

PENNSYLVANIA GAMING CONTROL BOARD
PUBLIC MEETING

NORTH OFFICE BUILDING
HEARING ROOM 1
HARRISBURG, PENNSYLVANIA

DECEMBER 18, 2007, 10:52 A.M.

APPEARANCES:

MARY DiGIACOMO COLINS, CHAIRMAN
RAYMOND S. ANGELI
JEFFREY W. COY
JAMES B. GINTY
KENNETH T. McCABE
SANFORD RIVERS
GARY A. SOJKA
KEITH WELKS, EX-OFFICIO MEMBER

HILLARY M. HAZLETT, REPORTER
NOTARY PUBLIC

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1 CHAIRMAN DiGIACOMO COLINS: We will now begin
2 with the public meeting. A quorum of the Board is
3 present. So, the meeting is called to order.

4 We have attending on behalf of Revenue
5 Secretary Thomas Wolf is Stacie Amsler. We will now
6 move on to some housekeeping matters, but the first
7 thing we always do traditionally is to stand for the
8 Pledge of Allegiance.

9 (Pledge of Allegiance.)

10 CHAIRMAN DiGIACOMO COLINS: Excuse me for one
11 minute please. Very good. Keith Welks is here on
12 behalf of the State Treasurer Robin Wiessmann. Now, we
13 will proceed into some announcements.

14 First, we will make sure that your phones and
15 BlackBerries are turned off. The next matter is that
16 the Board has held an Executive Session on December
17 17th, prior to today's meeting, in accordance with the
18 Sunshine Act, to discuss personnel issues, privileged
19 agency business, and to consult with counsel and other
20 professional advisors to the Board concerning current
21 litigation and matters in which complaints are expected
22 to be filed.

23 Now, we'll move on to the transcript and the
24 minutes. May I have a motion for the Board to approve
25 the minutes and transcript of October 17th?

1 COMMISSIONER SOJKA: Yes. Madam Chair, I move
2 that the Board approve the transcript and minutes of the
3 October 17th, 2007 meeting.

4 COMMISSIONER RIVERS: Second.

5 CHAIRMAN DiGIACOMO COLINS: Any questions or
6 comments?

7 All in favor?

8 COMMISSIONERS: Aye.

9 CHAIRMAN DiGIACOMO COLINS: Opposed?

10 Motion carries.

11 All right. Next, we will -- do we have a
12 report from Kevin Hayes?

13 Do you have a report?

14 MR. HAYES: In light of the length of today's
15 agenda, the Executive Office has no new business that
16 requires Board consideration at this time.

17 CHAIRMAN DiGIACOMO COLINS: Okay. Thank you
18 very much, Kevin.

19 Then we'll move directly to David Rhen.
20 Mr. Rhen is here on behalf of Eileen McNulty, our Chief
21 Financial Officer, for a quick budget update. Good
22 morning.

23 MR. RHEN: Good morning. My report today will
24 cover revenues and expenses recorded by the Board
25 through November 30th '07.

1 Spending during the first five months of the
2 fiscal year totaled \$9,910,520. Spending recorded in
3 November was 38 percent of the year-to-date total. This
4 included correcting entries to adjust payroll expenses
5 to reflect a recent decision by the Budget Office that
6 payrolls for the period July 1 to July 17, during which
7 there was no Commonwealth budget, must be charged
8 against the fiscal 07-08 appropriation rather than the
9 unappropriated funds that the Board was operating from
10 in fiscal 06-07.

11 Additionally, November is a month in which
12 three payrolls were recorded. Year-to-date payroll
13 expenses totalled \$8,306,000 or 84% of total spending
14 for the fiscal year to date.

15 Operating expenses recorded in November,
16 including correcting entries, totaled \$515,276 bringing
17 the year-to-date total of operating expenses to
18 \$1,604,290.

19 Rentals and leases totaling \$634,000 is the
20 largest category of operating expense to date and
21 represents 40% of operating expenses.

22 Recurring telecommunication costs of \$208,000
23 or 13% of expenses so far this fiscal year. Travel
24 expenses total \$175,000 through the end of November and
25 represents 11% of total operating expenses to date.

1 Travel costs included related to the Mount Airy
2 opening, travel incurred in investigations, which will
3 be billed back to licensed applicants and other general
4 agency travel.

5 With the completion of the payroll corrections
6 relating to the budget impasse period, we have adjusted
7 the estimate of the carry over of restricted revenue
8 from the 06-07 into 07-08.

9 As of mid-December, the carry over is estimated
10 to be \$3,220,694. Additional restricted revenues
11 totaling \$1,254,000 have been recorded this fiscal year.

