

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: LICENSE RENEWAL HEARING FOR PRESQUE ISLE DOWNS,
INCORPORATED

* * * * *

PUBLIC INPUT HEARING

* * * * *

BEFORE: Linda Lloyd, Presiding Officer
Gregory C. Fajt, Chairman
James B. Ginty, Commissioner
Keith R. McCall, Commissioner
Anthony C. Moscato, Commissioner

WITNESSES: John W. Bittner, Jr.; Fred Buro; Marlin
Coon; Jeffrey Dahl; Frederick Clark; Rosanne Thompson;
Lieutenant William L. Gordon; Gerald Stoll; Elizabeth
Lanza; William Bonner; Cassandra Fenstermaker,
Esquire; Regina Smith; Mayor Joseph Sinnott; Jack
Daneri, Esquire; Gary Horton; Todd Mostoller; Robert
John Zonna; Joe Holody; Debra Panei; Joel Tuzynski;
Nancy Anne Kalista; William Jeffress; Gregory J.
Rubino; Edson Arneault; John Mizner, Esquire; Timothy
Girten

Reporter: Shannon C. Fortsch

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HEARING: Tuesday, May 3, 2011

10:00 a.m.

LOCATION: Summit Township Building

8900 Old French Road

Erie, PA 16509

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P R O C E E D I N G S

PRESIDING OFFICER:

Good morning, everyone. It looks like everybody is seated, so we can get started. My name is Linda Lloyd. I'm the Presiding Officer assigned by the Board to conduct this portion of the License Renewal Hearing for Presque Isle Downs, Incorporated, referred to as Presque Isle. Before we begin, if you could turn off, or at least to vibrate, your cell phones, Blackberries, those sorts of things, so that we don't interrupt the speakers.

As the Presiding Officer, I call this hearing to order. The date is Tuesday, May 3, 2011. The time is 10:00 a.m., and the location is the Summit Township Building at 8900 Old French Road, Erie, Pennsylvania, 16509.

This is a License Renewal Hearing. It's convened by the Pennsylvania Gaming Control Board pursuant to the authority found in Section 1326(b) of the Gaming Act and the Board regulations at 58 Pa. Code 491a.8. This public hearing was advertised on the Board's website, announced by the Board at previous Board meetings, and it was advertised in local newspapers.

1 The Board members present here today for
2 this hearing are, to my immediate left, Chairman Greg
3 Fajt; and to his left, Commissioner Jim Ginty; to my
4 right, Commissioner Keith McCall; and far right,
5 Commissioner Anthony Moscato. The Board and its staff
6 would like to thank Summit Township and its staff for
7 making this space available to us today for this
8 hearing.

9 The hearing will begin with a
10 presentation by Presque Isle. After the close of
11 their presentation, our Office of Enforcement Counsel
12 (OEC) and Mr. Barry Creany will have the opportunity
13 to Cross examine Presque Isle's witnesses. Redirect
14 will be permitted and so forth until all parties are
15 satisfied all their questions have been asked and
16 answered.

17 After Presque Isle has completed its
18 presentation, the OEC will make its presentation.
19 Again, Cross Examination, et cetera.

20 After the close of the testimony and
21 evidence from both parties, those individuals who have
22 registered to speak today at the hearing during the
23 public comment period will be heard as their name is
24 called.

25 Elected officials will have ten minutes

1 to speak. Representatives from community groups will
 2 have five minutes, and individuals will have three
 3 minutes. And following the close of the public
 4 comment period, Presque Isle and our OEC will each
 5 have the opportunity to provide a short closing
 6 statement.

7 To remind everyone, this is an official
 8 administrative hearing, so please treat this as if you
 9 were attending a court proceeding. All witnesses,
 10 please speak loudly and clearly and into the
 11 microphones provided so that our court reporter, who's
 12 sitting up here off to the right, may hear you and
 13 record what you are saying.

14 Spectators, please refrain from
 15 interrupting or speaking out loud during the
 16 proceeding. If anyone disrupts the proceedings, they
 17 will be asked to leave.

18 If anyone has any questions about the
 19 hearing, there are staff members from the Board
 20 throughout the room, and you may ask them questions.
 21 Let's begin by having all the witnesses from Presque
 22 Isle Downs and the OEC who will provide testimony
 23 today to please stand and raise their right hand to be
 24 sworn by the court reporter.

25 -----

1 WITNESSES SWORN EN MASSE

2 -----

3 PRESIDING OFFICER:

4 And if I could remind each of the
5 speakers today, when you first speak for the first
6 time, if you could please state and spell your name
7 for the court reporter. Thank you. And you may
8 begin.

9 ATTORNEY RODRIGUEZ-CAYRO:

10 Madame Hearing Officer, Chairman Fajt,
11 honorable members of the Board, may it please the
12 Board, before we take a seat, let me introduce our
13 primary witnesses. Fred Buro, who is the President
14 and General Manager of Presque Isle Downs; Jeffrey
15 Dahl, who's our CEO and a member of our Board; John
16 Bittner, who's our CFO; Ms. Rosanne Thompson, who is
17 the Director of HR for Presque Isle Downs; Mr. Fred
18 Clark, who's a Diversity Consultant. And one of our
19 witnesses will also be Marlin Coon.

20 As you know, I'm Nick Rodriguez-Cayro.
21 I'm General Counsel and VP for MTR Gaming Group. And
22 we thank you for this opportunity.

23 PRESIDING OFFICER:

24 Just one housekeeping matter before we
25 start, Mr. Rodriguez. We had a public --- written

1 public comment period which closed on Friday at noon,
2 and we did not receive any written comments on behalf
3 of Presque Isle Downs. I just want to put that in the
4 record.

5 ATTORNEY RODRIGUEZ-CAYRO:

6 Madame Hearing Officer, we've received
7 letters from certain public officials which will be
8 read in to the record. They were submitted to OEC.
9 They were received somewhat late, but they were
10 submitted.

11 PRESIDING OFFICER:

12 That's fine.

13 ATTORNEY RODRIGUEZ-CAYRO:

14 Thank you. First of all, thank you for
15 giving us this opportunity on this renewal hearing.
16 We truly, truly understand and believe that gaming in
17 the Commonwealth of Pennsylvania is a privilege. And
18 at the outset, let me thank the honorable Board, its
19 staff members and OEC for their professionalism and
20 the work that we've been able to do together to get to
21 this point.

22 As you know, Presque Isle Downs' license
23 is in good standing with the Board. And Presque Isle
24 Downs' received its --- conditional Category 1 Slot
25 Machine License was approved on October 25th of 2006.

1 Presque Isle opened on February 28th of
2 2007. It was granted a Permanent License on February
3 27th of 2008, applied for its renewal license on
4 December 29th of 2008 and was issued a table games
5 operations' certificate on July 8th of 2010. On
6 November 19th of 2002, Presque Isle Downs was granted
7 a license by the State Horse Racing Commission for
8 Thoroughbred Racing.

9 Pursuant to 4 Pa. C.S. 1326, a permit or
10 license for which a completed Renewal Application and
11 fee required has been received by the Board will
12 continue in effect unless and until the Board sends
13 written notification to the holder of the permit or
14 license that the Board has denied the renewal of such
15 permit or license. As you know, Presque Isle Downs
16 has received no such notice. We are in good standing.

17 Additionally, 58 Pa. Code, Subsection 441
18 a.16(c) provides that a Slot Machine License for which
19 a completed Renewal Application has been received by
20 the Board will continue in effect until the Board
21 sends written notification to the holders of the Slot
22 Machine License that the Board has approved or denied
23 the Slot Machine License Renewal Application.

24 We're here today to prove by clear,
25 convincing evidence that Presque Isle Downs' renewal

1 should be granted by this honorable Board. To address
2 financial suitability and viability, let me introduce
3 our CFO, John Bittner.

4 -----
5 JOHN W. BITTNER, JR., HAVING BEEN PREVIOUSLY SWORN,
6 TESTIFIED AS FOLLOWS:
7 -----

8 MR. BITTNER:

9 Thank you.

10 ATTORNEY RODRIGUEZ-CAYRO:

11 Mr. Bittner, can you please state your
12 name for the record?

13 MR. BITTNER:

14 John W. Bittner, Jr., B-I-T-T-N-E-R.

15 ATTORNEY RODRIGUEZ-CAYRO:

16 Mr. Bittner, how are you employed?

17 MR. BITTNER:

18 I'm the Executive Vice President and
19 Chief Financial Officer of MTR Gaming Group.

20 ATTORNEY RODRIGUEZ-CAYRO:

21 Can you tell this honorable Board a
22 little bit about your training, education and
23 experience, please?

24 MR. BITTNER:

25 I'm a CPA, graduating from Duquesne

1 University. I was with Ernst and Young for over 25
2 years, 13 years as a partner, and I've been with MTR
3 Gaming for over nine years.

4 ATTORNEY RODRIGUEZ-CAYRO:

5 Thank you, Mr. Bittner. Please proceed
6 with your presentation.

7 MR. BITTNER:

8 MTR Gaming is a public company traded on
9 the NASDAQ exchange. The company maintains its
10 financial records in accordance with generally
11 accepted accounting principles, commonly referred to
12 GAAP. The company issued its 2010 financial
13 statements and received an unqualified opinion, and
14 the company maintains its systems of internal control
15 to monitor compliance with the regulatory requirements
16 and our --- the effectiveness of our internal controls
17 over financial reporting, and in accordance with the
18 requirements of Sarbanes-Oxley.

19 On a consolidated basis, the company has
20 experienced EBITDA growth despite the competition and
21 revenue declining over the last several years. We
22 have and will continue to focus on efficiencies and
23 cost containment to try to maintain those EBITDA
24 levels.

25 We ended 2010 with \$53.8 million in

1 available cash balances. We also have a \$20 million
2 credit facility that currently remains undrawn. And
3 our debt maturities consist of 125 million due June 1,
4 2012 and 260 million due July 15th, 2014.

5 Graphically or from an illustrative
6 perspective, our compound annual growth rate for our
7 debt revenues over the last five years have been 9.29
8 percent, but our compound aggregate growth rate for
9 EBITDA --- adjusted EBITDA has been over 10.7 or 10.79
10 percent, once again, reflecting that our EBITDA growth
11 has outstripped our revenue growth.

12 ATTORNEY RODRIGUEZ-CAYRO:

13 Mr. Bittner, for those of us who are not
14 accountants in the room, does the unqualified opinion
15 ending in 2010 mean that there are no issues for
16 concern regarding the company's financial viability as
17 of 2010?

18 MR. BITTNER:

19 Yes.

20 ATTORNEY RODRIGUEZ-CAYRO:

21 Thank you, Mr. Bittner. No further
22 questions.

23 Next I'd like to turn to the economic
24 impact to the Commonwealth, and I'd like to introduce
25 Mr. Fred Buro, who is the President/General Manager of

1 Presque Isle Downs. Mr. Buro, can you please state
2 your name for the record?

3 -----
4 FRED BURO, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AS
5 FOLLOWS:

6 -----
7 MR. BURO:

8 Sure. My name is Fred Buro. I am the
9 President and General Manager of Presque Isle Downs &
10 Casino.

11 ATTORNEY RODRIGUEZ-CAYRO:

12 How long have you been employed with the
13 company?

14 MR. BURO:

15 I've been with the company approximately
16 three years. The last year I spent as the President
17 and General Manager of Presque Isle Downs & Casino.

18 ATTORNEY RODRIGUEZ-CAYRO:

19 Can you please tell this honorable Board
20 a little bit about your training, education and
21 experience, please?

22 MR. BURO:

23 Sure. I attended Rutgers University in
24 Newark and majored in Economics and Business. I've
25 been in casino gaming for 22 years. I started my

1 career as a management and marketing consultant for
2 Trump Hotels and Casino Resorts. I accepted a
3 full-time position with Trump Hotels and Casino
4 Resorts in marketing and worked my way through the
5 ranks there and ultimately became President and
6 General Manager of Trump Plaza Casino in Atlantic
7 City.

8 From there I moved on to Penn National
9 Gaming. I was the President and General Manager of
10 Charlestown Races and Slots in West Virginia.

11 From there I went to Columbia Sussex
12 Corporation and was a Chief Marketing Officer and
13 helped develop that company from 6 casinos to 26
14 casinos, ultimately, the acquisition of Aztar, which
15 is a \$3.7 billion refunding of the gaming company, and
16 accepted a position with that company as the President
17 and General Manager of Tropicana Casino in Atlantic
18 City. From there I moved on to MTR Gaming Group where
19 I now hold the position of President and General
20 Manager.

21 ATTORNEY RODRIGUEZ-CAYRO:

22 Thank you, Mr. Buro. Please, can you go
23 through your slide presentation?

24 MR. BURO:

25 Sure. It started quite a few years ago,

1 as we all know. It was a \$241 million investment.
2 The land cost was about \$64 million. The building was
3 about \$108 million, and the F&E, \$69 million.

4 Presque Isle Downs has generated more
5 than \$413 million in gaming taxes and fees for the
6 Commonwealth and has paid in excess of 15.3 million in
7 sales and use and payroll and real estate taxes since
8 its opening. Presque Isle Downs currently employs 961
9 employees. And as we all know, racing season is upon
10 us, and that will increase by 120 employees.

11 Economic impact, direct economic impact.
12 Gaming taxes, as we --- as I stated earlier, was \$413
13 million. 232 million went to the State gaming tax.
14 52.9 million, local share assessment; \$81.7 million,
15 Racehorse Development Fund; \$34 million, economic
16 development and tourism; \$12.6 million in
17 administration fees. Real estate and payroll taxes,
18 \$13.6 million; sales and use tax, \$1.7 million. And I
19 can tell you, these are the direct impact.

20 On the next slide you'll see the local
21 vendor spend, where \$106 million was spent with
22 Pennsylvania vendors between 2007 and 2010; vendor
23 utilization included 3.3 percent spend with diversity
24 vendors.

25 And I can tell you, as you go down, you

1 can review the various counties within the State of
2 Pennsylvania. This is direct economic impact, as we
3 all know. And as we know, with 900 plus employees,
4 there's also an indirect impact, which is a multiplier
5 effect on those employees living in this community and
6 spending money in this community.

7 Number of gaming devices and what funds
8 those dollars are slot machines and table games.
9 Presque Isle Downs has 2,030 slot machines in
10 operation right now. It has 48 table games. Gaming
11 revenues for 2007 were \$142 million, \$164 million in
12 2008, \$166 million in 2009, and 2010, \$170 million.
13 After for the first quarter in 2011, gaming revenues
14 so far are \$39 million. The total since its inception
15 is \$683 million.

16 Table games in the last two quarters of
17 2010 --- as we remember, table games opened up in
18 July. For the year end 2010, table games brought \$9.8
19 million in, and \$5 million in the first quarter of
20 2011, for a total of \$14.8 million.

21 ATTORNEY RODRIGUEZ-CAYRO:

22 Mr. Buro, can you turn back to the
23 economic impact on the vendor slide a moment, please?

24 MR. BURO:

25 Sure. Yes.

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ATTORNEY RODRIGUEZ-CAYRO:

If I remember that slide correctly, is it true that between 2007 and 2010, Erie County, Presque Isle Downs spent in excess of \$56 million with vendors?

MR. BURO:

That's correct. If you look at --- that's correct.

ATTORNEY RODRIGUEZ-CAYRO:

Is it also true that of the \$106 million spent with the Pennsylvania vendors between 2007 and 2010, that approximately 3.3 percent of that spend was spent with diversity vendors?

MR. BURO:

Yes, it was.

ATTORNEY RODRIGUEZ-CAYRO:

Madame Hearing Officer, I'd like to call Marlin Coon as a witness at this time, please. Mr. Coon, can you please state your name for the record?

MARLIN COON, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AS FOLLOWS:

MR. COON:

My name's Marlin Coon.

1 ATTORNEY RODRIGUEZ-CAYRO:

2 Mr. Coon, how are you employed?

3 MR. COON:

4 I'm the supervisor for Summit Township.

5 ATTORNEY RODRIGUEZ-CAYRO:

6 And how long have you been employed in
7 that capacity?

8 MR. COON:

9 Since 1996, January of '96.

10 ATTORNEY RODRIGUEZ-CAYRO:

11 So, you've seen this project since its
12 inception; is that correct?

13 MR. COON:

14 Yes, sir.

15 ATTORNEY RODRIGUEZ-CAYRO:

16 Can you please tell this Board a little
17 bit about what Presque Isle Downs has done to and for
18 your community?

19 MR. COON:

20 Presque Isle Downs has been a tremendous
21 asset to our entire community, and especially to our
22 municipality. I can't tell you anything bad about
23 'em. I can't complain about anything. We have
24 received --- we've got no crime problems, at least,
25 you know, because of them. We've got no traffic

1 problems.

2 I would have to say that they are
3 excellent, excellent neighbors to us that present a
4 huge financial gain for us and our community and our
5 school district, to the tune of millions of dollars.
6 We think it's great.

7 ATTORNEY RODRIGUEZ-CAYRO:

8 Is it true that Presque Isle Downs was
9 instrumental in assisting the township, the county and
10 the city in reaching a settlement as it relates to the
11 STIEDA funds and the 1403 Grant monies that were
12 coming from the State?

13 MR. COON:

14 Yes, they were involved in it. They did
15 not oppose any of the things that were presented. And
16 it's worked out well for everyone, including all the
17 continuous municipalities adjoining us. Everybody has
18 got a --- some good benefit because of this and the
19 cooperation between everybody.

20 ATTORNEY RODRIGUEZ-CAYRO:

21 Is it your opinion that the renewal of
22 Presque Isle Downs' license is in the best interest of
23 Summit Township?

24 MR. COON:

25 Absolutely. It definitely is in --- in

1 my opinion, it's a tremendous interest to Summit
2 Township and a tremendous gain, not only to Summit but
3 to the entire community.

4 ATTORNEY RODRIGUEZ-CAYRO:

5 Is it in the best interest of Erie
6 County?

7 MR. COON:

8 Absolutely. Yes.

9 ATTORNEY RODRIGUEZ-CAYRO:

10 And is it your opinion that it is in the
11 best interest of the Commonwealth of Pennsylvania?

12 MR. COON:

13 Yes.

14 ATTORNEY RODRIGUEZ-CAYRO:

15 Thank you, Mr. Coon.

16 PRESIDING OFFICER:

17 Question, Mr. Rodriguez.

18 ATTORNEY RODRIGUEZ-CAYRO:

19 Yes, ma'am?

20 PRESIDING OFFICER:

21 You used the acronym STIEDA. Can you
22 define ---?

23 ATTORNEY RODRIGUEZ-CAYRO:

24 STIEDA stands for the Summit Township
25 Industrial and Economic Development Authority.

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PRESIDING OFFICER:

Thank you.

ATTORNEY RODRIGUEZ-CAYRO:

Thank you, ma'am. Thank you, Mr. Coon.

MR. COON:

Yeah.

ATTORNEY RODRIGUEZ-CAYRO:

Now, I'd like to turn to an issue which is extremely important to us as we are a Category 1. And as Chairman Fajt has noted numerous times before, horseracing is what brought us to the dance. To address this, I'm going to have Mr. Fred Buro.

FRED BURO, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AS FOLLOWS:

MR. BURO:

Sure. Presque Isle Downs invested more than \$29.9 million in construction of the racetrack, the barns and related buildings. Presque Isle Downs has one of two Tapeta track surfaces in the United States, which, as you know, is a synthetic track surface against the typical clay that's out there on most tracks.

Presque Isle Downs is also building two

1 additional barns during the year of 2011. That barn
2 construction will start just as racing concludes on or
3 about October 1st. It should take approximately 60
4 days to build the barns, barring any complications or
5 obstructions, but certainly will be completed by the
6 end of the year.

7 When Presque Isle Downs expanded to
8 accommodate table games, it spent more than \$589,000
9 on a new pari-mutuel wagering area, lawn and picnic
10 area, horsemen's bleachers and relocated benches back
11 on the apron this year. As far as wagering goes, on
12 the horseracing side, starting in 2007 on through
13 2008, 2009 and 2010, respectively, total handle was,
14 in 2007, \$19.7 million; in 2008, \$43.7 million; \$54.6
15 million in 2009; and in 2010 handle was \$54 million.
16 Total handle since its inception is \$172.5 million.

17 A couple slides ago we talked about slot
18 machines and that we had 2,030 of them. A percentage
19 of that slot revenue goes to fund the horsemen's
20 purses. In 2007 there was \$11.3 million funded to the
21 purses. In 2008 there was \$23 million and \$20.3
22 million in 2009, and in 2010, \$19.6 million, for a
23 total of \$74 million in purses funded by Presque Isle
24 Downs. Average purses per day is \$230,000. Average
25 purse per race is 28 point --- \$28,000.

1 ATTORNEY RODRIGUEZ-CAYRO:

2 Mr. Buro, how would you characterize your
3 relationship between Presque Isle Downs and the HBPA?

4 MR. BURO:

5 Our relationship started out very, very
6 good and has gotten, in my opinion, consistently
7 better. We have a very open line of communication.
8 We make sure we inform each other of our agendas and
9 our constituencies' agendas, and we work all the time
10 in a very candid fashion to make a solution that meets
11 everybody's needs.

