

PENNSYLVANIA GAMING CONTROL BOARD

NORTH OFFICE BUILDING
HEARING ROOM 1
HARRISBURG, PENNSYLVANIA

MONDAY, JULY 16, 2007, AT 1:00 P.M.

BEFORE:

THOMAS DECKER, CHAIRMAN

RAYMOND ANGELI

MARY DiGIACOMO COLINS

KENNETH McCABE

JEFFREY COY

SANFORD RIVERS

GARY A. SOJKA



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1 CHAIRMAN DECKER: Good afternoon, everyone. I am
2 Tad Decker, Chairman of the Pennsylvania Gaming Control
3 Board. I would like to welcome you to our public meeting
4 today. A quorum of the Board is present; and therefore, the
5 meeting is being called to order.

6 Let me apologize. We had some issues that kept us
7 from getting here at 1:00. We are sorry to have held you
8 up.

9 Moving along to one of our regular housekeeping
10 items. Let me ask everyone, including myself, which I just
11 did, turn off their cell phones, Blackberries, et cetera.

12 Please join me in the pledge of allegiance.

13 (The pledge of allegiance.)

14 CHAIRMAN DECKER: Thank you.

15 Announcements. The Board held executive sessions
16 prior to this meeting, in accordance with the Sunshine Act,
17 to discuss personnel issues, privileged agency business, the
18 potential acquisition and/or lease of real property, and to
19 consult with counsel and other professional advisors to the
20 Board concerning current litigation or matters in which
21 complaints could be expected to be filed.

22 Moving on to the transcripts and minutes. May I
23 have a motion from the Board to approve the transcript and
24 minutes of the June 5th, 2007 meeting?

25 MR. ANGELI: Mr. Chairman, I move that the Board

1 approve the transcript and minutes of the June 5 meeting,
2 2007.

3 COMMISSIONER COY: Second.

4 COMMISSIONER MCCABE: Second.

5 CHAIRMAN DECKER: Thank you. Any questions and
6 comments?

7 THE BOARD: [NO RESPONSE]

8 CHAIRMAN DECKER: All in favor?

9 THE BOARD: Aye.

10 CHAIRMAN DECKER: Any opposed?

11 THE BOARD: [NO RESPONSE]

12 CHAIRMAN DECKER: Motion carries. Thank you.

13 We will move on to new business now. And the first
14 would be our report from Executive Director Anne Neeb.
15 Anne?

16 MS. NEEB: Good morning, Chairman, members of the
17 Board. I have no action items today, but I have a few
18 things I want to report concerning slot revenues.

19 The revenues for the month of June have been very
20 strong. The slot win per day is up over the month of May at
21 three properties: Philadelphia Park, Harrah's, Chester and
22 Mohegan.

23 The Meadows, which came on line June 11th, had a
24 slot win per day of \$335 which runs well over both ours and
25 the operator's pre-licensing estimates.

1 In addition, Presque Isle's slot win per day
2 figures continue to exceed those estimates as well. Of
3 note, one particular day, July 7th, '07, generated a
4 tremendous interest in gaming at all facilities. The
5 results were that slot win per day was up 50 percent higher
6 than normal for a Saturday; including the figure at Mohegan
7 Sun over \$100,000 per unit.

8 Mohegan is one of our operators that is
9 constructing their permanent facility. At the next meeting
10 you will hear directly from them and five other operators
11 about the status of their permanent facility plans,
12 including our first two stand-alone facilities, Mt. Airy and
13 Sands Bethworks, which are Category 2 facilities. This will
14 also give you an opportunity to ask about other areas of
15 their operation.

16 That concludes my report. If you have any
17 questions, I will be happy to answer them.

18 CHAIRMAN DECKER: Any questions for Anne?

19 THE BOARD: [NO RESPONSE]

20 CHAIRMAN DECKER: Anne, thank you.

21 Next is our Chief Financial Officer, Eileen
22 McNulty. Eileen?

23 Anne, maybe I do have one question. As these other
24 casinos come on or operations come on, there is going to be
25 a certain amount of dilution in those numbers per machine.

1 Right? Or if they add more machines, et cetera. Right?

2 MS. NEEB: A dilution at the --

3 CHAIRMAN DECKER: A dilution of revenue per
4 machine?

5 MS. NEEB: There may be, as we have more and more
6 casinos opening. Initially, it may not show up that way
7 because initially there is always a surge from that area,
8 and geographically we are spread out.

9 CHAIRMAN DECKER: Okay.

10 MS. NEEB: So you will be pulling people from other
11 states, depending on where you are in the state.

12 CHAIRMAN DECKER: Were there a lot of people
13 waiting in line at Mohegan Sun when they were doing the
14 1,000 per machine?

15 MS. NEEB: I didn't hear there were any complaints
16 that there was waiting in lines.

17 MR. CHAIRMAN: Okay. Just curious.

18 MS. NEEB: There was just heavy, heavy play.

19 CHAIRMAN DECKER: Okay. All right. Thanks.

20 There are some lines at others, Commissioner Rivers
21 was just telling me.

22 Eileen.

23 MR. McNULTY: Thank you, Mr. Chairman and Board
24 Members. I am giving you the report for the month of June
25 expenditures, here; however, it is important to note that

1 the fiscal -- the books have not been closed on the fiscal
2 year '06/'07 yet. So I will give you the information for
3 expenditures in the month of June, but be aware of the fact
4 that expenditures can still be booked to '06/'07 until the
5 fiscal year is closed.

6 General fund expenditures for the month of June
7 totalled \$3,011,566; personnel expenses were 75.5 percent of
8 the total or \$2,274,506. Three payrolls were recorded in
9 the month of June, as compared with two in a normal month.

10 Operating expenses of \$737,061 made up the
11 remaining 24.5 percent of June's expenses. There were two
12 categories of operating expense that exceeded \$100,000 for
13 the month. Furniture and fixtures constituted 31.6% of
14 June's operating expenses. This reflects the purchase of
15 furnishings of Phase 1 of 10th floor expansion, including
16 the furniture for our new gaming lab and the conference room
17 and executive office.