12 These revenues include \$794,777 in
13 investigative cost reimbursements, \$237,000 in license
14 renewal fees, and \$223,000 in gaming lab costs and other
15 administrative fees.

16 Combining the revenues recorded to date and the
17 rollover, \$4,475,546 has been obtained toward the
18 \$7,409,000 appropriated from revenues collected by the
19 Board.

20 CHAIRMAN DiGIACOMO COLINS: Thank you very
21 much.

22 Michael Walsh, please. Good morning.

23 MR. WALSH: Thank you, Madam Chair and members
24 of the Board. The Bureau of Administration is pleased
25 to submit two names this morning as candidates for

1 positions with the agency.

2 The first is in the Executive Offices as an
3 administrative assistant to Commissioner Sojka, Patricia
4 Maddox, and in the Bureau of Investigations and
5 Enforcement, as a casino enforcement agent at Presque
6 Isle Downs, Darren Yaple.

7 As is customary, both candidates have undergone
8 a background investigation including a drug screening,
9 the results of which have been approved by the Board.

10 Madam Chair, we would request a motion to
11 approve these candidates for hire.

12 COMMISSIONER RIVERS: Madam Chair, I move that
13 the Board approve the hiring of agency staff and on the
14 basis that all employees have completed the necessary
15 background investigation and drug testing.

16 COMMISSIONER COY: Second.

17 CHAIRMAN DiGIACOMO COLINS: Any questions or
18 comments?

19 All in favor?

20 COMMISSIONERS: Aye.

21 CHAIRMAN DiGIACOMO COLINS: All opposed?

22 Motion carries. Thank you very much.

23 MR. WALSH: Thank you.

24 CHAIRMAN DiGIACOMO COLINS: Now, we will hear
25 from our Chief Counsel and Richard Sandusky.

1 MR. DONAGHUE: Good morning, Board members.
2 First, we're going to hear from Richard Sandusky on some
3 amendments to some existing regulations.

4 MR. SANDUSKY: Good morning. First item we
5 have for consideration by the Board today is an
6 amendment package concerning unredeemed gaming vouchers.

7 We are proposing to amend Section 461a.
8 Specifically, the Board's regulations do not really
9 address what happens to unredeemed gaming vouchers.

10 In these amendments, we are defining the term,
11 and we will be requiring licensees to include as part of
12 their internal procedures certain procedures.

13 They will be required to establish a process
14 whereby they will send to patrons that they can
15 identify, through their player tracking systems, any
16 amounts that have not been redeemed in terms of gaming
17 vouchers issued to those individuals.

18 They will also be required to set up tracking
19 procedures for all of the unredeemed gaming vouchers and
20 to process those under the terms of the disposition of
21 the abandoned and unclaimed property law, which means
22 eventually, they will transfer those claims that are not
23 claimed to the Department of Treasury.

24 They will also be required to submit copies of
25 the reports that they submit to Treasury to the Board so

1 we can monitor this operation.

2 If there are any questions, I will be happy to
3 try to answer them at this point. If not, we would ask
4 for a motion for adoption of the proposed rulemaking.

5 COMMISSIONER McCABE: Madam Chair, I move that
6 the Board adopt proposed Regulation No. 125-78 amending
7 461a, that the Board establish a public comment period
8 of 30 days, and that the proposed regulation be posted
9 on the Board's website.

10 COMMISSIONER COY: Second.

11 CHAIRMAN DiGIACOMO COLINS: Any questions or
12 comments?

13 All in favor?

14 COMMISSIONERS: Aye.

15 CHAIRMAN DiGIACOMO COLINS: Opposed?

16 Motion carries.

17 MR. SANDUSKY: The second item we have for your
18 consideration is a companion action, which would require
19 amendments to our technical standards.

20 Specifically, we are requesting approval for
21 the amendment of Section 461b. In that, we will be
22 making language changes that conform with the proposed
23 rulemaking package that was previously discussed.

24 Specifically, it will delete the provision in
25 the technical standard that requires the vouchers to

1 expire within 180 days. It will also extend the term
2 for which they will keep records from one year to five
3 years.

4 CHAIRMAN DiGIACOMO COLINS: May I have a
5 motion.

6 COMMISSION GINTY: Madam Chairman, I move that
7 the Board adopt to the statement of policy of 461b and
8 that the amended statement of policy be posted on the
9 Board's website.

