

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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BEFORE: GREGORY C. FAJT, CHAIRMAN  
Raymond S. Angeli, Jeffrey W. Coy, James B.  
Ginty, Kenneth T. McCabe, Gary A. Sojka,  
Kenneth I. Trujillo

HEARING: Thursday, July 29, 2010, 11:00 a.m.

LOCATION: North Office Building  
Hearing Room 1  
401 North Street  
Harrisburg, PA 17120

WITNESSES: Kevin O'Toole, Claire Yantis, David Rhen,  
R. Douglas Sherman, Stephen S. Cook, Bill  
Downey, Lynne Hughes, Cyrus Pitre and  
Sean Hannon

Reporter: Kenneth D. O'Hearn

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CHAIRMAN:

Thank you. We'll reconvene the meeting. By way of announcements, the Board held an Executive Session on July 28th, and just prior to today's public meeting. The purpose of the Executive Session yesterday was to discuss personnel matters, pending litigation and to conduct quasi-judicial deliberations relating to matters pending before the Board. The purpose of this morning's Executive Session was to deliberate the petitions that were the subject of today's hearings.

Having made all the announcements, our next item of business is minutes and transcripts. May I have a motion, please?

MR. ANGELI:

Mr. Chairman, I move that the Board approve the minutes and the transcript of May 25th, June 10th and June 21st, 2010 meetings.

CHAIRMAN:

All in favor?

ALL SAY AYE

CHAIRMAN:

Opposed? Motion passes.

1                   MR. COY:

2                   I second.

3                   CHAIRMAN:

4                   Thank you. We are being presumptuous  
5 here this morning. Our next item of business is our  
6 Executive Director's report. Kevin, could you please  
7 come up? Welcome.

8                   MR. O'TOOLE:

9                   Good morning. For the record, I'm Kevin  
10 O'Toole, O, apostrophe, capital T, O-O-L-E. For the  
11 past five or six months I have given the Board  
12 periodic updates at these public meetings on the  
13 progress for implementing Table Games.

14                   This morning I'm very pleased to give you  
15 a briefing on the successful completion of the startup  
16 of table games in all nine operating casinos. We have  
17 a PowerPoint presentation here this morning. And I'd  
18 like to thank Rich McGarvey and Doug Harbach for their  
19 preparation of this presentation.

20                   Our first line --- we all recall when the  
21 Act was first signed into law with a very specific  
22 legislative intent laid out in very good language to  
23 protect public interests in any legalized gaming  
24 activity, to provide property tax relief, enhance the  
25 horse racing industry and provide economic development

1 and job creation. On that point, job creation of over  
2 8,200 jobs has been provided within Pennsylvania  
3 during the period that the casino has for slot  
4 operations.

5           Of particular significance is January  
6 7th, 2010 when table gaming legislation was signed  
7 into law. Our commitment, the Board's commitment from  
8 day one was to implement table games in six to nine  
9 months. A rather challenging endeavor, and we have  
10 been able to do it certainly on a lower end of that  
11 nine-month period. We did it within six months.

12           It's also important to note that  
13 Pennsylvania as a whole --- the casino industry and  
14 the regulation of that industry has received quite a  
15 bit of attention over the last year, during the  
16 economic downturn. We are, in fact, one of the few  
17 jurisdictions and certainly most significant  
18 jurisdiction to share economic progress on the revenue  
19 front.

20           Just recently in the Global Gaming  
21 Business magazine edition of July 2010, one of the  
22 leading spokesmen of the casino industry and on behalf  
23 of the casino industry, Frank J. Fahrenkopf, Jr.,  
24 President and Chief Executive Officer of the American  
25 Gaming Association stated right in the beginning of

1 his midyear review, gaming in Pennsylvania remains a  
2 bright spot for our industry, repeatedly cataloging  
3 record breaking revenues. With the addition of table  
4 games the state's casinos are even more likely to  
5 continue to out perform last year's impressive totals.

6           With respect to table games and the  
7 implementation of table games, the legislature created  
8 a very challenging time frame of its own requiring  
9 this Board to act within 60 days of the filing of a  
10 Petition for Table Game Authorization. And this  
11 screen that we're looking at now provides the schedule  
12 for those 60 days.

13           Ten properties, including SugarHouse as  
14 the tenth property, filed a petition. We recognized  
15 very early that if we did not get off on the right  
16 foot that this process would not have been a success.  
17 So, our first endeavor was to hold a meeting, five to  
18 six representatives from every operating casino,  
19 including SugarHouse as an advocate, as a licensed  
20 holder --- attended that session. The Harrisburg  
21 University of Science and Technology was gracious  
22 enough to offer a large lecture room for that meeting.

23           In that I would like to recognize Chief  
24 Counsel, Doug Sherman, who coordinated the effort to  
25 insure that the petitions needed to be immediately

1 filed by the casinos would be complete and responsive,  
2 because if they weren't and if we had to go back to  
3 the property and ask for additional documentation it  
4 would have delayed the process inordinately. So, it  
5 was a very successful meeting because the petitions  
6 came in, they came in on a timely basis and they were  
7 very comprehensive.

8           The legislature also required within that  
9 60-day period of public input hearing. And I'd like  
10 to publicly express my appreciation to Director Linda  
11 Lloyd, who conducted those public input hearings  
12 within the municipality and region the casino is  
13 located. Her professionalism and her competency in  
14 running those public input hearings were quite evident  
15 and very much appreciated.

16           The legislation required that this Board  
17 determine and decide the petitions within the 60-day  
18 period. And I also would like to recognize and thank  
19 the Board members for their active participation of  
20 the public input hearings. At every hearing there was  
21 at least one, in most cases two, three or four  
22 commissioners present at the public input hearing.  
23 And your contribution to that was both extremely  
24 valued.

25           The petitions were, in fact, scheduled at



1 public meetings within the 60-day period and they were  
2 approved by Ms. Lloyd. While that 60-day period was  
3 occurring, the staff was diligently working on those  
4 things that needed to get accomplished. First and  
5 foremost the key to our success was the legislature.  
6 The legislature recognized and gave us the  
7 indispensable tool of being able to promulgate  
8 temporary regulations.

9           Section 1303A states why they did that.  
10 They did that in order to facilitate the prompt  
11 implementation of table games. Absent that tool, I  
12 wouldn't be standing here today talking about the  
13 successful opening of the table game operations. At  
14 the first meeting, following the implementation of the  
15 table game legislation, we promulgated five table game  
16 rule specifications. And by May 25th the Board  
17 meeting on that date, over 700 pages, in fact, there  
18 are 749 pages of temporary regulations covering 27  
19 chapters. And not only is this a large volume of  
20 material, it's all on the internet and you don't have  
21 to print it out to refer to any of these sections.

22           It's very important to get these  
23 regulations out in the correct order. If we started  
24 with the internal controls, it wouldn't have worked,  
25 you know, that's something towards the --- not the

1 tail end, but it had to start in a specific order.

2           Casinos had to get dealer schools up and  
3 running and training their dealers. So one of the  
4 first things we did was establish --- as the  
5 legislature requires to, we established minimum  
6 training and proficiency standards for dealers. We  
7 did that in collaboration with the Department of  
8 Education and the Department of Labor and Industry.

9           Secondly, we had to continue on a very  
10 stringent time frame to promulgate rules for the  
11 games, because if you're going to train the dealer,  
12 you want to train them in the rules that you're  
13 specifying.

14           And the general public there is  
15 recreational handlers who might not understand if ---  
16 these games have a lot of different nuances to them,  
17 and they're not all identical in every jurisdiction.  
18 So our staff examined how the games were operated in  
19 other jurisdictions and came back and we feel very  
20 confident that we have an outstanding set of rules and  
21 regulations. Rules of gaming that serve the public  
22 interest as well as serving the casino's interest in  
23 being a successful casino operation.

24           We also promulgated surveillance  
25 standards so that the casinos could go out and buy the

1 equipment and analyze what they needed to do for  
2 surveillance. We promulgated equipment standards, and  
3 in that regard our Bureau of Gaming and Lab Operations  
4 under Director Michael Cruz and his staff. They have  
5 been to every casino and tested all of the equipment  
6 associated with table needs as it relates to  
7 shufflers, which would incur quite complicated pieces  
8 of equipment these days, as well as the computer  
9 programs associated with any progressive components on  
10 table games. And also the I-tables, a new technology  
11 that I think is going to become more popular as  
12 Pennsylvania casinos continue to examine their own  
13 operations. The I-tables are at Parx Casino at the  
14 present time.

15                   Towards the last several months before  
16 the hoped-for implementation of table games, we sent  
17 out the internal controls, we did that in several  
18 stages. We promulgated the casino credit procedures  
19 and regulations. The legislature saw fit to allow the  
20 casinos in Pennsylvania to offer casino credit to  
21 compete with other jurisdictions that also offer  
22 casino credit. And we feel that we have a very  
23 stringent process for being approved for casino credit  
24 in Pennsylvania. One that requires a full audit trail  
25 of all the reasons, all the justifications for why

1 this applicant has the resources to be entitled to the  
2 privilege of casino credit.

