

COMMONWEALTH OF PENNSYLVANIA

STATE GAMING CONTROL BOARD

\* \* \* \* \*

PUBLIC MEETING

\* \* \* \* \*

BEFORE: MARY DIGIACOMO COLINS, CHAIRMAN  
Raymond S. Angeli, Jeffrey W. Coy, James B.  
Ginty, Kenneth T. McCabe, Sanford Rivers,  
and Gary A. Sojka, Members  
Keith Welks, Ex-officio Designee

MEETING: Monday, December 3, 2007  
1:10 p.m.

LOCATION: North Office Building  
Hearing Room One  
Harrisburg, PA 17120

WITNESSES: Thomas Sturgeon, Melinda Tucker, Anne Neeb,  
Kevin Hayes, Michael Walsh, Susan Hensel,  
Mike French, Aaron Ryan, Barry Creany, Nan  
Davenport and Robert Green

**ORIGINAL**

Reporter: Hilary Culver

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FRANK DONAGHUE, ESQUIRE  
Pennsylvania Gaming Control Board  
P.O. Box 69060  
Harrisburg, PA 17106  
Counsel for the Board

ALSO PRESENT:  
Stacy Amsler, on behalf of Revenue Secretary Thomas  
Wolf

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## P R O C E E D I N G S

1  
2 -----  
3 CHAIRMAN:

4 Now we will proceed to the public  
5 meeting. A quorum of the Board is present. The  
6 meeting is called to order. We also have --- in  
7 addition to our Board members, we have Keith Welks  
8 here, who is attending on behalf of State Treasurer  
9 Robin Wiessmann. Stacy Amsler is here on behalf of  
10 Revenue Secretary Thomas Wolf. Thank you both for  
11 joining us.

12 And we'll move to housekeeping items.  
13 Everyone who still has a cell phone or Blackberry on,  
14 please turn it off. And let us now, in order to open  
15 the public meeting, say the Pledge.

16 PLEDGE OF ALLEGIANCE RECITED

17 CHAIRMAN:

18 Some announcements. The Board held an  
19 executive session prior to today's meeting in  
20 accordance with the Sunshine Act to discuss personnel  
21 issues, privileged Agency business, consult with  
22 Counsel and other professional advisors to the Board  
23 concerning current litigation and matters in which  
24 complaints are expected to be filed. Once again, a  
25 reminder that the 2006/2007 local law enforcement

1 grant applications are currently being accepted on a  
2 first-come/first-served basis until all the 2006/2007  
3 funds have been awarded. Closing of the application  
4 period will be posted on the Pennsylvania Gaming  
5 Control Board web site. With respect to the  
6 transcript and minutes, may I have a motion from the  
7 Board to approve the transcript and the minutes of the  
8 October 2nd meeting?

9 COMMISSIONER ANGELI:

10 Madam Chairman, I move that the Board  
11 approve the transcript and the minutes of the October  
12 2nd, 2007 meeting.

13 CHAIRMAN:

14 Is there a second?

15 COMMISSIONER SOJKA:

16 Second.

17 CHAIRMAN:

18 Questions or comments? All in favor?

19 AYES RESPOND

20 CHAIRMAN:

21 Opposed?

22 NO RESPONSE

23 CHAIRMAN:

24 Motion carries. New business. We have a  
25 presentation now on the Casino Enforcement, and Tom

1 Sturgeon, our Deputy Director for Enforcement, will  
2 make this presentation, which we've been waiting for  
3 and looking forward to hearing. I'll ask him to  
4 begin.

5 MR. STURGEON:

6 Thank you, Judge Colins and members of  
7 the Board and ladies and gentleman. It's a pleasure  
8 to take a few minutes to go over some of the things  
9 that the Casino Enforcement officers do in the course  
10 of their normal daily business. The presentation  
11 certainly will not be all-encompassing, but it's more  
12 of an overview of some of the things that we do do.

13 The role of the Casino Enforcement  
14 officers was set forth in Section 405 of the Act and  
15 regulations, and it essentially covers the issues of  
16 internal controls, exclusion, underage gaming,  
17 drinking, and the things that are listed on the  
18 PowerPoint. I would just mention to you that we have  
19 done a Cliff note version of our enforcement code.  
20 We've taken all the regulations and we've put about 12  
21 or 13 on a page, and even with our Cliff note version,  
22 we have about 107 pages of those enforcement codes in  
23 our enforcement code.

24 The internal controls of each of the  
25 casinos varies sometimes between 20 and 40 pages long.

1 The enforcement agents are --- it's necessary that  
2 they know those. The compulsive and problem gaming  
3 codes of each of the casinos is something that all of  
4 our people need to know. So far we have done over 150  
5 self-exclusions. They're a pretty lengthy process,  
6 take between a half hour and 45 minutes each to do  
7 those. They're highly confidential. There's about an  
8 eight-page form that needs to be filled out to  
9 accomplish those things.

10           The compulsive and problem gaming thing  
11 also includes the underage and intoxicated gamers. We  
12 do things such as work with the G-Tech, and I'm going  
13 just follow along here. I don't know how --- these  
14 fancy things aren't as good as they're known to be.

15           In terms of monitoring compliance, I  
16 talked about our enforcement code and the internal  
17 controls, the policies and procedures, the self-  
18 exclusion. We assist with licensing matters; we  
19 collect credentials; we issue temporary emergency  
20 credentials. As you'll see in a minute, we assist in  
21 G-Tech issues. Those G-Tech issues can be things as  
22 simple as escorting people to the G-Tech room and  
23 making sure that the security is adequate while  
24 somebody would be in that room, and also we would deal  
25 with G-Tech on any kind of non-communicating of

1 machines or the RAM clears, the random access memory  
2 clears of the machines. We assist the Department of  
3 Revenue anytime they need assistance, and that is  
4 sometimes more frequent than others, but our  
5 relationship with the Department of Revenue is good.

6 We handle a lot of the patron issues and  
7 complaints. That's probably what we do most of all.  
8 You know, anytime that a patron would come to us, we  
9 would deal with them in terms of whatever their  
10 question might be. With regard to security, we  
11 monitor the security logs, we take care --- we have  
12 the security staffing in our minds at all times. With  
13 regard to surveillance, we monitor the surveillance  
14 incident reports. We request close watch reviews, and  
15 close watch review would be that if we have an  
16 activity that takes place in the casino, we would  
17 instruct the surveillance department to watch that  
18 person for any number of minutes or hours if we had  
19 to, to see what they were doing, to follow them. It's  
20 just a surveillance thing.

21 We're certainly in charge of all the  
22 relationships with the other law enforcement agencies.  
23 We have a very close relationship with the  
24 Pennsylvania State Police. Within the casinos the  
25 relationship between our agency and the State Police



1 in the casino could not be better. We have a very  
2 cordial and professional working relationship.

3           On the casino floor we do what you might  
4 call a patrol or just a monitoring. Our people walk  
5 the casino floors at all times. We watch the drops  
6 when they empty the machines or fill the machines  
7 whether it be the slot machines or the TRM machines,  
8 our people are there for that. That's one of the  
9 things we pay close attention to. There are procedures  
10 that are involved in all of those things. We deal  
11 with the slots department. In particular, we would  
12 deal with them in terms of the machine entry access  
13 logs, the jackpot payouts, the machine malfunctions or  
14 any kind of question that a patron or the team may  
15 have with a machine. We also do the RAM clears. We  
16 do lots of RAM clears, as many as a couple of hundred  
17 a day sometimes but then other times we may only do a  
18 few, but RAM clears are there all the time.

19           This is a --- one of the things we do is  
20 distribute temporary credentials. Although we don't  
21 really do a lot of that it's one of the functions that  
22 we do do when it's necessary. We do the emergency  
23 credentials that --- when originally we opened the  
24 casinos, that work was done by the casinos' security  
25 department. We found that that really wasn't an

1 effective way to do things, and now we issue all  
2 emergency credentials.

3           An emergency credential would be in  
4 almost every instance a person who would forget to  
5 bring their license to work, or credential to work,  
6 and we don't allow them to work unless they have it,  
7 so they would have to come to us and we would provide  
8 them with an emergency credential, and in almost every  
9 occasion we take their driver's license and hold that  
10 for the day. When they bring the emergency credential  
11 back we give their driver's license back. One of the  
12 reasons that we're doing that is when the security  
13 department was doing it we found that the emergency  
14 credentials were being lost and they weren't being  
15 accounted for correctly, so while we do that, it gives  
16 us a lot better opportunity.

17           When a casino enforcement agent has  
18 contact with a patron, we complete a patron contact  
19 form. When they have a complaint, the patron  
20 complaint form is completed and an investigation is  
21 conducted. When we have what we believe to be a  
22 possible regulatory enforcement complaint, we do a  
23 regulatory enforcement report, and then when we do  
24 something that wouldn't rise to the level of a  
25 regulatory enforcement report, we will do an incident

1 report.

2           Samples of those would be that there is  
3 the patron contact form that is something that the  
4 agents can carry right in their pockets. We have done  
5 about 2,000 of those so far. We're getting a little  
6 better process in place where we should be doing more  
7 and we expect to do more of these patron contact  
8 forms. Even a very simple thing, like someone could  
9 be asking directions, someone could just ask a  
10 question. It's a form that records us where we're  
11 being kind and courteous to the patrons of the casino.