18 Vehicle leases accounted for \$181,577 or 24.6% of
19 June expenses. All state agencies were billed in June by
20 DGS for the entire fiscal year's vehicle lease expense.
21 That is why this is such a significant piece in this month
22 alone. Together furniture and vehicle leases constituted
23 56% of our operating expenses for the month of June.

24 For the fiscal year through June 30th, general fund
25 expenditures totalled \$23,164,033; personnel expenses were

1 \$17,383,632 during that year. We began the fiscal year with
2 168 employees and ended with 231 employees as of June 29th.

3 Operating expenses for the last fiscal year booked
4 through June 30th totalled \$5,780,401. Expenditures will
5 continue to be recorded, as bills are processed, for goods
6 and services received during the fiscal year. Funds have
7 been encumbered to cover bills that have not yet been
8 processed.

9 These include some outstanding furniture invoices
10 as well as substantial legal bills incurred to defend
11 against Court challenges on licensing decisions for Category
12 2 venues.

13 Among general fund expenditures booked through June
14 30th, four categories accounted for more than half of the
15 operating expenses: Real estate leases were the largest
16 category accounting for \$909,101 or 15.7% of operating
17 expenses. Furniture and fixtures were the second largest
18 expense at \$808,336 or 14% of the total.

19 Both of these categories reflect the substantial
20 growth in staff, experienced during the fiscal year, in
21 which we awarded 11 licenses and opened 5 facilities for
22 slot machine gaming.

23 Consulting services of \$625,830 were the
24 third-largest operating expense, accounting for 10.8% of
25 that total; 75% of these consulting expenses were for

1 computer consultants, primarily to build the Gaming Board's
2 on-line employee licensing software SLOTSlink.

3 The fourth largest expense category amounted to
4 \$556,462 or 9.6% of operating expenses with specialized
5 services. This category includes payments to other state
6 agencies for services provided to the Gaming Board,
7 including payments to the budget office for comptroller
8 services and payroll operations, to OA for human resource
9 services and IES and to Commonwealth Media Services for
10 audio services at public meetings and photography services.
11 Directors and officers insurance and court reporter services
12 are other significant items that are included in the
13 specialized services.

14 Revenues received in the general fund through June
15 30th totalled \$24,270,691, leaving a balance in the general
16 fund of \$863,658 on the last day of the year.

17 Fiscal year '06/'07 revenues and expenditures will
18 continue to be recorded as reimbursements are received for
19 costs that were billed in '06/'07 and bills processed
20 received during the fiscal year that just ended. Therefore,
21 the year-end balance will continue to change until the
22 comptroller closes the books on fiscal year '06/'07.

23 The general fund revenue total included transfers
24 of \$3,500,000 from the Gaming Fund. Additional funds will
25 need to be transferred from the Gaming Fund to the general

1 fund as bills are processed for '06/'07 to cover those
2 expenses.

3 After reserving funds to cover these encumbrances
4 for fiscal year '06/'07, the combined available balance in
5 the general and gaming funds together on June 30th was
6 \$2,809,689. This amount will be carried into fiscal year
7 '07/'08 and is expected to be appropriated by the General
8 Assembly to cover '07/'08 expenses.

9 Statements of revenue and expenditure in both the
10 general and gaming funds and a combined statement will be
11 presented when all transactions affecting fiscal year totals
12 have been processed.

13 Thank you.

14 CHAIRMAN DECKER: Well, thank you, Eileen.

15 Any questions from the Board? Yes.

16 COMMISSIONER SOJKA: Just one brief one and it is a
17 clarification question. I think it is in a statute. Is
18 there a point now where we might start receiving license
19 fees, the \$50 million fees? Where do those go and how are
20 they accounted within what you are just telling us?

21 MR. McNULTY: They are not accounted within what I
22 am talking about at all, because I am talking about funds
23 that the Gaming Control Board has access to. We do not
24 receive anything from those \$50 million license fees.

25 Those fees go into the gaming fund. There are

1 various appropriations that come out of the gaming fund, and
2 ultimately the remainder of the funds in the gaming fund
3 goes to the property tax relief fund and ultimately does go
4 to property tax relief.

5 On that note, I would let you know that we did
6 receive the \$50 million license fee today from Mt. Airy. So
7 that was deposited in the gaming fund just this afternoon.

8 COMMISSIONER SOJKA: Thank you.

9 CHAIRMAN DECKER: Thanks, Eileen.

10 Okay. Next up is Mike Walsh. Mike, you have a
11 couple items for us today?

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

13 The Bureau of Administration does have two items
14 today; the first being consideration of five candidates for
15 positions within the agency, and the second being
16 consideration of a lease agreement for our Scranton office.

17 The five candidates for consideration have all
18 completed a background investigation and drug screening and
19 are recommended by the Executive Director, the Bureau of
20 Directors and the Agency Personnel Committee. They are as
21 follows:

22 In the Office of Chief Counsel, Troy Beaverson, as
23 an Assistant Chief Counsel 2; in the Bureau of Corporate
24 Compliance and Internal Controls, Kassandra Burston, as a
25 clerical support specialist; in the Bureau of Gaming

1 Laboratory Operations, Patty Hinson, as a clerical support
2 specialist; and James Mansueti as a gaming equipment field
3 inspector; in the Bureau of Investigations and Enforcement,
4 Reginald Wilkins, as a casino enforcement agent.

5 We would respectfully request a motion by the Board
6 to approve these individuals for positions within the
7 Pennsylvania Gaming Control Board.

8 CHAIRMAN DECKER: Thank you. May I have a motion
9 to that effect, please?

10 MR. RIVERS: Yes. Mr. Chairman, based on the
11 recommendation of the Director of Administration, I move
12 that we hire the aforementioned individuals as described.

13 COMMISSIONER SOJKA: Second.

14 CHAIRMAN DECKER: Thank you. This is subject to
15 our budget being approved. We are not going to actually
16 hire these people until the budget is approved.

