

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

* * * * *

IN RE: HOLDINGS ACQUISITION COMPANY, REFERRED TO AS
THE RIVERS

* * * PUBLIC INPUT HEARING * * *

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

HEARING: Thursday, May 5, 2011
10:00 a.m.

LOCATION: Allegheny County Courthouse
436 Grant Street
Pittsburgh, PA 15219

WITNESSES: Corey Plummer, Andrea Kleinrock, David
Patent, Andre Barnabei, Jung Soon Kim, Don Locke,
Trina Leonard, Felix Diaz, Joe Martin, Clare Meehan,
Shane Hall, Rhonda Gilchrist, Stanley Lowe, Mark
Fatla, Carol Washington, Randy Lugares, Dan Brooks,
Jerry Stoll, Elizabeth Lanza, Thomas Clinton, Beth
Manifesto, Kyle Stewart

Reporter: Beth A. Duzzny

Any reproduction of this transcript is prohibited
without authorization by the certifying agency.

A P P E A R A N C E S

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

OFFICE OF ENFORCEMENT COUNSEL

E. BARRY CREANY, ESQUIRE

Deputy Chief Enforcement Counsel

Pennsylvania Gaming Control Board

2 Gateway Center

603 Stanwix Street

12th Floor

Pittsburgh, PA 15222

Counsel for the Pennsylvania Gaming Control Board

MICHAEL D. SKLAR, ESQUIRE

Levine, Staller, Sklar, Chan, Brown

& Donnelly, P.A.

3030 Atlantic Avenue

Atlantic City, NJ 08401-6380

Counsel for The Rivers Casino

I N D E X

1		
2	OPENING REMARKS	
3	By Presiding Officer	7 - 9
4	STATEMENT	
5	By Attorney Sklar	9 - 11
6	TESTIMONY	
7	By Mr. Plummer	11 - 14
8	TESTIMONY	
9	By Ms. Kleinrock	14 - 15
10	TESTIMONY	
11	By Mr. Patent	15 - 17
12	TESTIMONY	
13	By Mr. Barnabei	17 - 19
14	TESTIMONY	
15	By Ms. Kim	19 - 20
16	TESTIMONY	
17	By Mr. Locke	20 - 21
18	TESTIMONY	
19	By Ms. Leonard	21 - 23
20	TESTIMONY	
21	By Mr. Diaz	23 - 24
22	STATEMENT	
23	By Mr. Barnabei	24 - 26
24	TESTIMONY	
25	By Mr. Martin	26 - 30

1	INDEX (Cont.)	
2	TESTIMONY	
3	By Ms. Meehan	30 - 31
4	TESTIMONY	
5	By Mr. Hall	31 - 32
6	TESTIMONY	
7	By Ms. Gilchrist	32 - 34
8	TESTIMONY	
9	By Mr. Barnabei	34 - 37
10	TESTIMONY	
11	By Mr. Lowe	37 - 40
12	TESTIMONY	
13	By Mr. Fatla	40 - 45
14	TESTIMONY	
15	By Ms. Washington	45 - 48
16	TESTIMONY	
17	By Mr. Lugares	48 - 50
18	STATEMENT	
19	By Mr. Barnabei - letter by Nathan Harper	51
20	QUESTIONS BY BOARD	51 - 63
21	<u>WITNESS:</u> Daniel Brooks	
22	DIRECT EXAMINATION	
23	By Attorney Creany	66 - 73
24		
25		

1	INDEX (Cont.)	
2		
3	<u>WITNESS:</u> Jerry Stoll	
4	DIRECT EXAMINATION	
5	By Attorney Creany	74 - 77
6	<u>WITNESS:</u> Elizabeth Lanza	
7	DIRECT EXAMINATION	
8	By Attorney Creany	78 - 81
9	QUESTIONS BY BOARD	81 - 84
10	<u>WITNESS:</u> Thomas Clinton	
11	DIRECT EXAMINATION	
12	By Attorney Creany	85 - 87
13	STATEMENT	
14	By Attorney Creany	87 - 88
15	TESTIMONY	
16	By Ms. Manifesto	89
17	TESTIMONY	
18	By Mr. Stewart	91 - 92
19	CLOSING REMARKS	
20	By Attorney Creany	93
21	CLOSING REMARKS	
22	By Chairman Fajt	94 - 95
23	CLOSING REMARKS	
24	By Mr. McCall	95 - 96
25		

E X H I B I T S

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

<u>Number</u>	<u>Description</u>	<u>Page Offered</u>	<u>Page Admitted</u>
<u>Rivers Exhibits:</u>			
One	PowerPoint Presentation	52	--
<u>Bureau of Enforcement Council Exhibits:</u>			
A	Packet of Documents	89	90

EXHIBITS NOT ATTACHED

P R O C E E D I N G S

PRESIDING OFFICER:

Good morning, everyone. I am Linda Lloyd. I am the Presiding Officer assigned by the Board today to conduct this portion of the License Renewal Hearing, Holdings Acquisition Company, referred to as The Rivers.

Before we begin, if you could please turn off, or to vibrate, your cell phone and Blackberries and the like, so you don't interrupt our speakers.

As the Presiding Officer, I call to order this hearing. The date is Thursday, May 5th, 2011. The time is 9:55 a.m. Our location is the Allegheny County Courthouse, Room 410, the Gold Room, 436 Grant Street, Pittsburgh, Pennsylvania, 15219.

The License Renewal Hearing is convened by the Pennsylvania Gaming Control Board pursuant to the authority found in Section 1326(b) of the Gaming Act in the Board's regulations. This Public Hearing was advertised on the Board's website, announced by the Board at a previous meeting and was advertised in local newspapers.

Board members present here for this hearing today are to my immediate right --- or to my

1 immediate left, Chairman Greg Fajt, and to his left
2 Commissioner Anthony Moscato. To my immediate right,
3 Commissioner Keith McCall, and to his right,
4 Commissioner Jim Ginty.

5 The Board and its staff would like to
6 thank the City of Pittsburgh and its staff for making
7 this space available to the Board for the hearing
8 today. The hearing will begin with presentation by
9 The Rivers. At the close of that presentation the
10 Office of Enforcement Counsel (OEC) will have an
11 opportunity to cross examine the witnesses from The
12 Rivers. Redirect will be permitted to go forth until
13 everyone is satisfied all their questions have been
14 answered.

15 After the conclusion of The Rivers
16 presentation, the OEC will make its presentation, with
17 Cross Examination by The Rivers counsel of the
18 witnesses for OEC.

19 After the close of the testimony and
20 evidence from both parties, any individuals registered
21 to speak today will be heard during the public comment
22 portion. Following the close of that, The Rivers and
23 the OEC will have the opportunity to provide a short
24 closing statement.

25 This is an official administrative

1 hearing, so please treat this as if you were attending
2 a court proceeding. All witnesses speak loudly and
3 clearly into the microphone so that the court reporter
4 and everyone else can hear what you have to say.

5 So let's begin with having all of the
6 witnesses from The Rivers and the OEC who will testify
7 today, please stand and raise your right hand to be
8 sworn by the court reporter.

9 -----

10 WITNESSES SWORN EN MASSE

11 -----

12 PRESIDING OFFICER:

13 And as a reminder, the first time you
14 speak, if you could state your name and spell it for
15 the record and the court reporter. One housekeeping
16 matter, the written comment period was open until noon
17 this past Friday. At that point we had not received
18 any written comments in relationship to The Rivers
19 licensing renewal. If any are received with postmark
20 by that deadline, it will be included in the record,
21 but I have not gotten any at this point. So Rivers,
22 are you ready to proceed?

23 ATTORNEY SKLAR:

24 Thank you. Michael Sklar, S-K-L-A-R, on
25 behalf of The Rivers Casino. Good morning,

1 Commissioners, Linda. We're extremely happy to be
2 here this morning for the License Renewal Hearing. We
3 have come a very long way since Walton Street Capital,
4 Neil Bluhm and the other partners became involved in
5 this project in the summer of 2008.

6 And as everyone knows, that was the very
7 beginning of the financial crisis. And when Neil was
8 here before you, he told you that he was confident
9 that he was going to be able to complete the project
10 and honor all of the commitments that had been made by
11 Don Barton. And we're very, very happy that the
12 result is that this is a magnificent facility that's
13 second to none. And we're also very proud that Neil
14 --- Neil's commitment to honor the --- Neil's
15 commitment to honor each of the obligations, we stood
16 behind those and met each of those obligations.

17 You'll hear testimony this morning about
18 how each of those commitments had benefited the
19 community and made a real impact. You'll also hear
20 testimony regarding the job opportunities that have
21 been created, currently at 1,679 team members and
22 counting. And you're also going to hear four personal
23 stories from team members and they'll explain to you
24 what this opportunity has meant to them.

25 Also, the vendor opportunities that have

1 been created by Rivers Casino. Again, tremendous
2 opportunities. And we have been very focused on
3 providing opportunities to people in the local
4 community and to minority women of businesses. And,
5 again, this morning we have two representatives from
6 two vendors who will speak to what this opportunity
7 has meant to them.

8 And finally, in terms of the community
9 involvement, it's not just about just writing checks.
10 The Rivers Casino think it's incredibly important for
11 the team members to actually be involved. And you'll
12 hear testimony about that involvement. And with that,
13 I'll turn it over to Corey Plummer, who is the vice-
14 president of Gaming.

15 MR. PLUMMER:

16 Good morning. Corey Plummer, C-O-R-E-Y,
17 P-L-U-M-M-E-R. Thank you for allowing us to come in
18 this morning and tell our story. For me, I typically
19 start with the casino floor plan and talk about the
20 facility. And that's what I'm going to do today.
21 When you look at --- on the opening, as someone who is
22 able to see, walk through the casino, as a slot
23 facility, it's a very nice slot facility. A casino
24 built without racing. But it was it --- it opened as
25 a slot facility. And it was transformed over time

1 through changes in regulation to allow table games.
2 And as that process continued, bringing on additional
3 food and beverage opportunities, bringing on
4 additional employment opportunities, bringing on
5 additional entertainment opportunities.

6 When you look at the floor today --- this
7 is a map of the floor. When you look at the floor
8 today, from the entrance through to the casino, what
9 we have laid out, table games that are supporting
10 convenience and opportunity for food and beverage,
11 convenience and opportunity for entertainment on the
12 water front. Many of our food and beverage outlets
13 are on the riverside. It really is to be viewed, in
14 my opinion, as an entertainment complex where it has
15 developed today.

16 Customers in the local area and those who
17 travel to Pittsburgh, spend time on the north shore
18 have many opportunities for gaming entertainment,
19 whether it's slots, tables games or poker, food and
20 beverage options from buffets to sports bar. We have
21 done outdoor events and concerts and boxing. It
22 really is a complete entertainment complex on the
23 north shore, sitting along with our sports' stadiums.

24 When you look at that transformation over
25 time, and think back about where the property was

1 before, it's just a slot house, so to speak. What's
2 been able to happen over time, developing the product,
3 developing the business, adding table games, expanding
4 food and beverage, those opportunities for more
5 entertainment venues, in the Wheelhouse, in the
6 amphitheater, out on the river front, to be a part of
7 more in the community over there, it's been a really
8 interesting transformation and growth of the facility.
9 So when you look at where we were before and where we
10 are now, what we're able to provide to the community
11 and to the customers that we serve, it's quite a ---
12 been quite a transformation.

13 On the revenue side, when you look at pre
14 table games and post table games, which has been
15 really carried out over a couple different phases, the
16 revenue opportunities that the business had pre table
17 games was a development phase, a growth developing
18 phase leading into table games, which essentially was
19 a second opening that brought a new excitement, a new
20 energy to the facility and allowed a different sort of
21 drive in the building, that enhanced food and beverage
22 and entertainment and those other sorts of things.
23 When you look at the revenue enhancements of the
24 facility pre and post table games, the excitement in
25 the community over the new entertainment product that

1 allowed us to continue to expand table games, in the
2 second phase --- and that's where we are now --- those
3 expansions, the new opportunities that were afforded,
4 just in the table game area, over 500 new jobs. It's
5 been an interesting journey in a short amount of time
6 for the facility, but it continues to grow. We're
7 looking at adding more space on the property for
8 entertainment venues, banquet facility, and food and
9 beverage design.

