

PENNSYLVANIA GAMING CONTROL BOARD

PUBLIC MEETING

WEDNESDAY, APRIL 22, 2009, 10:12 A.M.

PUC KEYSTONE BUILDING  
HEARING ROOM 1  
HARRISBURG, PENNSYLVANIA

BEFORE:

MARY DiGIACOMO COLINS, CHAIRMAN  
RAYMOND ANGELI  
JEFFREY COY  
JAMES GINTY  
KENNETH MCCABE  
SANFORD RIVERS  
GARY SOJKA  
DAVID BARASCH, EX-OFFICIO DESIGNEE  
KEITH WELKS, EX-OFFICIO DESIGNEE

SHANNON MANDERBACH  
REPORTER-NOTARY PUBLIC

CHAIRMAN COLINS: If everyone will take a seat, we will get going. We have a number of things to go through today. My name is Mary Colins. I am Chairman of the Pennsylvania Gaming Control Board. We always start off by asking everyone to please turn off your cell phones, Blackberries, other electronic devices. Is Keith Welks with us today?

MR. WELKS: Yes, I'm at the children's table.

CHAIRMAN COLINS: Very good, and Mr. Barasch. Mr. Welks represents State Treasurer McCord. Dave Barasch represents Revenue Secretary Stetler. A quorum of the Board is present. The meeting is called to order. We will begin with the Pledge of Allegiance.

(Pledge of Allegiance.)

CHAIRMAN COLINS: By way of announcements, the Board held an Executive Session on April 21st in accordance with the Sunshine Act. The purpose of the Executive Session was to discuss personnel-related issues, to conduct quasi-judicial deliberations relating to matters pending before the Board.

And now I would like to ask for a motion regarding the minutes and the transcripts.

COMMISSION ANGELI: Madame Chairman, I move that the Board approve the minutes and the transcript of

the March 25th, 2009 meeting.

COMMISSIONER COY: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries. Now we will move on to New Business and I'll ask our Acting Executive Director, Frank Donaghue, to proceed.

MR. DONAGHUE: Good morning, Chairman Colins and Board Members. This morning I would like to use my time to give a quick update on the opening of Cannery Casino Resorts' new Meadows Racetrack and Casino in Washington County and to welcome the principal of the casino, Bill Paulos.

On April 15th, the Meadows opened their \$450 million permanent facility, a 360,000 square feet casino that is not only the largest casino currently in operation in Pennsylvania, but also one of the largest on the East Coast.

The state-of-the-art casino employs over 1,000 individuals, almost all of them Pennsylvania residents, and includes 3,700 slot machines, restaurants with a view of the gaming floor and the racetrack, the new racing grandstand, a bowling center, simulcast area and

VIP boxes.

From the Gaming Control Board's standpoint, this was an extremely successful opening, thanks, in large part, to both our very experienced opening team, a group which includes Gaming Operations, the Gaming Lab, Casino Compliance and Licensing, Information Technology and legal counsel, along with the cooperative work of the Meadows staff.

We should also thank and commend Commissioners McCabe and Rivers for their oversight of the test session and opening, along with the Bureau of Investigations and Enforcement (BIE) and the Office of Enforcement Counsel (OEC) staff for their many long hours of investigative work. It is also important to note the cooperation and assistance of the Pennsylvania State Police, the Department of Revenue, the staff from GTech.

Among the hundreds of tasks required to approve an opening and to ensure the highest integrity of gaming in Pennsylvania, our team members inspected each slot machine for compliance with the Gaming Control Board's requirements including connectivity with the Central Control Computer System and minimum payout percentages, review safety and security systems throughout the facility which includes over 860 surveillance cameras, inspected restricted areas and entryway access points for

regulatory compliance and reviewed sensitive key control and set security minimum staffing requirements.

No regulator does a better job in an opening of a new casino than the Pennsylvania Gaming Control Board and we are being recognized for this effort by other jurisdictions who are seeking our guidance on their own casino opening process.

In the past, I have been given greater details on the efforts of our opening team and the work that they do. But today I thought it would be interesting to hear from a Licensee on how this process works, especially someone who has experience in casino openings in other jurisdictions.

With that said, I would like to introduce Bill Paulos, a 29-year veteran of the gaming industry and a principal with Cannery Casino Resorts.

CHAIRMAN COLINS: Great. Thank you.

MR. PAULOS: Thank you very much. Thank you, Madame Chairman, fellow Commissioners, ladies and gentlemen. First of all, thank you very, very much, Frank. You shaved 12 years off my life and it was wonderful. Thank you. Next to me is Guy Hillyer, our Executive Vice President of Administration and the liaison between the Gaming Control Board staff and our company who worked diligently to get us to where we are today.

On September 11th, '06, we came before you and presented our plans for a 90,000 square foot temporary facility. We now can call it a tent. We refused to call it a tent at that time, with approximately 1,800 slot machines, cocktail lounge and a 300-seat casual restaurant.

This was our rendering when we stood before you and this was a promised facility. This was a facility that for the last two years did a tremendous amount in servicing the customers and entertaining the customers of Southwestern PA.

Last year we stood before you and presented plans for our permanent casino, the casino that has opened and will open Phase II in a couple of weeks. We will have over 3,700 slot machines and 1,100 spot parking garage, 8 food restaurants, fully integrated casino and racing, a bowling center and VIP racings suites.

This was our rendering which we said we would do and we promised we would do in a fully integrated casino racing establishment. This is the facility today. Actually, it's so large and so long that it was very difficult to put it on this picture. So we had to use a fisheye approach, as you can see.

Right now, I'm happy to say that I spoke with Mike Graninger this morning, our Vice President and

General Manager, all those parking spaces are full that you see.

I'd like to show a couple of pictures from the inside of our facility. This is the entry. We promised a world-class casino. We certainly believe we delivered that world-class casino to the citizens of Pennsylvania.

This is our Pacers Lounge. As you walk in the front entrance, you see straight down through the wide aiseways to the Pacers Lounge, which is our main signature bar which sits in front of the racetrack, also, as you can see, the upper level where the VIP racing suites and our Bistecca Steakhouse.

This is our Terrace Cafe which is on the main level. We are very proud of the fact that all of our eating facilities look out over the racetrack. So wherever you are, wherever you're enjoying a meal, you can sit down and you can enjoy the races. Right there by that bottom table is the finish line.

This is our Bistecca Steakhouse. It is on the second floor overlooking the finish line. We not only have inside dining, but we have outside dining for your dining pleasure. It's just a great facility. It really is nice.

Here is our food court. On opening day, it

served over 5,000 covers and it services Italian food, hamburgers and hot dogs, deli sandwiches and salads, a little coffee break and also we have a sweets shop. In that sweet shop, we make our own delicious fudge that you need to try because it's absolutely wonderful. We are, I am told, one of the largest sellers of Hershey Ice Cream in the State of Pennsylvania.

These are our VIP racing suites. We have five of these. They fit up to 50 people each. They are rented for specialty races, for small banquets, small meetings and the like also, obviously, overlooking the finish line.