17 MR. WALSH: That's correct.

18 CHAIRMAN DECKER: Okay. Thank you.

19 Any questions or comments for Mike?

20 COMMISSIONER MCCABE: They have all successfully
21 passed the background check?

22 MR. WALSH: That is correct.

23 CHAIRMAN DECKER: Thank you. Any other questions?

24 [NO RESPONSE]

25 CHAIRMAN DECKER: All those in favor?

1 THE BOARD: Aye.

2 CHAIRMAN DECKER: Any opposed?

3 THE BOARD: [NO RESPONSE]

4 CHAIRMAN DECKER: Mike, you have one other. Right?

5 MR. WALSH: Mr. Chairman, members of the Board, as
6 you know, we had been in the process of identifying and
7 negotiating a lease for the office space in northeastern
8 Pennsylvania.

9 On February 27th of this year, we advertised for
10 this space, and we received 16 proposals that were deemed
11 responsive and met the conditions of the advertisement.
12 Commissioner Angeli and I then visited several of these
13 locations in late March, to review these proposals in
14 person.

15 After several months of negotiations and office
16 space planning, we are ready to proceed with a lease
17 agreement. The Bureau of Administration today recommends
18 that the Pennsylvania Gaming Control Board enter into a
19 7-year lease agreement with Scranton Mall Associates for
20 3,976 square feet of office space located at Oppenheim
21 Building on Lackawanna Avenue in downtown Scranton.

22 The terms of this lease are \$15.50 per square foot
23 for the first 3 years and \$16.50 for years 4 through 7.
24 There is an option for an additional 2 years if the Board
25 would see fit at that time to do that.

1 We are confident that the Oppenheim Building will
2 provide our agency with a central location from which to
3 conduct business in northeastern Pennsylvania. Our presence
4 in downtown Scranton continues our commitment to putting
5 offices in central business districts and adhering to the
6 Downtown Location Law. I know this would be a great place
7 to work for our staff, and I am pleased to present this
8 lease for your consideration today.

9 CHAIRMAN DECKER: All right, Mike. We do have a
10 couple facilities up there as well, as you pointed out.

11 MR. WALSH: Absolutely. Yes.

12 CHAIRMAN DECKER: And maybe more.

13 MR. RIVERS: Mr. Chairman, could we name the
14 facilities that basically this office would serve?

15 MR. WALSH: Sure. It would serve the current
16 operation, of course, at the Mohegan Sun, as well as the Mt.
17 Airy casino that will open up this fall.

18 CHAIRMAN DECKER: And may do some things, if
19 anything happens with --

20 MR. WALSH: With Category 3.

21 CHAIRMAN DECKER: And potential Category 3s as
22 well.

23 MR. ANGELI: And the Bethworks?

24 CHAIRMAN DECKER: Pardon?

25 MR. ANGELI: And the Bethworks?

1 CHAIRMAN DECKER: And perhaps Bethlehem. Although
2 I still contend -- I have to bet with somebody on this that
3 Conshohocken is closer than Scranton.

4 MR. ANGELI: By linear distance?

5 CHAIRMAN DECKER: By road distance. It is a
6 private joke, folks. Okay.

7 MR. COY: For now.

8 CHAIRMAN DECKER: Right.

9 Any questions of Michael on the lease?

10 Mary, did you have a question?

11 MS. COLINS: I did. I wanted to know if this
12 office space is located near the Dunder-Mifflin office
13 space?

14 MR. WALSH: The what?

15 MS. COLINS: Dunder-Mifflin, from "The Office", on
16 NBC, in Scranton.

17 MR. WALSH: No.

18 CHAIRMAN DECKER: "The Office".

19 MR. WALSH: I got it.

20 CHAIRMAN DECKER: Okay.

21 MR. WALSH: The good news is that it is in a
22 downtown location; that is what we are promoting; that all
23 of our offices, thus far, have been in downtown areas.

24 CHAIRMAN DECKER: Great. That is a very good
25 price. Some of us have been in New York and

1 Washington and other places. We would ask if there were
2 four walls attached to that.

3 MR. WALSH: Right. Right.

4 CHAIRMAN DECKER: But it is a very good price. I
5 understand it is a very nice building too.

6 MR. WALSH: I think so.

7 CHAIRMAN DECKER: Any other questions for Michael
8 on that issue?

9 THE BOARD: [NO RESPONSE]

10 CHAIRMAN DECKER: All of those in favor?

11 MR. COY: We need a motion.

12 CHAIRMAN DECKER: Oh, I'm sorry. I apologize. I
13 didn't get a motion yet.

14 The other thing I'd like to point out is that this
15 isn't being signed until we have a budget as well. Correct?

16 MR. WALSH: That's correct.

17 CHAIRMAN DECKER: Otherwise, we wouldn't have the
18 money for this.

19 MR. WALSH: Can I have a motion to this effect?

20 CHAIRMAN DECKER: Thank you. Ray?

21 MR. ANGELI: Yes. Mr. Chairman, I move we approve
22 the lease between the Pennsylvania Gaming Control Board and
23 Scranton Mall Associates for the use of 3,976 square feet of
24 office space situated at the Oppenheim Building in the City
25 of Scranton.

1 The lease is for a period of 7 years at a rate of
2 \$15.50 per square foot for the first 3 years, and \$16.50 per
3 square foot for years 4 through 7. This lease price
4 includes all build out of the space, utilities and parking.

5 MS. COLINS: Second.

6 CHAIRMAN DECKER: Thank you. Any questions or
7 comments for Mike?

8 THE BOARD: [NO RESPONSE]

9 CHAIRMAN DECKER: Hearing none, all of those in
10 favor?

11 THE BOARD: Aye.

12 CHAIRMAN DECKER: Any opposed?

13 THE BOARD: [NO RESPONSE]

14 CHAIRMAN DECKER: Motion carries.

15 Michael, thank you.

16 I have one other question for you. We are talking
17 about going to pool cars. We talked about this today in
18 context of our budget today; and that would mean that there
19 are pool cars available from different locations, which of
20 course would include Scranton. So at Harrisburg, here and
21 there; is that correct?

