

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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BEFORE: GREGORY C. FAJT, CHAIRMAN  
Jeffrey W. Coy, James B. Ginty, Kenneth T. McCabe, Gary A. Sojka, Kenneth Trujillo, Raymond S. Angeli (Via telephone), Russell Redding, Secretary of Agriculture, Ex-Officio Member, David Barasch Deputy Secretary of the Department of Revenue, Representative, Keith Welks Deputy State Treasurer for Fiscal Operation, Ex-Officio Designee

HEARING: Wednesday, January 27, 2010, 1:20 p.m.

LOCATION: PUC - Keystone Building, Hearing Room 1  
400 North Street, Plaza Level  
Harrisburg, PA 17105

WITNESSES: Kevin O'Toole, Mike Cruz, Claire Yantis, Stacey Knavel, Richard Sandusky, Steve Cook, Susan Hensel, Mike Roland, Wanda Gilchrist, Barry Creany, Nan Davenport  
Reporter: Cynthia Piro-Simpson

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CHAIRMAN:

We'll convene the meeting. We'll now commence with our scheduled public meeting. We're going to go a little bit out of Order from the posted agenda. We're going to start with the Petitions and run through --- I believe there's four Petitions, and then we'll come back to old business and start from the beginning of the agenda. So we have Doug Sherman. Doug, why don't you start with the Petitions, please?

ATTORNEY SHERMAN:

Yes. Thank you, Chairman, members of the Board. As you stated, there are four Petitions on the agenda today, two related to the hearings that were held earlier this morning, the other two being considered on documentary records. The first Petition is that of Keystone Redevelopment Partners. It is their Petition to intervene in the motion for the extension of Philadelphia Entertainment and Development Partners and that, of course, is the motion for an extension, which we just heard as to conditions five and six of the Board's September 1st, 2009 Order. Keystone had been denied intervention in their prior Order. It is the position of the Office

1 of Enforcement Counsel, as well as the Philadelphia  
2 and Entertainment Development Partners that Keystone  
3 should likewise be denied intervention in this motion  
4 for an extension. The matter is now ripe. It has  
5 been fully briefed and argued before you and ready for  
6 your consideration.

7 CHAIRMAN:

8 Any questions or comments from the Board?  
9 Seeing none, could I have a motion, please?

10 MR. GINTY:

11 Mr. Chairman, I move that the Board deny  
12 Keystone's Petition to intervene as described by the  
13 Office of Chief Counsel (OCC).

14 MR. COY:

15 Second.

16 CHAIRMAN:

17 All in favor?

18 ALL RESPOND AYE

19 CHAIRMAN:

20 Opposed? The motion passes.

21 ATTORNEY SHERMAN:

22 The second Petition is that of the  
23 Philadelphia Entertainment and Development Partners  
24 related to the extension of time to provide the  
25 documents pursuant to conditions five and six as

1 embodied in the Board's September 1st Order. We  
2 clearly have had a lengthy hearing on that matter  
3 today. The Board has had the opportunity to consider  
4 the evidence as well as the filings as appropriate for  
5 the Board's consideration.

6 CHAIRMAN:

7 Any questions or comments from the Board?  
8 Can I have a motion, please?

9 MR. COY:

10 Yes, Mr. Chairman. I move that the Board  
11 deny the motion of Philadelphia Entertainment and  
12 Development Partners, LP, to extend the time to  
13 provide documents and impose a fine of \$2,000 per day  
14 civil penalty, retroactive to December 1, 2009 due to  
15 its failure to comply with the Board's December 1,  
16 2009 deadline for the submission of the pertinent  
17 documents and the fine continuing until such time as  
18 Philadelphia Entertainment and Development Partners  
19 comes into compliance with the condition ---  
20 conditions number five and six of the Board's  
21 September 1, 2009 Order by submitting to the Bureau of  
22 Investigation and Enforcement the reports required by  
23 those conditions. Additionally, I move that the Board  
24 issue a rule to show cause why the Board should not  
25 impose further sanctions up to and including

1 revocation of the Category II slot machine license for  
2 violation of the Board's September 1, 2009 Order. The  
3 hearing on the rule shall be scheduled for March 3rd,  
4 2010.

5 CHAIRMAN:

6 Second?

7 MR. TRUJILLO:

8 Second.

9 CHAIRMAN:

10 All in favor?

11 ALL RESPOND AYE

12 CHAIRMAN:

13 Opposed? Motion passes.

14 ATTORNEY SHERMAN:

15 The next Petition is related to the  
16 Washington Trotting Association. They have filed a  
17 Petition for Approval of a Transfer of Interest and  
18 for Withdrawal of the Principal Renewal Application of  
19 D. Richard Masson. Mr. Masson holds a 12.5 percent  
20 voting interest in OCM VoteCo, LLC, which is the  
21 voting arm of Oaktree Capital Management, an  
22 institutional investor owning 42 percent of Cannery  
23 Casino Resorts, which is WTA's parent company.

24 In April 2009, eight principals of  
25 Oaktree filed renewal applications, including that of

1 D. Richard Masson. Mr. Masson is now retiring from  
2 Oaktree and is requesting that his renewal application  
3 be withdrawn and that the Board approve the transfer  
4 of his 12.5 interest in OCM VoteCo, LLC to the  
5 remaining seven principals in equal amounts. If  
6 approved, the remaining principals will then each hold  
7 14.2857 percent interest in OCM VoteCo.

8 OEC has filed an Answer to this Petition  
9 and has no objection lodged in their Answer. Based  
10 upon those facts, it would be appropriate for the  
11 Board to consider a motion to approve the Petition.

12 CHAIRMAN:

13 I note that we have Counsel for WTA here.  
14 If you just spell your name for the stenographer?

15 ATTORNEY JONES:

16 Good afternoon. Marie Jones for Fox  
17 Rothschild, J-O-N-E-S. We have nothing --- I have  
18 nothing to add. I'd be happy to address any questions  
19 you may have.

20 CHAIRMAN:

21 Thank you. Any questions from the Board?  
22 Can I have a motion, please?

23 MR. TRUJILLO:

24 Mr. Chairman, I move that the Board would  
25 grant the Petition of Washington Trotting Association



1 as described by Chief Counsel.

2 MR. SOJKA:

3 Second.

4 CHAIRMAN:

5 All in favor?

6 ALL RESPOND AYE

7 CHAIRMAN:

8 Opposed? Motion passes. Last motion,  
9 Doug?

10 ATTORNEY SHERMAN:

11 Yes, the final Petition is that of LVI  
12 Environmental Services, Incorporated, who has filed a  
13 Petition to be removed from the Prohibited Vendor  
14 List. LVI filed the Vendor Registration Application  
15 in December 2007. Despite attempts to have LVI cure  
16 some deficiencies in its application, those were  
17 undertaken on behalf of the Bureau of Licensing, LVI  
18 failed to comply with the directive, recommending  
19 ultimately in the recommendation that LVI be placed on  
20 the Prohibited Vendor List.

21 CHAIRMAN:

22 Any questions or comments from the Board?  
23 Can I have a motion, please?

24 MR. SOJKA:

25 Yes, Mr. Chairman, I move that the Board

1 grant the Petition of LVI Environmental Services, Inc.  
2 as described by the Office of Chief Counsel.

3 CHAIRMAN:

4 Second?

5 MR. MCCABE:

6 Second.

7 CHAIRMAN:

8 All in favor?

9 ALL RESPOND AYE

10 CHAIRMAN:

11 Opposed? Motion passes. Thank you,  
12 Doug. And we'll call you back up here in a couple of  
13 minutes.

14 Just for the record, also, I want to make  
15 note that Commissioner Angeli is back with us on the  
16 phone. With that, we'll go back to the beginning of  
17 the agenda, on old business and announcements.

18 We'll now commence, as I stated earlier,  
19 with our scheduled public meeting. First --- or the  
20 second Order of business is old business and  
21 announcements. By way of announcements, the Board  
22 held an executive session on January 26th and just  
23 prior to this meeting in accordance with the Sunshine  
24 Act, the purpose of the executive sessions was to  
25 discuss personnel matters, pending litigation and to

1 conduct quasi-judicial deliberations relating to  
2 matters pending before the Board.

3 For our first item, may I have a motion  
4 to approve the minutes and transcript of the November  
5 18th, 2009 meeting?

6 MR. MCCABE:

7 Yes, Mr. Chairman, I move the Board  
8 approve the minutes and transcript of the November  
9 18th, 2009 meeting.

10 CHAIRMAN:

11 Second?

12 MR. SOJKA:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 KENNETH TRUJILLO ABSTAINS, ALL OTHER MEMBERS SAY AYE

17 CHAIRMAN:

18 Thank you. Commission Trujillo  
19 abstaining. All opposed? Hearing none, the motion  
20 passes. Moving on to new business, I'd like to have  
21 Kevin O'Toole, our Executive Director, provide his  
22 report. Good afternoon, Kevin.