3           We also promulgated the regulation to  
4 ensure that the casinos would be calculating their  
5 table games revenue and the associated taxes in line  
6 with statutory requirements. We have promulgated  
7 rules that cover 18 table games. This is an  
8 expandable list. The casino comes to us with  
9 additional games, we will get our staff together. And  
10 in consultation with the industries we will promulgate  
11 additional table games as needed. We promulgated five  
12 poker games. In the short three-week period that  
13 casinos have been up and running, seven of the nine  
14 opted to have poker at the beginning of their table  
15 games operations. And every one of them have been  
16 extremely pleased with the popularity of their poker  
17 rooms.

18           Internal controls, really the lifeblood  
19 of integrity, along with the equipment standards, the  
20 Bureau of Gaming and Operations through Director Paul  
21 Resch and his entire team and in particular, Patty  
22 Gustavson and her staff then went through and approved  
23 the --- approved 784 internal control submissions  
24 covering these non profits, just an enormous task.  
25 And associated with internal controls, in addition to

1 the profits that you see on that screen, the Office of  
2 Compulsive and Problem Gambling reviewed nine revised  
3 Compulsive and Problem Gambling Plans. And the Office  
4 of Diversity has reviewed, revised diversity plans to  
5 incorporate table gaming personnel.

6           From the licensure standpoint, I just  
7 cannot over emphasize what a remarkable job it was for  
8 the Bureau of Licensing and the Bureau of  
9 Investigations and Enforcement (BIE) to accomplish  
10 what they did, with the assistance and support of our  
11 IT department of the Board. It took an enormous  
12 amount of organization and coordination between those  
13 two Bureaus, as well as the Human Resource Department  
14 at each casino, to accomplish the licensing  
15 requirements to get employees on the premises and  
16 ready to go.

17           The first screen of licensing describes  
18 table games supervisors. We designated them for  
19 license prevention purposes as G-2 employees. Over  
20 1,000 supervisory applications came in. There were a  
21 few withdrawals. There were a few denials and  
22 temporary approvals. Those 39 Denials, that doesn't  
23 mean they're out of the system. What it means is that  
24 there was something in the background that  
25 necessitated a complete background investigation

1 before the determination would be made.

2           And 877, as of several days ago,  
3 supervisory personnel have been approved. There's  
4 about 150 or so that are still pending our  
5 determination. Licensing of table games dealers, over  
6 3,000 dealer applications have been submitted. The  
7 dealers were not temporarily approved, so a complete  
8 background investigation has been conducted on all of  
9 the dealer applicants. We had a few withdrawals, a  
10 few recommended for denial, and 2,743 of those  
11 applications were approved as of several days ago.

12           The scope of work for the dealer  
13 applicants as performed by our very competent and  
14 highly professional staff of investigators, who have  
15 been the BIE, the scope of workers is listed there,  
16 tax clearance review from Pennsylvania Department of  
17 Revenue, criminal history, background review, and  
18 fingerprints. Supplemental checks with local police  
19 departments, other database searches, a lot of that  
20 information is --- allows us to determine financial  
21 suitability, are there multiple bankruptcies, are  
22 there judgments, are there liens, is there something  
23 that could compromise the objectivity or integrity.

24           Verification of dealer experience, this  
25 was not an easy function to do, but they did it. They

1 developed relationships that they already have with  
2 other gaming jurisdictions and developed some rules to  
3 ensure that the dealers have either attended the  
4 training program or have experience at other  
5 facilities outside of Pennsylvania. They do reference  
6 checks, and they also verify license status, if a  
7 person had a gaming license outside of Pennsylvania.

8           So in summary of all of the persons  
9 associated with table games operations, the job  
10 creation component of table games --- and this is  
11 still a growing list, but as of several days ago,  
12 4,464 new jobs in Pennsylvania have been generated  
13 through the legislative work to authorize table games.

14

15           From a financial standpoint the ten  
16 petitioners for table games authorization each made  
17 timely payments of \$16.5 million each for the License  
18 Fee. And the Manufacturer License Fees and suppliers  
19 and manufacturers designee, a total of \$165,580,000,  
20 has been generated for the Commonwealth on License  
21 Fees.

22           In a conscious effort to implement the  
23 casinos on a timely basis considering the competitive  
24 factors of casinos that might be drawing in patrons  
25 from similar geographic regions and trying to do it in

1 a way that one casino would not be able to open up  
2 prior to a competitor casino. We announced the test  
3 periods that would occur to ensure that each property  
4 was ready for table games, we established three  
5 opening teams. And those opening teams were led by  
6 Jane Berthelson, Jeanne Ort-Motto and Kevin Kile.  
7 They did an outstanding job in coordinating the test  
8 periods, having compliance check lists available,  
9 assigning each of their staff persons, what their  
10 responsibilities would be. We established an eight-  
11 hour test period with live gambling activity, with  
12 betting and after gaming taxes were paid. All of the  
13 proceeds were to be donated to charity. The onsite  
14 Casino Compliance Representatives and Casino  
15 Compliance Supervisors had a big role in assisting  
16 during that test stage. We have a screen that  
17 reflects some of the steps that we took to ensure that  
18 the dealers were knowledgeable of the rules, that they  
19 knew how to take their table inventory counts, that  
20 involved the security department, the surveillance  
21 department, cage, everyone said it was a big task.

22                   The test dates began on July the 6th, two  
23 days after the 4th of July holiday. Another very  
24 significant logistic problem that we had was  
25 specifically getting this done in a short period of



1 time with the geographic distance between Erie and  
2 Bensalem and Bethlehem and Allegheny County, and  
3 Washington County. And the full opening for each of  
4 these casinos occurred two days after the test period.  
5 So, the test periods occurred within a ten-day span  
6 and the grand openings occurred also within a ten-day  
7 span. We have a screen that's kind of hard to read up  
8 on those monitors, but this identifies all the various  
9 people that participated in the opening teams. But in  
10 addition to the people that were onsite at the  
11 openings, everyone in the organization had to  
12 contribute. And I'd like to express my appreciation  
13 to everyone in the Pennsylvania Gaming Control Board  
14 for the outstanding effort that they showed in the  
15 commitment to getting this job done.

16           The charitable contributions is very  
17 important, a notable \$100,000 has been donated by the  
18 casinos through the test date period, some fantastic  
19 charities benefited from that.

20           And the final screen, really it's pretty  
21 amazing that nine gaming facilities implemented 650  
22 table games in just ten days. Now I do like to read  
23 tribunals that give you updates on other jurisdictions  
24 and my experience is I know of no other jurisdiction  
25 that's been able to hold table games with those kinds

1 of numbers in that short period of time with the level  
2 of comprehensiveness displayed by the employees of the  
3 Pennsylvania Gaming Control Board. We did not skip  
4 any step of the process in order to expedite this. We  
5 did everything that was necessary to ensure that the  
6 facilities opened up with sound and strong internal  
7 controls. And we are now excited about the  
8 opportunity for Pennsylvania to generate additional  
9 revenue and additional jobs, and to oversee the  
10 regulatory process for the full service casinos.

11 And before I close we have an awful lot  
12 of our employees here in the audience so please, every  
13 Pennsylvania Gaming Control Board employee stand up.

14 CHAIRMAN:

15 Thank you very much, Kevin. Commissioner  
16 McCabe?

17 MR. MCCABE:

18 Yes, thank you, Mr. Chair. Kevin, as a  
19 good leader, you've given credit to everybody and  
20 taken none for yourself. And I want to take this  
21 opportunity to publicly commend you, praise you for  
22 your leadership knowledge, experience and wisdom in  
23 getting us to this point.

24 When this Board was looking to hire a new  
25 Executive Director one of our intents was to hire

1 somebody that could take us to the next level. We  
2 knew that table games were going to be coming in the  
3 future, and at that time didn't know when. We wanted  
4 to hire somebody who was not just going to take us to  
5 that next level, but put us out in front of the rest  
6 of the nation. And Kevin, you have done that. You  
7 have done an outstanding job. I don't know if people  
8 have seen the articles this week where we are the  
9 number one revenue generation, generating jurisdiction  
10 in the nation, generating last year over \$1.1 million  
11 --- billion, I'm not used to those big numbers --- but  
12 billion dollars with nine casinos, where Las Vegas  
13 with 250 casinos I think generated \$832 million.  
14 Kevin, under your leadership and direction you have  
15 taken us to that next level. And in my opinion, you  
16 have made us number one. So I want to thank you.

17 MR. GINTY:

18 Thank you.

19 MR. TRUJILLO:

20 Mr. Chairman?

21 CHAIRMAN:

22 Yes, Commissioner Trujillo. Kevin, not  
23 so fast. Nice try.

24 MR. TRUJILLO:

25 I think I mentioned this to you, Mr.

1 Chairman, but I had the distinct privilege of serving  
2 on President Obama's transition team when he  
3 instituted the change in commission and I told a  
4 couple of people that that was really a remarkable  
5 experience, seeing how that organization operated, and  
6 times did not. And one of the great privileges that  
7 I've had over the last almost nine months serving on  
8 this Board and seeing that our staff that's had ---  
9 this Board and this Board itself, in my view, compares  
10 extraordinarily favorably with the FCC or with any of  
11 the primary regulatory agencies in the country. And  
12 I'm just so extraordinarily proud to be part of this  
13 organization. And I really appreciate the work that  
14 our staff has done and the leadership, Kevin, you've  
15 shown and, Mr. Chairman, the leadership that you have  
16 shown as well. And I just couldn't be more proud to  
17 be part of this organization.