10 So I'm going to introduce Andrea
11 Kleinrock, our vice-president for food and beverage,
12 to talk more about those things. Thank you.

13 MS. KLEINROCK:

14 Good morning. Andrea Kleinrock,
15 A-N-D-R-E-A, K-L-E-I-N-R-O-C-K. Good morning. Thank
16 you for having me today. We're really excited about
17 the growth of food and beverage we've seen with the
18 casino floor changing and our customer demand
19 changing. We have nine restaurants and bars
20 currently. Here are some photos of our restaurants
21 that we currently have. Demand has grown so much that
22 we are growing our business and we are bringing on
23 banquet space, about 10,000 square feet. The views
24 are unbelievable and probably one of the best in town,
25 and that will be coming on soon. We will be able to

1 have three different functions going on at the same
2 time or one big function as well. So there's a lot of
3 demands out there currently that we use our
4 restaurants for to house some of these parties. And
5 we're looking forward to expanding to a bigger
6 environment.

7 Here's another picture of what it's going
8 to look like. And then we are going to change our
9 concept into a full-service Italian restaurant to meet
10 the demands of our guests. It's going to turn into a
11 120-seat full service ---. Right now it's 80 seats.
12 So we're really excited to expand the opportunity to
13 make our guests happy and to be able to expedite
14 service and get them back on the casino floor. And
15 with that, I will introduce David Patent.

16 MR. PATENT:

17 Good morning. David Patent, P-A-T-E-N-T.
18 Mr. Chairman, members of the Commission, I'm very
19 happy to be here this morning. I'm just going to talk
20 briefly about, at a higher level, some of the
21 financial figures for the company and also the
22 commitment to ownership of the facility for the long
23 term. As those of you who were with us at the opening
24 were aware of some very robust projections for the
25 performance of The Rivers Casino, which at the initial

1 opening were not met, the casino was falling, quite
2 far short of those initial projections. Thank you,
3 Michael.

4 I think there was a bit of an
5 underestimation of the ramp-up period that was
6 required. And we did start seeing some traction as we
7 got into the early 2011 period, but the biggest impact
8 was really since the entry of these table games. I
9 mean, our overall revenues are up 30 percent since we
10 introduced table games, from the first two months of
11 the casino ---. And the game tax that we paid in
12 March 2011, the most recent month that we've closed,
13 are 60 percent higher than they were in September of
14 2009, which was the first full month of casino
15 operations.

16 In June 2010, there was a substantial
17 commitment made by ownership to the viability of this
18 casino. We invested an additional \$108 million to the
19 project, really for three things. One was to reduce
20 the senior debt, which was very important for the
21 long-term viability of The Rivers; to pay for the
22 table games license and really the equipment. But
23 also to plan for the future expansion, as Andrea
24 referenced, of the new banquet space and Italian
25 restaurant concept. And obviously, as we saw the

1 table game business improve, we invested additional
2 funds to purchase the 17 additional table games that
3 Corey Plummer talked about. And as we go forward as
4 well, ownership has committed to making sure we have
5 the best facility possible and driving the highest
6 revenues for the state. I'm going to give the
7 microphone to Andre Barnabei, our VP of Human
8 Resources.

9 MR. BARNABEI:

10 Andre Barnabei, A-N-D-R-E
11 B-A-R-N-A-B-E-I. Good morning. Thank you for
12 allowing us to present to you today what I feel is a
13 fantastic story. And as we all know at Rivers, we
14 recognize that it is our responsibility to provide
15 opportunities to the local community here in
16 Pittsburgh and surrounding areas. And we feel that
17 we've done a fantastic job of doing so. Very briefly,
18 in 2009, you will see the casino started off with just
19 under 1,000 team members. And here we are today, two
20 years later, with roughly 1,679 and projections to
21 carry forward to the tune of 1,800 employed here at
22 this location in Pittsburgh. A fantastic story,
23 partly due to the expansion of the table games and
24 also some of the other concepts that will be coming on
25 in food and beverage, and as a result of some other

1 ancillary positions, so we're also going to receive
2 some additional head count.

3 When we take a look at our current
4 demographics, you will notice that the makeup at
5 Rivers compared to Allegheny County is a very unique
6 story. At Rivers you will find that we consist of
7 19.5 percent diverse team members, versus Allegheny
8 County at 16.5 percent. So we feel that we're beating
9 the expectations here in the county and we're going to
10 continue to strive to improve those numbers on an
11 ongoing basis.

12 If you look at who our team members are
13 and where they live, it's very important to us that we
14 demonstrate our commitment to the State of
15 Pennsylvania and the local area. You will find that
16 slightly over 92 percent of those that work in our
17 employ here at this location is out of the State of
18 Pennsylvania. And we anticipate that number to
19 increase as some of the current team members that are
20 relocated from some of their previous homes find
21 current homes here in the Pittsburgh area and are able
22 to relocate their family here in this community.

23 So what does that mean from a community
24 standpoint? Well, it's all about salaries, taxes and
25 benefits. And you'll see a significant growth here

1 starting at just over 25,209,000 and increasing to
2 over 70 million currently. It's consistent growth and
3 we anticipate this to continue to grow, again, as we
4 add other amenities, other outlets and improve the
5 service and allow more guests to come in to use our
6 facility.

7 And I'd like to talk about some
8 opportunities. Opportunities for our internal
9 candidates is number one, to the human resources' team
10 and to the property as a whole. And to demonstrate
11 that, we have over 350 internal promotions and
12 advancements to date. And we know that number will
13 continue to grow. Examples would be one in my own
14 department. We have a local graduate of Robert Morris
15 University that joined our team as a food and beverage
16 attendant upon opening the casino. She later found
17 her way into human resources as a clerk and was again
18 promoted to human resource specialist in a salaried
19 professional role.

20 With us today we brought four other team
21 members who are current members of our workforce that
22 would like to share a little bit about their story and
23 their experience with us. So with that, I'm going to
24 pass it over to Jung Soon Kim.

25 MS. KIM:

1 Good morning. My name is Jung Soon Kim,
2 J-U-N-G, S-O-O-N, K-I-M. I came to this country a few
3 years ago. For the first three years I worked here I
4 had a hard time finding a job, even though I have two
5 college degrees in Korea and Japan. One day I saw an
6 advertisement for the clinic, job fair. I traveled
7 from Beaver Falls to event. I felt fortunate to be
8 accepted into the dealer's role, and it took about
9 eight weeks to become a dealer. And with hard work
10 and opportunity, several months later I was promoted
11 to supervisor.

12 This is my first job since I located to
13 Pittsburgh in the United States. I think I made one
14 of the best decisions of my life by going to the job
15 fair. Rivers Casino has been a great benefit for
16 their employees and I'm very grateful to them for my
17 job. And it's a fantastic opportunity they have given
18 me. Thank you.

19 ATTORNEY SKLAR:

20 Thank you. Next we have Donald Locke.

21 MR. LOCKE:

22 Good morning. My name is Donald Locke,
23 D-O-N-A-L-D, L-O-C-K-E. My story and my testimony
24 starts, I have transited from Detroit, Michigan. I'm
25 originally from Pittsburgh. The opportunity came for

1 me. I had a variety of jobs in the Detroit area. I
2 wanted to come home. The opportunity for me was, when
3 I seen --- family members here told me about this
4 opportunity. I applied. I would transfer back and
5 forth to do the interview process. I started out in
6 security. Originally it was a part-time position but
7 I took it anyway because I wanted to come home. It
8 opened to a full-time position.

9 From then on I had an opportunity to be
10 promoted into facilities. I work facilities as of
11 now. Even in the facilities working hard, doing my
12 job the best that I can possibly be, I've also been
13 promoted in facilities from an Engineer I --- I mean,
14 Engineer III to an Engineer II. I continue to do hard
15 work and looking forward for the opportunity to make
16 my way to an Engineer I.

17 I think this is a great opportunity for
18 the community. I think the process and the hiring
19 process, through human resources and all that, have
20 put together a great team of people in the environment
21 at The Rivers Casino. Thank you.

22 ATTORNEY SKLAR:

23 Next I would like to introduce Trina
24 Leonard.

25 MS. LEONARD:

1 Good morning. I'm Trina Leonard,
2 T-R-I-N-A, L-E-O-N-A-R-D. I would like to say that
3 I've been in Rivers Casino since it opened back in
4 August of 2009. I was actually semi-retired when I
5 saw the ad on TV. So I said to myself, you know what,
6 this looks like it would be a fun place to work, so
7 why not. So I went ahead and I applied for the
8 cashier position. And during the interview process it
9 was determined that with my years of working for a
10 local bank --- I'm sorry. It was determined that with
11 my years of experience working for a local bank, first
12 as a teller, then as a customer service rep, then
13 finally as an assistant manager, that I would be
14 better suited to become a main cashier. The primary
15 differences between a cashier and a main cashier are
16 increased responsibilities. Rivers Casino chose me
17 for that position.

18 During my time at the cage, I was
19 approached by one of my supervisors, Mr. Sye, to put
20 in for a supervisory position that was being posted.
21 Unfortunately the hours didn't fit my family, so I
22 remained a main cashier.

23 When the table games were introduced, the
24 director of the cage, Ken Rambo, came to me and said
25 that there were openings for a credit executive and

1 that I should apply. I did and I've been credit
2 executive ever since. Being a credit executive brings
3 with it even more responsibilities, such as credit
4 approvals and/or denials, collections, interacting
5 with our guests, cage, slots and table personnel.

6 When Rivers Casino asked the volunteers
7 to have a food bank a few months ago, I jumped at the
8 chance. Since then there have been two more outings
9 in the surrounding community. I'm glad that I came
10 out of retirement to work for a company that is
11 community-oriented. It's that kind of involvement
12 that makes me happy to come to work.

13 In closing, I want to thank Rivers Casino
14 for opportunities and the flexibility of working here.
15 And I am honored that you guys chose me to tell my
16 story.

17 ATTORNEY SKLAR:

18 Next I'd like to introduce Felix Diaz.

19 MR. DIAZ:

20 Good morning. Felix Diaz, F-E-L-I-X
21 D-I-A-Z. I had the opportunity to start with
22 Pennsylvania casinos back in Philadelphia Park in 2006
23 as a security officer on the pre-opening team.
24 Roughly about a year after being employed there, I got
25 promoted to a shift manager. And through that time I

1 had the opportunity to move to Pittsburgh, in the same
2 role, to be a part of the opening team there. The
3 opportunity presented itself ---. I have a daughter
4 that lives close to this area and the commute from
5 Philadelphia to up here is --- you know, across the
6 Pennsylvania Turnpike, which we all know ---.

7 Through that time as part of the pre-
8 opening team, I was promoted to the security manager
9 here at The Rivers, had the opportunity to train,
10 mentor and assist with the hiring following the
11 opening of the casino. It's been tremendous not only
12 to advance my career, as it changed from '06 to where
13 I'm at today, 2011, but also be a part of my family
14 growing up and have the opportunity to be here while
15 maintaining and growing in the same career.

16 So The Rivers Casino not only benefited
17 my personal life, but as well as my professional life.
18 I'm very grateful and thankful to be a part of not
19 only the casino industry but to be part of Rivers
20 Casino as well. Thank you.

21 MR. BARNABEI:

22 And fortunately for us we have many other
23 stories that are similar and you can see the impact
24 that the gaming and Rivers Casino has had on many
25 lives in this area. And I think it's a great story to

1 tell.

2 To identify such fantastic candidates, we
3 have multiple recruitment outreach efforts. And
4 you'll notice by some of the names and organizations
5 listed here, they are all local here to the City of
6 Pittsburgh and Allegheny County. And we partner with
7 these resources to continue to identify viable
8 candidates to fill our openings. We have partnered
9 with them in multiple ways. And you're actually going
10 to hear from one of the organizations or a couple of
11 the organizations that we work with, such as the
12 Northside Leadership Conference, to ensure that we are
13 hiring the local qualified candidate pool.