23 MR. O'TOOLE:

24 Good afternoon, Chairman Fajt, members of  
25 the Board. As part of the Board's initiative to

1 ensure the proper regulatory oversight of table games  
2 operations, I instructed the Bureau of Financial  
3 Management and administration to prepare an RFP for  
4 the purpose of soliciting an expert or experts to  
5 perform educational and training services in the area  
6 of table game security and protection. The successful  
7 bidder will provide training to all Board staff with  
8 responsibilities to oversee the integrity of table  
9 game playing, and in particular, the Board's onsite  
10 Casino Compliance Representatives. It is expected  
11 that all attendees to these training sessions will  
12 gain a fundamental understanding of table games  
13 sufficient to recognize basic red flags and other  
14 suspicious activities that would cause that employee  
15 to further investigate an incident, event or person.  
16 This training will supplement our in-house training  
17 that will be conducted by myself and a number of the  
18 other staff members for the Board, particularly in  
19 areas such as accounting and internal control  
20 associated with table game operations. But at this  
21 time, I would request that the Board approve the  
22 issuance of RFP for an expert to perform educational  
23 and training services in anticipation of table game  
24 operations. Thank you.

25 CHAIRMAN:

1 May I have a motion?

2 MR. TRUJILLO:

3 Mr. Chairman, I move that the Board  
4 approve the issuance of a request for proposal of  
5 subsequent entry into a contract with the winning  
6 proposal to provide Philadelphia Gaming Control ---  
7 Pennsylvania Gaming Control Board staff with table  
8 game security education and training as proposed by  
9 the executive director.

10 MR. COY:

11 Second.

12 CHAIRMAN:

13 All in favor?

14 ALL RESPOND AYE

15 CHAIRMAN:

16 Opposed? Motion passes. Thank you very  
17 much, Kevin. Next up is Mike Cruz, our Director of  
18 the Gaming Lab to give us an update on gaming lab  
19 operations.

20 MR. CRUZ:

21 Good afternoon, Chairman Fajt, members of  
22 the Board. I'm going to do a presentation. Usually I  
23 try to give a bi-annual update, sometimes quarterly,  
24 depending on what we're working on in the lab. 2009  
25 was a very busy year for the lab; hence, the last

1 update I was able to provide to the Board was  
2 approximately about a year ago, to the date almost.  
3 So with that being said, I'm going to start with just  
4 going over some of the statistics from last year's  
5 operation in the lab. In your Board packet, I  
6 included two Excel spreadsheets, one with data based  
7 off of what programs and games and hardware that we  
8 reviewed in the lab, another spreadsheet based off of  
9 inspections and operational visits to the casinos in  
10 the field. I'm not going to go over every specific  
11 data, but there are some specific statistics that I  
12 want to point out that aren't readily evident with the  
13 data.

14                   To start off with, the lab work that we  
15 do --- last year we reviewed 11,010 individual items.  
16 In comparison in 2008, we reviewed 8,244. So it's a  
17 significant increase there. On average per month, we  
18 review approximately 77 individual packages of games,  
19 hardware, what have you. And on average, each package  
20 includes 12 items to review in it. So on average,  
21 there are about 917 individual items that are looked  
22 at per month by my staff in the lab.

23                   Now, moving on to the field operations of  
24 the lab. In 2009, we inspected 18,806 slot machines  
25 on the floor in Pennsylvania. This is on top of the

1 obvious central system that's connected to every game.  
2 For comparison, in 2008, we inspected 10,174 games, an  
3 increase of almost --- over 80 percent. And on  
4 average, it comes out to about 1,567 games per month  
5 across the board, which turns out to be about, on  
6 average, 175 slot machines inspected per casino every  
7 month by my regional technical field staff. And these  
8 are due to conversions, new game installs and just  
9 random inspections to uphold the casino to the master  
10 list that they send to us.

11           We were able to achieve this increased  
12 output due to the fact that in 2009 we increased our  
13 staff to 17, which is an increase of four staff  
14 members; two engineers, one statistician and one  
15 technical field representative. Now, mind you, these  
16 positions weren't just created in 2009, they were  
17 always open. We just were able to finally fill them  
18 last year. So as you can see, they've been very  
19 helpful from when they started as well.

20           Now, in 2009 there were four major  
21 openings. Probably the busiest time that I've spent  
22 at the Gaming Board, aside from the initial first  
23 three to four casinos opening up in the 2006-2007 time  
24 frame. We had The Meadows open up in April, with over  
25 3,700 slot machines, which to this day is still the

1 largest slot machine casino in Pennsylvania. The  
2 Sands opened up with another 3,000 slot machines in  
3 May of '09. And then in August The Rivers opened up  
4 with 3,000 additional slot machines.

5           And what's specifically interesting with  
6 that casino is that they went with a brand new slot  
7 accounting system, which required us to review in the  
8 lab prior to their casino opening. And at this time  
9 we have five different slot accounting systems being  
10 used amongst the nine casinos in Pennsylvania.

11           In comparison, where I used to work at in  
12 New Jersey, they currently have two slot accounting  
13 systems in operation. I'm not saying that more or  
14 less is better or worse. I'm just saying that the  
15 complexity of overseeing five individual slot  
16 accounting systems is a lot more involved than just  
17 two.

18           And then lastly, The Parks Casino opened  
19 up in December with a little over 3,000 slot machines.  
20 And at that point I figured that hopefully 2010 would  
21 have been a little bit more steady state, in that I  
22 could reassess some of our procedures and enhance  
23 them. But the legislature then approved the use of  
24 table games in Pennsylvania.

25           So what I'd like to discuss next is,



1 what's the role of the Gaming Lab when it comes to  
2 table games? With slot machines, it's very evident  
3 what our role is. It's front and center. Slot  
4 machines are computers and the systems they attach to  
5 have to be reviewed. In table games, it's a  
6 combination of a manual function as well as, in some  
7 cases, a computerized electronic function. The  
8 statute allowed for the use of electronic gaming  
9 tables, in which my review of that definition would be  
10 similar to basically a hybrid table where there's some  
11 sort of an electronic wagering, but yet there's still  
12 a dealer dealing cards or spinning a roulette wheel.  
13 They also allowed for the use of fully automated table  
14 games, which does not require the use of a dealer to  
15 play the game.

16                   So we would have to create regulations  
17 based on defining those products a little bit clearer.  
18 Electronic wagering systems are inherent to the use of  
19 electronic gaming tables, so we would have to create  
20 definitions and regulations to review those. And then  
21 electronic card shufflers, these are electronic  
22 devices that use computer algorithms to randomize the  
23 shuffling of cards. Not every table game, not every  
24 card table game will use it, but every casino will  
25 have some electronic card shufflers used in their

1 facilities, so we would have to review those as well.

2           In addition, there are table game  
3 progressive systems. Similar to our slot machine,  
4 progressive system works --- a portion of a wager, a  
5 percentage of the wager is added to a top award to  
6 increment that top award. So we have to review those  
7 systems. And all along, these systems, these  
8 electronic systems and products don't have the ability  
9 currently to connect to the central system, which in  
10 the slot machine world we can remotely verify the  
11 software in those products to be assured that what we  
12 tested in the lab is what is actually in the field.

13           So in response to that, we have to create  
14 new inspection procedures so that my staff can go out  
15 there and inspect these devices and then have a  
16 procedure in place to assure that if tampering is  
17 involved with those machines, that it is evident.

18           So those are the rules the lab will have  
19 to take up in the next coming months. But I don't  
20 want to stray too far away from slot technology.  
21 Technology in slots is still advancing, regardless of  
22 what table games is doing. And everybody has heard of  
23 server-based gaming, server-supported gaming. We have  
24 --- are in the process of creating regulations and  
25 technical standards for server-based gaming. I would

1 hope to have those in place by the middle of the year.  
2 In fact, Adobe MS (phonetic) has actually given us a  
3 system to review in the lab. It's not a formal  
4 submission, but since they don't have the expertise of  
5 working with a central system, this will help them as  
6 well. So we do have equipment in the lab that is  
7 going along those lines.

8           And then in addition to that, the  
9 server-based systems will now speak for, more or less,  
10 a different language than current slot machines. The  
11 current protocol does not allow you to do  
12 downloadable. So a new protocol has been developed,  
13 and my staff and myself have to be trained on that  
14 this year, so we look forward to that in this coming  
15 year.

16           There's also a couple casino openings  
17 this coming year. We expect SugarHouse to open up  
18 sometime this summer, the caveat there being they  
19 might be the first casino to open up with slot  
20 machines and table games, which will be different from  
21 the nine new casinos and three expansions that we've  
22 gone through previously. Valley Forge is in the mix  
23 as well for this calendar year.

