

PENNSYLVANIA  
GAMING CONTROL BOARD MEETING

AUGUST 23, 2006

AT 2:00 P.M.

NORTH OFFICE BUILDING  
HEARING ROOM 1  
HARRISBURG, PENNSYLVANIA

APPEARANCES:

THOMAS DECKER, CHAIRMAN

RAYMOND S. ANGELI, MEMBER

MARY DiGIACOMO COLINS, MEMBER - TELEPHONICALLY

JEFFREY W. COY, MEMBER

JOSEPH W. MARSHALL, III, MEMBER

KENNETH T. McCABE, MEMBER

SANFORD RIVERS, MEMBER

GREGORY C. FAJT, SECRETARY OF REVENUE

ROBERT P. CASEY, JR., STATE TREASURER - TELEPHONICALLY

LORRAINE T. HERMAN, RPR  
NOTARY PUBLIC - REPORTER

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1                   CHAIRMAN DECKER: Good afternoon. I am  
2 Tad Decker, Chairman of the Pennsylvania Gaming  
3 Control Board.

4                   I would like to welcome you all to this  
5 meeting today. The quorum of the Board is  
6 present. This meeting is now called to order.

7                   Joining us today by telephone are  
8 Commissioner Mary Colins and Treasurer Bob  
9 Casey. Treasurer and Commissioner, are you  
10 there?

11                  TREASURER CASEY: Mr. Chairman.

12                  CHAIRMAN DECKER: Can you hear me?

13                  TREASURER CASEY: Yes, I can. This is  
14 Bob Casey.

15                  BOARD MEMBER COLINS: This is Mary  
16 Colins. I can hear you.

17                  CHAIRMAN DECKER: Okay. Well, we are  
18 on board then. Great. Thank you. Thanks for  
19 participating this way.

20                  As always, let me ask the members of  
21 the Board and audience to turn off their cell  
22 phones, Blackberries, et cetera.

23                  Okay. Let's start by, as usual, with  
24 the pledge of allegiance.

25                  (The pledge of allegiance.)

1                   CHAIRMAN DECKER: Thank you.

2                   By way of old business, I have a couple  
3 of announcements.

4                   First, the Board held an executive  
5 session this morning on -- excuse me -- and also  
6 on August 9th to discuss personnel matters. No  
7 business was conducted at these sessions.

8                   Second, we are going to do something a  
9 little different today at the end of today's  
10 meeting. Instead of the usual press conference  
11 here, we are going to go over to the Media  
12 Center to discuss the licensing hearings that  
13 begin on September 11th. This will start, I  
14 guess, at approximately 4 p.m. or 15 minutes  
15 after the meeting ends, whichever comes sooner.

16                   So for the members of the press, please  
17 hold your questions on the licensing hearings  
18 and any other issue until then.

19                   Thank you.

20                   All right. We have the transcript and  
21 minutes of the July 20th, 2006, board meetings  
22 and the minutes from the September 8th, 2005  
23 board meeting.

24                   Let's see, may I have a motion to  
25 approve this transcript and minutes.

1 BOARD MEMBER MARSHALL: So moved.

2 CHAIRMAN DECKER: Second?

3 BOARD MEMBER McCABE: Second.

4 CHAIRMAN DECKER: Any questions or  
5 items to discuss concerning those documents?

6 THE BOARD: [NO RESPONSE]

7 CHAIRMAN DECKER: All of those in favor  
8 please indicate by saying aye.

9 THE BOARD: Aye.

10 CHAIRMAN DECKER: Any opposed?

11 THE BOARD: [NO RESPONSE]

12 CHAIRMAN DECKER: The motion carries.

13 Thank you.

14 We will move right into the report of  
15 our Executive Director, Anne Neeb. Anne, thank  
16 you.

17 MS. NEEB: Thank you. I think this is  
18 on.

19 Good afternoon Members of the Board,  
20 Chairman. I have no agenda items for you, but  
21 would like to give you an update and an overview  
22 of some of the work that has been ongoing in the  
23 last month at least.

24 First, by way of reminder, the Board  
25 has announced a revised meeting schedule for the

1 remainder of this year.

2 This schedule, the new meeting  
3 schedule, has been posted on the website; and I  
4 encourage people to do that because the dates  
5 and times and room locations could be different.

6 Additionally, the Board has announced  
7 that their 12 days of the suitability licensing  
8 hearings, and those will take place over the  
9 next several months.

10 These licensing hearings, which are  
11 actual suitability hearings, are going to be for  
12 the conditional category of racetrack  
13 applications. These are going to be held  
14 September 11th and 12th.

15 These hearings will probably last  
16 approximately 64 hours; and at that time, the  
17 applicants will have the opportunity to present  
18 evidence in support of their application for  
19 Category I licensing.

20 In addition, the Board will have an  
21 opportunity to question the applicant, their  
22 CEO, their accounting individuals, anyone that  
23 is a representative of the company concerning  
24 their application for license.

25 These types of questions that are going

1 to be covered in these hearings, which  
2 distinguish them from the public input hearings,  
3 are questions pertaining to the applicant's  
4 financial suitability, character suitability,  
5 operational capacity, impact in the local  
6 community by way of tourism and economic  
7 development, gaming and diversity plans and the  
8 result of the public input hearings.