14 Simply a few photos from some of the
15 outreach efforts. This was in particular from the
16 expansion of table games, where we held multiple
17 career fairs in the city. As a result of those career
18 fairs, we ran multiple table game schools, four to
19 date, including one current. Yes, we are continuing
20 to grow.

21 The important thing to note here is that
22 there are no tuition costs and we do our best to run
23 as many schools as possible. There are other
24 organization in and around PA that offer schools,
25 there's a cost associated with that, anywhere, my

1 understanding, from \$800 to \$1,200 per class. And we
2 feel very fortunate that we've been able to offer the
3 abilities and skills to the local residents here in
4 Allegheny County.

5 To date we've had over 80 internal team
6 members move their way into the table game school and
7 become a dealer. And we've had over 300 external
8 dealers, and currently we have over 50 in our current
9 school.

10 And with that I'd like to turn it over to
11 Joe Martin, our PA Director of Procurement & Supplier
12 Diversity.

13 MR. MARTIN:

14 Good morning, Chairman and Commissioners.
15 It was great hearing the personal stories of our other
16 team members. There are 1,700 people right now and we
17 don't get to meet everybody until some time --- and
18 today was a very fortunate time for me to be able to
19 hear the stories.

20 At Rivers Casino we recognize our
21 responsibility to be inclusive of minority-owned
22 businesses and the procurement process. If we look
23 back at our trailing 12 months, we'll see that with
24 minority-owned businesses we did about \$1.9 million in
25 spend or a little bit under ten percent of our total

1 spend. With local business enterprises, which would
2 encompass Allegheny County and the surrounding five
3 counties, we did \$14.7 million or close to 74 percent
4 of our spend. And totally in Pennsylvania we're
5 looking at 16.9 percent or almost 85 percent. The
6 remaining percentages were out of state.

7 As part of our outreach effort, we
8 decided to go forward with some new initiatives
9 starting in January of this year. And so what we did
10 was some of us went out and met with the individual
11 leadership of some of these following organizations
12 here, and talked with them about what are they looking
13 for from us to be good partners in the community. At
14 the same time we talked to them about what we needed
15 to do to help to talk to the local vendors and make
16 sure they understood our procurement process itself.
17 So what I did is I asked them whether or not we could
18 make presentations to them related to how to do
19 business with Rivers Casino. And that encompassed
20 everything from what our RFP looks like, the bid
21 response form, as well as our bid evaluation process
22 itself.

23 So so far to date we've have meetings
24 with three organizations that you see there, the
25 Northside Chamber, Northside Leadership Commerce ---

1 Conference, as well as the Western Pennsylvania
2 Minority Supplier Development Council and we're
3 waiting to hear back on the schedules for the other
4 organizations going forward.

5 As part of our initiatives, we set up
6 some quarterly bid meetings, which will encompass
7 understanding what our next quarter's bids will be.
8 And then we'll have meetings with the organizations to
9 share that information with them so they're aware of
10 what's coming up, as well as, again, we'll go back
11 through and repeat the current process with the RFP,
12 the response form, et cetera.

13 Yesterday we were fortunate to attend the
14 Western Pennsylvania Minority Supplier Development
15 Council's opportunity fair. And while there I was
16 able to talk with Nick and --- he's the president,
17 sorry, Nick Nichols. And he said, yes, that he would
18 like to host the first quarterly bid meeting that
19 we're going to be having. So we're going to do that
20 sometime in June. So that will be the first
21 opportunity to do that here in the Pittsburgh area.

22 Related to tier two, that's when we're
23 working with the prime vendors, such as U.S. Food
24 Service. We asked them to provide us with reports as
25 to the actual orders that we placed with them that

1 actually went to minority-owned businesses. That's
2 the process that is accepted and promoted by the
3 National Minority Supplier Development Council as well
4 as The Women's Business Enterprise National Council as
5 well. They actually go out to three tiers at this
6 particular point.

7 Recognizing our due-diligence
8 requirements, we're working with a certified minority
9 business right now to verify third-party certification
10 for the actual minority-owned businesses that say they
11 are. We want to make sure that we have current
12 certificates for them so that when we report our
13 members to you, that it's accurate.

14 Point four will be also posting our terms
15 and conditions on the website, as well as the upcoming
16 bid opportunities so there's more access for them at
17 the same time.

18 Finally, with tracking and reporting, our
19 buyers are responsible, on a weekly basis, to enter
20 into a spreadsheet that tracks everything related to
21 the purchase orders that we place, how many bid
22 opportunities are provided to minority-owned
23 businesses as well as the purchase orders that were
24 ultimately awarded to minority-owned businesses.

25 So we're keeping tracking purposes ---

1 tracking in place beforehand when we place the orders
2 as well as the spend at the end, some of the credit
3 numbers that we report to you.

4 I have here today two of our vendors that
5 are going to speak on our behalf. The first one is
6 going to be Clare Meehan from AlphaGraphics and the
7 second one will be Shane Hall from Paragon Foods.
8 Thank you.

9 MS. MEEHAN:

10 Good morning. I'm Clare Meehan. I'm
11 president and CEO of AlphaGraphics and we provide
12 printing and marketing services to the consumer. We
13 have a great story to tell. I grew up in the area.
14 And ten years ago we moved to Pittsburgh from Boston
15 to start our business. We came here with zero funds,
16 zero revenue and we've grown to a three and a half
17 million dollar business, and the casino has been part
18 of it.

19 I met Andre a year before the casino
20 opened. I was referred to him by the Diversity
21 Business Center. And we've had a strong relationship
22 ever since then in terms of their growth.

23 We're located in Downtown Pittsburgh and
24 we have a lot of new marketing services that I hope to
25 enhance my business with the casino in terms of

1 targeting their top-tier clients and getting them to
2 be more engaged in going to the casino.

3 I'm very happy to be here this morning.
4 It's been a very good relationship and I hope to
5 expand it.

6 MR. HALL:

7 My name is Shane Hall, S-H-A-N-E,
8 H-A-L-L. I'm the sales manager for Paragon Foods. As
9 Joe said, we're certified WVE. We operate here in
10 Pittsburgh. We're in the Strip District. We've been
11 doing business with the casino since it opened. As
12 many of you are aware, my several years in the
13 restaurant business have been very challenging. And
14 all of our business that we do, we're a hundred
15 percent food service company. We sell food to
16 restaurants ---. But the business with the casino,
17 they are our largest individual ship-to location that
18 we send product to. It's enabled us to actually grow
19 our business and grow our number of employees that we
20 have here in Pittsburgh. So it's been a great
21 partnership for us.

22 Another focus of our company is that we
23 try to partner with as many local producers and
24 farmers as we can. It's one of our key principles
25 that we work with. And the business that we do at the

1 casino, we'd love to grow that business as well, we
2 sold them \$60,000 worth of product that had been
3 produced within 150 miles of our facility. Grown and
4 produced and sold to us, delivered to the casino. So
5 that's a huge advantage for us in our mission and it's
6 helped then support the local community as well.

7 We appreciate the business we have with
8 them and we hope we continue to be able to do so.
9 Thank you.

10 MS. GILCHRIST:

11 Good morning. Rhonda Gilchrist,
12 R-H-O-N-D-A, G-I-L-C-H-R-I-S-T. Mr. Chairman,
13 Commissioners, thank you for the opportunity to speak
14 here today on behalf of the casino. I would like to
15 promise you that Rivers Casino understands the
16 regulations and the Board's position with respect to
17 problem and underage gambling. On behalf of the
18 ownership, the management and all of the team members
19 of Rivers Casino, we share that commitment for zero
20 tolerance. And we strive to continuously improve our
21 processes and our policies to ensure that we're
22 successful in that area.

23 Recent measures that have been
24 implemented and continue to be improved upon include
25 our training program. We have an extensive training

1 program that's offered to all of our security team.
2 Most recently we instituted an all-race training,
3 whereby the officers are given very direct training on
4 facial recognition to compare it to an ID as presented
5 by an individual. We're seeing great success since
6 the introduction of that training.

7 We've also increased the signage at the
8 facility. The sign that you're seeing now has been
9 added to our LED boards that are on the building
10 itself. They're part of the rotation. The sign is
11 black with white lettering. It's very easy to see.
12 We've increased our overhead announcements in our
13 garage and we have the capability, in our
14 porte-cochere to remind everybody that you need to be
15 21 years of age to be in the casino or in the garage.

16 On high-volume days, we changed the way
17 that we admit customers into the facility. Basically
18 we use stanchions along the sidewalk to sort of funnel
19 them in, to give us more of a one-on-one direct and
20 keep the lines outside the door as opposed to inside
21 the door.

22 We have a committee of leaders that are
23 involved in reviewing our processes and our procedures
24 to continually improve upon them. We reach out to our
25 security team for feedback and ways that we can help

1 them to be successful and we also participate side by
2 side. It's not unusual to see a Steeler game or a
3 Pirates' game let out and see any one of us, including
4 myself, out in the front of the facility being alert
5 for underage and helping the team monitor the
6 admittance of only individuals that are 21 or older.

7 We issue wristbands at the facility. We
8 rotate those colors. Those colors are determined by
9 our security team on a daily basis. Since January 1
10 of 2011 we have issued 146,294 wristbands. Aside from
11 that, the wristband itself is not to be accepted as
12 the individual is 21 years of age. Any team member at
13 Rivers Casino can challenge the age of an individual
14 at any time. And we are very vocal about their
15 ability to do so.

16 Thank you for the opportunity. I'm going
17 to reintroduce Andre.

18 MR. BARNABEI:

19 As I mentioned earlier, Rivers is very
20 cognizant of our commitment to the local area for
21 employment. But with great pride we're also committed
22 to the local community. And some of the unique things
23 that we've been able to do in terms of community
24 support, for example, would be our contributions to
25 the Sports and Exhibition Authority here in

1 Pittsburgh, where we're committed to \$7.5 million
2 annually, for a total of \$225 million over 30 years.
3 This has provided the ability for the City of
4 Pittsburgh to have one of the newest, cleanest and
5 greatest arenas in the country, and to allow us the
6 ability to keep and maintain a championship team in
7 the Pittsburgh Penguins here in the city as well.

8 In addition you'll from Mr. Fatla later
9 today. We have an agreement with the Northside
10 Leadership Conference where we provide them with \$1
11 million annually for three years, in which those
12 monies are used towards housing and business and is
13 administered directly by the Northside Leadership
14 Conference ---.

15 And we also have a commitment in place
16 with the Hill District, where we, again, contribute \$1
17 million for three years. Contributed to the Greater
18 Hill District Development Fund and it's led by the
19 POISE Foundation and it's used for development in the
20 Hill District and for other areas to be identified by
21 the committee.

22 In addition, there are multiple other
23 community organizations and groups that we've had the
24 ability to contribute to. You'll see a listing there
25 and you'll see that it's well over \$9 million in

1 commitment donations and beneficiaries.

2 One of the other aspects that we look at
3 is our ability to impact the community from a team
4 member support standpoint. We've implemented a 12-
5 month program where once a month our team members go
6 out into the community to provide different acts. To
7 date we've worked with the Greater Pittsburgh Food
8 Bank. We've worked with East End Ministries. We've
9 worked with, and you'll heard from today, the
10 NorthShore Community Alliance. And we've also worked
11 with the Veterans Hospital of Western Pennsylvania.
12 We have a few other to be scheduled but yet proposed
13 organizations that we're going to be working with, one
14 of which you'll hear from today, the Manchester
15 Citizens Corporation, River Life, Botanical Gardens,
16 the Pittsburgh Project. And, again, you'll from the
17 Northside Leadership Conference today.

18 These are just some photos of our team
19 members out there working the community. They are
20 volunteers that do so. We do in turn compensate them
21 for their time. And the interesting thing is that
22 we've had more team members sign up than what we
23 needed to complete the project, for each project.
24 We've had anywhere between 10 and 30 team members
25 needed for each project so far and we've had well

1 above that sign up to participate. And with that
2 said, I would like to introduce Mr. Stanley Lowe, the
3 managing director of the MCC, Manchester Citizens
4 Corporation on the North Side here in Pittsburgh.