24           And then like I said, we will be involved  
25 with all the table game go-lives for all the current

1 nine casinos. So 2009 was busy, 2010 will be very  
2 busy in a different way. And I hope to at least have  
3 time halfway through this year to provide an interim  
4 update for the Board, that we could get them up to  
5 date with what the lab is achieving and doing  
6 throughout the year. That's pretty much the end of my  
7 presentation. If you guys have any comments or  
8 questions, I'll gladly take them.

9 CHAIRMAN:

10 Two quick ones, Mike. In 2009 you said  
11 you physically inspected 18,000 machines on the floors  
12 of the casinos. Roughly how many do we have, how many  
13 slot machines do we have in operation on average in  
14 2009?

15 MR. CRUZ:

16 Well, we increased our slot count  
17 exponentially in 2009. I'm not sure what the count is  
18 on average. I think the last count is over 25,000  
19 that we have.

20 CHAIRMAN:

21 And secondly, I assume that we will have  
22 table games in the lab, that you will physically have  
23 table games in our lab in Strawberry Square to work  
24 with, or how are you going to ---?

25 MR. CRUZ

1           Yes.  Actually I did mention it in my  
2 report, but we actually did start receiving equipment  
3 yesterday.  It's, as we speak, being set up.  And then  
4 I'm scheduled and my staff is scheduled for training  
5 on all the equipment that I just mentioned, starting  
6 tomorrow.  So we already got the ball rolling.  I have  
7 been in communication with the manufacturers  
8 throughout the legislative process so that as soon as  
9 it was signed, there wasn't a long leave time for me  
10 to get equipment in the lab to review.

11           CHAIRMAN:

12           Great.  Thank you.

13           MR. SOJKA:

14           Just one quickie.  Mike, sometimes you  
15 also get sort of unscheduled, non-routine things as  
16 well; don't you?  Do you get a lot of things --- like  
17 I know you were called out at one point because  
18 someone tried to manipulate a slot machine in one of  
19 the casinos and then there are power outages and  
20 stuff.  Does that take a lot of your time, too, or of  
21 your staff's?

22           MR. CRUZ:

23           Well, I mean, that's what their role is  
24 for.  And some of the numbers in the inspections are  
25 due to some of these.  So the numbers that I have here

1 could be --- like for example, like The Meadows, when  
2 they had a power outage, if let's say a progressive  
3 bank went down, that would cause my staff to go out  
4 there and ---

5 MR. SOJKA:

6 And read those numbers. Okay.

7 MR. CRUZ:

8 --- deal with those machines. So we keep  
9 track of all that data in here. But like you said,  
10 there are things that are unexpected and that's the  
11 role of our lab, is to react to unexpected events as  
12 well.

13 CHAIRMAN:

14 Thank you very much, Mike. Next up is  
15 our Human Resources Director, Claire Yantis. Good  
16 afternoon, Claire.

17 MS. YANTIS:

18 Good afternoon, Chairman and Board  
19 members. We have before you today a motion to  
20 consider the hiring of three individuals. First,  
21 Trevor Lawrence is being recommended for hire as a  
22 casino compliance representative at Penn National.  
23 Mr. Lawrence has completed the PGCB interview process,  
24 background investigation and drug screening and is  
25 being recommended for hire by Casino Compliance Senior

1 Supervisor, Jerry Stoll.

2           Next we have two hires for the Office of  
3 Enforcement Counsel. Beth Manifesto is being  
4 recommended for hire as an Assistant Enforcement  
5 Counsel in the Western Regional Office. And Michael  
6 Rhen is being recommended for hire as a paralegal in  
7 the Harrisburg Office. Ms. Manifesto and Mr. Rhen  
8 have completed the PGCB interview process, background  
9 investigation and drug screening, and they're being  
10 recommended for hire by Chief Enforcement Counsel,  
11 Cyrus Pitre. As such, I ask that you consider a  
12 motion to hire Mr. Lawrence, Ms. Manifesto and Mr.  
13 Rhen as indicated.

14                   CHAIRMAN:

15           Thank you, Claire. Any questions or  
16 comments from the Board? Do I have a motion, please?

17                   MR. COY:

18           Mr. Chairman, I move the Board approve  
19 the hiring of the agency staff as proposed on the  
20 condition that the employees have completed the  
21 necessary background investigations and drug testing.

22                   CHAIRMAN:

23           Second?

24                   MR. TRUJILLO:

25           Second.

1                   CHAIRMAN:

2                   All in favor?

3 ALL RESPOND AYE

4                   CHAIRMAN:

5                   Opposed? Motion passes. Thank you,  
6 Claire. Next up is Stacey Knavel, our Budget Manager,  
7 who will provide a financial update.

8                   MS. KNAVEL:

9                   Good afternoon, Mr. Chairman and members  
10 of the Board. Today's budget report includes results  
11 to the end of December. Total expenditures due this  
12 period are \$13,582,469. Personnel expenditures total  
13 \$11,157,728, and operating expenditures total  
14 \$2,424,741. December expenditures totaled \$2,504,708.  
15 By category, personnel expenditures totaled \$1,824,218  
16 and operating expenditures totaled \$680,490. The  
17 largest operating expenditures to date include  
18 \$1,052,413 for rentals and leases, \$354,409 for other  
19 operating expenses, \$352,395 for services and \$274,330  
20 for telecommunications.

21                   CHAIRMAN:

22                   Thank you. Any questions or comments  
23 from the Board? Thank you very much, Stacy. Doug  
24 Sherman, if I could have you come back --- and I think  
25 Richard is coming up with you, Richard Sandusky.



1                   MR. SHERMAN:

2                   The next two items on the agenda are two  
3 temporary regulations which Director of Regulatory  
4 Review, Richard Sandusky, will present.

5                   MR. SANDUSKY:

6                   Today we have the first sets of  
7 regulations that will be implementing table gaming in  
8 Pennsylvania. However, these are not the traditional  
9 proposed rulemakings that you're used to seeing; these  
10 are temporary regulations. During its deliberations  
11 on table games, the General Assembly recognized that  
12 the normal rulemaking process can take between nine  
13 months and two years to complete. To shorten this  
14 time period, the General Assembly has given the Board  
15 the authority to draw up temporary regulations, as it  
16 did when the Act was initially passed.

17                  The use of the Temporary Regulatory  
18 Authority will allow the Board to promulgate  
19 regulations in a short time period, in as little as  
20 one month. What this means is that slot machine  
21 licensees will be able to offer table games within a  
22 six to nine-month time frame instead of what could  
23 have been a year and a half or two years. These  
24 temporary regulations will remain in effect for two  
25 years after publication. During that time, we will be

1 promulgating permanent regulations through the normal  
2 regulatory review process to take their place.

3           While not required by Act 1 of 2010, we  
4 have recommended that the Board establish comment  
5 periods of 30 days for each of these regulations and  
6 will be recommending the establishment of similar  
7 comment periods for all other temporary regulations.  
8 We're asking for the comment period so that we can  
9 receive additional input from the public and affected  
10 parties so that we can quickly address any unintended  
11 quirks that might be in the temporary regulations and  
12 to provide us with additional information and comments  
13 as we move forward with the permanent regulations.

14           Having given you this brief background on  
15 the temporary regulation process, let me turn to the  
16 first package, which is Temporary Regulation Number  
17 125-110. This rulemaking contains what will be new  
18 chapters 521, 531, 533, 537 and 549. Within these  
19 chapters we have general provisions, most importantly  
20 requirements relating to surveillance requirements.  
21 These regulations were one of the first set that we  
22 worked on because it's important that the facilities  
23 know what minimum coverage in camera requirements will  
24 be required as they proceed to design the revisions to  
25 their gaming floors.

1           Also included in this package are the  
2 first sets of rules for the table games themselves.  
3 This is not a complete list. We will be doing more at  
4 subsequent meetings, but within this package are the  
5 rules for roulette, big six wheel, craps and  
6 blackjack. If the Board members have any questions on  
7 this rulemaking, I'd be happy to try and answer them.  
8 If not, we'd ask for a motion for adoption of this  
9 temporary rulemaking.

10           CHAIRMAN:

11           Any questions or comments?

12           MR. SOJKA:

13           Just one quick one. Obviously, looking  
14 at the size of this packet that we've been handed  
15 describing the temporary rulemaking, this didn't  
16 obviously all happen since the time that table games  
17 were passed. Can you tell me roughly how much staff  
18 time has been put into getting us to this point?

19           MR. SANDUSKY:

20           More than we'd like to admit. We have  
21 been starting to work on some of the stuff,  
22 particularly the rules of the games, since last  
23 summer. There has been a core group of people  
24 involved, but we do the initial draft and then we  
25 circulate it amongst the staff here at the Board who

1 have experience. So it has been a fairly lengthy  
2 process. We're quite pleased with the fact that we've  
3 been able to, at this first meeting after the passage  
4 of the Act, get so much before you at this meeting.  
5 And we're going to try and meet that rather ambitious  
6 standard in the upcoming meetings as well.