9 Basically, what will happen is at those  
10 hearings the applicant will be on one side and  
11 make their presentation, and staff for the  
12 Board, and counsel for the Board will be on the  
13 other side, and as a result of intensive  
14 investigation that's been taking place over the  
15 past four or five months and continues as we  
16 speak, reports will be generated to touch upon  
17 whether or not these individuals and their  
18 companies have passed suitability tests.

19 The public is invited to attend the  
20 hearings and they will be open, although the  
21 public does not participate.

22 These particular hearings are set up  
23 more like trial matters where the Board sits as  
24 a Court to listen to the presentation, which is  
25 really a presentation for the company to come to

1 you and say why they believe they are eligible  
2 and suitable to be licensed.

3 In preparation for those hearings, our  
4 chief counsel and hearing and appeals staff have  
5 been busy pretty much establishing the protocol,  
6 the procedure, identification and copying of the  
7 record.

8 And also, which has been very important  
9 to this process, there's been a series of  
10 pre-trial conferences, which have been taking  
11 place over these past three months with counsel  
12 for the applicant, the Category I applicants,  
13 and our staff which includes licensing, BIE and  
14 corporate compliance and general council.

15 At those pre-trial conferences we have  
16 resolved issues pertaining to suitability,  
17 disclosure, clarification, financial issues, any  
18 issue -- any possible issue that may preclude or  
19 impair the ability of that company to be  
20 licensed.

21 So this has moved the process along  
22 quite well, and we anticipate being ready to go  
23 forward September the 11th and 12th.

24 After we go through the conditional  
25 Category I hearings, the Board will then be in



1 position to approve those applications, if they  
2 are in a posture to be approved or if not, to  
3 ask for more evidence and information by way of  
4 instructing council or sending the matter to an  
5 administrative hearing to develop a record to  
6 later be introduced to the Board.

7 We will also be in a position to award  
8 final Category I, II and III permanent licenses,  
9 probably starting in December.

10 In addition, we have been sending  
11 staff, operational staff, BIE and other  
12 individuals to the actual sites and locations  
13 where the Category I applicants are building  
14 their facilities, either the temporary or  
15 permanent structures, meeting with the  
16 applicants and their staff to get an idea on  
17 some sort of schedule.

18 Based on those discussions, I can  
19 report that we anticipate there will be three  
20 facilities by mid-January, two of which will be  
21 temporary facilities. One will be operational  
22 in April and another perhaps in the fall of  
23 2007.

24 So that concludes my report on the  
25 upcoming suitability hearings and potential

1 scheduling. If you have any questions, I will  
2 be happy to answer them.

3 CHAIRMAN DECKER: Any questions for  
4 Anne?

5 THE BOARD: [NO RESPONSE]

6 CHAIRMAN DECKER: Anne, thank you very  
7 much.

8 Next up is our Director of  
9 Administration, Mike Walsh. Mike, I understand  
10 you are going to present a proposed comp. time  
11 policy.

12 MR. WALSH: Thank you, Mr. Chairman.  
13 Good afternoon, Members of the Board.

14 I am happy to be joined this afternoon  
15 by Doug Sherman, Deputy Chief Council and Wendy  
16 Chan our Director of Human Resources.

17 We have just one item; and that is, as  
18 we have done in the past, several months back  
19 the Gaming Control Board adopted the employee  
20 handbook and the policy manual for the agency.

21 As we update those documents, from time  
22 to time we will come before the Board and  
23 present a new policy for the Board to consider  
24 and adopt.

25 Today is the overtime and compensatory

1 leave policy. We have established this policy  
2 in compliance with the Fair Labor Standards Act  
3 and federal regulations promulgated thereunder.

4 Our Office of Human Resources and the  
5 Office of Chief Council will determine whether  
6 an employee is classified as exempt or  
7 non-exempt for purposes of earning compensatory  
8 leave.

9 In general, keep in mind, that  
10 employees in executive, administrative and  
11 professional job classes are exempt while most  
12 others are non-exempt.

13 The quick overview of the policy is  
14 that we will allow employees who are deemed to  
15 be eligible for compensatory leave to earn up to  
16 100 hours. They can carry that over a period of  
17 one or more calendar or fiscal years and  
18 management approval is required, both at the  
19 time the employee's requesting to earn the leave  
20 and when an employee requests to use the leave.  
21 So there are two measures in there that their  
22 supervisor will have oversight in using  
23 compensatory leave.

24 Also, the agency has the right to  
25 refuse the use of compensatory leave, if the

1 leave would disrupt the operations of our  
2 agency.

3 I want to thank -- let me say one other  
4 thing. This will be managed through ESS, the  
5 Employee Self-Service System. So it is all  
6 documented in the system.

7 I want to thank the Office of Chief  
8 Council and our HR staff for continuing their  
9 work on developing these policies and helping us  
10 bring them before the Board.

11 CHAIRMAN DECKER: Okay. Thank you,  
12 Michael.

13 Are there any questions for Mike, Doug  
14 or -- anyone?

15 THE BOARD: [NO RESPONSE]

16 CHAIRMAN DECKER: No? No questions.

17 Wendy, thank you very much. Mike,  
18 thank you.

19 BOARD MEMBER RIVERS: We need a motion.

20 CHAIRMAN DECKER: Oh, I'm sorry. We  
21 need a motion. I apologize.

22 BOARD MEMBER RIVERS: Based on the  
23 recommendation of the Director of  
24 Administration, I would like to make a motion  
25 that we adopt the overtime and compensatory

1 leave policy as presented.