22 MR. WALSH: That's right.

23 CHAIRMAN DECKER: So no one will be assigned, if we
24 go to the city, a full-time car?

25 MR. WALSH: That's correct.

1 CHAIRMAN DECKER: Okay. Let me ask you a question.
2 Do you have a full-time car, Michael?

3 MR. WALSH: No.

4 CHAIRMAN DECKER: Do you have a car, other than
5 your own car, which you pay for?

6 MR. WALSH: No.

7 CHAIRMAN DECKER: Do you use a car periodically if
8 you have to drive to Philadelphia or Scranton to meet with
9 us?

10 MR. WALSH: Yes.

11 CHAIRMAN DECKER: Do you take it home with you at
12 night?

13 MR. WALSH: I don't commute with a vehicle.

14 CHAIRMAN DECKER: Okay. Thank you very much.

15 Just to clarify. I just wanted to make sure. I
16 think it is true -- there really are basically no other
17 people other than Anne and Frank.

18 MR. WALSH: Anne and Frank.

19 No, what I found out since we discussed this this
20 morning, is that a person left on our staff, the Director of
21 Gaming Laboratory Operations, and when he left, that car was
22 placed in my name because it is a pool car.

23 CHAIRMAN DECKER: Because you are in charge of the
24 pool.

25 MR. WALSH: That's correct. That's what I found

1 out.

2 CHAIRMAN DECKER: Just to clarify that. Thank you.
3 All right. Next up is Frank Donaghue and Richard
4 is with us too. Thank you.

5 MR. DONAGHUE: Thank you, Mr. Chairman and Board
6 Members. Before I turn to a number of withdrawals for the
7 Board's consideration today, I would like to turn to the
8 Director of Regulatory Review to discuss an issue and update
9 with regard to our compulsive gaming regulations.

10 MR. SANDUSKY: Thank you, Frank.

11 As you are aware from the e-mails that have been
12 forwarded to you, we have received comments from the
13 Independent Regulatory Review Commission and from both the
14 Majority and Minority Chairmen of House Gaming Oversight
15 Committee, Representative Harold and Representative Clymer.

16 They have expressed some fairly significant
17 concerns with Chapters 501a and 503a regulations that would
18 be acted on by the Independent Regulatory Review Commission
19 at their meeting on July 19th.

20 The issues they have concerns with also are
21 appearing in Chapters 511a and 513a, which have been
22 submitted to the Independent Regulatory Review Commission
23 and scheduled for action by IRRC at their August 2nd
24 meeting.

25 Based on these comments and reviewing them, the

1 staff is recommending that the Board withdraw both of those
2 final-form rulemakings; final-form rulemaking 125-54, which
3 is chapters 501a and 503a and rulemaking 125-57, which is
4 Chapters 511a and 513.

5 What this withdrawal does is simply pull them off
6 of IRRC's agenda. It does not mean that we go back to the
7 beginning and start all over again.

8 What the staff anticipates doing is having revised
9 versions of both of those final-form rulemaking packages for
10 the Board's consideration at our August meeting.

11 CHAIRMAN DECKER: Just for a second. Could you
12 describe to us what exactly the issue is so that people in
13 the audience know as well?

14 MR. SANDUSKY: In those regulations, the Board had
15 added certain civil liability protections for slot machine
16 licensees.

17 CHAIRMAN DECKER: In the context of what?

18 MR. SANDUSKY: In the context of carrying out
19 rather ambitious requirements we had imposed on them in the
20 area of compulsive and problem gaming.

21 CHAIRMAN DECKER: So we asked them to do more than
22 just enforce a self-excluded list; isn't that correct?

23 MR. SANDUSKY: Oh, yes.

24 CHAIRMAN DECKER: We asked to help identify people
25 and so forth. Right?

1 MR. SANDUSKY: There are extensive requirements
2 that the Board had imposed on the licensees.

3 The purpose of liability provisions was merely to
4 provide some measure of protection from frivolous lawsuits,
5 nothing more. They still would have been responsible to the
6 Board for execution of those requirements.

7 CHAIRMAN DECKER: But there is a real issue about
8 whether or not the Board would have separate authority to do
9 something like that outside of the scope or the authority
10 granted to it by the legislature.

11 MR. SANDUSKY: That is true; that's the primary
12 concern expressed by IRRC and by both of the
13 representatives.

14 CHAIRMAN DECKER: But why would -- if that is not
15 possible, why would we force people to do things that aren't
16 done in other jurisdictions? That is a policy issue.
17 Right?

18 MR. SANDUSKY: It is an issue that the staff is
19 going to go back and make new recommendations for you. What
20 we intend to do is scale back some of those
21 responsibilities.

22 I will mention that there are no other states, that
23 we are aware of, that have any regulatory requirements
24 imposed on licensees in these areas. Pennsylvania would
25 have been the first and by far the leader in that area.

1 CHAIRMAN DECKER: I will give up this mike in a
2 second, but it is also my understanding that the casino
3 operators, to their credit, didn't whine and complain about
4 this either.

5 MR. SANDUSKY: We received absolutely no comments
6 in opposition to these proposed requirements from the
7 casinos.

8 CHAIRMAN DECKER: And we have also noticed that
9 they haven't been bashful, so I give them some credit in
10 this case that they were willing to take on these additional
11 responsibilities.

12 Who else has questions here on this issue?

13 THE BOARD: [NO RESPONSE]

14 CHAIRMAN DECKER: Okay. You are looking for a
15 motion then, I take it?

16 MR. SANDUSKY: A motion for withdrawal of both of
17 those packages.

18 MR. RIVERS: Mr. Chairman, in light of the concerns
19 expressed by IRRC and the Chairme of the House Gaming
20 Oversight Committee, I move that the Board withdraw the
21 final form regulations 125-54 and 125-57, as submitted to
22 the House and Senate standing committees and IRRC on June
23 5thn, 2007 and on June 21st, 2007, respectively.