7 MR. SOJKA:

8 Thank you. It's obvious you've done  
9 that.

10 CHAIRMAN:

11 A great job, Richard, by you and Frank,  
12 Kevin and the rest of the staff in developing those  
13 regs. And again, just to reiterate what you said,  
14 this is the first regulations that we will be  
15 promulgating and adopting as to table games, and we're  
16 doing it within three weeks after passage of the Act.  
17 So a great job. With that, could I have a motion,  
18 please?

19 MR. SOJKA:

20 Yes. Mr. Chairman, I move that the Board  
21 adopt Temporary Regulation Number 125-110, that the  
22 Board establish a public comment period of 30 days,  
23 and that the temporary regulation be posted on the  
24 Board's website.

25 MR. MCCABE:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 ALL RESPOND AYE

5 CHAIRMAN:

6 Opposed? The motion passes. Next?

7 MR. SANDUSKY:

8 The next regulation we have for you is  
9 Temporary Regulation # 125-111. This temporary  
10 regulation addresses licensing issues, and the key  
11 component in here is the establishment of regulations  
12 for the issuance of what we have called conditional  
13 licenses. The normal licensing process for a  
14 manufacturer who might want to come into the  
15 Commonwealth and provide table gaming equipment can be  
16 anywhere from six months to a year, depending on the  
17 size of the company and the complexity of their  
18 organization.

19 Obviously it's going to be difficult to  
20 have table games in Pennsylvania if we don't have  
21 equipment. So the Bureau of Licensing has developed a  
22 procedure whereby an applicant can file an application  
23 but could receive conditional approval of their  
24 application so that they can begin to provide  
25 equipment in a timely manner. However, before an

1 applicant will be given this conditional approval,  
2 there are some very important provisions that have  
3 been included.

4 I'm not going to go through them all, but  
5 the most important are, they will have to have  
6 completed preliminary criminal background checks and  
7 certain other checks that can be done fairly fast by  
8 BIE. Additionally, these manufacturers will have to  
9 be licensed and in good standing in the jurisdiction  
10 the Board has recognized as being equivalent in terms  
11 of the rigorousness of the standards that they use  
12 when they review applications.

13 There are four jurisdictions that the  
14 Board has currently approved. They include New  
15 Jersey, Nevada, Mississippi and Louisiana. The Bureau  
16 of Licensing will be looking at other jurisdictions on  
17 a case-by-case basis as situations warrant. And if  
18 need be, they'll be coming back to the Board with  
19 additional equivalency determinations. If there are  
20 any questions on this rulemaking, I'd be happy to  
21 respond to them. If not, we'd ask for a motion for  
22 adoption.

23 CHAIRMAN:

24 Any questions or comments? Could I have  
25 a motion, please?

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MR. MCCABE:

Mr. Chairman, I'd move that the Board adopt Temporary Regulation Number 125-111, that the Board establish a public comment period of 30 days. And that the temporary regulation be posted on the Board's website.

CHAIRMAN:

Second?

MR. GINTY:

Second.

CHAIRMAN:

All in favor?

ALL RESPOND AYE

CHAIRMAN:

Opposed? Motion passes.

MR. SANDUSKY:

Thank you.

CHAIRMAN:

Thank you, Richard.

MR. SHERMAN:

Mr. Chairman, the few remaining matters are a set of withdrawals and a report of recommendation which Steve Cook will present.

MR. COOK:

Good afternoon, Chairman, members of the

1 Board. The Board has received four unopposed  
2 Petitions to withdraw applications or registrations  
3 which include one principal affiliate renewal, two  
4 Vendor Registrations and one principal renewal  
5 application. The individuals or entities subject to  
6 these Petitions are as follows, Barden Development,  
7 Inc.; Lindy Paving, Incorporated; Kenneth M. Reels  
8 and Joann Weber. The Office of Enforcement Counsel  
9 has no objections to these withdrawals. As such, the  
10 Office of Chief Counsel submits the withdrawals to the  
11 Board for consideration of a motion that they be  
12 granted without prejudice.

13 CHAIRMAN:

14 Any questions or comments from the Board?  
15 Can I have a motion, please?

16 MR. MCCABE:

17 Yes, Mr. Chairman. I move that the Board  
18 issue Orders to approve the withdrawals or surrenders  
19 as described by the Office of Chief Counsel.

20 CHAIRMAN:

21 Second?

22 MR. GINTY:

23 Second.

24 CHAIRMAN:

25 All in favor?



1 ALL RESPOND AYE

2 CHAIRMAN:

3 Opposed? The motion passes.

4 MR. COOK:

5 The last matter before the Board from the  
6 OCC is the Report and Recommendation received from the  
7 Office of Hearings and Appeals (OHA) relative to the  
8 Gaming Employee Permit of Thomas Neveil. The Report  
9 and Recommendation, along with the complete  
10 evidentiary record in the matter, has been provided to  
11 the Board prior to this meeting. Additionally, if Mr.  
12 Neveil is present, he should come forward. He has  
13 been notified that the Board would be hearing this  
14 matter today.

15 On August 26, 2009, Mr. Neveil submitted  
16 an application for a Gaming Employee Permit to work as  
17 an electrician for FJM Electrical Construction, LLC, a  
18 certified vendor. On October 1st, 2009, the Office of  
19 Enforcement Counsel (OEC) issued a Notice of  
20 Recommendation of Denial based on the fact that Mr.  
21 Neveil was convicted of a felony offense, specifically  
22 an aggravated assault. And that the 15-year  
23 prohibition period had not elapsed since the  
24 conviction.

25 Mr. Neveil requested a hearing which was

1 held on November 24th, 2009. He appeared at the  
2 hearing and provided testimony. The OHA thereafter  
3 issued a Report and Recommendation in this matter,  
4 recommending that Mr. Neveil's application be denied  
5 based on his felony conviction and the Gaming Act's  
6 prohibition against granting a Gaming Permit to an  
7 individual who had been convicted of a felony within  
8 15 years --- or the sentence for the felony had not  
9 elapsed within 15 years.

10           Mr. Neveil filed Exceptions to the Report  
11 and Recommendation, arguing that the prohibitions of  
12 Section 1213 of the Act failed to adequately consider  
13 mitigating factors which he felt were applicable to  
14 him. Mr. Neveil's arguments, however, go to the  
15 perceived shortcomings of the Act and the Board has no  
16 discretion in this matter. In short, the Board is  
17 constrained by the provisions of the Act and must  
18 enforce its provisions. Therefore, the OCC recommends  
19 that the Report and Recommendation be adopted and that  
20 Mr. Neveil's application to be a Gaming Employee be  
21 denied.

22                   CHAIRMAN:

23                   Any questions or comments from the Board?

24                   MR. MCCABE:

25                   I have just a question. What was the

1 sentence that Mr. Neveil ---?

2 MR. COOK:

3 He was convicted of two misdemeanors and  
4 a felony. The actual sentence for the felony was  
5 suspended; the overall sentence for the misdemeanors  
6 was two years' probation.

7 MR. GINTY:

8 But nevertheless, he stands convicted of  
9 a felony, and by operation of law, this Board has no  
10 alternative.

11 MR. COOK:

12 That's correct. And as a matter of fact,  
13 with the recent table games and reform legislation,  
14 the date --- it's gotten even more restrictive. The  
15 date of the prohibition does not go to the date of the  
16 end of the sentence for the felony conviction but  
17 rather the date of conviction for the felony  
18 conviction. So if there was any argument on Mr.  
19 Neveil's behalf, the table games and reform  
20 legislation short-circuited it.

21 MR. GINTY:

22 Mr. Chairman, because it's by operation  
23 of law, I move that the Board issue an Order to adopt  
24 the Report and Recommendation of the OHA regarding the  
25 Non-Gaming Employee Registration of Thomas Neveil as

1 described by the OCC.

2 MR. COY:

3 Second.

4 CHAIRMAN:

5 All in favor?

6 ALL RESPOND AYE

7 CHAIRMAN:

8 Opposed? Motion passes.

9 MR. SHERMAN:

10 That concludes the matters of the OCC.

11 CHAIRMAN:

12 Thank you, Doug and Steve. Susan Hensel,  
13 our Director of Licensing is next. Welcome, Susan.

14 MS. HENSEL:

15 Thank you, Chairman Fajt, and members of  
16 the Board. I have several matters to bring to your  
17 attention today, beginning with an update on the  
18 Bureau of Licensing's implementation of portions of  
19 the recently-enacted table game legislation. One  
20 significant change made by the law that the Bureau of  
21 Licensing has already implemented this revision of the  
22 renewal requirements for permit and license holders  
23 from one to three years. Earlier this month, we  
24 advised the facilities that we will be reissuing all  
25 current employee Gaming and Key Employee Credentials

1 to reflect the three-year expiration date. This  
2 involves literally printing thousands of credentials.  
3 And beginning this week, we will be visiting each  
4 facility to provide the replacement credentials to  
5 their employees.