12 ATTORNEY RODRIGUEZ-CAYRO:

13 Have you discussed the building of the
14 barns with the Racing Commission?

15 MR. BURO:

16 Yes, I have.

17 ATTORNEY RODRIGUEZ-CAYRO:

18 And who did you discuss that with?

19 MR. BURO:

20 Dan Tufano, Executive Director of Racing
21 for the Commonwealth of Pennsylvania.

22 ATTORNEY RODRIGUEZ-CAYRO:

23 And as far as you know, is the Horse
24 Racing Commission behind the plans and approval of the
25 plans that we submitted?

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MR. BURO:

Yes, they are.

ATTORNEY RODRIGUEZ-CAYRO:

Thank you very much, Mr. Buro. Madame Hearing Officer, I'd like to turn now to the business ability and experience of the company. And I'd like to turn to our President/CEO and a newly-appointed member of our Board, Jeffrey Dahl.

JEFFREY DAHL, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AS FOLLOWS:

MR. DAHL:

Uh-huh (yes).

ATTORNEY RODRIGUEZ-CAYRO:

Good morning, sir. Can you please state your name for the record?

MR. DAHL:

Jeffrey Dahl, D-A-H-L.

ATTORNEY RODRIGUEZ-CAYRO:

Mr. Dahl, how are you employed?

MR. DAHL:

I'm sorry?

ATTORNEY RODRIGUEZ-CAYRO:

How are you employed?

1 MR. DAHL:

2 I currently serve as the President and
3 Chief Executive Officer of MTR Gaming, and I'm also a
4 member of our Board of Directors.

5 ATTORNEY RODRIGUEZ-CAYRO:

6 Can you please tell this Board a little
7 bit about your education, training and experience,
8 please?

9 MR. DAHL:

10 Certainly. I have nearly 30 years,
11 probably now more than 30 years, of experience in the
12 gaming industry. I started out in the financial and
13 accounting side of the business, worked for a national
14 certified public accounting firm as a CPA auditor.
15 All my clients were gaming clients. And after several
16 years, left the firm and joined the industry directly,
17 worked for several organizations in Nevada. And in
18 1992, moved out to the regional markets in
19 Mississippi, where I served as the Chief Financial
20 Officer, and then eventually took on President and
21 General Manager duties at several properties in
22 several jurisdictions across the United States.

23 ATTORNEY RODRIGUEZ-CAYRO:

24 On the slide, it currently shows the
25 managing team at MTR Gaming Group; is that correct?

1 MR. DAHL:

2 That's correct.

3 ATTORNEY RODRIGUEZ-CAYRO:

4 If my calculations are correct --- and
5 you'll forgive me if they're not, I am a lawyer --- it
6 appears to be that there's 105 years of experience on
7 that management team?

8 MR. DAHL:

9 That's correct.

10 ATTORNEY RODRIGUEZ-CAYRO:

11 Have you had an opportunity to work with
12 Mr. Billhimer?

13 MR. DAHL:

14 Yes. I spent several years working with
15 Mr. Billhimer in a couple different situations, public
16 company situations, in Mississippi and Louisiana.

17 ATTORNEY RODRIGUEZ-CAYRO:

18 And you've had an opportunity to work
19 with Mr. Bittner and myself since coming onto this
20 Board and this company; correct?

21 MR. DAHL:

22 That's correct.

23 ATTORNEY RODRIGUEZ-CAYRO:

24 Based on your role as President, CEO and
25 member of the Board, has any information come to your

1 knowledge that would lead you to conclude that any of
2 the members of this management team are not suitable?

3 MR. DAHL:

4 No.

5 ATTORNEY RODRIGUEZ-CAYRO:

6 Let's go to the next slide, please. Are
7 you familiar with the management team at Presque Isle?

8 MR. DAHL:

9 I am.

10 ATTORNEY RODRIGUEZ-CAYRO:

11 And do you know each of these persons or
12 had a chance to introduce yourself to the folks on
13 this screen?

14 MR. DAHL:

15 I certainly have.

16 ATTORNEY RODRIGUEZ-CAYRO:

17 And once again, if my math is correct
18 here, is it correct that on that slide the management
19 team at Presque Isle has in excess of 320 years, plus
20 or minus, experience?

21 MR. DAHL:

22 I believe your math is correct.

23 ATTORNEY RODRIGUEZ-CAYRO:

24 Can you tell the Board a little bit about
25 what your experience has been since coming on to this

1 company?

2 MR. DAHL:

3 Certainly. I actually had the
4 opportunity to do a discrete observation of the
5 organization before I decided to join. And I made a
6 visit to Erie in early January, I believe --- it was a
7 pleasant day, as I recall --- and got the chance to
8 see the property as a consumer. I wasn't a part of
9 the company. No one knew who I was.

10 And I can tell you, my impressions were
11 extremely favorable. I've been in the business a long
12 time. I've run a lot of properties, but I was
13 impressed with the interaction that I had with the
14 employees at the property, just from, you know, the
15 entry point all the way through the facility.

16 And again, no one knew who I was or why I
17 was there. So, it was a terrific introduction, and
18 truly, a very big part of why I decided to join MTR
19 Gaming. I saw a lot of opportunity in the property.

20 After joining the company and now
21 spending a significant amount of time with Fred and
22 his team, I can tell you that I'm very, very proud to
23 be part of a team filled with such a qualified and
24 experienced and distinguished group of employees.
25 I've, again, been around a long time, and very proud

1 of what's been assembled here, and as the State, as
2 the Commonwealth of Pennsylvania should be as well.
3 This is a terrific group of professionals that have
4 been assembled at Presque Isle.

5 ATTORNEY RODRIGUEZ-CAYRO:

6 Based on your education, training,
7 experience and your observations since coming on, how
8 does Presque Isle Downs, MTR Gaming Group compare to
9 the other companies similarly situated?

10 MR. DAHL:

11 I would say that it's extremely
12 well-situated. We're very fortunate to have the group
13 that we've assembled.

14 ATTORNEY RODRIGUEZ-CAYRO:

15 Do you have any reason to believe that
16 the company not --- will not continue to be successful
17 moving into the future?

18 MR. DAHL:

19 No. No reason at all.

20 ATTORNEY RODRIGUEZ-CAYRO:

21 Thank you, Mr. Dahl. I'd like to move
22 next to our diversity component, but --- and for this
23 section, I'd like to introduce Mr. Frederick Clark.

24 -----

25 FREDERICK CLARK, HAVING BEEN PREVIOUSLY SWORN,

1 TESTIFIED AS FOLLOWS:

2 -----

3 ATTORNEY RODRIGUEZ-CAYRO:

4 Mr. Clark, can you please state your name
5 for the record?

6 MR. CLARK:

7 Fred Clark.

8 ATTORNEY RODRIGUEZ-CAYRO:

9 And Mr. Clark, how are you employed?

10 MR. CLARK:

11 I am the Consultant, Diversity Consultant
12 at Mountaineer Gaming.

13 ATTORNEY RODRIGUEZ-CAYRO:

14 Mr. Clark, how long have you worked with
15 MTR Gaming Group?

16 MR. CLARK:

17 I've been with MTR from the beginning,
18 five years ago.

19 ATTORNEY RODRIGUEZ-CAYRO:

20 So, did you work with prior management
21 teams?

22 MR. CLARK:

23 I've worked with every director and
24 president here at Mountaineer Gaming. And by far,
25 this is the most committed team to diversity. And as

1 all of you know, it starts at the top. It starts at
2 the top with Jeff and Fred, who are totally committed
3 to reaching the diversity commitment.

4 ATTORNEY RODRIGUEZ-CAYRO:

5 Mr. Clark, I'll allow you to go ahead and
6 start your presentation and I'll try not to interrupt
7 you too many times here.

8 MR. CLARK:

9 Okay. Clark Resources, President/CEO.
10 We're a certified NDE firm with the Commonwealth of
11 Pennsylvania. We've represented Hershey Foods, Penn
12 State, the Brenner (phonetic) Prison Project here,
13 currently going on, Chester County soccer stadium.
14 We've been involved with Fortune 500 companies. And I
15 have to tell you that the diversity plan that we are
16 under way with at Mountaineer Gaming and Presque Isle
17 Downs is one of the best in the country.

18 The historical achievement, if you look
19 at the numbers and you see the numbers --- and I won't
20 steal my colleague's thunder, Rosanne Thompson ---
21 you'd be very, very impressed. That number of 3.3
22 percent is significant in our industry. And one of
23 the things that we're moving towards is --- best
24 practices --- is local participation, which we're
25 going to start monitoring very, very soon. But local

1 participation is a new benchmark, is a new trend, in
2 diversity.

3 Next slide. As I said before, the
4 overall commitment. I can't say it enough. We could
5 have policies and procedures, which we do have here at
6 Mountaineer Gaming. They're in the book and they have
7 a diversity plan, but without the commitment at the
8 top, without the CEO and the President/Chairman
9 wanting to make this happen, it's just not going to
10 happen. But in this case we have individuals from the
11 leadership team, from Rosanne, especially Rita, who
12 have done an outstanding job, outstanding job in
13 making sure that the diversity plan is in effect.

14 The diversity commitment, good faith
15 effort, is basically the best practice that's
16 occurring right now in the industry of diversity, and
17 that's being applied across the Board. And basically,
18 as it talks about requirements, but still, the good
19 faith effort policy and benchmark is what we're trying
20 to implement here and continue to implement here at
21 Presque Isle Downs.

22 Simply put, to conclude, is that there
23 are certain people that talk the talk, but here, with
24 Jeff Dahl and Fred Buro and Nick Rodriguez and the
25 team, not only do they talk the talk, but they walk

1 the walk, and it's indicated and reflected in the
2 numbers. Thank you.

3 ATTORNEY RODRIGUEZ-CAYRO:

4 Next slide, please. Next, I'd like to
5 introduce Ms. Rosanne Thompson.

6 -----

7 ROSANNE THOMPSON, HAVING BEEN PREVIOUSLY SWORN,
8 TESTIFIED AS FOLLOWS:

9 -----

10 ATTORNEY RODRIGUEZ-CAYRO:

11 Ms. Thompson, can you please state your
12 name for the record?

13 MS. THOMPSON:

14 I can. It's Rosanne Thompson,
15 R-O-S-A-N-N-E, T-H-O-M-P-S-O-N.

16 ATTORNEY RODRIGUEZ-CAYRO:

17 Ms. Thompson, how are you employed?

18 MS. THOMPSON:

19 I'm currently the Director of Human
20 Resources for Presque Isle.

21 ATTORNEY RODRIGUEZ-CAYRO:

22 Can you please tell this honorable Board
23 a little bit about your training, education and
24 experience?

25 MS. THOMPSON:

1 Sure. I've been born and raised in Erie,
2 went to school, grade school, high school and college,
3 in the area. Majored in accounting, got out of
4 college and got into human resources. So, I have
5 nearly 22 years' experience in human resources. I've
6 been employed at Presque Isle Downs since prior to the
7 opening in October of 2006.

8 ATTORNEY RODRIGUEZ-CAYRO:

9 Okay. Ms. Thompson, please proceed with
10 your presentation.

11 MS. THOMPSON:

12 Mr. Clark talked a little bit about our
13 diversity commitment. And I want to talk a little bit
14 about the results of that commitment in our workforce.
15 If you take a look at our demographics, currently 44
16 percent of our workforce is over the age of 40, and 43
17 percent is female. Eighteen (18) percent of our
18 workforce are persons of color, which is over double
19 that of Erie County's rate of eight percent. And 913
20 of our employees are PA residents.

21 Looking at our management team, 85
22 percent of the PID management team is over the age of
23 40, and 38 percent of it are female. At the MTR
24 executive level, 25 percent are persons of color, and
25 all are over the age of 40.

1 In order to ensure a diverse workforce,
2 the company, in conjunction with our diversity
3 consultant, has made community outreach a priority
4 since we've started. Since 2007 we've conducted or
5 participated in 17 job fairs in Erie County. We've
6 sent speakers to local schools, social service
7 organizations, and various diversity-related round
8 tables 25 times.

9 We firmly believe in working with our
10 community partners to help us recruit and retain our
11 employees. When I started in late 2006, early 2007,
12 we had 21 partnerships with organizations in the
13 community. At the end of 2010 we increased that
14 number to 40 different partnerships, and over a
15 hundred individuals have been hired as referrals from
16 these partnerships.

17 In addition, we held vendor fairs to
18 reach out to MBE and WBE vendors. We've attended
19 events to meet minority and women vendors and become
20 acquainted with the products and services they offer.
21 And we spoke at the Governor's Advisory Commission on
22 African American Affairs Business Exchange, which was
23 held here in Erie.

24 ATTORNEY RODRIGUEZ-CAYRO:

25 Thank you, Ms. Thompson. Mr. Buro.

1 -----
2 FRED BURO, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AS
3 FOLLOWS:
4 -----

5 ATTORNEY RODRIGUEZ-CAYRO:

6 Mr. Buro, are you aware of any honors or
7 recognitions that have been bestowed to the company?

8 MR. BURO:

9 Yes, there are several.

10 ATTORNEY RODRIGUEZ-CAYRO:

11 Can you please describe these to the
12 Board?

13 MR. BURO:

14 Sure. Presque Isle Downs has been the
15 benefactor of several awards, the first of which was
16 the Governor's Employer Honor Roll, from the
17 Department of Public Welfare, for hiring people on the
18 Welfare to Work Program in partnership with St.
19 Benedict's Education Center. Presque Isle Downs also
20 received United Way Gold Award for outstanding
21 community service. Presque Isle Downs received an
22 award entitled Voices for Independence, in recognition
23 of its willingness to employ individuals with
24 disabilities.

25 And finally, Presque Isle Downs received

1 the Dr. Gertrude A. Barber National Institute Employer
2 of the Year Award for work at the Employment
3 Opportunities Center for both hiring and retention.
4 I can tell you that that award is special to us
5 because we hired mentally-challenged individuals. And
6 I can tell you that we have a strong commitment to
7 that and see them and work with them and encourage
8 them every day. And we have an over 70 percent
9 retention rate on those individuals.

10 ATTORNEY RODRIGUEZ-CAYRO:

11 Mr. Buro, as the President/GM at Presque
12 Isle Downs, do you encourage your employees to become
13 part of the community, to integrate the community?

14 MR. BURO:

15 Absolutely. The community in Erie County
16 has been and will remain one of our top priorities.
17 And as you'll remember, when we expanded table games,
18 we made a commitment to Erie. And all of our dealers
19 were, for the most part, Erie residents and no prior
20 dealing experience, no prior dealing experience when
21 you're a lot of people trying to come to Erie and seek
22 these jobs that had prior experience.

23 We have held our --- we held our
24 commitment and trained these individuals, and you
25 know, so many of them are still with us now. We're

1 very happy and committed to this, extremely.

2 ATTORNEY RODRIGUEZ-CAYRO:

3 Thank you, Mr. Buro. Ms. Lloyd, earlier
4 you referred to written submissions. One of the
5 letters we've received has been marked as Exhibit 5.2
6 and is in Presque Isle Downs' evidentiary binder, a
7 copy of which will be provided to you and has been
8 provided to OEC. I would like to have the letter from
9 Representative Florinda Fabrizio read into the record.

10 PRESIDING OFFICER:

11 That's fine.

12 ATTORNEY RODRIGUEZ-CAYRO:

13 Mr. Dahl, can you please do the honors?

14 MR. DAHL:

15 Certainly. This letter is dated April
16 29th, 2011, addressed to Mr. Fred Buro. Thank you for
17 your invitation to testify on behalf of Presque Isle
18 Downs & Casino. Unfortunately, I cannot attend the
19 License Renewal Hearing being held May 3rd, 2011 due
20 to legislative commitments in Harrisburg. I would,
21 however, like to voice my full-throated support for
22 the renewal of PID'S gaming license.

23 I have served as Vice Chairman of the
24 House Gaming Oversight Committee for two terms. I
25 have seen the tremendous impact gaming has had on the

1 Commonwealth of Pennsylvania, both statewide and in my
2 own backyard.

3 As our economy has struggled through the
4 great recession of the past three years, I have
5 continued to marvel at the unparalleled growth of the
6 gaming industry in Pennsylvania. While unemployment
7 statewide doubled to a high of 8.8 percent in the
8 winter of 2010, PID has added thousands of direct and
9 indirect jobs here in Erie County. In fact, PID is
10 one of Erie County's largest employers.

11 The slots and table game operations of
12 PID have been an outstanding success. Since the first
13 coin was dropped in February 2007, patrons have won
14 nearly \$8 billion from PID slot machines. Table games
15 debuted in July 2010, and that opened PID's doors to
16 an expanded clientele that has generated an additional
17 \$15 million in play.

18 Because of PID, Erie is home to a
19 thriving horseracing community that many experts
20 declared was on its deathbed before the General
21 Assembly invested in the industry in 2004. Slots
22 revenue from the casino has contributed more than \$82
23 million to the Racehorse Development Fund. PID has
24 constructed a state-of-the-art racetrack that provides
25 a family friendly form of entertainment five days a

1 week from mid May until October each year, in addition
2 to year-round simulcasting.

3 PID has also benefited its surrounding
4 community as an upstanding corporate citizen. For the
5 past several years, residents of Erie County have had
6 property tax bills that are \$200 lower than they
7 would've been without gaming in Pennsylvania.

8 Because of PID, the Erie County Gaming
9 Revenue Authority has access to more than \$27 million
10 in PID slot revenue to reinvest in
11 community-development projects. And PID is an
12 unquestionable tourist attraction, as a survey of the
13 out-of-state license plates in the facility's parking
14 lot can confirm.

15 Presque Isle Downs & Casino is an
16 all-encompassing entertainment destination that hosts
17 gaming, horseracing, fine dining, concerts and other
18 diverse events. It has been a job creator and an
19 economic boom to northwest Pennsylvania. It has
20 helped Erie become a tourist destination and has
21 established itself in the fabric of the community.

22 I encourage the Pennsylvania Gaming
23 Control Board to renew Presque Isle Downs' Gaming
24 License so that the people of Erie and visitors from
25 around the world can continue to enjoy all the

1 facility has to offer. Sincerely, Representative
2 Fabrizio.

3 ATTORNEY RODRIGUEZ-CAYRO:

4 Thank you, Mr. Dahl. Ms. Lloyd, a second
5 letter was received from Barbara Chaffee. It's dated
6 May 3rd, has been marked as Exhibit 5.8 and will be
7 --- and is part of the evidentiary binder, which I
8 will move the admission of shortly. If it pleases the
9 Board, may I please have Fred Buro read this letter
10 into the record?

11 PRESIDING OFFICER:

12 Yes.

13 ATTORNEY RODRIGUEZ-CAYRO:

14 Thank you.

15 MR. BURO:

16 The letter's from Barbara C. Chaffee, the
17 President and CEO of the Erie Regional Chamber and
18 Growth Partnership. I am Barbara Chaffee, the CEO and
19 president of the Erie Regional Chamber and Growth
20 Partnership, and my testimony is on behalf of that
21 organization.

22 We believe that Presque Isle Downs &
23 Casino has served as a vital economic and community
24 development concern within the Erie County region.
25 Presque Isle Downs & Casino is a major employer for

1 the community with 916 employees year round and an
2 additional 125 employees during the summer months.

3 Visitation to Presque Isle Downs has
4 increased daytrip tours into the region, generating
5 increased tax revenue that benefits the region and the
6 Commonwealth. Presque Isle Downs has been committed
7 to working within Erie in promoting other regional
8 tourism assets with motor coach, bus tours, who ---
9 whose primary destination is the casino operation.

10 The ongoing operation and success of
11 Presque Isle Downs & Casino are vitally important,
12 because proceeds from gaming activity will help
13 stabilize, preserve and grow regional assets that are
14 essential to tourism, talent, attraction and the
15 quality of life in Erie. Additionally, this funding
16 stream is going to support other essential economic
17 development initiatives throughout Erie County and a
18 potential community college that would address
19 significant workforce development challenges in the
20 region.

21 On behalf of the nearly 900 members and
22 approximately over 72,000 employees that the Erie
23 Regional Chamber and Growth Partnership represents, we
24 urge you to renew the license of Presque Isle Downs &
25 Casino. Gratefully, Barbara C. Chaffee.

1 ATTORNEY RODRIQUEZ-CAYRO:

2 Thank you, Mr. Buro. Ms. Lloyd, pursuant
3 to the discussions held at the pre-hearing conference
4 and discussion with OEC, we had a stipulation for the
5 admission of the evidence. However, just for the
6 record, I'll ask Mr. Dahl --- I'd like to ask Mr. Dahl
7 just a couple questions.

8 -----

9 JEFFREY DAHL, HAVING FIRST BEEN PREVIOUSLY SWORN,
10 TESTIFIED AS FOLLOWS:

11 -----

12 (PID Exhibits One through Five marked for
13 identification.)

14 ATTORNEY RODRIGUEZ-CAYRO:

15 Mr. Dahl, have you had a chance to review
16 this evidentiary binder, which contains Exhibits One
17 through Five, inclusively, or the subparts?

18 MR. DAHL:

19 Yes, I have.

20 ATTORNEY RODRIGUEZ-CAYRO:

21 Are all the documents contained therein
22 accurate and correct to the best of your knowledge?

23 MR. DAHL:

24 Yes, they are.

25 ATTORNEY RODRIGUEZ-CAYRO:

1 Ms. Lloyd, I'd move for the admission and
2 request permission to approach the bench and ---

3 PRESIDING OFFICER:

4 Yes.

5 ATTORNEY RODRIGUEZ-CAYRO:

6 --- deliver a copy.