24 CHAIRMAN DECKER: Can I have a second to that,
25 please?

1 COMMISSIONER SOJKA: Second.

2 CHAIRMAN DECKER: Thank you. Any questions or
3 comments?

4 THE BOARD: [NO RESPONSE]

5 CHAIRMAN DECKER: All of those in favor?

6 THE BOARD: Aye.

7 CHAIRMAN DECKER: Any opposed?

8 THE BOARD: [NO RESPONSE]

9 CHAIRMAN DECKER: Motion carries.

10 In the interim, there is a cessation of these regs.
11 Right?

12 MR. SANDUSKY: The status of these is that they
13 are --

14 CHAIRMAN DECKER: Are in limbo?

15 MR. SANDUSKY: -- in essence, at the end of their
16 proposed stage, awaiting submission of a final form
17 rulemaking to IRRC.

18 CHAIRMAN DECKER: You will get back to us at the
19 next meeting then?

20 MR. SANDUSKY: Yes.

21 CHAIRMAN DECKER: Thank you very much.

22 MR. SANDUSKY: We hope to have those packages for
23 you in August.

24 CHAIRMAN DECKER: Good. Thank you very much.

25 Frank, what else?

1 MR. DONAGHUE: Thank you, Mr. Chairman.

2 Returning to withdrawal petitions, the Board has
3 received petitions to withdraw key employee qualifier
4 applications and a key employee qualifier waiver
5 application.

6 With regard to this request, it was reviewed by the
7 office of enforcement counsel, and the chief enforcement
8 counsel has no objection to the withdrawal, as there is no
9 information constituting good cause to deny condition or
10 prejudice to withdraw the application, and all required fees
11 have been paid to date. The petition would be granted
12 without prejudice.

13 Chief Counsel's Office concurs in this review and
14 submits the following petitions for a motion by the Board to
15 grant the petitions without prejudice at licensing Docket
16 Nos. 1037 and 1466.

17 CHAIRMAN DECKER: Thank you.

18 May I have a motion from the Board to approve --
19 which one is it, Frank? The withdrawals. Right? The Key
20 employee qualifier waiver application withdrawals?

21 MR. DONAGHUE: It is a withdrawal of a key employee
22 qualifier application and a key employer qualifier waiver
23 application.

24 CHAIRMAN DECKER: Okay. Thank you.

25 MR. COY: Mr. Chairman, I move the Board grant the

1 withdrawal petitions without prejudice for the key employee
2 qualifier waiver application and key employee qualifier
3 application as described by the Chief Counsel. What was
4 that second docket number?

5 MR. DONAGHUE: 1466.

6 CHAIRMAN DECKER: Thank you.

7 COMMISSIONER SOJKA: Second.

8 CHAIRMAN DECKER: Thank you.

9 Any questions for Frank with respect to those
10 particular items?

11 THE BOARD: [NO RESPONSE]

12 CHAIRMAN DECKER: All of those in favor?

13 THE BOARD: Aye.

14 CHAIRMAN DECKER: Any opposed?

15 THE BOARD: [NO RESPONSE]

16 CHAIRMAN DECKER: Motion carries. Thank you,
17 Frank.

18 MR. DONAGHUE: Okay. Next, the Board had received
19 a petition to withdraw a key employee application. With
20 regard to this request, it was reviewed by the office of
21 enforcement counsel, and the chief enforcement counsel has
22 no objection to the withdrawal, as there is no information
23 constituting good cause to deny, condition or prejudice the
24 withdrawal of the application, and all fees have been paid
25 to date.

1 The petition would be granted, again, without
2 prejudice. The Chief Counsel's Office concurs in this
3 review, and submits the following petitions for a motion by
4 the Board to grant the petitions without prejudice at
5 licensing Docket No. 8781.

6 CHAIRMAN DECKER: Okay. Thank you. May I have a
7 motion to that effect?

8 COMMISSIONER MCCABE: Mr. Chairman, I move that the
9 Board grant the withdrawal petition without prejudice for
10 key employee applications as described by the Chief Counsel.

11 CHAIRMAN DECKER: Thank you. Second?

12 COMMISSIONER SOJKA: Second.

13 CHAIRMAN DECKER: Thank you.

14 Any questions or comments?

15 THE BOARD: [NO RESPONSE]

16 CHAIRMAN DECKER: All of those in favor?

17 THE BOARD: Aye.

18 CHAIRMAN DECKER: Any opposed?

19 THE BOARD: [NO RESPONSE]

20 CHAIRMAN DECKER: The motion carries.

21 MR. DONAGHUE: Next, Mr. Chairman, the Board has
22 received the following petition to withdraw the affiliate
23 application of Gold Holding Company at License Docket No.
24 2773.

25 With regard to this request, it was reviewed by the

1 Office of Enforcement Counsel, and the Chief Enforcement
2 Counsel has no objection to the withdrawal, as there is no
3 information constituting good cause to deny, condition or
4 prejudice the withdrawal of the application and all fees
5 have been paid as of this date. The petition would be
6 granted without prejudice.

7 Chief Counsel's Office concurs in this review, and
8 submits the petition for a motion by the Board to grant the
9 petition without prejudice.

10 CHAIRMAN DECKER: Thank you. May I have a motion
11 to that effect?

12 MR. RIVERS: Yes. Mr. Chairman, I move that the
13 Board grant GTECH Corporation's petition to withdraw the
14 affiliate application of Gold Holding Company, without
15 prejudice.

16 CHAIRMAN DECKER: Any questions?

17 THE BOARD: [NO RESPONSE]

18 CHAIRMAN DECKER: All of those in favor?

19 THE BOARD: Aye.

20 CHAIRMAN DECKER: Any opposed?

21 THE BOARD: [NO RESPONSE]

22 CHAIRMAN DECKER: The motion carries.

23 MR. DONAGHUE: Next, Mr. Chairman, the Board has
24 received 175 petitions for withdrawal of gaming employee
25 permittee applications and non-gaming employee applications.