5 MR. LOWE:

6 Thank you. Stanley Lowe, L-O-W-E. I
7 sincerely appreciate having the opportunity to address
8 the Pennsylvania Gaming Control Board today as you
9 gather evidence concerning the license. As noted, my
10 name is Stanley Lowe and I'm the president of
11 Pittsburgh Neighborhood Preservation Services and
12 managing director of the Manchester Citizens
13 Corporation.

14 I'm here today to offer my opinion
15 concerning the relationship that Manchester CC has had
16 with Rivers Casino over the last several years. Now,
17 the remarks are simple and to the point. The answer
18 to the question should their license be renewed is an
19 unequivocal yes. Why? Because Rivers Casino has
20 proved themselves to be an outstanding neighbor. This
21 is not --- my comments are not just about business,
22 but it's also personal. The gentleman sitting to my
23 left, probably to your right, has spent time,
24 considerable time, working with us in the Manchester
25 community. He knows what he's doing. He has walked

1 the streets, he has been engaged in our redevelopment
2 process. He's been in many of our houses. He's met
3 with the residents who reside in Manchester, as
4 myself. He's done this personally. He's met with the
5 community board there in the neighborhood. And we're
6 very, very pleased that he has familiarized himself,
7 over the \$30 million worth of development we currently
8 have ongoing in this area.

9 He could have sent anyone, but he's come
10 and been engaged personally in our neighborhood. I'm
11 very grateful for that.

12 Let me just offer a couple other comments
13 that have not been raised today. As I said before, we
14 are their neighbors, so there is impact in terms of
15 what they do. We're the only neighbor on the North
16 Side that --- closest to them that does not have a
17 sticker parking lot. And when you're located near
18 Three Rivers Stadium, PNC Park and the casino,
19 particularly when they're all operating at the same
20 time, you can imagine our neighborhood becoming a huge
21 parking lot.

22 I can tell you that, given what the
23 casino has attempted to do by offering free parking
24 and paying attention to the parking needs of its
25 customers, that it's had a huge impact on relieving

1 parking in our neighborhood.

2 One of the other things you may not be
3 aware of that we've talked about time and time again
4 in our community, I know it's an issue in other
5 communities, is the whole issue of how we deal with
6 crime. You may not be aware of the fact that the
7 casino's footprint is in our area in terms of crime.
8 I'm happy to report here to you today that their being
9 here in the North Side --- in the North Shore
10 community has not had a significant impact or any
11 impact at all on the crime statistics as we relate to
12 them in our neighborhood. And that was one of the
13 paramount issues we were concerned about in the
14 location of the casino in that area.

15 The Rivers Casino is also situated next
16 to the Science Center, PNC Park, Heinz Field and Andre
17 is the only representative of the above organization
18 who really has taken time to be engaged with us. When
19 I say us, I'm talking about the community at large and
20 our neighbors there working in the neighborhood.

21 We are pleased, ecstatic, that the casino
22 is there. You heard about the employment
23 opportunities and the partnerships that are there.
24 This is not fake. It is genuine. They are really a
25 part of the neighborhood and we're pleased to be able

1 to support them today. Thank you.

2 MR. BARNABEI:

3 Next I'd like to introduce Mr. Mark
4 Fatla, the executive director of the Northside
5 Leadership Conference located on the North Side here
6 in Pittsburgh.

7 MR. FATLA:

8 Thank you. That's a good start. Thank
9 you to the members of the Commission. My name is Mark
10 Fatla, I'm the executive --- that's F as in Frank,
11 A-T-L-A. I'm executive director of the Northside
12 Leadership Conference, that's the community
13 development corporation serving the North Side of
14 Pittsburgh. It is a coalition of the 15 grassroots
15 neighborhood organizations of the North Side,
16 including the Manchester Citizens Corporation. You
17 just heard from Stanley.

18 The conference has the largest service
19 area that you see in the city. We cover the entire
20 North Side, from the rivers all the way out to the
21 city boundary in the north, that's about 20 percent of
22 the city, both in land mass and population.

23 We also have the broadest range of
24 services. We have the most comprehensive CDC in the
25 region. We provide services in real estate

1 development, business development, workforce
2 development, public ground improvements like parks and
3 streetscapes, public safety initiatives, loans,
4 programs and communications and advocacy.

5 We're in our 30th year. We operate two
6 subsidiaries as well, the Northside Community
7 Development Fund, which is a nonprofit loan fund and a
8 federally certified community development financial
9 institution, now with assets for lending on the North
10 Side of \$14 million. We also publish The Northside
11 Chronicle newspaper, which is a free monthly community
12 paper. And it turns out it's the four largest monthly
13 in the State of Pennsylvania. That's apparently
14 because there aren't a lot of monthly, but we'll take
15 it anyway.

16 So last year the Conference was selected
17 by the Community College of Allegheny County for their
18 Excellence in Leadership award in a non-profit
19 category. Back in 2006, the Conference negotiated an
20 agreement with the original license applicant to try
21 to litigate and anticipate the impact that the city
22 would have and to maximize the potential benefit of
23 the employment and vendor relationship that the casino
24 could bring to the North Side.

25 That agreement, written agreement, was

1 signed by the original applicant. They executed the
2 same agreement --- and continued to operate under that
3 written agreement, that written partnership.

4 That agreement includes, as Andre
5 mentioned, a really large check, to us at least, a
6 million dollars, half a million each year for housing
7 development on the North Side and half a million for
8 business development on the North Side. And that has
9 a three-year run. We hope they'll review at the end
10 of that three-years ---.

11 But the Conference established committees
12 to set the process and establish the criteria for
13 using those funds, invited both its members and other
14 organizations on the North Side to submit proposals
15 for how best to use those funds. To date we've been
16 through three quarterly rounds of applications. We've
17 received 17 proposals. We've agreed to fund 11 of
18 those. And those decisions about what projects to
19 fund are made by the community leaders of the North
20 Side. These guys told us like generally things they'd
21 like, but the community set the criteria. The
22 community oversees that process.

23 While everybody focuses on the check,
24 though, the agreement covers a lot of ground. It
25 covers parking and its impacts, which is a great

1 importance to North Side neighborhoods, as Stanley
2 illustrated. It includes employment efforts, vendor
3 relationships, transportation issues. It's a broad
4 concept and it also includes working around public
5 access to the trail that goes through the community
6 --- through the facility's location.

7 At the outset of the process, we
8 conducted this partnership with the casino, outreach
9 to low-income communities, not only on the North Side,
10 but throughout the region. We conducted, in 2007
11 through 2009, 25 workshops entitled, So You Think You
12 Want To Work In A Casino. We did this outreach in
13 low-income communities throughout Allegheny County to
14 help educate low-income communities about the
15 opportunity, about the requirements of state
16 regulations, and to educate them about what the
17 expectations of the employer would be. And that
18 helped make sure that there was --- this opportunity
19 was communicated to low-income neighborhoods
20 throughout the region. Since then we continue to work
21 with the casino, focused on the North Side of the ---
22 operating the neighborhood, employment centered on the
23 North Side.

24 We have a monthly meeting with the
25 casino. Our primary contacts are Andre, as human

1 resources, and George Matta, from community relations.
2 And that is an ongoing relationship. Every month we
3 get together and there's an agenda for those meetings
4 and it tracks the outline of that agreement. So every
5 month we're talking about the things --- what we made
6 in terms of mutual commitments. And we're making sure
7 we implement those.

8 And I've got to tell you, we don't get
9 together to toss rose petals around. We get together
10 and we press these guys on some things, employment.
11 We'll never be satisfied until we've got every North
12 Sider with a good-paying job, whether it's in the
13 casino or elsewhere. We press them. We press them on
14 vendor opportunities. We question them on parking,
15 because we know that participation in the casino is
16 going up and that increases the questioning about
17 parking and transportation.

18 So we have a working relationship. And
19 there's a creative tension between the corporation and
20 its interests and community's interests. Often they
21 coincide, but sometimes they diverge. But if we can
22 have that ongoing conversation, if we can have that
23 discourse then we work through those issues.

24 I'm happy to say, first of all, thanks
25 for the big check, Tom. But secondly, I'm happy to

1 say that we have established an ongoing working
2 relationship and dialogue with this corporate partner.
3 Thank you.

4 MR. BARNABEI:

5 And next I'd like to introduce Carol
6 Washington, the executive director of the NCA,
7 NorthShore Community Alliance, located on the North
8 Side here in Pittsburgh.

9 MS. WASHINGTON:

10 Good morning. I'm Carol Washington,
11 C-A-R-O-L, W-A-S-H-I-N-G-T-O-N. Thank you for having
12 me this morning. Our agency has been around since
13 1895. We are celebrating our 116th year of operation.
14 We operate in a Settlement House, so our agency offers
15 health and human services to the Allegheny County
16 community, but we happen to live in Manchester on the
17 North Side.

18 When I was first introduced to Andre, it
19 was through a steering committee through the Northside
20 Leadership Conference and I was, hopefully, an
21 intricate part of the process when you developed North
22 Shore Casino. A theory, an idea, a concept and it
23 actually worked. It's hard to get a lot of social
24 service agencies, nonprofits and leaders in the same
25 room and agree on some ideas, especially when it's

1 concerning a plan.

2 I think my agency has been fortunate
3 enough to literally be within walking distance, which
4 is either good or bad when I saw the sign go up and
5 the North Side was chosen. But I looked at it as a
6 leader as an opportunity for the population that we
7 serve. We service over 400 families that live in and
8 around Allegheny County, and a great portion of those
9 consumers that we serve look for employment
10 opportunities and resources in and around the North
11 Side.

12 The NCA and Rivers Casino have had a
13 longstanding relationship since its groundbreaking,
14 because they have reached out to the North Side
15 community and its neighboring organizations to provide
16 communication, employment opportunity and has --- and
17 is fulfilling their philanthropic duty as a company by
18 supporting agencies like ourselves. Our partnership
19 efforts have been as follows. And I just have a
20 couple bullet points to mention. Early as May and
21 June of 2009, Andre and I decided to utilize the
22 multipurpose room that they have available to the
23 community. More importantly the casino had hired a
24 tremendous amount of security guards and they had
25 nowhere to train them at first. So I raised my hand,

1 thinking of the connection that we could continue just
2 in terms of utilizing our space, exposing our agency
3 and allowing that relationship to develop. In 2009 we
4 partnered with the casino, again, to accept --- they
5 accepted applications for employment and allowed their
6 application to be on our active server, which made the
7 employment process a much more user-friendly addition
8 to all of our development programs.

9 In the fiscal year 2010, the casino,
10 again, supported and attended various community
11 meetings that we were holding, as well as workshops
12 that we had in the North Side community. Fiscal year
13 2010, they supported, by way of sponsorship and
14 attending our first annual golf outing and signature
15 fundraising event. They were one of my first sponsors
16 to raise their hand and say, how can we help.

17 Spring of 2011, the agency provided space
18 for the Northside Chamber to host one of their very
19 --- ongoing, not very first, but ongoing seminars to
20 conduct --- in how to conduct business with vendors in
21 the community. Most importantly, to myself as a
22 minority, and women vendors. And that was extremely
23 successful.

24 And most recently, about two months ago,
25 George Matta approached me with an idea of community

1 day and development, in terms of employees at the
2 casino giving back to the community. You know,
3 really, it's a tough day for them, but I got to take
4 pictures and serve coffee. And they came in, we had
5 an emergency shelter unit that we own adjacent to our
6 administrative property in Manchester. They painted
7 the entire building from floor to ceiling, replaced
8 all appliances, drapes, dishes, cleaned every room and
9 scrubbed floors. We took before and after pictures.
10 So it was kind of nice to see Andre in a pair of jeans
11 with a painter's cap, and Corey Plummer as well. The
12 first time I met some of the employees and it was a
13 really great day, a wonderful experience.

14 So my agency and the clients that we
15 serve would agree with me when I say it has been a
16 good journey. It is a great addition and I look
17 forward to the relationship moving forward. Thank
18 you.

