

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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BEFORE: GREGORY C. FAJT, Chairman
Raymond S. Angeli, James B. Ginty,
Keith R. McCall, Anthony C. Moscato,
Gary A. Sojka, Kenneth I. Trujillo; Members
Jennifer Langan, representing State
Treasurer, Robert M. McCord
Robert Coyne, representing Secretary of
the Department of Revenue, Daniel Meuser
Daniel Tufano, representing Secretary of
Agriculture, George Greig;
Ex-Officio Members

MEETING: Thursday, April 14, 2011
9:30 a.m.

LOCATION: State Museum
State Museum Auditorium
300 North Street
Harrisburg, PA 17120

WITNESSES: None

Reporter: Cynthia Piro Simpson

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OFFICE OF ENFORCEMENT COUNSEL

CYRUS PITRE, ESQUIRE

Chief Counsel

DUSTIN MILLER, ESQUIRE

Assistant Counsel

CASSANDRA FENSTERMAKER

Assistant Counsel

OFFICE OF CHIEF COUNSEL

R. DOUGLAS SHERMAN, ESQUIRE

Chief Counsel

STEVE COOK, ESQUIRE

Deputy Chief Counsel

SUSAN YOCUM, ESQUIRE

Assistant Chief Counsel

ALLISON CASSEL, ESQUIRE

Assistant Chief Counsel

PA Gaming Control Board

P.O. Box 69060

Harrisburg, PA 17106-9060

Counsel for the Pennsylvania Gaming Control Board

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CHAIRMAN:

Okay. By way of announcements, the Board held an Executive Session yesterday afternoon. The purpose of yesterday's Executive Session was to discuss personnel matters and to conduct quasi-judicial deliberations relating to some of the matters considered by the Board today, but we did not conduct quasi-judicial deliberations on the Category 3 license that we are awarding today.

I'd also like to again announce that the Pennsylvania Gaming Control Board will hold three public input hearings related to license renewals on May 3rd, 4th and 5th. These public hearings will be held for the purpose of presenting evidence on the applications submitted by Presque Isle, the Meadows and the Rivers Casino to renew their current licenses. For more detail, you can log onto our website at www.pgcb.state.pa.us or call the Board's Harrisburg office.

And just as a reminder, the deadline for registration and receipt for written comments on those hearings is noon, Friday, April 29th. And more detailed information on how to register or submit

1 written comments is also available on our website, or
2 you can simply call our Board Secretary, Mickey Kane,
3 at 717-346-8300. Moving on to the next matter is the
4 agenda's consideration of approval of the Board's
5 minutes and transcript for the March 9th, 2011
6 meeting. Any comments from any of the Board members?
7 If not, could I have a motion, please?

8 MR. ANGELI:

9 Mr. Chairman, I move that the Board
10 approve the transcript of minutes of the March 9th,
11 2011 meeting.

12 MR. GINTY:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 ALL SAY AYE

17 CHAIRMAN:

18 Opposed? Motion passes. Our first item
19 of new business is Board consideration of the
20 applications for the award of a Category 3 Slot
21 Machine License, which is presently available. I'd
22 like ---. What I'd like to do before we entertain any
23 motions would be to ask representatives, as I see from
24 the Bureau of Licensing, Financial Investigations Unit
25 and Office of Enforcement Counsel (OEC) to update

1 their positions on the four applications presently
2 before the Board.

3 Cyrus, perhaps I could ask you to present
4 the positions of Board staff. And I'll leave it to
5 you as to whether you want to go through each of the
6 applicants individually or address them all together.
7 And again, that's your call. And I also know that the
8 Board's --- the Board wants these petitions updated
9 --- positions updated, but if you feel that there's
10 anyone else you need to call before the Board in this
11 matter, please feel free to do so, also.

12 And Cyrus, why don't you go ahead? And
13 then I'm going to have some questions for you.

14 ATTORNEY PITRE:

15 Would you like us to entertain the
16 questions first, or would you like for us to go
17 through our statements first?

18 CHAIRMAN:

19 Why don't you go through the statements
20 first?

21 ATTORNEY PITRE:

22 Okay. First we'll present Susan Hensel,
23 the Director of the Bureau of Licensing, followed by
24 Rich O'Neil, the Supervisor for the Financial
25 Investigations Unit, and I'll close things up.

1 CHAIRMAN:

2 Thank you.

3 MS. HENSEL:

4 Thank you, Chairman Fajt and members of
5 the Board. At this point in time, based on the
6 materials and information in the applications, as well
7 as supplemental information provided since the
8 suitability hearings, for which the Board has received
9 appropriate updates, and the cooperation received from
10 the applicants, the Bureau of Licensing is not aware
11 of any suitability issues that would preclude
12 licensure of Bushkill Group, Inc.; Mason-Dixon
13 Resorts; Penn Harris Gaming, LP; and Woodlands Fayette
14 as Category 3 slot machine operators. And I'll turn
15 it over to Rich.

16 MR. O'NEIL:

17 Thank you. Chairman Fajt, members of the
18 Board, in preparing the Financial Investigations Unit
19 reports on the four Category 3 applicants, Bushkill
20 Group, Inc.; Mason-Dixon Resorts, LP; Penn Harris
21 Gaming, LP; and Woodlands Fayette, LLC, the entities'
22 applications and those of their intermediaries,
23 subsidiaries, holding companies and management
24 companies were fully reviewed. Additionally, updated
25 information received subsequent to the suitability

1 hearings has been reviewed, and supplemental reports
2 have been provided to the Board as appropriate.

3 The Applicants and their related entities
4 provided all the authorizations, contracts, and
5 agreements necessary to conduct the investigations and
6 to make the determination of their financial
7 suitability, integrity, responsibility and their
8 ability to maintain operational viability and a steady
9 level of growth. At this time, based on the
10 information contained in the applications and other
11 related documents, and supplemental information, the
12 Financial Investigations Unit did not find anything
13 material which would preclude any of the four
14 applicants from being found financially suitable.

15 ATTORNEY PITRE:

16 On behalf of the Bureau of Investigations
17 and Enforcement (BIE) and the OEC, we have not found
18 any reason to preclude a finding of suitability
19 regarding Category 3 Applicants Bushkill Group, Inc.;
20 Mason-Dixon Resorts, LP; Woodlands Fayette, LLC; and
21 Penn Harris Gaming, LP. As a result, the awarding of
22 the Category 3 License is ripe for Board
23 consideration.

24 CHAIRMAN:

25 Thank you all. Just to provide some

1 clarity on the record, Cyrus, I will now ask you a
2 couple of questions. Are you satisfied that BIE has
3 had the opportunity to fully vet any issues of
4 background, integrity and character, as well as any
5 financial issues relating to the suitability of each
6 applicant?

7 ATTORNEY PITRE:

8 I am.

9 CHAIRMAN:

10 I realize some of these might be
11 duplicative to what we just heard, but again, I want
12 to put them on the record ---

13 ATTORNEY PITRE:

14 I understand.

15 CHAIRMAN:

16 --- very clearly. In conjunction with
17 the Bureau of Licensing, you have had the --- you have
18 provided the Board suitability reports, including
19 addendums to those reports which address the
20 suitability of each applicant for licensure. In light
21 of your investigations, are you aware of any
22 information relative to the four Category 3
23 applicants, which has not been reported upon to the
24 Board and which would, in your opinion, render any of
25 them unsuitable for licensure?

1 ATTORNEY PITRE:

2 I am not aware of any such information.

3 CHAIRMAN:

4 Are you aware of any information bearing
5 on the suitability of the Category 3 applicants that
6 has not been investigated by BIE or otherwise reported
7 on in OEC's reports, which have been submitted into
8 the record of these various licensing proceedings?

9 ATTORNEY PITRE:

10 I am not aware of any such information.

11 CHAIRMAN:

12 And finally, in conducting your
13 investigations of the Category 3 applicants, have you
14 been halted in or received any interference in your
15 efforts to conduct those investigations?

16 ATTORNEY PITRE:

17 Not at all.

18 CHAIRMAN:

19 Thank you. Before we take up the matter,
20 I just want to say a few words about the process and
21 the players in the process. As probably everyone in
22 the room knows, in considering these four
23 applications, the Board has received a large amount of
24 evidence, both documentary and oral, and conducted
25 hearings, both here in Harrisburg and in the

1 municipalities in which these four applicants are
2 located.

3 We heard from the applicants, we heard
4 from government officials, we heard from the general
5 public. Some Category 1 and Category 2 licensees also
6 weighed in, as well as our own staff. And while it
7 has been a long and intense process, I believe that
8 all concerned and everybody who participated have
9 acted in a very professional and respectful way, and
10 for that, on behalf of the Board, I want to thank all
11 of you for your participation and your
12 professionalism.

13 In particular, I want to thank our Board
14 staff. While I know the applicants now have some
15 understanding of what's involved in vetting these
16 applications, I don't know that the general public
17 could ever have an understanding of the amount of
18 staff hours that goes into any given application
19 review, processing and investigation before we get to
20 the point which we're at today.

21 And while I know my predecessors in this
22 chair have said it before, I think it bears repeating.
23 The Gaming Control Board staff is impeccable. It's a
24 first class operation that takes its job very
25 seriously under what can be very intense scrutiny.

1 So, on behalf of the Board, I want to thank all of
2 you, everybody who works at the Gaming Control Board,
3 who isn't here today, and thank you for a job very
4 well done.

5 And with that, do any of the Board
6 members have questions or comments? Commissioner
7 McCall?

8 MR. MCCALL:

9 Thank you, Mr. Chairman. For the record,
10 I thought it important that I make a statement. And
11 probably, it's a statement that can be echoed by my
12 colleague, Commissioner Moscato. Both of us are
13 relatively new members of this Board. And I can
14 actually buttress what Chairman Fajt said.

15 Both of us have been provided with
16 literally thousands of pages of material relating to
17 the applications, the reports, transcripts, traffic
18 reports and other submissions by all of the four
19 licensees for the Category 3 applications. We've been
20 provided information from intervenors, from
21 contesters. I have reviewed video information and
22 audio recordings of all of the public input hearings.
23 I viewed the public presentations of the applicants.

24 I've reviewed all of the same material
25 that the other Board members have been privy to, and I

1 also would like to thank the Board members for making
2 sure that we had that information in a relatively
3 quick manner. I can assure you that both Commissioner
4 Moscato and I have spent countless hours reviewing the
5 materials and becoming extremely familiar with the
6 proposals that are before us, the presentations and
7 submissions which really are all on the record before
8 this Board.

9 We have driven together with Chairman
10 Fajt to most of the facilities. I drove alone to the
11 facilities in the eastern half of the state. But we
12 wanted ---. We thought it was very important that we
13 go to the physical locations of the facilities so we
14 could better understand the physical attributes of
15 those facilities.

16 But I want to make it very, very clear to
17 everyone that while conducting those physical reviews
18 of those facilities, we did not engage in any
19 discussions whatsoever, none, no discussions
20 whatsoever with any of the representatives of the
21 facilities relative to the proposals that are before
22 this Board, and that we did not engage in any ex parte
23 communications or discussions in relation to those
24 visits. Having said all of that and having reviewed
25 all of the materials that have been provided to us, I

1 am satisfied and I am ready to make an informed
2 decision on this proposal.

3 CHAIRMAN:

4 Thank you very much. Commissioner
5 Moscato?

6 MR. MOSCATO:

7 Thank you, Mr. Chairman. I certainly
8 agree with everything that Commissioner McCall said.
9 We were not impeded in any way from gathering material
10 or taking our time in preparing for it. I want to
11 thank the other Board Members, and specifically the
12 Chairman, because I know he took the heat in the delay
13 of this decision.

14 But we felt that it was important that we
15 sufficiently familiarize ourselves with all the
16 applicants before we make the decision. And I, too,
17 am fully prepared to make a decision today.

18 CHAIRMAN:

19 Thank you.

20 MR. MOSCATO:

21 Thank you, Mr. Chairman.

22 CHAIRMAN:

23 Thank you. Commissioner Trujillo?

24 MR. TRUJILLO:

25 Mr. Chairman, I guess I first want to

1 echo the comments ---. Are we on?

2 CHAIRMAN:

3 Yeah.

4 MR. TRUJILLO:

5 I want to echo the comments of yourself
6 and my fellow commissioners, that I just simply
7 appreciate the seriousness and purpose with which the
8 Board and the staff have undertaken these
9 responsibilities. And as I look at the process, and
10 having sat, actually, on the other side and having
11 sought a license, to me it's particularly ---. Well,
12 how am I going to say this? It's instructive to me as
13 just how difficult this side of the table is.

14 And I believe that the various statutory
15 requirements put on us, some specific requirements and
16 some general requirements, specific as to Category 3s
17 and then more generally as to the granting of all
18 other licenses --- and it's clear to me and based upon
19 the testimony of our staff as to the suitability, both
20 financial and otherwise of the applicants, that we
21 were blessed with a host of very strong applicants.
22 And so the difficulty of the decision was one of a
23 richness, not of a poverty.

24 And so the benefit that we had was we had
25 strong applications and that we have a marketplace

1 that is both robust, and we have a Commonwealth that
2 embraced this business. I'm perhaps not going to have
3 the same view that others have, but to the extent that
4 my view reflects that it's simply based upon the
5 exercise of my discretion, because I do believe that
6 from a statutory perspective, all the applicants have
7 fully met the suitability requirements.

8 CHAIRMAN:

9 Thank you. Commissioner Angeli, any
10 comments? Okay. Commissioner Sojka?

11 MR. SOJKA:

12 Are we going to specifically discuss our
13 decisions at this point?

14 CHAIRMAN:

15 Yes. Do you want to do ---? That's what
16 this is. If you have any comments on ---.

17 MR. SOJKA:

18 I mean at this point do you want us to
19 reveal our choice?

20 CHAIRMAN:

21 Sure.

22 MR. SOJKA:

23 You'll note that there was a brief
24 conversation with the Chair at that moment, and I
25 think the time has come for each of us who will make

1 the decision here to express our own reasons for
2 making the choices that we will make. We are all
3 doing this independently.

4 You may notice that, that it's not going
5 to be a particularly well-scripted event, because
6 essentially, we are publicly making this decision in
7 front of you today. I would echo what has been said
8 by, now, several of my colleagues about the careful
9 preparation of information, the careful handling of
10 that information by our staff, the willingness of
11 Pennsylvania citizens to step out and express their
12 opinions, both pro and con, for the establishment of
13 these various facilities.

14 I also would compliment the applicants
15 for preparing their applications in such a careful
16 way. They have all, I believe, put their best foot
17 forward, and that, of course, makes our decision
18 particularly difficult, as Commissioner Trujillo has
19 mentioned. We have a problem of richness for
20 suitable, attractive applicants for one position.

21 But we do have a statute which does guide
22 us in what we should be weighing and looking at. And
23 in virtually all aspects of that statute, again, we
24 find the applicants to be suitable. So, the issue
25 becomes one of discretion, where we have to weigh the

1 relative fit, for example, of a given applicant to the
2 statute.

3 We have to weigh input of the citizenry.
4 We have to consider impact, positive and negative, on
5 a particular region. We have to consider jobs. We
6 have to consider revenue. We have to look at the
7 history of operation of each of these applicants in
8 terms of providing amenities that would be ancillary
9 to any gaming operation.

10 So we have many things to look at, many
11 things to weigh. And as a result of that, my
12 conclusion is basically the result of a sort of
13 preponderance of the evidence. I haven't eliminated
14 any applicant, but given all that I have to look at, I
15 have come to a choice. And my choice would be the
16 Woodlands Fayette, LLC proposal, but my other
17 colleagues will say what they need to say about this
18 issue, as well.

