

PENNSYLVANIA GAMING CONTROL BOARD

NORTH OFFICE BUILDING  
HEARING ROOM 1  
HARRISBURG, PENNSYLVANIA

JUNE 28, 2006, 10:03 A.M.

BEFORE:

THOMAS DECKER, CHAIRMAN (via telephone)  
RAYMOND ANGELI  
MARY DiGIACOMO COLINS, ACTING CHAIRPERSON  
JEFFREY W. COY  
JOSEPH W. MARSHALL, III,  
KENNETH W. MCCABE  
SANFORD RIVERS  
ROBERT P. CASEY, JR., STATE TREASURER (via telephone)  
GREGORY C. FAJT, SECRETARY OF REVENUE

HILLARY M. HAZLETT, REPORTER  
NOTARY PUBLIC

	I N D E X	
	WITNESS	PAGE
1		
2	WITNESS	PAGE
3	Anne LaCour Neeb	6
4	Michael Walsh	8
5	Frank Donaghue	10
6	Doug Sherman	11
7	Michael Edmiston	14
8	Mickey Kane	16
9	Michelle Afragola	22
10	Richard Sandusky	24
11	Maureen Williamson	30
12	Susan Hensel	43
13	Lamonte Williams	44
14	Michael Schwoyer	55
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

1           ACTING CHAIRPERSON DiGIACOMO COLINS: Good  
2 morning, everyone. I'm Commissioner Colins. I want  
3 to call this to order and ask Chairman Decker who is  
4 on the phone with us to begin.

5           CHAIRMAN DECKER: Thank you, Commissioner  
6 Colins. This is a first for me. I'm going to be  
7 participating on the phone today along with, I  
8 believe, Treasurer Casey.

9           TREASURER CASEY: Yes.

10          CHAIRMAN DECKER: I've asked Mary Colins to  
11 chair the meeting today. So Mary, why don't you go  
12 ahead. Thank you very much.

13          ACTING CHAIRPERSON DiGIACOMO COLINS: All  
14 right. Thank you, Tad.

15                 I would like to welcome the Board and all  
16 of you to this public meeting. And a quorum of the  
17 Board being present, this meeting is now called to  
18 order.

19                 Today in addition to the Chairman,  
20 Treasurer Bob Casey is participating by telephone.

21                 Bob, are you there?

22                 TREASURER CASEY: Yes.

23          ACTING CHAIRPERSON DiGIACOMO COLINS: All  
24 right. Very good. Thank you.

25                 At the conclusion of today's meeting,

1 Chairman Decker will, as usual, be available to the  
2 press by telephone for about ten minutes. Nick Hays  
3 will help the members of the media set this up.

4 As always, let me ask members of the Board  
5 and the audience to please turn off your cell phones  
6 and your blackberries and other electronic devices  
7 because they interfere with the sound system. Thank  
8 you.

9 I understand Secretary Fajt is here. I  
10 would like to acknowledge that. He is here as well.

11 I ask now that we all begin with the Pledge  
12 of Allegiance. Will you all stand?

13 (Pledge of Allegiance.)

14 ACTING CHAIRPERSON DiGIACOMO COLINS: Thank  
15 you. Now, we'll proceed to old business. One  
16 housing keeping announcement. Today, the Board  
17 earlier held an executive session to discuss  
18 personnel matters. No business was conducted at this  
19 meeting.

20 The second point on the agenda, the  
21 transcripts and the minutes. With respect to the  
22 transcripts of the June 15th meeting, may I have a  
23 motion to approve the minutes and the transcript?

24 COMMISSIONER MARSHALL: I move it.

25 COMMISSIONER McCABE: Second.

1                   ACTING CHAIRPERSON DiGIACOMO COLINS: Any  
2 questions or discussions?

3                   All in favor?

4                   COMMISSIONERS: Aye.

5                   ACTING CHAIRPERSON DiGIACOMO COLINS: All  
6 opposed?

7                   The motion is carried.

8                   Our next item is approval of the minutes  
9 from the June 15th meeting, the minutes of our July  
10 7th, 21st, August 4th, August 17th, September 28th,  
11 October 6th, October 20th, November 2nd, November  
12 17th, December 1st, December 15th meetings.

13                  May I have a motion to approve these  
14 minutes and to post them on the website --

15                  COMMISSIONER COY: So moved.

16                  COMMISSIONER MARSHALL: Second.

17                  ACTING CHAIRPERSON DiGIACOMO COLINS: --  
18 and to post them on the website?

19                  Is there any discussion?

20                  All in favor?

21                  COMMISSIONERS: Aye.

22                  ACTING CHAIRPERSON DiGIACOMO COLINS:  
23 Opposed?

24                  The motion carries.

25                  My thanks to Board Secretary Paul Resch for

1 his work pulling this project of the approval of all  
2 of the Board minutes together for us.

3 Now we will move to the new business and  
4 the Executive Director's report. We will hear from  
5 our Executive Director, Anne Neeb.

6 MS. LaCOUR NEEB: Good morning,  
7 Commissioner Colins and members of the Board.

8 I have no items that require action by the  
9 Board today, but I would just like to report on some  
10 issues and things that the staff has been doing.

11 First, I want to take this opportunity to  
12 thank Commissioner Colins and Frank Donaghue, our  
13 Chief Counsel, and our regulatory team including  
14 Richard Sandusky and Michelle Afragola for their  
15 tireless efforts in crafting the regulations that are  
16 necessary to bring gaming to Pennsylvania and to  
17 regulate all aspects of the industry to ensure the  
18 highest standards are adhered to.

19 These regulations range from how we conduct  
20 our public input hearings to the framework for our  
21 upcoming suitability hearings on the actual casino  
22 licences.

23 Other subjects covered include underage  
24 gaming, exclusion, self exclusion, employee  
25 credentialing, security issues, and many more.

1           This has been a tireless effort. We're  
2 confident that we have the necessary regulations in  
3 place that define the parameters for the licensing  
4 process, and also to ensure that our licensed  
5 facilities operate under a regulatory framework that  
6 is in the best interest of the Commonwealth.

7           I also want to thank the licensing division  
8 and the Bureau of Investigations and Enforcement,  
9 including Susan Hensel, the Director of Licensing,  
10 and David Kwait, Director of our Bureau of  
11 Enforcement, and Mike Schwoyer and Denyse Miskin for  
12 their efforts in investigating supplier and  
13 manufacturer applications that will be before you all  
14 today for consideration.

15           Like our regulation team, the analysts and  
16 investigating agents have put in countless hours to  
17 ensure that these applicants are thoroughly screened  
18 in every aspect of their application including  
19 financial suitability, operational suitability,  
20 character suitability, and any other issue bearing  
21 upon their character.

22           This work is ongoing. We have a lot of  
23 work ahead of us, particularly with our operator  
24 applications. We are beginning to work with the  
25 Category I and IIs and IIIs by way of background

1 investigations and have actually started that quite  
2 some time ago.

3           This concludes my report. Since we have a  
4 very busy agenda, I will be happy to entertain any  
5 questions you may have.

6           ACTING CHAIRPERSON DiGIACOMO COLINS: Are  
7 there any questions for Anne?

8           Thank you very much.

9           MS. LaCOUR NEEB: Thank you.

10           ACTING CHAIRPERSON DiGIACOMO COLINS: Next  
11 is Mike Walsh, Director of Administration.

12           Mike, you can proceed with your update for  
13 us.

14           MR. WALSH: Thank you, Commissioner Colins.

15           Good morning, members of the Board. We  
16 have two items on the agenda today. The first is the  
17 recommended candidates for employment of which there  
18 are three today.

19           In the Office of Chief Counsel, we propose  
20 Eugene Creany as a senior counsel. In the Office of  
21 Chief Enforcement Counsel, Tracee Hackett as an  
22 assistant enforcement counsel. Finally, in our  
23 Bureau of Financial Management, Kristin Showers as a  
24 fiscal analyst.

25           As prescribed by Board policy, each



1 candidate was required to complete a preliminary  
2 background investigation, including criminal  
3 background check and controlled substance screening.

4 The Bureau of Administration requests a  
5 motion to approve the hiring of these individuals.

6 ACTING CHAIRPERSON DiGIACOMO COLINS: May I  
7 have a motion to approve the hiring of these  
8 candidates for the positions in the agency upon  
9 completion of background investigation and  
10 pre-employee drug screening?

11 COMMISSIONER RIVERS: Based on the  
12 recommendation of the Director of Administration, I  
13 would like to move that these three individuals be  
14 offered the positions here on the Gaming Control  
15 Board.

16 COMMISSIONER MARSHALL: Second.

17 ACTING CHAIRPERSON DiGIACOMO COLINS: Any  
18 discussion?

19 All of those in favor?

20 COMMISSIONERS: Aye.

21 ACTING CHAIRPERSON DiGIACOMO COLINS:  
22 Opposed?

23 The motion carries. Thank you.

24 MR. WALSH: Thank you, Commissioner Colins.

25 I would now ask Frank Donaghue and Doug

1 Sherman to join me as they will discuss a proposed  
2 RFP for the agency.

3 MR. DONAGHUE: Good morning, Commissioner  
4 Colins and members of the Board.

5 The Chief Counsel's staff has been  
6 examining issues of insurance available to Board  
7 members, officials, and employees in the event that  
8 they may be sued for money damages in connection with  
9 the exercise of their official duties, as well as  
10 issues of defense and indemnification under the  
11 Commonwealth's administrative code.

12 Insurance is available in a limited amount  
13 through the Commonwealth's Employee Liability Self  
14 Insurance Program, which will cover costs of  
15 litigation, attorney's fees, judgments, and  
16 settlements.

17 It is questionable, however, whether that  
18 limited insurance would be sufficient to adequately  
19 indemnify Board members and others who are acting to  
20 grant or deny licenses pursuant to the Act.

21 Given the significant capital expenditures  
22 contemplated by the proposals of the gaming industry  
23 entities being entertained by the Board, potential  
24 risks may be far greater than the insurance presently  
25 available.

1           Other state agencies have, in similar  
2 circumstances, contracted for additional insurance  
3 for their decision makers.

4           Likewise, we believe it would be prudent to  
5 further examine the potential liabilities and  
6 insurance options which may be available to the Board  
7 in light of the unique risks associated with the  
8 Board's duties under the Act.

9           To this extent, we recommend that the Board  
10 issue a request and accept proposals for issuance of  
11 broker services and the retention of an insurance  
12 broker for the purpose of providing consultation on  
13 the Board's insurance needs.

14           We would be available for any questions  
15 that you might have.

16           COMMISSIONER McCABE: Madam Chairman, may  
17 I?

18           ACTING CHAIRPERSON DiGIACOMO COLINS:  
19 Absolutely.

20           COMMISSIONER McCABE: Aren't we protected  
21 under some State law or Federal law as long as we're  
22 acting within the scope of our employment that we are  
23 protected?

24           MR. SHERMAN: Commissioner, you're correct.  
25 There are immunities, which are available to Board

1 members for both actions at State law and under  
2 Federal law.

3           The immunities available under Federal law  
4 may go through some phases of litigation to establish  
5 the availability and the appropriateness of that  
6 immunity.

7           The concern is in seeking additional  
8 insurance that the attorney's fees and cost of  
9 litigation may outpace the limited insurance  
10 available.

11           ACTING CHAIRPERSON DiGIACOMO COLINS: Any  
12 further questions?

13           Then may I have a motion for the Board to  
14 issue a request and accept proposals for insurance  
15 brokerage services as outlined by our Chief Counsel?

16           COMMISSIONER COY: So moved, Madam  
17 Chairman.

18           COMMISSIONER RIVERS: Second.

19           ACTING CHAIRPERSON DiGIACOMO COLINS: Any  
20 discussions or further questions?

21           CHAIRMAN DECKER: Mary, I have one point to  
22 make. I don't think this has -- this is the right  
23 way to go. I would recommend it also.

24           I want to make sure people understand that  
25 this does not relieve us of our obligation to act in

1 good faith with respect to the matters that may come  
2 before us.

