

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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BEFORE: GREGORY C. FAJT, CHAIRMAN
James B. Ginty (via phone), Raymond S.
Angeli, Jeffrey W. Coy, Kenneth T. McCabe,
Gary A. Sojka, Kenneth I. Trujillo
(via phone)
Jorge Gusto, representing Russell Redding,
Secretary of Agriculture; David Barasch,
Deputy Secretary of the Department of
Revenue, Representative

MEETING: Thursday, June 10, 2010, 10:00 a.m.

LOCATION: North Office Building
401 North Street, HR1
Harrisburg, PA 17120

WITNESSES: Kevin O'Toole, Susan Hensel, Claire Yantis,
David Rhen, Robert DeSalvio,
Richard Sandusky

Reporter: Jennifer T. Alves

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CHAIRMAN:

Good morning, everybody. We have Commission Trujillo and Commissioner Ginty with us via phone hookup today. And with a quorum of the Board being present, we'll call the meeting to order. I'd like to ask everybody to turn off their cell phones, PDAs, as it tends to interfere with our communication system.

Joining us today, I see Jorge Gusto representing Secretary of Agriculture, Russell Redding, and David Barasch is over there, representing Secretary of Revenue, Dan Hassell. Thank you both for being here today.

The full Board is present. I'll call the meeting to order. As our first order of business, I'd like everybody to stand for the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN:

By way of announcement, the Board held an Executive Session on June 9th, in accordance with the Sunshine Act. The purpose of the Executive session was to discuss personnel matters, pending litigation and to conduct quasi judicial deliberation relating to

1 matters pending before the Board.

2 The other matter, I have the unfortunate
3 responsibility of announcing today the departure of
4 the Board's first Chief Counsel, Frank Donaghue.
5 Frank, I ask that you please come forward. And Kevin,
6 why don't you come up, too. As many people in this
7 room know, Frank has been with the Board since the
8 early days. And in addition to serving as Chief
9 Counsel, he's also the Board's Acting Executive
10 Director, and for the past year as Interim Deputy
11 Executive Director, helping Kevin get acclimated to
12 his new position with the Board and also is
13 instrumental in getting the work done regarding table
14 games. And Frank, I have to come down there. I have
15 a citation from the Gaming Control Board to present to
16 Frank today. But again, as I said to Frank yesterday
17 in Executive Session, he has been a calming influence
18 on the Board. And in the early days, for those of
19 you, the Board members who were here in those early
20 days, even in the last five years, you know, there was
21 some tough times and topsy-turvy times. It was a
22 controversial industry, obviously, a lot of tough
23 decisions that needed to be made, and Frank has been
24 there basically from the beginning and was a
25 tremendous calming influence during those tough times,

1 both as Chief Counsel and also as acting Executive
2 Director. So let me just read a couple of the whereas
3 clauses. Whereas, Frank Donaghue was tasked with
4 assembling the Office of Chief Counsel (OCC) with
5 highly-skilled and competent attorneys and staff to
6 oversee the drafting and development of Board
7 regulations and policies, administrative matters,
8 hearing and licensing processes, as well as the
9 defense of the Board's decisions from appeal, in all,
10 an effort to create a new agency and implement the new
11 gaming industry in Pennsylvania, Frank also served as
12 Acting Executive Director during an important
13 transition period for the Board and assumed additional
14 duties as necessary to assure the success of the
15 Pennsylvania Gaming Control Board; whereas, the
16 development of the Pennsylvania Gaming Control Board
17 during Frank Donaghue's tenure as Chief Counsel and
18 Acting Executive Director, as a matter of which the
19 full Board is both proud and appreciative, and Frank,
20 on behalf of the Board and those that went before me,
21 congratulations on a job well done.

22 APPLAUSE

23 CHAIRMAN:

24 Frank, thank you, and best of luck to
25 you. And Kevin, your report, please.

1 MR. O'TOOLE:

2 Good morning, Chairman Fajt.

3 CHAIRMAN:

4 Hold on one second. I'm out of line and
5 jumping ahead of my buddies, who are paying attention
6 to the agenda here. That's great. We also have the
7 minutes of the May 13th Board meeting for approval, so
8 if I could have a motion for that, please.

9 MR. ANGELI:

10 Mr. Chairman, we move the minutes of the
11 transcript of the May 13th, 2010 meeting.

12 MR. COY:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 ALL SAY AYE

17 CHAIRMAN:

18 Opposed? Motion passes. Now, Kevin,
19 we're ready for the report.

20 MR. O'TOOLE:

21 Thank you, Chairman Fajt. Good morning,
22 members of the Board. My announcement today pertains
23 to the implementation of a rollout of table game
24 operations at the nine operating casinos.

25 First, in consultation with the members

1 of the Board, it has been decided that the
2 implementation of table games can begin with the first
3 testing being Tuesday, July the 6th. The three
4 casinos selected to be tested on that date are Presque
5 Isle Casino and Racetrack, The Rivers Casino, and The
6 Meadows Racetrack and Casino. The second test date
7 will be Sunday, July the 11th, and the three casinos
8 selected for that date are Mohegan Sun at Pocono
9 Downs, Mount Airy Casino and Hollywood Casino at Penn
10 National Racetrack. The third test date will be
11 Friday, July the 16th, and the three casinos selected
12 for that date are Harrah's Casino at Chester Downs,
13 the Parx Casino, and Sands Bethworks Casino. The test
14 period will be eight hours of live low-limit wagering.
15 Taxes from gross table games revenue will be paid to
16 the Commonwealth for this test day, and each casino
17 will designate charitable organizations to receive the
18 remainder of the proceeds from the test date.

19 Following the eight-hour test period,
20 there will be a down day, with no table game play.
21 That day will be utilized to analyze and evaluate the
22 performance of the casino and its table game personnel
23 during the test period. If the Pennsylvania Gaming
24 Control Board determines that the casino is prepared
25 in all respects to open its table games operations,

1 approval will be given to open table games, commencing
2 at 6:00 a.m. or later in the day on the second day
3 following the test period. This timeline will
4 determine the consideration given to those properties
5 who share similar markets. Accordingly, the casino
6 openings are being organized in geographic groupings
7 for the western region, the central region and the
8 east region. I would also like to emphasize that all
9 nine casinos have assured me that they would be ready
10 to open table games in early July. The schedule that
11 we are announcing today fulfills our promise to the
12 legislature and the casinos that table games will be
13 implemented in six to nine months following the
14 passage of table game legislation. Additionally, we
15 are meeting our commitment to open all nine properties
16 within a short period of ten days. We have notified
17 all properties this morning via a letter to the
18 General Manager of each property of this schedule. If
19 you have any questions, I'd be glad to answer them.

20 CHAIRMAN:

21 Questions from the Board? I have one
22 quick question. Again, the dates you rolled out,
23 Kevin, were the test period dates. So just for
24 purposes of anybody --- any media in the room, our
25 actual start-up dates if the casinos are ready to go

1 two days after the test period will be July 8 for the
2 West, July 13th for Central PA casinos, and July 18th
3 for the Eastern Pennsylvania casinos?

4 MR. O'TOOLE:

5 That is correct, Chairman.

6 CHAIRMAN:

7 Okay. Thank you. Thank you, Kevin.
8 We'll now have Claire Yantis, our Human Resources
9 Director, come up. Welcome, Claire.

10 MS. YANTIS:

11 Good morning, Chairman and Board members.
12 We have before you today a motion to consider the
13 hiring of two individuals, first, Joseph Goffner has
14 been selected to the position of investigator in the
15 Eastern Regional Office of the Bureau of
16 Investigations and Enforcement (BIE) and is deemed
17 recommended for hire by Regional Director Robert
18 Greenback, and Deputy Director, Paul Mauro.

19 Second, Douglas Merski has been selected
20 to the position as Casino Compliance Representative at
21 Presque Isle, and is being recommended for hire by
22 Director of Casino Compliance, Gerald E. Stoll. Both
23 individuals have completed the PGCB interview process,
24 background investigation and drug screening, and as
25 such, I ask that you consider a motion to hire them as

1 indicated.

2 CHAIRMAN:

3 Any questions or comments from the Board?

4 Could I have a motion, please?

5 MR. COY:

6 Yes, Mr. Chairman. I move the Board
7 approve the applicants as proposed on the condition
8 that all applicants have completed the necessary
9 background investigation and drug testing.

10 CHAIRMAN:

11 Second?

12 MR. MCCABE:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 ALL SAY AYE

17 CHAIRMAN:

18 Opposed? Motion passes. Thank you,
19 Claire. Next up is Dave Rhen, our Budget Manager.
20 Welcome, Dave.

21 MR. RHEN:

22 Good morning. I'm here today to provide
23 a report of expenses through May 31st. Through May
24 expenses total \$26,120,000. This total is ---.

25 MR. MCCABE:

1 Is your mic on?

2 MR. RHEN:

3 Can you hear me now?

4 CHAIRMAN:

5 A little louder, Dave.

6 MR. RHEN:

7 I'll go back to the beginning. I'm here
8 today to provide expenses through the end of May.
9 Through May expenses total \$26,120,000. This total is
10 comprised of \$26.1 million in personnel expenses and
11 \$4.6 million in operating expenses. On a percentage
12 basis, this breaks down to 82.5 percent for personnel
13 and 17.5 percent for operating expenses. For May,
14 personnel expenses total \$1.9 million, or roughly
15 \$960,000 for payroll. And operating expenses total
16 \$453,000. For the year, the largest operating
17 expenses are \$1.9 million for rentals and leases,
18 \$955,000 for services, and \$556,000 for other
19 operating expenses, including game-day searches
20 utilized in background investigations. Rentals and
21 leases services and other operating expenses
22 respectively were also the three largest operating
23 expenses for May. That concludes my remarks.

24 CHAIRMAN:

25 Any questions from the Board? Okay.

1 Thank you, Dave.

2 MR. RHEN:

3 Thank you.

4 CHAIRMAN:

5 Next up is our Chief Counsel, Doug
6 Sherman. And I believe Richard Sandusky and Susan
7 Yocum are joining Doug.

8 ATTORNEY SHERMAN:

9 Good morning, Chairman and members of the
10 Board. Our first agenda relates to temporary
11 regulations, which Director of Regulatory Review,
12 Richard Sandusky, and Assistant Chief Counsel, Susan
13 Yocum, will present.

