctions against the person  
5 to whom the license, certification, permit,  
6 registration, or other authorization was issued and  
7 in the case of an entity against the entity and its  
8 Executive Officer.

9 The term Executive Officer means the  
10 individual holding the highest ranking management  
11 position within the entity and authorized to contract  
12 on behalf of the entity.

13 CHAIRMAN DECKER: Thank you. Any questions  
14 from the Board of either Michelle or Michael? Thank  
15 you.

16 Hearing none, can I have a motion approving

17 these technical amendments?

18 COMMISSIONER DIGIACOMO COLINS: So moved.

19 COMMISSIONER MARSHALL: Second.

20 CHAIRMAN DECKER: If there are no  
21 additional questions, please indicate your approval  
22 of this motion by saying aye.

23 COMMISSIONERS: Aye.

24 CHAIRMAN DECKER: Any opposed?

25 Motion carries.

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1 Thank you, Michelle and Michael.

2 Next up are Susan Hensel, Director of  
3 Licensing, Roger Greenbank and Phil Rendon, our  
4 regional managers in the eastern and western  
5 districts respectively from the Bureau of  
6 Investigations and Enforcement.

7 Michael, you're going to stay up there,  
8 aren't you?

9 MR. SCHWOYER: Yes, sir.

10 CHAIRMAN DECKER: Michael Schwoyer is going  
11 to stay. Again, he was part of the group that  
12 reviewed our manufacturer licenses and, I guess, is  
13 still in the process of doing that.

14 Susan, do you want to start?

15 MS. HENSEL: Good morning, Chairman Decker  
16 and Members of the Board. As you said, Regional

17 Directors from the Bureau of Investigations and  
18 Enforcement Roger Greenbank and Phil Rendon are  
19 joining me for this portion of the meeting, as well  
20 as Mike Schwoyer, our Chief Enforcement Officer.

21 We are before you today to present six  
22 manufacturer applications for licensing  
23 consideration.

24 Prior to today's meeting, each of you was  
25 provided with a background investigation and

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1 executive summary suitability report for each of  
2 these six applicants.

3 The applicants are IGT, Aristocrat  
4 Technologies, Inc., Aristocrat Technologies Australia  
5 PTY Limited, NRT Technology Corp., Western Money  
6 Systems, and WMS Gaming, Inc.

7 I want to emphasize to the Board that each  
8 of the applications that are up for review today were  
9 evaluated under alternative licensing standards as  
10 provided for in the Racehorse Development and Gaming  
11 Act.

12 Under alternative manufacturer licensing  
13 standards, the Board may determine whether the  
14 licensing standards of another jurisdiction within  
15 the United States in which an applicant for a

16 manufacturer license is similarly licensed are  
17 comprehensive and thorough and provide similar  
18 safeguards as those required by the Act.

19           If the Board makes that determination, it  
20 may issue a manufacturer's license after conducting  
21 an evaluation of the information relating to the  
22 applicant from the other jurisdiction as updated by  
23 the Board and evaluating other information related to  
24 the applicant; or an applicant for a manufacturer's  
25 license is licensed in another jurisdiction, the

24

1 Board may use an abbreviated licensing process.

2           The Board has adopted the alternative  
3 licensing standards of New Jersey, Nevada, Louisiana,  
4 and Mississippi.

5           In general, each of the applications before  
6 you today went through the following process. The  
7 application was received, docketed, and reviewed by  
8 the Bureau of Licensing for completeness.

9           Outstanding items regarding the application  
10 were obtained from the applicant. The application  
11 was handed off to the Bureau of Investigations and  
12 Enforcement.

13           The Bureau of Investigations and  
14 Enforcement conducted an investigation of the  
15 applicant.



16                   The Bureau of Investigations and  
17 Enforcement provided the results of its investigation  
18 to the Bureau of Licensing.

19                   The Bureau of Licensing lawyers prepared  
20 suitability reports based on information in the  
21 application and the results of the investigation.

22                   Following preparation of the suitability  
23 reports, the reports were provided to both the Board  
24 Members and to the Office of Enforcement Counsel for  
25 review.