18 CHAIRMAN:

19 Thank you very much. And we'll let you  
20 go Kevin, just one second. I think also on behalf of  
21 the Board and as the Chair I want to thank you for the  
22 job you've done and to all of our employees out there.  
23 You've heard me say it before, you've heard other  
24 Board members say it. I really do firmly believe in  
25 my heart of hearts, that we have the best staff of any

1 agency in the Government. You work every day,  
2 sometimes in very trying times. We all know the  
3 political environment in which we work. Sometimes  
4 it's not easy to come to work and do your job, but you  
5 do what you do with a smile on your face. And we as  
6 Board members and I know Kevin feels the same way,  
7 very, very, proud of what you do. So, thank you.  
8 Thank you, Kevin.

9                   Next up is Claire Yantis, our Director of  
10 Human Resources. Welcome, Claire.

11                   MS. YANTIS:

12                   Good morning, Chairman and Board members.  
13 The Office of Human Resources has three motions before  
14 you today, relative to the hiring of PGCB staff.  
15 First we ask that you consider a motion to hire three  
16 individuals for Casino Compliance Representative  
17 positions in the Bureau of Casino Compliance. David  
18 Greenfield, Edward Blizzard and Teresa Dickson have  
19 completed the PGCB interview process, background  
20 investigation and drug screenings and are being  
21 recommended for hire by Director of Casino Compliance,  
22 Gerry Stoll.

23                   As such I ask that you consider a motion  
24 to hire these individuals as indicated.

25                   CHAIRMAN:

1           Any questions or comments from the Board?  
2 If none, can I have a motion, please?

3           MR. COY:

4           Mr. Chairman, I move the Board approve  
5 the applicants as proposed on the condition that the  
6 applicants have completed the necessary background  
7 investigations and drug testing.

8           MR. GINTY:

9           Second.

10          CHAIRMAN:

11          All in favor?

12 ALL SAY AYE

13          CHAIRMAN:

14          Opposed? Motion passes.

15          MS. YANTIS:

16          Next if you recall in February of 2010  
17 the Board approved a motion delegating authority to  
18 the Personnel Committee, to authorize the hiring of  
19 individuals as they successfully completed their  
20 background investigation with subsequent application  
21 of those hires by the Board.

22                 The February Order afforded the PGCB  
23 opportunities to efficiently process the internal  
24 staff required for table games implementation. Since  
25 the last Board meeting there were two individuals that

1 had been approved to commence employment under this  
2 Order. Michael Ferriola and Lauren Recupido had been  
3 approved by the Personnel Committee to begin  
4 employment as Casino Compliance Representatives. Both  
5 individuals were recommended for hire by Director of  
6 Casino Compliance, Gerry Stoll and completed the  
7 necessary background screening and drug testing.

8 We would therefore ask that the Board  
9 ratify the hiring of these individuals as required by  
10 the February Order of the Board.

11 CHAIRMAN:

12 Any questions or comments? Can I have a  
13 motion, please?

14 MR. SOJKA:

15 Yes, Mr. Chairman, I move that the Board  
16 ratify the hiring of the two applicants as described  
17 by the Director of Human Resources.

18 MR. ANGELI:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 ALL SAY AYE

23 CHAIRMAN:

24 Opposed? Motion passes.

25 MS. YANTIS:

1                   Finally, in order to ensure full and  
2 adequate staffing and training of PGCB employees for  
3 the anticipated opening of the SugarHouse Casino, we  
4 are in the process of hiring additional staff at this  
5 location. To date the Office of Human Resources, in  
6 conjunction with staff from various Bureaus, have  
7 conducted numerous interviews and begun to present  
8 recommendations to fill these positions.

9                   Understanding length of time necessary to  
10 select candidates to be fully vetted through the  
11 background investigation process, we are asking the  
12 Board to consider a motion delegating authority to the  
13 personnel committee to effectuate hiring these  
14 individuals if they complete the background process.  
15 This delegation of the parties with the understanding  
16 that approval of hiring will be contingent upon the  
17 candidate's successful completion of the background  
18 investigation and with the understanding that the  
19 Board ratify those hires at future public Board  
20 meetings.

21                   We believe this delegation of authority  
22 will allow us to make the most efficient use of time  
23 in order to ensure the PGCB is in the best possible  
24 position to support the opening of this new casino.

25                   CHAIRMAN:



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

3 MR. ANGELI:

4 Mr. Chairman and members of the Board, I  
5 move that the Board delegate authority to the  
6 Personnel Committee to effectuate the hiring of  
7 individuals needed to staff the SugarHouse Casino with  
8 the understanding that approval of all hires would be  
9 contingent upon the candidates successfully completing  
10 background investigations and with the understanding  
11 that the Board will ratify those hires at a future  
12 public Board meeting.

13 CHAIRMAN:

14 Second?

15 MR. COY:

16 I'll second the motion.

17 CHAIRMAN;

18 All in favor?

19 ALL SAY AYE

20 CHAIRMAN:

21 Opposed? Motion passes. Thank you,  
22 Claire. Next up is our Budget Manager, Dave Rhen.  
23 Welcome, Dave.

24 MR. RHEN:

25 Thank you. Today's budget report focuses

1 on expenditure results through the end of June.  
2 Fiscal year 2010, process through the end of June  
3 totaled \$28.5 million. This is composed of \$23.6  
4 million extended on payroll and \$4.9 million extended  
5 for operating expenditures.

6           During June payroll totaled \$2 million  
7 and operating expenditures where \$342,000.  
8 Expenditures for the month totaled \$2.4 million. The  
9 largest operating expenditures in June included  
10 \$149,000 for purses, \$110,000 for utilities, \$49,000  
11 for office equipment and vehicle rentals and \$32,000  
12 for travel. For the year, the operating expenditures  
13 are also \$1.9 million and 39 percent of operating  
14 expenditures were able to meet this, \$1.1 million or  
15 23 percent for service, \$603,000 or 12 percent for the  
16 utilities and \$503,000 or 10 percent for other  
17 operating expenditures including database searches  
18 used in background investigations. Thank you.

19           CHAIRMAN:

20           Thank you, any questions from the Board?  
21 Thank you very much, Dave. Next up is our Chief  
22 Counsel, Doug Sherman.

23           ATTORNEY SHERMAN:

24           Good morning, Chairman and members of the  
25 Board. Our first agenda relates to delegation of

1 authority to the Executive Director. We are  
2 requesting that the Board consider delegating a  
3 certain authority relating to changes in table games  
4 to the Executive Director. Currently a combination of  
5 statutory provisions and conditions on the table games  
6 licensees require Board approval for changes in the  
7 number of tables on the gaming floor, in the types of  
8 games offered at --- be authorized in authorized areas  
9 and in configuration of tables on the gaming floor.

10           Casino operators often have business  
11 needs to increase or decrease the number of tables on  
12 the floor, to change the type of a game in a specific  
13 location, or to reconfigure tables which are already  
14 authorized. These types of changes are generally of a  
15 routine nature and can be secured in a relatively  
16 quick time frame. Moreover, these specific changes  
17 are inherently dependent upon an individualized staff  
18 review of security and surveillance as well as  
19 staffing levels.

20           As with changes in the slot arena, we  
21 believe that changes of this nature are suited for  
22 review and approval by the Executive Director  
23 following a staff review and confirmation that the  
24 proposed change will not detrimentally affect the  
25 Commonwealth's interest.

1                   Accordingly, we are requesting the Board  
 2 delegate the authority to approve changes in the  
 3 number of tables, the types of table games played at  
 4 existing tables and reconfigurations of the tables  
 5 through the Executive Director subject to the proviso  
 6 that the number of tables increase or decrease could  
 7 not exceed ten percent of the existing table games  
 8 authorized in the facility.

9                   It should be noted that even in these  
 10 situations where the Executive Director is authorized  
 11 to approve a requested change; he always has the  
 12 option to refer a particular matter to the Board for  
 13 full Board consideration if he deems it plausible.  
 14 Moreover, the Board is still being presented with  
 15 changes to the size of the gaming floor, more than two  
 16 percent of the approved floor space as well as any  
 17 increases or decreases in the number of tables in  
 18 excess of ten percent of those authorized.

19                   If acceptable to the Board, I would ask  
 20 that a motion to delegate this authority to the  
 21 Executive Director be considered.

22                   CHAIRMAN:

23                   Any questions or comments from the Board?  
 24 If none can I have a motion, please?

25                   MR. TRUJILLO:

1                   Mr. Chairman, I move that the Board  
2 authorize the delegation of authority to the Executive  
3 Director to make table games changes as described by  
4 our Chief Counsel.

5                   MR. SOJKA:

6                   Second.

7                   CHAIRMAN:

8                   All in favor?

9 ALL SAY AYE

10                  CHAIRMAN:

11                  Opposed? Motion passes.

12                  ATTORNEY SHERMAN:

13                  Today the Board has five motions or  
14 petitions before it for consideration. Two of these  
15 matters were heard by the Board earlier during the  
16 public hearing. That would be that of Philadelphia  
17 Entertainment and Development Partners' Motion for  
18 Reconsideration of the Office of Hearings and Appeals'  
19 (OHA) June 30th, 2010 Order and the second one being  
20 the U.S. Playing Card Petition for Relief from certain  
21 licensing requirements.