14 MR. SANDUSKY:

15 Good morning. The first regulation we
16 have for consideration by the Board this morning is
17 Regulation 125-123. The substance of this rulemaking
18 is credit, credit that's specifically authorized on a
19 limited basis to be granted to patrons at the casino.
20 These regulations mirror the statutory provisions that
21 require the extensive application requirements that
22 must be met, certification procedures to ensure that
23 the individuals have the assets to justify a line of
24 credit, the actual procedures for the issuance of the
25 credit at the casino, which will be done via what are

1 called counter checks, and the procedures for how
2 those counter checks can be reviewed. If the Board
3 has any questions on these proposed temporary
4 regulations, we will be happy to try and respond.

5 CHAIRMAN:

6 Thank you, Richard. Questions from the
7 Board? Commissioner McCabe?

8 MR. MCCABE:

9 How does our credit regulations stand up
10 to what's going on in some of the other jurisdictions,
11 New Jersey, Las Vegas? Are they the same? Are they
12 tougher?

13 MR. SANDUSKY:

14 Credit in Pennsylvania is going to be
15 more limited than in those other jurisdictions. For
16 example, in New Jersey you can use a credit card to
17 get an advance for funds to be used for gambling.
18 That is not permitted in Pennsylvania. What is
19 permitted here is, you know, an application procedure
20 where casinos are going to have to have assured
21 themselves that the individuals who have asked for the
22 credit can, in fact, afford it and would be able to
23 repay it. I believe the General Assembly did this,
24 you know, making credit in Pennsylvania a little more
25 limited, as a consumer protection.

1 MR. MCCABE:

2 Have we established the procedures or
3 regulations on how the debt should be collected if
4 people aren't paying their debts?

5 MR. SANDUSKY:

6 We have also included provisions and we
7 have made these very restrictive. The casinos may do
8 it on their own or they may employ an outside attorney
9 to do it. We have not included outside collection
10 agencies in Pennsylvania, quite frankly, because those
11 agencies do not fall under the jurisdiction of any
12 other state agency. So they are, in essence,
13 unregulated entities unlike attorneys or the casinos
14 themselves.

15 MR. MCCABE:

16 Thank you.

17 CHAIRMAN:

18 Commissioner Sojka?

19 MR. SOJKA:

20 Just a couple quick things. One, I
21 understand it is possible for people to put themselves
22 on a credit exclusion list. Is that correct?

23 MR. SANDUSKY:

24 Yes. The Act requires that the Board
25 establish the voluntary credit exclusion list process,

1 usually one that is going to be very simple. These
2 individuals will complete what will be a one-page
3 application with an affirmation understanding the
4 implications of being on that list. They can do that
5 at the casino or at any of the Board offices. The
6 Board will then notify all the casinos in the
7 Commonwealth that the individual has requested that
8 they no longer be issued any credit. In the event
9 that the individual would decide that they want to
10 remove themselves from the list, they will be able to
11 come to a Board office, file the appropriate form, and
12 the Board will then re-notify the casinos. However,
13 before an individual will be able to be granted credit
14 after they requested removal from the exclusion list,
15 the casino will have to re-verify all of the financial
16 information.

17 MR. SOJKA:

18 Now, if that's the case, then this is
19 substantially less complex and less pervasive? I
20 don't know the right words. I don't want to say
21 draconian, but it's less serious for the participant
22 than our --- as voluntary exclusion is from casinos;
23 right? If people can come and go from a casino, they
24 can participate in the activities and do anything
25 except draw credit from the casino; is that right?

1 MR. SANDUSKY:

2 That is correct.

3 MR. SOJKA:

4 But they would still --- this is the
5 other issue. You were talking about New Jersey and
6 credit cards. We do have ATMs in the casinos, and
7 people could still utilize a credit card and get
8 credit, right, but not from a casino, that's the
9 point?

10 MR. SANDUSKY:

11 Under the Pennsylvania Statutes
12 individuals can get a cash advance on a credit card
13 from an ATM that is not on the gaming floor. That is
14 permissible under our statutes.

15 MR. SOJKA:

16 Thank you.

17 CHAIRMAN:

18 Commissioner Trujillo?

19 MR. TRUJILLO:

20 Thank you, Mr. Chairman. Mr. Sandusky,
21 some of my concerns, as you know, are the impact of
22 the availability of credit on those who can least
23 afford to be given that credit in order to be gaming.
24 I'm not concerned so much with the high rollers, who
25 have plenty of assets and can do that, and so --- and

1 I understand that because the legislation is fairly
2 comprehensive, there's a relative limit on the extent
3 in which we, as the Board, can regulate this matter,
4 but I would like to hear a little bit more detail from
5 you, particularly, for example, if a patron were to,
6 for instance, bounce a check or the like, if there is
7 evidence that appears to be that a patron is not
8 utilizing or is not capable of utilizing credit, what
9 would then the regulation --- can he get protection
10 from that kind of activity?

11 MR. SANDUSKY:

12 In the event an individual submits a
13 check for payment of a marker, if you will, and that
14 check is returned for insufficient funds, that
15 individual's credit must be suspended immediately, and
16 it's not just at that facility. That suspension will
17 occur across all facilities in the Commonwealth.
18 Before that individual would be allowed to be issued
19 credit at any casino in the Commonwealth after that
20 event, they would have to show to the casino where
21 they applied for credit that they have reestablished
22 their credit worthiness. Every once in a while you
23 will have an isolated incident where, you know, checks
24 cross in the mail and an individual inadvertently
25 writes a check that, you know, couldn't be covered.

1 But if there is a pattern, it's important to remember
2 that all of the facilities in Pennsylvania are
3 required to use what is called a central casino credit
4 company. This company tracks financial events or
5 derogatory incidences that may happen on an
6 individual's credit across casinos, not just in
7 Pennsylvania but across the U.S. and, in fact, in
8 foreign jurisdictions. So the casinos will have
9 available to them ready information concerning the
10 credit worthiness of individuals. And because of the
11 requirements for the application process, verification
12 of information requiring at least a minimum of two
13 individuals at the casinos to approve that credit, we
14 believe these regulations will provide sufficient
15 safeguards to ensure that people who shouldn't be
16 getting casino credit don't.

17 MR. TRUJILLO:

18 Thank you. One other thing just in the
19 way --- not a question but a request. And I would
20 just ask that going forward, as we see how the
21 temporary regs are implemented and as we hear back
22 from folks, what I would like to do is make sure your
23 staff also reaches out, you know, far beyond the
24 industry and credit counseling organization, legal
25 services organizations and others who represent those

1 who are potentially impacted in a negative way, so
2 just to cast a broader net, if you would, in obtaining
3 any kind of remark as to how these regulations might
4 be implemented.

5 MR. SANDUSKY:

6 We recognize this as breaking new ground
7 for the Commonwealth, and this is something the staff
8 will be monitoring very closely.

9 MR. SOJKA:

10 Could I ask one more quick question, and
11 that is when you --- when a player receives one of
12 these counter checks and they proceed to a gaming
13 table, that is converted then to gaming chips; right?

14 MR. SANDUSKY:

15 Actually, what will happen is in probably
16 about 95 percent of the circumstances, the request for
17 credit will occur right at the gaming table. The pit
18 clerk or some other staff member of the casino will
19 then verify whether or not that individual has
20 available credit, verify the signature, the identity
21 of the individual. Once all that is done, this
22 counter check, which is a negotiable instrument, will
23 be printed out, the individual will sign it, and then
24 at that point the dealer at the table will issue the
25 chips totaling the value of that.

1 MR. SOJKA:

2 Would that dealer have to issue chips or
3 could that dealer issue a voucher?

4 MR. SANDUSKY:

5 Dealers will only be issuing chips.
6 Dealers ---

7 MR. SOJKA:

8 Right. Okay.

9 MR. SANDUSKY:

10 --- don't really have any voucher ---.

11 MR. SOJKA:

12 Then is it possible, relatively easy for
13 a player to convert those chips to vouchers that could
14 then be used in slot machines?

15 MR. SANDUSKY:

16 To do that conversion right now, what the
17 individual would have to do is go to the main cage or
18 a satellite cage and ask that the cage cashier either
19 convert that to a gaming voucher or to cash, either
20 which could be inserted into a slot machine.

21 MR. SOJKA:

22 In which case the trail around the whole
23 situation would be then that a person could receive
24 credit from a casino to play a slot machine?

25 MR. SANDUSKY:

1 That's correct.

2 MR. SOJKA:

3 Which I think is something different than
4 we had before. I want to be very careful that we
5 understand what it is we're getting into. And I would
6 echo Commissioner Trujillo's concern that with this
7 issue of credit, that we have all eyes wide open, that
8 we don't get into difficulties that we hadn't
9 anticipated. Thank you.

10 CHAIRMAN:

11 Other questions? I'm sorry. Jim, go
12 ahead. Commissioner Ginty?

13 MR. GINTY:

14 Richard, maybe I missed it, but are there
15 fees and interest rates associated with the extension
16 of credit?

17 MR. SANDUSKY:

18 Statutorily, the casinos are not
19 permitted to charge any interest on these --- the
20 issuance of credit and/or any fees, so the costs of
21 this are going to have to be absorbed by the casinos.
22 We think that because most of the Pennsylvania casinos
23 are, you know, what you would really consider to be
24 regional casinos, the issuance of credit is probably
25 not going to be as extensive as I think some people

1 fear.

2 CHAIRMAN:

3 Thank you. Commissioner McCabe?

4 MR. MCCABE:

5 Just one last question. If an individual
6 is denied credit, does he have the right to ask why or
7 get the credit report that that decision was based on?

8 MR. SANDUSKY:

9 The regulations don't specifically
10 address that issue. A casino might deny credit based
11 on information that it's received, let's say, from
12 Equifax or any other credit unions. An individual has
13 the right to request copies of those credit reports at
14 any time, but the regulations are silent on providing
15 reasons for denial.