12           We also have a patron complaint form.  
13 This is a form that's on our web site and it's in the  
14 offices of the casino enforcement agents at each  
15 property. We do not get an awful lot of these patron  
16 complaint forms officially. Generally most of our  
17 work comes just from the routine of being there, but  
18 we have had numbers of people fill these out. When  
19 they do it an investigation is instigated, reports are  
20 written and the patron is --- we respond to the patron  
21 and tell them what the results of it are.

22           We have regulatory enforcement  
23 complaints. We use those for any time that there's a  
24 potential regulatory violation, and that form looks  
25 similar to this. We have done about 80 of these

1 regulatory enforcement reports at this point. Once  
2 this form is completed, it comes to me. I send that  
3 to the Chief of the Office of Enforcement Counsel he  
4 and I jointly discuss the issue, whether or not it's  
5 something that needs to be further investigated,  
6 whether it needs to be an enforcement action written  
7 on that case, and then between he and I we make that  
8 decision. If there's an enforcement action taken he  
9 would assign it to one of the attorneys in the Office  
10 of Enforcement Counsel, and subsequently the Office of  
11 Enforcement Counsel would handle it from that point  
12 forward with the property.

13           We use incident reports for occurrences  
14 which don't rise to the level of a regulatory  
15 enforcement. That report looks a little bit like  
16 this. Right now we have done about 1,500 of these so  
17 far, and we continue to do more as we become more  
18 uniform across the state. With six casinos and six  
19 different supervisors in the casinos, early on we  
20 found each of them carried their own personality. The  
21 issue of the day for us is to try to become more  
22 uniform and as we become more uniform we tend to do  
23 more incident reports.

24           You can see here some of the kinds of  
25 things that we involve ourselves in. I won't read

1 that list, but they are things that we pretty  
2 frequently deal with. Of course, some of those things  
3 aren't as often as others, but we have a menu of many  
4 things that we deal with on a daily basis.

5           Every day we do an agent checklist.  
6 Every agent for every shift does one of these. It's a  
7 little hard to read, but the first page deals mostly  
8 with security. It deals with the minimum staffing of  
9 security, whether we have special events, dignitary  
10 visits. It deals with the security logs that we  
11 require people to look at. It has anything to do with  
12 the security.

13           And then the second page gets in a little  
14 bit to the surveillance. We are very concerned with  
15 the surveillance, camera reconfigurations, making sure  
16 that everything's working right, the minimal staffing  
17 in the surveillance room. As you know, our  
18 regulations and internal controls require each casino  
19 to have a certain number of surveillance people and a  
20 certain number of security people to be on duty at all  
21 times to be doing certain functions, and so we do  
22 that.

23           This page is dealing, again, with much of  
24 the surveillance, and then this page talks more about  
25 surveillance and then it gets into the underage

1 gaming.

2                   One of our main concerns with security,  
3 and the security in the casinos, is that we do not  
4 want underage people gaming and we don't want drunks  
5 on the gaming floor. And they have been the most  
6 typical of the regulatory enforcement issues that we  
7 have dealt with. It's just sometimes a hard job to  
8 keep underage people off the floor, but we make it ---  
9 it's our major function to do that. At the end of  
10 every shift the agent will fill out all these various  
11 forms that you can see there, and that would be the  
12 summary. And that's just a place where you put  
13 additional comments.

14                   We do a daily report here. We do one  
15 each shift, and we kind of do a totality of the day.  
16 And then we do a monthly report where we try to  
17 summarize the month in terms of the numbers of  
18 incidents, investigations, patron contacts and so on.

19                   We do a self-exclusion intake. That's a  
20 very important process that we do. It's a process  
21 that takes us about a half an hour, 45 minutes to do.  
22 There's an eight-page form we deal with there, and  
23 it's one of the really important things that we do,  
24 and it also takes a lot of time. As I said earlier in  
25 our report, we've done over 150 people who have

1 self-excluded themselves from our program at this  
2 point, and that's just one of the self-exclusion  
3 forms.

4           There are kinds of things that we do, in  
5 terms that we do approvals every month. We approve  
6 all of the ticket redemption machine drops. We do the  
7 ticket redemption machine drops, the bill validator  
8 drops. We take readings off the readers of the casino  
9 when the RAM clears, most often for G-tech or the  
10 Department of Revenue, when they require them. But  
11 these pages I'm showing you now are just the number of  
12 RAM clears that we did in one day. So that pretty  
13 much covers it.

14           I just wanted to close by just saying a  
15 couple things. We spend a lot of time doing vendor  
16 checks, vendor employee checks. With these continuing  
17 improvements in the casinos, there's a lot of vendor  
18 activity. It's a rough job to make sure that the  
19 vendors are licensed and properly credentialed.

20           The opening responsibilities that take  
21 place when we open a new casino is important. The  
22 security plan has to be approved by us. We require  
23 them to have certain number of security. We tell them  
24 where the security has to be, the zones, the locations  
25 where they work. We do the same thing with the

1 surveillance. Before they open a casino we make  
2 certain that the camera reconfiguration is such that  
3 we can read off of every single slot machine in the  
4 building, the bill validator, the voucher exchange  
5 validator, the wheels, the credit window on the  
6 machine, the asset number and the location number of  
7 every machine. We do that for every single machine.  
8 And any time there would be a floor plan change,  
9 before anybody would approve that, we'd make sure that  
10 we have made sure the cameras are all appropriately  
11 taken care of.

12                   One of the things we do a lot of, and  
13 this is just an add-on, you would be surprised how  
14 many gaming and non-gaming employee arrests there are  
15 outside of the casino for things as minor as driving  
16 under the influence, or drug use. Any time that  
17 happens, the casino is mandated --- informed by the  
18 Gaming Board of that arrest, and when we get  
19 notification of that our people do an investigation,  
20 and then subsequently the Office of Enforcement  
21 Counsel, after we hand them the investigation, they  
22 will decide whether or not that arrest would rise to  
23 the level of commitment of revoking someone's license  
24 or to just make a notation in Slots Link so we are  
25 aware of what they do.



1           The other thing we get notified about  
2 frequently, and there's more of these than you would  
3 probably imagine, would be casinos who terminate  
4 people. When they terminate somebody, they notify us.  
5 And there again, we investigate that termination, work  
6 with Office of Enforcement Counsel, and we can  
7 determine whether or not that termination is a cause  
8 to revoke their license or just cause for us to make a  
9 notation of that. Every internal control change that  
10 is brought before the Board will have gone through our  
11 casino enforcement agents to make sure that that  
12 change in internal controls is something that we can  
13 do, or something we approve of.

14           Recently we started a program, not a  
15 program, we've just increased their job function more  
16 so to where now we are trying to, as often as we can,  
17 to take a slots tech in the casinos and to go through  
18 --- to bring them to the floor and do a random check  
19 of various machines, maybe 20, 30, or 40 machines  
20 randomly, occasionally to see that the percentage  
21 payout is in conformance with the Act. That's not to  
22 take the place of what our Gaming Lab does. It's just  
23 an added thing that we do that brings the attention of  
24 the casino to know that we are paying attention to  
25 those kinds of issues and that I think that, in my

1 opinion at least, it gives an opportunity to try to  
2 reinforce to the patrons of the casinos and the public  
3 that we're doing everything we can to make sure things  
4 are right.

5           The last thing I would just state to you,  
6 that I think the incident last weekend at Philadelphia  
7 Park, with the water problem and the closure and the  
8 reopening of that casino, I think it would prove that  
9 with our executive office and with the Office of  
10 Operations and the Bureau of Investigations and  
11 Enforcement, that together I think we were able to  
12 show that we have the staff to close down a casino  
13 when necessary and to reopen it when necessary to make  
14 sure that the security was correct, the surveillance  
15 was correct, to make sure that we had interaction with  
16 G-Tech, to make sure the machines were shut down  
17 correctly so there would be no room for anybody to  
18 raise any questions at the end, and I think that whole  
19 dynamics of last weekend at least indicated to me that  
20 our processes are pretty good.

21           And so anyhow, the enforcement agents  
22 continue to do these kind of things. We do more today  
23 than we did six months ago and I expect that in six  
24 months from now, we'll do more than we are today.  
25 It's a building process that we continue to work with.

1 Thank you.

2 CHAIRMAN:

3 Thank you very much. Any questions for  
4 Tom? Thank you, Tom. We appreciate it. It's been  
5 informative.

6 Now we're going to ask our Director of  
7 Racetrack Gaming, Melinda Tucker, to ---.

8 MS. TUCKER:

9 Good afternoon, Chairman Colins as well  
10 as members of the Board. Secondly, we have on the  
11 agenda the approval of PATHA health benefit plan for  
12 the horsemen at Philadelphia Park. That plan was  
13 submitted by the Thoroughbred Horsemen's Association  
14 approximately six weeks ago, and consistent with our  
15 obligation to review those plans pursuant to Act 71, I  
16 submitted that plan to James Talerico, an auditor with  
17 the Gaming Control Board, who has experience in the  
18 review and determination of the appropriateness of  
19 health and pension benefit plans. He spent a great  
20 deal of time reviewing this plan and after its review  
21 prepared this memorandum, which is attached to the  
22 information that I have provided to you, in which he  
23 recommends approval of the plan.