This is our slot floor with some happy customers for the opening day. As you can see, the space in between the slots machines is very wide, easy to get around and very comfortable for our patrons.

The Meadows is the promised economic engine for the area. We are certainly not the end all, be all. We were certainly helped to provide that impetus for Southwestern Pennsylvania. Since we got there, two new hotels have been built and the Tanger Mall was committed to and built and opened. We also, between us and Tanger, spent \$23 million on roadwork in the area.

We created 1,000 jobs for the permanent casino. We created 1,000 local jobs for each of the



projects, the temporary casino and the permanent casino. Over the past three years, more than 2,000 people have worked on these projects. We have invested tens of millions of dollars in local goods and services and contributed more than \$1.5 million to our neighborhood partnership program which we are extremely proud of.

what we have done is we have partnered with local businesses and we buy gift certificates from these local businesses. Our patrons can buy those gift certificates with the points that they win at the casino. We are spreading our dollars around and making sure that people stay within our local area and spend their dollars.

As you can see, since we've opened, we have paid more than a quarter of a billion dollars in taxes to the state and local governments. A little misleading is the LSA taxes. Although we have earned that much, the \$7 million, we've actually paid \$20 million because it's a \$10 million fee.

We believe in community involvement. We think that's part of our job in the community. In conjunction with the local food bank, we have collected over 150,000 cans in our food drives. We have given over 2,000 turkeys over the last two Thanksgivings. With the Christian Outreach Center, we collected over 4,000 coats for their winter drive. We have partnered now with Penn

State University to create the first intern program for the gaming industry.

In our two practice openings, one at the temporary, at the temporary, for the food bank, we raised \$121,000. Then at this recent one, we broke all records for one night and we did \$264,000 for the area volunteer fire departments.

In order to do this, we obviously couldn't do it alone. We are a highly regulated industry. Without the partnership with the Gaming Control Board of the state and the staff and working together, there is absolutely no way we could have been finished with this project on time and on budget.

There was clear and professional communications at all times. There was absolutely no administrative delays. There were always clear lines of authority and responsibilities. We knew who we could call to get the specific answers we needed. And that worked on both sides.

There was always a high level of courtesy that promoted mutual respect between the staff of the Gaming Control Board and the staff of the Meadows. We were proactive together in proposing solutions, very, very important.

Although we didn't always agree, everybody

understood the financial objectives that we were trying to do. When we count our \$50 million fee, we're in this project over half a billion dollars. Obviously, we're looking at making money for the state and for us. We're partners. We understand that and so does the staff. They were very sensitive to our costs of compliance and enforcement, again, although we always didn't agree.

In closing, I would like to thank the over 2,000 Pennsylvania craftsmen and women who worked on this project. It was brought in on time and on budget, certainly not the norm in this day and age. It is a testimony to their professionalism and work ethic.

I would again like to thank the PGCB staff for their dedication to a purpose, who worked shoulder to shoulder with our staff to provide the citizens of Pennsylvania the safest casino possible with the highest level of integrity.

I would be remiss if I did not mention the cooperation and support of the Pennsylvania Harness Racing Commission and, lastly, to the over 1,000 dedicated members of the Meadows family who worked tirelessly to bring this project to fruition and who worked on a daily basis to bring smiles to all our wonderful supporters. Thank you very much for all of your support.

CHAIRMAN COLINS: Thank you. Mr. Paulos,

Mr. Hillyer, thank you very much. I had the opportunity of being at the opening and seeing your facility. I know that you're doing tremendously well. Your operation has been a very successful business here in Pennsylvania.

We are very grateful to the fact that you have followed through with all of your obligations and conditions of licensing that were originally proposed to us and that we all approved of. I think we could see from the beginning it was a good plan and now it's really paying off. So we thank you very much.

MR. PAULOS: Thank you, our pleasure.

CHAIRMAN COLINS: Frank?

MR. DONAGHUE: Chairman Colins, next we would like to ask Dr. Tony Ceddia and the Trustees Team to come up and give the Board a report on the Mount Airy Casino.

CHAIRMAN COLINS: Good morning.

DR. CEDDIA: Good morning. Thank you, Madame Chair. With me is Brian Bisignani, one of the legal staff associated with the Trustees Team at Mount Airy. Pursuant to the Board's Order, it's the obligation of the Trustee to periodically report before the Board as to the activities of the Trusteeship and the work of the Trustee Team.

Since I last presented to this Board, a

number of significant matters have been handled by the Trustee Group. I submit this monthly report as part of the obligation of the Trustee Team to keep this Board fully aware of and conversant with the matters that are affecting the status and performance of the Mount Airy Casino and Resort.

First, I want to present a brief overview of what's been accomplished in the past few months. We have addressed a wide range of issues including ones concerning operations, management, tax, personnel, regulatory audit and licensure matters.

Most significantly, during the past month or so, Mount Airy's Senior Management Team has continued to change with the replacement of the Executive Director of Human Resources, the Executive Director of Hotel Operations along with the appointment of a new Chief Financial Officer.

I am very pleased to report to the Board this morning that the new Executive Management Team headed up by our CEO, George Toth, and our new Chief Operating Officer, Lisa DeNaples, is well on its way to significantly improve the day-to-day management of the Mount Airy Casino and Resort.

We have also been informed, as a Trustee Team, of certain developments in the criminal case pending

in Dauphin County. We have also reviewed the Petition to vacate the Board's February 5th, 2008 Order which was filed on April 15th, 2009. Clearly, the Trustee Team is aware these factors may have an impact on the Trusteeship in the future.

The Board is still aware, as we have tried to keep you informed, of the challenging economic and financial conditions which exist generally and of the impact of these conditions on casino and casino projects, in particular.

These conditions have continued to deteriorate. The marketing is challenging, as we know, and we still are concerned that some of them may effect adversely the performance of Mount Airy. As a result, the Trustee Team, my advisors, the Executive Management Team at Mount Airy continue to place particular emphasis on improving the overall financial management and performance of the company.

I'm pleased to tell you that the results of the first quarter of this year are very promising. We realized that in the second quarter, we will be facing the opening of some nearby competition. But we are confident that we will continue to make progress.

The Mount Airy Management Team continues to work very diligently and cooperatively with the Trustee

Team. We have all been focusing on revenue generation and cost cutting. In that regard, my associates, Gleason and Associates, continue to work closely with Mount Airy financial management to formalize and tighten its ongoing budgeting and forecasting processes.

I also want to reiterate to this Board a point I've made several times, that although we continue to make progress in bringing more revenue into the facility and cutting costs, we still know that in the recent restructuring of the credit facility, it does present for the facility itself, Mount Airy, some challenges in the future regarding the expectations of the lenders and the cash flow that the facility can generate. Progress has been made but more still needs to be done.

In addition, I want to advise the Board that we have begun at Mount Airy a new television marketing campaign which is intended to increase revenues. We have already been advised by staff at Mount Airy that the new campaign itself is yielding strong dividends for the property.