19 MR. BARABEI:

20 Next I'd like to bring out Randy Lugares
21 from the Central Blood Bank, the director of marketing
22 development.

23 ATTORNEY LUGARES:

24 Thank you very much. My name is Randy
25 Lugares, L-U-G-A-R-E-S. I'm the director of market

1 development and business operations at the blood
2 center. Central Blood Bank is the sole supplier of
3 blood and blood products to over 40 area hospitals
4 within the Greater Pittsburgh Area and also Western
5 Pennsylvania. We supply hospitals such as UPMC, the
6 entire UPMC Health System, along with the Western
7 Allegheny Health System and many, many other hospitals
8 in the area. Blood and blood products are much needed
9 in this community. We have patients that come not
10 only from this immediate area but also from many, many
11 other regions not only in this country but many other
12 countries, for tertiary care and therapeutic blood
13 needs.

14 And we're very proud to be partners with
15 The Rivers Casino in this journey for life. The
16 Rivers Casino, in 2010, in conjunction with the
17 administration and all of the efforts made by the
18 casino, produced 770 units, that's pints of blood in
19 2010. Those are 770 successful donations. That is
20 remarkable. That's absolutely remarkable.

21 The Rivers Casino ranks 19th in our top
22 20 main donor groups in this area. And they're
23 partnered with the likes of PNC Bank, UPMC, Duquesne
24 University, Carnegie Mellon University and many, many
25 others. That's a very, very prestigious achievement.

1 Considering that the Central Blood Bank
2 needs 600 units, pints of blood, per day in order to
3 keep our operation functional, that represents,
4 obviously, more than one day's blood supply being ---
5 contributed to not only the employees but also the
6 patrons of The Rivers Casino. 2,310 patients' lives
7 saved, because if you take the 770 units that were
8 collected and times it by three, this blood could be
9 separated into three component parts. 2,300 --- over
10 2,300 lives have been saved in this area due to the
11 efforts by the casino.

12 The casino actively advertises the blood
13 drives, both internally and externally. They educate
14 actively their team members as the need for the blood
15 in the community --- and also markets to their patrons
16 as to the importance of donating blood.

17 And last but not least, they're very
18 gracious in offering incentives for donors to
19 participate while both patrons on the property and
20 also for their team members as well. We look forward
21 to the Central Blood Bank continuing our partnership
22 with The Rivers Casino as they certainly make up a
23 huge amount of blood that's collected in this area.
24 Thank you very much.

25 MR. BARNABEI:

1 I know this is kind of hard to read, so
2 I'll read through it briefly for us. Today the Chief
3 of Police, Nathan Harper, could not attend, but he did
4 present a letter to us to read on his behalf. It's
5 addressed to the casino.

6 And it says, it has been a pleasure for
7 the Pittsburgh Police --- Bureau of Police to work
8 with the staff of Rivers Casino. Since the opening of
9 the casino on the North Shore, we have built a
10 successful working relationship with the security
11 staff as well as the Pennsylvania State Police at the
12 facility. Year to date, the Bureau of Police, Zone
13 One, has realized a decrease of 17 percent in Part-I
14 crimes in the North Side, which is inclusive of the
15 North Shore, from March of 2010 to March 2011. And
16 year to date 2010 to year to date 2011, we again
17 realized a ten-percent decrease in the overall Part-I
18 crimes on the North Side.

19 The Bureau has not realized any adverse
20 criminal complaints or activity in our jurisdictional
21 area at the casino or the North Shore community. The
22 casino has increased the visitation of the North Shore
23 community and will continue to maintain this community
24 as a safe and enjoyable environment.

25 ATTORNEY SKLAR:

1 Thank you. Just briefly in conclusion,
2 you've heard this morning I think the tremendous
3 impacts that The Rivers Casino has had on the team
4 members at the facility, the local community and the
5 Commonwealth as a whole. But I want to assure you
6 that we're not going to rest on our laurels. We're
7 going to continue to grow the business and be a part
8 of the fabric of the community. And with that we will
9 be happy to answer any questions you have.

10 PRESIDING OFFICER:

11 Mr. Sklar, you want to move your
12 PowerPoint into the record, mark it as Rivers Number
13 One?

14 ATTORNEY SKLAR:

15 Yes, please.

16 (Rivers Number One marked for
17 identification.)

18 PRESIDING OFFICER:

19 Any objection?

20 ATTORNEY CREANY:

21 No objection.

22 PRESIDING OFFICER:

23 And, Mr. Creany, any Cross Examination of
24 the witnesses of Rivers?

25 ATTORNEY CREANY:

1 I believe I have maybe a couple questions
2 and probably for Mr. Patent, the CEO. If this is not
3 something you want to address with the other
4 speakers ---.

5 Mr. Patent, in your testimony you
6 explained how Rivers got their financial regs under
7 them in the transition from slot openings to the full
8 table games offering that you have now. And you
9 mentioned there was increases in one of your slides on
10 the charts. Can you give us an idea of whether the
11 revenue increase was on the slot side, table side or
12 both? I mean, I know it's substantially at zero at
13 tables before July of last year, but has there been
14 sort of synergy that you see growth in both?

15 MR. PATENT:

16 We have definitely seen synergy between
17 the tables and slots business. If you look at your
18 comparisons, in the first month we're able to have a
19 full year of comparison, September of 2010 versus
20 September of 2009. We have had growth. I think the
21 lowest percentage of year-to-year growth was about 12
22 and a half percent and that was in January. Other
23 months have been as high as 30 percent. And in the
24 most recent month of April, I think we're at 18
25 percent. So we've doubled the growth of slot revenue

1 year for year since we've able to have those
2 comparisons. Some of that we believe is attributable
3 to table games, but a lot of it is attributable to
4 better marketing, just the natural ramp-up when you
5 open up a new casino in an area that is not a
6 well-established gaming jurisdiction like Pittsburgh.

7 ATTORNEY CREANY:

8 Just further, what do you see as a
9 challenge at Rivers relative to future growth to
10 revenues?

11 MR. PATENT:

12 We spend a lot of time on that. We're
13 always worrying about, you know, what the future will
14 bring and what some of the challenges are. I think,
15 you know, the local competition is always a challenge.
16 This is a very nice facility. They've got a great
17 team there and everybody is working hard to be the
18 best in western PA. So we worry about the Meadows and
19 what they're going to be doing. Casinos in Ohio are
20 certainly going to have an impact. We get a
21 measurable piece of our business from the Cleveland
22 area. Close to, I believe, six percent of our slot
23 business comes from Cleveland and close to ten percent
24 of our business comes from Ohio. So we believe
25 there's some business that will --- that will cease to

1 come as a more convenient alternative opens up in Ohio
2 sometime in 2012.

3 At the same time, you know, all the
4 things the casinos are concerned about, from the
5 public relations side, making sure that we don't have
6 any incidents of crime, making sure that we continue
7 to be vigilant with the under 21 gaming and maintain a
8 great relationship in the community. It takes years
9 to build that up and very quickly it can be torn down
10 if we make too many mistakes, so we're very vigilant
11 with that. At the same time, we believe that there is
12 still significant room to grow business as we continue
13 to be accepted in the community as the residents of
14 Pittsburgh learn about the casino, experience it once
15 and decide to come back, so we think there's a lot of
16 outside opportunities as well.

17 ATTORNEY CREANY:

18 Thank you very much. I have no further
19 questions.

20 PRESIDING OFFICER:

21 Questions from Board members? Mr. Ginty?

22 MR. GINTY:

23 Mr. Patent, you, like other casinos, have
24 seen an increase in your slot numbers as a result of
25 the introduction of gaming and I believe that's

1 generally called a companion factor. And that is
2 good. That's good for you and it's good for the
3 Commonwealth. We continue to get our 55 percent
4 increase in the slots revenue. But there are critics
5 out there that say that that is a short-term phenomena
6 in that at some point the slot revenues will suffer as
7 a result of gaming. Do you have any comment on that
8 or any experience or can you help us understand what
9 the long-term relationship between table games and
10 slot play is?

11 MR. PATENT:

12 I have had some familiarity, since I
13 worked in a number of other jurisdictions where slots
14 and table games co-existed, although I believe, at
15 least from my vantage point, there are two other
16 jurisdictions where table games were introduced after
17 slots. But I think it's very hard to make predictions
18 about what the future will be in a jurisdiction where
19 we have such little actual data. Slots and table have
20 been in the casinos only since July, so it hasn't even
21 been a year. But I say it would take a phenomenal
22 reversal for us to start seeing negative impacts on
23 the slot revenue side because of table games.

24 And, in fact, if you just look at our
25 history, you know, we added table games --- we

1 initially predicted that there would be a reduction in
2 slot revenue and the main reason for that was because,
3 if you recall, there were these electronic table games
4 that we had our --- we still maintained some number of
5 units, but we removed a large number of those because
6 we anticipated the demand for those games would go
7 down when we introduced table games. And so at the
8 time we were getting, I believe close to ten percent
9 of our revenues from those games. And when we removed
10 the vast majority of those, we assumed that the
11 revenue would go down and be somewhat replaced by the
12 companion revenue, but it wouldn't fully be replaced.
13 Well, we were wrong, which was great news for
14 everybody. But since then we've just only seen slot
15 revenue continue to increase. We have excess demand
16 for our table games. We've now increased our table
17 game population by close to 30 percent and so far this
18 synergy seems to be working very well.

19 If you go to other jurisdictions, Las
20 Vegas, Atlantic City, I worked in the Chicago market
21 as well, slots and table games co-exist. And you're
22 really looking at two very different customers. The
23 customer who wants to play table games, they tend to
24 be younger, more male oriented and they are looking
25 for a different kind of experience, more of a social

1 experience than the slot customer. So while there is
2 always a risk that the table game --- that table games
3 could convert a slot customer to table games, we think
4 it's more than overcome by the companion effect, where
5 it allows groups of friends or couples to come to the
6 casino together and be able to have a great experience
7 for both of them.

8 MR. GINTY:

9 I think we'd all be interested if you see
10 anything either in the literature analysis or in your
11 experience which would address that, because there are
12 a number of critics out there that are saying that
13 it's a short-term phenomena in that you will be gaming
14 the system in terms of favoring your table games over
15 the slot revenue because of the taxes. So, you know,
16 anything that the --- not just revenues, but anything
17 the industry can do to address that issue, I think
18 would be helpful to all of us, Mr. Patent. Thank you.

19 MR. PATENT:

20 We will do so. Thank you.

21 PRESIDING OFFICER:

22 Mr. McCall? Mr. Moscato?

23 MR. MOSCATO:

24 I believe my first question would maybe
25 be best directed to Mr. Martin, but I'm not sure, so

1 whoever wants to answer it can. Are you tracking, in
2 any way, from your vendors when they hire new
3 employees?

4 MR. MARTIN:

5 At this time, no, we're not. If that's
6 something that the Commission is looking for
7 information on that, we can certainly add that to our
8 questions for our vendors. One of our vendors that
9 was here today, Alpha Graphics, was able to say --- we
10 had a conversation that, yes, they had hired some
11 additional employees based upon the kind of business
12 that we have been able to do with them.

13 MR. MOSCATO:

14 I think that's a good number to know
15 because it all adds to the overall welfare of the
16 Commonwealth. Thank you.

17 MR. MARTIN:

18 Thank you.

19 MR. MOSCATO:

20 My second question would be directed to
21 Mr. Barnabei. As you choose the various charities
22 that you work with, is there any certain criteria
23 you're looking for in choosing them and are you open
24 to charities at all times?

25 MR. BARNEBEI:

1 Certainly open. We basically reached out
2 to the partners that came to us early on and who have
3 worked with us in the past on other matters and kind
4 of focused a little bit on the North Side, as we are
5 in that community, to partner up with a few of those
6 organizations. But we anticipate this to be an
7 ongoing event. Each year we will put together a new
8 12-month calendar, not necessarily the same group year
9 after year. We welcome the opportunity for any group
10 to present something that works for each of us.