1 With regard to these requests, they were reviewed
2 by the Office of Enforcement Counsel, and Chief Enforcement
3 Counsel has no objection to the withdrawals, as there is no
4 information constituting good cause to deny, condition or
5 prejudice the withdrawal of these applications, and all
6 required fees have been paid to date.

7 The Board has previously been provided with this
8 extensive list of docket numbers associated with these
9 petitions, therefore I will not recite them all here.

10 Chief Counsel's Office concurs in this review, and
11 submits the following for a motion by the Board to grant
12 these 175 withdrawal petitions without prejudice.

13 CHAIRMAN DECKER: Thank you.

14 Frank, just for point of clarification, are these
15 applications that have not been reviewed? They have not
16 been investigated?

17 MR. DONAGHUE: That's correct.

18 CHAIRMAN DECKER: May I have a motion to that
19 effect?

20 COMMISSIONER SOJKA: Yes, even though I am
21 disappointed that I don't get a chance to pronounce all of
22 those names, I move that the Board grant the withdrawal of
23 petitions without prejudice for gaming and non-gaming
24 employee permit and registration applications as described
25 by our Chief Counsel.

1 CHAIRMAN DECKER: Thank you. Is there a second,
2 please?

3 COMMISSIONER MCCABE: Second.

4 CHAIRMAN DECKER: Thank you. Any questions or
5 comments?

6 THE BOARD: [NO RESPONSE]

7 CHAIRMAN DECKER: Hearing none, all of those in
8 favor?

9 THE BOARD: Aye.

10 CHAIRMAN DECKER: Any opposed?

11 THE BOARD: [NO RESPONSE]

12 CHAIRMAN DECKER: Motion carries.

13 MR. DONAGHUE: Finally, Mr. Chairman, Board
14 Members, I am being joined by Assistant Chief Counsel, Don
15 Shiffer, to discuss for the Board's consideration some
16 gaming permit applications and the denial thereof.

17 MR. SHIFFER: Good afternoon, Mr. Chairman, Members
18 of the Board.

19 Today the Board is being presented with three
20 report recommendations to deny two non-gaming applications
21 and one gaming application for the following individuals.
22 The record for each of these individuals has been provided
23 to the Board, including the report and recommendation, the
24 relevant sections of the applications at issue and the
25 information verifying the non-disclosures.

1 Starting with non-gaming, a Mr. Steven Davis,
2 Docket No. 1005097. A recommendation for denial is made by
3 BIE due to non-disclosures of various arrests in Mr. Davis'
4 non-gaming employee application and disclosure form.
5 Following the hearing, the hearing officer recommended Mr.
6 Davis' non-gaming employee application be denied.

7 The second one is Mr. Wilfredo Colon, Jr., Docket
8 No. 1004739. A recommendation for denial was made by BIE
9 due to non-disclosures of arrests. Following a hearing, the
10 hearing officer recommended Mr. Colon's non-gaming employee
11 application be denied.

12 The third is the gaming application for Mr. Ray
13 Charles Sledge, Docket No. 1003994. A recommendation for
14 denial was made by BIE due to non-disclosures of several
15 arrests, and following a hearing on the merits, the hearing
16 officer recommended Mr. Sledge's gaming employee application
17 be denied.

18 At this time I could answer any questions that the
19 Board would have in these areas. If not, I would ask that
20 you entertain a motion.

21 CHAIRMAN DECKER: Any questions concerning the
22 information that you have received on this?

23 THE BOARD: [NO RESPONSE]

24 CHAIRMAN DECKER: Okay. Hearing none, can I have a
25 motion to that effect? Now, are you looking for one motion

1 or two?

2 MR. DONAGHUE: Mr. Chairman, it would be
3 appropriate to do either way. You can do one motion on all
4 three or if you wanted to break them down into non-gaming
5 and gaming, that would also be appropriate.

6 CHAIRMAN DECKER: Let's do it as two, one gaming
7 and non-gaming.

8 MR. DONAGHUE: Okay.

9 CHAIRMAN DECKER: Okay. We will do it as two.

10 COMMISSIONER ANGELI: I will do gaming.

11 CHAIRMAN DECKER: Okay. Please. Mr. Sledge.

12 Right?

13 MR. ANGELI: Mr. Chairman, after consideration of
14 the evidentiary record, the hearing officer report and
15 recommendation, I move that the Board approve an order to
16 deny the gaming employee permit of Ray Charles Sledge, as
17 described by Chief Counsel.

18 MR. COY: Second.

19 CHAIRMAN DECKER: Any questions?

20 THE BOARD: [NO RESPONSE]

21 CHAIRMAN DECKER: All those in favor?

22 THE BOARD: Aye.

23 CHAIRMAN DECKER: Any opposed?

24 THE BOARD: [NO RESPONSE]

25 CHAIRMAN DECKER: Motion carries.

1 Now do we have one for Mr. Davis and Colon?

2 MS. COLINS: Mr. Chairman, I move that the Board
3 approve the recommendations to deny those applications.

4 COMMISSIONER SOJKA: Second.

5 CHAIRMAN DECKER: Are there any questions or
6 comments from the Board Members?

7 THE BOARD: [NO RESPONSE]

8 CHAIRMAN DECKER: Hearing none. All of those in
9 favor?

10 THE BOARD: Aye.

11 CHAIRMAN DECKER: Any opposed?

12 THE BOARD: [NO RESPONSE]

13 CHAIRMAN DECKER: Motion carries.

14 MR. DONAGHUE: Thank you, Mr. Chairman. That
15 concludes my report.

16 CHAIRMAN DECKER: I think next up is Susan Hensel,
17 our Director of Licensing. Susan?

18 MS. HENSEL: Thank you, Chairman Decker and Members
19 of the Board.

20 In addition to several routine licensing matters, I
21 would like to provide you with a brief update on the status
22 of the Category 3 resort application submissions.

23 As you know, the Board opened the application
24 period for acceptance of Category 3 applications on April
25 20th; and that application period closed on June 29th.

1 In order to be eligible for a Category 3 slot
2 machine license, an Applicant must be seeking to locate the
3 licensed facility in a well-established resort hotel, have
4 no fewer than 275 guest rooms, under common ownership and
5 having substantial year-round guest amenities.