10 COMMISSIONER SOJKA: Second.

11 CHAIRMAN DiGIACOMO COLINS: Questions or
12 comments?

13 All in favor?

14 COMMISSIONERS: Aye.

15 CHAIRMAN DiGIACOMO COLINS: All opposed?

16 Thank you very much.

17 MR. SANDUSKY: Thank you very much.

18 CHAIRMAN DiGIACOMO COLINS: Frank, we will take
19 the next two motions and then break for a brief
20 Executive Session.

21 MR. DONAGHUE: Thank you, Chairman. The Board
22 has received three petitions filed by Greenwood Gaming
23 and Entertainment.

24 The Office of Enforcement Counsel has answered
25 each of these petitions. The Board has been provided

1 with the petitions and supporting evidentiary materials,
2 as well as the response of the Office of Enforcement
3 Counsel to those petitions.

4 As the Chairman has indicated, the Board will
5 take up two of those petitions. Greenwood Gaming
6 petition for approval of increase of additional slots
7 and square footage of gaming floor otherwise known as
8 POP-6.

9 The first petition filed by Greenwood Gaming is
10 Greenwood Gaming Entertainment's request that the Board
11 approve its Proposed Operational Plan-6, which seeks to
12 add an additional 41 slot machines and 409 square feet
13 of gaming floor to the Philadelphia Park Casino.

14 The request includes adding 31 individual slot
15 machines and two virtual Blackjack machines with five
16 positions each.

17 The Office of Enforcement Counsel has reviewed
18 the petition and after negotiation and receipt of a
19 number of assurances, has entered into a stipulation of
20 settlement with Greenwood Gaming to assure that POP-6
21 complies with the internal controls, Board regulations,
22 and the Gaming Act.

23 Based upon the petition and all of the related
24 evidentiary materials, as well as the settlement
25 agreement that has been presented to the Board, based on

1 these documents, it would be appropriate for the Board
2 to entertain a motion considering the requests for
3 approval of POP-6.

4 CHAIRMAN DiGIACOMO COLINS: May I have a
5 motion?

6 COMMISSIONER COY: Madam Chair, I move the
7 Board approve the proposed petition filed by Greenwood
8 Gaming and Entertainment for the approval of their
9 Proposed Operating Plan-6.

10 COMMISSIONER McCABE: Second.

11 CHAIRMAN DiGIACOMO COLINS: Any comments or
12 questions?

13 All in favor?

14 COMMISSIONERS: Aye.

15 CHAIRMAN DiGIACOMO COLINS: Opposed?

16 Motion carries.

17 MR. DONAGHUE: Now, turning to the petition for
18 approval of additional slot machines and square footage
19 to gaming floor otherwise known as POP-7.

20 Greenwood Gaming has a pending petition before
21 the Board to approve the increase of additional slot
22 machines and square footage to the gaming floor referred
23 to as Proposed Operating Plan-7.

24 In this petition, GGE is seeking to increase
25 the number of slot machines to 2,703, increase the size

1 of the gaming floor to approximately 77,000 square feet,
2 convert space in an under-utilized buffet restaurant on
3 the third floor of the temporary facility, reduce the
4 size of the buffet by approximately 3,700 square feet
5 and install 128 new additional slot machines in this
6 area and install 138 slot machines in an area on the
7 first floor of the casino, which is currently available
8 to racing patrons to conduct pari-mutual wagering.

9 OEC responded to the petition with some
10 objections related to access to the gaming floor and
11 security issues. Subsequently, the Office of
12 Enforcement Counsel and Greenwood Gaming entered into a
13 settlement agreement in which Greenwood Gaming agreed to
14 specific changes in the plan to resolve the access and
15 security issues initially identified.

16 Based upon the petition and all related
17 evidentiary materials, as well as the settlement
18 agreement that have been presented to the Board, based
19 upon those documents, it would be appropriate for the
20 Board to entertain a motion considering the request for
21 the approval of POP-7.

22 CHAIRMAN DiGIACOMO COLINS: May I have a
23 motion?

24 COMMISSIONER SOJKA: Yes, Madam Chair. I move
25 that the Board approve the petition by Greenwood Gaming

1 and Entertainment, Inc. for approval of proposed
2 operating plan or POP-7.

3 COMMISSIONER RIVERS: Second.

4 CHAIRMAN DiGIACOMO COLINS: Any questions or
5 comments?

6 All in favor?

7 COMMISSIONERS: Aye.

8 CHAIRMAN DiGIACOMO COLINS: Opposed?

9 Motion carries.

10 Thank you. Now, before we move to the next
11 motion, we're going to take a brief Executive Session.

12 COMMISSIONER COY: Madam Chair?

13 CHAIRMAN DiGIACOMO COLINS: Yes.

14 COMMISSIONER COY: I think before we do, I note
15 the presence of the distinguished Senator from Bucks
16 County, Senator Tomlinson.