6           At the same time, all pending  
7 applications are being processed, and once approved,  
8 are being issued three-year credentials. We are  
9 taking similar steps with respect to credentials for  
10 the employees of manufacturers, suppliers and vendors.  
11 In addition, the Bureau of Licensing is working on a  
12 number of other funds to prepare for table games,  
13 including preparing for the expedited licensure of  
14 required table game manufacturers and suppliers and  
15 amending the slots link application to accommodate  
16 table game positions such as dealers and pit  
17 supervisors.

18           The next matter for your consideration is  
19 an amendment to our current fee schedule. This  
20 amendment concerns the fee for obtaining a Vendor  
21 Registration. Under our current regulations, a vendor  
22 is required to obtain a registration if it does  
23 \$15,000 to \$200,000 worth of business with the slot  
24 machine applicant or licensee within a 12-month  
25 period. In mid-February new regulations will take

1 effect, raising the dollar threshold for Vendor  
2 Registrations from \$15,000 to \$100,000. Currently  
3 there is no fee for Vendor Registration other than the  
4 cost of the application and investigation. However,  
5 as a result of the raised threshold, the Bureau of  
6 Licensing recommends imposing a \$2,000 fee for  
7 registration which would be good for four years.

8 I'm happy to take any questions on this  
9 matter; otherwise, I ask for a motion amending the Fee  
10 Schedule to add a \$2,000 fee for Vendor Registration  
11 once the new regulations go into effect.

12 CHAIRMAN:

13 Thank you. Any questions or comments  
14 from the Board? Can I have a motion, please?

15 MR. COY:

16 Mr. Chairman, I move the Board approve  
17 the proposed change to the fee schedule as described  
18 by the Director of the Bureau of Licensing.

19 MR. SOJKA:

20 Second.

21 CHAIRMAN:

22 All in favor?

23 ALL RESPOND AYE

24 CHAIRMAN:

25 Opposed? Motion passes.

1                   MS. HENSEL:

2                   We also have for your consideration the  
3 issuance of Temporary Key Employee Licenses. Prior to  
4 this meeting, the Bureau of Licensing provided you  
5 with an Order regarding the issuance of temporary  
6 licenses for 56 Key Employees. I ask that the Board  
7 consider the Order approving these licensees.

8                   CHAIRMAN:

9                   Any questions or comments from  
10 Enforcement Counsel?

11                   ATTORNEY PITRE:

12                   No objection.

13                   CHAIRMAN:

14                   Any questions or comments from the Board?  
15 If not, can I have a motion, please?

16                   MR. MCCABE:

17                   Yes. Mr. Chair, I move that the Board  
18 issue an Order to approve the issuance of Temporary  
19 Key Employee Licensees as described by the Bureau of  
20 Licensing.

21                   CHAIRMAN:

22                   Second?

23                   MR. TRUJILLO:

24                   Second.

25                   CHAIRMAN:

1 All in favor?

2 ALL RESPOND AYE

3 CHAIRMAN:

4 Opposed? Motion passes.

5 MS. HENSEL:

6 Next are Gaming Permits and Non-Gaming  
7 Registrations. Prior to this meeting, the Bureau of  
8 Licensing provided you with a list of 254 individuals,  
9 including 52 initial and 202 renewals, who the Bureau  
10 has granted occupation permits to and 87 individuals  
11 who the Bureau has granted registrations to under the  
12 authority delegated to the Bureau of Licensing. I ask  
13 that the Board adopt a motion approving the Order.

14 CHAIRMAN:

15 Any questions, comments from Enforcement  
16 Counsel?

17 ATTORNEY PITRE:

18 No objection.

19 CHAIRMAN:

20 Any questions from the Board? Can I have  
21 a motion, please?

22 MR. TRUJILLO:

23 Mr. Chairman, I move that the Board issue  
24 an Order to approve the issuance of Gaming Permits and  
25 Non-Gaming Registrations as described by the Bureau of



1 Licensing.

2 MR. SOJKA:

3 Second.

4 CHAIRMAN:

5 All in favor?

6 ALL RESPOND AYE

7 CHAIRMAN:

8 Opposed? Motion passes.

9 MS. HENSEL:

10 In addition, we have recommendations of  
11 denial for two Gaming and one Non-Gaming Employees.  
12 Prior to this meeting, the Bureau of Licensing  
13 provided you with the Orders addressing these  
14 applicants who the Bureau of Investigation and  
15 Enforcement (BIE) has recommended for denial. In each  
16 case, the applicant failed to request a hearing within  
17 the specified time period. I ask that the Board  
18 consider the Orders denying the Gaming and Non-Gaming  
19 applicants.

20 ATTORNEY PITRE:

21 The OEC requests that the Board --- we  
22 recommend that the Board deny these applications.

23 CHAIRMAN:

24 Questions or comments from the Board?

25 May I have a motion, please?

1                   MR. SOJKA:

2                   In order to deny those, then, I'll move  
3 that the Board issue Orders to approve the denial of  
4 Gaming Permits and Non-Gaming Employee Registrations  
5 as described by the Bureau of Licensing.

6                   MR. MCCABE:

7                   Second.

8                   CHAIRMAN:

9                   All in favor?

10 ALL RESPOND AYE

11                   CHAIRMAN:

12                   Opposed? Motion passes.

13                   MS. HENSEL:

14                   We also have a Proposed Order denying the  
15 Vendor Certification application of Howard Concrete  
16 Pumping Company, Inc. and Frank M. Howard, Jr., a  
17 qualifier of Howard Concrete. Howard Concrete Pumping  
18 Company, Inc. and Mr. Howard failed to request a  
19 hearing despite being advised by the OEC that their  
20 applications would be recommended for denial. I ask  
21 that the Board consider the Order denying the  
22 applications for Howard Concrete Pumping Company, Inc.  
23 and Frank M. Howard.

24                   CHAIRMAN:

25                   Enforcement Counsel comments or

1 questions?

2 ATTORNEY PITRE:

3 We would request that the Board deny the  
4 applications.

5 CHAIRMAN:

6 Comments from the Board? Can I have a  
7 motion, please?

8 MR. GINTY:

9 Mr. Chairman, I move that the Board issue  
10 an Order to approve the denial of a Vendor Application  
11 as described by the Bureau of Licensing.

12 CHAIRMAN:

13 Second?

14 MR. COY:

15 Second.

16 CHAIRMAN:

17 All in favor?

18 ALL RESPOND AYE

19 CHAIRMAN:

20 Opposed? The motion passes.

21 MS. HENSEL:

22 The next matters are Orders for vendors.  
23 The first is to certify the following ten vendors,  
24 Alvarel (phonetic) Electric, Inc., Bottling Group,  
25 LLC., Floss Barber, Inc., Kegel's Produce, Inc.,

1 Massaro Industries, Mr. MooCow, Sipple Company, Inc.,  
2 Starkman General Products, Inc., Tri-State Sealants,  
3 Inc. and Wellington Power Corporation. I ask that the  
4 Board consider the Order approving these vendors for  
5 certification.

6 CHAIRMAN:

7 Comments from Enforcement Counsel?

8 ATTORNEY PITRE:

9 We recommend certification in each of  
10 these matters.

11 CHAIRMAN:

12 Comments from the Board? Can I have a  
13 motion, please?

14 MR. COY:

15 Mr. Chairman, I move the Board issue an  
16 Order approving the applications for Vendor  
17 Certification as described by the Bureau of Licensing.

18 CHAIRMAN:

19 Second?

20 MR. TRUJILLO:

21 Second.

22 CHAIRMAN:

23 All in favor?

24 ALL RESPOND AYE

25 CHAIRMAN:

1                   Opposed? Motion passes.

2                   MS. HENSEL:

3                   Finally, the Bureau of Licensing provided  
4 you with an Order and an attached list of 47  
5 registered vendors. I'd ask that the Board adopt a  
6 motion approving the Order registering these vendors.

7                   CHAIRMAN:

8                   Any questions from Enforcement Counsel?

9                   ATTORNEY PITRE:

10                   We recommend registration.

11                   CHAIRMAN:

12                   Comments from the Board? Can I have a  
13 motion, please?

14                   MR. COY:

15                   Mr. Chairman, I move the Board issue an  
16 Order approving the applicants for Vendor  
17 Registrations as described by the Bureau of Licensing.