25

1                   At this time, I will turn to Mike Schwoyer  
2 for the results of his review.

3                   MR. SCHWOYER: Thank you, Susan. The  
4 Office of Enforcement Counsel did receive and review  
5 the Bureau of Licensing suitability reports for the  
6 following manufacturer applicants; IGT, Aristocrat  
7 Technologies Inc., Aristocrat Technologies Australia  
8 PTY Limited, NRT Technology Corp., Western Money  
9 Systems, and WMS Gaming Incorporated.

10                   Each suitability report included  
11 information concerning the key employee qualifier  
12 applications filed in connection with each of these  
13 manufacturer applications.

14                   The background investigations conducted on

15 each applicant have been conducted pursuant to the  
16 alternative manufacturing licensing standards as  
17 Susan mentioned.

18 As is always the case, suitability  
19 investigations related to each applicant and any  
20 licensee will be ongoing.

21 To date, the Bureau of Investigations and  
22 Enforcement has not identified any issue that would  
23 preclude the Board from granting the requested  
24 licenses to these applicants.

25 Accordingly, the Office of Enforcement

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1 Counsel has not filed any recommendations or  
2 objections with respect to any of these applicants.

3 Further, pursuant to the recently amended  
4 58 PA Code, Section 423.3 concerning license  
5 issuance, should the Board approve licensure of any  
6 of the manufacturer applicants proposed today, it's  
7 also proposed that each applicant be subject to a  
8 series of 40 conditions applicable to manufacturer  
9 licensees as set forth in the Statement of Conditions  
10 document, which would accompany any manufacturer  
11 license that the Board may issue pursuant to this  
12 proposal.

13 As I said, there are 40 conditions. Among  
14 them are provisions that include compliance at all

15 times with all provisions of the Act and any rules,  
16 regulations, technical standards, or orders in effect  
17 as of this date or later amended or promulgated by  
18 the Board.

19           Ensuring that at all time the licensee, its  
20 affiliates, intermediaries, subsidiaries, holding  
21 companies, key employee qualifiers, key employees,  
22 and permittees meet and maintain the suitability  
23 requirements of the Act including but not limited to  
24 those relating to good character, honesty, integrity  
25 and financial fitness.

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1           Ensuring at all times that information  
2 provided to the Board by the licensee, its  
3 affiliates, intermediaries, subsidiaries, holding  
4 companies, key employees, key employee qualifiers,  
5 and permittees is true and correct and to immediately  
6 notify the Board upon knowing or suspecting that any  
7 false or misleading information may have been  
8 provided to the Board by any such entity or  
9 individual.

10           Creating, adopting, and maintaining  
11 internal safeguards to ensure that a violation of  
12 Section 1513 of the Act concerning political  
13 influence will not occur.



14 any manufacturer license which may be issued must be  
15 executed in accordance with Section 423.3 as amended  
16 today, within five business days of the issuance of a  
17 manufacturer license to any applicant.

18 Each manufacturer applicant that is being  
19 proposed for consideration by the Board today has  
20 been provided a copy of a general Statement of  
21 Conditions and has agreed to its terms.

22 They've also, I believe, indicated the  
23 Executive Officer who will be executing on behalf of  
24 the entity.

25 CHAIRMAN DECKER: Michael, just to

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1 emphasize something, there is a self-reporting  
2 mechanism in these conditions?

3 MR. SCHWOYER: Yes, sir.

4 CHAIRMAN DECKER: For violations, etc.?

5 MR. SCHWOYER: Yes, for all --

6 CHAIRMAN DECKER: You said that already. I  
7 just wanted to make a point of it.

8 Any questions?

9 COMMISSIONER McCABE: I would like to start  
10 it off.

11 CHAIRMAN DECKER: Please, Ken.

12 COMMISSIONER McCABE: As part of the

13 investigative process, did you contact New Jersey,  
14 Nevada, Louisiana, or Mississippi to see if these  
15 companies are licensed there? If you did, what was  
16 their response?

17 MR. SCHWOYER: Yes. It was verified. Each  
18 applicant being proposed today identified, I believe,  
19 either New Jersey or Nevada as their alternative  
20 licensing jurisdiction. Their respective  
21 jurisdictions were contacted and licensure was  
22 confirmed.

23 COMMISSIONER DiGIACOMO COLINS: If I may?

24 CHAIRMAN DECKER: Please.

25 COMMISSIONER DiGIACOMO COLINS: Were each

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1 of these applications reviewed by our diversity  
2 officer to determine that there was a diversity plan  
3 that was adequate to meet our regulatory requirements  
4 and our statutes requirements?