2 CHAIRMAN DECKER: Thank you.

3 BOARD MEMBER McCABE: Second.

4 CHAIRMAN DECKER: Thank you.

5 BOARD MEMBER COY: Mr. Chairman, just  
6 for the record, in addition to thanking the  
7 staff for it, I do know that Commissioner Rivers  
8 put in some time on this effort and brought the  
9 experience of his previous position to help with  
10 this, so I express the Board's gratitude to him  
11 also. Thank you.

12 CHAIRMAN DECKER: Yes. Thanks very  
13 much.

14 BOARD MEMBER McCABE: So I should veto  
15 the policy.

16 CHAIRMAN DECKER: Okay. Any other  
17 comments or questions about it?

18 THE BOARD: [NO RESPONSE]

19 CHAIRMAN DECKER: All those in favor,  
20 please indicate by saying aye.

21 THE BOARD: Aye.

22 CHAIRMAN DECKER: Any opposed?

23 THE BOARD: [NO RESPONSE]

24 CHAIRMAN DECKER: The motion carries.

25 Again, thank you very much for the hard

1 work, all of you, and Sandy too.

2 Next we have Michael Edmiston, our  
3 Director of Hearings and Appeals and Mickey  
4 Kane, Clerk to the Board. Is Mickey here? No?  
5 Okay. Just Michael. Thank you.

6 MR. EDMISTON: Mr. Chairman, if I may,  
7 Mickey's asked me to present on the pro hacs a  
8 little bit later on in the program.

9 CHAIRMAN DECKER: Sure. Thank you,  
10 Mike.

11 MR. EDMISTON: Good afternoon,  
12 Mr. Chairman and Members of the Board.

13 You will have before you by way of  
14 motion the proposal of the granting of orders  
15 for the withdrawal of nine applications, seven  
16 of them being key employee qualifier  
17 applications; one being a permittee application;  
18 and the last being an affiliate application.

19 There are no issues as to outstanding  
20 balances on any of these withdrawals. All of  
21 them are proposed as withdrawals without  
22 prejudice and the order reflects that.

23 The Office of Chief Enforcement Council  
24 has reviewed the petitions and has no objection  
25 to the orders being granted without prejudice.

1 That office has also reviewed the status of the  
2 balances as to the fees and supplemental  
3 payments to each of the involved accounts.  
4 There are no outstanding balance issues on any  
5 one of these.

6 The counsel for each of the Petitioners  
7 for these withdrawals has agreed to each of  
8 those orders.

9 CHAIRMAN DECKER: Are there any  
10 questions of Michael concerning the withdrawals?

11 BOARD MEMBER COY: Mr. Chairman --

12 CHAIRMAN DECKER: Yes, sir.

13 BOARD MEMBER COY: -- I would move that  
14 the Board approve the orders granting withdrawal  
15 of the applications for Donald Kimble, Ellis  
16 Landau, Mark Lay, OCM Acquisition Company, II,  
17 LLC, Robert R. Rogowski, Keith John Rubio,  
18 Charles Sanders, Mark S. Singel and Gary Jude  
19 Stoken.

20 BOARD MEMBER RIVERS: Second.

21 BOARD MEMBER McCABE: Second.

22 CHAIRMAN DECKER: Thank. Again, any  
23 questions or comments?

24 THE BOARD: [NO RESPONSE]

25 CHAIRMAN DECKER: All of those in favor

1 please indicate by saying aye.

2 THE BOARD: Aye.

3 CHAIRMAN DECKER: Any opposed?

4 THE BOARD: [NO RESPONSE]

5 CHAIRMAN DECKER: The motion carries.

6 Michael, if you have something on the  
7 pro hac vice.

8 MR. EDMISTON: Yes. On the, on pro hac  
9 vice.

10 The reason Mickey Kane is not with you  
11 here today, she is attending a seminar on  
12 administrative law together with some of the  
13 other staff of the Pennsylvania Gaming Control  
14 Board, inclusive of Hearing Officers Miller and  
15 Simmons.

16 Mickey has available for your  
17 consideration, upon offering the motion of a  
18 motion, the granting of two orders to permit  
19 practice of law pro hac vice before this Board  
20 by Nicholas Casiello.

21 The motions attest to his being  
22 admitted to the bar and in good standing with  
23 the bar of the State of New Jersey.

24 The petitions have been reviewed by the  
25 Office of Chief Council, and they have no



1 objection to the granting of these petitions.

2 The petitions are made by Washington  
3 Trotting Association and Cadillac Jack, Inc. ;  
4 that is all I have on that matter.