17 It might be -- even though his staff person
18 already spoke, it might be appropriate for the Board to
19 allow him a moment or two.

20 CHAIRMAN DiGIACOMO COLINS: Absolutely. If
21 you would like to, Senator, we would be happy to hear
22 from you. Thank you, Commissioner.

23 SENATOR TOMLINSON: Thank you very much for
24 this opportunity. I'm usually sitting up there. It's a
25 little bit different for me to sit down here. Thank you

1 very much for your consideration.

2 I apologize for my late arrival. My daughter
3 just had surgery. I had to wait to get some people in
4 to take care of her.

5 The Turnpike -- I should be testifying before
6 the Turnpike Commission to get that freed up a little
7 bit. That being said --

8 COMMISSIONER COY: Next.

9 SENATOR TOMLINSON: That is next. You're
10 right. That being said, thank you very much for the
11 opportunity. I just wanted to reemphasize that I spoke
12 to my staff about some of the things she said. I know
13 you have my written testimony.

14 I want to emphasize to you that the amount of
15 time that I have spent with the local community and the
16 amount of time I have spent with the Gaming Advisory
17 Board, the amount of time that Greenwood Gaming has
18 spent with them, too, with their plans and how they want
19 to give a flavor of Bucks County to this casino.

20 There are a lot of people, as you can imagine,
21 that love gardening and open space and trees. We have a
22 great natural walkway there. A great natural driveway
23 that comes in. They would like to see that developed
24 into perennials and to different themes over the
25 different seasons over the year.

1 I would emphasize that. It was put by the
2 Chairman of that, that it would be a big priority and
3 didn't want to see an enclosed tunnel effect that would
4 smell of urine in about three weeks. That's a quote
5 from the Advisory Commission. They didn't want to see
6 something that would take away from the open space look
7 of that. I want to emphasize that the community was
8 very much behind that.

9 I want to thank you for your consideration of
10 my testimony and just emphasize that in all of my
11 dealings over the ten years that I have had with Bob
12 Green and this organization, they have always stepped up
13 and always done, I think, a little bit above what was
14 asked for.

15 In fact, when they gave the tax -- he fixed up
16 the facility a long time ago. I think they've done a
17 wonderful job. In fact, I'm amazed at the results that
18 we have had at Philadelphia Park with the casino leading
19 and the actual number of money spent and actually
20 wagered at that place.

21 Thank you very much for entertaining my
22 testimony. I know you're going into Executive Session.
23 I appreciate your consideration.

24 CHAIRMAN DiGIACOMO COLINS: Thank you. We'll
25 take a 15 minute -- we'll start with a 15-minute recess.

1 (Recess.)

2 CHAIRMAN DiGIACOMO COLINS: All right. I'll
3 ask that we go back in session, please. Frank Donaghue,
4 Susan Hensel, and Doug Sherman. You can proceed with
5 the presentation on the next motion.

6 MR. DONAGHUE: Chairman Colins and Board
7 members. Next on the agenda is the Greenwood Gaming
8 petition for approval of Phase 1 of the Master Plan.

9 Greenwood Gaming has filed a petition seeking
10 approval of Phase 1 of the Master Plan. The Board
11 received evidence concerning the Master Plan on November
12 8th, 2007. In addition, the Board has received further
13 testimony this morning and has heard from the PGCB's
14 enforcement counsel.

15 Having had an opportunity to consider the
16 evidence previously presented to the Board, it would be
17 appropriate for the Board to entertain a motion
18 considering the request for approval of the master plan
19 and to approve the issuance of the Greenwood Gaming
20 permanent Category 1 license, subject to the conditions
21 as proposed by the Bureau of Licensing and Susan will
22 outline that.

23 MS. HENSEL: The Bureau of Licensing has
24 prepared a statement of conditions as we do with all
25 licensees and as with all licensees, that statement of

1 conditions contains general conditions and specific
2 conditions that concern just Greenwood.

3 Those specific conditions incorporate the
4 construction schedule that counsel for Greenwood
5 outlined earlier this morning and talk about other
6 agreements that Greenwood has made with respect to
7 integration including the provision of a free shuttle
8 service between the two facilities.

9 CHAIRMAN DiGIACOMO COLINS: Very well.

10 May I have a motion regarding the Board's
11 approval of the proposed order?

12 COMMISSIONER McCABE: Madam Chair, I move that
13 the Board approve the petition filed by Greenwood Gaming
14 and Entertainment for approval of the master plan.