5 MS. HENSEL: Yes, that did occur. LaMonte  
6 Williams performed that review of the diversity  
7 plans. He has approved each of the plans as being  
8 consistent with the intent of the Act.

9 COMMISSIONER DiGIACOMO COLINS: Thank you.

10 CHAIRMAN DECKER: Any other questions?

11 Okay.

12 MS. HENSEL: Should I --

13 CHAIRMAN DECKER: Please.

14 MS. HENSEL: For each application, we have  
15 prepared for the Board's review a proposed licensing  
16 order and, as described by Mike Schwoyer, a Statement  
17 of Conditions.

18 Each of you have been provided with copies  
19 of the proposed orders and Statement of Conditions  
20 prior to this meeting.

21 For the benefit of the Board and those in  
22 attendance, I will read the text of the proposed  
23 order, keeping in mind that the order for each  
24 manufacturer applicant has been tailored to include  
25 the name of the Applicant and its key employee

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1 qualifier.

2 Following this meeting, I will provide  
3 copies of each of the six proposed manufacturer  
4 licensing orders to the stenographer for  
5 incorporation into the minutes.

6 The proposed order states: And now, this  
7 28th day of February 2006, the Board, based on its  
8 review of the application and the reports of the  
9 Bureau of Licensing and the Bureau of Investigations  
10 and Enforcement, finds that the applicant satisfies  
11 the requirements of 4 Pa.C.S., Section 1317 as

12 follows:

13                   That the applicant submitted an application  
14 for a manufacturer license pursuant to 4 Pa.C.S.,  
15 Section 1317(a).

16                   That the applicant is a manufacturer of  
17 slot machines and/or associated equipment as defined  
18 in 4 Pa.C.S. 1103.

19                   That the following key employee qualifiers  
20 submitted applications for licensure in conjunction  
21 with the applicant's application pursuant to 4  
22 Pa.C.S., Section 1317(b).

23                   At this point in each of the orders, we  
24 would list the specific key employee qualifiers  
25 associated with the particular applicant.

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1                   That the Board finds that the applicants  
2 application and the applications of its qualifiers  
3 satisfy the statutory requirements for license  
4 eligibility.

5                   That the Board finds that the applicant is  
6 a licensee in good standing, and here we would fill  
7 in the appropriate name of the alternative licensing  
8 jurisdiction.

9                   And that the Board finds that the licensing  
10 standards of this jurisdiction are comprehensive and  
11 thorough and provide similar, adequate safeguards as



12 those required by the Pennsylvania Racehorse  
13 Development and Gaming Act.

14           That pursuant to 4 Pa.C.S., Section  
15 1202(a), the Board has jurisdiction over every aspect  
16 of the authorization and operation of slot machines  
17 in this Commonwealth.

18           And that pursuant to 4 Pa.C.S. 1202(b)(5),  
19 the Board has the authority to issue, approve, renew,  
20 revoke, suspend, condition, or deny issuance or  
21 renewal of manufacturer licenses.

22           And it is decreed that the Board approves  
23 the licenses for the applicant and its qualifiers  
24 subject to the following conditions:

25           That the applicant pay the \$50,000 license

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1 fee and any other outstanding fees as determined by  
2 the Board pursuant to 4 Pa.C.S., Section 1208.

3           And that the applicant agrees to the  
4 Statement of Conditions attached hereto as evidenced  
5 by the signing of said agreement by the applicant's  
6 Chief Executive Officer or designee within five  
7 business days of the Board's approval of the  
8 licenses.

9           It is further ordered that the licenses for  
10 applicant and its qualifiers shall be issued by the

11 Board upon payment of the aforesaid fees and upon the  
12 receipt of the signed Statement of Conditions and  
13 that the licenses shall be subject to the annual  
14 renewal provisions of the Act.

15 By the Board, dated February 28th, 2006.

16 At this point, I would like to tender the  
17 orders for each of the six applicants to the  
18 Chairman. Mr. Chairman, we ask that the Board vote  
19 on each of the six orders individually.

20 CHAIRMAN DECKER: Thank you, Susan.

21 MS. HENSEL: Let the record show that I  
22 have tendered the orders to the Chairman.

23 CHAIRMAN DECKER: Let me count them first,  
24 Susan. Just kidding. Thank you.

25 Do you have any further questions of Susan

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1 or Roger or Phil or Michael?