Mount Airy will also open its 18-hole golf course later this month which will add yet another amenity to the package that we can offer the existing and future patrons. We still remain cognizant, however, that the operating costs of the facility and its fixed costs are

still a challenge.

We are very proud of the fact that we continue to employ more than 900 people and still operate two very high-end restaurants, a dinner buffet, a nightclub, a bar, a grab-n-go and the hotel.

In addition to the routine costs of operating, as you know, the facility is also obligated to make substantial payments for taxes and other issues. I am proud to say that the facility itself in the past year has contributed more than \$135 million to the Commonwealth of Pennsylvania and to local venues.

In addition to this work I have described, my team and I have also continued to work diligently to maintain excellent communications with the Gaming Board and its Commission. I want to commend the staff this morning for their willingness to participate in conference calls on a weekly basis with us.

The team is able to advise the staff and vice versa of issues and challenges facing the facility. I also periodically visit the site and spend time there meeting with the Executive Management Team and related staff members.

In addition to that, I've had one meeting offsite with Mr. DeNaples to apprise him of the progress of the facility. As you know, he is the principal



guarantor of the loans associated with Mount Airy and is entitled to a periodic update as to its financial performance.

Finally, I will note to the Board that its quarterly Independent Audit Committee meeting of the Mount Airy Independent Audit Committee scheduled for this month. This Board has been continually apprised of the progress of the Audit Committee and its performance and regularly files with this Board, through its staff, minutes of its meetings and any concerns it has.

I just want to conclude by continuing to say to you, we are aware of all of the developments affecting the situation at Mount Airy. The Trustee Team remains committed to meet the expectations of the order as initiated by this Board on February 5th, 2008. We continue to appreciate the excellent cooperation we are receiving from this Board, its staff, the Executive Management Team at Mount Airy and Mr. DeNaples.

I would be happy to answer any questions or provide you with any additional information, Madame Chair, or to any of the Commissioners.

CHAIRMAN COLINS: Any questions of Dr. Ceddia?

(No response.)

CHAIRMAN COLINS: Thank you very much.

DR. CEDDIA: Thank you. You're welcome.

CHAIRMAN COLINS: I would like to ask Doug Sherman, who is our Acting Chief Counsel, to now provide his update procedurally on what is before the Board and how these matters came before the Board.

MR. SHERMAN: Thank you, Chairman. We think it's important that we put all these happenings and the Trustees' report into context here.

Going back some time ago, November 13th of 2007, Mount Airy and Mr. DeNaples has initially filed a Petition for Approval of corporate restructuring. At that time, the proposal was for Board approval of a refinancing and a transfer of 98 percent of the ownership interest in Mount Airy No. 1, LLC to trust for the DeNaples family. Then on January 17th, 2008 --

CHAIRMAN COLINS: What was the date of that Petition? I'm sorry.

MR. SHERMAN: The initial Petition was November 13th, 2007.

CHAIRMAN COLINS: Thank you.

MR. SHERMAN: About a year and a half ago now. On January 17th of 2008, there was an Amended Petition filed by Mr. DeNaples and Mount Airy's counsel, which withdrew the request for approval of the refinancing but kept intact the request to transfer a 98 percent

interest of the facility to trusts developed for his children.

Now, two and a half months after the initial petition on January 30th, 2008, the criminal charges against Mr. DeNaples and Mount Airy, LLC were filed by the Dauphin County District Attorney. That same day, January 30th, 2008, the Executive Director of the Pennsylvania Gaming Control Board issued an Emergency Order of Suspension suspending Mr. DeNaples' principal license.

That matter was then heard by the Board. On February 5th of 2008, this Board issued an Order which continued the suspension of Mr. DeNaples' license as a principal but also appointed Dr. Ceddia, the Trustee, to oversee the ongoing operations of Mount Airy No. 1, LLC. Of course, that arrangement was in place for about 14 months.

On April 14th, of course, there was an announcement by the Dauphin County District Attorney that he had entered into an agreement for withdrawal of charges against Mr. DeNaples. In exchange for the withdrawal of the charges, it has been represented that Mr. DeNaples would transfer 100 percent of his ownership interest to a trust on behalf of his daughter, Lisa DeNaples.

Mr. DeNaples has agreed to not exercise any

legal control or dominion over Mount Airy and he cannot obtain any profits or compensation. Another provision of that agreement was that Mr. DeNaples would reapply for the reinstatement of his principal license. Now, of course, I want to point out that all of these are decisions which have to be made by the Board after considering Petitions.

On April 15th, the day after the announcement for the agreement for withdrawal of charges, Mount Airy's counsel, Mr. DeNaples' counsel, filed a Petition to vacate the Board's February 5th Order. In that Petition, DeNaples has requested that the Board vacate its suspension Order, lift the suspension of Mr. DeNaples' principal license and, in addition, requests that the Trusteeship be dissolved.

Under Board Regulations, the OEC has 20 days to respond to that Petition. That 20 days runs on May 5th, 2009. After the answer is filed, then an analysis will be made as to what further proceedings will be necessary before this Board.

On April 17th, a nol-pros was filed by the District Attorney in the Dauphin County Courts of Common Pleas essentially discontinuing those criminal charges.

Just earlier this week on Monday, April 21st, there was an Amended Petition to transfer the ownership interest of Mr. DeNaples, initially, 100 percent

to a trust set up for his daughter, Lisa DeNaples, and providing for the further division of that into six additional trusts for the remaining children and grandchildren. The OEC's response to that Petition is due May 11th of this year.

That brings us up to date as to the procedural posture of the matter. The two Petitions, as I said, have been filed. The OEC is yet to respond. The matters will not be ripe for the Board's consideration until those responses are filed.

CHAIRMAN COLINS: Thank you very much. Any questions for Doug at this time?

(No response.)

CHAIRMAN COLINS: Thank you, Doug. Thank you, Frank. Before we move on to the report from our Chief Financial Officer, I want to provide an update on the plans for a hearing on the petition by the Philadelphia Licensee HSP Gaming, LLP, Sugar House Casino on its request for additional time to make slot machines available to play and to make modification to approve development plan.

Last week we announced that the Board will hold a hearing on the Petitions May the 6th and accept both oral and written public comment which will become part of the evidentiary record.

Due to the tremendous public interest with regard to this matter, the Board has decided to hold the hearing on this in the City of Philadelphia. We will announce the site and location within a few days. But the May 6th hearing will be in Philadelphia and will be open to the public for input. We will have more details about this within the next day or two.

I have two personnel announcements to make today. The first relates to Eileen McNulty who is sitting at the table before us. Regretably, I am announcing that as our Chief Financial Officer, Eileen McNulty will be leaving on April 24th. She has resigned. She will be leaving on Friday.

Now, as some of you may know through an announcement, I believe, that the Governor's Office has made, the Commonwealth is keeping Eileen's tremendous talents as the Deputy Stimulus Accountability Officer where she will help the new Pennsylvania Stimulus Oversight Commission monitor, advise and communicate how funds from the American Recovery and Reinvestment Act are spent.