22                  The other three petitions will be  
23 addressed individually and are considered on the  
24 documentary record. In each of the five matters the  
25 Board has been provided with a motion or petition, any

1 response of pleadings, and any other pleadings or  
2 other additional documentary, evidentiary materials.

3           The first petition before the Board is  
4 --- as I indicated, was that of Philadelphia  
5 Entertainment's Motion for Reconsideration of the  
6 Director of OHA's June 30th, 2010 Denial of  
7 Philadelphia Entertainment's June 22, 2010 Appeal  
8 regarding the OHA June 18th, 2010 Discovery Order.  
9 The matter has been heard by the Board and it's  
10 appropriate for your consideration at this time.

11           CHAIRMAN:

12           Thank you, any questions or comments from  
13 the Board? If none, can I have a motion, please?

14           MR. GINTY:

15           Yes, Mr. Chairman. I'm going to move  
16 that the Board deny the petition of Philadelphia  
17 Entertainment and Developing Partners as just  
18 described by the Chief Counsel. And remand to the  
19 Hearing Officer to consider forthwith whether good  
20 cause exists for any modification of paragraph one of  
21 the June 18th, 2010 Order.

22           CHAIRMAN:

23           Can I have a second, please?

24           MR. MCCABE:

25           Second.

1                   CHAIRMAN:

2                   All in favor?

3 ALL SAY AYE

4                   CHAIRMAN:

5                   Opposed? Motion passes. I would also  
6 just like to make a comment. The message from the  
7 Board on these types of interrogatory appeals is that  
8 they are inappropriate. And we believe that these  
9 appeals are within and should be staying in the domain  
10 of the Hearing Officer. Please proceed.

11                   ATTORNEY SHERMAN:

12                   Thank you. The next petition before the  
13 Board is U.S. Playing Cards Petition for Relief from  
14 the Licensing Requirements. U.S. Playing Cards has  
15 presented its case to the Board arguing that either it  
16 should not be required to have a separate license  
17 since its subsidiary company would be in Mexico or  
18 alternatively should be granted a reduction to a  
19 \$50,000 fee. The Board has had the opportunity to  
20 question representatives of OEC and U.S. Playing Card.  
21 And again, this matter is now ready for consideration.

22                   CHAIRMAN:

23                   Any questions or comments from the Board?  
24 Seeing none, can I have a motion, please?

25                   MR. MCCABE:

1                   Yes, Mr. Chair. I move that the Board  
2 grant the petition of U.S. Playing Cards to the extent  
3 it requests for a reduction of the Board, \$50,000  
4 Manufacturer License Fee as follows; U.S. Playing  
5 Cards and U.S. Playing Cards Mexico shall be relieved  
6 of the obligation to pay the additional Manufacturing  
7 Licensing Fee. Two, this relief is limited to the  
8 production and sale of dice manufactured by U.S.  
9 Playing Cards Mexico for a one-year period. After  
10 which the Board, upon request, will re-evaluate any  
11 future reduction in its license renewal fee. And  
12 three, U.S. Playing Cards in Mexico is still obligated  
13 to pay all other associated license fee and cost of  
14 investigations. Additionally, I move that the U.S.  
15 Playing Cards unopposed request for limited  
16 confidentiality in this matter be granted.

17                   CHAIRMAN:

18                   Second?

19                   MR. SOJKA:

20                   I'll second that.

21                   CHAIRMAN:

22                   All in favor?

23 ALL SAY AYE

24                   CHAIRMAN:

25                   Opposed? Motion passes.



1                   ATTORNEY SHERMAN:

2                   The next matter before the Board today is  
3 NRT's Petition for Reconsideration of a three-year  
4 license. The Board initially approved NRT's  
5 Manufacturing License for 2006, and that license has  
6 been renewed yearly after. On June 9th, 2010 NRT  
7 requested and it was granted a one-year Manufacturer  
8 License Renewal. They did file a petition averring  
9 that upon reconsideration they feel it's in their best  
10 interest to request that that renewal be every three-  
11 year period as is now permitted in the January 2010  
12 amendments of the Gaming Act.

13                   The Bureau of Licensing indicates that  
14 NRT is compliant with their Statement of Conditions as  
15 well as all Department of Revenue and Department of  
16 Labor and Industry requirements. And the Office of  
17 Enforcement Counsel (OEC) is not lodging an objection  
18 for the request. Based upon these facts and  
19 circumstances we recommend that the Board grant NRT's  
20 petition.

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 NRT as described by the Office  
2 of Chief Counsel (OCC).

3 CHAIRMAN:

4 Second?

5 MR. TRUJILLO:

6 Second.

7 CHAIRMAN:

8 All in favor?

9 ALL SAY AYE

10 CHAIRMAN:

11 Opposed? Motion passes.

12 ATTORNEY SHERMAN:

13 The next petition before the Board is CTM  
14 Media Group's Petition to be Removed from the  
15 Prohibited Gaming Service Provider List. In 2007 CTM  
16 had a contract with Harrah's Chester Downs to provide  
17 advertising services. Under that contract the Board  
18 staff had indicated that CTM was required to file  
19 certain vendor application materials. CTM did not  
20 respond to the notices sent to them in February 2009.  
21 And subsequently were placed on a Prohibited Vendor  
22 List.

23 CTM has indicated in their recent filing  
24 that due to internal changes in management and re-  
25 organizations of the company the Board's notices were

1 not forwarded to the appropriate people internally at  
 2 CTM. And as a result, they did not respond. They now  
 3 aver that after eventually receiving the notifications  
 4 in the appropriate places, they have sought --- in the  
 5 interim they did not seek any more work until more  
 6 recently, in May 2010 when they began negotiating some  
 7 new contracts with Pennsylvania Licensees. They have  
 8 now learned they, in fact, were on the Prohibited  
 9 Vendor List and have filed a petition to come off of  
 10 the list.

11 OEC is not objecting to the request to be  
 12 removed from the Prohibited Gaming Service Provider  
 13 List, provided that CTM pay a civil penalty in the  
 14 amount of \$1,500, pay any outstanding costs associated  
 15 with the background investigation, and ensure that if  
 16 interim authorization is granted that CTM renew their  
 17 contracts to perform work for casinos, that  
 18 authorization be immediately rescinded if CTM does not  
 19 fulfill all of their obligations to cooperate with our  
 20 agency.

21 We recommend that the Board would  
 22 consider a motion granting the relief subject to the  
 23 conditions of OEC.

24 CHAIRMAN:

25 Thank you, any questions or comments from

1 the Board? Can I have a motion, please?

2 MR. TRUJILLO:

3 Mr. Chairman, I move that the Board grant  
4 the petition of CTM as described by our Chief Counsel.

5 MR. ANGELI:

6 Second.

7 CHAIRMAN:

8 All in favor?

9 ALL SAY AYE

10 CHAIRMAN:

11 Opposed? Motion passes.

12 ATTORNEY SHERMAN:

13 And the final petition before the Board  
14 today is XPEDX's Petition for Removal from the  
15 Prohibited Gaming Service Provider List. This vendor,  
16 again, filed an unsponsored Vendor Registration in  
17 November of 2007, but failed to provide certain  
18 information requested in the original application  
19 asserting it was impractical for a company of this  
20 size to obtain and provide all requested information.  
21 After failing to provide the necessary information we  
22 placed the vendor on the Prohibited Vendor List in  
23 December of 2008.

24 Since that time the Board's regulations  
25 have been amended, specifically removing the

1 requirement that publicly traded corporations apply  
2 for registration or certification. Under the amended  
3 regulations, as long as XPEDX files a publicly traded  
4 corporation authorization form, they are no longer  
5 required to provide the information that they  
6 previously objected to.

7 OEC has not objected to the petition to  
8 remove the company from the Prohibited Gaming Service  
9 Provider List, provided the company pay an amount of  
10 \$1,500 as a civil penalty along with any outstanding  
11 costs associated with the background investigation.  
12 Again, this matter is appropriate for the Board to  
13 make a motion to consider it and approve?

14 CHAIRMAN:

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

17 MR. ANGELI:

18 Mr. Chairman, I move the Board grant the  
19 relief to XPEDX as described by the OCC.

20 MR. COY:

21 Second.

22 CHAIRMAN:

23 All in favor?

24 ALL SAY AYE

25 CHAIRMAN:

1                   Opposed? The motion passes.

2                   ATTORNEY SHERMAN:

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

6                   ATTORNEY COOK:

7                   Good morning.

8                   CHAIRMAN:

9                   Good morning, Steve.

10                  ATTORNEY COOK:

11                  The Board received data to oppose the  
12 Petition to Withdraw applications for 23 individuals  
13 or businesses, the majority of which were associated  
14 with the Category 3 application of Wyo Gaming, LP.  
15 The persons or entities subject to these petitions are  
16 as follows, Cronmiller-McCormick Company, Inc.; Ian D  
17 Frisbie; Jesus Alberto Gonzalez-Pita; Gurnari Marble  
18 and Tile; George Gresham; Steve Lazarus; Wyo Gaming  
19 LP; Wyo Gaming GP, LLC; Berkshire Inn, LP; MJ Reading  
20 Associates, LLC; William Meyer; Richard Jabara;  
21 Cambridge 3030 Gaming, LLC.; CMS Wyo Partners, LP; CMS  
22 Wyo GP, LLC; CMS VRE II Partners; CMS Gaming GP, LLC;  
23 CMS Gaming Partners Q, LP; Michael Sklar; John  
24 Donnelly; William Landman; Richard Aljian, and  
25 Translucent Technologies, LLC doing business as Slot-

1 Tickets.

2                   The OEC has no objections to these  
3 withdrawals. However, with respect to the position of  
4 Translucent Technologies --- Translucent's withdrawal  
5 should be conditioned upon the Wisconsin Label  
6 Corporation, which obtained that company in a merger,  
7 paying all outstanding fees owed to the Board, and  
8 cost occurred in the investigation of Translucent.  
9 The OCC submits these withdrawals to the Board  
10 requesting an Order allowing for the withdrawal of  
11 each without prejudice.