5 MR. ANGELI: Mr. Chairman, I move.

6 CHAIRMAN DECKER: Good.

7 BOARD MEMBER RIVERS: Second.

8 CHAIRMAN DECKER: Thank you.

9 Any questions or comments?

10 THE BOARD: [NO RESPONSE]

11 CHAIRMAN DECKER: All those in favor  
12 say aye.

13 THE BOARD: Aye.

14 CHAIRMAN DECKER: Opposed.

15 THE BOARD: [NO RESPONSE]

16 CHAIRMAN DECKER: The motion carries.

17 Thank you.

18 MR. EDMISTON: Thank you, Mr. Chairman.

19 CHAIRMAN DECKER: Thank you very much,  
20 Michael. We appreciate it.

21 Next up is Richard Williamson, Gaming  
22 Laboratory Operations. Richard.

23 MR. WILLIAMSON: Good afternoon,  
24 Chairman Decker, Members of the Board. You have  
25 before you today a request for approval by GTech

1 Corporation for its permanent facility for the  
2 central monitoring system, which will be located  
3 over at Tech. Port in Harrisburg.

4 This is in addition to the previous  
5 space where you granted approval. They decided  
6 to hold on to the temporary space and this  
7 additional space.

8 So adoption of this resolution will  
9 permit them to have slot machines in this area  
10 for the purpose of testing them with the central  
11 monitoring system.

12 CHAIRMAN DECKER: And that is crucial  
13 to getting the on-going basis --

14 MR. WILLIAMSON: Yes, sir.

15 CHAIRMAN DECKER: -- of getting this  
16 done. Correct?

17 MR. WILLIAMSON: Yes, sir.

18 CHAIRMAN DECKER: From a DOR  
19 perspective. Correct?

20 MR. WILLIAMSON: Yes. The sooner the  
21 better.

22 CHAIRMAN DECKER: All right. May I  
23 have a motion to adopt the resolution approving  
24 possession of slot machines by GTech?

25 BOARD MEMBER COLINS: I will make a

1 motion.

2 CHAIRMAN DECKER: Thank you, Mary. Is  
3 there a second?

4 BOARD MEMBER RIVERS: Second.

5 BOARD MEMBER McCABE: Second.

6 CHAIRMAN DECKER: Any further  
7 discussion or questions?

8 THE BOARD: [NO RESPONSE]

9 CHAIRMAN DECKER: All of those in favor  
10 please indicate by saying aye.

11 THE BOARD: Aye.

12 CHAIRMAN DECKER: Any opposed?

13 THE BOARD: [NO RESPONSE]

14 CHAIRMAN DECKER: Motion carries.

15 Thank you, Richard.

16 MR. WILLIAMSON: Thank you,  
17 Commissioners.

18 CHAIRMAN DECKER: Now, next month we  
19 will have a presentation from Richard on slots  
20 math. Right?

21 MR. WILLIAMSON: Yes.

22 CHAIRMAN DECKER: We are looking  
23 forward to having that. It will be very  
24 interesting. There will be an exam as well.

25 All right. I think next up is Susan

1 and Michael. Susan Hensel and Michael Schwoyer.  
2 Can you take us through the supplier  
3 applications we are going to be considering  
4 today?

5 MS. HENSEL: Thank you, Chairman Decker  
6 and good afternoon Members of the Board. Mike  
7 Schwoyer, Chief Enforcement Counsel and I are  
8 before the Board this afternoon to present to  
9 you two supplier applications for licensing  
10 consideration.

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

15 In general, each applicant went through  
16 the standard process which is as follows: The  
17 application was received, docketed and reviewed  
18 by the Bureau of Licensing for completeness;  
19 that outstanding items regarding the application  
20 were obtained from the applicant.

21 The application was handed off to the  
22 Bureau of Investigation and Enforcement for  
23 investigation and to the Bureau of Corporate  
24 Compliance and Internal Controls for a financial

25 fitness review. The bureaus then provided the

21

1 results of their work to the Bureau of  
2 Licensing.

3 In addition, the applicants' diversity  
4 plan was reviewed and the results were provided  
5 to the Bureau of Licensing.

6 Office of Chief Counsel lawyers then  
7 prepared suitability reports based on  
8 information in the application and the results  
9 of the various investigations. The reports were  
10 provided to each Board Member for review.

11 Should the Board approve licensure of  
12 any of the applicants before you today, they  
13 would be subject to a series of standard  
14 conditions. We have provided copies of standard  
15 conditions to you and at prior public meetings  
16 of the Board have explained the general nature  
17 of these conditions.

18 Mike Schwoyer and I are, of course,  
19 available to answer any questions that you might  
20 have on the conditions.

21 With respect to the applicants we will  
22 present to you today, the Bureau of Licensing  
23 and the Bureau of Investigation and Enforcement  
24 have not identified any issues that would  
25 preclude licensure.

1           The applicants before the Board this  
2           afternoon are Gaming Ventures, LLC and Winner  
3           Security, LLC.

4           You have been provided with the  
5           supplier orders for these applicants. The  
6           orders are standard and have been read into the  
7           record on two prior occasions. I will provide  
8           the draft orders to the stenographer for  
9           incorporation into the record following this  
10          meeting.

11          Mike Schwoyer will now offer his  
12          comments on the applicants.

13          MR. SCHWOYER: Mr. Chairman and Members  
14          of the Board, as Susan stated, the Office of  
15          Enforcement Council has received and reviewed  
16          the background investigation and executive  
17          summary suitability reports prepared by the  
18          Office of Chief Counsel in their entirety.

19          We have reviewed the Pennsylvania State  
20          Police foundational assessments prepared in  
21          connection with both Gaming Ventures, LLC and  
22          Winner Security, LLC.