19 CHAIRMAN:

20 Commissioner Angeli?

21 MR. ANGELI:

22 Thank you very much. I wasn't sure that
23 was our time to open discussions here, so I kind of
24 passed, but I'd like to reiterate what was said.
25 These are difficult decisions. I'm one of the members

1 who was here for all of the licensing of all of the
2 original applicants of all the casinos, so I can tell
3 you, these are difficult decisions, and especially
4 when it gets down to, you know, trying to figure out
5 the differences between each one of these applicants.

6 And having heard from our staff that they
7 are all suitable, having heard from our staff that,
8 you know, the finances are acceptable, it comes down
9 to a lot of soul searching as to what you think is in
10 the best interest of the Commonwealth of Pennsylvania
11 to issue these licenses. And when we look at this, we
12 always determine the fact that, you know, how is it
13 going to work out? What's the long term viability,
14 and geographically, you know, how do you accept where
15 these casinos are licensed, and what is the impact on
16 the overall industry?

17 I have to say this is probably one of the
18 most difficult decisions I've made since we've been
19 issuing licenses, because there were applicants that
20 were ---. There was a fine line between coming up
21 with a resolution here, so I'll just kind of postpone
22 my comments on my decision until we hear some from
23 other people; okay?

24 CHAIRMAN:

25 Sure. Commissioner McCall, do you want

1 to say anything? Okay. Commissioner Ginty?

2 MR. GINTY:

3 I would really just echo what my
4 colleagues have said. This indeed was a choice
5 between richness, but to really build upon what
6 Commissioner Sojka said, it was really, in my view,
7 finding the one that most fit the statutory
8 requirements and also the broader general requirements
9 that are in the statute. So, my vote will be based
10 not on excluding anybody, but just really who had the
11 best fit.

12 CHAIRMAN:

13 Thank you. Commissioner Trujillo, do you
14 want to ---?

15 MR. TRUJILLO:

16 I would want to make a follow-up, if
17 that's appropriate, or I'd be happy to speak now.

18 CHAIRMAN:

19 Why don't you hold off? Commissioner
20 Moscato, do you want to say anything?

21 MR. MOSCATO:

22 No.

23 CHAIRMAN:

24 Okay. I'll make a comment, and then,
25 Commissioner Trujillo, turn it over to you. As you

1 heard from Commissioner McCall and also Commissioner
2 Moscato, we visited all of the sites, and you know,
3 you really get a sense of what those facilities are
4 about when you can go and kind of kick the tires.

5 We also reviewed, as a Board, the public
6 record, listened to public sentiments. And there was
7 only, in my mind --- my decision was fairly easy. I
8 am prepared to vote for Woodlands Fayette, also. I
9 believe that they epitomize what the legislature
10 intended when they drafted the legislation for the
11 award of two resort licenses, and I will be casting my
12 vote accordingly. And with that, Commission Trujillo?

13 MR. TRUJILLO:

14 Mr. Chairman, I will not be voting for
15 Woodlands Fayette. If the decision were mine, solely,
16 which it is not, I would cast my vote, and I will cast
17 ---. I won't be a vote in favor of Bushkill, but if
18 it were, that's the vote I would cast. In my view
19 ---. Is this on?

20 In my view, there are several factors
21 that weigh, all of which are discretionary on our
22 part. I believe that both or all of the applications
23 would be competitive statewide. I believe that
24 Woodlands certainly meets the statutory criteria.
25 However, I also believe that the Bushkill Group, and

1 particularly the geography that it has, is one that
2 will give it --- would give it the best opportunity.

3 I generally believe in first doing no
4 harm, and then after that, hopefully doing some good.
5 And I also believe that having a strong operator like
6 Penn National is one that would give the Bushkill
7 Group the greatest opportunity for success.

8 And I also believe that even though there
9 has been a widespread discussion about saturation of
10 the market, both on the east and throughout
11 Pennsylvania, the population base from which Bushkill
12 could draw, you're never going to grow the western
13 population to the extent that the eastern population
14 has. So, I believe that that would have a greater
15 chance of exceeding our expectations. So, I will not
16 be voting for Nemacolin --- or for the Woodlands
17 Nemacolin.

18 CHAIRMAN:

19 Thank you. And prior to calling a vote,
20 I do want to also take a moment to thank my fellow
21 Board members. You know, with the legislation drafted
22 the way it is, that it requires a qualified majority
23 to approve almost all of our decisions, you have to
24 have a lot of folks on this Board who check their
25 party affiliation and their egos at the door.

1 And I'm proud to say as the Chair of this
2 Board that the six people to my right and left
3 epitomize the ability to do that. And again, I want
4 to thank all of you for that kind of cooperation, and
5 that's what makes this Board operate the way it does.

6 I'll take a motion pertaining to the
7 awarding of the availability Category 3 License for
8 which we have four applicants, Bushkill Group, Inc. ;
9 Mason-Dixon Resorts, LP; Penn Harris Gaming, LP; and
10 Woodlands Fayette, LLC. And for the record, after we
11 have the motion on the table, I'd like to ask our
12 Board Secretary, Mickey Kane, to take a roll call
13 vote. So, I will entertain a motion at this time.

14 MR. SOJKA:

15 Mr. Chair, I would be happy to try to
16 make that motion. You will note from the conversation
17 that has preceded this moment, we have a little bit of
18 suspense and a little more drama than we often have.

19 CHAIRMAN:

20 Uh-huh (yes).

21 MR. SOJKA:

22 I'm going to try to cast this motion
23 clearly indicating ---. Since I indicated my
24 preference early on, I'll make that motion with that
25 applicant in the motion, and we'll see where the vote

1 goes. All right?

2 So, Mr. Chairman, I'll move that the
3 Board approve Woodlands Fayette, LLC as the recipient
4 of the Category 3 Slot Machine License, subject to the
5 conditions to be imposed by the Board's Bureau of
6 Licensing, and that the \$5 million slot machine
7 licensing fee be paid by the latter of two months from
8 the date of the Board's order issued in this matter,
9 or ten business days following the conclusion of any
10 appeals to the award of this license.

11 CHAIRMAN:

12 May I have a second?

13 MR. ANGELI:

14 Second.

15 MR. SOJKA:

16 I was worried.

17 CHAIRMAN:

18 Again, for the record, I would like to
19 ask Mickey to please call the roll on the motion
20 proffered by Commissioner Sojka and seconded by
21 Commissioner Angeli.

22 MS. KANE:

23 Okay. Commissioner Angeli?

24 MR. ANGELI:

25 Yes.

1 MS. KANE:
2 Chairman Fajt?
3 CHAIRMAN:
4 Yes.
5 MS. KANE:
6 Commissioner Ginty?
7 MR. GINTY:
8 Yes.
9 MS. KANE:
10 Commissioner McCall?
11 MR. MCCALL:
12 Yes.
13 MS. KANE:
14 Commissioner Moscato?
15 MR. MOSCATO:
16 Yes.
17 MS. KANE:
18 Commissioner Sojka?
19 MR. SOJKA:
20 Yes.
21 MS. KANE:
22 Commissioner Trujillo?
23 MR. TRUJILLO:
24 No.
25 MS. KANE:

1 You do have a qualified majority of six
2 to one.

3 CHAIRMAN:

4 Thank you. Please. If I could have some
5 order, please. Please, have some order. Please have
6 some order. Having established the qualified majority
7 in the affirmative, the motion ---. Please, folks.
8 Thank you. Having established a qualified majority in
9 the affirmative, the motion carries. The lone
10 available Category 3 License having been awarded, the
11 applications of the remaining three candidates for
12 Category 3 licensure are denied by operation of law.

13 I would like to note here that it's the
14 Board's intention to issue an adjudication and order
15 outlining the Board's rationale in this matter in the
16 upcoming weeks. We will issue a press release on our
17 decision later today, but will not be issuing public
18 statements or comments relating to the Board's
19 decision. We will let the written adjudication
20 address the reasons for the Board's decision today.

21 And with that, I'd like to take a ten-
22 minute break. I would like to clear the room, if
23 anybody wants to leave. You're welcome to stay for
24 the rest of the meeting. Thank you, and we'll be back
25 in ten minutes.

1 SHORT BREAK TAKEN

2 CHAIRMAN:

3 Okay. If I could ask everybody to please
4 take their seats, we'll continue on with our meeting.
5 Commissioner Angeli is very disappointed. He said he
6 came back in and no one was here, but that's the way
7 it goes.

8 Okay. We now have our Executive
9 Director's report. Kevin, welcome. And again,
10 without, you know, beating a dead horse, you and the
11 staff did a great job on preparing us for the Category
12 3 license award, and I want to thank you as the leader
13 of our organization, so with that, we're ready to hear
14 your report.

15 MR. O'TOOLE:

16 Thank you, Chairman. Thank you,
17 Chairman, members of the Board. As you are aware, our
18 Office of Hearings and Appeals (OHA) is currently
19 located in uptown Harrisburg at the Penn Center. The
20 lease for that space is due to expire in approximately
21 one year, and I believe that it would be appropriate
22 to begin the process of soliciting bids for new office
23 space.

24 After evaluating the needs and the
25 functions of the OHA, including the need for Board

1 staff headquartered at Strawberry Square to attend
2 proceedings conducted by hearing officers of Hearings
3 and Appeals, I would suggest that the Board consider
4 soliciting bids for available properties that are
5 closer to the Board's main office at Strawberry
6 Square. Additionally, I believe the space could serve
7 a dual purpose, serving as a permanent meeting place
8 for the Board's public meetings, as well as the
9 location for hearings and appeals.

10 This would reduce the cost associated
11 with the Board's conducting its meetings in numerous
12 other locations. At this time, I would ask for a
13 Board motion to initiate this process by advertising
14 the Board's interest in receiving solicitations for
15 office space, both in the Harrisburg Patriot News and
16 on the Board's website.

17 It is our intent to open the period for
18 which prospective landlords could submit proposals for
19 a period of one month, and upon review of all
20 prospective proposals, present to the Board for
21 approval the most appropriate space. Thank you.

22 CHAIRMAN:

23 Thank you, Kevin. Any questions or
24 comments from the Board? Can I have a motion, please?

25 MR. GINTY:

1 Chairman, I move that the Board approve
2 advertising seeking office space in downtown
3 Harrisburg for the Board's OHA, as described by the
4 Executive Director.

5 MR. MCCALL:

6 Second.

7 CHAIRMAN:

8 All in favor?

9 ALL SAY AYE

10 CHAIRMAN:

11 Opposed? Motion passes. Thank you,
12 Kevin.

13 ATTORNEY O'TOOLE:

14 Thank you.

15 CHAIRMAN:

16 Next item of business is we have Joe Bott
17 presenting our Human Resources report. Welcome, Joe.

18 MR. BOTT:

19 Good morning, Chairman, Board members.
20 The Office of Human Resources has before you today a
21 motion to hire one individual. We ask that Alexandra
22 Sacavage be hired for the position of Assistant
23 Enforcement Counsel in the OEC. Inasmuch as this
24 individual has completed the PGCB background
25 investigation and drug screenings, we ask that the

1 Board consider a motion to hire this individual as
2 indicated.

3 CHAIRMAN:

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

6 MR. GINTY:

7 Yes, Mr. Chairman. I move that the Board
8 approve the applicant as proposed on the condition
9 that the necessary background investigation and drug
10 testing is complete.

11 MR. ANGELI:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 ALL SAY AYE

16 CHAIRMAN:

17 Opposed? Motion passes. Thank you,
18 gentlemen. Next up is Dave Rhen to provide us with
19 the Financial Management report. Easy there, Doug.
20 We'll get to you. Welcome, Dave.

21 MR. RHEN:

22 Good morning. I'm here today to provide
23 information on the expenses through the end of March.
24 The total fiscal year expenses through this period
25 were \$24.1 million. This total included payroll

1 expenses of \$19.1 million and operating expenses of \$5
2 million.

3 Primary categories of operating expenses
4 for the fiscal year are rentals and leases with total
5 expenses of \$1.6 million, services at \$1.3 million.
6 Other operating expenses, including background
7 database searches at \$1.1 million and
8 telecommunications \$500,000. The month of March
9 included expenses of \$2.7 million with payroll
10 totaling \$2.1 million and operating expenses totaling
11 \$588,000.

12 The largest operating expenses in March
13 were \$222,000 for services between legal services, IT
14 consultant services, state police fingerprint charges
15 and Commonwealth inter-agency billings; \$168,000 for
16 rentals and leases; \$63,000 for telecommunications;
17 \$50,000 for equipment, including supplies and services
18 related to the Conshohocken office floor move; and
19 \$40,000 for other operating expenses. And that
20 concludes my report on the agency expenses.

21 CHAIRMAN:

22 Thank you very much. Next up is our
23 Chief Counsel, Doug Sherman and Allison Cassel.
24 Welcome.

25 ATTORNEY SHERMAN:

1 Good morning. I'm a little out of sorts
2 here. I got here this morning, thought the big crowd
3 was for this loan presentation. And I didn't mean to
4 jump Dave, but then I thought I better get up before I
5 lose any more of the audience.

6 All right. Today we're providing further
7 overview of the issue of loan repayments by the gaming
8 industry of moneys that were legislatively
9 appropriated from the Property Tax Relief Reserve Fund
10 to pay for Gaming Control Board operational expenses
11 during the fiscal years 2007-'08, '08-'09 and '09-'10.
12 We've provided the Board members with a packet of
13 information to follow along with. There's also a
14 number of copies up here for anybody that's
15 interested, then, to grab a copy.

16 CHAIRMAN:

17 Could you pass those out? I know I did
18 not bring mine over ---.

19 OFF RECORD DISCUSSION

20 CHAIRMAN:

21 Okay. Allison and Doug, please continue.

22 ATTORNEY SHERMAN:

23 All right. At issue here are about \$63.8
24 million in loans, as I said, from that Relief Reserve
25 Fund. And we last addressed this report on February

1 24th of this year. At that time we had provided the
2 Board with copies of some industry letters addressing
3 the issue. We had put the materials up on our
4 website, and as I'll go into more detail, we'll be
5 doing this much --- be going through much the same
6 process again here.

7 By way of background, during the summer
8 of 2010, amendments to the fiscal code were passed
9 which mandated that the Board, after consultation with
10 licensed entities, establish a schedule governing the
11 repayment of the loans by licensed gaming entities no
12 later than June 30th of this year. These provisions
13 also call for repayment of the loans to begin when at
14 least 11 slot machine licensees have commenced
15 operations.

16 Currently, ten of those facilities are
17 operating. We currently anticipate that the 11th,
18 which is Valley Forge, will commence operation
19 probably in the first quarter of 2012.

20 The fiscal code provisions for the
21 establishment of the repayment schedule mandate that
22 the Board must do three things. One is set forth the
23 frequency of the payments to be made, that is either
24 quarterly, semiannually or annually.

25 Two, the Board must assess the cost of

1 repayment and amount that is proportional to each slot
2 machine licensee's gross terminal revenue. And three,
3 we must establish a schedule that results in full
4 repayment not earlier than five years, nor more than
5 ten years.

6 In the materials that you have in slide
7 number four, it really shows the breakdown of the
8 amounts by each year. Again, the fiscal code states
9 that the loan should be paid back in proportion to
10 each facility's gross terminal revenue, but the fiscal
11 code does not define the precise way to do that. And
12 as we'll show you, there are many different ways that,
13 in proportion to gross terminal revenue, can be
14 calculated, despite what by this plain language seems
15 to be an easy calculation.