12                   CHAIRMAN:

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

15                   MR. COY:

16                   Mr. Chairman, I move that the Board  
17 issues Orders approving the withdrawals and surrenders  
18 as described by the OCC.

19                   MR. GINTY:

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 is one Report and Recommendation received from the OHA  
4 relative to a Non-Gaming Employee Registration. The  
5 Report and Recommendation, along with evidentiary  
6 record, had been provided to the Board in advance of  
7 this meeting. Additionally, the person involved,  
8 Stephen O'Hara, had been notified that the Board is  
9 considering his Report and Recommendation today and  
10 that he has the chance to come forward and address the  
11 Board briefly. If Mr. O'Hara is in the room today I  
12 would ask him to come forward.

13                    As noted, the Report and Recommendation  
14 before the Board today pertains to Stephen O'Hara.  
15 Mr. O'Hara submitted a Non-Gaming Employee  
16 Registration application to work as a bus person at  
17 Harrah's Chester Casino. Mr. O'Hara disclosed on his  
18 application that he's been arrested previously for a  
19 DUI and careless driving. However, on April 5th, 2010  
20 OEC issued a Notice of Recommendation of Denial based  
21 upon Mr. O'Hara's failure to disclose a January 2010  
22 arrest for burglary and criminal trespass, both of  
23 which are felony offenses, along with several  
24 misdemeanor summary offenses.

25                    On March 23rd, 2010, Mr. O'Hara entered a



1 guilty plea to criminal trespass, which as indicated  
2 is graded as a felony, as well as lewdness, purchase,  
3 consumption, possession or transportation of liquor by  
4 a minor. Mr. O'Hara at the time was 20 years old.  
5 And also, I believe he was convicted of criminal  
6 mischief.

7                   Mr. O'Hara requested a hearing which was  
8 held on May 11th, 2010. Both the OEC and Mr. O'Hara  
9 attended and offered testimony and documentary  
10 evidence at the hearing. At that hearing Mr. O'Hara  
11 testified that regardless of his conviction for a  
12 felony, he was not attempting to break into anyone's  
13 house on the night of question, but rather that there  
14 was a misunderstanding. He admits that he had been  
15 drinking, indicated that while in State College, where  
16 the situation occurred, he had been mugged and was  
17 knocked unconscious and upon regaining consciousness  
18 entered this house seeking help and while attempting  
19 to get help, knocking on the door the people in the  
20 home mistakenly thought he was attempting to  
21 burglarize or break in the home. Notwithstanding that  
22 evidence the Hearing Officer recommended that his  
23 application be denied based in part upon his non-  
24 disclosure of the arrest and the subsequent felony  
25 conviction. That matter is now before the Board for

1 consideration, both in favor --- proposing the Board  
2 recommendation would deny this individual licensure  
3 and against the Report and Recommendation would allow  
4 him his registration for license.

5 CHAIRMAN:

6 Any questions or comments from the Board?  
7 If not can I have a motion, please? Mr. Ginty?

8 MR. GINTY:

9 I do have a comment. I wish Mr. O'Hara  
10 was here. This is an incident, a young gentleman at  
11 State College, a college student, and things appear to  
12 have gotten a little out of hand. I would like the  
13 opportunity to pursue it a little bit further with Mr.  
14 O'Hara. I really have a problem for young people in  
15 these situations who without representation by counsel  
16 plead guilty to felony convictions that --- and you  
17 see no incarceration. I have some real problems with  
18 Judges who permit people to plead to felonies without  
19 adequate representation. As to the statement Mr.  
20 O'Hara chose not to show up today and, in fact, he did  
21 not disclose this and I'm prepared to vote.

22 CHAIRMAN:

23 Thank you, any other questions?  
24 Can I have a motion, please?

25 MR. MCCABE:

1                   Yes, Mr. Chair, I move that the Board  
2 issue an Order to adopt the Report and Recommendation  
3 of the OHA regarding a Non-Gaming Employee  
4 Registration of Stephen O'Hara as described by the  
5 OCC.

6                   CHAIRMAN:

7                   Second?

8                   MR. SOJKA:

9                   Second.

10                  CHAIRMAN:

11                  All in favor?

12 ALL SAY AYE

13                  CHAIRMAN:

14                  Opposed? Motion passes.

15                  ATTORNEY SHERMAN:

16                  And that concludes the matters of the  
17 OCC.

18                  CHAIRMAN:

19                  Thank you, Doug. Thank you, Steve. That  
20 concludes, as Doug noted, the Chief Counsel's report.  
21 I can now ask that Sean Hannon, our Manager of the  
22 Bureau of Licensing Enterprise Unit, come forward and  
23 present the Bureau of Licensing items on today's  
24 agenda. Welcome, Sean --- doing double duty today.

25                  MR. HANNON:

1                   Whatever it takes. Good afternoon,  
2 Chairman Fajt and members of the Board. First matter  
3 for your consideration, the issuance of Conditional  
4 Table Game Manufacturer License for South Jersey  
5 Precision Tool and Mold, Incorporated. Pursuant to  
6 the Board's regulations, the Board can issue a  
7 Conditional Table Game Manufacturer License provided  
8 the applicant submits a completed application, its  
9 license is in good standing and gaming jurisdiction  
10 whose manufacture standards are recognized by the  
11 PGCB, submits a written statement from the facility, a  
12 gaming facility and they do business with the company.  
13 Passes a preliminary criminal history investigation  
14 and pays any required fees prior to licensing  
15 issuance.

16                   The Bureau of Licensing has provided you  
17 with a preliminary report, preliminary background  
18 investigation and suitability report for this  
19 applicant. No issues were identified by either the  
20 BIE or Licensing that would preclude approving a  
21 Conditional License. I have provided you with a draft  
22 Order and ask that the Board consider the approval of  
23 Conditional License for South Jersey Precision Tool  
24 and Mold, Incorporated.

25                   CHAIRMAN:

1 Thank you, any questions from Enforcement  
2 Counsel?

3 ATTORNEY PITRE:

4 No objection.

5 CHAIRMAN:

6 Any questions from the Board? Seeing  
7 none, can I have a motion, please?

8 MR. SOJKA:

9 Yes, Mr. Chairman, I move that the Board  
10 approve South Jersey Precision Tool and Mold, Inc.'s  
11 Conditional Table Game Manufacturer License as just  
12 described by the Bureau of Licensing.

13 CHAIRMAN:

14 Second?

15 MR. TRUJILLO:

16 Second.

17 CHAIRMAN:

18 All in favor?

19 ALL SAY AYE

20 CHAIRMAN:

21 Opposed? Motion passes.

22 MR. HANNON:

23 We also have for your consideration the  
24 approval of Principal and Key Employee Licenses.  
25 Prior to this meeting the Bureau of Licensing provided

1 you with a Proposed Order for 1 Principal, 79 Key  
2 Employee licenses and two G-2 employees that are  
3 various Category 1, Category 2, and Manufacturer  
4 Licenses. I ask that the Board consider the Order  
5 approving these licenses.

6 ATTORNEY PITRE:

7 No objection.

8 CHAIRMAN:

9 Thank you. Questions from the Board?  
10 Can I have a motion?

11 MR. TRUJILLO:

12 Mr. Chairman, I move that the Board  
13 approve the issuance of Principal and Key Employee  
14 Licenses as described by the Bureau of Licensing.

15 MR. ANGELI:

16 Second.

17 CHAIRMAN:

18 All in favor?

19 ALL SAY AYE

20 CHAIRMAN:

21 Opposed? Motion passes.

22 MR. HANNON:

23 Next for your consideration is the  
24 issuance of Temporary Principal and Key Employee  
25 Licenses. Prior to this meeting the Bureau of

1 Licensing provided you with an Order regarding the  
2 issuance of Temporary Licenses for 2 Principals and 36  
3 Key Employee Licenses. I ask the Board consider the  
4 Order approving these licenses.

5 ATTORNEY PITRE:

6 No objection.

7 CHAIRMAN:

8 Thank you. Questions from the Board?  
9 Can I have a motion, please?

10 MR. ANGELI:

11 So moved.

12 MR. COY:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 ALL SAY AYE

17 CHAIRMAN:

18 Opposed? Motion passes.

19 MR. HANNON:

20 Next are Gaming Permits and Non-Gaming  
21 Registrations. Prior to the meeting the Bureau of  
22 Licensing provided a list of 2,307 individuals,  
23 including 1,775 initial and 532 G-2 temporary permits  
24 that the Bureau's granted Occupation Permits to and  
25 431 individuals that the Bureau granted registrations

1 to under the authority delegated to the Bureau of  
2 Licensing. I ask that the Board adopt a motion  
3 approving the Order.