I want to highlight how instrumental Eileen has been as part of the Gaming Board team and the unparalleled wealth of governmental experience, administrative experience and financial expertise that she

has brought to us to help us grow. We will miss her tremendously. It will be a loss that we will have a tough time replacing.

I wish her the best of luck. I know she will be happy with her new and challenging role. I have something for Eileen. I have a very lovely plaque showing our appreciation. I'm going to ask her to come up and then invite the Board Members to comment further.

COMMISSIONER MCCABE: I guess I'll be first to comment. Eileen, we're going to miss you. Thank you for all your help. I think you've been involved with the gaming ever since the beginning, since our first briefings when we were first appointed. We went over to Department of Revenue. You were there to help the new commissioners. I know I'm going to miss you. Thank you very much and good luck in your new position.

COMMISSIONER RIVERS: Let me just add my two cents, too, with what Commissioner McCabe talked about. Eileen, I think you've been a tremendous asset to this Board. I think you have pointed us in the right direction. You have brought to our attention a lot of the things that we needed to be concerned about. I applaud you for your professionalism, your knowledge and your attention to detail.

I think we are a much stronger financial

organized organization because of your tutelage. As will be said for the rest of the day, we're going to sorely miss you. If you get tired of working for the stimulus package, there's always a slot back here for you. We do appreciate your time, your effort and your energy. Thank you.

COMMISSIONER ANGELI: Eileen, there really aren't enough words to express the job that you have done for us and how professionally you have handled everything here. If anyone has sat in on any of the hearings or any of our meetings, no one knows this organization, the ins and outs of it, as much as you do.

We and I personally are really going to miss you. Good luck to you. Where you're going, it will be the highlight of the stimulus package when you step into that position and begin to oversee it. Again, good luck to you and we are going to miss you.

COMMISSIONER COY: Add my congratulations also, Eileen. I think probably, of all the members of the Commission, you and I have known each other for the longest amount of time.

The truth is, as a new member of the General Assembly in 1982, dating both of us, you were, I believe, at that point on the Appropriations Committee staff. I met you way back then and have worked in various



capacities since then. I have always appreciated the level of professionalism that you have brought to the task. I'm sure you will continue to aid the Commonwealth in the future. Thanks very much, Eileen.

MS. MCNULTY: Thank you.

COMMISSIONER SOJKA: Eileen, again, congratulations and thank you. All the Commissioners that have spoken so far have made it quite clear that you have exceptional experience and you understand the operations of what, to an outsider, seem an absolutely bewildering financial situation. I want to thank you for being an exceptionally fine teacher.

As a neophyte coming in, I was truly daunted by looking at the way we were funded, the way we fit into the revenue stream in the state, what we were supposed to do. I thought you did a splendid job of holding my hand and bringing me along and I thank you for that.

COMMISSIONER GINTY: I think that Commissioner Sojka stole some of my comments as well. But just when you were making progress in at least educating this Commissioner, you're going on to other things. It's just a real pleasure and an honor to work with a true professional. We're going to miss you. Good luck.

CHAIRMAN COLINS: I want to add one other

thing. No one has higher ethical standards than Eileen McNulty and her standards of conduct have always been a guiding light. I believe that in her sensitive position of CFO, she has brought her strong sense of moral and ethical conduct to us and she will bring it to wherever she goes. So we are grateful for that. Thank you.

MS. McNULTY: Thank you so much for your very kind comments. I appreciate them more than you know. I very much appreciate the opportunity that the Board has given me to work here and learn along with all of you about this industry that's doing great things for the Commonwealth of Pennsylvania and is taking us light years ahead in terms of public finance, which has been my interest in the success of this organization and it's been very successful.

I have appreciated the opportunity to work with each and every one of you and with the very many fine people we have that work for the Gaming Control Board. I think we have a great staff and I've enjoyed working with them as well. I thank you again for your kind remarks and for the opportunity.

CHAIRMAN COLINS: Before you begin with your report, I have another announcement to make. This relates to the successful culmination of our search to fill the Executive Director position for the Board. The

Board has unanimously chosen Kevin O'Toole, a gaming regulator with 28 years of experience, to be the second Executive Director of the Pennsylvania Gaming Control Board.

The search that ended with Mr. O'Toole's hiring successfully ends a comprehensive nationwide search which included contact with over 200 individuals resulting in 25 submissions for the position from professionals in 13 states and the District of Columbia.

The Board engaged the nationally recognized firm Diversified Search of Philadelphia to spearhead a process which included interviews with 17 candidates and then the presentation of the backgrounds of 14 candidates to the Board.

From this, the Board chose to interview nine individuals with two final candidates being interviewed a second time by the Board and also by key staff of the Board.

Our selection of Mr. O'Toole, like that of all Gaming Control Board employees, is contingent upon the successful completion of a background investigation and that investigation is being conducted by the Pennsylvania State Police.

As for his experience, Kevin brings a broad and deep set of skills in gaming regulation. He has served the Oneida Indian Nation Gaming Commission as

Commissioner, its Chief Regulatory Officer, since February of 2006 after having served as its Executive Director for nine years. That Commission is the primary regulator of the Turning Stone Casino with over 3,600 employees, 2,250 slot machines and 95 table games.

Just as important, Kevin also worked for the New Jersey Division of Gaming Enforcement for 16 years. This experience included his being a Deputy Attorney General and Supervisor of the Casino Investigation Section. In his role, he oversaw 30 attorneys or investigative agents and was responsible for prosecuting complex civil litigation.

In addition, his work in New Jersey included the drafting of proposed legislation to amend the Casino Control Act, involvement in the opening of new casinos to ensure readiness to meet regulatory standards and he also acted as liaison with the New Jersey Council on Compulsive Gambling.

Kevin's educational background is equally impressive. He earned his Bachelor of Science degree in Economics from the University of Pennsylvania's Wharton School of Finance and Commerce and his Juris Doctor degree from the Rutgers University School of Law.

For those in the media, we do have a press release that can you get that Doug Harbach will provide

for you that has more details. That is a very significant announcement. We are very happy about this. Again, this is contingent upon the successful completion of a background investigation being conducted by the Pennsylvania State Police.

Now, I will turn it back to you, Eileen, your report. Thank you.

MS. MCNULTY: Thank you very much, Madame Chair. Today's budget report provides an update on agency expenditures through the end of March or the third quarter of the fiscal year.

To date, expenditures total \$21,323,461 or 64 percent of the agency's total appropriation of \$33.31 million. Personnel expenditures to date are \$16,386,663 or 77 percent of our total expenditures. Operating expenditures total \$4,936,797 or 23 percent of our total expenditures.

For the month of March, payroll totaled \$1,759,700. Operating expenditures were \$665,094. The largest operating expenditures in March included \$314,746 for services, \$149,015 for rentals and \$85,878 for other operating expenditures including \$70,415 for database searches that are utilized in background investigations.

Year to date our largest operating expenditures are \$1,633,148 or 33 percent of operating

expenditures for services, \$1,548,246 or 31 percent of our operating expenditures for rentals, \$640,298 or 13 percent for the category of other operating expenditures and \$510,054 or 10 percent for telecommunication costs.