2 We appreciate the very, very hard work.

3 Okay. Hearing none, then we're going to  
4 move into the motions.

5 May I have a motion to adopt an order  
6 approving the license for IGT Corporation, IGT Corp.,  
7 and its key employee qualifiers subject to the  
8 aforementioned conditions that Mike Schwoyer  
9 discussed in detail and the other things that were  
10 mentioned by Susan.

11 COMMISSIONER MARSHALL: So moved.

12 COMMISSIONER CONABOY: Second.

13 CHAIRMAN DECKER: Any further discussion?

14 All of those in favor, please indicate by

15 saying aye.

16 COMMISSIONERS: Aye.

17 CHAIRMAN DECKER: Any opposed?

18 Motion carries. Congratulations to IGT.

19 The second motion would be -- I have a

20 second motion to adopt an order approving the license

21 for Aristocrat Technologies, Inc., and its key

22 employee qualifiers, again, subject to the

23 aforementioned conditions.

24 COMMISSIONER MARSHALL: So moved.

25 CHAIRMAN DECKER: Second?

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1 COMMISSIONER DiGIACOMO COLINS: Second.

2 CHAIRMAN DECKER: Mary, did I hear a

3 second?

4 COMMISSIONER DiGIACOMO COLINS: I did, I

5 second it.

6 CHAIRMAN DECKER: All of those in favor?

7 COMMISSIONERS: Aye.

8 CHAIRMAN DECKER: Any opposed?

9 Motion carries. Again, congratulations.

10 Do I have a motion -- do I hear a motion to  
11 adopt an order approving Aristocrat Technologies  
12 Australia PTY, Ltd., and its key employee qualifiers,  
13 again, subject to the aforementioned conditions?

14 COMMISSIONER MARSHALL: So moved.

15 COMMISSIONER DIGIACOMO COLINS: Second.

16 CHAIRMAN DECKER: All of those in favor?

17 COMMISSIONERS: Aye.

18 CHAIRMAN DECKER: Any opposed?

19 Motion carries.

20 May I have a motion to adopt an order  
21 approving the license of NRT Technology Corp. and its  
22 key employee qualifiers, again, subject to those  
23 aforementioned conditions?

24 COMMISSIONER MARSHALL: So moved.

25 CHAIRMAN DECKER: Second?

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1 COMMISSIONER DIGIACOMO COLINS: Second.

2 CHAIRMAN DECKER: All of those in favor?

3 COMMISSIONERS: Aye.

4 CHAIRMAN DECKER: Any opposed?

5 Motion carries. The license is approved.

6 Number 5, do I hear a motion to adopt an  
7 order approving the license for Western Money Systems  
8 and its key employer qualifiers, again, subject to  
9 the aforementioned conditions?

10 COMMISSIONER MARSHALL: So moved.

11 COMMISSIONER DiGIACOMO COLINS: Second.

12 CHAIRMAN DECKER: All of those in favor?

13 COMMISSIONERS: Aye.

14 CHAIRMAN DECKER: Any opposed?

15 Motion carries.

16 May I have a motion to adopt an order

17 approving the license of WMS Gaming, Inc., and its

18 key employee qualifiers, again, subject to the

19 conditions previously described?

20 COMMISSIONER MARSHALL: So moved.

21 COMMISSIONER McCABE: Second.

22 CHAIRMAN DECKER: All of those in favor?

23 COMMISSIONERS: Aye.

24 CHAIRMAN DECKER: Any opposed?

25 Motion carries.

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1 Congratulations to all of the six

2 applicants.

3 Susan, before you get off -- say again,

4 Mary?

5 One question, Susan. We have a number of

6 other applications from the manufacturers, correct?

7 MS. HENSEL: That's correct.

8 CHAIRMAN DECKER: How many others, if you

9 recall?

10 MS. HENSEL: Seven remaining.

11 CHAIRMAN DECKER: Seven remaining?

12 MS. HENSEL: Yes.

13 CHAIRMAN DECKER: So we will be reviewing  
14 those over the coming weeks, correct?

15 MS. HENSEL: Correct. We are in the  
16 process now of reviewing the suitability reports we  
17 received from BIE and preparing suitability reports  
18 for the Board. At a future meeting, we will be  
19 bringing those forward for your consideration.

