

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 Trujillo
Jorge Augusto, representing Russell
Redding, Secretary of Agriculture
Aviv Bliwas, representing State Treasurer's
Office

HEARING: Wednesday, October 27, 2010
3:32 p.m.

LOCATION: PUC Keystone Building
Hearing Room 1
400 North Street, Plaza Level
Harrisburg, PA 17120

Reporter: Cynthia Piro Simpson

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A P P E A R A N C E S (cont.)

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CHAIRMAN:

Why don't we get started again if everybody's ready. It took a little longer than 15 minutes. By way of announcements, the Board held an executive session on October 26th and again just prior to this meeting. The purpose of yesterday's executive session was to discuss personnel matters, including new-hires being acted upon at today's meeting, and to discuss pending litigation with its Counsel, as well as to conduct quasi-judicial deliberations relating to matters coming before the Board today.

Today's executive sessions were for the purpose of conducting quasi-judicial deliberations regarding the hearings held earlier. I'd also like to announce the Category 3 Resort Casino License schedule for the remaining applicants. The hearings will be held at the Pennsylvania State Museum, located at the corner of Third and North Streets in Harrisburg, with the order of hearings as follows. On Tuesday, November 16th, 2010, the Mason-Dixon Resorts, LP hearing with the proposed location at the Eisenhower Hotel Conference Center & Resort in Cumberland Township, Adams County, will be held from 11:00 a.m.

1 to 3:00 p.m. And the Bushkill Group hearing, with the
2 proposed location at the Fernwood Hotel & Resort,
3 Middle Smithfield Township, Monroe County, will be
4 held from 4:00 p.m. to 8:00 p.m. On Wednesday,
5 November 17th, 2010, the Woodlands Fayette, LLC
6 hearing, with a proposed location at the Nemaocolin
7 Woodland Resort, Wharton Township, Fayette County,
8 will be held from 10:00 a.m. to 2:00 p.m. And the
9 Penn Harris Gaming, LP hearing, with a proposed
10 location at the Holiday Inn, Harrisburg, West Hampton
11 Township, Cumberland County, will be held from 3:00
12 p.m. to 7:00 p.m.

13 Having made all the announcements, next
14 for consideration is the adoption of the minutes and
15 the transcript. May I have a motion, please?

16 MR. ANGELI:

17 Yes, sir. Chairman, I move that the
18 Board approve the minutes of the August 19th and
19 September 16 meetings and the transcript of the
20 September 16, 2010 meeting.

21 MR. GINTY:

22 Second.

23 CHAIRMAN:

24 All in favor?

25 ALL SAY AYE

1 CHAIRMAN:

2 Opposed? Motion passes. Claire Yantis,
3 our Director of Human Resources, is next. Claire,
4 welcome.

5 MS. YANTIS:

6 Good afternoon, Chairman, Board members.
7 You have before you today a motion to consider the
8 hiring of three individuals. First, Cassandra
9 Fenstermaker has been selected for the position of
10 Assistant Enforcement Counsel in the Office of
11 Enforcement Counsel and is being recommended for hire
12 by Chief Enforcement Counsel, Cyrus Pitre. Second,
13 Edward Barry has been selected for the position of
14 investigator in the Bureau of Investigations and
15 Enforcement, Eastern Regional Office, and is being
16 recommended for hire by Director --- I'm sorry,
17 Regional Director, Roger Greenbank, and Deputy
18 Director, Paul Mauro.

19 Finally, Kathryn McDermott Speaks has been
20 selected for the position of Senior Counsel in the
21 Office of Chief Counsel, and is being recommended for
22 hire by Chief Counsel Doug Sherman. All three
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 Thank you. Any questions or comments
4 from the Board? Seeing none, could I have a motion,
5 please?

6 MR. COY:

7 Mr. Chairman, I move the Board approve
8 the applicants as proposed on the condition that the
9 necessary background investigations and drug testing
10 has been completed.

11 CHAIRMAN:

12 Second?

13 MR. SOJKA:

14 Second.

15 CHAIRMAN:

16 All in favor?

17 ALL SAY AYE

18 CHAIRMAN:

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

22 MR. RHEN:

23 Good afternoon. I have two items for
24 discussion today, the first being the report of
25 expenses for September, and then I'll provide an

1 overview of the '11/'12 budget. My expenditure report
2 today will cover expenses for the first quarter of the
3 fiscal year. Spending during this period totaled \$6.4
4 million. This total does not include significant
5 expenses incurred during the first quarter for
6 investigative database searches, fingerprint fees and
7 IT professional services that are being processed.
8 Spending recorded during September totaled \$2.5
9 million. Payroll expenses for the year totaled \$5.2
10 million or 81 percent of total expenses. To date, we
11 have booked 5.2 of the year's 26.1 payrolls, so we
12 have over 80 percent of our payroll yet to be paid.
13 Operating expenses recorded during September totaled
14 \$527,000, bringing the year-to-date total to \$1.2
15 million. The Board's largest operating expenses for
16 the year include \$610,000, or 51 percent of operating
17 expenses for rentals and leases, \$185,000 for
18 professional and legal services, \$165,000 for
19 telecommunications, and \$94,000 for travel. That
20 concludes the report of expenses. And unless there
21 are any questions, I'll go to the '11/'12 overview.

22 CHAIRMAN:

23 Any questions? Okay. Go to the '11/'12
24 budget.

25 MR. RHEN:

1 The board's fiscal year 2011/'12 budget
2 request is \$36.8 million, a \$1 million or 2.8 percent
3 increase over the FY '10/'11 budget of \$35.8 million.
4 This budget will be funded through a combination of
5 \$8.1 million in restricted revenue, including fees for
6 investigations and proceedings of the Board and gaming
7 lab charge-backs to manufacturers and casinos, and
8 \$28.7 million in draw-downs from escrow accounts
9 funded by casino operators. The budget includes the
10 cost of regulating the ten casinos currently in
11 operation and two additional Category 3 resort
12 casinos. As components of the overall budget,
13 personnel costs are budgeted at \$30.5 million, or 83
14 percent of the Board's request, and operating costs
15 are budgeted at \$6.3 million or 17 percent of the
16 overall request. All budget growth is in personnel
17 and almost all the increase is due to increases in the
18 employee retirement contribution and health benefit
19 cost increases. The retirement contribution is
20 expected to increase from approximately 4.1 percent of
21 salaries this year to an estimated rate of 7.1 percent
22 next year. And health benefits are expected to
23 increase by \$40 per employee per payroll. In the
24 operating expense portion of our budget, the largest
25 expense by category is real estate and office

1 equipment leases, consisting of 32 percent of proposed
2 operating expenses.

3 The second largest operating category, 26
4 percent of operating expenses, is services. This
5 category includes vendor assistance with IT systems
6 development and maintenance, licensed applicant
7 fingerprinting, interagency billing such as
8 comptroller services, payroll and data processing and
9 legal services.

10 The third largest category, nine percent,
11 is other operating expenses. This category includes
12 database searches utilized in background
13 investigations. Telecommunications accounts for ten
14 percent of the budget. And all other categories
15 combined, 14 percent. That concludes my report.

16 CHAIRMAN:

17 Questions from the Board? Dave, I have
18 one or two. The million-dollar increase in our budget
19 from this year to next year, you mentioned that most
20 of that is pension and healthcare. Can you be more
21 specific? What is the delta between our budget this
22 year versus next year, and how much of that delta is
23 related to pension and healthcare --- mandated pension
24 and healthcare increases?

25 MR. RHEN:

1 The total increase is \$1,013,000.
2 Ninety-six (96) percent is related to those two
3 categories.

4 CHAIRMAN:

5 Thank you. And I know in the past that
6 it's been a requirement of this Board to present to
7 the public the budgets of the PSP, the Pennsylvania
8 State Police, the Attorney General and also Revenue,
9 who also have a piece of the oversight pie for the
10 gaming industry. And can you explain to the Board and
11 the public that that's no longer the case because of
12 some amendments to Act 711, the table games
13 legislation?

14 MR. RHEN:

15 Right. With the passage of Senate Bill
16 711 earlier this year, the requirement that the Board
17 approve those budgets was removed. Going forward, the
18 Board will be required to --- the partner agencies
19 will be required to submit their budgets to the Board
20 at the time that they submit the appropriations chairs
21 for budget hearings. We are required to provide an
22 analysis and recommendations regarding those budgets
23 to the Appropriations Committee as soon as practical
24 after that time.

25 CHAIRMAN:

1 Okay. But the step that changes this
2 year is that there will no longer be a formal
3 presentation by you or those member agencies to the
4 Gaming Board of their budget?