3 ACTING CHAIRPERSON DiGIACOMO COLINS: Tad,  
4 I think we have difficulty hearing you. Could you  
5 repeat that?

6 CHAIRMAN DECKER: Can you hear me now any  
7 better, Mary?

8 ACTING CHAIRPERSON DiGIACOMO COLINS: A  
9 little better. Thank you.

10 CHAIRMAN DECKER: Okay. What I wanted to  
11 say was this insurance helps us to a great extent in  
12 terms of providing us with the adequate funds to  
13 defend ourselves.

14 On the other hand, it's important to note  
15 that -- and I want to note -- it does not relieve us  
16 of our responsibility in any way, shape, or form to  
17 act in good faith pursuant to our obligations and  
18 things that may come before us as a Board, just like  
19 any other judge or any other official of the  
20 Commonwealth.

21 MR. DONAGHUE: And that is correct with our  
22 analysis as well.

23 ACTING CHAIRPERSON DiGIACOMO COLINS: All  
24 right. Thank you.

25 I'll call this to a vote. All in favor?

1 COMMISSIONERS: Aye.

2 ACTING CHAIRPERSON DiGIACOMO COLINS:

3 Opposed?

4 The motion carries. Thank you very much.

5 Next, Michael Edmiston, Director of  
6 Hearings and Appeals; and Mickey Kane, who is the  
7 Clerk to the Board. They will present withdrawal  
8 petitions and pro hac vice petitions.

9 Michael, you can begin, please.

10 MR. EDMISTON: Good morning, Madam  
11 Chairman, members of the Board.

12 You have before you for approval motions  
13 for withdrawal of nine key employee qualifier  
14 petitions.

15 The Office of Enforcement Counsel has  
16 reviewed each of these withdrawal petitions and has  
17 no objection to the withdrawals being granted without  
18 prejudice.

19 You also have before you one permittee  
20 application petition for withdraw. Like the key  
21 employee qualifiers, the Office of Chief Enforcement  
22 Counsel has no objection. That withdrawal, should be  
23 you grant it, would be granted without prejudice.

24 ACTING CHAIRPERSON DiGIACOMO COLINS: May I  
25 have a motion to approve the Board orders that have



1 been presented by Hearings and Appeals granting these  
2 petitions to withdraw as they have been presented?

3 COMMISSIONER MARSHALL: Madam Chairwoman, I  
4 move that the Board approve the orders granting  
5 withdrawal of the applications of Wesley D. Allison,  
6 Michael F. Cirino, Sr., Tatsuo Hikiji, Joseph Nadan,  
7 Hiroomi Nabeshima, Hideaki Ohashi, Pattison Packer,  
8 Walter B. Stowe, Jr., William J. Velardo, and Douglas  
9 Meredith Young.

10 COMMISSIONER McCABE: Second.

11 ACTING CHAIRPERSON DiGIACOMO COLINS: Are  
12 there any questions or comments before the vote?

13 All of those in favor?

14 COMMISSIONERS: Aye.

15 ACTING CHAIRPERSON DiGIACOMO COLINS:  
16 Opposed?

17 The motion carries.

18 Now we'll turn to the pro hac vice  
19 petitions. I'll ask Mickey Kane to present those.

20 MR. EDMISTON: Madam Chairman, before  
21 Miss Kane proceeds, if I might by way of  
22 clarification, as Board Member Marshall ran the list,  
23 I do not recall having heard the permittee withdrawal  
24 name of Michael Francis Cirino, Sr. Did I --

25 COMMISSIONER MARSHALL: He was said.



1 MR. EDMISTON: Very good.

2 ACTING CHAIRPERSON DiGIACOMO COLINS: That  
3 was included. Thank you.

4 MS. KANE: Good morning, Madam Chairwoman  
5 and members of the Board. You have before you for  
6 disposition today motions requesting that five  
7 attorneys, who are licensed in New Jersey, be granted  
8 permission to appear before the Pennsylvania Gaming  
9 Control Board for the purpose of representing 15  
10 specific entities that have business before the  
11 Board.

12 The status of each attorney was reviewed by  
13 the Office of Chief Counsel, which as to each  
14 individual motion expressed no objection.

15 The names of the attorneys proposed for  
16 admission pro hac vice before the Board are Guy S.  
17 Michael, Robert J. Carroll, Nicholas Casiello, Jr.,  
18 John M. Donnelly, and Michael D. Sklar.

19 ACTING CHAIRPERSON DiGIACOMO COLINS: May I  
20 have a motion to approve the pro hac vice petitions  
21 as they have been presented by Hearings and Appeals?

22 COMMISSIONER McCABE: I move that the Board  
23 approve the orders granting the motions for admission  
24 of pro hac vice of Robert J. Carroll, Nicholas  
25 Casiello, Jr., John M. Donnelly, Guy S. Michael,

1 Michael D. Sklar.

2 COMMISSIONER MARSHALL: Second.

3 ACTING CHAIRPERSON DIGIACOMO COLINS: Any  
4 questions or discussions?

5 All those in favor?

6 COMMISSIONERS: Aye.

7 ACTING CHAIRPERSON DIGIACOMO COLINS:  
8 Opposed?

9 The motion carries.

10 All right. Now I'll ask Chief Counsel  
11 Frank Donaghue to come back and lead the discussion  
12 on the proposed regulations before the Board.

13 MR. DONAGHUE: Thank you, Commissioner  
14 Colins.

15 ACTING CHAIRPERSON DIGIACOMO COLINS:  
16 Excuse me. I'm going to ask that the cell phones be  
17 turned off, please. Okay. Thank you.

18 MR. DONAGHUE: Again, we have a rather  
19 aggressive agenda with regard to a number of  
20 regulations that we would like the Board to consider  
21 for final adoption of these temporary regulations.

22 If it's okay with you, Commissioner, we  
23 would like to start with the resolution related to  
24 emergency Board orders. Doug Sherman is going to  
25 start with that discussion.

1           MR. SHERMAN: Good morning. I'm presenting  
2 to the Board for its consideration, the emergency  
3 order regulation, which will be added to Chapter 403,  
4 Board operations and organization under Subchapter A,  
5 general provisions.

6           This regulation was posted on the Board's  
7 website with a public comment period, which ended on  
8 June 20th.

9           Two comments were received on this  
10 regulation. Staff made a number of formatting and  
11 editorial changes to improve the clarity of the  
12 regulation but did not make any substantive changes  
13 in response to the comments.

14           This regulation provides for the issuance  
15 of emergency orders in limited circumstances to  
16 temporarily suspend a license where continued  
17 operation would compromise public health, welfare, or  
18 safety or otherwise threaten the integrity of gaming  
19 in the Commonwealth.

20           The regulation delegates the power to issue  
21 temporary emergency orders to the Executive Director  
22 upon application of the Office of Enforcement Counsel  
23 in situations where there is insufficient time to  
24 conduct a Board hearing prior to the issuance of the  
25 emergency order.



1           It further provides for the Executive  
2 Director to conduct an evidentiary review, if  
3 requested, within 72 hours of the issuance of the  
4 order.

5           If no review is requested within 72 hours  
6 or the Executive Director sustains the grant of the  
7 emergency record, the regulation also provides for a  
8 final hearing before this Board within ten business  
9 days of the order or at the Board's next meeting at  
10 which time the Board may affirm, revoke, or modify  
11 the order or refer the matter to the Office of  
12 Hearings and Appeals for further hearing.

13           At this time I request that the Board  
14 consider the adoption of this regulation and would be  
15 happy to field any questions which the Board may have  
16 related to the regulation.

17           ACTING CHAIRPERSON DiGIACOMO COLINS: May I  
18 have a motion for the approval of the Board final  
19 temporary regulations governing emergency Board  
20 orders?

21           COMMISSIONER MARSHALL: So moved.

22           ACTING CHAIRPERSON DiGIACOMO COLINS: Is  
23 there a second?

24           COMMISSIONER McCABE: Second.

25           ACTING CHAIRPERSON DiGIACOMO COLINS: Any

1 questions or discussion?

2 All in favor?

3 COMMISSIONERS: Aye.

4 ACTING CHAIRPERSON DIGIACOMO COLINS:

5 Opposed?

6 The motion carries.

7 Frank?

8 MR. DONAGHUE: Next, Commissioner, we would  
9 like to take up for final adoption a motion related  
10 to labor organizations. Today, I'm offering for the  
11 Board's consideration the final temporary regulations  
12 pertaining to labor organizations.

13 These regulations are entitled Chapter 438,  
14 labor organizations. The regulations were published  
15 for a five-day public comment period. We received  
16 three public comments.

17 We have reviewed comments and the  
18 regulations and made some revisions to the  
19 regulations.

20 I would like to highlight some of those  
21 changes for you today. First, regulations have been  
22 revised to allow labor organizations to file a  
23 notification with the Board rather than requiring the  
24 organizations to register with the Board.

25 This was done to ensure that our

1 regulations are consistent with the provisions of the  
2 National Labor Relations Act.

3           Secondly, the Board will issue permits to  
4 officers, agents, and principal employees of labor  
5 organizations. Those officers, agents, and  
6 principals who exercise the authority with regard to  
7 any matter relating to employees who are employed in  
8 a licensed gaming facility will be required to obtain  
9 this permit.

10           I would be happy to take any questions that  
11 you might have, and I would ask that the Board move  
12 to adopt these regulations as final.

13           ACTING CHAIRPERSON DiGIACOMO COLINS: May I  
14 have a motion to approve the final temporary  
15 regulations governing labor organizations?

16           COMMISSIONER COY: So moved.

17           ACTING CHAIRPERSON DiGIACOMO COLINS: Is  
18 there a second?

19           COMMISSIONER RIVERS: Second.

20           ACTING CHAIRPERSON DiGIACOMO COLINS: Any  
21 questions?

22           All in favor?

23           COMMISSIONERS: Aye.

24           ACTING CHAIRPERSON DiGIACOMO COLINS:  
25 Opposed?

1           The motion carries.

2           MR. DONAGHUE: Next, Commissioner, we're  
3 going to turn it over to our Deputy Director for  
4 Regulatory Review, Michelle Afragola, who is going to  
5 discuss the final adoption of temporary regulations  
6 related to employee status reports.

7           MS. AFRAGOLA: Good morning. I'm offering  
8 for your consideration today two regulations for  
9 final adoption.

10           These regulations would fall under Chapter  
11 441, slot machine licenses. The regulations are  
12 Sections 441.21 and 441.22 entitled employee status  
13 report and notice of employee misconduct and  
14 offenses.

15           These regulations were published for a  
16 five-day public comment period, and we received two  
17 public comment submissions.

18           Section 441.21 outlines the slot machine  
19 operator's duty to provide the Board a monthly status  
20 report listing its current employees and information  
21 accompanying the employees such as their name,  
22 address, credential number, etc.

23           We have modified this regulation to require  
24 operators to maintain this report current at all  
25 times and to have the employees' access numbers





1 included on this report.

2 Section 441.21, entitled notice of employee  
3 misconduct and offenses, provides that slot machine  
4 operators must notify the Board within five days of  
5 the termination of any employee and of any  
6 information surrounding the termination of the  
7 employee that could be cause for suspension or  
8 revocation of the employee's license.

9 This regulation also provides that the  
10 operator must immediately notify the Board upon  
11 learning of any charging, indictment, or conviction  
12 of any of its employees or affiliates for an offense  
13 listed under Section 1518 of the Act.

14 I would be happy to take any questions.

15 ACTING CHAIRPERSON DiGIACOMO COLINS: May I  
16 have a motion to approve the final temporary  
17 regulations governing employee status reports?

18 COMMISSIONER MARSHALL: So moved.

19 COMMISSIONER COY: Second.

20 ACTING CHAIRPERSON DiGIACOMO COLINS: Any  
21 questions?

22 All in favor?

23 COMMISSIONERS: Aye.

24 ACTING CHAIRPERSON DiGIACOMO COLINS:  
25 Opposed?

1           The motion carries.

2           MS. AFRAGOLA: Thank you.

3           MR. DONAGHUE: Thank you, Commissioner.

4           Next, I would like to turn it over to the  
5 Director of our Regulatory Review, Rich Sandusky, who  
6 is going to discuss omnibus regulation changes.

7           MR. SANDUSKY: The package that we have  
8 before you that we're requesting your approval of  
9 actually consists of eight distinct parts that were  
10 assembled into one regulation.