20 CHAIRMAN DECKER: I think one or two of  
21 these were not eligible for the alternative licensing  
22 process; is that correct?

23 MS. HENSEL: Correct.

24 CHAIRMAN DECKER: That one or two will take  
25 a little bit longer?

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1 MS. HENSEL: Correct.

2 CHAIRMAN DECKER: All right. I would like  
3 to on behalf of the Board thank you all and the rest  
4 of the staff here who just did a terrific job in  
5 getting this done in a very short time period in  
6 light of the volume of the work and the effort and  
7 the first time through.

8 It was an amazing effort, these six done in

9 time for this meeting. I want to thank you. I know  
10 the Board feels exactly the same way. So  
11 congratulations from us.

12 (Applause.)

13 CHAIRMAN DECKER: Thanks, again. For the  
14 record, I want to say this was an obviously major  
15 step for expanding gaming in the Commonwealth.

16 These are the first licensing of any sort  
17 that we have awarded and it brings us one step closer  
18 to the implementation of the Gaming Act and it  
19 benefits the citizens of Pennsylvania.

20 We have one more item. Nan, would you  
21 please come up? Nan will discuss alternative  
22 licensing standards for Category I applicants.

23 I'll introduce her. Nan Horner. Thank  
24 you.

25 MS. HORNER: Good morning. This morning

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1 the Board took a significant step towards the  
2 operation of legalized slot machine facilities in the  
3 Commonwealth by issuing Pennsylvania's first  
4 manufacturer licenses.

5 Shortly after the Board received the  
6 manufacturer license applications, I presented to you  
7 the alternative manufacturer licensing standards,

8 which facilitated the abbreviated licensing process  
9 utilized in today's license issuances.

10 In our desire to move forth in a careful  
11 and expeditious manner, I would now like to discuss  
12 Section 1314 of the Pennsylvania Racehorse  
13 Development and Gaming Act.

14 Section 1314 concerns alternative Category  
15 I licensing standards and allows the Board upon the  
16 request of applicant for a Category I slot machine  
17 license to incorporate information from another  
18 gaming jurisdiction about the applicant into the  
19 Board's evaluation of the applicant for licensure.

20 Basically, Section 1314 allows for an  
21 abbreviated licensing process if the Board determines  
22 that another jurisdiction's licensing standards are  
23 comprehensive and thorough and provide adequate  
24 safeguards comparable to those in the Commonwealth.

25 Practically speaking, the process will

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1 involve the following steps. One, if an applicant  
2 for a Category I slot machine license holds a license  
3 in another gaming jurisdiction within the United  
4 States or Canada that is similar to the  
5 Commonwealth's slot machine license, the applicant  
6 may request that the Board utilize licensing  
7 standards of the other jurisdiction in which it is



8 similarly licensed and will name the jurisdiction  
9 upon which it would like the Board to rely.

10           The Board will make a determination whether  
11 the licensing standards of the other jurisdiction are  
12 comprehensive and thorough and provide similar,  
13 adequate safeguards as those required by the  
14 Commonwealth.

15           If the Board makes that determination, the  
16 applicant will be required to provide the Board with  
17 a copy of the licensed application filed in the other  
18 jurisdiction, as well as a copy of the license issued  
19 by the other jurisdiction.

20           The Board may then issue a Category I slot  
21 machine license to the applicant after conducting an  
22 evaluation of the information from the other  
23 jurisdiction, updated information from the applicant,  
24 and information from other jurisdictions in which the  
25 applicant is licensed.

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1           Three applicants for a Category I slot  
2 machine license are similarly licensed in other  
3 jurisdictions in the United States. All three have  
4 requested the use of alternative Category I licensing  
5 standards.

6           The jurisdictions identified by the

7 Category I slot machine licensed applicants were New  
8 Jersey, Nevada, and Missouri.

9           The legal staff of the Board conducted due  
10 diligence to determine whether the licensing  
11 standards of New Jersey, Nevada, and Missouri met the  
12 statutory requirements of the Pennsylvania Racehorse  
13 Development and Gaming Act.

14           Our research included review of the laws,  
15 rules, and regulations of those states, review of the  
16 operator application forms required by those states,  
17 and conversations with regulators from those states  
18 and other gaming jurisdictions.