5 MR. RHEN:

6 Right.

7 CHAIRMAN:

8 Thank you. Doug Sherman I think is next.
9 Doug, Susan, welcome.

10 ATTORNEY SHERMAN:

11 Good afternoon, Chairman, members of the
12 board. Our first agenda matter relates to a proposed
13 temporary regulation presented by Assistant Chief
14 Counsel, Susan Yocum.

15 ATTORNEY YOCUM:

16 Good afternoon, Chairman Fajt,
17 Commissioners. You have before you today Temporary
18 Regulation 125-134, which will amend Chapters 549 and
19 561 of the Table Game Regulations. This proposed
20 rulemaking will add the Royal Match 21 wager with the
21 Crown Treasure Bonus as optional side wagers to the
22 game of Blackjack and will add the Emperor's Treasure
23 and insurance wager as optional side bets in Pai Gow
24 poker. These side bets were requested by several of
25 the operators and are currently offered in other

1 gaming jurisdictions. I'd be happy to answer any
2 questions you have. If there are no questions, I'd
3 ask for a motion to adopt Temporary Regulation
4 125-134.

5 CHAIRMAN:

6 Thank you. Any questions from Board?
7 Could I have a motion, please?

8 MR. ANGELI:

9 Mr. Chairman, I move that the Board adopt
10 the Temporary Regulation 125-134, that the Board
11 establish a public comment period of 30 days for this
12 temporary regulation and that this regulation be
13 posted on the Board website.

14 MR. GINTY:

15 Second.

16 CHAIRMAN:

17 All in favor?

18 ALL SAY AYE

19 CHAIRMAN:

20 Opposed? Motion passes. Thank you,
21 Susan.

22 ATTORNEY YOCUM:

23 Thank you.

24 ATTORNEY SHERMAN:

25 The Board has before it today four

1 petitions for consideration. Two of those matters
2 were heard earlier today by the Board, including WTA's
3 Petition to Intervene and Greenwood Gaming &
4 Entertainment's petition for approval to expand its
5 gaming floor plan. The remaining two petitions
6 involve Mountainview Thoroughbred's --- which is also
7 Penn National, Hollywood Casino, their Petition to
8 Intervene in the Penn Harris Category 3 License
9 application, and a petition by Sands Bethworks for
10 approval of the gaming floor reconfiguration. Both of
11 the --- the latter two petitions were both unobjected
12 to and will be considered from the documentary record.
13 In all four of the cases the Board has received all of
14 the pleadings, answers, any other supporting
15 documentary or evidentiary submissions.

16 Moving through them, the first is the
17 WTA, Washington Trotting Association Petition to
18 Intervene in Woodland Fayette's Category 3 License
19 application proceedings. This matter was heard just a
20 short time ago by the Board and is now ready for the
21 Board's consideration. If the Board were to grant WTA
22 intervention, the one caveat is the Office of Chief
23 Counsel would recommend that WTA be required to submit
24 evidence it intends to introduce at Woodland Fayette's
25 licensing hearing to the applicant in advance of the

1 Board's hearings.

2 CHAIRMAN:

3 Thank you. And let me just do a
4 housekeeping matter before I entertain questions. As
5 Doug said, we had several motions and hearings
6 earlier. We've taken the two motions for summary
7 judgment under advisement, and the Aristocrat and
8 Konami petitions are being tabled while the Board
9 takes a more global look at the manufacturing fee
10 license. Again, for those of you who weren't here
11 earlier, just a recap. I will now entertain any
12 questions or comments from the Board regarding WTA's
13 petition.

14 MR. TRUJILLO:

15 Mr. Chairman?

16 CHAIRMAN:

17 Yes, Commissioner Trujillo?

18 MR. TRUJILLO:

19 Not in the form of a motion but just a
20 comment --- would you like me to comment now or after
21 a motion is made?

22 CHAIRMAN:

23 Why don't we wait until the motion is
24 made and then comment.

25 MR. TRUJILLO:

1 Thank you.

2 CHAIRMAN:

3 Could I have a motion?

4 MR. ANGELI:

5 Yes, Mr. Chairman. I move that the Board
6 grant the Petition to Intervene of Washington Trotting
7 Association as described by the Office of Chief
8 Counsel.

9 MR. COY:

10 Second.

11 CHAIRMAN:

12 Second. And now a comment from
13 Commissioner Trujillo.

14 MR. TRUJILLO:

15 Mr. Chairman, I am going to vote to deny
16 the Petition to Intervene as stated. The petition, as
17 I heard the presentation today, has not been showing
18 that there's any substantial direct or immediate harm.
19 My concern is that the distance --- geographic
20 distance between facilities, the fact that you have a
21 Category 1 versus a Category 3 facility, which in my
22 view are supposed to be aimed at different kind of
23 customers, they're supposed to be added Category 3
24 resort additional amenities and it's quite clearly
25 aimed at a particular kind of clientele. And so the

1 evidence that was presented or the argument that was
2 made today to me did not establish by any way that a
3 conclusory --- and you can certainly take away that
4 there may be some sort of an impact, but it was
5 neither measurably substantial, direct or immediate,
6 and accordingly, I believe that we should deny that
7 Petition to Intervene.

8 CHAIRMAN:

9 Thank you. Any other comments from the
10 Board? We have a motion. We have a second. All in
11 favor?

12 ALL SAY AYE

13 CHAIRMAN:

14 Opposed?

15 MR. TRUJILLO:

16 No.

17 CHAIRMAN:

18 Thank you. The motion passes.

19 ATTORNEY SHERMAN:

20 The next matter before the Board is
21 Mountainview Thoroughbred Racing Association's
22 Petition to Intervene in the Penn Harris Category 3
23 Slot Machine License application. Mountainview has
24 petitioned the Board to grant them intervener status,
25 stating that the granting of a Category 3 License to

1 Penn Harris would directly, immediately and
2 substantially harm Mountainview. Specifically,
3 Mountainview alleges that because Penn Harris is
4 within 20 linear miles of Mountainview, both
5 facilities would be within a 30-mile radius of the
6 center of Harrisburg and that the result of the award
7 of a license to Penn Harris would be a severe negative
8 market impact on Mountainview. There's been no
9 written response filed by Mountainview --- or by Penn
10 Harris to Mountainview's Petition to Intervene.
11 Again, if the Board were inclined to grant the
12 Petition to Intervene, the Office of Chief Counsel
13 recommends that Mountainview be required to submit any
14 evidence it intends to introduce at the Penn Harris
15 licensing hearing to the applicant in advance of the
16 final suitability hearing.

17 CHAIRMAN:

18 Any questions or comments from the Board?
19 Can I have a motion, please?

20 MR. COY:

21 Mr. Chairman, I move the Board grant the
22 Petition to Intervene of Mountainview Thoroughbred
23 Racing Association as described by the Office of the
24 Chief Counsel.

25 MR. GINTY:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 ALL SAY AYE

5 CHAIRMAN:

6 Opposed? Motion passes. Next.

7 ATTORNEY SHERMAN:

8 The next petition before the Board is
9 Sands Bethworks' petition requesting approval of the
10 reconfiguration of its gaming floor plan. Sands is
11 requesting to add 11 poker tables, bringing the total
12 number of table games from 89 to 100. The plan also
13 calls for the conversion of one Blackjack table to a
14 mini Baccarat table and the conversion of one mini
15 Baccarat table to a Sic Bo table. They are also
16 requesting to relocate 244 slot machines, remove
17 another 12 existing slot machines and adding four new
18 machines. These results --- these changes will result
19 in 3,024 machines on the property, a net loss of eight
20 machines from their current number, but still more
21 than were in operation on October 1st, 2009, which
22 would allow a decrease to be permissible under the
23 statute.

24 Sands has also requested that the Board
25 accept its gaming floor plan in a scale of 1/16th of

1 an inch so that the full gaming floor plan can be
 2 depicted on one sheet of paper and that all of the
 3 exhibits attached to their petition be maintained as
 4 confidential. The Office of Enforcement Counsel has
 5 not expressed any objection to the relief requested.
 6 And the Office of Chief Counsel concurs in the
 7 request, subject to conditions requiring Sands to
 8 forego commencement of operation of any new or
 9 relocated tables or slot machines prior to all
 10 appropriate security, surveillance, monitoring and
 11 internal controls being put into place. The matter is
 12 now appropriate for the Board's consideration.

13 CHAIRMAN:

14 Thank you. Any questions or comments
 15 from the Board? seeing none, could I have a motion,
 16 please?

17 MR. GINTY:

18 Mr. Chairman, I move that the Board grant
 19 the petition of Sands Bethworks, LLC, as described by
 20 the Office of Chief Counsel.