18                   CHAIRMAN:

19                   Second?

20                   MR. TRUJILLO:

21                   Second.

22                   CHAIRMAN:

23                   All in favor?

24 ALL RESPOND AYE

25                   CHAIRMAN:

1                   Opposed? Motion passes. Thank you,  
2 Susan. Next up is Cyrus Pitre, our Enforcement  
3 Counsel.

4                   ATTORNEY PITRE:

5                   We have seven matters for the Board's  
6 consideration today, four of which are candidates for  
7 the exclusion list. Before we get to those, Mike  
8 Roland will present a Consent Agreement between the  
9 OEC and BrabenderCox. I request that Counsel for  
10 BrabenderCox please approach and introduce themselves.

11                   ATTORNEY KILLION:

12                   Good morning, Mr. Chairman. Good  
13 afternoon. Mike Killion, filling in for Andrew  
14 Giorgione.

15                   CHAIRMAN:

16                   Could you please spell your name for the  
17 stenographer?

18                   ATTORNEY KILLION:

19                   K-I-L-L-I-O-N.

20                   CHAIRMAN:

21                   Thank you.

22                   MR. ROLAND:

23                   Good afternoon, Mr. Chairman, members of  
24 the Board, Mike Roland from the OEC. As Mr. Pitre has  
25 already let you know, this is the Consent Agreement of

1 BraebenderCox for your consideration. This has been  
2 before the Board one time in the past at the December  
3 9th meeting, at which point it was tabled. So I'm  
4 going to try and cut down on the factual background,  
5 but I still would like to give you just a little bit  
6 to refresh your memory before we go forward.

7           BrabenderCox originally filed for  
8 certification in December of 2006. During February of  
9 2009 they had advised the Board they no longer wished  
10 to be licensed in the Commonwealth of Pennsylvania.  
11 That notification was followed up with a Petition to  
12 withdraw their application in August of 2009.  
13 Originally the OEC objected and that was based upon  
14 that BrabenderCox already had an ongoing relationship  
15 with Presque Isle Downs. They had been compensated  
16 approximately \$1.2 million. And as it appeared, they  
17 no longer wanted to be subject to the licensing  
18 requirements.

19           A hearing was scheduled in November of  
20 2009. That hearing was postponed for the  
21 consideration of this Consent Agreement. As  
22 mentioned, it was before you on December 9th of 2009.  
23 And if you recall, it was tabled so additional  
24 information could be provided by BrabenderCox. On  
25 January 14th of this year, a packet of information was

1 supplied and it's our understanding that it was the  
2 belief of BrabenderCox that that would satisfy your  
3 request. I think the Board already has a copy of that  
4 packet. If you do not, I have copies for each of the  
5 Board members if you wish to see it.

6           Along with that information came the  
7 assertion from BrabenderCox that the information in  
8 there was confidential information and it was a  
9 proprietary nature and they wished to have it  
10 protected. Just a few days ago there was a  
11 stipulation which the OEC entered into with  
12 BrabenderCox, asking that that information be kept  
13 confidential. I believe the Board has also received a  
14 copy of that. If you do not have it, again I have  
15 copies for each Board member for your review.

16           The Consent Agreement itself comes down  
17 to just a few basic terms. Brabender Cox has agreed  
18 that they will not conduct business in the  
19 Commonwealth of Pennsylvania with the slots licensee  
20 or seek licensure from the Gaming Control Board for a  
21 period of three years. They had also agreed that they  
22 would satisfy all outstanding costs they had with the  
23 Board. I'm happy to say that that has already been  
24 completed. They have also agreed that in the future,  
25 should they apply after that three-year period or at



1 any time the Board feels is appropriate, they would  
2 see through the application process. In return, the  
3 OEC would amend its original objection that would  
4 grant the withdrawal with prejudice to a withdrawal  
5 without prejudice.

6 I believe we can take any questions at  
7 this time if you have them.

8 CHAIRMAN:

9 Any questions or comments from the Board?  
10 If not, can I have a motion, please?

11 MR. TRUJILLO:

12 Mr. Chairman, I move that the Board issue  
13 an Order to approve the Consent Agreements between the  
14 OEC and Brabender Cox as described by the OEC.

15 MR. SOJKA:

16 Second.

17 CHAIRMAN:

18 All in favor?

19 ALL RESPOND AYE

20 CHAIRMAN:

21 Opposed? Motion passes. Thank you.

22 Thank you, Counselor.

23 MR. PITRE:

24 The next matter is a Consent Agreement  
25 with Holdings Acquisition. Would Counsel for Holdings

1 Acquisition please approach? Melissa Powers will  
2 present the OEC's side of the matter.

3 ATTORNEY POWERS:

4 Chairman Fajt, members of the Board, next  
5 we have for the Board's consideration a Consent  
6 Agreement between OEC and Holdings Acquisition, doing  
7 business as Rivers Casino. The Agreement involves two  
8 incidents of underage gaming. On October 14th, 2009 a  
9 15-year-old patron entered Rivers' gaming floor and  
10 placed wagers at a slot machine for approximately 17  
11 minutes. On December 13th, 2009, a 14-year-old patron  
12 entered Rivers' gaming floor and placed wagers at a  
13 slot machine for approximately four minutes.

14 According to Section 12078 of the Gaming Act and  
15 Section 513A.2(b) of the Board's regulations, persons  
16 under 21 years of age are prohibited from operating or  
17 placing a wager on a slot machine in a licensed  
18 facility. Section 513A.2(a) of the Board's  
19 regulations prohibits persons under 18 years of age  
20 from entering the gaming floor at a licensed facility.

21 Following a series of discussions between  
22 Rivers, the Bureau of Consumer Compliance and OEC,  
23 Rivers issued written warnings to all of the security  
24 officers involved in both incidents. Rivers also will  
25 continue policies and provide training, guidance and

1 reinforcement to their employees which will minimize  
2 the opportunity for similar incidents to occur in the  
3 future. In addition, the parties have agreed that  
4 within five days of the Board's Order, Rivers shall  
5 pay a civil penalty in the amount of \$16,000. The  
6 fine is consistent with fines levied against other  
7 facilities in the past, and if approved, will be the  
8 first fine levied against Rivers Casino. OEC  
9 recommends that the Board approve this Consent  
10 Agreement as presented today.

11 CHAIRMAN:

12 Questions or comments from the Board?  
13 Commissioner McCabe?

14 MR. MCCABE:

15 Was there any action taken against these  
16 five security officers for letting these people come  
17 onto the gaming floor?

18 CHAIRMAN:

19 Come on up. Should we swear her in?

20 MS. GILCHRIST:

21 Wanda Gilchrist, G-I-L-C-H-R-I-S-T.

22 -----

23 WANDA GILCHRIST, HAVING FIRST BEEN DULY SWORN,  
24 TESTIFIED AS FOLLOWS:

25 -----

1                   MR. MCCABE:

2                   Was there any action taken against these  
3 five security officers that let these two teenagers  
4 in?

5                   MS. GILCHRIST:

6                   Yes, sir. All five security guards were  
7 given two days off as a disciplinary with no pay.  
8 Additionally, they were documented to --- this is a  
9 final warning for them. If they're involved in any  
10 other regulatory matter, they're terminated.

11                   MR. MCCABE:

12                   Thank you.

13                   CHAIRMAN:

14                   Commissioner Sojka?

15                   MR. SOJKA:

16                   On a more positive side of that, you also  
17 mentioned that there would be enhanced training? What  
18 does that constitute?

19                   MS. GILCHRIST:

20                   Yes, sir. What we've done is we've taken  
21 them in smaller groups and trained them. We've also  
22 brought other departments in and trained the other  
23 departments to also not assume that everybody in the  
24 casino is 21. We also met with security guards on a  
25 per-shift basis with focus groups discussing with them

1 ways that we could help them better be equipped to do  
2 their job. As a result of that, we increased the  
3 signage in the casino, especially the elevator lobbies  
4 inside the garage. We're also putting a security  
5 guard inside the garage at those elevator lobbies to  
6 try and check them on the way in. We've scripted our  
7 valet attendants so that when they take your car, if  
8 you appear to be under 30, they will ask you to get  
9 your ID ready because they're going to ID you at the  
10 door. We believe we've seen an improvement.

11 MR. MCCABE:

12 Good. Those are prudent steps, because  
13 as you realize, subsequent violations get  
14 substantially more expensive.

15 MS. GILCHRIST:

16 Yes, sir.

17 CHAIRMAN:

18 Mr. Trujillo?

19 MR. TRUJILLO:

20 Was there any disciplinary action taken  
21 against supervisors and security guards?

22 MR. GILCHRIST:

23 The supervisors of the security guards?

24 MR. TRUJILLO:

25 Yes.

1                   MS. GILCHRIST:

2                   I believe two of the individuals were  
3 supervisors and the penalty is the same.

4                   MR. TRUJILLO:

5                   My concern continues to be --- I guess I  
6 can sometimes understand how one person might slip by,  
7 but I continue to have a real concern on this issue  
8 both as to --- not just how it happens with the  
9 security guard, but then the step of command above  
10 them as to whether or not they're sending the  
11 appropriate message as to how important it is to the  
12 folks on the floor. And I will be fine with the  
13 agreement, particularly because it's consistent with  
14 what's been done in the past and because of the fact  
15 that there haven't been prior violations. But from a  
16 going forward standpoint, my view of it is that the  
17 fines ought to be steeper. They certainly, as  
18 Commissioner Sojka indicated, need to be stepped up if  
19 there are any continuing violations. And my view is  
20 that ultimately I'm going to want to hear from the  
21 supervisors going as far up the chain as necessary for  
22 it not to happen again. So this is something that is  
23 incredibly important to us. And I'd love to see you  
24 here, but not on this issue again.