11           The first piece deals with delegation of  
12 powers. This establishes a process whereby the Board  
13 can delegate to its staff certain functions. That  
14 delegation may take the form of adoption of a  
15 regulation that specifically specifies the condition  
16 of the delegation or it may be done by a resolution  
17 adopted by the Board at a public meeting, such as  
18 today's meeting.

19           The regulation also contains provisions,  
20 which allow the Board to modify that power that has  
21 been delegated to the staff if it so desires in the  
22 same manner that it did the delegation.

23           The second piece in the package deals with  
24 investigatory subpoenas. What this does is make it  
25 clear that the Director of Enforcement Counsel does

1 have the power to issue those subpoenas to require  
2 the attendance and testimony of witnesses or the  
3 production of documents.

4           The next provision, which is in Chapter  
5 421, concerning general requirements makes it clear  
6 that it's the applicant's affirmative responsibility  
7 to establish their suitability for licensure by clear  
8 and convincing evidence.

9           The fourth piece, which is in the employee  
10 general provision section of our regulations, deals  
11 with wagering by employees.

12           This regulation will prohibit wagering by  
13 anyone who holds a license or permit from this Board  
14 from gaming at any licensed facility within the  
15 Commonwealth.

16           The regulations provides a somewhat lesser  
17 standard for individuals who are registrants or  
18 simply employees of licensed facilities.

19           The prohibition of gaming for those  
20 individuals will only apply at the facility where  
21 they are employed.

22           Finally, this regulation contains a 30-day  
23 period after ceasing employment for licensees  
24 permitted or registered individuals from gaming at  
25 the licensed facility where they were employed.

1           We did receive some comments on this  
2 particular portion of the package. In response to  
3 those comments, we dropped a requirement for a 30-day  
4 stay out, if you will, on gaming for individuals who  
5 aren't licensed, permitted, or registered but may be  
6 employed.

7           This might include someone like a parking  
8 lot attendant or whatnot. We did not feel the 30-day  
9 limitation was necessary for these individuals.

10           The next part of our package contains our  
11 service requirements. It simply outlines how the  
12 Board in its proceedings will provide service of  
13 documents to parties that are involved.

14           The next piece in Chapter 493 deals with  
15 formal complaints. What it does is it clarifies that  
16 individuals who are involved in these complaint  
17 proceedings do bear the burden of proof of  
18 establishing the facts of their case again by clear  
19 and convincing evidence.

20           The final two pieces are also amendments to  
21 Chapter 493. The first outlines discovery  
22 procedures, which will be available for use in our  
23 proceedings.

24           The final piece outlines the procedures  
25 that will govern consent agreements. Basically,



1 those come to the Board and actually occur at almost  
2 any point during the process.

3 I'll be happy to try to respond to any  
4 questions you have. We would ask for a motion for  
5 approval of these amendments.

6 ACTING CHAIRPERSON DiGIACOMO COLINS: Thank  
7 you.

8 May I have a motion to approve the omnibus  
9 regulation changes?

10 COMMISSIONER McCABE: I move that the Board  
11 adopt the revised draft regulations as its temporary  
12 regulations for delegation of powers, investigatory  
13 subpoena, burden of proof, wagering by employees,  
14 service by the Board, formal complaints, discovery,  
15 and consent agreements.

16 COMMISSIONER MARSHALL: Second.

17 ACTING CHAIRPERSON DiGIACOMO COLINS: Any  
18 further discussion?

19 All in favor?

20 COMMISSIONERS: Aye.

21 ACTING CHAIRPERSON DiGIACOMO COLINS:  
22 Opposed?

23 The motion carries.

24 MR. DONAGHUE: Next, Commissioner Colins,  
25 we would like to turn back to Richard Sandusky, who

1 is going to discuss multiple regulation changes  
2 related to Chapters 405, 421, 423, and 441.

3 MR. SANDUSKY: The four pieces that Frank  
4 just listed are things that we found in our final  
5 review, were basically some holes that we wanted to  
6 make sure we had covered.

7 The first one in Chapter 405 outlines  
8 procedures for enforcement actions. In essence, what  
9 will occur is that an individual where there is an  
10 allegation will receive notice from the Board. That  
11 individual will have 15 days to request a hearing.

12 If they elect not to request a hearing or  
13 do not respond, then the matter will be forwarded to  
14 the Board based on the documentary record that has  
15 been established.

16 The next section, which is in 421, really  
17 is designed to implement Section 1102.5 of the Act,  
18 which addresses monopolization within the gaming  
19 industry.

20 What this regulation would do is provide a  
21 list of criteria, things that the Board will look at  
22 as it reviews applications, to determine whether or  
23 not there is undue concentration within the industry.

24 The next piece has to do with restriction  
25 on reapplication. This really affects individuals



1 whose applications have been denied or, you know, in  
2 those sorts of situations.

3           Reapplication will be prohibited for a  
4 period of five years. However, an individual after  
5 two years may petition the Board for early  
6 consideration and reapplication.

7           The regulation contains guidance to the  
8 individuals as to how they should file those  
9 petitions and how they will be reviewed.

10           The final piece has to do with slot machine  
11 license agreements. These are agreements between a  
12 person and a slot machine licensee, which provide for  
13 any form of payment to that person, such as a  
14 percentage share of earnings or revenue.

15           It will require that those agreements must  
16 come to the Board for review and scrutiny and be  
17 approved by the Board.

18           I'll be happy to try and answer any  
19 questions you may have on these provisions.

20           ACTING CHAIRPERSON DiGIACOMO COLINS: Thank  
21 you.

22           May I have a motion to adopt 405.7, 421.5,  
23 423.6, and 421.23 as proposed by Mr. Sandusky?

24           COMMISSIONER RIVERS: Based on the  
25 recommendation of the Chief Counsel and Mr. Sandusky,

1 I make a motion that we accept the following changes.

2 COMMISSIONER MARSHALL: Second.

3 ACTING CHAIRPERSON DiGIACOMO COLINS: Any  
4 further discussion?

5 All in favor?

6 COMMISSIONERS: Aye.

7 ACTING CHAIRPERSON DiGIACOMO COLINS:  
8 Opposed?

9 Motion carries.

10 MR. DONAGHUE: Thank you, Commissioner.

11 Next, I would like to turn it over to  
12 Deputy Chief Counsel Maureen Williamson, who is going  
13 to address temporary regulations on slot machine  
14 testing, internal controls, and commencement of  
15 operations.

16 MS. WILLIAMSON: Good morning, Chair Colins  
17 and members of the Board. Before you for  
18 consideration this morning is the adoption of a  
19 number of regulatory proposals really dealing with  
20 the operation of a slot facility.

21 The first regulatory proposal that is  
22 before you for adoption this morning is a third  
23 installment of Chapter 465. That's our accounting  
24 and internal controls.

25 That particular chapter, the third

1 installment, addresses a number of topics, but most  
2 predominantly it addresses the financial transactions  
3 that are permissible in the cashier's cage; and  
4 specifically, provision is made under these sections  
5 under certain enumerated conditions to allow cashing  
6 of personal checks, acceptance of cash equivalents,  
7 and wire transfers and customer deposits.

8           This section of regulations also addresses  
9 security and facility considerations with regard to a  
10 count room and procedures that are used in that count  
11 room.

12           It further addresses procedures attendant  
13 to the payment of jackpots that are not paid directly  
14 by a slot machine.

15           In this particular section, our proposed  
16 regulatory scheme really adopts typical industry  
17 payment protocols. It allows for the use of  
18 automated jackpot payout machines and other forms of  
19 electronic confirmation of a jackpot, and it is open  
20 to various types of jackpot payments including pouch  
21 pays and annuity jackpots and merchandise jackpots.

22           In addition to this installment of Chapter  
23 465, the Board has asked to consider and adopt an  
24 entirely new body of regulations dealing with the  
25 prerequisites to the conduct of an actual gaming

1 operation by a slot machine licensee.

2           In this new chapter, which is 467 entitled  
3 commencement of slot operations, the Board requires  
4 approval of a specific floor plan that would, in  
5 fact, reflect the proposed gaming floor and all  
6 restricted areas servicing the gaming floor.

7           That particular floorplan will be the  
8 vehicle that the Board will use to fix the maximum  
9 amount of gaming floor square footage and the number  
10 of slot machines that are authorized for that  
11 particular floorplan.

12           Chapter 467, then goes on perhaps more  
13 importantly to really enumerate the prerequisites  
14 that a slot machine licensee must meet prior to the  
15 commencement of slot operations.

16           In specific, this section enumerates  
17 various levels of readiness, which a licensee must  
18 show prior to opening their doors for operation, and  
19 these levels of readiness would go to the readiness  
20 of the licensed facility itself and its security and  
21 surveillance function.

22           It would go to the testing and approval of  
23 all of its slot machines and associated equipment.  
24 It would speak to the system of accounting and  
25 internal control, the licensing of all of its



1 personnel and their training and the satisfactory  
2 completion of a test period.

3           As drafted, this particular chapter would  
4 provide the Board with a methodology pursuant to  
5 which once the enumerated conditions and any other  
6 conditions preceding to opening are satisfied by a  
7 slot machine licensee, that that licensee may  
8 actually commence operations as of a fixed date and  
9 time.

10           This would be the vehicle pursuant to which  
11 we would fix the authorized square footage for that  
12 gaming floor and the maximum number of slot machines  
13 that may be operated on that floor.

14           Then following the provisions of 1210 of  
15 the Act, should a licensee wish to change or revise  
16 the square footage or the number of authorized slot  
17 machines, they would come back to the Board for that  
18 approval.

19           Also before the Board this morning are two  
20 sets of amendments to chapters that were temporarily  
21 adopted back on June 15th.

22           Specifically, with regard to Chapter 461,  
23 which is our chapter dealing with slot machines and  
24 associated equipment, we have a few amendments which  
25 are necessary in order to allow a consistent

1 treatment of this subject matter and to address a few  
2 remaining technical topics.

3           So you have before you a packet, which  
4 includes amendments to Section 461 with regard to  
5 clarification of the Board's authority with regard to  
6 slot machines that may be installed in a facility  
7 that have not been tested and approved by the Board.

8           You have procedures with regard to the slot  
9 machine licensee's obligation to report to the Board,  
10 suspected known or suspected malfunctions or defects  
11 in slot machines or associated equipment.

12           We have procedures with regard to patron  
13 disputes with regard to automatic jackpot payout  
14 machines and with regard to the use of alterable  
15 storage media in slot machines or associated  
16 equipment.

17           Similarly with regard to Chapter 465, we  
18 have a few clarifying amendments that really go to  
19 definitions of signature and access badge, so there  
20 are no misunderstandings as to expectations in those  
21 areas.

22           Clarification as to the fact that an  
23 operator would need to have the Board's approval  
24 before amending minimum staffing requirements with  
25 regard to their surveillance monitor room or their

1 security department and a more explicit clarification  
2 of an operator's duty to report to the Board known or  
3 suspected regulatory or criminal violations.

4 If the Board has any questions at this  
5 time.

6 ACTING CHAIRPERSON DiGIACOMO COLINS: I  
7 have a question. The regulations that you're  
8 proposing having to do with the commencement of  
9 operations, these are very important and significant  
10 provisions, are they not, that set the standards that  
11 an operator must meet in order to open the door of  
12 the casino; is that correct?

13 MS. WILLIAMSON: That's absolutely correct,  
14 Commissioner Colins.

15 ACTING CHAIRPERSON DiGIACOMO COLINS: And  
16 your primary experience has been in this area in  
17 enforcement in New Jersey.

18 I ask you if these standards are comparable  
19 to the level of the New Jersey standards with respect  
20 to certificates of operation.

21 MS. WILLIAMSON: Commissioner Colins, these  
22 standards very much mirror the standards that are  
23 utilized in New Jersey with regard to the issuance of  
24 a certificate of operation.

25 They ensure that an operator, slot machine



1 licensee has from the Board a very defined set of  
2 expectations as to what needs to be in place in order  
3 to commence operations.