4 ATTORNEY PITRE:

5 No objection.

6 CHAIRMAN:

7 Questions from the Board? Motion,  
8 please?

9 MR. COY:

10 So moved.

11 MR. GINTY:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 ALL SAY AYE

16 CHAIRMAN:

17 Opposed? Motion passes.

18 MR. HANNON:

19 The recommendation of the denial of two  
20 Gaming and four Non-Gaming Employees. Prior to this  
21 meeting the Bureau of Licensing provided its Order  
22 addressing each applicant through the BIE and the  
23 Board has recommended them for denial. In each case  
24 the applicant failed to request a hearing in the  
25 specified time period. We ask that the Board consider



1 the Orders denying the Gaming and Non-Gaming  
2 applicants.

3 ATTORNEY PITRE:

4 We make a similar request to deny the  
5 applications.

6 CHAIRMAN:

7 Thank you. Questions from the Board?  
8 Can I have a motion, please?

9 MR. GINTY:

10 So moved.

11 MR. MCCABE:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 ALL SAY AYE

16 CHAIRMAN:

17 Opposed? Motion passes.

18 MR. HANNON:

19 We have a Withdrawal Request for Key  
20 Employees. In each case the license is no longer  
21 required due to such circumstances as the employee  
22 failing to report to work, with the job offer being  
23 rescinded. For today's meeting I've provided the  
24 Board with the list of 43 Key Employee withdrawals for  
25 approval. And ask that the Board consider the Order

1 approving those withdrawals.

2 ATTORNEY PITRE:

3 No objection.

4 CHAIRMAN:

5 Questions from the Board? Can I have a  
6 motion, please?

7 MR. MCCABE:

8 So moved.

9 CHAIRMAN:

10 Second?

11 MR. SOJKA:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 ALL SAY AYE

16 CHAIRMAN:

17 Opposed? The motion passes.

18 MR. HANNON:

19 Next is three Orders regarding Gaming  
20 Service Providers. The first is to certify a Gaming  
21 Service Provider, Rolling Plains Construction,  
22 Incorporated. I ask that the Board consider the Order  
23 approving this Gaming Service Provider for  
24 certification.

25 ATTORNEY PITRE:

1 No objection.

2 CHAIRMAN:

3 Questions from the Board? Can I have a  
4 motion, please?

5 MR. SOJKA:

6 So moved.

7 CHAIRMAN:

8 Second?

9 MR. TRUJILLO:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 ALL SAY AYE

14 CHAIRMAN:

15 Opposed? Motion passes.

16 MR. HANNON:

17 The Bureau of Licensing provided you with  
18 Orders, the approval of which would result in the  
19 following five Gaming Service Providers being added to  
20 the Prohibited Gaming Service Provider List, Eastern  
21 Lift Truck Company; Hardcore Construction, LLC; NLP  
22 Furniture Industry, Incorporated; Rolling Hills  
23 Country Club; S & E Sheet Metal, LLC. These Gaming  
24 Service Providers have done business with the slot  
25 Machine Operator Licensee or Applicant, but have

1 failed to submit and complete applications. I ask  
2 that the Board consider the Orders adding the above  
3 named Game Service Providers to the Prohibited Gaming  
4 Providers List.

5 ATTORNEY PITRE:

6 We support their request.

7 CHAIRMAN:

8 Thank you. Questions from the Board?

9 May I have a motion?

10 MR. TRUJILLO:

11 So moved.

12 MR. ANGELI:

13 Second.

14 CHAIRMAN

15 All in favor?

16 ALL SAY AYE

17 CHAIRMAN:

18 Opposed? Motion passes.

19 MR. HANNON:

20 Finally, the following Gaming Service  
21 Provider Applications should be declared abandoned.  
22 Allermuir Limited; American Vehicle Sales, LLC;  
23 Gloster Furniture, Incorporated, Ken-Tiger Marketing,  
24 Incorporated. These Gaming Service Providers filed  
25 applications even though they received compensation

1 below the threshold requiring them to file. However,  
2 they failed to submit required documentation after  
3 being given notice of their deficiencies and not  
4 trying to correct them. Under our regulations the  
5 Board has the authority to declare an application  
6 abandoned if the applicant fails to provide  
7 information necessary to hear application  
8 deficiencies. I ask that the Board consider an Order  
9 declaring these applications abandoned.

10 ATTORNEY PITRE:

11 We support their request.

12 CHAIRMAN:

13 Thank you, questions from the Board?

14 Can I have a motion?

15 MR. ANGELI:

16 So moved.

17 MR. COY:

18 Second.

19 CHAIRMAN:

20 All in favor?

21 ALL SAY AYE

22 CHAIRMAN:

23 Opposed? Motion passes.

24 MR. HANNON:

25 That concludes the Bureau of Licensing's

1 presentation.

2 CHAIRMAN:

3 Thank you, Sean. Cyrus, it looks like  
4 your sticking around and you're up next.

5 OFF RECORD DISCUSSION

6 CHAIRMAN:

7 Before we begin, could Counsel for  
8 Harrah's please introduce yourself and spell your  
9 names for the court reporter?

10 ATTORNEY HUGHES:

11 Sure. Lynne Hughes, Vice President of  
12 Legal Affairs, Chief Legal Officer for Harrah's  
13 Chester. H-U-G-H-E-S.

14 MR. DOWNEY:

15 Bill Downey from Fox Rothschild, outside  
16 counsel for Harrah's Chester.

17 CHAIRMAN:

18 Thank you.

19 ATTORNEY PITRE:

20 At this time the OEC has a Consent  
21 Agreement prepared for the Board's approval. A  
22 Consent Agreement between the OEC and Chester Downs,  
23 LLC, doing business as Harrah's Chester Casino and  
24 Racetrack. This Consent Agreement arises from a  
25 series of incidents which occurred from October 1st,

1 2009 to March 21st, 2010. There are seven incidents  
2 in total and each incident Harrah's Chester failed to  
3 prevent individuals under the age of 21 from entering  
4 the gaming floor and slot machines. In each incident  
5 Harrah's did so report the violations.

6           On October 1st, 2009, a 20-year-old  
7 female entered the gaming floor at Harrah's Chester  
8 and gambled for nearly four and a half hours before  
9 she was eventually caught by a security guard. The  
10 second incident of October 19th, 2009, a 20-year-old  
11 female entered the gaming floor at Harrah's Chester  
12 and gambled over one and a half hour before being  
13 caught by a cage cashier when she attempted to get  
14 change for a \$10 bill.

15           The third incident, on November 1st, 2009  
16 a 20-year-old female entered the gaming floor and  
17 gambled for over one hour before she was stopped by  
18 security guard and identified. The next incident, on  
19 November 7th, 2009, a 20-year-old female entered the  
20 gaming floor and gambled for 30 minutes before she was  
21 checked for identification by security personnel.

22           Next, on January 14th, 2010 a 19-year-old  
23 female entered the gaming floor after presenting her  
24 28-year-old sister's identification to security  
25 personnel. And the younger individual gambled at slot

1 machines for roughly 16 minutes before being stopped  
2 by another security guard who identified her as being  
3 underage.

4           On February 8th, 2010, a 20-year-old  
5 female entered the gaming floor at Harrah's and  
6 gambled for approximately 45 minutes before being  
7 stopped by security to check for identification.

8           And finally, on March 21st, 2010, despite  
9 being checked for identification by security guards at  
10 the entrance of the gaming floor a 20-year-old female  
11 was allowed to enter the gaming floor at Harrah's  
12 Chester. The individual proceeded to the floor and  
13 gambled for six minutes before being stopped and  
14 identified by another security officer as an underage  
15 individual.

16           The terms of the agreement include a  
17 provision that Harrah's Chester shall institute  
18 appropriate policies and provide training to employees  
19 to prevent future incidents of this nature from  
20 occurring and shall pay a total fine of \$58,000 for  
21 violating the Act and regulations promulgated therein  
22 under --- related to permitting underage gambling.

23           Harrah's has taken some steps since these  
24 incidents have occurred to prevent them from happening  
25 again. I'll let Mr. Downey and Ms. Hughes explain and



1 describe those steps to the Board.

2 ATTORNEY DOWNEY:

3 Thank you, Mr. Chairman. Specifically  
4 when you have a rash of recurrences like this,  
5 Harrah's is inclined to look at each of the  
6 facilities, the person that it has staffing it so you  
7 have these procedures. And in each of those areas  
8 Harrah's has made modifications to the way it's been  
9 doing business. With respect to the facility, anyone  
10 who's been to the facility recently may have noticed  
11 that Harrah's has finished the entryways to their  
12 casino floor. There are two primary entryways to the  
13 floor, each of those now --- and you will notice  
14 stanchion and cordoned. So you go into a tighter  
15 checkpoint where there is a post at either location.