7 PRESIDING OFFICER:

8 We'll mark as PID Exhibit One, or have
9 you ---?

10 ATTORNEY RODRIGUEZ-CAYRO:

11 I've marked them as Exhibits One through
12 Five. They're in one binder.

13 PRESIDING OFFICER:

14 Okay. Then we'll do that.

15 ATTORNEY RODRIGUEZ-CAYRO:

16 And then I will ask if the slide
17 presentation could be marked as Presque Isle Downs
18 Exhibit Six.

19 (PID Exhibit Six marked for
20 identification.)

21 PRESIDING OFFICER:

22 Okay. So marked.

23 OFF RECORD DISCUSSION

24 ATTORNEY RODRIGUEZ-CAYRO:

25 This will conclude our presentation.

1 Thank you, Ms. Lloyd.

2 PRESIDING OFFICER:

3 Okay. Mr. Creany, do you have any
4 objections to move Exhibits One through Six?

5 ATTORNEY CREANY:

6 No. Director Lloyd, the OEC has no
7 objections to the admission of the Exhibits One
8 through Six presented by Presque Isle this morning.

9 PRESIDING OFICER:

10 Okay. We will turn over to any Cross
11 Examination you might have of the witnesses, Mr.
12 Creany.

13 ATTORNEY CREANY:

14 Okay. Thank you. For the record, my
15 name is Barry Creany. That's, C-R-E-A-N-Y. I'm
16 Deputy Chief Enforcement Counsel for the OEC of the
17 Gaming Control Board. I just had a few questions in
18 follow-up. Maybe I'll put them out there, Mr.
19 Rodriguez, and you can direct them to the appropriate
20 party to address them.

21 I know when Mr. Bittner was --- or I'm
22 sorry, it was probably Mr. Buro --- was talking about
23 the economic impact. And he mentioned a figure of
24 \$241 million in the initial capital development of
25 this casino. Does that include the follow-up

1 investments relative to the table games?

2 MR. BURO:

3 Yes.

4 ATTORNEY CREANY:

5 I'm sorry. Is it the Director of
6 Finance ---?

7 MS. THOMPSON:

8 Yes, it includes table games.

9 ATTORNEY CREANY:

10 Okay. Thank you very much. There's been
11 a lot of talk about the impacts the table games have
12 on slots and slots have on table games and such. And
13 I wanted to just ask, whoever appropriate, if you can
14 give us any insight as to what synergy there may have
15 been through your one-year experience with the two
16 being offered at the casino. Have you had any
17 detectable increases in one or the other, or
18 decreases, et cetera?

19 MR. BURO:

20 Regarding revenues? With the additional
21 --- with the addition of table games, we did
22 experience increased visitation on the slot side, as
23 well.

24 ATTORNEY CREANY:

25 And one of the other things that I know

1 the Board's concerned about at times is what has the
2 employment change been when you added the table games?
3 From what number of employees with mere slots to now
4 having table games and slots offered?

5 MR. BURO:

6 We're still holding at around the 960
7 FTEs. I can tell you that there were no layoffs with
8 the revenue projections on gaming being a bit more
9 robust than they turned out to be, actually. But
10 through natural attrition and the process, we have had
11 no layoffs and we seem to be holding --- through
12 proper scheduling and the use of full time and part
13 time employees, we seem to be holding very steadily in
14 these numbers.

15 ATTORNEY CREANY:

16 And you threw out an acronym. I was
17 going to ask next what --- you said FTEs. Are these
18 960 employees, full time, part time, seasonal? How do
19 they break down?

20 MR. BURO:

21 There's probably about 720 to 850,
22 depending on the time of the year, full-time
23 employees, and the balance would fall into the
24 part-time category.

25 ATTORNEY CREANY:

1 And for the race season, what is the
2 add-on in terms of those seasonal racing side workers?

3 MR. BURO:

4 There's an additional 120, approximate,
5 that are added on for racing.

6 ATTORNEY CREANY:

7 With respect to these employees, and it
8 might differ by categories that you've addressed, are
9 we talking --- what, you know, benefits come with it
10 and what type of --- maybe if you have a general idea
11 as to whether this is a living wage, average wages and
12 such?

13 MR. BURO:

14 You know, I can give you my opinion and
15 generalize it, but Rosanne Thompson, I think, could
16 really --- can speak to some of the benefits
17 specifically.

18 ATTORNEY CREANY:

19 Okay.

20 MS. THOMPSON:

21 In addition to their salaries, we offer
22 major medical plans that are extremely affordable. An
23 individual can have the best coverages of medical,
24 dental and vision for under a hundred --- under a
25 hundred dollars a month, meals, uniforms, paid

1 holidays, vacation time. We have a 401(k) plan, where
2 the company matches the employee's contribution 50
3 percent, up to the first four percent of their income.
4 So, we're trying to help people plan for their
5 retirement.

6 We carry life insurance. The employee
7 doesn't contribute at all. There's short-term
8 disability, long-term disability, a number of --- it's
9 up to the employee what they choose to elect. The
10 wages, you know, there's a lot of tip positions, but
11 in general, when we --- we use an average of \$12 an
12 hour, which is very sustainable for the Erie area, and
13 that number does not include the benefits and things
14 like that on top of it.

15 ATTORNEY CREANY:

16 Thank you very much, Ms. Thompson. I
17 know that as with all casinos, there have been
18 challenges and problems encountered over the years.
19 The OEC will be prepared to present, by way of a
20 stipulation, general information of formal regulatory
21 matters that have been resolved between both the
22 Gaming Control Board and Presque Isle, and also the
23 Pennsylvania State Police Law --- Liquor Control
24 Enforcement Office.

25 And maybe I can direct this to Mr. Buro.

1 What have you learned at Presque Isle, ---

2 MR. BURO:

3 Uh-huh (yes).

4 ATTORNEY CREANY:

5 --- as an organization, from these
6 problems that have been encountered, and how have you
7 adapted to them?

8 MR. BURO:

9 I've learned that it's a never-ending
10 process of refinement and awareness, because nothing
11 ever stays the same. We are committed to keeping
12 minors off of our gaming floor. We're committed to
13 providing a good customer experience. We're committed
14 to adhering to the underage drinking laws.

15 So, although we've had, you know, some
16 issues out there, we don't view it as just a security
17 problem or a surveillance problem. These are things
18 that we collectively work together and view it as our
19 collective responsibility. And we're constantly
20 looking at ways to reform the way we did it prior.

21 For instance --- and I can thank one of
22 our members of security, Mr. Joe Smith, for bringing
23 in this plan called the 10/5 rule. The 10/5 rule is
24 --- you know, let's not wait until they get right up
25 to the security podium. When they're ten feet away,

1 make eye contact. When they're five feet away, start
2 having a conversation.

3 After a couple of issues that we had on
4 the floor, we've challenged people --- instead of
5 anybody that looks under the age of 30, we challenge
6 people now that look under the age of 40, to be sure.
7 And I can tell you that --- and I'll read a statistic
8 if you'll indulge me.

9 ATTORNEY CREANY:

10 Sure.

11 MR. BURO:

12 In 2010 there were a total of 97
13 turnaways, and we found three fraudulent IDs. Since
14 we've ramped up this program and worked collectively
15 as a group of executives, from slot attendants to cage
16 managers and bartenders and everybody on the floor
17 working collectively and communicating with security
18 and with surveillance, in the first five months --- in
19 the first four months of 2011, there were 302 denied
20 entries, compared to the total of 97 in 2010, and we
21 found 12 fraudulent IDs.

22 We have limited the number of access
23 doors to the property, and we've brought them down and
24 our entrances down from 16 to 4, and we've funneled
25 and channeled the guests to come through so they'd

1 have to pass the podiums. And we have other ideas
2 with rotating management and surveilling fixed posts.
3 So, it is a very strong commitment of ours.

4 We self-report every opportunity that
5 comes up. We're severe in our position on the floor,
6 where if we sense that there may have been a minor
7 that got through, we won't stop and try to identify
8 that minor on the gaming floor and then immediately
9 self-report that.

10 I can tell you, regarding
11 self-exclusions, our surveillance department has done
12 a remarkable job with finding 29 self-excluded patrons
13 on the floor. Security found four. The Players' Club
14 --- Players' Club. These are hourly employees who
15 identified self-excluded patrons. Slot operations
16 located --- cage located some. And of course, PGCB
17 has also done a wonderful job working hand in hand
18 with us and has identified eight.

19 The point is that --- the extent to which
20 we go to monitor and adhere to our commitment on
21 compulsive, excessive behavior in gambling, especially
22 as it relates to excluded patrons, our surveillance
23 department developed a system where they have a
24 database of over 2,400 photographs of excluded
25 patrons.

1 And up in surveillance, in the
2 surveillance room, these photographs continually
3 rotate several seconds. And I can tell you that in
4 addition to watching the games and protecting the
5 integrity of the games and watching security and post,
6 they, through that process, have identified self-
7 exclusions and have taken the necessary steps to make
8 sure that they don't gamble on the property.

9 ATTORNEY CREANY:

10 Thank you very much. I have no further
11 questions of any of the Presque Isle witnesses at this
12 time. Thank you.

13 ATTORNEY RODRIGUEZ-CAYRO:

14 Thank you, Mr. Creany.

15 PRESIDING OFFICER:

16 I have, and some of the Commissioners
17 have, some questions of Presque Isle Downs, so we'll
18 start with Commissioner Ginty. Any questions? How
19 about Commissioner McCall? Any questions?

20 COMMISSIONER MCCALL:

21 Yes. This question would go to Mr.
22 Bittner. On your financial suitability and viability,
23 there's no page number, but you have debt maturities
24 in June of 2012 and July of 2014, \$125 million and
25 \$260 million. That's \$385 million in debt maturity.

1 And I'm just wondering, what is the impact on your
2 bottom line with those maturities coming in, in '12
3 and '14? And is that number reflected in your net
4 revenue, which is shown on the next page?

5 MR. BITTNER:

6 The bottom line would be reflective of
7 interest expense, \$45 million to \$50 million of total
8 interest expense, according to the related
9 amortization and financing cost. We're currently
10 working with our advisor in evaluating our financing
11 alternatives, recognizing that the first comes due in
12 June of 2012. It's not reflected in either the net
13 revenue number or the earnings before interest,
14 depreciation and taxes, either ---.

15 COMMISSIONER MCCALL:

16 It's considerable, and it just concerned
17 me when I looked at it. The second question --- and I
18 guess Mr. Buro was going to answer this question. I
19 read the editorial, the Sunday editorial, the Erie
20 Times. And it relates to horseracing. And I
21 certainly --- I don't want to be a Monday quarterback
22 on this, but it's just interesting in the article that
23 you were dropping Sunday races and you were moving
24 race times from 5:30 to three o'clock.

25 And there was concern in that editorial

1 about --- you know, the summer months, you know,
2 people tend to be at Presque Isle, swimming and
3 enjoying the lake, that, you know, you may not get the
4 patronage at the facility. And I'm just curious to
5 hear, you know, what your thought or your thoughts are
6 in changing these times, because it seems to me when I
7 read the editorial, the Sunday day races were kind of
8 like a fan favorite. They're being eliminated; is
9 that true?

10 MR. BURO:

11 Well, actually ---.

12 COMMISSIONER MCCALL:

13 The way I read the article? Maybe I read
14 it wrong.

15 MR. BURO:

16 Actually, I think the article probably
17 spoke to the change on the time on Saturday racing
18 from 5:30 down to ---

19 COMMISSIONER MCCALL:

20 3:00?

21 MR. BURO:

22 --- earlier in the afternoon, yeah, three
23 o'clock. And then the Sunday racing change actually
24 happened last year or the year before, and it's been
25 in place for at least my tenure on property. And the

1 reason for that was Presque Isle Downs is a transient
2 location with a lot of tourism, especially on the
3 weekends.

4 And people are on their way out of
5 Presque Isle Downs by, you know, 2:00 or three
6 o'clock, and they're heading back to Buffalo, they're
7 heading back to Pittsburgh and they're heading back to
8 Cleveland. And we see that on our gaming floor as
9 well.

10 In addition to that, there's a lot of
11 competition out there for the racing signal on
12 Sundays, so I think it was in everybody's best
13 interest to forget the Sunday and pick up a Tuesday.
14 And that made a lot of sense. It was equitable, I
15 believe, for everybody.

16 Regarding the time change for racing on
17 Saturdays, that's something that we did do this year.
18 And you know, there's a lot of thought that goes into
19 that. We invested so much money in the property, as I
20 stated earlier, over a half a million dollars, with
21 the expansion of table games to include a family
22 picnic area and benches. And you know, we find that
23 notwithstanding our commitment to minors on the gaming
24 floor, that we are committed wholeheartedly to
25 supporting racing and helping develop interest in

1 racing. And as much as I'm a marketer, create new
2 silos of customers for racing. And I think that if it
3 is family and they are younger people that you're
4 after, they're not the ones that are going to be out
5 there Saturday night gambling on horses. Saturday
6 makes a lot more sense.

7 In addition to that, the property is
8 property constrained. There's a bridge and there's
9 bottleneck, and there's people coming and going on the
10 property. And they're walking between cars. And when
11 you look at the start of racing and the peak time of
12 gaming, there is a conflict there.

13 So, again, we came up with what we felt
14 was an equitable solution for all parties, the racing
15 constituency, racing fans and the gaming piece of our
16 business. And we believe it was a very good solution
17 for both places of business.

18 COMMISSIONER MCCALL:

19 Okay. And just for the record, I mean, I
20 think it's important to note, you know, gaming has
21 been everything and that much more in the Legislature,
22 has really been successful in Pennsylvania. But you
23 know, you still can't lose sight of the fact when
24 gaming was promulgated, first and foremost, property
25 tax reform. But really, you know, on the same par as

1 that property tax reform was to save a faltering
2 industry, and that faltering industry was gaming and
3 --- or horseracing.

4 So, you know, as regulators we keep an
5 eye on that as well to make sure that those facilities
6 are maintained and viable as well. And I just
7 appreciate your comments. Thank you.

8 MR. BURO:

9 Thank you.

10 PRESIDING OFFICER:

11 Commissioner Moscato, any questions?

12 COMMISSIONER MOSCATO:

13 No.

14 PRESIDING OFFICER:

15 And Chairman Fajt?

16 CHAIRMAN:

17 Yes. I have a couple questions to follow
18 up on Commissioner McCall's comment. And Counselor
19 Rodriguez-Cayro, thank you for getting my quote right
20 about horseracing is what brought you to the dance.
21 I'm often --- I'm used to being misquoted, so --- but
22 you got that right. I applaud ---.

23 ATTORNEY RODRIGUEZ-CAYRO:

24 We won't do that to you, Mr. Chairman.

25 CHAIRMAN:

1 Thank you. But the horseracing is
2 important, and I can tell you that we will be watching
3 those numbers to see what the attendance is on the
4 horseracing with the change in the time, and also what
5 the betting is. So, we'll pay attention to that.

6 Mr. Buro, you mentioned earlier about
7 employing people with disabilities. What types of
8 disabilities do those folks have, and what types of
9 jobs would they be employed at?

10 MR. BURO:

11 Mr. Chairman, with all due respect, may I
12 defer your question to the --- my head of HR, Rosanne
13 Thompson, will have that detail.

14 CHAIRMAN:

15 Absolutely.

16 MR. BURO:

17 Thank you.

18 CHAIRMAN:

19 Thank you.

20 MS. THOMPSON:

21 The range of disabilities is incredible.
22 The two awards that we received for --- specifically,
23 we have some employees who are disabled and in
24 wheelchairs. One of them started off in the Players'
25 Club, but now actually works in HR as a training

1 specialist, delivering training to employees.

2 The Barber Center award that we received
3 was primarily for the Employment Opportunities Center,
4 which are typically people with mental disabilities.
5 And they're primarily working in food and beverage,
6 but we've also had some people working in
7 housekeeping, in grounds keeping, more general
8 labor-type jobs.

9 But beyond the ones that we received
10 awards for --- you know, I mean, we have people with
11 hearing disabilities, with visual impairments. And
12 they're all throughout the casino in all departments.

13 CHAIRMAN:

14 Thank you. Your average salary, Ms.
15 Thompson, you had mentioned that the average salary
16 --- and I want to clarify this, because it seemed a
17 little low to me. You had mentioned \$12 an hour, so
18 if I do my math, 2,000 hours a year, typical for ---?

19 MS. THOMPSON:

20 About \$26,000.

21 CHAIRMAN:

22 About \$24,000 to \$26,000?

23 MS. THOMPSON:

24 But if you add in the benefits and things
25 like that, you're looking at about \$30,000 to \$35,000.

1 CHAIRMAN:

2 Okay. And does that encompass everybody
3 across your --- all of your full-time employees?
4 That's just not the hour --- or the tip employees?

5 MS. THOMPSON:

6 No, it's not just tip, it's hourly
7 employees ---.

8 CHAIRMAN:

9 Okay. But the \$26,000 average salary
10 includes everybody? It includes everybody at this
11 table ---?

12 MS. THOMPSON:

13 No, it's hourlies.

14 CHAIRMAN:

15 Okay. I'm sorry. It's just the hourly
16 employees. Could you get for the Board --- and if you
17 have it now, I'll take the information now, but I'd
18 like to know the average salary of the 780 or so
19 full-time employees you have at Presque Isle Downs.

20 MS. THOMPSON:

21 I can get that for you. I don't have ---

22 CHAIRMAN:

23 Right.

24 MS. THOMPSON:

25 --- it off the top of my head.

1 CHAIRMAN:

2 Thank you. And one last comment, more
3 than a question. And this is for everybody here, and
4 I'm not getting paid to make this public service
5 announcement.

6 Your representatives in Harrisburg, and
7 particularly Representative Fabrizio, who serves in
8 the House Oversight Committee, and Senator Jane Earll,
9 who serves as Chairman of the Senate Oversight
10 Committee, they do a great job. And they are in
11 contact with our staff literally every week, sometimes
12 every day, sometimes a couple times a day. So, they
13 pay attention to this asset here in Erie County. And
14 I just want to let you know, they do a great job on
15 your behalf.

16 PRESIDING OFFICER:

17 Any follow-up questions, based on those
18 questions, from PID?

19 ATTORNEY RODRIGUEZ-CAYRO:

20 No, ma'am.

21 PRESIDING OFFICER:

22 Mr. Creany?

23 ATTORNEY CREANY:

24 No further questions.

25 PRESIDING OFFICER:

1 Okay. Then we will move to the
2 presentation from OEC.

3 ATTORNEY CREANY:

4 OEC would like to call Lieutenant William
5 Gordon from the Pennsylvania State Police as our first
6 witness.

7 OFF RECORD DISCUSSION

8 ATTORNEY CREANY:

9 As I introduced myself earlier, I'm
10 Deputy Chief Enforcement Counsel Barry Creany.
11 Pursuant to the Gaming Act, the Bureau of
12 Investigations and Enforcement (BIE) was established
13 within the Gaming Control Board to perform various
14 functions, including the review and investigation of
15 all applications. The OEC was established within the
16 BIE as the prosecutor for all non-criminal regulatory
17 violations, and to advise the BIE on all matters,
18 including licensing.

19 Presque Isle Downs, as was demonstrated
20 in their presentation, was approved for a Category 1
21 Slot Machine Operator's License on December 20, 2006.
22 It has filed a Renewal Application in a timely manner.

23 And as provided for in the Gaming Act,
24 the initial license continues in effect until the
25 Board makes a determination as to the disposition of

1 Presque Isle's Renewal Application. The BIE has
2 undertaken a background investigation, and today the
3 OEC would like to present testimony and documentary
4 evidence relating to Presque Isle Downs' Renewal
5 Application.

6 As was presented by Presque Isle in its
7 presentation, there have been significant changes in
8 the casino since December 20th, 2006, both the
9 facility development and Presque Isle Downs and MTR
10 organization. The slot casino was opened in February
11 of 2007. The track was constructed and racing
12 commenced.

13 Just last summer, Presque Isle was
14 approved for a gaming --- or a table gaming
15 certificate, and the facility is now a complete
16 racino. And it operates in perhaps the most regulated
17 industry in the Commonwealth. This regulatory
18 environment may not be apparent to the public.
19 However, there is rigorous oversight, and it's all for
20 a reason. It's for the purpose of public protection.

21 First, from the standpoint of the Board,
22 we examine and review the ownership interests of the
23 casino and the finances of the casino to determine the
24 suitability of the entity to hold a license.
25 Likewise, all employees are examined for their

1 suitability. And employees, entities and all those
2 who are licensed have a duty to maintain suitability.

3 Now, that is our overview of what we have
4 licensed in the Commonwealth. But from the consumer,
5 from the patron of the facility, from the community's
6 vantage point, I think these things are very
7 important, because there are different impacts that a
8 casino can have. In 2006 there was a lot of
9 discussion about what may come in areas where there
10 was never any types of gambling.

11 Although this is a racing license
12 associated with the racing industry, until February of
13 2007 we really hadn't seen racing in Erie County area
14 for about 20 years, I believe.

15 And it's important for a number of
16 reasons. One, the public needs to know that things
17 are safe when you go into a casino. Both the
18 operations are running in a safe manner, and you're
19 not going to be a victim of a crime when you enter a
20 casino. Likewise, there's an interest in the
21 Commonwealth and the Board, particularly, to ensure
22 that those people who have problems, compulsive or
23 problem gambling-type situation, that there's a
24 network for the treatment of these individuals and a
25 mechanism to prevent them from engaging in activity

1 that is, you know, to their detriment.