15 COMMISSIONER COY: Second.

16 CHAIRMAN DiGIACOMO COLINS: Any questions or
17 comments?

18 All in favor?

19 COMMISSIONERS: Aye.

20 CHAIRMAN DiGIACOMO COLINS: Opposed?

21 Motion carries.

22 And before we move on to the next matter, I
23 want to express our appreciation to our staff, and to
24 the representatives of Greenwood, who worked very
25 diligently together to arrive at a comprehensive

1 agreement as to the master plan and the conditions of
2 the permanent license.

3 I think that the future of gaming in
4 Philadelphia Park is ensured by this. We are very happy
5 with the result. The Board expresses their gratitude to
6 all of those that worked on it. Thank you.

7 MR. DONAGHUE: Turning to some withdrawals.

8 MR. SHERMAN: Yes. The Board has received a
9 total of 15 petitions to withdrawal applications, which
10 include, one principal key employee waiver, two
11 principal entity renewals, three principle entity
12 applications, two principal entity waivers, three labor
13 organization permits, and four gaming and non-gaming
14 employees applications.

15 A full listing of the individuals in each
16 category, along with the licensing docket numbers, have
17 been provided to the Board. With regard to each of
18 these requests, they were reviewed by the Office of
19 Enforcement Counsel; and the Chief Enforcement Counsel
20 has no objection to the withdrawals as there is no
21 information constituting good cause to deny, condition,
22 or prejudice the withdrawals of these applications and
23 all required fees have been paid as of this date.

24 These petitions would all be granted without
25 prejudice. The Chief Counsel's Office concurs in the

1 review and submits the 15 petitions to the Board for
2 consideration of a motion to grant the petitions without
3 prejudice.

4 COMMISSIONER ANGELI: Madam Chair, I move to
5 approve the Board orders regarding the withdrawal of
6 employee applications.

7 COMMISSIONER McCABE: Second.

8 CHAIRMAN DiGIACOMO COLINS: Any questions or
9 comments?

10 All in favor?

11 COMMISSIONERS: Aye.

12 CHAIRMAN DiGIACOMO COLINS: Motion carries.

13 MR. SHERMAN: Next, the Board has received a
14 reporting recommendation concerning gaming employee
15 permit applicant, Andrea Trammel.

16 The report and recommendation, along with the
17 records pertinent to the hearing, have been provided to
18 the Board in advance of this meeting.

19 Miss Trammel sought approval and became a
20 gaming employee in August of 2007 and disclosed a felony
21 conviction, which would disqualify her from a gaming
22 license.

23 Miss Trammel requested and was provided a
24 hearing during which she testified that she actually
25 would be working as a phone operator, which is a

1 non-gaming position.

2 A non-gaming employee is not subject to an
3 automatic disqualifier as a gaming employee would be in
4 the situation.

5 The Hearing Officer issued a report and
6 recommendation that the matter be remanded to the Bureau
7 of Licensing to consider the application in light of the
8 position being a non-gaming rather than a gaming
9 position.

10 Based upon the report and recommendation, the
11 records presented and the confusion about the nature of
12 the position initially applied for, it would be
13 appropriate for the Board to consider a motion to remand
14 the matter to the Bureau of Licensing to give this
15 further consideration.

16 CHAIRMAN DiGIACOMO COLINS: May I have a
17 motion?

18 COMMISSIONER SOJKA: Yes, Madam Chair. I move
19 that the Board approve the order adopting the report and
20 recommendation regarding Andrea Trammel and to remand
21 that matter to the Bureau of Licensing for further
22 review and consideration.

23 COMMISSIONER RIVERS: Second.

24 CHAIRMAN DiGIACOMO COLINS: Any questions or
25 comments?

1 All in favor?

2 COMMISSIONERS: Aye.

3 CHAIRMAN DiGIACOMO COLINS: Opposed?

4 Motion carries.

5 MR. SHERMAN: The Board has also received a
6 request from the Office of Enforcement Counsel to revoke
7 the gaming employee permit of Kevin Cooper.

8 Mr. Cooper was employed as a security officer
9 at Presque Isle Downs. Mr. Cooper was issued a
10 permanent gaming employee license in February of 2007,
11 but was terminated by Presque Isle in August of 2007,
12 based upon performance issues.

13 Specifically, Mr. Cooper had given out two
14 wristbands that would provide access to a gaming area as
15 souvenirs to a minor. He had prior incidents in which
16 he had been disciplined by Presque Isle also.