6 In addition, an applicant for a Category 3 License
7 must be the owner or be a wholly-owned subsidiary of the
8 owner of the well-established resort hotel, and no Category
9 3 license can be located by the Board within 15 linear miles
10 of another licensed facility.

11 As of Friday, June 29th, the Bureau of Licensing
12 received four application submissions. The submissions were
13 made by Bushkill Group for the Fernwood Hotel and Resort in
14 Monroe County; CE-Palace LP, for the Palace Inn, in
15 Monroeville, Allegheny County; Split Rock Big Splash
16 Vacation Charters, for the Split Rock Resort, in Lake
17 Harmony, Carbon County; and Valley Forge Convention Center
18 Partners, LP, for the Valley Forge Convention Center, in
19 King of Prussia, Montgomery County.

20 The application submissions arrived in 76 boxes and
21 were immediately put through the Bureau of Licensing's
22 intake process. The next phase is for the Bureau of
23 Licensing to conduct a review of the submissions. This
24 process is now underway and will be ongoing for the
25 immediate future.

1 Unless there are any questions regarding the
2 Category 3 submissions, I will turn to other licensing
3 matters.

4 CHAIRMAN DECKER: Thank you, Susan.

5 Are there any questions for Susan on Category 3s?

6 COMMISSIONER MCCABE: [INDICATED]

7 CHAIRMAN DECKER: Please.

8 COMMISSIONER MCCABE: Just one. With 76 boxes, did
9 they give this to you in electronic form also?

10 MS. HENSEL: No. We required hard copies. The
11 applications contain a significant number of attachments,
12 such as tax returns, other details that would not
13 necessarily lend themselves to an electronic format, in
14 particular, for the way we disburse it within the agency
15 when we get to the background reviews.

16 COMMISSIONER MCCABE: Okay.

17 CHAIRMAN DECKER: Thank you. Susan, please
18 proceed.

19 MS. HENSEL: The first item is an order concerning
20 six key employees. Prior to this meeting, the Board was
21 provided an order for the key employees. I ask that the
22 Board approve the order granting these licenses.

23 CHAIRMAN DECKER: May I have a motion to that
24 effect?

25 MS. COLINS: Mr. Chairman, I move that the Board

1 adopt the order accepting the report of the Bureau of
2 Licensing regarding the issuance of key employee licensing.

3 CHAIRMAN DECKER: Thank you.

4 MR. RIVERS: Second.

5 CHAIRMAN DECKER: Thank you.

6 Any questions for Susan about that?

7 THE BOARD: [NO RESPONSE]

8 CHAIRMAN DECKER: Hearing none, all of those in
9 favor?

10 THE BOARD: Aye.

11 CHAIRMAN DECKER: Any opposed?

12 THE BOARD: [NO RESPONSE]

13 CHAIRMAN DECKER: Motion carries. Thank you.

14 Next?

15 MS. HENSEL: Next is an order regarding the
16 issuance of temporary key employee licenses. Again, the
17 proposed order for 28 key employees prior to this meeting
18 and ask that the Board approve the order granting these
19 temporary licenses.

20 MR. COY: Mr. Chairman, I move the Board adopt the
21 order accepting the report to the Bureau of Licensing,
22 regarding the issuance of temporary key employee licenses.

23 MS. COLINS: Second.

24 CHAIRMAN DECKER: Thank you.

25 Any questions or comments?

1 THE BOARD: [NO RESPONSE]

2 CHAIRMAN DECKER: I have one. Susan, how
3 successful have we been in the utilization of these
4 temporary licenses? Have people been taking advantage of
5 the opportunity or not that much?

6 MS. HENSEL: Well, there is a distinction between
7 temporary licenses for key employees, which we have been
8 using as a process all throughout the licensing of
9 facilities, because it allows us to get temporary key
10 employees into the facilities pending the completion of
11 their background investigation, provided that certain
12 requirements are met.

13 We also have recently added a provision that allows
14 the facilities to request temporary credentials for
15 non-gaming employees. These would be your lowest level
16 worker in the facility; and that process has, surprisingly,
17 not been utilized to a great extent by any of the
18 facilities.

19 CHAIRMAN DECKER: How long is it taking you right
20 now to process a non-gaming application, generally speaking?

21 MS. HENSEL: It takes us approximately eight days
22 from the time that we have received an application and
23 fingerprints have been submitted.

24 CHAIRMAN DECKER: Maybe that is the reason.

25 MS. HENSEL: Yes. The frame, as we have gone

1 along, we have certainly gotten better at our processes and
2 the time frame for the issuance for credentials has been
3 greatly reduced.

4 CHAIRMAN DECKER: Okay.

5 MR. COY: Unless, Mr. Chairman, they get mixed up
6 with that question about, "Have they ever been arrested".
7 Right?

8 MS. HENSEL: Well, there is that.

9 CHAIRMAN DECKER: It is pointed out to them pretty
10 clearly at this point?

11 MS. HENSEL: Yes. We have gone to great lengths to
12 make sure that everyone understands the rules on disclosure,
13 including requiring board-created documents that are posted
14 next to the SLOTSlink terminals, and education of the human
15 resources and compliance people in the facilities on the
16 significance of that issue.

17 CHAIRMAN DECKER: Okay. Good. Any other questions
18 for Susan? May we have a motion? Hearing -- do you have
19 one?

20 MR. MCCABE: It's on the table.

21 CHAIRMAN DECKER: I said, May we have a motion?

22 MR. MCCABE: I will move it forward.

23 CHAIRMAN DECKER: Hearing no others, all of those
24 in favor?

25 THE BOARD: Aye.

1 CHAIRMAN DECKER: Any opposed?

2 THE BOARD: [NO RESPONSE]

3 CHAIRMAN DECKER: Motion carries.

4 MS. HENSEL: The Bureau of Licensing also provided
5 you with an order and a list of 146 individuals the Bureau
6 has granted occupation permits to, and 200 individuals who
7 the Bureau has granted registrations to, under the authority
8 delegated to the Director of Licensing.