16 Second, we obviously have implemented  
17 increased training opportunities for our staff but we  
18 would be remiss if we didn't acknowledge that in  
19 connection with these events, ten employees have been  
20 disciplined, including termination of one of those  
21 employees. In each of the other cases, five written  
22 notices were issued and I believe that these  
23 individuals will result in termination. I'm going to  
24 serve up the other side of this coin issue, Harrah's  
25 in this context also issued one accommodation, one

1 formal accommodation to one of its employees who was  
2 connected with the quick identification and/or removal  
3 from the floor of an underage player.

4           And finally, from a procedure  
5 perspective, Harrah's has implemented new technology  
6 and has made investments in license scanning devices,  
7 which are now available for use at the initial  
8 locations. As Mr. Pitre identified, we did have an  
9 incident of a false ID, and that will assist in that  
10 process. That's the summary from our evidence.

11           CHAIRMAN:

12           Okay. Any other questions? Comments  
13 from you, Cyrus, on his presentation?

14           ATTORNEY PITRE:

15           I'd just like to add that --- I mean we  
16 are having this problem across the Commonwealth. It's  
17 nothing different from any other gaming jurisdiction.  
18 But the onus is on the casinos to keep these  
19 individuals from coming on their gaming floor or into  
20 their facility. Outside of that I will make a note  
21 that unlike New Jersey these incidents are self  
22 reported. In New Jersey a lot of times they go  
23 unreported to the Gaming Enforcement Agency there.  
24 I've also notified the casinos, each one that comes  
25 up, that the next time is going to be worse,

1 especially with table games in the mix. And I'm  
2 entertaining the idea of turnstiles for 30 or 60 days  
3 at various casinos when it seems like they're having  
4 problems keeping up with catching these underage  
5 individuals. So, I mean we have some things in the  
6 works, because I have a creative group of people to  
7 come up with some creative internal policies that I  
8 think will make --- to keep the casinos on its toes.  
9 But, I mean, it's something that we're going to  
10 continue to see and we just ---. I think we do a very  
11 good job in this state, but I think we can do better.

12 CHAIRMAN:

13 Mr. Sojka?

14 MR. SOJKA:

15 Just a question, asking for clarification  
16 on what appears to be a statistical anomaly at  
17 Harrah's. This is not the first situation, there was  
18 a previous one in which case the trespasser was also a  
19 female and it appears that for some reason Harrah's is  
20 having difficulty identifying females in that ---. Is  
21 there something ---?

22 MR. MCCABE:

23 You've got to be careful about  
24 identifying females. I think they can identify  
25 females.

1                   MR. SOJKA:

2                   Well, I mean, underage females if you  
3 will. All right.

4                   MR. MCCABE:

5                   Okay.

6                   MR. SOJKA:

7                   And it just seems odd that all male  
8 factors that were picked up were underage females.  
9 The sex ratio is about the same, isn't it, in a  
10 casino? Your responses seem to be so generalized as  
11 you're pinching the entrance that you're adding, you  
12 know, card --- is there any clue in the data that  
13 might suggest you got another kind of problem? I  
14 don't know what it could be but ---.

15                   ATTORNEY DOWNEY:

16                   Commissioner, I can offer --- this is  
17 purely from my experience across the river in the same  
18 context, but I can offer for your consideration that  
19 it's a lot easier for a female to dress up when she's  
20 getting close in --- I would point out six of these  
21 violators were 20 years old and one was 19. It's much  
22 easier for her just to make it up and get it up than a  
23 guy. I mean, it's not anything --- we're older and  
24 that's just, again, my little experience with that  
25 type of --- we've had that ---.

1                   MR. SOJKA:

2                   I just hadn't noticed that kind of  
3 disparity in the numbers we've seen in other casinos.  
4 Maybe there's nothing to it but I thought it was worth  
5 asking.

6                   MR. COY:

7                   Mr. Chairman?

8                   CHAIRMAN:

9                   Commissioner Coy?

10                  MR. COY:

11                  Thank you.  Cyrus, once you came \$58,000,  
12 I mean, how did you arrive at \$58,000?

13                  ATTORNEY PITRE:

14                  We looked at --- in each incident we  
15 looked at the time that was spent on the floor,  
16 obviously if they gambled and how long they gambled  
17 and how long it took them to catch these individuals.  
18 And then we also looked at the face-to-face  
19 interactions.  In the October 1st, 2009 incident where  
20 the individual was on the floor gambling for nearly  
21 four and a half hours, that was \$13,000.  The next  
22 incident, the October 19th, incident we came at  
23 \$10,000 for that because that was an hour and a half.  
24 And then so on and so on.  But we broke it down into  
25 those incidents.  And I can go through each one if you

1 like, Commissioner Coy.

2 MR. COY:

3 I guess my concern was the justification  
4 behind the amounts of --- let me ask two more  
5 questions. This series of these events started in  
6 October of '09?

7 ATTORNEY PITRE:

8 October of '09 until March.

9 MR. COY:

10 Had there been previous events, previous  
11 to those at Harrah's?

12 ATTORNEY PITRE:

13 Yes. And we brought those concerns to  
14 the Board when they occurred.

15 MR. COY:

16 I'm just trying to remember, I thought  
17 there was but I ---. How many do you think we're  
18 talking about, just one?

19 ATTORNEY PITRE:

20 No, I don't think it's one. I think we  
21 had two Consent Agreements and --- yeah, a couple of  
22 underage incidents in each one.

23 MR. COY:

24 Do you happen to remember the fines  
25 there?

1                   ATTORNEY PITRE:

2                   I think one was in the neighborhood of  
3 20-some thousand. Yeah, because --- I mean I could go  
4 back and get that information for you. I mean, this  
5 is obviously the highest fine that they've had with  
6 regard to --- in this incident. And they all preceded  
7 table games. The table games are on, we're taking a  
8 harsher stance, and as you indicated at the last Board  
9 meeting that --- I don't want to misquote you, but you  
10 indicated at the Board meeting that you consider these  
11 fines miniscule, especially with table games coming on  
12 board. And we take the same approach with that.

13                   MR. COY:

14                   Well, I'm prepared to support what you  
15 recommend and the rest of the Board is --- but for my  
16 taste, it's too low. And I think it's a matter of  
17 getting someone's attention and obviously with the  
18 fines up to this point we have not gotten people's  
19 attention. I appreciate the descriptions of the  
20 things you're trying to do to help to alleviate the  
21 problem. But from my point of view and from my take,  
22 the fines should be more, and if we're going to table  
23 this and reconsider it, fine. But if the rest of the  
24 Board is inclined to support this amount I will agree  
25 to it, but I'm prepared to make a motion to table the

1 matter and have the fine reconsidered.

2 CHAIRMAN:

3 Thank you. Commissioner Trujillo?

4 MR. TRUJILLO:

5 Along those lines, Mr. Pitre, I believe  
6 you testified that this was a --- these incidents were  
7 all self reported. When were these self reported?

8 ATTORNEY PITRE:

9 Upon the apprehension of the individuals  
10 by security personnel at Harrah's, they notified our  
11 Casino Compliance Representative and said they were  
12 --- they apprehended an underage individual on the  
13 floor.

14 MR. TRUJILLO:

15 And maybe it's simply a matter of your  
16 --- the way you presented it, you know, it's really  
17 over the course of six months. So it wasn't one group  
18 of related events. It's six individual events --- or  
19 seven individual events taking place over a period of  
20 six months. And so it's not one time, it's --- and I  
21 think I've got the same concerns that Mr. Coy has in  
22 that, given that it's not, you know, one group of  
23 people trying to get in, it's seven distinct events.  
24 Were they presented to the Board as a package because  
25 that's how it was negotiated by your office and the



1 Licensee or is there some other reason that they were  
2 presented as a package?

3 ATTORNEY PITRE:

4 Actually, the reason they were presented  
5 as a package is because, as they were occurring, we  
6 would catch one and by the time CCRs wrote it up and  
7 we received the report, contacted Harrah's, another  
8 one popped up on the screen. And then it kept  
9 occurring and Ms. Hughes and I have --- well, geez  
10 it's long ago, but we had a meeting where we discussed  
11 it, this had to stop and we needed to initiate some  
12 changes within their casino on how to identify these  
13 individuals before they reach the floor. I think the  
14 stanchions help. And we haven't seen any since this  
15 March 21st incident. But I know table games, they're  
16 going to continue to try. Now, I did go to Harrah's  
17 during the test period, I know the stanchions and I  
18 know that the security guards seem to be able to be  
19 more, I guess, alert, but they have to maintain that.

20 MR. TRUJILLO:

21 Well, and I was at Harrah's as well  
22 through the testing, so I ratify it to March --- I  
23 understand we had four months in a row that did not  
24 have any additional incident, that's what happened.  
25 And in my experience getting into --- up onto the

1 second floor, was, you know, I was crowded to an area,  
2 so to them it looked like there's some progress. I'd  
3 be happy to have further discussion about whether this  
4 is --- we need appropriate numbers, so I'm willing to  
5 go along with Mr. Coy's suggestion.

6 CHAIRMAN:

7 Thank you. Commissioner McCabe?

8 MR. MCCABE:

9 I actually have two questions. What  
10 happened to the money that these underage individuals  
11 either won or was gambling with? That's the first  
12 question.

13 ATTORNEY PITRE:

14 It was confiscated. It was confiscated,  
15 and they will segregate it and then it would be turned  
16 over to the Office of Compulsive and Problem Gambling.