16 At a December 7th, 2010 industry meeting,
17 the Board requested that the facilities provide their
18 input regarding repayment options. And in fact we
19 received documents from seven of the ten currently
20 operating casinos, along with input from Valley Forge.
21 The brief overview of those responses was provided to
22 the Board February 24th, and the industry letters were
23 placed on the Board's website.

24 The proposals submitted by each facility
25 differed in some respects but shared two

1 commonalities. One, in terms of the overall length of
2 the repayment schedule, all facilities suggested that
3 be ten years rather than the five years in order to
4 minimize the annual impact on them. They also, of
5 course, have all suggested that the repayments start
6 at some point later, after the 11th casino begins
7 operating, rather than on day one of that operation.

8 Where the facilities really diverge is on
9 the frequency of the payments and which time period to
10 use in calculating the GTR. Some have advocated an
11 annual repayment. Other ones, for cash flow, cash
12 management purposes, suggest a quarterly payment
13 schedule.

14 When you go to --- I think it's page
15 number eight in your packet --- you really see where
16 the differences come into being. And that is during
17 the 2006-2007 year, there were only five casinos that
18 were operating in that time period. We picked up two
19 more in Mount Airy and Hollywood in '07-'08; Sands,
20 '08-'09; Rivers in the '09-'10 year; HSP, '10-'11; and
21 Valley Forge at sometime in the future. So, the
22 openings, contrary to what might've been imagined back
23 at the beginning of the Gaming Act when all casinos
24 would be licensed collectively, together and opening
25 in a relatively short time period, we've actually

1 experience openings over a six-year span.

2 ATTORNEY CASSEL:

3 The next slide, slide nine, demonstrates
4 what we refer to as the Mohegan Sun and Parx Proposal.
5 This submission was fairly extensive, but in essence,
6 these two facilities, which were the first two
7 facilities to open in Pennsylvania, advocate a
8 forward-looking calculation of gross terminal revenue,
9 which divides one year's gross terminal revenue by 11
10 facilities pro rata share of that GTR, gross terminal
11 revenue.

12 Thus, assuming the 11th facility opens in
13 January of 2012, the Board would wait a year for the
14 revenues to become stabilized in operations and wait
15 another year to get the full year stabilized GTR, and
16 then calculate a necessities operator. So,
17 practically, this means that no repayment would be
18 made until sometime in the year 2014.

19 The advantage to this approach to the
20 earlier opening casinos is that payments are spread
21 out even more evenly over 11 facilities. The
22 disadvantages are that the repayments would not begin
23 until sometime in 2014, and those facilities which
24 have been operating since, in some cases, late 2006
25 would essentially receive a windfall of five or more

1 years of operation and income without paying for PGCB
2 regulatory cost during that same time period.

3 On slide 12 we have what we refer to as a
4 Sands proposal. Sands opened in the latter part of
5 the 2008-2009 fiscal year. Sands advocated that the
6 loans be repaid by those facilities which were
7 operating in the fiscal years for which the loans were
8 advanced. This would result in only nine of the
9 eleven facilities contributing to the repayment since
10 the last two would open in a year later than those for
11 which the loans were made to the --- to fund the PGCB.

12 Slide 13 shows the calculation that would
13 calculate a percentage using the gross terminal
14 revenue of the open facility against the statewide
15 gross terminal revenue, which is listed at the top for
16 the appropriate fiscal year. The percentage would
17 adjust each year of the three fiscal years as more
18 casinos opened and shared in the gaming market.

19 Thus, as in the slide for the year
20 2007-2008 year, the total GTR was \$1.4 billion, and a
21 percentage of that total is assigned each open
22 facility based upon their own GTR. The same
23 calculation is followed for the subsequent years.

24 Slide 15 and 16 then shows how we
25 calculated the payment under that Sands proposal. And

1 essentially, what they would like to do is ---. As
2 you can see at the top, the loans that were
3 administered during each of the fiscal years, for
4 example, in year 2007-2008 was \$22,415,093. What they
5 would want to do, then, is take the GTR percentage
6 against that amount and come up with the loan
7 repayment, do that for each of the three years, come
8 up with a total payment and then divide it by ten to
9 have a yearly payment over ten years.

10 While the Sands approach would result in
11 constant payments and shift a higher payment to those
12 casinos which have been opened longer during a period
13 of less competition and building of consumer loyalty,
14 it would also result in two casinos, HSP and Valley
15 Forge, paying nothing and two casinos paying much less
16 than the other facilities and would provide a benefit
17 to the later opening facilities of the PGCB's ramp-up
18 and administrative development without sharing in the
19 costs of those functions. Valley Forge, SugarHouse
20 and Rivers each had approaches similar in some
21 respects to the Sands, with results that they would
22 each pay none or a significantly reduced amount of the
23 loans.

24 ATTORNEY SHERMAN:

25 Having looked at the two extremes, that

1 is the Mohegan Sands approach and the --- or Mohegan
2 Parx approach and the Sands approach, we tried to
3 focus on the language of the fiscal code and determine
4 what the legislative intent was when the legislature
5 stated that the repayment should commence when 11
6 casinos are open and operational. I think there's two
7 basic principles that we can get from what the
8 legislature handed to us.

9 Number one is that since all 11 casinos
10 benefited from the Gaming Control Board's
11 administrative and regulatory development, all should
12 share in the cost of the PGCB's start-up years, and
13 nobody should be excluded from paying their fair
14 share. Number two, I don't think that the early
15 openers were intended to get a great windfall by being
16 opened so far in advance of the 11th casino, and that
17 by delaying the calculation and avoiding calculation
18 which takes into account those years of operation, we
19 would be giving them that windfall that doesn't seem
20 to be consistent with the legislative intent.

21 Keeping those principles in mind, we
22 tried to look at other possible approaches which seek
23 to fulfill the goals of fairness to all applicants,
24 establish accountability to --- for all to share in
25 their proportion of the GTR and to promote an

1 equitable solution. In doing so, we came up with
2 three alternative proposals, which are somewhere in
3 the middle of the two extremes that we've identified.

4 As we present an overview of these
5 various alternatives, I want to make it clear that by
6 no means are we suggesting that these are the only
7 alternatives available to the Board. There could be
8 any number of permutations of each. There could be
9 new ideas, but we present these as alternatives to
10 stimulate further dialogue and ideas, both by the
11 Board, by the industry and by other interested
12 persons.

13 ATTORNEY CASSEL:

14 Alternative one, which is one the next
15 page, is a pretty straightforward approach. It simply
16 takes the \$63.8 million and divides it by 10 so that
17 there's a yearly payment of \$6.38 million.

18 Then it assesses against the casinos
19 which were opened in each year commencing the 2007-
20 2008 fiscal year. So, this results in the same GTR
21 percentages as Sands proposal, because it begins that
22 year. Slide 21 and 22 just show the payment amount,
23 the theoretical payment amount, for this alternative
24 one.

25 The GTR for years one through three is

1 already known. The GTR percentage for the next seven
2 years would be recalculated every year to reflect the
3 opening of new facilities and the change in market
4 share. The calculation would essentially be on a
5 four-and-a-half-year lag. Therefore, the facilities
6 would know what their payment amount would be well in
7 advance to enable budgeting on their part.

8 Alternative two has the same breakdown,
9 where we take the \$63.8 million, divide it by 10
10 yearly payments, 10, so there is a yearly payment of
11 \$6.38 million. However, to calculate the GTR
12 percentage for this, we will use --- we used a
13 cumulative gross terminal revenue. As opposed to
14 isolating a fiscal year, we used terminal --- gross
15 terminal revenue from each facility's opening.

16 Slide 25 and 26 show how we calculated
17 the gross terminal revenue, and if you would compare
18 it to the Sands calculation, you can see that it does
19 result in slightly higher percentages, because it's
20 taking into account all of the revenue, not just
21 isolating on one fiscal year. And slides 25 --- or 27
22 and 28, I'm sorry, demonstrate what the theoretical
23 payment amount would be.

24 ATTORNEY SHERMAN:

25 We did come up with an alternative three

1 here that took a lot of, I think, brainstorming on our
2 part, and we hope the statistical analysis makes
3 sense, everybody. What we did was we started an
4 alternative three, which is on page 29 of your
5 materials. We've taken the basic \$6.38 million per
6 year payment, but then we recognized that in the early
7 years, that is '06-'07, '07-'08, all 11 facilities
8 were not operational, and therefore, not all 11 were
9 contributing to the GTR.

10 Alternative three actually reduces the
11 total amount of the payment in those first four years
12 to reflect the diminished number of facilities which
13 were operating and, therefore, responsible for the
14 payback. To illustrate, on page 30, during the 2007-
15 '08 fiscal year only seven of the eleven facilities or
16 64 percent of the total facilities were open, which
17 would otherwise trigger the repayment.

18 Rather than impose \$6.38 million payback
19 on seven casinos, we would reduce the \$6.38 million to
20 64 percent of that or \$4.06 million, and then assess
21 the proportional GTR against those open casinos during
22 that year. The remaining \$2.32 million will be rolled
23 over to a subsequent year when all 11 casinos are
24 operational.

25 Pages 31 and 32 kind of walk through how

1 that would be calculated in year two. It would then
2 be 73 percent, representing 73 percent of the total
3 casinos that would be open. We'd go to 82 percent,
4 year three; 91 percent, year four. And by year five,
5 we then have all 11 casinos open.

6 As a result, the casinos that were open
7 are paying their proportionate GTR, but on a lesser
8 amount until all 11 come open. Once we hit year five
9 and the 11th opens, then, rather than paying \$6.38
10 million back per year, actually, it's \$7.34 million
11 per year, reflecting the rollover amounts.

12 MR. ANGELI:

13 Just a question ---

14 ATTORNEY SHERMAN:

15 Yes?

16 MR. ANGELI:

17 --- on slide 33 there, page 33. You have
18 a carrier ---. I understand that the total amount to
19 be paid after year four is the \$44,000,000, and then
20 that breaks down into the equal payments of the \$7.3
21 million. What's the total amount to be carried over,
22 \$5.8 million? I don't understand that figure.

23 ATTORNEY SHERMAN:

24 That's that \$2 million in year one that
25 is reflecting that only seven casinos ---

1 MR. ANGELI:

2 Oh, okay. That's what that figure is
3 there?

4 ATTORNEY SHERMAN:

5 --- or the 64 percent. That would be
6 the ---.

7 MR. ANGELI:

8 Okay. I got it.

9 ATTORNEY SHERMAN:

10 Okay.

11 MR. ANGELI:

12 Okay. Thank you.

13 ATTORNEY SHERMAN:

14 Yeah, the total of the carryover for the
15 first four years is the \$5.8 million. What we end up
16 with on slide 34, then, would provide a yearly
17 breakdown of alternative three and show how in year
18 one it would be \$4.06 million gets paid back; year
19 two, \$4.64 million; year three, \$5.22 million; \$5.8
20 million in year four and then once we get to the
21 stabilized period when all 11 are operating, it's \$7.3
22 million per year, paid by all 11 in proportion to the
23 yearly GTR.

24 What alternative three does is it assures
25 that the early opening casinos do not receive that

1 windfall of up to four or five years of income without
2 a corresponding payment to fund the PGCB. But it also
3 assures that those casinos do not pay a
4 disproportionate share of those administrative and
5 regulatory costs by deferring some of the moneys until
6 all 11 or more casinos are operating.

7 And that's the important part. If a 12th
8 casino were to come online, they then also would share
9 in the payments during the relevant year. Moreover,
10 because the payments are occurring based upon the
11 events happening about four years ago, as with some of
12 the other alternatives, each casino would know what
13 its debt obligation is far in advance, which should
14 assist the casinos in budgeting and their cash flow
15 management issues.

16 The potential negative in this approach
17 --- I want to be clear --- is that the moneys are not
18 being paid back as quickly in those initial years to
19 the property tax relief reserve account. In the event
20 that there is a shortfall in the property tax relief
21 account to pay the amount of property tax relief
22 certified by the secretary of the budget in any given
23 year, there can be an automatic calling of those loans
24 by the Board.

25 So there may be as a result an

1 unanticipated substantial bill going to the casinos.
2 Slides 36, 37, 38 and 39 essentially will provide a
3 breakdown of the various options from the Mohegan Parx
4 approach to Sands to options one to three in years one
5 through four to show, hypothetically, based on our
6 past GTR, what the payments would be, and really
7 allows a comparing and contrasting of those debt
8 obligations.

9 Again, today's presentation is not to
10 have the Board make any decisions. It's simply for
11 the fact of getting some of these alternatives out
12 there. We're going to put all of the slides up onto
13 our website presentation. As always occurs, we'll
14 also be on the website for anybody to view.

15 We encourage the industry legislators or
16 other interested persons to provide us further
17 comment, and to that extent, the last slide indicates
18 that we will receive written comment by April 28th of
19 this year, and that's two weeks from today. Anybody
20 wishing to comment, either on these alternatives, what
21 they think is good, what they think is bad, what they
22 think maybe other alternatives could be, any other
23 suggestions for the Board to consider, should be
24 mailed to the Board Secretary, Mickey Kane, by that
25 date.

1 We will put all comments up on the
2 website. All of those comments will also be provided
3 to the Board with the goal that by late May, early
4 June, you'll be in a position to exercise your duty to
5 set that repayment schedule.

6 CHAIRMAN:

7 Thank you very much, Doug. Thank you,
8 Allison. Any questions or comments from the Board?
9 Yes, Commissioner Trujillo?

10 MR. TRUJILLO:

11 Just one. On your alternative three, to
12 the extent ---? And this is a request. To the extent
13 that you consider or as you develop an alternative
14 three or a similar weighted average type proposal,
15 just if you would also consider the potential of ---
16 if you have a situation where only 64 percent or some
17 other portion is being paid in years one, two, three
18 and four, consider a possibility of a pre-payment to
19 make up that potential shortfall and --- for the
20 remaining 36 percent, the portions of which may later
21 be able to be credited against it. So, just for, you
22 know, consideration.

23 ATTORNEY SHERMAN:

24 Absolutely. As I said, nothing is off
25 the table here, any of those ideas. If any casino out

1 there wants to give the Commonwealth more money than
2 they're obligated to, I think we'll gladly accept it.

3 MR. TRUJILLO:

4 Whether they want to or not.

5 CHAIRMAN:

6 Commissioner Moscato, do you have a
7 question?

8 MR. MOSCATO:

9 I do, Mr. Chairman. Thank you. And
10 thank you, Doug and Allison, for the presentation.
11 The trigger seems to be the 11th casino and that we
12 shall begin repayment when that casino's operational.
13 And not that I'm suggesting this, but just trying to
14 get my arms around. The payment could be very small;
15 is that correct? I mean there's no minimum of what
16 the payment should be in the year.

17 ATTORNEY SHERMAN:

18 Well, the payment --- the payments have
19 to be in proportion to GTR.

20 MR. MOSCATO:

21 Okay.

22 ATTORNEY SHERMAN:

23 So the amount of the payment really is
24 going to be, as illustrated in these alternatives,
25 dependent on how we calculate the GTR. You know, some

1 of the alternatives will result in a much lower
2 calculation, others quite a bit significantly higher
3 for any individual property.

4 But it's five to ten years repayment. It
5 has to be in proportion to GTR, so I don't know that
6 the --- for instance, that the Board could calculate
7 what the payment is and say, we're only going to ask
8 you to pay ten percent of that this year and, you
9 know, effectuate a balloon later.