4           So these are multifaceted and really look  
5 to make sure that the facility is where it needs to  
6 be, that the systems and procedures are where they  
7 need to be, that the personnel have been trained,  
8 that all zoning and planning approvals system  
9 prerequisite to actual occupancy of the facility are  
10 in place, and that any other prerequisites that the  
11 Board would set down at the time in connection with  
12 the statement of conditions issued at the time of the  
13 granting of a license have been met.

14           So again, it really provides a checklist  
15 mechanism so that all parties are aware of the  
16 expectations to the Board.

17           ACTING CHAIRPERSON DiGIACOMO COLINS: Thank  
18 you.

19           May I have a motion for the approval of the  
20 final temporary regulations governing slot machine  
21 testing, internal controls, and commencement of  
22 operations?

23           COMMISSIONER ANGELI: Madam Chairman, I  
24 move that the Board adopt Resolution 2006-23,  
25 Regulations Chapters 461, 465, 467 as its temporary

1 regulations for slot machine and associated  
2 equipment, accounting and internal controls and  
3 commencement of slot operations.

4 COMMISSIONER MARSHALL: Second.

5 ACTING CHAIRPERSON DiGIACOMO COLINS: Any  
6 further questions?

7 All in favor?

8 COMMISSIONERS: Aye.

9 ACTING CHAIRPERSON DiGIACOMO COLINS:  
10 Opposed?

11 The motion carries.

12 Thank you.

13 MR. DONAGHUE: Commissioner Colins, Maureen  
14 is also going to discuss statements of policy for  
15 amendments to technical standard 461a.2.

16 MS. WILLIAMSON: With the Board's  
17 indulgence back on June 15th, we also adopted a  
18 number of statements of policies, one of them a  
19 technical standard on tower lights.

20 In the intervening period, the need was  
21 seen to somewhat broaden the opportunities under that  
22 standard. This is an amendment which would allow a  
23 utilization of an alternative scheme for the bottom  
24 light of a tower light, which would give the tower  
25 light some ability to have not only a notice effect

1 but potentially a little bit useful in a marketing  
2 context.

3 So I would ask the Board to go ahead and  
4 adopt this amendment to the statement of policy.

5 ACTING CHAIRPERSON DiGIACOMO COLINS: May I  
6 have a motion?

7 COMMISSIONER MARSHALL: Madam Chairman, I  
8 move that the Board adopt the amendments to the  
9 statement of policy on Chapter 461.a and that the  
10 amendments be published in the Pennsylvania Bulletin.

11 COMMISSIONER RIVERS: Second.

12 ACTING CHAIRPERSON DiGIACOMO COLINS: All  
13 in favor?

14 COMMISSIONER: Aye.

15 ACTING CHAIRPERSON DiGIACOMO COLINS:  
16 Opposed?

17 The motion carries.

18 Thank you.

19 MR. DONAGHUE: Thank you, Commissioner.

20 And Richard Sandusky is next going to  
21 discuss a number of technical changes to existing  
22 regulations.

23 MR. SANDUSKY: The package that we're  
24 seeking your approval of now contains nine revisions  
25 to existing regulations to address areas where we

1 felt we needed to expand or clarify information.

2           The first amendment has to -- amends that  
3 definition of key employee qualifier to remove  
4 underwriters who hold securities for less than 90  
5 days.

6           Underwriters whose involvement is limited  
7 in this aspect, the staff fields, do not need to  
8 require -- do not need to obtain the licensure of a  
9 key employee qualifier.

10           The second amendment in this package amends  
11 Section 401.5 jurisdiction. What it does is it  
12 clarifies that nothing in the Board regulations is to  
13 be deemed to limit in any way the powers that are  
14 contained in the statute itself.

15           The third change deals with the Office of  
16 Enforcement Counsel. That just eliminates some  
17 surplus language that was in there that on further  
18 review, we decided we really did not need.

19           The fourth piece amends Chapter 421,  
20 general requirements. What this does is it makes  
21 clear that the person holding the license, permit,  
22 registration, or certification who violates the  
23 provision of the Act or the Board's regulations may  
24 be held both jointly or severally liable in such  
25 instances.

1           The next piece that we're bringing has to  
2 do with incomplete applications. There have been  
3 some instances where people have applied but after  
4 repeated requests from the licensing bureau have  
5 failed to supply information.

6           These are sort of applications that the  
7 applicants have lost interest in. What this  
8 provision will do is allow the Board to convert those  
9 incomplete applications to request to withdraw, which  
10 would then come before the Board.

11           The next piece in the package has to do  
12 with Chapter 435, which deals with employees. What  
13 it does is it makes clear that all employees must be  
14 current in any financial obligations owed to the  
15 Commonwealth or any of its subdivisions. This would  
16 pick items such as back taxes, property taxes, or  
17 child support.

18           The next piece in the package has to do  
19 with credentialing. This is simply a housekeeping  
20 provision, which requires anyone whose credential has  
21 been revoked or expired should return that credential  
22 to the Board.

23           The next piece deals with Chapter 441,  
24 specifically the licensing hearing for slot machine  
25 licensees. These changes really come as a result of

1 the first prehearing conference that was held.

2           What it does is it adds clarifying  
3 language, which codifies the Board's intent that each  
4 applicant would have the same amount of time for  
5 their presentation so that all Category IIs would be  
6 on equal footing, for example.

7           The second piece also will allow the filing  
8 of additional evidence, testimony, or reports after  
9 the 30-day memorandum filing date in limited  
10 circumstances.

11           These circumstances would be to respond to  
12 requests from the Board or to address issues that  
13 could not have been reasonably anticipated by the  
14 applicant prior to their 30-day filing.

15           The last piece in this package is really a  
16 deletion. We did have in our regulations a provision  
17 for petitions for declaratory order.

18           Upon further review, we do not believe the  
19 statute contains explicit authority for that.  
20 Therefore, we're proposing the removal of that  
21 provision.

22           I would be happy to answer any questions.

23           ACTING CHAIRPERSON DiGIACOMO COLINS: May I  
24 have a motion to approve the technical changes to the  
25 existing regulations as presented?

1 COMMISSIONER COY: So moved.

2 COMMISSIONER MARSHALL: Second.

3 ACTING CHAIRPERSON DiGIACOMO COLINS: Any  
4 questions?

5 All in favor?

6 COMMISSIONERS: Aye.

7 ACTING CHAIRPERSON DiGIACOMO COLINS:  
8 Opposed?

9 Motion carries.

10 Thank you, Mr. Chief counsel.

11 MR. DONAGHUE: Thank you.

12 ACTING CHAIRPERSON DiGIACOMO COLINS: And  
13 thank you to all of your staff, again, for all the  
14 work. I repeat the gratitude expressed by the  
15 Executive Director.

16 MR. DONAGHUE: I know they appreciate that.

17 ACTING CHAIRPERSON DiGIACOMO COLINS: All  
18 right. Now, the next thing is a series of  
19 manufacturer -- do we have -- the next thing is a  
20 series of manufacturer licenses and the applications  
21 for our consideration.

22 Susan Hensel, our Director of Licensing,  
23 Mike Schwoyer, our Chief Enforcement Counsel are now  
24 going to present these manufacturer license  
25 applications; and Lamonte Williams, our Chief

1 Diversity Officer, will also be available to discuss  
2 the diversity-related issues with respect to these  
3 applications. Thank you.

4 MS. HENSEL: Thank you, Commissioner  
5 Colins, and good morning, members of the Board. Mike  
6 Schwoyer, Chief Enforcement Officer, Lamonte  
7 Williams, Chief Diversity Officer, and I are before  
8 the Board this morning to present to you the  
9 remaining filed manufacturer applications and all  
10 filed supplier applications for your consideration.

11 Prior to today's meeting, each of you was  
12 provided with background investigation and executive  
13 summary suitability reports for each of the 33  
14 applicants.

15 In general, each application went through  
16 the following procedure. The application was  
17 received, docketed, and reviewed by the Bureau of  
18 Licensing for completeness.

19 Outstanding items regarding the application  
20 were obtained from the applicant. The application  
21 was handed off to the Bureau of Investigation and  
22 Enforcement for investigation and in the case of  
23 suppliers was also handed off to the Bureau of  
24 Corporate Compliance and Internal Controls.

25 The Bureaus investigated the character and



1 financial suitability of the applicants. The Bureaus  
2 then provided the results of their work to the Bureau  
3 of Licensing.

4 In addition, the Chief Diversity Officer  
5 conducted a review of the applicant's diversity plan  
6 and provided the results of that review to the Bureau  
7 of Licensing.

8 The Office of Chief Counsel lawyers then  
9 prepared suitability reports based on information in  
10 the application and the results of the investigation.  
11 The reports were provided to each Board member for  
12 review.

13 Before I go on, I would like to ask Lamonte  
14 Williams to please explain the process that he puts  
15 each of the diversity plans through.

16 MR. WILLIAMS: Good morning, Chairman.  
17 Good morning, members of the Board.

18 This morning, I would like to give you a  
19 brief summary of the factors that the Pennsylvania  
20 Gaming Control Board considers when reviewing an  
21 applicant's diversity plan.

22 First, I would like to give you our vision  
23 of what is a diversity plan. A diversity plan is a  
24 group of systemic initiatives that are endorsed at  
25 all levels of an organization to ensure equal



1 opportunity in all aspects of an organization's  
2 activity.

3 I would like to stress that this means  
4 equal opportunity for all and not -- and not  
5 protection for protected classes. Therefore, a  
6 diversity plan is not an affirmative action plan.

7 In fact, if the diversity plan is  
8 meaningful and effective, it eliminates the need for  
9 an affirmative action plan.

10 In order to have an effective and a  
11 meaningful diversity plan, an organization must view  
12 diversity as a strategic business initiative at all  
13 levels of the organization.

14 For example, is diversity discussed at the  
15 executive strategic planning sessions? Is diversity  
16 a factor in measuring organizational and individual  
17 performance?

18 In sum, diversity initiatives should be  
19 woven into the fabric of an organization's culture.  
20 I think it's important to note that the Pennsylvania  
21 Gaming Control Board is leading by example.

22 The Bureau of Licensing, the Bureau of  
23 Corporate Compliance and Internal Controls, as well  
24 as the Office of Chief Enforcement Counsel have made  
25 diversity initiatives an integral part of their due

1 diligence investigation of each applicant.

2 Under Section 1325(B) of the Pennsylvania  
3 Racehorse Development and Gaming Act, an applicant  
4 must develop and implement or agree to develop and  
5 implement a diversity plan in order to assure that  
6 all persons are accorded equal opportunity in  
7 employment and contracting by the applicant, its  
8 contractors, subcontractors, assignees, lessees,  
9 agents, vendors, and suppliers.

10 Therefore, an applicant must either have a  
11 diversity plan in place or express its intent to  
12 develop a diversity plan.

13 As part of my review, I identify that,  
14 meaning I identify the applicant has expressed a  
15 statement of interest or if it actually has a plan in  
16 place at this point.

17 Next, Section 481.4 of the Pennsylvania  
18 Gaming Control Board regulations requires that an  
19 applicant must establish a separate goal of diversity  
20 in ownership, participation, and operation of  
21 employment at the proposed entity.

22 Another one of my analysis factors is to  
23 make sure that they actually have stated a separate  
24 goal for each one of those three areas.

25 Next, I analyzed the plan to see if the



1 applicant is utilizing the standard industry  
2 practices in diversity.

3           For example, does the applicant have an EEO  
4 statement? Does this statement include Federal,  
5 State, and locally protected classes, such as  
6 minorities, women, Americans with disabilities,  
7 religion, national origin, age, or veteran status?

8           Does the plan contain whistle blower  
9 statements, anti-discrimination statements, and an  
10 explanation of discrimination complaint process?

11           Does the applicant include utilization  
12 analysis? Does this analysis include workforce  
13 analysis, job group analysis, availability  
14 utilization analysis, and procurement analysis?

15           If they do include this analysis, have they  
16 created a separate goal based on this analysis for  
17 the company?

18           Procedures for implementing and  
19 dissemination of plan of diversity plans are also a  
20 factor that I look at.

21           Is a supplier diversity plan included? Are  
22 program actions objectives outlined? I also look at  
23 a list of successful administrative and legal claims  
24 of discrimination against the applicant.