21 CHAIRMAN:

22 Second?

23 MR. MCCABE:

24 Second.

25 CHAIRMAN:

1 All in favor?

2 ALL SAY AYE

3 CHAIRMAN:

4 Opposed? Motion passes.

5 ATTORNEY SHERMAN:

6 The final petition today is Greenwood
7 Gaming's petition for approval of the expansion of its
8 gaming floor, identified as OP-15.

9 CHAIRMAN:

10 Doug, could I ask you to just hold?

11 ATTORNEY SHERMAN:

12 Yes.

13 CHAIRMAN:

14 Could we have Counsel for Greenwood
15 Gaming come up to the table? I think we're going to
16 have some additional questions. Thank you, Mr.
17 Kohler.

18 ATTORNEY SHERMAN:

19 Of course, this petition was heard
20 earlier by the Board. In addition to the motion to
21 approve OP-15, Greenwood has also filed a motion to
22 maintain confidentiality regarding certain of the
23 exhibits submitted.

24 As we heard earlier, Greenwood
25 essentially seeks to place 61 non-bank poker tables on

1 the third floor of the grandstand facilities, although
2 they do acknowledge at present under the statutory
3 limitations they are precluded from operating more
4 than 24 of those tables in the ordinary course of
5 business. The request would also result in an
6 expansion of the gaming floor space at the Parx Casino
7 & Racetrack by 21,067 square feet. If the Board
8 grants the petition, the Office of Enforcement Counsel
9 has requested that 25 conditions be placed on the
10 approval. In addition, Enforcement Counsel has
11 addressed another proposed condition regarding
12 surveillance today, and I think there were some
13 questions regarding smoking that would be appropriate
14 for inclusion in the conditions. The proposed
15 conditions were all included with the OEC answer to
16 the petition to approve OP-15, and obviously the Board
17 can impose any other conditions it feels appropriate.

18 CHAIRMAN:

19 Thank you. I have one question, Mr.
20 Kohler, and I don't know if you're going to be able to
21 answer it. I think Mr. Bonner and Mr. Deangelo left.
22 I have continuing concerns about the outside
23 surveillance. I was not satisfied, to put it bluntly,
24 with the answers of your client on the surveillance
25 issue. And my particular question revolves around the

1 surveillance in the parking lot. As I understand Mr.
2 Deangelo's comments and Mr. Bonner, that there are
3 about 27 cameras right now deployed and operational in
4 the parking lot --- parking lots around the casino.
5 Do you know if any of those cameras are deployed in
6 the parking lots adjacent to the grandstand?

7 ATTORNEY KOHLER:

8 Luckily, I do and only because this
9 discussion came up at lunch today when we were ---
10 when we found out about OEC's proposed condition and
11 were discussing what our current status was. And the
12 answer to that is yes. Now, if you're going to --- if
13 we get into too much detail, I'm probably going to
14 have to get answers for you, but I heard very clearly
15 that we do --- and we found out from Mr. Stahl that
16 this was one of the areas he was concerned about. And
17 I can speak with assurance that the grandstand parking
18 lot, area adjacent to the grandstand parking lot, is
19 covered by surveillance cameras. Now, if you ask me
20 what the breakdown is between one part of the parking
21 lot and another part of the parking lot, I'm going to
22 have to ask for help because I can answer that
23 question. But that part I can answer.

24 CHAIRMAN:

25 That satisfied me. Again, opening this

1 up for gaming now presents a different dynamic, quite
2 frankly, than it did before. My sense is there will
3 be more cars there, more potential for kids being left
4 in the car, and I would like to, you know, hope that
5 the coverage in that parking lot adjacent to the
6 grandstand is the same as the coverage, you know, in
7 the parking lot adjacent to the casino.

8 ATTORNEY KOHLER:

9 We absolutely agree that that area needs
10 to be covered and without any directive from the Board
11 have put cameras in that area.

12 CHAIRMAN:

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

15 MR. MCCABE:

16 Yes, Mr. Chair. I move that the Board
17 grant the petition of Greenwood Gaming &
18 Entertainment, Inc., as described by the Office of
19 Chief Counsel to the degree it requests the approval
20 of 24 non-bank games and with the conditions requested
21 by the Office of Enforcement Counsel, as well as a
22 condition that for the purpose of the Clean Indoor Air
23 Act, that each separate gaming floor on the Greenwood
24 property maintain at least a 50 percent non-smoking
25 area.

1 CHAIRMAN:

2 Thank you.

3 MR. ANGELI:

4 Second.

5 CHAIRMAN:

6 All in favor?

7 ALL SAY AYE

8 CHAIRMAN:

9 Opposed? Motion passes. And again, I'd
10 like to comment there should be no misunderstanding on
11 the part of Greenwood that this authorization to have
12 non-bank poker tables in your grandstand is not a
13 preordained approval of your plans for future
14 expansion of additional tables on the third floor.
15 And I'll be even more specific. This is a motion to
16 have 24 table games up and operational on a daily
17 basis. We know you're going to put 61 in, but to the
18 extent that any more than 24 are operational, you will
19 have to come back to this board for further
20 authorization to have those table games operational.

21 ATTORNEY KOHLER:

22 We understand that completely, and that,
23 in fact, is the reason behind OP-16.

24 CHAIRMAN:

25 Right. Thank you very much.

1 ATTORNEY MILLER:

2 And Mr. Chairman, in that light, as you
3 note from the conditions, one of the conditions we put
4 on this that we requested is that there be some type
5 of separation between the tables that are in play and
6 the tables that are not in play so people can't wander
7 from one to the other and that sort of thing. And
8 Greenwood has agreed to do that, so the tables that
9 are in play are totally shut off from the tables that
10 are just sitting there and not in play.

11 CHAIRMAN:

12 Right. Thank you very much.

13 ATTORNEY KOHLER:

14 And Chairman Fajt, we understand how the
15 statute reads. We will absolutely fully comply and
16 understand we need your approval all along the way.

17 For the record, we understand it will be
18 a condition of the order. Of course, we need to
19 comply or the order doesn't go into effect. We
20 understand all that. We do, just from a legal
21 perspective, disagree with the 50 percent per building
22 smoke delineation, but that being just for the record.

23 CHAIRMAN:

24 Okay. Thank you. Because that will be
25 part of our order and that is part --- just so

1 there's ---.

2 ATTORNEY KOHLER:

3 And that is no issue for OP-15. Our
4 proposal is in full compliance with that. We view
5 that as a future issue, but understand we may have
6 some disagreement with the Board.

7 CHAIRMAN:

8 Thank you. That's it for petitions.
9 Let's move on.

10 ATTORNEY SHERMAN:

11 Next, with the withdrawals, reports and
12 recommendations is Deputy Chief Counsel Steve Cook.

13 ATTORNEY COOK:

14 Good afternoon. The Board has received
15 three unopposed petitions to withdraw the applications
16 of businesses and one unopposed petition to withdraw a
17 Key Employee Application. The entities and
18 individuals subject to these petitions are as follows:
19 Hagen Construction, Inc.; Imagraphics Corporations,
20 doing business as Branded Solutions; and Vita Bus &
21 Tours, Incorporated. The individual who submitted a
22 Withdrawal Petition is Donald Shiffer. The Office of
23 Enforcement Counsel has no objections to these
24 withdrawals. As such, the Office of Chief Counsel
25 submits these withdrawals to the Board for a

1 consideration of a motion to grant each of these
2 petitions.

3 CHAIRMAN:

4 Any questions or comments from the Board?
5 Could I have a motion, please?

6 MR. MCCABE:

7 Yes, Mr. Chair. I move that the Board
8 issue orders to approve the withdrawals as described
9 by the Office of Chief Counsel.

10 CHAIRMAN:

11 Second?

12 MR. SOJKA:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 ALL SAY AYE

17 CHAIRMAN:

18 Opposed? Motion passes.

19 ATTORNEY SHERMAN:

20 Next before the Board for consideration
21 are six reports and recommendations received from the
22 Office of Hearings and Appeals relative to six Gaming
23 Employee Permit Applications. The reports and
24 recommendations, along with the evidentiary record for
25 each hearing, have been provided to the Board in

1 advance of this meeting. Additionally, the persons at
2 issue have been notified that the Board was taking up
3 the matter today and that they have the opportunity to
4 come and briefly address the Board when their matter
5 is called. If anybody in the room is present, when
6 their name is called they should come forward.