10 MR. MOSCATO:

11 Okay. And as a commissioner, I'm just
12 very pleased by the fact that all the slides will be
13 up on the website. We have to be one of the most open
14 and transparent agencies in the Commonwealth, so thank
15 you very much.

16 ATTORNEY SHERMAN:

17 Yeah. And as I said, there are a number
18 of copies of these slides floating somewhere behind me
19 for anybody that's interested here to have one to take
20 home with them.

21 CHAIRMAN:

22 Thank you. Commissioner Sojka?

23 MR. SOJKA:

24 Just a quick clarification. All these
25 illustrations, particularly in this third proposal,

1 are all predicated on the 11th casino, Valley Forge,
2 opening at the projected date. It is my understanding
3 that for whatever reason they fail to make that
4 opening date, do we have to push everything back a
5 year? And if so, does that provide a windfall to all
6 already operating casinos?

7 ATTORNEY SHERMAN:

8 It could. Certainly, if there's an
9 inability of Valley Forge to get the doors open, it
10 will push back the repayment --- initial repayment ---

11 MR. SOJKA:

12 Right.

13 ATTORNEY SHERMAN:

14 --- schedule in being engaged.

15 MR. SOJKA:

16 But then I also want to make sure I
17 understand, should that be the case, the point you
18 brought up earlier about possibly having to assess
19 some unexpected or unplanned for charge against the
20 casinos, given the contingencies, that would then be
21 more likely?

22 ATTORNEY SHERMAN:

23 It very well could, which I think the
24 point there being that if there was an orchestrated
25 attempt to delay Valley Forge, it could come back to

1 bite somebody ---

2 MR. SOJKA:

3 Bite, yeah.

4 ATTORNEY SHERMAN:

5 --- on the backside, yes.

6 MR. SOJKA:

7 Yes, and I am understanding it correctly.

8 Thank you.

9 CHAIRMAN:

10 Any other questions or comments? Okay.

11 Thank you ---

12 ATTORNEY SHERMAN:

13 Thank you.

14 CHAIRMAN:

15 --- very much. And again, just to
16 reiterate --- I know Doug already said this, but three
17 points presentation, this presentation will be on our
18 website. We will take input from the legislature, the
19 licensees and the public. And thirdly, as Doug
20 mentioned, again, it's our hope that we have a final
21 decision on this in the late May, early June time
22 frame. Thank you both very much.

23 ATTORNEY SHERMAN:

24 Yep.

25 CHAIRMAN:

1 Next up is our regulations. Susan,
2 welcome.

3 ATTORNEY YOCUM:

4 Good morning, Chairman Fajt,
5 Commissioners. I have two regulations for your
6 consideration today. The first is 125-147. This is a
7 temporary rulemaking, which adds easy baccarat as a
8 variation of the regular baccarat. This is a game in
9 which no vigorish is collected. It also adds the
10 Dragon Seven wager as a variation to that game, as
11 well.

12 We've also added a new, brand new game to
13 the complemented games offered or that are optional
14 for the facilities. It's Mississippi Stud. Included
15 in this rulemaking are the layout requirements, the
16 rules of play, procedures for the collection and
17 payment of wagers.

18 Lastly, in this rulemaking this will add
19 the match play coupon as a promotional play item on
20 the table game side. The match play coupon, how this
21 is wagered is a patron comes in with a, say, \$10 match
22 play coupon. They have to match that value of that
23 match play coupon with \$10 of their own funds. The
24 value of that match play coupon is added to the value
25 of their wager, so a winning wager would be paid out

1 at \$20 instead of the \$10.

2 Included in this rulemaking are the
3 internal control requirements, the distribution
4 requirements and the --- how the match play coupons
5 are to be used. Recommend any questions you may have.
6 We're happy to ---

7 CHAIRMAN:

8 Okay.

9 ATTORNEY YOCUM:

10 --- answer questions.

11 CHAIRMAN:

12 Anybody have any questions or comments,
13 other than where the license comes from. I think
14 Mickey's working on it. Okay. No questions or
15 comments. Could I have a motion, please?

16 MR. GINTY:

17 Is it mine?

18 CHAIRMAN:

19 Yes.

20 MR. GINTY:

21 Yes. Chairman, I move ---.

22 MR. MCCALL:

23 No, it's mine.

24 MR. GINTY:

25 That's yours.

1 MR. MCCALL:

2 So Chairman, I move ---

3 CHAIRMAN:

4 Oh, I'm sorry.

5 MR. MCCALL:

6 --- that the Board adopt temporary
7 regulation number 125-147 as described by the OEC and
8 that the Board establish a public comment period of 30
9 days for this regulation and that the temporary
10 regulation be posted on the Board's website.

11 CHAIRMAN:

12 Do we have a second?

13 MR. MOSCATO:

14 I will second that motion, as long as the
15 lights stay on.

16 CHAIRMAN:

17 All in favor? All in favor?

18 ALL SAY AYE

19 CHAIRMAN:

20 Opposed? Motion passes.

21 ATTORNEY YOCUM:

22 The next regulation I have for your
23 consideration is 125-148. This is a proposed
24 rulemaking which transitions three more of our
25 temporary table game chapters into proposed form.

1 This is the rules of play for roulette, Casino War and
2 the Big Six Wheel. Again, this rulemaking contains
3 the table layout requirements, the rules of play and
4 the procedure for the collection and payment of
5 wagers. I'll be happy to answer any questions you
6 have.

7 CHAIRMAN:

8 Okay. Questions or comments? And Mr.
9 Ginty, this one is yours, I believe. Sorry about
10 that.

11 MR. GINTY:

12 Chairman, I move that the Board adopt
13 proposed regulation 125-148 as described by the OEC
14 and that the Board establish a public comment period
15 of 30 days on this regulation and the proposed
16 regulation be posted on the Board website.

17 CHAIRMAN:

18 May I have a second, please?

19 MR. TRUJILLO:

20 Second.

21 CHAIRMAN:

22 All in favor?

23 ALL SAY AYE

24 CHAIRMAN:

25 Opposed? Motion passes. Thank you,

1 Susan.

2 ATTORNEY YOCUM:

3 Thank you.

4 CHAIRMAN:

5 Thank you, Doug.

6 ATTORNEY SHERMAN:

7 The next matter for the Board is one
8 petition, that is of Greenwood Gaming. It was heard
9 earlier today, and that's the petition for approval of
10 Greenwood Gaming to establish a 14-table high limit
11 pit area, as described in the petition associated with
12 OP-16. The Board has in advance ---. The Board's
13 been provided with all of the pleadings, evidentiary
14 materials and other submissions, and you've had the
15 opportunity to hear from Greenwood Gaming earlier here
16 today. The OEC did not object to the petition, as
17 long as the relief is granted with conditions outlined
18 consistent with those in its answer and which were
19 provided to the Board in advance of this meeting.
20 It's now appropriate for the Board to consider a
21 motion to approve that petition.

22 CHAIRMAN:

23 Any questions or comments from the Board?
24 Could I have a motion please?

25 MR. MOSCATO:

1 Mr. Chairman, I move that the Board grant
2 the request of Greenwood Gaming and Entertainment,
3 Incorporated as described by the OEC.

4 CHAIRMAN:

5 Second?

6 MR. SOJKA:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 ALL SAY AYE

11 CHAIRMAN:

12 Opposed? Motion passes.

13 ATTORNEY SHERMAN:

14 Next, presenting Withdrawals, Reports,
15 Recommendations and Emergency Suspensions is Deputy
16 Chief Counsel Steve Cook.

17 CHAIRMAN:

18 Thank you.

19 ATTORNEY COOK:

20 Good morning.

21 CHAIRMAN:

22 Good morning.

23 ATTORNEY COOK:

24 The Board has received five unopposed
25 petitions to withdraw the applications of seven

1 individuals or businesses. The persons or entities
2 subject to these petitions are as follows; Vaughan M.
3 Cannon, Jr., Christine Y. Knudson, Suzanne Y. Jones,
4 Jeffrey P. Mason, Graphic Controls, LLC, Steven Smith
5 and Donald Trimbath.

6 The OEC has no objection to these
7 Withdrawals. As such, if the Board were to grant
8 them, they would be granted without prejudice.

9 CHAIRMAN:

10 Thank you, Steve. Any questions or
11 comments from the Board? Can I have a motion, please?

12 MR. SOJKA:

13 Yes, Mr. Chairman. I'll move that the
14 board issue orders to approve the withdrawals as
15 described by the OEC.

16 CHAIRMAN:

17 Second?

18 MR. TRUJILLO:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 ALL SAY AYE

23 CHAIRMAN:

24 Opposed? Motion passes.

25 ATTORNEY COOK:

1 Next before the Board for consideration
2 are seven reports and recommendations received from
3 the OHA relative to four Gaming Employee Permits, one
4 Non-Gaming Employee Registration application, one
5 petition to be removed from the self-exclusion list
6 and one petition for placement on the exclusion list.
7 These reports and recommendations, along with the
8 evidentiary record for each, has been provided to the
9 Board prior to this meeting.

10 Additionally, in each case the person
11 implicated has been notified that the Board will be
12 taking up this matter today, and they have the right
13 to be present and briefly address the Board. I would
14 ask that any such person come forward when their
15 matter is announced.

16 The first report and recommendation
17 before the Board today pertains to Rachel Bachman.
18 Ms, Bachman was issued a Gaming Employee Permit on
19 July 13th, 2010 to work as a count room attendant at
20 the Clark's Casino.

21 On December 1st, 2010 Miss Bachman was
22 charged with theft-related offenses consisting of two
23 first degree misdemeanors, two second degree
24 misdemeanors and 40 third degree misdemeanors for
25 allegedly stealing money while performing her duties

1 as a count room attendant at Parx. As a result of
2 these charges, the OEC made a request for Emergency
3 Order of Suspension of Ms. Bachman's Gaming Employee
4 Permit.

5 The Order was signed by the Executive
6 Director on February 7th, 2011, and on February 10th,
7 2011, the Board referred the matter to OHA for a full
8 evidentiary record on the matter. Ms. Bachman was
9 properly notified that the matter was scheduled for a
10 hearing before a Hearing Officer on February 23rd,
11 2011. However, she failed to attend that hearing, and
12 it was therefore held in her absence.

13 As a result of the hearing, the Hearing
14 Officer issued a report and recommendation
15 recommending that due to the criminal charges still
16 pending against Ms. Bachman, that her Emergency Order
17 remain in place. That recommendation is before the
18 Board and is ripe for a motion.

19 CHAIRMAN:

20 Is Ms. Bachman present today? Any
21 questions or comments from the Board? Seeing none,
22 could I have a motion, please?

23 MR. TRUJILLO:

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

1 OHA regarding the Gaming Employee Permit of Rachel
2 Bachman as described by the Office of Chief Counsel
3 (OCC).

4 MR. ANGELI:

5 Second.

6 CHAIRMAN:

7 All in favor?

8 ALL SAY AYE

9 CHAIRMAN:

10 Opposed? Motion passes.

11 ATTORNEY COOK:

12 Nathaniel Bailey is the second report and
13 recommendation before the Board today. Mr. Bailey
14 began the process of applying for a Non-Gaming
15 Employee Registration to work as an operations
16 attendant at Parx Casino.

17 Mr. Bailey was fingerprinted by the
18 Pennsylvania State Police. However, he refused to
19 have his photograph taken based on purported religious
20 principals. The OEC issued a Notice of Recommendation
21 of Denial on January 5th, 2011 based upon Mr. Bailey's
22 failure to have his photograph taken and complete the
23 processing.

24 Mr. Bailey requested a hearing, which was
25 scheduled for February 15th, 2011. However, he did

1 not attend the hearing, and it was held in his
2 absence. At the February 15th hearing, in addition to
3 the evidence related to Mr. Bailey's refusal to be
4 photographed, evidence was also put into the record
5 indicating that Mr. Bailey failed to disclose that
6 he'd been arrested on three occasions for lottery-
7 related offenses.

8 Based on these failures to disclose, the
9 Hearing Officer issued a report and recommendation
10 finding that Mr. Bailey is unsuitable to receive a
11 Non-Gaming Employee Registration. And again, that
12 recommendation was based solely on his nondisclosures
13 rather than any purported religious beliefs. This
14 matter is now ripe for the Board's consideration.

15 CHAIRMAN:

16 Thank you. Is Mr. Bailey present? Any
17 questions or comments from the Board? Could I have a
18 motion, please?

19 MR. ANGELI:

20 Mr. Chairman, I move that the Board issue
21 an Order to adopt the report and recommendation of the
22 OHA regarding the Non-Gaming Employee Registration of
23 Nathaniel Bailey as described by the OCC.

24 CHAIRMAN:

25 Second?

1 MR. GINTY:

2 Second.

3 CHAIRMAN:

4 All in favor?

5 ALL SAY AYE

6 CHAIRMAN:

7 Opposed? Motion passes.

8 ATTORNEY COOK:

9 Next for the Board's consideration is a
10 report and recommendation relating to Kasey Daley.
11 Miss Daley was issued a Gaming Employee Permit on July
12 1st, 2010 and was employed as a table games dealer at
13 the Hollywood Casino.

14 On December 16th, 2010 Ms. Daley was
15 charged with seven criminal offenses stemming from an
16 incident that occurred on October 2nd, 2010. The
17 charges general involved DUI-related offenses, as well
18 as other charges associated with her giving false
19 information to police officers.

20 As a result of these charges, the OEC
21 filed a request for Emergency Order of Suspension of
22 Ms. Daley's Gaming Employee Permit. The order was
23 signed by the Executive Director on January 11th,
24 2011. Subsequently, on January 26, 2011 the matter
25 was brought before the Board, and the Board referred

1 it to the OHA to conduct a complete evidentiary
2 record.

3 A hearing was held in this matter on
4 February 2nd, 2011 before a hearing officer, and it
5 was later reconvened on March 2nd, 2011. Both Ms.
6 Daley and the OEC attended the hearings and offered
7 testimony and exhibits, including Ms. Daley providing
8 evidence that while she continues to be charged with
9 numerous offenses, that all felony charges have been
10 withdrawn.

11 Ms. Daley's criminal matter is scheduled
12 for trial in the Court of Common Pleas of Lebanon
13 County on May 2nd, 2011. Before the Board today for
14 action is a report and recommendation that Ms. Daley's
15 Emergency Order --- Emergency Suspension Order remain
16 in full force and effect pending the outcome of her
17 criminal proceedings and her petitioning the Board for
18 relief if she so chooses. That matter is now ripe for
19 the Board's consideration.

20 CHAIRMAN:

21 Is Ms. Daley present today? Any
22 questions or comments from the Board? Could I have a
23 motion, please?

24 MR. GINTY:

25 Mr. Chairman, I move that the Board issue

1 on Order to adopt the report and recommendation of the
2 OHA regarding the Gaming Employee Permit of Kasey
3 Daley as described by the OCC.

4 CHAIRMAN:

5 Second?

6 MR. MCCALL:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 ALL SAY AYE

11 CHAIRMAN:

12 Opposed? Motion passes.

13 ATTORNEY COOK:

14 The next report and recommendation
15 pertains to Ca Son. On June 4th, 2010, Mr. Son
16 submitted a Gaming Employee Permit to work as a table
17 games dealer at the Harrah's Chester Casino. On July
18 12th, 2010 the OEC issued a Notice of Recommendation
19 of Denial of his application based upon three pending
20 drug-related felony charges facing Mr. Son.

21 Mr. Son requested a hearing and asked
22 that the hearing thereafter be deferred until the
23 criminal charges pending against him were resolved.
24 Subsequently, on November 15th, 2010 Mr. Son entered a
25 guilty plea to one of the felony charges with the

1 remaining charges dropped or dismissed.