24 So we are here today. James is here to  
25 answer any questions that you might have. We are here

1 today to ask for your approval of this plan consistent  
2 with his review and recommendation.

3 CHAIRMAN:

4 Again, may I have a motion?

5 COMMISSIONER COY:

6 Yes, Madam Chair, I move that the Board  
7 approve the Pennsylvania Thoroughbred Horsemen  
8 Association's health plan.

9 CHAIRMAN:

10 Do I have a second?

11 COMMISSIONER GINTY:

12 Second.

13 CHAIRMAN:

14 Any questions? All in favor?

15 AYES RESPOND

16 CHAIRMAN:

17 Opposed?

18 NO RESPONSE

19 CHAIRMAN:

20 Motion carries.

21 MS. TUCKER:

22 Thank you very much.

23 CHAIRMAN:

24 Thank you very much, ma'am. Next is  
25 Executive Director, Anne Neeb.

1                   MS. NEEB:

2                   Good afternoon, Chairman Colins and  
3 members of the Board. I'm going to give a revenue  
4 report today with revenues that apply to each  
5 property, and I'd like to give you the numbers. First  
6 I'll give you the November through November 29th  
7 number. We don't have the last two days of November  
8 yet, and give you the year-to-date on each of the  
9 properties.

10                   The wagers received through November 29th  
11 of 2007 at Mohegan Sun, \$137,643,156.43. Of that the  
12 gross terminal revenue was \$12,067,689.86, and from  
13 the gross terminal revenue the 55-percent tax that was  
14 remitted to the state was \$6,637,229.32.

15                   At Philadelphia Park for the month of  
16 November, wagers received \$306,637,848.25, the gross  
17 terminal revenue was \$23,203,272.92, and the 55-  
18 percent tax remitted to the state was \$12,761,800.12.

19                   For the month of November at Harrah's  
20 Chester, wagers received, \$276,080,166.99, gross  
21 terminal revenue, \$23,558,756.57 and the 55-percent  
22 tax remitted to the state for the month of November,  
23 \$12,957,321.62.

24                   Presque Isle wagers received for the  
25 month of November, \$143,530,788.56, gross terminal

1 revenue \$11,575,472.08, and the 55-percent tax  
2 remitted to the state, \$6,366,509.67.

3           The Meadows, wagers received  
4 \$192,973,765.50, gross terminal revenue \$16,949,758.50  
5 and the 55-percent tax to state, \$9,322,367.19.

6           And Mount Airy for the month of November  
7 wagers received \$151,858,307.81, gross terminal  
8 revenue \$10,911,043.32, the amount remitted to the  
9 state \$6,001,073.73.

10           The total for the month of November  
11 remitted to the state for taxes was \$54,046,301.80.

12           And now I'd like to give you the year-to-  
13 date for each of these casinos. And with this I'll  
14 give you the wagers received and the tax paid. The  
15 year-to-date for Mohegan \$1,996,155,458.75 and the  
16 year-to-date for Philadelphia Park on wagers received  
17 \$3,306,174,079.73. Harrah's Chester  
18 \$3,024,903,441.52. Presque Isle, \$1,490,774,984.24.  
19 The Meadows, \$1,272,269,582.38 and Mount Airy,  
20 \$213,635,879.67. And the year-to-date taxes paid of  
21 the 55-percent of all of gross terminal revenues  
22 calculated from wagers received is \$532,104,392.84.  
23 Okay. I think I got this right. I may be a few cents  
24 off, but don't hold me to it. Do you have any  
25 questions about the revenues? Okay.

1           The other thing I'd like to --- on the  
2 agenda, I think it was under the last section, but  
3 we're going to skip back to the report on the update  
4 on Philadelphia Park.

5 OFF RECORD DISCUSSION

6           MS. NEEB:

7           Okay. All right. That's all I have.  
8 Thank you.

9           CHAIRMAN:

10          Okay. Thank you.

11          MS. NEEB:

12          I'll turn it to Kevin Hayes, Director of  
13 Gaming Operations.

14          MR. HAYES:

15          Madam Chairman, members of the Board, the  
16 item in which I'm here to present to the Board for its  
17 consideration concerns the opening of Hollywood Casino  
18 at Penn National. For the six prior casino openings,  
19 the Board has delegated authority to one or two Board  
20 members to oversee the opening process and the test  
21 period and to authorize the commencement of slot  
22 operations at the licensed facility.

23          For the approaching opening of Hollywood  
24 Casino at Penn National, Board members Jeffrey Coy and  
25 Gary Sojka as the two Board members hailing from

1 central Pennsylvania, have agreed to take on this  
2 responsibility on behalf of the Board.

3                   With that, I respectfully request that  
4 the Board entertain a motion which delegates authority  
5 to Board Members Coy and Sojka to approve all pre-  
6 opening conditions to the Category 1 Slot Machine  
7 License of Mountainview Thoroughbred Racing  
8 Association, and to determine the effective date and  
9 time at which slot machines may commence at Hollywood  
10 Casino at Penn National.

11                   CHAIRMAN:

12                   May I have a motion, please?

13                   COMMISSIONER RIVERS:

14                   Yes. Madam Chair, I move that the Board  
15 delegate the authority to Board Members Jeffrey Coy  
16 and Gary Sojka to approve, either collectively or in  
17 their individual capacities, all pre-opening  
18 conditions to the Category 1 Slot Machine License of  
19 Mountainview Thoroughbred Racing Association and to  
20 determine the effective date and time at which slot  
21 operations may commence at Hollywood Casino at Penn  
22 National in East Hanover Township, Dauphin County,  
23 pursuant to the Board's order dated December 20th,  
24 2006.

25                   CHAIRMAN:



1 May I have a second?

2 COMMISSIONER SOJKA:

3 Second.

4 CHAIRMAN:

5 Any questions or comments? All in favor?

6 AYES RESPOND

7 CHAIRMAN:

8 Opposed?

9 NO RESPONSE

10 CHAIRMAN:

11 The motion carries. Thank you very much.

12 MR. HAYES:

13 Thank you.

14 CHAIRMAN:

15 Mike Walsh, please.

16 MR. WALSH:

17 Good afternoon, Madam Chair and members  
18 of the Board. On behalf of the Bureau of  
19 Administration, I'm pleased to present five candidates  
20 for consideration to be hired by the Pennsylvania  
21 Gaming Control Board. The five candidates are all in  
22 the Bureau of Investigations and Enforcement. And the  
23 first is an administrative assistant, Elizabeth  
24 Lachansky, who will be based at the Scranton office in  
25 the Northeast Regional Office.

1           The next four candidates are all casino  
2 enforcement agents who will work at Penn National when  
3 it is opened. They are Michael DeFrank, Trevor  
4 Hassenbein, Mark Snowberger and Peter Tuzzata. And  
5 the Office of Professional Responsibility has  
6 completed the background investigations and drug  
7 screening, the results of which have been approved by  
8 the Board. And we would respectfully request a motion  
9 of the Board to approve the hiring of these  
10 individuals today.

11           CHAIRMAN:

12           May I have a motion, please?

13           COMMISSIONER RIVERS:

14           Yes. Madam Chairman, I move that the  
15 Board approve the hiring of the agency staff, on the  
16 basis that all employees have completed the necessary  
17 background investigation and drug testing.

18           CHAIRMAN:

19           May I have a second?

20           COMMISSIONER COY:

21           Second.

22           CHAIRMAN:

23           Any questions? All in favor?

24 AYES RESPOND

25           CHAIRMAN:

1 Opposed?

2 NO RESPONSE

3 CHAIRMAN:

4 Motion carries.

5 MR. WALSH:

6 Thank you.

7 CHAIRMAN:

8 All right. We're going to take a  
9 ten-minute recess and then we'll continue with the  
10 agenda.

11 SHORT BREAK TAKEN

12 CHAIRMAN:

13 Okay. Let's continue. All right.

14 Frank. Thank you.

15 ATTORNEY DONAGHUE:

16 Good afternoon, Chairman and members of  
17 the Board. The Board has received four petitions  
18 filed by the following, the Pennsylvania Thoroughbred  
19 Horsemen's Association, IGT, Mount Airy Number One and  
20 Sands Bethworks Gaming. All four petitions are being  
21 considered upon documentary hearings. Office of  
22 Enforcement Counsel has answered all four petitions.  
23 The Board has been provided with the petitions and  
24 supporting evidentiary materials as well as the  
25 responses of the Office of Enforcement Counsel to the

1 petitions.

2           The first petition presented was filed by  
3 the Pennsylvania Thoroughbred Horsemen's Association  
4 relating to several petitions filed by Greenwood  
5 Gaming. Specifically, Greenwood Gaming has filed  
6 petitions to approve the increase of additional slot  
7 machines and square footage to the gaming floor  
8 referred to as POP-6. The second petition to add slot  
9 machines and square footage, POP-7, and a petition for  
10 the approval of a master plan.

11           On October 15th the Horsemen's  
12 Association filed a petition to intervene generally in  
13 the Greenwood matters. Greenwood Gaming and the  
14 Office of Enforcement Counsel have responded and the  
15 Horsemen filed a reply. Those documents have been  
16 provided to the Board and comprise the record before  
17 this Board. Greenwood Gaming's various petitions have  
18 requested increases in the number of machines, size of  
19 the gaming floor, renovations to the existing  
20 grandstands and with an effect on its parimutuel  
21 wagering menus.