That completes the financial report. We also have one hire today. The candidate proposed for hire is Wayne Fritzingler proposed for Casino Compliance Representative at Penn National. Wayne is a 2003 graduate of East Stroudsburg University with a BA in Political Science.

He has seven years experience with the Carbon County Sheriff's Department where he served as a Chief Real Estate Clerk. He has completed the PGCB drug screening and interview process and background investigation and is recommended for hire.

COMMISSIONER COY: Madame Chair, I move that the hiring of Wayne Fritzingler, as described by Ms. McNulty, be approved.

COMMISSIONER RIVERS: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONER EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries.

MS. McNULTY: Thank you.

CHAIRMAN COLINS: Thank you. Office of Chief Counsel (OCC)?

MR. SHERMAN: Madame Chairman, Members of the Board, our first couple of agenda items relate to a Final-form Regulation and other regulatory issues which Director of Regulatory Review Richard Sandusky will address.

MR. SANDUSKY: Good morning.

CHAIRMAN COLINS: Good morning.

MR. SANDUSKY: The first item is Final-form regulation 125-94. This proposed rulemaking updates requirements for filing slot machine master lists and revises some of the information required to be included in these lists.

This rulemaking was proposed and adopted by the Board on December 18th, 2008. It was published in the Pennsylvania Bulletin on January 24th of 2009 with a 30-day comment period.

Only two sets of comments were received on this regulation. One was from Greenwood Gaming and Entertainment which commented in support of the regulation but also suggested that the Board consider additional changes in other areas.

Those additional areas have been referred to the Gaming Lab personnel who will be reviewing them.

If they believe they are appropriate, we will be bringing a new Proposed Rulemaking including those revisions to you sometime in the future.

The second set of comments was received from Downs Racing, LP. Their comment was a fairly minor one. They suggested that some of the information that was being required might be redundant. After reviewing that comment, the staff disagrees and has not modified the regulation as they suggested.

There were no comments filed by the Independent Regulatory Review Commission on this regulation and because the staff is not suggesting that there be any revisions between proposed and Final-form, if the Board adopts this regulation as final today, when it comes before IRRC, it will be deemed approved by statute.

If there are any questions, I would be happy to answer them. If not, we would ask for a motion for adoption of the Final-form rulemaking.

CHAIRMAN COLINS: May I have a motion, please?

COMMISSIONER GINTY: Madame Chairman, I move that the Board adopt Final-form regulation No. 125-94 and the regulation be posted on the Board's web site.

COMMISSIONER MCCABE: Second.



CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries.

MR. SANDUSKY: Thank you. The next matter for Board consideration is a Revised Final-form rulemaking regulation No. 125-86. This proposed rulemaking sets forth a procedure for discussing and potentially adjourning into an Executive Session if confidential information was to be discussed in a slot machine licensing hearing.

This Final-form regulation was disapproved by the Independent Regulatory Review Commission, in part, because they felt that the language of the regulation, as submitted to them, did not provide sufficient guidance to potential applicants as to what their confidentiality rights were.

We have worked with the IRRC staff and what is before you today is a revised Final-form regulation which we believe addresses their concerns. I would be happy to answer any questions and, if there are none, would ask for a motion for adoption of the revised Final-form rulemaking.

CHAIRMAN COLINS: May I have a motion,

please?

COMMISSIONER MCCABE: Yes. Madame Chair, I move that the Board adopt the Final-form Regulation 125-86 and that the regulation be posted on the Board's web site.

COMMISSIONER RIVERS: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries.

MR. SANDUSKY: Thank you. This next item is Regulation 125-93. This Final-form rulemaking was also disapproved by IRRC, in large part, because of concerns in one of the sections where the Board had proposed to use the date of filing as opposed to the date of service to calculate the time periods for responses.

Most other Commonwealth agencies use the date of service. To address this issue, what we have done is reverted back to the language which would have our regulations be based on date of service.

But to address the initial concerns of ensuring that there's adequate time for parties to file responses, we have extended the time periods for responses from 20 days to 30 days. The time period for requests for summary motions, the responses to those and time period

would be expanded to 15 days from 10 days.

We believe these will meet the concerns that were expressed by IRRC and we would ask for a motion to adopt the revised Final-form regulation.

CHAIRMAN COLINS: May I have a motion, please?

COMMISSIONER RIVERS: Yes. Madame Chair, I move that the Board adopt the Final-form regulation 125-93 and that the regulation be posted on the Board's web site.

COMMISSIONER SOJKA: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries.

MR. SANDUSKY: The final regulatory item we have for the Board today is on Regulation 125-92. This regulation was disapproved by IRRC, in large part, because of their concerns that the Board may not have statutory authority under the Clean Indoor Air Act to adopt the regulations as proposed.

In light of the fact that all of the operating licensed facilities have already reached the maximum percentage that they are permitted under the Clean

Indoor Air Act for their designated smoking areas and because of the questions that IRRC had raised concerning statutory authority, the staff is recommending that the Board withdraw Regulation 125-92 and so notify IRRC and the standing committees.

CHAIRMAN COLINS: May I have a motion?

COMMISSIONER SOJKA: Yes. Madame Chairman, I move that the Board withdraw the Final-form Regulation 125-92 as described by the OCC.

COMMISSIONER ANGELI: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries.

MR. SANDUSKY: Thank you.

MR. SHERMAN: Next on the agenda are Withdrawals, Surrenders and Reports and Recommendations presented by Deputy Chief Counsel Steve Cook.

MR. COOK: Good morning, Madame Chairman and Members of the Board.

CHAIRMAN COLINS: Good morning. Welcome.

MR. COOK: The Board has received eight unopposed Petitions to withdraw Applications or surrender Licenses, Certifications or Registrations which include 11

individuals or entities consisting of the following:  
Charles Atwood; Nicole Cox; Macy's East; Susan Magyar; S&G Supply Company, LLC; Denise Joy Smyler; Wayne O. Leevy; Frederick J. Gentile; Bessie A. Sacco; William P. Weidner; Mark Yoseloff.

The OEC has no objections to these withdrawals. As such the OCC submits these withdrawals to the Board for consideration of a motion to grant same without prejudice.

CHAIRMAN COLINS: May I have a motion?

COMMISSIONER ANGELI: Madame Chairman, I move that the Board issue Orders to approve the withdrawals or surrenders as described by the OCC.

COMMISSIONER COY: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries.

MR. COOK: Next before the Board for consideration are two Reports and Recommendations received from the Office of Hearings and Appeals (OHA) relative to two individuals. These Reports and Recommendations, along with the evidentiary record for each hearing, has been provided to the Board in advance of this meeting.

Additionally, in each case, the Applicant has been notified that the Board is considering his Report and Recommendation today and that he has the right to be present to address the Board. If either of these individuals are present today, they should come forward when their name is called.