2 Today, OEC would like to elicit the
3 testimony from several groups who share responsibility
4 for regulating the various aspects of the activity
5 within the casino. At this time I'd like to call as
6 the first witness Lieutenant William Gordon of the
7 Pennsylvania State Police.

8 -----

9 LIEUTENANT WILLIAM L. GORDON, HAVING BEEN PREVIOUSLY
10 SWORN, TESTIFIED AS FOLLOWS:

11 -----

12 ATTORNEY CREANY:

13 Good morning, Mr. Gordon. Will you
14 please state your name for the record and spell your
15 last name?

16 LIEUTENANT GORDON:

17 Lieutenant William L. Gordon,
18 G-O-R-D-O-N.

19 ATTORNEY CREANY:

20 Lieutenant Gordon, initially, just give
21 us a general sense of your background and your
22 training within the State Police, and what it is that
23 brought you to your current position that we'll get to
24 in the Pennsylvania State Police?

25 LIEUTENANT GORDON:

1 I have 25 years on the State Police. I
2 started as a trooper in Washington County and came to
3 Erie County. I actually was a trooper at the Warren
4 Barracks, and I worked my way back to home, where I
5 live in Warren County, and then started making rank
6 and worked up in Erie at the barracks as a corporal,
7 and then as a sergeant.

8 And then I ran Warren Barracks,
9 Pennsylvania State Police, for seven years until I
10 made lieutenant in January of 2007 and took the job I
11 currently have as Western Section Commander with the
12 Pennsylvania State Police Gaming Enforcement Office.
13 I supervise the troopers in five of the ten casinos
14 that operate in Pennsylvania.

15 ATTORNEY CREANY:

16 Lieutenant Gordon, with respect to just
17 this casino, though, are you saying that since 2007,
18 you've been familiar with the activity of Presque Isle
19 Downs?

20 LIEUTENANT GORDON:

21 Yes.

22 ATTORNEY CREANY:

23 And if I got it right, you have a broader
24 background in the northeast in the Erie County area
25 and surrounding counties as to the, you know, overall

1 history of criminal activity in the northeast?

2 LIEUTENANT GORDON:

3 In Northwestern Pennsylvania, that's
4 correct.

5 ATTORNEY CREANY:

6 Northwestern, that's right. Straighten
7 that out. But with respect --- you know, for the
8 record, could you please describe your current role in
9 the Pennsylvania State Police? You've stated that
10 you're Commander, but what does that entail?

11 LIEUTENANT GORDON:

12 It entails supervising our 11 troopers
13 that we have in each one of the casinos and
14 periodically going there and --- hands-on, working
15 with them and what goes on in the casinos relative to
16 crimes.

17 ATTORNEY CREANY:

18 For the record, could you describe the
19 role that the Pennsylvania State Police serves in the
20 overall regulation of the Pennsylvania casinos?

21 LIEUTENANT GORDON:

22 We do background checks. We do
23 fingerprinting for employment, as well as the --- in
24 Presque Isle for the Horse Racing Commission, and
25 enforce the laws in the Commonwealth.

1 ATTORNEY CREANY:

2 And when you're talking about enforcement
3 of laws, are you talking specifically to criminal
4 laws?

5 LIEUTENANT GORDON:

6 Specifically, the troopers we have in the
7 casinos take care of the crimes that are committed on
8 the gaming floor in Pennsylvania.

9 ATTORNEY CREANY:

10 And we've alluded to the state policemen
11 who were working in the casinos. How is it that the
12 Pennsylvania State Police has determined best to
13 address policing activity of casinos? What is your
14 structure, your setup, with those types of coverage?

15 LIEUTENANT GORDON:

16 We have our troopers in the casino, and
17 any crime that's investigated or that happens in
18 casinos, we investigate them all.

19 ATTORNEY CREANY:

20 What is going on in --- specifically, can
21 you give us an idea of some of the types of duties and
22 responsibilities of your troopers within the casinos?
23 What are they doing on a day-to-day basis?

24 LIEUTENANT GORDON:

25 A good bit of their time is taken up with

1 the fingerprinting of the people for employment. And
2 also we investigate voucher thefts, criminal
3 mischiefs, item four violations, which would be the
4 table game violations.

5 ATTORNEY CREANY:

6 And are they involved in any oversight,
7 any monitoring, of the transporting of funds and the
8 jobs and things that go on day-to-day with casinos?

9 LIEUTENANT GORDON:

10 We review that, and when available, we
11 accompany them.

12 ATTORNEY CREANY:

13 Could you clarify where your
14 jurisdictional limit is with respect to the State
15 Troopers who are within a casino, doing the work
16 there? Where does your work leave off and local law
17 enforcement come into play?

18 LIEUTENANT GORDON:

19 Well, relative to Presque Isle, Summit
20 Township is controlled by the State Police in Erie, so
21 we have jurisdiction throughout the --- primary
22 jurisdiction throughout the whole area, including the
23 outside. However, our primary role is to take care of
24 the crimes inside the casino.

25 If there's something that happens out in

1 the parking lot, the State Police at the Erie Barracks
2 is notified, and they take care of it. If we can
3 assist in any way, we certainly do.

4 ATTORNEY CREANY:

5 And just in a general sense and on a
6 statewide basis, do you feel from your experience in
7 this position for several years that this current
8 structure of the State Police has been able to provide
9 effective criminal law enforcement in the casinos?

10 LIEUTENANT GORDON:

11 Absolutely.

12 ATTORNEY CREANY:

13 And with respect to Presque Isle, has the
14 Gaming Enforcement Office of the Pennsylvania State
15 Police observed a --- I mean, just generally, what is
16 the level of crime activity that you've observed?

17 LIEUTENANT GORDON:

18 Presque Isle is the --- what I would term
19 a slower pace casino. Presque Isle does not have the
20 kind of crime you would observe in downtown
21 Pittsburgh, obviously.

22 ATTORNEY CREANY:

23 And let's just turn our attention to the
24 last full calendar year. So, for the year 2010, could
25 you give us an idea of what types of --- what are the

1 common types of criminal activity that your troopers
2 are noting in the casino at Presque Isle?

3 LIEUTENANT GORDON:

4 The biggest crimes in a casino are the
5 --- what's termed up on your slide as theft larcenies,
6 voucher thefts, basically, or thefts from an ATM where
7 people don't pick up their money.

8 ATTORNEY CREANY:

9 So, you've referred to the slide that's
10 up, but why don't you, for the record, tell us, are
11 you familiar with what is being projected here at the
12 hearing this morning?

13 LIEUTENANT GORDON:

14 Yes.

15 ATTORNEY CREANY:

16 What is that on the slide?

17 LIEUTENANT GORDON:

18 That's the Pennsylvania Uniform Crime
19 Reporting System, UCR System control.

20 ATTORNEY CREANY:

21 And is this something that is available
22 to the public?

23 LIEUTENANT GORDON:

24 Yes. They can access that by
25 www.ucr.state.pa.us.

1 ATTORNEY CREANY:

2 So, what does this slide --- what type of
3 information is it projecting?

4 LIEUTENANT GORDON:

5 This specifically is talking about crimes
6 that occurred at Presque Isle Downs' casino since we
7 have our own UCR input that we put in specifically for
8 the casino.

9 ATTORNEY CREANY:

10 Well, how frequently is this information
11 updated?

12 LIEUTENANT GORDON:

13 It's updated monthly by the 10th of the
14 month following --- like, say, by May 10th, April will
15 be submitted.

16 ATTORNEY CREANY:

17 Is the information that's presented in
18 these UCR reports subject to, you know, future
19 editing?

20 LIEUTENANT GORDON:

21 Yes, it would be subject to editing. If
22 you found a case, it would be unfounded at a later
23 date.

24 ATTORNEY CREANY:

25 I believe that's helpful to explain ---

1 first, there are columns presented in this slide that
2 show your comparison between 2010 and --- 2009. The
3 top headers are talking about known offenses, actual
4 offenses and then cleared offenses. Can you give us
5 an idea of what that means?

6 LIEUTENANT GORDON:

7 Known offenses are any offenses that are
8 initially reported to us, and actual offenses would be
9 ferreting out the ones that are unfounded.

10 ATTORNEY CREANY:

11 And what's cleared?

12 LIEUTENANT GORDON:

13 The cleared cases would be the ones that
14 we either are going to accept a clearance on --- and
15 most of those would be where people just --- the
16 victim no longer wishes to pursue it, or that we made
17 an arrest, you know.

18 ATTORNEY CREANY:

19 You probably answered part of it, but I'm
20 just going to ask. Do all of the ones that are actual
21 offenses result in prosecutions?

22 LIEUTENANT GORDON:

23 No.

24 ATTORNEY CREANY:

25 And beyond where a victim doesn't want to

1 go forward with the prosecution, what happens to
2 others that are not prosecuted?

3 LIEUTENANT GORDON:

4 Well, if a person didn't want to
5 prosecute, we would not pursue it any farther. These
6 are the ones that are --- the only ones that aren't
7 prosecuted.

8 ATTORNEY CREANY:

9 But at times when these go to the
10 District Attorney, do they have the option of pursuing
11 it or not? Is that something ---?

12 LIEUTENANT GORDON:

13 Yes. In an infraction, the District
14 Attorney has the option to pursue, yeah.

15 ATTORNEY CREANY:

16 Now, when you look just at raw numbers,
17 it seems like there's some crime going on at the
18 casinos, but I want to get down into beneath these
19 numbers. And you have experience from the State
20 Police in the whole region. And I'd like to just have
21 your insight as to the differences of what you're
22 seeing going on at a casino and what you see in the
23 general, you know, Erie County area in terms of, say
24 --- let's start with theft. What type of thefts are
25 we talking about in a casino?

1 LIEUTENANT GORDON:

2 Usually theft of lost or mislaid property
3 would be the majority of what you're seeing right
4 there. And out in the community, very seldom would
5 you find anything like theft. If somebody dropped a
6 \$20 bill at the gas station down the road, that
7 wouldn't be reported to the State Police or any law
8 enforcement, generally. However, in the casino,
9 people understand that we have enforcement everywhere,
10 and you know, they can get the money back, probably,
11 if they report it to us.

12 ATTORNEY CREANY:

13 And how about a little insight as to how
14 that has aided the State Police in its investigation
15 of some of these crimes relative to the surveillances
16 of the casino?

17 LIEUTENANT GORDON:

18 Oh, having the cameras and working with
19 Presque Isle Downs and their surveillance, that ---
20 it's tremendous. I mean, you know, we will go up and
21 talk to them. And usually by the time we get there,
22 they know exactly what we're talking about and they've
23 taken and zoomed in on who we want and see if they're
24 still in the casino so we can locate them. And
25 generally, obviously, we like to get ahold of people

1 before they leave the casino as opposed to trying to
2 pursue them outside.

3 ATTORNEY CREANY:

4 With this, there's one category here.
5 And you go down through and there are understandable
6 offenses presented. There are some forgeries and
7 counterfeiting that's, you know, pursued, but you get
8 into a category of other, and it's 42 in 2010, as
9 known. What comprises that category? Can you give us
10 an idea of what falls into that?

11 LIEUTENANT GORDON:

12 Yes. Generally, what you're looking at,
13 the difference between 2009 and 2010 there would be
14 the table game numbers have come up since July of
15 2010.

16 ATTORNEY CREANY:

17 And what do you mean by the table games
18 numbers? What crimes are associated with that?

19 LIEUTENANT GORDON:

20 Well, you'd be looking at any Title 4
21 violation, underage gaming, trespass, underage
22 drinking, Title 4 bet capping.

23 ATTORNEY CREANY:

24 And bet capping is a method of cheating;
25 is it not?

1 LIEUTENANT GORDON:

2 Correct.

3 ATTORNEY CREANY:

4 So, those kinds of things are going to be
5 just generally grouped in that category that now is
6 presented as other?

7 LIEUTENANT GORDON:

8 That's correct, and are under 260 UCR.

9 ATTORNEY CREANY:

10 And you know, just for the record, when
11 you're talking about Title 4, you're talking about the
12 Gaming Act's specific criminal offenses that are the
13 responsibility of PSP to police?

14 LIEUTENANT GORDON:

15 Correct.

16 ATTORNEY CREANY:

17 From the information that PSP has that's
18 nonpublic and from what we can see here on the Uniform
19 Crime Report, is there any --- have you been able to
20 identify any trends or patterns of activity that is
21 unique to Presque Isle Downs & Casino?

22 LIEUTENANT GORDON:

23 Presque Isle is pretty typical of the
24 casinos in Pennsylvania.

25 ATTORNEY CREANY:

1 And can any conclusions be drawn as to
2 the impact that these casinos, including Presque Isle,
3 have had upon the patrons, the communities and the
4 Commonwealth in general, solely based upon these crime
5 statistics in the UCR report?

6 LIEUTENANT GORDON:

7 I can find nothing here in general.

8 ATTORNEY CREANY:

9 Okay. How about with respect to the work
10 that your troopers are doing day to day within the
11 casino, what relationship have you had with the staff
12 of Presque Isle Downs, and specifically the people of
13 surveillance, security and even the executive
14 management personnel? What has the relationship been?

15 LIEUTENANT GORDON:

16 It's been very --- a very good
17 relationship, everyone at the casino. And anything we
18 ask of them, they comply with.

19 ATTORNEY CREANY:

20 Have they made day-to-day incidents that
21 may result in reports from surveillance and the
22 security available to your troopers?

23 LIEUTENANT GORDON:

24 Yes, they have.

25 ATTORNEY CREANY:

1 And to the extent you've asked them for
2 any additional information on those types of
3 incidents, have they ever created any problems in
4 providing it?

5 LIEUTENANT GORDON:

6 No, we're provided full access as
7 required.

8 ATTORNEY CREANY:

9 What about when you've had one of these
10 and you're investigating and you want them to
11 reproduce the surveillance tapes, has there been any
12 hesitation on their part?

13 LIEUTENANT GORDON:

14 Very good relationship and have no qualms
15 about giving us anything.

16 ATTORNEY CREANY:

17 Now, in addition to the casino staff or
18 the personnel from Presque Isle, there are also
19 representatives of the Board that work in here ---
20 Casino Compliance Representatives, what's the
21 relationship that you experience between your office
22 and the Casino Compliance people at Presque Isle?

23 LIEUTENANT GORDON:

24 They have been very good to work with,
25 and anything we need help with, they help us and

1 vice-versa.

2 ATTORNEY CREANY:

3 So, overall, are you satisfied with the
4 level of cooperation that the Pennsylvania State
5 Police have had with Presque Isle?

6 LIEUTENANT GORDON:

7 Yes, I am.

8 ATTORNEY CREANY:

9 From your perspective, have you any
10 issues or concerns with Presque Isle that have not
11 been addressed that you believe need to be addressed
12 prior to the renewal of this application?

13 LIEUTENANT GORDON:

14 No, I do not.

15 ATTORNEY CREANY:

16 Lieutenant Gordon, is there anything
17 further you'd like to put in the record at this time?

18 LIEUTENANT GORDON:

19 No.

20 ATTORNEY CREANY:

21 Thank you, sir.

22 PRESIDING OFFICER:

23 Before you walk away, Lieutenant, ---

24 LIEUTENANT GORDON:

25 Okay.

1 PRESIDING OFFICER:

2 --- an opportunity for Mr. Rodriguez to
3 Cross examine you.

4 ATTORNEY RODRIGUEZ-CAYRO:

5 Thank you, Ms. Lloyd. I have no
6 questions on Cross Examination. However, I do want to
7 thank you and the State Police for your efforts at the
8 property and for the courtesy and professionalism you
9 and the rest of your team there have exhibited. Thank
10 you.

11 PRESIDING OFFICER:

12 Now you can walk away.

13 ATTORNEY CREANY:

14 Next, the OEC would like to call Mr.
15 Jerry Stoll, Gerald Stoll.

16 CHAIRMAN:

17 Barry, do you have another slide you want
18 up?

19 ATTORNEY CREANY:

20 No, that's it.

21 CHAIRMAN:

22 That's it? Okay.

23 -----
24 GERALD STOLL, HAVING FIRST BEEN DULY SWORN, TESTIFIED
25 AS FOLLOWS:

1 -----

2 MR. STOLL:

3 It's Gerry, S-T-O-L-L.

4 ATTORNEY CREANY:

5 Mr. Stoll, in what capacity are you
6 currently employed?

7 MR. STOLL:

8 I'm the Director of the Bureau of
9 Consumer Compliance of the Gaming Board.

10 ATTORNEY CREANY:

11 Now, how long have you been with the
12 Gaming Control Board?

13 MR. STOLL:

14 I've been with the Board five-and-a-half
15 years.

16 ATTORNEY CREANY:

17 And prior to that time, how were you
18 employed?

19 MR. STOLL:

20 Prior to my employment with the Board, I
21 was employed by the State of New Jersey in the
22 capacity of a trooper. Started at general road duty
23 trooper until 1983, when I was assigned to the
24 Division of Gaming Enforcement, which is the
25 regulatory body in New Jersey that regulated the

1 casinos down there.

2 I spent approximately 19 years and change
3 in the casino industry. And I just, you know,
4 embraced the regulatory plus criminal responsibility
5 that the State Police had. And you know, I thought
6 that my experience would, you know, work well in
7 Pennsylvania, so ---.

8 ATTORNEY CREANY:

9 And Mr. Stoll, for the record, you've
10 identified yourself as Director of the Bureau of
11 Casino Compliance. Could you please explain what it
12 is that is done by the Bureau of Casino Compliance?

13 MR. STOLL:

14 All right.

15 ATTORNEY CREANY:

16 What are your responsibilities?

17 MR. STOLL:

18 All right. The Bureau of Casino
19 Compliance, we are the actual group on the ground. We
20 have employees assigned to each facility. We have
21 nine compliance representatives and one supervisor
22 that are on duty 24 hours, seven days a week at every
23 facility. They are the information superhighway
24 between Harrisburg and all the regulatory bureaus and
25 departments with the PGCB and the casinos.

1 Actually, you know, we interact daily,
2 where we, you know --- we have a responsibility to the
3 casino, to the Commonwealth and to the patrons who
4 access the casino.

5 ATTORNEY CREANY:

6 So, if I have it correct, then, your ---
7 In the administrative level within the chain of
8 command, in each casino you have your supervisor, and
9 then you have your staff casino representatives.
10 Let's talk about what the --- first, the casino
11 compliant agents. What do they do on a day-to-day
12 basis in the casinos?

13 MR. STOLL:

14 Well, on a day-to-day basis they handle
15 many, many issues. They handle all customer
16 complaints, patron complaints. They are totally
17 involved in the drop and the count of the table game
18 revenue, which, since the implementation of table
19 games, our responsibility increased exponentially.
20 So, it's very labor-intensive, and you know, we make
21 sure that the funds that are collected in the table
22 game drop are, you know, counted appropriately and
23 that the Department of Revenue gets the --- you know,
24 the proper count of the table game revenue.

25 ATTORNEY CREANY:

1 In addition to that financial type of
2 monitoring, is there an oversight function that the
3 agents are playing on behalf of the Board relative to
4 other incidents that are occurring?

5 MR. STOLL:

6 Oh, absolutely. It's multiphase
7 responsibility. You know, initially what we'll do is
8 we'll make sure that their internal controls on the
9 property agree with our regulations, and we'll work
10 with the property to, you know, find the best
11 practices and things that work.

12 There's very good communication between
13 our staff and Presque Isle management. We are treated
14 professionally, and you know, I believe there's a
15 partnership.

16 ATTORNEY CREANY:

17 Well, beyond those that --- at least on
18 the ground level that you described as your agency or
19 out there at any casino, what are the, maybe,
20 additional duties that your supervisor is performing
21 at each casino?

22 MR. STOLL:

23 The supervisor has to, you know, assure
24 that the proper staffing is maintained. You know, the
25 supervisor takes care of all of the operational plans

1 pertaining to the gaming floor. He has to do
2 evaluations on the staff. He, daily, communicates
3 with security, surveillance, management staff for any
4 issues that arise. And it's a fluid situation where,
5 you know, you must talk almost on a daily basis.

6 And you know, we try to use --- you know,
7 the way other properties have, you know, solved issues
8 that are consistent throughout the industry. And we
9 just try to actually provide, you know, what
10 information may be beneficial to the property, and we
11 do many, many reports. Every patron who by way of the
12 website has a complaint, our supervisor receives those
13 complaints and then designates them out to the staff
14 for investigation.

15 ATTORNEY CREANY:

16 And you had spoken about appropriate
17 staffing. I understand that the supervisor would make
18 sure that our casino compliance people are staffed,
19 but were you talking about that or the staffing of the
20 facility?

21 MR. STOLL:

22 Oh, as the facility ramps up, you know,
23 we work intimately with security surveillance to
24 identify the minimum staffing level necessary that ---
25 for the casino to protect themselves from, you know,

1 underage drinkers, gamblers, you know, any, you know,
2 events where, you know, players might try to take
3 advantage of any, you know, weekly or game. You know,
4 I think we try to give them as much information as
5 possible to, you know, allow them to succeed.

6 ATTORNEY CREANY:

7 Now, are your agents involved in any
8 relationship or interactions with GTECH, which is a
9 vendor for the Board?

10 MR. STOLL:

11 Yes. GTECH is the vendor who controls
12 Central System. And you know, at different points in
13 time, when there are issues with communication from a
14 particular slot machine, our staff is available to go
15 and get a physical meter reading or to interact with
16 the slot department onsite to, you know, solve those
17 communications' issues or ---.