22           In addition, the master plan, if  
23 approved, would return most of the grandstand area to  
24 live racing.

25           The Horsemen alleged that the primary

1 public policy purpose of the Gaming Act is to enhance  
2 live horse racing and that they therefore have  
3 standing to intervene in this matter. Greenwood does  
4 not oppose the intervention of the Horsemen and the  
5 petitions filed, but does oppose intervention in  
6 matters which have not yet been filed since those  
7 undetermined matters may not involve the interests of  
8 the Horsemen. It appears that the Horsemen's  
9 Association meets the criteria for intervention as to  
10 the three Greenwood petitions, POP-6, -7 and the  
11 master plan, and it is suggested that it would be  
12 appropriate for the Board to consider approval of  
13 their intervention in those three matters.

14                   However, intervention as to any yet  
15 unfiled matters can properly be denied since such  
16 petitions may not involve interests of the Horsemen  
17 for which intervention would otherwise be appropriate.

18                   CHAIRMAN:

19                   Thank you. May I have a motion, please?

20                   COMMISSIONER GINTY:

21                   Yes, Madam Chairman. I will move that  
22 the Board approve the petition filed by the  
23 Pennsylvania Thoroughbred Horsemen's Association to  
24 intervene generally in connection with the application  
25 of Greenwood Gaming and Entertainment, Inc. for a

1 Category 1 slot machine license, insofar as it relates  
2 to Greenwood's petitions for approval of POP-6 and 7  
3 and the master plan and to deny the petition as to yet  
4 unfiled matters.

5 COMMISSIONER COY:

6 Second.

7 CHAIRMAN:

8 Any questions?

9 COMMISSIONER SOJKA:

10 Just one, and that is as to the unfiled  
11 matters, should it be determine later that  
12 intervention would be appropriate, they could then  
13 apply for such?

14 ATTORNEY DONAGHUE:

15 Absolutely.

16 CHAIRMAN:

17 Very good. All in favor?

18 AYES RESPOND

19 CHAIRMAN:

20 Opposed?

21 NO RESPONSE

22 CHAIRMAN:

23 Motion carries.

24 ATTORNEY DONAGHUE:

25 The second petition was filed by IGT, a

1 manufacturer licensee. IGT is seeking to open an  
2 office and warehouse facility in Tinicum Township,  
3 Pennsylvania and intends to house slot machines and  
4 provide sales and service-related activity there. And  
5 under pertinent regulations, IGT requires your  
6 permission to store the slot machines within the  
7 Commonwealth, and hence has a filed the current  
8 petition for that permission.

9           As proposed, the slot machines held at  
10 the facility will not be used for gaming activity.  
11 IGT maintains that approximately 150 slot machines  
12 will be stored in the warehouse space of the facility.  
13 Additionally a technician in the work room and  
14 showroom will be present. An alarm system will be  
15 implemented to secure all assets, interior motion  
16 detectors will protect the facility and be monitored  
17 24 hours a day, seven days a week. Security camera  
18 coverage of all exits will be also provided with  
19 continuous imaging being maintained for a period of 30  
20 days.

21           The Office of Enforcement Counsel has  
22 reviewed the request and has represented that they do  
23 not have any objections to the request provided that  
24 the IGT employee who is responsible for scheduling  
25 field service technicians for visits to casino

1 consumers has or will complete and submit an  
2 application for licensure by the PGCB, and within 30  
3 days of the Board's order granting the petition, IGT  
4 will submit access controls acceptable to the  
5 respondent, as well as have the storage facility  
6 inspected and approved by Board staff.

7 IGT has agreed to satisfy the stated  
8 concerns. On the basis of this documentary record, as  
9 well as the agreement of IGT to the above-stated  
10 conditions, the matter is now ripe for the Board's  
11 consideration.

12 CHAIRMAN:

13 May I have a motion for the Board to  
14 approve the petition for IGT?

15 COMMISSIONER MCCABE:

16 Madam Chair, I move that the Board  
17 approve the petition filed by IGT to obtain an off-  
18 premise storage facility.

19 COMMISSIONER ANGELI:

20 Second.

21 CHAIRMAN:

22 Any questions or comments? All in favor?

23 AYES RESPOND

24 CHAIRMAN:

25 All opposed?



1 NO RESPONSE

2 CHAIRMAN:

3 Motion carries.

4 ATTORNEY DONAGHUE:

5 The third petition before the Board today  
6 is filed by Mount Airy which seeks permission to  
7 possess an antique slot machine referred to as Mills,  
8 Jennings Blue Bell, a slot machine manufactured in the  
9 early 1950s. The machine, if approved for display,  
10 will be rendered inoperable and cannot be used by any  
11 patrons. The machine would only be used for display  
12 as an antique machine. The OEC has no objection to  
13 Mount Airy's possession of the slot machine on the  
14 basis that it would not meet the definition of a slot  
15 machine if it is inoperable and does not have the  
16 ability to accept payment for play or deliver payments  
17 to patrons.

18 Based upon the evidentiary record, the  
19 reasons asserted by the petitioner and the OEC  
20 response, it would be appropriate for the Board to  
21 consider a motion relative to the position to possess  
22 the antique slot machine upon the condition that it be  
23 rendered inoperable and remain inoperable and that it  
24 is not used by any patron for purpose of gaming  
25 activity.

1                   CHAIRMAN:

2                   Thank you. May I have a motion for the  
3 Board to approve the petition for Mount Airy?

4                   COMMISSIONER RIVERS:

5                   Yes, Madam Chairman. I move that the  
6 Board approve the petition filed by Mount Airy Number  
7 One, LLC to possess an antique slot machine for the  
8 purpose of display pursuant 58 Pa.C. Section  
9 463(a)(1).

10                   COMMISSIONER MCCABE:

11                   Second.

12                   CHAIRMAN:

13                   Very good. Any questions or comments?  
14 All in favor?

15 AYES RESPOND

16                   CHAIRMAN:

17                   Opposed?

18 NO RESPONSE

19                   CHAIRMAN:

20                   Motion carries.

21                   ATTORNEY DONAGHUE:

22                   The final petition before the Board is  
23 that of Sands Bethworks Gaming. As you know, Sands  
24 Bethworks is a Category 2 slot machine licensee and  
25 possesses a license to operate a game facility in the

1 City of Bethlehem, Pennsylvania. Sheldon Adelson, a  
2 license principal of Sands Bethworks, is a trustee of  
3 the Adelson Trust, an estate planning vehicle which  
4 owns 50 percent of the stock of the Las Vegas Sands  
5 Corporation. Sheldon Adelson's wife, Dr. Miriam  
6 Adelson, is the settlor trustee and beneficiary of the  
7 trust, but she has no control over the shares of the  
8 licensed entity.

9                   Sands Bethworks is requesting that Miriam  
10 Adelson be excused from filing a separate application  
11 for licensure in her own behalf since she has no  
12 control over the licensee and her husband, Sheldon  
13 Adelson, has already submitted substantial  
14 documentation with this application for principal  
15 license. OEC and BOL both filed responses to the  
16 petition and proffered similar objections including  
17 that the November 2006 amendments to the Act require  
18 Miriam Adelson to be licensed, and that information  
19 that would be required of Miriam Adelson in her own  
20 application may not be included in Sheldon Adelson's  
21 application.

22                   Based upon the evidentiary record, the  
23 reasons asserted by the petitioner and the responses  
24 from OEC and BOL consideration of the request to be  
25 excluded from filing a full principal application is

1 properly before this Board for consideration.

2 CHAIRMAN:

3 May I have a motion?

4 COMMISSIONER SOJKA:

5 Thank you, Madam Chairman. I move that  
6 the Board deny the petition by Sand Bethworks Gaming,  
7 LLC for relief from the application request of Dr.  
8 Miriam O. Adelson, Docket Number 1901, as presented,  
9 but to direct that Chief Counsel review the documents  
10 submitted by Sheldon Adelson in support of his license  
11 application to determine if any of them can be  
12 utilized in conjunction with the review of Dr. Miriam  
13 Adelson's application.

14 CHAIRMAN:

15 Is there a second?

16 COMMISSIONER GINTY:

17 Second.

18 CHAIRMAN:

19 Any questions? All in favor?

20 AYES RESPOND

21 CHAIRMAN:

22 Opposed?

23 NO RESPONSE

24 CHAIRMAN:

25 Motion carries.

1                   ATTORNEY DONAGHUE:

2                   The Board has received a total of 79  
3 petitions to withdraw applications, which include one  
4 key employee application, one principal key employee  
5 application, two principal entity applications, one  
6 principal entity renewal application and 74 gaming and  
7 non-gaming employee applications. A full listing of  
8 the individuals in each category, along with the  
9 docket numbers have been provided to the Board. With  
10 regard to each of these requests, they were reviewed  
11 by the Office of Enforcement Counsel and the Chief  
12 Enforcement Counsel has no objection to withdrawal, as  
13 there's no information constituting good cause to deny  
14 condition or prejudice the withdrawals of these  
15 applications, and all required fees have been paid to  
16 date.