7 The first Report and Recommendation
8 before the Board today is Michael Buckley. On June
9 10th, 2010 Mr. Buckley submitted a Gaming Employee
10 Occupation Permit to work as a security officer at
11 Mohegan Sun at Pocono Downs. During the Bureau of
12 Investigation and Enforcement's investigation, it was
13 found that Mr. Buckley had been arrested on October
14 30th, 2009 and had been charged with two crimes,
15 hindering apprehension and prosecution and obstructing
16 the administration of law or governmental function.
17 On May 26th, 2010 Mr. Buckley pleaded guilty to
18 hindering apprehension or prosecution, a misdemeanor
19 of the third degree, and received a 12-month probation
20 sentence. The other charge was dismissed. Based upon
21 this charge and the underlying conduct, the Office of
22 Enforcement Counsel on July 1st, 2010 issued a Notice
23 of Recommendation of Denial. Mr. Buckley subsequently
24 requested a hearing and one was held on September 7th,
25 2010, before the Office of Hearings & Appeals. At

1 that hearing Mr. Buckley admitted the conduct which
2 led to his arrest and conviction. Thereafter, the
3 Office of Hearings & Appeals issued a Report and
4 Recommendation recommending to the Board that the
5 application be denied. That report and recommendation
6 is before the Board.

7 CHAIRMAN:

8 Thank you. Is Mr. Buckley here? Any
9 questions or comments from the Board? Could I have a
10 motion, please?

11 MR. SOJKA:

12 Yes, Mr. Chairman. I move that the Board
13 issue an order to adopt the Report and Recommendation
14 of the Office of Hearings & Appeals regarding the
15 Gaming Employee Permit of Michael Buckley as described
16 by the Office of Chief Counsel.

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 SHERMAN:

2 Next for the Board's consideration is a
3 Report and Recommendation related to Henry Ceaser.
4 Mr. Ceaser submitted a Gaming Employee Application
5 given his work as a slots technician with KGM, a
6 supplier licensed by the Board. The Office of
7 Enforcement Counsel issued a notice of Recommendation
8 of Denial based on the fact that Mr. Ceaser was
9 convicted of two felonies during May 1995 and 15 years
10 had not elapsed since the date of his felony
11 conviction and the date of his application. The
12 Office of Enforcement Counsel also alleged that Mr.
13 Ceaser failed to disclose his entire criminal history
14 and that he did not meet the financial suitability
15 requirements of the Act because of outstanding debt
16 obligations. Mr. Ceaser requested a hearing on the
17 recommended denial, which was held on October ---
18 excuse me, August 25th, 2010. Both the Office of
19 Enforcement Counsel and Mr. Ceaser appeared at that
20 hearing and offered testimony. At the hearing Mr.
21 Ceaser explained that he was convicted of two felony
22 drug-related offenses but that, as of the date of the
23 hearing, 15 years had passed since the conviction and
24 he was therefore no longer ineligible for licensure.
25 He also indicated that he mistakenly did not disclose

1 certain related 15-year-old charges which were
2 dismissed because he had misread the directions on the
3 PGCB application.

4 Mr. Ceaser also provided evidence
5 indicating that he holds gaming-related licenses in
6 New Jersey, New York and Connecticut and that he
7 obtained his slot technician certification in July
8 2000 and has been employed for most of the past ten
9 years as a slot technician. With respect to Mr.
10 Ceaser's few thousand dollars in delinquent debt, he
11 explained that his outstanding debt stemmed from a
12 brief period of unemployment, during which time he
13 attended school and didn't have an income.

14 At the conclusion of the hearing the
15 Hearing Officer issued a Report and Recommendation,
16 recommending that Mr. Ceaser be granted a Gaming
17 Permit, given the length of time that he had passed
18 since his convictions, his adequate explanations as to
19 why dismissed charges were not disclosed, as well as
20 his adequate explanation for the debt and his
21 willingness to take care of that matter. This Report
22 and Recommendation is therefore before the Board. If
23 the Board grants or accepts the Report and
24 Recommendation, it will grant this individual a Gaming
25 License --- Gaming Employee License.

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CHAIRMAN:

Thank you. Is Mr. Ceaser present? Any questions or comments from the Board? Can I have a motion, please?

MR. TRUJILLO:

Mr. Chairman, I move that the Board issue an order to adopt the Report and Recommendation of the Office of Hearings and Appeals regarding the Gaming Employee Permit of Henry Ceaser, as described by the Office of Chief Counsel.

MR. ANGELI:

Second.

CHAIRMAN:

All in favor?

ALL SAY AYE

CHAIRMAN:

Opposed? The motion passes.

ATTORNEY SHERMAN:

Willard Cooper is the next Report and Recommendation before the Board for consideration. Mr. Cooper submitted an application for a Gaming Employee Permit during June 2010 seeking work as a table games dealer. In the application process Mr. Cooper disclosed that he had several outstanding debts for which judgments had been issued against him, and

1 he also disclosed that he had failed to file personal
2 income tax returns with the Commonwealth of
3 Pennsylvania for the years 2005 through 2009.

4 On July 12th, 2010, the Office of
5 Enforcement Counsel issued a Notice of Recommendation
6 of Denial based upon Mr. Cooper's outstanding tax
7 issues with the Commonwealth, as well as financial
8 unsuitability due to the outstanding civil judgments.
9 Mr. Cooper requested a hearing which was held in his
10 absence, because he didn't attend despite receiving
11 notice. And subsequent thereto, a Report and
12 Recommendation was issued by the Office of Hearings &
13 Appeals, recommending the denial of Mr. Cooper's
14 Gaming Employee Application. This Report and
15 Recommendation is presently before the Board.

16 CHAIRMAN:

17 Is Mr. Cooper present? Any questions or
18 comments from the Board? Could I have a motion,
19 please?

20 MR. ANGELI:

21 Mr. Chairman, I move that the Board issue
22 an order to adopt the Report and Recommendation of the
23 Office of Hearings and Appeals regarding the Gaming
24 Employee Permit of Willard Cooper, as described by the
25 Office of Chief Counsel.

1 MR. COY:

2 Second.

3 CHAIRMAN:

4 All in favor?

5 ALL SAY AYE

6 CHAIRMAN:

7 Opposed? The motion passes.

8 ATTORNEY SHERMAN:

9 The next Report and Recommendation before
10 the Board pertains to James Harris, who I believe is
11 present. If he is present, he can come forward. Mr.
12 Harris submitted an application for a Gaming Employee
13 Permit on April 22nd, 2010, seeking work as a table
14 games dealer at the Hollywood Casino at Penn National.
15 On July 13th, 2010, the Office of Enforcement Counsel
16 issued a Notice of Recommendation of Denial for this
17 application based on the fact that Mr. Harris had a
18 substantial amount of gambling debts that he had
19 accumulated in 2007. Mr. Harris requested a hearing,
20 which was held on September 14th, 2010. Both the
21 Office of Enforcement Counsel and Mr. Harris appeared
22 at the hearing and proffered testimony and exhibits.
23 Mr. Harris testified that he and his wife filed for
24 Chapter 13 bankruptcy during October 2008 and that his
25 gambling debts led directly to the bankruptcy filing.

1 He also testified that he's not entered a casino or
2 gambled since 2008. Thereafter, the Hearing Officer
3 issued a Report and Recommendation finding Mr. Harris
4 suitable for licensure, given his fully disclosing his
5 debts, the nature of his debts and his acknowledgement
6 that he's given up gambling. Subsequent to the Report
7 and Recommendation being issued, the Office of
8 Enforcement Counsel filed exceptions to it,
9 essentially saying that were the Board to adopt the
10 Report and Recommendation and grant licensure to Mr.
11 Harris, that it be conditioned upon his providing
12 documentation on a quarterly basis showing that he's
13 current in his monthly payments to the bankruptcy
14 trustee. This matter is before the Board. As I said,
15 Mr. Harris is present, so if he would like to make a
16 comment, he can at this time.

17 CHAIRMAN:

18 Thank you. Before we do that, could you
19 please introduce yourself, Miss?

20 ATTORNEY MATELEVICH-HOANG:

21 I'm Billie Matelevich-Hoang, Office of
22 Enforcement Counsel. That's M-A-T-E-L-E-V-I-C-H,
23 hyphen, H-O-A-N-G.

24 CHAIRMAN:

25 Thank you. And Mr. Harris, could you

1 please stand to be sworn in?

2 -----

3 JAMES HARRIS, HAVING FIRST BEEN DULY SWORN, TESTIFIED
4 AS FOLLOWS:

5 -----

6 CHAIRMAN:

7 Thank you. Mr. Harris, feel free to
8 offer any brief comments you have before the Board.

9 A. In 2007 I made some bad decisions. In 2008 I was
10 forced to file for bankruptcy. All my debts were
11 wrapped inside my bankruptcy. I've not gambled, not
12 incurred more debt. I've been current on my
13 bankruptcy payments. Basically I just want a job.