25                   CHAIRMAN:

1                   Did I hear you say that at the Rivers  
2 Casino nobody under the age of 21 is allowed on the  
3 floor?

4                   MS. GILCHRIST:

5                   That is correct. Our management and  
6 ownership recognize that from the start, the facility  
7 has been a 21-and-older facility.

8                   CHAIRMAN:

9                   And do we know how these two individuals  
10 got onto the gaming floor? Was it via the elevator or  
11 was it via the front door? Those are the only two  
12 points of ingress; right?

13                   MS. GILCHRIST:

14                   Correct. And I believe one was --- I  
15 believe they both accessed the floor via the elevator  
16 with parents.

17                   MR. MCCABE:

18                   I thought one came through the front  
19 door.

20                   MS. GILCHRIST:

21                   That was the ---.

22                   MR. MCCABE:

23                   Through the front door and the other one  
24 came down the elevator.

25                   ATTORNEY POWERS:

1           It's my understanding that they both  
2 entered through the elevator entrance with parents.

3           CHAIRMAN:

4           Elevator entrance with parents. Again,  
5 as you've heard from the Board, we take this issue  
6 very seriously. And you know, the fact that the age  
7 of accessibility is 21, not 18, and somebody who is 14  
8 or 15, not 19, 20, you know, is a bit alarming. And I  
9 think that, at least in my mind, the disciplinary  
10 punishment that you've meted out to the individuals  
11 involved seems reasonable to me, but again, this is an  
12 issue that we do take very, very seriously. And when  
13 we see what I'll call egregious cases of 14 to  
14 15-year-olds being on a gaming floor, that causes us,  
15 you know, alarm. And so again, just diligence and  
16 retraining. And again, I think the punishment that  
17 you gave to your guards and supervisors, at least in  
18 my mind, was appropriate. I'll stop there. Thank  
19 you. Any other questions? If none, can I have a  
20 motion, please?

21           MR. SOJKA:

22           Yes, Mr. Chairman. I'll move that the  
23 Board issue an Order to approve the Consent Agreement  
24 between the OEC and Holdings Acquisition as described  
25 by the OEC.



1                   MR. MCCABE:

2                   Second.

3                   CHAIRMAN:

4                   All in favor?

5 ALL RESPOND AYE

6                   CHAIRMAN:

7                   Opposed? Motion passes. Thank you.

8                   ATTORNEY PITRE:

9                   The next matter for the Board's  
10 consideration is a Consent Agreement between  
11 Paltronics, which is a licensed manufacturer, and the  
12 OEC. Barry Creany will present the matter for the  
13 Board's consideration.

14                   MR. CREANY:

15                   Chairman, Commissioners, Paltronics is an  
16 Illinois-based slot machine manufacturer. And under  
17 the provisions of the original Act, they had a  
18 one-year renewal for their license which was issued on  
19 November 13th of 2008. Under the original Act,  
20 they're required to make application for renewal  
21 within six months of the expiration. Therefore, they  
22 had a due date for application of May 12th of 2009.  
23 They didn't file their application until June 4th,  
24 which put them 23 days past due when it was actually  
25 received. And we contacted the company and they were

1 cooperative in reaching a Consent Agreement which  
2 provides for a penalty of \$4,600 plus provisions  
3 requiring them to put into place controls which will  
4 ensure their compliance in the future. And under the  
5 amended Act, that will be a three-year renewal once  
6 they go through this first phase.

7 CHAIRMAN:

8 Thank you. Any questions or comments  
9 from the Board? If none, could I have a motion,  
10 please?

11 MR. MCCABE:

12 Yes. Mr. Chair, I move that the Board  
13 issue an Order to approve the Consent Agreement  
14 between the OEC and Paltronics, Inc. as described by  
15 the OEC.

16 CHAIRMAN:

17 Second?

18 MR. GINTY:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 ALL RESPOND AYE

23 CHAIRMAN:

24 Opposed? The motion passes.

25 ATTORNEY PITRE:

1           The next matter for the Board's  
2 consideration is a motion to consider a Board Order to  
3 place Shoumin Chai on the Exclusion List. This  
4 individual will be the first involuntary placement of  
5 an individual on the exclusion list. Nan Davenport  
6 will present the matter for the Board's consideration.

7           MS. DAVENPORT:

8           Good afternoon, Mr. Chairman and members  
9 of the Board. The Act provides that the Board shall  
10 establish a list of persons for --- to be excluded or  
11 rejected from any licensed facility who are career  
12 professional offenders --- I'm sorry, career or  
13 professional offenders --- or whose presence at a  
14 licensed facility would, in the opinion of the Board,  
15 be inimicable to the interests of the Commonwealth or  
16 licensed gaming therein, or both.

17           On October 6th, 2009 the OEC filed a  
18 Petition to place Shoumin Chai on the Pennsylvania  
19 Gaming Control Board's Involuntary Exclusion List. It  
20 would be --- this would be the first person to be  
21 placed on such a list.

22           In its Petition, we see alleged that on  
23 several occasions from June 19th, 2009 through June  
24 20th, 2009, Ms. Chai approached patrons of Sands  
25 Bethworks and employed a scheme devised to gain access

1 to the patrons' bank accounts and withdraw money  
2 without their knowledge or permission. According to  
3 the police criminal complaint, Ms. Chai was charged  
4 with 18 counts of criminal attempt,  
5 access-devised fraud, five counts of access-devised  
6 fraud, three counts of identity theft, 18 counts of  
7 criminal attempt identity theft, five counts of  
8 unlawful use of computer and other computer crimes, 18  
9 counts of criminal attempt, unlawful use of computer  
10 and other computer crimes, five counts of theft by  
11 unlawful taking or disposition, 18 counts of criminal  
12 attempt, theft by unlawful taking or disposition, five  
13 counts of theft by deception, 18 counts of criminal  
14 attempt, theft by deception, and five counts of  
15 receiving stolen property.

16           OEC's Petition was served on Ms. Chai on  
17 October 7th, 2009. Ms. Chai did not respond to the  
18 Petition within 30 days. Therefore, her right to a  
19 hearing has been waived. And pursuant to section  
20 1514G of the Act, all matters and facts alleged in the  
21 Petition shall be deemed admitted.

22           Ms. Chai pled guilty to three counts of  
23 access-devised fraud and three counts of theft by  
24 deception. However, on January 22nd, 2010, Ms. Chai  
25 withdrew her guilty plea. Ms. Chai is currently on

1 the New Jersey Casino Control of Commission's  
2 Exclusion List based upon six convictions for  
3 violations of theft and related offenses in Atlantic  
4 City casinos.

5           On January 7th, 2010, OEC filed a request  
6 for default judgment. As set forth in its Petition,  
7 OEC has demonstrated that Ms. Chai satisfies the  
8 criteria for exclusion under 1514 of the Act and  
9 Chapter 511(a) of the regulations, and we'd ask that  
10 the Board place Shoumin Chai on the Board's  
11 Involuntary Exclusion List.

12           CHAIRMAN:

13           Any questions or comments from the Board?  
14 If not, could I have a motion, please?

15           MR. GINTY:

16           Yes, Mr. Chairman, I move the Board issue  
17 an Order approving the placement of Shoumin Chai on  
18 the Exclusion List as described by the OEC.

19           CHAIRMAN:

20           Second?

21           MR. COY:

22           Second.

23           CHAIRMAN:

24           All in favor?

25 ALL RESPOND AYE

1                   CHAIRMAN:

2                   Opposed? Motion passes.

3                   MS. DAVENPORT:

4                   Thank you.

5                   CHAIRMAN:

6                   Thank you.

7                   ATTORNEY PITRE:

8                   The next three matters will be handled by  
9 Melissa Powers.

10                  ATTORNEY POWERS:

11                  Thank you. The next matter we have for  
12 you is that of Kerry Laverde. On October 16th, 2009,  
13 the Office of Enforcement Counsel filed a Petition to  
14 place Kerry Laverde on the Pennsylvania Gaming Control  
15 Board's Involuntary Exclusion List.