11 MR. MOSCATO:

12 Thanks very much and I applaud your
13 efforts for everything that you put into it. Thank
14 you.

15 PRESIDING OFFICER:

16 Mr. Fajt?

17 CHAIRMAN FAJT:

18 Thank you. Mr. Barnabei, while you're
19 here, I don't know if you'd be able to answer this
20 question and maybe when Jerry Stoll from our office
21 comes up, we'll hear from him in a minute, he may be
22 able to answer the question, but it deals with Chief
23 Harper's letter. Slide 43, if you could just bring
24 that up? He says in there that --- in the second
25 paragraph, year to date the Bureau of Police,

1 Zone One, has realized a decrease of 17 percent in the
2 part-I crimes in the North Side. And he refers to
3 this part-I crimes later on in the --- in that same
4 letter. Do you have any idea what a part-I crime is?

5 MR. BARNEBEI:

6 I do not but someone on our team may.

7 CHAIRMAN FAJT:

8 If you don't, Mark, do you know what a
9 part-I crime is?

10 MR. FATLA:

11 I believe it's primarily crimes against
12 person or property, but not necessarily a felony, I
13 don't believe but --- it is a felony, I'm sorry. A
14 summary. But I will tell you from --- the North Side
15 public safety also has been tracking the data. And
16 the previous use of this site was a parking lot for
17 Allegheny General Hospital. Incidents of all crimes
18 on this site with the casino are lower than the stats
19 for the parking lot. There were more break-ins and
20 thefts at the parking lot than there have been crimes
21 at the casino.

22 CHAIRMAN FAJT:

23 Okay. Thank you very much. And then I
24 have two quick questions for Andrea. If she could
25 come up. Slide eight. These are pretty easy

1 questions. There's nothing about the physical plans.
2 Slide eight, --- the next one. There you go. The
3 banquet facility that you have there, I assume that's
4 it in the lower right-hand corner of the quadrant ---
5 of that slide, that is --- just to orient myself, the
6 river, the Ohio River would be at the bottom of that
7 chart; correct?

8 MS. KLEINROCK:

9 And to the right. It goes all the way
10 around.

11 CHAIRMAN FAJT:

12 Okay. And so the right side of that
13 banquet facility would be facing the point?

14 MS. KLEINROCK:

15 Yes.

16 CHAIRMAN FAJT:

17 Okay. All right. Just to again, orient
18 myself and also some of the commissioners who may not
19 be familiar with that. And then slide ten, the
20 Italian restaurant, where is that to be located in the
21 casino?

22 MS. KLEINROCK:

23 In the current chow space.

24 CHAIRMAN FAJT:

25 Chow space?

1 MS. KLEINROCK:

2 As you come up the elevator from the
3 parking garage, you would come down and it would be on
4 your right inside.

5 CHAIRMAN FAJT:

6 Okay. Thank you very much.

7 MR. KLEINROCK:

8 Sure.

9 PRESIDING OFFICER:

10 Any follow-up questions, Mr. Sklar, based
11 on those questions?

12 ATTORNEY SKLAR:

13 No.

14 PRESIDING OFFICER:

15 Okay. We will turn to the Office of
16 Enforcement Counsel.

17 ATTORNEY CREANY:

18 Good morning, Director Lloyd, Chairman
19 Fajt and Commissioners and Mr. Sklar. The Office of
20 Enforcement Counsel has some testimony and documents
21 to produce today. And I will preface by indicating
22 that the Gaming Act created the Bureau of
23 Investigation and Enforcement in order to perform
24 various functions, including the review and
25 investigation of all applications. The Office of

1 Enforcement Counsel was established in the Bureau of
2 Investigations and Enforcement as the prosecutor for
3 all non-criminal enforcement actions and to advise the
4 Bureau of Investigation and Enforcement on all
5 matters, including the granting of gaming licenses.

6 On December 20th, 2006, the ITT Gaming,
7 LLC was approved for a category one slot machine
8 license in the City of Pittsburgh. PIDG Gaming
9 encountered financial difficulties, and by this
10 Board's Order dated August 14, 2008, the Pittsburgh
11 casino license was assigned to Holdings Acquisition
12 Company, LP in a reorganization and recapitalization.
13 For these acquisitions, assumption of the license was
14 made a subject of the original statement of conditions
15 executed by PIDG Gaming. That was signed back in
16 April of 2007. The company filed its renewal
17 application in a timely manner and as provided for in
18 the Gaming Act, Holdings Acquisition's initial license
19 continues in effect until the Board makes its
20 determination on the disposition of that renewal
21 application.

22 Shortly after the Board approved the
23 Holdings assignment in 2008, Holdings resumed
24 construction of the Rivers Casino project on the North
25 Shore of the Ohio River. The Rivers commenced gaming

1 at its facility on August 9, 2009, just short of a
2 year after the Board's assignment of the license. And
3 it opened approximately 3,000 slot machines at that
4 time. Last summer Rivers was approved for a table
5 game operation certificate. The Rivers is continuing
6 to develop its property, and all of this is being
7 accomplished in perhaps the most regulated business
8 environment in the Commonwealth. While regulatory
9 oversight may not be for the general public, we've
10 asked a number of witnesses to come today to address
11 the various law enforcement and regulatory roles that
12 are involved in the oversight of casino operations.

13 Now, as you heard from Mr. Lowe of the
14 Manchester Group, public perception of what has come
15 to be the onset of gaming in Pennsylvania, had various
16 concerns, including increased crime in the areas of
17 casinos and also economic harm to individuals who have
18 gambling addictions. That is of paramount concern to
19 the Board, it was to the State Legislature and today
20 we'd like to have a number of those who were involved
21 in the regulation and the criminal oversight of
22 activity within the casino to address this Board.

23 The first witness I'd like to call today
24 is Sergeant Dan Brooks of the Pennsylvania State
25 Police.

1 -----

2 DANIEL BROOKS, HAVING BEEN PREVIOUSLY DULY SWORN,
3 TESTIFIED AS FOLLOWS:

4 -----

5 DIRECT EXAMINATION

6 BY ATTORNEY CREANY:

7 Q. Good morning, Sergeant Brooks. Would you please
8 state your name and provide us with a --- spell it for
9 the record first, please.

10 A. I'm Sergeant Daniel Brooks, B-R-O-O-K-S.

11 Q. Sergeant Brooks, could you tell the Board your
12 background, training and experience prior to your
13 present position?

14 A. I'm in my 20th year of employment with the
15 Pennsylvania State Police. I've worked in five
16 different troops, spent over ten years of my career
17 working in special expert and criminal investigative
18 units.

19 Q. And what is your current position with the
20 Pennsylvania State Police?

21 A. I'm the office commander of Rivers Casino.

22 Q. Do you have a troop of troopers within that
23 facility?

24 A. We have a contingent of 11, one sergeant, two
25 corporals and eight troopers.

1 Q. And will you please describe the role of the
2 Pennsylvania State Police in the casino?

3 A. We have various duties. We do background
4 investigations, we do fingerprinting of the
5 applicants. We do enforcement of the tax code and
6 enforcement of the Gambling Act, which is Act 71.

7 Q. Besides the Pennsylvania State Police within the
8 casino itself, is local law enforcement involved in
9 the criminal policing of the casino?

10 A. Not inside the facility. Inside the facility we
11 handle all criminal investigations. Outside in the
12 parking garage is handled by Pittsburgh Police.

13 Q. With respect to the Rivers Casino, what type of
14 activity have you observed since its openings in
15 August of 2009?

16 A. We've investigated various crimes, mostly thefts.
17 We've investigated nuisance crimes such as public
18 intoxications and harassments which are assault related.

19 Q. And does the Pennsylvania State Police maintain
20 records of these incidences?

21 A. Yes, we do.

22 Q. Are they recorded publicly?

23 A. Yes, they're recorded on the UCR website.

24 Q. I'd like to draw your attention to what is being
25 projected right now on the screen. Are you familiar

1 with that report?

2 A. Yes, I am.

3 Q. What is that, for the record?

4 A. That is a UCR report from the website.

5 Q. How frequently are these reports updated?

6 A. The information is entered every month of the
7 year, so they're updated once a month.

8 Q. And are they subject to any type of editing?

9 A. Yes, we can edit it.

10 Q. What type of incidences would result in editing?

11 What would create an edit?

12 A. An edit could come from either a cleared
13 investigation or we made an arrest where it was
14 cleared in an exceptional manner. Or it could come
15 from a reported offense that was later deemed to be
16 unfounded.

17 Q. Maybe I'll just give you this report itself, which
18 has listed in columns above and columns to the side
19 --- there's categories that are across the top, of
20 known offenses, actual offenses and clear offenses.
21 Can you give us an understanding of what those are?

22 A. Yes. Simply put, known offenses is what's
23 reported to us as a crime. An actual offense is what
24 we can verify actually occurred as the complaint
25 reported. And a cleared offense is something that we

1 either make an arrest on or we were able to make an
2 arrest and subsequently cleared and charges are
3 declined either by the victim or by the prosecuting
4 attorney.

5 Q. So when you go then to the ones that you say are
6 actual offenses, where you determine that there is a
7 criminal violation, do all of those end up in
8 prosecutions?

9 A. No, they do not.

10 Q. What type of circumstances would make one not
11 result in a prosecution?

12 A. That would be what we would classify as an
13 exceptional clearance. If we have enough information
14 to charge the individual, the crime has definitely
15 occurred, however the victim refuses to prosecute it
16 and/or the Allegheny County District Attorney's office
17 refuses to prosecute.

18 Q. With respect to the listing of different types of
19 offenses, it's category of classification of offenses,
20 I would like you to explain, what are the more
21 frequent type of offenses that you're seeing over at
22 the Rivers Casino?

23 A. Well, theft would be our main offense that we see
24 the most. We also see some disorderly conducts,
25 public drunkenness, again, harassments and some other

1 offenses, such as type-IV violations which would
2 underage gamblers or underage on the floor or
3 trespassers.

4 Q. Sergeant Brooks, you've given us your background
5 outside casino work and now within ---. When you talk
6 about theft, it could be a lot of different things.
7 Are you seeing a different type of theft within the
8 casino than you would see out on the street?

9 A. Yes, our main theft reported is a voucher theft or
10 a credit theft, which people either inadvertently
11 leave the voucher or the money in the machine and walk
12 away and/or they drop it on the floor and someone
13 comes along and picks it up.

14 Q. You were with us for the first day for a round of
15 hearings on renewals that --- in my impression you've
16 been through two hearings in the last two days. There
17 is a little bit different type of clientele, besides
18 the fact that there's racing inference at the
19 Rivers ---. Can you give us an understanding of what
20 type of activity happens on the North Side, at Rivers
21 Casino that comes to the attention of the State
22 Police?

23 A. I think it's primarily a younger patronage. We
24 have a lot of different things in the venue of where
25 it's located. It's an inner-city casino. It is in

1 close distance to Heinz Field, so any type of Steeler
2 games, concerts, 4th of July celebrations, could cause
3 an increase in walk-up traffic.

4 Q. With that traffic what type of problems do you see
5 sometimes?

6 A. That's where we can get into the public intoxes
7 and harassments and stuff like that.

8 Q. Well, from the report that's being projected, is
9 there any conclusions that State Police can draw just
10 from the figures when they contrast from one year to
11 the next from these statistics themselves?

12 A. They obviously increased, although 2009 wasn't a
13 complete year. They didn't open until August that
14 year, so the numbers would go up because it was only a
15 quarter, or a third of the year, that they were in
16 operation in 2009. 2010 was our first full year, and
17 now 2011.

18 Q. And before the presentation for the Office of
19 Enforcement Counsel, we heard the questions regarding
20 the letters that were sent by the Pittsburgh City
21 Police relative to a decrease in crime. Do you have
22 any insight on that?

23 A. I do not, because that is outside of our primary
24 jurisdiction. We do have a good working relationship
25 with the City of Pittsburgh and their police

1 department. And we work together on a lot of things,
2 however, their reporting would be totally unaffected
3 by what I do and vice versa.

4 Q. And if there's an incident that occurs inside a
5 garage, is that something that's the jurisdiction of
6 the State Police or is that the City of Pittsburgh?

7 A. It's the primary responsibility for the City of
8 Pittsburgh to investigate any criminal acts in the
9 garage. We do respond if it's something of an
10 emergency nature, as we do respond outside to resort
11 criminal offenses. Basically to quell a disturbance
12 and/or, you know, ascertain that public safety is
13 being taken care of and then we summon the Pittsburgh
14 Police.