23          The Office of Enforcement Council has  
24          not made any objection to approving these

25 applicants for supplier licenses.

23

1 CHAIRMAN DECKER: Is there anything  
2 else about this?

3 MS. HENSEL: We ask that you vote on  
4 the applicants individually.

5 CHAIRMAN DECKER: Okay. Thank you.

6 May I have a motion to adopt the order  
7 suggested by Susan and Michael?

8 BOARD MEMBER McCABE: I have a question  
9 first.

10 CHAIRMAN DECKER: Please.

11 BOARD MEMBER McCABE: Mike, these  
12 people have come in and given testimony to you  
13 and you are satisfied with all of their answers?

14 MR. SCHWOYER: Yes, sir. Certain key  
15 employee qualifiers connected to each of these  
16 applicants did provide statements under oath to  
17 the Office of Enforcement Council.

18 CHAIRMAN DECKER: Is that sort of a  
19 deposition?

20 MR. SCHWOYER: Yes, sir.

21 Following the depositions, the Office  
22 of Enforcement Council has not made any  
23 objections of licensure.

24 BOARD MEMBER McCABE: All of your  
25 questions have been answered?

1                   MR. SCHWOYER: Yes, the applicants  
2 cooperated fully, sir.

3                   BOARD MEMBER McCABE: Mr. Chairman, I  
4 move to adopt the order approving suppliers  
5 license for Gaming Ventures, LLC.

6                   BOARD MEMBER COY: Second.

7                   CHAIRMAN DECKER: Thank you.

8                   Any further questions or discussions?

9                   THE BOARD: [NO RESPONSE]

10                  CHAIRMAN DECKER: Hearing none, all of  
11 those in favor please indicate by saying aye.

12                  THE BOARD: Aye.

13                  CHAIRMAN DECKER: Any opposed?

14                  THE BOARD: [NO RESPONSE]

15                  CHAIRMAN DECKER: Motion carries.

16                  Is there anything else, Susan and  
17 Michael?

18                  BOARD MEMBER RIVERS: We need to do the  
19 other one.

20                  CHAIRMAN DECKER: Oh, excuse me.

21                  MS. HENSEL: One more.

22                  CHAIRMAN DECKER: I apologize. I  
23 thought we did them both. Go ahead.

24                  BOARD MEMBER RIVERS: I would like to  
25 move to adopt the Board order approving supplier



1 licence for Winner Security, LLC.

2 BOARD MEMBER McCABE: Second.

3 CHAIRMAN DECKER: All right. Any  
4 questions or comments about Winner Security,  
5 LLC?

6 THE BOARD: [NO RESPONSE]

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

9 THE BOARD: Aye.

10 CHAIRMAN DECKER: Any opposed?

11 THE BOARD: [NO RESPONSE]

12 CHAIRMAN DECKER: The motion carries  
13 for Winner Security. Thank you. Anything else?

14 MS. HENSEL: That concludes our  
15 presentation, unless you have any other  
16 questions.

17 CHAIRMAN DECKER: No. Anything else?

18 THE BOARD: [NO RESPONSE]

19 CHAIRMAN DECKER: Thank you very much.  
20 A lot of hard work goes into this, we know.

21 Our next topic is regulations. I am  
22 going to call up Chief Council Frank Donaghue,  
23 who is going to lead the discussion along with  
24 others. You look familiar, both of you.

1 regulations. Joining me is Richard Sandusky,  
2 Director of our Office of Regulatory Review, as  
3 well as Michelle Afragola, who is the Deputy  
4 Director.

5 The Office of Chief Counsel is pleased  
6 to be presenting to the Board today our first  
7 proposed rule-making packages that will convert  
8 our temporary regulations to permanent  
9 regulations. However, this is only the starting  
10 point.

11 To put things into perspective, let me  
12 briefly outline the entire process. If the  
13 Board adopts these proposals today, they must be  
14 sent to the Office of Budget for a fiscal note  
15 and then be submitted to the Legislative  
16 Reference Bureau for publication in the  
17 Pennsylvania Bulletin.

18 At the same time, the regulations will  
19 be submitted to standing committees in House and  
20 Senate and be delivered to the Independent  
21 Regularly Review Commission to start the first  
22 phase of the regulatory review process.

23 After publication in the Pennsylvania  
24 Bulletin, the public will then have 30 days to  
25 submit comments.

1                   Following the close of the  
2                   public-comment period, the Independent  
3                   Regulatory Review Commission has an additional  
4                   30 days to submit its comments.

5                   The standing committees may submit  
6                   comments at any time. After all of the comments  
7                   have been reviewed, the proposed regulation will  
8                   be revised as needed. The revised version of  
9                   the regulation will then be presented to the  
10                  Board as a final-form regulation for action at a  
11                  public meeting.

12                  Upon Board adoption, the regulations  
13                  will be submitted to the standing committees and  
14                  again to the Independent Regulatory Review  
15                  Commission for their final review.

16                  Once approval of the standing  
17                  committees and of IRRC is obtained, the  
18                  regulations will be submitted to the Office of  
19                  Budget for its final fiscal note review and  
20                  delivered to the Legislative Reference Bureau  
21                  for final publication. Final-form regulation  
22                  will become effective upon publication in the  
23                  Pennsylvania Bulletin.