16 CHAIRMAN:

17 Any other questions from the Board?

18 MR. TRUJILLO:

19 Mr. Chairman, I do have one to follow up
20 on Commissioner McCabe. Mr. Sandusky, as I understand
21 it, the credit-granting decision is entirely the
22 decision of the casino. But if the casino ultimately
23 is making what the Board determines are irresponsible
24 credit-granting decisions, namely that the granting of
25 credit --- granting credit to people who either can't

1 afford it or shouldn't be getting credit, can you
2 describe what alternative the Board would have or BIE
3 would have in the event that happened?

4 MR. SANDUSKY:

5 Yes. At the point where I file the
6 initial application for credit at a casino, that
7 casino has to create what is called a credit file for
8 me, a patron credit file. Within that patron credit
9 file are going to be entries specifying who verified
10 the information, you know, what the amounts are, and
11 importantly, who authorized the credit. If we see
12 there is some sort of pattern at a casino or if we
13 receive a complaint from individuals who say they
14 issued me credit they really shouldn't have, we will
15 be able to go back, look at those credit files. The
16 regulations require that there has to be a specific
17 justification not just for the approval of the credit
18 but for the amount. So you have that audit trail, if
19 you will, through the patron's credit record which
20 will allow us to go back and look and see if there
21 were any inappropriate actions on the part of the
22 casino.

23 MR. TRUJILLO:

24 And lastly, in the event a patron has,
25 let's say, a \$2,000 limit and they come, they play and

1 they realize, gee, I'm losing, but I need a little bit
2 more money to play and they want to get that limit
3 raised, what happens under these regulations?

4 MR. SANDUSKY:

5 Okay. Under our regulations, consistent
6 again with the General Assembly's protection that they
7 built into the Act, if I want to raise my credit
8 limit, I must file an application for that. It then
9 requires a re-verification of all of the information.
10 This can be done fairly rapidly, but it's not going to
11 be ---. I mean, in New Jersey, for example, I'm aware
12 that you can get a temporary extension of your limit.

13 I believe it's up to 25 percent. And you know, so
14 you can sort of do that on the fly. That is not
15 permitted in Pennsylvania. So in terms of an
16 individual who might be tempted to chase their losses
17 by asking for more credit than they are currently
18 authorized to receive, I think the legislature built
19 into the Act that re-verification process to provide
20 that extra protection if that happened.

21 MR. TRUJILLO:

22 Mr. Sandusky, I just wanted to say thank
23 you and also to our Executive Director O'Toole for the
24 thoughtfulness in putting these regulations together.
25 We're looking forward to see how they work, but I

1 really do appreciate the thoughtfulness and the care
2 that you've taken in drafting these.

3 MR. SANDUSKY:

4 Thank you.

5 CHAIRMAN:

6 Any other questions? Seeing none, can I
7 have a motion, please?

8 MR. SOJKA:

9 Yes, Mr. Chairman. With that discussion,
10 I move that the Board adopt Temporary Regulation
11 Number 125-23, that the Board establish a public
12 comment period of 30 days for this temporary
13 regulation, and that the temporary regulation be
14 posted on the Board's website.

15 MR. ANGELI:

16 Second.

17 CHAIRMAN:

18 All in favor?

19 ALL SAY AYE

20 CHAIRMAN:

21 Opposed? Motion passes. Next?

22 ATTORNEY YOCUM:

23 Chairman Fajt and members of the Board,
24 we have before you today Temporary Regulation 125-125,
25 which deals with the calculation of table games

1 revenue. Included in those regulations, which was
2 drafted in the legislation in the statute is the
3 calculation formula for the calculation of revenue on
4 banking and non-banking games, fully automated
5 electronic tables as well as play. I'd be more than
6 happy to answer any question. If there are none, I
7 would ask for a motion to adopt Temporary Regulation
8 125-125.

9 CHAIRMAN:

10 Any questions or comments on that
11 regulation? Can I have a motion, please?

12 MR. COY:

13 Mr. Chairman, I move the Board adopt the
14 temporary regulation. On our list it says 125-124.
15 Is it 125 or 124?

16 ATTORNEY YOCUM:

17 It's 125-125.

18 MR. SANDUSKY:

19 We kind of jumped out of order there.

20 CHAIRMAN:

21 That's okay.

22 MR. COY:

23 Okay. No problem. I just wanted to make
24 sure we were on the same motion. Regulation Number
25 125-125, that the Board establish a public comment

1 period of 30 days for the temporary regulation and
2 that the temporary regulation be posted on the Board's
3 website.

4 CHAIRMAN:

5 Second?

6 MR. MCCABE:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 ALL SAY AYE

11 CHAIRMAN:

12 Opposed? Motion passes. Next?

13 MR. SANDUSKY:

14 The final item, which I sort of skipped
15 over initially, my apologies, is Regulation 125-124.
16 This temporary regulation establishes the rules for
17 the card game of Ultimate Texas Hold'em Poker. This
18 is a banking game in which you play against the house.
19 It is a --- one of the games that's listed in the
20 statute, but is not one of the games in the first
21 round of regs that we have drafted. In light of
22 requests that we received from some of the licensed
23 facilities that they would like to offer this game, we
24 have drafted this set of regulations so that they will
25 be able to offer that to the public.

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CHAIRMAN:

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

MR. GINTY:

Mr. Chairman, I move that the Board adopt Temporary Regulation 125-124, that the Board establish a public comment period of 30 days for this temporary regulation and that the temporary regulation be posted on the Board's website.

CHAIRMAN:

Second?

MR. SOJKA:

Second.

CHAIRMAN:

All in favor?

ALL SAY AYE

CHAIRMAN:

Opposed? Motion passes. Thank you, Richard, and thank you, Susan. Doug, you're up next.

ATTORNEY SHERMAN:

Today the Board has four petitions before it for consideration. All of these matters can be considered primarily based upon the documentary records. In each of the matters the Board has been provided with a petition, the response to the petition

1 in the Office of Enforcement Counsel (OEC), any other
2 pleadings, along with all the evidentiary materials
3 which comprise the record. In addition, the parties
4 filing the petition have each been placed on notice
5 that their petition is being considered today and that
6 they have the ability to appear to address the Board
7 or otherwise be available to answer any questions the
8 Board may have.

9 The first petition before the Board is
10 that of Sands Bethworks. It's a petition for the
11 Waiver of the Requirements of Board Regulation
12 465A.24(b)(1) relating to audible alarm devices. At
13 the present time there is no audible surveillance and
14 security in the event the counting room door is open
15 at certain times. Sands has averred in its position
16 that its current procedures and devices far exceed the
17 audible alarm requirement of the regulation and the
18 operational integrity requirements of the Act. Sands'
19 security and surveillance practices and procedures
20 have been provided to the Board in a packet of
21 information prior to today's meeting and the Sands'
22 system has been reviewed by the Board's staff, that is
23 through BIE and Gaming Operations, and the OEC has
24 agreed that the Sands' count room security exceeds the
25 regulatory requirements and it has no objection to the

1 present petition. The Office of Chief Counsel (OCC)
2 also recommends that the petition be granted.

3 In addition, Sands has filed a motion to
4 protect the confidentiality of certain information in
5 the petition which relates to the security features on
6 these doors. Again, there's no objection. It would
7 be appropriate to consider and grant both petitions to
8 Sands.

9 CHAIRMAN:

10 Any questions or comments from the Board?
11 Commissioner McCabe?

12 MR. MCCABE:

13 I have a comment. I was concerned when I
14 first saw this petition, but after reviewing their
15 procedures I concur that, based on my experience, what
16 they have in place far exceeds our requirements and
17 they're safe, so I concur with what you're saying.

18 CHAIRMAN:

19 Any other questions or comments? Motion,
20 please.

21 MR. SOJKA:

22 Yes, Mr. Chairman. I move that the Board
23 adopt the petition of Sands Bethworks as just
24 described by the OCC.

25 MR. COY:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 ALL SAY AYE

5 CHAIRMAN:

6 Opposed? Motion passes.

7 ATTORNEY SHERMAN:

8 The next petition before the Board today
9 is Mountainview Thoroughbred's Petition for Approval
10 to change its Gaming Floor. Mountainview is
11 requesting to increase the number of slot machines
12 from 2,463 to 2,499, as well as to install 40 table
13 games and 12 poker tables. It will increase the total
14 gaming square footage from 94,301 square feet to
15 99,194 square feet. This reflects an addition of
16 4,893 square feet, which will comprise the poker room
17 at Mountainview. They are also requesting a 120-day
18 period to complete all of the reflected changes in
19 their plan. The OEC has not objected to the relief
20 requested provided that 7 --- I'm sorry, 11 conditions
21 are met prior to the operation of table games being
22 authorized. Those conditions are outlined in the
23 OEC's answer and have been provided to the Board prior
24 to this meeting. The OCC recommends that the Board
25 consider a motion to grant the petition as presented.

1 CHAIRMAN:

2 Thank you. Any questions or comments
3 from the Board? Seeing none, can I have a motion?

4 MR. MCCABE:

5 Thanks, Mr. Chairman. I move that the
6 Board grant the petition of Mountainview Thoroughbred
7 Racing Association, as described by the OCC.

8 CHAIRMAN:

9 Second?

10 MR. ANGELI:

11 Second.

12 CHAIRMAN:

13 All in favor?

14 ALL SAY AYE

15 CHAIRMAN:

16 Opposed? Motion passes.

17 ATTORNEY SHERMAN:

18 The next to be considered is Washington
19 Trotting Association's Petition for Approval to Change
20 its Gaming Floor. WTA is requesting that the Board
21 approve a revised gaming floor plan which shows a
22 total of 62 table games with an additional six
23 tournament tables in its poker room. The revised
24 gaming floor plan will increase the number of slot
25 machines by 82, to 3,506, and increase the gaming

1 floor by 8,255 square feet, to a total of 138,369
2 square feet. The OEC has not objected to the request,
3 subject to the 13 conditions which are contained
4 within our response to their petition and which have
5 been provided to the Board. WTA has also requested
6 confidentiality of Exhibit A of its petition, that as
7 to the revised gaming floor plan, which again would
8 show certain security features which are not public in
9 nature. The OEC has not objected to that motion, and
10 we therefore recommend it would be appropriate for the
11 Board to consider a motion to grant both of those
12 motions.