18 ATTORNEY CREANY:

19 When you were speaking just now, the
20 connectivity, are you talking about when there is some
21 disruption of the connection with the --- between the
22 slot machine or their central computer system?

23 MR. STOLL:

24 Yes, that is correct.

25 ATTORNEY CREANY:

1 And what sorts of activities would be
2 performed in that regard?

3 MR. STOLL:

4 Well, what they would do is they would go
5 actually and physically take the meter readings from
6 the machine. Also, you know, we have our
7 technical ---

8 ATTORNEY CREANY:

9 Uh-huh (yes).

10 MR. STOLL:

11 --- support staff who actually will come
12 out, and you know, help the property to --- they'll
13 restore communication or bring their codes up to an
14 acceptable level there.

15 ATTORNEY CREANY:

16 How would you characterize the
17 relationship that your agents have with the members of
18 Presque Isle Downs' organization? And you mentioned
19 the surveillance and security, but generally, can you
20 comment overall, the table games, Human Relations, the
21 Human Resources office, the people in compliance, even
22 executive management, how has the relationship been in
23 this renewal period?

24 MR. STOLL:

25 All right. The relationship with the

1 Presque Isle staff has been professional, you know,
2 very, very, very cooperative. You know, they listen.
3 You know, they realize that, you know, our intention
4 is not to, you know, have them fail, but to succeed.
5 You know, they're very focused to the many, many
6 issues that can arise. And I'm pleased with, you
7 know, the level of expertise and cooperation that we
8 get on a daily basis.

9 ATTORNEY CREANY:

10 Now, earlier when Lieutenant Gordon was
11 testifying, he was alluding to the fact that
12 surveillance is pretty much ubiquitous throughout the
13 casino; it's everywhere. Do you have access to those
14 surveillance cameras?

15 MR. STOLL:

16 We do.

17 ATTORNEY CREANY:

18 And do you have a dedicated access that
19 you can see anywhere that they are monitoring in the
20 casino?

21 MR. STOLL:

22 Yes, we have, actually, override
23 capability that, you know, if there's a conflict
24 between surveillance and our own system, our
25 controller will override their, you know, attempt to

1 use that particular camera.

2 ATTORNEY CREANY:

3 And it's a question I should've asked
4 Lieutenant Gordon, but if you can answer for me. Does
5 the State Police, likewise, have that type of
6 capability to monitor through their own access?

7 MR. STOLL:

8 No. There's one monitoring station
9 that's located in the office and we share ---.

10 ATTORNEY CREANY:

11 You share with the State Police. Now,
12 with respect to that, are you able to see what they're
13 looking at, at any given time?

14 MR. STOLL:

15 Yes.

16 ATTORNEY CREANY:

17 So, you know what they're monitoring.
18 Are you able to know where there's been an incident
19 within the casino?

20 MR. STOLL:

21 Sure. We monitor all the radio
22 transmissions that generate from security surveillance
23 and even, you know, the slot department. And you
24 know, our folks are there 24/7, and they actually
25 recognize the ebb and flow of patrons. They, you

1 know, know most of the employees by sight and by name.

2 ATTORNEY CREANY:

3 So, if there's a radio communication,
4 surveillance to security or wherever within the casino
5 that results in some form of incident, are you able to
6 access any reports that the casino has generated on
7 those incidents?

8 MR. STOLL:

9 Yes, we are.

10 ATTORNEY CREANY:

11 And generally, you know, what has the
12 relationship been? Have you had any difficulty
13 obtaining any of those incident reports?

14 MR. STOLL:

15 No.

16 ATTORNEY CREANY:

17 When you get incident reports, your
18 organization, the Bureau of Casino Compliance, has a
19 function for the Board. And also, when it reaches a
20 regulatory, there's, you know, another pending type of
21 duty that you have relative to items that might go
22 into enforcement, how do you process those types of
23 reports from an incident occurring in a casino to
24 getting it to --- either it's resolved within Casino
25 Compliance or it goes over as a referral to some

1 agency within the Board?

2 MR. STOLL:

3 We do basically activity reports and
4 enforcement reports. Anything where there's a
5 violation of the regulations, internal controls, you
6 know, that would be directed to an enforcement action,
7 which if the report is completed, we do a direct
8 referral to OEC for, you know, their final
9 adjudication.

10 You know, we try to be, you know, very,
11 very, you know, accurate, and you know, we try to be
12 on top. And we will refer every even minor incident
13 over just so, you know, a true picture can be
14 developed as to the, you know, performance of every
15 casino.

16 ATTORNEY CREANY:

17 Now, Mr. Stoll, we heard the testimony
18 from Presque Isle relative to how they've approached
19 --- and everyone has their challenges --- but how
20 they've approached those kinds of issues that are
21 things that they need to adapt to. We heard the
22 discussion of self-reporting. Do you believe that
23 there has been a prompt and adequate self-reporting of
24 any incidences from Presque Isle?

25 MR. STOLL:

1 I do believe that, yes.

2 ATTORNEY CREANY:

3 And I guess going, you know, to the
4 bigger picture, have you --- what is your overall
5 opinion relative to the cooperation that you've
6 received from Presque Isle on any matters arising from
7 any incidences in the casino?

8 MR. STOLL:

9 You know, the whole staff at Presque
10 Isle, you know, I'm personally familiar. You know, we
11 were there from the beginning, opened the casino.
12 They've always been professional. You know, I respect
13 them and I hope that they respect me.

14 But you know, it's a pretty well-oiled
15 team at this point in time, you know, everybody moving
16 in the same direction, and you know, very aware of,
17 you know, inadequacies and moving ahead and trying to
18 fix them. And you can only expect a hundred percent
19 performance, and I think that's, you know, where
20 Presque Isle is today.

21 ATTORNEY CREANY:

22 Now, we had just heard from Lieutenant
23 Gordon, and it's not --- it's a restricted area, but
24 basically, State Police, their gaming office and your
25 agents, the Casino Representative Office, share a

1 space in Presque Isle. And it involves --- beyond
2 just those, you know, personal relationships and
3 encounters, but more on the professional level, on the
4 day-to-day basis, what has the interaction been
5 between your agents and the Pennsylvania State Police
6 in Erie?

7 MR. STOLL:

8 It's been a professional relationship and
9 we have a very cordial relationship as well.

10 ATTORNEY CREANY:

11 How would you characterize that
12 relationship? Is it one that you're satisfied with,
13 or has there been hand-in-hand cooperation ---?

14 MR. STOLL:

15 It's a satisfying relationship as it is
16 today.

17 ATTORNEY CREANY:

18 Now, one of the areas --- with the
19 concerns of the public on the casino industry, ---

20 MR. STOLL:

21 Uh-huh (yes).

22 ATTORNEY CREANY:

23 --- there are a lot of different ideas of
24 what it might've brought to Pennsylvania. In 2006
25 there was a lot of apprehension about what's going to

1 come in with gaming. And a couple areas; one was
2 crime. And we've heard from the State Police on that.

3 Another area is it's, you know, negative
4 impact on the individual, the family, the community,
5 as to a gambling problem. Does the Bureau work with
6 Presque Isle relative to any problem gaming, or you
7 know, compulsive gambling ---

8 MR. STOLL:

9 Uh-huh (yes).

10 ATTORNEY CREANY:

11 --- problems that might arise?

12 MR. STOLL:

13 Yes, we do. You know, Presque Isle has a
14 --- you know, a process in place that identifies those
15 at risk. And also, I mean, we work with Compulsive
16 and Problem Gaming to accept, you know, those that
17 want to enter the Exclusion List at the property. You
18 know, there's signage --- you know, available for
19 those, that is provided by Presque Isle. And you
20 know, they have members referring somebody who wants
21 to exclude --- for enrollment ---.

22 ATTORNEY CREANY:

23 Now, Mr. Stoll, when you and I were
24 preparing for these hearings, you brought up something
25 I wasn't even aware of, but I think you mentioned

1 credit restrictions. What is that and how does the
2 Office of Casino Compliance work into that area?

3 MR. STOLL:

4 We administer, since the implementation
5 of table games, the voluntary credit suspension, where
6 --- program. You know, that is where an individual
7 can, you know, ask that their --- that the casinos do
8 not provide credit to them. You know, we take their
9 information and then circulate their name to every
10 other casino in the Commonwealth to prevent any casino
11 from extending credit to that particular individual.

12 ATTORNEY CREANY:

13 And just relative to the collection of
14 taxes, that was presented in Presque Isle as to how
15 much has been paid into the State. Are you aware of
16 any issues that have arisen with respect to collection
17 of taxes that you may have learned from the Department
18 of Revenue?

19 MR. STOLL:

20 Not at Presque Isle.

21 ATTORNEY CREANY:

22 And what do you know relative to if there
23 are any issues relative to the connectivity to the
24 central computer, control computer system? Have there
25 been problems with that in Presque Isle?

1 MR. STOLL:

2 No. There have been interruptions, but
3 nothing more than --- you know, those are to be
4 expected.

5 ATTORNEY CREANY:

6 And is that something that happens day to
7 day, time to time throughout the Commonwealth?

8 MR. STOLL:

9 It does.

10 ATTORNEY CREANY:

11 It's a computer kind of device, and at
12 times they crash?

13 MR. STOLL:

14 Yeah.

15 ATTORNEY CREANY:

16 So, when you're talking about the agents
17 taking readings, you're basically on a spot basis at a
18 slot or two just having an issue, but not, like, the
19 entire facility has had a reporting problem?

20 MR. STOLL:

21 No. No, what'll happen is we get notice.
22 If a slot machine is not communicating for a period of
23 24 hours, we'll get notice from GTECH that a
24 particular machine has not been communicating. And
25 you know, we'll check with the slot zone or the slot

1 team at Presque Isle to see if the machine is being
2 moved, if it's down for any reason. So, we'll
3 research that.

4 And you know, sometimes it's a team
5 switch or there's some reason why that is down, and
6 you know, we'll try to, you know, enable the
7 reestablishment of communication with the TFR. And
8 we'll find out what is going on so that information is
9 related to GTECH.

10 ATTORNEY CREANY:

11 And maybe just to go further on that. If
12 a slot has not been communicating with the system for
13 24 hours and you send your casino representative out,
14 the Casino Compliance person and gaming lab people,
15 are there ability --- is there ability to know what's
16 happened in that last 24 hours in that machine?

17 MR. STOLL:

18 Sure. Sure.

19 ATTORNEY CREANY:

20 Okay. Could you explain that?

21 MR. STOLL:

22 Yeah. You know, the machines are
23 connected to, you know, a system. What system do you
24 use here?

25 MR. BURO:

1 OASIS.

2 MS. THOMPSON:

3 OASIS.

4 MR. STOLL:

5 All right. OASIS. It's a slot
6 management system. And that system collects, you
7 know, every bit of information that is generated from
8 the slot machine. It'll collect when a door is open,
9 when, you know, a lock is keyed, when communication
10 has been interrupted, when it's been reestablished.
11 So, there is an audit trail to find out what exactly
12 occurred with a particular slot machine.

13 ATTORNEY CREANY:

14 So, it's not lost information just
15 because of the lack of connectivity?

16 MR. STOLL:

17 No.

18 ATTORNEY CREANY:

19 Now, are you aware of any issues or
20 concerns with Presque Isle Casino that have not been
21 addressed, but you believe need to be addressed prior
22 to the renewal of this license?

23 MR. STOLL:

24 No.

25 ATTORNEY CREANY:

1 Do you have anything further you'd like
2 to add for the record?

3 MR. STOLL:

4 No, sir.

5 ATTORNEY CREANY:

6 I have no further questions. There might
7 be from the Board or from the Counsel for Presque
8 Isle.

9 PRESIDING OFFICER:

10 Any questions?

11 ATTORNEY RODRIGUEZ-CAYRO:

12 Just a couple, please. Mr. Stoll, first
13 of all, to answer your question, yes, we do respect
14 you and your team, and we appreciate your
15 professionalism and your courtesy; okay?

16 MR. STOLL:

17 All right.

18 ATTORNEY RODRIGUEZ-CAYRO:

19 I do have a couple questions for you. As
20 the Director of the Bureau of Casino Compliance, would
21 you be in a position to know about the citations being
22 received by other casinos throughout the Commonwealth?

23 MR. STOLL:

24 Absolutely.

25 ATTORNEY RODRIGUEZ-CAYRO:

1 Would you agree that Presque Isle Downs
2 is one of the least-cited casinos in the Commonwealth?

3 MR. STOLL:

4 I don't know for sure. You know, the way
5 ---. You know, I see, you know, Presque Isle Down
6 being cited within my expectations.

7 ATTORNEY RODRIGUEZ-CAYRO:

8 So, we're not somewhere that we've become
9 a problem child, and we're not invisible?

10 MR. STOLL:

11 No, no.

12 ATTORNEY RODRIGUEZ-CAYRO:

13 Is that correct?

14 MR. STOLL:

15 That's correct.

16 ATTORNEY RODRIGUEZ-CAYRO:

17 Thank you very, very much, sir.

18 MR. STOLL:

19 You're welcome.

20 PRESIDING OFFICER:

21 Okay?

22 ATTORNEY CREANY:

23 There's nothing further. Thank you very
24 much, Mr. Stoll.

25 MR. STOLL:

1 Thank you.

2 ATTORNEY CREANY:

3 Next I'd like to call as a witness Liz
4 Lanza, from the Office of Compulsive and Problem
5 Gambling.

6 -----

7 ELIZABETH LANZA, HAVING BEEN PREVIOUSLY SWORN,
8 TESTIFIED AS FOLLOWS:

9 -----

10 MS. LANZA:

11 Good morning.

12 ATTORNEY CREANY:

13 Good morning. Ms. Lanza, will you please
14 state your full name and spell your last name for the
15 record?

16 MS. LANZA:

17 Sure. My name's Elizabeth Lanza. The
18 last name is, L-A-N-Z-A.

19 ATTORNEY CREANY:

20 Could you give us a short idea of your
21 educational background, and specifically, how long
22 you've been employed by the Gaming Control Board's
23 Office of Compulsive and Problem Gambling?

24 MS. LANZA:

25 Sure. I have a Bachelor's degree in

1 Public Policy from Pennsylvania State University.
2 I've been with the Board since 2005. I've been with
3 the Office of Compulsive and Problem Gambling since
4 2007.

5 ATTORNEY CREANY:

6 And what is your position within the
7 Office of Compulsive and Problem Gambling?

8 MS. LANZA:

9 I'm the Director.

10 ATTORNEY CREANY:

11 And as Director, what are some of the
12 duties and functions that you are responsible for?

13 MS. LANZA:

14 There are several. One of them is the
15 review and approval of the Compulsive and Problem
16 Gambling Plan. According to the Board's regulations,
17 each facility, each casino, must have an approved
18 Compulsive and Problem Gambling Plan prior to the
19 start of gaming. And I review these plans to make
20 sure that they address everything in the regulations,
21 and I approve them, as well as all of the attachments
22 to the plan.

23 We also maintain the Self-Exclusion List,
24 which is a program where people come to us to ban
25 themselves from going into casinos in Pennsylvania.

1 So, we maintain that, as well as maintenance of the
2 Exclusion List. And we also communicate with other
3 agencies within the Commonwealth and also other
4 problem gambling agencies and organizations within the
5 U.S. and within the Commonwealth.

6 ATTORNEY CREANY:

7 Okay. First, to build on that, you had
8 talked about two things, that you maintain lists, that
9 you said first Self-Exclusion and then Exclusion.
10 What is the Exclusion List and who gets on it?

11 MS. LANZA:

12 The Exclusion List is non-voluntary, as
13 --- the Self-Exclusion List is voluntary, a person
14 must sign themselves up. The Exclusion List is not
15 voluntary, and it's anyone who is caught, for
16 instance, cheating in a casino. They will go on the
17 list. The Board puts them on the list, and we
18 maintain that list on the website.

19 ATTORNEY CREANY:

20 And then to build on that,
21 self-exclusion, what is that and how do you get on it?

22 MS. LANZA:

23 Uh-huh (yes).

24 ATTORNEY CREANY:

25 And how long does one stay on that list?

1 MS. LANZA:

2 The Self-Exclusion List is, like I said,
3 voluntary. It's confidential. A person who has a
4 gambling problem will come to somebody within my
5 office or Jerry Stoll's office at the casinos, and
6 they will sign --- put their names on the list. They
7 will sign up for self-exclusion. And it's basically
8 banning themselves from entering the casinos within
9 Pennsylvania.

10 They can sign up for one year, five years
11 or lifetime. If they choose the one year or five
12 years, they can come back to us once that time period
13 is over and remove themselves. If they are --- yeah,
14 if they are caught violating, if they're caught at a
15 casino while on the list, they will be subject to
16 arrest for trespass. So, in that aspect we also work
17 with the Pennsylvania State Police.

18 ATTORNEY CREANY:

19 And I was going to say, then, that
20 self-excluded person who's been on the list and for
21 whatever reason is found inside a casino might be
22 shown up one of those Uniform Crime Reports as a
23 trespass?

24 MS. LANZA:

25 Right.

1 ATTORNEY CREANY:

2 Now, in addition to the Compulsive and
3 Problem Gambling Plan approval that you were
4 describing --- and we'll go into that a little further
5 --- does the Office of Compulsive and Problem Gambling
6 also have a relationship with the Department of Health
7 relative to, you know, some --- I mean, basically
8 because of the mandate of the Gaming Act?

9 MS. LANZA:

10 Yes, we do. We meet with the Department
11 of Health a few times a year and discuss different
12 aspects of the Act. Under the Gaming Act, the
13 Department of Health receives at least \$2 million
14 annually from gaming funds for the treatment of
15 compulsive gambling.

16 ATTORNEY CREANY:

17 And that leads me --- you had talked
18 about people with problems. And you're saying
19 problem. Is compulsive and problem gambling
20 recognized as a disease?

21 MS. LANZA:

22 Yes, it's recognized as an addiction.
23 Approximately one to three percent of the population
24 has a gambling addiction.

25 ATTORNEY CREANY:

1 Now, your duties as the Director of
2 Compulsive and Problem Gambling, beyond working with
3 the Department of Health, what is it --- what's
4 entailed in your review and your approval of the
5 Compulsive and Problem Gambling Plan?

6 MS. LANZA:

7 Well, what happens when the Licensees
8 initially submit their applications, they submitted a
9 draft form of their Compulsive and Problem Gambling
10 Plan, along with attachments to the plan. I review
11 the plans. I have a form checklist that I use for
12 every plan, and that lists the regulations, and I go
13 through and make sure everything is mentioned in the
14 plan.

15 If I have any issues with anything, I
16 will contact the casino directly, let them know, you
17 know, my problems. It's a very open dialogue back and
18 forth while reviewing the plans, but once everything
19 is in place, I do approve the plan and all of the
20 attachments.

21 ATTORNEY CREANY:

22 And in the plan, does it cover aspects of
23 how the casino's going to address people with
24 compulsive and problem gambling from a couple
25 standpoints, in particular, from training, from

1 marketing? And if you could speak to those areas,
2 give your --- give us a little insight of what's
3 entailed in the plan.

4 MS. LANZA:

5 Yes. The plan does cover the training.
6 Every employee at a casino in Pennsylvania must be
7 trained on responsible gaming and compulsive gambling.
8 And then different departments within the casinos get
9 additional departmental training.

10 For instance, surveillance, how, you
11 know, Presque Isle's saying that they have their
12 screen dedicated to self-excluded individuals'
13 pictures. That's in their plan. As far as marketing,
14 they are trained to not --- develop procedures not
15 to market to individuals on their
16 Self-Exclusion/Exclusion List, as well as any
17 underaged individuals.

18 ATTORNEY CREANY:

19 And is there a requirement of specific
20 notices to the public, either within the casino or in
21 any other marketing materials?

22 MS. LANZA:

23 Yes. Every marketing material, every
24 advertisement that a casino in Pennsylvania puts out
25 must have their problem gambling statement. This

1 statement consists of a statement and a hotline
2 number. For instance, gambling problem, call
3 1-800-GAMBLER.

4 ATTORNEY CREANY:

5 Okay.

6 MS. LANZA:

7 And I do view advertisements and
8 promotions from all of the casinos and let them know
9 if I have questions with anything. Signs are posted
10 throughout the facility that also have that 1-800
11 number on it or also ---.

12 For instance, I'll just give you a
13 rundown. Within 50 feet of each entrance and exit of
14 the facility, there must be a sign that has the
15 problem gambling statement, as well as affixed to
16 every ATM machine. The new Table Games Act required
17 that there be at least 20 signs within the facility
18 that has this problem gambling statement. And then,
19 also, within 50 feet of each entrance of the gaming
20 floor, there must be an underage sign that can say
21 something along the lines of, anyone under 21 is not
22 permitted on the gaming floor.

23 ATTORNEY CREANY:

24 So, if I understand, then, your role is
25 to put in place plans that'll keep the people that

1 statutorily or voluntarily or through the Board's
2 process of exclusion shouldn't be within the gaming
3 floor?

4 MS. LANZA:

5 Yes. In each Compulsive and Problem
6 Gambling Plan, there are policies and procedures
7 listing how the Licensee plans to prevent these
8 individuals from entering the gaming floor or from
9 participating in any gaming activity.

10 ATTORNEY CREANY:

11 Do you have any insight as to what, you
12 know, is proper or what the casinos are doing to train
13 their employees to spot people who have --- maybe, if
14 it's possible, to spot people who have the indication
15 of maybe a compulsion or problem gambling --- what is
16 that?