17                   These petitions would all be rendered  
18 without prejudice. The Chief Counsel's office concurs  
19 in this review and submits the 79 petitions for the  
20 Board's consideration of a motion to grant the  
21 petitions without prejudice.

22                   CHAIRMAN:

23                   All right. Thank you very much. May I  
24 have a motion?

25                   COMMISSIONER ANGELI:

1                   Madam Chairman, I move that the Board  
2 approve the withdrawal of the employee applications  
3 described by the Office of Chief Counsel.

4                   COMMISSIONER RIVERS:

5                   Second.

6                   CHAIRMAN:

7                   Any questions? All in favor?

8 AYES RESPOND

9                   CHAIRMAN:

10                  Opposed?

11 NO RESPONSE

12                  CHAIRMAN:

13                  Motion carries.

14                  ATTORNEY DONAGHUE:

15                  Next our report and recommendations. The  
16 Board has received two reports and recommendations  
17 following hearings to deny applications for non-gaming  
18 registrations. The reports and recommendations, along  
19 with the records pertinent to each hearing have been  
20 provided to the Board in advance of this meeting.  
21 They include non-gaming employee application for  
22 Stephen Goda and Meghan Keough.

23                  As to Stephen Goda, Mr. Goda applied for  
24 a non-gaming employee registration. During the  
25 investigative phase of the application process, it was

1 determined that he did not disclose a number of felony  
2 arrests and convictions. He was notified that he was  
3 being recommended for denial. Mr. Goda requested a  
4 hearing but failed to show up on three separate  
5 occasions.

6                   Accordingly the Office of the Chief  
7 Enforcement Counsel presented un rebutted evidence of  
8 the felony convictions leading to the report and the  
9 recommended denial of the application. Based upon the  
10 report and recommendation and the records presented,  
11 it would be appropriate for the Board to consider a  
12 motion to adopt the recommendation concerning Mr.  
13 Goda.

14                   CHAIRMAN:

15                   Thank you. May I have a motion?

16                   COMMISSIONER COY:

17                   Madam Chairman, I move that the Board to  
18 approve the order denying the non-gaming employee  
19 registration application for Stephen Goda, at the  
20 Docket Number listed by the Chief Counsel.

21                   CHAIRMAN:

22                   Second?

23                   COMMISSIONER SOJKA:

24                   Second.

25                   CHAIRMAN:

1                   Okay. Any questions? All in favor?

2 AYES RESPOND

3                   CHAIRMAN:

4                   Opposed?

5 NO RESPONSE

6                   CHAIRMAN:

7                   Motion carries. Next item.

8                   ATTORNEY DONAGHUE:

9                   The Board has also received a report and  
10 recommendation concerning non-gaming employee Meghan  
11 Keough. She was an applicant for investigation.  
12 During the course of the --- I'm sorry, an applicant  
13 for a registration. During the course of the  
14 investigation, it was determined that she failed to  
15 disclose six arrests. After the Bureau of Licensing  
16 notified her of the recommended denial of  
17 registration, she requested a hearing and failed to  
18 show up on four separate occasions. Accordingly, the  
19 evidence was presented. It's now unrebutted and has  
20 led to the report and recommended denial of the  
21 application.

22                   In addition, Ms. Keough has also filed a  
23 petition to re-open the proceedings on the basis that  
24 the arrests in question were thrown out and dropped.  
25 The Office of Enforcement Counsel answered this



1 petition noting that she failed to demonstrate that  
2 there were new facts to be examined or to explain why  
3 she never disclosed any of the background of the six  
4 arrests in her application. Based upon the report and  
5 recommendation and the records presented, it would be  
6 appropriate for the Board to consider a motion to  
7 adopt the recommendation and deny the registration of  
8 Meghan Keough and simultaneously deny her petition to  
9 re-open the record.

10 CHAIRMAN:

11 Thank you. May I have a motion?

12 COMMISSIONER GINTY:

13 Madam Chairman, I move that the Board  
14 approve an order adopting the Bureau of Hearings and  
15 Appeals' report and recommendation to deny the non-  
16 gaming employee registration application for Meghan L.  
17 Keough, Docket Number 1002937, and further to deny the  
18 petition to re-open those hearings.

19 CHAIRMAN:

20 Any questions or comments?

21 COMMISSIONER SOJKA:

22 Do you need a second?

23 CHAIRMAN:

24 I do.

25 COMMISSIONER SOJKA:

1 Second.

2 CHAIRMAN:

3 Okay. Any questions? All in favor?

4 AYES RESPOND

5 CHAIRMAN:

6 Opposed?

7 NO RESPONSE

8 CHAIRMAN:

9 Motion carries.

10 ATTORNEY DONAGHUE:

11 Next there are two suspension actions  
12 before the Board. With respect to each, the records  
13 pertinent to each matter have been provided to the  
14 Board in advance of the meeting. Upon notification of  
15 complaints filed to suspend the permit or  
16 registration, neither individual responded to the  
17 matters set forth by the Office of Enforcement  
18 Counsel.

19 First is Charisse Kamil Hendley. In this  
20 matter the Board has received the request from the  
21 Office of Enforcement Counsel to suspend her non-  
22 gaming registration as a valet cashier at Chester  
23 Downs due to an arrest and guilty plea for  
24 shoplifting.

25 Ms. Hendley failed to disclose her

1 conviction on her application for the non-gaming  
2 registration. The Bureau of Investigations and  
3 Enforcement contacted Ms. Hendley regarding the non-  
4 disclosure, and she indicated that the incident had  
5 taken place when she was a minor, and therefore it was  
6 not reportable.

7 Ms. Hendley was issued a non-gaming  
8 employee registration on August 7th. Subsequently BIE  
9 was informed that Ms. Hendley was arrested on July  
10 31st and apparently the notification crossed with the  
11 granting of the registration. She did not disclose  
12 this new arrest on her application and obviously did  
13 not inform BIE of the arrest. Based upon violation of  
14 the Board's regulations, which require disclosure of  
15 such arrests, the Office of Enforcement Counsel filed  
16 a petition for a six-month suspension against Ms.  
17 Hendley. Hendley has not responded, and the matters  
18 are therefore admitted by default.

19 I would suggest it would be appropriate  
20 for the Board to consider granting the petition for a  
21 six-month suspension based upon the documentary files.

22 CHAIRMAN:

23 May I have a motion?

24 COMMISSIONER GINTY:

25 Madam Chairman, I move that the Board

1 approve the recommended suspension of the gaming  
2 employee permit of Charisse Kamil Hendley, Docket  
3 Number 1006998, for a period of six months effective  
4 upon the date of this order.

5 CHAIRMAN:

6 Is there a second?

7 COMMISSIONER MCCABE:

8 Second.

9 CHAIRMAN:

10 Any questions or comments? All in favor?

11 AYES RESPOND

12 CHAIRMAN:

13 Any opposed?

14 NO RESPONSE

15 CHAIRMAN:

16 Motion carries.

17 ATTORNEY DONAGHUE:

18 And finally, the Board has received a  
19 request from the Office of Enforcement Counsel to  
20 conduct a hearing regarding the validity of the  
21 issuance of an emergency order to suspend the gaming  
22 employee permit of Gardner Lee Carter. Carter was  
23 issued the gaming employee permit for a position as an  
24 IT specialist at Chester Downs. Pennsylvania State  
25 Police notified BIE on the date of October 10th that

1 Carter was arrested on September 30th regarding  
2 incidents that had occurred in August and September of  
3 this year. Those charges are still pending.

4           On October 30th, the Office of  
5 Enforcement Counsel filed a request for an emergency  
6 order to suspend his gaming permit. The order was  
7 signed by the Executive Director on October 31st, 2007  
8 and served on Carter. To date Carter has not  
9 requested a hearing in this matter. Regulation  
10 4038.7(k) provides the temporary emergency order be  
11 presented to the Board for a full hearing or for  
12 assignment it to the Office of Hearings and Appeals to  
13 conduct a hearing as to the continued validity of the  
14 suspension.

15           In this case, the Office of Chief Counsel  
16 recommends that the Board consider a motion to refer  
17 the matter to the Office of Hearings and Appeals to  
18 promptly schedule a hearing and to issue a report and  
19 recommendation to the Board regarding that suspension.

20           CHAIRMAN:

21           Okay. Can I have such a motion?

22           COMMISSIONER MCCABE:

23           Yes, Madam Chair, I move that the Board  
24 approve the order as outlined by the Office of Chief  
25 Counsel and to direct the Office of Hearings and

1 Appeals to conduct a hearing regarding the validity of  
2 the issuance of the emergency order for Gardner Lee  
3 Carter, Docket Number G1007700.

4 COMMISSIONER COY:

5 Second.

6 CHAIRMAN:

7 Any questions or comments? All in favor?

8 AYES RESPOND

9 CHAIRMAN:

10 Opposed?

11 NO RESPONSE

12 CHAIRMAN:

13 Motion carries.

14 ATTORNEY DONAGHUE:

15 That's our report. Thank you.

16 CHAIRMAN:

17 Okay. Thank you very much. Now to Susan  
18 Hensel.

19 MS. HENSEL:

20 Thank you, Chairman Colins and members of  
21 the Board. I am joined this afternoon by Mike French  
22 and Aaron Ryan from Price Waterhouse Coopers regarding  
23 the first matter I have to discuss with you. As we  
24 heard earlier today, Harrah's Chester Downs will,  
25 subject to your approval, be undergoing a change of

1 control as a result of Hamlet Holdings' acquisition of  
2 Harrah's. In addition, Mountainview Thoroughbred  
3 Association is also expected to undergo a similar  
4 change of control due to the acquisition of Penn  
5 National Gaming by two private equity firms.