The first Report and Recommendation today is that of Andrew Kelly. Mr. Kelly was employed as an EVS attendant at Harrah's Chester Downs. The BIE was notified by the Pennsylvania State Police that Mr. Kelly was arrested on February 7th, 2009 and charged with two felonies and five misdemeanors relating to an assault.

Based upon those changes, the OEC requested an Emergency Order of suspension. Mr. Kelly's Non-Gaming Registration was then temporarily suspended by an Emergency Order of the Acting Executive Director on February 13th, 2009.

During the Board's February 20th, 2009 meeting, this matter was considered and referred to the OHA for the purpose of conducting a full evidentiary hearing and thereafter submission to the Board of a Report and Recommendation on the validity of the Emergency Suspension.

As a result of the Board action, the OHA scheduled a March 3rd, 2009 hearing. Despite receiving

notice, Mr. Kelly did not attend the hearing and it was held in his absence.

The Hearing Officer's Report and Recommendation from that proceeding is now before the Board. It finds that the charges against Mr. Kelly remain pending. As a result, it recommends that the suspension of Mr. Kelly's Non-Gaming Registration continue in full force and effect pending further order of the Board. This Report and Recommendation is now ripe for the Board's consideration.

COMMISSIONER COY: Madame Chair, I move the Board issue an Order that adopts the Report and Recommendation of the OHA relating to Andrew Kelly as described by the OCC.

COMMISSIONER GINTY: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response,)

CHAIRMAN COLINS: Motion carries.

MR. COOK: The second and final Report and Recommendation before the Board today pertains to Scott Lyons. Mr. Lyons filed a Key Employee Application to work at Mount Airy Casino as a surveillance shift manager. On May 23rd, 2008, Mr. Lyons was issued his temporary

credentials.

Subsequently, on July 9th, 2008, Mount Airy filed a Petition to withdraw Mr. Lyons's Key Employee Application without prejudice. This occurred after Mr. Lyons was terminated by Mount Airy for using the facility's surveillance equipment to obtain a photograph of a friend winning a jackpot and then providing the friend with that photo. This was a violation of Mount Airy's standard operating procedure and use of equipment policy.

As a result of that conduct, the OEC filed an objection to Mount Airy's request that the withdrawal be granted without prejudice. Subsequently, Mount Airy reviewed the OEC's position and changed its own position concurring that the withdrawal should be with prejudice.

On February 10th, 2009, a hearing was held in this manner. Mr. Lyons did not attend the hearing despite being notified. Subsequently, a Report and Recommendation was issued recommending that Mr. Lyons's Application be withdrawn with prejudice. This Report and Recommendation is now ripe for the Board's consideration.

CHAIRMAN COLINS: May I have a motion?

COMMISSIONER GINTY: Madame Chairman, I move that the Board issue an Order to adopt the Report and Recommendation of the OHA relating to Scott Lyons as



described by the OCC.

COMMISSIONER MCCABE: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries. Thank you.

MR. SHERMAN: Our final matter concerns the Washington Trotting Association Acquisition Dissolution. As the Board is aware, there has been pending for some time applications associated with the proposed purchase of Washington Trotting Association's parent company, Cannery Casino Resort, LLC by Crown Limited.

Recently, Crown and Cannery announced that the proposed acquisition was not going to occur and that the parties had reached an agreement dissolving the proposed entrance. As the dissolution involves an infusion of capital into Cannery, the Board's Bureau of Licensing and OEC was obligated to review the situation relative to whether the termination had any licensing implications.

As a result, both the Bureau of Licensing and the OEC have reviewed all aspects of the proposed termination and are prepared to report to the Board the

results of their review.

To do that, Assistant Chief Counsel Susan Yocum on behalf of the Bureau of Licensing and Chief Enforcement Counsel Cyrus Pitre are present.

MS. YOCUM: Madame Chairman, Members of the Board, the Bureau of Licensing has reviewed the documents related to the termination of the acquisition between Crown Limited and Cannery. The Bureau of Licensing at this time believes that there are no license implications with respect to the issuance of a specific class of stock and the release of funds that are currently held in escrow.

Pursuant to the termination of the acquisition, Crown has paid Cannery a \$50 million termination fee and an additional \$320 million that is currently held in escrow pending any regulatory approvals that may be necessary.

Of the funds held in escrow \$20 million is allocated for reimbursements to improvements to Cannery facilities, including Washington Trotting, that were not contemplated in the original purchase price.

For the remaining \$300 million, Crown and its affiliated entities will be issued a series of stock. The stock has no voting rights, no right to distribution, no right to control and no right to transfer or redeem

that interest without regulatory approval.

The parties have also entered into two option contracts that are exercisable within two years. Option 1 is a conversion option in which Crown can convert the series of stock into an equity interest in Cannery. At that time, Crown would have a right to participate in dividends and will have a non-voting member on the management committee. Option 2 is an acquisition option in which Crown and its affiliated entities can acquire Cannery within the next two years for an additional \$1.4 billion.

At the present time, the Bureau of Licensing does not believe that there are licensing implications because Crown and its affiliated entities would not derive any economic benefit or right to control Cannery from the issuance of the units of stock.

If Crown chooses to exercise any conversion or acquisition option within the next two years, notification to the board, completion of the licensing process and Board approval would be required prior to any change of control or ownership. Are there any questions?

(No response.)

MR. PITRE: I'll just say that after careful consideration and a detailed analysis of the determination and settlement agreement and all the

necessary supporting documents by BIE that includes the Financial Investigations Unit and my office, OEC, we have essentially reached the same conclusion as the Bureau of Licensing.

Board approval is not required with regard to the initial Series B, preferred use. However, any future conversion to the Series A-2 preferred units would require Board approval. As a result, we are in contact with the representatives of Crown and Cannery as to when that conversion may or may not occur. They are well aware that they are to notify us immediately once a decision is made in that regard.

CHAIRMAN COLINS: Thank you very much for the detail.

MR. SHERMAN: That concludes the OCC's report.

CHAIRMAN COLINS: Thank you very much. Were there any questions from the Board?

COMMISSIONER MCCABE: The bottom line is, we don't have to do anything. The deal can go ahead and we don't have to do anything.

MR. PITRE: That's correct, not at this time.

COMMISSIONER SOJKA: If it did come back to us, there would be the same issues that we had to consider

before about ownership and things of that sort?

MR. PITRE: That's correct. They would be required to be licensed.

CHAIRMAN COLINS: Thank you very much. Next is a report from Licensing. Sean Hannon is appearing on behalf of Susan Hensel.

MR. HANNON: Thank you, Chairman Colins and Members of the Board. I have a number of licensing matters to bring before you today. The first matter for your consideration today is Key Employee licenses. Prior to this meeting, the Bureau of Licensing provided you with a Proposed Order for 14 Key Employee licenses, 12 initial and 2 renewals. I ask that the Board consider the Order granting these licenses.

CHAIRMAN COLINS: May I have a motion, please?

COMMISSIONER RIVERS: Madame Chair, I move that the Board issue an Order to approve the Key Employee Licenses described by the Bureau of Licensing.

COMMISSIONER SOJKA: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: That motion carries.