14 CHAIRMAN:

15 Questions or comments from the Board?
16 Commissioner Sojka?

17 MR. SOJKA:

18 I don't want to belabor this point, but
19 this is a complex issue, isn't it? Gaming is --- was
20 at the heart of your economic difficulties, and now
21 you wish to make a living in the gaming industry. And
22 there are two things that concern me. One, do you
23 feel that this would create any --- I'll ask them as
24 two separate questions. One, do you think this
25 creates any special problem for you? As someone who

1 once got into trouble with gaming and now will be
2 surrounded by it, will it be an inducement for you to
3 do that again? And the second question is, one of
4 ethics. I mean, you must look at gaming as something
5 that's problematic and at the same time you're willing
6 to provide it to others. So do you have an issue with
7 either of those problems?

8 A. To answer your first question, as far as it being
9 an issue for me, I quit gambling long before I decided
10 to file for bankruptcy or to apply for the Gaming
11 License. Basically I borrowed money to gamble, and
12 that's --- I know now that that's the wrong thing to
13 do, and I just don't do it anymore. As far as others,
14 it was a conscience choice to gamble. We have the
15 1-800-GAMBLER and other opportunities and checks on
16 people that if you do see a problem gambler, you can
17 report them or try to get help for them. I didn't use
18 any of those because I didn't think I needed it now or
19 after I quit. I don't see it as --- like gambling is
20 supposed to be --- from my point of view, it's
21 supposed to be fun. If it's not fun, then you
22 shouldn't do it. For me, it stopped being fun, so I
23 stopped.

24 MR. SOJKA:

25 Do you think your own personal experience

1 might make you more alert as a dealer than some others
2 in recognizing someone else getting into difficulty?

3 A. Oh, absolutely. I can see signs of --- when
4 people are too far or too --- at the --- at Hollywood,
5 where I went for my training, they showed a video of
6 people that gamble to excess or what signs to look
7 for, and I can see those signs in people. I know what
8 to look for. I know that I was to a point where it
9 was silly, where I was trying to make up for debts
10 that I had already had and --- we call them markers,
11 and that was dumb. I'm paying for it now, but I still
12 have to pay for it. I can see that now and see if I
13 can help people that are in that situation.

14 CHAIRMAN:

15 Commissioner McCabe?

16 MR. MCCABE:

17 I have a couple questions. Do you still
18 owe those three casinos money?

19 A. Yes.

20 MR. MCCABE:

21 Are you paying it back?

22 A. Whenever we structured our bankruptcy, we
23 structured that debt into our --- I'm not sure what
24 that fee is called. We structured into the fee that
25 we --- the trustee fee that we pay on a monthly basis.

1 MR. MCCABE:

2 Did you ever put yourself on an excluded
3 list over in New Jersey?

4 A. No. The trustee here asked me that same question.
5 I didn't because I simply quit gambling. I stopped
6 going.

7 MR. MCCABE:

8 Were you ever banned from any casinos?

9 A. No.

10 CHAIRMAN:

11 I have a question, Mr. Harris. So you
12 gambled in Atlantic City?

13 A. Yes.

14 CHAIRMAN:

15 And how long did you gamble? How many
16 years were you either casual or an addicted gambler?

17 A. Maybe three or four years, casually.

18 CHAIRMAN:

19 And did you gamble anywhere else other
20 than Atlantic City?

21 A. No. That's the only place that has legalized
22 gambling --- or had legalized gambling at the time.
23 Pennsylvania casinos weren't open at that time.

24 CHAIRMAN:

25 Right, obviously we weren't, but I was

1 thinking of New York or West Virginia, Las Vegas.

2 A. Unfortunately, I've never been to any of those
3 places.

4 CHAIRMAN:

5 Any other questions? Okay. Could I have
6 a motion?

7 ATTORNEY COOK:

8 Just so we're clear, Mr. Chairman, ---

9 CHAIRMAN:

10 Yes.

11 ATTORNEY COOK:

12 --- a motion to adopt the Report and
13 Recommendation will be to grant Mr. Harris' licensure.

14 CHAIRMAN:

15 Can we --- can you give us again what the
16 --- what I'll call the compromise from OEC was?

17 ATTORNEY COOK:

18 Essentially --- I'll let OEC speak to it.

19 ATTORNEY MATELEVICH-HOANG:

20 Thank you.

21 CHAIRMAN:

22 Thank you.

23 ATTORNEY MATELEVICH-HOANG:

24 While OEC still believes that Mr. Harris
25 is not suitable based on his \$18,911 in gambling debt

1 from three casinos in 2008, we did file exceptions to
2 say in the event that you permitted Mr. Harris to have
3 a Gaming Permit, we ask that you place a condition on
4 his Gaming Permit. And what that would involve would
5 be that quarterly or monthly Mr. Harris would have to
6 provide payment --- proof of payment to the Bureau of
7 Licensing that he essentially is staying current with
8 his restructuring plan for his bankruptcy. Because
9 during the hearing it was discussed that between his
10 secured and unsecured debt, Mr. Harris does pay
11 approximately \$3,200, \$3,300 to the trustee. So we
12 would ask that if you do grant him his Gaming Permit,
13 that a condition be placed on his license.

14 CHAIRMAN:

15 Can you say that again? He pays \$3,200
16 to \$3,300 how often?

17 ATTORNEY MATELEVICH-HOANG:

18 I believe every month he must pay \$3,100
19 for secured debt, is it, or ---?

20 CHAIRMAN:

21 That sounds like a lot of money.

22 A. Yes. I don't have a job.

23 ATTORNEY MATELEVICH-HOANG:

24 That's what was brought up at the
25 hearing. Right.

1 A. No. My --- our trustee fees are --- I think it's
2 maybe \$12,000 over the life of the term, the five
3 years.

4 MR. COY:

5 A lot less than ---.

6 A. Yeah. It's not --- it's a little over --- or \$200
7 a month.

8 MR. COY:

9 And so the payment amortized is the
10 amount of the debt that you continue to have?

11 A. Right. At the end of our term, which we're
12 halfway through now or just about, at the end of the
13 term, those debts will be written off on my
14 bankruptcy.

15 MR. COY:

16 So Counselor, to be clear, on behalf of
17 OEC, you're satisfied for the Board to adopt the
18 recommendation, with the stipulation that you
19 mentioned about the payment being certified by you
20 all?

21 ATTORNEY MATELEVICH-HOANG:

22 Right. Whatever his payment is, that he
23 provide documentation to Bureau of Licensing that he
24 is current throughout his entire restructuring plan.

25 MR. COY:

1 Probably \$3,300 a year.

2 CHAIRMAN:

3 Commissioner McCabe? Let me just ask one
4 question on that. I'm trying to get to the bottom of
5 what you --- what the debt was and what you owe. And
6 Counselor, I heard you say a debt number, ---

7 ATTORNEY MATELEVICH-HOANG:

8 Yes.

9 CHAIRMAN:

10 --- and could you give me that number
11 again?

12 ATTORNEY MATELEVICH-HOANG:

13 During the hearing it was brought up that
14 Mr. Harris' unsecured debt, including the three from
15 the casinos and about four pages worth of other
16 liabilities totals \$172,850. His secured priority
17 debt totaled \$253,000, which he mentioned was for his
18 mortgage and three cars. And that payment --- and I
19 apologize, but my note said that it was \$3,100, but
20 I --- irregardless, the majority of his money goes to
21 his secured priority payments and not his unsecured,
22 which is where his gambling debts are located.

23 CHAIRMAN:

24 So again, maybe I'm a little slow here,
25 but I thought I heard you say, Mr. Harris, that your

1 total payment to the trustee over the life of your
2 structured settlement was \$12,000. Did I hear you say
3 that?

4 A. Right. What she's trying to say is the debts that
5 I currently pay, I pay my mortgage and my car
6 payments, this trustee fee --- and I have a child that
7 I pay child support on, that totals about \$3,300 a
8 month, combined. My wife has --- is gainfully
9 employed and makes more than that on a monthly basis.
10 I'm not in any jeopardy of not making my payments.
11 She's saying that because my budget is tight right
12 now, I may not be able to pay my trustee fees. Those
13 fees are --- I guarantee that I'll pay them. And I
14 don't have a problem, I brought a list --- a printout
15 of the trustee fees paid this morning. And once I
16 find gainful employ, I'll be able --- I'll be more
17 easily to make sure I pay all my obligations.