17 A complaint was filed to Mr. Cooper, along with
18 a letter explaining his obligation to respond. Despite
19 the notice, Mr. Cooper did not respond; and the
20 allegations are admitted by default under operation of
21 our regulations.

22 Given such, I would suggest that the Board
23 entertain a motion to consider revoking Mr. Cooper's
24 permit and to prohibit him from reapplying for any form
25 of license, permit, or registration for five years.

1 COMMISSIONER RIVERS: Madam Chairman, I move
2 that the Board approve the order to revoke the gaming
3 employee application of Kevin Cooper as described by
4 Chief Counsel.

5 COMMISSIONER ANGELI: Second.

6 CHAIRMAN DiGIACOMO COLINS: Any questions or
7 comments?

8 All in favor?

9 COMMISSIONERS: Aye.

10 CHAIRMAN DiGIACOMO COLINS: Opposed?

11 Motion carries.

12 MR. SHERMAN: Madam Chairman, the final matter
13 is the matter of Dennis Hart, Jr. The Board had
14 received a request from the Office of Enforcement
15 Counsel to revoke the gaming permit of Dennis Hart.

16 Mr. Hart had been employed as a security
17 officer at Greenwood Gaming and Entertainment. He was
18 issued a gaming employee permit in February 2007.

19 It was later reported that he had been arrested
20 on August 17th, 2007 on ten charges, including a number
21 of felonies.

22 Mr. Hart did not notify BIE of the charges. An
23 emergency order to suspend the gaming permit of Mr. Hart
24 was signed by the Executive Director on September 13th,
25 and served on Mr. Hart. He has been suspended since

1 that time.

2 Because the charges are still pending, the
3 Office of Chief Counsel suggests that it would be
4 appropriate for the Board to entertain a motion
5 suspending Mr. Hart's permit pending disposition of the
6 criminal charges.

7 The Office of Enforcement Counsel would be free
8 to seek revocation if Mr. Hart were then convicted, and
9 if circumstances otherwise warrant revocation following
10 disposition of the charges.

11 COMMISSIONER McCABE: Madam Chair, I move that
12 the Board suspend the gaming employee permit for Dennis
13 Hart as described by Chief Counsel.

14 COMMISSIONER COY: Second.

15 CHAIRMAN DiGIACOMO COLINS: Any question or
16 comments?

17 All in favor?

18 COMMISSIONERS: Aye.

19 CHAIRMAN DiGIACOMO COLINS: Opposed?

20 Motion carries.

21 Thank you very much.

22 MR. DONAGHUE: That concludes the report of the
23 Office of Chief Counsel.

24 COMMISSIONER ANGELI: Madam Chairman, back on
25 the application for Kevin Cooper, the motion was to

1 revoke an employee permit. Then what we did approve is
2 to revoke the gaming employee application. Which is it?

3 MR. SHERMAN: It should be the gaming permit.

4 CHAIRMAN DiGIACOMO COLINS: All right. So, the
5 record will reflect that correction to permit.

6 COMMISSIONER ANGELI: Thank you very much.

7 CHAIRMAN DiGIACOMO COLINS: Thank you.

8 MR. DONAGHUE: Thank you.

9 CHAIRMAN DiGIACOMO COLINS: Susan Hensel?

10 MS. HENSEL: Thank you, Chairman Colins and
11 members of the Board. I have several licensing matters
12 to bring before the Board this morning.

13 First, as discussed at the Board's December 3rd
14 meeting, a number of our licensees are undergoing
15 changes in control.

16 In anticipation of these and future changes in
17 control of slot machine licensees, the Board must decide
18 the appropriate licensing fees to charge acquirers.

19 Pursuant to Section 1328 of the Pennsylvania
20 Racehorse Development and Gaming Act, a change in
21 control of any slot machine licensee requires the new
22 licensee to pay a new licensed fee.

23 However, the Act also provides the Board with
24 broad discretion to reduce but not eliminate that fee.

25 At the December 3rd meeting, you heard from

1 Pricewaterhouse Coopers, which has continued to work as
2 part of our task force on how other jurisdictions treat
3 changes of control and what economic factors are
4 important to the Board's consideration of a fee
5 reduction pursuant to a change of control.

6 The Bureau of Licensing has reviewed
7 Pricewaterhouse Cooper's analysis and believes that
8 there is merit in the concern that imposing too high a
9 fee on an acquirer could cause harm to the gaming
10 industry by jeopardizing it's long-term prospects.

11 While the Bureau of Licensing recognizes that a
12 significant fee would provide an immediate benefit to
13 the Commonwealth, the Bureau believes that the long-term
14 financial condition of the gaming industry outweighs
15 short-term gain.