13 CHAIRMAN:

14 Any questions from the Board?

15 MR. SOJKA:

16 I want to make sure on the numbers
17 because we've now heard two petitions. One we just
18 passed on. Where they've added slot machines, is that
19 actually a net increase in slot machines, even though
20 table games have been added?

21 ATTORNEY SHERMAN:

22 An increase for both properties.

23 MR. SOJKA:

24 Those two properties?

25 ATTORNEY SHERMAN:

1 Both the Mountainview and now WTA, yes.

2 MR. SOJKA:

3 Which speaks to the issue of elimination
4 of slot machines to make room for table games, clearly
5 two examples where that is not the case.

6 ATTORNEY SHERMAN:

7 Correct.

8 CHAIRMAN:

9 Any other questions? Can I have a
10 motion, please?

11 MR. COY:

12 Mr. Chairman, I move that the Board grant
13 the petition of Washington Trotting Association,
14 Incorporated, as described by the OCC.

15 MR. ANGELI:

16 Second.

17 CHAIRMAN:

18 All in favor?

19 ALL SAY AYE

20 CHAIRMAN:

21 Opposed? Motion passes. Next item?

22 ATTORNEY SHERMAN:

23 The final petition before the Board is a
24 joint petition filed by South Jersey Precision Tool
25 and Mold, Incorporated, Mount Airy, Sands Bethworks

1 and Chester Downs. The petition requests Board
2 approval of a reduction in the Act's \$50,000
3 manufacturer licensee fee from South Jersey Precision
4 Tool and Mold. That company has manufactured tiles
5 for the game of Pai Gow Tiles and they have averred
6 that it's currently the only domestic Pai Gow tile
7 manufacturer that produces casino-quality Pai Gow
8 tiles. They sell tiles to casinos throughout the
9 U.S., Canada and every casino in Atlantic City. Mount
10 Airy and Sands each seek to purchase Pai Gow tiles
11 from South Jersey Precision Tool and Mold in
12 preparation for the commencement of table game
13 operations in July. Harrah's Chester Downs has now
14 currently indicated a plan to have Pai Gow tiles under
15 commencement of table games but has indicated that it
16 certainly envisions adding that game at a future time.

17 South Jersey Precision Tool and Mold
18 avers that it is not economically feasible to enter
19 the Pennsylvania market if it is required to pay the
20 \$50,000 manufacturer fee. This is because the profit
21 on the projected sales in that first year is far less
22 than what the fee would be. The petitioners argue
23 that this barrier entry into the marketplace for a
24 company that provides such a limited product is
25 insurmountable and will result in casinos in

1 Pennsylvania being unable to make the game available
2 and thereby negatively impact the task revenues to the
3 Commonwealth. As a result, South Jersey Precision
4 Tool and Mold, Mount Airy, Sands and Chester Downs
5 have requested that the Board permit a significant
6 reduction in the \$50,000 manufacturer license fee.
7 They aver that the action is necessary and to ensure
8 the availability of casino-quality Pai Gow tiles for
9 use in Pennsylvania's facilities. The Board does have
10 statutory authority to modify the fee pursuant to
11 Section 1208 of the Act if it finds that the fee will
12 unreasonably limit access to table game equipment in
13 the Commonwealth. The OEC has not objected to the
14 petition, subject to conditions provided to the Board,
15 which include that the license granted be limited to
16 the production and sale of Pai Gow tiles for a one-
17 year period, after which the Board, upon request, will
18 reevaluate any future modifications of any renewable
19 fees, and also that South Jersey Precision Tool and
20 Mold will still be obligated to pay all other costs
21 associated with the license fees and the cost of
22 investigation. The matter is ripe for consideration.
23 Representatives of some of the casinos I know are
24 present if there are any questions or if you have any
25 questions of the OCC.

1 CHAIRMAN:

2 Okay. Any questions or comments from the
3 Board? Seeing none, can I have a motion, please?

4 MR. MCCABE:

5 Yes, Mr. Chair. I move that the Board
6 grant the joint petition for approval of reduction in
7 the manufacturer's license fee as follows: First,
8 that South Jersey Precision Tool and Molding be
9 relieved of the obligation to pay a license fee.
10 However, that the company remain obligated to pay all
11 applicable application fees and costs of
12 investigations. Additionally, this exemption for
13 payment of the Manufacturer License Fee should be
14 limited to its production and sale of Pai Gow tiles
15 for a one-year period. After one year, upon request,
16 the Board will consider any future reduction in the
17 Manufacturer Renewal License Fee.

18 CHAIRMAN:

19 Second?

20 MR. COY:

21 Second.

22 CHAIRMAN:

23 All in favor?

24 ALL SAY AYE

25 CHAIRMAN:

1 Any opposed? Motion passes.

2 ATTORNEY SHERMAN:

3 Next, presenting Withdrawals and Reports
4 and Recommendations is Deputy Chief Counsel Steve
5 Cook.

6 ATTORNEY COOK:

7 Good morning.

8 CHAIRMAN:

9 Good morning, Steve.

10 ATTORNEY COOK:

11 The Board received five unopposed
12 petitions which include request to withdraw the
13 application or surrender the licenses of five
14 individuals or businesses. The parties subject to
15 these petitions are as follows: ITW Food Equipment
16 Group, LLC; JCM Americon Corporation; W2001 Eastern
17 Hotel Realty, LP; Cyril Patrick McKoy and Steven
18 Krakush (phonetic). The OEC has no objection to these
19 withdrawals. As such, the OCC submits these
20 withdrawals to the Board for consideration of a motion
21 to grant each of these petitions. It is noteworthy,
22 however, that four of these petitions, if granted,
23 authorize the withdrawal without prejudice. W2001
24 Eastern Hotel Realty, LP's petition for withdrawal,
25 however, will be with prejudice. W2001 Eastern Realty

1 --- or Eastern Hotel Realty originally sought to
2 withdraw its Gaming Service Provider Registration
3 without prejudice. OEC objected to that withdrawal
4 without prejudice given that company's failure to
5 cooperate in this investigation and submit information
6 requested by the Board staff. As a result of that
7 objection, they amended their Withdrawal Petition and
8 are now agreeable to a withdrawal with prejudice, and
9 as such OEC has withdrawn its objection.

10 CHAIRMAN:

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

13 MR. COY:

14 Mr. Chairman, I move the board issue an
15 Order approving the withdrawals or surrenders as
16 instructed by the OCC.

17 CHAIRMAN:

18 Second?

19 MR. TRUJILLO:

20 Second.

21 CHAIRMAN:

22 All in favor?

23 ALL SAY AYE

24 CHAIRMAN:

25 Opposed? Motion passes.

1 ATTORNEY COOK:

2 Next before the Board for consideration
3 are two Reports and Recommendations received from the
4 Office of Hearings and Appeals (OHA) relative to Non-
5 Gaming Employee Registration. These reports and
6 recommendations, along with the evidentiary record in
7 each proceeding have been provided to the Board in
8 advance of this meeting. Additionally, in each case
9 the person involved has been put on notice that the
10 Report and Recommendation has come before the Board
11 today and that they have an opportunity to appear and
12 briefly address the Board. If either of these two
13 people are present, they should come forward when
14 their name is announced.

15 The first Report and Recommendation today
16 pertains to Jason Schwab. Mr. Schwab submitted an
17 application for a Non-Gaming Employee Registration to
18 work as a shuttle bus driver at Mount Airy Casino &
19 Resort on June 3rd, 2009. On June 18th, 2009, the OEC
20 issued a Notice of Recommendation of its denial based
21 upon allegations that Mr. Schwab failed to disclose
22 his criminal history on his application. Mr. Schwab
23 requested a hearing, which was held on December 23rd,
24 2009. Thereafter, the Hearing Officer issued a Report
25 and Recommendation on January 11th, 2010, in which it

1 found that the Board was barred from considering
2 information which the BIE allegedly uncovered during
3 its investigation.

4 Prior to that Report and Recommendation
5 coming before the Board, the OCC learned Mr. Schwab
6 was arrested subsequent --- or more recently, and as
7 such, the OCC referred the matter back to the OHA to
8 reopen the record. Specifically, on January 13th,
9 2010, Mr. Schwab was arrested for violation of a
10 Protection from Abuse Order. He was later convicted
11 for that violation and sentenced to a 30-day term in
12 jail. Mr. Schwab was thereafter also convicted of
13 terroristic threats and simple assault stemming from a
14 2008 arrest. As a result of these developments, the
15 OHA reopened the record and held a second hearing and
16 issued a second Report and Recommendation to recommend
17 a denial of Mr. Schwab's application. The OCC would
18 concur in that Report and Recommendation. This matter
19 is now ripe for the Board's consideration.

20 CHAIRMAN:

21 Is Mr. Schwab present? Any questions or
22 comments from the Board? Seeing none, can I have a
23 motion, please?

24 MR. GINTY:

25 Mr. Chairman, I move that the Board issue

1 an Order to adopt the Report and Recommendation of the
2 OHA regarding the Non-Gaming Registration of Jason
3 Schwab, as described by the OCC.

4 CHAIRMAN:

5 Second?

6 MR. MCCABE:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 ALL SAY AYE

11 CHAIRMAN:

12 Opposed? Motion passes.

13 ATTORNEY COOK:

14 The final Report and Recommendation
15 before the Board today pertains to Ramon Zavala, who
16 submitted a Non-Gaming Employee Registration
17 Application on June 6th, 2010, seeking to work as a
18 janitor at Parx Casino. Specifically, Mr. Zavala is
19 employed as a janitor by Southampton Window Cleaning &
20 Janitorial Service, Inc., which is a certified vendor
21 under contract with Parx.