6           In anticipation of these and future  
7 changes in control of slot machine licensees, the  
8 Board will need to decide the appropriate licensing  
9 fee to charge acquirers in connection with the change  
10 of control. Pursuant to Section 1328 of the  
11 Pennsylvania Race Horse Development and Gaming Act, a  
12 change in control of any slot machine licensee  
13 requires that the new licensee pay a new license fee.  
14 However, the Act also provides that the Board has  
15 discretion to reduce, but not eliminate, that fee. To  
16 assist the Board in determining an appropriate change  
17 of ownership or control fee we consulted with Price  
18 Waterhouse Coopers, which has continued to work as  
19 part of our taskforce.

20           PWC was asked to study how other gaming  
21 jurisdictions treat acquisitions at their licensed  
22 facilities, and specifically if other jurisdictions  
23 assess a fee against an acquirer above the costs of an  
24 agency's investigation. In addition, they were asked  
25 to identify economic factors important to the Board's

1 consideration of a fee reduction pursuant to a change  
2 of ownership or control. We invited Mike and Aaron  
3 here today to present their findings. And I'll turn  
4 it over to them.

5 MR. FRENCH:

6 Thank you, Susan. I have some prepared  
7 remarks I'd like to read and then I'll be open ---  
8 both of us are open for questions. As part of the  
9 taskforce team, a range of economic factors were  
10 considered in the issue to potential licensee fee  
11 reductions consistent with Section 1328. The  
12 following summarizes those economic factors. One,  
13 absence of unrecoverable costs. All costs related to  
14 a change in ownership such as investigation fees and  
15 document processing fees are direct-billed to the  
16 licensee. As a result, the change in ownership does  
17 not expect it to result in any unrecoverable costs  
18 that should be offset with a license fee.

19 Two, different operations and transaction  
20 types. Given the diverse range of casino markets in  
21 the Commonwealth and the various ownership structures  
22 that are in place or that may be used in the future,  
23 there's no clearly-defined method to consistently  
24 value ownership interests in casino facilities as part  
25 of complex transactions.



1                   Three, investment environment and  
2 expected rate return on investments in Pennsylvania.  
3 Casino operators evaluating expansion plans, the  
4 potential for table games and other plans for capital  
5 investment at Pennsylvania facilities will consider  
6 the perceived stability of the investment environment  
7 and expected rate of return on their investment.

8                   Four, the competitive environment in  
9 surrounding states. Gaming operators have had the  
10 choice of jurisdictions in which to invest limited  
11 available capital, and may chose to invest in areas of  
12 lower unknown costs and greater perceived stability.

13                   Five, potential trends in industry  
14 structure. If acquisitions by private equity firms  
15 prove to be an important source of value creation for  
16 shareholders in the gaming sector, factors such as a  
17 significant change in ownership fee could reduce the  
18 attractiveness of owning a Pennsylvania casino. This  
19 could reduce the available pool of potential owners,  
20 affecting the level of capital investment that the  
21 Commonwealth may be able to attract.

22                   Six, ten-year period from initial  
23 issuance. By providing for a return on the \$50  
24 million license fee in full if certain sections of the  
25 Pennsylvania Race Horse Development and Gaming Act are

1 modified within five years, and in part if  
2 modifications occur within six to ten years, Section  
3 1209 effectively establishes a ten-year period of  
4 stability.

5           Also Section 1209 provides for the  
6 creation credit to offset any tax increases that occur  
7 within the ten-year period, up to the amount of the  
8 \$50 million license fee. During this period,  
9 operators may reasonably expect to be protected from  
10 major regulatory changes.

11           Seven, other jurisdictions. We contacted  
12 eight major gaming jurisdictions including Delaware,  
13 Iowa, Michigan, Mississippi, Missouri, Nevada, New  
14 Jersey, Ontario and West Virginia. None applies a  
15 change of ownership fee other than investigative  
16 costs.

17           Eight, other Pennsylvania licenses.  
18 Sales of liquor licenses in Pennsylvania are subject  
19 to approval by the Pennsylvania Liquor Control Board.  
20 These transfers are conducted at nominal fees despite  
21 the substantial prices of which liquor license sales  
22 transact.

23           Nine, potential structuring to avoid the  
24 fees. A significant change in ownership fee may  
25 encourage operators to structure any changes in

1 ownership to avoid being required to pay the fee.

2           Ten, example of other PGCB fees. Fees  
3 for management company, manufacturer and supplier  
4 licenses are in the range of \$10,000 to \$500,000.

5           In conclusion, a significant change in  
6 ownership fee may be expected to alter the investment  
7 environment in ways that could jeopardize major  
8 capital expenditures that have the opportunity to  
9 generate far greater tax revenues for the Commonwealth  
10 over the long term. Reducing the change in ownership  
11 fee would not be expected to have negative  
12 repercussions on the successful growth of the gaming  
13 industry in the Commonwealth and future tax revenue.

14           Fostering a stable environment for  
15 capital reinvestment in the context of a competitive  
16 regional market for casino gaming, a reduced fee would  
17 be consistent with the goals of sustaining and growing  
18 the positive economic and fiscal impacts of the casino  
19 gaming industry and the long-term economic well-being  
20 of the Commonwealth.

21           As a result, the weight of important  
22 factors supports the reduction of a change-in-  
23 ownership fee in situations deemed appropriate by the  
24 Board.

25                           CHAIRMAN:

1 Thank you. Thank you very much.

2 MS. HENSEL:

3 Does the Board have any questions for  
4 Mike or Aaron?

5 COMMISSIONER GINTY:

6 I just have one question. The other  
7 states you looked at apparently do not have a  
8 statutory requirement such as 1328, regarding the  
9 collection of the fee?

10 MR. FRENCH:

11 Correct.

12 COMMISSIONER GINTY:

13 And we do?

14 MR. FRENCH:

15 Correct.

16 CHAIRMAN:

17 Anything else? Any other questions?

18 Thank you very much. We appreciate your information.

19 MR. FRENCH:

20 Thank you.

21 CHAIRMAN:

22 And what we'll do is we'll go on to  
23 review this information and act on it on the 18th.  
24 Proceed.

25 MS. HENSEL:

1           I will now move on to other licensing  
2 matters. Before addressing the orders that are before  
3 you today, I would like to briefly update the Board on  
4 a recent change to our vendor process. Since the  
5 Board's last meeting, the Bureau of Licensing has  
6 added to the Board's web site new applications for  
7 registered vendors. The new applications make a  
8 distinction between sponsored vendors, which are those  
9 that have a business relationship with the facility  
10 and unsponsored vendors, which are those that are  
11 seeking to enter into a business relationship with the  
12 facility.

13           In the past, only sponsored vendors were  
14 able to apply for registration with the Board. We  
15 limited the vendor applications to sponsored vendors  
16 in order to prioritize our work and get the industry  
17 up and running. However, with six facilities open and  
18 a seventh poised to open in the next few months, we  
19 are now opening up the vendor registrations to both  
20 the sponsored and unsponsored vendors. For businesses  
21 interested in applying, they can find the new  
22 unsponsored registered vendor forms on our web site at  
23 [www.pgcb.state.pa.us](http://www.pgcb.state.pa.us) by clicking on licensure and then  
24 on applications.

25           Now I'll turn to other licensing matters.

1 First we have a supplier who's before you for renewal.  
2 TDN Money Systems was originally licensed in June  
3 2006. TDN filed a renewal application, which allowed  
4 its license to stay in effect for an additional six  
5 months. The Bureau of Investigations and Enforcement  
6 has completed its investigation and the Bureau of  
7 Licensing has provided you with a suitability report.  
8 No issues were identified by either the Bureau of  
9 Investigations and Enforcement or Licensing that would  
10 preclude licensure. I ask that the Board consider an  
11 order granting TDN renewal of its supplier license.

12 CHAIRMAN:

13 Do we have a motion?

14 COMMISSIONER SOJKA:

15 Yes, Madam Chair, I move that the Board  
16 approve the order renewing the supplier license for  
17 TDN Money Systems.

18 CHAIRMAN:

19 Second, anyone?

20 COMMISSIONER RIVERS:

21 Second.

22 CHAIRMAN:

23 Any questions? All in favor?

24 AYES RESPOND

25 CHAIRMAN:

1 Opposed?

2 NO RESPONSE

3 CHAIRMAN:

4 Motion carries.

5 MS. HENSEL:

6 The Bureau of Licensing has also provided  
7 you a proposed order for 17 temporary key employee  
8 licenses. I ask that the Board consider the order of  
9 granting these licenses.

10 CHAIRMAN:

11 May I have a motion?

12 COMMISSIONER ANGELI:

13 Madam Chair, I moved that the Board  
14 approve the orders to issue temporary key employee  
15 licenses as described by the Bureau of Licensing.