16 The Bureau of Licensing believes that the
17 taxpayers of the Commonwealth will benefit more in the
18 long term by fostering competition for our gaming
19 licensees and enticing new operators, who are willing to
20 invest the necessary capital to ensure that our gaming
21 facilities remain engines of economic growth and sources
22 of vital revenue to the Commonwealth well into the
23 future.

24 After reviewing the Pricewaterhouse Coopers'
25 economic factors, and weighing the taxpayers' long-term

1 interest in generating tax revenue, the Bureau of
2 Licensing is today recommending that the Board consider
3 assessing a two and a half million dollar fee on an
4 acquirer in connection with the change of control,
5 unless special circumstances would dictate otherwise.

6 I ask that the Board consider a motion adopting
7 a change of control fee of 2.5 million dollars.

8 CHAIRMAN DiGIACOMO COLINS: May I have a
9 motion?

10 COMMISSIONER GINTY: Madam Chairman, I move
11 that the Board adopt a fee for a change of control in
12 slot machine licensee, as defined by the Pennsylvania
13 Racehorse and Development and Gaming Act, of two and a
14 half million dollars unless special circumstances would
15 dictate otherwise.

16 COMMISSIONER SOJKA: Second.

17 CHAIRMAN DiGIACOMO COLINS: Any questions or
18 comments from the Board?

19 All in favor?

20 COMMISSIONERS: Aye.

21 CHAIRMAN DiGIACOMO COLINS: Opposed?

22 Motion carries.

23 Thank you.

24 MS. HENSEL: The next matter before the Board
25 is the change of control of Chester Downs and Marina,

1 LLC. Hamlet Holdings, LLC is acquiring Harrah's
2 Entertainment.

3 As a result, the control of Chester Downs is
4 changing. The Board has heard testimony from
5 representatives of Hamlet Holdings, as well as Harrah's
6 Entertainment.

7 Pursuant to Section 1328 of the Gaming Act, the
8 Board must approve any change of ownership or control
9 prior to the completion of the transaction.

10 The Board has heard the testimony of the
11 acquirers and has received a background investigation
12 and suitability report from the Bureau of Licensing
13 regarding the transaction.

14 Prior to this meeting, the Bureau of Licensing
15 provided the Board with an order approving the
16 independent qualification of Hamlet Holdings for a
17 license and approving the acquisition of Harrah's
18 Entertainment, Inc. and the resulting change of control
19 of Chester Downs.

20 The order also contains a provision that any
21 Board approval is contingent on payment of the Board-set
22 licensing fee.

23 Earlier in this meeting, the Board adopted a
24 change of control fee of 2.5 million dollars unless
25 special circumstances would dictate otherwise.

1 The Bureau of Licensing has reviewed the
2 transaction and has not found any special circumstances
3 that would require the Board to deviate from the fee
4 that the Board adopted a few minutes ago.

5 I ask that the Board consider the order and the
6 change of control fee of Hamlet Holdings, LLC.

7 COMMISSIONER COY: Madam Chairman, I move that
8 the Board adopt an order approving the acquisition of
9 Harrah's by Hamlet Holdings, LLC as well as the change
10 of control fee previously listed.

11 COMMISSIONER McCABE: Second.

12 CHAIRMAN DiGIACOMO COLINS: All in favor?

13 COMMISSIONERS: Aye.

14 CHAIRMAN DiGIACOMO COLINS: Opposed?

15 Motion carries.

16 MS. HENSEL: I will now turn to other licensing
17 matters. First, we have three manufacturer licenses
18 that are up for renewal. These licenses were originally
19 awarded in July of 2006.

20 Each of the licensees filed renewal
21 applications, which allowed their licenses to stay in
22 effect for an additional six months.

23 With respect to each renewal applicant, the
24 Bureau of Investigations and Enforcement has completed
25 their investigation and the Bureau of Licensing has

1 provided you with a renewal background investigation and
2 suitability report.

3 In each case, no issues were identified by
4 either the Bureau of Investigations of Enforcement or
5 Licensing that would preclude licensure.

6 The renewal applicants are Bally Gaming, Inc.,
7 GTECH Corporation, and Spielo Manufacturing, ULC.

8 I have provided you with draft Orders prior to
9 this meeting, for each of these companies and their
10 principals, and ask that the Board consider the Orders
11 individually.

12 COMMISSIONER ANGELI: Madam Chairman, I move
13 that the Board approve the Order renewing the
14 manufacturer license for Bally Gaming, Incorporated.