18 CHAIRMAN:

19 Are you gainfully employed now?

20 A. Not at the moment. That's why I'm here.

21 CHAIRMAN:

22 Commissioner McCabe?

23 MR. MCCABE:

24 I got to get some stuff clarified for me.
25 This trustee you're paying, is this under a Bankruptcy

1 Court Order ---

2 A. Yes.

3 MR. MCCABE:

4 --- that you'll be --- you're being
5 monitored by a trustee?

6 A. Yes.

7 MR. MCCABE:

8 Do you pay a certain amount ---

9 A. Yes.

10 MR. MCCABE:

11 --- per month, or what is it?

12 A. Yes, I pay a monthly amount.

13 MR. MCCABE:

14 Have you ever missed a payment?

15 A. No.

16 MR. MCCABE:

17 You've made all your payments?

18 A. Yes, sir. Matter of fact, I think I ---.

19 MR. MCCABE:

20 Do we have anything from the trustee to
21 show that you have, in fact, ---

22 A. Yes, sir.

23 MR. MCCABE:

24 --- made all your payments?

25 A. I got a fax from them yesterday showing all my

1 payments.

2 MR. MCCABE:

3 And when did that start, what date?

4 A. October of 2008. Or the payments started November
5 of 2008.

6 MR. MCCABE:

7 2000 what?

8 A. 2008.

9 CHAIRMAN:

10 November of 2008.

11 MR. MCCABE:

12 So since November of 2008 you've been
13 making these payments ---

14 A. Yes, sir.

15 MR. MCCABE:

16 --- and have not missed a payment?

17 A. That's correct.

18 CHAIRMAN:

19 Any other questions? Could I have a
20 motion, please?

21 MR. COY:

22 Mr. Chairman, I move that the Board issue
23 an order to adopt the Report and Recommendation of the
24 Office of Chief Counsel --- of the Office of Hearings
25 & Appeals regarding the Gaming Employee Permit of

1 James Harris, as described by the Office of Chief
2 Counsel, with the stipulation that the Office of
3 Enforcement Counsel be required to be in receipt of a
4 monthly report on the payment of his trustee
5 structured debt.

6 MR. GINTY:

7 Second.

8 ATTORNEY MATELEVICH-HOANG:

9 Thank you.

10 CHAIRMAN:

11 All in favor.

12 ALL SAY AYE

13 CHAIRMAN:

14 Opposed? Motion passes.

15 ATTORNEY MATELEVICH-HOANG:

16 Thank you.

17 CHAIRMAN:

18 Thank you, Counselor. Thank you, Mr.

19 Harris.

20 ATTORNEY SHERMAN:

21 The next report and Recommendation before
22 the Board pertains to Orland Simms. On March 23rd,
23 2010, Mr. Simms was charged with forgery, insurance
24 fraud and perjury, all of which are felony offenses.
25 On July 16th, 2010, Mr. Simms entered a guilty plea to

1 all of these offenses. As a result, Mr. Simms is
2 prohibited by statute from possessing a Gaming
3 Employee Permit. As a result of these charges, the
4 Office of Enforcement Counsel filed a request for
5 Emergency Order of Suspension of Mr. Simms' Gaming
6 Employee Permit. He was employed as a gaming employee
7 at the Rivers Casino. That Emergency Suspension was
8 signed by the Executive Director on July 27th, 2010.
9 On August 19th, 2010, the Board referred this matter
10 to the Office of Hearings & Appeals for a full
11 evidentiary hearing. The Report and Recommendation
12 presently before the Board is the outcome of that
13 hearing. Effectively, the Hearing Officer recommends
14 that the permit be revoked based on the 15-year felony
15 prohibition, and the Office of Chief Counsel would
16 concur in that finding.

17 CHAIRMAN:

18 Thank you. Is Mr. Simms here? Any
19 questions or comments from the Board? Could I have a
20 motion, please?

21 MR. GINTY:

22 I move that the Board issue an order to
23 adopt the Report and Recommendation of the Office of
24 Hearings & Appeals grant the Gaming Employee Permit of
25 Orland Simms as described by the Office of Chief

1 Counsel.

2 CHAIRMAN:

3 Second?

4 MR. COY:

5 Second.

6 CHAIRMAN:

7 All in favor?

8 ALL SAY AYE

9 CHAIRMAN:

10 Opposed? Motion passes.

11 ATTORNEY SHERMAN:

12 The final Report and Recommendation
13 before the Board today pertains to William Toupe. On
14 May 18th, 2010, Mr. Toupe submitted a Gaming Employee
15 Application to work as a table games dealer. This
16 gentleman disclosed numerous federal and --- federal
17 tax and financial issues on his application. On June
18 17th, 2010, the Office of Enforcement Counsel issued a
19 Notice of Recommendation of Denial, indicating that
20 Mr. Toupe had failed to provide the requested
21 documentation regarding his outstanding tax issues,
22 including that he failed to meet his obligation to
23 demonstrate that he is current and not in arrears with
24 financial obligations owed to the Commonwealth of
25 Pennsylvania. Mr. Toupe requested a hearing, which

1 was held on August 26th, 2010. Despite receiving
2 notice, Mr. Toupe did not attend the hearing. During
3 the hearing, OEC provided evidence showing that from
4 1994 to 2006 federal liens were issued against him,
5 his home and his bank account relative to outstanding
6 federal tax issues. Additionally, they submitted
7 evidence that on May 25th, 2010, the Pennsylvania
8 Department of Revenue sent Mr. Toupe a delinquency
9 letter for financial obligations owed to the
10 Commonwealth. Thereafter, a Report and Recommendation
11 was issued, wherein the Hearing Officer recommended
12 that the application be denied for the tax issues.
13 That matter is presently before the Board and is ripe
14 for consideration.

15 CHAIRMAN:

16 Is Mr. Toupe present? Any questions from
17 the Board? Can I have a motion, please?

18 MR. MCCABE:

19 Yes. Mr. Chair, I move that the Board
20 issue an order to adopt the Report and Recommendation
21 of the Office of Hearings & Appeals regarding the
22 Gaming Employee Permit of William Toupe, as described
23 by the Office of Chief Counsel.

24 CHAIRMAN:

25 Second?

1 MR. SOJKA:

2 Second.

3 CHAIRMAN:

4 All in favor?

5 ALL SAY AYE

6 CHAIRMAN:

7 Opposed? Motion passes.

8 ATTORNEY SHERMAN:

9 With that, that concludes all matters of
10 the Office of Chief Counsel.

11 CHAIRMAN:

12 Thank you very much, Doug and Steve.

13 Next up is our Director of Licensing, Susan Hensel. I
14 see our Chief Enforcement Counsel, Cyrus Pitre, is
15 also here.

16 MS. HENSEL:

17 Thank you, Chairman Fajt and members of
18 the Board. The first matter for your consideration is
19 the renewal of slot machine manufacturer licenses for
20 Atronic Americas, GTECH Corporation and Spielo
21 Manufacturing. The Bureau of Investigations and
22 Enforcement has completed its investigation, and the
23 Bureau of Licensing has provided you with the renewal
24 background investigation and suitability reports for
25 these licensees. No issues were identified by either

1 the Bureau of Investigations & Enforcement or
2 Licensing that would preclude the renewal of these
3 licenses. I have provided you with draft orders and
4 ask that the Board consider the renewal of these
5 companies separately, beginning with Atronic Americas,
6 LLC.

7 CHAIRMAN:

8 Office of Enforcement Counsel?

9 ATTORNEY PITRE:

10 No objection.

11 CHAIRMAN:

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

14 MR. SOJKA:

15 Yes. Mr. Chairman, I move that the Board
16 approve the slot operator manufacturer license of
17 Atronic America, LLC, as described by the Bureau of
18 Licensing.

19 CHAIRMAN:

20 Second?

21 MR. TRUJILLO:

22 Second.

23 CHAIRMAN:

24 All in favor?

25 ALL SAY AYE

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CHAIRMAN:

Opposed? Motion passes.

MS. HENSEL:

Next would be GTECH Corporation.

ATTORNEY PITRE:

No objection.

CHAIRMAN:

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

MR. TRUJILLO:

Chairman, I move that the Board approve the renewal of GTECH Corporation's Slot Operator Machine License as described by the Bureau of Licensing.

MR. ANGELI:

Second.

CHAIRMAN:

All in favor.

ALL SAY AYE.

CHAIRMAN:

Opposed? Motion passes.

MS. HENSEL:

Finally, Spielo Manufacturing.

ATTORNEY PITRE:

No objection.