25           While the filing of a claim is not proof

1 positive of a hostile work environment or that an  
2 applicant has discriminatory practices, a successful  
3 discrimination complaint should definitely be a  
4 factor when analyzing a diversity plan of an  
5 applicant.

6           One of the examples of what we have been  
7 doing is that we also require that each applicant  
8 keep us current on their diversity initiatives.

9           An example of that is on May 26th, we  
10 issued an industry letter to Category I applicants  
11 requesting an updated report of their diversity  
12 initiatives with regard to vendors, contracting,  
13 etc.

14           We have included a utilization report for  
15 them to complete so that we will receive consistency  
16 of information.

17           I would like to mention that Melinda  
18 Tucker, Director of Racehorse Development, who has  
19 experience in diversity initiatives in the Louisiana  
20 gaming industry, has been assisting me with  
21 developing and creating reports and the format of  
22 those reports that we will require licensees to  
23 report to the Board on a quarterly basis.

24           Last, we have solicited help from other  
25 gaming jurisdictions also. Specifically, I would

1 like to note Nevada and Louisiana.

2 That concludes my report. I'll be happy to  
3 answer any questions that the Board has at this  
4 point.

5 ACTING CHAIRPERSON DiGIACOMO COLINS: Thank  
6 you.

7 MS. HENSEL: Thank you, Lamonte.

8 Should the Board approve licensure of any  
9 of the applicants before you today, they would be  
10 subject to a series of standard conditions and, where  
11 appropriate, special conditions.

12 We have provided copies of the standard  
13 conditions to you and at prior public meetings of the  
14 Board have explained the general nature of these  
15 conditions as they relate to manufacturers.

16 Mike Schwoyer will be talking with you  
17 about special conditions and supplier conditions  
18 later in the presentation.

19 The 33 applicants will be presented to the  
20 Board today in four groups. The groups are, first,  
21 manufacturer applicants for approval without  
22 objection of staff.

23 Second, manufacturer applicants to be  
24 considered and returned to staff in order to provide  
25 the applicant with additional time to establish



1 suitability through continued information gathering  
2 and/or investigation.

3 Third, supplier applicants to be considered  
4 for approval without objection of the staff. Fourth,  
5 supplier applicants to be considered and returned to  
6 staff in order to provide the applicants with  
7 additional time to establish their suitability  
8 through continued information gathering and/or  
9 investigation.

10 The first applicants we will present to you  
11 are three manufacturers for which the Bureau of  
12 Licensing and the Bureau of Investigation and  
13 Enforcement have not at this time identified any  
14 issues that would preclude licensure.

15 The applicants are Bally Gaming, Inc.,  
16 Spielo Manufacturing, ULC, and GTECH Corporation.  
17 Both Bally Gaming, Inc, and Spielo Manufacturing, ULC  
18 were evaluated under alternative licensing standards  
19 as provided for in the Racehorse Development and  
20 Gaming act.

21 Under alternative manufacturing licensing  
22 standards, the Board may determine whether the  
23 licensing standards of another jurisdiction within  
24 the United States in which an applicant for a  
25 manufacturer license is similarly licensed are



1 comprehensive and thorough and provide similar  
2 safeguards as those required by the Act.

3           If the Board makes that determination, it  
4 may issue a manufacturer's license after conducting  
5 an evaluation of the information relating to the  
6 applicant from the other jurisdiction as updated by  
7 the Board and evaluating other information related to  
8 the applicant.

9           Where an applicant for a manufacturer's  
10 license is licensed in another jurisdiction, the  
11 Board may use an abbreviated licensing process.

12           GTECH Corporation was not evaluated using  
13 alternative licensing standards because the company  
14 is not similarly licensed in any of the Board's  
15 approved licensing -- alternative licensing  
16 jurisdictions.

17           GTECH Corporation was, however,  
18 investigated as part of the licensing of Spielo in  
19 Louisiana. Spielo is a subsidiary of GTECH. In  
20 addition, the key employee qualifiers of Spielo are  
21 the key employee qualifies of GTECH.

22           For each application, we have prepared for  
23 the Board's review proposed Board orders. Each of  
24 you have been provided with copies of the proposed  
25 orders prior to this meeting.

1           For the benefit of the Board and for those  
2 in attendance, I will read the text of the four types  
3 of proposed orders as we address each group, keeping  
4 in mind that the actual order for each applicant has  
5 been tailored to that applicant.

6           Following this meeting, I will provide  
7 copies of all of the orders to the stenographer for  
8 incorporation into the minutes.

9           With respect to Bally Gaming, Inc., Spielo  
10 Manufacturing, ULC, and GTECH Corporation, the  
11 proposed order states:

12           And now, this 28th day of June, 2006, the  
13 Pennsylvania Gaming Control Board based on its review  
14 of the application and the report of the Bureau of  
15 Licensing and Bureau of Investigations and  
16 Enforcement finds that the applicant satisfies the  
17 requirements of 4 Pa.C.S. Section 1317 as follows:

18           That the applicant submitted an application  
19 for a manufacturer license pursuant to 4 Pa.C.S.  
20 Section 1317(a).

21           That the applicant is a manufacturer of  
22 slot machines and/or associated equipment as defined  
23 in 4 Pa.C.S. Section 1103.

24           That the applicant's key employee  
25 qualifies submitted applications for licensure in

1 conjunction with the applicant's application pursuant  
2 to 4 Pa.C.S. Section 1317(a).

3           And at this point, we would insert the  
4 appropriate names of the applicant's key employee  
5 qualifier.

6           That the Board finds that the applicant's  
7 application and the applications of its qualifiers  
8 satisfy the statutory requirements for license  
9 eligibility.

10           That the Board finds that the applicant is  
11 a licensee in good standing in, and here we would  
12 insert the name of the alternative licensing  
13 jurisdiction for both Bally and Spielo.

14           And that the Board finds that the licensing  
15 standards of the alternative jurisdiction are  
16 comprehensive and thorough and provide similar,  
17 adequate safeguards as those required by the  
18 Pennsylvania Racehorse Development and Gaming Act.

19           That pursuant to 4 Pa.C.S. Section 1202(a),  
20 the Board has jurisdiction over every aspect of the  
21 authorization and operation of slot machines in this  
22 Commonwealth.

23           And that pursuant to Pa.C.S. Section  
24 1202(b)(5), the Board has authority to issue,  
25 approve, renew, revoke, suspend, condition or deny

1 issuance or renewal of manufacturer licenses.

2           It is ordered that the Board approves the  
3 licenses for the applicant and its qualifiers subject  
4 to the satisfaction of the following conditions:

5           That the applicant pay the \$50,000 license  
6 fee and any other outstanding fees as determined by  
7 the Board pursuant to the 4 Pa.C.S. Section 1208, and  
8 that the applicant agrees to the statement of  
9 conditions attached hereto as evidenced by the  
10 signing of said agreement by the applicant's  
11 Executive Officer or designee within five business  
12 days of the Board's approval of the licenses.

13           It is further ordered that the licenses for  
14 the applicant and its qualifiers shall be issued by  
15 the Board upon payment of the aforesaid fees and upon  
16 the receipt of the signed statement of conditions and  
17 that the licenses shall be subject to the annual  
18 renewal provisions of the Act.

19           At this point, I will turn to Mike  
20 Schwoyer, who would like to address the Board as to  
21 these applicants.

22           MR. SCHWOYER: Good morning. The Office of  
23 Enforcement Counsel has received and reviewed the  
24 background investigation and executive summary  
25 suitability reports for Bally Gaming, Inc., Spielo

1 Manufacturing, ULC, and GTECH Corporation.

2           Following the review of this information,  
3 the Office of Enforcement Counsel has not filed or  
4 made any objection concerning the issuance of a  
5 manufacturer license to these applicants. As is  
6 always the case, the suitability investigations of  
7 these applicants will be ongoing.

8           As Susan previously indicated, should the  
9 Board approved the issuance of a license to these  
10 applicants, each license would be subject to a  
11 standard statement of conditions, which are similar  
12 to those which accompany prior manufacturer licenses  
13 issued by the Board.

14           In addition, the Office of Enforcement  
15 Counsel is recommending that the statement of  
16 conditions for Bally Gaming, Inc. and GTECH  
17 Corporation each contain special conditions.

18           In the case of Bally Gaming, Inc., we are  
19 recommending that the Board order four special  
20 conditions relating to a matter involving the United  
21 States Securities and Exchange Commission.

22           In the indication of GTECH Corporation, we  
23 are recommending that the Board order nine special  
24 conditions. Four of these special conditions relate  
25 to a matter involving United States Security and

1 Exchange Commission.

2 Four of these special conditions relate to  
3 the fact that GTECH Corporation will be manufacturing  
4 and operating the Commonwealth Central Control  
5 Computer System, which the Board must be able to  
6 access and use to conduct the interoperability  
7 testing and certification of slot machines  
8 manufactured for use or play in the Commonwealth and  
9 to regulate gaming in the Commonwealth.

10 The remaining condition relates to the need  
11 to ensure the continuous operation and availability  
12 of a Commonwealth Central Control Computer System.

13 MS. HENSEL: Commissioner Colins, we ask  
14 that the Board vote on each of three manufacturer  
15 applicants individually.

16 ACTING CHAIRPERSON DiGIACOMO COLINS: Are  
17 there any questions before we proceed to a vote?

18 COMMISSIONER McCABE: I have one. Could  
19 you please tell the Board where Bally and Spielo is  
20 already licensed.

21 MS. HENSEL: Spielo is licensed in  
22 Louisiana. Bally is licensed in a number of  
23 jurisdictions. We looked to Nevada as its  
24 alternative licensing jurisdiction.

25 COMMISSIONER McCABE: Thank you.



1                   COMMISSIONER MARSHALL: Madam Chairperson,  
2 I would like to move that the Board adopt an order  
3 approving the manufacturer's license for Bally in a  
4 form described by Miss Hensel and Mr. Schwoyer.

5                   ACTING CHAIRPERSON DiGIACOMO COLINS: Is  
6 there a second?

7                   COMMISSIONER McCABE: Second.

8                   ACTING CHAIRPERSON DiGIACOMO COLINS: Are  
9 there any questions?

10                  All of those in favor?

11                  COMMISSIONERS: Aye.

12                  ACTING CHAIRPERSON DiGIACOMO COLINS:  
13 Opposed?

14                  The motion carries.

15                  Now I would like a motion with respect to  
16 at the adoption of an order approving the application  
17 for a manufacturer license subject to the aforesaid  
18 conditions for Spielo Manufacturing.

19                  COMMISSIONER McCABE: Madam Chairman, I so  
20 move.

21                  COMMISSIONER COY: Second.

22                  ACTING CHAIRPERSON DiGIACOMO COLINS: Any  
23 further questions?

24                  All in favor?

25                  COMMISSIONERS: Aye.

1                   ACTING CHAIRPERSON DiGIACOMO COLINS:

2    Opposed?

3                   The motion carries.

4                   Now may I have a motion to adopt an order  
5    approving the application of a manufacturer license  
6    subject to the aforesaid conditions for GTECH  
7    Corporation?

8                   COMMISSIONER RIVERS:   Madam Chairman, I so  
9    move.

10                  COMMISSIONER ANGELI:   Second.

11                  ACTING CHAIRPERSON DiGIACOMO COLINS:   Any  
12    further questions?

13                  All in favor?

14                  COMMISSIONERS:   Aye.

15                  ACTING CHAIRPERSON DiGIACOMO COLINS:  
16    Opposed?

17                  The motion carries.

18                  You may continue.

19                  MS. HENSEL:   I'm now going to turn the  
20    floor over to Frank Donaghue.

21                  MR. DONAGHUE:   Commissioner Colins, I would  
22    like to take up the issue with regard to the supplier  
23    final regulations.

24                  ACTING CHAIRPERSON DiGIACOMO COLINS:   Let  
25    me ask you to hold off for a moment and inquire as to



1 whether or not we're going to discuss the  
2 consideration only manufacturers licenses at this  
3 point?

4 MS. HENSEL: We could do that at this point  
5 if you prefer.

6 ACTING CHAIRPERSON DiGIACOMO COLINS: I  
7 would like to do that now. Then once we've completed  
8 all of the manufacturer issues, move on to the  
9 supplier issues. So if you would proceed with that?