9 I ask that the Board adopt a motion approving that
10 order.

11 CHAIRMAN DECKER: May I have a motion to that
12 effect, please?

13 COMMISSIONER ANGELI: Mr. Chairman, I move that the
14 Board adopt the order and attached list regarding issues of
15 permits and registrations.

16 MR. COY: Second.

17 CHAIRMAN DECKER: Thank you. Any questions?

18 THE BOARD: [NO RESPONSE]

19 CHAIRMAN DECKER: All of those in favor?

20 THE BOARD: Aye.

21 CHAIRMAN DECKER: Any opposed?

22 THE BOARD: [NO RESPONSE]

23 CHAIRMAN DECKER: Motion carries. Thank you.

24 MS. HENSEL: The final item concerning employees is
25 the recommendation of denials for one gaming and seven

1 non-gaming employee applications.

2 Prior to this meeting, the Bureau of Licensing
3 provided you with orders addressing each of the individual
4 gaming and non-gaming applicants who the Bureau of
5 Investigations and Enforcement has recommended for denial.

6 As stated in each order, each applicant received a
7 recommendation of denial letter from the Board. In the
8 letter, the applicants were given 10 days in which to
9 request a hearing regarding the denial. In each case, more
10 than 10 days has passed since the applicant received the
11 letter, and the applicant has failed to request a hearing.

12 I ask that the Board adopt a motion approving the
13 denial for the gaming and non-gaming applicants.

14 CHAIRMAN DECKER: May I have a motion concerning
15 these denials?

16 MR. RIVERS: Yes. Mr. Chairman, in light of no
17 action on the part of the employee, I move that the Board
18 adopt the order denying the gaming and non-gaming employee
19 permits and registration as described by the Director of
20 Licensing.

21 CHAIRMAN DECKER: Thank you. Is there a second?

22 COMMISSIONER SOJKA: Second.

23 CHAIRMAN DECKER: Thank you. Any questions or
24 comments?

25 THE BOARD: [NO RESPONSE]

1 CHAIRMAN DECKER: All of those in favor?

2 THE BOARD: Aye.

3 CHAIRMAN DECKER: Opposed?

4 THE BOARD: [NO RESPONSE]

5 CHAIRMAN DECKER: Motion carries.

6 MS. HENSEL: The next item concerns certified
7 vendor applicants.

8 Prior to this meeting, the Bureau of Licensing
9 provided you with an order and an attached list of the
10 following six vendors: Applewood Enterprises, Inc., Cayuga
11 Hospitality Advisers, Diversified Commodities, R.T.
12 Reynolds, Inc., Rave Environmental Systems, Inc., and TM
13 Garisit Associates (phonetic).

14 I have consulted with the Chief Enforcement
15 Counsel, and BIE has no objection to the certification of
16 these six companies. I ask that the Board adopt a motion
17 approving those certifications.

18 CHAIRMAN DECKER: Thank you, Susan.

19 May I have a motion with respect to these vendor
20 certifications?

21 COMMISSIONER SOJKA: Yes. Mr. Chairman, I move
22 that the Board adopt the order and the attached list
23 regarding the approval of applications for vendor
24 certification.

25 COMMISSIONER MCCABE: Second.

1 CHAIRMAN DECKER: Thank you. Any questions?

2 THE BOARD: [NO RESPONSE]

3 CHAIRMAN DECKER: All those in favor?

4 THE BOARD: Aye.

5 CHAIRMAN DECKER: Any opposed?

6 THE BOARD: [NO RESPONSE]

7 CHAIRMAN DECKER: Motion carries.

8 MS. HENSEL: The final licensing matter is for
9 registered vendor applicants.

10 Prior to this meeting, the Bureau of Licensing
11 provided each of you with an order and an attached list of
12 56 vendors.

13 I have consulted with the Chief Enforcement
14 Counsel, and BIE has no objection to the registration of the
15 56 companies, and I ask that the Board adopt a motion
16 approving those registrations.

17 CHAIRMAN DECKER: Thank you. May I have a motion
18 concerning these vendor registrations?

19 MR. ANGELI: Mr. Chairman, I move that the Board
20 adopt the order and the attached list regarding the approval
21 of applications for vendor registration.

22 CHAIRMAN DECKER: Is there a second?

23 COMMISSIONER MCCABE: Second.

24 CHAIRMAN DECKER: Any questions?

25 THE BOARD: [NO RESPONSE]

1 CHAIRMAN DECKER: All of those in favor?

2 THE BOARD: Aye.

3 CHAIRMAN DECKER: Any opposed?

4 THE BOARD: [NO RESPONSE]

5 CHAIRMAN DECKER: The motion carries.

6 Thank you, Susan.

7 MS. HENSEL: And that concludes the Bureau of
8 Licensing's presentation.

9 CHAIRMAN DECKER: Thank you. Any other matters to
10 come before the meeting today?

11 THE BOARD: [NO RESPONSE]

12 CHAIRMAN DECKER: As a reminder, our next meeting
13 will be held on August 8 at 11:00 a.m. The meeting will be
14 held again at the North Office Building in Hearing Room 1 in
15 Harrisburg.

16 Again, any other questions or comments from the
17 Board? Otherwise, may I have a motion to adjourn?

18 MR. ANGELI: So moved.

19 MR. COY: Second.

20 CHAIRMAN DECKER: All in favor?

21 THE BOARD: Aye.

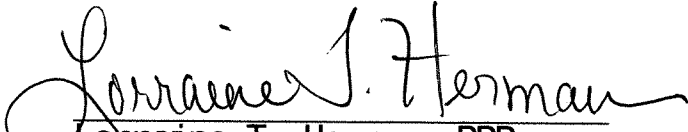
22 CHAIRMAN DECKER: So moved. Motion carries. We
23 are adjourned.

24 (Meeting concluded at 2:06 p.m.)

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


Lorraine T. Herman, RPR
Reporter - Notary Public