15 Q. How would you characterize the relationship
16 between the Pennsylvania State Police troop inside the
17 Rivers Casino and the Rivers organization from the
18 Departments of Security/Surveillance and right up to
19 the management level? What type of relationship do
20 you have?

21 A. It's a good relationship. We have a very
22 cooperative relationship with both surveillance and
23 security. We kind of work in a three-pronged fashion
24 on things, with security being the front line who
25 notifies us of a report of criminal offense. And then

1 we contact surveillance who helps walk us through to
2 identify the perpetrators involved.

3 Q. In general, is the Pennsylvania State Police
4 satisfied with the level of cooperation you've had at
5 Rivers?

6 A. Yes.

7 Q. From the perspective of the Pennsylvania State
8 Police, are there any issues or concerns that you
9 believe need to be addressed at the Rivers Casino that
10 should be addressed prior to the renewal of the
11 license?

12 A. No.

13 Q. Is there anything further you'd like to add?

14 A. No.

15 ATTORNEY CREANY:

16 Thank you. Nothing further.

17 PRESIDING OFFICER:

18 Mr. Sklar, Cross Examination?

19 ATTORNEY SKLAR:

20 No.

21 PRESIDING OFFICER:

22 Questions from the Commission? Okay.

23 ATTORNEY CREANY:

24 Next I'd like to call Jerry Stoll.

25 -----

1 JERRY STOLL, HAVING PREVIOUSLY BEEN SWORN, TESTIFIED
2 AS FOLLOWS:

3 -----

4 DIRECT EXAMINATION

5 BY ATTORNEY CREANY:

6 Q. Jerry, will you please state your full name and
7 spell your last name for the record?

8 A. It's Jerry Stoll, S-T-O-L-L.

9 Q. Please give us an understanding of your
10 background, training and experience.

11 A. Okay. In 1977 I became a member of the New Jersey
12 State Police, spending my first six years on the road,
13 general road duty. 1983, I was transferred to the
14 Division of Gaming Enforcement. That's the entity
15 that regulates casinos in New Jersey. And I spent,
16 you know, the good part of 20 years in New Jersey, up
17 until and including January 1st of 2005. 2006, I was
18 fortunate enough to gain employment with the Gaming
19 Board and five years later, here we are today.

20 Q. And what position do you currently hold with the
21 Gaming Control Board?

22 A. I am the Director of the Bureau of Casino
23 Compliance.

24 Q. Mr. Stoll, could you briefly describe the role
25 that the Bureau of Casino Compliance serves in the

1 regulation of gaming for Pennsylvania casinos?

2 A. The Bureau of Compliance actually, we're the
3 Bureau that has the responsibility to assist the
4 casinos with the regulations and their adherence to
5 the regulations. We have a contingent of ten at each
6 casino. We operate 24/7. And, you know, what we
7 basically do is interact with the casino security
8 staff, surveillance staff and management on a daily
9 basis. We work with the casinos during opening to
10 identify, you know, their minimum standing
11 requirements and to assist them to be able to, you
12 know, operate in a manner that's, you know, convenient
13 and safe to the patrons, the Commonwealth of
14 Pennsylvania and the casino. What I try to do as the
15 Director of Compliance is to have a level playing
16 field throughout the Commonwealth. We have ten
17 locations for the casinos in operation. We like to
18 have the rules to be, you know, implemented on a fair
19 and level field. We want the application of the
20 regulations to be, you know, consistent throughout the
21 Commonwealth.

22 What we try to do is really, you know, be the
23 conduit for the sharing of information from the
24 casinos through Harrisburg. We are the eyes and the
25 ears of the Gaming Board at each facility. And, you

1 know, we operate as an early warning system of issues
2 that may arise, that could adversely affect the
3 industry or the Commonwealth.

4 Q. Mr. Stoll, you had testified that --- you said you
5 had a contingency of ten. Is that that you have ten
6 consumer compliance agents at each facility?

7 A. Yes. We have one supervisor plus nine senior
8 compliance representatives at each facility, yes.

9 Q. And are they on duty at all times within the
10 facility?

11 A. Yes, they are. We have a 24/7 rotation and
12 actually, with the implementation of table games, our
13 responsibilities have increased with the table game
14 drop and count, where there is no electronic methods
15 to identify the winner from each particular game.

16 Q. Within the Rivers Casino how would you
17 characterize the relationship that your staff has had
18 with the management and all the departments of the
19 Rivers Casino?

20 A. The Rivers maintains a good relationship with ---
21 you know, adequate communication to our staff.

22 Q. And have they been cooperative in situations where
23 you needed information from them?

24 A. Yes, they have.

25 Q. And have there been any instances of

1 non-cooperation that you know of?

2 A. No.

3 Q. What about the relationship between your staff and
4 the staff of the Pennsylvania State Police at the
5 Rivers Casino?

6 A. Our relationship with the State Police and at
7 times with Pittsburgh is very professional. And we
8 realize that it's a cooperative effort to, you know,
9 support safety for the patrons and, you know, make
10 sure that everything functions as intended.

11 Q. Mr. Stoll, from the perspective of the Bureau of
12 Casino Compliance, are there any issues or concerns at
13 the Rivers Casino that need to be addressed prior to
14 the Board granting renewal of this application?

15 A. None at this time.

16 Q. Do you have anything further you'd like to add?

17 A. No, sir.

18 ATTORNEY CREANY:

19 Thank you much.

20 PRESIDING OFFICER:

21 Any Cross Examination of this witness?

22 ATTORNEY SKLAR:

23 No.

24 PRESIDING OFFICER:

25 Questions from Commissioners? No? Okay.

1 A. Thank you.

2 ATTORNEY CREANY:

3 Next the Office of Enforcement would like
4 to call Elizabeth Lanza.

5 -----

6 ELIABETH LANZA, HAVING PREVIOUSLY BEEN SWORN,

7 TESTIFIED AS FOLLOWS:

8 -----

9 DIRECT EXAMINATION

10 BY ATTORNEY CREANY:

11 Q. Good morning, Ms. Lanza. Could you please state
12 your full name and spell your last name for the
13 record?

14 A. My name is Elizabeth Lanza, L-A-N-Z-A.

15 Q. In what capacity are you currently employed?

16 A. I am the Director of the Office of Compulsive and
17 Problem Gambling for the Board.

18 Q. And prior to joining the Board what was your
19 education, background and experience?

20 A. I graduated from Pennsylvania State University
21 with a Bachelor's Degree in Public Policy. I worked
22 for the lottery and then came to the Board.

23 Q. Could you please describe the role that the Office
24 of Compulsive and Problem Gambling serves in the
25 overall regulation of the gambling industry in

1 Pennsylvania?

2 A. Sure. My office basically oversees all of the
3 casinos' compulsive and problem gambling. Each casino
4 must have a plan according to the Board's regulations.
5 I approve the plans. I approve any amendment to the
6 plans, as well as my office runs the state
7 self-exclusion program. We also maintain the
8 exclusion lists. We work with other state agencies or
9 other organizations who deal with compulsive gambling,
10 as well as the public.

11 Q. One of the things that foreshadowed the --- one of
12 the concerns of the public is crime. There is the
13 negative --- the potential negative impact that
14 gambling can have on a person with an addiction to
15 gambling. I'd just like you to explain what has been
16 done by the Board and your office in particular, to
17 either provide preventative or treatment type of
18 options for people that experience gambling addiction?

19 A. We work closely with the Department of Health who
20 takes care of the treatment side. They have money
21 given to them by the Gaming Act, \$2 million a year
22 goes to the Department of Health, at least, and that
23 goes towards treatment of compulsive gambling. The
24 Board has the self-exclusion program and that's when
25 all the gamblers come to us to add their name to the

1 self-exclusion list in order to ban themselves from
2 casinos.

3 Q. Now, with respect to these compulsive and problem
4 gambling plans, have The Rivers been in compliance
5 with their plan?

6 A. Yes.

7 Q. And at this point, have they fulfilled all the
8 training requirements of the plan?

9 A. Yes.

10 Q. Has the signage satisfied the Office of Compulsive
11 and Problem Gambling?

12 A. Yes. And we work with Jerry's people at The
13 Rivers. They are our eyes and ears at the casinos as
14 well, so they are constantly keeping a lookout and an
15 eye for the signage at the casinos. So, yes, they are
16 in compliance.

17 Q. And when there may have been an incident involving
18 some of the areas over which you have oversight, have
19 The Rivers come forward and cooperated and provided
20 information relative to either excluding a person or
21 an underage person who was involved in an incident at
22 the casino?

23 A. Yes. They have to notify me within 24 hours of
24 the incident and they have to be in compliance with
25 that.

1 Q. From your perspective in the Office of Compliance
2 --- Office of Compulsive and Problem Gambling, are
3 there any issues or concerns that you believe need to
4 be addressed by the Rivers Casino prior to the renewal
5 of its application?

6 A. No.

7 Q. And at this time is there anything further you'd
8 like to add?

9 A. No.

10 ATTORNEY CREANY:

11 Nothing else.

12 PRESIDING OFFICER:

13 Any Cross Examination, Mr. Sklar?

14 ATTORNEY SKLAR:

15 No.

16 PRESIDING OFFICER:

17 Questions from the Board? The
18 Commissioner has a question.

19 CHAIRMAN FAJT:

20 Liz, could you explain just more for
21 public edification than yours the process of when a
22 casino puts out an advertisement, whether it's TV,
23 radio or billboard? Can you explain the process of
24 what they have to go through in your office. I do
25 know that not all casinos know ---.

1 SIRENS GOING OFF

2 CHAIRMAN FAJT:

3 If they have a history of doing the ad
4 correctly --- you know, they don't have to do it all
5 the time, but can you just, again, for the public,
6 talk about what The Rivers does in that process in
7 your approval before they put an ad out?

8 A. Sure. The Board regulations state that any
9 advertisement and marketing that the casino puts out
10 must have a problem gambling statement on each piece
11 of advertisement and marketing. The statement
12 consists of a short phrase and a helpline number, such
13 as gambling problem, call 1-800-GAMBLER. And it has
14 to be a certain size, a certain percentage of the size
15 of the ad. For instance, billboards it must be five
16 percent of the height or width of the billboard,
17 whichever is greater. Print ads and I believe TV ads
18 as well must be two --- the size of the statement must
19 be two percent of the ad --- two percent of the height
20 or width, whichever is greater. So you have every
21 piece of marketing, every mailer, billboard,
22 newspaper, television, even the radio ads must be
23 stacked properly up with statements.

24 CHAIRMAN FAJT:

25 And do you, vis-à-vis The Rivers, do you

1 still have them on a compliance that they have to give
2 every ad to you before it goes out or based on their
3 history do you review a percentage of their ads?

4 A. I believe at this point most of the casinos are
5 anything new or anything they have questions on they
6 can send it to me and I will approve it. But at this
7 point most of the ads that the casinos in
8 Pennsylvania, including The Rivers, use are pretty
9 consistent. They don't change, at least in size. So
10 they are usually good to go. I know that Julia of the
11 CCR (phonetic) does these so if she ever has a
12 question she contacts me. And Rhonda also will give
13 me a call once in a while with any questions that she
14 has.

15 CHAIRMAN FAJT:

16 Thank you.

17 MR. MCCALL:

18 Ms. Lanza, could you tell me the process
19 if I dial 1-800-GAMBLER, who do I get and what am I
20 told?

21 A. Sure. 1-800-GAMBLER actually is owned by New
22 Jersey, however, the Pennsylvania Council of
23 Compulsive Gambling leases that number from New
24 Jersey. And it is routed to their call center in
25 Louisiana. This call center runs many of the states'

1 1-800 numbers for gambling. You will get an operator
2 who will ask you questions. They also have
3 interpreters for many different languages. They will
4 talk to the individual. They will get the individual
5 information on treatment in their area, Gamblers
6 Anonymous meetings in their area. And sometimes it's
7 not even the problem gambler who is calling. It's the
8 family or friend of the problem gambler. So they will
9 also offer Gam-Anon, which is similar to Al-Anon for
10 family members of alcoholics.