2 A hearing for our Hearing Officer was
3 thereafter scheduled for March 3rd, 2011. And despite
4 receiving proper notice, Mr. Son did not appear. At
5 the conclusion of the hearing, the Hearing Officer
6 issued a report and recommendation recommending that
7 the application be denied as Mr. Son is ineligible
8 under the Act to receive a Gaming Employee license as
9 a convicted felon within the last 15 years. So, that
10 report is --- and recommendation is before the Board
11 for consideration.

12 CHAIRMAN:

13 Is Mr. Son present today? Any questions
14 or comments from the Board? Could I have a motion,
15 please?

16 MR. MOSCATO:

17 Mr. Chairman, I move that the Board issue
18 an Order to adopt the report and recommendation of the
19 Office of Hearings and Appeals regarding the Gaming
20 Employee Permit of Ca Son as described by the OCC.

21 CHAIRMAN:

22 Second?

23 MR. SOJKA:

24 Second.

25 CHAIRMAN:

1 All in favor?

2 ALL SAY AYE

3 CHAIRMAN:

4 Opposed? Motion passes.

5 ATTORNEY COOK:

6 The next matter before the Board's
7 consideration is a report and recommendation
8 pertaining to Brian Wolf. On November 12th, 2010 Mr.
9 Wolf submitted an application for a Gaming Employee
10 Permit, seeking work as a table games dealer at the
11 Parx Casino.

12 In his application Mr. Wolf disclosed
13 that he was arrested in early January of 2009. The
14 arrest was the result of a number of automobiles being
15 vandalized and a brick thrown through the window of a
16 pizzeria. At the time of this occurrence, Mr. Wolf
17 was 20 years old, and as a result of these charges,
18 Mr. Wolf was subsequently placed into the Philadelphia
19 County ARD program.

20 The OEC issued a Notice of Recommendation
21 of Denial on December 29th, 2010 based upon the nature
22 and recency of Mr. Wolf's offenses, as well as what it
23 believe was Mr. Wolf's failure to fully disclose the
24 specific circumstances of the crime. After receiving
25 the Notice of Recommendation of Denial, Mr. Wolf

1 requested a hearing, which was held before a Hearing
2 Officer on February 2nd, 2011.

3 Both the OEC and Mr. Wolf appeared and
4 offered evidence at the hearing. Specifically, Mr.
5 Wolf provided testimony that due to the limited amount
6 of space in the SlotsLink application, that he
7 provided what he thought was the most pertinent
8 information relative to the criminal charges, and he
9 indicated that he did not intend to mislead or not
10 disclose all the information about his arrest. He
11 also produced several letters of recommendation which
12 were entered into the record.

13 Subsequent to the hearing, the Hearing
14 Officer issued a report and recommendation
15 recommending that Mr. Wolf be granted his Gaming
16 Employee Permit given his ARD disposition, precluded
17 consideration of the offenses at issue, as well as the
18 Hearing Officer's belief that Mr. Wolf was forthright
19 in his disclosures and, as well --- and also based on
20 the character evidence that was put into the record.

21 Subsequently, the OEC filed exceptions to
22 the report and recommendation, stating that Mr. Wolf
23 had not established his suitability by clear and
24 convincing evidence, by that standard.

25 This matter is now read for the Board's

1 consideration. And just so we're clear, a vote to
2 adopt the report and recommendation would grant this
3 individual licensure, and a vote to not adopt or to
4 reject the report and recommendation will mean he will
5 not be licensed.

6 CHAIRMAN:

7 Thank you. Is Mr. Wolf present today?

8 MR. WOLF:

9 Yes.

10 CHAIRMAN:

11 Do you want to come up here, please?

12 Okay. Mr. Wolf, if you could just stand for a second,
13 we're going to swear you in. Let the court reporter
14 change out her paper here.

15 -----

16 BRIAN WOLF, HAVING FIRST BEEN DULY SWORN, TESTIFIED AS
17 FOLLOWS:

18 -----

19 CHAIRMAN:

20 Thank you. Please be seated. And just
21 for the record, could you please state and spell your
22 name for the court reporter?

23 MR. WOLF:

24 Brian Wolf, B-R-I-A-N W-O-L-F.

25 CHAIRMAN:

1 Thank you. Mr. Wolf, please feel free to
2 make a brief statement before the Board on your
3 actions and why you believe that this Board should
4 license you to work in the casino.

5 MR. WOLF:

6 Okay. First of all, good morning. As I
7 said during the hearing, the hearing appeal --- or the
8 initial hearing, that I understood that the acts that
9 I committed was ---. Although the charges seemed very
10 serious, it was, like, an isolated act of complete
11 immaturity.

12 And I know the recency of my offenses was
13 called into question, but I've done numerous things,
14 including completing the ARD and community service and
15 continuing my education at Temple University to try to
16 better my life, and I have ---. Like, I sincerely
17 understand that what I did was wrong and intend not to
18 ever do anything like that ever again.

19 And I also understood why the issue was
20 brought to the hearing in the first place, because of
21 how thorough and committed you are to ensuring public
22 safety. And I appreciate that, which ---.

23 And I guess besides that it just ---.
24 All the things I've tried to do, he tried to ---. He
25 said ---. The Judge, Hearing Officer said to me the

1 point of the investigation was to establish character,
2 and I felt with my evidence that I supported that I
3 did so. Thank you.

4 CHAIRMAN:

5 Thank you. Comments from Enforcement
6 Counsel?

7 ATTORNEY FENSTERMAKER:

8 Thank you, Chairman Fajt, members of the
9 Board. My name is Cassandra Fenstermaker,
10 F-E-N-S-T-E-R-M-A-K-E-R, Assistant Counsel ---
11 Assistant Enforcement Counsel for the OEC. The OEC
12 stands behind the exceptions filed in this matter and
13 still contends that Mr. Wolf lacks the overall
14 suitability required of employees in the Pennsylvania
15 Gaming Industry.

16 Mr. Wolf applied for a dealer position
17 with Parx Casino. Mr. Wolf testified to engaging in
18 mischievous acts in January 2009 that demonstrated
19 disregard for personal property and the personal
20 safety of others.

21 This behavior rose to a level serious
22 enough to be charged with two felonies, including
23 burglary and ten misdemeanor counts, all theft-
24 related. The OEC believes the nature of the behavior
25 engaged in by Mr. Wolf and the recency of that

1 behavior make him unsuitable to hold a gaming permit
2 in Pennsylvania.

3 CHAIRMAN:

4 Thank you. Questions or comments from
5 the Board?

6 MR. SOJKA:

7 I have a few for Mr. Wolf.

8 CHAIRMAN:

9 Commissioner Sojka?

10 MR. SOJKA:

11 And then I may have one for Ms.
12 Fenstermaker, as well. You're now 22?

13 MR. WOLF:

14 Twenty-three (23).

15 MR. SOJKA:

16 Twenty-three (23). So, this happened
17 essentially three years ago?

18 MR. WOLF:

19 Yeah, like, two and a half. Close.

20 MR. SOJKA:

21 Right. You had no criminal record prior
22 to that?

23 MR. WOLF:

24 No, I did not.

25 MR. SOJKA:

1 Okay. And you've had nothing since?

2 MR. WOLF:

3 That's correct.

4 MR. SOJKA:

5 Let's talk about the night when you did
6 this. How many other people were involved?

7 MR. WOLF:

8 It was me and one other person.

9 MR. SOJKA:

10 So there were just two of you?

11 MR. WOLF:

12 Yes.

13 MR. SOJKA:

14 How many cars were damaged?

15 MR. WOLF:

16 No cars were damaged. No cars were
17 reported damaged, to my knowledge. And I think there
18 was five charges brought by people, so I guess five
19 different cars were broken into, but ---. Well, not
20 broken into, but that the door handles were just
21 pulled. It was basically just stupid, mischievous
22 acts, but ---. So, no damage was reported.

23 MR. SOJKA:

24 All right. But you did take things out
25 of those cars?

1 MR. WOLF:

2 Well, things were found on my co-
3 defendant, and ---. But it was deemed nothing of
4 value and ---.

5 MR. SOJKA:

6 But they did belong to someone else?

7 MR. WOLF:

8 Yes.

9 MR. SOJKA:

10 All right. And then you threw a brick
11 through the window of a pizzeria?

12 MR. WOLF:

13 I didn't do that. And I just entered the
14 ARD. Part of the ARD was restitution for that,
15 because I couldn't fight --- bring the case trial.

16 MR. SOJKA:

17 Okay. So, again, restitution was made
18 through work or you actually paid for the window?

19 MR. WOLF:

20 There was financial restitution and I
21 completed community service for the other charges.

22 MR. SOJKA:

23 I'm going to ask a difficult question.
24 I'd like you to give me the most honest answer you
25 can. It has to do with remorse for what you did. I

1 can understand that you would be remorseful, because
2 this has been a problem for you. How much remorse do
3 you feel for the inconvenience, the damage and the
4 hurt you caused other people, people I assume you
5 didn't know?

6 MR. WOLF:

7 Yeah. It's funny you say that, because I
8 remember, like, specifically ---. Just you asking the
9 question brought this to my memory. But I mean I
10 remember specifically there was, like, a woman who
11 didn't speak any English at the hearing, and all I
12 ---. Like, she was the last one to really drop it,
13 because I think she was probably terrified. She
14 probably thought this was, like, a direct attack on
15 her.

16 And I just remember thinking all I wanted
17 to do is go over and tell her, like, this was such a
18 random act. And I can't believe, like, how much you
19 have to go through all this and then not even ---.
20 And now, all the stuff that I've had to go through,
21 and I constantly think about this every night, and I
22 don't know.

23 I just hope it doesn't affect people too
24 much longer, but --- yeah. And the question of
25 remorse, I'm incredibly remorseful, you know. I don't

1 think I could ever put it into words.

2 MR. SOJKA:

3 You could understand our concern with
4 that, because our major issue here is your character.

5 MR. WOLF:

6 Yes.

7 MR. SOJKA:

8 And the remorse matters. Now, could I
9 ask Ms. Fenstermaker one more time for clarification?
10 If we wish to have Mr. Wolf licensed, what is the
11 appropriate wording in a motion? Would it be to adopt
12 or to reject?

13 ATTORNEY FENSTERMAKER:

14 It would be to adopt the report and
15 recommendation.

16 MR. SOJKA:

17 If we move to adopt, it's seconded and
18 voted upon, Mr. Wolf will get ---?

19 ATTORNEY FENSTERMAKER:

20 He'll receive a gaming license.

21 MR. SOJKA:

22 License.

23 CHAIRMAN:

24 Thank you.

25 MR. SOJKA:

1 Thank you.

2 CHAIRMAN:

3 Other questions? Commissioner Trujillo?

4 MR. TRUJILLO:

5 Mr. Wolf, just a couple. Do you have a
6 drinking problem?

7 MS. WOLF:

8 No, I do not.

9 MR. TRUJILLO:

10 Okay. And as I understand it, so the net
11 result was an ARD; right?

12 ATTORNEY FENSTERMAKER:

13 Yes; that's correct.

14 MR. TRUJILLO:

15 And he's completed all of the components
16 that entitled him to the stage of the ARD?

17 ATTORNEY FENSTERMAKER:

18 Yes, he completed that February 12th of
19 this year.

20 MR. TRUJILLO:

21 Okay. No further questions.

22 CHAIRMAN:

23 Thank you. Any other questions or
24 comments? Could I have a motion, please?

25 MR. SOJKA:

1 Yes. Mr. Chairman, I'll move ---.

2 CHAIRMAN:

3 All right. You know what? One second.

4 I do want to ---

5 MR. SOJKA:

6 All right.

7 CHAIRMAN:

8 --- say something. Well, you know what?

9 Do the motion first and I'll have a comment after the
10 motion.

11 MR. SOJKA:

12 Are you sure? All right.

13 CHAIRMAN:

14 Yes. Thank you.

15 MR. SOJKA:

16 Well, for purposes of this discussion,
17 Mr. Chairman, I'll move that the Board issue an order
18 to adopt the report and recommendation of the OHA
19 regarding the Gaming Employee Permit of Brian Wolf as
20 described by the OCC.

21 CHAIRMAN:

22 Second? Any seconds?

23 MR. TRUJILLO:

24 I will ---.

25 MR. GINTY:

1 I'll second it.

2 MR. TRUJILLO:

3 No, I was going to second it, Mr.

4 Ginty ---

5 MR. GINTY:

6 Oh, okay.

7 MR. TRUJILLO:

8 --- surprisingly. Even though I was a
9 federal --- former federal prosecutor who ---. I
10 think the Chairman would be surprised and Mr. Ginty's
11 obviously surprised that I would second it. I have
12 confidence in you, Mr. Wolf, but I think that we don't
13 ever expect to see you here again. So, I'll second it
14 in that spirit.

15 MR. GINTY:

16 Can I get a clarification on what that
17 means?

18 CHAIRMAN:

19 Yes.

20 ATTORNEY COOK:

21 To adopt the report and recommendation,
22 which is the motion on the table, will grant licensure
23 to this individual.

24 MR. GINTY:

25 That's what's in front of us?

1 CHAIRMAN:

2 Right. Okay. A motion has been duly
3 made and seconded. All in favor?

4 MR. SOJKA:

5 Are you going to comment?

6 CHAIRMAN:

7 I'll comment after the vote. All in
8 favor?

9 ALL SAY AYE

10 CHAIRMAN:

11 Opposed? Motion passes. Mr. Wolf, I
12 will make a comment now, and that is that I want you
13 to understand, you know, on behalf of the Board that
14 we are taking a leap of faith with you. And we take
15 very, very seriously who we license to work in the
16 casinos in Pennsylvania and who we hire at the Gaming
17 Control Board.

18 And I appreciate you being here today. I
19 know it's not easy to come in to a setting like this.
20 It's intimidating, it's time-consuming, and we do
21 appreciate that. But we, as Commissioner Trujillo
22 said, do not expect to see you again and do not expect
23 to hear of any problems, and we wish you well. This
24 is a chance, second chance for you to get on with your
25 life, put this issue behind you, and we hope that you

1 take it in that vein.

2 MR. WOLF:

3 I will. Thank you so much.

4 CHAIRMAN:

5 Thank you.

6 MR. TRUJILLO:

7 Mr. Chairman, one other comment I'd
8 like ---

9 CHAIRMAN:

10 Yes.

11 MR. TRUJILLO:

12 --- to make with respect to ---. Number
13 one, I also think that the exceptions were well-
14 founded, and I totally understand why the exceptions
15 to the Hearing Officer's report were made. And so I
16 truly appreciate that, as well. And so I just want to
17 echo the Chairman, which is the easiest decision for
18 us to make is to not license you.

19 MR. WOLF:

20 Uh-huh (yes).

21 MR. TRUJILLO:

22 For us it is much harder for us to take
23 that leap of faith and one that is, I think ---. We
24 take it, as you can tell, I think, quite seriously.
25 Thank you, Mr. Chairman.

1 CHAIRMAN:

2 Okay. Thank you. We're going to take
3 just a one-minute break.

4 SHORT BREAK TAKEN

5 CHAIRMAN:

6 Okay. We will now take up the next
7 motion regarding the removal from a list of self-
8 excluded persons.

9 ATTORNEY COOK:

10 The next report and recommendation before
11 the Board --- you're correct, Mr. Chairman --- is a
12 request to be removed from the voluntary self-
13 exclusion list. On August 15th, 2007 an individual
14 with the initials D.O. entered the Parx Casino and
15 requested placement on the self-exclusion list for
16 lifetime.