15 COMMISSIONER COY: Second.

16 CHAIRMAN DiGIACOMO COLINS: Any questions or
17 comments?

18 All in favor?

19 COMMISSIONERS: Aye.

20 CHAIRMAN DiGIACOMO COLINS: Opposed?

21 Motion carries.

22 COMMISSIONER SOJKA: Madam Chair, I move that
23 the Board approve the Order renewing the manufacturer
24 license for GTECH Corporation.

25 CHAIRMAN DiGIACOMO COLINS: Second?

1 COMMISSIONER RIVERS: Second.

2 CHAIRMAN DiGIACOMO COLINS: Okay. Good.

3 Questions or comments?

4 All in favor?

5 COMMISSIONERS: Aye.

6 CHAIRMAN DiGIACOMO COLINS: Opposed?

7 Motion carries.

8 COMMISSIONER RIVERS: Madam Chairman, I move
9 that the Board approve the Order renewing the
10 manufacturer license of Spielo Manufacturing, ULC.

11 COMMISSIONER McCABE: Second.

12 CHAIRMAN DiGIACOMO COLINS: Questions or
13 comments?

14 All in favor?

15 COMMISSIONERS: Aye.

16 CHAIRMAN DiGIACOMO COLINS: Opposed?

17 Motion carries.

18 COMMISSIONER McCABE: Madam Chair, I move that
19 the Board approve the Order renewing the supplier
20 license of KGM Gaming, LLC.

21 COMMISSIONER RIVERS: Second.

22 CHAIRMAN DiGIACOMO COLINS: Susan, did you want
23 to make comment about that before we vote?

24 MS. HENSEL: Sure. The Bureau of
25 Investigations and Enforcement has completed its

1 investigation of KGM Gaming, LLC. No issues were
2 identified by either the Bureau of Investigations and
3 Enforcement or Licensing that would preclude licensure,
4 and ask that the Board consider the Order granting KGM
5 its renewal license.

6 CHAIRMAN DiGIACOMO COLINS: All right. Any
7 questions or comments?

8 All in favor?

9 COMMISSIONERS: Aye.

10 CHAIRMAN DiGIACOMO COLINS: Opposed?

11 Motion carries.

12 Thank you very much.

13 MS. HENSEL: That concludes the Bureau of
14 Licensing presentation.

15 CHAIRMAN DiGIACOMO COLINS: Cyrus Pitre?

16 MR. PITRE: The Office of Enforcement Counsel
17 has one consent agreement to present for the Board's
18 consideration. I have Glenn Stewart with me.

19 MR. STEWART: Thank you, Madam Chairman and
20 members of the Board. Present before you is the consent
21 agreement between the Office of Enforcement Counsel and
22 John Yakscoe. Mr. Yakscoe applied for a security guard
23 position at Mount Airy Resort and Casino on September
24 7th, 2007.

25 He was initially denied his application based

1 on three non-disclosure issues. The hearing date was
2 scheduled for November 13th, 2007. Prior to that
3 hearing, Mr. Yakscoe and the Office of Enforcement
4 Counsel entered into a consent agreement by which
5 Mr. Yakscoe would be prohibited from reapplying for one
6 year. We ask that the Board approve this consent
7 agreement at this time.

8 CHAIRMAN DiGIACOMO COLINS: May I have a
9 motion?

10 COMMISSIONER GINTY: Madam Chairman, I move
11 that the Board approve the agreement between the PGCB
12 and John A. Yakscoe as described by the Office of
13 Enforcement Counsel.

14 COMMISSIONER McCABE: Second.

15 CHAIRMAN DiGIACOMO COLINS: Any questions or
16 comments?

17 All in favor?

18 COMMISSIONERS: Aye.

19 CHAIRMAN DiGIACOMO COLINS: Opposed?

20 Motion carries.

21 Thank you very much.

22 MR. PITRE: Thank you.

23 CHAIRMAN DiGIACOMO COLINS: All right. That
24 concludes our business. An announcement regarding our
25 future meeting is that we will hold our next public

1 meeting on January 11th at the North Office Building,
2 Hearing Room 1 at 11:00 a.m.

3 And absent any final comments by the Board, I
4 will ask for a motion to adjourn.

5 COMMISSIONER RIVERS: So moved.

6 CHAIRMAN DiGIACOMO COLINS: Second?

7 COMMISSIONER McCABE: Second.

8 CHAIRMAN DiGIACOMO COLINS: Very good. This
9 meeting is adjourned. Thank you.

10 COMMISSIONER RIVERS: Happy holidays, everyone.

11 (The meeting concluded at 11:30 a.m.)

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

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Hillary M. Hazlett, Reporter
Notary Public

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