24                  So, as you can see, we have a long road

25 ahead of us, and I will now turn the floor over

28

1 to Michelle and Richard, who will discuss  
2 today's proposed rulemakings.

3 MS. AFRAGOLA: Thank you.

4 Good afternoon, Chairman Decker and  
5 Members of the Board.

6 As Frank mentioned, the regulations  
7 offered for your consideration today are just  
8 the first step in the process. I would like to  
9 explain the method by which we will be  
10 presenting the regulations.

11 The regulatory review division has  
12 reviewed the temporary regulations, which we  
13 have currently beginning with Subpart A; and  
14 these regulations have been edited and revised  
15 by our internal regulations group.

16 As you can see in your copies of the  
17 regulations, the language that has changed from  
18 the temporary version to permanent version has  
19 been highlighted in brackets or boldface.

20 We have done this for consistency with  
21 the style rules of the Legislative Reference  
22 Bureau, and so that when we publish these, the  
23 public can see what has changed from the

24 temporary to the proposed rulemaking.

25 There are 10 subparts currently in the

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1 temporary regulations. Richard and I will be  
2 presenting Subparts A, D, F and G today. I am  
3 going to begin with some of the changes to  
4 Subpart A.

5 Chapter 401 contains the preliminary  
6 provisions that address the purpose of the  
7 Board's regulations, construction, definition of  
8 terms and the Board's jurisdiction.

9 The changes in this chapter are largely  
10 editorial and are intended to improve the  
11 clarity of the language in the existing  
12 regulations.

13 In Section 401.4, a number of  
14 definitions have been revised to improve  
15 clarity, and we have removed any substantive  
16 rules from this section.

17 Several definitions have been deleted  
18 because the terms were not used.

19 In Chapter 403, this chapter addresses  
20 areas of Board operation, including meeting  
21 participation, voting and the conduct of Board  
22 meetings. This chapter also contains  
23 regulations on hours of operation and requests  
24 for information.

25 We have made some revisions to this

1 language to more closely reflect the statutory  
2 requirements and to more accurately reflect the  
3 practices that the Board has had based on its  
4 operating experience.

5 Chapter 405 outlines the general duties  
6 of the Bureau of Investigations and Enforcement,  
7 the responsibilities of applicants to provide  
8 information, the powers and duties of the Office  
9 of Enforcement Council, and conduct during  
10 enforcement proceedings.

11 Again, these changes are just  
12 clarifying language. We have amended the  
13 language for consistency with the statute and  
14 deleted provisions that deal with exclusively  
15 internal procedure.

16 Finally, in Chapter 407, Public Access  
17 to Board Records, this particular chapter  
18 specifies how the Board's records are organized  
19 and how requests for public information in these  
20 files will be processed.

21 Several editorial changes were made to  
22 this chapter, including clarifying how people  
23 can request information from the Board, how the  
24 public may review and obtain copies of Board

25 minutes and annual reports and how confidential

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1 information will be treated.

2 If you have any questions, I will be  
3 happy to take them.

4 CHAIRMAN DECKER: How would you like to  
5 handle this, Frank? Do you want to go through  
6 all of them or do each one?

7 MR. DONAGHUE: A motion for each  
8 package would be appropriate.

9 CHAIRMAN DECKER: Okay. That would be  
10 fine.

11 BOARD MEMBER COY: Mr. Chairman --

12 CHAIRMAN DECKER: Yes, please.

13 BOARD MEMBER COY: -- I move that the  
14 Board adopt proposed regulation number 125-45  
15 pertaining to Subpart A, Chapters 401, 403, 405  
16 and 407; and that the Board establish a public  
17 comment period of 30 days; and that the Board  
18 post the proposed regulations on the Board's  
19 website.

20 CHAIRMAN DECKER: Thank you. Do I have  
21 a second?

22 BOARD MEMBER RIVERS: Second.

23 CHAIRMAN DECKER: Thank you. Any

24 questions for Michelle about any of those  
25 specific chapters to our regs?

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1 THE BOARD: [NO RESPONSE]

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

4 THE BOARD: Aye.

5 CHAIRMAN DECKER: Any opposed?

6 THE BOARD: [NO RESPONSE]

7 CHAIRMAN DECKER: Motion carries.

8 Thank you very much.

9 BOARD MEMBER COY: Mr. Chairman, just a  
10 question for Chief Council, as a reminder to me,  
11 but I think I know the answer.

12 The Appropriate Oversight Committees  
13 are in the Senate, Law and Justice Committee and  
14 in the House, Tourism.

15 MR. SANDUSKY: In the Senate it is  
16 Rules and Executive Nominations.

17 BOARD MEMBER COY: Oh, it's Rules and  
18 Executive Nominations.

19 MR. SANDUSKY: Yes.

20 BOARD MEMBER COY: But the house is --

21 MR. SANDUSKY: Tourism.

22 CHAIRMAN DECKER: Let me ask another  
23 question. How long do our temporary regs  
24 continue in existence? For how long?

25 MR. DONAGHUE: For one year.



1           CHAIRMAN DECKER: For one year.

2           MR. DONAGHUE: Yes, from this past  
3 July.

4           CHAIRMAN DECKER: And I presume  
5 everyone has definite expectations that these  
6 will all get approved within the year.