1 CHAIRMAN:

2 Questions from the Board? Can I have a
3 motion?

4 MR. ANGELI:

5 I move the Board approve the renewal of
6 Spielo Manufacturing Operator Manufacturer's License,
7 as described by the Bureau of Licensing.

8 MR. COY:

9 Second.

10 CHAIRMAN:

11 All in favor?

12 ALL SAY AYE

13 CHAIRMAN:

14 Opposed? Motion passes.

15 MS. HENSEL:

16 The next matter for your consideration is
17 the renewal of a Slot Machine Supplier License for KGM
18 Gaming, LLC. The Bureau of Investigations &
19 Enforcement has completed its investigation, and the
20 Bureau of Licensing has provided you with a
21 suitability report for this licensee. No issues were
22 identified by either the Bureau of Investigations &
23 Enforcement or Licensing that would preclude the
24 renewal of KGM Gaming, and I have provided you with a
25 draft order and ask that the Board consider the

1 renewal of this license.

2 ATTORNEY PITRE:

3 No objection.

4 CHAIRMAN:

5 Thank you. Questions from the Board?

6 Could I have a motion?

7 MR. COY:

8 Mr. Chairman, I move the Board approve
9 the renewal of KGM Gaming, LLC's Slot Operator
10 Supplier License, as described by the Bureau of
11 Licensing.

12 MR. GINTY:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 ALL SAY AYE

17 CHAIRMAN:

18 Opposed? Motion passes.

19 MS. HENSEL:

20 In addition, we have for your
21 consideration the approval of Key Employee Licenses.
22 Prior to this meeting, the Bureau of Licensing
23 provided you with a proposed order for two Key
24 Employee Licenses for Mountainview Thoroughbred Racing
25 Association and Sands Bethworks Gaming. I ask that

1 the Board consider the order approving these licenses.

2 ATTORNEY PITRE:

3 No objection.

4 CHAIRMAN:

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

7 MR. GINTY:

8 Chairman, I move that the Board approve
9 the issuance of Key Employee Licenses as described by
10 the Bureau of Licensing.

11 CHAIRMAN:

12 Second?

13 MR. MCCABE:

14 Second.

15 CHAIRMAN:

16 All in favor?

17 ALL SAY AYE

18 CHAIRMAN:

19 Opposed? The motion passes.

20 MS. HENSEL:

21 I also have for your consideration the
22 issuance of Temporary, Principal and Key Employee
23 Licenses. Prior to this meeting, the Bureau of
24 Licensing provided you with an order regarding the
25 issuance of Temporary Licenses for four Principals and

1 12 Key Employees. I ask that the Board consider the
2 order approving these licenses.

3 ATTORNEY PITRE:

4 No objection.

5 CHAIRMAN:

6 Thank you. Questions from the Board?
7 Could I have a motion, please?

8 MR. COY:

9 So moved.

10 CHAIRMAN:

11 Second?

12 MR. SOJKA:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 ALL SAY AYE

17 CHAIRMAN:

18 Opposed? Motion passes.

19 MS. HENSEL:

20 Next are Gaming Permits and non-Gaming
21 Registrations. Prior to this meeting, the Bureau of
22 Licensing provided you with a list of 660 individuals,
23 including 408 initial, one renewal, 248 GT Temporary
24 Permits and 3 GT Full Permits where the Bureau has
25 granted Occupation Permits to and 204 individuals who

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

4 ATTORNEY PITRE:

5 No objection.

6 CHAIRMAN:

7 Questions from the Board? Could I have a
8 motion, please?

9 MR. COY:

10 So moved.

11 CHAIRMAN:

12 Second?

13 MR. TRUJILLO:

14 Second.

15 CHAIRMAN:

16 All in favor?

17 ALL SAY AYE

18 CHAIRMAN:

19 Opposed? The motion passes.

20 MS. HENSEL:

21 In addition, we have recommendations of
22 denial for 11 gaming employees. Prior to this
23 meeting, the Bureau of Licensing provided you with
24 orders addressing these applicants who the Bureau of
25 Investigations & Enforcement has recommended for

1 denial. In each case the applicant failed to request
2 a hearing within the specified time period. I ask
3 that the Board consider the orders denying the gaming
4 employee applicants.

5 ATTORNEY PITRE:

6 We support that request.

7 CHAIRMAN:

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

10 MR. ANGELI:

11 So moved.

12 MR. TRUJILLO:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 ALL SAY AYE

17 CHAIRMAN:

18 Opposed? Motion passes.

19 MS. HENSEL:

20 We also have withdrawal requests for Key
21 Employees and Gaming and Non-Gaming Employees. In
22 each case the license, permit or registration is no
23 longer required due to such circumstances as the
24 employee failing to report to work. For today's
25 meeting I have provided the Board with a list of 61

1 Key Employees, 32 Gaming and 4 Non-Gaming withdrawals
2 for approval. I ask that the Board consider the
3 orders approving this list of withdrawals.

4 ATTORNEY PITRE:

5 No objection.

6 CHAIRMAN:

7 Questions from the Board? Can I have a
8 motion?

9 MR. GINTY:

10 So moved.

11 MR. ANGELI:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 ALL SAY AYE

16 CHAIRMAN:

17 Opposed? Motion passes.

18 MS. HENSEL:

19 In addition, we have two orders regarding
20 Gaming Service Providers. The first is to certify the
21 following Gaming Service Providers, AmeriGas Propane,
22 LP, and the A.G. Mauro Company. I ask that the Board
23 consider the orders approving the Gaming Service
24 Providers for certification.

25 ATTORNEY PITRE:

1 No objection.

2 CHAIRMAN:

3 Questions from the Board?

4 MR. COY:

5 So moved.

6 CHAIRMAN:

7 Second?

8 MR. ANGELI:

9 Second.

10 CHAIRMAN:

11 All in favor?

12 ALL SAY AYE

13 CHAIRMAN:

14 Opposed? Motion passes.

15 MS. HENSEL:

16 Finally, we have an order regarding
17 Gaming Service Provider Registrations. The Bureau of
18 Licensing provided you with an order and an attached
19 list of 27 registered Gaming Service Providers. I ask
20 that the Board adopt a motion approving the order
21 registering these Gaming Service Providers.

22 ATTORNEY PITRE:

23 No objection.

24 CHAIRMAN:

25 Questions from the Board? Can I have a

1 motion, please?

2 MR. GINTY:

3 So moved.

4 MR. COY:

5 Second.

6 CHAIRMAN:

7 All in favor?

8 ALL SAY AYE

9 CHAIRMAN:

10 Opposed? Motion passes.

11 MS. HENSEL:

12 That concludes the Bureau of Licensing's
13 presentation.

14 CHAIRMAN:

15 Thank you, Susan. Cyrus, I guess you're
16 getting triple duty today; right?

17 ATTORNEY PITRE:

18 There's one matter. Mike Sklar, he
19 should be here somewhere, representing Mount Airy.

20 CHAIRMAN:

21 Thank you for your patience today,
22 Counselor.

23 ATTORNEY SKLAR:

24 Certainly.

25 ATTORNEY PITRE:

1 He said he wouldn't miss it for the
2 world. And Katie Higgins is here representing the
3 Office of Enforcement Counsel and the Bureau of
4 Investigation & Enforcement, and she'll present the
5 matter to the Board.

6 CHAIRMAN:

7 Thank you.

8 ATTORNEY HIGGINS:

9 Chairman Fajt, members of the Board,
10 before you today is a Consent Agreement entered into
11 between the Office of Enforcement Counsel and Mount
12 Airy. The agreement involves four counts of self-
13 exclusion violations. The first count of the Consent
14 Agreement deals with an individual on the Self-
15 Exclusion List who played slot machines at Mount Airy
16 and opened up a global check cashing account with the
17 Mount Airy cage cashier and cashed checks on five
18 separate occasions.

19 The second count involves an individual
20 on the Self-Exclusion List who gamed at Mount Airy and
21 was paid a jackpot in the amount of \$2,500.

22 The third count involves an individual
23 who played slots at Mount Airy on three separate
24 occasions in July, September and November of 2009
25 while on the Self-Exclusion List.

1 And the fourth count of the Consent
2 Agreement deals with an individual who placed himself
3 on the Self-Exclusion List in October of 2009 but
4 received promotional mailings and advertisements from
5 Mount Airy on six separate occasions in February and
6 March of 2010.