MR. HANNON: The Bureau of Licensing also provided you with an Order regarding the issuance of Temporary Key Employee licenses to 69 individuals. I ask that the Board consider the Order approving their licenses.

CHAIRMAN COLINS: May I have a motion, please?

COMMISSIONER SOJKA: Yes. Madame Chairman, I move that the Board issue an Order to approve the issuance of Temporary Key Employee licenses as described by the Bureau of Licensing.

COMMISSIONER ANGELI: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries.

MR. HANNON: Next are Gaming and Non-Gaming Permits and Registrations. Prior to this meeting, the Bureau of Licensing provided you with a list of 443 individuals including 301 initial and 142 renewals who the Bureau has granted Occupation Permits to and 478 individuals who the Bureau has granted Registrations to under the authority delegated to the Bureau of Licensing.

I ask that the Board adopt a motion

approving this Order.

CHAIRMAN COLINS: May I have a motion?

COMMISSIONER ANGELI: Madame Chairman, I move the Board issue an Order to approve the issuing of Gaming Permits and Non-Gaming Registrations as described by the Bureau of Licensing.

COMMISSIONER COY: Second.

CHAIRMAN COLINS: Cyrus, Mr. Pitre, I have not asked you for your comments. I should have. I'm assuming you would have jumped in had you had objections; is that correct?

MR. PITRE: That's correct, Chairman.

CHAIRMAN COLINS: Do you object to anything?

MR. PITRE: No, we have cleared everything.

CHAIRMAN COLINS: Okay. Thank you. All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries.

MR. HANNON: In addition, we have Recommendations of Denial of six Non-Gaming employees. Prior to this meeting, the Bureau of Licensing provided you with Orders addressing these Applicants who the BIE

has recommended for denial. In each case, the Applicant failed to request a hearing within the specified time period. I ask that the Board consider the Order denying the Gaming and Non-Gaming Applicants.

CHAIRMAN COLINS: May I have a motion?

COMMISSIONER COY: Madame Chair, I move the Board issue an Order approving the denial of Gaming Permits and Non-Gaming Registrations as described by the Bureau of Licensing.

COMMISSIONER GINTY: Second.

CHAIRMAN COLINS: Any comments?

(No response.)

CHAIRMAN COLINS: Any objections?

(No response.)

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries.

MR. HANNON: We have three Orders regarding vendors. The first is to certify the following six vendors: At Work Sales Corporation; GC Fire Protection Systems, Incorporated; Joseph Miorelli & Company, Incorporated; Sign Spec, Incorporated; Spitz, Incorporated; and White Sand Consulting, Incorporated. I



ask that the Board approve the vendors for certification.

CHAIRMAN COLINS: Any objections?

MR. PITRE: No, ma'am.

CHAIRMAN COLINS: May have a motion?

COMMISSIONER GINTY: Madame Chairman, I move that the Board issue an Order to approve the Applications for Vendor Certification as described by the Bureau of Licensing.

COMMISSIONER MCCABE: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries.

MR. HANNON: Next the Bureau of Licensing provided you with an Order and an attached list of 29 registered vendors. I ask that the Board adopt a motion approving the Order registering these vendors.

CHAIRMAN COLINS: Any objections?

MR. PITRE: No objections.

CHAIRMAN COLINS: Motion, please.

COMMISSIONER MCCABE: Madame Chair, I move that the Board issue an Order to approve the Application for Vendor registration as described by the Bureau of Licensing.

COMMISSIONER COY: Second.

CHAIRMAN COLINS: All in favor.

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries.

MR. HANNON: The Bureau of Licensing provided you with Orders, the approval of which would result in the following five vendors being added to the Prohibited Vendor List: Dee's Gourmet Cheesecakes; East West Creative, Incorporated; Faulkner Pontiac GMC, Incorporated; Holguin and Holguin, DBA Seating Resource; Peresta's Furniture Repair.

These vendors have done business with the Slot Machine Operator Licensee or Applicant but have failed to submit or complete an Application. I ask that the Board consider the Order adding the named vendors to the Prohibited Vendors List.

CHAIRMAN COLINS: May I have a motion?

COMMISSIONER RIVERS: Yes. Madame Chair, I move that the Board issue an Order approving the additions to the Prohibited Vendors list as described by the Bureau of Licensing.

COMMISSIONER SOJKA: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries.

MR. HANNON: This concluded the Bureau of Licensing's presentation.

CHAIRMAN COLINS: Thank you, Sean.

COMMISSIONER RIVERS: Excuse me. Madame Chairman, may I ask a question, please?

CHAIRMAN COLINS: Sure.

COMMISSIONER RIVERS: At our, I think, last hearing, there was a question about Sherwin-Williams, the paint company. Have we done anything with that?

MR. HANNON: It's gone back to the Bureau of Licensing for review. It will be presented at a future meeting to resolve that issue.

COMMISSIONER RIVERS: Thank you.

CHAIRMAN COLINS: OEC?

MR. PITRE: We have four matters for your consideration today. The first matter involves the Consent Agreement between the BIE and Manivanh Keonela. If she is present, I ask that she come forward. Katie Higgins will present the OEC's argument on this Consent Agreement.

MS. HIGGINS: Madame Chair, Members of the

Board, Ms. Keonela is currently employed as a Cage Cashier at Mohegan Sun at Pocono Downs.

The OEC filed a Complaint for Revocation of Ms. Keonela's Gaming Permit based on a Report from the Bureau of Casino Compliance that indicates that Ms. Keonela was gaming at Mount Airy Casino and Resort on November 12th, 2008, which violates Board Regulations that prohibit Gaming Permit Holders from gaming at any facility within the Commonwealth.

Ms. Keonela filed a response to the Complaint on February 23rd, 2009 in which she admitted to playing slots. The OEC subsequently examined Mohegan Sun's Employee Handbook as well as its internal controls, both of which state that Mohegan Sun employees cannot game at Mohegan Sun, rather than specifying that Gaming Permit Holders cannot game at any facility within the Commonwealth.

The OEC sent a letter to Mohegan Sun on April 1st, 2009 requesting that it revise its Employee Handbook and amend its internal controls to set forth a plan to ensure that License and Permit Holders are adequately advised that they cannot gamble at any facility within the Commonwealth.

Based on the facts of this case including the fact that the OEC does not believe that Ms. Keonela

had knowledge of and intentionally violated the Regulations, the OEC entered into this Consent Agreement which would suspend Ms. Keonela's Gaming Permit for two weeks, rather than revoking it.

At this time, we would ask that the Board adopt the Consent Agreement.

CHAIRMAN COLINS: Is there a motion?

COMMISSIONER ANGELI: Madam Chairman, I move the Board approve the Consent Agreement between the BIE and Manivanh Keonela as described by the OEC.

CHAIRMAN COLINS: Is there a second?

COMMISSIONER MCCABE: Second.

CHAIRMAN COLINS: Any comments or discussions?

COMMISSIONER ANGELI: Yes, I do. Having made the motion, I would also make a comment that considering that she was not aware of the procedures as outlined by Mohegan, I would consider not having the suspension.