17 MR. MCCABE:

18 Okay. And the second question, and this  
19 could help the casinos, what happened to those  
20 individuals? Were they --- did the PSP get involved,  
21 were they given a ticket, did they go to court? Have  
22 they been fined, do you know what's happened?

23 ATTORNEY DOWNEY:

24 There have been just a couple of  
25 incidents where PSP was available, PSP did issue

1 citations to those individuals and they were cited for  
2 criminal trespass. Not entirely clear whether the  
3 availability of PSP at a particular time in a  
4 particular place may impact that decision or not.  
5 That's something we're actually looking into at this  
6 point.

7 MR. MCCABE:

8 In your opinion, if you want to answer  
9 that, would it help deter underage individuals trying  
10 to gamble if those arrests were publicized? If you  
11 issued a press release to people who are arrested ---  
12 two underage individuals were arrested? Or are you  
13 weighing the negative publicity of having underage  
14 people trying to get in? It's inevitable. It's  
15 there, forbidden fruit, underage people are going to  
16 want to try to get in. But if you publicized it and  
17 people --- these kids realize, you know, you're going  
18 to go to jail, or you're going to get a record, maybe  
19 make somebody think twice. What's your opinion?

20 ATTORNEY HUGHES:

21 Part of that is communication between  
22 letting them know that we will go after offenders,  
23 follow through. Part of that also is with the court  
24 system making sure that ---.

25 MR. MCCABE:

1                   Could you have that a little closer, I'm  
2 hard of hearing.

3                   CHAIRMAN:

4                   Yeah.

5                   ATTORNEY HUGHES:

6                   Part of that is with the court system to  
7 make sure that they send a message to the minor, too,  
8 that you'll be penalized, and that means taking away  
9 their license for a while, but sending a message that  
10 way and following up on that, that's going to  
11 communicate as much as anything else.

12                  ATTORNEY DOWNEY:

13                  Commissioner McCabe, if I can follow up  
14 with one more point where we --- the road we started  
15 to walk down. I want to make it clear, and this is  
16 --- sort of your point. It's certainly not the case  
17 that we have a culprit here, culprit there is going to  
18 ---.

19                  MR. COY:

20                  You say it isn't?

21                  ATTORNEY DOWNEY:

22                  I don't think that's going to be a  
23 driving force ---.

24                  MR. COY:

25                  Well, how much would?

1                   ATTORNEY DOWNEY:

2                   Well, ---.

3                   MR. COY:

4                   I'm asking would ten, a 100 ---.

5                   ATTORNEY DOWNEY:

6                   It's not the case that they don't take it  
7 serious. They come in across industry and come to the  
8 conclusion that they don't take the matter seriously.  
9 But along the lines of where Mr. McCabe was heading  
10 down, we're not going to wind up with a zero incident  
11 scenario. We have a zero tolerance policy. But as he  
12 points out, this is the forbidden fruit, you're going  
13 to have these kids running in the door. And, you  
14 know, just --- this is suggested to us that you're  
15 going to have some slippage and the question is how  
16 quickly can we get them, how quickly can we locate  
17 them? We've got new systems through this process. We  
18 got this problem coming in the door, we've got the  
19 stanchions at the door, we got surveillance, we got  
20 floor security. This is all there in a layer, in a  
21 layer, in a sense to grab this component quickly and  
22 gets them off the floor.

23                   ATTORNEY HUGHES:

24                   But the training is not just with  
25 security, the training is in our food and beverage

1 sales, the training is with the cage, the cage --- the  
2 training is also with our management, everybody is  
3 responsible to keep a look out for any underage people  
4 on the floor.

5 MR. MCCABE:

6 If you start firing the security guards  
7 where they came in through and maybe their supervisor  
8 I think those --- then individuals responsible for  
9 checking will be a little bit more diligent and  
10 thorough if they knew their job was on the line.

11 ATTORNEY DOWNEY:

12 And that's the road we're headed down  
13 here.

14 MR. COY:

15 Mr. Chairman, I appreciate especially the  
16 fact that these are reported events. And they were  
17 self reported by Harrah's, but the Board has the one  
18 opportunity to speak to these things, and that is  
19 through the fine. And so my intent would be to table,  
20 but on the advice of Counsel, my motion would be to  
21 deny the Consent Agreement between the OEC and  
22 Harrah's as described by the OEC and encourage the  
23 office to return with a new agreement.

24 CHAIRMAN:

25 Is there a second to that motion?

1           MR. GINTY:

2           May I make a comment?

3           CHAIRMAN:

4           Yes.

5           MR. GINTY:

6           One of the problems I have --- I never  
7 had a really good perspective on these matters and we  
8 get them and the possibility that this comes back to  
9 us again and others come back to us, is it possible  
10 for you folks to prepare a paper that would give us a  
11 perspective, not only what's happening in Pennsylvania  
12 since gaming's been implemented, but give us an idea  
13 what happens in other jurisdictions as well?

14           ATTORNEY PITRE:

15           Well, we can try to put that together for  
16 you. I can tell you that --- and Lynne has properties  
17 all across the country. I know that in New Jersey,  
18 that unless the division of Gaming Enforcement or city  
19 police are on the floor catching these kids, they just  
20 run rampant, wherever.

21           MR. GINTY:

22           I know that from personal experience.

23           ATTORNEY PITRE:

24           Yeah, I mean, one time it was estimated  
25 that it was like 40,000 incidents a year in the early

1 '90s, but you didn't see 40,000 fines.

2 MR. GINTY:

3 I agree with Mr. Coy in that, you know,  
4 we can't let this go by in Pennsylvania. But I think  
5 it would be helpful if everybody had the perspective  
6 on the job they're doing in Pennsylvania.

7 CHAIRMAN:

8 We have a motion on the floor or on the  
9 table to deny, is there a second to that motion?

10 MR. GINTY:

11 Second.

12 CHAIRMAN:

13 All in favor?

14 ALL SAY AYE

15 CHAIRMAN:

16 Opposed? Motion passes. The Motion to  
17 Deny passes. Let me just say before we leave this  
18 matter that we all understand here on the Board that  
19 table games is going to attract a different --- a  
20 younger person than slots does. And we will be ---  
21 and I've said this before and I want to take the  
22 opportunity to say to you face to face. We will be a  
23 lot less tolerant for table games players who are  
24 underage. And we see the difference between a table  
25 games player and a slot player, in that table games



1 players having one on one interaction with a dealer or  
2 somebody else at the table, there are pit bosses,  
3 there are more employees. So just kind of a shot  
4 across --- we'll look at this issue again, you've  
5 heard from the Board that we are not pleased with the  
6 fine. We think it should be more. And fines  
7 subsequent to this especially involving table games  
8 players will be substantially more.

9 MR. SOJKA:

10 Could --- one more quick thing.

11 CHAIRMAN:

12 Absolutely.

13 MR. SOJKA:

14 I heard Commissioner Coy mention that the  
15 only way we can emphasize the importance is through  
16 the issue of a fine. I'm not entirely sure that's  
17 correct, and I will just give you this observation. I  
18 was passing through O'Hare Airport two weeks ago on my  
19 70th birthday. And I stopped at the bar and asked to  
20 have a glass of wine and I was carded and I laughed.  
21 And the lady said I'm sorry, sir, we have a 100  
22 percent carding policy. That's another solution, and  
23 I don't think we want to go there for a lot of  
24 reasons. But the point is, we do take this seriously  
25 and we may ultimately have to do what we have to do to

1 solve the problem.

2 MR. MCCABE:

3 Mr. Chair, if I may follow up just real  
4 quick?

5 CHAIRMAN:

6 Yes.

7 MR. MCCABE:

8 Some suggestion is --- maybe part of your  
9 training process for all employees, it's just not  
10 security's concern to make sure they keep out underage  
11 gaming, it's everybody's responsibility. And if you  
12 make that part of your dealer training, your  
13 supervisory training, across the board, one it's going  
14 to help the security department because there's going  
15 to be more eyes starting from the valet on into the  
16 table. People are going to be looking at people if  
17 they realize it's everybody's responsibility not just  
18 security. I've seen so many casinos where everybody  
19 figures okay, if they're on the floor they've got to  
20 be 21. It's the cocktail waitress, the table games  
21 --- you know what I'm saying. So, if you implement  
22 that in the training and in your philosophy, that may  
23 help also.

24 CHAIRMAN:

25 Thank you, Cyrus. Thank you, Counselors.

1 This concludes today's business. In closing, our next  
2 scheduled public meeting will be held on Thursday,  
3 August 19th, in the North Office Building, Hearing  
4 Room One. The meeting will begin at 10:00 a.m. Any  
5 final comments from the Board? Can I have a motion to  
6 adjourn, please?

7 MR. GINTY:

8 So moved.

9 MR. MCCABE:

10 Second.

11 CHAIRMAN:

12 Thank you. Meeting is adjourned.


13 \* \* \* \* \*

14 MEETING CONCLUDED AT 12:30 P.M.

15 \* \* \* \* \*

16 CERTIFICATE

17 I hereby certify that the foregoing  
18 proceedings, meeting held before Chairman Fajt, was  
19 reported by me on 07/29/2010 and that I Kenneth  
20 Dominic O'Hearn read this transcript and that I attest  
21 that this transcript is a true and accurate record of  
22 the proceeding.

23   
24 \_\_\_\_\_  
25 Court Reporter