19           Based upon our research of the licensing  
20 standards in New Jersey, Nevada, and Missouri, I  
21 recommend that the Board pass a motion accepting the  
22 current operator licensing standards of New Jersey,  
23 Nevada, and Missouri as comprehensive and thorough  
24 and providing similar safeguards as those required by  
25 the Commonwealth of Pennsylvania.

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1           CHAIRMAN DECKER: Thank you, Nan.

2           Are there any questions for Nan on this  
3 topic? It's very similar to the provisions we  
4 adopted for the manufacturers; is that correct?

5           MS. HORNER: Exactly, yes.

6           CHAIRMAN DECKER: Hearing none, all of

7 those in favor, please indicate by saying aye.

8 I'm sorry. We need a motion. I apologize.

9 COMMISSIONER RIVERS: I'll second that.

10 COMMISSIONER CONABOY: Let me,  
11 Mr. Chairman, make the following motion. I make a  
12 motion that the Board adopt licensing standards of  
13 New Jersey, Nevada, and Missouri for the purpose of  
14 using an alternative, abbreviated licensing process  
15 for Category I applicants who are licensed in such  
16 jurisdictions and request this process pursuant to  
17 Section 1314 of the Act and Section 443.2 of the  
18 adopted regulations.

19 CHAIRMAN DECKER: Can I have a second,  
20 please?

21 COMMISSIONER RIVERS: Second.

22 CHAIRMAN DECKER: Again, any questions?

23 All of those in favor, please indicate by  
24 saying aye.

25 COMMISSIONERS: Aye.

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1 CHAIRMAN DECKER: Any opposed?

2 Motion carries.

3 Thank you, Nan.

4 MS. HORNER: Thank you.

5 CHAIRMAN DECKER: We appreciate it very

6 much.

7           One additional item I would like to mention  
8 by way of new business and that is we have received  
9 these, as you know through the application process,  
10 local impact statements.

11           There has been a great amount of discussion  
12 about those. We are in the process -- they are huge.  
13 We're in the process of reviewing those so that we  
14 can redact whatever is confidential pursuant to our  
15 obligations to provide confidentiality to trade  
16 secrets, etc. under Act 71.

17           When that is completed, we're going to find  
18 some vehicle for making those available to whoever  
19 wants one. We're looking at maybe an expanded  
20 website, a special website just making the copies  
21 available so people can request them through a  
22 right-to-know provision or otherwise.

23           That's going to take a little bit of time  
24 because there's a lot of things going on in our world  
25 right now. We have a few people dedicated to this.

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1 This is volumes of information.

2           We, again, have an obligation to make sure  
3 we're not disclosing confidential information. I  
4 hope everyone can be patient with that. You'll have  
5 plenty to do this. These will be available well

6 before -- let me repeat it -- well before we start  
7 the public forums, well before that period.

8 Are there any other questions or comments  
9 on anything?

10 COMMISSIONER RIVERS: Yes.

11 CHAIRMAN DECKER: Please.

12 COMMISSIONER RIVERS: Mr. Chairman, I think  
13 today is a historic day for the Commonwealth of  
14 Pennsylvania. The mere fact that we've made this  
15 quantum leap and issued these licenses, I would just  
16 like for the representatives for those companies if  
17 they are in the audience to stand and be recognized,  
18 and we look forward to working with you and  
19 maintaining a very positive relationship.

20 So would you please stand if you're here?  
21 Don't be shy. You know, you should feel good about  
22 that.

23 COMMISSIONER MARSHALL: You get to give us  
24 \$50,000. Thank you.

25 COMMISSIONER RIVERS: And we don't want to

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1 hear the check is in the mail.

2 CHAIRMAN DECKER: Thank you. Is there any  
3 other business to come before the meeting? Hearing  
4 none, may I have a motion to adjourn?

5 COMMISSIONER COY: So moved.

6 COMMISSIONER RIVERS: Second.

7 CHAIRMAN DECKER: All those in favor?

8 COMMISSIONERS: Aye.

9 CHAIRMAN DECKER: We may have an Executive  
10 Session to deal with some other hiring that is coming  
11 up. We will not return. Thank you.

12 (The meeting concluded at 12:01 p.m.)

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

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Hillary M. Hazlett, Reporter  
Notary Public

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