17 MS. LANZA:

18 Well, each facility has a compulsive
19 gambling trainer ---

20 ATTORNEY CREANY:

21 Uh-huh (yes).

22 MS. LANZA:

23 --- who comes in and trains all of their
24 employees on compulsive and problem gambling, the
25 characteristics and signs and symptoms of a problem

1 gambler as it pertains to being in a casino. All of
2 the training materials, the Curriculum Vitae of the
3 trainers, are all located within the plan, so I do get
4 to review it and make sure that the trainers fit the
5 criteria that the Board lays out in the regulations.
6 So, yes, that is all addressed in this plan.

7 ATTORNEY CREANY:

8 And we've talked about the Self-Exclusion
9 --- the excluded persons. Within your area of
10 oversight, is there a requirement that the casinos
11 notify the Office of Compulsive and Problem Gambling
12 when either an excluded or self-excluded person has
13 been caught in a casino?

14 MS. LANZA:

15 Yes. Self-excluded, excluded and
16 underage individuals, if they are caught participating
17 in gaming activities within the facilities, the
18 Licensee must contact me within 24 hours and notify me
19 of the incident.

20 ATTORNEY CREANY:

21 And has that been done in the case of
22 Presque Isle Downs, to your knowledge?

23 MS. LANZA:

24 Yes, it has.

25 ATTORNEY CREANY:

1 I understand from the Gaming Act that
2 there's also an annual --- or maybe it's within our
3 regulations --- an annual Compulsive and Problem
4 Gambling Report that the casinos need to produce to
5 the Office of Compulsive and Problem Gambling. What
6 is that and can you explain what goes into writing of
7 the report?

8 MS. LANZA:

9 Sure. We are actually currently
10 reviewing this regulation, and will be updating it.
11 It currently states that they will submit to us during
12 their license renewal. It does say annual license
13 renewal, but we will take that licensing renewal out
14 of there and just make sure that it's an annual
15 report.

16 It's basically an overall of how their
17 Compulsive and Problem Gambling Plan is working, as
18 well as statistics. I heard somebody up here state
19 earlier that they carded this many people, and
20 subsequently, this many people were turned away.

21 ATTORNEY CREANY:

22 Uh-huh (yes).

23 MS. LANZA:

24 Those types of statistics would be
25 listed. The annual cost of Compulsive and Problem

1 Gambling Plan and training, how many employees were
2 trained that year. And just to make a note, every
3 employee initially receives Compulsive and Problem
4 Gambling training, one hour, before they start. And
5 they might receive a refresher training annually every
6 year.

7 ATTORNEY CREANY:

8 And turning your attention to the Presque
9 Isle Casino, specifically, how would you characterize
10 the relationship that your office has had with Presque
11 Isle Downs' staff at any level?

12 MS. LANZA:

13 We have a great relationship. Whenever
14 they have any questions and --- or concerns, they
15 e-mail me, they call me. And I do the same.

16 ATTORNEY CREANY:

17 And you've been talking about it, but
18 with respect to a Compulsive and Problem Gambling
19 Plan, is that a plan that needs to be in effect prior
20 to the commencement of gaming?

21 MS. LANZA:

22 Yes.

23 ATTORNEY CREANY:

24 And does it, in fact, change time to
25 time?

1 MS. LANZA:

2 Yes. Actually, Presque Isle has just
3 last week submitted amendments to their plan, so I
4 will be reviewing that next week when I'm back in the
5 office. But yes, I do review the plans and any
6 amendments or changes that are made to the plans.

7 ATTORNEY CREANY:

8 And when there's a, maybe, change in the
9 gaming floor or entrance or such, and that might
10 impact on the plan, has Presque Isle been, you know,
11 straightforward in bringing this to your attention?

12 MS. LANZA:

13 Yes. I receive notice from our gaming
14 office, usually, when there's any changes to any of
15 the facilities' gaming floor, and I take a look at
16 their floor plans, just --- usually, to see how it
17 relates to security setup and also underage --- any
18 underage pathways.

19 ATTORNEY CREANY:

20 With respect to Presque Isle's treatment
21 and its implementing its Compulsive and Problem
22 Gambling Plan, are you aware of any issues with
23 respect to the training requirements in the plan as
24 not being met?

25 MS. LANZA:

1 I am not aware of any at all.

2 ATTORNEY CREANY:

3 What about with respect to the signage
4 requirements you discussed?

5 MS. LANZA:

6 I'm not aware of any discrepancies within
7 that.

8 ATTORNEY CREANY:

9 And then I think this is redundant, but
10 with respect to the reporting requirements they have,
11 you know, annual or renewal report that they have to
12 do, or even that self-reporting that happens at the
13 time of an incident, are there any issues that you
14 haven't addressed?

15 MS. LANZA:

16 No, no issues at all.

17 ATTORNEY CREANY:

18 Are you aware of any noncompliance on any
19 matters relative to the Office of Compulsive or
20 Problem Gambling that you'd like to address at this
21 time?

22 MS. LANZA:

23 No, I'm not.

24 ATTORNEY CREANY:

25 And anything further?

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MS. LANZA:

No, that's all.

ATTORNEY CREANY:

Thank you very much. I have no further questions of this witness.

PRESIDING OFFICER:

Any questions, Mr. Rodriguez?

ATTORNEY RODRIGUEZ-CAYRO:

No, ma'am. Once again, thank you for all your assistance and professionalism. I have no questions of her. Thank you very much.

PRESIDING OFFICER:

Any questions from the Board members?

Okay. Thank you.

MR. LANZA:

Thank you.

ATTORNEY CREANY:

Next, we'd like to call as a witness William Bonner.

WILLIAM BONNER, HAVING BEEN PREVIOUSLY SWORN,
TESTIFIED AS FOLLOWS:

ATTORNEY CREANY:

Good morning, Mr. Bonner.

1 MR. BONNER:

2 Good morning.

3 ATTORNEY CREANY:

4 Will you please state your full name and
5 spell your last name for the record?

6 MR. BONNER:

7 Okay. It's William, B-O-N-N-E-R.

8 ATTORNEY CREANY:

9 Okay. And at this time, in what capacity
10 are you employed?

11 MR. BONNER:

12 I'm an investigator for BIE, the Bureau
13 of Investigation.

14 ATTORNEY CREANY:

15 And prior to coming to BIE, what's your
16 background, training and experience that you've had?

17 MR. BONNER:

18 I was a police officer in Penn Hills for
19 29 years, a detective for the last 9.

20 ATTORNEY CREANY:

21 For the record, how long have you been
22 employed in this position as the investigator for the
23 BIE?

24 MR. BONNER:

25 It was five years this past January.

1 ATTORNEY CREANY:

2 And briefly describe the duties that you
3 have as an agent in the BIE.

4 MR. BONNER:

5 BIE conducts background investigations on
6 individuals and entities that are applying for gaming
7 license, permits and certification.

8 ATTORNEY CREANY:

9 And at times are you also called upon to
10 investigate incidents that might have occurred at a
11 casino?

12 MR. BONNER:

13 The CCRs handle a lot of that. Some of
14 the things we call what --- which is miscellaneous
15 reports. We'll come in if there's been an incident at
16 the casino with some of the employees.

17 ATTORNEY CREANY:

18 And have you been assigned to serve as
19 the case agent for the background investigation of the
20 Presque Isle Downs Renewal Application, which
21 includes, you know, coverage of all the Principals and
22 all the affiliated entities associated with Presque
23 Isle?

24 MR. BONNER:

25 Yes.

1 ATTORNEY CREANY:

2 And in general, what is entailed in your
3 background investigation of an applicant for renewal?

4 MR. BONNER:

5 The renewal consists of, basically, seven
6 primary things. We check the individual's criminal
7 history, civil litigation, regulatory compliance. We
8 also check for bankruptcy. We check political
9 contributions to see if they've made any political
10 contributions. We also examine their tax and their
11 finance.

12 ATTORNEY CREANY:

13 And has the BIE completed its background
14 investigation of the Presque Isle Downs Renewal
15 Application?

16 MR. BONNER:

17 Not entirely.

18 ATTORNEY CREANY:

19 When do you expect that the BIE will have
20 completed its Renewal Application investigation?

21 MR. BONNER:

22 Well, the investigative report's being
23 finalized right now, as a matter of fact. That will
24 be turned over to the OEC. You guys submit a
25 background investigation report to the Board. And my

1 best guess would probably be sometime in June.

2 ATTORNEY CREANY:

3 At the present time, does the BIE, to
4 your knowledge, have any substantive issues or
5 concerns relative to Presque Isle Downs' Renewal
6 Application?

7 MR. BONNER:

8 No.

9 ATTORNEY CREANY:

10 And is there anything else that you'd
11 like to add at this time?

12 MR. BONNER:

13 No, sir.

14 ATTORNEY CREANY:

15 I have no further questions.

16 PRESIDING OFFICER:

17 Any questions from Presque Isle?

18 ATTORNEY RODRIGUEZ-CAYRO:

19 No questions, Mr. Bonner. And once
20 again, I thank you, though, for your assistance.

21 MR. BONNER:

22 You're welcome.

23 PRESIDING OFFICER:

24 All right. Questions, Board? No.

25 ATTORNEY CREANY:

1 OEC has one more witness, but it relates
2 to what has been worked out in terms of a stipulation
3 that we'll be addressing here. But I just wanted to
4 preface the introduction for this witness with the
5 fact that all businesses encounter problems and
6 challenges along the way, and the casino business is
7 no different than any other.

8 We've entered into a stipulation with
9 Presque Isle to admit into the record documents
10 relating to all enforcement activity that has taken
11 place during this renewal period. And I'd like to
12 call as my witness, to address some of that regulatory
13 activity, Assistant Enforcement Counsel Cassandra
14 Fenstermaker. Can you please state your name and
15 spell the last name for the record?

16 ATTORNEY FENSTERMAKER:

17 Thanks. It's Cassandra with a C and
18 Fenstermaker, F-E-N-S-T-E-R-M-A-K-E-R.

19 ATTORNEY CREANY:

20 Ms. Fenstermaker, have there been formal
21 actions taken against Presque Isle Downs in the
22 renewal period?

23 ATTORNEY FENSTERMAKER:

24 Yes, there have. Since Presque Isle's
25 opening, Presque Isle Downs and the Office of

1 Enforcement Counsel have entered into three Consent
2 Agreements.

3 ATTORNEY CREANY:

4 And what is the nature of the underlying
5 activity that gave rise to those Consent Agreements?

6 ATTORNEY FENSTERMAKER:

7 Two of those Consent Agreements dealt
8 with underage patrons, a total of five underage
9 patrons gaming. And the other Consent Agreement
10 involved a self-exclusion violation.

11 ATTORNEY CREANY:

12 But outside of these activities that
13 you're talking about with Consent Agreements before
14 the Gaming Control Board, have there been any other
15 State agencies that have formal resolutions of matters
16 relative to the casino?

17 ATTORNEY FENSTERMAKER:

18 Yes, the Bureau of Liquor Control
19 Enforcement cited Presque Isle Downs for serving
20 patrons after hours and for serving underage patrons.

21 ATTORNEY CREANY:

22 Are you aware of any other activity that
23 is in the public record, of an enforcement nature?

24 ATTORNEY FENSTERMAKER:

25 No.

1 ATTORNEY CREANY:

2 Okay. Now, I have no further questions
3 of Witness Fenstermaker, but I'd just like to conclude
4 the statement relative to the stipulation that the
5 history of the enforcement actions are only relevant
6 if there's a pattern or practice that is ongoing.
7 Effective businesses and effective casino operators
8 meet their challenges, adapt their environment, and
9 they overcome their problems.

10 Self-reporting and accepting
11 responsibility when appropriate is the hallmark of a
12 good organization. Presque Isle has worked amicably
13 to resolve problems encountered, as evidenced by the
14 documents which are attached to the exhibit which I'm
15 going to move into the record.

16 And OEC would like to move at this time
17 for the admission of a stipulation that has been
18 entered between the OEC and Presque Isle Downs, Inc.
19 through its attorney, Nick Rodriguez-Cayro, which has
20 attached these formal resolutions that were identified
21 in the testimony, as well as other regulatory notices
22 and responses thereto.

23 PRESIDING OFFICER:

24 Do you have any objection, Mr. Rodriguez?

25 ATTORNEY RODRIGUEZ-CAYRO:

1 There is no objection. My understanding
2 is that these will be marked confidential and be moved
3 in.

4 PRESIDING OFFICER:

5 Any confidential information will ---

6 ATTORNEY RODRIGUEZ-CAYRO:

7 Right.

8 PRESIDING OFFICER:

9 --- remain confidential.

10 ATTORNEY RODRIGUEZ-CAYRO:

11 Thank you.

12 PRESIDING OFFICER:

13 Yes.

14 ATTORNEY CREANY:

15 Yes, and to clarify for the Board, for
16 the record, all matters that are not of public record
17 have been identified confidential in this exhibit.

18 PRESIDING OFFICER:

19 Okay.

20 ATTORNEY CREANY:

21 So, we'd move into the record the
22 stipulation between the OEC and Presque Isle Downs,
23 Inc. and label it Exhibit ---.

24 PRESIDING OFFICER:

25 You have exhibits numbered One through

1 --- in your ---?

2 (OEC Exhibit marked for identification.)

3 ATTORNEY CREANY:

4 The stipulation has Exhibits 1 through 23
5 attached and in this.

6 PRESIDING OFFICER:

7 Okay. So moved. I believe we have a
8 question from the Board.

9 CHAIRMAN:

10 Ms. Fenstermaker, the two liquor control
11 enforcement violations, when were they?

12 ATTORNEY FENSTERMAKER:

13 I'm sorry. I need to refer to ---. I'm
14 sorry. One was in July 2008, and the other was in
15 July 2009.

16 CHAIRMAN:

17 Thank you.

18 ATTORNEY CREANY:

19 And for the record, Chairman, the two
20 citations were issued when there were services to
21 patrons, at one time 2:30, and I believe they cut off
22 at two o'clock at most of the facilities. So, it
23 wasn't something that was late, late, late. But it
24 was a violation, nonetheless ---.

25 PRESIDING OFFICER:

1 Okay. Anything further, Mr. Creany?

2 ATTORNEY CREANY:

3 Nothing further, Director Lloyd. Thank
4 you.

5 PRESIDING OFFICER:

6 Anything from Presque Isle Downs at this
7 time?

8 ATTORNEY RODRIGUEZ-CAYRO:

9 No, ma'am.

10 PRESIDING OFFICER:

11 Anything further from the Commissioners
12 at this point? We will take a short break, five
13 minutes or six minutes, reconvene at 12:10 for the
14 public comment period.

15 SHORT BREAK TAKEN

16 PRESIDING OFFICER:

17 We'll begin with the public comment
18 portion of the hearing today. If you are a speaker
19 today for the public comment period, you have
20 registered with our Board clerk. I have a list of
21 those. And as I call your name, if you would please
22 come forward to the podium to the microphone over here
23 to my left, front of the room.

24 Each speaker should begin their remarks
25 by stating and spelling your name for the court

1 reporter. Please also state municipality where you
2 --- I cannot talk today --- municipality where you
3 reside, and if you are speaking on behalf of an entity
4 or community group or such, the name of that entity or
5 group.

6 All speakers will be sworn in shortly as
7 a group. If you have written notes today that you are
8 reading from, if you could give those to the court
9 reporter after you are finished, that would assist her
10 in transcribing your testimony later.

11 And please be reminded of the following
12 time limits. Elected officials each have a ten-minute
13 time limit; community groups, a five-minute time
14 limit; and individuals, three minutes.

15 To assist all speakers in adhering to
16 your time limit committed, we have a stoplight timer
17 over here (indicating), which you can see from the
18 podium. The light will show green, yellow and red.
19 When the light turns green, your time has --- allotted
20 time has begun. When the light turns yellow, you have
21 30 seconds to wrap up. And when the light turns red,
22 then beeps, we expect that you will stop speaking and
23 leave the microphone so that the next speaker can be
24 called. If you have registered to speak today, if you
25 can please stand and raise your right hand for the

1 court reporter to swear you in.

2 -----

3 WITNESSES SWORN EN MASSE

4 -----

5 PRESIDING OFFICER:

6 And we will begin with Regina Smith.

7 -----

8 REGINA SMITH, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED
9 AS FOLLOWS:

10 -----

11 MS. SMITH:

12 Good morning. My name is Regina Smith,
13 R-E-G-I-N-A, S-M-I-T-H, and I am here this morning to
14 present remarks on behalf of Senator Jane Earll, who
15 represents the 49th District within which Presque Isle
16 Downs & Casino is located. The Senator considers it a
17 great honor to be able to represent the residents
18 within the district and regrets that she's not able to
19 be here in person due to her legislative duties in
20 Harrisburg on a session day.

21 As the Chair of the Senate's Committee on
22 Community, Economic and Recreational Development that
23 has oversight of the gaming industry in Pennsylvania,
24 Senator Earll is acutely aware of the positive impact
25 that Presque Isle Downs & Casino and the other nine

1 operating casinos have brought to this area and
2 throughout the rest of the Commonwealth. At the same
3 time, the Senator is also keenly aware of the need to
4 protect the public and to ensure the integrity of
5 regulatory control and legislative oversight.

6 We appreciate the investment and economic
7 opportunity that Presque Isle Downs & Casino has
8 brought to this area, particularly given the recent
9 economic difficulties facing the Commonwealth and its
10 local communities. Residents of this area have
11 significantly benefited from the infusion of good
12 paying jobs and tax revenues, generated both directly
13 and indirectly as a result of the presence of Presque
14 Isle Downs in our community.

15 As with any other business in this
16 Commonwealth, however, it is also important that the
17 casino is and had been a good corporate citizen,
18 engaged in a positive way with the community. Presque
19 Isle Downs & Casino has honored their commitments to
20 this community and has been an excellent neighbor to
21 the residents and other businesses in the area, while
22 also ensuring a high level of oversight of its
23 operations.

24 Capital investment by Presque Isle Downs
25 & Casino in the casino and racetrack now totals 241

1 million. Charitable contributions exceed \$234,000,
2 and benefit organizations like the United Way, Early
3 Childhood Education and military veterans and their
4 children. As a result of these donations, the quality
5 of life has been enhanced.

6 Residents have benefited with property
7 tax reductions, and funds are being directed toward
8 things like the art museum, Erie Philharmonic, the
9 Flagship Niagara League, the Public Safety Training
10 Center, which trains volunteer firefighters, the food
11 bank, the drug ports and the local airport runway
12 extension project. It is particularly important to
13 note that Presque Isle Downs & Casino has generated
14 almost 1,000 jobs as a result of both its racetrack
15 and casino operations. The majority of these hires
16 were previously unemployed.

17 Most of the jobs are full time equivalent
18 positions that provide health care and pension
19 benefits and salaries that average between \$35,000 and
20 \$45,000 annually. This is no small feat, given recent
21 economic realities and the levels of unemployment
22 faced throughout the Commonwealth and the country as a
23 whole.

24 Pennsylvania State and local taxes have
25 received an infusion of 413 million plus from this

1 Erie County casino. Local businesses have positively
2 benefited from the impact of Presque Isle Downs.
3 Spending to local and regional businesses tops \$100
4 million, 365 vendors located right here in Erie
5 County. This would include small and local businesses
6 providing food, beverages, office supplies, printing,
7 landscaping and snow removal.

8 The presence of Presque Isle Downs &
9 Casino certainly enhances Erie County's tourism market
10 by attracting more individuals to the area. Bus
11 demand has increased for Erie's hotels, restaurants
12 and many other amenities and attractions.

13 Presque Isle Downs & Casino continues to
14 partner with Visit Erie in the form of joint
15 advertising and marketing, which further promotes the
16 area in a positive and enticing manner. All this in
17 turn ensures that more folks are employed locally on a
18 year-round basis and leads to the improvement of the
19 well-being of the entire community. Senator Jane
20 Earll seeks to have Presque Isle Downs & Casino
21 located in her district and is in favor of their
22 license renewal.

23 PRESIDING OFFICER:

24 Thank you. Marlin Coon. And I know you
25 testified on behalf of Presque Isle, but you have

1 registered, so if you have additional comments to
2 make ---.

3 -----
4 MARLIN COON, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED
5 AS FOLLOWS:

6 -----
7 MR. COON:

8 Maybe just a couple more. My name is
9 Marlin Coon, M-A-R-L-I-N, C-O-O-N. I want to welcome
10 the representatives of State Gaming Commission to
11 Summit Township, the proud and very fortunate host
12 municipally of Presque Isle Downs Casino and
13 Racetrack.

14 As the records show, Presque Isle Downs
15 opened their doors in February of 2007. I can proudly
16 say I'm the only supervisor still serving my community
17 that's been in office from that very first day that
18 Ted Arneault and Greg Rubino came to our township,
19 stating that Summit Township was one of the locations
20 MTR was considering to build a horse race track.

21 The site in our township they were
22 considering was complex and difficult, to say the
23 least. There were many properties involved which
24 would have to be purchased, a township road. They
25 would have to be abandoned and a considerable portion

1 of the property needed to be rezoned, all very
2 necessary if this project was to take place in our
3 community.

4 My fellow supervisors and I had many
5 decisions to make and all our residents to listen to,
6 many in favor of, many on the fence, and some opposed.
7 During all of this we knew we were also competing with
8 other locations that MTR was considering outside our
9 township.