7           MR. DONAGHUE: We have made efforts to  
8 meet with the Independent Regulatory Review  
9 Commission, as well as both the House --

10          CHAIRMAN DECKER: I received, as you  
11 know, a letter from the Chairman of the  
12 Commission saying that they thought they could  
13 do this in six months or thereabouts.

14          MR. DONAGHUE: We have put them on  
15 notice of the entire package that we expect to  
16 get that to them over the course of --

17          CHAIRMAN DECKER: Great. And we have  
18 no reason to expect otherwise. Great. Thanks.

19                 It was good news to get that letter,  
20 too. Okay. Sorry.

21                 Richard?

22          MR. SANDUSKY: The second package that  
23 we have for you today consists of Subchapters D  
24 and F, which are two of our shorter Subchapters.

1 451, which deals with recordkeeping  
2 requirements. This outlines what licensed,  
3 registered or certified entities have to keep in  
4 the way of records. It includes documents such  
5 as tax returns, financial records and  
6 correspondence between the regulated entities  
7 and governmental bodies.

8 In these regulations, there is a  
9 general requirement that these records must be  
10 maintained for a minimum of five years, and for  
11 taxes, those have to be maintained for seven.

12 What we have done in this chapter is  
13 made a number of clarity changes, just to make  
14 it a little bit easier for the regulated public  
15 to understand what is being asked of them.

16 Probably the most significant change in  
17 this chapter is we have clarified that these  
18 records are to be kept at the facility in the  
19 Commonwealth.

20 We feel this is essential for us to be  
21 able to perform our audit and oversight  
22 functions. We needed to clarify that in the  
23 chapter.

24 The second chapter in this package is  
25 Chapter 471, and it deals with fees. It's a

1 chapter that has a number of general provisions  
2 in it.

3           Again, the changes to the provisions in  
4 this chapter, primarily, are clarity. We have  
5 tried to make it clear to folks, that, for  
6 example, filings are not deemed filed until the  
7 accompanying fees have, in fact, been paid, and  
8 clarifying that fees are not refundable because  
9 the cost will be incurred by the Board  
10 regardless.

11           It also makes it clear to the public  
12 that if there are additional expenses associated  
13 with investigations that are conducted by the  
14 Board, those applicants will be responsible for  
15 paying those additional costs as well as the  
16 initial application fee.

17           And it also states that the fee  
18 schedules for the Board will be posted on our  
19 website and published in the Pennsylvania  
20 Bulletin as notices.

21           Like I said, these are fairly short  
22 chapters. If there are any questions on these  
23 provisions, I would be happy to take them at  
24 this time, and if not we would ask for a motion

25 for the adoption of the proposed rule.

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1 CHAIRMAN DECKER: Thank you Richard.

2 May I have a motion?

3 BOARD MEMBER COLINS: I will make the  
4 motion.

5 CHAIRMAN DECKER: Okay, Mary. It's a  
6 motion to approve -- I'm sorry. It is a motion  
7 to approve regulation Subparts D and F, Chapters  
8 451 and 471 as proposed. Is that your motion,  
9 Commissioner?

10 BOARD MEMBER COLINS: That's correct.  
11 That's my motion.

12 CHAIRMAN DECKER: Do we have a second?

13 BOARD MEMBER McCABE: I second.

14 CHAIRMAN DECKER: Okay. Any questions  
15 or discussion?

16 THE BOARD: [NO RESPONSE]

17 CHAIRMAN DECKER: All of those in  
18 favor.

19 THE BOARD: Aye.

20 CHAIRMAN DECKER: Any opposed?

21 THE BOARD: [NO RESPONSE]

22 CHAIRMAN DECKER: Motion carries.

23 Thank you.

24 We have one more.

25 MR. SANDUSKY: That's correct. The

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1 final package that we have before you is for  
2 Subpart G, which is the minority and women's  
3 business enterprises subchapter and the chapter  
4 itself is Chapter 481.

5 Again, we have made a number of changes  
6 which are designed to improve the clarity of the  
7 chapter, but we have also made some substantive  
8 changes as well. Let me briefly touch on some  
9 of those for you.

10 One of the things that we have done is  
11 remove the registered vendors from the list of  
12 regulated entities that would be complying with  
13 all of these provisions.

14 You may remember, these are the lowest  
15 level of vendors. They may be doing as little  
16 as \$2500 business with the slot machine licensee  
17 during a 12-month period.

18 Some of the requirements, particularly  
19 the reporting requirements, that are in this  
20 chapter require a lot of work. One of the  
21 things that we don't want to do is set up a  
22 situation where small businesses are encouraged  
23 not to do business with the slot machine  
24 operators.

25 These individuals will still be

1 responsible for compliance with the general  
2 diversity requirements in the licensure  
3 regulations, so it is not a blanket exemption.

4 It is just removing what we feel are unnecessary  
5 reporting requirements upon the small  
6 businesses.

7           One of the other changes that we have  
8 done is in the existing chapter, the Board  
9 maintains a list of minority contractors that  
10 have been approved by General Services.

11           That list really is nothing more than  
12 a General Services list. We have taken that  
13 requirement out and simply referred people  
14 directly to general services list; and that is  
15 exactly what our website currently does, so that  
16 people will have access to the most up-to-date  
17 list of minority and women business enterprises.