16 CHAIRMAN:

17 Is there a second?

18 COMMISSIONER MCCABE:

19 Second.

20 CHAIRMAN:

21 Any questions? All in favor?

22 AYES RESPOND

23 CHAIRMAN:

24 Opposed?

25 NO RESPONSE

1           CHAIRMAN:

2           Motion carries.

3           MS. HENSEL:

4           In addition, the Bureau of Licensing  
5 provided you with an order and a list of 102  
6 individuals who the Bureau has granted occupation  
7 permits to, and 134 individuals who the Bureau has  
8 granted registrations to under the authority delegated  
9 to the Director of Licensing. I ask that the Board  
10 adopt a motion approving the order.

11          CHAIRMAN:

12          May I have a motion?

13          COMMISSIONER COY:

14          Madam Chair, I move that the Board  
15 approve the orders to issue the gaming and non-gaming  
16 permits and registrations, as described by the  
17 Director of the Bureau of Licensing.

18          CHAIRMAN:

19          Is there a second?

20          COMMISSIONER SOJKA:

21          Second.

22          CHAIRMAN:

23          Any questions? All in favor?

24 AYES RESPOND

25          CHAIRMAN:



1                   Opposed?

2 NO RESPONSE

3                   CHAIRMAN:

4                   Motion carries.

5                   MS. HENSEL:

6                   The final item concerning employees is  
7 the recommendation of denials for 8 gaming and 29  
8 non-gaming employee applications. Prior to this  
9 meeting the Bureau of Licensing provided you with  
10 orders addressing each of the individual gaming and  
11 non-gaming applicants that the Bureau of Investigation  
12 and Enforcement has recommended for denial. As stated  
13 in each order, each applicant was sent a  
14 recommendation of denial letter from the PGCB.

15                   In the letter, the applicants were given  
16 ten days in which to request a hearing regarding their  
17 denial. In each case the applicant failed to request  
18 a hearing in the specified time period in which the  
19 request was required. I ask that the Board adopt a  
20 motion approving the denial orders for the gaming and  
21 non-gaming applicants.

22                   CHAIRMAN:

23                   May I have a motion?

24                   COMMISSIONER GINTY:

25                   Madam Chairman, I move that the Board

1 approve the orders to the gaming and non-gaming  
2 employee licenses, as described by the Bureau of  
3 Licensing.

4 COMMISSIONER SOJKA:

5 Second.

6 CHAIRMAN:

7 Any questions? All in favor?

8 AYES RESPOND

9 CHAIRMAN:

10 Opposed?

11 NO RESPONSE

12 CHAIRMAN:

13 Motion carries.

14 MS. HENSEL:

15 Finally, we have two orders regarding  
16 vendors. First, a proposed order certifying the  
17 following three vendors: Curran Taylor, Inc., Johnston  
18 Construction Company and William H. Clinger  
19 Corporation. I have consulted with Chief Enforcement  
20 Counsel, and the BIE has no objection to the  
21 certification of the three companies. I ask that the  
22 Board adopt a motion approving the order.

23 CHAIRMAN:

24 May I have a motion?

25 COMMISSIONER MCCABE:

1                   Madam Chair, I move that the Board  
2 approve the order approving the applications for  
3 vendor certification.

4                   COMMISSIONER ANGELI:

5                   Second.

6                   CHAIRMAN:

7                   Any questions? All in favor?

8 AYES RESPOND

9                   CHAIRMAN:

10                  Opposed?

11 NO RESPONSE

12                  CHAIRMAN:

13                  Motion carries.

14                  MS. HENSEL:

15                  Finally, the Bureau of Licensing provided  
16 each if you with an order and an attached list of 37  
17 registered vendors. I've consulted with the Chief  
18 Enforcement Counsel, and BIE has no objection to the  
19 registration of the 37 companies. I ask that the  
20 Board adopt a motion approving the order.

21                  CHAIRMAN:

22                  Motion, please?

23                  COMMISSIONER RIVERS:

24                  Yes. Madam Chairman, I move that the  
25 Board approve the order approving the application for

1 vendor registration.

2 COMMISSIONER MCCABE:

3 Second.

4 CHAIRMAN:

5 Any questions? All in favor?

6 AYES RESPOND

7 CHAIRMAN:

8 Opposed?

9 NO RESPONSE

10 CHAIRMAN:

11 Motion carries. Susan, thank you.

12 MS. HENSEL:

13 Thank you.

14 CHAIRMAN:

15 Okay. Office of Chief Enforcement  
16 Counsel, Cyrus Pitre.

17 ATTORNEY PITRE:

18 Good afternoon. I have with me today  
19 Deputy Chief Enforcement Counsel, Barry Creany, Deputy  
20 Chief Enforcement Counsel, Nan Davenport. We have  
21 three consent agreements for your consideration today.  
22 The first involving an employee gaming permit with  
23 regard to Linda Gardner. She's an employee of Presque  
24 Isle Downs, Deputy Chief Enforcement Counsel Barry  
25 Creany will present that matter for the Board's

1 consideration.

2 MR. CREANY:

3 Chairman DiGiacomo, members of the Board.  
4 The Office of Enforcement Counsel presents for your  
5 consideration a consent agreement today that will  
6 conclude an action we brought to revoke the gaming  
7 license of Linda Gardner. That is in the form of a  
8 agreement dated October 31st in which Gardner agrees  
9 to surrender her license and pay costs that were  
10 incurred by the Office Enforcement Counsel and BIE.  
11 With that I will answer any questions, or ask that the  
12 Board consider a motion to approve the consent  
13 agreement.

14 CHAIRMAN:

15 Are there any questions? All right.  
16 This information we have reviewed, and so there lies  
17 for a motion.

18 COMMISSIONER SOJKA:

19 Thank you, Madam Chair. I move that the  
20 Board approve the consent agreement between the PGCB  
21 and Linda Gardner, Docket Number G1003898, as  
22 described by the Office of Enforcement Counsel.

23 CHAIRMAN:

24 Is there a second?

25 COMMISSIONER RIVERS:

1 Second.

2 CHAIRMAN:

3 Any questions? All in favor?

4 AYES RESPOND

5 CHAIRMAN:

6 Opposed?

7 CHAIRMAN:

8 Motion carries.

9 MS. DAVENPORT:

10 Good afternoon. OEC and Downs Racing  
11 have entered into a consent agreement with respect to  
12 an underage gaming incident which occurred on April  
13 14th, 2007. This was previously presented to the  
14 Board and was tabled. We've gone back to Downs  
15 Racing. We have entered into a consent agreement  
16 which is before you. Downs Racing shall implement  
17 policies to minimize the opportunities for  
18 reoccurrence of this event and shall reimburse BIE the  
19 costs of its investigation. OEC respectfully requests  
20 that the Board approve the consent agreement.

21 CHAIRMAN:

22 May I have a motion?

23 COMMISSIONER RIVERS:

24 Yes. Madam Chairman, I move that the  
25 Board approve the consent agreement between the PGCB

1 and Mohegan Sun, as described by the Office of  
2 Enforcement Counsel.

3 CHAIRMAN:

4 Is there a second?

5 COMMISSIONER SOJKA:

6 Second.

7 CHAIRMAN:

8 Questions? All in favor?

9 AYES RESPOND

10 CHAIRMAN:

11 Opposed?

12 NO RESPONSE

13 CHAIRMAN:

14 Motion carries.

15 MS. DAVENPORT:

16 And finally OEC has entered into a  
17 settlement agreement with Joseph A. Rizzo, who's an  
18 applicant for a gaming permit. Pursuant to the  
19 settlement agreement because Mr. Rizzo, did not  
20 disclose three arrests on his application, he will be  
21 prohibited for one year from the date of his  
22 application from re-applying. OEC respectively  
23 requests that the Board approves the settlement  
24 agreement.

25 CHAIRMAN:

1 Can I have a motion?

2 COMMISSIONER ANGELI:

3 Madam Chairman, I move that the Board  
4 approves the consent agreement between the PGCB and  
5 Joseph Rizzo, Docket Number 1001059, as described by  
6 the Office of Enforcement Counsel.

7 COMMISSIONER COY:

8 Second.

9 CHAIRMAN:

10 Any questions? All in favor?

11 AYES RESPOND

12 CHAIRMAN:

13 Opposed?

14 NO RESPONSE

15 CHAIRMAN:

16 Motion carries.

17 MS. DAVENPORT:

18 Thank you very much.

19 CHAIRMAN:

20 Thank you. Kevin?

21 MR. HAYES:

22 As the last item on the Board's agenda  
23 today, Madam Chairman and members of the Board, I'd  
24 like to introduce Robert W. Green, Chairman of  
25 Greenwood Gaming and Entertainment, a holder of a



1 conditional Category 1 license. He's here today to  
2 provide the Board with a report of a temporary closing  
3 of Philadelphia Park Casino from Thursday, November  
4 29th at approximately 10:00 p.m. to Saturday December  
5 1st at 11:59 a.m.

6           Before handing it over to Mr. Green, I  
7 would like to provide the Board with a brief overview  
8 of the PGCB's response to this incident. From the  
9 moment that Bensalem Township's Fire Department  
10 ordered that the facility be closed, our casino  
11 enforcement staff worked shoulder to shoulder with the  
12 security department of Philadelphia Park and local  
13 officials to evacuate the facility in a safe and  
14 orderly manner. Bensalem Township permitted our staff  
15 and the members of its security staff to remain in the  
16 facility to secure the floor and to permit ongoing  
17 surveillance of the floor.