10 I supported this project from the first
11 day. I felt it would become one of the best
12 opportunities for economic development that the Erie
13 area has seen in many years. Here I stand, five years
14 after the ribbon cutting of Presque Isle Downs to
15 testify before this Board on behalf of Presque Isle
16 Downs.

17 I'm proud to testify for Presque Isle
18 Downs and to say that Summit Township is very grateful
19 to Presque Isle Downs for the incredible financial
20 benefits Summit Township and our school district have
21 received, over \$1.6 million in real estate tax
22 annually, and an additional \$1.8 million to the
23 township from State gaming funds annually.

24 Downsides, crime, next to none;
25 prostitution, none, that I have heard of; traffic

1 problems, none. I could go on for a while talking
2 about Presque Isle Downs and what this company has
3 done for Summit and our entire community.

4 I'm very proud to say we support it
5 today. Thank you for being the representatives of
6 Pennsylvania Gaming Commission, for issuing Presque
7 Isle Downs a license for this facility in Summit
8 Township and for the benefits that our entire Erie
9 community has been experiencing from this great
10 organization.

11 PRESIDING OFFICER:

12 Thank you. Joseph Sinnott? And I
13 apologize in advance if I mispronounce anyone's name,
14 because there are a few on here that I'm not familiar
15 with.

16 -----

17 MAYOR JOSEPH SINNOTT, HAVING BEEN PREVIOUSLY SWORN,
18 TESTIFIED AS FOLLOWS:

19 -----

20 MAYOR SINNOTT:

21 Joseph Sinnott, S-I-N-N-O-T-T, Mayor,
22 City of Erie. Madame Hearing Officer, Mr. Chairman,
23 members of the Gaming Board, welcome back to the Erie
24 community. In August 2007 I came to testify before
25 this Board as to why I thought Presque Isle Downs

1 would be a positive addition to the Erie community.

2 At that time most believed that Presque
3 Isle Downs would have a strong economic impact in the
4 Erie region and would be a welcome addition to the
5 community --- to a community that places such great
6 value on tourism. We also explored the potential
7 negative ramifications of having a gaming
8 establishment in Erie, looking at crime, gambling
9 addiction and poverty implications on other cities
10 with similar demographics where gaming had been
11 introduced.

12 We concluded that there was a strong
13 benefit to having Presque Isle Downs in our community
14 and that we were well-equipped to deal with any of the
15 negatives that may arise. We also knew that time
16 would tell.

17 Today I come to testify that Presque Isle
18 Downs has become a very positive and productive part
19 of the Erie region. From an employment standpoint, it
20 has created hundreds of jobs for residents throughout
21 the area, first with casino operation, security, horse
22 racing and food and beverage service jobs, later
23 expanding with hundreds more through the addition of
24 table games to the facility.

25 It has also had an impact on employment

1 and business spin-offs. This can be found in the
2 hotels, restaurants and shopping centers that are
3 filled with the many guests and families from outside
4 the community that come to enjoy our casino. In
5 total, it has brought a great deal of new dollars into
6 the Erie region. This translates into additional
7 business and jobs for the businesses that fulfill the
8 ancillary needs of the casino patrons.

9 Presque Isle Downs has also helped to
10 enhance one of Erie's strongest remaining assets, our
11 appeal to tourism. We have many attractions,
12 including a wonderful bay front, peninsula, Waldameer
13 Amusement Park, the Tom Ridge Environmental Center,
14 and now, Presque Isle Downs Casino.

15 Maximizing our potential as a tourist
16 destination requires that we don't leave it solely to
17 our water resources to bring people to our community.
18 Instead, we must continue to add attractions to create
19 an overall experience for people to enjoy our city and
20 stay for extended periods of time as opposed to a day
21 or overnight trip. Presque Isle Downs has added this
22 facet.

23 People who come to Erie for events
24 invariably go to try their luck at our casino.
25 Because of my position, I meet many of the people

1 coming to the region for summer events, conventions
2 and business purposes. It's very common for people I
3 meet to ask me about the casino, or on many occasions,
4 to already know of the casino and tell me that is
5 where they will be spending their evenings while in
6 Erie.

7 For many people, Presque Isle Downs is
8 the reason they travel to the Erie community. For
9 many others, it is an added bonus to enhance their
10 experience while here on business or pleasure.

11 Along with the positive economic impact
12 Presque Isle Downs has made on the region, it has also
13 established itself as a good community partner.
14 Presque Isle Downs has taken an active role in many of
15 our events, Roar on the Shore and Celebrate Erie, to
16 name just two of them. These are two of our marquis
17 summer events that have a large economic impact on the
18 region. Because of our community partners, such as
19 Presque Isle Downs, we have been able to grow these
20 events to hundreds of thousands of participants and
21 maximize their charitable impact, as well as the
22 economic benefit on the community as a whole.

23 I would be remiss if I didn't revisit the
24 potential negatives that we'd explored prior to the
25 August 2007 hearing. I am pleased to testify today

1 that as we suspected, there has not been a significant
2 negative impact on the Erie community.

3 The City of Erie Police Department has
4 seen no measurable increase in crime that could be
5 attributable to gaming addiction or the presence of
6 Presque Isle Downs within our community. Further,
7 although we have a relatively high poverty rate in our
8 community, this is primarily the result of the
9 declining heavy manufacturing and the trend of the
10 economy, which is impacting cities all across this
11 nation, not because of the irresponsible gaming
12 practices at our casino.

13 In conclusion, I believe that Presque
14 Isle Downs has been a positive addition to the Erie
15 community, having substantial economic impact,
16 offering a job-creating mechanism, enhancing our
17 attraction for tourism and demonstrating a willingness
18 to be a good community partner.

19 For these reasons, I am pleased to speak
20 in favor of the renewal of Presque Isle Downs' gaming
21 license. Thank you.

22 PRESIDING OFFICER:

23 Thank you. Jack Daneri?

24 -----

25 JACK DANERI, ESQUIRE, HAVING BEEN PREVIOUSLY SWORN,

1 TESTIFIED AS FOLLOWS:

2 -----

3 ATTORNEY DANERI:

4 My name is Jack Daneri, D-A-N-E-R-I,
5 District Attorney of Erie County. Good afternoon. As
6 District Attorney of Erie County, I appreciate the
7 opportunity to be heard as part of today's forum and
8 hope my brief remarks will be of value to the Board in
9 the license renewal process.

10 I offer comments today strictly from a
11 law-enforcement perspective, that is, the
12 investigation and prosecution of criminal activity on
13 the property of Presque Isle Downs & Casino. For
14 those who envisioned and believed gaming in Summit
15 Township, Erie County would facilitate a wave of
16 crime, corruption and the permanent presence of
17 nefarious individuals in our community, it has not
18 happened.

19 To put the issue --- this issue in
20 perspective, our office handled in excess of 3,000
21 misdemeanor and felony cases in 2010. I would say
22 less than 20 of those were cases resulting from
23 criminal activity at Presque Isle Downs. And what I
24 mean by that is that less than 20 cases came from this
25 building downtown to be prosecuted further.

1 We had 100 and --- we had approximately
2 115 trials last year, and I don't believe any of those
3 cases that went to trial were actual cases charged
4 from Presque Isle Downs & Casino. Most of the cases
5 that are charged at the casino, activity, are resolved
6 in this building where we are today. Those cases are
7 primarily low level misdemeanor thefts, which
8 ultimately are resolved with the payment of
9 restitution and a plea of guilty to a lesser charge.
10 This plea typically also results in the individual
11 being barred from the premises as well. I am not
12 aware of any cases where an incarceration was ordered
13 except for those arrested who were at that time under
14 a probationary term for a separate and unrelated
15 offense.

16 In a nutshell, Presque Isle Downs &
17 Casino does not, in my opinion, present law
18 enforcement in Erie County with any new or distinct
19 challenges. In fact, the investigations done by the
20 casino security and Pennsylvania State Police are so
21 thorough there is little to be done by the time the
22 case reaches the District Judge in this building here.
23 As you've heard already today, video surveillance is
24 exceptional, leaving the defendant, who initially
25 vehemently denied the criminal conduct, quietly

1 entering their guilty plea after viewing themselves on
2 the DVD provided by the authorities at the Preliminary
3 Hearing.

4 In short, having previously been the
5 prosecutor in the District Attorney's Office assigned
6 to all the casino cases, and now the District
7 Attorney, I get nothing but positive feedback, and
8 I've only good things to say about Presque Isle Downs
9 & Casino and their presence in our law-enforcement
10 community. Thank you very much.

11 PRESIDING OFFICER:

12 Thank you. That was the extent of my
13 list of elected officials. Are there any elected
14 officials here that I have not called your name?

15 Okay. We will move on to the community
16 groups. I'll remind you, you each have five minutes,
17 and the first speaker is Gary Horton.

18 -----

19 GARY HORTON, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED
20 AS FOLLOWS:

21 -----

22 MR. HORTON:

23 Good morning.

24 PRESIDING OFFICER:

25 Good morning.

1 MR. HORTON:

2 Or good afternoon. My name is Gary
3 Horton, and it's, H-O-R-T-O-N. And I'm a resident of
4 Erie, the City of Erie. First of all, I'd like to
5 give Honor to God. It is indeed my privilege to be
6 here this afternoon to address you during the renewal
7 process of the license of Presque Isle Downs.

8 This is not the first time that I have
9 come before you. I also gave a presentation to you at
10 Gannon University during the licensing process a few
11 years ago. Just as I supported the original
12 franchise, I now stand to support the renewal. Just
13 like then, though, I have a few concerns regarding the
14 diversity plan.

15 Although I have never been into the
16 casino, I would like to believe that I have been
17 instrumental and helpful to them in hiring many of the
18 minorities from the City of Erie that are currently
19 employed there. I believe that --- and I'm happy that
20 I heard Mr. Clark, the Diversity Consultant, and Ms.
21 Thompson speak to the fact that they want to have
22 greater local participation and the --- once the ---
23 if the renewal goes through and once the renewal goes
24 through.

25 And I think that because of the problems

1 and the challenges that Erie's local minority
2 population faces, particularly your African Americans,
3 I believe that there should be more representation by
4 people in the trenches, people on the front line of
5 dealing with inclusion and opportunity issues.
6 Maintaining the status quo as a diversity plan is not
7 helpful for the City of Erie, considering the upward
8 growth of poverty.

9 Investment of gaming in our community was
10 supposed to be a game changer, and I'm hoping that in
11 the final analysis that it is reflected with greater
12 participation by local businesses from the Erie
13 community and as part of the diversity plan. I
14 believe that Senator Jane Earll and Representative Flo
15 Fabrizio, who have represented us very well on this
16 issue, would both agree with that. And again, I'd
17 like to thank you for the opportunity to make a
18 presentation to you.

19 PRESIDING OFFICER:

20 Thank you. Todd Mostoller?

21 -----

22 TODD MOSTOLLER, HAVING BEEN PREVIOUSLY SWORN,

23 TESTIFIED AS FOLLOWS:

24 -----

25 MR. MOSTOLLER:

1 Good afternoon. My name is Todd
2 Mostoller, and it's, M-O-S-T-O-L-L-E-R. And I reside
3 in Hummelstown, Dauphin County, Pennsylvania. I'm the
4 Executive Director of the Pennsylvania Horsemen's
5 Benevolent and Protective Association, otherwise known
6 as the PA HBPA, which represents the owners and
7 trainers of Presque Isle Downs & Casino. On behalf of
8 the Pennsylvania HBPA Board Directors and our 3,500
9 members, I thank you for the opportunity to testify in
10 support of the renewal of Presque Isle Downs &
11 Casino's gaming license.

12 The Pennsylvania HBPA entered into a
13 contractual business relationship with Presque Isle
14 Downs to develop and to conduct racing at the Erie
15 facility in 2006. The initial race meet was held in
16 September 2007 at a newly constructed state of the art
17 integrated racing and gaming facility. Racing has
18 been conducted for 100 days annually since 2008.

19 Our support of the license renewal is
20 based upon the professional and effective relationship
21 that has resulted in many accomplishments since the
22 issuance of the racing and gaming license. First and
23 foremost on the list of accomplishments was the
24 installation of a synthetic surface, Tapeta.

25 This surface was installed at the request

1 of the horsemen, who also agreed to share in half the
2 expense, approximately \$3.2 million. This decision
3 has resulted in the safest racing surface in North
4 America, with an injury rate of one-third the national
5 average. The safety of the surface has attracted some
6 of the best horses in North America for both racing
7 and training.

8 Our signature race, the Masters, which we
9 hold every September, has produced the last two
10 winners of the Filly and Mare Sprint, the Breeders'
11 Cup Filly and Mare Sprint, which is the most
12 prestigious sprint dirt race in the world for female
13 horses. A comprehensive Pennsylvania-bred program has
14 been developed to allow Pennsylvania breeders and
15 owners to participate in a lucrative purse structure,
16 attracting the top PA bred from around the
17 Commonwealth.

18 The passage of table games legislation
19 prompted a need for construction changes to the
20 interior of the facility. The horsemen were engaged
21 in the process from start to finish, resulting in a
22 vastly-improved facility for both racing and gaming.

23 We continue to work together to solve our
24 remaining issues and problems. The most paramount
25 issue at this point is the need for additional barns

1 on the backside. An agreement has been struck with
2 the Pennsylvania State Horse Racing Commission to
3 construct two barns a year until a full complement is
4 met. Both parties have worked cooperatively to ensure
5 the construction of quality barns in the time frame
6 established for the agreement.

7 Once completed, the racing program will
8 improve greatly, and the Erie area will experience the
9 full economic impact originally intended. We look
10 forward to continuing our professional relationship
11 with Presque Isle Downs as we work together to
12 promote, protect and enhance the sport of thoroughbred
13 racing in the Erie area, as intended by the passage of
14 Act 71. The renewal of Presque Isle Downs' gaming
15 license is fully supported by the Pennsylvania HBPA
16 and its membership. Thank you.

17 PRESIDING OFFICER:

18 Thank you. The next registered speaker
19 is Barbara Chaffee, and I know a letter was read into
20 the record ---

21 ATTORNEY RODRIGUEZ-CAYRO:

22 That's correct. Ms, ---.

23 PRESIDING OFFICER:

24 --- on her behalf. Does she or any
25 representative here today want to make additional

1 comment?

2 ATTORNEY RODRGIEUZ-CAYRO:

3 Ms. Chaffee advised she was not
4 available, unfortunately.

5 PRESIDING OFFICER:

6 Okay. And I'm going to move on to R.J.
7 Zonna or Zonna (changes pronunciation).

8 -----

9 ROBERT JOHN ZONNA, HAVING BEEN PREVIOUSLY SWORN,
10 TESTIFIED AS FOLLOWS:

11 -----

12 MR. ZONNA:

13 Zonna. Thank you. Good afternoon. It's
14 a pleasure to be with you here today. The R.J. stands
15 for Robert John. I represent United Way of Erie
16 County. I'm the Senior Vice President with United Way
17 of Erie County.

18 A relationship at United Way began prior
19 to the casino opening, as we worked with both Mr.
20 Rubino and Mr. Arneault, along with Jennifer See, from
21 the casino, on the test nights prior to the casino
22 opening. Both were very successful, hopefully, for
23 the casino and for the United Way of Erie County as we
24 raised \$107,000 on those two test nights here. Since
25 the casino has been in operation, we've worked with

1 Rosanne Thompson, Mr. Buro, Mr. Faulkerson on running
2 an annual United Way campaign, and have raised over
3 \$18,000, with the employees of Presque Isle Downs &
4 Casino, over \$15,000 in corporate contributions
5 through the casino.

6 We also work with the casino on their
7 earned income tax credit program to help those
8 employees who qualify for the credit make sure they
9 get that. And there are talks in going forward as a
10 possible location for an earned income tax credit site
11 to make sure those individuals, again, who qualify for
12 that credit are getting their taxes done free and are
13 qualifying and applying for that credit.

14 I'm very happy with our relationship with
15 the casino. They've been great partners to United
16 Way, an organization that raises this past year \$5.5
17 million in our community and helps over 100,000 people
18 each and every single year here in Erie County.
19 They've been great partners to us. I'll look forward
20 to the relationship and endorse their application for
21 renewal. Thank you.

22 PRESIDING OFFICER:

23 Thank you. Joe Holody? And that could
24 go a couple ways, too.

25 -----

1 JOE HOLODY, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AS
2 FOLLOWS:

3 -----

4 MR. HOLODY:

5 Joe Holody, J-O-E, H-O-L-O-D-Y, with
6 VisitErie. Good afternoon. My name is Joe Holody. I
7 am with VisitErie, Erie County's tourism and promotion
8 agency. Our mission is to be the leader of marketing
9 and economic development for tourism, and it's --- and
10 in this mission that ties the success of Erie's
11 hospitality industry to the continued growth of our
12 tourism partners.

13 Presque Isle Downs & Casino is one of the
14 most --- is one of our most significant tourism
15 partners. Since their door opened in February of
16 2007, their impact on Erie County's tourism industry
17 is nothing short of remarkable, attracting millions of
18 visitors to the region and providing thousands of
19 hospitality-related jobs for our residents.

20 This first-class casino and horse track
21 introduced a new entertainment option for visitors
22 choosing Erie for their business or leisure travel.
23 Presque Isle Downs & Casino work with VisitErie
24 regularly, excuse me, developing initiatives and
25 creating incentives to maximize visitor stays and

1 spending, which ultimately leads to a thriving local
2 tourism economy.

3 Presque Isle Downs & Casino expends
4 millions of dollars promoting their facility, which of
5 course list their location as Erie, PA. This has
6 provided considerable assistance in developing brand
7 awareness and identifying Erie as a business and
8 leisure travel destination.

9 On behalf of VisitErie, we would like to
10 go on record as being in support of Presque Isle Downs
11 & Casino's relicensing, and we encourage you to
12 support them, as well. Thank you.

13 PRESIDING OFFICER:

14 Thank you. Debra Panei? And I know I
15 got that one wrong.

16 -----

17 DEBRA PANEI, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED
18 AS FOLLOWS:

19 -----

20 MS. PANEI:

21 Panei (corrects pronunciation).

22 PRESIDING OFFICER:

23 I'm bad with names.

24 MS. PANEI:

25 Good afternoon. My name is Debra Panei,

1 D-E-B-R-A, P-A-N-E-I. I reside in Center Township,
2 Butler, Pennsylvania, but I'm here today representing
3 the Presents for Patients campaign in Gibsonia,
4 Pennsylvania.

5 Presque Isle Downs made a tremendous
6 impact on the success of the 2010 Presents for
7 Patients' campaign. Presents for Patients is a
8 campaign that provides holiday gifts and visits to
9 long-term care patients throughout five states. Many
10 of these patients have no family or friends to
11 remember them during the holidays, and it is a very
12 lonely time.

13 Through the generosity of Presque Isle
14 Downs, Christmas was a much happier time for long-term
15 care patients in 24 nursing homes in the Erie area. A
16 total of 1,826 patients received gifts and the true
17 spirit of Christmas because of their help. There was
18 a great need for donations last Christmas to supply
19 gifts for these patients in the Erie area, and Presque
20 Isle Downs was able to provide Presents for Patients
21 with a generous donation to see that patients were not
22 forgotten at Christmas.

23 This donation was used to provide
24 Christmas gifts for the patients of 24 long-term care
25 facilities in Erie. These patients were very touched

1 to know that someone cared enough to remember them at
2 Christmas. Receiving a simple gift is something that
3 is very meaningful to shut-in patients. Presents for
4 Patients appreciates the support of Presque Isle Downs
5 in making Christmas a merrier time for nursing home
6 patients in the Erie area.

7 We are happy to be here today to testify
8 on the positive impact Presque Isle Downs has made to
9 the lives of thousands of nursing home patients.

10 Thank you.

11 PRESIDING OFFICER:

12 Thank you. Joel Tuzynski?

13 -----
14 JOEL TUZYNSKI, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED
15 AS FOLLOWS:

16 -----
17 MR. TUZYNSKI:

18 You got that one right.

19 PRESIDING OFFICER:

20 Imagine that.

21 MR. TUZYNSKI:

22 My name is Joel Tuzynski. I'm the
23 Executive Director at the Multicultural Community
24 Resource Center, and our agency works with all the
25 English as a Second Language individuals, both

1 Hispanics and refugees who come into our community.
2 Erie gets over 700 refugees annually, and an
3 additional 200 or 300 coming from other cities, so
4 almost a thousand new individuals coming from the
5 refugee community.

6 We began working with Presque Isle Downs
7 early on. Rosanne Thompson approached our
8 organization and offered an opportunity to interview
9 any of our clients who might qualify for positions.
10 We've consistently worked with her to the point where
11 now we have over 37 individuals working at the casino.
12 We have 20 of them in housekeeping, 4 in the
13 transportation and parking area, 3 in the restaurant,
14 6 dealers and 4 security people.

15 We have spent a lot of time grooming our
16 people. Rosanne has been supportive of using
17 interpreters whenever they did their interviews, is
18 accepting people with some limited English and trying
19 them. We have had difficulty with many employers just
20 getting into the facilities, various businesses, to
21 consider making a diverse workforce. But the casino
22 has been very supportive of that.

23 They currently are working with us on a
24 dealer's class. They're hiring a new round of
25 dealers, so actually in our facility we're going to be

1 training at least 20 individuals, and that program's
2 going to be starting May 9th.