11 So they're basically are there as a triage of
12 sorts to get that person the help that they need as
13 fast as possible.

14 MR. MCCALL:

15 Thank you.

16 PRESIDING OFFICER:

17 Any follow-up questions, Mr. Sklar?

18 ATTORNEY SKLAR:

19 None.

20 A. Thank you.

21 ATTORNEY CREANY:

22 The Office of Enforcement Counsel would
23 now like to call Agent Thomas Clinton, Bureau of
24 Investigation and Enforcement.

25 -----

1 THOMAS CLINTON, HAVING BEEN PREVIOUSLY DULY SWORN,
2 TESTIFIED AS FOLLOWS:

3 -----

4 DIRECT EXAMINATION

5 BY ATTORNEY CREANY:

6 Q. Good morning, Mr. Clinton.

7 A. Good morning.

8 Q. Please state your full name and spell your last
9 name for the record.

10 A. Thomas Clinton, C-L-I-N-T-O-N.

11 Q. You're an agent with the Bureau of Investigation
12 and Enforcement; correct?

13 A. Yes, I am.

14 Q. Would you please give us an understanding of your
15 education, background and experience prior to taking
16 that position with the Gaming Control Board's Bureau
17 of Investigation and Enforcement?

18 A. Graduated from the Indiana University of
19 Pennsylvania in 1971. After that I became a federal
20 agent with the United States Postal Inspection
21 Service. Retired from that agency in February of 2006
22 at the mandatory age of 57 and was fortunate enough at
23 that time to be appointed as an agent with the Bureau
24 of Investigations and Enforcement with the
25 Pennsylvania Gaming Control Board.

1 Q. Could you please briefly describe the duties of an
2 agent with the Bureau of Investigation and Enforcement
3 relative to the background?

4 A. Our responsibilities include the investigation of
5 applications, of individuals and entities who apply
6 for gaming licensure, either as a gaming employee or a
7 permittee or other certification to be involved in the
8 casino.

9 Q. In the course of your employment, were you
10 assigned to become the case agent for the
11 investigation of Holdings Acquisition Company, LP and
12 all of its principals and affiliated entities?

13 A. Yes, I was.

14 Q. What's entailed in the duties of a case agent?

15 A. My responsibilities include the coordination of
16 the investigations of certain applicants, the
17 individuals and the entities that are involved in the
18 Holdings Acquisition structure and make sure that the
19 reports are being completed and submitted in a timely
20 fashion.

21 Q. Has the Bureau of Investigation and Enforcement
22 completed its background investigation of Holdings
23 Acquisitions renewal application?

24 A. The reports are now being finalized and after
25 their completion will be submitted to the Office of

1 Enforcement Counsel for the compilation, and from
2 there it's to be forwarded to the Board.

3 Q. Do you have any idea when they anticipate that
4 happening?

5 A. I do not at this time. I do believe the reports
6 should be submitted by sometime in June, and our
7 anticipation is that around June the reports will be
8 submitted to the Board.

9 Q. At this time do you have anything that you're
10 aware of that is an issue of concern that you believe
11 needs to be addressed prior to the Board's renewal of
12 the application for licensure by Holdings Acquisition?

13 A. No, I'm not.

14 Q. Do you have anything further to add?

15 A. No, I do not.

16 ATTORNEY CREANY:

17 Thank you very much.

18 PRESIDING OFFICER:

19 Any Cross Examination, Mr. Sklar?

20 ATTORNEY SKLAR:

21 No.

22 PRESIDING OFFICER:

23 Any questions from the Board? Thank you.

24 ATTORNEY CREANY:

25 Director Lloyd, that concludes the

1 testimony portion of the Office of Enforcement
2 Counsel's presentation. But I wanted to provide the
3 intro to my colleague, Beth Manifesto, who is going to
4 present some documents that we'd like to have admitted
5 into the record. All businesses encounter challenges
6 and problems along the way. The casino business is no
7 different and it is somewhat unique at The Rivers
8 because as we know there was a rough start of the
9 completion of this project due to some financial
10 problems with the prior renewal license. There have
11 been a number of formal actions instituted by the
12 Office of Enforcement Counsel over the course of the
13 past years. However, there is not a pattern or
14 practice that seems to be apparent at this time.
15 Effective business operators learn how to meet their
16 challenges and to overcome problems in their
17 environment. And self-reporting and accepting
18 responsibility are the hallmarks of a good casino
19 operator. The Holdings Acquisition Company has worked
20 amicably to resolve the problems they have encountered
21 over the course of their operations. And at this time
22 I'd like to turn it over to Assistant Enforcement
23 Counsel, Beth Manifesto, to introduce some documents
24 and stipulations that we would like to move into the
25 record.

1 MS. MANIFESTO:

2 Good morning. Beth Manifesto,
3 M-A-N-I-F, as in Frank, E-S-T-O. And I want to very
4 briefly address the enforcement actions. What we have
5 done is we have pulled together the binder which
6 includes the following documents --- two consent
7 agreements. These were adopted on January 27th of
8 2010 and February 10th of 2011 by the Board. There is
9 one complaint for judgments and penalties filed by the
10 OEC and a subsequent notice to withdraw the complaint
11 upon The Rivers' compliance.

12 There is one compliance conference
13 memorandum and there are 15 violation letters, along
14 with the respective responses received by the OEC from
15 Rivers Casino. And all of these documents we have put
16 together and we'll refer to collectively as Exhibit A.
17 And we have reached a stipulation with Michael Sklar,
18 Counsel for Rivers Casino to the accuracy of these
19 documents, that they are true and accurate copies of
20 the originals. And we would move for admission of
21 these documents into the records at this time.

22 (Exhibit A marked for identification.)

23 PRESIDING OFFICER:

24 Any objection, Mr. Sklar?

25 ATTORNEY SKLAR:

1 No, no objection.

2 PRESIDING OFFICER:

3 So moved.

4 ATTORNEY CREANY:

5 The binder that we're gong to be
6 presenting as Exhibit A actually has within it tabbed
7 exhibits that were referred to by Assistant
8 Enforcement Counsel Beth Manifesto, and that we will
9 label for the record as OEC Exhibits 1 through 19.
10 They're those actions and letters that were referred
11 to in her presentation.

12 MS. MANIFESTO:

13 What is confidential, will it be kept
14 confidential?

15 PRESIDING OFFICER:

16 Confidential information will be kept
17 confidential.

18 ATTORNEY CREANY:

19 Thank you, Director Lloyd, Commissioners.
20 There is nothing further that the Office of
21 Enforcement Counsel has to add at this time.

22 PRESIDING OFFICER:

23 My understanding, we had only one
24 individual sign up to provide public comment and that
25 was Representative Jake Wheatley. And it's my

1 understanding he was unable to make it, but a
2 representative from his office, Kyle Stewart, is
3 here ---

4 MR. STEWART:

5 Yes.

6 PRESIDING OFFICER:

7 --- to read Mr. Wheatley's remarks.
8 Would you like to come forward?

9 MR. STEWART:

10 Good morning, Commissioners. My name is
11 Kyle Stewart, S-T-E-W-A-R-T. I'm a legislative
12 assistant for State Representative Jake Wheatley.
13 Representative Wheatley represents many neighborhoods
14 on the North Side and in the Hill District as well, as
15 well as the community partner with Rivers Casino. Due
16 to a previously scheduled committee meeting in
17 Harrisburg, Representative Wheatley is unable to be
18 here today. He does send his best and wanted me to
19 convey a special greeting to his former colleague,
20 Keith McCall. The last time our office was before
21 you, we asked you to ensure that residents' homes,
22 schools, places of businesses and banking institutions
23 remained a vital component in the evaluation process.
24 I am proud to say that you did that. The citizens of
25 the city thank you for that.

1 When this process began there were many
2 promises made by various groups, but it was the
3 commitment by this body and the foresight of the prior
4 owner and current owners of the Rivers Casino that has
5 turned mere words of mouth into real actions and true
6 partnerships, from working to expand business and
7 employment opportunities for the diverse residents of
8 our region, to providing the necessary multi-year
9 funding and investments in our neighborhoods.

10 I can stand here today on behalf of
11 Representative Wheatley and sincerely appreciate what
12 it is to have a true corporate partner who understands
13 the values of a good rapport with our neighbors. I
14 support renewal of The Rivers license because it is
15 working. They are paying their fair share of taxes,
16 meeting their obligations of employing their
17 residents, providing business opportunities and
18 investing their time and financial resources into our
19 communities.

20 As of now they are the model for which
21 others can follow. I hope this great body will
22 continue to work to ensure that promises made to our
23 citizens are kept and that all of the Rivers Casinos
24 will not need much reminding because they are genuine
25 of their word. Thank you.

1 PRESIDING OFFICER:

2 Thank you. As I said that was the only
3 registered speaker that I had been given. If there
4 anyone in the room who believe they registered to
5 speak and I have not called your name, would you raise
6 your hand? No. Okay. Moving on, Mr. Sklar, any
7 short closing statement at this time?

8 ATTORNEY SKLAR:

9 No.

10 PRESIDENT OFFICER:

11 Mr. Creany?

12 ATTORNEY CREANY:

13 I'd just like to thank all those within
14 the Office of --- just within the Board, I'd like to
15 thank you all staff members who have participated in
16 helping us prepare for today. I'd like to thank the
17 Holdings Acquisition Company for their professionalism
18 and cooperation as well in this process. Thank you.

19 PRESIDING OFFICER:

20 Thank you. The record will remain open
21 until the Board hears the matter at a later public
22 meeting. Based on today's testimony and evidence and
23 the upcoming suitability report, I'll prepare a report
24 that will be sent to the Board, all Board members of
25 the transcript, exhibits, et cetera, from today's

1 hearing for them to review. And at the Board's
2 convenience they will schedule the matter to be heard
3 at a future public board meeting in Harrisburg. Any
4 briefs or written memorandum the parties may feel are
5 necessary are to be followed up with the Board clerk
6 before the close of business next Thursday, May 12th,
7 2011. And I believe Chairman Fajt has some closing
8 remarks.

9 CHAIRMAN FAJT:

10 Thank you, Linda. First of all, I'd like
11 to thank Rivers for your presentation today. I
12 thought it was very thorough and kind of cut to the
13 chase on what we were interested in hearing. And to
14 those in the community and also your employees who
15 spoke, thank you for doing that.

16 Lastly, on behalf of my fellow
17 Commissioners, I'd like to thank our staff. These
18 guys take on a lot of water every day. There's a lot
19 of people out there in the public that still doesn't
20 like gambling and have agendas that are different than
21 some of the folks in this room, but our staff is very
22 professional, they're dedicated, and this is the last
23 of our three hearings in the western part of the
24 state. We started in Erie in the pouring down rain on
25 Tuesday and went to the Meadows yesterday in the

1 intermittent rain and lo and behold we come into the
2 city today and we have sunshine. So it's a good way
3 to end three days of pretty intense hearings. But
4 thank you all on our staff for the great job you do.

5 MR. MCCALL:

6 And I just certainly want to buttress
7 what the Chairman just said and to advocate it. Thank
8 you to Rivers for your commitment to the community and
9 economical development, community development,
10 especially those jobs. They are impressive numbers
11 and it shows the commitment that you're making in the
12 community, as well as our staff for all of their due
13 diligence and their hard work in putting these
14 hearings together. And certainly to Kyle Stewart. I
15 want to say to Kyle, you know, Jake Wheatley is a good
16 friend. I served with Jake and there is no stronger
17 voice in this community, especially for the North Side
18 and North Shore, than Jake Wheatley. He is always
19 concerned about the community prospering and at least
20 getting some advantage of the Rivers Casino's location
21 on that North Side where the community development
22 occurred on that side of the river. And he has been a
23 very, very strong voice in advocating in that regard.
24 So please offer my best wishes to him as well. Thank
25 you all.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

PRESIDING OFFICER:

With that, this hearing is now concluded and adjourned. Thank you all for coming today.

* * * * *

HEARING CONCLUDED AT 12:00 P.M.

* * * * *

CERTIFICATE

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