18           Also, included in the regulation are  
19 some revisions on reporting requirements. As  
20 you may remember in the statements of conditions  
21 for both manufacturers and suppliers, they are  
22 required to file not only annual, as these  
23 regulations require, but quarterly reports so

24 that we know what their progress has been in  
25 their diversity efforts.

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1 The regulations have been amended to  
2 reflect that requirement that suppliers,  
3 manufacturers and slot machine licensees will  
4 all be required to submit quarterly reports, in  
5 addition to the annual report.

6 To try and streamline things a little  
7 bit, we have also added a new provision for  
8 management companies, which will allow them to  
9 file a combined report, on behalf of the  
10 management company and the slot machine licensee  
11 that they have their contract with so that we  
12 are not getting duplicate reports.

13 And, finally, what we have done is we  
14 have moved the one provision on Board audits to  
15 a separate provision, so it is a stand-alone.

16 What this provision says is that the  
17 Board at any time may perform an audit or  
18 inquiry as to the diversity efforts of any of  
19 the regulated entities.

20 If there are any questions on the  
21 revisions, I would be happy to try to respond to  
22 them.

23 CHAIRMAN DECKER: Thank you, Richard.

24 May I have a motion to approval

25 regulation Chapter 481 as proposed and

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1 discussed?

2 MR. ANGELI: Mr. Chairman, I propose  
3 that the Board adopt proposed Regulation No.  
4 125-47 pertaining to Chapter 481, and the Board  
5 establish a public comment period of 30 days and  
6 that the Board post its proposed regulations on  
7 the Board's website.

8 BOARD MEMBER McCABE: Second.

9 CHAIRMAN DECKER: Thank you. Are there  
10 any questions or comments for Richard?

11 THE BOARD: [NO RESPONSE]

12 CHAIRMAN DECKER: Okay. All of those  
13 in favor please indicate by saying aye.

14 THE BOARD: Aye.

15 CHAIRMAN DECKER: Any opposed?

16 THE BOARD: [NO RESPONSE]

17 CHAIRMAN DECKER: The motion carries.  
18 Thank you very much.

19 MR. DONAGHUE: Thank you.

20 MR. SANDUSKY: Thank you.

21 MS. AFRAGOLA: Thank you.

22 CHAIRMAN DECKER: I presume we will  
23 have a lot of these coming up now. Right?



24 MR. DONAGHUE: Yes, you will.

25 CHAIRMAN DECKER: Thank you.

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1 Just a few items before we close.

2 As most of you know, Lynn Stelle, a  
3 consultant to the Pennsylvania Gaming Control  
4 Board since its inception died suddenly a few  
5 weeks ago. He was a dear friend to all of us  
6 and an important member of our team. He will be  
7 missed.

8 Lynn's work on behalf of gaming in  
9 Pennsylvania predated the creation of this  
10 agency after helping spur a period of phenomenal  
11 growth in the Pennsylvania Lottery.

12 As a consultant to the Department of  
13 Revenue, Lynn was asked to turn his attention to  
14 gaming right after Act 71 became law.

15 As part of a multi-agency Gaming Task  
16 Force, Lynn played a key role in the initial  
17 briefings held for all of us here as  
18 newly-appointed members and in preparing for the  
19 Board's first public meetings in December of  
20 2004.

21 Many of us were fortunate enough to  
22 work closely with Lynn on a regular basis. He  
23 was blessed with a quick mind, quit wit and the  
24 ability to get the heart of very complex issues.

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His loss will be felt by all of us, and

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1 we send our condolences to his wife Peggy, his  
2 sons Andrew, Benjamin and Michael, and his  
3 parents Norma and Russell.

4 I know you all feel that way, and thank  
5 you, particularly those who have worked closely  
6 with him.

7 Two scheduling notes before we close,  
8 today. Our next public meeting will be on  
9 Tuesday, September 12th, at 10:00 a.m.

10 This meeting will be held in the  
11 auditorium of the State Museum building, in  
12 conjunction with our licensing hearings on  
13 conditional Category I applications, which are  
14 being held on September 11th and throughout the  
15 day except for the meeting on September 12th,  
16 again, also in the museum auditorium.

17 For your information, the museum is on  
18 the corner of Third and North Streets in  
19 Harrisburg.

20 The Board meeting and the licensing  
21 hearings are open to the public and the media.

22 Finally, a reminder for members of the  
23 media, instead of the usual press conference

24 here, we are going to go over to the Media  
25 Center, which I had hoped will be in 15 minutes,

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1 but I believe we are going to stick with 4:00;  
2 isn't that correct? Yeah, it is 4:00. So we  
3 will have a little bit of time in between.

4 I will be glad to take your questions  
5 on the subject of licensing hearings and  
6 anything else you want to talk about. So we  
7 will see you all over there at 4:00 p.m.

8 Thank you.

9 I need a motion.

10 MR. ANGELI: So moved for adjournment.

11 CHAIRMAN DECKER: Thank you.

12 BOARD MEMBER McCABE: Second.

13 CHAIRMAN DECKER: Any opposed?

14 THE BOARD: [NO RESPONSE]

15 CHAIRMAN DECKER: The motion carries.

16 Thank you.

17 (Meeting adjourned at 2:50 p.m.)

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

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Lorraine T. Herman, RPR  
Reporter - Notary Public

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