3 And we're here to testify in support of
4 the casino. They do hire a diverse workforce. We can
5 attest to that. And they've worked very well with us.
6 So, we strongly support the continuation of the gaming
7 license. It's provided many employment opportunities
8 for our clientele, and we look forward to continuing
9 to work on the relationship between Presque Isle Downs
10 and the Multicultural Community Resource Center.
11 Thank you.

12 PRESIDING OFFICER:

13 Thank you. That concludes my list of
14 registrants for community groups. Are there any
15 others that may have been missed?

16 ATTORNEY RODRIGUEZ-CAYRO:

17 Nancy Anne Kalista is the Executive
18 Director for Early Connections.

19 PRESIDING OFFICER:

20 Okay. Would you like to come forward,
21 Ms. Kalista?

22 -----

23 NANCY ANNE KALISTA, HAVING BEEN PREVIOUSLY SWORN,
24 TESTIFIED AS FOLLOWS:

25 -----

1 MS. KALISTA:

2 I'm Nancy Anne Kalista. Kalista is,
3 K-A-L-I-S-T-A. I'm the Executive Director of Early
4 Connections. We provide early care and education at
5 five sites throughout Erie County, as well as we train
6 others and do a lot of professional development.

7 I'm here to speak very highly of Presque
8 Isle Downs & Casino. They help us do some special
9 things for our young children and their families. And
10 I also just want to comment on how that was done.

11 I've been in nonprofit management for
12 many, many years, and during that time you write
13 proposals and you ask for help and so on. In this
14 particular case, Fred Buro actually came with me to
15 one of my centers, spent time with the children and
16 the staff. And I can't tell you how much that meant
17 for people to actually see someone in a position like
18 his take such an interest in the lives of young
19 children and their families.

20 The children that we serve at Early
21 Connections are predominantly low income, and they
22 also experience a number of challenges in their lives.
23 As a result, I actually was questioned when we
24 received a generous donation from Presque Isle Downs
25 as to whether I had any concerns because of the

1 gambling connection with the casino.

2 And I really want to commend both the
3 Commonwealth of Pennsylvania, as well as Presque Isle
4 Downs, for the messages that are throughout that whole
5 casino in regard to steps that people should take if
6 they feel that they have an addiction. So, I was very
7 proud to accept that donation, and you can say that
8 any nonprofit should be grateful for any donations,
9 but I've turned some down if I felt that it was
10 inappropriate.

11 I will also say that last summer, several
12 of my staff and I had the privilege to spend the day
13 at the casino when the table games were tested. And I
14 was so impressed and my staff was so impressed with
15 the staff of Presque Isle Downs & Casino. And like
16 Jeff Dahl, we kind of had a behind-the-scenes' look
17 that day.

18 And we found that people were very caring
19 of people who were older, people who came into the
20 casino that might have trouble navigating the system.
21 Everyone was treated with respect, and it just --- it
22 was a very impressive experience.

23 So, both as an Executive Director in a
24 local non-profit and as a private citizen, I advocate
25 for the renewal of this license. Thank you.

1 PRESIDING OFFICER:

2 Thank you. Also, a community group
3 speaker?

4 MR. JEFFRESS:

5 Yes. I'm William Jeffress. I'm
6 Executive Director at Booker T. Washington Center in
7 Erie.

8 PRESIDING OFFICER:

9 Oh, come on up.

10 -----

11 WILLIAM JEFFRESS, HAVING BEEN PREVIOUSLY SWORN,
12 TESTIFIED AS FOLLOWS:

13 -----

14 MR. JEFFRESS:

15 Good afternoon.

16 PRESIDING OFFICER:

17 Good afternoon.

18 MR. JEFFRESS:

19 William Jeffress, J-E-F-F-R-E-S-S. I'm
20 the Executive Director of the Booker T. Washington
21 Center here in Erie, Pennsylvania. The Booker T.
22 Washington Center has been serving the Erie community
23 for more than 85 years, serving underserved
24 populations and minorities. Our mission is to improve
25 the conditions of workplace study and the living

1 conditions for Erie and work with agencies whose goals
2 are consistent with those of our corporation.

3 We have had the pleasure of partnering
4 with Presque Isle Downs & Casino and Ms. Rosanne
5 Thompson and her team on several initiatives in the
6 area of recruitment and training of its workforce and
7 community outreach. We are very pleased to report
8 Presque Isle Downs has surpassed our expectations
9 regarding their commitment to the community in the
10 area of recruitment and training of local community
11 members.

12 I am not just an Executive Director of
13 the Booker T. Washington Center. My most important
14 roles in our community is husband, father, son, uncle,
15 mentor and youth athletic coach and trainer. Having a
16 sustainable living wage job with an organization such
17 as Presque Isle Downs has added a great deal of pride
18 in our community and members.

19 I've personally had the opportunity to
20 see this pride in people who have been employed at
21 Presque Isle Downs in coaching one of the youth
22 basketball teams. One of the kids came up and --- as
23 we were playing them, and they sponsored the
24 basketball team, and they said, oh, this is the
25 organization that my mother works for.

1 And watching the mother, you know, just
2 be proud to say --- when she stepped up and says, I'm
3 going to talk to Presque Isle Downs and see if they
4 can sponsor one of our youth basketball teams. And
5 they did without hesitation. So, it's with great
6 pleasure that I endorse the recertification of Presque
7 Isle Downs and look forward to working with them in
8 the future. Thank you.

9 PRESIDING OFFICER:

10 Thank you. Any other community groups
11 that I missed or have registered --- no.

12 Okay. We will now begin with the list of
13 those registered individuals. I remind you, you have
14 three minutes to speak, and I remind you that this is
15 not a question-and-answer session, but just comments
16 for the record based on the renewal of the license of
17 Presque Isle Downs.

18 I understand there are several of our
19 speakers that have filed a lawsuit against our Board
20 and individual members, and we will not be hearing any
21 comments today regarding that pending lawsuit. And
22 with that, we will start with Gregory Rubino. Mr.
23 Rubino?

24 -----

25 GREGORY J. RUBINO, HAVING BEEN PREVIOUSLY SWORN,

1 TESTIFIED AS FOLLOWS:

2 -----

3 MR. RUBINO:

4 Good afternoon, ladies and gentlemen,
5 Commissioners, Madame Hearing Officer. My name is
6 Gregory J. Rubino, R-U-B-I-N-O. And Madame Hearing
7 Officer, I am, in fact, one of the individuals that
8 has brought that lawsuit. So, I'd ask you if you
9 would be kind enough, stop me if you think I'm saying
10 anything that's improper within the scope of your
11 instruction.

12 PRESIDING OFFICER:

13 I will.

14 MR. RUBINO:

15 I'm the President and founder of the
16 Passport group of companies, one of which, Passport
17 Realty, LLC, is the successor and interest of Tecnica
18 Development Corp., the company which acted as the
19 developer for Presque Isle Downs. I'm a licensed real
20 estate salesperson. I received my license in 1985.
21 My license has remained in good standing for a quarter
22 of a century. I've never been arrested or charged
23 with any crime of any nature, and I've never had a
24 professional disciplinary complaint lodged against me.

25 I'm proud to say that my dream's been

1 realized with the development of Presque Isle Downs.
2 I started trying to bring gaming to Erie almost two
3 decades ago. I started trying to bring Riverboat
4 Gaming here, and my friend, Tom Ridge, didn't think
5 very highly of Riverboat Gaming, and he nixed that.

6 Then I had an arrangement similar to the
7 one I had with Mr. Arneault's company to develop a
8 similar facility, a racetrack, for Riviera Gaming
9 Management out of Las Vegas. They stuck with it for a
10 while and then weren't able to continue.

11 Finally, we found Mr. Arneault and MTR
12 Gaming. And my job was to do the permitting. My job
13 was to assemble the property. My job was to do all
14 the things necessary to get Presque Isle Downs to a
15 point where it could begin construction and operate.
16 I did all of that.

17 I believe that I did it well. The proof
18 is when you go over there and take a look at it, it's
19 a successful facility and remains successful today.

20 I won't go through any of the issues
21 relating to the granting of the license, because I
22 think that may make you say that I should not talk
23 anymore, so I'll stop that. And Madame Hearing
24 Officer, the next point that I have is regarding the
25 request that all I want this Board to do is make a

1 decision on SOC 58, and I think you're going to stop
2 me from doing that; aren't you?

3 PRESIDING OFFICER:

4 Yeah. This is not a question-and-answer
5 session.

6 MR. RUBINO:

7 Well, let me read it, and then you can
8 stop me if that's the case.

9 PRESIDING OFFICER:

10 Okay.

11 MR. RUBINO:

12 To this day the Gaming Control Board has
13 deemed to hold the decision on removing the ban on me
14 being in gaming --- that's SOC 58 --- in abeyance.
15 This has been going on for several years. To this
16 day, despite numerous legal filings and requests, I've
17 never been told by the PGCB why SOC 58 remains in
18 place.

19 ATTORNEY RODRIGUEZ-CAYRO:

20 Madame Hearing Officer, I'm going to
21 object. He's going beyond the scope of what he's
22 permissibly allowed to discuss. Additionally, the
23 Commonwealth Court already advised Mr. Rubino and gave
24 him a path as to what he has to do.

25 MR. RUBINO:

1 Will you support my application, sir? We
2 already asked you to do that ---.

3 ATTORNEY RODRIGUEZ-CAYRO:

4 That is not my decision.

5 MR. RUBINO:

6 We already asked you to do that. You
7 refused.

8 ATTORNEY RODRIGUEZ-CAYRO:

9 That's not my decision. That's not my
10 decision. I'm not here to answer your questions.
11 They're beyond the scope of what you're allowed to
12 speak, and that's my objection.

13 MR. RUBINO:

14 I believe that's her decision, sir.

15 PRESIDING OFFICER:

16 And your objection is noted for the
17 record. I will allow you 30 seconds to wrap up on
18 comments not related to SOC 58, I believe, and
19 directed to the renewal of Presque Isle Downs'
20 license.

21 MR. RUBINO:

22 Madame Hearing Officer, I'm not sure that
23 I can finish my statement the way I had prepared it
24 with your instructions, so out of respect, I will not
25 finish it.

1 PRESIDING OFFICER:

2 Okay.

3 MR. RUBINO:

4 Thank you.

5 PRESIDING OFFICER:

6 Thank you. Edson Ted Arneault?

7 ATTORNEY CREANY:

8 Madame Hearing Officer?

9 PRESIDING OFFICER:

10 Yes.

11 ATTORNEY CREANY:

12 I understand that Mr. Arneault had
13 registered as a neutral party.

14 PRESIDING OFFICER:

15 That is what he has registered on my
16 list, yes.

17 ATTORNEY CREANY:

18 For the record, Mr. Arneault is a
19 litigant in a lawsuit against the Gaming Control
20 Board, individual members, as well as this company,
21 and I would ask, first of all, that he be treated as
22 adverse, and second of all, that he be given the same
23 cautionary instructions.

24 PRESIDING OFFICER:

25 Okay.

1 ATTORNEY CREANY:

2 Thank you.

3 PRESIDING OFFICER:

4 So, the instructions were for all
5 individuals speaking at that point. And we won't
6 treat him as adversary as he's a public commenter, but
7 the same rules apply with regard to the pending
8 lawsuit and any questions directed to the Board.

9 -----

10 EDSON ARNEAULT, HAVING BEEN PREVIOUSLY SWORN,

11 TESTIFIED AS FOLLOWS:

12 -----

13 MR. ARNEAULT:

14 So noted.

15 PRESIDING OFFICER:

16 And you may proceed.

17 MR. ARNEAULT:

18 My name is Edson Arneault. I was --- I
19 am a substantial shareholder of MTR and was former
20 President/CEO ten years ago when this whole Presque
21 Isle Downs' concept got started. In fact, we came up
22 with the name, Presque Isle Downs, because I thought
23 this was the kind of a facility that would change the
24 tourism dynamic of Erie, and I think from all of the
25 testimony that we've seen --- we've heard, I'm sorry,

1 that it has done that.

2 And there's one award that wasn't
3 mentioned earlier, and that was --- Presque Isle Downs
4 was awarded Racino of the Year from Blood-Horse
5 magazine. I think it was in 2008. And that was a
6 very substantial award, recognizing its commitment to
7 horseracing. And I think several of the Commissioners
8 have noted that it was really the horseracing industry
9 that gave the impetus for the passage of the Gaming
10 Bill.

11 So, I whole-heartedly endorse this
12 application and would hope that you approve it as
13 quickly as possible. So, I'm not really adverse. I'm
14 really pro, not to try and upset anybody's apple cart
15 or anything.

16 But I think it's important. We have
17 competition coming in down the road. Who knows when
18 Ohio is going to get its act together? But the faster
19 and the clearer that Presque Isle Downs can have its
20 license and the surety of its direction for the
21 future, the better off the Commonwealth, the better
22 off the Erie area and the better off Presque Isle
23 Downs' employees will be. So, I urge that you pass
24 this as quickly as possible. Thank you.

25 PRESIDING OFFICER:

1 Thank you. John Mizner, Mizner (changes
2 pronunciation)? I know, again, I am mispronouncing
3 it.

4 -----
5 JOHN MIZNER, ESQUIRE, HAVING BEEN PREVIOUSLY SWORN,
6 TESTIFIED AS FOLLOWS:
7 -----

8 ATTORNEY MIZNER:

9 Good afternoon. My name is John Mizner,
10 and I'm the lawyer that filed the lawsuit on behalf of
11 Mr. Rubino and Mr. Arneault. My questions begin with
12 the structure of the process that we're in right now.

13 As I understand, the first license was
14 granted on December 20th, '06 and goes through
15 December 20th, '09. According to your website, the
16 renewal of the license of MTR Gaming Group, the parent
17 company of PIDI, has been pending since April 18th,
18 2008.

19 According to your website, the following
20 people who serve on MTR's Board of Directors have had
21 their gaming license applications pending as follows.
22 Mr. Lee, his has been pending since December of '08.
23 Mr. Stanton, Mr. Delatore and Mr. Blatt each have had
24 theirs pending since April of 2008.

25 That group there constitutes a majority

1 of the Board. So, when the community asks itself
2 about the character and the integrity of an
3 organization, a company, that exists, as to its Board,
4 who sets the policies that are executed through its
5 officers, including people like Mr. Azzarello, Mr.
6 Bittner, Ms. Williams, all of whom have had their
7 applications suspended ---.

8 ATTORNEY RODRIGUEZ-CAYRO:

9 Ms. Lloyd, I'm going to object. He's way
10 beyond the scope of this hearing. If he has a
11 question and doesn't understand the process or the
12 rules and regulations that address licensure and the
13 issuance of licenses and the time it takes for
14 investigations to go through, that's one thing, but
15 that's his problem, not a problem for this Board to
16 take up at this time.

17 PRESIDING OFFICER:

18 Objection sustained. Can you move on
19 with your comments?

20 ATTORNEY MIZNER:

21 Yes. I am a --- I'm going to ask for
22 that time to be given back to me, by the way. It was
23 30 seconds.

24 PRESIDING OFFICER:

25 The clock was stopped during the course

1 of the ---.

2 ATTORNEY MIZNER:

3 And I'm going to --- may I have the right
4 to respond to that, because we're here for a
5 three-year renewal process, and I'm trying to gain an
6 understanding of how it is the public can have
7 confidence in a renewal process where a majority of
8 the Board of Directors, this Board has never said yay
9 or nay?

10 PRESIDING OFFICER:

11 As I stated at the outside of the comment
12 period, this is a public comment period, not a
13 question-and-answer period for the Board at this time.

14 ATTORNEY MIZNER:

15 And those comments are pending.

16 PRESIDING OFFICER:

17 If you have questions of the Board on the
18 process and procedure, you may direct written
19 questions to the Board clerk, and we can have
20 appropriate staff, as appropriate, address those
21 questions for you in writing.

22 ATTORNEY MIZNER:

23 Fine. Thank you. Finally, I would tell
24 you that I'm a resident of Summit Township, I'm a
25 taxpayer of Erie County and I'm also a United States

1 citizen. And I oppose the renewal of the PID license
2 until SOC 58 is removed, because that's not in the
3 best interest of gaming, and it's not in the best
4 interest of this ---.

5 ATTORNEY RODRIGUEZ-CAYRO:

6 Ms. Lloyd, again, I'm going to object.
7 I'm going to ask that his comments be stricken from
8 the record. He has no standing to object to SOC 58 as
9 a citizen. If he is advocating on behalf of his
10 client, once again, this is neither the forum or the
11 jurisdiction to be doing it in. He's filed the
12 federal civil suit. He will have an opportunity to
13 argue on behalf of his client at that point. This is
14 not the place and time.

15 PRESIDING OFFICER:

16 Objection sustained.

17 ATTORNEY RODRIGUEZ-CAYRO:

18 Thank you.

19 PRESIDING OFFICER:

20 And again, 30 seconds to wrap up your
21 comments regarding the license renewal of ---

22 ATTORNEY MIZNER:

23 Yes.

24 PRESIDING OFFICER:

25 --- PID.

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ATTORNEY MIZNER:

The license that's currently sought to be renewed has a condition that I oppose, because I believe it's unconstitutional. And I have a right, as a citizen, to oppose the renewal of this petition until this Board addresses that. And that goes directly to my right to speak on the renewal application of PID. Thank you.

PRESIDING OFFICER:

So noted, and your time is up. Thank you. Carol Clapp? Carol Clapp? Joseph Martin? Joseph Martin? Timothy Girten.

TIMOTHY GIRTEN, HAVING BEEN PREVIOUSLY SWORN,
TESTIFIED AS FOLLOWS:

MR. GIRTEN:

Thank you for allowing me to speak. My name is Tim Girten. I've been a professional horse trainer for up to 18 years and been training here at Presque Isle Downs since 2008. And through the commitment to expansion of the barn area and the commitment to quality of improving the horseracing there at Presque Isle Downs, I am definitely for the approval of the license.

1 And other than repeating a lot that the
2 Pennsylvania HBPA had said, it's a quality product,
3 quality people, and it's keeping us coming back every
4 year, year after year. Thank you very much.

5 PRESIDING OFFICER:

6 Thank you. Kirk Paskell. Kirk Paskell?
7 That is the end of the list of individuals that I have
8 been given that have registered. Is there anyone here
9 that has not spoken and believes that they are
10 registered to speak? Could you raise your hand?

11 Okay. That concludes our public portion
12 and comment portion of our hearing. We'll turn to
13 Presque Isle Downs, if they have any brief closing
14 statement at this point.

15 ATTORNEY RODRIGUEZ-CAYRO:

16 Thank you, Madame Hearing Officer,
17 honorable members of the Board. Members of the
18 public, thank you for your input. Once again, I
19 believe the testimony provided by the witnesses today,
20 as well as the evidentiary binder that's been provided
21 to the Board, proves clearly that Presque Isle Downs
22 is eligible for its renewal and should be granted its
23 renewal.

24 We at MTR Gaming and Presque Isle Downs
25 consider gaming a privilege, and along with that

1 privilege comes a great amount of responsibility. And
2 we don't ignore that. Responsibility to the
3 taxpayers, responsibility to the regulators,
4 responsibility to our citizens. I humbly request that
5 you grant Presque Isle Downs' license. And thank you
6 for your time. Thank you.

7 PRESIDING OFFICER:

8 Thank you. OEC, any closing statement?

9 ATTORNEY CREANY:

10 Just briefly. As alluded to in the
11 testimony, the background investigation is still
12 pending. And at some time subsequent to today's
13 hearing, we're going to be submitting to the Board for
14 its consideration a background investigation report
15 which, hopefully, will be concluding all submissions
16 and make this complete for the Board's determination.

17 But just in closing, I'd like to briefly
18 thank the Pennsylvania State Police, all the Board
19 staff that has really assisted me in preparing for
20 today and in providing their insight in what's going
21 on in the casino, so the public is aware of that.

22 But I'd also like to personally thank
23 Presque Isle Downs and the staff for their continued
24 cooperation that they've provided and the
25 professionalism that they've shown in this process.

1 And I have nothing further for today. Thank you.

2 PRESIDING OFFICER:

3 Thank you. A few housekeeping matters.
4 Any briefs or written memoranda by the parties are to
5 be filed with the Board clerk on or before the close
6 of business next Tuesday, May 10th, 2011. If there
7 are any legal or factual issues you feel you need to
8 address, the record will remain open until the Board
9 hears the matter at a later public Board meeting.

10 I will prepare a report based upon the
11 testimony and evidence entered in the record today.
12 That report will be sent to the Board with the
13 transcript, all exhibits, suitability report and all
14 exhibits attached to that for the Board's decision.

15 The Board, at its convenience, will
16 schedule this matter to be heard at a future public
17 Board meeting. If you are interested in that, it's
18 held in Harrisburg, and keep an eye on our website for
19 the agenda item for that criminal hearing.

20 I want to thank you all for coming today,
21 for your cooperation and participation. This hearing
22 is now concluded and adjourned. Thank you.

23 * * * * *

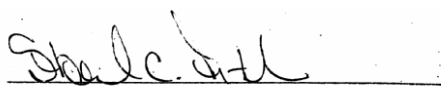
24 HEARING CONCLUDED AT 1:04 P.M.

25 * * * * *

CERTIFICATE

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I hereby certify that the foregoing proceedings, hearing held before Presiding Officer Lloyd was reported by me on 05/03/2011 and that I Shannon C. Fortsch read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.



Court Reporter