16                  Initial service was unsuccessful, and so  
17 on October 28th, 2009 OEC filed an amended Petition to  
18 place Mr. Laverde on the Involuntary Exclusion List.  
19 The Petition was successfully served on Mr. Laverde on  
20 October 30th, 2009. In the Petition, OEC alleged that  
21 on multiple occasions between June 22nd and August  
22 31st of 2009, Mr. Laverde manipulated slot machines at  
23 the Meadows Racetrack and Casino in Order to claim  
24 false jackpots in excess of \$400,000.

25                  Relative to his activity at the Meadows

1 Racetrack and Casino, on October 9th, 2009 a Grand  
2 Jury indicted Mr. Laverde on nine counts, including  
3 theft by unlawful taking; theft by deception; theft of  
4 property lost, mislaid or delivered by mistake;  
5 receiving stolen property; dealing in proceeds of  
6 unlawful activities; unlawful use of a computer or  
7 other computer crimes; computer trespass; criminal  
8 conspiracy and unsworn falsification to authorities.  
9 Mr. Laverde did not respond to the Petition within 30  
10 days. Therefore, his right to a hearing has been  
11 waived. The facts alleged in the Petition are deemed  
12 admitted.

13                   On January 6th, 2010 OEC filed a request  
14 for default judgment. At this time, OEC would ask  
15 that the Board place Kerry Laverde on the Pennsylvania  
16 Gaming Control Board's Involuntary Exclusion List.

17                   CHAIRMAN:

18                   Thank you. Any questions, comments from  
19 the Board? Could I have a motion, please?

20                   MR. COY:

21                   Yeah, Mr. Chairman, I will make a motion.  
22 But just real quickly, just so everyone understands,  
23 these several --- that we're going through now were  
24 all as a result of the problems that the --- trying to  
25 compromise or compromising the machine at the facility

1 in Washington County.

2                   And we, the Board, is very grateful for  
3 the help and assistance of the District Attorney of  
4 Washington County and also local law enforcement, but  
5 not the least of which includes our local employees at  
6 the track and our Enforcement Counsel folks and our  
7 BIE agents who provided help with the investigation.  
8 Also, having said that, Mr. Chairman, I move that the  
9 Board issue an Order approving the placement of Kerry  
10 Laverde on the Exclusion List as described by the OEC.

11                   CHAIRMAN:

12                   Second?

13                   MR. MCCABE:

14                   Second.

15                   CHAIRMAN:

16                   All in favor?

17 ALL RESPOND AYE

18                   CHAIRMAN:

19                   Opposed? Motion passes.

20                   ATTORNEY POWERS:

21                   Next we have Patrick Loushil. On October  
22 16th, the OEC filed a Petition to place Patrick  
23 Loushil on the Board's Involuntary Exclusion List.

24                   In the Petition, OEC alleged again that  
25 between --- on multiple occasions between June 22nd



1 and August 31st of 2009, Mr. Loushil manipulated slot  
2 machines at the Meadows in Order to claim false  
3 jackpots in excess of \$400,000. Relative to his  
4 activity at the Meadows, on October 9th, 2009, a Grand  
5 Jury indicted Mr. Loushil on nine counts, including  
6 theft by unlawful taking; theft by deception; theft of  
7 property lost, mislaid or delivered by mistake;  
8 receiving stolen property; dealing in proceeds of  
9 unlawful activities; unlawful use of a computer or  
10 other computer crimes; computer trespass; criminal  
11 conspiracy and unsworn falsification to authorities.

12           OEC attempted to serve the Petition on  
13 Mr. Loushil by mailing a copy via first-class mail and  
14 certified mail to Mr. Loushil's last known address.  
15 On November 12th, 2009, the certified mail was  
16 returned to OEC with the message, Unclaimed. To date,  
17 the copy mailed via first class has not been returned  
18 to OEC and Mr. Loushil has not filed a response to the  
19 Petition. Therefore, his right to a hearing has been  
20 waived. The facts alleged in the Petition are deemed  
21 admitted.

22           On January 6th, 2010, OEC filed a request  
23 for default judgment. At this time, we would ask that  
24 the Board place Patrick Loushil on the Board's  
25 Involuntary Exclusion List.

1                   CHAIRMAN:

2                   Any questions from the Board?    Could I  
3 have a ---?

4                   MR. SOJKA:

5                   Just one quick comment.

6                   CHAIRMAN:

7                   Yes.

8                   MR. SOJKA:

9                   And that is that to add to Mr. Coy's  
10 comments.   I think we should note that due to the  
11 nature of the activity that these three people are  
12 charged with, the taxpayers of the Commonwealth of  
13 Pennsylvania did not lose any revenue, because they  
14 did not compromise the direct reporting to the  
15 Department of Revenue.   Having said that, I would be  
16 willing to offer a motion, Mr. Chairman, that the  
17 Board issue an Order to approve the placement of  
18 Patrick Loushil on the Exclusion List as described by  
19 the OEC.

20                   CHAIRMAN:

21                   Second?

22                   MR. TRUJILLO:

23                   Second.

24                   CHAIRMAN:

25                   All in favor?

1 ALL RESPOND AYE

2 CHAIRMAN:

3 Opposed? Motion passes. Next?

4 ATTORNEY POWERS:

5 Finally, we have Andre Nestor. On  
6 October 16th the OEC filed a Petition to place Andre  
7 Nestor on the Board's Involuntary Exclusion List.  
8 Initial service was unsuccessful, so on October 28th,  
9 2009 OEC filed an amended Petition to place Mr. Nestor  
10 on the Involuntary Exclusion List. The Petition was  
11 served on Mr. Nestor on November 2nd, 2009.

12 In the Petition, OEC alleged that on  
13 multiple occasions between June 22nd and August 31st,  
14 2009, Mr. Nestor manipulated slot machines at the  
15 Meadows Racetrack and Casino in Order to claim false  
16 jackpots in excess of \$400,000. Relative to his  
17 activity at the Meadows, on October 9th, 2009 a Grand  
18 Jury indicted Mr. Nestor on nine counts, including  
19 theft by unlawful taking; theft by deception; theft of  
20 property lost, mislaid or delivered by mistake;  
21 receiving stolen property; dealing in proceeds of  
22 unlawful activities; unlawful use of a computer or  
23 other computer crimes; computer trespass; criminal  
24 conspiracy and unsworn falsification to authorities.

25 Mr. Nestor did not respond to the

1 Petition within 30 days. Therefore, his right to a  
2 hearing has been waived and the facts alleged in the  
3 Petition are deemed admitted.

4 On January 6th, 2010 OEC filed a request  
5 for default judgment. At this time, we would ask the  
6 Board --- that the Board place Andre Nestor on the  
7 Board's Involuntary Exclusion List.

8 CHAIRMAN:

9 Any questions from the Board? Can I have  
10 a motion, please?

11 MR. TRUJILLO:

12 Mr. Chairman, I have a motion. I move  
13 that the Board issue an Order to approve the placement  
14 of Andre Nestor on the Exclusion List as described by  
15 the OEC.

16 MR. SOJKA:

17 Second.

18 CHAIRMAN:

19 All in favor?

20 ALL RESPOND AYE

21 CHAIRMAN:

22 Opposed? Motion passes. Cyrus, Melissa  
23 and the rest of your staff, thank you very much.

24 ATTORNEY POWERS:

25 Thank you.

1                   CHAIRMAN:

2                   This concludes today's business. In  
3 closing, our next scheduled public meeting will be  
4 held February 11th at 10:00 a.m. in the North Office  
5 Building, Hearing Room Number One.

6                   I'd also like to remind everyone that the  
7 Gaming Control Board will hold a hearing on Wednesday,  
8 February the 3rd to gather evidence on the renewal on  
9 the Category 2 Slot Machine Operator's License of  
10 Sands Bethworks Gaming, LLC, operators of the Sands  
11 Casino Resort in Bethlehem. The hearing will be held,  
12 as I mentioned, at 10:00 a.m. in the Town Hall, 10  
13 East Church Street, Bethlehem, Pennsylvania.

14                   For additional information, you can go to  
15 our website, [www.pgcb.state.pa.us](http://www.pgcb.state.pa.us). Any final comments  
16 from the Board? If not, could I have a motion to  
17 adjourn?

18 ALL RESPOND

19                   CHAIRMAN:

20                   Second?

21 ALL RESPOND

22                   CHAIRMAN:

23                   The meeting is adjourned. Thank you.

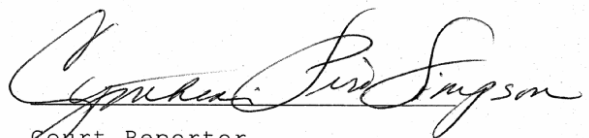
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25                                   MEETING CONCLUDED AT 2:30 P.M.

CERTIFICATE

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I hereby certify that the foregoing proceedings, meeting held before Chairman Fajt, was reported by me on 01/27/2010 and that I Cynthia Piro Simpson read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.



Cynthia Piro Simpson  
Court Reporter