10 MS. HENSEL: Absolutely. The next  
11 applicants before the Board are the remaining eight  
12 manufacturer applicants.

13 These applicants are Ainsworth Games  
14 Technology Limited, Aruze Corporation, Aruze Gaming  
15 America, Cadillac Jack, Cyberscan Technologies, Inc.,  
16 DigiDeal Corporation, Mikohn Gaming Corporation, and  
17 North American Gaming, Inc.

18 Each of these applicants is uniquely  
19 situated. In each case, there remain issues that  
20 staff is working to clarify.

21 As a result, it is the request of the  
22 Bureau of Licensing and/or the Bureau of  
23 Investigation and Enforcement that the Board consider  
24 these applications and direct that they be returned  
25 to staff in order to provide the applicants with

1 additional time to establish their suitability  
2 through continued information gathering and/or  
3 investigation.

4           The order with respect to these applicants  
5 would read:

6           And now, this 28th day of June, 2006,  
7 having considered the applicant's application and the  
8 report of the Bureau of Licensing and the Bureau of  
9 Investigations and Enforcement, the Board finds as  
10 follows:

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

14           That the applicant's key employee  
15 qualifiers submitted applications for licensure in  
16 conjunction with the applicant's application  
17 pursuant to 4 Pa.C.S. Section 1317(b).

18           That pursuant to 4 Pa.C.S. Section 1202(a),  
19 the Board has jurisdiction over every aspect of the  
20 authorization and operation of slot machines in this  
21 Commonwealth.

22           That pursuant to Pa.C.S. Section  
23 1202(b)(5), the Board has the authority to issue,  
24 approve, renew, revoke, suspend, condition, or deny  
25 issuance or renewal of manufacturer licenses.

1           That pursuant to 4 Pa.C.S. Section 1306,  
2 the Board shall consider, approve, condition, or deny  
3 the approval of all filed applications for  
4 manufacturer and supplier licenses.

5           And it is ordered that the Board having  
6 considered the applicant's application and the  
7 request of staff directs that the application be  
8 returned to staff to provide the applicant further  
9 time to establish its suitability and/or the  
10 suitability of its key employee qualifiers through  
11 continued information gathering and/or investigation.

12           It is further ordered that upon a future  
13 request, this application will be placed before the  
14 Board for resolution.

15           Commissioner Colins, we ask that the Board  
16 consider these applications and adopt the orders  
17 returning the applications to staff in order to  
18 provide the applicants with additional time to  
19 establish their suitability through continued  
20 information gathering and/or investigation.

21           ACTING CHAIRPERSON DIGIACOMO COLINS: Thank  
22 you.

23           Any further statements by Chief Enforcement  
24 counsel on this?

25           MR. SCHWOYER: Commissioner Colins, as

1 Susan stated, this is the joint recommendation of the  
2 Bureau of Investigation and Enforcement and the  
3 Bureau of Licensing.

4 ACTING CHAIRPERSON DiGIACOMO COLINS: Okay.  
5 Thank you.

6 Are there any questions?

7 May I have a motion?

8 COMMISSIONER ANGELI: I move that the Board  
9 approve the orders of the manufacturer applications  
10 of Ainsworth Game Technology Limited, Aruze  
11 Corporation, Aruze Gaming America, Cadillac Jack  
12 Incorporated, Cyberscan Technologies Incorporated,  
13 DigiDeal Corporation, Mikohn Gaming Corporation, and  
14 North American Gaming Incorporated be returned to  
15 staff to provide the applicants further opportunity  
16 to establish their suitability and/or the suitability  
17 of their key employee qualifiers.

18 ACTING CHAIRPERSON DiGIACOMO COLINS: Is  
19 there a second?

20 COMMISSIONER MARSHALL: Second.

21 ACTING CHAIRPERSON DiGIACOMO COLINS: All  
22 in favor?

23 COMMISSIONERS: Aye.

24 ACTING CHAIRPERSON DiGIACOMO COLINS:  
25 Opposed?

1           The motion carries.

2           Thank you. Now we will take up the issue  
3 of the supplier regulations. At this point, I would  
4 like to ask Commissioner Coy if he has a motion in  
5 this regard.

6           COMMISSIONER COY: Thank you, Madam  
7 Chairman. I think it's obvious to everyone present  
8 that the supplier issue has been before us for some  
9 time and is now ready for final disposition.

10           I continue to feel that a regional approach  
11 is one that would best answer the needs of potential  
12 job markets in Pennsylvania and for suppliers to do  
13 an adequate job in terms of servicing and sales of  
14 slot machines to various operators.

15           Therefore, I would move to amend the rules,  
16 the proposed supplier rules to provide that the Board  
17 would divide the state into two regions for the  
18 purposes of this action.

19           COMMISSIONER MARSHALL: Second.

20           ACTING CHAIRPERSON DiGIACOMO COLINS: Are  
21 there any questions or discussion at this point?

22           COMMISSIONER McCABE: Madam Chairman, I  
23 appreciate Commissioner Coy's hard work in his effort  
24 and his intent to try to do what is best for  
25 Pennsylvania in trying to, in his belief, that



1 creating regions will create more jobs and more  
2 opportunity.

3           However, I still at this time have not been  
4 convinced or seen any evidence that would tend to  
5 make me believe that. I'm going to have to vote nay.

6           ACTING CHAIRPERSON DiGIACOMO COLINS: I  
7 will now ask for a vote on Commissioner Coy's motion.

8           All in favor?

9           COMMISSIONER MARSHALL: Aye.

10          COMMISSIONER RIVERS: Aye.

11          ACTING CHAIRPERSON DiGIACOMO COLINS: Aye.

12          CHAIRMAN DECKER: Aye.

13          COMMISSIONER COY: Aye.

14          ACTING CHAIRPERSON DiGIACOMO COLINS: All  
15 opposed?

16          COMMISSIONER McCABE: Nay.

17          COMMISSIONER ANGELI: Nay.

18          ACTING CHAIRPERSON DiGIACOMO COLINS: The  
19 record will reflect that the motion does not carry on  
20 the basis of the qualified majority not being  
21 attained.

22          Now I will ask our Chief Counsel to further  
23 address the supplier regulation issue.

24          MR. DONAGHUE: Thank you, Commissioner.

25          Today, I'm presenting to the Board for its

1 consideration for final adoption the supplier  
2 regulations, which will be added to Subpart B,  
3 licensing, registering, certifying, and permitting,  
4 specifically Chapter 431 entitled supplier licenses.

5           On April 12th, 2005, the Board voted to  
6 publish the draft supplier regulation on the Board's  
7 website and in the Pennsylvania Bulletin for a 30-day  
8 public comment period.

9           The Board received significant public  
10 comment on the regulations and made some improvements  
11 to the original draft.

12           On December 15th, 2005, the Board voted to  
13 adopt the draft supplier regulations as a statement  
14 of policy issued by the Board.

15           The adoption of the statement of policy was  
16 made in order to facilitate the acceptance of the  
17 applications for supplier licenses.

18           The Board also resolved to open the  
19 supplier application period commencing on December  
20 20th, 2005 and closing on February 28th, 2006.

21           During the application period, the Board  
22 received approximately 25 applications for supplier  
23 licenses.

24           The Bureau of Licensing has been working on  
25 these applications over the last few months in

1 preparing for licensure.

2 At this time, I would request that the  
3 Board consider the adoption of these regulations. We  
4 would be happy to try to answer any questions you  
5 would like to have.

6 ACTING CHAIRPERSON DiGIACOMO COLINS: All  
7 right. First, I would like to ask if there is a  
8 motion, if someone would like to make a motion at  
9 this time?

10 COMMISSIONER MARSHALL: So moved.

11 ACTING CHAIRPERSON DiGIACOMO COLINS:  
12 Second?

13 COMMISSIONER McCABE: Second.

14 ACTING CHAIRPERSON DiGIACOMO COLINS:  
15 Discussion?

16 COMMISSIONER McCABE: This is for the one  
17 region, no regions?

18 ACTING CHAIRPERSON DiGIACOMO COLINS: This  
19 is the motion to adopt --

20 COMMISSIONER COY: We could make it as many  
21 as you would like.

22 ACTING CHAIRPERSON DiGIACOMO COLINS: For  
23 clarification purposes, it's a motion --

24 COMMISSIONER MARSHALL: Think of it as a  
25 really big region.

1           ACTING CHAIRPERSON DiGIACOMO COLINS: -- to  
2 adopt the regulations regarding a really big region.  
3 It's a motion to adopt the regulations which are  
4 presently posted regarding suppliers.

5           COMMISSIONER COY: On the motion?

6           ACTING CHAIRPERSON DiGIACOMO COLINS: Yes,  
7 sir.

8           COMMISSIONER COY: Thank you, Madam Chair.

9           During the discussion of this subject and  
10 indeed our investigation of it and my attempt to  
11 include regions as part of it, we did have an  
12 opportunity with our Bureau of Licensing to look  
13 thoroughly at the supplier applications.

14           It appears that the basic discussion of  
15 providing for regions has indeed enhanced the number  
16 of applications that we have gotten from across the  
17 state.

18           Indeed, there is a geographic  
19 representation across the state. I have also had a  
20 chance to look at the diversity of the applicants.  
21 It appears that while it may not be of the  
22 percentages we want, that there are both a minority  
23 and woman-owned participation in these applications.

24           The fact is that the suppliers process will  
25 be a continual process. In other words, there is not

1 a limit in the number as there are for operators in  
2 the law.

3 Therefore, the Board will continue to  
4 accept and consider supplier applications in the  
5 future.

6 This will give a further opportunity for  
7 new businesses across Pennsylvania to meet the needs  
8 of the marketplace and to identify with diversity  
9 needs and with geographic needs across the  
10 Commonwealth.

11 So Madam Chairman, I am content to support  
12 the supplier regulations today and to move forward.

13 ACTING CHAIRPERSON DiGIACOMO COLINS: Very  
14 good. Then I will quickly call this to a vote.

15 All in favor?

16 COMMISSIONERS: Aye.

17 ACTING CHAIRPERSON DiGIACOMO COLINS:  
18 Opposed?

19 (None.)

20 AUDIENCE MEMBER: Madam Chairman --

21 ACTING CHAIRPERSON DiGIACOMO COLINS: All  
22 right. At this time, I know that at this point  
23 Chairman Decker --

24 AUDIENCE MEMBER: Madam Chairman, I'm sorry  
25 to interrupt --

1                   ACTING CHAIRPERSON DiGIACOMO COLINS: Just  
2 a moment.

3                   COMMISSIONER McCABE: I have a --

4                   ACTING CHAIRPERSON DiGIACOMO COLINS: Just  
5 a moment, sir. Excuse me. Do not interrupt me.  
6 Thank you.

7                   AUDIENCE MEMBER: I have a -- under the  
8 Sunshine Act, I would make an objection to the --

9                   ACTING CHAIRPERSON DiGIACOMO COLINS: Sir,  
10 no. You may not speak. I will address your concerns  
11 when we are finished to step --

12                   AUDIENCE MEMBER: The notes will reflect my  
13 objection, my feelings --

14                   ACTING CHAIRPERSON DiGIACOMO COLINS: Sir,  
15 step back and I will address your concerns when we  
16 are finished here.

17                   AUDIENCE MEMBER: I want the notes to  
18 reflect that --

19                   ACTING CHAIRPERSON DiGIACOMO COLINS: It's  
20 so reflected. Step back. Let me continue. I'll  
21 address it.

22                   AUDIENCE MEMBER: We wish to object by the  
23 citizens of Pennsylvania that we are not allowed to  
24 address this --

25                   ACTING CHAIRPERSON DiGIACOMO COLINS: Sir,

1 I will address --

2 AUDIENCE MEMBER: I object under the  
3 Pennsylvania Sunshine Act.

4 ACTING CHAIRPERSON DiGIACOMO COLINS: I  
5 will address this when we have completed. It's  
6 noted. Have a seat.

7 AUDIENCE MEMBER: Madam Chairwoman, I, too,  
8 would like to object to this and I would --

9 ACTING CHAIRPERSON DiGIACOMO COLINS: I'm  
10 going to call a recess at this time and we will be  
11 back shortly.

12 (Break.)