7 As far as prior enforcement actions, on
8 March 23rd, 2010 and July 28th, 2010, the OEC sent
9 warning letters to Mount Airy for a total of five
10 separate self-exclusion violations. Pursuant to the
11 Consent Agreement, Mount Airy has agreed to provide
12 training and reinforcement to its employees of all
13 policies regarding self-excluded individuals.
14 Additionally, the OEC and Mount Airy have agreed that
15 within five days of the Board's order, Mount Airy will
16 pay a civil penalty in the amount of \$40,000. The
17 Office of Enforcement Counsel asks that the Board
18 approve this Consent Agreement as presented today.

19 CHAIRMAN:

20 Thank you. Any comments from counsel for
21 Mount Airy?

22 ATTORNEY SKLAR:

23 None.

24 CHAIRMAN:

25 Questions from the Board? Commissioner

1 McCabe?

2 MR. MCCABE:

3 We probably have both the same questions
4 because we think alike. Kind of lucky that you're
5 here last. It's been a long day. Help me understand
6 how these people got two sets of player cards. Do you
7 know what I'm asking?

8 ATTORNEY SKLAR:

9 I think three of the incidents involved
10 players who set up two separate accounts. I think
11 it's just a matter of presenting your identification.
12 And for some reason the personnel didn't
13 cross-reference and see that there was already an
14 account that was established and two cards were
15 issued.

16 MR. MCCABE:

17 Does your system show who entered the
18 person the second time, and then was there any
19 corrective --- what corrective action was taken so
20 this doesn't happen again?

21 ATTORNEY SKLAR:

22 The corrective action is really
23 retraining of all personnel to ensure when they go
24 into the ACSC system that when they type in a patron's
25 name, that --- I mean, first that when the

1 Self-Exclusion List comes out and customers are added
2 to the self-exclusion, the protocol is for Mount Airy
3 personnel to flag if those patrons are already in the
4 system, to flag them as self-excluded. If not,
5 the --- if they're not already flagged in the system,
6 then the protocol is when someone comes and signs a
7 player's card, they're supposed to check the
8 Self-Excluded List to ensure that they're not on there
9 already. And unfortunately, with respect to these
10 incidents, that protocol was not followed.

11 MR. MCCABE:

12 Are you going to ask a question?

13 MR. SOJKA:

14 I want to ask some questions about this,
15 too.

16 MR. MCCABE:

17 Okay. Then my other part of the question
18 is how did these people receive the mailing.
19 Hopefully it was because of the second card, not on
20 the first card. Do you have procedures that when they
21 go on the Excluded List that they immediately be taken
22 off of the mailing list, checks and balances?

23 ATTORNEY SKLAR:

24 Again, the protocol is that the --- Mount
25 Airy hires a mailing service to send out their

1 promotions. The mailing company is supposed to check.
2 First, Mount Airy internally is to do one check and
3 then the catch-all is supposed to be the mailing
4 company is going to double check against the Self-
5 Exclusion List to ensure that mailings aren't going
6 out to people on the Self-Excluded List.

7 CHAIRMAN:

8 Commissioner Sojka?

9 MR. SOJKA:

10 Thank you. I've got a couple of question
11 related to the way the computer system is working. We
12 know that we have multiple ways of detecting people
13 who are on the Self-Exclusion List. It's sort of a
14 forlorn hope to think that maybe we can recognize
15 faces out of a book on the surveillance cameras, but
16 that might happen. None of these showed up that way.
17 Every one of these I think is related in some way to
18 something that went wrong involving either a computer
19 or a list. And are there enough of these that you're
20 absolutely positive that the problems were all data
21 entry problems or failure to check problems, or could
22 there be some flaws possibly in your software that
23 could be improved? Could you have better methods of
24 crosschecking people, for example?

25 ATTORNEY SKLAR:

1 The answer is I think that it's not a
2 software flaw. I think that it's user error.

3 MR. SOJKA:

4 Every one of these is simply someone
5 failing to do something they ought to do?

6 ATTORNEY SKLAR:

7 Yes.

8 MR. SOJKA:

9 Can you take some of that responsibility
10 out of the hands of people, making crosschecking a
11 little easier, so that, for example, cards just can't
12 be issued automatically to the same person, even if
13 someone failed to do something, failed to do the
14 check? It seems to me those things might be possible.
15 And if this is going to be happening to the tune of
16 not \$40,000 but much more in the future, it might be
17 worth a look. Like so many things, if you can take
18 those things out of the hands of people and automate
19 them, it might be better.

20 Finally, on the mailing, was that a ---
21 I'm curious as to how that was reported. Did the
22 person on the list come to Mount Airy and say, stop
23 sending me this stuff? We would have no other way of
24 knowing, would we?

25 ATTORNEY HIGGINS:

1 I can answer that. Yes, this individual
2 contacted our office at Mount Airy and reported the
3 mailing.

4 MR. SOJKA:

5 Okay. So the report did not come to
6 Mount Airy but came to the PGCB at Mount Airy?

7 ATTORNEY HIGGINS:

8 Correct.

9 MR. SOJKA:

10 Okay. All the others were self-reported,
11 but that one was not. Okay.

12 CHAIRMAN:

13 Other questions? I just have a quick
14 question. I mean, one of the concerns, and we talked
15 about this in executive session is, you know, if I
16 come in and give somebody my driver's license --- and
17 maybe you don't know the process. And if you don't,
18 that's fine, you can tell me that. But if I give
19 somebody my driver's license for PA, do they enter my
20 full name or do they abbreviate it? Because one of
21 the things that might be happening is one --- and
22 again, it's human error. One person may enter Greg
23 Fajt, another one may enter Gregory Fajt, and another
24 one may enter Gregory Charles Fajt and/or any
25 variation thereof, and so --- all the same address.

1 But how is that not somehow in your software to come
2 up as a flag? I guess that's the part I don't
3 understand.

4 ATTORNEY SKLAR:

5 I'm not real sure. My understanding is
6 that the data input should be exactly what's on the
7 identification that's presented. There shouldn't be
8 abbreviations. Whether you know, in fact, that
9 happens in every case, I'm not sure, but it's supposed
10 to be the exact name that appears on the
11 identification that's presented.

12 CHAIRMAN:

13 Again, you know, we're going to fine you,
14 and you're going to pay the fine. But I --- to Gary's
15 point, you know, this stuff --- if there's a glitch in
16 the software, you know, it's --- or human error, it's
17 going to continue to happen without additional
18 training. So I just throw that out as a caution.

19 MR. SOJKA:

20 I think --- and maybe I should withdraw
21 the word glitch because I think that implies that
22 somehow the software is not actually working. I think
23 what I was trying to get at was there are things you
24 can add that might, in fact, simply refuse or deny the
25 issuance of a card in any of the forms of Gregory

1 Fajt's name, for example.

2 CHAIRMAN:

3 Okay. Any other questions? With that,
4 could I have a motion, please?

5 MR. MCCABE:

6 Yes, Mr. Chair. I move that the Board
7 issue an order to approve the Consent Agreement
8 between the Office of Enforcement Counsel and Mount
9 Airy #1, LLC, as described by the Office of
10 Enforcement Counsel.

11 CHAIRMAN:

12 Second?

13 MR. SOJKA:

14 Second.

15 CHAIRMAN:

16 All in favor?

17 ALL SAY AYE

18 CHAIRMAN:

19 Opposed? Motion passes. Thank you very
20 much.

21 ATTORNEY SKLAR:

22 Thank you.

23 ATTORNEY HIGGINS:

24 Thank you.

25 CHAIRMAN:

1 That will conclude today's business. A
2 long day. Thank you, everybody. The next scheduled
3 public meeting is Thursday, November 18th, at 12:30.
4 The meeting will be held at Temple University in
5 Harrisburg, in the lecture hall, Room 248 and 246.
6 Any final comments from the Board? Seeing none, could
7 I have a motion, please?

8 MR. SOJKA:

9 Yes, Mr. Chairman. I'm happy to move
10 that this longest record --- or longest meeting on
11 record be adjourned.

12 CHAIRMAN:

13 Thank you. Second?

14 MR. ANGELI:

15 Second.

16 CHAIRMAN:

17 The motion is approved and the meeting is
18 adjourned.

19 * * * * *

20 MEETING CONCLUDED AT 4:45 P.M.

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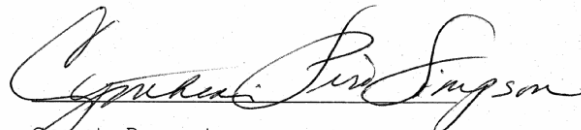
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CERTIFICATE

I hereby certify that the foregoing proceedings, meeting held before Chairman Fajt, was reported by me on 10/27/2010 and that I Cynthia Piro Simpson read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.



Cynthia Piro Simpson
Court Reporter