CHAIRMAN COLINS: Did we approve that handbook? Didn't we review that handbook?

MR. PITRE: Not the handbook, but the internal controls.

CHAIRMAN COLINS: Was that considered, the handbook?

MR. PITRE: The internal controls was consistent with the handbook and, as a result, we have asked them to add that language. The reason why we're recommending a suspension is because Mohegan's Department of Human Resources says they tell all their employees verbally that they are not allowed to gamble in any casino within the Commonwealth.

Additionally, one way or the other, whatever the Board decides to do, the OEC will be happy to deliver on. Obviously, it's the Board's decision.

I would like to comment that this shows a great deal of communication between the Compliance Representatives in the different casinos because she was an employee of Mohegan Sun. She's gaming at Mount Airy. It took a great deal of vigilance by our Compliance Representatives who found out that she was a licensed employee that worked at Mohegan and should not have been gambling at Mount Airy.

CHAIRMAN COLINS: Right. But that's no consolation to the Permittee who has a written handbook that says she can. The documentary evidence is such that there's a handbook that says she can. There's an internal control that supports it. We approved it. I'm not going to vote for this motion based on that.

COMMISSIONER GINTY: I understand she was

wearing her --

CHAIRMAN COLINS: Credentials, too.

COMMISSIONER GINTY: -- credentials as well when she went on the floor.

MR. PITRE: In view that the matter has not gone to an evidentiary hearing, I would not comment on that particular part of the case at this time.

CHAIRMAN COLINS: But in my view, she's got clean hands here.

COMMISSIONER RIVERS: Cyrus, correct me if I'm wrong, did you not say that the HR person verbally informed her of the Regulation?

MR. PITRE: That would be evidence that we would be providing at a hearing, the testimony of the HR person.

COMMISSIONER RIVERS: But do we have any confirmation that she may have gone to the ladies room or something may have happened where she didn't hear that specific comment?

MR. PITRE: It's always possible.

COMMISSIONER RIVERS: I think we're being a little tough on this individual because it's clear to me that she did not try to hide the fact that she was an employee of another casino, nor did she try to deny the fact that she gambled.

I think if we call ourselves being fair, I think we need to go back and look at this because I don't agree with the Recommendation to take punitive action towards this woman when it's not 100 percent sure that she was cognizant that was violating a law.

MR. PITRE: Is it the Board's pleasure to remand back to OHA?

CHAIRMAN COLINS: I say we vote on it. We have the motion. We have it seconded. All in favor?

COMMISSIONER SOJKA: Before we do that, I would like to know the outcome of denying the Consent Agreement.

MR. PITRE: It goes back to the OHA.

COMMISSIONER SOJKA: Then it would come back? She could work in the meantime?

MR. PITRE: Yes, she's working right now.

COMMISSIONER SOJKA: Okay. I know what to do.

CHAIRMAN COLINS: All in favor?

(No response.)

CHAIRMAN COLINS: All opposed?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: The motion is denied.

MR. PITRE: Thank you.

CHAIRMAN COLINS: You're welcome. I just



think it's an unfortunate situation and it doesn't justify that type of thing. But thank you.

MR. PITRE: Chairman Colins, that's why I have been bringing these matters to the Board.

CHAIRMAN COLINS: Thank you, Cyrus. I appreciate it.

MR. PITRE: The next matter is a motion considering a Suspension and Revocation of a Non-Gaming Employee. On this matter, the OEC will be recommending revocation. Melissa Powers is here to present the matter to the Board.

MS. POWERS: On February 26th, 2009, OEC filed a Complaint for Revocation against Jemnoh Ali for failure to maintain suitability. Ms. Ali did not respond to the Complaint within 20 days. Therefore, her right to a hearing has been waived and the facts alleged in the Complaint are deemed admitted. On April 3rd, OEC filed a Request for Default Judgment.

At this time, OEC would ask that the Board revoke the Non-Gaming Employee Registration of Jemnoh Ali.

CHAIRMAN COLINS: May I have a motion?

COMMISSIONER COY: Madame Chair, I move that the Board issue an Order approving the Revocation of the Non-Gaming Employee Registration of Jemnoh Ali as described by the OEC.

COMMISSIONER GINTY: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries.

MR. PITRE: Next we ask the Board to consider the Revocation of Kyle Saunders. Dustin Miller is here on behalf of the OEC.

MR. MILLER: Good morning, Madame Chair, Members of the Board. Mr. Saunders had been employed as a Steward at Harrah's Chester Downs Casino and registered as a Non-Gaming Employee.

The OEC filed an Enforcement Complaint to revoke Mr. Saunders' Non-Gaming Employee Registration for failing to comply with federal or state laws on February 19th, 2009. The Enforcement Complaint was served upon Mr. Saunders at the address listed on Mr. Saunders' Application.

The OEC received notice that Mr. Saunders had received the Complaint on February 23rd, 2009. Mr. Saunders did not respond to the filing in any way. Due to Mr. Saunders' failure to respond, the averments in the Enforcement Complaint are deemed to be admitted as fact and his right to hearing has been waived. On April 2nd,

2009, the OEC filed a Request to Enter Judgment Upon Default.

The matter is now before the Board to consider the Revocation of Mr. Sanders' Non-Gaming Employee Registration.

COMMISSIONER GINTY: Madame Chairman, I move the Board issue an Order to approve the Revocation of the Non-Gaming Employee Registration of Kyle Saunders as described by OEC.

COMMISSIONER MCCABE: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries. Thank you.

MR. PITRE: Next on the agenda we are asking that the Board consider the Revocation of a Non-Gaming Employee Registration of Jack Shreve. Melissa Powers is here on behalf of the OEC.

MS. POWERS: On February 10th, 2009, OEC filed a Complaint for Revocation against Jack Shreve for failure to maintain suitability. Mr. Shreve did not respond to the Complaint within 20 days. Therefore, his right to a hearing has been waived and the facts alleged

in the Complaint are deemed admitted. On March 27th, 2009, OEC filed a Request for Default Judgment.

At this time, OEC would ask that the Board revoke the Non-Gaming Employee Registration of Jack Shreve.

COMMISSIONER MCCABE: Madame Chair, I move that the Board issue an Order to approve the Revocation of the Non-Gaming Employee Registration of Jack Shreve as described by the OEC.

COMMISSIONER RIVERS: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

CHAIRMAN COLINS: Opposed?

(No response.)

CHAIRMAN COLINS: Motion carries. All right. That concludes our meeting. But this final announcement, please take note, the Board's next meeting will be the hearing in Philadelphia on Wednesday, May the 6th, 10:00 a.m. The exact location will be announced within the next few days. That concludes our business. May I have a motion to adjourn?

COMMISSIONER MCCABE: So moved.

COMMISSIONER COY: Second.

CHAIRMAN COLINS: All in favor?

COMMISSIONERS EN MASSE: Aye.

(Meeting concluded at 11:59 a.m.)

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

Shannon L. Manderbach  
Notary Public