13 ACTING CHAIRPERSON DiGIACOMO COLINS:  
14 Everyone be seated, please. I'm going to call this  
15 to order.

16 Tad, are you on the line?

17 CHAIRMAN DECKER: Yes, I am. Treasurer  
18 Casey is, I think, also.

19 TREASURER CASEY: I'm here.

20 ACTING CHAIRPERSON DiGIACOMO COLINS: Tad,  
21 are you on the line?

22 CHAIRMAN DECKER: Yes, I am.

23 ACTING CHAIRPERSON DiGIACOMO COLINS: All  
24 right. Very good. We're calling the meeting to  
25 order. I want to read this statement into the record

1 and we'll proceed. It addresses the statements that  
2 were just brought up. After that, we're going to  
3 continue with our meeting.

4 As an independent administrative agency,  
5 the Pennsylvania Gaming Control Board is subject to  
6 Pennsylvania Sunshine Act.

7 In compliance with the Sunshine Act, the  
8 Board ensures that all meetings involving a quorum of  
9 its members who are gathered for the purpose of  
10 deliberating agency business taking official action  
11 are open to the public.

12 Under Section 710.1 of the Sunshine Act,  
13 reasonable opportunity must be provided for public  
14 comment at a meeting of a Board or council of a  
15 political subdivision or authority created by a  
16 political subdivision, such as counties,  
17 municipalities, and the like.

18 However, this public participation  
19 provision does not apply to the meetings of state  
20 agencies.

21 Therefore, the Pennsylvania Gaming Control  
22 Board as an independent state agency of the  
23 Commonwealth is not required to allocate time for  
24 public comment at its public meetings.

25 Nonetheless, I invite all public comment to



1 be made in writing to the Board as we have stated on  
2 our website and at our public input hearings, you may  
3 make public comment in writing or in the alternative  
4 you may contact our office and make an appointment  
5 through the Chief Counsel's office to speak with  
6 someone.

7 Now, let's continue. Chairman Decker would  
8 you like to make your statement?

9 CHAIRMAN DECKER: Yes, I would, Chairperson  
10 Colins. Can you hear me okay?

11 ACTING CHAIRPERSON DIGIACOMO COLINS: Yes.

12 CHAIRMAN DECKER: First, I would just like  
13 to draw distinction between the behavior we just saw  
14 today and those folks who have opposed gaming  
15 generally or opposed gaming in various sites around  
16 the state, who have acted in a very professional  
17 manner prior to this time, including the people from  
18 Gettysburg who are in attendance at almost every one  
19 of our meetings.

20 Moving onto the subject I would like to  
21 comment on is, I believe, we just took a major step  
22 forward for gaming in Pennsylvania. Here is why.

23 Act 71 requires that suppliers and  
24 manufacturers of gaming equipment be licensed for at  
25 least 90 days before we can issue any operator



1 licenses.

2           In a moment, we have -- we have considered  
3 these licenses and in conjunction with our previous  
4 approval of manufacturer license, this consideration  
5 has started the 90-day clock that must proceed  
6 licensure of any operators.

7           This will keep us on target for awarding  
8 our first operator licenses, the conditional category  
9 I licenses for tracks in September.

10           As those of you who are here regularly  
11 know, supplier regulations have been a difficult  
12 issue for this Board, but I want to commend all of my  
13 colleagues here for their patience and diligence as  
14 we work this out.

15           I also want to note that the supplier  
16 regulations represent the only time that the Board  
17 has had difficulty in taking an action, despite the  
18 super majority vote requirement of Act 71 and that we  
19 have taken hundreds of actions as a Board.

20           I believe that this speaks very well of the  
21 quality of our Board members and, in particular,  
22 their goodwill and desire to fulfill the mandates of  
23 this Act.

24           I also, again, want to thank the more than  
25 170 members of our staff for their extraordinary

1 efforts to perform their responsibilities.

2 Their hard work, dedication, and excellent  
3 performance is noted and much appreciated by this  
4 Board.

5 The approval of the licenses today is  
6 another example of this. I would note that these  
7 individuals -- excuse me. I would match these  
8 individuals up with any I have worked with in the  
9 private sector, and the people of Pennsylvania should  
10 be proud of these individuals.

11 Thank you, Commissioner.

12 ACTING CHAIRPERSON DiGIACOMO COLINS: Thank  
13 you.

14 Any discussion?

15 COMMISSIONER McCABE: Madam Chairman, I  
16 would like to publicly thank my fellow Commissioners  
17 for working through this.

18 I personally would like to thank  
19 Commissioner Coy and my friend Commissioner Coy and  
20 commend him for his actions in trying to look out for  
21 what is best for Pennsylvania and remind people, he's  
22 not only compromised once but he's compromised twice  
23 for the betterment of Pennsylvania. I want to thank  
24 you.

25 ACTING CHAIRPERSON DiGIACOMO COLINS: All

1 right.

2 Susan, now would you --

3 COMMISSIONER RIVERS: Madam Chairman, I  
4 would like to also --

5 CHAIRMAN DECKER: I think we all feel that  
6 way.

7 COMMISSIONER RIVERS: -- add a comment. I  
8 think with what we have gone through over the last  
9 seven, eight, nine months indicates a commitment by  
10 seven people to do the right thing.

11 I am particularly pleased with Commissioner  
12 Coy for his sticktuitiveness for an issue he felt  
13 very strongly about and the fact that he is also a  
14 consensus builder and was willing to give up his  
15 position so that we could move forward on this  
  
16 particular issue and bring gaming to the  
17 Commonwealth.

18 I say to you, Jeff, I applaud you and  
19 congratulate you. To the people in this room, we can  
20 now move forward. Thank you.

21 ACTING CHAIRPERSON DiGIACOMO COLINS: Very  
22 good. Let's proceed to the supplier licensing  
23 applications right now.

24 Susan?

25 MS. HENSEL: The next applications before

1 the Board are for the supplier applicants. The first  
2 set of applicants before the Board are Advanced  
3 Gaming Associates, LLC, Betson Coin-OP Distributing  
4 Company, Inc., Currency Counting Consultants, Inc.,  
5 Lucky Sevens Distributing, LLC, Modern Gaming  
6 Pennsylvania, LLC, PA Gaming Supply Company, Inc.,  
7 PAP Security Printing, Inc., Parkside Gaming, LLC,  
8 Patriot Gaming and Electronics, Inc., PENNSLOT, Inc.,  
9 Pennsylvania Coin and Slot, LLC and TDN Money  
10 Systems.

11 The proposed order for these applicants  
12 would read as follows:

13 And now, this 28th day of June, 2006, the  
14 Pennsylvania Gaming Control Board, based on its  
15 review of the application and the report of the  
16 Bureau of Licensing and the Bureau of Investigations  
17 and Enforcement, finds that the applicant satisfies  
18 the requirements of 4 Pa.C.S. Section 1317 as  
19 follows:

20 That the applicant submitted an application  
21 for a supplier license pursuant to 4 Pa.C.S. Section  
22 1317(a).

23 That the applicant intends to sell, lease,  
24 offer, or otherwise provide, distribute, or service  
25 slot machines and/or associated equipment for use or



1 play in the Commonwealth as set forth in 4 Pa.C.S.  
2 Section 1103.

3 That the key employee qualifiers of the  
4 applicant submitted applications for licensure in  
5 conjunction with the applicant's application pursuant  
6 to 4 Pa.C.S. Section 1317(b).

7 Here, we would, again, list the applicant's  
8 key employee qualifiers.

9 That the Board finds that the applicant's  
10 application and the applications of its qualifiers  
11 satisfy the statutory requirements for license  
12 eligibility.

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

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

21 And that pursuant to 4 Pa.C.S. Section  
22 1306, the Board shall consider, approve, condition,  
23 or deny the approval of all filed applications for  
24 manufacturer and supplier licenses.

25 It is ordered that the Board approves the



1 licenses for the applicant and its qualifiers subject  
2 to satisfaction of the following conditions:

3           That the applicant pay the \$25,000 license  
4 fee and any other outstanding fees as determined by  
5 the Board pursuant to 4 Pa.C.S. Section 1208.

6           And that the applicant agrees to statement  
7 of conditions attached hereto as evidenced by the  
8 signing of said agreement by the applicant's  
9 Executive Officer or designee within ten business  
10 days of the Board's approval of the licenses.

11           It is further ordered that the licenses for  
12 the applicant and its qualifiers shall be issued by  
13 the Board upon payment of the aforesaid fees and upon  
14 receipt of the signed statement of conditions and  
15 that the licenses shall be subject to the annual  
16 renewal provisions of the Act.

17           Mike Schwoyer will now offer his comments  
18 on these applicants and the conditions.

19           MR. SCHWOYER: As was the case with the  
20 manufacturer applicants earlier, the Office of  
21 Enforcement Counsel has received and reviewed the  
22 foundational assessments provided to the Bureau of  
23 Investigations and Enforcement by the Pennsylvania  
24 State Police and that is unique to suppliers and the  
25 background investigation and executive summary

1 suitability reports prepared by the Office of Chief  
2 Counsel attorneys.

3           For each of these applicants following its  
4 review of these materials, the Office of Enforcement  
5 Counsel has not filed or made any objection  
6 concerning the issuance of a supplier license to  
7 these applicants. As is always the case, the  
8 suitability investigations of these applicants will  
9 be ongoing.

10           As Susan indicated, should the Board  
11 approve the issuance of a license to these  
12 applicants, each license will be subject to a  
13 standard statement of conditions pursuant to 58 PA  
14 Code Section 423.3.

15           These conditions are similar to those which  
16 accompanied prior manufacturer licenses privileged  
17 and approved and issued by the Board, except that  
18 these standard statement conditions have been  
19 specifically tailored to suppliers.

20           For instance, address the Act's  
21 requirements that the suppliers within one year  
22 establish a principal of business in the  
23 Commonwealth.

24           As has been the Board's practice with prior  
25 licensure approvals, the statement of conditions

1 accompanying any supplier license which may be  
2 approved today must be executed in accordance with  
3 Section 423.3 and, as the proposed orders indicate,  
4 execution must occur within 10 days of the Board's  
5 approval of a supplier application.

6 This ten-day period is consistent with the  
7 remarks of Chairman Decker at the last meeting of the  
8 Board.

9 During that ten-day period, any approved  
10 supplier wishing to consolidate its application with  
11 any other approved supplier should work with the  
12 Board and the Bureau of Licensing to do so.

13 Each supplier applicant that is before the  
14 Board for approval today has been provided a copy of  
15 the statement of conditions.

16 ACTING CHAIRPERSON DiGIACOMO COLINS: Very  
17 good. Susan?

18 MS. HENSEL: Commissioner Colins, we ask  
19 that the Board vote on each of the 12 supplier  
20 applicants individually.

21 ACTING CHAIRPERSON DiGIACOMO COLINS: Very  
22 good.

23 COMMISSIONER COY: Madam Chairman?

24 ACTING CHAIRPERSON DiGIACOMO COLINS: Yes.

25 COMMISSIONER COY: Thank you. I recognize



1 that the Act indicates that the supplier licensees  
2 have one year to locate a permanent office in the  
3 Commonwealth.

4 I think I understand why the legislature  
5 did that, but I also would encourage just personally,  
6 and I think I probably speak for others, that  
7 suppliers who are going to be doing business in  
8 Pennsylvania, too, at the very least open an office  
9 in the Commonwealth.

10 I think it's only right and also do their  
11 best to employ Pennsylvanians when they can. That  
12 was part of this Act. That was part of the intent of  
13 it. I would hope that suppliers who are licensed can  
14 move forward in that regard.

15 ACTING CHAIRPERSON DiGIACOMO COLINS: Thank  
16 you.

17 Let's proceed to a --

18 MR. SCHWOYER: Commissioner Colins, if I  
19 could respond to Commissioner Coy's comments. I did  
20 not point out all of the conditions in the statement  
21 of conditions for suppliers, but there is also a  
22 provision in there that within 60 days of approval, a  
23 licensed supplier must establish necessary warehouses  
24 in the Commonwealth, necessary equipment, store  
25 equipment for transporting slot machines and to store

1 parts. That provision is also included.