17 On that date a casino compliance
18 representative met with D.O. and conducted a mandatory
19 interview and completed all required procedures
20 regarding the self exclusion process before D.O.'s
21 decision became finalized. D.O. was specifically
22 asked in the course of that interview whether she was
23 being coerced into signing the form, and she indicated
24 that she was not.

25 The casino compliance representative also

1 gave D.O. a copy of a document entitled Board Request
2 for Voluntary Self-Exclusion Process Checklist and the
3 Request for Voluntary Self-Exclusion and explained to
4 D.O. the ramifications of her election for lifetime
5 exclusion. Notwithstanding these facts, on December
6 17th, 2010, D.O. filed a request to be removed from
7 the self-exclusion list.

8 On January 14th, 2011, the OEC filed an
9 answer to D.O.'s request, objecting to the relief
10 requested as being not compliant or not in compliance
11 or not provided for in the Board regulations. A
12 hearing in this matter was held on February 8th, 2011.
13 Both the OEC and D.O. appeared at the hearing with
14 each offering evidence.

15 D.O. testified that she was coerced into
16 placing herself in the exclusion list by her father.
17 She indicated that her father was insistent that she
18 sign the form as a prerequisite to her receiving a
19 loan from her grandfather, and she alleged that her
20 father was also intoxicated at the time he took her to
21 the casino to be placed on the list.

22 D.O. also testified that as a result of
23 being placed on the list, she's been passed over for
24 employment-related opportunities. As an example, she
25 presented a letter from the president of a company she

1 had previously worked for in the beauty supply
2 industry, and the letter indicated that D.O.'s
3 exclusion prevented her from participating in trade
4 shows in Las Vegas and Atlantic City. And those trade
5 shows would've provided her with additional income, as
6 well as additional exposure in the industry.

7 I will note for the record that the self-
8 exclusion list in Pennsylvania, when you enter the
9 list in Pennsylvania, it doesn't apply to other
10 jurisdictions. However, I believe certain properties
11 in Pennsylvania, when they receive notice somebody's
12 placed on the exclusion list here, they voluntarily
13 tell their other properties that a person may be
14 excluded elsewhere, and of their own volition, the
15 operators may exclude those persons in other
16 jurisdictions.

17 During the hearing, D.O. also testified
18 that her self-exclusion was limited to --- or also
19 limited her employment for available jobs at Parx,
20 which was within miles of her home, and also hindered
21 her social activities. The OEC argues that D.O.'s
22 self-exclusion does not prevent her from working in a
23 licensed facility in the Commonwealth, and that the
24 Board regulations actually allow for a person on the
25 self-exclusion list to work in a facility.

1 In the report and recommendation issued
2 by the Hearing Officer subsequent to the hearing, the
3 Hearing Officer found that given the fact that D.O.
4 chose a lifetime exclusion and there was no mechanism
5 in the regulations for removal from the lifetime self-
6 exclusion list, that the Board should deny D.O.'s
7 request to be removed from that list. This report and
8 recommendation is presently before the Board for
9 consideration.

10 CHAIRMAN:

11 Thank you. Is D.O. present? Okay.
12 Could I have questions and comments from the Board?
13 Commissioner Ginty, do you want to start off?

14 MR. GINTY:

15 Well, we have a comment after we vote on
16 it.

17 CHAIRMAN:

18 Okay. Any other comments from Board
19 members? Commissioner Trujillo, do you have a
20 comment?

21 MR. TRUJILLO:

22 It depends on what Commissioner Ginty
23 says.

24 CHAIRMAN:

25 Okay. Seeing no comments, at least

1 before the votes, I'll entertain a motion.

2 MR. TRUJILLO:

3 Mr. Chairman, I move that the Board issue
4 an order to adopt the report and recommendation of the
5 OHA regarding the petition of D.O. for removal from
6 the self --- list of self-excluded persons as
7 described by the OCC. And just as a point of
8 clarification, I understand that the adoption of the
9 Board would --- of the report and recommendation would
10 result in D.O. remaining on the lifetime exclusions
11 list; am I correct?

12 ATTORNEY COOK:

13 Actually, the adoption of the report and
14 recommendation will keep her on the list, as will the
15 failure to adopt by a qualified majority would
16 maintain the status quo, and she would remain on the
17 list.

18 MR. GINTY:

19 You can't get her off.

20 ATTORNEY COOK:

21 A qualified majority to reject the report
22 and recommendation would get her removed from the
23 list.

24 MR. TRUJILLO:

25 So the only way to remove her would be to

1 reject the report and recommendation.

2 ATTORNEY COOK:

3 By a qualified majority.

4 MR. TRUJILLO:

5 So my motion stands to adopt the report
6 and recommendation, Mr. Chairman.

7 CHAIRMAN:

8 Thank you. And thank you for the
9 clarification. May I have a second?

10 MR. SOJKA:

11 Yes. To enable discussion, I will second
12 that.

13 CHAIRMAN:

14 Okay. All in favor?

15 ALL SAY AYE

16 CHAIRMAN:

17 Opposed?

18 MR. GINTY:

19 No. I'd like to make a statement.

20 CHAIRMAN:

21 Yes.

22 MR. GINTY:

23 I'm going to be issuing a written
24 descent ---.

25 BRIEF INTERRUPTION

1 MR. GINTY:

2 I will be issuing a written descent in
3 this matter. I have on numerous occasions taken issue
4 with the process of the voluntary self-exclusion
5 process that we have, particularly with respect to
6 lifetime exclusions.

7 In this case, based on a 30-minute to
8 60-minute interview, which in my view is just very
9 mechanical and bureaucratic and essentially brain-dead
10 in terms of checking a lot of boxes, this young woman
11 would be forever excluded from gaming in Pennsylvania,
12 as well as things that stem from that; the ability to
13 work in situations where it may require her --- as the
14 uncontroverted evidence in this case indicates for
15 certain companies that do business in casinos. The
16 fact that there are exclusions in there are burdensome
17 and discriminatory and, you know, clearly would hurt
18 her in terms of finding employment.

19 That doesn't touch upon the, you know,
20 abilities to go to dinner with her friends and so
21 forth. But in this particular case, you don't have to
22 reach, I think, the unfairness in the process of this
23 --- of our regulation. Petitioner here claimed that
24 she was coerced by her father into going into the
25 self-exclusionary in order to obtain a loan. That is

1 uncontroverted in the record. As a matter of fact
2 it's a part of the finding by the Judge.

3 And just to amplify what Chief Counsel
4 said, she was in fact asked whether she was being
5 coerced. And her answer was, I was not being coerced,
6 but she went on to say, I just need to sign it. Now,
7 to me that would suggest something a little less than
8 total voluntariness.

9 But you go on the Findings of Fact by the
10 Hearing Examiner, Petitioner requested placement ---
11 this is a quote from the Findings of Fact. Petitioner
12 requested placement on the SEL, because she wished to
13 borrow funds. Petitioner's father insisted.

14 There are other indication in here where
15 clearly this was less than voluntary. It seems to me
16 that the Hearing Examiner --- and again, this is in
17 quotes in the Findings and his conclusion was that she
18 misused the SEL process to get a loan, not because she
19 was a compulsive gambler, but she used the SEL to get
20 a loan.

21 You know, fundamentally, I find that the
22 record and the Findings of Fact, conclusions of the
23 Hearing Examiner in and of themselves support her
24 argument that she was subject to economic duress and
25 did this in a less than voluntary ---. And to deprive

1 her for a lifetime, for a lifetime, of rights,
2 privileges and liberties on this record is simply
3 unconscionable, and I said, I will descent and file an
4 opinion.

5 CHAIRMAN:

6 Thank you. Commissioner Sojka?

7 MR. SOJKA:

8 I have some of the same concerns as
9 Commissioner Ginty, but I'm probably going to come to
10 a different conclusion. And that is, given the
11 uncertainties that I think we have in this case ---.
12 That is, I'm still puzzled by some of the details of
13 how this all came about. And so I think the safe
14 position is going to be to, for the time being, leave
15 D.O. on the self-exclusion list.

16 But I join with Commissioner Ginty in
17 having deep concerns about the way this program
18 operates. And I think it's very important that his
19 Board take a position of examining carefully what
20 we're doing in this area of problem gaming. For many,
21 this is the big, dark side of the gaming industry.

22 In the face of all the jobs we produce,
23 all the money we produce, all that sort of thing, it's
24 the addicted gamer, problem gamer, that's always
25 brought up. And I think the problem facing all

1 jurisdictions is no one has figured this out
2 perfectly.

3 And so it's my hope that we will make an
4 effort to improve what we do in this area. And I
5 would hope that if we change our regulations or our
6 procedures, particularly with regard to lifetime
7 exclusion, that if D.O. at some later date wished to
8 come back and apply again against a different set of
9 regulations, that she could be given a sympathetic
10 hearing.

11 If we keep her on here, that is not doing
12 it with prejudice. If we would change the way we do
13 it. She would have another opportunity; is that not
14 right?

15 ATTORNEY COOK:

16 That's correct.

17 MR. SOJKA:

18 In that case, then, I think I'm going to
19 vote to keep her on for the time being.

20 CHAIRMAN:

21 Thank you. Other questions or comments?

22 MR. ANGELI:

23 Yeah.

24 CHAIRMAN:

25 Commissioner Angeli?

1 MR. ANGELI:

2 I oppose the motion, and I kind of agree
3 with Commissioner Ginty on this. I'm not convinced,
4 after looking at all of the evidence, that she was in
5 a position to make the decision that she made. If we
6 were talking about a one-year, two-year or three-year,
7 you know, exemption, I might be thinking through this
8 in a different way.

9 But I got the impression and the sense
10 that this was a very hasty decision that she made.
11 And for it to have a lifelong impact on her, I just
12 can't agree with it.

13 CHAIRMAN:

14 Thank you. Other comments? Commissioner
15 Trujillo?

16 MR. TRUJILLO:

17 Mr. Chairman, while I appreciate the
18 concerns of Commissioner Angeli and Commissioner Ginty
19 about the voluntariness of the Act, I disagree, even
20 though the testimony may have been that D.O. stated
21 that she was ---. As I recall, she stated that she
22 was not coerced, but that she had to do it.

23 The word coercion is a --- it's typically
24 a legal defense in the criminal context, and coercion
25 in Pennsylvania and virtually every jurisdiction

1 requires a reasonable belief that there is an imminent
2 threat of death or serious bodily injury. So, the
3 fact that somebody's father is saying, I will only
4 lend you money if you do X, Y or Z does not or could
5 not ever --- I don't think in any jurisdiction in the
6 United States --- rise to the level of coercion, even
7 if you did credit every piece of testimony.

8 So, I don't see that this record has any
9 coercion whatsoever. Secondly, there is no right to
10 enter a casino. It's not a constitutional right. So,
11 there are no rights that are being abridged by us
12 upholding her decision to exclude herself.

13 Nor is there a need for the Gaming Board
14 to find that she's a compulsive gambler. This is a
15 voluntary program, and so the Board and its
16 representatives at the casinos don't make a finding
17 that a particular individual is a compulsive gambler.
18 And in fact, I think that'd be virtually impossible
19 for us to do. And it's not a burden that I think the
20 Board ought to take upon itself. Rather, it is a
21 voluntary program.

22 And so to the extent that we ought to
23 visit and revisit our existing regulations, I am all
24 for that. But the regulations as they stand are what
25 they are. We have an individual who's made a

1 voluntary determination under the law to enter into
2 this program, and it has consequences, but I see
3 nothing in the record that indicates that we ought to
4 reverse that decision in any way.

5 I do think --- and I would urge the Board
6 to undertake further and more extensive review about
7 compulsive gamblers. My concern is, certainly, you've
8 got compulsive gamblers, which are a small percentage
9 of our population, but you also have a group of people
10 that are, as I understand the research, much greater
11 than that that has the potential of becoming a
12 compulsive gambler. And so their role and how our
13 regulations and our processes affect them is something
14 that I think we need to seriously continue to
15 study ---

16 CHAIRMAN:

17 Uh-huh (yes).

18 MR. TRUJILLO:

19 --- and get the advice and the testimony,
20 if you will, of experts and people who know even more
21 about this than we do. So, with that, I would just
22 ---. I will, of course, vote as I moved. Thank you,
23 Mr. Chairman.

24 CHAIRMAN:

25 Thank you. Any other comments?

1 Commissioner Moscato?

2 MR. MOSCATO:

3 Mr. Chairman, it's not my intent to beat
4 a dead horse, but I think that a couple questions in
5 my mind haven't been answered, and it could lead to a
6 logical conclusion. D.O. was borrowing money. Was
7 she borrowing money because she had gambling debts?
8 We haven't been able to check or we haven't checked,
9 you know, whether she was a, you know, consistent
10 gambler.

11 You know, normally when a parent ---.
12 And we don't know how old D.O. was. We know she was
13 over 21. Normally, when a parent does something or
14 takes away something from a child, it's something they
15 really like to do. I know when I was young and being
16 punished, my father never told me, you can't curl
17 anymore, you know? I love the little broom thing, but
18 it's nothing I enjoy. So, we can assume that she
19 truly enjoyed gambling.

20 So I think there are a lot of unanswered
21 questions here, but I believe that keeping her on the
22 list right now is certainly the best thing to do.

23 Thank you.

24 CHAIRMAN:

25 Thank you. Any other comments? Okay.

1 As I heard the vote, there were five in favor and two
2 opposed, and those were Commissioner Angeli and
3 Commissioner Ginty. Therefore, we have not reached a
4 qualified majority, and the motion fails. The impact
5 of that failure of the motion, as I understand
6 Counsel, is that D.O. stays on the self-exclusion
7 list?

8 ATTORNEY COOK:

9 That is correct.

10 CHAIRMAN:

11 Okay. The motion fails.

12 MR. GINTY:

13 Can I ask a clarification? Does the
14 Hearing Examiner's opinion stay?

15 ATTORNEY COOK:

16 It remains as a report and
17 recommendation.

18 MR. GINTY:

19 Okay.

20 ATTORNEY COOK:

21 The Board did not adopt it.

22 CHAIRMAN:

23 Continue on, Steve.

24 ATTORNEY COOK:

25 Okay. The final report and

1 recommendation before the Board today pertains to Ryan
2 McCauley. Mr. McCauley was gaming at Chester Downs
3 and Marina where he engaged in past posting.

4 In essence, while playing roulette, he
5 was placing additional wagers after the dealer would
6 call, no more debts. Harrah's surveillance confirmed
7 that Mr. McCauley engaged in past posting on at least
8 two occasions by placing four \$500 value chips on the
9 roulette table after the dealer signaled no more bets
10 would be accepted.

11 As a result of past posting, Mr. McCauley
12 won \$2,000 on each occasion for a total of \$4,000. On
13 that same date, security at Harrah's confronted Mr.
14 McCauley about his behavior. He admitted to past
15 posting and immediately paid restitution to the casino
16 in the amount of \$4,000. Mr. McCauley was thereafter
17 referred to the authorities, arrested and charged with
18 theft-related offenses.

19 On November 22nd, 2010 the OEC filed a
20 petition to place Mr. McCauley on the exclusion list.
21 The hearing before the Hearing --- OHA was held on
22 February 22nd, 2011. Mr. McCauley appeared at that
23 hearing and again admitted to placing bets at the
24 roulette table after the tailor --- or table game
25 dealer indicated there would be no more bets accepted.