18           In addition, G-Tech personnel, in  
19 conjunction with representatives from our lab, were on  
20 site to ensure that complete connectivity to the  
21 central control computer system was maintained  
22 throughout the closing.

23           The PGCB's authorization to re-open the  
24 slot machine facility came only after we received  
25 written confirmation from the fire marshall and

1 building inspectors of Bensalem Township, that the  
2 facility was able to receive the public.

3           In addition, the Board did not entertain  
4 the re-opening of this facility until we received all  
5 assurances from G-Tech concerning the 2,400 slot  
6 machines on the gaming floor and their connectivity to  
7 the central control computer system.

8           I would like to thank personally the  
9 employees of Philadelphia Park, G-Tech and Bensalem  
10 Township for their vigilance and their cooperation in  
11 administering the effective and efficient closing and  
12 re-opening of Philadelphia Park Casino. I'd like now  
13 to hand it over to Mr. Green.

14           MR. GREEN:

15           Madam Chairman, members of the Board and  
16 the PGCB staff, thank you for allowing me this  
17 opportunity to not only answer any questions you might  
18 have, but to give you an overview of the circumstances  
19 that resulted in our closure of the racetrack and the  
20 casino on Thursday night and the steps that we took  
21 both jointly and independently to address the numerous  
22 issues that arose out of that situation until we were  
23 in a position to re-open the casino floor and the  
24 racetrack round about noon on Saturday.

25           First, I would like to put on the record

1 our appreciation of the Board's staff for their whole-  
2 hearted support and cooperation during that period  
3 that was essentially a crisis response.

4           Specifically, Madam Chairman, I would  
5 like to thank you personally for coming to the casino  
6 on Friday afternoon, inspecting and assessing the  
7 situation, understanding the logistics and the many  
8 issues that were involved, and the strategy that we  
9 had put together to resolve them in an expedited  
10 basis. I'd also like to thank your Executive Director  
11 who also accompanied you on that tour, who obviously  
12 brought her own perspective of those issues.

13           Going back to some remarks, I'd also like  
14 to thank John Wolczak and his crew for their help from  
15 the PGCB's point of view. Last but not least I'd like  
16 to thank Mr. Kevin Hayes who essentially came out from  
17 the moment this crisis developed. He was available on  
18 a 24-hour basis and actually did a superb job in  
19 facilitating re-opening. And to close down that  
20 system, with all of those machines, and all the  
21 various parts of that, and to re-open without a hitch,  
22 certainly speaks volumes.

23           In the thank you mode, I'd also like to  
24 join Mr. Hayes in thanking the people of Bensalem, the  
25 township officials, the mayor, the fire marshall, the

1 building inspector for the work that they did in  
2 ensuring, in the first instance, the health and safety  
3 and welfare of the public and our employees were  
4 protected. From our point of view, and from PGCB's  
5 point of view, obviously, maintaining the integrity of  
6 the games on the floor during the operation, all of  
7 those things were critical and none of those, the  
8 integrity of the handlers, the surveillance, security,  
9 none of those were compromised at all during the  
10 period that we were going through the repairs and the  
11 very significant structural issues that we had to deal  
12 with.

13 I have with me a chronological blow-by-  
14 blow of account what went on from nine o'clock on  
15 Thursday 'til noon on Saturday that I can give you. It  
16 would probably take an hour or so, and I'm not  
17 proposing to do that, but really just to again, thank  
18 you and your staff for the work that they did and to  
19 be available for any questions that you might have.

20 CHAIRMAN:

21 Thank you very much. Does anyone have  
22 any questions for Mr. Green?

23 COMMISSIONER MCCABE:

24 I do. Mr. Green, first I agree and  
25 concur with your comments. You all did a great job.

1 Kevin, Mr. Green, you and your staff, our staff, all  
2 should be commended.

3           Early on in this process we heard a lot  
4 of complaints from the horsemen about the back side  
5 and you not doing enough for them in living up to  
6 agreements. And from my understanding that this  
7 incident occurred over in the back side in the jockey  
8 room or something, what guarantees do we have that  
9 this won't happen again? Are you taking any action to  
10 improve the back side and make sure something like  
11 this doesn't happen again?

12           MR. GREEN:

13           I should clarify the situation. This did  
14 not occur on the back side. The jockeys' room is  
15 housed within the grandstand complex on the second  
16 floor, and so I'll come back to that. In respect to  
17 backstretch improvements, yes, we've had issues and  
18 discussions with the horsemen, but the issue in  
19 respect to backstretch improvements is that we are  
20 mandated by the statute to put together a program then  
21 that covers backstretch improvements to a dollar  
22 value. In fact, as part of our agreement with the  
23 horsemen, which was signed in 2004, we went beyond the  
24 statutory requirement of \$7 million to \$12 million.  
25 So in fact, we're doing significantly more than the

1 statute requires.

2           The issue with the horsemen has really  
3 run its time in the sense that yes, I would say for  
4 about three or four months certain maintenance items  
5 took a back seat while we were opening the casino in  
6 the period between September and December of last  
7 year. And there was certainly a backlog of some  
8 maintenance issues. They're been dealt with for the  
9 most part.

10           In respect to going forward we have a new  
11 agreement with our horsemen which is probably unusual  
12 in the country, to take this forward to 2018, and  
13 involves even more expenditure on backstretch  
14 improvements than mandated by the statute.

15           Coming back to your question about can it  
16 happen again. It did happen again. That was one of  
17 the problems. All of the fire suppression, the  
18 sprinklers in our grandstand are basically brand new.  
19 They were put in a year ago, at enormous expense. And  
20 without getting too technical, the problem really  
21 occurred when one of the sprinkler heads went, set off  
22 a chain reaction of the sprinkler system and the main  
23 pipe that came in from Bensalem, which is probably 20  
24 to 30 years old, blew. It couldn't stand the  
25 pressure.

1                   Without the fire suppression system, the  
2 fire marshall correctly said that we had to close  
3 down. And at that point, we had 1,200 people on the  
4 premises. On a Thursday night at 9:30, you get 1,200  
5 people to essentially leave the premises, and that was  
6 done in a very orderly way.

7                   We were up all night repairing that main  
8 pipe that came in, and when we were due to re-open on  
9 Friday morning, when they filled up the system to test  
10 it, the pipe blew again, this time in a different  
11 place. So we knew that we had a major problem at that  
12 point, and then we said well, we're not going to fix  
13 this in another, you know, five hours and then have it  
14 blow again. So really what we had to do was to go get  
15 a diagnostic assessment of how we would deal with the  
16 problem, which really reduced the chances of it  
17 happening again.

18                   And what we had to do essentially was  
19 where our main new pump room was, the pipe makes a  
20 series of 90-degree turns to take it below the frost  
21 line, so what we had to do was, we devised --- not me,  
22 but our mechanical and plumbing engineers and our  
23 general contractor and the systems people who were on  
24 site, determined we would take that pipe above ground,  
25 straight through the pump room into our building, and

1 the only issue with doing that, apart from quite major  
2 construction, is that you have to make sure that that  
3 pipe in that area becomes heated. Otherwise the first  
4 frost, it will crack. So that was part of the issues  
5 that we dealt with over that period of time in the  
6 hope that this is now a permanent fix, and it won't  
7 happen again.

8 COMMISSIONER MCCABE:

9 Thank you.

10 CHAIRMAN:

11 Thank you. Mr. Green, two things. First  
12 is, our staff tells me that you and your staff and  
13 your team were extremely cooperative in working with  
14 us to ensure that the games were preserved and that  
15 the facility was secured and we appreciate that level  
16 of cooperation that you showed throughout this crisis.

17 MR. GREEN:

18 Thank you.

19 CHAIRMAN:

20 And the next thing is, while I have you  
21 here the last time that we met and you made a  
22 presentation regarding a permanent plan I had  
23 articulated a list of things that I would like you to  
24 provide to the Board. One thing that I neglected,  
25 which I wanted to ask you to have your Counsel provide



1 to us, is a memorandum of law that addresses the issue  
2 of the integration of the two buildings.

3 MR. GREEN:

4 I believe that our Counsel has received  
5 that, over the last few days and we do expect to  
6 respond to that in the next few days.

7 CHAIRMAN:

8 Good I just wanted to make sure. Thank  
9 you very much. I appreciate it. The next meeting we  
10 will have will be December 18th, scheduled for 10:00  
11 a.m., and we will adjourn, absent any further comments  
12 from the Board. Anything else? Okay. Very good.  
13 Then motion to adjourn?

14 COMMISSIONER SOJKA:

15 So moved.

16 CHAIRMAN:

17 Second?

18 COMMISSIONER MCCABE:

19 Second.

20 CHAIRMAN:

21 Okay. We're adjourned. Thank you all  
22 very much.

23 \* \* \* \* \*

24 MEETING CONCLUDED AT 3:50 P.M.

25 \* \* \* \* \*

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C E R T I F I C A T E

I hereby certify that the  
foregoing proceeding 1213 Gaming Board  
was reported by me, that I have read this  
transcript on 12/14/08, and I attest  
that this transcript is a true and  
accurate record of the proceeding.

Nancy R. Cramer  
Court Reporter