22 The OEC issued a Notice of Recommendation
23 of Denial based upon Mr. Zavala's failure to disclose
24 his entire criminal history, as well as the nature and
25 the frequency of the underlying charges and

1 convictions. While on his application Mr. Zavala
2 disclosed a 2001 arrest and conviction for criminal
3 trespass, criminal conspiracy and burglary, as well as
4 a 2008 arrest and conviction for driving under the
5 influence of alcohol, subsequent investigation
6 determined that Mr. Zavala, in the past 13 years, has
7 been arrested eight additional times, which resulted
8 in four convictions, including two felony convictions.
9 Additionally, during that time, Mr. Zavala served two
10 prison sentences and several terms of probation.

11 Mr. Zavala requested a hearing before the
12 OHA, which was held on April 14th, 2010. Subsequent
13 to that hearing, a Report and Recommendation was
14 issued recommending the denial of Mr. Zavala's
15 application based upon his undisclosed criminal
16 history. That matter is now before the Board for
17 consideration. The OCC would concur with the Report
18 and Recommendation.

19 CHAIRMAN:

20 Thank you. Is Mr. Zavala present? Any
21 questions from the Board? Hearing none, can I have a
22 motion, please?

23 MR. MCCABE:

24 Thank you, Mr. Chairman. I move that the
25 Board issue an Order to adopt the Report and

1 Recommendation of the OHA regarding the Non-Gaming
2 Employee Registration of Ramon Zavala, as described by
3 the OCC.

4 CHAIRMAN:

5 Second?

6 MR. SOJKA:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 ALL SAY AYE

11 CHAIRMAN:

12 Opposed? Motion passes.

13 ATTORNEY COOK:

14 That concludes the matters from the OCC.

15 CHAIRMAN:

16 Thank you, Steve. I would now ask Susan
17 Hensel, our Director from the Bureau of Licensing, to
18 come forward to present her items. And I also see our
19 Chief Enforcement Counsel, Cyrus Pitre, is here.

20 MS. HENSEL:

21 Thank you, Chairman Fajt and members of
22 the Board. The first matter for your consideration is
23 the renewal of the Slot Machine Manufacturer License
24 for NRT Technology Corporation. The BIE has completed
25 its investigation, and the Bureau of Licensing has

1 provided you with the renewal background investigation
2 suitability report for this licensee. No issues were
3 identified by either the BIE or Licensing that would
4 preclude licensure. I have provided you with a draft
5 Order and ask the Board consider renewal of NRT
6 Technology Corp's Slot Machine Manufacturer License.

7 CHAIRMAN:

8 Any questions or comments from
9 Enforcement Counsel?

10 ATTORNEY PITRE:

11 No objection.

12 CHAIRMAN:

13 Any questions from the Board? Susan,
14 just quickly, could you explain for the public's
15 edification what NRT does and a rough estimate of how
16 much business they do in Pennsylvania?

17 MS. HENSEL:

18 NRT provides kiosks. These are machines
19 that people can go up and cash their vouchers in so
20 that they can get cash in exchange for their voucher.
21 And in terms of their business, I can give you that.
22 They've sold approximately \$1.7 million worth of
23 associated equipment in Pennsylvania.

24 CHAIRMAN:

25 Thank you very much. Can I have a

1 motion, please?

2 MR. COY:

3 Mr. Chairman, I move the Board approve
4 the renewal of the Manufacturer License for NRT
5 Technology Corporation, as described by the Bureau of
6 Licensing.

7 CHAIRMAN:

8 Second?

9 MR. MCCABE:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 ALL SAY AYE

14 CHAIRMAN:

15 Opposed? Motion passes.

16 MS. HENSEL:

17 Next is the approval of Conditional Table
18 Game Manufacturer License for Tech Art, Inc. Pursuant
19 to the Board's regulations, the Board may issue a
20 Conditional Table Game Device Manufacturer License
21 provided the applicant submits a completed
22 application, his license is in good standing and the
23 gambling jurisdiction and manufacturer standards are
24 recognized by the PGCB, submits a written statement
25 from a facility, indicating the facility may do

1 business with the company, has a preliminary criminal
2 history investigation and base licensing fee prior to
3 license issuance. The Bureau of Licensing has
4 provided you with a Preliminary Background
5 Investigation and Suitability Report for this
6 applicant. No issues were identified by either the
7 BIE or Licensing that would preclude approving the
8 Conditional License. I have provided you with a draft
9 Order and ask that the Board consider the approval of
10 a Conditional License for Tech Art, Inc. And it
11 manufacturers hole card readers, which are used in the
12 game of Blackjack.

13 CHAIRMAN:

14 You're also good at anticipating
15 questions. Thank you. Any questions from Enforcement
16 Counsel?

17 ATTORNEY PITRE:

18 No. And I have no objection.

19 MR. SOJKA:

20 Just a quick one. They, at the moment,
21 are leasing just that single item?

22 MS. HENSEL:

23 That's correct.

24 MR. SOJKA:

25 That's all they're doing? Again, do we

1 have a rough idea of what that may generate?

2 MS. HENSEL:

3 I really don't have an estimate at this
4 point, but at this point they are the only provider of
5 that product in Pennsylvania.

6 MR. SOJKA:

7 It will be on virtually every Blackjack
8 table in the Commonwealth?

9 MS. HENSEL:

10 Yes.

11 CHAIRMAN:

12 Thank you. Any other questions? Can I
13 have a motion, please?

14 MR. SOJKA:

15 Yes, Mr. Chairman. I move that the Board
16 approve the Conditional Table Game Manufacturer's
17 License for Tech Art, Inc., as described by the Bureau
18 of Licensing.

19 MR. COY:

20 Second.

21 CHAIRMAN:

22 All in favor?

23 ALL SAY AYE

24 CHAIRMAN:

25 Opposed? Motion passes.

1 MS. HENSEL:

2 We also have for your consideration the
3 approval of Key Employee Licenses. Prior to this
4 meeting, the Bureau of Licensing provided you with a
5 proposed Order for two Key Employee Licenses for
6 Chester Downs and Sands Bethworks, and I ask that the
7 Board consider the Order approving these licenses.

8 CHAIRMAN:

9 Any questions or comments from
10 Enforcement Counsel?

11 ATTORNEY PITRE:

12 No objection.

13 CHAIRMAN:

14 Questions from the Board? Mr. McCabe?

15 ATTORNEY MCCABE:

16 I have one particularly on this issue.
17 But on the broader issue, how we're going to open up
18 the table games from west going to east, how does the
19 Bureau of Licensing stand on getting the Key Employees
20 and the rest of the individuals licensed for the
21 casinos so the casinos will be able to open up on the
22 days that we are projecting them to be able to open?

23 MS. HENSEL:

24 We've been working very aggressively
25 since January, really right after the law passed, with

1 each of the facilities to ensure that they have not
2 only the Key Employees but the dealers and the
3 additional employees who will be supervising the
4 facility. We monitor the application numbers on a
5 daily basis, and we are on target to have the
6 facilities open. We are, in fact, meeting with one of
7 the facilities today that we're concerned somewhat
8 about the number of applications that have been
9 submitted, and we are reaching out where we see the
10 need, but we are on target for all of the openings.

11 MR. MCCABE:

12 One of the ways she's able to anticipate
13 all of our questions is I think you are the longest
14 serving employee on the Gaming Board now, so you know
15 how we all think. And that's something I want to make
16 sure we avoid. The problem we had when we initially
17 opened, there was some of the confusion between us and
18 the casinos where these licenses stand, and I'd like
19 to hear you say we've reached out to these casinos, so
20 we're going west to east, make sure that we continue
21 that outreach in communication with all of the casinos
22 and we get everybody licensed.

23 MS. HENSEL:

24 Absolutely. And we have been in constant
25 communication with the facilities, and we're doing

1 everything we can to ensure that they have the
2 employees that they need when they need them.

3 MR. MCCABE:

4 Thank you.

5 CHAIRMAN:

6 Thank you. Questions from Enforcement
7 Counsel?

8 ATTORNEY PITRE:

9 None. No objection.

10 CHAIRMAN:

11 Questions from the Board? Can I have a
12 motion, please?

13 MR. COY:

14 Mr. Chairman, I move that the Board
15 approve the issuance of the Key Employee Licenses as
16 described by the Office of --- or the Bureau of
17 Licensing.

18 MR. ANGELI:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 ALL SAY AYE

23 CHAIRMAN:

24 Opposed? Motion passes.

25 MS. HENSEL:

1 Next for your consideration is the
2 issuance of Temporary Principal and Key Employee
3 Licenses. Prior to this meeting, the Bureau of
4 Licensing provided you with an Order regarding the
5 issuance of temporary Licenses for one Principal and
6 14 Key Employees. I ask that the Board consider the
7 Order for approving these licenses.

8 ATTORNEY PITRE:

9 No objection.

10 CHAIRMAN:

11 Thank you. Questions from the Board?
12 Could I have a motion, please?

13 MR. ANGELI:

14 Mr. Chairman, I move that the Board
15 approve the issuance of Temporary Principal and Key
16 Employee Credentials as described by the Bureau of
17 Licensing.

18 MR. COY:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 ALL SAY AYE

23 CHAIRMAN:

24 Opposed? Motion passes.

25 MS. HENSEL:

1 Next are Gaming Permits and Non-Gaming
2 Registration. Prior to this meeting, the Bureau of
3 Licensing provided you with a list of 538 individuals,
4 including 460 initial, 2 renewals and 76 G2 Temporary
5 Permits who the Bureau has granted Occupation Permits
6 to, and 135 individuals who the Bureau has granted
7 Registrations to under the authority delegated to the
8 Bureau of Licensing. I ask that the Board adopt a
9 motion approving the Order. And I point out that
10 these numbers, as you can see, are significantly
11 higher than several months ago.

12 ATTORNEY PITRE:

13 We have no objection.

14 CHAIRMAN:

15 Thank you. Questions from the Board?
16 Can I have a motion, please?

17 MR. COY:

18 Mr. Chairman, I move the Board approve
19 the issuance of Gaming Employee Permits and Non-Gaming
20 Employee Registrations, as described by the Bureau of
21 Licensing.