1 As a result of this hearing, a report and
2 recommendation were issued, wherein the Hearing
3 Officer recommends that Mr. McCauley be placed on the
4 Board's exclusion list and excluded from engaging in
5 gaming activities at any licensed facility in the
6 Commonwealth. That report and recommendation is
7 before the Board for adoption.

8 CHAIRMAN:

9 Is Mr. McCauley here? Any questions or
10 comments from the Board? Could I have a motion,
11 please?

12 MR. ANGELI:

13 Mr. Chairman, I move that the Board issue
14 an order to adopt the report and recommendation of the
15 OHA regarding the placement of Ryan McCauley on the
16 PGCB exclusion list as described by the OCC.

17 CHAIRMAN:

18 Second?

19 MR. GINTY:

20 In seconding the motion, Mr. Chairman, I
21 would like to make --- point out the irony here, that
22 we are placing a person on the exclusion list for
23 cheating, as we have others for criminal activity, and
24 yet, while D.O. will have to spend the rest of her
25 life not being able to game, Mr. McCauley can petition

1 the Board in five years for removal from the exclusion
2 list. I fundamentally think there's something wrong
3 with that picture.

4 CHAIRMAN:

5 And you are seconding the motion?

6 MR. GINTY:

7 I second.

8 CHAIRMAN:

9 Just to be clear. All in favor?

10 ALL SAY AYE

11 CHAIRMAN:

12 Opposed? The motion passes.

13 ATTORNEY COOK:

14 Next for the Board's consideration is an
15 Emergency Suspension of the --- of Michael Brady, who
16 was issued a temporary Gaming Employee Permit on
17 October 5th, 2010 and was employed as a supervisor of
18 casino games at Chester Downs and Marina. Mr. Brady's
19 been charged with 43 felony counts of child
20 pornography, two counts of dissemination of
21 photographs, videotapes, computer depictions and
22 films, and two counts of criminal use of a
23 communication facility.

24 As a result of these charges, the OEC
25 filed a request for Emergency Order of Suspension of

1 Mr. Brady's permit. The Order was signed by the
2 executive director on March 28th, 2011.

3 Board regulations now require a full
4 evidentiary hearing, as to the validity of the
5 Emergency Order, occur. That hearing could either
6 occur before the Board or at our OHA. I would
7 recommend that the Board defer the matter to the OHA
8 for a full evidentiary hearing and that in the interim
9 that the Temporary Emergency Order remain in place.

10 CHAIRMAN:

11 Thank you. Is Mr. Brady here? Any
12 questions or comments from the Board? Could I have a
13 motion, please?

14 MR. GINTY:

15 Mr. Chairman, I am pleased to move that
16 the Board issue an order to extend the Emergency
17 Suspension of Michael Brady's Game Employee Permit and
18 that the matter be referred to the OHA for a hearing
19 to determine the validity of the Emergency Suspension
20 Order.

21 CHAIRMAN:

22 Second?

23 MR. MCCALL:

24 Second.

25 CHAIRMAN:

1 All in favor?

2 ALL SAY AYE

3 CHAIRMAN:

4 Opposed? Motion passes.

5 ATTORNEY COOK:

6 And that concludes all the matters of the
7 Chief Counsel.

8 CHAIRMAN:

9 Thank you very much, Steve. Thank you,
10 Doug. Next up we have our Director of Licensing,
11 Susan Hensel. Welcome, Susan.

12 MS. HENSEL:

13 Good morning, Mr. Chairman and members of
14 the Board. The first matter for your consideration is
15 the issuance of a conditional Table Game Manufacturer
16 License for DEQ Systems Corporation.

17 Pursuant to the Board's regulations, the
18 Board may issue a conditional Table Game Device
19 Manufacturer License, provided the applicant submits a
20 completed application, is licensed in good standing in
21 a gaming jurisdiction whose manufacturer standards are
22 recognized by the PGCB, submits a written statement
23 from a facility, indicating that the facility may do
24 business with the company, passes a preliminary
25 criminal history investigation and pays the licensing

1 fee prior to license issuance. All of those are true
2 for DEQ Systems Corporation.

3 The Bureau of Licensing has provided you
4 with the preliminary background investigation and
5 suitability report for this applicant. No issues were
6 identified by either the BIE or the Bureau of
7 Licensing that would preclude the approval of the
8 conditional license. I have provided you with a draft
9 order and ask that the Board consider the approval of
10 a conditional license for DEQ Systems Corporation.

11 CHAIRMAN:

12 Any questions or concerns from
13 Enforcement Counsel?

14 ATTORNEY PITRE:

15 Enforcement Counsel has no objection.

16 CHAIRMAN:

17 Any questions from the Board? Could I
18 have a motion, please?

19 MR. MCCALL:

20 Mr. Chairman, I move that the Board
21 approve the conditional Table Games Manufacturer
22 License for DEQ Systems Corporation, as described by
23 the Bureau of Licensing.

24 CHAIRMAN:

25 Second?

1 MR. MOSCATO:

2 Second.

3 CHAIRMAN:

4 All in favor?

5 ALL SAY AYE

6 CHAIRMAN:

7 Opposed? Motion passes.

8 MS. HENSEL:

9 We also have for your consideration the
10 approval of Principal Licenses. Prior to this meeting
11 the Bureau of Licensing provided you with a proposed
12 order for two Principal Licenses for individuals
13 associated with IGT and Mountainview Thoroughbred
14 Racing Association and one Principal License for an
15 individual associated with GTECH, Atronic Americas and
16 Spielo Manufacturing. I ask that the Board consider
17 the order approving these licenses.

18 CHAIRMAN:

19 Any questions or comments from
20 Enforcement Counsel?

21 ATTORNEY PITRE:

22 Enforcement Counsel has no objection to
23 the motion.

24 CHAIRMAN:

25 Thank you. Questions from the Board?

1 Could I have a motion, please?

2 MR. MOSCATO:

3 Chairman, I move the Board approve the
4 issuance of Principal Licenses as described by the
5 Bureau of Licensing.

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 MS. HENSEL:

16 Next for your consideration are Temporary
17 Key Employee Licenses. Prior to this meeting the
18 Bureau of Licensing provided you with an order
19 regarding the issuance of Temporary Licenses for ten
20 Key Employees. I ask that the Board consider the
21 order approving these licenses.

22 CHAIRMAN:

23 Enforcement Counsel?

24 ATTORNEY PITRE:

25 Enforcement Counsel has no objection.

1 CHAIRMAN:

2 Thank you. Questions from the Board?
3 Could I have a motion, please?

4 MR. SOJKA:

5 So moved.

6 MR. TRUJILLO:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 ALL SAY AYE

11 CHAIRMAN:

12 Opposed? The motion passes.

13 MS. HENSEL:

14 Next are Gaming Permits and Non-Gaming
15 Registrations. Prior to this meeting the Bureau of
16 Licensing provided you with a list of 469 individuals
17 who the Bureau has granted temporary or full
18 occupation permits to, and 146 individuals who the
19 Bureau has granted registrations to under the
20 authority delegated to the Bureau of Licensing. I ask
21 that the Board adopt a motion approving the order.

22 CHAIRMAN:

23 Cyrus, any comments?

24 ATTORNEY PITRE:

25 We have no objections. Thank you.

1 CHAIRMAN:

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

4 MR. MCALL:

5 So moved.

6 MR. ANGELI:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 ALL SAY AYE

11 CHAIRMAN:

12 Opposed? The motion passes.

13 MS. HENSEL:

14 In addition we have recommendations of
15 denial for eight Gaming Employee, two Non-Gaming
16 Employee and two Gaming Service Provider applications.
17 Prior to this meeting the Bureau of Licensing provided
18 you with orders addressing these applicants who the
19 BIE has recommended for denial.

20 In each case, the applicant failed to
21 request a hearing within the specified time period. I
22 ask that the Board consider the orders denying the
23 Gaming, Non-Gaming and Gaming Service Provider
24 applicants.

25 CHAIRMAN:

1 Cyrus?

2 ATTORNEY PITRE:

3 Enforcement Counsel requests a denial in
4 each instance.

5 CHAIRMAN:

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

8 MR. ANGELI:

9 So moved.

10 MR. GINTY:

11 Second.

12 CHAIRMAN:

13 All in favor?

14 ALL SAY AYE

15 CHAIRMAN:

16 Opposed? Motion passes.

17 MS. HENSEL:

18 In addition we have withdrawal requests
19 for Key Employees, Gaming and Non-Gaming Employees.
20 In each case, the license, permit or registration is
21 no longer required, due to such circumstances as the
22 employee failing to report to work. For today's
23 meeting, I have provided the Board with a list of 34
24 Key Employee, 81 Gaming and 7 Non-Gaming Withdrawals
25 for approval. I ask that the Board consider the

1 orders, approving this list of Withdrawals.

2 CHAIRMAN:

3 Questions from Enforcement Counsel?

4 ATTORNEY PITRE:

5 We have no objection.

6 CHAIRMAN:

7 Thank you. Comments from the Board?

8 Could I have a motion, please?

9 MR. GINTY:

10 So moved.

11 MR. MCALL:

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 an Order to certify

20 the following gaming service providers, Allegheny

21 Millwork, PBT; CPC Bucks County, LLC; Donald A.

22 Sokoloski; Farmer Brothers Company; JJ Palumbo and

23 Company, Inc.; LR Costanzo Company, Inc., McKinney

24 Drilling Company, Mountain Productions, Inc.; PIPA

25 Group, LLC; R2W, Inc.; and Steel Hospitality

1 Associates. I ask that the Board consider the Order
2 approving these gaming service providers for
3 certification.

4 CHAIRMAN:

5 Any comments from Enforcement Counsel?

6 ATTORNEY PITRE:

7 Enforcement Counsel recommends
8 certification approval in each one of these instances.

9 CHAIRMAN:

10 I do have one comment. One of the
11 individuals on that list is Don Sokoloski, who's a
12 personal friend of mine, and I'm going to recuse
13 myself as to him only, but I'll be voting in favor of
14 certification of the others. Any other questions from
15 the Board? Could I have a motion, please?

16 MR. MCCALL:

17 So moved.

18 CHAIRMAN:

19 Second?

20 MR. MOSCATO:

21 Second.

22 CHAIRMAN:

23 All in favor?

24 ALL SAY AYE

25 CHAIRMAN:

1 Opposed? Motion passes.

2 MS. HENSEL:

3 Next we have an Order regarding Gaming
4 Service Provider registrations. The Bureau of
5 Licensing provided you with an Order and an attached
6 list of 13 registered gaming service providers, and I
7 ask that the Board adopt a motion approving the Order
8 registering these Gaming Service Providers.

9 CHAIRMAN:

10 Any questions from Enforcement Counsel?

11 ATTORNEY PITRE:

12 Enforcement Counsel has no objection.

13 CHAIRMAN:

14 Thank you. Questions from the Board?
15 Could I have a motion, please?

16 MR. MOSCATO:

17 So moved.

18 CHAIRMAN:

19 Second?

20 MR. SOJKA:

21 Second.

22 CHAIRMAN:

23 All in favor?

24 ALL SAY AYE

25 CHAIRMAN:

1 Opposed? Motion passes.

2 MS. HENSEL:

3 Finally, we have an Order regarding the
4 abandonment of the application for Gaming Service
5 Provider applicant Logical Automation, Inc. This
6 company no longer exists. It was purchased by another
7 corporation, which has filed the appropriate Gaming
8 Service Provider application with the Board. I ask
9 that the Board consider the order declaring the
10 Logical Automation, Inc. application abandoned.

11 CHAIRMAN:

12 Questions from Enforcement Counsel?

13 ATTORNEY PITRE:

14 No objection.

15 CHAIRMAN:

16 Thank you. Comments from the Board?

17 Could I have a motion, please?

18 MR. SOJKA:

19 So moved.

20 MR. TRUJILLO:

21 Second.

22 CHAIRMAN:

23 All in favor?

24 ALL SAY AYE

25 CHAIRMAN:

1 Opposed? Motion passes.

2 MS. HENSEL:

3 That concludes the Bureau of Licensing's
4 presentation.

5 CHAIRMAN:

6 Thank you very much, Susan. Next up is
7 the Valley Forge issue, and I see that Mr. King is
8 here representing Valley Forge. And once you get
9 seated, we'll let Enforcement Counsel begin your
10 presentation on the Consent Agreement. Dustin Miller
11 on behalf of the --- bless you. Dustin Miller on
12 behalf of the OEC.

13 ATTORNEY MILLER:

14 Good afternoon, Chairman Fajt, members of
15 the Board. At this time the OEC has a Consent
16 Agreement prepared for the Board's approval. The
17 Consent Agreement is between OEC and Valley Forge
18 Convention Centers, LP --- I'm sorry, Valley Forge
19 Convention Center Partners, LP. This Consent
20 Agreement arises from the failure of Valley Forge to
21 notify the Bureau of Licensing that it intended to
22 enter into a transaction that would result in new
23 financial backers.

24 On or about November 25th, 2009 the BIE
25 received anonymous information from the general

1 public, that Valley Forge and CMS-affiliated JB, Inc.
2 had entered into a term sheet to alter the ownership
3 structure and financial backing of the Valley Forge
4 Project. Subsequently, BIE's investigation revealed
5 that Valley Forge and CMS had executed a term sheet on
6 August 21st, 2009.

7 The terms of the agreement called for a
8 monetary capital contribution to the Valley Forge
9 Project by CMS in exchange for a limited partnership
10 interest. At no time did Valley Forge notify BIE, the
11 Bureau of Licensing, or any other Board staff of this
12 agreement before its discovery by BIE.

13 Approximately three months passed between
14 the agreement by Valley Forge and CMS and BIE's
15 discovery of said agreement. Valley Forge's failure
16 to notify the Bureau of Licensing of the agreement is
17 a violation of the regulations promulgated under the
18 Act and the Act itself. Also, Valley Forge had a duty
19 to amend its application if there was any change to
20 the information initially provided to the Board ---
21 initially provided to the Board.

22 Following Valley Forge's submission of
23 the term sheet in question to the Bureau of Licensing,
24 negotiations commenced between the OEC and Valley
25 Forge to settle the matter. On December 29th, 2010

1 the parties executed a Consent Agreement.

2 The terms of the agreement include a
3 provision that Valley Forge shall promptly notify the
4 Bureau of Licensing and the BIE's Financial
5 Investigations Unit if it intends to change financial
6 backing or its ownership structure in the future. And
7 also, Valley Forge shall pay a total fine of \$10,000.
8 Adrian King, General Counsel for Valley Forge
9 Convention Center Partners, LP, is in attendance today
10 to answer any questions you may have.

11 CHAIRMAN:

12 Thank you, Dustin. Valley Forge, Mr.
13 King, do you have a statement or want to say anything
14 to the Board?

15 ATTORNEY KING:

16 Yes. And good morning to the Board
17 members. And first of all, just a point of
18 clarification, I'm with the firm of Ballard Spahr, an
19 outside counsel at Valley Forge, just for the state of
20 the record.

21 I think that what I wanted to state today
22 was that it is certainly our intention, not only for
23 my client, but for our law firm, to comply with all of
24 the rules and regulations and requirements of Gaming
25 Act and certainly the rules promulgated. That being

1 said, we had a failure here. We are here to accept
2 responsibility for that.

3 By way of background, as we're all aware,
4 this project has been stopped and started over the
5 last 18 months. And just by way of background, at the
6 time that this was going on, quite frankly, the
7 lawyers were more focused on preparing, at the time,
8 for spring court argument. Oral argument was in
9 October, but briefing was due right around this time.