2           The one year applies specifically to the  
3 principal place of business, not to their ability to  
4 conduct supplier operations as according to the  
5 schedule that the Board has discussed, there would be  
6 a need for suppliers in this Commonwealth in short  
7 order.

8           ACTING CHAIRPERSON DiGIACOMO COLINS: All  
9 right. Thank you.

10           Now we'll proceed to the individual motions  
11 and the individual votes. May I have a motion to  
12 adopt an order approving the application for a  
13 supplier license subject to the aforesaid condition  
14 for Advanced Gaming Associates, LLC?

15           COMMISSIONER ANGELI: So moved.

16           COMMISSIONER COY: Second.

17           ACTING CHAIRPERSON DiGIACOMO COLINS: All  
18 in favor?

19           COMMISSIONERS: Aye.

20           ACTING CHAIRPERSON DiGIACOMO COLINS:  
21 Opposed?

22           The motion carries.

23           May I have a motion to adopt an order  
24 approving the application for a supplier license  
25 subject to the aforesaid conditions for Betson



1 Coin-OP Distributing Company?

2 COMMISSIONER MARSHALL: So moved.

3 COMMISSIONER McCABE: Second.

4 ACTING CHAIRPERSON DiGIACOMO COLINS: All

5 in favor?

6 COMMISSIONERS: Aye.

7 ACTING CHAIRPERSON DiGIACOMO COLINS:

8 Opposed?

9 The motion carries.

10 May I have a motion to adopt an order  
11 approving the application for supplier license  
12 subject to the aforesaid conditions for Currency  
13 Counting Consultants, Inc.?

14 COMMISSIONER COY: So moved.

15 COMMISSIONER MARSHALL: Second.

16 ACTING CHAIRPERSON DiGIACOMO COLINS: All

17 in favor?

18 COMMISSIONERS: Aye.

19 ACTING CHAIRPERSON DiGIACOMO COLINS:

20 Opposed?

21 The motion carries.

22 May I have a motion to adopt an order  
23 approving the application for a supplier license  
24 subject to the aforesaid conditions for Lucky Sevens  
25 Distributing, LLC?



1 COMMISSIONER MARSHALL: So moved.

2 COMMISSIONER McCABE: Second.

3 ACTING CHAIRPERSON DiGIACOMO COLINS: All  
4 in favor?

5 COMMISSIONERS: Aye.

6 ACTING CHAIRPERSON DiGIACOMO COLINS:  
7 Opposed?

8 The motion carries.

9 May I have a motion to adopt an order  
10 approving the application for a supplier license  
11 subject to the aforesaid conditions for Modern Gaming  
12 Pennsylvania, LLC?

13 COMMISSIONER McCABE: So moved.

14 COMMISSIONER COY: Second.

15 ACTING CHAIRPERSON DiGIACOMO COLINS: All  
16 in favor?

17 COMMISSIONERS: Aye.

18 ACTING CHAIRPERSON DiGIACOMO COLINS:  
19 Opposed?

20 The motion carries.

21 May I have a motion to adopt an order  
22 approving the application for a supplier license  
23 subject to the aforesaid conditions for PA Gaming  
24 Supply Company?

25 COMMISSIONER RIVERS: So moved.



1 COMMISSIONER MARSHALL: Second.

2 ACTING CHAIRPERSON DiGIACOMO COLINS: All  
3 in favor?

4 COMMISSIONERS: Aye.

5 ACTING CHAIRPERSON DiGIACOMO COLINS:  
6 Opposed?

7 The motion carries.

8 May I have a motion to adopt an order  
9 approving the application for a supplier license  
10 subject to the aforesaid conditions for PAP Security  
11 Printing, Inc.?

12 COMMISSIONERS McCABE: So moved.

13 COMMISSIONER COY: Second.

14 ACTING CHAIRPERSON DiGIACOMO COLINS: All  
15 in favor?

16 COMMISSIONERS: Aye.

17 ACTING CHAIRPERSON DiGIACOMO COLINS:  
18 Opposed?

19 The motion carried.

20 May I have a motion to adopt an order  
21 approving the application for a supplier license  
22 subject to the aforesaid conditions for Parkside  
23 Gaming, LLC?

24 COMMISSIONER MARSHALL: So moved.

25 COMMISSIONER McCABE: Second.



1 in favor?

2 COMMISSIONERS: Aye.

3 ACTING CHAIRPERSON DiGIACOMO COLINS:

4 Opposed?

5 Motion carries.

6 May I have a motion to adopt an order  
7 approving the application for a supplier license  
8 subject to the aforesaid conditions for Pennsylvania  
9 Coin and Slot, LLC?

10 COMMISSIONER COY: So moved.

11 COMMISSIONER ANGELI: Second.

12 ACTING CHAIRPERSON DiGIACOMO COLINS: All  
13 in favor?

14 COMMISSIONERS: Aye.

15 ACTING CHAIRPERSON DiGIACOMO COLINS:

16 Opposed?

17 Motion carries.

18 Finally, may I have a motion to adopt an  
19 order approving the application for a supplier  
20 license subject to the aforesaid conditions for TDN  
21 Money Systems?

22 COMMISSIONER RIVERS: So moved.

23 COMMISSIONER McCABE: Second.

24 ACTING CHAIRPERSON DiGIACOMO COLINS: All  
25 in favor?

1 COMMISSIONERS: Aye.

2 ACTING CHAIRPERSON DiGIACOMO COLINS:

3 Opposed?

4 Motion carries.

5 Now, would you proceed with the  
6 consideration only applications?

7 MS. HENSEL: The final applications to be  
8 considered by the Board are the remaining ten  
9 suppliers.

10 These applications are CGR Gaming  
11 Associates, LP, Gaming Ventures, LLC, JSL  
12 Distributors, Inc., KGM Gaming, LLC, Liberty Gaming  
13 Distributors, LP, New Century Entertainment, LLC,  
14 Power Gaming, LLC, RDA Casino Supply, LLC, Revenco  
15 Gaming, LLC, and Winner Security.

16 As with the manufacturer applicants, each  
17 of these applicants is uniquely situated. In each  
18 case, there remain issues that the staff is working  
19 to clarify.

20 As a result, it is the request of the  
21 Bureau of Licensing, the Bureau of Corporate  
22 Compliance and Internal Controls, and/or the Bureau  
23 of Investigation and Enforcement that the Board  
24 consider these applications and direct that they be  
25 returned to staff to provide the applicants with



1 additional time to establish their suitability  
2 through continued information gathering and/or  
3 investigation.

4           The proposed order with respect to these  
5 applicants would state:

6           And now, this 28th day of June, 2006,  
7 having considered the applications of the applicant  
8 and the report of the Bureau of Licensing and the  
9 Bureau of Investigation and Enforcement, the Board  
10 finds as follows:

11           That the applicant submitted an application  
12 for a supplier license pursuant to 4 Pa.C.S. Section  
13 1317(a).

14           That the applicant will sell, lease, offer  
15 or otherwise provide, distribute or service slot  
16 machines and/or associated equipment for use or play  
17 in the Commonwealth as set forth in 4 Pa.C.S. Section  
18 1103.

19           That the applicant seek qualification for  
20 licensure in conjunction with the applicant's  
21 application at 4 Pa.C.S. section 1317(b).

22           That pursuant to 4 Pa.C.S. Section 1202(a),  
23 that the Board has jurisdiction over every aspect of  
24 the authorization and operation of slot machines in  
25 the Commonwealth.







1 that the Board consider these applications and adopt  
2 the orders returning the applications to staff in  
3 order to provide the applicants with additional time  
4 to establish their suitability through continued  
5 information gathering and/or investigation.

6 ACTING CHAIRPERSON DiGIACOMO COLINS: Thank  
7 you.

8 May I have a motion?

9 COMMISSIONER MARSHALL: Madam Chairperson,  
10 I move that the Board approve the orders directing  
11 the supplier application of CGR Gaming Associates,  
12 Gaming Ventures, LLC, JSL Distributors, Inc., KGM  
13 Gaming, LLC, Liberty Gaming Distributors, LP, New  
14 Century Entertainment, LLC, Power Gaming, LLC, RDA  
15 Casino Supply, LLC, Revenco Gaming, LLC, Winner  
16 Security, LLC.

17 The Board directs that the applications be  
18 returned to staff to provide the applicant further  
19 opportunity to establish its suitability of its key  
20 employee qualifiers.

21 ACTING CHAIRPERSON DiGIACOMO COLINS: Is  
22 there a second?

23 COMMISSIONER McCABE: Second.

24 ACTING CHAIRPERSON DiGIACOMO COLINS: Any  
25 discussion?

1 All in favor?

2 COMMISSIONERS: Aye.

3 ACTING CHAIRPERSON DiGIACOMO COLINS:

4 Opposed?

5 Motion carries.

6 MS. HENSEL: Commissioner Colins, I would  
7 like to point out that as a result of the Board's  
8 action today, all filed manufacturer and supplier  
9 applications have now been considered as required by  
10 Section 1306 of the Act.

11 ACTING CHAIRPERSON DiGIACOMO COLINS: Thank  
12 you very much.

13 I would like to bring up a scheduling issue  
14 before we end this meeting today.

15 Our next public meeting will be Thursday,  
16 July 20th, 10 a.m. here in the North Office Building.

17 As an additional note, I want to  
18 acknowledge that one of our staff members,  
19 Legislative Liaison Steve DeFrank, will be leaving  
20 the Gaming Control Board shortly.

21 I want to wish him on behalf of the Board  
22 and myself and our Executive Director and all of his  
23 colleagues at the Board our gratitude for a job well  
24 done and thank Steve very much for his efforts. We  
25 will miss him.

1 (Applause.)

2 ACTING CHAIRPERSON DIGIACOMO COLINS:

3 Finally, Chairman Decker will be available to speak  
4 with the press monetarily. That conference will be  
5 set up by Nick. I don't believe we're having an  
6 Executive Session.

7 I think that closes our business and I  
8 would like a motion to adjourn.

9 SECRETARY FAJT: Madam Chairman,  
10 Commissioner Colins, may I have the floor for a  
11 second?

12 ACTING CHAIRPERSON DIGIACOMO COLINS: Yes.  
13 I'm sorry.

14 SECRETARY FAJT: Just two quick matters.  
15 First of all, as all of you know, the Department of  
16 Revenue has contracted with GTECH, that manufacturer  
17 license was approved today.

18 I want to thank the staff of the Gaming  
19 Control Board, especially Richard Williamson and his  
20 folks who have been working diligently with the  
21 Department of Revenue, and many of you don't know  
22 what goes on behind the scenes.

23 These folks work very hard every day trying  
24 to iron out the details. I know we're in the process  
25 of working with many of the slot operators. We had

1 one meeting earlier this week. I think we have  
2 another one tomorrow with another operator trying to  
3 get the wiring specifications and the layouts and all  
4 of that set forth.

5 So there is a lot of work going on behind  
6 the scenes. I wanted to thank Richard Williamson and  
7 his staff and the other members of the Gaming Control  
8 Board.

9 The second matter is that the Department of  
10 Revenue draft temporary gaming cash flow regulations,  
11 as many of you know, they were published in May. We  
12 closed the public comment on May 12th.

13 The final temporary regulations will be  
14 published this Friday, June 30th, at the PA Bulletin  
15 website.

16 There will also be a link from the  
17 Department of Revenue website, and copies of the  
18 public comments that we received on these regulations  
19 will also be published on the Department of Revenue  
20 website and regulations will be published this  
21 Saturday, July 1st, in hard copy in the PA Bulletin.

22 Thank you, Commissioner Colins.

23 ACTING CHAIRPERSON DiGIACOMO COLINS: Thank  
24 you. We need a motion to adjourn.

25 COMMISSIONER RIVERS: So moved.

1                   ACTING CHAIRPERSON DiGIACOMO COLINS:

2    Second?

3                   COMMISSIONER McCABE:   Second.

4                   ACTING CHAIRPERSON DiGIACOMO COLINS:  All

5    in favor?

6                   COMMISSIONERS:  Aye.

7                   ACTING CHAIRPERSON DiGIACOMO COLINS:  We

8    are adjourned.

9                   (The meeting concluded at 11:38 a.m.)

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

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.

5

6

7

Hillary M. Hazlett, Reporter  
Notary Public

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25