22 CHAIRMAN:

23 Second?

24 MR. TRUJILLO:

25 Second.

1 CHAIRMAN:

2 All in favor?

3 ALL SAY AYE

4 CHAIRMAN:

5 Opposed? Motion passes.

6 MS. HENSEL:

7 We also have withdrawal requests for Key
8 Employees. In each case the licensee is no longer
9 required due to such circumstances as the employee
10 failing to report to work or the job offer being
11 rescinded. For today's meeting I have provided the
12 Board with a list of six Key Employee Withdrawals for
13 approval. I ask that the Board consider the Order
14 approving the withdrawals.

15 ATTORNEY PITRE:

16 No objection.

17 CHAIRMAN:

18 Thank you. Questions from the Board?
19 Can I have a motion, please?

20 MR. GINTY:

21 Mr. Chairman, I move that the Board
22 approve the withdrawal of the Key Employee
23 Applications, as described by the Bureau of Licensing.

24 CHAIRMAN:

25 Second?

1 MR. MCCABE:

2 Second.

3 CHAIRMAN:

4 All in favor?

5 ALL SAY AYE

6 CHAIRMAN:

7 Opposed? Motion passes.

8 MS. HENSEL:

9 Finally, we have an Order regarding the
10 addition of the following four Game Service Providers
11 to the Prohibited Gaming Service Provider List,
12 Fabcon, LLC; Maple Direct, Inc.; Roman Mosaic and Tile
13 Company; and South Shore Contracting. These gaming
14 service providers have done business with a slot
15 machine operator, licensee or applicant but have
16 failed to submit or complete their applications. I'd
17 ask the Board consider the Order adding these Gaming
18 Service Providers to the Prohibited Gaming Service
19 Provider List.

20 ATTORNEY PITRE:

21 No objection.

22 CHAIRMAN:

23 Thank you. Questions from the Board?

24 Can I have a motion, please?

25 MR. MCCABE:

1 Yes, Mr. Chair. I move that the Board
2 issue the Orders to approve the additions to the
3 Prohibited Gaming Service Provider List, as described
4 by the Bureau of Licensing.

5 CHAIRMAN:

6 Second?

7 MR. SOJKA:

8 Second.

9 CHAIRMAN:

10 All in favor?

11 ALL SAY AYE

12 CHAIRMAN:

13 Opposed? Motion passes.

14 MS. HENSEL:

15 That concludes the Bureau of Licensing's
16 presentation.

17 CHAIRMAN:

18 Thank you very much, Susan. Next up is
19 Cyrus Pitre, our Enforcement Counsel.

20 ATTORNEY PITRE:

21 Good morning, Chairman Fajt, members of
22 the Board. Katie Higgins will present all matters for
23 the OEC today. I'd ask that Holly Eicher come
24 forward, please, with regard to the Consent Agreement
25 that is first on the agenda with Sands.

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CHAIRMAN:

Before we begin, Katie --- the stenographer, you have her name, Katie Higgins, from the OEC? Holly, can you introduce yourself and spell your name for the stenographer?

ATTORNEY EICHER:

Certainly. Good morning, Chairman Fajt and members of the Board. My name is Holly Eicher, E-I-C-H-E-R. I am Vice-President and General Counsel for Sands Bethworks Gaming, LLC. And with me today I have our President, Robert DeSalvio.

MR. DESALVIO:

Yes. That's D-E, capital S-A-L-V-I-O.

CHAIRMAN:

Good morning, Bob. Could you please stand and be sworn in by the stenographer?

ROBERT DESALVIO, HAVING FIRST BEEN DULY SWORN,
TESTIFIED AS FOLLOWS:

CHAIRMAN:

Thank you. Katie, please begin.

ATTORNEY HIGGINS:

Thank you. Chairman Fajt, members of the Board, we have today for the Board's consideration a

1 Consent Agreement between the OEC and Sands Bethworks
2 Gaming, LLC. The agreement involves the following six
3 incidents of underage gaming. On June 1st, 2009, a
4 20-year-old patron entered Sands' gaming floor after a
5 Sands employee allowed the 20-year-old to enter the
6 facility through an employee entrance. The underage
7 individual placed wagers at slot machines for
8 approximately 20 minutes and on two occasions was
9 served alcohol by a Sands employee. On August 9th,
10 2009 a 19-year-old male accessed the Sands' gaming
11 floor and played slot machines for a period of
12 approximately two minutes and also consumed alcohol
13 while gambling. On November 26th, 2009 an 18-year-old
14 individual accessed and remained on the gaming floor
15 for approximately 40 minutes, during which time he
16 consumed alcohol. On November 30th, 2009, a 20-year-
17 old patron accessed the Sands' gaming floor and played
18 slot machines for approximately five-and-a-half hours.
19 On December 11th, 2009 a 20-year-old patron accessed
20 the Sands' gaming floor and played slot machines for
21 approximately 50 minutes. And on January 23rd, 2010,
22 an 18-year-old gained access to Sands' gaming floor
23 and played slot machines for approximately 25 minutes.
24 The Sands issued disciplinary notices to security
25 officers involved in the incidents. Sands has also

1 agreed to continue with its policies and provide
2 training, guidance and reinforcement to their
3 employees regarding underage gaming, which will
4 minimize the opportunity for similar incidents to
5 occur in the future. In addition, the parties have
6 agreed that within five days of the Board's Order,
7 Sands shall pay a civil penalty in the amount of
8 \$48,000. This fine is consistent with fines levied
9 against other licensed facilities in the past, and if
10 approved, will be the first fine for Sands. The OEC
11 asks that the Board approve the Consent Agreement as
12 presented today.

13 ATTORNEY PITRE:

14 I might add that all the incidents were
15 self-reported by Sands immediately upon them finding
16 out.

17 CHAIRMAN:

18 Thank you. Any questions or comments
19 from Sands?

20 MR. DESALVIO:

21 I would like to make one, Mr. Chairman,
22 just the fact that we take this issue of underage
23 gambling extremely seriously. I know most or all of
24 the Board members have seen the security features we
25 have at both of the entrances. And just by way of

1 account, I know I discussed this at our Table Games
2 Certificate hearing, but I'd like to update the Board,
3 if you wouldn't mind. It will just take a minute. We
4 challenge anyone who approaches our security entrances
5 if they look 30 years or younger. And in the course
6 of our first year of operations, we challenged 382,000
7 people who approached and looked younger. Of those,
8 8,843 were turned away because they had improper ID.
9 And so, you know, as much as we are really upset, as
10 I'm sure the Board would have anyone get through, you
11 can see the numbers are very, very high and we do the
12 very best that we can to try and protect those
13 entrances. We will continue to readdress this issue
14 with the staff, and we just wanted you to know that we
15 take this issue very seriously and we do the best that
16 we can. But unfortunately, some of them just find a
17 way to slip through.

18 CHAIRMAN:

19 Any questions or comments from the Board?
20 Commissioner Sojka?

21 MR. SOJKA:

22 Yeah. I have one question for
23 Enforcement Counsel. On the grounds that as we are
24 sort of setting precedent every time we deal with one
25 of these issues, and we've got a history developing

1 now of what are appropriate fines or penalties to pay
2 during these Consent Agreements, I just wondered if I
3 can have some explanation over the way these cases
4 were essentially bundled? We're looking at it as a
5 first offense, but we're putting a dollar penalty on
6 it as if it were, you know, a multiple offense. This
7 is the first time we've seen it and yet there are six
8 things going back to August 2009 and finishing in
9 January 2010. Why have we chosen to do it in this way
10 rather than bringing something forward way back in
11 last year?

12 ATTORNEY PITRE:

13 When the matters start to arise, they
14 happened so quickly, one after the other. Say, August
15 I get a report --- an incident happens in August. I
16 get a report in September. By the time I'm finishing
17 the Consent Agreement or getting all the evidence
18 together, another incident has happened. So basically
19 what I would be doing is coming to the Board every
20 Board meeting while incidents are still pending. The
21 approach is to bring the casino into compliance and to
22 have some sort of plan in place to stop the incidents.
23 And then after the incidents stop occurring at such a
24 quick fashion, then we reach a Consent Agreement with
25 them. The Consent Agreement is no good if there is no

1 compliance.

2 MR. SOJKA:

3 Right.

4 ATTORNEY PITRE:

5 So the compliance is the main goal in
6 getting these matters taken care of, and then the
7 penalty comes later. I'm more concerned about making
8 sure the casino gets its act together and comes into
9 compliance.

10 MR. SOJKA:

11 And to fit into that method of operation,
12 then the casino is being made aware that there are now
13 multiple pending issues and they know that the
14 financial aspect of engaging in this Consent Agreement
15 is going to be substantially more than one might
16 expect from a first violation.

17 ATTORNEY PITRE:

18 Our casinos --- I'm just going to tell
19 you our casinos are much better at becoming aware than
20 the casinos are in Atlantic City. Our casinos know
21 before I know a lot of times, and I'll get a phone
22 call saying we had an underage incident this past
23 weekend. We're going to hear about it. We're
24 gathering all the information. We're working with the
25 people on-site and doing whatever we can to make sure

1 this doesn't happen again. So they're aware of it a
2 lot further along before I am. And they've been, for
3 the most part, very cooperative in coming forward with
4 this and addressing the issues.

5 MR. DESALVIO:

6 If I can add one follow-up to that. We
7 even, over the course of the year, changed some of the
8 procedures to try and catch it. A number of these
9 incidences occur because somebody is distracted. A
10 security guard is checking one person's ID while
11 somebody is trying to slip around. So partly through
12 the process in working with the on-site Board staff,
13 we now position somebody further back who can actually
14 sort of get an overall view of the entrances. It's
15 very difficult on busy nights. It's one thing, you
16 know, on Monday morning, at 8:00 a.m. It's another
17 thing on Saturday night, at 8:00 p.m., and they come
18 at you very intensely at those doors. So as part of
19 the process to try to stop this, we've actually added
20 another layer where we sort of back somebody up to not
21 check IDs but keep an overall visual of the entrances.
22 So we've been working with the Board staff to try to
23 improve it each step of the way. And the incidences
24 were heavier when we first opened and have now gotten
25 to be much more fewer and far between.