10 The business folks at Valley Forge were
11 talking to the CMS Group, which was raising an
12 investment fund that I think you may be familiar with,
13 as they had entered into agreements with a variety of
14 projects, Valley Forge, the project that was abandoned
15 in Reading, Penn Harris, et cetera. And quite
16 frankly, we just, you know, we --- or I fell from the
17 ball.

18 Bottom line is we accept full
19 responsibility for this breach. We did not intend to
20 hide anything. As soon as a question was asked, we
21 hurriedly drove up to Harrisburg and sat down with
22 BIE, actually in November.

23 I didn't want to quibble on any of the
24 dates in the consent order. I think the date is
25 correct in terms of when we officially filed the

1 document, but we immediately came up here and talked
2 in detail about what was going on.

3 Bottom line is it was a slip-up. We
4 accept responsibility, and it doesn't meet our
5 standards and --- nor yours. And it won't happen
6 again.

7 CHAIRMAN:

8 Thank you. Any questions or comments
9 from the Board? Commissioner Sojka, do you have a
10 question?

11 MR. SOJKA:

12 Yes, I have a question for Enforcement
13 Counsel. This is a potentially serious issue brought
14 to our attention by an anonymous tip, if you will.
15 How long would it have taken us to catch this
16 oversight or slip-up or whatever had we not received
17 that anonymous tip?

18 ATTORNEY PITRE:

19 It would've probably come somewhere along
20 the line when Valley Forge was requesting approval.
21 They have to come before the Board for approval in
22 anything with regard to financing, so at some point,
23 the fine would've just been a lot steeper in that
24 regard.

25 MR. SOJKA:

1 Right.

2 ATTORNEY PITRE:

3 At some point in time, in reviewing the
4 financial information, it would've been discovered.

5 MR. SOJKA:

6 So we were clearly backstopped, but
7 interestingly, this anonymous tipster, whomever it may
8 have been, given what you've just told us, probably
9 did Valley Forge a favor, because the Consent
10 Agreement is smaller than it would've been had you
11 caught it at a later date; is that right?

12 ATTORNEY PITRE:

13 Well, let me put it to you this way,
14 Commissioner Sojka. I was in my office the night
15 before Thanksgiving. It was about eight o'clock at
16 night. I'm packing up to leave and I get a phone call
17 that informs me, hey, do you know anything about this?
18 I said, no, but I'll find out.

19 MR. SOJKA:

20 That was the tip?

21 ATTORNEY PITRE:

22 That was the tip.

23 MR. SOJKA:

24 But you have no notion from where that
25 came or ---?

1 ATTORNEY PITRE:

2 I'm not going to disclose where it came
3 from.

4 MR. SOJKA:

5 Okay. You are looking into it?

6 ATTORNEY PITRE:

7 I know where it came from. I talked to
8 the individual. I know where the tip came from.

9 MR. SOJKA:

10 Interesting.

11 ATTORNEY PITRE:

12 Right. But I'm not going to disclose
13 that information, because I don't think the person
14 meant to bring it to my attention in a derogatory
15 fashion.

16 MR. SOJKA:

17 I see. Thank you.

18 ATTORNEY KING:

19 Can I maybe just ---?

20 CHAIRMAN:

21 Yes. Any other questions from the Board?
22 Mr. King, why don't you respond to that one issue.

23 ATTORNEY KING:

24 Yeah, I think that ---. And this is my
25 supposition, my guess. Unbeknownst to us at the time,

1 CMS had prepared an offering statement. They were
2 looking for investors for their gaming fund. And
3 again, that was for these various projects that I had
4 mentioned. That was on the street, and so it is my
5 guess that the person who called --- again, I'm
6 obviously not asking Cyrus to disclose his methods or
7 sources. I believe that is how that information came
8 to be.

9 I also want to just clarify one other
10 point. These term sheets, very, very --- this is a
11 very preliminary document. It wasn't as if we had
12 entered into a binding final transaction. It was
13 certainly always known that Board approval was
14 necessary.

15 And in fact very soon after this, we did
16 file what was later called the Restructuring Petition.
17 That was, you know, first filed, I think, in December
18 or early 2010. Your consideration of that was not
19 permitted because of the pending Supreme Court appeal.
20 So, I want to make clear, it wasn't as if Valley Forge
21 had thought that it had sold an interest.

22 It was basically a document which was
23 memorializing the fact that there were discussions
24 about this investment, which again, I'll add, has not
25 --- still has not been approved. It hasn't been

1 officially brought before the Board.

2 CHAIRMAN:

3 Thank you. Commissioner Trujillo, ---

4 MR. TRUJILLO:

5 Well, ---

6 Chairman:

7 --- any follow-up?

8 MR. TRUJILLO:

9 --- that's what I was trying to figure
10 out --- was there was not yet final documentation of
11 the transaction?

12 ATTORNEY KING:

13 That's correct.

14 MR. TRUJILLO:

15 Okay. And so but as I'm hearing this,
16 this kind of falls into this Stuff Happens category,
17 because I just can't imagine a circumstance where a
18 final documentation would've taken place without it
19 having been submitted to OEC and to us, so ---. Okay.
20 That's fine.

21 ATTORNEY PITRE:

22 That's correct. This is just ---. This
23 is basically a failure to notify timely. It's nothing
24 more than that.

25 CHAIRMAN:

1 Okay.

2 MR. GINTY:

3 And I have a ---.

4 CHAIRMAN:

5 Commissioner Ginty?

6 MR. GINTY:

7 And I guess I'm a little confused. When
8 would the Licensee have an obligation to notify that
9 you that they are considering putting out feelers? I
10 mean these companies are always in the process of
11 financial and --- you know, changing financing.
12 What's the key point that they have to come and notify
13 you?

14 ATTORNEY PITRE:

15 I get notified all the time but at
16 various different stages. We're entering into talks,
17 we're thinking about doing this, we're thinking about
18 doing that. Once they have an executed document,
19 though, it's incumbent upon them, if not the day
20 before execution or the day of execution.

21 MR. GINTY:

22 Well, I guess we have ---

23 ATTORNEY PITRE:

24 Yeah.

25 MR. GINTY:

1 --- the final word here, do we?

2 ATTORNEY PITRE:

3 See? Yeah. As soon as they become
4 aware, basically.

5 MR. GINTY:

6 That there is a deal or they become aware
7 that they're going to discuss the deal?

8 ATTORNEY PITRE:

9 That they intend to enter into a
10 transaction. So, basically, if they're to the point
11 where they're reducing things to writing and it looks
12 like it's going to happen, they have to notify us.

13 MR. GINTY:

14 Which would include a term sheet?

15 ATTORNEY PITRE:

16 Exactly.

17 MR. GINTY:

18 Okay, all right.

19 ATTORNEY KING:

20 And I'll just say, as Counsel, I think
21 the practice pointer here is to some degree, even when
22 a transaction even crosses our brains, at a minimum,
23 we will at least let the OEC know that it is under
24 consideration. And we will follow that, so ---.

25 MR. GINTY:

1 Thank you.

2 CHAIRMAN:

3 Any other questions or comments from the
4 Board? Anything else from Enforcement Counsel?

5 ATTORNEY PITRE:

6 Nothing else.

7 CHAIRMAN:

8 Okay. May I have a motion, please?

9 MR. TRUJILLO:

10 Mr. Chairman, I move that the Board issue
11 an order to approve the Consent Agreement between the
12 OEC and Valley Forge Convention Center Partners as
13 described by the OEC.

14 MR. ANGELI:

15 Second.

16 CHAIRMAN:

17 All in favor?

18 ALL SAY AYE

19 CHAIRMAN:

20 Opposed? Motion passes. Thank you.

21 ATTORNEY KING:

22 Thank you.

23 ATTORNEY PITRE:

24 Next matters we have for Board

25 consideration are enforcement actions against various

1 individuals. The first matter will be handled by
2 Cassandra Fenstermaker.

3 ATTORNEY FENSTERMAKER:

4 Good morning again, Commissioners. Or
5 good afternoon, I guess.

6 CHAIRMAN:

7 Good afternoon.

8 ATTORNEY FENSTERMAKER:

9 This matter involves the request to
10 revoke Matthew Eisenberg's Gaming Employee Occupation
11 Permit. On February 1st, 2011 the OEC filed a
12 complaint for revocation of Matthew Eisenberg's Gaming
13 Permit. Matthew Eisenberg, a dealer at Rivers Casino,
14 is alleged to have stolen approximately \$500 in chips
15 during three of his shifts. The Enforcement complaint
16 was properly served on Matthew Eisenberg by First
17 Class Mail.

18 Matthew Eisenberg did not respond to the
19 complaint within 30 days. Therefore, pursuant to
20 Board Regulations, all facts alleged in the complaint
21 are deemed admitted. The OEC filed a request for
22 default judgment on March 25th, 2011. At this time,
23 the OEC asks that Matthew Eisenberg's Gaming Permit be
24 revoked.

25 CHAIRMAN:

1 Thank you. Is Mr. Eisenberg here today?
2 Any questions or comments from the Board? Seeing none,
3 could I have a motion, please?

4 MR. ANGELI:

5 Mr. Chairman, I move that the Board issue
6 an order to adopt the revocation --- approve the
7 revocation of Matthew Eisenberg's Gaming Employee
8 Permit as described by the OCC.

9 MR. GINTY:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 ALL SAY AYE

14 CHAIRMAN:

15 Opposed? The motion passes.

16 ATTORNEY FENSTERMAKER:

17 Thank you.

18 CHAIRMAN:

19 Thank you, Cassandra.

20 ATTORNEY PITRE:

21 The next matter will be handled by Dustin
22 Miller.

23 ATTORNEY MILLER:

24 Good afternoon. The next matter is a
25 request for revocation involving Richard J. Moyer, Sr.

1 The OEC filed an Enforcement Action to revoke Mr.
2 Moyer's Gaming Employee Permit for gambling at a
3 licensed facility while employed by that facility.
4 The complaint was filed on December 6, 2010. The
5 complaint was properly served upon Mr. Moyer to the
6 address listed on Mr. Moyer's permit application by
7 both Certified and First Class Mail.

8 Mr. Moyer did not respond to the filing
9 in any way. Due to Mr. Moyer's failure to respond,
10 the averments in the complaint are deemed to be
11 admitted as fact and his right to a hearing has been
12 waived. On March 23rd, 2011 the OEC filed a request
13 to enter default judgment upon Mr. Moyer. The matter
14 is now before the Board to consider the revocation of
15 Mr. Moyer's Gaming Employee Permit.

16 CHAIRMAN:

17 Is Richard Moyer here today? Any
18 questions or comments from the Board? Could I have a
19 motion, please?

20 MR. GINTY:

21 Mr. Chairman, I move that the Board issue
22 an order to approve the revocation of Richard Moyer's
23 Gaming Employee Permit as described by the OEC.

24 MR. MCCALL:

25 Second.

1 CHAIRMAN:

2 All in favor?

3 ALL SAY AYE

4 CHAIRMAN:

5 Opposed? Motion passes.

6 ATTORNEY PITRE:

7 The next matter we have for Board
8 consideration is the revocation of Selina Rodriguez's
9 Non-Gaming Employee Registration. Billie Jo
10 Matelevich-Hoang will handle that matter for the OEC.
11 I will not attempt to spell her name.

12 CHAIRMAN:

13 I think our stenographer's familiar with
14 that name. Welcome, Billie Jo.

15 ATTORNEY MATELEVICH-HOANG:

16 Thank you. Good afternoon, Chairman
17 Fajt, members of the Board. I'm Billie Jo Matelevich-
18 Hoang on behalf of the OEC. And this matter involves
19 the request to revoke Selina Rodriguez's Non-Gaming
20 Registration.

21 On January 20th, 2011 the OEC filed a
22 complaint for revocation of Ms. Rodriguez's Non-Gaming
23 Registration due to a retail theft. The Enforcement
24 Complaint was properly served upon Ms. Rodriguez by
25 both Certified and First Class Mail.

1 Ms. Rodriguez did not respond to the
2 complaint within 30 days. Therefore, pursuant to
3 Board regulations, all facts alleged in the complaint
4 are deemed admitted. The OEC filed a request for
5 default judgment on February 25th, 2011, and at this
6 time the OEC asks that Ms. Rodriguez's Non-Gaming
7 Registration be revoked.

8 CHAIRMAN:

9 Is Ms. Rodriguez here today? Any
10 questions or comments from the Board? Could I have a
11 motion, please?

12 MR. MCCALL:

13 Mr. Chairman, I move that the Board issue
14 an order to approve the revocation of Selina
15 Rodriguez's Non-Gaming Employee Registration as
16 described by the OEC.

17 CHAIRMAN:

18 Second?

19 MR. MOSCATO:

20 Second.

21 CHAIRMAN:

22 All in favor?

23 ALL SAY AYE

24 CHAIRMAN:

25 Opposed? Motion passes.

1 ATTORNEY PITRE:

2 And last for your consideration, we have
3 the revocation of Sean Savinell, and that'll be
4 handled by Cassandra Fenstermaker.

5 ATTORNEY FENSTERMAKER:

6 Hello again, Commissioners.

7 CHAIRMAN:

8 Hello.

9 ATTORNEY FENSTERMAKER:

10 On January 7th ---. Or this matter
11 involves the request to revoke Sean Savinell's Gaming
12 Employee Occupation Permit. On January 7, 2011 the
13 OEC filed a complaint for revocation of Sean
14 Savinell's Gaming Permit. The revocation complaint
15 was filed as a result of Mr. Savinell allegedly
16 stealing a \$500 chip while working as a table games
17 dealer.

18 The Enforcement complaint was properly
19 served upon Sean Savinell by First Class Mail. Mr.
20 Savinell did not respond to the complaint within 30
21 days, and therefore, pursuant to Board regulations,
22 all facts alleged in the complaint are deemed
23 admitted. The OEC filed a request for default
24 judgment on March 25th, 2011. At this time the OEC
25 asks that Mr. Savinell's Gaming Permit be revoked.

1 CHAIRMAN:

2 Is Mr. Savinell here today? Any
3 questions or ---? I think that was Mr. Stambaugh
4 (phonetic), not Mr. Savinell, going up there. Any
5 questions or comments from the Board? Could I have a
6 motion, please?

7 MR. MOSCATO:

8 Chairman, I move that the Board issue an
9 order to approve the revocation of Sean Savinell's
10 Gaming Employee Permit as described by the OEC.

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.

20 ATTORNEY FENSTERMAKER:

21 Thank you.

22 CHAIRMAN:

23 Thank you ---

24 ATTORNEY PITRE:

25 Thank you.

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CHAIRMAN:

--- everyone. That concludes our normal business. I'll close the meeting by announcing that our next scheduled public meeting will be held on Thursday, April 28th in the North Office Building, Hearing Room One. And we had a couple of meetings that started at 9:30. Just for the record, this next meeting is originally scheduled to start at 10 o'clock, so a little bit different. Any final comments from the Board? May I have a motion to adjourn?

MR. SOJKA:

So moved.

MR. ANGELI:

Second.

CHAIRMAN:

All in favor?

ALL SAY AYE

CHAIRMAN:

The meeting is adjourned. Thank you.

* * * * *

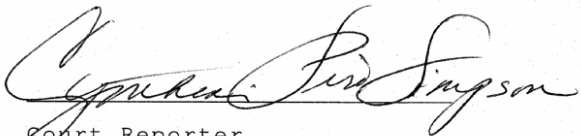
MEETING CONCLUDED AT 12:30 P.M.

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CERTIFICATE

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I hereby certify that the foregoing proceedings, meeting held before Chairman Fajt, was reported by me on 04/14/2011 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.



Court Reporter