1 MR. SOJKA:

2 I did notice that one of your very early
3 violations did, in fact, involve the collusion of an
4 adult ---

5 MR. DESALVIO:

6 Correct.

7 MR. SOJKA:

8 --- who actually had a scheme to smuggle
9 an underage person in that facility.

10 MR. DESALVIO:

11 That's correct.

12 MR. SOJKA:

13 This would help with that.

14 ATTORNEY EICHER:

15 If I may add one small point to Mr.
16 Pitre's comment that we self-reported each of these
17 incidents. It was actually our own security personnel
18 who caught the underage individuals in each and every
19 one of these incidents, and we, as a property,
20 self-reported that to both Safety and to Gaming
21 Enforcement.

22 CHAIRMAN:

23 Commissioner Coy?

24 MR. COY:

25 Thank you, Mr. Chairman. I'm going to

1 explore the fine thing because I thought I understood,
2 but now I need some clarification. So the \$48,000, is
3 that so much per incident?

4 ATTORNEY PITRE:

5 It's a combination of things. It depends
6 upon how egregious the incident is. In the incident
7 where the individual was smuggled through, that fine
8 is lower as compared to the individual who was on the
9 floor gambling for five hours.

10 MR. SOJKA:

11 So it's just not so much each event. It
12 depends on the nature?

13 ATTORNEY PITRE:

14 We look at the facts behind each one of
15 those. Some may be more egregious than others. It's
16 just not a straight I'm going to fine you \$5,000 every
17 time this occurs. It depends upon how long the
18 individual was on the floor, with how many
19 face-to-face contacts they had, how the individual
20 accessed the floor. It depends upon the facts of each
21 matter. But for the most part, if it's a first-time
22 incident and it was just the individual got on the
23 floor to gamble and was able to play a slot machine
24 for anywhere longer than 15 minutes without being
25 caught, then it's probably just a straight penalty of

1 \$5,000. But if the individual got on the floor and
2 was caught within five minutes, we usually send them a
3 warning letter. If it's a number of those incidents
4 where it's about that time period, we'll have a
5 compliance conference with them.

6 MR. COY:

7 So what was the last incident? What was
8 the last time?

9 ATTORNEY PITRE:

10 January 2010.

11 MR. COY:

12 And have there been any since then? In
13 other words, do you have any more in the pipeline?

14 ATTORNEY EICHER:

15 I don't believe so.

16 ATTORNEY PITRE:

17 That's pretty much all at this point.

18 MR. COY:

19 You know, Bob, I'm glad that you feel
20 you've stopped it. You know, Sands probably made the
21 best case to the Board for a casino in an area that
22 has been economically challenged, the City of
23 Bethlehem, with the loss of the steel industry and so
24 on. And the Board, I think, granted the license
25 because of the case on a number of reasons, but

1 because of the case that you made about helping the
2 area economically. But you've got to get a hold of
3 this thing. And what is more egregious to me than the
4 underage admission is the serving of alcohol. You
5 just got to stop it. If you have too many people
6 coming --- I don't know how to run a casino, but I'm
7 going to try to tell you anyhow, and that is if you
8 have too many --- if it's busy at ten o'clock at
9 night, then hire more people. Get this thing under
10 control. You've got a beautiful facility. You have a
11 hotel being built. Again, now you have a lot of
12 positive things going, but this just has to stop. And
13 I won't support this size of fine anymore. It will
14 have to be more the next time, as far as I'm
15 concerned.

16 MR. SOJKA:

17 To explore --- I'm sorry, Mr. Chairman.

18 CHAIRMAN:

19 Commissioner Sojka?

20 MR. SOJKA:

21 Is it worthwhile, in your opinion, to
22 consider if the source of these underage drinkers
23 might be coming from a sort of point source? You know
24 what I'm getting at, and that is you're virtually
25 within sight of an institution of higher learning,

1 with a substantial student body that fits the age
2 profile of these people. Would you know if they are
3 coming from one place or most of them are?

4 MR. DESALVIO:

5 No. I think it's actually been a wide
6 range of geography.

7 MR. SOJKA:

8 Okay.

9 MR. DESALVIO:

10 What we're really doing now to help is
11 the issuance of the wristbands once they get checked
12 at the door. Over the course of the last year we
13 issued 268,000 wristbands, and so what we're trying to
14 do is once we check them, then we can wristband them.
15 And then the person knows that they won't be bothered
16 as they walk around the facility. It also helps our
17 people when they walk around. If they see somebody
18 with a wristband, they don't have to waste their time
19 there. They can move on and look to somebody else.
20 So clearly, we are trying to step up the enforcement
21 of this and will continue to do so.

22 MR. SOJKA:

23 And you could tell where I was going,
24 that is thinking about maybe working on the other end
25 to slow down the flow. But if that's not

1 available ---.

2 MR. DESALVIO:

3 We actually just met about two weeks ago
4 with the Association of Independent Colleges in Lehigh
5 Valley, and we've actually been doing a program with
6 them, working on this issue of underage. And they're
7 going to be addressing it in all of their institutions
8 at the start of the new academic season coming up. So
9 we've been trying to do outreach with that group as
10 well.

11 MR. SOJKA:

12 I would look at that as a positive step.

13 CHAIRMAN:

14 Other questions?

15 MR. GINTY:

16 This is Ginty. The employee that helped
17 one of those underage people get on the floor, what
18 action, if any, was taken with respect to that
19 employee?

20 MR. DESALVIO:

21 That employee was terminated.

22 ATTORNEY PITRE:

23 And we did revoke the license.

24 ATTORNEY EICHER:

25 And in fact, in addition to that they

1 were permanently evicted from the casino. So they
2 cannot come in to play as a citizen.

3 MR. GINTY:

4 Thank you.

5 CHAIRMAN:

6 I have a couple of questions on the
7 bracelets. Are those issued to anyone under the age
8 of 30?

9 MR. DESALVIO:

10 Correct. If we check the ID and they're
11 under 30 but over 21, then we go ahead and issue the
12 bracelet.

13 CHAIRMAN:

14 I'm a little concerned then about the
15 serving of alcohol, and so I guess my question is, you
16 know, you have somebody either going up to a bar to
17 get a drink or a cocktail waiter or a waitress serving
18 them a drink or possibly somebody else who is of age
19 buying a drink and then handing it off to somebody
20 under age. But as to the serving of alcohol, and I'll
21 look to Enforcement Counsel, how did that happen?
22 Were you able to determine which of those three
23 scenarios, the people who got alcohol, how they got
24 the alcohol? Let me ask Enforcement Counsel
25 initially.

1 ATTORNEY HIGGINS:

2 In the one case, with the employee ---
3 the one that was revoked, she actually was able to
4 obtain a wristband and give it to the underage
5 individual.

6 CHAIRMAN:

7 Okay.

8 ATTORNEY HIGGINS:

9 Another one I know was an adult who
10 passed it off to the underage individual.

11 CHAIRMAN:

12 Okay. And Mr. DeSalvio, on the alcohol
13 issue, what do you have to say about that?

14 MR. DESALVIO:

15 I think early on, when I look back at
16 this and after talking to a number of people in the
17 beverage department, some of the folks that worked in
18 beverage I think were under a false sense of security
19 that once they got through the front door, they were
20 dealing with people that were already over 21. What
21 we had to go back and reinforce was you can't make
22 that assumption, that if you see somebody that looks
23 like they may be underage, forget about what happened
24 at the front door, challenge them anyway. And we had
25 to get around to all those employees and reinforce

1 that you cannot rely on security, that we have to
2 assume that every once in a while somebody is going to
3 slip by. So when in doubt, make sure you check. And
4 we went around very specifically to the beverage team
5 and said, don't worry about it. You know, some people
6 get upset when you challenge, but that's just the way
7 it is. And if we're going to get our arms around
8 this, we're going to have to be very aggressive. So I
9 think it was really a false sense of security, that
10 once the person was in the building, that they had
11 already been screened, and we really have to reinforce
12 that with the beverage team.

13 CHAIRMAN:

14 Let me just say this to the table games
15 comment. You know, it's no secret that that is a
16 younger person's venue, and they will find ways to get
17 into your casino. And they may send in somebody who's
18 over 21, get a bracelet, they slip in, snip the
19 bracelet, you know, somehow tape it up and put it on
20 the underage person's arm. And I would just caution
21 all of the casino representatives in here today, and I
22 see many of them, that this is a scam that they're
23 going to figure out pretty quickly. And you have
24 eye-to-eye contact with people at a table, and this
25 Board will be less tolerant of underage gambling at a

1 table than they are at slot machines. There it is
2 impersonal. It's easier to get away with. But when
3 you're at a table and you have a dealer on the other
4 side, I suggest, at least initially, to set the tone,
5 that those dealers or pit bosses or whoever it is,
6 that the appropriate person double check, triple
7 check, those bracelets. If there's any, you know,
8 evidence of tampering, those folks are going to have
9 to be removed, because they will try it and they will
10 get away with it. And again, we will be less tolerant
11 because of the eye-to-eye contact and the personal
12 contact with a table games dealer and a patron versus
13 a slot machine and a patron.

14 MR. DESALVIO:

15 Mr. Chairman, just one follow-up to that.
16 We also changed the policy that if you re-approach ---
17 if you approach security and already have a bracelet,
18 we're considering that no good, and then you have to
19 start over again for just that very reason, because
20 one of the earlier incidents was a bracelet going out
21 the door and coming back. So now if you approach and
22 you already have one, they check your ID again because
23 of just that issue. Somebody had gone out, put one on
24 and taped it and then got back in. So we've already
25 instituted, hopefully, a corrective action on that as

1 well.

2 CHAIRMAN:

3 Thank you. Commissioner McCabe?

4 MR. MCCABE:

5 Yes. I want to add to this discussion
6 because I think law enforcement can help this issue
7 and help us stop this. I remember from reading the
8 material, each of these incidences were referred to
9 the Pennsylvania State Police; is that correct?

10 ATTORNEY HIGGINS:

11 That is correct.

12 MR. MCCABE:

13 And they issued a summons ---

14 ATTORNEY HIGGINS:

15 They did.

16 MR. MCCABE:

17 --- to the individuals. And I've been
18 looking to see --- I don't think we have any PSP reps
19 here. Does anybody know, sitting up here, what were
20 the results? What did the magistrates do? Were they
21 fined? What was the result of these summons? Because
22 one of the complaints I'm hearing from law
23 enforcement's side is we're doing our job with
24 excluding --- people who are self-exclusion, underage
25 individuals getting into the casino. We're giving

1 them a ticket, but then it's on the magistrate's ---
2 Judge's, magistrate's side. They're slapping the kids
3 on the wrists, letting them go, and it's not actually
4 acting as a deterrent to stop them, where I think if
5 we can get the message out that we need help from the
6 courts, we need help from law enforcement to help us
7 keep these kids out and deter them from trying to keep
8 coming back and back. They need to hear about a
9 couple of their buddies getting whacked pretty hard
10 either with fines or some type of public service or
11 whatever instead of just being --- the charge being
12 dismissed. I think that would help.

13 MR. DESALVIO:

14 I'm not exactly sure what happened in the
15 cases, but I did want to comment, Commissioner, that
16 as of the passage of Act One, with the table games
17 legislation, the underage gaming became a summary
18 offense. And so now what happens is you get a ---
19 there's sequential fines. So the first offense is a
20 certain fine. And then as you move --- if you get a
21 repetitive offense, the fines go up. And now they're
22 up as high as, I think, \$1,000 or \$1,500. And I do
23 believe that that will help to act as more of a
24 deterrent because now they will automatically, I
25 guess, receive fines.

1 MR. MCCABE:

2 I don't know, OEC or Kevin, maybe we
3 should follow that and publicize that when that
4 happens. If we catch underage gaming people under the
5 table games and then they do get these fines, that
6 should be publicized to act as a deterrent. I don't
7 know who would be responsible for doing that, PSP, the
8 casinos, us. It's something, I guess, we have to all
9 decide.

10 CHAIRMAN:

11 Ken, I'll follow up on that. And I think
12 it's --- and we'll talk personally and get back to the
13 casinos on this, but I think that it might be
14 worthwhile that we develop a game plan. Maybe we
15 can't do it, but we'll talk it through at the Gaming
16 Control Board, where there is some outreach between
17 the casinos and the local magistrate, because I think
18 that, you know, those folks need to, you know, be part
19 of the discussion and say this is a serious issue.
20 And you know, again, they're judges and they're going
21 to do what they deem appropriate, but I think a
22 discussion with them, maybe with casino eye-level
23 staff to say, you know, when these folks come to you,
24 this is an issue that the legislature and the Gaming
25 Control Board take very seriously, may have an impact

1 on their sentencing.

2 MR. TRUJILLO:

3 Mr. Chairman, I have just one brief point
4 of clarification, if I may.

5 CHAIRMAN:

6 Sure. Commissioner Trujillo?

7 MR. TRUJILLO:

8 The terms of the Agreement state that
9 Sands shall continue with policies and provide
10 training, guidance and reinforcement to their
11 employees to minimize the opportunity for similar
12 incidents to occur in the future. Originally, when I
13 saw that I thought, well, you know, continuing
14 policies is not really the way to go here because it
15 didn't seem to work, although as I hear the testimony,
16 and particularly Mr. DeSalvio's testimony, my
17 understanding is that, am I correct, that you will
18 continue your policies to provide training, but that
19 you have made changes to that training in response to
20 these incidents and since January have had no
21 additional incidents?

22 MR. DESALVIO:

23 That is correct. We've made changes
24 along the way as we tried to come up with better
25 systems for protecting these folks from getting

1 through the doors. That is correct, Commissioner.

2 MR. TRUJILLO:

3 Okay. Because when I first read it I
4 thought, you know, continuing the same policy and
5 procedures for something that has been a serial
6 problem for five months is not a great way to go. But
7 as long as the clarification is that you're continuing
8 your policy to provide training and then revising that
9 training if a problem arises in order to deal with it,
10 in that case I can support this.

11 MR. DESALVIO:

12 Thank you.

13 MR. TRUJILLO:

14 Thank you.

15 CHAIRMAN:

16 If I can just make one last editorial
17 comment on the Office. I do know that locally here
18 Penn National has a billboard campaign and maybe even
19 a TV campaign to the effect, you know, if you're under
20 21 and you think you're getting into our casino, think
21 again. And I think it's fairly effective. And you
22 know, those kind of billboards next to college
23 campuses or something like that is going to have at
24 least somewhat of a chilling effect. And you know, if
25 you can add that you'll be prosecuted to the full

1 extent of the law, I think kids will think twice about
2 trying to skirt the security.

3 ATTORNEY HIGGINS:

4 We appreciate this discussion and your
5 ideas.

6 CHAIRMAN:

7 Any other questions? Seeing none, can I
8 have a motion, please?

9 MR. SOJKA:

10 Yes, you may, Mr. Chairman. I move that
11 the Board issue an Order to approve the Consent
12 Agreement between the OEC and Sands Bethworks, LLC.

13 MR. ANGELI:

14 Second.

15 CHAIRMAN:

16 All in favor?

17 ALL SAY AYE

18 CHAIRMAN:

19 Opposed? Motion passes.

20 MR. DESALVIO:

21 Thank you.

22 ATTORNEY EICHER:

23 Thank you.

24 CHAIRMAN:

25 Katie?

1 ATTORNEY HIGGINS:

2 The next matter before the Board today is
3 that of Adelaide Johnson. On February 16, 2010, the
4 OEC filed a Complaint for Revocation of Non-Gaming
5 Registration due to her failure to maintain
6 suitability. Ms. Johnson did not respond to the
7 complaint within 30 days, and therefore, pursuant to
8 the Board Regulations, all facts alleged in the
9 complaint are deemed admitted. The OEC filed a
10 request for default judgment on May 13th, 2010. And
11 at this time the OEC would ask that the Board revoke
12 Ms. Johnson's Non-Gaming Registration.

13 CHAIRMAN:

14 Is Adelaide Johnson present today? Any
15 questions or comments from the Board on this issue?
16 If not, can I have a motion, please?

17 MR. MCCABE:

18 Yes, Mr. Chair. I move that the Board
19 issue an Order to approve the revocation of the
20 Non-Gaming Employee Registration of Adelaide Johnson,
21 as described by the OEC.

22 MR. ANGELI:

23 Second.

24 CHAIRMAN:

25 All in favor?

1 ALL SAY AYE

2 CHAIRMAN:

3 Opposed? Motion passes.

4 ATTORNEY HIGGINS:

5 The next matter is Daniel Gonzalez. On
6 January 28th, 2010, the OEC filed a Complaint for
7 Revocation of Mr. Gonzalez's Non-Gaming Registration
8 due to his failure to maintain suitability. Mr.
9 Gonzalez did not respond to the complaint within 30
10 days, and therefore, pursuant to Board Regulations,
11 all facts alleged in the complaint are deemed
12 admitted. The OEC filed a request for default
13 judgment on May 13th, 2010, and at this time the OEC
14 would ask that the Board revoke Mr. Gonzalez's Non-
15 Gaming Registration.

16 CHAIRMAN:

17 Is Daniel Gonzalez present? Any
18 questions from the Board? Can I have a motion,
19 please?

20 MR. ANGELI:

21 Mr. Chairman, I move that the Board issue
22 an Order to approve the revocation of the Non-Gaming
23 Employee Registration of Daniel Gonzalez, as described
24 by the OEC.

25 MR. COY:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 ALL SAY AYE

5 CHAIRMAN:

6 Opposed? Motion passes.

7 ATTORNEY HIGGINS:

8 The last item before the Board today is
9 that of Michael Updegrove. On February 16th, 2010 the
10 OEC filed a complaint for revocation of Mr.
11 Updegrove's Non-Gaming Registration due to his failure
12 to maintain suitability. Mr. Updegrove did not
13 respond to the complaint within 30 days, and
14 therefore, pursuant to Board Regulations, all facts
15 alleged in the complaint are deemed admitted. The OEC
16 filed a request for default judgment on May 13th,
17 2010, and at this time the OEC would ask that the
18 Board revoke Mr. Updegrove's Non-Gaming Registration.

19 CHAIRMAN:

20 Is Michael Updegrove present? Any
21 questions from the Board? Can I have a motion,
22 please?

23 MR. COY:

24 Mr. Chairman, I move the Board issue an
25 Order approving the revocation of the Non-Gaming

1 Employee Registration of Michael Updegrove, as
2 described by the OEC.

3 MR. GINTY:

4 Second.

5 CHAIRMAN:

6 All in favor?

7 ALL SAY AYE

8 CHAIRMAN:

9 Opposed? Motion passes.

10 ATTORNEY PITRE:

11 That concludes are presentation for
12 today.

13 CHAIRMAN:

14 Cyrus, thank you. This concludes today's
15 business. In closing, our next scheduled public
16 meeting will be held on Monday, June 21st, at the PUC
17 Keystone Building, Hearing Room One. The meeting will
18 begin at 1:00 p.m. Any final comments from the Board?
19 Can I have a motion to adjourn, please?

20 MR. GINTY:

21 So moved.

22 MR. MCCABE:

23 Second.

24 CHAIRMAN:

25 Thank you. The meeting is adjourned.

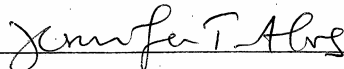
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PUBLIC MEETING CONCLUDED AT 11:31 A.M.

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CERTIFICATE

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6 I hereby certify that the foregoing
7 proceedings, hearing held before Chairman Fajt, was
8 reported by me on 06/10/2010 and that I Jennifer T.
9 Alves read this transcript and that I attest that this
10 transcript is a true and accurate record of the
11 proceeding.

12 
13 _____
14 Court Reporter
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